

TechnoPro Group Financial Results for the 2nd Quarter of FYE June 2022

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

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1. Accounting figures are rounded down to the nearest unit unless otherwise stated; KPI figures exclude “Other Businesses in Japan” and “Overseas” segments
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 (PPA) at M&A transactions, 2) impairment loss, 3) changes in fair value amount and early exercise of Put Option (PO) liabilities, and 4) changes in fair value amount of Earn-Out (EO) liabilities
5. Per share amounts were calculated by using the number of shares AFTER the three-for-one stock split which was in effect on July 1, 2021

FY2022 Q2 Financial Overview

- FY22.6 H1 revenue was **86.35 billion yen**, up 8.7% year-on-year; gross profit was **21.88 billion yen**, up 18.1% year-on-year; core operating profit was **9.03 billion yen**, up 8.9% year-on-year; operating profit was **11.07 billion yen**, up 14.4% year-on-year; net income was **7.79 billion yen**, up 17.7% year-on-year
- FY22.6 H1 gross profit was **up 18.1% year-on-year** mainly due to 1) the mix of increased allocation and decreased standby of domestic engineers (+5.5%), 2) expansion of project-type services (+3.5%), and 3) new consolidation of Robosoft's earnings (+3.4%), while gross profit margin improved 2.0 pts and core operating profit increased year-on-year
- Condition for exercising Helius's Put Option could not be satisfied, therefore PO liability reversal gain of **1.86 billion yen** was recorded as other income, which increased operating profit and net profit significantly

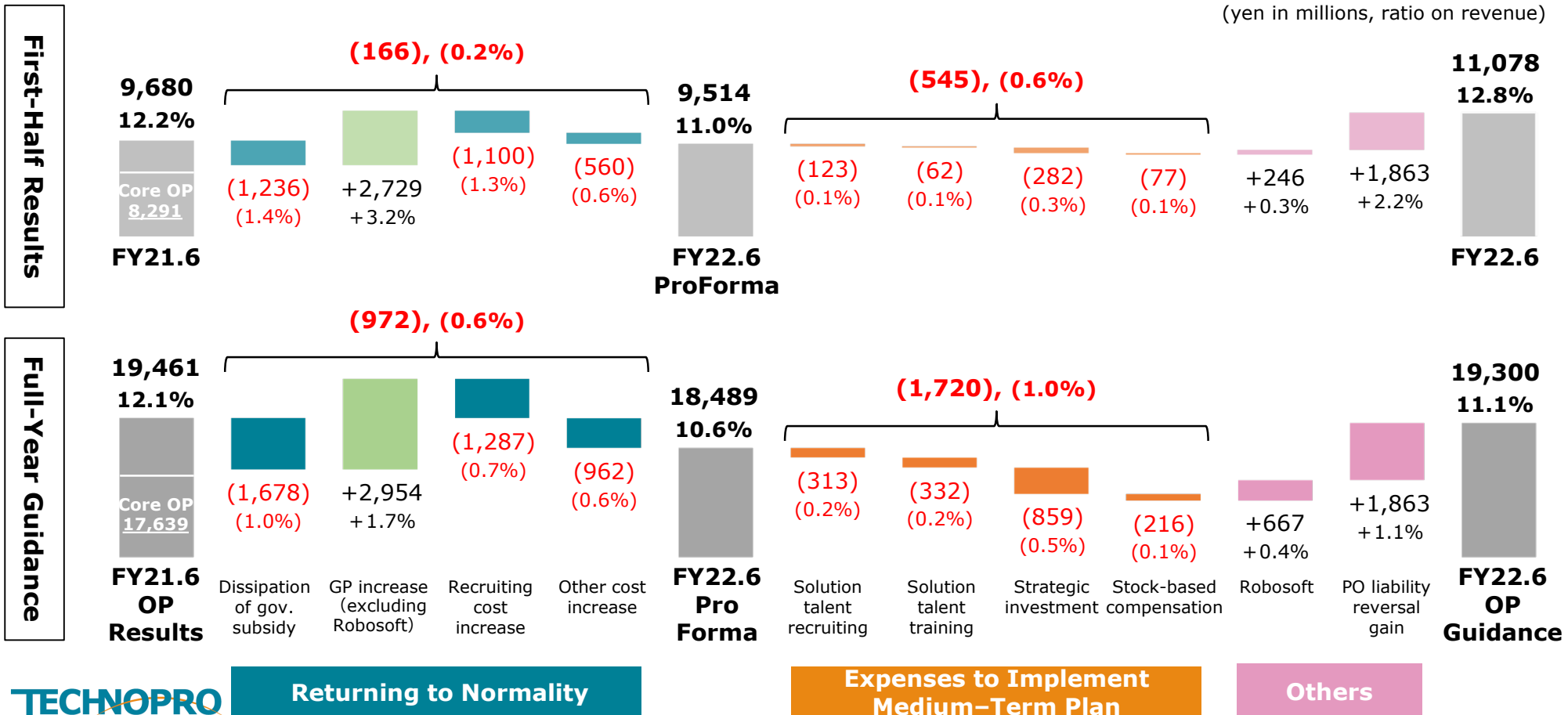
(yen in millions, except per share amounts)

	Q2				First-Half				Full-Year			
	FY21.6 (Results)	FY22.6 (Results)	YOY		FY21.6 (Results)	FY22.6 (Results)	YOY		FY21.6 (Results)	FY22.6 (Revised Guidance)	YOY	
Revenue	40,256	44,723	+4,467	+11.1%	79,451	86,358	+6,906	+8.7%	161,316	174,000	+12,683	+7.9%
Gross profit (GP)	9,631	12,009	+2,378	+24.7%	18,523	21,880	+3,357	+18.1%	39,727	—	—	—
<i>GP margin</i>	23.9%	26.9%	+2.9pt		23.3%	25.3%	+2.0 pts		24.6%	—	—	—
SG&A expenses	5,191	6,745	+1,554	+29.9%	10,231	12,848	+2,617	+25.6%	22,087	—	—	—
<i>Ratio on revenue</i>	12.9%	15.1%	+2.2pt		12.9%	14.9%	+2.0 pts		13.7%	—	—	—
Core operating profit	4,439	5,263	+823	+18.6%	8,291	9,032	+740	+8.9%	17,639	17,300	(339)	(1.9%)
<i>Core operating profit margin</i>	11.0%	11.8%	+0.7 pts		10.4%	10.5%	+0.0 pts		10.9%	9.9%	(1.0 pts)	
Other income	935	1,975	+1,039	—	1,515	2,153	+637	—	2,162	—	—	—
Other expenses	51	103	+51	—	126	107	(19)	—	340	—	—	—
Operating profit (OP)	5,323	7,135	+1,811	+34.0%	9,680	11,078	+1,397	+14.4%	19,461	19,300	(161)	(0.8%)
<i>OP margin</i>	13.2%	16.0%	+2.7 pts		12.2%	12.8%	+0.6 pts		12.1%	11.1%	(1.0 pts)	
Profit before income taxes	5,333	7,259	+1,925	+36.1%	9,645	11,229	+1,584	+16.4%	19,472	19,300	(172)	(0.9%)
Net profit	3,651	5,086	+1,434	+39.3%	6,623	7,794	+1,170	+17.7%	13,245	13,300	+54	+0.4%
<i>Net profit margin</i>	9.1%	11.4%	+2.3 pts		8.3%	9.0%	+0.7 pts		8.2%	7.6%	(0.6 pts)	
Earnings per share	33.90	47.22	+13.32	+39.3%	61.48	72.35	+10.87	+17.7%	122.96	123.46	+0.50	+0.4%
Dividend per share	—	—	—	—	16.67	20.00	+3.33	+20.0%	61.67	62.00	+0.33	+0.5%

Operating Profit Bridge

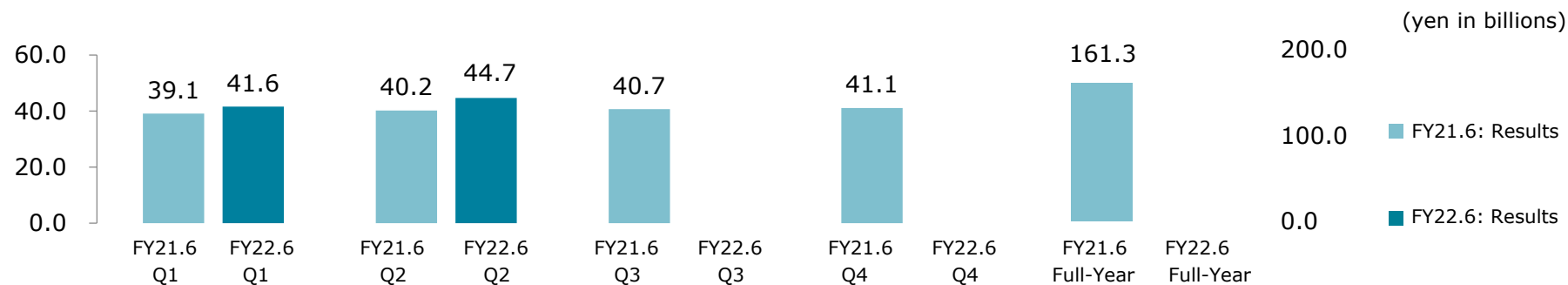
- Increase in recruitment and other costs spent for normalization of the business was sufficiently offset by the improvement of gross profit driven by the increased number of assigned engineers and the unit sale price hike; mitigated the negative impact caused by the dissipation of the government subsidy for continuous employment from Q1 period (however, expects such negative impact to slightly increase in H2, since much a larger number of new graduates will join in April year-on-year)
- Expenses recorded to date to implement Medium-Term plan remains at 32% against annual budget, but the revised guidance is based on assumption that all budgeted expenses will be spent in H2 as more active investment is planned in the period

(yen in millions, ratio on revenue)



Reference: Quarterly Performance

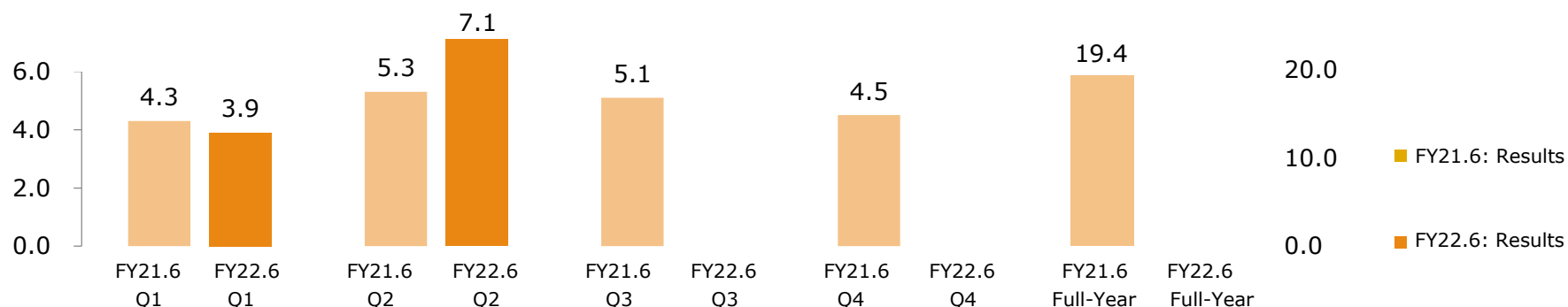
Revenue



YOY	+6.2%		+11.1%		-		-		-	
Progress on full-year %	24.3%	-	25.0%	-	25.2%	-	25.5%	-	100.0%	-
Ave. no. of engineers	20,795	20,439	20,287	20,673	19,986	[20,900]	20,229	[21,750]	20,324	[20,930]
Ave. utilization ratio	92.7%	95.5%	94.8%	95.7%	96.2%	[95.7%]	94.7%	[93.0%]	94.6%	[95.0%]
Ave. monthly unit sales price (thousand yen)*	620	639	637	660	640	[662]	639	[648]	634	[652]
Working days*	56.2	55.7	58.6	58.2	56.5	[56.1]	57.7	[57.2]	229.0	[227.2]
Working hours per day*	8.44	8.49	8.47	8.49	8.51	[8.54]	8.47	[8.48]	8.47	[8.50]

† Figures in brackets indicate forecast at the time of publication

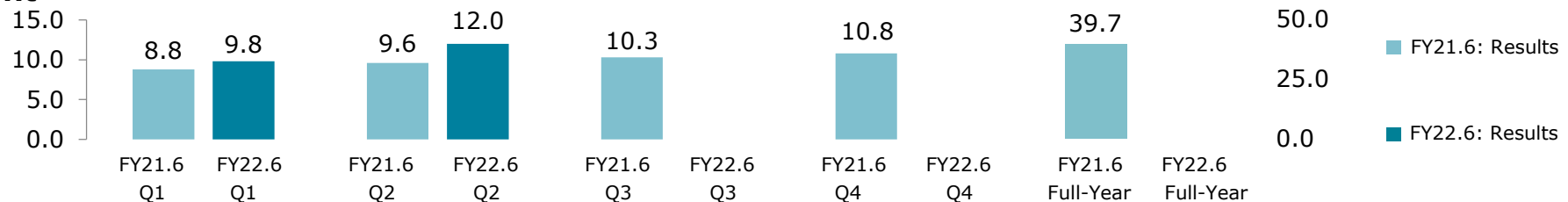
Operating Profit



YOY	(9.5%)		+34.0%		-		-		-	
Progress on full-year %	22.4%	-	27.4%	-	26.7%	-	23.5%	-	100.0%	-
OP margin	11.1%	9.5%	13.2%	16.0%	12.8%	-	11.1%	-	12.1%	-

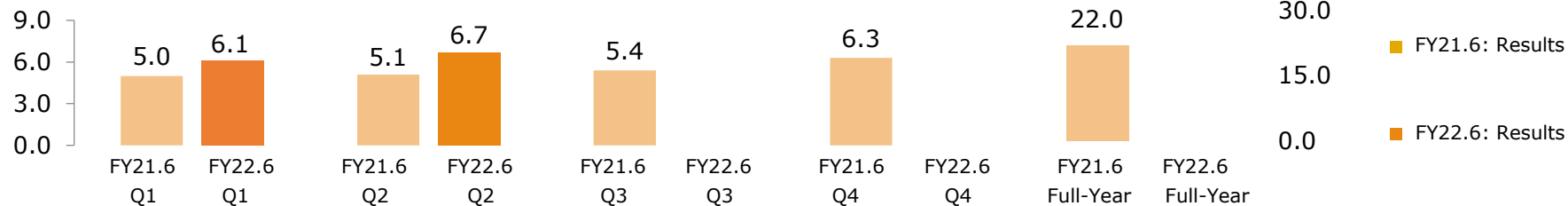
Reference: Quarterly Performance (cont.)

