



COPRO-HOLDINGS. Co., Ltd.

15th Annual General Meeting of Shareholders Convocation Notice

Date/Time:	Thursday, June 24, 2021 10:00 a.m. (check-in begins at 9:00 a.m.)
Location:	Meeting room in the conference hall Dai Nagoya Building, 5th Floor 3-28-12 Meieki, Nakamura-ku Nagoya-shi, Aichi Prefecture
Resolution:	Appropriation of Retained Earnings

<Notice Concerning Infection Prevention Measures for COVID-19>

Company staff will wear masks to prevent the spread of COVID-19. We ask that shareholders attending the General Meeting of Shareholders consider the circumstances on the day of the annual meeting and their own physical condition and wear a mask and take other precautions accordingly.

We also ask all shareholders to exercise their voting rights in advance by mailing in the written form or through the Internet, to the extent possible.

To Our Shareholders:

This is the convocation notice of the 15th Annual General Meeting of Shareholders that will be convened on Thursday, June 24, 2021.

The 15th period was a major turning point for COPRO-HOLDINGS Co., Ltd. (the “Company”) and society. The COVID-19 pandemic continues to rage, impacting employment and casting a dark shadow over people’s lives. In September 2020, the Company changed its market listings to the First Sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange, amid these conditions.

The Company adopted the theme of “innovation and challenge” for the 15th period onward. We will reform existing businesses to support current revenues, push ahead on the challenge of new businesses, and strive to enhance enduring corporate value. The Company will achieve these goals by taking action on workstyle reform, improving the cost ratio, implementing innovations in sales aimed at achieving explosive growth in the future, and improving operating efficiency through new core systems.

We intend to unite and work diligently as one team to earn the trust of our shareholders and other stakeholders and be a company that is able to contribute to society in many ways.

I sincerely ask all shareholders for your continued guidance and encouragement.



Kosuke Kiyokawa

CEO

Officers

Kazumi Ogai
Executive Director

Masahiko Saito
Managing Director

Yusuke Koshikawa
Director

Norio Hayama
Outside Director

Masashi Fujimaki
Outside Director

Yoshiaki Hoshino
Full-time Auditor

Manabu Haruma
Outside Auditor

Atsushi Okura
Outside Auditor

This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

(Securities code: 7059)

June 7, 2021

TO: All Shareholders

Kosuke Kiyokawa

CEO

COPRO-HOLDINGS. Co., Ltd.

3-28-12 Meieki, Nakamura-ku

Nagoya-shi, Aichi Prefecture

15th Annual General Meeting of Shareholders Convocation Notice

We hereby invite you to attend the 15th Annual General Meeting of Shareholders for COPRO-HOLDINGS. Co., Ltd. The details are provided below.

Instead of attending on the day of the meeting, we ask shareholders to consider the Reference Materials for the General Meeting of Shareholders provided below, and then exercise your voting rights by postal mail or electronically (through the Internet) by 6:00 p.m. on Wednesday, June 23, 2021, according to instructions (Japanese language only).

- 1. Date/Time:** Thursday, June 24, 2021, 10:00 a.m. (check-in begins at 9:00 a.m.)
- 2. Location:** Meeting room in the conference hall, Dai Nagoya Building, 5th Floor
3-28-12 Meieki, Nakamura-ku, Nagoya-shi, Aichi Prefecture
(See the venue map and directions at the end (Japanese language only).)

3. Objectives

Reports

1. Business report and consolidated financial statements for the 15th period (April 1, 2020 to March 31, 2021), and findings of audit of the 15th period consolidated financial statements by the accounting auditor and Board of Auditors
2. Report on the non-consolidated financial statements for the 15th period (April 1, 2020 to March 31, 2021)

Resolution

Resolution: Appropriation of Retained Earnings

Reference Materials for the General Meeting of Shareholders

Resolution: Appropriation of Retained Earnings

The Company recognizes return to shareholders as a top priority management issue. Our basic policy is to take future business expansion and other salient factors into consideration in determining dividends while maintaining stable dividends.

In regard to year-end dividends, the Company would like to declare a special dividend of five yen per share to commemorate the change in listings of the Company's stock to the First Sections of the Tokyo Stock Exchange and Nagoya Stock Exchange on September 11, 2020. We would like to provide the following year-end dividends in return for the support of our shareholders.

1. Form of dividend
Cash
2. Dividend allocation and total dividends
55 yen per share of the Company's common stock (ordinary dividends of 50 yen per share plus a 5-yen commemorative dividend)
Total dividends: 262,560,815 yen
3. Date of dividend pay-out from retained earnings
June 25, 2021

Note: The Company executed a stock split of two shares per common share on April 1, 2021. The "dividend per share" noted here is the amount prior to the stock split.

(Attachment)

Business Report

(From April 1, 2020
to March 31, 2021)

1. Current Status of Corporate Group

1) Business Conditions During the Consolidated Fiscal Year Under Review

(1) Business Operations and Results

During the fiscal year under review, uncertainty over future conditions persisted in the Japanese economy due to rising nationalistic protectionism, concentration of profits in oligopolistic companies such as Google, Apple, Facebook, and Amazon (GAFA), and the impact from the global COVID-19 pandemic, in addition to the continuing state of international tension caused by U.S.-China conflict. While economic measures supported public investment in the domestic construction industry, a reluctance to invest was seen in private investment due to the economic uncertainty and conditions remained weak. The personnel dispatching business continued to see strong demand amid these conditions as many industries struggled to secure human resources due the decline in the working population in Japan. This is especially true in the construction and plant industries, which are the main customers of the COPRO Group. These industries are facing the issues of aging engineers and a shortage of young engineers, both of which are worsening at a rapid pace, and are expected to increase use of dispatched engineers in the future.

Based on this business environment, the COPRO Group has strengthened our business base by opening new branches (Niigata Branch, Chiba Branch, Shizuoka Branch, Kitakyushu Plant Branch) and rebuilding existing branches. We opened a new “Kantoku no Tane” (“Seeds of Supervision”) training center and renovated others, and established the training environment for COPRO engineers. COPRO also implemented radical business reforms and initiatives to improve operating efficiency by introducing telecommuting, holding employee Webinars, evolving businesses activities through the use of IT, and other measures to adapt flexibly to the era of the new normal. This resulted in an increase in the number of COPRO engineers of 36, to 2,020 engineers as of March 31, 2021, and continued growth in consolidated net sales for the 15 consecutive periods.

Continued negotiations on a charge increase with dispatch service client companies (increase in unit sale price for COPRO engineers) to improve the cost to sales ratio and secure the capital for improving COPRO employee benefits resulted in a turn toward improvement in the cost ratio in the fourth quarter. However, the impact from the equal pay for equal work system implemented from April 2020 onward led to increased costs for the full year, compared to last fiscal year.

In our overseas business, we established COPRO GLOBALS PTE. LTD. in April 2020 as a local subsidiary in Singapore to gather information and build a business strategy function in Southeast Asia.

In September 2020, the Company’s stock listings were changed to the First Sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange with the aim of further business expansion and enhancement of the corporate value of the COPRO Group.

The above factors resulted in the following consolidated financial results for fiscal year ended March 31, 2021: Net sales of 14.8 billion yen (up 13.1% YoY), operating profit of 1.4 billion yen (down 9.7% YoY), ordinary profit of 1.4 billion

yen (down 9.2% YoY), and profit attributable to owners of parent of 1.0 billion yen (down 6.9% YoY).

The COPRO Group does not disclose segment information because the construction engineer dispatch service is our only business.

2) Capital Investment

Capital investment in fiscal year ended March 31, 2021 was 227.7 million yen. This breaks down into 84.2 million yen for acquisition of buildings and structures for opening and relocating branches and other facilities, 26.8 million yen for acquisition of tools, furniture, and fixtures for branch opening and relocation, 9.5 million yen for construction in progress associated with head office relocation in fiscal year ending March 31, 2022, and 97.1 million yen for software in progress relating to new core system development, etc.

There were no material equipment disposals or sales in fiscal year ended March 31, 2021.

3) Financing

The COPRO Group concluded agreements for commitment lines totaling 3 billion yen with two partner banks in November 2019. These commitment lines were secured to access to rapid, flexible, and stable means of financing demands on capital in actively pursuing future business expansion. There is no balance for loans taken out based on these commitment lines as of March 31, 2021.

