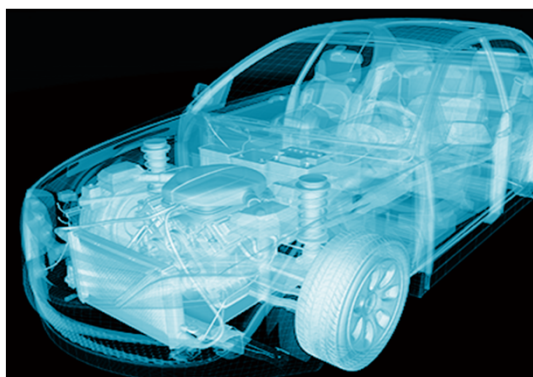


# TechnoPro Holdings, Inc.

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## Corporate Information (Consolidated edition)



# Contents

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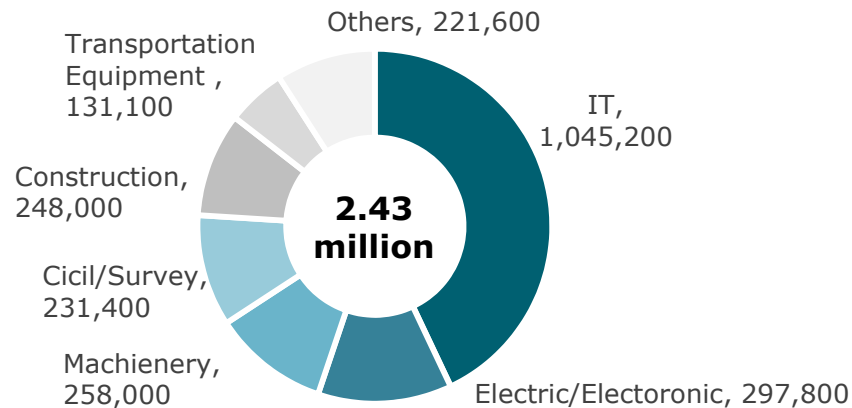
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# Distribution of engineers in Japan

- According to the census in 2015, the number of engineers in Japan is 2.43 million and about 40% of them are IT engineers.
- In terms of engineers, the outsourcing ratio is relatively high in Japan
- According to the survey, in the manufacturing industry, 75% of companies outsource IT systems, and 56% outsource Technology development.

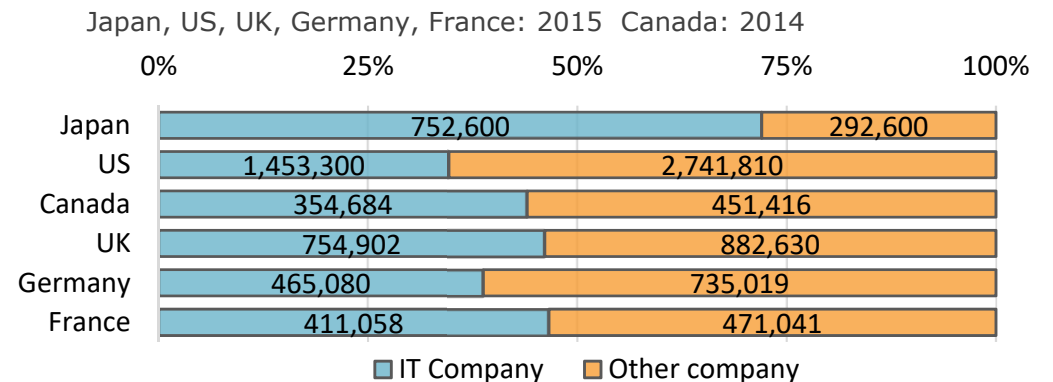
## 1. Number of engineers in Japan (2015)

Source: census 2015



## 2. Ratio of IT talents at IT and non-IT companies

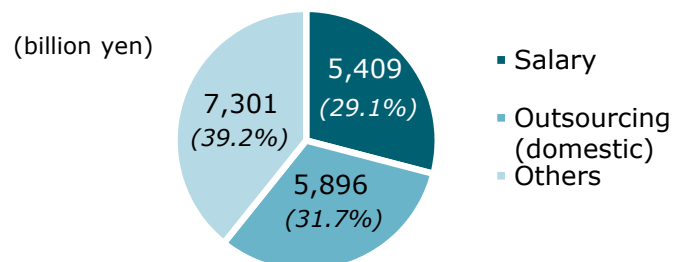
Source: Information-technology Promotion Agency Japan "IT Talent White Paper 2017"



※IT companies mean IT vendors and non-IT companies mean IT user companies

## 3. Cost structure of IT industry

Source: the Ministry of Economy, Trade and Industry "Survey on Specific Service Industries in 2017"



## 4. Outsourcing rate in the manufacturing industry

Source: Nobuyoshi Ota "Technology outsourcing strategy of the automobile industry" 2016

IT System	75%
Technology development	56%

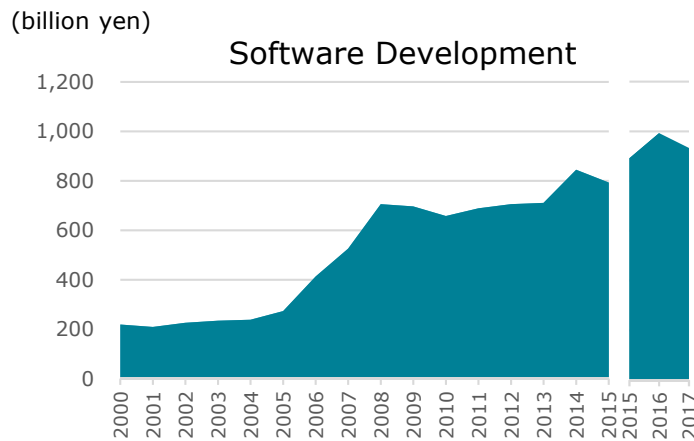
# Engineer Staffing Market Overview

- Estimated the whole staffing market size is about 6.5 trillion yen. (2017)  
Engineer staffing market size (including manufacturing engineers) is about 1.8 trillion yen<sup>†</sup>, about 250,000 people.
- Steady economic growth of this market is forecasted because of the increasing of R&D and Software demand.

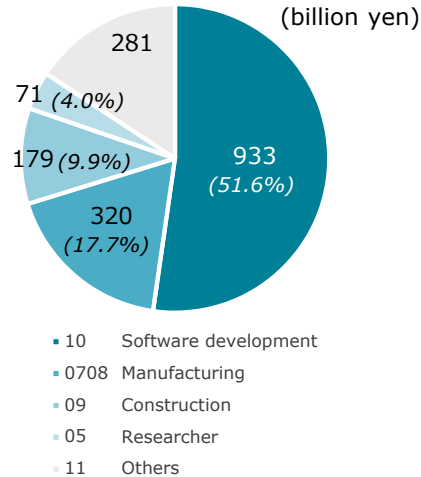
<sup>†</sup> The aggregate standard has been changed as of 2015 due to revision of the classification of occupation on September 30, 2015

## 1. Transition of engineer staffing market size

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

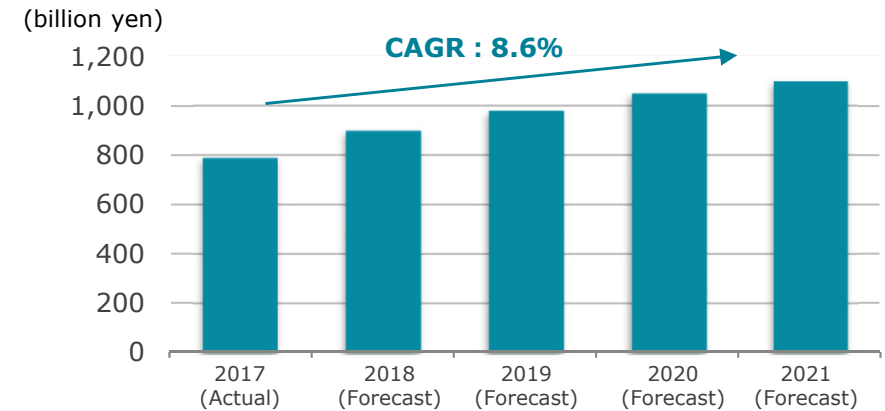


### Breakdown (2017)



## 2. Forecast of engineer staffing market size

Yano Research Institute gathered information by research

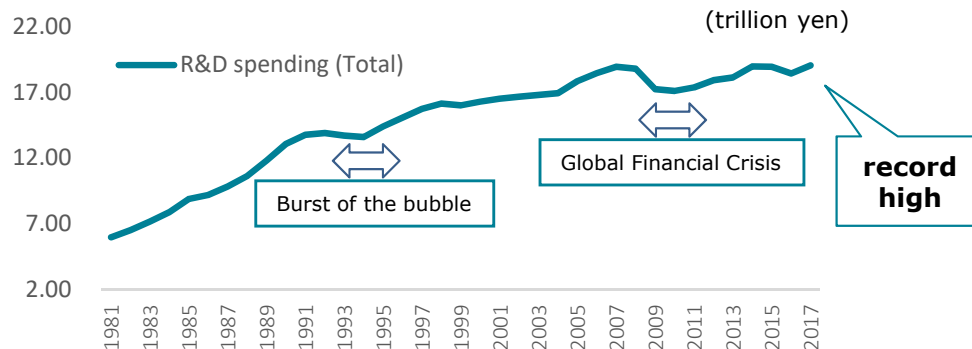


\* Based on revenue of companies

\* Figures in 2018 or later indicates Yano's forecast (as of Oct. 2018)

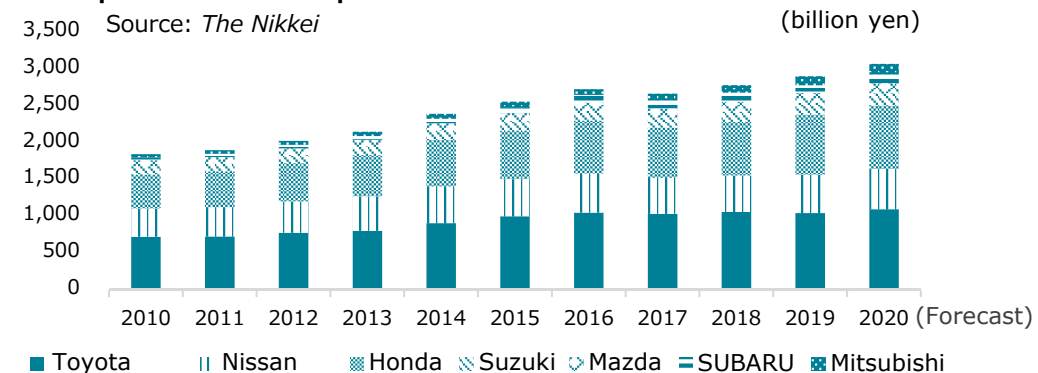
## 3. Transition of R&D spending in Japan

Source: Ministry of Internal Affairs and Communications statistics Bureau, Survey of Research and Development



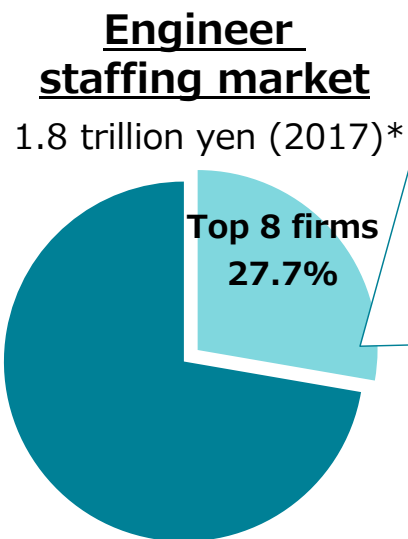
## 4. R&D spending trend of seven major auto companies in Japan

Source: The Nikkei



# Our position in the industry

- In the engineer staffing market, we are No. 1 player, with a market share of about 8%.
- In IT service industry, we are within 20<sup>th</sup>.



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

## Top 8 Firms in the Engineer staffing sector

Rank	Company	Revenue (million yen)	Share
1	<b>TechnoPro Holdings, Inc.</b>	144,176	8.0%
2	MEITEC CORPORATION	97,736	5.4%
3	OUTSOURCING Inc. (Domestic Engineering Outsourcing Business)	72,434	4.0%
4	WDB Holdings Co., Ltd.	41,569	2.3%
5	Trust Tech Inc. (Engineering Segment)	40,439	2.2%
6	Yumeshin Holdings Co., Ltd.	40,419	2.2%
7	Altech Corporation	32,781	1.8%
8	PERSOL HOLDINGS CO., LTD. (Engineering Segment)	29,357	1.6%
Top 8 Total		396,354	27.7%

\*\*Source: Researched by Techno Pro, mainly from listed companies

## IT service companies TOP20

Source: "The Nikkei computer" Aug.16<sup>th</sup> 2018

Rank	Company	Revenue (million yen)
1	NTT DATA Corporation	2,117,167
2	OTSUKA CORPORATION	691,166
3	Canon Marketing Japan Inc.	632,189
4	Nomura Research Institute, Ltd.	471,488
5	ITOCHU Techno-Solutions Corporation	429,625
6	TIS Inc.	405,648
7	SCSK Corporation	336,654
8	Nihon Unisys, Ltd.	286,977
9	NEC Networks & System Integration Corporation	267,939
10	transcosmos inc.	266,645
11	NS Solutions Corporation	244,215
12	FUJI SOFT INCORPORATED	180,773
13	Internet Initiative Japan Inc.	176,050
14	Net One Systems Co., Ltd.	161,107
15	GMO Internet, Inc.	154,256
16	Trend Micro Incorporated.	148,811
17	UCHIDA YOKO CO., LTD.	144,537
18	TSUZUKI DENKI CO.,LTD.	111,973
19	Relia, Inc.	109,800
20	Ryoyo Electro Corporation	92,234

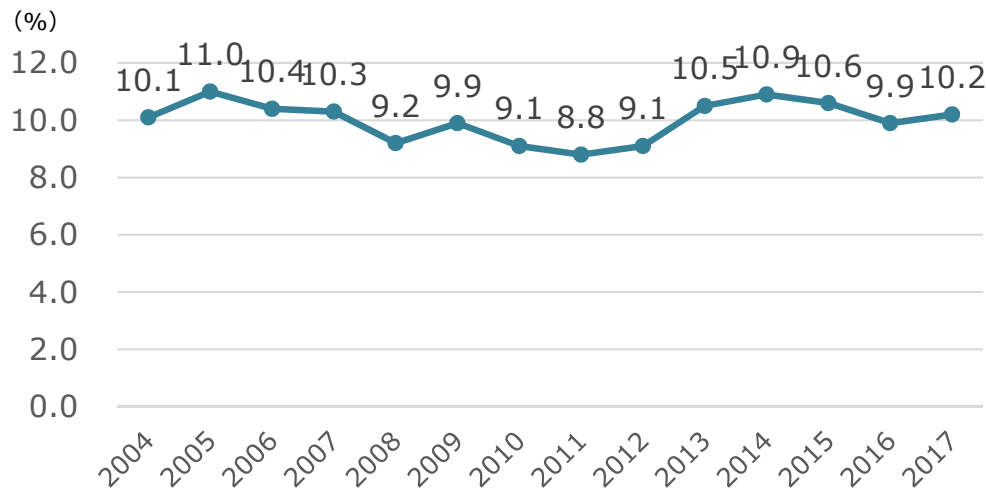
Compare to IT service companies,  
We are within 20<sup>th</sup>

# Background of Engineer Staffing Market Growth and our strengths – 1. Mid career market

- The turnover ratio in Japan remains around 10% which shows career-change market has a certain scale
- While the life-time employment/seniority wage system firmly remains in Japan, the number of mid-career recruitment by blue-chip companies is limited due to the gap between productivity and salary

## 1. Turnover ratio in Japan

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



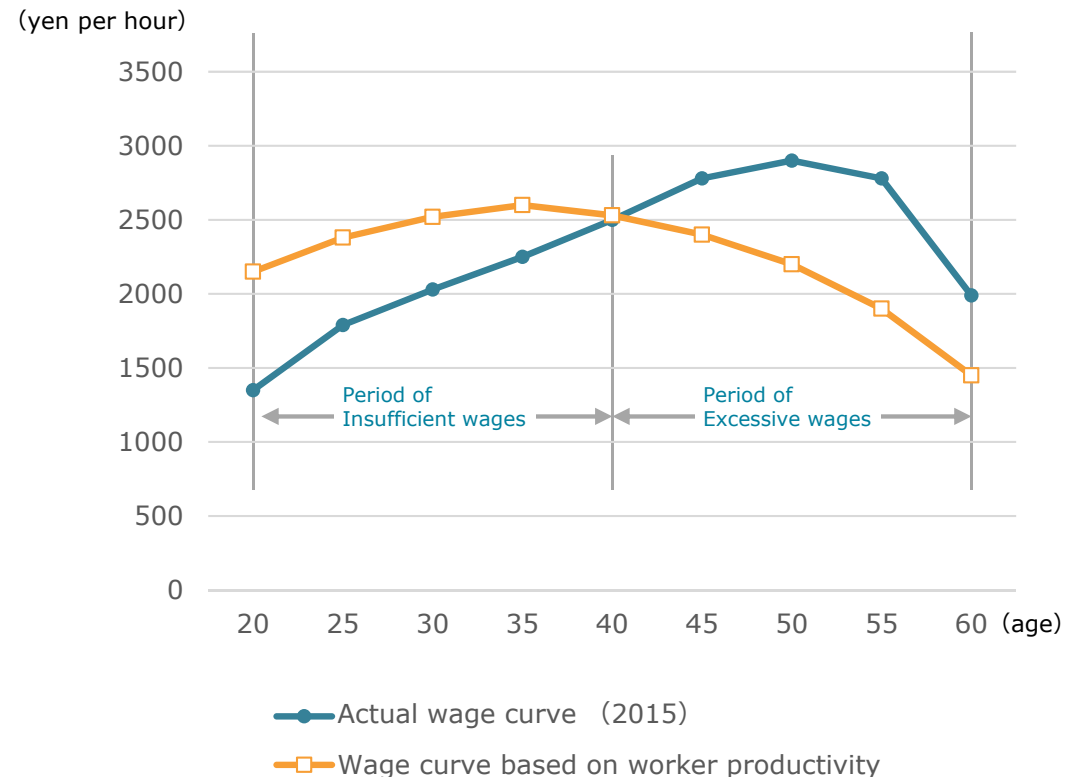
## 2. Turnover of engineers (2007)