Gross Profit



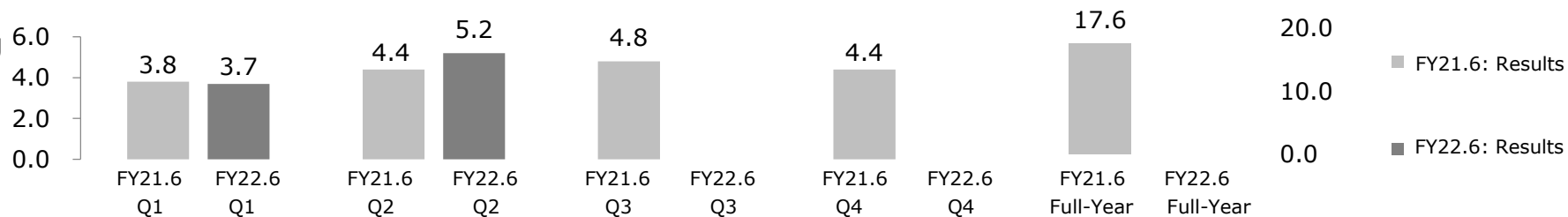
YOY	+11.0%		+24.7%		—		—		—	
GP margin	22.7%	23.7%	23.9%	26.9%	25.4%	—	26.4%	—	24.6%	—

SG&A



YOY	+21.1%		+29.9%		—		—		—	
Ratio on revenue	12.9%	14.7%	12.9%	15.1%	13.4%	—	15.5%	—	13.7%	—

Core Operating Profit



YOY	(2.2%)		+18.6%		—		—		—	
Core OP margin	9.8%	9.1%	11.0%	11.8%	12.0%	—	10.8%	—	10.9%	—

FY2022 H1 Segment Results [Year-to-date]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY
Revenue	62,676	63,304	66,861	+5.6%	9,768	9,919	9,966	+0.5%	2,044	1,699	2,218	+30.6%	74,488	74,923	79,045	+5.5%
<i>Ratio to consolidated revenue</i>	79.3%	79.7%	77.4%		12.4%	12.5%	11.5%		2.6%	2.1%	2.6%		94.2%	94.3%	91.5%	
Gross profit (GP)	15,028	13,493	15,743	+16.7%	2,976	3,042	2,950	(3.0%)	1,494	1,104	1,669	+51.2%	19,499	17,641	20,364	+15.4%
<i>GP margin</i>	24.0%	21.3%	23.5%		30.5%	30.7%	29.6%		73.1%	65.0%	75.3%		26.2%	23.5%	25.8%	
Operating profit	6,431	7,704	6,778	(12.0%)	1,157	1,565	1,227	(21.6%)	262	26	391	+1389.7%	7,850	9,296	8,396	(9.7%)
<i>OP margin</i>	10.3%	12.2%	10.1%		11.8%	15.8%	12.3%		12.8%	1.5%	17.6%		10.5%	12.4%	10.6%	
OP before PPA asset amortization	6,471	7,745	6,833	(11.8%)	1,157	1,565	1,227	(21.6%)	262	26	391	+1389.7%	7,890	9,336	8,452	(9.5%)
<i>OP margin before PPA asset amortization</i>	10.3%	12.2%	10.2%		11.8%	15.8%	12.3%		12.8%	1.5%	17.6%		10.6%	12.5%	10.7%	
PPA asset amortization	(40)	(40)	(55)	—	—	—	—	—	—	—	—	—	(40)	(40)	(55)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	17,365	17,590	18,109	+3.0%	2,647	2,599	2,667	+2.6%	—	—	—	—	20,012	20,189	20,776	+2.9%
o/w Non-Japanese in Japan	1,042	912	772	(15.4%)	69	94	101	+7.4%	—	—	—	—	1,111	1,006	873	(13.2%)

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY	FY20.6 H1	FY21.6 H1	FY22.6 H1	YOY
Revenue	5,291	5,187	8,488	+63.6%	79,780	80,111	87,534	+9.3%	(742)	(659)	(1,176)	—	79,037	79,451	86,358	+8.7%
<i>Ratio to consolidated revenue</i>	6.7%	6.5%	9.8%		100.9%	100.8%	101.4%		(0.9%)	(0.8%)	(1.4%)		100.0%	100.0%	100.0%	
Gross profit (GP)	1,164	1,255	2,313	+84.3%	20,663	18,896	22,678	+20.0%	(557)	(373)	(797)	—	20,106	18,523	21,880	+18.1%
<i>GP margin</i>	22.0%	24.2%	27.3%		25.9%	23.6%	25.9%		—	—	—		25.4%	23.3%	25.3%	
Operating profit	353	433	854	+97.2%	8,203	9,729	9,251	(4.9%)	17	(49)	1,827	—	8,221	9,680	11,078	+14.4%
<i>OP margin</i>	6.7%	8.3%	10.1%		10.3%	12.1%	10.6%		—	—	—		10.4%	12.2%	12.8%	
OP before PPA asset amortization	455	534	1,037	+94.0%	8,346	9,871	9,489	(3.9%)	(42)	(49)	(36)	—	8,303	9,822	9,453	(3.8%)
<i>OP margin before PPA asset amortization</i>	8.6%	10.3%	12.2%		10.5%	12.3%	10.8%		—	—	—		10.5%	12.4%	10.9%	
PPA asset amortization	(102)	(101)	(183)	—	(142)	(141)	(238)	—	—	—	—	—	(142)	(141)	(238)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in fair value amount and early exercise of PO liabilities	—	—	—	—	—	—	—	—	60	—	1,863	—	60	—	1,863	—
Changes in fair value amount of EO liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	1,544	1,646	2,823	+71.5%	21,556	21,835	23,599	+8.1%	—	—	—	—	21,556	21,835	23,599	+8.1%

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* Headquarter expenses attributable to the reportable segment (expenses incurred by the holding company, etc.) are allocated to each reportable segment

Reference: FY2022 Q2 Segment Results [Three Months]

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY
Revenue	31,856	32,048	34,275	+7.0%	4,943	4,943	5,049	+2.1%	1,035	835	1,116	+33.6%	37,835	37,827	40,441	+6.9%
<i>Ratio to consolidated revenue</i>	79.4%	79.6%	76.6%		12.3%	12.3%	11.3%		2.6%	2.1%	2.5%		94.3%	94.0%	90.4%	
Gross profit (GP)	7,992	7,046	8,609	+22.2%	1,511	1,539	1,563	+1.6%	765	549	858	+56.4%	10,269	9,134	11,030	+20.8%
<i>GP margin</i>	25.1%	22.0%	25.1%		30.6%	31.1%	31.0%		73.9%	65.7%	76.9%		27.1%	24.1%	27.3%	
Operating profit	3,506	4,271	3,919	(8.2%)	607	780	672	(13.7%)	154	38	184	+375.6%	4,268	5,090	4,777	(6.1%)
<i>OP margin</i>	11.0%	13.3%	11.4%		12.3%	15.8%	13.3%		14.9%	4.6%	16.5%		11.3%	13.5%	11.8%	
OP before PPA asset amortization	3,526	4,291	3,948	(8.0%)	607	780	672	(13.7%)	154	38	184	+375.6%	4,288	5,110	4,806	(5.9%)
<i>OP margin before PPA asset amortization</i>	11.1%	13.4%	11.5%		12.3%	15.8%	13.3%		14.9%	4.6%	16.5%		11.3%	13.5%	11.9%	
PPA asset amortization	(20)	(20)	(29)	—	—	—	—	—	—	—	—	—	(20)	(20)	(29)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	17,365	17,590	18,109	+3.0%	2,647	2,599	2,667	+2.6%	—	—	—	—	20,012	20,189	20,776	+2.9%
o/w Non-Japanese in Japan	1,042	912	772	(15.4%)	69	94	101	+7.4%	—	—	—	—	1,111	1,006	873	(13.2%)

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY	FY20.6 Q2	FY21.6 Q2	FY22.6 Q2	YOY
Revenue	2,705	2,773	5,019	+81.0%	40,540	40,600	45,460	+12.0%	(399)	(344)	(737)	—	40,141	40,256	44,723	+11.1%
<i>Ratio to consolidated revenue</i>	6.7%	6.9%	11.2%		101.0%	100.9%	101.6%		(1.0%)	(0.9%)	(1.6%)		100.0%	100.0%	100.0%	
Gross profit (GP)	588	671	1,486	+121.4%	10,858	9,805	12,516	+27.7%	(298)	(174)	(507)	—	10,559	9,631	12,009	+24.7%
<i>GP margin</i>	21.7%	24.2%	29.6%		26.8%	24.2%	27.5%		—	—	—		26.3%	23.9%	26.9%	
Operating profit	168	270	608	+124.7%	4,437	5,361	5,385	+0.5%	(100)	(37)	1,749	—	4,337	5,323	7,135	+34.0%
<i>OP margin</i>	6.2%	9.8%	12.1%		10.9%	13.2%	11.8%		—	—	—		10.8%	13.2%	16.0%	
OP before PPA asset amortization	220	321	737	+129.2%	4,509	5,431	5,543	+2.1%	(96)	(37)	(113)	—	4,413	5,394	5,429	+0.7%
<i>OP margin before PPA asset amortization</i>	8.2%	11.6%	14.7%		11.1%	13.4%	12.2%		—	—	—		11.0%	13.4%	12.1%	
PPA asset amortization	(51)	(50)	(128)	—	(72)	(70)	(157)	—	—	—	—	—	(72)	(70)	(157)	—
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in fair value amount and early exercise of PO liabilities	—	—	—	—	—	—	—	—	(4)	—	1,863	—	(4)	—	1,863	—
Changes in fair value amount of EO liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
No. of engineers (period-end)	1,544	1,646	2,823	+71.5%	21,556	21,835	23,599	+8.1%	—	—	—	—	21,556	21,835	23,599	+8.1%

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* Headquarter expenses attributable to the reportable segment (expenses incurred by the holding company, etc.) are allocated to each reportable segment

FY2022 Q2 Balance Sheet & Cash Flows

- **10 billion yen** straight bonds (5 billion yen for 3-year bonds & 5 billion yen for 5-year bond, R&I rating is **A-**) was newly issued in October 2021 to refinance total amount of the bridge loan (**6.5 billion yen**) to acquire Robosoft as a long-term fixed debt, returning unused commitment lines for the M&A purpose back to **10 billion yen**
- Goodwill decreased and PPA assets increased since Q1 FY22.6 end due to the finalization of PPA assets evaluation, while PO liabilities decreased as a result of reversal of PO liabilities of Helius

Q2 FY22.6 End B/S (yen in billions)

Cash & cash equivalents 34.2	Debt 17.5
	IFRS 16 related Liabilities 8.4
IFRS 16 related assets 8.4	Other liabilities 37.5
Goodwill 44.9	PO, etc. liabilities 4.3
PPA 4.8	Total equity 62.2
Other assets 37.6	

Total assets 129.9

Total liabilities & equity 129.9

Net Cash : 16.7 bn yen

Net Worth Ratio* : 47.9%

Goodwill/E Ratio* : 0.72x

D/E Ratio* : 0.28x

D/OP Ratio** : 0.91x

* Total equity includes non-controlling interests

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



H1 FY22.6 Cash Flows (yen in millions)

