

## TechnoPro Holdings, Inc.

FY25.6 Q3 Financial Results Briefing

April 30, 2025

### Presentation

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**Okumura:** I am Okumura, Executive Officer in charge of Management Planning Office of TechnoPro Holdings. I started to support TechnoPro together with former CEO, Mr. Nishio, deployed by private equity firm called Cerberus, at the time of its investment in March 2008. Since then, as a position in charge of management planning, I promoted TechnoPro's turnaround initiatives after the Global Financial Crisis in 2008, led its IPO in December 2014, and has contributed to its robust growth as a listed company. Thank you for your time today.

Along with the next fiscal year's budget formulation process, we have started discussions on the next medium-term management plan this month. The broad framework of this new plan is to 1) shift growth drivers to higher unit price, 2) reduce SG&A ratio through productivity improvements leveraged by IT/ digital, and 3) raise Core OP margin, while regarding the changes in the external environment, such as the current situation of the engineer supply market and the future penetration of AI, not only as risks but also as attractive opportunities. We believe that, following to Q1 and Q2, the Q3 results have achieved the performance which seems to endorse this direction.

On the other hand, the tariff policies of the Trump administration in the United States have raised concerns about the performance of automotive and other manufacturing industries, leading to an increase in inquiries regarding the impact on our future growth. Firstly, please note that our service specializes in research and development, which are relatively less affected by customers' financial performance. Specifically, following the Global Financial Crisis, we have a history of reducing or eliminating areas such as field engineering and manufacturing/inspection services, where customer demand is more susceptible to economic fluctuations. Additionally, we would like to emphasize our strength: our management capability to transform the engineer portfolios. Over the past decade, we have increased the composition ratio of IT engineers from 38% to 58%. During that process, we have trained engineers in advance and shift them to other technical fields in response to changes in demand associated with the rise and fall of Japanese product development, such as mobile phones and car navigation systems. The breadth and depth of the impact of U.S. economic policies under the Trump administration on the Japanese economy remain uncertain. Even within the same industry, the effects on individual companies are likely to vary. We intend to respond flexibly to future uncertainties without being overly conservative or optimistic: the same way as our management style so far.

When it comes to the impact on the recent business outlook, March, which has the highest proportion of contract renewals, is an extremely important month as it allows us to engage in aggressive price negotiations with customers in anticipation of their new fiscal year budgets. The contract renewal ratio for March this year was 90.2%, the same level as last year, and the total amount of price hike achieved through charge-up and shift-up well exceeded the favorable results of last year. In dispatch contracts, while the increase in labor costs generally tends to precede price pass-on to customers, we will continue business operations with an emphasis on further improvement in unit price and GP margin, taking into account the annual wage hike and promotion for our engineers in July.

Now, I will explain the summary of Q3 FY25.6 financial results, the key KPIs in Japan, and the update of overseas operations.

## Q3 FY25.6 Financial Overviews

- Year-to-date Q3 FY25.6 revenue was **177.7 billion yen**, up 9.3% year-on-year; gross profit was **48.1 billion yen**, up 11.3% year-on-year; core operating profit was **21.7 billion yen**, up 19.9% year-on-year; operating profit was **22.0 billion yen**, up 20.2% year-on-year; SG&A expenses increased by 1.28 billion yen, of which recruitment cost increased by 750 million yen; SG&A ratio was remained below 15.0%
- Year-to-date Q3 FY25.6 gross profit increased by **4.9 billion yen** year-on-year, mainly due to 1) increased allocation of domestic dispatch engineers (up 1.38 billion yen), 2) price hike of dispatch contracts (up 4.08 billion yen), 3) expansion of project-type services (up 1.59 billion yen), offset by increases in 4) provision for seasonal and financial results-linked bonuses (down 2.2 billion yen in total), and 5) provision for paid leave (down 360 million yen)
- In the major domestic businesses, the increase in the base charge at contract renewal in March 2025 surpassed both the previous year's level and this year's budget

(yen in millions, except per share amounts)

	Q3 (Three-Month Period)				Q3 (Nine-Month Period)				Full-Year			
	FY24.6 (Results)	FY25.6 (Results)	YoY		FY24.6 (Results)	FY25.6 (Results)	Progress	YoY		FY24.6 (Results)	FY25.6 (Guidance)	YoY
Revenue	54,570	59,315	+4,744	+8.7%	162,579	177,754	75.0%	+15,174	+9.3%	219,218	237,000	+8.1%
Gross profit	14,160	15,672	+1,511	+10.7%	43,223	48,119	—	+4,896	+11.3%	58,810	—	—
GP margin	25.9%	26.4%	+0.5 pts		26.6%	27.1%	—	+0.5 pts		26.8%	—	—
SG&A expenses	8,301	8,806	+504	+6.1%	25,090	26,375	—	+1,284	+5.1%	34,414	—	—
Ratio on revenue	15.2%	14.8%	(0.4 pts)		15.4%	14.8%	—	(0.6 pts)		15.7%	—	—
Core operating profit	5,859	6,866	+1,007	+17.2%	18,133	21,744	80.5%	+3,611	+19.9%	24,395	27,000	+10.7%
Core OP margin	10.7%	11.6%	+0.8 pts		11.2%	12.2%	—	+1.1 pts		11.1%	11.4%	—
Other income	97	92	(4)	—	245	348	—	+102	—	361	—	—
Other expenses	27	12	(14)	—	32	38	—	+5	—	2,838	—	—
Operating profit	5,929	6,946	+1,016	+17.1%	18,346	22,054	81.7%	+3,708	+20.2%	21,918	27,000	+23.2%
OP margin	10.9%	11.7%	+0.8 pts		11.3%	12.4%	—	+1.1 pts		10.0%	11.4%	—
Profit before income taxes	6,016	7,102	+1,086	+18.1%	18,481	22,410	83.0%	+3,929	+21.3%	22,139	27,000	+22.0%
Net profit	4,119	4,969	+849	+20.6%	12,711	15,497	83.8%	+2,785	+21.9%	14,684	18,500	+26.0%
Net profit margin	7.5%	8.4%	+0.8 pts		7.8%	8.7%	—	+0.9 pts		6.7%	7.8%	—
Earnings per share	38.56	47.70	+9.14	+23.7%	118.90	148.10	83.7%	+29.20	+24.6%	137.56	176.98	+28.7%
Dividend per share	—	—	—	—	25.00	30.00	—	—	—	80.00	90.00	+12.5%

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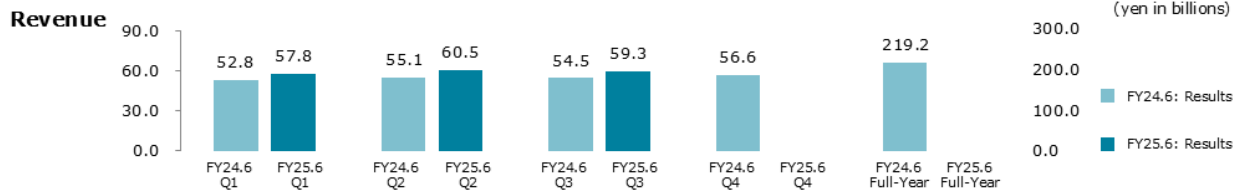
First, let's look at the financial overviews on page 2.

