

建設は、
君を強くする。

変身、一人前!



いや、大きく
なりすぎだろ!



Fiscal Year Ending March 31, 2024
Financial Results for 1st Quarter

August 10, 2023



COPRO-HOLDINGS. Co., Ltd.

Tokyo Stock Exchange-Prime, Nagoya Stock
Exchange Premier (Ticker Symbol: 7059)

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SECTION 01

Summary of the Consolidated Financial Results for 1st Quarter

01

Highlights of the Consolidated Financial Results for 1st Quarter

Number of Consolidated Technicians and Engineers

3,314 people
(YoY+38.3%)

Record High

Net sales

5,406 million yen
(YoY+27.2%)

Record High

Operating Profit

236 million yen
(YoY+2.5%)

Non-GAAP Operating Profit

288 million yen
(YoY-4.0%)

Ordinary Profit

308 million yen
(YoY+33.6%)

Profit attributable to owners of parent

191 million yen
(YoY+41.6%)

Point 1

The number of technicians and engineers reached a record high of 3,314 (up 918 YoY).

Point 2

By controlling SG&A expenses, profit at every stage (excluding Non-GAAP operating profit) changed from the company's internal forecast of lower profit and secure an increase in profit from the previous 1Q.

Point 3

Ordinary profit and Profit attributable to owners of parent increased significantly due to the recording of non-operating income by surrender value of insurance policies.

* To measure essential performance in profit, non-GAAP operating profit is calculated by adding depreciation costs, goodwill amortization and stock-based compensation expenses back to operating profit.

* The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.

Consolidated Financial Results for 1st Quarter

(million of yen)

	FYE2023		FYE2024		YoY Change		FYE2024	
	1Q results	Ratio	1Q results	Ratio	Pct Change	Amount of Change	1H Forecast	Progress Rate
Net sales	4,249	100.0%	5,406	100.0%	+27.2%	+1,157	11,203	48.3%
Cost of sales	2,972	70.0%	3,964	73.3%	+33.4%	+991	8,040	49.3%
Gross profit	1,276	30.0%	1,441	26.7%	+13.0%	+165	3,162	45.6%
SG&A expenses	1,045	24.6%	1,205	22.3%	+15.3%	+159	2,667	45.2%
Operating profit	230	5.4%	236	4.4%	+2.5%	+5	495	47.7%
Non-GAAP operating profit*	300	7.1%	288	5.3%	-4.0%	-12	660	43.6%
Ordinary profit	230	5.4%	308	5.7%	+33.6%	+77	565	54.6%
Profit attributable to owners of parent	135	3.2%	191	3.5%	+41.6%	+56	316	60.4%
Number of consolidated technicians & engineers (quarter end)*	2,396	–	3,314	–	+38.3%	+918	–	–

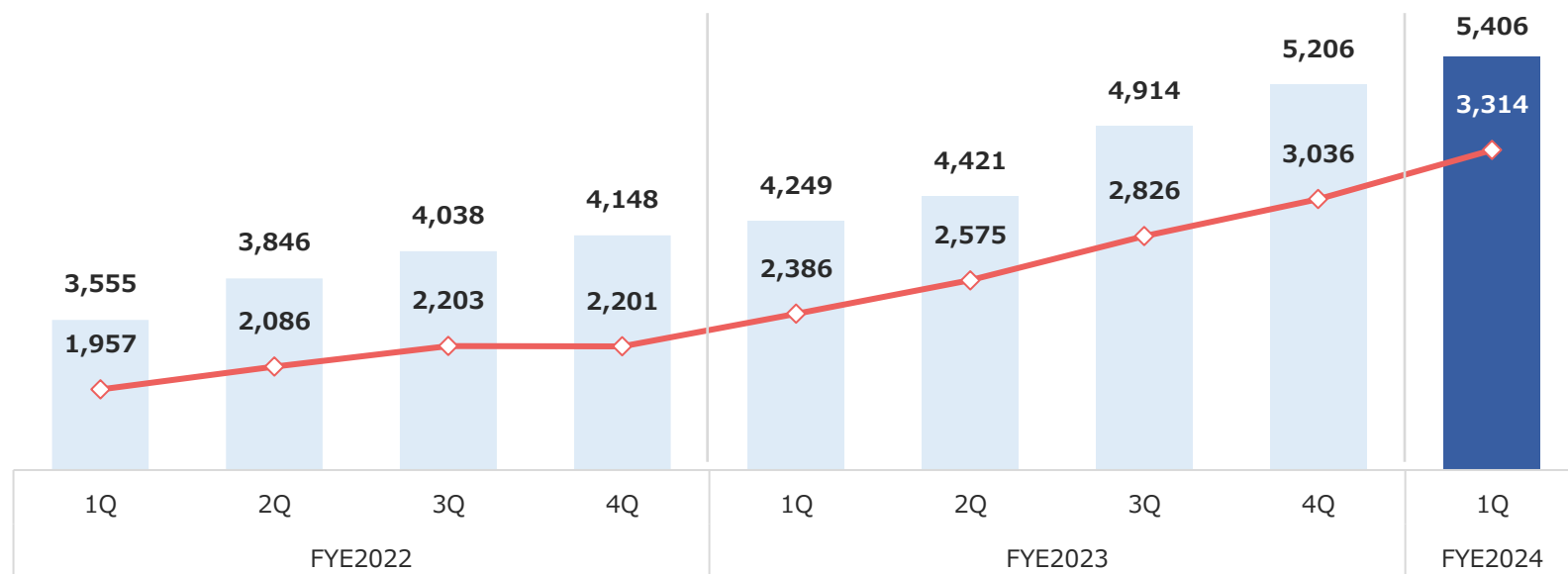
*As a profit index to measure essential performance, non-GAAP operating profit is calculated by adding depreciation costs, goodwill amortization and stock award expenses back to operating profit.