Source: "Engineers in Japan," 2011, NAKATA Yoshifumi

Engineer Total	7.6%
Engineer	5.9%
IT Engineer	10.2%

## 3. Seniority-Based Wages and Wages based on Work Productivity (Hourly)

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

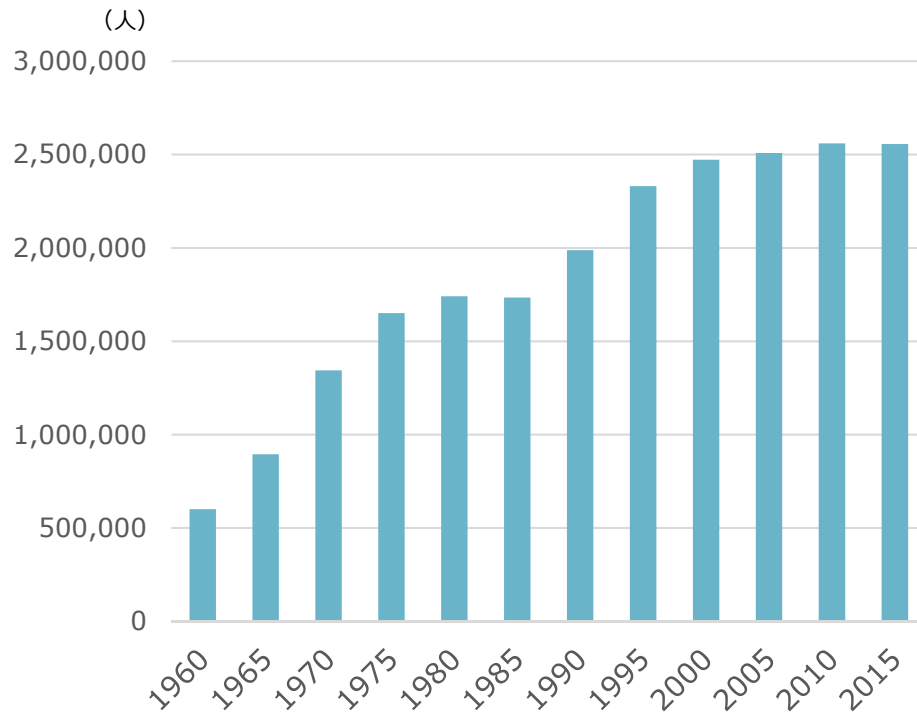


# Background of Engineer Staffing Market Growth and our strengths – 2. New grads market

- While the young population is shrinking, the number of university students is slightly increasing because of higher university entrance rate.
- New grads tend to focus on blue-chip companies while such companies have limited number of openings for them

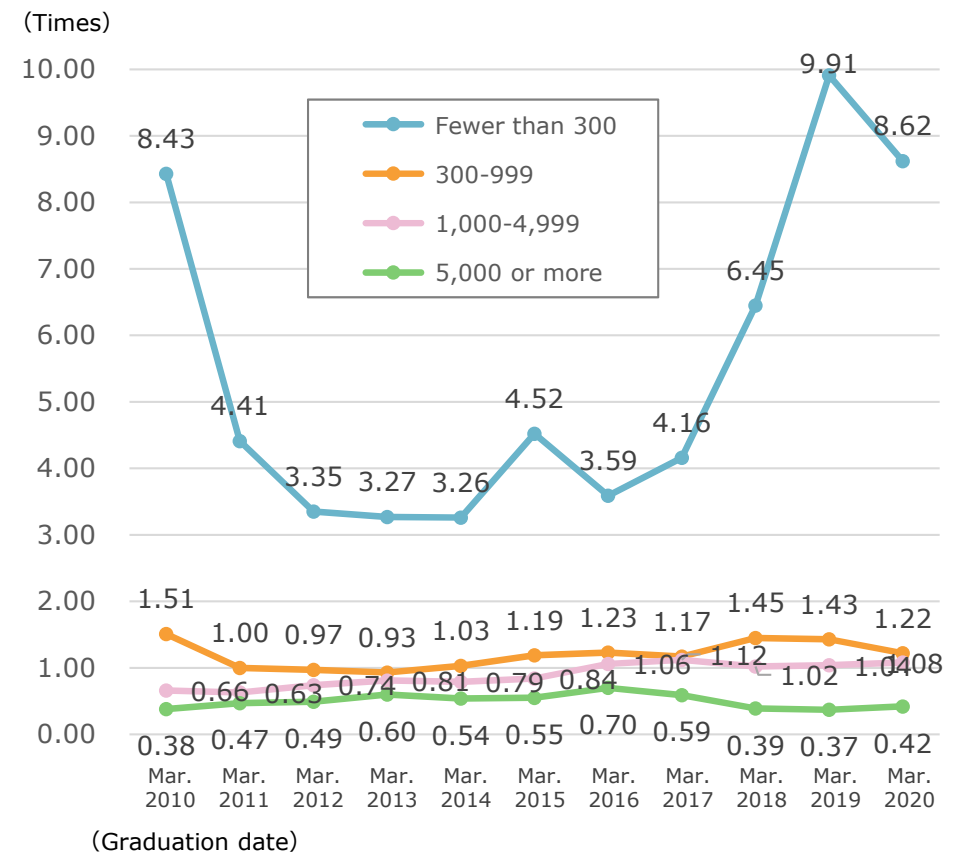
## 4. No. of university students

Source: "Handbook of Education and Science statistics",  
Ministry of Education, Culture, Sports, Science and Technology



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

Source: "36th College Graduates Job Opening Survey",  
Recruit Works Institute

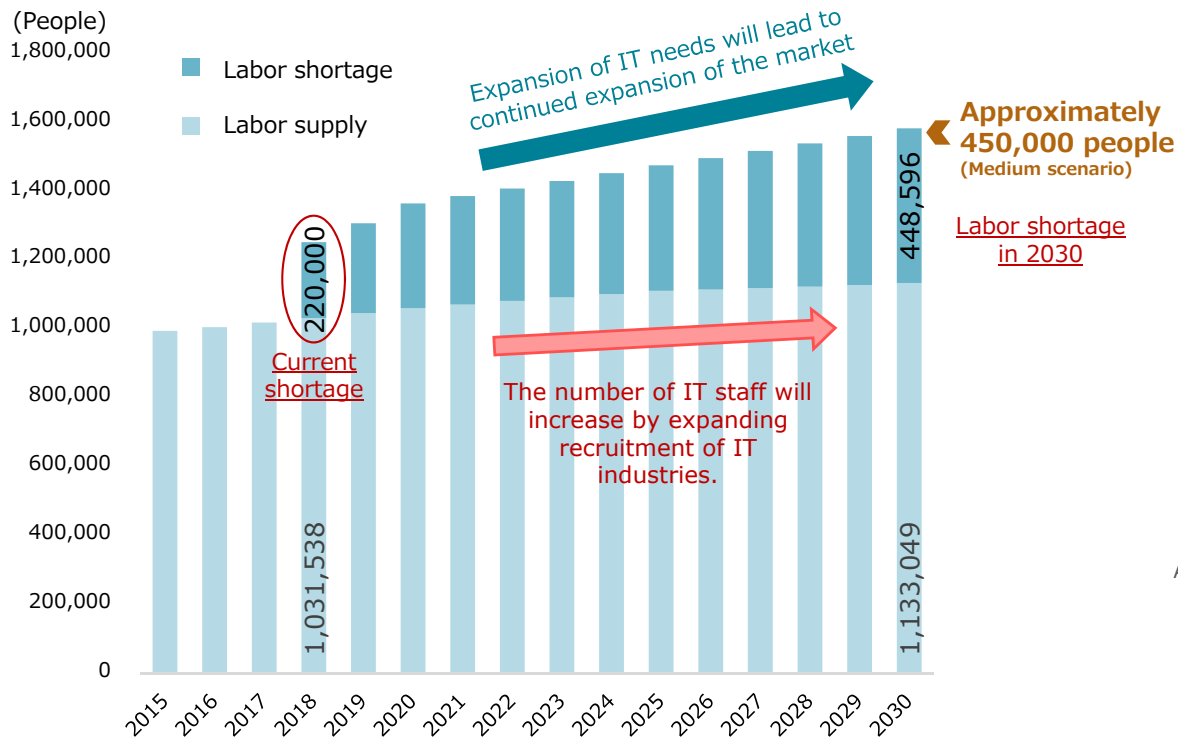


# Background of Engineer Staffing Market Growth and our strengths – 3. Growing demand

- IT-related company is highly competitive because of a huge demand-supply mismatch in the IT sector
- Weakening demand for engineers with the spread of AI will be more than offset by the new demand for engineers

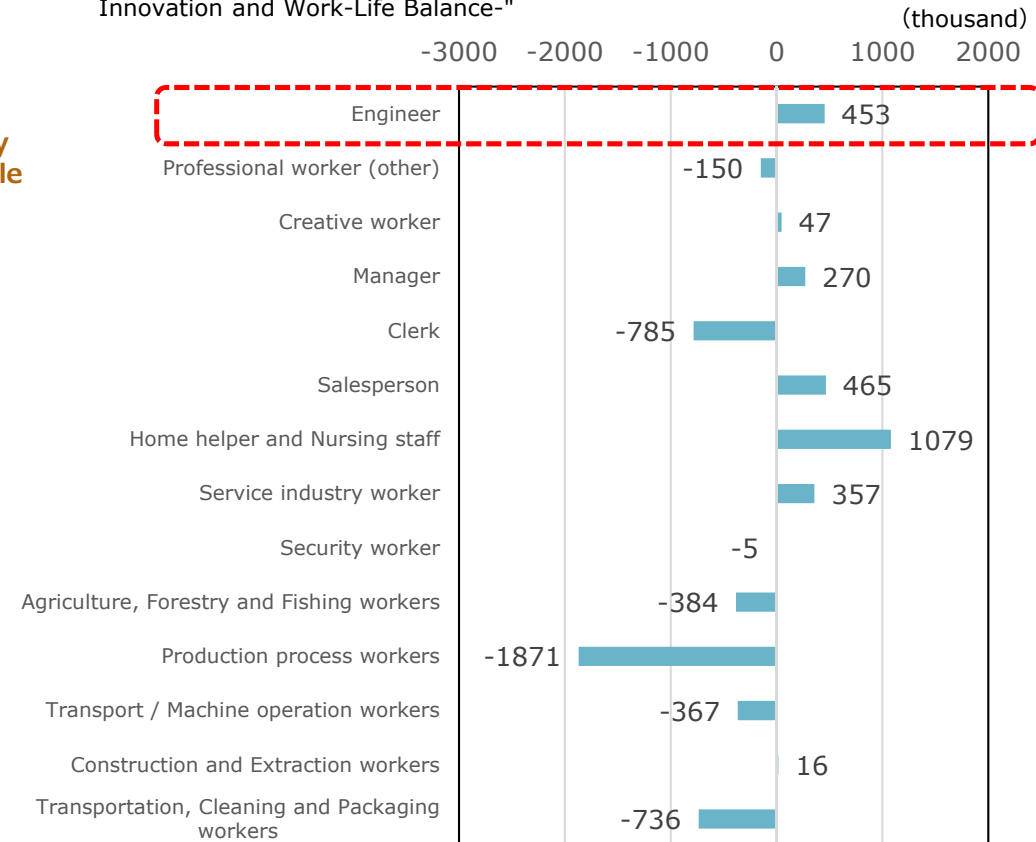
## 6. IT Staff Shortage Projections

Source: Ministry of Economy, Trade and Industry, "Survey report about supply and demand of IT staff"



## 7. Shift in workforce due to progression of AI

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



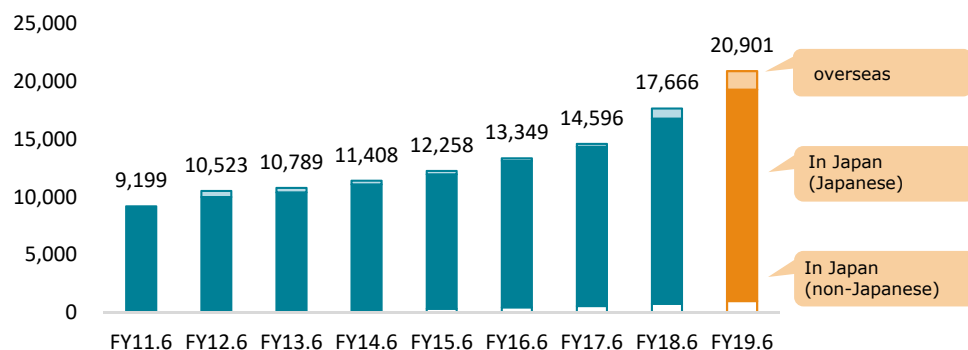
Note: Estimated numbers comparing 2015 and 2030

# Corporate Overview

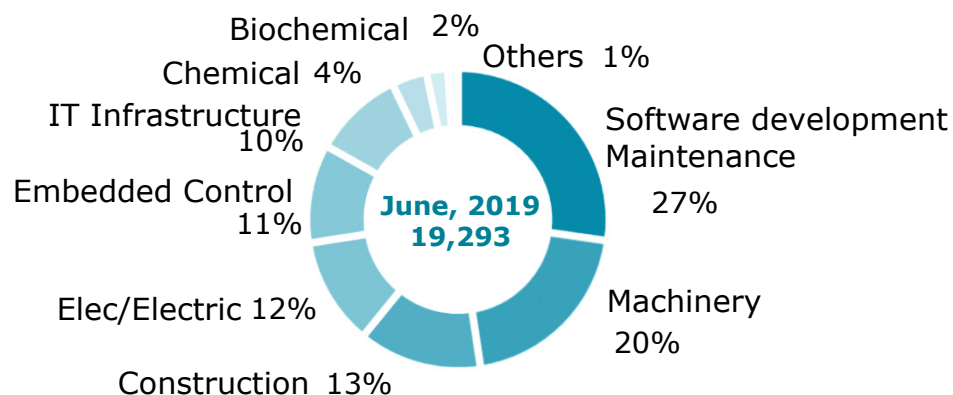
- We have the largest number of engineers in Japan.
- Stable growth of more than 10%/year due to strong recruitment capabilities and marketing capabilities.
- We are also trying to expand our contracting based business, and the domestic non-dispatch sales ratio was 14.5% as of the end of June 2019.

## ① The largest engineer base and broadest technological domains covered in Japan

### Transition of number of engineers

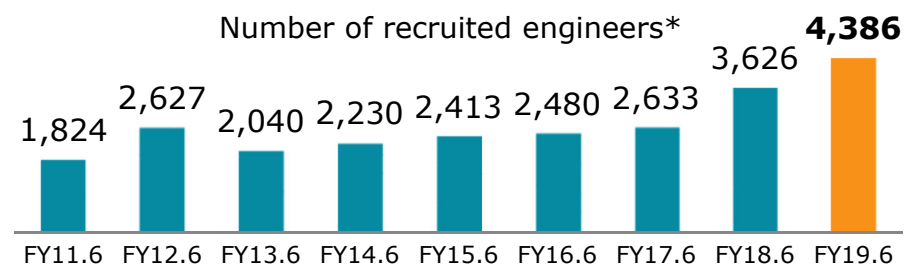


### Breakdown of Assigned Engineers by Technological Domains (in Japan)



## ② Strong recruitment capabilities utilizing various channels

Hiring Mid-career **3,000+** / new-grads **1,000+** annually



\* The total of recruited engineers in the Japanese subsidiaries, excluding M&A

## ③ Stable and broad customer base

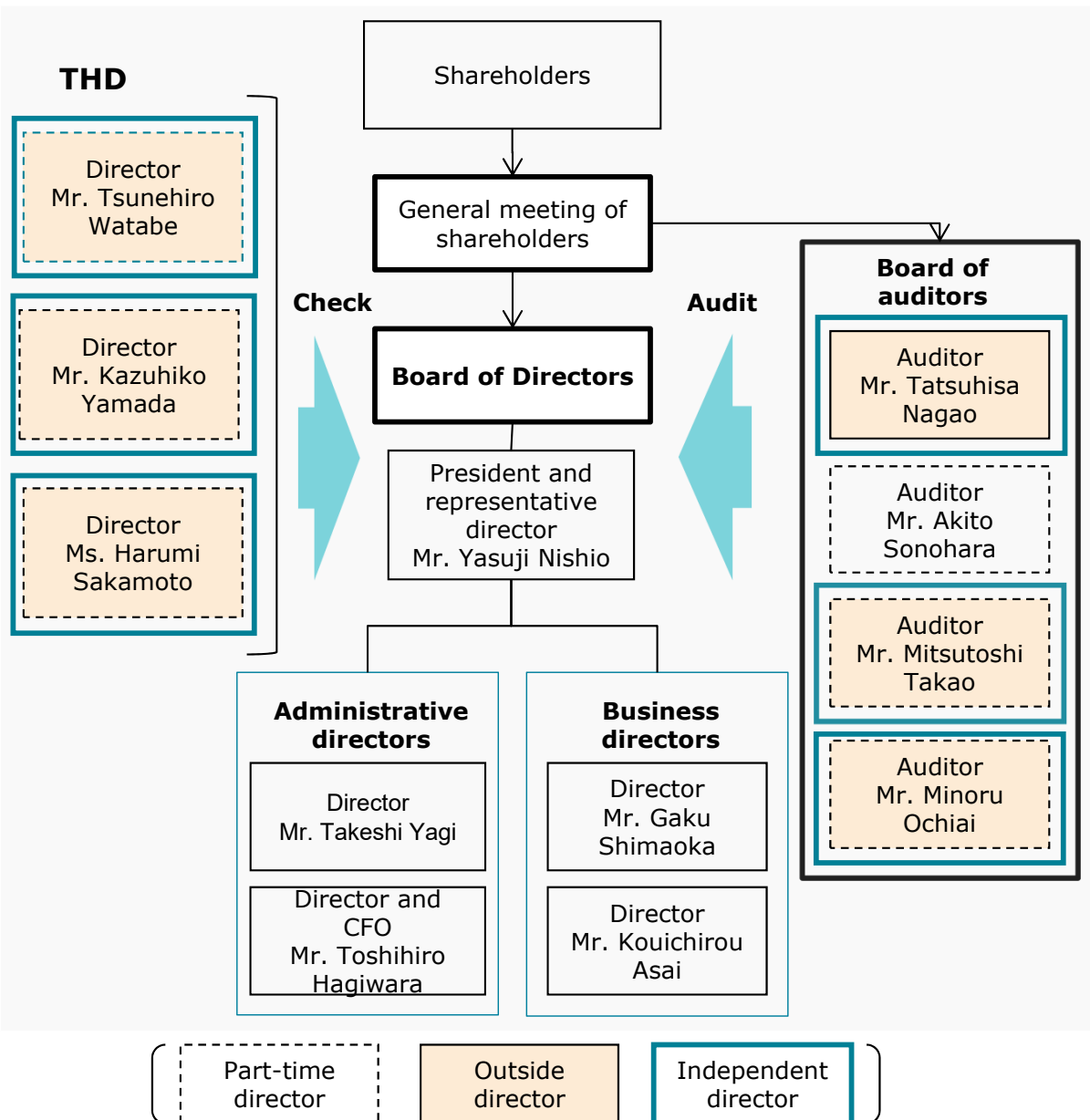
**2,156 customers** as of Jun. 2019

TOP 10 Customer groups (including subsidiaries)

