

Human Creation Holdings (7361 TSE Mothers) - - - - - February 10,2022**Engaged in engineer dispatching, consulting and contracting services for corporate IT system development processes**

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For inquiries concerning the report, please contact info@stock-r.org

【 7361 Human Creation Holdings Sector : Sevices 】

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Sep. 2020	4,565	9.9	303	-9.4	303	-9.0	210	3.1	116.4	344.6	0.0
Sep. 2021	5,035	10.3	478	57.5	464	52.9	275	31.2	146.1	552.4	49.0
Sep. 2022 CE	5,697	13.2	530	10.9	527	13.7	312	13.4	162.4	-	50.0
Sep. 2022 E	5,662	12.4	541	13.1	540	16.4	321	16.4	176.4	596.4	50.0
Sep. 2023 E	6,165	8.9	612	13.1	612	13.3	369	15.0	202.7	749.2	60.0
Sep. 2024 E	6,695	8.6	699	14.2	699	14.2	427	15.7	234.6	923.8	70.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

Human Creation Holdings provides engineer dispatching and consulting/contracting services for corporate IT system development processes.

Its five consolidated subsidiaries are Asset Consulting Force and Human Base in the consulting and contracting domain, Brain Knowledge Systems and Creative Liberal Specialists mainly in the development domain, and Sailing mainly in the maintenance and operation domain.

The KPIs are the number of engineers, average contract unit price and utilization rate. In addition, the company is strengthening its consulting and contracting domain operations, which have a higher profit margin than its dispatch domain operations.

2. Financial Analysis

From fiscal year ended September 2017 to fiscal year ended September 2021, net sales and operating profit increased by 17.5% and 71.1%, respectively, on an annual average due to an increase in the number of engineers, an increase in the average unit price of contracts, etc.

The company is attractive in terms of growth potential and profitability compared to similar companies.

3. Non-Financial Analysis

The source of intellectual capital is its ability to respond to a wide range of customers and SI domains.

4. Corporate Strategy Analysis

The company's growth strategy is to expand its existing business (the engineer dispatching business), increase the ratio of net sales in the consulting/contracting domain, and enter into the M&A and new domains.

5. Analyst Evaluation

We expect a 12.4% revenue increase and a 13.1% operating profit increase for the fiscal year ending September 2022, assuming an increase in the net sales ratio of consulting and outsourcing services, in addition to an expansion of the engineer dispatching business due to an increase in the number of engineers and a rise in the average unit price of contracts, despite an increase in amortization of goodwill due to the acquisition of Human Base at the beginning of the fiscal year.

In addition to the continued expansion of the engineer dispatching business, we assume an improvement in the gross profit margin due to an increase in the ratio of consulting and contract sales. Therefore, we forecast an 8.9% year-on-year revenue increase and a 13.1% operating profit increase in the fiscal year ending September 2023 and an 8.6% year-on-year revenue increase and a 14.2% operating profit increase in the fiscal year ending September 2024.

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