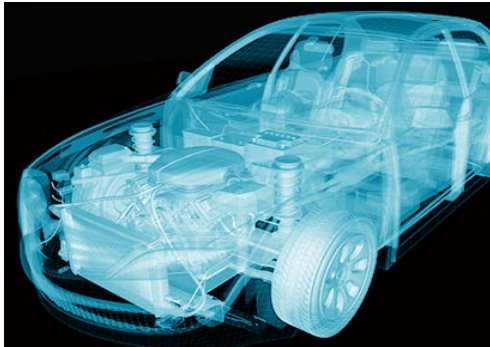


TechnoPro Holdings, Inc.

Corporate Information (Consolidated edition)



As of May 29th 2017

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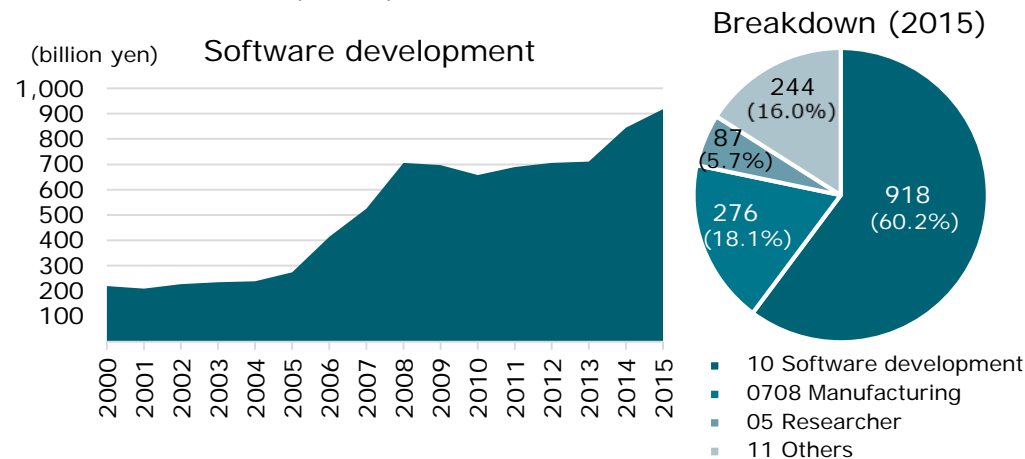
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Engineer Staffing Market Overview

- Estimated the whole staffing market size is 5.5 trillion yen. (2015)
Engineer staffing market size (including manufacturing engineers) is 1.5 trillion yen, about 220,000 people.
- Steady economic growth of this market is forecasted because of the increasing of R&D demand.

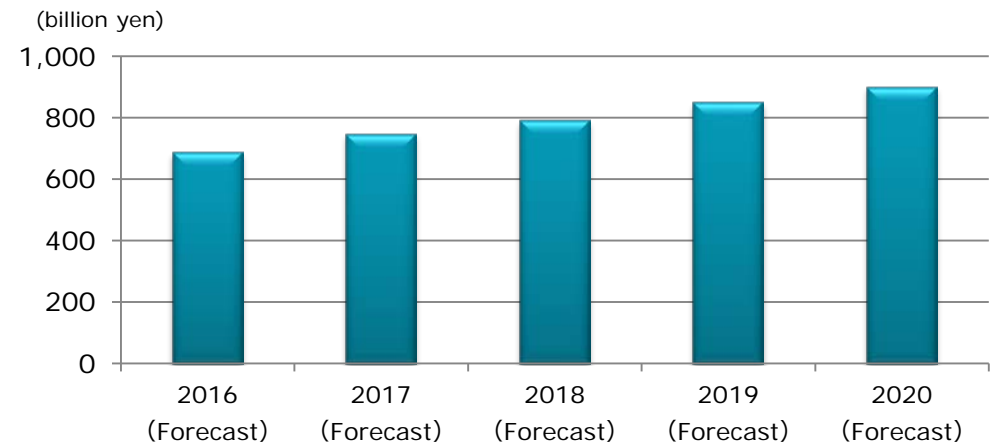
1. Transition of engineer staffing market size

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



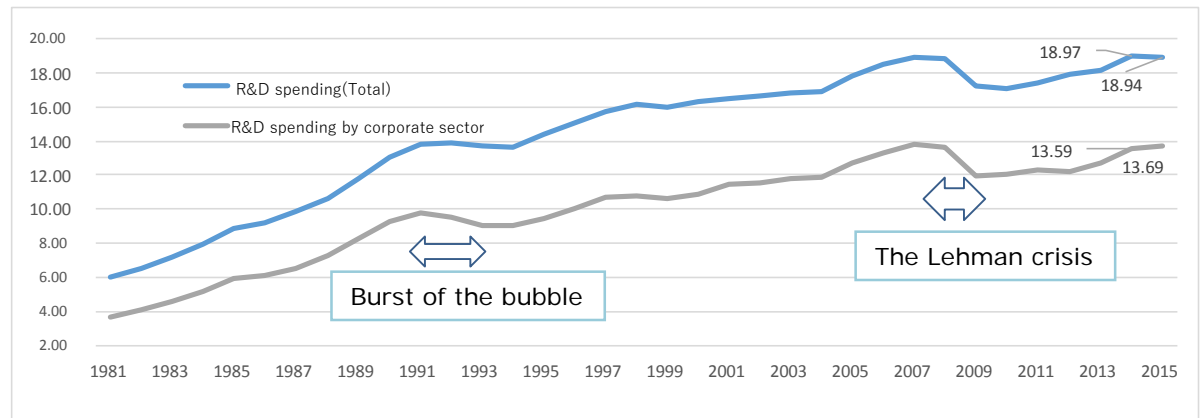
2. Forecast of engineer staffing market size

Yano Research Institute gathered information by research



3. Transition of R&D spending in Japan (trillion yen)

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

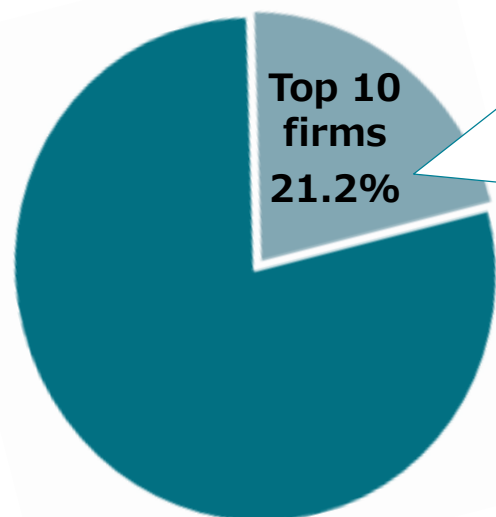


Engineer Staffing Market

- The top ten firms occupy 21.2% share of the engineer staffing market.
- Leading two firms have predominant share among the top ten firms.
- **TechnoPro Group became number-one in FY2016.**

Engineer staffing market

1.5trillion yen (2015)*



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

Top 10 Firms in the Engineer staffing sector

Source: Yano Research Institute, *Human Resource Business 2016*

Rank	Company	Revenue (million yen)	Share**
1	TechnoPro Group (consolidated)	90,323	5.9%
2	Meitec (consolidated)	87,888	5.8%
3	Forum Engineering	31,900	2.1%
4	WDB	29,755	2.0%
5	Altech (consolidated)	22,723	1.5%
6	Trust Tech	21,904	1.4%
7	VSN	19,379	1.3%
8	Japan Techseed	10,737	0.7%
9	Yume Technology	4,772	0.3%
10	HIP	4,720	0.3%
Top 10 total		324,101	21.2%

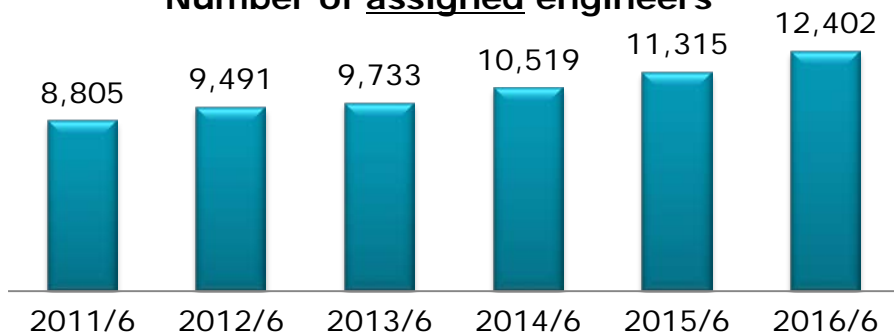
** TechnoPro estimates based on the data researched by Yano Research Institute

Corporate Overview The Largest Engineer Staffing Company in Japan*

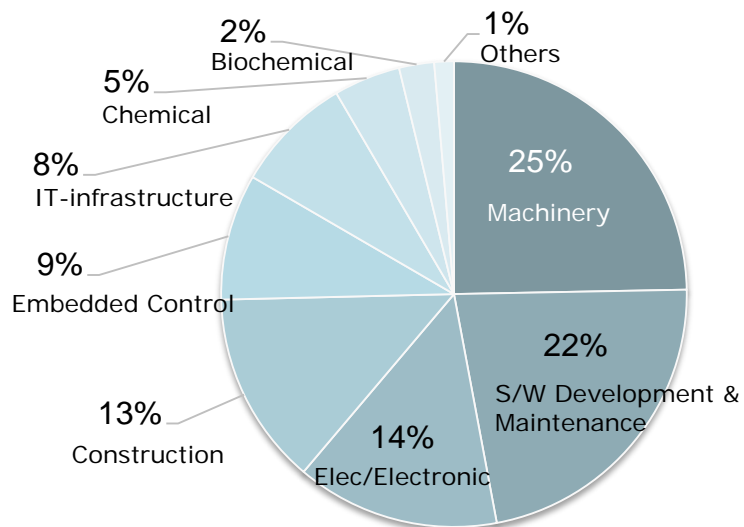
*13,127 engineers as of June 30th, 2016. full-time employees: 88%

