

**copro**

**Fiscal Year Ending March 31, 2022**

# **Financial Results for 1st Half**

**November 11, 2021**

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

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

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(Dispatching business of construction and plant engineers)
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(Dispatching and contracting business of machinery design and development engineers)
- 4. Major Topics from 1st Quarter Financial Results Announcement**
- 5. FYE2022 Financial Forecast and Business Outlook**
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# **1. Financial Highlights**

## **2. Breakdown of Sales & Key Performance Indicators**

(Dispatching business of construction and plant engineers)

## **3. Breakdown of Sales & Key Performance Indicators**

(Dispatching and contracting business of machinery design and development engineers)

## **4. Major Topics from 1st Quarter Financial Results Announcement**

## **5. FYE2022 Financial Forecast and Business Outlook**

## **6. Returning Shareholders**

## **7. Story of Value Creation**

# Consolidated Financial Results

- Made ATMOS CO., LTD., a company engaged in the dispatching and contract business of machinery design and development engineers, a subsidiary and consolidated results for 3 months.
- Operating profit increased +19.0% year on year, supported by an improvement in the cost of sales ratio due to negotiations for a charge-up by COPRO-ENGINEERD.

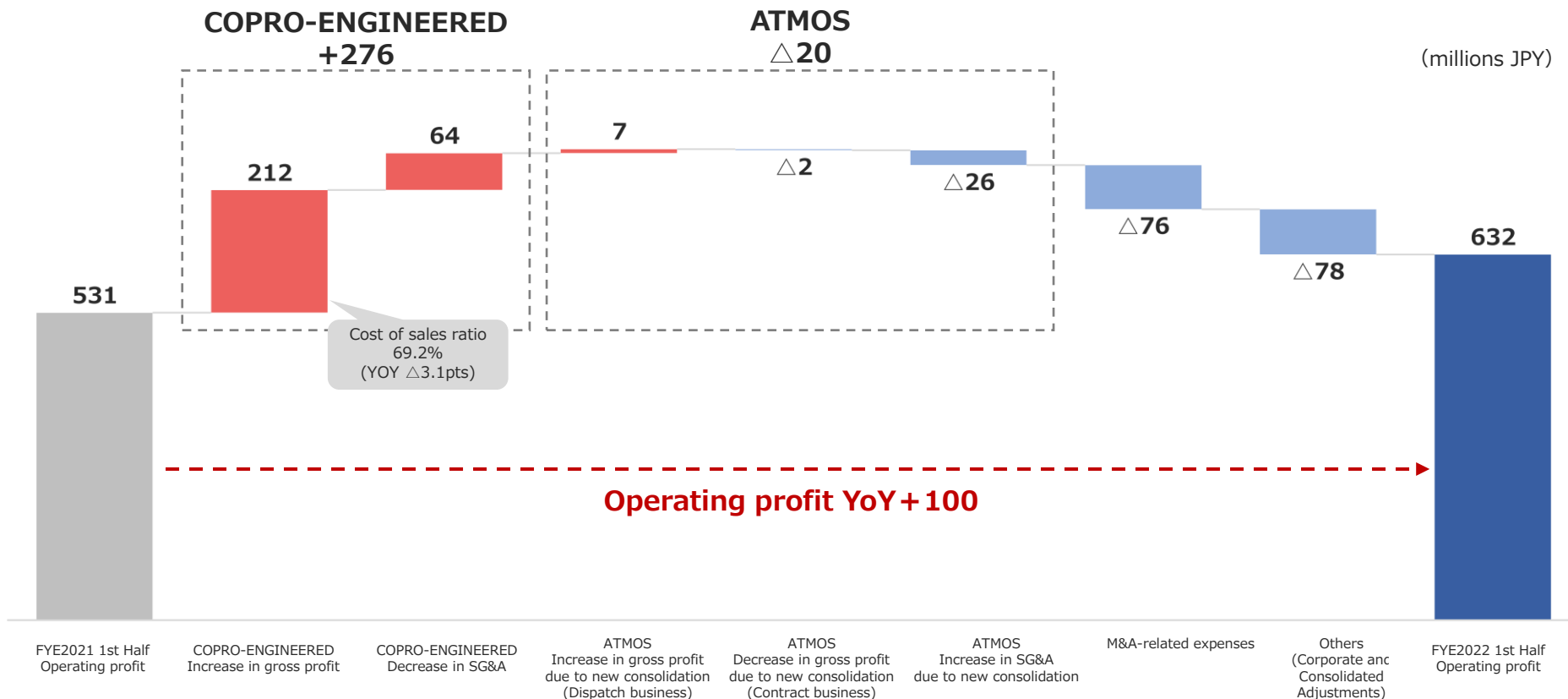
(millions JPY)

	FYE2021		FYE2022			
	1st Half	Full-year	1st Half	Year-on-year		Full-year (revised forecast on Aug. 11)
				(amount)	(%)	
Net sales	7,271	14,836	7,402	+130	+1.8%	16,943
Cost of sales	5,255	10,539	5,168	△87	△1.7%	11,788
Ratio to sales	72.3%	71.0%	69.8%	–	△2.5pts	69.6%
Gross profit	2,015	4,297	2,233	+218	+10.8%	5,155
Ratio to sales	27.7%	29.0%	30.2%	–	+2.5pts	30.4%
SG&A expenses	1,483	2,859	1,601	+117	+7.9%	3,500
Ratio to sales	20.4%	19.3%	21.6%	–	+1.2pts	20.7%
Operating profit	531	1,437	632	+100	+19.0%	1,655
Ratio to sales	7.3%	9.7%	8.5%	–	+1.2pts	9.8%
Ordinary profit	534	1,439	630	+96	+18.1%	1,657
Ratio to sales	7.3%	9.7%	8.5%	–	+1.2pts	9.8%
Profit attributable to owners of parent	404	1,009	328	△76	△18.9%	1,077
Ratio to sales	5.6%	6.8%	4.4%	–	△1.2pts	6.4%
Earnings per share (JPY)	42.92	106.74	34.38	△8.54	–	112.76
Dividend per share (JPY)	10.00	37.50	10.00	–	–	40.00

※ The Company conducted a 2-for-1 share split on April 1, 2021. The Company assumes that the share split occurred at the beginning of the period in order to calculate earnings per share for FYE2021.

# Consolidated Operating Profit

- COPRO-ENGINEERED : Gross profit increased due to stronger negotiations for charge-up, which contributed to an improvement in the cost of sales ratio.
- ATMOS : 3 months' worth of earnings (June to August) were newly consolidated. Cost of sales ratio rose in the dispatching business and the contracting business due to a decrease in the number of working days and hours due to summer vacations. In addition, the contracting business posted an operating loss due to a negative contribution from gross profit due to a deterioration in profitability in the in-house product development business.
- Consolidated operating profit increased as improved earnings at COPRO-ENGINEERED offset M&A-related expenses, etc.



# Quarterly Financial Results

- In 2nd quarter (July to September), net sales turned to an increase due to the new consolidation of ATMOS and a slight increase in sales of COPRO-ENGINEERED. Further, following on from 1st quarter (April to June), operating profit maintained its upward trend, as the increase in SG&A expenses was offset by the increase in gross profit.

(millions JPY)

	1Q			2Q			1st Half			3Q			4Q			Full-year		
	Results	Previous quarter	YoY	Results	Previous quarter	YoY	Results	Previous 1st H	YoY	Results	Previous quarter	YoY	Results	Previous quarter	YoY	Revised forecast	Previous FY	YoY
Net sales	3,555	3,606	△1.4%	3,846	3,664	+5.0%	7,402	7,271	+1.8%	–	3,796	–	–	3,768	–	16,943	14,836	+14.2%
Cost of sales	2,491	2,645	△5.8%	2,676	2,610	+2.5%	5,168	5,255	△1.7%	–	2,659	–	–	2,623	–	11,788	10,539	+11.9%
Ratio to sales	70.1%	73.3%	△3.2pts	69.6%	71.2%	△1.6pts	69.8%	72.3%	△2.5pts	–	70.0%	–	–	69.6%	–	69.6%	71.0%	△1.4pts
Gross profit	1,063	961	+10.7%	1,170	1,054	+11.0%	2,233	2,015	+10.8%	–	1,137	–	–	1,144	–	5,155	4,297	+20.0%
Ratio to sales	29.9%	26.7%	+3.2pts	30.4%	28.8%	+1.6pts	30.2%	27.7%	+2.5pts	–	30.0%	–	–	30.4%	–	30.4%	29.0%	+1.4pts
SG&A expenses	786	762	+3.0%	815	720	+13.1%	1,601	1,483	+7.9%	–	711	–	–	664	–	3,500	2,859	+22.4%
Ratio to sales	22.1%	21.1%	+1.0pts	21.2%	19.7%	+1.5pts	21.6%	20.4%	+1.2pts	–	18.7%	–	–	17.6%	–	20.7%	19.3%	+1.4pts
Operating profit	277	198	+40.0%	354	333	+6.4%	632	531	+19.0%	–	426	–	–	479	–	1,655	1,437	+15.1%
Ratio to sales	7.8%	5.5%	+2.3pts	9.2%	9.1%	+0.1pts	8.5%	7.3%	+1.2pts	–	11.2%	–	–	12.7%	–	9.8%	9.7%	+0.1pts

## ■ COPRO-ENGINEERED. Co., Ltd. (Dispatching business of engineers on the construction and plant industry)

Net sales	3,555	3,606	△1.4%	3,683	3,664	+0.5%	7,238	7,271	△0.5%	–	3,796	–	–	3,768	–	–	14,836	–
Gross profit	1,063	961	+10.7%	1,164	1,054	+10.5%	2,228	2,015	+10.6%	–	1,137	–	–	1,144	–	–	4,297	–
Operating profit	228	87	+161.2%	360	224	+60.5%	588	311	+88.8%	–	292	–	–	342	–	–	946	–
Number of engineers	1,957	2,044	△87	1,978	2,002	△24	1,978	2,002	△24	–	2,054	–	–	2,020	–	2,440	2,020	+420
Sales PH (thousands of yen)	628	624	+4	637	628	+9	635	626	+9	–	636	–	–	633	–	–	630	–

※ Sales Per Head : Average monthly sales per engineer

## ■ ATMOS CO., LTD. (Dispatching business of machinery design and development engineers)

Net sales				163			163			–			–			–		
Gross profit				5			5			–			–			–		
Operating profit				△20			△20			–			–			–		
Number of engineers				108			108			–			–			130		
Sales PH (thousands of yen)				555			555			–			–			–		

※ Number of engineers are the sum of both dispatched and contracted engineer.

※ Sales Per Head : Average monthly sales per engineer excluding contracted engineer.

