

Fiscal Year Ended March 31, 2021

# Financial Results for FY2020

May 14, 2021

**COPRO-HOLDINGS. Co., Ltd.**  
Tokyo Stock Exchange and Nagoya Stock Exchange – First Section  
(Stock Code: 7059)

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- 1. Financial Highlights**
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# Consolidated Financial Results

Net sales increased for 15 consecutive years due to an increase in the number of engineers. Phase income decreased mainly due to an increase in cost of sales ratio under the "equal pay for equal work" system.

(millions of yen)

	FY2019	FY2020	Year-on-year	
			(Amount)	(%)
Net sales	13,122	14,836	+1,713	+13.1%
Cost of sales	8,746	10,539	+1,792	+20.5%
Ratio to sales	66.7%	71.0%	–	+4.3pt
Gross profit	4,376	4,297	△78	△1.8%
Ratio to sales	33.3%	29.0%	–	△4.3pt
SG&A expenses	2,783	2,859	+76	+2.7%
Ratio to sales	21.2%	19.3%	–	△1.9pt
Operating profit	1,592	1,437	△155	△9.7%
Ratio to sales	12.1%	9.7%	–	△2.4pt
Ordinary profit	1,585	1,439	△145	△9.2%
Ratio to sales	12.1%	9.7%	–	△2.4pt
Profit attributable to owners of parent	1,084	1,009	△74	△6.9%
Ratio to sales	8.3%	6.8%	–	△1.5pt

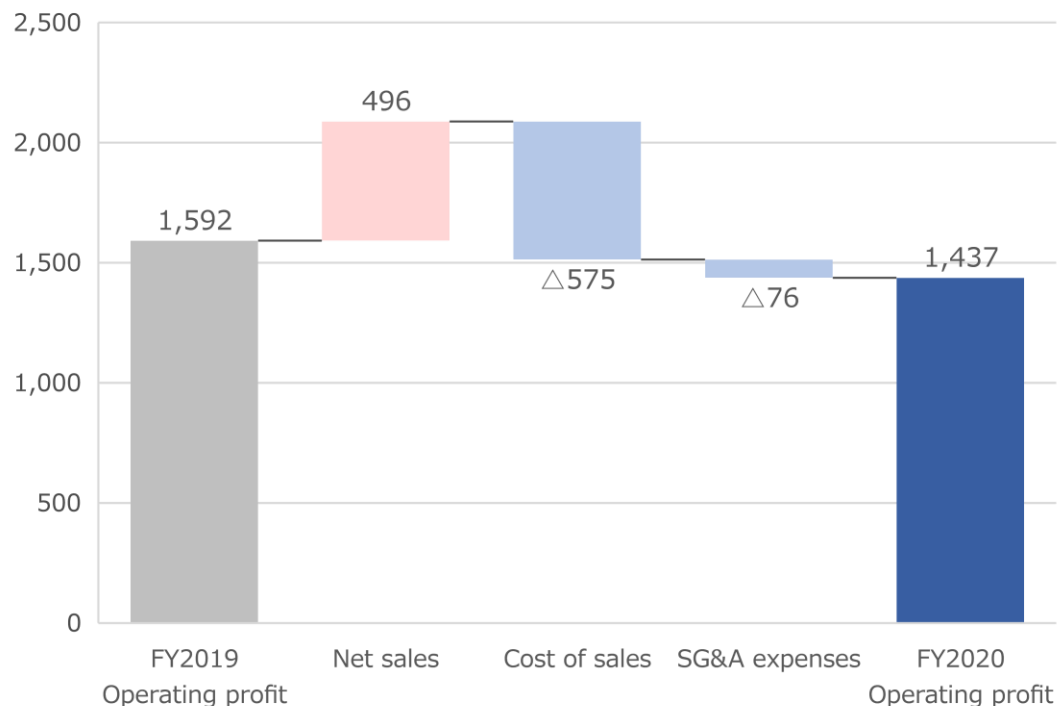
# Consolidated Operating Profit

## Consolidated Operating Profit

**1,437 million yen**

YOY  $\Delta$ 155 million yen,  $\Delta$ 9.7%

(millions of yen)



## Main Change Factors

### Net sales

- ✓ Increased by +13.1% YOY due to an increase in the number of engineers mainly due to the contribution from the opening of branches.

### Cost of sales

- ✓ Engineer's salary base was raised in response to equal pay for equal work system, which went into effect in April 2020.
- ✓ Standby labor cost due to increased hiring of new graduated and engineers.
- ✓ Standby labor cost due to continuing adoption under COVID-19.
- ✓ Payments for special holidays accompanying home standby for engineers suspected of being infected with COVID-19.

### SG&A expenses

- ✓ One-time costs for future growth (123 million yen)
  - Sales consulting, core system renewal expenses
  - Investigation costs for full-fledged global business
  - Expenses of safety measures to prevent COVID-19
  - Changing costs to 1st section of TSE and NSE
- ✓ Curtailment of operating expenses by promoting online meetings in response to the outbreak of COVID-19.

# Quarterly Financial Results

Began strengthening charge-up negotiations in February 2021, positioning improving cost of sales ratio as a top priority.

Promoting negotiations for gradual improvement from the first quarter of FY2021.

(millions of yen)

	1Q			2Q			3Q			4Q		
	Results	Previous quarter	YoY	Results	Previous quarter	YoY	Results	Previous quarter	YoY	Results	Previous quarter	YoY
Net sales	3,606	3,023	+19.3%	3,664	3,149	+16.4%	3,796	3,376	+12.5%	3,768	3,573	+5.4%
Cost of sales	2,645	2,019	+31.0%	2,610	2,106	+23.9%	2,659	2,238	+18.8%	2,623	2,382	+10.1%
Ratio to sales	73.3%	66.8%	+6.5pt	71.2%	66.9%	+4.3pt	70.0%	66.3%	+3.7pt	69.6%	66.7%	+2.9pt
Gross profit	961	1,004	△4.3%	1,054	1,042	+1.1%	1,137	1,138	△0.1%	1,144	1,191	△3.9%
Ratio to sales	26.7%	33.2%	△6.5pt	28.8%	33.1%	△4.3pt	30.0%	33.7%	△3.7pt	30.4%	33.3%	△2.9pt
SG&A expenses	762	705	+8.1%	720	670	+7.5%	711	673	+5.5%	664	733	△9.3%
Ratio to sales	21.1%	23.3%	△2.2pt	19.7%	21.3%	△1.6pt	18.7%	20.0%	△1.3pt	17.6%	20.5%	△2.9pt
Operating profit	198	298	△33.6%	333	371	△10.3%	426	464	△8.2%	479	458	+4.7%
Ratio to sales	5.5%	9.9%	△4.4pt	9.1%	11.8%	△2.7pt	11.2%	13.8%	△2.6pt	12.7%	12.8%	△0.1pt

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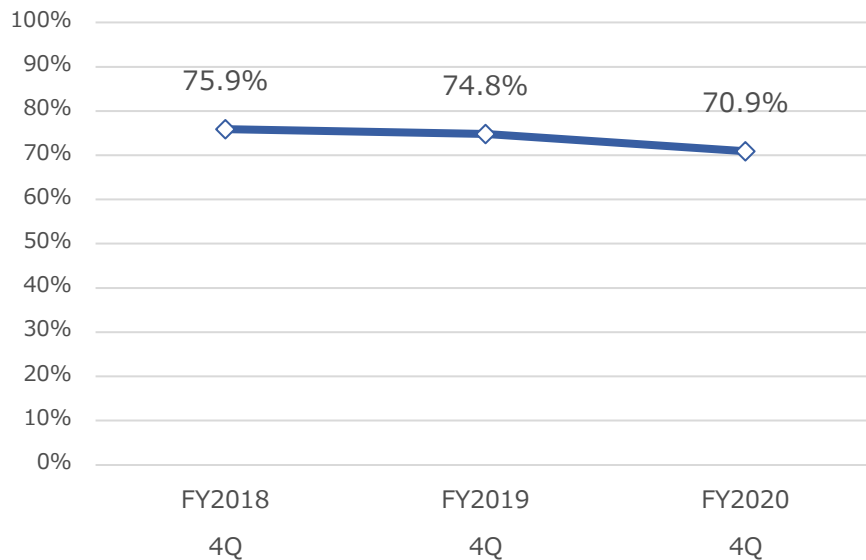
# Retention Rate and Occupancy Rate

While temporary staffing demand remained at a high level, the number of retired engineers due to contract expiration, who have joined the company for a period of about 1 to 2 years, increased due to a shift in demand from those with weak experience to those with experience in COVID-19.

The occupancy rate remained at 100% in real terms, excluding engineers, which takes paid leave.

