

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 Nine Months

February 14, 2024

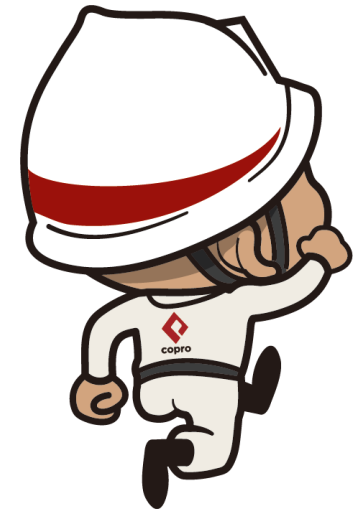


COPRO-HOLDINGS. Co., Ltd.

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

SECTION

- 01** Summary of the Consolidated Financial Results for Nine Months
- 02** Analysis of KPIs
- 03** Business Summary
- 04** Earnings Forecast for FYE2024
- 05** Dividend Forecast for FYE2024



FYE2024 3Q Message from Management

Our main business of construction technician dispatch is progressing at a brisk speed

The serious manpower shortage situation is persisting against the backdrop of regulations capping overtime work that will go into effect in April 2024 and large-sale construction projects. Amid a fortunate external environment, our recruiting capability, which we have refined through our strong emphasis on independent recruiting, has led to a positive growth rate in the number of technical employees who outperform the industry average. In the fiscal term under review, while our number of recruits is slightly under target, our actual recruiting process system is operating stably, and we are devoting ourselves to its improvement. We believe we have clear visibility on achieving high growth in the number of recruits in the next FY as well.

Mechanical and electrical employee/IT engineer dispatch is growing considerably as well

Having aggressively conducted intra-group investment through an M&A in 2021, while the sales scale of COPRO TECHNOLOGY. Co., Ltd. is still small, we are realizing a revenue growth rate on our top line that exceeds that for our leading construction technician dispatch business. In addition to continuing to fortify our sales and recruiting efforts, we are steadily pushing forward with measures aimed at further growth such as conducting M&As and entering the semiconductor engineer dispatch business.

Commenced discussions geared towards budget for next FY

Internal discussions geared towards our forecast for the next FY (FYE2025), which we will provide information on in our next financial results announcement in May 2024, are being conducted. With the aim of surpassing the performance targets that we set forth in our Medium-Term Management Plan (FYE2025 Medium-Term Plan Targets of 26,800 million yen in consolidated sales and 2,700 million yen in non-GAAP operating profit), in the immediate term of 4Q, we will proceed to build up assigned personnel as much as possible so that we may get the next FY off the ground from the highest conceivable launchpad.

SECTION 01

Summary of the Consolidated Financial Results for Nine Months

01

Highlights of the Consolidated Financial Results for Nine Months

Number of Consolidated Technicians and Engineers

3,709 people

(YoY+31.2%)

(Forecast Progress **86.8%**)



Net Sales

17,496 million yen

(YoY+28.8%)

(Forecast Progress **72.0%**)



Operating Profit

1,406 million yen

(YoY+63.0%)

(Forecast Progress **68.9%**)



Non-GAAP Operating Profit

1,611 million yen

(YoY+49.7%)

(Forecast Progress **68.8%**)



Ordinary Profit

1,480 million yen

(YoY+70.8%)

(Forecast Progress **70.0%**)



Profit Attributable to Owners of Parent

936 million yen

(YoY+79.7%)

(Forecast Progress **68.8%**)



Point 1

Due to the highest number ever of new recruits, the number of consolidated technical employees reached a record high of 3,709 people (+883 YoY).

Point 2

Net sales and each line of profit from operating profit on down is by and large proceeding according to plan relative to the earnings forecast that we revised upwards on November 14.

* 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 Nine Months

(million of yen)

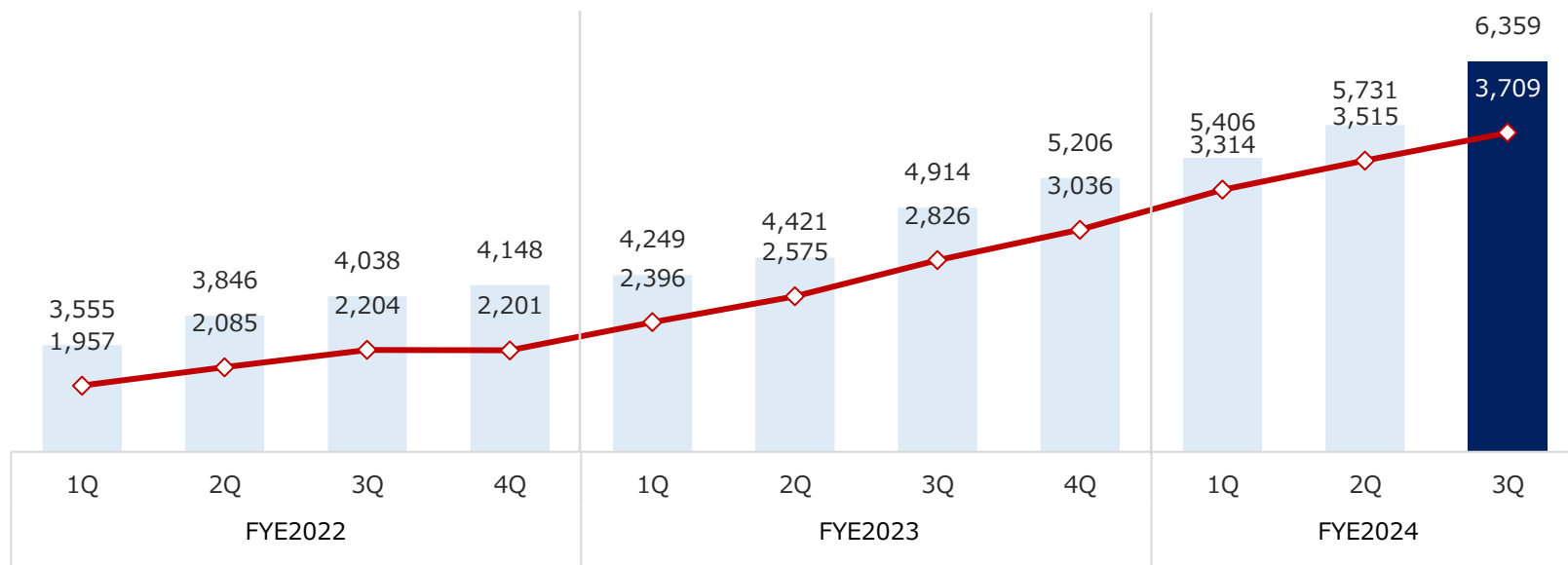
	FYE2023		FYE2024		YoY Change		Forecast Progress	
	3Q cumulative	Vs Full Year Results	3Q cumulative	Ratio	Pct Change	Amount of Change	Full Year Forecast	Forecast Progress
Net sales	13,584	73.9%	17,496	100.0%	+28.8%	+3,912	24,298	72.0%
Cost of sales	9,530	74.6%	12,616	72.1%	+32.4%	+3,086	17,233	73.2%
Gross profit	4,054	72.4%	4,880	27.9%	+20.4%	+826	7,065	69.1%
SG&A expenses	3,191	72.6%	3,474	19.9%	+8.9%	+282	5,023	69.2%
Operating profit	862	71.6%	1,406	8.0%	+63.0%	+543	2,042	68.9%
Non-GAAP operating profit*	1,076	70.7%	1,611	9.2%	+49.7%	+535	2,342	68.8%
Ordinary profit	866	71.8%	1,480	8.5%	+70.8%	+613	2,115	70.0%
Profit attributable to owners of parent	521	71.7%	936	5.4%	+79.7%	+415	1,361	68.8%
Number of consolidated technicians & engineers (quarter end)*	2,826	93.4%	3,709	–	+31.2%	+883	4,271	86.8%