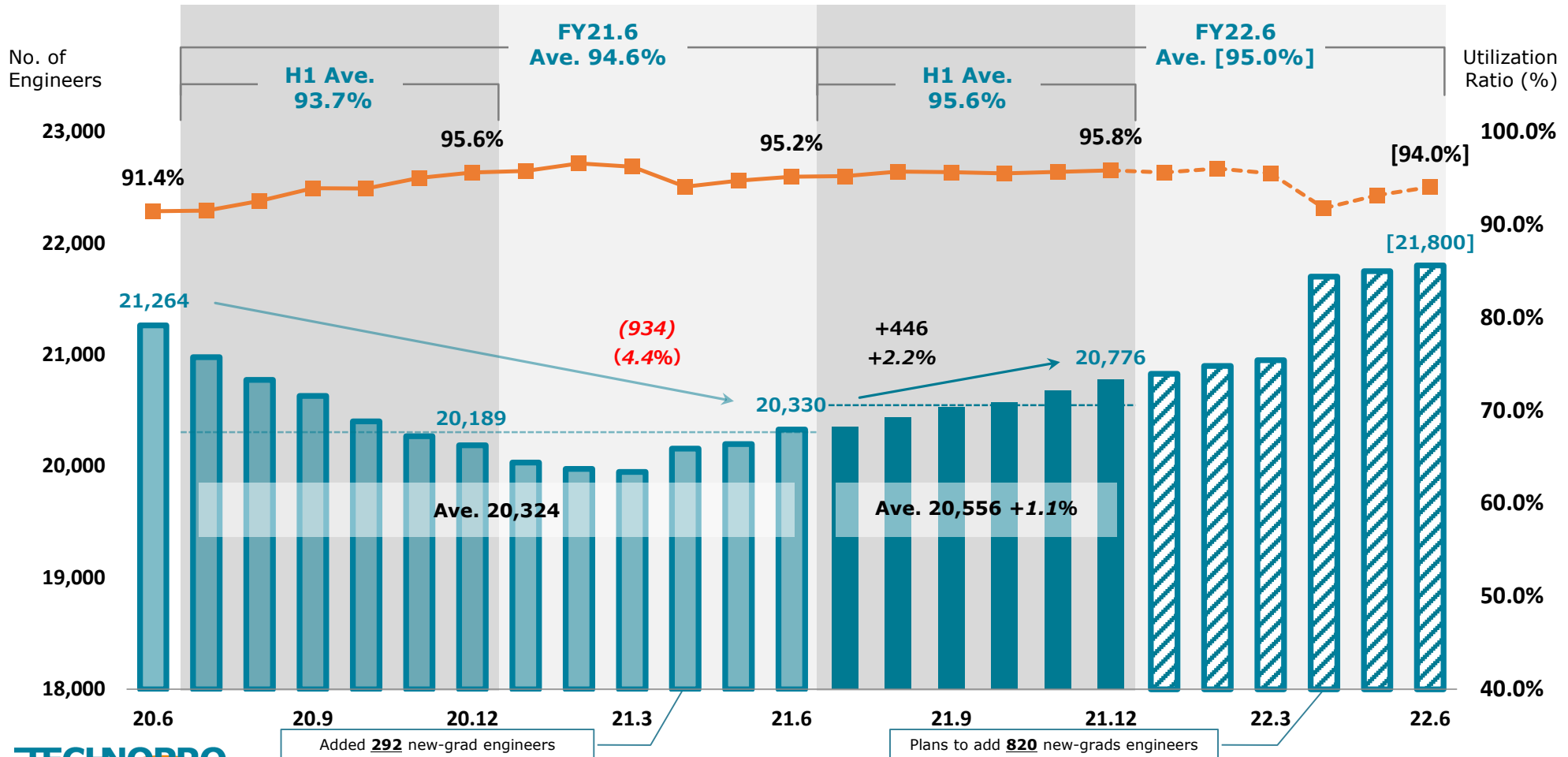
• Operating CF	+8,541
Net cash flow from income tax payment & refund	(4,195)
• Investing CF	(7,061)
M&A consideration payment (Robosoft, etc.)	(8,681)
Proceeds from the sale of investment securities (HRnet)	+1,563
• Financing CF	+49
IFRS 16 related lease liability repayment	(3,239)
Net cash flow from debt procurement & repayment	+9,000
Dividend payment	(4,880)
Net CF	+1,681

Commitment Lines (yen in millions)

Purpose	Credit line	Used	Unused	Expiration
1 Working capital	8,000	0	8,000	Jun. 2022
2 Working capital	1,000	0	1,000	Sep. 2022
3 Working capital	1,000	0	1,000	Oct. 2022
4 M&A	10,000	0	10,000	Jun. 2022
Total	20,000	0	20,000	

Number of Engineers & Utilization Ratio [Japan]

- Engineers in Japan at the end of Q2 FY22.6 totaled **20,776** (up 446 from FY21.6 end), including **873** non-Japanese engineers (down 48 from FY21.6 end)
- Average utilization ratio was **95.6%** for Q2 FY22.6 (up 1.9 pts year-on-year)
- Engineers outside Japan totaled **2,823** (not included in number of engineers in Japan, up 853 from FY21.6 end)

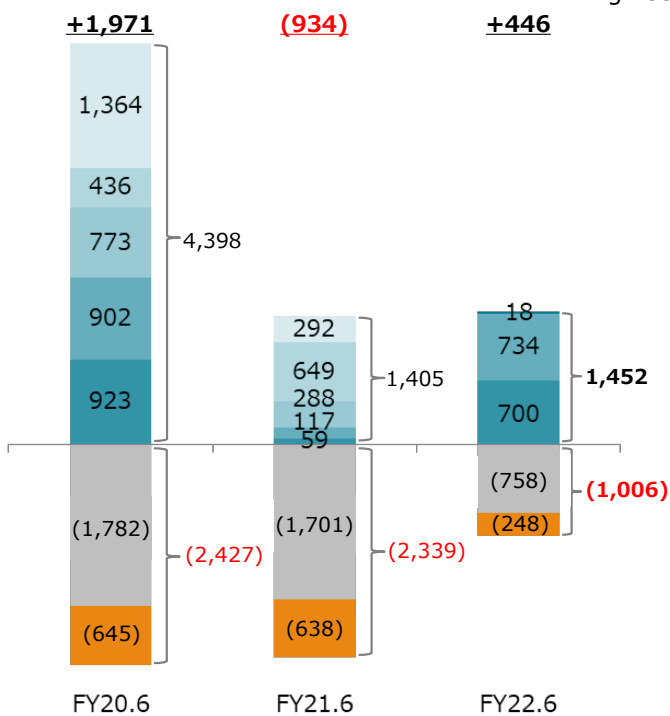


Recruitment/Turnover [Japan]

- Engineers hired for H1 FY22.6 (including 18 engineers from M&A) totaled **1,452** (up 1,276 year-on-year); expects to hire **820** new-graduate engineers in April 2022
- 1,006** engineers left for H1 FY22.6 (down 245 year-on-year): permanent employees of **758** (down 115 year-on-year), fixed-term employees of **248**
- Turnover ratio for permanent employees* was **7.4%** (down 1.1 pts year-on-year) for H1 FY22.6, which was below the target of 7.5%, also decreased to less than 8% on last twelve months basis
- Net engineer increase of **446** for H1 FY22.6, maintaining monthly net increase driven by mid-carrier recruitment outpacing retirement during the period

Net Increase (Decrease)

(No. of Engineers)



Annual Recruitment/Turnover

(No. of Engineers)

	FY20.6	FY21.6	FY22.6 H1	YOY	
Hired Total	4,398	1,405	1,452	—	—
M&A	0	0	18	—	—
New-grads joined in April	1,364	292	—	—	—
Mid-carrier: Q4	436	649	—	—	—
Mid-carrier: Q3	773	288	—	—	—
Mid-carrier: Q2	902	117	734	+617	+527.4%
Mid-carrier: Q1	923	59	700	+641	+1086.4%
Turnover Total	2,427	2,339	1,006	—	—
Permanent employees	1,782	1,701	758	—	—
Contract terms matured, others	645	638	248	—	—

Turnover Ratio for Permanent Employees*

	FY20.6				FY21.6				FY22.6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarter	8.6%	7.8%	8.6%	10.1%	8.8%	8.2%	8.1%	8.3%	7.7%	7.1%	—	—
Year-to-date	—	8.2%	8.3%	8.8%	—	8.5%	8.4%	8.4%	—	7.4%	—	—
Last Twelve Months	8.5%	8.7%	8.3%	8.8%	8.9%	8.9%	8.8%	8.4%	8.1%	7.8%	—	—

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

Assigned Engineers Portfolios by “Technology” [Japan]

- Utilization ratio has already recovered to pre-pandemic level, and the number of assigned engineers has turned to increase not only on a month-on-month basis, but also on a year-on-year basis
- Expects demands for investment to increase broadly across R&D, IT and digital areas in line with earnings recovery and improved future prospects of the customers, therefore continues to focus on increasing number of engineers while aiming to raise average unit sales price by promoting recruitment and training mainly in software field

Q2 FY21.6 End

Assigned Engineers: **19,305**

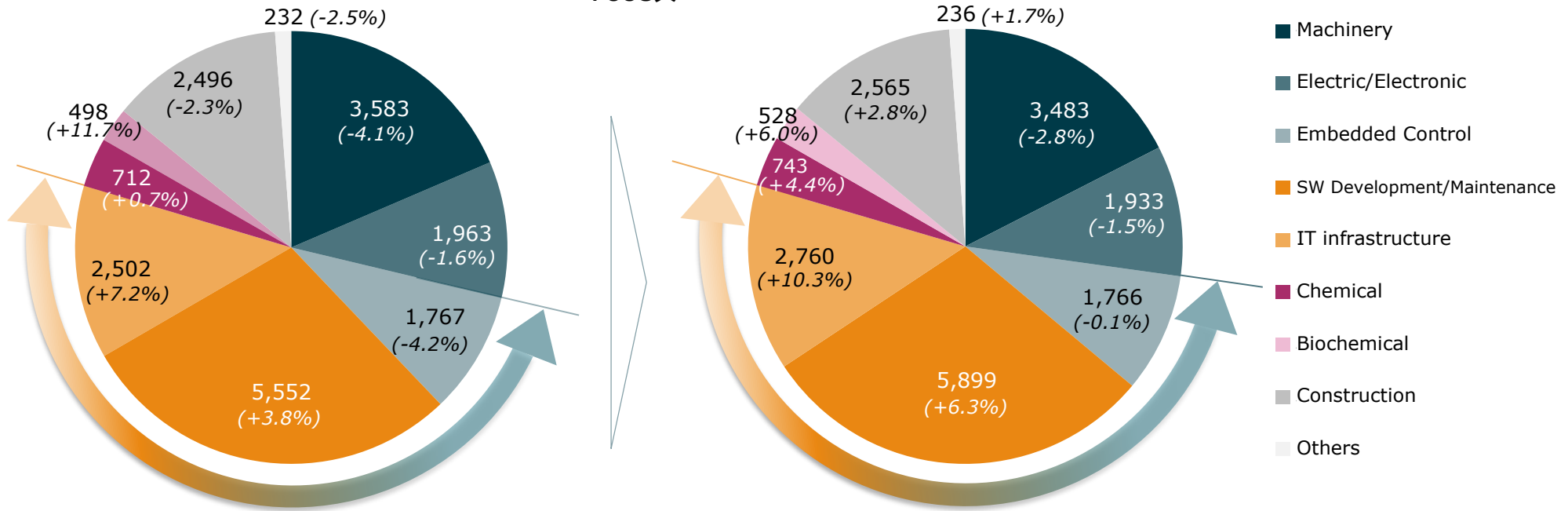
+3.1%

+608人

Q2 FY22.6 End

Assigned Engineers: **19,913**

No. of
Engineers

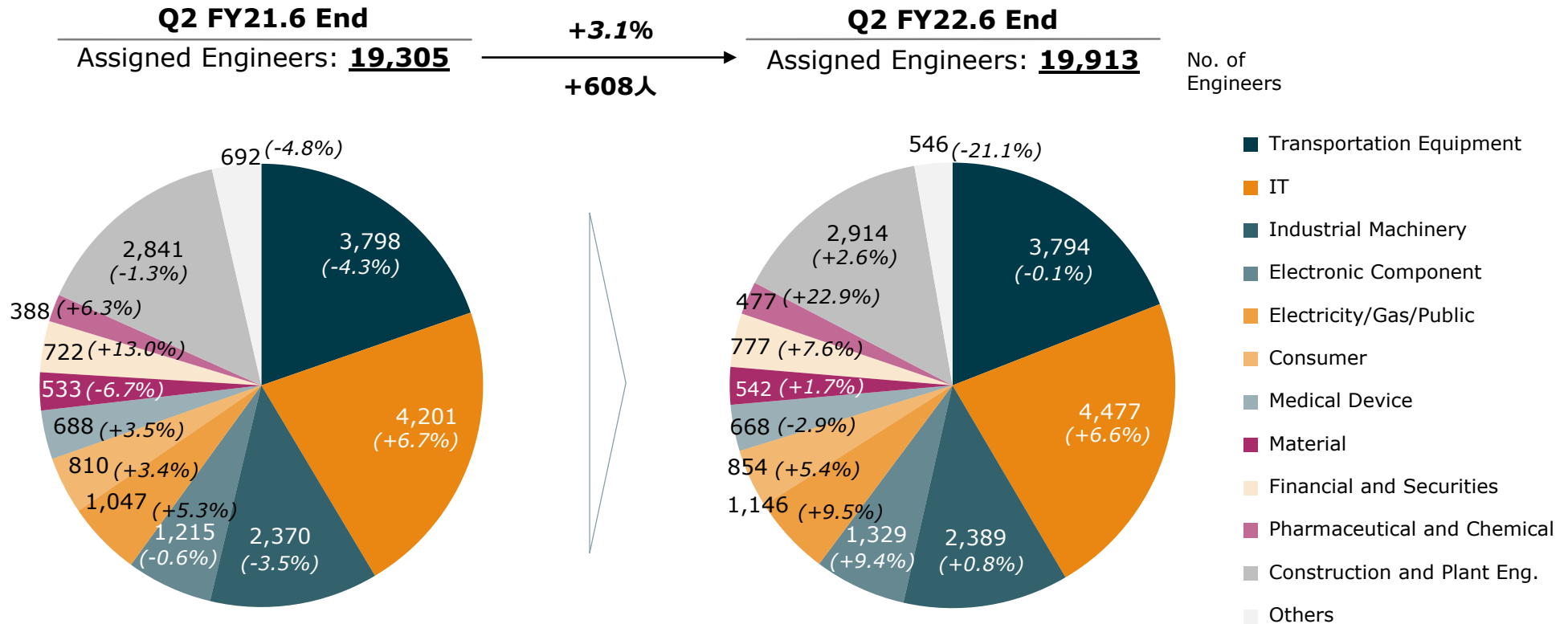


IT engineers:
50.9%/9,821

IT engineers:
52.4%/10,425

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, therefore the number of engineers on assignment in this industry exceeded Q1 end, recovering to the almost same level year-on-year
- Continues to receive new orders from Industrial Machinery and Electronic Component specifically relating to semiconductors
- A certain level of skills and experience required to assign engineers, but demand from IT sector remains strong, therefore began discussing about when to accelerate the recruitment of less experienced engineers who need to be trained

