



Fiscal Year Ending March 31, 2023

Financial Results for 1st Half

November 14, 2022

COPRO-HOLDINGS. Co., Ltd.

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

- 1. Summary of the Consolidated Financial Results**
- 2. Revision of Full-year Financial Forecast for FYE2023**
- 3. Major Initiatives in Construction Technician Dispatching**
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Consolidated Financial Highlights for 1st Half of FYE2023

- Both sales and profit exceeded the forecasts.
- Compared to the forecasts, in the construction technician dispatch business, the core business, the number of technicians in operation exceeded the forecast mainly due to the reduction in the number of retirements and the hiring of technicians generally proceeding as planned. Earnings at each stage exceeded forecasts by a large margin, mainly due to higher-than-expected net sales.

(million of yen)

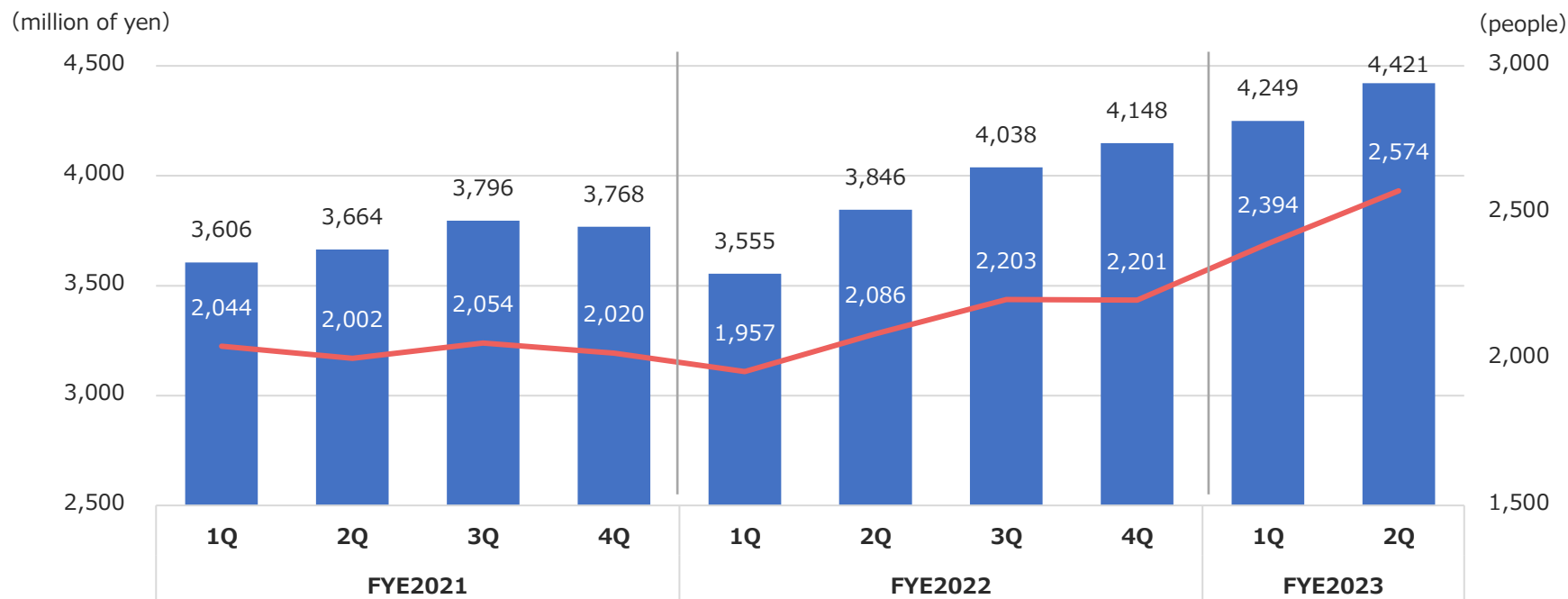
	FYE2022	FYE2023			YoY Change		Versus Forecast	
	1H Results	1H Forecast	1H Results	Ratio	Pct Change	Amount of Change	Pct Change	Amount of Change
Net sales	7,402	8,144	8,670	100.0%	+17.1%	+1,268	+6.5%	+526
Cost of sales	5,168	5,662	6,086	70.2%	+17.8%	+918	+7.5%	+424
Gross profit	2,233	2,482	2,583	29.8%	+15.7%	+349	+4.1%	+101
SG&A expenses	1,601	2,193	2,113	24.4%	+32.0%	+512	△3.6%	-79
Operating profit	632	289	469	5.4%	-25.7%	-162	+62.2%	+180
Non-GAAP operating profit*	721	427	613	7.1%	-15.0%	-108	+43.6%	+186
Ordinary profit	630	290	472	5.4%	-25.2%	-158	+62.7%	+181
Profit attributable to owners of parent	328	158	280	3.2%	-14.6%	-47	+77.2%	+122
Number of consolidated technicians & engineers (quarter end)*	2,086	2,538	2,574	—	+23.4%	+488	+1.4%	+36

*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.