*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

- 3rd Quarter net sales and technician numbers both increased from the previous 2nd quarter.
- Record high on a quarterly basis.



Consolidated net sales (million of yen)	3,555	3,846	4,038	4,148	4,249	4,421	4,914	5,206	5,406	5,731	6,359
QoQ change	-5.7%	+8.2%	+5.0%	+2.7%	+2.4%	+4.0%	+11.2%	+5.9%	+3.8%	+6.0%	+11.0%
No. of consolidated technicians (quarter end)	1,957	2,085	2,204	2,201	2,396	2,575	2,826	3,036	3,314	3,515	3,709
QoQ change	-3.1%	+6.5%	+5.7%	-0.1%	+8.9%	+7.5%	+9.7%	+7.4%	+9.2%	+6.1%	+5.5%

■ Consolidated net sales
 ◆ Number of consolidated technicians

*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.

Nine Month Financial Results by Subsidiaries

- Sales of COPRO CONSTRUCTION. Co., Ltd. increased significantly due to the highest number of recruits ever. This subsidiary also absorbed the increase in recruiting costs and personnel costs to achieve an increase in operating profit of 404 million yen YoY.
- Due to conducting investment upfront by aggressively allocating advertising and publicity costs in order to expand the number of recruits, focusing on “Bscareer Mechanical and Electrical” and “Bscareer IT” in particular, COPRO TECHNOLOGY. Co., Ltd. experienced a decline in operating profit of 16 million yen YoY.
- COPRO-HOLDINGS. Co., Ltd. contributed a 156 million yen increase in profit YoY due to a decrease in personnel expenses from streamlining at the head office and a decrease in stock award expenses.

(million of yen)

	FYE2023			FYE2024		
	3Q cumulative	YoY		3Q cumulative	YoY	
		Pct Change	Amount of Change		Pct Change	Amount of Change
Net Sales	13,584	+18.7%	+2,144	17,496	+28.8%	+3,912
COPRO CONSTRUCTION	12,732	+15.4%	+1,699	15,991	+25.6%	+3,258
COPRO TECHNOLOGY	852	+109.1%	+444	1,505	+76.7%	+653
Gross profit	4,054	+14.8%	+524	4,880	+20.4%	+826
COPRO CONSTRUCTION	3,754	+8.9%	+307	4,459	+18.8%	+705
COPRO TECHNOLOGY	299	+261.0%	+216	420	+40.4%	+121
SG&A expenses	3,191	+32.5%	+782	3,474	+8.9%	+282
COPRO CONSTRUCTION	1,940	+42.6%	+579	2,240	+15.5%	+300
COPRO TECHNOLOGY	303	+71.7%	+126	441	+45.5%	+138
COPRO-HOLDINGS and others	947	+8.8%	+76	791	-16.5%	-156
Operating profit	862	-23.1%	-258	1,406	+63.0%	+543
COPRO CONSTRUCTION	1,814	-13.0%	-271	2,219	+22.3%	+404
COPRO TECHNOLOGY	-3	-	+89	-20	-	-16
COPRO-HOLDINGS and others	-947	-	-76	-791	-	+156

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

SECTION 02

Analysis of KPIs

KPIs by Business

- The number of recruits grew considerably, particularly at COPRO CONSTRUCTION. Co., Ltd. This led to the number of technical employees increasing by 883, or +31.2% YoY, to 3,709.

(people, thousands of yen)

	FYE2023					FYE2024					FYE2024	
	1Q	2Q	3Q	3Q cumulative	Full year	1Q	2Q	3Q	3Q cumulative	YoY	Full-year Forecast	
Total recruited	443	360	459	1,262	1,747	664	502	516	1,682	+33.3%	+420	2,331
Construction technician dispatch	293	315	417	1,025	1,472	614	458	467	1,539	+50.1%	+514	2,120
Mechanical design engineer	14	23	25	62	85	29	27	28	84	+35.5%	+22	123
SES	14	22	17	53	68	21	17	17	55	+3.8%	+2	88
Increase due to M&A, etc.	122	0	0	122	122	0	0	4	4	-96.7%	-118	-
Turnover total	248	181	208	637	912	386	301	322	1,009	+58.4%	+372	1,096
Construction technician dispatch	223	158	191	572	812	361	283	299	943	+64.9%	+371	1,008
Mechanical design engineer	8	11	11	30	42	13	9	17	39	+30.0%	+9	30
SES	17	12	6	35	58	12	9	6	27	-22.9%	-8	58
No. of technicians and engineers	2,396	2,575	2,826	2,826	3,036	3,314	3,515	3,709	3,709	+31.2%	+883	4,271
Construction technician dispatch	2,187	2,344	2,570	2,570	2,777	3,030	3,205	3,373	3,373	+31.2%	+803	3,889
Mechanical design engineer	122	134	148	148	159	175	193	204	204	+37.8%	+56	252
SES	87	97	108	108	100	109	117	132	132	+22.2%	+24	130
Retention rate	90.6%	93.4%	93.1%	81.6%	76.9%	89.6%	92.1%	92.0%	78.6%	-	-3.0pt	79.6%
Construction technician dispatch	90.7%	93.7%	93.1%	81.8%	77.4%	89.4%	91.9%	91.9%	78.2%	-	-3.6pt	79.4%
Mechanical design engineer	93.8%	92.4%	93.1%	83.1%	79.1%	93.1%	95.5%	92.3%	84.0%	-	+0.9pt	89.4%
SES	83.7%	89.0%	94.7%	75.5%	63.3%	90.1%	92.9%	95.7%	83.0%	-	+7.5pt	69.1%
Sales per engineer(period average)	648	638	650	646	643	619	609	614	614	-4.9%	-32	601
Construction technician dispatch	649	641	652	647	644	618	608	612	612	-5.3%	-35	602
Mechanical design engineer	578	560	600	586	599	622	603	637	621	+6.1%	+36	635
SES	593	553	568	567	587	656	668	697	676	+19.1%	+109	552

* The above figures, excluding sales per technical employee at VALUE ARK CONSULTING Co., Ltd., include IT freelance engineers. The amount of sales per technical employee is for dispatched technical employees only, excluding IT freelancers.

