

Strategic framework for long-term value creation
- Progress and Outlook -

Sustainable Growth for a Bright Future

July 31, 2018

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

Five years, from FY06/18 to FY06/22

(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)

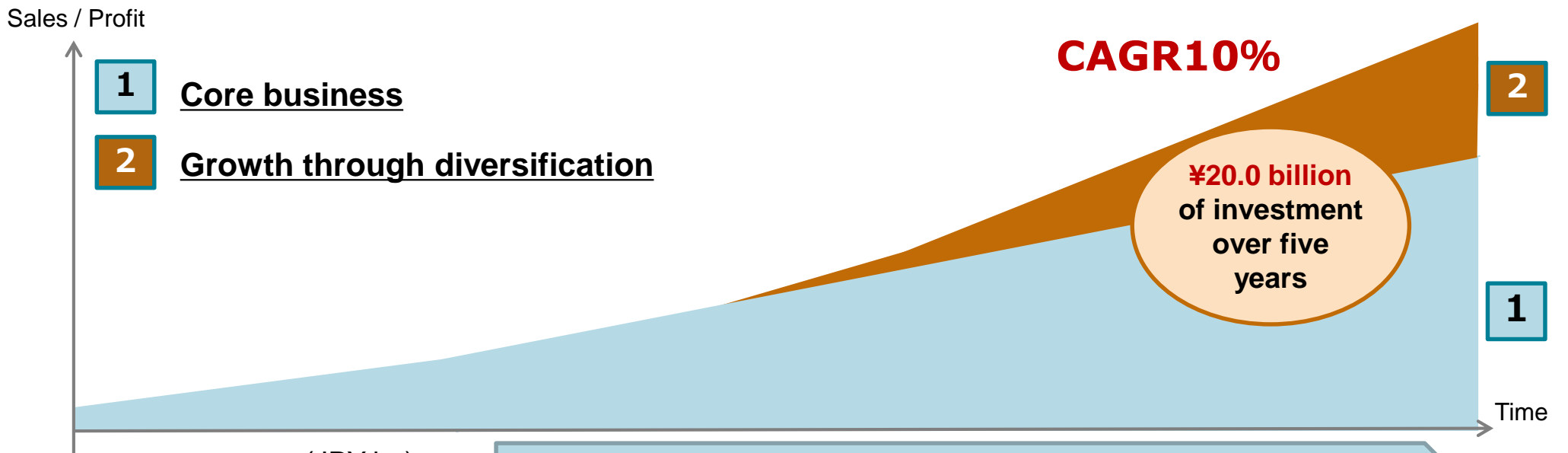
Look ahead toward long-term increases in corporate value 10 years hence

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

Management Targets (repost)

