

Altech Corporation

4641

Tokyo Stock Exchange Prime Market

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Summary

FY12/25 also saw steady expansion, with results reaching new record highs. Outlook for higher sales and profit again in FY12/26

1. Company profile

Altech Corporation <4641> (hereafter, also “the Company”) is a comprehensive engineering outsourcer that provides high-level technological services to major manufacturing companies in fields such as machinery, electricity and electronics, software, IT, and chemistry. It places great importance on its “Heart to Heart” corporate philosophy and since its foundation, it has consistently focused on human education from the standpoint of maintaining the highest levels among its employees not only as engineers, but also as members of society, in addition to strengthening their technical abilities. Upon the 55th anniversary of its foundation in July 2023, it announced the twelfth five-year plan (qualitative targets) as its vision up to 2028. It is committed to strengthening its foundation for sustainable growth by leveraging cutting-edge technology to take on new domains and grow new earnings pillars, such as agriculture and nursing care businesses, and these efforts are now beginning to produce consistent results.

2. FY12/25 consolidated results

In its FY12/25 consolidated results, the Company recorded increased sales and profit, with net sales of ¥52,649mn, up 5.6% year on year (YoY), and operating profit of ¥5,397mn, up 4.6%, both of which were new record highs. Against the backdrop of steadily rising research and development investment aimed at strengthening competitive advantage in manufacturing, as well as expanding government budgets for the space-related domain—a focus area for the Company—an increase in the number of mobilized employees (maintaining a high mobilization rate), a higher contract unit price, and growth of the manufacturing subsidiary Digital Spice (aerospace-related domain) contributed to increased sales. Furthermore, the Global Business also grew significantly on the back of securing orders for new projects, mainly in the favorable semiconductor-related domain, and the impact of yen depreciation. On the earnings front, although results were subject to downward pressure associated with factors such as the higher cost of sales accompanying improved compensation and upfront investment in new businesses, the Company secured an increase in operating profit covered by higher net sales, and the operating profit margin remained above the 10% level.

3. FY12/26 forecasts

In its consolidated results for FY12/26, the Company is forecasting continued growth in sales and profit, with net sales to increase 5.4% YoY to ¥55,500mn and operating profit to increase 5.6% to ¥5,700mn. The outlook envisions a continuing trend of rising net sales and profits given prospects in the automotive and semiconductor-related domains amid continuance of robust R&D investment, and also given the Company’s efforts to tap into strong customer demand in areas that include software development associated with the medical field and advanced technologies, both of which have been subject to growing demand. The annual dividend is also expected to remain at a high level of ¥108 per share.

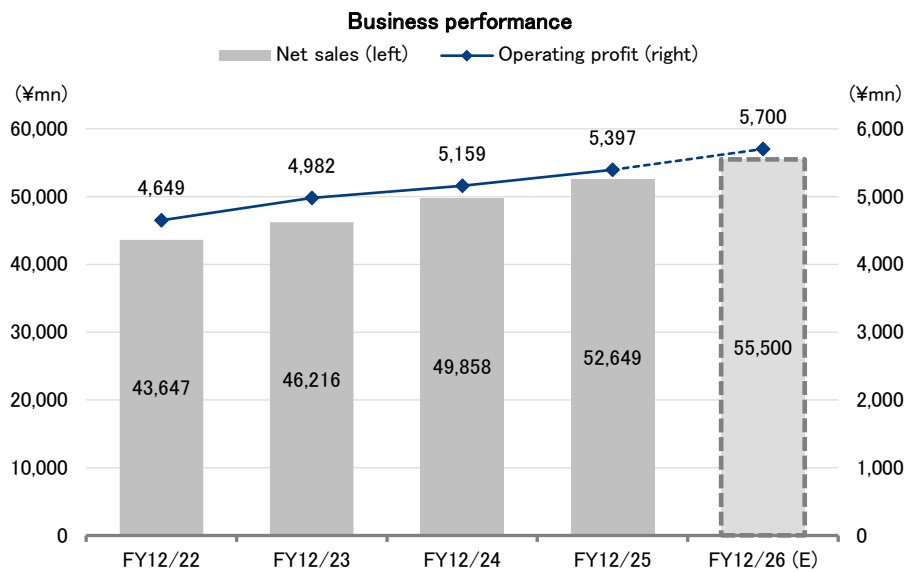
Summary

4. Medium- to long-term growth strategy

Under the twelfth five-year plan (qualitative targets) released in July 2023, based on the theme “utilizing technology to challenge partners in a co-creative society,” the Company cited the aims of: (1) take on new domains of engineering outsourcing business, (2) develop new earnings pillars, (3) Contribute to creating a sustainable, prosperous society, and (4) employ digitalization to foster an organizational culture where diverse personnel thrive. Also, in the three-year (rolling) medium-term management plan, it has set FY12/28 targets for net sales of ¥61,500mn, operating profit of ¥6,250mn, and ROE of 20% or above.

Key Points

- In FY12/25, the Company’s results set new record highs, driven by an increase in the number of mobilized employees (maintaining a high mobilization rate), a higher contract unit price, and growth in the aerospace-related domain
- In FY12/26, the Company also expects higher sales and profit, and plans to maintain an annual dividend of ¥108 per share
- Based on the theme of “utilizing technology to challenge partners in a co-creative society,” the twelfth five-year plan (qualitative targets) entails taking on new domains by utilizing cutting-edge technology, and engaging in initiatives to achieve growth of new earnings pillars focused on the agriculture- and nursing care-related fields



Source: Prepared by FISCO from the Company’s financial results

■ Company profile

From its predecessor, which was a design office, it has become a group of highly skilled engineers that provides technical services according to customer requests

1. Company profile

The Company is a comprehensive engineering outsourcer that provides advanced technological services to major manufacturing companies in fields such as machinery, electricity and electronics, software, IT, and chemistry. Its features include the fact that, unlike fixed-term employment-based employment agencies, it only employs full-time engineers*, and it is a group of highly skilled engineers who specialize in upstream processes such as development and design.

| * For example, even during recession periods such as the 2008 financial crisis, the Company has not dismissed employees. |

Since its foundation, the Company has consistently focused not only on strengthening technical capabilities but also on human education, guided by the belief that its employees should excel not only as engineers but also as members of society, as expressed in its corporate philosophy “Heart to Heart.” In particular, the Company’s strengths include its corporate organizational culture, which produces high-quality human resources and an original education and training system*, and its results are steadily growing, supported by its excellent reputation among its customers and the favorable ordering environment.

| * In order to develop human resources who have advanced technical skills and expertise, the Company has established an education and training system that is broadly divided into the abilities development education system and career development support. The system includes education according to level and needs, and follow-up from career supporters (senior engineers). Moreover, the employment period is indefinite (permanent employees), which enables long-term education and training plans. |

In accordance with the Revised Worker Dispatching Act (enforced on September 30, 2015), the employment period limitation was ended for indefinite-term employment, while incidental work was also ended due to the abolition of specialized work classifications. Also, the acceptance of workers from overseas (the establishment of a new residency status) has been expanded following revisions to the Immigration Control and Refugee Recognition Act (enforced on April 1, 2019), and these and other revisions have been positive developments for the Company. In addition, regulations regarding equal pay for equal work, which were enacted in April 2020, did not have a negative impact on the areas of development and design, since these areas traditionally achieve high unit prices.