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

Number of assigned engineers



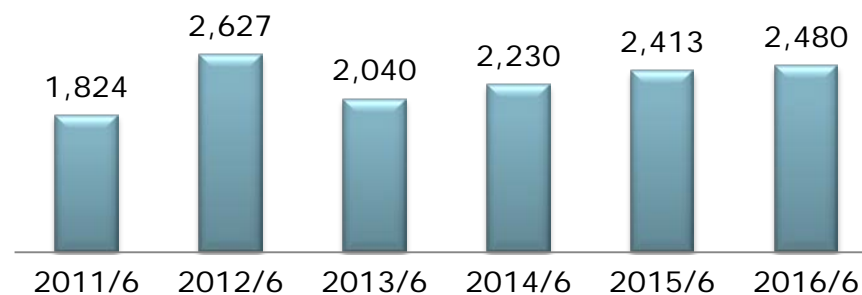
Breakdown of Assigned Engineers by Technological Domains (as of Jun 2016)



② Unparalleled recruiting capability supported by in-house recruiters

Recruiting **approx. 2,000 Engineers** every year

Number of recruited engineers (mid-career+ new-graduate)



* The total of recruited engineers in the Japanese subsidiaries

③ Strong sales capability creates broad customer base

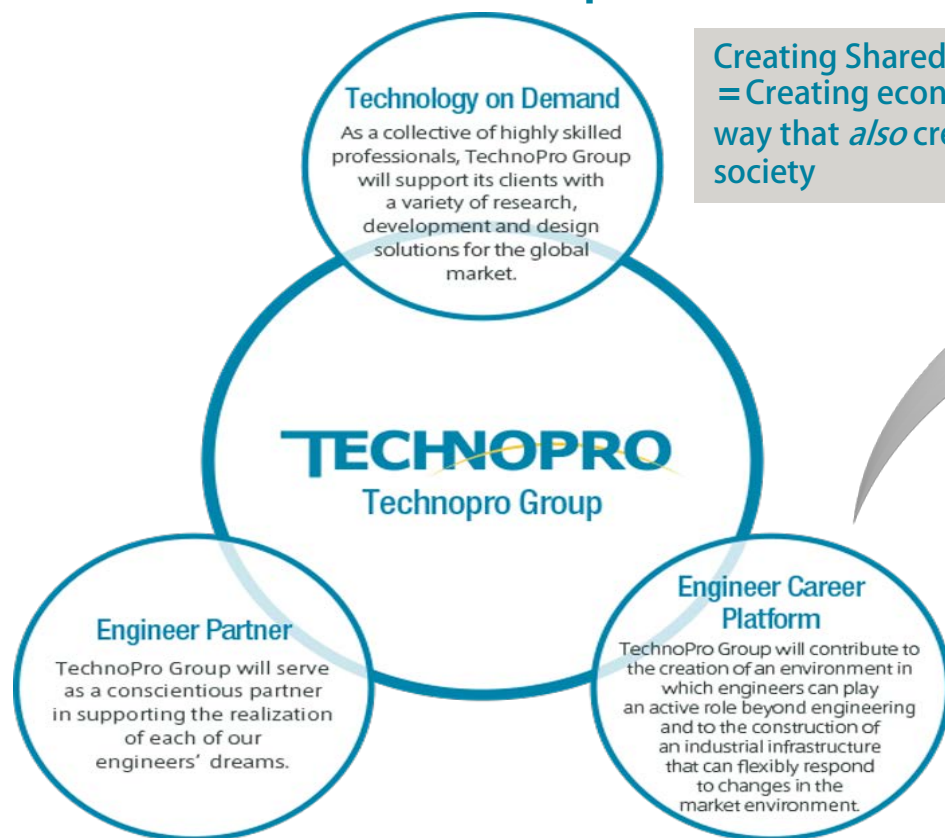
1,894 customers as of Jun. 2016

			Sales of JPY 1 tn. or more	Contract period with over 10 years
1	Electronics/SIer	Listed	○	○
2	Electronics/SIer	Listed	○	○
3	Transportation	Listed	○	○
4	Electronics/SIer	Listed	○	○
5	Electronics/SIer	Listed	○	○
6	Transportation	Listed	○	○
7	Transportation	Listed	○	○
8	Construction	Non-listed	○	○
9	Non-ferrous Metals	Listed	○	○
10	Electronics	Listed	×	○

Group Vision and ESG

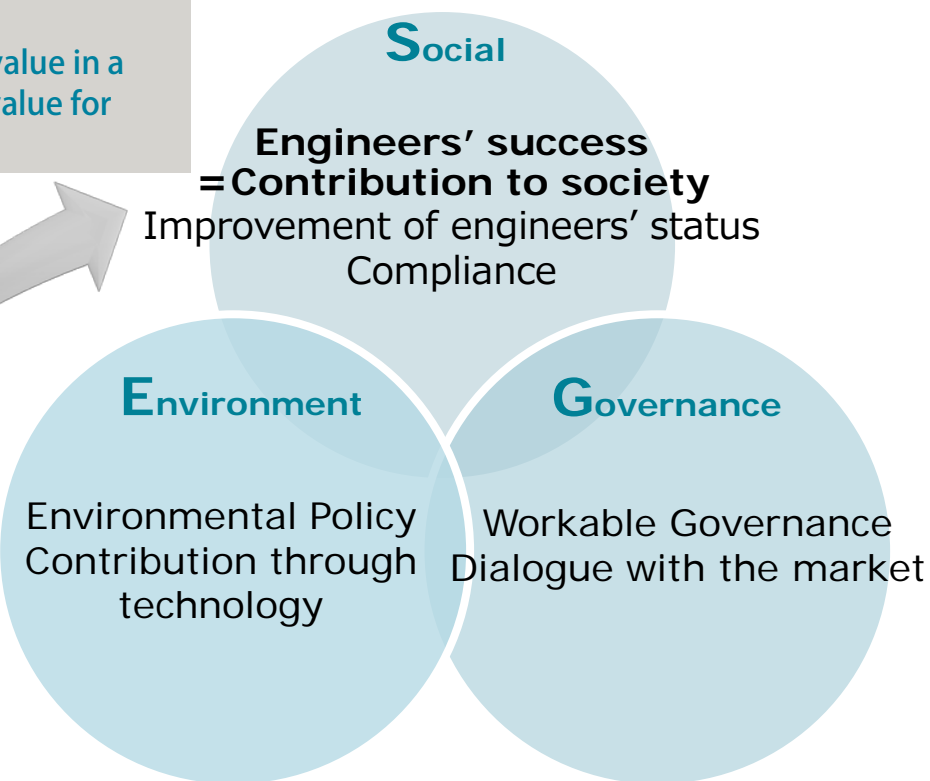
- We have set our Group Vision and shared it with all employees.
- Our mission is to contribute to “Technology-oriented nation Japan” through engineers’ success.
- Based on the philosophy of “Creating Shared Value” , we focus on **contributing to society through our business itself**.

TechnoPro Group Vision



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

About ESG



Sustainability Report : Creating Shared Value

- We have published "Sustainability Report 2016", which describes our core value/management policy, business strategies and CSR activities.
- Based on the philosophy of "Creating Shared Value", we aim to share our societal mission and value creation mechanism with investors.



Contents

Business Background and TechnoPro

- Reasons why we are required in Japanese society
- Social problems that we are solving

Sustained Growth Through Value Creation

- Our unique approaches / activities to create economic and societal values

Management Foundation Enhancement for Value Creation

- Management foundation on which we continue to create values

Financial Report

- Creating profits as a result of our activities

Social -Sustainability-

Compliance

Responsibility as the industry-leader

■ 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

- "Compliance manual with 89 chapter"
- Weekly compliance tests
- Annual employees compliance training



■ Checking compliance system

- Detailed check of the individual contracts by Compliance promotion Div.
- Following government inspection, we have to amend only 2% of labor contracts after march 2012.
(on average 78.6% in FY2012)

■ 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.)

Human resource development

Responsibility as an employer

■ Education and training

- A leading technical education company has joined us.
- 66 training centers.
- More than 200 courses.
- The number of attendances: 39,677 annually

■ Career support system

- Dedicated career advisers
- Self-realization plan(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

