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# 7059

# COPRO-Holdings

Company Name  
**COPRO-Holdings Co., Ltd.**

Listed On  
**Tokyo Stock Exchange, Prime Market**

Established  
**2006-10-02**

Head Office  
**3-28-12, Meieki, Nakamura-ku, Nagoya, Aichi**

Fiscal Year-End  
**Mar**

Exchange Listing  
**2019-03-19**

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# Executive summary

## Business overview

Copro-Holdings Co., Ltd. (TSE Prime: 7059) primarily dispatches construction technicians to building sites, as well as technicians to semiconductor fabrication plants and other manufacturing facilities. The company ranks among the top five in Japan's construction technician dispatch industry (see details below). Dispatched technicians are responsible for practical construction management and serve as intermediaries between construction company supervisors and tradesmen performing on-site or subcontracted work. As construction management personnel, Copro's employees oversee site operations, budgeting, safety, and administrative tasks, including paperwork for government agencies. Japan's Construction Business Act mandates site supervisors must be employees of construction companies. However, Japan is facing a shortage of construction managers, who support these supervisors. In addition, the Act on Securing the Proper Operation of Worker Dispatching Businesses and Protecting Dispatched Workers prohibits the dispatch of tradesmen to perform actual construction work.

For FY03/25, Copro reported JPY30.0bn in revenue (+24.6% YoY) and JPY2.8bn in operating profit (+29.1% YoY). From FY03/18, which preceded the company's public listing, through FY03/25, revenue grew at a CAGR of 18.8%, while operating profit grew at a CAGR of 17.5%. This growth has been driven by strong demand for temporary technical personnel, fueled by labor shortages at construction sites as well as semiconductor fabrication and other manufacturing plants. The company operates in a single segment, Technician Dispatch. Its core business is construction technician dispatch by Copro Construction Co., Ltd. In addition, Copro Technology Co., Ltd. handles mechanical, electrical, and semiconductor technician dispatch and contracted work, as well as IT technician dispatch.

Revenue is based on the number of technicians dispatched (number of technicians × utilization rate) and the average contract rate (fees paid by clients to the company) per technician. In the construction technician dispatch business, the number of technicians for dispatch as of end-FY03/25 was 4,352 (+22.0% YoY). The average utilization rate during the year was 93.8% (94.6% in FY03/24), and the contract rate per technician (as of March 31, 2025) stood at JPY529,000 per month (-0.2% YoY). Of the 4,352 technicians at end-FY03/25 (3,568 at end-FY03/24), 3,498 (1,840) were on permanent contracts and 854 (1,728) were on fixed-term contracts. The former group is considered to be on permanent dispatch\*, meaning they continue to receive wages even when they are not assigned to a job site due to a lack of work. The company enhances retention through proprietary training programs, aiming to raise contract rates as employees mature—particularly from their third year onward. As of end-FY03/25, Copro reported permanent employees comprised 80.4% of its workforce (versus 51.6% as of end-FY03/24).

\*Under the registered dispatch system, as opposed to permanent dispatching, an employment contract is created between the dispatched employee and the dispatching company only when there is a specific job request from a client. When there is no job request, the employee is not paid.

Due to a shortage of technical personnel at construction sites, demand for technician dispatching services within the construction industry currently exceeds supply. Accordingly, the capacity for generating business growth among Copro and other companies within the construction technician dispatching industry largely depends on how effectively companies can secure technicians for dispatching. To strengthen its recruitment capabilities, Copro places ads on third-party job sites while also operating its own specialized recruitment site for the construction industry, Bscareer Construction. By managing its own site, the company can post independently sourced job information quickly—before it appears on general job sites.

Copro is promoting reforms in its sales system. Historically, the company emphasized new client acquisition; however, since FY03/22, it has shifted its focus to prioritizing technician placements with existing key clients—specifically, the five major “super general contractors,” which include Obayashi Corporation (TSE Prime: 1802); large general contractors; and major subcontractors. The company aims to maintain a placement ratio of around 90% with these target clients. Copro has also adopted team- and set-based dispatching models under which it assigns multiple technicians with differing experience levels to the same site. This approach aims to foster a stronger sense of belonging and teamwork among technicians, ultimately boosting both retention and sales efficiency. In Q4 FY03/25, the company dispatched 89.4% of its

technicians to target clients, consistent with its target level (rate for FY03/24 was 93.4%). During the same period, 48.8% of technicians were dispatched under the team-based model, up 17.8pp from April 2021, prior to the sales reforms.

In FY03/25, 511 client companies used Copro's construction technician dispatch services (up from 441 in FY03/24). Meanwhile, average revenue per client rose to JPY56mn (up from JPY51mn in FY03/24). On average, the company dispatched 8.5 technicians per client. As of 2024, only 11.7% of workers in the construction industry were aged 29 or younger, compared to 16.9% across all industries. Meanwhile, 36.9% of workers in the construction industry were aged 55 or older (versus 32.4% across all industries), indicating an aging workforce. Accordingly, Shared Research projects labor shortages in the construction industry will persist due to ongoing decline in the industry's workforce.

Cost of revenue at the company includes wages and social insurance premiums for dispatched technicians. When dispatching technicians to client projects, the company places technicians whose contract rates allow it to achieve GPMs of about 30%. This policy contributed to overall GPM trending at about 30% from FY03/18 to FY03/25 (GPM for FY03/25 was 27.7%).

Copro is also pursuing M&A opportunities. The company believes it can develop further as a group by applying its strengths in sales, recruiting, retention, and contract renewal to fields outside the construction industry. Based on this policy, in April 2021, the company made Atmos Co., Ltd., which mainly provides temporary staffing services for mechanical design technicians, a subsidiary, and in September of the same year, did the same for Value Ark Consulting Co., Ltd., which operates the systems engineering services (SES) business. On October 1, 2023, the company merged Atmos and Value Ark Consulting, renaming the new entity Copro Technology Co., Ltd. Through the merger, it aimed to unify its sales and recruitment systems, and consolidate administrative functions into the pure holding company. In FY03/25, Copro Technology reported revenue of JPY3.3bn (+47.9% YoY) and an operating loss of JPY47mn, making it only a small part of consolidated financial results.

As Japan's birthrate declines and its population ages, Copro is looking to attract workers from the ASEAN region. Its subsidiary in Vietnam, established in April 2021, will be working with local universities to recruit and train new workers. The company plans to expand into temporary staffing and job placement services for Japanese general contractors and other organizations operating in Vietnam. The company is also considering expanding its business into other ASEAN member states.

Industry peers include Open Up Group Inc. (TSE Prime: 2154), TechnoPro Holdings, Inc. (TSE Prime: 6028), Outsourcing Inc. (TSE Prime: 2427; delisted on June 6, 2024), and Nareru Group Inc. (TSE Growth: 9163). The industry is well populated with small and medium-sized companies, and Shared Research estimates the total market share for the five leading construction technician dispatching companies (as of 2022) at only about 22%.

## Earnings trends

In FY03/25, Copro reported revenue of JPY30.0bn (+24.6% YoY), operating profit of JPY2.8bn (+29.1% YoY), recurring profit of JPY2.8bn (+25.9% YoY), and net income attributable to owners of the parent of JPY1.8bn (+24.4% YoY). Revenue and all profit categories reached record highs. The number of technicians across the group increased 23.7% YoY to 4,861, driving revenue growth. In the construction technician dispatch business, the technician utilization rate declined in 1H due to increased hiring but recovered in 2H. Among mechanical, electrical, and semiconductor technicians, those who completed training at the Semicon TechnoLab—opened in February 2024—contributed to revenue growth.

For FY03/26, the company forecasts revenue of JPY38.0bn (+26.6% YoY), operating profit of JPY3.8bn (+37.5% YoY), recurring profit of JPY3.8bn (+36.5% YoY), and net income attributable to owners of the parent of JPY2.5bn (+35.7% YoY). The company also expects the number of technicians across the group to grow 29.0% YoY to 6,271 at end-FY03/26, continuing to support revenue growth.

Copro raised its business targets for the final year of its medium-term management plan, which covers FY03/23 through FY03/27 and began in May 2022. For FY03/27, the company now targets revenue of JPY47.0bn (previously JPY40.0bn) and non-GAAP operating profit of JPY6.2bn (previously JPY5.0bn). It calculates non-GAAP operating profit by adding back depreciation, goodwill amortization, and stock-based compensation expenses to operating profit. Copro also raised its technician headcount target for end-FY03/27 to 8,000 (from 6,200).

As part of its long-term vision, the company targets FY03/30 revenue of JPY100.0bn and operating profit of JPY10.0bn. FY03/30 targets break down to: 1) revenue of JPY60.0bn and operating profit of JPY6.0bn on further development of the temporary staffing services market for construction technicians; 2) revenue of JPY20.0bn and operating profit of

JPY2.0bn on an expansion in the temporary staffing services business for plant technicians; 3) revenue of JPY10.0bn and operating profit of JPY1.0bn on the advancement of the global business; and 4) revenue of JPY10.0bn and operating profit of JPY1.0bn in line with the company's strategies for M&A and the development of new businesses.

## Strengths and weaknesses

Shared Research views the following attributes as Copro's strengths.

- ▶ By focusing on direct hiring rather than relying on recruitment agencies, the company has kept its hiring cost per technician low.
- ▶ Compared with industry peers, the company has maintained a low turnover rate—an important driver of revenue growth—while sustaining a high utilization rate.
- ▶ The company has achieved strong revenue growth through a top-down strategy and coordinated organizational execution.

Conversely, Shared Research sees the following attributes as weaknesses.

- ▶ Although labor shortages in Japan make overseas personnel essential, the company has been slower than competitors in developing its overseas business, reflecting its relatively short history in the industry.
- ▶ The company acquired a mechanical design technician dispatch firm and opened a training center, but larger competitors remain ahead in areas such as client proposals and training systems.
- ▶ Because the company does not provide bonuses to dispatched technicians under its contracts, its margin rates are lower than those of competitors.

For details, see the "Strengths and weaknesses" section below.

# Key financial data

| Income statement                                       | FY03/18      | FY03/19       | FY03/20       | FY03/21       | FY03/22       | FY03/23       | FY03/24       | FY03/25       | FY03/26          |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| (JPYmn)  | Cons.        | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Company forecast |
| <b>Revenue</b>   | <b>8,963</b> | <b>10,819</b> | <b>13,123</b> | <b>14,837</b> | <b>15,589</b> | <b>18,791</b> | <b>24,098</b> | <b>30,015</b> | <b>38,000</b>    |
| YoY  | 16.4%        | 20.7%         | 21.3%         | 13.1%         | 5.1%          | 20.5%         | 28.2%         | 24.6%         | 26.6%            |
| <b>Gross profit</b>                                    | <b>2,825</b> | <b>3,625</b>  | <b>4,376</b>  | <b>4,298</b>  | <b>4,845</b>  | <b>5,575</b>  | <b>6,774</b>  | <b>8,309</b>  | <b>10,921</b>    |
| YoY  | 16.8%        | 28.3%         | 20.7%         | -1.8%         | 12.7%         | 15.1%         | 21.5%         | 22.6%         | 31.4%            |
| Gross profit margin                                    | 31.5%        | 33.5%         | 33.3%         | 29.0%         | 31.1%         | 29.7%         | 28.1%         | 27.7%         | 28.7%            |
| <b>Operating profit</b>                                | <b>895</b>   | <b>1,345</b>  | <b>1,593</b>  | <b>1,438</b>  | <b>1,621</b>  | <b>1,322</b>  | <b>2,142</b>  | <b>2,764</b>  | <b>3,800</b>     |
| YoY  | -1.6%        | 50.3%         | 18.4%         | -9.7%         | 12.8%         | -18.5%        | 62.0%         | 29.1%         | 37.5%            |
| Operating profit margin                                | 10.0%        | 12.4%         | 12.1%         | 9.7%          | 10.4%         | 7.0%          | 8.9%          | 9.2%          | 10.0%            |
| <b>Recurring profit</b>                                | <b>885</b>   | <b>1,337</b>  | <b>1,585</b>  | <b>1,440</b>  | <b>1,620</b>  | <b>1,324</b>  | <b>2,212</b>  | <b>2,784</b>  | <b>3,800</b>     |
| YoY  | -1.8%        | 51.1%         | 18.6%         | -9.2%         | 12.5%         | -18.2%        | 67.0%         | 25.9%         | 36.5%            |
| Recurring profit margin                                | 9.9%         | 12.4%         | 12.1%         | 9.7%          | 10.4%         | 7.0%          | 9.2%          | 9.3%          | 10.0%            |
| <b>Net income attributable to owners of the parent</b> | <b>608</b>   | <b>939</b>    | <b>1,084</b>  | <b>1,009</b>  | <b>963</b>    | <b>865</b>    | <b>1,463</b>  | <b>1,821</b>  | <b>2,470</b>     |
| YoY  | 12.4%        | 54.4%         | 15.5%         | -6.9%         | -4.6%         | -10.2%        | 69.3%         | 24.4%         | 35.7%            |
| Net margin   | 6.8%         | 8.7%          | 8.3%          | 6.8%          | 6.2%          | 4.6%          | 6.1%          | 6.1%          | 6.5%             |
| <b>Per-share data (split-adjusted; JPY)</b>            |              |               |               |               |               |               |               |               |                  |
| Shares issued (year-end; '000)                         | 10,000       | 10,000        | 10,000        | 10,000        | 10,000        | 20,000        | 20,000        | 20,000        | -                |
| Treasury shares ('000)                                 | 1,800        | 580           | 572           | 446           | 715           | 1,413         | 917           | 956           | -                |
| EPS (JPY)  | 74.2         | 113.8         | 115.1         | 106.7         | 102.1         | 46.5          | 77.7          | 95.5          | 129.7            |
| EPS (fully diluted; JPY)                               | -            | 111.2         | 112.8         | 104.7         | 100.8         | 46.0          | 74.4          | 94.2          | -                |
| Dividend per share (JPY)                               | 15.0         | 21.0          | 30.0          | 37.5          | 40.0          | 50.0          | 50.0          | 60.0          | 80.0             |
| Book value per share (JPY)                             | 330          | 498           | 582           | 657           | 704           | 379           | 422           | 433           | -                |
| <b>Balance sheet (JPYmn)</b>                           |              |               |               |               |               |               |               |               |                  |
| Cash and cash equivalents                              | 2,931        | 4,761         | 4,832         | 5,321         | 4,058         | 4,407         | 5,949         | 6,191         | -                |
| <b>Total current assets</b>                            | <b>4,394</b> | <b>6,486</b>  | <b>6,898</b>  | <b>7,408</b>  | <b>6,748</b>  | <b>7,752</b>  | <b>9,890</b>  | <b>10,778</b> | -                |
| Tangible fixed assets                                  | 364          | 389           | 372           | 357           | 407           | 584           | 586           | 598           | -                |
| Investments and other assets                           | 544          | 524           | 648           | 589           | 687           | 672           | 600           | 811           | -                |
| Intangible assets                                      | 92           | 75            | 113           | 161           | 999           | 988           | 1,075         | 870           | -                |
| <b>Total assets</b>                                    | <b>5,394</b> | <b>7,475</b>  | <b>8,031</b>  | <b>8,514</b>  | <b>8,841</b>  | <b>9,995</b>  | <b>12,151</b> | <b>13,057</b> | -                |
| Short-term debt  | 267          | 270           | 186           | 85            | -             | -             | -             | -             | -                |
| <b>Total current liabilities</b>                       | <b>1,741</b> | <b>2,105</b>  | <b>2,380</b>  | <b>2,163</b>  | <b>2,166</b>  | <b>2,717</b>  | <b>3,849</b>  | <b>4,427</b>  | -                |
| Long-term debt   | 859          | 600           | 86            | 4             | 24            | 31            | 35            | 40            | -                |
| <b>Total non-current liabilities</b>                   | <b>949</b>   | <b>677</b>    | <b>163</b>    | <b>79</b>     | <b>101</b>    | <b>166</b>    | <b>185</b>    | <b>230</b>    | -                |
| <b>Total liabilities</b>                               | <b>2,690</b> | <b>2,782</b>  | <b>2,543</b>  | <b>2,242</b>  | <b>2,266</b>  | <b>2,883</b>  | <b>4,034</b>  | <b>4,658</b>  | -                |
| Shareholders' equity                                   | 2,704        | 4,693         | 5,488         | 6,272         | 6,539         | 7,041         | 8,059         | 8,252         | -                |
| <b>Total net assets</b>                                | <b>2,704</b> | <b>4,693</b>  | <b>5,488</b>  | <b>6,272</b>  | <b>6,575</b>  | <b>7,112</b>  | <b>8,116</b>  | <b>8,400</b>  | -                |
| <b>Total liabilities and net assets</b>                | <b>5,394</b> | <b>7,475</b>  | <b>8,031</b>  | <b>8,514</b>  | <b>8,841</b>  | <b>9,995</b>  | <b>12,151</b> | <b>13,057</b> | -                |
| Total interest-bearing debt                            | 1,126        | 869           | 273           | 89            | 24            | 31            | 35            | 40            | -                |
| <b>Cash flow statement (JPYmn)</b>                     |              |               |               |               |               |               |               |               |                  |
| Cash flows from operating activities                   | 753          | 1,165         | 1,126         | 989           | 825           | 1,011         | 2,328         | 2,233         | -                |
| Cash flows from investing activities                   | 46           | -123          | -145          | -83           | -1,264        | -292          | -322          | -351          | -                |
| Cash flows from financing activities                   | -731         | 761           | -885          | -417          | -825          | -372          | -465          | -1,644        | -                |
| <b>Financial ratios</b>                                |              |               |               |               |               |               |               |               |                  |
| ROA (RP-based)   | 16.8%        | 20.8%         | 20.4%         | 17.4%         | 18.7%         | 14.1%         | 20.0%         | 22.1%         | -                |
| ROE  | 24.9%        | 25.4%         | 21.3%         | 17.2%         | 15.0%         | 12.7%         | 19.4%         | 22.3%         | -                |
| Equity ratio   | 50.1%        | 62.8%         | 68.3%         | 73.7%         | 74.0%         | 70.4%         | 66.3%         | 63.2%         | -                |
| Total asset turnover                                   | 169.8%       | 168.1%        | 169.3%        | 179.3%        | 179.6%        | 199.5%        | 217.6%        | 238.1%        | -                |
| Net margin   | 6.8%         | 8.7%          | 8.3%          | 6.8%          | 6.2%          | 4.6%          | 6.1%          | 6.1%          | -                |

Source: Shared Research based on company materials

Notes: The company was listed on March 19, 2019.

The company conducted a 2-for-1 split of common shares on April 1, 2021.

The company conducted a 2-for-1 split of common shares on October 1, 2023. Dividend per share in the table is before the stock split.

# Recent updates

## Number of technicians enrolled and dispatched, and their utilization rates (October 2025)

2025-11-17

Copro-Holdings Co., Ltd. released the following data concerning the number of technicians enrolled, dispatched, and their utilization rates as of October 2025.

### Group total

|  | 2025  |       |       |       |       |       |       |       | 2026  |       |       | Latest monthly data |         |         |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------|---------|---------|
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 | YoY     | MoM     |
| No. of technicians enrolled                          | 5,083 | 5,161 | 5,184 | 5,222 | 5,318 | 5,402 | 5,433 |       |       |       |       |                     | +893    | +31     |
| No. of technicians dispatched                        | 4,598 | 4,774 | 4,819 | 4,823 | 4,912 | 4,937 | 5,000 |       |       |       |       |                     | +703    | +63     |
| Utilization rate                                     | 90.5% | 92.5% | 93.0% | 92.4% | 92.4% | 91.4% | 92.0% |       |       |       |       |                     | -2.6%pt | +0.6%pt |
| Utilization rate (excluding technicians in training) | 94.0% | 93.6% | 94.0% | 93.4% | 93.9% | 92.6% | 93.5% |       |       |       |       |                     | -2.3%pt | +0.9%pt |
|  | 2024  |       |       |       |       |       |       |       | 2025  |       |       |                     |         |         |
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 |         |         |
| No. of technicians enrolled                          | 4,159 | 4,254 | 4,350 | 4,398 | 4,455 | 4,482 | 4,540 | 4,622 | 4,684 | 4,729 | 4,806 | 4,861               |         |         |
| No. of technicians dispatched                        | 3,758 | 3,925 | 3,992 | 4,079 | 4,164 | 4,242 | 4,297 | 4,396 | 4,473 | 4,481 | 4,552 | 4,581               |         |         |
| Utilization rate                                     | 90.4% | 92.3% | 91.8% | 92.7% | 93.5% | 94.6% | 94.6% | 95.1% | 95.5% | 94.8% | 94.7% | 94.2%               |         |         |
| Utilization rate (excluding technicians in training) | 93.3% | 92.8% | 92.7% | 93.6% | 94.3% | 95.5% | 95.8% | 96.0% | 96.2% | 96.1% | 95.8% | 95.2%               |         |         |

### Construction technician dispatching (Copro Construction Co., Ltd.)

|  | 2025  |       |       |       |       |       |       |       | 2026  |       |       | Latest monthly data |         |         |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------|---------|---------|
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 | YoY     | MoM     |
| No. of technicians enrolled                          | 4,565 | 4,639 | 4,664 | 4,699 | 4,799 | 4,885 | 4,923 |       |       |       |       |                     | +814    | +38     |
| No. of technicians dispatched                        | 4,132 | 4,292 | 4,333 | 4,337 | 4,425 | 4,454 | 4,530 |       |       |       |       |                     | +624    | +76     |
| Utilization rate                                     | 90.5% | 92.5% | 92.9% | 92.3% | 92.2% | 91.2% | 92.0% |       |       |       |       |                     | -3.1%pt | +0.8%pt |
| Utilization rate (excluding technicians in training) | 93.8% | 93.6% | 93.9% | 93.3% | 93.8% | 92.3% | 93.3% |       |       |       |       |                     | -2.4%pt | +1.0%pt |
|  | 2024  |       |       |       |       |       |       |       | 2025  |       |       |                     |         |         |
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 |         |         |
| No. of technicians enrolled                          | 3,785 | 3,871 | 3,961 | 4,011 | 4,049 | 4,071 | 4,109 | 4,161 | 4,212 | 4,242 | 4,298 | 4,352               |         |         |
| No. of technicians dispatched                        | 3,416 | 3,557 | 3,619 | 3,717 | 3,790 | 3,857 | 3,906 | 3,970 | 4,024 | 4,026 | 4,079 | 4,099               |         |         |
| Utilization rate                                     | 90.3% | 91.9% | 91.4% | 92.7% | 93.6% | 94.7% | 95.1% | 95.4% | 95.5% | 94.9% | 94.9% | 94.2%               |         |         |
| Utilization rate (excluding technicians in training) | 93.1% | 92.4% | 92.2% | 93.3% | 94.1% | 95.3% | 95.7% | 96.0% | 96.0% | 95.9% | 95.7% | 95.1%               |         |         |

### Temporary staffing and contract services for mechanical design and development technicians (Copro Technology Co., Ltd.)

|  | 2025  |       |       |       |       |       |       |       | 2026  |       |       | Latest monthly data |         |         |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------|---------|---------|
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 | YoY     | MoM     |
| No. of technicians enrolled                          | 352   | 356   | 360   | 365   | 362   | 363   | 370   |       |       |       |       |                     | +79     | +7      |
| No. of technicians dispatched                        | 313   | 323   | 335   | 335   | 337   | 336   | 337   |       |       |       |       |                     | +83     | +1      |
| Utilization rate                                     | 88.9% | 90.7% | 93.1% | 91.8% | 93.1% | 92.6% | 91.1% |       |       |       |       |                     | +3.8%pt | -1.5%pt |
| Utilization rate (excluding technicians in training) | 96.6% | 92.3% | 94.4% | 94.4% | 94.9% | 94.6% | 95.5% |       |       |       |       |                     | -0.7%pt | +0.9%pt |
|  | 2024  |       |       |       |       |       |       |       | 2025  |       |       |                     |         |         |
|  | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 |         |         |
| No. of technicians enrolled                          | 228   | 232   | 241   | 249   | 262   | 273   | 291   | 310   | 310   | 321   | 330   | 332                 |         |         |
| No. of technicians dispatched                        | 202   | 220   | 226   | 225   | 234   | 248   | 254   | 276   | 288   | 291   | 297   | 306                 |         |         |
| Utilization rate                                     | 88.6% | 94.8% | 93.8% | 90.4% | 89.3% | 90.8% | 87.3% | 89.0% | 92.9% | 90.7% | 90.0% | 92.2%               |         |         |
| Utilization rate (excluding technicians in training) | 96.2% | 97.3% | 95.8% | 95.3% | 96.3% | 96.5% | 96.2% | 95.2% | 97.6% | 96.0% | 94.9% | 94.7%               |         |         |



## Systems engineering services (SES ) (Copro Technology Co., Ltd.)

|                               | 2025  |       |       |       |       |       |       |       | 2026  |       |       | Latest monthly data |         |         |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------|---------|---------|
|                               | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 | YoY     | MoM     |
| No. of technicians enrolled   | 166   | 166   | 160   | 158   | 157   | 154   | 140   |       |       |       |       |                     | +0      | -14     |
| No. of technicians dispatched | 153   | 159   | 151   | 151   | 150   | 147   | 133   |       |       |       |       |                     | -4      | -14     |
| Utilization rate              | 92.2% | 95.8% | 94.4% | 95.6% | 95.5% | 95.5% | 95.0% |       |       |       |       |                     | -2.9%pt | -0.5%pt |
|                               | 2024  |       |       |       |       |       |       |       | 2025  |       |       |                     |         |         |
|                               | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar                 |         |         |
| No. of technicians enrolled   | 146   | 151   | 148   | 138   | 144   | 138   | 140   | 151   | 162   | 166   | 178   | 177                 |         |         |
| No. of technicians dispatched | 140   | 148   | 147   | 137   | 140   | 137   | 137   | 150   | 161   | 164   | 176   | 176                 |         |         |
| Utilization rate              | 95.9% | 98.0% | 99.3% | 99.3% | 97.2% | 99.3% | 97.9% | 99.3% | 99.4% | 98.8% | 98.9% | 99.4%               |         |         |

Source: Shared Research based on company materials

Note: The number of systems engineering services (SES ) technicians dispatched includes freelance engineers.

