

TechnoPro Holdings, Inc.

Q2 FY25.6 Financial Results Briefing

February 7, 2025

Presentation

Hagiwara: I am Hagiwara, CFO of TechnoPro Holdings. Thank you for your time today.

As explained in Q1 FY25.6 financial results briefing, the issues we are facing now and the investors' concerns caused by them are the following three points; 1) slowing top-line growth due to worsening turnover ratio, 2) deterioration in GP margin due to rising wages, and 3) higher SG&A ratio due to soaring recruitment cost. We strive to overcome these urgent issues while sticking to our medium- to long-term strategic goals, and hope to allay any concerns about our sustainable earnings growth, even if only to a small extent, by demonstrating a track record of our delivery over FY25.6 and the likelihood of our execution robustness for FY26.6 and beyond.

The current business environment remains as favorable as ever, and despite the political and economic uncertainty on a global basis, we are receiving solid orders from customers. We shall aggressively seek to negotiate higher unit sales prices when our contracts are renewed in March 2025. In order to adequately reward our engineers through higher wages, we will aim to jack up prices and create attractive job opportunities, which will also help prevent them from leaving TechnoPro and enhance their motivation.

During the medium-term management plan periods, we were awarded the "IR Grand Prix" by the Japan Investor Relations Association. In hindsight, the thoughtful advice and insight we have gained through dialogues with many investors have enabled us to evolve our approach to information disclosure and communication with the capital markets. For more sustainable IR activity of TechnoPro, we plan to increase frequency of contacts between future CFO candidates and investor community while keeping my succession in mind.

Now, I will explain the summary of H1 FY25.6 financial results, the key KPIs in Japan, and the update of overseas operations.

Q2 FY25.6 Financial Overviews

- FY25.6 H1 revenue was **118.4 billion yen**, up 9.7% year-on-year; gross profit was **32.4 billion yen**, up 11.6% year-on-year; core operating profit was **14.8 billion yen**, up 21.2% year-on-year; operating profit was **15.1 billion yen**, up 21.7% year-on-year; SG&A expenses increased by 780 million yen, of which recruitment cost increased by 470 million yen; SG&A ratio was reduced to below 15%
- FY25.6 H1 gross profit increased by **3.3 billion yen** year-on-year, mainly due to 1) increased allocation of domestic dispatch engineers (up 990 million yen), 2) price hike of dispatch contracts (up 2.67 billion yen), 3) expansion of project-type services (up 830 million yen), 4) increased working days and hours (up 340 million yen), offset by increases in 5) provision for seasonal and financial results-linked bonuses (down 1.54 billion yen in total), and 6) provision for paid leave (down 300 million yen)
- FY25.6 H1 results exceeded the initial plan, progressing well against full-year guidance despite uncertainties in the Overseas segment

(yen in millions, except per share amounts)

	Q2 (Three-Month Period)				First Half				Full-Year			
	FY24.6 (Results)	FY25.6 (Results)	YoY		FY24.6 (Results)	FY25.6 (Results)	YoY		FY24.6 (Results)	FY25.6 (Guidance)	YoY	
Revenue	55,112	60,565	+5,452	+9.9%	108,009	118,439	+10,429	+9.7%	219,218	237,000	+17,781	+8.1%
Gross profit	15,004	16,951	+1,946	+13.0%	29,062	32,447	+3,384	+11.6%	58,810	—	—	—
GP margin	27.2%	28.0%	+0.8 pts		26.9%	27.4%	+0.5 pts		26.8%	—	—	—
SG&A expenses	8,438	9,023	+584	+6.9%	16,789	17,569	+780	+4.6%	34,414	—	—	—
Ratio on revenue	15.3%	14.9%	(0.4 pts)		15.5%	14.8%	(0.7 pts)		15.7%	—	—	—
Core operating profit	6,565	7,927	+1,362	+20.7%	12,273	14,877	+2,604	+21.2%	24,395	27,000	+2,604	+10.7%
Core OP margin	11.9%	13.1%	+1.2 pts		11.4%	12.6%	+1.2 pts		11.1%	11.4%	+0.3 pts	
Other income	69	170	+101	—	160	256	+95	—	361	—	—	—
Other expenses	6	9	+2	—	17	25	+8	—	2,838	—	—	—
Operating profit	6,628	8,088	+1,460	+22.0%	12,416	15,108	+2,691	+21.7%	21,918	27,000	+5,081	+23.2%
OP margin	12.0%	13.4%	+1.3 pts		11.5%	12.8%	+1.3 pts		10.0%	11.4%	+1.4 pts	
Profit before income taxes	6,612	8,343	+1,731	+26.2%	12,464	15,307	+2,843	+22.8%	22,139	27,000	+4,860	+22.0%
Net profit	4,560	5,747	+1,187	+26.0%	8,591	10,527	+1,936	+22.5%	14,684	18,500	+3,815	+26.0%
Net profit margin	8.3%	9.5%	+1.2 pts		8.0%	8.9%	+0.9 pts		6.7%	7.8%	+1.1 pts	
Earnings per share	42.68	55.09	+12.41	+29.1%	80.34	100.40	+20.06	+25.0%	137.56	176.98	+39.42	+28.7%
Dividend per share	—	—	—	—	25.00	30.00	+5.00	+20.0%	80.00	90.00	+10.00	+12.5%

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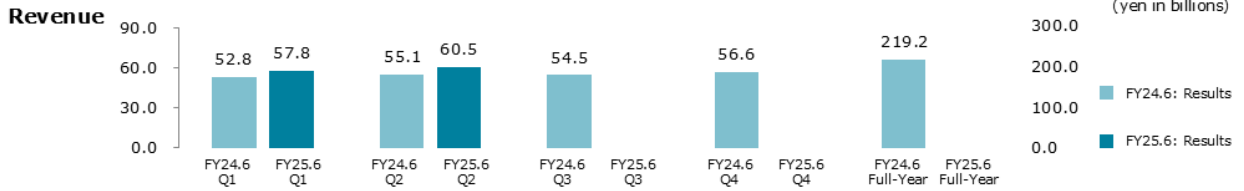
First, let's look at the financial overviews on page 2.

Revenue for H1 FY25.6 was 118.4 billion yen, up 9.7% YoY, while GP was 32.4 billion yen, plus 3.3 billion yen or up 11.6% YoY, resulting in GP margin of 27.4%, up 0.5 pts YoY.

Although the recruitment cost and its ratio to revenue are on the rise due to an increase in the number of hires and the average cost per hire, SG&A expenses for H1 FY25.6 were 17.5 billion yen, and SG&A ratio for Q2 FY25.6 stayed below 15%, just like in Q1 FY25.6. Please note that in Q3 FY25.6, when an increase in revenue is supposed to be small because of fewer working days than Q2 FY25.6, GP margin may fall below 27% and SG&A ratio may go back to 15% level.

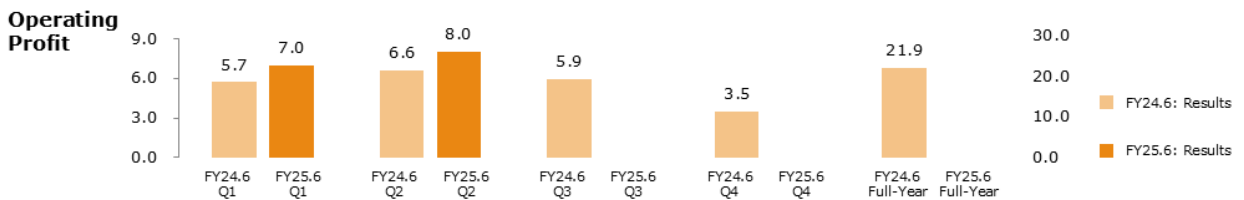
Both Core OP and OP for H1 FY25.6 were approximately 15 billion yen, up 21% YoY, exceeding H1 FY25.6 guidance of 14 billion yen by about 1 billion yen. Despite not anticipating any specific concerns for H2 FY25.6, we have not revised the full-year guidance upward at this point. The number of new graduates joining TechnoPro in April 2025 is around 150 more than last year, and with the significant increase in starting salaries, we will implement a special increment this April for new graduates who joined in recent years so that the salary reversal among generations can be eliminated. Consequently, the negative impact of GP in Q4 FY25.6, when the temporary decline in utilization ratio occurs, is expected to be greater than usual. In addition, for H2 FY25.6, we are not necessarily optimistic about the outlook of our overseas business, which has been roughly in line with the plan so far. Please understand the reasons for keeping the full-year guidance unchanged.

Reference: Quarterly Performance



YoY	+9.4%		+9.9%		-		-		-	
Progress on full-year %	24.1%	-	25.1%	-	24.9%	-	25.8%	-	100.0%	-
Ave. no. of engineers	24,233	26,148	24,589	26,509	24,835	[26,700]	25,979	[27,800]	24,909	[26,790]
Ave. utilization ratio	95.0%	95.1%	95.9%	95.7%	95.9%	[95.8%]	93.2%	[92.7%]	95.0%	[94.8%]
Ave. monthly unit sales price (thousands yen)	669	685	684	711	675	[695]	685	[700]	678	[698]
Working days*	56.4	55.8	57.9	58.4	54.2	[53.7]	57.3	[57.6]	225.8	[225.6]
Working hours per day*	8.39	8.43	8.46	8.44	8.46	[8.44]	8.41	[8.38]	8.43	[8.42]

† Figures in brackets indicate forecast at the time of publication



YoY	+21.3%		+22.0%		-		-		-	
Progress on full-year %	26.4%	-	30.2%	-	27.1%	-	16.3%	-	100.0%	-
OP margin	10.9%	12.1%	12.0%	13.4%	10.9%	-	6.3%	-	10.0%	-

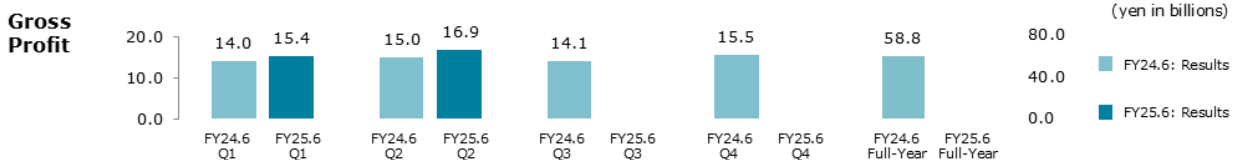
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* Figures of two major subsidiaries in Japan (TechnoPro, Inc. & TechnoPro Construction, Inc.)

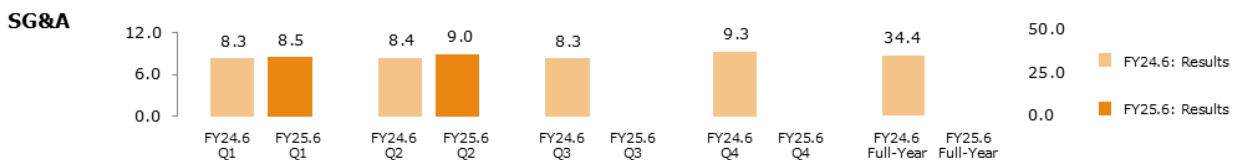
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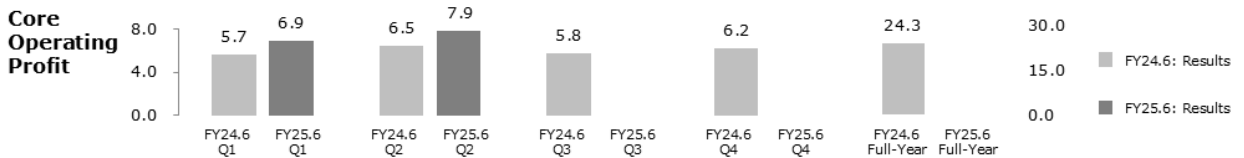
Reference: Quarterly Performance (cont.)



YoY	+10.2%		+13.0%		-		-		-	
GP margin	26.6%	26.8%	27.2%	28.0%	25.9%	-	27.5%	-	26.8%	-



YoY	+2.3%		+6.9%		-		-		-	
Ratio on revenue	15.8%	14.8%	15.3%	14.9%	15.2%	-	16.5%	-	15.7%	-



YoY	+21.8%		+20.7%		-		-		-	
Core OP margin	10.8%	12.0%	11.9%	13.1%	10.7%	-	11.1%	-	11.1%	-

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Pages 3 and 4 show the quarterly performance of each P&L item and key KPIs in Japan, including the KPI outlook after Q3 FY25.6.

