

建設は、
君を強くする。



変身、一人前!



- Image character : Comedian "Miyashita Kusanagi"
- Group Mascot : Coprou

いや、大きく
なりすぎだろ!

Fiscal Year Ending March 31, 2023
Financial Results for Nine Month

February 13, 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 Nine Months

01

Consolidated Financial Highlights for Nine Months of FYE2023

- Net sales increased significantly, mainly in the core business of construction technician dispatching, as the number of retirements was suppressed, and the number of hires went generally in line with the forecast. On the other hand, operating profit and other earnings declined due to upfront investment in recruiting expenses.
- The progress rate for full-year forecast of sales and profit at each stage remained almost on the same level as the previous fiscal year, and the company made steady progress in terms of the forecast.

(million of yen)

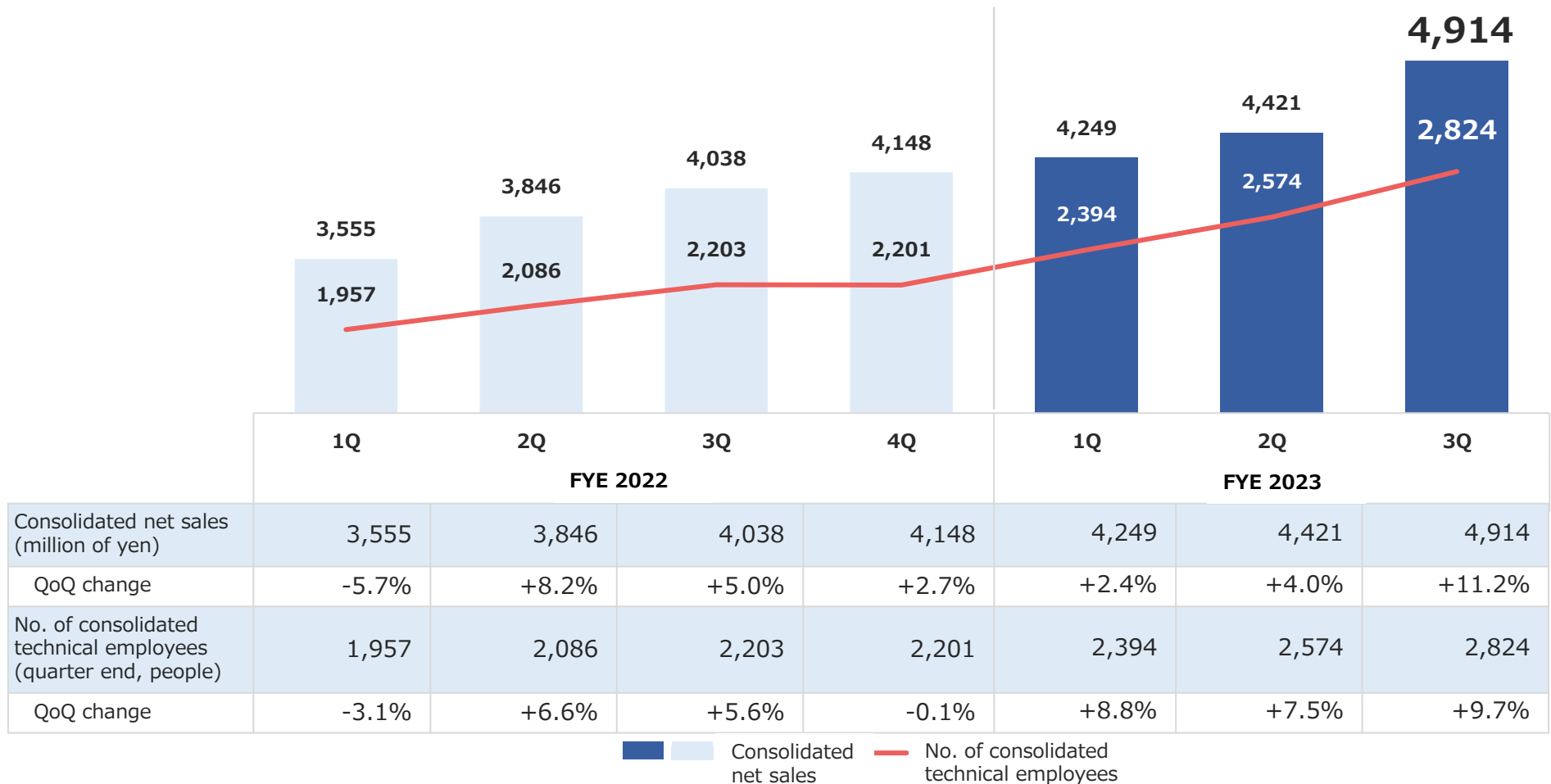
	FYE2022		FYE2023		YoY Change		FYE2023	Forecast Progress Rate
	9 months Results	Versus Full Year Results	9 months Results	Ratio	Percentage Change	Amount Change	Full Year Forecast	
Net sales	11,440	73.4%	13,584	100.0%	+18.7%	+2,144	18,380	73.9%
Cost of sales	7,909	73.6%	9,530	70.2%	+20.5%	+1,620	12,779	74.6%
Gross profit	3,530	72.9%	4,054	29.8%	+14.8%	+524	5,601	72.4%
SG&A expenses	2,408	74.7%	3,191	23.5%	+32.5%	+782	4,397	72.6%
Operating profit	1,121	69.2%	862	6.4%	-23.1%	-258	1,204	71.6%
Non-GAAP operating profit*	1,283	69.7%	1,076	7.9%	-16.2%	-207	1,521	70.7%
Ordinary profit	1,119	69.1%	866	6.4%	-22.6%	-252	1,206	71.8%
Profit attributable to owners of parent	619	64.4%	521	3.8%	-15.9%	-98	727	71.7%
Number of consolidated technical employees (quarter end)*	2,203	–	2,824	–	+28.2%	+621	3,024	93.4%

