

Q&A: Impact of the suspension of automobiles operations in the next fiscal year

Questioner: What do you think will be the impact of the suspension of automobiles operations in the next fiscal year?

Shimizu: I think this is a very difficult question. Although I think that our view will differ depending on the events that occurred due to recent inspection irregularities, I believe that there will be some things that will be delayed to the next fiscal year.

However, as we exchange information with each body and parts manufacturer, we have learned that some processes can be recovered relatively quickly, within the fiscal year. Depending on the situation, we believe that some processes will gradually recover from next month or so.

Q&A: Prospects for the Semiconductor and Electronics Industries for the next fiscal year

Questioner: What are the prospects for the Semiconductor and Electronics Industries for the next fiscal year?

Shimizu: With regard to memory, which took time to adjust inventory, we have already increased the number of staff from the end of this fiscal year, as new projects have been launched for the next fiscal year, and the industries are moving toward normalization.

In addition, shipments will start toward the end of this fiscal year in the Kumamoto area, so we believe that our business will remain steady.

At electronics manufacturers, as the number of factories where overtime work is already normalizing has increased, we expect the situation to be brighter next fiscal year than the current one.

Q&A: Human resources development

Questioner: I believe that human resources development will be an upfront investment, but can you tell us if it is correct to acknowledge that the next fiscal year will be an investment phase for growth?

Shimizu: We believe that if we do not train engineers or highly skilled workers that we were unable to train this year due to various circumstances of our clients for the next fiscal year, we will not be able to receive large-scale orders in 2026 and 2027. Due to the slight stagnation this year, we are planning to invest more strongly in training and developing our staff next fiscal year than we originally planned.

At present, we are preparing to produce around 1,800 engineers, although this is still a rough estimate.

【Main Q&A at the Financial Results Briefing for the First Nine Months of FY 3/2024】

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The following content contains the main questions and answers from the questions received after the announcement. In addition, some revisions and corrections have been made to make the content easier to understand.

Q&A: Future prospects related to storage battery

Questioner: You have said that you are planning to focus on storage battery-related projects, such as the establishment of the Nisso EV Technical Center Kansai (EVTC Kansai) in the future. Please tell us about your future vision for this and the aim of participating in the consortium.

Shimizu: We have several aims here. First of all, the aim of participating in the consortium is to ensure that since a large-scale battery factory is scheduled to start operations in the second half of 2026 or 2027, that we accurately grasp the extent to which a structure for training in that area is necessary, and it turns out that storage battery manufacturers separate the human resources they prepare in-house from those they outsource. As a result, this gave us some idea of what to expect, and we have now decided to open an EV Technical Center in Shiga Prefecture.

From this point on, we will have thorough discussions with our clients about the curriculum, and this is the phase in which we will systematically train our staff while they actually install the manufacturing equipment.

Q&A: Impact of rising labor costs

Questioner: Since there are calls for wage increases throughout Japan, what kind of impact do you expect for your company in the event that labor costs rise at your client companies?

Shimizu: The government, the business community, and labor unions all agree that wage increases will be a major key to economic recovery from this point forward.

Since we are currently in the midst of the "Spring (Labor) Offensive", we have consistently taken the stance that we will raise the wages of those who are working. This also translates into an increase in the unit-costs of orders received. Rather than a significant improvement in the so-called rate of return as the gross margin, the amount of revenue increases by increasing the unit-costs. We believe that this will be a positive effect for us as well as a return in the form of higher salaries for our employees.