Q2 FY25.6 Segment Results [Year-to-Date]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY
Revenue	74,709	83,115	92,676	+11.5%	10,605	11,353	12,524	+10.3%	2,486	2,184	2,170	(0.6%)	87,801	96,653	107,371	+11.1%
Ratio to consolidated revenue	76.2%	77.0%	78.2%		10.8%	10.5%	10.6%		2.5%	2.0%	1.8%		89.6%	89.5%	90.7%	
Gross profit	18,947	21,737	24,586	+13.1%	3,216	3,571	3,812	+6.7%	1,765	1,447	1,500	+3.7%	23,929	26,756	29,899	+11.7%
GP margin	25.4%	26.2%	26.5%		30.3%	31.5%	30.4%		71.0%	66.3%	69.1%		27.3%	27.7%	27.8%	
Operating profit	8,580	10,159	12,233	+20.4%	1,448	1,691	1,842	+8.9%	126	(99)	(22)		10,155	11,751	14,052	+19.6%
OP margin	11.5%	12.2%	13.2%		13.7%	14.9%	14.7%		5.1%	(4.5%)	(1.0%)		11.6%	12.2%	13.1%	
OP before PPA asset amortization	8,616	10,195	12,269	+20.3%	1,448	1,691	1,842	+8.9%	126	(99)	(22)		10,191	11,787	14,089	+19.5%
OP margin before PPA asset amortization	11.5%	12.3%	13.2%		13.7%	14.9%	14.7%		5.1%	(4.5%)	(1.0%)		11.6%	12.2%	13.1%	
PPA asset amortization	(36)	(36)	(36)										(36)	(36)	(36)	
Impairment loss																
No. of engineers (period-end)	19,824	21,644	23,326	+7.8%	2,829	3,086	3,325	+7.7%					22,653	24,730	26,651	+7.8%
o/w Non-Japanese in Japan	828	964	1,067	+10.7%	112	155	214	+38.1%					940	1,119	1,281	+14.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations				Consolidated Total			
	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY	FY23.6 H1	FY24.6 H1	FY25.6 H1	YoY
Revenue	11,774	12,824	12,557	(2.1%)	99,575	109,478	119,929	+9.5%	(1,563)	(1,468)	(1,490)		98,011	108,009	118,439	+9.7%
Ratio to consolidated revenue	12.0%	11.9%	10.6%		101.6%	101.4%	101.3%		(1.6%)	(1.4%)	(1.3%)		100.0%	100.0%	100.0%	
Gross profit	3,145	3,443	3,528	+2.5%	27,075	30,200	33,428	+10.7%	(1,036)	(1,137)	(981)		26,038	29,062	32,447	+11.6%
GP margin	26.7%	26.9%	28.1%		27.2%	27.6%	27.9%						26.6%	26.9%	27.4%	
Operating profit	1,041	549	1,028	+87.2%	11,196	12,300	15,081	+22.6%	(13)	115	26		11,183	12,416	15,108	+21.7%
OP margin	8.8%	4.3%	8.2%		11.2%	11.2%	12.6%						11.4%	11.5%	12.8%	
OP before PPA asset amortization	1,336	878	1,200	+36.7%	11,528	12,666	15,289	+20.7%	(13)	115	26		11,515	12,782	15,316	+19.8%
OP margin before PPA asset amortization	11.4%	6.9%	9.6%		11.6%	11.6%	12.7%						11.7%	11.8%	12.9%	
PPA asset amortization	(295)	(329)	(171)		(331)	(365)	(208)						(331)	(365)	(208)	
Impairment loss																
Changes in fair value amount and early exercise of PO liabilities																
Changes in fair value amount of EO liabilities																
No. of engineers (period-end)	2,873	2,733	2,336	(14.5%)	25,526	27,463	28,987	+5.5%					25,526	27,463	28,987	+5.5%

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* Headquarter expenses attributable to reportable segments (expenses incurred by the holding company, etc.) are allocated to each reportable segment

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Reference: Q2 FY25.6 Segment Results [Three-Month]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY
Revenue	38,118	42,553	47,657	+12.0%	5,418	5,794	6,394	+10.3%	1,213	1,117	1,096	(1.9%)	44,749	49,466	55,148	+11.5%
Ratio to consolidated revenue	76.6%	77.2%	78.7%		10.9%	10.5%	10.6%		2.4%	2.0%	1.8%		89.9%	89.8%	91.1%	
Gross profit	9,228	11,269	12,908	+14.5%	1,690	1,836	1,969	+7.2%	850	759	790	+4.1%	11,768	13,865	15,668	+13.0%
GP margin	24.2%	26.5%	27.1%		31.2%	31.7%	30.8%		70.1%	67.9%	72.1%		26.3%	28.0%	28.4%	
Operating profit	3,855	5,409	6,659	+23.1%	797	881	961	+9.1%	16	(20)	(27)		4,669	6,271	7,593	+21.1%
OP margin	10.1%	12.7%	14.0%		14.7%	15.2%	15.0%		1.3%	(1.8%)	(2.5%)		10.4%	12.7%	13.8%	
OP before PPA asset amortization	3,873	5,427	6,677	+23.0%	797	881	961	+9.1%	16	(20)	(27)		4,687	6,289	7,611	+21.0%
OP margin before PPA asset amortization	10.2%	12.8%	14.0%		14.7%	15.2%	15.0%		1.3%	(1.8%)	(2.5%)		10.5%	12.7%	13.8%	
PPA asset amortization	(18)	(18)	(18)										(18)	(18)	(18)	
Impairment loss																
No. of engineers (period-end)	19,824	21,644	23,326	+7.8%	2,829	3,086	3,325	+7.7%					22,653	24,730	26,651	+7.8%
o/w Non-Japanese in Japan	828	964	1,067	+10.7%	112	155	214	+38.1%					940	1,119	1,281	+14.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations				Consolidated Total			
	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY	FY23.6 Q2	FY24.6 Q2	FY25.6 Q2	YoY
Revenue	5,845	6,418	6,213	(3.2%)	50,595	55,884	61,361	+9.8%	(809)	(771)	(796)		49,786	55,112	60,565	+9.9%
Ratio to consolidated revenue	11.7%	11.6%	10.3%		101.6%	101.4%	101.3%		(1.6%)	(1.4%)	(1.3%)		100.0%	100.0%	100.0%	
Gross profit	1,568	1,714	1,791	+4.5%	13,336	15,580	17,460	+12.1%	(548)	(575)	(508)		12,788	15,004	16,951	+13.0%
GP margin	26.8%	26.7%	28.8%		26.4%	27.9%	28.5%						25.7%	27.2%	28.0%	
Operating profit	481	279	550	+96.8%	5,151	6,550	8,143	+24.3%	24	77	(54)		5,176	6,628	8,088	+22.0%
OP margin	8.2%	4.4%	8.9%		10.2%	11.7%	13.3%						10.4%	12.0%	13.4%	
OP before PPA asset amortization	629	436	636	+45.8%	5,317	6,726	8,248	+22.6%	24	77	(54)		5,342	6,803	8,193	+20.4%
OP margin before PPA asset amortization	10.8%	6.8%	10.2%		10.5%	12.0%	13.4%						10.7%	12.3%	13.5%	
PPA asset amortization	(147)	(157)	(86)		(166)	(175)	(104)						(166)	(175)	(104)	
Impairment loss																
Changes in fair value amount and early exercise of PO liabilities																
Changes in fair value amount of EO liabilities																
No. of engineers (period-end)	2,873	2,733	2,336	(14.5%)	25,526	27,463	28,987	+5.5%					25,526	27,463	28,987	+5.5%

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* Headquarter expenses attributable to reportable segments (expenses incurred by the holding company, etc.) are allocated to each reportable segment

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Pages 5 and 6 show the performance by segment for H1 FY25.6 and Q2 FY25.6 respectively.

The R&D Outsourcing remains strong, with GP margin continuing to expand and SG&A ratio declining because of the operating leverage benefits. As shown in the Factbook data posted on our website, the Solution Business, which had been slowing down since H2 FY24.6, has also made a slight comeback in Q2 FY25.6. Although we need to confirm the momentum in H2 FY25.6, we are seeing growth in our solution offerings in both development and operation support areas, which are our main focus and can enjoy higher value and margin. Price negotiations at the time of March contract renewals this year are extremely important in preparation for the annual pay hike for our employees in July 2025. We will strive to pass it on to customers, while taking into account the supply-demand gap and wage growth in Japan. We would like to share our achievement in Q3 FY25.6 briefing.

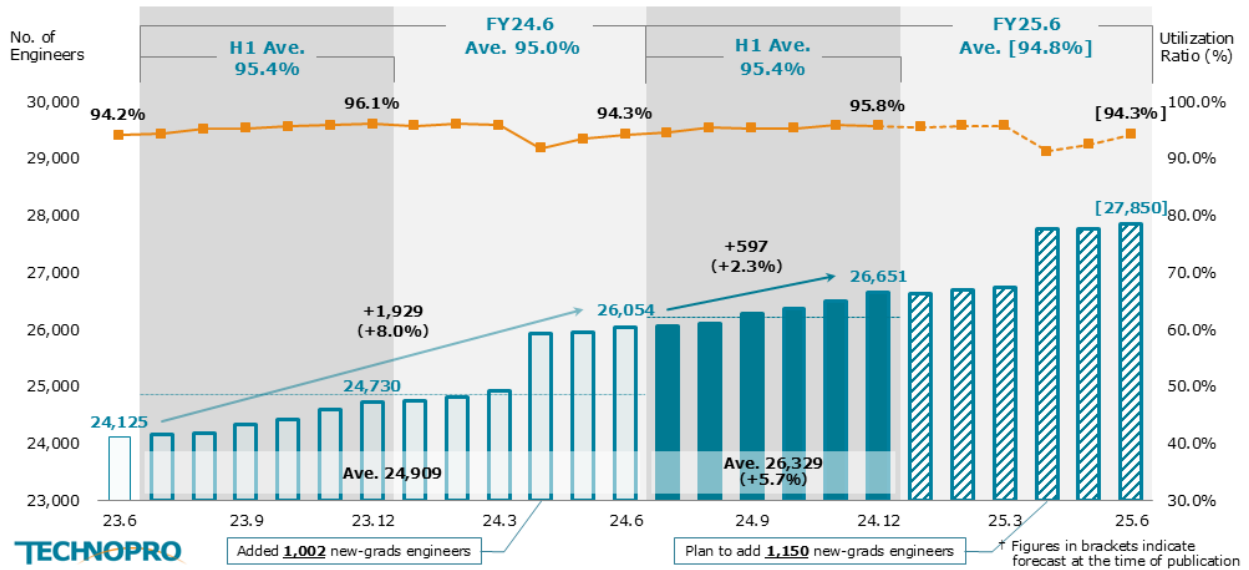
In the Construction Management Outsourcing, it is within the realm of expectation that GP margin for FY25.6 would worsen slightly due to the full implementation of “Work-Style Reform” after the grace period ended. Unlike the R&D Outsourcing, the Construction Management Outsourcing has switched to a headcount driven strategy, actively recruiting inexperienced talents. On the flip side, this hiring policy has led to a deterioration in the turnover ratio, and the growth in the number of engineers in Q2 FY25.6 stagnated slightly. While accelerating inexperienced hires, we aim to increase the number of engineers continuously and maintain OP margin. While the unit price of assigning inexperienced ones is relatively low, it becomes easier to raise the price once they have gained a certain amount of experience. So, we try to generate funds that could not only improve compensation but also be used for growth investments such as hiring and training.

The Other Businesses in Japan, which turned a little profitable in Q1 FY25.6, lost money again due to the slump in the placement business. As the difference from the plan is still small, there is no change to the full-year forecast.

In the Overseas, I will explain the update of each foreign subsidiary later.

Number of Engineers & Utilization Ratio [Japan]

- Engineers in Japan at Q2 FY25.6 end totaled **26,651** (up 1,921 or 7.8% year-on-year), including **1,281** non-Japanese engineers (up 162 year-on-year)
- Engineers working outside Japan at Q2 FY25.6 end totaled **2,336** (not included in the number of engineers in Japan, down 397 or 14.5% year-on-year)
- Utilization ratio was **95.8%** at Q2 FY25.6 end (down 0.3 pts year-on-year), while average one for H1 six-month was **95.4%** (down 0.0 pts year-on-year)



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From page 8 onward, we will look at the key KPIs for our domestic operations.

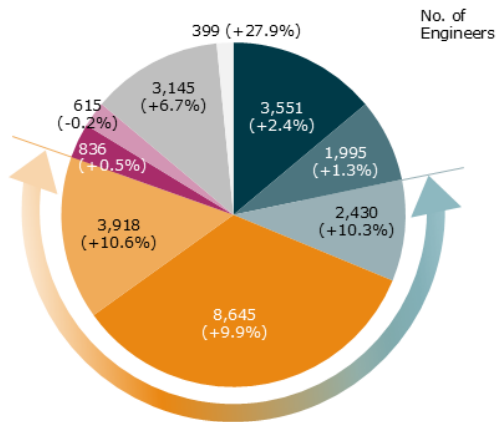
The number of engineers at the end of December 2024 was 26,651, plus 1,921 or up 7.8% YoY, exceeding the plan by 251. While hiring has been strong, the number of resignations has soared, causing headcount growth to fall below 8% level YoY, and such a trend is here to stay throughout the year. Based on the updated full-year hiring outlook, we have revised our forecast for the number of engineers at the end of June 2025 to 27,850 or up 6.9% YoY, an upward revision of 350 from the initial guidance.

The average utilization ratio for H1 FY25.6 was 95.4%, a little bit down YoY, but the average full-year utilization ratio of 94.8% is 0.1 pts higher than the initial guidance. Given elevated starting salaries for new graduates joining TechnoPro in April 2025, we would like to strategically extend the training periods and focus on the price of their first assignment, even if it results in sacrificing Q4 FY25.6 utilization to some extent.

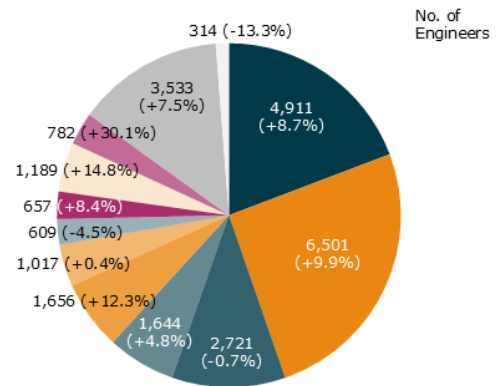
Reference: Assigned Engineers Portfolios [Japan]

Q2 FY25.6 End Assigned Engineers : **25,534** (up 1,776 or 7.5% YoY)

by Technology



by Industry



IT engineers:
58.7% / 14,993 (+10.1%)

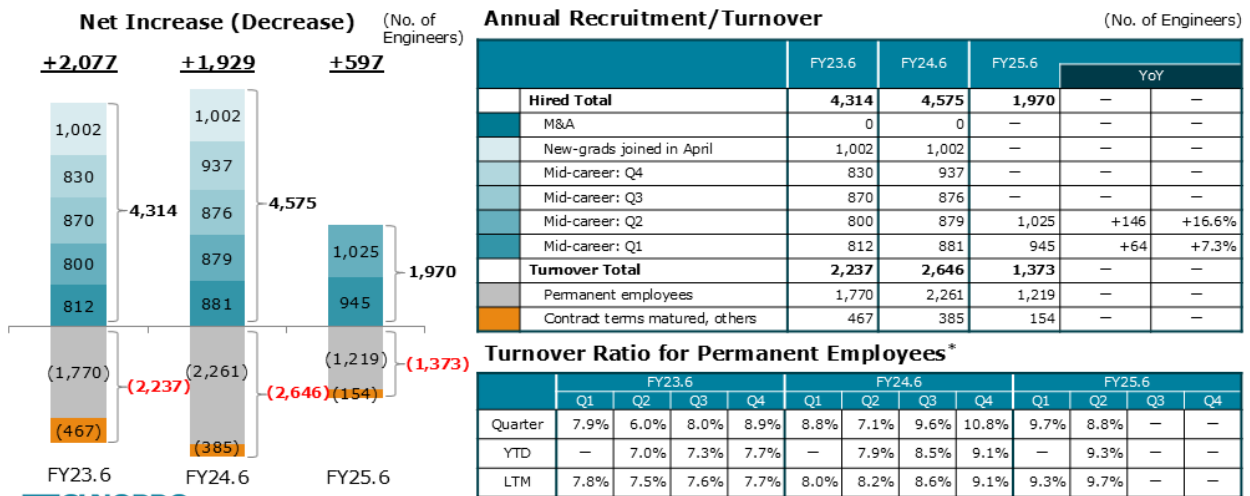
- Machinery
- SW Development/Maintenance
- Biochemical
- Electric/Electronic
- IT infrastructure
- Construction
- Embedded Control
- Chemical
- Others

- Transportation Equipment
- IT
- Industrial Machinery
- Electronic Component
- Medical Device
- Material
- Pharmaceutical and Chemical
- Construction and Plant Eng.
- Others

Pages 9 shows the distribution and YoY growth rate of assigned engineers by technology and industry. I'll spare you the details.