# Balance Sheet

- (Assets) Current assets decreased due to payments for acquisition of subsidiaries, purchase of treasury stock, and payment of dividends. On the other hand, fixed assets increased due to the acquisition of subsidiaries, the relocation of the head office, and the development of a new core system.
- (Liabilities) Liabilities declined due to a decrease in accrued consumption taxes, while accounts payable increased due to the new consolidation of subsidiaries and other factors.

## Balance Sheet

	(millions JPY)			
	FYE2021	FYE2022		
	4Q	2Q	YoY	Remarks
Current assets	7,407	6,092	△1,314	
Cash and deposits	5,320	3,694	△1,625	
Non-current assets	1,106	2,347	+1,240	
Goodwill	–	885*	+885	Recorded as a result of the acquisition of all shares of ATMOS CO., LTD. and VALUE ARK CONSULTING CO., LTD.. Provisionally determined amounts as allocation of acquisition costs has not been completed.
Total assets	8,514	8,439	△74	
Liabilities	2,241	2,193	△48	
Current liabilities	2,162	2,066	△96	
Non-current liabilities	78	127	+48	
Net assets	6,272	6,245	△26	
Shareholders' equity	6,272	6,225	△46	
Liabilities and net assets	8,514	8,439	△74	
Interest-bearing liabilities	89	7	△81	
Equity ratio	73.7%	73.8%	+0.1pts	

## Commitment Lines

	(millions JPY)	
	FYE2021	FYE2022
	4Q	2Q
Credit line	3,000	3,000
Used	0	0
Unused	3,000	3,000

# Non-Consolidated Results of Subsidiaries

## COPRO-ENGINEERED. Co., Ltd.

(millions JPY)

	FYE2021		FYE2022		
	1st Half	Full-year	1st Half	Year-on-year	
				(amount)	(%)
Net sales	7,271	14,836	7,238	△32	△0.5%
Cost of sales	5,255	10,539	5,010	△245	△4.7%
Ratio to sales	72.3%	71.0%	69.2%	-	△3.1pts
Gross profit	2,015	4,297	2,228	+212	+10.6%
SG&A expenses	1,703	3,350	1,639	△64	△3.8%
Operating profit	311	946	588	+276	+88.8%

- Net sales fell 0.5% YoY due to a decline in the number of engineers, affected by the prolonged emergency declaration caused by COVID-19.
- In response to the increase in the salary base for dispatched engineers following the "equal pay for equal work" system that went into effect in April 2020, negotiations on charge-ups, which were positioned as a top priority issue, contributed to the increase in gross profit, resulting in an increase in operating profit.

## ATMOS CO., LTD.

(millions JPY)

	FYE2021		FYE2022		
	1st Half	Full-year	1st Half	Year-on-year	
				(amount)	(%)
Net sales			163		
Cost of sales			158		
Ratio to sales			96.7%		
Gross profit			5		
SG&A expenses			26		
Operating profit			△20		

- Cost of sales ratio rose in the dispatching and contracting businesses as the number of working days and hours declined due to summer holidays. Also, in the contracting business, gross profit was negative due to the deterioration in profitability in the in-house product development business, and as a result, the cost of sales ratio was at a high level of 96.7%.
- The Company booked an operating loss due to an increase in the cost of sales.



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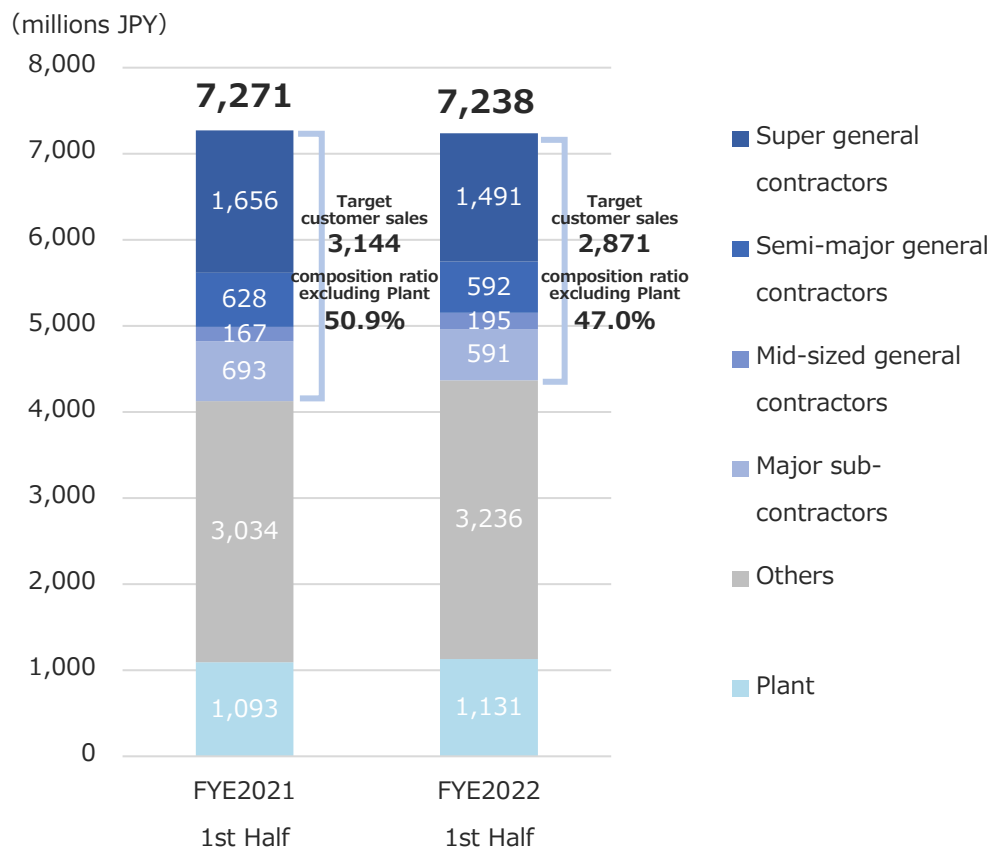
## 6. Returning Shareholders

## 7. Story of Value Creation

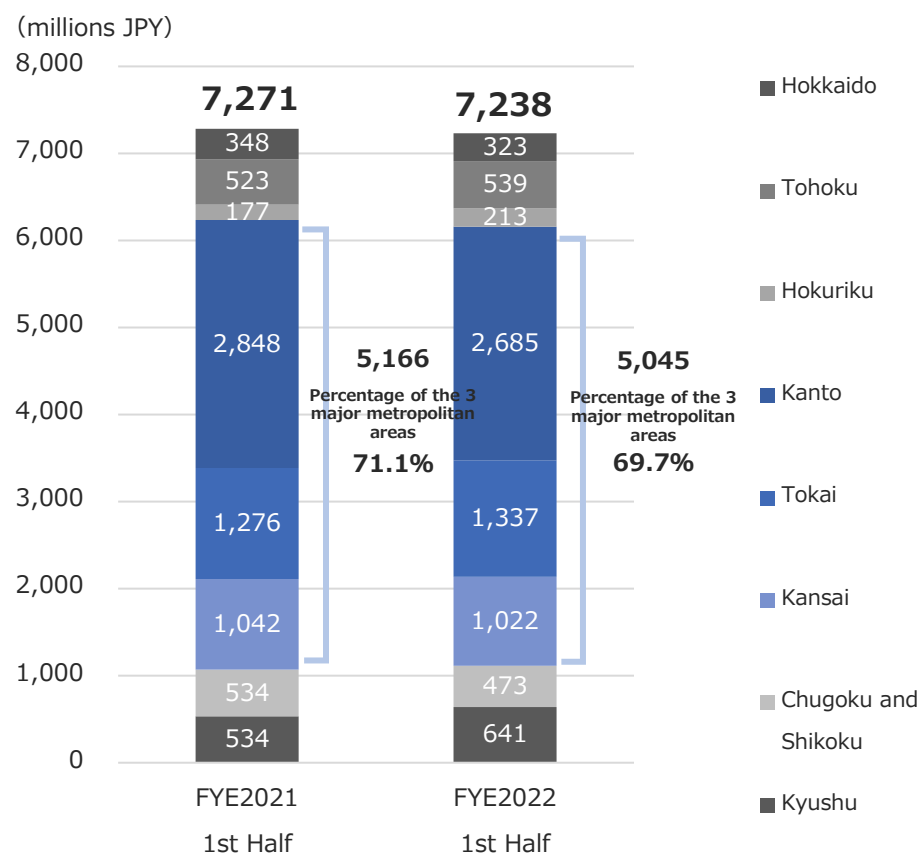
# Sales by Business Partner and Area

- Sales declined at major general contractors and subcontractors, which are in a lull in demand for urban redevelopment from the Olympic Games, and sales declined mainly in the 3 major metropolitan areas due to the prolonged declaration of an emergency due to COVID-19.