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

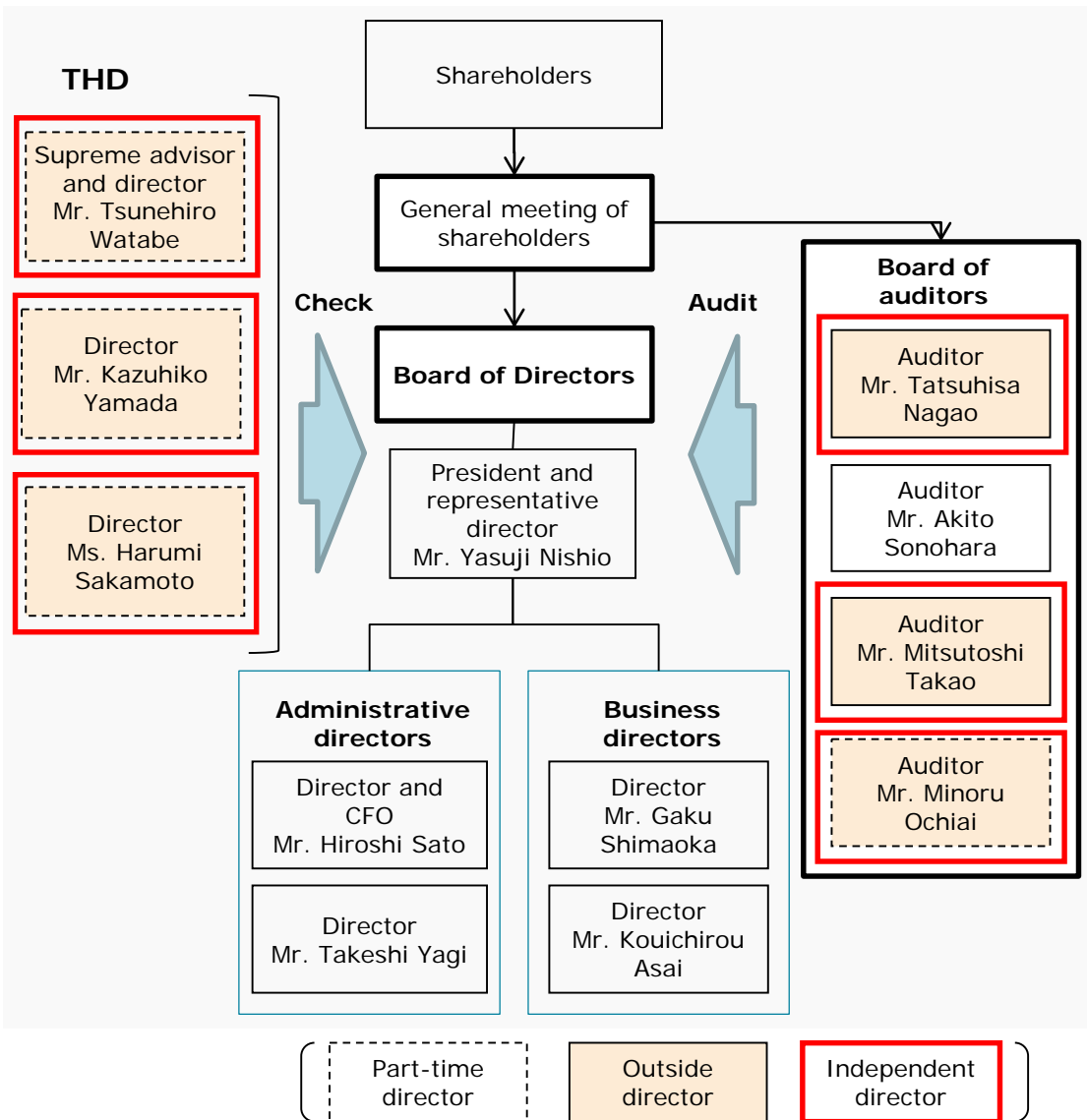
■ Diversity

- To employ overseas engineers.
- Equal opportunity of Men and Women.



Governance -Corporate Governance Structure-

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



Secure the management system to follow "Corporate Governance Code"

- Introduced the Corporate Governance Guidelines
- 3 independent outside directors out of 8
3 independent outside auditors out of 4
- Operates Nomination and Compensation Committee
- Operates Independent Executive Committee

Introduced stock option

- Exercise period : from October 1, 2018
- Conditions for exercise : Performance must exceed 105% or more of 27.2 billion yen, the total consolidated operating profit target in the mid-term management plan in order to exercise 100% of subscription warrants
- Aggregate number of subscription warrants: 312 (dilution ratio <0.1)

Environment -Environment policy and Disabled Persons' Employment-



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 ceremony at "MILLENNIUM HOPE HILLS" in Iwanuma, Miyagi

Tree planting "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.

■ 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 plan to transfer some parts of our internal jobs to TechnoPro Smile in FY2017, in order to expand the opportunity for disabled people.

※We have kept the hiring rate of disabled people about 2% despite 1000 new employees are joining us every year.

■ 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)



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Q3 FY2017 Overview

- Revenue and operating profit exceed guidance for year-to-date Q3 FY2017 period, despite the fewer working days (down 0.8 day YOY) in Q3 (Jan.-Mar.)
- Tax effects changed reflecting strong earnings, resulting in the increase of estimated effective tax rate; maintaining annual guidance provided on July 29, 2016

(JPY in millions, except per share amounts)

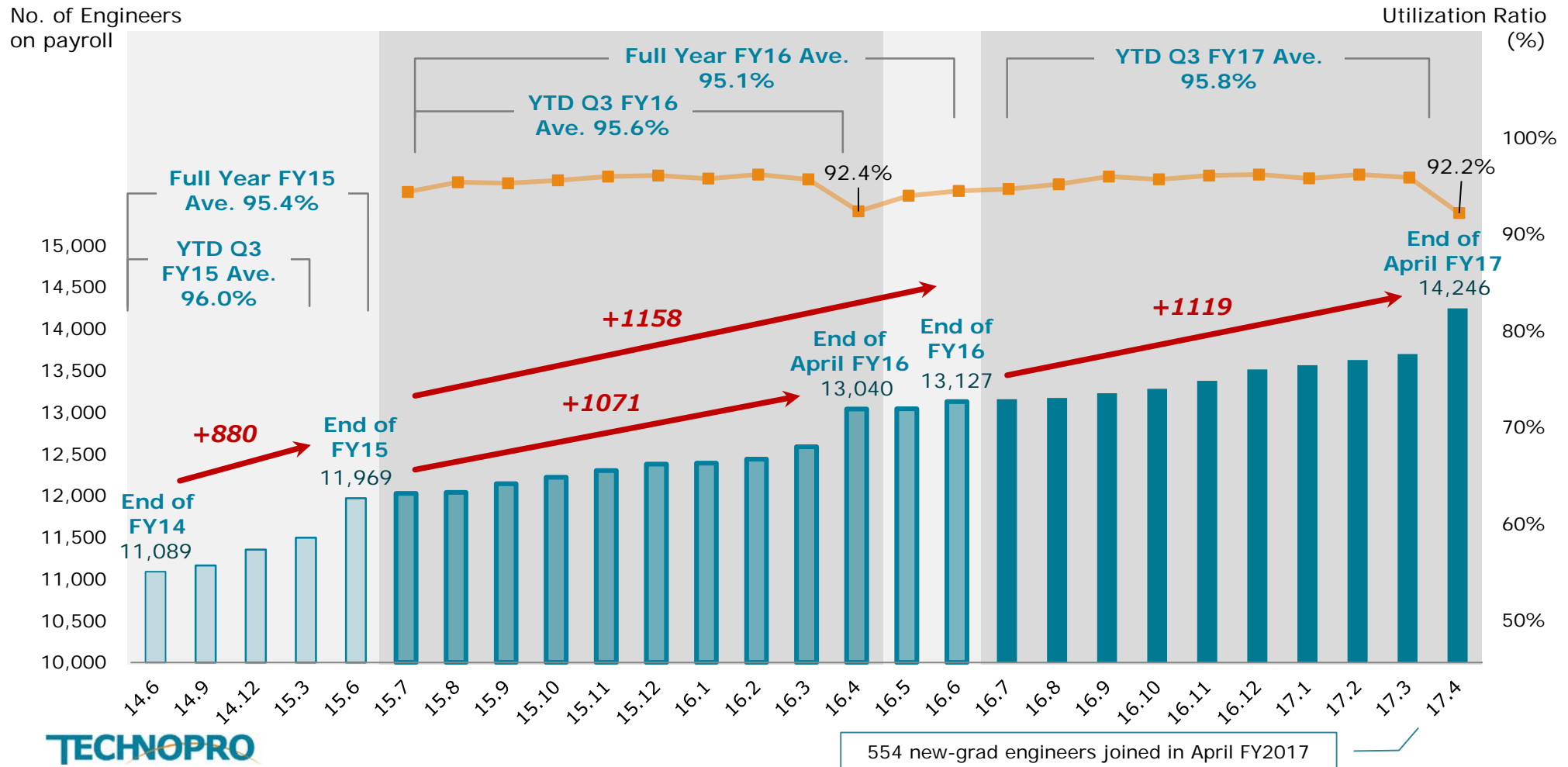
	Quarterly							Full Year		
	YTD Q3 FY2016 (Actual)	Progress	YTD Q3 FY2017 (Actual)	Progress	YOY	Q3 FY2017 (Actual)	YOY	Full Year FY2016 (Actual)	Full Year FY2017 (Guidance)	YOY
Revenue	67,013	74%	74,141	76%	10.6%	25,330	10.0%	90,323	98,000	+8.5%
Gross profit (GP)	15,991	75%	17,447	75%	9.1%	5,932	6.9%	21,328	23,200	+8.8%
<i>GP margin</i>	23.9%		23.5%			23.4%		23.6%	23.7%	
SG&A expenses	9,349	73%	10,110	72%	8.1%	3,447	7.8%	12,831	14,100	+9.9%
<i>Ratio on revenue</i>	14.0%		13.6%			13.6%		14.2%	14.4%	
Operating profit (OP)	6,679	79%	7,407	81%	10.9%	2,505	7.3%	8,494	9,100	+7.1%
<i>OP margin</i>	10.0%		10.0%			9.9%		9.4%	9.3%	
Profit before income taxes	6,437	81%	7,341	82%	14.0%	2,483	9.9%	7,920	9,000	+13.6%
Net profit **	6,205	84%	5,873	76%	(5.4%)	1,775	(16.4%)	7,359	7,700	+4.6%
Net profit per share	182.11	—	171.66	—	—	—	—	215.80	225.05	—
Dividend per share (forecast)	—	—	—	—	—	—	—	111.52	112.53	—

* Amounts are rounded down to the nearest unit.