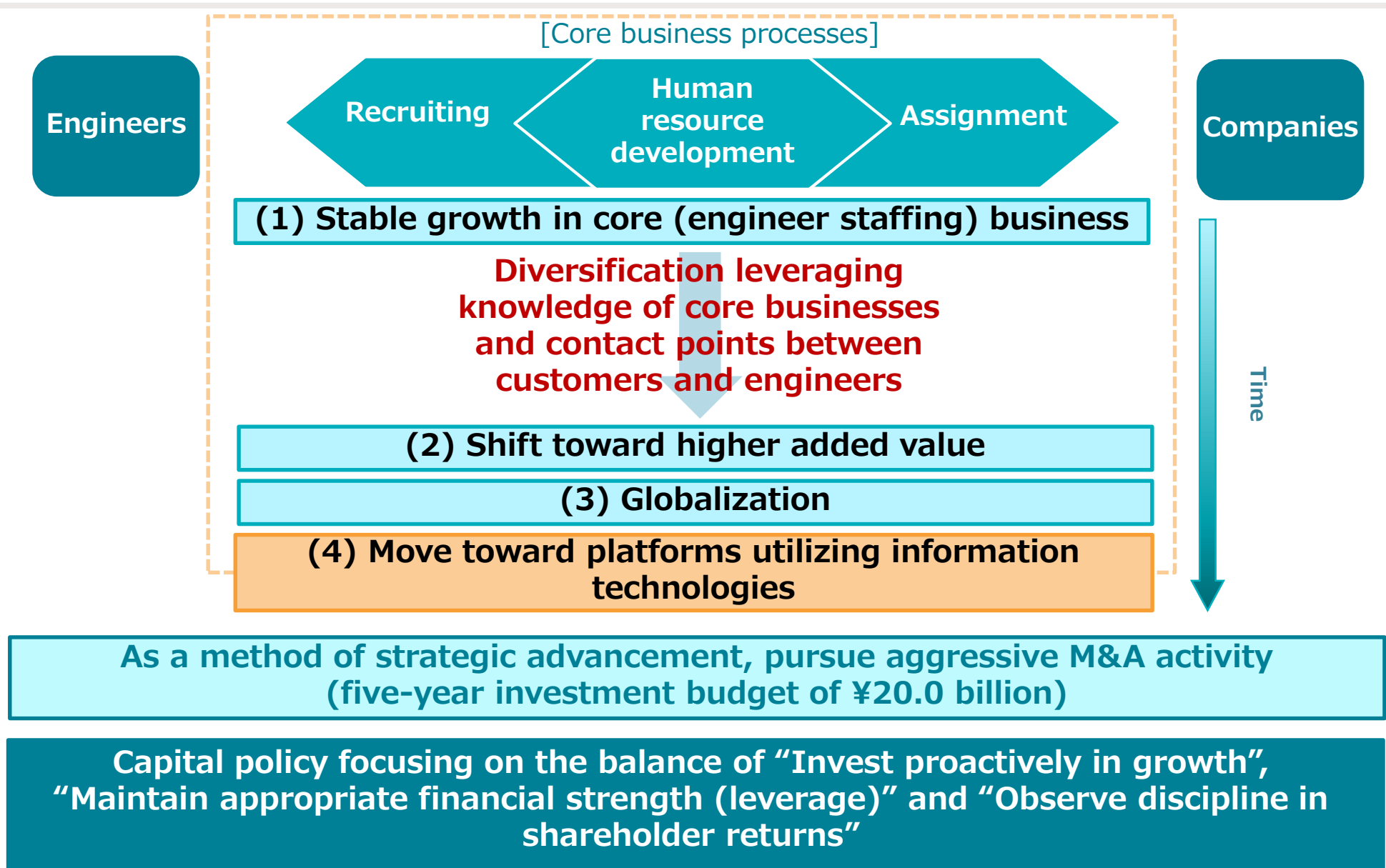
□ Position five-year period as time to build foundations for 10 years into the future

<Current Medium-Term Management Plan>



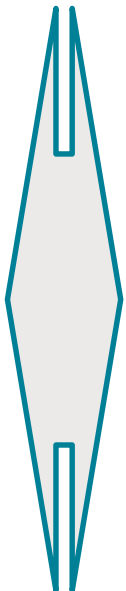
(JPY bn)	FY06/16	FY06/17	FY06/18	-	FY06/20	-	FY06/22	CAGR
Sales	90.3	100.0	109.0		135.0		160.0 or more	10% or more
Operating profit	8.5	9.6	10.6		13.5		17.0 or more	12% or more
Net profit	7.4	7.7	7.6		9.0		11.0 or more	7% or more
ROE*	32%	30%			20% or more			

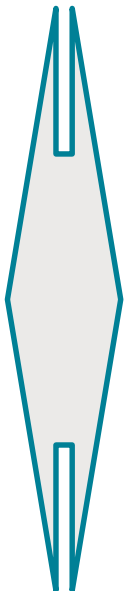
Developing Our Growth Strategy (repost)



2. Progress of Medium-Term Management Plan

(JPY100 million, except headcounts and sales per head)