2) Trend in Consolidated Assets and Income

Category	12 th Period (FYE Mar. 31, 2018)	13 th Period (FYE Mar. 31, 2019)	14 th Period (FYE Mar. 31, 2020)	15 th Period (FYE Mar. 31, 2021) (Fiscal year under review)
Net sales (Thousand yen)	8,962,680	10,819,368	13,122,871	14,836,579
Ordinary profit (Thousand yen)	884,753	1,336,638	1,585,296	1,439,718
Net profit attributable to owners of parent (Thousand yen)	608,197	938,864	1,084,160	1,009,179
Earnings per share (Yen)	74.17	113.76	115.08	106.74
Total assets (Thousand yen)	5,400,725	7,474,681	8,030,522	8,514,344
Net assets (Thousand yen)	2,704,034	4,692,806	5,487,966	6,272,402
Net assets per share (Yen)	329.76	498.18	582.09	656.54

Notes:

1. Consolidated financial statements have been produced since the 13th Period. The numbers from the consolidated financial statements produced for the 12th Period pursuant to the Financial Instruments & Exchange Act are provided for reference.
2. Earnings per share is calculated on the average number of shares issued during the period, excluding treasury shares. Net assets per share is calculated on the total number of shares issued as of the end of the period, excluding treasury shares.
3. A stock split of two shares per common share was executed on April 1, 2021. The earnings per share and net assets per share have been calculated based on the assumption that the stock split was implemented at the beginning of the 12th Period.

3) Significant Issues

The COPRO Group recognizes the following matters as the main issues facing the Group and we plan to address them to expand our business.

(1) Securing and Developing Human Resources

Securing human resources is the foundation for growth of the COPRO Group. How to secure human resources who have the potential to become engineers who add high value and how to improve the skill level of dispatched engineers employed by COPRO are important issues. Because we expect the market for hiring highly skilled engineers to remain a seller's market, we are working to secure high value-added human resources by taking advantages of referrals from COPRO employees, in addition to recruiting through the main Web media. We are also further enhancing the ability of our proprietary Gen-Kyari recruiting site to attract clients and are improving its functionality, and will also continue to focus on new hires to secure human resources who will be responsible for business growth over the medium and long-term.

We are pursuing development and introduction of more practical training programs to develop human resources at the four "Kantoku no Tane" training facilities we operate nationwide in Tokyo, Chiba, Nagoya, and Osaka. We will also facilitate career advancement of dispatched engineers by providing support for acquiring various qualifications and expanding the training system.

COPRO sales employees also consistently follow dispatched engineers and will strive to improve the retention rate through various measures that provide detailed support for the employment status and health of dispatched engineers.

The table below shows the number of dispatched engineers employed by the COPRO Group at the end of each fiscal year.

Fiscal year	FYE Mar. 31, 2018	FYE Mar. 31, 2019	FYE Mar. 31, 2020	FYE Mar. 31, 2021
Number of dispatched engineers	1,297	1,591	1,984	2,020

(2) Response to Revisions to Laws

The main revisions in the revised Worker Dispatch Law enacted on April 1, 2020 are detailed below:

- To eliminate unreasonable differences in treatment of dispatched workers compared to regular workers employed at client companies (full-time workers without a contract expiration date)
- Select one of the following:
 - i. Client company equal and balanced method: Equal and balanced working conditions compared to regular workers employed by the client company
 - ii. Dispatch agency labor-management agreement method: Working conditions according to a labor-management agreement that satisfies certain conditions

Our response the revisions noted above is based on the policy of equal pay for equal work for dispatched workers targeted by the Japanese government, and we understand that this is also tied to the sustained growth of the COPRO Group. The COPRO Group will continue to respond appropriately to the management environment accompanying the revision of laws in the future, while also continuing to strive for stable business expansion.

(3) Strengthening Sales Skills

To achieve sustainable growth, we must increase the number of business transactions by drawing out the new needs of client companies, in addition to maintaining existing transactions and gaining new clients.

The COPRO Group will therefore focus on key companies and target acquisition of many projects. We will also work to adapt to circumstances by rebuilding the sales process, improving matching, and introducing tools to improve operating efficiency,

and by compiling and analyzing client and project data to maintain an operating rate of close to 100% and shift to employment destinations that pay a high contract amount per engineer.

(4) Controlling Long Working Hours

Guidance on and oversight of long working hours have become stricter due to the recent enactment of laws related to workstyle reform in labor administration. Companies are now required to exercise meticulous care in labor management and ensuring the safety of employees. As a dispatcher, the COPRO Group takes appropriate steps as necessary to establish a structure that enables us to determine work attendance in real time by providing IT devices to make sure that dispatched engineers do not exceed the working hours specified in the Group's 36 Employee-Employer Agreement. We will also continue to issue notices requesting client companies to implement improvement in stages and take other steps as necessary to improve the working environment, appropriately manage working hours, and control overtime working hours.

4) **Description of Main Business** (as of March 31, 2021)

The COPRO Group consists of COPRO-HOLDINGS. Co., Ltd. and two consolidated subsidiaries (COPRO-ENGINEERED. Co., Ltd. and COPRO GLOBALS PTE. LTD.). Our businesses mainly involve personnel dispatch and placement services provided to companies, mainly in the construction industry.

5) **Main Business Locations** (as of March 31, 2021)

(1) COPRO-HOLDINGS. Co., Ltd.

Head office	3-28-12 Meieki, Nakamura-ku, Nagoya, Aichi Prefecture 450-6425
-------------	--

(2) Subsidiaries

COPRO-ENGINEERED. Co., Ltd.	3-28-12 Meieki, Nakamura-ku, Nagoya, Aichi Prefecture 450-6425
COPRO GLOBALS PTE. LTD.	Republic of Singapore

Note: COPRO GLOBALS PTE. LTD. was established on April 1, 2020.

6) **Employees (as of March 31, 2021)**

(1) COPRO Group Employees

Number of Employees	Increase (Decrease) from Previous Fiscal Year
2,280	+ 38

Note: The number of employees indicates the number of working employees.

(2) COPRO-HOLDINGS. Co., Ltd. Employees

Number of Employees	Increase (Decrease) from Previous Fiscal Year	Average Age	Average Years of Employment
60	+ 12	36.2	2.1

Note: The number of employees indicates the number of working employees.

7) Significant Subsidiaries (as of March 31, 2021)

Name	Capital	Investment Interest	Description of Main Business
COPRO-ENGINEERED. Co., Ltd.	30,000,000 yen	100.0%	Personnel dispatch and placement services
COPRO GLOBALS PTE. LTD.	SGD 250,000	100.0%	Personnel development, dispatch, and placement services provided in the ASEAN region

Notes:

1. COPRO GLOBALS PTE. LTD. was established on April 1, 2020.
2. On April 1, 2021, our subsidiary, COPRO GLOBALS PTE. LTD. established a subsidiary named COPRO VIETNAM CO., LTD. in the Socialist Republic of Vietnam.
3. COPRO-HOLDINGS. Co., Ltd. completed the acquisition of 100% of the shares of ATMOS CO., LTD. on April 30, 2021 upon resolution at the Board of Directors meeting held on April 27, 2021. See the Notes Concerning Significant Subsequent Events in the Notes to the Consolidated Financial Statements for further information.

8) Main Lenders (as of March 31, 2021)

N/A

9) Other Significant Events Concerning the Current Status of the COPRO Group

(1) Change in Stock Market Listings

COPRO-HOLDINGS. Co., Ltd. changed its listing markets from the Tokyo Stock Exchange Mothers market and the Nagoya Stock Exchange Centrex market to the First Sections of the Tokyo Stock Exchange and Nagoya Stock Exchange on September 11, 2020.

(2) Establishment of Subsidiary by a Subsidiary

On April 1, 2021, our subsidiary, COPRO GLOBALS PTE. LTD., established a subsidiary named COPRO VIETNAM CO., LTD. in the Socialist Republic of Vietnam, as the first overseas operating subsidiary in the COPRO Group. COPRO VIETNAM CO., LTD. was established to provide personnel development, dispatch, and placement services to the many Japanese general contractors and Japanese plants that have established operations in Vietnam.

