

Corporate Philosophy

The TechnoPro Group's business activities are based on "Technology," "Talent," and "Customers." Through all of our activities, we will contribute to the realization of a society in which technology, talent, and customers can develop in a sustainable manner, transcending all boundaries such as organizations, industries, regions, and nations borders.

Corporate Philosophy Framework



Our Purpose

Driving the Power of Technology and Talent to Co-create Value Together with our Customers for a Sustainable Society

Our Value

Technology is the driver that brings transformation to business, life, and society.

– The challenges and needs of customers and society are diversifying, as dynamic changes occur faster than ever –

We provide solutions to unlimited challenges our customers face by:

- Delivering optimal service and solution through our talent, trained and nurtured well regardless of gender, age, and nationality.
- Working squarely on new, evolving domains and honing our capabilities thoroughly.
- Always meeting our customers' expectations as value-creation partners.

We continue to maximize the potential of engineers and researchers by:

- Providing the conditions and programs to encourage learning and skill development.
- Creating opportunities to not only hone their expertise but also to switch to or acquire new skills.
- Supporting our talent to stay active, against technology evolutions and environmental changes.

We contribute to building a sustainable society by:

- Solving the challenges of our customers and society as we connect talent to technology, and bridge Japan to the world, across various industries and technology domains.
- Promoting a diverse array of talent through continuous enhancement of capabilities.
- Delivering results that have social impact through our business activities.

Our Six Commitments for Excellence

1 Act with initiative and accountability

We work with the end goal in mind, selecting the best course of action.

4 Be an ultimate professional and a trusted team player

We work with other entities, incorporating various ideas and insights for superb results.

2 Strive to improve expertise and skills

We aspire to greatness in our profession, learning new skills and knowledge every day.

5 Act with insight and speed for the success of others

We monitor trends in markets and technology, anticipating needs and offering superior solutions.

3 Communicate effectively and act with sincerity

We treat everyone with respect, building relationships of understanding and trust.

6 Be perfect in legal and ethical compliance

We inspire trust and confidence through perfect compliance with labor laws, information security statutes and practices, and ethics rules governing business in general and our industry in particular.

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Editorial Policy
This report describes the corporate philosophy and management policies of TechnoPro Holding, Inc., the business strategy of our medium-term management plan, and our sustainability initiatives. Our business activities aim to provide value to customers and society, and we believe that this approach will deliver revenue and profits as a result. We sincerely hope that this report will help our stakeholders gain a fuller understanding of our value creation activities and medium- to long-term growth potential.

Organizations Covered
This report covers the entire TechnoPro Group, comprising TechnoPro Holdings, Inc., and its consolidated subsidiaries. In this report, "the Group" or "the TechnoPro Group" refer to the entire Group; "the Company" or "TechnoPro Holdings" indicate TechnoPro Holdings, Inc., only; "the two major subsidiaries in Japan" refer to TechnoPro, Inc. and TechnoPro Construction, Inc.

Reporting Period
This report covers the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022). The report also refers to certain important matters outside the scope of this fiscal year.

Disclaimer Regarding Forward-Looking Statements
This report contains forward-looking statements related to the Company and the TechnoPro Group. Such statements are based on the information available at the time this report was published, and involve assumptions, inherent in which are uncertainties that could affect future operating performance. Accordingly, such statements are not guarantees, and actual results may differ substantially from these assumptions. Furthermore, business strategies and other topics that involve predictions of the future reflect the Company's understanding as of the date of publication and incorporate certain risks and uncertainties. For this reason, the future outlook may not coincide with actual results.

Performance Highlights

Features of the TechnoPro Group

Results in the Japanese Engineer Staffing Market

Top Share
6.8%

Reference figures using the market size in 2020 as the denominator. Prepared by the Company based on the disclosed data of each company.

Through the stable growth and evolution of our Engineer Staffing Business and the shift to higher value-added services through human resource development with an eye on future technologies, the Group has become a leader, with the top share of the Japanese engineer staffing market.

Extensive Human Resources

Engineers and Researchers
22,048 people

As of the end of June 2022, engineers and researchers in Japan

The TechnoPro Group has engineers and researchers with technical skills and knowledge in numerous industrial fields, and we take pride in being the largest engineering professional service group in Japan.

Solid Business Foundation

Customers
2,385 companies

As of the end of June 2022, the two major subsidiaries in Japan

The TechnoPro Group supports various customers, including major manufacturers, information and communication companies requiring cutting-edge IT technology, research institutions continuing to challenge unexplored fields, and construction firms which develop the infrastructure of our society.

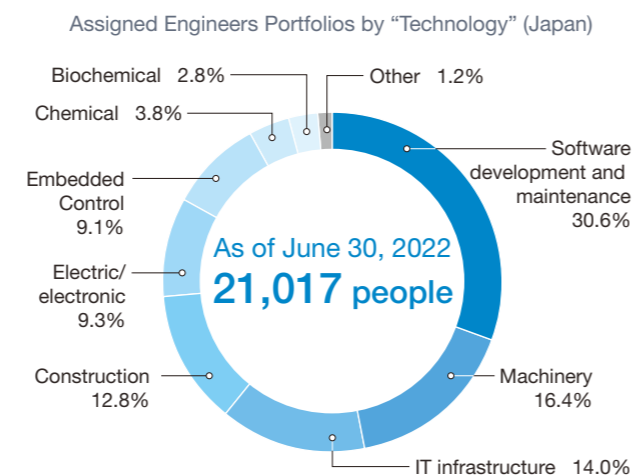
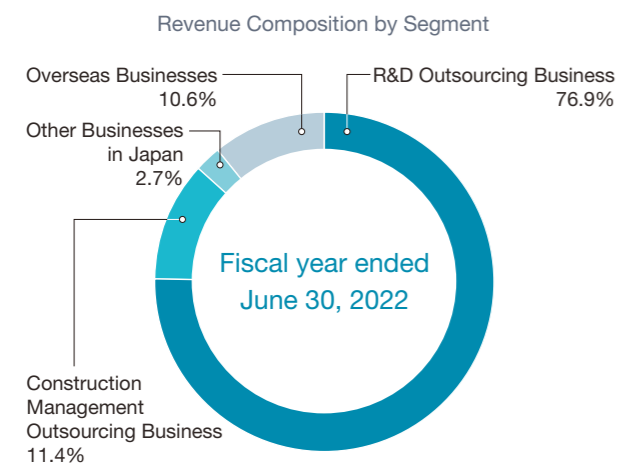
Strong Human Resource Development

Training program participants
295,724 people

The total number of training program participants in the fiscal year ended June 30, 2022

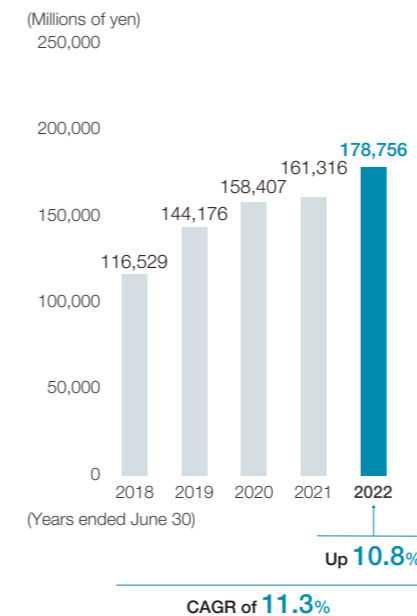
The TechnoPro Group's training and education offering is seen as the best in the industry, with a lineup of over 500 training programs. Facilities include 2 technical centers, and 55 training facilities. In addition, we provide employees with various opportunities to improve their skills, such as using externally affiliated educational institution programs, or correspondence and e-learning courses.

Business Structure

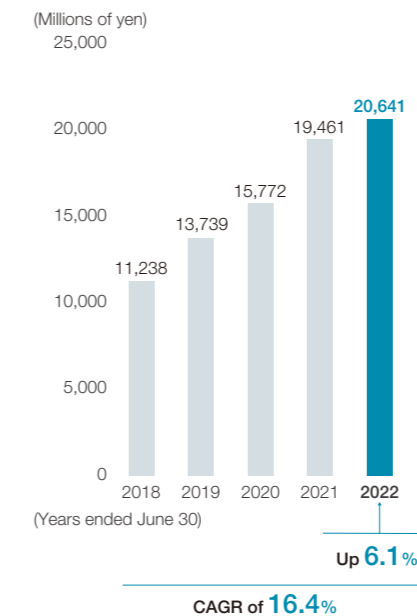


Financial Highlights for the Year Ended June 30, 2022

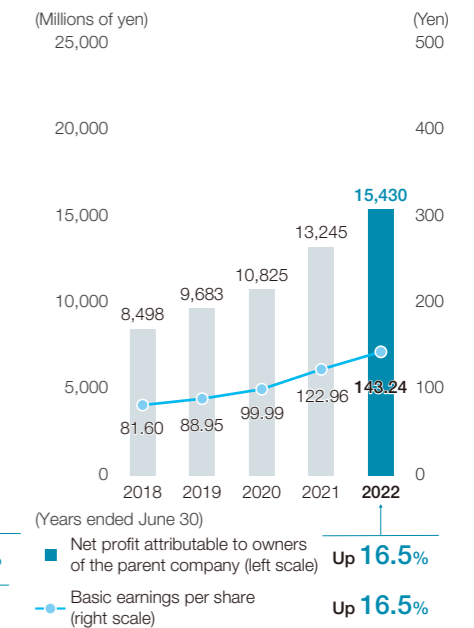
Revenue



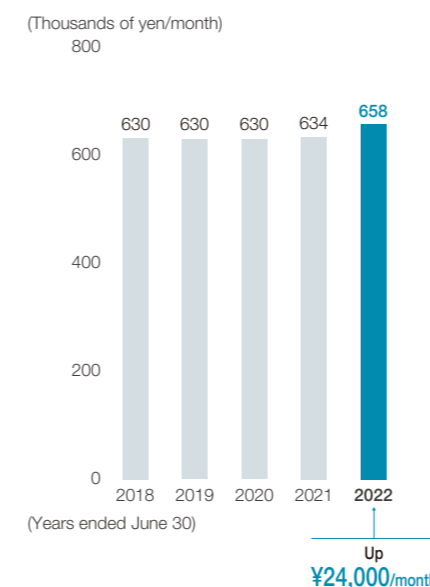
Operating Profit



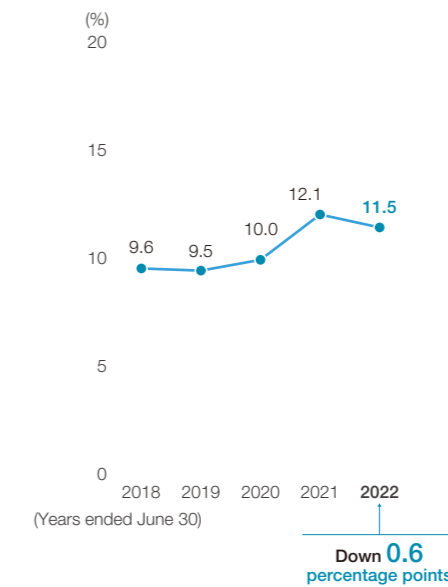
Net Profit Attributable to Owners of the Parent Company/Basic Earnings per Share*



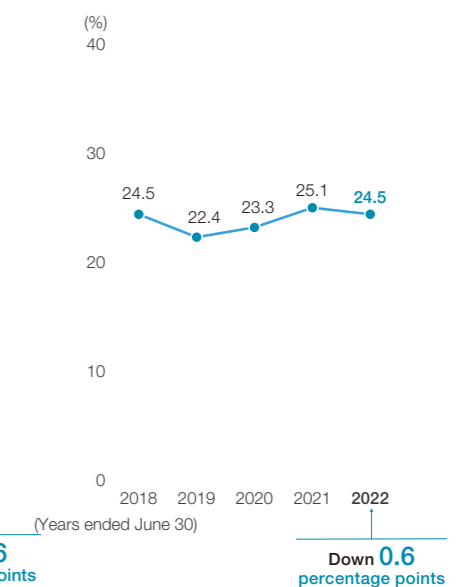
Average Unit Sales Price per Engineer (Japan)**



Operating Profit Margin



ROE**



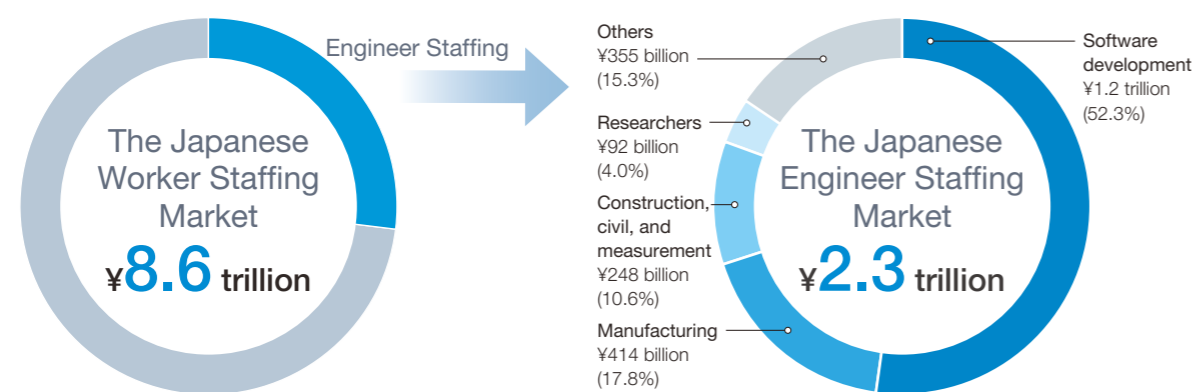
*1 Calculated based on the assumed number of shares AFTER a three-for-one common stock split conducted on July 1, 2021
*2 Calculated as [Total revenue for the years ended June 30] / Σ [Number of assigned engineers at the end of each month]
(Two major subsidiaries in Japan through the fiscal year ended June 30, 2021, and all subsidiaries in Japan for the fiscal year ended June 30, 2022)
*3 Higher ROE due to the effect from income tax deduction derived from losses carried forward until fiscal year ended June 30, 2018

Engineering Professional Services Market in Japan

Trends and Growth in the Engineering Professional Services Market

Out of a whole worker staffing market of approximately ¥8.6 trillion (\$62.9 billion)*¹ (in 2020) in Japan, the engineer staffing market, which calls for workers with a high level of expertise such as engineers and researchers, is estimated at approximately ¥2.3 trillion (\$16.8 billion)*². The top five companies in Japan's engineering professional services market, including the TechnoPro Group,

are substantially larger than the next tier. Even so, as one of these leading companies the TechnoPro Group has a market share of only 6.8%. Going forward, small and medium-sized companies are expected to consolidate, providing plenty of growth opportunity among the industry's largest firms.



*1, *2 TechnoPro Holdings based on "Results of Engineer Dispatching Business Report" and "Engineer Dispatching Business Status as of June 1, 2020," Ministry of Health, Labour and Welfare

Top Eight Firms in the Engineering Professional Service Sector

Rank	Company	Revenue (Millions of yen)	Share*
1	TechnoPro Holdings, Inc. R&D Outsourcing/Construction Management Outsourcing	157,782	6.8%
2	OUTSOURCING Inc. Domestic Engineering Outsourcing Business	126,887	5.5%
3	PERSOL HOLDINGS CO., LTD. Professional Outsourcing SBU	121,109	5.2%
4	BeNext-Yumeshin Group Co. Machinery, Electronics and IT Software/Construction	107,673	4.6%
5	Meitec Corporation Engineering Solutions Business	105,715	4.5%
6	WDB Holdings Co., Ltd.	46,875	2.0%
7	Altech Corporation The Outsourcing Business	37,519	1.6%
8	Forum Engineering Inc.	26,914	1.2%

* Reference figures based on 2020 market size as denominator
Source: TechnoPro Holdings based on each company data disclosed

Japan's Underinvestment in Human Capital

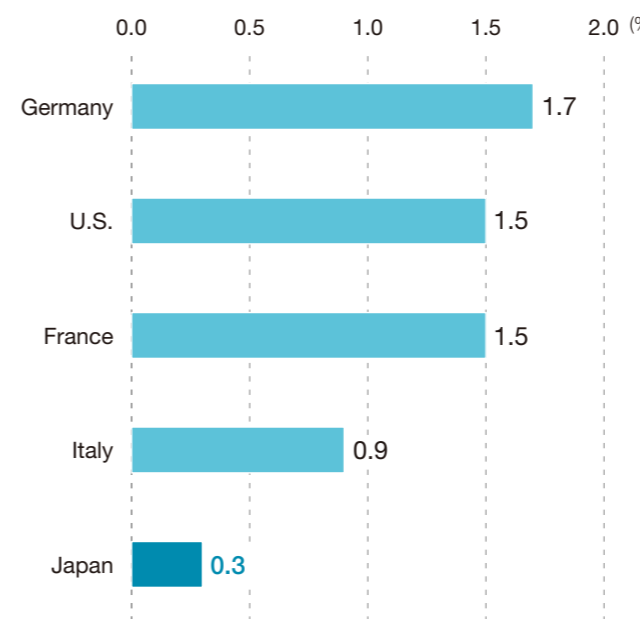
Japan's human capital investment is significantly lower than that of other major developed countries. The private-sector human capital investment in Japan is 0.3% of GDP. The figure for Germany, the country with the largest private-sector human capital investment, is about 5.6 times the rate of Japan's. In terms of public investment in education and training, France's public investment in education and training is 0.29% of GDP, about 14 times Japan's 0.02%.

One of the reasons for this is that in Europe and the U.S., where employment mobility is high, companies need to enhance their human capital investment to attract excellent human resources, while in Japan, employment mobility is low due to the persistent lifetime employment and seniority-based wage system, which makes it difficult to promote active corporate investment in human capital and public education and training.

However, the supply of workers in Japan has begun to decline due to the declining birthrate and aging population, and the shortage of workers may further accelerate moving forward. Under these circumstances, there is an ever-increasing need for companies to outsource engineers with the skills needed to keep pace with shorter product life cycles and advances in technology and software.

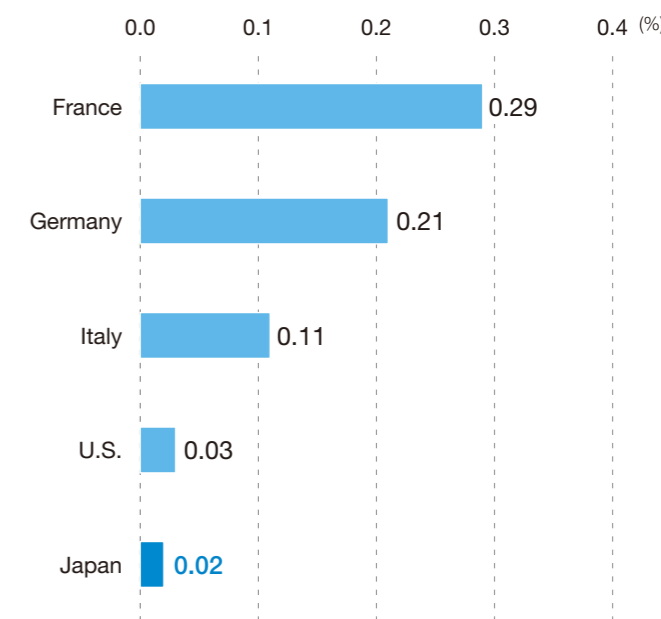
As engineering professional service companies that quickly ascertain the latest technological trends and engage in human resource development come to play an indispensable role, the TechnoPro Group is contributing to solving the social issue of engineer shortages by recruiting and training engineers, who are an important resource for society, and improving their compensation by expanding the potential of their activities.

Private-Sector Human Capital Investment (% of GDP)



Note: 2010–2018 averages (U.S. only: 2017); investment does not include on-the-job training

Public Spending on Education and Training (% of GDP)

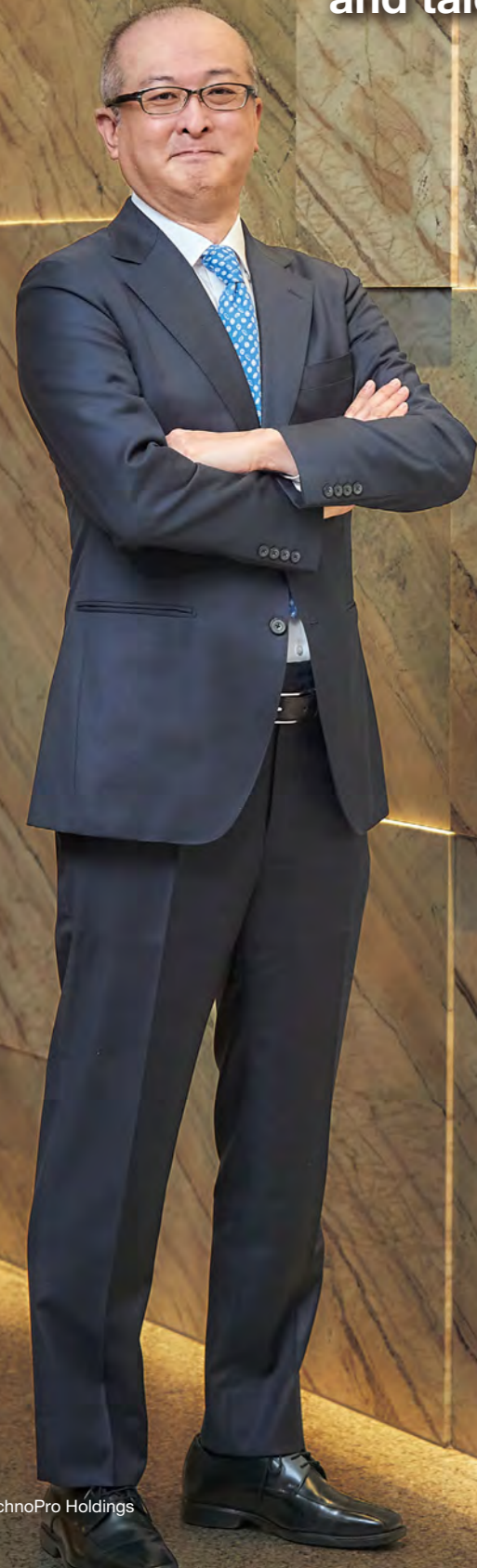


Note: 2010–2019 averages

Source: TechnoPro Holdings based on Mizuho Research & Technologies, Ltd.'s "The New Capitalism and human capital investment"

Message from the CEO

TechnoPro will continue to concentrate its management resources on technology and talent, and contribute to customers and society as a platform where value-added engineers gather, grow, and play an active role.



Takeshi Yagi
 President, Representative Director and CEO
 TechnoPro Holdings, Inc.

■ Purpose as a Starting Point for Value Creation

Last year, the TechnoPro Group defined its Purpose as “Driving the power of technology and talent to co-create value together with our customers for a sustainable society,” at the start of its medium-term management plan, “Evolution 2026.” This is because we believe that in order to create value from a long-term perspective based on a back-casting approach, we need to redefine our corporate philosophy. Our values, or aspirations, are contained in every word of the Purpose, which was developed after dozens of hours of deliberation by the management team, including outside directors.

The source of value creation of the Group is nothing but “technology” and “talent.” Based on the belief that the improvement of technological capabilities and the growth of each and every employee directly lead to corporate growth, we will continue to be a company of “technology” and stick to refining the “talent” in whom “technology” resides. We actively invest in training because we want our engineers to continue to be active and happy as sustainable human resources even as the business environment and technology shift. It is also important to clarify the domains of our business and investment from the standpoint of accountability to our shareholders, and we have declared through the Purpose that we will invest our management resources in technology and talent, rather than diversifying our business areas.

Our value creation process is centered on co-creation with our customers. Our goal is to solve increasingly complex and sophisticated customer issues in a way that goes beyond the provision of labor through simple staffing business, and to solve social issues through these solutions. In particular, as the industry is required to address DX and eliminate mismatches between supply and demand for talent, the Group can contribute to its customers ensuring their competitive advantages. This is because the majority of our engineers in Japan are IT engineers, and we have the best training programs and education system compared to our competitors, which enable engineers to acquire advanced technologies. We also believe that engineers, who are the solution providers, will be able to experience their own growth and the creation of social value, which will contribute to their retention and motivation.

