

Good evening, everyone. I am Kiyokawa, president and representative director of COPRO-HOLDINGS. Co., Ltd. Thank you very much for taking time out of your busy schedules to gather with us today. I would now like to give an explanation about the financial results for the second quarter of FYE2023.

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In terms of how things will proceed today, due to time constraints, I will explain things in the following order. To start, the first half results, then the revised full-year forecast, and after that our major initiatives in the dispatching business of construction technicians. For other information, please refer to the reference materials when you have the time.

1. Summary of the Consolidated Financial Results

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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. FYE2023 FYE2022 1H Results 1H Forecast 1H Results Ratio 7,402 8,670 Net sales 8,144 100.0% +17.1% +1,268 +6.5% +526 70.2% +17.8% 5,662 6.086 +918 +7.5% +424 Cost of sales 5.168 Gross profit 2,233 2,482 2,583 29.8% +15.7% +349 +4.1% +101 2,193 2,113 24.4% +32.0% +512 △3.6% -79 SG&A expenses 1,601 289 469 5.4% -25.7% -162 +62.2% Operating profit 632 +180 613 7.1% -15.0% -108 +43.6% +186 721 Non-GAAP operating profit* 290 630 472 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 & 2,086 +23.4% +488 2022 COPRO-HOLDINGS. Co., Ltd. All rights reserved

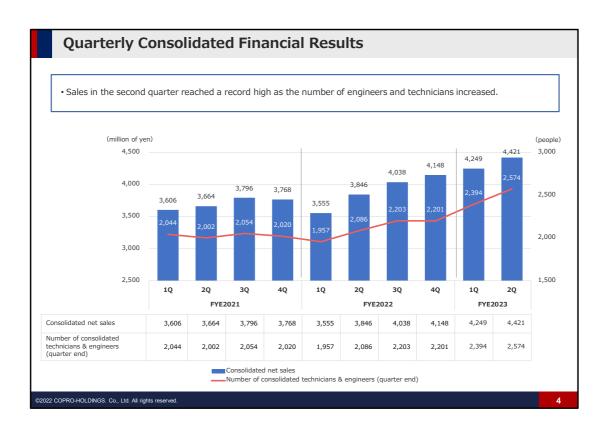
Consolidated financial highlights for 1st Half of FYE2023:

In the 1st Half, both sales and profits finished better than expected at each stage. Compared to the budget, mainly in our core business of dispatching construction technicians, in addition to curtailing the number of people resigning, the recruitment plan was largely in line with the plan, and the number of people working exceeded the plan. As a result, profits at each stage greatly exceeded the forecast, mainly due to the higher sales.

With regards to the results for the first half of FYE2023, sales were ¥8.67 billion, an increase of 17.1% YoY. Compared to the forecast, it was an increase of ¥526 million or 6.5% higher.

Non-GAAP operating profit was ¥613 million, down 15% YoY, while it was 43.6% higher than the forecast or an increase of ¥186 million. Our full-year plan for the current fiscal year is for an increase in sales and a decrease in profit.

As previously announced, we are investing heavily in recruiting costs as an upfront investment this fiscal year. At the time of the initial forecast, we planned for a decline in profits, but sales in the first half were significantly higher than expected, therefore the extent of the decline in profits has improved significantly.



Quarterly Consolidated Financial Results:

Next, the quarterly consolidated financial results. With the increase in the number of technical employees, sales for the current second quarter reached a record high on a quarterly basis.

As you can see, it's been growing steadily, but we're not satisfied with this growth. The growth curve should be even bigger. Thus, we are currently in the process of resolving underlying issues and promoting internal reforms.

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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. Full-year Full-year Net sales 15.589 18,380 100.0% 12,354 +424 +2,034 Cost of sales 10,744 12,779 69.5% +3.4% +18.9% 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 -320 Ordinary profit 6.6% +17.8% -25.5% 1,619 1,024 1,206 -412 +181 Profit attributable to owners of 4.0% 604 +20.2% -24.5% -235 +13.24 yen -23.83 yen 102.12 yen 65.05 yen 78.29 yen 40.0 yen 40.0 yen 40.0 yen Dividends per share Number of consolidated technicians 2.201 3.024 3,024 +37.4% +823 & engineers (quarter end)* *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. 2022 COPRO-HOLDINGS. Co., Ltd. All rights reserved

Revision of Full-year Financial Forecast for FYE2023:

While strong demand is expected from the third quarter onwards, in light of the impact on securing human resources from the tightening of labor market conditions, and the economic impact from continued concern about the resurgence of the novel coronavirus infection, we are revising upwards the full-year forecast for the portion exceeding the forecast in the first half. For the second half, we have left the initial forecast unchanged.