Revenue for YTD Q3 FY25.6 totaled 177.7 billion yen, up 9.3% YoY, while GP was 48.1 billion yen, plus 4.9 billion yen or up 11.3% YoY, and GP margin was 27.1%, an improvement of 0.5 pts YoY. SG&A expenses for YTD Q3 FY25.6 were 26.3 billion yen, and SG&A ratio was 14.8%, representing an improvement of 0.6 pts YoY.

Since Q3 has the fewest working days, GP margin was 26.4%, fell below 27%, compared to 28.0% in Q2. However, it increased by 0.5 pts YoY, indicating steady improvement driven by higher unit sales price. Furthermore, the SG&A ratio has remained at 14% level, 14.8% in Q3 and 14.9% in Q2, reflecting progress in streamlining administrative operations to offset increased recruitment and training costs.

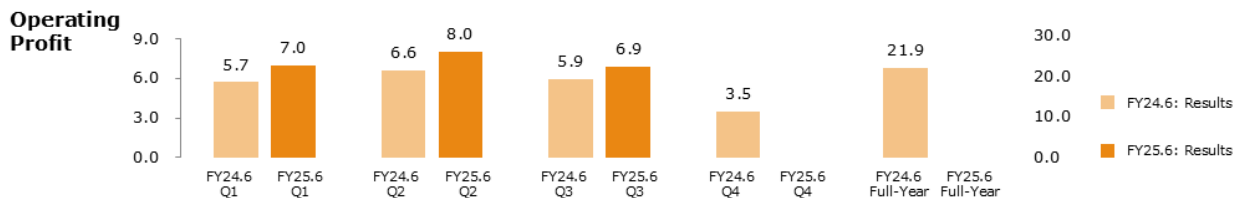
Core operating profit and operating profit for YTD Q3 FY25.6 were 21.7 billion yen and 22.0 billion yen, both up 20% YoY. Despite operating profit progressing at 81.7% against the full-year guidance, we have not revised the full-year guidance upward due to the following two outlooks. First, the number of new graduates who joined TechnoPro this April increased by 169 from the previous year, and we implemented a special increment of salary this April for new graduates who joined in recent years so that the salary inversion among generations, which was created by the significant rise of starting salaries for this April, can be eliminated. Although the amount of the base charge at the first assignment and the speed of allocation of new graduates are progressing smoothly, we are preparing for the negative impact on GP in Q4, than in previous years, due to the temporary decline in the utilization ratio, which might be caused by over 3 month strategic training that is offered to over 20% of new graduates in order to groom digital solution talent. Secondly, considering the Q3 performance of the overseas business and the latest momentum of customers' demand, we cannot be optimistic about the outlook for our overseas performance.

## Reference: Quarterly Performance



YoY	+9.4%		+9.9%		+8.7%		-		-	
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	26,727	25,979	[27,950]	24,909	[26,840]
Ave. utilization ratio	95.0%	95.1%	95.9%	95.7%	95.9%	95.7%	93.2%	[92.4%]	95.0%	[94.7%]
Ave. monthly unit sales price (thousands yen)	669	685	684	711	675	697	685	[705]	678	[700]
Working days*	56.4	55.8	57.9	58.4	54.2	53.9	57.3	[57.4]	225.8	[225.4]
Working hours per day*	8.39	8.43	8.46	8.44	8.46	8.45	8.41	[8.39]	8.43	[8.43]

\* Figures in brackets indicate forecast at the time of publication



YoY	+21.3%		+22.0%		+17.1%		-		-	
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%	11.7%	6.3%	-	10.0%	-

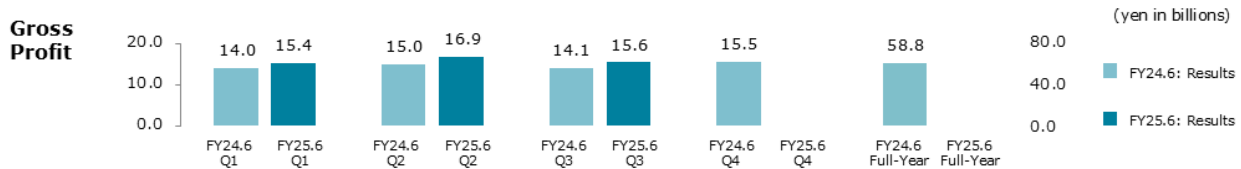
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\* Figures of two major subsidiaries in Japan (TechnoPro, Inc. & TechnoPro Construction, Inc.)

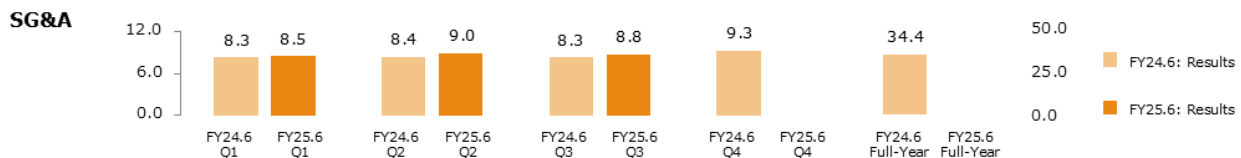
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## Reference: Quarterly Performance (cont.)



YoY	+10.2%		+13.0%		+10.7%		-		-	
GP margin	26.6%	26.8%	27.2%	28.0%	25.9%	26.4%	27.5%	-	26.8%	-



YoY	+2.3%		+6.9%		+6.1%		-		-	
Ratio on revenue	15.8%	14.8%	15.3%	14.9%	15.2%	14.8%	16.5%	-	15.7%	-



YoY	+21.8%		+20.7%		+17.2%		-		-	
Core OP margin	10.8%	12.0%	11.9%	13.1%	10.7%	11.6%	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, along with the updated KPIs outlook for Q4 FY25.6.