In FY12/25, the full-year average number of engineers was 4,727 (standalone), and maintaining a high mobilization rate increased the total number of mobilized employees.

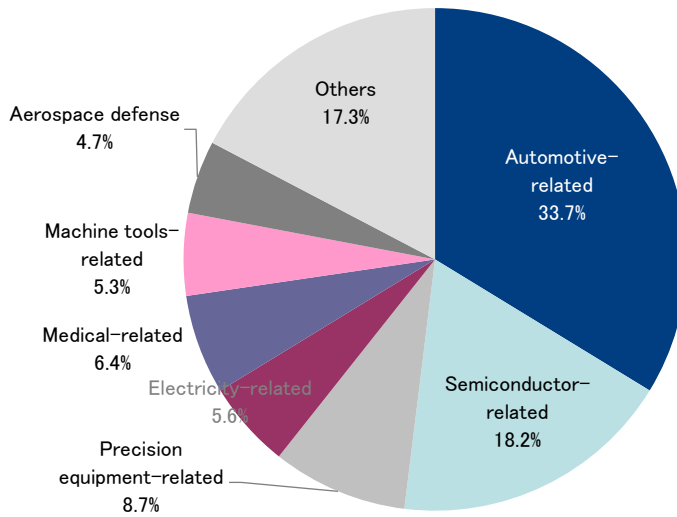
The Company’s business segments consist of the Outsourcing Business, which is mainly an assignment and outsourcing business in Japan, the Global Business, which supports the operations of Japanese companies overseas, and the Other segment (serviced senior housing business). The Outsourcing Business accounts for the majority of the Company’s net sales.

Company profile

In net sales by industry, 33.7% is provided by automotive-related*, in which there is active R&D investment, and a total of 32.5% by semiconductor-, precision equipment-, and electrical machinery-related. Therefore, the Company's customer industries are diverse and structured so that it is not easily affected by economic fluctuations. In addition, in recent years, aerospace- and medical-related domains, which are growth areas and have high unit prices, have been on the rise. The Company also has around 700 customer companies, and the extent of its reliance on the top 10 customers for sales (mainly major manufacturers such as Tokyo Electron Group and Sony Group) is 20.4%, so it avoids relying on a single company (FY12/25 results).

* Even if the technological field is electrical machinery, if the final product is an electric vehicle (EV), it is classified as "automotive-related."

Composition of net sales by industry (FY12/25 results)



Source: Prepared by FISCO from the Company's results briefing materials

Company profile

2. Group structure and bases

In total, there are seven consolidated subsidiaries: Alps Business Service Corporation, a provider of total staffing services; ALPSGIKEN TAIWAN CO., LTD. (Taiwan) and Altech Shanghai Co., Ltd. (China), which conduct the Global Business; as new businesses, Alps Agri Career Corporation, which operates in the agriculture-related field, and Alps Care Heart Corporation, which operates in the nursing care-related field; Digital Spice Corporation*1, which joined the Group in July 2020; and DONKEY Corporation*2, which became a consolidated subsidiary in February 2022. In addition, the Company's non-consolidated subsidiaries include ALPSGIKEN MYANMAR CO., LTD., established in October 2020, and Alps Regional Partners Corporation*3, established in May 2025. The Group has approximately 6,300 employees, of which nearly 10% are global human resources. In addition to the Head Office (Yokohama City), Altech Corporation Building No. 1 (Sagamihara City, formerly the back office and training center), and Altech Corporation Building No. 2 (Sagamihara City), the Company also has 2 techno parks for manufacturing, 2 suboffices, 26 sales offices in Japan, and 1 overseas branch (Myanmar).

*1 Digital Spice Corporation is engaged in the assignment of engineers and contracted business in the fields of machinery, electrical and electronics, and software, and handles a series of design and development work rooted in digital technology. In recent years, it has supported customers' manufacturing as a group of professionals equipped with advanced technological capabilities. In particular, these capabilities have been harnessed with respect to cooperating in the development of the Hayabusa asteroid probe and the SLIM unmanned probe.

*2 DONKEY Corporation is a business that arose from the Company's participation in November 2017 in a consortium for the development of next-generation agricultural robots carried out by parties that included The Japan Research Institute, Limited and Keio University.

*3 Established in conjunction with entry (acquisition of businesses) into the ryokan (traditional Japanese inn) business (details are provided later).



Source: The Company's website

3. Reportable segments

(1) Outsourcing Business

Outsourcing Business is the Company's core business. It specializes in the development and design fields, which are upstream manufacturing processes, and positions the provision of high-level technological services by development and design engineers as the center of its business model.

The Company provides services in the form of the assignment and outsourcing of engineers. Assignment services take the form of spot assignments (assignment of a single engineer) and team assignments (assignment of a team of engineers whose members have various high-level skills and who undertake product design and development work). Outsourcing services include on-site (work performed while stationed at the customer's premises) and off-site (work taken back to the Company's techno park or other facilities) for project outsourcing (outsourcing of design, prototyping, manufacturing, and evaluation, either on a single or collective contract basis).

From the time it was founded as a design office, the Company has met the technical needs of its customers in the field of mechatronics through its concept of "mechanical and electrical integrated design." In particular, it utilizes its strength of having a unique business format with its own manufacturing bases (its own factories), and the Group overall has established a structure capable of handling all manufacturing processes from development, prototyping, and manufacturing to evaluation. Even within this structure, the Company's main area of technological expertise is upstream processes, where it possesses competitive advantages in areas requiring high-level technological capabilities, including basic research, product planning, concept design, detailed and mass production design, prototypes and experiments, and evaluation and analysis.

The central areas of the technology field include machinery design, electricity and electronics design, software development, and chemistry. Alongside the transition to a high-level network society, the Company's priority items have become the development and design of a variety of advanced technologies such as those for IoT and AI, along with automotive-related, aerospace-related, medical-related, and robot development technologies for which further demand is expected. Therefore, the Company's customer companies are spread across a wide range of industries, including automotive, semiconductors and LSI, industrial equipment, digital precision equipment, aerospace defense, and medical and welfare equipment.

The consolidated subsidiaries associated with the Outsourcing Business include Alps Business Service, a provider of total staffing services, as well as Digital Spice and DONKEY.

(2) Global Business

Two overseas subsidiaries are included in the consolidated financial statements: ALPSGIKEN TAIWAN CO., LTD. and Altech Shanghai Co., Ltd. They undertake work for the installation and maintenance of production and other facilities, as well as providing ancillary staffing services. The expansion of the Company's Global Business serves as one strategic axis in the context of advancing economic globalization.

(3) Other segment

The Company added Tanpopo Shiki no Mori* to the Group having made it a consolidated subsidiary on January 4, 2024. The Other segment mainly consists of the serviced senior housing business. This includes Fureai no Mori Sagami Lake future-oriented rental housing, which opened on May 27, 2024.

| * Merger of Tanpopo Shiki no Mori into Alps Care Heart completed on July 1, 2024 |

Company profile

4. New businesses (agriculture- and nursing care-related fields)

These businesses are being developed by Alps Agri Career (agriculture-related field), and Alps Care Heart (nursing care-related field). At present, the reportable segment is included in the Outsourcing Business. The goal is to create a new model for worker assignment markets in the agriculture-related field, which is a growth industry, and the nursing care-related field, which is experiencing a noticeable shortage of human resources. It is said that in these fields, the key elements are those of introducing state-of-the-art technologies such as AI, IoT, and robots, and utilizing global human resources. The Company seeks first-mover advantages in fields where it can utilize the advanced technological capabilities and expertise in developing human resources (including the recruitment of global human resources) that it has cultivated up to now.