*The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.

Quarterly Consolidated Financial Results

- First Quarter net sales and technician numbers both increased from the previous quarter.
- Record high on a quarterly basis.

*The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.



Consolidated net sales (million of yen)	3,555	3,846	4,038	4,148	4,249	4,421	4,914	5,206	5,406
QoQ change	-5.7%	+8.2%	+5.0%	+2.7%	+2.4%	+4.0%	+11.2%	+5.9%	+3.8%
No. of consolidated technicians (quarter end)	1,957	2,086	2,203	2,201	2,396	2,575	2,826	3,036	3,314
QoQ change	-3.1%	+6.6%	+5.6%	-0.1%	+8.9%	+7.5%	+9.8%	+7.4%	+9.2%

■ Consolidated net sales
 ■ Consolidated net sales
 ◆ Number of consolidated technicians

1st Quarter Financial Results by Subsidiaries

- Cost of sales ratio of COPRO-ENGINEERD deteriorated due to standby labor cost during internal training as the number of new graduate technicians increased. Operating profit fell by ¥76 million year-on-year, mainly due to higher SG&A expenses resulting from higher recruitment agency fees and personnel expenses.
- Gross profit increased in ATMOS due to significant growth in net sales and improved cost of sales ratio. Contributing to the decline in the SG&A-to-sales ratio, First Quarter achieved an operating profit, and operating profit increased by ¥25 million year on year.
- VALUE ARK CONSULTING posted an operating profit decline of 12 million yen YoY due to an upfront expense stemming from the aggressive launch of advertising expenses.
- COPRO-HOLDINGS contributed 69 million yen more than the previous fiscal year, reflecting a decrease in personnel expenses due to the streamlining of the head office and a decline in share-based remuneration expenses.

(million of yen)

	FYE2023			FYE2024		
	1Q results	YoY		1Q	YoY	
		Pct Change	Amount of Change		Pct Change	Amount of Change
Net sales	4,249	+19.5%	+693	5,406	+27.2%	+1,157
COPRO-ENGINEERD	3,996	+12.4%	+441	5,010	+25.4%	+1,013
ATMOS	207	-	+207	313	+51.3%	+106
VALUE ARK CONSULTING	44	-	+44	81	+81.7%	+36
Gross profit	1,276	+20.0%	+212	1,441	+13.0%	+165
COPRO-ENGINEERD	1,197	+12.6%	+133	1,315	+9.8%	+117
ATMOS	36	-	+36	78	+117.0%	+42
VALUE ARK CONSULTING	42	-	+42	47	+12.1%	+5
SG&A expenses	1,045	+33.0%	+259	1,205	+15.3%	+159
COPRO-ENGINEERD	621	+29.7%	+142	816	+31.3%	+194
ATMOS	59	-	+59	76	+28.5%	+16
VALUE ARK CONSULTING	41	-	+41	59	+42.7%	+17
COPRO-HODINGS and others	322	+5.2%	+15	253	-21.6%	-69
Operating profit	230	-17.0%	-47	236	+2.5%	+5
COPRO-ENGINEERD	575	-1.5%	-8	498	-13.4%	-76
ATMOS	-23	-	-23	2	-110.3%	+25
VALUE ARK CONSULTING	0	-	+0	-11	-	-12
COPRO-HODINGS and others	-322	+5.2%	-15	-253	-21.6%	+69

* Figures for subsidiaries are adjusted for consolidation after eliminating intra-group transactions.

SECTION 02

Analysis of KPIs

KPIs by Subsidiaries

- Due to an increase in recruitment numbers centered on the mainstay COPRO-ENGINEERD, the number of technicians employed rose 38.3% YoY to 3314, with an increase of 918.
- Retention rate declined 1.0pts YoY to 89.6%. Due to some mismatches in assignment due to the increased hiring of both COPRO-ENGINEERD and ATMOS, and lack of follow-up after assignment.

(people, thousands of yen)

	FYE2023					FYE2024			FYE2024
	1Q	2Q	3Q	4Q	Full-year	1Q	YoY		Full-year (forecast)
Total Recruited	443	360	459	485	1,747	664	+49.9%	+221	2,331
COPRO-ENGINEERD	293	315	417	447	1,472	614	+109.6%	+321	2,120
ATMOS	14	23	25	23	85	29	+107.1%	+15	123
VALUE ARK CONSULTING	14	22	17	15	68	21	+50.0%	+7	88
Increase due to M&A, etc.	122	0	0	0	122	0	-	-122	-
Turnover total	248	181	208	275	912	386	+55.6%	+138	1,096
COPRO-ENGINEERD	223	158	191	240	812	361	+61.9%	+138	1,008
ATMOS	8	11	11	12	42	13	+62.5%	+5	30
VALUE ARK CONSULTING	17	12	6	23	58	12	-29.4%	-5	58
No. of technicians and engineers	2,396	2,575	2,826	3,036	3,036	3,314	+38.3%	+918	4,271
COPRO-ENGINEERD	2,187	2,344	2,570	2,777	2,777	3,030	+38.5%	+843	3,889
ATMOS	122	134	148	159	159	175	+43.4%	+53	252
VALUE ARK CONSULTING	87	97	108	100	100	109	+25.3%	+22	130
Retention rate	90.6%	93.4%	93.1%	91.7%	76.9%	89.6%	-	-1.0pts	79.6%
COPRO-ENGINEERD	90.7%	93.7%	93.1%	92.0%	80.1%	89.4%	-	-1.3pts	79.4%
ATMOS	93.8%	92.4%	93.1%	93.0%	79.1%	93.1%	-	-0.7pts	89.4%
VALUE ARK CONSULTING	83.7%	89.0%	94.7%	81.3%	63.3%	90.1%	-	+6.4pts	69.1%
Sales per engineer (period average)	648	638	650	638	643	619	-4.6%	-30	601
COPRO-ENGINEERD	649	641	652	639	644	618	-4.8%	-31	602
ATMOS	578	560	600	626	599	622	+7.7%	+44	635
VALUE ARK CONSULTING	593	553	568	606	587	656	+10.6%	+63	552

*1. The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.

