



Fiscal Year Ending March 31, 2021

# Financial Results for the 1st Half

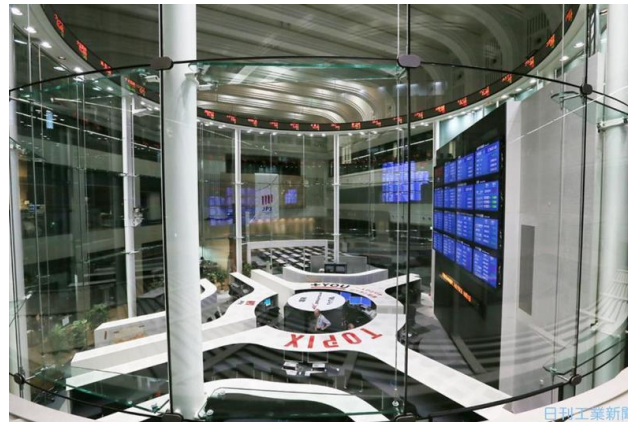
November 12, 2020

**COPRO-HOLDINGS. Co., Ltd.**

Tokyo Stock Exchange and Nagoya Stock Exchange – First Section  
(Stock Code: 7059)

# Notice Concerning Change of Stock Market Listing to First Section of Tokyo Stock Exchange (TSE) and Nagoya Stock Exchange (NSE)

On September 11, 2020, the Company changed its market from  
TSE Mothers and NSE Centrex to First Section of TSE and NSE.



We would like to express our sincere gratitude for the support of our  
stakeholders. We will strive to improve our corporate value with a  
renewed spirit. Thank you for your continued support.

<b>1 . Financial Highlights and Full-Year Forecasts_____</b>	<b>P . 3</b>
<b>2 . Key Performance Indicators_____</b>	<b>P . 1 0</b>
<b>3 . Breakdown of Sales_____</b>	<b>P . 1 4</b>
<b>4 . Business Environment and Growth Strategy_____</b>	<b>P . 1 8</b>

## **【Appendix】**

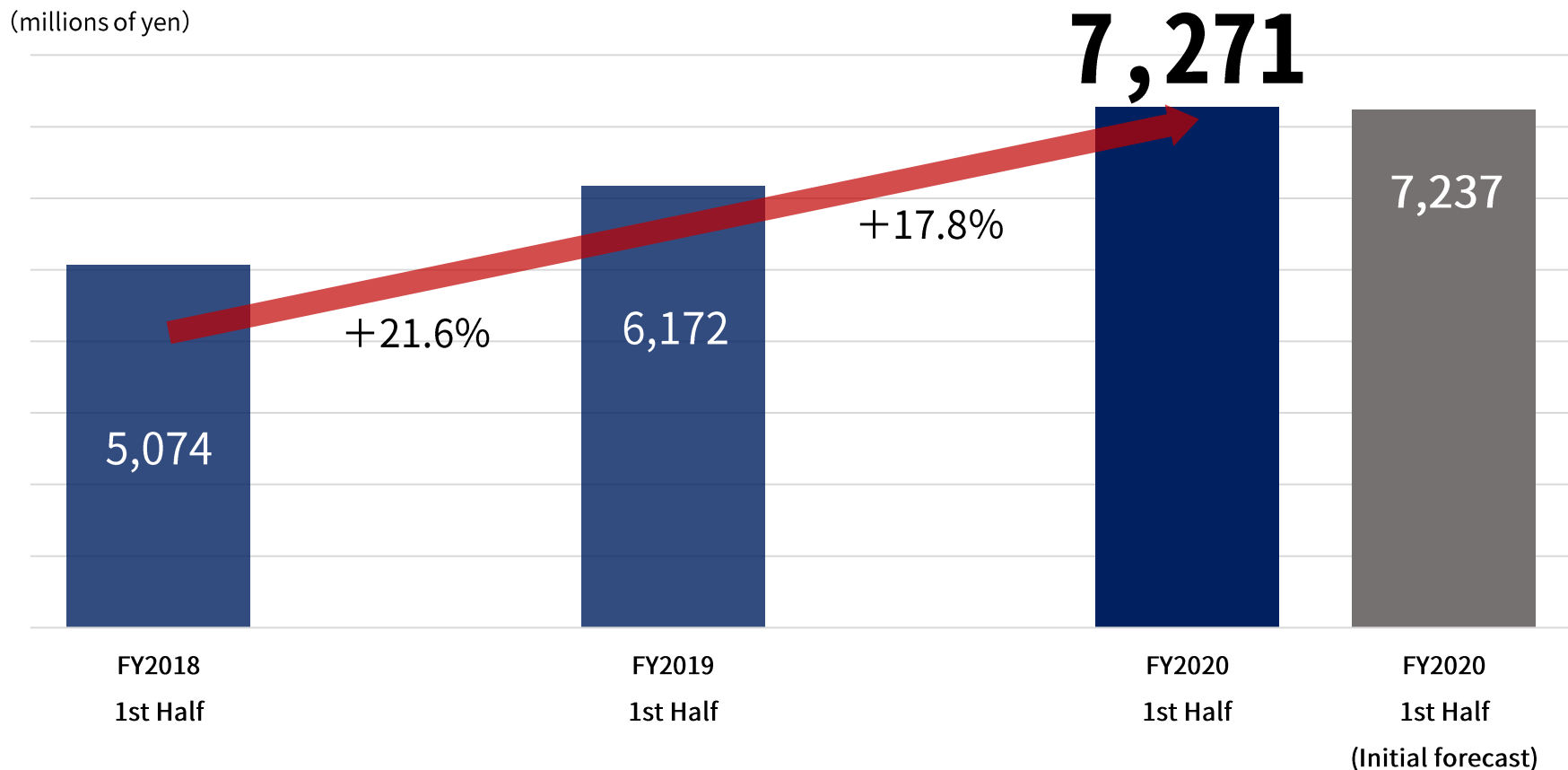
• Company Outline_____	P . 3 1	• Stock Information_____	P . 3 4
• Company History_____	P . 3 2	• Stock Price Chart_____	P . 3 5
• Company Philosophy_____	P . 3 3		

# 1 . Financial Highlights and Full-Year Forecasts

# Net Sales (Consolidated)



Net sales achieved **17.8% year-on-year increase** even under COVID-19



Note. The results for the 1st half of FY2018 are presented as reference values because we were unlisted.

# Operating Profit (Consolidated)



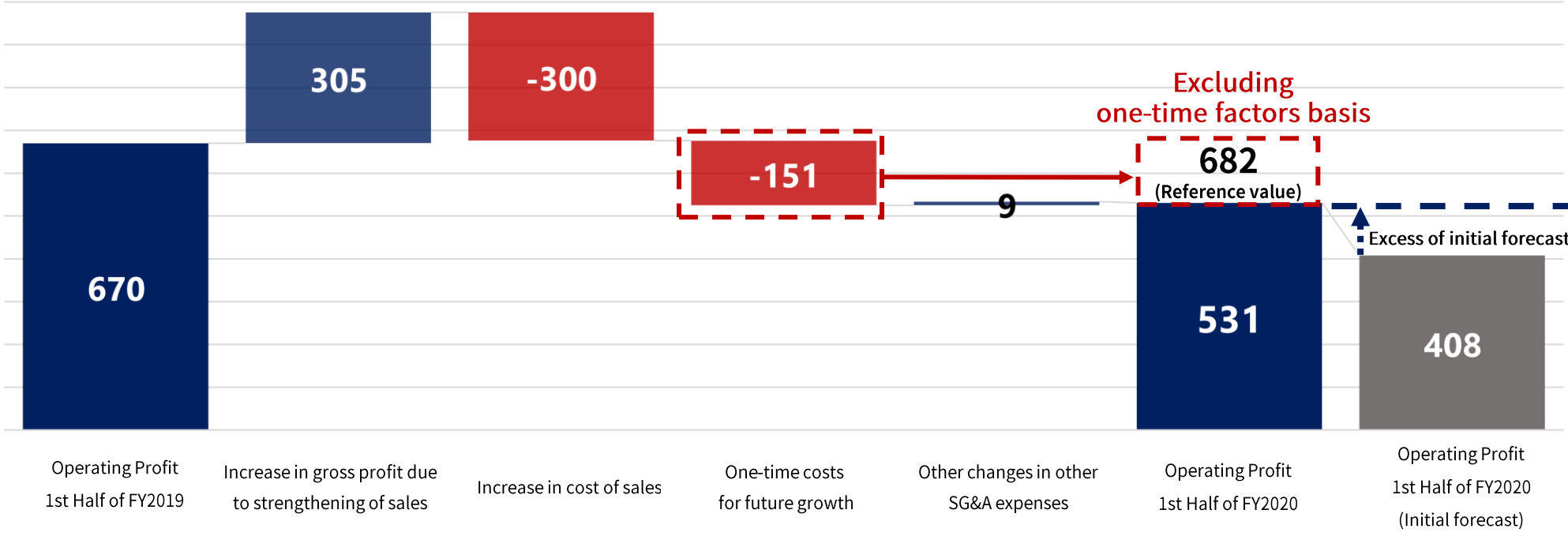
**【Year-on-year】**

- Operating profit maintained an upward trend excluding one-time costs for future growth

**【Versus initial forecast】**

- Operating profit exceeded the initial forecast due to lower SG&A expenses by the company-wide efforts to reduce expenses  
(Announced revisions to earnings forecast on October 28, 2020)

(millions of yen)



# Breakdown of One-time Costs

## Factors for the increase in cost of sales

### ① Increased recruitment of new graduates in April and strengthened training for them

⇒ Joined 89 employees, up 33 from the previous year. Training was held for a month longer than last year, and assignment was completed on May 6, 2020.

### ② To take advantage of COVID-19 as an opportunity for excellent human resources to recruit, the company promoted recruitment activities without relaxing our hands.

⇒ Temporary waiting engineers occurred, but the assignment was completed during the first quarter

### ③ Lending smartphones to all engineers

⇒ Using for appropriate attendance management and further communication

## Factors for the increase in SG&A expenses

### ① Consulting expenses for sales reform and expenses associated with the renewal of the core system

### ② Expenses for the establishment of three new branches (Chiba Branch, Shizuoka Branch, Kitakyushu Plant Branch), and expenses for the integration and the relocation of existing branches

### ③ Research costs in ASEAN countries for overseas operations

### ④ Expenses of measures to prevent the spread of COVID-19

### ⑤ Cost of changing to the First Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange

## ■ Minor impact on sales

- The impact on sales is negligible, with the decline in overtime expenses due to telework and cessation from work
- In the 1st quarter, some construction site was temporarily closed, and although some engineers were suspended, we received corporate compensation from the clients.