No.	industry	Listed/Non-Listed	Sales of JPY 1 bn. or more	Contract period with over 10 years
1	Electronics/SIer	Listed	○	○
2	Electronics/SIer	Listed	○	○
3	Electronics/SIer	Listed	○	○
4	Transportation	Listed	○	○
5	Transportation	Listed	○	○
6	Transportation	Listed	○	○
7	Electronics/SIer	Listed	○	○
8	Transportation	Listed	○	○
9	Electronics	Listed	○	○
10	Construction	Non-listed	○	○

# Governance -Corporate Governance Structure-

## Secure the functioning governance structure by mutual-check system in top management



### Introduced RS (from 2017)

Completion of Disposal of Treasury Stock as RS Compensation

- Date of disposal: October 29, 2019
  - Transfer Restriction Period : until October 28, 2022
  - Type and number of shares to be disposal : Common stock 15,975 shares
  - Disposal value : ¥ 6,440 per share
  - Total disposal value: ¥ 102,879,000
  - Eligible Parties (tentative) : TechnoPro Holdings & Subsidiary, Directors & Executive Officers
- Total : 31 persons

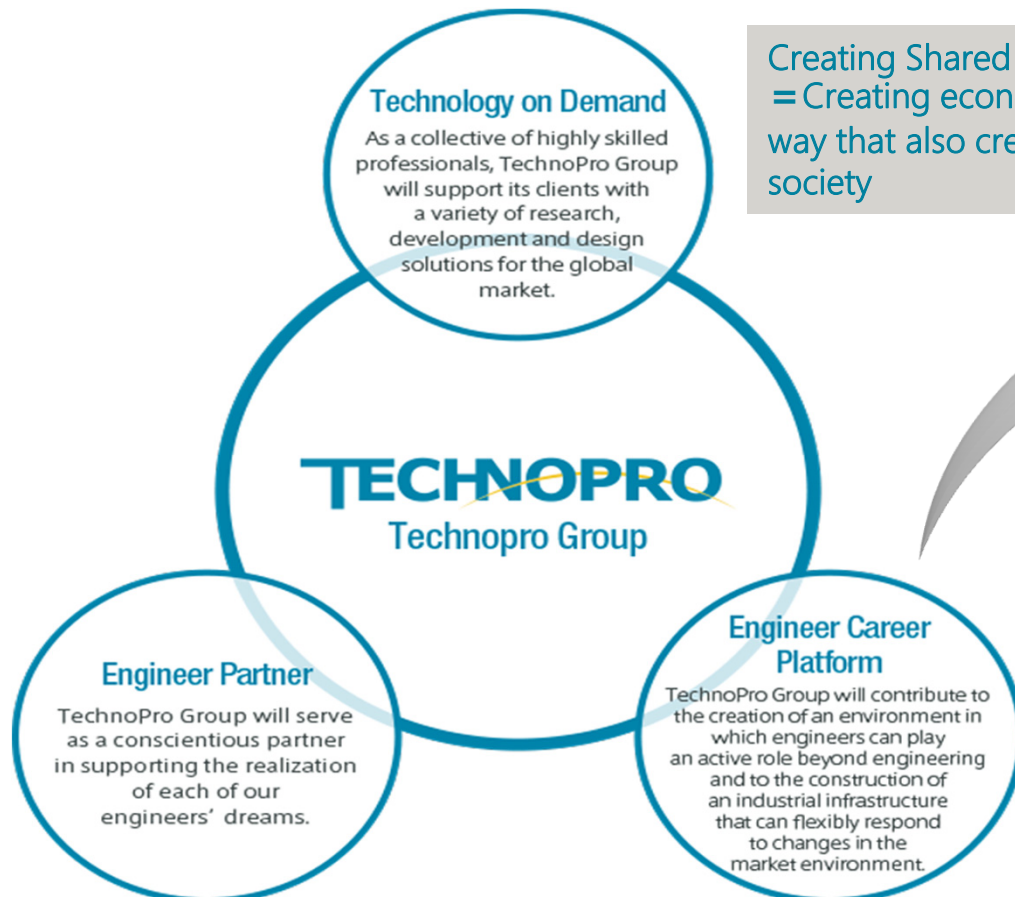
### Succession Plans

- Formulate the "Standards and Procedures for Appointment and Dismissal of CEO"
- The purpose is to select the most appropriate person as CEO, whether internally or externally, and establish procedures for objective, timely and transparent appointments and dismissals
- The Board of Directors (the Nomination and Compensation Committee) continuously supervise the succession plans
- Details disclosed in "Corporate Governance Guidelines"

# Group Values and ESG

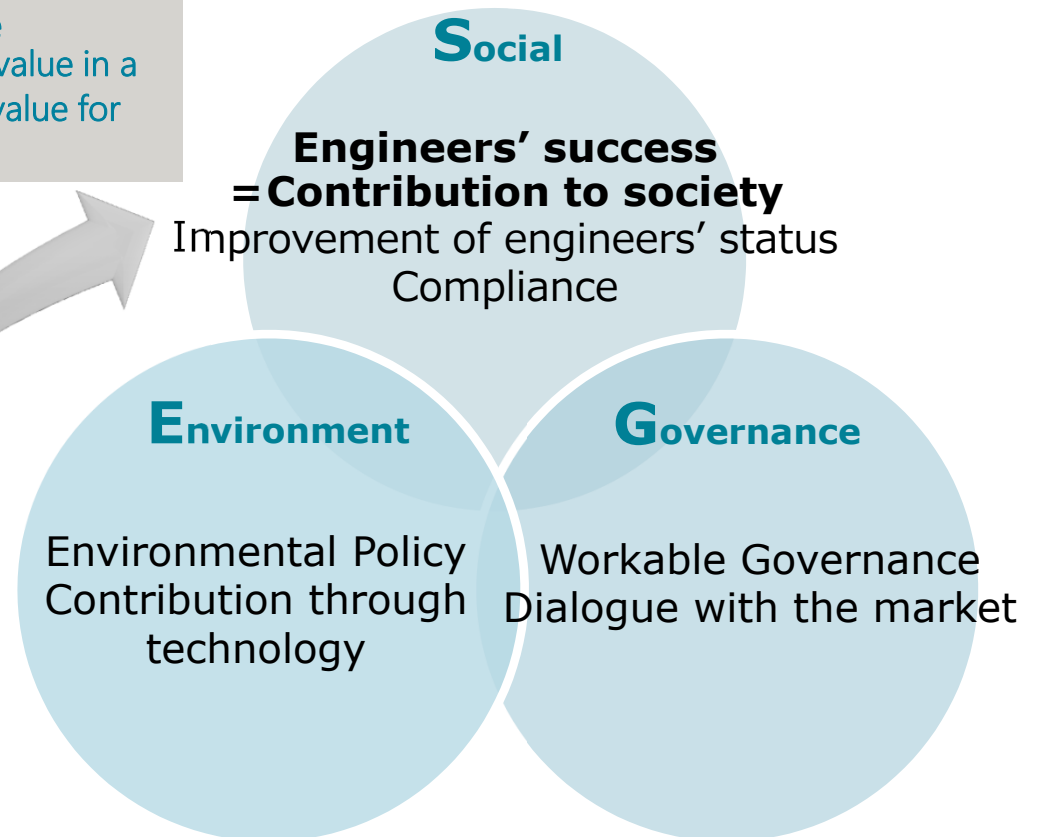
- We have set our Group Values and shared it with all employees.
- Our mission is to contribute to “Technological growth and development of Japan” through engineers’ success.
- Based on the philosophy of “Creating Shared Value” , we focus on **contributing to society through our business itself**.

## TechnoPro Group Values



Creating Shared Value  
= Creating economic value in a way that also creates value for society

## About ESG



# Purpose -Sustainability-

## Environment



### Environment Policy

A peaceful and affluent modern society is a natural requirement for a free and fair marketplace in which businesses can carry out their activities and grow. As such, a stable global environment with few natural disasters and rich diversity is essential to the realization of prosperity.

#### ■ Tree planting activity/Reconstruction assistance

- Relief fund-raising for Kumamoto earthquake (Nikkei newspaper)
- Tree-planting at "MILLENNIUM HOPE HILLS" in Iwanuma, Miyagi
- Tree-planting at "a row of millennium cherry trees" in Onagawa, Miyagi
- To join volunteer activities for reconstruction in Minami-Souma, Fukushima

#### ■ Environmental consideration

- Paper reduction plan.
- To select energy saving offices.

#### ■ Clean-up activities

- Volunteer activities in Sendai
- Clean beach in Hakusan, Ishikawa
- Roppongi Clean up

#### ■ Community activities

- Support for bird watching activity (Roppongi Hills MACHI-IKU Project)



## Compliance

#### ■ To provide various information for customers for free

- To hold the compliance seminars twice a year.
- To hold the client seminars twice a year.
- To provide dispatch law updates on the client's offices on request.  
To provide "Labor Administration NEWS" monthly.
- To provide support services for regulatory inspections.

#### ■ Employees compliance education

- Weekly compliance tests
- Annual employees compliance training

#### ■ Checking compliance system

- Detailed check of the individual contracts by CSR promotion Div.
- Following government inspection, we don't have to amend of labor contracts at all on FY19.6.  
(on average 60.4% in FY19.3)

#### ■ Occupational safety and health

- 5 year plan on how to minimize and cope with mental stress in the work place.
- Overtime working control.
- Setting up and implementing procedures to reach our target of no accident at the work place. (construction Div.)

# Equal Opportunity Employer

## Human resource development

### ■ Education and training

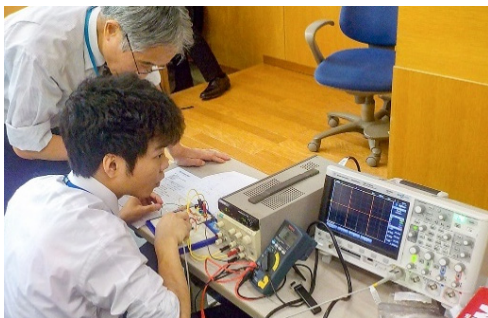
- A leading technical education company has joined us.
- 62 training centers.
- More than 200 courses.
- The number of attendances:79,105 annually

### ■ Career support system

- Dedicated career advisers
- To support career change by engineers desire
- To support acquisition of various qualifications.
- To support voluntary engineers' shop.
- Subsidy for training materials expenses.

### ■ Maximize employee satisfaction

- Information sharing to increase transparency (ex. Company newsletter)
- Annual survey of employee satisfaction.
- Subsidy for club activities



**TECHNOPRO**

## Diversity & Inclusion

### ■ non-Japanese Engineers' Employment

- To employ non-Japanese engineers from about 30 countries

### ■ Disabled Persons' Employment

- Registered "Tokyo Foundation for Employment Services" as a company which accept disabled people internship.
- A public disabled people support center and a public unemployment office organized a study tour on TechnoPro Smile. More than 20 companies joined it.
- We opened Yokohama Service Center in December 2017 and start on-demand printing service.
- We plan to expand not only internal but also external demand.

### We have improved the hiring rate of disabled people to meet legal requirement



# Material Issues (Materiality) for the TechnoPro Group

## Raising Everyone's Potential

### Training and Education

	FY18.6	FY19.6
Group training	Cumulative 71,023 people	Cumulative 97,306 people
e-learning	8,082 people	111,216 people
Time Spent In Training	258,115 hours/year	512,231 hours/year
Number of Unique Participants	7,034 people	8,175 people

Target value : Total of 200,000 people/year by 2022 (including e-learning)

### Percentage of People Taking Paid Leave

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
65.0	68.8	71.3	75.0	72.1 (%)

Target value : Maintain at 75% or higher

### Percentage Employment of Women

	FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
New graduates	16.6	14.0	15.6	15.3	22.5
Mid-career hires	16.3	17.3	18.1	21.1	27.7 (%)

Target value : 17% for new graduates, 20% for mid-career hires

### Percentage of Employees with Disabilities

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
1.98	1.99	2.21	2.21	2.21 (%)

Target value : Remain at or above the statutory rate of 2.2%.

### Intensive Training for People without Field-Specific Industry Experience

	FY18.6	FY19.6
People generally Undergoing one Month or more of training	964	1,543 (people)

Target value : Continuing increase in the number of attendees

### Employee Satisfaction

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
104	106	108	107	113 (FY13.6:100)

Target value : Ongoing improvements in employee satisfaction

### Number of Non-Japanese Recruits

	FY18.6	FY19.6
Number of people working in Japan	756	985 (people)

Target values : Number of non-Japanese nationals working in Japan 1,100 by 2020, 1,500 by 2022

### Employment of People Aged 60 or More

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
443	495	535	641	725 (people)

Target values : Continuous increase in the number of people

## Contributing to Society through Advanced Technology

### Contribution and Collaboration in Leading-Edge Technology Development

- Joint research with the University of Tokyo School of Engineering
- Joint research with the Tokyo Institute of Technology Laboratory for Future Interdisciplinary Research of Science and Technology
- Joint research with the Tottori University Chromosome Engineering Research Center

Target value : At least one new project per year

### Number of Engineers in Strategic Fields\* (Technology Areas considered Important over the Medium to Long Term)

FY18.6	FY19.6
3,805	4,193

Target value : More than 5,500 by the fiscal year ending June 30, 2022

\*ex. Embedded Control, 3D-CAD, High frequency circuit etc.

## Trusted Partner

### Average Hours of Overtime

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
23.3	20.6	19.2	17.6	16.3 (hours/JPY)

Target value : Maintain a level of 20 hours/month or less

### Paper Use/Unit of Sales

FY16.6	FY17.6	FY18.6	FY19.6
92.6	89.1	82.2	75.9 (FY15.6:100)

Target value : Continue to improve

### Training on Human Rights/Ethics/Information Security/Anti-Corruption

Attendance 100%

Target value : Continue to increase the number of attendees

## Sustainably Growing Company

### Percentage of Outside Directors

FY18.6	FY19.6
37.5	37.5

Target value : Maintain at least one-third

### Percentage of Directors Who Are Women or Non-Japanese

- TechnoPro Holdings Female directors: 1 (13%)
- For the Group as a whole, out of 50 directors, two are Women and 10 are non-Japanese

Target values: For TechnoPro Holdings, continue to have at least one Woman on the Board of Directors; for the Group as a whole, continue to increase director diversity over the long term.

### Status of M&A Activity

FY18.6	FY19.6
5 Projects	5 Projects

Target value: Invest ¥20.0 billion over five years.

### Sustainable Growth in Earnings Per Share (EPS)

FY15.6	FY16.6	FY17.6	FY18.6	FY19.6
201.76	215.80	225.58	244.81	266.86 (JPY)

Target value: Maintain revenue and profit growth of at least 10% as well as long-term EPS growth (achieve targets of medium-term management plan.)

### Material Legal Violations

FY18.6	FY19.6
0	0

Target value: Continue to have zero material legal violations.

### Internal Reporting System

FY16.6	FY17.6	FY18.6	FY19.6
24	10	28	52 (Matters reported)

Target value: Ensure the appropriate operation of the internal reporting system.



# TechnoPro Group Financial Results for the 1st Quarter of FYE June 2020

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

October 31, 2019



# FY2020 Q1 Overview

- Q1 FY20.6 revenue increased 5.56 billion yen year-on-year (up 16.7%) to **38.9 billion yen**; operating profit increased 701 million yen year-on-year (up 22.0%) to **3.88 billion yen**; net profit increased 576 million yen year-on-year (up 27.7%) to **2.65 billion yen**
- Unspent SG&A budget of 150 million yen in Q1; to be recognized in Q2
- Posted taxes and dues of 93 million yen in Q1 FY20.6, which was resulted from size-based taxation applied to the subsidiary TechnoPro, Inc. (Q1 FY19.6 results do not include taxes and dues from size-based taxation, since total tax amounts of 325 million yen [SG&A] were recorded as one-off expenses in Q4 FY19.6)
- Other income of **200 million yen** includes foreign currency translation gain related to put option (PO) liabilities of 76 million yen, and profit of 65 million yen from early exercise of partial put options by Orion

(yen in millions, except per share amounts)

	Three Months Ended						Full-year		
	FY19.6 Q1		FY20.6 Q1		YOY		FY19.6	FY20.6	YOY
	(Results)	Progress	(Results)	Progress			(Results)	(Guidance)	
Revenue	33,334	23.1%	38,896	24.3%	+5,561	+16.7%	144,176	160,000	+11.0%
Gross profit (GP)	8,062	22.1%	9,547	—	+1,484	+18.4%	36,466	—	—
<i>GP margin</i>	24.2%		24.5%				25.3%		
SG&A expenses	4,828	21.2%	5,850	—	+1,022	+21.2%	22,767	—	—
<i>Ratio on revenue</i>	14.5%		15.0%				15.8%		
Other income	31	—	200	—	+169	—	1,816	—	—
Other expenses	82	—	12	—	(70)	—	1,775	—	—
Operating profit (OP)	3,183	23.2%	3,884	25.4%	+701	+22.0%	13,739	15,300	+11.4%
<i>OP margin</i>	9.5%		10.0%				9.5%	9.6%	
Profit before income taxes	3,162	23.0%	3,875	25.7%	+713	+22.6%	13,727	15,100	+10.0%
Net profit*	2,082	21.5%	2,658	26.3%	+576	+27.7%	9,683	10,100	+4.3%
<i>Net profit margin</i>	6.2%		6.8%				6.7%	6.3%	
Earnings per share	57.43	—	73.42	—	—	+27.8%	266.86	278.21	+4.3%
Dividend per share (plan)	—	—	—	—	—	—	134.00	140.00	+4.5%

\* Net profit attributable to owners of the parent company after deducting non-controlling interests

# FY2020 Q1 Segment Results

- Companies included in each segment are described on p.18
- Provides segment information based on segment accounting standard, responding to topline growth outside Japan with expanding global operation
- Engineers on payroll: in Japan **19,650** (non-Japanese: **1,048**) / overseas **1,566** / group total **21,216**

(yen in millions, except engineer headcounts)