## Sales by Business Partner

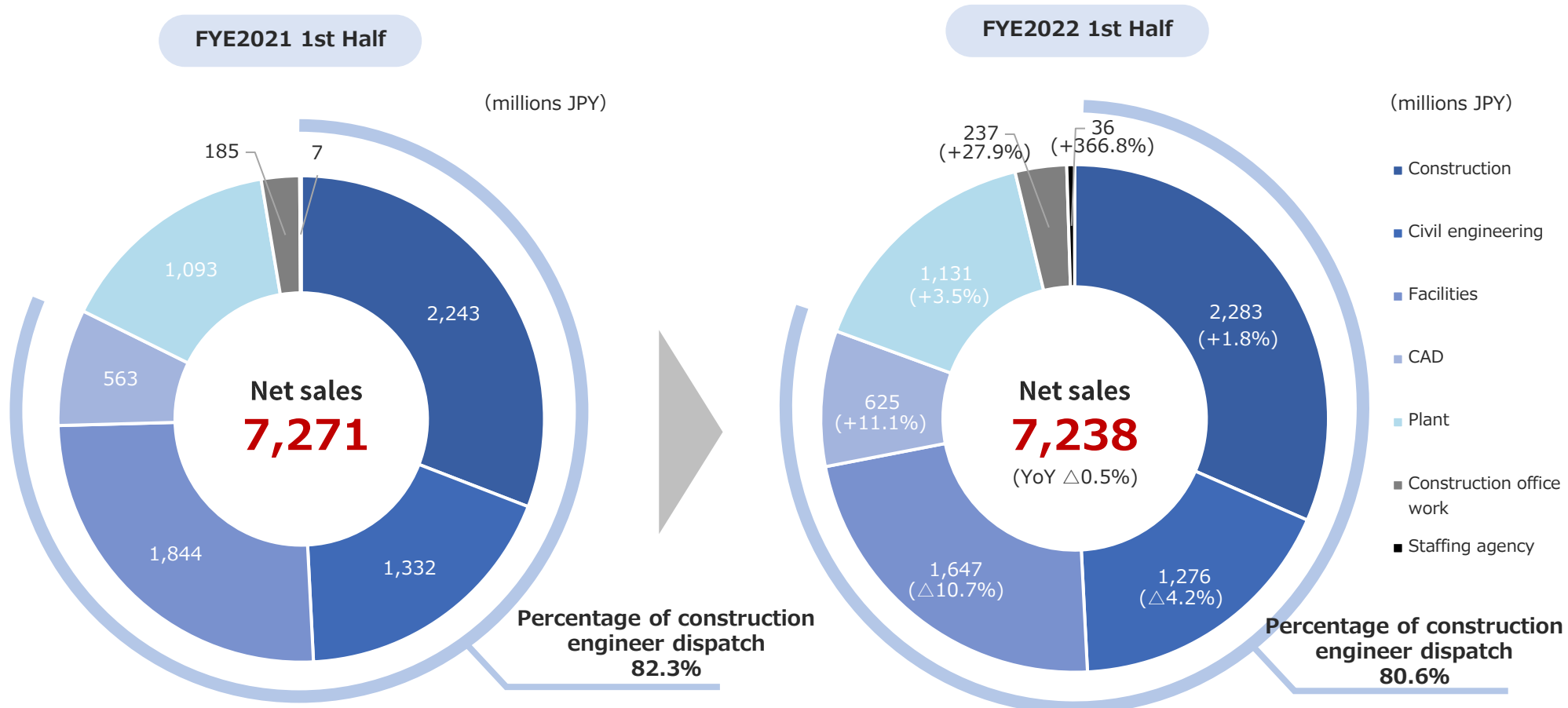


## Sales by Area



# Sales by Industry

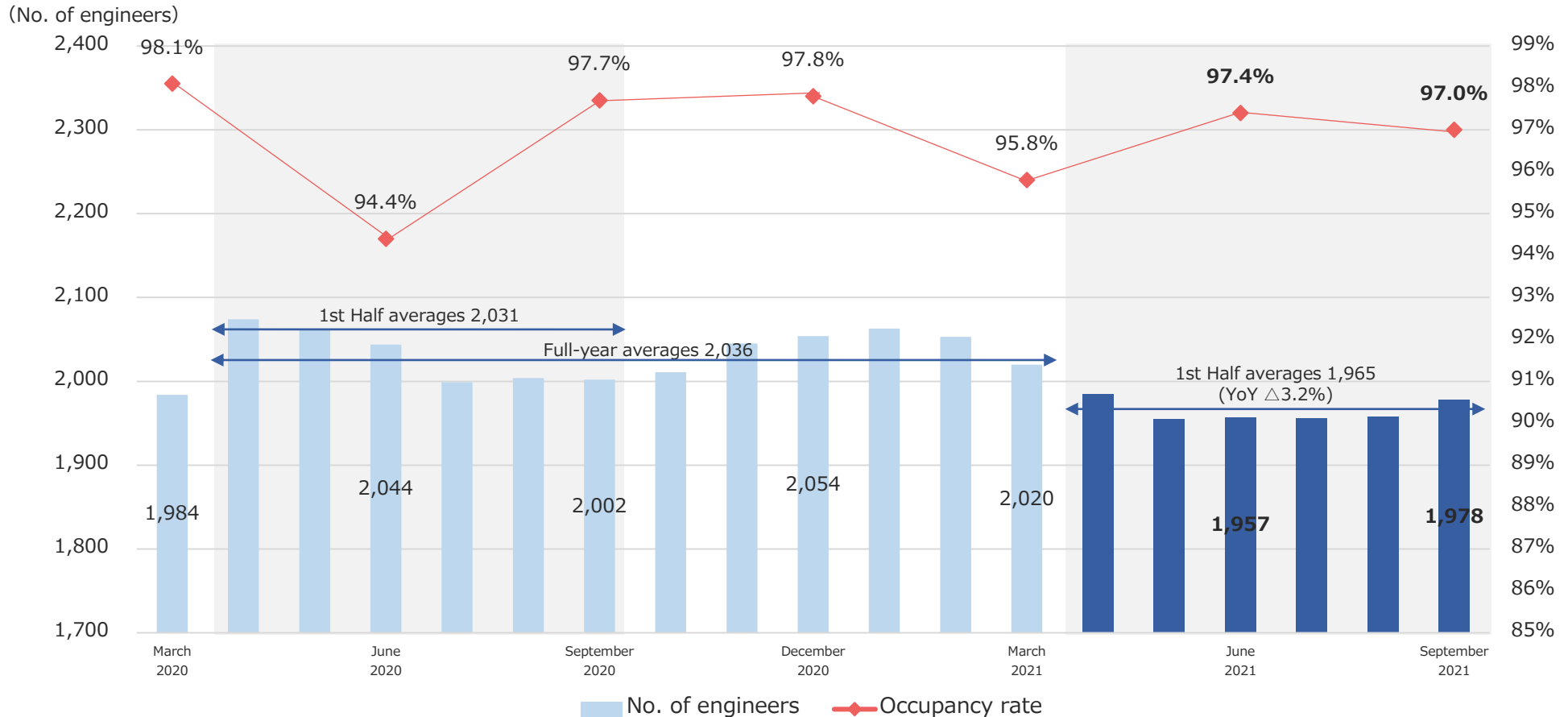
- Sales of facilities declined due to a decrease in projects prior to completion. On the other hand, projects at the design stage and immediately after construction started are trending upward, and construction and CAD sales increased.



Note: Figures in parentheses indicate year-on-year changes in net sales.

# Number of Engineers & Occupancy Rate

- The number of engineers at the end of this 2nd quarter was 1,978, down 24 from the end of the previous 2nd quarter.
- The occupancy rate of engineers at the end of 2nd quarter was 97.0%, down 0.7 percentage points from the end of the previous 2nd quarter.



# Recruitment / Turnover, Retention Rate & Contract Renewal

- The number of hires was restrained due to weakening demand for human resources, particularly in urban areas, following the prolonged emergency declaration.
- From the fiscal year under review, the effects of the change to a system in which sales employees consistently conduct sales to temporary staffing destinations and after-sales services for engineers are gradually becoming apparent, and the number of 2nd Quarter retirements declined from 1st Quarter.

## Recruitment / Turnover

	FYE2021	FYE2022 1st Half	YoY	FYE2022 (forecast)
<b>Hired total</b>	<b>865</b>	<b>438</b>	<b>-</b>	<b>1,200</b>
New-grads joined in April	89	56	△33	
Mid-carrier: 1Q	192	174	△18	
Mid-carrier: 2Q	181	208	+27	
Mid-carrier: 3Q	231	-	-	
Mid-carrier: 4Q	172	-	-	
<b>Turnover total</b>	<b>829</b>	<b>480</b>	<b>-</b>	<b>780</b>
Permanent employees	68	49	-	
Fixed-term employees	761	431	-	
Turnover: 1Q	221	293	+72	
Turnover: 2Q	223	187	△36	
Turnover: 3Q	179	-	-	
Turnover: 4Q	206	-	-	
<b>Net change</b>	<b>+36</b>	<b>△42</b>	<b>-</b>	<b>+420</b>
<b>No. of engineers</b>	<b>2,020</b>	<b>1,978</b>	<b>-</b>	<b>2,440</b>

## Retention Rate

	FYE2021				FYE2022	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Permanent employees (LTM)</b>	<b>84.5%</b>	<b>85.8%</b>	<b>85.2%</b>	<b>85.2%</b>	<b>78.9%</b>	<b>77.0%</b>
<b>year-to-date</b>	<b>95.7%</b>	<b>92.2%</b>	<b>87.9%</b>	<b>85.2%</b>	<b>94.2%</b>	<b>88.9%</b>
<b>Fixed-term employees(LTM)</b>	<b>71.5%</b>	<b>70.6%</b>	<b>68.7%</b>	<b>66.7%</b>	<b>65.8%</b>	<b>68.0%</b>
<b>year-to-date</b>	<b>88.8%</b>	<b>78.6%</b>	<b>72.8%</b>	<b>66.7%</b>	<b>82.4%</b>	<b>76.8%</b>

Retention rate; the percentage of engineers who were employed at the end of the quarter 1 year ago and who were employed at the end of the current quarter 1 year later.

Year-to-date retention rate; the percentage of engineers employed at the end of the previous FY4Q that were employed at the end of the current fiscal quarter.

## Contract Renewal Ratio

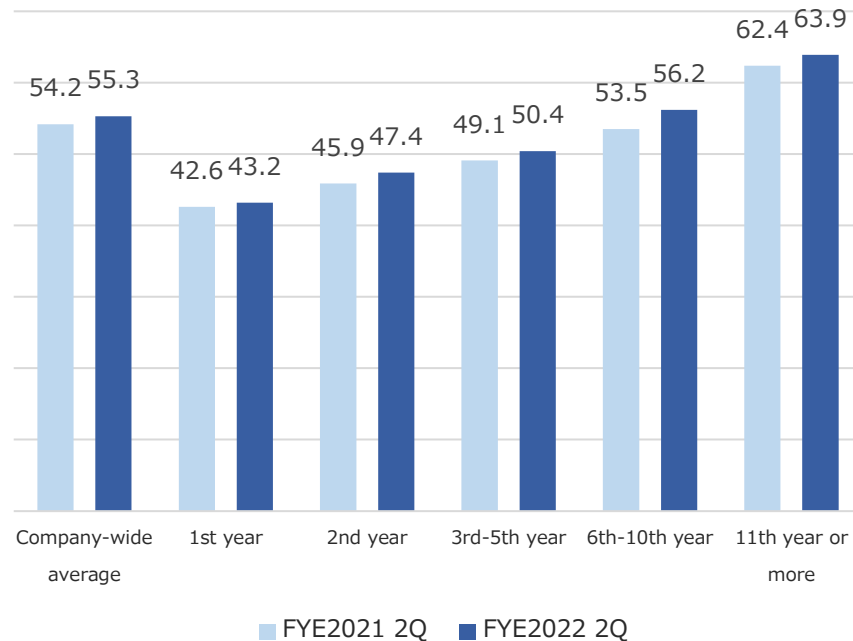
	FYE2021						FYE2022		
	1Q	2Q	1H	3Q	4Q	Full-year	1Q	2Q	1H
<b>Contract renewal ratio</b>	<b>63.2%</b>	<b>67.6%</b>	<b>65.3%</b>	<b>67.8%</b>	<b>70.0%</b>	<b>67.1%</b>	<b>74.1%</b>	<b>82.2%</b>	<b>78.3%</b>

# Average Monthly Contract Amount per Engineer by Years of Experience

- The company-wide average contract amount improved significantly to +11 thousand yen YoY thanks to the success of the strengthening of charge-up negotiations. In addition, the contract amount was positive for all years.
- The contract amount at the end of 2nd Quarter decreased for engineers in the 1st, 2nd, and 3rd to 5th years compared to the end of 1st Quarter due to a decrease in the mix of engineers in urban areas with relatively higher contract amount.