Recruitment & Turnover [Japan]

- Engineers hired in H1 FY25.6 totaled **1,970** (up 210 year-on-year); expecting to add **1,150** new-grads (up approx. 150 year-on-year) in April 2025
- **1,373** engineers left in H1 FY25.6 (up 218 year-on-year): permanent employees of **1,219** (up 253 year-on-year) and fixed-term employees of **154** (down 35 year-on-year)
- Turnover ratio for permanent employees* was **9.3%** for H1 FY25.6 (up 1.3 pts year-on-year), and **9.7%** on LTM basis; expecting **9.8%** for full-year FY25.6
- Net engineer addition was **597** for H1 FY25.6, exceeding the plan for H1 FY25.6; turnover proceeded as planned for the R&D Outsourcing while becoming higher than expected for the Construction Management Outsourcing



* Turnover ratio for permanent employees was calculated, excluding fixed-term employees left at the end of contract term

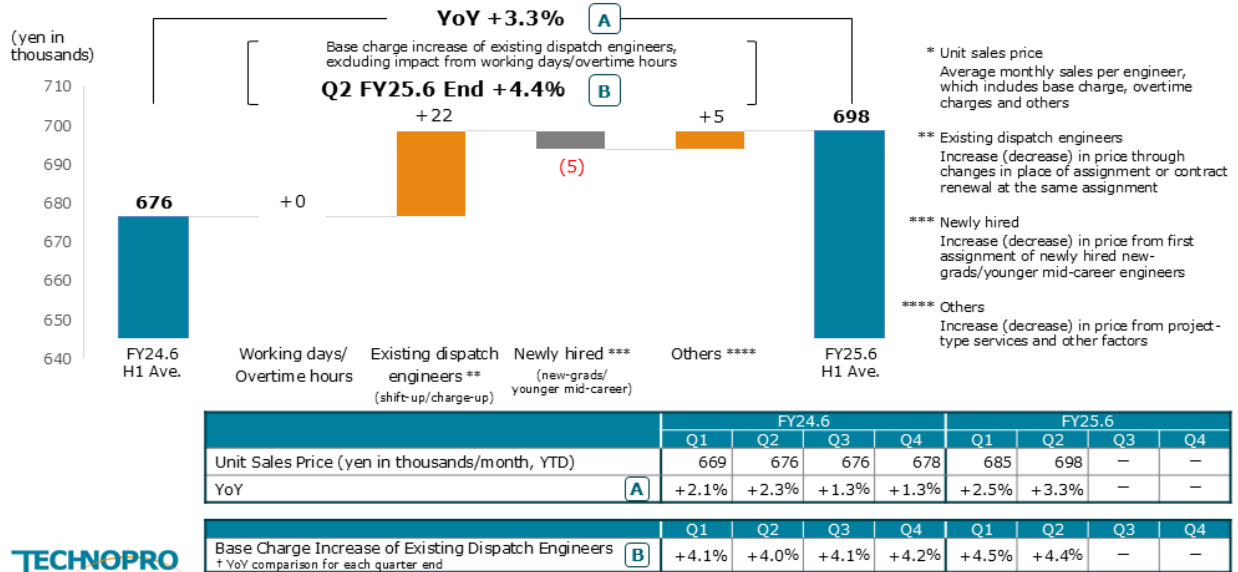
The next topic is the status of recruitment and turnover.

In Q2 FY25.6, we recruited 1,025 mid-careers, exceeding 1,000 for the first time on a quarterly basis. Based on the progress of H1 FY25.6, we revised the full-year hiring plan to 4,900, including 1,150 new graduates who will join in April 2025, up 400 from the initial guidance. We have been accelerating hires to hedge against a potential downside risk of more resignations than our estimate.

On the contrary, the turnover ratio in Q2 FY25.6 was 8.8%, seemingly improved from Q1 FY25.6, while the turnover ratio in Q2, when seasonal bonuses are paid in December, remains at the low end of each quarter. Looking at the LTM-based turnover ratio, it has already reached 9.7% in Q2 FY25.6, compared to the budgeted full-year one of 9.8%. In Mr. Yagi's presentation, we will explain the current situation in more detail by showing data trends by technology fields.

Average Monthly Unit Sales Price [Japan]

- Ave. monthly unit sales price* for H1 FY25.6 was **698K yen** (up 22K yen/month or 3.3% year-on-year)
- Increased 0K yen/month year-on-year due to the mix of decrease in working days and increase in overtime hours, and diluted 5K yen/month year-on-year due to first assignment of newly hired new-grads and younger mid-career engineers
- Increased 22K yen/month, driven by base charge hike for existing dispatch engineers through shift-up and charge-up efforts
- Increased 5K yen/month, driven by the growth of project-type services



Page 11 shows the change and its waterfall chart in unit sales price.

The average monthly unit sales price for H1 FY25.6 was 698,000 yen, plus 22,000 yen or up 3.3% YoY. The initial guidance for the full-year average was 695,000 yen per month, but this has now been revised upward to 698,000 yen. As a note, the base charge for our existing dispatch engineers at the end of December 2024, which is not affected by working days or overtime hours, increased by 4.4% compared to a year ago, and the progress has been made in passing our incremental cost on to customers.

Overseas Subsidiaries Update



Next is the update of our overseas subsidiaries.

First of all, OP for the Overseas as a whole reached 1 billion yen for H1 FY25.6, nearly double YoY. This was roughly in line with the plan although performances varied from entity to entity.

For Robosoft, which faces the challenge of winning new projects, its top-line appears to level off, but has yet to turn around, falling short of its target by more than 10%. One reason for this is that the US customers delayed digital investment decisions in H1 FY25.6 while waiting to see the ramification of the presidential election. In H2 FY25.6, with the US economy remaining solid, Robosoft shall focus on monetizing the pipelines it has built up in H1 FY25.6. For FY25.6, it has maintained GP margin of over 40% through strict bench control, and OP is trending higher than FY24.6.

As part of the collaboration between Robosoft and TechnoPro to cultivate new Japanese customers, we have established an Offshore Development Center in India for model-based development, targeting the automotive industry. The market for “Software Defined Vehicles” (SDVs), which are now becoming increasingly smartphone-like in cars, is expected to grow rapidly, and we believe that the solution offerings that align our customer base in Japan with Robosoft's delivery capabilities are promising for the future. Furthermore, not only will TechnoPro have strengths in the field of in-vehicle control, such as model-based development, but Robosoft, which has a competitive edge in UI/UX design, will try to tap into a new market of in-vehicle infotainment, which combines information and entertainment.

In the China business, despite concerns about the economy and geopolitical risks, its Q2 FY25.6 result exceeded the previous year and the plan, following Q1 FY25.6. As in previous years, profitability in H2 would be lower than in H1, but we expect to achieve sufficient earnings growth on a full-year basis for FY25.6.

Helius's financial performance in Q2 FY25.6 worsened due to stagnant digital demand in the financial sector of Southeast Asia, where Helius operates, and changes to Singapore's work visa standards. While OP for H1 FY25.6 was slightly higher than planned, we expect the business conditions to remain tough in H2 FY25.6.

UK-based Orion's OP for H1 FY25.6 was slightly up YoY, while it significantly missed the plan. Due to the budget proposal and economic uncertainty after the change of government to the Labor Party, there is little need for permanent employment, and the higher margin placement business has been sluggish. We strive to minimize the shortfall in OP target by vigilant operations with cost reduction initiatives.

FY25.6 Guidance – Updated Key KPIs for FY25.6

- In FY25.6 (the fourth year of the medium-term plan), expect revenue to **increase by 9.0 billion yen** from the plan and operating profit of **27 billion yen**, the same level as the plan, despite assuming M&A contributions behind the plan
- Core operating profit margin will steadily grow although there has been a delay in the reduction of SG&A ratio due to soaring recruitment fees associated with changes in the business environment, etc.
- Anticipate unit sales price to improve more than previous years by promoting sufficient price pass-on to accommodate annual pay hike, even though the growth in the number of engineers is expected to decline due to worsening turnover ratio

(yen in millions, except per share amounts and engineer headcounts)

	First Half			Second Half			Full-Year			
	FY24.6 (Results)	FY25.6 (Results)	YoY	FY24.6 (Results)	FY25.6 (Guidance)	YoY	FY24.6 (Results)	FY25.6 (Guidance)	YoY	
Revenue	108,009	118,439	+9.7%	111,209	118,560	+6.6%	219,218	237,000	+17,781	+8.1%
Core operating profit	12,273	14,877	+21.2%	12,122	12,122	(0.0%)	24,395	27,000	+2,604	+10.7%
Core OP margin	11.4%	12.6%		10.9%	10.2%		11.1%	11.4%	+0.3 pts	
Operating profit	12,416	15,108	+21.7%	9,501	11,891	+25.2%	21,918	27,000	+5,081	+23.2%
OP margin	11.5%	12.8%		8.5%	10.0%		10.0%	11.4%	+1.4 pts	
Profit before income taxes	12,464	15,307	+22.8%	9,674	11,692	+20.9%	22,139	27,000	+4,860	+22.0%
Net profit	8,591	10,527	+22.5%	6,092	7,972	+30.8%	14,684	18,500	+3,815	+26.0%
Net profit margin	8.0%	8.9%		5.5%	6.7%		6.7%	7.8%	+1.1 pts	
Earnings per share	80.34	100.40	+25.0%	57.22	76.59	+33.8%	137.56	176.98	+39.42	+28.7%
Dividend per share	25.00	30.00	+20.0%	55.00	60.00	+9.1%	80.00	90.00	+10.00	+12.5%

Key KPIs [Japan]	First Half			Second Half			Full-Year			
	FY24.6 (Results)	FY25.6 (Results)	YoY	FY24.6 (Results)	FY25.6 (Revised Guidance)	YoY	FY24.6 (Results)	FY25.6 (Revised Guidance)	YoY	
No. of engineers (period-end)	24,730	26,651	+7.8%	26,054	27,850	+6.9%	26,054	27,850	+1,796	+6.9%
Engineer hiring*	1,760	1,970	+11.9%	2,815	2,930	+4.1%	4,575	4,900	+325	+7.1%
Ave. utilization ratio	95.4%	95.4%	(0.0 pts)	94.5%	94.3%	(0.2 pts)	95.0%	94.8%	(0.2 pts)	—
Ave. monthly unit sales price (yen in thousands)	676	698	+3.3%	680	698	+2.6%	678	698	+20	+2.9%

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* Including new-grads engineers joined/joining in April (FY23.6: 1,002, FY24.6: 1,002, FY25.6: 1,150 [Plan])

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Reference: Segment Guidance [Full-Year]

- R&D Outsourcing**: Ensure earnings growth exceeding 10% despite facing challenges such as deterioration in turnover and intensifying competition for talent
- Construction Management Outsourcing**: Anticipate profit margin to decline slightly, due to decreases in holiday work and overtime hours, and full-scale inexperienced hires
- Other Businesses in Japan**: Continue to invest in expanding the external sale of training for engineers to competitors and customers, expecting sufficient returns over the remaining two years of the medium-term plan
- Overseas**: Aim to securely meet the earnings budget by carrying out proactive initiatives, rather than relying on an optimistic outlook, amid the uncertainty of the global economy

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY
Revenue	152,858	168,694	184,800	+9.5%	21,643	23,293	25,300	+8.6%	5,569	4,839	5,000	+3.3%	180,071	196,826	215,100	+9.3%
Ratio to consolidated revenue	76.5%	77.0%	78.0%		10.8%	10.6%	10.7%		2.8%	2.2%	2.1%		90.1%	89.8%	90.8%	
Operating profit	16,292	19,259	21,300	+10.6%	2,930	3,422	3,600	+5.2%	561	(771)	300	—	19,784	21,911	25,200	+15.0%
OP margin	10.7%	11.4%	11.5%		13.5%	14.7%	14.2%		10.1%	(15.9%)	6.0%		11.0%	11.1%	11.7%	
OP before PPA asset amortization	16,365	19,332	21,372	+10.6%	2,930	3,422	3,600	+5.2%	561	205	300	+45.7%	19,856	22,960	25,272	+10.1%
OP margin before PPA asset amortization	10.7%	11.5%	11.6%		13.5%	14.7%	14.2%		10.1%	4.3%	6.0%		11.0%	11.7%	11.7%	
No. of engineers (period-end)	21,163	22,848	24,430	+6.9%	2,962	3,206	3,420	+6.7%	—	—	—	—	24,125	26,054	27,850	+6.9%
o/w non-Japanese in Japan	930	1,034	—	—	136	176	—	—	—	—	—	—	1,066	1,210	—	—

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY	FY23.6	FY24.6	FY25.6	YoY
Revenue	23,508	25,682	26,000	+1.2%	203,580	222,508	241,100	+8.4%	(3,728)	(3,289)	(4,100)	—	199,851	219,218	237,000	+8.1%
Ratio to consolidated revenue	11.8%	11.7%	11.0%		101.9%	101.5%	101.7%		(1.9%)	(1.5%)	(1.7%)		100.0%	100.0%	100.0%	
Operating profit	1,873	(188)	1,800	—	21,658	21,722	27,000	+24.3%	179	195	0	—	21,838	21,918	27,000	+23.2%
OP margin	8.0%	(0.7%)	6.9%		10.6%	9.8%	11.2%		—	—	—		10.9%	10.0%	11.4%	
OP before PPA asset amortization	2,460	2,184	2,110	(3.4%)	22,317	25,145	27,382	+8.9%	124	195	0	—	22,441	25,340	27,382	+8.1%
OP margin before PPA asset amortization	10.5%	8.5%	8.1%		11.0%	11.3%	11.4%		—	—	—		11.2%	11.6%	11.6%	
No. of engineers (period-end)	2,997	2,967	—	—	27,122	28,621	—	—	—	—	—	—	27,122	28,621	—	—

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* Headquarter expenses attributable to reportable segments (expenses incurred by the holding company, etc.) are allocated to each reportable segment

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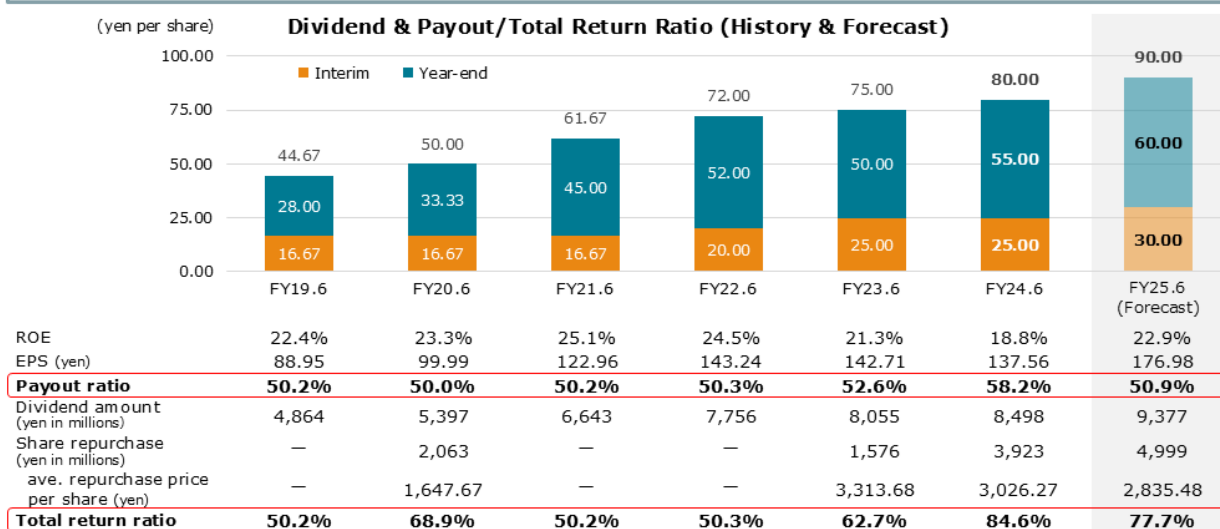
14

Page 13 is the guidance for FY25.6, and page 14 is a breakdown by segment.