* 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

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

Reference) Construction Technician Dispatching Business KPIs



- The cumulative number of recruits for 3Q increased by 50.1% YoY to 1,539 people due to a significant increase in the number of inexperienced recruits because of strengthened process management for recruiting.
- By doing more to eliminate mismatches and follow up on assignments, we brought down the turnover of technical employees in less than one year of their registration. However, because senior personnel retirements coincided with each other in 3Q, the cumulative retention rate for that quarter worsened by 3.6 pts YoY to 78.2%.

Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023						FYE2024				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full-year	1Q	2Q	3Q	3Q cumulative	Full-year Forecast
Total recruited	834	293	315	417	1,025	447	1,472	614	458	467	1,539	2,120
New graduates	56	54	0	2	56	0	56	154	0	0	154	154
Mid-career	778	239	315	415	969	447	1,416	460	458	467	1,385	1,966
Turnover total	859	223	158	191	572	240	812	361	283	299	943	1,008
Net change	-25	+70	+157	+226	+453	+207	+660	+253	+175	+168	+596	+1,112
Increase due to M&A, etc.	0	+122	0	0	+122	0	+122	0	0	0	0	-
Number of technicians (quarter end)	1,995	2,187	2,344	2,570	2,570	2,777	2,777	3,030	3,205	3,373	3,373	3,889
Utilization rate (period average)	96.9%	96.3%	97.1%	96.3%	96.6%	95.7%	96.3%	93.0%	94.6%	95.7%	94.5%	-

Retention rate

	FYE2022	FYE2023						FYE2024				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full-year	1Q	2Q	3Q	3Q cumulative	Full-year Forecast
Retention rate	69.9%	90.7%	93.7%	93.1%	81.8%	92.0%	77.4%	89.4%	91.9%	91.9%	78.2%	79.4%
Retention rate (FY accumulative total)	69.4%	89.7%	84.2%	79.0%	79.0%	74.4%	74.4%	89.2%	82.3%	76.2%	76.2%	-
Retention rate (Last twelve months)	69.4%	71.8%	72.3%	72.7%	72.7%	74.4%	74.4%	75.0%	73.2%	71.6%	71.6%	-

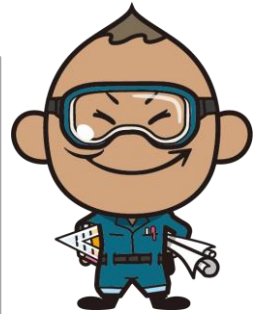
*Retention rate = Number of technicians at the end of the current fiscal year (current quarter) ÷ (Number of technicians at the end of the previous fiscal year (previous quarter) + Number of technicians at the end of the current fiscal year (current quarter)) × 100

*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

- The number of new recruits increased significantly due to active investment in recruiting costs and an increase in the number of people in charge of recruitment, with the number of engineers increasing by 56 people YoY to 204.
 - On the other hand, the growth in the number of recruits resulted in insufficient post-assignment follow-up. The cumulative number of resignations for 3Q progressed over target as a result.
- ⇒ From 4Q onward, we will review our follow-up system as well as increase forums for exchange with technical employees as we endeavor to improve retention rates.



Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023						FYE2024				
	Full-year (June-Mar)	1Q (Apr-June)	2Q (July-Sep)	3Q (Oct-Dec)	3Q cumulative	4Q (Jan-Mar)	Full-year	1Q	2Q	3Q	3Q cumulative	Full-year (forecast)
Total recruited	20	14	23	25	62	23	85	29	27	28	84	123
New graduates	0	1	0	0	1	0	1	5	0	0	5	4
Mid-career	20	13	23	25	61	23	84	24	27	28	79	119
Turnover total	15	8	11	11	30	12	42	13	9	17	39	30
Net change	+5	+6	+12	+14	+32	+11	+43	+16	+18	+11	+45	+93
Number of technicians (quarter end)	116	122	134	148	148	159	159	175	193	204	204	252
Utilization rate (period average)	98.6%	96.9%	96.9%	98.6%	97.5%	97.5%	97.5%	95.9%	97.9%	96.8%	96.9%	-

Retention rate

	FYE2022	FYE2023						FYE2024				
	Full-year (June-Mar)	1Q (Apr-June)	2Q (July-Sep)	3Q (Oct-Dec)	3Q cumulative	4Q (Jan-Mar)	Full-year	1Q	2Q	3Q	3Q cumulative	Full-year (forecast)
Retention rate	-	93.8%	92.4%	93.1%	83.1%	93.0%	79.1%	93.1%	95.5%	92.3%	84.0%	89.4%
Retention rate (FY accumulative total)	88.9%	93.1%	89.7%	85.3%	85.3%	81.0%	81.0%	93.7%	89.9%	85.4%	85.4%	-
Retention rate (Last twelve months)	88.9%	84.7%	85.2%	84.9%	84.9%	81.0%	81.0%	82.8%	84.2%	90.2%	90.2%	-

*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

*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

- Our focus is on the operation of “Bscareer IT”, a project introduction site for IT engineers that opened in March 2023.
- The number of applicants and the number of recruits are on the rise, partly due to investment in advertising expenses in conjunction with the release of “Bscareer IT”.
- Four technical employees were added to the group after it took over the SES business of Pacific Information Consultants Co., Ltd. as of November 30, 2023.



Recruitment, Turnover and Utilization rate

(people)

	FYE2022	FYE2023						FYE2024				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full year	1Q	2Q	3Q	3Q cumulative	Full-year Forecast
Number of applicants	320	213	408	354	975	264	1,239	594	651	696	1,941	-
Total recruited	16	14	22	17	53	15	68	21	17	17	55	88
Turnover total	16	17	12	6	35	23	58	12	9	6	27	58
Net change	-	-3	+10	+11	+18	-8	+10	+9	+8	+11	+28	+30
Increase due to M&A, etc.	0	0	0	0	0	0	0	0	0	4	4	0
Number of technicians (quarter end)	90	87	97	108	108	100	100	109	117	132	132	130
Utilization rate (period average)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

* The above figures include IT freelance engineers.

Retention rate

	FYE2022	FYE2023						FYE2024				
	Full-year	1Q	2Q	3Q	3Q cumulative	4Q	Full year	1Q	2Q	3Q	3Q cumulative	Full-year Forecast
Retention rate	-	83.7%	89.0%	94.7%	75.5%	81.3%	63.3%	90.1%	92.9%	95.7%	83.0%	69.1%

*The above figures include IT freelance engineers.