# Trends and outlook

## Quarterly trends and results

| Earnings (cumulative)                           | FY03/24 |        |        |        | FY03/25 |        |        |        | FY03/26 |        | FY03/26         |             | FY03/26       |             |
|---|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|-----------------|-------------|---------------|-------------|
| (JPYmn)   | Q1      | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1      | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1      | Q1-Q2  | (% of forecast) | 1H forecast | % of forecast | FY forecast |
| Revenue   | 5,406   | 11,137 | 17,497 | 24,098 | 6,871   | 14,228 | 22,026 | 30,015 | 8,298   | 16,981 | 97.3%           | 17,444      | 44.7%         | 38,000      |
| YoY   | 27.2%   | 28.5%  | 28.8%  | 28.2%  | 27.1%   | 27.7%  | 25.9%  | 24.6%  | 20.8%   | 19.3%  |                 | 22.6%       |               | 26.6%       |
| Gross profit                                    | 1,441   | 3,065  | 4,880  | 6,774  | 1,799   | 3,837  | 6,061  | 8,309  | 2,230   | 4,644  | 94.2%           | 4,928       | 42.5%         | 10,921      |
| YoY   | 13.0%   | 18.7%  | 20.4%  | 21.5%  | 24.8%   | 25.2%  | 24.2%  | 22.6%  | 23.9%   | 21.0%  |                 | 28.4%       |               | 31.4%       |
| Gross profit margin                             | 26.7%   | 27.5%  | 27.9%  | 28.1%  | 26.2%   | 27.0%  | 27.5%  | 27.7%  | 26.9%   | 27.3%  |                 | 28.3%       |               | 28.7%       |
| SG&A expenses                                   | 1,205   | 2,328  | 3,474  | 4,633  | 1,381   | 2,600  | 3,913  | 5,545  | 1,611   | 3,163  | 93.3%           | 3,389       | 44.4%         | 7,121       |
| YoY   | 15.3%   | 10.2%  | 8.9%   | 8.9%   | 14.6%   | 11.7%  | 12.6%  | 19.7%  | 16.7%   | 21.7%  |                 | 30.4%       |               | 28.4%       |
| SG&A ratio                                      | 22.3%   | 20.9%  | 19.9%  | 19.2%  | 20.1%   | 18.3%  | 17.8%  | 18.5%  | 19.4%   | 18.6%  |                 | 19.4%       |               | 18.7%       |
| Operating profit                                | 236     | 737    | 1,406  | 2,142  | 418     | 1,238  | 2,148  | 2,764  | 619     | 1,481  | 96.2%           | 1,539       | 39.0%         | 3,800       |
| YoY   | 2.5%    | 56.9%  | 63.0%  | 62.0%  | 77.2%   | 67.9%  | 52.8%  | 29.1%  | 48.0%   | 19.7%  |                 | 24.3%       |               | 37.5%       |
| Operating profit margin                         | 4.4%    | 6.6%   | 8.0%   | 8.9%   | 6.1%    | 8.7%   | 9.8%   | 9.2%   | 7.5%    | 8.7%   |                 | 8.8%        |               | 10.0%       |
| Recurring profit                                | 308     | 811    | 1,481  | 2,212  | 432     | 1,258  | 2,162  | 2,784  | 614     | 1,480  | 96.2%           | 1,539       | 39.0%         | 3,800       |
| YoY   | 33.6%   | 71.8%  | 70.8%  | 67.0%  | 40.2%   | 55.1%  | 46.0%  | 25.9%  | 42.0%   | 17.7%  |                 | 22.4%       |               | 36.5%       |
| Recurring profit margin                         | 5.7%    | 7.3%   | 8.5%   | 9.2%   | 6.3%    | 8.8%   | 9.8%   | 9.3%   | 7.4%    | 8.7%   |                 | 8.8%        |               | 10.0%       |
| Net income attributable to owners of the parent | 191     | 510    | 937    | 1,463  | 266     | 798    | 1,374  | 1,821  | 380     | 936    | 93.5%           | 1,001       | 37.9%         | 2,470       |
| YoY   | 41.6%   | 81.9%  | 79.7%  | 69.3%  | 39.0%   | 56.4%  | 46.7%  | 24.4%  | 42.9%   | 17.3%  |                 | 25.5%       |               | 35.7%       |
| Net margin                                      | 3.5%    | 4.6%   | 5.4%   | 6.1%   | 3.9%    | 5.6%   | 6.2%   | 6.1%   | 4.6%    | 5.5%   |                 | 5.7%        |               | 6.5%        |
| Earnings (quarterly)                            | FY03/24 |        |        |        | FY03/25 |        |        |        | FY03/26 |        |                 |             |               |             |
| (JPYmn)   | Q1      | Q2     | Q3     | Q4     | Q1      | Q2     | Q3     | Q4     | Q1      | Q2     |                 |             |               |             |
| Revenue   | 5,406   | 5,731  | 6,359  | 6,601  | 6,871   | 7,357  | 7,798  | 7,990  | 8,298   | 8,683  |                 |             |               |             |
| YoY   | 27.2%   | 29.6%  | 29.4%  | 26.8%  | 27.1%   | 28.4%  | 22.6%  | 21.0%  | 20.8%   | 18.0%  |                 |             |               |             |
| Gross profit                                    | 1,441   | 1,624  | 1,815  | 1,894  | 1,799   | 2,038  | 2,224  | 2,247  | 2,230   | 2,414  |                 |             |               |             |
| YoY   | 13.0%   | 24.2%  | 23.4%  | 24.5%  | 24.8%   | 25.5%  | 22.5%  | 18.7%  | 23.9%   | 18.4%  |                 |             |               |             |
| Gross profit margin                             | 26.7%   | 28.3%  | 28.5%  | 28.7%  | 26.2%   | 27.7%  | 28.5%  | 28.1%  | 26.9%   | 27.8%  |                 |             |               |             |
| SG&A expenses                                   | 1,205   | 1,123  | 1,146  | 1,159  | 1,381   | 1,219  | 1,314  | 1,632  | 1,611   | 1,552  |                 |             |               |             |
| YoY   | 15.3%   | 5.1%   | 6.3%   | 9.1%   | 14.6%   | 8.5%   | 14.6%  | 40.8%  | 16.7%   | 27.3%  |                 |             |               |             |
| SG&A ratio                                      | 22.3%   | 19.6%  | 18.0%  | 17.6%  | 20.1%   | 16.6%  | 16.8%  | 20.4%  | 19.4%   | 17.9%  |                 |             |               |             |
| Operating profit                                | 236     | 501    | 669    | 735    | 418     | 819    | 911    | 616    | 619     | 862    |                 |             |               |             |
| YoY   | 2.5%    | 109.2% | 70.3%  | 60.3%  | 77.2%   | 63.5%  | 36.1%  | -16.3% | 48.0%   | 5.2%   |                 |             |               |             |
| Operating profit margin                         | 4.4%    | 8.7%   | 10.5%  | 11.1%  | 6.1%    | 11.1%  | 11.7%  | 7.7%   | 7.5%    | 9.9%   |                 |             |               |             |
| Recurring profit                                | 308     | 503    | 670    | 731    | 432     | 825    | 904    | 622    | 614     | 866    |                 |             |               |             |
| YoY   | 33.6%   | 108.3% | 69.7%  | 59.8%  | 40.2%   | 64.2%  | 35.0%  | -14.9% | 42.0%   | 5.0%   |                 |             |               |             |
| Recurring profit margin                         | 5.7%    | 8.8%   | 10.5%  | 11.1%  | 6.3%    | 11.2%  | 11.6%  | 7.8%   | 7.4%    | 10.0%  |                 |             |               |             |
| Net income attributable to owners of the parent | 191     | 319    | 427    | 527    | 266     | 532    | 577    | 446    | 380     | 556    |                 |             |               |             |
| YoY   | 41.6%   | 119.3% | 77.1%  | 53.4%  | 39.0%   | 66.7%  | 35.2%  | -15.3% | 42.9%   | 4.6%   |                 |             |               |             |
| Net margin                                      | 3.5%    | 5.6%   | 6.7%   | 8.0%   | 3.9%    | 7.2%   | 7.4%   | 5.6%   | 4.6%    | 6.4%   |                 |             |               |             |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Temporary staffing services for construction technicians

| Hires and turnover  | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       | FY03/26       |             |
|---|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|---------------|-------------|
|   | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | % of forecast | FY forecast |
| Number of hires   | 614     | 458   | 467   | 485   | 843     | 505   | 506   | 525   | 829     | 717   | 51.5%         | 3,000       |
| New graduates   | 154     | 0     | 0     | 0     | 117     | 0     | 0     | 0     | 130     | 0     |               |             |
| Mid-career hires  | 460     | 458   | 467   | 485   | 726     | 505   | 506   | 525   | 699     | 717   |               |             |
| Number of turnovers   | 361     | 283   | 299   | 290   | 450     | 395   | 365   | 385   | 517     | 496   | 52.5%         | 1,928       |
| Number of technicians at the end of the quarter               | 3,030   | 3,205 | 3,373 | 3,568 | 3,961   | 4,071 | 4,212 | 4,352 | 4,664   | 4,885 | 86.0%         | 5,424       |
| Average utilization rate during the quarter (%)               | 93.0    | 94.6  | 95.7  | 94.9  | 91.2    | 93.7  | 95.3  | 94.7  | 92.0    | 91.9  |               | 94.6        |
| Hiring cost per technician (excluding new graduates; JPY'000) | 282     | 292   | 348   | 404   | 294     | 313   | 409   | 684   | 395     | 481   |               |             |
| Retention rate  | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       | FY03/26       |             |
| (%)   | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    |               | FY forecast |
| Retention rate  | 89.4    | 91.9  | 91.9  | 92.5  | 89.8    | 91.2  | 92.0  | 91.9  | 90.0    | 90.8  |               | 73.8        |
| Contract renewal rate   | 82.6    | 83.6  | 84.2  | 82.5  | 80.3    | 82.9  | 83.1  | 80.6  | 81.9    | 83.0  |               |             |
| Percentage of technicians dispatched to target companies      | 88.8    | 91.3  | 93.0  | 93.4  | 92.0    | 90.6  | 89.5  | 89.4  | 89.1    | 87.1  |               |             |
| Revenue per head  | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       |               |             |

| (JPY'000/month)  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  |
|--|----------------|--------|--------|--------|----------------|--------|--------|--------|----------------|--------|
| Revenue per head   | 618            | 613    | 612    | 611    | 585            | 583    | 583    | 582    | 578            | 586    |
| <b>Contract rate</b>   | <b>FY03/24</b> |        |        |        | <b>FY03/25</b> |        |        |        | <b>FY03/26</b> |        |
| (JPY'000/month)  | Q1             | Q2     | Q3     | Q4     | Q1             | Q2     | Q3     | Q4     | Q1             | Q2     |
| Contract rate by years of experience at the end of the quarter | 526            | 523    | 525    | 530    | 527            | 523    | 526    | 529    | 524            | 539    |
| 1st year   | 421            | 428    | 433    | 449    | 439            | 434    | 441    | 444    | 438            | 454    |
| 2nd year   | 470            | 460    | 458    | 455    | 457            | 463    | 467    | 469    | 468            | 476    |
| 3rd year   | ↓              | ↓      | ↓      | 498    | ↓              | 490    | ↓      | 485    | ↓              | 497    |
| 4th–5th years (previously disclosed as 3rd–5th years)          | 525            | 522    | 522    | 538    | 523            | 541    | 514    | 530    | 501            | 539    |
| 6th–10th year  | 586            | 587    | 594    | 595    | 598            | 594    | 596    | 600    | 607            | 610    |
| 11th year or more  | 659            | 664    | 673    | 677    | 686            | 689    | 693    | 700    | 704            | 713    |
| <b>Revenue by region (cumulative)</b>                          | <b>FY03/24</b> |        |        |        | <b>FY03/25</b> |        |        |        | <b>FY03/26</b> |        |
| (JPYmn)  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  |
| Hokkaido   | 205            | 430    | 642    | 845    | 229            | 492    | 760    | 1,022  | 286            | 582    |
| % of total   | 3.8%           | 3.9%   | 3.7%   | 3.5%   | 3.3%           | 3.5%   | 3.5%   | 3.4%   | 3.4%           | 3.4%   |
| Tohoku   | 317            | 643    | 976    | 1,289  | 315            | 640    | 972    | 1,303  | 345            | 707    |
| % of total   | 5.9%           | 5.8%   | 5.6%   | 5.3%   | 4.6%           | 4.5%   | 4.4%   | 4.3%   | 4.2%           | 4.2%   |
| Kanto  | 2,086          | 4,315  | 6,770  | 9,356  | 2,710          | 5,670  | 8,813  | 12,053 | 3,410          | 7,088  |
| % of total   | 38.6%          | 38.7%  | 38.7%  | 38.8%  | 39.4%          | 39.9%  | 40.0%  | 40.2%  | 41.1%          | 41.7%  |
| Tokai and Hokuriku   | 860            | 1,755  | 2,726  | 3,743  | 1,062          | 2,189  | 3,335  | 4,507  | 1,228          | 2,503  |
| % of total   | 15.9%          | 15.8%  | 15.6%  | 15.5%  | 15.5%          | 15.4%  | 15.1%  | 15.0%  | 14.8%          | 14.7%  |
| Kansai   | 847            | 1,765  | 2,758  | 3,790  | 1,089          | 2,229  | 3,435  | 4,670  | 1,280          | 2,599  |
| % of total   | 15.7%          | 15.8%  | 15.8%  | 15.7%  | 15.8%          | 15.7%  | 15.6%  | 15.6%  | 15.4%          | 15.3%  |
| Chugoku and Shikoku  | 286            | 563    | 867    | 1,176  | 294            | 613    | 957    | 1,297  | 334            | 678    |
| % of total   | 5.3%           | 5.1%   | 5.0%   | 4.9%   | 4.3%           | 4.3%   | 4.3%   | 4.3%   | 4.0%           | 4.0%   |
| Kyushu   | 406            | 826    | 1,249  | 1,681  | 425            | 885    | 1,377  | 1,884  | 505            | 1,010  |
| % of total   | 7.5%           | 7.4%   | 7.1%   | 7.0%   | 6.2%           | 6.2%   | 6.3%   | 6.3%   | 6.1%           | 5.9%   |
| <b>Revenue by industry (cumulative)</b>                        | <b>FY03/24</b> |        |        |        | <b>FY03/25</b> |        |        |        | <b>FY03/26</b> |        |
| (JPYmn)  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  |
| Construction   | 1,591          | 3,297  | 5,162  | 7,091  | 1,881          | 3,907  | 6,016  | 8,182  | 2,106          | 4,478  |
| % of total   | 29.4%          | 29.6%  | 29.5%  | 29.4%  | 27.4%          | 27.5%  | 27.3%  | 27.3%  | 25.4%          | 26.4%  |
| Civil engineering  | 693            | 1,397  | 2,175  | 2,971  | 862            | 1,793  | 2,767  | 3,737  | 937            | 1,970  |
| % of total   | 12.8%          | 12.5%  | 12.4%  | 12.3%  | 12.5%          | 12.6%  | 12.6%  | 12.5%  | 11.3%          | 11.6%  |
| Facilities construction  | 1,485          | 3,071  | 4,737  | 6,477  | 1,895          | 3,973  | 6,228  | 8,536  | 2,244          | 4,853  |
| % of total   | 27.5%          | 27.6%  | 27.1%  | 26.9%  | 27.6%          | 27.9%  | 28.3%  | 28.4%  | 27.0%          | 28.6%  |
| CAD operation  | 570            | 1,167  | 1,560  | 1,959  | 403            | 820    | 1,249  | 1,678  | 423            | 896    |
| % of total   | 10.5%          | 10.5%  | 8.9%   | 8.1%   | 5.9%           | 5.8%   | 5.7%   | 5.6%   | 5.1%           | 5.3%   |
| Plant construction   | 397            | 780    | 1,405  | 2,052  | 654            | 1,313  | 1,975  | 2,659  | 704            | 1,390  |
| % of total   | 7.3%           | 7.0%   | 8.0%   | 8.5%   | 9.5%           | 9.2%   | 9.0%   | 8.9%   | 8.5%           | 8.2%   |
| Construction administration                                    | 248            | 542    | 887    | 1,260  | 393            | 839    | 1,310  | 1,810  | 905            | 1,462  |
| % of total   | 4.6%           | 4.9%   | 5.1%   | 5.2%   | 5.7%           | 5.9%   | 5.9%   | 6.0%   | 10.9%          | 8.6%   |
| Staffing agency  | 23             | 41     | 60     | 68     | 35             | 68     | 101    | 131    | 69             | 117    |
| % of total   | 0.4%           | 0.4%   | 0.3%   | 0.3%   | 0.5%           | 0.5%   | 0.5%   | 0.4%   | 0.8%           | 0.7%   |
| <b>Orders (cumulative)</b>                                     | <b>FY03/24</b> |        |        |        | <b>FY03/25</b> |        |        |        | <b>FY03/26</b> |        |
| Number of orders   | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1             | Q1-Q2  |
| Orders   | 9,954          | 20,441 | 30,552 | 39,823 | 9,994          | 23,727 | 37,463 | 63,431 | 18,396         | 37,462 |
| YoY  | 61.3%          | 41.2%  | 27.0%  | 10.7%  | 0.4%           | 16.1%  | 22.6%  | 59.3%  | 84.1%          | 57.9%  |

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

The year-to-date (YTD) and last-twelve-months (LTM) retention rates, which were disclosed through FY03/25, are not included in the Q1 FY03/26 materials.

## Temporary staffing and contract services for mechanical, electrical, and semiconductor technicians

| Hires and turnover                              | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       | FY03/26       |             |
|---|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|---------------|-------------|
|   | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | % of forecast | FY forecast |
| Number of hires                                 | 29      | 27    | 28    | 34    | 36      | 59    | 52    | 45    | 49      | 37    | 29.0%         | 297         |
| New graduates                                   | 5       | 0     | 0     | 0     | 15      | 0     | 0     | 0     | 17      | 0     | 81.0%         | 21          |
| Mid-career hires                                | 24      | 27    | 28    | 34    | 21      | 59    | 52    | 45    | 32      | 37    | 25.0%         | 276         |
| Number of turnovers                             | 13      | 9     | 17    | 15    | 18      | 27    | 15    | 23    | 21      | 34    | 52.9%         | 104         |
| Number of technicians at the end of the quarter | 175     | 193   | 204   | 223   | 241     | 273   | 310   | 332   | 360     | 363   | 68.6%         | 525         |
| Average utilization rate during the quarter (%) | 95.9    | 97.9  | 96.8  | 97.3  | 92.4    | 90.2  | 89.8  | 90.9  | 90.9    | 92.5  |               | 92.9        |
| Retention rate                                  | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       | FY03/26       |             |
| (%)   | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | % of forecast | FY forecast |
| Retention rate                                  | 93.1    | 95.5  | 92.3  | 93.7  | 93.1    | 91.0  | 95.4  | 93.5  | 94.7    | 91.4  |               | 83.5        |
| Contract renewal rate                           | 90.2    | 84.7  | 82.1  | 88.9  | 85.6    | 80.6  | 89.3  | 85.5  | 88.0    | 87.8  |               |             |
| Dispatched and contracted (JPYmn)               | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       |               |             |
|   | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 | Q1      | Q1-Q2 |               |             |
| Dispatched                                      | 196     | 419   | 666   | 934   | 261     | 546   | 855   | 1,230 | 419     |       |               |             |
| Contracted                                      | 117     | 244   | 372   | 500   | 143     | 293   | 457   | 611   | 151     |       |               |             |
| Mechanical and electrical technicians           |         |       |       | 1,372 |         | 751   |       | 1,463 |         | 746   |               |             |
| Semiconductor technicians                       |         |       |       | 62    |         | 87    |       | 378   |         | 417   |               |             |
| Total revenue                                   | 313     | 664   | 1,039 | 1,435 | 404     | 839   | 1,312 | 1,842 | 570     | 1,164 |               |             |
| Revenue per head (JPY'000/month)                | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       |               |             |
|   | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 | Q1      | Q1-Q2 |               |             |
| Revenue per dispatched technician               | 622     | 612   | 621   | 618   | 606     | 598   | 565   | 561   | 577     | 573   |               |             |
| Hourly rate (JPY/hour)                          | FY03/24 |       |       |       | FY03/25 |       |       |       | FY03/26 |       |               |             |
|   | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    | Q3    | Q4    | Q1      | Q2    |               |             |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Temporary staffing services for IT technicians

| Hires and turnover                              | FY03/24 |       |      |      | FY03/25 |      |      |      | FY03/26 |      | FY03/26       |             |
|---|---------|-------|------|------|---------|------|------|------|---------|------|---------------|-------------|
|   | Q1      | Q2    | Q3   | Q4   | Q1      | Q2   | Q3   | Q4   | Q1      | Q2   | % of forecast | FY forecast |
| Number of hires                                 | 21      | 17    | 17   | 17   | 32      | 27   | 44   | 37   | 22      | 33   | 22.3%         | 247         |
| Number of turnovers                             | 12      | 9     | 6    | 15   | 22      | 37   | 20   | 22   | 39      | 39   | 76.5%         | 102         |
| Number of technicians at the end of the quarter | 109     | 117   | 132  | 138  | 148     | 138  | 162  | 177  | 160     | 154  | 49.7%         | 322         |
| Utilization rate at the end of the quarter (%)  |         |       |      | 100  | 97.8    | 99.3 | 98.4 | 98.6 | 94.1    | 95.5 |               | 98.7        |
| Retention rate (%)                              | 89.3    | 100.0 | 87.0 | 87.7 | 89.1    | 92.1 | 94.6 | 91.0 | 93.4    | 84.5 |               | 78.3        |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## 1H FY03/26 results

### Results summary

- Revenue: JPY17.0bn (+19.3% YoY, 97.3% of the 1H forecast, 44.7% of the full-year forecast)
- Operating profit: JPY1.5bn (+19.7% YoY, 96.2%, 39.0%)
- Recurring profit: JPY1.5bn (+17.7% YoY, 96.2%, 39.0%)
- Net income attributable to owners of the parent: JPY936mn (+17.3% YoY, 93.5%, 37.9%)

In 1H FY03/26, Copro reported consolidated revenue of JPY17.0bn (+19.3% YoY), operating profit of JPY1.5bn (+19.7% YoY), recurring profit of JPY1.5bn (+17.7% YoY), and net income attributable to owners of the parent of JPY936mn (+17.3% YoY). Revenue and all profit categories hit record highs for 1H. Revenue and operating profit reached 97.3% and 96.2% of their respective 1H targets. Progress toward full-year targets was 44.7% for revenue and 39.0% for operating profit. Copro noted that 1H consolidated results fell short of the key KPIs for its core construction technician dispatch business but believes it will recover the shortfall in 2H. The company kept its full-year forecast unchanged, citing its sustained high growth.

The number of group technicians increased to 5,402 (+20.5% YoY), driving revenue growth. In construction technician dispatch, 1H hiring totaled 1,546 (+14.7% YoY), helping the company make up for the shortfall against its Q1 forecast. Copro

is rotating and expanding its hiring and sales staff to boost hiring and improve the utilization rate, aiming to regain momentum in 2H.

In construction technician dispatch, Copro is working to deepen relationships with target companies and dispatch technicians in teams or pairs to the same worksites. The ratio of assignments to target companies in Q2 FY03/26 was 87.1%, down from 89.4% at end-FY03/25. The company plans to tighten placement rules for non-target clients and strengthen its sales approach for major clients. It is also reinforcing same-site and team-based dispatch to improve the technician retention rate. Copro defines team-based dispatch as assigning five or more technicians to a single site and is revising the incentive program for sales staff to promote additional placements at the same site, building a team-dispatching model that delivers a higher retention rate.

In April 2025, Copro relocated the sales headquarters for its construction technician dispatch business from Nagoya to Tokyo to boost its market share and strengthen talent acquisition in the key Kanto region. However, it believes the shift had yet to produce meaningful changes through Q2. The company plans to increase its sales headcount heading into 2H.

In mechanical, electrical, and semiconductor technician dispatch and contracted work, the technician headcount increased to 363 (+90 or +33.0% YoY). This total included 147 semiconductor technicians (+67 YoY) and 216 mechanical design technicians (+23 YoY). The company is streamlining and optimizing its screening process by updating recruiting tools and enhancing interviewer training.

The consolidated GPM rose 0.3pp YoY. While the company continued streamlining operations to reduce SG&A expenses, it also maintained strategic investment in technician hiring, pushing the SG&A ratio up 0.3pp YoY. As a result, the OPM was unchanged YoY at 8.7%.

In IT technician dispatch, the number of technicians on staff increased to 154, up 16 YoY, but the headcount was down 23 from end-FY03/25, leaving the company behind its full-year target. Historically, Copro had dispatched freelance technicians on a project-by-project basis, but client demand is stronger for technicians directly employed by the company. To capture this demand, the company plans to convert freelance technicians to full-time employees.

## Company forecast for FY03/26

|   | FY03/24    |            |            | FY03/25    |            |            | FY03/26    |             |             |
|---|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| (JPYmn)   | 1H results | 2H results | FY results | 1H results | 2H results | FY results | 1H results | 2H forecast | FY forecast |
| Revenue   | 11,137     | 12,961     | 24,098     | 14,228     | 15,787     | 30,015     | 16,981     | 21,019      | 38,000      |
| YoY   | 28.5%      | 28.1%      | 28.2%      | 27.7%      | 21.8%      | 24.6%      | 19.3%      | 33.1%       | 26.6%       |
| Cost of revenue                                 | 8,072      | 9,252      | 17,324     | 10,390     | 11,316     | 21,706     | 12,337     | 14,742      | 27,079      |
| Gross profit                                    | 3,065      | 3,709      | 6,774      | 3,837      | 4,472      | 8,309      | 4,644      | 6,277       | 10,921      |
| Gross profit margin                             | 27.5%      | 28.6%      | 28.1%      | 27.0%      | 28.3%      | 27.7%      | 27.3%      | 29.9%       | 28.7%       |
| SG&A expenses                                   | 2,328      | 2,305      | 4,633      | 2,600      | 2,945      | 5,545      | 3,163      | 3,958       | 7,121       |
| SG&A ratio                                      | 20.9%      | 17.8%      | 19.2%      | 18.3%      | 18.7%      | 18.5%      | 18.6%      | 18.8%       | 18.7%       |
| Operating profit                                | 737        | 1,405      | 2,142      | 1,238      | 1,526      | 2,764      | 1,481      | 2,319       | 3,800       |
| YoY   | 56.9%      | 64.9%      | 62.0%      | 67.9%      | 8.7%       | 29.1%      | 19.7%      | 51.9%       | 37.5%       |
| Operating profit margin                         | 6.6%       | 10.8%      | 8.9%       | 8.7%       | 9.7%       | 9.2%       | 8.7%       | 11.0%       | 10.0%       |
| Recurring profit                                | 811        | 1,401      | 2,212      | 1,258      | 1,527      | 2,784      | 1,480      | 2,320       | 3,800       |
| YoY   | 71.8%      | 64.4%      | 67.0%      | 55.1%      | 9.0%       | 25.9%      | 17.7%      | 51.9%       | 36.5%       |
| Recurring profit margin                         | 7.3%       | 10.8%      | 9.2%       | 8.8%       | 9.7%       | 9.3%       | 8.7%       | 11.0%       | 10.0%       |
| Net income attributable to owners of the parent | 510        | 953        | 1,463      | 798        | 1,023      | 1,821      | 936        | 1,534       | 2,470       |
| YoY   | 81.9%      | 63.2%      | 69.3%      | 56.4%      | 7.3%       | 24.4%      | 17.3%      | 49.9%       | 35.7%       |
| Net margin                                      | 4.6%       | 7.4%       | 6.1%       | 5.6%       | 6.5%       | 6.1%       | 5.5%       | 7.3%        | 6.5%        |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

- Revenue: JPY38.0bn (+26.6% YoY)
- Operating profit: JPY3.8bn (+37.5% YoY)
- Recurring profit: JPY3.8bn (+36.5% YoY)
- Net income attributable to owners of the parent: JPY2.5bn (+35.7% YoY)

For FY03/26, Copro forecasts revenue of JPY38.0bn (+26.6% YoY), operating profit of JPY3.8bn (+37.5% YoY), recurring profit of JPY3.8bn (+36.5% YoY), and net income attributable to owners of the parent of JPY2.5bn (+35.7% YoY).

In the construction industry, which forms Copro's core client base, the company expects steady demand to remain robust, supported by urban development projects, the redevelopment of aging infrastructure, and the construction of new semiconductor plants. The construction labor market continues to face structural challenges, including an aging workforce and a shortage of younger workers. Copro believes these conditions, together with workstyle reform initiatives, will accelerate the shift toward using dispatched personnel. To meet this growing demand, the company is working to strengthen its sales and recruitment capabilities, improve retention among younger technicians, and build a technician support platform. Through these efforts, Copro expects its group technician count to reach 6,271 (+29.0% YoY) by end-March 2026.