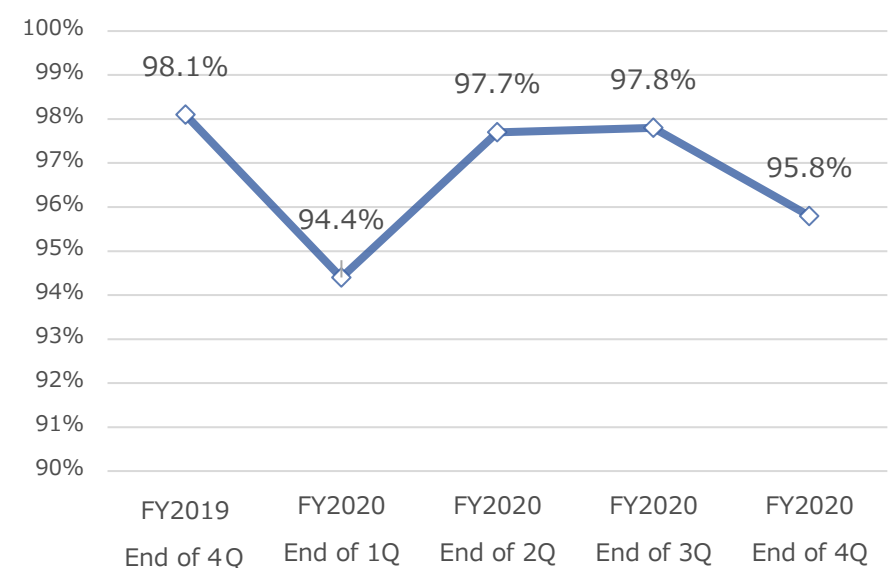
Retention Rate for  
FY2020 4Q

**70.9%**  
YoY  $\Delta$ 3.9pt



Occupancy Rate  
at End of FY2020 4Q

**95.8%**  
YoY  $\Delta$ 2.3pt



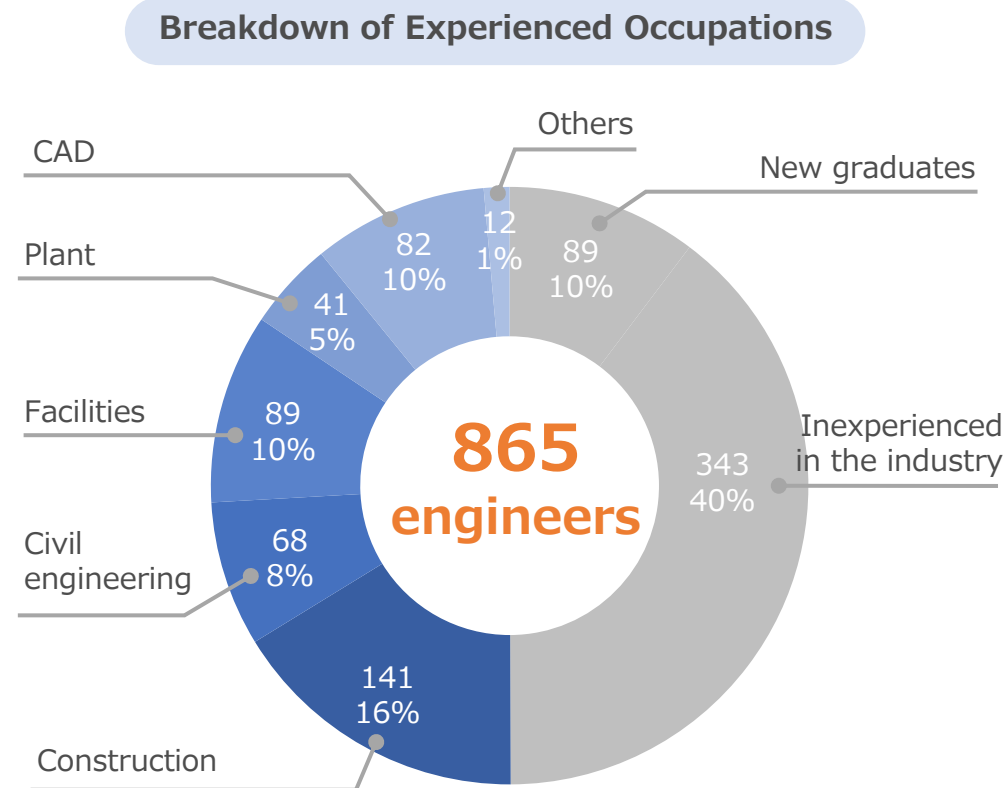
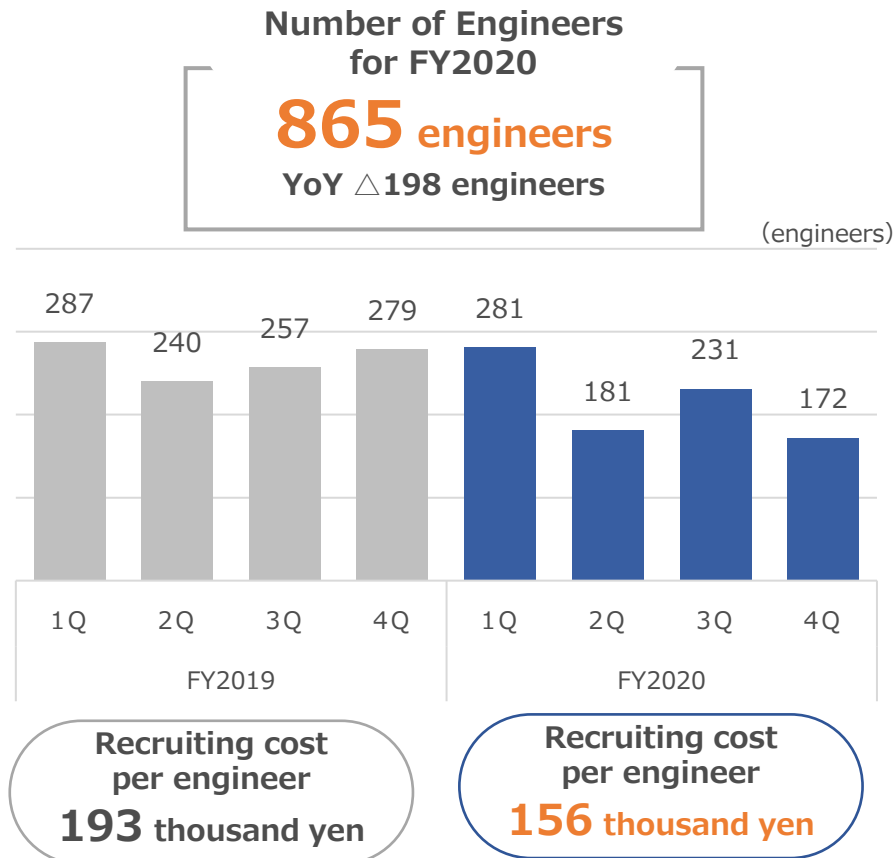
\*Retention rate = Number of engineers at the end of the current quarter  $\div$  (Number of engineers 12 months ago + Number of employees hired during 12 months)  $\times$  100



# Number of Engineers Hired

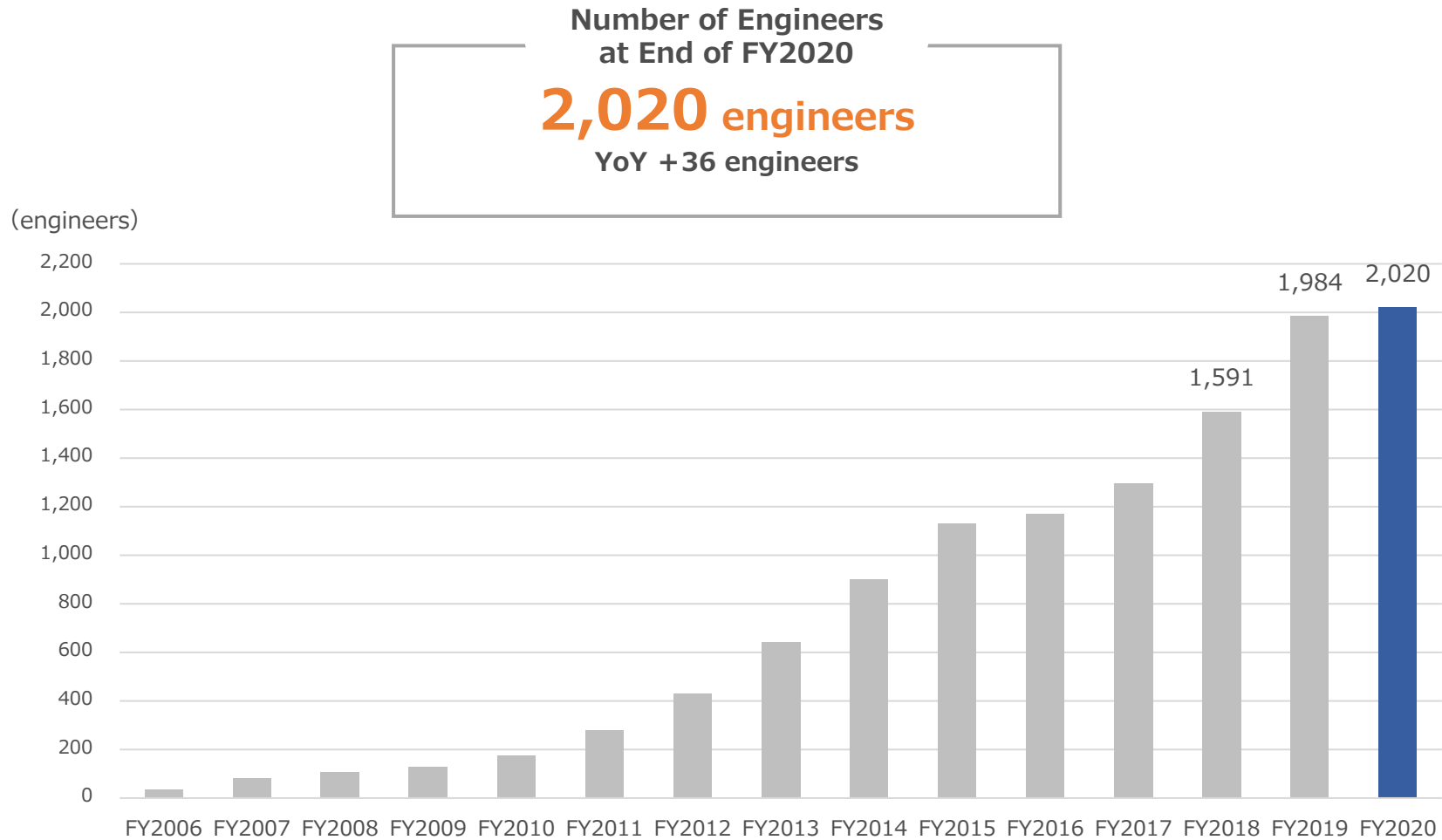
The number of hires was in line with forecasts, and recruiting cost per engineer declined significantly due to restrained.

Experienced and inexperienced in the industry (89 new graduates plus 343 mid-career employment) each account for 50%.



