

**Medium-Term Management Plan**  
**“COPRO Group Build the Future 2027”**  
**(FYE2023 - FYE2027)**

**May 13th, 2022 (Friday)**

**COPRO-HOLDINGS Co., Ltd.**

Tokyo Stock Exchange Prime, Nagoya Stock  
Exchange Premier (Ticker Symbol: 7059)

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## 1. Medium-Term Management Plan “COPRO Group Build the Future 2027”

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(1) Positioning of the Medium-Term Management Plan

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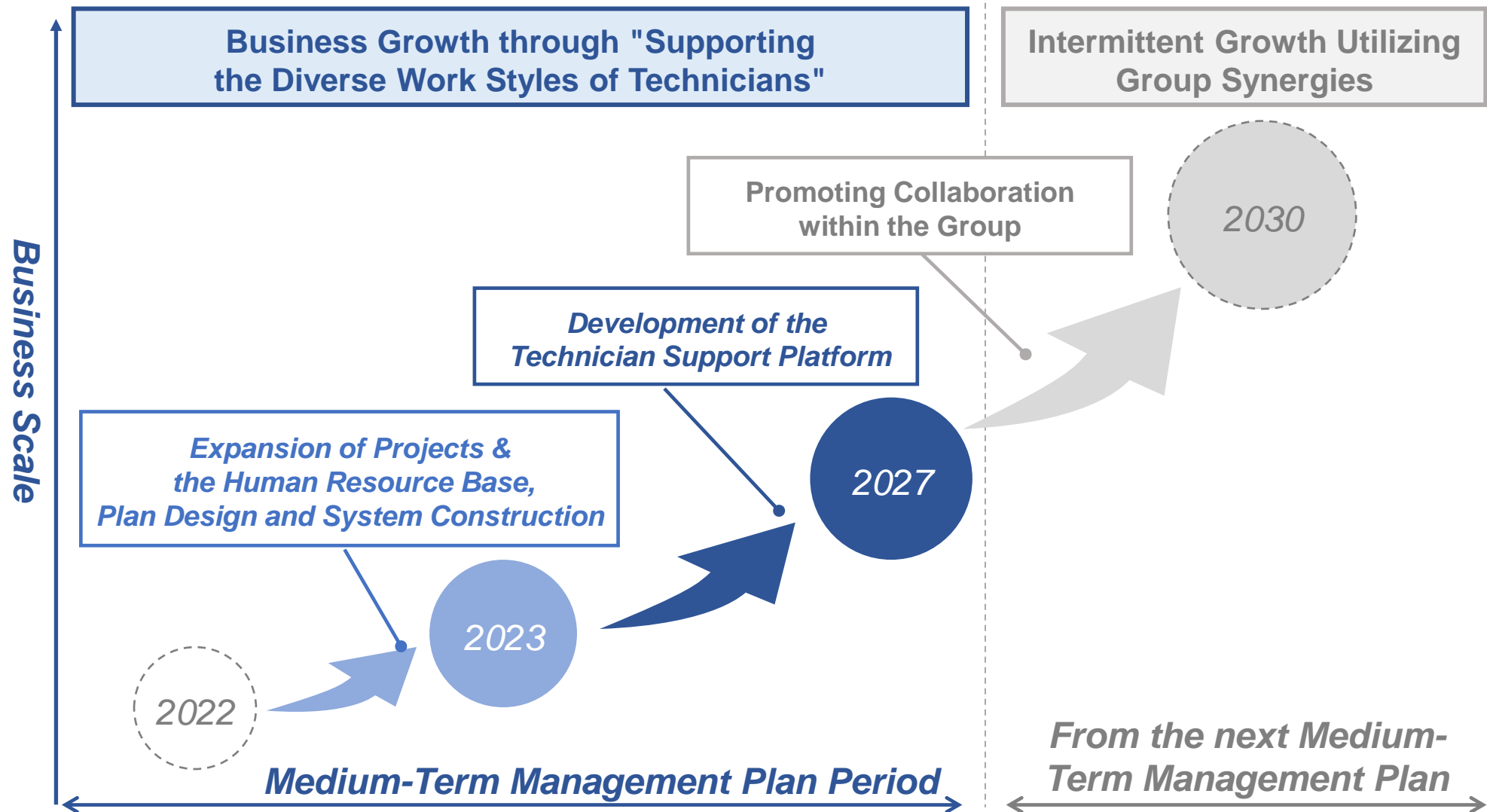
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(1) Financial Performance Targets

(2) Plan for Shareholder Returns

# (1) Positioning of the Medium-Term Management Plan

During the period of this medium-term management plan, we will expand our business by providing unique value as the "Technician Support Platform" which will be a stepping stone for future growth.



## (2) Purpose

CORORATE PHILOSOPHY

PURPOSE

MISSION

Create a Dynamic  
“Human Driven Society ”

VISION

Become a  
“Human Resource Development Company”  
that Ignites the Spirit of Individuals

VALUE

Work with a “Sense of Purpose ”

**The Best “Work Style.”**  
**The Best “Workers.”**

### (3) Formulation Logic

Formulate business strategies, performance targets, and capital policies in light of changes in the business environment and the purpose of COPRO.

#### Logic for Formulating the Medium-Term Business Plan

Purpose: The Best “Work Style.” The Best “Workers.”

#### [Understanding the Environment]

Changes in the Market and the Needs of Customers

COPRO’s Advantages and Capabilities

Policy to Deal with Competitors

#### [Business Strategy]

Construction & Plant Technician Dispatch

Mechanical Design Engineer Dispatch & SES Business

Global Business

#### [Performance Targets and Capital Policy]

Financial Goals & KPI

Shareholder Returns

#### [Strengthening the Foundation for Promoting our Business Strategy]

Governance & Systems

ESG & SDGs

M&A Policy

[What We Aim to Be]

“Technician Support Platform”

## (4) External Environment (1/2)

It is expected that Japan's companies will increasingly utilize the technician dispatchers to respond to the declining birthrate and aging population, and to deal with the improvement of the working environment. The market for construction and plants, our core business, itself is also expected to grow.