5. History

The Company's predecessor, the Matsui Design Office, was founded in 1968 based on the concept of "mechanical and electrical integrated design" devised by its founder Toshio Matsui (currently Senior Advisor). At that time, electrical design and mechanical design were conducted separately, and to solve the various problems that arose from this, Matsui proposed "mechanical and electrical integrated design" to customer companies as a proprietary and innovative method. The Company has encountered various difficulties, including oil crises, but through constant efforts it has steadily gained an excellent reputation among its customers for being a comprehensive engineering outsourcer "that provides technical services according to customer requests." Furthermore, under the leadership of the former President and Representative Director Atsushi Imamura, it focused on training human resources who are specialized in upstream processes such as development and design, while aiming to improve results and expand its business through the early mobilization of new graduate engineers. Furthermore, in seeking to strengthen its management framework, in March 2025, the Company appointed Nobuyuki Watanabe to serve as Chairman and Yasushi Sudo to serve as President. It has also clearly articulated its intentions going forward by focusing on solutions to various social issues, further developing a human resources business of professionals who perform tasks of which only humans are capable, and providing new value.

History

Date	Major event
July 1968	Matsui Design Office was founded in Sobudai, Sagami-hara City, Kanagawa Prefecture Started the first five-year plan, "Develop the Company"
January 1971	Renamed the Matsui Design Office as Altech Inc., and established it in Sobudai, Sagami-hara City, Kanagawa Prefecture
July 1973	Started the second five-year plan, "Increase Business with Prime Customers and Maintain Internal Capital"
July 1978	Started the third five-year plan, "Implement an Institutionalization of the Company and Improve Technical Capabilities"
January 1981	Moved head office to Kyowa, Sagami-hara City, Kanagawa Prefecture
March 1981	Reorganized the organization and transferred it to Altech Corporation
July 1983	Started the fourth five-year plan, "To Be an International Company and Develop Human Resources"
April 1984	Opened the Tohoku business office in Koriyama City, Fukushima Prefecture
April 1985	Opened the Shinshu business office in Shiojiri City, Nagano Prefecture
July 1985	Constructed a building in Nishi-Hashimoto, Sagami-hara City, Kanagawa Prefecture and relocation of Head Office
February 1986	Opened the Kita Kanto business office in Fukaya City, Saitama Prefecture
April 1986	Established subsidiary Technical Training Center CO., LTD. (currently, Alps Business Service Corporation) from the technical training department
July 1988	Started the fifth five-year plan, "Restructuring of the Organization and Developing the Company's Own Technology"
December 1989	Established Tateshina Techno Park in Chino City, Nagano Prefecture, started production of in-house developed products and the design and production of precision machinery
October 1990	Adopted a divisional organization structure to utilize profit center management and accounting systems Established six business division below the Tohoku business division
July 1993	Started the sixth five-year plan, "Nurture High-quality Human Resources for High-quality Companies"
June 1996	Altech is listed on the OTC market of the Japan Securities Dealers Association (currently, JASDAQ) Increased capital to ¥832,619,000
July 1997	Increased capital to ¥1,502,219,000

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Company profile

Date	Major event
January 1998	The Tokyo Business Division was separated from the Kanto Division, and the West Japan Division divided into the Osaka Nagoya Division and the Kyushu Division, and the Tateshina Techno Park was newly established from the Chubu Division. In addition to Tohoku Division, the Company became an eight-business division structure
July 1998	Started the seventh five-year plan, "Restructuring Our Business Field and Our Core Competencies"
September 1998	Completed the new building of Chubu business division as own property in Shiojiri City, Nagano Prefecture
December 1998	Established the Taiwanese subsidiary (currently, ALPSGIKEN TAIWAN CO., LTD.), in Taipei City, Taiwan
October 1999	Utsunomiya Factory (now Utsunomiya Techno Park) opened in Yaita City, Tochigi Prefecture
July 2000	Tateshina Techno Park No. 2 factory completed
September 2000	Listed on the second section of the Tokyo Stock Exchange (TSE) (listing date September 28, 2000)
July 2001	Completed a new building and the Training Center Relocated the Head Office
March 2003	Introduced a business headquarters system from the business division system (four blocks nationwide)
July 2003	Started the eighth five-year plan, "Creation of New Corporate Value"
October 2004	Entered-into a technical alliance with Qingdao University of Science Technology in China, opened the "Machinery Design Education Program"
December 2004	Listed on the TSE First Section (first section designation date, December 1, 2004)
July 2005	Introduced the central organization structure to upgrade risk management capabilities
April 2006	Entered-into a technical alliance with China University of Petroleum, established the China University of Petroleum ALPS International Engineer Education Center
July 2006	Issued 1st unsecured convertible bond type bonds with stock acquisition rights of ¥2.0 billion
January 2007	Opened the Atsugi Sales Office
February 2007	Participated in the establishment of the Nippon Engineering Outsourcing Association (currently, NEOA (public interest incorporated association))
March 2007	Established subsidiary ALTECH QINGDAO CO., LTD. in Qingdao City, China
July 2007	Opened the ALPS Qingdao Education Development Center (Qingdao City, China)
October 2007	Opened the Tsukuba Sales Office (currently, the Hitachi Sales Office)
July 2008	Started the ninth five-year plan, "Leap to Be a Leading Company"
January 2009	Established the subsidiary Altech Forest Corporation
March 2009	Opened the Takasaki Sales Office
March 2010	Established the subsidiary Altech Shanghai Co., Ltd. in Shanghai, China
March 2011	Relocated Head Office to Minato Mirai, Nishi Ward, Yokohama City, Kanagawa Prefecture Opened the Hitachi Sales Office
February 2012	Opened the Kyoto Sales Office
August 2012	Established the subsidiary Alps Career Designing Corporation in Chiyoda Ward, Tokyo
July 2013	Started the tenth five-year plan, "Expansion of Enterprise Scale Through Innovation" ~ Accelerate growth as we move toward our 50th anniversary ~
December 2014	Subsidiary Altech Forest Corporation removed from the scope of consolidation on the transfer of shares
April 2015	Opened Yangon branch office in Myanmar (Yangon City)
September 2016	Made PANA R&D CO., LTD. a consolidated subsidiary ALPS BUSINESS SERVICE CORPORATION merged with Alps Career Designing Cooperation
April 2017	Start of broadcasts of TV commercials
September 2017	Divided the Nagoya Sales Office into the Nagoya Office I and the Nagoya Office II, and opened the Himeji Sales Office
April 2018	Established Agri & Care Corporation in order to enter into new business fields (agriculture- and nursing care-related fields) (capital: ¥100,000,000)
July 2018	Started eleventh five-year plan, "Reinvestment of Management Resources Toward the New Industrial Revolution"
September 2018	Completed the Altech Corporation Building No. 2
May 2020	Conducted a capital increase for DONKEY Corporation and made it an affiliate
July 2020	Made Digital Spice Corporation a consolidated subsidiary (capital: ¥27,500,000)
October 2020	Established the subsidiary ALPSGIKEN MYANMAR CO., LTD. in Myanmar (Yangon City) (capital: USD 200,000, including capital reserve)
July 2021	Subsidiary Agri & Care Corporation changed its name to Alps Agri Career Corporation Established the subsidiary Alps Care Heart Corporation (capital: ¥100,000,000)
February 2022	Made DONKEY Corporation a consolidated subsidiary (capital: ¥250,000,000)
April 2022	Transferred to the TSE Prime Market
April 2023	Conducted an absorption-type split where subsidiary PANA R&D CO., LTD.'s consignment department was succeeded by the subsidiary Digital Spice Corporation, while its other departments were merged into Altech Corporation
July 2023	Started the twelfth five-year plan, "Utilizing Technology to Challenge Partners in a Co-Creative Society"
July 2024	Alps Care Heart merged with Tanpopo Shiki no Mori
May 2025	Established Alps Regional Partners Corporation (capital stock: ¥25,000,000)