*Retention rate = Number of technical employees at the end of the current period (current quarter) ÷ (Number of technical employees at the end of the previous period (previous quarter) + Number of recruits in the current period (current quarter)) × 100g

SECTION 03

Business Summary

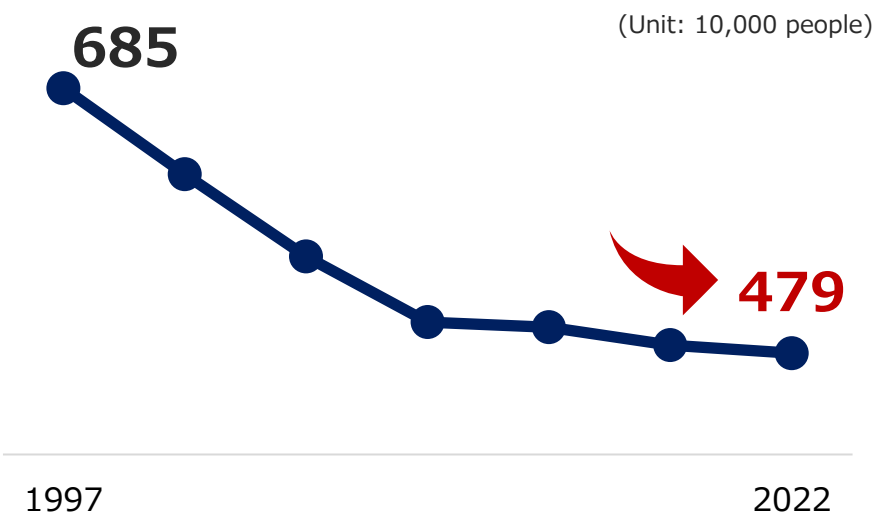
Business Overview (Construction Technician Dispatching): Construction Industry Trends

The technician dispatching market is in an expanding trend due to the chronic labor shortage



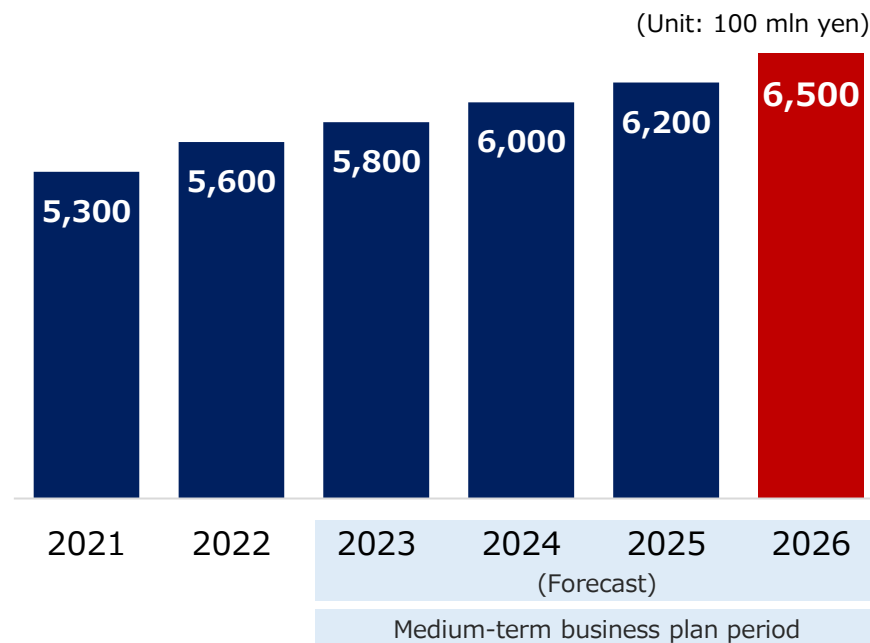
Number of construction industry employees*1

In FY 2022, a **-30.1%** reduction from the peak



Human resources services for the construction industry - Market size forecast*2

In FY2026, it is **expected to increase by 22.6%** compared to FY2021



*1 Based on "Labor Force Survey" by the Ministry of Internal Affairs and Communications

*2 From Yano Research Institute's "2023 Edition Current Status and Prospects for the Human Resources Business PART 2: Human Resources Services by Industry & Occupation"

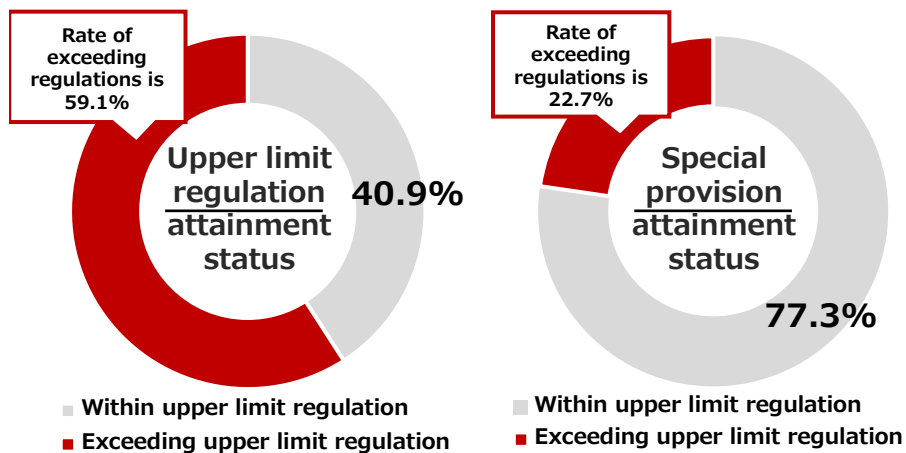
Business Overview (Construction Technician Dispatching): Construction Industry Trends



Demand will continue to grow due to the application of the revised Labor Standards Law*1 and active construction investment

The approaching 2024 problem

While the application of the upper limit regulation is approaching in 2024, as of FY2022, the rate of exceeding the regulation is **59.1%**, and even when special provisions are applied, it is **22.7%**. *2



Upper limit regulation: 45 hours per month, 360 hours per year.
Special provisions: 720 hours per year, multi-month average of 80 hours per month, less than 100 hours per month (including work on holidays)

Construction industry continues to see large-scale projects

The construction industry is **facing many large-scale projects** such as linear motor trains, the Osaka Expo, semiconductors and redevelopment-related construction.



*1 From April 2024, the upper limit on overtime work under the revised Labor Standards Law will begin to apply to the construction industry.

*2 From "Current Status of the Construction Industry as Seen from National Statistics (FY2022)" by the Japan Federation of Construction Contractors.