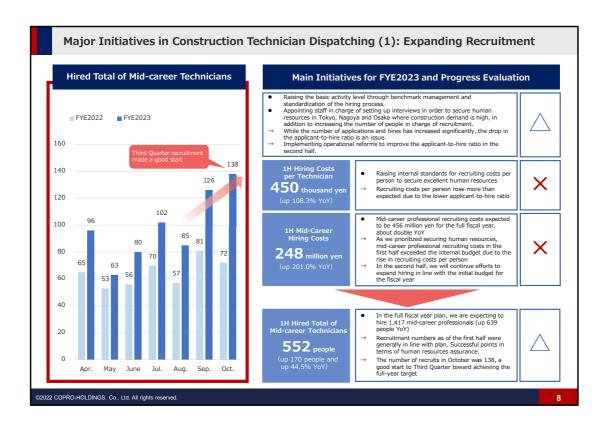
Aiming to achieve record-high sales and profits in the next fiscal year of FYE2024, we will prioritize sales growth in the current fiscal year and continue to make upfront investments such as in recruiting costs.

Next, I will explain a little about the figures that have been revised upwards. Consolidated sales have been revised upward to ¥18.38 billion, up 2.9% from the initial forecast. Sales are expected to increase by 17.9% YoY. Non-GAAP operating profit is expected to be ¥1.521 billion, an increase of 13.9% from the initial forecast and a decrease of 17.4% YoY.

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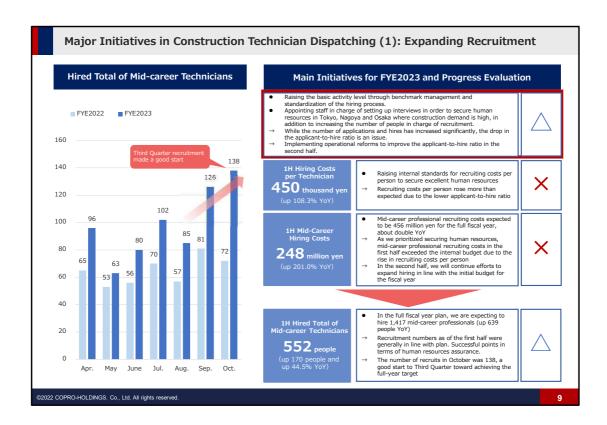
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Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (1/5 page):

I would like to explain our main initiatives in our core business of dispatching construction technicians. First, we are working to expand the number of recruits.

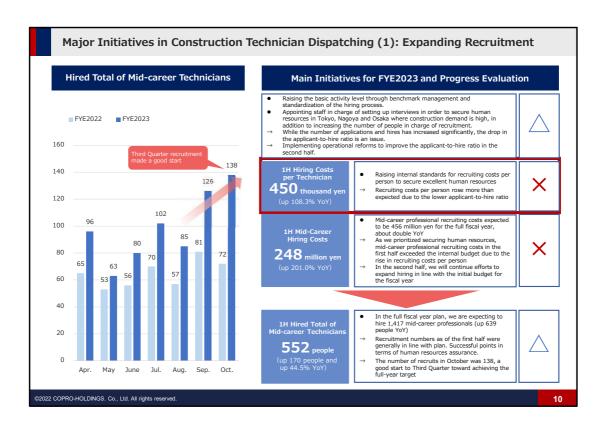
The left side of the slide is a graph of the number of mid-career technicians recruited. The dark blue bar graph shows FYE2023. Even looking at October, the first month of the third quarter, we recruited 138 people during the month, which was a good start.



Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (2/5 page):

I would like to explain our main initiatives and progress for this fiscal year. We are raising the basic activity level through benchmark management and standardization of the hiring process. We also appointed 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.

As a result, while both the number of applications and the number employed have increased significantly, the decline in the applicant-to-hire ratio has become an issue. We are implementing operational reforms to improve the applicant-to-hire ratio in the second half. The reason why we internally gave it a triangle mark for "so-so" is that, while our strategy has been successful, and the number of recruits has increased significantly, as explained earlier, it is because the applicant-to-hire ratio is on a downward trend. We would like to proceed with further reforms, leading to significant improvements in the number of recruits and the applicant-to-hire ratio.