Quarterly Consolidated Financial Results

- Sales in the second quarter reached a record high as the number of engineers and technicians increased.



Consolidated net sales	3,606	3,664	3,796	3,768	3,555	3,846	4,038	4,148	4,249	4,421
Number of consolidated technicians & engineers (quarter end)	2,044	2,002	2,054	2,020	1,957	2,086	2,203	2,201	2,394	2,574

■ Consolidated net sales
— Number of consolidated technicians & engineers (quarter end)

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Revision of Full-year Financial Forecast for FYE2023

- For the full fiscal year earnings forecast, while strong demand is expected from the 3Q onwards, in light of the impact on securing human resources from the tightening of labor market conditions, and the economic impact from about the resurgence of COVID-19, we have revised upward the portion exceeding the forecast for the first half, and left the initial forecast for the second half unchanged.
- Aiming for the goal of achieving record net sales and profit in FYE2024 next year, we will prioritize top-line growth in this fiscal year and continue upfront investment such as recruiting costs.

(million of yen)

	FYE2022	FYE2023						
	Full-year	Full-year (initial forecast)	Full-year (revised forecast)	Ratio	Versus Initial Forecast		YoY Change	
					Pct Change	Amount of Change	Pct Change	Amount of Change
Net sales	15,589	17,854	18,380	100.0%	+2.9%	+526	+17.9%	+2,791
Cost of sales	10,744	12,354	12,779	69.5%	+3.4%	+424	+18.9%	+2,034
Gross profit	4,844	5,500	5,601	30.5%	+1.8%	+101	+15.6%	+756
SG&A expenses	3,223	4,476	4,397	23.9%	-1.8%	-79	+36.4%	+1,173
Operating profit	1,621	1,024	1,204	6.6%	+17.6%	+180	-25.7%	-417
Non-GAAP operating profit*	1,841	1,334	1,521	8.3%	+13.9%	+186	-17.4%	-320
Ordinary profit	1,619	1,024	1,206	6.6%	+17.8%	+181	-25.5%	-412
Profit attributable to owners of parent	962	604	727	4.0%	+20.2%	+122	-24.5%	-235
Earnings per share	102.12 yen	65.05 yen	78.29 yen	-	-	+13.24 yen	-	-23.83 yen
Dividends per share	40.0 yen	40.0 yen	40.0 yen	-	-	-	-	-
Number of consolidated technicians & engineers (quarter end)*	2,201	3,024	3,024	-	-	-	+37.4%	+823

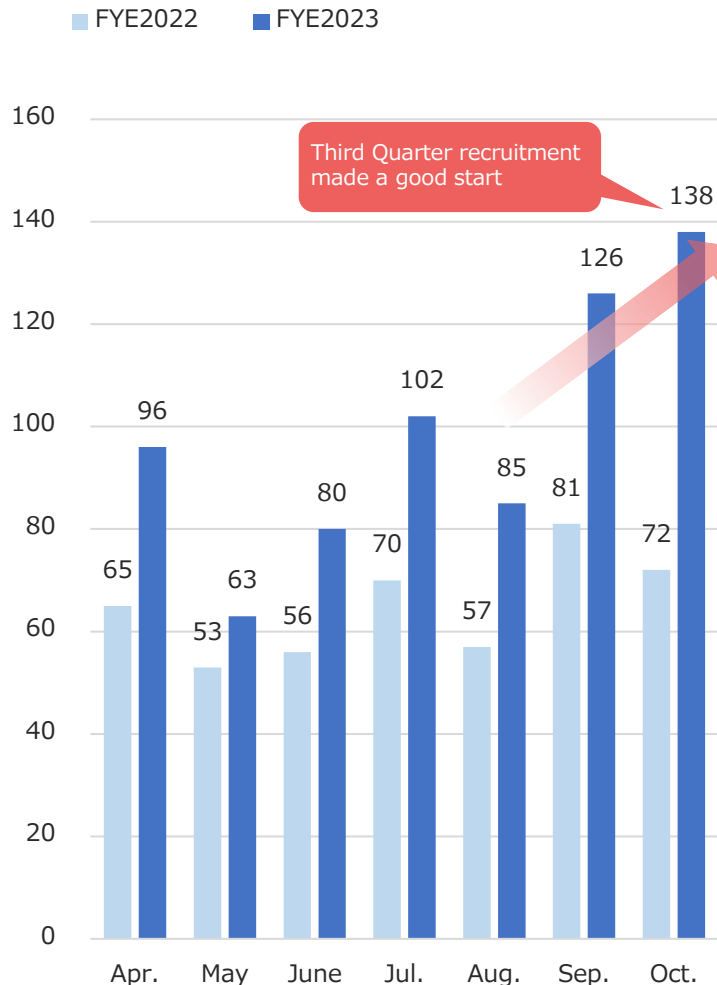
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Major Initiatives in Construction Technician Dispatching (1): Expanding Recruitment

