

Further business growth in FY2026/3 and early achievement of medium-term management targets (final year: FY2027/3) within sight

Q3 FY2025/3 Earnings result summary: COPRO-HOLDINGS (hereafter the Company) key consolidated figures increased sharply, including net sales of JPY 22,025 mn (+25.9% YoY), operating profit of JPY 2,148 mn (+52.8% YoY), Non-GAAP operating profit of JPY 2,481 mn (+54.0% YoY), ordinary profit of JPY 2,162 mn (+46.0% YoY), and profit attributable to owners of parent (hereafter, net profit) of JPY 1,374 mn (+46.7% YoY). Amid continued strong demand for temporary staffing, the Group's overall technician headcount rose substantially by 26.3% YoY to 4,684, as the Company stepped up its in-house low-cost recruitment program efforts and operations, which in turn boosted sales and profits significantly.

FY2025/3 Earnings Forecast: The Company's full-year consolidated earnings forecasts for FY2025/3 are as follows: net sales of JPY30,000 mn(+24.5% YoY), operating profit of JPY 2,700 mn (+26.1% YoY), Non-GAAP operating profit of JPY 3,162 mn(+29.7%YoY), ordinary profit of JPY 2,714 mn (+22.7% YoY), and net profit of JPY 1,755 mn (+19.9% YoY). The Company maintained its initial full-year FY2025/3 earnings forecast. The main reason for this is that the Company plans to use the surplus profit to proactively invest in recruiting more dispatch technicians, given the continued strong demand for temporary staff dispatching services.

Medium-term Management Plan: For FY2025/3, the third fiscal year of the Medium-term Management Plan (FY2023/3–FY2027/3), the Company's initial net sales and Non-GAAP operating profit forecasts will surpass Mid-term Management Plan targets by 11.9% and 17.1%, respectively. Accordingly, the Company indicated that it is now looking into upwardly revising its medium-term FY2027/3 targets to call for net sales of JPY 40,000 mn and non-GAAP operating profit of JPY 5,000 mn.

Share price insights: The Company's shares JPY 1,624 (March 7, 2025 closing price) currently trade at a forward P/E ratio of 17.7x based on its FY2025/3 earnings forecast and P/B ratio of 3.81x. This is higher than the average PER of 12.7x and PBR of 1.88x of its six peer companies and underpinned by the Company's industry-leading ROE and projected dividend payout ratio. SIR also believes that this is also due to the Company's easy-to-understand equity story that the Company's sales exposure to the construction industry, which is the Company's client base is in and plagued by structural labor shortages as well as the "2024 problem," is overwhelmingly higher than that of the other six companies. SIR expects its boost of valuation on the back of this strong earnings growth.

FY	JPY mn,%	Net Sales	YoY	Oper. profit	YoY	Ordin. Profit	YoY	Net profit	YoY	EPS ^{*1} JPY	DPS ^{*1} JPY
2022/3		15,589	5.1	1,621	12.8	1,619	12.5	962	(4.6)	50.4	20.0
2023/3		18,791	20.5	1,321	(18.5)	1,324	(18.2)	864	(10.2)	46.1	25.0
2024/3		24,098	28.2	2,141	62.0	2,211	67.0	1,463	69.3	74.4	50.0
2025/3(CE)		30,000	24.5	2,700	26.1	2,714	22.7	1,755	19.9	92.0	60.0
2024/3 Q3(9M)		17,496	28.8	1,406	63.0	1,480	70.8	936	79.7	47.8	-
2025/3 Q3(9M)		22,025	25.9	2,148	52.8	2,162	46.0	1,374	46.7	70.1	-

Source: Compiled by SIR from TANSBIN financial statements.

Note: 1) EPS and DPS are retroactively adjusted to reflect a 2-for-1 stock split. EPS – diluted shares adjusted.

Q3 Follow-up



Focus Point

Strength is the construction technician dispatching business. Has extremely strong financial position and active shareholder return policy and has increased its dividend in every financial year since listing. The client construction industry continues to have a strong and important use of temporary staffing due to structural labour shortages.