# Number of Engineers

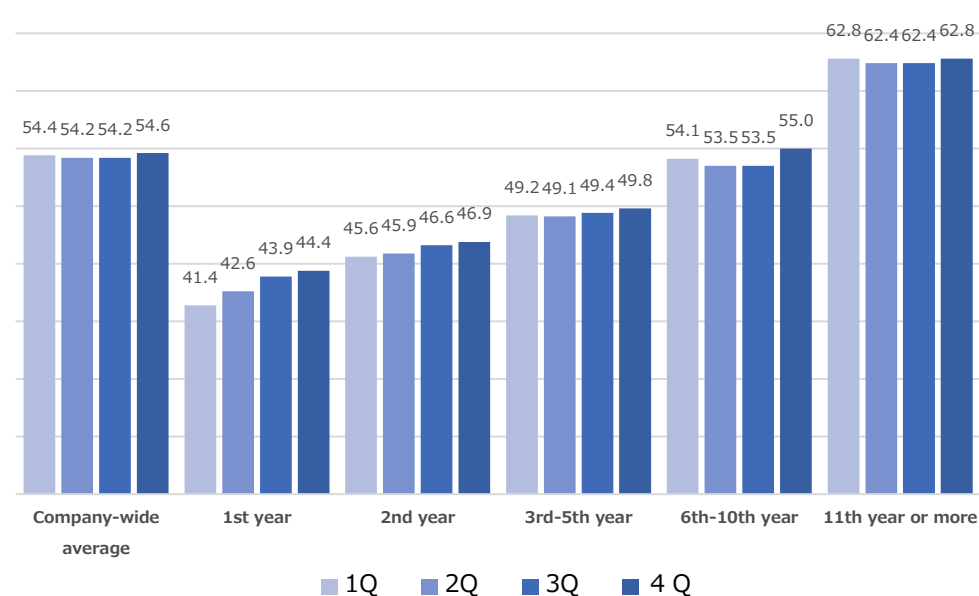
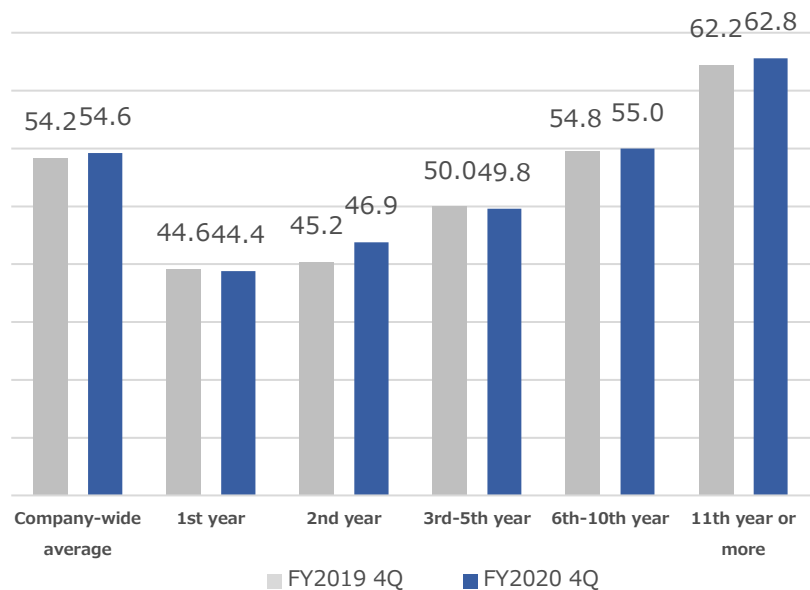
The number of engineers increased for 15 consecutive years even under the outbreak of COVID-19.



# Contract Amount per Engineer by Years of Experience (monthly amount)

Due to a decline in the composition of engineers in the 1st year in line with the restraint in the number of engineers hired, the company-wide average contract amount increased compared to the previous fiscal year.

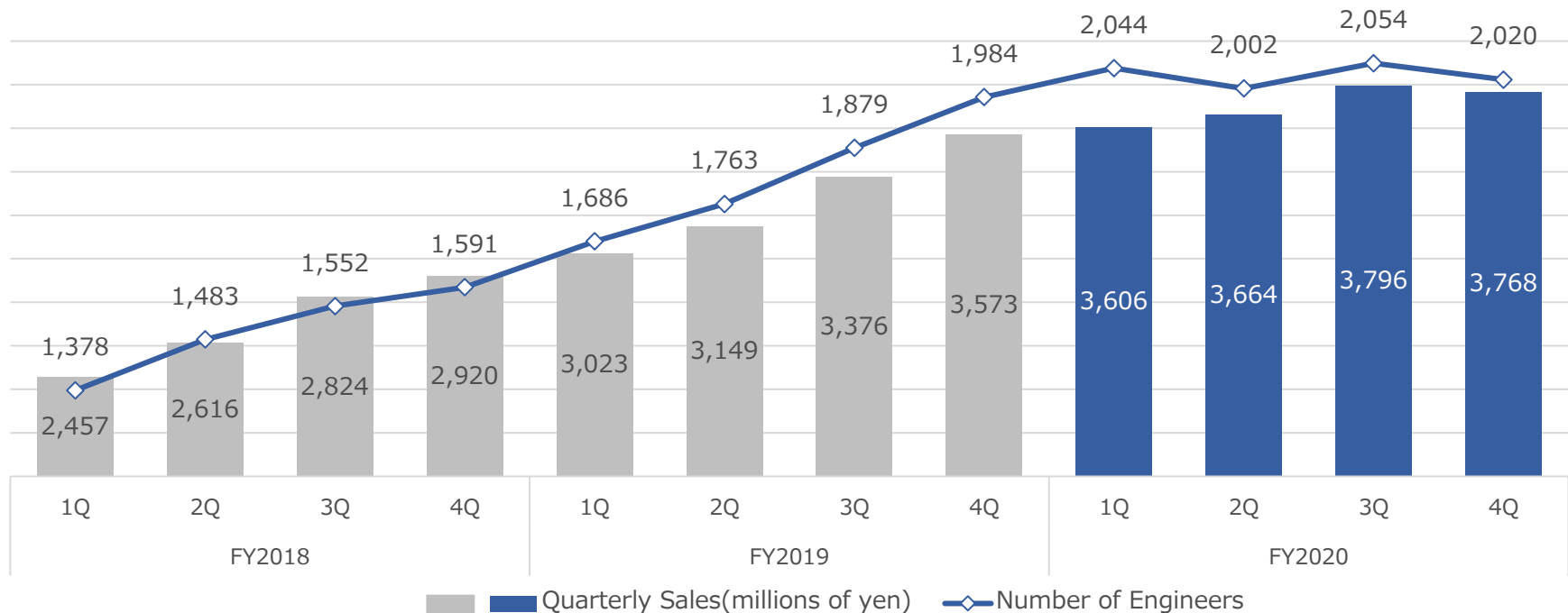
Note; From this publication, the contract amount has been changed from the basis of years of service at us to the basis of years of experience, including before joining our company.



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# Quarterly Sales Trends

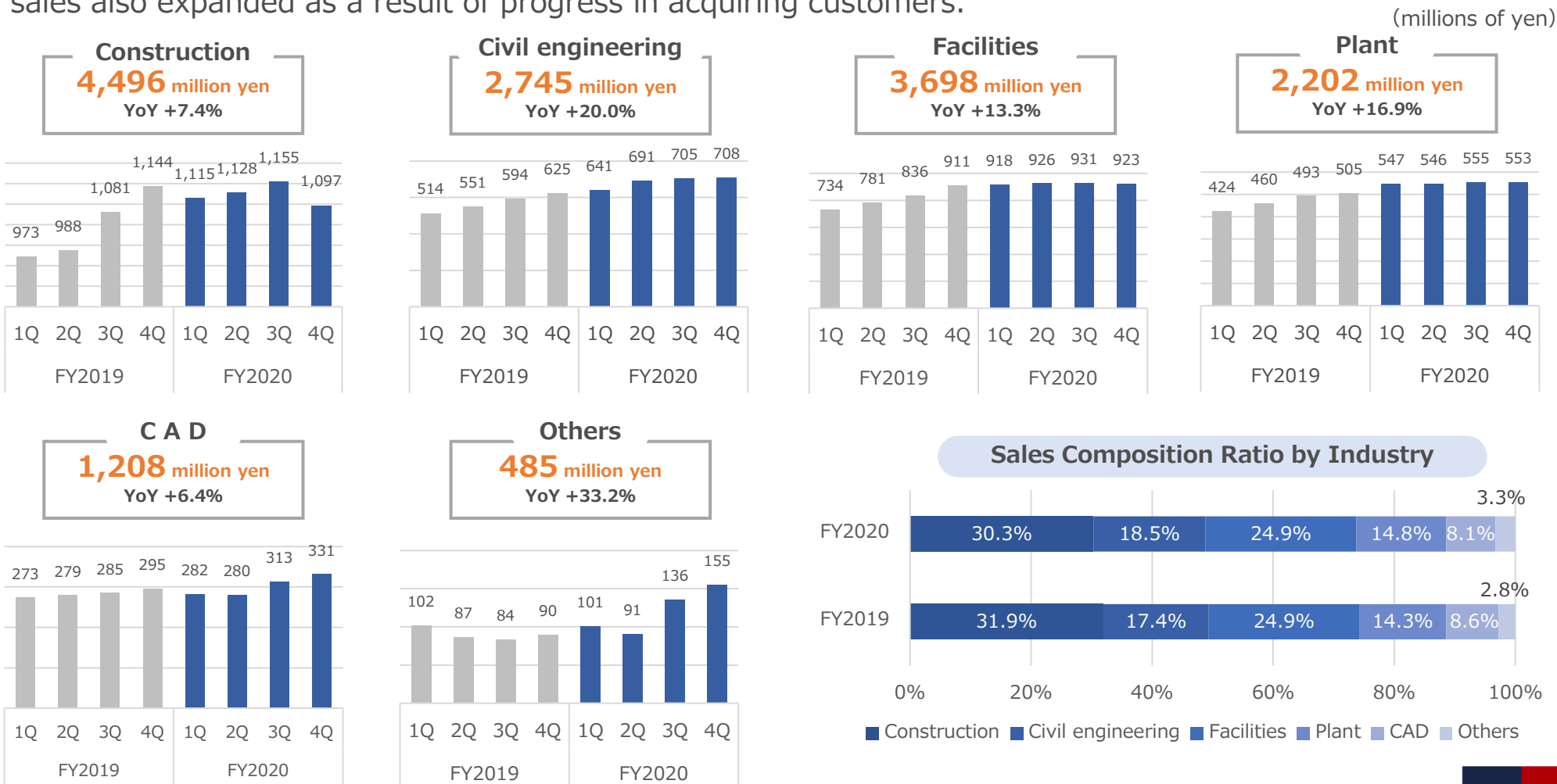
In proportion to the number of engineers, quarterly sales have increased on a cumulative basis.



# Sales by Industry

Net sales increased in all industries.

Civil engineering's net sales increased, driven by increased orders in rural areas, and plant's net sales also expanded as a result of progress in acquiring customers.