Hired Total of Mid-career Technicians



Main Initiatives for FYE2023 and Progress Evaluation

- Raising the basic activity level through benchmark management and standardization of the hiring process.
 - Appointing staff in charge of setting up interviews in order to secure human resources in Tokyo, Nagoya and Osaka where construction demand is high, in addition to increasing the number of people in charge of recruitment.
- While the number of applications and hires has increased significantly, the drop in the applicant-to-hire ratio is an issue.
- Implementing operational reforms to improve the applicant-to-hire ratio in the second half.



1H Hiring Costs per Technician
450 thousand yen
 (up 108.3% YoY)

- Raising internal standards for recruiting costs per person to secure excellent human resources
- Recruiting costs per person rose more than expected due to the lower applicant-to-hire ratio



1H Mid-Career Hiring Costs
248 million yen
 (up 201.0% YoY)

- Mid-career professional recruiting costs expected to be 456 million yen for the full fiscal year, about double YoY
- As we prioritized securing human resources, mid-career professional recruiting costs in the first half exceeded the internal budget due to the rise in recruiting costs per person
- In the second half, we will continue efforts to expand hiring in line with the initial budget for the fiscal year



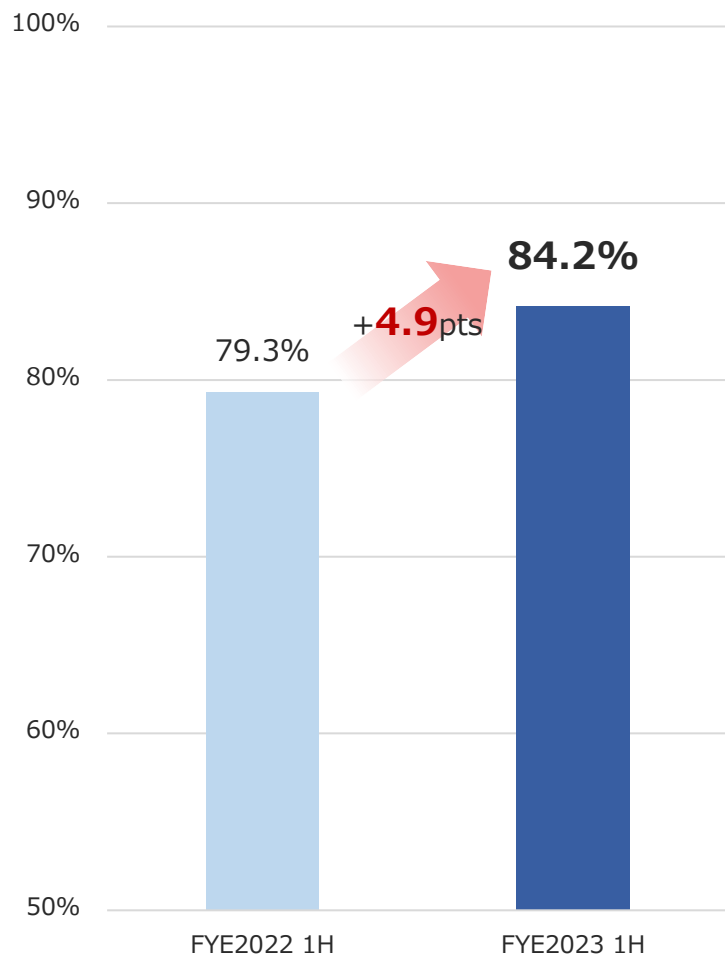
1H Hired Total of Mid-career Technicians
552 people
 (up 170 people and up 44.5% YoY)