Key Indicators

Share price (3/14 CP)	1,659
YH (2/14)	1,789
YL (2/8)	1,560
10YH (24/3/14)	1,919
10YL (20/4/22)	365
Shrs out. (mn shrs)	20.00
Mkt cap (JPY bn)	33.18
CAP ratio (2024/3)	66.8%
25.03 P/E (CE)	18.0x
24.03 P/B (act)	3.93x
24.03 ROE (act)	19.2%
25.03 DY (CE)	3.6%

1Y stock price



Source: TradingView

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Q3 FY2025/3 Results

*Non-GAAP operating profit is calculated by adding back depreciation, amortization of goodwill, and stock-based compensation expense to operating income as a profit measure of essential performance.

Summary

Key consolidated figures increased sharply, including net sales of JPY 22,025 mn (+25.9% YoY), operating profit of JPY 2,148 mn (+52.8% YoY), Non-GAAP operating profit* of JPY 2,481 mn (+54.0% YoY), ordinary profit of JPY 2,162 mn (+46.0% YoY), and net profit of JPY 1,374 mn (+46.7% YoY). To address the growing demand for temporary staffing services arising from the severe labor shortage caused by regulations capping overtime work that has kicked in from April 2024 as well as big construction projects, the Company substantially grew its consolidated technician headcount by 26.3% YoY to 4,684 by stepping up its in-house low-cost recruitment program. Thanks to the growth in technician count, which more than offset the drop in sales per head in the core business of construction technician dispatching, sales rose sharply.

Financial Results by Subsidiaries (JPY mn)*1

	FY2024/3					FY2025/3				
	Q3	YoY	CHG	% ^{*4}	% ^{*5}	Q3	YoY	CHG	% ^{*4}	% ^{*5}
Net sales	17,496	28.8%	3,912	100.0%	-	22,025	25.9%	4,528	100.0%	-
COPRO CN ^{*2}	15,991	25.6%	3,258	91.4%	100.0%	19,653	22.9%	3,661	89.2%	100.0%
COPRO TC ^{*3}	1,505	76.7%	653	8.6%	100.0%	2,372	57.6%	866	10.8%	100.0%
Gross profit	4,880	20.4%	826	27.9%	-	6,061	24.2%	1,180	27.5%	-
COPRO CN	4,459	18.8%	705	-	27.9%	5,596	25.5%	1,136	-	28.5%
COPRO TC	420	40.4%	121	-	27.9%	464	10.6%	44	-	19.6%
SG&A expenses	3,474	8.9%	282	19.9%	-	3,913	12.6%	439	17.8%	-
COPRO CN	2,240	15.5%	300	-	14.0%	2,563	14.4%	322	-	13.0%
COPRO TC	441	45.5%	138	-	29.3%	516	17.1%	75	-	21.8%
HD/ Other	791	-16.5%	(156)	-	-	832	5.2%	40	-	-
Operating profit	1,406	63.0%	543	8.0%	-	2,148	52.8%	741	9.8%	-
COPRO CN	2,219	22.3%	404	-	13.9%	3,032	36.7%	813	-	15.4%
COPRO TC	(20)	-	(16)	-	-1.3%	(51)	-	(31)	-	-2.2%
HD/ Other	(791)	-	156	-	-	(832)	-	(40)	-	-

Source: Compiled by SIR from the Company IR material.

Note 1: Figures for subsidiaries are adjusted for consolidation after eliminating intra-group transactions. 2. COPRO CN=COPRO CONSTRUCTION

3. COPRO TC=COPRO TECHNOLOGY 4. As the percentage of consolidated net sales 5. As the percentage of COPRO CN and COPRO TC, respectively

Construction technician dispatching business

COPRO CONSTRUCTION. Co., Ltd. (hereafter, COPRO CN), which operates the Company's core business of construction technician dispatching and thought it the most important to establish the system to get hold of the technicians, a driving force for the business expansion, to well satisfy the stronger demand caused by regulations capping overtime work started this April, has kept strengthening recruiting and raising the retention rate activities.

In terms of recruitment, the Company has been refining its low-cost recruitment program, a key strength wherein it selects candidates in-house rather than relying on external recruitment agencies. Through this effort, the Company aims to enhance its human resource supply capabilities and better fulfill its fundamental role of providing client companies with an abundance of talented personnel as a personnel dispatch service. In creating a candidate pool, which is an important part of this process, the Company has worked on expanding its recruitment channels to secure more applicants, the starting point of the recruitment process, by using paid recruitment media and its in-house recruitment site Bscareer Construction, as well as pursuing referrals from technicians.