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

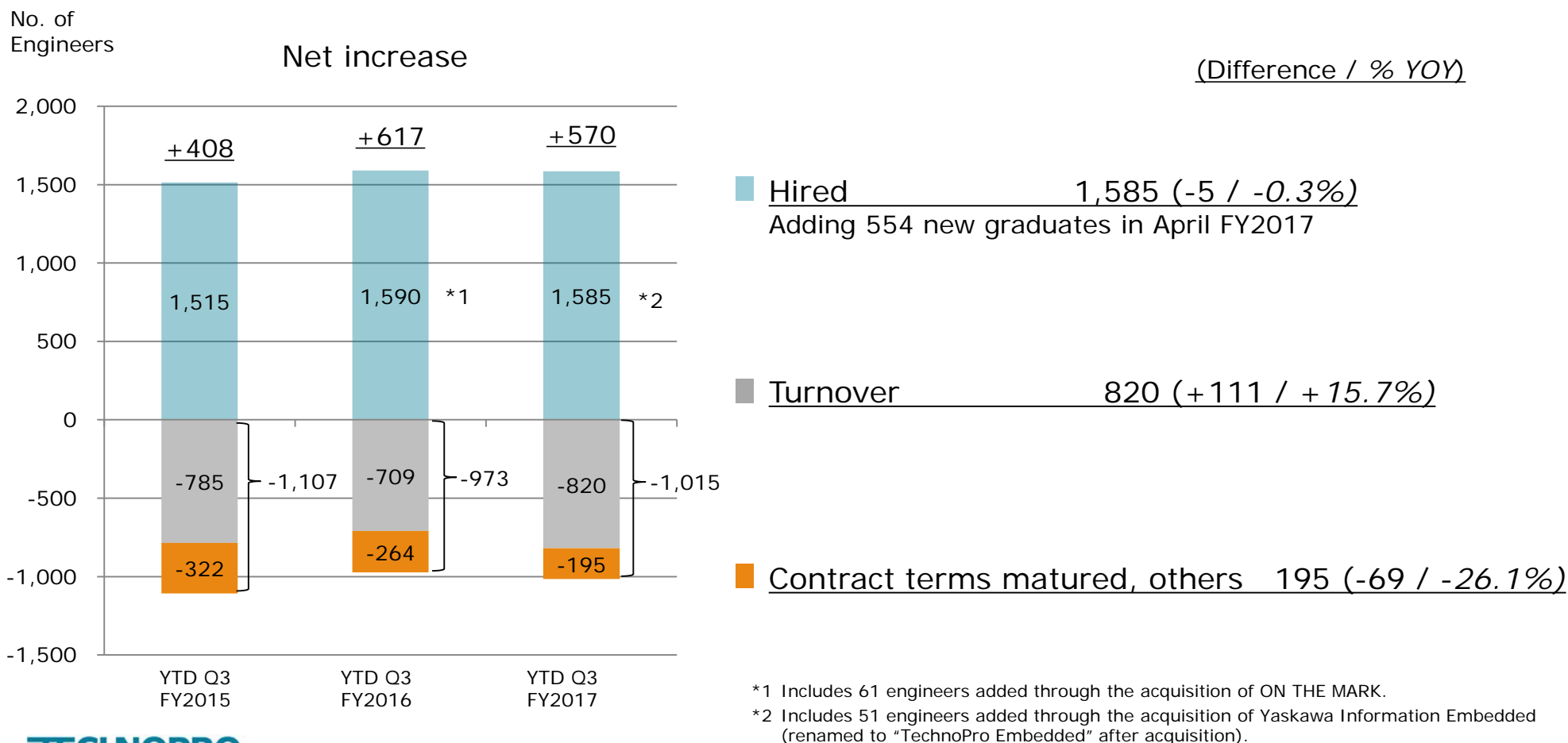
Number of Engineers & Utilization Rate

- Total engineers on payroll were 14,246 at the end of April FY2017, with net increase of 1,119 from the end of previous fiscal year
- Average utilization rate was 95.8% for YTD Q3 FY2017 period, maintaining eligible 95% range



Recruitment/Turnover

- Hired 1,585 engineers (down 0.3% YOY, up 4.6% from FY2015 Q3)
- Turnover rate: 8.2% (FY2016 Q3: 7.7%, FY2015 Q3: 9.3%)



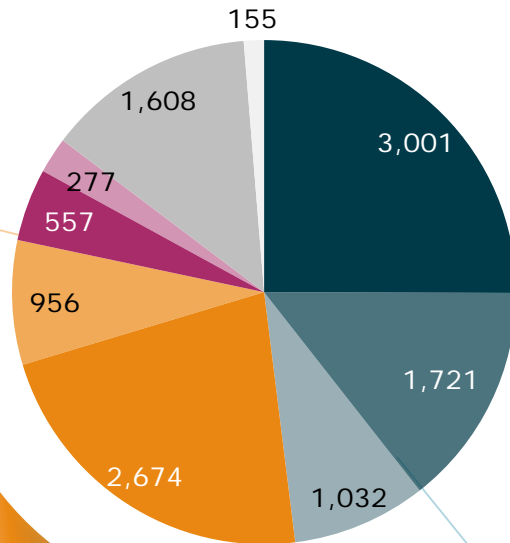
Assigned Engineers by Technology

- Number of assigned engineers* increased in all technologies
- Strong demand for IT engineers continues

End of March 2016

Assigned engineers: 11,981

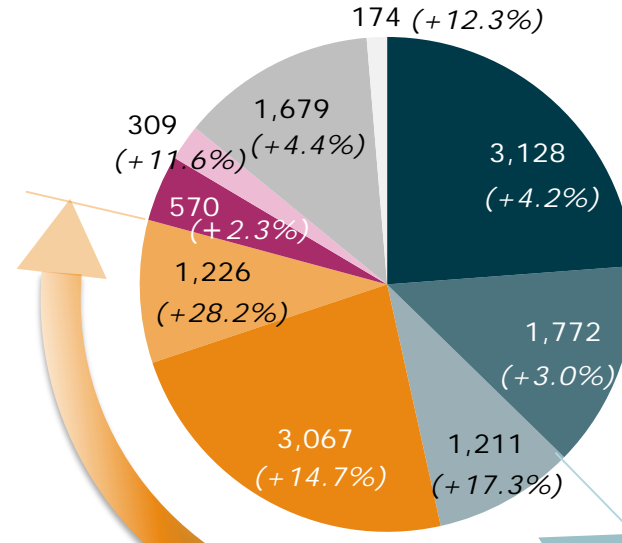
No. of engineers



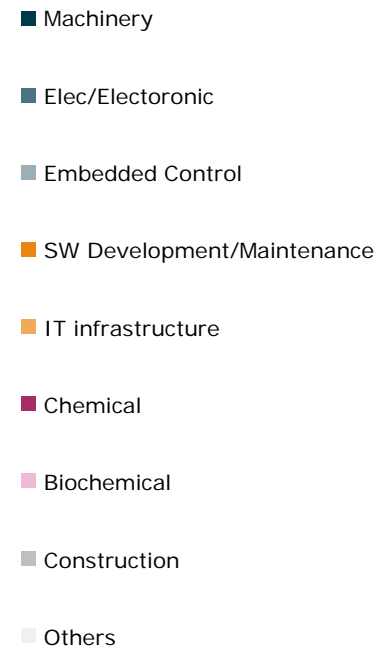
Percentage of IT engineers : 38.9%

End of March 2017

Assigned engineers: 13,136



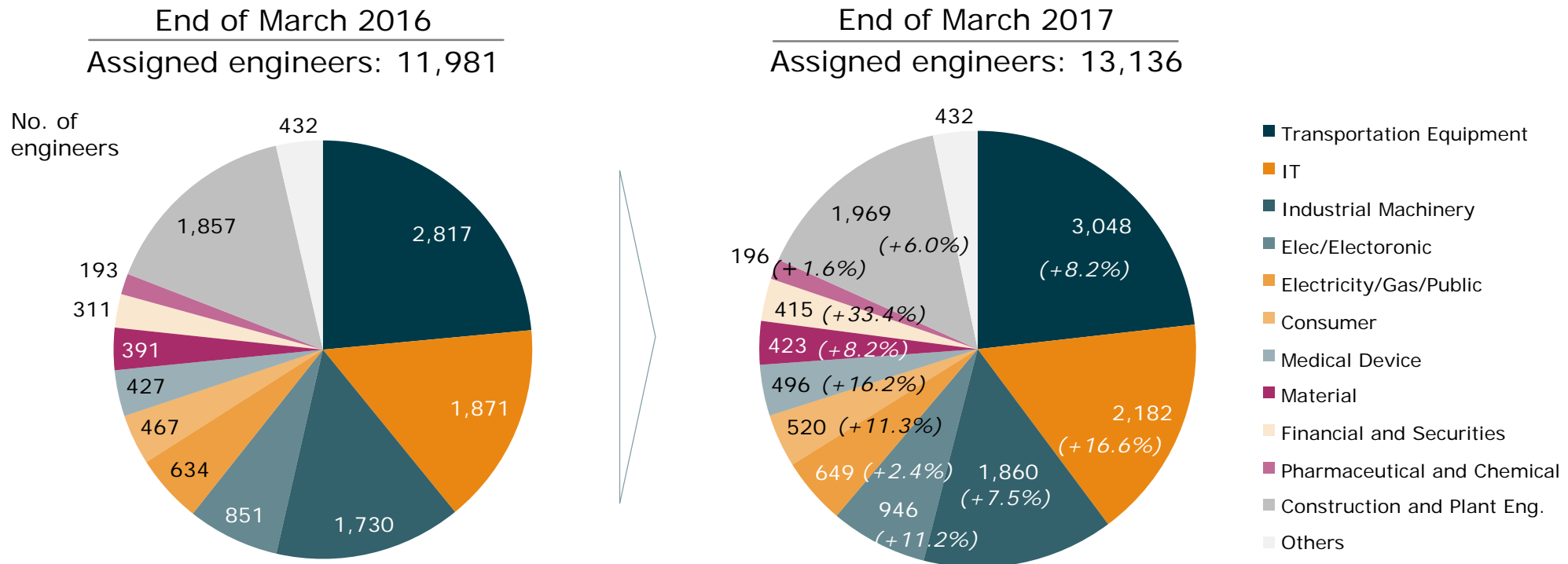
Percentage of IT engineers : 41.9%



* Figures indicate assigned engineers at the end of month.
 ** Figure in parenthesis indicates % change.