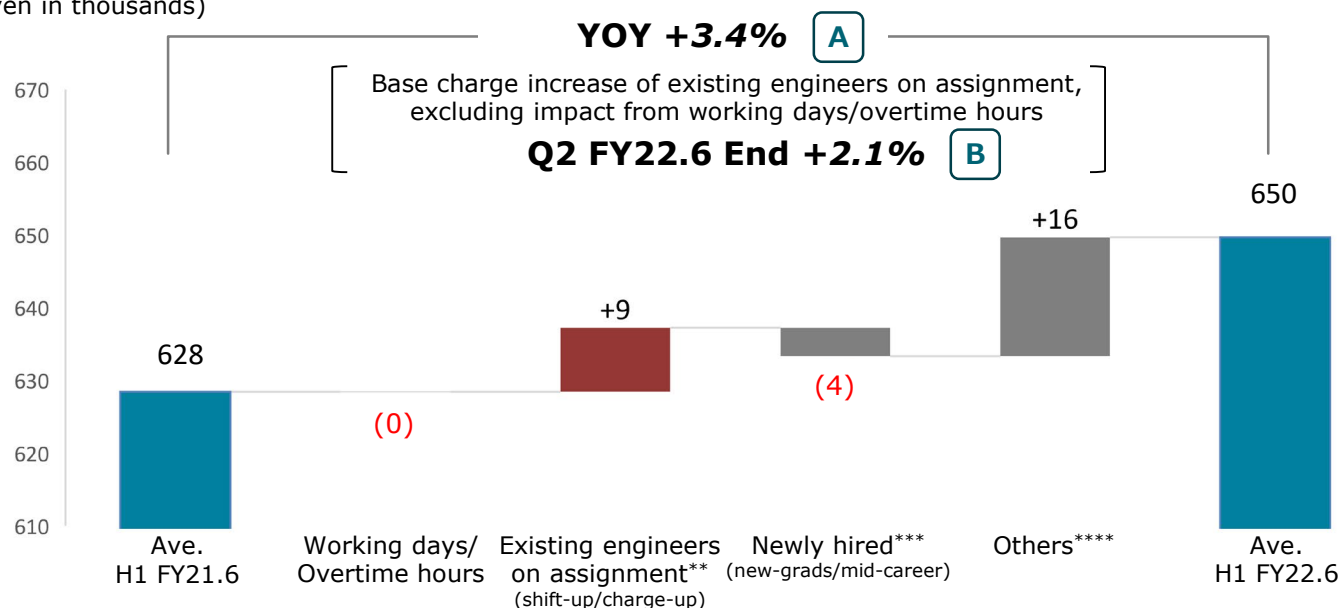


Average Monthly Unit Sales Price [Japan]

All Subsidiaries in Japan for FY22.6 (newly included EDELTA, PROBIZMO and TOQO)

- Ave. monthly unit sales price* for H1 FY22.6 increased to **650K yen** (up 21K yen/month or 3.4% year-on-year)
- Slightly decreased due to the mix of decrease in working days (down 0.14 days/month) and longer overtime hours (up 0.76 hours/month)
- Increased 9K yen/month driven by base charge hike for existing engineers on assignment through shift-up/charge-up efforts
- Diluted 4K yen/month due to first assignment of newly hired new-grads/mid-career engineers

(yen in thousands)



* Unit sales price
Average monthly sales per engineer, which includes base charge, overtime charges and others

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

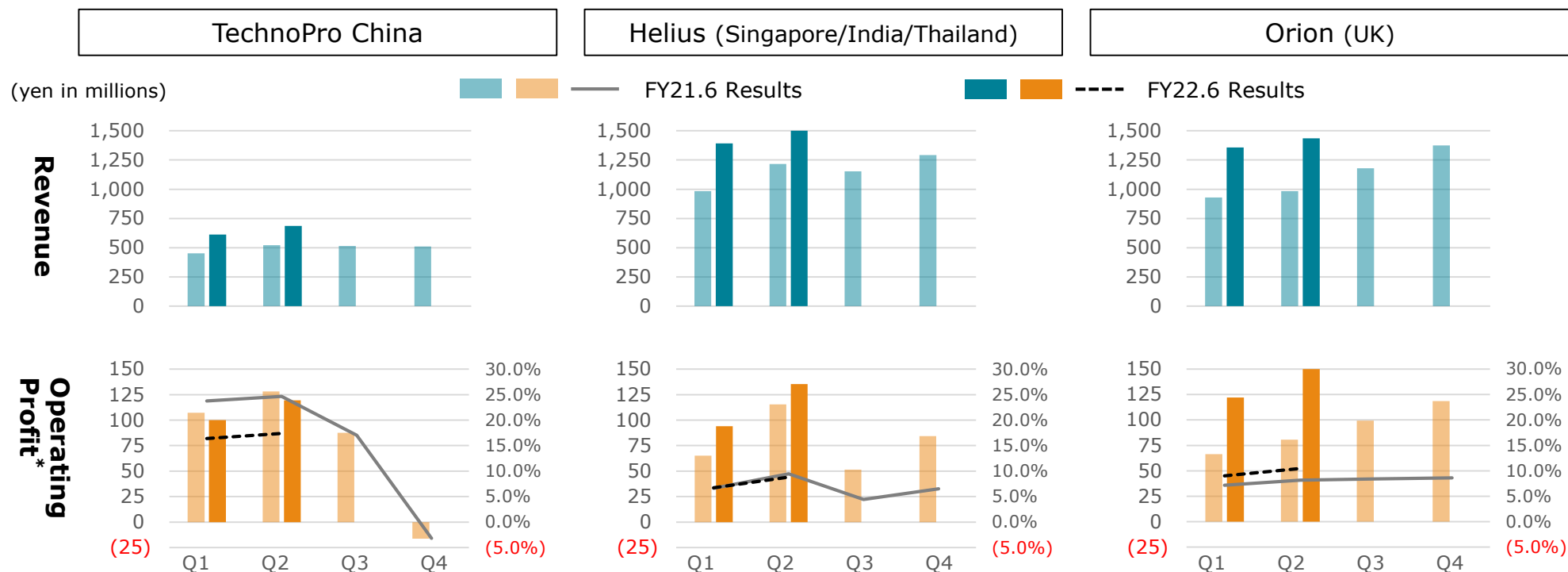
*** Newly hired
Increase (decrease) in prices from first assignment of newly hired new-grads/mid-career engineers

**** Others
Increase (decrease) in prices from project-type services and other factors, effect from including all subsidiaries in Japan (FY22.6)

	FY21.6				FY22.6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unit Sales Price (yen in thousands/month, year-to-date)	620	628	632	634	639	650	—	—
Year-on-year	A (1.0%)	(0.4%)	(0.2%)	+0.7%	+3.0%	+3.4%	—	—

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Base Charge Increase of Existing Engineers on Assignment	B +3.4%	+2.6%	+2.3%	+0.7%	+1.7%	+2.1%	—	—
† Year-on-year comparison for each quarter end								

Overseas Subsidiaries Update



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

- Demands from Japanese companies and Japanese overseas subsidiaries in China remain strong, H1 FY22.6 revenue was up 34% year-on-year, with expectation of H2 orders to exceed previous year
- While H1 FY21.6 had an extraordinary demand from major LCD manufacturing equipment related projects, H1 FY22.6 secured 17% of OP margin despite a wage increase for Chinese engineers

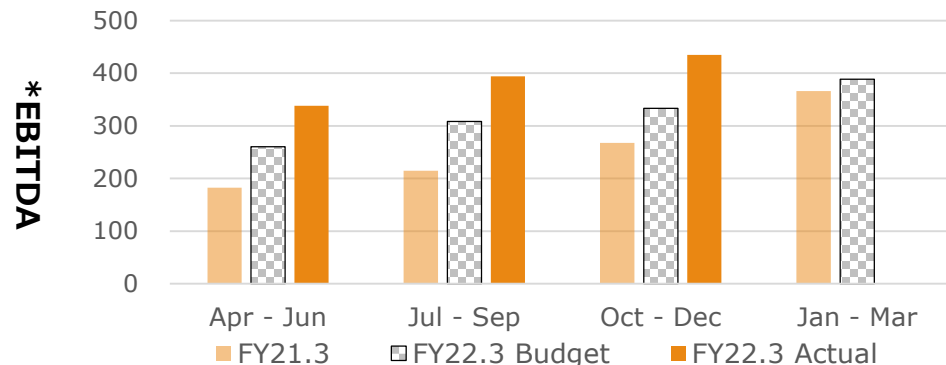
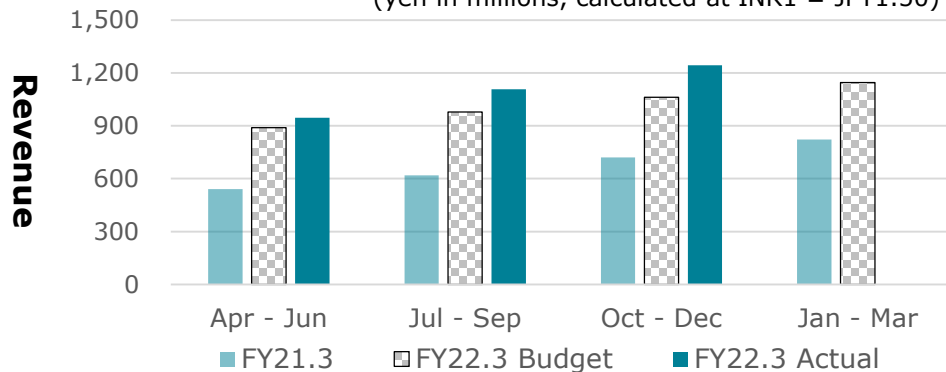
- Along with progress in attracting new customers in India and Thailand, H1 FY22.6 revenue and OP increased 33% and 27% respectively, maintaining same level of OP margin year-on-year despite increased SG&A expenses
- Entered in Vietnam market in Jan 2022, seeking to establish the foundation soon
- Exploring offshore-delivery business opportunities in line with growth strategies of the medium-term management plan

- Continuing the historical high quarterly financial performance, H1 FY22.6 revenue and OP increased 46% and 85% respectively year-on-year, exceeding 10% of OP margin in Q2 for the first time since its founding
- In addition to stable staffing business, profitable placement business grew significantly; the number of closed placement deal in H1 FY22.6 was up 119%, increasing the revenue by 126%

Robosoft Update (Fiscal year closes in March end)

- Revenue and EBITDA for the 9 months period (April to December 2021) was **3.3 billion yen** and **1.17 billion yen** respectively (both grew 75% year-on-year, EBITDA margin was 35.4%, and EBITDA exceeded budget by 29%); further penetrating into US market mainly driven by the increase of digital spending of US customers
- PMI 100-Days Plan in both commercial and administrative areas has completed, being ready to move into the next phase (further details available in the disclosure document "Business Environment and Medium-Term Management Plan Progress")
- Balance sheet of Robosoft was consolidated as of September 30, 2021, and so was P&L from October 1, 2021; expecting its earnings for the 9 months period (October 2021 to June 2022) to be included in consolidated P&L for FY22.6 (a significant positive impact on consolidated operating profit even after recording PPA asset amortization expenses)

(yen in millions, calculated at INR1 = JPY1.50)



* EBITDA excludes extraordinary items such as transaction expenses incurred at Robosoft, but owed by the Sellers

Purpose of Robosoft Acquisition

- Responds to emerging DX-related demands from customers by overcoming supply constraint of talents and technological capabilities in digital domain in Japan
 - Obtain capabilities of digital technology and solution
 - Establish offshore hub in India
 - Expect to serve as a base in India to roll up companies acquired through bolt-on type of M&As