### Awareness of the External Environment

#### Political Factors

##### Positive factors

Continuous improvement in the working environment:  
Operational standardization by investing in HR

Accelerating acceptance of foreign workers

#### Economic Factors

##### Positive factors

Growth in the construction and plant market:  
our core business

Continuous growth in the percentage of  
dispatched employees at companies

#### Social Factors

##### Positive factors

Shortage of technicians in each field due to the  
declining birthrate and aging population

Change in work style  
(work styles that are not tied to time or conditions)

#### Technical Factors

##### Risk factors

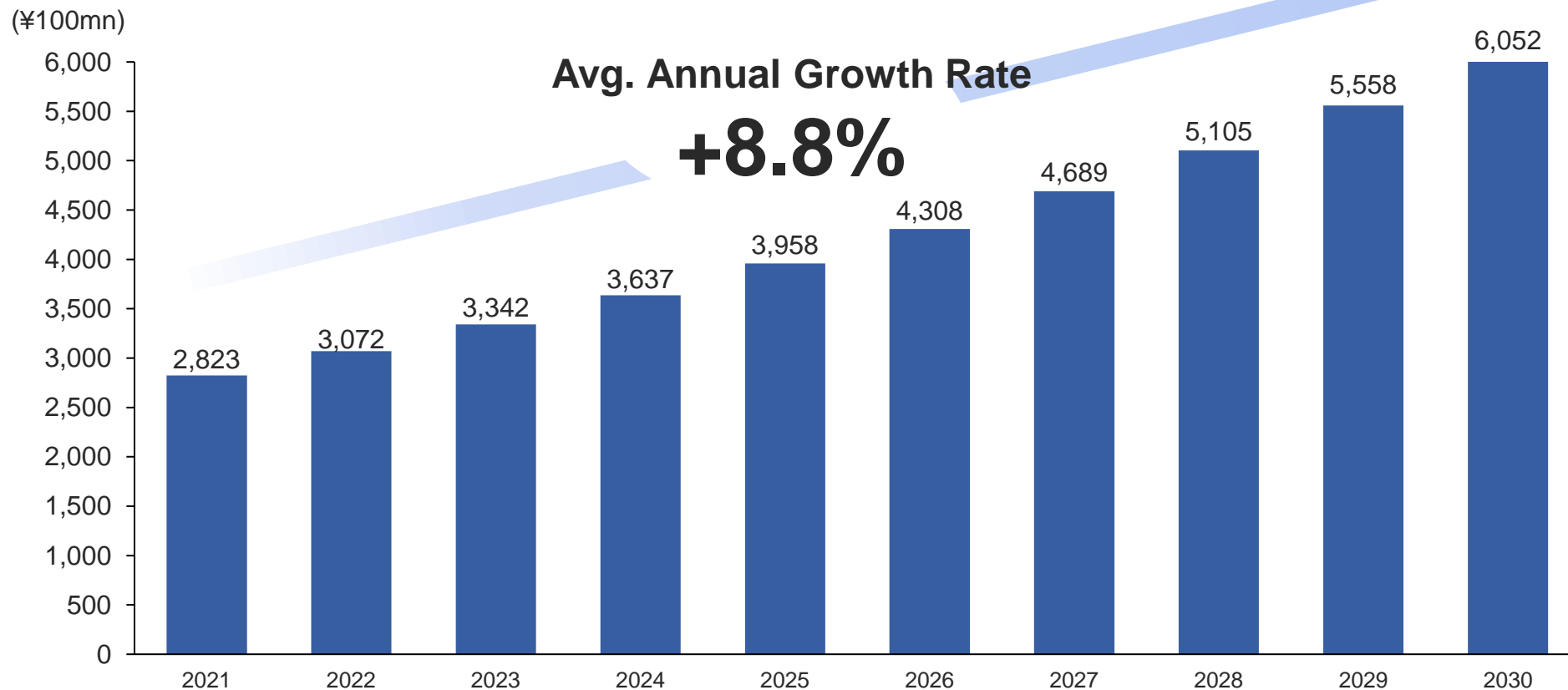
Spread of AI and construction robots at  
construction sites

Changes in the value chain due to the  
emergence of matching platforms

## (4) External Environment (2/2)

In line with the expansion of the construction and plant market following the economic recovery after the novel coronavirus pandemic, the technician dispatch market in this area is also expected to grow at an annual rate of + 8.8%.

### Forecast of the Mark Expansion of The Construction & Plant Technician Dispatching Industry



\*Our estimate



## (5) Basic Policies & Growth Strategy (1/2)

It is necessary to redefine the added value of dispatching technicians due to social changes in diverse workers and their work styles.

### Technicians

Formation of diverse career paths and the spread of free working styles

### Client companies

Shortage of workers.  
Supporting working environment improvements.