We have updated the key KPIs for the full-year based on the results for YTD Q3 FY25.6 and the latest forecasts for Q4 FY25.6.

## Q3 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 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY
Revenue	113,104	124,936	139,329	+11.5%	16,205	17,365	19,044	+9.7%	3,912	3,282	3,240	(1.3%)	133,222	145,585	161,615	+11.0%
Ratio to consolidated revenue	76.3%	76.8%	78.4%		10.9%	10.7%	10.7%		2.6%	2.0%	1.8%		89.8%	89.5%	90.9%	
Gross profit	28,475	31,950	36,513	+14.3%	4,926	5,454	5,786	+6.1%	2,827	2,202	2,239	+1.6%	36,229	39,608	44,539	+12.5%
GP margin	25.2%	25.6%	26.2%		30.4%	31.4%	30.4%		72.3%	67.1%	69.1%		27.2%	27.2%	27.6%	
Operating profit	12,590	14,713	17,872	+21.5%	2,207	2,650	2,839	+7.1%	257	(143)	(66)		15,055	17,219	20,645	+19.9%
OP margin	11.1%	11.8%	12.8%		13.6%	15.3%	14.9%		6.6%	(4.4%)	(2.0%)		11.3%	11.8%	12.8%	
OP before PPA asset amortization	12,645	14,767	17,926	+21.4%	2,207	2,650	2,839	+7.1%	257	(143)	(66)		15,109	17,274	20,700	+19.8%
OP margin before PPA asset amortization	11.2%	11.8%	12.9%		13.6%	15.3%	14.9%		6.6%	(4.4%)	(2.0%)		11.3%	11.9%	12.8%	
PPA asset amortization	(54)	(54)	(54)										(54)	(54)	(54)	
Impairment loss																
No. of engineers (period-end)	20,097	21,837	23,481	+7.5%	2,865	3,089	3,327	+7.7%					22,962	24,926	26,808	+7.6%
o/w Non-Japanese in Japan	867	1,008	1,118	+10.9%	117	168	217	+29.2%					984	1,176	1,335	+13.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY	FY23.6 Q3 YTD	FY24.6 Q3 YTD	FY25.6 Q3 YTD	YoY
Revenue	17,580	19,223	18,303	(4.8%)	150,802	164,809	179,918	+9.2%	(2,511)	(2,229)	(2,163)		148,291	162,579	177,754	+9.3%
Ratio to consolidated revenue	11.9%	11.8%	10.3%		101.7%	101.4%	101.2%		(1.7%)	(1.4%)	(1.2%)		100.0%	100.0%	100.0%	
Gross profit	4,841	5,324	5,152	(3.2%)	41,071	44,933	49,691	+10.6%	(1,770)	(1,709)	(1,571)		39,300	43,223	48,119	+11.3%
GP margin	27.5%	27.7%	28.1%		27.2%	27.3%	27.6%						26.5%	26.6%	27.1%	
Operating profit	1,602	1,051	1,482	+41.0%	16,658	18,271	22,128	+21.1%	(56)	74	(73)		16,601	18,346	22,054	+20.2%
OP margin	9.1%	5.5%	8.1%		11.0%	11.1%	12.3%						11.2%	11.3%	12.4%	
OP before PPA asset amortization	2,038	1,539	1,739	+13.0%	17,148	18,814	22,439	+19.3%	(56)	74	(73)		17,101	18,888	22,366	+18.4%
OP margin before PPA asset amortization	11.6%	8.0%	9.5%		11.4%	11.4%	12.5%						11.5%	11.6%	12.6%	
PPA asset amortization	(436)	(488)	(256)		(490)	(542)	(311)						(490)	(542)	(311)	
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)	3,008	2,697	2,438	(9.6%)	25,970	27,623	29,246	+5.9%					25,970	27,623	29,246	+5.9%

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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: Q3 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 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY
Revenue	38,395	41,821	46,652	+11.6%	5,600	6,011	6,520	+8.5%	1,425	1,098	1,069	(2.6%)	45,421	48,931	54,243	+10.9%
Ratio to consolidated revenue	76.4%	76.6%	78.7%		11.1%	11.0%	11.0%		2.8%	2.0%	1.8%		90.3%	89.7%	91.4%	
Gross profit	9,527	10,213	11,927	+16.8%	1,710	1,882	1,974	+4.9%	1,062	755	738	(2.2%)	12,299	12,851	14,639	+13.9%
GP margin	24.8%	24.4%	25.6%		30.5%	31.3%	30.3%		74.5%	68.7%	69.0%		27.1%	26.3%	27.0%	
Operating profit	4,010	4,553	5,639	+23.8%	758	958	997	+4.0%	130	(44)	(43)		4,899	5,468	6,593	+20.6%
OP margin	10.4%	10.9%	12.1%		13.5%	15.9%	15.3%		9.2%	(4.0%)	(4.1%)		10.8%	11.2%	12.2%	
OP before PPA asset amortization	4,028	4,571	5,657	+23.7%	758	958	997	+4.0%	130	(44)	(43)		4,918	5,486	6,611	+20.5%
OP margin before PPA asset amortization	10.5%	10.9%	12.1%		13.5%	15.9%	15.3%		9.2%	(4.0%)	(4.1%)		10.8%	11.2%	12.2%	
PPA asset amortization	(18)	(18)	(18)										(18)	(18)	(18)	
Impairment loss																
No. of engineers (period-end)	20,097	21,837	23,481	+7.5%	2,865	3,089	3,327	+7.7%					22,962	24,926	26,808	+7.6%
o/w Non-Japanese in Japan	867	1,008	1,118	+10.9%	117	168	217	+29.2%					984	1,176	1,335	+13.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY	FY23.6 Q3	FY24.6 Q3	FY25.6 Q3	YoY
Revenue	5,806	6,399	5,745	(10.2%)	51,227	55,330	59,988	+8.4%	(947)	(760)	(673)		50,279	54,570	59,315	+8.7%
Ratio to consolidated revenue	11.5%	11.7%	9.7%		101.9%	101.4%	101.1%		(1.9)	(1.4%)	(1.1%)		100.0%	100.0%	100.0%	
Gross profit	1,696	1,881	1,623	(13.7%)	13,996	14,732	16,263	+10.4%	(733)	(571)	(590)		13,262	14,160	15,672	+10.7%
GP margin	29.2%	29.4%	28.3%		27.3%	26.6%	27.1%						26.4%	25.9%	26.4%	
Operating profit	561	502	453	(9.6%)	5,461	5,970	7,046	+18.0%	(43)	(40)	(100)		5,417	5,929	6,946	+17.1%
OP margin	9.7%	7.8%	7.9%		10.7%	10.8%	11.7%						10.8%	10.9%	11.7%	
OP before PPA asset amortization	702	661	538	(18.5%)	5,620	6,147	7,150	+16.3%	(43)	(40)	(100)		5,576	6,106	7,049	+15.4%
OP margin before PPA asset amortization	12.1%	10.3%	9.4%		11.0%	11.1%	11.9%						11.1%	11.2%	11.9%	
PPA asset amortization	(140)	(159)	(85)		(158)	(177)	(103)						(158)	(177)	(103)	
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)	3,008	2,697	2,438	(9.6%)	25,970	27,623	29,246	+5.9%					25,970	27,623	29,246	+5.9%