Strategy for Japan Market

- Gaining new customer base in Japan of Media, BFSI and Retail/EC industries
- Promote cross-selling/up-selling and solution development for existing customers
 - Integrate conventional and digital technologies
- Leverage high-skilled engineer resources in India
 - On-site in Japan and offshore from India
 - Foster TechnoPro engineers in digital domain

FY2022 Guidance Update (Full-Year)

- Revised full year guidance upward to reflect H1 FY22.6 results (including a steady progress on key KPIs and gain from Helius' PO liability reversal), adding to consolidation of Robosoft's P&L which was not included at the beginning of this fiscal year
- With PO liability reversal gain recorded in other income which is coincidentally equivalent to the amount of previous year's government subsidies for continuous employment, the same level of annual dividend as last year is expected to be paid out in line with our annual dividend payout ratio of 50%

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

	First-Half			Second-Half			Full-Year					
	FY21.6 (Results)	FY22.6 (Results)	YOY	FY21.6 (Results)	FY22.6 (Guidance)	YOY	FY21.6 (Results)	FY22.6 (Guidance)	FY22.6 (Updated guidance)	vs. prior guidance	YOY	
Revenue	79,451	86,358	+8.7%	81,865	87,642	+7.1%	161,316	170,000	174,000	+4,000	+12,683	+7.9%
Core operating profit	8,291	9,032	+8.9%	9,347	8,268	(11.5%)	17,639	16,500	17,300	+800	(339)	(1.9%)
Core OP margin	10.4%	10.5%		11.4%	9.4%		10.9%	9.7%	9.9%	+0.2pt	(1.0pt)	
Operating profit	9,680	11,078	+14.4%	9,780	8,222	(15.9%)	19,461	16,500	19,300	+2,800	(161)	(0.8%)
OP margin	12.2%	12.8%		11.9%	9.4%		12.1%	9.7%	11.1%	+1.4pt	(1.0pt)	
Profit before income taxes	9,645	11,229	+16.4%	9,827	8,071	(17.9%)	19,472	16,400	19,300	+2,900	(172)	(0.9%)
Net profit	6,623	7,794	+17.7%	6,622	5,506	(16.9%)	13,245	11,300	13,300	+2,000	+54	+0.4%
Net profit margin	8.3%	9.0%		8.1%	6.3%		8.2%	6.6%	7.6%	+1.0pt	(0.6pt)	
Earnings per share (yen)	61.48	72.35	+17.7%	61.47	51.11	(16.9%)	122.96	104.89	123.46	+18.57	+0.50	+0.4%
Dividend per share (yen)	16.67	20.00	+20.0%	45.00	42.00	(6.7%)	61.67	53.00	62.00	+9.00	+0.33	+0.5%

Key KPIs [Japan]	First-Half			Second-Half			Full-Year					
	FY21.6 (Results)	FY22.6 (Results)	YOY	FY21.6 (Results)	FY22.6 (Guidance)	YOY	FY21.6 (Results)	FY22.6 (Guidance)	FY22.6 (Updated guidance)	vs. prior guidance	YOY	
No. of engineers (period-end)	20,189	20,776	+2.9%	20,330	21,800	+7.2%	20,330	21,600	21,800	+200	+1,470	+7.2%
Engineer hiring*	176	1,452	+725.0%	1,229	2,098	+70.7%	1,405	3,400	3,550	+150	+2,145	+152.7%
Ave. utilization ratio	93.7%	95.6%	—	95.4%	94.3%	—	94.6%	95.0%	95.0%	0.0pt	+0.4pt	—
Ave. monthly unit sales price (yen in thousands)	628	650	+3.4%	640	655	+2.3%	634	645	652	+7	+18	+2.8%

* Including new-graduate engineers joined in April (FY21.6: 292, FY22.6: 820 [tentative]) and engineers acquired through M&A (FY22.6: 18)

Reference: FY2022 Segment Guidance Update (Full-Year)

- R&D Outsourcing: Revenue to increase year-on-year driven by the increase in engineers on assignment, while expecting profit to significantly decrease mainly due to 1) increased SG&A expenses including recruitment costs, 2) upfront investments, and 3) dissipation of income from employment adjustment subsidy
- Construction Management Outsourcing: Expects a slight revenue growth due to shortfall in the hiring plan in H1, strives to recover in H2 and aims the same level of profit as the previous year
- Other Businesses in Japan: Placement and engineer training businesses have recovered significantly, therefore expecting to increase both revenue and profit year-on-year
- Overseas: Each company has performed well despite a continued uncertainty about Covid-19, therefore, combined with consolidation of Robosoft, foresees large increases in both revenue and profit with OP margin showing the upward trend

(yen in millions, except engineer headcounts)

	R&D Outsourcing				Construction Management Outsourcing				Other Businesses in Japan				Japan Total			
	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY
Revenue	126,179	127,870	135,500	+6.0%	19,787	19,670	20,000	+1.7%	4,103	3,800	4,000	+5.3%	150,071	151,341	159,500	+5.4%
<i>Ratio to consolidated revenue</i>	79.7%	79.3%	77.9%		12.5%	12.2%	11.5%		2.6%	2.4%	2.3%		94.7%	93.8%	91.7%	
Operating profit	12,880	15,815	12,700	(19.7%)	2,109	2,791	2,500	(10.4%)	(139)	315	600	+90.0%	14,850	18,922	15,800	(16.5%)
<i>OP margin</i>	10.2%	12.4%	9.4%		10.7%	14.2%	12.5%		(3.4%)	8.3%	15.0%		9.9%	12.5%	9.9%	
OP before PPA asset amortization	12,960	15,895	12,810	(19.4%)	2,517	2,791	2,500	(10.4%)	367	315	600	+90.0%	15,845	19,002	15,910	(16.3%)
<i>OP margin before PPA asset amortization</i>	10.3%	12.4%	9.5%		12.7%	14.2%	12.5%		9.0%	8.3%	15.0%		10.6%	12.6%	10.0%	
No. of engineers (period-end)	18,471	17,692	19,100	+8.0%	2,793	2,638	2,700	+2.4%	—	—	—	—	21,264	20,330	21,800	+7.2%
<i>o/w non-Japanese in Japan</i>	1,082	817	—	—	96	104	—	—	—	—	—	—	1,178	921	—	—

	Overseas				Reporting Segment Total				Corporate/Eliminations*				Consolidated Total			
	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY	FY20.6	FY21.6	FY22.6	YOY
Revenue	9,941	11,432	17,500	+53.1%	160,012	162,773	177,000	+8.7%	(1,605)	(1,456)	(3,000)	—	158,407	161,316	174,000	+7.9%
<i>Ratio to consolidated revenue</i>	6.3%	7.1%	10.1%		101.0%	100.9%	101.7%		(1.0%)	(0.9%)	(1.7%)		100.0%	100.0%	100.0%	
Operating profit	655	764	1,700	+122.2%	15,506	19,687	17,500	(11.1%)	266	(226)	1,800	—	15,772	19,461	19,300	(0.8%)
<i>OP margin</i>	6.6%	6.7%	9.7%		9.7%	12.1%	9.9%		—	—	—		10.0%	12.1%	11.1%	
OP before PPA asset amortization	858	974	2,150	+120.6%	16,704	19,977	18,060	(9.6%)	119	(267)	0	—	16,824	19,709	18,060	(8.4%)
<i>OP margin before PPA asset amortization</i>	8.6%	8.5%	12.3%		10.4%	12.3%	10.2%		—	—	—		10.6%	12.2%	10.4%	
No. of engineers (period-end)	1,331	1,970	—	—	22,595	22,300	—	—	—	—	—	—	22,595	22,300	—	—

TECHNOPRO

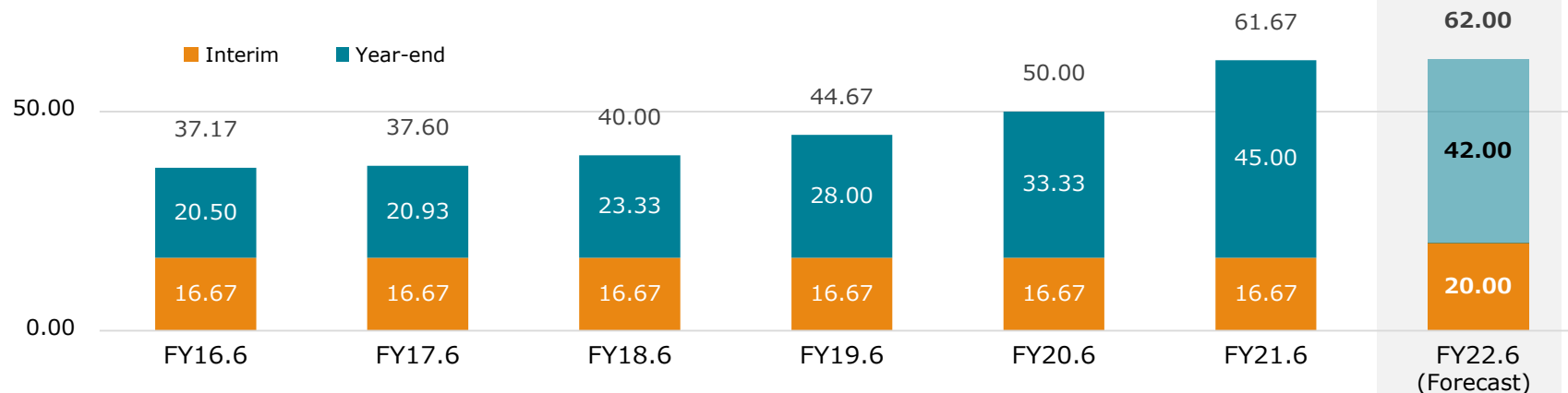
* Headquarter expenses attributable to the reportable segment (expenses incurred by the holding company, etc.) are allocated to each reportable segment

Shareholder Return

- Assures basic policy to make dividend payment steadily twice a year in the form of interim and year-end dividend; **annual dividend payout ratio of 50%** remains unchanged for FY21.6, despite the huge business impact from COVID-19, maintaining annual dividend payout ratio of 50% for FY22.6 onward
- Free cash flows retained after returning 50% cash dividend to shareholders will be spent for growth investment such as M&A; 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

(yen per share)

Dividend and Payout/Total Return Ratio (History/Forecast)

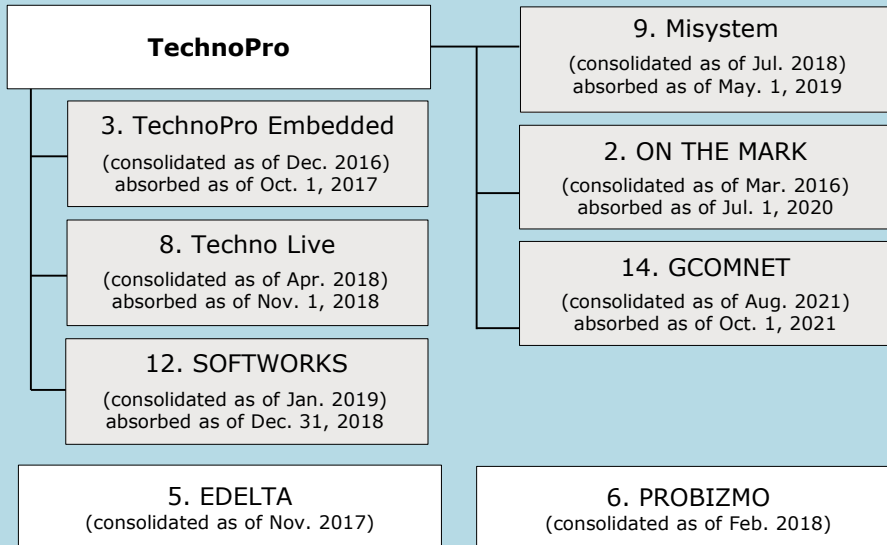


ROE	32.0%	29.9%	24.5%	22.4%	23.3%	25.1%	21.9%
EPS (yen)	71.93	75.19	81.60	88.95	99.99	122.96	123.46
Payout ratio	51.7%	50.0%	50.0%	50.2%	50.0%	50.2%	50.2%
Dividend amount (yen in millions)	3,808	3,858	4,250	4,864	5,397	6,643	6,679
Share repurchase (yen in millions)	—	—	—	—	2,063	—	N/A
Total return ratio	51.7%	50.0%	50.0%	50.2%	68.9%	50.2%	N/A

Appendix: Reportable Segments (as of Q2 FY22.6 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