*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

- Both sales and the number of technicians in the third quarter increased from the previous quarter. Both numbers reached a record high on a quarterly basis.



SECTION 02

Major Initiatives in Construction Technician Dispatching Business

KPIs of Construction Technician Dispatching Business

No. of Technicians

2,570 people
(YoY +27.9%)



Job Posting Requests

24,049 jobs
(YoY+73.2%)



No. of Hirings (incl. new grads)

1,025 people
(YoY +57.5%)



Mid-Career Hiring Costs per Technician

406 thousand yen
(YoY +77.4%)



Target Company Assignment Rate

88.1%
(YoY +2.3pts)



Contract Renewal Rate

82.9%
(YoY +7.1pts)



Permanent Employee Ratio

45.0%
(YoY +24.3pts)



Retention Rate

79.0%
(YoY +4.4pts)



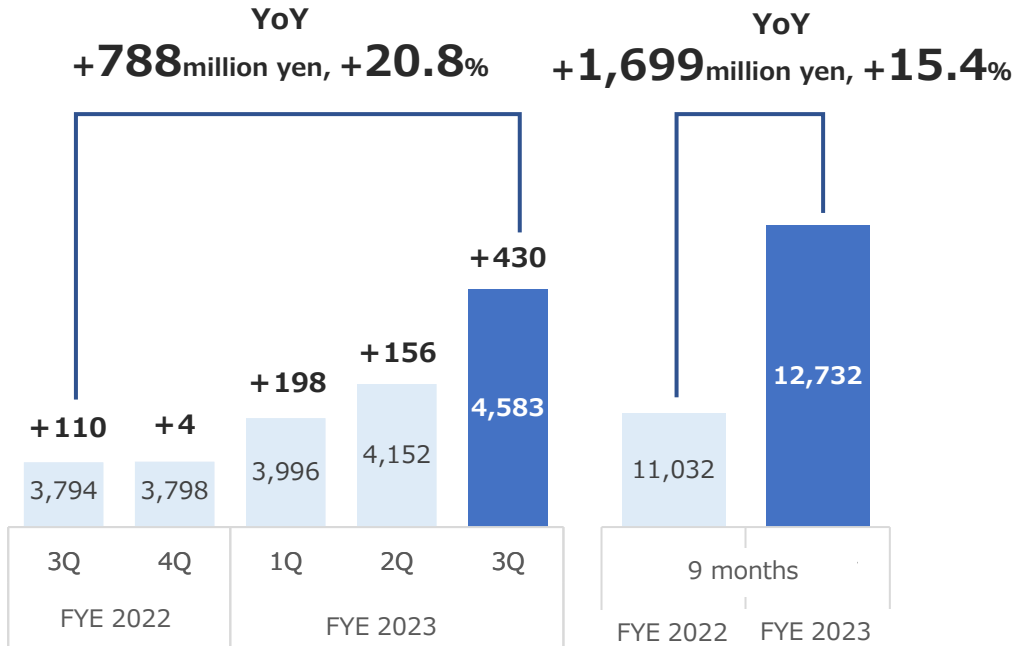
*◎ indicates better than expected or better than the previous FY's performance, ○ indicates the performance is on par with the forecast or the previous FY's performance, △ indicates an improving trend, and × indicates the performance is below the forecast or the previous FY's performance.

Net Sales and Number of Technicians

- The number of job posting requests acquired from client companies increased significantly by +73.2% YoY as a result of raising the level of sales activities.
- The number of hires also grew due to the active investment of recruitment expenses. Sales increased steadily in line with the growth of the number of technicians owing to the interplay between sales and recruiting.