## ■ Costs of measures to prevent of COVID-19

- Approximately 22 million yen of expenses were recorded in the 1st quarter.
- Distributed masks to all employees, and introduced alcohol disinfection apparatus and hypochlorous acid solution at all sites



# Summary of Consolidated Financial Results



(millions of yen)

	FY2019 1st Half Result	FY 2020 1st Half (Initial forecast)	FY2020 1st Half Result	Year-on-year		Versus Initial forecast
				(Amount)	(%)	(Amount)
Net sales	6,172	7,237	7,271	+1,098	+17.8%	+33
Cost of sales	4,125	—	5,255	+1,129	+27.4%	—
Ratio to sales	66.8%	—	72.3%	—	+5.4pt	—
Gross profit	2,046	—	2,015	△31	△1.5%	—
Ratio to sales	33.2%	—	27.7%	—	△5.4pt	—
SG&A expenses	1,376	—	1,483	+107	+7.8%	—
Ratio to sales	22.3%	—	20.4%	—	△1.9pt	—
Operating profit	670	408	531	△138	△20.7%	+122
Ratio to sales	10.9%	5.6%	7.3%	—	△3.5pt	—
Ordinary profit	667	408	534	△133	△20.0%	+126
Ratio to sales	10.8%	5.6%	7.3%	—	△3.5pt	—
Profit attributable to owners of parent	436	332	404	△31	△7.3%	+72
Ratio to sales	7.1%	4.6%	5.6%	—	△1.5pt	—

# FY2020 Full-Year Forecasts

- Announced upward revisions to net sales and profits at each stage in response to the excess of the initial forecast for the 1st half (Revised on Oct. 28, 2020)
- Record-high net sales and record-high profits are expected

(millions of yen)

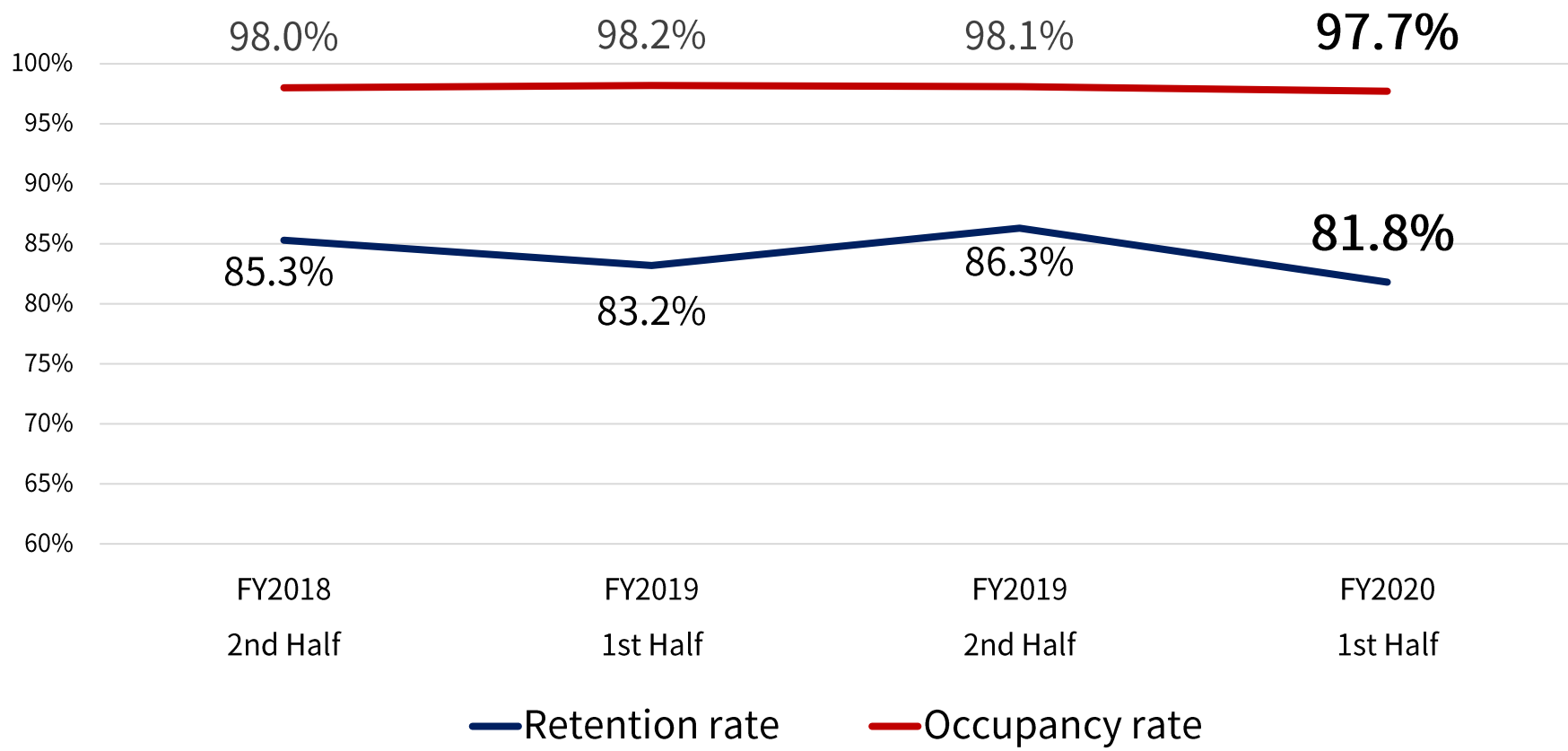
	FY2019 Result	FY2020 (Initial forecast)	FY2020 (Revised forecast)	Year-on-year		Versus Initial forecast
				(Amount)	(%)	(Amount)
Net sales	13,122	15,398	15,432	+ 2,309	+17.6%	+33
Operating profit	1,592	1,670	1,793	+200	+12.6%	+122
Ratio to sales	12.1%	10.8%	11.6%	—	△0.5pt	—
Ordinary profit	1,585	1,669	1,795	+210	+13.3%	+126
Ratio to sales	12.1%	10.8%	11.6%	—	△0.4pt	—
Profit attributable to owners of parent	1,084	1,148	1,221	+137	+12.7%	+72
Ratio to sales	8.3%	7.5%	7.9%	—	△0.3pt	—

# 2 . Key Performance Indicators

# Retention Rate and Occupancy Rate



- Retention rate was 81.8%, a high level close to the medium-term target of 82%
- Occupancy rate was 100% in real terms excluding leave, etc.

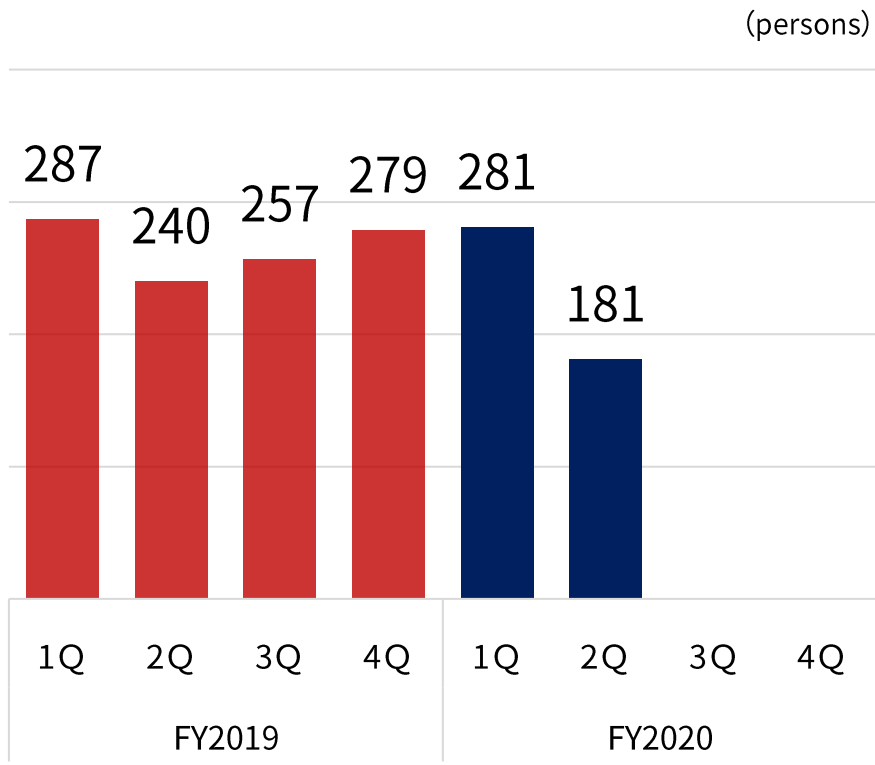


\*Retention rate = Number of engineers at the end of the current quarter ÷ (Number of engineers six months ago + Number of employees hired during the applicable period) × 100

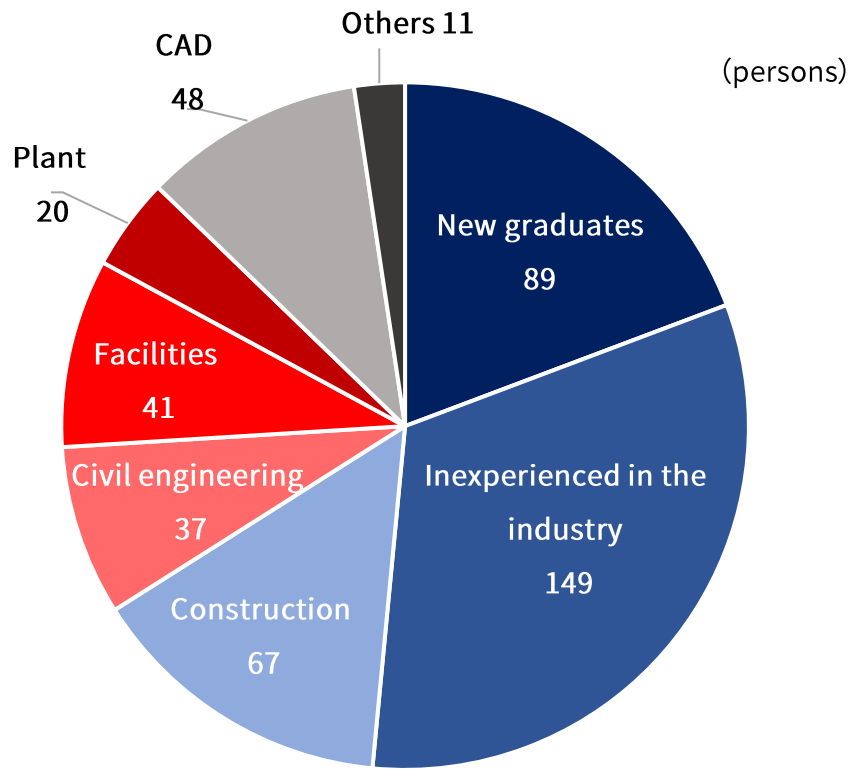
# Number of Engineers Hired

- The number of engineers hired in the 1st half was 462
- Continued recruitment without relaxing recruitment efforts under COVID-19

Number of engineers recruits



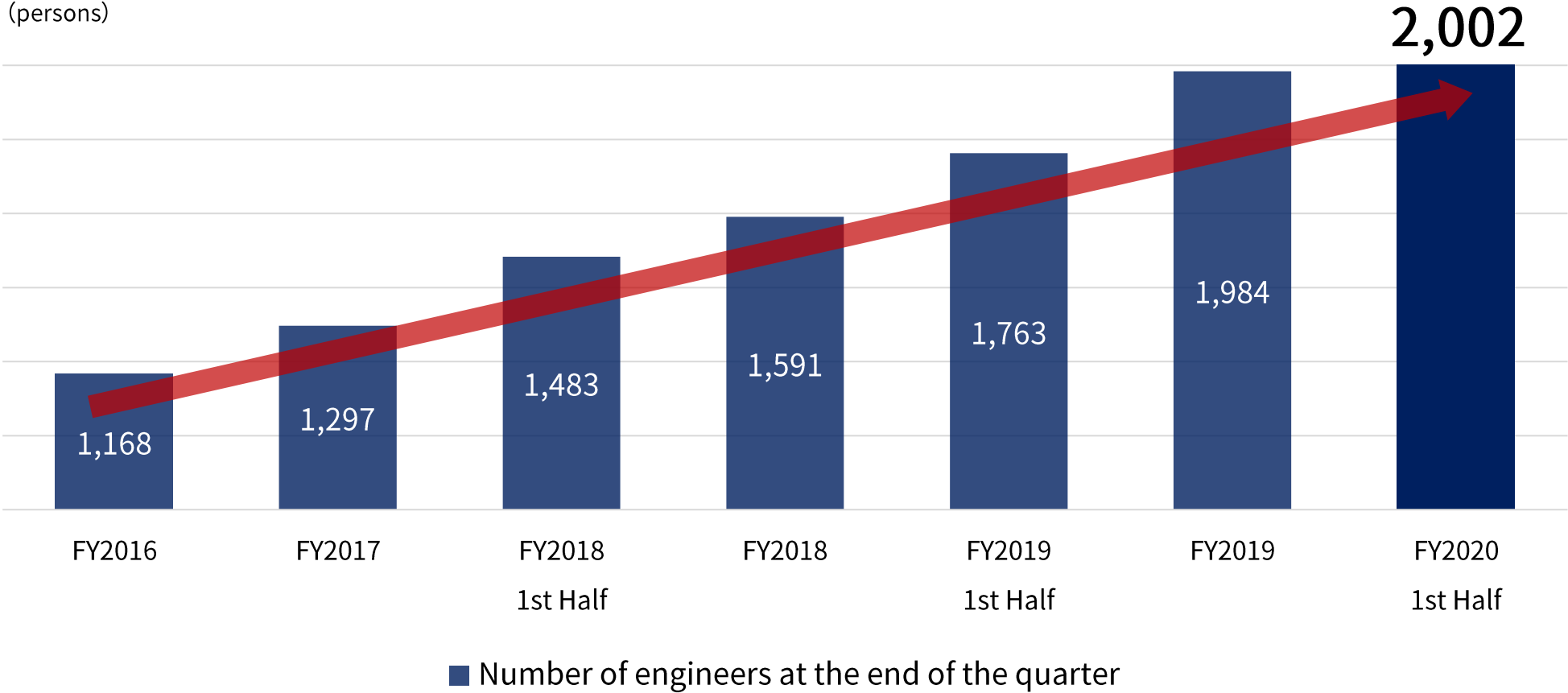
Breakdown of experienced occupations



# Number of Engineers

- Successful recruitment activities to take advantage of COVID-19 as an opportunity led to a steady rise in engineers numbers