*3 ©Maryland GovPics, 2015, CC-BY-2.0, [https://commons.wikimedia.org/wiki/File:SC_Maglev_Test_Ride_\(18464832625\).jpg](https://commons.wikimedia.org/wiki/File:SC_Maglev_Test_Ride_(18464832625).jpg)

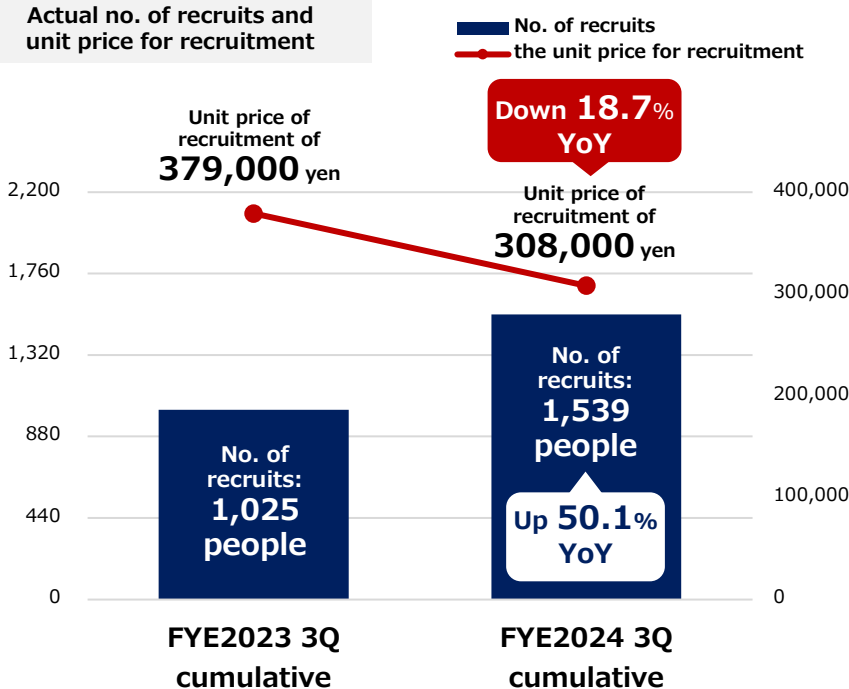
*4 Provided by: Japan Association for the 2025 World Exposition

*5 ©Syced, 2023, CC-Zero, https://commons.wikimedia.org/wiki/File:Toranomom-Azabudai_district_2023.jpg

Our Growth Strategy (Construction Technician Dispatch)

Strategy 1 Building a Strong Human Resources Supply Network in Preparation for Accelerating Labor Shortages

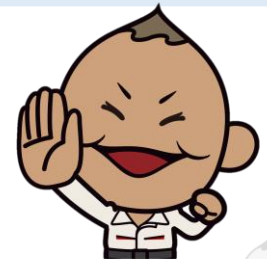
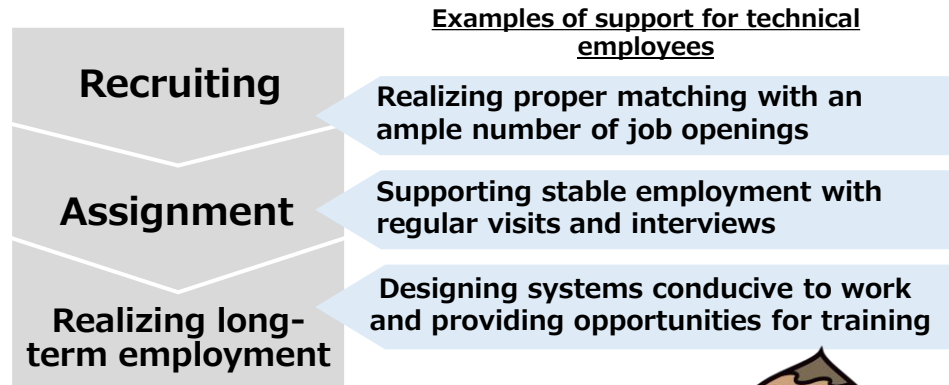
Improve recruitment efficiency (the unit price for recruitment) while proceeding to grow the number of recruits in order to stably supply personnel to client companies



Strategy 2 Strengthening the Support System and Improving the Retention Rate of Technical Employees

Improve the retention rate by proceeding to provide comprehensive support to technical employees, including matching with companies to post-assignment follow-up

Initiatives aimed at improving retention rate



Strategy ①: Building a Strong Human Resources Supply Network in Preparation for Accelerating Labor Shortages

- On a YoY basis, the trend of improvement in yield rates continued from 1H due to the thorough implementation of “process management.”
- On a versus target basis, in the non-cumulative 3Q, mismatches occurred with the formation of the applicant population, which caused the interview implementation rate to drop and, in turn, the number of interviews to be insufficient. As a result, in addition to the number of recruits falling short of target, the unit price for recruitment also exceeded target.

→ In 4Q and beyond, we will ascertain the media in which we place job openings and boost the precision of our recruiting process as well as make additional allocations of recruiting costs in our aim to engineer a recovery in order to meet target.



Recruiting expenses YoY
About 8% more



Number of applications YoY
About 30% more



Number of interviews YoY
About 50% more



Number of hires YoY
About 40% more

Initiatives to improve the yield rate

- Efficiently acquire leads by making appropriate approaches to the target job seeker group.
- Introducing an application management system. Reducing lead times by Automating the setting up of interviews.
- Instead of “selective” interviews, shifting To “employing” interviews, and strengthening Our appeal to job seekers.

Challenges in meeting and accompanying measures

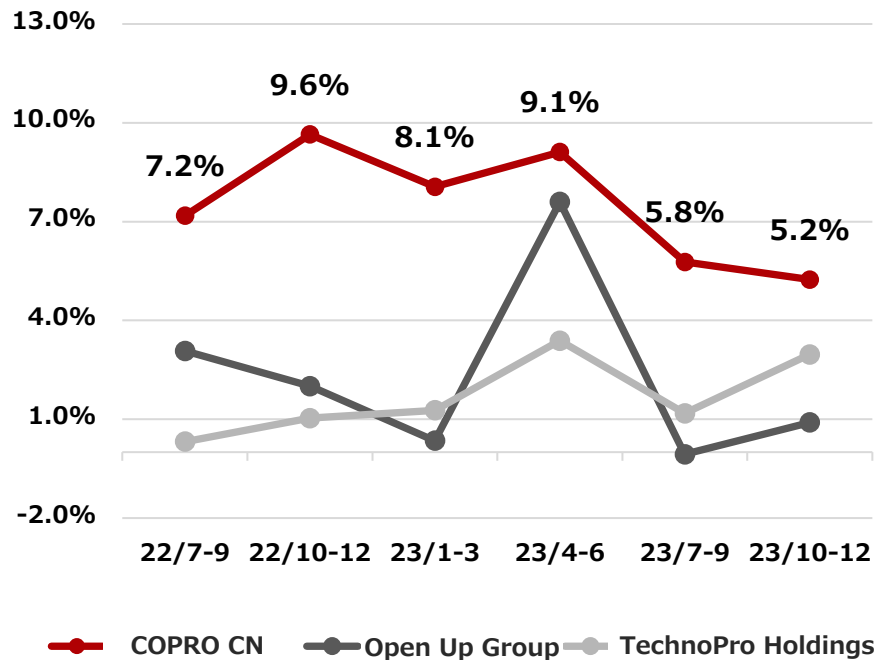
Mismatches occurred with the formation of the applicant population, causing the post-application interview implementation rate to drop. As a result, the number of recruits fell short of target, and the unit price for recruitment also exceeded target.