### Competitive environment

Difficulty of differentiating for technicians and client companies

### What is Required in the Technician Dispatch Market

Career development support for technicians

Stable supply of the best workers

COPRO's unique value creation

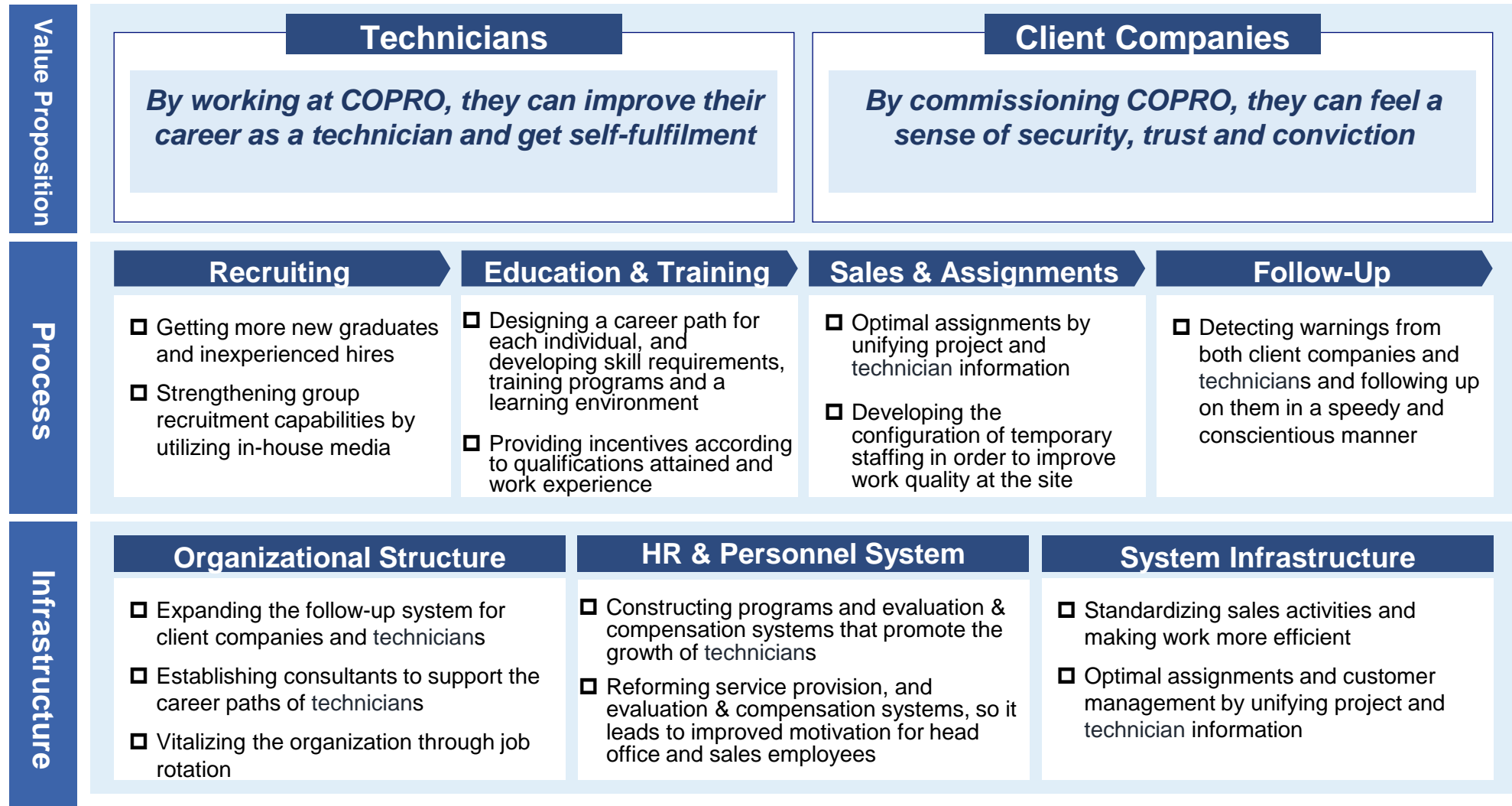
### COPRO's Value Proposition

**As a platform provider that supports the diverse careers of technicians, becoming a company selected by both technicians and client companies.**

## (5) Basic Policies & Growth Strategy (2/2)

Have both technicians and client companies feel the value of working with COPRO.

### Direction of the Value Proposition during this Medium-Term Management Plan

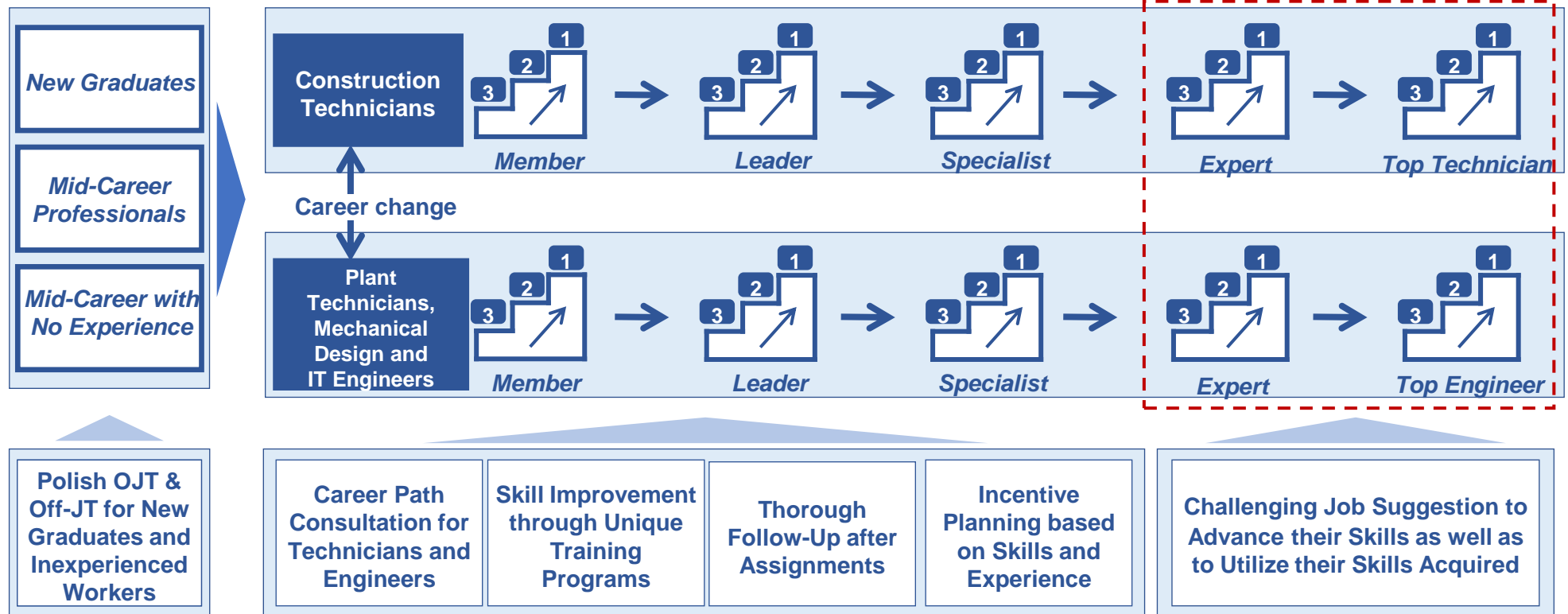


## (6) Value Proposition Aim with the Growth Strategy

We are providing value to technician as the "Technician Support Platform," which is equipped with a wide range of services and schemes to support the career advancement of each worker.