Beyond the output obtained by investment of management resources, there is the outcome of realizing a sustainable society. A sustainable society can also be described as one in which people continue to grow. To date, Japan has not invested sufficiently in new areas

and human capital, and has fallen behind other developed countries in terms of value-added and growth potential. We hope to be a platform where value-added engineers gather, grow, and play an active role in order to realize a more convenient society and strengthen the competitiveness of domestic industry, and we hope to contribute to society as a whole through the increase in the value created by our customers.

■ What We Aim for in “Evolution 2026”

In our medium-term management plan, “Evolution 2026,” which concludes in the fiscal year ending June 30, 2026, we aim to gradually transform ourselves into a business model that generates higher added value. Looking at the medium- to long-term business environment, the key to meeting demand trends such as digitalization and the growing need for problem-solving is to break through the supply constraint of a structural shortage of engineers in Japan. We have chosen to evolve the capability we have cultivated over the years. In order to create attractive jobs, attract and develop talented people, and form a cycle that encourages the retention of engineers through better compensation and customer trust, we will enhance our capabilities, including training and reskilling, acquisition of engineers, accumulation and utilization of technical knowledge, and ability to identify and solve problems.

While pursuing growth in the Group’s Core Business (Japan engineers staffing business) with an evolutionary focus on quality, we will leverage the solid sales and training foundation and assets of the Core Business to expand the Solution Business, the Engineer Training Business, and the DX Promotion Business.

In particular, the Solution Business is representative of the shift to problem-solving and value-added enhancement, and we will leverage our advantage in understanding customers’ real issues to provide consistent delivery from design to implementation (i.e. End-to-End Solutions). In the Overseas Business, which is expected to grow at a higher rate, the focus will also be on solutions to customer issues. We will seek technology and resources overseas that cannot be procured in Japan alone, and provide solutions focused on digital domain, mainly through offshore delivery from India, to the countries with strong demand, such as Japan, U.S., and Europe. The Engineer Training and the DX Promotion Businesses will refine the content/processes of engineer trainings and data knowledge, and use them to grow the Group’s Core and Solution Businesses, as well as to expand external sales to our customers as a profit center in the future.

Message from the CEO

■ Progress of “Evolution 2026” and Challenges

Of the period covered by “Evolution 2026,” we are positioning the initial two years through the fiscal year ending June 30, 2023 as the period for forming the foundation for Core Business evolution, and the three years from then through the fiscal year ending June 30, 2026 as the period for achieving high growth, and have formulated a roadmap for each business strategy.

In the first year, the fiscal year ended June 30, 2022, we were able to show steady progress in the execution of each of our strategies as well as in our business performance, which increased both revenue and profits. One of the achievements we would like to highlight is the increase in the revenue composition ratio of the Solution Business to 19.6%, exceeding the planned figure. Another is the progress in the development of the Overseas Business base. Our global strategy has become more specific with the acquisition of Robosoft. In addition to quantitative expansion due to the increase in the number of engineers in Japan, we have also made progress in raising the average unit sales price in Japan in line with our policy of emphasizing quality. The gross profit margin, the indicator I place the highest priority on, increased to 26.2% (up 1.6 percentage points from the previous year), which I see as

the solid evidence of the progress in the transformation of the business model to increase the proportion of high margin business, the increase in added value for customers, and the improvement in earning ability.

Having obtained a certain degree of confidence in these results, we will continue to monitor and verify the progress and promote the strategy in a flexible and steady manner in accordance with the initial roadmap. Since the fiscal year ending June 30, 2023 will continue to be an important phase of investment to achieve higher growth in the second half of the medium-term management plan period, we will focus on upfront investments such as recruiting and training solution talent, strengthening organizational functions for capability evolution, and M&As.

At the same time, two business risks in particular must be closely monitored in the execution of our strategy. One is the risk that the War for talent will be more severe than we have imagined. Even if a global economic recession sets in, the structural shortage of engineers and the growing need for DX will not change, and we believe that our clients’ strong expectations of us will continue. Under these circumstances, the acquisition of talent, along with training and reskilling, is a lifeline for the growth of the Group, and we intend to focus on hiring

on a training premise and hiring overseas nationals. The second is the trend of the turnover ratio of engineers. Thanks to the success of our various efforts to date, this ratio of the Group has fallen to less than 8%, which is better than those of our domestic competitors. However, it will not be easy to continue to reduce the turnover ratio in the future. Although not to the same extent as the “Great Resignation” in the U.S. and Europe, the labor market mobility is increasing in Japan as well. Therefore, it is more and more important to provide attractive jobs that lead to the growth of engineers themselves and maximize their lifetime value.

To address these issues, we launched a new personnel system for engineers in July 2022. This system is designed to evaluate and treat engineers based on market value, which is based on technical skills and business skills. In addition to clarifying value-added talent, the system also provides various career paths, such as technical consultant and project manager. We regard the introduction of the new system as an investment in human capital, which we hope will lead to corporate growth and value creation by recruiting talented people, improving retention rates, motivating engineers to improve their skills, and maximizing their performance.

the ERM Committee are chaired by me, the CEO, and we are now promoting integrated efforts under the supervision of the Board of Directors.

Each materiality initiative is the foundation for value creation, and we will continue to focus on activities in line with each goal and plan. In addition, we will proactively disclose the progress of each materiality and further enhance dialogue with our stakeholders.

■ Giving Engineers Confidence and Pride

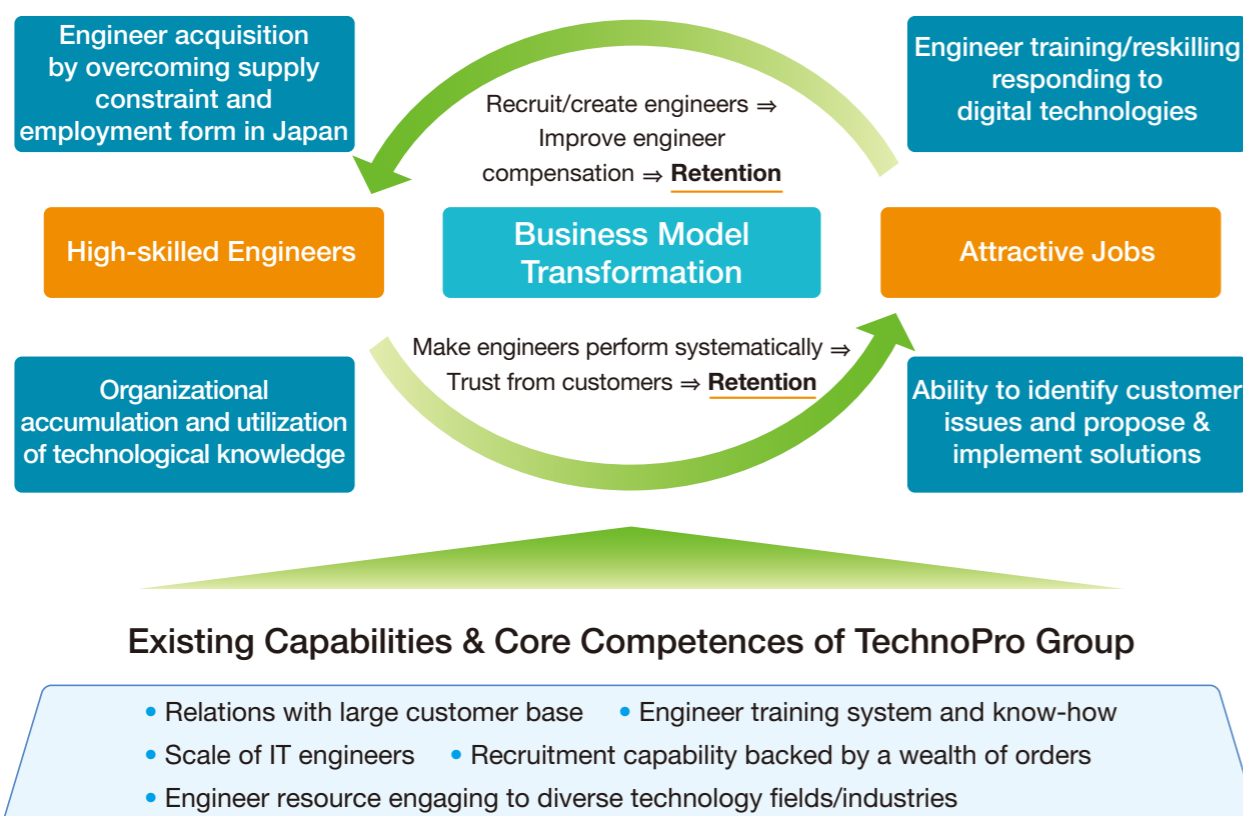
It has been a little over a year since I took over as CEO. Although I can evaluate our business performance and progress in implementing our strategies as favorable, the penetration of the Purpose within the Group has yet to be fully achieved. The fact that many of our engineers work at clients’ sites also may make it difficult to communicate with engineers. However, through the operation of the new personnel system and the incorporation of each materiality initiative into the activities of each and every employee, as well as by strengthening my communication as CEO and dialogue with employees more than before, I will endeavor to deepen understanding of the Purpose and the direction of our strategy so that everyone can work toward value creation on the same vector.

I believe that the role and value of the Group’s capability to develop talent in line with technological innovation will become increasingly important for our customers and society. In Japan, however, engineers are still not well compensated. The evolution we aim to achieve is to expand the possibilities of engineers, as well as to improve their social status and treatment. The TechnoPro Group will continue to create value through the activities of its engineers, who are highly evaluated and trusted by customers and work with confidence and pride in their contribution to solving social issues, thereby contributing to the future of industry and the realization of a sustainable society.

■ Integrating Sustainability and Risk Management

The TechnoPro Group identifies materiality issues in four areas that are linked to ESG and business strategies. We have set more than 50 targets and KPIs clearly aligned with the Purpose and the medium-term management plan, and are promoting efforts to achieve them through the PDCA cycle.

In the fiscal year ended June 30, 2022, we established the Sustainability Committee and completed the establishment of the structure and various policies necessary to promote “sustainable management,” which is inseparable from putting the Purpose into practice. In order to make our commitment clear both internally and externally, we have signed the United Nations Global Compact, expressed our support for the TCFD recommendations, and joined various organizations to promote diversity. Furthermore, since the pursuit of sustainability and the appropriate risk management are “two wheels that go hand in hand,” we established the ERM Committee to introduce an enterprise risk management (ERM) framework in conjunction with the start of “Evolution 2026.” The ERM Committee conducts periodic deliberations related to the evaluation of various risks and consideration of countermeasures. The Sustainability Committee and



Takeshi Yagi
President, Representative Director and CEO
TechnoPro Holdings, Inc.

Message from the COO



We will take on the challenge of transforming our business model to create the foundation, upon which engineers can grow and feel that they are contributing to solving customer issues and social and environmental challenges.

Gaku Shimaoka

Vice President,
Representative Director and COO
TechnoPro Holdings, Inc.

■ The Significance of Business Model Transformation

Going forward, the declining birthrate, aging population, and structural shortage of engineers will continue, and we expect competition for talent to intensify. At the same time, our customers' needs will further increase for digitalization and software beyond the boundaries of their industries. Under this business environment, our medium-term management plan, "Evolution 2026," is formulated around the question of how engineers can grow and achieve self-fulfillment. We have designed all parts of the plan around this core idea. The growth of our engineers is the key to the growth of the Group.

In this fast-paced world of technological innovation, it is important to identify technologies that create value on a global basis and cultivate an environment in which engineers can acquire expertise in these technologies. In order to ascertain the value of these technologies, we must understand the issues our customers have, and in turn the issues of their customers (i.e. the end-users). As a business, in addition to engineers staffing, we must also have the ability to provide solutions that directly resolve issues. This will enable engineers to feel that they are solving customer issues as well as social and environmental challenges, and will lead to the acquisition of talents. We have decided to take on the needs of transforming our business model in light of the needs to improve the capabilities of our engineers and to develop our Solution Business. "Evolution 2026" strategically outlines this path.

■ Business Strategy in "Evolution 2026"

As our Core Businesses, the domestic Engineer Staffing Business will focus further on the digital domain and strategically strengthen its technology and talents through reskilling efforts, based on changes in society and at customers. As the supply of talents starts to become more limited, the strategy of pursuing "quantity" alone will reach its limit in the medium-to long-term. The basis of our strategy is to pursue "quality" and ensure sustainable evolution of our Core Business.

The Solution Business serves as an area where engineers find their work interesting and get to solve problems. Currently, we have defined 20 technologies with digital elements to focus on. We will achieve future business growth by expanding our solution lineups based on these technologies, and developing talents such as consultants, project managers, and project leaders who advance and support problem solving.

Considering the value chain and talents of the Solution Business, it is essential to grow our Overseas Business. We will capture demand from Japan, the U.S., and Europe, and leverage our capabilities in India to strengthen our offshore service offerings. The Overseas Business will also be significant in terms of introducing technology and know-how from overseas operations into the Solution Business in Japan.

The Engineer Training Business provides education that responds to ever-changing technological trends as a service for customers. The Group deal with customers and technologies in a wide range of industries, which can be considered a microcosm of the Japanese economy. Based on this

infrastructure, which enables us to grasp the technologies and skills needed in the future, we have developed an overwhelming technical curriculum at our nearly 60 training centers nationwide. We will reorganize and bolster our engineer training organization to establish it as a business pillar.

The DX Promotion Business is also a business that converts in-house knowledge and systems into services for external customers. Each year, the Group hires 4,000 to 4,500 people from a pool of 80,000 to 90,000 applicants and has assignment and performance data for approximately 20,000 engineers. Together with required skills, inter-industry compatibility, work environment, and retirement data, these data can be combined and analyzed by AI to create value and improve efficiency. After implementing this system in-house, we will establish a business model and sell services externally in the fiscal year ending June 30, 2024 at the earliest.

■ First Year Results and Future Initiatives

During the period when forming the foundation for "Evolution 2026" (through the fiscal year ending June 30, 2023), it will be important to steadily invest in areas such as hiring and training talents in the Solution Business and increasing the number of talents in digital fields to achieve growth during the plan's period of high growth (from the fiscal year ending June 30, 2024 through the fiscal year ending June 30, 2026) and deliver results.

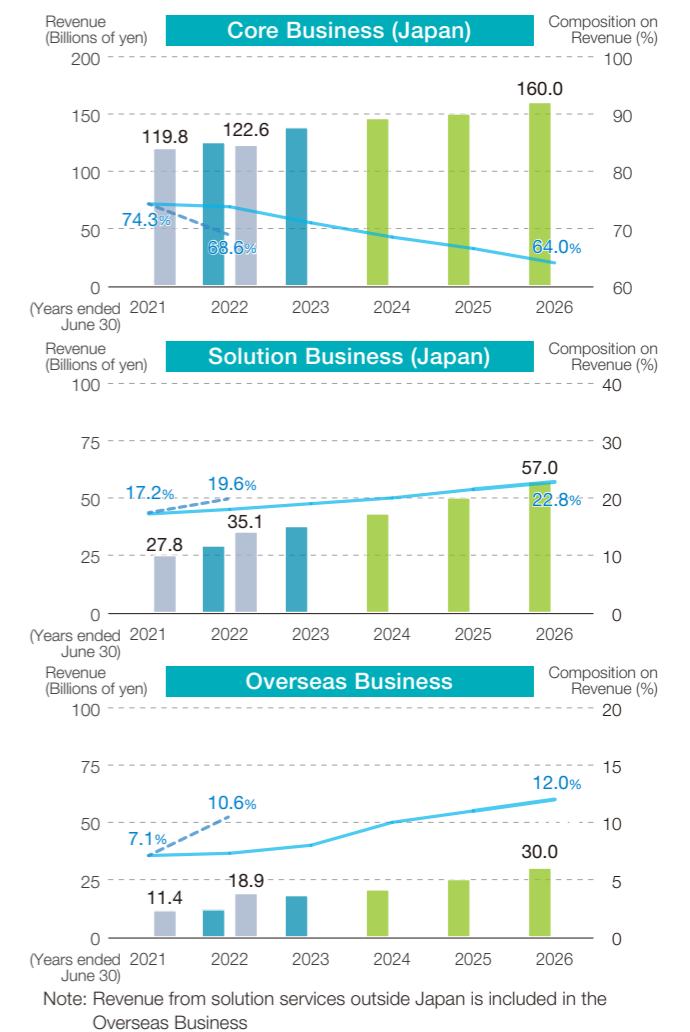
Against this backdrop, we view the fiscal year ended June 30, 2022 as a solid year. Progress in hiring, training, and solution development in the Solution Business led to a 26.4% year on year increase in Solution Business revenue to ¥35.1 billion. Moreover, the average number of engineers in digital fields during the year increased 14% year on year to 3,408 (we target 6,000 by the fiscal year ending June 30, 2026). In the Overseas Business, Robosoft's entry into the Group pushed the percentage of revenue into double digits at 10.6%. We are experiencing a great sense of accomplishment from the development of our overseas subsidiary structure and solution value chain centered on Robosoft. Our future strategy is also taking shape, and we plan to engage in bolt-on M&As. In the Engineer Training Business, we have enhanced curricula and built the foundation for reskilling platform. In the DX Promotion Business, we have made progress in the scrutiny and analysis of a vast amount of data, and the efforts toward commercialization are moving forward as planned. We were able to exceed our targets for gross profit margin, unit sales price, and retention as a result of the above developments.

We will continue to steadily implement our strategy in line with our roadmap based on the steady progress we have made. However, transforming our business model will not be an easy task. I feel that we need to take another step in strengthening the quality and quantity of our solution lineup. To better solve customers' pain points we will also focus

on capturing demand by taking advantage of our reporting system—"one-click reporting"—in which our engineers submit reports about customers' struggles. In the Overseas Business, in addition to strengthening collaboration with our domestic businesses, we will foster a sense of unity among our overseas subsidiaries and work hard to enhance our presence and shareholder value as a company that operates overseas.

Engineers tend to be more interested in social and environmental issues, the more skilled they are. Some employees decline to be dispatched to work on assignments that have a significant negative impact on the environment. It is the Group's mission to add value, increase engineer salaries, and create the conditions under which they can feel that they are contributing to society and the global environment. When I speak with our engineers, they seem to be increasingly happy to contribute to solving problems. Through the promotion of "Evolution 2026," I would like to see the Group filled with such employees. I look forward to your continued support.

Revenue/Composition on Revenue %



Message from the CFO

We will continue to develop our information disclosure through active dialogue, with an emphasis on not only EPS growth but value creation through generating returns above the cost of capital.

Toshihiro Hagiwara

Managing Director and CFO
TechnoPro Holdings, Inc.



■ Numerical Targets in “Evolution 2026”

The numerical targets and KPIs for “Evolution 2026” were designed based on more than a year of discussions that included outside directors. The plan’s basic concept is a focus on profit growth over top-line one, given the constraints on the supply of human resources and the increasing complexity of customer needs. It thus emphasizes increasing added value and profitability. The Company has set annual growth rates for operating profit and net profit at 10.5% and 10.7%, respectively, compared with an annual growth rate for revenue of 9.2% over the five-year period. Further, we plan to secure ROE of 20% or higher for the fiscal year ending June 30, 2026.

We have formulated an elaborate investment plan to achieve these targets, because investment during the first two years—the foundation-forming periods—will be critical. The areas of investment include recruitment and human resource development for the expansion of the Solution Business, strategic projects such as internal DX promotion and M&As, and stock compensation for management and core employees (a total of ¥3.6 billion has been budgeted for the two years of the foundation-forming phase to execute the medium-term management plan). Investments related to the recruitment and training of advanced fields engineers are directly linked to increased gross profit and higher unit sales price after the target engineers are trained. We will aggressively implement these investments, which will be recouped within roughly one to two years. As for profitability, we expect the gross profit margin, which indicates customers’ willingness to pay, to increase as we shift our focus to the high-value-added Solution Business. We expect the SG&A expense ratio to diminish due to operating leverage

resulting from the expansion of scale during the latter three years. However, the SG&A expense ratio will not deteriorate significantly during the foundation-forming periods since the cost of implementing the medium-term plan will account for approximately 1% of revenue in each fiscal year.

In the fiscal year ended June 30, 2022, the first year of the plan, high utilization and higher unit sales price led to an 18.0% increase in gross profit year on year. We were able to achieve a 6.1% year on year increase in operating profit, which we expected to decrease, absorbing recruitment expenses and medium-term plan execution costs. We are making steady progress on various KPIs, including utilization rate, unit sales price, and the number of assigned engineers, as well as gross profit margin and operating margin, and will continue to promote our strategy in a flexible and precise manner. The cost of implementing the medium-term plan for the fiscal year ended June 30, 2022 was only 87.2% of the initial plan due to a delayed start in the first half of the year. In the fiscal year ending June 30, 2023, we intend to make steady investments, including the carry-over of the portion unaccounted for in the fiscal year ended June 30, 2022.

■ Financial and Capital Policy

We have been disclosing weighted average cost of capital (WACC) and return on invested capital (ROIC) since 2019, when I became CFO, because I believe that increasing shareholder value requires both the accounting perspective of EPS growth and the finance perspective of value creation through returns that exceed the cost of capital.

Given that the Group’s WACC is at the 7-8% level (7.6% for the fiscal year ended June 30, 2022), we have

set an ROIC target of 10% or higher. Our business is characterized by ample cash turnover and no need for capital investment. Therefore, we intend to create value by following our financial discipline, which calls for committing a dividend payout ratio of 50% or higher, using free cash flow after dividend distributions for M&As and other growth investments, sustained EPS growth, an ROE of 20% or higher, and a D/E ratio of less than 1.0x. Of course, if there are no justifiable M&A opportunities, we intend to flexibly return profits to shareholders through share buybacks. Share buybacks can in a sense be considered the investment in the TechnoPro Group, which we know more about than any other, and are one of the most effective ways to communicate with the public, as we can send a message to the stock market about our fair value.

We plan to keep our M&A activity to the areas of technology and human resources. Based on financial theory, I believe that companies should leave diversified investing to investors while pursuing pure play strategies because this leads to more efficient management. In “Evolution 2026,” we have defined M&A target technology areas, solutions and type of companies. We have also clarified our investment limit of ¥40 billion over five years and our financial discipline. For example, we have set the maximum acquisition amount per deal at 5% of our market capitalization due to our need to build up a high level of capability within the organization through multiple M&As over multiple years, including small- and medium-scale acquisitions. We have also set a target ROIC of 10% within three years following an acquisition to avoid overpricing. We are thus prepared to carry out programmatic M&As while conducting due diligence and examining post-merger integration (PMI) in a comprehensive manner.

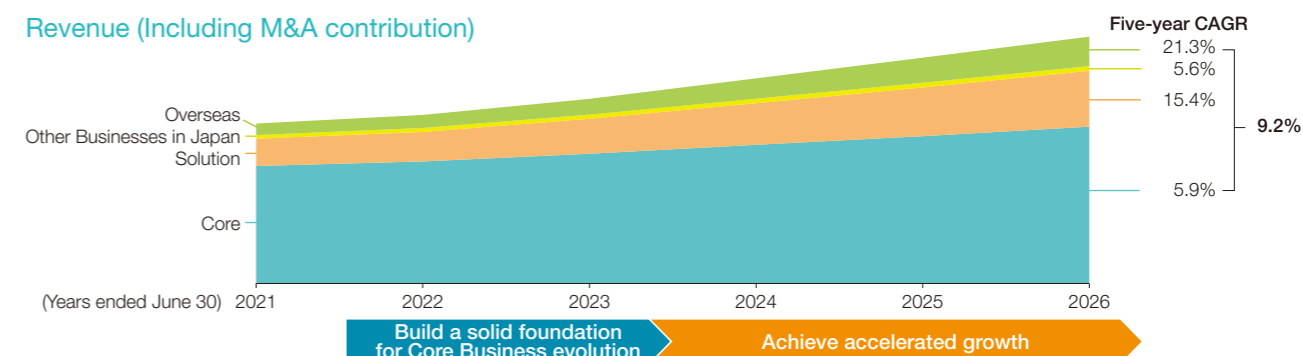
This financial philosophy and cost of capital-conscious management are becoming firmly established

throughout our organization as we incorporate them into our business decision, implementing specialized training. We are also introducing ROIC as a criterion in the selection of training programs aimed at improving the selling price of engineers, as well as in the development of solution offerings and verification of business alliances. Regarding M&As, there is an increasing number of cases where our business divisions initiate proposals of investment projects and subsequent integration plans, as the pieces to complement their operations and the subsequent growth targets are clearly defined. I feel that our M&A capabilities are developing companywide.