(persons)

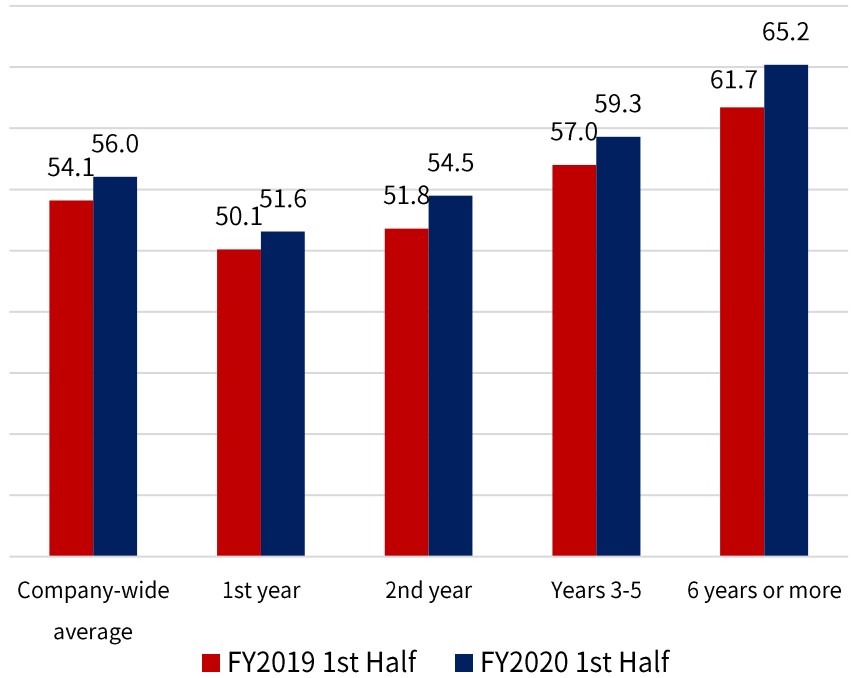


# Contract Amount per Person (Monthly)

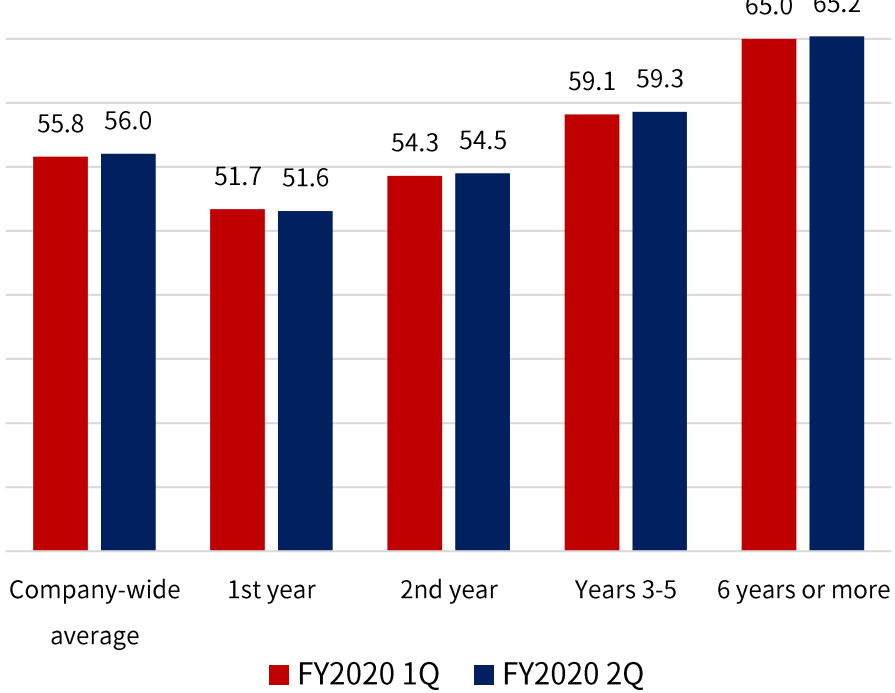


- Contract amount per person increased significantly year-on-year as a result of negotiations with clients for an increase in the amount for "Equal pay for equal work" enforced on April 1, 2020 by the law amendment

Comparison of the same period of the previous year  
by year of employment  
(ten thousands of yen)



Quarterly trends by year of employment  
(ten thousands of yen)



Note1. The contract amount is a monthly fee, and there is no change in monthly fees due to holidays, etc.  
 Note2. In addition to fluctuations in contract amount itself, the average value fluctuates slightly due to join and leave, etc.

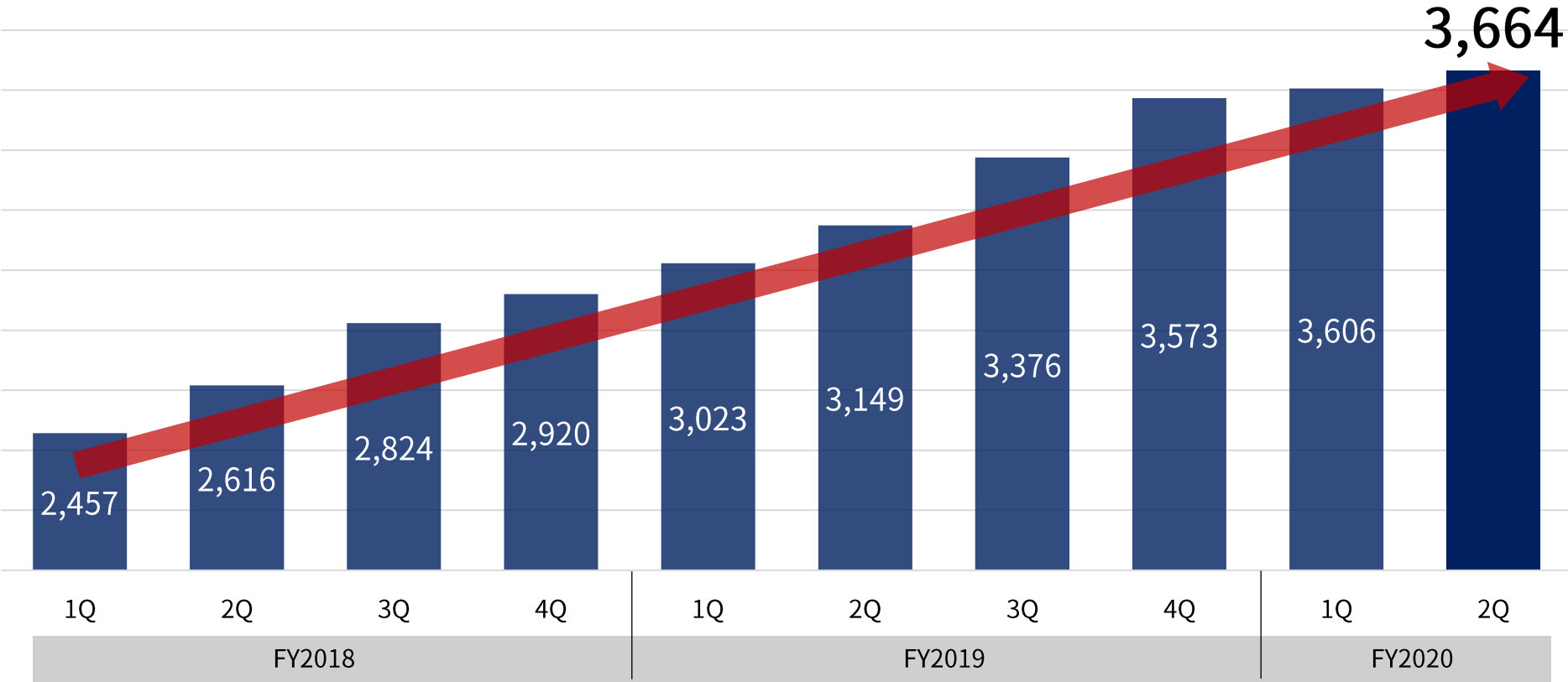
# 3 . Breakdown of Sales



# Quarterly Sales Trends

- Accompanying the growth in engineers counts, quarterly sales have increased on a cumulative basis