Source: Prepared by FISCO from the Company's website

■ Business performance

Growth in results driven by increasing the number of mobilized employees through the active recruitment of new graduates and their mobilization at an early stage, and by improving the contract unit price

1. Trends in past results (consolidated)

Looking back at business performance up to now, it has steadily grown alongside the increase in the number of engineers. Particularly since FY12/14, despite the difficult ongoing recruitment environment, the Company has still been able to recruit around 200–300 new graduates per year and achieve early mobilization, which has driven the growth in results. It can be said that recruiting new graduates at a stable level every year and global human resources*1 in fields with high levels of specialty, and completing their training at an early stage by promoting team formation*2 while maintaining a high mobilization rate is a growth model unique to the Company. For the contract unit price*3, too, which is just as important a performance indicator as the number of mobilized employees, the market value has been steadily rising every year due to skills development programs and planned rotations based on the career plans of each worker (however, there was a decrease in FY12/20 due to temporary factors caused by COVID-19). Moreover, collaborations with consolidated subsidiary Alps Business Service and other companies, along with the expansion of overseas business and the performance of Alps Agri Career (agriculture-related field) and Alps Care Heart (nursing care-related field), which are engaged in new business, contributed to the growth in consolidated results. Even from FY12/20 to FY12/21 when results were impacted by COVID-19, there were no major changes in the essential trends of the performance indicators that the Company prioritizes, which one could argue confirms the robustness of its businesses. The Company has been encountering a growth trajectory with respect to its results since FY12/22, supported by recovery in the aftermath of the COVID-19 pandemic and a favorable ordering environment.

*1 In FY12/25, around 80 engineers (standalone) were hired according to plan.

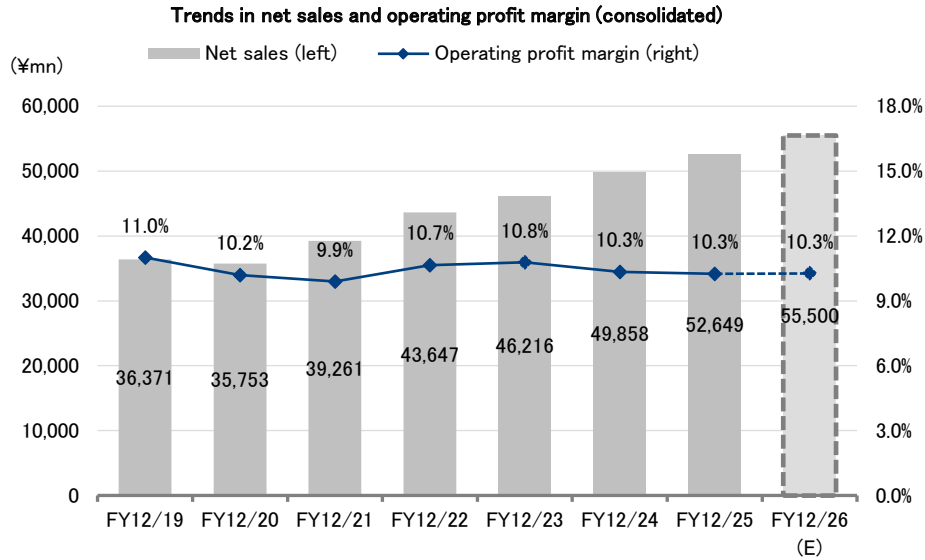
*2 By being assigned to teams (consisting of multiple members), new employees can work while being guided, educated, and trained by senior engineers, thereby enabling them to become capable employees at an early stage. It seems that this framework is also highly rated by customers, as it gives them peace of mind.

*3 The unit price per hour based on the contract with the customer. Unlike the actual unit price, which constitutes sales, this does not include overtime.

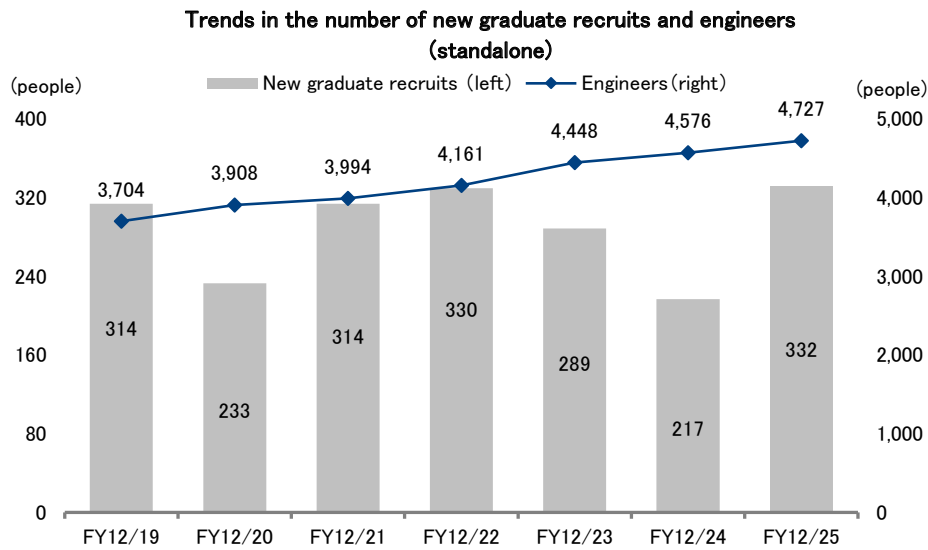
In terms of earnings, profits have trended upward alongside the growth in net sales and the operating profit margin has also improved, remaining at a high level above 10% for the past few years. The Company retained an operating profit margin of around 10% between FY12/20 and FY12/21, when it was impacted by the COVID-19 pandemic, and has maintained an operating profit margin of above 10% from FY12/22 onward, mainly while making upfront investments in new businesses.