For FY03/26, the company plans to pay an annual dividend of JPY80 per share, consisting of an interim dividend of JPY30 and a year-end dividend of JPY50, with a projected payout ratio of 61.7% (62.9% in FY03/25).

## Copro Construction

For FY03/26, Copro Construction plans to hire 3,000 technicians (up from 2,379 in FY03/25) and anticipates 1,928 departures (up from 1,595). Consequently, the company expects it will have 5,424 technicians employed at end-FY03/26 (up 24.6% compared to 4,352 at end-FY03/25). The company projects an average annual technician utilization rate of 94.6% (+0.8pp YoY). Collaborating closely with sales staff, Copro Construction made additional recruitment investments in Q4 FY03/25. Accordingly, the company anticipates new hires will be actively assigned to job sites (maintaining high utilization) and contribute to earnings from Q1 FY03/26.

## Copro Technology

Copro Technology plans to recruit 297 mechanical, electrical, and semiconductor technicians (up from 192 in FY03/25) and anticipates 104 departures (up from 83). Accordingly, it anticipates a year-end technician count of 525 (up 58.1% compared to 332 for end-FY03/25). It projects an average annual utilization rate of 92.9% (+2.1pp YoY). Meanwhile, the company plans to hire 247 IT technicians (up from 140 in FY03/25) and anticipates 102 departures (compared to 101). It expects the IT technician headcount to reach 322 at end-FY03/26, up 81.9% from 177 at end-FY03/25.

## Initial company forecasts versus historical performance

| Initial forecast vs. results        | FY03/20      | FY03/21       | FY03/22       | FY03/23      | FY03/24      | FY03/25     | FY03/26          |
|-------------------------------------|--------------|---------------|---------------|--------------|--------------|-------------|------------------|
| (JPYmn)                             | Cons.        | Cons.         | Cons.         | Cons.        | Cons.        | Cons.       | Company forecast |
| Revenue (initial forecast)          | 13,137       | 15,398        | 16,943        | 17,854       | 24,298       | 30,000      | 38,000           |
| Revenue (results)                   | 13,123       | 14,837        | 15,589        | 18,791       | 24,098       | 30,015      |                  |
| <b>Initial forecast vs. results</b> | <b>-0.1%</b> | <b>-3.6%</b>  | <b>-8.0%</b>  | <b>5.3%</b>  | <b>-0.8%</b> | <b>0.1%</b> |                  |
| Operating profit (initial forecast) | 1,493        | 1,670         | 1,655         | 1,024        | 1,800        | 2,700       | 3,800            |
| Operating profit (results)          | 1,593        | 1,438         | 1,621         | 1,322        | 2,142        | 2,764       |                  |
| <b>Initial forecast vs. results</b> | <b>6.7%</b>  | <b>-13.9%</b> | <b>-2.0%</b>  | <b>29.1%</b> | <b>19.0%</b> | <b>2.4%</b> |                  |
| Recurring profit (initial forecast) | 1,489        | 1,669         | 1,657         | 1,024        | 1,870        | 2,714       | 3,800            |
| Recurring profit (results)          | 1,585        | 1,440         | 1,620         | 1,324        | 2,212        | 2,784       |                  |
| <b>Initial forecast vs. results</b> | <b>6.5%</b>  | <b>-13.7%</b> | <b>-2.2%</b>  | <b>29.3%</b> | <b>18.3%</b> | <b>2.6%</b> |                  |
| Net income (initial forecast)       | 975          | 1,148         | 1,077         | 604          | 1,167        | 1,755       | 2,470            |
| Net income (results)                | 1,084        | 1,009         | 963           | 865          | 1,463        | 1,821       |                  |
| <b>Initial forecast vs. results</b> | <b>11.2%</b> | <b>-12.1%</b> | <b>-10.6%</b> | <b>43.1%</b> | <b>25.4%</b> | <b>3.7%</b> |                  |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Medium-term management plan

### Revision of final-year targets in the medium-term management plan (out May 15, 2025)

On May 13, 2022, Copro announced its medium-term management plan, Copro Group Build the Future 2027, covering the period from FY03/23 to FY03/27. With FY03/25—the midpoint of the plan—now completed, the company has released its forecast for FY03/26 and raised its performance targets for FY03/27, the final year of the plan, as shown below.

## Upward revision of final-year targets in the medium-term management plan

| (JPYmn)                          | FY03/23                  |        | FY03/24                  |        | FY03/25                  |        | FY03/26                  |                 | FY03/27 (final year of medium-term plan) |                 |                 |
|----------------------------------|--------------------------|--------|--------------------------|--------|--------------------------|--------|--------------------------|-----------------|--|-----------------|-----------------|
|                                  | Medium-term plan targets | Actual | Medium-term plan targets | Actual | Medium-term plan targets | Actual | Medium-term plan targets | Annual forecast | Medium-term plan targets                 | Revised targets | Revision amount |
| Revenue                          | 17,854                   | 18,791 | 21,870                   | 24,098 | 26,800                   | 30,015 | 33,000                   | 38,000          | 40,000                                   | 47,000          | +7,000          |
| Operating profit                 |                          | 1,322  |                          | 2,142  |                          | 2,764  |                          | 3,800           |  | 5,600           |                 |
| Operating profit margin          |                          | 7.0%   |                          | 8.9%   |                          | 9.2%   |                          | 10.0%           |  | 11.9%           |                 |
| Non-GAAP operating profit        | 1,334                    | 1,606  | 1,995                    | 2,437  | 2,750                    | 3,328  | 3,900                    | 4,425           | 5,000                                    | 6,200           | +1,200          |
| Non-GAAP operating profit margin | 7.5%                     | 8.5%   | 9.1%                     | 10.1%  | 10.3%                    | 11.1%  | 11.8%                    | 11.6%           | 12.5%                                    | 13.2%           |                 |
| EPS (JPY)                        |                          |        |                          |        |                          | 95.45  |                          | 129.70          |  | 185.00          |                 |
| No. of technicians               |                          | 3,036  |                          | 3,929  |                          | 4,861  |                          | 6,271           |  | 6,200           | 8,000 +1,800    |

Source: Shared Research based on company materials

## Key points of the medium-term management plan (out May 13, 2022)

The plan's business portfolio policy is to make growth investments to further expand market share in the core construction technician dispatch business, while developing a second core business and source of earnings by investing in the high growth potential human resource services domain, which focuses on high-value-added technicians.

The strategy is as follows.

- ▶ Construction technician dispatch business: Expand dispatching of experienced technicians together with inexperienced technicians, improve matching accuracy, and enhance follow-up support to improve on-site quality and working environment and win the trust of both client companies and technicians.
- ▶ Mechanical design technician dispatch business: Enter new areas where demand is expected and cultivate existing clients in the first half of the medium-term management plan. Aim to achieve dramatic growth by capturing top manufacturers and significantly expanding recruitment in the second half of the plan.
- ▶ Systems engineering services (SES) business: Expand both freelance and temporary human resources and improve the number of dispatched workers through dispatching of experienced workers together with inexperienced workers in the first half of the medium-term management plan. Expand the business by increasing human resources through alliances with educational institutions and by expanding the number of orders through cultivation of new areas in the second half of the plan.
- ▶ Global business: Partner with educational institutions in Southeast Asia to provide basic education to human resources willing to work in Japan. Then dispatch these personnel to Japanese companies in the construction, mechanical design, and IT fields that are suffering from labor shortages. After returning from Japan, dispatch these personnel to Japanese companies with local presences as well.
- ▶ M&A policy and investment strategy: Achieve financial targets in the medium-term plan ahead of schedule by aggressively pursuing M&A for rapid growth and securing high organic growth in existing businesses, especially core businesses. Expect to invest JPY150–200mn per annum (FY03/23–FY03/24) for the creation of a technician support platform, innovation through digital transformation, and to support other initiatives.

The company plans to raise the ratio of recruiting expenses to revenue, which was 1.5–2.0% until FY03/22, to 3.5–4.0% during the period covered by the medium-term management plan (FY03/23–FY03/27) as it seeks to secure talents.

## Long-term growth vision

The company's long-term vision targets FY03/30 revenue of JPY100.0bn and operating profit of JPY10.0bn. The company plans to take following steps to achieve these targets.

- ▶ Step 1: Further development of the temporary staffing services market for construction technicians: revenue of JPY60.0bn and operating profit of JPY6.0bn
- ▶ Step 2: Expansion in the temporary staffing services business for plant technicians: revenue of JPY20.0bn and operating profit of JPY2.0bn

- ▶ Step 3: Advancement of the global business: revenue of JPY10.0bn and operating profit of JPY1.0bn
- ▶ Step 4: Strategies for M&A and the development of new businesses: revenue of JPY10.0bn and operating profit of JPY1.0bn

As of May 2022, the company was viewing its plant technician dispatching as its second business pillar next to its construction technician dispatching. Although demand for plant construction personnel is strong, in many cases, dispatched plant technicians struggle to perform their duties continuously due to the harsh working environments of factory districts and other such locations. Accordingly, starting with FY03/24, the company will adopt a fundamental policy of not assigning inexperienced workers to plant technician positions.



## Business overview

Copro operates in a single segment, Technician Dispatch. The business is divided between construction technician dispatch, managed by consolidated subsidiary Copro Construction Co., Ltd. (4,352 technicians as of end-March 2025), and mechanical, electrical, and semiconductor technician dispatch and contracted work (332 technicians) as well as IT technician dispatch (177 technicians), both overseen by Copro Technology Co., Ltd. Construction technician dispatch has been the company's core business since its founding. In contrast, the mechanical, electrical, and semiconductor technician dispatch and contracted work business originated from former Atmos Co., Ltd., and the IT technician dispatch business from former Value Ark Consulting Co., Ltd. Both businesses were acquired in 2021 and integrated into Copro Technology in 2023.

### Construction technician dispatch

Copro Construction is responsible for construction technician dispatch. The following section primarily concerns Copro Construction.

The company dispatches technicians, mainly to construction sites. It concludes an employment contract with the technician and then dispatches that technician to the client company. The main responsibility of the dispatched technicians is to engage in the management of construction work, by working between the construction company's full-time manager and various tradesmen. The construction company's managers are responsible for overall management of the construction site, while the tradesmen, including scaffolders and plasterers, are responsible for on-site or subcontracted work. The Worker Dispatching Act prohibits the dispatching of tradesmen.

Main tasks of the dispatched technician include the management of construction processes, safety, quality, and costs.

(1) Construction process management entails creating a process chart after considering the construction workflow, the type and number of heavy equipment necessary for that construction, and how they will be used. It also requires the monitoring of progress against the plan and the implementation of any necessary adjustments.

(2) Safety management involves the creation and maintenance of a safe work environment and the provision of guidance to prevent accidents at work sites, which can be inherently dangerous.

(3) Quality management involves inspections to ensure that construction standards are being met.

(4) Cost management entails making adjustments so that projects remain within the budget and generate profits.

According to Bscareer Construction, the company's recruitment website, the characteristics of people suitable for construction management positions include the following.

- ▶ Good communication skills: The construction manager must be able to effectively communicate with the tradesmen, workers, and construction companies working on the project. To earn the trust of experienced tradesmen, a construction manager must accurately convey his or her opinions and gain an understanding of tradesmen. Moreover, when meeting with the construction company, the construction manager needs to precisely understand the needs of that party.
- ▶ Strong leadership: Given the responsibilities inherent in the position, construction managers must have strong leadership skills to give instructions at a construction site. To ensure the project moves forward as planned, they also need to be well skilled in planning.
- ▶ Crisis management skills: Construction sites can be dangerous, so safety management is crucial to prevent accidents. The ability to discern potential danger before an accident occurs is vital for construction managers.

On the other hand, characteristics of people unfit for the position (and who are more likely to quit) include the following.

- ▶ Lack of physical strength: In addition to outdoor work, including progress checks at multiple construction sites and meetings with tradesmen, construction management also involves desk work and other indoor work. A certain degree of physical strength is required for the daily responsibilities of the position.
- ▶ Inability to explain aspects of the job: Since the tradesmen are working on only one part of the overall project, it is important for the construction manager to effectively explain the entire process to them. The manager accordingly needs strong communication skills, and those without the ability to provide accurate explanations are likely to cause work delays, errors, and other disruptions.
- ▶ Inability to multitask: Construction managers must perform a variety of tasks simultaneously, making the job difficult for those who cannot multitask. It is common for unexpected situations to arise in multiple locations at a single construction site, so rather than focusing on only one task, the manager needs to be aware of conditions at all times in several areas.

Construction companies benefit from using dispatched technicians because the construction industry operates on a made-to-order basis. This means the volume of work fluctuates with time, and when work declines, labor costs to excess workers can put downward pressure on profit. The use of dispatched technicians allows these companies to adjust the number workers to the level of work at the time. One of the advantages of being a technician working under a dispatching arrangement is that the system can accommodate workers with different values. As an example, technicians working under this arrangement can stipulate a schedule in line with their personal needs, including one with little or no overtime, or one that allows them to take care of family members.

Copro Construction Co., Ltd. is Copro Holdings' core company in the construction technician dispatch business. Copro Construction had nine domestic branches in FY03/24. Dispatched technicians serve as construction managers and computer aided design (CAD) operators for construction, civil engineering, facilities construction, and plant construction projects. Details regarding work in each of these project categories are shown below.

- ▶ Construction: Construction work management and design assistance for new construction and repair operations at high-rise buildings, condominiums, commercial facilities, and factories.
- ▶ Civil engineering: Construction work management and design assistance for road, levee, reclamation, tunnel, and bridge projects.
- ▶ Facilities construction: Construction work management and design assistance for facility work (air conditioners, sanitation, and electrical systems) as part of new construction and repair operations at high-rise buildings, condominiums, commercial facilities, and factories.
- ▶ Plant construction: Construction work management and design assistance for new construction and repair operations at steel, chemical, textile, and other plants.
- ▶ CAD: CAD operations for construction, civil engineering, facilities construction, and plant construction projects.
- ▶ Other: Administrative operations in construction, civil engineering, facilities construction, and plant construction projects.

In FY03/24, Copro reported revenue of JPY21.9bn (+24.7% YoY) in the construction technician dispatch business, including JPY7.1bn in construction-related revenue (+28.7% YoY), JPY3.0bn in civil engineering-related revenue (+19.7% YoY), JPY6.5bn in facilities construction-related revenue (+31.8% YoY), JPY2.0bn in CAD operation-related revenue (+42.2% YoY), JPY2.1bn in plant construction-related revenue (-16.4% YoY), and JPY1.3bn in other revenue (+64.8% YoY). While it is possible for technicians to transfer to work in different industries, switching jobs between construction management and CAD operations is difficult because they are completely different jobs, including in regard to indoor and outdoor work.

## Revenue by business category

| Revenue by business category (JPYmn) | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Construction                         | 3,690   | 4,188   | 4,496   | 4,771   | 5,510   | 7,091   | 8,182   |
| YoY                                  | 13.0%   | 13.5%   | 7.4%    | 6.1%    | 15.5%   | 28.7%   | 15.4%   |
| % of total                           | 31.9%   | 31.9%   | 30.3%   | 32.2%   | 31.4%   | 32.4%   | 30.6%   |
| Civil engineering                    | 1,954   | 2,287   | 2,745   | 2,600   | 2,483   | 2,971   | 3,737   |
| YoY                                  | 15.6%   | 17.0%   | 20.0%   | -5.3%   | -4.5%   | 19.7%   | 25.8%   |
| % of total                           | 17.4%   | 17.4%   | 18.5%   | 17.5%   | 14.1%   | 13.6%   | 14.0%   |
| Facilities construction              | 2,707   | 3,263   | 3,698   | 3,462   | 4,914   | 6,477   | 8,536   |
| YoY                                  | 31.9%   | 20.5%   | 13.3%   | -6.4%   | 41.9%   | 31.8%   | 31.8%   |
| % of total                           | 24.9%   | 24.9%   | 24.9%   | 23.3%   | 28.0%   | 29.6%   | 31.9%   |
| Plant construction                   | 1,080   | 1,883   | 2,202   | 2,169   | 2,455   | 2,052   | 2,659   |
| YoY                                  | 69.3%   | 74.4%   | 16.9%   | -1.5%   | 13.2%   | -16.4%  | 29.6%   |
| % of total                           | 14.3%   | 14.3%   | 14.8%   | 14.6%   | 14.0%   | 9.4%    | 9.9%    |
| CAD operation                        | 1,054   | 1,135   | 1,208   | 1,232   | 1,378   | 1,959   | 1,678   |
| YoY                                  | 3.1%    | 7.7%    | 6.4%    | 2.0%    | 11.9%   | 42.2%   | -14.3%  |
| % of total                           | 8.6%    | 8.6%    | 8.1%    | 8.3%    | 7.9%    | 9.0%    | 6.3%    |
| Other                                | 331     | 364     | 485     | 594     | 806     | 1,328   | 1,941   |
| YoY                                  | 14.1%   | 10.0%   | 33.2%   | 22.5%   | 35.7%   | 64.8%   | 46.2%   |
| % of total                           | 2.8%    | 2.8%    | 3.3%    | 4.0%    | 4.6%    | 6.1%    | 7.3%    |
| Construction administration          |         |         |         | 525     | 730     | 1,260   | 1,810   |
| YoY                                  |         |         |         | -       | 39.0%   | 72.6%   | 43.7%   |
| % of total                           |         |         |         | 3.5%    | 4.2%    | 5.8%    | 6.8%    |
| Staffing agency                      |         |         |         | 68      | 76      | 68      | 131     |
| YoY                                  |         |         |         | -       | 11.8%   | -10.5%  | 92.6%   |
| % of total                           |         |         |         | 0.5%    | 0.4%    | 0.3%    | 0.5%    |
| Total                                | 10,819  | 13,123  | 14,837  | 14,831  | 17,550  | 21,883  | 26,739  |
| YoY                                  | 20.7%   | 21.3%   | 13.1%   | 0.0%    | 18.3%   | 24.7%   | 22.2%   |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

By region, in FY03/24, Copro recorded revenue of JPY845mn in Hokkaido (+13.5% YoY), JPY1.3bn in the Tohoku region (-1.3% YoY), JPY9.4bn in the Kanto region (+35.4% YoY), JPY3.7bn in the Tokai and Hokuriku regions (+13.2% YoY), JPY3.8bn in the Kansai region (+37.2% YoY), JPY1.2bn in the Chugoku and Shikoku regions (+11.9% YoY), and JPY1.7bn in the Kyushu region (+14.5% YoY).

## Revenue by region

| Revenue by region (JPYmn) | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|---------------------------|---------|---------|---------|---------|---------|---------|
| Hokkaido                  | 659     | 712     | 640     | 744     | 845     | 1,022   |
| YoY                       | -       | 8.0%    | -10.2%  | 16.3%   | 13.5%   | 21.0%   |
| % of total                | 5.0%    | 4.8%    | 4.3%    | 4.2%    | 3.9%    | 3.8%    |
| Tohoku                    | 877     | 1,075   | 1,142   | 1,306   | 1,289   | 1,303   |
| YoY                       | -       | 22.6%   | 6.2%    | 14.4%   | -1.3%   | 1.1%    |
| % of total                | 6.7%    | 7.2%    | 7.7%    | 7.4%    | 5.9%    | 4.9%    |
| Kanto                     | 5,483   | 5,665   | 5,552   | 6,909   | 9,356   | 12,053  |
| YoY                       | -       | 3.3%    | -2.0%   | 24.4%   | 35.4%   | 28.8%   |
| % of total                | 41.8%   | 38.2%   | 37.4%   | 39.4%   | 42.8%   | 45.1%   |
| Tokai and Hokuriku        | 2,437   | 2,978   | 3,129   | 3,306   | 3,743   | 4,507   |
| YoY                       | -       | 22.2%   | 5.1%    | 5.6%    | 13.2%   | 20.4%   |
| % of total                | 18.6%   | 20.1%   | 21.1%   | 18.8%   | 17.1%   | 16.9%   |
| Kansai                    | 1,854   | 2,175   | 2,111   | 2,763   | 3,790   | 4,670   |
| YoY                       | -       | 17.3%   | -2.9%   | 30.9%   | 37.2%   | 23.2%   |
| % of total                | 14.1%   | 14.7%   | 14.2%   | 15.7%   | 17.3%   | 17.5%   |
| Chugoku and Shikoku       | 843     | 1,083   | 918     | 1,051   | 1,176   | 1,297   |
| YoY                       | -       | 28.5%   | -15.2%  | 14.5%   | 11.9%   | 10.3%   |
| % of total                | 6.4%    | 7.3%    | 6.2%    | 6.0%    | 5.4%    | 4.9%    |
| Kyushu                    | 966     | 1,144   | 1,336   | 1,469   | 1,681   | 1,884   |
| YoY                       | -       | 18.4%   | 16.8%   | 9.9%    | 14.5%   | 12.1%   |
| % of total                | 7.4%    | 7.7%    | 9.0%    | 8.4%    | 7.7%    | 7.0%    |
| Total                     | 13,112  | 14,836  | 14,831  | 17,550  | 21,883  | 26,739  |
| YoY                       | -       | 13.1%   | 0.0%    | 18.3%   | 24.7%   | 22.2%   |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Key performance indicators

Copro considers sales capabilities, recruitment, and retention to be key performance indicators, and added the contract renewal rate to this list in FY03/22.

## Sales capabilities

With the goal of improving its overall sales capabilities, the company is promoting reforms in its sales system. In the past, it focused on acquiring new customers, but in FY03/22, it shifted its efforts to increasing the number of contracts per customer. The company has a strategy of generating an increase in contracts per customer by identifying super general contractors (five leading general contractors including Obayashi Corporation [TSE Prime: 1802]), major general contractors, and major subcontractors among its existing key client base as "target companies." These target companies understand how to handle dispatched technicians and can mentor and find appropriate positions for these workers according to their levels of experience. As a result, these companies maintain good retention rates for dispatched technicians and high contract renewal rates. By focusing on target companies, the company is confident that it can raise the productivity of its marketing operations. The company also maintains that focusing on these companies leads to long-term stable work for dispatched technicians. In Q4 FY03/24, technicians dispatched to these target companies accounted for 93.4% of the total headcount (+4.4pp YoY).

Sales personnel regularly visit client companies, and if there is demand, the company receives orders for the following month. Sales activities take place prior to a technician's placement, which occurs on the first day of the subsequent month.

In FY03/24, the company had 441 client companies, with an average revenue of JPY51mn per client company. The company has clients operating in a wide range of industries, and Shared Research believes that its business model is less impacted by the performance of individual construction companies and more by the level of construction-related investment in Japan and the ratio of dispatched technicians as a percentage of total construction workers. The CAGR for construction-related investment in Japan between FY2013 and FY2023 was 3.8% (for additional information, please refer to the "Market and value chain" section).

## Customer count and revenue per customer

|                                   | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Customer count (No. of companies) | 490     | 544     | 622     | 605     | 415     | 441     | 511     |
| YoY                               | -       | 11.0%   | 14.3%   | -2.7%   | -31.4%  | 6.3%    | 15.9%   |
| Revenue per customer (JPYmn)      | -       | 25      | 25      | 24      | 34      | 51      | 56      |
| YoY                               | -       | -       | 0.3%    | -5.0%   | 42.3%   | 48.6%   | 9.9%    |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Recruitment

To bolster its ability to recruit technicians for dispatch, Copro utilizes web services operated by other companies and operates Bscareer Construction, its own recruitment website, which focuses on the construction industry. By operating its own recruitment website, the company can post job openings immediately after they become available. Through the Bscareer Construction website, the company can provide support in everything from job postings to employment and post-employment counselling throughout Japan. The company also rolls out advertising campaigns when necessary to boost visitors to its Bscareer Construction website. Copro believes it is important to convey the appeal of working at the company to its target audience, and uses role-playing in its training program to improve the skills of its recruiters. The company also uses other recruiting channels, including acquaintance referrals and staffing agencies, to recruit and employ younger and less experienced people in addition to those with specialized knowledge and skills.

In FY03/24, the company hired 2,024 individuals in the construction technician dispatch business, of which 154 were new graduates and 1,870 were mid-career workers. New graduates are hired in April and are assigned to their positions collectively in May following a one-month training period. This approach places an intense strain on marketing activities, but clients also have quotas for new graduates, so demand remains consistently high. On the other hand, during the one-month training period, the company does not generate revenue from these new graduates, recording only corresponding costs.

Customers tend to prefer experienced workers, even considering the higher cost of hiring these individuals. At the same time, experienced workers alone cannot keep up with overall worker demand, necessitating the acceptance of inexperienced workers as well.

## Recruiting expenses

In FY03/24, Copro reported JPY333,000 in mid-career hiring costs per technician (-6.5% YoY). It is committed to hiring technicians itself, rather than using recruiting firms. One reason it can hire all its technicians in this way is that it subdivides the process from recruitment to sales into smaller steps, managing them on a daily basis and taking measures to improve each management target along the way. The company says this type of management is extremely time-consuming, so it has taken the time to build up its expertise, which has enabled it to constantly improve its process management and hire efficiently even as the number of hires grows. According to Copro, its mid-career hiring costs per technician are the lowest among listed companies in the construction industry (industry average is JPY500,000–600,000).

## Employment

Of the 3,568 technicians employed by the company at end-FY03/24 (2,777 at end-FY03/23), 1,840 (1,165) were on permanent contracts and 1,728 (1,612) were on fixed-term contracts. Since FY03/23, Copro has been encouraging employees with fixed-term contracts to switch to permanent contracts in an effort to improve retention rates. Conversion from fixed-term to permanent employment occurs if a technician who has met certain internally established criteria requests it. In the case of mid-career recruitment, workers are recruited on a fixed-term basis on the premise that they will be converted to a permanent basis after six months if there are no issues. Meanwhile, new graduates are employed on a permanent basis from the time they start.

Employees working on a permanent contract basis are considered permanently dispatched workers. Client companies may have these workers engaged in jobs only for required periods under their direct supervision. When Copro enters a permanent employment contract with its employees, the company will continue to pay their salary regardless of whether or not they are dispatched to clients. In this respect, the arrangement is different than the registered dispatch system, where a worker seeking employment registers with a company and is then dispatched by that company to its client. Under that system, an employment contract is formed between the individual and the dispatching company only when there is a specific job request from a client company; no salary is paid when there are no job requests.

## Number of employees with permanent contracts and fixed-term contracts

|                       | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|
| Number of technicians | 1,591   | 1,984   | 2,020   | 1,995   | 2,777   | 3,568   | 4,352   |
| Permanent contracts   | 251     | 257     | 414     | 415     | 1,165   | 1,840   | 3,498   |
| YoY                   | -       | 2.4%    | 61.1%   | 0.2%    | 180.7%  | 57.9%   | 90.1%   |
| % of total            | 15.8%   | 13.0%   | 20.5%   | 20.8%   | 42.0%   | 51.6%   | 80.4%   |
| Fixed-term contracts  | 1,340   | 1,727   | 1,606   | 1,580   | 1,612   | 1,728   | 854     |
| YoY                   | -       | 28.9%   | -7.0%   | -1.6%   | 2.0%    | 7.2%    | -50.6%  |
| % of total            | 84.2%   | 87.0%   | 79.5%   | 79.2%   | 58.0%   | 48.4%   | 19.6%   |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Contract renewal rate

The company calculates its contract renewal rate by dividing the number of contract extensions reported for a given period by the number of contracts that reached their end-dates during the same period. The company uses its contract renewal rate as a key indicator because it prioritizes trust-based relationships with its clients. Copro maintains that clients must view both Copro and its dispatched technicians favorably if its contract renewal rate is to be increased. When the company's contract renewal rate rises, sales personnel can work more productively because they spend less time searching for suitable personnel and introducing these individuals to clients. The company aims to use labor cost savings generated through growth in its contract renewal rate to advertise for its Bscareer Construction recruitment website and achieve further growth.