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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 YTD Q3 FY25.6 and the three-month period Q3 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. The Solution Business, which includes services related to digital technologies and solutions we focus on, made an increase of 23.9% in Q2 revenue YoY (19.1% increase in assigned engineers and 4.1% increase in unit sales price). Revenue in Q3 continued to grow steadily, up 19.7% YoY (15.8% increase in assigned engineers and 3.3% increase in unit sales price). Additionally, as mentioned earlier, we achieved improvements in unit sales price through charge-up and shift-up efforts during the contract renewal in March this year, which will contribute to next fiscal year's performance. We continue to focus on training engineers and promoting sustainable improvement in unit sales price, considering the supply-demand gap and wage trends.

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 talent. In Q3, its revenue growth rate YoY has slightly slowed due to decreased working days. For inexperienced hires, while the base charge is low, it is easier to increase the unit price once they gain a certain level of experience. Therefore, we will continue to accelerate inexperienced hires while promoting charge-up and shift-up for those with experience to improve the topline growth rate and GP margin.

The Other Businesses in Japan, which turned to a loss in Q2 FY25.6, posted a deficit again due to the underperformance in the engineer training business, despite the slight improvement in the placement business. The training business will be one of critical themes in the next medium-term management plan, since the training of engineers is the foundation of our group to support its sustainable growth, and moreover the contributor to promote innovation to solve social agenda.

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

## Q3 FY25.6 Balance Sheet & Cash Flows

- YTD Q3 FY25.6 cash flows turned significantly negative due to 1) payments for corporate income tax and dividends, 2) redemption of bonds, and 3) share buyback, etc.
- In October 2024, redeemed 3-year straight bonds of 5.0 billion yen, partially refinanced by 3.0 billion yen bank loans
- Ensuring 1) sufficient flexibility for unexpected financial needs, backed by credit lines for working capital, etc. and 2) diverse funding sources through the shelf registration relating to issuance of corporate bonds

### Q3 FY25.6 End B/S (yen in billions)

Cash & cash equivalents 37.2	Debt 10.7
	IFRS 16 related liabilities 8.2
IFRS 16 related assets 8.2	Other liabilities 51.1
Goodwill 45.4	
PPA 1.4	Total equity 81.3 (Non-controlling interests 0.9)
Other assets 59.1	
Total assets 151.3	Total liabilities & equity 151.3

Net Cash : 26.4bn yen  
 Net Worth Ratio\* : 53.2%  
 Goodwill/E Ratio\* : 0.56x  
 D/E Ratio\* : 0.13x  
 D/OP Ratio\*\* : 0.40x

\* Calculated using equity capital excluding non-controlling interests  
 \*\* Calculated using operating profit stated in the full-year guidance

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### YTD Q3 FY25.6 Cash Flows (yen in millions)

• <b>Operating CF</b>	<b>+16,226</b>
PPA asset amortization	+311
Net cash flow from income tax payment & refund	(9,259)
• <b>Investing CF</b>	<b>(1,484)</b>
Purchase of tangible fixed assets	(370)
Purchase of intangible assets	(102)
• <b>Financing CF</b>	<b>(22,556)</b>
IFRS 16 related lease liability repayment	(5,322)
Net cash flow from debt procurement & repayment	(3,000)
Dividend payment	(9,233)
Share repurchase payment	(4,999)
<b>Net CF (incl. effect of exchange rate change of -200mn yen)</b>	<b>(8,014)</b>

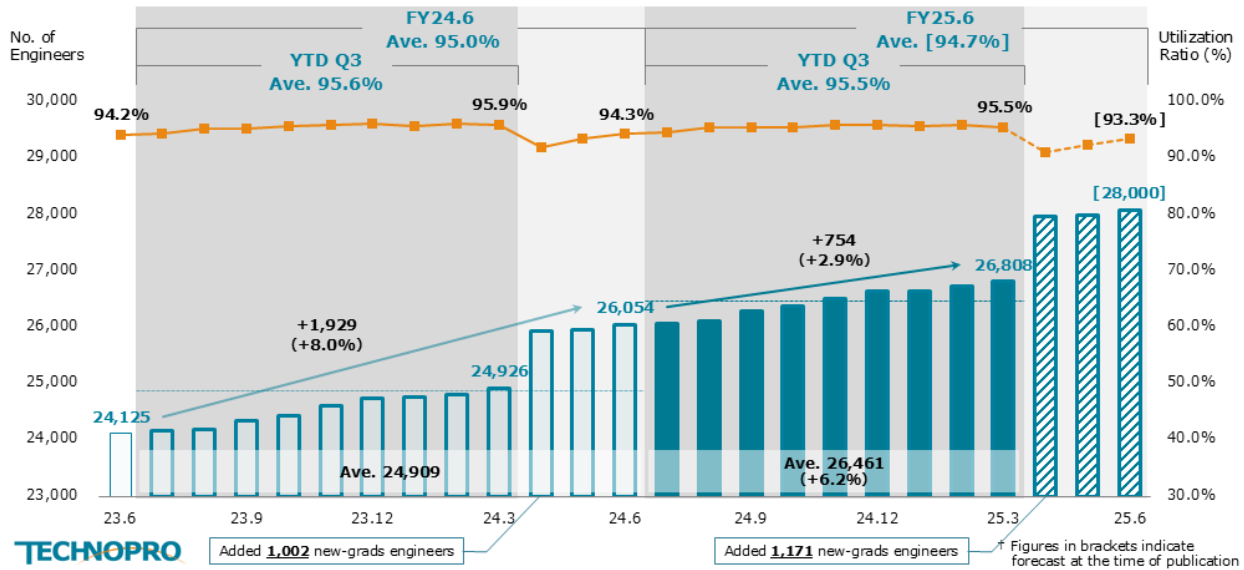
### Commitment Lines (yen in millions)

Purpose	Credit line	Used	Unused	Expiration
1 Working capital	6,000	0	6,000	Jun. 2025
2 Working capital etc.	10,000	0	10,000	Jun. 2025
Total	16,000	0	16,000	

Page 7 shows balance sheet and cash flows. There are no major updates to note for Q3 FY25.6.