*2. Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

*3. ATMOS sales per engineer is for dispatched engineers only, excluding subcontracting.

Reference) Construction Technician Dispatching Business KPIs

- The number of new hires rose 109.6% YoY to 614 due to growth in the number of new graduates and young Human Resources hires.
 - Some mismatches arise due to growth in hiring of inexperienced employees. In addition to an increase in the number of standby employees, retirement occurred during the waiting period.
- ⇒ Cumulative First Quarter's retention rate declined 1.3pts YoY to 89.4%. The utilization rate was 93.0%, down 3.3pts from the previous fiscal year due to an increase in the number of standby employees.
- ⇒ In addition to further strengthening the follow-up system after assignment by Second Quarter, we will proceed with the selection of assignment partners with an emphasis on retention.

Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023					FYE2024	
	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	Full-year (forecast)
Total recruited	834	293	315	417	447	1,472	614	2,120
New graduates	56	54	0	2	0	56	154	154
Mid-career	778	239	315	415	447	1,416	460	1,966
Turnover total	859	223	158	191	240	812	361	1,008
Net change	△25	+70	+157	+226	+207	+660	+253	+1,112
Increase due to M&A, etc.	0	+122	0	0	0	+122	0	-
Number of technicians (quarter end)	1,995	2,187	2,344	2,570	2,777	2,777	3,030	3,889
Utilization rate (period average)	96.9%	96.3%	97.1%	96.3%	95.7%	96.3%	93.0%	-

Retention rate

	FYE2022	FYE2023					FYE2024	
	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	Full-year (forecast)
Retention rate	69.9%	90.7%	93.7%	93.1%	92.0%	80.1%	89.4%	79.4%
Retention rate (FY accumulative total)	69.4%	89.7%	84.2%	79.0%	74.4%	74.4%	89.2%	-
Retention rate (Last twelve months)	69.4%	71.8%	72.3%	72.7%	74.4%	74.4%	75.0%	-

*Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

*Retention rate (FY accumulative total): Among the technicians who were registered at the end of the previous fourth quarter, the percentage who were still registered at the end of the relevant quarter.

*Retention rate (LTM): Among the technicians who were registered at the end of the quarter one year ago, the percentage who were still registered at the end of the same quarter one year later.

Reference) Mechanical Design and Development Engineer Dispatching and Contracting Business KPIs

- Increasing the number of sales and recruitment staff. The number of projects acquired and the number of technicians hired increased, rising 53 YoY (+43.4% YoY) to 175.
- Particular emphasis is being placed on increasing dispatch to industrial machinery such as semiconductors and software.
- The utilization rate remained at almost 100% excluding those who took leave and those who took in-house training.

Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023					FYE2024	
	Full-year (June-Mar)	1Q (Apr-June)	2Q (July-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	Full-year	1Q	Full-year (forecast)
Total recruited	20	14	23	25	23	85	29	123
New graduates	0	1	0	0	0	1	5	4
Mid-career	20	13	23	25	23	84	24	119
Turnover total	15	8	11	11	12	42	13	30
Net change	+5	+6	+12	+14	+11	+43	+16	+93
Number of technicians (quarter end)	116	122	134	148	159	159	175	252
Utilization rate (period average)	98.6%	96.9%	96.9%	98.6%	97.5%	97.5%	95.9%	-

Retention rate

	FYE2022	FYE2023					FYE2024	
	Full-year (June-Mar)	1Q (Apr-June)	2Q (July-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	Full-year	1Q	Full-year (forecast)
Retention rate	-	93.8%	92.4%	93.1%	93.0%	79.1%	93.1%	89.4%
Retention rate (FY accumulative total)	88.9%	93.1%	89.7%	85.3%	81.0%	81.0%	93.7%	-
Retention rate (Last twelve months)	88.9%	84.7%	85.2%	84.9%	81.0%	81.0%	82.8%	-

*Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

*Retention rate (FY accumulative total): Among the technicians who were registered at the end of the previous fourth quarter, the percentage who were still registered at the end of the relevant quarter.

*Retention rate (LTM): Among the technicians who were registered at the end of the quarter one year ago, the percentage who were still registered at the end of the same quarter one year later.

Reference) SES Business KPIs

- We are focusing on operating the "VESCARI IT" website, which was opened in March 2023 as a guide for IT engineers.
- The number of applicants and the number of hirings are trending upward, partly due to the investment in advertising in conjunction with the release of VESCARI IT.

Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023					FYE2024	
	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	Full-year (forecast)
Number of applicants	320	213	408	354	264	1,239	594	-
Total recruited	16	14	22	17	15	68	21	88
Turnover total	16	17	12	6	23	58	12	58
Net change	-	△3	+10	+11	△8	+10	+9	+30
Number of technicians (quarter end)	90	87	97	108	100	100	109	130
Utilization rate (period average)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

* The above figures for VALUE ARK CONSULTING include IT freelance engineers.