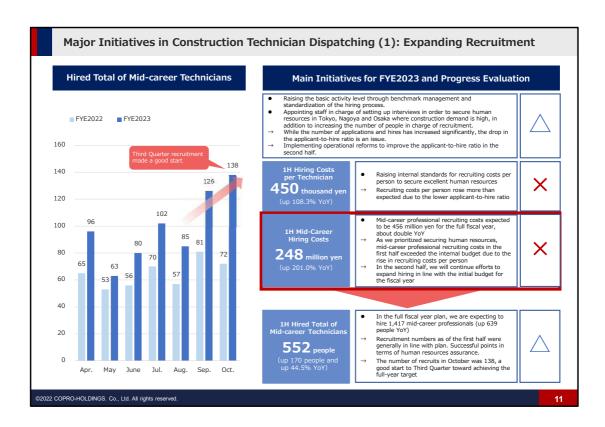


Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (3/5 page):

The recruiting costs per mid-career technical employee is the cost of employing one mid-career professional. Recruiting costs per mid-career technical employee were ¥450,000, up 108.3% YoY. We have focused on securing excellent human resources by raising our internal standards for the recruiting costs per technical employee.

Due to the decline in the applicant-to-hire ratio, our internal evaluation is "X" because the recruiting costs per technical employee increased more than expected. The reason is that we had set a target value of \(\frac{\pmathbf{4}}{3}22,000\) for the full-year recruiting costs per technical employee.

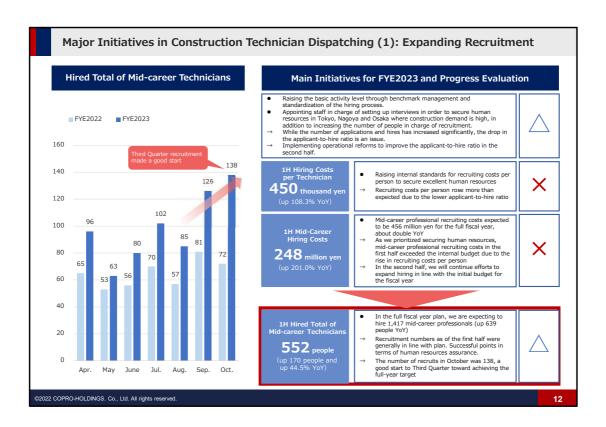
While revising the recruiting process, on the premise of employing better human resources, we have revised the direction of recruiting human resources for the portion spent, even if it meant slightly lowering the perspective of the recruiting staff. We will closely monitor the recruitment process on a daily basis so that we can achieve our full-year target of ¥322,000 for recruiting costs per technical employee.



Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (4/5 page):

With regards to recruiting costs for mid-career professionals, in the first half it was ¥248 million, with spending in the budget up 201% YoY. This is the main reason why profits are forecast to decrease for the full-year plan this fiscal year. Recruiting costs for mid-career professionals are planned to be ¥456 million for the full year, which is approximately double YoY. Recruiting costs for mid-career professionals in the first half of the fiscal year are in excess of our internal budget.

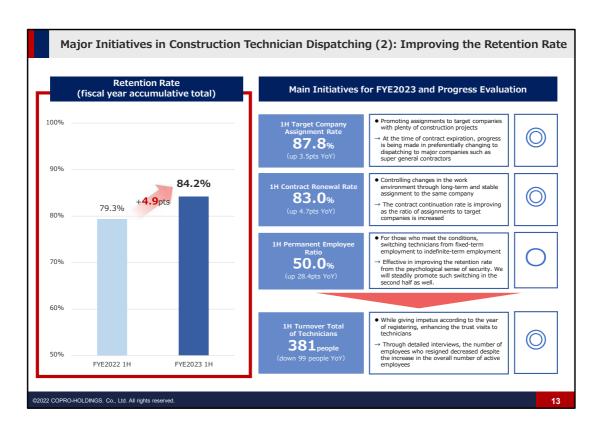
In the second half of the fiscal year, we will monitor and check the recruiting costs per technical employee, and we would like to continue our thorough efforts to expand recruiting while firmly controlling costs. In our internal plan, we have invested more or less as planned in terms of costs, but the recruiting costs per technical employee slightly exceeded our internal target, so we have given an "X" for our in-house evaluation.



Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (5/5 page):

As for the first-half results, the number of mid-career professionals employed were 552, an increase of 170 people YoY, or up 44.5%. We plan to recruit 1,417 mid-career professionals for the full fiscal year, an increase of 639 people YoY. In the first half, we are progressing largely according to plan, and we believe that we can give a passing score in terms of securing human resources.

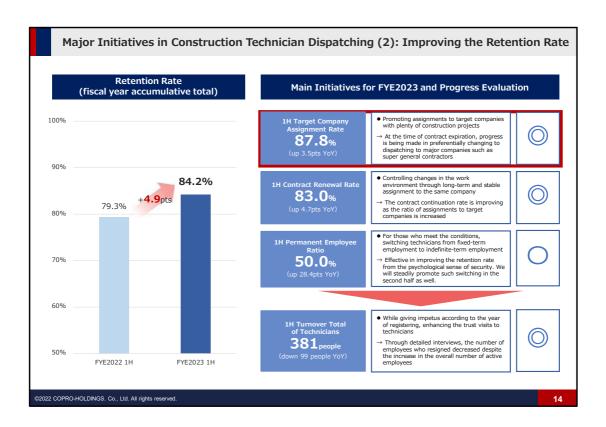
While we are off to a good start in the third quarter toward achieving our full-year recruiting plan of 1,417 people, from the perspective of aiming high, as an overall internal evaluation we gave it a triangle mark for "so-so".



Major Initiatives in Construction Technician Dispatching (2) Improving the Retention Rate (1/5 page):

The second major initiative is improving the retention rate, which is one of our important KPIs. In the first half of FYE2022 the retention rate was 79.3%. In the first half of FYE2023 it was 84.2%, an increase of 4.9 points YoY.

Regarding the main initiatives for the current fiscal year and the internal evaluation of our progress, overall, the measures and strategies we are currently working on are starting to yield results in a very good way. I will explain them one by one.

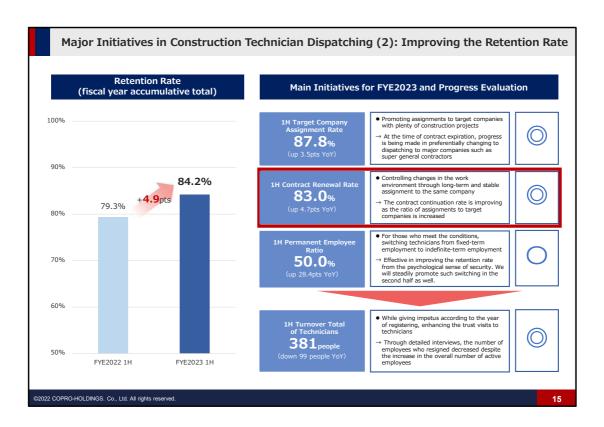


Major Initiatives in Construction Technician Dispatching (2) Improving the Retention Rate (2/5 page):

In order to increase the retention rate, we are working to increase the ratio of assignments to our target companies. The percentage assigned to the target companies is 87.8%, which is a 3.5-point increase YoY.

In transactions with major companies such as the five super general contractors and semi-major companies, which are our target companies, we are working to make the pipe thicker. Conversely, this means that we will not sign new contracts with smaller companies that have not much used dispatched technical employees.

Super general contractors and major companies are very accustomed to using such temporary staff, with working environments that are well maintained, and working hours that are well managed. By assigning technical employees to such companies, the burden on them is reduced, which will lead to an increase in the retention rate. We have put a lot of effort into this, and we're seeing results, so we've given a double circle mark "©" for very good as our internal evaluation.

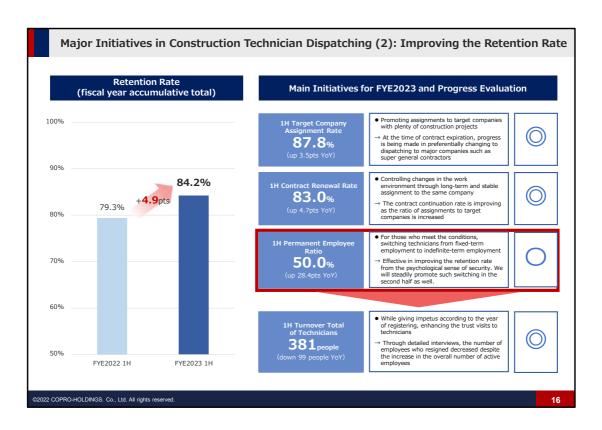


Major Initiatives in Construction Technician Dispatching (2) Improving the Retention Rate (3/5 page):

The contract renewal rate is 83.0%, an increase of 4.7 points YoY. When the dispatch contract period ends, the man-hours of the sales staff increases while they search for the next company or worksite to assign people to.