## Number of Engineers & Utilization Ratio [Japan]

- Engineers in Japan at Q3 FY25.6 end totaled **26,808** (up 1,882 or 7.6% year-on-year), including **1,335** non-Japanese engineers (up 159 year-on-year)
- Engineers working outside Japan at Q3 FY25.6 end totaled **2,438** (not included in the number of engineers in Japan, down 259 or 9.6% year-on-year)
- Utilization ratio was **95.5%** at Q3 FY25.6 end (down 0.4 pts year-on-year), while average one for year-to-date Q3 FY25.6 was **95.5%** (down 0.1 pts year-on-year)



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Added 1,002 new-grads engineers

Added 1,171 new-grads engineers

Figures in brackets indicate forecast at the time of publication

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

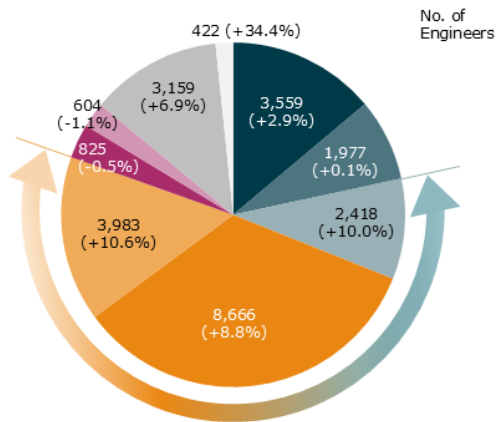
The number of engineers at the end of March this year was 26,808, up 1,882 or 7.6% YoY. While hiring has been strong, headcount growth to fall below 8% level YoY impacted by increased resignation. Based on the updated full-year hiring outlook, we have revised our forecast for the number of engineers at the end of June 2025 to 28,000, or up 7.5% YoY, an upward revision of 150 from the Q2 revised guidance. In the latest update of the key KPIs, the addition of hires, as mentioned later, is 100, which means that the number of resignations has decreased by 50 compared to the previous forecast.

The average utilization ratio for YTD Q3 FY25.6 was 95.5%, slightly decreased YoY, but the average full-year utilization ratio of 94.7% is the same level as the initial guidance. This is because of strategically extending the training periods for new graduates who joined TechnoPro this April to jack up the price of their first assignment.

## Reference: Assigned Engineers Portfolios [Japan]

Q3 FY25.6 End Assigned Engineers : **25,613** (up 1,708 or 7.1% YoY)

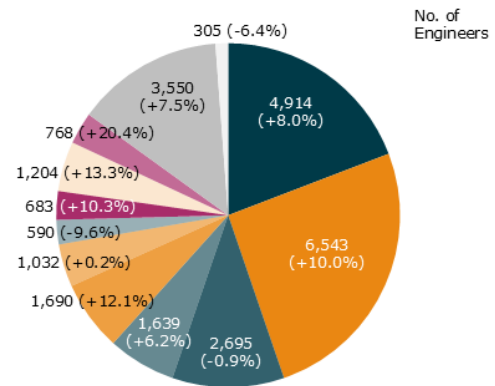
**by Technology**



IT engineers:  
58.8% / 15,067 (+9.5%)

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

**by Industry**

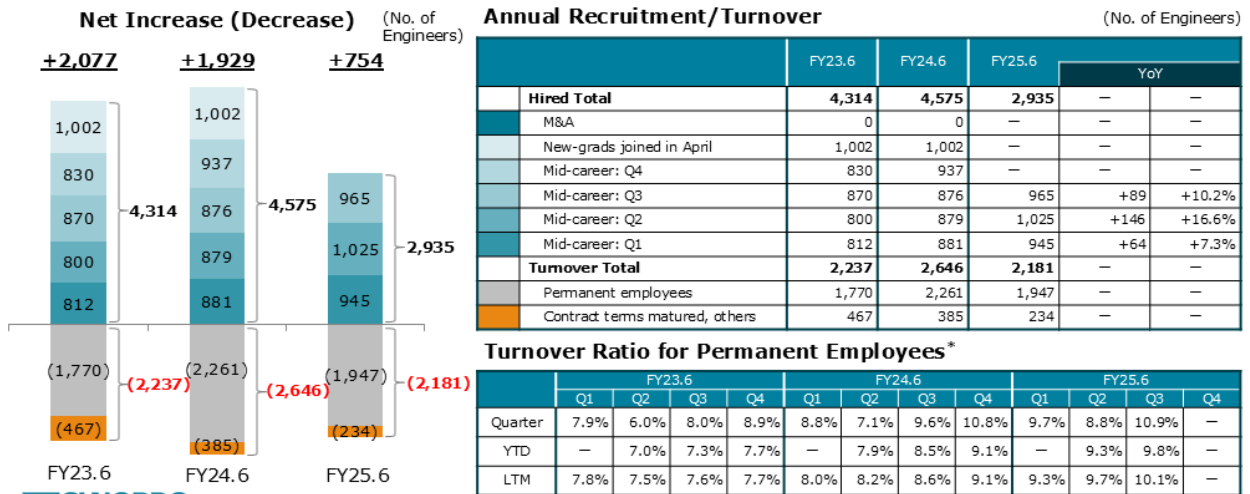


- Transportation Equipment
- Electricity/Gas/Public
- Consumer
- IT
- Industrial Machinery
- Electronic Component
- Medical Device
- Material
- Pharmaceutical and Chemical
- Construction and Plant Eng.
- Others
- Financial and Securities

Pages 9 shows the distribution and YoY growth rate of assigned engineers by technology and industry. I'll spare you the details. The trend from Q2 FY25.6 has continued.