Retention rate

(people)

	FYE2022	FYE2023					FYE2024	
	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	Full-year (forecast)
Retention rate	-	83.7%	89.0%	94.7%	81.3%	63.3%	90.1%	69.1%

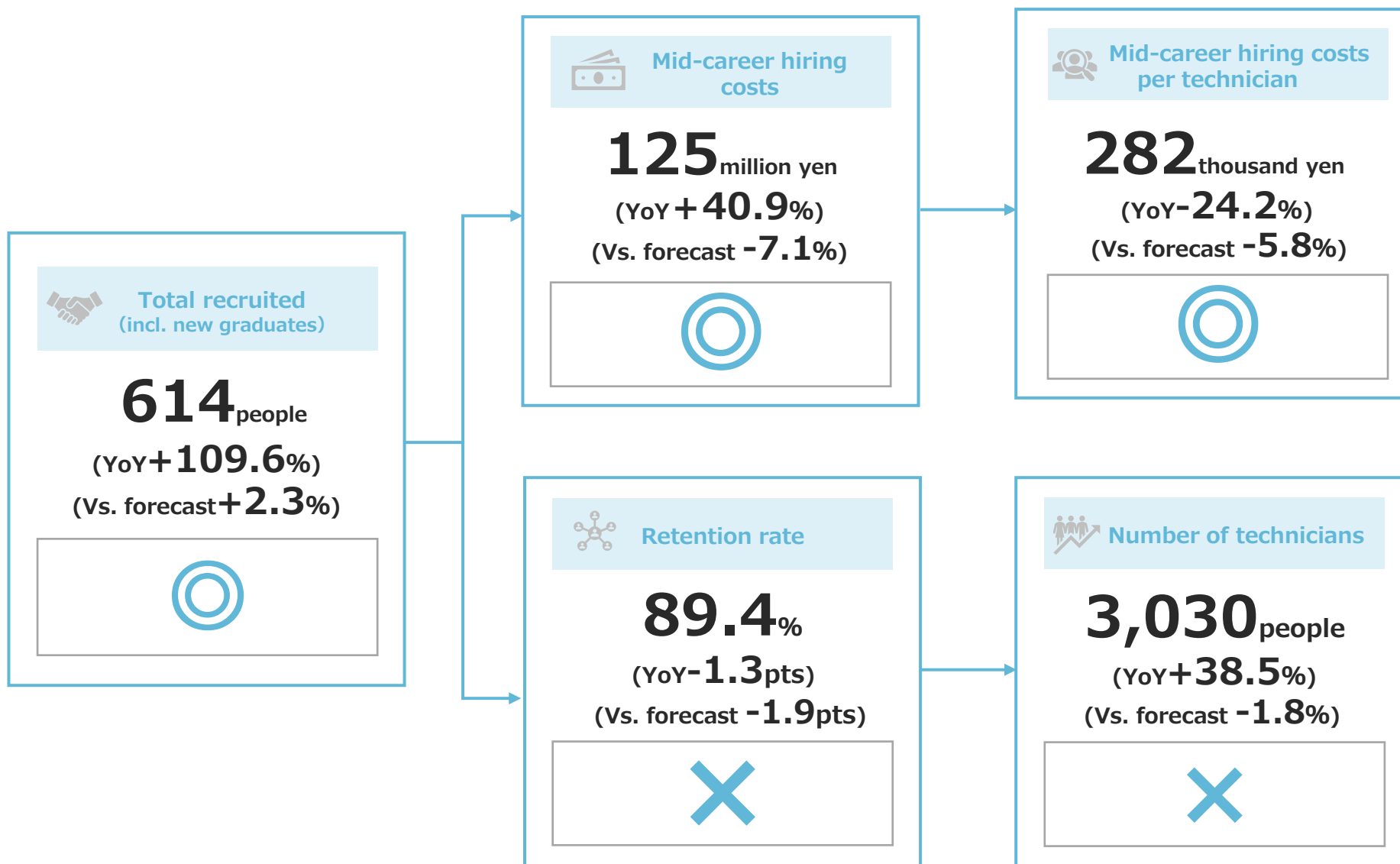
* The above figures for VALUE ARK CONSULTING include IT freelance engineers.

*Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

SECTION 03

Business Summary

Construction Technician Dispatching Business : Major KPIs



※The ◎ is above the plan, ○ is in line with the plan, and x is below the plan.

※ Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

Construction Technician Dispatching Business : Increase in Mid-career Hiring by Strengthening Interviews