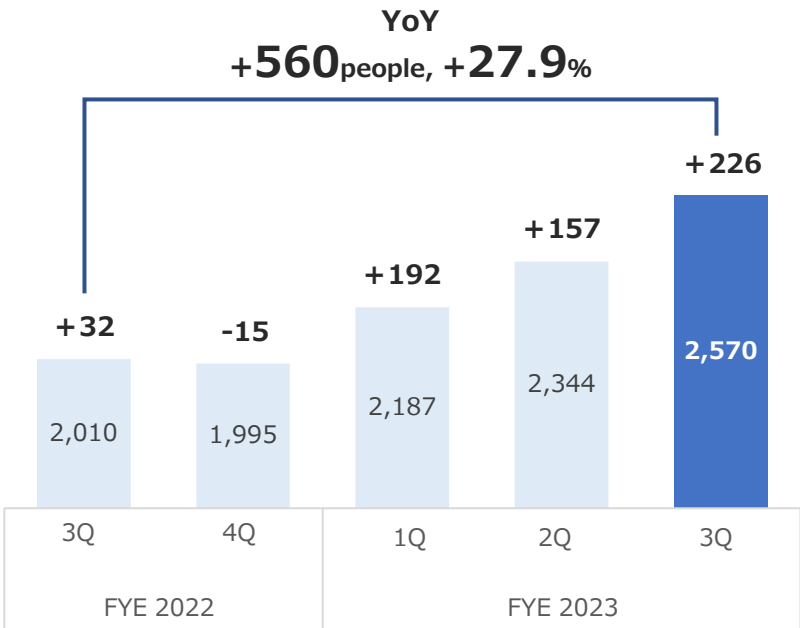
Net Sales

(million of yen)



Number of Technicians

(people)

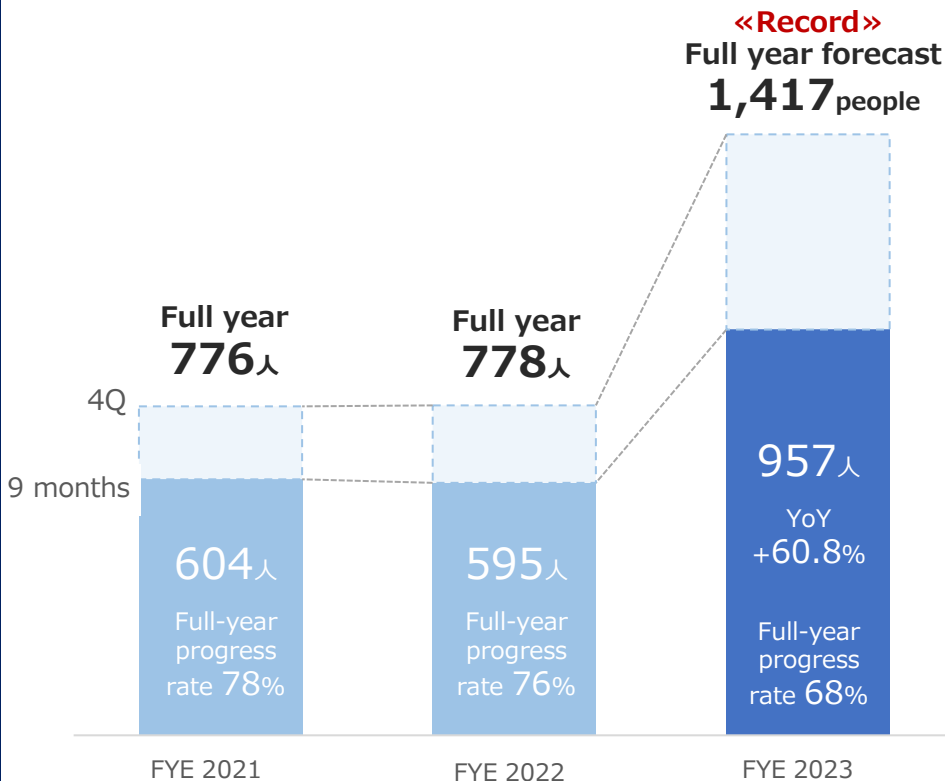


Expanding Mid-Career Recruitment

- We prioritized top-line growth by securing workforce in the current fiscal year and actively invested in mid-career hiring costs as an up-front investment.

As a result, the number of mid-career hires increased significantly by +60.8% YoY. For the full year, we are aiming for a record high of 1,417 hires.

No. of Mid-Career Hires



Active investment on Mid-Career Hiring Costs

388 million yen
(YoY+**185.3%**)

Major Initiatives

- Raising the volume of fundamental activities by managing and standardizing indicators of the recruitment process
- Increasing the number of recruiting staff and assigning a dedicated person to set up interviews to secure workforce in the Tokyo, Nagoya, and Osaka areas, where construction demand is high.