In addition, the Company's proactive hiring efforts were largely underpinned by securing a wide range of orders, including those for inexperienced candidates and female construction managers, through in-depth sales activities targeting client companies.

Thanks to proactive efforts to boost recruitment, the Company's Q1 mid-career hires came in far above plan, but its utilization rate dropped to 91.2% (93.0% in Q1 FY2024/3). Given this, the Company slowed its mid-career hiring from July to September to match its plan, and focused on assigning technicians on standby. As a result, its utilization rate recovered to 94.7% by the end of September, and the average utilization rate for the three-month-period of Q2 (July-September) rose to 93.7%. The average utilization rate further increased to 95.3% for the three-month-period of Q3, bringing the utilization rate for cumulative Q3 to 93.4% (94.5% in cumulative Q3 FY2024/3).

In terms of retention rates, the Company has been working to enhance post-dispatch support while promoting its team and bundle dispatching of multiple technicians to the same job site. This has led to a recovery in retention rates, but the Company is continuing to focus on retention as its top priority.

As a result, the Company hired 1,854 people in Q3 FY2025/3, up by 315 people (+20.5%) YoY. As a result of these initiatives, its number of technicians rose by 839 (+24.9%) YoY to 4,212 as of end-Q3 (3,568 as of end-FY2024/3, 3,373 as of end-Q3 FY2024/3). The construction technician dispatch service alone has surpassed the 4,000 mark.

Construction technician dispatching business - Recruitment, turnover, and operating ratio (People)

■ Recruitment, turnover and operating ratio

(people)

	FYE3/2023	FYE3/2024						FYE3/2025				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full-year	1Q	2Q	3Q	3Q cumulative	Full-year (Forecast)
Total recruited	1,472	614	458	467	1,539	485	2,024	843	505	506	1,854	2,299
New graduates	56	154	0	0	154	0	154	117	0	0	117	117
Mid-career	1,416	460	458	467	1,385	485	1,870	726	505	506	1,737	2,182
Turnover total	812	361	283	299	943	290	1,233	450	395	365	1,210	1,438
Net change	+660	+253	+175	+168	+596	+195	+791	+393	+110	+141	+644	+861
Increase due to M&A, etc.	+122	0	0	0	0	0	0	0	0	0	0	0
Number of technicians (quarter end)	2,777	3,030	3,205	3,373	3,373	3,568	3,568	3,961	4,071	4,212	4,212	4,429
Operating ratio (period average)	96.3%	93.0%	94.6%	95.7%	94.5%	94.9%	94.6%	91.2%	93.7%	95.3%	93.4%	-

■ Retention rate

	FYE3/2023	FYE3/2024						FYE3/2025				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full Year	1Q	2Q	3Q	3Q cumulative	Full-year (Forecast)
Retention rate	77.4%	89.4%	91.9%	91.9%	78.2%	92.5%	74.3%	89.8%	91.2%	92.0%	77.7%	75.5%
Retention rate (FY accumulative total)	74.4%	89.2%	82.3%	76.2%	76.2%	72.1%	72.1%	89.4%	82.8%	77.3%	77.3%	-
Retention rate (Last twelve months)	74.4%	75.0%	73.2%	71.6%	71.6%	72.1%	72.1%	72.7%	73.1%	72.7%	72.7%	-

* 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

Source: the Company Q3 FY 2025/3 earnings presentation material.

Mechanical and electrical engineer, semiconductor engineer, and IT technician dispatch business

At **COPRO TECHNOLOGY. Co., Ltd.**, which operates a mechanical and electrical engineer, semiconductor engineer, and IT technician dispatch business, the Company enhanced its in-house recruitment sites, allocating recruitment expenses toward its IT technician project introduction site Bscareer IT and mechanical and electrical engineering recruitment site Bscareer Mechanical and Electrical. In addition, the Company has been accepting people with no experience at the Semicon Techno Lab, which specializes in training engineers responsible for semiconductor manufacturing equipment maintenance and inspections. The Company boosts their added value by providing these hires with one month of training to equip them with the skills to perform mechanical maintenance and field engineering work on semiconductor manufacturing equipment, thereby gaining new customers and expanding personnel assignments.

Since the opening of semiconductor engineer training center Semicon Techno Lab 11 months ago in February 2024, there have been a total of over 100 graduates who have completed their training at the center. The retention rate of engineers dispatched after completing their training has been high, at around 95%.