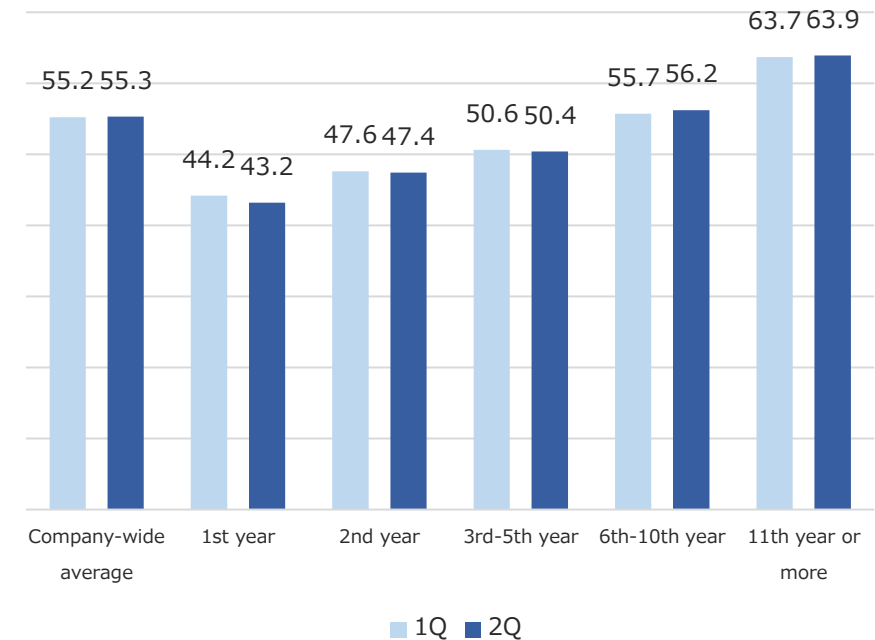
## Year-on-year

(ten thousands JPY)



## Quarterly Trends

(ten thousands JPY)



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(Dispatching business of construction and plant engineers)

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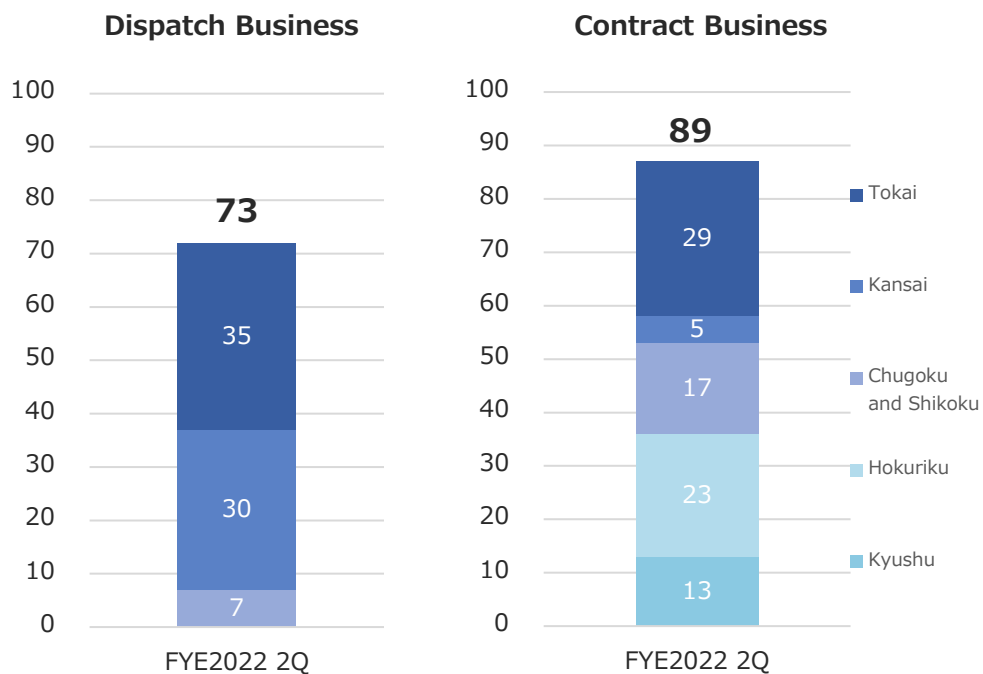
## 7. Story of Value Creation

# Sales by Area and Industry

- Sales were robust in Tokai and Kyushu, which are the bases of the automotive industry, the company's main trading industry. Meanwhile, Hokuriku, which is the base of sales in the aircraft industry, struggled due to the impact of COVID-19.
- The consumer electronics industry, where the impact of COVID-19 worked positively, showed an upward trend.

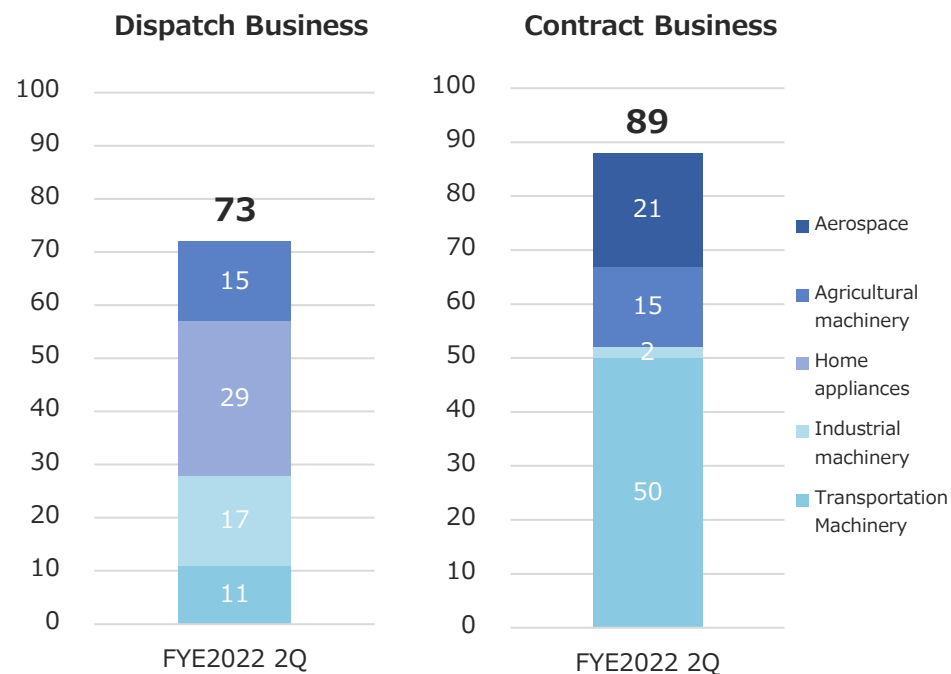
## Sales by Area

(millions JPY)



## Sales by Industry

(millions JPY)

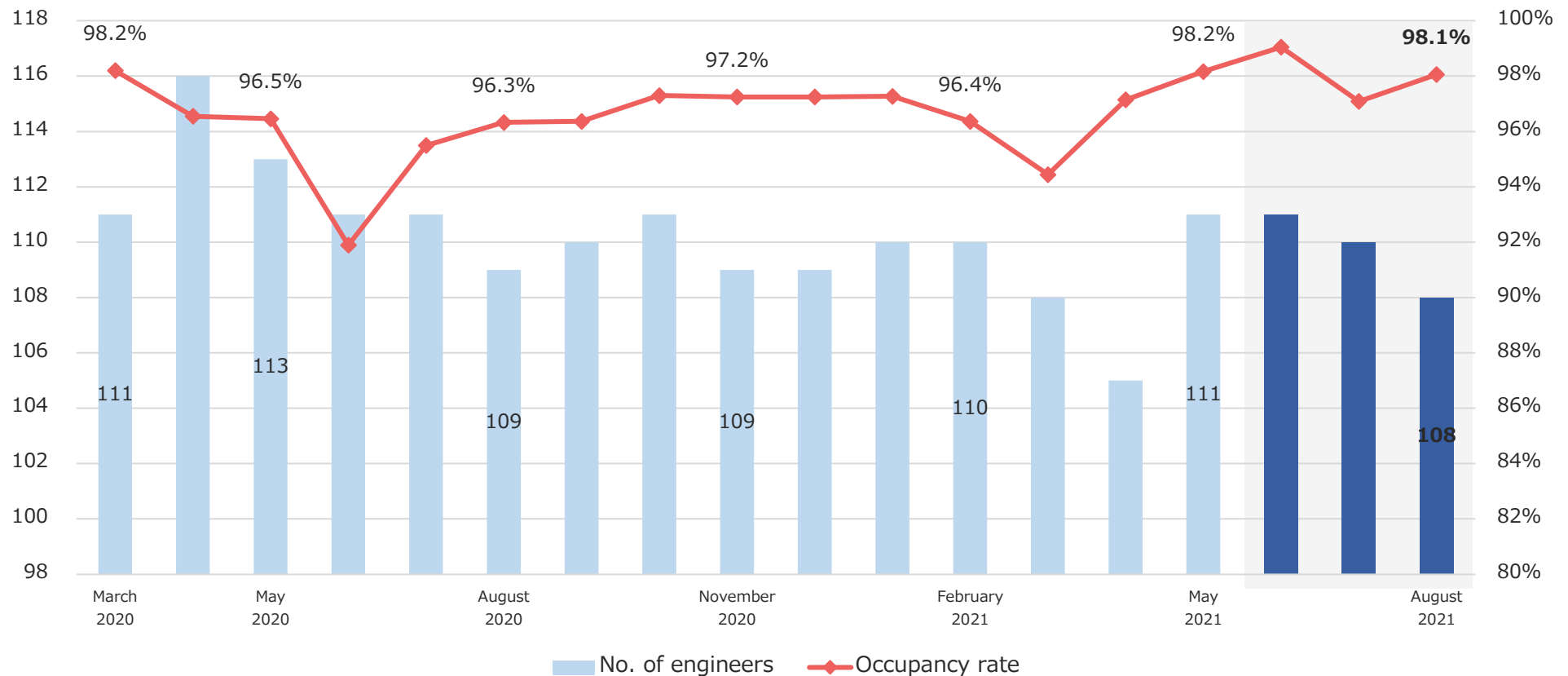




# Number of Engineers & Occupancy Rate

- At the end of this 2nd Quarter, the number of engineers was 108.
- The occupancy rate at the end of this 2nd Quarter was 98.1%. The occupancy rate remained at a high level due to the sharing of human resources between the dispatching business and the contracting business.