In terms of the Company's financial condition, despite total assets growing due to the increase in cash and deposits, the consolidation of Tanpopo Shiki no Mori (January 2024), and other factors, the equity ratio was maintained at a level above 60%. ROE, which indicates capital efficiency, has consistently exceeded 20% since FY12/17, so the Company's financial condition can be evaluated as extremely good. The Company has plentiful liquidity on hand (cash and deposits), which serves as a buffer against unforeseen circumstances and expands the range of strategies it can adopt for growth, so attention will need to be paid to M&A and other developments in the future.

Business performance

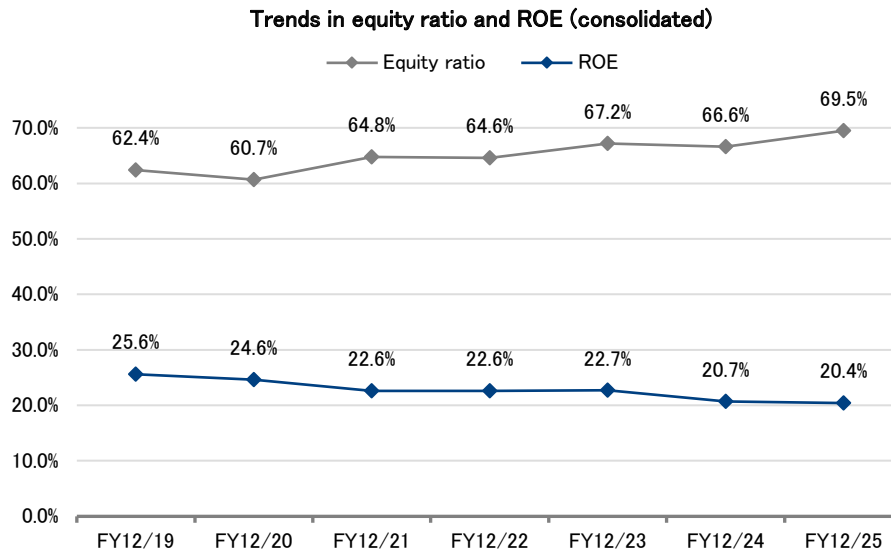


Source: Prepared by FISCO from the Company's financial results



Source: Prepared by FISCO from the Company's financial results

Business performance



Source: Prepared by FISCO from the Company's financial results

2. Overview of FY12/25 results

In FY12/25, the Company achieved new record high consolidated results for a fourth consecutive fiscal year with increases in sales and profit, with net sales of ¥52,649mn, up 5.6% YoY, operating profit of ¥5,397mn, up 4.6%, ordinary profit of ¥5,543mn, up 4.3%, and profit attributable to owners of parent of ¥3,981mn, up 8.3%. The results were largely in line with the initial projections.

Against the backdrop of steadily rising research and development investment aimed at strengthening competitive advantage in manufacturing, as well as significantly expanded government budgets for the space-related domain—a focus area for the Company— since 2024, an increase in the number of mobilized employees (maintaining a high mobilization rate), a higher contract unit price, and growth at the manufacturing subsidiary Digital Spice (aerospace-related domain) contributed to the expansion of the Outsourcing Business. Furthermore, the Global Business also grew significantly on the back of securing orders for new projects, mainly in the favorable semiconductor-related domain, and the impact of yen depreciation.

On the earnings front, although results were subject to downward pressure associated with factors such as the higher cost of sales accompanying improved compensation and upfront investment in new businesses, the Company secured an increase in operating profit covered by higher sales. The operating profit margin was 10.3% (it was also 10.3% in the previous fiscal year), maintaining a level above 10%. Note that profit attributable to owners of parent came in above expectations due to a decrease in tax expenses under the tax incentives to promote wage increases (a one-off factor).

On the financial front, total assets increased 4.4% from the end of the previous fiscal year to ¥29,311mn, mainly due to an increase in cash and deposits. Meanwhile, shareholders' equity rose 9.0% to ¥20,374mn due to the accumulation of retained earnings, and the equity ratio improved to 69.5% (from 66.6% at the end of the previous fiscal year).

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Business performance

Overview of FY12/25 results

	FY12/24		FY12/25		YoY		(¥mn)			
	Results	% of sales	Results	% of sales	Change	Rate of change	FY12/25		Compared with forecast	
							Forecast	% of sales	Change	Rate of change
Net sales	49,858	-	52,649	-	2,791	5.6%	52,700	-	-51	-0.1%
Outsourcing Business	45,754	91.8%	47,925	91.0%	2,171	4.7%	-	-	-	-
Global Business	4,017	8.1%	4,614	8.8%	597	14.9%	-	-	-	-
Others	87	0.2%	109	0.2%	22	26.2%	-	-	-	-
Cost of sales	38,264	76.7%	40,537	77.0%	2,272	5.9%	-	-	-	-
SG&A expenses	6,434	12.9%	6,715	12.8%	280	4.4%	-	-	-	-
Operating profit	5,159	10.3%	5,397	10.3%	237	4.6%	5,400	10.2%	-2	-0%
Outsourcing Business	4,882	10.7%	4,926	10.3%	44	0.9%	-	-	-	-
Global Business	342	8.5%	533	11.6%	190	55.6%	-	-	-	-
Others	-68	-	-65	-	3	-	-	-	-	-
Ordinary profit	5,313	10.7%	5,543	10.5%	230	4.3%	5,500	10.4%	43	0.8%
Profit attributable to owners of parent	3,677	7.4%	3,981	7.6%	303	8.3%	3,700	7.0%	281	7.6%
Number of engineers*1	4,576		4,727		151					
Number of mobilized employees	4,399		4,451		52					
Mobilization hours*2	161.4		159.7		-1.7					
Contract unit price (¥)*3	4,307		4,501		194					

*1 Numbers of engineers, mobilized employees, mobilization hours, and contract unit price are all full-year averages

*2 Hours worked per month corresponding to work as an engineer

*3 The unit price per hour based on the contract with the customer. Unlike the actual unit price, which constitutes sales, this does not include overtime

Note: Percentages related to operating profit represent the ratio of operating profit to net sales for each segment

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Financial condition at the end of FY12/25

			(¥mn)	
	End-FY12/24	End-FY12/25	Compared with end of previous fiscal year	
			Change	Rate of change
Current assets	21,644	22,789	1,145	5.3%
Cash and deposits	13,343	14,118	775	5.8%
Notes and accounts receivable – trade, and contract assets	7,051	7,277	226	3.2%
Work in process	245	250	5	2.1%
Non-current assets	6,432	6,521	89	1.4%
Goodwill	89	64	-25	-28.6%
Total assets	28,077	29,311	1,234	4.4%
Current liabilities	8,938	8,470	-467	-5.2%
Accounts payable – trade	2,085	2,151	65	3.1%
Short-term borrowings	210	208	-1	-0.8%
Non-current liabilities	394	403	8	2.2%
Total liabilities	9,333	8,874	-459	-4.9%
Net assets	18,743	20,436	1,692	9.0%
Shareholders' equity	18,691	20,374	1,683	9.0%
Current ratio	242.1%	269.0%	26.9pp	-
Equity ratio	66.6%	69.5%	2.9pp	-
Interest-bearing debt ratio	1.2%	1.0%	-0.2pp	-

Source: Prepared by FISCO from the Company's financial results

Business performance

(1) Outsourcing Business

Net sales increased 4.7% YoY to ¥47,925mn and segment profit increased 0.9% to ¥4,926mn. The Company's standalone results grew steadily due to an increase in the number of mobilized employees, which resulted from an increase in the number of engineers and from maintaining a high mobilization rate, and to a higher contract unit price.