## Recruitment & Turnover [Japan]

- Engineers hired in year-to-date Q3 FY25.6 totaled **2,935** (up 299 year-on-year); added **1,171** new-grads (up 169 year-on-year) in April 2025
- **2,181** engineers left in year-to-date Q3 FY25.6 (up 346 year-on-year): permanent employees of **1,947** (up 388 year-on-year) and fixed-term employees of **234** (down 42 year-on-year)
- Turnover ratio for permanent employees\* was **9.8%** for year-to-date Q3 FY25.6 (up 1.3 pts year-on-year), and **10.1%** on LTM basis; slightly exceeds the budgeted **9.8%** for FY25.6
- Net engineer addition was **754** for year-to-date Q3 FY25.6, exceeding the plan; turnover has 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

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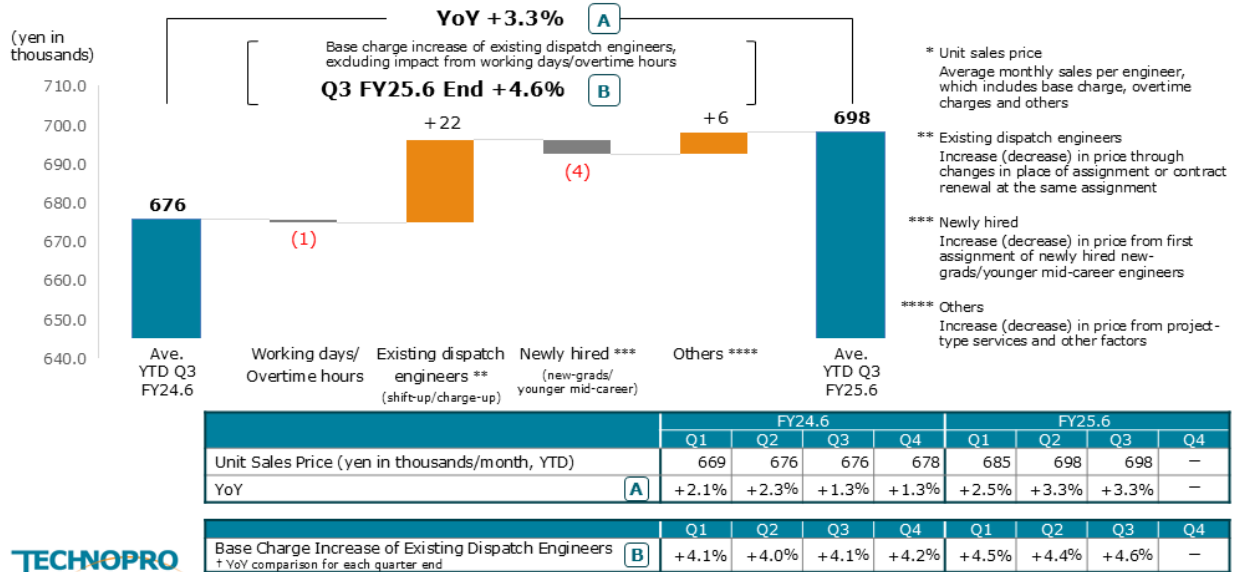
The next topic is the status of recruitment and turnover.

In Q3 FY25.6, we recruited 965 mid-careers, up 10.2% YoY. Following Q2, we have revised the full-year hiring plan upward to 5,000, up 100 from the Q2 revised 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 Q3 FY25.6 was 10.9%, exceeding 10% for the first time since Q4 FY24.6. Looking at the LTM-based turnover ratio, it was 10.1%, surpassing the budgeted full-year one of 9.8%, primarily due to the worsening turnover ratio in the Construction Management Outsourcing. Since nearly half of our resignations are in their twenties, we plan to closely monitor the impact of salary increment on younger generations.

## Average Monthly Unit Sales Price [Japan]

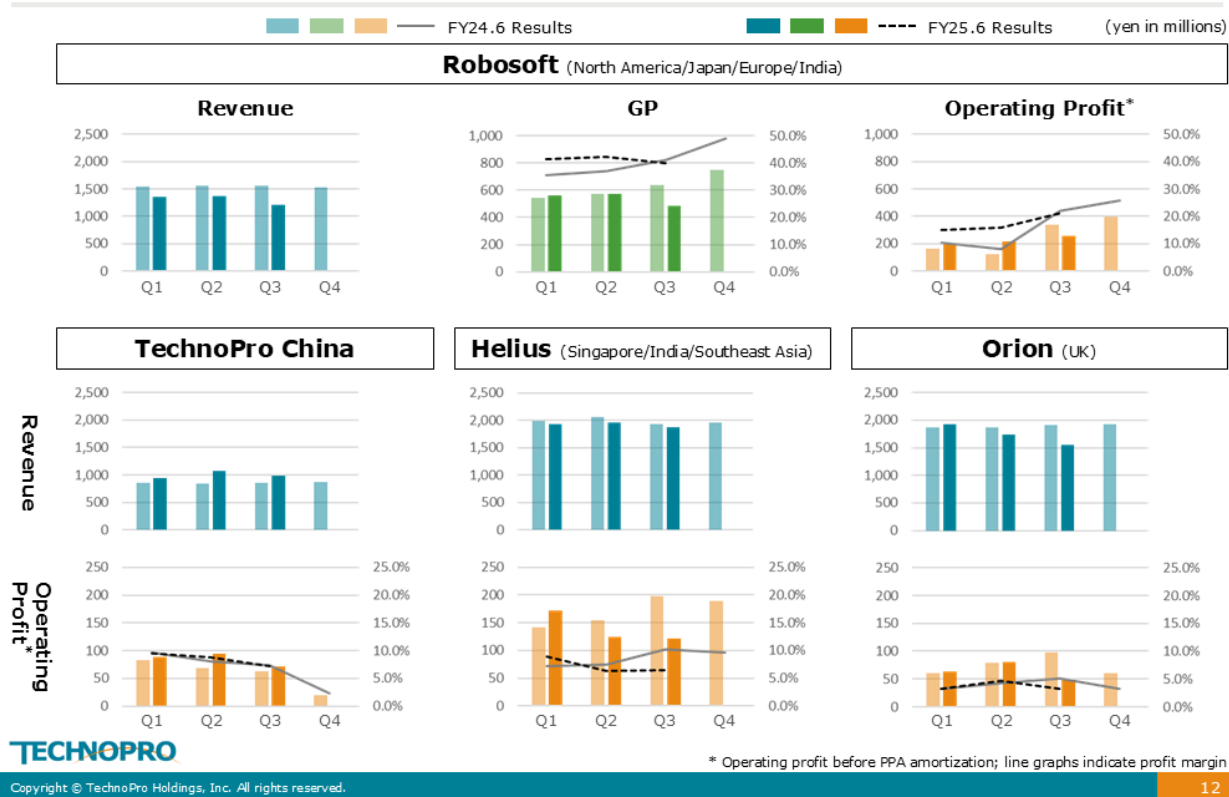
- Ave. monthly unit sales price\* for year-to-date Q3 FY25.6 was **698K yen** (up 22K yen/month or 3.3% year-on-year)
- Decreased 1K yen/month year-on-year due to slight decreases in working days and overtime hours, and diluted 4K yen/month year-on-year due to first assignment of newly hired new-grads 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 6K 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 YTD Q3 FY25.6 was 698,000 yen, plus 22,000 yen or up 3.3% YoY. Based on the progress of YTD Q3 FY25.6, we revised the guidance for the full-year average upward to 700,000 yen per month, compared to the revised guidance of 698,000 yen in Q2. Please note that the base charge for our existing dispatch engineers at the end of March 2025, which is not affected by working days or overtime hours, increased by 4.6% compared to a year ago; the progress has been made in passing our incremental cost on to customers. Additionally, the unit sales price increase in the contract renewal in March will be applied as of April 2025, and will be reflected in the data at the end of Q4.