- In the full fiscal year plan, we are expecting to hire 1,417 mid-career professionals (up 639 people YoY)
- Recruitment numbers as of the first half were generally in line with plan. Successful points in terms of human resources assurance.
- The number of recruits in October was 138, a good start to Third Quarter toward achieving the full-year target



Major Initiatives in Construction Technician Dispatching (2): Improving the Retention Rate

Retention Rate (fiscal year accumulative total)



Main Initiatives for FYE2023 and Progress Evaluation

1H Target Company Assignment Rate

87.8%

(up 3.5pts YoY)

- Promoting assignments to target companies with plenty of construction projects

→ At the time of contract expiration, progress is being made in preferentially changing to dispatching to major companies such as super general contractors



1H Contract Renewal Ratio

83.0%

(up 4.7pts YoY)

- Controlling changes in the work environment through long-term and stable assignment to the same company

→ The contract continuation rate is improving as the ratio of assignments to target companies is increased



1H Permanent Employee Ratio

50.0%

(up 28.4pts YoY)

- For those who meet the conditions, switching technicians from fixed-term employment to indefinite-term employment

→ Effective in improving the retention rate from the psychological sense of security. We will steadily promote such switching in the second half as well.



1H Turnover Total of Technicians

381 people

(down 99 people YoY)

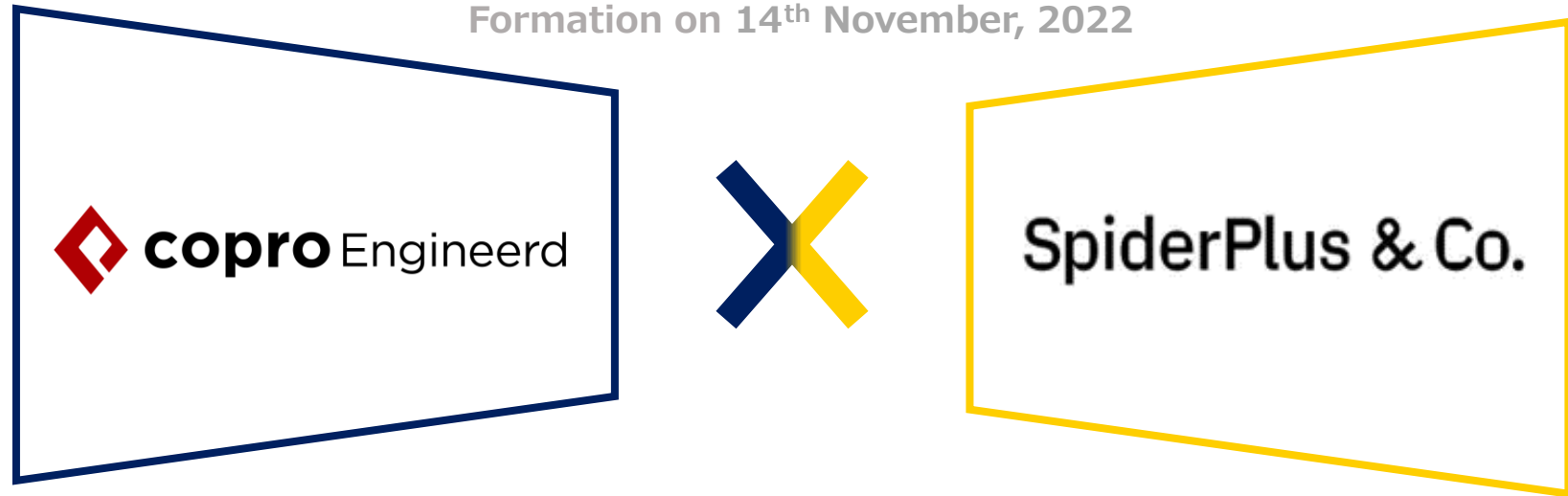
- While giving impetus according to the year of registering, enhancing the trust visits to technicians

→ Through detailed interviews, the number of employees who resigned decreased despite the increase in the overall number of active employees



Business Alliance

Formation on 14th November, 2022



**Dispatcher of Technicians to
the Construction Industry**

**Developer and Provider of the
Digital Transformation Service
"SPIDERPLUS"**



Next-generation Human Resources Servicing

Increase Market Value of Technicians

Supply high value-added technicians who are capable of applying "SPIDERPLUS"



Improve Construction Site Productivity through Digital Transformation

Accelerate the introduction of "SPIDERPLUS" by utilizing COPRO's customer base

Overview of the Business Alliance

(1) Conduct training for technicians on "SPIDERPLUS"

- Incorporate training on "SPIDERPLUS" into the curriculum at the time of hiring and other, to develop human resources who are able to immediately respond to digital transformation at actual construction sites.
- Provide the education to more than 100 newly assigned technicians every month, creating over 1,000 technicians per year who can utilize "SPIDERPLUS".
- By differentiating ourselves from competitors by adding value to technicians, we expect to increase the number of assignment technicians by offering new proposals to customers and contract amount.