	R&D outsourcing				Construction management outsourcing				Other Businesses in Japan				Japan Total			
	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY
Revenue	22,633	26,965	30,819	+14.3%	3,460	4,149	4,824	+16.3%	591	742	1,008	+35.7%	26,685	31,857	36,653	+15.1%
<i>Ratio to consolidated revenue</i>	84.7%	80.9%	79.2%		12.9%	12.4%	12.4%		2.2%	2.2%	2.6%		99.8%	95.6%	94.2%	
Operating profit	2,072	2,491	2,924	+17.4%	418	502	549	+9.4%	22	75	107	+42.6%	2,513	3,069	3,582	+16.7%
<i>OP margin</i>	9.2%	9.2%	9.5%		12.1%	12.1%	11.4%		3.8%	10.2%	10.7%		9.4%	9.6%	9.8%	
OP before PPA* asset amortization	2,084	2,511	2,944	+17.2%	418	502	549	+9.4%	22	75	107	+42.6%	2,525	3,089	3,602	+16.6%
<i>OP margin before PPA* asset amortization</i>	9.2%	9.3%	9.6%		12.1%	12.1%	11.4%		3.8%	10.2%	10.7%		9.5%	9.7%	9.8%	
No. of engineers (year-end)	12,659	14,976	17,045	+13.8%	1,848	2,236	2,605	+16.5%	—	—	—	—	14,507	17,212	19,650	+14.2%
Non-Japanese in Japan	556	763	984	+29.0%	17	46	64	+39.1%	—	—	—	—	573	809	1,048	+29.5%

	Overseas				Reporting Segment Total				Corporate/Eliminations				Consolidated Total			
	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY	FY18.6 Q1	FY19.6 Q1	FY20.6 Q1	YOY
Revenue	231	1,709	2,586	+51.3%	26,916	33,567	39,239	+16.9%	(190)	(232)	(343)	—	26,726	33,334	38,896	+16.7%
<i>Ratio to consolidated revenue</i>	0.9%	5.1%	6.6%		100.7%	100.7%	100.9%		(0.7%)	(0.7%)	(0.9%)		100.0%	100.0%	100.0%	
Operating profit	(1)	176	184	+4.6%	2,511	3,245	3,766	+16.0%	(0)	(62)	118	—	2,511	3,183	3,884	+22.0%
<i>OP margin</i>	(0.7%)	10.3%	7.1%		9.3%	9.7%	9.6%		—	—	—		9.4%	9.5%	10.0%	
OP before PPA* asset amortization	(1)	220	234	+6.2%	2,523	3,310	3,836	+15.9%	(0)	(62)	118	—	2,523	3,247	3,954	+21.8%
<i>OP margin before PPA* asset amortization</i>	(0.7%)	12.9%	9.1%		9.4%	9.9%	9.8%		—	—	—		9.4%	9.7%	10.2%	
No. of engineers (year-end)	260	994	1,566	+57.5%	14,767	18,206	21,216	+16.5%	—	—	—	—	14,767	18,206	21,216	+16.5%

\* PPA (Purchase Price Allocation): An accounting operation allocating the purchase price to the assets and liabilities of the acquired company at fair value in the acquirer's consolidated balance sheet; PPA assets above are all customer-related assets (intangible assets)

[Reference]

# Annual Segment Information (3 years)

(yen in millions, except engineer headcounts)

	R&D outsourcing				Construction management outsourcing				Other Businesses in Japan				Japan Total			
	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY
Revenue	97,687	114,021	125,400	+10.0%	14,659	17,720	20,200	+14.0%	2,800	3,474	4,200	+20.9%	115,148	135,217	149,800	+10.8%
<i>Ratio to consolidated revenue</i>	83.8%	79.1%	78.4%		12.6%	12.3%	12.6%		2.4%	2.4%	2.6%		98.8%	93.8%	93.6%	
Operating profit	9,261	10,672	11,950	+12.0%	1,540	1,938	2,200	+13.5%	293	416	500	+20.0%	11,094	13,028	14,650	+12.4%
<i>OP margin</i>	9.5%	9.4%	9.5%		10.5%	10.9%	10.9%		10.5%	12.0%	11.9%		9.6%	9.6%	9.8%	
OP before PPA asset amortization	9,323	10,752	12,030	+11.9%	1,540	1,938	2,200	+13.5%	293	416	500	+20.0%	11,156	13,108	14,730	+12.4%
<i>OP margin before PPA asset amortization</i>	9.5%	9.4%	9.6%		10.5%	10.9%	10.9%		10.5%	12.0%	11.9%		9.7%	9.7%	9.8%	
No. of engineers (year-end)	14,674	16,748	18,200	+8.7%	2,123	2,545	2,800	+10.0%	—	—	—	—	16,797	19,293	21,000	+8.8%
Non-Japanese in Japan	716	922	—	—	40	63	—	—	—	—	—	—	756	985	—	—

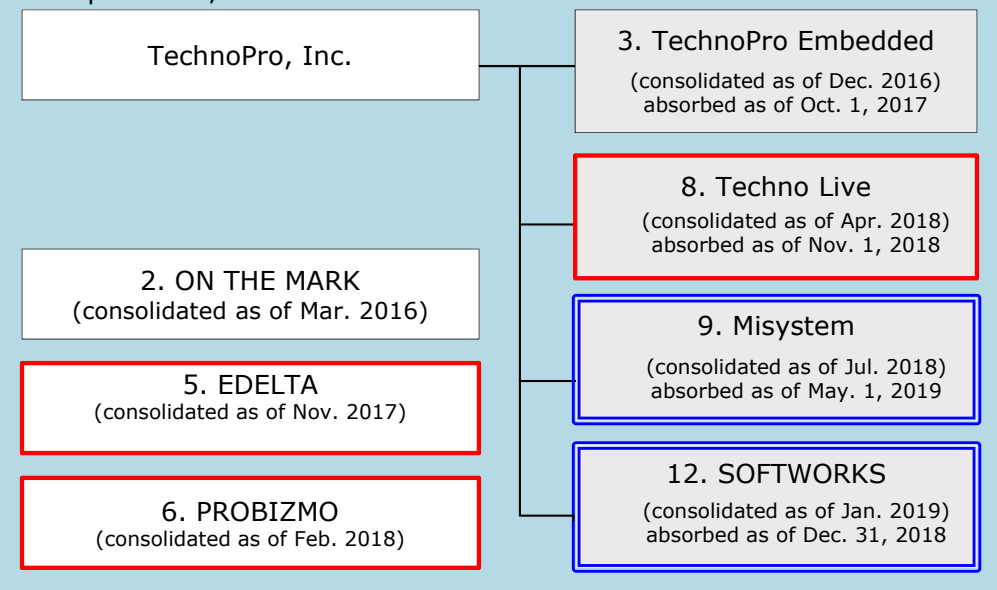
	Overseas				Reporting Segment Total				Corporate/Eliminations				Consolidated Total			
	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY	FY18.6 (Results)	FY19.6 (Results)	FY20.6 (Guidance)	YOY
Revenue	2,336	10,283	12,000	+16.7%	117,484	145,500	161,800	+11.2%	(955)	(1,324)	(1,800)	—	116,529	144,176	160,000	+11.0%
<i>Ratio to consolidated revenue</i>	2.0%	7.1%	7.5%		100.8%	100.9%	101.1%		(0.8%)	(0.9%)	(1.1%)		100.0%	100.0%	100.0%	
Operating profit	138	(931)	650	—	11,233	12,096	15,300	+26.5%	4	1,642	0	—	11,238	13,739	15,300	+11.4%
<i>OP margin</i>	5.9%	(9.1%)	5.4%		9.6%	8.3%	9.5%		—	—	—		9.6%	9.5%	9.6%	
OP before PPA asset amortization	183	993	900	(9.4%)	11,340	14,101	15,630	+10.8%	4	172	0	—	11,345	14,274	15,630	+9.5%
<i>OP margin before PPA asset amortization</i>	7.9%	9.7%	7.5%		9.7%	9.7%	9.7%		—	—	—		9.7%	9.9%	9.8%	
Impairment loss	—	(1,673)	—	—	—	(1,673)	—	—	—	—	—	—	—	(1,673)	—	—
Put option reversal	—	—	—	—	—	—	—	—	—	1,359	—	—	—	1,359	—	—
Earn out reversal	—	—	—	—	—	—	—	—	—	110	—	—	—	110	—	—
No. of engineers (year-end)	869	1,608	—	—	17,666	20,901	—	—	—	—	—	—	17,666	20,901	—	—

\* OP before PPA asset amortization in Overseas FY19.6 includes amount of impairment loss (1,673 million yen) added into Operating profit, while OP before PPA asset amortization in Corporate/Eliminations FY19.6 excludes put option reversal (1,359 million yen) and earn out reversal (110 million yen) from Operating profit

# [Reference] Reportable Segments (as of Q1 FY20.6)

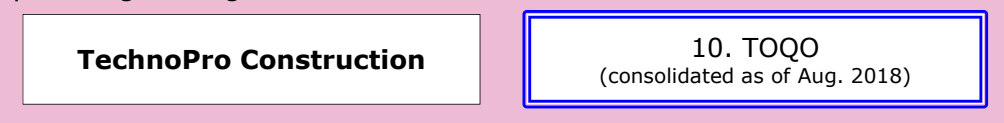
## R&D outsourcing

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



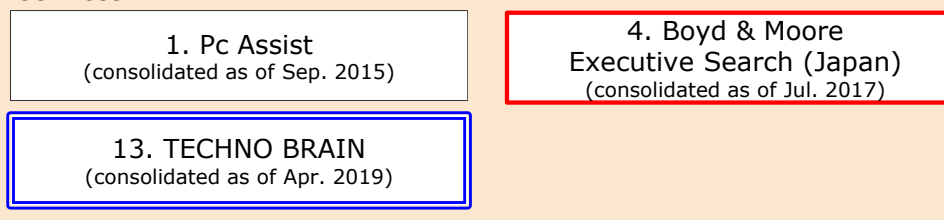
## Construction management outsourcing

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



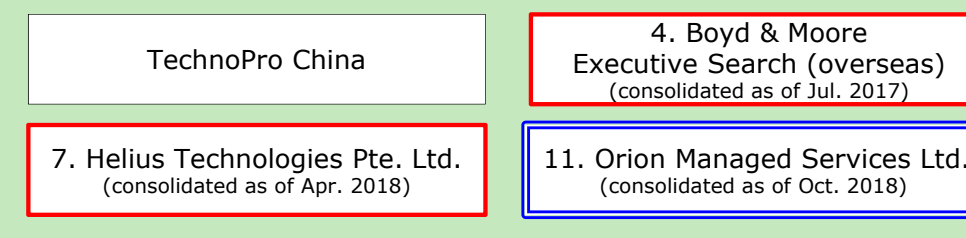
## Other businesses in Japan

Provides professional recruitment and technical education and training services



## Overseas

Engineer staffing, contract services, and professional recruitment services in China; IT engineer staffing services, mainly in Singapore and India; engineer staffing and professional recruitment services in the UK



## Headquarters

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



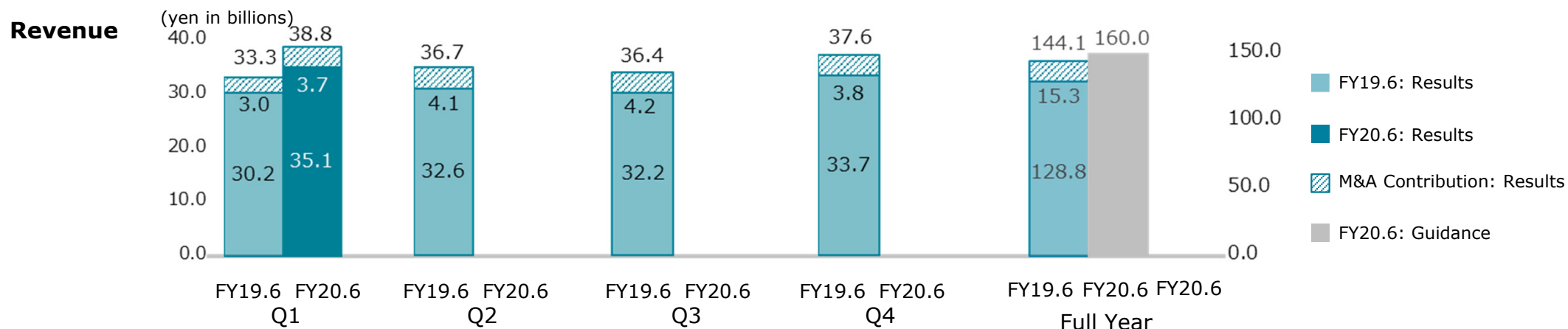
\* Initial numbers on company names indicate the order of M&A

\* During current medium-term management plan (FY18.6 -), red frame indicates acquisition in **FY18.6**, blue double line frame indicates acquisition in **FY19.6**

\* In Overseas, 51% of Heliuss shares held, shareholding of Orion increased from 60% to 63.2% (Oct. 2019)

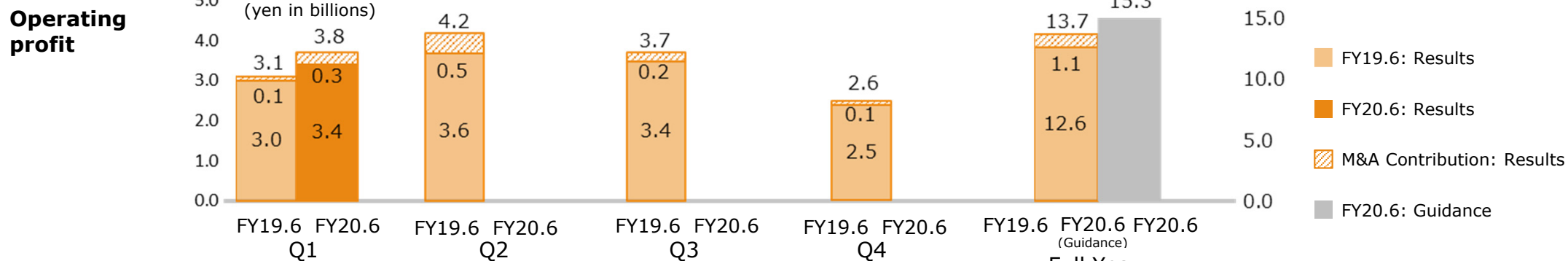
# Quarterly Performance

- Progress vs. full year guidance: 24.3% for revenue, 25.4% for operating profit
- Solid organic growth excluding effect from M&As in FY18.6 and FY19.6 (year-on-year): **up 16.2%** for revenue, **up 16.1%** for operating profit



	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY20.6
Composition %	23.1%	24.3%	25.5%		25.3%		26.1%				
Working days*	55.1	55.2	58.3	(57.3)	54.3	(54.7)	55.5	(56.3)	223.2	(223.6)	
YOY	16.7%								11.0%		

\* Figures in parenthesis indicates forecast at the time of publication



	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY19.6	FY20.6	FY20.6
Composition %	23.2%	25.4%	30.6%		27.3%		19.0%				
OP ratio	9.5%	10.0%	11.4%		10.3%		6.9%		9.5%	9.6%	
YOY	+22.0%								+11.4%		

\* M&A related amounts recognized under IFRS such as PPA amortization, foreign exchange gain/loss relating to put option liabilities and changes in fair value amount are included in M&A contributions; (Calculated with this basis, Operating profit in M&A contributions FY19.6 above [1.1 billion yen] differs from figures described in FY2019 Full Year Financial Results Slide Presentation [1.4 billion yen])

# Balance Sheet & Cash Flow

- Cash and cash equivalents decreased 5.4 billion yen compared to the balance sheet at June 30, 2019, due to payment of corporate income tax and dividend, etc.
- Posted 11.5 billion yen for both assets and liabilities as of Q1 FY20.6 end, by applying IFRS 16 Leases from FY20.6
- Secure strong financial ground for growth investment with net cash position of **6.4 billion yen** and unutilized commitment lines of **10 billion yen** for M&A purposes

## Q1 FY20.6 B/S (yen in billions)

Cash & cash equivalents 15.8	Debt 9.4
IFRS 16 related assets 11.5	Other liabilities 31.0
Goodwill 37.0	IFRS 16 related liabilities 11.5
Intangible assets (PPA) 2.0	PO/EO liabilities 3.4
Other assets 33.2	Total equity 44.2

Total assets 99.5

Total liabilities & equity 99.5

Net worth ratio\*: **44.4%**

D/E Ratio\*: **0.21x**

D/OP Ratio\*\*: **0.62x**

\* Total assets includes non-controlling interests

\*\* Calculated using operating profit guidance for FY20.6

## Q1 FY20.6 Cash Flows (yen in millions)

• Operating CF	<b>416</b>
Income tax payment	(2,971)
• Investing CF	<b>(356)</b>
• Financing CF	<b>(5,460)</b>
IFRS 16 related lease liability payments***	(1,577)
Share repurchase	(1,061)
Year-end dividend payments	(3,061)
<b>Net CF</b>	<b>(5,423)</b>

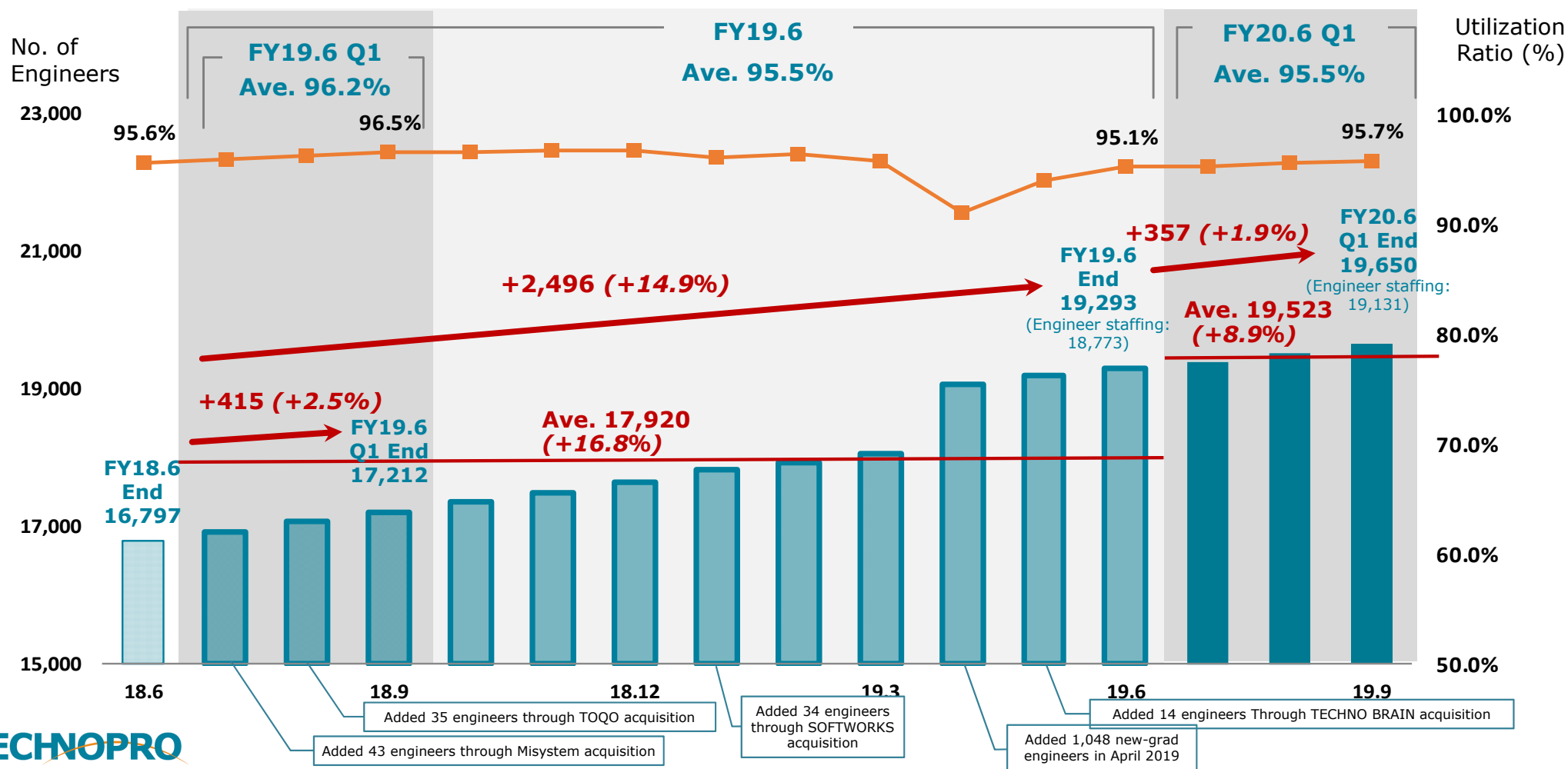
\*\*\* Reclassified to Financing CF, previously recognized in Operating CF as lease payment