As explained so far, there are no changes to the full-year earnings forecast, and only the domestic key KPIs have been updated.

Shareholder Return

- Reaffirm basic policy to make dividend payment steadily twice a year in the form of interim and year-end ones pursuant to **annual dividend payout ratio of 50% or higher**; with considering **a progressive annual dividend**, distributed the annual dividend of **80 yen** per share (payout ratio **58.2%**) for FY24.6, and provide the forecast of **90 yen** per share (payout ratio **50.9%**) as the annual dividend for FY25.6
- **Fully completed the 5.0 billion yen share buyback program** launched in Q1 FY25.6 (total shareholder return ratio of **77.7%**) by November 2024 to further improve capital efficiency with comprehensive consideration of cash reserves and stock price level; repurchased shares were all retired



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Finally, please see page 15.

At today's board of directors meeting, a resolution was passed to pay an interim dividend of 30 yen per share, with payment to commence on February 28th. The year-end dividend for FY25.6 is forecasted to be 60 yen, bringing the total for the full-year to 90 yen, and the annual dividend payout ratio to 50.9%.

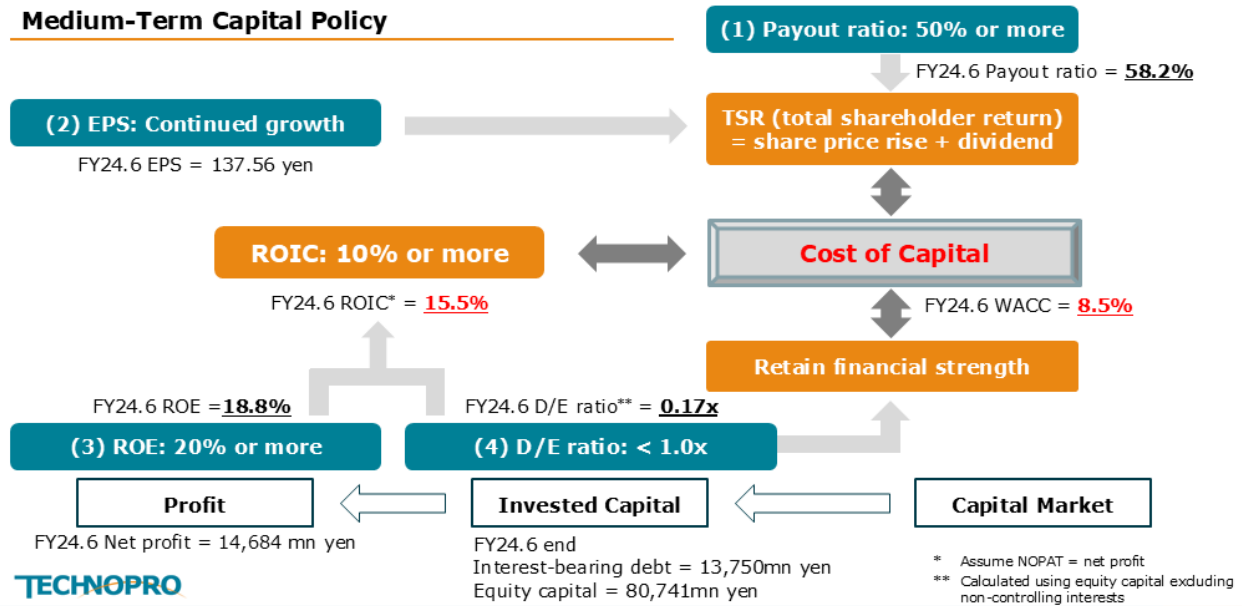
The 5 billion yen share buyback program announced in August 2024 was completed at an average acquisition price of 2,835 yen, and all acquired shares were retired. Given the annual dividend forecast for FY25.6, the total payout ratio is expected to be 77.7%.

That's all for my presentation. Thank you very much.

Reference: Capital Policy

- Our four capital policies described below set **value creation (ROIC > cost of capital)** as a primary focus of business operation with maintaining solid financial foundation, as well as placing high importance on TSR
- Free cash flows retained after distributing 50% cash dividend to shareholders will be spent for growth investment such as M&As; in case of being unable to find justifiable investment opportunities which may generate sufficient return exceeding the cost of capital, flexibly considers carrying out share repurchase as a way of shareholder return in light of **capital efficiency**

Medium-Term Capital Policy



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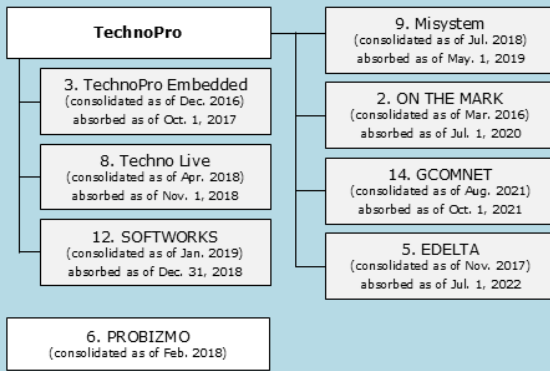
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Appendix: Reportable Segments [as of Q2 FY25.6 End]

R&D Outsourcing

Provides engineer staffing and contract services related to mechanical design, electrical/electronic design, embedded software development, IT network construction, business application development, IT maintenance and operations, bio research, etc.



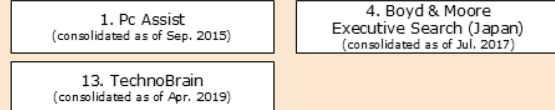
Construction Management Outsourcing

Provides engineer staffing and contract drafting of working drawings related to construction management (safety/quality/process/cost management) for construction, civil engineering, electrical equipment, plant engineering, etc.



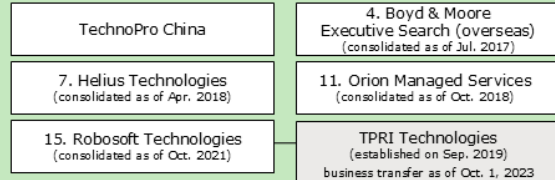
Other Businesses in Japan

Provides professional recruitment, technical education and training services



Overseas

Provides technological outsourcing and professional recruitment services in China; IT engineer staffing service and contract services in Southeast Asia and India (including offshore delivery to US/EMEA/JP customers); engineer staffing and professional recruitment services in the UK



Headquarters

Provides shared services to group companies, hires and supports disabled people



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† Numbers on company names show the order of M&A (after IPO); years/months in parenthesis show the time of consolidation (P&L) In Overseas, holding 51.0% of Heliu shares

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Appendix: Risk Assets [as of Q2 FY25.6 End]

- Major component of goodwill (**29.2 billion yen**) in R&D/Construction Management Outsourcing was derived from MBO transaction carried out by management and private equity fund; its fair value amount well exceeds carrying amount of each CGU even in the COVID-19 environment, consequently **impairment risks are extremely low**
- Goodwill in R&D Outsourcing (**4.0 billion yen**), which was newly recognized through M&As, is also included into the CGU at the time of MBO, consequently **impairment risks are extremely low**
- Other Businesses in Japan: Based on the strategic review, considering a carve-out of Boyd & Moore, which recorded goodwill impairment in FY24.6
- Overseas: Continue discussions with a 49% shareholder of Helius regarding its future management policies; seeking the possibility of selling Orion to a third party; to overcome struggles to acquire new projects, Robosoft strengthens collaboration with Japan and enhances sales activities by leveraging domestic customer base

(yen in millions)

Cash Generating Unit (CGU)	Shareholding	Goodwill				PPA Assets		PO, etc. Liabilities	
		MBO	M&A*	Total	Ratio	M&A*	Amortization period	M&A	Value calc. period
R&D Outsourcing									
Machinery, Electric/Electronic	100.0%	13,674	977	14,651	31.8%				
Embedded control, IT infrastructure	100.0%	7,969		7,969	17.3%				
Software dev./maintenance	100.0%	2,912	3,006	5,919	12.9%	392	-Jul.32		
Chemical, Biochemical	100.0%	1,262		1,262	2.7%				
Construction Mgmt Outsourcing									
Construction management	100.0%	3,383		3,383	7.4%				
TOQO	100.0%		190	190	0.4%				
Other Businesses in Japan									
Pc Assist	100.0%		96	96	0.2%				
Boyd & Moore Executive Search	100.0%		127	127	0.3%				
TechnoBrain	100.0%		151	151	0.3%				
Overseas									
Helius	51.0%		996	996	2.2%	248	-Mar.26		
Orion	100.0%		1,443	1,443	3.1%				
Robosoft	100.0%		9,825	9,825	21.4%	1,002	-Sep.31		
Total		29,202	16,816	46,018	100.0%	1,642		0	

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* Including entities absorbed to TechnoPro, Inc.

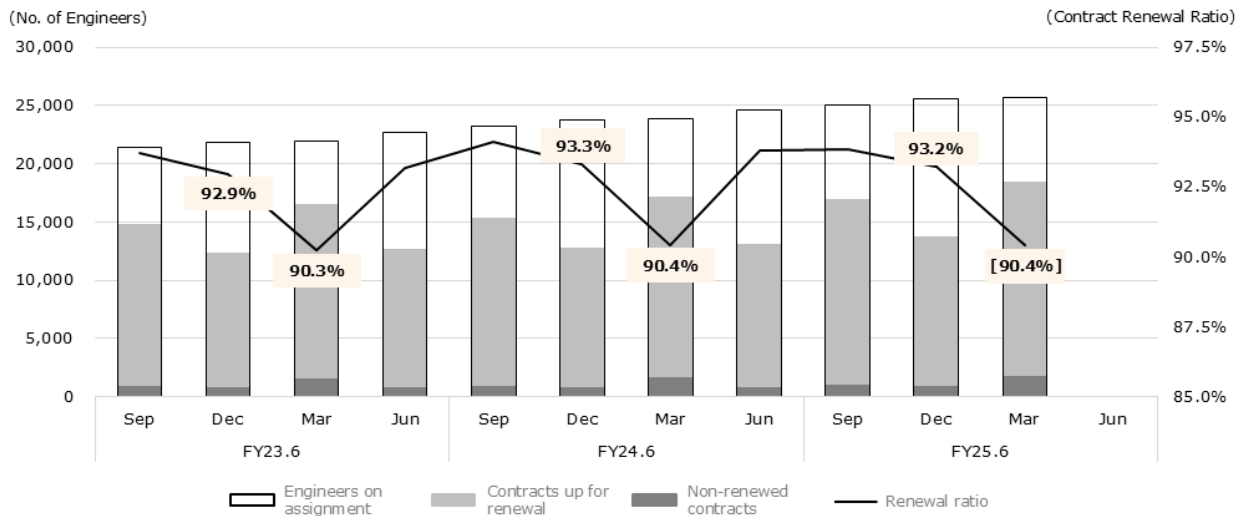
Current Business Environment and Medium-Term Management Plan Progress

Yagi: I am Yagi, CEO of TechnoPro Holdings. Thank you for your time today.

In H1 FY25.6, we achieved strong overall performance, reaffirming the solid progress of our medium-term management plan's strategy and the path toward future growth. At the same time, we recognize the challenges that need to be addressed amid an increasingly uncertain business environment. As we move into H2 FY25.6, we are refining our performance forecasts for each business division and working together as one Group to achieve our full-year guidance.

Contract Renewal Ratio [Mar, Jun, Sep, Dec]

- Terms of most staffing contracts are three or six months, therefore major contract renewal cycle occurs every three months (particularly in March, the contracts up for renewal reach more than 70% of total contracts, and March contract renewal ratio usually tends to be around 90% since many projects end to coincide with the dosing of our customers' fiscal year)
- There were no major decline in contract renewal ratio or termination of large contracts despite uncertainty in economic environment; renewal ratio for December 2024 ended up with **93.2%** (renewal ratio could have increased to **94.3%** if calculated, excluding effect from voluntary contract terminations to promote shift-up initiatives), anticipating the same level of renewal ratio for March 2025 as previous year if the effect from shift-up is excluded



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My section covers the current Japan business environment, the medium-term management plan progress, and sustainability management.

First, based on domestic KPIs, I will explain the current business environment.