(No. of engineers)



# Recruitment / Turnover, Retention Rate & Contract Renewal

- The Company achieved a high retention rate by sharing human resources between the dispatching business and the contracting business, and the contract renewal rate remained at a high level.

## Recruitment / Turnover

	FYE2022 2Q (June-August)	FYE2022 (forecast)
<b>Hired total</b>	<b>2</b>	<b>30</b>
New-grads joined in April		
Mid-carrier: 1Q		
Mid-carrier: 2Q	2	
Mid-carrier: 3Q	–	
Mid-carrier: 4Q	–	
<b>Turnover total*</b>	<b>5</b>	<b>10</b>
Permanent employees*	5	
Fixed-term employees	0	
Turnover: 1Q		
Turnover: 2Q	5	
Turnover: 3Q	–	
Turnover: 4Q	–	
<b>Net change</b>	<b>△3</b>	<b>+20</b>
<b>No. of engineers</b>	<b>108</b>	<b>130</b>

\* Number of turnover includes 2 career changes from engineers to management employees.

## Retention Rate

	FYE2021				FYE2022	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Retention rate (LTM)</b>	<b>88.6%</b>	<b>87.7%</b>	<b>89.0%</b>	<b>90.8%</b>	<b>90.9%</b>	<b>92.3%</b>
year-to-date	98.8%	95.5%	93.4%	92.2%	97.6%	95.2%

Retention rate; the percentage of engineers who were employed at the end of the quarter 1 year ago and who were employed at the end of the current quarter 1 year later.

Year-to-date retention rate; the percentage of engineers employed at the end of the previous FY4Q that were employed at the end of the current fiscal quarter.

## Contract Renewal Ratio

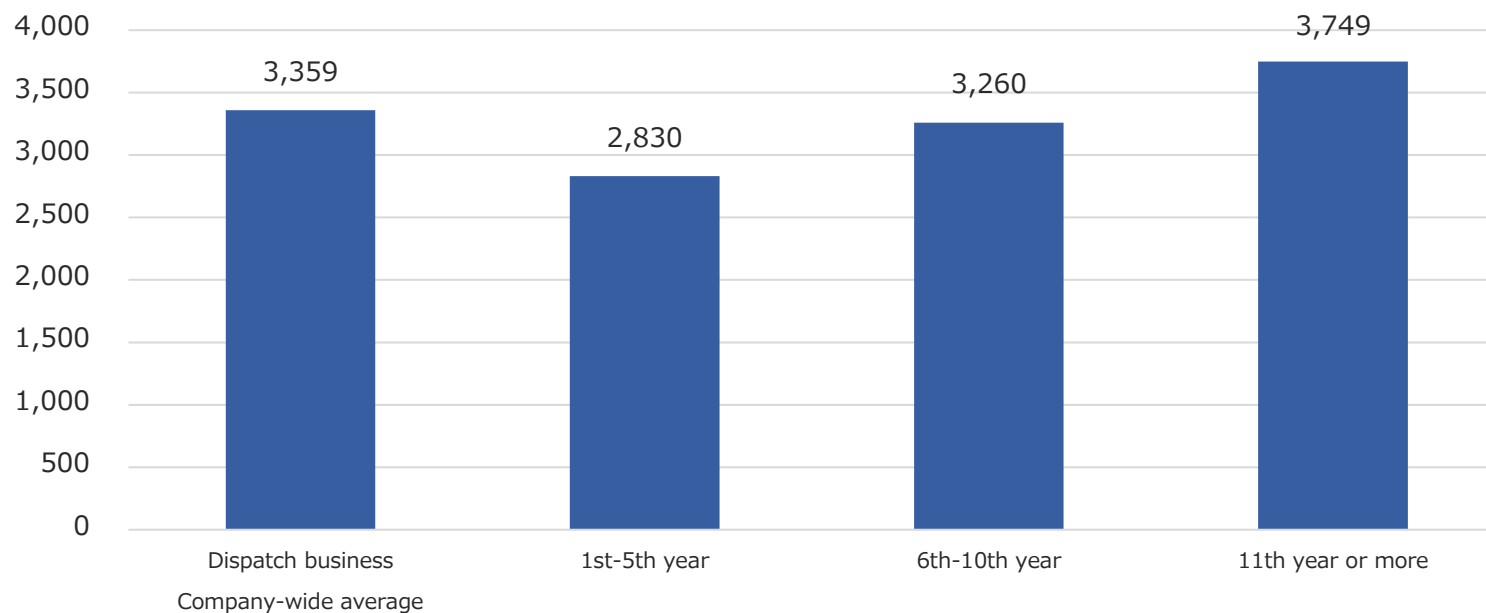
	FYE2021						FYE2022		
	1Q	2Q	1H	3Q	4Q	Full-year	1Q	2Q	1H
<b>Contract renewal ratio</b>	<b>93.1%</b>	<b>91.7%</b>	<b>92.5%</b>	<b>94.4%</b>	<b>86.7%</b>	<b>90.9%</b>	<b>89.7%</b>	<b>93.8%</b>	<b>91.5%</b>

# Average Hourly Contract Amount by Years of Experience

- As the number of years of experience accumulated, the hourly contract amount rose.

## Average Hourly Contract Amount (Dispatch business)

(JPY/Hour) \* Average hourly contract amount at the end of 2Q FYE2022.



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# Major Topics ①

## Acquisition of Shares of VALUE ARK CONSULTING CO., LTD. (announced on September 14)

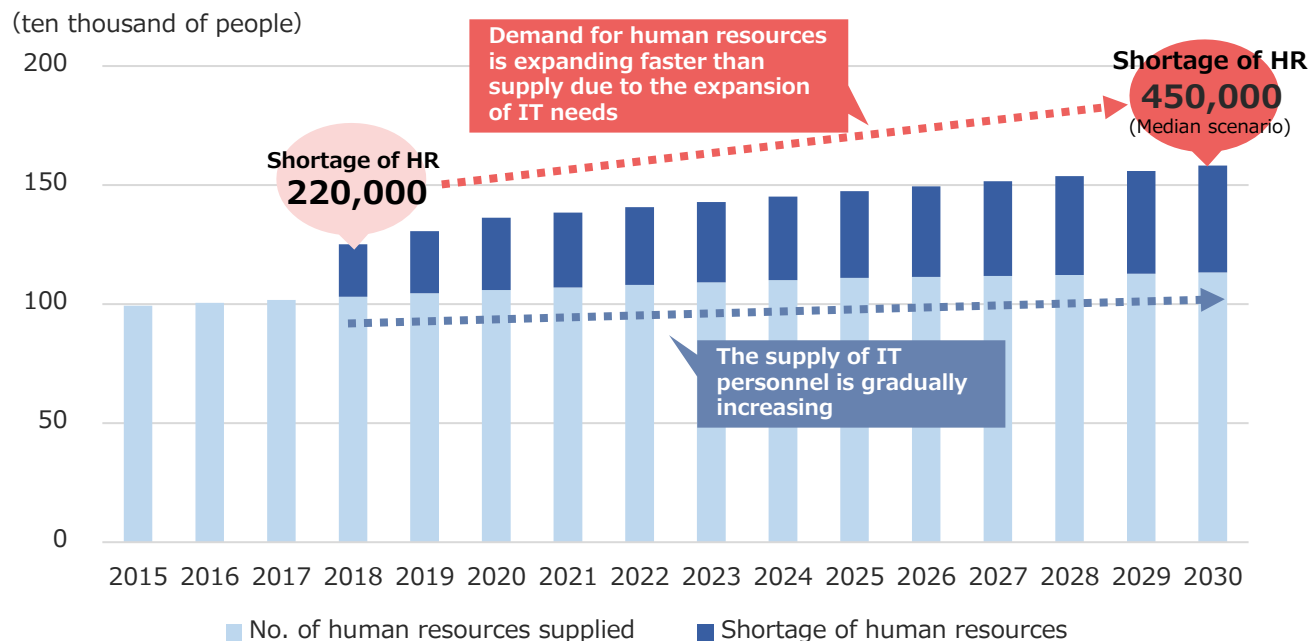
- Resolved to acquire VALUE ARK CONSULTING with the aim of building a business portfolio specializing in high-value-added engineers within the human resource services industry. On September 30, the Company acquired all of its shares and made it a subsidiary.
- While technological innovation is advancing, in the IT field, where the shortage of technicians is expanding, the Company will incorporate the growth potential of VALUE ARK CONSULTING, which is developing the SES (System Engineering Service) business of free-lance IT engineers, and further expand its financial results.

### Company Outline

Head office	7-22-17 Nishi-gotanda, Shinagawa-ku, Tokyo
Description of business	System engineering service (SES)
Capital	10 million JPY
Established	June, 2004
Fiscal year-end	May
No. of registered engineers	7,275
No. of valid registered engineers	2,093
No. of active engineers	91

\* Number of engineers as of the end of October 2021

### Forecast of the Supply-demand Gap for IT Human Resources



\* Ministry of Economy, Trade and Industry, "Survey Results on the Latest Trends and Future Estimates of IT Human Resources"

# Major Topics ②

## The Assessment of Compliance with the Continued Listing Criteria for the New Market Segments and the Resolution to Select the Prime Market (announced on September 10)

- In response to the assessment from the TSE regarding the status of compliance with the continued listing criteria, the Company resolved to select the “Prime Market” for the new market segments and aim to satisfy the listing criteria while being subject to grandfathering measures.
- The Company plans to disclose its plans to meet the continued listing criteria for the Prime Market through “Plans to meet the continued listing requirements,” which is scheduled to be submitted by December 2021.

Prime Market’s continued listing requirements		Our compliance status (As of June 30, 2021)	
Number of shareholders	At least 800 shareholders	2,178 shareholders	○
Number of tradable shares	At least 20,000 units	39,736 units	○
Tradable share market capitalization	At least 10 billion JPY	53.1 billion JPY	×
Trading value	At least daily avg. 20 million JPY	120 million JPY	○
Tradable share ratio	At least 35%	39.7%	○

※ Our compliance status is calculated based on the distribution of our stock certificates, etc. as known by the Tokyo Stock Exchange as of June 30, 2021, the record date.

## Repurchase of Own Shares (announced on September 14)

- The Company resolved to repurchase up to 0.3 million shares or a total of 350 million JPY in treasury stock.
- The Company will implement flexible capital policies in response to changes in the business environment in order to comply with the continued listing criteria for the Prime Market of at least 10 billion JPY in the tradable share market capitalization.