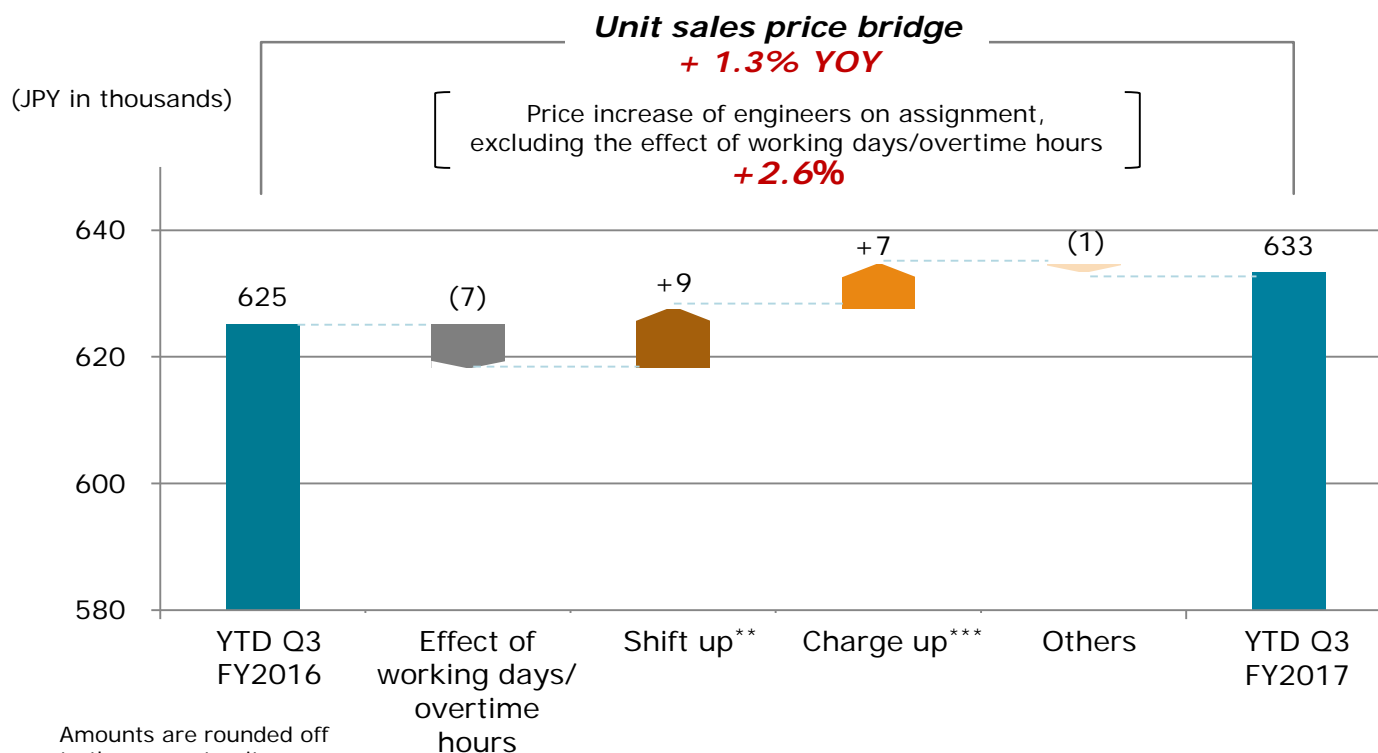
Assigned Engineers by Industrial Sectors

- Number of assigned engineers* increased in all industrial sectors



Unit Sales Price

- Unit sales price* increased 1.3% (up 8,000 yen/month YOY) to 633,000 yen
- Decreased 7,000 yen/month YOY due to fewer working days (down 0.2 days) and shorter overtime hours (down 0.1 hour/day)
- Increased 9,000 yen/month by shift up** and 7,000 yen/month by charge up***
- Decreased 1,000 yen/month due to new graduate engineer assignment, etc. ("Others")



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

** Shift up
increase unit sales prices through changes in place of assignment

*** Charge up
increase unit sales prices at the time of contract renewal at the same place of assignment

Balance Sheet & Cash Flow

- Cash outflow of 5.6 billion yen in financing activities, due mainly to dividend payment (3.8 billion yen) and repayments of interest-bearing debt (1.4 billion yen); cash & cash equivalents decreased by 600 million yen
- Net worth ratio improved to 40.0%

June 2016

Cash & cash equivalents 117	Debt 161
Goodwill 293	Other liabilities 234
Deferred tax assets 36	Total equity 241
Other assets 190	

Total assets
636

Total liabilities & equity
636

D/E Ratio: 0.7 x
Net D/E Ratio: 0.2 x
Net worth ratio: 37.9%

Q3 FY2017 YTD CF

• Operating CF	55
• Investing CF	(5)
• Financial CF	(56)
Net CF	(6)

FCF 49

March 2017

(JPY 100Mil)

Cash & cash equivalents 110	Debt 147
Goodwill 295	Other liabilities 241
Deferred tax assets 50	Total equity 258
Other assets 191	

Total assets
646

Total liabilities & equity
646

D/E ratio: 0.6 x
Net D/E ratio: 0.1 x
Net worth ratio: 40.0%

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Mid-Term Management Plan Summary (released August 2015)

- ❑ Set the 3 years the term to accelerate further growth

< Period for Mid-Term Management Plan >

Solid Mgmt foundation 2014 - 2015

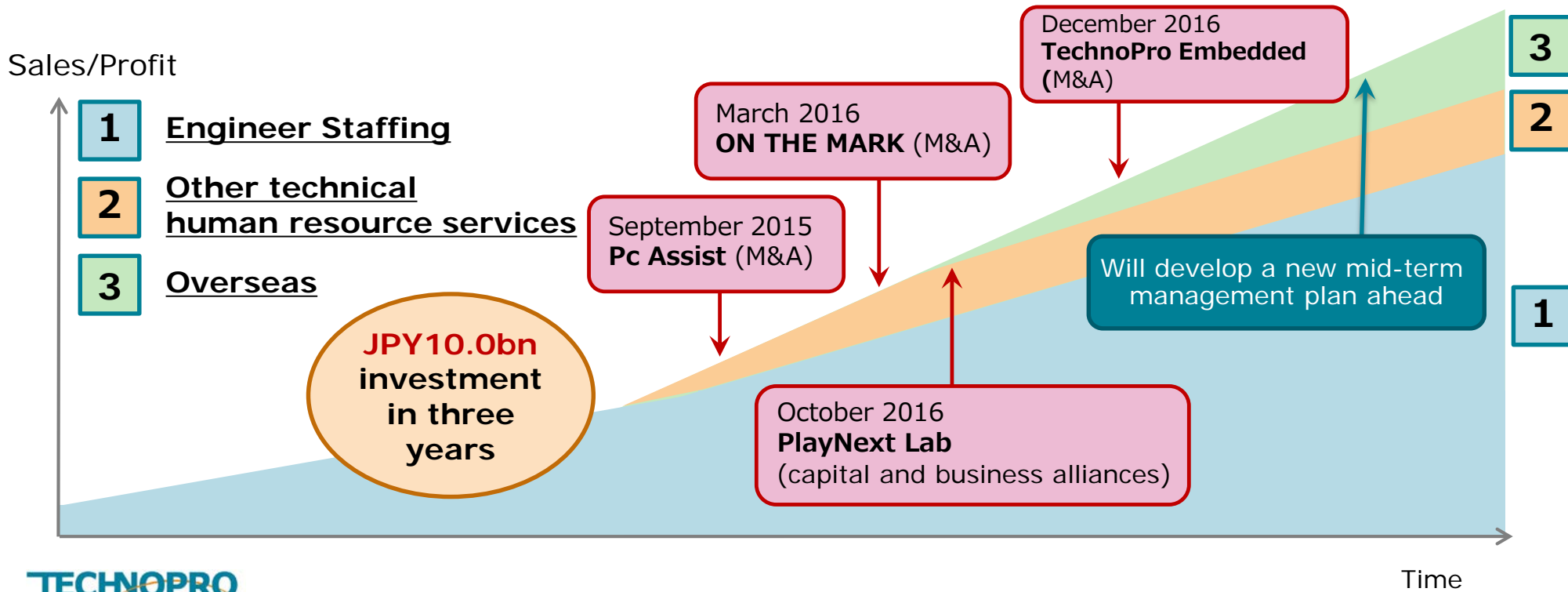
- ✓ Integrate TechnoPro brands
- ✓ Consolidate subsidiaries
- ✓ Listing on TSE1

Accelerated growth 2016–2018

- ✓ Growth of engineer staffing market
- ✓ Amendment to the Worker Dispatching Law