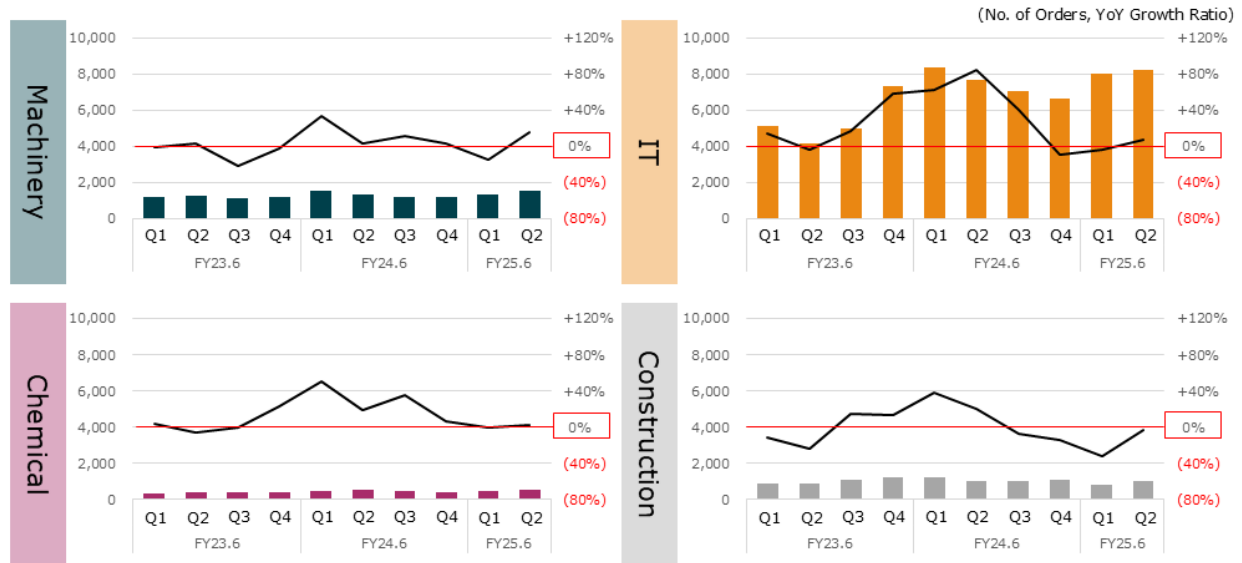
Page 2 shows the trend in contract renewal every three months.

The contract renewal ratio for December 2024 was 93.2%, and it would have been 94.3% without the cancellations initiated by Technopro. Looking ahead to March, when we anticipate a renewal ratio similar to the previous year, we will proactively engage in charge-up and shift-up negotiations, taking advantage of this period when the number of contracts up for renewal is at its highest.

At Technopro, annual base salary adjustments are implemented in July, and formal negotiations with our labor union commence in the spring. Given the current labor market and trends among other companies, it is likely that this year's wage hike demand from the labor union will be higher than in previous years. From our perspectives, in order to mitigate engineers turnover, we will have to respond with an appropriate level of salary increases. By focusing on price-up during the March contract renewal period, we aim to secure funds for expected increment while strengthening our profit base for FY26.6.

New Orders Trend by “Technology” [Quarterly]

- Strong demand from customers has been continued for H1 FY25.6, **ensuring adequate volume of orders upon engineer resources** (fulfillment ratio of approx. 30% for remaining orders; no difference of utilization ratio among technology areas)
- New orders in IT are increasing after hitting bottom in Q4 FY24.6; shortage of eligible engineers to meet vigorous demand remains as an issue to tackle



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† (1) Machinery: Machinery, Electric/Electronic, (2) IT: Embedded Control, Software Development/Maintenance, IT Infrastructure, (3) Chemical: Chemical, Biochemical, (4) Construction: Construction; (1) - (4) do not include Others (the same shall apply hereinafter)

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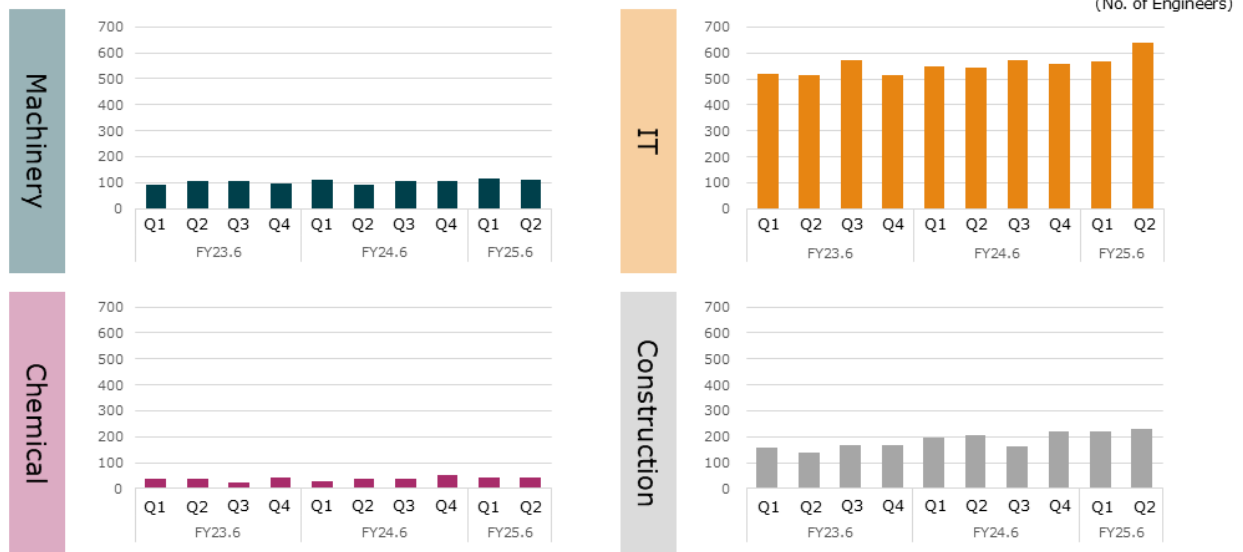
Page 3 shows the trend of newly acquired orders.

In all technology fields, the number of new orders in Q2 FY25.6 exceeded that of Q1 FY25.6, with the YoY growth ratio line also showing an upward trend from Q1 to Q2 FY25.6. Based on the current strong demand, there are no visible signs of an economic downturn at this time. The assignment of new graduates joining in April 2025 is also progressing smoothly.

On the other hand, we need to closely monitor the impact of the new U.S. president’s tariff policies on our customers, as well as the growing disparity between winners and losers among companies. In particular, we are focusing on understanding the budget planning status of customers with March fiscal year-end and ensuring a flexible response.

Mid-career Recruitment by “Technology” [Quarterly]

- 1,970 mid-career engineers hired in H1 FY25.6 include **376 inexperienced talents requiring OJT** (130 in IT and 246 in Construction) and **58 non-Japanese engineers with in-demand skills recruited globally** mainly in IT field, reinforcing the experienced hires among increasingly intensifying war for talent
- Through the collaboration with alliance partners, **proactively continue to hire inexperienced talents requiring OJT**, while securing projects in advance where they will be assigned immediately after training



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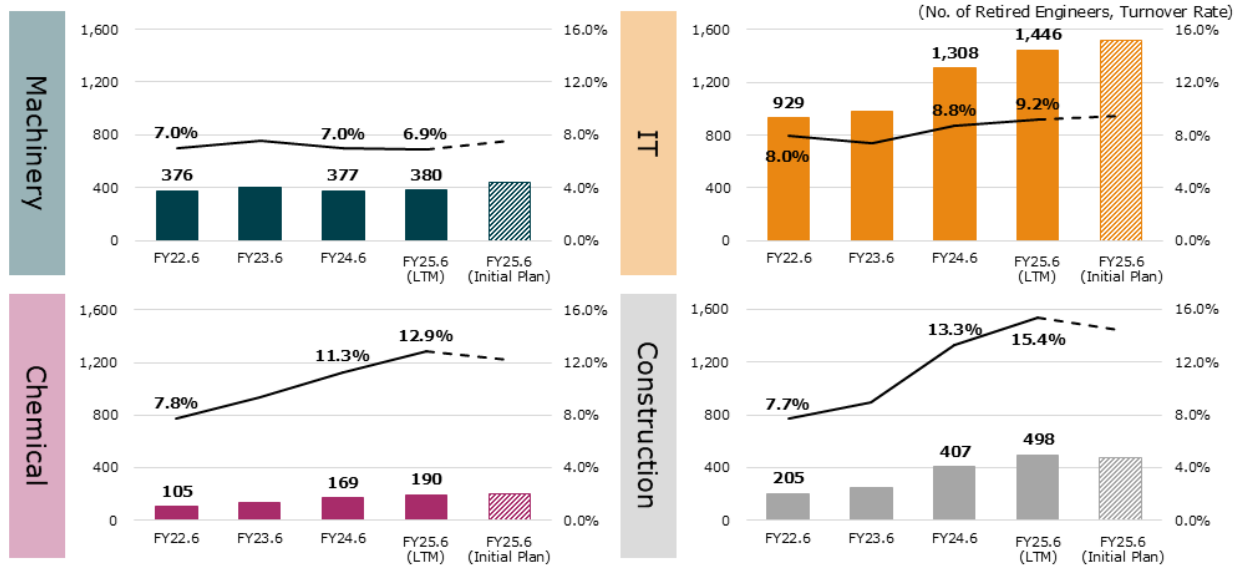
Page 4 shows the transition of mid-career recruitment by technology.

Amid ongoing intense competition for talent, we have continued to demonstrate strong recruiting capabilities in H1 FY25.6. Following 945 mid-career hires in Q1 FY25.6, we set a new quarterly record in Q2 FY25.6 with 1,025 hires. By technology, the IT field saw the highest number of hires, driven by the increasing number of new orders. Anticipating an increase in resignations, we have also been proactively advancing our hiring efforts, resulting in a higher recruitment volume QoQ.

Out of the total 1,970 mid-career hires in H1 FY25.6, 376 were inexperienced talents requiring OJT. Notably, in the Construction field, where experienced hires are particularly challenging, we have already reached 246 hires in just six months, compared to 347 for the entire FY24.6.

Turnover by “Technology” [FY25.6: LTM Results & Forecast]

- Turnover ratio for permanent employees was **9.7%** (highest in Construction at 15.4%, lowest in Machinery at 6.9%) in LTM Q2 FY25.6, expecting **9.8%** in FY25.6
- Turnover ratio shows a deteriorating trend particularly in IT sector, as the hiring market is further shifting to the seller’s market due to labor shortage and the impact of increased labor mobility
- Construction may bring up the total average, as it may worsen due to increased hiring of young, inexperienced talents



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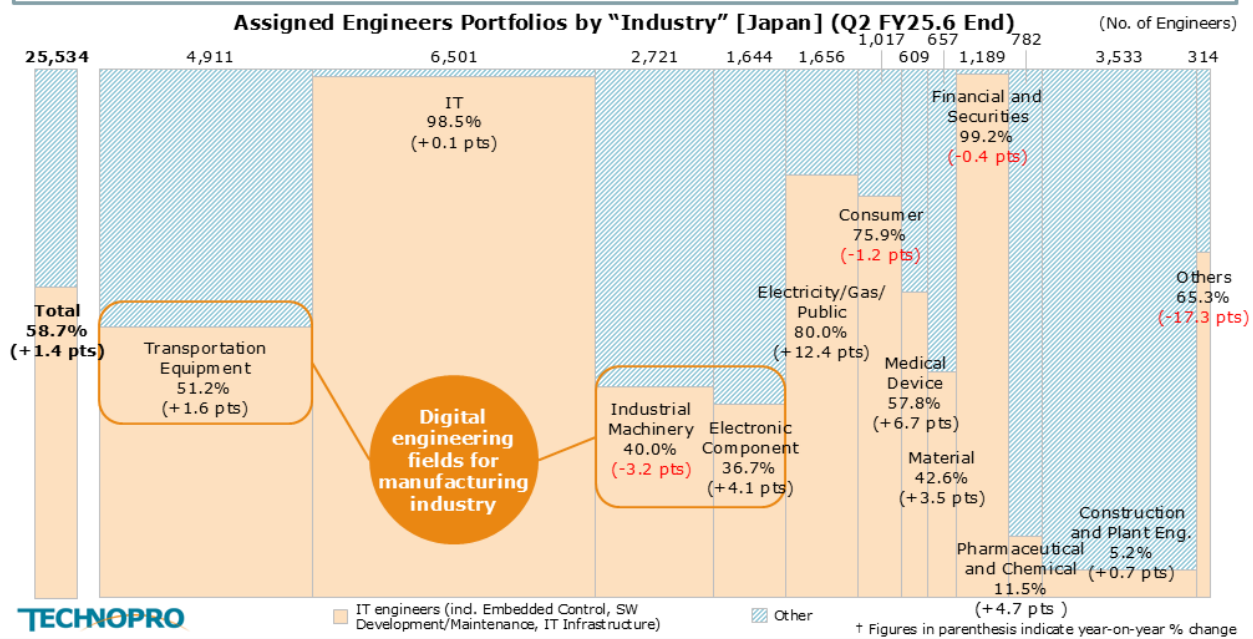
Page 5 shows the trend in permanent employee turnover ratio and the number of resignations by technology. FY25.6 figures are based on an LTM basis, representing actual results from January to December 2014.

As Mr. Hagiwara mentioned, the overall LTM-based turnover ratio stands at 9.7%, approaching the full-year projection of 9.8%. However, there are notable differences in both levels and trends across technology fields. In the IT field, where the job market is most active, its turnover ratio is on the rise. However, we have managed to keep it within the expected range. Conversely, the Machinery field has been relatively successful in keeping ratio lower. Measures such as strengthening interview frameworks with engineers through dedicated personnel assignments and shifting towards solution-based business models appear to yield positive results.

The highest turnover ratio and the most pronounced negative trend are observed in the Construction field, where we are actively hiring inexperienced, younger talents. It is somewhat inevitable that inexperienced ones would feel reality shocks after joining, which may lead to early resignations. Our competitors that primarily recruit inexperienced talents also tend to have higher turnover ratio. However, instead of leaving the current situation, which could potentially raise the overall turnover ratio, we have started specific actions such as more detailed root cause analysis and sharing best practices for preventing resignations across the Group.

IT Engineers Portfolios by “Industry”

- Focus of the R&D activity at each vertical including Transportation Equipment is **shifting from hardware to software**, therefore the proportion of assigned IT engineers in the Group is growing accordingly
- The potential of the Solution Business lies in the Group’s engineers in IT and other fields (mechanical, electric/electronic, chemical, biochemical, construction, etc.)



