

TechnoPro Group Financial Results for the 3rd Quarter of FY24.6

TechnoPro Holdings, Inc. (code: 6028,TSE)

April 26, 2024

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1. Accounting figures are rounded down to the nearest unit unless otherwise stated; KPI figures indicate "R&D Outsourcing" and "Construction Management Outsourcing" segments in Japan
2. "Net profit" refers to net profit attributable to owners of the parent company after deducting non-controlling interests
3. "Core operating profit" is calculated by subtracting SG&A expenses from gross profit, excluding extraordinary items (ex. government subsidy, impairment loss) recognized in other income or other expenses
4. "Operating profit before PPA asset amortization" is calculated by adding back following items to operating profit: 1) amortization of client related asset incurred by Purchase Price Allocation at M&A transactions, 2) impairment loss, 3) changes in fair value amount and early exercise of put option liabilities, and 4) changes in fair value amount of earn-our liabilities
5. Per share amounts are calculated based on the number of shares after a three-for-one split of shares effective July 1, 2021

Q3 FY24.6 Financial Overviews

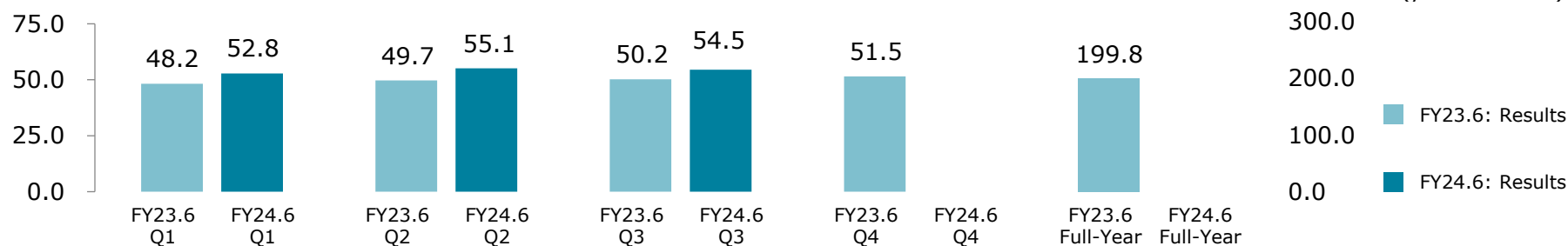
- Year-to-date Q3 FY24.6 revenue was **162.5 billion yen**, up 9.6% year-on-year; gross profit was **43.2 billion yen**, up 10.0% year-on-year; core operating profit was **18.1 billion yen**, up 9.9% year-on-year; operating profit was **18.3 billion yen**, up 10.5% year-on-year; SG&A expenses increased by 2.28 billion yen, mainly due to 1) recruitment cost of 410 million yen, and 2) increment of 1.03 billion yen in the Overseas segment
- Year-to-date Q3 FY24.6 gross profit **increased by 3.9 billion yen** year-on-year, mainly due to 1) increased allocation of domestic dispatch engineers (up 2.0 billion yen), 2) price hike of dispatch contracts (up 2.34 billion yen), and 3) expansion of project-type services (up 1.49 billion yen), offset by increases in 4) provision for seasonal and financial results-linked bonuses (down 1.16 billion yen in total), and 5) bench cost (down 540 million yen)
- Despite H1 FY24.6 results exceeding the plan, performance in H2, where strong earnings growth has been anticipated, is falling below the initial plan mainly in the Overseas segment

(yen in millions, except per share amounts)

	Q3 (Three-Month Period)				Q3 (Nine-Month Period)					Full-Year		
	FY23.6 (Results)	FY24.6 (Results)	YoY		FY23.6 (Results)	FY24.6 (Results)	Progress	YoY		FY23.6 (Results)	FY24.6 (Guidance)	YoY
Revenue	50,279	54,570	+4,290	+8.5%	148,291	162,579	73.9%	+14,288	+9.6%	199,851	220,000	+10.1%
Gross profit	13,262	14,160	+898	+6.8%	39,300	43,223	—	+3,923	+10.0%	52,903	—	—
GP margin	26.4%	25.9%	(0.4 pts)		26.5%	26.6%		+0.1 pts		26.5%		
SG&A expenses	7,874	8,301	+427	+5.4%	22,805	25,090	—	+2,285	+10.0%	31,523	—	—
Ratio on revenue	15.7%	15.2%	(0.4 pts)		15.4%	15.4%		+0.1 pts		15.8%		
Core operating profit	5,388	5,859	+470	+8.7%	16,494	18,133	74.0%	+1,638	+9.9%	21,379	24,500	+14.6%
Core OP margin	10.7%	10.7%	+0.0 pts		11.1%	11.2%		+0.0 pts		10.7%	11.1%	
Other income	62	97	+34	—	237	245	—	+8	—	582	—	—
Other expenses	33	27	(6)	—	131	32	—	(98)	—	124	—	—
Operating profit	5,417	5,929	+511	+9.4%	16,601	18,346	74.9%	+1,745	+10.5%	21,838	24,500	+12.2%
OP margin	10.8%	10.9%	+0.1 pts		11.2%	11.3%		+0.1 pts		10.9%	11.1%	
Profit before income taxes	5,377	6,016	+639	+11.9%	16,501	18,481	75.4%	+1,979	+12.0%	21,837	24,500	+12.2%
Net profit	3,684	4,119	+435	+11.8%	11,398	12,711	76.1%	+1,313	+11.5%	15,365	16,700	+8.7%
Net profit margin	7.3%	7.5%	+0.2 pts		7.7%	7.8%		+0.1 pts		7.7%	7.6%	
Earnings per share	34.20	38.56	+4.36	+12.8%	105.81	118.90	76.1%	+13.10	+12.4%	142.71	156.23	+9.5%
Dividend per share	—	—	—	—	25.00	25.00	—	—	—	75.00	80.00	+6.7%

Reference: Quarterly Performance

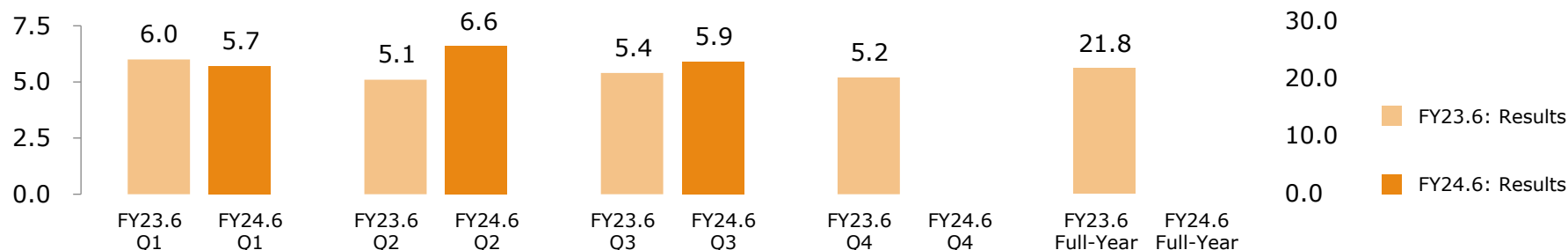
Revenue



YoY	+9.7%		+10.7%		+8.5%		-		-	
Progress on full-year %	24.1%	-	24.9%	-	25.2%	-	25.8%	-	100.0%	-
Ave. no. of engineers	22,158	24,233	22,506	24,589	22,857	24,835	24,036	[25,950]	22,889	[24,900]
Ave. utilization ratio	95.9%	95.0%	96.2%	95.9%	95.8%	95.9%	93.1%	[92.8%]	95.2%	[94.9%]
Ave. monthly unit sales price (thousands yen)*	655	669	667	684	679	675	676	[682]	669	[677]
Working days*	56.8	56.4	57.4	57.9	55.6	54.2	57.8	[57.9]	227.6	[226.5]
Working hours per day*	8.43	8.39	8.46	8.46	8.46	8.46	8.39	[8.37]	8.43	[8.42]

† Figures in brackets indicate forecast at the time of publication

Operating Profit

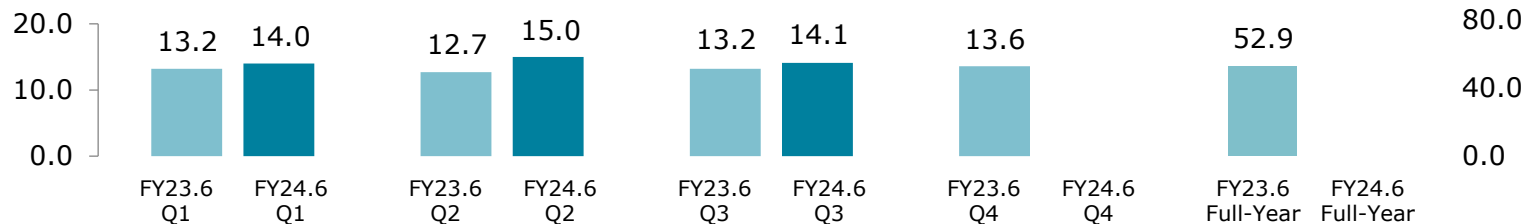


YoY	(3.6%)		+28.1%		+9.4%		-		-	
Progress on full-year %	27.5%	-	23.7%	-	24.8%	-	24.0%	-	100.0%	-
OP margin	12.5%	10.9%	10.4%	12.0%	10.8%	10.9%	10.2%	-	10.9%	-

* Figures of two major subsidiaries in Japan (TechnoPro, Inc. & TechnoPro Construction, Inc.); Ave. monthly unit sales price includes all subsidiaries in Japan (the same applies hereinafter)

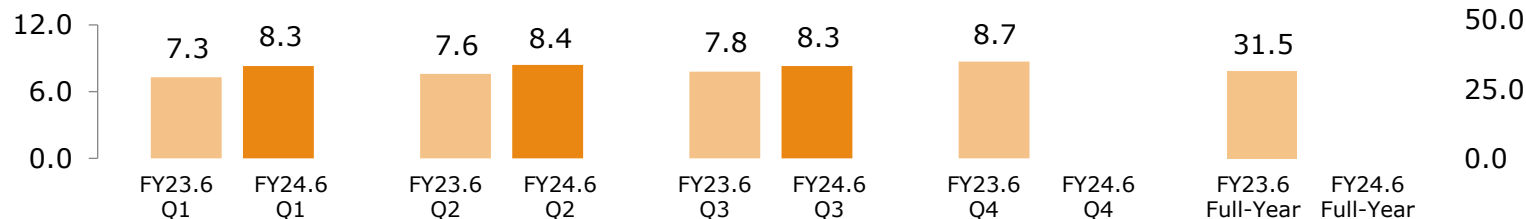
Reference: Quarterly Performance (cont.)

Gross Profit



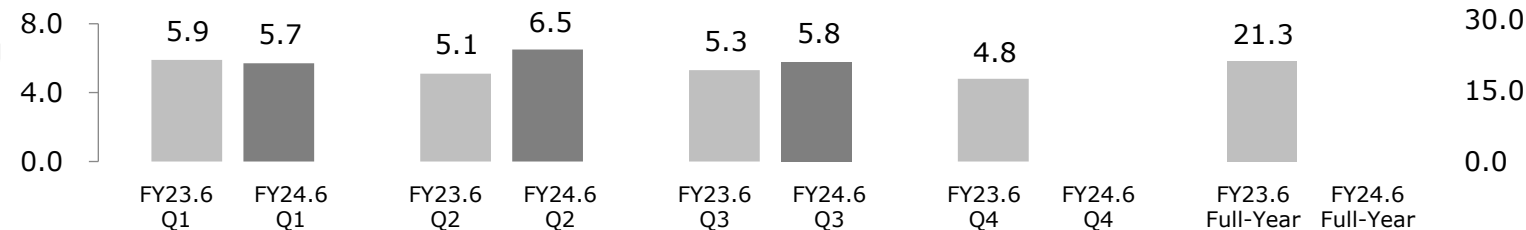
YoY	+6.1%		+17.3%		+6.8%		-		-	
GP margin	27.5%	26.6%	25.7%	27.2%	26.4%	25.9%	26.4%	-	26.5%	-

SG&A



YoY	+14.2%		+10.8%		+5.4%		-		-	
GP margin	15.2%	15.8%	15.3%	15.3%	15.7%	15.2%	16.9%	-	15.8%	-

Core Operating Profit



YoY	(3.9%)		+27.0%		+8.7%		-		-	
GP margin	12.3%	10.8%	10.4%	11.9%	10.7%	10.7%	9.5%	-	10.7%	-