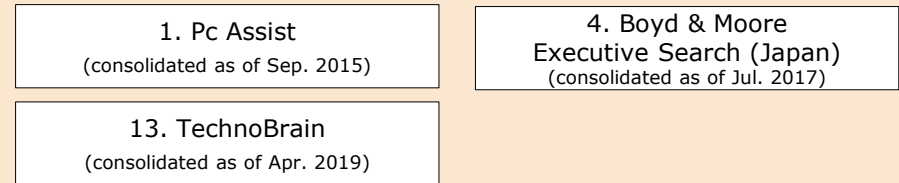
Construction Management Outsourcing

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



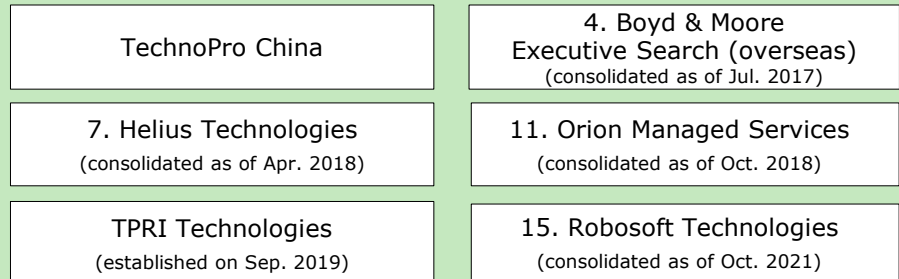
Other Businesses in Japan

Provides professional recruitment, technical education and training services



Overseas

Technological outsourcing and professional recruitment services in China; IT engineer staffing service and contract services in Southeast Asia and India (including offshore delivery to US/EMEA/JP customers); engineer staffing and professional recruitment services in the UK



Headquarters

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



Appendix: Risk Assets (as of Q2 FY22.6 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, newly calculated with COVID-19 impact taken into account, well exceeds carrying amount of each CGU, 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: The condition for exercising Put Option (accumulated EBITDA during the value calculation periods needs to reach a pre-set criteria) is, based on the reasonable expectation, considered to be difficult to satisfy, and the likelihood of being exercised by the option holder would get quite low; accordingly the fair value of the Put Option liabilities is deemed to become zero
- Robosoft: The estimated price for the second tranche of share acquisition (20% of shareholding) was temporarily recognized as liabilities, while the amount (**2.9 billion yen**) and the amortization period (**10 years**) of PPA assets were determined

(yen in millions)

Cash Generating Unit (CGU)	Shareholding	Goodwill				PPA Assets		PO, etc. Liabilities	
		MBO	M&A*	Total	Ratio	M&A*	Amortization period (months)	M&A	Value calc. period (months)
R&D Outsourcing									
Machinery, Electric/Electronic	100.0%	13,674	977	14,651	32.6%				
Embedded control, IT infrastructure	100.0%	7,969		7,969	17.7%				
Software dev./maintenance	100.0%	2,912	3,006	5,919	13.2%	976	up to 32.7		
Chemical, Biochemical	100.0%	1,262		1,262	2.8%				
Construction Mgmt. Outsourcing									
Construction management	100.0%	3,383		3,383	7.5%				
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	2.5%				
TechnoBrain	100.0%		151	151	0.3%				
Overseas									
Helius	51.0%		728	728	1.6%	544	up to 26.3	0	17.4-22.6
Orion	83.2%		1,126	1,126	2.5%	393	up to 26.9	662	18.4-23.6
Robosoft	80.0%		8,374	8,374	18.6%	2,922	up to 31.9	3,671	21.4-22.3
Total		29,202	15,757	44,959	100.0%	4,837		4,333	

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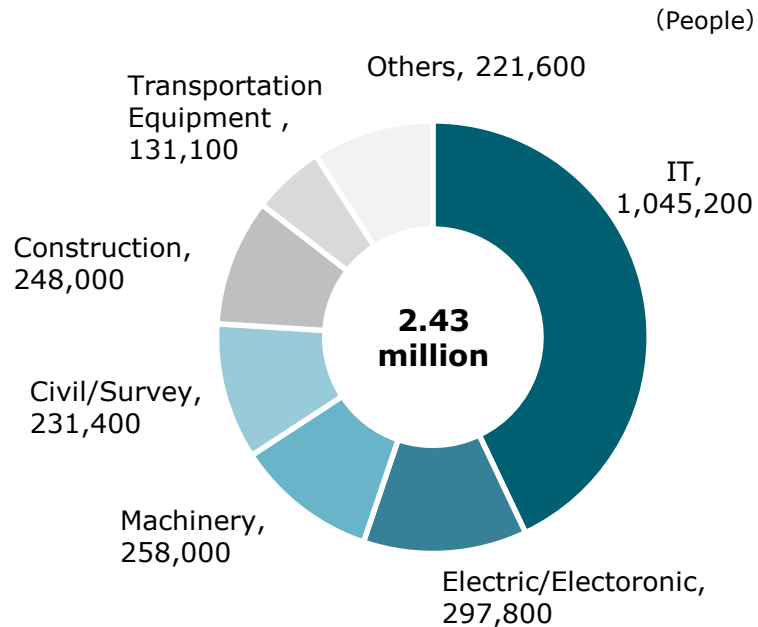
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Distribution of Engineers in Japan

- 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 IT engineers, the outsourcing ratio is relatively high in Japan

1. Number of Engineers in Japan (2015)

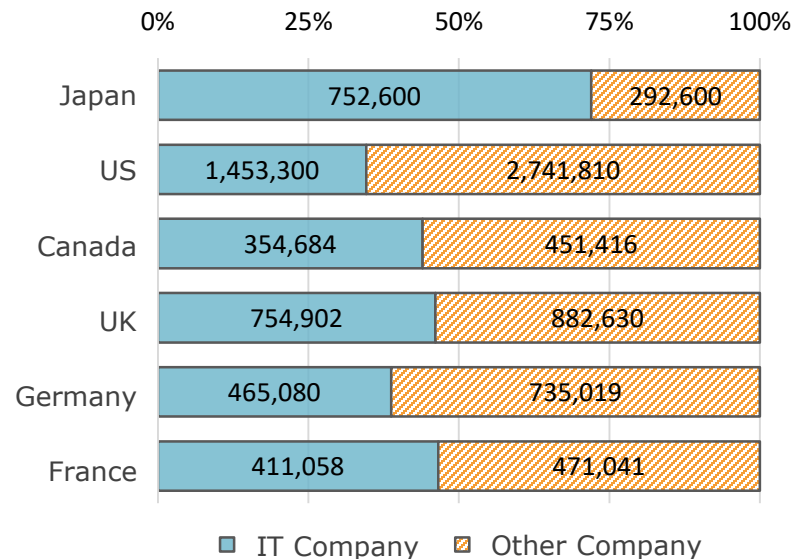
Source: Census 2015



2. Ratio of IT Talents at IT and Other Companies

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

Japan, US, UK, Germany, France: 2015 Canada: 2014 (People)



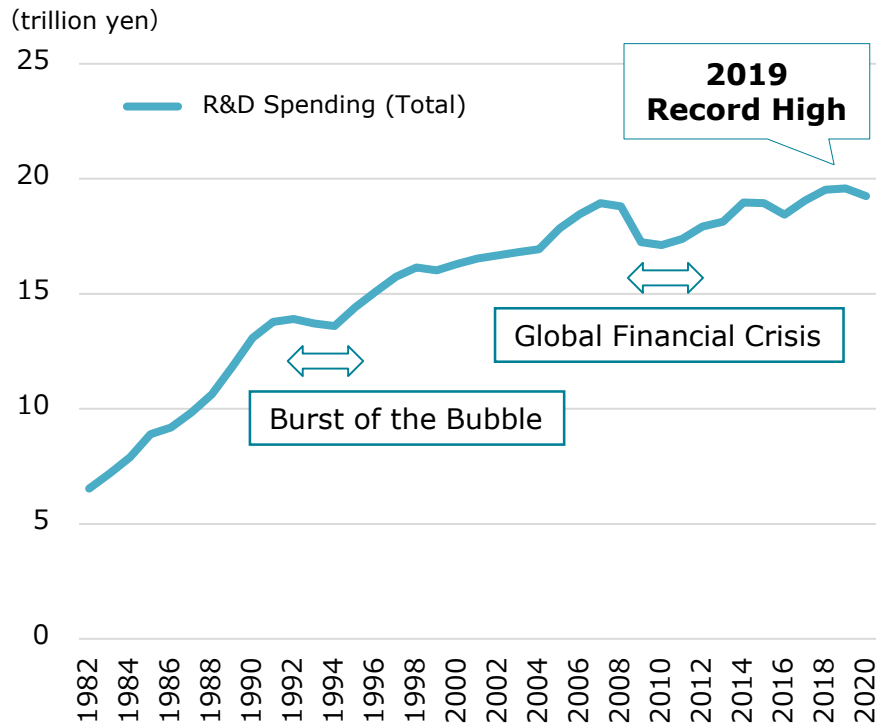
† "IT Company" means IT vendors and "Other Company" means IT user companies

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 a record-high for R&D spending in 2019 and its growth is expected to continue in the future
- Japan's ICT investment is gradually shifting from "hardware" to "software"

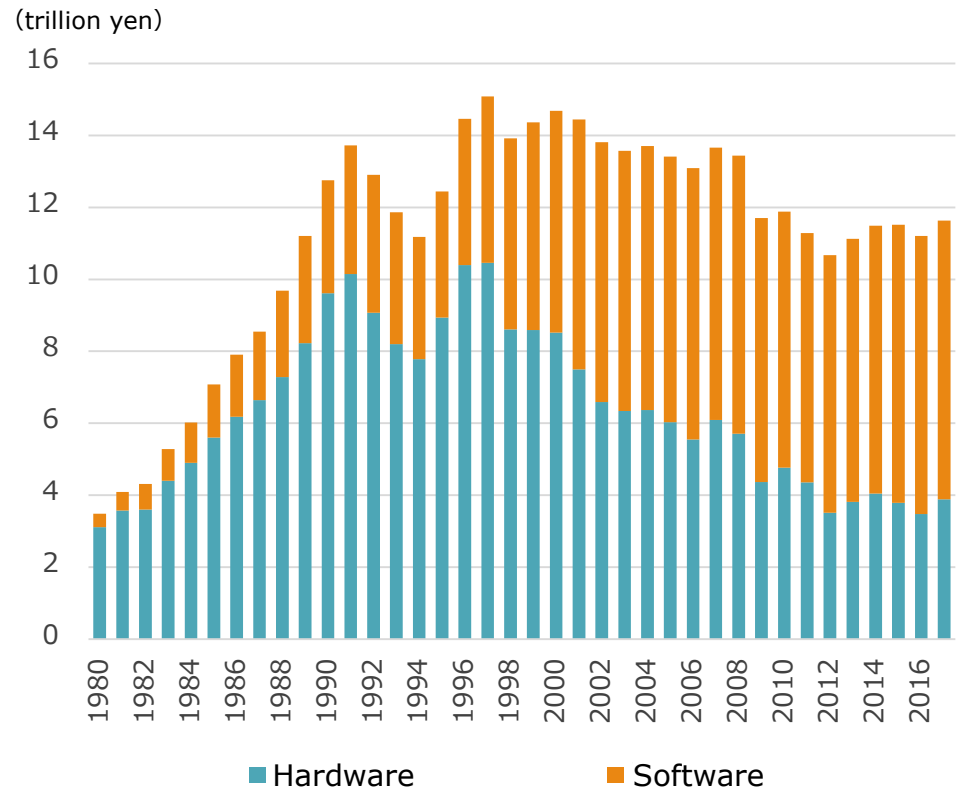
3. Trend of R&D Spending in Japan

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



4. The Breakdown of ICT Investment in Japan

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



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"

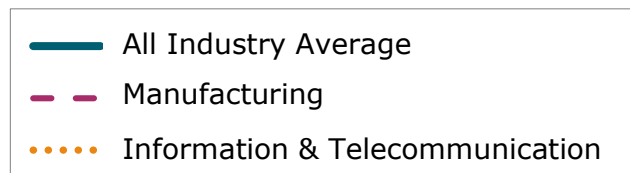
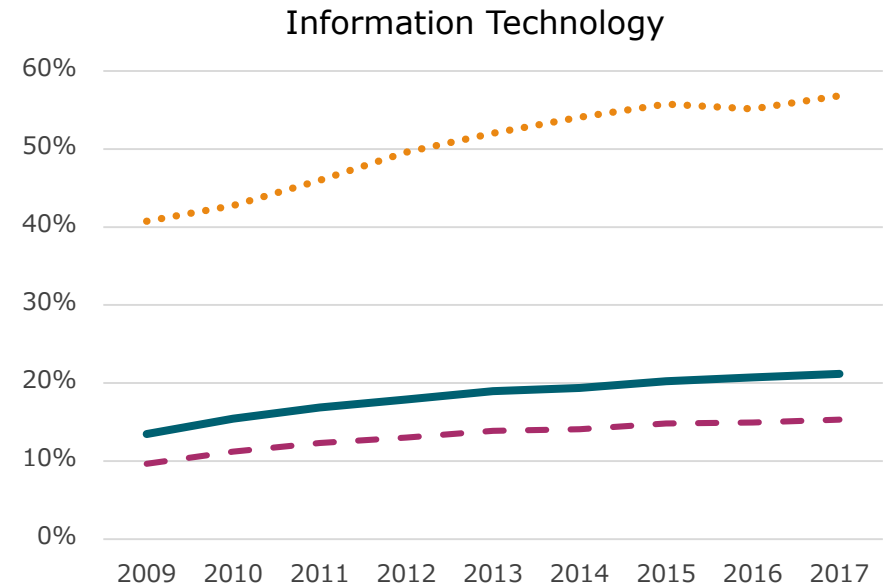
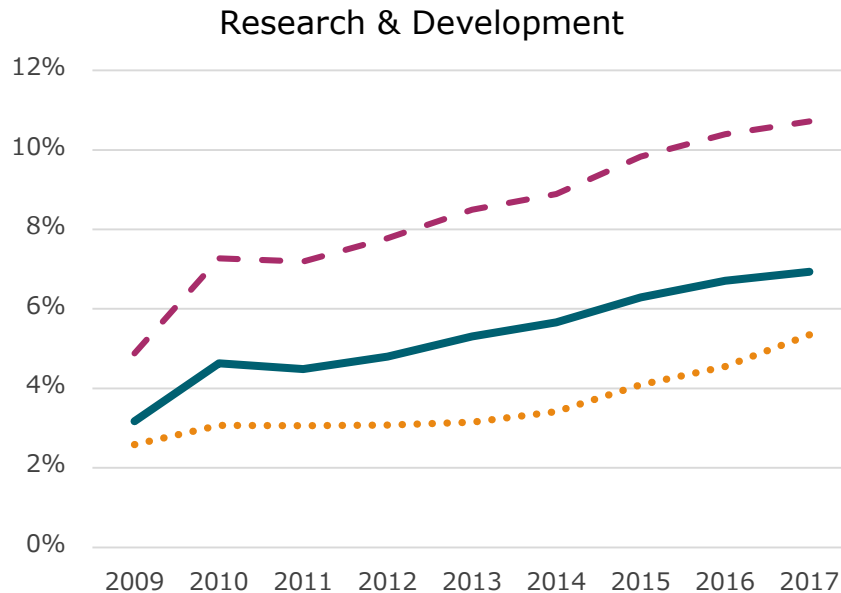


