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2nd Quarter of FYE3/2025

# Financial Results

COPRO-HOLDINGS. Co., Ltd.

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

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[Title]

COPRO-HOLDINGS Outperforms the Initial Forecast of Both Sales and Profit for 1H, Aiming for a Further Leap with Upward Revision of the Medium-Term Management Plan in Sight

[Lead]

This is a transcript of the IR seminar for individual investors of COPRO-HOLDINGS. Co., Ltd. held on November 25, 2024.

[Speaker]

Mr. Kosuke Kiyokawa, CEO, COPRO-HOLDINGS. Co., Ltd.

## SECTION



- **01 Summary of Financial Results for 2Q FYE3/2025**
- **02 Analysis of KPIs**
- **03 FYE3/2025 Business Summary and Growth Strategy**
- **04 FYE3/2025 Earnings Forecast**
- **05 FYE3/2025 Dividend Forecast**
- **06 Progress of the Medium-Term Management Plan**
- **07 Appendix**

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Kosuke Kiyokawa (hereafter “Kiyokawa”): Good evening, everyone. My name is Kosuke Kiyokawa, CEO of COPRO-HOLDINGS. Co., Ltd. We are pleased to see so many investors and shareholders attending this briefing. I thank all of you for joining us today, despite the late hour of the beginning day of the week.

Now, let me start the briefing of financial results for 2Q of FYE3/2025.

## Message from the Management



We are **relentlessly heading straight toward** upward revising the targets of the Medium-Term Management Plan!!

- ✓ The business environment is favorable with high manpower demand due to the upper limit cap on overtime work starting from April 2024 and big projects in the construction industry. Additionally, thanks to our strength of low-cost recruitment by recruiting on our own, which does not depend on outside employment agencies, the number of recruits and technical employees significantly grew in mainly construction technician dispatching business, our core business.
- ✓ As a result of the above reasons, consolidated sales, operating profit, and other line-item profits below in 1H of FYE3/2025 outperformed the initial forecast and are making strong progress in comparison to the full-year forecast of FYE3/2025.
- ✓ We hit the halfway point of the Medium-Term Management Plan (FYE3/2023 – FYE3/2027) with strong performance in 1H of FYE3/2025, the third year of the Plan. Now we are eyeing the possibility to upward revise the performance targets of the plan to achieve sales of ¥40 billion and non-GAAP operating profit of ¥5 billion has come in sight.

\*Progress of the Medium-Term Management Plan...p.26

Before going into the 2Q financial results briefing, I will talk about the message from the management from medium- to long-term perspective. We are relentlessly heading straight toward upward revising the targets of the Medium-Term Management Plan. The business environment is remarkably favorable with quite-high labor demand due to the upper limit cap on overtime work starting from April 2024 and big projects in the construction industry.

Additionally, thanks to our strength of low-cost recruitment by recruiting on our own, which does not depend on outside employment agencies, the numbers of recruits and technical employees significantly grew in mainly construction technician dispatching business, our core business.

As a result of the above reasons, consolidated sales, operating profit, and other line-item profits below in 1H of FYE3/2025 outperformed the initial forecast and are making strong progress in comparison to the full-year forecast of FYE3/2025.

We hit the halfway point of the Medium-Term Management Plan (FYE3/2023 – FYE3/2027), which was announced in May 2022, with strong performance in 1H of FYE3/2025, the third year of the Plan.

Now we are eyeing the possibility to upward revise the performance targets of the plan to achieve sales of ¥40 billion and non-GAAP operating profit of ¥5 billion that has come in sight.

## 2Q FYE3/2025 Consolidated Financial Results Highlights

- Point 1** With the increase in demand following the upper limit cap on overtime work, the strengthening of our recruiting capabilities with a particular focus on “low cost recruitment” proved successful, with the number of consolidated technical employees increasing 27.5% YoY to 4,482.
- Point 2** Similarly, the increase in the number of technical employees more than made up for the decline in the sales price for construction technician dispatching, which was caused by the upper limit cap on overtime work, and sales increased 27.7% YoY.
- Point 3** Operating profit exceeded the plan by 19.9% 1,237 million yen due to sales growth and a reduction in selling and administrative expenses.



\* As a profit Index to measure substantive performance, non-GAAP operating profit is calculated by adding depreciation, goodwill amortization and stock award expenses back to operating profit.

\* The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineers dispatch business.

I will overview the financial results for 2Q FYE3/2025, starting with the consolidated financial results highlights. There are three points worth mentioning.

First, with the increase in demand following the upper limit cap on overtime work, the strengthening of our recruiting capabilities with a particular focus on our strength of “low-cost recruitment” proved successful, with the number of consolidated technical employees increasing 27.5% YoY to 4,482.

Second, similar to the first point, the increase in the number of technical employees more than made up for the decline in the sales price for construction technician dispatching, which was caused by the upper limit cap on overtime work, and sales increased 27.7% YoY.

Third, operating profit exceeded the plan by 19.9% to ¥1,237 million due to the sales growth and a reduction in selling and administrative expenses.

Now, let me talk about the main six figures in the slide.

The number of consolidated technical employees was 4,482, up 27.5% YoY. Consolidated sales were ¥14,227 million, up 27.7% YoY. Operating profit was ¥1,237 million, up 67.9% YoY. Non-GAAP operating profit was ¥1,439 million, up 67.0% YoY. Ordinary profit was ¥1,257 million, up 55.1% YoY.

Current net profit was ¥797 million, up 56.4%. All of these performance measures reached record highs.

## Consolidated Financial Results for 1H FYE3/2025

### Consolidated Financial Results for 1H FYE3/2025

(Millions of yen)

	FYE3/2024		FYE3/2025				
	1H	% of net sales	1H	% of net sales	YoY change		vs. Forecast
					%	Amount	
Net sales	11,137	100.0%	14,227	100.0%	+27.7%	+3,090	+2.0%
Cost of sales	8,072	72.5%	10,390	73.0%	+28.7%	+2,318	+3.6%
Gross profit	3,065	27.5%	3,837	27.0%	+25.2%	+771	-2.1%
SG&A expenses	2,328	20.9%	2,599	18.3%	+11.7%	+271	-10.0%
Operating profit	737	6.6%	1,237	8.7%	+67.9%	+500	+19.9%
Non-GAAP operating profit*	862	7.7%	1,439	10.1%	+67.0%	+577	+16.7%
Ordinary profit	810	7.3%	1,257	8.8%	+55.1%	+446	+20.2%
Profit attributable to owners of parent	510	4.6%	797	5.6%	+56.4%	+287	+18.2%
Number of consolidated technical employees (period end)*	3,515	-	4,482	-	+27.5%	+967	-2.2%

\* As a profit index to measure substantive performance, non-GAAP operating profit is calculated by adding depreciation, goodwill amortization and stock award expenses back to operating profit.

\* The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineers dispatch business.

This slide is the profit and loss statement of the consolidated financial results for 1H FYE3/2025.

## Quarterly Consolidated Financial Results

### Quarterly Consolidated Financial Results

**Point 1** Second quarter net sales and the number of technical employees both increased from the previous quarter.

**Point 2** Record high on a quarterly basis.



\*The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineer business.

This graph shows net sales for 1H FYE3/2025 by bar chart and the number of technical employees by line chart. Both of them are steadily growing every quarter. As they have hit record highs on a quarterly basis, we believe that we ended 2Q in fairly good shape.



## 2Q FYE3/2025 Results by Subsidiary

**Point 1** As for COPRO CONSTRUCTION, operating profit increased significantly by 42.5% YoY due to a decline in fixed costs accompanying sales growth.

**Point 2** COPRO TECHNOLOGY aggressively invested in advertising and publicity expenses to expand the number of recruits, primarily with "Bscareer Mechanical and Electrical" and "Bscareer IT", resulting in a significant increase in sales of 80.1% YoY.