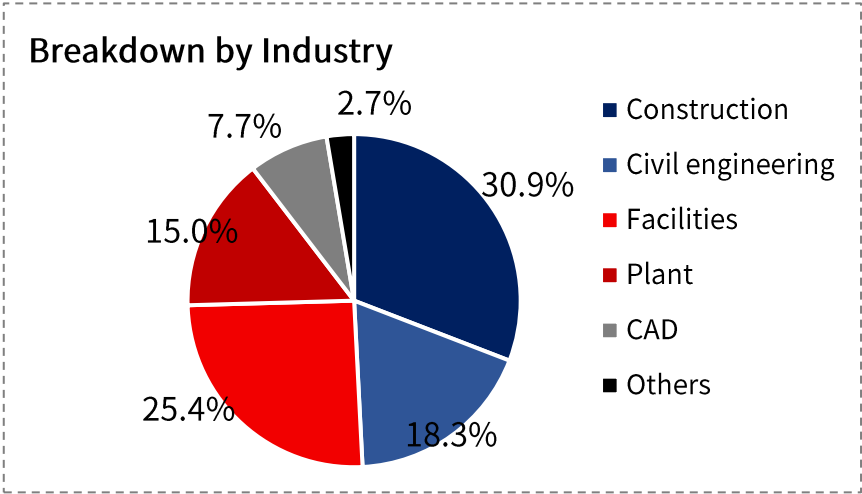
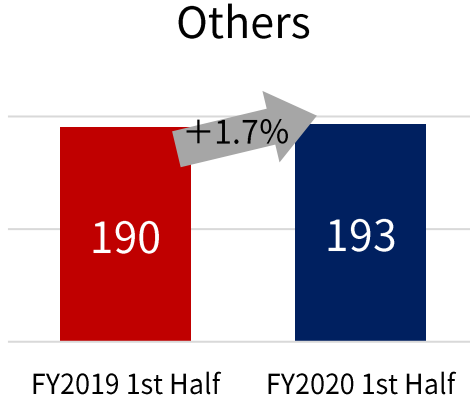
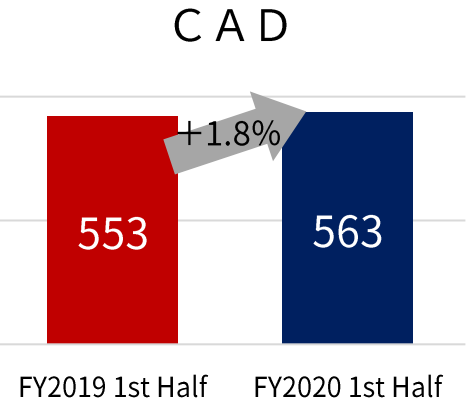
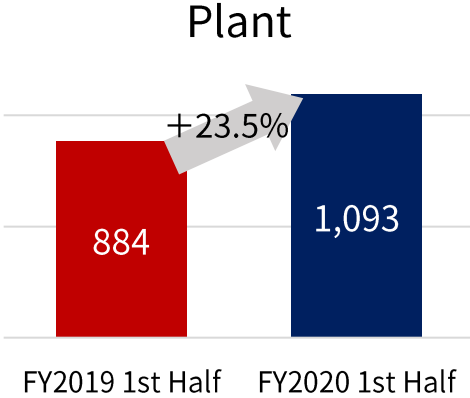
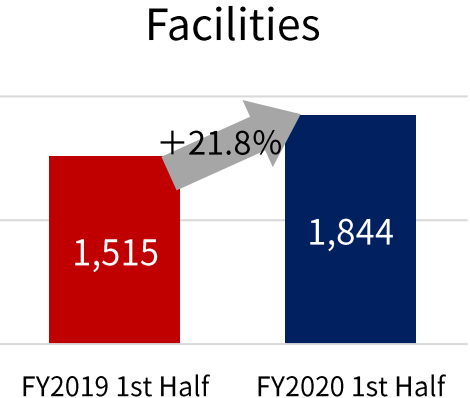
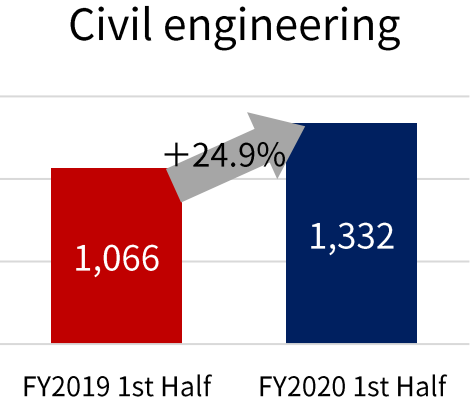
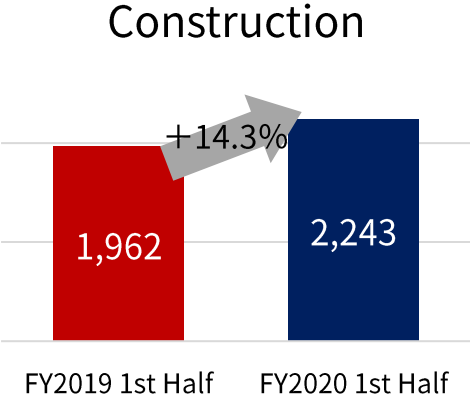
(millions of yen)



# Sales by Industry

- Sales were positive YoY in all industries, including plant area we focus on

(millions of yen)

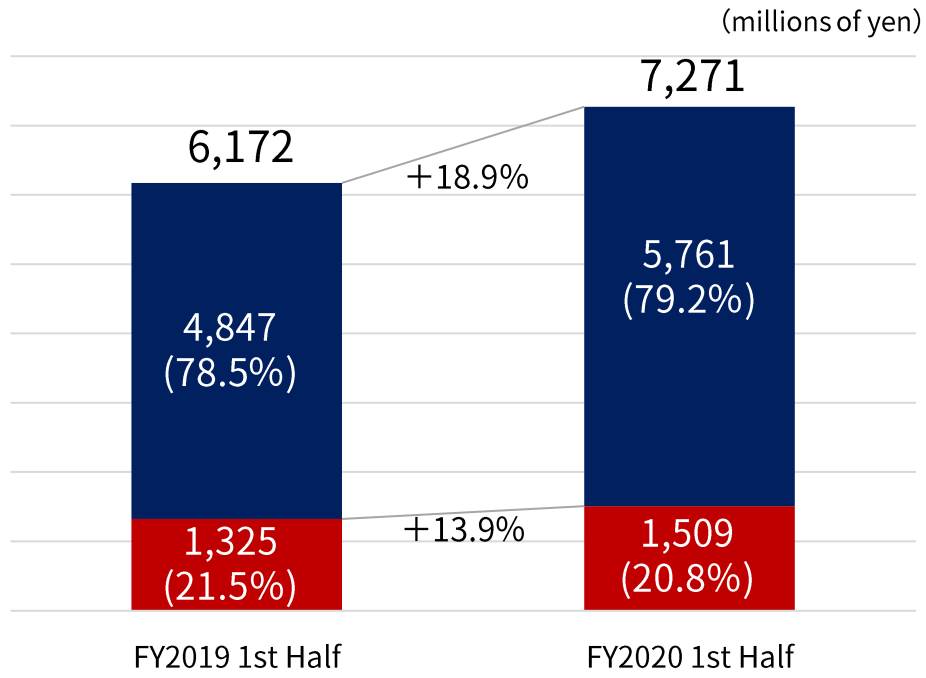


# Sales by Business Partner and Area

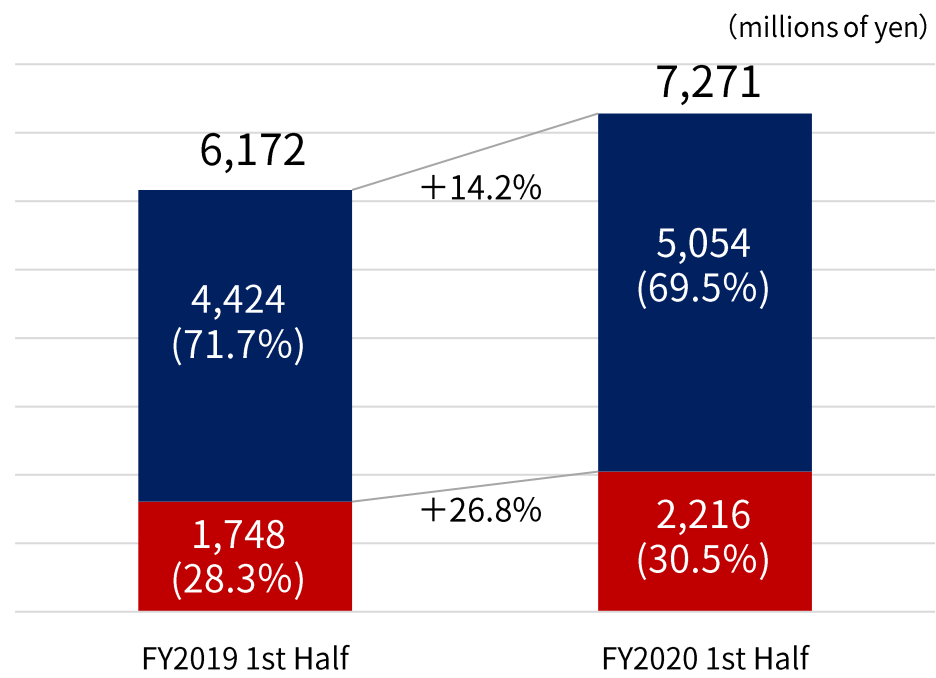


- Business with super general contractor, which has a large backlog of construction orders, expanded
- Sales grew in both the three major metropolitan areas (Kanto, Tokai and Kansai regions) and local areas in a balanced manner.