Outsourcing Usage Ratio of R&D and IT Activity

- 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

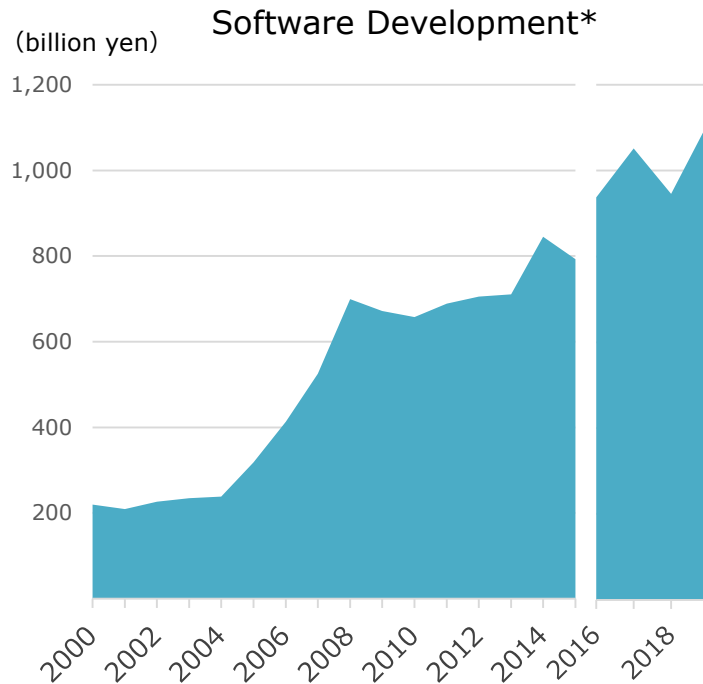


Engineer Staffing Market Overview

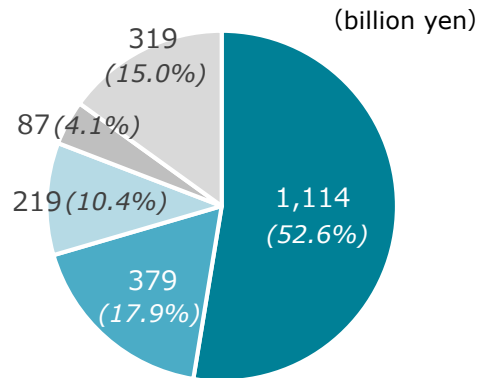
- Estimated the whole staffing market size in Japan is about 7.8 trillion yen (2019); of which, engineer staffing market size is about 2.1 trillion yen, about 280,000 engineers
- Yano Research Institute forecasts that the engineer staffing market in Japan is expected to grow at a CAGR of 6.3%

7. Engineer Staffing Market Size

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



Market Size
2.1 trillion yen (2019)
Breakdown

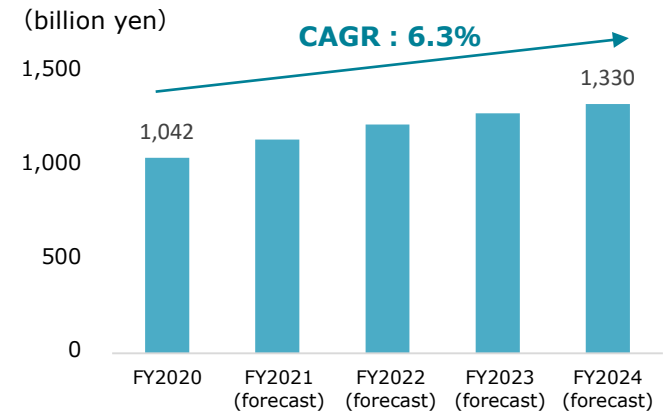


- 10 Software development
- 0708 Manufacturing
- 09 Construction
- 05 Researcher
- 11 Others

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

8. Forecast of Engineer Staffing Market Size

Source: Yano Research Institute Ltd., "Human Resources Business 2021, PART 2: Services by Industry/Occupation"



† The market size is based on the sales of businesses; FY2021 onward is forecast (as of October 2021)

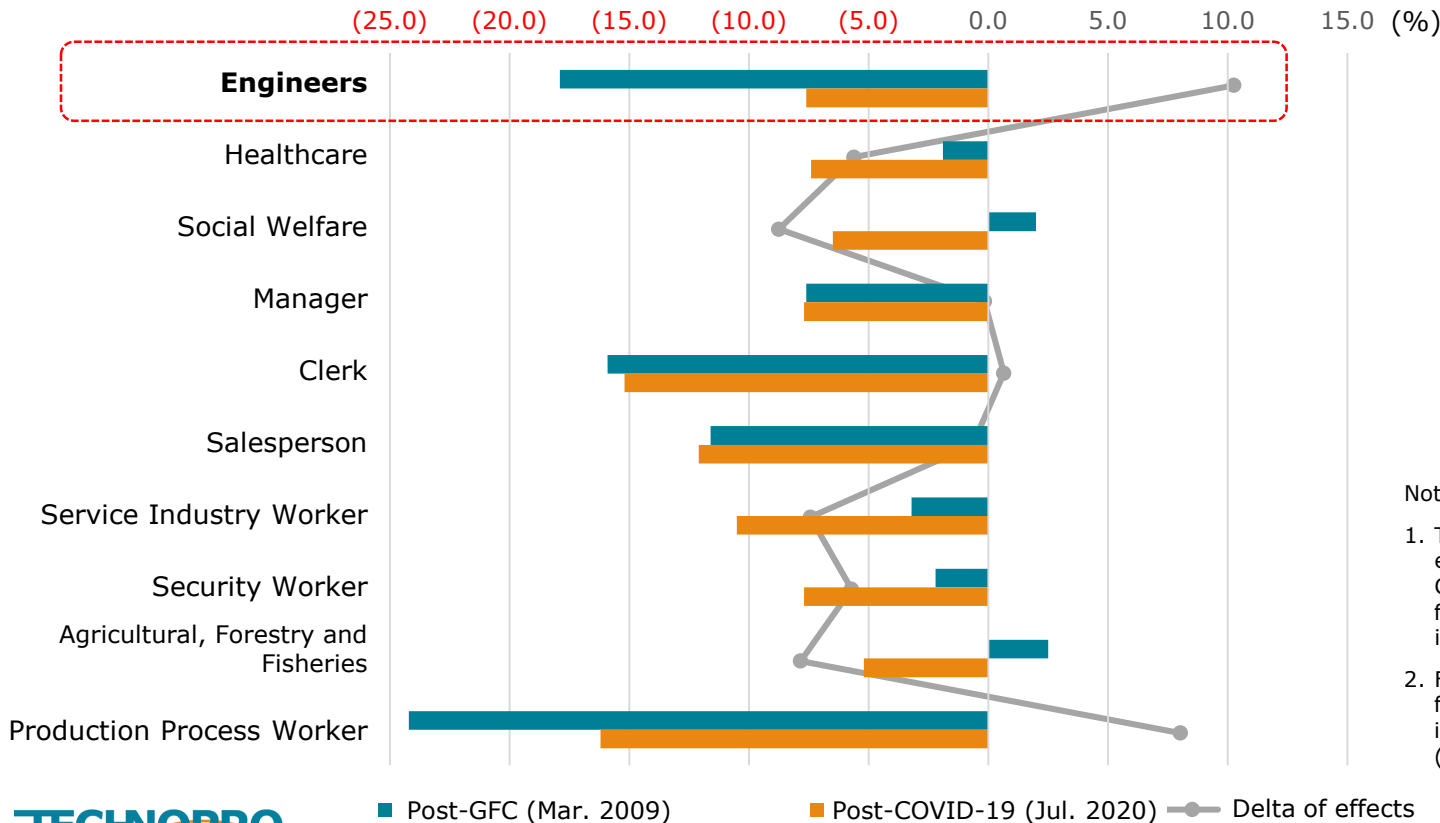
Note: Market size for large-scale providers calculated by Yano Research Institute based on an independent survey; Growth may be higher than the market as a whole

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:

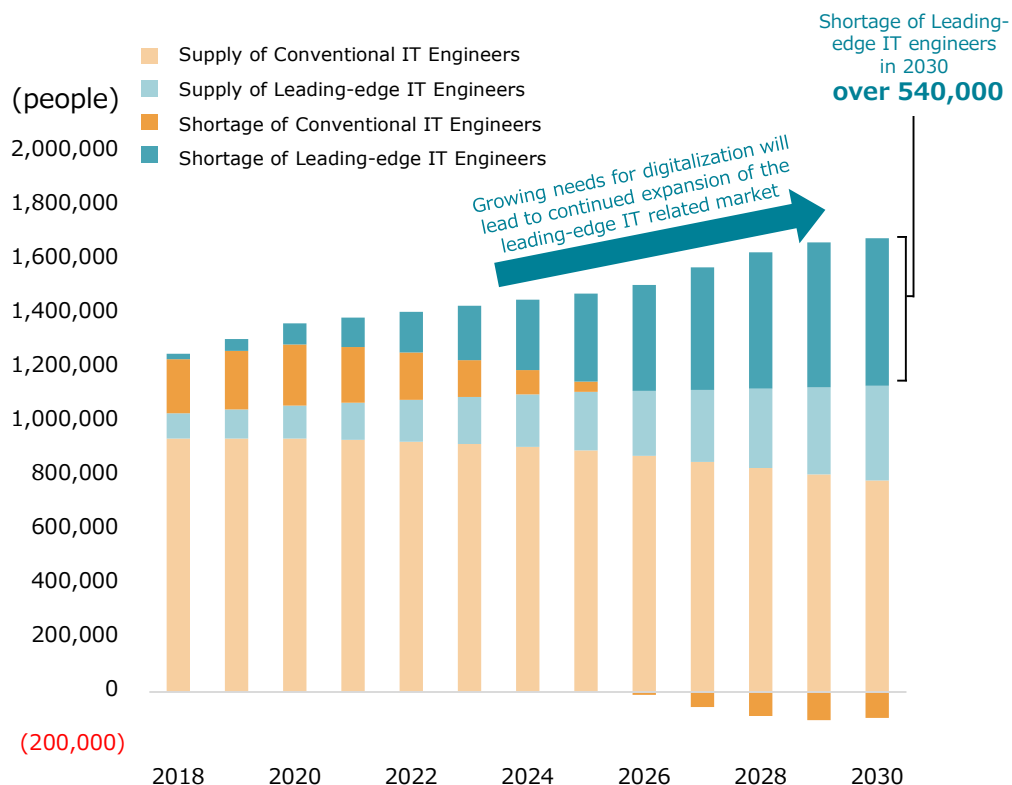
1. The figure left shows the comparison of the effect from the Global Financial Crisis (GFC) and COVID-19 on the index data of new job offers for each job category after 6 months from the initial outbreak of the crisis
2. Figures in September 2008 was indexed as 100 for the GFC, figures in January 2020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