Looking at the performance indicators (standalone) that the Company prioritizes, the number of engineers (full-year average, hereafter the same) increased to 4,727 (up 151 engineers YoY), and the number of mobilized employees increased to 4,451 (up 52 employees). The mobilization rate, which includes approximately 300 newly graduated recruits, was maintained at 95.4% (96.7% in the previous fiscal year), suggesting that the Company has been largely unaffected by US tariff issues and production adjustments in automotive-related domain. The contract unit price per person increased ¥194 to ¥4,501 amid positive momentum brought about by wage increases and successful initiatives to heighten market value*. In contrast, mobilization hours decreased to 159.7 hours (down 1.7 hours) due to reductions in overtime in line with workstyle reforms.

* Initiatives to heighten market value consist of skills development programs and planned rotations based on individual career plans.

Regarding Group companies, Alps Business Service performed well, and Digital Spice was on a growth trend due to an increase in aerospace-related orders. Regarding new businesses, in addition to efforts to improve profitability at Alps Agri Career, which operates in the agriculture-related field, through higher unit prices, Alps Care Heart, which provides home-visit nursing care services, appears to be achieving steady growth—albeit on a small scale—through higher mobilization rates at its business locations, primarily in Kanagawa Prefecture.

On the earnings front, despite the higher cost of sales accompanying improved compensation and continued incurrence of upfront costs allocated to new businesses (agriculture- and nursing care-related fields), the segment secured profit growth due to increased earnings that were attributable to increased sales. As a result, the segment maintained a high profit margin of 10.3% (10.7% in the previous fiscal year).

(2) Global Business

There was significant growth in net sales, which increased 14.9% YoY to ¥4,614mn, and segment profit, which increased 55.6% to ¥533mn. In addition to the benefits from yen depreciation, the Company saw steady growth in securing orders for new projects—mainly in the favorable semiconductor-related domain—and in the staffing services business (this growth was particularly strong in Taiwan). The segment profit margin also improved significantly to 11.6% (8.5% in the previous fiscal year).

(3) Other segment

Net sales increased 25.3% YoY to ¥109mn, while segment loss amounted to ¥65mn (compared to a ¥68mn segment loss in the previous fiscal year). Net sales exceeded the previous year's level due to the full-year contribution from the serviced senior housing providers Tanpopo Shiki no Mori and Fureai no Mori Sagami Lake. However, from a profit/loss perspective, the segment continues to post a loss as it remains in the investment phase.

3. Summary of FY12/25 results

To summarize FY12/25, the Company effectively tapped into demand in growth fields such as the semiconductor-, automotive- (next-generation automobiles), and aerospace-related domains amid a persistently favorable ordering environment, which led to improved results. Accordingly, this appears to demonstrate that the Company's strategy is progressing steadily. In particular, the following points merit recognition: (1) securing high profitability while improving compensation and incurring upfront costs allocated to new businesses, (2) being largely unaffected by US tariff issues and production adjustments in automotive-related, and (3) expansion in the high-growth, high-unit price aerospace- and medical-related domains on which the Company focuses.

■ Main activities and achievements

Notable outcomes achieved, particularly with respect to new businesses (serviced senior housing business) and new domains (aerospace)

1. Recruitment and education achievements

In human resource recruitment, which serves as the Company's growth driver, the Company secured 332 people (compared to 217 in 2024) as new 2025 college graduates (standalone), while the number of engineers (standalone) at the end of the fiscal year increased to 4,766 (up 202 from the end of the previous fiscal year), due to the hiring of 116 career human resources with an emphasis on quality. About 300 new 2026 college graduates are scheduled to join the Company, thereby demonstrating its presence in the midst of an ongoing difficult recruitment environment (seller's market). In addition, with respect to global human resources, the Company hired approximately 80 global engineers (standalone).

For education, meanwhile, the Company has arranged 1,047 courses, and held a total of 2,793 study sessions across all its locations. The topics of these courses and sessions include acquiring certifications, career development, and leadership development, and more recently, training has been specialized toward growth fields such as space and generative AI, while the Company has also focused on training engineers who are at the forefront of advanced technologies. Harnessing its proprietary Engineer Support System (ESS), the Company has been able to achieve outcomes that include enhancing employee skills and motivation, furnishing support for career formation, and increasing the contract unit price.

2. Progress of medium-term management plan

(1) Take on new domains of engineering outsourcing business

The Company focused on growth fields, including aerospace- and medical-related domains, and worked to strengthen related training and achieve higher unit prices through personnel rotation. As of the end of FY12/25, the overall average contract unit price was ¥4,544, while the aerospace- and medical-related domains were at ¥5,084 and ¥4,695, respectively, both levels that exceed the average.

Main activities and achievements

(2) Initiatives to develop new earnings pillars

Since becoming a consolidated subsidiary, Digital Spice, which is central to the manufacturing business, has achieved an approximately two-fold increase in net sales compared to FY12/21 amid significant growth in orders in the aerospace sector, which is a new domain. It also appears to be receiving an increasing number of orders related to the Japan Aerospace Exploration Agency (JAXA), based on recognition for its involvement in spectroscopic camera development and other such contributions to JAXA's project for the SLIM unmanned probe, which achieved Japan's first lunar landing in January 2024.

(3) Contribute to creating a sustainable, prosperous society

In the agriculture-related field, the Company is working with a medium- to long-term perspective to create new models using global human resources, and in the nursing care-related field, it is leveraging know-how from its assignment business in its home-visit nursing care business to address social issues. Additionally, in order to contribute to regional revitalization, the Company has operated Fureai no Mori Sagami Lake Yatai Mura since August 2025, and is promoting support for restaurant entrepreneurs and efforts to restore vibrancy to the local area. Furthermore, the Company acquired businesses in the ryokan sector, which it entered in May 2025*1, and established Alps Regional Partners Corporation with the aim of participating in the commercial distribution of agricultural products and locally produced goods. Altech Farm Tokachi*2 cultivates and sells cherry tomatoes grown in agricultural greenhouses that use hot spring heat and biomass burners. It has also begun processing the sweet potatoes that it grows into dried sweet potatoes and other products and selling these locally.

*1 Acquired the accommodation, banquet, and wedding businesses of Kinseikan, which is located in Muikamachi Onsen, Minamiuonuma City, Niigata Prefecture.

*2 Business based on an agreement with JA Kino.

Business outlook

Sales and profit uptrend expected to continue in FY12/26 amid a favorable ordering environment

1. FY12/26 forecasts

With respect to its consolidated results in FY12/26, the Company projects ongoing increases in sales and profit (excluding profit attributable to owners of parent), with net sales to increase 5.4% YoY to ¥55,500mn, operating profit to increase 5.6% to ¥5,700mn, ordinary profit to increase 4.6% to ¥5,800mn, and profit attributable to owners of parent to decrease 2.0% to ¥3,900mn. Note that only profit attributable to owners of parent is expected to decline, reflecting the assumed exclusion from applicability for the tax incentives to promote wage increases.