Sales by business partner

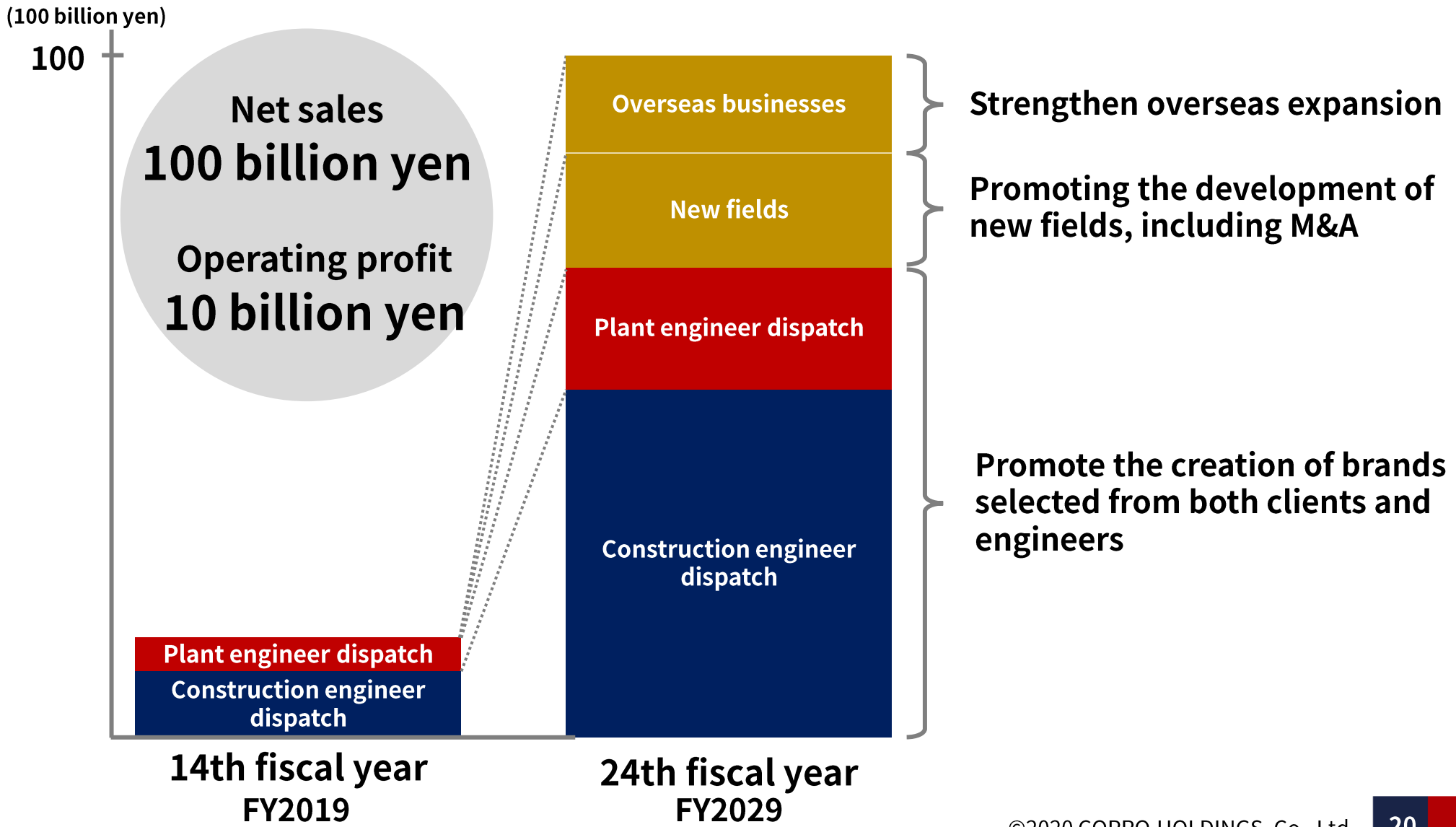


Sales by area



# 4 . Business Environment and Growth Strategy

# Image of 10-year-growth from Now



# Business Environment that Supports Our Growth ①

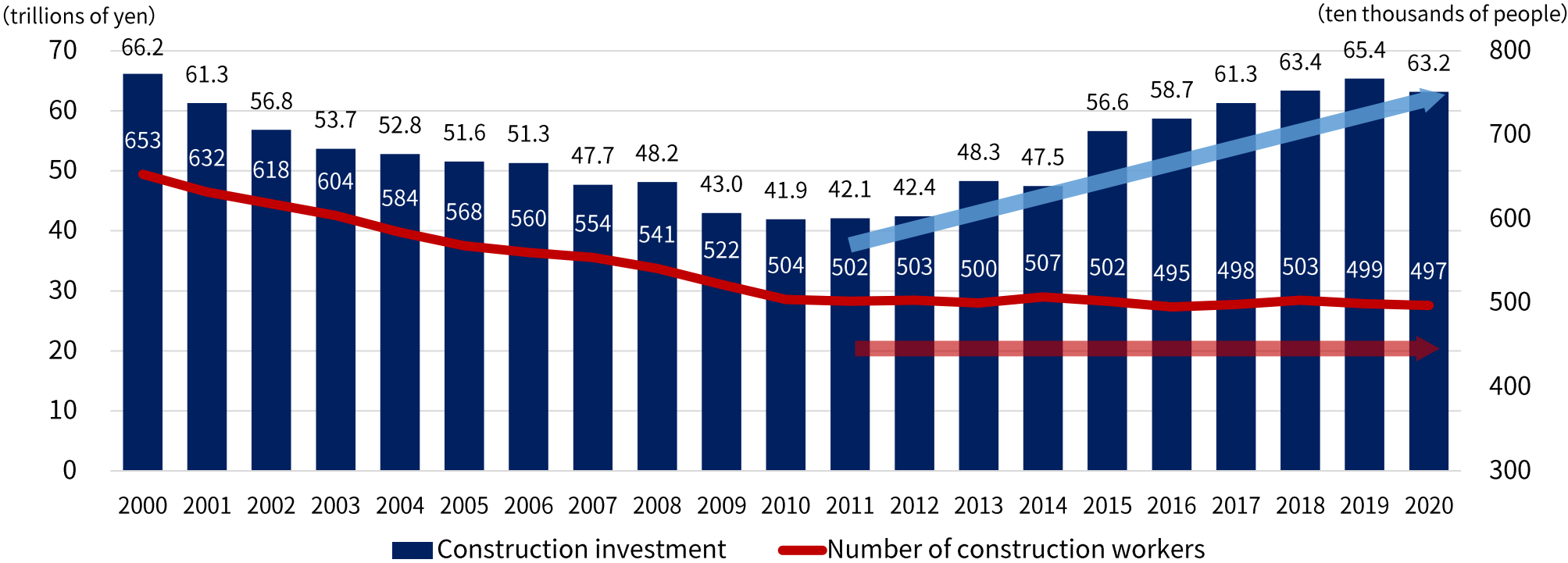


▪ The amount of investment in construction has remained robust after the Tokyo Olympic Demand, due in part to the need for redevelopment, infrastructure development, and countermeasures against natural disasters

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



## Recent demand for engineer dispatch is firm



(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 (2020 results are for August 2020)

# Business Environment that Supports Our Growth ②

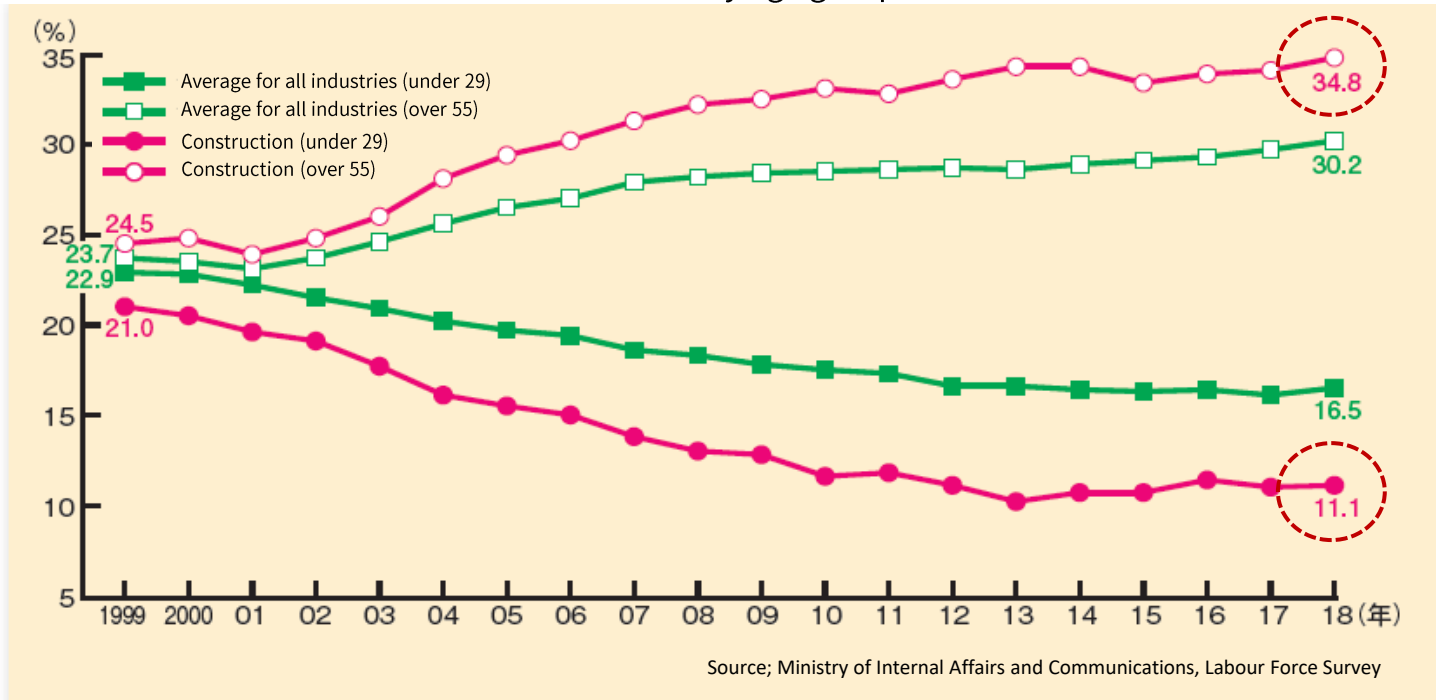


- The construction industry is aging compared to the average for all industries, and there are fewer young workers
- While many construction workers will be forced to retire in 10 years, there are no young workers to cover it



## Demand for engineer dispatch is expected to increase

▪ Percent distribution of construction workers by age group

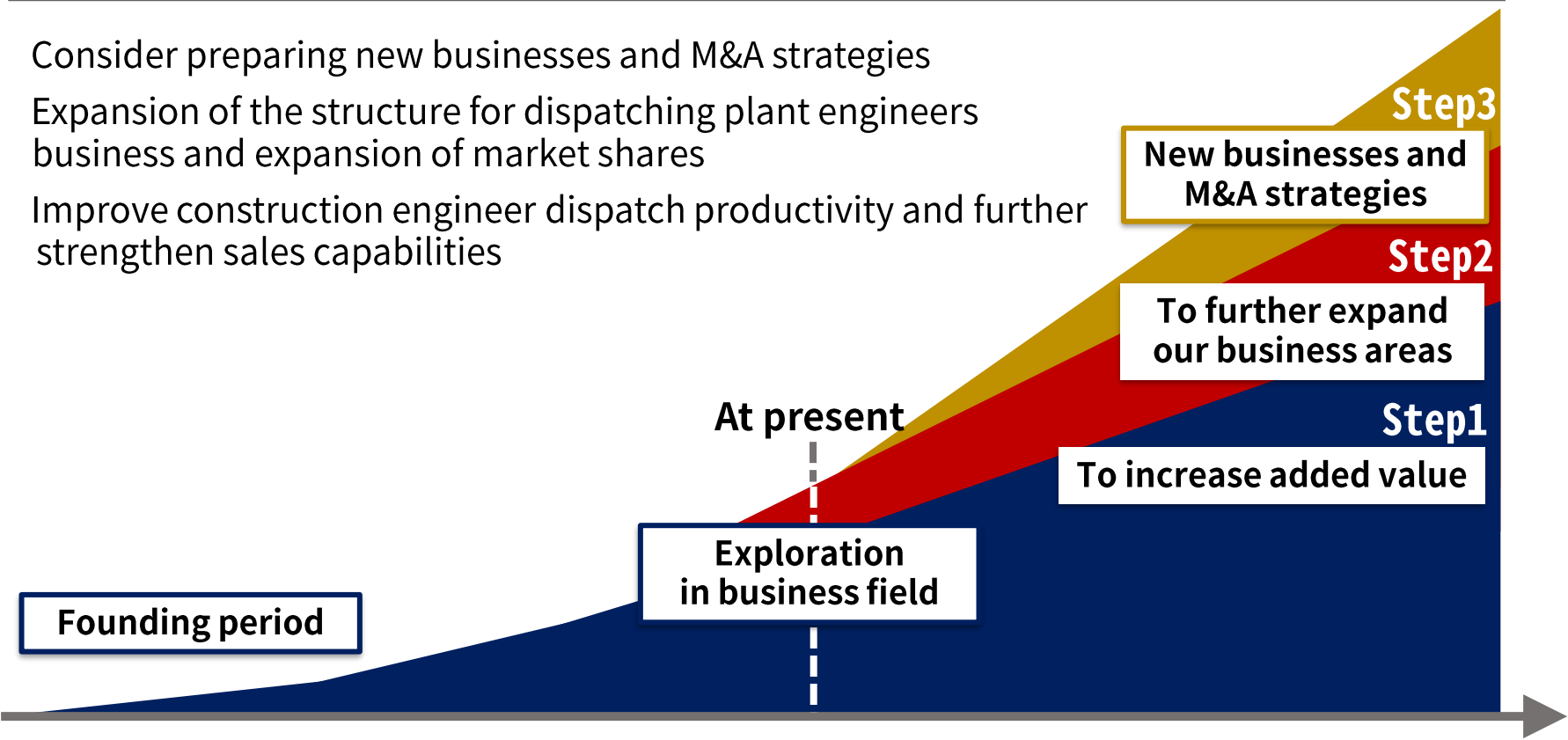


# Policy for Business Rollout

- Based on the dispatch of construction engineers, we will expand the business field by dispatching plant engineers, and consider preparations for new businesses such as overseas businesses

Image of our group's growth

- ✓ **Step3** Consider preparing new businesses and M&A strategies
- ✓ **Step2** Expansion of the structure for dispatching plant engineers business and expansion of market shares
- ✓ **Step1** Improve construction engineer dispatch productivity and further strengthen sales capabilities