Q3 FY24.6 Segment Results [Year-to-Date]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY
Revenue	101,554	113,104	124,936	+10.5%	15,213	16,205	17,365	+7.2%	3,346	3,912	3,282	(16.1%)	120,113	133,222	145,585	+9.3%
Ratio to consolidated revenue	77.1%	76.3%	76.8%		11.6%	10.9%	10.7%		2.5%	2.6%	2.0%		91.2%	89.8%	89.5%	
Gross profit	24,631	28,475	31,950	+12.2%	4,568	4,926	5,454	+10.7%	2,508	2,827	2,202	(22.1%)	31,708	36,229	39,608	+9.3%
GP margin	24.3%	25.2%	25.6%		30.0%	30.4%	31.4%		75.0%	72.3%	67.1%		26.4%	27.2%	27.2%	
Operating profit	11,029	12,590	14,713	+16.9%	1,971	2,207	2,650	+20.1%	499	257	(143)	—	13,499	15,055	17,219	+14.4%
OP margin	10.9%	11.1%	11.8%		13.0%	13.6%	15.3%		14.9%	6.6%	(4.4%)		11.2%	11.3%	11.8%	
OP before PPA asset amortization	11,113	12,645	14,767	+16.8%	1,971	2,207	2,650	+20.1%	499	257	(143)	—	13,583	15,109	17,274	+14.3%
OP margin before PPA asset amortization	10.9%	11.2%	11.8%		13.0%	13.6%	15.3%		14.9%	6.6%	(4.4%)		11.3%	11.3%	11.9%	
PPA asset amortization	(84)	(54)	(54)	—	—	—	—	—	—	—	—	—	(84)	(54)	(54)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	18,356	20,097	21,837	+8.7%	2,698	2,865	3,089	+7.8%	—	—	—	—	21,054	22,962	24,926	+8.6%
o/w Non-Japanese in Japan	785	867	1,008	+16.3%	105	117	168	+43.6%	—	—	—	—	890	984	1,176	+19.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY	FY22.6 Q3 YTD	FY23.6 Q3 YTD	FY24.6 Q3 YTD	YoY
Revenue	13,464	17,580	19,223	+9.3%	133,577	150,802	164,809	+9.3%	(1,865)	(2,511)	(2,229)	—	131,712	148,291	162,579	+9.6%
Ratio to consolidated revenue	10.2%	11.9%	11.8%		101.4%	101.7%	101.4%		(1.4%)	(1.7%)	(1.4%)		100.0%	100.0%	100.0%	
Gross profit	3,825	4,841	5,324	+10.0%	35,534	41,071	44,933	+9.4%	(1,250)	(1,770)	(1,709)	—	34,283	39,300	43,223	+10.0%
GP margin	28.4%	27.5%	27.7%		26.6%	27.2%	27.3%		—	—	—		26.0%	26.5%	26.6%	
Operating profit	1,343	1,602	1,051	(34.4%)	14,842	16,658	18,271	+9.7%	1,679	(56)	74	—	16,522	16,601	18,346	+10.5%
OP margin	10.0%	9.1%	5.5%		11.1%	11.0%	11.1%		—	—	—		12.5%	11.2%	11.3%	
OP before PPA asset amortization	1,658	2,038	1,539	(24.5%)	15,241	17,148	18,814	+9.7%	(183)	(56)	74	—	15,058	17,091	18,888	+10.5%
OP margin before PPA asset amortization	12.3%	11.6%	8.0%		11.4%	11.4%	11.4%		—	—	—		11.4%	11.5%	11.6%	
PPA asset amortization	(315)	(436)	(488)	—	(399)	(490)	(542)	—	—	—	—	—	(399)	(490)	(542)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in fair value amount and early exercise of PO liabilities	—	—	—	—	—	—	—	—	1,863	—	—	—	1,863	—	—	—
Changes in fair value amount of EO liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	2,890	3,008	2,697	(10.3%)	23,944	25,970	27,623	+6.4%	—	—	—	—	23,944	25,970	27,623	+6.4%

Reference: Q3 FY24.6 Segment Results [Three-Month]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY
Revenue	34,692	38,395	41,821	+8.9%	5,247	5,600	6,011	+7.3%	1,128	1,425	1,098	(22.9%)	41,067	45,421	48,931	+7.7%
Ratio to consolidated revenue	76.5%	76.4%	76.6%		11.6%	11.1%	11.0%		2.5%	2.8%	2.0%		90.5%	90.3%	89.7%	
Gross profit	8,887	9,527	10,213	+7.2%	1,618	1,710	1,882	+10.1%	839	1,062	755	(28.9%)	11,344	12,299	12,851	+4.5%
GP margin	25.6%	24.8%	24.4%		30.8%	30.5%	31.3%		74.4%	74.5%	68.7%		27.6%	27.1%	26.3%	
Operating profit	4,250	4,010	4,553	+13.5%	744	758	958	+26.4%	107	130	(44)	—	5,102	4,899	5,468	+11.6%
OP margin	12.3%	10.4%	10.9%		14.2%	13.5%	15.9%		9.6%	9.2%	(4.0%)		12.4%	10.8%	11.2%	
OP before PPA asset amortization	4,279	4,028	4,571	+13.5%	744	758	958	+26.4%	107	130	(44)	—	5,131	4,918	5,486	+11.6%
OP margin before PPA asset amortization	12.3%	10.5%	10.9%		14.2%	13.5%	15.9%		9.6%	9.2%	(4.0%)		12.5%	10.8%	11.2%	
PPA asset amortization	(29)	(18)	(18)	—	—	—	—	—	—	—	—	—	(29)	(18)	(18)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	18,356	20,097	21,837	+8.7%	2,698	2,865	3,089	+7.8%	—	—	—	—	21,054	22,962	24,926	+8.6%
o/w Non-Japanese in Japan	785	867	1,008	+16.3%	105	117	168	+43.6%	—	—	—	—	890	984	1,176	+19.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY	FY22.6 Q3	FY23.6 Q3	FY24.6 Q3	YoY
Revenue	4,975	5,806	6,399	+10.2%	46,043	51,227	55,330	+8.0%	(689)	(947)	(760)	—	45,354	50,279	54,570	+8.5%
Ratio to consolidated revenue	11.0%	11.5%	11.7%		101.5%	101.9%	101.4%		(1.5%)	(1.9%)	(1.4%)		100.0%	100.0%	100.0%	
Gross profit	1,511	1,696	1,881	+10.9%	12,856	13,996	14,732	+5.3%	(453)	(733)	(571)	—	12,402	13,262	14,160	+6.8%
GP margin	30.4%	29.2%	29.4%		27.9%	27.3%	26.6%		—	—	—		27.3%	26.4%	25.9%	
Operating profit	489	561	502	(10.5%)	5,591	5,461	5,970	+9.3%	(147)	(43)	(40)	—	5,444	5,417	5,929	+9.4%
OP margin	9.8%	9.7%	7.8%		12.1%	10.7%	10.8%		—	—	—		12.0%	10.8%	10.9%	
OP before PPA asset amortization	620	702	661	(5.8%)	5,752	5,620	6,147	+9.4%	(147)	(43)	(40)	—	5,605	5,576	6,106	+9.5%
OP margin before PPA asset amortization	12.5%	12.1%	10.3%		12.5%	11.0%	11.1%		—	—	—		12.4%	11.1%	11.2%	
PPA asset amortization	(131)	(140)	(159)	—	(160)	(158)	(177)	—	—	—	—	—	(160)	(158)	(177)	—
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)	2,890	3,008	2,697	(10.3%)	23,944	25,970	27,623	+6.4%	—	—	—	—	23,944	25,970	27,623	+6.4%

Q3 FY24.6 Balance Sheet & Cash Flows

- YTD Q3 FY24.6, after-tax free cash flows used for dividend distribution, share buyback, and Orion's remaining share purchase
- Cash and cash equivalents of 39.4 billion yen at Q3 FY24.6 end include social insurance premium of approx. 4 billion yen to be paid on the first business day in Q4 as a result of delayed payment date due to the bank holiday
- Ensuring 1) sufficient flexibility for unexpected financial needs, backed by credit lines for working capital and M&A, and 2) diverse funding sources through the shelf registration relating to issuance of corporate bonds

Q3 FY24.6 End B/S (yen in billions)

Cash & cash equivalents 39.4	Debt 14.0
	IFRS 16 related liabilities 9.0
IFRS 16 related assets 9.0	Other liabilities 50.6
Goodwill 46.7	
PPA 3.7	Total equity 80.9 (Non-controlling interests 1.0)
Other assets 55.7	

Total assets 154.5 Total liabilities & equity 154.5

Net Cash : 25.4bn yen
 Net Worth Ratio* : 51.7%
 Goodwill/E Ratio* : 0.58x
 D/E Ratio* : 0.18x
 D/OP Ratio** : 0.57x

* Calculated using equity capital excluding non-controlling interests

** Calculated using operating profit stated in the full-year guidance



YTD Q3 FY24.6 Cash Flows (yen in millions)

• Operating CF	+23,282
PPA asset amortization	+542
Net cash flow from income tax payment & refund	(5,119)
• Investing CF	(574)
Purchase of tangible fixed assets	(282)
Purchase of intangible assets	(151)
• Financing CF	(18,796)
IFRS 16 related lease liability repayment	(5,114)
Net cash flow from debt procurement & repayment	(750)
Dividend payment	(8,221)
Share repurchase payment	(1,423)
Acquisition of Orion's remaining shares	(783)

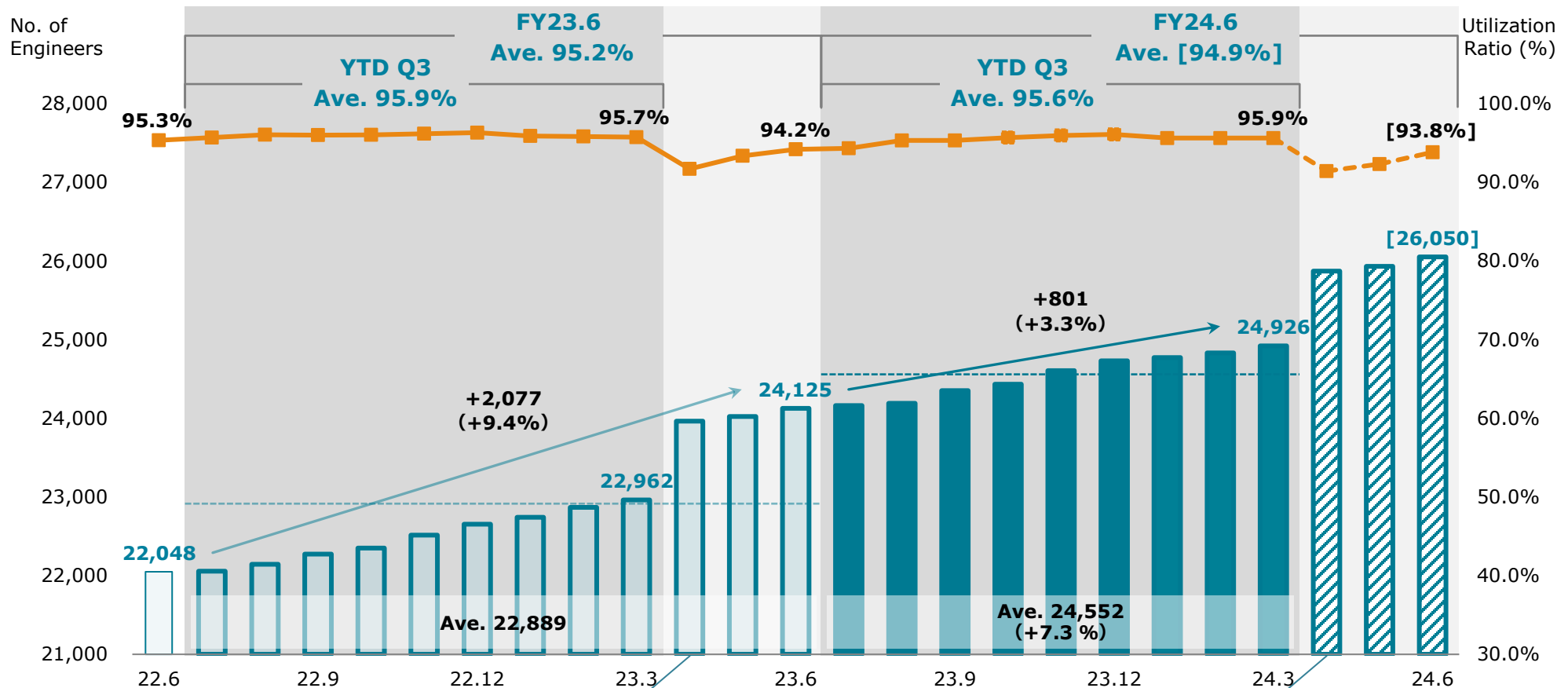
Net CF (incl. effect of exchange rate change of 198mn yen) **+4,109**

Commitment Lines (yen in millions)

Purpose	Credit line	Used	Unused	Expiration
1 Working capital	8,000	0	8,000	Jun. 2024
2 M&A	10,000	0	10,000	Jun. 2024
Total	18,000	0	18,000	

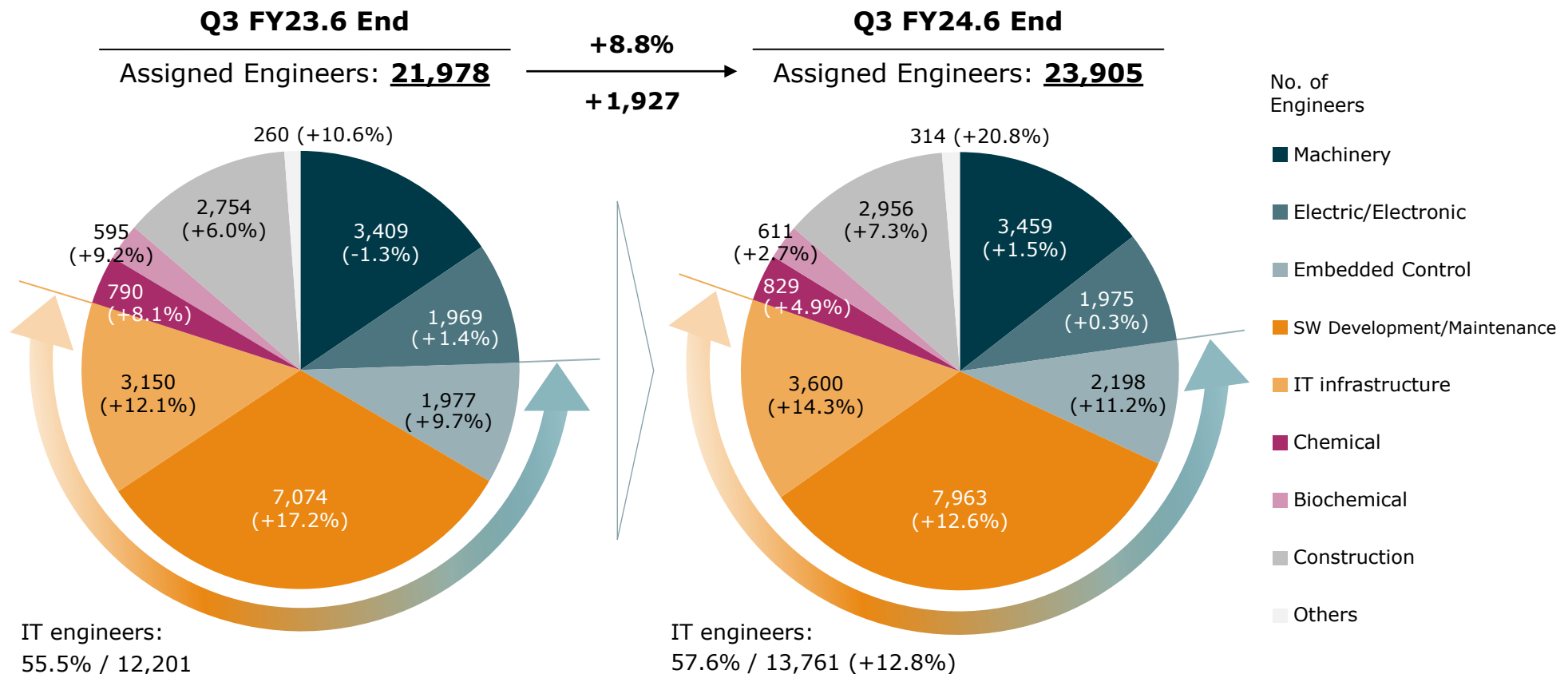
Number of Engineers & Utilization Ratio [Japan]