(Millions of yen)

	FYE3/2024			FYE3/2025		
	1H	YoY % Change	YoY Change	1H	YoY % Change	YoY Change
<b>Consolidated sales</b>	<b>11,137</b>	<b>+28.5%</b>	<b>+2,467</b>	<b>14,227</b>	<b>+27.7%</b>	<b>+3,090</b>
COPRO CONSTRUCTION	10,299	+26.4%	+2,149	12,718	+23.5%	+2,419
COPRO TECHNOLOGY	837	+61.0%	+317	1,508	+80.1%	+670
<b>Profit on sales</b>	<b>3,065</b>	<b>+18.7%</b>	<b>+481</b>	<b>3,837</b>	<b>+25.2%</b>	<b>+771</b>
COPRO CONSTRUCTION	2,799	+16.3%	+392	3,531	+26.2%	+732
COPRO TECHNOLOGY	265	+50.2%	+88	305	+15.0%	+39
<b>Selling, general and administrative expenses</b>	<b>2,328</b>	<b>+10.2%</b>	<b>+214</b>	<b>2,599</b>	<b>+11.7%</b>	<b>+271</b>
COPRO CONSTRUCTION	1,506	+17.4%	+223	1,689	+12.2%	+183
COPRO TECHNOLOGY	276	+40.6%	+79	344	+24.6%	+67
HD and others	545	-14.0%	△88	566	+3.8%	+20
<b>Consolidated operating profit</b>	<b>737</b>	<b>+56.9%</b>	<b>+267</b>	<b>1,237</b>	<b>+67.9%</b>	<b>+500</b>
COPRO CONSTRUCTION	1,293	+15.1%	+169	1,842	+42.5%	+549
COPRO TECHNOLOGY	-10	-	+9	-38	-	-28
HD and others	-545	-	+88	-566	-	-20

\*The figures for subsidiaries are the amounts after consolidation adjustment, which eliminates intra-group transactions.

Now let's look at 2Q FYE3/2025. There are two points.

First, as for our mainstay business COPRO CONSTRUCTION, construction technician dispatching business area, operating profit increased significantly by 42.5% YoY due to an increase in gross profit and a decline in the fixed cost rate accompanying sales growth.

Second, COPRO TECHNOLOGY aggressively invested in advertising and publicity expenses to expand the number of recruits, primarily with our recruitment portal sites "Bscareer Mechanical and Electrical" and "Bscareer IT," resulting in a significant increase in sales of 80.1% YoY.

Profit and loss, consolidated sales, gross profit on sales, selling, general and administrative expenses, and consolidated operating profit of COPRO CONSTRUCTION and COPRO TECHNOLOGY are as per the slide.

## KPI Trends by Business Segment

### KPI Trends by Business Segment

**Point** The number of recruits grew considerably, particularly at COPRO CN. This led to the number of technical employees increasing by 967, or +27.5% YoY, to 4,482.

(People, 1,000 yen)

	FYE3/2024			FYE3/2025		
	1H	2H	Full Year	1H	YoY % Change	YoY Change
<b>No. of recruits</b>	<b>1,166</b>	<b>1,056</b>	<b>2,222</b>	<b>1,502</b>	<b>+28.8%</b>	<b>+336</b>
Construction technician dispatch	1,072	952	2,024	1,348	+25.7%	+276
Mechanical & electrical and semiconductor engineer dispatch	56	62	118	95	+69.6%	+39
IT engineers dispatch	38	34	72	59	+55.3%	+21
Increase due to M&A, etc.	0	8	8	0	—	+0
<b>No. of resignations</b>	<b>687</b>	<b>642</b>	<b>1,329</b>	<b>949</b>	<b>+38.1%</b>	<b>+262</b>
Construction technician dispatch	644	589	1,233	845	+31.2%	+201
Mechanical & electrical and semiconductor engineer dispatch	22	32	54	45	+104.5%	+23
IT engineers dispatch	21	21	42	59	+181.0%	+38
<b>No. of technical employees (period end)</b>	<b>3,515</b>	<b>3,929</b>	<b>3,929</b>	<b>4,482</b>	<b>+27.5%</b>	<b>+967</b>
Construction technician dispatch	3,205	3,568	3,568	4,071	+27.0%	+866
Mechanical & electrical and semiconductor engineer dispatch	193	223	223	273	+41.5%	+80
IT engineers dispatch	117	138	138	138	+17.9%	+21
<b>Retention rate</b>	<b>83.7%</b>	<b>85.8%</b>	<b>74.7%</b>	<b>83.0%</b>	<b>—</b>	<b>-0.7pts</b>
Construction technician dispatch	83.3%	85.8%	74.3%	82.8%	—	-0.5pts
Mechanical & electrical and semiconductor engineer dispatch	89.8%	87.5%	80.5%	85.8%	—	-4.0pts
IT engineers dispatch	91.7%	79.4%	75.8%	82.9%	—	-8.8pts
<b>Sales per technician/engineer (period average)</b>	<b>618</b>	<b>616</b>	<b>617</b>	<b>591</b>	<b>-4.4%</b>	<b>-27</b>
Construction technician dispatch	613	609	611	583	-4.8%	-29
Mechanical & electrical and semiconductor engineer dispatch	612	624	618	598	-2.3%	-14
IT engineers dispatch	765	780	773	785	+2.6%	+20

<sup>1</sup> The above figures, excluding SES sales per technical employee and retention rate, include IT freelance engineers. The numerical values of sales per technical employee and Retention rate are for dispatched technical employees only, excluding IT freelancers.  
<sup>2</sup> The amount of sales per technical employee of mechanical design engineers, is for dispatched engineers only, excluding contract work.  
<sup>3</sup> Retention rate = Number of technical employees at the end of the current period (current quarter) ÷ (Number of technical employees at the end of the previous period (previous quarter) + Number of recruits in the current period (current quarter)) × 100

I will now talk about the KPI analysis by business segment. The number of recruits grew considerably, particularly at COPRO CONSTRUCTION, driving profit on sales of the Group.

This led to the number of technical employees increasing by 967, or +27.5% YoY, to 4,482. We cumulatively recruited 1,502 persons as a Group for 1H. It is in line with the plan.

The number of resignations was 949. The number of recruits has been significantly growing, but we have to lower the number of resignations to lead to a next major growth. This is a point to be addressed.

The number of technical employees at the end of the period was 4,482. The overall retention rate was 83.0%, down 0.7 percentage points YoY.

The average unit sales price for the period was ¥591,000 at the end of 2Q. This was down ¥27,000 YoY. We had expected the legal revision of overtime regulations in April 2024 to have a positive impact, but the unit billing rate has fallen a bit.

In mechanical & electrical and semiconductor engineer dispatching other than construction, we are now establishing a business scheme to provide training to inexperienced field engineers in the

semiconductor field before sending them out to clients. In the semiconductor area, the number of nearly inexperienced personnel is increasing, which has led to a slight drop in unit billing rates. On the other hand, the unit billing rate per person for the IT engineer dispatch is trending quite high at ¥785,000, achieving a YoY increase.

We intend to further increase the number of construction technician dispatch and steadily negotiate rates to raise the unit sales price for the entire group.

## (Reference) Construction Technician Dispatching Business

### (Reference) Construction Technician Dispatching Business

**Point 1** Thanks to improvements in process management, the number of recruits increased by 25.7% YoY, a smooth start that exceeded the plan.

**Point 2** As a result of focusing on the assignment of technical employees on standby to improve operating ratio as a priority in 2Q, the operating ratio improved by 2.5pts to 93.7% YoY.