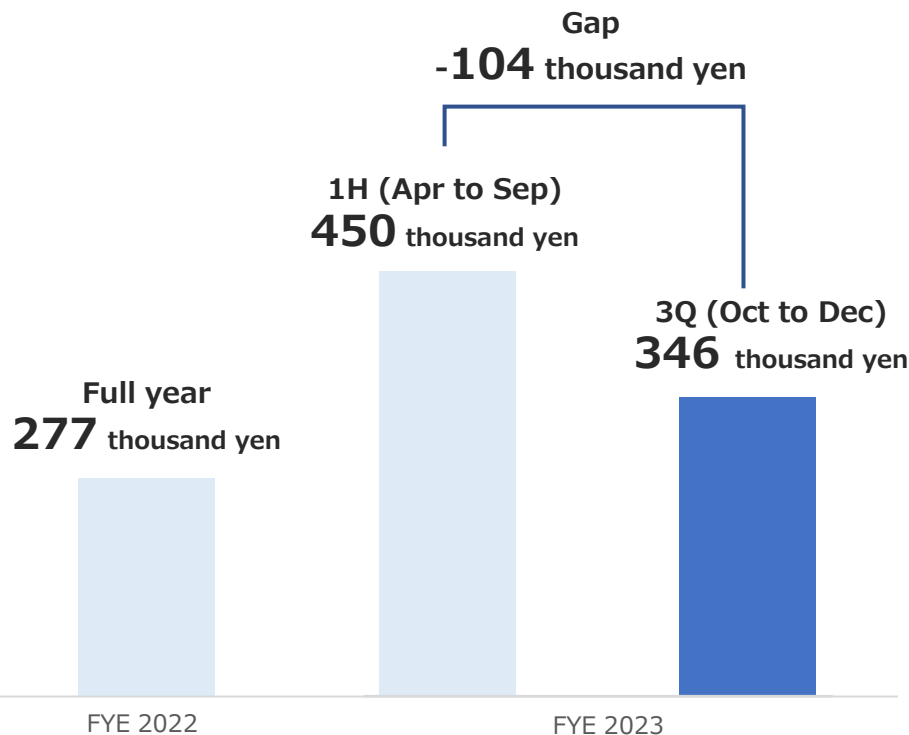
Overall Results on Mid-Career Hiring
Progress was generally in line with forecast, although it was slightly below the previous year.

Reducing Mid-Career Hiring Costs per Technician

- To reduce the unit cost of mid-career hires, which deteriorated in the first half of this FY, we reinforced the process management and the system of recruiting activities.

As a result, the unit cost improved to near the appropriate level due to an improvement in the applicant-to-hire ratio.

Mid-Career Hiring Costs per Technician



Major Initiatives

- Shorting lead time from application to interview
- Shifting to have "interviews with the premise of passing" from "interviews with the premise of dropping" by appointing hiring managers with a background in sales and marketing who have a good understanding of customer needs and by involving decision makers in the interview process.

Overall Results on Hiring Costs
Improved-applicant-to-hire ratio has brought the unit cost of recruitment back on track to a generally appropriate level.

Improving Retention Rate

Enhancement of Follow-up Support for Technicians

Sales to target companies

Target Company Assignment Rate

88.1%

(YoY+2.3pts)

Stable assignment with contract renewals

Contract Renewal Rate

82.9%

(YoY+7.1pts)

Promotion of shift to permanent employment

Permanent Employment Ratio

45.0%

(YoY+24.3pts)

Overall Results on Retention Rate

Improved by offering an environment where technicians can work without undue worries

9 months **79.0%** (YoY+4.4pts)

■ No. of Turnover

FYE2022 9 months 661

FYE2023 9 months 572

YoY
-89people

* Target company assignment rate: Percentage of employees assigned to target companies, such as super general contractors and other major general contractors and subcontractors.

SECTION 03

Alliance Initiatives

Forming Business Alliance with SpiderPlus & Co.

Overview

We signed a business alliance agreement to promote and reinforce digital transformation in the construction industry.

SpiderPlus & Co.



Formation on
November 14,
2022



What We Do

Adding value to technicians

Conducting seminars on SPIDERPLUS, a construction digital transformation service, for newly assigned employees every month

Accelerating introduction of "SPIDERPLUS"

Introducing our client companies and construction sites to SpiderPlus & Co.

Progress

Seminar participants

187 people

Produce technicians who can utilize "SPIDERPLUS"

On-site usage rate 20 %

*From November to December 2022

Strive to generate added value onto our technicians through the digital transformation seminars by further introducing "SPIDERPLUS" on-sites.

Forming Business Alliance with Blue innovation Co, Ltd. ①

- We signed a business alliance on February 13, 2023
- We will improve productivity at construction sites by accelerating digital transformation application



Supporting construction sites through dispatching technicians



On-site reforming and solving problems, using drones and robots

■ Overview of the Business Alliance

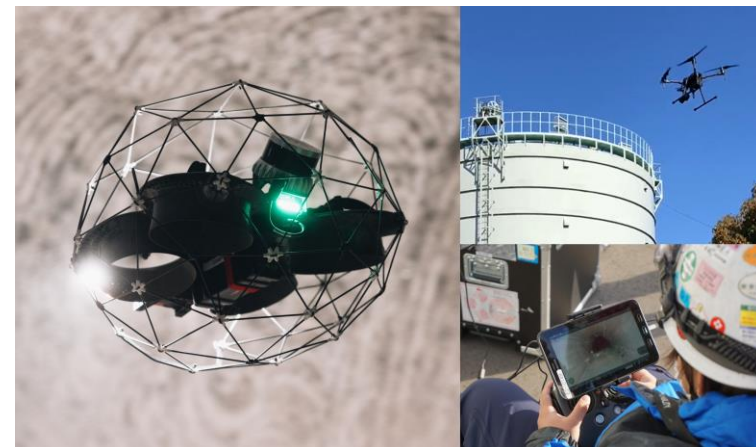
□ Joint promotion activities for “Blue Earth Platform®” (BEP), the base platform provided by Blue innovation, to the clients of the COPRO Group.