## Q1 FY20.6 Commitment Lines (yen in millions)

Purpose	Credit line	Used	Unused	Expiration
1 Working capital	6,000		6,000	Jun. 2020
2 M&A	10,000		10,000	Dec. 2019
3 Share repurchase	2,500	1,062	1,438	Nov. 2019
<b>Total</b>	<b>18,500</b>	<b>1,062</b>	<b>17,438</b>	

# Number of Engineers & Utilization Rate [Japan]

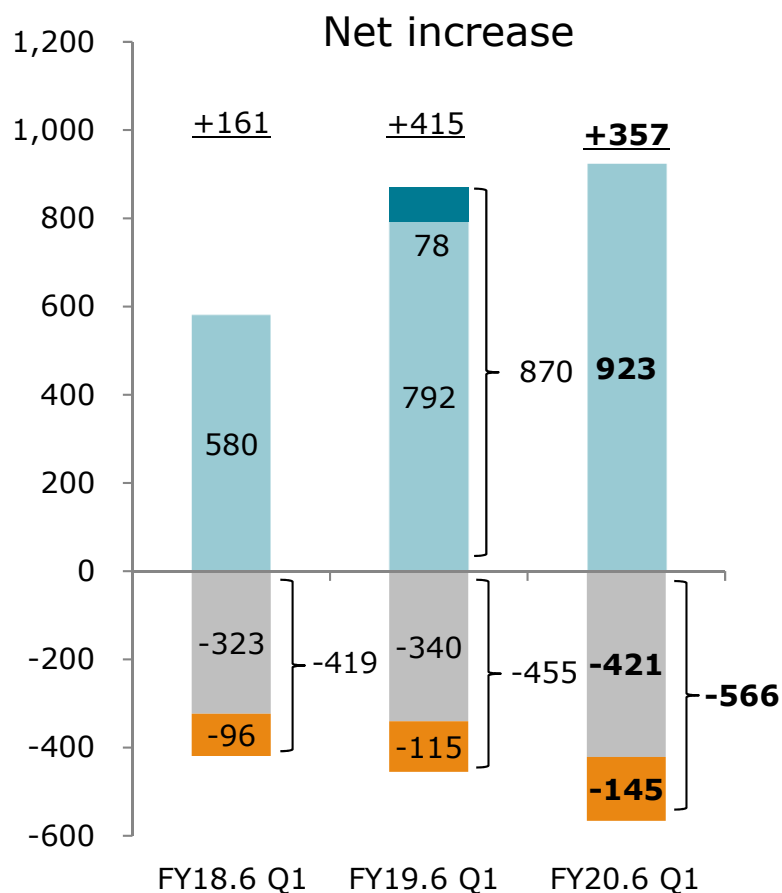
- Engineers on payroll in Japan at the end of Q1 FY20.6 totaled **19,650** (up 357 from the end of prior year), including **1,048** non-Japanese engineers (up 63 from the end of prior year)
- Employs **19,131** (up 358 from the end of prior year) at two engineer staffing companies (TechnoPro, Inc. and TechnoPro Construction, Inc.)
- Average utilization rate of **95.5%** for Q1 FY20.6 (down 0.7% year on year)
- Employs **1,566** engineers at overseas subsidiaries (not included in numbers above / down 42 year-on-year)



# Recruitment/Turnover [Japan]

- Hired **923** engineers (up 6.1% year on year)
- Turnover rate (permanent employees) for Q1 FY19.6: **8.6%** (up 0.6% year-on-year)  
(calculating turnover rate excluding employees left at the end of contract term)

No. of Engineers



(Difference / % YOY)

Hired	923 (+53 / +6.1%)
Added through M&A	0
Turnover (permanent employees)	421 (+81 / +23.8%)
Contract terms matured, others	145 (+30 / +26.1%)

## <Turnover, permanent employees>

	FY18.6				FY19.6				FY20.6
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Quarter	9.0%	7.0%	9.4%	7.6%	8.0%	6.7%	10.6%	8.0%	8.6%
Year-to-date	—	7.9%	8.5%	8.1%	—	7.3%	8.5%	8.3%	—
Last Twelve Months	8.0%	8.1%	8.2%	8.1%	8.0%	7.9%	8.2%	8.3%	8.5%

# Assigned Engineers by Technology [Japan]

- Number of assigned engineers increased in all technologies
- Maintaining robust hiring even in continued IT engineer shortage, while facing a challenge in recruiting mechanical engineers due to constraint of job seekers
- Engineers increased driven by acquisitions: Embedded Control for SOFTWORKS, and software for TECHNO BRAIN

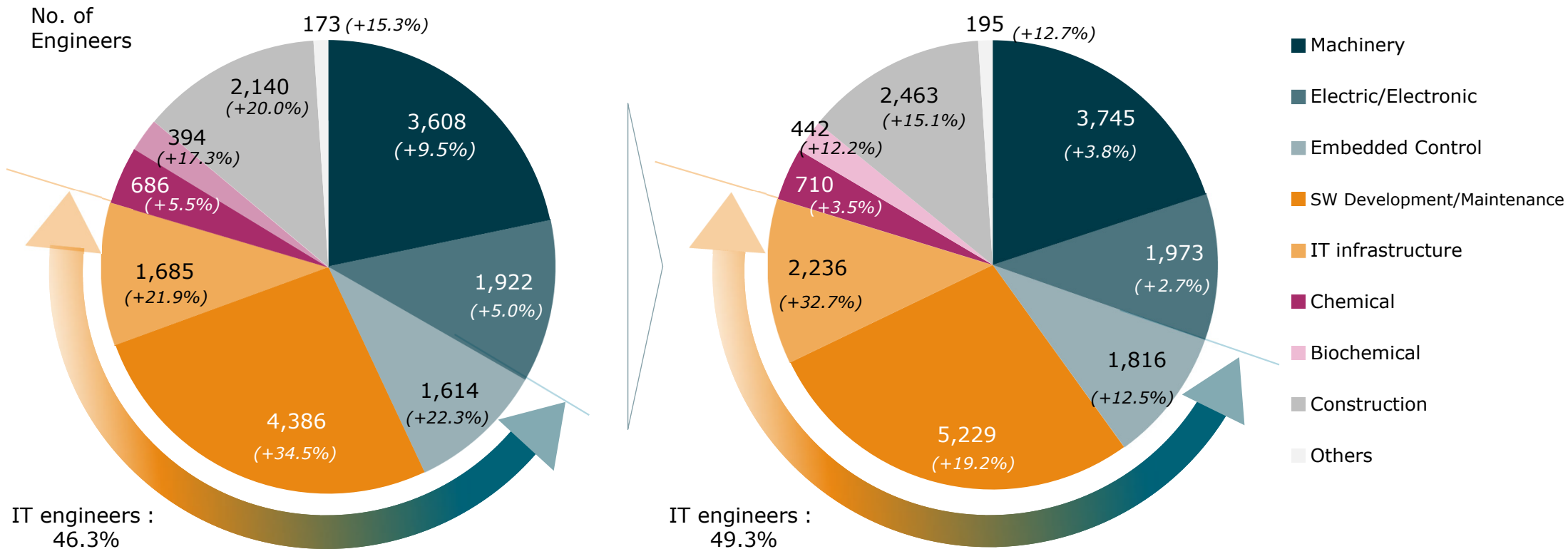
As of September 30, 2018

Assigned engineers: **16,608**

up +13.3%

As of September 30, 2019

Assigned engineers: **18,809**



\* Figure in parenthesis indicates % change

# Assigned Engineers by Industrial Sectors [Japan]

- Number of assigned engineers increased in most industrial sectors
- Electric/Electronic down 0.8% year-on-year due to slowdown in semiconductor sector affected by China-U.S. trade friction; minimizing negative impact through reassigning engineers to high-performing customers in the sector or other industries
- Diversifying industrial sector of clients in order to minimize risks of downturn in specific industry

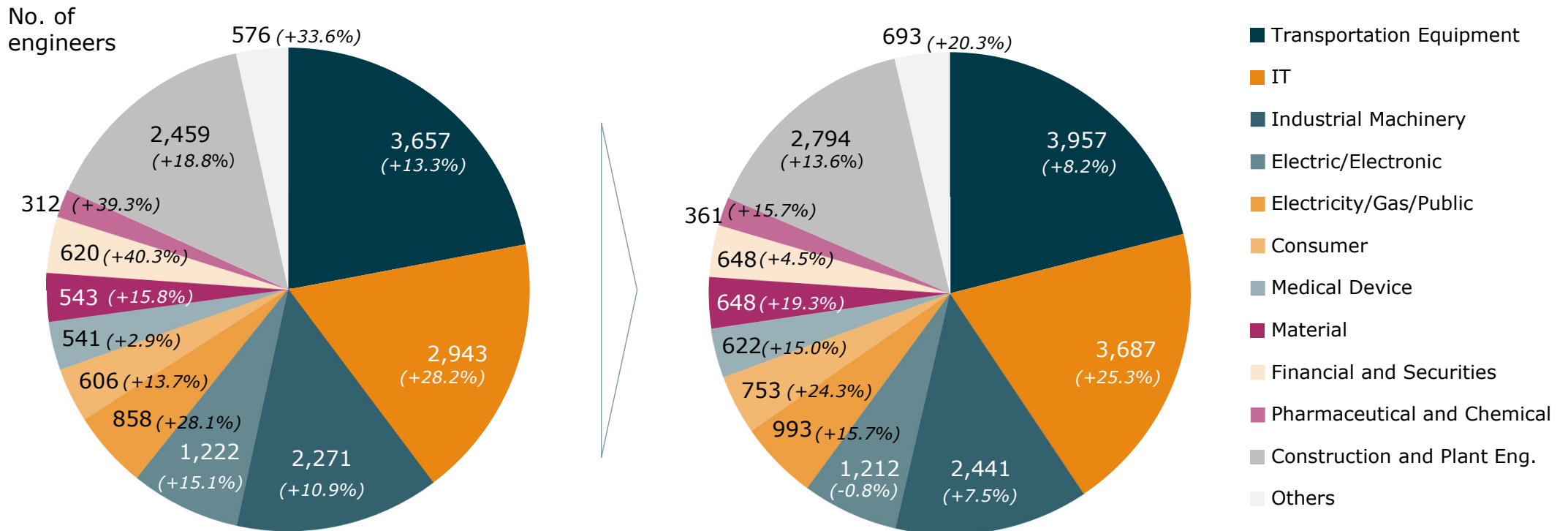
As of September 30, 2018

Assigned engineers: **16,608**

up +13.3%

As of September 30, 2019

Assigned engineers: **18,809**



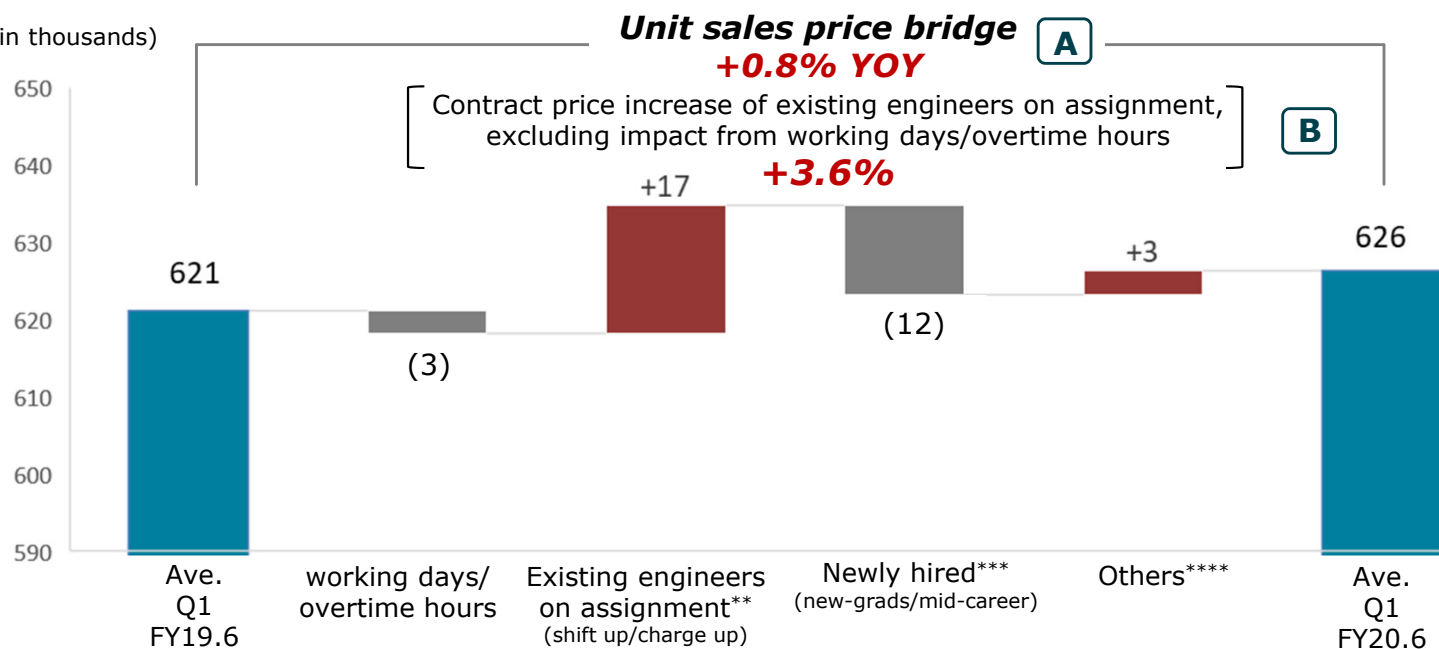
\* Figure in parenthesis indicates % change.

# Unit Sales Price

## Engineer Staffing Companies: TechnoPro, Inc., TechnoPro Construction, Inc.

- Unit sales price\* up 0.8% year on year to **626,000 yen** (up 5,000 yen/month)
- Decreased 3,000 yen/month year on year affected by working days (up 0.02 days/month) and shorter overtime hours (down 1.42 hours/month)
- Increased 17,000 yen/month driven by increased contract price for existing engineers on assignment through shift-up/charge-up initiatives
- Decreased 12,000 yen/month due to first assignment of newly hired new graduate/mid-career engineers

(JPY in thousands)



\* Unit sales price  
Average sales per engineer per month, which includes contract price, overtime charges and others.

\*\* Existing engineers on assignment  
Increase(decrease) of prices through changes in place of assignment or contract renewal at the same assignment

\*\*\* Newly hired  
Increase(decrease) of prices from first assignment of newly hired new graduate/mid-career engineers

\*\*\*\* Others  
Increase(decrease) of prices from other factors than described above

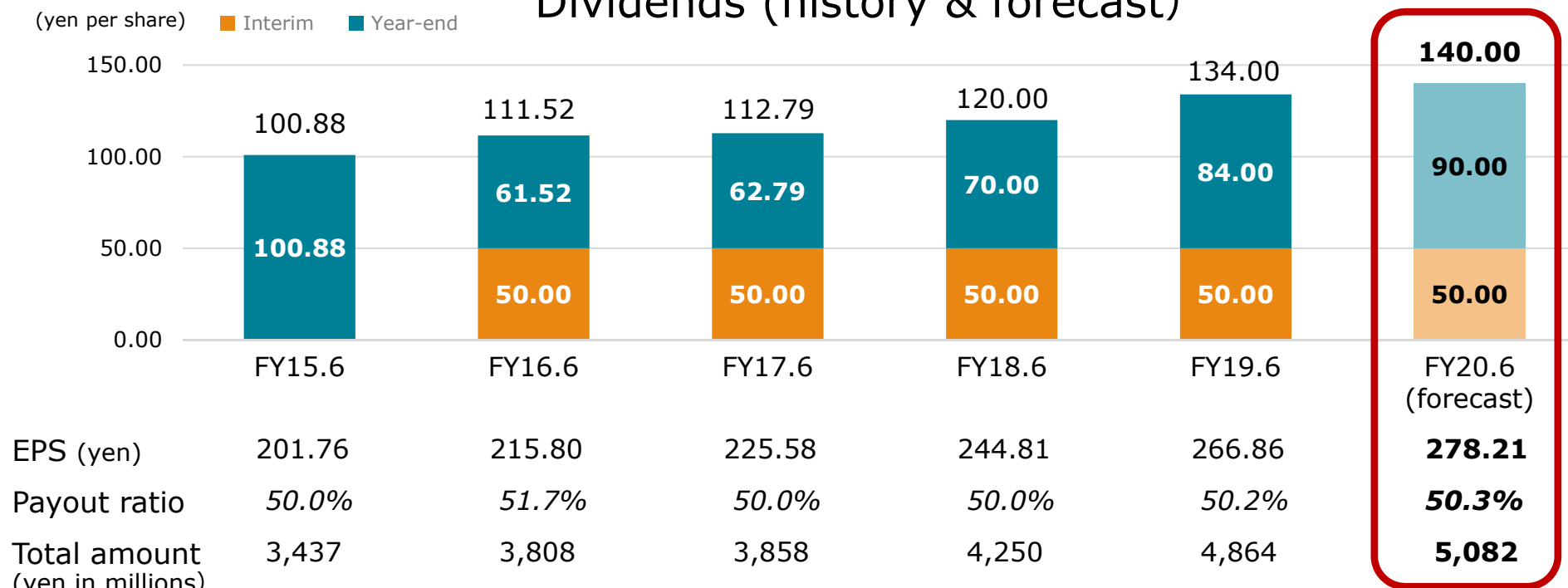
### [Price Development]