- Engineers in Japan at Q3 FY24.6 end totaled **24,926** (up 801 from FY23.6 end), including **1,176** non-Japanese engineers (up 110 from FY23.6 end)
- Engineers working outside Japan totaled **2,697** (not included in the number of engineers in Japan, down 300 from FY23.6 end)
- Utilization ratio was **95.9%** at Q3 FY24.6 end (up 0.2 pts year-on-year), while average one for year-to-date Q3 FY24.6 was **95.6%** (down 0.4 pts year-on-year)



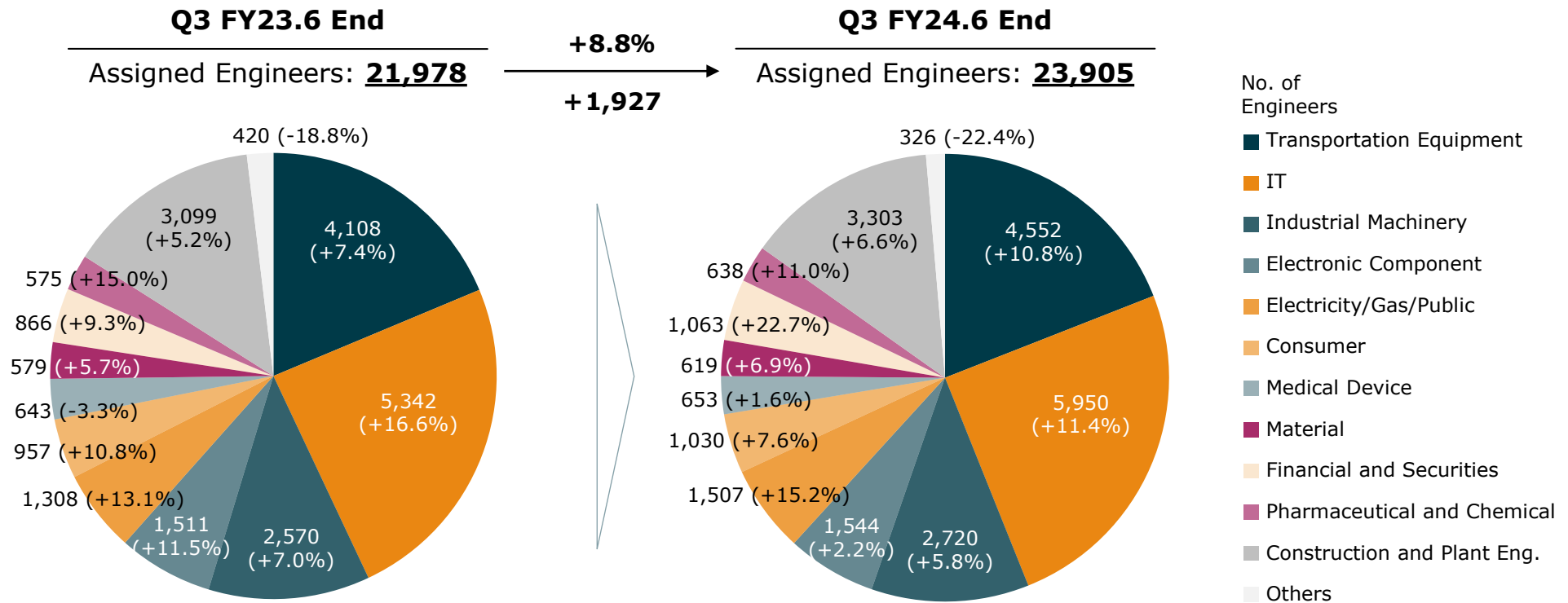
Assigned Engineers Portfolios by “Technology” [Japan]

- With utilization ratio already maintaining an acceptable high level, the number of assigned engineers has been increasing every month, continuing to renew record highs
- Orders for software engineers remain strong due to IT/digital investments; demand for mechanical engineers with high unit sales price in the aerospace sector has been also on the rise in the anticipation that the defense budget in Japan will increase



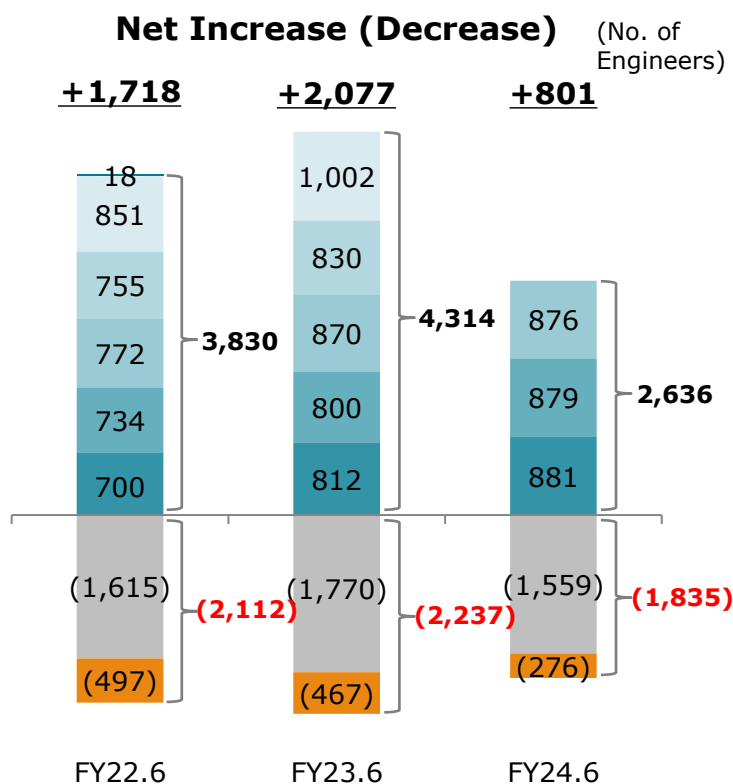
Assigned Engineers Portfolios by "Industry" [Japan]

- Manufacturers in Transportation Equipment continue to show robust willingness to invest in the areas such as autonomous driving technology or EV, while performance in IT sector continues to be strong
- Due to the structural shortage of engineers, customers gradually tend to increase OJT-based orders for less experienced engineers, or the medium- to long-term orders in line with their R&D roadmaps
- Promoting shift-up/charge-up initiatives proactively at every contract renewal; base charge of dispatch contracts has steadily grown



Recruitment & Turnover [Japan]

- Engineers hired in year-to-date Q3 FY24.6 totaled **2,636** (up 154 year-on-year); added **1,002** new-grads (exact same number as in FY23.6) in April 2024
- 1,835** engineers left in year-to-date Q3 FY24.6 (up 267 year-on-year): permanent employees of **1,559** (up 321 year-on-year) and fixed-term employees of **276** (down 54 year-on-year)
- Turnover ratio for permanent employees* was **8.5%** for year-to-date Q3 FY24.6 (up 1.2 pts year-on-year), and **8.6%** on LTM basis; considering current turnover increasing trend as a significant challenge to be addressed
- Net engineer addition was **801** for year-to-date Q3 FY24.6; maintaining competitiveness in recruitment, expecting the number of engineers in Japan at FY24.6 end of **26,050**



Annual Recruitment/Turnover (No. of Engineers)

	FY22.6	FY23.6	FY24.6	YoY	
Hired Total	3,830	4,314	2,636	—	—
M&A	18	0	—	—	—
New-grads joined in April	851	1,002	—	—	—
Mid-career: Q4	755	830	—	—	—
Mid-career: Q3	772	870	876	+6	+0.7%
Mid-career: Q2	734	800	879	+79	+9.9%
Mid-career: Q1	700	812	881	+69	+8.5%
Turnover Total	2,112	2,237	1,835	—	—
Permanent employees	1,615	1,770	1,559	—	—
Contract terms matured, others	497	467	276	—	—

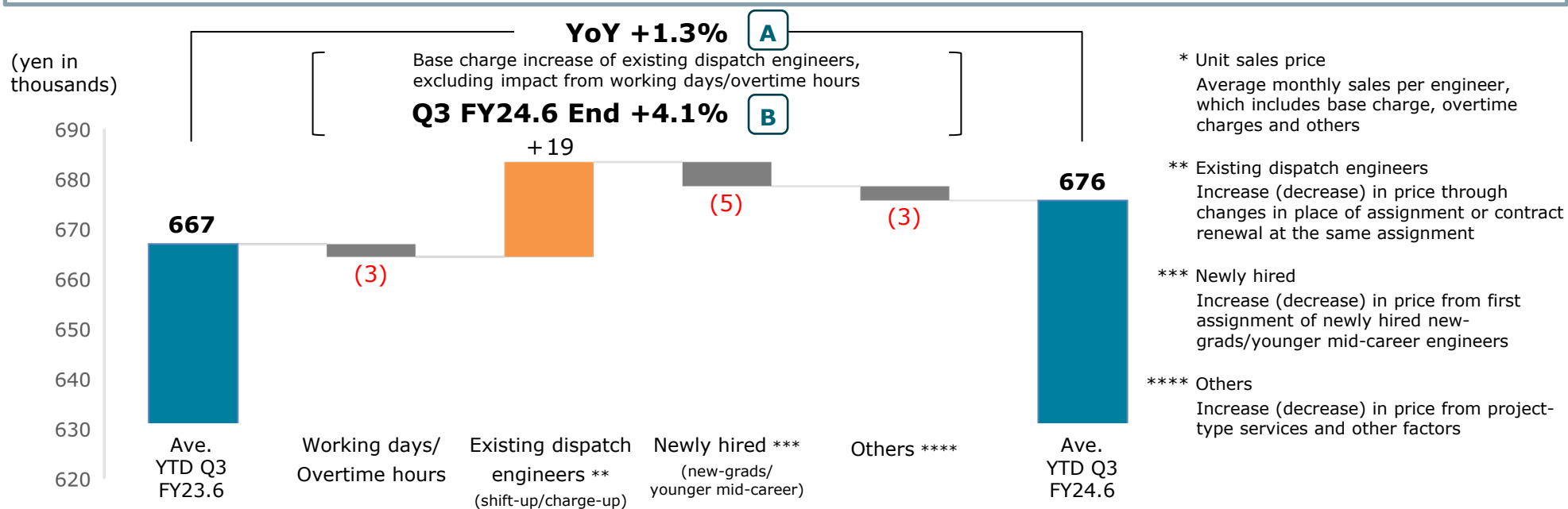
Turnover Ratio for Permanent Employees*

	FY22.6				FY23.6				FY24.6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarter	7.7%	7.1%	7.4%	8.6%	7.9%	6.0%	8.0%	8.9%	8.8%	7.1%	9.6%	—
YTD	—	7.4%	7.4%	7.7%	—	7.0%	7.3%	7.7%	—	7.9%	8.5%	—
LTM	8.1%	7.8%	7.6%	7.7%	7.8%	7.5%	7.6%	7.7%	8.0%	8.2%	8.6%	—

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

Average Monthly Unit Sales Price [Japan]

- Ave. monthly unit sales price* for year-to-date Q3 FY24.6 was **676K yen** (up 9K yen/month or 1.3% year-on-year)
- Decreased 3K yen/month year-on-year due to decreases in working days and 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 19K yen/month, driven by base charge hike for existing dispatch engineers through shift-up and charge-up efforts
- Decreased 3K yen/month in Q3 FY24.6 due to a slight slowdown in growth, both year-on-year and quarter-on-quarter, of project-type services



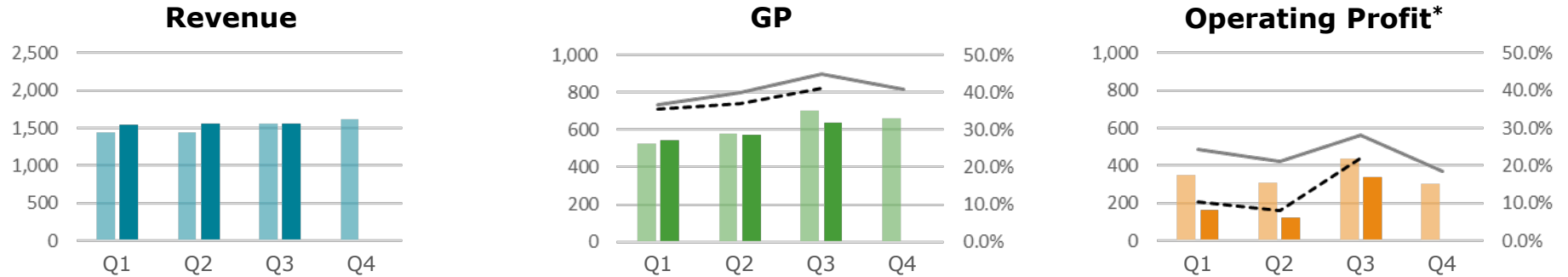
	FY23.6				FY24.6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unit Sales Price (yen in thousands/month, YTD)	655	661	667	669	669	676	676	
YoY A	+2.4%	+1.7%	+1.4%	+1.6%	+2.1%	+2.3%	+1.3%	

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Base Charge Increase of Existing Dispatch Engineers B † YoY comparison for each quarter end	+3.3%	+3.4%	+3.5%	+4.0%	+4.1%	+4.0%	+4.1%	

Overseas Subsidiaries Update

■ ■ ■ — FY23.6 Results ■ ■ ■ - - - FY24.6 Results (yen in millions)