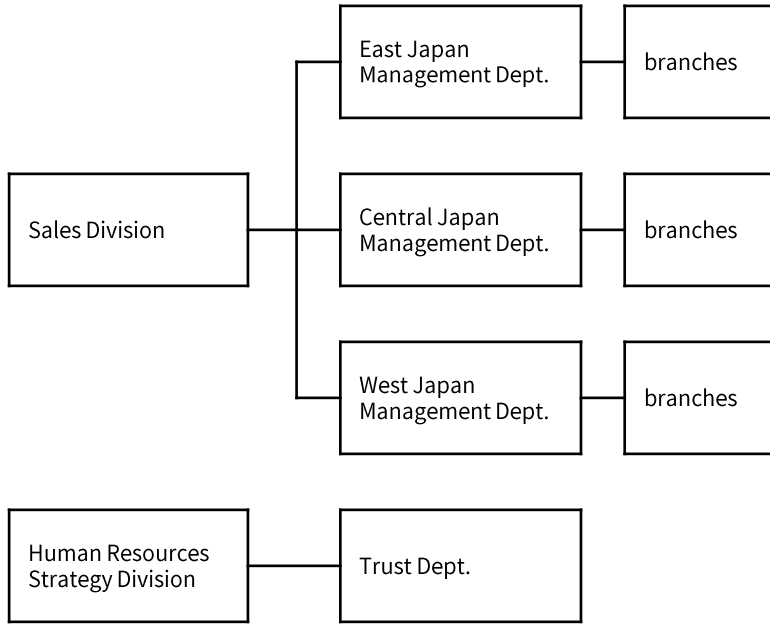


# Organizational Restructuring Aimed at Strengthening Sales

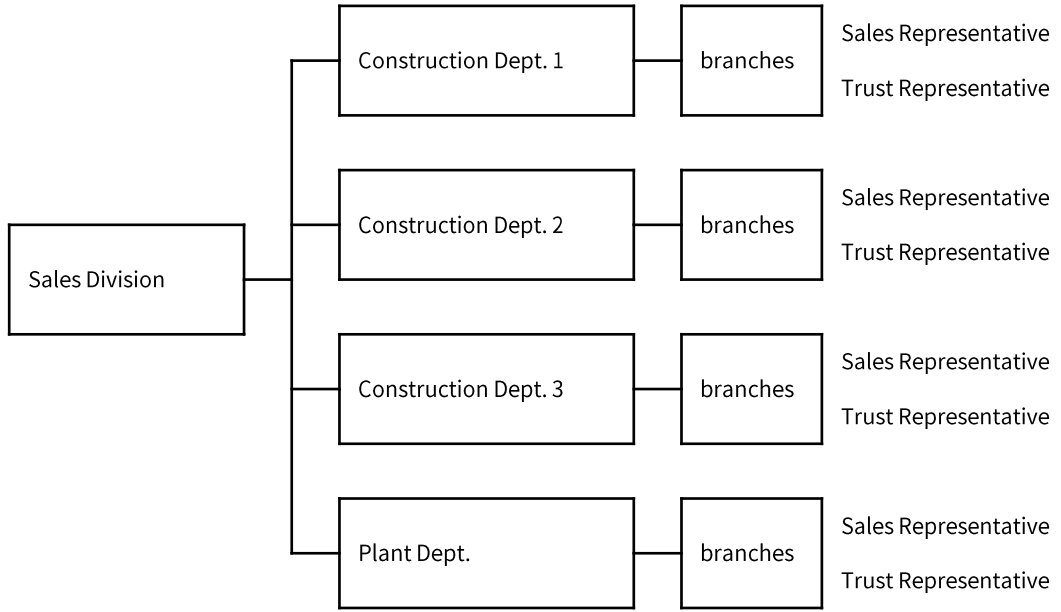


- Separated the sales functions of dispatching construction engineers and dispatching plant engineers and establish four new departments with the aim of responding flexibly and nimbly to the market
- The Trust Department, which is in charge of after-sales follow-up of engineers, has been transferred under the umbrella of the branch to build a system that is more closely linked to sales

**Overview of previous organization chart**  
(Until October 31, 2020)



**Overview of new organization chart**  
(From November 1, 2020)



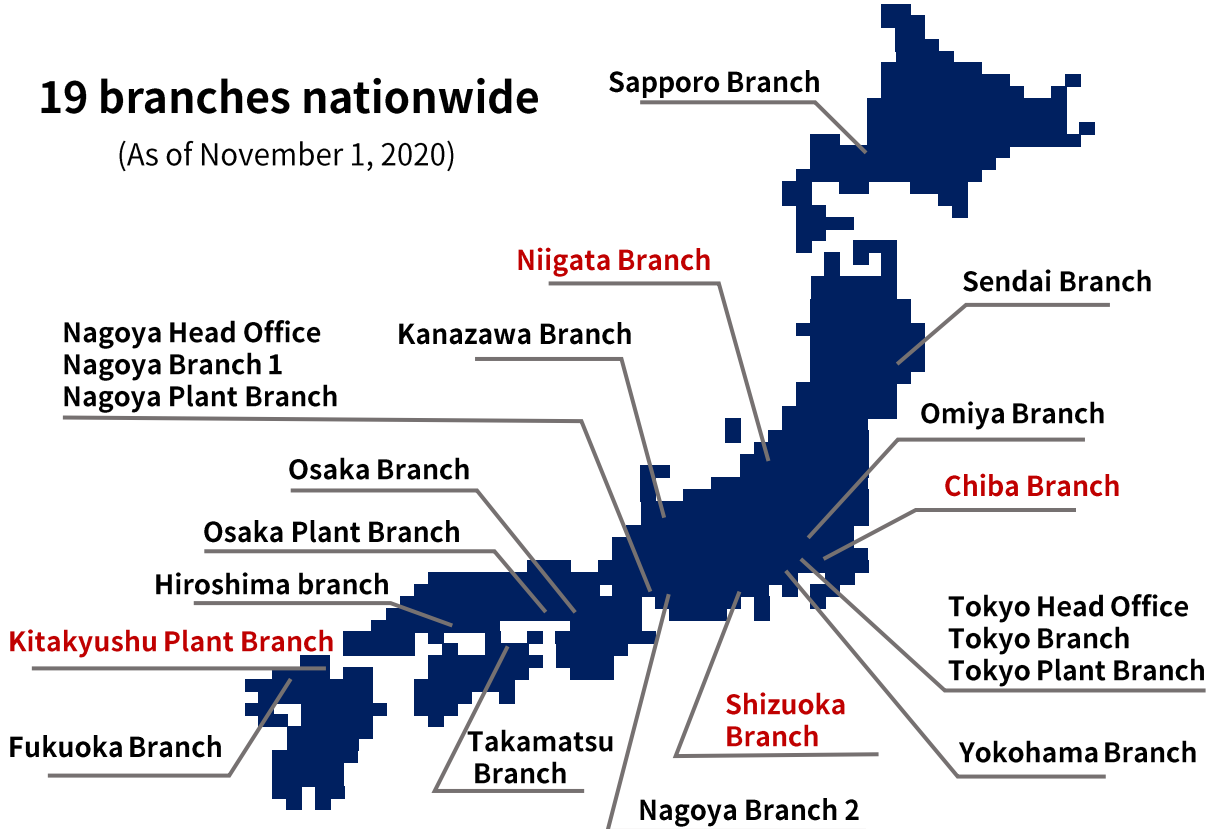
\*The organizational chart of COPRO-ENGINEERD. Co., Ltd., a consolidated subsidiary, is presented with some excerpts.

# Expansion of Business Network

- Under the newly launched Plant Division, further expand the shares of plant engineer dispatch business
- Working to capture the market in the Joshinetsu area by opening the Niigata branch
- Improve productivity and quickly respond to customers by consolidating branches

## 19 branches nationwide

(As of November 1, 2020)



### Establishment and consolidation of branches in FY2020

- Apr. 2020 : Established Chiba branch
- // : Established Shizuoka branch
- // : Established Kitakyushu Plant branch
- Nov. 2020 : Established Niigata branch
- // : Consolidation of Tokyo Branch 2 into Tokyo Branch
- // : Consolidation of Osaka Branch 2 into Osaka Branch

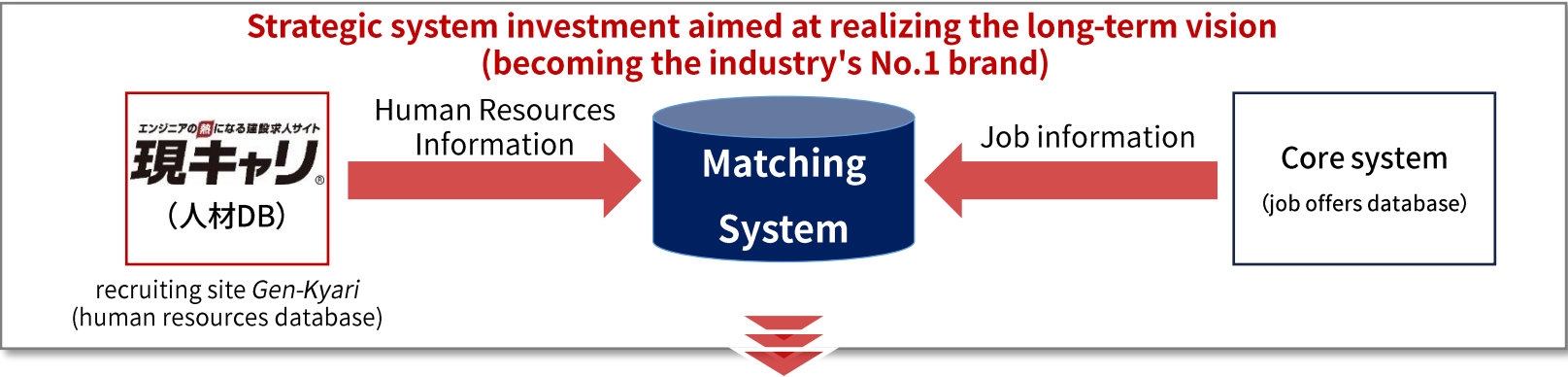
# Increase Matching Rate

- By creating a database of job offers, we will build a system that enables the timely sharing of project information that had been identified only by personnel and branches across the company.
- Improve matching rates by matching human resources information on the company's recruiting site *Gen-Kyari*

### [Schedule for introduction]



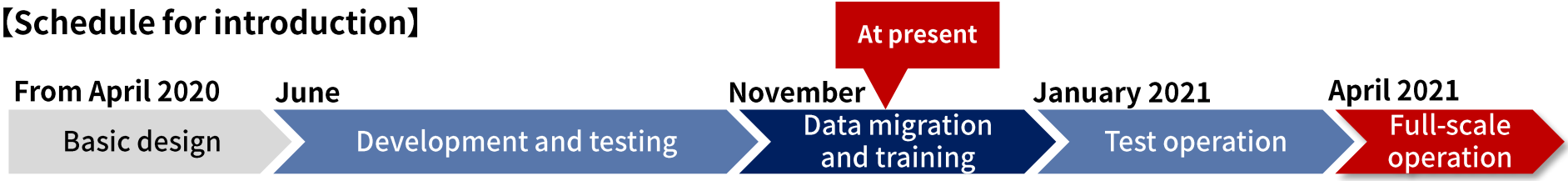
- Human resource database ⇒ Improve customer attraction and application rate (recruiting site performance) through renewal
- Job offers database ⇒ Improve the volume and quality of job offers by streamlining sales activities through system renovations
- Matching system ⇒ Calculate the matching rate after identifying a large number of matching items



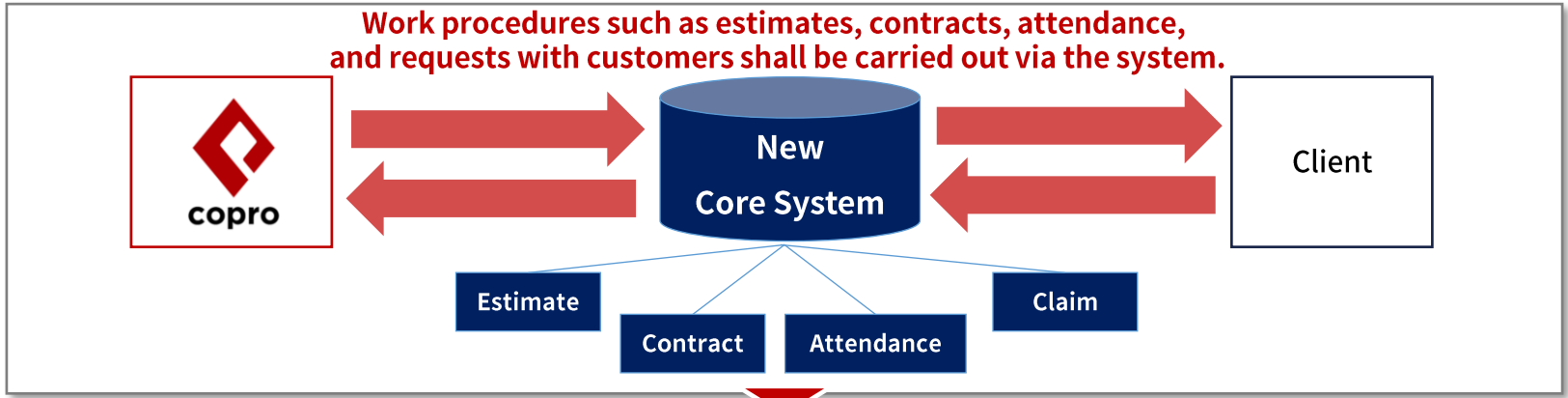
**Aiming for a match that maximizes the satisfaction of both engineers and client**

- Promote systemization of back-office operations and reduce fixed costs at branches

**[Schedule for introduction]**



- Currently, development and testing are underway for full-scale operation from April 2021.
  - The new backbone system will be equipped with a function to process customer quotes, bills, and contract document exchanges online.
- ⇒ Responding to the "Review of Business Practices Assuming Paper and Stamping in Private Companies" in the Government's Policy for Establishing New IT Strategies.