In addition, the Company made progress in acquiring major corporate clients, and also secured large engineer dispatch orders. As a result of actively investing in recruitment, the number of engineers at end-Q3 reached 472, up 136 (+40.5%) YoY (361 at end-FY2024/3, 336 at end-Q3 FY2024/3).

Q3 earnings result

The number of technicians and engineers in the Group as of end-Q3 FY2025/3 reached 4,684, up by 975 (+26.3%) YoY (3,929 at end-FY2024/3, 3,709 at end-Q3 FY2024/3), with headcount growth mainly coming from construction technician dispatch provider COPRO Construction. This was attributed to higher demand on the back of regulations capping overtime work, as well as the Company's successful efforts to boost its recruiting capabilities by refining its low-cost recruitment program, wherein it selects candidates in-house rather than relying on external recruitment agencies. Sales per dispatched construction technician fell to JPY 583,000 (-4.8% YoY) resulting from regulations capping overtime work. However, Q3 sales grew to JPY 22,025mn (+25.9% YoY) as the increase in the number of technicians more than offset the drop in sales per technician.

In terms of profits, gross profit rose in line with higher sales. SG&A expenses increased to JPY 3,913 mn (+12.6% YoY) stemming from higher personnel expenses associated with bolstering the sales and recruiting departments to meet growing demand, as well as higher rent expenses on land and buildings. Meanwhile, its SG&A ratio fell by 2.1ppts to 17.8% (19.9% in Q3 FY2024/3), driving operating profit up sharply to JPY 2,148 mn (+52.8% YoY). Non-GAAP operating profit, calculated by adding back depreciation, goodwill amortization, and share-based payment expenses to operating profit, came to JPY 2,481 mn (+54.0% YoY).

KPIs by Business

	FYE3/2024		FYE3/2025		
	3Q cumulative	Full-year	3Q cumulative	YoY % Change	YoY Change
No. of recruits	1,682	2,222	2,104	+25.1%	+422
Construction technician dispatch	1,539	2,024	1,854	+20.5%	+315
Mechanical & electrical and semiconductor engineer dispatch	84	118	147	+75.0%	+63
IT engineers dispatch	55	72	103	+87.3%	+48
Increase due to M&A, etc.	4	8	0	—	-4
No. of resignations	1,009	1,329	1,349	+33.7%	+340
Construction technician dispatch	943	1,233	1,210	+28.3%	+267
Mechanical & electrical and semiconductor engineer dispatch	39	54	60	+53.8%	+21
IT engineers dispatch	27	42	79	+192.6%	+52
No. of technical employees (period end)	3,709	3,929	4,684	+26.3%	+975
Construction technician dispatch	3,373	3,568	4,212	+24.9%	+839
Mechanical & electrical and semiconductor engineer dispatch	204	223	310	+52.0%	+106
IT engineers dispatch	132	138	162	+22.7%	+30
Retention rate	78.5%	74.7%	78.1%	—	-0.4pt
Construction technician dispatch	78.2%	74.3%	77.7%	—	-0.5pt
Mechanical & electrical and semiconductor engineer dispatch	84.0%	80.5%	83.8%	—	-0.2pt
IT engineers dispatch	81.6%	75.8%	81.4%	—	-0.2pt
Operating ratio (Inc. trainees)	94.8%	94.9%	93.4%	—	-1.4pt
Construction technician dispatch	94.5%	94.6%	93.4%	—	-1.1pt
Mechanical & electrical and semiconductor engineer dispatch	96.9%	97.0%	90.7%	—	-6.2pt
IT engineers dispatch	100.0%	100.0%	98.4%	—	-1.6pt
Sales per technician/engineer (period average)	619	617	591	-4.5%	-28
Construction technician dispatch	612	611	583	-4.8%	-29
Mechanical & electrical and semiconductor engineer dispatch	621	618	565	-9.1%	-56
IT engineers dispatch	770	773	820	+6.5%	+50

Source: the Company Q3 FY 2025/3 earnings presentation material.