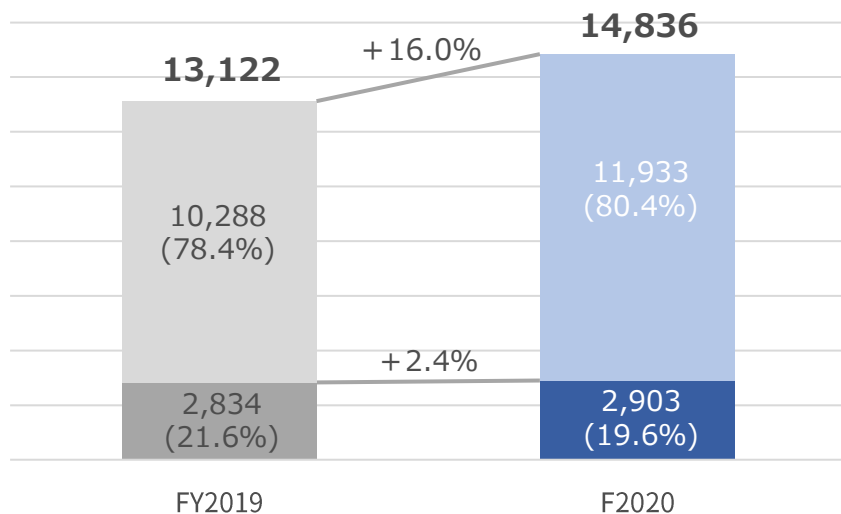
# Sales by Business Partner and Area

In addition to Takamatsu Branch, which opened in October 2019, Shizuoka Branch, Niigata Branch, and Kitakyushu Plant Branch, which opened in 2020, contributed, net sales increased mainly in regional areas.

## Super General Contractor Net Sales

**2,903 million yen**  
YoY +2.4%

(millions of yen)

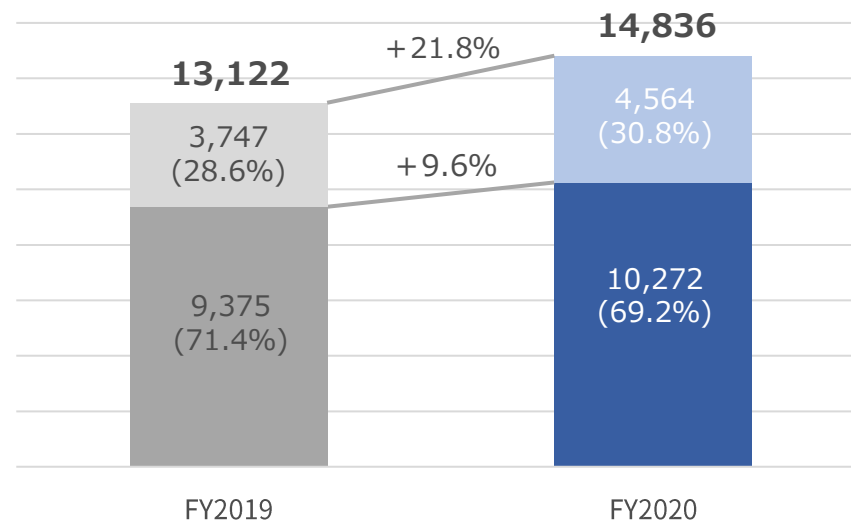


■ Super general contractors ■ Others

## 3 Major Metropolitan Areas Net Sales

**10,272 million yen**  
YoY +9.6%

(millions of yen)



■ 3 major metropolitan areas (Kanto, Tokai and Kansai regions) ■ Local total

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# FY2021 Forecasts

FY2021 is expected to return to a path of higher sales and profits due to an increase in net sales due to an increase in the number of engineers and a decrease in cost of sales ratio by charge-up negotiations.

However, profits are expected to decrease in 1st Quarter and 1st Half due to M&A-related expenses associated with the acquisition of ATMOS CO., LTD..

\*ATMOS CO., LTD., which COPRO acquired all shares on April 30, 2021, is expected to become a consolidated subsidiary from 1st Quarter. COPRO is currently reviewing the impact on the earnings forecast and plans to announce it as soon as it is finalized.

(millions of yen)

	FY2020		FY2021 (forecast)					
	1st half	Full year	1st half	YoY		Full year	YoY	
				(Amount)	(%)		(Amount)	(%)
Net sales	7,271	14,836	7,446	+174	+2.4%	16,343	+1,506	+10.2%
Cost of sales	5,255	10,539	5,220	△35	△0.7%	11,327	+787	+7.5%
Ratio to sales	72.3%	71.0%	70.1%	–	△2.2pt	69.3%	–	△1.7pt
Gross profit	2,015	4,297	2,226	+210	+10.4%	5,016	+718	+16.7%
Ratio to sales	27.7%	29.0%	29.9%	–	+2.2pt	30.7%	–	+1.7pt
SG&A expenses	1,483	2,859	1,739	+255	+17.2%	3,402	+542	+19.0%
Ratio to sales	20.4%	19.3%	23.4%	–	+3.0pt	20.8%	–	+1.5pt
Operating profit	531	1,437	487	△44	△8.4%	1,614	+176	+12.3%
Ratio to sales	7.3%	9.7%	6.5%	–	△0.8pt	9.9%	–	+0.2pt
Ordinary profit	534	1,439	486	△47	△8.9%	1,614	+174	+12.1%
Ratio to sales	7.3%	9.7%	6.5%	–	△0.8pt	9.9%	–	+0.2pt
Profit attributable to owners of parent	404	1,009	315	△89	△22.2%	1,048	+38	+3.8%
Ratio to sales	5.6%	6.8%	4.2%	–	△1.4pt	6.4%	–	△0.4pt

# Major KPIs Forecasts

## Cost of Sales Ratio

**69.3% (YoY  $\Delta$  1.7pt)**

- Continuing charge-up negotiations and aim to incremental cost of sales ratio to improve.

## Number of Engineers

**2,440 (YoY +420)**

- In addition to increasing recruitment, COPRO will improve retention rate by proposing matching using the new backbone system.
- Abolished the position of Trust representative, which provided after-sales follow-up for engineers, and changed to a system in which sales representatives conduct 1-stop sales and after-sales follow-up.

## Number of Engineers Hired

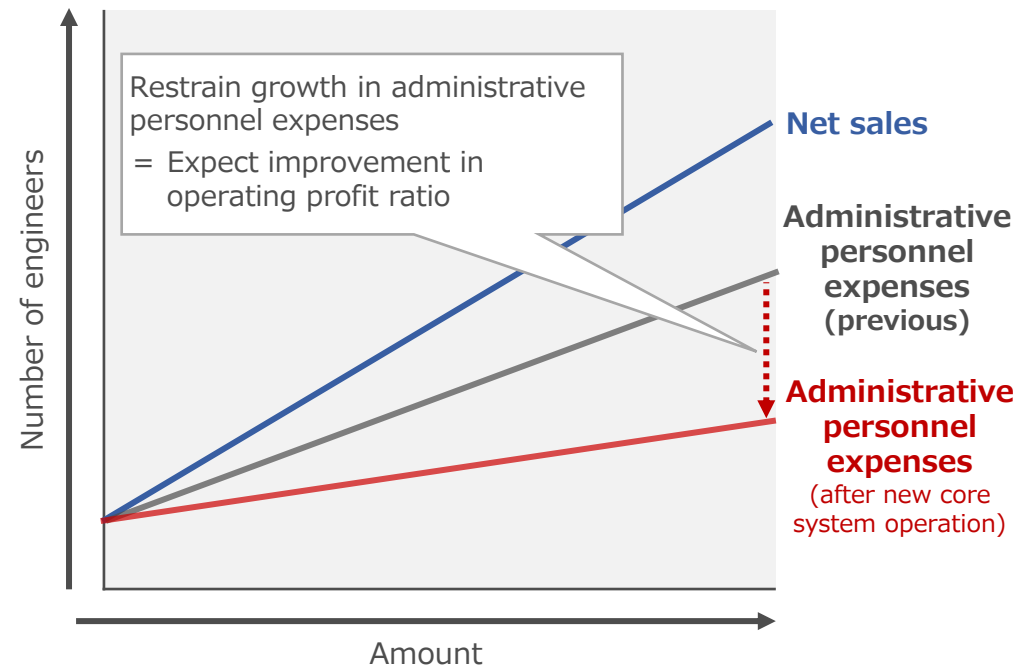
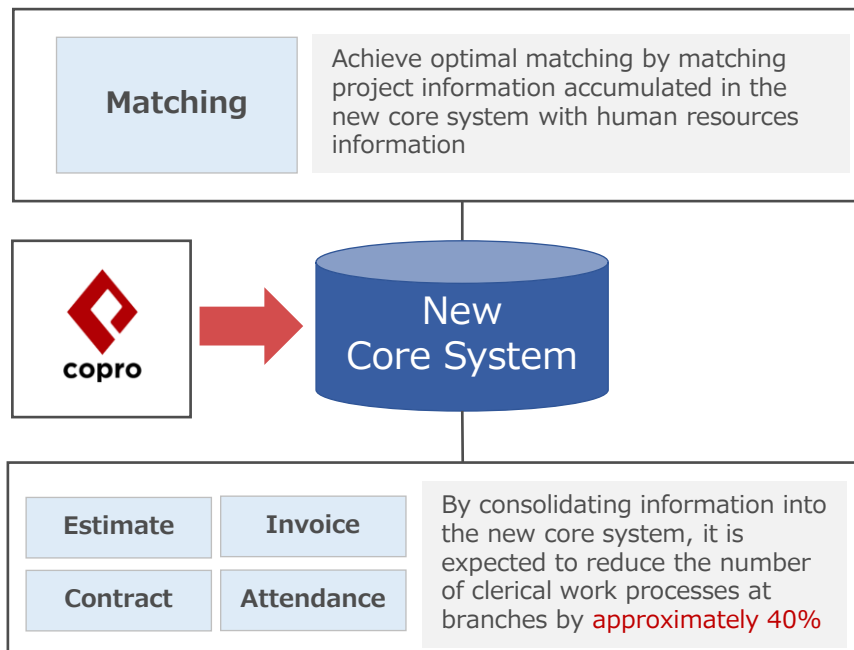
**1,200 (YoY +335)**

- Increase recruiting expenses. Strengthen recruitment with experienced engineers as the main target.
- Full renewal of COPRO's recruitment website "Gen-Kyari" (April 2021).