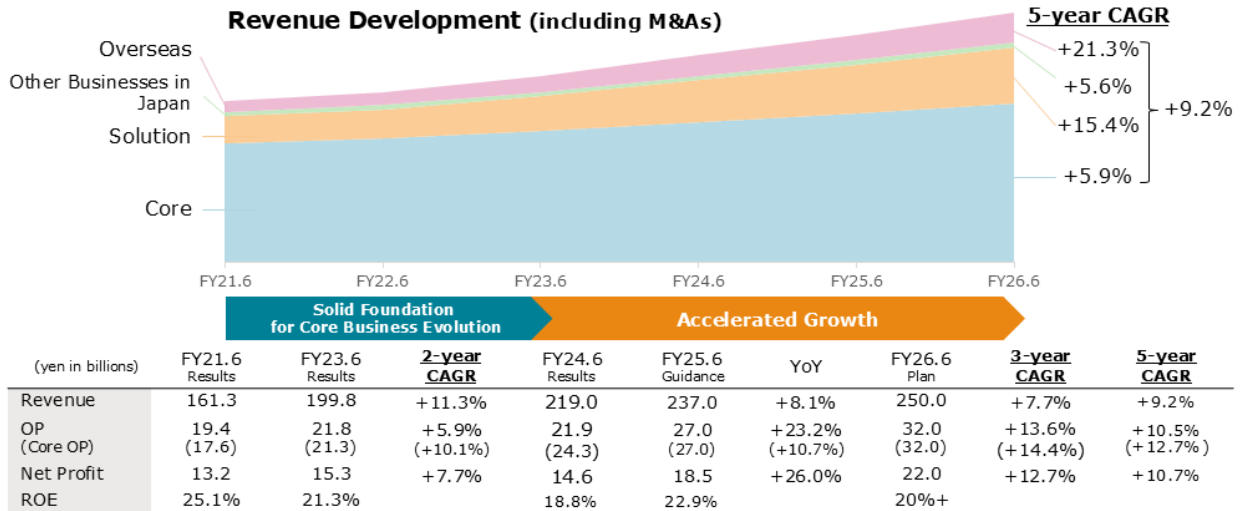
Page 6 shows the assigned IT engineer portfolios by industry.

The overall proportion of IT engineers has increased by 1.4 pts compared to one year ago and by 0.9 pts compared to six months ago, reaching 58.7%. As customer R&D activities increasingly shift towards software across industries, we have steadily transformed our engineers portfolios through both recruitment and development efforts, to the areas in which we have strong capabilities.

A large portion of our customers are in the manufacturing sector, where digital engineering is driving business transformation across all manufacturing stages, including design, simulation, production management, and quality control, by leveraging data and software. As Mr. Hagiwara also mentioned, the automotive industry is accelerating its focus on Software Defined Vehicles (SDVs) for the next era of mobility. Given this landscape, we believe that TechnoPro, which already has a substantial number of IT engineers and the capabilities to further develop them, has significant growth potential.

Medium-Term Management Plan Financial Target

- The transitional first two years of the medium-term plan period (five years) require upfront investment to promote recruitment of key talents as well as education and training for Solution Business expansion and to establish business infrastructure for Engineer Training and DX Promotion Businesses, **building solid foundation for the Core Business evolution**; then aims to recoup investment in the last three years, **achieving accelerated growth** in earnings
- FY26.6 target remains unchanged at this time, although the operating profit for the third year (FY24.6) fell short of the medium-term plan, as the earnings for FY25.6 are expected to recover the growth momentum initially planned



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Note: 1. CAGRs for the first 2- and full 5-year are calculated as the average annual growth rate starting from FY21.6 results; CAGR for the last three years is calculated as the average annual growth rate starting from FY23.6 results
 2. Revenue contribution from M&As to Solution/Overseas Businesses is expected to be 15bn yen and 15bn yen respectively in FY26.6; OP contribution is expected to be 15% and 15% respectively

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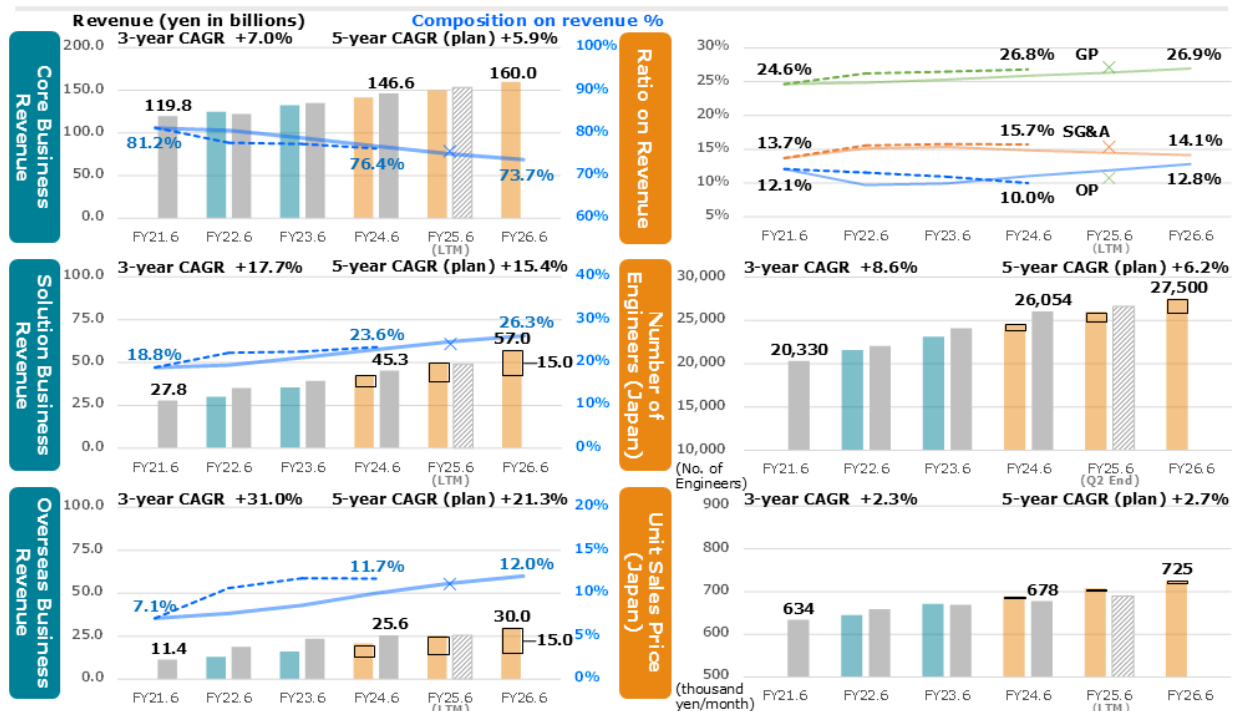
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Next, I will explain the medium-term management plan progress, starting with financial performance.

Page 8 presents the financial targets of current medium-term management plan.

While business performance has been strong so far for FY25.6, we must also take into account the reasons explained earlier by Mr. Hagiwara. Given that OP fell short of the guidance in FY24.6, it is essential to restore it to the originally planned level. Therefore, we have not made an upward revision to our full-year guidance. Additionally, the target figures for the final year of the medium-term plan, include contributions from M&A, and we are not revising them at this point. Further comments on M&A will be provided separately.

Revenue/KPI Breakdown [FY25.6 figures: LTM Results]



Note: 1. Composition on revenue %: [Core Business, Solution Business] ratio to sum of revenues from R&D Outsourcing/Construction Management Outsourcing segments; [Overseas Business] ratio to consolidated revenue
 2. FY22.6 and thereafter, bar graphs on left and solid lines of line graphs indicate targets in the medium-term plan; FY24.6 and thereafter, black borders on bar graphs indicate M&A contributions expected in the medium-term plan

Page 9 provides a breakdown of revenue, its composition ratios for each business, and domestic KPIs.

With the exception of the number of engineers, FY25.6 figures are on an LTM basis. The black outlines in the bar graphs from FY24.6 onward indicate the contribution expected from M&A in our initial plan.

While revenue from the Core Business is growing at a pace exceeding initial plan, revenue from the Solution Business is on track to achieve its target of FY25.6 even without new M&A, and its revenue composition ratio is also increasing as planned.

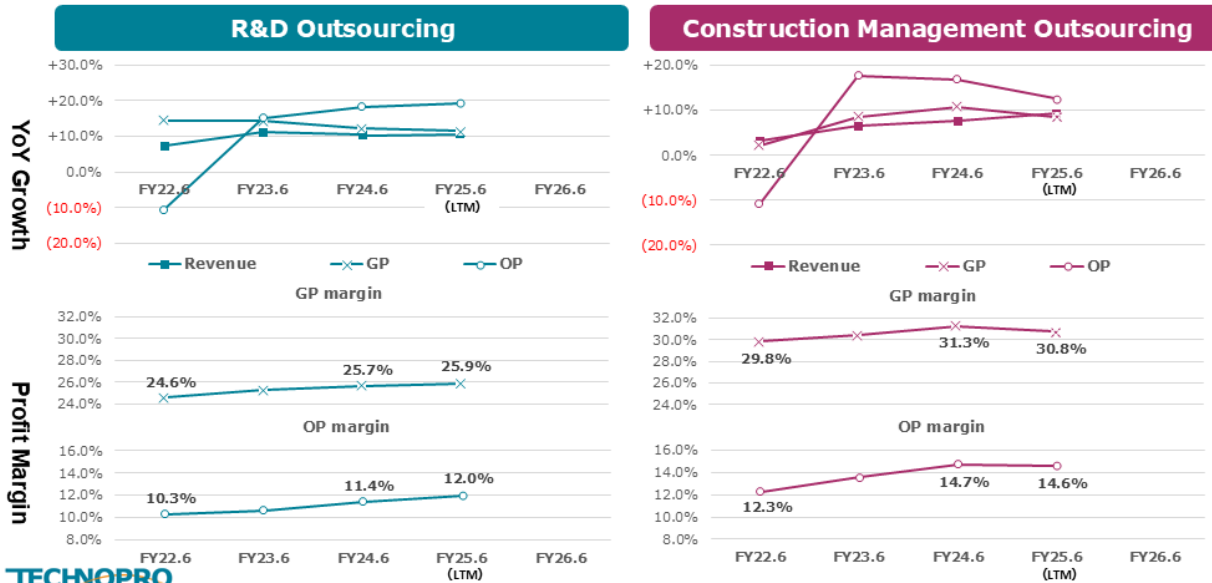
GP margin continues to rise steadily, surpassing our initial plan. Furthermore, OP margin, which was impacted by impairment losses in FY 24.6, is on a recovery trend. SG&A ratio, which had remained high and was expected to take time to fall below 15%, has now entered a downward trend.

As previously explained, the number of engineers is expected to reach the initial final-year target one year ahead of schedule. Given the current progress, we have revised our forecast upward to 27,850 engineers at the end of FY25.6.

I will provide further comments on the financial performance of both the Core and Solution Businesses, as well as the unit sales price, in a later slide.

YoY Growth & Profit Margin in Major Businesses in Japan [FY25.6: LTM Results]

- Total of revenue and operating profit for two major domestic segments account for approx. **90%** of the consolidated figures
- Operating profit in FY22.6 declined year-on-year due to the dissipation of the government subsidy for continuous employment; from FY23.6 onward, maintaining over **10%** growth every year
- Despite rising recruitment costs, compensating wage hike by passing costs on billing price to customers; beginning to enjoy operating leverage and continuously improving profitability



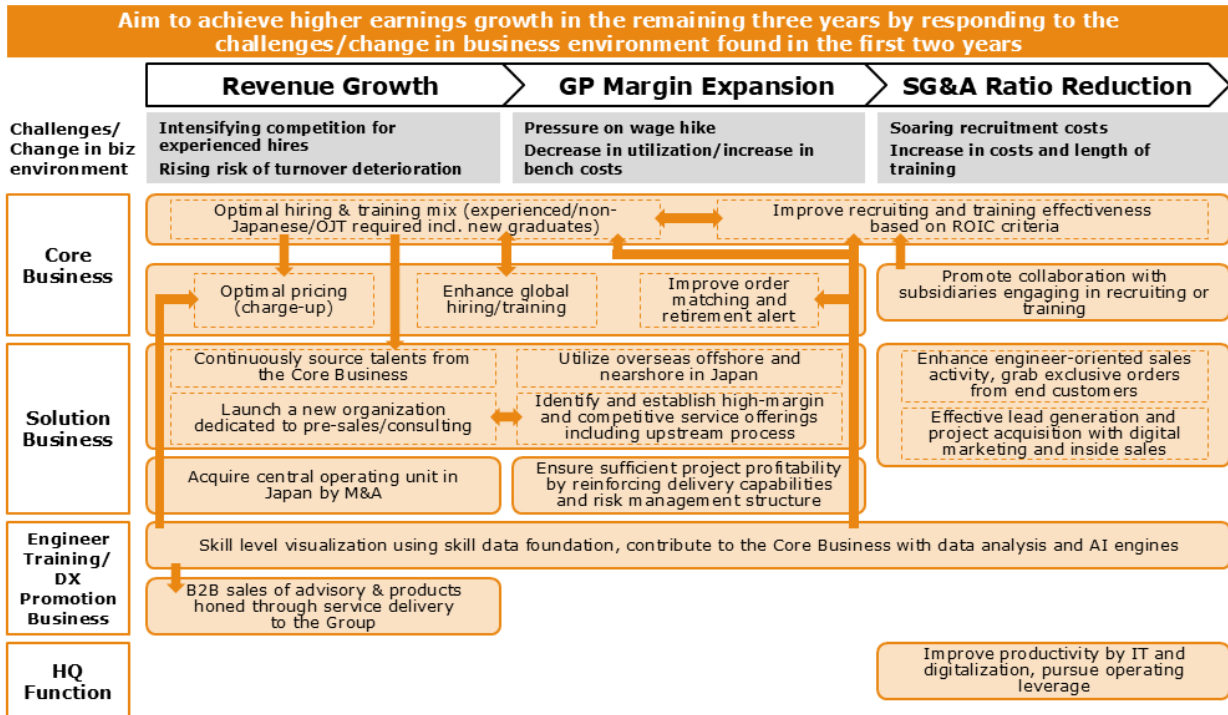
Page 10 presents the YoY growth ratios and profit margin trends for the R&D Outsourcing and the Construction Management Outsourcing. FY25.6 figures are also shown on an LTM basis.

First and foremost, I want to emphasize that the R&D and the Construction Management Outsourcing businesses, which together account for approximately 90% of total revenue and OP, continue to grow steadily.

As shown in the upper graph, in the R&D Outsourcing, the growth rates of GP and OP exceed that of revenue. This is driven by improvements in GP margin and OP margin, as indicated in the bottom graphs. Despite rising wage pressures, we have successfully prevented a decline in GP margin through strategic price adjustments and the expansion of the Solution Business. Since OP margin is calculated after allocating the headquarter costs, the greater improvement in OP margin than in GP margin indicates that operating leverage is kicking in.