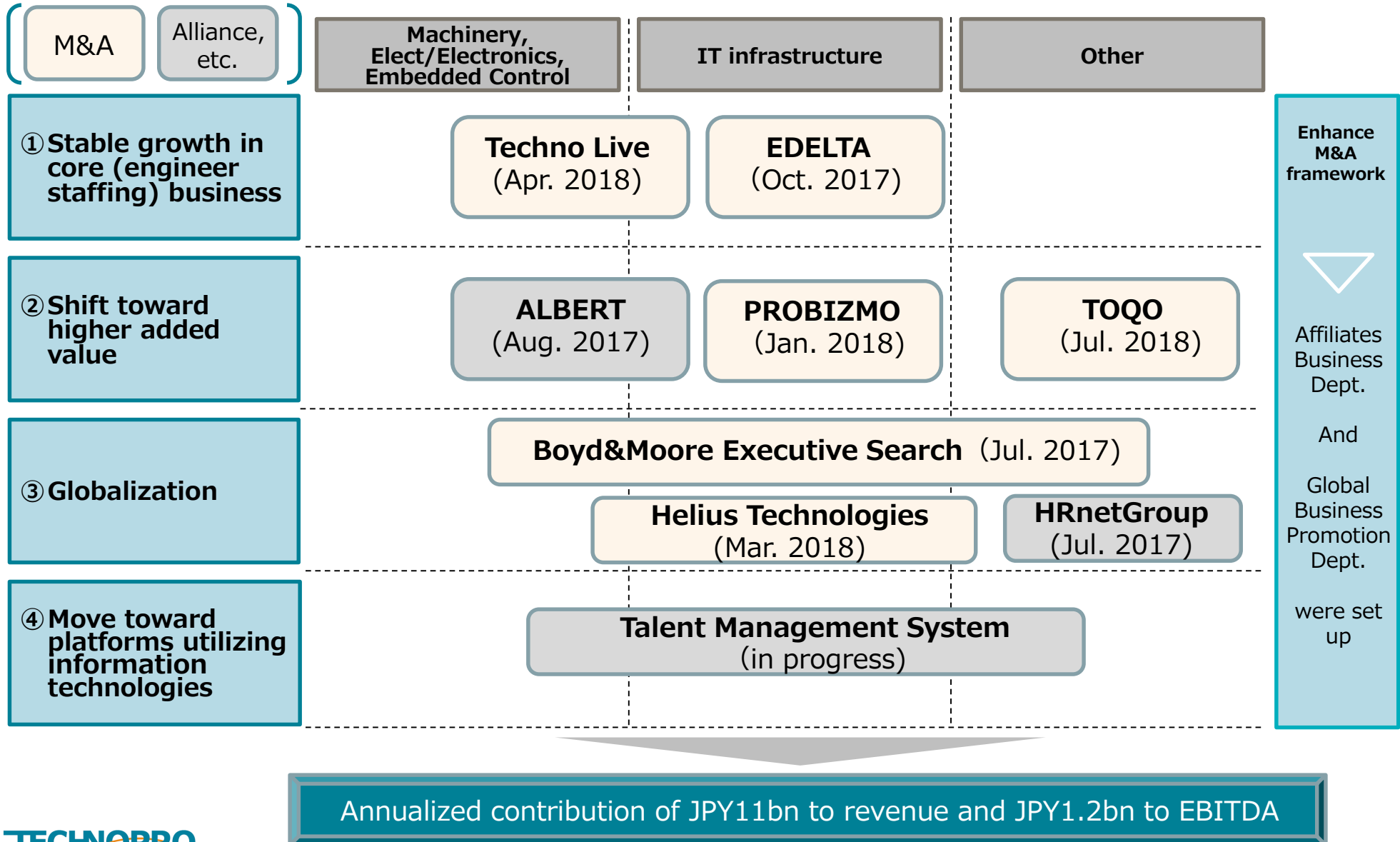
	FY06/17	FY06/18	FY06/20	FY06/22	CAGR
	(Actual)	(Plan)	(Plan)	(Plan)	5 years
Revenue	1,000	1,090	1,350	1,600	10%
Operating Profit	96	106	135	170	12%
Net Profit	77	76	90	110	7%
ROE*	30%	20%+		-	-
					