2. Current Status of COPRO-HOLDINGS. Co., Ltd.

1) Share Status (as of March 31, 2021)

- (1) Total number of authorized shares: 20,000,000 shares
- (2) Total number of shares issued: 5,000,000 shares
- (3) Number of shareholders: 2,398
- (4) Major shareholders

Name of Shareholder	Number of Shares Owned	Percentage (%)
RITAMEKO. Co., Ltd.	2,100,000	44.0
Kosuke Kiyokawa	604,716	12.7
Custody Bank of Japan, Ltd. (trust account)	268,800	5.6
The Nomura Trust and Banking Co., Ltd. (investment trust account)	170,400	3.6
The Master Trust Bank of Japan, Ltd. (trust account)	157,100	3.3
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	140,100	2.9
GOLDMAN SACHS INTERNATIONAL	79,700	1.7
Kyoichi Kageyama	60,000	1.3
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	57,500	1.2
Atsuhiko Morizane	50,000	1.0

Notes:

- 1. The Company holds 223,167 treasury shares, which are excluded from the shares held by major shareholders listed above.
- 2. Treasury shares are excluded in calculating the percentage of shares held.

(5) Shares Granted to Corporate Officers as Compensation for Duties Performed During Fiscal Year Ended March 31, 2021

The Company introduced a restricted stock compensation system, based on a resolution approved by the 14th Annual General Meeting of Shareholders held on June 24, 2020. The allocation of treasury shares as restricted stock compensation was then approved at the Board of Directors meeting held on June 24, 2020. On July 20, 2020, 1,808 treasury shares were distributed to four directors (excluding outside directors).

(6) Other Significant Information Concerning Shares

At the Board of Directors meeting held on February 10, 2021, the Board of Directors approved a stock split of two shares per common share to be executed on April 1, 2021. The total number of authorized shares in the Company's Articles of Incorporation was changed on the same date. This increased the total number of authorized shares to 40,000,000 shares, and increased the total number of shares issued to 10,000,000 shares.

2) Options, etc.

- (1) Detailed summary of new share options granted to executive officers as compensation on the final day of the fiscal year.

	No. 1 Share Options	No. 2 Share Options
Issue resolution date	March 31, 2017	March 12, 2018
Number of share options	37,600 options	25,700 options
Segmentation and number of holders	Directors 2	Directors 3 Auditors 3
Number of shares per option	37,600 shares (1 share per option)	25,700 shares (1 share per option)
Category of shares per option	Common shares	Common shares
New share option issue price	Gratis	Gratis
New share option exercise price per share	755 yen per option	1,350 yen per option
New share option exercise period	April 1, 2019 to March 31, 2027	March 13, 2020 To March 12, 2028
Main conditions on the exercise of new share options	Option holders must have status as a director, auditor, advisor, executive officer, consultant, or employee, etc. (hereafter, "Company employee, etc.") of the Company, a subsidiary of the Company, or an affiliated company of the Company when exercising the new share options. However, this does not apply when the status as a Company employee, etc. is terminated by expiration of a term or retirement due to reaching the mandatory retirement age, and in instances where a good reason exists.	Option holders must have status as a director, auditor, advisor, executive officer, consultant, or employee, etc. (hereafter, "Company employee, etc.") of the Company, a subsidiary of the Company, or an affiliated company of the Company when exercising the new share options. However, this does not apply when the status as a Company employee, etc. is terminated by expiration of a term or retirement due to reaching the mandatory retirement age, and in instances where a good reason exists.

Note: The Company executed a stock split of two shares per common share on April 1, 2021. However, the number of shares per option and the new share option exercise price per share show the number of shares and amounts prior to the stock split.

- (2) New share options granted to employees as compensation for work performed during fiscal year ended March 31, 2021

None

- (3) Other important matters concerning new share options

N/A

3) Company Officers

(1) Directors and Auditors (as of March 31, 2021)

Position in Company	Name	Area of Responsibility and Significant Concurrent Positions
CEO	Kosuke Kiyokawa	President, COPRO-ENGINEERED. Co., Ltd.
Executive Director	Kazumi Ogai	Director and Head of Business Division COPRO-ENGINEERED. Co., Ltd.
Managing Director	Masahiko Saito	Director and Head of Management Strategy Division COPRO-ENGINEERED. Co., Ltd.
Director	Yusuke Koshikawa	Director and Head of Human Resources Strategy Division COPRO-ENGINEERED. Co., Ltd.
Director	Norio Hayama	Director, Hayama Social Insurance Labor Consultant Office Outside Auditor, TOUMEI CO., LTD.
Director	Masashi Fujimaki	Representative Director, T Hands On Investment, Inc.
Full-time Auditor	Yoshiaki Hoshino	Auditor, COPRO-ENGINEERED. Co., Ltd.
Auditor	Manabu Haruma	Partner, Haruma & Noguchi Law Office Outside Auditor, NEXTAGE Co., Ltd. Outside Auditor, POVAL KOGYO CO., LTD.
Auditor	Atsushi Okura	Representative, Okura Accounting Office Outside Auditor, meinan M&A co., ltd.

Notes:

1. Directors Norio Hayama and Masashi Fujimaki are outside directors.
2. Auditors Manabu Haruma and Atsushi Okura are outside auditors.
3. The Company has reported Outside Directors Norio Hayama and Masashi Fujimaki and Outside Auditors Manabu Haruma and Atsushi Okura as independent officers to the Tokyo Stock Exchange and the Nagoya Stock Exchange, as specified by both exchanges.
4. Auditor Atsushi Okura is a certified public accountant (CPA) and licensed tax accountant, and possesses considerable knowledge of finance and accounting.
5. The following directors resigned during the fiscal year ended March 31, 2021,

Name	Date of Resignation	Reason for Resignation	Position, Area of Responsibility, and Concurrent Positions at Time of Resignation
Kazuhiro Mukai	June 24, 2020	Term expired	Director and Head of Human Resource Development Division COPRO-ENGINEERED. Co., Ltd.
Tomomi Yasuura	June 24, 2020	Term expired	Director and Head of Finance & Accounting Division COPRO-ENGINEERED. Co., Ltd.
Yoshihiro Kojima	June 24, 2020	Term expired	Outside Director Nagoya Office Representative, Mori Hamada & Matsumoto

(2) Summary of Limited Liability Agreement Terms

The Articles of Incorporation specify that the Company may conclude an agreement with non-executive directors and auditors limiting their liability for damages specified in Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act. The Company has concluded such agreements with all non-executive directors and auditors. The limit on liability for damages under the agreement is the amount specified by laws and regulations.

(3) Summary of Indemnity Insurance Agreement Terms for Officers, etc.

The Company has concluded indemnity insurance agreements for officers, etc. with an insurance company, designating directors and auditors of the Company and its subsidiaries as the insured, pursuant to Article 430-3, Paragraph 1 of the

Companies Act. The Company assumes responsibility for the insurance premiums, including special riders. The insured bear no responsibility for actual insurance premiums.

These insurance agreements cover damages arising from claims concerning the responsibility of the insured officers, etc. for performing their duties or claims related to pursuing those responsibilities. However, there are certain grounds that are exempt from coverage, such as not covering claims arising from actions undertaken with the knowledge that they are illegal actions. We plan to renew these insurance contracts under the same terms when it is time to renew.

(4) Compensation of Directors and Auditors

A. Policy on Determining the Composition of Compensation of Officers

A resolution on the Company policy on determining the composition of individual director compensation was approved at the Board of Directors meeting held on February 10, 2021.

The Board of Directors also confirmed that the composition of individual director compensation for fiscal year ended March 31, 2021 was consistent with the policy on determination and that the findings reported by the Remuneration Advisory Committee were respected, and determined that it adheres to the policy on determination.

The details of the policy on determination of the composition of individual director compensation are explained below.

a. Policy on Determining Officer Compensation

The policy on determination of Company officer compensation is as follows:

- i) Compensation shall function as an incentive to continually enhance corporate value and improve performance, and enable officers to share value with shareholders.
- ii) Compensation shall be of a level commensurate with the officer's role and responsibilities, and enable the Company to secure and retain outstanding human resources.
- iii) Compensation shall focus on transparency and fairness that ensure accountability.

b. Office Compensation Determination Process and Composition

The Remuneration Advisory Committee was established as an advisory body to the Board of Directors to ensure transparency and fairness in determining officer compensation. The Remuneration Advisory Committee consists of three or more members who are outside directors, outside auditors, and external experts. To ensure objectivity in deliberations, an independent director serves as the committee chairperson and the committee deliberates and reports on the policy, system, and method of calculating officer compensation as well as the composition of individual director compensation.