#### ■ Recruitment, turnover and operating ratio

(people)

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Total recruited	1,472	614	458	1,072	467	485	2,024	843	505	1,348	2,299
New graduates	56	154	0	154	0	0	154	117	0	117	117
Mid-career	1,416	460	458	918	467	485	1,870	726	505	1,231	2,182
Turnover total	812	361	283	644	299	290	1,233	450	395	845	1,438
Net change	+660	+253	+175	+428	+168	+195	+791	+393	+110	+503	+861
Increase due to M&A, etc.	+122	0	0	0	0	0	0	0	0	0	0
Number of technicians (quarter end)	2,777	3,030	3,205	3,205	3,373	3,568	3,568	3,961	4,071	4,071	4,429
Operating ratio (period average)	96.3%	93.0%	94.6%	93.8%	95.7%	94.9%	94.6%	91.2%	93.7%	92.5%	-

#### ■ Retention rate

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Retention rate	77.4%	89.4%	91.9%	83.3%	91.9%	92.5%	74.3%	89.8%	91.2%	82.8%	75.5%
Retention rate (FY accumulative total)	74.4%	89.2%	82.3%	82.3%	76.2%	72.1%	72.1%	89.4%	82.8%	82.8%	-
Retention rate (Last twelve months)	74.4%	75.0%	73.2%	73.2%	71.6%	72.1%	72.1%	72.7%	73.1%	73.1%	-

\* Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

\* Retention rate (FY accumulative total): Among the technicians who were registered at the end of the previous fourth quarter, the percentage who were still registered at the end of the relevant quarter.

\* Retention rate (LTM): Among the technicians who were registered at the end of the quarter one year ago, the percentage who were still registered at the end of the same quarter one year later.

This slide shows the KPIs, the total number recruited, the turnover total, the operating ratio, and the retention rate in the construction technician dispatching business.

**(Reference) Mechanical & Electrical and Semiconductor Engineer Dispatching and Contracting Business**

**(Reference) Mechanical & Electrical and Semiconductor Engineer Dispatching and Contracting Business**

**Point** With a scheme to train inexperienced semiconductor field engineers (semiconductor engineer training center), we attracted major client companies and obtained large orders. Additionally, by strengthening the process management while aggressively investing in recruiting cost, the number of recruits grew, resulting in an increase of the quarter-end number of technicians by 41.5% to 273.



**Recruitment, turnover and operating ratio**

(people)

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Total recruited	85	29	27	56	28	34	118	36	59	95	207
New graduates	1	5	0	5	0	0	5	15	0	15	14
Mid-career	84	24	27	51	28	34	113	21	59	80	193
Turnover total	42	13	9	22	17	15	54	18	27	45	49
Net change	+43	+16	+18	+34	+11	+19	+64	+18	+32	+50	+158
Number of technicians (quarter end)	159	175	193	193	204	223	223	241	273	273	381
Operating ratio (period average)	97.5%	95.9%	97.9%	97.0%	96.8%	97.3%	97.0%	92.4%	90.2%	91.2%	-

**Retention rate**

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Retention rate	79.1%	93.1%	95.5%	89.8%	92.3%	93.7%	80.5%	93.1%	91.0%	85.8%	88.6%
Retention rate (FY accumulative total)	81.0%	93.7%	89.9%	89.9%	85.4%	82.3%	82.3%	92.9%	87.6%	87.6%	-
Retention rate (Last twelve months)	81.0%	82.8%	84.2%	84.2%	90.2%	82.3%	82.3%	85.1%	81.3%	81.3%	-

\* Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100  
 † Retention rate (FY accumulative total): Among the technicians who were registered at the end of the previous fourth quarter, the percentage who were still registered at the end of the relevant quarter.  
 ‡ Retention rate (LTM): Among the technicians who were registered at the end of the quarter one year ago, the percentage who were still registered at the end of the same quarter one year later.

Next is the KPIs of mechanical & electrical and semiconductor engineer dispatching and contracting business by COPRO TECHNOLOGY.

This February, we opened a semiconductor engineer training center in Shin-Yokohama to train inexperienced semiconductor field engineers.

This is a business scheme in which engineers are sent out to semiconductor manufacturers after an approximately one-month training period and is currently under construction. We are now beginning to see results. By further pursuing the reproducibility of sales, etc. I believe that this will become a major pillar of sales and earnings within the Group, so we intend to put a strong focus on this business.

## (Reference) IT Engineers Dispatching Business and Freelance Business

### (Reference) IT Engineers Dispatching Business and Freelance Business

**Point** With the project introduction site for IT engineers “Bscareer IT” getting off the ground, the number of applicants increased by 65.6% YoY. Meanwhile, we were not able to catch up with securing enough projects, resulting in an increase of the number of technical employees only by 17.9% YoY.  
 ⇒From 3Q onwards, the company will establish a structure to increase the numbers of recruitments and assignments while exploring client companies.



#### ■ Recruitment, turnover and operating ratio

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Number of applicants	1,239	594	651	1,245	696	689	2,630	1,064	998	2,062	-
Total recruited	68	21	17	38	17	17	72	32	27	59	270
Turnover total	58	12	9	21	6	15	42	22	37	59	50
Net change	+10	+9	+8	+17	+11	+2	+30	+10	-10	+0	+220
Increase due to M&A, etc.	0	0	0	0	4	4	8	0	0	0	-
Number of technicians (quarter end)	100	109	117	117	132	138	138	148	138	138	358

\* The above figures include IT freelance engineers.

#### ■ Retention rate

	FYE3/2023	FYE3/2024						FYE3/2025			
	Full Year	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H	Full Year (Forecast)
Retention rate	78.3%	89.3%	100.0%	84.8%	87.0%	87.7%	75.8%	89.1%	92.1%	82.9%	87.9%

\* The above figures is for dispatched technical employees only, excluding IT freelancers.

\* Retention rate = Number of technical employees at the end of the current period (current quarter) ÷ (Number of technical employees at the end of the previous period (previous quarter) + Number of recruits in the current period (current quarter)) × 100g

Now are the KPIs of IT engineers dispatching business and freelance business. We are still searching for a winning formula in this area. We will put our recruitment portal site “BScareer IT” firmly on track and further increase the number of registered IT engineers. While expanding the scope of our sales activities, we will continue to pursue the area of connecting and matching new clients with new contracts.

# Growth Strategy

## Establish the Highest **Professional Quality** in the Industry

### Sales

- ✓ With deeply-cultivated sales, expand our market share to mainly major client companies
- ✓ Actively utilize female and inexperienced technical employees to accelerate the increase of the number of technical employees

### Recruiting

- ✓ Reinforce our strength of “low unit price for recruitment”
- ✓ Expand our recruiting channels by utilizing such things as our own recruitment site “Bscareer Construction” and referral recruitment.

### Retention

- ✓ Focus on improving the retention rate of first- and second-year technical employees
- ✓ By improving the retention rate, increase the number of technical employees with a high unit price



Here is the growth strategy for FY3/2025, which deserves a focus on the construction technician dispatching business.

The “professional quality” used in the tagline of our growth strategy: “Establish the highest professional quality in the industry” is a play on the word “COPRO,” our company name as we believe that pursuing professional quality will become critically important.

In further strengthening our sales and recruiting capabilities, we will manage our strength of “low-cost recruitment” process well, instantly discover where errors are occurring, and make firm improvements to the errors. I believe that this repetition will lead to further “low-cost recruitment” and mass hiring, and the Company will continue to update the system while also enhancing its level of performance.

We understand how to improve the retention rate of first- and second-year technical employees is a key point.

It is very important to improve the retention rate of engineers in their first and second years by having a solid strategy as well as increase the number of technical employees with a high unit price by improving their skills and levels as engineers over 3, 5, or 10 years.