### Technician Support Platform

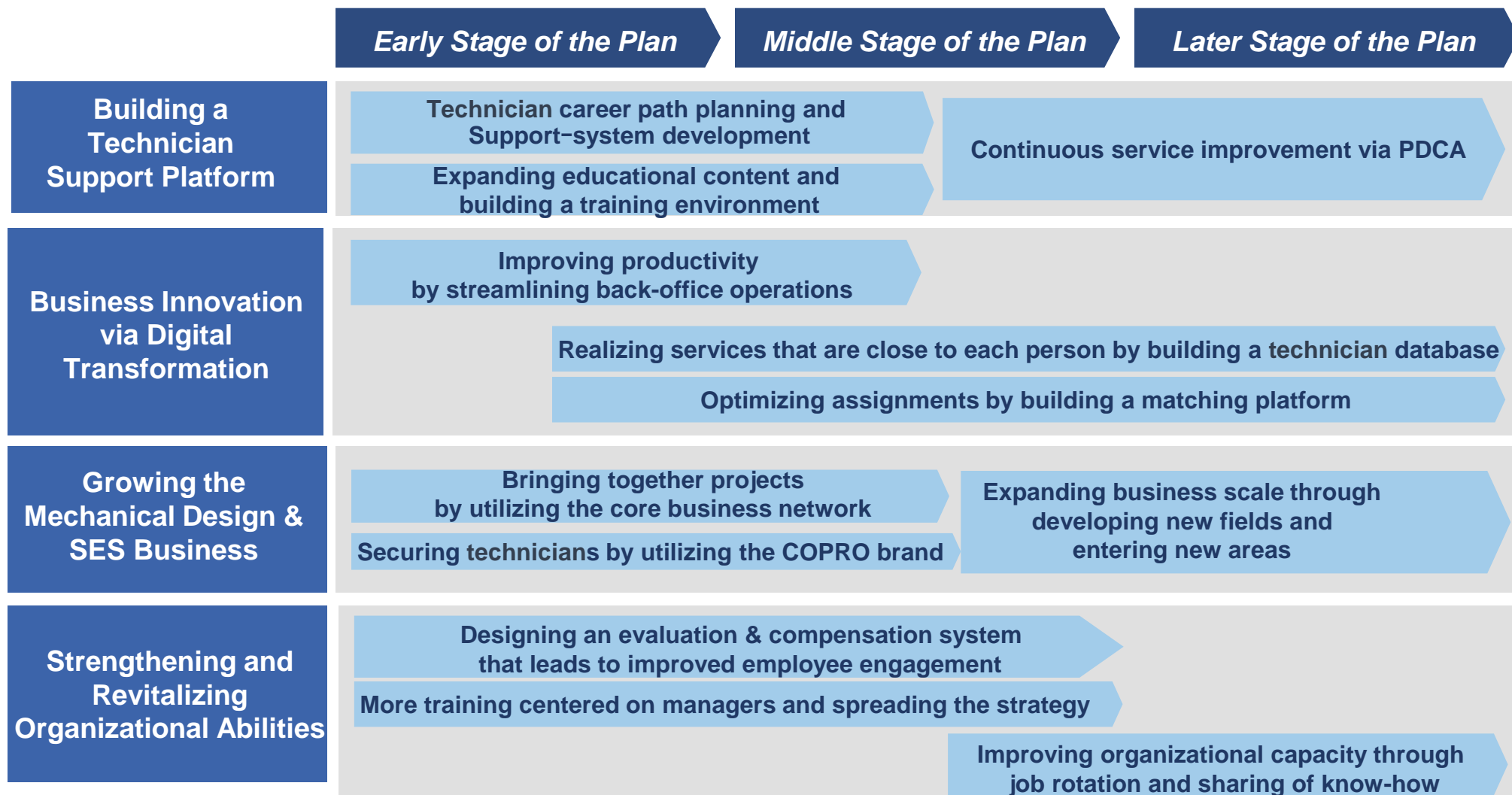
Supporting career development for technicians by being in collaborating with the individuals



Building a Wide Range of Services and Systems to Support Technician and Engineers

## (7) Growth Strategy Roadmap

We are systematically promoting various measures and system planning centered on the construction of the Technician Support Platform.