# New Core System

**New Core System** Started operation in April 2021

- Promote productivity improvement in branch office work and utilize the new core system for matching.

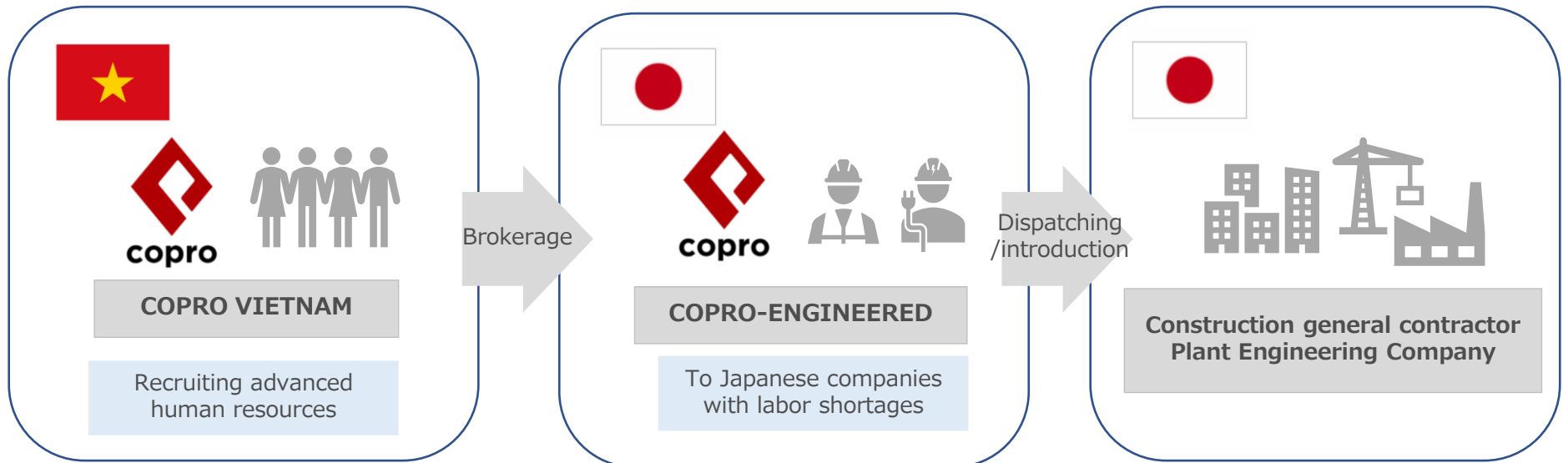


# Global Business

## Entry into Vietnam

Established **COPRO VIETNAM CO., LTD.** on **April 1, 2021**

- Partnering with local educational institutions to recruit advanced foreign human resources who want to work in Japan.
- Brokerage of human resources to Group company COPRO-ENGINEERED. Co., Ltd., and dispatching and introduction to construction general contractors and plant engineering companies in Japan, where there is a shortage of human resources, is planned.
- Considering dispatching U-turn to Japanese general contractors, which have expanded into Vietnam, in the future.



# Acquired Shares of ATMOS

## ATMOS CO., LTD.

**COPRO acquired all shares on April 30, 2021, making it a wholly owned subsidiary**

- ATMOS, which is engaged in the dispatch of machine design engineers, joined COPRO Group.

### Company Outline

<b>Company name</b>	ATMOS CO., LTD.
<b>Head office</b>	1-24-20 Meieki-minami, Nakamura-ku, Nagoya, Aichi
<b>Description of business</b>	Dispatching business of machinery design engineers, etc.
<b>Share capital</b>	35 million yen
<b>Foundation</b>	June 2006
<b>Fiscal year-end</b>	February
<b>Number of employees</b> ¥	119 (including 115 engineers)

### Business Details

Dispatching development and design engineers mainly to major manufacturers in Japan

### Major Clients

- ✓ JAMCO CORPORATION
- ✓ Okuma Giken Co., Ltd.
- ✓ YANMAR AGRIBUSINESS CO., LTD.
- ✓ YANMAR ENERGY SYSTEM CO., LTD.
- ✓ DAIKIN INDUSTRIES, LTD.
- ✓ Toyota Production Engineering Corporation
- ✓ Panasonic Corporation
- ✓ OMRON Corporation
- ✓ HOSHIZAKI CORPORATION
- ✓ AISHIN CORPORATION
- ✓ Makita Corporation
- ✓ TOSHIBA LIFESTYLE PRODUCTS & SERVICES CORPORATION

# Synergy Effect with ATOMOS

Aim to improve the stability and growth potential of the Group's overall revenues by diversifying its business in the engineer dispatch business area, and further accelerate growth in the machinery design engineer dispatch business by utilizing COPRO Group's management resources.



- **Pursuit of engineer dispatch business**
  - ✓ Further expand the high-value-added engineer dispatch business by adding machinery designs to construction and plant.
- **Sharing human resources**
  - ✓ Expanding career plan options for construction and plant engineers.
- **Sharing education and training expertise**
  - ✓ Further expansion of human resources development.



- **Utilization of management resources**
  - ✓ Sharing recruitment capabilities to hire more than 1000 people annually, including the company's recruitment website.
  - ✓ Expand sales channels by sharing sales networks of 18 branches nationwide.
- **Utilization of a Vietnamese subsidiary**
  - ✓ Acceptance of advanced overseas human resources through COPRO VIETNAM CO., LTD..

# Statement to TSE Market Reorganization

## Plan to select to move to the Prime Market

Consider all kinds of corporate actions as options, aiming to meet the continued listing requirements

### Improving Corporate Value

- ✓ Increase corporate value by expanding corporate size and business areas and improving profitability through M&A and other growth investments.

### Returning Shareholders

- ✓ While considering the balance between strategic investments for growth and shareholder returns, continue stable dividends with a target consolidated dividend payout ratio of 30% or more, and maximize shareholder profits.

Prime Market's continued listing requirements		Our compliance status	
Number of shareholders	At least 800 shareholders	2,398 shareholders (As of March 31, 2021)	○
Number of tradable shares	At least 20,000 units	39,737 units (As of March 31, 2021*)	○
Tradable share market capitalization	At least JPY 10 bn.	JPY 5.05 bn. (As of May 13, 2021)	×
Trading value	At least daily JPY avg. 20 mn.	JPY 110 mn. (daily average from January 6 to December 30, 2020)	○
Tradable share ratio	At least 35%	39.7% (As of March 31, 2021)	○

\*The number of tradable shares as of March 31, 2021 is multiplied by 2 times in accordance with the 2-for-1 share split conducted on April 1, 2021.

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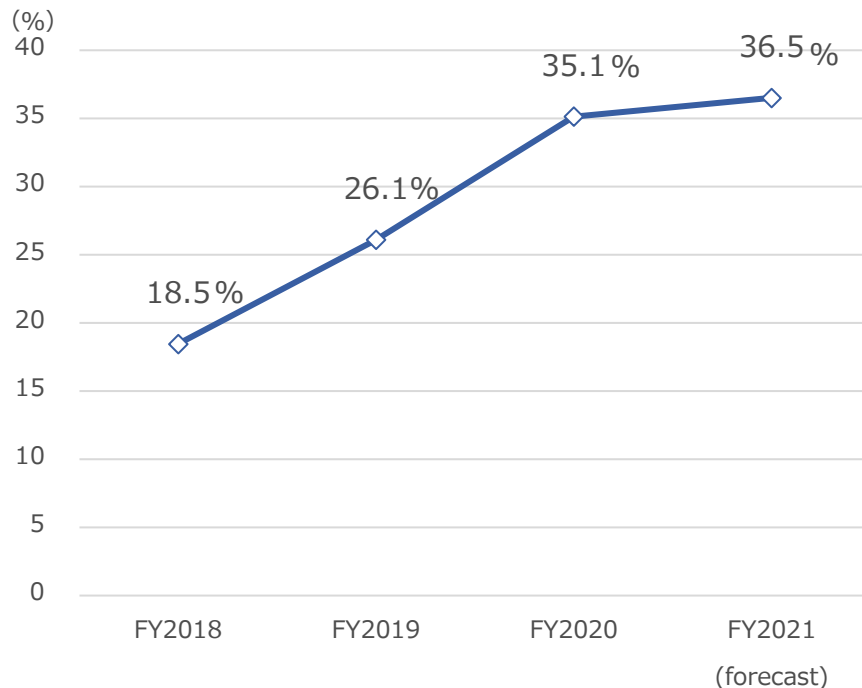


# Shareholder Return Policy

Maintain stable dividends with a target consolidated dividend payout ratio of 30% or more, while paying attention to the balance with investments that will contribute to future business expansion.

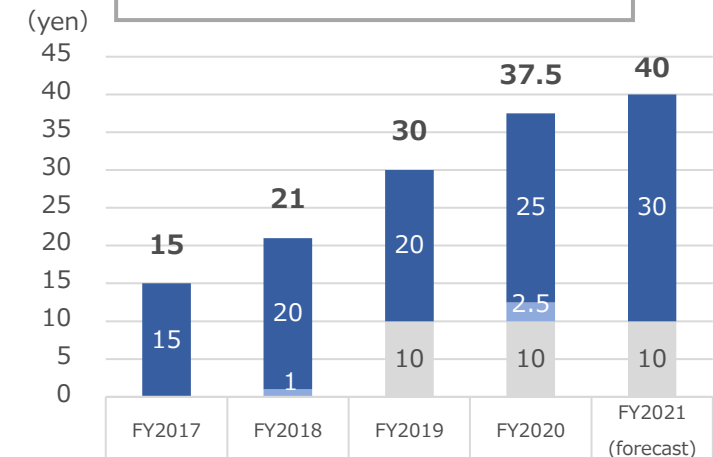
**FY2021(forecast)  
Dividend Payout Ratio**

**36.5%**



**FY2021(forecast)  
Dividends per Share**

**(Annual) 40.0 yen**



	FY2017	FY2018	FY2019	FY2020	FY2021 (forecast)
Annual total	15	21	30	37.5	40
Ordinary dividend (year-end)	15	20	20	25	30
Commemorative dividend	0	1	0	2.5	0
Ordinary dividend (interim)	0	0	10	10	10