## Overseas Subsidiaries Update



Next is the update of our overseas subsidiaries.

First of all, OP for the Overseas for YTD Q3 FY25.6 was up 41.0% YoY, and OP margin was 8.1%, improved by 2.6 pts. However, OP growth rate for Q3 FY25.6 was down 9.6% YoY. We do not expect meaningful improvements in Q4, and the business environment remains uncertain.

For Robosoft, although its GP margin has managed to maintain 40% through bench control, it has not overcome the challenges of topline growth yet, and its revenue in Q3 FY25.6 was down 12% QoQ. The total contract value of new projects acquired in Q3 fell to about 70% of Q2's level, and it is expected to take some time to get back on a growth trajectory. Given the looming recession in the U.S., which accounts for about 60% of its customer base, Robosoft's performance is also expected to be weak in the next fiscal year, and we recognize the risk of its goodwill impairment is emerging. Therefore, we have undertaken a fundamental reform of its leadership team to agilely and steadily execute a business turnaround.

In the China business, despite concerns about the economy and geopolitical risks, its YTD Q3 FY25.6 results exceeded the previous year and the budget. As in previous years, profitability in Q4 would be lower than in the other quarters due to the upfront investment for the next fiscal year, but we expect to achieve sufficient earnings growth on a full-year basis for FY25.6.

Helius's financial performance in Q3 FY25.6 remained the same level as Q2 due to the stagnant digital expenditures in the financial sector of Southeast Asia, where Helius operates, and the changes to Singapore's work visa standards. The situation is assumed to remain challenging in Q4 as well.

UK-based Orion's OP for Q3 FY25.6 was significantly down QoQ, because there is weak demand for permanent employment, and the higher margin placement business has been sluggish. However, because of expanding new customers, a slight improvement in profit level is expected in Q4.

## 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	28,000	+7.5%	26,054	28,000	+1,946	+7.5%
Engineer hiring*	1,760	1,970	+11.9%	2,815	3,030	+7.6%	4,575	5,000	+425	+9.3%
Ave. utilization ratio	95.4%	95.4%	(0.0 pts)	94.5%	94.1%	(0.4 pts)	95.0%	94.7%	(0.3 pts)	—
Ave. monthly unit sales price (yen in thousands)	676	698	+3.3%	680	701	+3.1%	678	700	+22	+3.2%

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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	24,610	+7.7%	2,962	3,206	3,390	+5.7%	—	—	—	—	24,125	26,054	28,000	+7.5%
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	2,567	—	—	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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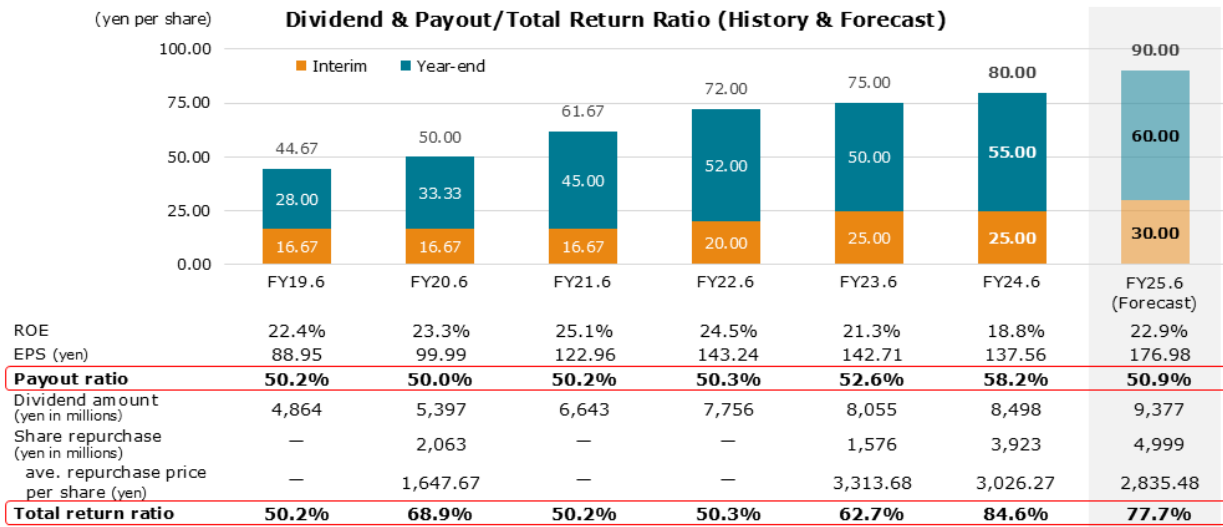
14

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. I would like to emphasize that the domestic engineer staffing and solution businesses, which account for around 90% of our revenue and operating profit, have achieved YTD Q3 FY25.6 results in excess of their initial budget and fourth year target of medium-term plan, and shall continue to be the driver of our value creation in the next medium-term management plan.