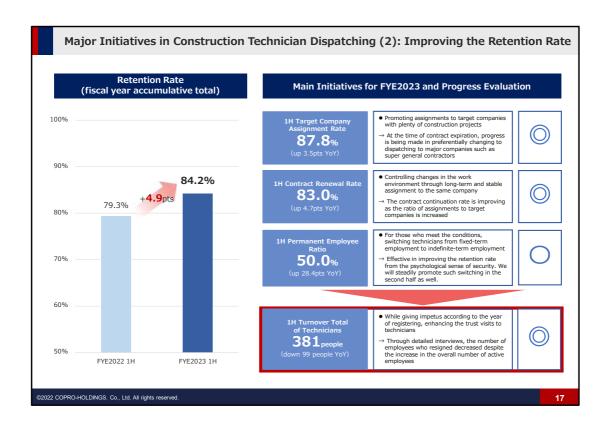
As for the contract renewal rate, sales representatives visit companies repeatedly to build deeper relationships and relationships of trust with customers, and it is an indicator for when, at the end of the technical employee's contract period, the contract is extended as is with the same company instead of the company canceling.

Efforts to boost the contract renewal rate are paying off with increased productivity, or sales staff can secure time to pick up new projects. We can control changes in the work environment through long-term and stable assignment to the same company The contract renewal rate is improving as the ratio of assignments to target companies is increased. We have also given this a double circle mark "©" for very good.



Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (4/5 page):

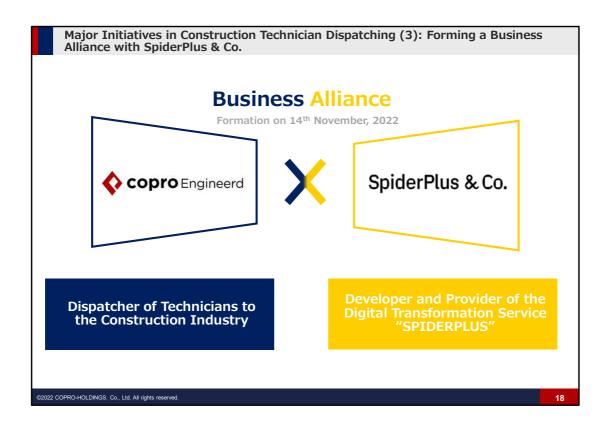
I would like to talk about measures and strategies to increase the ratio of permanently employed technical staff. Currently it is 50.0%, which is an increase of 28.4% YoY. Regarding this, it is a measure to convert fixed-term employment technical staff to permanent employment for those who meet our conditions. It has the effect of improving the retention rate from the psychological sense of security for technical employees. In the second half, we will promote the shift from fixed-term employment to permanent employment in an orderly manner. Since it is proceeding a little slowly, we have given it an internal evaluation of a single circle "O" for passing.



Major Initiatives in Construction Technician Dispatching (1) Expanding Recruitment (5/5 page):

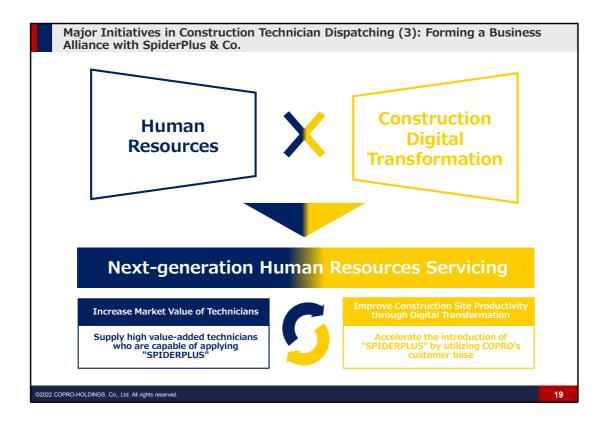
Through these three measures, we were able to hold down the number of employees who resigned in the first half to 381. That is 99 less people resigning YoY. While giving impetus according to the year of registering, we are enhancing the "trust" visits to technical employees. The "trust" visits to technical employees are activities in which we frequently visit technical employees and interview them about various things. Through detailed interviews, the number of employees who resigned decreased despite the increase in the overall number of active employees. We have given this a double circle mark "⑤" for very good.