The dispatch contract period between technicians and construction companies is generally around three months. However, the duration of each project varies depending on the scale of the project, ranging from six months to a year for small condominiums, to two to three years or more for large projects such as commercial facilities.

The company's contract renewal rate was high at 82.5% in Q4 FY03/24 (+0.1pp YoY).



## Retention rate

The company is working to bolster its retention rate by focusing on follow-up support for dispatched technicians. After technicians are dispatched to client companies, Copro's sales representatives visit their location each month to speak to them regarding their health and other issues. In FY03/22, the company integrated its sales department with the department charged with follow-up support so that a single department handles both sales activities and follow-up support. The company believes this change will allow its sales staff to effectively monitor both customers and dispatched technicians.

Copro is taking measures to increase the share of dispatch to target companies, improve the contract renewal rate, and promote employees' conversion to permanent contracts. The company's FY03/24 retention rate (cumulative over the last 12 months) fell 2.3pp YoY to 72.1% due to some assignment mismatches resulting from increased hiring of inexperienced workers and resignations during the waiting period for waitlisted workers.

## Retention rates

| (%)                  | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|
| Retention rate (Q4)  |         |         |         |         | 92.0    | 92.5    | 91.9    |
| Retention rate (LTM) | 75.9    | 73.9    | 69.1    | 69.4    | 74.4    | 72.1    | 72.7    |

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Retention rate = number of technicians enrolled at the end of the current term (quarter) ÷ (number of technicians at the end of the previous term [quarter] + number of hires in the current term [quarter]) × 100

Retention rate (cumulative for the term) = The percentage of technicians enrolled at the end of the previous term who are still enrolled at the end of this term.

Retention rate (LTM) = The percentage of technicians enrolled at the end of the quarter one year ago who are still enrolled at the end of the corresponding quarter a year later.

## Educational and training system

In the aim of improving the quality of its technicians, Copro has established two "Kantokuno-Tane" educational facilities, in Tokyo and Nagoya. The facilities offer training programs for new graduates, inexperienced mid-career hires, and CAD operators. Specialist instructors are assigned to each of the facilities to provide practical training-based career support in line with the proficiency level of each technician. All training and educational programs are produced in-house.

The training period lasts one month for new graduates and starts with instruction on basic business manners. The training period for inexperienced mid-career hires is 10 days. Experienced hires are not required to take a training course. The company covers training and associated personnel expenses during the training period. In addition to improving construction-related skills, the programs also aim to improve the communication skills of the technicians as well as the reporting, contact, and consulting skills necessary to ensure the smooth execution of work, all based on the idea that the technicians will be interacting at the construction site with a wide range of people, including construction company employees and tradesmen.

The company believes each of its technicians needs to develop what it refers to as "human strength." While there is no precise definition for this term, the company generally means self-awareness, including in respect to one's abilities. The company believes that individuals should take an objective view of themselves, noting that while they may think they are doing well, others may see things differently, making it important for technicians to remain humble and continually review their own performance. The company believes since its technician dispatch business is based on human resources, each technician should strive to achieve this "human strength."

## Focusing on the development of human resources

When the company was founded in 2006, it hired experienced workers and assigned them to sites where they could best make use of their experience. However, with the human resources shortage in the construction industry becoming increasingly acute after the government of Tokyo in 2013 won its bid to host the 2020 Summer Olympic and Paralympic Games, the company began hiring inexperienced applicants in FY03/13 and new graduates in FY03/16. Since then, the company has focused on establishing a training system to promote the development of its new graduate and inexperienced hires.

# Mechanical, electrical, and semiconductor technician dispatch and contracted work, and IT technician dispatch

Copro Technology is responsible for mechanical, electrical, and semiconductor technician dispatch and contracted work, as well as IT technician dispatch. Both businesses were acquired in 2021 and are positioned as the next businesses following the company's construction technician dispatch business.

## Mechanical, electrical, and semiconductor technician dispatch and contracted work

The manufacturing process for machinery includes ordering, planning, development, design, construction, assembly, and operation and maintenance. The main duties of dispatched technicians are in the upstream sector of development and design, which include preliminary development, component development, structural design, and electrical design in the product development stage. Once the development and design stages are completed, the technicians engage in mass production and assist in the creation of maintenance manuals for products sent to market.

In FY03/24, the business reported JPY1.4bn in revenue (JPY934mn in dispatching and JPY500mn in contracted work). It generated JPY506mn of its dispatching revenue through customers in the industrial machinery industry and JPY158mn through customers in the home electronics industry. Meanwhile, it secured JPY221mn of contracted work revenue through customers in the transportation machinery industry, JPY122mn through customers in the agricultural machinery industry, and JPY122mn through customers in the aviation and space industry.

Industry peers include Meitec Corporation (TSE Prime: 9744), TechnoPro Inc. (a subsidiary of TechnoPro Holdings), and Outsourcing Inc. The average hourly contract rate at the former Atmos was JPY3,612 (Q4 FY03/24), which was low in comparison to Meitec (JPY5,688 in FY03/24) and Meitec subsidiary Meitec Fielders (JPY3,944). According to Meitec's briefing materials for FY03/24, the industry average for the same year was about JPY3,900. Copro attributes its relatively low rate to the fact that its clients are mainly second-tier or lower subcontractors. However, it maintained a technician retention rate of 82.3% (FY03/24; cumulative over the last 12 months) and a contract renewal rate of 88.9%, indicating that the technical expertise of its employees is highly valued by its clients. The company intends to further strengthen its hiring and training programs moving forward.

### ► Establishment of a semiconductor technician training center

In February 2024, the company launched Semicon TechnoLab, a training center focused on developing technicians for semiconductor manufacturing equipment maintenance and inspection, marking its entry into a new business area. Against the backdrop of advancing domestic semiconductor production in response to economic security risks, the company aims to address the technician shortage for semiconductor device and equipment manufacturers by training personnel in machinery maintenance and field engineering. It will welcome personnel from major semiconductor manufacturers as instructors and conduct training using equipment equivalent to the work environment of the assigned workplace, aiming to make inexperienced personnel immediately productive.

## IT technician dispatch

Copro has its eyes fixed on upcoming IT technician shortages in Japan (see the Market and value chain section for details). In the systems engineering services (SES) business, the company concludes quasi-mandate agreements with clients instead of dispatching arrangements. Under quasi-mandate agreements, performance of a specific task is stipulated, and the company holds no obligation in regard to the content of the work or the completion of that work. As such, they entail no requirements for correction or guarantees, even if the results of the work are inadequate. Freelance engineers usually work under quasi-mandate agreements. The company believes a growing number of people prefer to work under freelance arrangements, as the effects of the COVID-19 pandemic have resulted in an increase in the number of people who wish to work remotely.

## Strategy for business expansion

### Copro's approach to M&A (expanding the scope of business)

Copro intends to aggressively pursue M&A opportunities. The company believes it can grow further as a group by leveraging its strengths in sales, recruitment, retention, and contract renewal in areas beyond construction. Based on this

policy, it made Atmos Co., Ltd. a subsidiary in April 2021 and Value Ark Consulting Co., Ltd. in September of the same year. Atmos primarily provided temporary staffing services for mechanical design technicians, while Value Ark Consulting mainly operated the systems engineering services (SES) business, under which labor services were provided to clients on a contract basis. The SES business is conducted under quasi-mandate agreements, where clients have no right of command. The company expects these acquisitions to generate synergies by allowing technicians to switch jobs (e.g., from construction to mechanical design) within the group, thereby improving the turnover rate, particularly among young workers. It also sees industry expansion as a way to widen the pool of talent it can recruit from in the ASEAN region.

On October 1, 2023, the company merged Atmos Co., Ltd. and Value Ark Consulting Co., Ltd., renaming the new entity Copro Technology Co., Ltd. The merger aimed to unify sales and recruitment systems and centralize management functions under Copro Holdings. Copro Technology has also strengthened its in-house recruitment platforms by launching Bscareer IT, a job posting site for IT technicians, in March 2023, and Bscareer Mechanical and Electrical in November 2023. In FY03/24, Copro Technology reported revenue of JPY2.2bn (+78.4% YoY) and an operating loss of JPY10mn (operating profit of JPY24mn in FY03/23).

## Overseas development (market expansion)

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As Japan's birthrate declines and its population ages, the company is looking to attract workers from the ASEAN region. With this in mind, the company established Copro Globals Pte. Ltd. in Singapore in April 2020 as an intermediary holding company focused on market research, information gathering, and exploration of business models in Southeast Asia. In April 2021, Copro Globals established a subsidiary (a second-tier subsidiary of Copro) in Vietnam as Copro's first overseas business location. The Vietnamese subsidiary will work with local universities and engage in the hiring of human resources. Specifically, it will advance the hiring and training of workers in Vietnam as well as the dispatching and placement of these workers to construction companies in Japan. Moving forward, the company aims to expand its business in Vietnam to include the dispatching and placement of workers at Japanese general contractors and other similar outfits operating in the country.

Copro is also considering expanding its business to other ASEAN countries in the future, with an eye in particular on the Philippines, Thailand, Malaysia, Indonesia, and India.

The company's policy is to cover the travel expenses of its overseas employees. The company expects three months for minimum training period for these workers in respective countries, with training expenses to be borne by either the company or the participant. While this means the initial expenses will be more than for Japanese workers, the company aims for profitability over the long term by reflecting these expenses in contract rates and dispatching these individuals to Japanese companies once they return to their countries of origin. One of the reasons the company decided to launch an overseas business was the strong need for technicians among Japanese general contractors expanding into the Southeast Asian market. While profitability in the near term appears somewhat unlikely, the company views the development of its overseas business as a preparatory effort for ten years hence, in light of the ongoing decline in the working population in Japan.

## Medium- to long-term outlook

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Copro's goal is to transform itself from a temporary staffing service provider into a technician support platform company. The traditional temporary staffing business followed a business model in which the staffing company found jobs that its technicians were suitable for, selected technicians who matched the needs of client companies, and then dispatched the technicians to fill the position. However, the company is also looking to move toward a business model that creates human resources with higher aspiration. To achieve this business model, it aims to support its technicians to acquire skills through education and training, improve their performance, and advance their careers.

# Business model analysis

The following business model analysis outlines Copro's core business of construction technician dispatch. Essentially the same model also applies to mechanical, electrical, and semiconductor technician dispatch and contracted work, as well as IT technician dispatch.



## Revenue

Revenue is based on the number of technicians dispatched (number of technicians × utilization rate) and the average monthly contract rate per technician, with the latter calculated by eight hours per day × 20 business days and based on the skills and years of experience of the technician.

The average monthly contract rate per technician at end-FY03/24 was JPY530,000 (-1.3% YoY). Contract rates increase with years of experience, with the contract rate per month at JPY449,000 for technicians in their first year (+5.2% YoY), JPY455,000 for those in their second year (-1.9% YoY), JPY522,000 for those in their third to fifth year (level YoY), JPY595,000 for those in their sixth through tenth year (+2.6% YoY), and JPY677,000 for those with at least eleven years of experience (+3.5% YoY).

### Contract rate per technician based on years of experience

| (JPY'000/month)   | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Contract rate per technician based on years of experience | 545     | 542     | 546     | 560     | 537     | 530     | 529     |
| YoY   | -       | -0.6%   | 0.7%    | 2.6%    | -4.1%   | -1.3%   | -0.2%   |
| 1st year  |         | 446     | 444     | 444     | 427     | 449     | 444     |
| YoY   | -       | -       | -0.4%   | 0.0%    | -3.8%   | 5.2%    | -1.1%   |
| 2nd year  |         | 452     | 469     | 464     | 464     | 455     | 469     |
| YoY   | -       | -       | 3.8%    | -1.1%   | 0.0%    | -1.9%   | 3.1%    |
| 3rd–5th year  |         | 500     | 498     | 507     | 522     | 522     | 504     |
| YoY   | -       | -       | -0.4%   | 1.8%    | 3.0%    | 0.0%    | -3.4%   |
| 6th–10th year   |         | 548     | 550     | 582     | 580     | 595     | 600     |
| YoY   | -       | -       | 0.4%    | 5.8%    | -0.3%   | 2.6%    | 0.8%    |
| 11th year or more   |         | 622     | 628     | 646     | 654     | 677     | 700     |
| YoY   | -       | -       | 1.0%    | 2.9%    | 1.2%    | 3.5%    | 3.4%    |

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Starting in FY03/21, the definition of the number of years of experience was changed from the number of years at the company to the number of years of experience, including years of service prior to joining the company.

The contract rate per technician is based on an eight-hour working day, while revenue per technician reflects the contract rate plus overtime pay. The average monthly contract rate was JPY530,000 in FY03/24, exceeding the JPY487,000 in the Construction Solutions business at Nareru Group in FY10/23. Monthly revenue per employee came to JPY644,000 in FY03/23, which was above the JPY628,000 in the Construction business at Open Up Group in FY06/23. Meanwhile, in FY03/24, revenue per technician declined 5.1% YoY to JPY611,000 due to an increase in new graduates and technicians with little experience, along with a decrease in overtime work due to implementation of upper limits on overtime work in April 2024. While the corresponding figure for TechnoPro Holdings in FY06/23 was JPY669,000, its Construction Management Outsourcing business accounted for only 10.8% of consolidated revenue, making a comparison somewhat difficult.

In March 2024, 33.9% of the company's technicians were at least in their third year of service, which was a lower percentage than the 55.8% for the Construction business at Open Up Group in June 2023. Meanwhile, 25.7% of the company's technicians were at least in their fourth year in March 2024, which was a higher percentage than the 24% for Nareru Group in October 2023. Although the company has traditionally been characterized by a high ratio of experienced personnel, it hired 2,024 workers in FY03/24 (employee headcount was 2,777 at end-FY03/23), compared to 2,340 at Open Up Group in FY06/23 (6,204 at end-FY06/22) and 1,559 at Nareru Group in FY10/23 (2,240 at end-FY10/22). This means Copro had the highest ratio of hires to employees, lowering the ratio of experienced workers.

## Cost of revenue

Cost of revenue includes wages and social insurance premiums for dispatched technicians. When dispatching technicians, the company places technicians whose contract rates allow it to achieve its GPM target of about 30%. The company explains GPMs do not differ significantly depending on the years of experience or industries in which the technicians are placed.

In FY03/23, 42.0% of the technicians were “permanently dispatched” workers, meaning they were paid a salary even when there was no work and they were not being dispatched to construction sites. Technicians with this arrangement who were not being dispatched were compensated at 60% of their base salary. The company's utilization rate (the number of technicians dispatched to construction sites divided by the number of total technicians) is high, having reached 94.6% at end-FY03/24, and if paid leave and other factors are excluded, the utilization rate is essentially 100%.

## Utilization rate

| (%)   | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|---|---------|---------|---------|---------|
| Average utilization rate during the fiscal year | 96.9    | 96.3    | 94.6    | 93.8    |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Method of determining wages

With the goal of eliminating unreasonable differences in how full-time employees and non-full-time employees, including dispatched workers, are treated at companies and organizations, the Ministry of Health, Labour and Welfare (MHLW) implemented new rules stipulating equal pay for equal work in April 2020. The Japanese government hopes these new rules will contribute to more diverse and flexible working styles by allowing employees to continue working with satisfaction in their jobs, regardless of the type of employment they choose. Under the revised Worker Dispatching Act, a business operating in the temporary staffing (dispatching) business must ensure the fair treatment of dispatched workers by either ensuring equal and balanced treatment in line with that of workers at the client companies or ensuring treatment in line with a given set of criteria based on a labor-management agreement. The company adheres to the latter, following the conditions set out by MHLW, under which the company is required to pay equal or higher wages than those of regular workers at the client companies engaged in the same type of work.

## SG&A expenses

### SG&A expenses

| SG&A expenses           | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| (JPYmn)                 | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   |
| SG&A expenses           | 1,930   | 2,280   | 2,783   | 2,860   | 3,223   | 4,253   | 4,633   | 5,545   |
| Directors' compensation | 268     | 289     | 342     | 294     | 271     | 263     | 247     | 239     |
| Salaries                | 489     | 630     | 804     | 969     | 1,000   | 1,211   | 1,338   | 1,481   |
| Rent                    | 217     | 261     | 283     | 358     | 419     | 398     | 407     | 433     |
| Provision for bonuses   | 24      | 37      | 47      | 53      | 41      | 79      | 33      | 100     |
| Hiring expenses         |         |         |         |         | 297     | 728     | 974     | 1,286   |
| Other                   | 932     | 1,063   | 1,308   | 1,187   | 1,195   | 1,575   | 1,634   | 2,006   |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

SG&A expenses in FY03/25 totaled JPY5.5bn, representing 18.5% of revenue (-0.7pp YoY). Major items included salaries for non-technician managers (4.9% of revenue), directors' compensation (0.8%), rent (1.4%), and hiring expenses (4.3%). The SG&A ratio declined as higher revenue diluted the impact of fixed costs such as hiring expenses, but the ratio of hiring expenses to revenue rose 0.3pp YoY.

# Market and value chain

## Market conditions

### Construction industry

#### Structure of the construction industry in Japan

The Japanese construction industry comprises multiple subcontractor layers, making it rather unique in the world. In essence, general contractors secure a project and then act primarily as construction managers by signing agreements with subcontractors for the actual construction work. General contractor employees are not engaged in construction work on site. Instead, this work is carried out by contracted workers who have signed contracts with the subcontractors.

A general contractor is a company that receives construction project orders directly from the ordering party. Companies fitting this description include Taisei Corporation (TSE Prime: 1801), Obayashi Corporation (TSE Prime: 1802), Shimizu Corporation (TSE Prime: 1803), Kajima Corporation (TSE Prime: 1812), and Takenaka Corporation (unlisted). A subcontractor, on the other hand, is a company that undertakes a portion of the work from the primary contractor (general contractor).

Subcontractors include the major facilities construction companies such as Kanden Co., Ltd. (TSE Prime: 1942), Kinden Corporation (TSE Prime: 1944), and Takasago Thermal Engineering Co., Ltd. (TSE Prime: 1969). These major facilities construction companies can sometimes operate as the prime contractor on a project. In addition to facilities construction, other types of work include carpentry, reinforced steel work, and interior decoration. Some subcontractors employ workers to perform the actual construction work, but in many cases, they subcontract out that work to smaller subcontractors, thus creating a multi-tiered subcontracting structure in the Japanese construction market.

The main responsibility of construction management technicians dispatched by Copro is to work between the managers of the general contractor (primary contractor such as major general contractors) and on-site workers of the subcontractors. In this capacity, the construction management technicians communicate and provide support to both sides to ensure the smooth completion of the project.

#### Construction investment as key revenue source for construction companies

Construction investment in Japan has been declining since it peaked at JPY84tn in FY1992. Following the revisions to the Building Standards Law in 2007 and the industry slump after the 2008 global financial crisis, investment fell to about JPY42tn in FY2010, roughly half that in FY1992. However, construction investment has started trending higher later, as a result of recovery-related efforts following the Great East Japan Earthquake in 2011 and other factors. Shared Research believes there are several reasons construction investment is likely to remain firm, including rebuilding demand associated with the increase in the number of houses 40 years old or older, demand for seismic reinforcement of buildings in preparation for earthquakes, and an expanded need for barrier-free housing as the population ages. We also believe the 2025 Osaka Expo and the building of the Chuo Shinkansen maglev line, scheduled to launch in 2027, could have a positive effect on construction-related investment.

## Construction investment

| (JPYbn)                       | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Private sector                | 33,094 | 30,923 | 30,237 | 31,996 | 32,594 | 33,532 | 30,750 | 31,434 | 25,030 | 23,946 |
| YoY                           | -8.7%  | -6.6%  | -2.2%  | 5.8%   | 1.9%   | 2.9%   | -8.3%  | 2.2%   | -20.4% | -4.3%  |
| Government                    | 28,193 | 25,917 | 23,451 | 20,828 | 18,974 | 17,797 | 16,946 | 16,718 | 17,935 | 17,982 |
| YoY                           | -5.9%  | -8.1%  | -9.5%  | -11.2% | -8.9%  | -6.2%  | -4.8%  | -1.3%  | 7.3%   | 0.3%   |
| Total construction investment | 61,288 | 56,840 | 53,688 | 52,825 | 51,568 | 51,328 | 47,696 | 48,152 | 42,965 | 41,928 |
| YoY                           | -7.4%  | -7.3%  | -5.5%  | -1.6%  | -2.4%  | -0.5%  | -7.1%  | 1.0%   | -10.8% | -2.4%  |
| (JPYbn)                       | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
| Private sector                | 25,782 | 26,400 | 29,931 | 28,884 | 36,442 | 37,754 | 39,545 | 40,236 | 39,848 | 38,893 |
| YoY                           | 7.7%   | 2.4%   | 13.4%  | -3.5%  | 26.2%  | 3.6%   | 4.7%   | 2.0%   | 0.5%   | -7.3%  |
| Government                    | 16,332 | 16,050 | 18,368 | 18,610 | 20,205 | 20,986 | 21,780 | 21,591 | 22,480 | 24,085 |
| YoY                           | -9.2%  | -1.7%  | 14.4%  | 1.3%   | 8.6%   | 3.9%   | 3.8%   | 5.9%   | 7.8%   | 3.1%   |
| Total construction investment | 42,114 | 42,449 | 48,300 | 47,494 | 56,647 | 58,740 | 61,325 | 61,827 | 62,328 | 62,978 |
| YoY                           | 0.4%   | 0.8%   | 13.8%  | -1.7%  | 19.3%  | 3.7%   | 4.4%   | 3.4%   | 3.1%   | -3.4%  |
| (JPYbn)                       | FY2021 | FY2022 | FY2023 | FY2024 |        |        |        |        |        |        |
| Private sector                | 41,646 | 44,040 | 45,820 | 46,810 |        |        |        |        |        |        |
| YoY                           | 7.1%   | 5.7%   | 4.0%   | 2.2%   |        |        |        |        |        |        |
| Government                    | 24,036 | 24,490 | 25,270 | 26,210 |        |        |        |        |        |        |
| YoY                           | -0.2%  | 1.9%   | 3.2%   | 3.7%   |        |        |        |        |        |        |
| Total construction investment | 65,682 | 68,530 | 71,090 | 73,020 |        |        |        |        |        |        |
| YoY                           | 4.3%   | 4.3%   | 3.7%   | 2.7%   |        |        |        |        |        |        |

Source: Shared Research based on the Ministry of Land, Infrastructure, Transport and Tourism's Construction Investment Forecast for FY2024

Note: Figures for FY2022 and FY2023 are estimates, while those for FY2024 are projections. The Construction Investment Forecast is updated annually in August.

## Construction industry workers

During the rapid economic growth period of 1955 to around 1973 in Japan, the construction industry expanded as it hired a large number of full-time employees. However, with the decline in public works projects following the collapse of the bubble economy, construction companies refrained from hiring new employees as reduced capital investment led to a sudden drop in construction-related demand. As a result, the number of construction workers in the country fell by roughly 1,530,000 between 2001 and 2022. Moreover, the number of new graduates entering the construction industry workforce continued to decline after peaking at about 78,000 in 1995 and bottomed at about 29,000 in 2009 before rising to about 40,000 each year from 2013. In 2022, the number of new graduates joining the construction industry was about 43,000.

### Construction industry workers, new graduates entering the construction industry workforce

| ('000)                        | 2001   | 2002  | 2003   | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  |
|-------------------------------|--------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| Construction industry workers | 6,320  | 6,180 | 6,040  | 5,840 | 5,680 | 5,590 | 5,520 | 5,370 | 5,170 | 4,980 |
| YoY                           | -3.2%  | -2.2% | -2.3%  | -3.3% | -2.7% | -1.6% | -1.3% | -2.7% | -3.7% | -3.7% |
| Of which, new graduates       | 42     | 40    | 35     | 33    | 33    | 33    | 33    | 31    | 29    | 31    |
| YoY                           | -10.6% | -5.5% | -11.4% | -6.1% | -1.4% | 1.3%  | -0.1% | -5.2% | -6.9% | 7.8%  |
| ('000)                        | 2011   | 2012  | 2013   | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
| Construction industry workers | 5,020  | 5,030 | 4,990  | 5,050 | 5,000 | 4,920 | 4,980 | 5,030 | 4,990 | 4,920 |
| YoY                           | 0.8%   | 0.2%  | -0.8%  | 1.2%  | -1.0% | -1.6% | 1.2%  | 1.0%  | -0.8% | -1.4% |
| Of which, new graduates       | 31     | 34    | 38     | 41    | 41    | 39    | 41    | 41    | 40    | 42    |
| YoY                           | 0.3%   | 7.5%  | 11.6%  | 8.5%  | 0.8%  | -4.3% | 3.6%  | -0.5% | -0.8% | 3.0%  |
| ('000)                        | 2021   | 2022  | 2023   | 2024  |       |       |       |       |       |       |
| Construction industry workers | 4,820  | 4,790 | 4,830  | 4,770 |       |       |       |       |       |       |
| YoY                           | -2.0%  | -0.6% | 0.8%   | -1.2% |       |       |       |       |       |       |
| Of which, new graduates       | 44     | 43    | 40     | 38    |       |       |       |       |       |       |
| YoY                           | 5.8%   | -2.4% | -6.7%  | -5.0% |       |       |       |       |       |       |

Source: Shared Research based on the Construction Industry Handbook from the Japan Federation of Construction Contractors

The construction industry has witnessed the continued aging of its workers, with 36.6% of workers in the industry in 2023 at least 55 years old (only 31.9% of workers in all industries are 55 years old or older). Moreover, with the decline in younger people entering the workforce, those aged 29 or under accounted for just 11.6% of all construction workers, as opposed to 16.7% of the all-industry average. Given these conditions, it appears clear that the construction industry in Japan is facing a chronic shortage of workers.