Specific compensation is determined within the compensation limits approved by the General Meeting of Shareholders. The amount is calculated based on Company specified rules and deliberated by the Remuneration Advisory Committee. After the committee reports, director compensation is discussed by the Board of Directors and auditor compensation is discussed by the Board of Auditors.

c. Composition of Compensation by Position

Directors (excluding outside directors)

- Consists of a base salary, performance-linked compensation, and restricted stock compensation.
- If the goals set for performance-linked compensation are achieved, the system is designed so that compensation theoretically consists of roughly 60% base salary and 40% from a combination of performance-linked compensation and restricted stock compensation.

Outside Directors

- From the perspective of independence, outside directors only receive a base salary and are not paid performance-linked compensation.

Auditors

- Auditors only receive a base salary in consideration of the fact that they perform compliance audits.

d. Compensation System

Forms of Compensation	Fixed/Variable Form of Payment	Composition of Compensation
Base salary	Fixed payment in cash	<ul style="list-style-type: none"> The level of compensation shall take economic conditions, the Company's growth potential, and other relevant factors into consideration. Fixed compensation shall be paid according to the role and responsibilities.
Performance-linked compensation	Variable payment in cash (annual)	<ul style="list-style-type: none"> Consolidated profit attributable to owners of parent has been established as the indicator to more clearly link the responsibility for achieving company-wide performance each year to compensation, as an element that enhances corporate value and shareholder value. The theoretical total amount of compensation is calculated based on consolidated profit attributable to owners of parent. This is allocated according to position, and the resulting amount is multiplied by a coefficient that takes into account the performance evaluation of the organization the individual is in charge of, the evaluation of the individual's strategic actions, and contributions to the governance system, among other factors, to determine the amount of individual compensation. The theoretical total amount of compensation is 8% of consolidated profit attributable to owners of parent for the fiscal year, and the performance-linked coefficient range is 0.7 to 1.3. <p>* Calculation formula Performance-linked compensation = $\{(consolidated\ profit\ attributable\ to\ owners\ of\ parent \times 8\%) \times the\ position\ percentage\ specified\ in\ the\ Company's\ compensation\ guidelines\} \times the\ performance\ evaluation\ coefficient\ specified\ in\ the\ Company's\ compensation\ guidelines$</p>
Restricted stock compensation	Variable payment in kind (non-cash) (medium and long-term)	<ul style="list-style-type: none"> Restricted stock compensation was introduced as an incentive to improve corporate value over the medium and long-term by enabling directors to share value with shareholders and raise directors' awareness of the stock price.

B. Total Compensation Paid for Fiscal Year Ended March 31, 2021

Officer Category	Total Compensation (Million yen)	Total Compensation by Form of Compensation (Million yen)			Number of Officers Eligible for Compensation
		Base Salary	Performance-linked Compensation	Non-cash Compensation	
Directors (of which, Outside Directors)	275 (12)	175 (12)	96 (-)	3 (-)	9 (3)
Auditors (Of which, Outside Auditors)	18 (10)	18 (10)	-	-	3 (2)
Total (Of which, Outside Officers)	293 (23)	193 (23)	96 (-)	3 (-)	12 (5)

Notes:

- The table above includes three directors (including one outside director) who resigned as of the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2020.

2. The total amount of director compensation does not include the employee salary component for directors who concurrently serve as a director and an employee.
3. The performance indicator for performance-linked compensation is consolidated profit attributable to owners of parent for the fiscal year, which was 1,084 million yen. This indicator was chosen to more clearly link the responsibility for achieving company-wide performance each year to compensation, as an element that enhances corporate value and shareholder value.
4. Non-cash compensation is Company stock issued as restricted stock compensation. Stock granted in fiscal year ended March 31, 2021 is listed in 2.1).(5) Shares Granted to Corporate Officers as Compensation for Duties Performed During Fiscal Year Ended March 31, 2021.
5. A maximum limit of 500 million yen a year in cash compensation for directors (not including employee salary for those serving concurrently in employee positions) was approved at the extraordinary General Meeting of Shareholders held on March 31, 2017. There were six directors (including no outside directors) at the time this General Meeting of Shareholders was concluded.
At the 14th Annual General Meeting of Shareholders held on June 24, 2020, the maximum total amount of monetary compensation for restricted stock compensation was set at 50 million yen a year, with the introduction of a restricted stock compensation system, as a separate category from cash compensation, and a maximum limit of 50,000 shares a year (outside directors are ineligible) was approved. There were six directors (including two outside directors) at the time this General Meeting of Shareholders was concluded.
6. Cash compensation of auditors was approved at a maximum of 30 million yen a year at the extraordinary General Meeting of Shareholders held on February 24, 2017. There was one auditor at the time this General Meeting of Shareholders concluded.

(5) Matters Concerning Outside Officers

A. Company Relationship with Other Corporations, etc. Where Officers Service in Significant Concurrent Positions

Director Norio Hayama is the director of Hayama Social Insurance Labor Consultant Office, which has no conflicts of interest with the Company. He also serves concurrently as an outside auditor at TOUMEI CO., LTD., which has no conflicts of interest with the Company.

Director Masashi Fujimaki is a representative director of T Hands On Investment, Inc., which has no conflicts of interest with the Company.

Director Yoshihiro Kojima, who resigned on June 24, 2020, is the Nagoya Office representative of Mori Hamada & Matsumoto, which has no conflicts of interest with the Company.

Auditor Manabu Haruma is a partner at Haruma & Noguchi Law Office, which has no conflicts of interest with the Company. He also serves concurrently as an outside auditor at NEXTAGE Co., Ltd. and POVAL KOGYO CO., LTD., which have no conflicts of interest with the Company.

Auditor Atsushi Okura is a representative of Okura Accounting Office, which has no conflicts of interest with the Company. He also serves concurrently as an outside auditor at meinan M&A co., ltd., which has no conflicts of interest with the Company.

B. Specified Business Relationships with Main Business Partners and Other Entities

N/A

C. Main Activities in Fiscal Year Ended March 31, 2021

	Overview of Attendance, Statements, and Duties Performed in Relation to the Role Expected of Outside Director/Outside Auditors
Norio Hayama Director	Mr. Hayama attended all 16 Board of Directors meetings held during fiscal year ended March 31, 2021. He is a certified Labor and Social Security Attorney and makes necessary comments as appropriate in Board of Directors meetings, mainly based on his expertise and extensive experience in labor relations.
Masashi Fujimaki Director	Mr. Fujimaki attended all 12 Board of Directors meetings held since he assumed his position on June 24, 2020. He makes necessary comments as appropriate in Board of Directors meetings, mainly based on his experience and broad business management perspective.
Manabu Haruma Auditor	Mr. Haruma attended all of the 16 Board of Directors meetings and 13 Board of Auditors meetings held during fiscal year ended March 31, 2021. He is an attorney and makes necessary comments as appropriate in Board of Directors and Board of Auditors meetings, mainly in regard to impartial management, based on his expertise in the Companies Act and other laws and regulations.
Atsushi Okura Auditor	Mr. Okura attended all of the 16 Board of Directors meetings and 13 Board of Auditors meetings held during fiscal year ended March 31, 2021. He is a certified public accountant (CPA) and licensed tax accountant, and makes necessary comments as appropriate in Board of Directors and Board of Auditors meetings mainly in regard to corporate finances, based on his expertise.

4) Accounting Auditor

(1) Name

KPMG AZSA LLC

(2) Compensation

	Compensation Amount
Compensation of accounting auditor in fiscal year ended March 31, 2021	27 million yen
Total amount of cash and other economic benefits due to the accounting auditor from the Company and its subsidiaries	27 million yen

Notes:

1. A clear distinction between the amount of compensation for audits performed based on the Companies Act and audits performed based on the Financial Instruments and Exchange Act is not made in the audit agreement concluded between the Company and our accounting auditor. Because these amounts cannot be effectively separated, we have listed the total amount of compensation for these audits in fiscal year ended March 31, 2021.
2. The Board of Auditors consented to the amount of compensation for the accounting auditor after performing the necessary verification of the contents of the accounting auditors audit plans, the status of the performance of duties by the accounting auditor, the grounds for estimated compensation, and other relevant factors.
3. COPRO GLOBALS PTE. LTD., a significant overseas subsidiary of the Company, was audited by KPMG (possessing corresponding overseas qualifications as CPAs or an accounting firm), which is affiliated with the same network as the Company's accounting auditor (the audits were limited to those specified under foreign laws and regulations corresponding to the Companies Act and the Financial Instruments and Exchange Act).