Number of hiring interview

Doubled from the previous 1Q

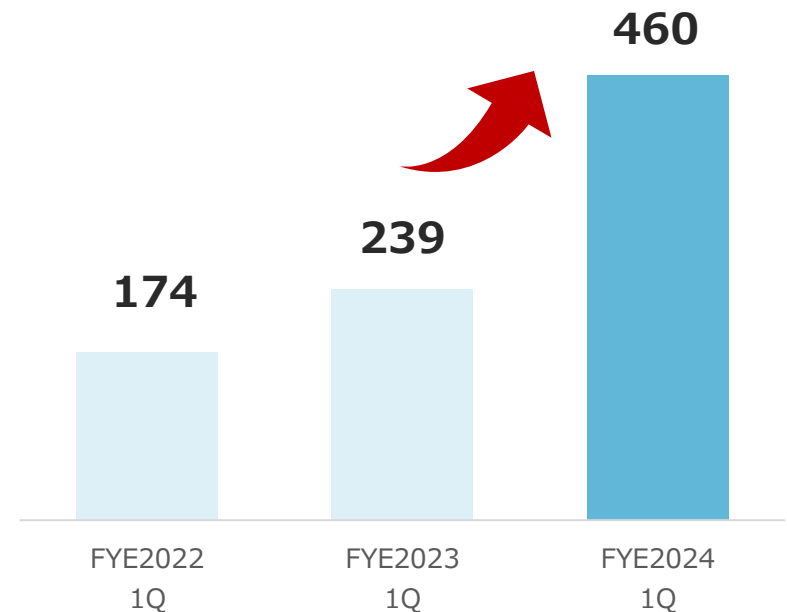


Mid-career recruited

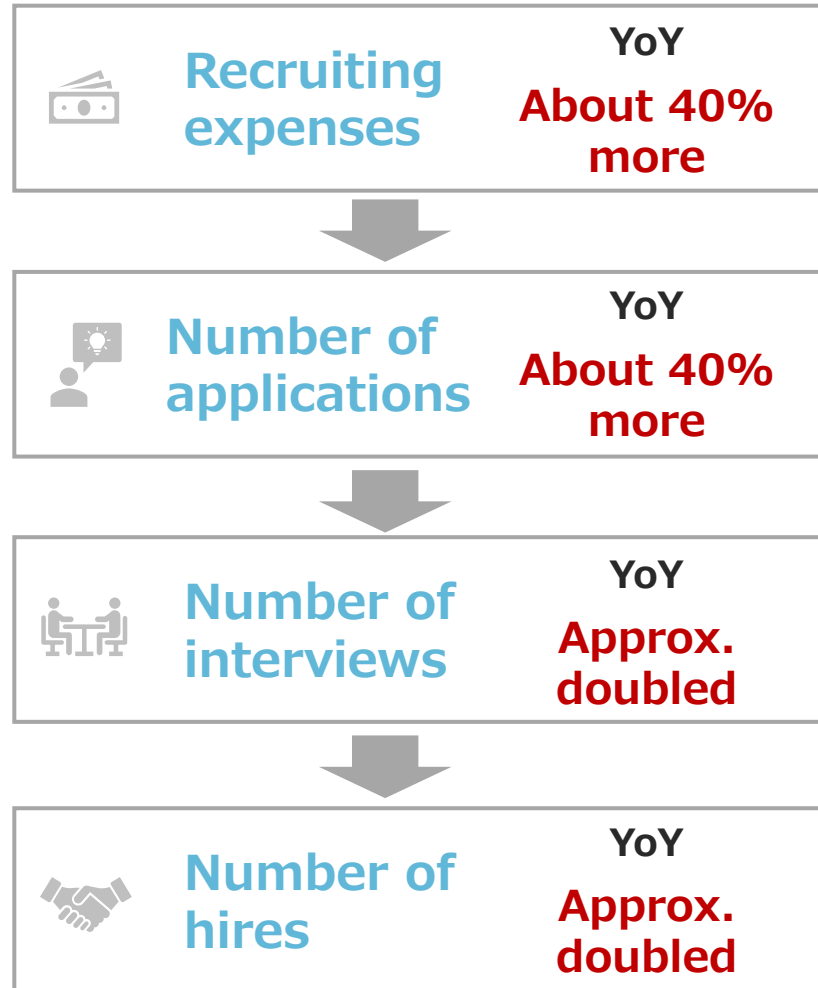
Doubled from the previous 1Q

Main Initiatives

- Introduced an application management system. Shorten lead times by automating interview settings
- Improving the efficiency of interviews by introducing interview tools
- Thorough recruitment process management
- Approximately 50% increase in recruitment staff (compared with the previous First Quarter)

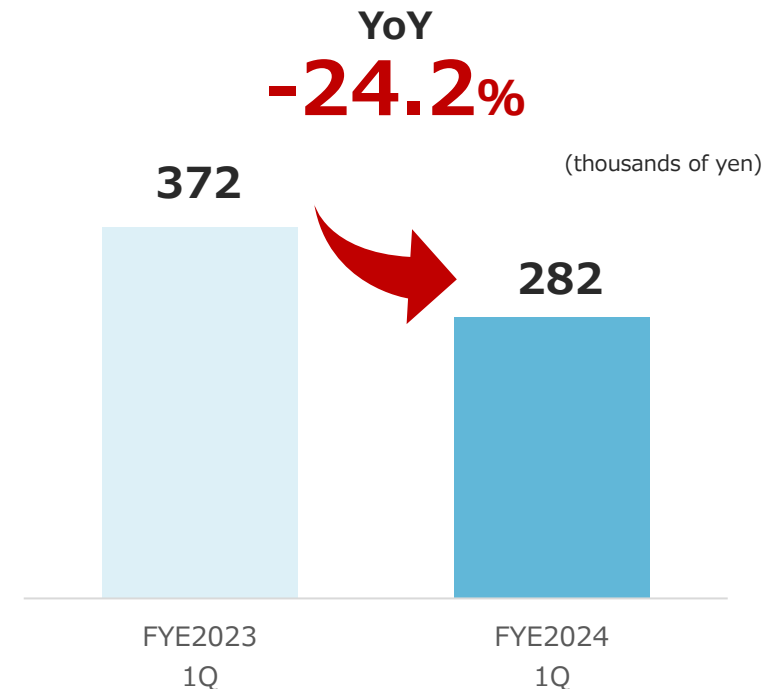
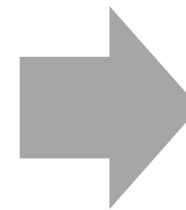


Construction Technician Dispatching Business : Decrease in unit price for mid-career hires due to strengthening of interview response