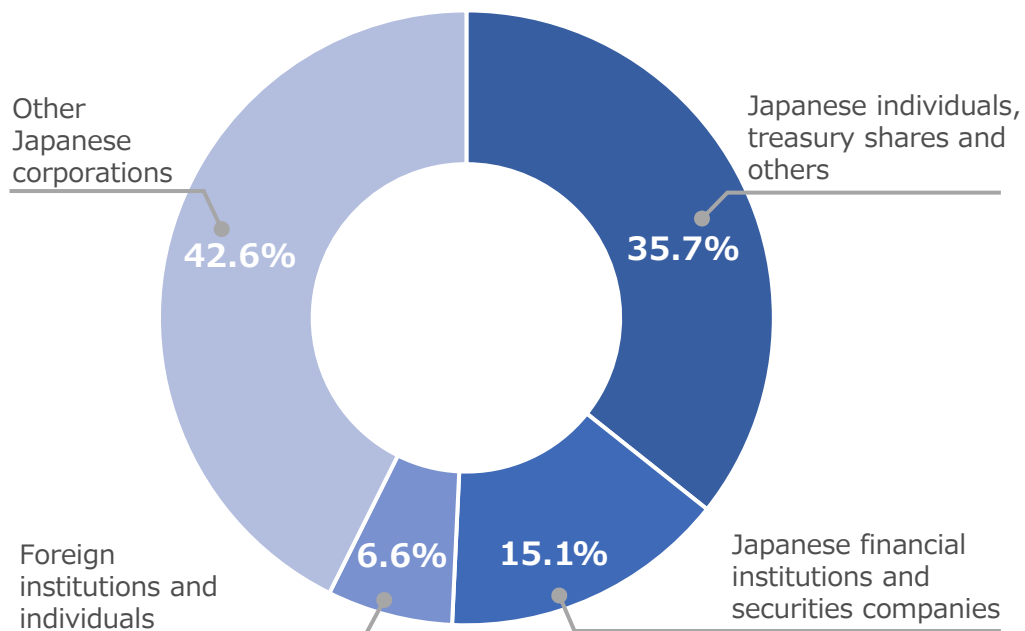
\* FY2018 is commemorative dividend for listing, and FY2020 is commemorative dividend for changing to 1st section of TSE and NSE.

\* Dividends per share have been retroactively adjusted to reflect the impact of the 2-for-1 share split, which was effected on April 1, 2021.

# Stock Information

## Distribution of the Shareholders

(As of March 31, 2021)



- Other Japanese corporations
- Japanese financial institutions and securities companies
- Foreign institutions and individuals
- Other Japanese corporations

## The Ten Largest Shareholders

(As of March 31, 2021)

No.	Name of shareholders	Shareholdings	
		(shares)	(%)
1	RITAMEKO. Co., Ltd.	2,100,000	44.0%
2	Kosuke Kiyokawa	604,716	12.7%
3	Custody Bank of Japan, Ltd. (Trust account)	268,800	5.6%
4	The Nomura Trust and Banking Co., Ltd. (Trust account)	170,400	3.6%
5	The Master Trust Bank of Japan, Ltd. (Trust account)	157,100	3.3%
6	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	140,100	2.9%
7	GOLDMAN SACHS INTERNATIONAL	79,700	1.7%
8	Individual shareholder	60,000	1.3%
9	Morgan Stanley MUFG Securities Co., Ltd.	57,500	1.2%
10	Individual shareholder	50,000	1.0%
Total		3,668,316	77.3%

Note: All percentage figures are calculated by the total number of shares issued and outstanding excluding treasury stocks (223,167 shares) held by the Company.

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# Company Outline

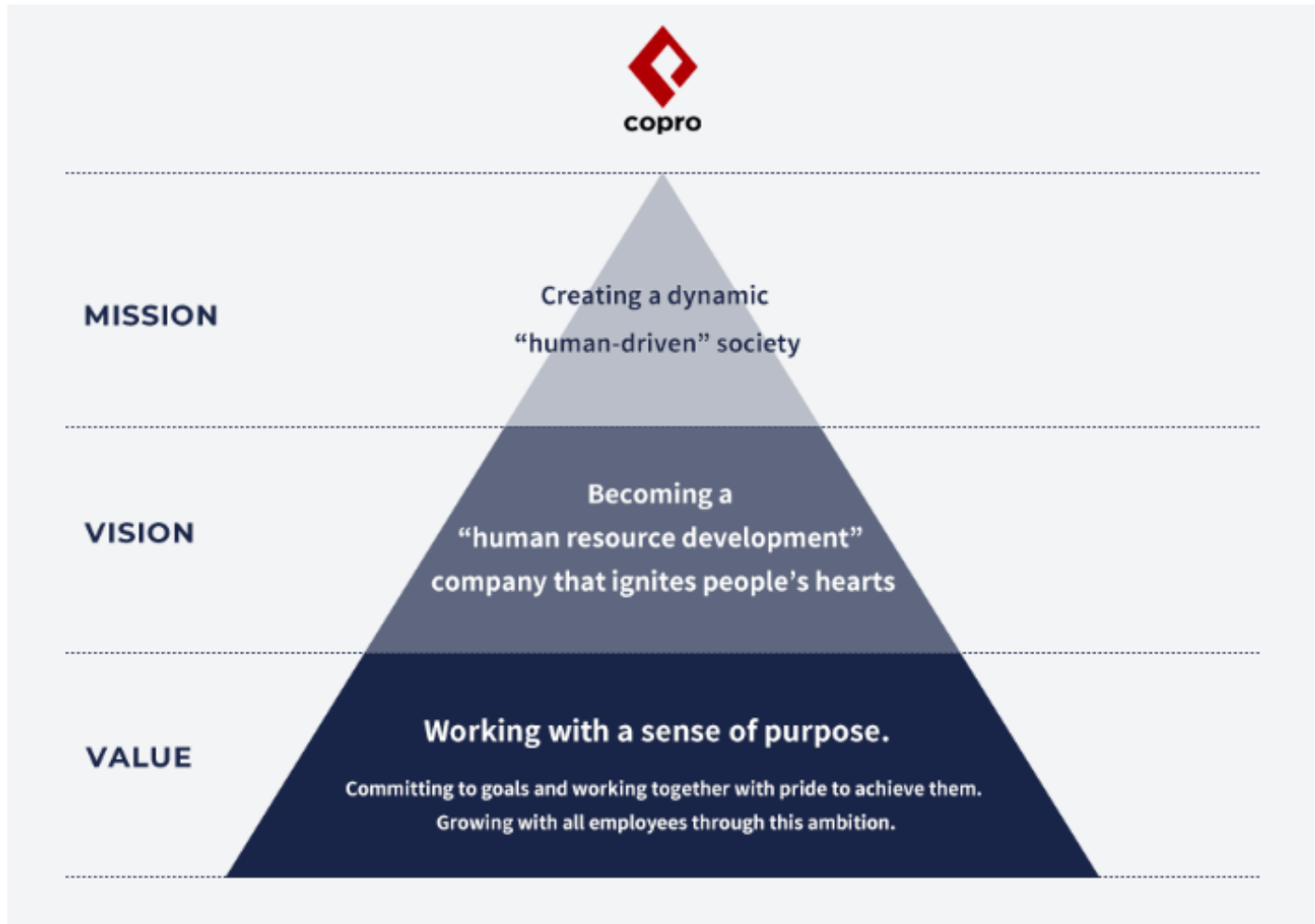
<b>Company name</b>	COPRO-HOLDINGS Co., Ltd.	
<b>Representative</b>	Kosuke Kiyokawa, CEO	
<b>Head office</b>	Dai Nagoya Building 27F , 3-28-12 Meieki, Nakamura-ku, Nagoya, Aichi 450-6427	
<b>Foundation</b>	October, 2006	
<b>Fiscal year-end</b>	March	
<b>Stock listings</b>	First Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange	
<b>Stock code</b>	7059	
<b>Group companies</b>	Domestic subsidiaries	<ul style="list-style-type: none"> <li>• COPRO-ENGINEERED. Co., Ltd.</li> <li>• ATMOS CO.,LTD.</li> </ul>
	Overseas subsidiaries	<ul style="list-style-type: none"> <li>• COPRO GLOBALS PTE. LTD.</li> <li>• COPRO VIETNAM CO., LTD.</li> </ul>
<b>Description of business</b>	<ul style="list-style-type: none"> <li>• Dispatching and recruitment consulting services centered on the construction industry</li> <li>• Dispatching business of machinery design engineers, etc.</li> </ul>	
<b>Number of employees</b>	2,280 (as of March 31, 2021, incl. temporary staff on consolidated basis)	

## Kosuke Kiyokawa, CEO



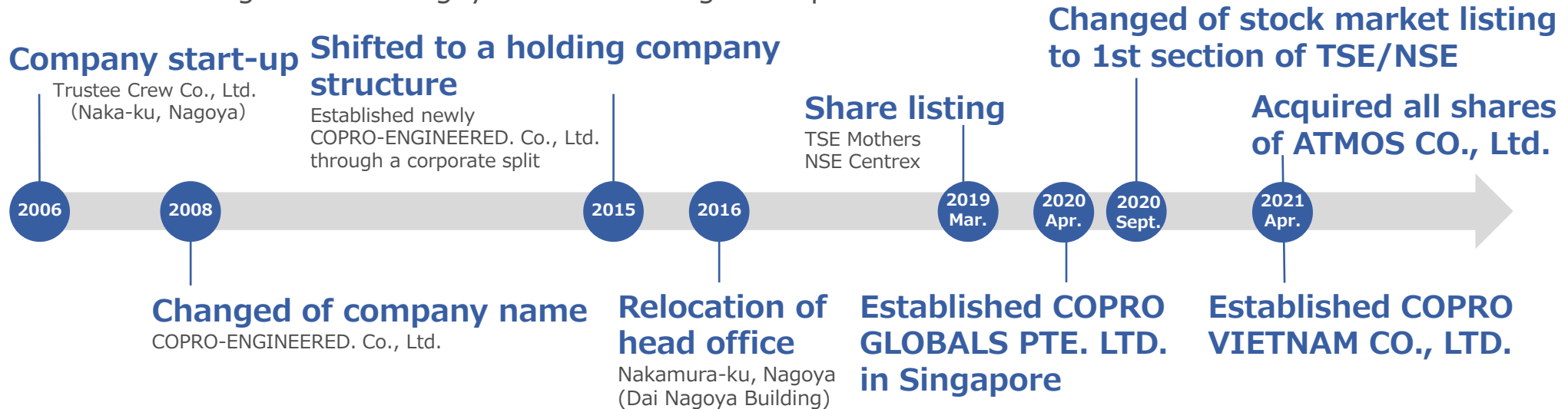
Born in Aichi, Japan on October 16, 1977. After graduating from Nagoya Future Technical College, he worked as a site supervisor in a local construction firm for two years. Then after five years working in sales for a leading outsourcing company and a stint as president of a group affiliate of the company, he launched COPRO-ENGINEERED. Co., Ltd. in 2006.