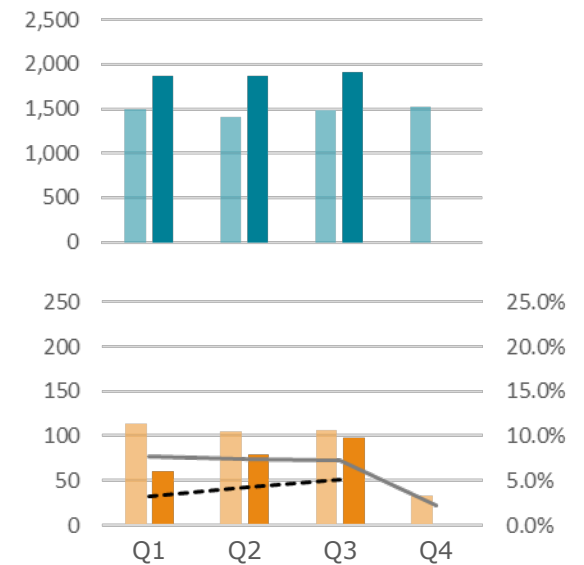
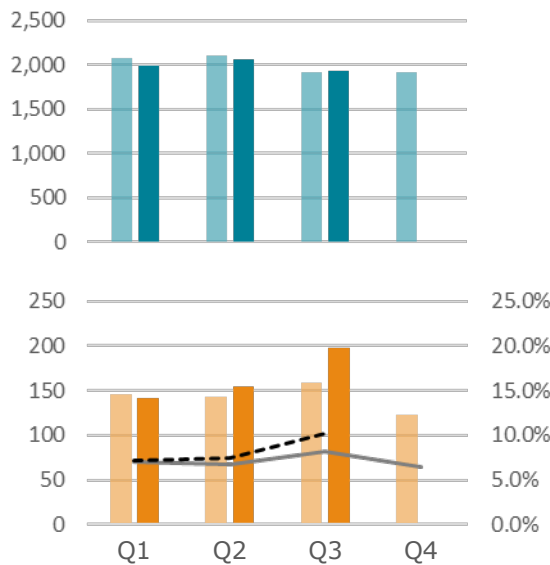
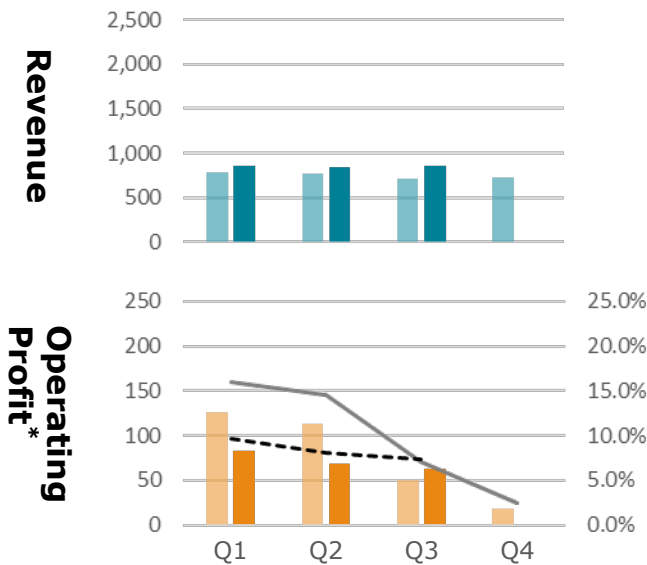
Robosoft (North America/Japan/Europe/India)



TechnoPro China

Helius (Singapore/India/Southeast Asia)

Orion (UK)



* Operating profit before PPA amortization; line graphs indicate profit margin

FY24.6 Guidance – Updated Key KPIs

- In FY24.6, earnings are expected to exceed the initial target for the third year of the medium-term plan: revenue up 10.1% year-on-year, core operating profit up 14.6% year-on-year, operating profit up 12.2% year-on-year; anticipating that improvement in SG&A ratio is supposed to take some time, as upward pressure on cost is rising overall due to creeping changes in the business environment
- Full-year consolidated guidance remains unchanged, considering factors such as 1) active investments in Japan that will contribute to growth in the next fiscal year, and 2) ongoing uncertainty in overseas business

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

	First Half			Second Half			Full-Year			
	FY23.6 (Results)	FY24.6 (Results)	YoY	FY23.6 (Results)	FY24.6 (Guidance)	YoY	FY23.6 (Results)	FY24.6 (Guidance)	YoY	
Revenue	98,011	108,009	+10.2%	101,839	111,990	+10.0%	199,851	220,000	+20,148	+10.1%
Core operating profit	11,106	12,273	+10.5%	10,272	12,226	+19.0%	21,379	24,500	+3,120	+14.6%
Core OP margin	11.3%	11.4%		10.1%	10.9%		10.7%	11.1%	+0.4 pts	
Operating profit	11,183	12,416	+11.0%	10,654	12,083	+13.4%	21,838	24,500	+2,661	+12.2%
OP margin	11.4%	11.5%		10.5%	10.8%		10.9%	11.1%	+0.2 pts	
Profit before income taxes	11,124	12,464	+12.1%	10,712	12,035	+12.3%	21,837	24,500	+2,662	+12.2%
Net profit	7,714	8,591	+11.4%	7,651	8,108	+6.0%	15,365	16,700	+1,334	+8.7%
Net profit margin	7.9%	8.0%		7.5%	7.2%		7.7%	7.6%	(0.1 pts)	
Earnings per share	71.61	80.34	+12.2%	71.10	75.89	+6.7%	142.71	156.23	+13.52	+9.5%
Dividend per share	25.00	25.00	—	50.00	55.00	+10.0%	75.00	80.00	+5.00	+6.7%

Key KPIs [Japan]	First Half			Second Half			Full Year			
	FY23.6 (Results)	FY24.6 (Results)	YoY	FY23.6 (Results)	FY24.6 (Revised Guidance)	YoY	FY23.6 (Results)	FY24.6 (Revised Guidance)	YoY	
No. of engineers (period-end)	22,653	24,730	+9.2%	24,125	26,050	+8.0%	24,125	26,050	+1,925	+8.0%
Engineer hiring*	1,612	1,760	+9.2%	2,702	2,800	+3.6%	4,314	4,560	+246	+5.7%
Ave. utilization ratio	96.0%	95.4%	(0.6 pts)	94.4%	94.4%	(0.0 pts)	95.2%	94.9%	(0.3 pts)	—
Ave. monthly unit sales price (yen in thousands)	661	676	+2.3%	677	678	+0.1%	669	677	+8	+1.2%

Reference: FY24.6 Segment Guidance

- R&D Outsourcing: demand remains strong, however supply constraints, including turnover deterioration and soaring recruitment costs, are becoming more severe
- Construction Management Outsourcing: Profit margin has been improving driven by unit sales price hike, together with accelerated growth in the number of engineers because of full-scale hiring of inexperienced talents
- Other Businesses in Japan: Despite losses in H1 being within the expected range, no immediate recovery is in sight in the demand for the executive search for global firms
- Overseas: Anticipating earnings to decline year-on-year due to the delay in realization of meaningful return on upfront investment (increase in SG&A expenses) at Robosoft

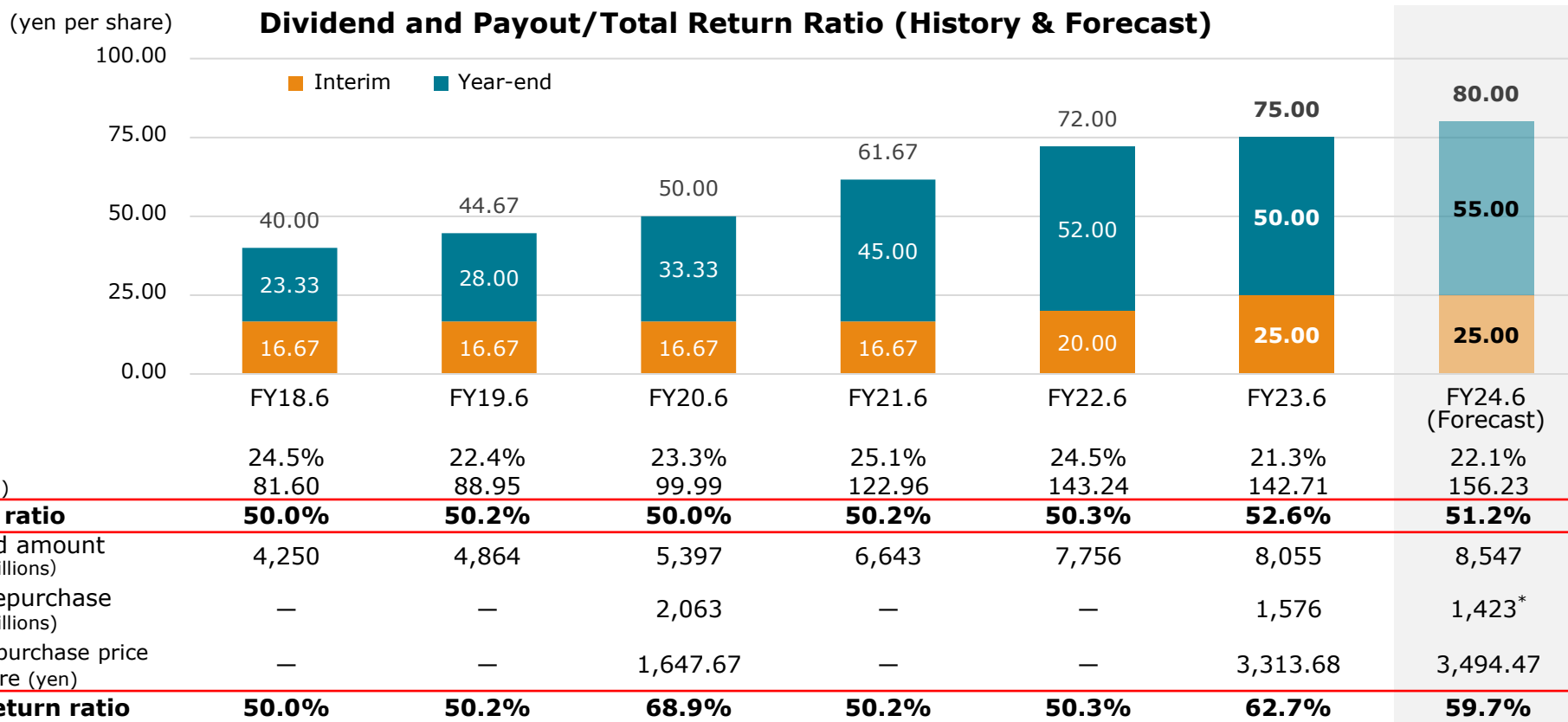
(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY
Revenue	137,471	152,858	169,500	+10.9%	20,311	21,643	23,500	+8.6%	4,898	5,569	5,200	(6.6%)	162,682	180,071	198,200	+10.1%
Ratio to consolidated revenue	76.9%	76.5%	77.0%		11.4%	10.8%	10.7%		2.7%	2.8%	2.4%		91.0%	90.1%	90.1%	
Operating profit	14,151	16,292	18,800	+15.4%	2,489	2,930	3,500	+19.4%	672	561	400	(28.7%)	17,313	19,784	22,700	+14.7%
OP margin	10.3%	10.7%	11.1%		12.3%	13.5%	14.9%		13.7%	10.1%	7.7%		10.6%	11.0%	11.5%	
OP before PPA asset amortization	14,626	16,365	18,873	+15.3%	2,489	2,930	3,500	+19.4%	672	561	400	(28.7%)	17,788	19,856	22,773	+14.7%
OP margin before PPA asset amortization	10.6%	10.7%	11.1%		12.3%	13.5%	14.9%		13.7%	10.1%	7.7%		10.9%	11.0%	11.5%	
No. of engineers (period-end)	19,257	21,163	22,840	+7.9%	2,791	2,962	3,210	+8.4%	—	—	—	—	22,048	24,125	26,050	+8.0%
o/w non-Japanese in Japan	788	930	—	—	110	136	—	—	—	—	—	—	898	1,066	—	—

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY	FY22.6	FY23.6	FY24.6	YoY
Revenue	18,976	23,508	26,000	+10.6%	181,658	203,580	224,200	+10.1%	(2,902)	(3,728)	(4,200)	—	178,756	199,851	220,000	+10.1%
Ratio to consolidated revenue	10.6%	11.8%	11.8%		101.6%	101.9%	101.9%		(1.6%)	(1.9%)	(1.9%)		100.0%	100.0%	100.0%	
Operating profit	1,925	1,873	1,600	(14.6%)	19,239	21,658	24,300	+12.2%	1,401	179	200	—	20,641	21,838	24,500	+12.2%
OP margin	10.1%	8.0%	6.2%		10.6%	10.6%	10.8%		—	—	—		11.5%	10.9%	11.1%	
OP before PPA asset amortization	2,381	2,460	2,203	(10.5%)	20,170	22,317	24,976	+11.9%	(416)	124	200	—	19,754	22,441	25,176	+12.2%
OP margin before PPA asset amortization	12.6%	10.5%	8.5%		11.1%	11.0%	11.1%		—	—	—		11.1%	11.2%	11.4%	
No. of engineers (period-end)	2,851	2,997	—	—	24,899	27,122	—	—	—	—	—	—	24,899	27,122	—	—

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, provide the forecast of 80 yen per share (up 5 yen year-on-year, payout ratio 51.2%) as the annual dividend for FY24.6
- Aim to improve capital efficiency by launching **a new share repurchase program of up to 2.5 billion yen** (repurchase period: April 1, 2024 to June 28, 2024) with comprehensive consideration of cash reserves and stock price level

