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## **Q&A Summary from the Analyst & Individual Investor Joint Briefing for FYE2023 Financial Results**

This is a summary of the question-and-answer session from the analyst and individual investor joint briefing about our financial results for FYE2023 that was held on May 15, 2023. To make it easier to understand, we have changed, revised, and amended the summary of the question-and-answer session

Q: In the Medium-Term Management Plan, as a performance target, you have set a consolidated sales target of ¥40 billion in the final fiscal year of FYE2027. Do you have confidence that you can achieve this goal?

A: Having completed the first fiscal year of the Medium-Term Management Plan, we are feeling confident. In the two years until FYE2023, we have been promoting reforms in our sales and recruiting activities, and things are coming together. We are able to duplicate the growth in our business results. Going forward, we will invest resources to increase the speed of our business growth.

Q: In the first quarter of FYE2024, there will be a large cost burden due to an increase in the number of new graduate technical employees and administrative staff joining the company. Do you foresee a decline in profits?

A: New graduate technical employees and administrative staff join the company on April 1st and undergo in-house training over the course of a month, so the technical employees do not generate sales. In addition to only recording the cost of sales, personnel expenses for administrative staff increase. As a result, profits in the first quarter will be sluggish. However, after the Golden Week string of public holidays, the new graduate technical employees will be assigned and will start contributing to earnings from May onwards, so profits are expected to increase in the first half.

Q: Please tell us about your progress in building the Technician Support Platform.

A: We have started trial operation for new graduate technical employees who joined the company in April 2023. From April next year, we will proceed with building a system to expand the target audience. We would like to create a system where technicians can face the challenges of their daily work and aim to improve their skills while envisioning their future career path.

Q: If the number of consolidated technical employees is forecast to increase by 1,235 YoY to 4,271 in FYE2024, it seems that the Medium-Term Management Plan target of 6,200 employees by the end of FYE2027 will be achieved ahead of schedule, but what is your outlook?

A: We believe it is possible to achieve this target ahead of schedule. While striving to achieve this Medium-Term Plan performance target ahead of schedule through the organic growth of our existing business, we would also like to actively consider one-time growth through such things as M&A.

Q: If you exceed your earnings forecast for FYE2024, will there be a further dividend increase?

A: If earnings exceed the forecast, we will consider shareholder returns while making additional investments for growth.

Q: In light of the continuing labor shortage in Japan, is the environment conducive for charge-up negotiations (increase in the contract unit price)?

A: Our company is developing a business that deals with human resources, not things. Unlike assets that are consumed, the value of human resources increases through daily operations. The labor shortage is a tail wind for raising unit prices, but as the mission of our business, we must ensure that the value of the human resources is properly reflected in the compensation. The timing for negotiations, etc., is when the dispatching contracts are renewed.

Q: In the midst of a labor shortage, why is the recruiting by COPRO going so well?

A: Recruiting reforms implemented in FYE2023 have led to results. Over the course of the previous year, we worked to improve efficiency by dividing into individual stages the process from application to employment. While there is a labor shortage, in addition to attracting customers without any problems, even in the selection process, it leads to recruitment without lowering the yield.

Q: With regards to the FYE2024 forecast, why does the sales forecast look conservative when you compare the YoY rate of increase in the number of technical employees enrolled at the end of the fiscal year, and the growth rate of full-year sales?

A: The published figures are a matter of course, but we are disclosing figures that we judge to be achievable. We do not intend to disclose an all or nothing goal that is challenging. The number of technical employees will be increased in stages every month. Therefore, the number of technical employees at the end of the fiscal year compared to the end of the previous fiscal year does not equal the sales growth rate for the full year.

Q: During the period of the Medium-Term Management Plan, will selling and administration expenses increase in proportion to the increase in sales?

A: In order to expand sales, it is necessary to increase the number of front-office employees in charge of sales and recruitment, and personnel expenses will increase proportionally. However, we believe that costs, such as personnel expenses in the back office, can be controlled as we work to improve productivity. We would like to increase the operating profit margin while controlling an increase in fixed costs.

Q: Please tell us about the progress of the business alliance with SpiderPlus & Co.

A: The number of those trained for the construction DX service "SPIDERPLUS" is steadily increasing, but the on-site usage rate is still low. The introduction of SpiderPlus & Co.'s services is spreading, mainly among subcontractors, but since we are promoting assignments mostly to super general contractors, the usage rate remains low. In order to demonstrate the effects of the business alliance, we will work on improving the on-site usage rate.

Q: What is your forecast for recruiting costs in FYE2024?

A: In comparison to sales, they are expected to be at the same level YoY. The idea is to prioritize top-line growth and aggressively invest while monitoring the balance with profits.

Q: Are you considering recruiting foreign human resources?

A: Regarding the recruitment of foreign human resources, our subsidiary COPRO VIETNAM continues to consider it.

Q: Please tell us about your competitors.

A: In the construction technician dispatching business, which is our main business, Open Up Group Inc. and TechnoPro Holdings, Inc. are developing similar businesses.

Q: Please tell us about your future M&A strategy.

A: In addition to the organic growth of our existing businesses, the company aims for intermittent growth through M&A. In addition to M&A, we will also consider alliances with companies that can be expected to increase the added value of technical employees and, in turn, improve corporate value, such as our business alliance with SpiderPlus & Co.

Q: Are you conducting recruiting activities in areas where you do not have branches?

A: Since interviews are conducted remotely, we also screen applicants who are not close to our offices.

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