## Breakdown of workers by age bracket

| (%)                                       | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|------|------|------|------|------|------|------|------|------|------|
| Age 29 or younger (construction industry) | 19.6 | 19.1 | 17.7 | 16.1 | 15.5 | 15.0 | 13.8 | 13.0 | 12.8 | 11.6 |
| Age 29 or younger (all industries)        | 22.3 | 21.5 | 20.9 | 20.2 | 19.7 | 19.4 | 18.8 | 18.3 | 17.8 | 17.5 |
| Age 55 or older (construction industry)   | 23.9 | 24.8 | 26   | 28.1 | 29.4 | 30.2 | 31.3 | 32.2 | 32.5 | 33.0 |
| Age 55 or older (all industries)          | 23.1 | 23.7 | 24.6 | 25.6 | 26.5 | 27.0 | 27.9 | 28.2 | 28.4 | 28.5 |
| (%)                                       | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Age 29 or younger (construction industry) | 11.8 | 11.2 | 10.2 | 10.7 | 10.8 | 11.4 | 11.0 | 11.2 | 11.6 | 11.8 |
| Age 29 or younger (all industries)        | 17.3 | 16.7 | 16.6 | 16.4 | 16.3 | 16.4 | 16.2 | 16.5 | 16.6 | 16.6 |
| Age 55 or older (construction industry)   | 32.8 | 33.4 | 34.2 | 34.2 | 33.9 | 33.9 | 34.4 | 35.1 | 35.3 | 36.0 |
| Age 55 or older (all industries)          | 28.6 | 28.7 | 28.7 | 28.9 | 29.2 | 29.3 | 29.9 | 30.2 | 30.5 | 31.1 |
| (%)                                       | 2021 | 2022 | 2023 | 2024 |      |      |      |      |      |      |
| Age 29 or younger (construction industry) | 13.7 | 11.7 | 11.6 | 11.7 |      |      |      |      |      |      |
| Age 29 or younger (all industries)        | 18.0 | 16.4 | 16.7 | 16.9 |      |      |      |      |      |      |
| Age 55 or older (construction industry)   | 33.1 | 35.9 | 36.6 | 36.9 |      |      |      |      |      |      |
| Age 55 or older (all industries)          | 27.9 | 31.5 | 31.9 | 32.4 |      |      |      |      |      |      |

Source: Shared Research based on the Labour Force Survey from the Ministry of Internal Affairs and Communications

## Employment breakdown at major construction companies

According to the Labour Force Survey released by Japan's Ministry of Internal Affairs and Communications, the number of individuals employed in the nation's construction industry has been gradually declining over the past decade, amounting to 4.61mn in 2024. This downward trend is particularly evident among skilled on-site workers; shortages of these workers have become more acute amid rising construction volumes. According to construction industry activity studies covering 53 major construction companies—released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) through 2022—employee headcounts had been increasing. Nevertheless, growth in dispatched workers has also been observed as companies seek to address persistent labor shortages.

## Number of employees in major construction companies and number of temporary employees

| ('000)               | 2012  | 2013  | 2014 | 2015 | 2016 | 2017  | 2018  | 2019 | 2020  | 2021 | 2022  |
|----------------------|-------|-------|------|------|------|-------|-------|------|-------|------|-------|
| Engineers            | 107   | 105   | 104  | 113  | 113  | 115   | 115   | 118  | 121   | 121  | 123   |
| Technicians          | 14    | 14    | 16   | 13   | 13   | 13    | 14    | 14   | 15    | 16   | 15    |
| Administration staff | 37    | 38    | 37   | 37   | 39   | 39    | 40    | 39   | 39    | 40   | 40    |
| Other                | 2     | 2     | 2    | 1    | 1    | 1     | 2     | 2    | 2     | 2    | 2     |
| Total employees      | 161   | 159   | 159  | 165  | 166  | 169   | 171   | 174  | 177   | 180  | 180   |
| YoY                  | -1.7% | -0.7% | 0.0% | 3.3% | 1.0% | 1.4%  | 1.5%  | 1.7% | 1.8%  | 1.4% | 0.4%  |
| Temporary workers    | 17    | 17    | 18   | 20   | 21   | 24    | 26    | 29   | 28    | 29   | 27    |
| YoY                  | 37.2% | 0.2%  | 8.1% | 8.1% | 7.9% | 11.6% | 10.9% | 9.5% | -1.3% | 2.7% | -8.2% |

Source: Shared Research based on the Ministry of Land, Infrastructure, Transport and Tourism's survey on construction industry activity targeting 53 major construction companies

Note: Years displayed refer to the years in which corresponding surveys were conducted. The Ministry of Land, Infrastructure, Transport and Tourism has not released any construction industry activity studies since its most recent study for FY2023.

## Construction worker headcount trends indicated by labor force surveys

| ('000)                     | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total construction workers | 4,870  | 4,870  | 4,890  | 4,890  | 4,860  | 4,740  | 4,690  | 4,650  | 4,680  | 4,610  |
| YoY                        | -0.8%  | 0.0%   | 0.4%   | 0.0%   | -0.6%  | -2.5%  | -1.1%  | -0.9%  | 0.6%   | -1.5%  |
| Managers                   | 190    | 210    | 200    | 190    | 180    | 170    | 170    | 180    | 190    | 170    |
| Engineers                  | 320    | 300    | 310    | 340    | 360    | 360    | 350    | 370    | 370    | 380    |
| Administration staff       | 780    | 780    | 790    | 820    | 820    | 800    | 820    | 830    | 850    | 840    |
| Sales staff                | 270    | 260    | 270    | 270    | 260    | 270    | 250    | 240    | 240    | 240    |
| Technicians                | 3,280  | 3,290  | 3,290  | 3,230  | 3,200  | 3,090  | 3,060  | 3,000  | 2,990  | 2,950  |
| YoY                        | -1.8%  | 0.3%   | 0.0%   | -1.8%  | -0.9%  | -3.4%  | -1.0%  | -2.0%  | -0.3%  | -1.3%  |
| Other                      | 30     | 30     | 30     | 40     | 40     | 50     | 40     | 30     | 40     | 30     |

Source: Shared Research based on the Labour Force Survey from the Ministry of Internal Affairs and Communications

Note: Manual laborers and other on-site construction workers have been classified as "technicians." Job classifications follow the standards used by the Japan Federation of Construction Contractors.

## Upper limits on overtime (effective April 2024)

Long working hours has been a serious issue in the construction industry in Japan. According to the Ministry of Health, Labour and Welfare's Monthly Labour Survey for 2022, average monthly working hours in the construction industry reached 163.5, which exceeds the average of 136.1 hours for all industries covered by the survey. Similarly, the average number of working days in the construction industry was 20.0 per month, which exceeds the all-industry average of 17.6 days. Against this backdrop, the Japanese government moved to place an upper limit on overtime work in the construction industry starting April 2024. In April 2019, the government introduced these regulations aimed at reducing long working hours in a number of industries, excluding those, such as the construction industry, which would be subject to the regulation at a later date. The regulations set upper limits on overtime at 45 hours per month and 360 hours per year in principle (720 hours per year in cases there is a labor-management agreement). The regulations also set a maximum for overtime in any given month of 100 hours, with companies being fined for any violations. The construction industry, where long working hours have become the norm, has been given a five-year grace period, but that grace period will end at the end of March 2024.

## Digital transformation (DX) in the construction industry

Digital transformation in the construction industry means incorporating digital technologies into planning, design, and construction to help reduce overall labor, increase speed, and improve the sophistication of construction operations. The advancement of DX in the construction industry will likely contribute to a reduced need for some tradesmen, although there will still be a need for construction project management. At the same time, the company notes that as DX progresses, it will be easier for younger workers without a substantial level of experience to effectively manage construction projects.

### i-Construction

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is promoting i-Construction, an initiative aimed at improving productivity in the overall construction and production systems and making construction sites more attractive through the extensive use of information and communication technology (ICT) at those sites.

Implementing the increased use of automation and robotics as in the manufacturing industry has been difficult at construction sites, largely due to the following reasons: items (e.g., buildings) are produced on an individual basis based on the specifications of customers at different locations; on-site, outdoor production, where workers must contend with a variety of different geographical, topographical, and weather conditions; and the labor-intensive nature of construction, which involves a large number of workers with different skills, including at specialized construction companies, with various materials, equipment, and construction methods. That being said, the introduction of IoT to construction sites offers the potential to improve productivity in a way similar to that seen in manufacturing. As a specific example, the introduction of more efficient supply chain management systems can optimize operations at factories and worksites, including in regard to procuring raw materials, manufacturing components, transporting materials and equipment, and assembling components.

In addition, the introduction of 3D data in each construction and production process—from surveying and measurement to design, construction, inspection, maintenance, and upgrading—will allow the use of the newest technologies, including ICT construction equipment. To achieve these goals, in FY2016 MLIT introduced 15 new standards, including manuals for public surveys and standards for supervision and inspection. MLIT also launched new cost standards that included leasing charges for ICT construction equipment.

### Entered a business alliance with SpiderPlus & Co. (TSE Growth: 4192)

On November 14, 2022, Copro announced that it had entered a business alliance with SpiderPlus & Co., which is involved in the digital transformation of Japan's construction industry. Customers such as major general contractors require technicians dispatched who can use SPIDERPLUS, a construction site DX app provided by SpiderPlus. Copro expects that training technicians to use SPIDERPLUS will distinguish it from competitors, boosting the number of technicians dispatched along with contract pricing.

## Scale of the temporary staffing market for construction technicians

Yano Research Institute expects the market for staffing services for the construction industry to expand from JPY560bn in 2022 to JPY650bn in 2026 (CAGR of 3.8%). It expects the market expansion to be driven by a shortage of technicians as the average age in the construction industry climbs, a sustained increase in the use of dispatched personnel in the industry, and changing values in regard to work styles.



## Estimates for the scale of the temporary staffing market for construction technicians

| (JPYbn) | 2021   | 2022   | 2023     | 2024     | 2025     | 2026     |
|---------|--------|--------|----------|----------|----------|----------|
|         | Actual | Actual | Estimate | Estimate | Estimate | Estimate |
|         | 530    | 560    | 580      | 600      | 620      | 650      |
| YoY     |        | 5.7%   | 3.6%     | 3.4%     | 3.3%     | 4.8%     |

Source: Shared Research based on company materials

## IT industry

### Temporary staffing of IT technicians

According to the 2019 Survey on IT Human Resources Supply and Demand by the Ministry of Economy, Trade and Industry (METI), while IT demand in Japan is likely to expand, the country's working population (especially its younger population) is expected to decrease, with demand for IT human resources exceeding supply. Assuming demand will expand at a CAGR of 2.7% and productivity will improve at a CAGR of 0.7%, the supply-demand gap in IT human resources is projected to increase from 220,000 in 2018 to 450,000 in 2030.

### Estimated supply and demand in IT human resources

| ('000)         | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Labor supply   | 1,032 | 1,046 | 1,060 | 1,071 | 1,081 | 1,091 | 1,101 | 1,110 | 1,114 | 1,118 | 1,122 | 1,127 | 1,133 |
| YoY            | 1.3%  | 1.4%  | 1.4%  | 1.0%  | 1.0%  | 0.9%  | 0.9%  | 0.8%  | 0.4%  | 0.3%  | 0.4%  | 0.4%  | 0.5%  |
| Labor shortage | 220   | 261   | 304   | 314   | 326   | 338   | 351   | 364   | 381   | 398   | 415   | 432   | 449   |
| YoY            | -     | 18.6% | 16.4% | 3.5%  | 3.6%  | 3.7%  | 3.8%  | 3.9%  | 4.6%  | 4.5%  | 4.3%  | 4.1%  | 3.8%  |

Source: Shared Research based on data from METI's 2019 Survey on IT Human Resources Supply and Demand. 2018 figures are actual data.

## Competitive environment

### Temporary staffing of construction technicians

#### Barriers to entry

Yano Research Institute estimated the size of the temporary staffing market for construction technicians in 2022 at JPY560bn. Using this estimate and total revenue for the relevant businesses at the five major companies in the most recent fiscal year, Shared Research calculates these companies on a combined basis hold about a 22% share of the market. The five leaders are Open Up Group (Construction business), TechnoPro Holdings (Construction Management Outsourcing business), Outsourcing (Construction and Plant related business), and Nareru Group (Construction Solutions business). The temporary staffing market for construction technicians has not been dominated by just a few companies, but is characterized as having many small and medium-sized players, and the barriers to entry are not particularly high. On the other hand, Shared Research believes that becoming a major player in the market is not easy, as it requires building a track record and a certain level of credibility based on past performance

One of the key characteristics of the construction industry is that it operates on a made-to-order basis, and production only begins once an order is placed. The customer will only know if the requested quality and performance have been achieved once the project is completed. As such, reliability based on past performance and trust-based relationships with customers, including developers, are extremely important in the industry. The same can be said for the company and its customers in the construction industry. Accordingly, Shared Research believes that while the barriers to entry are not particularly high, only a few companies, specifically those that can establish a proven track record and ensure relationships of trust, are likely to emerge as winners.

#### Industry peers

Copro is not affiliated with any general contractor, whereas many of its competitors are subsidiaries of major general contractors, such as Act Technical Support Inc. (a subsidiary of Kajima Corporation) and Taisei Staff Service Co., Ltd. (a subsidiary of Taisei Corporation). Shared Research assumes these subsidiaries dispatch workers exclusively to the parent general contractor and either do not or cannot dispatch them to destinations that might be in competition with the parent. As such, we believe companies such as Copro, which stay equidistant from each of the general contractors, play an important role in the industry.

Non-affiliated competitors in the construction technician dispatch business include Open Up Group, TechnoPro Holdings, Outsourcing, and Nareru Group. In its Domestic Engineering Outsourcing business, Outsourcing provides dispatching services not only to the construction industry but also for design and development projects across various industries. Outsourcing was delisted on June 6, 2024. Shared Research considers Copro (Construction Technician Dispatch business), Open Up Group (Construction business), TechnoPro Holdings (Construction Management Outsourcing business), and Nareru Group (Construction Solutions business) as comparable companies, as they primarily focus on dispatching construction technicians and can be compared for FY2022.

In FY2023, Copro Construction posted revenue of JPY21.9bn, Open Up Group (Construction business) JPY45.0bn, TechnoPro Holdings (Construction Management Outsourcing business) JPY23.3bn, and Nareru Group (Construction Solutions business) JPY19.3bn. However, fiscal year-end dates vary: Copro closes its fiscal year in March, Open Up Group and TechnoPro Holdings in June, and Nareru Group in October, making direct comparisons over the same period difficult. The table below presents the most recent financial results as FY2023.

## Comparison of four leading construction technician dispatching companies

| Revenue (JPYmn)  | FY2020  | FY2021  | FY2022  | FY2023  | FY2024  | 2-year CAGR               | 5-year CAGR                |
|--|---------|---------|---------|---------|---------|---------------------------|----------------------------|
|  | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |                           |                            |
| Copro Holdings   | 14,837  | 15,589  | 18,791  | 24,098  | 38,000  |                           |                            |
| YoY  | 13.1%   | 5.1%    | 20.5%   | 28.2%   | 57.7%   | 42.2%                     | 23.7%                      |
|  | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY06/25 |                           |                            |
| TechnoPro Holdings   | 161,316 | 178,756 | 199,851 | 219,218 | 238,966 |                           |                            |
| YoY  | 1.8%    | 10.8%   | 11.8%   | 9.7%    | 9.0%    | 9.3%                      | 8.6%                       |
| Open Up Group  | 98,887  | 148,573 | 150,697 | 173,225 | 187,954 |                           |                            |
| YoY  | -       | 50.2%   | 1.4%    | 14.9%   | 8.5%    | 11.7%                     |                            |
|  | FY10/21 | FY10/22 | FY10/23 | FY10/24 |         |                           |                            |
| Nareru Group   | 12,125  | 14,541  | 17,995  | 21,609  |         |                           |                            |
| YoY  | -       | 19.9%   | 23.8%   | 20.1%   |         | 21.9%                     |                            |
| Total of four companies  | 287,165 | 357,459 | 387,334 | 438,150 |         |                           |                            |
| YoY  | -       | 24.5%   | 8.4%    | 13.1%   |         |                           |                            |
| Operating profit (JPYmn)                                       | FY2020  | FY2021  | FY2022  | FY2023  | FY2024  | 2-year CAGR               | 5-year CAGR                |
|  | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |                           |                            |
| Copro Holdings   | 1,438   | 1,621   | 1,322   | 2,142   | 2,764   |                           |                            |
| YoY  | -9.7%   | 12.8%   | -18.5%  | 62.0%   | 29.1%   | 44.6%                     | 11.7%                      |
|  | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY06/25 |                           |                            |
| TechnoPro Holdings   | 19,461  | 20,641  | 21,838  | 21,918  | 23,844  |                           |                            |
| YoY  | 23.4%   | 6.1%    | 5.8%    | 0.4%    | 8.8%    | 4.5%                      | 8.6%                       |
| Open Up Group  | -25,220 | 10,103  | 12,164  | 14,293  | 16,244  |                           |                            |
| YoY  | -       | -       | 20.4%   | 17.5%   | 13.7%   | 15.6%                     |                            |
|  | FY10/21 | FY10/22 | FY10/23 | FY10/24 |         |                           |                            |
| Nareru Group   | 1,758   | 2,040   | 2,469   | 3,111   |         |                           |                            |
| YoY  | -       | 16.0%   | 21.1%   | 26.0%   |         | 23.5%                     |                            |
| Total of four companies  | -2,563  | 34,405  | 37,793  | 41,464  |         |                           |                            |
| YoY  | -       | -       | 9.8%    | 9.7%    |         |                           |                            |
| Operating profit margin  |         |         |         |         |         | Average of past two years | Average of past five years |
| Copro Holdings   | 9.7%    | 10.4%   | 7.0%    | 8.9%    | 7.3%    | 8.0%                      | 10.3%                      |
| TechnoPro Holdings   | 12.1%   | 11.5%   | 10.9%   | 10.0%   | 10.0%   | 10.0%                     | 10.7%                      |
| Open Up Group  | -       | 6.8%    | 8.1%    | 8.3%    | 8.6%    | 8.4%                      |                            |
| Nareru Group   | 14.5%   | 14.0%   | 13.7%   | 14.4%   |         | 14.1%                     |                            |
| Total of four companies  | -       | 9.6%    | 9.8%    | 9.5%    |         |                           |                            |
| Revenue from construction technician dispatch business (JPYmn) | FY2020  | FY2021  | FY2022  | FY2023  | FY2024  | 2-year CAGR               | 5-year CAGR                |
|  | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |                           |                            |
| Copro (Copro Construction)                                     | 14,837  | 14,831  | 17,550  | 21,883  | 26,739  |                           |                            |
| YoY  | 13.1%   | 0.0%    | 18.3%   | 24.7%   | 22.2%   | 23.4%                     | 15.3%                      |
|  | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY06/25 |                           |                            |
| TechnoPro (Construction Management Outsourcing business)       | 19,670  | 20,311  | 21,642  | 23,291  | 25,564  |                           |                            |
| YoY  | -0.6%   | 3.3%    | 6.6%    | 7.6%    | 9.8%    | 8.7%                      | 5.3%                       |
| Open Up (Construction business)                                | 8,720   | 36,921  | 40,121  | 44,994  | 56,904  |                           |                            |
| YoY  | -       | 323.4%  | 8.7%    | 12.1%   | 26.5%   | 19.1%                     |                            |
|  | FY10/21 | FY10/22 | FY10/23 | FY10/24 |         |                           |                            |
| Nareru (Construction Solutions business)                       | 10,988  | 13,033  | 16,045  | 19,347  |         |                           |                            |
| YoY  | -       | 18.6%   | 23.1%   | 20.6%   |         | 21.8%                     |                            |
| Total of four companies  | 54,214  | 85,096  | 95,358  | 109,515 |         |                           |                            |
| YoY  | -       | 57.0%   | 12.1%   | 14.8%   |         |                           |                            |

Source: Shared Research based on materials from various companies

Notes: TechnoPro Holdings has used the International Financial Reporting Standards (IFRS) since FY2013 (FY06/14), Open Up Group since FY2021 (FY06/22), and Nareru Group since FY2021 (FY10/22). The company uses the Japanese generally accepted accounting principles (J-GAAP). Results at Open Up Group in FY2020 (FY06/21) were affected by a business integration.



Because operating profit includes both segment results and company-wide eliminations, it is difficult to make a comparison of profitability by segment. Given that Copro's core business is the dispatch of technicians to construction sites, Shared Research has compared its operations to Nareru Group, which resembles the company the most in terms of business composition. In FY2023, Copro's OPM was 8.9%, compared with 14.4% at Nareru Group. However, we should note the company uses Japanese generally accepted accounting principles (J-GAAP), while Nareru Group has adopted the International Financial Reporting Standards (IFRS). The major differences of the two accounting standards are explained in the table below. Nareru Group has recognized a goodwill asset of JPY14.1bn, and Shared Research estimates if this were amortized over eight years using the straight-line method, its OPM would be 6.3% (11.1% if amortized over 20 years). In addition, under IFRS, if the recoverable amount of the goodwill asset is lower than its book value, impairment charges may affect earnings performance.

## Main differences in accounting standards

|                                 | J-GAAP                              | IFRS                               |
|---------------------------------|-------------------------------------|------------------------------------|
| Amortization of goodwill        | Recorded under SG&A expenses        | Not recorded as expenses           |
| Employment adjustment subsidy   | Recorded under non-operating income | Recorded under other income        |
| Provision for paid annual leave | Not recorded as expenses            | Mainly recorded as cost of revenue |
| Impairment losses               | Recorded under extraordinary losses | Recorded under other expenses      |
| Hiring and training expenses    | Recorded under SG&A expenses        | Recorded under cost of revenue     |

Source: Shared Research based on materials from various companies

Copro records hiring expenses (JPY974mn in FY03/24) under SG&A expenses, whereas Nareru Group does not disclose this figure. If these expenses are added to the cost of revenue, Copro's GPM for FY03/24 is 24.1%, lower than Nareru Group's 27.5% in FY10/24. One contributing factor could be Copro's lower margin rate\* compared to Nareru Group. Based on disclosures under the Worker Dispatching Act, Copro Construction's margin rate in FY03/24 is estimated at 38.5% (Shared Research calculation), whereas Nareru Group (World Corporation) recorded an estimated 45.0% (Shared Research calculation) in FY10/23 (as FY10/24 data is not yet available), highlighting Copro Construction's lower margin rate. Copro's contracts for dispatched technicians do not include provisions for bonuses, instead incorporating relevant amounts into monthly salaries. In contrast, other companies, including Nareru Group, provide bonuses. However, given the industry's nature, many dispatched technicians leave after a relatively short period. As a result, even if companies set aside amounts each month for bonuses, technicians may leave before receiving them. Copro speculates this ultimately leads to higher margin rates, as unused bonus reserves are later reversed. Additionally, the company states its lower margin rate is influenced by its focus on assigning technicians to major general contractors, subcontractors, and other customers with high retention rates rather than those offering higher margin rates.

### Margin rate:

Under the 2012 amendment to the Worker Dispatching Act, companies are required to publicly disclose their margin rate through the Internet or other means, allowing workers to verify the metric and thereby choose a more appropriate staffing agency. The margin rate is calculated as "1 - (worker wage ÷ dispatch fee)", and it includes not only the profit earned by the staffing company, but also social insurance fees, training expenses, and other costs it incurs. According to the Ministry of Health, Labour and Welfare, a lower margin rate is not necessarily more favorable because the metric includes social insurance fees, training expenses, and other items. The ministry says it is important to comprehensively evaluate the margin rate in conjunction with other information.

## Margin rate of Copro (Copro Construction)

| Copro Construction  | Number of dispatched technicians | Number of assignment locations | Dispatch fee (JPY) (a) (average per eight-hour working day) | Worker wages (JPY) (b) (average per eight-hour working day) | Margin rate (a-b)/a |
|---|----------------------------------|--------------------------------|---|---|---------------------|
| Tokyo head office   | 876                              | 779                            | 27,127  | 16,984  | 37.4%               |
| Sapporo branch  | 134                              | 146                            | 27,425  | 16,289  | 40.6%               |
| Sendai branch   | 187                              | 272                            | 27,850  | 16,440  | 41.0%               |
| Omiya branch  | 270                              | 270                            | 26,728  | 16,953  | 36.6%               |
| Yokohama branch   | 366                              | 380                            | 29,901  | 18,343  | 38.7%               |
| Nagoya branch   | 583                              | 641                            | 27,847  | 16,943  | 39.2%               |
| Osaka branch  | 624                              | 690                            | 27,184  | 16,766  | 38.3%               |
| Hiroshima branch  | 183                              | 210                            | 26,359  | 16,029  | 39.2%               |
| Fukuoka branch  | 240                              | 301                            | 27,559  | 16,495  | 40.1%               |
| Total for headcount and assignment locations; weighted average for fees and wages | 3,463                            | 3,689                          | 27,560  | 16,938  | 38.5%               |

Source: Shared Research based on company materials (April 2023–March 2024)

## Margin rate of Nareru Group (World Corporation)

| World Corporation   | Number of dispatched technicians | Number of assignment locations | Dispatch fee (JPY) (a) (average per eight-hour working day) | Worker wages (JPY) (b) (average per eight-hour working day) | Margin rate (a-b)/a |
|---|----------------------------------|--------------------------------|---|---|---------------------|
| Tokyo head office   | 2,087                            | 660                            | 26,424  | 14,790  | 44.0%               |
| Hokkaido branch   | 113                              | 81                             | 21,580  | 12,451  | 42.3%               |
| Tohoku branch   | 117                              | 79                             | 24,640  | 12,418  | 49.6%               |
| Chubu branch  | 199                              | 136                            | 24,642  | 13,741  | 44.2%               |
| Kansai branch   | 450                              | 185                            | 22,997  | 13,703  | 40.4%               |
| Kyushu branch   | 157                              | 103                            | 25,225  | 14,389  | 43.0%               |
| Total for headcount and assignment locations; weighted average for fees and wages | 3,123                            | 1,244                          | 25,514  | 14,373  | 43.7%               |

Source: Shared Research based on data from included companies (November 2023–October 2024)

Copro (Copro Construction) recorded an average utilization rate of 94.2% over the past two years, exceeding the 94.0% reported by Nareru Group (World Corporation). Copro has historically maintained a high utilization rate due to a lower proportion of inexperienced workers among its overall workforce, resulting in fewer non-billable days for training and other reasons. However, this proportion of inexperienced workers increased in FY03/25, and Shared Research concludes the gap with peer companies is narrowing.

At the same time, the company's turnover rate (year-end figure) averaged 27.6% in the past two years, compared with 29.7% for Nareru Group (World Corporation). The turnover rate (year-end figure) is calculated as "1 - retention rate (for current year)." The company's turnover rate for the past two years estimated by Shared Research was 26.3%, compared with 29.1% for Nareru Group. Our estimate is calculated as "number of departures in current year ÷ (number of technicians at end of previous year + number of new hires in current year)." In both calculations, the company's turnover rate is lower than Nareru Group's. Shared Research attributes the company's lower turnover rate to its focus on raising the share of its personnel assigned to target companies (such as major general contractors and subcontractors), dispatching teams or sets of personnel to the same job sites, and providing follow-up support to dispatched technicians.

## Comparison of utilization and turnover rates

| Company  | Copro (Copro Construction) |         | Nareru Group (World Corporation) |         |
|--|----------------------------|---------|----------------------------------|---------|
|  | FY03/24                    | FY03/25 | FY10/23                          | FY10/24 |
| <b>Construction technician dispatch business</b>             |                            |         |                                  |         |
| Number of technicians enrolled at the end of the fiscal year | 3,568                      | 4,352   | 2,696                            | 3,239   |
| Average utilization rate during the fiscal year              | 94.6%                      | 93.8%   | 93.8%                            | 94.2%   |
| Number of new hires  | 2,024                      | 2,379   | 1,559                            | 1,805   |
| Number of departures   | 1,233                      | 1,595   | 1,125                            | 1,284   |
| Turnover rate (year-end figure)                              | 27.9%                      | 27.3%   | 30.2%                            | 29.1%   |
| Turnover rate (Shared Research estimate)                     | 25.7%                      | 26.8%   | 29.6%                            | 28.5%   |

Source: Shared Research based on materials from various companies

Note: Turnover rate calculated as "1 - retention rate" by the company, and as "number of departures in current year ÷ (number of technicians at end of previous year + number of new hires in current year)" by Shared Research.

## Mechanical, electrical, and semiconductor technician dispatch and contracted work

Peers in mechanical, electrical, and semiconductor technician dispatch and contracted work include Meitec, TechnoPro Holdings, and Altech Corporation (TSE Prime: 4641).

## IT technician dispatch

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Peers in IT technician dispatch include Geechs Inc. (TSE Prime: 7060), Mirai Works Inc. (TSE Growth: 6563), and Circulation Co., Ltd. (TSE Growth: 7379). Geechs, the largest company in the SES field, offers a full range of benefits for IT freelancers, including tax return seminars and preferential access to health checkup services.