In the Construction Management Outsourcing, the YoY growth rates of GP amount and GP margin have slightly declined. This is primarily due to the impact of “Work-Style Reform” introduced in 2024 for the construction industry, which have reduced overtime hours and weekend work, as well as our accelerated hiring of inexperienced talents. However, OP margin has remained stable, and like in the R&D Outsourcing, operating leverage has started to take effect.

Medium-Term Plan Remaining Three Years Initiatives



Page 11 is a re-display of the roadmap slide for achieving high growth. It maps out the strategic measures needed to overcome challenges and changes in the business environment that were not anticipated at the formulation of the medium-term management plan. These measures aim to achieve high earnings growth by driving revenue growth, expanding GP margin, and reducing SG&A ratio.

Financial Performance for Remaining Three Years

- **Continuously supply engineers from the Core Business to the Solution Business** through training, while promoting shift-up initiatives focusing on the price development in the Core Business
- Also **promote the strategic shift of engineers to solution offerings** with higher unit prices, once they have acquired digital technologies and work experiences
- SG&A ratio in H1 FY25.6 was **14.8%**, largely improved year-on-year, driven by the growing effect of operating leverage while continuing growth investment

(yen in millions)	First Half			
	FY24.6 (Results)	FY25.6 (Results)	YoY	
Revenue	108,009	118,439	+10,429	+9.7%
Core Business	72,187	79,002	+6,815	+9.4%
Solution Business	22,281	26,198	+3,917	+17.6%
Other	13,540	13,238	(302)	(2.2%)
Unit sales price [Japan] (thousands yen/month)	676	698	+22	+3.3%
Core Business	647	666	+18	+2.9%
Solution Business	790	818	+28	+3.6%
Assigned engineers [Japan] (no. of engineers/month)	23,297	25,122	+1,825	+7.8%
Core Business	18,594	19,785	+1,191	+6.4%
Solution Business	4,703	5,337	+634	+13.5%
Gross profit	29,062	32,447	+3,384	+11.6%
GP margin	26.9%	27.4%	+0.5 pts	
SG&A expenses	16,789	17,569	+780	+4.6%
Ratio on revenue	15.5%	14.8%	(0.7 pts)	
Other income	160	256	+95	—
Other expenses	17	25	+8	—
Operating profit	12,416	15,108	+2,691	+21.7%
OP margin	11.5%	12.8%	+1.3 pts	

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Reviews of Initiatives

Sustainable Revenue Growth

- Charge hike through adequate pricing (up 3.3% YoY); base charge for existing engineers rose by 4.4% compared to a year ago
- Transferred 495 engineers from Core Business to Solution Business in H1
- After establishing consulting & advisory division, the number of upstream projects has been increased
- Meaningful size of solution entity in Japan has not been acquired by M&A

Sustainable GP Margin Expansion

- Expanded Solution Business which earns higher unit sales/GP margin
- Improved the training performance (price improvement relative to training cost) by curriculum selection based on training ROIC
- Reduced the number of projects with lower margin by reinforcing organizational control to mitigate delivery risks
- Cultivation of global offshore offerings and more precise retirement prediction remain as ongoing challenges

Continuous SG&A Ratio Reduction

- SG&A ratio decreased to the 14% range driven by the effect of operating leverage while continuing upfront investments such as active hires of engineers and acquisition of solution sales reps
- Deepening the collaboration with the subsidiaries engaging in permanent placement and training, and pursuing effective recruitment and training activities

Page 12 updates the slide that was added during Q2 FY24.6 financial results briefing.

The table presents revenue, monthly average unit sales price, and the number of assigned engineers for both the Core Business and the Solutions Business for H1 FY25.6, along with YoY comparisons. This data highlights the steady progress of our gradual business model transformation, as outlined in the current medium-term management plan. The monthly average unit price in the Solution Business reached 818,000 yen, surpassing 666,000 yen for the Core Business, with a higher YoY growth rate as well. The growth rate of the number of assigned engineers was also higher in the Solution Business, increasing its share of total revenue. Since Q2 FY25.6, the Solution Business has been regaining momentum, particularly the strong performance in December 2024, and is expected to maintain this momentum.

The current medium-term management plan set a 5-year CAGR target of 2.7% for the average unit sales price, which was recognized as a stretch goal, as previously mentioned. By the end of FY24.6, the actual 3-year CAGR was 2.3%. However, the YoY growth rate for H1 FY25.6 exceeded the initial 5-year CAGR plan, reaching 3.3%. Price improvements have also contributed to offsetting the rising costs of recruitment and training. SG&A ratio improved by 0.7 pts, decreasing to 14.8%. These financial results indicate that the strategic initiatives outlined on the previous page are starting to deliver tangible results.

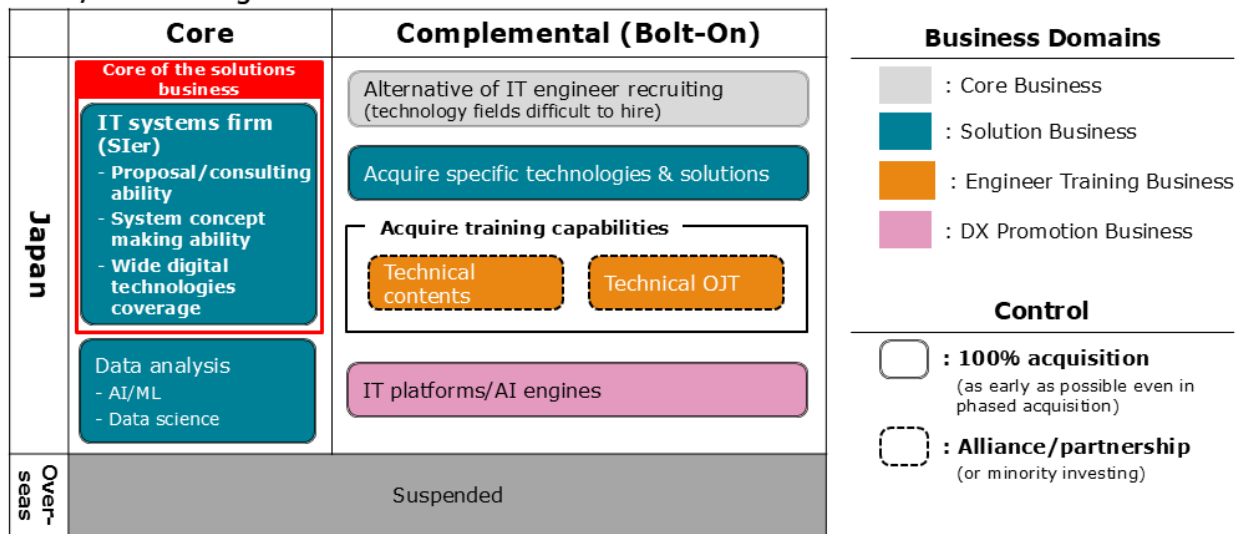
In the Core Business, we are promoting a shift toward a more price-focused approach while also serving as a pipeline for continuously supplying engineers to the Solution Business through talent development efforts. The number of engineers transferred to the Solution Business increased from 278 in H1 FY24.6 to 495 in H1 FY25.6. The consulting organization established under the current medium-term management plan is still in the process of building its team, and further investment is necessary. However, the number of upstream project acquisitions has increased, and despite the small scale, revenue exceeded H1 FY25.6 budget. Additionally, to strengthen the project risk management framework essential for the growth of the Solution

Business, we are advancing the development of contract screening processes and consolidating the quality management functions.

M&A Strategy

- Seeking opportunities in Japan focusing mainly on IT systems firms that will be **core entities in the Solution Business**
- As acquisition targets, actively reach out to listed companies as well as private companies
- Currently suspended acquisition of overseas companies to focus on strengthening sales/delivery capabilities of Robosoft, which is the core overseas entity
- Concerning the M&A principle, extended the target period for achieving 10% ROIC to 5 years (from 3 years or less), focusing on medium-term synergies and growth potential (rather than immediate performance)

M&A/Alliance Target



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Page 13 outlines our current M&A policy. Given the high level of interest from investors, we have added this slide to provide further clarity.

With the start of our current medium-term management plan, we have set an investment budget of 40 billion yen and established discipline for M&A execution. To date, we have invested a total of approximately 11.7 billion yen in the acquisition of Robosoft and GCOMNET, but we have not executed any new M&A deals since then. That said, we do not intend to pursue acquisitions merely to utilize the investment budget or meet the final year target of our medium-term management plan. Instead, we will prioritize strategic alignment and actively pursue acquisition opportunities that fit our strategy. Specifically, we are targeting SIers that have the potential to become core entities of our Japan Solution Business, contributing to the expansion of our capabilities and the creation of attractive job opportunities for engineers. Our sourcing activities in this area are ongoing.

For overseas operations, in line with the Overseas Business Strategy we reaffirmed and announced at the end of FY24.6, our focus during the current medium-term management plan periods is on strengthening Robosoft's sales capabilities, enhancing its offshoring capacity, and evaluating the potential divestiture of overseas subsidiaries that lack justifiable synergy with our Japan business operations. Therefore, we have decided to put new overseas M&A activities on hold for the time being.

Additionally, from a long-term growth perspective, we have adjusted our financial discipline standard for achieving a 10% ROIC, extending the target timeline from three years to five years post-acquisition.

Integrated Report 2024

- **Published “Integrated Report 2024”** as a communication tool to help all stakeholders understand the Group better
- Demonstrating the Group’s growth potential from a medium- to long-term perspective by disclosing financial/non-financial information on sustainable value creation, human capital strategies, ESG-related strategies, etc.



Integrated Report 2024 Contents

1. Introduction	6. Sustainability	12. Risk Management
2. Highlights of the Report	7. Materiality	13. Roundtable Discussion with Outside Directors
3. Message from the CEO	8. Partner Dialogue	14. ESG Strategy
4. The Market Environment	9. Human Capital Strategy	15. Company Data
5. The Value Creation Process	10. Business Strategy	
	11. Message from the CFO	

Point 1. Growth story based on value creation process

Clearly identified where each content fits in the Group’s value creation process to fabricate growth story from medium- to long-term perspective

Point 2. Shareholder value creation based on human capital strategy

Redefine the Group’s approach to the human capital strategy, explain with a tree diagram how initiatives such as Career Design Advisors system, town hall meetings with the CEO, business strategies, and KPIs lead to shareholder value creation

Point 3. Deliver lively image of TechnoPro Group

Show in-depth image of the Group by publishing interviews of employees working in various positions and dialogue with an alliance partner

Integrated Report feedback form *: <https://forms.office.com/r/y4bBz0rOMP>

Finally, I will explain our approach to sustainability management.

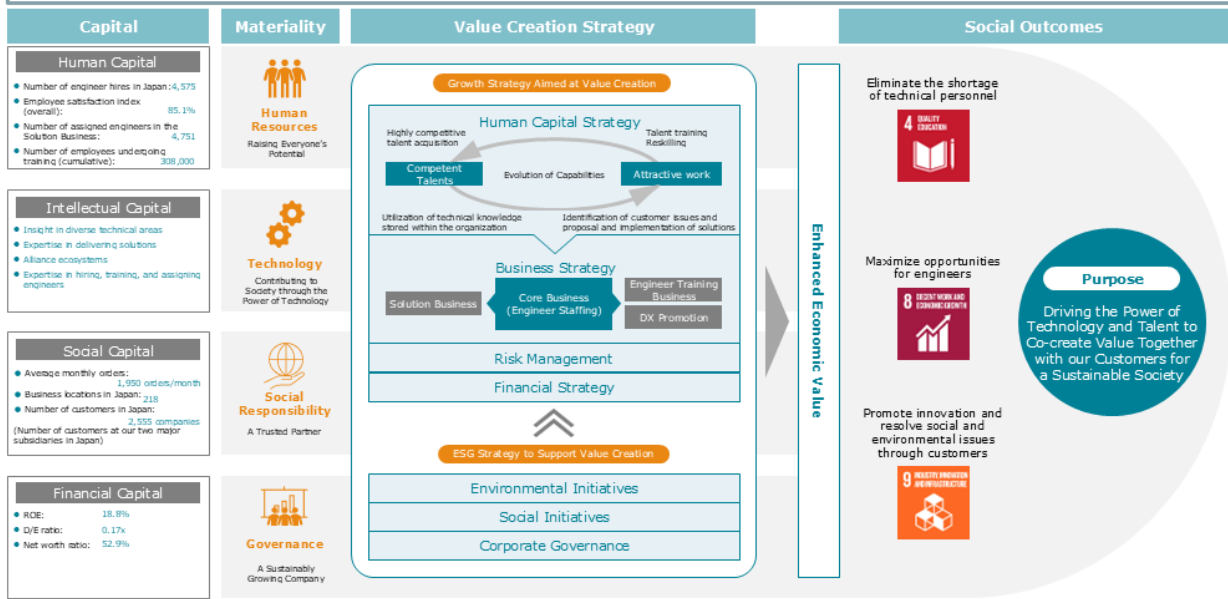
In December 2024, we published the Integrated Report 2024.

Based on feedback from our investors, we have made continuous improvements and refinements. The latest edition includes new additions such as a dialogue between the COO and our alliance partners’ President, as well as a roundtable discussion with the members of the Nomination and Compensation Committee. We have also expanded the contents related to human capital strategy and employee interviews. We encourage you to take a look at the Integrated Report.

TechnoPro plans to hold a small meeting on March 17th (Monday) at 4:00 PM, focusing on sustainability, with a particular emphasis on human capital management. The main speaker will be Mr. Okumura, Executive Officer, who is in charge of our corporate strategy department. If you wish to attend, please contact our IR team.

Value Creation Process

- Through initiatives to address materiality issues, aiming to realize following social outcomes: **"Eliminate the shortage of technical personnel," "Maximize opportunities for engineers,"** and **"Promote innovation and resolve social and environmental issues through customers"**
- Enhancing economic value through steady execution of growth strategy, **strive to realize the Group's Purpose**



Page 16 illustrates our value creation process, which is also included in the Integrated Report.

