

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 15, 2020

Company name: COPRO-HOLDINGS. Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7059 URL <https://www.copro-h.co.jp/>
 Representative: Chief Executive Office Kosuke Kiyokawa
 Director, General Manager of Finance & Accounting Dept
 Inquiries: Tomoo Hobo TEL 052-589-3066
 Scheduled date of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

I. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
(1) Consolidated operating results

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------|-----------------|------|------------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2020 | 13,122 | 21.3 | 1,592 | 18.4 | 1,585 | 18.6 | 1,084 | 15.5 |
| Year ended March 31, 2019 | 10,819 | 20.7 | 1,344 | 50.3 | 1,336 | 51.1 | 938 | 54.4 |

| | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2020 | 230.16 | 225.52 | 21.3 | 20.4 | 12.1 |
| Year ended March 31, 2019 | 227.52 | 222.45 | 25.4 | 20.8 | 12.4 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2020 | 8,030 | 5,487 | 68.3 | 1,164.18 |
| As of March 31, 2019 | 7,474 | 4,692 | 62.8 | 996.35 |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2020 | 1,125 | (144) | (885) | 4,795 |
| Year ended March 31, 2019 | 1,165 | (122) | 761 | 4,699 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2019 | – | 0.00 | – | 42.00 | 42.00 | 197 | 18.5 | 5.1 |
| Year ended March 31, 2020 | – | 20.00 | – | 40.00 | 60.00 | 282 | 26.1 | 5.6 |
| Year ending March 31, 2021 (Forecast) | – | 20.00 | – | 50.00 | 70.00 | | 28.7 | |

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|--------------------------------------|-----------------|------|------------------|--------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2020 | 7,237 | 17.2 | 408 | (39.0) | 408 | (38.9) | 332 | (23.9) | 70.47 |
| Full year | 15,398 | 17.3 | 1,670 | 4.9 | 1,669 | 5.3 | 1,148 | 6.0 | 243.71 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2020 | 5,000,000 shares | As of March 31, 2019 | 5,000,000 shares |
|----------------------|------------------|----------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of March 31, 2020 | 286,000 shares | As of March 31, 2019 | 290,000 shares |
|----------------------|----------------|----------------------|----------------|

Average number of shares during the period

| | | | |
|---------------------------|------------------|---------------------------|------------------|
| Year ended March 31, 2020 | 4,710,505 shares | Year ended March 31, 2019 | 4,126,466 shares |
|---------------------------|------------------|---------------------------|------------------|

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,761,096 | 4,831,545 |
| Accounts receivable - trade | 1,526,054 | 1,856,412 |
| Other | 199,432 | 210,153 |
| Allowance for doubtful accounts | (361) | (438) |
| Total current assets | 6,486,222 | 6,897,672 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 293,628 | 270,645 |
| Construction in progress | 19,953 | 40,665 |
| Other, net | 75,064 | 60,480 |
| Total property, plant and equipment | 388,646 | 371,790 |
| Intangible assets | | |
| Leased assets | 48,636 | 28,206 |
| Other | 26,814 | 84,861 |
| Total intangible assets | 75,450 | 113,067 |
| Investments and other assets | | |
| Deferred tax assets | 104,044 | 130,309 |
| Other | 420,318 | 517,681 |
| Total investments and other assets | 524,362 | 647,990 |
| Total non-current assets | 988,459 | 1,132,849 |
| Total assets | 7,474,681 | 8,030,522 |
| Liabilities | | |
| Current liabilities | | |
| Current portion of bonds payable | 244,000 | 160,000 |
| Lease obligations | 25,872 | 26,290 |
| Accounts payable - other | 1,056,835 | 1,145,106 |
| Income taxes payable | 209,474 | 310,079 |
| Accrued consumption taxes | 253,508 | 428,522 |
| Provision for bonuses | 95,549 | 120,910 |
| Asset retirement obligations | 785 | 7,608 |
| Other | 218,963 | 181,170 |
| Total current liabilities | 2,104,990 | 2,379,689 |
| Non-current liabilities | | |
| Bonds payable | 557,000 | 70,000 |
| Lease obligations | 42,533 | 16,242 |
| Asset retirement obligations | 77,350 | 76,623 |
| Total non-current liabilities | 676,884 | 162,866 |
| Total liabilities | 2,781,874 | 2,542,555 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 30,000 | 30,000 |
| Capital surplus | 1,169,858 | 1,172,858 |
| Retained earnings | 3,494,398 | 4,286,538 |
| Treasury shares | (1,450) | (1,430) |
| Total shareholders' equity | 4,692,806 | 5,487,966 |
| Total net assets | 4,692,806 | 5,487,966 |
| Total liabilities and net assets | 7,474,681 | 8,030,522 |

