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Q&A Summary from the Analyst & Individual Investor Joint Briefing for FYE2024 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 FYE2024 that was held on May 21, 2024. To make it easier to understand, we have changed, revised, and amended the summary of the question-and-answer session.

Q: What is the reason for the decline in sales per technical employee in the construction technician dispatching business for FYE2024? Also, please tell us your outlook for this fiscal year.

A: Among those recruited, the proportion of inexperienced technical employees with a low contracted unit price is on the rise, and because the average unit price of technical employees is diluted by this mixture, the overall sales per technical employee is down YoY. Since we will continue to focus on recruiting inexperienced engineers in FYE2025, sales per technical employee is expected to decline. However, even inexperienced employees who start out with a low contracted unit price will see their unit price increase significantly after two years of experience as they go into their third year, so we will focus on improving the retention rate for those in their first and second years.

Q: Will you continue negotiations in the future to increase the unit price charged?

A: We will continue to negotiate the contracted price going forward. In principle, we negotiate an increase in what we charge once a year, and since the value of human resources increases with experience, we also negotiate when it is time to renew contracts.

Q: Why has the unit price for recruitment remained flat since FYE2023, and what is the outlook for FYE2026 and beyond?

A: With regards to FYE2024, the unit price for recruitment improved significantly in the first half of the year due to improvements in the recruitment process, but due to a mismatch in the job seeker pool in the second half of the year, full-year recruitment costs improved only slightly. For FYE2025, we expect cost-effectiveness to decline slightly as we expand our recruitment channels in anticipation of increased demand for human resources, and therefore we anticipate an increase in the unit price for recruitment. However, we will continue to work to improve our recruitment process, with a target of keeping the cost per person recruited in the 200,000-yen range.

Q: On page 19 of the financial results presentation, under "Growth Strategy ②", it is stated that there are still issues with retaining employees in their first or second year with the company. Please tell us if there are any specific measures being considered or implemented to improve the retention rate.

A: We will continue to provide thorough follow-up after placement. Additionally, by enhancing the training curriculum of the "Technician Support Platform", we will support the career development of technical employees and improve the retention rate.

Q: Are there measures in place to prevent technical employees who have advanced in their careers from leaving for companies that offer better working conditions?

A: Our company is focusing on the expansion of our share with major companies, particularly major general contractors and sub-contractors. Many of the projects we receive from large companies offer good working conditions for technical employees, which has the effect of encouraging them to stay with the company. In addition, even after the technical employees are assigned, we regularly visit their assigned locations to provide follow-up support. By focusing on providing such thorough support to technical employees, we aim to be a company that continues to be chosen by them.

Q: What is the Company's strengths compared to the competitors?

A: Our strength is our recruiting capability. While promoting recruitment reform and refining process management, we are committed to our own independent recruiting, and ensuring the quality and quantity of those recruited. We believe that the most effective way to differentiate ourselves is to improve our essential services as a staff dispatching company, which is to provide a rich workforce to clients suffering from labor shortages.

Q: What are the reasons for your good business results compared to your competitors?

A: As mentioned above, we have implemented recruitment reforms from FYE2023, and have strengthened our recruitment system. These efforts have paid off, with the company recently achieving an increase in the number of technical employees that outperform our competitors.

Q: Who are your competitors for construction technician dispatching? Also, please tell us your position within the industry.

A: Among listed companies they are Open Up Group Inc., TechnoPro Holdings, Inc., OUTSOURCING Inc., TRYT Inc., Nareru Group Inc., WILLTEC Co., Ltd. and WILL GROUP, INC.

By comparing the sales figures of the most recent full-year financial results announced by the companies as of the date that our FYE2024 financial results were announced, we are ranked third in the industry after Open Up Group and OUTSOURCING.

Q: I think your company's sensitivity is wonderful in taking the initiative with regards to the return of the manufacturing industry to Japan, national policies for such things as semiconductors, and the 2024 problem, but what steps do you have in mind to achieve even greater growth?

A: In order to achieve a stable, high growth rate, we will not expand recklessly, but will instead invest resources in existing businesses, such as the construction technician dispatching business, to strengthen the foundation of our business.

Q: COPRO TECHNOLOGY's operating profit for FYE2024 was down 35 million yen YoY, but will the company continue to make upfront investments from this fiscal year onwards, and do you forecast a decline in profits?

A: COPRO TECHNOLOGY's operating profit is expected to increase in FYE2025.

Q: Please tell us about the progress of semiconductor engineer dispatching and future prospects.

A: As for semiconductor engineer dispatching, as of the end of FYE2024, we have dispatched a few engineers. Going forward, we aim to have around 100 people take the training course by the end of FYE2025, and we will proceed with signing contracts with client companies, with a view to assigning as a team those who graduated from the training course.

Q: Does the dispatch of semiconductor engineers envisage dispatching staff for all the manufacturing processes of semiconductor manufacturing equipment? Or are they only being dispatched to specific areas? Also, please tell us what your advantages are compared to other companies.

A: The semiconductor engineer dispatching business plans to train and dispatch engineers, primarily field engineers who will be stationed at semiconductor factories 24 hours a day to handle troubleshooting and maintenance of manufacturing equipment. Furthermore, at the semiconductor engineer training center that we opened in Shin-Yokohama in February, top engineers who have worked in semiconductor-related jobs at major semiconductor manufacturers serve as instructors and also provide hands-on training using actual equipment. We believe that one of our advantages is that we focus on developing engineers through a practical training curriculum.

Q: Is it correct that all the personnel dispatched by COPRO CONSTRUCTION are technical workers, and not skilled workers known as craftsmen?

A: As you are aware, in the construction industry, the dispatch of skilled workers is prohibited by the Worker Dispatching Act from the standpoint of worker protection, so we only dispatch technical personnel such as construction management staff and CAD operators.

Q: Are you meeting with institutional investors more frequently? Also, please tell us if there are any points that institutional investors are concerned about during your meetings with them.

A: The number of meetings in FYE2024 increased by about 4 to 5 times YoY, and we feel the increased attention from investors. Institutional investors ask us a wide range of questions, including KPIs, such as the number of recruits and the retention rate, as well as the progress of our Medium-Term Management Plan.

Q: Do you expect to achieve the performance targets for the Medium-Term Management Plan ending in FYE2027?

A: Regarding the Medium-Term Management Plan formulated and announced in May 2022, in the first year, which was FYE2023, and the next year FYE2024, both sales and operating profits have been trending higher. Going forward, we will strengthen our efforts to improve profitability and ensure the achievement of the plan.

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