In 4Q and beyond, we will ascertain the media in which we place job openings, eliminate mismatches with the applicant population, and establish a system that enables us to leverage our “advanced recruiting capability.”

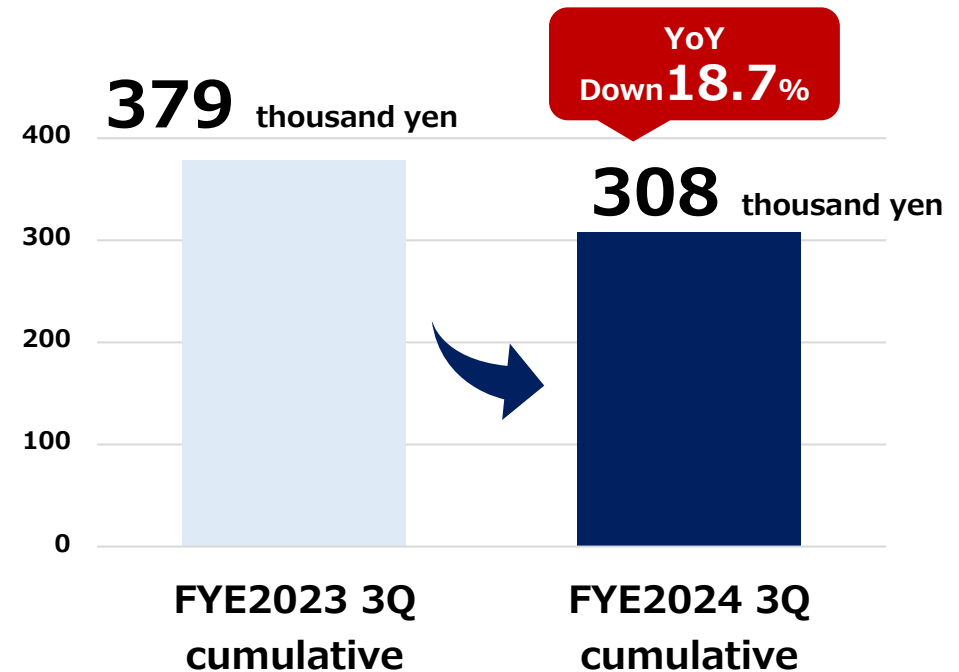
Strategy ①: Building a Strong Human Resources Supply Network in Preparation for Accelerating Labor Shortages

- Efforts to strengthen the recruiting system have been successful, and the growth rate for the number of technical employees remains at a high level.
- Due to the improved yield rate, the unit price for recruitment decreased significantly YoY.

Trend in the rate of increase for the number of construction technical employees (QoQ end)*



Change in the unit price for recruitment

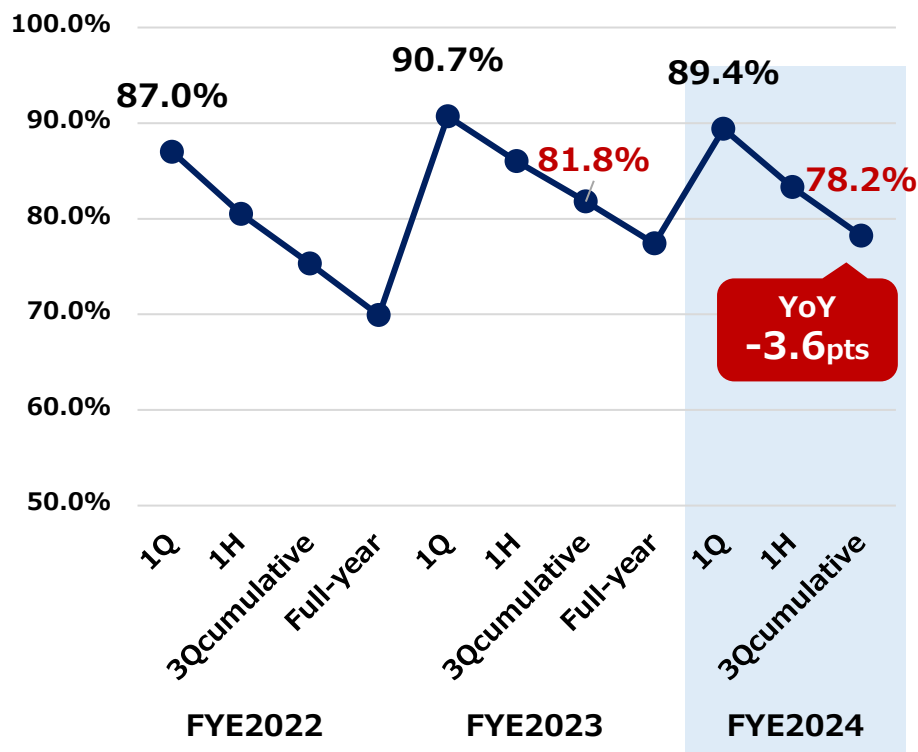


*Created by our company based on information published by each company

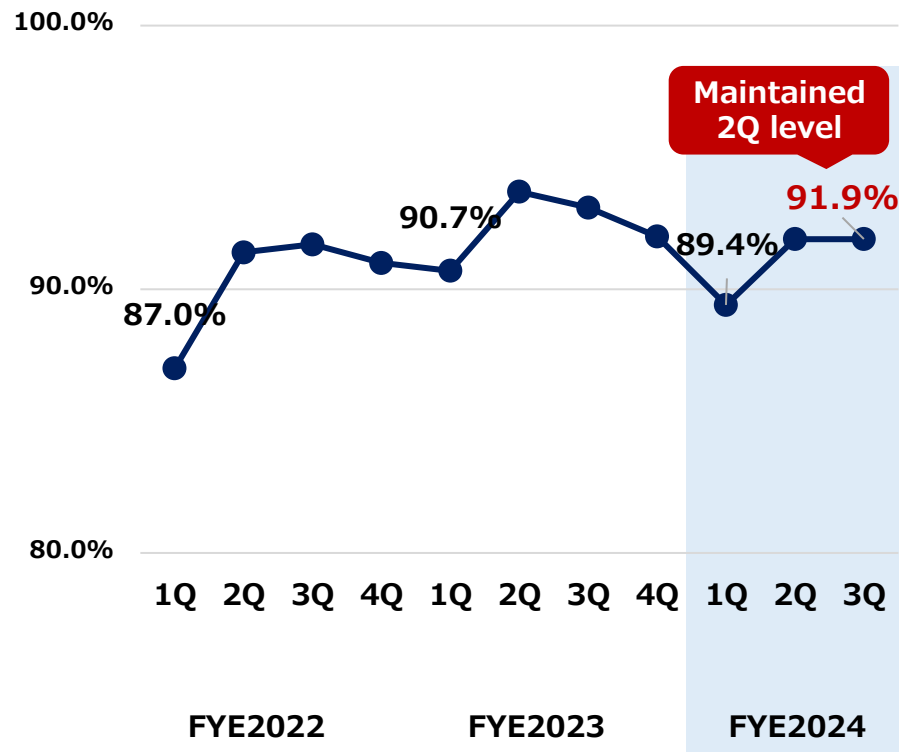
Strategy ②: Strengthening the Support System and Improving the Retention Rate of Technical Employees

- The cumulative retention rate for 3Q was 78.2%, falling 3.6 pts YoY. The rate was impacted by resignations within one year of joining the company increasing in 1Q as well as by senior personnel retirements coinciding with each other in 3Q.
- For the retention rate in the non-cumulative 3Q, we maintained the level from the non-cumulative 2Q. In addition to eliminating mismatches in assignments, as a result of revising the post-assignment support system, the number of technical employees who soon resigned within the first year of employment continued to improve from 2Q, thereby offsetting the negative factor of senior personnel retirements.