* The above figures, excluding retention rate of SES, include IT freelance engineers. The retention rate is for dispatched technical employees only, excluding IT freelancers. * 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

FY2025/3 Earnings Forecasts

Full-year Earnings Forecasts

The Company's full-year consolidated earnings forecasts for FY2025/3 are as follows: net sales of JPY 30,000 mn (+24.5% YoY), operating profit of JPY 2,700 mn (+26.1% YoY), Non-GAAP operating profit of JPY 3,162 mn (+29.7%YoY), ordinary profit of JPY 2,714 mn (+22.7% YoY), and net profit of JPY 1,755 mn (+19.9% YoY). H1 operating profit came in 19.9% above initial plan, with business growth continuing steadily through Q3 onward, but the Company maintained its initial full-year FY2025/3 earnings forecast. The main reason for this is that the Company plans to use the surplus profit to proactively invest in recruiting more dispatch technicians, given the continued strong demand for temporary staff dispatching services. Through this, it has aimed to further expand earnings in FY2026/3 and achieve its medium-term financial targets (FY2023/3-FY2027/3) ahead of schedule.

The FY2025/3 earnings forecast presented above exceeds the medium-term (FY2023/3-FY2027/3) targets of JPY 26,800 mn in net sales and JPY 2,700 mn in non-GAAP operating profit by 11.9% and 17.1%, respectively.

In terms of recruitment, as demand for temporary technicians and engineers remains strong, the Company plans to aggressively recruit 2,776 technicians and engineers (+24.9% YoY). Because the Company expects 1,537 technicians and engineers to resign (+15.7%), it looks like the number of technicians and engineers throughout the Group will grow to 5,168 (+31.5% YoY) by the end of FY2025/3.

The Company plans to pay an annual dividend per share of JPY60.0, consisting of an interim dividend of JPY20.0 and a year-end dividend of JPY40.0, representing an increase of JPY10.0 per share compared to FY2024/3. It has increased dividends each year since FY2018/3.

The outlook for FY2025/3 earnings by business is as follows.

Construction technician dispatching business

As part of its growth strategy, COPRO-HOLDINGS aims to establish itself as the industry leader in professional quality by raising standards in three key areas: sales quality, recruitment quality and retention quality. For construction technician dispatching, COPRO CN is improving the accuracy of its sales and recruiting process and strengthening its ability to supply customer companies with human resources by further reinforcing its own low-cost recruitment, one of its strengths. COPRO CN will expand its recruiting channel from its existing recruiting medium to include its job-search website Bscareer Construction, referral recruiting based on introductions by parties such as its own employees, and similar channels. Furthermore, to promote the retention of workers with no experience in the industry, which it is hiring more of, the Company will implement such measures as holding training, follow-up meetings, and career meetings to raise the retention rate.

Boosting retention rates among first- and second-year technicians is a particularly important priority, and the Company aims to improve retention rates by strengthening ties among technicians and enhancing their sense of belonging through team- and bundle-based dispatching, where multiple technicians are assigned to the same job site at the same company. Through this strategy, it plans to bolster its system to ensure technicians make it past their third year of employment, where overcome the barrier of the third year of employment, when dispatch contract rates begin to grow substantially, thereby expanding its pool of high earning technicians and increasing sales. As for progress in team- and bundle-based dispatching, its team ratio, which indicates the percentage of technicians who belong to a team, was 48% (+18 pts from Q1), with a total of 690 teams (+249 teams from Q1) as of the end of Q3 FY2025/3.

Mechanical design and development engineer dispatching and contracting and SES (System Engineering Service) business

For this business, COPRO TC is working to increase the number of engineers by continuing to make growth investments this fiscal year and expects to hire 207 mechanical design and development engineers (+75.4% YoY) and 270 SESs (+275.0 YoY).

Opening of a new training center and relocation of the COPRO Construction Sales Headquarters to Tokyo

At the time of its Q3 results announcement, COPRO HOLDINGS announced that it plans to open a new training center in the Shinagawa area of Tokyo in April 2025. In addition to the training and education provided to new employees, the Company has already established training facilities called "Kantoku no Tane" in Tokyo, Nagoya, Osaka and Chiba, with the aim of upskilling technicians and providing career support. The new training center in Shinagawa will enable the Company to provide face-to-face training and practical training using actual equipment, building steel frames, reinforcing bars, and formwork inside the training center.

Group company COPRO CONSTRUCTION. Co., Ltd., which Kobelco Construction, which operates the Company's core business of construction technician dispatching, will relocate its sales headquarters from Nagoya to Tokyo in April 2025. One of the key objectives is to relocate the sales headquarters to the Kanto region, the largest market in Japan accounting for one third of the country's construction investment, and to drive forward with efforts to expand market share and secure human resources. According to the Company, it is the fourth largest player in the industry in terms of market share for construction technician dispatching in the Kanto region. By relocating the sales headquarters to Tokyo, it aims to become the top player in the Kanto region.