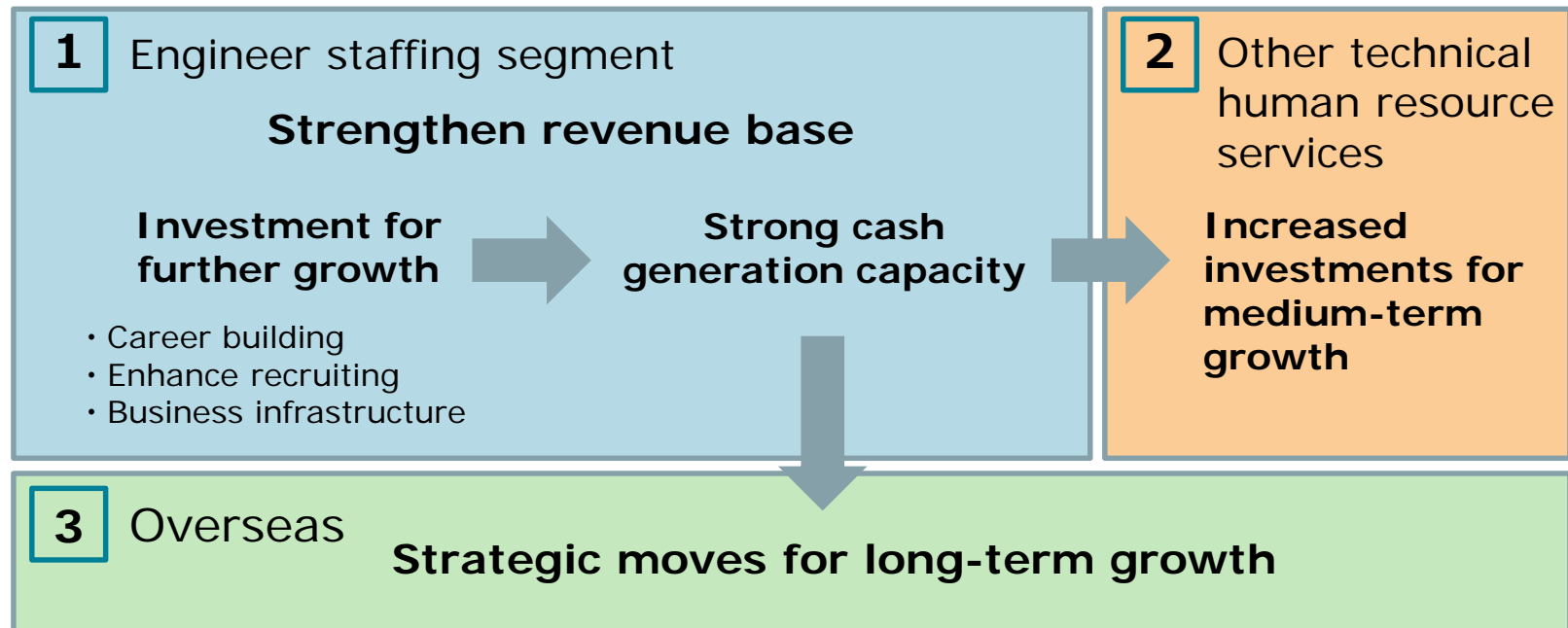
Next Mid-Term Plan

➡ **Proactive investments for growth**



Reinforce leading position in technical HR services market

- ❑ **Strengthen the revenue base for engineer staffing segment** and invest generated cash into growth
- ❑ **Achieve growth in "Other technical human resource services" and "Overseas"**, offering solutions to diverse technology related needs of clients



Progress and outlook

(JPY100 millions)	Growth 1000 (medium-term plan in progress)						
	Actual 06/2014	Actual 06/2015	06/2016	...	06/2018	Actual 06/2016	Guidance 06/2017
Revenue	741	812	880		1,000	903	980
OP	56	72	81		100	84	91
Net profit	40	68	76		70	73	77
ROE	31%	37%	32%		>20%	32%	—
ROE (after normalization)*	21%	23%	21%		—	22%	—
D/E ratio			0.4 – 0.8x			0.7x	—
Payout ratio (plan)			Keep 50%			51.7%	50%

*Profit before taxes x (1-35%)

A new medium-term management plan, which starts from FY 06/2018, to be announced at the end of July 2017 a year ahead

Topic : New Alliance

HRnet Group (June 2017 Investment)

- ❑ Investment in HRnet Group, one of the largest recruitment companies in Asia.
New alliance will advance TechnoPro expansion in Asia.
- ❑ Alliance is a response to increasing demand for development outsourcing in Asia, need for highly skilled foreign professionals
- ❑ Securing a **core partner with a strong HR sourcing network** allows TechnoPro to preserve strategic options while minimizing risks for medium- and long-term expansion in Asia.

1

Provide local recruitment support for Japanese companies considering operations in Asia

2

Secure engineering development professionals to grow technology development outsourcing business in Asia

3

Provide a diverse range of human resources services beyond engineer staffing

**A first step in the advancement of TechnoPro Holdings in Asia;
The managements of both companies in talks to move alliance forward**

Topic : New Alliance

HRnet Group (June 2017 Investment)

Professional Recruitment

- Conducts **executive search** and other staffing services under a number of brands in 10 Asian growth cities.
- Two entities in Japan, mainly serving EU/US-based affiliates.
- Strong relations with client top management, providing search for managers, sales, finance, HR, engineers/researchers (does not include technicians).
- Strengths in using **network of offices for global HR search** and in leveraging industry expertise and experience to deliver tremendous value

Flexible Staffing

- Flexible staffing offices in Singapore, Hong Kong, Taiwan, and Malaysia
- Contract period with client = employment contract with temporary staff

Earnings

- FYE Dec 2016 Consolidated total revenue JPY29,568 million Consolidated net profit JPY3,923 million
- **Steady growth over 25 years since founding**



1 Strengthen revenue base in engineer staffing

Top Line

Raise unit price

+2% annually
JPY614,000 / month → **>JPY650,000 / month**

- ✓ Shift-up / Charge-up
- ✓ Strategically focus on up-and-coming technical areas
- ✓ Put higher priority to key clients
- ✓ Promote mass-teamed staffing

Increase engineers

+5–7% annually
11,969 → **14,200**

- ✓ Take full advantage of diverse recruiting channels
- ✓ Hire more new graduates
- ✓ **M&A**
- ✓ Lower engineer turnover rate

Improve gross profit margin

23.5% → **>24.0%**

- ✓ Achieve unit price raise outpacing CoGs increase

Maintain / enhance competitive cost structure

SG&A/Sales: **14% level**
→ **bring SG&A/Sales ratio down to 13%- range from FY2019**

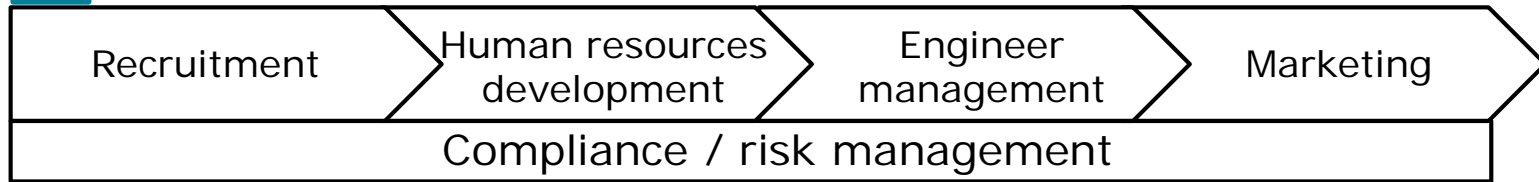
- ✓ Continue "Kaizen" activities
- ✓ Keep investing in IT systems, training, etc.

Bottom Line

TECHNOPRO

M&A strategy/track record

1 Engineer staffing segment



<Core Competence>

20,000 engineer applicants/year

Expertise in human resources development

12,000 engineers in diverse tech. fields

Client base of 1,800 companies

Engineer acquisition/
Outsourced Development
TechnoPro Embedded

2 Other technical HR services

3 Overseas

□ Provide **services generating higher value, by using our core competence** in engineer staffing field as leverage

Online Direct-recruitment
PlayNext Lab

Outsourced Development
ON THE MARK

Training, Career Development
Pc Assist

Engineers

Clients

Needs for skill upgrade / career building

Needs for Technology-related outsourcing

M&A track record: **2** Growth in other technical HR services

(1) Pc Assist Co., Ltd. (acquired in September 2015)

Enhance technical competence of TechnoPro group engineers



- Prospective employee education
- New-grads education
- Expert training (ex. CATIA)
- Strategic Technical Areas training
- Acquired qualification (3D CAD engineer, ETEC, etc.)

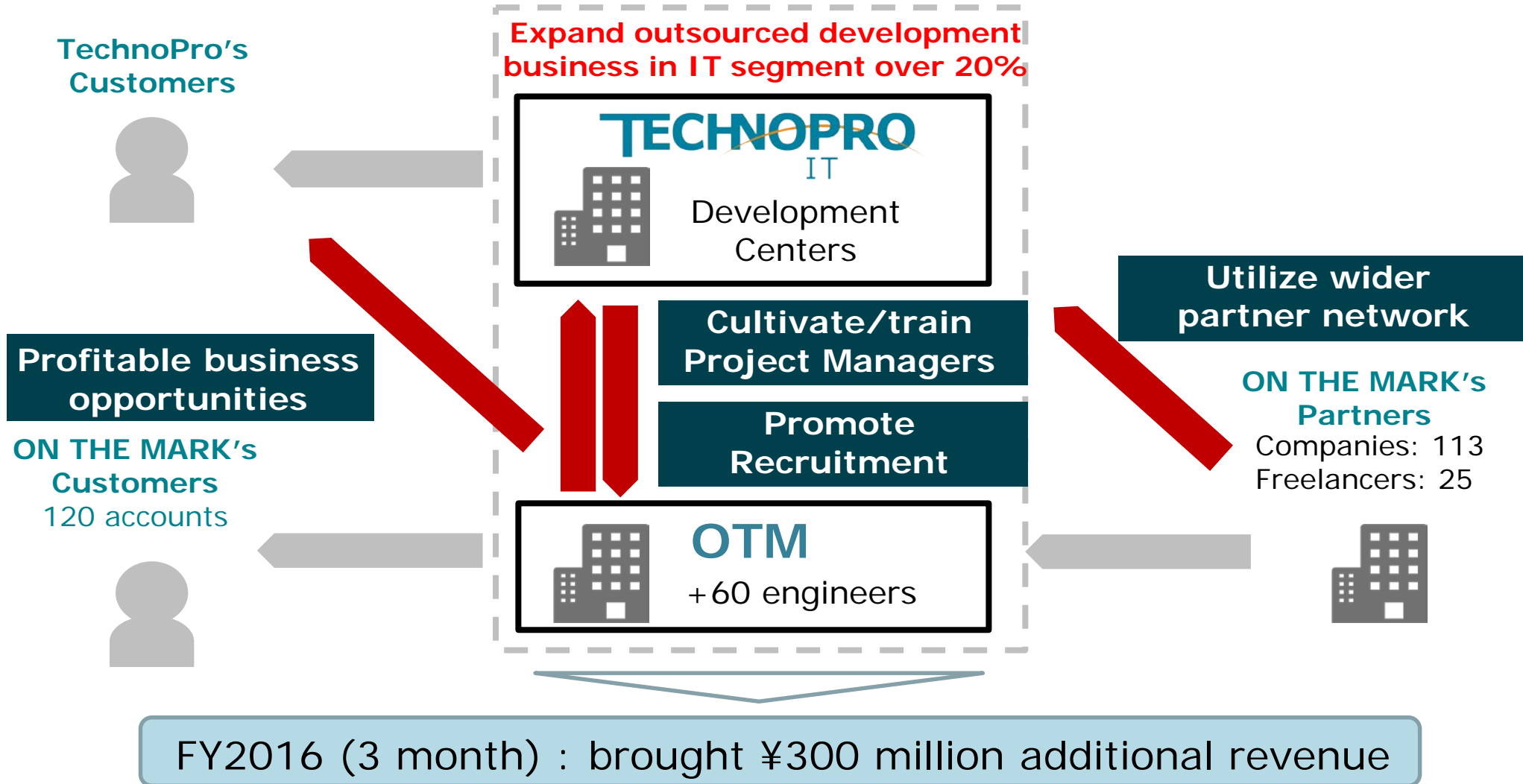
Potential for sales/profit growth in **training business**