We plan to keep the number of people resigning to 885 for the full fiscal year. As a company, we believe that the fact that we were able to hold down the number of those resigning to 381 people in the first half is highly commendable.



Major Initiatives in Construction Technician Dispatching (3) Forming a Business Alliance with SpiderPlus & Co. (1/4 page):

This is the third major initiative. It is about the business alliance with SpiderPlus & Co. On November 14, we announced a business alliance between COPRO-ENGINEERD, a consolidated subsidiary of COPRO-HOLDINGS, which operates a construction technician dispatching business, and SpiderPlus & Co., which is engaged in construction DX (digital transformation) services.



Major Initiatives in Construction Technician Dispatching (3) Forming a Business Alliance with SpiderPlus & Co. (2/4 page):

I will explain the purpose of the business alliance. We hire more than 1,000 inexperienced people every year. Based on the idea of "adding construction DX to human resources", in this business alliance, for the training of personnel who have been recruited, we will incorporate an educational curriculum on how to operate the construction site DX service "SPIDERPLUS" developed by SpiderPlus & Co. This makes it possible to assign technical staff by giving them extra value.

Until now, we have provided training in construction management, CAD and basic business etiquette, and have dispatched technical staff to our customers. The "SPIDERPLUS" service, which is sure to spread in the future, is a wonderful solution that will greatly revolutionize the construction industry and improve productivity. In addition to the training done so far, we will train our highly ambitious technical employees with "SPIDERPLUS" provided by SpiderPlus & Co., and dispatch them to our clients. In the future, we would like to fully develop a next-generation human resource service for "Human Resources x Construction DX".

Moreover, SpiderPlus & Co. and our company have common customers. We aim to accelerate the introduction of "SPIDERPLUS" by sharing our customer base.



Major Initiatives in Construction Technician Dispatching (3) Forming a Business Alliance with SpiderPlus & Co. (3/4 page):

I will give the details of the business alliance with SpiderPlus & Co. SpiderPlus & Co. is located in Toranomon, Minato-ku, Tokyo. The president and representative director is President Ito, who runs the company as the founding president. The company's business is the development and sales of the construction DX service "SPIDERPLUS", and the company is listed on the Tokyo Stock Exchange Growth Market.

The details of the business alliance are as I explained earlier. In the Japanese construction industry, entering into a business alliance with SpiderPlus & Co., which is about to bring about a wave of change, will be a big plus for our business growth.

For example, we are implementing initiatives to increase the unit sales price per person throughout the year. In this context, with the added value of mastering this "SPIDERPLUS" service, we believe that we will be able to proceed more favorably in negotiations with customers to boost charges, and we will be able to demonstrate its effectiveness.



Major Initiatives in Construction Technician Dispatching (3) Forming a Business Alliance with SpiderPlus & Co. (4/4 page):

The purpose of the business alliance is to conduct training on "SPIDERPLUS" for technical employees. We will incorporate training related to "SPIDERPLUS" into the curriculum at the time of joining the company, etc., and develop human resources who can respond to the digital transformation of actual construction sites. We have started operation for more than 100 employees newly assigned every month, and aim to create more than 1,000 technical staff who can use "SPIDERPLUS" annually. The effects of this are expected to be significant differentiation from other companies in the same industry by improving the added value of technical employees, as well as an increase in the number of people assigned through new proposals to customers, and an increase in the unit price of dispatching.

We will introduce "SPIDERPLUS" to our client companies. In order to support the implementation of "SPIDERPLUS", we will introduce SpiderPlus & Co. to the companies and construction worksites where we dispatch staff to. For SpiderPlus & Co., we expect to accelerate the introduction speed at companies and worksites that have not yet got SPIDERPLUS.