# Strengths and weaknesses

## Strengths

**By focusing on direct hiring rather than relying on recruitment agencies, the company has kept its hiring cost per technician low.**

In FY03/24, Copro reported JPY333,000 in mid-career hiring costs per technician (-6.5% YoY). It is committed to hiring technicians itself, rather than using recruiting firms. One reason it can hire all its technicians in this way is that it subdivides the process from recruitment to sales into smaller steps, managing them on a daily basis and taking measures to improve each management target along the way. The company says this type of management is extremely time-consuming, so it has taken the time to build up its expertise, which has enabled it to constantly improve its process management and hire efficiently even as the number of hires grows. According to Copro, its mid-career hiring costs per technician are the lowest among listed companies in the construction industry (industry average is JPY500,000–600,000).

**Compared with industry peers, the company has maintained a low turnover rate—an important driver of revenue growth—while sustaining a high utilization rate.**

Copro's (Copro Construction's) turnover rate (year-end figure) has averaged 26.8% in the past two years, compared with 29.7% at Nareru Group (World Corporation). The turnover rate (year-end figure) is calculated as "1 - retention rate (cumulative for the current year)." The company's average turnover rate for the past two years estimated by Shared Research was 24.6%, compared with 29.4% for Nareru Group. Our estimate is calculated as "number of departures in current year ÷ (number of technicians at end of previous year + number of new hires in current year)." In both calculations, the company's turnover rate is lower than Nareru Group's. Shared Research attributes this to the company's commitment to follow-up support for dispatched technicians, and a higher ratio of experienced workers (with a low turnover rate) than inexperienced workers. The latter have a high turnover rate, primarily due to the gap between actual work assignments and their expectations.

Because the company's revenue is a function of the number of technicians dispatched (number of technicians × utilization rate) and the average monthly contract rate per technician, the turnover rate has a major impact on revenue growth. If the turnover rate continues to rise, the company may struggle to grow its workforce even if it steps up hiring, which in turn can lead to missed revenue opportunities due to an inability to deploy skilled technicians in a timely and appropriate manner. In such a case, investments in recruitment and training are wasted and erode profit margins.

Meanwhile, Copro's (Copro Construction's) utilization rate averaged 95.5% in the past two years, exceeding the 93.8% at Nareru Group (World Corporation). Shared Research mainly attributes the higher rate at the company to fewer non-working (e.g., training) days because it has a low ratio of inexperienced workers, as well as to a high ratio of fixed-term dispatched employees. Together, these factors help maintain a high utilization rate. As explained above, the utilization rate is an important component of revenue.

**The company has achieved strong revenue growth through a top-down strategy and coordinated organizational execution.**

Shared Research believes that Copro, under the strong leadership of President Kiyokawa, has achieved high growth by clarifying sales policies, establishing strategies quickly, and executing them through a well-coordinated organizational structure. Over the past two years, the company has focused sales efforts on major clients such as leading general contractors, expanded team- and set-based dispatching of experienced technicians together with less-experienced ones, and strengthened recruitment and training of new graduates to increase the number of permanent employees. These efforts have helped expand markets and enhanced the quality of technicians for dispatch. By not relying solely on the abilities of individual sales representatives but leveraging top management's sound understanding of the business environment and flexible strategy setting, the company has established an organizational approach that has propelled growth surpassing that of its peers.

# Weaknesses

**Although labor shortages in Japan make overseas personnel essential, the company has been slower than competitors in developing its overseas business, reflecting its relatively short history in the industry.**

As Japan's birthrate declines and the population ages, the shortage of human resources in the construction industry is expected to become even more serious. Salaries of dispatched workers in the construction industry tend to be higher than in the food services and other industries. Nevertheless, Shared Research believes it is not easy to secure workers for dispatch. Given this need to secure overseas workers to offset the labor shortage in Japan, the company is looking to the ASEAN community as a source of labor. However, the dispatching of foreign nationals requires the recruiting of those workers in their respective countries as well as Japanese language training for them. With the goal of building a framework for its overseas human resources business, in April 2021 the company established a second-tier subsidiary in Vietnam.

TechnoPro Holdings, on the other hand, has been developing its overseas business since 2013. In addition to dispatching technicians in China, TechnoPro Holdings dispatches overseas workers to locations in Japan and conducts training for these foreign nationals. Goodwill Group Inc., TechnoPro Holdings' predecessor, was established in 1995. Copro was established in 2006, and Shared Research believes that the company, being a relatively newcomer to the industry, is lagging in the development of its overseas business.

**The company acquired a mechanical design technician dispatch firm and opened a training center, but larger competitors remain ahead in areas such as client proposals and training systems.**

TechnoPro Holdings is the leader in temporary staffing services for mechanical design technicians. In addition to providing human resources to its customers, TechnoPro Holdings identifies customer issues and proposes related solutions. It is working to bolster the training function of its technicians, including by providing education and training systems, as well as career planning advice. The R&D Outsourcing business of TechnoPro Holdings recorded FY06/23 revenue of JPY151.7bn, which was roughly 100× the FY03/24 revenue of JPY1.4bn at Atmos (acquired by Copro). There are also other large companies that have a head start on Copro in terms of their education and training systems and ability to offer attractive proposals to their customers.

In February 2024, Copro launched Semicon TechnoLab, a training center focused on developing technicians for semiconductor manufacturing equipment maintenance and inspection, marking its entry into a new business area. Against the backdrop of advancing domestic semiconductor production in response to economic security risks, the company aims to address the technician shortage for semiconductor device and equipment manufacturers by training personnel in machinery maintenance and field engineering. It will welcome personnel from major semiconductor manufacturers as instructors and conduct training using equipment equivalent to the work environment of the assigned workplace, aiming to make inexperienced personnel immediately productive. By providing training at the center, the company aims to increase the number of dispatched workers by about 100 in FY03/25 and about 200 in FY03/26.

**Because the company does not provide bonuses to dispatched technicians under its contracts, its margins are lower than those of competitors.**

Given that Copro's core business is the dispatch of technicians to construction sites, Shared Research has compared its operations to Nareru Group, which resembles the company the most in terms of business composition. In FY2022, Copro's OPM was 7.0%, compared with 13.7% at Nareru Group (the companies use different fiscal year-ends, so this comparison uses FY2022; Copro's OPM in FY2023 was 8.9%). However, we should note that Copro uses Japanese generally accepted accounting principles (J-GAAP), while Nareru Group has adopted the International Financial Reporting Standards (IFRS). While differences between the two accounting standards make comparison difficult, one key difference is that Nareru Group has recognized a goodwill of JPY14.1bn as assets, and Shared Research estimates that if this were amortized over eight years using the straight-line method, its OPM would be 3.9% (9.8% if amortized over 20 years). In addition, under IFRS, if the recoverable amount of the goodwill asset is lower than its book value, impairment charges may affect earnings performance.

Copro recognizes hiring expenses (JPY728mn for FY03/23) under SG&A expenses (not disclosed by Nareru Group). After including the cost of revenue, GPM works out to 25.8%, which is below Nareru Group's 28.7%. One factor contributing to this is the margin rate. Copro (Copro Construction) has a lower margin rate (40.1%; Shared Research

estimate) than Nareru Group (World Corporation; 44.5%; Shared Research estimate). Copro's contracts for dispatched technicians do not include provisions for bonuses (instead incorporating relevant amounts into monthly salaries), while other companies, including Nareru Group, provide bonuses. However, due to the nature of the industry, many dispatched technicians leave after a relatively short time, so even if amounts are set aside each month to go toward bonuses, the technicians may leave before ever receiving the bonus. Copro speculates that this ultimately leads to higher margin rates, since the bonus reserves are later reversed. The company also states that its lower margin rate is affected by the fact that it prioritizes assignments to major general contractors, subcontractors, and other customers with high retention rates over customers with high margin rates.

# Historical performance and financial statements

## Income statement

| Income statement                                       | FY03/18      | FY03/19       | FY03/20       | FY03/21       | FY03/22       | FY03/23       | FY03/24       | FY03/25       |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (JPYmn)  | Cons.        | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         |
| <b>Revenue</b>   | <b>8,963</b> | <b>10,819</b> | <b>13,123</b> | <b>14,837</b> | <b>15,589</b> | <b>18,791</b> | <b>24,098</b> | <b>30,015</b> |
| YoY  | 16.4%        | 20.7%         | 21.3%         | 13.1%         | 5.1%          | 20.5%         | 28.2%         | 24.6%         |
| Cost of revenue  | 6,138        | 7,194         | 8,747         | 10,539        | 10,744        | 13,216        | 17,324        | 21,706        |
| <b>Gross profit</b>                                    | <b>2,825</b> | <b>3,625</b>  | <b>4,376</b>  | <b>4,298</b>  | <b>4,845</b>  | <b>5,575</b>  | <b>6,774</b>  | <b>8,309</b>  |
| Gross profit margin                                    | 31.5%        | 33.5%         | 33.3%         | 29.0%         | 31.1%         | 29.7%         | 28.1%         | 27.7%         |
| SG&A expenses  | 1,930        | 2,280         | 2,783         | 2,860         | 3,223         | 4,253         | 4,633         | 5,545         |
| SG&A ratio   | 21.5%        | 21.1%         | 21.2%         | 19.3%         | 20.7%         | 22.6%         | 19.2%         | 18.5%         |
| <b>Operating profit</b>                                | <b>895</b>   | <b>1,345</b>  | <b>1,593</b>  | <b>1,438</b>  | <b>1,621</b>  | <b>1,322</b>  | <b>2,142</b>  | <b>2,764</b>  |
| YoY  | -1.6%        | 50.3%         | 18.4%         | -9.7%         | 12.8%         | -18.5%        | 62.0%         | 29.1%         |
| Operating profit margin                                | 10.0%        | 12.4%         | 12.1%         | 9.7%          | 10.4%         | 7.0%          | 8.9%          | 9.2%          |
| Non-operating income                                   | 5            | 2             | 2             | 5             | 1             | 4             | 73            | 23            |
| Interest income  | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 3             |
| Rental income  | 1            | 1             | 1             | 1             | 1             | 1             | 1             | 1             |
| Other  | 4            | 1             | 0             | 4             | 0             | 3             | 72            | 19            |
| Non-operating expenses                                 | 15           | 10            | 9             | 3             | 3             | 2             | 3             | 3             |
| Interest expenses                                      | 5            | 4             | 2             | 1             | 0             | 0             | 0             | 0             |
| Guarantee commission                                   | 5            | 4             | 2             | 1             |               |               | -             |               |
| Other  | 5            | 3             | 5             | 1             | 3             | 2             | 3             | 2             |
| <b>Recurring profit</b>                                | <b>885</b>   | <b>1,337</b>  | <b>1,585</b>  | <b>1,440</b>  | <b>1,620</b>  | <b>1,324</b>  | <b>2,212</b>  | <b>2,784</b>  |
| YoY  | -1.8%        | 51.1%         | 18.6%         | -9.2%         | 12.5%         | -18.2%        | 67.0%         | 25.9%         |
| Recurring profit margin                                | 9.9%         | 12.4%         | 12.1%         | 9.7%          | 10.4%         | 7.0%          | 9.2%          | 9.3%          |
| Extraordinary gains                                    | 2            |               | 18            | 91            | 62            | 0             | 1             | 0             |
| Extraordinary losses                                   | 6            | 2             | 36            | 92            | 126           | 5             | -             | 0             |
| Loss on retirement of fixed assets                     | 3            | 2             | 36            | 4             | 0             | 5             |               |               |
| Impairment losses                                      |              |               |               | 87            | 125           |               |               |               |
| Other  | 3            |               |               |               |               |               | 0             | 0             |
| Income taxes   | 273          | 396           | 483           | 430           | 593           | 454           | 750           | 964           |
| Implied tax rate                                       | 30.9%        | 29.7%         | 30.8%         | 29.9%         | 38.1%         | 34.5%         | 33.9%         | 34.6%         |
| Net income attributable to non-controlling interests   |              |               |               |               |               |               |               |               |
| <b>Net income attributable to owners of the parent</b> | <b>608</b>   | <b>939</b>    | <b>1,084</b>  | <b>1,009</b>  | <b>963</b>    | <b>865</b>    | <b>1,463</b>  | <b>1,821</b>  |
| YoY  | 12.4%        | 54.4%         | 15.5%         | -6.9%         | -4.6%         | -10.2%        | 69.3%         | 24.4%         |
| Net margin   | 6.8%         | 8.7%          | 8.3%          | 6.8%          | 6.2%          | 4.6%          | 6.1%          | 6.1%          |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.



# Balance sheet

| Balance sheet<br>(JPYmn)                | FY03/18<br>Cons. | FY03/19<br>Cons. | FY03/20<br>Cons. | FY03/21<br>Cons. | FY03/22<br>Cons. | FY03/23<br>Cons. | FY03/24<br>Cons. | FY03/25<br>Cons. |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and deposits                       | 2,931            | 4,761            | 4,832            | 5,321            | 4,058            | 4,407            | 5,949            | 6,191            |
| Notes and accounts receivable           | 1,262            | 1,526            | 1,856            | 1,880            | 2,227            | 2,900            | 3,525            | 4,140            |
| Other                                   | 205              | 199              | 210              | 207              | 464              | 445              | 416              | 447              |
| Allowance for doubtful accounts         | -4               | -0               | -0               | -0               | -0               | -                | -                | -                |
| <b>Total current assets</b>             | <b>4,394</b>     | <b>6,486</b>     | <b>6,898</b>     | <b>7,408</b>     | <b>6,748</b>     | <b>7,752</b>     | <b>9,890</b>     | <b>10,778</b>    |
| Buildings and structures                | 262              | 294              | 271              | 273              | 328              | 454              | 445              | 395              |
| Construction in progress                | 40               | 20               | 41               | 28               |                  |                  |                  | 74               |
| Other                                   | 63               | 75               | 60               | 56               | 79               | 130              | 141              | 128              |
| <b>Total tangible fixed assets</b>      | <b>364</b>       | <b>389</b>       | <b>372</b>       | <b>357</b>       | <b>407</b>       | <b>584</b>       | <b>586</b>       | <b>598</b>       |
| Lease assets                            | 69               | 49               | 28               | 8                |                  |                  |                  |                  |
| Goodwill                                |                  |                  |                  |                  | 781              | 675              | 656              | 556              |
| Other                                   | 23               | 27               | 85               | 153              | 218              | 313              | 418              | 314              |
| <b>Total intangible assets</b>          | <b>92</b>        | <b>75</b>        | <b>113</b>       | <b>161</b>       | <b>999</b>       | <b>988</b>       | <b>1,075</b>     | <b>870</b>       |
| Investment securities                   |                  |                  |                  |                  |                  |                  |                  |                  |
| Deferred tax assets                     | 134              | 104              | 130              | 118              | 139              | 171              | 140              | 230              |
| Other                                   | 410              | 420              | 518              | 471              | 548              | 501              | 476              | 581              |
| <b>Investments and other assets</b>     | <b>544</b>       | <b>524</b>       | <b>648</b>       | <b>589</b>       | <b>687</b>       | <b>672</b>       | <b>600</b>       | <b>811</b>       |
| <b>Total fixed assets</b>               | <b>1,000</b>     | <b>988</b>       | <b>1,133</b>     | <b>1,107</b>     | <b>2,093</b>     | <b>2,243</b>     | <b>2,261</b>     | <b>2,279</b>     |
| <b>Total assets</b>                     | <b>5,394</b>     | <b>7,475</b>     | <b>8,031</b>     | <b>8,514</b>     | <b>8,841</b>     | <b>9,995</b>     | <b>12,151</b>    | <b>13,057</b>    |
| <b>Liabilities</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |
| Accounts payable—other                  | 883              | 1,057            | 1,145            | 1,130            | 1,328            | 1,728            | 2,287            | 2,512            |
| Short-term debt                         | 267              | 270              | 186              | 85               | -                | -                | -                | -                |
| Income taxes payable                    | 165              | 209              | 310              | 159              | 375              | 218              | 464              | 707              |
| Consumption taxes payable               |                  | 254              | 429              | 450              | 238              | 488              | 718              | 885              |
| Asset retirement obligations            | 2                | 1                | 8                | 28               | 23               | 1                | 5                |                  |
| Provision for bonuses                   | 75               | 96               | 121              | 53               | 52               | 103              | 75               | 166              |
| Other                                   | 349              | 219              | 181              | 258              | 149              | 179              | 299              | 156              |
| <b>Total current liabilities</b>        | <b>1,741</b>     | <b>2,105</b>     | <b>2,380</b>     | <b>2,163</b>     | <b>2,166</b>     | <b>2,717</b>     | <b>3,849</b>     | <b>4,427</b>     |
| Long-term debt                          | 859              | 600              | 86               | 4                | 24               | 31               | 35               | 40               |
| Asset retirement obligations            | 72               | 77               | 77               | 74               | 75               | 124              | 133              | 175              |
| Other                                   | 18               |                  |                  |                  | 1                | 11               | 18               | 15               |
| <b>Total non-current liabilities</b>    | <b>949</b>       | <b>677</b>       | <b>163</b>       | <b>79</b>        | <b>101</b>       | <b>166</b>       | <b>185</b>       | <b>230</b>       |
| <b>Total liabilities</b>                | <b>2,690</b>     | <b>2,782</b>     | <b>2,543</b>     | <b>2,242</b>     | <b>2,266</b>     | <b>2,883</b>     | <b>4,034</b>     | <b>4,658</b>     |
| <b>Net assets</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital stock                           | 30               | 30               | 30               | 30               | 30               | 30               | 30               | 30               |
| Capital surplus                         |                  | 1,170            | 1,173            | 1,231            | 1,238            | 1,239            | 1,326            | 1,377            |
| Retained earnings                       | 2,679            | 3,494            | 4,287            | 5,013            | 5,619            | 6,112            | 6,922            | 7,695            |
| Treasury stock                          | -5               | -1               | -1               | -1               | -349             | -345             | -224             | -855             |
| Accumulated other comprehensive income  |                  |                  |                  | 0                | 2                | 5                | 5                | 5                |
| <b>Total net assets</b>                 | <b>2,704</b>     | <b>4,693</b>     | <b>5,488</b>     | <b>6,272</b>     | <b>6,575</b>     | <b>7,112</b>     | <b>8,116</b>     | <b>8,400</b>     |
| <b>Total liabilities and net assets</b> | <b>5,394</b>     | <b>7,475</b>     | <b>8,031</b>     | <b>8,514</b>     | <b>8,841</b>     | <b>9,995</b>     | <b>12,151</b>    | <b>13,057</b>    |
| Working capital                         | 379              | 469              | 711              | 750              | 899              | 1,172            | 1,238            | 1,628            |
| Total interest-bearing debt             | 1,126            | 869              | 273              | 89               | 24               | 31               | 35               | 40               |
| Net debt                                | -1,805           | -3,892           | -4,559           | -5,232           | -4,034           | -4,376           | -5,914           | -6,151           |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.



# Cash flow statement

| Cash flow statement (JPYmn)                            | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
|  | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   |
| Cash flows from operating activities (1)               | 753     | 1,165   | 1,126   | 989     | 825     | 1,011   | 2,328   | 2,233   |
| Pre-tax profit   | 881     | 1,335   | 1,567   | 1,439   | 1,556   | 1,319   | 2,213   | 2,784   |
| Depreciation   | 68      | 80      | 86      | 93      | 121     | 148     | 188     | 341     |
| Impairment losses                                      |         |         |         | 87      | 125     | -       | -       |         |
| Loss (gain) on sale or retirement of fixed assets      | 4       | 2       | 36      | 4       | -1      | 5       | -       | 1       |
| Gain on sale of fixed assets                           |         |         |         |         |         | -0      | -       | 0       |
| Loss on retirement of fixed assets                     |         |         |         |         |         | 5       | -       | 1       |
| Change in working capital                              | 43      | -79     | -284    | -1      | -54     | -350    | -11     | -381    |
| Change in trade receivables                            | -208    | -265    | -330    | -24     | -134    | -673    | -625    | -615    |
| Change in inventories                                  |         |         |         |         |         |         |         |         |
| Increase (decrease) in accounts payable–other          | 251     | 186     | 46      | 23      | 79      | 323     | 614     | 234     |
| Cash flows from investing activities (2)               | 46      | -123    | -145    | -83     | -1,264  | -292    | -322    | -351    |
| Purchase of intangible/tangible fixed assets           | -189    | -84     | -87     | -228    | -155    | -289    | -417    | -236    |
| Purchase of tangible fixed assets                      |         |         |         |         |         | -217    | -51     | -159    |
| Purchase of intangible assets                          |         |         |         |         |         | -71     | -367    | -77     |
| Proceeds from sale of intangible/tangible fixed assets | 3       |         |         |         | 14      | 3       | -       | 1       |
| Free cash flow (1+2)                                   | 798     | 1,043   | 981     | 905     | -439    | 719     | 2,006   | 1,882   |
| Cash flows from financing activities                   | -731    | 761     | -885    | -417    | -825    | -372    | -465    | -1,644  |
| Net change in short-term borrowings                    | -300    |         |         |         |         |         |         |         |
| Net change in long-term borrowings                     | -       | -       | -       | -       | -40     | -       | -       | -       |
| Proceeds from long-term borrowings                     |         |         |         |         |         |         |         |         |
| Repayments of long-term borrowings                     |         |         |         |         | -40     |         |         |         |
| Proceeds from issuance of, and redemption of, bonds    | -308    | -244    | -571    | -160    | -70     | -       | -       | -       |
| Issuance of bonds                                      |         |         |         |         |         |         |         |         |
| Redemption of bonds                                    | -308    | -244    | -571    | -160    | -70     | -       | -       | -       |
| Dividends paid   | -94     | -123    | -292    | -283    | -357    | -372    | -655    | -1,047  |
| Net income attributable to owners of the parent (NI)   | 608     | 939     | 1,084   | 1,009   | 963     | 865     | 1,463   | 1,821   |
| Depreciation and amortization (A)                      | 68      | 80      | 86      | 93      | 121     | 148     | 188     | 341     |
| Capital expenditures (B)                               | -189    | -84     | -87     | -228    | -155    | -289    | -417    | -236    |
| Change in working capital (C)                          | -43     | 79      | 284     | 1       | 54      | 350     | 11      | 381     |
| Simple FCF (NI+A+B-C)                                  | 531     | 856     | 798     | 874     | 875     | 374     | 1,223   | 1,545   |
| Other (change in forex, other)                         |         |         |         | 0       | 2       | 2       | 1       | 3       |
| Change in cash and cash equivalents                    | 68      | 1,804   | 96      | 489     | -1,263  | 349     | 1,542   | 241     |

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

## Cash flows from operating activities

Backed by positive pre-tax profit, the company maintained cash inflows from operating activities from FY03/18 to FY03/23.

## Cash flows from investing activities

Cash outflows from investing activities reflect expenditures for the acquisition of tangible fixed assets and intangible assets. Cash inflows from investing activities in FY03/18 were largely due to JPY336mn in proceeds from the withdrawal of time deposits.

## Cash flows from financing activities

Cash flows from financing activities mainly reflect the payment of dividends. The company redeemed bonds every fiscal year from FY03/18 to FY03/22, but held no bonds payable as of FY03/23.

# Historical performance

# Q1 FY03/26 results

## Results summary

- Revenue: JPY8.3bn (+20.8% YoY; 21.8% of the full-year forecast)
- Operating profit: JPY619mn (+48.0% YoY; 16.3%)
- Recurring profit: JPY614mn (+42.0% YoY; 16.2%)
- Net income attributable to owners of the parent: JPY380mn (+42.9% YoY; 15.4%)

In Q1 FY03/26, Copro reported revenue of JPY8.3bn (+20.8% YoY), operating profit of JPY619mn (+48.0% YoY), recurring profit of JPY614mn (+42.0% YoY), and net income attributable to owners of the parent of JPY380mn (+42.9% YoY). Revenue and all profit categories hit record highs for Q1. Compared with the company's projections, revenue reached 47.6% of the 1H target and 21.8% of the full-year target, while operating profit reached 40.2% and 16.3%, respectively. Copro views Q1 performance as a solid start toward achieving its full-year forecast, even with slower-than-expected progress in hiring technicians and meeting other KPIs.

The number of group technicians increased to 5,184 (+19.2% YoY), supporting revenue growth. In construction technician dispatch, the utilization rate had declined in Q1 FY03/25 due to a rise in hiring, but in Q1 FY03/26, stronger sales operations kept utilization stable, pushing it up 0.8pp YoY. As a result, the GPM for construction technician dispatch improved 1.0pp YoY, while the consolidated GPM rose 0.7pp YoY. While continuing to invest strategically in technician recruitment, the company streamlined other SG&A expenses, reducing the SG&A ratio by 0.7pp YoY and lifting the OPM by 1.4pp YoY.

Copro Construction, a consolidated subsidiary engaged in construction technician dispatch, hired 130 new graduates (117 in Q1 FY03/25) and 699 mid-career technicians (726), for a total of 829 hires (843). After 517 resignations (450 in Q1 FY03/25), headcount at end-Q1 FY03/26 stood at 4,664 (3,961 at end-Q1 FY03/25). Hiring fell short of the company's target, but from Q2 onward it plans to close the gap by reallocating recruitment budgets and personnel from other regions to the Kanto area, where demand is strong. The average utilization rate in Q1 was 92.0% (91.2% in Q1 FY03/25), with no drop in utilization from large-scale hiring as in Q1 FY03/25, thanks to improved sales operations. The technician retention rate was 90.0%, up 0.2pp YoY.

In construction technician dispatch, Copro is working to deepen relationships with target companies and dispatch technicians in teams or pairs to the same worksites. The ratio of assignments to target companies in Q1 FY03/26 was 89.1%, broadly matching the 89.4% at end-FY03/25, in line with plan. To expand market share and secure talent, the company relocated its sales headquarters to Tokyo, the largest construction market, in April 2025. Starting in Q2, it plans to further strengthen operations by reallocating recruitment budgets and personnel from other regions to the Kanto area.

At Copro Technology, a consolidated subsidiary engaged in dispatching mechanical, electrical, and semiconductor technicians as well as contracted work, technician headcount increased to 360 (241 at end-Q1 FY03/25), up 119 (+49.4% YoY). Of this total, semiconductor technicians rose by 120 to 158, while mechanical design technicians declined by one to 202. The average utilization rate in Q1 was 90.9% (92.4% in Q1 FY03/25), down 1.5pp YoY. In IT technician dispatch, headcount rose to 160 from 148 at end-Q1 FY03/25 but fell by 17 from 177 at end-March 2025, ending the quarter below the company's target.

The company maintained its FY03/26 full-year forecast and its shareholder return policy.

## Copro Construction

- Revenue: JPY7.4bn (+20.7% YoY)
- Operating profit: JPY959mn (+30.1% YoY)

At Copro Construction, revenue rose 20.7% YoY and operating profit climbed 30.1% YoY. Along with higher revenue, improved GPM boosted OPM.

## Number of technicians, utilization rate, and other indicators

### Number of hires

Copro Construction hired 829 construction technicians in Q1 FY03/26, below the 843 hired in Q1 FY03/25. The company acknowledges it is behind its full-year hiring target of 3,000. The total included 130 new graduates (117 in Q1 FY03/25)

and 699 mid-career hires (726). While new graduate hiring exceeded last year's level, mid-career hiring is falling short of the target. By region, hiring in the Tokyo area was insufficient to meet demand, highlighting the need for reinforcement. In contrast, in the Nagoya and Osaka areas, hiring progressed in line with projections, but sales efforts could not secure enough demand, leaving some technicians on stand-by. Starting in Q2, the company plans to curb hiring in the Nagoya and Osaka areas, reallocate recruitment staff to Tokyo, and strengthen its sales structure to secure demand.

