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Q&A Summary from the Analyst & Individual Investor Joint Briefing for FYE2025 Financial Results

This is a summary of the question-and-answer session from the analyst and individual investor joint briefing about our financial results for FYE2025 that was held on May 16, 2025. To make it easier to understand, we have changed, revised, and amended the summary of the question-and-answer session.

Q: Do you have any policies for M&A?

A: We are considering a wide range of M&A opportunities regardless of scale, and discussions among management are centered around “necessity”, “synergy”, and “fair price”. Though I cannot mention a specific timeline, we intend to actively pursue M&A opportunities that contribute to enhancing our corporate value.

Q: Net cash is accumulating. What are your future plans?

A: We will continue to return profits to shareholders primarily through dividends, but considering the accumulation of net cash, we will also consider further methods of returning profits and utilizing them for growth.

Q: If earnings exceed forecasts, will you increase dividends in line with the dividend policy, targeting a payout ratio of 50% on the excess profit?

A: We will increase dividends when we achieve growth in earnings and profits. For FYE3/2026 as well, we have announced a ¥20 dividend increase. Going forward, we will continue to aim to enhance shareholder returns in line with our profit performance.

Q: Your main business, Construction Technician Dispatching Business, is achieving growth at a pace exceeding that of competitors. However, given your business model, would it be difficult to further expand your revenue growth rate to levels like 50% or 80%?

A: As our business is specialized in human resources, and unlike manufacturing where a hot-selling item can drive rapid growth, we recognize that achieving 50% or 80% revenue growth is challenging in our industry. We will continue to carefully support engineers' careers, and strive for stable annual revenue growth while keeping a close eye on the current situation.

Q: It seems that the trading volume of your company's shares is low. What are your thoughts on the liquidity of your shares?

A: As I, Kiyokawa, the CEO, hold a majority of the shares, I am aware of the issue of share liquidity. In order to stimulate trading of our shares, I believe it is necessary to sell a portion of the shares I hold at an appropriate time to improve liquidity and thereby increase the value of the shares.

Q: How will the shift to IT and AI affect the human resource dispatching business?

A: We recognize that technologies such as IT and AI are crucial for improving productivity. However, in our focus areas—construction, mechanical & electrical and semiconductor, and IT—it is difficult to automate all of the roles of engineers through IT and AI. Therefore, we believe that the impact will be manageable.

Q: There are major changes taking place in the economic environment, such as tariffs and the ongoing weakening of the yen. If the economy enters a downturn, what impact will this have on business?

A: If an economic downturn leads to a decline in domestic construction investment and a reduction in the number of construction sites, the risk of contract cancellations in human resource dispatching may increase. However, since our foundation, we have aimed to be among the top three most trusted companies in the industry. We believe that by earning the trust of our clients through high-quality follow-up and training support, we believe we can minimize the negative impact even in times of an economic downturn.

Q: Have you seen any quantifiable positive effects from the relocation of the sales headquarters of the operating subsidiary COPRO CONSTRUCTION to Tokyo in April?

A: As it has not been long since the relocation of the sales headquarters, we will examine the figures going forward.

Q: Is there any concrete progress regarding your business initiatives in the Tokyo metropolitan area?

A: We have not changed our strategy since the launch of our Medium-Term Management Plan approximately three years ago. We believe that thoroughly implementing sales reforms, restructuring the recruitment process, and improving yield has led to increased sales. Moving forward, we will continue to enhance the quality of each process and aim to capture the Tokyo metropolitan market.

Q: You have revised your Medium-Term Management Plan upward. Is it feasible to achieve the original targets within the current fiscal year?

A: It is still possible to achieve the original targets within the current fiscal year, but we will focus our efforts on achieving the 38 billion yen in net sales that we announced in our upward revision of the Medium-Term Management Plan.

Q: Your immediate target is a market capitalization of 100 billion yen, which translates to a share price of 5,000 yen. Do you have any plans regarding the timing and measures for achieving this goal?

A: As a CEO, I am keenly aware of the share price of 5,000 yen and market capitalization of 100 billion yen. I cannot say for certain when we will achieve this goal, but I would like to achieve a market capitalization of 100 billion yen through organic growth.

Q: What is your view on the stock split policy?

A: As of now, there is no clear policy within the company.

Q: Major general contractors are currently performing well, and the construction industry is experiencing favorable conditions. Do you have a growth strategy for when this boom slows down?

A: We expect construction investment in Japan to gradually increase going forward. However, given Japan's aging population and declining birthrate, we believe that the demand for human resources services will continue to be essential to society as the workforce shrinks. We will strive to enhance the quality of our services without becoming complacent, aiming for sustainable growth.

Q: Are there many foreign nationals hired in your domestic operations?

A: Yes, hiring and utilization of foreign nationals is increasing significantly.

Q: Have you considered what to do if you, as CEO, are unable to perform your duties due to health issues?

A: We will focus on human resource development and creating internal systems to ensure that we are fully prepared.

Q: What is your goal for the company 10 years from now, and what is needed to achieve it?

A: Our 10-year goal is to secure an overwhelming number one position in the industry. As an industry leader, we aim to be the first choice for our client companies and engineers. To achieve this, beyond strategy and numbers, it is important for our employees to sincerely engage with each engineer and maximize their value. We plan to share this vision with all employees and reflect it in our daily work to move closer to our goal.