□ Hold training for technicians of the COPRO Group to become a specialist in the use of drones and robots, specializing in construction and plant engineering.

Forming Business Alliance with Blue innovation Co, Ltd. ②

Company Profile

Company	Blue innovation Co, Ltd.
Headquarters	4F, Ichigo Hongo Building, 5-33-10 Hongo, Bunkyo-ku, Tokyo
President and CEO	Takayuki Kumada
Business	<p>We are developing and providing the following solutions with Blue innovation's proprietary device integration platform Blue Earth Platform at their center. Our platform enables digital transformation and automation of various tasks by remote (BVLOS) automatic control and cooperation of multiple drones, robots and various devices.</p> <ul style="list-style-type: none">• Digital Transformation of Plants, Factories and Water Infrastructure Solutions• Communication or Field Infrastructure Maintenance Solutions• Digital Transformation of Distribution and Logistics Solutions• Smart Office Solutions• Human Resource Development and Training Solutions



(From left) Mr. Takayuki Kumada, President of Blue innovation Co., Ltd., and Kosuke Kiyokawa, President and Representative Director of the Company

Forming Agreement with Nagoya Future Technical College

- On February 10, 2023, we signed an agreement with Nagoya Future Technical College, which operates four departments: Mechanical and Automotive Engineering, Architectural Design, Biomolecular Engineering, and IT, regarding collaboration in fostering "human resources" for regional revitalization.
- We will contribute to the facilitation of local construction activities, and the development and revitalization of the local community, mainly by fostering next-generation-professional human resources in the construction industry through cooperative and collaborative educational activities.



(From left) Mr. Hirofumi Morizono, President of Nagoya Future Technical College, and Kosuke Kiyokawa, President and Representative Director of the Company



Outline of the Agreement

- ❑ Financial support for students, including the "COPRO Group Scholarship Program"
- ❑ On-site education program for students
- ❑ Training programs for students
- ❑ Exchange of information on professional education and working environment

SECTION 04

Appendix

Financial Forecast for FYE2023

- In the current fiscal year, priorities were placed on sales growth so that upfront investments were made namely on recruiting costs.
- Net sales are expected to increase significantly due to the rise in the number of technicians. Operating profit and other profit are expected to decrease due to upfront investments in recruiting costs, etc.

(million of yen)