## Expecting higher profit margins

The launch of the new Mission-critical system will enable us to almost halve the number of administrative personnel at branches that had been expanding in proportion to the expansion of clients (= increase in engineers)

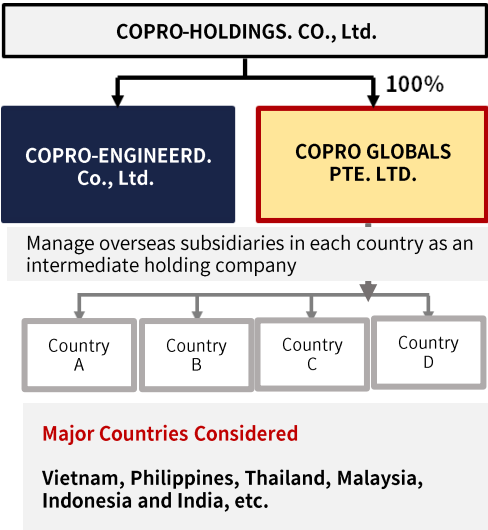
# Initiatives for Overseas Expansion

- Established a subsidiary in Singapore in April 2020 as a hub base for expansion into ASEAN

## Process 1

### Established a subsidiary in Singapore

- Established COPRO GLOBALS PTE. LTD. in Singapore
- Consider future expansion countries, methods of entry, and priorities



## Next Process 2

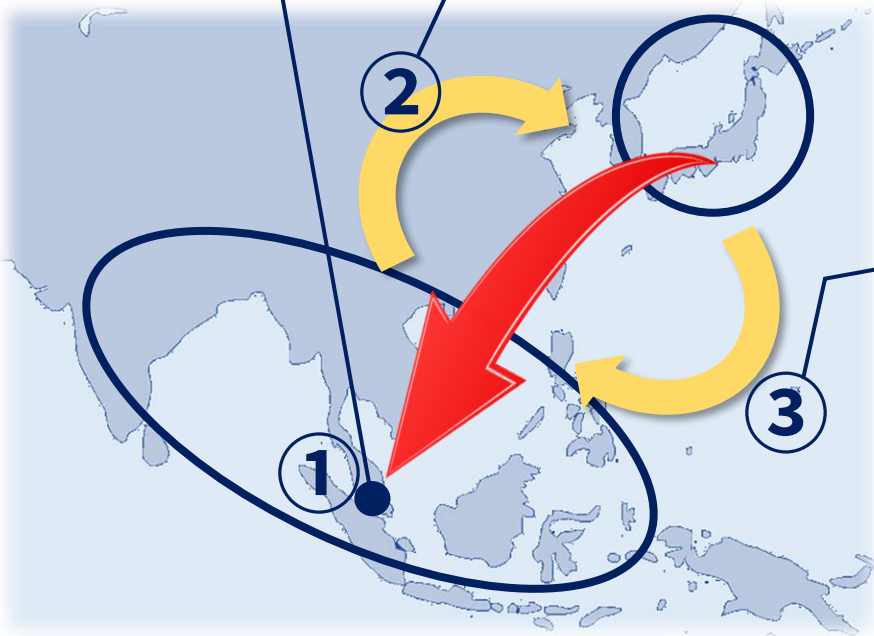
### Accepting overseas human resources

- Accepting overseas personnel domestically
- Establishing educational systems for Japanese, construction, and communication skills at overseas subsidiaries in each country

## Next Process 3

### Overseas human resources' active participation in the home country

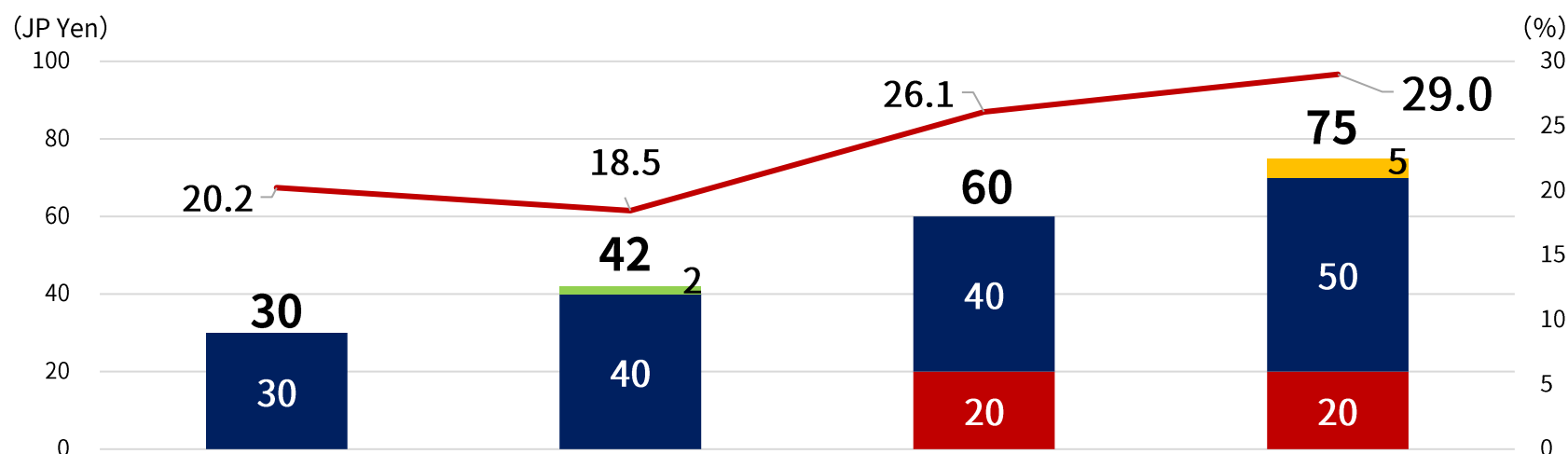
- Establishing a system for dispatching overseas personnel who have learned Japanese technology to Japanese general contractors in their home country, etc.
- Promoting business development in ASEAN countries








# Shareholders' Returns

- In anniversary of the market change to First Section of TSE and NSE, we will pay **a commemorative dividend of ¥5 per share** in addition to the 50-per-share ordinary dividend for the end of the period.\*
- Aim to increase the dividend payout ratio, paying attention to the balance with investments that will contribute to future business expansion

\*This matter will be discussed at the 15th Ordinary General Meeting of Shareholders to be held in June 2021.



	FY2017	FY2018	FY2019	FY2020 (forecast)
 Commemorative dividend for changing to 1st section of TSE and NSE	—	—	—	5 yen
 Commemorative dividend for listing	—	2 yen	—	—
 Ordinary dividend (year-end)	30 yen	40 yen	40 yen	50 yen
 Ordinary dividend (interim)	—	—	20 yen	20 yen
<b>Total dividends</b>	<b>30 yen</b>	<b>42 yen</b>	<b>60 yen</b>	<b>75 yen</b>
 Dividend payout ratio (%)	20.2%	18.5%	26.1%	29.0%

# 【Appendix】

# Company Outline

Company name	COPRO-HOLDINGS Co., Ltd.
Representative	Kosuke Kiyokawa, CEO
Head office	Dai Nagoya Building 27F , 3-28-12 Meieki, Nakamura-ku, Nagoya, Aichi 450-6427
Foundation	October, 2006
Fiscal year-end	March
Stock listings	First Section of the Tokyo Stock Exchange, First Section of the Nagoya Stock Exchange
Security code	7059
Description of business	Dispatching and recruitment consulting services centered on the construction industry
Consolidated subsidiaries	COPRO-ENGINEERD. Co., Ltd. COPRO GLOBALS PTE. LTD.
Number of employees	2,286 (as of September 30, 2020, incl. temporary staff, on consolidated basis)