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# FYE2022 Financial Forecast

- The weakening trend in demand for human resources is expected to bottom out in the 2nd half and move in a positive direction as a whole. As it is expected to return to a chronic shortage of engineers before the construction industry, the Company will further strengthen sales activities in the 2nd half and acquire as many engineers as possible.
- In the 2nd half of FYE2022, the Company will continue to work to reduce the cost of sales ratio by raising charges and reduce SG&A expenses.

(millions JPY)

	FYE2021		FYE2022					
	1st Half	Full-year	1st Half	YoY		Full-year (revised forecast on Aug. 11)	YoY	
				(amount)	(%)		(amount)	(%)
Net sales	7,271	14,836	7,402	+130	+1.8%	16,943	+2,106	+14.2%
Cost of sales	5,255	10,539	5,168	△87	△1.7%	11,788	+1,248	+11.9%
Ratio to sales	72.3%	71.0%	69.8%	–	△2.5pts	69.6%	–	△1.4pts
Gross profit	2,015	4,297	2,233	+218	+10.8%	5,155	+857	+20.0%
Ratio to sales	27.7%	29.0%	30.2%	–	+2.5pts	30.4%	–	+1.4pts
SG&A expenses	1,483	2,859	1,601	+117	+7.9%	3,500	+640	+22.4%
Ratio to sales	20.4%	19.3%	21.6%	–	+1.2pts	20.7%	–	+1.4pts
Operating profit	531	1,437	632	+100	+19.0%	1,655	+217	+15.1%
Ratio to sales	7.3%	9.7%	8.5%	–	+1.2pts	9.8%	–	+0.1pts
Ordinary profit	534	1,439	630	+96	+18.1%	1,657	+217	+15.1%
Ratio to sales	7.3%	9.7%	8.5%	–	+1.2pts	9.8%	–	+0.1pts
Profit attributable to owners of parent	404	1,009	328	△76	△18.9%	1,077	+67	+6.7%
Ratio to sales	5.6%	6.8%	4.4%	–	△1.2pts	6.4%	–	△0.4pts
Earnings per share (JPY)	42.92	106.74	34.38	△8.54	–	112.76	+6.02	–
Dividend per share (JPY)	10.00	37.50	10.00	–	–	40.00	2.50	–

※ The Company conducted a 2-for-1 share split on April 1, 2021. The Company assumes that the share split occurred at the beginning of the period in order to calculate earnings per share for FYE2021.



# Business Outlook

## ▪ COPRO-ENGINEERD. Co., Ltd. (Dispatching business of construction and plant engineers)

Orders received	Urban redevelopment projects, which had been halted by Olympic demand, are expected to move into the 2nd half, and the number of projects is expected to recover due to the stabilization of the spread of COVID-19. On the other hand, caution continues to be required as the postponement or revision of private-sector construction plans may be anticipated depending on trends in the spread of infections.
Recruitment	As the number of job seekers is expected to increase in line with the slowdown in the expansion of COVID-19, in addition to strengthening the recruitment of experienced engineers, the Company will work to secure excellent human resources by promoting the unlimited hiring of inexperienced employees.
Retention	The effect of the change to a system in which sales employees consistently conduct sales to temporary staffing destinations and after-sales follow-up for engineers is appearing in the number of retirements, and the Company will continue its efforts in 2nd half. Further, in addition to expanding training for inexperienced employees, the Company will strengthen its sales efforts to cultivate target customers, which will lead to an increase in the contract renewal ratio and retention rate.
Charge-up negotiation	Steady progress in revising contract amount. While continuing to improve the contract renewal ratio through deeper cultivation of business, it will accumulate recurring charge-ups.

## ▪ ATMOS CO., LTD. (Dispatching and contracting business of machinery design and development engineers)

Orders received	In the automotive industry, orders are expected to increase by expanding new domains through CASE response and promoting outsourcing of existing services. At the same time, there are signs of a recovery in the aircraft industry and the machine tool industry, where orders declined last year due to the impact of the spread of COVID-19. Based on the expectation that the volume of orders will gradually recover, the Company will expand the scope of operations and recruitment nationwide to increase the number of projects and applicants.
Recruitment	Demand for experienced engineers continues to be high. The number of job seekers is also increasing, ranging from those with experience to those with less experience, and the Company expects a favorable hiring environment.

## ▪ VALUE ARK CONSULTING CO., LTD. (System engineering services business (SES))

Impact on consolidated forecast	Starting with 3rd quarter results, the Company plans to consolidate its profit and loss. The impact on the consolidated earnings forecasts for FYE2022 is expected to be negligible at this time.
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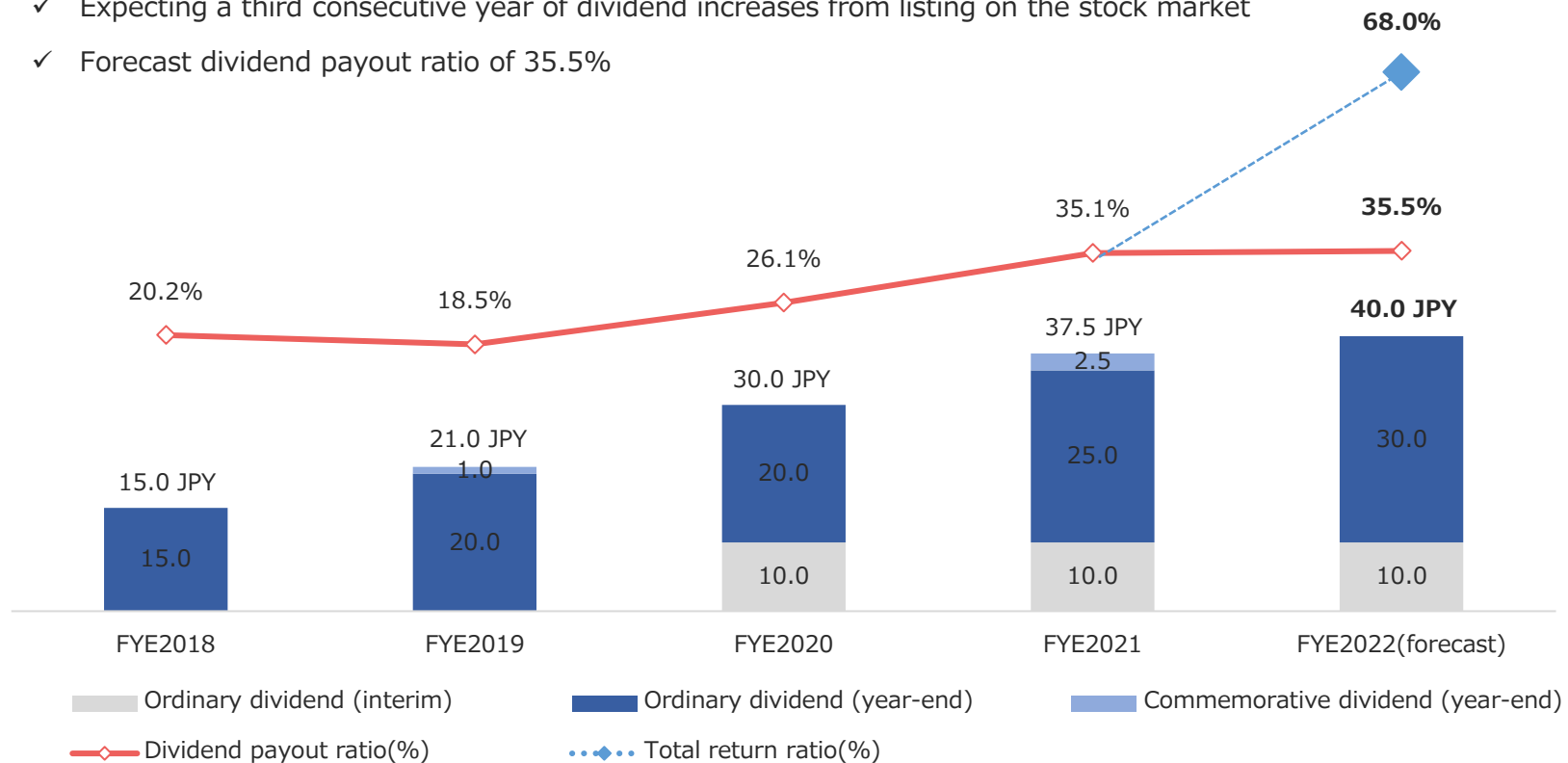
## 7. Story of Value Creation

# Returning Shareholders

Acquisition of treasury stock (up to 350 million JPY)  
for the period from September 15 to December 30, 2021

Total return ratio expected to be approximately **68%**

- ✓ Annual Dividend for FYE2022 is expected to be 40, an increase of +2.5 JPY from the previous period
- ✓ Expecting a third consecutive year of dividend increases from listing on the stock market
- ✓ Forecast dividend payout ratio of 35.5%



※ Total return ratio = (Total dividends + Total share buybacks) ÷ Profit attributable to owners of parent

※ FYE2019 is commemorative dividend for listing, and FYE2021 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.