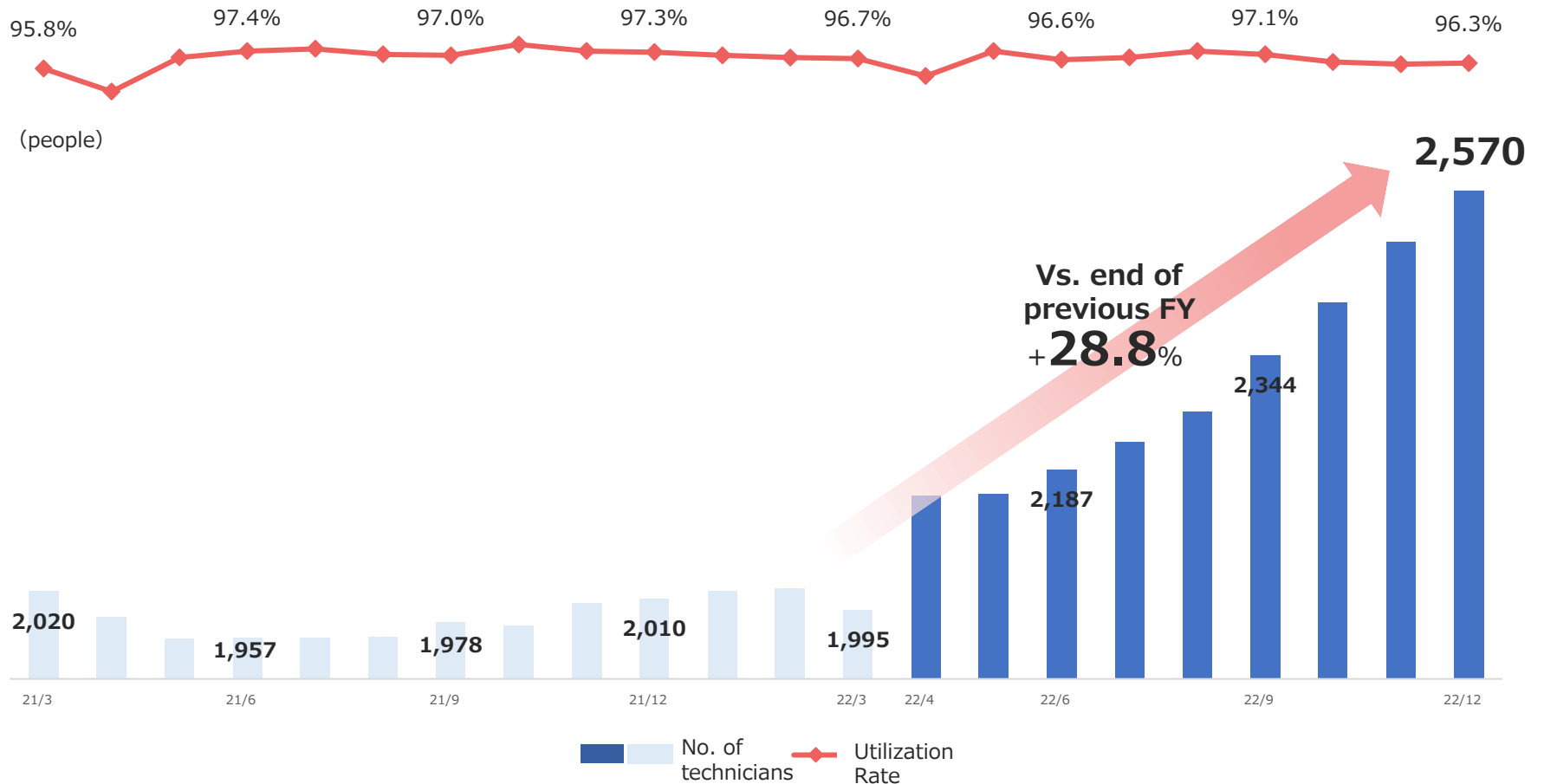
	FYE2022	FYE2023			
	Full Year	Full Year Forecast (Revised on Nov. 14)	Ratio	YoY	
				Percentage Change	Amount Change
Net sales	15,589	18,380	100.0%	+17.9%	+2,791
Cost of sales	10,744	12,779	69.5%	+18.9%	+2,034
Gross profit	4,844	5,601	30.5%	+15.6%	+756
SG&A expenses	3,223	4,397	23.9%	+36.4%	+1,173
Operating profit	1,621	1,204	6.6%	-25.7%	-417
Non-GAAP operating profit*	1,841	1,521	8.3%	-17.4%	-320
Ordinary profit	1,619	1,206	6.6%	-25.5%	-412
Profit attributable to owners of parent	962	727	4.0%	-24.5%	-235
					(yen)
Earnings per share	102.12	78.29	–	–	-23.83
Dividends per share	40.0	40.0	–	–	–
					(people)
Number of consolidated technical employees (quarter end)*	2,201	3,024	–	+37.4%	+823

*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.

Construction Technician Dispatching: Number of Technicians and Utilization Rate

- The number of technicians at the end of the 3Q was 2,570 (+28.8% vs. end of previous FY, +27.9% YoY).
- In addition to the increasing number of hires and the decreasing number of retirements, we took over Hucoss Co., Ltd., and absorbed 122 technicians on April 1, 2022.
- The utilization rate for 9 months average was 96.6% (-0.3pts YoY). It remained at a high level although slightly below the previous FY's result due to the impact of paid leave due to the infection of COVID-19.



Construction Technician Dispatching: Recruitment, Turnover and Retention Rate

- The number of hires for the 9 months was 1,025 (+374, +57.5% YoY).
- In addition to a significant increase in the number of applicants due to an active recruitment investment, we put our efforts to shorten the lead time from application to interview so that the number of interviews increases. The number of new hires in 3Q reached a record high on a quarterly basis.
- The 3Q retention rate (FY accumulative total) was 79.0%, an improvement of 4.4pts YoY. LTM retention rate for the latest 1-year period was 72.7%, an improvement of 0.4pts QoQ.

Recruitment and Turnover

(people)

	FYE2022						FYE2023				
	1Q	2Q	3Q	9months	4Q	Full Year	1Q	2Q	3Q	9months	Full Year Forecast
Hires total	230	208	213	651	183	834	293	315	417	1,025	1,501
New graduates and second new graduates	56	0	0	56	0	56	54	2	12	68	84
Mid-career	174	208	213	595	183	778	239	313	405	957	1,417
Turnover total	293	187	181	661	198	859	223	158	191	572	885
Permanent employees	24	25	21	70	24	94	40	49	58	147	-
Fixed-term employees	269	162	160	591	174	765	183	109	133	425	-
Net change	-63	+21	+32	-10	-15	-25	+70	+157	+226	+453	+616
Increase due to M&A, etc.	0	0	0	0	0	0	+122	0	0	+122	+122
Number of technicians (quarter end)	1,957	1,978	2,010	2,010	1,995	1,995	2,187	2,344	2,570	2,570	2,733