Sales per head (JPY in thousands)	626**	635	644	655	1%
Number of Engineers	14,346	15,400	17,600	19,600	6%

FY06/18	YoY%	FY06/19	YoY%
(Actual)		(Guidance)	
1,165	16%	1,350	16%
112	16%	135	20%
84	10%	89	6%
24%	-	21%	-
			
630**	1%	-	-
16,797	17%	18,000+	7%+

* FY06/19 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 + TechnoPro Construction

2. Progress of Medium-Term Management Plan – M&A/Alliance



(1) Stable Growth in Core (Engineer Staffing) Business (repost)

Enhancing Our Ability to Acquire Engineers, a Driver of Growth

Strengthening New Graduate Recruiting

Recruiting in FY06/17



By FY06/22, shift to a system capable of recruiting **800** new graduates
(Maintain the current level of mid-career hires)

Strengthen M&A as a substitute for recruiting

Cultivate new recruiting segments

- Non-Japanese nationals, inexperienced personnel + cultivation...

Recruitment agency business operator initiatives and alliances

- Boyd & Moore, HRnetGroup...



Strengthen the Foundations for Human Resource Cultivation

- Strengthen inter-Group ties
- Build IT platforms
- Increase sophistication of human resource development content
- Enhance the PDCA cycle

Pc Assist

TechnoPro Learning

Alliance partners

① Stable growth in core (engineer staffing) business

Acquisition of EDELTA

- System integrator based in Tokyo and Yokohama
- Engineers: 240+ (Average age: 35)
- Revenue per engineer: JPY640,000/month
- Acquire IT engineers as growth driver

Acquisition of Techno Live

- Developing staffing business in diverse fields such as machinery, electricity/electronics and IT in Hiroshima and Tokyo
- Engineers: approx. 170
- Employs numerous engineers with high-potential in embedded systems, CAE analysis and other fields

Promote business acquisition from peers

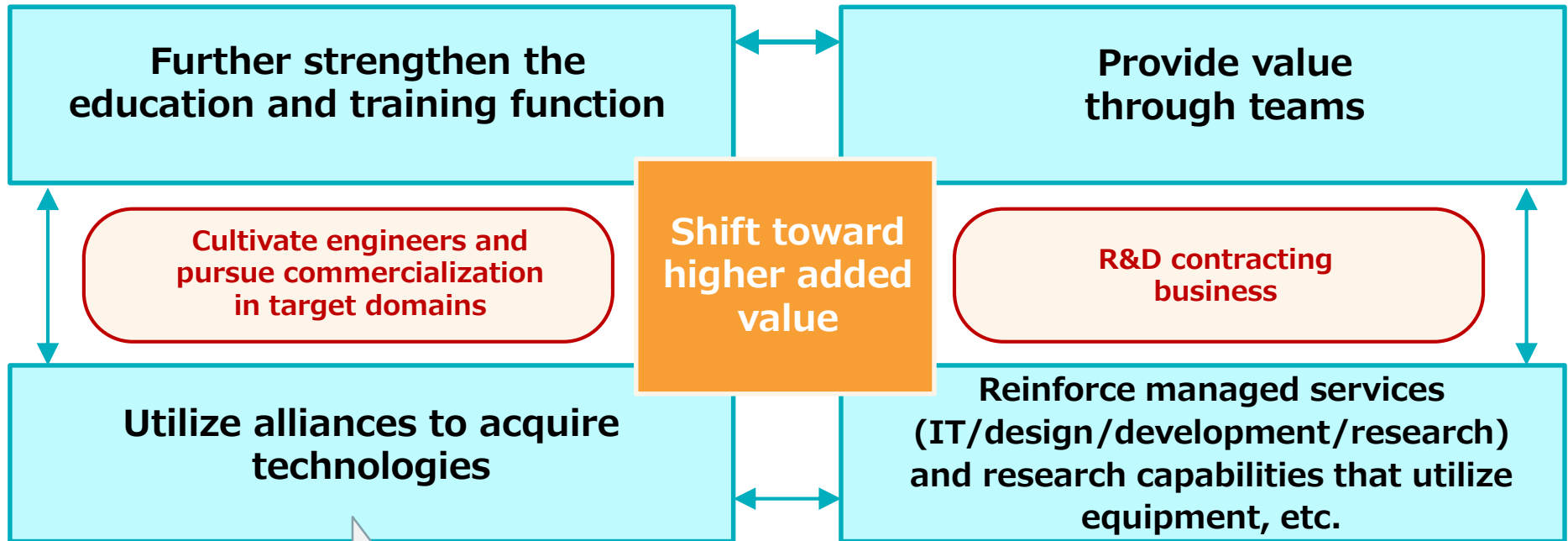
- Acquired IT Helpdesk business from a system engineer staffing company based in Yokohama (Feb. 2018)
- Acquired network business from a system operator based in Ehime (Nov. 2017)