	FY19.6				FY20.6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unit Price (year-to-date)	621	633	632	630	626			
Year on year	<b>A</b> +0.1%	+0.5%	+0.3%	0.0%	+0.8%			

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract price increase of existing engineers on assignment *year-on-year comparison for each quarter end	<b>B</b> +3.0%	+2.8%	+2.7%	+3.2%	+3.6%			

# Dividend History & Forecast

## Dividends (history & forecast)



\* Dividends in FY15.6 were wholly paid at year-end payout

### Share Repurchase Program (announced Nov. 28, 2018)

- Class of shares to be repurchased : Ordinary shares
- Total shares to be repurchased: Up to 500,000 shares (Ratio to outstanding shares: 1.38% [excl. treasury shares])
- Total amount of repurchase: Up to 2.5 billion yen
- Repurchase period: Nov. 29, 2018 - Nov. 28, 2019

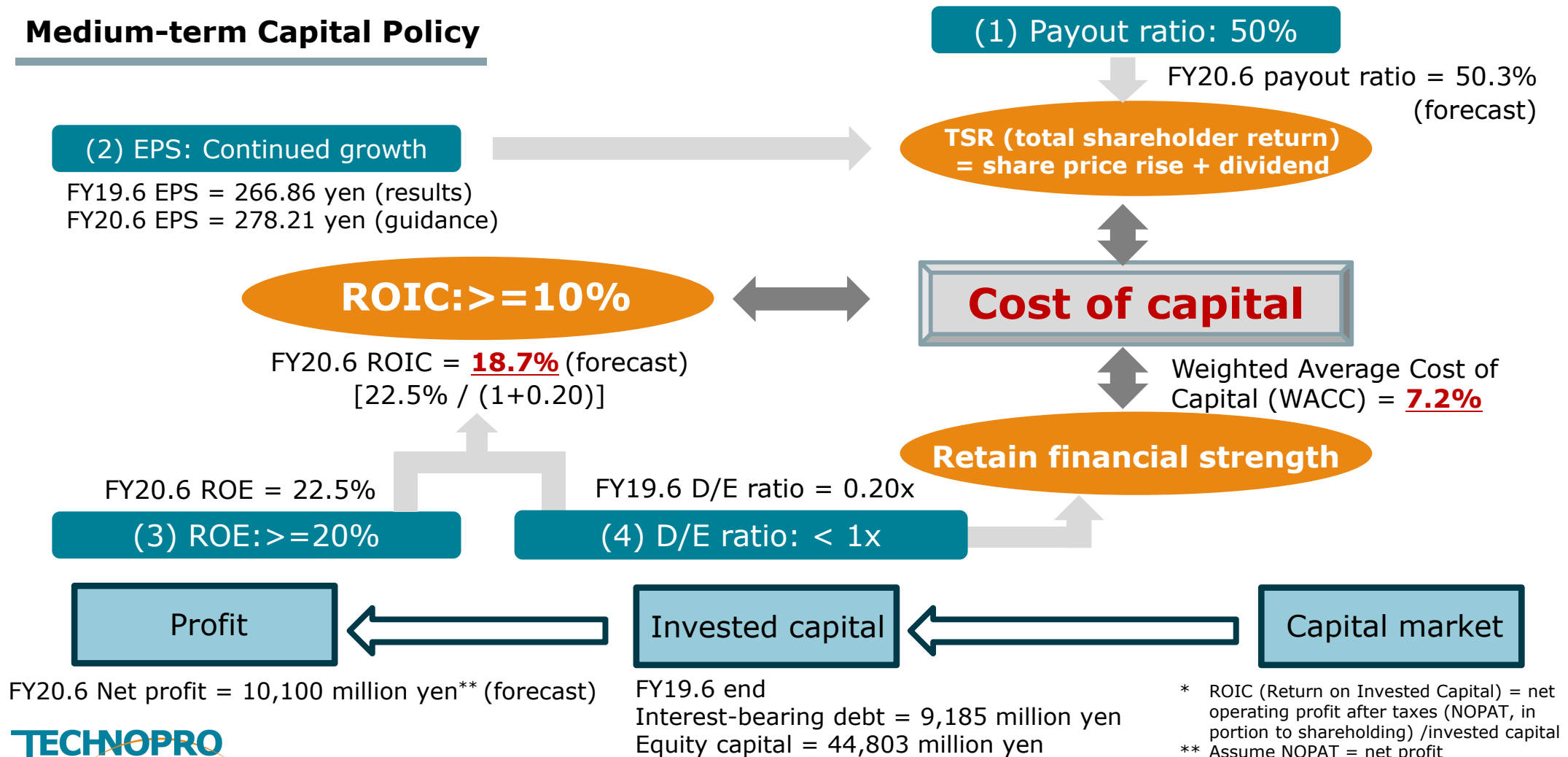
### Repurchase status (as of Oct. 31, 2019)

Total shares repurchased	<b>186,200 shares</b> (37.2% of program)
Total amount repurchased	<b>1,062,634,405 yen</b> (42.5% of program)
Repurchase price per share	<b>5,610 - 5,999 yen</b>

# Capital Policy

- Our capital policy sets **value creation** as a primary focus of business operation, correlating each performance indicator mutually with the cost of capital at its center
- Adding to cost of capital, potential to achieve **more than 10% ROIC\*** through EPS growth, PMI initiatives, synergy creation and effect from growth investment to be taken into account as criteria for forthcoming M&As

## Medium-term Capital Policy



# Outlook & Strategy

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## 1. Outlook & Strategy: Q2 FY20.6

- Unspent SG&A budget of 150 million yen in Q1; to be recognized in Q2
- Working days in Q2 to decrease around 1 day (one working day decline has 0.3 billion yen negative impact on operating profit)
- 137 engineers are strategically on standby or receiving on-the-job training (e.g. data scientist fostering, etc.), plans to continue to invest in education and training for engineers
- A new subsidiary established in India, TPRI Technologies Pvt. Ltd., has started operation, aiming to deliver services to India-based subsidiaries of Japanese firms or win offshore development projects from customers outside India

## 2. Outlook & Strategy: Q3 FY20.6 or Later

- Although Helius's Q1 operating profit before PPA asset amortization exceeded 70 million yen, continues to monitor its operation closely as the further growth in the remaining fiscal year period required to achieve earnings target
- Currently expects to recruit more than 1,300 new graduate engineers, exceeding the original plan of 1,000, consequently plans to post a lot more expenses than initial budget, such as training, salary payment during standby, etc.
- Keeping SG&A expenses under control and promoting industry/customer diversification in order to prepare for a weakening customer mind or budget shrinking as a result from China-U.S. trade friction or macroeconomic uncertainty
- Proactively seeking for M&A opportunities both in Japan and overseas, while securing consistency with business strategy and taking cost of capital or ROIC as a discipline

# **TechnoPro Group**

## **Financial Updates and Progress of Medium-Term Management Plan**

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

July 31, 2019

# Basic Policies of the New Medium-Term Management Plan (repost)

## Five years, from FY18.6 to FY22.6

(We expect to be flexible in revising the plan, at around three years, based on Company performance and the operating environment.)

**We aim to be a “global human resource services company with technology at its core.”**

(Expand the business domain)

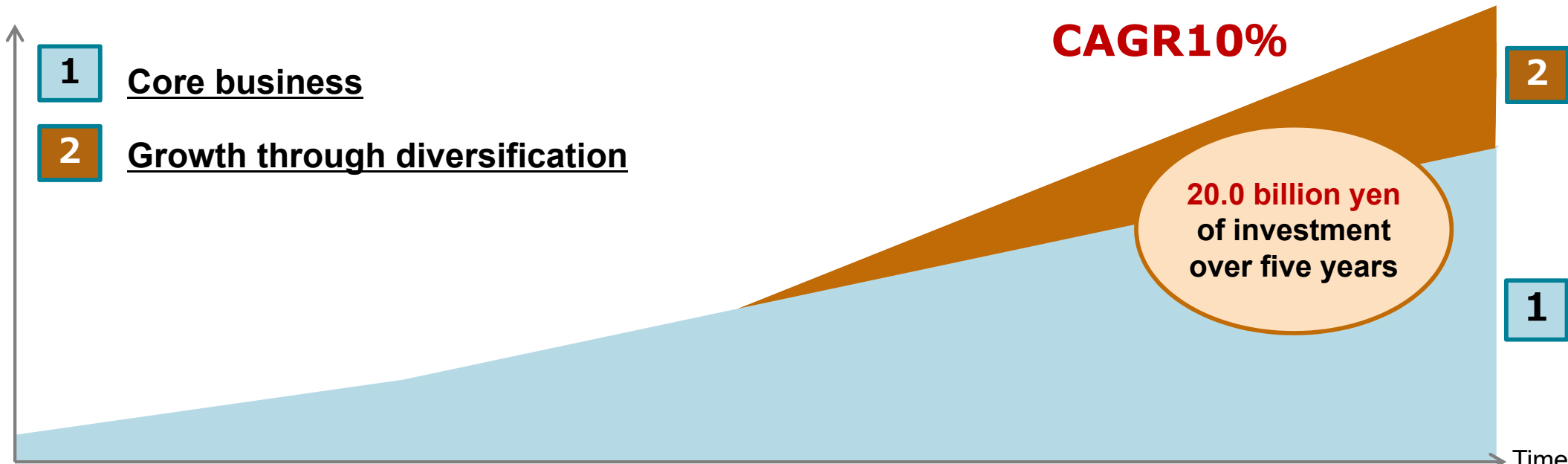
**Look ahead toward long-term increases in corporate value 10 years hence**

**Cultivate engineers and support their transition from maturing and declining industries to growth industries without loss of employment**

# Management Targets (repost)

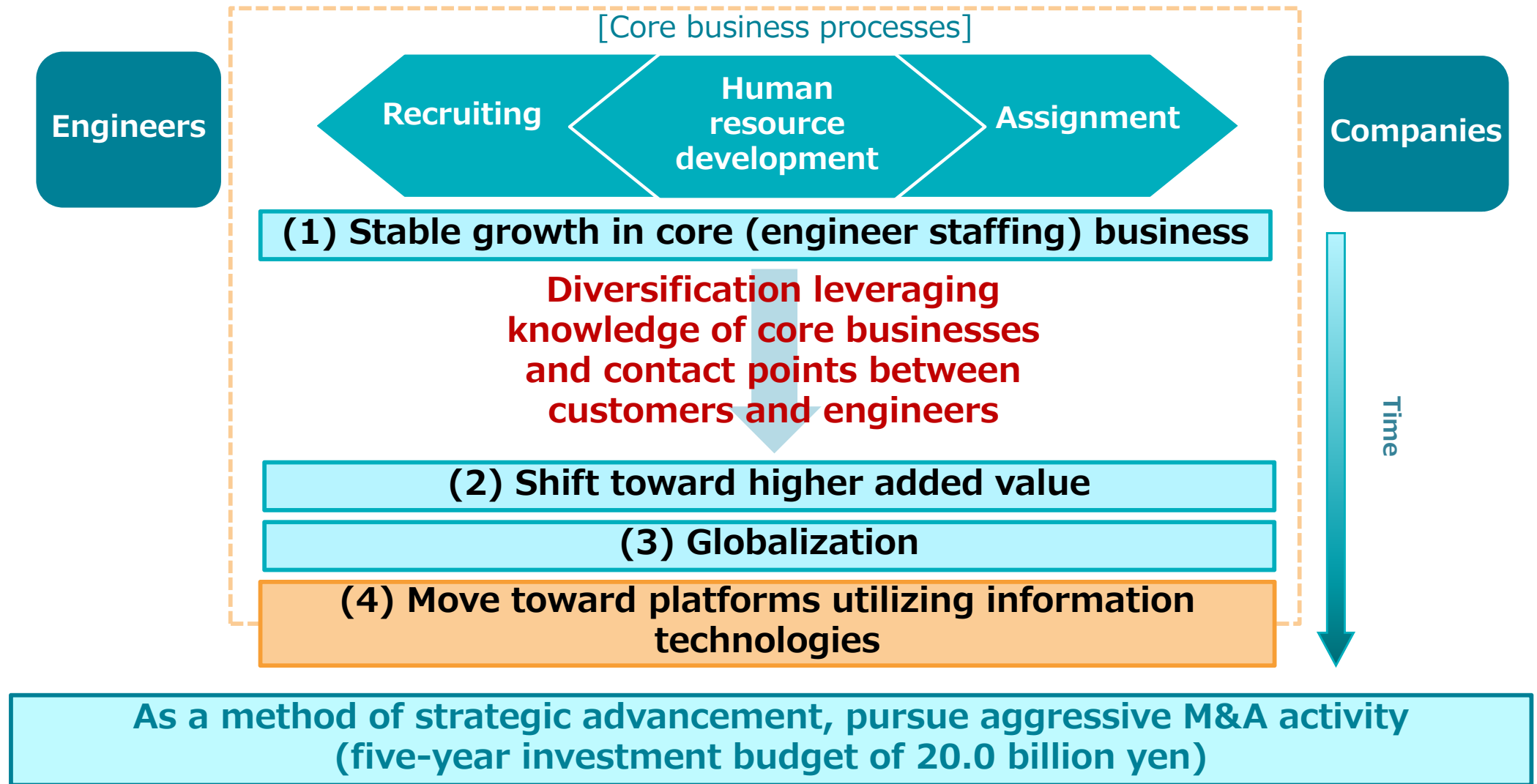
Position five-year period as time to build foundations for 10 years into the future

<Current Medium-Term Management Plan>



(JPY in billions)	FY16.6	FY17.6	FY18.6	-	FY20.6	-	FY22.6	CAGR
Sales	90.3	100.0	109.0		135.0		160.0 or more	10% or more
Operating profit	8.5	9.6	10.6		13.5		17.0 or more	12% or more
Net profit	7.4	7.7	7.6		9.0		11.0 or more	7% or more
ROE	32.0%	29.9%			20% or more			

# Developing Our Growth Strategy (repost)



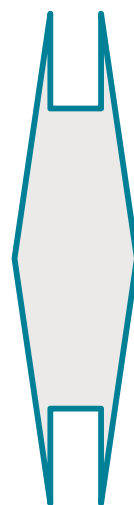
# Progress of Medium-Term Management Plan

## – Financial Updates (1/3)

- Achieved medium-term plan goals for third year in FY19.6, one year ahead of schedule
- FY20.6 revenue expected to exceed FY22.6 plans (final year of medium-term plan)
- Three years beginning FY20.6 will include strategic investments for engineer benefits, growth, and operating efficiencies

(JPY in billions, except headcounts and sales per head)

	FY 17.6 (Results)	FY 18.6 (Plan)	FY 20.6 (Plan)	FY 22.6 (Plan)	CAGR 5 years
Revenue	100.0	109.0	135.0	160.0	+10%
Operating Profit	9.6	10.6	13.5	17.0	+12%
OP Margin	9.6%	9.7%	10.0%	10.6%	-
Net Profit	7.7	7.6	9.0	11.0	+7%
ROE*	29.9%	20%-plus			-



FY 18.6 (Results)	YoY	FY 19.6 (Results)	YoY	FY 20.6 (Guidance)	YoY
116.5	+16%	144.1	+24%	160.0	+11%
11.2	+17%	13.7	+22%	15.3	+11%
9.6%	-	9.5%	-	9.6%	-
8.4	+10%	9.6	+14%	10.1	+4%
24.5%	-	22.4%	-	22.5%	-

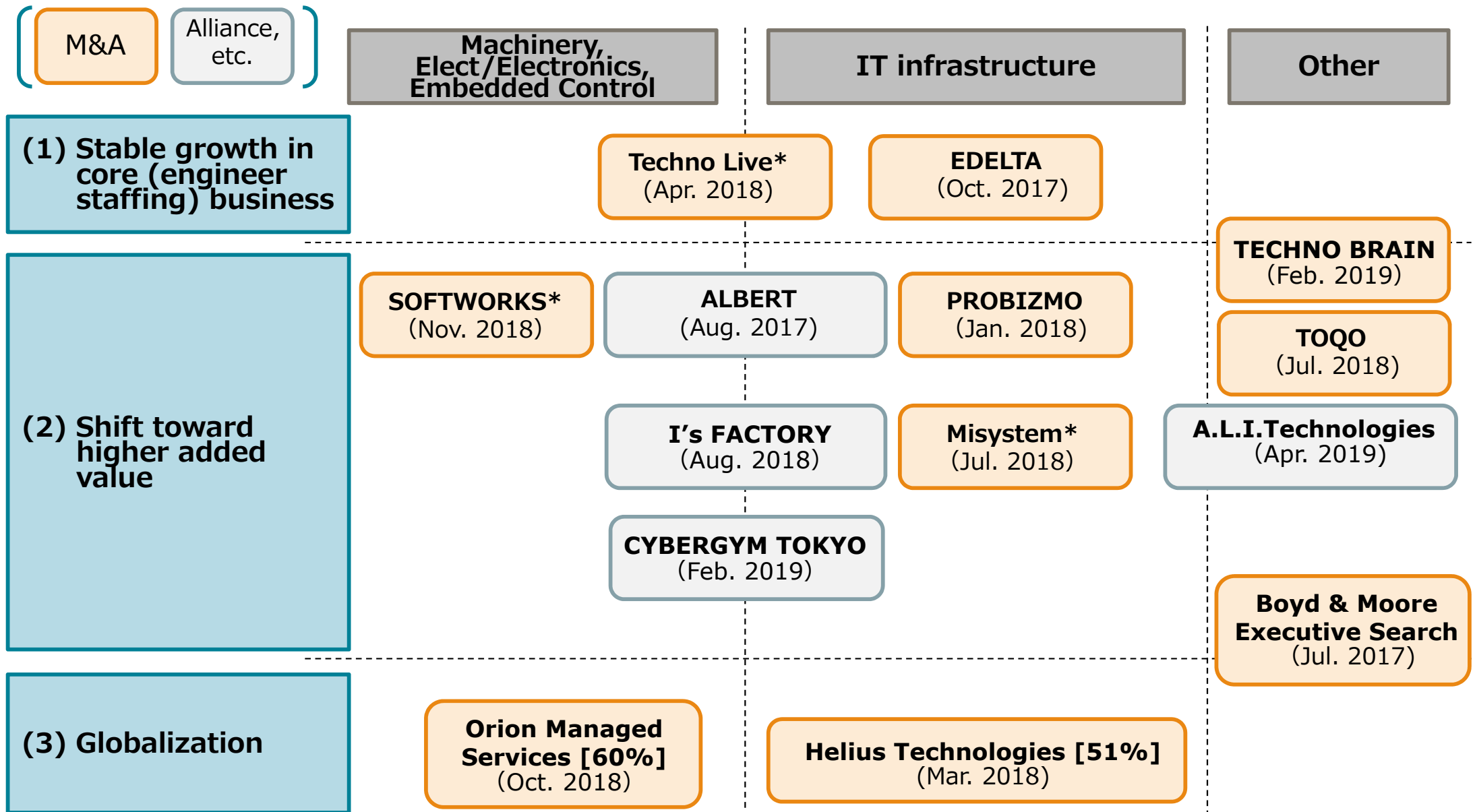
Sales per head** (yen in thousands)	626	635	644	655	+1%
Number of Engineers [Japan]	14,346	15,400	17,600	19,600	+6%

630	+1%	630	0%	-	-
16,797	+17%	19,293	+15%	21,000	+9%

\* FY19.6 is based on the BS at the beginning of the FY, others are based on the average BS amount of the beginning and the end of FY  
 \*\* TechnoPro, Inc. + TechnoPro Construction

# Progress of Medium-Term Management Plan

## -M&A / Alliance (2/3)



\* entities merged into TechnoPro, Inc.