(2) Introduce "SPIDERPLUS" to Our Clients

- To help introduce "SPIDERPLUS", we will introduce our destination company and construction site to SpiderPlus & Co.
- We anticipate accelerating the pace of introduction of "SPIDERPLUS" at companies and construction sites that have not yet introduced it.



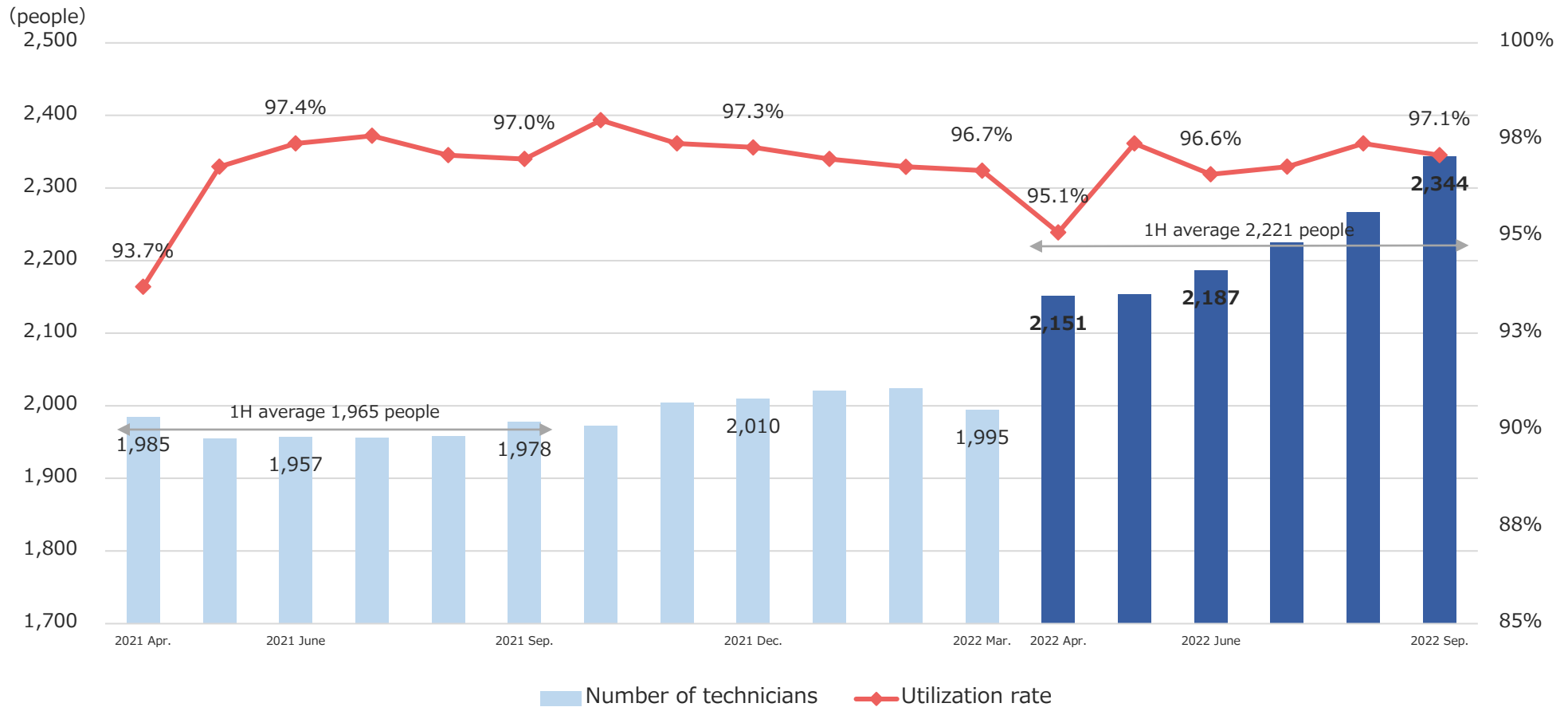
Company Profile

Company	SpiderPlus & Co.
Headquarters	27F, Sumitomofudosan Toranomom Tower Bldg. 2-2-1 Toranomom Minato-ku Tokyo 105-0001
CEO	Kenji Ito
Business	Developer and Provider of the Digital Transformation Service "SPIDERPLUS"
Stock listings	Tokyo Stock Exchange-Growth (Stock exchange code: 4192)