- Leading companies such as auto-parts manufacturers, IT services companies are showing strong interest in training service

FY2016 (9 month) : brought ¥1 billion additional revenue

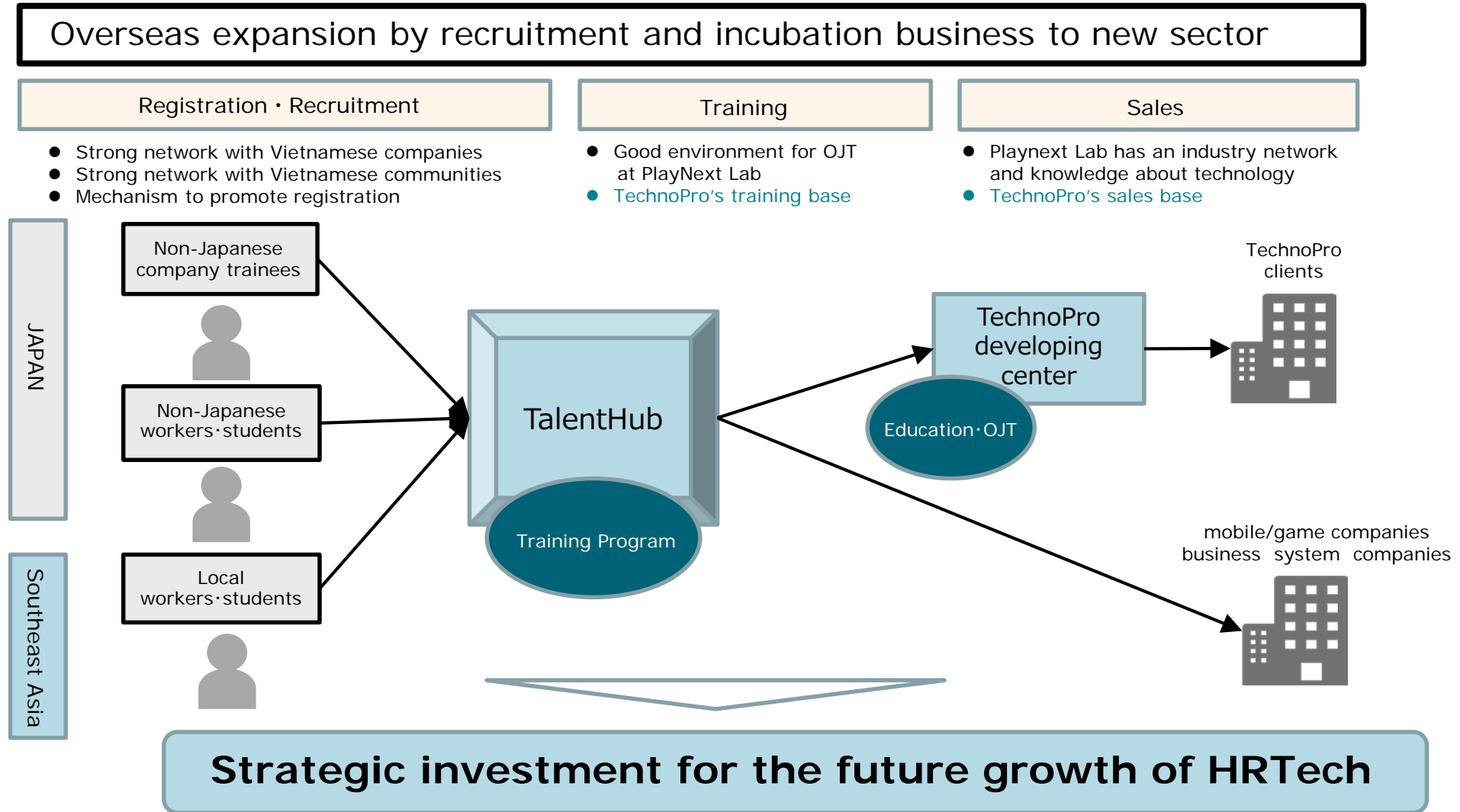
M&A track record: **2** Growth in other technical HR services

(2) ON THE MARK Co., Ltd. (acquired in March 2016)



M&A track record: **2** Growth in other technical HR services

(3) PlayNext Lab, Inc. (announced capital and business alliances on Oct 2016)

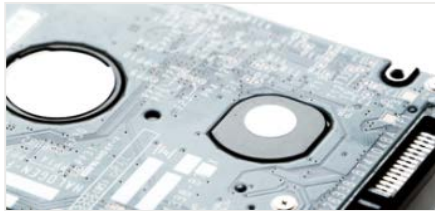


Engineer staffing segment and other services

(4) TechnoPro Embedded (Acquired in December 2016)

- Specialized in embedded system development, especially boasts accumulated know-how in train station service system development. (renamed from “Yasukawa Information Embedded Corp.”)
- 70-80% of its business are outsourced development projects; more than half of its engineers have experience of handling projects in upper stream process

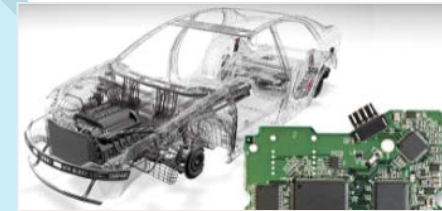
Strategically Focused Technologies



High-frequency circuit technology



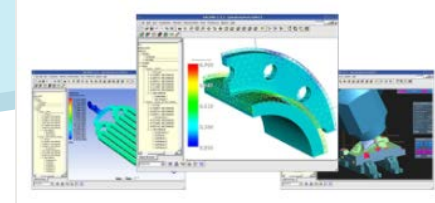
3D designing technology



Embedded software technology



Inverter technology



CAE (Computer Aided Engineering) technology
(computer systems supporting design/development process of industrial products)

- **Acquire more embedded software engineers, encourage engineers' ability development**
- **Enhance capability of outsourced development business** through working with other TechnoPro engineers as a team

2 3 Growth in other technical human resource services and overseas

Undertaking Contract-based Development

- ❑ Improved undertaking contract-based business

FY2015: JPY 8.7 billion

FY2016: JPY 10.0 billion

- Strong growth in IT, bio/biochemical sector
- ❑ Opening a new R&D center in Kashiwa
 - In addition to Kobe RC, to accommodate increasing demand for R&D support in biogenetics/cell technology field



Global Services

- ❑ Increased foreign engineers living in Japan

FY2015: 321

FY2016: 452

- ❑ Recruiting new-grads from overseas
 - Adding to mid-career foreign engineers, 15 new-grads joined from overseas
- ❑ Business in China is at a standstill

[Customer]

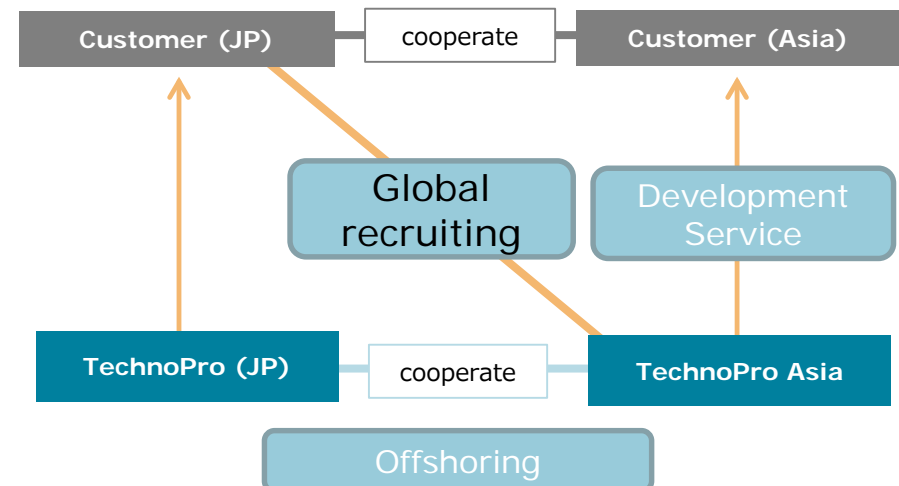
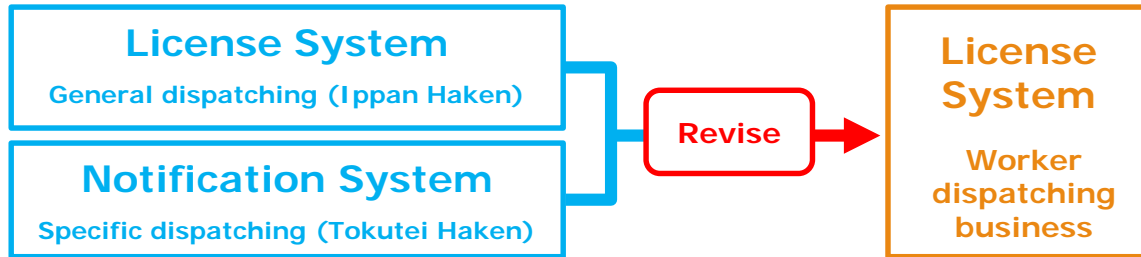