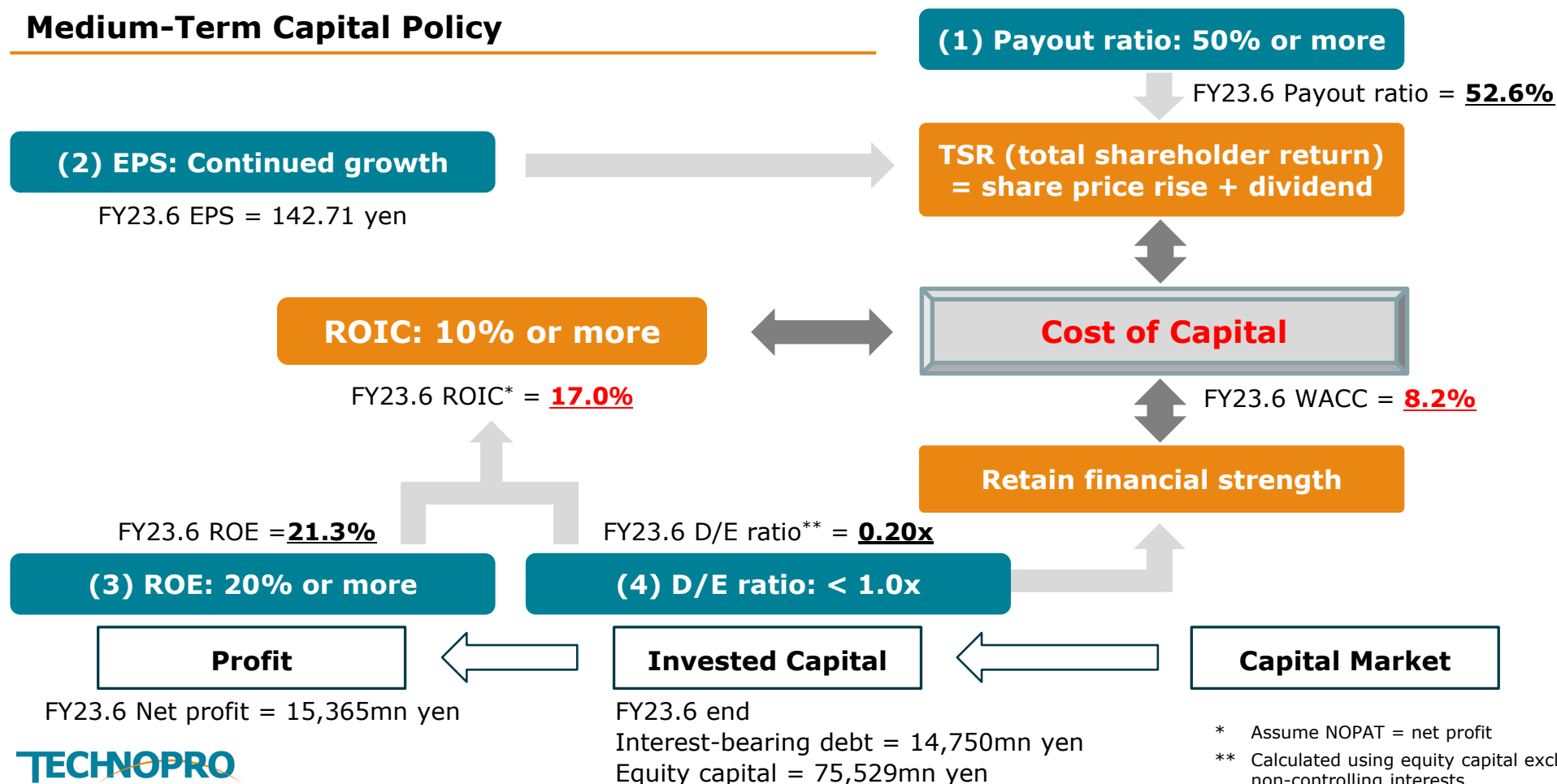


* Share repurchase amount of 1,423 million yen in FY24.6 for the prior program (repurchase period: May 1 to September 29, 2023)

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**

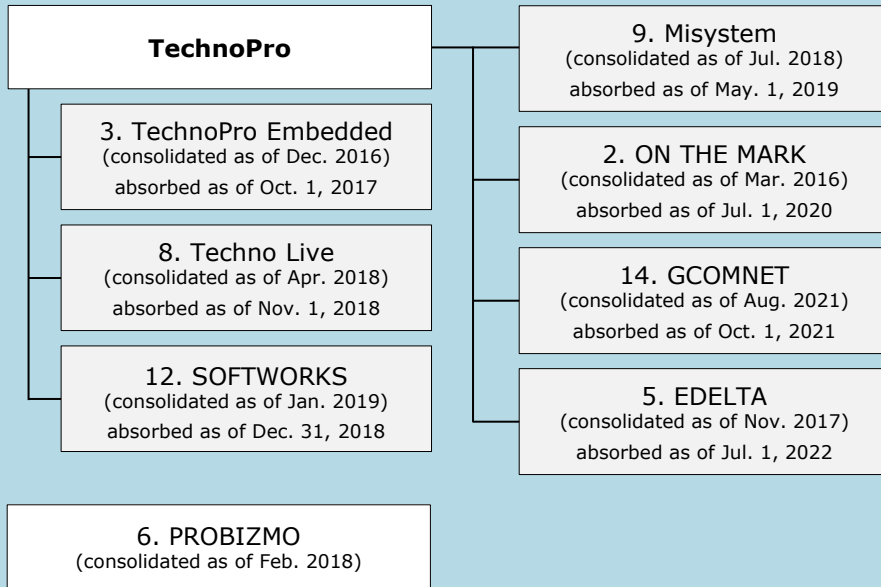
Medium-Term Capital Policy



Appendix: Reportable Segments [as of Q3 FY24.6 End]

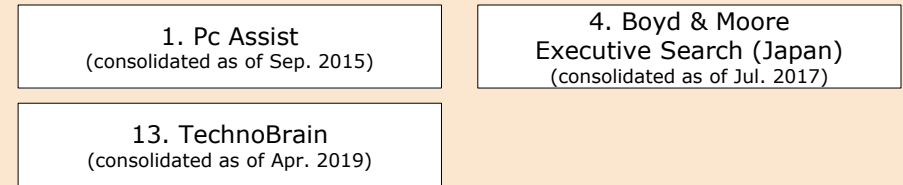
R&D Outsourcing

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.



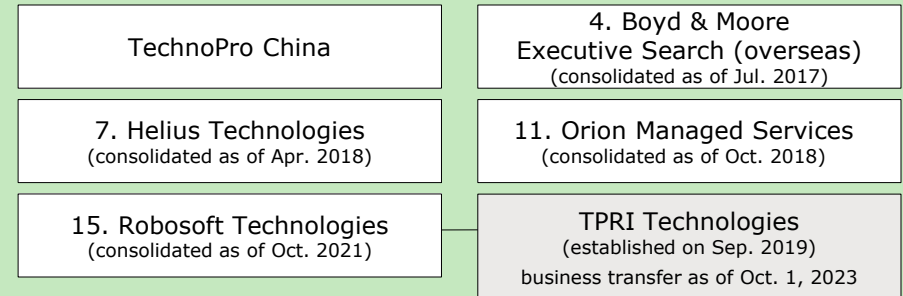
Other Businesses in Japan

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



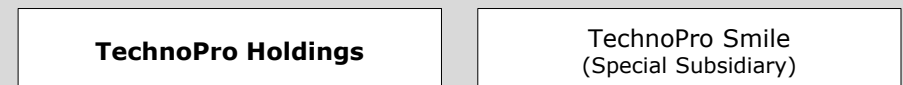
Construction Management Outsourcing

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.



Headquarters

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



Appendix: Risk Assets [as of Q3 FY24.6 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**
- Helius: Put Option had not been exercised by 49% minority shareholder during the exercise period; continues joint holding
- Orion: Final Put Option was exercised by 16.8% minority shareholders in Q1 FY24.6; shareholding ratio increased to 100% with PO liability extinguished
- Robosoft: Acquired the remaining 20% shares in Q1 FY23.6; shareholding ratio increased to 100% with share acquisition liability extinguished

(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	31.3%				
Embedded control, IT infrastructure	100.0%	7,969		7,969	17.0%				
Software dev./maintenance	100.0%	2,912	3,006	5,919	12.7%	446	-Jul.32		
Chemical, Biochemical	100.0%	1,262		1,262	2.7%				
Construction Mgmt Outsourcing									
Construction management	100.0%	3,383		3,383	7.2%				
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%		1,104	1,104	2.4%				
TechnoBrain	100.0%		151	151	0.3%				
Overseas									
Helius	51.0%		958	958	2.1%	358	-Mar.26		
Orion	100.0%		1,388	1,388	3.0%	215	-Sep.26		
Robosoft	100.0%		9,665	9,665	20.7%	2,751	-Sep.31		
Total		29,202	17,540	46,742	100.0%	3,772		0	

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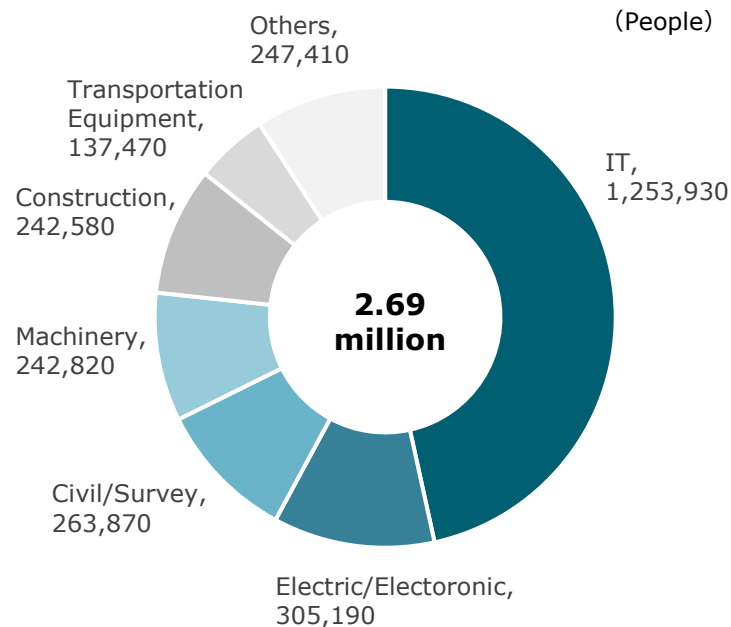
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Distribution of Engineers in Japan

- According to the national census in 2020, the number of engineers in Japan is 2.69 million (of which, about 47% of them are IT engineers), and increased by 260 thousand in five years
- In terms of IT engineers, the outsourcing ratio is relatively high in Japan

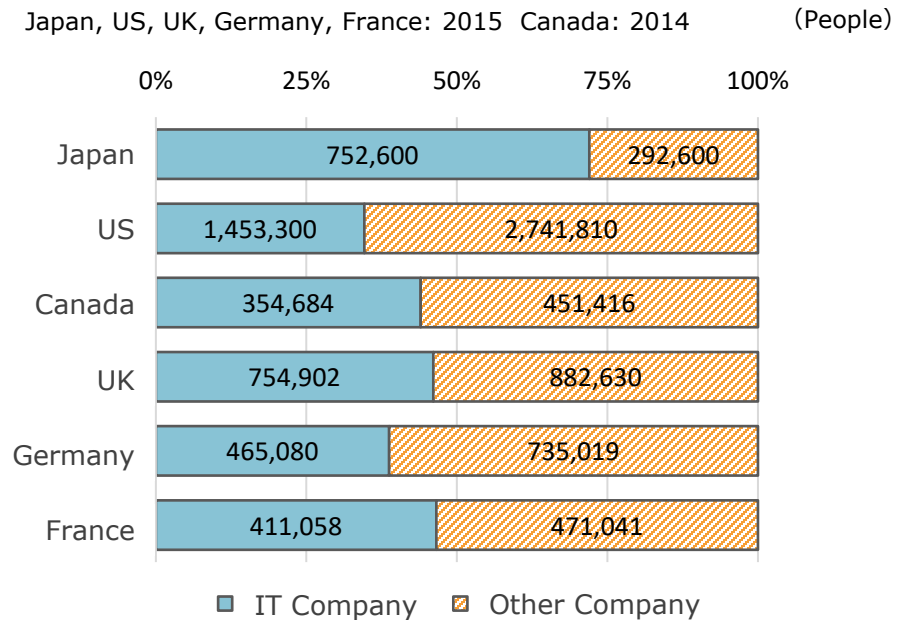
1. Number of Engineers in Japan (2020)

Source: 2020 Population Census



2. Ratio of IT Talents at IT and Other Companies

Source: Information-technology Promotion Agency Japan, "IT Talent White Paper 2017"



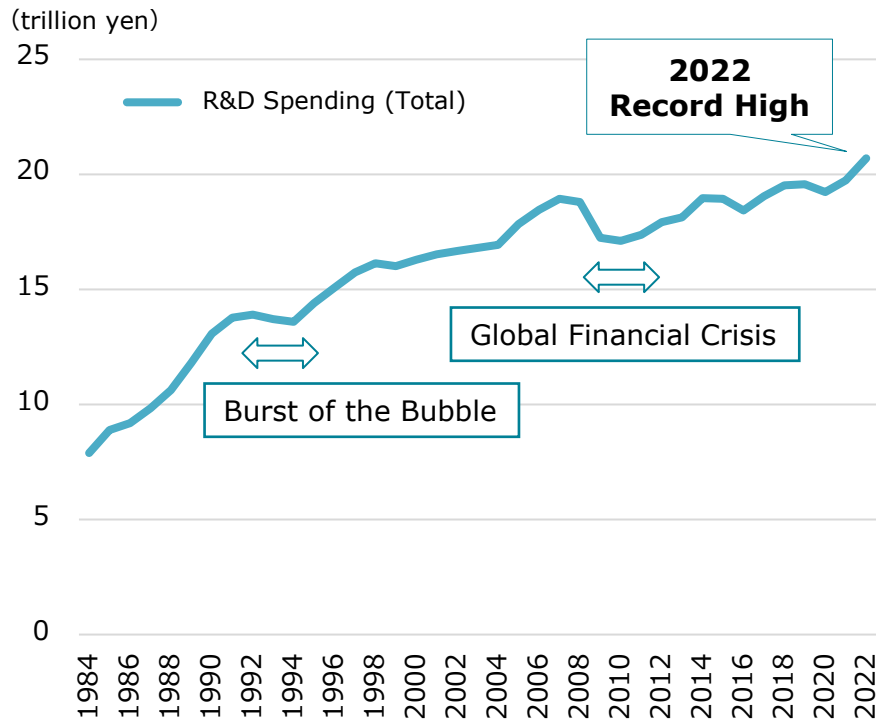
† "IT Company" means IT vendors and "Other Company" means IT user companies

Trend of R&D Spending and ICT Investment

- R&D is a field less susceptible to impact of the economy; as a nation, Japan reported 20.7 trillion yen, a record-high for R&D spending in 2022, and its growth is expected to continue in the future
- Japan's ICT investment is gradually shifting from "hardware" to "software"