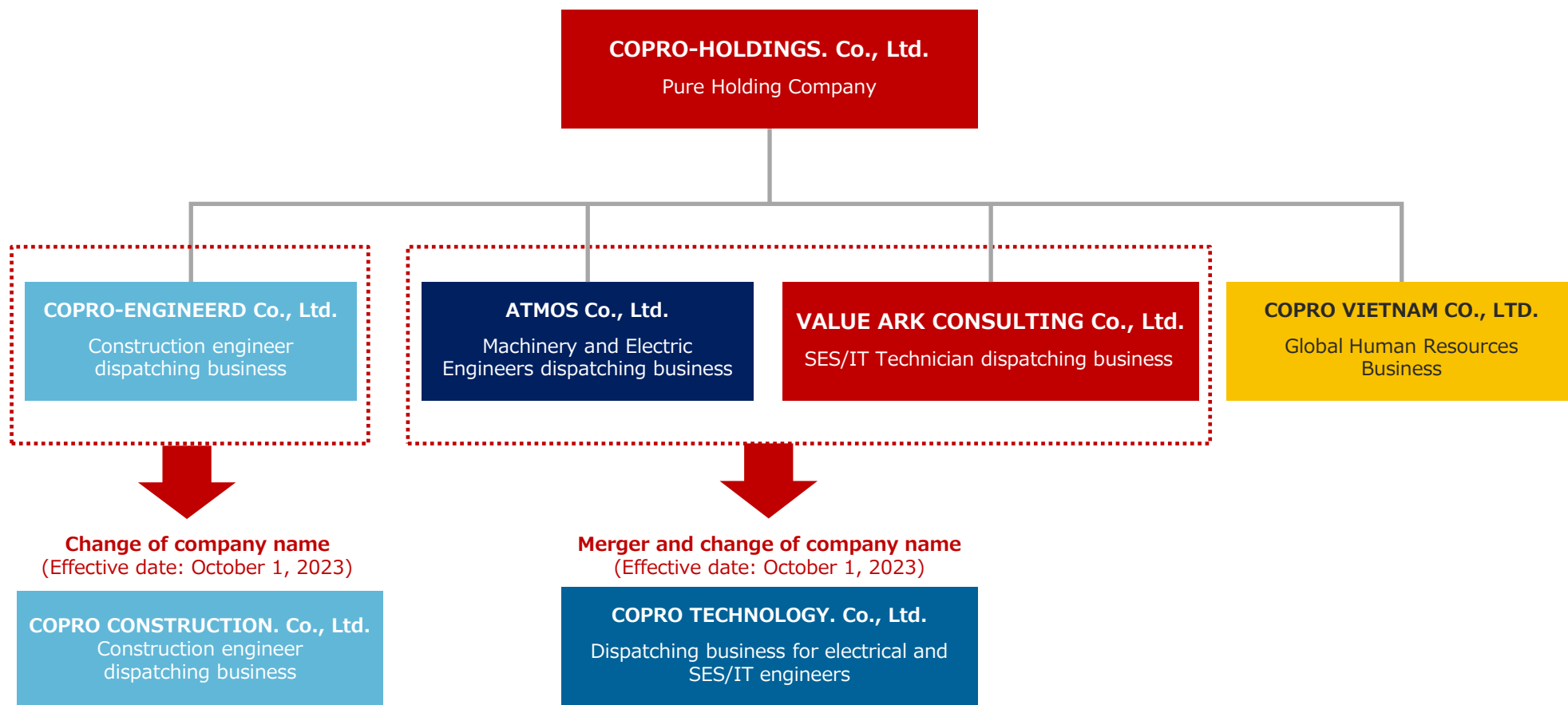
Unit price for mid-career hires

The unit price of mid-career hires declined due to an improvement in the hiring rate.



Change of Name of Core Subsidiary and Merger of Subsidiary

- The name "Construction" will be used to make the content of business easier to imagine, and further raise corporate awareness among customers and job seekers.
- Merged 2 companies acquired through M&A in 2021, ATMOS Co., Ltd., an electrical engineer dispatching business, and VALUE ARK CONSULTING Co., Ltd., an SES/IT engineer. Enhance competitiveness by integrating the electrical and IT fields, expand employment opportunities for engineers, and strengthen career-building support.



SECTION 04

FYE2024 Earnings Forecast

FYE2024 Consolidated Earnings Forecast Summary

Number of Consolidated Technicians and Engineers

4,271 people
(YoY+40.7%)

Record High

Net sales

24,298 million yen
(YoY+29.3%)

Record High

Operating Profit

1,800 million yen
(YoY+36.2%)

Record High

Non-GAAP Operating Profit

2,140 million yen
(YoY+33.2%)

Record High

Ordinary Profit

1,870 million yen
(YoY+41.2%)

Record High

Profit attributable to owners of parent

1,167 million yen
(YoY+35.0%)

Record High

Point 1

We aim to further accelerate the speed of expanding our size by continuing to invest in growth, such as recruiting costs, mainly for dispatching construction technicians.

Point 2

An increase in selling and administration expenses due to aggressive investment will be absorbed by an increase in revenue, and by achieving both growth in our size and profit generation, we expect both sales and profits to reach record highs.

*To measure essential performance in profit, non-GAAP operating profit is calculated by adding depreciation costs, goodwill amortization and stock-based compensation expenses back to operating profit.

*The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.