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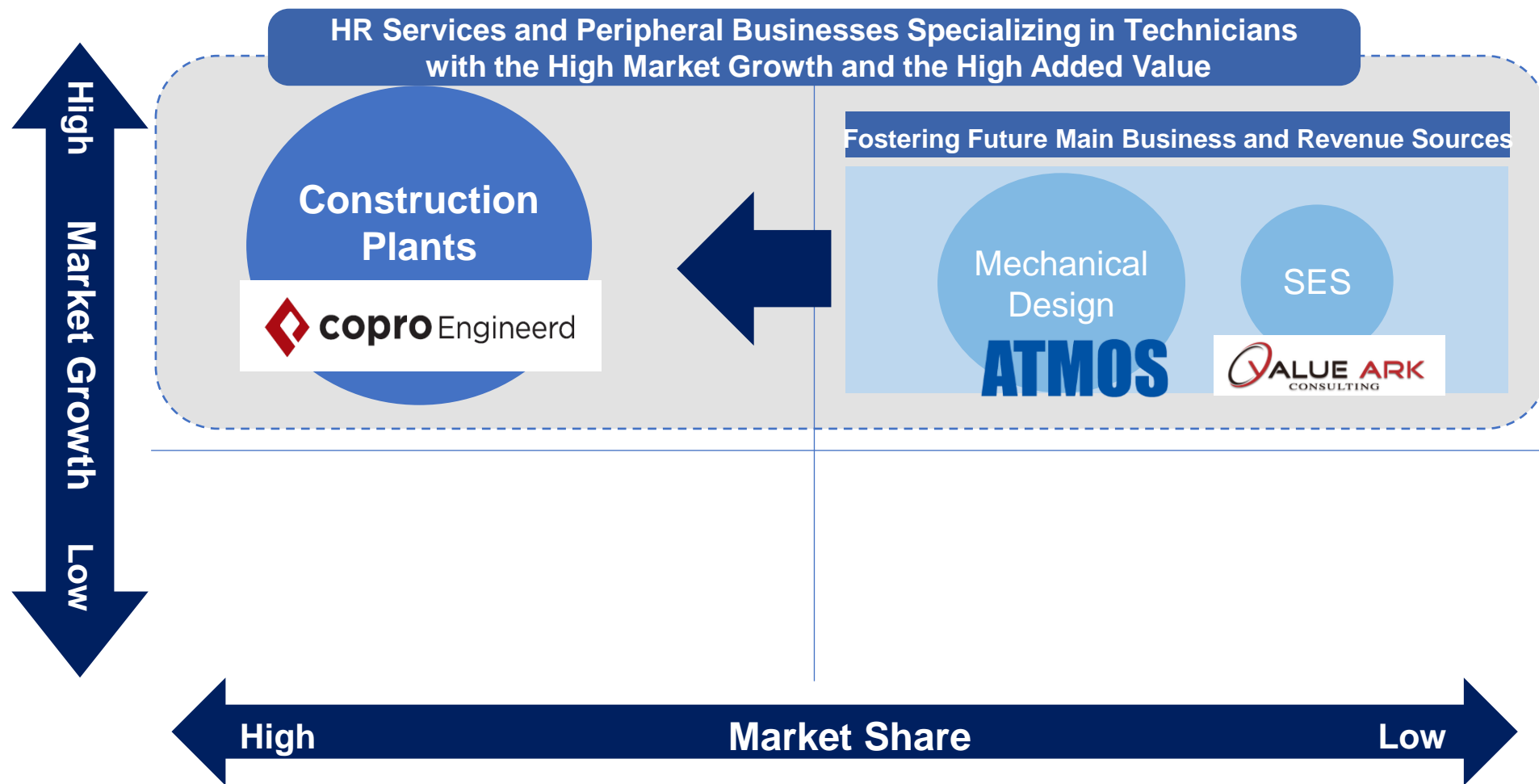
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(1) Financial Performance Targets

(2) Plan for Shareholder Returns

# (1) Business Portfolio Policy

While investing in growth to further expand our market share in the construction and plant technician dispatching business, which is the backbone of our group, in the area of human resource services specializing in high value-added technicians, we will promote investment in businesses with high market growth potential in order to foster our second main business and revenue source.



## (2) Construction & Plant Technician Dispatching Business: Environmental Awareness

### Awareness of the Business Environment

#### External Environment

- The market scale is expanding due to the increase in the number of construction projects in the construction and plant fields, and the increase in the demand of temporary staff ratio.
- With the spread of technologies such as remote management systems, there has been partial progress in construction management labor saving measures

#### Our Company

- There is a lot of room for productivity improvement in sales and recruitment activities that form the basis for executing our growth strategies.
- The necessity to expand the base of technicians who can meet the demand for human resources from the growing market
- The necessity to invest resources intensively in businesses that create added value for further business growth

#### Competition

- Among competitors, the structure is mass hiring and mass turnover. It is important to sustain things through education & training and follow-up after hiring
- It is a business format that makes it difficult for client companies to feel the difference from the competition. There is a necessity to create the benefit of commissioning COPRO

### Direction based on Environmental Changes

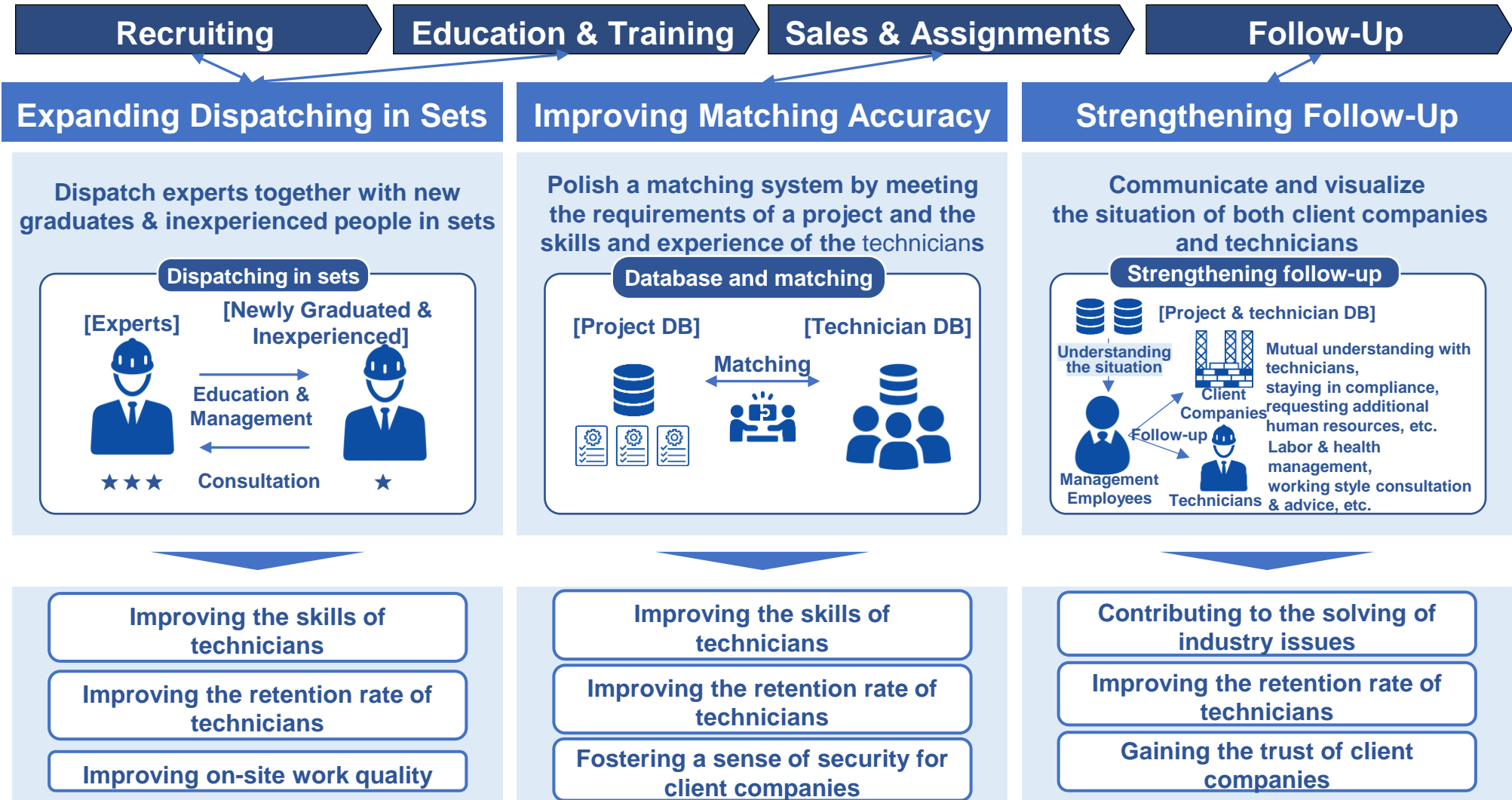
- Developing new and deeply-cultivated sales by targeting client companies that are expected to expand projects
- Reducing replacement risk by improving the skills of technicians