# Company Philosophy



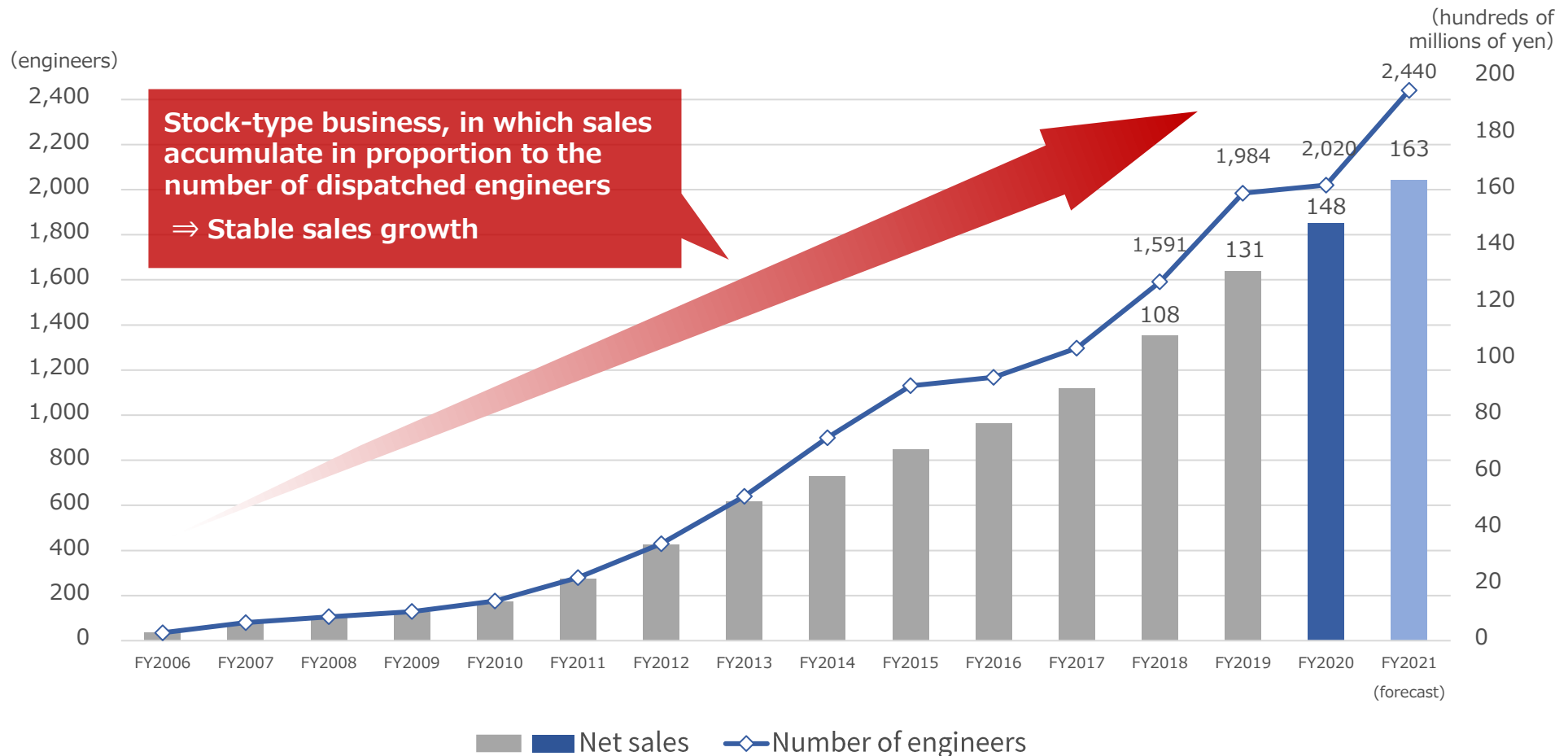
# Corporate History

- Founded in Nagoya in 2006.
- Shifted to a holding company structure capable of aggressively and flexibly promoting growth strategies in 2015.
- Listed on the Mothers and the Centrex in March 2019, and changed to the 1st Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange in September 2020.



# Trends in Net Sales and Number of Engineers since Foundation

Aim to increase net sales for the sixteenth consecutive terms and record-high net sales for FY2021.

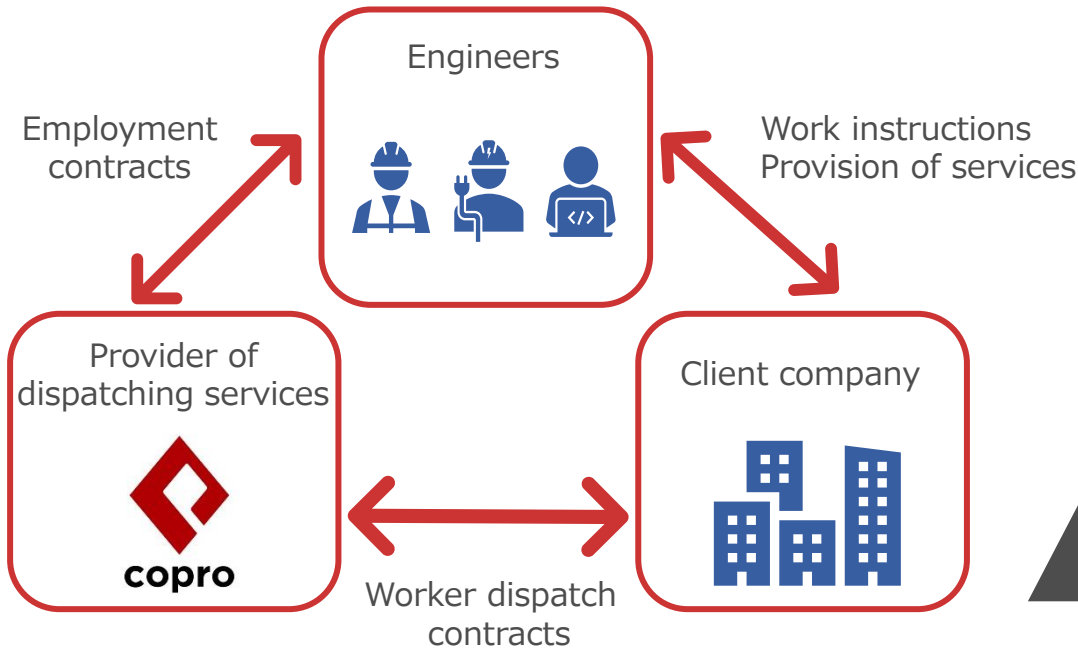


# Business Model

Operates a dispatch business specializing in the engineer business area.

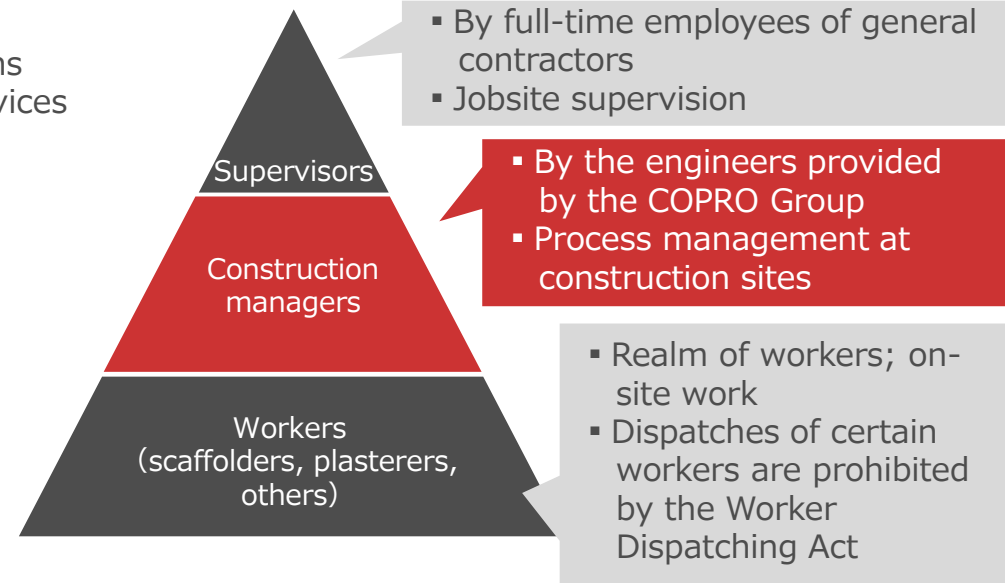
COPRO-ENGINEERED operates a engineer dispatch business and recruitment business for construction companies and plant engineering companies. Atmos is engaged in the business of dispatching machine design engineers to the development and design divisions, mainly in major manufacturing industries.