■ Future Dialogue Policy

I believe that for a company to grow sustainably, it is important to incorporate external discipline through dialogue. Areas in which management resources are invested, and KPIs which indicate the progress of strategies, can be designed based on the perspectives of both internal management team and external investors to make the business more visible and evolve further. Regarding sustainability disclosures, which are becoming increasingly important these days, we will share information on the Group’s efforts in employment, human resource development, and contributions to environmental technology with outside parties. We aim to continuously improve our activities and disclosures while receiving advice from investors with expertise in ESG. Since we have made a certain degree of progress in disclosing materiality targets and progress toward them, we would like to consider measuring our impact on society moving forward.

We will continue to proactively engage in dialogue with our stakeholders, and we look forward to your continued support.



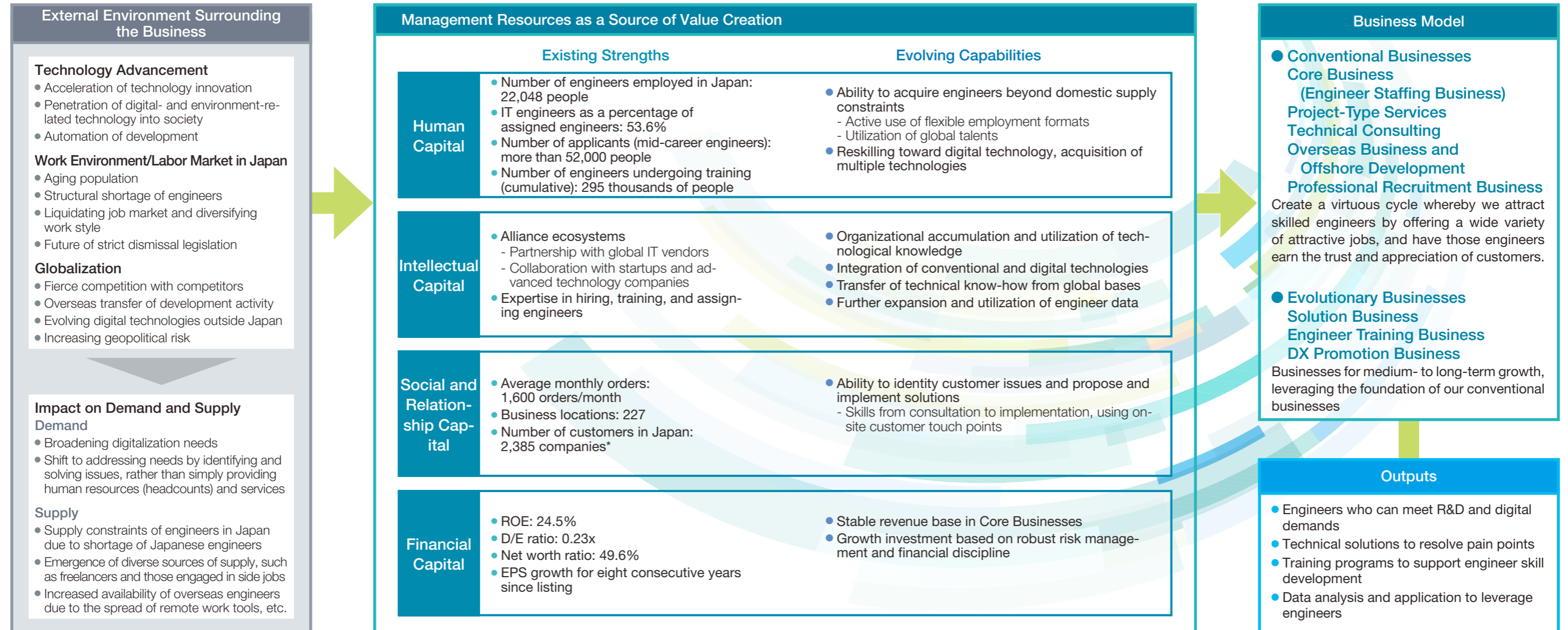
(Years ended June 30)	2021	2022	2023 Guidance	Two-year CAGR	2026 Guidance	Five-year CAGR
Revenue	161.3	118.7	195.0	9.9%	250.0	9.2%
Operating profit	19.4	20.6	20.0	1.4%	32.0	10.5%
(Core operating profit)	17.6	19.0	20.0	6.5%		
Net profit	13.2	15.4	13.6	1.3%	22.0	10.7%
ROE	25.1%	24.5%	19.8%		20% or above	

(Billions of yen)

The Value-Creation Process

The TechnoPro Group is evolving its capabilities and transforming its business model while responding to the dynamically changing external environment and leveraging the management resources it has cultivated to date. Through these capabilities and business models, we will steadily promote the initiatives to address materiality and create value while pursuing our Purpose.

Our Purpose: Driving the Power of Technology and Talent to Co-create Value Together with our Customers for a Sustainable Society



(Note) The above figures are for the fiscal year ended June 30, 2022 or as of June 30, 2022.
*Number of customers of the two major subsidiaries in Japan



Initiatives toward Sustainability

The TechnoPro Purpose is “Driving the Power of Technology and Talent to Co-create Value Together with Our Customers for a Sustainable Society.” This Purpose and our values serve as the foundation of our approach to sustainability. The Group has prioritized important challenges (Materiality) that we must address from a management perspective, and the Sustainability Committee has been leading these efforts. We established a number of group rules, including the TechnoPro Group Sustainability Policy and the TechnoPro Group Code of Conduct, to clarify the disciplines and direction of our corporate activities. Furthermore, we intend to implement sustainability management through close communication with stakeholders through our integrated report or other media.

Sustainability Policy

The TechnoPro Group will achieve sustainable growth and increase shareholder value through creating shared value with our stakeholders, including executives, employees, customers, and society, based on our engineers, technical capabilities, and business models, and through the establishment of, and operations built on, a solid management foundation. As a result, we will contribute to the sustainable development and prosperity of economies, industries, and societies around the world, as well as to the preservation of the global environment.

- We will identify important management issues (materiality) that have a significant impact not only on the Group, but also on our stakeholders, that should be addressed on a priority basis. We will strive to create and expand our positive impacts and reduce our negative impacts on economies, industries, societies, and the environment.
- We will address and solve sustainability issues through our business activities, striving to capture new business opportunities that arise in the process.
- We will strive to enhance shareholder value and trust by incorporating into our corporate activities the feedback we obtain from stakeholders through dialogue and proactive information disclosure.
- We will strive to build a sustainable value chain through the development of fair and honest corporate activities.
- We will formulate appropriate action plans to address sustainability issues, reflecting in these plans the United Nations Global Compact and other international principles and standards.
- We will educate and enlighten our executives and employees to raise awareness of sustainability issues and materiality, as well as to improve the knowledge necessary to implement measures regarding these issues and materiality in our business activities.

Social Contribution Policy

We have established the Social Contribution Policy to contribute to the realization of a prosperous society and its sustainable development.

<https://www.technoproholdings.com/en/csr/responsibility/environment.html#anc2>

Sustainability Committee

The TechnoPro Group established the Sustainability Committee as a mechanism to implement sustainability management. The Sustainability Committee is chaired by the President, Representative Director and CEO, and is composed of full-time directors, and the executives and employees who are assigned by the chair. The Committee discusses and conducts decision-making on establishment, execution, and operation of important matters to achieve the Sustainability Policy. More specifically, the Committee deliberates on the establishment, revision, and abolition of sustainability-related rules, matters related to important Group issues, matters related to responses to external evaluation bodies, matters related to overall sustainability issues such as the SDGs, global environmental conservation, climate change, respect for human rights and diversity, and social contributing, and matters submitted to the Board of Directors for discussion. The Committee is held once every half of the year in principle, and content discussed and decided in the Committee are implemented by each department, while a subcommittee has been established to facilitate cross-department efforts for important matters. The Board of Directors also receives regular reports on matters discussed by the Committee and deliberates on any issues that should be discussed by the Board of Directors.

The details on the Sustainability Committee, including information on its meetings, are available on our website.
https://www.technoproholdings.com/en/csr/sus_management.html

External Initiatives Supported or Referred to

- United Nations’ Sustainable Development Goals (SDGs)
- United Nations Global Compact (UNGC)
- Task Force on Climate related Financial Disclosures (TCFD)
- TCFD Consortium
- United Nations International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- And others

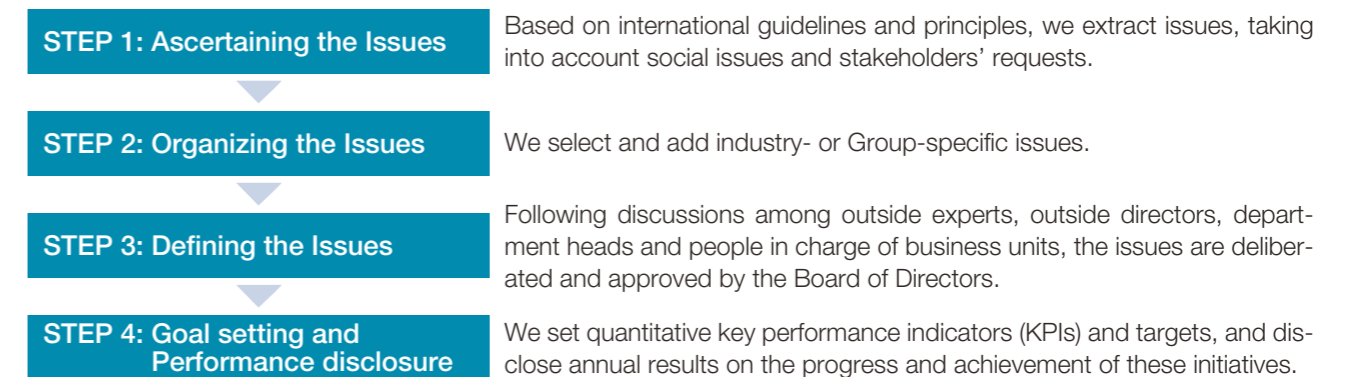
Material Issues (Materiality) for the TechnoPro Group

To support value creation, the TechnoPro Group defines material issues (materiality) from a management perspective, and aims to achieve sustainable growth by putting them into practice. We periodically revise material issues, key performance indicators (KPIs), and targets as necessary based on changes in the business environment, social trends, and medium-term management plans, while keeping in mind our corporate philosophy and the characteristics of our business.

Material Issues



Materiality Definition and Revision Process



Quantitative Indicators (KPIs) and Targets for Material Issues (Materiality)

The TechnoPro Group has set quantitative indicators (KPIs) and targets for each of the four groupings of material issues. We monitor the progress of these indicators, and promote initiatives aimed at achieving the targets.

Human Resources

Raising Everyone's Potential

		(Years ended June 30)		2018	2019	2020	2021	2022	Target
Number of people undergoing training (cumulative)	Domestic	People	79,105	208,522	235,670	213,795	295,724	Total of 360,000 people/ FY26.6	
Of which, group training (cumulative)	Domestic	People	71,023	97,306	120,829	47,441	97,280	—	
Of which, e-learning (cumulative)	Domestic	People	8,082	111,216	114,841	166,354	198,444	—	
Hours of training (cumulative)	Domestic	Hours	258,115	512,231	492,566	447,809	766,587	—	
Number of unique participants	Domestic	People	—	17,153	22,039	22,974	25,830	—	
Average unique training hours	Domestic	Hours	—	29.9	22.3	19.5	29.7	—	
Employee satisfaction (index: FY13.6 = 100)	Domestic		107	113	114	118	118	Improve continuously	
Corporate participants in the Engineer Training Business	Outside of Group	People	—	—	—	10,400	10,935	13,000 people/FY26.6	
Individual participants in the Engineer Training Business	Outside of Group	People	—	—	—	7,745	6,730	—	
Revenue in the Engineer Training Business	Outside of Group	Billions of yen	—	—	—	1.67	1.50	¥2 billion by FY26.6	
Number of hires (including non-engineers)	Domestic	People	3,861	4,736	4,720	1,528	4,132	—	
Percentage of women hired	Domestic	%	19.7%	26.1%	24.9%	22.6%	24.3%	30% or above by FY26.6	
Of which, new graduates	Domestic	%	15.3%	22.5%	19.3%	24.3%	20.7%	—	
Of which, mid-career	Domestic	%	21.1%	27.7%	27.1%	22.2%	25.3%	—	
Percentage of mid-career hires	Domestic	%	76.2%	77.7%	70.5%	80.6%	78.7%	—	
Number of female employees	Consolidated	People	—	—	—	4,720	5,635	—	
Percentage of female employees	Consolidated	%	16.4%	18.0%	18.9%	19.2%	20.4%	20% or above	
Number of non-Japanese engineers	Domestic (engineers)	People	756	985	1,178	921	898	1,500 people/FY26.6	
Percentage of female employees in managerial positions	Domestic (excluding engineers)	%	7.9%	8.1%	7.6%	7.9%	7.9%	10% by FY26.6	
Percentage of mid-career hires in managerial positions	Domestic (excluding engineers)	%	—	—	—	83.6%	84.5%	—	
Percentage of non-Japanese nationals in managerial positions	Domestic (excluding engineers)	%	0.9%	1.2%	1.4%	1.4%	2.1%	Increase the diversity	
Average tenure of male employment	Domestic	Years	—	—	—	—	7.6	—	
Average tenure of female employment	Domestic	Years	—	—	—	—	5.4	—	
Average tenure of employment (ratio of male to female)	Domestic	%	—	—	—	—	71.1%	—	
Paid leave acquisition rate	Domestic	%	75.0%	72.1%	79.0%	74.4%	81.6%	Maintain at or above 75%	
Percentage of women taking childcare leave	Domestic	%	100%	98.7%	100%	100%	99.0%	—	
Percentage of men taking childcare leave	Domestic	%	4.0%	5.7%	7.0%	11.8%	13.0%	20% or above by FY26.6	
Number of men taking childcare leave	Domestic	People	16	21	35	36	45	—	
Average hours of overtime	Domestic	Hours/month	17.6	16.3	13.5	13.3	13.8	Maintain at 20 hours/month or below	
Percentage of employees with disabilities	Domestic	%	2.21%	2.21%	2.21%	2.27%	2.37%	Maintain employment rate at or above legal mandated level	
Employment of people aged 60 or more	Domestic	People	641	725	742	768	735	Increase continuously	
Turnover rate of permanent employee engineers	Domestic	%	8.1%	8.3%	8.8%	8.4%	7.7%	At or below 7.5%	

Technology

Contributing to Society through the Power of Technology

		(Years ended June 30)		2018	2019	2020	2021	2022	Target
Revenue from the Solution Business	Domestic	Billions of yen	—	—	—	27.80	35.12	¥57 billion in FY26.6	
Of which, digital technology revenue	Domestic	Billions of yen	—	—	—	—	31.03	¥50 billion in FY26.6	
Number of assigned engineers in the Solution Business (monthly average)	Domestic	People	—	—	—	—	3,553	6,200 people in FY26.6	
Of which, number of assigned digital technology engineers (monthly average)	Domestic	People	—	—	—	2,991	3,408	6,000 people in FY26.6	
Environment-related technology revenue	Domestic	Billions of yen	—	—	—	—	2.39	¥4 billion in FY26.6	
Number of assigned environment-related technology engineers (monthly average)	Domestic	People	—	—	—	—	290	500 people in FY26.6	

Social Responsibility

A Trusted Partner

		(Years ended June 30)		2018	2019	2020	2021	2022	Target
Political contributions	Domestic	Yen	—	—	—	—	—	0	In principle, we do not make political contributions
Number of serious disciplinary actions related to corruption	Domestic	Cases	—	—	—	—	—	0	Maintained no cases of disciplinary action
Number of fines related to corruption	Domestic	Cases	—	—	—	—	—	0	Maintained no cases of fines
Sustainability training (human rights, ethics, information security, and anti-corruption) attendance rate	Domestic	%	—	100%	100%	100%	100%	100%	Continue at 100%
Number of work-related accidents	Domestic	Cases	60	74	86	53	77	77	Ensured a healthy and safe work environment
Fatalities due to work-related accidents	Domestic	People	0	0	0	0	0	0	
Accident rate per 1,000 employees*1 (4 or more days off)	Domestic		0.61	0.58	0.75	0.50	0.40	0.40	
Greenhouse gas emissions (Scope 1 + Scope 2)	Domestic	tCO ₂	—	—	2,118.2	1,803.9	1,786.5	1,786.5	1,436tCO ₂ in FY30.6 (32.2% reduction versus FY20.6) Zero GHG emissions by FY50.6
Greenhouse gas emissions/¥1 million in revenue	Domestic	tCO ₂	—	—	0.014	0.012	0.011	0.011	Reduce continuously
Paper usage/revenue (index: 2015 = 100)	Domestic		77.5	70.3	53.2	40.5	39.8	39.8	Reduce continuously

*1 The accident rate per 1,000 employees is calculated as follows: Number of work-related accidents per year / Average number of employees per year x 1,000
Work-related accidents are defined as those resulting in 4 or more days off from work and the average number of employees is calculated from headcounts at the beginning and end of the fiscal year.

Governance

A Sustainably Growing Company

		(Years ended June 30)		2018	2019	2020	2021	2022*2	Target
Percentage of outside directors	Parent	%	37.5%	37.5%	37.5%	37.5%	37.5%	44.4% (50.0%)	—
Number of female directors	Parent	People	1	1	1	1	1	2 (3)	Maintain at two or more
Percentage of female directors	Parent	%	12.5%	12.5%	12.5%	12.5%	12.5%	22.2% (25.0%)	—
Number of female officers (Directors + Audit & Supervisory Board members)	Parent	People	1	1	1	2	3 (3)	3 (3)	—
Percentage of female officers (Directors + Audit & Supervisory Board members)	Parent	%	8.3%	8.3%	8.3%	16.7%	23.1% (25.0%)	23.1% (25.0%)	—
Number of directors	Consolidated	People	56	50	53	53	56 (59)	56 (59)	—
Number of female directors	Consolidated	People	3	2	2	3	5 (6)	5 (6)	—
Percentage of female directors	Consolidated	%	5.4%	4.0%	3.8%	5.7%	8.9% (10.2%)	8.9% (10.2%)	Increase the diversity
Number of non-Japanese directors	Consolidated	People	8	10	11	12	14 (14)	14 (14)	—
Percentage of non-Japanese directors	Consolidated	%	14.3%	20.0%	20.8%	22.6%	25.0% (23.7%)	25.0% (23.7%)	Increase the diversity
Internal reporting cases	Consolidated	Cases	36	52	129	93	95	95	Ensure appropriate operation
Sustainable EPS growth	Consolidated	Yen	81.60	88.95	99.99	122.96	143.24	143.24	Long-term maintenance of EPS growth (achievement of medium-term plan)
Number of IR meetings	Parent	Meetings	333	390	520	487	536	536	Maintain at or above 400 per annum

*2 The figures in parentheses reflect the status post-transition to a company with an Audit & Supervisory Committee (as of September 29, 2022) and are given for reference.

Business Domain

Accelerate development of the Solution Business, which responds to changes in the environment, as part of efforts to address materiality for sustainable growth

As one of Japan's largest engineering professional services providers, the business of the TechnoPro Group consists of four segments: R&D Outsourcing, Construction Management Outsourcing, Other Businesses in Japan, and Overseas Businesses, providing a comprehensive and diverse lineup of services.

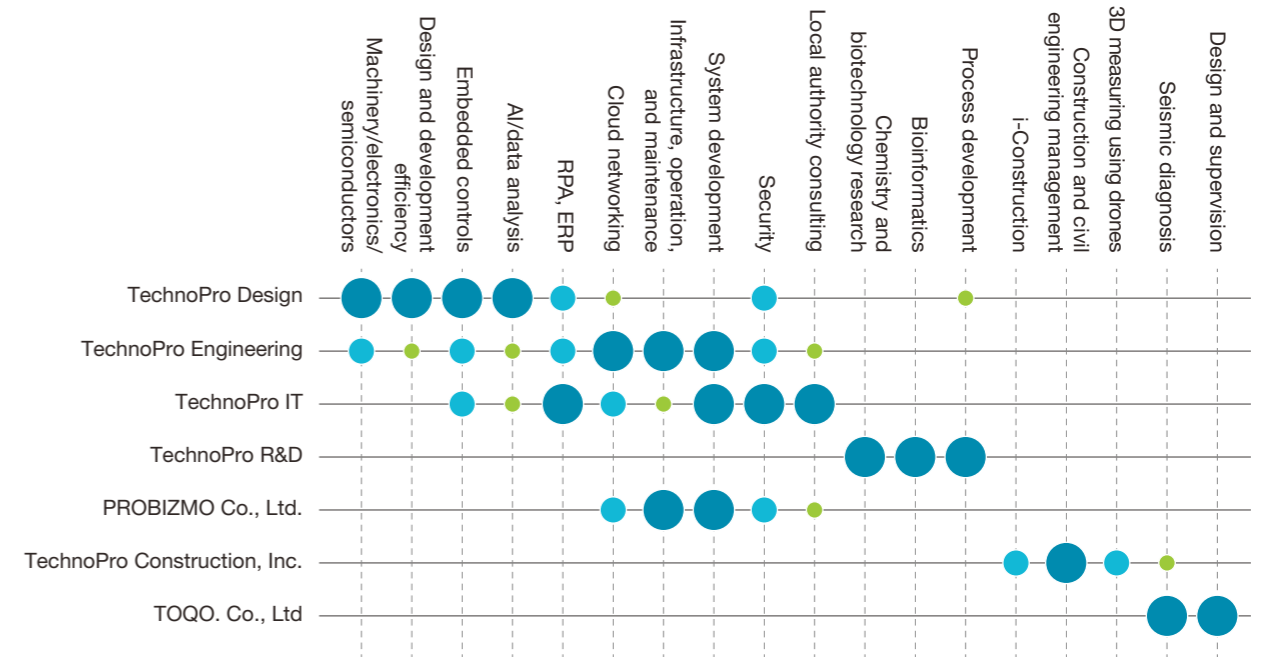
The environment surrounding the Group is changing drastically due to changes in technology, a structural shortage of engineers, and the further progress of globalization. Under these circumstances, major Japanese companies, which are our customers, are interested in hiring engineers with expertise in the latest digital technology. However, in many cases the old employment system, with features such as seniority-based wages, remains in place, and it is difficult for them to break out of the wage system and conduct mid-career hiring. Further, it is not always possible for companies to provide technical training upfront, and it is becoming commonplace to conduct

design and development work by requesting technical support from dedicated engineering professional service companies that specialize in the latest technologies.

In response to this changing environment, the Group has promoted alliances with many companies that possess advanced technology, and has also entered into partnership agreements with global IT vendors. As a result, even in a tight hiring environment, we have established a system of digital engineer development programs and have been able to secure many engineers that are in high demand.

In our medium-term management plan, "Evolution 2026," we are accelerating our efforts to expand our Solution Business, which supports the resolution of various technological issues, as a pillar of our strategy, leveraging the results of our upfront investment in human capital, including the enhancement of our internal education and training system.

Domains in R&D Outsourcing and Construction Management Outsourcing (Excerpt.)