- Thorough strengthening of basic competitiveness in business operations
- Focus on hiring and utilizing new graduates and mid-career inexperienced people in addition to hiring mid-career professionals
- Dispatching skilled technicians and young technicians as a set
- Streamlining work via DX, and shifting creation time and man-hours to provide value to client companies and technicians

- COPRO not only creates an environment where technicians can voluntarily grow, but also supports their careers and growth
- By placing an order with COPRO, companies can develop initiatives that will give them a sense of security, trust and conviction.

## (2) Construction & Plant Technician Dispatching Business: Strategic Direction

By dispatching experienced and inexperienced in sets, improving matching accuracy, and strengthening follow-up, we will improve the quality of the work site and the working environment to gain the trust of both client companies and technicians.





### (3) Mechanical Design Engineer Dispatching Business: Environmental Awareness

#### Awareness of the Business Environment

##### External Environment

- Market growth centered on new areas such as carbon-neutral-related facilities & equipment and electronic components
- Limited entry of competitors in the downstream process of the value chain

##### Our Company

- The necessity to expand the engineer base to meet the demand for human resources from the growing market
- There is room for improvement in the scale and unit price of projects by expanding orders from manufacturers in addition to orders from suppliers

##### Competition

- From the perspective of the client companies, it is difficult to feel the difference in the capabilities of the engineers at each company, and is a business format that makes it difficult to get a sense of satisfaction with the dispatch unit price

#### Direction based on Environmental Changes

- Cultivating customers mainly in new areas where projects are expected to expand
- By advancing into the downstream of the design process, strengthening relationships with existing customers and winning deals

- Expanding recruitment by utilizing group resources (collective recruitment utilizing the COPRO brand, and owned media, etc.)
- Acquiring projects from manufacturers by utilizing expert human resources

- By linking the skills of engineers and the unit prices, realizing the setting of unit prices that are convincing for client companies

### (3) Mechanical Design Engineer Dispatching Business: Strategic Direction

In the first half of the plan, we will enter new areas where demand is expected, and further deeply cultivate our existing customers. In the latter half of the plan, we aim to achieve dramatic growth in the business by capturing top manufacturers and significantly expanding hiring.

**Client companies**

**ATMOS**

**Engineers**

**Priority Measures to Improve the Quantity and Quality of Projects**

**Priority Measures to Improve the Quantity and Quality of Engineers**

	Policies	Measure details	Policies	Measure details
First half of the plan	Cultivating Clients in Growing Markets	<ul style="list-style-type: none"> <li>Developing promising areas such as carbon neutral-related facilities and equipment</li> <li>Focusing on downstream processes where high demand is expected</li> </ul>	Strengthening Recruitment of New Graduates and Experts	<ul style="list-style-type: none"> <li>Utilizing new graduates through group recruitment</li> <li>Hiring expert human resources from manufacturers</li> </ul>
	Cross-Selling to Existing Clients	<ul style="list-style-type: none"> <li>Strengthening downstream process sales by using achievements in new areas, even for existing customers in priority areas (transportation equipment, agriculture and medical care)</li> </ul>	Building an Education System	<ul style="list-style-type: none"> <li>Systematically getting skills through the contracting business</li> <li>Visualizing and sharing the skills of the engineers</li> </ul>
			Improving the Retention Rate	<ul style="list-style-type: none"> <li>Through the dispatching of experts and new graduates as a set, building an environment where work can be done with peace of mind</li> <li>Setting up a unit price table that is linked to skills</li> </ul>
Latter half of the plan	Cultivating Top Manufacturers in Priority Areas	<ul style="list-style-type: none"> <li>Developing projects for new customers (top manufacturers) in priority areas by utilizing expert human resources (experienced in design work at manufacturers)</li> </ul>	Boosting Recruitment by Expanding Areas	<ul style="list-style-type: none"> <li>Securing human resources with appealing projects in various fields and value chains</li> <li>Expanding the number of hires by expanding branches</li> </ul>
	Increasing the Size of Projects	<ul style="list-style-type: none"> <li>Promoting dispatching in sets, and expanding the number of assignments</li> <li>The team leader system raises the level of business quality and builds relationships of trust with client companies</li> </ul>		

## (4) SES Business: Environmental Awareness

### Awareness of the Business Environment

#### External Environment

- The supply of IT engineers has not kept up with the increase in corporate IT investment, making it difficult to secure human resources
- While the freelance population is increasing, there is a lack of support for individual credibility and the working environment
- Digital transformation is progressing for industries that are behind in IT, including the construction industry