## About Dispatch Business



## Our Engineers' Services in the Construction Industry

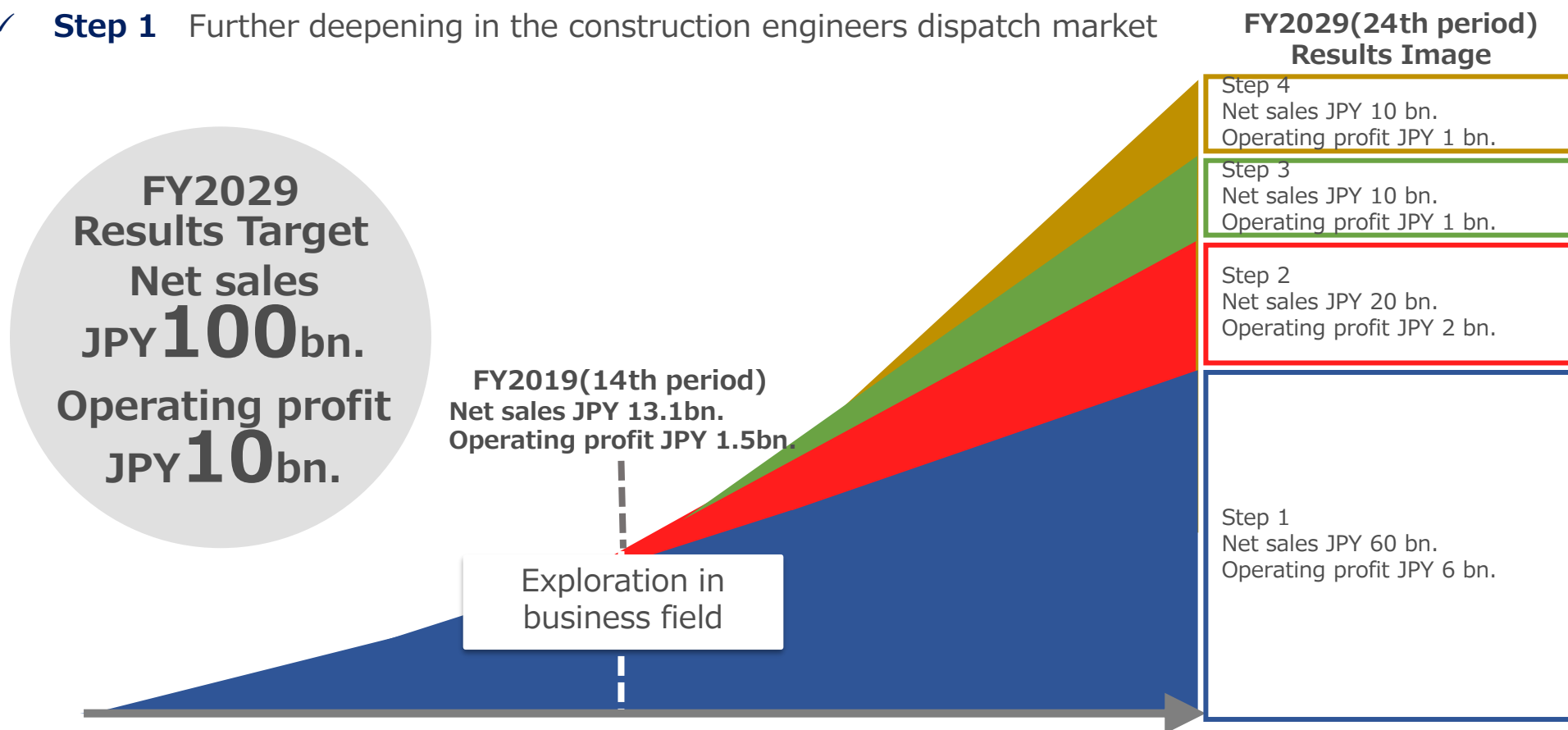
- Their principal work tasks are conducting 1) process management, 2) safety management, 3) quality control, 4) and cost management.





# Long-term Growth Image

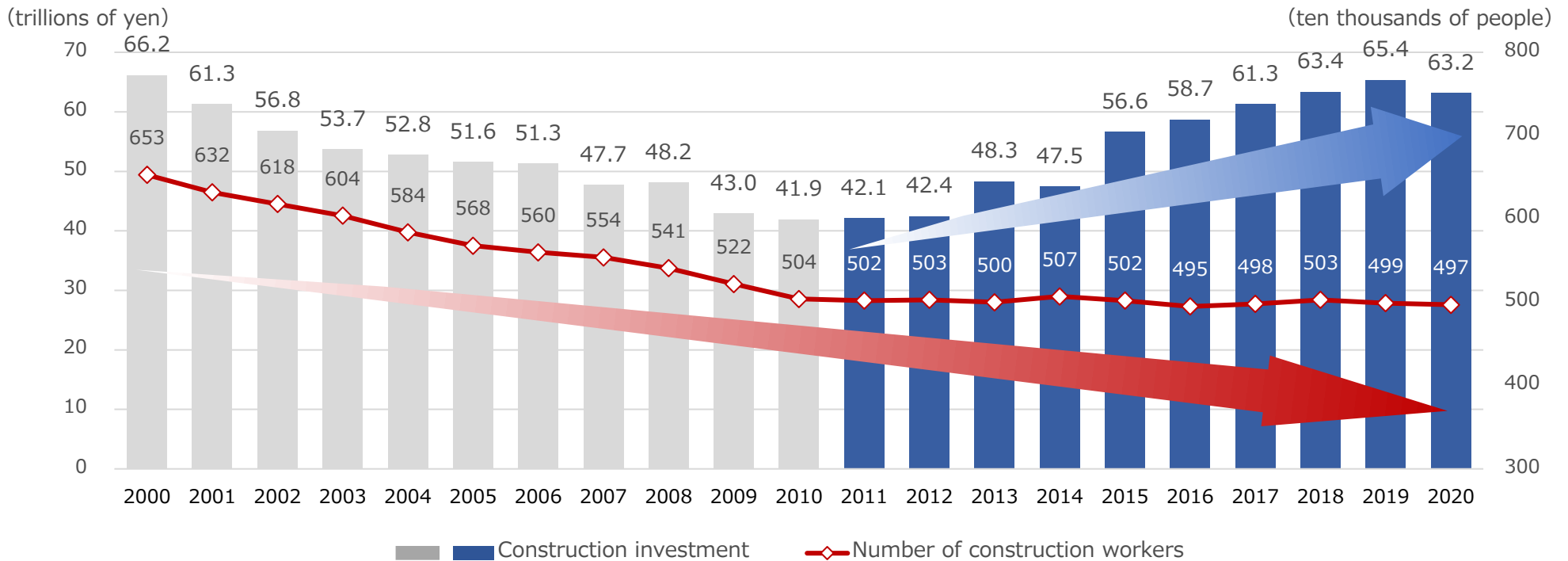
- ✓ **Step 4** M&A strategy and considering new businesses
- ✓ **Step 3** Global business advancement
- ✓ **Step 2** Increase market share for plant engineer dispatches
- ✓ **Step 1** Further deepening in the construction engineers dispatch market



# Business Environment Supporting Growth

The amount of construction investment has started to increase from 2011. After the Tokyo Olympic Games, due to large-scale projects such as the Japan's Superconducting Maglev and the Osaka Expo, demand for redevelopment, infrastructure development, and national resilience, it is expected to increase steadily.

On the other hand, the number of construction workers peaked in 1997 and was on a declining trend, and has leveled off in recent years.



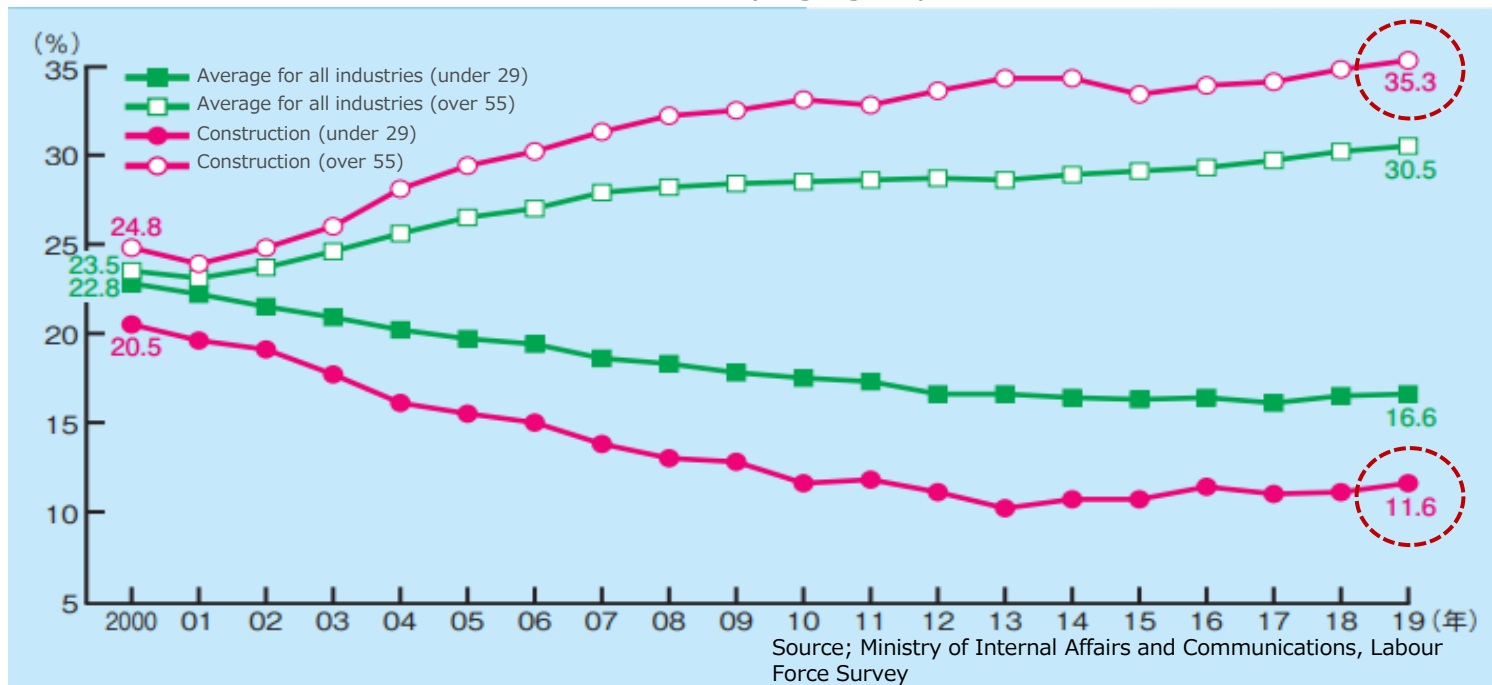
(Source)  
 • Construction Investment: Outlook for Construction Investment by the Ministry of Land, Infrastructure, Transport and Tourism (announced on October 12, 2020)  
 • Number of construction workers: Ministry of Internal Affairs and Communications, Labor Force Survey

# Business Environment Supporting Growth

The construction industry is aging compared to the average for all industries, and there are fewer young workers.

While 35.3% of workers will be forced to retire 10 years later, there is a shortage of young workers who is 11.6% of them and will play a leading role in the future.

▪ Percent distribution of construction workers by age group



Source; Japan Federation of Construction Contractors, Construction Industry Handbook 2020

# Disclaimer and Forward-Looking Statements

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