## 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.

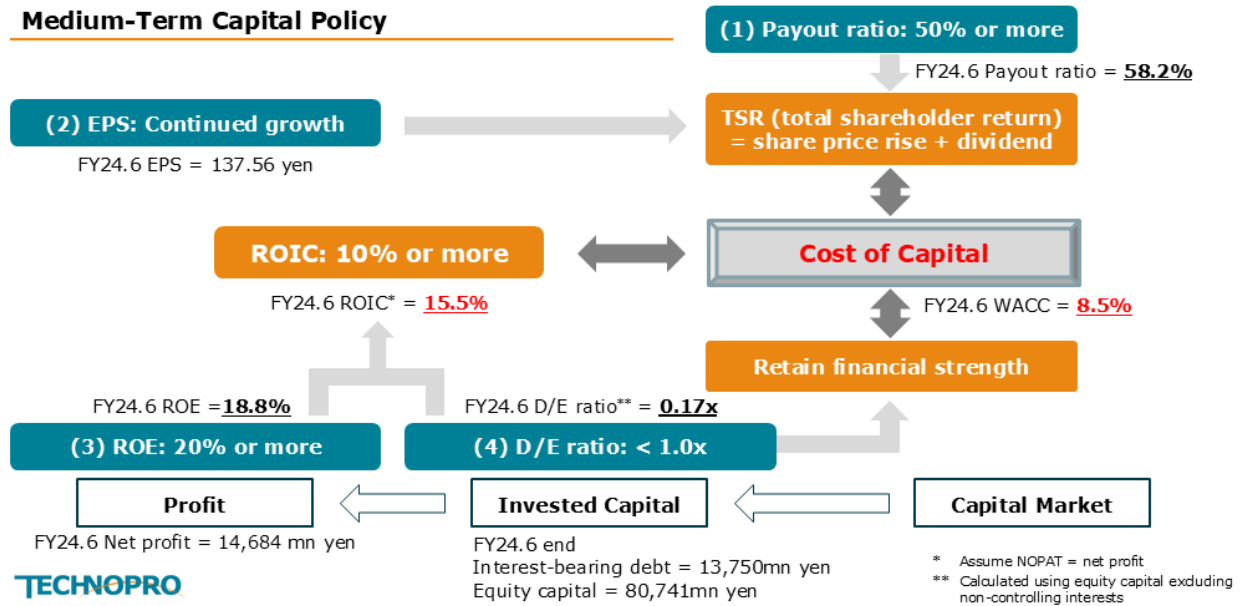
The year-end dividend for FY25.6 is still forecasted to be 60 yen, bringing the total for the full-year to 90 yen, and the annual dividend payout ratio to 50.9%. Given share buyback, the total payout ratio for FY25.6 is expected to be 77.7%.

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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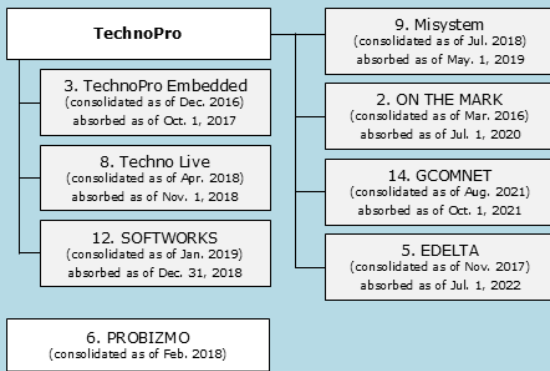
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## Appendix: Reportable Segments [as of Q3 FY25.6 End]

### 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.



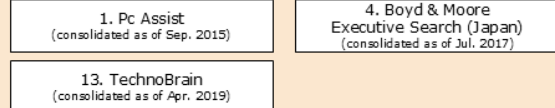
### Construction Management Outsourcing

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.



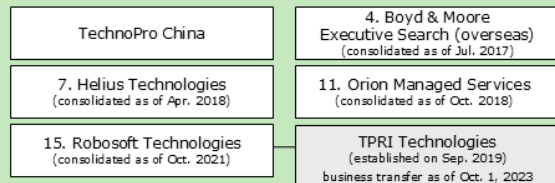
### Other Businesses in Japan

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 Q3 FY25.6 End]

- Major component of goodwill in **R&D/Construction Management Outsourcing (29.2 billion yen)** 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 Executive Search, 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
<b>R&amp;D Outsourcing</b>									
Machinery, Electric/Electronic	100.0%	13,674	977	14,651	32.3%				
Embedded control, IT infrastructure	100.0%	7,969		7,969	17.6%				
Software dev./maintenance	100.0%	2,912	3,006	5,919	13.0%	374	-Jul.32		
Chemical, Biochemical	100.0%	1,262		1,262	2.8%				
<b>Construction Mgmt Outsourcing</b>									
Construction management	100.0%	3,383		3,383	7.5%				
TOQO	100.0%		190	190	0.4%				
<b>Other Businesses in Japan</b>									
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%				
<b>Overseas</b>									
Helius	51.0%		954	954	2.1%	198	-Mar.26		
Orion	100.0%		1,406	1,406	3.1%				
Robosoft	100.0%		9,294	9,294	20.5%	903	-Sep.31		
<b>Total</b>		<b>29,202</b>	<b>16,205</b>	<b>45,407</b>	<b>100.0%</b>	<b>1,476</b>			<b>0</b>

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## Question & Answer

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**Questioner 1:** I would like to confirm one thing.

Your explanation for remaining the full-year guidance unchanged was that the outlook for business performance was uncertain. Does this also include the risk of goodwill impairment at overseas subsidiaries, as was the case previously?

**Okumura:** Regarding overseas business, I mentioned the risk of impairment of Robosoft assets.

We are currently considering our medium-term plan in conjunction with the formulation of the next fiscal year's budget. The judgment on impairment and its amount if any will depend on how we forecast future cash flows, so we cannot say anything definitive at this point. The possibility of impairment and its financial impact have not yet been determined.

**Questioner 1:** As a follow-up question, even in light of this situation, are you confident to some extent that you will be able to meet the full-year operating profit guidance of 27 billion yen?

Considering the performance progress up to Q3 FY25.6, except for extraordinary items like goodwill write-down, it seems that there is a reasonable amount of room for upward revision.

**Okumura:** As of now, there is a good chance to achieve operating profit of 27 billion yen for this fiscal year, but please understand that the write-down risk is still uncertain to some degree.

**Questioner 1:** Thank you.

**Questioner 2:** I have two questions.

First, in terms of the business environment, you explained at the beginning of the presentation that domestic businesses would not be affected much by the negative impact stemming from the new U.S. administration, and that any risks are limited to overseas operation. Can we assume that there will be no changes to capital allocation, including shareholder returns?

Secondly, regarding the next medium-term plan, we have received hints so far, such as expanding the solution business and shifting to managerial focus on quality over quantity. Will you plan to update your future growth strategy at the announcement of the full-year financial results briefing?

**Okumura:** We just started discussions about the strategic direction of the next medium-term plan, focusing primarily on the operating side. The capital allocation policy would change depending on investments to execute our business strategy, so there is nothing we can say at this point.

We would like to explain at least the overall direction of our next medium-term plan when we announce the full-year financial results this August.

**Questioner 2:** Thank you.

[END]

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