(3) Content of Non-Audited Operations

N/A

(4) Policy on Determining Dismissal of or Decision Not to Reappoint an Accounting Auditor

The Board of Auditors determines the contents of proposals submitted to the General Meeting of Shareholders concerning the dismissal of or decision not to reappoint an accountant auditor when an accounting auditor is unable to perform its duties, or due to other circumstances.

When an accounting auditor is deemed to fall under any of the provisions specified in Article 340, Paragraph 1 of the Companies Act, the Board of Auditors will dismiss the accounting auditor upon consent of the entire Board of Auditors. In such an event, an auditor selected by the Board of Auditors will report the dismissal of the accounting auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after the dismissal.

3. System to Ensure Appropriate Operations and Status of System Operation

As stated below, the Company has a Basic Policy on the System of Internal Controls, which has been approved by the Board of Directors. We maintain the system of internal controls based on this policy.

- I. System to ensure compliance with laws and regulations and the Articles of Incorporation by directors and employees of the Company and its subsidiaries (hereafter, the “COPRO Group”) in performing their duties
 1. Company directors take the initiative and set a good example in complying with the Rules on Compliance, which were established to provide a policy, system, and code of conduct governing compliance in the COPRO Group. They make sure that everyone in the COPRO Group understands the rules by repeatedly communicating information on the importance of complying with the rules.
 2. Company directors implement activities to ensure that everyone understands the Rules on Compliance. The Internal Audit Department audits the status of compliance with laws and regulations, the Articles of Incorporation, and internal company rules in each division. The department issues findings on problematic points and proposes ways to achieve improvement.
 3. If material facts concerning a serious violation of laws and regulations or other violation of laws and regulations and internal company rules are discovered, the Company directors immediately report this to the auditors and report it to the Board of Directors without delay.
 4. The Company’s administrative division provides information to promote use of the system of internal controls. The administrative division strives to detect violations or circumstances that pose a risk of violation of laws and regulations or of the Rules on Compliance in the COPRO Group at an early stage and encourages employees to implement that system of detection.
 5. Members of the Group Management Meeting identify the causes of improper acts in the COPRO Group, formulate measures to prevent recurrence, and discuss matters concerning information disclosure. The Risk Management Department implements measures to prevent recurrence and pursues other activities based on the results of such discussions.
 6. The COPRO Group adamantly rejects all involvement with anti-social forces that threaten safety and order in civil society, and works closely with law enforcement and other external specialized institutions to respond to such anti-social forces with strong resolve throughout the entire Group.
 7. The Company’s administrative division establishes the system of internal controls.
 8. The Company’s administrative division oversees operations pertaining to compliance and monitors the status of establishment and operation of related rules.
 9. The Company has established an audit system to ensure compliance with laws and regulations and related rules by employees of the COPRO Group in performing their duties.
- II. System for retaining and managing information related to the performance of duties by Company directors
 1. Information management is based on the Rules on Information Management. A system of information management has been established based on these rules to clarify the system of accountability for information security and continuously implement measures to maintain and improve information security. The Risk Management Committee discusses specific measures concerning information security and promotes them across the entire COPRO Group.

2. The various documents, ledgers, and other evidence pertaining to the duties of Company directors and employees are produced, retained, and managed appropriately, based on applicable laws and regulations and the Rules on Document Management.
3. The Company's General Meeting of Shareholders minutes, Board of Directors meeting minutes, Group Management Meeting minutes, documentation on approval of important matters during the conduct of business, and other evidence that is necessary for directors to perform their duties are retained and managed by a highly searchable method that enables directors and auditors to view such documents at any time.
4. Corporate secrets are managed appropriately in accordance with management standards specified depending on the degree of confidentiality, based on the Rules on Document Management.
5. Personal information is strictly managed based on laws and regulations, the Rules on the Protection of Personal Information, and the Rules on Handling of Specific Personal Information.

III. Rules concerning management of loss risk and other systems of the COPRO Group

1. The business divisions in the COPRO Group strive to ascertain the risks related to the businesses they are in charge of. They designate risks that should be prioritized, then formulate a concrete response policy and measures, and manage risks appropriately.
2. The Company's administrative division strives to ascertain risks related to matters the division is responsible for. It designates risks that should be prioritized, then formulates a concrete response policy and measures, and manage risks appropriately. It also provides cross-organization support to the entire Company in managing risks in each business division that are related to matters the Management Strategy Division is responsible for.
3. The COPRO Group has established a Risk Management Committee to consider and deliberate on risk management, and respond to risk events, based on the Rules on Risk Management.
4. Members of the Risk Management Committee provide the necessary support, coordination, and instruction to enable the business divisions and administrative division to manage risks systematically and effectively.
5. Members of the Risk Management Committee deliberate on important matters concerning risk management and oversee implementation of risk management in the COPRO Group.
6. The Risk Management Committee engages in sufficient deliberation of important matters from the perspective of the policy on response to serious risks in management, and management of the risk of impropriety, and other risks. The committee also reports especially serious risks to the Company's Board of Directors.
7. When the business divisions of the COPRO Group and the administrative division of the Company become aware of a serious risk pertaining to the business of the COPRO Group or recognize signs of a potential serious risk, they promptly report the circumstances to the relevant Company staff divisions and the Group Management Meeting, and also report especially serious risks to the Company's directors and auditors.
8. The Internal Audit Department audits the COPRO Group risk management system and the status of risk management.

IV. System to ensure efficient performance of duties by COPRO Group directors

1. The Company's Board of Directors delegates broad authority to the heads of each division. This facilitates swift decision-making and agile performance of duties in managing business.
2. The Company's Board of Directors meets regularly once a month, in principle, and convenes extraordinary meetings as necessary to facilitate agile decision-making, based on the Rules on the Board of Directors.
3. The Company's Board of Directors determines the medium-term management goals and annual budget of the COPRO Group, and oversees the execution of the goals and the budget.
4. The heads of each division perform their duties efficiently, based on the medium-term management goals and budget set by the Company's Board of Directors. Progress on the budget in business performance meetings and reported to the Board of Directors.
5. Reports on the status of the performance of duties by directors and heads of each division of the COPRO Group are submitted to the Company's Board of Directors, as appropriate.
6. The responsibilities and authorities of the heads of each division and other employees are exercised appropriately and efficiently, based on the Rules on Division of Duties and the Rules on Responsibilities and Authority.

V. System to ensure proper business conduct in the COPRO Group

1. The Company provides guidance and support to subsidiaries for the establishment of a compliance system and other systems to ensure proper conduct of business, based on the Rules on Affiliated Company Management.
2. To improve the soundness and efficiency of management in the COPRO Group, the Company seconds directors and auditors to each subsidiary as needed. The Company also designates supervisory divisions within the Company, and these supervisory divisions exchange information and discuss important matters concerning business operation with subsidiaries.
3. When necessary to improve soundness of management and proper operation of the COPRO Group, the Company requires subsidiaries to obtain Company approval on matters important to business operation. The Company also deliberates on especially important matters in the Group Management Meeting and refers such matters to the Board of Directors.
4. The Company's Internal Audit Department performs audits of subsidiaries relating to the appropriate conduct of business.
5. Company auditors perform audits of subsidiaries, including onsite audits. Auditors also exchange information with the Internal Audit Department and coordinate in other ways to ensure proper conduct of business in the COPRO Group.
6. The Company strives to improve and standardize operating processes from the perspective of proper and efficient operation of the COPRO Group. It also uses information systems to further strengthen governance. The business divisions and subsidiaries of the Company implement these processes and systems with the support of the relevant staff divisions. Moreover, when there are material changes in the internal and external environments, the impact of such changes on governance activities is evaluated and the Company considers whether or not to make changes.

VI. Matters concerning employees that auditors request to assist them in their duties, the independence of such employees from directors, and ensuring the effectiveness of instructions issued to such employees

1. When Company auditors request support personnel to assist them in their duties for practical reasons, the Company will provide employees equipped with the skills and knowledge to assist the auditors.
2. Personnel transfers, evaluations, and other matters pertaining to such employees shall be determined after obtaining approval from the full-time auditor. The independence of such employees from directors will be secured.

VII. System for COPRO Group directors and employees to report to the auditors and system to ensure that the person who submits such a report is not subject to retaliatory treatment as a result

1. When so requested by an auditor, Company directors and employees will report on the status of performance of duties and on other matters as needed.
2. The head of the Company's administrative division will report regularly on a monthly, quarterly, or other regular basis, depending on the nature of the duties concerned.
3. The head of the Company's administrative division will regularly report on the operational status of the internal whistleblowing system to auditors, and will immediately report to the Board of Directors when circumstances deemed to be violation of the Rules on Compliance arise, and for other urgent reports.
4. Documentation on important decisions made will be provided to for the auditors to view.
5. COPRO Group prohibits retaliatory treatment against persons who report to auditors as a result of such reporting.