The outlook envisions a continuing trend of rising net sales and profits given prospects in the automotive- and semiconductor-related domains amid continued robust R&D investment, and also given the Company's efforts to tap into strong customer demand in areas that include software development associated with the medical field and advanced technologies, both of which have been subject to growing demand.

In manufacturing, the upward trend in net sales and profit is expected to accelerate as the Group fully utilizes its resources and leverages the expertise and track record of Digital Spice, a manufacturing subsidiary that is a leader in the aerospace field, to win projects in the space sector, where market expansion is expected going forward.

Business outlook

FY12/26 forecasts

(¥mn)

	FY12/25		FY12/26		YoY	
	Results	% of sales	Forecast	% of sales	Change	Rate of change
Net sales	52,649	-	55,500	-	2,851	5.4%
Operating profit	5,397	10.3%	5,700	10.3%	303	5.6%
Ordinary profit	5,543	10.5%	5,800	10.5%	257	4.6%
Profit attributable to owners of parent	3,981	7.6%	3,900	7.0%	-81	-2.0%

Source: Prepared by FISCO from the Company's financial results

2. FISCO's view

At FISCO, we believe that although the Company needs to remain cautious in regard to factors that include the effects of geopolitical instability, its results forecasts continue to be well within reach for the following reasons: 1) its targeted R&D investment areas are long-term investment fields that are directly connected to its future competitiveness and where strong demand is also likely going forward, 2) it is steadily working to expand its business foundation, including through human resource recruitment and education, 3) it is maintaining a high mobilization rate while shifting to growth fields, and 4) its Group companies are all performing solidly. Particular attention should be paid to growth in the aerospace- and medical-related domains on which the Company is focusing, and to the accompanying changes in profitability and growth potential.

■ Medium- to long-term growth strategy

Targeting sustainable growth by taking on new domains with cutting-edge technologies and by developing new earnings pillars

1. Twelfth five-year plan (qualitative targets)

Since its foundation, the Company has been formulating five-year qualitative targets and three-year quantitative targets (rolling targets in the medium-term management plan). On the 55th anniversary of its foundation in July 2023, the Company announced its twelfth five-year plan (qualitative targets) as its vision through 2028. With "utilizing technology to challenge partners in a co-creative society" as its theme, the Company is working on the four measures described below. It aims to strengthen its foundation for sustainable growth by moving on to the next phase in the largely unchanged course it has been charting so far. The key point is the Company's commitment to educating personnel who can anticipate future needs, with an eye toward new and unforeseen markets and services driven by advancements in cutting-edge technology such as generative AI, and by the growing societal demand for environmental measures, carbon neutrality, and so forth.

Medium- to long-term growth strategy

[Four measures of the twelfth five-year plan]

1) Take on new domains of engineering outsourcing business

Develop engineers competent in state-of-the-art technologies, and take on new business and work areas unconstrained by existing boundaries. Having designated semiconductors and aerospace in particular as growth fields, steadily increase the number of mobilized engineers through initiatives such as those that involve developing human resources.

2) Develop new earnings pillars

Aim to expand the agriculture and nursing care businesses and raise their earning capacity by strengthening integration with technology. However, the prospect of generating significant earnings is bound to take more time. In addition, the Company will position manufacturing, the space business, and the outsourcing business as new earnings pillars.

3) Contribute to creating a sustainable, prosperous society

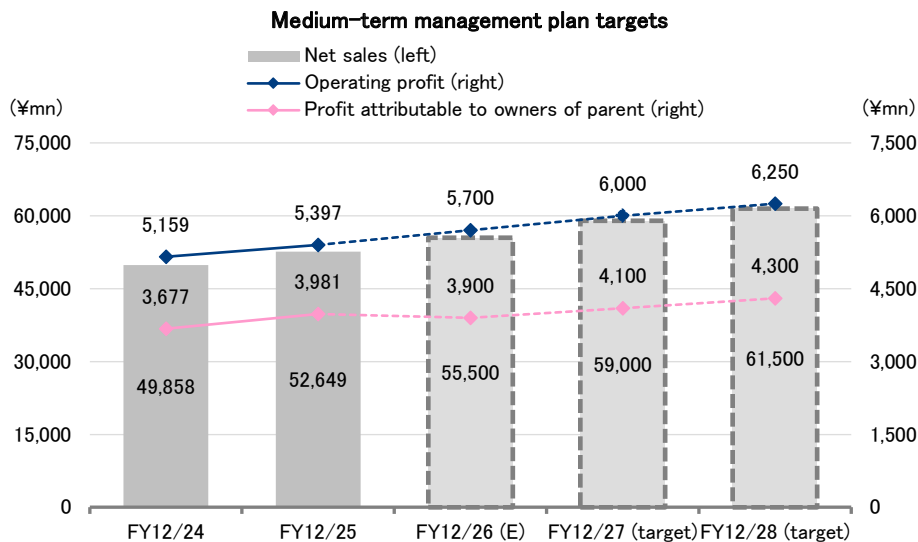
Aim to create new businesses that lead to the social task of regional revitalization by leveraging the technological and personnel expertise of the Group. Tangible achievements are beginning to emerge from new businesses such as Altech Farm Tokachi (in the agriculture-related field) and the operation of serviced senior housing.

4) Employ digitalization to foster an organizational culture where diverse personnel thrive

Aim to establish a framework where diverse human resources can thrive more by promoting more efficient, centralized control of management resources that are currently scattered throughout the organization.

2. Medium-term management plan (three-year quantitative targets)

The Company announced its three-year quantitative (rolling) targets in February 2026. For FY12/28, which is also the final fiscal year of the twelfth five-year plan, it has set targets of net sales of ¥61,500mn, operating profit of ¥6,250mn, ordinary profit of ¥6,350mn, and profit attributable to owners of parent of ¥4,300mn, while it also intends to secure ROE of 20% or above.



Source: Prepared by FISCO from the Company's results briefing materials

Medium- to long-term growth strategy

3. Industry trends and the Company's position

According to the Ministry of Health, Labour and Welfare's "Aggregated Results of Business Reports by Worker Dispatching Businesses (Preliminary Report)" (published in 2025), the number of assignment workers nationwide peaked at 2.02mn at the time of the global financial crisis in 2008 and then trended downward, but this decline bottomed-out in 2013 and by 2023, it was trending upward at 2.12mn. Also, due to developments such as revisions to the Worker Dispatching Act and the introduction of the equal pay for equal work system (both enacted on April 1, 2020)*, the environment surrounding the assignment business is approaching a major turning point. In other words, it is thought that aspects such as the technological capabilities and expertise of assignment employees, as well as what the companies they are assigned to expect from them, will change greatly in the future. Simply put, there will be a pronounced need for human resources who possess more novel and advanced technological capabilities and expertise, although work in downstream processes is also likely to change greatly depending on economic trends and other factors.

* The equal pay for equal work system was introduced with the aim of eliminating unfair differences in treatment between so-called regular employees (permanent workers recruited for an indefinite period) and non-regular employees (employees recruited for a fixed period, part-time workers, and assignment workers) working in the same company or organization. Generally, there are concerns about the effects of introducing this system, such as the fact that the wages of non-regular employees will increase and that wage differences will become more pronounced among non-regular employees.