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

| | (Thousands of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
| Net sales | 10,819,368 | 13,122,871 |
| Cost of sales | 7,194,372 | 8,746,605 |
| Gross profit | 3,624,996 | 4,376,265 |
| Selling, general and administrative expenses | 2,280,128 | 2,783,360 |
| Operating profit | 1,344,867 | 1,592,904 |
| Non-operating income | | |
| Interest income | 31 | 51 |
| Rental income | 1,140 | 1,140 |
| Interest on tax refund | 285 | - |
| Settlement received | 431 | 265 |
| Other | 236 | 69 |
| Total non-operating income | 2,125 | 1,526 |
| Non-operating expenses | | |
| Interest expenses | 3,531 | 2,273 |
| Share issuance costs | 2,224 | - |
| Loss on redemption of bonds | - | 3,569 |
| Guarantee commission | 3,598 | 2,325 |
| Other | 1,000 | 966 |
| Total non-operating expenses | 10,354 | 9,135 |
| Ordinary profit | 1,336,638 | 1,585,296 |
| Extraordinary income | | |
| Surrender value of insurance policies | - | 17,800 |
| Total extraordinary income | - | 17,800 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1,557 | 35,654 |
| Total extraordinary losses | 1,557 | 35,654 |
| Profit before income taxes | 1,335,081 | 1,567,441 |
| Income taxes - current | 365,827 | 509,546 |
| Income taxes - deferred | 30,388 | (26,264) |
| Total income taxes | 396,216 | 483,281 |
| Profit | 938,864 | 1,084,160 |
| Profit attributable to owners of parent | 938,864 | 1,084,160 |

Consolidated statements of comprehensive income

| | (Thousands of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
| Profit | 938,864 | 1,084,160 |
| Comprehensive income | 938,864 | 1,084,160 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 938,864 | 1,084,160 |

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

| | Shareholders' equity | | | | | Total net assets |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | |
| Balance at beginning of period | 30,000 | – | 2,678,534 | (4,500) | 2,704,034 | 2,704,034 |
| Changes during period | | | | | | |
| Dividends of surplus | | | (123,000) | | (123,000) | (123,000) |
| Profit attributable to owners of parent | | | 938,864 | | 938,864 | 938,864 |
| Disposal of treasury shares | | 1,169,858 | | 3,050 | 1,172,908 | 1,172,908 |
| Total changes during period | – | 1,169,858 | 815,864 | 3,050 | 1,988,772 | 1,988,772 |
| Balance at end of period | 30,000 | 1,169,858 | 3,494,398 | (1,450) | 4,692,806 | 4,692,806 |

Fiscal year ended March 31, 2020

(Thousands of yen)

| | Shareholders' equity | | | | | Total net assets |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | |
| Balance at beginning of period | 30,000 | 1,169,858 | 3,494,398 | (1,450) | 4,692,806 | 4,692,806 |
| Changes during period | | | | | | |
| Dividends of surplus | | | (292,020) | | (292,020) | (292,020) |
| Profit attributable to owners of parent | | | 1,084,160 | | 1,084,160 | 1,084,160 |
| Disposal of treasury shares | | 3,000 | | 20 | 3,020 | 3,020 |
| Total changes during period | – | 3,000 | 792,140 | 20 | 795,160 | 795,160 |
| Balance at end of period | 30,000 | 1,172,858 | 4,286,538 | (1,430) | 5,487,966 | 5,487,966 |

Consolidated statements of cash flows

| | (Thousands of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
| Cash flows from operating activities | | |
| Profit before income taxes | 1,335,081 | 1,567,441 |
| Depreciation | 80,182 | 85,643 |
| Surrender value of insurance policies | – | (17,800) |
| Loss on retirement of non-current assets | 1,557 | 35,654 |
| Increase (decrease) in allowance for doubtful accounts | (3,160) | 77 |
| Increase (decrease) in provision for bonuses | 20,662 | 25,360 |
| Interest income | (31) | (51) |
| Interest expenses | 3,531 | 2,273 |
| Share issuance costs | 2,224 | – |
| Decrease (increase) in trade receivables | (264,537) | (330,357) |
| Decrease (increase) in other current assets | (48,710) | (32,574) |
| Increase (decrease) in accounts payable - other | 185,531 | 46,269 |
| Increase (decrease) in other current liabilities | 124,526 | 137,220 |
| Other, net | 12,914 | 5,740 |
| Subtotal | 1,449,771 | 1,524,896 |
| Interest and dividends received | 31 | 48 |
| Interest paid | (3,547) | (2,357) |
| Income taxes paid | (280,941) | (396,651) |
| Net cash provided by (used in) operating activities | 1,165,313 | 1,125,936 |
| Cash flows from investing activities | | |
| Payments into time deposits | – | (10,000) |
| Proceeds from withdrawal of time deposits | – | 36,000 |
| Purchase of property, plant and equipment | (75,120) | (47,205) |
| Purchase of intangible assets | (9,055) | (40,080) |
| Proceeds from sales of investment securities | 21,000 | – |
| Other, net | (59,463) | (83,225) |
| Net cash provided by (used in) investing activities | (122,640) | (144,512) |
| Cash flows from financing activities | | |
| Repayments of lease obligations | (24,003) | (25,872) |
| Repayments of installment payables | (18,427) | – |
| Redemption of bonds | (244,000) | (571,000) |
| Dividends paid | (123,000) | (291,572) |
| Proceeds from sales of treasury shares | 1,170,684 | – |
| Proceeds from exercise of employee share options | – | 3,020 |
| Net cash provided by (used in) financing activities | 761,253 | (885,425) |
| Net increase (decrease) in cash and cash equivalents | 1,803,926 | 95,999 |
| Cash and cash equivalents at beginning of period | 2,895,164 | 4,699,090 |
| Cash and cash equivalents at end of period | 4,699,090 | 4,795,089 |