	Business Segments			
	R&D Outsourcing Business	Construction Management Outsourcing Business	Overseas Businesses	Other Businesses in Japan
Business Summary	<p>Provides design development and R&D in a variety of technical fields through engineer staffing, project-type, and outsourcing.</p> <ul style="list-style-type: none"> Machinery/electronics/semiconductors/LSI/FPGA Embedded controls/data science/AI/sensing RPA, ERM, cloud IT networking, business applications, system maintenance and operation Chemical/ Biochemical 	<p>Provides various technical services in the fields of construction, civil engineering, and facilities.</p> <ul style="list-style-type: none"> Construction management of buildings, civil engineering projects, facilities, etc. Measurement, surveying, and 3D data creation using drones Strength diagnosis and failure diagnosis of infrastructure and buildings in narrow, dark, or dangerous places using drones Use of digital technology such as BIM/CIM Design and supervision, seismic surveying 	<p>Expand offshore development through collaboration with the Group companies in Japan while Overseas Businesses grows independently</p> <ul style="list-style-type: none"> Engineering services in China with a focus on Japanese corporations Offshore development based in India, which has strength in UI/UX designs, for the U.S., Europe, and Japan Engineer staffing services in Southeast Asia, India, and the U.K. Professional recruitment business in China, Southeast Asia, India, and the U.K. 	<ul style="list-style-type: none"> Education and training business for engineers Specialized placement business for engineers Search-based executive search business
Operating Companies	<ul style="list-style-type: none"> TechnoPro, Inc. TechnoPro Design*¹ TechnoPro Engineering*¹ TechnoPro IT*¹ TechnoPro R&D*¹ PROBIZMO Co., Ltd. 	<ul style="list-style-type: none"> TechnoPro Construction, Inc. TOQO. Co., Ltd 	<ul style="list-style-type: none"> TechnoPro China Group Boyd & Moore Executive Search (Overseas)*² Helius Technologies*² Orion Managed Services*² TPRI Technologies*² Robosoft Technologies*² 	<ul style="list-style-type: none"> Pc Assist Co., Ltd. Boyd & Moore Executive Search K.K. (Japan)*² TechnoBrain Co., Ltd.
Medium-Term Management Plan "Evolution 2026"	<p>Core Business (domestic engineer staffing)</p> <p>Solution Business (digital technology, synergies with the Overseas Business)</p>		<p>Overseas Business</p>	<p>Engineer Training Business</p> <p>DX Promotion Business</p>

*1 Internal companies

*2 Company names are abbreviated.

Please see the next page for business strategies.

Business Strategies

(Medium-Term Management Plan “Evolution 2026”)

Core Business

Solid Foundation for Core Business Evolution —FY23.6 Accelerated Growth FY24.6–FY26.6

- Continue to shift toward IT/digital fields organically and inorganically
- Enhance recruiting of engineers requiring training or high-skilled foreigner
- Promote reskilling of existing engineers
- Further internal contribution from our placement business to Core Business
- Penetrate into new customer segments, e.g. EC/BFSI/public sector
- Promote use of freelancers or gig workers

Against the backdrop of the digitalization of society as a whole and strong demand for engineers, we still expect sufficient growth in the Core Business of domestic engineer staffing. However, considering the possibility of a slowdown in growth due to medium- to long-term risk factors such as accelerated technological innovation,

automation of development, overseas relocation, and difficulty in hiring engineers, we will thoroughly pursue “evolution” of our Core Business to respond to changes in customer demand and secure skilled engineers to differentiate us from our competitors and establish a competitive advantage.

Engineer Training Business/DX Promotion Business

Solid Foundation for Core Business Evolution —FY23.6 Accelerated Growth FY24.6–FY26.6

- | | | |
|-----------------------------------|---|--|
| Engineer Training Business | <ul style="list-style-type: none"> ▲ Reorganize/enhance engineer training organization • Skill standardization, e-Learning system development • Establish and promote BtoB external sales scheme | <ul style="list-style-type: none"> ▲ Develop as key pillar in next phase • Further cultivate alliance partners for our ecosystem • Create higher level curriculum and expand BtoB customer base |
| DX Promotion Business | <ul style="list-style-type: none"> ▲ Establish DX promotion organization • Examine data knowledge and initiatives in Core Business • Develop new AI engines | <ul style="list-style-type: none"> ▲ Making into profit center • Improve AI engines and integrate into main IT system • Business model building, sell to outside BtoB-customers |

The Engineer Training Business commercializes the engineer training process by selling the engineer training curriculum and educational content developed in the Core Business to external corporate customers and individuals. We plan to expand this business as a source of revenue generated from the evolution of the Core Business, while at the same time contributing to the improvement of the environment in Japan, in which the shortage of engineers is becoming chronic.

In the DX Promotion Business, we will first conduct digital transformation of the Group’s vast amount of information on recruitment, training, work experience, skill development, and other aspects. By accumulating and analyzing market price data on engineers and technical skills, as well as the effectiveness of education and training, we will improve operational efficiency and maximize the lifetime value of our engineers. We will build a business model around this know-how in the medium- to long-term and sell it to our customers.

Solution Business

Solid Foundation for Core Business Evolution —FY23.6 Accelerated Growth FY24.6–FY26.6

- | | |
|--|--|
| <ul style="list-style-type: none"> ▲ Establish COI organization • Enhance market/technology research function and group collaboration • Establish central operating units in Japan and overseas through M&As • Acquire key talents: Pre-Sales/Architect/PM | <ul style="list-style-type: none"> ▲ Reorganize/enhance solution organization • Integration of conventional and digital technologies • M&As to acquire insufficient technologies and customer segments • Strengthening of branding and marketing functions |
|--|--|

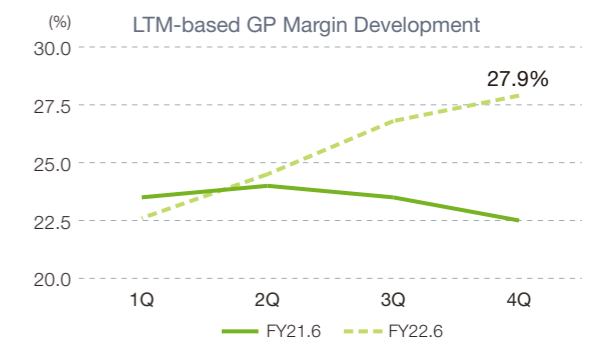
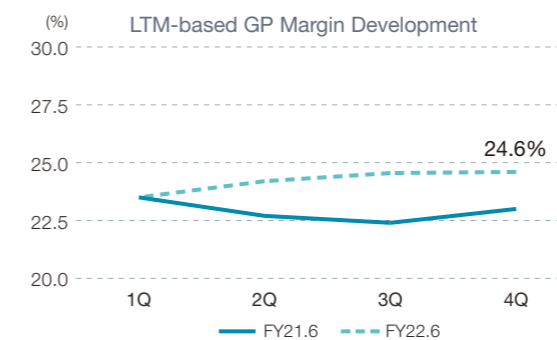
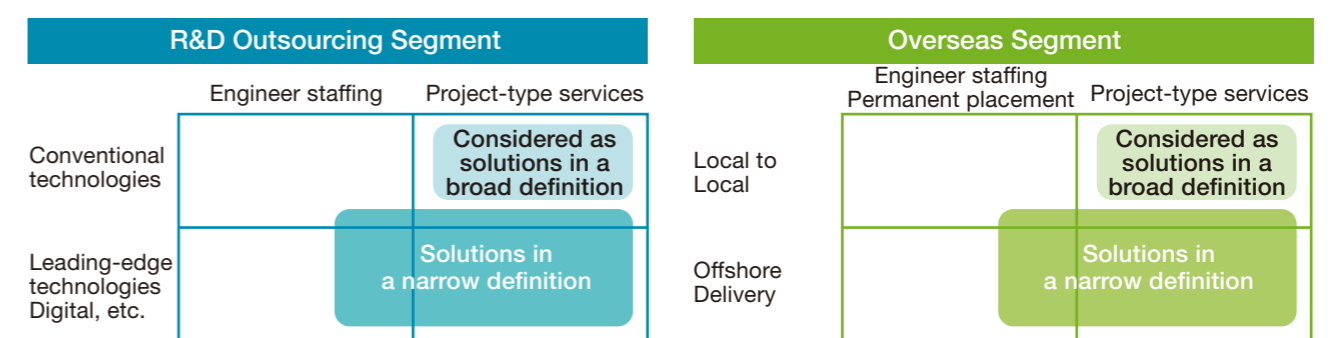
In the Solution Business, we will support our customers in solving their various technological issues by providing optimal solutions through the combination of digital and conventional technologies available inside and outside the Group, in response to rapidly growing digitalization needs under the “new normal.”

In addition, we have established a new Center of Intelligence (COI) organization to accurately assess and ascertain trends in technologies, solutions, and markets not only in Japan but also around the world, and to formulate strategies for the Group’s Solution Business that

can be applied globally. The COI will promote the realization of organic growth, as well as select M&A target and alliance partners.

The Solution Business comprises services in the area of cutting-edge digital technologies that customers are facing problems in dealing with, as well as services using conventional technologies, where the engineers stationed at customers acquire the projects themselves. (As a definition, the term also includes conventional technology-related project-type services acquired by our sales staff.)

Solution Business Matrix



Note: Please see COO/CFO messages for overall figures.

Social

Employee Growth and Activity

Recognizing that “grooming talents” and the realization of diversity will promote sustainable value creation and innovation, the TechnoPro Group is focusing on enhancing its human resource, and education and training systems as part of its investment in human capital, and on initiatives related to diversity, equity, and inclusion (DEI).

Education and Training System

In addition to 55 Win Schools in major cities nationwide, the Company offers e-learning and webinar courses, creating an environment in which employees can learn at times that are convenient for them. Our extensive program, the best in the industry, is constantly updated in line with changing needs and technological trends. Employees can enhance their own value by learning and honing their technical and human business skills at all levels, from rudimentary to highly specialized.

Human Resource System

The new human resource system of TechnoPro, Inc., introduced in July 2022, is designed to evaluate the market value of engineers and researchers in terms of technical skills (the power of technology) and business skills (the power of people) in line with the Purpose, and to determine compensation based on these skills. We visualize definitions and salary ranges for each grade of employee, expected base charges for engineer staffing and outsourcing contracts, and rules regarding evaluation, promotion, and pay raises. We also provide a variety of career paths that allow employees to work on solutions to customer issues and social issues, thereby motivating employees to develop their skills.

Safety and Health

The TechnoPro Group complies with the Labor Standards Act, the Industrial Safety and Health Act, and other relevant laws and regulations to ensure a safe and healthy work environment. The Compliance Committee (an organization under the ERM Committee) and the Health Committee at each business site share information and discuss issues to prevent work-related accidents and employee illness. We also follow up to ensure the occupational health and safety training participation rate reaches 100%. In addition, we regularly report to the Board of Directors on health and safety risks such as overtime and overwork.

Promotion of Diversity and Respect for Human Rights

The TechnoPro Group has defined key human rights areas in the TechnoPro Group Human Rights Policy established in October 2021, and is working to prohibit discrimination and harassment, realize DEI, and reduce human rights risks.

• Success of Females in the Workplace

We are not bound by gender-based prejudice or stereotyped role consciousness, and we promote, hire, and evaluate fairly based on individual abilities so that each person can realize his or her career vision and life plan. We have many female engineers and researchers working in leadership roles.

• Employees with Disabilities

TechnoPro Smile was established as a specialized subsidiary in 2007 and currently operates service centers in five domestic regions. It carries out operations such as data entry, office support and printing. As of June 30, 2022, the company had 368 active staff members (77 of whom work from home). TechnoPro Smile also handles orders from companies outside the Group.

• Foreign National Engineers

We are focusing on global recruitment, including graduate recruitment in partnership with overseas science and engineering universities. As of June 30, 2022, we had 898 foreign national engineers working in Japan. We are building the onboarding system in addition to providing support through Japanese language courses and training to understand Japanese lifestyle and business practices so that all employees can play an active role regardless of nationality, culture, or language differences. Moving forward, we will actively promote human resource exchanges with the Group overseas companies.

Health Management

We are pursuing health management as a part of our corporate strategy, and have established a health promotion system overseen by the President, Representative Director and CEO to ensure that all employees of the TechnoPro Group can work vigorously and lead productive lives.

The details regarding our health management objectives and system are available on our website.
<https://www.technoproholdings.com/en/csr/development/workplace.html>

The TechnoPro Group Health Management Declaration

- The TechnoPro Group believes that employee health is an important business resource and the source of corporate vitality. Based on this belief, we declare our commitment to health promotion initiatives.
- We believe that employee quality of life is what leads to true ongoing value for our customers and is what enables shareholder value to increase.
- We engage in health management as the foundation for contributing to future abundance, serving as a corporate group that grows sustainably together with society.

Established February 1, 2020

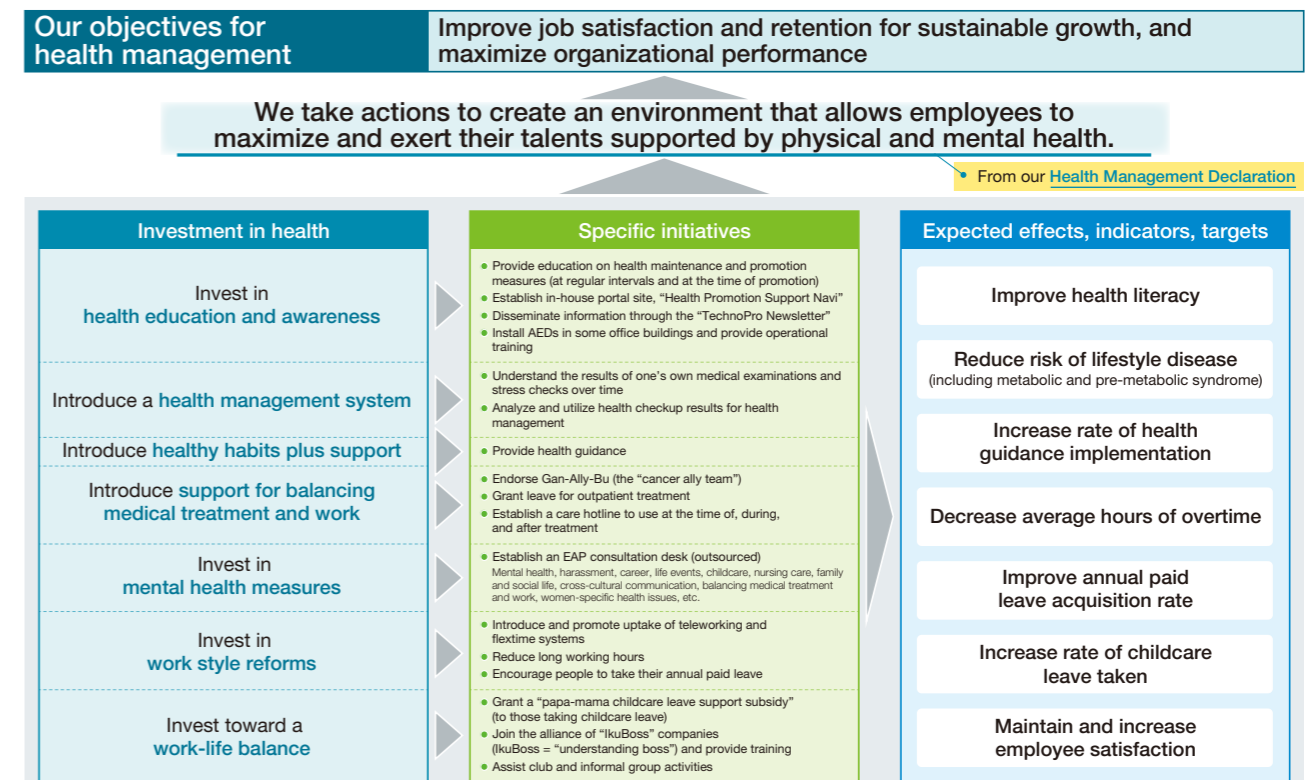
Our Objectives for Health Management

The TechnoPro Group’s health management aims to “create an environment that allows employees to maximize and exert their talents supported by physical and mental health.” We will continue to enhance our human resource and benefit systems and various support measures, as well as improve the health literacy of our employees, to vitalize the organization and the individual, and to increase productivity and creativity.

Note: “Health Management” is a registered trademarks of Nonprofit Organization Kenkokeiei.

Health Management Strategy Map (FY21.6–FY26.6)

We have published our Health Management Strategy Map, which illustrates the links among the TechnoPro Group’s health management goals, the health investments and specific initiatives for achieving them, and the expected benefits.



Note: We verify the effectiveness of measures on an annual basis and revise them as necessary.

Environment

Topics (Materiality: Human Resources)

Aiming to achieve sustainable growth and create a positive impact on society, the TechnoPro Group is taking various measures to improve employee job satisfaction and retention rates, expand opportunities for talents, and develop the next generation of science and engineering talents.

Accredited as 2021 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)

We have been recognized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a “Health Management Outstanding Organization Program (Large Enterprise Category)” for three consecutive years, starting in 2020. The program recognizes corporations, including large corporations and small and medium-sized enterprises, that practice outstanding health management.



Became a Member of the “Iku-Bosu Corporate Alliance”

We joined the “Iku-Bosu Corporate Alliance” organized by Specified NPO Fathering Japan in March 2022. An “iku-bosu” is a boss (manager or supervisor) who considers the work-life balance of his or her subordinates and supports their career and life, while achieving results for the organization and enjoying his or her own work and personal life. The TechnoPro Group is committed to promoting management based on a deep understanding of diversity and fostering an organizational culture through measures such as training for executives and managers and encouraging male employees to take paternity leave.



Endorsed “Cancer Ally Club”

In September 2022, the company announced its endorsement of the “Cancer Ally Club,” a private project that addresses the issue of “cancer and work” faced by those who work while undergoing treatment for cancer. Through measures such as granting leave for outpatient treatment and establishing a care hotline, the TechnoPro Group will create a work environment that makes it easier for employees to undergo cancer treatment while working.



Toward Resolving the Engineer Shortage

In order to provide real-world career guidance that cannot be covered in school education, we have planned and operated a special career program for middle and high school students since 2018. In addition, we have sponsored the Science Koshien and the Science Koshien Junior organized by the Japan Science and Technology Agency (JST), and have entered a partnership agreement with Waffle, an NPO that promotes the advancement of women in STEM (Science,

Technology, Engineering, and Mathematics) fields. The TechnoPro Group will continue to contribute to society through activities that are highly relevant to our business and that aim to expand the base of the next generation of science and engineering professionals and promote diversity.



Environmental Considerations

We have determined, in the TechnoPro Group Environmental Policy, the climate change as one of the environmental agendas that the TechnoPro Group should prioritize to address, and set medium-term targets for CO₂ emissions and the number of environment-related technology engineers as KPIs for materiality. In our business activities, we are committed to fulfilling our corporate social responsibility by giving due consideration to the conservation of water resources and biodiversity.

TechnoPro Group Environmental Policy

We have established the Environmental Polices of TechnoPro Group as a guideline for group-wide efforts in environmental conservation and in fulfilling our environmental responsibilities. This policy is based on the belief that conserving the irreplaceable global environment for future generations is consistent with the pursuit of the Purpose, our group corporate philosophy.

1. Basic Concepts Related to Environmental Protection

Recognizing that addressing global environmental issues is a common challenge throughout to the world, including our executives, employees, customers, business partners, investors, and local communities:

- (1) We are committed to reducing the environmental impact of our business activities.
- (2) We aim to develop and disseminate services that utilize our technology and talents to reduce environmental impact.

2. Areas of Environmental Importance

Guided by the TechnoPro Group Code of Conduct and the environmental principles of the United Nations Global Compact, we strive to reduce our environmental impact, particularly in the development and delivery of our services, defining areas of particular importance (Areas of Environmental Importance).

These Areas of Environmental Importance are reviewed in accordance with changes in international norms, social conditions, and business activities.

Areas of Environmental Importance

- (1) Climate Change
Reduce greenhouse gas emissions and mitigate the negative impacts of climate change
- (2) Sustainable Resource Usage
Engage in efficient energy usage, waste reduction, and the creation of recycling-oriented societies
- (3) Prevent Pollution and Conserve the Environment
Conduct the appropriate treatment of pollutants and

hazardous waste, consider the natural environment, and preserve biodiversity

3. Comply With Environmental Laws and Regulations

In pursuing our business activities, we comply with and respond to social norms, laws, rules, and regulations related to environmental protection, international initiatives, and environment-related agreements to which the TechnoPro Group companies have agreed.

4. Conducting Environmental Management

We will establish and operate an environmental management system. Further, we will regularly evaluate progress toward targets, the implementation of environment-related activities, and risks and opportunities. In this way, we will strive for continuous improvement in reducing our environmental impact and achieving higher levels of environmental performance.

5. Provide Education, Raise Awareness, and Engage in Community Contribution Activities

We sponsor educational and awareness-raising activities to ensure executives and employees understand and practice activities based on this policy.

We ask business partners to conduct environmentally friendly business activities to the greatest extent reasonable.

We support community contribution activities related to environmental protection.

6. Practice Appropriate Information Disclosure and Communication

We disclose information related to our environmental initiatives and services in an appropriate manner to improve our credibility with society. We also emphasize dialogue with our stakeholders.

Published: June 30, 2022

TCFD Disclosure

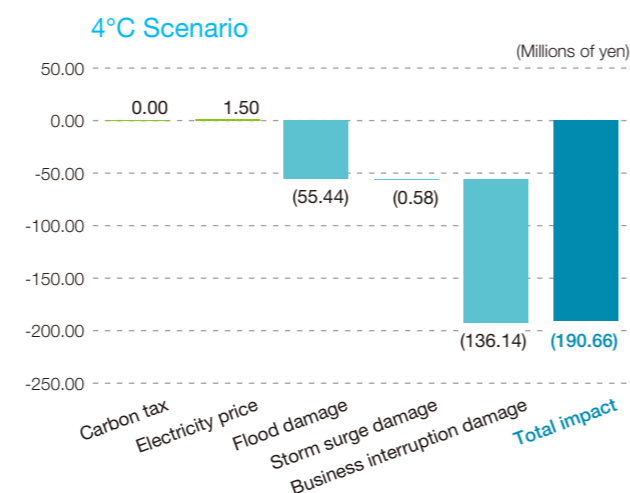
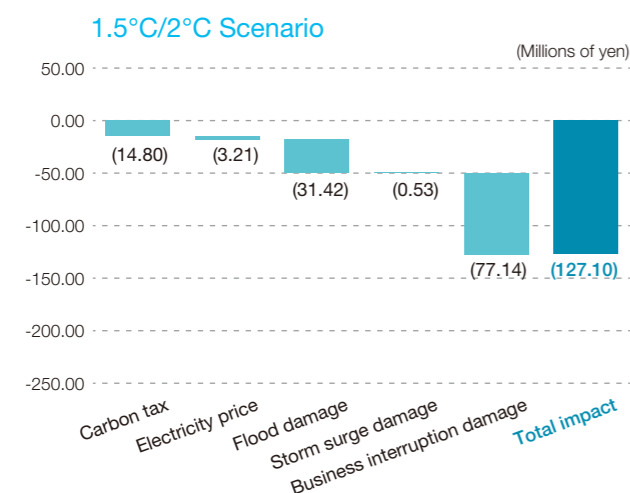
In June 2022, we announced our support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and simultaneously joined the TCFD Consortium. We will promote information disclosure based on the TCFD framework (Governance, Strategy, Risk Management, and Metrics and Targets) so that we can communicate even better with a wide range of our stakeholders, including the shareholders and the investors.

● Governance

In order to promote sustainability management on group-wide basis, we have established the Sustainability Committee which deliberates and reviews the identified sustainability issues, develops action plans, and monitors their progress. The Sustainability Committee consists of the President, Representative Director and CEO (Chairman), full-time directors (including those who are the members of Audit & Supervisory Committee), and officers and employees appointed by the Chairman. This committee is held semiannually in principle. We position the climate change as one of the risks that could affect our business, which accordingly is integrated into our Enterprise Risk Management (ERM) framework for deliberation at the ERM Committee. The ERM Committee is chaired by the President, Representative Director and CEO, and held semiannually in principle. The President, Representative Director and CEO assumes the ultimate responsibility for environment-related issues including the climate change. We have established a system where the Sustainability Committee and the ERM Committee regularly report to the Board of Directors, which deliberates, directs, and supervises these committees as necessary, to ensure proper implementation of our initiatives related to the climate change.

● Strategy

We have conducted scenario analysis with the objective of assessing the Group's resilience to significant climate change-related risks and opportunities, as well as the magnitude of financial impact; we have adopted two scenarios for the future climate change, the 1.5°C/2°C scenario and the 4°C scenario, analyzing the potential impact, as of 2030, on our domestic engineer staffing business. Regarding the financial impact on business, the impact on operating profit in 2030 is estimated by each measurable item, based on the climate change scenarios. In the 1.5°C/2°C scenario, carbon tax burden is projected to increase due to movement toward a low-carbon society, while the physical risks such as flood damage are projected to have a smaller impact compared to the 4°C scenario. In the 4°C scenario, there is no policies' enforcement for the transition to a low-carbon society, and carbon tax burden is lower than that in the 1.5°C/2°C scenario. However, the physical risks are estimated to have a larger quantitative impact than those in the 1.5°C/2°C scenario. We do not need to possess our own production facilities, etc. in our operations, differently from the high-risk sectors as defined by TCFD. As a result, we consider the climate change risks for our financials to be insignificant.