The company cites a tighter labor market in Tokyo, where jobseekers have more options, as the main reason for weak hiring. Although it receives a certain number of applications, some candidates withdraw before interviews and other hiring processes begin. From Q2 onward, the company intends to shift recruitment resources from Osaka and Nagoya to Tokyo and conduct hiring activities more proactively and earlier—before candidates withdraw.

According to Copro Construction, applicants' expectations have also risen, lowering the efficiency of hiring activities. In response, the company aims to prevent further inefficiency not by simply increasing recruitment expenses or per-hire costs, but by carefully selecting job boards and other media for exposure and expanding outreach through social media. Copro Construction differentiates itself by focusing on low-cost direct hiring rather than using recruitment agencies. Its policy is to secure sufficient hires through cost-effective direct hiring while flexibly selecting media. The company also notes that, while peers often use costly recruitment agencies to attract candidates aspiring to become construction technicians, its direct approach helps keep costs low. The company also acknowledges that this may attract more applicants with weaker motivation.

### Cost per hire

The cost per hire in Q1 was JPY395,000 (JPY294,000 in Q1 FY03/25). Although lower than in Q3 (JPY409,000) and Q4 (JPY684,000) of FY03/25, it was about JPY100,000 higher YoY due to rising hiring costs amid labor shortages. Still, the level remained within the company's budget and consistent with its expectations.

For construction technicians, revenue per head (JPY578,000) and the contract rate (JPY524,000) were both within the expected range, with no notable deviations.

### Turnover

In Q1, 517 technicians left the company (450 in Q1 FY03/25), bringing the number of technicians on staff to 4,664 at end-Q1 FY03/26 (3,961 at end-Q1 FY03/25) after accounting for hires. While hiring is progressing below the annual target of 3,000, the pace of resignations has already surpassed the annual forecast of 1,928. The company therefore intends to prioritize securing personnel for construction technician dispatch in Q2 and beyond.

### Average utilization rate

The average utilization rate of construction technicians in Q1 was 92.0%, up 0.8pp from 91.2% in Q1 FY03/25. In Q1 FY03/25, excessive hiring had pushed up the proportion of technicians on stand-by. In Q1 FY03/26, however, better coordination between hiring and sales activities—particularly in the Tokyo area—raised the utilization rate.

### Retention rate

The retention rate of construction technicians in Q1 was 90.0% (89.8% in Q1 FY03/25). As part of efforts to improve retention among first- and second-year employees, the company has focused on assignments to target clients. In Q1, the assignment ratio to these clients was 89.1%, remaining close to the company's target of around 90%. The ratio of team- and set-based dispatching—assigning experienced technicians together with less-experienced ones to the same site—rose to 52.7% (+3.9pp QoQ), showing progress but still falling short of expectations. With technicians on stand-by in the Osaka and Nagoya areas, the company plans to strengthen in-depth sales efforts, such as assigning technicians to target clients and promoting team- and set-based dispatching.

The retention rate of first- and second-year technicians, identified as a key issue, was 89.1%, up 1.3pp from 87.9% in Q1 FY03/25. In contrast, the rate for technicians in their third year or later was 91.0%, down 2.8pp from 93.8% a year earlier. Although resignations typically rise in Q1 due to seasonality after March, Japan's fiscal year-end, the decline in Q1 FY03/26 was more pronounced than in Q1 FY03/25. The company attributes this decline mainly to higher resignations among senior technicians, and recognizes it as a challenge since such experienced personnel could have been reassigned to other sites.

## Copro Technology

- Revenue: JPY904mn (+21.6% YoY)

- Operating loss: JPY3mn (operating loss of JPY23mn in Q1 FY03/25)

At Copro Technology, revenue increased 21.6% YoY while the operating loss narrowed. Mechanical, electrical, and semiconductor technician dispatch and contracted work performed steadily, driven mainly by dispatch to semiconductor plants. In contrast, IT technician dispatch continues to face major sales challenges, with hired technicians not being dispatched appropriately.

## Mechanical, electrical, and semiconductor technician dispatch and contracted work

The company hired 49 technicians for mechanical, electrical, and semiconductor technician dispatch and contracted work (36 in Q1 FY03/25), consisting of 17 new graduates (15) and 32 mid-career hires (21). With 21 technicians leaving the company (18), the number of technicians on staff at end-Q1 FY03/26 rose to 360 (241), up 119 (+49.4% YoY), with semiconductor technicians increasing by 120. Training at Semicon TechnoLab, the semiconductor technician training center established in February 2024, has taken hold, making dispatch to semiconductor plants the mainstay of this business.

The average utilization rate of technicians in mechanical, electrical, and semiconductor technician dispatch and contracted work was 90.9% (92.4% in Q1 FY03/25), down YoY. Although utilization declined YoY due to the launch of training at Semicon TechnoLab, it remained at the same level as in Q4 FY03/25. The retention rate of technicians in Q1 FY03/26 was 94.7% (93.1% in Q1 FY03/25), improving YoY. According to the company, while training for semiconductor technician dispatch is now firmly established, hiring still falls short of plan. Recruiting is more challenging than for construction technicians, as semiconductor plants are often located in regional areas and operate around the clock, while demand for construction technicians is concentrated in urban areas.

## IT technician dispatch

Copro Technology hired 22 IT technicians for dispatch in Q1 (32 in Q1 FY03/25), while 39 left the company (22), bringing the number of technicians on staff at end-Q1 FY03/26 to 160 (148 at end-Q1 FY03/25). The average utilization rate in Q1 was 94.1% (97.8%), and the retention rate was 93.4% (89.1%). IT technician dispatch continues to face difficulties in acquiring clients. Although the company aims to dispatch technicians to major IT firms or their partner companies, in practice it often receives contracts for demanding work within a multilayered subcontracting structure. As a result, the company believes it has not been able to apply to IT technician dispatch the expertise it has developed in construction technician dispatch, such as dispatching teams of personnel to target clients. The company therefore faces challenges on two fronts: securing sufficient hires and cultivating new clients.

# Full-year FY03/25 results

## Results summary

- Revenue: JPY30.0bn (+24.6% YoY; 100.1% of the full-year forecast)
- Operating profit: JPY2.8bn (+29.1% YoY; 102.4%)
- Recurring profit: JPY2.8bn (+25.9% YoY; 102.6%)
- Net income attributable to owners of the parent: JPY1.8bn (+24.4% YoY; 103.7%)

In FY03/25, Copro reported revenue of JPY30.0bn (+24.6% YoY), operating profit of JPY2.8bn (+29.1% YoY), recurring profit of JPY2.8bn (+25.9% YoY), and net income attributable to owners of the parent of JPY1.8bn (+24.4% YoY). Revenue and all profit categories reached record highs. The number of technicians across the group increased 23.7% YoY to 4,861, driving revenue growth.

Copro Construction Co., Ltd., a consolidated subsidiary engaged in construction technician dispatch, promoted its low-cost hiring strategy by conducting in-house recruitment without relying on external staffing agencies. As a result, new hires increased 17.5% YoY and contributed to revenue growth. Although the utilization rate of construction technicians declined in 1H due to a large number of hires at the beginning of the fiscal year (91.2% in Q1 and 93.7% in Q2), it recovered to the FY03/24 level in 2H (95.3% in Q3 and 94.7% in Q4). The company acknowledges the need to improve technician retention, as the full-year retention rate declined slightly from 74.3% in FY03/24 to 73.2% in FY03/25.

At Copro Technology Co., Ltd., a consolidated subsidiary responsible for dispatching mechanical, electrical, and semiconductor technicians and handling contracted work, revenue growth was driven by technicians who completed training at the Semicon TechnoLab, a semiconductor technician training center established in February 2024. Technician headcount rose 48.9% YoY to 332 at end-FY03/25, including 140 semiconductor technicians. In the IT technician

dispatch business, Bscareer IT, a job posting site for IT technicians, contributed to a 45.6% YoY increase in applicants. However, due to a shortage of assignment opportunities at client companies, the number of IT technicians grew only 28.3% YoY.

## Copro Construction

- Revenue: JPY26.7bn (+22.2% YoY)
- Gross profit: JPY7.7bn (+23.8% YoY)
- SG&A expenses: JPY3.6bn (+24.7% YoY)
- Operating profit: JPY4.1bn (+22.9% YoY)

Copro Construction Co., Ltd. is responsible for operating the company's core construction technician dispatch services. In FY03/25, it generated JPY26.7bn in revenue (+22.2% YoY) and JPY4.1bn in operating profit (+22.9% YoY). Due to tighter regulations on overtime work for construction laborers, labor shortages at job sites have become increasingly severe, driving demand for construction technician dispatch services. In response, Copro Construction has narrowed its dispatch focus to target companies (primarily major clients) and increased the deployment of female and inexperienced technicians by adopting a team- and set-based dispatching model, under which multiple technicians are assigned to the same site. As a result, the share of first- and second-year technicians increased, which has led to a decline in revenue per head and average contract rate. Nevertheless, the company has achieved growth in both client count and order volume. Looking ahead, Copro Construction projects improvement in retention and contract renewal rates will drive business performance achieved through technicians in their third year or later, when contract rates increase.

### Order volume

In FY03/25, Copro Construction received 63,431 orders (+59.3% YoY), while its customer count reached 511 (+15.9% YoY) as of end-FY03/25. As a result, average annual orders per client (orders ÷ customer count) rose 43.2% YoY, from 93.0 in FY03/24 to 133.3 in FY03/25. Driving this growth were expansion in demand for construction technician dispatch services, the company's strategic focus on intensifying technician placements at target companies through in-depth sales activities, and the adoption of a team- and set-based dispatching approach, under which multiple technicians are assigned to the same worksite.

### Recruitment, attrition, and technician count

In FY03/25, Copro Construction hired 2,379 new technicians—an essential driver of project acquisition growth—exceeding both its initial projection of 2,299 and the FY03/24 figure by 355. This total included 117 new graduates (down 37 YoY) and 2,262 mid-career recruits (up 392 YoY). Meanwhile, 1,595 technicians left the company, which also outpaced the initial forecast of 1,438 and exceeded the FY03/24 figure by 362. As a result, the number of construction technicians at end-FY03/25 stood at 4,352, up 784 (+22.0%) YoY.

Copro Construction is proactively hiring technicians to support revenue growth. Toward this end, the company is leveraging low-cost recruitment tools such as its in-house job site, Bscareer Construction, along with a job application management system and automated interview scheduling. In FY03/25, the company hired 726 mid-career personnel in Q1, 505 in Q2, 506 in Q3, and 525 in Q4. The surge in Q1 hiring was primarily due to increased recruitment spending in Q4 FY03/24 (JPY404,000 per hire), which boosted intake in the following quarter. In FY03/25, the company once again ramped up recruitment spending in Q4 (JPY684,000 per hire) in anticipation of workload expansion during FY03/26. To further optimize hiring costs, the company is stepping up its recruitment of inexperienced personnel, who represented 77.5% of total hires in FY03/25 (compared to 80.8% of 2,024 hires in FY03/24).

Although Copro Construction expanded its workforce of technicians, attrition also increased, and the company was unable to keep personnel departures within its initially projected range. Due to accelerated recruitment, roughly 70% of the workforce now consists of young professionals in their first or second year of employment. However, the company indicates retention among these young employees has remained stable, with no significant deterioration. Copro attributes this stability to a broad range of sales, recruitment, and training initiatives. At the same time, the company recognizes its strategic focus on assigning technicians to new clients has delayed follow-up support for technicians dispatched to existing client sites. The company intends to urgently address this issue moving forward.

As of end-FY03/25, the company had 4,352 construction technicians (up 784 YoY). Of this total, 3,498 were employed on permanent contracts (up 1,658 YoY), representing 80.4% of the total headcount (versus 51.6% as of end-FY03/24). Although mid-career recruits undergo a six-month probationary period, the company hires them as permanent



employees from the outset. As a result, the company's expanded recruitment efforts have led to an increase in the proportion of its workforce on permanent contracts.

### **Retention, contract renewal rate, and percentage of technicians dispatched to target companies**

The annual retention rate for FY03/25 was 72.7% (+0.6pp YoY), while the Q4 retention rate stood at 91.9% (-0.6pp YoY). In Q4, the contract renewal rate was 80.6% (-1.9pp YoY), and 89.4% (-4.0pp YoY) of technicians were dispatched to target companies.

To reduce employee turnover, the company is focusing on improving its retention rate. In Q4 FY03/25, the retention rate for first- and second-year personnel was 90.0%, which was lower than the 95.6% reported for personnel in their third or subsequent years. Due to the company's expanded recruitment, about 70% of currently employed technicians are young employees in their first or second year. The company is striving to raise retention among these young workers to ensure they remain until their third or subsequent years, when they generate higher contract rates.

Accordingly, the company is undertaking in-depth sales activities focused on target companies, while pushing forward with team- and set-based dispatching. Although the percentage of technicians dispatched to target companies fell YoY, it remained close to the company's target level of 90%. Dispatching technicians to target major general contractors handling multiple large-scale projects improves working conditions for these personnel while enabling team- and set-based dispatching to the worksites managed by these contractors. These clients also serve as promising assignment destinations for inexperienced workers—such as new graduates, whose recruitment is increasing—and female technicians, thereby generating a synergistic effect on the sales front.

The company has developed a technician support platform to enhance basic training programs for new graduates and inexperienced mid-career hires. It is also strengthening study support for employees seeking to become licensed construction management engineers or obtain other national certifications. As one of its initial initiatives for FY03/26, the company launched a new training center in Shinagawa, Tokyo, in April 2025. The facility offers practical, hands-on instruction using real equipment.

### **Revenue per head and contract rates**

In FY03/25, revenue per head (average monthly revenue per technician) was JPY852,000 (-4.7% YoY). This decline was primarily due to the growing proportion of first- and second-year technicians in the workforce, who are associated with lower contract rates. In Q4 FY03/25, average monthly contract rates by experience level were as follows: JPY444,000 for first-year technicians (down JPY5,000 YoY), JPY469,000 for second-year technicians (up JPY14,000 YoY), JPY504,000 for third- to fifth-year technicians (down JPY18,000 YoY), JPY600,000 for sixth- to tenth-year technicians (up JPY4,000 YoY), and JPY700,000 for technicians with eleven or more years of experience (up JPY23,000 YoY). Although average contract rates vary by experience level, they generally rise along with length of tenure. These averages have recently edged up, reflecting overall wage growth.

### **Utilization rate**

The average technician utilization rate in FY03/25 was 93.8% (-0.8pp YoY). By quarter, utilization rates were 91.2% in Q1, 93.7% in Q2, 95.3% in Q3, and 94.7% in Q4. The decline in Q1 was attributed to the unexpectedly high number of new hires (843), which caused a temporary mismatch between staffing levels and sales capacity. From Q2 onward, dispatching activity picked up, and by Q4, the utilization rate had nearly returned to YoY levels—down just 0.2pp compared to 94.9% in Q4 FY03/24.

Labor shortages in the construction industry remain severe, and demand for the company's dispatching services is high. In response, the company is narrowing its focus to specific target clients and adopting a team- and set-based dispatching approach to improve sales efficiency and increase utilization rates.

### **Gross profit and operating profit**

Copro Construction recorded a GPM of 28.7% (+0.3pp YoY). Gross profit rose along with revenue, supported by growth in dispatched technicians, stable retention, and improved utilization in 2H. In Q4, the company stepped up recruitment efforts, investing an additional JPY101mn when it realized performance would exceed projections. In contrast with Q4 FY03/24, recruitment was well aligned with sales efforts, so the company projects the utilization rate for technicians hired in Q1 FY03/26 will remain stable. Absorbing this cost growth, Copro Construction achieved a 22.9% increase in operating profit.

## Copro Technology

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- Revenue: JPY3.3bn (+47.9% YoY)
- Gross profit: JPY628mn (+10.4% YoY)
- SG&A expenses: JPY676mn (+16.5% YoY)
- Operating loss: JPY47mn (YoY loss expansion of JPY36mn)

Copro Technology posted an operating loss for FY03/25 but recorded an operating profit of JPY4mn in Q4. The company dispatched technicians trained at Semicon Techno Lab—a semiconductor technician training center opened in February 2024—to semiconductor fabrication plants and other facilities in Japan, where they contributed to business growth.

### Mechanical, electrical, and semiconductor technician dispatching and contracting

In FY03/25, the company hired 192 mechanical, electrical, and semiconductor technicians (up 74 YoY), while 83 left the company (up 29 YoY), bringing the total technician headcount to 332 (up 109 YoY). This figure included 140 semiconductor technicians. The average technician utilization rate in FY03/25 was 90.8% (versus 97.0% in FY03/24), while the retention rate stood at 79.1% (-3.2pp YoY). Copro acquired its mechanical, electrical, and semiconductor technician dispatching and contracting operations and brought them under group company control in 2021. Currently, the company is striving to strengthen these operations by applying expertise accumulated through its construction technician dispatch business. However, it has yet to meet its internal targets for recruitment, training, retention, and utilization. Unlike construction technicians, who are typically assigned to urban areas and change worksites roughly every six months, semiconductor technicians are assigned to factories located in rural areas, and their assignments tend to be longer. These structural differences impact both recruitment and retention outcomes.

Copro has trained technicians using the Semicon Techno Lab, which opened in February 2024, and has since begun assigning greater numbers of them to leading memory chip manufacturers and semiconductor packaging companies in Iwate and Gifu prefectures. The company designated FY03/25 as a year focused on client expansion. Accordingly, it concentrated on acquiring talent and broadening its customer base.

### IT technician dispatch (system engineering services [SES])

Among the 3,829 applicants for IT technician positions (2,630 in FY03/24), Copro Technology hired 140 (72 in FY03/24), while 101 left the company (42 in FY03/24), bringing the total IT technician headcount to 177 as of end-FY03/25 (138 at end-FY03/24). The average utilization rate for IT technicians in FY03/25 was 98.6%, and the retention rate stood at 91.0% (+3.3pp YoY).

The Bscareer IT project introduction site for IT technicians has gained traction, generating YoY growth of 45.6% in applicants. However, Copro Technology's project acquisition efforts did not keep pace, limiting YoY growth in technician headcount to 28.3%. Many of the company's IT technicians are dispatched to lower-tier firms within the multi-layered subcontracting structures of major electronics and automotive manufacturers, and sales efforts targeting higher-tier clients have not been successful. Consequently, unlike construction technician dispatching, work orders are often issued on a per-project basis. Due to these circumstances, the company faces difficulty defining long-term target clients and establishing stable, renewable contracts.

## Cumulative Q3 FY03/25 results

### Results summary

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- Revenue: JPY22.0bn (+25.9% YoY)
- Operating profit: JPY2.1bn (+52.8% YoY)
- Recurring profit: JPY2.2bn (+46.0% YoY)
- Net income attributable to owners of the parent: JPY1.4bn (+46.7% YoY)

Copro leveraged growing demand driven by the tightening of overtime regulations while refining its low-cost hiring capabilities, which focus on in-house recruitment without relying on external staffing agencies. This approach effectively strengthened recruitment efforts, leading to an increase in the number of technicians and driving a 25.9% YoY increase in revenue. With a lower fixed cost ratio, including rents and personnel expenses, OPM improved 1.8pp YoY to 9.8%. As a result, profits at the operating level and below reached record highs. The company maintained its FY03/25 consolidated earnings forecast.



## Progress versus forecast

Cumulative Q3 revenue reached 73.4% of the full-year target, with cost of revenue at 74.1%, SG&A expenses at 68.1%, and operating profit at 79.6%. The company noted that cumulative Q3 revenue was largely in line with expectations, while operating profit slightly exceeded projections. It observed no significant changes in the business environment compared to 1H. Against this backdrop, the number of technician employees increased, particularly in the core Construction Technician Dispatch business, driving revenue growth. However, IT technician dispatch by Copro Technology struggled, as the number of dispatched IT technicians fell short of the company's target.

## Copro Construction (construction technician dispatch)

- Revenue: JPY19.7bn (+22.9% YoY)
- Operating profit: JPY3.0bn (+36.7% YoY)

At Copro Construction Co., Ltd., which operates the construction technician dispatch business, technician recruitment remained strong. The increase in gross profit from revenue growth, combined with a decline in the fixed cost ratio, led to improved profitability. As a result, operating profit rose 36.7% YoY.

## Hiring and retention rate

By implementing in-house, low-cost hiring without relying on external staffing agencies and enhancing its recruitment process management, the company successfully increased hiring. Cumulative nine-month recruitment reached 1,854 technicians (+20.5% YoY), exceeding internal projections. Additionally, the average technician utilization rate, which had declined to 91.2% in Q1, improved to 95.3% over the three months of Q3. While the retention rate has shown signs of recovery, it remains a key challenge, and the company continues to implement initiatives to improve retention.

Copro Construction hired 506 technicians in Q3, up one from 505 in Q2. While hiring during the nine months through Q3 exceeded the company's target, Q3 hiring alone fell short of expectations. Although the company has not conducted a detailed analysis, the shortfall may be due to its focus on recruitment efforts for FY03/26, which could have impacted short-term hiring.

To address the severe labor shortage in the construction industry, particularly among major general contractors—Copro's customers—the company plans to continue expanding both hiring and placements. To maximize its performance baseline toward achieving the final-year targets of its FY03/27 medium-term management plan, the company has deliberately increased recruitment spending to drive hiring and placements. The hiring cost per technician in Q3 was JPY409,000, up from JPY294,000 in Q1 and JPY313,000 in Q2. Due to a time lag between recruitment spending and actual deployment, technicians hired through recruitment efforts in Q3 will begin working between end-FY03/25 and start-FY03/26.

## Turnover

Technician turnover has declined, falling from 450 in Q1 to 395 in Q2 and 365 in Q3. Measures introduced at the start of FY03/25, such as dispatching technicians in teams and pairing experienced technicians with inexperienced ones, have improved the retention rate. However, as resignations still exceed projections, the company is committed to strengthening its retention efforts.

## Contract rate, revenue per head

Cumulative Q3 revenue per head was JPY583,000 per month, unchanged from 1H. Despite successful price hikes, a higher proportion of first- and second-year technicians with lower contract rates kept the figure flat. Meanwhile, the retention rate of these technicians has improved, leading to a higher contract renewal rate. As technicians gain experience, the company expects contract rates and prices to increase.

## Percentage of technicians dispatched to target companies

Copro continues its sales efforts targeting major general contractors and subcontractors that provide stable orders, enabling the company to facilitate both team-based dispatching and the pairing of experienced technicians with inexperienced ones. In Q3, 89.5% of technicians were dispatched to target companies, maintaining the company's target level. However, as the percentage declined slightly from 1H FY03/25, the company is considering countermeasures.

## Copro Technology

- Revenue: JPY2.4bn (+57.6% YoY)

- Operating loss: JPY51mn (operating loss of JPY20mn in cumulative Q3 FY03/24)

At Copro Technology Co., Ltd., which provides dispatch services for mechanical, electrical, and semiconductor technicians, as well as for IT technicians, the new semiconductor technician dispatch business contributed to revenue growth. Additionally, with aggressive investment in advertising expenses, particularly for Bscareer IT, revenue increased 57.6% YoY.

At Copro Technology, temporary staffing services for mechanical design technicians remain stable, while IT technician dispatch services continue to struggle. Meanwhile, the newly launched semiconductor technician dispatch service is performing strongly and contributing to revenue growth.

#### Temporary staffing and contract services for mechanical, electrical, and semiconductor technicians

In temporary staffing and contract services for mechanical, electrical, and semiconductor technicians, Semicon TechnoLab, a semiconductor technician training center opened in February 2024, saw its graduates exceed a cumulative total of 100 within 11 months of establishment. Additionally, the company expanded its client base among major corporations, securing large-scale orders. With aggressive investment in recruitment, the number of hires increased, leading to a 52.0% YoY rise in the number of technicians in temporary staffing and contract services, reaching 310 technicians as of end-December 2024.

The increase in technicians in this business is mainly due to the hiring of semiconductor technicians. After completing a one-month training program at Semicon TechnoLab, they are dispatched to worksites. The decline in turnover is also attributed to the enhancement of these training programs. Retention rates remain high, with semiconductor technicians maintaining a retention rate of approximately 95%. However, since the semiconductor technician dispatch business was in its first year, the proportion of semiconductor technicians—most of whom were inexperienced—rose. As a result, the average hourly rate across mechanical, electrical, and semiconductor technicians declined.

The system of permanent employment, combined with pre-dispatch education and training, follows the same model as that used for construction technician dispatch, allowing the company to leverage expertise across its group. Semiconductor technicians are dispatched to semiconductor fabrication plants in Japan, where they work as field engineers responsible for maintaining semiconductor manufacturing equipment. While they need to acquire knowledge related to semiconductor manufacturing and equipment maintenance, specialized knowledge of semiconductor devices themselves is not required. The company primarily dispatches these technicians to plants operated by major Japanese flash memory manufacturers. Unlike construction technician dispatch, where assignments typically end upon project completion, work at fabrication plants offers a more stable and continuous employment environment. The company expects retention rates to improve further if dispatched technicians successfully adapt to their workplaces.

#### Temporary staffing of IT technicians

In temporary staffing services for IT technicians, Bscareer IT, an IT technician job-matching website, gained traction, resulting in a 50.0% YoY increase in the number of applicants. However, project acquisition did not keep pace with the increase in applicants, leading to a 22.7% YoY increase in the number of enrolled technicians at end-Q3 FY03/25.

Copro's IT technician dispatch business, acquired in 2023, faces intense competition. The company has not yet fully developed its customer base among major manufacturers, a key source of demand for IT technicians. According to the company's analysis, the IT technicians sought by major manufacturers share similarities with those in its construction technician dispatch business—they are permanently employed by dispatch firms and receive training before being assigned to clients. However, the company's IT technician dispatch business has primarily relied on dispatching freelance engineers on a project-by-project basis. The company plans to reassess the structure of this business and apply expertise gained from its construction technician dispatch operations. However, it has yet to fully establish such a system in FY03/25.

## 1H FY03/25 results

### Results summary

- Revenue: JPY14.2bn (+27.7% YoY)
- Operating profit: JPY1.2bn (+67.9% YoY)
- Recurring profit: JPY1.3bn (+55.1% YoY)
- Net income attributable to owners of the parent: JPY798mn (+56.4% YoY)

As of end-Q2 FY03/25, the number of technicians on a consolidated basis increased to 4,482, an increase of 967 technicians (+27.5%) YoY, or up from 3,929 at end-FY03/24 and 3,515 at end-1H FY03/24. This growth, primarily driven by Copro Construction Co., Ltd., which specializes in dispatching construction technicians, resulted from strengthened recruitment efforts that enhanced the company's low-cost, in-house recruitment capabilities without relying on external staffing agencies to meet increased demand following the implementation of overtime work regulations. The technician growth rate more than offset a decline in the average contract rate for construction technician dispatch services (JPY583,000, down 4.8% YoY), also impacted by the overtime regulations. As a result, revenue reached JPY14.2bn (+27.7% YoY).

Increases in SG&A expenses—primarily due to higher personnel expenses from the expansion of sales and recruitment staff in preparation for anticipated demand growth in construction technician dispatch services since April 2024, along with higher recruitment expenses—were absorbed by a rise in gross profit driven by increased revenue. Consequently, the company reported operating profit of JPY1.2bn (+67.9% YoY), recurring profit of JPY1.3bn (+55.1% YoY), and net income attributable to owners of the parent of JPY798mn (+56.4% YoY).