FY2025/3 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%	30,000	100.0%	+24.5%	+5,901
Cost of sales	17,323	71.9%	21,551	71.8%	+24.4%	+4,227
Gross profit	6,774	28.1%	8,449	28.2%	+24.7%	+1,674
SG&A expenses	4,632	19.2%	5,749	19.2%	+24.1%	+1,116
Operating profit	2,141	8.9%	2,700	9.0%	+26.1%	+558
Non-GAAP operating profit* ¹	2,437	10.1%	3,162	10.5%	+29.7%	+724
Ordinary profit	2,211	9.2%	2,714	9.0%	+22.7%	+502
Profit attributable to owners of parent	1,463	6.1%	1,755	5.9%	+19.9%	+291
Earnings per share (after stock split) (yen)* ²	77.68	—	91.96	—	+18.4%	+14.28
Number of consolidated technical employees (quarter end)* ³	3,929	—	5,168	—	+31.5%	+1,239

Source: the Company Q3 FY 2025/3 earnings presentation material.

*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.

FY2025/3 KPIs by Business

(People, 1,000 yen)

	FYE3/2024			FYE3/2025		
	1H	2H	Full Year	Full Year (forecast)	YoY Change	YoY Difference
No. of recruits	1,166	1,056	2,222	2,776	+24.9%	+554
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
No. of resignations	687	642	1,329	1,537	+15.7%	+208
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
No. of technical employees (period end)	3,515	3,929	3,929	5,168	+31.5%	+1,239
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
Retention rate	83.7%	85.8%	74.7%	76.6%	—	+1.9pts
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

Source: the Company Q3 FY 2025/3 earnings presentation material.

* The above figures, excluding retention rate of SES, include IT freelance engineers. The retention rate is for dispatched technical employees only, excluding IT freelancers. * 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

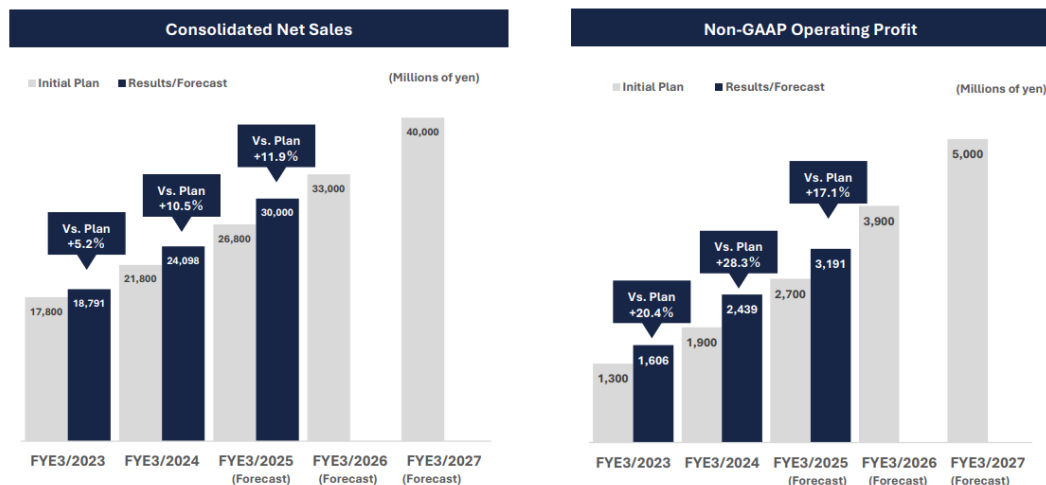
Medium-Term Management Plan

“COPRO Group Build the Future 2027” Progress on the plan

The Company is implementing its Medium-term Management Plan (FY2023/3–FY2027/3), which it announced in May 2022, and this fiscal year is the third fiscal year of the plan. As discussed above, the Company’s forecasts for FY2025/3 net sales and Non-GAAP operating profit are 11.9% and 17.1% greater than the FY2025/3 targets included in Medium-term Management Plan. This is because the external environment for the construction technician dispatching business, the Company’s core business, is better than initially expected. The Company has started to actively hire technicians, who are meeting the demand for temporary staff dispatching which continues to grow for both macro reasons (cap on overtime work since April 2024) and semi-macro reasons (many large-scale projects related to the construction of new and maintenance of existing social infrastructure throughout Japan). SIR thinks this external business environment will continue for the time being.