Increase in new grads Enhanced talent development

- 889 new graduates were hired in Apr. 2018 (+335 YoY)
- Enhance "IoT system development practical training", "AI programming practical training", "CATIA V5 seminar", etc. by Win School (Pc Assist)

(2) Shift toward Higher Added Value (repost)

Transition to a Group of Engineers That Provides Higher-Added-Value Solutions



Cases of Initiatives Underway

dSPACE (model base development)

Toyohashi University of Technology
(neuroscience collaborative research)

O2 (technical consulting)

Keio University (drone technologies) ...

② Shift toward higher added value

Acquisition of PROBIZMO

- Operates IT-related contracting business based in Shimane, Tokyo, Tottori and Osaka
- Engineers: approx. 120 (Average age: 33)
- Expand **Web application development contract**, leveraging its **near-shore** feature
- **Collaborate with** TechnoPro's **R&D offices** and foster **project managers**

Acquisition of TOQO

- Operates survey, seismic diagnosis, design and supervision in building renewal area
- Promote **diversification/value-add** to building construction supervision, the main service in construction area
- **Expand TechnoPro's IT Development Center** leveraging the expertise of structural design 1st class architects and 1st class architects

Investment in O2 Group

- More transactions with O2 Group
 - Provide training for more technical consulting engineers
- Investment in AI (ORGENIUS) led by LIGHTz
 - Train talents
 - **To provide AI solution together**
- Bring the Solution business to the next level

Business alliance with ALBERT

- **Data scientist training**
 - Trained 80 data scientists so far
 - Talent development training and OJT in actual project
- Also collaborate in client development and recruitment

③ Globalization

- Expand global footprint, in addition to the operational base in China (TechnoPro China Group) to:

Support overseas bases of Japanese companies

Increase utilization of non-Japanese nationals



Acquisition of Helius Technologies

- ✓ Delivers engineer staffing services in Singapore, India and Malaysia
- ✓ Engineers: approx. 600
- ✓ Expand offshore development service in India

Acquisition of Boyd&Moore Executive Search

- ✓ High-end talent search company mainly for IT companies based in Tokyo, India and Singapore
- ✓ Enhance engineer staffing to TechnoPro customers and talent acquisition capability of TechnoPro