## Progress versus forecast

The company achieved 102.0% of its 1H FY03/25 targets for revenue, 119.9% for operating profit, 120.2% for recurring profit, and 118.2% for net income attributable to owners of the parent.

Compared to the 1H forecast, Copro Technology fell short, while Copro Construction exceeded expectations, resulting in consolidated revenue and all profit items surpassing their targets. The number of technicians dispatched on a consolidated basis was 2.2% below projections (with construction technicians falling slightly short), but revenue exceeded the target thanks to higher-than-expected contract rates for technician dispatch. Operating profit surpassed the forecast, primarily because hiring expenses were below budget. The company plans to allocate the unused hiring expenses from 1H to 2H.

## Copro Construction

- Revenue: JPY12.7bn (+23.5% YoY)
- Operating profit: JPY1.8bn (+42.5% YoY)

In response to the increased demand following the implementation of overtime work regulations in April 2024, Copro Construction Co., Ltd., which provides the core service of dispatching construction technicians within the group, focused on recruitment and improving retention rates, while prioritizing the development of a system to secure technicians, which is essential for business growth. The company shifted its focus from relying on external staffing agencies to enhancing its in-house, low-cost hiring capabilities—a core strength—to strengthen its ability to supply skilled and experienced personnel to client companies, an essential service expected of a staffing company. To expand the applicant pool, which is vital for recruitment, the company diversified its recruitment channels, including paid job listing sites, its own recruitment website (Bscareer Construction), and referrals from existing technicians. Through these efforts, the company aimed to increase the number of applications, the first step in the recruitment process.

## Orders

Copro Construction received 23,727 orders in 1H (+16.1% YoY), with 9,994 orders in Q1 (+0.4% YoY). Orders in Q1 were largely flat YoY, as the company focused on allocating sales staff to secure assignments for new graduate technicians and a higher-than-expected number of mid-career hires. In Q2, orders increased significantly, driven by the resolution of Q1 challenges and the contribution of new graduate sales employees, who began acquiring projects after joining at the start of FY03/25.

## Recruitment

In 1H, Copro Construction hired 1,348 technicians (+25.7% YoY), comprising 117 new graduates (-24.0% YoY) in Q1 and 1,231 mid-career hires (+34.1% YoY), including 726 in Q1 (+57.8% YoY) and 505 in Q2 (+10.3% YoY). The additional recruitment spending in Q4 FY03/24 contributed to the significant increase in mid-career hires in Q1 FY03/25. In Q2 FY03/25, following a decline in the utilization rate in Q1, the company adjusted hiring to align with the budgeted level and focused on assigning stand-by technicians. With the utilization rate recovering to 94.7% by end-September 2024, the company plans to actively allocate hiring expenses and accelerate recruitment from Q3 onward.

The mid-career hiring cost per technician was JPY294,000 in Q1 (+4.3% YoY) and JPY313,000 in Q2 (+7.2% YoY), rising YoY but still below the full-year target of JPY365,000.

## Turnover

In 1H, 845 technicians (+31.2% YoY) left the company, including 450 in Q1 (+24.7% YoY) and 395 in Q2 (+39.6% YoY). As detailed in the "Retention rate" section below, the company is actively implementing measures to reduce turnover.

## Number of technicians

As of end-Q2 FY03/25, the number of technicians reached 4,071 (versus 3,568 at end-FY03/24 and 3,205 at end-Q2 FY03/24). Of the 4,071 technicians (3,568 at end-FY03/24), 2,762 were on permanent contracts (1,840) and 1,309 were on fixed-term contracts (1,728). New graduates are employed on a permanent basis from the start, while mid-career recruits are hired on permanent contracts but undergo a six-month probationary period.

## Revenue per head, average contract rate

The average monthly revenue per technician in 1H was JPY583,000, down 4.8% YoY. This decline was due to reduced overtime hours following the implementation of new regulations in April 2024. However, the decrease was smaller than the full-year projection of over 6%.

The average contract rate at end-Q2 was JPY523,000, unchanged YoY. While the contract rate remained flat due to a higher ratio of inexperienced technicians, negotiations with clients led to YoY increases in the contract rate for new graduate technicians and other staff.

## Share of dispatch to target companies

To foster a long-term work environment for technicians, the company continued to prioritize sales activities targeting companies with abundant construction projects and strong prospects for contract renewal. As a result, the assignment ratio to target companies remained at high levels, reaching 92.0% in Q1 (+3.2pp YoY) and 90.6% in Q2 (-0.7pp YoY). Since the share of dispatch to target companies is already high, the company is now focusing on shifting assignments toward those with higher retention rates.

## Contract renewal rate

The contract renewal rate was 80.3% in Q1 (-2.3pp YoY) and 82.9% in Q2 (-0.7pp YoY), remaining slightly lower YoY but still at a high level. Technicians dispatched to target companies have achieved higher contract renewal rates compared to those sent to other companies. Consequently, maintaining a high share of dispatches to target companies helps sustain the overall high renewal rate.

## Retention rate

The retention rate was 89.8% in Q1 (+0.4pp YoY) and 91.2% in Q2 (-0.7pp YoY). To improve retention, the company enhanced post-assignment support and deployed multiple technicians at the same site or paired experienced technicians with less experienced ones. As a result, retention rates for technicians in their first and second years improved YoY. The company encourages collaboration among technicians dispatched together in teams or as mixed groups of experienced and inexperienced personnel. However, the overall retention rate has not yet returned to year-ago levels. To help newly hired technicians surpass the critical third-year milestone—when dispatch contract rates typically rise significantly—the company is strengthening follow-up support and career development assistance, including support for obtaining national qualifications such as the Level 1 and Level 2 Construction Management Technician certifications.

## Utilization rate (average during the quarter)

The average utilization rate was 91.2% in Q1 (-1.8pp YoY) and 93.7% in Q2 (-0.9pp YoY). The decline in Q1 was attributed to an increase in stand-by technicians following a significant rise in hiring. However, the rate improved steadily throughout Q2.

## GPM, OPM

GPM was 26.8% in Q1 (+0.6pp YoY) and 28.6% in Q2 (+0.5pp YoY), showing slight improvements in both quarters. The Q1 increase was attributed to a decrease in the number of new graduate employees undergoing one-month training periods that do not contribute to revenue (117 in Q1 FY03/25 compared to 154 in Q1 FY03/24). In Q2, the GPM improvement was driven by a YoY increase in the contract rate for new graduate employees and other staff.

Driven by revenue growth, daily operational improvements, and reduced referral fees due to a decline in new graduate employees, the SG&A ratio decreased, resulting in a 1.9pp YoY increase in OPM to 14.5% for 1H.



## Copro Technology

- Revenue: JPY1.5bn (+80.2% YoY)
- Operating loss: JPY38mn (versus an operating loss of JPY10mn in 1H FY03/24)

Copro Technology Co., Ltd., which provides dispatch services for mechanical, electrical, and semiconductor technicians, as well as IT technicians, invested in enhancing its proprietary hiring websites, including Bscareer IT for IT technicians and Bscareer Mechanical and Electrical for technicians in those fields. Additionally, at Semicon TechnoLab, a training center for semiconductor technicians specializing in the maintenance and inspection of semiconductor manufacturing equipment, the company ramped up efforts to recruit inexperienced personnel. After a one-month training program, these recruits gained skills in mechanical maintenance of semiconductor manufacturing equipment and field engineering, increasing their value. As a result, the company successfully assigned them to client projects, expanding its customer base. By end-Q2 FY03/25, the number of technicians increased by 101 (+32.6%) YoY, reaching 411 (up from 361 at end-FY03/24 and 310 at end-Q2 FY03/24).

Although revenue grew significantly due to the increase in technicians, the operating loss slightly widened, driven by higher advertising and recruitment expenses, as well as increased personnel expenses associated with sales activities.

### Temporary staffing and contract services for mechanical, electrical, and semiconductor technicians

In temporary staffing and contract services for mechanical, electrical, and semiconductor technicians, Copro Technology hired 95 technicians in 1H (+69.6% YoY), including 36 in Q1 (+24.1% YoY) and 59 in Q2 (2.2x the Q2 FY03/24 level). Meanwhile, 45 technicians left the company during 1H (2.0x the 1H FY03/24 level), with 18 in Q1 (+38.5% YoY) and 27 in Q2 (3.0x the Q2 FY03/24 level). Consequently, the number of technicians at end-Q2 reached 273 (+41.5% YoY). While the number of hires, primarily in semiconductor technician dispatch, was largely in line with the plan, turnovers slightly exceeded expectations due to the increase in inexperienced technicians.

The average monthly revenue per technician in 1H was JPY598,000 (-2.3% YoY), reflecting a decline driven by an increased proportion of inexperienced technicians.

The contract renewal rate was 85.6% in Q1 (-4.6pp YoY) and 80.6% in Q2 (-4.1pp YoY). Previously, most of Copro Technology's technicians were experienced, resulting in high contract retention rates. However, the growing proportion of inexperienced hires, particularly among semiconductor technicians, has contributed to the decline in the renewal rate.

The retention rate was 93.1% in Q1 (unchanged YoY) and 91.0% in Q2 (-4.5pp YoY). The YoY decline in Q2 was attributed to the increase in inexperienced technicians.

The average utilization rate during 1H was 91.2% (-5.8pp YoY), with 92.4% in Q1 (-3.5pp YoY) and 90.2% in Q2 (-7.7pp YoY). Excluding technicians undergoing in-house training, the utilization rate remained close to 100%.

#### ► Establishment of a semiconductor technician training center

In February 2024, the company established Semicon TechnoLab, a training center dedicated to developing technicians for semiconductor manufacturing equipment maintenance and inspection, marking its entry into a new business area. Against the backdrop of advancing domestic semiconductor production in response to economic security risks, the company aims to address the technician shortage faced by semiconductor device and equipment manufacturers. The center will train personnel in machinery maintenance and field engineering by employing instructors from major semiconductor manufacturers and using equipment that simulates real workplace environments. This approach is designed to make inexperienced personnel immediately productive. Through the training provided at the center, the company plans to increase the number of dispatched workers by approximately 100 in FY03/25 and 200 in FY03/26.

### Temporary staffing of IT technicians

In 1H, Copro Technology hired 59 IT technicians for dispatch (+55.3% YoY), including 32 in Q1 (+52.4% YoY) and 27 in Q2 (+58.8% YoY). During the same period, 59 IT technicians left the company (2.8x the 1H FY03/24 level), with 22 in Q1 (+83.3% YoY) and 37 in Q2 (4.1x the Q2 FY03/24 level). As a result, the number of IT technicians dispatched at end-Q2 stood at 138 (+17.9% YoY). However, with hiring falling short of projections and departures exceeding expectations, the number of IT technicians dispatched at end-Q2 was below target.

Value Ark Consulting, which became a subsidiary in September 2021, had primarily focused on freelancer dispatch. As a result, the company mainly received projects from secondary- or lower-tier clients rather than upstream clients, making

differentiation from competitors challenging. In 1H FY03/25, efforts were directed at developing upstream clients, but as these did not produce the desired results, the company will shift its strategy starting in Q3 to focus on acquiring new secondary-tier clients who are open to accepting freelancers.

The retention rate was 89.1% in Q1 (-0.2pp YoY) and 92.1% in Q2 (-7.9pp YoY). These figures reflect only company-employed IT technicians for dispatch, excluding freelance IT technicians, and apply to approximately 60 of the 138 IT technicians at end-Q2. While the small sample size leads to higher volatility in the data, the company recognizes the decline in the retention rate as a challenge to address moving forward.

# Other information

## History

Mr. Kosuke Kiyokawa, CEO and founder of the company, joined Nikko CSS Co., Ltd. (currently TechnoPro Construction, Inc., a subsidiary of TechnoPro Holdings) in 1999. He was appointed president in 2004, and in 2006 he became president of Crystal Staff Co., Ltd. (the business was transferred to TechnoPro Holdings in 2012). With his family business a construction company, he started off his career by working to learn the construction business, but decided to go independent in 2006 because he saw an opportunity in addressing the labor shortage in the construction industry and other issues facing Japan. Copro was listed on the Mothers section of the Tokyo Stock Exchange (TSE) and the Centrex section of the Nagoya Stock Exchange (NSE) in 2019. The company changed its listings to the TSE 1st section and NSE 1st section in 2020. It changed its listing again in 2022 to TSE Prime and NSE Premier.

| Year     |   |
|----------|---|
| Oct 2006 | Established Trusty Crew Co., Ltd. in Nagoya as a dispatching and placement services company   |
| Mar 2008 | Company name changed to Copro-Engineerd Co., Ltd.   |
| Oct 2013 | Established Copro Dining Service Co., Ltd. with the goal of entering the restaurant services business   |
| Nov 2013 | Acquired all shares in GiP Co., Ltd. and changed its name to Copro Solutions Co., Ltd. to consign payroll calculation and social insurance payment  |
| May 2015 | Company name changed to Copro-Holdings Co., Ltd. (to present) to shift to a holding company structure   |
|          | Simultaneously established Copro-Engineerd Co., Ltd. (now a consolidated subsidiary) as a wholly owned subsidiary through a corporate split, to which the group's mainstay dispatching and placement services businesses were transferred |
| Jan 2017 | Dissolved Copro Solutions in accordance with the reorganization of the group  |
| Apr 2017 | Dissolved Copro Dining Service in accordance with the reorganization of the group   |
| Mar 2019 | Listed on the Mothers section of the Tokyo Stock Exchange and the Centrex section of the Nagoya Stock Exchange  |
| Apr 2020 | Established Copro Globals Pte. Ltd. in Singapore  |
| Sep 2020 | Changed listings to the TSE 1st section and the NSE 1st section   |
| Apr 2021 | Established Copro Vietnam Co., Ltd. in the Socialist Republic of Vietnam  |
| Apr 2021 | Acquired all shares in Atmos Co., Ltd., making it a consolidated subsidiary   |
| Sep 2021 | Acquired all shares in Value Ark Consulting Co., Ltd., making it a consolidated subsidiary  |
| Apr 2022 | Copro-Engineerd Co., Ltd. took over the worker dispatch and paid job placement business spun off from Hucoss Co., Ltd. through an absorption-type split   |
|          | Moved to the Prime market of the Tokyo Stock Exchange and the Premier market of the Nagoya Stock Exchange   |
| Oct 2023 | Copro-Engineerd Co., Ltd. was renamed Copro Construction Co., Ltd., and Atmos Co., Ltd. and Value Ark Consulting Co., Ltd. merged to form Copro Technology Co., Ltd.  |
| Feb 2024 | Copro Technology Co., Ltd. opened Semicon TechnoLab, a training center for semiconductor technicians; liquidated Copro Globals Pte. Ltd.  |

Source: Shared Research based on company materials

## Top management

### CEO: Kosuke Kiyokawa (born October 16, 1977)

Kosuke Kiyokawa is the founder and CEO of the company.

|          |  |
|----------|--|
| Apr 1998 | Joined Kenso Kogyo Co., Ltd.   |
| May 1999 | Joined Nikko CSS Co., Ltd. (currently TechnoPro Construction, Inc.)  |
| May 2004 | President, Nikko CSS Co., Ltd.   |
| May 2006 | President, Crystal Staff Co., Ltd.   |
| Oct 2006 | Established Trusty Crew Co., Ltd. (now Copro-Holdings Co., Ltd.); assumed office of president (to present)                                       |
| May 2015 | President, Copro-Engineerd Co., Ltd. (newly established, split-off company; now Copro Construction Co., Ltd.)                                    |
| Apr 2020 | President, Copro Globals Pte. Ltd. (subsidiary in Singapore)   |
| Apr 2021 | President, Copro Vietnam Co., Ltd. (subsidiary in Vietnam) (to present); director, Atmos Co., Ltd. (now Copro Technology Co., Ltd.) (to present) |
| Oct 2021 | President, Value Ark Consulting Co., Ltd. (merged into Copro Technology Co., Ltd.)   |
| Jun 2024 | Director, Copro Construction Co., Ltd. (to present)  |



## Managing Director of Copro-Holdings and President of Copro Construction: Yusuke Koshikawa (born October 15, 1985)

|          |  |
|----------|--|
| Apr 2006 | Joined Style Factory KABES Co., Ltd.   |
| Mar 2008 | Joined Trusty Crew Co., Ltd. (currently Copro-Holdings Co., Ltd.)  |
| Feb 2011 | Nagoya branch manager  |
| May 2013 | Tokyo metropolitan area manager  |
| Jan 2016 | General Manager of Recruitment Strategy Headquarters, Copro-Engineerd Co., Ltd. (newly established, split-off company; now Copro Construction Co., Ltd.) |
| Jun 2016 | Executive Officer and Manager of Recruitment Strategy Headquarters   |
| Nov 2016 | Executive Officer and General Manager of Recruitment Strategy Headquarters   |
| Mar 2017 | Director and General Manager of Recruitment Strategy Headquarters<br>Director, Copro-Engineerd Co., Ltd.   |
| Apr 2020 | Director and General Manager of Human Resources Strategy Headquarters  |
| Apr 2021 | Director<br>Director and General Manager of Sales Headquarters, Copro-Engineerd Co., Ltd.  |
| Jun 2024 | Managing Director (to present)<br>President, Copro Construction Co., Ltd. (to present)   |

## Corporate Governance (as of June 20, 2025)

| Form of organization and capital structure                                     |  |
|--|--|
| Form of organization   | Company with Audit & Supervisory Board   |
| Controlling shareholder and parent company                                     | Kosuke Kiyokawa  |
| Parent company   | None   |
| Foreign shareholding   | Less than 10%  |
| Directors and Audit & Supervisory Board members                                |  |
| Number of directors under Articles of Incorporation                            | 10   |
| Number of directors  | 5  |
| Directors' terms under Articles of Incorporation                               | 2 years  |
| Chairman of the Board of Directors   | President  |
| Number of outside directors  | 2  |
| Number of independent outside directors  | 2  |
| Number of members of Audit & Supervisory Board under Articles of Incorporation | 4  |
| Number of members of Audit & Supervisory Board                                 | 4  |
| Number of outside members of Audit & Supervisory Board                         | 2  |
| Number of independent outside members of Audit & Supervisory Board             | 2  |
| Other  |  |
| Participation in electronic voting platform                                    | Yes  |
| Providing convocation notice in English  | Yes  |
| Implementation of measures regarding director incentives                       | Performance-linked compensation system, stock option program, other  |
| Eligible for stock option  | Inside directors, outside directors, inside and outside members of Audit & Supervisory Board, directors of subsidiaries, employees of the company and its subsidiaries |
| Disclosure of individual director's compensation                               | Individual disclosure of compensation of some directors  |
| Policy on determining amount of compensation and calculation methodology       | In place   |
| Corporate takeover defenses  | None   |

Source: Shared Research based on company materials

## Dividend policy

During a meeting held on May 15, 2023, the company's Board of Directors announced the company will not reduce dividends during the period of its current medium-term management plan (FY03/23–FY03/27) and will aim for consolidated dividend payout ratios of 50% or more. In FY03/25, the consolidated dividend payout ratio was 62.9%.

## Major shareholders

Ritameko Co., Ltd., the largest shareholder of the company, is an asset management company owned by CEO Kosuke Kiyokawa.

## List of major shareholders (as of March 31, 2025)

| Top 10 shareholders  | Shares held ('000) | Shareholding ratio (%) |
|--|--------------------|------------------------|
| Ritameko Co., Ltd.   | 8,400              | 44.1                   |
| Kosuke Kiyokawa  | 2,630              | 13.8                   |
| Kyoichi Kageyama   | 1,000              | 5.3                    |
| Custody Bank of Japan, Ltd.(Trust account)                       | 456                | 2.4                    |
| Atsuhiko Morizane  | 350                | 1.8                    |
| NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)               | 248                | 1.3                    |
| Masashi Fujimaki   | 200                | 1.1                    |
| The Nomura Trust and Banking Co., Ltd.(Investment trust account) | 154                | 0.8                    |
| Morgan Stanley MUFG Securities Co., Ltd.                         | 143                | 0.8                    |
| JPMorgan Securities Japan Co., Ltd.                              | 138                | 0.7                    |
| Sum  | 13,721             | 72.0                   |

Source: Shared Research based on company materials

Note: As of March 31, 2025; shareholding ratios are calculated based on the total number of shares issued, excluding 955,761 treasury shares.

## By the way

### Origin of the company's name

The company's name is based on the idea of "responsive professionals" (the "co" is from "cotaeru", the Japanese for "responsive"). Mr. Kosuke Kiyokawa, the company's founder, named the company Copro because he wanted the company, first and foremost its technicians, to embody the concept of responsive professionals capable of meeting the expectations of society.

## Employees

|                     | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|
| Number of employees | 1,788   | 2,242   | 2,280   | 2,377   | 3,301   | 4,189   | 5,154   |

Source: Shared Research based on company materials

# News and topics

## Stock split, partial amendment to Articles of Incorporation, and revision of dividend forecast due to stock split

2025-07-14

Copro-Holdings Co., Ltd. (TSE Prime: 7059) announced a stock split, a partial amendment to its Articles of Incorporation, and a revision to its dividend forecast in connection with the stock split.  
(Click [here](#) for the company's press release)

### Purpose of the stock split

The company aims to lower the per-investment unit price of its shares through the stock split, thereby creating a more accessible investment environment, broadening its investor base, and improving share liquidity.

### Overview of the stock split

Copro will conduct a 2-for-1 stock split of its common shares, with Tuesday, September 30, 2025 set as the record date. Shareholders recorded in the shareholder register at the end of that day will receive two shares for each share held. The stock split will not affect the company's capital.

The number of shares will change as follows:

1. Shares outstanding before the split: 20,000,000
2. Increase in shares due to the split: 20,000,000
3. Shares outstanding after the split: 40,000,000
4. Authorized shares after the split: 160,000,000

### Schedule of the stock split

1. Record date announcement: Friday, September 12, 2025 (scheduled)
2. Record date: Tuesday, September 30, 2025
3. Effective date: Wednesday, October 1, 2025

### Adjustment to exercise prices of stock acquisition rights

Following the stock split, the exercise prices of stock acquisition rights exercisable on or after October 1, 2025 will be adjusted as follows.

| Stock acquisition rights     | Exercise price before split (JPY) | Exercise price after split (JPY) |
|------------------------------|-----------------------------------|----------------------------------|
| 2nd stock acquisition rights | 338                               | 169                              |
| 3rd stock acquisition rights | 642                               | 321                              |
| 4th stock acquisition rights | 481                               | 241                              |
| 5th stock acquisition rights | 481                               | 241                              |
| 6th stock acquisition rights | 1,259                             | 630                              |
| 7th stock acquisition rights | 1,644                             | 822                              |
| 8th stock acquisition rights | 1,644                             | 822                              |

### Partial amendment to the Articles of Incorporation

In accordance with Article 184, Paragraph 2 of the Companies Act, Copro will amend Article 6 of its Articles of Incorporation to reflect the increase in authorized shares, effective October 1, 2025.

| Current Article   | Revised Article  |
|---|--|
| Article 6 (Total Number of Authorized Shares)<br>The total number of authorized shares of company stock shall be 80 million shares. | Article 6 (Total Number of Authorized Shares)<br>The total number of authorized shares of company stock shall be 160 million shares. |

The amendment will take effect on Wednesday, October 1, 2025.

## Revision of dividend forecast

In light of the stock split, the company revised its dividend forecast for FY03/26, originally disclosed in the "Summary of Consolidated Financial Results for the Year ended March 31, 2025 (Based on Japanese GAAP)" dated May 15, 2025. The revision reflects the effect of the stock split and does not represent a substantive change to the per-share dividend amount.

|   | Annual dividend forecast per share for FY03/26 |                        |                 |
|---|--|------------------------|-----------------|
|   | Interim  | Year-end               | Annual          |
| Previous forecast (as of May 15, 2025)          | JPY30.00                                       | JPY50.00               | JPY80.00        |
| Revised forecast (converted to pre-split basis) | JPY30.00<br>(JPY30.00)                         | JPY25.00<br>(JPY50.00) | —<br>(JPY80.00) |
| Dividend paid for FY03/25                       | JPY20.00                                       | JPY40.00               | JPY60.00        |

Note: Due to the impact of the stock split, the revised annual dividend forecast per share is not shown, as it cannot be calculated through a simple summation.

## Copro raises final-year targets of medium-term plan and announces FY03/25 dividend and FY03/26 dividend forecast

2025-05-15

Copro-Holdings Co., Ltd. (TSE Prime: 7059) raised the final-year targets of its medium-term management plan. The company also announced the dividend for FY03/25 and the dividend forecast for FY03/26.

(Click [here](#) for the company's press release on the upward revision of final-year targets in the medium-term management plan)

(Click [here](#) for the company's press release on the FY03/25 dividend and FY03/26 dividend forecast)

### Upward revision of final-year targets in the medium-term management plan

The company has worked toward achieving the goals set out in its medium-term management plan, Copro Group Build the Future 2027, which covers FY03/23 through FY03/27 and was released on May 13, 2022. Based on performance through FY03/25, the company has revised its FY03/27 targets upward as follows.

| (JPYmn)                          | FY03/25                  |        | FY03/26                  |                 | FY03/27 (final year of medium-term plan) |                 |                 |
|----------------------------------|--------------------------|--------|--------------------------|-----------------|--|-----------------|-----------------|
|                                  | Medium-term plan targets | Actual | Medium-term plan targets | Annual forecast | Medium-term plan targets                 | Revised targets | Revision amount |
| Revenue                          | 26,800                   | 30,015 | 33,000                   | 38,000          | 40,000                                   | 47,000          | +7,000          |
| Operating profit                 |                          | 2,764  |                          | 3,800           |  | 5,600           |                 |
| Operating profit margin          |                          | 9.2%   |                          | 10.0%           |  | 11.9%           |                 |
| Non-GAAP operating profit        | 2,750                    | 3,328  | 3,900                    | 4,425           | 5,000                                    | 6,200           | +1,200          |
| Non-GAAP operating profit margin | 10.3%                    | 11.1%  | 11.8%                    | 11.6%           | 12.5%                                    | 13.2%           |                 |
| EPS (JPY)                        |                          | 95.45  |                          | 129.70          |  | 185.00          |                 |
| No. of technicians               |                          | 4,861  |                          | 6,271           | 6,200                                    | 8,000           | +1,800          |

Note: The company's non-GAAP operating profit is calculated by adding back depreciation, goodwill amortization, and share-based compensation expenses to operating profit.

Alongside its full-year results for FY03/25, Copro released its earnings forecast for FY03/26 and raised its business targets for FY03/27, the final year of the medium-term management plan. The company also introduced new targets for operating profit and EPS for both FY03/26 and FY03/27.

### Dividend for FY03/25 and dividend forecast for FY03/26

At its Board of Directors meeting on May 15, 2025, Copro resolved to pay a year-end dividend of JPY40.00 per share for FY03/25, with a record date of March 31, 2025. The company plans to submit this proposal at the Annual General Meeting of Shareholders scheduled for June 20, 2025.

The company also decided on its dividend forecast for FY03/26. It plans to pay an annual dividend of JPY80 per share, consisting of an interim dividend of JPY30 and a year-end dividend of JPY50.


Copro considers shareholder returns a key management priority. It mainly returns profits to shareholders through dividends and intends not to reduce dividends during the current medium-term management plan (FY03/23–FY03/27). The company is targeting a consolidated payout ratio of 50% or more and aims to deliver stable dividends in line with profit growth achieved through proactive investment.

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We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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