VIII. Policy on handling of advances on expenses, reimbursement procedures, and other expenses and obligations incurred by auditors during the performance of duties, and other systems to ensure effective audits by auditors

1. The Company shall promptly pay invoices for necessary expenses incurred by auditors in the performance of their duties.
2. Auditors meet regularly with the representative director of the Company and exchange opinions on important audit matters.
3. Auditors meet regularly with the accounting auditor and the Internal Audit Department to exchange information and opinions, and report to the accounting auditor and Internal Audit Department as necessary.
4. When auditors or their support personnel so request, COPRO Group directors and employees will respond swiftly and appropriately to auditor requests for reports and submission and explanation of related materials.

Consolidated Balance Sheet

(As of March 31, 2021)

(Thousands of yen)

Accounting Category	Amount	Accounting Category	Amount
(Assets)		(Liabilities)	
Current assets	7,407,586	Current liabilities	2,162,989
Cash and deposits	5,320,538	Current portion of bonds payable	70,000
Accounts receivable - trade	1,880,186	Lease obligations	14,560
Other	207,297	Accounts payable - other	1,130,440
Allowance for doubtful accounts	(435)	Income taxes payable	158,746
Non-current assets	1,106,757	Accrued consumption taxes	449,936
Property, plant and equipment	357,315	Provision for bonuses	52,661
Buildings and structures, net	272,809	Asset retirement obligations	28,169
Construction in progress	28,270	Other	258,476
Other	56,235	Non-current liabilities	78,952
Intangible assets	160,709	Lease obligations	4,464
Leased assets	7,776	Asset retirement obligations	74,487
Other	152,933	Total liabilities	2,241,942
Investments and other assets	588,733	(Net assets)	
Deferred tax assets	117,660	Shareholders' equity	6,272,073
Other	(471,072)	Share capital	30,000
		Capital surplus	1,230,530
		Retained earnings	5,012,823
		Treasury shares	(1,279)
		Accumulated other comprehensive income	328
		Foreign currency translation adjustment	328
		Total net assets	6,272,402
Total assets	8,514,344	Total liabilities and net assets	8,514,344

Consolidated Statement of Income

(From April 1, 2020
to March 31, 2021)

(Thousands of yen)

Accounting Category	Amount	
Net sales		14,836,579
Cost of sales		10,539,032
Gross profit		4,297,547
Selling, general and administrative expenses		2,859,825
Operating profit		1,437,722
Non-operating income		
Interest income	49	
Rental income	1,140	
Settlement received	3,762	
Other	80	5,033
Non-operating expenses		
Interest expenses	841	
Foreign exchange losses	325	
Guarantee commission	903	
Depreciation	750	
Other	216	3,037
Ordinary profit		1,439,718
Extraordinary income		
Surrender value of insurance policies	90,676	90,676
Extraordinary losses		
Impairment loss	87,150	
Loss on retirement of non-current assets	4,397	91,548
Profit before income taxes		1,438,846
Income taxes - current	417,018	
Income taxes - deferred	12,648	429,667
Profit		1,009,179
Profit attributable to owners of parent		1,009,179

Consolidated Statement of Changes in Equity

(From April 1, 2020
to March 31, 2021)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	
Balance at beginning of period	30,000	1,172,858	4,286,538	(1,430)	5,487,966		5,487,966
Changes during period							
Dividends of surplus			(282,894)		(282,894)		(282,894)
Profit attributable to owners of parent			1,009,179		1,009,179		1,009,179
Acquisition of treasury shares				(208)	(208)		(208)
Disposal of treasury shares		57,672		359	58,031		58,031
Net changes in items other than shareholders' equity						328	328
Total changes during period	-	57,672	726,284	150	784,107	328	784,435
Balance at end of period	30,000	1,230,530	5,012,823	(1,279)	6,272,073	328	6,272,402

Non-consolidated Balance Sheet

(As of March 31, 2021)

(Thousands of yen)

Accounting Category	Amount	Accounting Category	Amount
(Assets)		(Liabilities)	
Current assets	2,696,998	Current liabilities	372,313
Cash and deposits	2,481,195	Current portion of bonds payable	70,000
Accounts receivable - trade	153,407	Lease obligations	8,574
Prepaid expenses	37,745	Accounts payable - other	93,111
Accounts receivable - other	705	Accrued expenses	11,533
Other	24,076	Income taxes payable	97,449
Allowance for doubtful accounts	(131)	Deposits received	12,396
Non-current assets	676,816	Provision for bonuses	12,867
Property, plant and equipment	40,305	Asset retirement obligations	26,512
Buildings	4,062	Other	39,868
Tools, furniture, and fixtures	6,163	Non-current liabilities	1,181
Leased assets	1,809	Lease obligations	1,181
Construction in progress	28,270	Total liabilities	373,494
Intangible assets	140,635	(Net assets)	
Leasehold interests in land	5,900	Shareholders' equity	3,000,320
Software	9,310	Share capital	30,000
Leased assets	6,966	Capital surplus	1,230,530
Software in progress	118,459	Other capital surplus	1,230,530
Investments and other assets	495,874	Retained earnings	1,741,069
Shares of subsidiaries and associates	119,077	Legal retained earnings	7,500
Insurance funds	220,838	Other retained earnings	1,733,569
Deferred tax assets	52,522	Retained earnings carried forward	1,733,569
Other	103,435	Treasury shares	(1,279)
		Total net assets	3,000,320
Total assets	3,373,815	Total liabilities and net assets	3,373,815

Non-consolidated Statement of Income

(From April 1, 2020
to March 31, 2021)

(Thousands of yen)

Accounting Category	Amount	
Operating revenues		1,609,037
Operating expenses		983,750
Operating profit		625,286
Non-operating income		
Interest income	26	
Rental income	1,140	
Settlement received	3,762	
Other	42	4,972
Non-operating expenses		
Interest expenses	339	
Interest on bonds	240	
Net foreign exchange losses	325	
Guarantee commission	903	
Depreciation	750	
Other	216	2,774
Ordinary profit		627,483
Extraordinary income		
Surrender value of insurance policies	65,718	65,718
Extraordinary losses		
Impairment loss	79,636	
Loss on retirement of non-current assets	147	79,784
Profit before income taxes		613,417
Income taxes - current	177,540	
Income taxes - deferred	39,646	137,894
Profit		475,522

Non-consolidated Statement of Changes in Equity

(From April 1, 2020
to March 31, 2021)

(Thousands of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Treasury shares	Total shareholders' equity	
		Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings			
Balance at beginning of period	30,000	1,172,858	1,172,858	7,500	1,540,941	1,548,441	(1,430)	2,749,869	2,749,869
Changes during period									
Dividends of surplus					(282,894)	(282,894)		(282,894)	(282,894)
Profit					475,522	475,522		475,522	475,522
Purchase of treasury shares							(208)	(208)	(208)
Disposal of treasury shares		57,672	57,672				359	58,031	58,031
Total changes during period	—	57,672	57,672	—	192,628	192,628	150	250,450	250,450
Balance at end of period	30,000	1,230,530	1,230,530	7,500	1,733,569	1,741,069	(1,279)	3,000,320	3,000,320

Report on the Consolidated Financial Statements by the Accounting Auditor

Audit Report
by the Independent Accounting Auditor

May 21, 2021

To: Board of Directors
COPRO-HOLDINGS. Co., Ltd.

Nagoya Office
KPMG AZSA LLC

Designated Limited
Liability Partner CPA Hiroyuki Okuya
Managing Partner

Designated Limited
Liability Partner CPA Noriko Shinya
Managing Partner

Independent Auditor’s Opinion

KPMG AZSA LLC performed an audit of the consolidated financial statements of COPRO-HOLDINGS. Co., Ltd. for the period extending from April 1, 2020 to March 31, 2021, based on Article 444, Paragraph 4 of the Companies Act. The audited financial statements included the Consolidated Balance Sheets, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements.

KPMG AZSA LLC determined that the financial statements mentioned above comply with the generally accepted corporate accounting standards in Japan (Japanese GAAP) and properly represent all important points on the status of assets and profits and losses for the period covered by the consolidated financial statements for the COPRO Group, consisting of COPRO-HOLDINGS. Co., Ltd. and its consolidated subsidiaries.