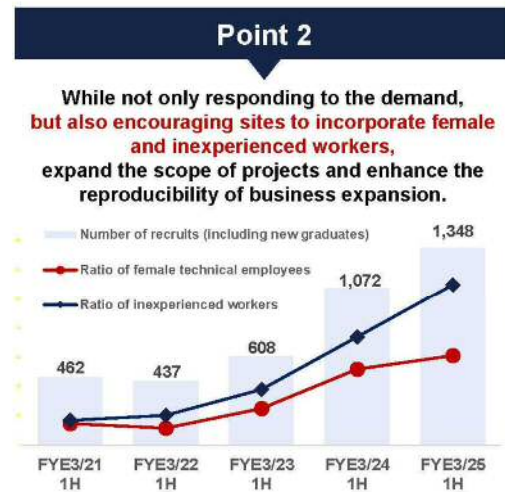
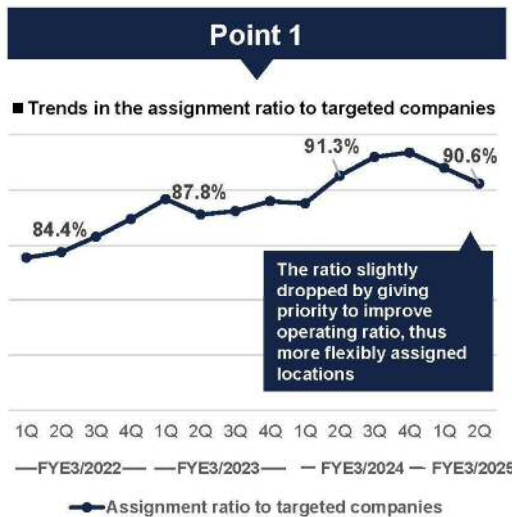
To reiterate, we intend to further refine these three pillars of sales, recruitment, and retention to expand sales and market share.



## Sales Strategies: Reinforce Deeply-Cultivated Sales

**Point 1** To receive stable orders as well as guarantee a comfortable working environment for technical employees, we focus on deeply-cultivated sales for targeted companies centering around major general contractors and subcontractors to expand our share.

**Point 2** Through expanding a scope for projects, the company will sustainably expand business by promoting female and inexperienced workers to work in the industries.



I will explain each of the three pillars in a little depth.

As for sales strategies, we are reinforcing deeply-cultivated sales, targeting our best clients. Our strategy is to firmly specialize in major companies and promote assignments and matching.

First, to receive stable orders as well as guarantee a comfortable working environment for technical employees, we focus on deeply-cultivated sales for targeted companies centering around major general contractors and subcontractors to expand our share. This is our very core sales strategy.

Second is expanding the scope for projects. The Company would like to promote a strategy to sustainably expand business by promoting female engineers and inexperienced workers to work in the industries, which we had not be able to focus on so far.

Related to the first point, the line graph at the bottom left shows the trends in the assignment ratio to the target companies, which was 90.6% in 2Q of FYE3/2025, a high level in the 90% range. From 1Q of the current fiscal year or 4Q of the previous fiscal year, the level may have declined slightly, but since it has remained above 90%, we have given it a passing score.

Through reinforcing our deeply-cultivated sales efforts to and communication with major general contractors and subcontractors and winning their trust, we hope to steadily increase this figure to 93%, 95%, and eventually 100% to assign only target companies. To that end, we will repeat trial and error.

In relation to the second point, as shown in the bar graph in the bottom right, the total number of recruits in 1H, or 1Q and 2Q of FYE3/2025, including new graduates, was 1,348.

The percentage of female engineers is 45.3%, as shown in the red line graph. Although it is not quite half, it is a fairly high percentage. Without expanding the scope of orders we receive, we cannot hire more engineers. So, we are seeing good results from our deeply-cultivated sales efforts, meaning we are receiving more orders that were previously unavailable to female technical employees.

The navy line graph shows the percentage of inexperienced workers, but the same thing can be said as for female engineers. This result comes steadily turning into the orders clients' requests saying, "We want you to bring in even inexperienced workers," which leads to the recruitment.

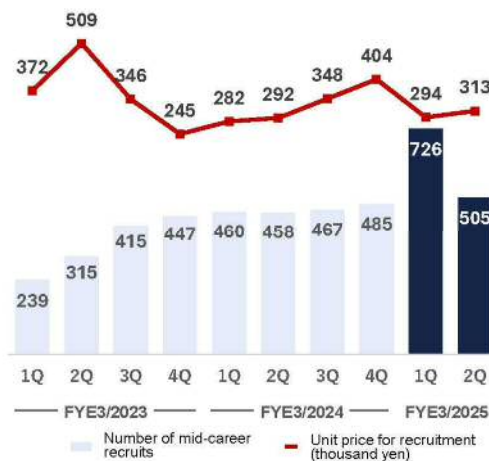
We are also focusing on recruiting experienced employees, who can be an instantly effective workforce to our clients. Nevertheless, because there is an overwhelming shortage of workforce in this industry, we want to win more orders that will allow not only experienced employees, but also people with no experience and female engineers to play an active role.

## Recruiting Strategy (1): Boost Our Strength in “Low Unit Price for Recruitment”

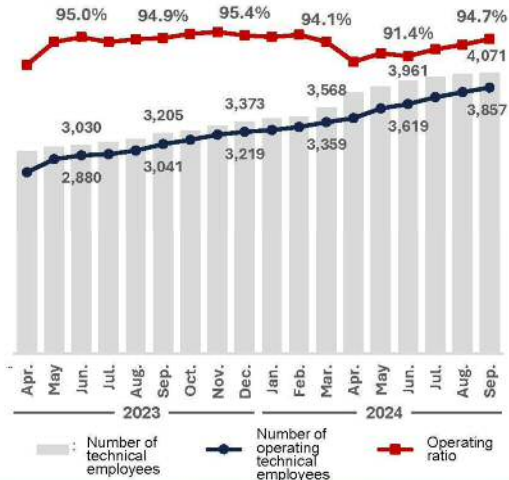
### Recruiting Strategy (1): Boost Our Strength in “Low Unit Price for Recruitment”

- Point 1** Mid-career recruitment increased by 10.3% to 505 for 2Q FYE3/2025. Although the unit price for recruitment was slightly up by 7.2% to 313 yen, we maintained a low level while increasing the number of recruits.
- Point 2** As the number of mid-career recruitment significantly exceeded the budget in 1Q, which resulted in a decrease in the operating ratio, we focused on assignment of technical employees on standby by keeping down the number of recruits at the budget level in 2Q. Responding to the recovered operating ratio of 94.7% at the end of September 2024, the company will actively invest recruitment expenses from 3Q onwards and accelerate the pace of recruitment.  
 ⇒ The number of mid-career recruitment in October recovered to 200 (provisionary) at the 1Q-level of good performance.

■ Number recruited (excluding new graduates)



■ Trends in the number employed and the operating ratio



The second part of our growth strategy is to strengthen our “low unit price for recruitment.” This recruitment strategy, which is one of our strengths, is a recruitment method that does not rely on external recruitment agencies, but instead uses in-house selection.

If you rely on external recruitment agencies, you will inevitably end up paying 20, 30 or even 35 % of the annual salary as a cost. In that case, for a company like ours that is in the human resources service business, the cost will no longer be viable.

While we do not one-sidedly exclude external recruitment agencies, it is extremely important for us to focus on our own recruitment efforts.

We revamped our entire recruiting process about three years ago. Since then, we have been examining and reviewing the cost and number of recruits for each process management step, including the yield rate, with a high degree of accuracy. As a result, the number of recruits has increased considerably in 2Q at a cost that is also commensurate.

The number of mid-career recruits is shown in the bottom left of the slide. The dark navy part of the bar graph shows the number of recruits in 1Q and 2Q of the current fiscal year. The red line graph shows the unit price for recruitment, i.e., how much is spent to recruit one person.

The cost for 1Q was ¥294,000, less than ¥300,000. As for the 2Q, it was ¥313,000, slightly over ¥300,000, but it was generally in line with the plan.

We will never be satisfied with the current situation and will continue to recruit at the ¥300,000 level. Of course, we will have to include a certain amount of buffer because it will become more difficult to recruit people going forward. However, we would like to continue to recruit high-level, quality personnel without lowering the level.

The lower right of the slide shows the trends in the number of technical employees and the operating ratio.

The operating ratio for 1H of FYE3/2025 slightly declined in April, May, and June in 1Q. However, this improved considerably in July, August, and September, and the ratio had recovered to 94.7% for the final month of September alone.

The operating rate for 1Q decreased as the number of recruits exceeded the plan as shown in the slide.

As a result, the number of technical employees on standby increased, so we slowed down recruitment in 2Q. By pulling back on costs while keeping them down, and focusing on assigning technical employees on standby, the operating ratio slightly fell in 1Q. It has returned to normal in 2Q.