Retention Rate

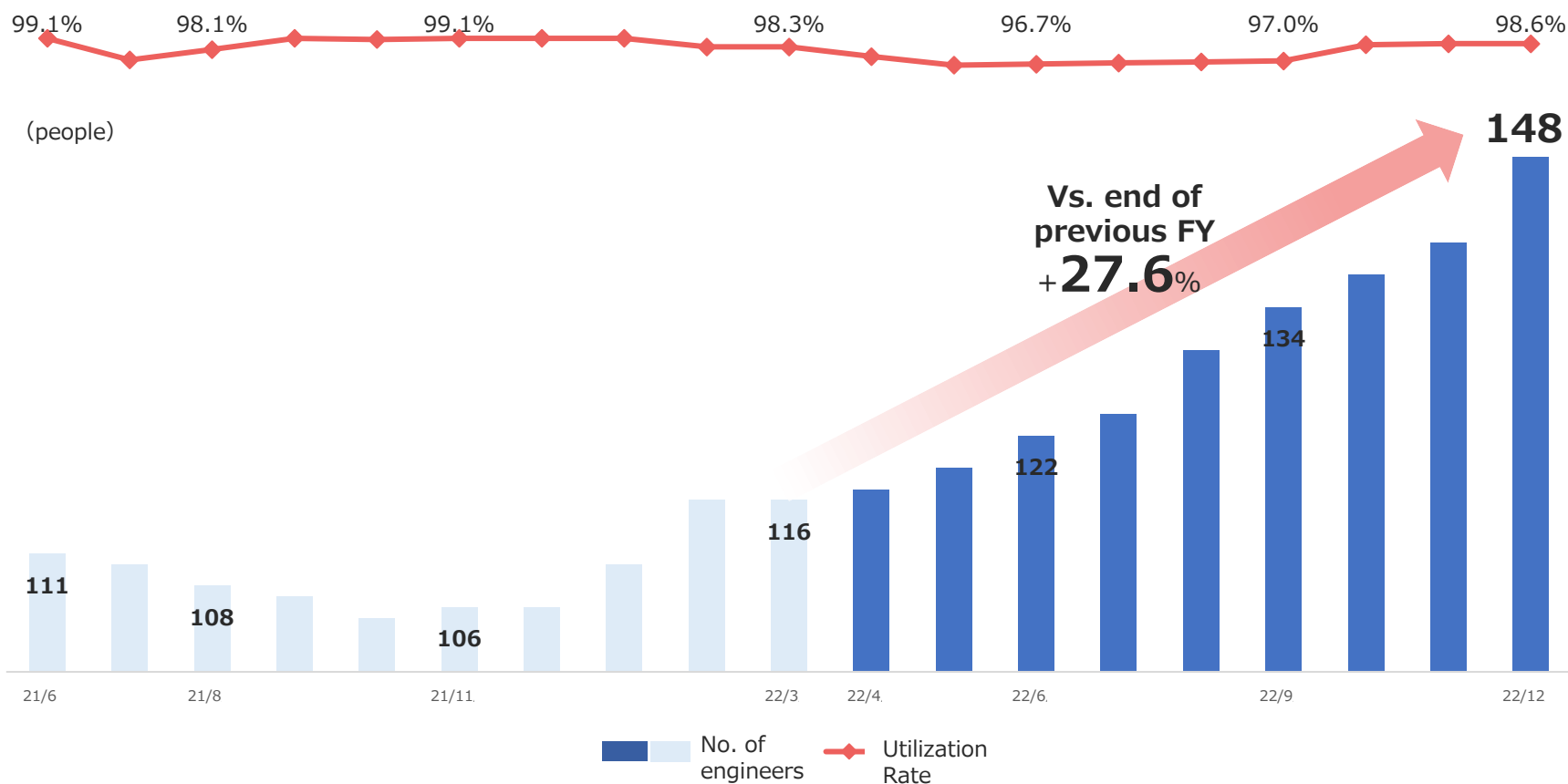
	FYE2022				FYE2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Retention rate (FY accumulative total)	84.8%	79.3%	74.6%	69.4%	89.7%	84.2%	79.0%
Retention rate (LTM)	68.0%	69.5%	69.2%	69.4%	71.8%	72.3%	72.7%

*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 expanded in accordance with the enhancement of the company's internal structure since the previous fiscal year. As a result, the number of engineers increased steadily.
- The utilization rate for 9 months period remained at 97.5%. The utilization rate declined slightly from the previous fiscal year due to the impact of the in-house training period associated with the reinforcement of the hiring of inexperienced workers.



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

- In addition to inexperienced personnel, recruitment of experienced ones especially, professionals with manufacturing background continued working well.
- The retention rate has remained stable and high.