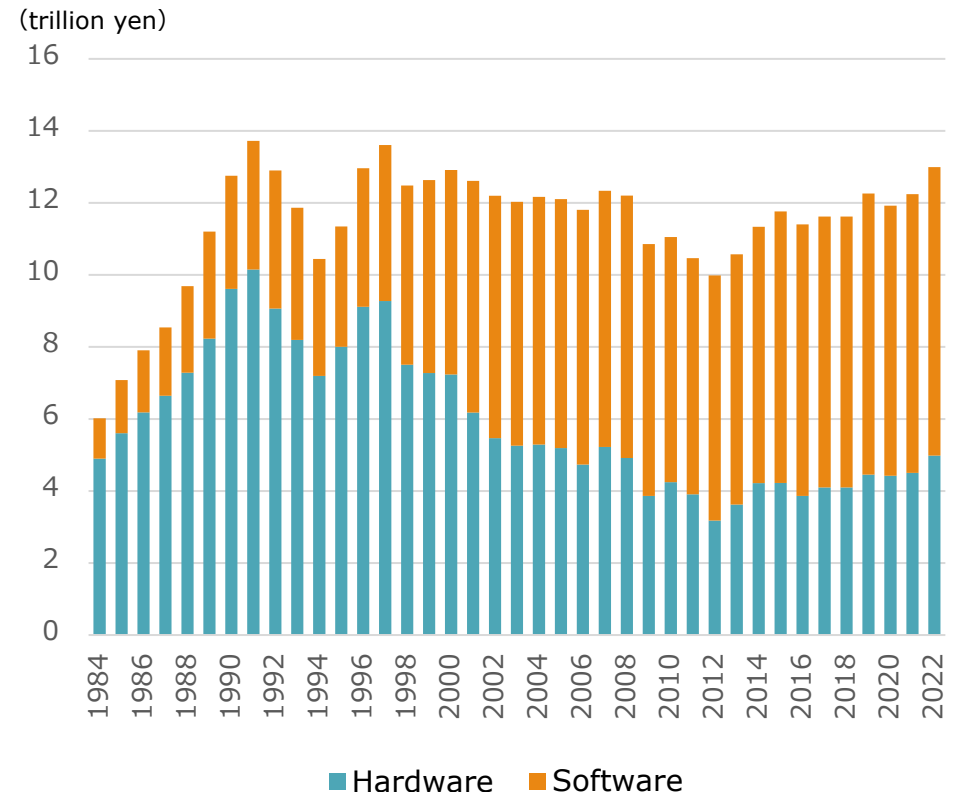
3. Trend of R&D Spending in Japan

Source: Ministry of Internal Affairs and Communications Statistics Bureau, "Report on the survey of research and development"



4. The Breakdown of ICT Investment in Japan

Source: Cabinet Office, "National Accounts of Japan"

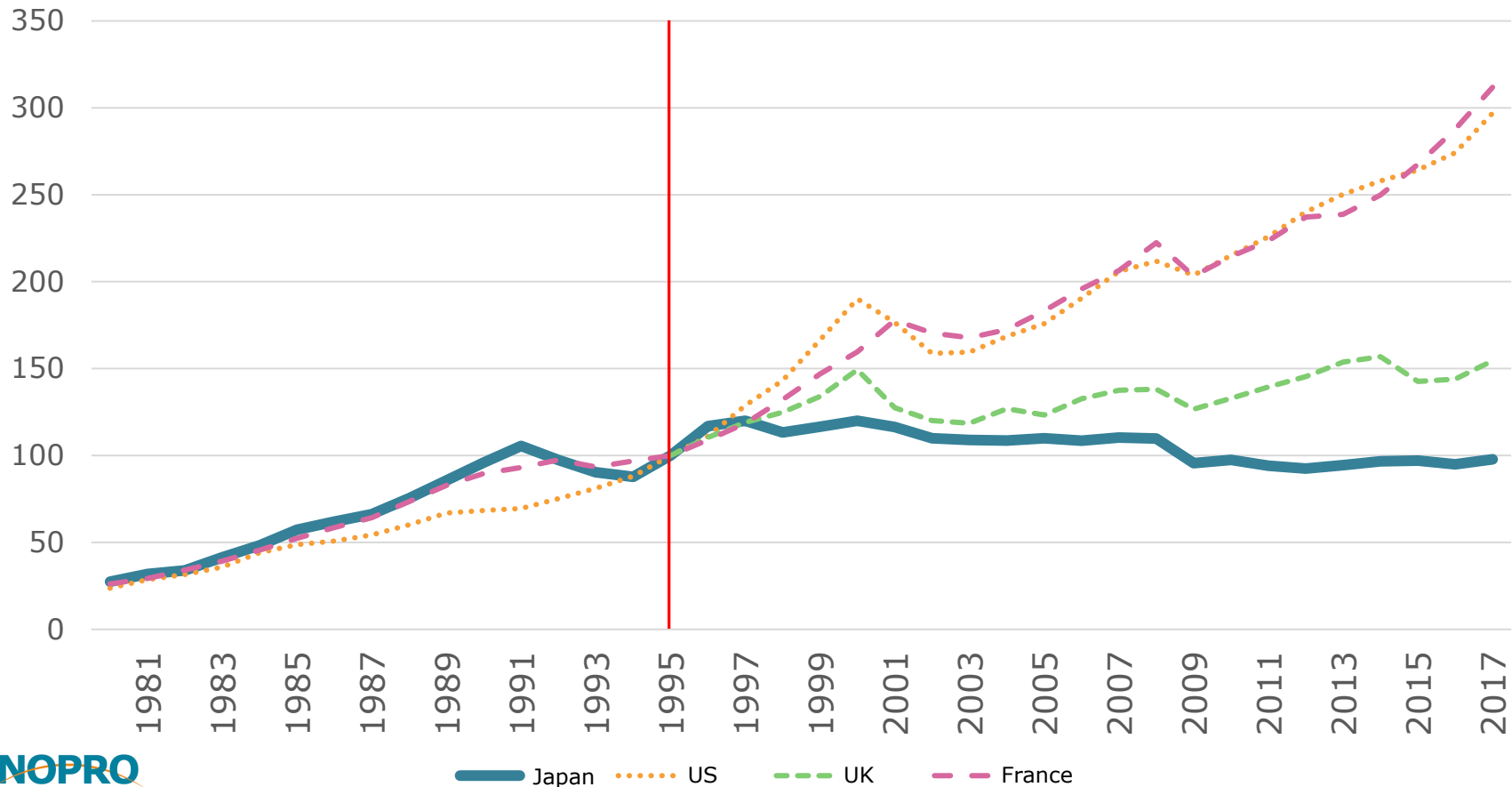


Sluggish Digitalization in Japan

- Japan's ICT investment growth from 1995 remains significantly low compared to the US, UK and France
- COVID-19 has revealed Japan's lag in digitalization once again and will lead to increased ICT investment in Japan

5. Comparison of ICT Investment in Each Country (Nominal, Indexed Figures in 1995 as 100)

Source: Ministry of Internal Affairs and Communications, "2019 White Paper on Information and Communication"

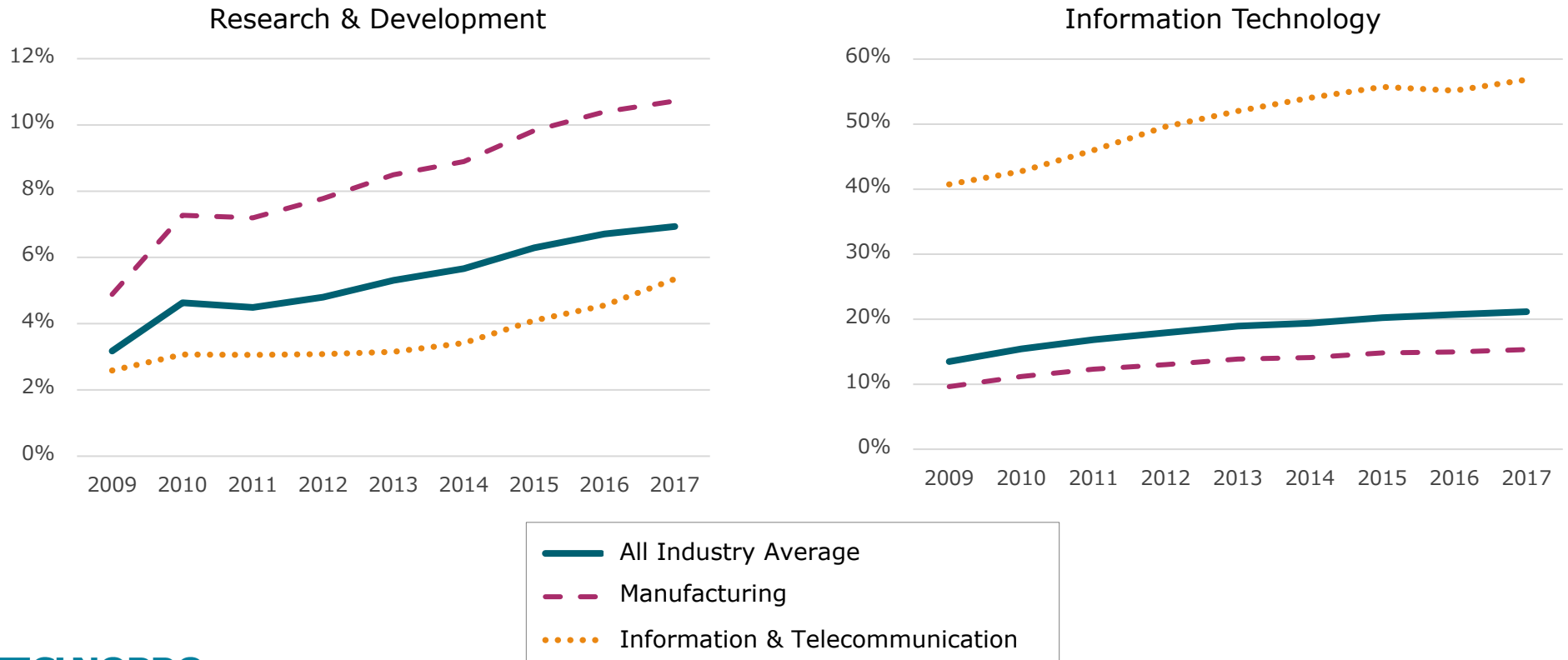


Outsourcing Usage Ratio of R&D and IT Activity

- Outsourcing usage ratio of R&D and IT activity is gradually increasing overall
- Even Information & Telecommunication companies are using more outside resources in their own IT activity

6. Outsourcing Usage Ratio by Industry

Source: Ministry of Economy, Trade and Industry, "Basic Business Activity Survey",
aggregation by Doshisha University Research Institute for STEM Human Resources, commissioned by TechnoPro in 2020

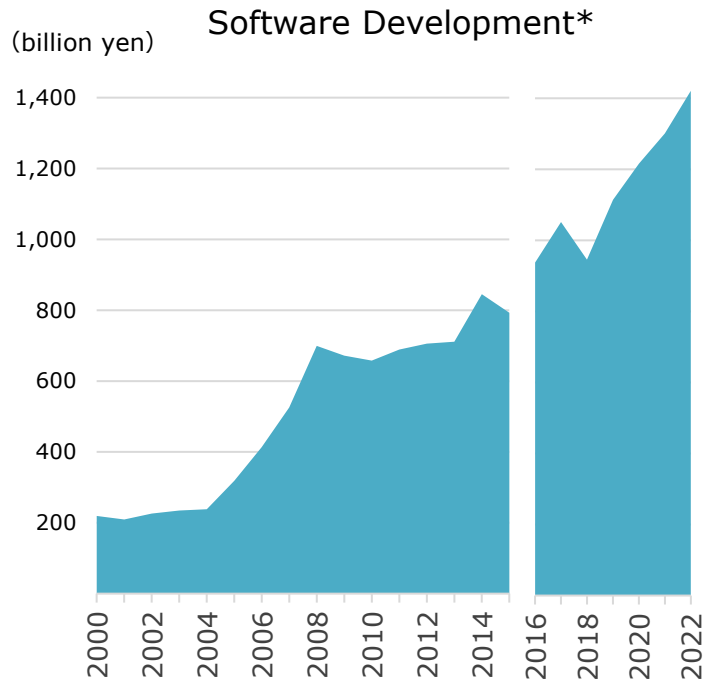


Engineer Staffing Market Overview

- Estimated whole engineer staffing market size in Japan was about 2.7 trillion yen in 2022; up 11.4% year-on-year, of which software development market size was about 1.4 trillion yen; up 9.2% year-on-year
- Yano Research Institute forecasts that the engineer staffing market in Japan is expected to grow at a CAGR of 5.7% from FY2022 to FY2026 (forecast)

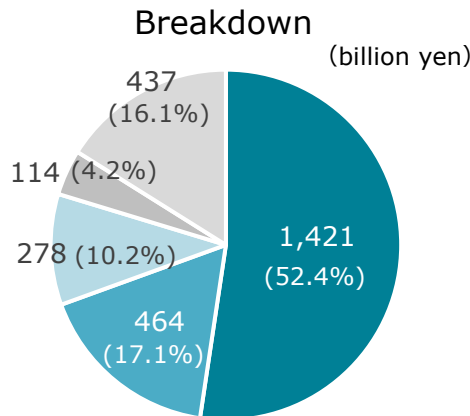
7. Engineer Staffing Market Size

Source: TechnoPro estimates based on the data researched by Ministry of Health, Labor and Welfare



* The aggregate standard has been changed as of 2015 due to revision of the classification of occupation on September 30, 2015

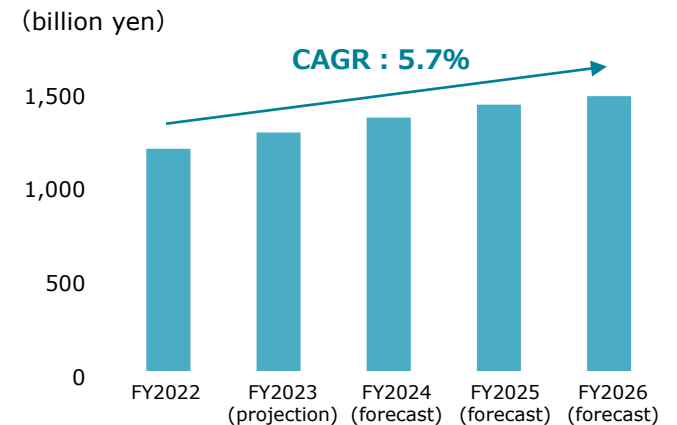
Market Size 2.7 trillion yen (2022)



- 10 Software Development
- 0708 Manufacturing
- 09 Construction
- 05 Researcher
- 11 Others

8. Forecast of Engineer Staffing Market Size

Source: Yano Research Institute Ltd., "Human Resources Business 2023, PART 2: Services by Industry/Job Category"



† The market size is based on the sales of businesses; The figure for FY2023 is a projection, for FY2024 and beyond are forecasts (as of October 2023)