Change in the retention rate(Cumulative)*



Change in the retention rate(Quarterly)*



* Retention rate = Number of technical employees at the end of the current period (current quarter) ÷ (Number of technical employees at the end of the previous period (previous quarter) + Number of recruits in the current period (current quarter)) x 100

Business Overview (Mechanical Design and Development Engineer Dispatching Business): Opening of Semiconductor Engineer Training Center

- On February 1, 2024, COPRO TECHNOLOGY. Co., Ltd. opened and commenced operation of “Semicon Techno Lab,” a training center dedicated to the development of engineers to handle semiconductor manufacturing system maintenance and inspections, in the city of Yokohama.
- In FYE2025, the next FY, we will aim to train around 100 graduates. In FYE2026, the FY that follows, we will aim to train around 200 graduates, making for approx. 300 graduates to train in total over those two years.

■ Characteristics of “Semicon Techno Lab” semiconductor training center



■ Instructors who were originally first-rate engineers

By employing first-rate engineers who originally worked at major semiconductor manufacturers as instructors, we have a highly-precise system of learning in place that offers working-level practical skills combined with advanced classroom training.



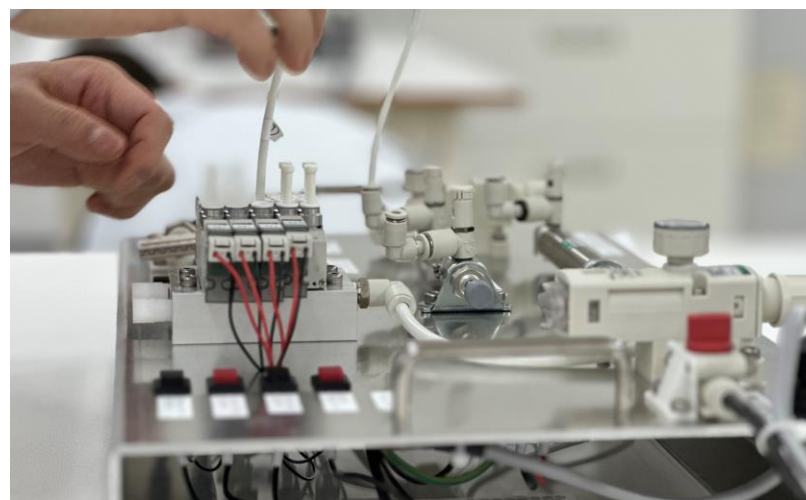
■ High-level learning with the use of actual equipment

At the training center, systems used in actual semiconductor manufacturing processes are installed. This is to help cultivate immediate work-readiness through experiences comparable with working-level ones.



■ Recruiting and development of inexperienced personnel

In addition to new hires, technical employees in the group from other domains can also participate in training through our job change service. We also promote reskilling (learning again from scratch).



Business Overview (SES): Acquiring the SES Business of Pacific Information Consultants Co., Ltd.

- As of November 30, 2023, our consolidated subsidiary COPRO TECHNOLOGY. Co., Ltd. ("COPRO TECHNOLOGY") took over the system engineering service business (SES) from Pacific Information Consultants Co., Ltd. (Headquarters: Chuo-ku, Tokyo; Representative Director: Hajime Nakayama; ("PIC"), which operates web and software development and system consulting businesses.
- By taking over the SES business of PIC, in addition to getting highly skilled IT engineers, we are aiming to further expand business our by acquiring PIC's customer network, which includes prime contractor SIers.



Getting highly skilled IT engineers.



Acquiring customer company accounts where sales channels have been limited.



copro
TECHNOLOGY

Speeding up business expansion in preparation for the accelerated shortage of IT engineers.

SECTION 04

Earning Forecast for FYE2024

Full FY Earnings Forecast for FYE2024 (Summary)

Number of Consolidated Technicians and Engineers

4,271 people

(YoY+40.7%)



Net Sales

24,298 Mln yen

(YoY+29.3%)



Operating Profit

2,042 Mln yen

(YoY+54.5%)



Non-GAAP Operating Profit

2,342 Mln yen

(YoY+45.7%)



Ordinary Profit

2,115 Mln yen

(YoY+59.7%)



Profit Attributable to Owners of Parent

1,361 Mln yen

(YoY+57.4%)



Point

- Regarding the full-year consolidated earnings forecast for FYE2024, demand is expected to remain strong from the third quarter onwards, and selling, general and administrative expenses are expected to continue to be controlled.
- On the other hand, in order to securely capture expanding demand as the upper limit on overtime work will apply to the construction industry in April 2024, since our policy is to flexibly invest in recruiting costs and other expenses and prioritize securing the number of technical employees.

* 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.

Upward Revision of FYE2024 Consolidated Earnings Forecast

(million of yen)

	FYE2023	FYE2024 (Forecast)			
	Full year	Full year (Revision on Nov.14)	Ratio	YoY	
				Pct change	Amount of Change
Net sales	18,791	24,298	100.0%	+29.3%	+5,506
Cost of sales	13,216	17,233	70.9%	+30.4%	+4,016
Gross profit	5,575	7,065	29.1%	+26.7%	+1,489
SG&A expenses	4,253	5,023	20.7%	+18.1%	+769
Operating profit	1,321	2,042	8.4%	+54.5%	+720
Non-GAAP operating profit*1	1,606	2,342	9.6%	+45.7%	+735
Ordinary profit	1,324	2,115	8.7%	+59.7%	+790
Profit attributable to owners of parent	864	1,361	5.6%	+57.4%	+496
Earnings per share (*2 after stock split) (¥)	46.55	72.26	—	—	+25.71
Number of consolidated technicians and engineers (quarter end)*3	3,036	4,271	—	+40.7%	+1,235

*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.