We continuously conduct analysis and implement initiatives, necessary to maintain and strengthen the resilience of our business. The realization of a decarbonized society is a shared global goal. We will carry out the initiatives to mitigate risks in our business activities, as well as the initiatives to take advantage of business opportunities through technology and talent in the interest of a decarbonized/low-carbon society.

The details on assumptions and results related to scenario analysis, as well as resilience based on scenario analysis, are available on our website. <https://www.technoproholdings.com/en/csr/guideline/tcfd.html>

● Risk Management

The Group recognizes risks as the events that may affect the achievement of our strategies and business objectives, and has established the ERM structures and processes to appropriately manage our organization as a whole. After clarifying the type and amount of acceptable

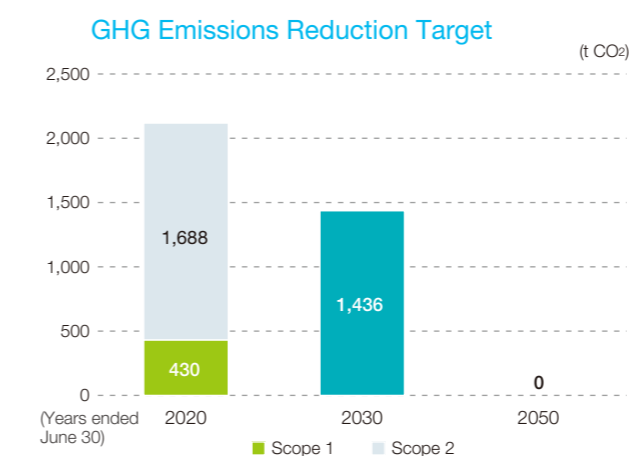
● Metrics and Targets

The Group has set the following GHG reduction targets, with fiscal year ended June 30, 2020 as the base year, which is at the level equivalent to the reduction targets set by the Japanese government.

FY30.6: 32.2% reduction (compared to FY20.6)

FY50.6: Real GHG emissions: zero

Item	Coverage	Base Year	Results of FY20.6	Target Year	Target
Scope 1, 2	Japan	FY20.6	2,118.2 tCO ₂	FY30.6	1,436 tCO ₂
				FY50.6	Net Zero



Scope 1: Emissions of Greenhouse gases directly produced by ourselves
Scope 2: Indirect emissions generated by the electricity or heat purchased by ourselves

risk (risk appetite), we have comprehensively identified risks, and qualitatively and quantitatively evaluated them in terms of their severity of impact, foreseeability, and probability of occurrence. Then, countermeasures have been considered from the aspects such as avoidance, mitigation, transfer, and acceptance. We have positioned the climate change as a risk that is difficult to foresee but could affect all aspects of our business.

The ERM Committee evaluates the climate change risk on a comprehensive basis alongside with all other risks surrounding the Group, including those in strategy, markets, competition, operations, and compliance, through the ERM planning and management. This committee also monitors the implementation of such plans, aligned with scenario analysis, in collaboration with the Sustainability Committee.

	Scope 1	Scope 2	Scope 1+2
FY22.6	271.7	1,514.8	1,786.5
FY21.6	341.2	1,462.7	1,803.9
FY20.6	430.1	1,688.1	2,118.2

Notes: Greenhouse gases covered by the scope under the GHG Emissions Accounting, Reporting, and Disclosure System, that is, energy-origin CO₂, non-energy-origin CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Only 8 domestic companies of the TechnoPro Group

Message from the Chairman of the Board of Directors



We will operate the Board of Directors in a way that allows outside directors to fully demonstrate their functions and roles, while continuously strengthening governance and delegating authority, aiming to become a company where employees can take on great challenges while also taking appropriate risks.

Yasuji Nishio
Director and Chairman
TechnoPro Holdings, Inc.

■ Review of Board Operations

I retired as CEO in July 2021, but I continue to serve as the Chairman of the Board as a non-executive director. There were many occasions during my tenure as CEO when I had to engage in discussions from the standpoint of a person responsible for execution. Now, however, I try to manage the Board of Directors with neutrality and objectivity above all else.

Since leaving my role as an executive, I have noticed a difference in the amount of information available to me. I now have a new understanding of the difficulty that outside directors face when making management decisions, since they have to discuss and deliberate issues based on limited information. As a result, at the Board meetings, I focus more than ever on eliciting comments by asking additional questions and providing supplementary explanations that would contribute to outside directors' discussions and judgments. I believe that we were able to hold highly effective discussions without losing focus.

Last year's succession of CEO was based on repeated discussions at the Nomination and Compensation Committee meetings, and I now feel once again the great significance of the highly transparent selection process. Over the past year, we have also been able to promote collaboration between the Nomination and Compensation Committee and the Board of Directors. We intend to continue to utilize the Nomination and Compensation Committee and the skills matrix to strengthen the functions of the Board and the capabilities of the management team.

■ Monitoring of "Evolution 2026" and Strengthening of Governance

In formulating our Purpose and our medium-term management plan, "Evolution 2026," we began discussions with outside directors more than a year prior to its announcement. Since we took enough time to have in-depth discussions about the wording of our Purpose, our vision, the narrative of our medium-term management plan and

target figures, and other items, the level of understanding of our outside directors is incomparable to that of the past, and their engagement is stronger than ever. We have also set KPIs that reflect the opinions of our outside directors, and our establishment of a system for monitoring and sharing information internally and externally allowed us to achieve supervision focused on the execution of investments and the progress of strategies in the first year of "Evolution 2026." Further, we now share M&A pipelines with outside directors at an earlier stage than before, so that all directors can consider M&As with a full understanding of the opportunities and risks.

We have also deepened our discussions on governance and sustainability, which has resulted in enhanced compliance with Japan's Corporate Governance Code, establishment of criteria for reappointment of directors, analysis and disclosure based on TCFD recommendations, and changes to the board structure. We have also reviewed the criteria for approval agenda items for the Board of Directors meetings, and we believe that the transition to a company with an Audit & Supervisory Committee will allow us to further focus the agenda of the Board on essential and strategic matters, which will lead to improved operating agility through the delegation of authority to the executive side. Moving forward, we will further promote discussions on topics such as executive successions, human resource development, and the promotion of diversity among executives and core employees.

I believe that for an organization to be sustainable, it must avoid becoming dominated by a limited number of people, and the corporate governance is the framework to achieve this goal. I myself have delegated to committees and executives what was previously considered the CEO's authority, but we need to take this to the next level. By continuing to strengthen governance and delegate authority, we will create a company where employees are encouraged to take appropriate risks and challenge themselves. This is my hope.

Corporate Governance

Governance System to Enhance Shareholder Value

• Basic Approach

The Company is continuously endeavoring to enhance and strengthen corporate governance based on the following recognition.

- (1) Corporate governance is the foundation for the realization of the Group's management philosophy, sustainable growth, and medium- to long-term enhancement of shareholder value.
- (2) Corporate governance is essential to earn the trust of all stakeholders, including shareholders, investors, local communities, business partners, and employees, and to ensure the fairness and transparency of the Company's decision-making.

The Company's basic policy is to comply with all the principles of the Corporate Governance Code of the Tokyo Stock Exchange. If the Company does not comply or is considering future compliance of any of the principles, the Company shall explain the reasons and direction behind.

As a holding company and from the viewpoint of promoting a group-wide strategy and overall optimization, the Company is mainly responsible for formulating and monitoring the basic management policies such as the corporate philosophy, Code of Conduct, management strategy, management plan and fiscal-year budget, and also allocation of management resources, creation of the Group synergy, and management and supervision of the subsidiaries. While ensuring that the execution of the Group's businesses is appropriately carried out by the Company's subsidiaries in accordance with their respective business characteristics, the Company also seeks to integrate management to the extent possible through the concurrent appointment of directors, integration of administrative divisions, and integrated operation of the meeting bodies. We establish and operate the Board of Directors and other governance systems of the Company in accordance with the above.

• Governance System Outline

On September 29, 2022, the Company transitioned to a company with an Audit & Supervisory Committee in order to strengthen management oversight by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to executive directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings. In addition, the Nomination and Compensation Committee and the Independent Officer Committee have been established to complement the functions of the Board of Directors and to enhance transparency, objectivity, and accountability.

As for the business execution system, the Company

has adopted an executive officer system and established the Group Management Committee as an organization for discussion and deliberation of important matters in business execution, monitoring of progress in the performance of the Company and its subsidiaries, as well as information sharing, close cooperation, and flexible strategic coordination necessary for the Group as a whole. In addition, the Company has established committees such as the ERM Committee, the Compliance Committee, and the Sustainability Committee to pursue matters that should be addressed from a cross-organizational perspective.

Board of Directors

The Board of Directors consists of six full-time directors (including four executive directors) and six outside directors, for a total of 12 members (in addition to regular monthly meetings, extraordinary meetings are held as necessary). In addition to making resolutions on basic management policies and other important matters in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, the Board of Directors places emphasis on supervising business execution and ensuring the establishment and operation of an appropriate internal control system.

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members: one full-time Audit & Supervisory Committee member and director, and two Audit & Supervisory Committee members who are outside directors (in addition to the regular monthly Audit & Supervisory Committee meetings, extraordinary Audit & Supervisory Committee meetings are held as necessary). The committee conducts effective audits based on strategies and management risks in accordance with the Audit & Supervisory Committee Regulations, and properly supervises the management team. It also works closely with the Internal Audit Department and other departments related to internal control systems.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three outside directors (meeting as necessary). The committee deliberates on the nomination and compensation of directors and executive officers of the Company and its subsidiaries, and provides opinions, reports, advice, and recommendations to the Board of Directors.

Independent Officer Committee

The Independent Officer Committee consists of six outside directors (in principle, it meets twice a year). The committee shares information and awareness and exchanges opinions on the Group's management strategies and other matters.

Corporate Governance

Designing Incentives to Promote Shared Value with Shareholders

• Revision of the Executive Compensation System

In conjunction with the start of our medium-term management plan “Evolution 2026,” we have revised the compensation system for executive directors effective from the fiscal year ended June 30, 2022. We have changed the compensation system to increase the ratio of variable compensation and have introduced a performance-based restricted stock compensation plan (performance share unit: PSU). These revisions are intended to provide executive directors with incentives to achieve the goals of the medium-term management plan and sustainably enhance shareholder value, as well as to further promote shared value with shareholders.

• Types of Executive Compensation and Policy for Determining Compensation Amount

Compensation for executive directors consists of base compensation, bonuses, and stock-based compensation. Compensation for non-executive directors, outside directors, and directors who are Audit & Supervisory Committee members consists solely of fixed compensation, taking into consideration the high degree of objectivity and independence that their positions require.

Based on the deliberations and reports of the Nom-

ination and Compensation Committee, the Company has established, by resolution of the Board of Directors, “Basic Policies and Procedures for Determining Executive Compensation” and “Policy for Determining Individual Director Compensation (excluding Directors who are Audit & Supervisory Committee Members)” as part of the “Corporate Governance Guidelines.” We take into consideration the following points in determining the Company’s compensation system, compensation structure, and individual compensation for officers.

- Maintain rationality that ensures our ability to fulfill our responsibilities to shareholders in terms of accountability and performance.
- Provide a sound incentive to see management policies to completion and enhance company performance and shareholder value.
- Promote not only short-term results, but also ongoing enhancement in the shareholder value.
- Represent sufficient compensation relative to performance, at a level that supports the hiring of, provides motivation to, and ensures the retention of, elite personnel.

The details on the “Basic Policies and Procedures for Determining Executive Compensation” and “Policy for Determining Individual Director Compensation (excluding Directors who are Audit & Supervisory Committee Members)” are available on our website.

<https://www.technoproholdings.com/en/ir/governance/reward.html>
https://www.technoproholdings.com/en/ir/governance/reward_ind.html

• Process for Determining Compensation

The amount of compensation for each individual director (excluding directors who are Audit & Supervisory Committee members) and the number of shares for each individual director in relation to stock-based compensation shall be determined by resolution of the Board of Directors, with maximum respect for the deliberations of the Nomination and Compensation Committee. Individual compensation for directors who are members of the Audit & Supervisory Committee shall be determined by consultation of the directors who are members of the Audit & Supervisory Committee. The Company’s Directors’

compensation shall be paid according to the amount and details resolved at the General Meeting of Shareholders.

• Forfeiture of Compensation

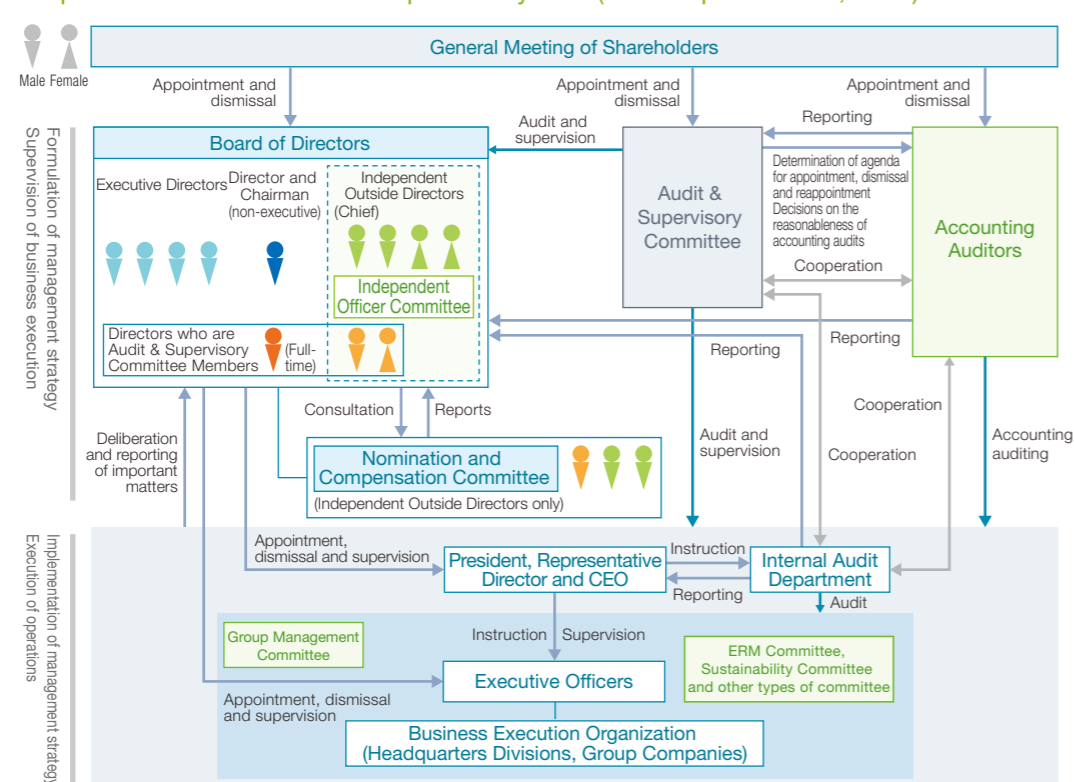
The performance-based restricted stock compensation plan (performance share unit: PSU) includes a so-called malus provision that states that if a subject director resigns during the subject period or if certain misconduct occurs, the grant of compensation and delivery of shares under the plan will not be made, respecting the report of the Nomination and Compensation Committee to the maximum extent possible.

Overview of the Company’s Director Compensation System

	Base Compensation (Fixed Compensation)	Bonuses (Short-Term Incentive Compensation)	Stock-Based Compensation (Medium- to Long-Term Incentive Compensation)
Recipient	• Director	• Executive Director	• Executive Director*1
Form of Payment	• Cash	• Cash	• Performance-Based Restricted Stock Compensation (Performance Share Unit: PSU)
Determination Method	• Determined by position	• A variable provision rate multiplied by the standard bonus amount. The provision rate varies based on indicators of achievement of targets set for each fiscal year with respect to consolidated performance, the performance of the division the director is responsible for, and individual performance.	• Calculated with a provision rate based on the achievement rate of performance indicators (consolidated net profit and consolidated ROE) for the final year of the medium-term management plan.
Variable range	—	0–200%	0–200%

*1 Includes executive officers of the Company, directors and executive officers of domestic subsidiaries, and other core personnel (employees)

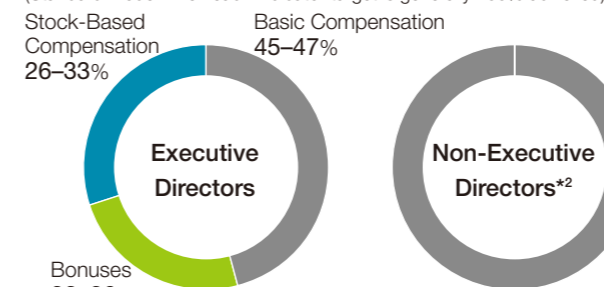
Corporate Governance and Compliance System (as of September 29, 2022)



Note: The Board of Directors is chaired by the non-executive Director and Chairman. The Audit & Supervisory Committee is chaired by the full-time Audit & Supervisory Committee member and director. The Nomination and Compensation Committee is chaired by an independent outside member of the Audit & Supervisory Board. The Independent Officer Committee is chaired by the chief Independent Outside Director.

Compensation Composition Ratio

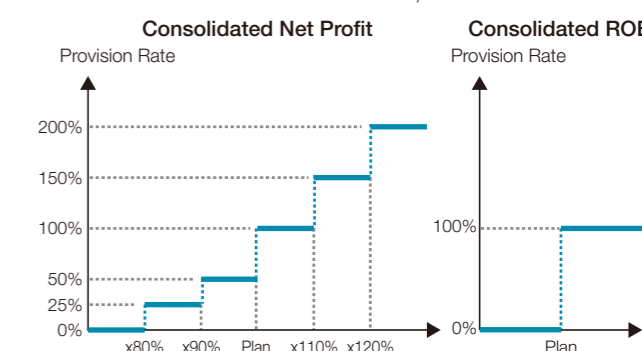
(Standard model when each indicator target is generally 100% achieved)



*2 Chairman of the Board, Outside Directors, and Directors who are Audit & Supervisory Committee Members

PSU Formula and Incentive Curve

Delivery Amount = Base Amount × (Consolidated Net Profit Provision Rate × 80% + Consolidated ROE Provision Rate × 20%)



Note: Please refer to the CFO message for the target figures for the final year of the medium-term management plan.

Compensation by Officer Category, Total Compensation by Type, and Number of Eligible Officers (For the Fiscal Year Ended June 30, 2022)

Officer Category	Total Compensation (Millions of yen)	Total Compensation, by Type (Millions of yen)			Number of Eligible Officers
		Fixed Compensation	Bonuses (Short-Term Incentive)	Stock-Based Compensation (Medium- to Long-Term Incentive)	
Directors (excluding Outside Directors)	314	156	77	81	5
Audit & Supervisory Board Members (excluding Outside Members)	15	15	—	—	1
Outside Officers	60	60	—	—	7

Corporate Governance

Toward Further Strengthening of Governance Functions

• Revision of Corporate Governance Guidelines

In September 2022, the Company implemented a complete revision of its “Corporate Governance Guidelines,” primarily for the following objectives.

- Reflecting the contents required for a company with an Audit & Supervisory Committee, to which the Company was transitioned on September 29, 2022.
- Strengthening the compliance with each principle of the Tokyo Stock Exchange’s Corporate Governance Code revised in June 2021.
- Clarification of the consistency with corporate philosophy, management policy, and management plan, etc.
- Establishment of reappointment criteria as well as appointment and dismissal standards for CEO and directors.

We will continue to enhance our shareholder value over the medium-to long-term through the enhancement of corporate governance in accordance with the new guidelines.

The details of the “Corporate Governance Guidelines” are available on our website. <https://www.technoproholdings.com/en/ir/governance/guideline.html>

• Analyzing and Evaluating Efficacy of the Board of Directors

The Company’s Board of Directors conducts an annual analysis and evaluation of the effectiveness of the Board of Directors and publishes a summary of the results. The goal of this activity is to improve the function of the Board of Directors.

As a result of the analysis and evaluation conducted in the fiscal year ended June 30, 2022, the Board of Directors concluded that, overall, it has performed its roles and responsibilities appropriately and effectively.

The Board evaluated itself particularly highly in the following areas and believes these strengths should be maintained.

- Where the fiscal year ended June 2022 was the first year of the current medium-term management plan (“Plan”), progress reports on the Plan in general, as well as other business reports on important individual themes related to the Plan, such as the new personnel system for engineers and researchers, the IT medium-term plan, the Engineer Training Business, overseas subsidiaries PMI were conducted appropriately at the Board of Directors meetings, and necessary verifications and discussions were also conducted. Further, the management team built common understanding of the basic policies of the Plan, and the system for supervision and monitoring of operation divisions by the Board of Directors was in place.
- Important themes deliberated by the Nomination and Compensation Committee to strengthen corporate governance structure, such as the revision of institutional design, the total tenure of outside directors, the succession plan for key positions other than the CEO were reported and discussed at the Board of Directors meetings, thereby progress has been made in the implementation of appropriate supervision of the Nomination and Compensation Committee by the Board of Directors.

- A revision of criteria for the agenda of the Board of Directors meetings was implemented after providing sufficient time for discussion by the Board of Directors, the aim of which is to reduce the number of agenda items from the viewpoint of enhancing strategic discussions and to resolve the TechnoPro Group governance issues.
- Through appropriate conduct from an objective standpoint at the Board meetings, the chairperson, who is the non-executive Director and Chairman, has continued to foster an atmosphere in which the participants can express themselves freely from their own professional viewpoints, thereby constructive and fruitful discussions were made.

The Board has acknowledged the necessity of following initiatives and considerations, as areas in which the Board recognizes room for improvement of the Board of Directors’ effectiveness, or issues to be addressed.

- Conduct business reports on important management matters selected and scheduled in advance, including progress of the Plan and business reports from each operating company, thereby ensuring effective verification and necessary discussion at the Board of Directors.
- Carry out substantive discussions on the development and operation of the internal control system and risk management framework in full cooperation with the Company’s outside accounting auditors and the Internal Audit Department.
- In the PMI reviews of acquired companies, verify how each acquisition contributes to the Company’s shareholder value improvement and to the achievement of the Plan, in addition to discussions on matters related to the status of achievement of the initial aims of the acquisition, risks, and other issues.
- Continue discussions on succession plan for key positions other than the CEO and the development for the Group’s leadership personnel. Consider how to involve the Board of Directors appropriately in the search and selection process for successors, etc.

Based on this analysis and evaluation, we will continuously strive to ensure the effectiveness of the Board of Directors and aim to achieve the best possible corporate governance and further enhance the shareholder value.

Implementation Status of the Internal Control Systems

The TechnoPro Group has established and is operating the Internal Control System Basic Policy as a system for ensuring work appropriateness. We have estab-

lished appropriate group-wide internal controls and a risk management system to ensure the rationality of the decision-making process for entrusted matters related to operational execution and to ensure the appropriateness of the status of operations. As an organizational structure, the Internal Audit Department, which is directly overseen by the Company’s President, Representative Director and CEO, conducts group-wide business audits and compliance audits. It also works to maintain and validate the operating status of internal controls as well as provide advice and recommendations towards improvements from the perspective of ensuring work efficacy, financial reporting reliability, and compliance. We have established a whistleblower system to promote the prevention and early discovery of compliance violations and to ensure rapid and efficient responses in the event of an incident. We also reflect, in management decisions, the feedback from the employees involved in compliance. Under the whistleblower system, we have established a consultation desk run by an outside attorney who is independent of the Group’s management members. This arrangement allows the system to be used anonymously. Internal regulations clearly state that people making reports shall not be subjected to unfair treatment as a result of this reporting. We ensure thorough awareness through education and training opportunities.

In addition, in order to implement specific measures for internal control and risk management, we have established the ERM Committee, which conducts core initiatives related to risk management and is chaired by the President, Representative Director and CEO, who is the Chief Compliance Officer. The ERM Committee is responsible for making decisions on important matters related to the Group’s basic policy on enterprise risks and the development and operation of systems. It also comprehensively evaluates risks related to strategy, markets, competition, operations, compliance, J-SOX, and other factors; formulates the ERM plans outlining policies and monitoring categories; and issues progress reports to the Board of Directors.