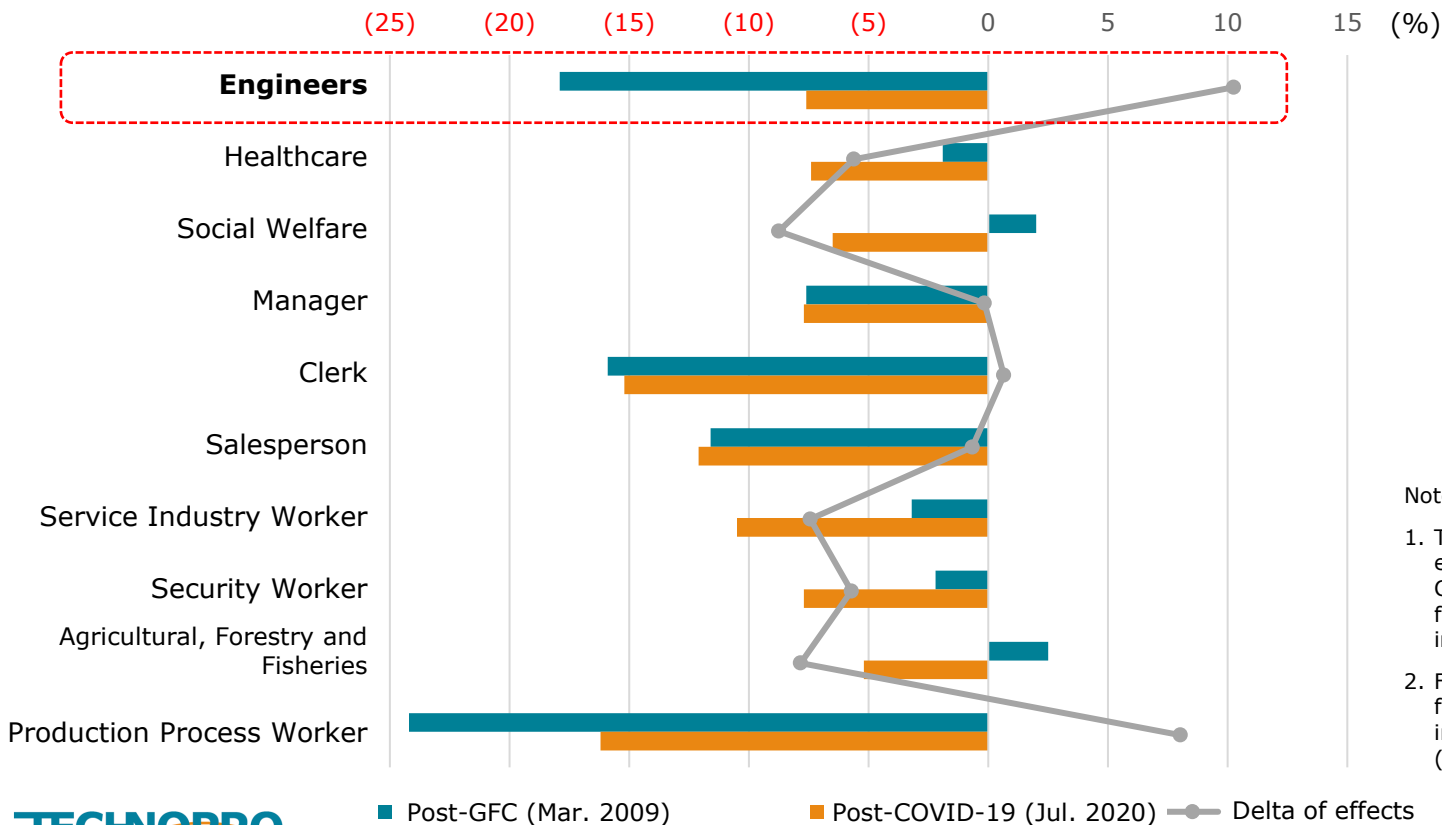
Note: Market size for large-scale providers calculated by Yano Research Institute based on an independent survey; Growth may be higher than the market as a whole

Engineering Professional Services' Resilience to External Shocks

- First wave of COVID-19 spread impacted a lot less on new job offers for engineers compared to the Global Financial Crisis
- The fact above indicates the possibility that the importance of talents with technological expertise or the priority of R&D and IT system development to maintain competitiveness has been increased in the past 10 years, corroborating the robustness of our business

9. Ratio of Increase/Decrease and Delta of New Job Offers after 6 Months from External Shocks

Source: Ministry of Health, Labor and Welfare, Labor "EMPLOYMENT REFERRALS FOR GENERAL WORKERS," the Doshisha University Research Institute for STEM Human Resources, Commissioned by TechnoPro in 2020



Note:

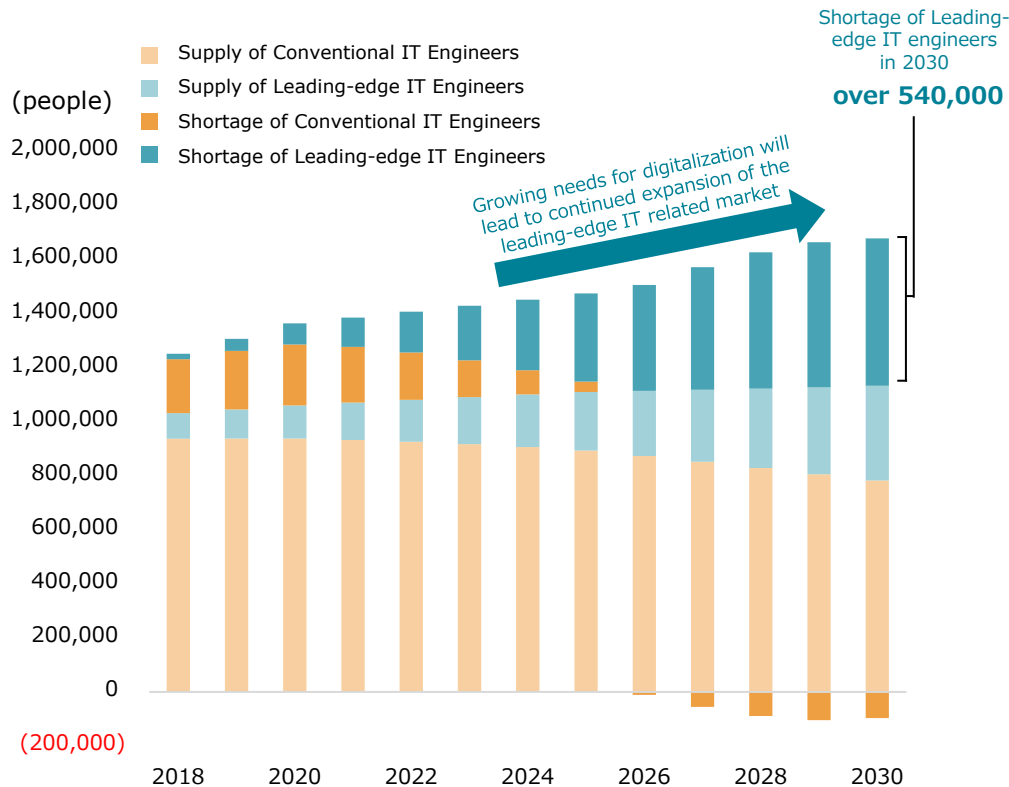
1. The figure left shows the comparison of the effect from the Global Financial Crisis (GFC) and COVID-19 on the index data of new job offers for each job category after 6 months from the initial outbreak of the crisis
2. Figures in September 2008 was indexed as 100 for the GFC, figures in January 2020 was indexed as 100 for the COVID-19 pandemic (seasonally adjusted)

Background of Engineer Staffing Market Growth and Our Strengths – 1. Growing Demand

- Demand-supply gap in IT sector is huge; especially leading-edge IT engineers (AI, big data, IoT, etc.) will be in higher demand
- Weakening demand for engineers due to the spread of AI will be more than offset by the new demand for engineers

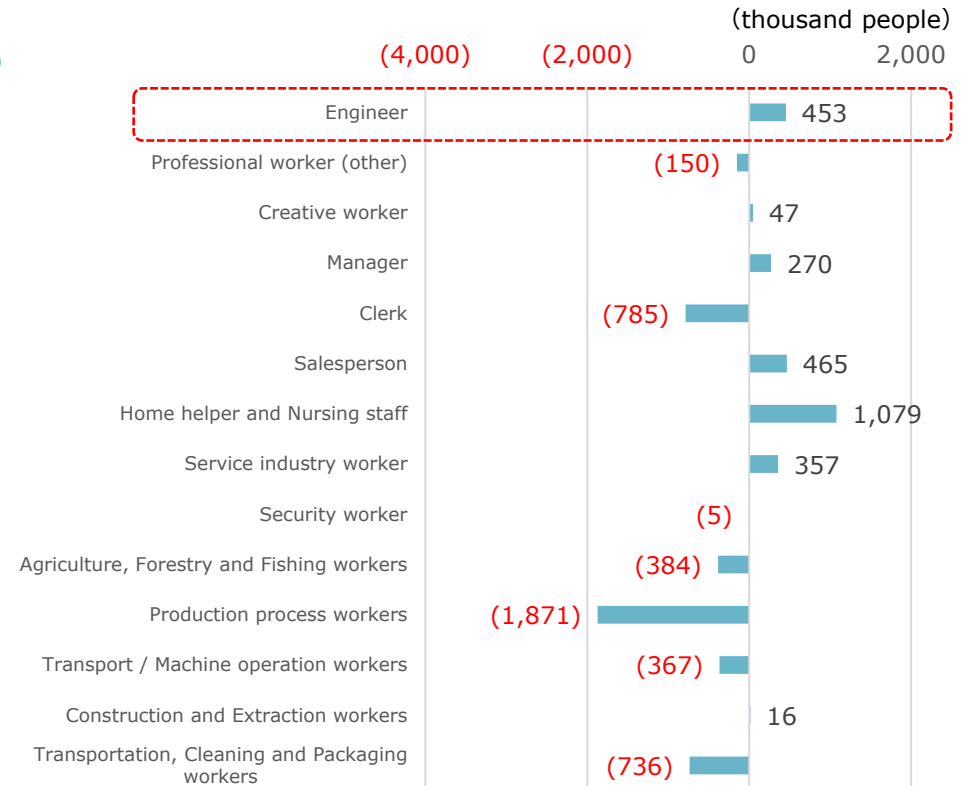
10. Projected Shortage in Advanced and Conventional IT engineers

Source: Ministry of Economy, Trade and Industry, "Survey report about supply and demand of IT talent (March 2019)"



11. Shift in Workforce due to Progression of AI

Source: Ministry of Health, Labor and Welfare, "Labor economy white paper in 2017; Analysis of Labor Economy - Issues for Promotion of Innovation and Work-Life Balance"



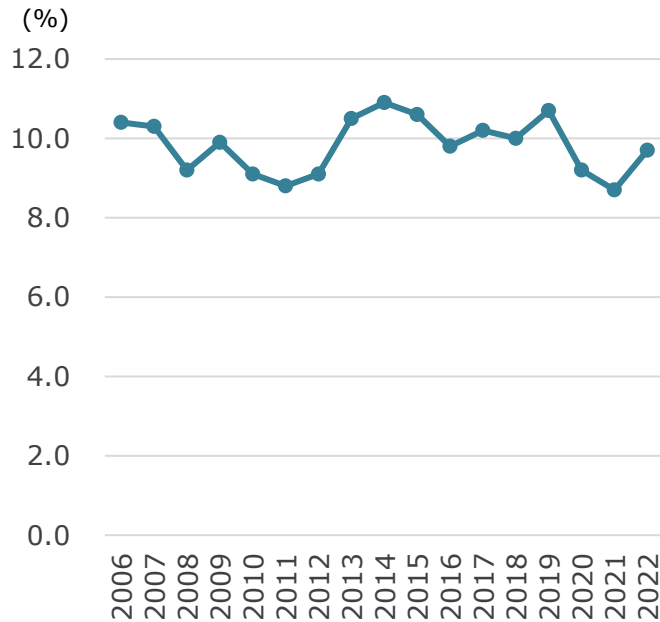
† Estimated numbers comparing 2015 and 2030

Background of Engineer Staffing Market Growth and Our Strengths – 2. Mid Careers Market

- The turnover ratio in Japan remains around 10% which shows career-change market has a certain scale; more than 200,000 engineers per year
- Turnover ratio of IT engineers tends to be relatively higher than other type of engineers

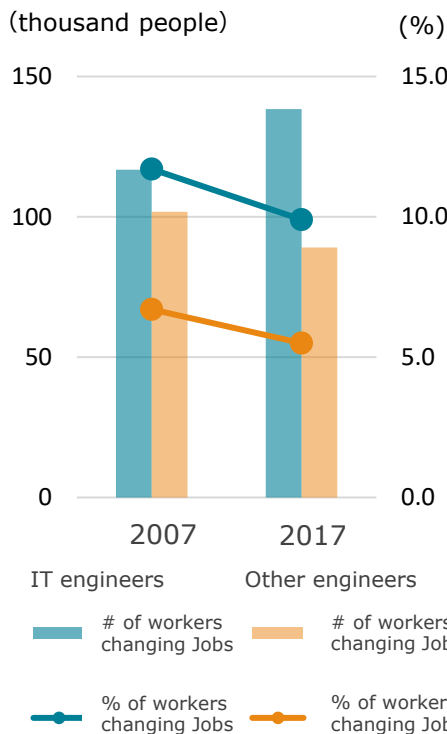
12. Turnover Ratio in Japan

Source: Ministry of Health, Labor and Welfare, "Survey on Employment Trends"



13. Turnover of Engineers

Source: Doshisha University Research Institute for STEM Human Resources, commissioned by TechnoPro in 2019, "Survey Report on Recent Characteristics in the Percentage of Japanese Engineers Changing Jobs"



	1997	2007	2017
All sectors	11.0	11.7	10.7
Engineers	7.5	8.7	7.5
of which, IT engineers		11.7	9.9
of which, other engineers		6.7	5.5

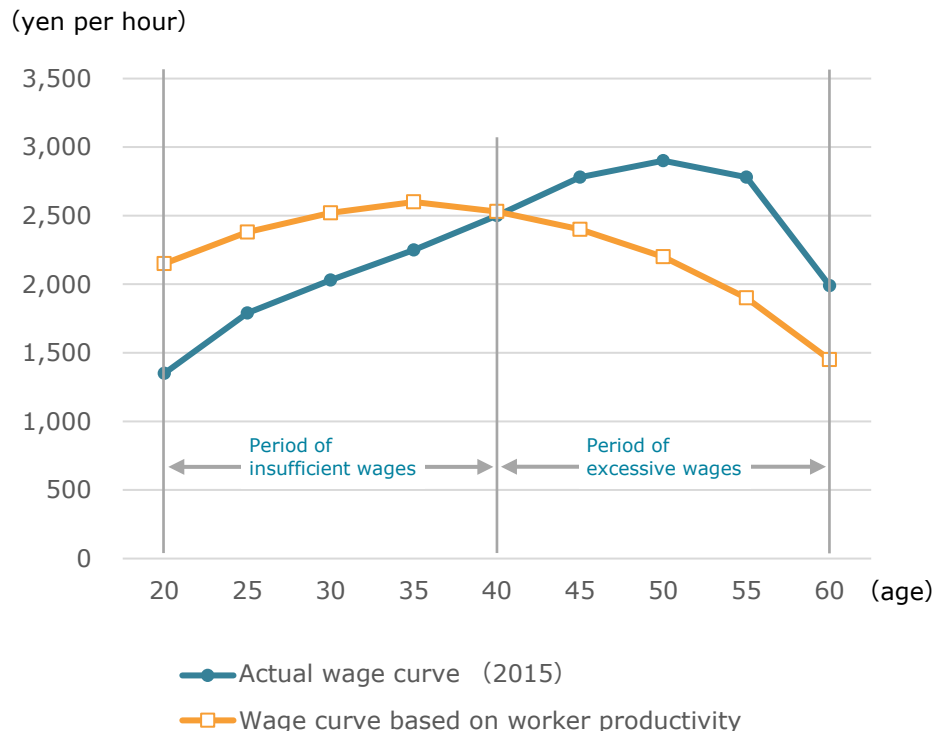
	1997	2007	2017
All sectors	7,391	7,717	7,066
Engineers	178	219	228
of which, IT engineers		117	138
of which, other engineers		102	89

Background of Engineer Staffing Market Growth and Our Strengths – 2. Mid Careers Market (Cont.)