Financial Forecast for FYE2024

(million of yen)

	FYE2023			FYE2024 (forecast)				
	1st Half	Full-year	Ratio	1st Half	YoY	Full-year	Ratio	YoY
Net sales	8,670	18,791	100.0%	11,203	+29.2%	24,298	100.0%	+29.3%
Cost of sales	6,086	13,216	70.3%	8,040	+32.1%	17,233	70.9%	+30.4%
Gross profit	2,583	5,575	29.7%	3,162	+22.4%	7,065	29.1%	+26.7%
SG&A expenses	2,113	4,253	22.6%	2,667	+26.2%	5,265	21.7%	+23.8%
Operating profit	469	1,321	7.0%	495	+5.3%	1,800	7.4%	+36.2%
Non-GAAP operating profit*1	613	1,606	8.6%	660	+7.6%	2,140	8.8%	+33.2%
Ordinary profit	472	1,324	7.0%	565	+19.7%	1,870	7.7%	+41.2%
Profit attributable to owners of parent	280	864	4.6%	316	+12.7%	1,167	4.8%	+35.0%
Earnings per share (*2 before stock split) (¥)	30.20	93.09	–	33.82	–	124.60	–	–
Earnings per share (*2 after stock split) (¥)	15.10	46.55	–	16.91	–	62.30	–	–
Number of consolidated technicians and engineers (quarter end)*3	2,575	3,036	–	–	–	4,271	–	+40.7%

*1. To measure essential performance in profit, non-GAAP operating profit is calculated by adding depreciation costs, goodwill amortization and stock-based compensation expenses back to operating profit.

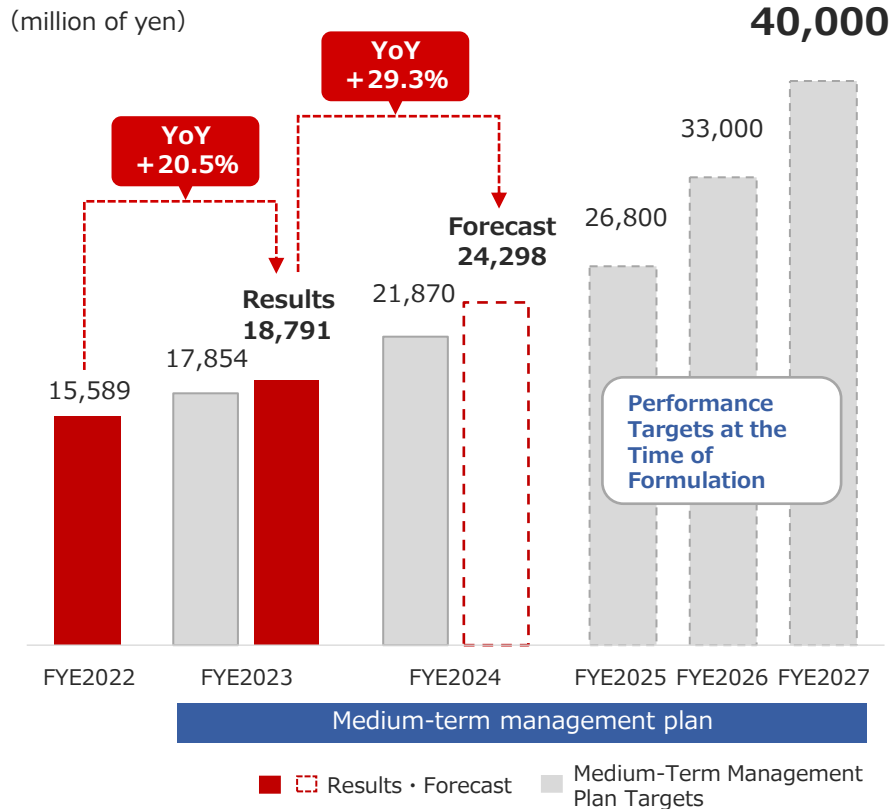
*2. A 2-for-1 stock split is scheduled to take effect on Sunday, October 1, 2023.

*3. The number of consolidated technicians & engineers is the number of employees at the end of the fiscal year including IT freelancers in the SES business.

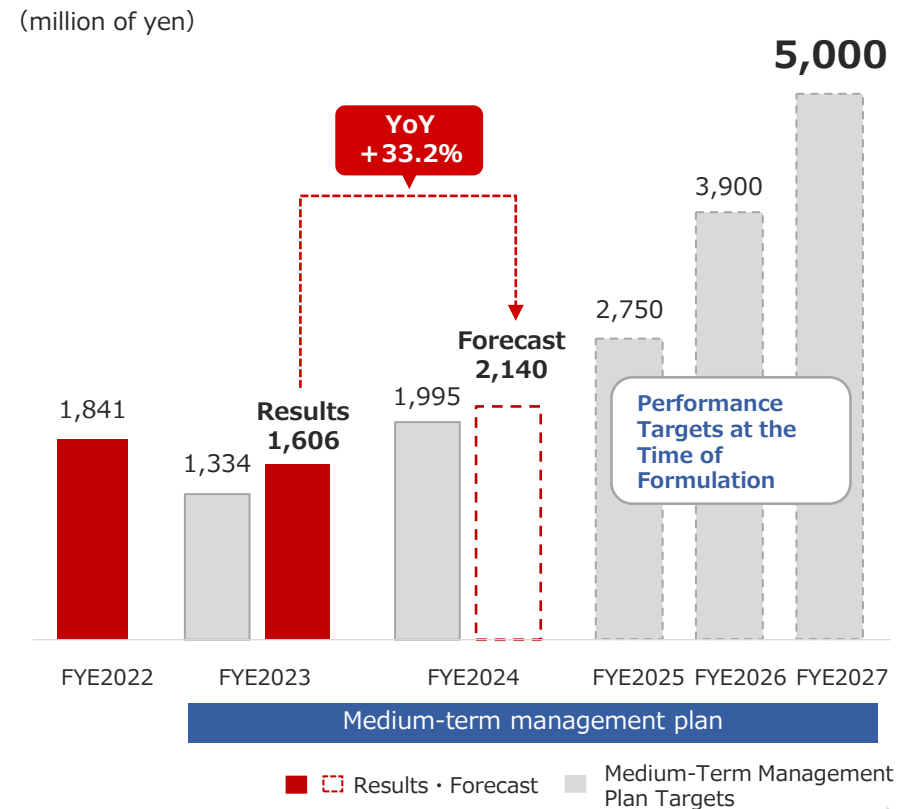
Progress of the Medium-Term Management Plan