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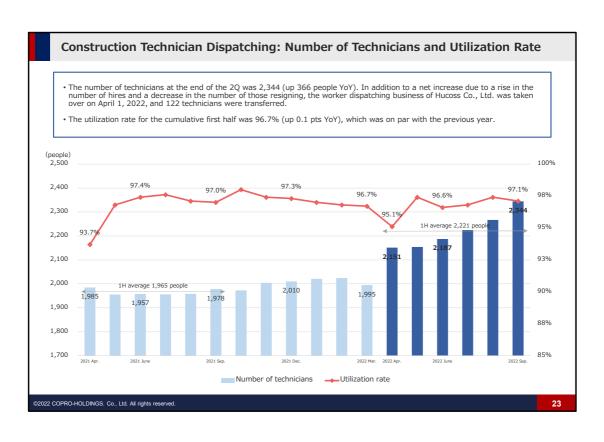
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Appendix:

The slides from page 22 onwards are reference materials. In the explanation of our business performance, we reported on a consolidated basis, but we mostly discussed the initiatives for our main business, which is the dispatching of construction technicians (COPRO-ENGINEERD). In addition to the construction industry, with VALUE ARK CONSULTING, which has an IT engineer dispatching business, and ATMOS, which has a mechanical and electrical engineer dispatching business, we are working to resolve current issues and are making steady progress for investing in the future. Both these companies joined our group through M&A. Since the impact on our business performance is still small with regards to the SES business and the mechanical and electrical engineer business, today we only explained our core business of dispatching construction technicians.

This concludes the briefing about the financial results of COPRO-HOLDINGS for the second quarter of FYE2023. After this, we will have enough time for questions and answers, and we would like to answer each question one by one. Thank you for your attention.



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 Permanent employees Fixed-term employees	293 24 269	187 25 162	480 49 431	181 21 160	198 24 174	859 94 765	223 40 183	158 49 109	381 89 292	885 - -
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

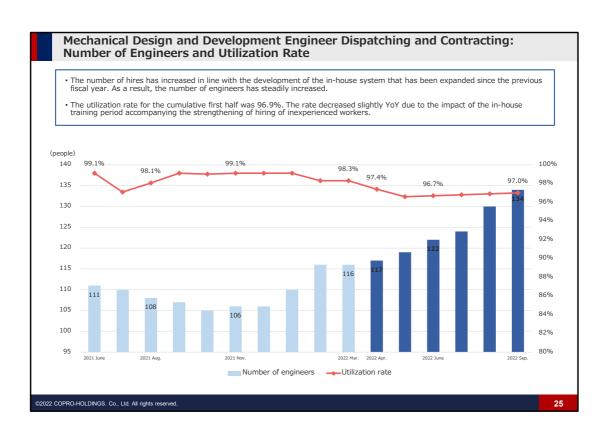
		FYE2	FYE2023			
	1Q	2Q	3Q	4Q	1Q	2Q
Retention rate (FY accumulative total)	84.8%	79.3%	74.6%	69.4%	89.7%	84.2%
Retention rate (LTM)	68.0%	69.5%	69.2%	69.4%	71.8%	72.3%

*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.

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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)

		FYE2	2022		FYE2023				
	2Q (June-Aug.)	3Q (SepNov.)	4Q* (DecMar.)	Full-year	1Q (AprJune)	2Q (JulSep.)	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.

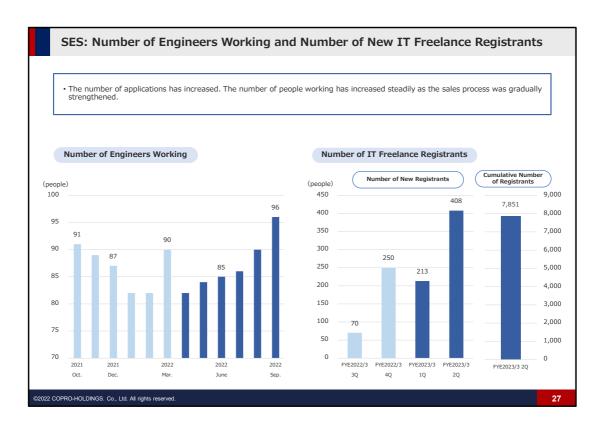
Retention Rate

		FYE2022	FYE2023		
	2Q (June-Aug.)	3Q (SepNov.)	4Q* (DecMar.)	1Q (AprJune)	2Q (JulSep.)
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.

*Retention rate (LTM) = Among the technical employees 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.

*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.



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