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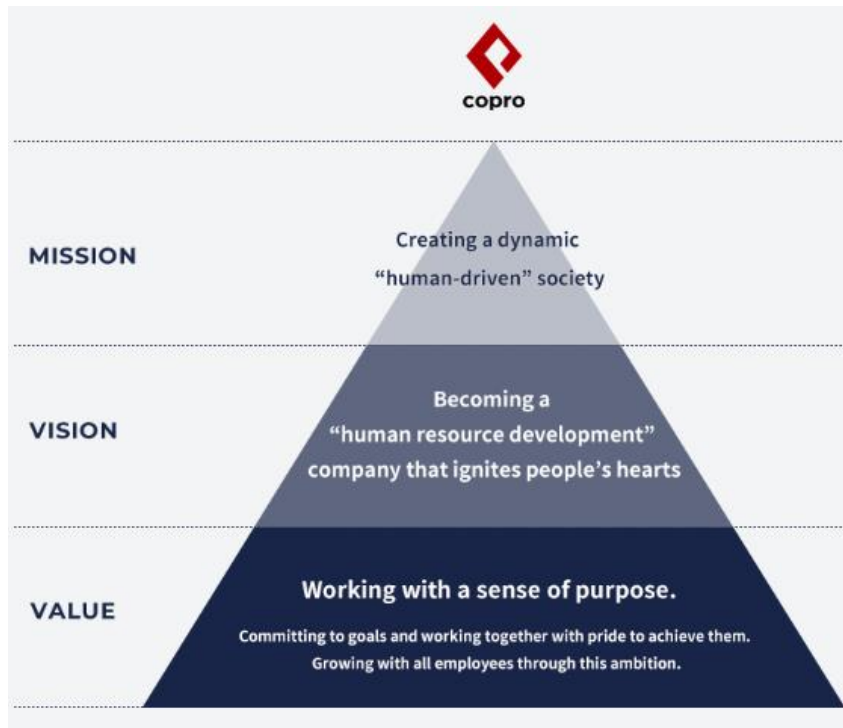
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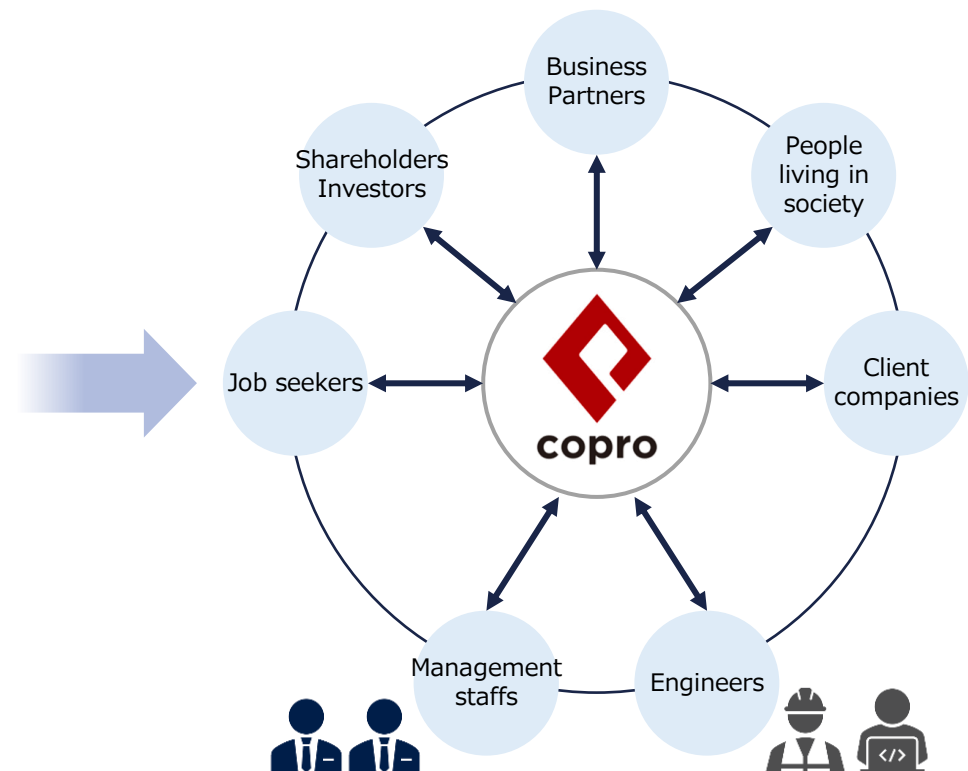
## 7. Story of Value Creation

# Purpose

- We will create a dynamic "human-drive" society in which people move by providing society with the best ways to work and the best workers.



## Our Purpose The Best Ways to Work and the Best Workers

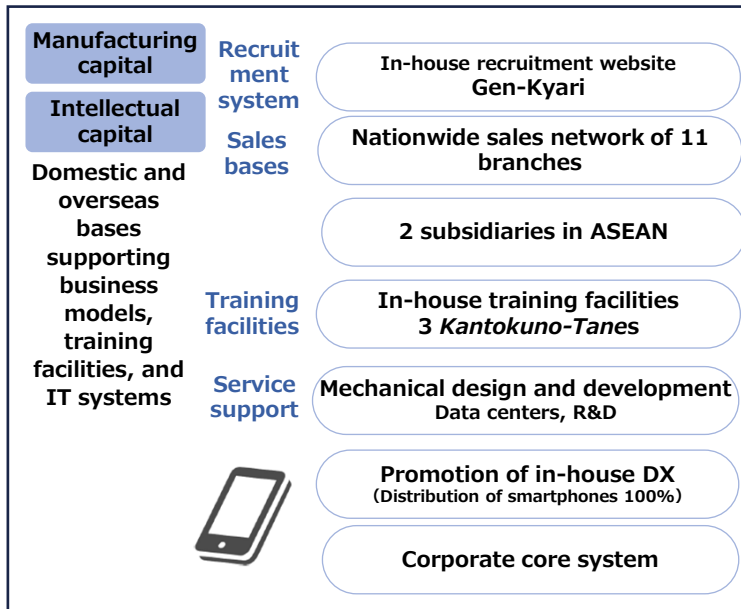


# Unique Strengths and Non-Financial Capital

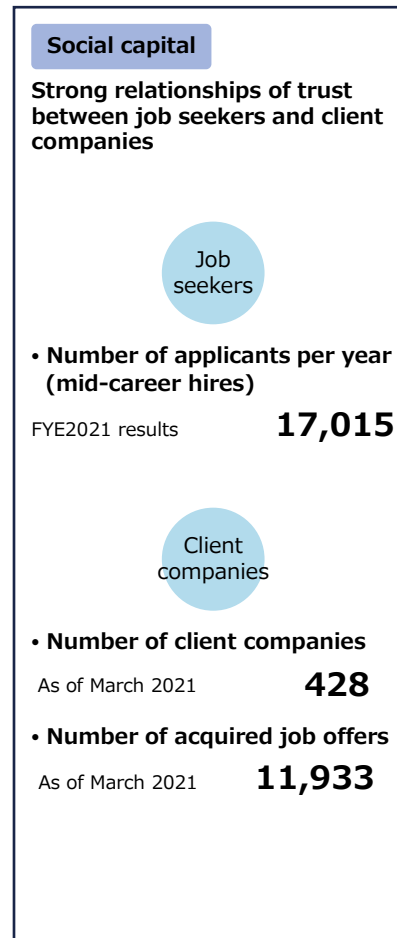
- Our sales abilities and technological abilities, backed by our human resources, provide us with speedy matching.