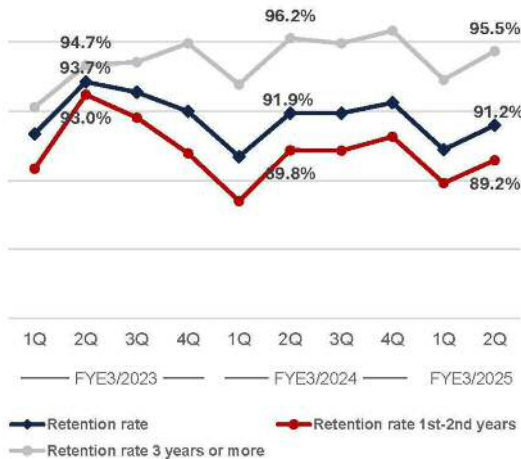
I would like to stress the number of mid-career recruits in October, the first month of 3Q, recovered to 194 at the 1Q-level of good performance. I think we got off to a good start in 3Q.

## Retention Strategy: Improve the Retention Rate of Employees in Their 1<sup>st</sup> & 2<sup>nd</sup> Years

### Retention Strategy: Improve the Retention Rate of Employees in Their 1st & 2nd Years

**Point** The retention rate for 2Q was down 0.7pt to 91.2%. Although the retention rate for the employees who remain with us for three years or more remains at a high level since FYE3/2024, that for the first- and second-year employees gradually drop according to an increase of the number of recruits. →We regard the improvement of the retention rate of technical employees in their 1st and 2nd years as the highest priority and will continue to examine efforts such as team & dispatching in sets, follow-up training, and holding of social gatherings.

#### ■ Trends in retention rate



#### Point

##### ✓ Promoting teams & dispatching in sets

Strengthen the bond between technical employees by assigning multiple technical employees to the same company and site through teams & dispatching in sets. With the aim of improving the retention rate, promote OJT to quickly make technical employees productive and improve their sense of belonging.



#### 2Q FYE3/2025 Results

Number of teams

**663**

(Up 222 QoQ)

Team ratio<sup>\*1</sup>

**48%**

(Up 18 pts QoQ)

\*1: Ratio of technical employees on a team

The third growth strategy is about the retention. As I mentioned earlier, improving the retention rate of employees in their first and second years will be extremely important. The retention rate for 2Q was down 0.7 percentage points YoY to 91.2%.

Although the retention rate for the employees who remain at the Company for three years or more remains at a high level since FYE3/2024, that for the first- and second-year employees has been gradually dropping according to an increase of the number of recruits. This will be one major issue going forward.

In this context, if you look at the retention rate in the lower left-hand corner of the slide, the overall retention rate is shown in the dark navy line graph in the middle, and it has remained at 91.2%.

On the other hand, the light gray line graph shows the retention rate for technical employees who have been with the Company for three years or more, which was 95.5%. This figure shows how to get through the first three years and improve skills and levels after that leads to a high retention rate.

In other words, it is extremely important to improve the retention rate of 89.2% for those in their first to second year of employment, as shown in the red line graph, and to bring it up to the third

year and beyond. We believe that improving the retention rate with a solid strategy will lead to a dramatic increase in sales in the future.

In that sense, there are various areas that need to be approached or worked on in different ways. I would like to explain today the promotion of teams and dispatching in sets, which is described in the lower right-hand corner of the slide.

Specifically, we aim to strengthen the bond between technical employees by assigning multiple technical employees to the same company and site through teams and dispatching in sets.

It is safer to have more than five engineers from COPRO assigned to one site than to have only one or two. That way, inexperienced engineers work more at ease at the site where many senior engineers are working. If they have any problems or any negative factors, or feel sick, the senior employees will keep a close eye on them and follow up with them.

This type of communication allows young employees in their first or second year to work with peace of mind. We would like to further strengthen teams and dispatch in set to enhance this type of system.

The number of teams and dispatch in set was 663 as of 2Q of FYE3/2025, an increase of 222 from 1Q. Furthermore, the percentage of technicians belonging to teams was 48%, an increase of 18 percentage points from 1Q, and progress has been made in a very positive manner.

We would like to fully explain the cause-and-effect relationship at the company briefing session like today. The higher the team ratio, the higher the retention rate of young technical employees in their first and second years. We would like to produce numerical results which we can explain and reassure you of.

## Summary of the Full Year Earnings Forecast for FYE3/2025

- Point 1** We aim to accelerate the expansion of our scale while continuing to invest in growth, mainly in recruiting costs for the dispatching of construction technicians.
- Point 2** While continuing to invest in growth, we plan to improve productivity, mainly in the back office, and will maintain a high growth rate for each line-item profit.



\* As a profit index to measure substantive performance, non-GAAP operating profit is calculated by adding depreciation, goodwill amortization and stock award expenses back to operating profit.

\* The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineers dispatch business.

Next is the full year earnings forecast for FYE3/2025. This figure is in line with the forecast made at the beginning of the period.

We are aiming to accelerate the expansion of the scale while continuing to proactively invest in growth, mainly in further recruiting costs for the dispatching of construction technicians.

While continuing to invest in growth, we plan to improve productivity, mainly in the back office, and will maintain a high growth rate for each line-item profit.

I will touch on the six main items at the bottom of the slide from the top left. The number of consolidated technical employees is 5,168, up 31.5% YoY, consolidated sales are ¥30 billion, up 24.5% YoY, and operating profit is ¥2,700 million, up 26.1% YoY.

Non-GAAP operating profit is ¥3,162 million, up 29.7% YoY, ordinary profit is ¥2,714 million, up 22.7%, and current net profit is ¥1,755 million, up 19.9%. We expect to land record highs in all categories.

## FYE3/2025 Consolidated Earnings Forecast

### FYE3/2025 Consolidated Earnings Forecast

(Millions of yen)

	FYE3/2024		FYE3/2025 (Forecast)			
	Full Year	Ratio	Full Year	Ratio	YoY Change	
					%	Amount
Net sales	24,098	100.0%	<b>30,000</b>	100.0%	+24.5%	+5,901
Cost of sales	17,323	71.9%	<b>21,551</b>	71.8%	+24.4%	+4,227
Gross profit	6,774	28.1%	<b>8,449</b>	28.2%	+24.7%	+1,674
SG&A expenses	4,632	19.2%	<b>5,749</b>	19.2%	+24.1%	+1,116
Operating profit	2,141	8.9%	<b>2,700</b>	9.0%	+26.1%	+558
Non-GAAP operating profit <sup>*1</sup>	2,437	10.1%	<b>3,162</b>	10.5%	+29.7%	+724
Ordinary profit	2,211	9.2%	<b>2,714</b>	9.0%	+22.7%	+502
Profit attributable to owners of parent	1,463	6.1%	<b>1,755</b>	5.9%	+19.9%	+291
Earnings per share (after stock split) (yen) <sup>*2</sup>	77.68	–	<b>91.75</b>	–	+18.4%	+14.29
Number of consolidated technical employees (quarter end) <sup>*3</sup>	3,929	–	<b>5,168</b>	–	+31.5%	+1,239

\*1. To measure essential performance in profit, non-GAAP operating profit is calculated by adding depreciation costs, goodwill amortization and stock-based compensation expenses back to operating profit.

\*2. A 2-for-1 stock split was taken effect on Sunday, October 1, 2023. Earnings per share is calculated on the assumption that the stock split was conducted at the beginning of FYE3/2024.

\*3. The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineers dispatch business.

This is a profit and loss statement for the consolidated earnings forecast.