- In the main business of construction engineer dispatching, the Company expects to realize the results of the sales and recruitment reforms it has promoted up to the previous fiscal year, and to shift to the "Profit Generation Phase" that will enter the harvest period from FYE2024.
- Aim to accelerate organic growth in existing businesses and achieve medium-term plan performance targets ahead of schedule.
- The company will also actively consider discontinuous growth through M&A that it has not factored into its medium-term plan.

Consolidated Net Sales



Non-GAAP Operating Profit



SECTION 05

FYE2024 Dividend Forecast

Stock Split

Purpose of the stock split

By reducing the amount of our shares per unit of investment, we will create an environment that makes it easier for investors to invest, expand our investor base, and improve the liquidity of our shares.

Method of stock split

Percentage of stock splits	Split at a rate of 2 shares per share
Record Date	Saturday, September 30, 2023
Effective date	Sunday, October 1, 2023

* The record date above is effectively September 29, 2023 (Friday) for the holiday of the shareholder register administrator.

	Before stock split	After stock split
Number of issued shares	10,000,000 shares	20,000,000 shares
Total number of authorized shares	40,000,000 shares	80,000,000 shares

Dividends Forecast

Dividend Policy After the Change

Dividends are the basis for shareholder returns, which we consider to be one of the important management issues, and our basic policy is to pay stable dividends. We will not reduce dividends, but rather maintain a consolidated dividend payout ratio of 50% or more, during the period covered by the medium-term management plan "COPRO Group Build the Future 2027" (from FYE2023 to FYE2027), depending on the profit growth achieved through aggressive investment.

Dividend per share

- ✓ For FYE2024, the dividend per share is forecast to increase by 30.0 yen to 80.0 yen for the full year.
- ✓ The consolidated dividend payout ratio is forecast to be 64.2%.

The revised of the year-end dividend for the year ending March 31, 2024 does not materially change the dividend forecast per share due to the revision accompanying the stock split.

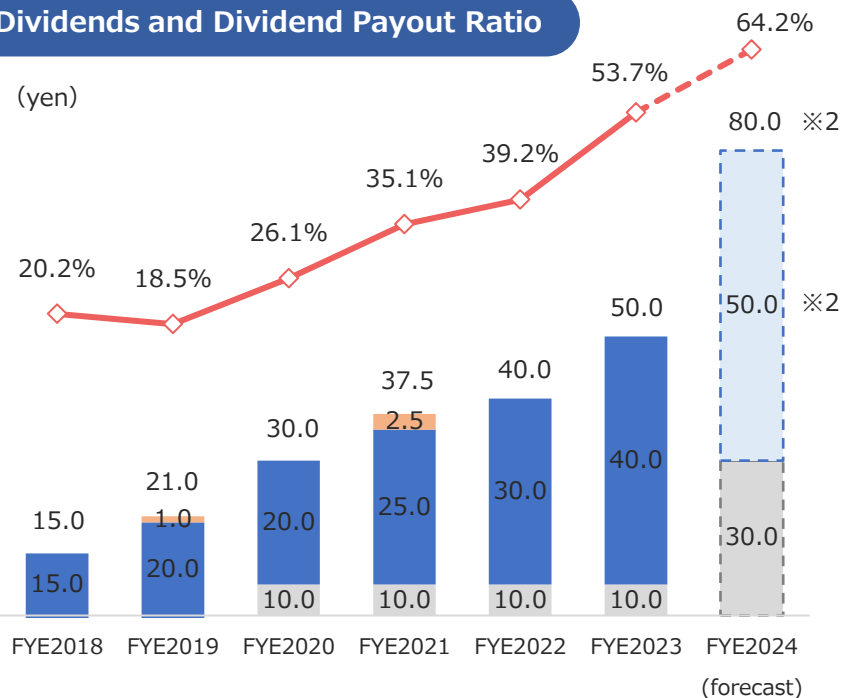
	Interim	Term end	Total
FYE2023(results)	¥10.0	¥40.0	¥50.0
FYE2024(forecast) *1 when stock splits are not considered	¥30.0	¥50.0 *2	¥80.0 *2
FYE2024(revised forecast) *1 after a stock split	¥30.0	¥25.0 after a stock split	—

*1. A 2-for-1 stock split is scheduled to take effect on Sunday, October 1, 2023.

*2. Dividends per share without taking into account the stock split.

*3. The dividend per share before FYE2021 has been retroactively revised to take into account the impact of the one-to-two stock split implemented on April 1, 2021.

Dividends and Dividend Payout Ratio



■ Commemorative dividend (year-end) ■ Ordinary dividend (year-end)
■ Ordinary dividend (interim) ◆ Dividend payout ratio (%)

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 be modified without notice due to changes in the business environment or other factors.
- Materials and information provided in this document 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.
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