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Construction Technician Dispatching: Number of Technicians and Utilization Rate

- The number of technicians at the end of the 2Q was 2,344 (up 366 people YoY). In addition to a net increase due to a rise in the number of hires and a decrease in the number of those resigning, the worker dispatching business of Hucoss Co., Ltd. was taken over on April 1, 2022, and 122 technicians were transferred.
- The utilization rate for the cumulative first half was 96.7% (up 0.1 pts YoY), which was on par with the previous year.



Construction Technician Dispatching: Recruitment, Turnover and Retention Rate

- The number of hires in the first half was 608 people (up 170 people and up 38.8% YoY). In addition to the significant increase in the number of applications due to the aggressive investment in hiring costs, we are strengthening our efforts such as shortening the lead time from applications to interviews, to increase the number of interviews done. The number of hires for 2Q reached a record high on a quarterly basis.
- The 2Q retention rate (this FY accumulative total) was 84.2%, an improvement of +4.9 pts YoY. The LTM retention rate for the most recent one year was 72.3%, an improvement of 0.5 pts from previous quarter. The number of those resigning decreased due to the success of deep cultivation sales, and the increase in the ratio of assignments to target companies such as major general contractors.

Recruitment and Turnover

(people)

	FYE2022						FYE2023			
	1Q	2Q	1H	3Q	4Q	Full-year	1Q	2Q	1H	Full-year (forecast)
Hired total	230	208	438	213	183	834	293	315	608	1,501
New graduates and second new graduates	56	0	56	0	0	56	54	2	56	84
Mid-career	174	208	382	213	183	778	239	313	552	1,417
Turnover total	293	187	480	181	198	859	223	158	381	885
Permanent employees	24	25	49	21	24	94	40	49	89	-
Fixed-term employees	269	162	431	160	174	765	183	109	292	-
Net change	-63	+21	-42	+32	-15	-25	+70	+157	+227	+616
Increase due to M&A, etc.	0	0	0	0	0	0	+122	0	+122	+122
Number of technicians	1,957	1,978	1,978	2,010	1,995	1,995	2,187	2,344	2,344	2,733

Retention Rate

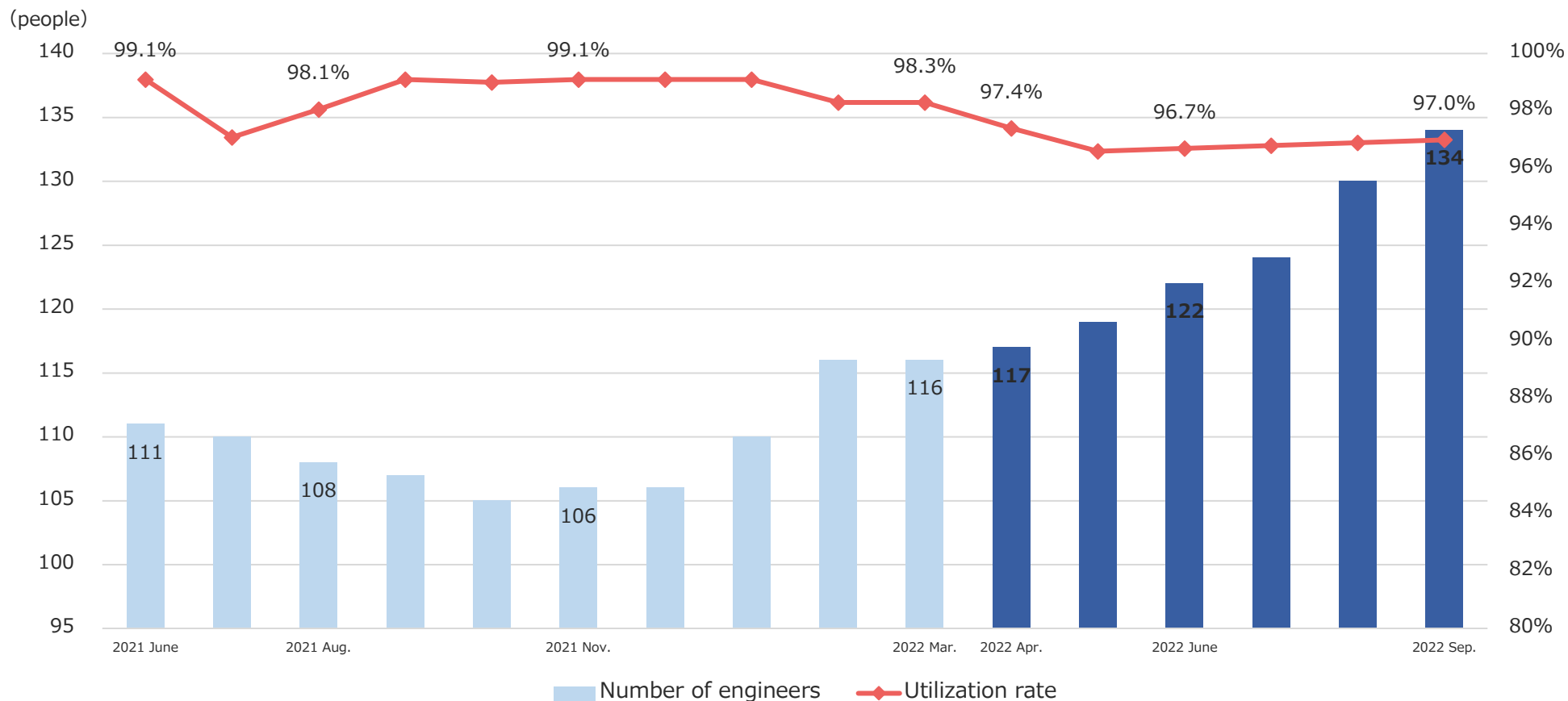
	FYE2022				FYE2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Retention rate (FY accumulative total)	84.8%	79.3%	74.6%	69.4%	89.7%	84.2%
Retention rate (LTM)	68.0%	69.5%	69.2%	69.4%	71.8%	72.3%

