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COPRO-HOLDINGS Co., Ltd.
Corporate Planning Office

Q&A Summary from the Analyst & Individual Investor Joint Briefing for FYE2024 2Q 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 the second quarter of FYE2024 that was held on November 20, 2023. To make it easier to understand, we have changed, revised and amended the summary of the question and answer session.

[Q&A Summary]

Q: What are the benefits of listing on the Prime Market?

A: Since the Prime Market is an investment target for many investors, while our company has only just begun, we are determined to maintain our listing on the Prime Market as we aim to further improve our business performance and increase our corporate value, and we believe that this will lead to obtaining an appropriate evaluation of our corporate value.

Q: Is there a possibility that higher resource prices and the weaker yen will impact construction investment in Japan and reduce demand for the dispatching of human resources?

A: We believe that demand for human resources is unlikely to decline due to external factors such as rising material prices or the weaker yen. There is a serious labor shortage in the construction industry. The construction technician dispatching market is expected to continue expanding, and we believe that this will provide a tailwind for our company.

Q: You are using Miyashita Kusanagi as brand ambassadors, but what kind of effect has it had?

A: Our reason for using Miyashita Kusanagi is that they are positioned as young people and their characters are a bit lacking in self-confidence. By telling the story of these two people transforming into full-fledged technicians and engineers, we are able to create branding that pushes to the front our company's emphasis on nurturing young technicians and engineers.

Q: What are your future plans regarding M&A?

A: With a focus on our core business of dispatching construction technicians, and dispatching mechanical design and development engineers, as well as targeting each SES project, we are actively making progress with our initiatives. In addition to our existing businesses, we are also considering M&A with educational institutions and training companies to strengthen education and training for technical employees.

Q: Which figures should I refer to in order to see the degree of growth of your company?

A: From this fiscal year, the company is focusing on improving profit margins in addition to increasing sales.

We would like to achieve sales growth of 20% to 30% every fiscal year, and for profits as well, we want to achieve growth that matches top-line growth. While we are not satisfied with our current profit margins, we also recognize that there is room for improvement in profit margins due to our growth potential.

Q: Among the criteria to maintain a listing on the Prime Market, your company does not meet the criteria for market capitalization of tradable shares. What efforts are you making toward meeting the criteria?

A: Based on our stock price on November 20, 2023, the market capitalization of tradable shares has cleared 10 billion yen. However, compliance with the criteria to maintain our listing is just a waypoint, and we will continue to aim to improve our corporate value.

Q: Regarding the regulation that puts an upper limit on overtime work, it will also be applied to the construction industry from April 2024. What will the impact be on your business results next fiscal year?

A: Due to the application of the upper limit regulation, since more technical employees will be needed than ever before because the amount of work that a single employee can handle will decrease, we believe that demand for human resource services like what our company offers will increase. In the construction industry in recent years, while there is a growing movement to break away from an individualistic system, what is important is how to combine digital transformation (DX) and people to tackle the difficult problem of human resource shortages. Our company will continue to build a strong human resource supply network, produce excellent technical employees, and contribute to solving problems.

Q: Is it possible to achieve the non-GAAP operating profit target of 5 billion yen for the final year of the Medium-Term Management Plan (FYE2027) ahead of schedule?

A: For organic growth alone, while it is possible to exceed the annual performance target set at the time of announcing the Medium-Term Plan, we believe that it will be difficult to achieve the performance target for the final year ahead of schedule. In addition to organic growth, while achieving one-time growth through such things as M&A, we would like to eye the possibility of achieving the performance target ahead of schedule.

Q: Is the semiconductor training center scheduled to open in January 2024 a center exclusively for your company's human resources? Or is it a profit center that provides training services to external human resources of other companies?

A: The company's policy is to first train its own technical employees and produce field engineers. As we operate the training center in the future, we would like to explore various possibilities and consider them positively.

Q: How many meetings have you held this fiscal year with institutional investors? And how does it compare to last year?

A: The number of interviews with institutional investors is on pace to exceed about 100 for the year, an increase of 3 to 4 times compared to the previous year. In addition, mass media exposure is increasing. In July of this year, the company was featured on TV Tokyo's information program "WBS (World Business Satellite)" for taking 6th place in the ranking of first-half stock price increases for companies listed on the Prime Market. In addition, in November, the Nihon Keizai Shimbun featured the company for having the highest rate of increase in the number of employees in FYE2023, showing that we are receiving increasing attention.

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