At the Company, engineers have a stable position through being recruited for an indefinite period (permanent employees), and they receive education and training in order to acquire advanced technological capabilities and expertise. Therefore, they are trusted by customer companies. The results of the Company, which specializes in assigning engineers recruited for an indefinite period, are expected to grow solidly. Of course, persistent efforts will be necessary to capture customer needs and to undertake upstream processes in industries that require technological capabilities and expertise, for example, the electricity and machinery, automotive, aviation, and space industries. However, it is thought that the Company's businesses can continuously grow by gaining the trust of customers, supported by long-term human resources education.

Also, looking at trends over the past few years, while the number of working hours per engineer is decreasing due to the impact of workstyle reforms, the number of engineers being requested is increasing. In addition to supplementing the labor shortage at manufacturers, there appears to be a distinct trend emerging where demand is increasing not only to compensate for personnel shortages at manufacturers but also in cutting-edge technological areas that require skills in specific technologies. Therefore, the Company's ability to acquire (develop) excellent engineers in the fields of cutting-edge technologies, which it has positioned as priority domains, will be an important factor in expanding its business performance.

4. Medium- to long-term focal points

In the context of a declining population in Japan and economic globalization, at FISCO, we have evaluated the Company's strategy for the direction of its business development—which involves ascertaining future changes to the industrial structure and societal problems—as being rational. Including the progress made in new businesses, the focus for the future will be on how to link sustainable growth with the response to new technological fields where demand is growing and with efforts to solve social issues. In particular, although the Company is making progress in the agriculture- and nursing care-related fields, it seems that its success or failure will be determined by whether it can advance ahead of other companies to create new markets (its business model), and whether its utilization of cutting-edge technologies and accumulation of know-how will lead to solving the problem of labor shortage, improving productivity, and securing profitability. Furthermore, the manufacturing business, which is centered on Digital Spice and DONKEY, holds potential upside factors for business performance, and we intend to focus on the Company's specific moves in this area going forward, including M&A.

Sustainability initiatives

The Company has formulated a basic policy on sustainability and further strengthened its specific initiatives

1. Initiatives for SDGs

The Company’s Group supports the Sustainable Development Goals (SDGs) advocated by the United Nations, and based on its “Heart to Heart” corporate philosophy, it is aiming to contribute to the achievement of the SDGs through its Outsourcing Business and other businesses, including by developing technologies.

2. Establishment of a basic policy on sustainability

In seeking to further strengthen its sustainability initiatives, the Company established a basic policy on sustainability in November 2021, set specific indicators, and publicly disclosed progress toward achieving those indicators. The Company has particularly focused its efforts on climate change measures and enhancing human capital. In terms of human capital, it aims to heighten corporate value by developing a supportive environment (facilitating work-life balance, promoting the empowerment of women, and improving engagement) and by furnishing support to employees (improving individual skills, elevating motivation, and supporting career formation)*.

* The Company has been recognized by Nippon Kenko Kaigi as one of the 2025 Outstanding Organizations of KENKO Investment for Health, with respect to efforts that involve considering employee health management from a management perspective and strategically implementing initiatives that help employees maintain and improve their health. The Company also gained recognition under the KENKO Investment for Health initiative in 2024. In addition, Japan’s Minister of Health, Labour and Welfare awarded the Company Platinum Kurumin certification, which is granted to enterprises that support employee efforts to balance work and childcare, in recognition of the Company’s achievements. These include an 83.5% rate of paternity leave taken by its male employees.

Basic policy on sustainability

We of the Alps Giken Group will value the bonds between people based on our corporate philosophy, “Heart to Heart.” Through our business activities, we will aim to realize a sustainable environment and society, and sustainably increase our corporate value.

1. We will strive to preserve the global environment by providing advanced and diverse technology services.
2. We will utilize our management resources, namely human resources and technological capabilities, to engage in solving various social issues.
3. As a good corporate citizen, we will cooperate with stakeholders to engage in social contribution activities.

Source: Prepared by FISCO from the Company’s website

Shareholder return policy

With a basic dividend payout ratio of at least 50% on a consolidated basis, the Company plans an annual dividend of ¥108 for FY12/26

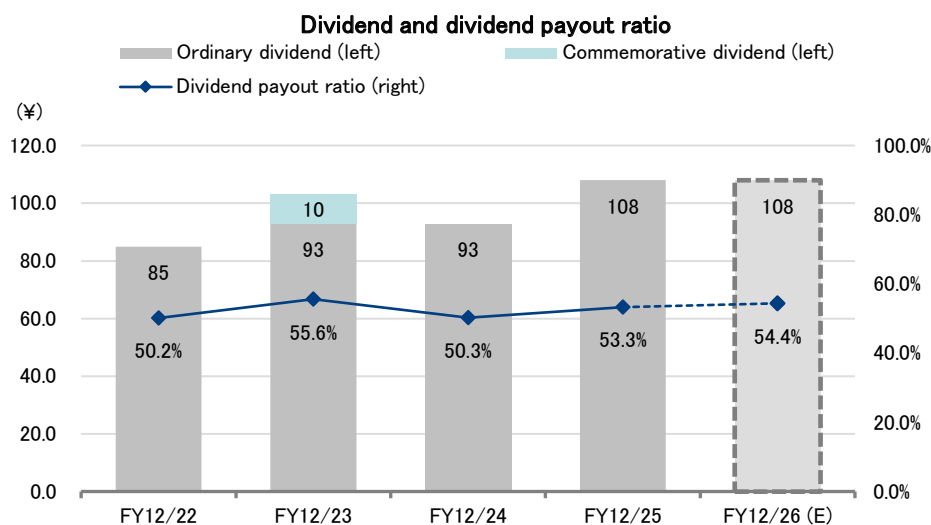
1. Basic dividend policy

The Company pays dividends as its policy of returning profits to shareholders. In December 2025, it revised its basic policy on dividends, targeting a dividend payout ratio on a consolidated basis of at least 50%, with the interim dividend set as a guideline at 50% of the annual dividend. Regardless of results, the Company's basic policy is to maintain an annual dividend of ¥10, with an emphasis on stable dividends.

2. Dividend trend and plan

For FY12/25, from an initial forecast of ¥94, the annual dividend per share was ¥108 on an ordinary dividend basis (interim dividend of ¥47 and period-end dividend increased ¥14 from ¥47 to ¥61) with a payout ratio of 53.3%.

For FY12/26, the Company also forecasts an annual dividend of ¥108 per share (interim dividend ¥54, period-end dividend ¥54), which is the same amount as the previous fiscal year, with a forecast dividend payout ratio of 54.4%.



Source: Prepared by FISCO from the Company's financial results

3. Share buyback

The Company repurchased 267,000 shares of its treasury stock for ¥674,709,000 (acquisition period from February 14 to March 13) pursuant to the resolution regarding the repurchase of treasury stock dated February 13, 2025. The repurchase of treasury stock was carried out with the aim of enabling the Company to implement capital policy flexibly in alignment with its policy on shareholder returns and changes in the business environment. The Company also resolved to accordingly cancel 1,000,000 shares of treasury stock on February 13, 2025, thereby bringing the number of shares of treasury stock to 871,076 shares subsequent to the cancellation, and the number of issued and outstanding shares to 20,746,675 shares subsequent to the cancellation.



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