*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.

Mechanical Design and Development Engineer Dispatching and Contracting: Number of Engineers and Utilization Rate

- The number of hires has increased in line with the development of the in-house system that has been expanded since the previous fiscal year. As a result, the number of engineers has steadily increased.
- The utilization rate for the cumulative first half was 96.9%. The rate decreased slightly YoY due to the impact of the in-house training period accompanying the strengthening of hiring of inexperienced workers.



Mechanical Design and Development Engineer Dispatching and Contracting: Recruitment, Turnover and Retention Rate

- In addition to inexperienced workers, the hiring of experienced workers, mainly expert engineers from manufacturers, continues to grow steadily.
- The retention rate remained stable at a high level.

Recruitment and Turnover

(people)

	FYE2022				FYE2023			
	2Q (June-Aug.)	3Q (Sep.-Nov.)	4Q* (Dec.-Mar.)	Full-year	1Q (Apr.-June)	2Q (Jul.-Sep.)	1H	Full-year (forecast)
Hired total	2	3	15	20	14	23	37	85
New graduated	0	0	0	0	1	0	1	1
Mid-career	2	3	15	20	13	23	36	84
Turnover total	5	5	5	15	8	11	19	23
Permanent employees	5	4	3	12	7	7	14	-
Fixed-term employees	0	1	2	3	1	4	5	-
Net change	-3	-2	+10	+5	+6	+12	+18	+62
Number of engineers	108	106	116	116	122	134	134	178

*For the 4Q of FYE2022, due to the change in the month that the fiscal year ends, the results for the four months from December 2021 to March 2022 are included.

Retention Rate

	FYE2022			FYE2023	
	2Q (June-Aug.)	3Q (Sep.-Nov.)	4Q* (Dec.-Mar.)	1Q (Apr.-June)	2Q (Jul.-Sep.)
Retention rate (FY accumulative total)	95.4%	91.7%	88.9%	93.1%	89.7%
Retention rate (LTM)	92.7%	90.8%	88.9%	84.7%	85.2%