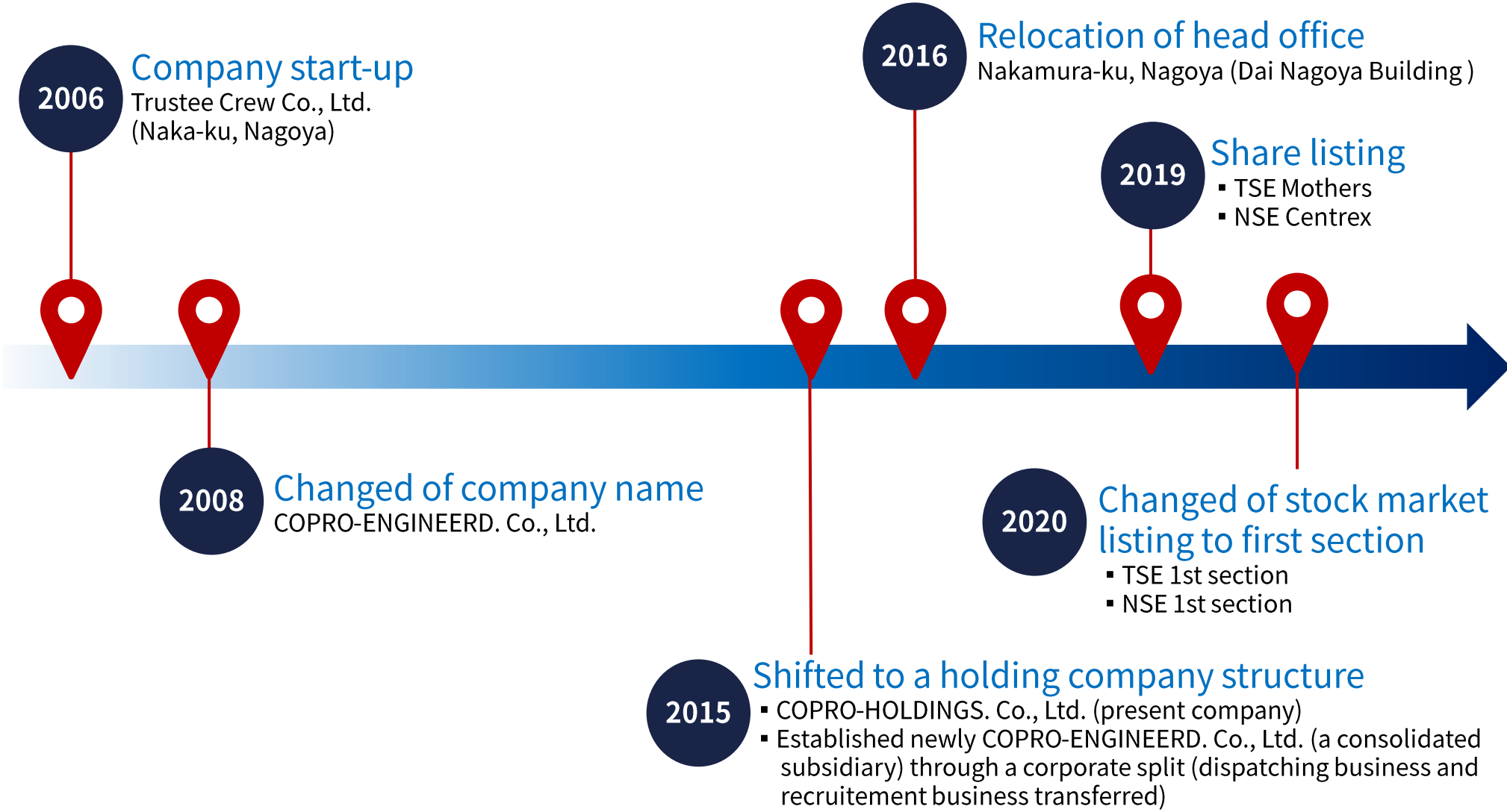
## Kosuke Kiyokawa, CEO



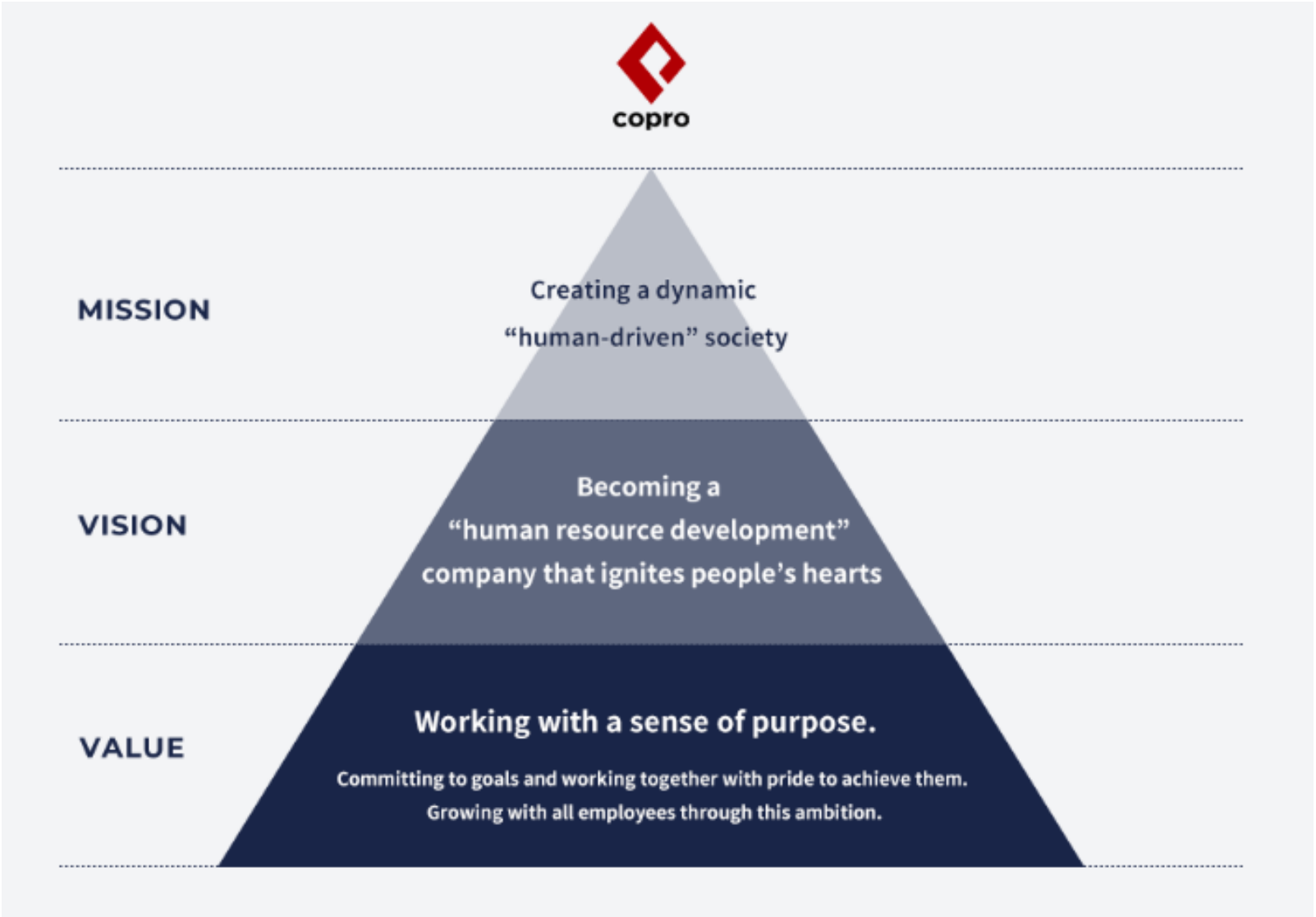
Born in Aichi, Japan on October 16, 1977. After graduating from Nagoya Future Technical College, he worked as a site supervisor in a local construction firm for two years. Then after five years working in sales for a leading outsourcing company and a stint as president of a group affiliate of the company,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



# Company History

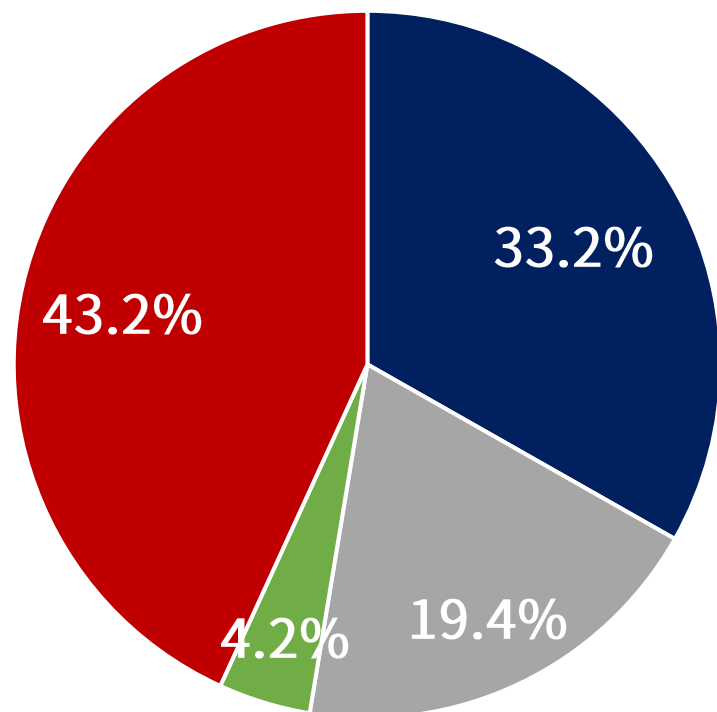


# Company Philosophy



## ▪ Distribution of the Shareholders

(As of September 30, 2020)



- Japanese individuals, treasury shares and others
- Japanese financial institutions and securities companies
- Foreign institutions and individuals
- Other Japanese corporations

## ▪ The Ten Largest Shareholders

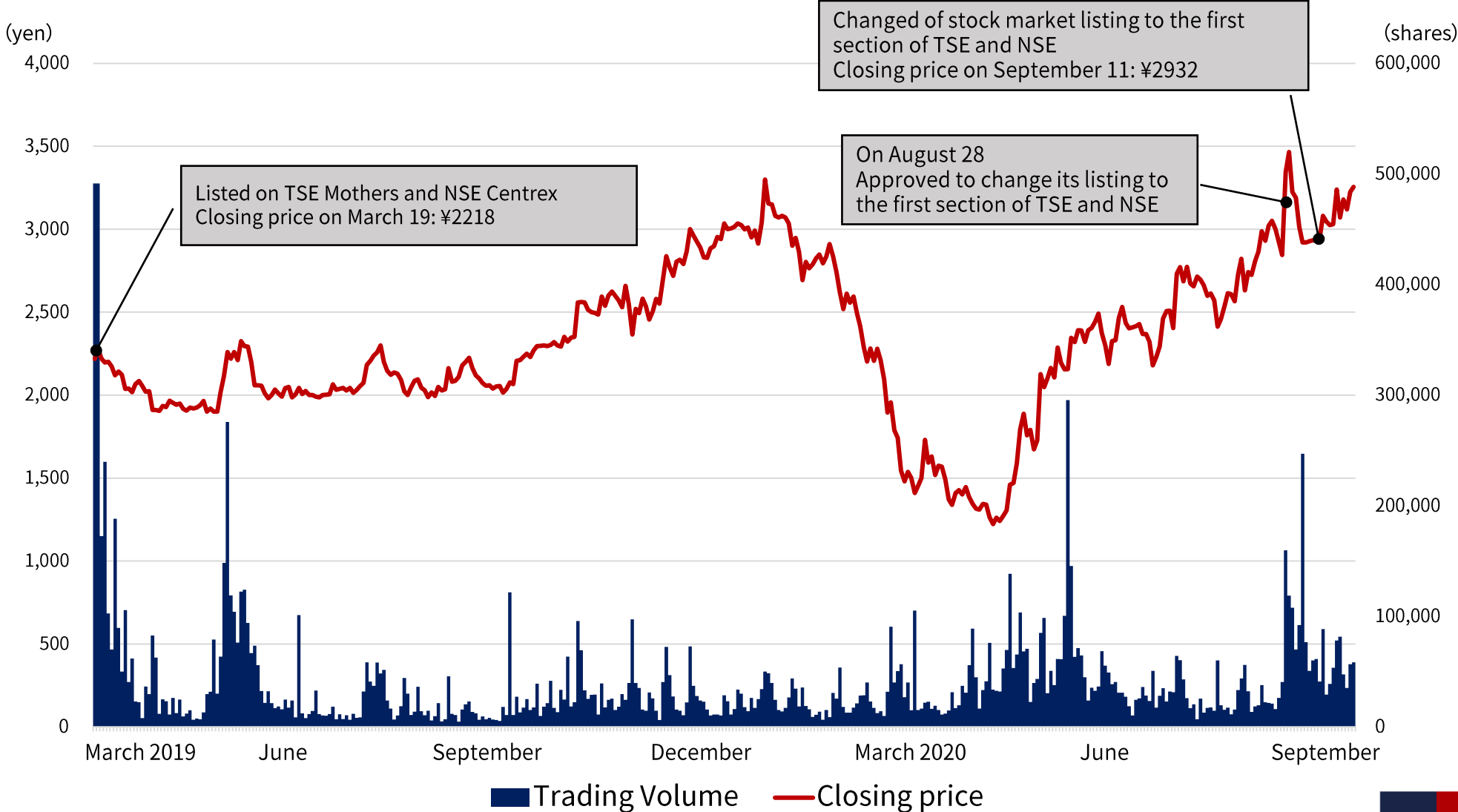
(As of September 30, 2020)

	Name of shareholders	Shareholdings
1	RITAMEKO. Co., Ltd.	44.5%
2	Kosuke Kiyokawa	12.8%
3	Custody Bank of Japan, Ltd. (Trust account)	11.9%
4	The Nomura Trust and Banking Co., Ltd. (Trust account)	3.5%
5	Individual shareholder	1.3%
6	The Master Trust Bank of Japan, Ltd. (Trust account)	1.1%
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1.1%
8	Individual shareholder	1.1%
9	Rakuten Securities, Inc.	1.0%
10	CREDIT SUISSE AG. SINGAPORE BRANCH - FIRE EQUITY (POETS)	0.8%
	<b>Total</b>	<b>79.0%</b>

Note: All percentage figures are calculated by the total number of shares issued and outstanding excluding treasury stocks (283,267 shares) held by the Company.

# Stock Price Chart

From March 19, 2019 to September 30, 2020



# Disclaimer and Forward-Looking Statements

- This document has been prepared by COPRO-HOLDINGS. Co., Ltd. (the “Company”) to assist investors in understanding the current status of Company.
- The information contained in this document is based on economic, social, and other conditions generally recognized as of the date of publication and on certain assumptions deemed reasonable by Company. However, the information may change without notice due to changes in the business environment or other factors.
- Materials and information provided in this announcement include so-called “forward-looking statements”. These forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual results to differ materially from these statements.
- These risks and uncertainties include general industry, market conditions, general domestic and international economic conditions such as interest rate and currency exchange rate fluctuations.
- Company undertakes no obligation to update or revise any forward-looking statements contained in this document, whether as a result of new information or future events.