#### Our Company

- Even though the number of projects continues to grow, there is a shortage of engineers, leading to lost opportunities
- There are many projects with a deep business process, and there is room for improvement in the project unit price

#### Competition

- Getting projects and engineers in relevant areas by converting specific areas such as xTech and games into services and in-house businesses

### Direction Based on Environmental Changes

- **[For temporary employees]** Gaining trust from employees by expanding education, training and follow-up. Making inexperienced people into powerful members of the workforce
- **[For freelancers]** Providing support services to care for the issues of freelancers
- Making a service out of DX support for the existing customers of the group

- Promoting the influx and registration of engineers by improving the SEO, UI and UX of our company's websites
- Since many of the projects, which has less companies involved, are large, we have introduced dispatching in sets to build a system that can handle larger projects

- Assuming it gets competitive for hiring highly-skilled technical workers, we focus on transforming inexperienced workers into powerful members of the workforce

## (4) SES Business: Strategic Direction

In the first half of the plan, we will expand human resources for both freelance and temporary staffing, to increase the number of assignments through dispatching in sets.

In the latter half of the plan, the business will grow by expanding human resources through alliances with educational institutions, and by expanding projects while cultivating new areas.

**Client Companies**



**VALUE ARK CONSULTING**



**Engineers**

**Priority Measures to Improve the Quantity and Quality of Projects**

**Priority Measures to Improve the Quantity and Quality of Engineers**

**Policies**

**Measure details**

**Policies**

**Measure details**

**First Half  
of the Plan**

**DX  
Support  
for  
Group  
Customers**

- Conducting sales to group general contractor and plant customers and winning DX & IT support projects

**Increasing  
the Size  
& Scale  
of Projects**

- Getting projects with a shallow business process by supporting large-scale projects via dispatching in sets

**Expanding  
Recruitment**

- Strengthening exposure to media utilizing group capital, and improving the UI, UX & SEO of our own media
- Utilizing our own media and existing know-how, and at the same time also expanding the hiring of dispatched IT human resources

**Improving  
the Retention  
Rate**

- [Freelancers] Expanding support services
- [Temporary employees] OJT via dispatching in sets
- [Overall] Expanding follow-up

**Latter Half  
of the Plan**

**Area  
& Project  
Development**

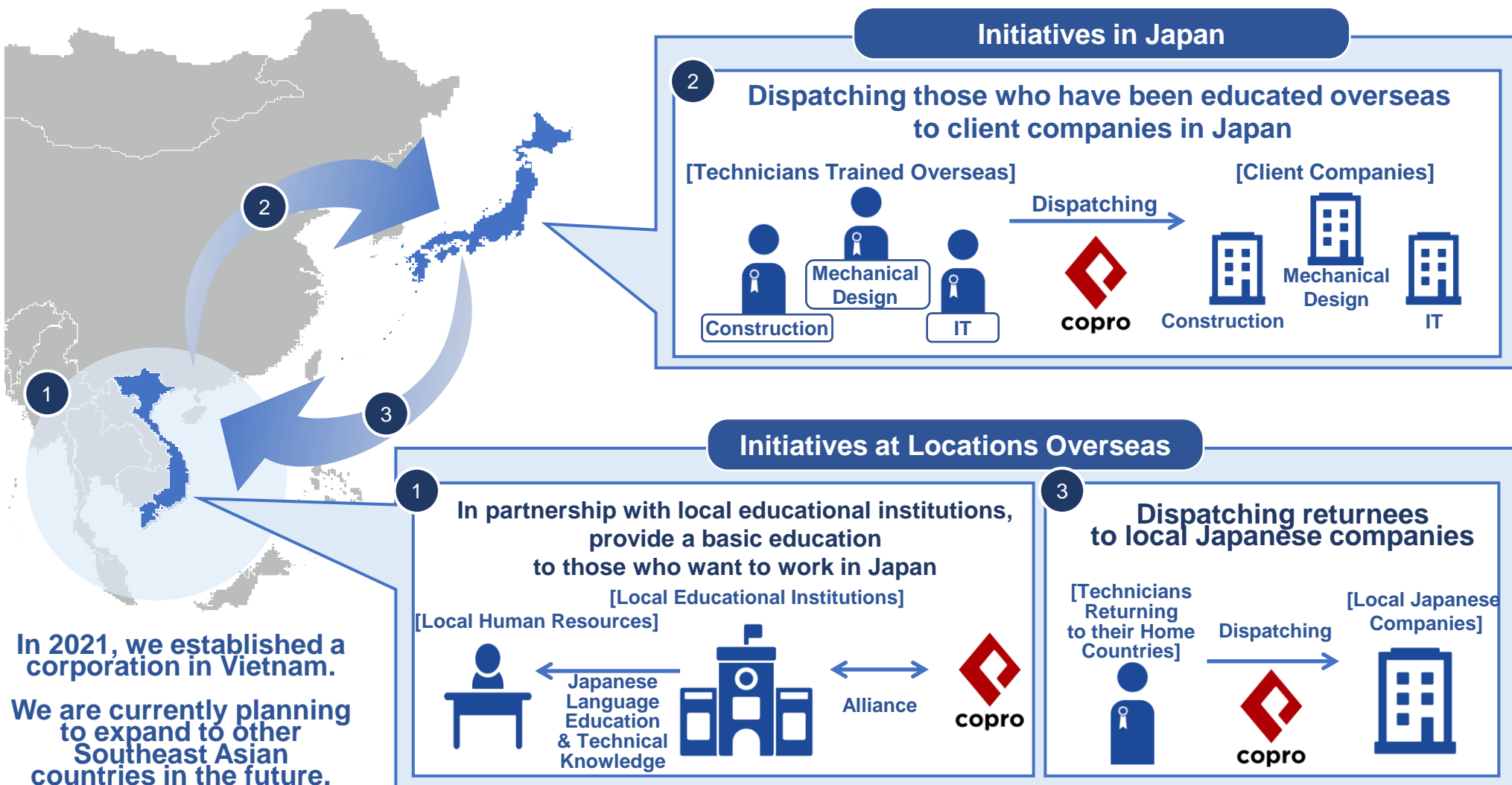
- Deploying the organization in areas where demand is expected, and promoting the development of customers and projects

**Significantly  
Expanding  
Recruitment**

- Through alliances with educational institutions, expanding the scale of human resources at the same time as hiring inexperienced people and making them powerful members of the workforce

## (5) Global Business

In partnership with Southeast Asian educational institutions, we provide a basic education to those who are willing to work in Japan. After that, they are dispatched to construction, mechanical design or IT companies in Japan, which have been facing a shortage of human resources in Japan. After returning to their home countries, they can still be dispatched to local Japanese companies.