Recognizing sustainability initiatives and risk management as an essential part of enhancing shareholder value, the TechnoPro Group provides ongoing sustainability training, comprehensively covering these topics, to all the Group’s executives and employees. Furthermore, the Board of Directors conducts annual reviews to identify business risks and evaluate the risk management system.

Progress and Improvement in Effectiveness of the Board of Directors

Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
● Deepened strategic discussions through deliberating on formulation of the medium-term management plan	● Conducted monitoring of the progress of the new medium-term management plan
● Completed CEO succession through the objective process	● Implemented the revision of criteria for the agenda of the Board of Directors meetings
● Discussed the executive compensation system that has higher linkage to the performance and promotes value sharing with shareholders	● Considered measures to enhance the Board of Director functions and determined a policy for reviewing the institutional design of the Board of Directors
● Appointed one female outside Audit & Supervisory Board member, further promoted diversity in the Board of Directors and the Audit & Supervisory Board	● Shared matters deliberated by the Nomination and Compensation Committee and provided appropriate supervision over the committee by the Board of Directors
● Implemented electronic signature on the Board meetings minutes	● Appointed one female outside director with extensive knowledge in the IT field, further promoted the diversity in the Board of Directors

Message from the Chairman of the Audit & Supervisory Committee

As an Audit & Supervisory Committee with a supervisory function in addition to an auditing function, we will enhance verification and monitoring that are consistent with, and adapt to, the strategies of the medium-term management plan, and reflect more objective opinions in decision-making.

Hitoshi Madarame

Chairman of the Audit & Supervisory Committee
Full-time Audit & Supervisory Committee Member



■ Transition to a Company with an Audit & Supervisory Committee

We have transitioned to a company with an Audit & Supervisory Committee with a resolution of the Annual General Meeting of Shareholders in September 2022.

Discussions regarding this change in board design began when a proposal was made by a Statutory Auditor during the Board of Directors' deliberations on the formulation of the medium-term management plan, "Evolution 2026." The Board of Directors' discussions proceeded from the perspective of "the optimal governance model for the steady execution of the medium-term management plan." During these discussions, it was noted that the Company's statutory auditors based on the principle of Japan's Corporate Governance Code that "the scope of their functions should not be too narrow," had not only conducted legal audits but had also offered their opinions with an awareness of validity, and that they actively made comments at the Board meetings. Many believed that since the Company effectively operated as if it already had an Audit & Supervisory Committee, it would be appropriate to go one step further and implement a system in which all had voting rights. In addition, we will consider expanding the scope of authority to the executive side, which was made possible by the transition to a company with an Audit & Supervisory Committee, while keeping in mind the need to improve the speed and flexibility of management decision-making.

■ Future Audits and Roles of the Audit & Supervisory Committee

The three members of the Audit & Supervisory Committee have been examining the state of the Company's business as statutory auditors. In addition to actively participating in important meetings other than those of the Board of Directors, they have interviewed and exchanged opinions with executives, inspected important documents such as approval requests, and visited offices of operating companies to identify and monitor issues related to the promotion of the Company's strategies. The scope of auditing will not change significantly with the transition to a company with an Audit & Supervisory Committee. Howev-

er, what should be strengthened is auditing in line with the "Evolution 2026" strategy. Evolutionary businesses where we expect growth, such as the Solution Business and the Overseas Business, have different client needs, capabilities, and operating methods (including risk management) than traditional engineer staffing business. Naturally, auditing methods also need to change in line with these differences, and we intend to fully examine the points to be checked in the operations on the execution side and the reasonableness and appropriateness of decisions, and assess whether the direction of our progress in these businesses is conducive to improving shareholder value.

Meanwhile, our responsibilities as Audit & Supervisory Committee members increase as we gain voting rights. In the past, as statutory auditors, we had endeavored to offer opinions and advice that encouraged serious consideration on the part of the executive side. From now on, however, through the exercise of our voting rights, we will reflect more objective opinions in decision-making and play a role in making appropriate management decisions.

Moreover, effective discussions at the Board of Directors meetings depend on outside directors fulfilling their function. However, there is a gap in the amount of information between Audit & Supervisory Committee members and outside directors who don't belong to the Audit & Supervisory Committee. We have been using the Independent Officer Committee and enhancing supplementary explanations from the executive side to close this gap. However, we would like to consider how to actively share information from the Audit & Supervisory Committee moving forward.

Currently, the Audit & Supervisory Committee is engaged in a series of discussions to further strengthen governance. Both the independent outside directors who are Audit & Supervisory Committee members, Mr. Takao and Ms. Tanabe, have experience as Audit & Supervisory Committee members at companies where they concurrently serve outside. I have learned a great deal from their experiences. I will utilize this knowledge to enhance audits and stimulate discussions at the Board of Directors meetings, and promote activities that will contribute to the sustainable growth of the Company and increase its shareholder value.

Message from an Outside Director

To be an exciting company both internally and externally, we will deepen our discussions on the creation of new mechanisms for business model transformation and the continuous evolution of our business foundation.

Shoko Takase

Outside Director



■ Impressions of the Board of Directors

Looking back on the Board of Directors meetings over the past year, I can summarize them as constructive discussions.

Since I myself was appointed as an outside director during the COVID-19 pandemic (September 2021), I had limited opportunities to interact with the management beforehand, and had to rely mainly on publicly available information to deepen my knowledge of the Company in advance. However, the strategy and KPIs based on the Company's Purpose were structurally easy to understand, and I was able to participate in frank discussions from the very first Board meeting. Our management team enthusiastically and proactively listens to, and incorporates, the voices of others. The questions I put forth not only receive detailed responses, but sometimes inspire a reexamination of the relevant agenda. I am especially encouraged to ask questions and express my opinions when the discussion turns to digital areas, where I have expertise. I feel that the Board of Directors is very open and transparent.

■ Points for future discussion and monitoring

The direction in which the Company aims to head are clearly laid out in its Purpose and medium-term management plan, "Evolution 2026." The focus of discussions then should be on how to transform the business model, achieve growth, and contribute to society to the greatest extent possible. Stakeholders, including shareholders and investors, are likely to be most interested in the implementation and progress of the Company's plans.

I have been able to use my experience and expertise at the Board of Directors meetings for the fiscal year ended June 30, 2022, and was particularly focused on discussions and monitoring from a solution-based and global perspective. I believe this will continue to be the case in the future.

From a solution-based perspective, it is directly related to the transformation of our business model. The key is to develop our Solution Business as a profit organization and strategically evolve into a solutions company. The establishment and development of new structures and rules is a step toward achieving this, and the key to our evolution. The major global IT company where I formerly served has also transformed itself into a solutions company, and I faced failures and difficulties during that transition. I would like to use this experience to present a variety of options and alternatives, thereby contributing to appropriate discussions and decisions at future Board of Directors meetings.

From a global perspective, it is important to work with customers while understanding our own country and the diversity of each region of the world. In order to co-create value with our customers, we must overcome differences in language, culture, and business practices. The Board of Directors will confirm and verify the progress of globalization and deepen discussions on policy for establishing an Overseas Business foundation.

Transforming our business model is a major challenge. It is important to accumulate examples of success and continuously share them both internally and externally. By making the outside world aware not only of the progress of KPIs, but also of the expansion of our solutions and the Group's evolution, we can raise expectations for the Group, which in turn will motivate our employees and lead to talent acquisition and collaboration with our partners. This is a challenge that is only possible thanks to the Group's access to over 20,000 engineers and its ability to address the business issues of customers in a wide range of industries. The Group strives to provide excitement both internally and externally. I am looking forward to enjoying the Group's transition as I work to promote its success.

Skill matrix for the Board of Directors

In pursuit of its Purpose (significance of existence) “Create value with customers with the use of technology and human resources, and contribute to the achievement of a sustainable society,” the Company works toward important strategies of the medium-term management plan “Evolution 2026”:

- (1) growth and evolution of the Core Business (engineer staffing business in Japan)
- (2) expansion of the Solution Business and the Overseas Businesses centering on the digital area

(3) expansion of the Engineer Training Business and the DX Promotion Business

To execute these strategies steady and supervise them appropriately, the Board of Directors of the Company believes that it is necessary for the Board members to have necessary knowledge, experience and capabilities in a well-balanced manner as a whole, while also keeping a balance between diversity and the size of the Board.

Reasons for Selection as Required “Fields of Experience, Expertise, etc.” for Directors

Achievements and Experience in Human Resources Business Management	✓As a leading company in Japan in the engineering professional services industry, we believe that a deep understanding of customer trends and a track record and experience in business operations at the top management level or equivalent positions in the human resources business are useful for making important business decisions and conducting appropriate supervision of the Group.
Insights in the Trend of Technology, IT, and Digitalization	✓Amid rapid technological innovation, we believe it is important for directors to have knowledge in areas such as IT, digitalization, and AI technologies, in particular, which we expect our customers to use to secure competitive advantages, and which are necessary for the transformation of the Group’s business structure and improvement of operational efficiency.
Management Experience in Other Listed Companies, etc.	<ul style="list-style-type: none"> ✓As a company listed on the Prime Market of the Tokyo Stock Exchange, we believe it is important for directors to have experience at a listed company, an equivalent major company, or a global company in management positions that require the alignment of interests of various stakeholders, and experience in business execution at commensurate management levels with profit responsibility. ✓In particular, we believe that independent outside directors should include persons with management experience at other companies.
Experience as CFO, or Experience and Expertise in Finance, Accounting, and Tax	<ul style="list-style-type: none"> ✓We believe it is important for directors to have experience and knowledge in building a stable financial base, ensuring proper financial reporting, promoting growth investments based on an understanding of business strategies, and engaging in constructive dialogue with investors and the market to achieve sustainable enhancement of shareholder value. ✓We believe that directors who are Audit & Supervisory Committee members should include those who have sufficient knowledge of finance and accounting.
Experience and Knowledge of M&A	✓We believe it is important for directors to have experience and knowledge of M&A, as our current medium-term management plan calls for the active use of M&A to accelerate the evolution of our Core Business and achieve sustainable growth.
Global Experience and Language Skills	✓We believe it is important for directors to have global environmental awareness, management experience, and communication skills for the Group’s overseas operations and in executing our Overseas Business expansion strategy.
Experience and Expertise in Personnel and Human Resource Development	✓Where the Group’s business model requires human capital management that maximizes the value of human resources to sustainably enhance shareholder value, we believe it is important for directors to have experience and knowledge in planning and executing human resource strategies, human resource development, and securing human resources.
Insight in ESG and Sustainability	✓We believe it is helpful for directors to have insight into trends and necessary responses surrounding environmental, social, governance, and sustainability issues in steering management or providing appropriate advice based on the integration of management strategies and solutions to social issues to achieve the sustainable society set forth in our Purpose.
Experience and Expertise in Law, Compliance, Risk Management, and Internal Auditing	✓Law, compliance, risk management, and internal auditing are the foundation for sustainable enhancement of shareholder value, and we believe it is helpful for directors to have experience and knowledge in these areas to improve the effectiveness of the supervisory function of the Board of Directors.

The main skills, experience, knowledge possessed by the Company’s directors are listed below.

We expect that the skills required of directors will change in accordance with changes in the business environment and strategy, as well as the progress and necessity of business structure transformation. The Company will continuously review the required skills through the process of analyzing and evaluating the effectiveness of the Board of Directors, and will also consider a phased succession of outside directors that would consider areas that need to be strengthened or reinforced.

Name/Position	Board of Directors Chairperson	Audit & Supervisory Committee Chairperson	Nomination and Compensation Committee Chairperson	Independent Executive Committee Chairperson	Attributes		Fields of Experience, Expertise, etc.										Specialization (Profession or Qualification with High Business Relevance)	
					Gender Male Female	Independence	Achievements and Experience in Human Resources Business Management	Insights in the Trend of Technology, IT, and Digitalization	Management Experience in Other Listed Companies, etc.	Experience as CFO, or Experience and Expertise in Finance, Accounting, and Tax	Experience and Knowledge of M&A	Global Experience and Language Skills	Experience and Expertise in Personnel and Human Resource Development	Insight in ESG and Sustainability	Law, Compliance, Risk Management, and Internal Auditing			
Yasuji Nishio Director and Chairman	●				●	●	●	●	●	●								
Takeshi Yagi President, Representative Director and CEO	●				●								●	●	●			
Gaku Shimaoka Vice President, Representative Director and COO	●				●		●	●										
Koichiro Asai Senior Managing Director	●				●		●	●										
Toshihiro Hagiwara Managing Director and CFO	●				●				●	●	●							Certified public accountant
Tsunehiro Watabe Outside Director	●		●	●	●	●			●		●	●						
Kazuhiko Yamada Outside Director	●		●	●	●	●										●		Attorney
Harumi Sakamoto Outside Director	●			●	●	●			●									
Shoko Takase Outside Director	●			●	●	●		●	●		●							
Hitoshi Madarame Director (Full-time Audit & Supervisory Committee Member)	●	●			●											●		
Mitsutoshi Takao Outside Director (Audit & Supervisory Committee Member)	●	●	●	●	●	●			●	●			●					
Rumiko Tanabe Outside Director (Audit & Supervisory Committee Member)	●	●		●	●	●					●							Certified public accountant

Note 1: The above does not represent every single item of skills, experience, ability, knowledge, and attainment of each member.
 Note 2: In principle, “experience” of each item indicates at least three years of involvement in the given operation or position in total.



Directors

Yasuji Nishio

Director and Chairman

Terms of office as Director:
10 years and 5 months
Attendance at Board of Directors meetings:
15/15 (100%)



Reasons for Selection as a Director

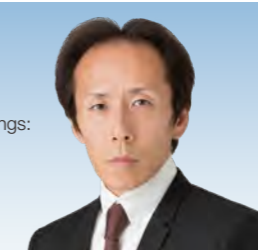
Mr. Yasuji Nishio has worked in managerial positions in banking and various other industries. Subsequent to that, he served as Chief Financial Officer of the Company. Since his appointment as the Company's President, Representative Director and CEO in July 2013, he has been involved in guiding and overseeing overall management, and he has achieved continuous improvement in the Group's earnings results. Since his appointment as Director and Chairman in July 2021, he has provided advice from an accurate viewpoint backed by his extensive management experience at the Company and an objective non-executive standpoint, while striving to improve the effectiveness of corporate governance, and contributing to strengthening the decision-making and supervisory functions of the Board of Directors. Mr. Yasuji Nishio has been selected again as a Director because the Company expects that he will fulfill the above role with the aim of heightening its shareholder value continuously.

- Apr. 1974 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
- Mar. 2000 Head of Controller Division, ditto
- Jul. 2000 Managing Executive Officer, Yamasa Co., Ltd.
- Dec. 2004 Senior Managing Director, SECOM Medical Resources Co., Ltd.
- Oct. 2005 Standing Director, Yotsuya Medical Cube, Medical Corporation Anshinkai
- Oct. 2006 CFO and General Manager of Finance Department, Showajisyo Inc.
- Jul. 2007 Senior Executive Officer, CFO, Kokusai Kogyo Co., Ltd.
- May 2008 Director and CFO, The Goodwill Group, Inc.
- Oct. 2009 Managing Executive Officer and CFO, Radia Holdings, Inc.
- Oct. 2010 Managing Director and CFO, Advantage Resourcing Japan, Inc.
- Apr. 2012 Managing Director, CFO and General Manager of Finance & Accounting Division, TechnoPro Holdings, Inc.
- Jul. 2013 President, Representative Director and CEO, CFO and General Manager of Finance & Accounting Division, ditto
- Feb. 2014 President, Representative Director and CEO, ditto
- Jul. 2014 President and Representative Director, TechnoPro, Inc.
- Jul. 2021 Director and Chairman, TechnoPro Holdings, Inc. (at present)

Koichiro Asai

Senior Managing Director

Terms of office as Director:
8 years and 7 months
Attendance at Board of Directors meetings:
15/15 (100%)



Reasons for Selection as a Director

Mr. Koichiro Asai has been involved in the human resources services business over many years, and is thus intimately familiar with industry, customer, and technology trends, as well as possessing extensive experience of the Group's business operations. He has been serving as a Director (in charge of Business) of the Company since February 2014 and as a Senior Managing Director since July 2021. In particular, he has been driving the growth and the evolution of the core business, such as increasing profit and the number of engineers and in the department of which he is in charge, promoting partnership with large IT companies, focusing on cloud, security, and ERP-related business and taking other initiatives. He has also contributed to the strengthening of the decision-making function of the Board of Directors. Mr. Koichiro Asai has been selected as a Director for another term because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group.

- Jan. 2006 Representative Director and President, Crystal, Inc.
- Jun. 2007 Executive Officer, The Goodwill Group, Inc.
- Nov. 2008 Representative Director and President, TechnoPro Engineering, Inc.
- Jul. 2010 Representative Director and President, CSI, Inc.
- Jun. 2011 Representative Director and President, Advantage Science, Inc.
- Apr. 2012 Managing Executive Officer, TechnoPro Holdings, Inc.
- Feb. 2014 Director (in charge of Business) and Managing Executive Officer, ditto
- Jul. 2014 Representative Director (President of TechnoPro Engineering Company and President of TechnoPro IT Company) and Senior Executive Officer, TechnoPro, Inc.
- Jul. 2021 Senior Managing Director, TechnoPro Holdings, Inc. (at present) President and Representative Director (President of TechnoPro Engineering Company and President of TechnoPro IT Company), TechnoPro, Inc. (at present)

Takeshi Yagi

President,
Representative Director and CEO

Terms of office as Director:
8 years and 2 months
Attendance at Board of Directors meetings:
15/15 (100%)



Reasons for Selection as a Director

Mr. Takeshi Yagi has abundant practical experience mainly in the fields of human resources, personnel development, and corporate governance, and extensive insights into sustainability-related matters, finance, etc. After engaging in the human resources area at a bank, he was appointed Director of the Company in July 2014 and since then has strengthened corporate governance practices, developed an internal control framework, established personnel systems, and developed an educational training system and other initiatives, and has also contributed to business growth and performance improvement by participating in strategy formulation, and strengthening the decision-making function of the Board of Directors. In July 2021, he was appointed President, Representative Director and CEO and has been involved in guiding and overseeing overall management of the Group, demonstrating leadership in promoting and implementing important strategies of the medium-term management plan. Mr. Takeshi Yagi has been selected again as a Director for another term because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group.

- Apr. 1991 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
- May 2008 General Manager of Human Resources Division, Shinsei Bank, Limited
- Nov. 2012 Managing Executive Officer and General Manager of Human Resources Division, TechnoPro Holdings, Inc.
- Aug. 2013 Director, TechnoPro Construction, Inc. (at present)
- Feb. 2014 Managing Executive Officer (in charge of HR and General Affairs), ditto
- Jul. 2014 Director (in charge of HR and General Affairs), Managing Executive Officer, ditto
- Director and Senior Executive Officer, TechnoPro, Inc.
- Sep. 2018 Director (in charge of HR and General Affairs, and Vice in charge of CSR promotion), Managing Executive Officer, TechnoPro Holdings, Inc.
- Jul. 2021 President, Representative Director and CEO, ditto (at present) Director, TechnoPro, Inc. (at present)

Toshihiro Hagiwara

Managing Director and CFO

Terms of office as Director: 3 years
Attendance at Board of Directors meetings:
15/15 (100%)



Reasons for Selection as a Director

Mr. Toshihiro Hagiwara has in-depth knowledge and extensive experience in corporate acquisitions, finance, capital markets, accounting, and tax matters. Further, having got deeply involved in investment into a former incarnation of TechnoPro Holdings during his working for a global investment fund, he is already well-versed in the Company's business and industry structure. He has been serving as a Director (in charge of Management) and CFO of the Company since September 2019 and as a Managing Director and CFO since July 2021. In particular, he has contributed to formulating management strategies, strengthening business management by utilizing the cost of capital, capital policies to enhance the effectiveness of medium- to long-term growth strategies, securing financial stability, the active IR activities and corporate disclosure, as well as strengthening the decision-making function of the Board of Directors. Mr. Toshihiro Hagiwara has been selected again as a Director for another term because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group.

- Apr. 1996 Joined RECOF Corporation
- Aug. 2004 Joined Cerberus Japan K.K.
- Apr. 2006 Managing director, ditto
- Jan. 2017 Joined The Asahi Shimbun Company (Corporate Planning Office, Strategic Investment Division)
- May 2019 Director, Managing Executive Officer (in charge of Management) TechnoPro Holdings, Inc.
- Director and Senior Executive Officer, TechnoPro, Inc. (at present)
- Jul. 2019 Director, Managing Executive Officer (in charge of Management) and CFO, TechnoPro Holdings, Inc.
- Sep. 2019 Director (in charge of Management), Managing Executive Officer and CFO, TechnoPro Holdings, Inc.
- Director, TechnoPro Construction, Inc. (at present)
- Jul. 2021 Managing Director and CFO, TechnoPro Holdings, Inc. (at present)

Gaku Shimaoka

Vice President,
Representative Director and COO

Terms of office as Director:
8 years and 7 months
Attendance at Board of Directors meetings:
15/15 (100%)



Reasons for Selection as a Director

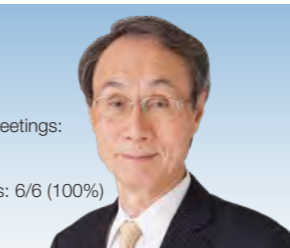
Mr. Gaku Shimaoka has been involved in the human resources services business over many years, and is thus intimately familiar with industry, customer, and technology trends, and possesses extensive experience in the Group's business operations. Since his appointment as Director (in charge of Business) of the Company in February 2014, he has achieved results particularly with respect to cultivating high-value-added engineers in the department of which he is in charge, promoting collaboration with companies having the latest technologies, developing global business strategies, pursuing synergies with domestic business and other initiatives. After being appointed as Vice President, Representative Director and COO in July 2021, he has supervised business execution regarding the Group's business operations, demonstrating leadership especially in the expansion of the solution business and overseas business in the medium-term management plan, and the expansion of engineer cultivation and DX promotion projects, while at the same time contributing to strengthening the decision-making function of the Board of Directors. Mr. Gaku Shimaoka has been selected again as a Director for another term because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group.

- Aug. 2006 Representative Director and President, Ctec, Inc.
- Nov. 2006 Representative Director and President, Crystal, Inc.
- Jun. 2007 Managing Executive Officer, The Goodwill Group, Inc.
- May 2008 Director and COO, ditto
- Oct. 2009 Managing Executive Officer, Radia Holdings, Inc.
- Apr. 2012 Managing Executive Officer, TechnoPro Holdings, Inc.
- Feb. 2014 Director (in charge of Business) and Managing Executive Officer, ditto
- Jul. 2014 Representative Director (President of TechnoPro Design Company) and Senior Executive Officer, TechnoPro, Inc.
- Mar. 2019 Director (in charge of Business and Global Business) and Managing Executive Officer, TechnoPro Holdings, Inc.
- Jul. 2021 Vice President, Representative Director and COO, ditto (at present) President and Representative Director (President of TechnoPro Design Company), TechnoPro, Inc. (at present) Director, TechnoPro Construction, Inc. (at present)

Tsunehiro Watabe

Chief Outside Director

Terms of office as Director:
10 years and 5 months
Attendance at Board of Directors meetings:
15/15 (100%)
Attendance at Nomination and Compensation Committee meetings: 6/6 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director

Mr. Tsunehiro Watabe has extensive experience and expansive knowledge as a manager of banks, foreign-affiliated financial institutions, and other corporations. Since his appointment as Outside Director of the Company in April 2012, he has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, he has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of appointment and remuneration of officers, and other proposals as a member of the Nomination and Compensation Committee. Mr. Tsunehiro Watabe has been selected again as an Independent Outside Director because the Company expects that he will fulfill the above role with the aim of heightening its shareholder value continuously.

- Apr. 1968 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
- Jun. 1994 Director, ditto
- Jul. 1998 Director and Chairman, UBS Trust Bank, Ltd.
- Dec. 2004 Director and Vice Chairman, UBS Securities Japan Co., Ltd.
- Mar. 2007 Vice Chairman, Morgan Stanley Japan Securities Co., Ltd. (current Morgan Stanley MUFG Securities Co., Ltd.)
- Aug. 2010 Chairman, CVC Asia Pacific (Japan) KK
- Jun. 2011 Outside Audit & Supervisory Board Member, D.A. Consortium Inc.
- Apr. 2012 Director, TechnoPro Holdings, Inc. (at present) Member of Board of Trustees, Japan Economic Foundation (at present)
- Jun. 2015 Outside Director, D.A. Consortium Inc.