## FYE3/2025 KPIs by Business (Forecast)

<b>FYE3/2025 KPIs by Business (Forecast)</b>						
(People, 1,000 yen)						
	FYE3/2024			FYE3/2025		
	1H	2H	Full Year	Full Year (forecast)	YoY Change	YoY Difference
<b>No. of recruits</b>	<b>1,166</b>	<b>1,056</b>	<b>2,222</b>	<b>2,776</b>	<b>+24.9%</b>	<b>+554</b>
Construction technician dispatch	1,072	952	2,024	2,299	+13.6%	+275
Mechanical & electrical and semiconductor engineer dispatch	56	62	118	207	+75.4%	+89
IT engineers dispatch	38	34	72	270	+275.0%	+198
Increase due to M&A, etc.	0	8	8	-	-	-8
<b>No. of resignations</b>	<b>687</b>	<b>642</b>	<b>1,329</b>	<b>1,537</b>	<b>+15.7%</b>	<b>+208</b>
Construction technician dispatch	644	589	1,233	1,438	+16.6%	+205
Mechanical & electrical and semiconductor engineer dispatch	22	32	54	49	-9.3%	-5
IT engineers dispatch	21	21	42	50	+19.0%	+8
<b>No. of technical employees (period end)</b>	<b>3,515</b>	<b>3,929</b>	<b>3,929</b>	<b>5,168</b>	<b>+31.5%</b>	<b>+1,239</b>
Construction technician dispatch	3,205	3,568	3,568	4,429	+24.1%	+861
Mechanical & electrical and semiconductor engineer dispatch	193	223	223	381	+70.9%	+158
IT engineers dispatch	117	138	138	358	+159.4%	+220
<b>Retention rate</b>	<b>83.7%</b>	<b>85.8%</b>	<b>74.7%</b>	<b>76.6%</b>	<b>-</b>	<b>+1.9pts</b>
Construction technician dispatch	83.3%	85.8%	74.3%	75.5%	-	+1.2pts
Mechanical & electrical and semiconductor engineer dispatch	89.8%	87.5%	80.5%	88.6%	-	+8.1pts
IT engineers dispatch	91.7%	79.4%	75.8%	87.9%	-	+12.1pts

\*The above figures, excluding IT engineers dispatch retention rate, include IT freelance engineers. The numerical values of Retention rate are for dispatched technical employees only, excluding IT freelancers.  
 †Retention rate = Number of technical employees at the end of the current period (current quarter) ÷ (Number of technical employees at the end of the previous period (previous quarter) + Number of recruits in the current period (current quarter)) × 100

Next is the forecast of the FYE3/2025 KPIs by business. We plan to recruit 2,776 for the entire Group.

The number of resignations is 1,537. Since there is a causal relationship between the retention rate and the number of resignations. Implementing measures to increase the retention rate, which is our goal, will inevitably lead to a decrease in the number of resignations. The number of resignations will improve significantly by utilizing the team dispatch to increase the retention of people in their first and second year, as mentioned earlier.

## Dividend Forecast

### 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. We will not reduce dividends, but rather maintain a consolidated dividend payout ratio of 50% or more, during the period covered by the Medium-Term Management Plan "COPRO Group Build the Future 2027" (from FYE3/2023 to FYE3/2027), depending on the profit growth achieved through aggressive investment.

### Dividend per Share

	Interim	Year-end	Commemorative	Total
FYE3/2024	¥15.0	¥30.0	¥5.0	¥50.0
FYE3/2025 (forecast)	¥20.0	¥40.0	—	¥60.0

\*1 The dividend per share has been retroactively revised to take into account the impact of the one-to-two stock split implemented on October 1, 2023.

### About Repurchase of Own Shares

- Repurchase period: From June 17, 2024 to August 2, 2024
- Total number of shares repurchased: 472,200 shares
- Total value of shares repurchased: 799,911 thousand yen

### Dividend & Dividend Payout Ratio Trends

(Yen per share)



This is the dividend forecast for FYE3/2025. I understand that there are individual and institutional investors who attended our financial results briefing for the first time. So, I will explain our dividend policy, which is a very important part.

Dividends are the basis for shareholder returns, which we consider to be one of the important management issues. We will not reduce dividends during the period covered by the Medium-Term Management Plan "COPRO Group Build the Future 2027."

Our basic policy is to pay stable dividends and we aim to maintain a consolidated dividend payout ratio of 50% or more, depending on the profit growth achieved through aggressive investment.

Based on this dividend policy, we expect to pay, for the current fiscal year, an interim dividend of ¥20 and a year-end dividend of ¥40, for a total annual dividend of ¥60 per share.

Furthermore, as shown on the lower left of the slide, the Company repurchased its own shares. The repurchase period was from June 17 to August 2, 2024, and the number of shares repurchased was 472,200 shares, for a total value of shares repurchased of ¥799,991,000.

As you can see on the right side of the slide, the Company has increased its dividend and dividend payout ratio progressively every year.

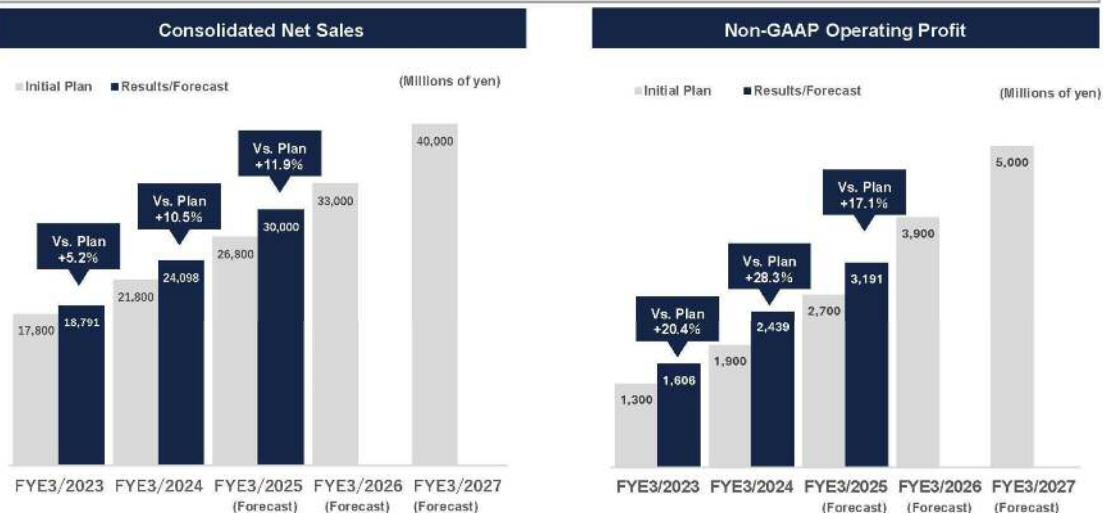
For FYE3/2025, the dividend payout ratio is 65.4%, as shown in the bar graph on the far right. If we include the share buyback I mentioned earlier in shareholder returns, the total return ratio for the current fiscal year is approximately 110%.

We are now in the turnaround year of our Medium-Term Management Plan, which ends in FYE3/2027, and we will not reduce dividends during the period of the plan.

As you can see from the graph of past dividends, we have been returning to our shareholders the portion that has led to sales expansion and profit growth. We intend to continue to do so in the future, and we hope you will look forward to our continued efforts.

## Progress of the Medium-Term Management Plan

- While making investments in growth, such as recruiting costs mainly in the construction technician dispatching business, we aim to accelerate the organic growth of existing businesses and exceed the Medium-Term Plan performance targets for each fiscal year.
- We will also actively consider intermittent growth through M&A, which is not factored into the Medium-Term Plan.
- We hit the halfway point of the Medium-Term Management Plan (the “Plan”) (FYE3/2023–FYE3/2027) with strong performance in 1H of FYE3/2025, the third year of the Plan. Now we are eyeing the possibility to upward revise the performance targets of the plan to achieve sales of ¥40 billion and non-GAAP operating profit of ¥5 billion has come in sight.



Here is the progress of the Medium-Term Management Plan. We are relentlessly heading straight toward the full achievement of the plan, with all executives and employees working together as one.

We hit the halfway point of the Medium-Term Management Plan with strong performance in 1H of FYE3/2025, the third year of the plan. Now we are eyeing the possibility to upward revise the performance targets of the plan to achieve sales of ¥40 billion and non-GAAP operating profit of ¥5 billion that has come in sight.