## (6) M&A Policy and Investment Strategy

In addition to the high organic growth of our existing businesses that is centered on our core business, we will aggressively promote M&A in order to achieve intermittent growth, aiming to achieve the medium-term financial performance targets ahead of schedule.

### M&A

#### Acquisition Targets

In the human resource service area, which specializes in technicians and engineers with large growth potential and high added value, companies with excellent technicians and engineers, and companies that have the necessary resources to build the Technician Support Platform

#### Financing & Financial Discipline

- Financing for acquisitions is arranged in the following order: cash on hand, bank borrowing and then equity finance
- Concluded a commitment line contract (total of ¥3 billion) for the purpose of flexibly raising funds for M&A deals
- Set the WACC at about 8% for the hurdle rate, and only consider M&A investments that exceed this rate

### Investing for the Purpose of Strengthening the Business Foundation and Improving Efficiency

- Investment purpose: Building the Technician Support Platform, and business innovation via DX, etc.
- Investment amount: Expected to be ¥150 to ¥200 million per year (FY3/23 to FY3/24)

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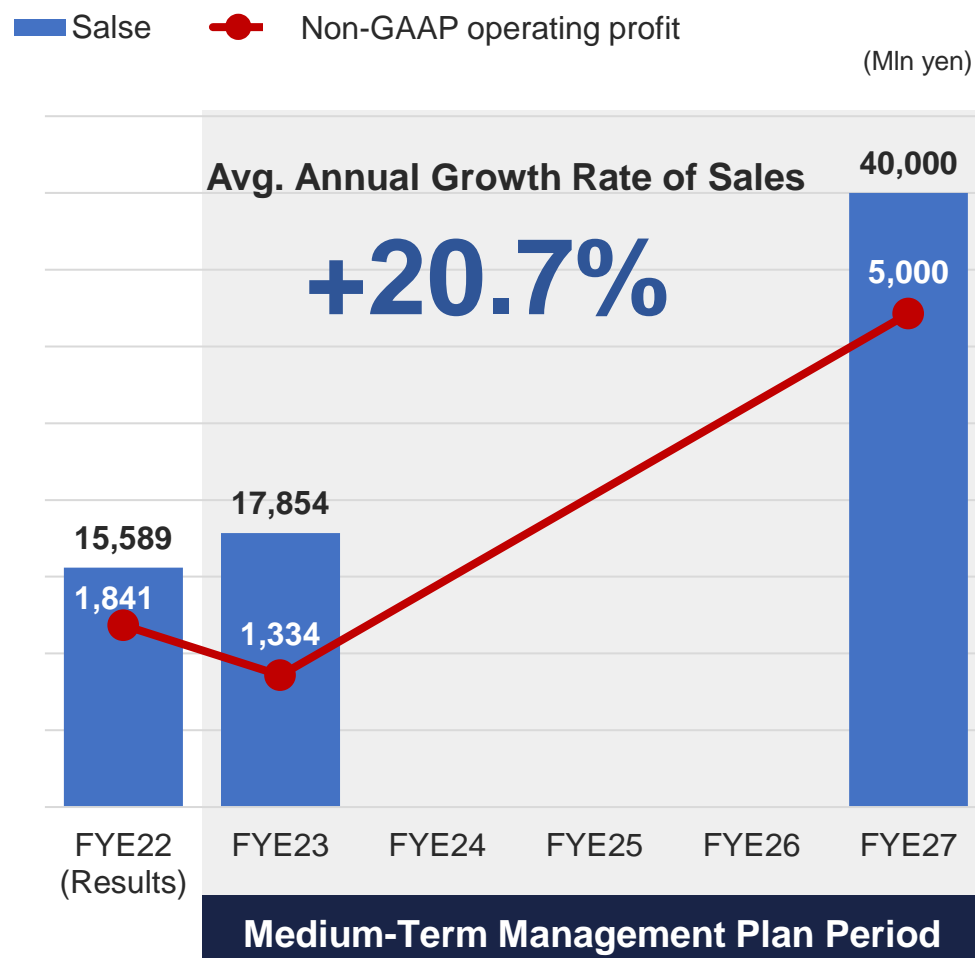
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(1) Financial Performance Targets

(2) Plan for Shareholder Returns

# (1) Financial Performance Targets

Through the realization of a Technician Support Platform, we aim to achieve sales of ¥40 billion and Non-GAAP operating profit of ¥5 billion by the fiscal year ending March 2027.



## FYE2027 Targets

### Sales

¥40 bn

### Non-GAAP Operating Profit

¥5 bn

### No. of Technicians (Consolidated at FY end)

6,200

\*As a profit index to measure essential performance, Non-GAAP operating profit is calculated by adding depreciation, amortization of goodwill and share-based remuneration expenses back to operating profit.



## (2) Plan for Shareholder Returns

The dividend policy has changed with the announcement of the Medium-Term Management Plan "COPRO Group Build the Future 2027"

### Dividend Policy

Dividends are the basis for shareholder returns, which we consider to be one of the important management issues, and our basic policy is to pay stable dividends. Dividends will not be reduced during the period covered by the Medium-Term Management Plan "COPRO Group Build the Future 2027" (from FY3/2023 to FY3/2027), depending on the profit growth achieved through aggressive investment.