Directors

Kazuhiko Yamada

Outside Director

Terms of office as Director: 7 years
Attendance at Board of Directors meetings: 15/15 (100%)
Attendance at Nomination and Compensation Committee meetings: 6/6 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director

Mr. Kazuhiko Yamada has extensive experience and knowledge as an attorney particularly in the fields of corporate acquisitions, corporate restructuring, equity practice, etc., the Companies Act, and the Financial Instruments and Exchange Act. Moreover, since his appointment as Outside Director of the Company in September 2015, he has provided opinions and advice particularly with respect to strengthening corporate governance practices at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, he has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of appointment and remuneration of officers, and other proposals as a member of the Nomination and Compensation Committee. Mr. Kazuhiko Yamada has been selected again as an Independent Outside Director because the Company expects that he will fulfill the above role with the aim of heightening its shareholder value continuously.

Oct. 2005 Registered at Daini Tokyo Bar Association
Assigned to Nakamura, Tsunoda & Matsumoto
Jan. 2012 Partner, Nakamura, Tsunoda & Matsumoto (at present)
Sep. 2015 Director, TechnoPro Holdings, Inc. (at present)
Sep. 2016 Special Visiting Professor, Gakushuin University Law School (at present)
Dec. 2019 Outside Auditor, Tokyo Commodity Exchange, Inc. (at present)

Harumi Sakamoto

Outside Director

Terms of office as Director: 6 years
Attendance at Board of Directors meetings: 15/15 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director

Ms. Harumi Sakamoto has extensive experience and expansive knowledge which she has gained acting as a government administrator involved in policy of the Ministry of International Trade and Industry and as a corporate manager and representative of various organizations. She also has a high degree of expertise gained through the experience as an Outside Director of several listed companies. Since her appointment as Outside Director of the Company in September 2016, she has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. Ms. Harumi Sakamoto has been selected again as an Independent Outside Director because the Company expects that she will fulfill the above role with the aim of heightening its shareholder value continuously.

Apr. 1962 Joined Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry)
Jul. 1984 Head of Policy Planning Office of Minister's Secretariat, ditto
Jun. 1986 Chief, Sapporo Trade and Industry Bureau, ditto
Aug. 1987 Advisor, The Dai-ichi Kangyo Bank, Ltd.
May 1990 Managing Director, The Seiyu, Ltd.
May 1997 Executive Vice President, ditto
Sep. 1997 Executive Vice President, The Seibu Department Stores, Ltd.
Apr. 1999 Vice Chairman, Japan Association of Corporate Executives
Oct. 2000 Secretary General, Japan Association for the 2005 World Exposition
Oct. 2003 Vice Chairperson, ditto
Jun. 2006 President, The Distribution Systems Research Institute
Jun. 2008 Outside Director, The Bank of Yokohama, Ltd.
Jun. 2010 Chairman, Japan Facility Management Promotion Association
Jun. 2013 Outside Director, Mitsubishi Motors Corporation
Sep. 2016 Director, TechnoPro Holdings, Inc. (at present)

Shoko Takase

Outside Director

Terms of office as Director: 1 year
Attendance at Board of Directors meetings: 11/11 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director

Ms. Shoko Takase has experience as a corporate manager of a global IT company, a wealth of achievements in realizing customers' transformation which utilizes IT technology, and expansive knowledge regarding customer and technology trends. Since her appointment as Outside Director of the Company in September 2021, with the aim of expanding the solution business focusing on the digital area under the medium-term management plan, she has provided effective recommendations and advice actively at the Board of Directors meetings from a practical perspective, and has also provided proper oversight by objectively assessing business matters affecting the Company. Ms. Shoko Takase has been selected again as an Independent Outside Director because the Company expects that she will fulfill the above role with the aim of heightening its shareholder value continuously.

Apr. 1987 Joined IBM Japan, Ltd.
Jan. 2005 Seconded to IBM Corporation (IBM Corporation USA Headquarter)
Jan. 2007 Manager of Strategy and Marketing, Global Technology Services, IBM Japan, Ltd.
Jan. 2010 Brand Executive of Tivoli, Software Group, ditto
Jul. 2015 Mobile County Leader, Growth Initiatives, ditto
Jul. 2016 Brand Executive of Resiliency Services, Global Technology Services, ditto
Jul. 2018 Director, Head of IBM Cloud Solutioning Center, IBM Japan, Ltd.
Apr. 2019 Managing Director for Enterprise Sector, Cisco Systems G.K.
Jul. 2021 Advisor, TechnoPro Holdings, Inc.
Sep. 2021 Director, ditto (at present)

Audit & Supervisory Committee Members

Hitoshi Madarame

Director

(Audit & Supervisory Committee Member)
Terms of office as Director: —
Attendance at Board of Directors meetings: 15/15 (100%)
Attendance at Audit & Supervisory Board meetings: 16/16 (100%)



Reasons for Selection as a Director who is an Audit & Supervisory Committee Member

Mr. Hitoshi Madarame is well-informed regarding the organization, business pursuits and operating processes of the Group, as well as the laws and regulations to be observed, gained from his extensive experience as a person in charge of administrative departments in companies within the Group and in charge of the Internal Audit Department of the Company. In addition, since his appointment as a full-time Audit & Supervisory Board Member in September 2019, he has gained considerable audit experience. Mr. Hitoshi Madarame has been selected as a Director who is an Audit & Supervisory Committee Member because the Company expects that he will provide highly efficient oversight, auditing and advice.

Apr. 1981 Joined Ishimaru Denki Co., Ltd.
Mar. 1997 Joined TST, Inc.
Jun. 2007 Executive Officer, General Manager of Management Division, ditto
Dec. 2008 Executive Officer, CSI, Inc. (Compliance Promotion Division)
Jul. 2012 Executive Officer, General Manager of Management Division, ditto
Jun. 2013 General Manager of Internal Audit Department, TechnoPro Holdings, Inc.
Sep. 2019 Audit & Supervisory Board Member, TechnoPro Holdings, Inc. Audit & Supervisory Board Member, TechnoPro, Inc. (at present) Audit & Supervisory Board Member, TechnoPro Construction, Inc. (at present)
Sep. 2022 Director (full-time Audit & Supervisory Committee Member), TechnoPro Holdings, Inc. (at present)

Mitsutoshi Takao

Outside Director

(Audit & Supervisory Committee Member)
Attendance at Board of Directors meetings: 15/15 (100%)
Attendance at Audit & Supervisory Board meetings: 16/16 (100%)
Attendance at Nomination and Compensation Committee meetings: 6/6 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director who is an Audit & Supervisory Committee Member

Mr. Mitsutoshi Takao possesses knowledge of general management, including finance and accounting, as well as extensive experience in the management of a major listed company. Based on them, since his appointment as Outside Audit & Supervisory Board Member of the Company in April 2014, he has appropriately performed the duties of an Outside Audit & Supervisory Board Member, including actively expressing useful opinions at meetings of the Board of Directors, the Audit & Supervisory Board and others. In addition, he has contributed to strengthening management functions by providing necessary and appropriate advice in the deliberation of appointment, remuneration, and other proposals as the chairperson of the Nomination and Compensation Committee. He also has a high degree of expertise and professional knowledge gained through serving as Outside Director who is an Audit & Supervisory Committee Member of another listed company. Mr. Mitsutoshi Takao has been selected as an Independent Outside Director who is an Audit & Supervisory Committee Member because the Company expects that he will provide oversight, auditing and advice from a neutral and objective perspective.

Apr. 1972 Joined Kawasaki Heavy Industries, Ltd.
Jan. 1998 Senior Manager, Planning & Control Department, Jet Engine Division, ditto
Apr. 2004 Senior Manager, Head Office Finance & Accounting Department, ditto
Apr. 2005 Executive Officer, ditto
Jun. 2008 Senior Vice President (Representative Director), ditto
Apr. 2012 Senior Executive Vice President (Representative Director), ditto
Apr. 2014 Audit & Supervisory Board Member, TechnoPro Holdings, Inc.
Mar. 2018 Outside Director, Audit and Supervisory Committee Member, MEC COMPANY LTD. (at present)
Sep. 2020 Audit & Supervisory Board Member, TechnoPro, Inc. (at present) Audit & Supervisory Board Member, TechnoPro Construction, Inc. (at present)
Sep. 2022 Outside Director (Audit & Supervisory Committee Member), TechnoPro Holdings, Inc. (at present)

Rumiko Tanabe

Outside Director

(Audit & Supervisory Committee Member)
Terms of office as Director: —
Attendance at Board of Directors meetings: 15/15 (100%)
Attendance at Audit & Supervisory Board meetings: 16/16 (100%)
Attendance at Independent Officer Committee meetings: 2/2 (100%)



Reasons for Selection as an Outside Director who is an Audit & Supervisory Committee Member

Ms. Rumiko Tanabe possesses wide-ranging knowledge in finance, accounts, overall audit, corporate governance, etc., accumulated through her experience in financial accounting operations and auditing subsidiaries in listed enterprises in addition to her professional expertise as a certified public accountant. Since her appointment as Outside Audit & Supervisory Board Member in September 2020, she has exercised her duties as Outside Audit & Supervisory Board Member appropriately by stating effective opinions at the Board of Directors and the Audit & Supervisory Board, etc. She also has a high degree of expertise and professional knowledge gained through serving as Audit & Supervisory Board Member of another company. Ms. Rumiko Tanabe has been selected as an Independent Outside Director who is an Audit & Supervisory Committee Member because the Company expects that she will provide oversight, auditing and advice from a neutral and objective perspective.

Apr. 1992 Audit Department, Asahi Shinwa Audit Corporation (current KPMG AZSA LLC)
Jan. 2003 Assistant Controller, American Home Assurance Company, Ltd.
Dec. 2004 General Manager of Accounts and Finance Division and Controller, ditto
Mar. 2006 Leader of Consolidated Accounts Team, FAST RETAILING CO., LTD.
Jan. 2007 Consolidated Group Leader, HOYA CORPORATION
Oct. 2014 Accounting General Manager of Finance Division, ditto
Jul. 2018 Senior Manager of Vision Care Company Global Headquarters, ditto
Jun. 2020 Director (audit & supervisory committee member), Fast Fitness Japan, Inc.
Jul. 2020 Founded Tanabe Accounting Office (at present)
Sep. 2020 Audit & Supervisory Board Member, TechnoPro Holdings, Inc.
Oct. 2020 Audit & Supervisory Board Member, Credit Engine Group, Inc. (at present)
Sep. 2022 Outside Director (Audit & Supervisory Committee Member), TechnoPro Holdings, Inc. (at present)

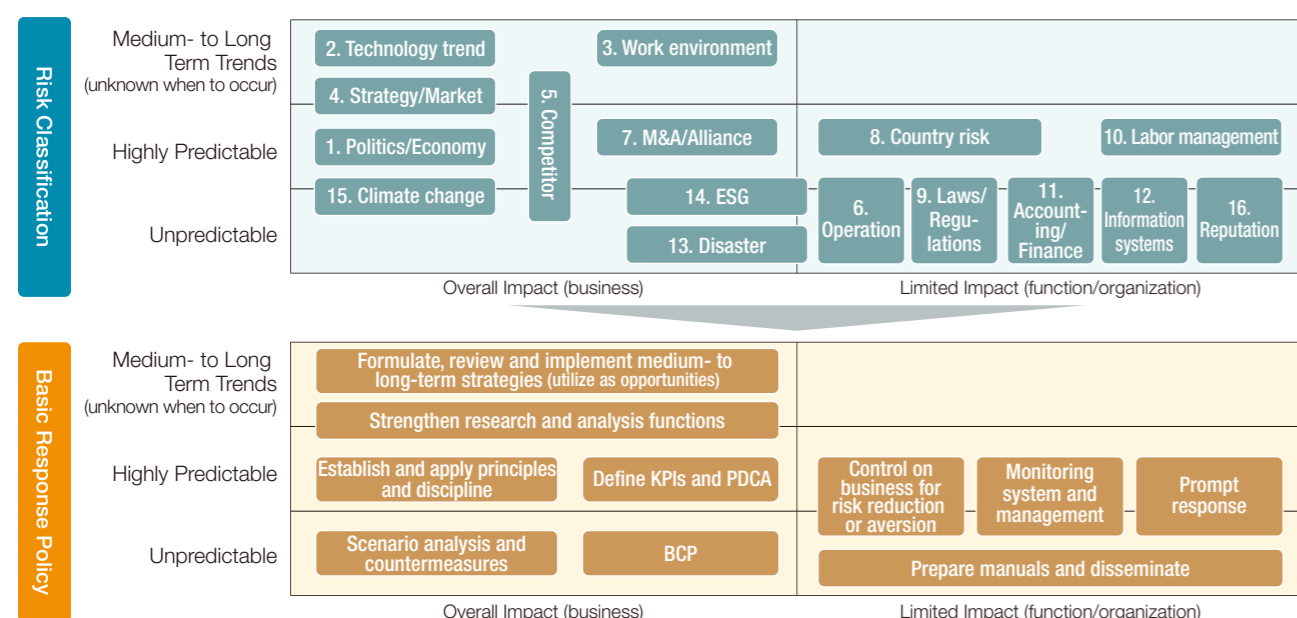
Risk Management

The Group's Enterprise Risk Management (ERM) system recognizes risks as the events that may affect the achievement of our strategies and business objectives, and we have created structures and processes to appropriately manage these risks throughout our organization. We identify all risks based on a clear understanding of the Group's approach to the type and amount of acceptable risk (risk tolerance). We conduct qualitative and quantitative assessments of risks in terms of impact, foreseeability, and

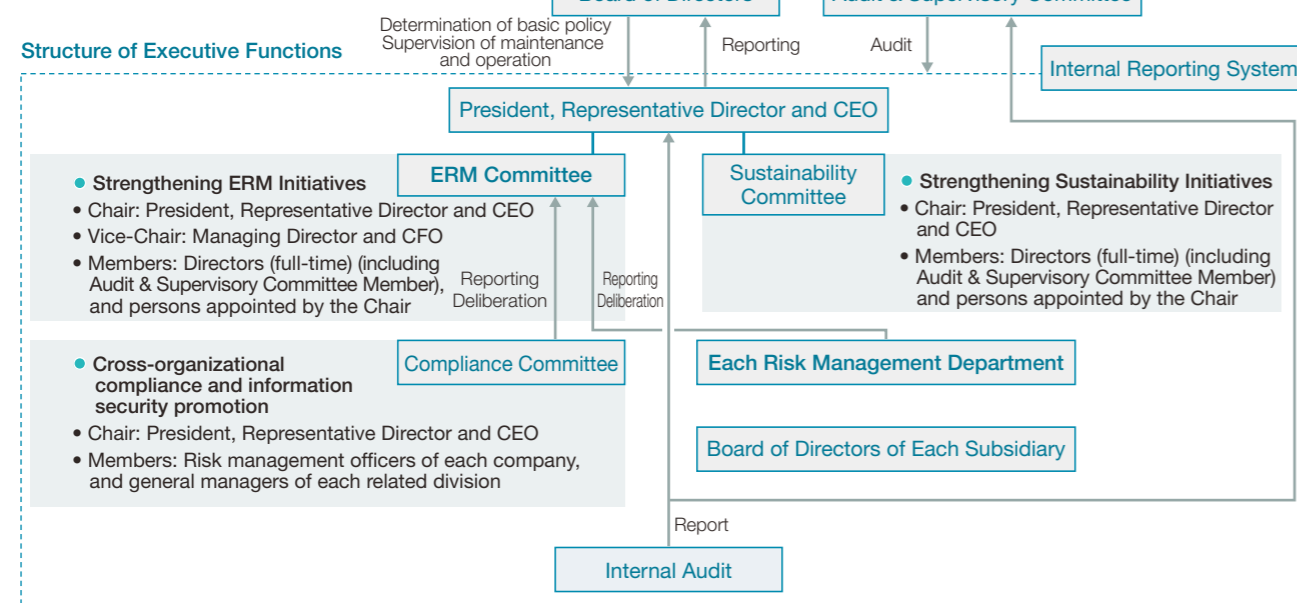
probability of occurrence, and consider countermeasures in terms of avoidance, mitigation, transfer, acceptance, etc.

Investors should mainly take the following matters into consideration prior to making a decision regarding investment in TechnoPro Holdings stock. In addition, the following does not necessarily include all potential risks that may arise within the Group and all major risks that may have a significant impact on investment decisions of the investors.

Enterprise Risk Management



Structural Chart



Events That May Affect the Achievement of Our Strategies and Business Objectives

Opportunities Risks

Main Items	Description	Countermeasures
1. Politics/Economy		
Economic Trends in Customer Industries	If the industries to which our customers belong experience downturns, the Group may experience shortened work hours, less-advantageous contractual terms and conditions, or mid-cancellation of labor dispatch contracts in progress.	The Group is strengthening education and training to increase value addition by engineers and is working hard to maintain a stable engineer utilization rate. By conducting business with a variety of industries and customers, the Group avoids the potential impact of relying on specific industries or specific customers, engaging in risk diversification of our business operations (the top 10 customers account for 11.3% of total revenue).
Long-Term Trends in the Global Economy	In the event that the recent return to protectionism around the world, continued restrictions on liberal economies in the future, or the shift to regular global spread of new infectious diseases causes a pivot among many Japanese companies to passive investment in R&D, such events could reduce demand for engineering talents in Japan. Continued proactive R&D investment by major Japanese companies to maintain international competitiveness.	Establish ability to respond to economic fluctuations by ensuring financial soundness, promoting greater efficiency in administrative operations, strengthening the monitoring of economic and demand trends in Japan and the countries in which it operates, and implementing forward-looking KPI management. Maintain a system that allows us to take the initiative in hiring and proposing solutions by staying abreast of corporate trends and government policies.
2. Technology Trend		
Response to Technology Advancement	The Group may fail to predict or recognize the direction of technological changes correctly, and may not be able to improve or convert the technical skills of engineers in response to recognized technological changes, resulting in an obsolete skill set. The Group may experience an excess of personnel due to a decrease in demand for engineering resources stemming from new technologies that cause a major reduction in the work hours required for R&D and IT systems development. The Group may incur major expenses to secure or train engineers capable of adapting to new technologies.	Provide various educational and training opportunities to support the advancement of our engineers' abilities and skills, as well as their familiarity with new technologies, and strive to improve the efficiency of such investments. Analyze future technology trends, identify specific elemental technologies and solutions to focus on, secure and train engineers who will play a key role in these areas, and develop Centers of Excellence (COE).
3. Work Environment		
Securing Engineers	Due to the continuance of the trend towards a critical shortage of engineers, there is a risk that the Group will face difficulties in securing engineering personnel, and that we will be unable to secure sufficient supply to meet the demand.	Diversify recruitment channels to utilize recruitment agencies and acquaintance referrals. Additionally, promote the hiring of foreign engineers, and strive to strengthen recruiting capability: placing an emphasis on quality in order to expand our solution business. As an initiative for engineer retention in Japan, conduct annual employee satisfaction surveys and use the results of these surveys to implement measures for improved treatment.
Changing Demography in Japan	The total population and the number of engineers are expected to continue to decline in Japan, leading to contraction of the market and increasing competition for new graduates and mid-career recruits. Demand for engineers in Japan remaining high going forward.	Hire globally diversified technical talent and improve the efficiency of our technological development and delivery.
Changes in Employment Practices and Work Styles	With the spread of HR technology, remote work, and the gig economy, such as freelancing, further increases in employment mobility and the diversification of work styles in the future could lead customers to directly secure the necessary personnel for development projects, causing the demand for outsourced personnel to decrease. Securing new sources of engineers by taking advantage of changes in employment practices and work styles.	Instead of being bound by the traditional business model, we will utilize freelancers, expand offshoring development, and introduce a more flexible personnel system, evolving the way we do business. Review the HR system to match the times.
Finding Qualified Candidates to Expand Into New Business Areas	When it comes to hiring management and operating leaders, in the event that recruitment does not progress as planned, the evolution of the Core Business may slow down.	In addition to hiring domestic personnel, work to further strengthen human resource development and promote the use of highly skilled foreign personnel in order to expand the human resource pool that will be responsible for the evolution of the Core Business.

Risk Management

Opportunities Risks

Main Items	Description	Countermeasures
4. Strategy/Market 5. Competitor		
Progress of Globalization	As globalization in R&D and IT systems development progresses, if the Group is unable to establish a system that can deliver global solutions, it may not be able to respond to changes in demand for technology development services.	Promote globalization by using M&As as part of our growth strategy.
	We see M&A as securing our position as a leader in Japan by bringing in service delivery capabilities, technological expertise, and human resources cultivated in the U.S. and European markets.	
Changes in Customer Demand	The range of technological domains required by customers has been expanding due to the progress of digitalization and software. In addition, customer demand is going beyond the engineer deployment and is increasingly seeking deliverables, as well as the identification and resolution of issues. The Group may not be able to respond to these changes in demand trends.	With ample awareness of the necessity of evolving into a solutions provider rather than a mere engineer provider, invest in acquiring capabilities and reforming our organization and operations, while maintaining a balance with our engineer staffing business in Japan.
6. Operation		
Achievement of the Medium-term Management Plan	The Group may misread changes in the external environment, fail to keep up with the speed of such changes, or be unable to "evolve" our capabilities as expected, and as a result, may be unable to achieve growth or evolution in the Core Business as laid out in our medium-term management plan, "Evolution 2026."	Create a five-year roadmap that outlines detailed policies and timelines for each business strategy, while also establishing detailed KPIs tied to each policy to strengthen our system for promoting and managing the progress of our medium-term business strategies. If there is a delay in the execution of these strategies, or if they need to be revised, invest management resources and strengthen the organizational structure. By doing so, promote the realization of our strategies and achievement of our target figures.
7. M&A/Alliance 8. Country Risk 11. Accounting/Finance		
Mergers and Acquisitions (M&A)	The Group may be affected by contingent liabilities, etc., that arise after the acquisition, the target company being unable to achieve its initially envisioned earnings plan, or a situation arising that interferes with the business operations of the target company.	Conduct detailed due diligence on target companies in the process of M&A. Clarify the following as basic principles for M&A: consistency with medium-term business strategy, transparency of the acquisition process, strong financial discipline, and post-merger integration (PMI) and governance policies. In particular, in terms of financial discipline, emphasize return on invested capital (ROIC) in excess of the cost of capital.
Adoption of Impairment Accounting	A notable decline in the Group's profitability may result in impairment losses related to goodwill or intangible assets. If the performance of an investee business diverges significantly from originally forecasted plans, there may be a change in the fair value of put options granted to minority shareholders.	Form a team consisting of business unit and PMI representatives beginning at the due diligence stage, creating a post-investment plan in advance. Execute plans promptly after the closing as we improve operation and secure expected synergies between the investee company and the Group.
9. Laws/Regulations 12. Information Systems		
Changes in Related Laws and Regulations	Any act in violation of the Worker Dispatch Act or other related laws and regulations could result in the cancellation of permission to engage in the labor dispatch business, suspension of business, etc.	Establish and operate a strict system of legal compliance, including organizational structure, internal rules, and training for executives and employees.
	Revisions to related laws and regulations could be significantly disadvantageous to the Group's business model.	Expand the overseas Solution Business and the Engineer Training Business.
	Stricter regulations could result in weeding out small- and medium-sized staffing companies, increasing demand for the Group's services and allowing the Group to seize larger market share.	Develop various systems that provide attractive work styles and benefits, etc. to employees ahead of revisions of laws and regulations.