Figures in [ ] represent ownership ratio; companies without figures are wholly owned.

# Progress of Medium-Term Management Plan

## – M&A review (3/3)

- Invested capital\* in M&A during medium-term plan amounted to **9.5 billion yen in total** (excluding 1.5 billion yen in investments in entities merged into TechnoPro, Inc.), related FY19.6 ROIC\*\* was **8.6%**
- Progress in ¥20.0 billion investment budget at 55% as of second year (including invested capital in three entities merged into TechnoPro Inc.)
- Aiming for ROIC of **10%-plus** for each investment area and each acquired company, creating value moving forward (our Cost of capital is **7.2%**)

FY19.6 Results	Machinery, Elect/Electronics, Embedded Control	IT infrastructure	Other	Invested Capital (JPY)	ROIC
	(1) Stable growth in core (engineer staffing) business	Invested Capital 9,522 million yen Profit Contribution After Tax*** 823 million yen ROIC 8.6%			1,104 mn
(2) Shift toward higher added value	4,248 mn				7.5%
(3) Globalization	4,170 mn				8.6%
<b>Invested Capital (JPY)</b>	1,592 mn	5,214 mn	2,716 mn	<b>Cost of capital (WACC)</b>	
<b>ROIC</b>	10.4%	8.8%	7.3%	7.2%	

\* When acquiring 100% of a company, invested capital is considered share acquisition price plus assumption of net interest-bearing debt. In other cases, invested capital is considered share acquisition price

\*\* ROIC (Return on Invested Capital)= Operating profit after taxes(share ownership ratio)÷Invested Capital

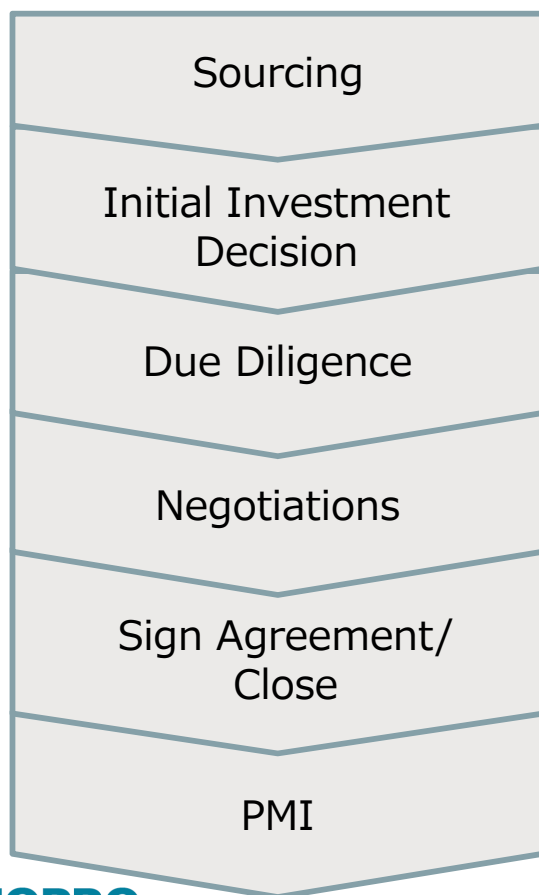
\*\*\* Twelve-month period trailing back from the end of the period in which Orion and other companies acquired

\*Excluding entities merged with TechnoPro, Inc. (Techno Live, Misystem, SOFTWAREWORKS). Total invested capital in three entities amounted to 1,503 million yen.

# Approach to Future M&A Activities

- We will continue to be **active in M&A** as a growth strategy
  - ✓ Emphasis not only on EPS growth, but also on value creation (ROIC exceeds cost of capital)
  - ✓ Proactive approach to target companies aligned with our business strategy
- **Operating division and post-merger integration management team to be active** from the due diligence stage, starting post-merger integration measures and group collaboration as soon as possible

## M&A Process



- Select target based on business strategy
- **Proactive approach based on our long list**
- Disciplined investment decision reflecting cost of capital and ROIC after operating improvements
- Select acquisition method reflecting risk sharing and incentives
- **Active participation of operating division and post-merger integration managers in due diligence**
- Draft post-merger integration plan (100-day plan) ahead of time
- Comprehensive consideration of all due research categories during due diligence
- **Negotiate terms and protection mechanism to avoid down-side risk**
- Procure funds reflecting cost of capital
- Set strict closing condition terms
- **Begin post-merger integration as soon as possible**
- **Strengthen relationships with group companies for cross-selling, etc.; achieve expected synergies**
- Achieve/maintain minimum ROIC targets

# (1) Stable growth in core (engineer staffing) business

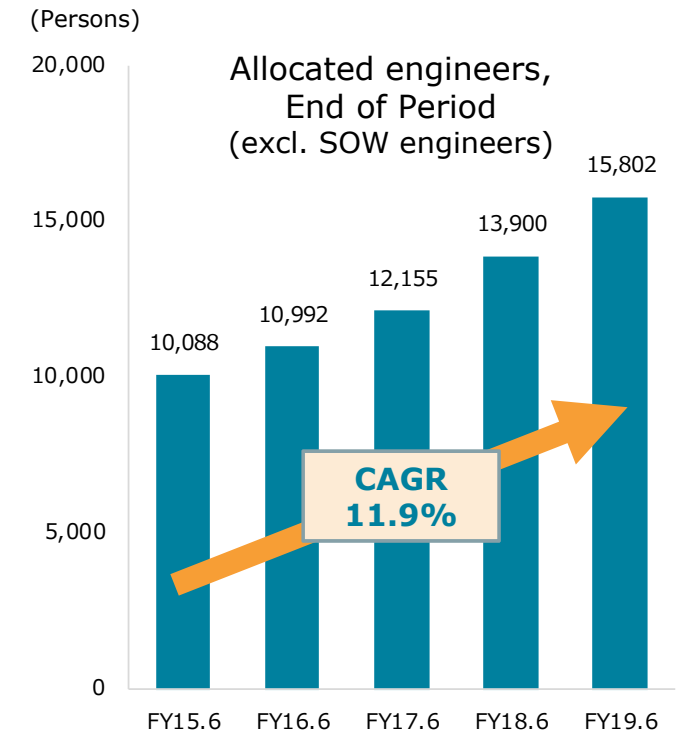
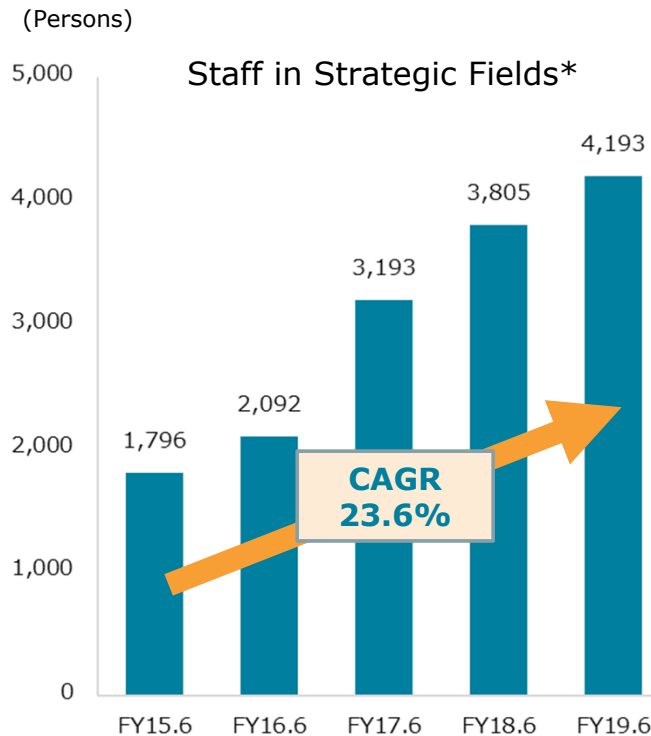
## Engineer Staffing Companies: TechnoPro, Inc., TechnoPro Construction, Inc.

- Hired 4,289 engineers in FY19.6; five-year avg. growth of 15.5%
- Total of 4,193 engineers in strategic fields as of FY19.6; five-year avg. growth of 23.6%
- Total of 15,802 allocated engineers utilization cases as of FY19.6; five-year avg. growth of 11.9%

Hire

Develop HR

Assign



\*Strategic fields

Technology fields determined to be important over the medium and long term.

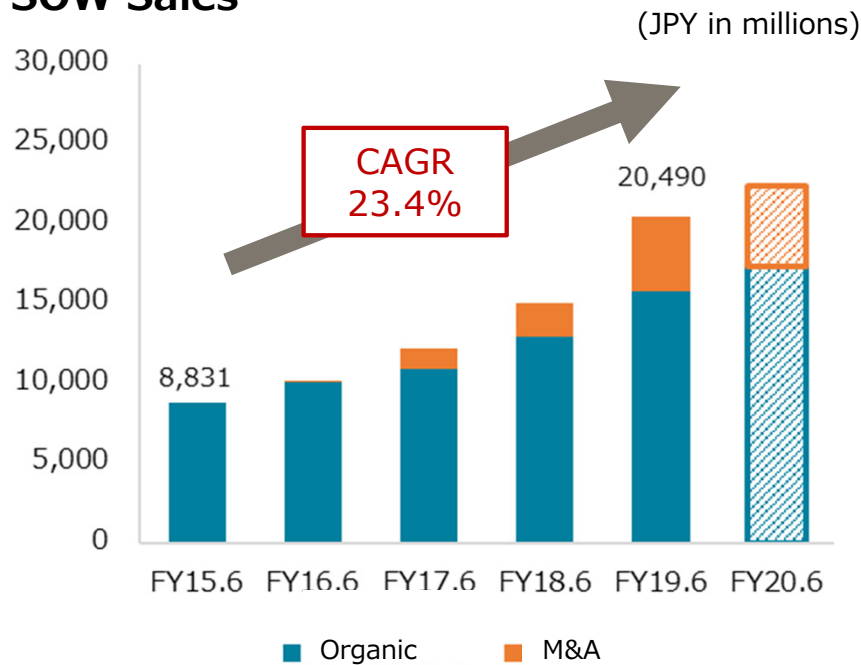
Ex. 3D design technology, embedded software, ERP, security, finance and automobile ICT, etc.

## (2) Shift toward higher added value

### SOW Strategy (Contract Services/ Subcontracting)

Adding Misystem, with its strengths in ERP, and SOFTWORKS, with its strengths in embedded software for automobiles, and other high-value-added companies to the group has brought in talented project managers and accelerated SOW business growth.

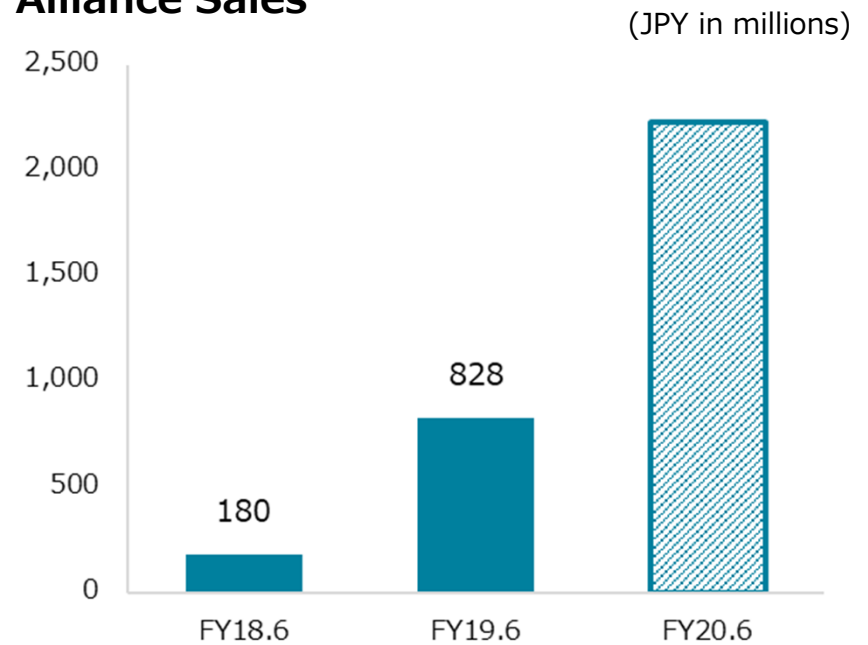
#### SOW Sales



### Alliance Strategy

We are expanding alliances\* and partnerships with data scientists and cyber security experts to foster an environment in which more engineers can take on projects in leading-edge technologies.

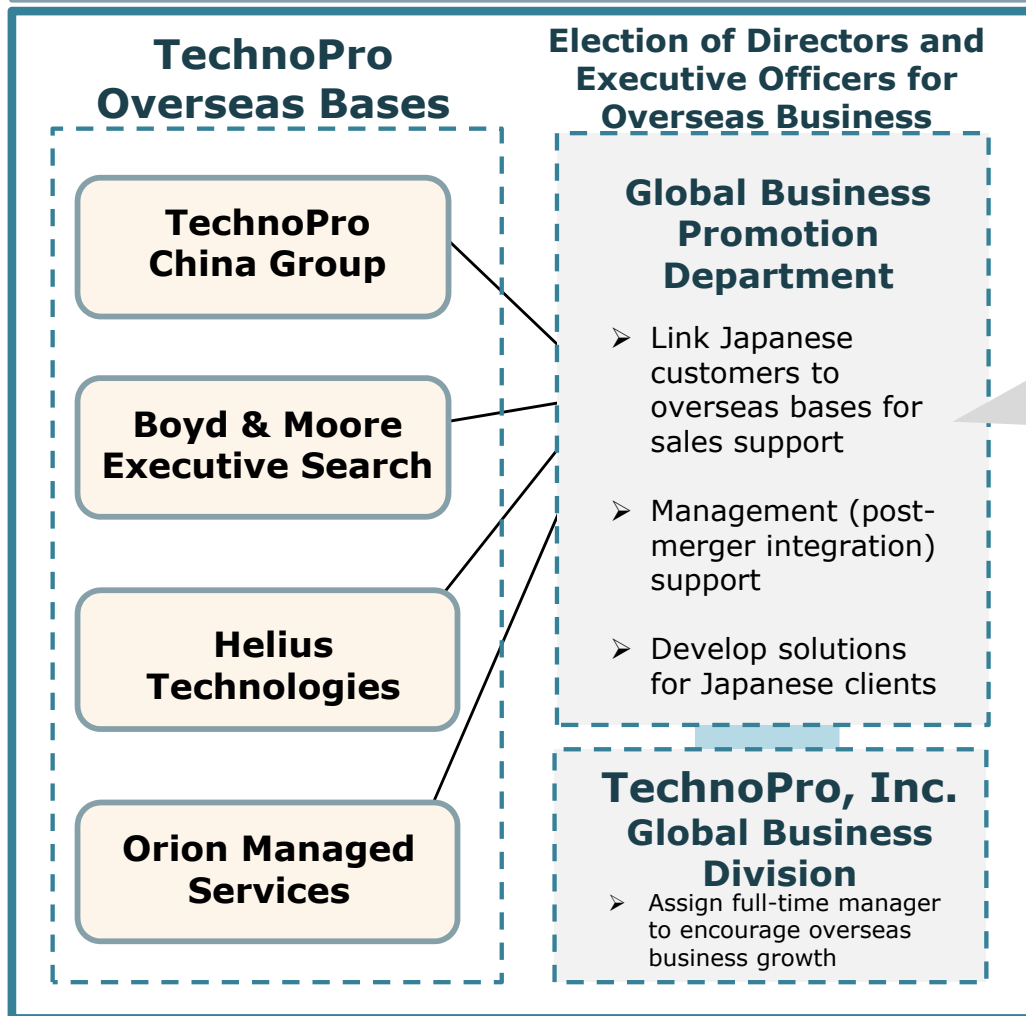
#### Alliance Sales



# (3) Globalization

## – Initiatives for Global Collaboration

- Continue to emphasize globalization for ongoing sustainable growth
- Clarify management responsibility for overseas businesses and strengthen the role of the Global Business Promotion Department
  - ✓ Bolster sales support functions for overseas bases and introduce systematic sales at overseas bases leveraging the 2,000-strong customer list in Japan