Recruitment and Turnover

(people)

	FYE2022				FYE2023				
	2Q (June-Aug)	3Q (Sep-Nov)	4Q (Dec-Mar)	Full Year	1Q (Apr-June)	2Q (July-Sep)	3Q (Oct-Dec)	9months	Full-year Forecast
Hires total	2	3	15	20	14	23	25	62	85
New graduated	0	0	0	0	1	0	0	1	1
Mid-career	2	3	15	20	13	23	25	61	84
Turnover total	5	5	5	15	8	11	11	30	23
Permanent employees	5*	4	3	12	7	7	5	19	-
Fixed-term employees	0	1	2	3	1	4	6	11	-
Net change	-3	-2	+10	+5	+6	+12	+14	+32	+62
Number of engineers (quarter end)	108	106	116	116	122	134	148	148	178

*For the 4Q of FYE2022, due to the change in the month that the FY 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 (July-Sep)	3Q (Oct-Dec)
Retention rate (FY accumulative total)	95.4%	91.7%	88.9%	93.1%	89.7%	85.3%
Retention rate (LTM)	92.7%	90.8%	88.9%	84.7%	85.2%	84.9%

*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.

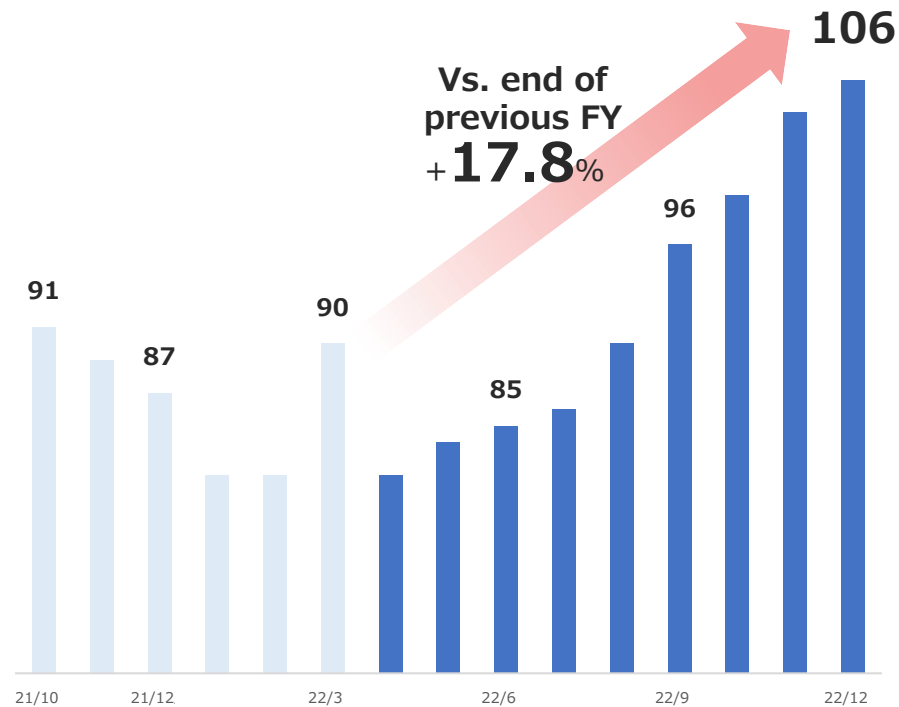
*For the 4Q of FYE2022, due to the change in the month that the FY ends, the results for the four months from December 2021 to March 2022 are included.

SES: Number of Engineers Working and Number of Applicants

- The number of applications rose. Steady increased in the number of engineers working due to the sequential reinforcement of the sales structure.

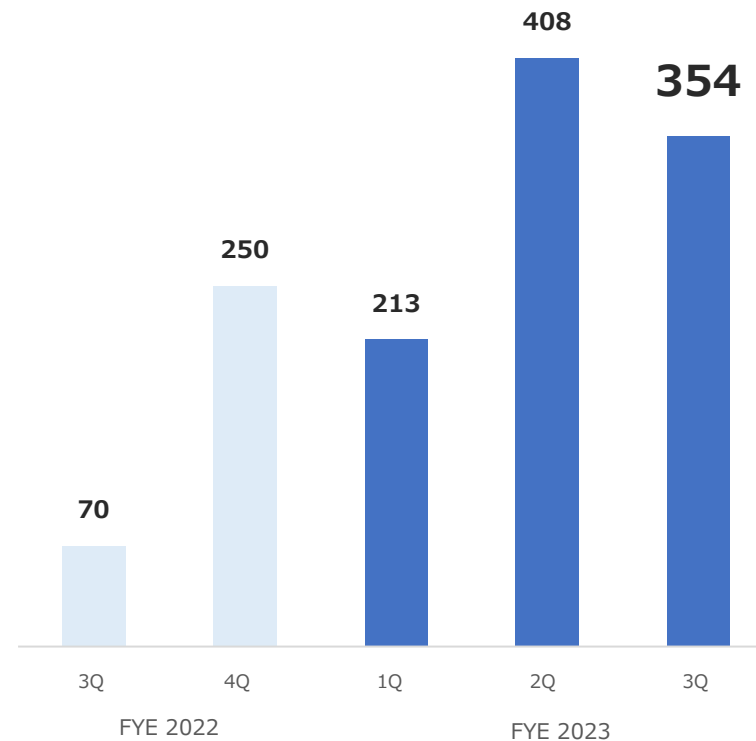
Number of Engineers Working

(people)



Number of Applicants

(people)



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- 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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