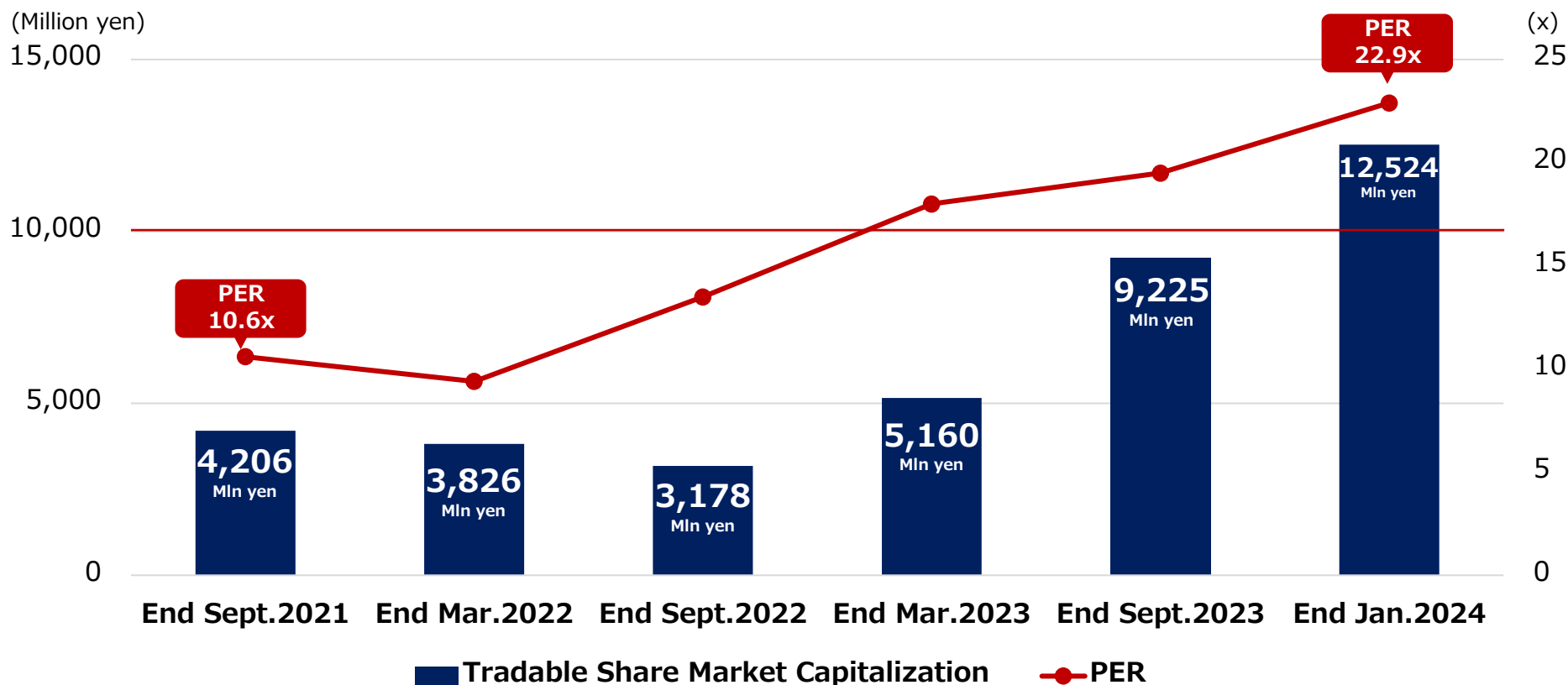
*2. A 2-for-1 stock split was taken effect on Sunday, October 1, 2023.

*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.

Status for Complying with Criteria to Maintain our Prime Market Listing

• In order to meet the criteria of “market capitalization of ¥10 billion or more for tradable shares” to maintain our listing, and recognizing that further improvement in our stock price, which is a component of market capitalization for tradable shares, is an issue, we are promoting various initiatives to exceed the targets of the Medium-Term Management Plan “COPRO Group Build the Future 2027” (FYE2023 to FYE2027).

⇒ As a result of our initiatives, our most recent market capitalization of tradable shares was 12,524 million yen, thereby meeting our standard (which is based on the closing price on January 31, 2024). With the aim of further expanding our shareholder value going forward, we will continue to examine improving our business performance, which forms the source of our shareholder value, and expanding dividends in accordance with our profit growth.



*The market capitalization of tradable shares is calculated based on the number of tradable shares and the closing price as of the closing date of the quarter in question.

SECTION 05

FYE2024 Dividend Forecast

Revision of Dividend Forecast (Dividend Increase)

Dividend policy

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

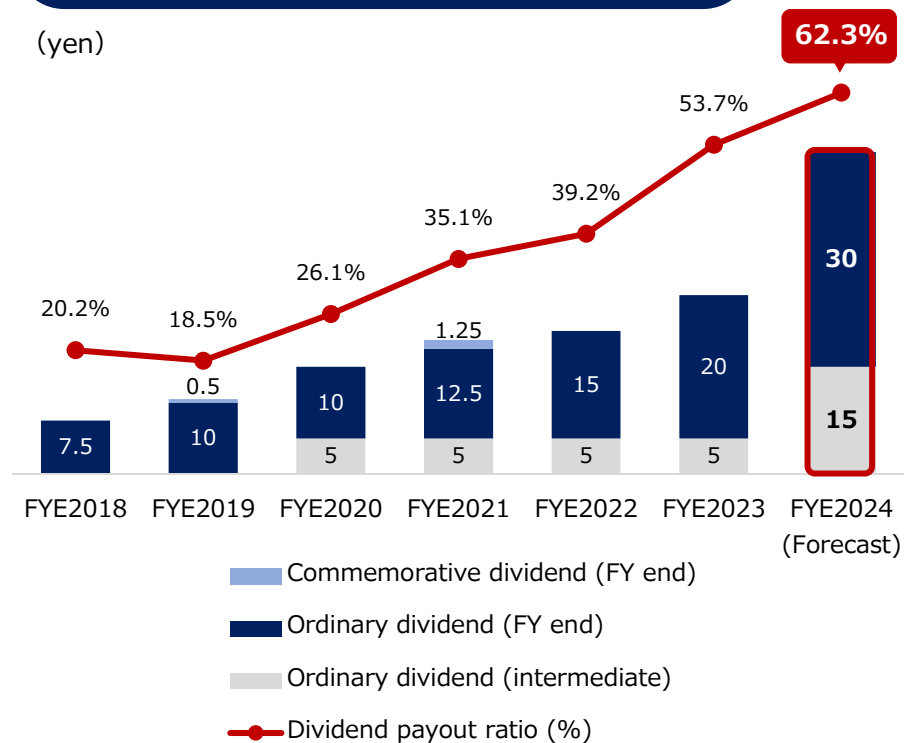
(Number of issued shares: 20 mln shares)

	Interim	FY End	Total
FYE2023 (results)	¥5.0	¥20.0	¥25.0
FYE2024 (Revised Forecast)	¥15.0	¥30.0	¥45.0

*1 The dividend per share has been retroactively revised to take into account the impact of the one-to-two stock split implemented on October 1, 2023.

Dividend & dividend payout ratio

(Number of issued shares: 20 mln shares)



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.
- 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.

Contact

COPRO-HOLDINGS. Co., Ltd.
Corporate Planning Office,
IR Section

Message us via IR website

<https://copro-h.co.jp/en/contact/>