Opportunities Risks

Main Items	Description	Countermeasures
Personal Information Protection	An external leak of personal information may result in the loss of social trust in the Group.	Instill the proper handling of personal information through ongoing education and training for executives and employees. Designate a CSR Promotion Officer responsible for personal information protection, and promote other security measures related to personal information, including the development and operation of personal information protection rules and information systems.
Information Security	An external leakage of customer confidential information by the Group's engineers may result in a demand of indemnity for damages.	Develop and operate various rules related to information security, and instill the proper handling of information and information equipment through education and training of executives and employees.
	Data loss or leakage from the Group's information systems may interfere with business operations.	Address data loss or leakage from information systems by strengthening network security and taking other measures.
10. Labor Management		
Labor Management	Disputes may arise with employees regarding occupational health and safety, management-labor relations, etc.	Implement initiatives such as ensuring the quality of human resources at the time of hiring, enhancing management of engineers including labor management with an emphasis on compliance, strengthening our education and training system, and improving employee satisfaction.
13. Disaster 14. ESG 15. Climate Change		
Response to Infectious Diseases	Supply-side impact such as requests for remote work, limitations on engineer movement between regions, and restrictions on face-to-face sales and recruitment activities. Demand-side impact in the form of reducing engineer demand and shrinking and postponed R&D projects due to deterioration in business performance of customers.	Practice a business operation that prioritizes the health and safety of employees amid the spread of infectious diseases, including installing and operating information technology and personnel systems that support telecommuting, promoting remote customer development, and more.
	The increase in infectious disease risk awareness may promote the penetration of digital technologies in social and corporate activities.	
Natural Disasters and Accidents	If a natural disaster such as earthquake or flooding occurs, or if an unforeseen accident occurs, such events may damage the Group's or its customers' facilities.	Establish business continuity plans and corporate crisis countermeasure rules in the event of natural disasters or accidents. Promote measures such as utilizing a data recovery center in the event of information system failure.
Climate Change	The risk of being unable to meet changes in customer demand accompanying the introduction of a carbon tax, the implementation of the government's renewable energy policy, or advances in low-carbon or next-generation environmental technologies.	Strengthen our engineer training and solution provision system related to environmental technologies, utilizing the research and analysis functions of our specialized department in charge of research and analysis of industry and technology trends, etc.
	The risk of encountering problems establishing smooth business relationships with customers and attracting long-term stable shareholders if efforts to address climate change are inadequate, or customers and investors do not understand these measures.	Promote information disclosure based on the TCFD framework in order to communicate effectively with a wide range of stakeholders while at the same time analyzing risks from a long-term perspective and taking measures to address climate change.
	Efforts to realize carbon neutrality, etc., that take climate change into account may progress.	Expand our business by hiring engineers and creating solutions that utilize related technological innovations.
16. Reputation		
Compliance, Industry Image	If the Group's executives or employees engage in acts that violate social ethics disregarding compliance or acts that damage social trust or the corporate image, this may necessitate indemnity for damage suffered by society or customers and harm to our reputation.	Identify compliance risks requiring close attention and intensively manage them under the Compliance Committee, which consists of the general managers of each division and others of the Company and is chaired by the President, Representative Director and CEO.
	If other companies involved in similar businesses engage in activities such as those mentioned above, the image of the overall industry could deteriorate.	Established a group-wide compliance department charged with preventing major compliance violations by ensuring consistent escalation of arising issues, implementation and of internal audits and corrective action, and a reporting system for internal communications.

Management's Discussion and Analysis

Business Performance and Operating Result

During the fiscal year under review, uncertainty in the economy continued due to concerns over inflation including rising resource prices, the sluggish Chinese economy, tension toward the seemingly unending situation in Ukraine, and other factors. In Japan, despite signs for a time that the COVID-19 pandemic may be coming to an end, uncertainty continued due to a rebound in infections as a result of the new omicron variant, shortages of semiconductor components and other goods, and the rapid depreciation of the yen, among other factors.

In this environment, customer demand for the Group's core business area of engineer staffing and project-type services has largely recovered to pre-pandemic levels, demonstrating the strong foundations of the Group's business. In addition, hiring activities have proceeded as planned, and the Group made a good start towards achieving "Evolution 2026," its new medium-term management plan (July 1, 2021 to June 30, 2026), which it announced on August 10, 2021.

As a result, the number of engineers on payroll in Japan at the end of the fiscal year under review was 22,048 (up 1,718 compared to the end of previous fiscal year). The average utilization rate for the period under review was 95.3% (up 0.7 pts compared to the previous fiscal year). Regarding the Group's continuous efforts to improve unit sales price per engineer, while the number of working days per month has decreased compared to the previous fiscal year, average monthly unit sales price per engineer was 658 thousand yen (up 24 thousand yen compared to the previous fiscal year), due to increased overtime hours and the increase in base charge as a result of the Shift Up and Charge Up initiatives, as well as expansion in the solutions business, among other factors.

In terms of expenses, in comparison to the previous fiscal year when new hiring was effectively frozen for the first half period, SG&A increased significantly. This was mainly due to full-scale hiring actively, and upfront investment for implementation of medium-term plan initiatives such as recruitment and training for the acquisition of solutions-related human resources and the development of information systems. However, core operating profit*1 rose by 1,399 million yen compared to the previous fiscal year, due to the improvement in gross profit as a result of the increased number of engineers assigned in Japan and other factors.

As a result, the Group's performance was as follows: revenue for the fiscal year was 178,756 million yen (up

10.8% compared to the previous fiscal year), core operating profit was 19,038 million yen (up 7.9%), operating profit was 20,641 million yen (up 6.1%), profit before taxes was 20,967 million yen (up 7.7%), and net profit attributable to the owners of the parent company was 15,430 million yen (up 16.5%).

*1 Core operating profit is the Group's own profit indicator, calculated by subtracting selling, general and administrative expenses from gross profit and excluding the impact of extraordinary items (such as government subsidies and impairment losses) recorded under other income and other expenses.

Performance by Segment

● R&D Outsourcing Business

In order to expand its IT business, which has been performing well within the R&D Outsourcing, the Group implemented software-related training for hardware-related engineers and chemical/biochemical-related engineers and implemented initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, in addition to strengthening the mid-career hiring mainly of high value-added engineers. The Group also made efforts to secure assignments at higher unit sales prices by increasing the quality and diversity of its service offerings, which were realized through business collaboration with alliance partners possessing advanced technologies and active implementation of internal/external training. Through these efforts, engineers on payroll at the end of the fiscal year under review were 19,257 (up 1,565 compared to the end of the previous fiscal year) and assigned engineers were 18,332 (up 1,509). As a result, revenue in this segment was 137,471 million yen (up 7.5%).

● Construction Management Outsourcing Business

In addition to construction management, the main service provided under the Construction Management Outsourcing, the Group has also expanded to the offerings based on technological skills developed in the design and construction management fields, for example: 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. In this segment, the impact of COVID-19 has been minimal and so a high utilization rate has been maintained. On payroll and assigned engineers were 2,791 and 2,685, respectively, at the end of the fiscal year under review (up 153 and 161, respectively, compared to the end of the previous fiscal year). As a result, revenue in this segment was 20,311 million yen (up 3.3%).

● Other Businesses in Japan

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. The performance of both of these businesses had been sluggish in the previous fiscal year, due to the impact of COVID-19, but were on a recovery trend during the consolidated fiscal year under review. In professional recruitment services, there was recovery in the hiring demand among those clients preparing for post-COVID-19, contributing to the improvement of performance. In the engineering education and training service, we expanded the availability of online services launched the previous fiscal year to offer them to corporate customers as well as individuals. As a result, revenue in this segment was 4,898 million yen (up 28.9%).

● Overseas Businesses

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. Demand for technology development in China continued, and the Group proceeded with contracted R&D operations on an offshore basis via partnerships with key customers: Japanese companies in China and their parent Japanese companies. Personnel dispatch and professional recruitment services in Asian countries except China and the UK performed well, supported by strong demand. In addition, the acquisition of Robosoft as a subsidiary had a significantly positive impact from the consolidated second quarter period onwards. As a result, revenue in this segment was 18,976 million yen (up 66.0%).

Results by Segment

(Years ended June 30)	R&D Outsourcing Business		Construction Management Outsourcing Business		Other Businesses in Japan		Overseas Businesses	
	2021	2022	2021	2022	2021	2022	2021	2022
Sales revenues	127,870	137,471	19,670	20,311	3,800	4,898	11,432	18,976
Segment profit	15,815	14,151	2,791	2,489	315	672	764	1,925
Segment assets	86,226	88,568	11,463	11,914	4,619	5,659	8,577	27,900
Number of engineers (people)	17,692	19,257	2,638	2,791	—	—	1,970	2,851

(Years ended June 30)	Total for Reportable Segments		Corporate/Eliminations*2		Consolidated	
	2021	2022	2021	2022	2021	2022
Sales revenues	162,773	181,658	(1,456)	(2,902)	161,316	178,756
Segment profit	19,687	19,239	(226)	1,401	19,461	20,641
Segment assets	110,888	134,042	7,101	7,925	117,989	141,968
Number of engineers (people)	22,300	24,899	—	—	22,300	24,899

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

Consolidated Statement of Financial Position

TechnoPro Holdings, Inc. and its subsidiaries
As of June 30, 2021 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2021	2022	2022
Assets			
Current assets			
Cash and cash equivalents	¥ 32,524	¥ 37,432	\$ 273.9
Accounts receivables and other receivables	20,716	25,071	183.4
Income taxes receivable	1,591	982	7.2
Other short-term financial assets	4,829	5,166	37.8
Other current assets	4,450	5,385	39.4
Total current assets	64,113	74,039	541.7
Non-current assets			
Property, plant and equipment	1,757	2,346	17.2
Right-of-use assets	5,074	4,654	34.1
Goodwill	36,307	45,960	336.3
Intangible assets	1,975	5,045	36.9
Other long-term financial assets	3,656	4,241	31.0
Deferred tax assets	4,393	4,878	35.7
Other non-current assets	710	804	5.9
Total non-current assets	53,876	67,929	497.0
Total assets	¥117,989	¥141,968	\$1,038.7
Liabilities and equity			
Current liabilities			
Accounts payable and other liabilities	¥ 14,288	¥ 16,751	\$ 122.6
Loans payable	1,990	1,990	14.6
Lease liabilities	5,161	5,048	36.9
Income taxes payable	4,129	3,108	22.7
Other financial liabilities	3,632	7,057	51.6
Employee benefits liabilities	7,348	8,112	59.4
Provisions	3	0	0.0
Other current liabilities	7,093	7,090	51.9
Total current liabilities	43,647	49,161	359.7
Non-current liabilities			
Bonds and loans payable	6,467	14,427	105.6
Lease liabilities	4,202	4,070	29.8
Other long-term financial liabilities	4,118	2,222	16.3
Deferred tax liabilities	238	1,031	7.5
Retirement benefit liabilities	14	17	0.1
Provisions	449	481	3.5
Other non-current liabilities	117	126	0.9
Total non-current liabilities	15,609	22,378	163.7
Total liabilities	59,256	71,539	523.4
Equity			
Share capital	6,929	6,929	50.7
Capital surplus	7,460	7,966	58.3
Retained earnings	43,557	51,986	380.3
Treasury shares	(1,000)	(1,001)	(7.3)
Other components of equity	279	2,837	20.8
Equity attributable to owners of the parent company	57,226	68,718	502.8
Non-controlling interests	1,506	1,710	12.5
Total equity	58,733	70,428	515.3
Total liabilities and equity	¥117,989	¥141,968	\$1,038.7

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

TechnoPro Holdings, Inc. and its subsidiaries
Fiscal years ended June 30, 2021 and 2022

Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars
	2021	2022	2022
Revenue	¥161,316	¥178,756	\$1,307.8
Cost of sales	121,589	131,897	965.0
Gross profit	39,727	46,858	342.8
Selling, general and administrative expenses	22,087	27,819	203.5
Other income	2,162	2,387	17.5
Other expenses	340	784	5.7
Operating profit	19,461	20,641	151.0
Financial income	202	460	3.4
Financial expenses	190	134	1.0
Profit before income taxes	19,472	20,967	153.4
Income taxes	6,080	5,307	38.8
Net profit	13,392	15,659	114.6
Net profit attributable to:			
Owners of the parent company	13,245	15,430	112.9
Non-controlling interests	146	228	1.7
Net profit	¥ 13,392	¥ 15,659	\$ 114.6

	Yen		U.S. Dollars
	2021	2022	2022
Earnings per share attributable to owners of the parent company			
Basic earnings per share	¥122.96	¥143.24	\$1.05
Diluted earnings per share	—	—	—

Consolidated Statement of Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2021	2022	2022
Net profit	¥13,392	¥15,659	\$114.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of financial assets at fair value through other comprehensive income	567	—	—
Total items that will not be reclassified to profit or loss	567	—	—
Items that may be reclassified to profit or loss			
Foreign currency translation adjustments	573	2,800	20.5
Total items that may be reclassified to profit or loss	573	2,800	20.5
Total other comprehensive income	1,140	2,800	20.5
Comprehensive income for the period	14,533	18,460	135.1
Comprehensive income for the period attributable to:			
Owners of the parent company	14,272	17,989	131.6
Non-controlling interests	261	471	3.4
Comprehensive income for the period	¥14,533	¥18,460	\$135.1

Consolidated Statement of Changes in Equity

TechnoPro Holdings, Inc. and its subsidiaries
Fiscal years ended June 30, 2021 and 2022

Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021)	Millions of Yen									
	Equity attributable to the owners of the parent company				Other components of equity			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Financial assets at fair value through other comprehensive income	Foreign currency translation adjustments	Total other components of equity			
As of July 1, 2020	¥6,929	¥7,349	¥36,139	¥(1,000)	¥(1,009)	¥(179)	¥(1,188)	¥48,229	¥1,279	¥49,509
Net profit			13,245					13,245	146	13,392
Other comprehensive income			(441)		1,009	458	1,467	1,026	114	1,140
Total comprehensive income			12,804		1,009	458	1,467	14,272	261	14,533
Dividends of surplus			(5,386)					(5,386)	(34)	(5,420)
Share-based payment transaction		111						111		111
Purchase of treasury shares				(0)				(0)		(0)
Total transactions with the owners		111	(5,386)	(0)				(5,275)	(34)	(5,309)
As of June 30, 2021	¥6,929	¥7,460	¥43,557	¥(1,000)	¥	¥279	¥279	¥57,226	¥1,506	¥58,733

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Millions of Yen									
	Equity attributable to the owners of the parent company				Other components of equity			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Foreign currency translation adjustments	Total other components of equity				
As of July 1, 2021	¥6,929	¥7,460	¥43,557	¥(1,000)	¥279	¥279	¥57,226	¥1,506	¥58,733	
Net profit			15,430				15,430	228	15,659	
Other comprehensive income					2,558	2,558	2,558	242	2,800	
Total comprehensive income			15,430		2,558	2,558	17,989	471	18,460	
Dividends of surplus			(7,002)				(7,002)	(51)	(7,054)	
Share-based payment transaction		290					290		290	
Purchase of treasury shares				(0)			(0)		(0)	
Changes in ownership interests in subsidiaries		215					215	(215)		
Total transactions with the owners		505	(7,002)	(0)			(6,497)	(267)	(6,764)	
As of June 30, 2022	¥6,929	¥7,966	¥51,986	¥(1,001)	¥2,837	¥2,837	¥68,718	¥1,710	¥70,428	

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Millions of U.S. Dollars									
	Equity attributable to the owners of the parent company				Other components of equity			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Foreign currency translation adjustments	Total other components of equity				
As of July 1, 2021	\$50.7	\$54.6	\$318.7	\$(7.3)	\$2.0	\$2.0	\$418.7	\$11.0	\$429.7	
Net profit			112.9				112.9	1.7	114.6	
Other comprehensive income					18.7	18.7	18.7	1.8	20.5	
Total comprehensive income			112.9		18.7	18.7	131.6	3.4	135.1	
Dividends of surplus			(51.2)				(51.2)	(0.4)	(51.6)	
Share-based payment transaction		2.1					2.1		2.1	
Purchase of treasury shares				(0.0)			(0.0)		(0.0)	
Changes in ownership interests in subsidiaries		1.6					1.6	(1.6)		
Total transactions with the owners		3.7	(51.2)	(0.0)			(47.5)	(2.0)	(49.5)	
As of June 30, 2022	\$50.7	\$58.3	\$380.3	\$(7.3)	\$20.8	\$20.8	\$502.8	\$12.5	\$515.3	

Consolidated Statement of Cash Flows

TechnoPro Holdings, Inc. and its subsidiaries
Fiscal years ended June 30, 2021 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2021	2022	2022
Cash flows from operating activities			
Profit before income taxes	¥19,472	¥20,967	\$153.4
Depreciation and amortization	2,658	3,100	22.7
Impairment loss	—	361	2.6
Loss (profit) from put options granted to non-controlling interest	(41)	(1,822)	(13.3)
Interest and dividend income	(69)	(21)	(0.2)
Interest expense	105	108	0.8
Decrease (increase) in accounts receivables and other receivables	(494)	(3,463)	(25.3)
Increase (decrease) in accounts payable and other liabilities	914	2,124	15.5
Increase (decrease) in deposits received	62	86	0.6
Decrease (increase) in prepaid expenses	2,980	2,718	19.9
Decrease (increase) in lease repayments	1,817	1,883	13.8
Increase (decrease) in consumption tax payable	(1,300)	(231)	(1.7)
Increase (decrease) in retirement benefit liabilities	(679)	(699)	(5.1)
Other	1,645	1,058	7.7
Subtotal	27,070	26,173	191.5
Interest and dividend received	65	19	0.1
Interest paid	(68)	(64)	(0.5)
Income taxes paid	(6,169)	(8,885)	(65.0)
Income tax refund	1,182	1,614	11.8
Net cash flows from operating activities	22,081	18,857	138.0
Cash flows from investing activities			
Payments into time deposits	(1,198)	(1,512)	(11.1)
Proceeds from withdrawal of time deposits	242	1,738	12.7
Purchase of tangible fixed assets	(265)	(497)	(3.6)
Purchase of intangible assets	(86)	(195)	(1.4)
Payments for acquisition of investments	—	(2,414)	(17.7)
Proceeds from sales and redemption of investments	—	3,594	26.3
Payment for acquisition of subsidiaries	—	(8,681)	(63.5)
Other	(66)	(6)	(0.0)
Net cash flows from investing activities	(1,374)	(7,975)	(58.3)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(999)	(72)	(0.5)
Repayment of lease liabilities	(6,535)	(6,667)	(48.8)
Proceeds from long-term borrowings	10,000	—	—
Repayments of long-term borrowings	(8,158)	(2,000)	(14.6)
Proceeds from issuance of bonds	—	9,939	72.7
Purchase of treasury shares	(0)	(0)	(0.0)
Cash dividends paid	(5,421)	(7,053)	(51.6)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(698)	(5.1)
Net cash flows from financing activities	(11,114)	(6,551)	(47.9)
Effect of change in exchange rates on cash and cash equivalents	135	576	4.2
Net increase (decrease) in cash and cash equivalents	9,727	4,907	35.9
Cash and cash equivalents at the beginning of the period	22,797	32,524	238.0
Cash and cash equivalents at the end of the period	¥32,524	¥37,432	\$273.9

Company Data

Name	TechnoPro Holdings, Inc.	Group companies	TechnoPro, Inc.
President,		(as of October 1, 2022)	PROBIZMO Co., Ltd.
Representative	Takeshi Yagi		TechnoPro Construction, Inc.
Director and CEO			TOQO. Co., Ltd
Established	April 27, 2012		Pc Assist Co., Ltd. (Win School)
Headquarters	35F, Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo 106-6135, Japan		TechnoBrain Co., Ltd.
Share capital	¥6,929 million		Boyd & Moore Executive Search K.K.
Revenue	¥178.7 billion (consolidated, for the fiscal year ended June 30, 2022)		TechnoPro China Group
Business	Supervising and managing Group companies		Heliu Technologies Pte Ltd
Employees	27,563 (consolidated, as of June 30, 2022)		Orion Managed Services Limited
			TPRI Technologies Private Limited
			Robosoft Technologies Private Limited
			TechnoPro Smile, Inc.

Stock Information

Basic Stock Information

Stock exchange	Tokyo Stock Exchange, Prime Market
Stock listed date	December 15, 2014
Ordinary general meeting of share holders	September
Dividend payout	Interim dividend record date: December 31 Year-end dividend record date: June 30
Trading unit	100 shares
Number of shares issued and outstanding	108,421,164 shares (as of June 30, 2022)
Number of shareholders	4,180 (as of June 30, 2022)

Selected indices and evaluation



JPX-NIKKEI 400 Nikkei 500 Stock Average

JPX NIKKEI 400



2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index



MSCI ESG RATINGS

AA

CCC B BB BBB A AA AAA



S&P Carbon Efficient Index

S&P Carbon Efficient Indices



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index



2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Major Shareholders (as of June 30, 2022)

Shareholders	Shares held	% of shares*
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,048,300	17.68
SSBTC CLIENT OMNIBUS ACCOUNT	9,083,335	8.43
Custody Bank of Japan, Ltd. (Trust Account)	4,552,200	4.22
JP MORGAN CHASE BANK 385635	4,377,664	4.06
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	4,190,389	3.88
THE BANK OF NEW YORK MELLON SA/NV 10	3,345,841	3.10
STATE STREET BANK AND TRUST COMPANY 505001	2,949,646	2.73
JP MORGAN CHASE BANK 380072	2,336,000	2.16
SMBC Nikko Securities Inc.	2,151,462	1.99
THE BANK OF NEW YORK MELLON 140044	2,147,594	1.99

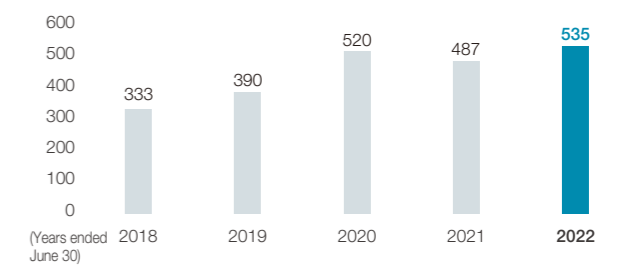
* Calculated excluding treasury shares

Main IR Activities in the Fiscal Year Ended

June 30, 2022

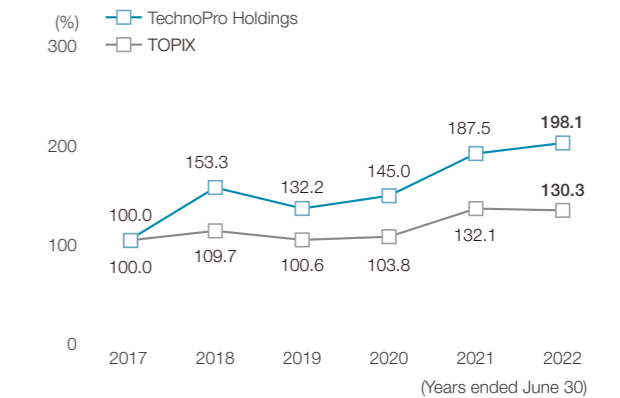
Activity	Frequency
Financial results briefings for analysts and institutional investors	4 times
IR meetings	535 times
Participation in conferences hosted by securities companies	15 days
Briefings for retail investors	1 time

Number of IR Meetings



Total Shareholder Return (TSR)

Since our listing in the fiscal year ended June 30, 2015, we have achieved consistent increases in operating performance and raised our dividend levels. As a result, our total shareholder return (TSR) has exceeded the TOPIX average.



External Evaluations

Award	Year	Awarding Body
Best IR Award	2021/2022	Japan Investor Relations Association
All-Japan Executive Team (Professional/Consumer Services sector)		Institutional Investor
Most Honored Companies	2 nd place	2021/2022
Best CFOs	1 st place	2021/2022
Best IR Programs	2 nd place	2022
Best IR Team	2 nd place	2021/2022
IR Professional	3 rd place	2021/2022
Corporate Governance	2 nd place	2021
Best ESG	2 nd place	2022
IR Good Visual Award	2020	IR Good Visual Award Executive Committee
Internet IR Awards		Daiwa Investor Relations Co., Ltd.
Excellence Award/43 rd	2021	
Excellence Award/44 th	2020	
All Japanese Listed Companies' Website Ranking		Nikko Investor Relations Co., Ltd.
AAA Website	2020/2021	
Gomez IR Site Ranking		BroadBand Security, Inc.
Silver Prize/45 th overall	2021	
Silver Prize/63 rd overall	2020	
Gomez ESG Site Ranking		BroadBand Security, Inc.
136 th overall	2022	
DX Certified Operator	2021	Ministry of Economy, Trade and Industry
Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)	2020/2021/2022	Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi