

TechnoPro Group Financial Results for Fiscal Year Ended June 2023

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

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1. Accounting figures are rounded down to the nearest unit unless otherwise stated; KPI figures indicate "R&D Outsourcing" and "Construction Management Outsourcing" segments in Japan
2. "Net profit" refers to net profit attributable to owners of the parent company after deducting non-controlling interests
3. "Core operating profit" is calculated by subtracting SG&A expenses from gross profit, excluding extraordinary items (ex. government subsidy, impairment loss) recognized in other income or other expenses
4. "Operating profit before PPA asset amortization" is calculated by adding back following items to operating profit: 1) amortization of client related asset incurred by Purchase Price Allocation at M&A transactions, 2) impairment loss, 3) changes in fair value amount and early exercise of put option liabilities, and 4) changes in fair value amount of earn-out liabilities
5. Per share amounts are calculated based on the number of shares after a three-for-one split of shares effective July 1, 2021

FY2023 Financial Overviews

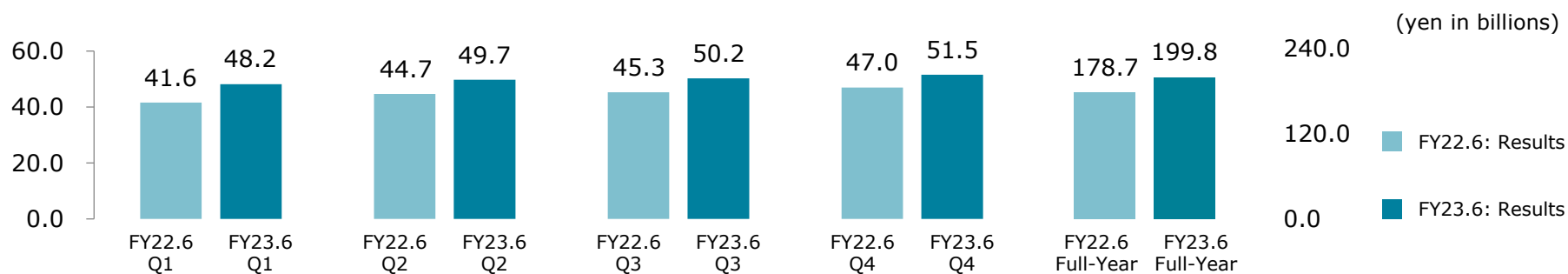
- Full-year FY23.6 revenue was **199.8 billion yen**, up 11.8% year-on-year; gross profit was **52.9 billion yen**, up 12.9% year-on-year; core operating profit was **21.3 billion yen**, up 12.3% year-on-year; operating profit was **21.8 billion yen**, up 5.8% year-on-year (in Q2 FY22.6, 1.86 billion yen was recorded as put option liability reversal gain); net profit was **15.3 billion yen**, down 0.4%
- Full-year FY23.6 GP **increased by 6.0 billion yen** year-on-year; mainly due to 1) increased allocation of domestic dispatch engineers (up 2.68 billion yen), 2) price hike of dispatch contracts (up 2.06 billion yen), 3) expansion of project-type services (up 2.46 billion yen), and 4) decrease in provision for paid leave (up 210 million yen), offset by increases in 5) provision for seasonal and financial results-linked bonuses (down 1.17 billion yen in total) and 6) bench cost (down 820 million yen)
- Operating profit fell behind the full-year guidance due to upfront investment such as aggressive hiring and intensive training; net profit guidance was achieved with the benefit of the applicable tax credits for promotion of salary increases

(yen in millions, except per share amounts)

| | Q4 (Three-Months Period) | | | | Full-Year | | | | | | |
|----------------------------|--------------------------|---------------------|-----------|--------|---------------------|----------------------|---------------------|-----------|--------|--------------|--------|
| | FY22.6 (Results) | FY23.6 (Results) | YoY | | FY22.6 (Results) | FY23.6 (Guidance) | FY23.6 (Results) | YoY | | vs. Guidance | |
| | | | | | | | | | | | |
| Revenue | 47,043 | 51,560 | +4,516 | +9.6% | 178,756 | 200,000 | 199,851 | +21,095 | +11.8% | (148) | (0.1%) |
| Gross profit | 12,574 | 13,602 | +1,027 | +8.2% | 46,858 | — | 52,903 | +6,044 | +12.9% | — | — |
| GP margin | 26.7% | 26.4% | (0.3 pts) | | 26.2% | | 26.5% | +0.3 pts | | | |
| SG&A expenses | 7,982 | 8,717 | +735 | +9.2% | 27,819 | — | 31,523 | +3,703 | +13.3% | — | — |
| Ratio on revenue | 17.0% | 16.9% | (0.1 pts) | | 15.6% | | 15.8% | +0.2 pts | | | |
| Core operating profit | 4,591 | 4,884 | +292 | +6.4% | 19,038 | 22,000 | 21,379 | +2,340 | +12.3% | (620) | (2.8%) |
| Core OP margin | 9.8% | 9.5% | (0.3 pts) | | 10.7% | 11.0% | 10.7% | +0.0 pts | | (0.3 pts) | |
| Other income | 122 | 344 | +222 | — | 2,387 | — | 582 | (1,804) | — | — | — |
| Other expenses | 595 | (7) | (602) | — | 784 | — | 124 | (660) | — | — | — |
| Operating profit | 4,118 | 5,236 | +1,118 | +27.1% | 20,641 | 22,000 | 21,838 | +1,196 | +5.8% | (161) | (0.7%) |
| OP margin | 8.8% | 10.2% | +1.4 pts | | 11.5% | 11.0% | 10.9% | (0.6 pts) | | (0.1 pts) | |
| Profit before income taxes | 4,190 | 5,335 | +1,145 | +27.3% | 20,967 | 22,000 | 21,837 | +869 | +4.1% | (162) | (0.7%) |
| Net profit | 3,353 | 3,967 | +613 | +18.3% | 15,430 | 15,000 | 15,365 | (65) | (0.4%) | +365 | +2.4% |
| Net profit margin | 7.1% | 7.7% | +0.6 pts | | 8.6% | 7.5% | 7.7% | (0.9 pts) | | +0.2 pts | |
| Earnings per share | 31.13 | 36.90 | +5.77 | +18.5% | 143.24 | 139.24 | 142.71 | (0.54) | (0.4%) | +3.47 | +2.5% |
| Dividend per share | — | — | — | — | 72.00 | 72.00 | 75.00 | +3.00 | +4.2% | +3.00 | +4.2% |

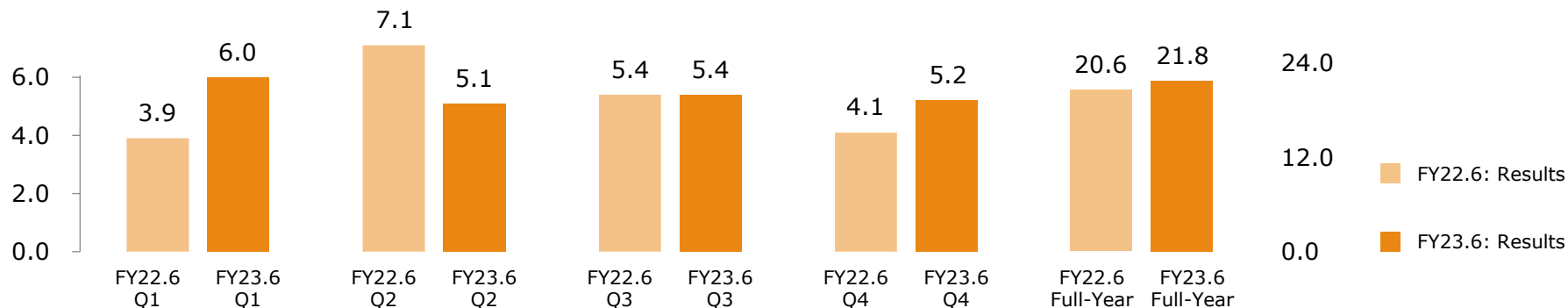
Reference: Quarterly Performance

Revenue



| YoY | +15.8% | | +11.3% | | +10.9% | | +9.6% | | +11.8% | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Progress on full-year % | 23.3% | 24.1% | 25.0% | 24.9% | 25.4% | 25.2% | 26.3% | 25.8% | 100.0% | 100.0% |
| Ave. no. of engineers | 20,439 | 22,158 | 20,673 | 22,506 | 20,949 | 22,857 | 21,958 | 24,036 | 21,005 | 22,889 |
| Ave. utilization ratio | 95.5% | 95.9% | 95.7% | 96.2% | 96.0% | 95.8% | 94.1% | 93.1% | 95.3% | 95.2% |
| Ave. monthly unit sales price (thousands yen)* | 639 | 655 | 660 | 667 | 673 | 679 | 661 | 676 | 658 | 669 |
| Working days* | 55.7 | 56.8 | 58.2 | 57.4 | 55.7 | 55.6 | 57.2 | 57.8 | 226.9 | 227.6 |
| Working hours per day* | 8.49 | 8.43 | 8.49 | 8.46 | 8.51 | 8.46 | 8.45 | 8.39 | 8.49 | 8.43 |

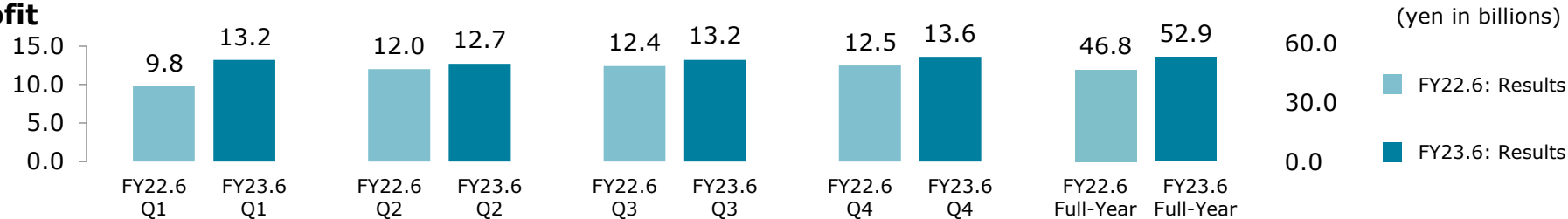
Operating Profit



| YoY | +52.4% | | (27.5%) | | (0.5%) | | +27.1% | | +5.8% | |
|-------------------------|--------|-------|---------|-------|--------|-------|--------|-------|--------|--------|
| Progress on full-year % | 19.1% | 27.5% | 34.6% | 23.7% | 26.4% | 24.8% | 20.0% | 24.0% | 100.0% | 100.0% |
| OP margin | 9.5% | 12.5% | 16.0% | 10.4% | 12.0% | 10.8% | 8.8% | 10.2% | 11.5% | 10.9% |

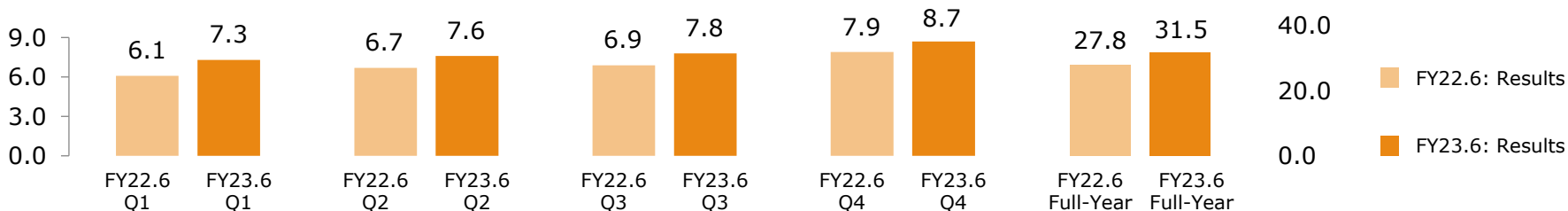
Reference: Quarterly Performance (cont.)

Gross Profit



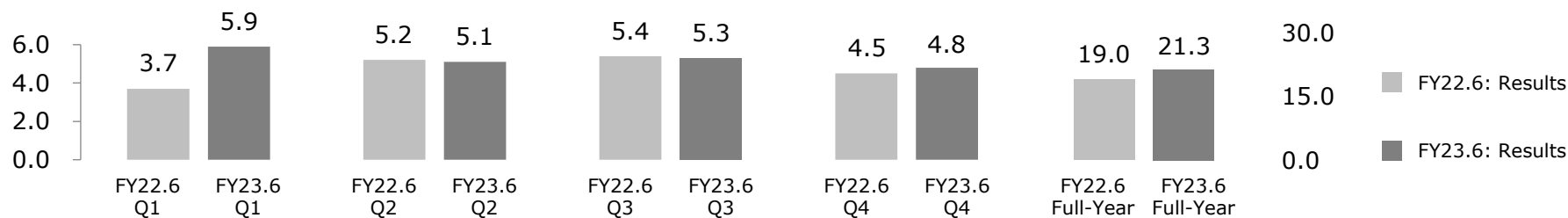
| YoY | +34.2% | | +6.5% | | +6.9% | | +8.2% | | +12.9% | |
|-----------|--------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| GP margin | 23.7% | 27.5% | 26.9% | 25.7% | 27.3% | 26.4% | 26.7% | 26.4% | 26.2% | 26.5% |

SG&A



| YoY | +19.8% | | +13.0% | | +12.7% | | +9.2% | | +13.3% | |
|-----------|--------|-------|--------|-------|--------|-------|-------|-------|--------|-------|
| GP margin | 14.7% | 15.2% | 15.1% | 15.3% | 15.4% | 15.7% | 17.0% | 16.9% | 15.6% | 15.8% |

Core Operating Profit



| YoY | +57.6% | | (1.8%) | | (0.5%) | | +6.4% | | +12.3% | |
|-----------|--------|-------|--------|-------|--------|-------|-------|------|--------|-------|
| GP margin | 9.1% | 12.3% | 11.8% | 10.4% | 11.9% | 10.7% | 9.8% | 9.5% | 10.7% | 10.7% |

Medium-term Plan Implementation Cost

- In FY23.6, planned to use medium-term plan implementation cost of **2,172 million yen** (ratio on revenue: **1.11%**), actually spent **2,075 million yen** (ratio on revenue: **1.04%**, annual progress: **95.5%**); "strategic projects" were partially unused as M&A-related cost was fewer than budget, while "recruiting and training of solution talents" progressed faster than planned

| | (yen in millions) | | Ratio on revenue | | Progress vs. Plan | |
|---|-------------------|---------|------------------|--------------|-------------------|--|
| | Plan | Results | Plan | Results | | |
| Solution Talent Recruiting | | | | | | Solution Talent Recruiting <ul style="list-style-type: none"> Recruiting 1) professionals with expertise in leading-edge digital technologies, and 2) talents with skills of consulting or project management Plan to invest 0.2-0.3% of revenue every year Expect higher unit sales price and profitability of solution business to expand GP amount and margin |
| (313) 356 | | | 0.18% | 0.20% | 113.8% | |
| (439) 464 | | | 0.23% | 0.23% | 105.6% | |
| Solution Talent Training | | | | | | Solution Talent Training <ul style="list-style-type: none"> Nurturing 1) professionals with expertise in leading-edge digital technologies, 2) consultants, and 3) project managers, in order to promote solution service offering Plan to invest 0.2-0.3% of revenue every year Expect to have positive effects on recruitment and retention of high-skilled engineers as well as expansion of GP amount and margin |
| 207 (332) | | | 0.19% | 0.12% | 62.5% | |
| (539) 619 | | | 0.28% | 0.31% | 114.8% | |
| Strategic Projects | | | | | | Strategic Projects <ul style="list-style-type: none"> New organization for DX promotion or CoI (Center of Intelligence), branding and marketing, M&A related fees, etc. Plan to invest 0.5% of revenue in the first year, then decrease Aim to raise the probability of executing strategies laid out in medium-term plan through evolving the capability and transforming the business model |
| 712 (859) | | | 0.49% | 0.40% | 82.9% | |
| 691 (886) | | | 0.45% | 0.35% | 78.0% | |
| Stock-based Compensation (recorded from Oct. 2021) | | | | | | Stock-based Compensation <ul style="list-style-type: none"> Expenses prorated over the medium-term plan period for post-vesting stock-based compensation linked to the earnings performance in the final year of the plan (FY26.6) Record the same provision annually as far as the expected amount of compensation remains unchanged Aim to incentivize, in addition to the management, employees who play leading roles to achieve earnings target of the plan |
| (216) 224 | | | 0.12% | 0.13% | 103.6% | |
| 302 (308) | | | 0.16% | 0.15% | 97.9% | |
| Total | | | 0.99% | 0.84% | 87.2% | |
| | | | 1.11% | 1.04% | 95.5% | |

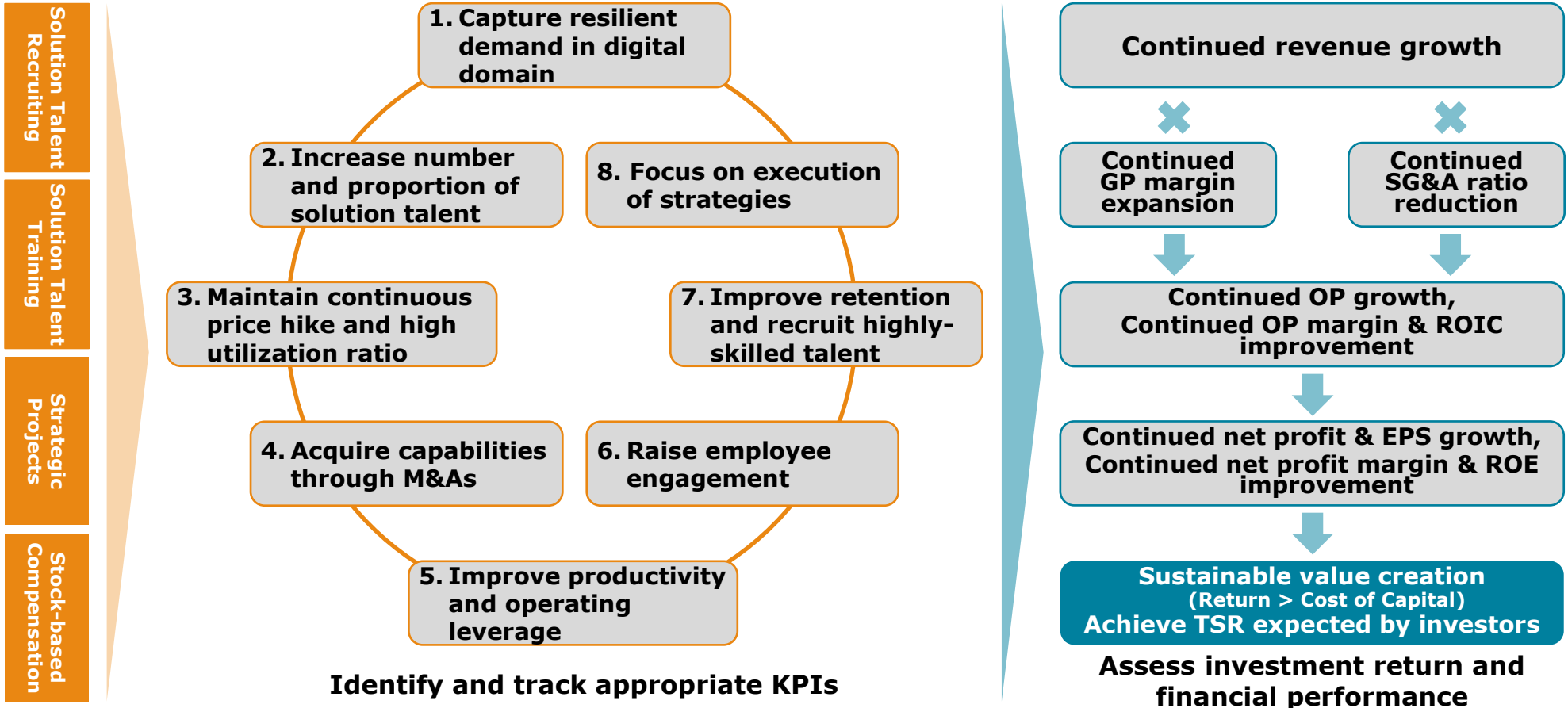
† Upper row: FY22.6, Lower row: FY23.6, figures in parentheses indicate initial plan

Reference: Return & Performance by such Investment

- As engineers are our primary asset, human capital investment, which accounts for large proportion of medium-term plan implementation cost, will have direct impact on financial performance
- **Assess investment return and financial performance regularly** by identifying and tracking appropriate KPIs from the perspective of shareholder value creation through leverage of human capital

Mid-term Plan
Implementation
Cost

Enhancing higher added-value Solution Business (capability evolution & business model transformation)



Segment Results [Full-Year]

(yen in millions, except engineer headcounts)

| | R&D Outsourcing | | | | Construction Management Outsourcing | | | | Other Businesses in Japan | | | | Japan Total | | | |
|---|-----------------|---------|---------|--------|-------------------------------------|--------|--------|--------|---------------------------|--------|--------|---------|-------------|---------|---------|--------|
| | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY |
| Revenue | 127,870 | 137,471 | 152,858 | +11.2% | 19,670 | 20,311 | 21,643 | +6.6% | 3,800 | 4,898 | 5,569 | +13.7% | 151,341 | 162,682 | 180,071 | +10.7% |
| Ratio to consolidated revenue | 79.3% | 76.9% | 76.5% | | 12.2% | 11.4% | 10.8% | | 2.4% | 2.7% | 2.8% | | 93.8% | 91.0% | 90.1% | |
| Gross profit | 29,577 | 33,820 | 38,614 | +14.2% | 5,934 | 6,062 | 6,576 | +8.5% | 2,532 | 3,704 | 4,126 | +11.4% | 38,044 | 43,586 | 49,318 | +13.1% |
| GP margin | 23.1% | 24.6% | 25.3% | | 30.2% | 29.8% | 30.4% | | 66.6% | 75.6% | 74.1% | | 25.1% | 26.8% | 27.4% | |
| Operating profit | 15,815 | 14,151 | 16,292 | +15.1% | 2,791 | 2,489 | 2,930 | +17.7% | 315 | 672 | 561 | (16.5%) | 18,922 | 17,313 | 19,784 | +14.3% |
| OP margin | 12.4% | 10.3% | 10.7% | | 14.2% | 12.3% | 13.5% | | 8.3% | 13.7% | 10.1% | | 12.5% | 10.6% | 11.0% | |
| OP before PPA asset amortization | 15,895 | 14,626 | 16,365 | +11.9% | 2,791 | 2,489 | 2,930 | +17.7% | 315 | 672 | 561 | (16.5%) | 19,002 | 17,788 | 19,856 | +11.6% |
| OP margin before PPA asset amortization | 12.4% | 10.6% | 10.7% | | 14.2% | 12.3% | 13.5% | | 8.3% | 13.7% | 10.1% | | 12.6% | 10.9% | 11.0% | |
| PPA asset amortization | (80) | (113) | (72) | — | — | — | — | — | — | — | — | — | (80) | (113) | (72) | — |
| Impairment loss | — | (361) | — | — | — | — | — | — | — | — | — | — | — | (361) | — | — |
| No. of engineers (period-end) | 17,692 | 19,257 | 21,163 | +9.9% | 2,638 | 2,791 | 2,962 | +6.1% | — | — | — | — | 20,330 | 22,048 | 24,125 | +9.4% |
| o/w Non-Japanese in Japan | 817 | 788 | 930 | +18.0% | 104 | 110 | 136 | +23.6% | — | — | — | — | 921 | 898 | 1,066 | +18.7% |

| | Overseas | | | | Reporting Segment Total | | | | Corporate/Eliminations* | | | | Consolidated Total | | | |
|---|----------|--------|--------|--------|-------------------------|---------|---------|--------|-------------------------|---------|---------|-----|--------------------|---------|---------|--------|
| | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY | FY21.6 | FY22.6 | FY23.6 | YoY |
| Revenue | 11,432 | 18,976 | 23,508 | +23.9% | 162,773 | 181,658 | 203,580 | +12.1% | (1,456) | (2,902) | (3,728) | — | 161,316 | 178,756 | 199,851 | +11.8% |
| Ratio to consolidated revenue | 7.1% | 10.6% | 11.8% | | 100.9% | 101.6% | 101.9% | | (0.9%) | (1.6%) | (1.9%) | | 100.0% | 100.0% | 100.0% | |
| Gross profit | 2,589 | 5,297 | 6,388 | +20.6% | 40,633 | 48,884 | 55,706 | +14.0% | (905) | (2,025) | (2,803) | — | 39,727 | 46,858 | 52,903 | +12.9% |
| GP margin | 22.6% | 27.9% | 27.2% | | 25.0% | 26.9% | 27.4% | | — | — | — | | 24.6% | 26.2% | 26.5% | |
| Operating profit | 764 | 1,925 | 1,873 | (2.7%) | 19,687 | 19,239 | 21,658 | +12.6% | (226) | 1,401 | 179 | — | 19,461 | 20,641 | 21,838 | +5.8% |
| OP margin | 6.7% | 10.1% | 8.0% | | 12.1% | 10.6% | 10.6% | | — | — | — | | 12.1% | 11.5% | 10.9% | |
| OP before PPA asset amortization | 974 | 2,381 | 2,460 | +3.3% | 19,977 | 20,170 | 22,317 | +10.6% | (267) | (416) | 124 | — | 19,709 | 19,754 | 22,441 | +13.6% |
| OP margin before PPA asset amortization | 8.5% | 12.6% | 10.5% | | 12.3% | 11.1% | 11.0% | | — | — | — | | 12.2% | 11.1% | 11.2% | |
| PPA asset amortization | (209) | (455) | (586) | — | (289) | (569) | (659) | — | — | — | — | — | (289) | (569) | (659) | — |
| Impairment loss | — | — | — | — | — | (361) | — | — | — | — | — | — | — | (361) | — | — |
| Changes in fair value amount and early exercise of PO liabilities | — | — | — | — | — | — | — | — | 41 | 1,817 | 55 | — | 41 | 1,817 | 55 | — |
| Changes in fair value amount of EO liabilities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| No. of engineers (period-end) | 1,970 | 2,851 | 2,997 | +5.1% | 22,300 | 24,899 | 27,122 | +8.9% | — | — | — | — | 22,300 | 24,899 | 27,122 | +8.9% |

Reference: Q4 Segment Results [Three-Months]

(yen in millions, except engineer headcounts)

| | R&D Outsourcing | | | | Construction Management Outsourcing | | | | Other Businesses in Japan | | | | Japan Total | | | |
|---|-----------------|--------------|--------------|--------|-------------------------------------|--------------|--------------|--------|---------------------------|--------------|--------------|--------|--------------|--------------|--------------|--------|
| | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY |
| Revenue | 32,405 | 35,917 | 39,753 | +10.7% | 4,821 | 5,098 | 5,437 | +6.6% | 1,106 | 1,552 | 1,657 | +6.8% | 38,333 | 42,568 | 46,849 | +10.1% |
| Ratio to consolidated revenue | 78.8% | 76.3% | 77.1% | | 11.7% | 10.8% | 10.5% | | 2.7% | 3.3% | 3.2% | | 93.2% | 90.5% | 90.9% | |
| Gross profit | 8,254 | 9,188 | 10,139 | +10.3% | 1,462 | 1,493 | 1,650 | +10.5% | 783 | 1,195 | 1,298 | +8.6% | 10,500 | 11,878 | 13,088 | +10.2% |
| GP margin | 25.5% | 25.6% | 25.5% | | 30.3% | 29.3% | 30.4% | | 70.8% | 77.0% | 78.3% | | 27.4% | 27.9% | 27.9% | |
| Operating profit | 3,669 | 3,122 | 3,702 | +18.6% | 603 | 518 | 723 | +39.4% | 203 | 173 | 303 | +75.2% | 4,476 | 3,814 | 4,728 | +24.0% |
| OP margin | 11.3% | 8.7% | 9.3% | | 12.5% | 10.2% | 13.3% | | 18.4% | 11.2% | 18.3% | | 11.7% | 9.0% | 10.1% | |
| OP before PPA asset amortization | 3,689 | 3,513 | 3,720 | +5.9% | 603 | 518 | 723 | +39.4% | 203 | 173 | 303 | +75.2% | 4,496 | 4,205 | 4,746 | +12.9% |
| OP margin before PPA asset amortization | 11.4% | 9.8% | 9.4% | | 12.5% | 10.2% | 13.3% | | 18.4% | 11.2% | 18.3% | | 11.7% | 9.9% | 10.1% | |
| PPA asset amortization | (20) | (29) | (18) | — | — | — | — | — | — | — | — | — | (20) | (29) | (18) | — |
| Impairment loss | — | (361) | — | — | — | — | — | — | — | — | — | — | — | (361) | — | — |
| No. of engineers (period-end) | 17,692 | 19,257 | 21,163 | +9.9% | 2,638 | 2,791 | 2,962 | +6.1% | — | — | — | — | 20,330 | 22,048 | 24,125 | +9.4% |
| o/w Non-Japanese in Japan | 817 | 788 | 930 | +18.0% | 104 | 110 | 136 | +23.6% | — | — | — | — | 921 | 898 | 1,066 | +18.7% |

| | Overseas | | | | Reporting Segment Total | | | | Corporate/Eliminations* | | | | Consolidated Total | | | |
|---|--------------|--------------|--------------|---------|-------------------------|--------------|--------------|--------|-------------------------|--------------|--------------|-----|--------------------|--------------|--------------|--------|
| | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY | FY21.6 Q4 | FY22.6 Q4 | FY23.6 Q4 | YoY |
| Revenue | 3,313 | 5,512 | 5,928 | +7.5% | 41,646 | 48,081 | 52,777 | +9.8% | (511) | (1,037) | (1,217) | — | 41,135 | 47,043 | 51,560 | +9.6% |
| Ratio to consolidated revenue | 8.1% | 11.7% | 11.5% | | 101.2% | 102.2% | 102.4% | | (1.2%) | (2.2%) | (2.4%) | | 100.0% | 100.0% | 100.0% | |
| Gross profit | 694 | 1,471 | 1,546 | +5.1% | 11,195 | 13,349 | 14,634 | +9.6% | (355) | (775) | (1,032) | — | 10,840 | 12,574 | 13,602 | +8.2% |
| GP margin | 21.0% | 26.7% | 26.1% | | 26.9% | 27.8% | 27.7% | | — | — | — | | 26.4% | 26.7% | 26.4% | |
| Operating profit | 163 | 582 | 271 | (53.4%) | 4,640 | 4,396 | 5,000 | +13.7% | (58) | (278) | 236 | — | 4,581 | 4,118 | 5,236 | +27.1% |
| OP margin | 4.9% | 10.6% | 4.6% | | 11.1% | 9.1% | 9.5% | | — | — | — | | 11.1% | 8.8% | 10.2% | |
| OP before PPA asset amortization | 218 | 723 | 421 | (41.7%) | 4,715 | 4,928 | 5,168 | +4.9% | (100) | (232) | 180 | — | 4,615 | 4,696 | 5,349 | +13.9% |
| OP margin before PPA asset amortization | 6.6% | 13.1% | 7.1% | | 11.3% | 10.3% | 9.8% | | — | — | — | | 11.2% | 10.0% | 10.4% | |
| PPA asset amortization | (55) | (140) | (150) | — | (75) | (169) | (168) | — | — | — | — | — | (75) | (169) | (168) | — |
| Impairment loss | — | — | — | — | — | (361) | — | — | — | — | — | — | — | (361) | — | — |
| Changes in fair value amount and early exercise of PO liabilities | — | — | — | — | — | — | — | — | 41 | (45) | 55 | — | 41 | (45) | 55 | — |
| Changes in fair value amount of EO liabilities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| No. of engineers (period-end) | 1,970 | 2,851 | 2,997 | +5.1% | 22,300 | 24,899 | 27,122 | +8.9% | — | — | — | — | 22,300 | 24,899 | 27,122 | +8.9% |

FY2023 Balance Sheet & Cash Flows

- Annual scheduled principal paydown to be reduced from 2.0 billion yen to 1.0 billion yen, as a result of refinance carried out at the end of March 2023, that replaced existing syndicated loans (remaining period of 2.5 years and outstanding principal balance of 5.0 billion yen) with new bank borrowings of 5.0 billion yen (five-year maturity and same interest rate spread)
- Ensuring sufficient flexibility for unexpected financial needs, backed by credit lines for working capital and M&A

FY23.6 End B/S (yen in billions)

| | |
|---------------------------------|--|
| Cash & cash equivalents 35.3 | Debt 14.7 |
| IFRS 16 related assets 9.4 | IFRS 16 related liabilities 9.4 |
| Goodwill 46.3 | Other liabilities 42.5 |
| PPA 4.2 | PO, etc. liabilities 0.7 |
| Other assets 48.8 | Total equity 76.7 (Non-controlling interests 1.2) |
| Total assets 144.0 | Total liabilities & equity 144.0 |

Net Cash : 20.6bn yen
 Net Worth Ratio* : 52.4%
 Goodwill/E Ratio* : 0.61x
 D/E Ratio* : 0.20x
 D/OP Ratio : 0.68x

* Equity (E) is calculated using equity capital excluding non-controlling interests

FY23.6 Cash Flows (yen in millions)

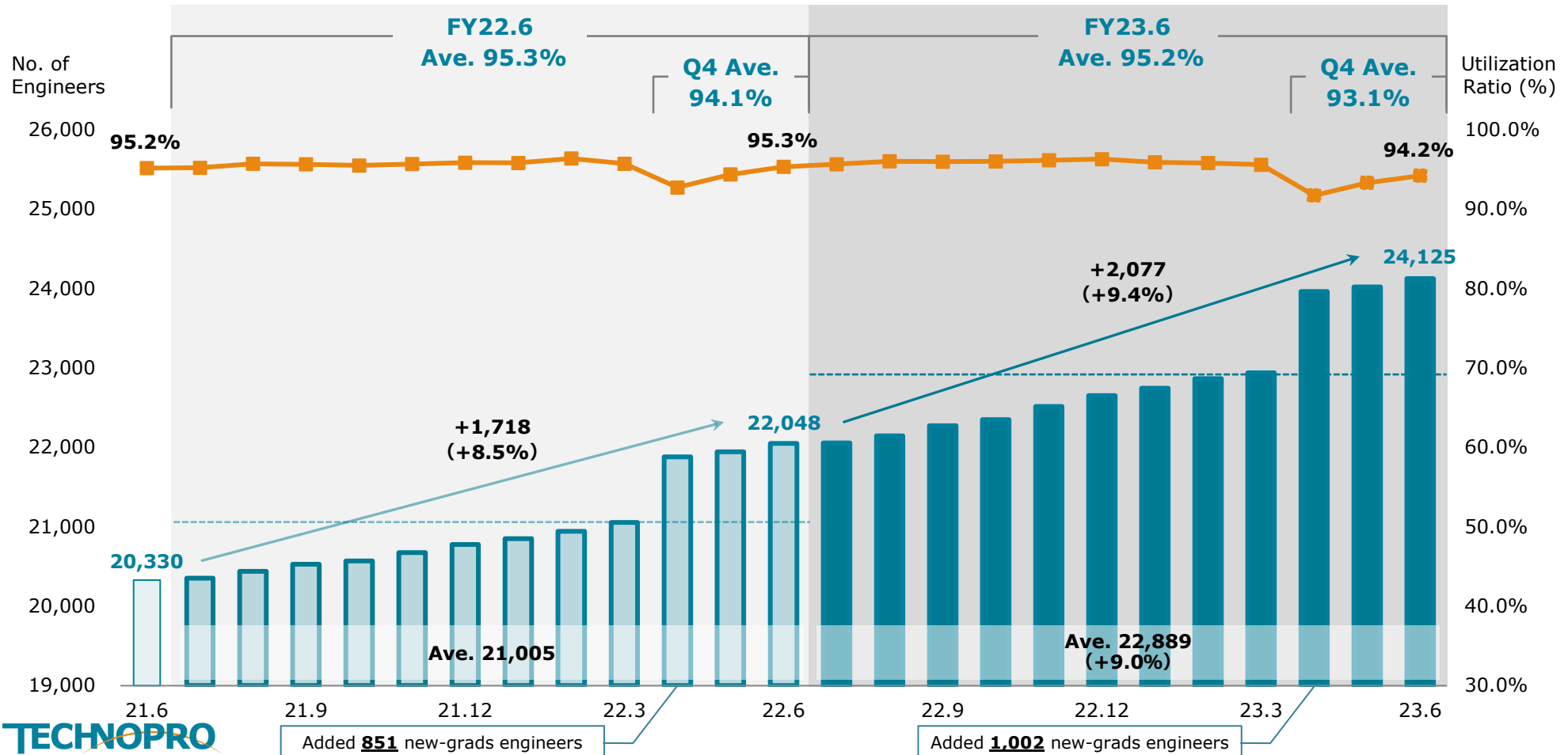
| | |
|---|-----------------|
| • Operating CF | +21,424 |
| PPA asset amortization | +659 |
| Net cash flow from income tax payment & refund | (5,621) |
| • Investing CF | (4,449) |
| M&A consideration payment (20% of Robosoft shares) | (3,623) |
| Purchase of tangible fixed assets | (460) |
| Purchase of intangible assets | (248) |
| • Financing CF | (19,231) |
| IFRS 16 related lease liability repayment | (6,797) |
| Net cash flow from debt procurement & repayment | (1,750) |
| Dividend payment | (9,107) |
| Share repurchase | (1,576) |
| Net CF (incl. effect of exchange rate change of 197mn yen) | (2,058) |

Commitment Lines (yen in millions)

| Purpose | Credit line | Used | Unused | Expiration |
|-------------------|---------------|----------|---------------|------------|
| 1 Working capital | 8,000 | 0 | 8,000 | Jun. 2024 |
| 2 M&A | 10,000 | 0 | 10,000 | Dec. 2023 |
| Total | 18,000 | 0 | 18,000 | |

Number of Engineers & Utilization Ratio [Japan]

- Engineers in Japan at the end of FY23.6 totaled **24,125** (up 2,077 from FY22.6 end), including **1,066** non-Japanese engineers (up 168 from FY22.6 end)
- Average utilization ratio was **93.1%** for the three months Q4 FY23.6 period (down 1.0 pts year-on-year), while full-year average one was **95.2%** (down 0.1 pts year-on-year)
- Engineers working outside Japan totaled **2,997** (not included in number of engineers in Japan, up 146 from FY22.6 end)

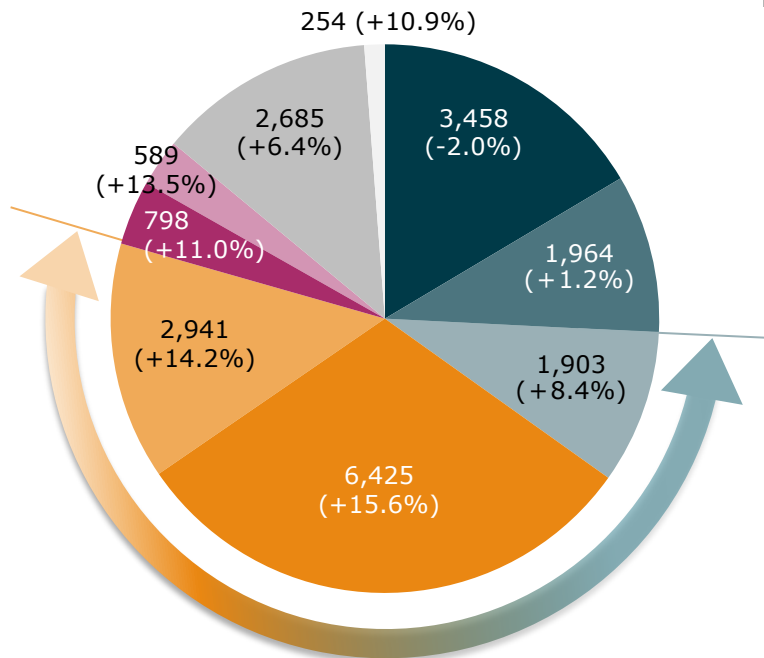


Assigned Engineers Portfolios by “Technology” [Japan]

- With utilization ratio already maintaining an acceptable high level, the number of assigned engineers has been increasing every month, continuing to renew record highs
- Expect domestic demand for investment to increase broadly across R&D, IT and digital areas despite concerns about economic recession possibility, therefore continue to focus on increasing number of engineers while aiming to raise average unit sales price by promoting recruitment and training mainly in the software field

FY22.6 End

Assigned Engineers: **21,017**



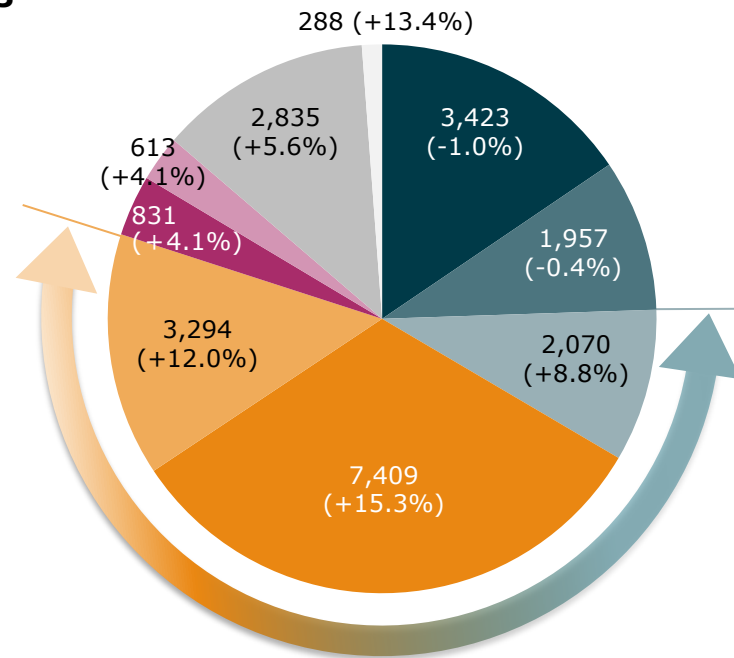
IT engineers:
53.6%/11,269

+8.1%

+1,703

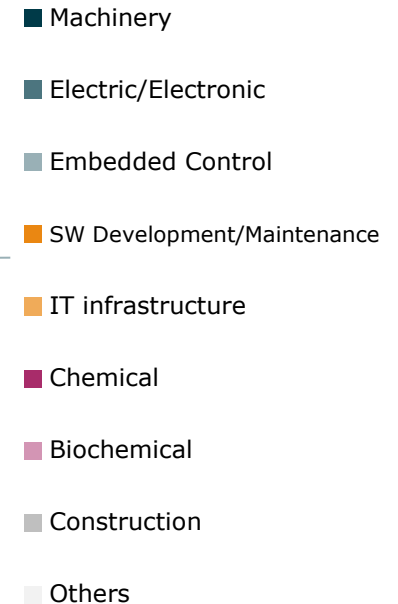
FY23.6 End

Assigned Engineers: **22,720**



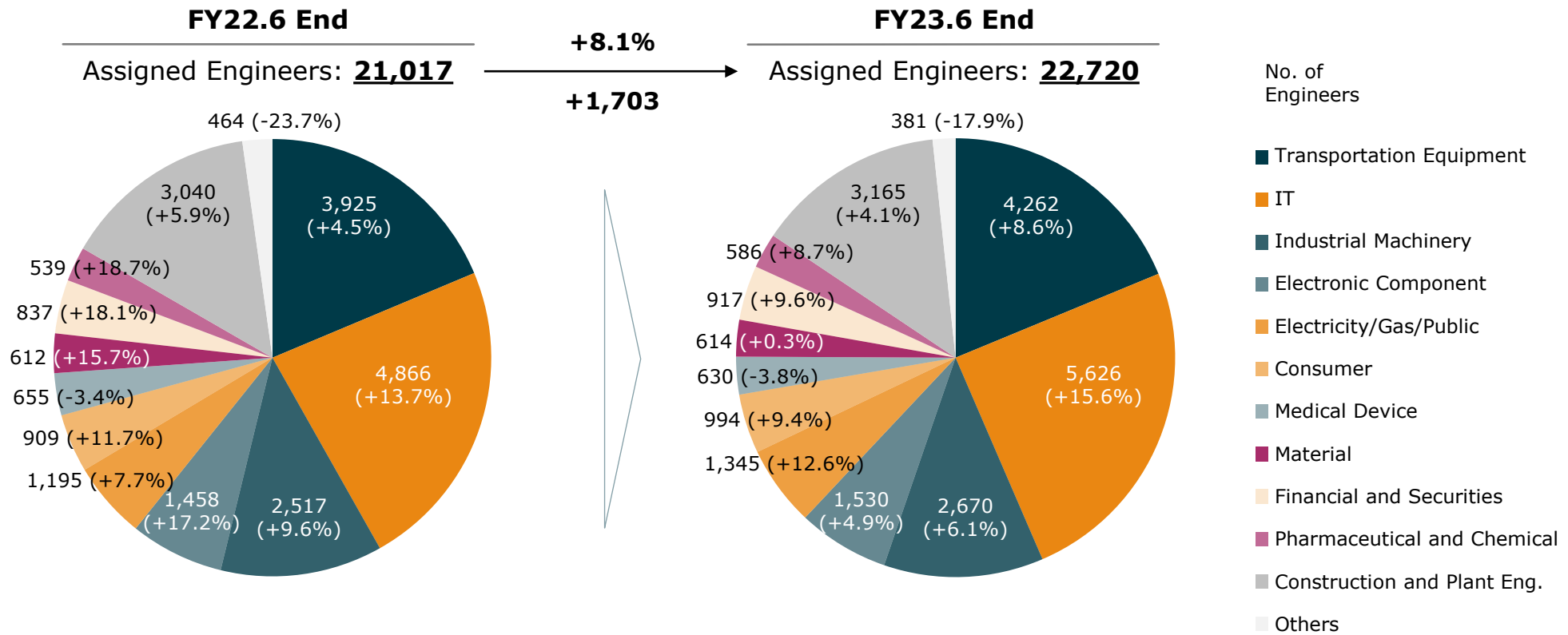
IT engineers:
56.2%/12,773

No. of
Engineers



Assigned Engineers Portfolios by "Industry" [Japan]

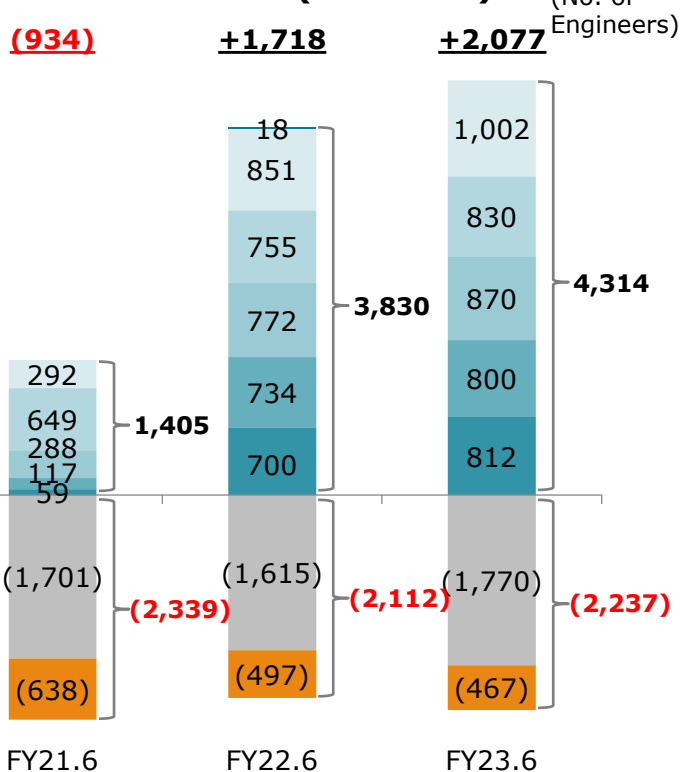
- Manufacturers in Transportation Equipment continue to show robust willingness to invest in the areas such as autonomous driving technology or EV, and performance in IT sector continues to be strong
- Due to the structural shortage of engineers, customers gradually tend to increase OJT-based orders for less experienced engineers, or the medium- to long-term orders in line with their R&D roadmaps
- Promoted shift-up/charge-up initiatives proactively at contract renewal negotiations in March 2023; base charge of dispatch contracts has steadily grown



Recruitment & Turnover [Japan]

- Engineers hired in FY23.6 totaled **4,314** (up 484 year-on-year, up 502 excluding effect from M&A in Q1 FY22.6); added **1,002** new-grads engineers in April 2023
- 2,237** engineers left in FY23.6 (up 125 year-on-year): permanent employees of **1,770** (up 155 year-on-year) and fixed-term employees of **467** (down 30 year-on-year)
- Turnover ratio for permanent employees* was **7.7%** (same level year-on-year) for FY23.6; consider potential risk of turnover deterioration as a significant challenge while expecting the new personnel system for engineers introduced to curb retirement
- Net engineer increase was **2,077** for FY23.6; hiring finally exceeded much while turnover in line with the initial plan

Net Increase (Decrease)



Annual Recruitment/Turnover

(No. of Engineers)

| | FY21.6 | FY22.6 | FY23.6 | YoY | |
|--------------------------------|--------------|--------------|--------------|------|--------|
| Hired Total | 1,405 | 3,830 | 4,314 | +484 | +12.6% |
| M&A | 0 | 18 | 0 | (18) | — |
| New-grads joined in April | 292 | 851 | 1,002 | +151 | +17.7% |
| Mid-career: Q4 | 649 | 755 | 830 | +75 | +9.9% |
| Mid-career: Q3 | 288 | 772 | 870 | +98 | +12.7% |
| Mid-career: Q2 | 117 | 734 | 800 | +66 | +9.0% |
| Mid-career: Q1 | 59 | 700 | 812 | +112 | +16.0% |
| Turnover Total | 2,339 | 2,112 | 2,237 | +125 | +5.9% |
| Permanent employees | 1,701 | 1,615 | 1,770 | +155 | +9.6% |
| Contract terms matured, others | 638 | 497 | 467 | (30) | (6.0%) |