Q : With large-scale infrastructure projects like the maglev Shinkansen line and national resilience initiatives progressing, the shortage of on-site supervisors is expected to become increasingly severe. Is your company equipped to secure the talent needed to capitalize on these major opportunities?

A : To help address the labor shortages faced by our client companies, we are significantly strengthening our talent acquisition capabilities. In addition to traditional job advertising platforms, we are implementing a

multifaceted recruitment strategy centered on our proprietary job platform, Bscareer Construction, and referral programs.

As a result, we hired 2,379 people in FYE3/2025, representing a 17.5% increase over the previous year. For FYE3/2026, we aim to further expand this figure to 3,000 hires, representing a 26.1% increase.

Q : What initiatives are you pursuing to strengthen your competitive advantage?

A : In the staffing industry, which is becoming increasingly commoditized, we believe our competitive edge lies in our ability to consistently secure a stable supply of highly qualified personnel.

We have established an integrated, in-house recruitment system that handles everything from job advertising to interviews and final hiring decisions. As a result, we have achieved one of the highest hiring volumes in the industry.

However, our ultimate goal goes beyond hiring. It is to provide an environment where each engineer can build a secure, long-term career and remain in the industry with confidence.

To achieve this, we are not only enhancing our recruitment efforts but also focusing on initiatives such as deepening partnerships with major general contractors and subcontractors, promoting team-based assignments to the same job sites to improve retention, and expanding training and education programs, including the establishment of a new training center.

Q : Regarding the dispatch of construction engineers, could you explain the difference between the retention rate shown on page 17 of the financial results materials (in the 90% range) and the retention rate shown on page 21 (FYE March 2025 result: 73.2%)?

A : Page 17 shows a graph of quarterly retention rates (every three months).

Page 21 shows the retention rate for the full fiscal year (12 months), as well as for the first and second halves of the year (each six months).

Q : You have revised upward your performance targets for the final year of your Medium-Term Management Plan. What will be the main driver of profit growth for FYE3/2027?

A : In addition revenue growth, we aim to improve profitability by streamlining administrative operations and optimizing SG&A expenses.

Q : We've seen a series of wage increases, especially among large companies. What is your company's policy on employee compensation?

A : In response to rising prices and changes in the labor market, we are actively working to raise salaries and bonuses not only for our dispatched engineers but also for our internal administrative staff. These efforts aim to attract and retain top talent. We plan to continue increasing employee compensation in line with improvements in productivity.

Q : What are the main factors behind the low retention rate among engineers in their first and second years?

A : One of the primary causes is “reality shock” after being assigned to a job site. To address this issue, we opened a new in-person training center in Shinagawa, Tokyo, in April 2025. By conducting training in an environment that closely resembles actual job sites and using real materials, we aim not only to enhance skill and knowledge acquisition, but also to reduce the gap between training and on-site experience.

Q : What age group do you target for hiring inexperienced mid-career candidates?

A : Our mid-career recruitment of inexperienced candidates mainly targets individuals in their 20s and 30s. Many applicants are either considering a career shift from their first job after graduation or belong to the 23–25 age group, often referred to as early-career professionals. Even without prior industry experience, we place strong emphasis on motivation and potential during the hiring process.

Q : Is the physically demanding nature of the job, such as carrying heavy construction materials, a reason why construction managers resign?

A : Tasks such as carrying heavy construction materials are considered manual labor and are not permitted under the Worker Dispatching Act.

Q : Will Trump’s policies have any impact on your business environment?

A : While we believe it is important to monitor the potential effects on the domestic economy — and by extension, on domestic construction investment — we do not currently anticipate any direct impact on our business.

Q : Why are your interim and year-end dividend payments not evenly distributed?

A : Our business operates under a stock-type model, which typically results in higher sales and profits in the second half of the fiscal year. Therefore, in line with our dividend policy, we determine dividend payments by considering profit distribution, investment plans, and other relevant factors.

Q : The number of engineers seems to be a key factor in achieving your business targets. While the number of engineers has net increased by about 900 in each of the past two years, your plan for FYE3/2026 aims for an ambitious net increase of approximately 1,400. Do you believe this goal is achievable?

A : We acknowledge that we fell short of our target for the number of active engineers in FYE3/2025, and we take this outcome seriously. However, our recruitment capabilities have continued to improve, as evidenced by the 2,711 hires across the group during FYE3/2025—a significant 22.0% increase YoY.

For FYE3/2026, we are aiming to hire 3,544 engineers, representing a 30.7% year-over-year increase. To reach this goal, we are further promoting the use of our proprietary job platform “Bscareer” and expanding referral programs. We are also reviewing the effectiveness of each advertising channel and focusing on improving conversion rates from application to onboarding.

Retention is another critical factor in increasing the number of active engineers. In particular, we are enhancing follow-up efforts and reevaluating on-site support systems for engineers in their first and second years.

Q : Your business performance is strong. What initiatives are you implementing to improve employee engagement?

A : To boost employee engagement, we are continuously implementing tiered training programs, including those targeting management-level employees. For new graduates, we provide regular training sessions and one-on-one career development meetings to support their growth. Additionally, we launched a three-year foundational technical training program for technical employees to further strengthen post-hire support.

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