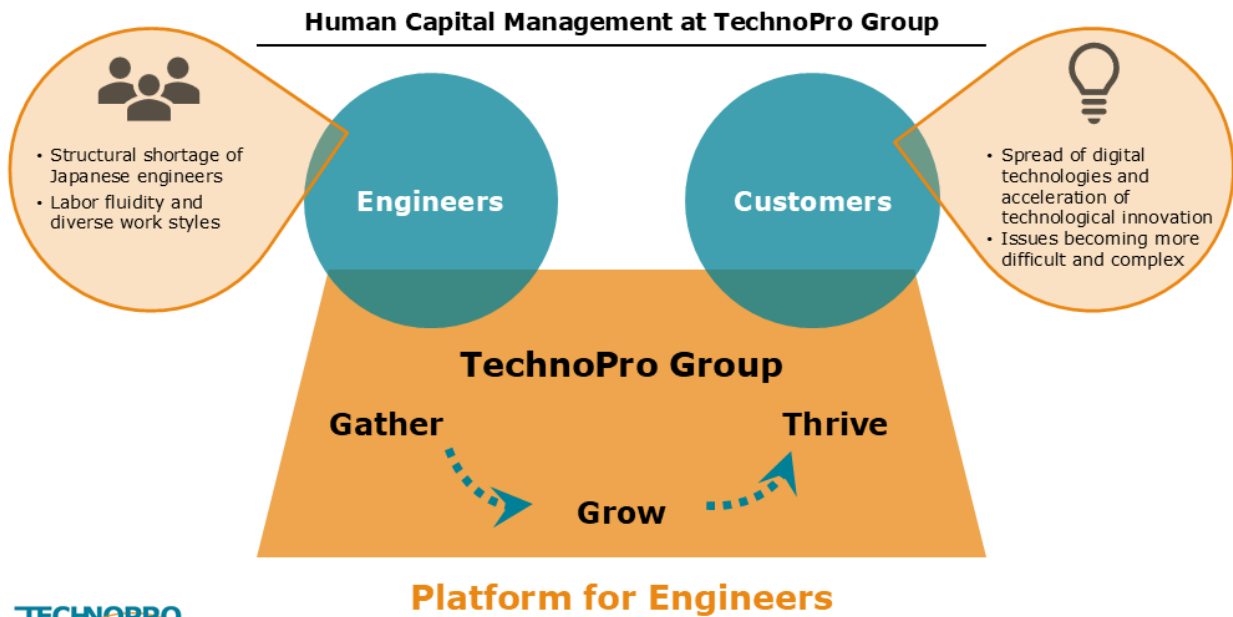
At TechnoPro, we believe that human capital is the source of value creation. Through the integrated promotion of human capital strategy and business strategy, we aim to enhance economic value and achieve our Purpose by creating positive outcomes for society, which translates to social value.

Some investors have pointed out that our targeted SDG goals appeared too broad and unclear. In response, we have streamlined our focus from the original nine goals to three. Specifically, these are "Quality Education," "Decent Work and Economic Growth", and "Industry, Innovation, and Infrastructure".

Aligned with these SDG goals, we shall commit to creating value by addressing the shortage of technical talent, maximizing opportunities for engineers, and driving innovation and solutions to social and environmental challenges through customers. To achieve this, we have defined materiality and KPIs to guide and advance our initiatives.

Human Capital Management

- Based on the factors such as domestic labor market and technological trends that our customers are facing, aiming to become **a platform** where engineers gather, grow, and thrive successfully
- As our business is the embodiment of human capital management, **human resources are sources of our value creation**

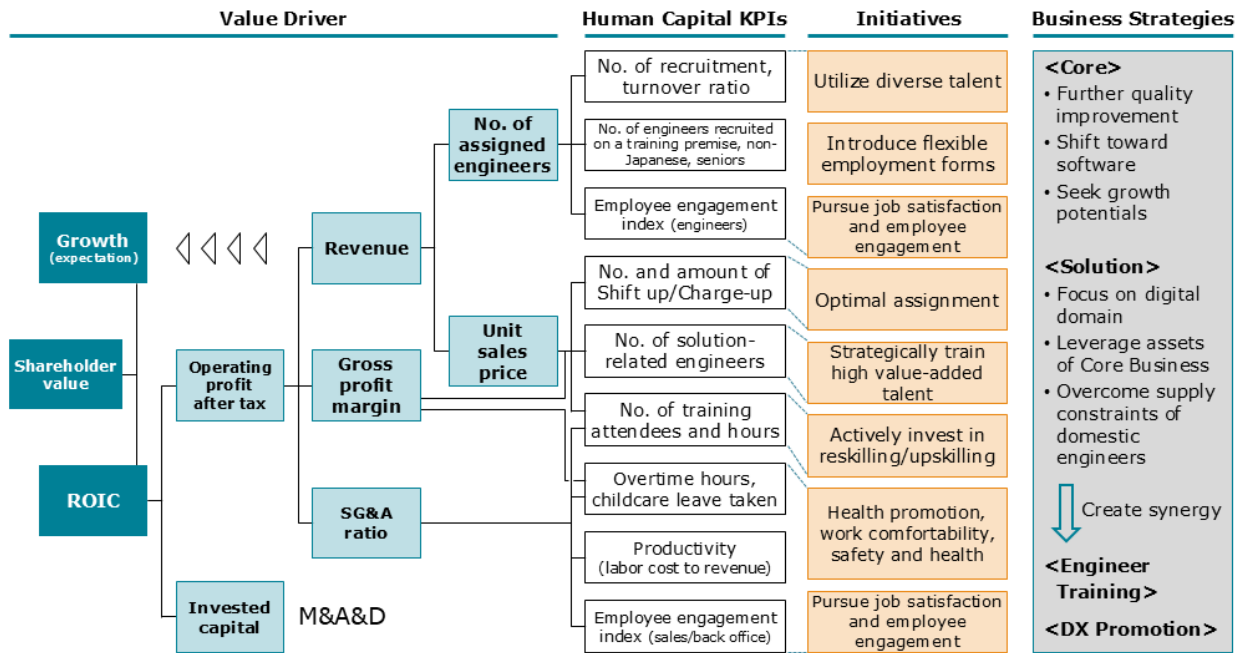


Pages 17 to 19 focus on human capital management.

As emphasized in the CEO’s message in the Integrated Report, TechnoPro aims to serve as a platform where engineers gather, grow, and thrive. We seek to contribute to the development of Japanese economy and the maintenance of its vitality by helping create a society where more workers move to growing industries. TechnoPro has both a strong customer base and talent development functions that enable engineers, who are evaluated and compensated under a job-based HR system, to take on challenges in these high-growth fields. Through the success of our engineers, we will continue to address the increasingly complex challenges faced by our customers and society.

Human Capital Investment & Value Creation

Execute business strategies and create value through human capital initiatives
(human capital KPIs impacts value drivers)



Page 18 is a re-representation of the logic tree diagram showing the connection between human capital investment and shareholder value enhancement.

Human Capital KPIs

- Most human capital KPIs in H1 FY25.6 improved compared to H1 FY24.6, except for a few items
- Carry out root cause analysis of turnover ratio and hours of training, thereby identifying and implementing countermeasures to improve KPIs and value drivers

Initiatives	KPIs	FY24.6 H1 Results		FY24.6 Full-Year Results		FY25.6 H1 Results		Target
Utilize diverse talent	Number of engineer recruitment	1,760		4,575		1,970		3,000/year or above
	Turnover ratio of permanent employee engineers	7.9%		9.1%		9.3%		At or below 7.5%
Introduce flexible employment forms	Number of engineers recruited on a training premise	292		542		376		250/year or above
	Number of non-Japanese engineers	1,119		1,210		1,281		1,500 *3
	Number of engineers aged 60 and over	1,224		1,359		1,512		2,000 *3
Pursue job satisfaction and employee engagement	Employee satisfaction *1	–	–	(Engineers) 84.8%	(Non-engineers) 87.3%	–	–	90.0% or above
Optimal assignment	Average monthly unit sales price	676K yen		678K yen		698K yen		725K yen *3
Strategically train high value-added talent	Number of assigned engineers in the Solutions Business	4,703		4,751		5,337		6,200 *3
Actively invest in reskilling/upskilling	Number of training attendees (cumulative)	123K		308K		115K		360K/year *3
	Hours of training (cumulative)	231,000h		790,000h		203,000h		1,000,000h/year *3
Health promotion, work comfortability, safety and health	Average hours of overtime	12.2h/month		12.5h/month		12.6h/month		Maintain at 20h/month or below
	Percentage of taking childcare leave	(male) 59.0%	(female) 100.0%	(male) 41.8%	(female) 94.7%	(male) 64.7%	(female) 97.4%	(male) 50% or above *3 (female) 100.0%
	Productivity (personnel expenses to revenue ratio) *2	8.8%		8.8%		8.2%		At or below 8.0%

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Scope of calculation: domestic group companies, unless otherwise stated

*1 Carries out the engagement survey once a year *2 TechnoPro Group consolidated *3 Target figures for FY26.6

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Page 19 shows the trends in human capital KPIs that impact the value drivers from the previous page.

As explained today, many KPIs directly linked to "enhancing earning power," such as the number of engineer recruitment and average monthly unit sales price, have improved YoY. We will continue working on optimizing allocation within the Group and strengthening talent development to further improve unit sales prices. This will enhance engineers' sense of fulfillment, satisfaction, and compensation, ultimately addressing the operational challenge of reducing turnover.

While KPIs related to total training attendance and hours have declined, we are making progress in verifying the effectiveness of training curriculums based on ROIC and strategically developing high-value-added talent in collaboration with alliance partners. This is reflected in the increase in the number of assigned engineers in the Solution Business.

Additionally, we are committed to initiatives that promote health and improve workplace environment. In October 2024, we introduced a leave system to support employees balancing work and medical treatment, ensuring that those with illnesses who have the motivation and ability to work can receive appropriate treatment while continuing their employment.

External Certifications/Recognitions

- Selected as **a constituent of all ESG investment indices** used by the GPIF (Government Pension Investment Fund)
- Selected as a constituent of the JPX Prime 150 Index, which began calculation in July 2023, based on **return on capital (equity spread criteria)**

ESG Indices adopted by GPIF		Other Indices		
General ESG Index	Thematic Index	JPX Nikkei Index 400 <Joint Index>	JPX Prime150 Index <Stock Selection>	NIKKEI 500 INDEX
FTSE Blossom Japan Index 	S&P/JPX Carbon Efficient Indices 			
FTSE Blossom Japan Sector Relative Index 	MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)			
MSCI Nihonkabu ESG Select Leaders Index 2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX	Morningstar Japan ex-REIT Gender Diversity Tilt Index			
MSCI Japan ESG Select Leaders Index 2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX				

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FTSE Russell confirms that Technopro Holdings, Inc. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

The final slide presents key certifications and recognitions received from external parties.

Technopro, despite having a relatively short history in the capital markets, was awarded the "IR Grand Prix" in a short period. This achievement is the result of our steady efforts driven by the valuable input we have received from investors over time.

Although not included in the materials, today's board of directors meeting resolved to revise our existing Anti-Bribery Policy to the Anti-Corruption Policy. This change reflects feedback from certain ESG rating agencies, which emphasized the need to clarify our stance on prohibiting all forms of corruption, not just bribery. The new policy will be promptly published on the sustainability section of our corporate website. Similarly, based on suggestions from ESG rating agencies, we have also completed updates to certain aspects of our Personal Information Protection Policy.

We will continue to incorporate insights gained from engagement with investors into our management and strategy.

That concludes my presentation. Thank you very much.

Question & Answer

Questioner 1: I have two questions.

The first is about the Solution Business. Its revenue in Q2 FY25.6 increased by 1.4 billion yen QoQ, and I think this was emphasized quite a bit in your presentation. Given the increase in upstream projects and the improvement in profitability, can we interpret this progress as a shift from the phase of top-line growth to a next phase in which GP margin will gradually increase as well? Or, is there still room for GP margin expansion?

Another point is about capital allocation. You explained the update of M&A policy, but looking at the recent reaction of the stock price in the market, it would be better to increase dividends on a regular basis as a tool of shareholder distribution, rather than intermittently buying back shares. What are your thoughts on dividend policy?

Yagi: Regarding the Solution Business, the YoY GP impact, particularly due to the expansion of project-type services, increased from 240 million yen in Q1 FY25.6 to 590 million yen in Q2 FY25.6, which suggests that our know-how in winning projects has been evolving. We are also seeing a gradual increase in unit sales price as we move forward with proper project management and efforts to prevent losses. Therefore, we expect this progress to contribute to an improvement in GP margin going forward.

Next, regarding the increase in dividends, we are currently in the process of internal discussions based on the opinions of various investors. Our policy of capital allocation has remained essentially unchanged from before, and we have been flexibly repurchasing shares and gradually increasing dividends based on the idea of progressive dividends. However, there are also voices calling for an increase in the dividend payout ratio, and we would like to consider this suggestion, benchmarking other companies.

Questioner 1: Both CEO Yagi and the outside directors have mentioned for some time that it is necessary to narrow the scope of the Solution Business and concentrate on improving quality. Do you think things are starting to move in line with that direction?

Yagi: Yes. Starting in the third year of the medium-term management plan, we have been defining and promoting focused solution offerings as well as focused platforms across the Group. At the same time, I think we need to make more efforts to hone TechnoPro's unique strengths.

Questioner 1: Thank you.

Questioner 2: I have two questions.

The first question is about the Solution Business. Looking at the numbers alone, it seems like its growth has accelerated in Q2 FY25.6. What is the background to this? I would be happy to hear more about what is going well and what you feel are the challenges.

The second question is about Robosoft. From the beginning of FY25.6, you have been expecting a high top-line growth in H2 FY25.6, and you said the same thing today. I would like you to explain the current probability of winning contracts together with the measures and challenges to achieve such growth.

Yagi: As for the Solution business, as I mentioned earlier, I believe that steady efforts such as communication, knowledge sharing, and execution within the Group, while narrowing down the areas of focus, have been

successful. In addition, we are shifting our talents from the Core Business to the Solutions Business, and there is a trend of engineers who have gained skills and experience in the Core Business moving to attractive projects in the Solution Business. Furthermore, although there is still room for improvement, I think that our efforts to hire project managers and project leaders from outside are gradually becoming effective.

At Robosoft, acquiring new projects is the most important thing. In some cases, projects for existing customers are terminated, so we are focusing on building up new pipelines to compensate for that. We are strengthening our operations to achieve higher conversion to contracts from the existing pipelines.

Questioner 2: How confident are you now about revenue recovery from H2 FY25.6?

Yagi: We have just established an Offshore Development Center in India and are working to cultivate new customers while strengthening our ties with Japan. Although the acquired contract value of new projects has been steadily up since Q3 FY24.6, some projects are coming to an end and we need to somehow cover these losses. We have greatly strengthened oversight from the headquarter in Japan, and we would expect to deliver satisfactory results in H2 FY25.6.

Questioner 2: Thank you.

[END]

(Note) Portions of this content have been edited or revised to improve readability.