## Non-Financial Capital

### Power within the Group

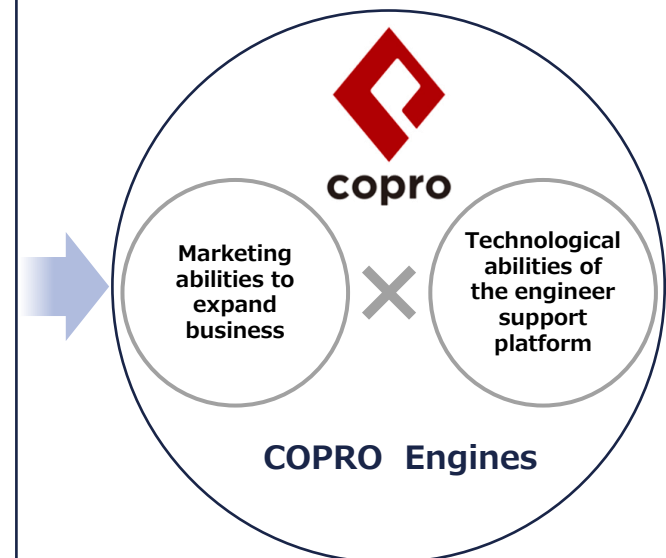


### Power outside the Group



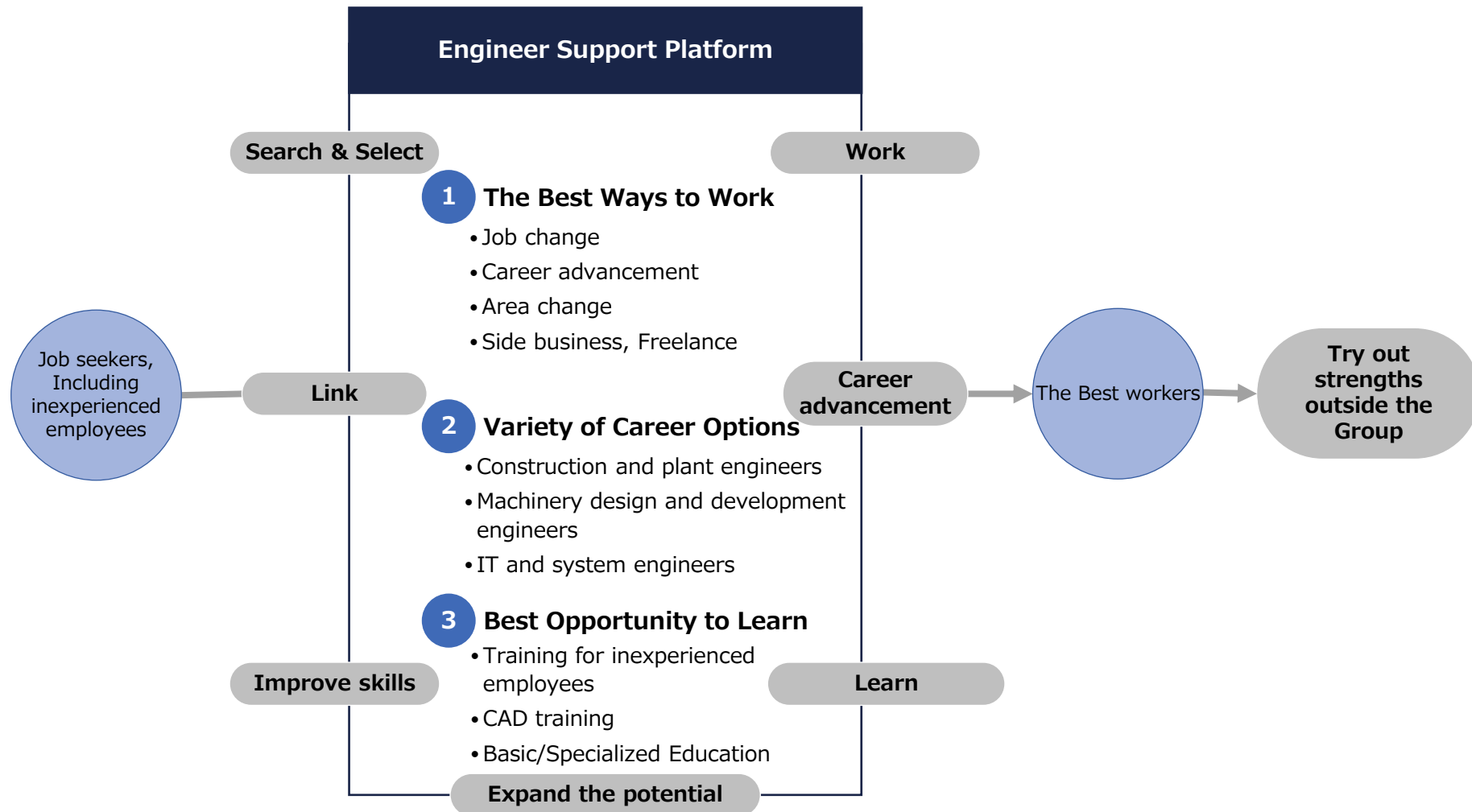
## COPRO Group's Strengths

### Speedy Matching



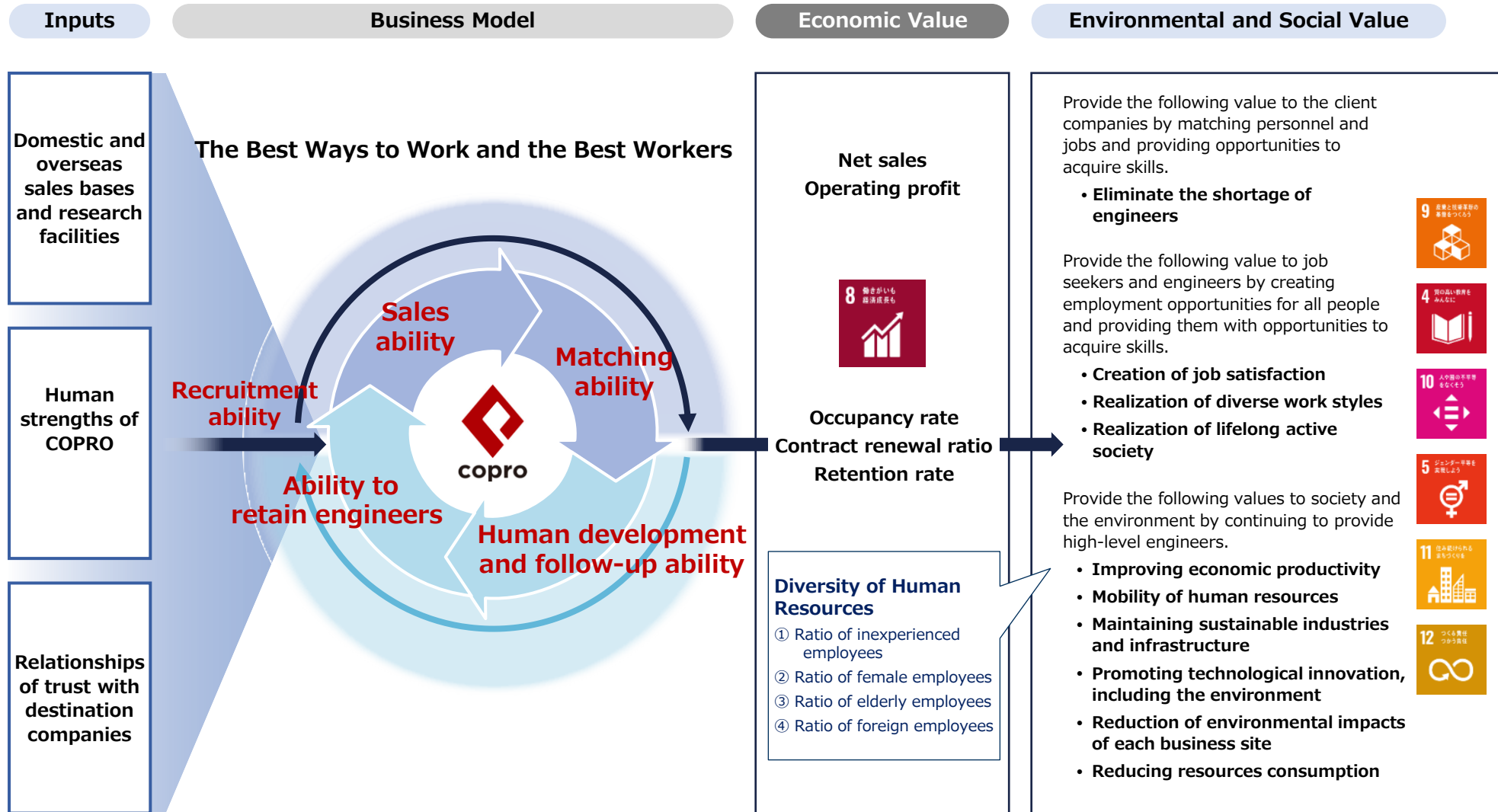
# Group's Vision "Engineer Support Platform"

- The Engineer Support Platform supports engineers' diverse work styles.



# Creation of Values

- We will contribute to the creation of a society in which engineers can continue to refine their technologies for their lifetime and thrive by providing the best working ways and the best workers.





# Towards Sustainable Growth

- Our long-term targets are net sales of 1,000 billion JPY and operating profit of 10 billion JPY. We aim to be the No. 1 corporate group in the engineer dispatch industry, which continues to be selected by both engineers and client companies.

## Changes in the business environment

- Declining labor force population
- Climate change and decarbonisation
- Work style innovation
- Revision of the dispatch law
- Shrinking or expanding the construction market
- Automation of construction sites

## Opportunities

- Increase in employment opportunities due to expansion of the temporary staffing market
- Increase in employment opportunities due to revitalization of construction
- Increased employment opportunities for operators and machine designs due to automation

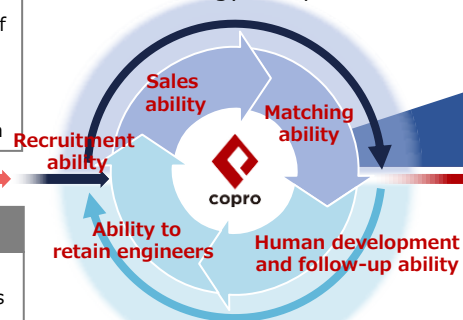
## Risks

- Decrease in sales due to restrictions on industries, operation hours, overtime hours, and breached days, etc. due to revisions to the Temporary Staffing Law
- Decrease in sales due to increased competitiveness of competitors

## Long-term growth image

### Growth Strategy for Business Expansion

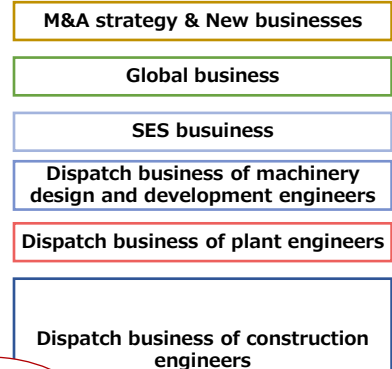
- To further expand the share of the construction engineer dispatch market
- Expansion of dispatch of plant engineers
- Promoting the dispatch of machinery design and development technicians
- Promotion of SES business
- Developing global business
- M&A strategy and promotion of new businesses



### Reinforcement of Business Infrastructure

- Promotion of measures to improve the retention rate of dispatched engineers
- Growth through contributions to a sustainable society

FYE2030



### FYE2030 Performance Targets

Net sales  
JPY100billion  
Operating profit  
JPY10billion

### Society we aim for

Society in which all engineers can continue to refine their technologies throughout their lives

### Long-term vision

To build the No.1 corporate group in the engineer dispatch industry, which continues to be selected by both engineers and client companies

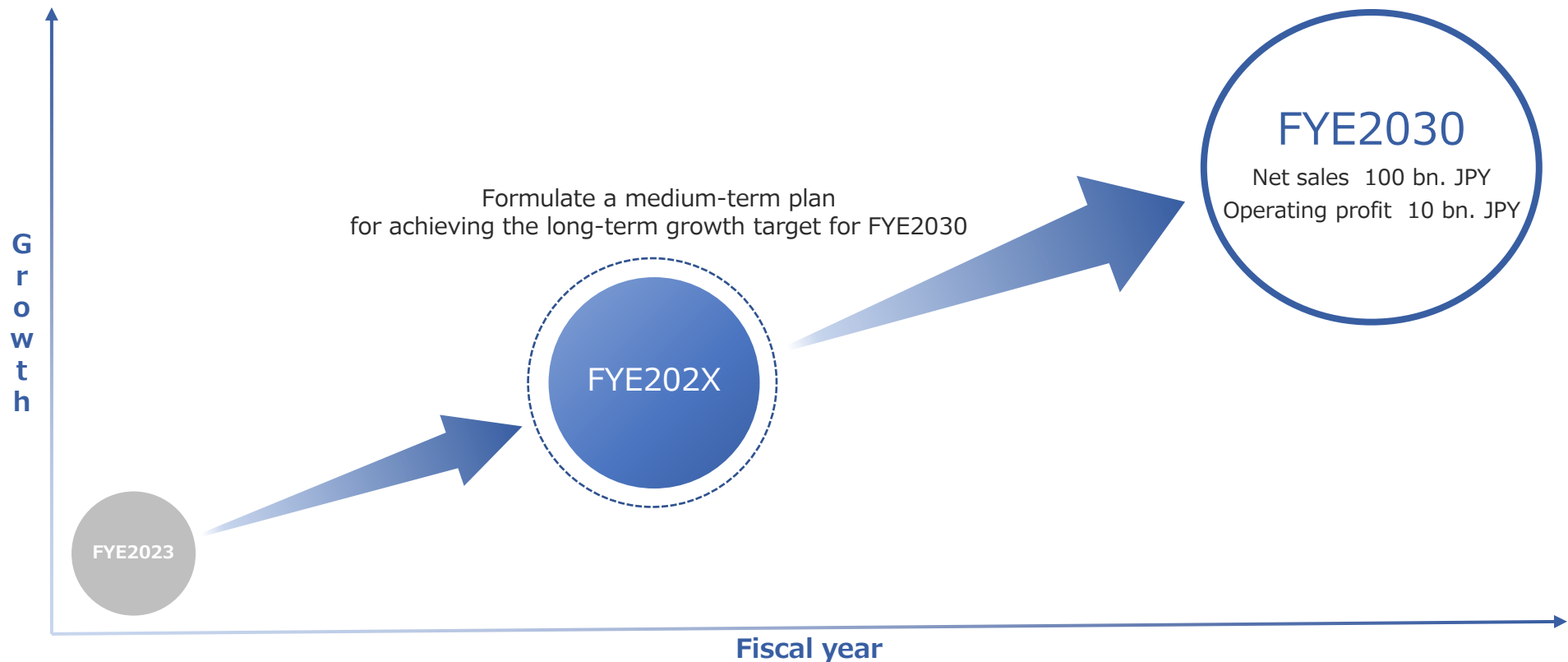
### SDGs Initiatives



# Medium-term Management Plan to Be Announced

## Medium-Term Management Plan “COPRO Group VISION 202X” (tentative) Scheduled to be announced around spring 2022

Aiming to achieve sustainable growth and medium-to long-term improvement in corporate value,  
scheduled to announce a medium-term management plan with 3 to 5 years as the initial year of FYE2023



# 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.