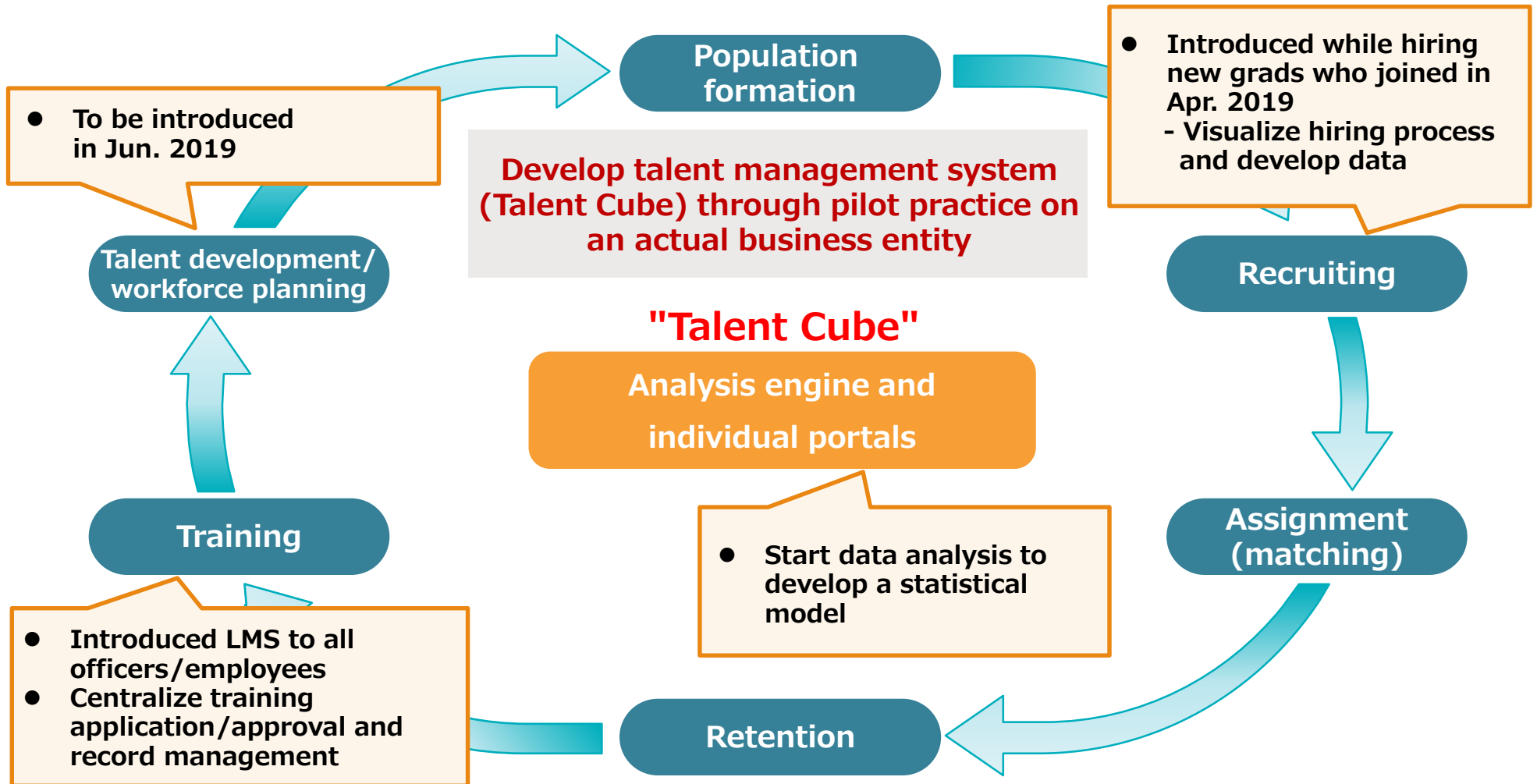
	FY06/15 (Actual)	FY06/18 (Actual)	FY06/22 (Target)
Number of non-Japanese engineers	315	756	1,500

Increase in non-Japanese engineers



④ Towards platforms utilizing IT

Arm core business with IT
Promote HR services to meet companies' and engineers' needs



3. Future outlook

- FY06/20 target – to be almost achieved 1 year ahead of plan



- Medium-term Management Plan – may be revised earlier, aligning with the progress of growth strategy

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