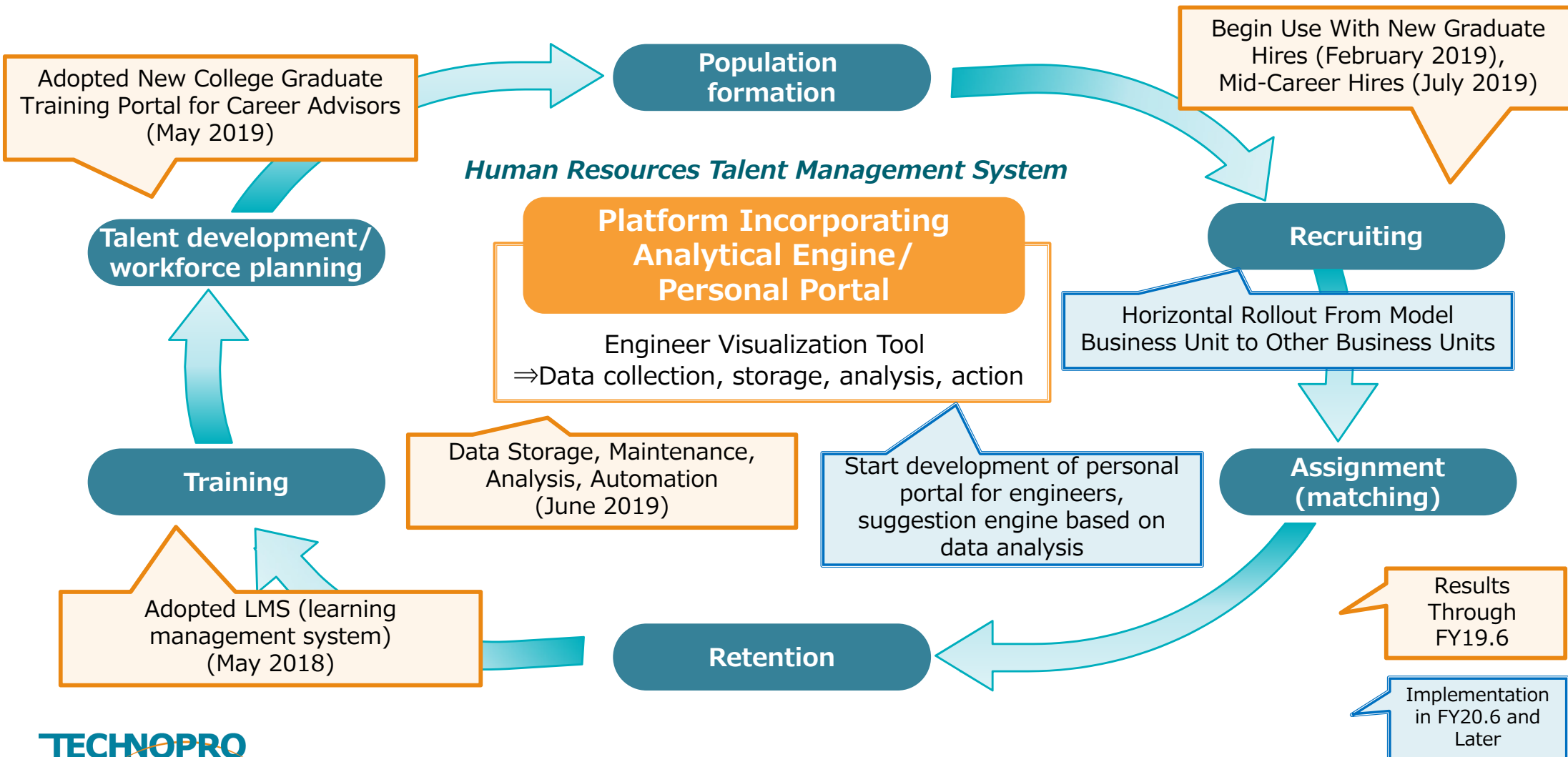
- Establish regular meeting system to link global bases together, deepen involvement in budget and KPI control, sales activities
- Establish Global Business Division at both holding company level and within operating company TechnoPro, Inc.
- Develop new global strategy toward TechnoPro Group medium- and long-term growth



# (4) Move toward platforms utilizing information technologies

## Building a Human Resources Talent Management System

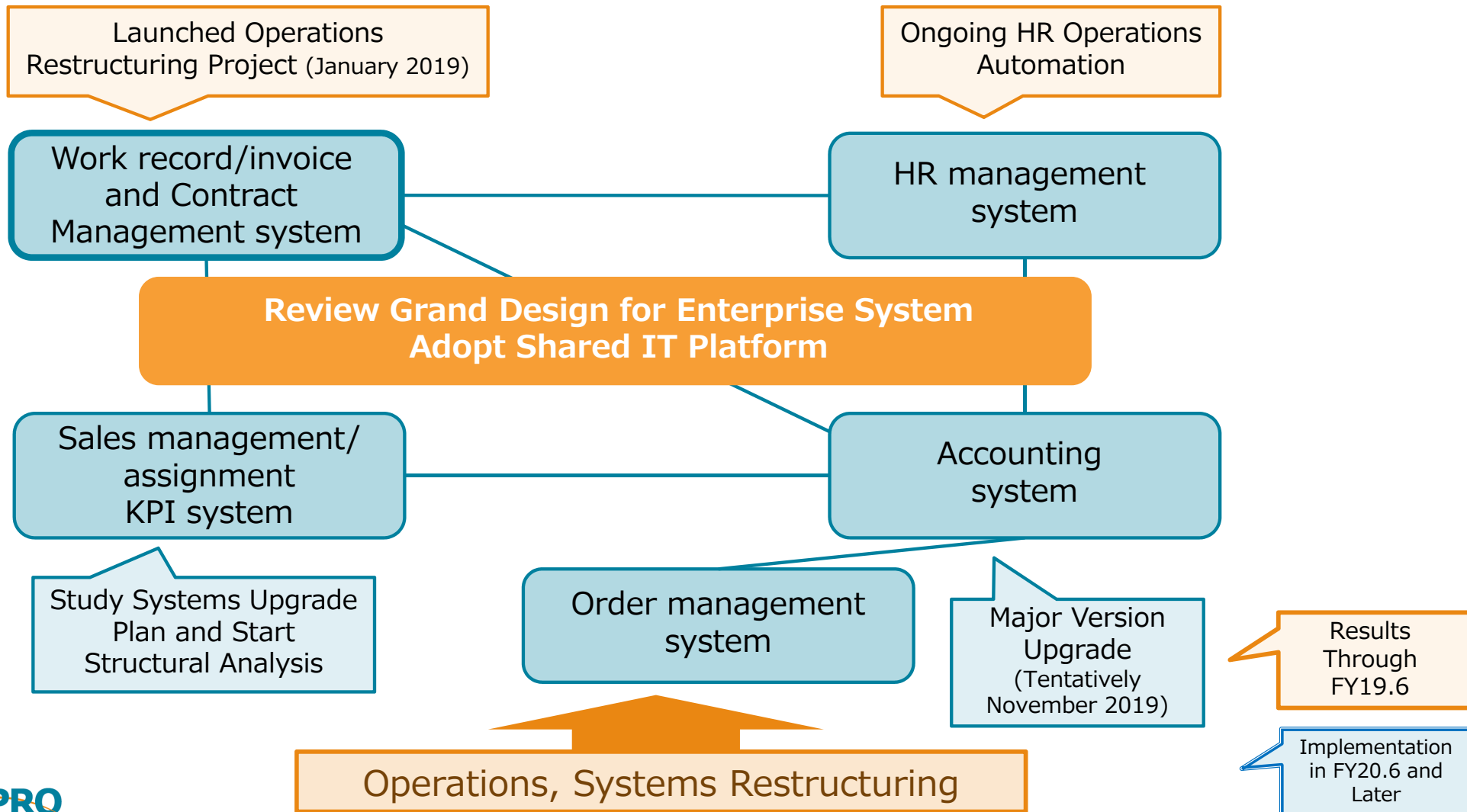
- Incorporate IT into core businesses to accelerate HR services that anticipate company and engineer needs
- FY19.6 will show progress in efficient hiring activities, secure relations with offerees, and improved engineer motivation
- Actively improve engineer value, aiming for improved hiring efficiency, effective HR training, and appropriate engineer assignments (increased base charge)



# (4) Move toward platforms utilizing information technologies

## Restructure Enterprise System

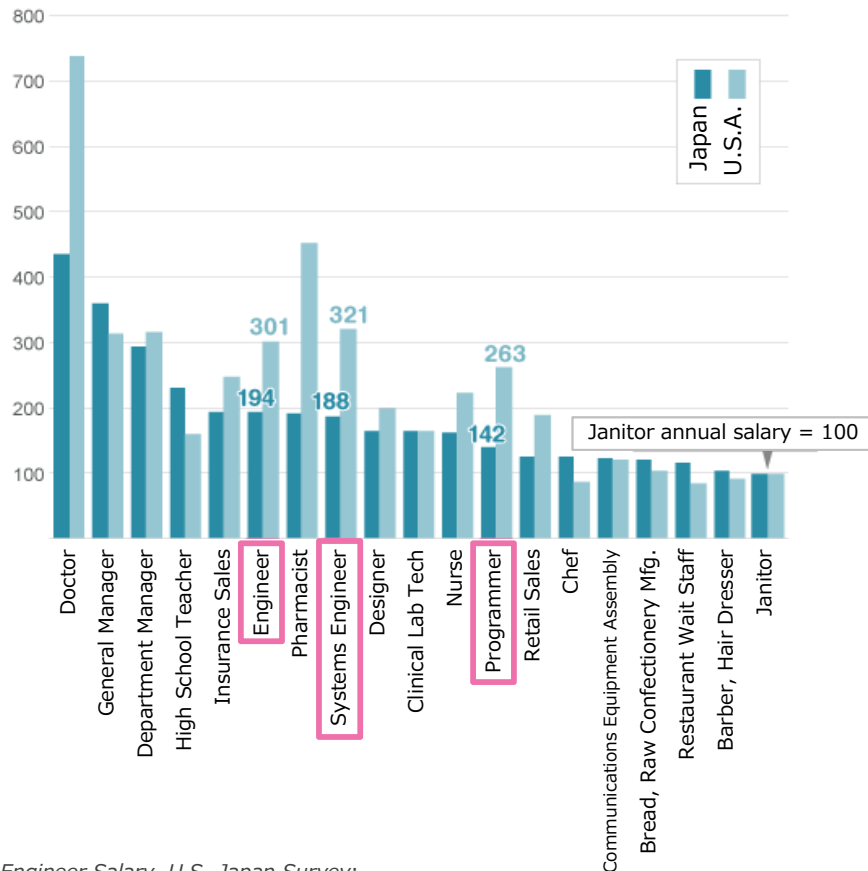
- Toward our new system release in July 2022, we launched an operations restructuring project in January 2019: Conceiving a New Approach to Next-Generation Work Flow and New System Adoption
- In connection with the new system adoption, we are reviewing the grand design for our enterprise system, while identifying investment returns. We are also launching a new systems structure analysis and version upgrade ⇒ Aiming for a Single System, Aiming for a Shared IT Platform



# Approach to Improving Employee Benefits

- Additional costs to comply with equal pay for equal work rules will (enforced beginning April 2020) be small focus. At the same time, we will invest actively in improving employee benefits and training for engineers.
- Improved employee satisfaction contributes to increased retention, more efficient hiring, and increased employee motivation, etc., resulting in higher profitability

Salary by Occupation: U.S.-Japan Comparison (2016/Males)  
(Janitor annual salary indexed to 100)



Source: Report: Engineer Salary, U.S.-Japan Survey;  
TechnoPro Holdings  
Research Institute for STEM Human Resources, Doshisha University

## Background

Engineers have a relatively low status in Japan (see graph to the left)

Poor benefits are one factor contributing to chronic shortages of engineers

## Details

In addition to increasing regular base, we will invest **3.0 billion yen over three years** to improve employee benefits

Cost increases will be absorbed by improved profits due to base charge hike, value added services and higher productivity, leading to maintenance of profit margins

# Future Developments

- FY22.6 revenue forecast of **192.0 billion yen** on an organic basis (+32.0 billion yen vs. current), annual avg. growth rate of **10.0%** over three years
- Invest 3.0 billion yen in engineer benefits over three years, aiming for profit margin improvement
- We intend to **create a new medium-term management plan** over the next year, making an official announcement in July 2020

(JPY in billions)

	FY19.6		FY20.6		FY22.6			
	(Results)	YoY	(Guidance)	YoY	Mid-term Plan	(Plan)	Vs. Plan	CAGR**
Revenue	144.1	+23.7%	160.0	+11.0%	160.0	192.0	+32.0	+10.0%
Operating Profit	13.7	+22.3%	15.3	+10.0%	17.0	19.0	+2.0	+11.4%
<i>OP margin</i>	9.5%		9.6%		10.6%	9.9%	-	-
Net Profit*	9.6	+13.9%	10.1	+4.6%	11.0	12.5	+1.5	+8.9%
Number of Engineers [Japan, year-end]	19,293	+14.9%	21,000	+8.8%	19,600	24,600	+5,000	+8.4%
Utilization rate [Japan]	95.5%	-0.2pt	95-96%		95-96%	95-96%	-	-

\* Net profit attributable to owners of parent after non-controlling interests referred to as *Net Profit* in this document

\*\* 3 years average based on FY19.6

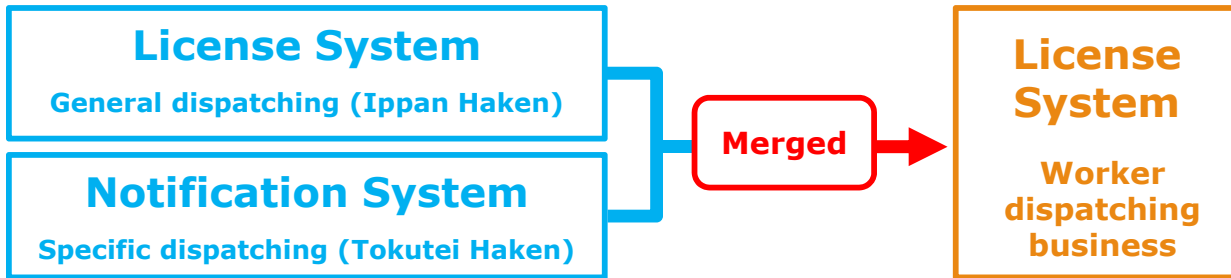
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# Appendix: Key Amendments in the Workers Dispatch Law

## POINT 1 All operators must have a license



### Possible effects on TechnoPro

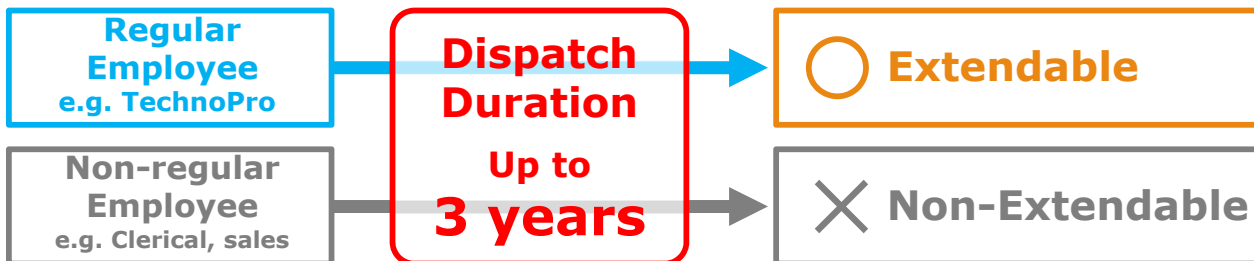


**Positive**

- \*TechnoPro group companies already meet requirements for the new license system.
- \*TechnoPro, Inc. is accredited as one of the quality staffing operators by MHLW.



## POINT 2 3-Year Limit for Fixed-term Contract Staff



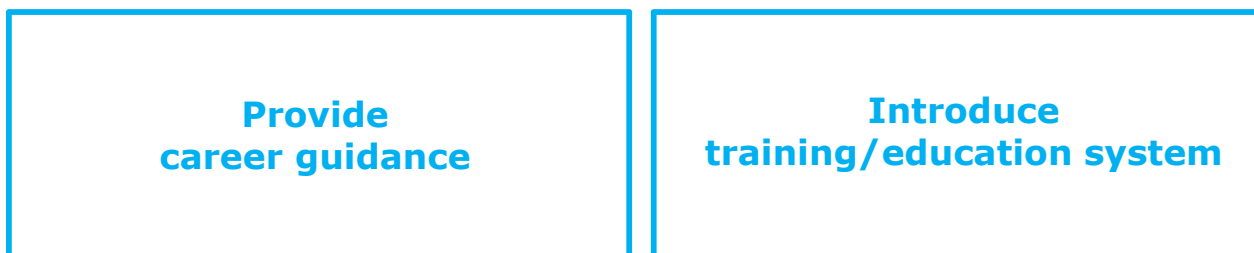
### Possible effect on TechnoPro



**Positive**

- \*Most of TechnoPro engineers are working on indefinite-term(full-time) contracts so they can work with the same client for more than 3 years.
- \*Even though some construction engineers are working on fixed-term contracts, they are not affected as their project terms is less than 1 year.

## POINT 3 Mandatory Career Support for Workers



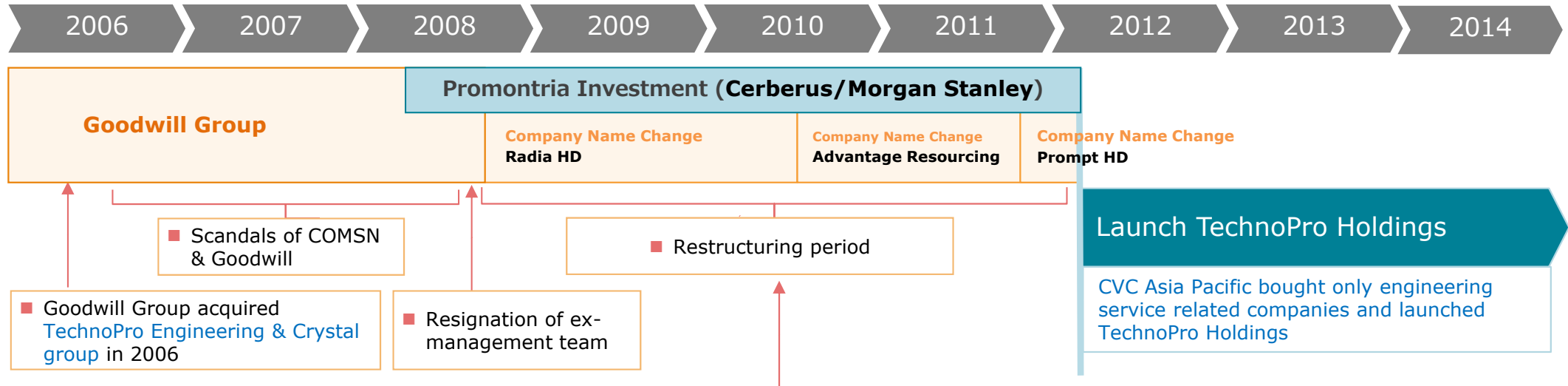
### Possible effect on TechnoPro



**Positive**

- \* TechnoPro already has various career support systems.
- \* We have four TechnoPro Learning training centers.
- \* We have over 60 Win school, training facilities across Japan.
- \* Internally we have more than 200 of professional/business training programs.

# Appendix: Past background before the Launch of TechnoPro HD



Promontria Investment		
Goodwill Group, Inc.	Liquidated	
	Jan/2017	
COMSN (nursing care service)	Liquidated	
	Dec/2009	
Goodwill (daily-contract worker-dispatching)	Liquidated	
	Nov/2013	
Manufacturing labor-dispatching	Sold	Business sold to engineer staffing company (public-listed) 2009
Restaurant business	Sold	Business sold to restaurant & amusement company (public-listed) 2009
HR business in the US/Europe	Sold	Equity sold to HR & media company (public-listed) 2011
Engineer staffing / contracting business	Restore & sold	<b>Equity sold to TechnoPro Holdings, Inc. 2012</b>

- On March 2008, Promontria bought Goodwill group for investment purpose.
- Each business domain was selectively liquidated, sold, revitalized to maximize investment effect.
- Promontoria sold engineer staffing/contracting businesses to TechnoPro Holdings on April 27, 2014, when the revitalization was completed.
- On January 2017, Former Goodwill Group has Liquidated.

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