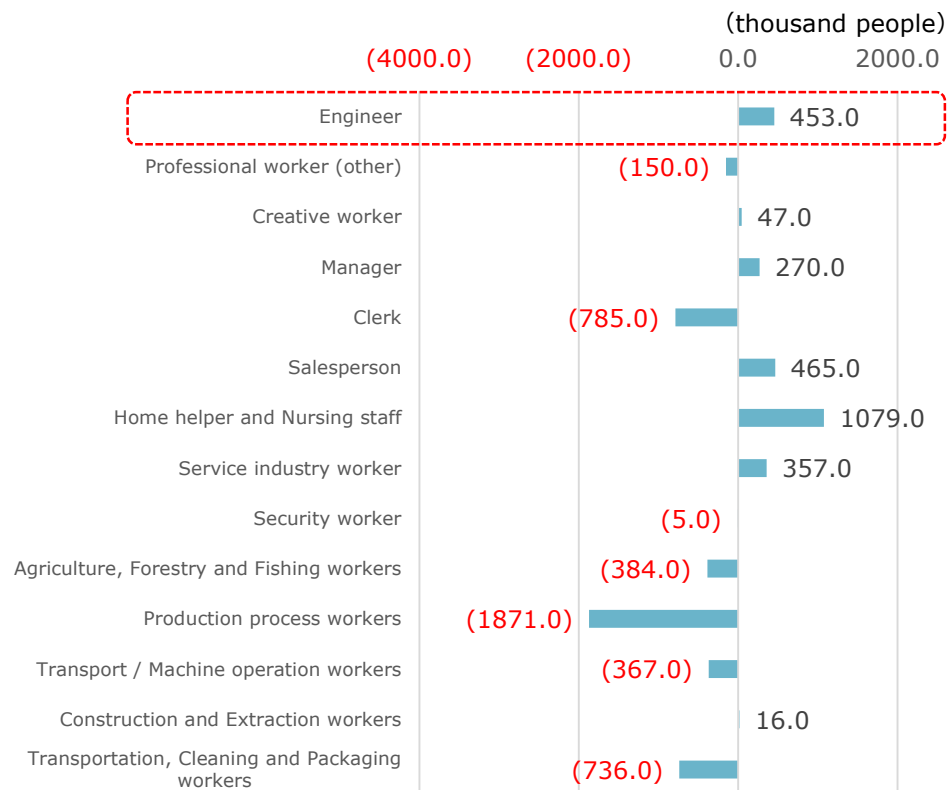
10. Projected Shortage in Advanced and Conventional IT engineers

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-"



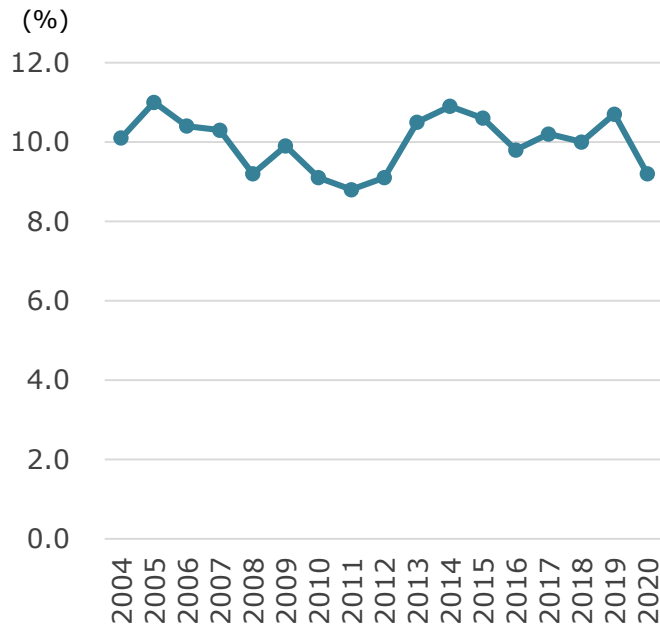
† Estimated numbers comparing 2015 and 2030

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

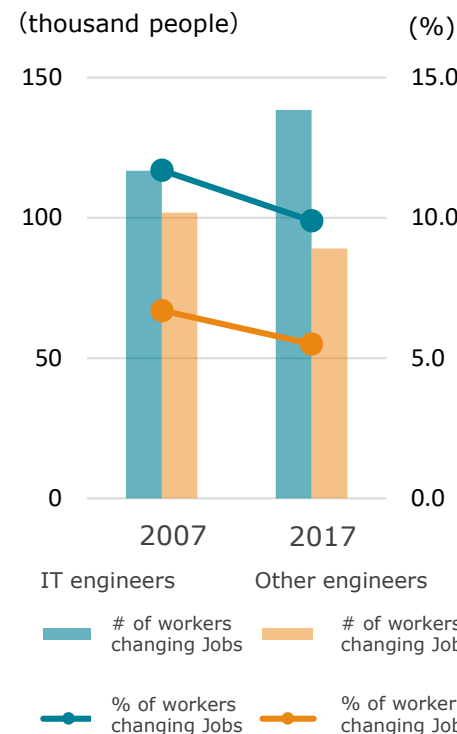
12. Turnover Ratio in Japan

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



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"



	2017 (%)		
	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

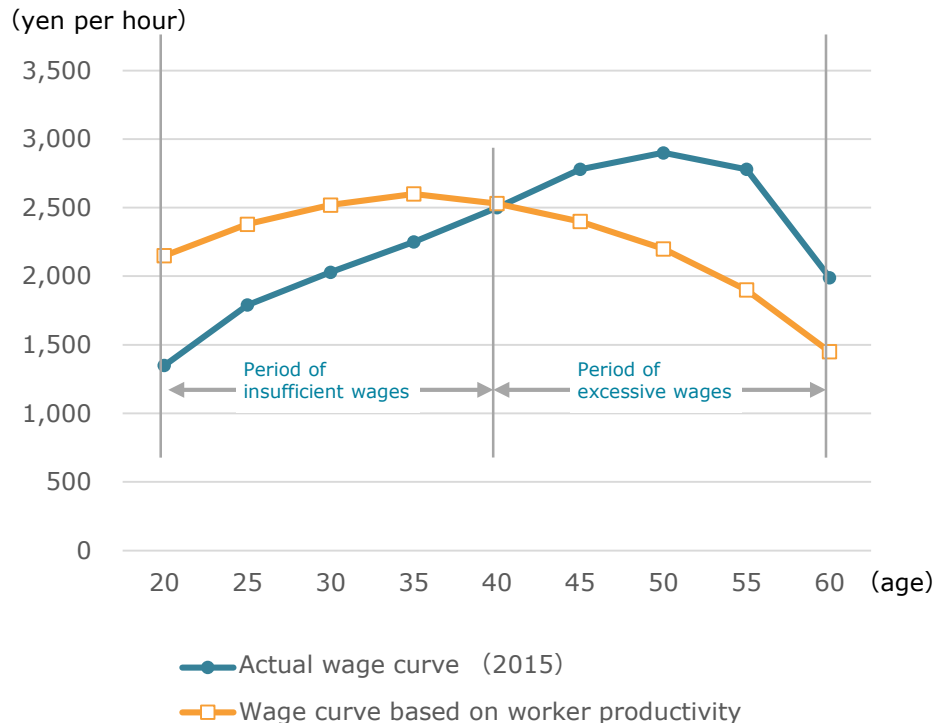
	2017 (thousand people)		
	1997	2007	2017
All sectors	7,391	7,717	7,066
Engineers	178	219	228
of which, IT engineers		117	138
of which, other engineers		102	89

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

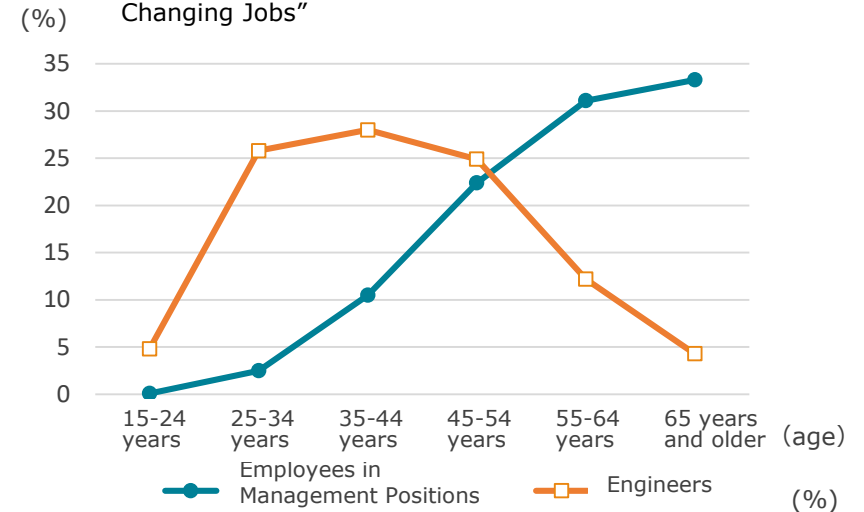
14. Seniority-Based Wages and Wages based on Work Productivity (Hourly-base)

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"



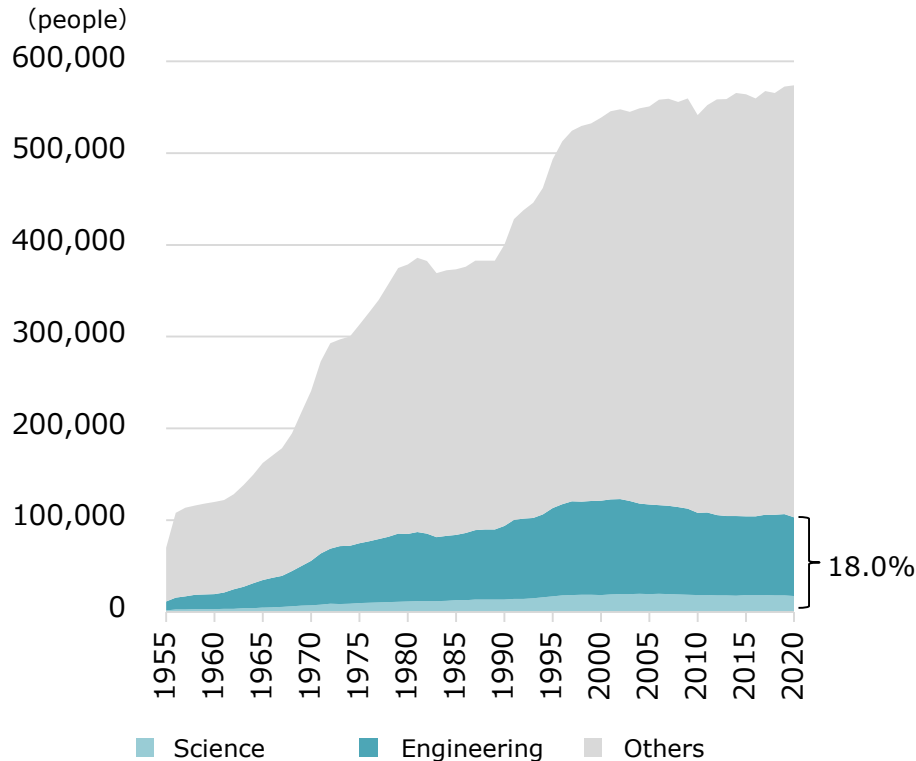
	Employees in Management Positions	Engineers
15-24 years	0.1	4.8
25-34 years	2.5	25.8
35-44 years	10.5	28
45-54 years	22.4	24.9
55-64 years	31.1	12.2
65 years and older	33.3	4.3

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

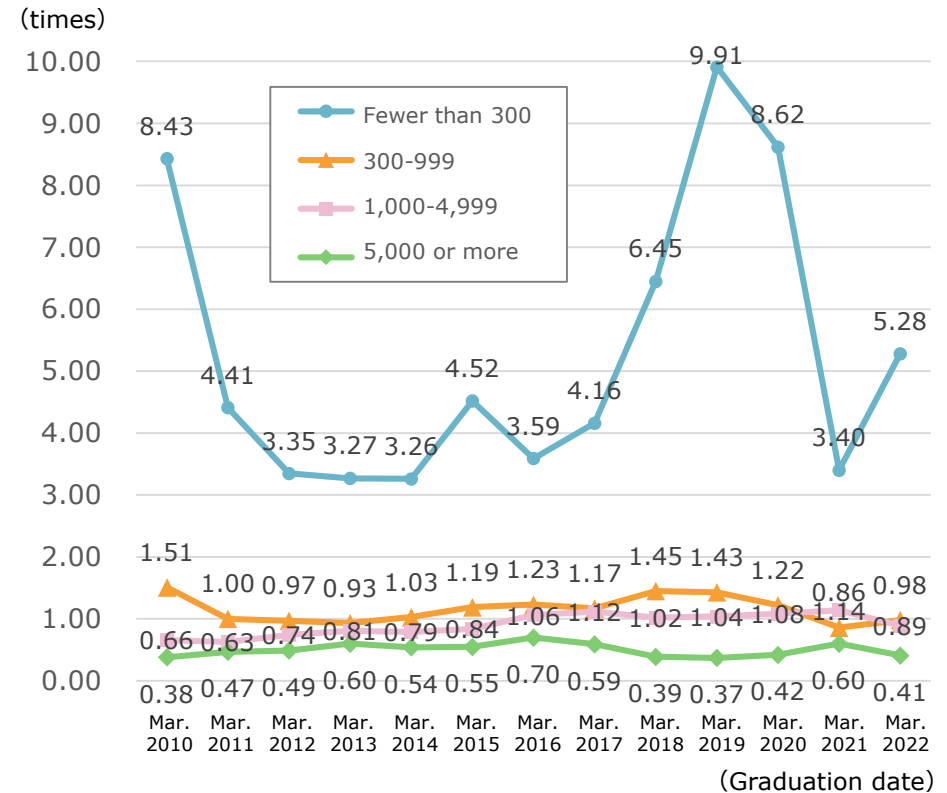
16. No. of University Graduates by Faculty

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, "38th College Graduates Job Opening Survey"



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