Basis for the Independent Auditor’s Opinion

KPMG AZSA LLC performed the audit in accordance with the auditing standards generally accepted in Japan (Japanese GAAS). The responsibilities of the accounting auditor in the audit standards are described in Responsibilities of Accounting Auditor in Auditing Consolidated Financial Statements. KPMG AZSA LLC is independent of the company and its subsidiaries, in accordance with rules on professional ethics in Japan. We also fulfill other ethical responsibilities as an accounting auditor. KPMG AZSA LLC determined that sufficient and appropriate evidence was obtained to serve as the basis for stating an opinion.

Responsibilities of Management, Auditors, and the Board of Auditors Relating to the Consolidated Financial Statements

The responsibility of management is to produce and properly represent consolidated financial statements according to the generally accepted corporate accounting standards of Japan (Japanese GAAP). These responsibilities include the establishment and operation of internal controls that management deems necessary to produce and properly represent consolidated financial statements without material misrepresentations resulting from fraud or errors.

When producing consolidated financial statements, management have the responsibility to evaluate whether or not it is appropriate to produce consolidated financial statements based on the premise of an ongoing concern. When there are matters relating to the ongoing concern premise that need to be disclosed based on corporate accounting standards generally accepted as fair and appropriate in Japan, management has the responsibility to disclose such matters.

The responsibility of auditors and the Board of Auditors is to supervise the performance of duties by directors in the establishment and operation of the financial reporting process.

Responsibilities of the Accounting Auditor in Auditing Consolidated Financial Statements

The responsibility of the accounting auditor is to obtain reasonable evidence as the basis for determining whether or not the overall consolidated financial statements contain material misrepresentations due to fraud or errors, and state an independent opinion on the consolidated financial statements in the audit report. Misrepresentations can arise from fraud or errors. They are deemed to be material misrepresentations when they could be reasonably considered to affect decisions made by users of the consolidated financial statements, either individually or in aggregate.

The accounting auditor makes professional expert judgments and maintains professional skepticism in performing the following tasks during the course of the audit process, in accordance with auditing standards generally accepted in Japan (Japanese GAAS).

- Discern and evaluate the risk of material misrepresentations due to fraud or errors. Formulate and implement audit procedures that address the risk of material misrepresentations. Exercise judgment in selecting and applying audit procedures. Also obtain sufficient and appropriate audit evidence as the basis for stating an opinion.
- While it is not the purpose of consolidated financial statement audits to state an opinion on the effectiveness of internal controls, the accounting auditor considers internal controls relating to audits in order to formulate audit procedures that are appropriate for the circumstances when performing a risk evaluation.
- Evaluate the appropriateness of the accounting policies adopted and the accounting methods applied by management, as well as the reasonableness of accounting estimates performed by management and the appropriateness of the notes concerning policies, methods, and estimates.
- Conclude whether or not the decision by management to produce consolidated financial statements based on the premise of an ongoing concern is appropriate, and whether material uncertainty exists concerning events and circumstances that cast serious doubt on the premise of an ongoing concern, based on the audit evidence obtained. If material uncertainties regarding the premise of an ongoing concern are deemed to exist, the audit report will contain a cautionary statement on the notes to the consolidated financial statements. If the notes to the consolidated financial statements concerning material uncertainties are inappropriate, the accounting auditor must give a qualified opinion stating exceptions concerning the consolidated financial statements. The conclusion of the accounting auditor is based on audit evidence obtained by the date of the audit report; however, the company could become an unsustainable company due to future events or circumstances.
- Evaluate whether or not the consolidated financial statements representations and notes comply with the generally accepted accounting standards of Japan (Japanese GAAP), and whether or not the representations, structure and content of the consolidated financial statements, including related notes, as well as transactions and accounting events that form the basis of the consolidated financial statements, are appropriate representations.
- Obtain sufficient and appropriate audit evidence concerning the financial information of the company and its consolidated subsidiaries to state an opinion concerning the consolidated financial statements. The accounting auditor is responsible for instruction, supervision, and performance of audits of consolidated financial statements. The accounting auditor bears sole responsibility for the audit opinion.

The accounting auditor reports to the auditors and Board of Auditors on the scope and timing of a planned audit, material findings, including material deficiencies in internal controls discerned during the audit process, and other matters required under audit standards.

The accounting auditor complies with the rules on professional ethics in Japan on maintaining independence from auditors and the Board of Auditors, and reports matters that could reasonably be considered to affect the independence of the accounting auditor and the nature of safeguards established to eliminate or mitigate factors that would inhibit independence.

Conflicts of Interest

There are no conflicts of interests between the company, its consolidated subsidiaries, and KPMG AZSA LLC, or executive officers that should be stipulated under the provisions of the Certified Public Accountants Act.

Report on the Non-consolidated Financial Statements by the Accounting Auditor

Audit Report
by the Independent Accounting Auditor

May 21, 2021

To: Board of Directors
COPRO-HOLDINGS. Co., Ltd.

Nagoya Office
KPMG AZSA LLC

Designated Limited
Liability Partner
Managing Partner

CPA

Hiroyuki Okuya

Designated Limited
Liability Partner
Managing Partner

CPA

Noriko Shinya

Independent Auditor’s Opinion

KPMG AZSA LLC performed an audit of the financial statements of COPRO-HOLDINGS. Co., Ltd. for the 15th Period extending from April 1, 2020 to March 31, 2021, based on Article 436, Paragraph 2-1 of the Companies Act. The audited financial statements included the Balance Sheet, the Statement of Income, the Statement of Changes in Equity, the Notes to the Financial Statements, and supplementary schedules (hereafter, “non-consolidated financial statements”).

KPMG AZSA LLC determined that the non-consolidated financial statements mentioned above comply with the generally accepted corporate accounting standards of Japan (Japanese GAAP) and properly represent all important points on the status of assets and profits and losses for the period covered by the non-consolidated financial statements.

Basis for the Independent Auditor’s Opinion

KPMG AZSA LLC performed the audit in accordance with the auditing standards generally accepted in Japan (Japanese GAAS). The responsibilities of the accounting auditor in the audit standards are described in Responsibilities of Accounting Auditor in Auditing Non-consolidated Financial Statements. KPMG AZSA LLC is independent of the company and its subsidiaries, in accordance with rules on professional ethics in Japan. We also fulfill other ethical responsibilities as an accounting auditor. KPMG AZSA LLC determined that sufficient and appropriate evidence was obtained to serve as the basis for stating an opinion.

Responsibilities of Management, Auditors, and the Board of Auditors Relating to the Non-consolidated Financial Statements

The responsibility of management is to produce and properly represent non-consolidated financial statements according to the generally accepted corporate accounting standards of Japan (Japanese GAAP). These responsibilities include the establishment and operation of internal controls that management deems necessary to produce and properly represent non-consolidated financial statements without material misrepresentations resulting from fraud or errors.

When producing non-consolidated financial statements, management have the responsibility to evaluate whether or not it is appropriate to produce the non-consolidated financial statements based on the premise of an ongoing concern. When there are matters relating to the ongoing concern premise that need to be disclosed based on accounting standards generally accepted as fair and appropriate in Japan, management has the responsibility to disclose such matters.

The responsibility of auditors and the Board of Auditors is to supervise the performance of duties by directors in the establishment and operation of the financial reporting process.

Responsibilities of the Accounting Auditor in Auditing Non-consolidated Financial Statements

The responsibility of the accounting auditor is to obtain reasonable evidence as the basis for determining whether or not the overall non-consolidated financial statements contain material misrepresentations due to fraud or errors, and state an independent opinion on the non-consolidated financial statements in the audit report. Misrepresentations can arise from fraud or errors. They are deemed to be material misrepresentations when they could be reasonably considered to affect decisions made by users of the non-consolidated financial statements, either individually or in aggregate.

The accounting auditor makes professional expert judgments and maintains professional skepticism in performing the following tasks during the course of the audit process, in accordance with auditing standards generally accepted in Japan (Japanese GAAS).