- The lifetime employment and seniority-based wage system have firmly remained in Japan
- The number of mid-career recruitment by blue-chip companies is limited due to the gap between productivity and salary

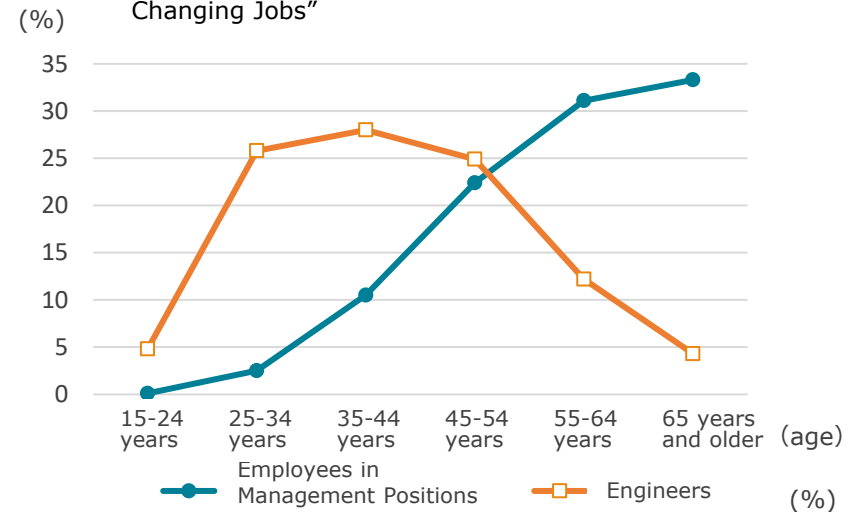
14. Seniority-Based Wages and Wages based on Work Productivity (Hourly-base)

Source: Investment Information Department, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., "Equity Research Reprinted Report, May 1, 2017"



15. Age Composition: Management and Technical Position (2017, Japan)

Source: Doshisha University Research Institute for STEM Human Survey Resources, commissioned by TechnoPro in 2019, "Report on Recent Characteristics in the Percentage of Japanese Engineers Changing Jobs"



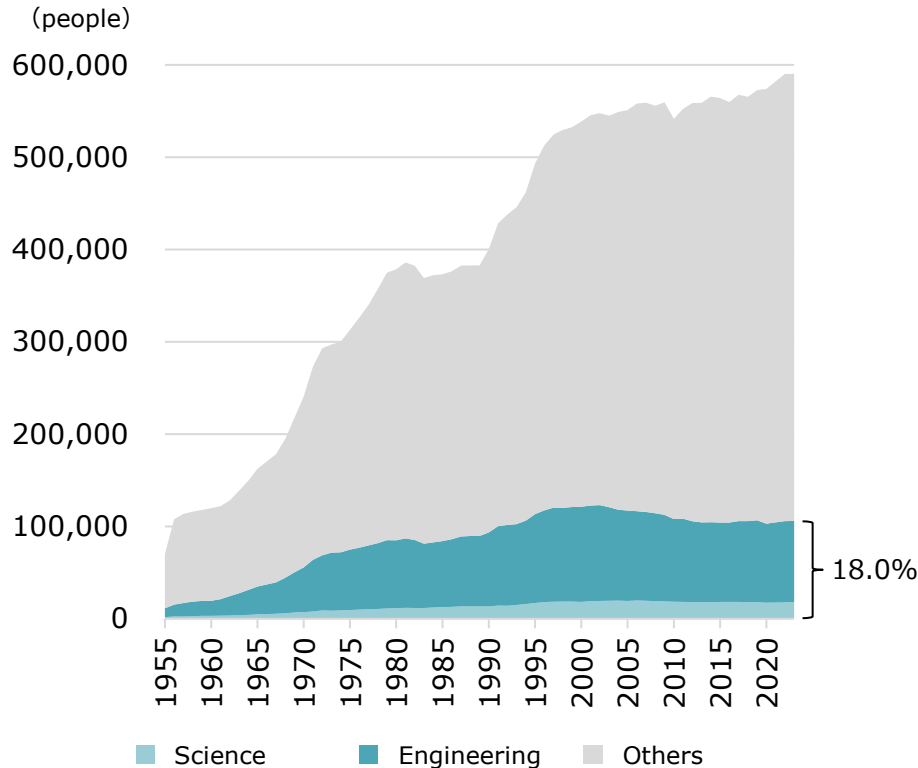
	Employees in Management Positions	Engineers
15-24 years	0.1	4.8
25-34 years	2.5	25.8
35-44 years	10.5	28
45-54 years	22.4	24.9
55-64 years	31.1	12.2
65 years and older	33.3	4.3

Background of Engineer Staffing Market Growth and Our Strengths – 3. New Grads Market

- Even though the number of university graduates is slightly increasing because of higher university entrance rate, the number of science and engineering graduates begins to decrease from 2000
- New grads tend to prefer blue-chip companies while such companies have limited number of job openings for them

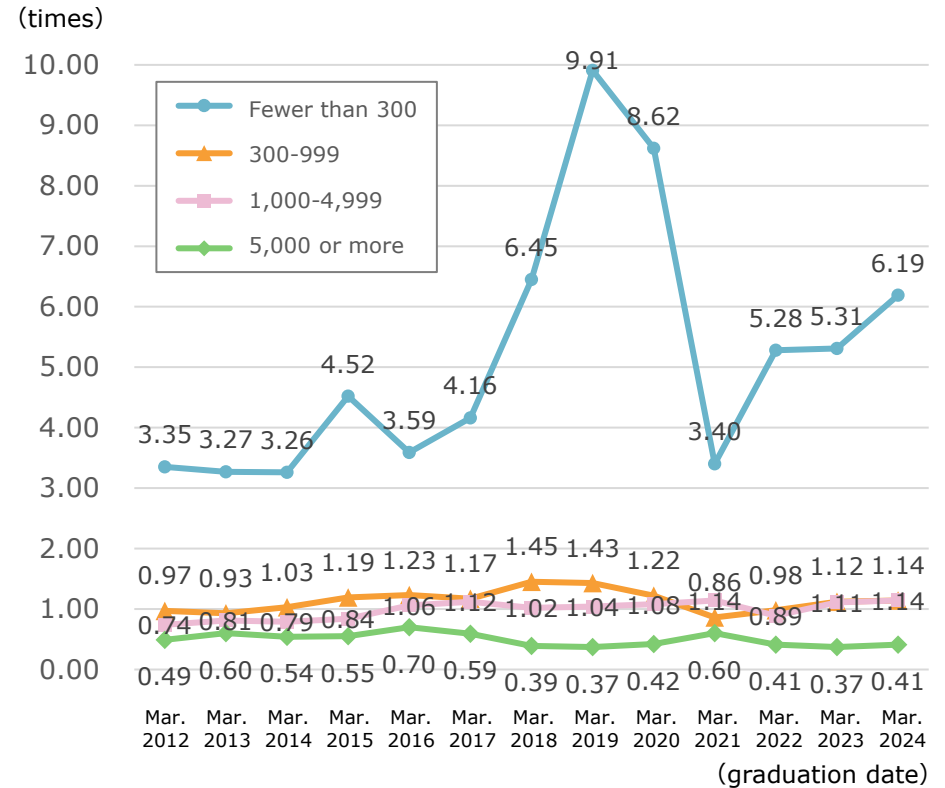
16. No. of University Graduates by Faculty

Source: TechnoPro based on "School Basic Survey" by Ministry of Education, Culture, Sports, Science and Technology



17. Job-to Applicants Ratio, by Scale Based on Number of Employees

Source: Recruit Works Institute, "40th College Graduates Job Opening Survey"

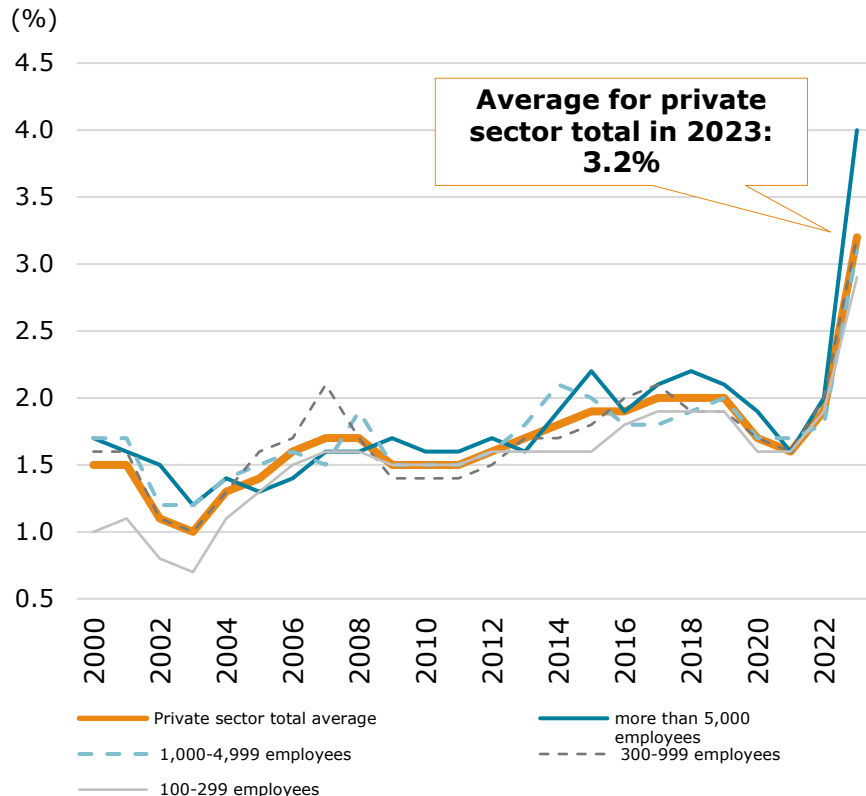


Wage Hike & Human Capital Investment in Japan

- Average annual wage hike in the private sector in Japan was 3.2% in 2023, a significant increase from 1.9% in the previous year, driven by the recent wage hike momentum
- Japan's investment in human capital, both public and private, is significantly lower than other developed countries

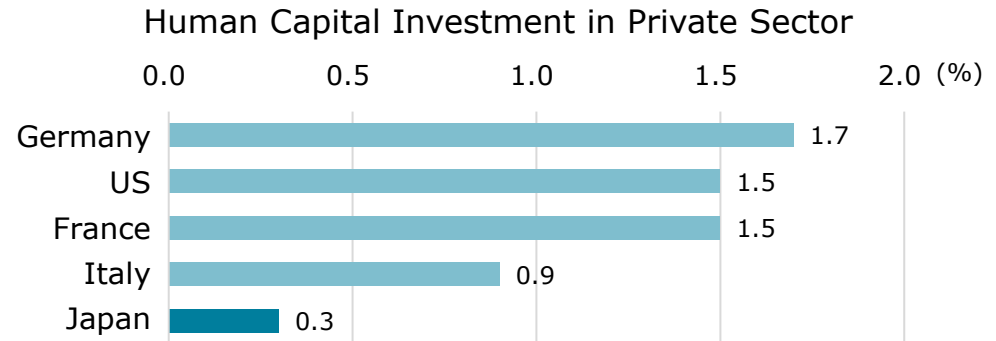
18. Wage Revision Ratio per Worker

Source: Ministry of Health, Labor and Welfare, "Survey on wage increase"



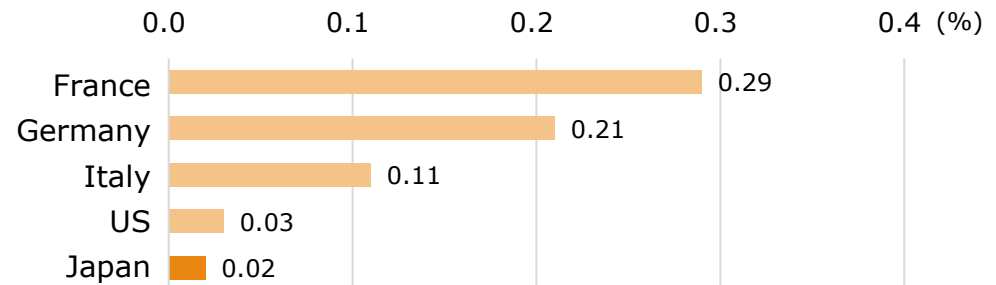
19. World's Human Capital Investment (GDP ratio)

Source: Mizuho Research & Technologies, Ltd., "New Form of Capitalism and Human Capital Investment"



† Figures indicate averages for 2010-2018 (2010-2017 only for US), using investment amounts excluding OJT

Training & Education Investment in Public Sector



† Figures indicate averages for 2010-2019

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