The lower left-hand side of the slide shows a bar graph of consolidated net sales results for each fiscal year to date for the Medium-Term Management Plan targets and landings. The bottom right graph shows non-GAAP operating profit results.

We are now in the middle of FYE3/2025, planning to achieve 11.9% growth for the current fiscal year compared with the target of the Medium-Term Management Plan. We are currently targeting consolidated net sales of ¥33 billion for FYE3/2026.

If we are able to achieve the forecast of ¥30 billion for FYE3/2025 as planned, the board of directors and each division will hold discussions to achieve the plan for FYE3/2026. Then, I hope to be able to

report and announce that we will make an upward revision of ¥40 billion in sales and ¥5 billion in non-GAAP operating profit for FYE3/2027.

Slides in SECTION 07 are reference materials of the Company, so please take a look when you have a chance.

## 2Q FYE3/2025 Consolidated Financial Results Highlights

- Point 1** With the increase in demand following the upper limit cap on overtime work, the strengthening of our recruiting capabilities with a particular focus on "low cost recruitment" proved successful, with the number of consolidated technical employees increasing 27.5% YoY to 4,482.
- Point 2** Similarly, the increase in the number of technical employees more than made up for the decline in the sales price for construction technician dispatching, which was caused by the upper limit cap on overtime work, and sales increased 27.7% YoY.
- Point 3** Operating profit exceeded the plan by 19.9% 1,237 million yen due to sales growth and a reduction in selling and administrative expenses.

<b>No. consolidated technical employees</b> <b>4,482</b> people Up 27.5% YoY Down 2.2% vs. forecast 	<b>Consolidated sales</b> <b>14,227</b> mn yen Up 27.7% YoY Up 2.0% vs. forecast 	<b>Operating profit</b> <b>1,237</b> mn yen Up 67.9% YoY Up 19.9% vs. forecast 
<b>Non-GAAP operating profit</b> <b>1,439</b> mn yen Up 67.0% Up 16.7% vs. forecast 	<b>Ordinary profit</b> <b>1,257</b> mn yen Up 55.1% Up 20.2% vs. forecast 	<b>Current net profit</b> <b>797</b> mn yen Up 56.4% Up 18.2% vs. forecast 

\* As a profit index to measure substantive performance, non-GAAP operating profit is calculated by adding depreciation, goodwill amortization and stock award expenses back to operating profit.

\* The number of consolidated technical employees is the number of employees at the end of the fiscal year including IT freelancers in the IT engineers dispatch business.

**MC:** I will read out various questions sent by investors and shareholders. Profit growth is by far greater than sales growth. How long is this likely to continue?

**Kiyokawa:** To put it simply, we will not be able to capture the market share unless we increase our sales by 25-30% each year. Therefore, we would like to keep that rate of growth each year.

We are now very much focused on increasing internal productivity in areas in which the growth rate of a line-item profit has been growing faster than the sales growth.

It is a number showing how much sales can be handled per employee. If we can achieve this target, we do not need to increase personnel expenses in selling and administrative expenses compared to sales growth, thereby not needing to recruit new employees. Therefore, we must further increase the rate of line-item profits while steadily increasing sales.

Since we are in the business of dealing with people, it is not as if we can improve the profit margin to any amount. One of the key points will be to bring the operating profit margin to 10%, or even 11 or 12%.

**Q&A: Effects of shortage of IT engineers**

**MC:** The number of engineers in the IT area deviates significantly from the plan, but do you expect to be able to cover sales in other segments against the consolidated performance targets?

**Kiyokawa:** We are a consolidated company, so if any segment is sluggish, we have to make up for it in some other segment.

This is quite obvious. We have to make up for the slightly sluggish IT growth in the current fiscal year in other areas, and we have a good prospect of getting it back.

**Q&A: Competitive challenges in acquiring projects**

**MC:** It says here, “We were not able to catch up with securing enough projects.” What are the challenges you are facing in terms of competitiveness in acquiring projects?”

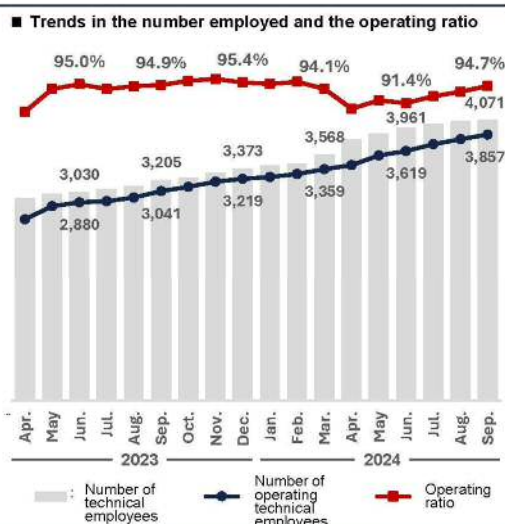
**Kiyokawa:** We have made a small mistake in our sales strategy in the projects of the IT area and need to reflect on this. We had to pursue the essential aspects of sales, such as making new appointments and earning by making visits, for IT engineer dispatching. Until now, our sales have spent time in responding to the requests sent by emails, such as matching people who can move on to projects, but that was a big mistake.

We have begun to capture a large share of the construction market. We will be able to win orders by applying our sales know-how in the construction field to the IT field and firmly repeating this steady process of visiting clients and making proposals to them. If you could just bear with us for a while longer, the Company will be able to show you solid results.

## Q&A: Sustainability of “low unit price for recruitment”

### Recruiting Strategy (1): Boost Our Strength in “Low Unit Price for Recruitment”

- Point 1** Mid-career recruitment increased by 10.3% to 505 for 2Q FYE3/2025. Although the unit price for recruitment was slightly up by 7.2% to 313 yen, we maintained a low level while increasing the number of recruits.
- Point 2** As the number of mid-career recruitment significantly exceeded the budget in 1Q, which resulted in a decrease in the operating ratio, we focused on assignment of technical employees on standby by keeping down the number of recruits at the budget level in 2Q. Responding to the recovered operating ratio of 94.7% at the end of September 2024, the company will actively invest recruitment expenses from 3Q onwards and accelerate the pace of recruitment.  
 ⇒ The number of mid-career recruitment in October recovered to 200 (provisionary) at the 1Q-level of good performance.



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17

**MC:** “Low unit price for recruitment” contributed to the increase in earnings in 2Q, but is it sustainable?

**Kiyokawa:** We are well aware that we are entering an era of overwhelming labor shortages and difficulty in recruiting people. The Company has been refining the recruiting cost of ¥300,000 from a higher perspective since its establishment.

When recruiting and gathering personnel will be difficult, this cost has to instantly be ¥350,000 or less than ¥400,000. However, the cost will not go up to ¥600,000 or ¥700,000 as in the case of recruiting via employment agencies.

If it would cost ¥600,000 or ¥700,000 to recruit someone, it would be better to use employment agencies than recruiting in-house by spending personnel expenses because the costs are the same.

Our competitive advantage in competing in the field of temporary staffing service is that we can recruit staff on our own at low cost and then send them out to our clients. We believe that this is the ideal form of human resources services, and we would like to pursue this further.



## Q&A: Issues in achieving the Medium-Term Management Plan

### Progress of the Medium-Term Management Plan

- While making investments in growth, such as recruiting costs mainly in the construction technician dispatching business, we aim to accelerate the organic growth of existing businesses and exceed the Medium-Term Plan performance targets for each fiscal year.
- We will also actively consider intermittent growth through M&A, which is not factored into the Medium-Term Plan.
- We hit the halfway point of the Medium-Term Management Plan (the “Plan”) (FYE3/2023–FYE3/2027) with strong performance in 1H of FYE3/2025, the third year of the Plan. Now we are eyeing the possibility to upward revise the performance targets of the plan to achieve sales of ¥40 billion and non-GAAP operating profit of ¥5 billion has come in sight.



**MC:** Are you on track to achieve the Medium-Term Management Plan? I would like to know if there are any issues the Company is currently facing.