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Key Changes of Worker Dispatch Law Amendment

POINT 1 Require all operators to have a license



Possible effect on TechnoPro



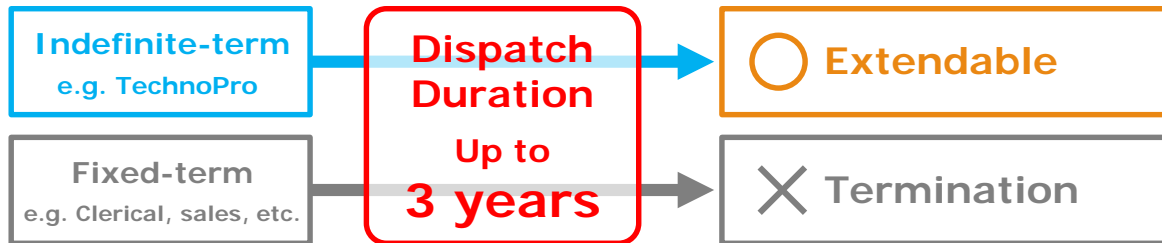
Positive

*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) contract and therefore they are allowed to work at the same customer over 3 years (except for some construction engineers whose contracts are fixed-term).

POINT 3 Mandatory Career Support for Workers



Possible effect on TechnoPro



Positive

- * TechnoPro already has various career support system.
- * Four TechnoPro Learning training centers.
- * Over 60 Win school facilities in major cities across Japan.
- * More than 200 of professional/business training programs.

Corporate tax expense will be leveled

- Since our capital stock exceeds JPY 500mn, our subsidiaries will lose a part of tax benefit including no limitation of deductions associated with losses carried forward
- our income tax expense will be leveled during the mid-term management plan period
- There is no impact to operating profit, so our business result will appropriately be reflected to net income

Image of income tax expense
during Growth 1000

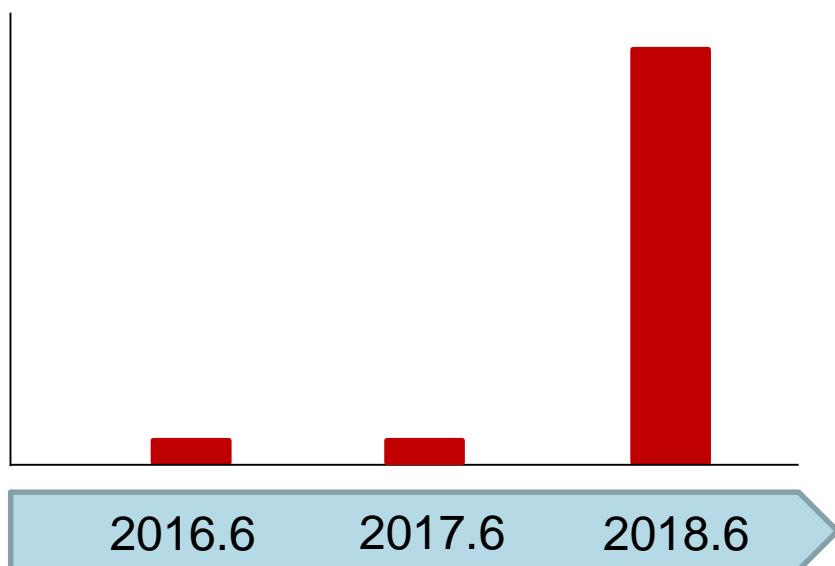
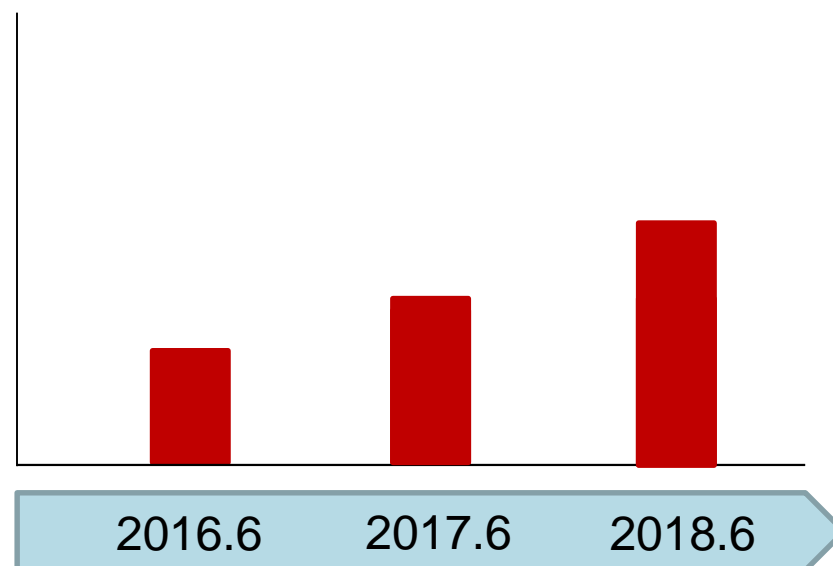
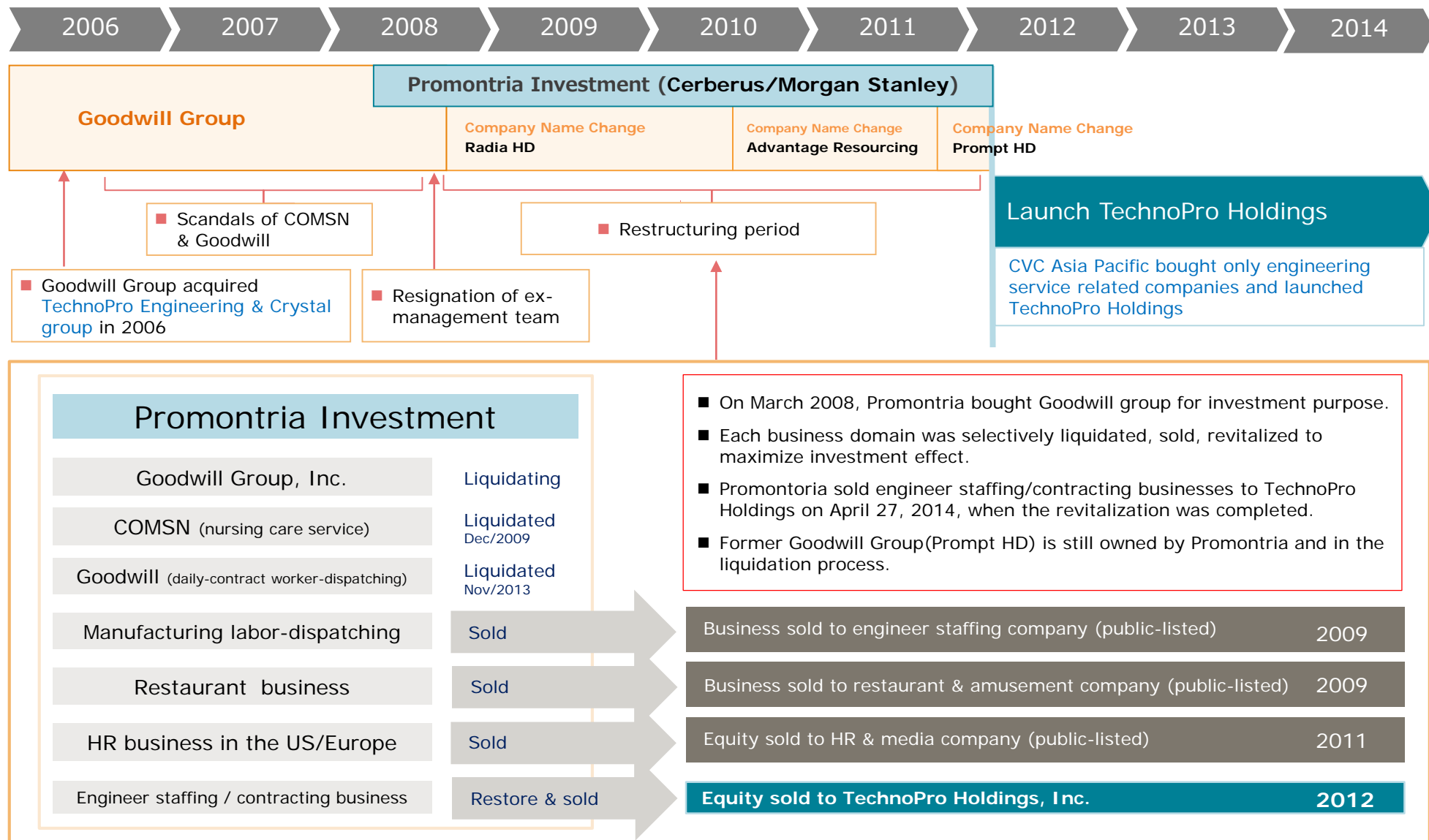


Image of income tax expense
after this transaction



(■ : Income tax expense)

Past background before the Launch of TechnoPro HD



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