As of the Q3 results announcement, the Company indicated that it aims to surpass its medium-term targets for each fiscal year by accelerating organic growth in existing businesses while investing in hiring and other growth, particularly in the construction technician dispatch business. In addition, the Company intends to actively explore non-organic growth through M&A opportunities, which is not included in the medium-term management plan. Since the Company was able to reach the medium-term plan’s halfway point of H1 FY2025/3 with solid results, it is now looking into upwardly revising its medium-term FY2027/3 targets to call for net sales of JPY 40,000 mn and non-GAAP operating profit of JPY 5,000 mn.

Progress of the Medium-Term Management Plan



Source: the Company Q3 FY 2025/3 earnings presentation material.

Share Price Insights

COPRO HOLDINGS' shares currently trade at JPY 1,624 (March 7, 2025 closing price), which is 15.4% below the 52-week high of JPY 1,919 (March 14, 2024), and 32.9% above the 52-week low of JPY 1,222 (August 5, 2024). This equates to a forward P/E ratio of 17.7x based on the Company's FY2025/3 EPS forecast, surpassing the average for the six companies in the same industry of 12.6x. The Company also has higher valuations for other metrics such as the P/B ratio, P/S ratio, and the EV/EBITDA multiple. This is likely due to the Company's high ROE and forecasted dividend payout ratio, which are higher than those of its industry peers. At first glance, the Company's operating profit growth appears marginally lower than the average for its industry peers. This is because the average operating profit for the six companies in the same industry is being boosted by the fact that the operating profit for one of the six companies, WILLTEC (7087) fell by 67.0% YoY in FY2024/3, but is expected to recover substantially by 180.8% YoY in FY2025/3 (based on its earnings forecast). The operating profit growth rate of each of the other five companies is lower than COPRO HOLDINGS' projected 26.1% increase.

SIR believes that this is also due to the Company's easy-to-understand equity story of having an overwhelmingly higher share of sales to the construction industry compared to the six industry peers, as the Company's core business is in dispatching technicians to the construction industry, which faces structural labor shortages as well as the "2024 problem". Under the current medium-term management plan (covering the five-year period of FY2023/3–FY2027/3), sales and non-GAAP operating profit in FY2025/3, the third year of the plan, are expanding 11.9% and 17.1% above the medium-term targets, respectively. Furthermore, the Company is now looking into upwardly revising its medium-term FY2027/3 targets. SIR expects its valuation see a further boost on the back of this strong earnings growth.

Valuation Comparison with peers

Valuation Comparison	PER (X)	PER, CE ^{*1} (X)	PBR (X)	PSR, CE ^{*2} (X)	EV/EBITDA (X)	ROE (%)	Payout ratio, CE (%) ^{*3}	DY, CE (%) ^{*4}	Operating profit growth rate(%) ^{*5}
COPRO	21.1	17.7	3.81	1.03	10.2	19.2	65.2	3.7	26.1
Six manufacturing and IT dispatching companies including construction and plant technician dispatching	12.7	12.6	1.88	0.66	7.8	15.0	48.2	3.2	31.6

Source: Compiled by SIR from SPEEDA data

Six peers: TechnoPro 6028), Open Up Group(2154), WILL GROUP(6089), WILLTEC(7087), TRYT(9164), Nareru Group(9163)

Note: (1) Latest share price divided by company EPS forecast for current fiscal year; For Tryt, which is included in Group 1, the EPS forecast from WEALTH ADVISOR shown on the company website is used as Tryt has not announced its EPS forecast (2) Latest market capitalization divided by the company sales forecast for current fiscal year. (3) Annual dividend forecast for current fiscal year divided by company EPS forecast for current fiscal year. Forecasted dividend payout ratio for Group 1 is based on five companies excluding Tryt, as it does not plan to pay a dividend for FY2024/12, in continuation from the previous fiscal year. (4) As with the average forecasted dividend payout ratio, this is also based on five companies excluding Tryt, which does not plan to pay a dividend (5) Operating profit growth rate shown in each company's forecast for the current fiscal year.

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