**Kiyokawa:** The progress of our Medium-Term Management Plan is going very well, and we are very much on a roll. We hope to be able to bring you figures that will allow us to make an upward revision as soon as possible.

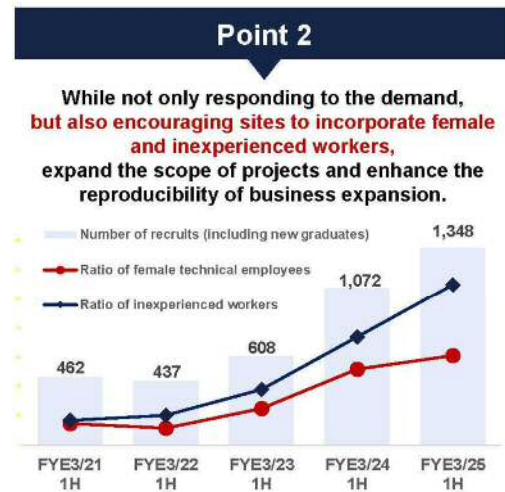
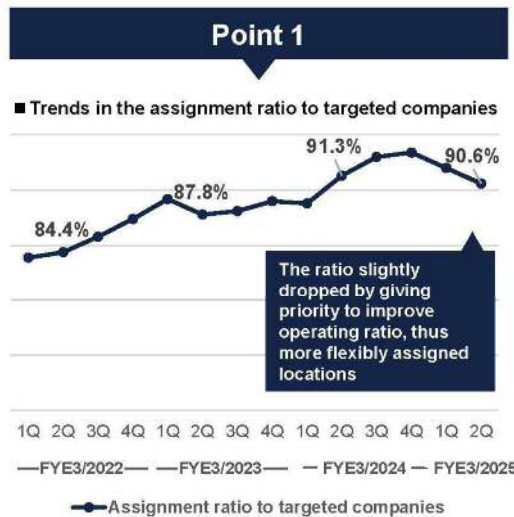
Although FYE3/2027 is the final year of the current plan, I believe that we will have to announce a rolling medium-term management plan. For this reason, I think that the major issue, when looking from more medium- to longer-term, is how to refine “low unit price for recruitment” in recruiting human resources.

Another issue we need to address is improving the retention rate of the employees we have recruited. Specifically, as I have been explaining, the key point is how we can get the people who have been at the Company for one or two years to stay on for a third year and beyond. For this reason, I think the two issues we need to address are recruitment and retention.

## Sales Strategies: Reinforce Deeply-Cultivated Sales

**Point 1** To receive stable orders as well as guarantee a comfortable working environment for technical employees, we focus on deeply-cultivated sales for targeted companies centering around major general contractors and subcontractors to expand our share.

**Point 2** Through expanding a scope for projects, the company will sustainably expand business by promoting female and inexperienced workers to work in the industries.



**MC:** How often do you liaise and communicate with major general contractors?

**Kiyokawa:** This comes under the sales, but the Company is currently reinforcing the deeply-cultivated sales, visiting existing clients again and again. In terms of each salesperson, they visit the clients quite frequently.

As salespersons need to make follow-up visits to the engineers who are assigned to the site while visiting the clients, they spend a lot of time at sites. As this is necessary, in that sense, we are able to communicate quite frequently with clients at the field level.

I should also mention that the president of our subsidiary, Mr. Koshikawa, is currently making a regular monthly visit to super general contractors, and always takes time for discussions and communication with them.

It will continue to be important to build further relationships of trust by having the top management go out to the front lines and deepen communication with clients. I believe that we are doing quite well in terms of communication.

### **Q&A: Personnel who are in charge of mid-career recruitment**

**MC:** I think your company recruits quite a few mid-career employees, but how many people are in charge of recruiting?

**Kiyokawa:** As of November, we have a total of 22 employees in charge of mid-career recruitment across the Company. As far as I know, we already have quantitative data on how much each recruiter needs to work and how many people each needs to interview in a day in the process management.

We see it as an error to increase the number of mid-career recruiting interviewers too much, so that each of them only conducts one or two interviews a day. It is also very important to monitor the appropriate number of staff. At present, we have a recruiting system with 22 staff members in the Company.

### **Q&A: The impact of the “annual income barrier of ¥1.06 million” and other issues on business**

**MC:** Does the current hot topic of the “¥1.06 million barrier” affect your company's business?

**Kiyokawa:** It is talked about a lot in the media and in politics, but it has nothing to do with us directly.

The people we need to recruit are not those who have to work while being conscious of the number of hours, but so-called full-time and regular employees. There is no direct major impact because they do not work part-time, and they do not have to worry that they have to incur taxes if they work more than a certain level.

### **Q&A: Impacts of PSMC's withdrawal from the plan in Miyagi Prefecture**

**MC:** PSMC, a major Taiwanese semiconductor manufacturer, has announced in September to withdraw from the plan to expand into Miyagi Prefecture. Please tell us about the potential impact of this.

**Kiyokawa:** It is a great shame for the industry that PSMC's expansion into Miyagi has been cancelled. However, our semiconductor clients are not only in Miyagi Prefecture. We have won the biggest demand in the Chubu area. So, we are deeply engaged with our clients in the Chubu region.

In addition, although it was very disappointing for the industry, it will not have any significant impact on our semiconductor sales because we receive many orders every day.

### **Q&A: President's interaction with employees**

**MC:** This is rather a qualitative question, but I'm curious about what kind of mindset President Kiyokawa has when communicating with employees.

**Kiyokawa:** It's a qualitative and difficult question, but what do you think? Personally, I try to be as friendly as possible, but this is something that depends on the other person, so I'm not sure how people see me.

I am personally conscious of creating an atmosphere where people feel comfortable saying anything. However, people may think I am scary because of my appearance.

### **Q&A: Measures to prevent the outflow of human resources, such as improving treatment**

**MC:** Due to a shortage of human resources in the construction industry, I feel that if the treatment of employees is inferior to that of other companies, human resources continue to outflow. Are you considering improving the treatment of employees?

**Kiyokawa:** I believe that a drastic improvement in treatment is necessary. When we look globally, the treatment of engineers working in the fields that we are currently mainly targeting, such as construction, civil engineering, and facilities, is fundamentally lower for Japanese engineers than for those working in Europe and the US. Rather than our company taking the lead on this issue, the entire industry must have a thorough discussion and think about it.

When we think about things that directly affect our life, such as the rising cost of living, it becomes extremely important to reward the engineers who work hard and play an active role in the Company. To do this, we must raise salaries by 5%, 6%, and 7%.

To implement this, we must be fully aware of the sales unit price. I think the initiatives to negotiate with clients is extremely important at the same time.

### **Q&A: Perceptions of current stock price valuation**

**MC:** How do you perceive the current stock price valuation? Also, how accurate do you think that the Medium-Term Management Plan will be revised upward at this point?

**Kiyokawa:** Responding to the first question of evaluation of the stock price level, first of all, the stock price is an indicator that the market decides, so it is quite difficult to make a personal judgment. However, personally speaking, it is still undervalued.

For this reason, we will continue to achieve our sales targets for each fiscal year, without betraying the figures we have committed to our stakeholders. It is also important to fully meet the expectations of our stakeholders when announcing upward revisions of the Medium-Term Management Plan. I believe that these things will lead to an increase in our share price.

I remember that the closing price of the stock today was around ¥1,777, but I personally think it could go a little higher.

As for the accuracy of the upward revision of the Medium-Term Management Plan, we are now formulating next year's budget.

The sales target for the next fiscal year is ¥33 billion according to the current Medium-Term Management Plan. How much we can add to this will be extremely important. If we can include this into the budget, it will be possible to make a significant upward revision to the final year of the plan, FYE3/2027.

### **Greeting from Mr. Kiyokawa**

**Kiyokawa:** Thank you for staying with us this late in the beginning of the week. It is cold outside, but I was very enthusiastic about the briefing today in my summer outfit.

We will strive to increase our value, or market capitalization by engaging in more active dialogue and communication with investors to continuously expand our business performance.

We would like to ask for your continued support. Thank you again.