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

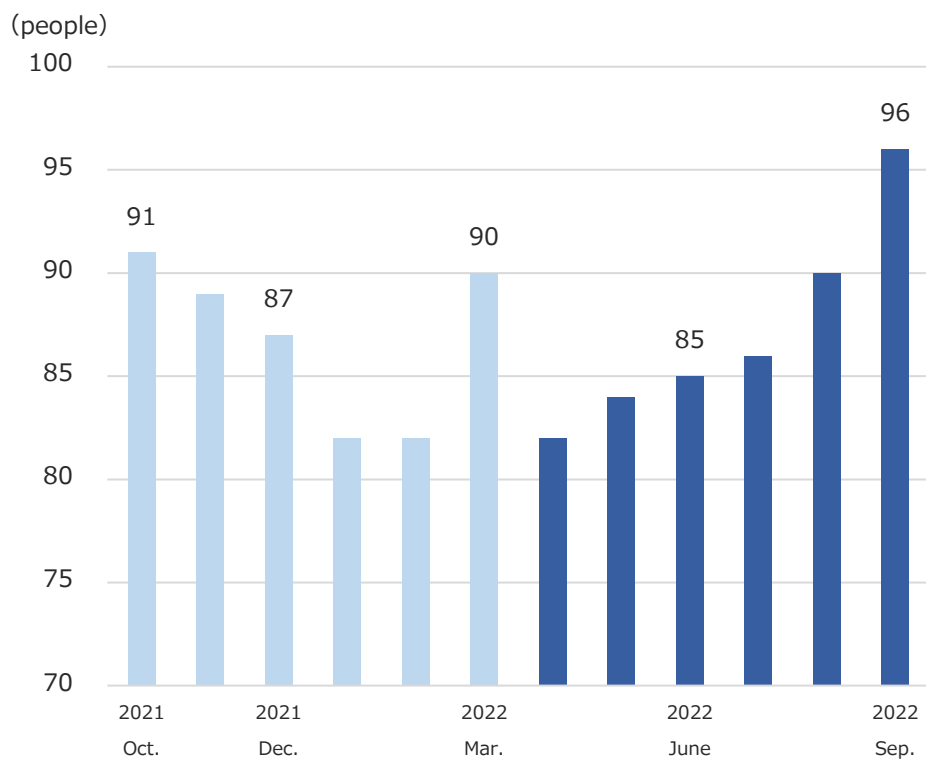
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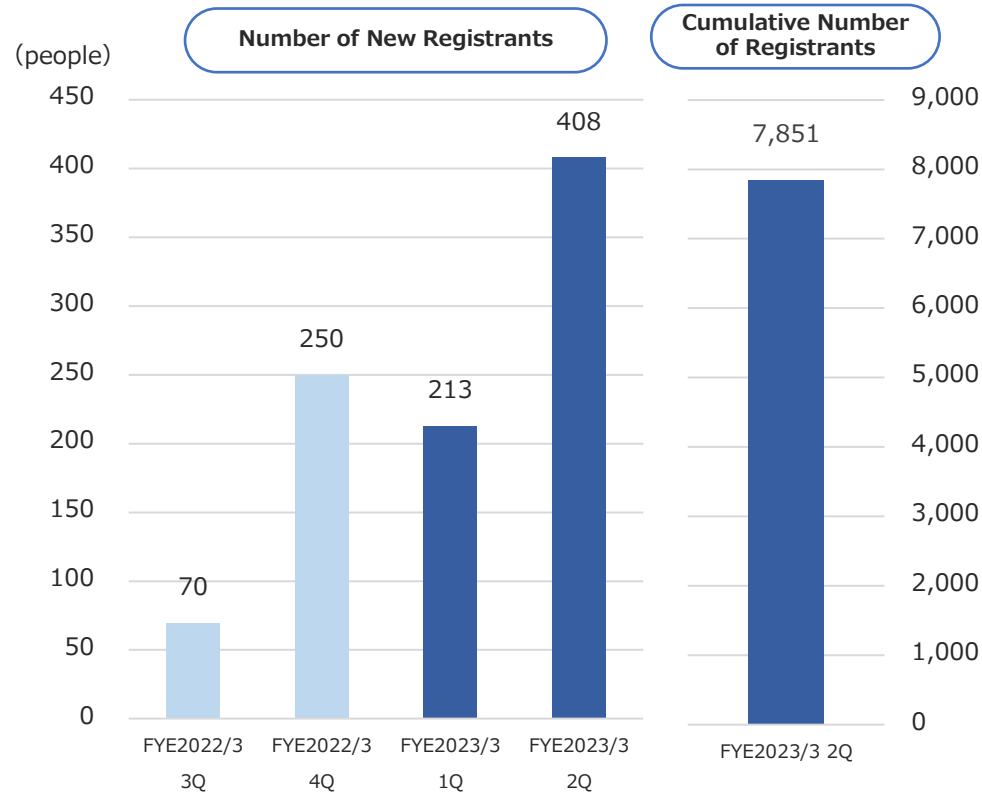
SES: Number of Engineers Working and Number of New IT Freelance Registrants

- The number of applications has increased. The number of people working has increased steadily as the sales process was gradually strengthened.

Number of Engineers Working



Number of IT Freelance Registrants



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