- Discern and evaluate the risk of material misrepresentations due to fraud or errors. Formulate and implement audit procedures that address the risk of material misrepresentations. Exercise judgment in selecting and applying audit procedures. Also obtain sufficient and appropriate audit evidence as the basis for stating an opinion.
- While it is not the purpose of non-consolidated financial statement audits to state an opinion on the effectiveness of internal controls, the accounting auditor considers internal controls relating to audits in order to formulate audit procedures that are appropriate for the circumstances when performing a risk evaluation.
- Evaluate the appropriateness of the accounting policies adopted and the accounting methods applied by management, as well as the reasonableness of accounting estimates performed by management and the appropriateness of the notes concerning policies, methods, and estimates.
- Conclude whether or not the decision by management to produce non-consolidated financial statements based on the premise of an ongoing concern is appropriate, and whether material uncertainty exists concerning events and circumstances that cast serious doubt on the premise of an ongoing concern, based on the audit evidence obtained. If material uncertainties regarding the premise of an ongoing concern are deemed to exist, the audit report will contain a cautionary statement on the notes to the non-consolidated financial statements. If the notes to the non-consolidated financial statements concerning material uncertainties are inappropriate, the accounting auditor must give a qualified opinion stating exceptions concerning the non-consolidated financial statements. The conclusion of the accounting auditor is based on audit evidence obtained by the date of the audit report; however, the company could become an unsustainable company due to future events or circumstances.
- Evaluate whether or not the non-consolidated financial statements representations and notes comply with the generally accepted corporate accounting standards of Japan (Japanese GAAP), and whether or not the representations, structure and content of the non-consolidated financial statements, including related notes, as well as transactions and accounting events that form the basis of the non-consolidated financial statements are appropriate representations.

The accounting auditor reports to the Auditors and Board of Auditors on the scope and timing of a planned audit, material findings, including material deficiencies in internal controls discerned during the audit process, and other matters required under audit standards.

The accounting auditor complies with the rules on professional ethics in Japan on maintaining independence from auditors and the Board of Auditors, and reports matters that could reasonably be considered to affect the independence of the accounting auditor and the nature of safeguards established to eliminate or mitigate factors that would inhibit independence.

Conflicts of Interest

There are no conflicts of interests between the company and KPMG AZSA LLC, or executive officers that should be stipulated under the provisions of the Certified Public Accountants Act.

Audit Report by the Board of Auditors

Audit Report

The Board of Auditors reports the following, following deliberations based on the audit reports produced for each audit of the performance of duties by directors in the 15th Period extending from April 1, 2020 to March 31, 2021.

1. Methods and Contents of Audits by Auditors and the Board of Auditors
 - 1) The Board of Auditors established the audit policy and specified the division of duties. It received reports on the implementation status and results of audits from each auditor. The Board of Auditors also received status reports on such performance of duties from directors, etc. and the accounting auditor.
 - 2) Each auditor maintained mutual communication with directors, the Internal Audit Department, employees, and other relevant individuals. Each auditor gathered information, established the audit environment, and performed audits according to the following methods in accordance with standards of audits by auditors, audit policy, and separation of duties specified by the Board of Auditors.
 - (1) Attended Board of Directors meetings and other important meetings. Received reports on the status of performance of duties from directors, employees, and other relevant individuals, and requested explanations when necessary. Examined documentation on important decisions and investigated the status of operations and assets at the head office and main business locations. Each auditor also maintained mutual communication and exchanged information on subsidiaries with the directors, auditors, and other relevant individuals in subsidiaries, and received business reports from subsidiaries as necessary.
 - (2) Received regular status reports from directors, employees, and other relevant individuals on the contents of director resolutions concerning the establishment of a system as specified in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the establishment and operation of a system (internal control system) established based on such resolutions needed to establish the system to 1) ensure that directors complied with laws and regulations and the Articles of Incorporation in performing the duties described in business reports, and 2) to ensure the appropriateness of other operations of the corporate group consisting of the company and its subsidiaries. Requested explanations when necessary, and stated an opinion.
 - (3) Maintained independence from the accounting auditor and supervised and verified whether the accounting auditor was performing audits appropriately. Received reports from the accounting auditor on the performance of accounting auditor duties, and requested explanations when necessary. Also received reports from the accounting auditor on the fact that a system for ensuring that duties are performed appropriately (as provided in Article 131 of the Regulation on Corporate Accounting) was established as specified in the Audit Quality Control Standards (October 28, 2005, Corporate Accounting Deliberation Committee, FSA), etc. Requested explanations when necessary.

The business reports and supplementary materials and the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Equity, and Notes to the Financial Statements), as well as supplementary schedules and the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements) were examined according to the methods described above.

2. Audit Report Findings

1) Audit Report on Business Reports and Supplementary Materials

- (1) The business reports and supplementary materials comply with laws and regulations and the Articles of Incorporation and accurately reflect the status of the company.
- (2) No material facts concerning the performance of duties by directors were found that constitute acts of fraud or violations of laws and regulations and the Articles of Incorporation.
- (3) Board of Directors meetings contained considerable content concerning internal controls. There were no findings of note concerning the contents of business reports on the internal controls nor on the performance of duties by directors.

2) Audit Findings on the Financial Statements and Supplementary Schedules

The audit methods and findings of the accounting auditor, KPMG AZSA LLC were sufficient.

3) Audit Findings on the Consolidated Financial Statements

The audit methods and findings of the accounting auditor, KPMG AZSA LLC were sufficient.

May 27, 2021

Board of Auditors, COPRO-HOLDINGS. Co., Ltd.

Full-time Auditor Yoshiaki Hoshino

Outside Auditor Manabu Haruma

Outside Auditor Atsushi Okura

Company History

2006	Oct.	Trusty Crew Co., Ltd. established Nagoya Branch of Trusty Crew Co., Ltd. opened
2007	Feb.	Yokohama Branch of Trusty Crew Co., Ltd. opened
2008	Mar.	Company name changed to COPRO-ENGINEERD. Co., Ltd.
	Aug.	Tokyo Branch of COPRO-ENGINEERD. Co., Ltd. opened
2009	Oct.	Sapporo Branch of COPRO-ENGINEERD. Co., Ltd. opened
2011	Jul.	Osaka Branch of COPRO-ENGINEERD. Co., Ltd. opened
	Sep.	Tokyo Metro Branch of COPRO-ENGINEERD. Co., Ltd. opened (now the Tokyo Branch)
2012	Mar.	Privacy Mark acquired
	Oct.	Fukuoka Branch of COPRO-ENGINEERD. Co., Ltd. opened
2013	Apr.	Sendai Branch of COPRO-ENGINEERD. Co., Ltd. opened
2014	Jun.	Hiroshima Branch of COPRO-ENGINEERD. Co., Ltd. opened
	Nov.	Training Business Division of COPRO-ENGINEERD. Co., Ltd. established
2015	May	Company shifted to a holding company structure Company name changed to COPRO-HOLDINGS. Co., Ltd., and COPRO-ENGINEERD. Co., Ltd. is split off and established as a wholly owned subsidiary
2017	Feb.	Gen-Kyari, proprietary recruiting site began operations
	Apr.	Omiya Branch of COPRO-ENGINEERD. Co., Ltd. opened Tokyo Head Office of COPRO-ENGINEERD. Co., Ltd. opened
	Aug.	Academia Center (for training) renamed “Kantoku No Tane” (Seeds of Supervision)
	Oct.	Kobe Branch of COPRO-ENGINEERD. Co., Ltd. opened (now the Osaka Plant Branch)
2018	Apr.	Kanazawa Branch of COPRO-ENGINEERD. Co., Ltd. opened
	Oct.	2 nd Nagoya Branch of COPRO-ENGINEERD. Co., Ltd. opened
2019	Mar.	Company’s stock listed on Mothers section of the Tokyo Stock Exchange and Centrex section of the Nagoya Stock Exchange
	Apr.	Tokyo Plant Branch of COPRO-ENGINEERD. Co., Ltd. opened Nagoya Plant Branch of COPRO-ENGINEERD. Co., Ltd. opened Osaka Plant Branch of COPRO-ENGINEERD. Co., Ltd. opened (now the Osaka Branch)
	Oct.	Takamatsu Branch of COPRO-ENGINEERD. Co., Ltd. opened
2020	Apr.	COPRO GLOBALS PTE. LTD. established in Singapore Chiba Branch of COPRO-ENGINEERD. Co., Ltd. opened Shizuoka Branch of COPRO-ENGINEERD. Co., Ltd. opened Kitakyushu Plant Branch of COPRO-ENGINEERD. Co., Ltd. opened
	Sep.	Market listings switched to the First Sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange
	Nov.	Niigata Branch of COPRO-ENGINEERD. Co., Ltd. opened
	Apr.	COPRO VIETNAM CO., LTD. established in Vietnam ATMOS Co., Ltd. acquired as a wholly owned subsidiary