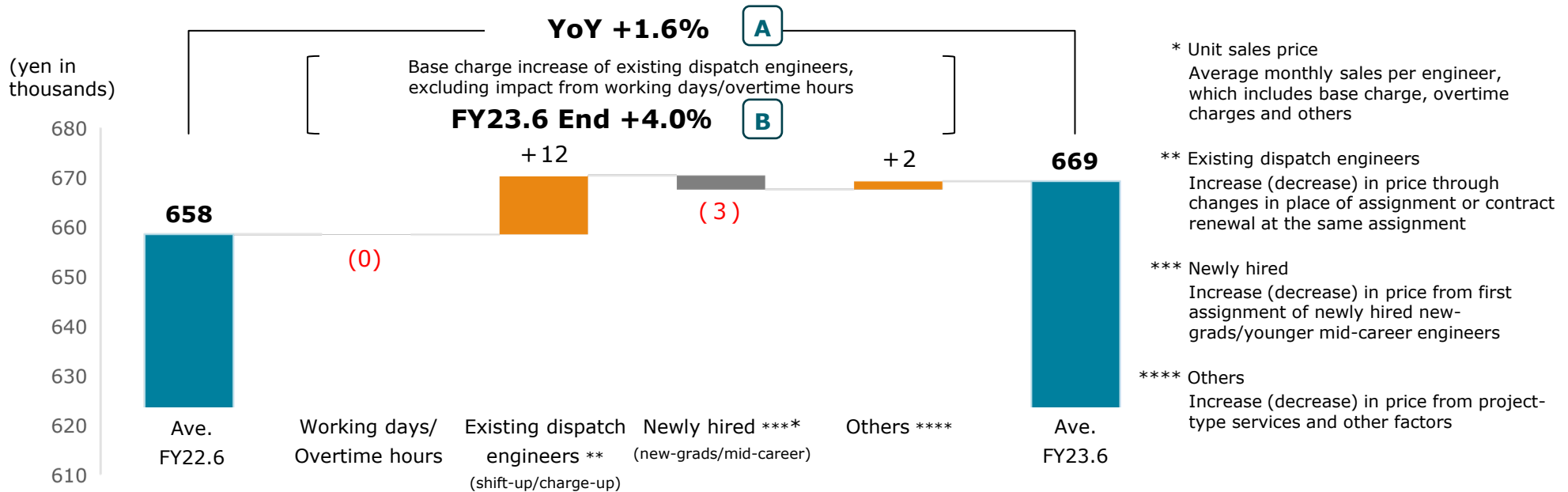
Turnover Ratio for Permanent Employees*

| Quarter | FY21.6 | | | | FY22.6 | | | | FY23.6 | | | |
|---------|--------|------|------|------|--------|------|------|------|--------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Quarter | 8.8% | 8.2% | 8.1% | 8.3% | 7.7% | 7.1% | 7.4% | 8.6% | 7.9% | 6.0% | 8.0% | 8.9% |
| YTD | — | 8.5% | 8.4% | 8.4% | — | 7.4% | 7.4% | 7.7% | — | 7.0% | 7.3% | 7.7% |
| LTM | 8.9% | 8.9% | 8.8% | 8.4% | 8.1% | 7.8% | 7.6% | 7.7% | 7.8% | 7.5% | 7.6% | 7.7% |

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

Average Monthly Unit Sales Price [Japan]

- Ave. monthly unit sales price* for FY23.6 increased to **669K yen** (up 11K yen/month or 1.6% year-on-year)
- Decreased 0K yen/month year-on-year due to the mix of increased working days and shorter overtime hours, and diluted 3K yen/month year-on-year due to first assignment of newly hired new-grads/younger mid-career engineers
- Increased 12K yen/month, driven by base charge hike for existing dispatch engineers through shift-up/charge-up efforts
- Increased 2K yen/month, driven by the growth of project-type services; there is no effect from scope expansion of subsidiaries for unit sales price calculation in FY23.6



| | FY22.6 | | | | FY23.6 | | | |
|--|----------------|-------|-------|-------|--------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Unit Sales Price (yen in thousands/month, YTD) | 639 | 650 | 657 | 658 | 655 | 661 | 667 | 669 |
| YoY | A +3.0% | +3.4% | +4.0% | +3.9% | +2.4% | +1.7% | +1.4% | +1.6% |

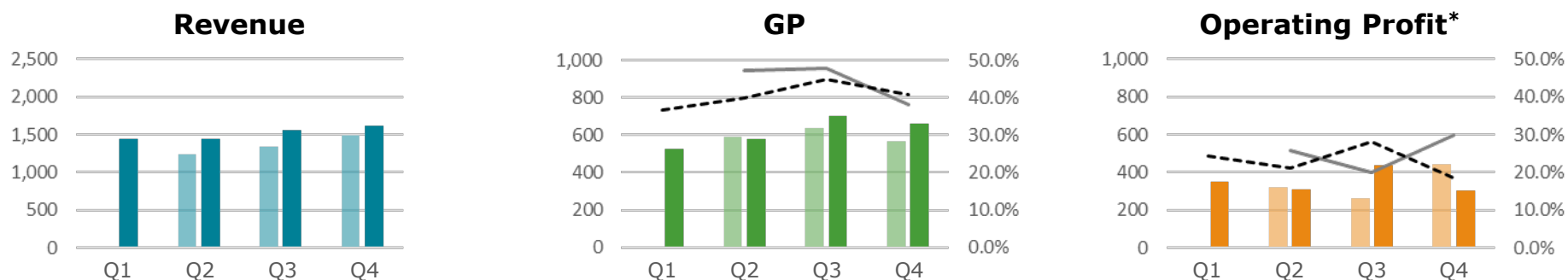
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|--|----------------|-------|-------|-------|-------|-------|-------|-------|
| Base Charge Increase of Existing Dispatch Engineers † YoY comparison for each quarter end | B +1.7% | +2.1% | +2.4% | +2.9% | +3.3% | +3.4% | +3.5% | +4.0% |

Overseas Subsidiaries Update

- Full-year FY23.6 revenue in the Overseas segment was up 23.9% year-on-year; GP was up 20.6% year-on-year; operating profit* was up 3.3% year-on-year; the effect from the Japanese yen depreciation resulting from the change in exchange rates from FY22.6 was up 2.15 billion yen in revenue; up 300 million yen in SG&A; up 230 million yen in operating profit*
- Regional ratio on consolidated total revenue by customer location: 5.8% in Asia, 3.1% in Europe, and 1.6% in North America

Legend: ■ ■ ■ — FY22.6 Results ■ ■ ■ - - - - FY23.6 Results (yen in millions)

Robosoft (North America/Japan/Europe/India) consolidated as of Q2 FY22.6



† Recorded transaction expenses owed by the Sellers (SG&A) in FY22.6: 100 million yen for Q2 and 150 million yen for Q3, offsetting operating profit

- In FY23.6, acquired new customers in each region, continued to grow quarterly from Q2 despite demand decline of existing customers in North America; achieved record-high revenue in Q4
- Plan to deliver 25% revenue growth YoY in FY24.6, as pipelines are expanding in H1 driven by reinforced sales force in the end customer markets of US, Europe and Japan

- GP margin fell below 40% due to wage hike and low utilization in H1 FY23.6, recovered to 40% range in H2 due to cost transfer to customers through price negotiations as well as improved utilization with newly won projects
- Expect GP margin to remain in the low 40% range over FY24.6, as wage hike in April 2023 in India was curbed compared to the previous year

- OP in Q4 FY23.6 decreased QoQ due to further accelerated investment for sales team expansion and lead generation to achieve high growth from FY24.6 onward
- Full-year FY23.6 OP was 1.4 billion yen with its margin of 23.1%; plan to achieve 20% OP growth YoY in FY24.6 despite an increase in SG&A during the investment phase

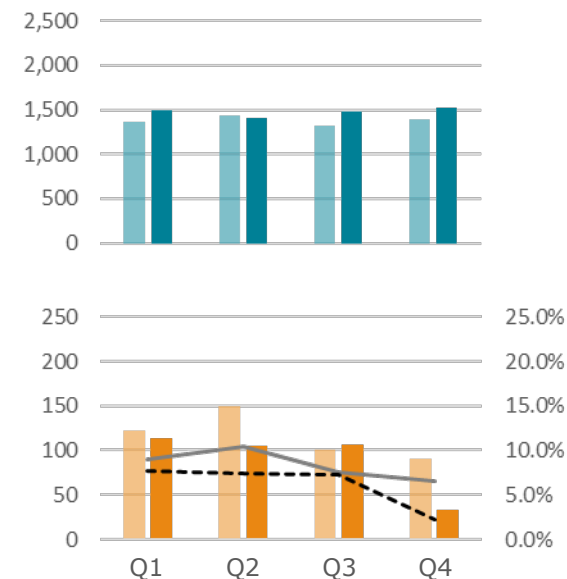
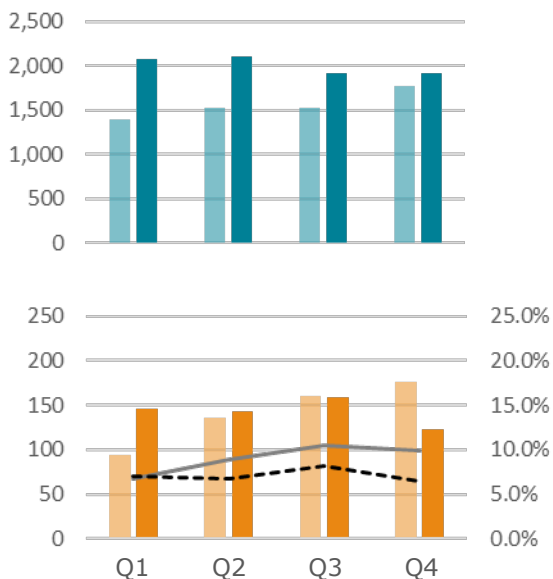
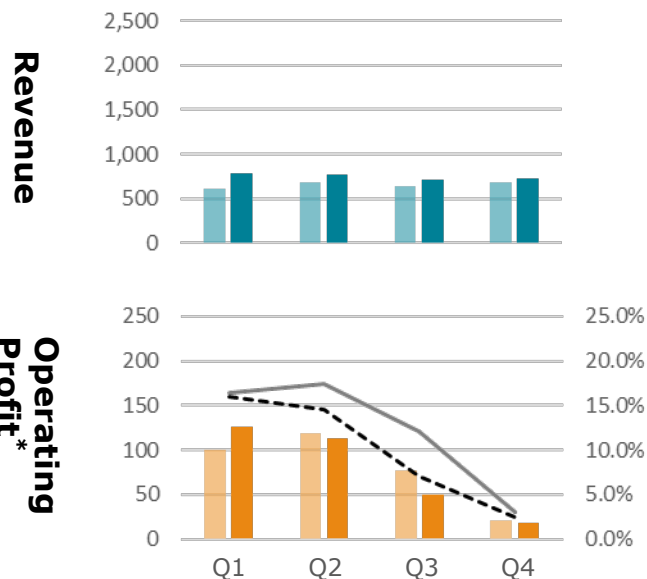
Overseas Subsidiaries Update (cont.)

Legend: ■ ■ — FY22.6 Results ■ ■ - - - - FY23.6 Results (yen in millions)

TechnoPro China

Helius (Singapore/India/Southeast Asia)

Orion (UK)



- OP declined significantly in H2 FY23.6 along with completion of high-margin projects, but the full-year earnings maintained the previous year level
- Aim to mitigate OP decline amount by shifting to the solution area and acquiring new projects, although profit expects to decrease by around 10% due to the above factors and the uncertainty over Chinese economy

- Revenue was up 29% YoY, while OP in FY23.6 was almost flat; however, “real” OP growth was up 17% except the impact of COVID-related government subsidies (received 130 million yen in FY22.6)
- GP margin in Singapore improved particularly; expect further profit margin expansion in FY24.6 if offshore delivery services from India expand steadily

- In FY23.6, OP was down 23%, while revenue was up 7% YoY; SG&A including administrative staff salaries was up 20% YoY due to high inflation, while GP margin was maintained
- Expect more than 10% OP growth in FY24.6; may consider exploring strategic alternatives while confirming business stability, as its business is focusing on HR services mainly in mechanical domain

FY2024 Guidance

- In FY24.6, earnings are expected to exceed the initial target for the third year of the medium-term plan: revenue up 10.1% year-on-year; core operating profit up 14.6% year-on-year; operating profit up 12.2% year-on-year; anticipating that improvement in SG&A ratio is supposed to take some time, as upward pressure on cost is rising overall due to creeping changes in the business environment
- Although predicting slightly weak growth in the number of engineers on the assumption of decrease in new hires and increase in retirees, plan to offset by the increase in unit sales price; slight decrease in utilization rate within the expectation

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

| | First Half | | | | | Full-Year | | | | |
|----------------------------|---------------------|---------------------|----------------------|-----------|-------|---------------------|---------------------|----------------------|-----------|--------|
| | FY22.6 (Results) | FY23.6 (Results) | FY24.6 (Guidance) | YoY | | FY22.6 (Results) | FY23.6 (Results) | FY24.6 (Guidance) | YoY | |
| Revenue | 86,358 | 98,011 | 107,000 | +8,988 | +9.2% | 178,756 | 199,851 | 220,000 | +20,148 | +10.1% |
| Core operating profit | 9,032 | 11,106 | 11,500 | +393 | +3.5% | 19,038 | 21,379 | 24,500 | +3,120 | +14.6% |
| Core OP margin | 10.5% | 11.3% | 10.7% | (0.6 pts) | | 10.7% | 10.7% | 11.1% | +0.4 pts | |
| Operating profit | 11,078 | 11,183 | 11,500 | +316 | +2.8% | 20,641 | 21,838 | 24,500 | +2,661 | +12.2% |
| OP margin | 12.8% | 11.4% | 10.7% | (0.7 pts) | | 11.5% | 10.9% | 11.1% | +0.2 pts | |
| Profit before income taxes | 11,229 | 11,124 | 11,500 | +375 | +3.4% | 20,967 | 21,837 | 24,500 | +2,662 | +12.2% |
| Net profit | 7,794 | 7,714 | 7,800 | +85 | +1.1% | 15,430 | 15,365 | 16,700 | +1,334 | +8.7% |
| Net profit margin | 9.0% | 7.9% | 7.3% | (0.6 pts) | | 8.6% | 7.7% | 7.6% | (0.1 pts) | |
| Earnings per share | 72.35 | 71.61 | 72.73 | +1.12 | +1.6% | 143.24 | 142.71 | 155.71 | +13.00 | +9.1% |
| Dividend per share | 20.00 | 25.00 | 25.00 | — | — | 72.00 | 75.00 | 80.00 | +5.00 | +6.7% |

| Key KPIs [Japan] | 上半期 | | | | | Full-Year | | | | |
|---|---------------------|---------------------|----------------------|-----------|--------|---------------------|---------------------|----------------------|-----------|--------|
| | FY22.6 (Results) | FY23.6 (Results) | FY24.6 (Guidance) | YoY | | FY22.6 (Results) | FY23.6 (Results) | FY24.6 (Guidance) | YoY | |
| No. of engineers (period-end) | 20,776 | 22,653 | 24,600 | +1,947 | +8.6% | 22,048 | 24,125 | 25,900 | +1,775 | +7.4% |
| Engineer hiring* | 1,452 | 1,612 | 1,600 | (12) | (0.7%) | 3,830 | 4,314 | 4,200 | (114) | (2.6%) |
| Ave. utilization ratio | 95.6% | 96.0% | 95.0% | (1.0 pts) | — | 95.3% | 95.2% | 94.7% | (0.5 pts) | — |
| Ave. monthly unit sales price (yen in thousands) | 650 | 661 | 677 | +16 | +2.4% | 658 | 669 | 683 | +14 | +2.1% |

* Including new-grads engineers joined in April (FY21.6: 292, FY22.6: 851, FY23.6: 1,002) and engineers acquired through M&A (FY22.6: 18)

Reference: FY2024 Segment Guidance [Full-Year]

- R&D Outsourcing: Revenue to grow at the same level year-on-year, while expecting slight improvement in margin due to surging upward pressures on cost
- Construction Management Outsourcing: Strive to achieve higher growth of both revenue and earnings exceeding headcount growth of assigned employees by focusing on unit sales price hike
- Other Business in Japan: Earnings of professional recruitment services for global firms might be impacted by economic fluctuations, while engineer training and domestic recruitment business, both expected to perform well, could compensate
- Overseas: Expect Robosoft, although it is still in its investment phase, to drive growth in overall overseas business, thereby achieving significant earnings recovery from the previous year

(yen in millions, except engineer headcounts)

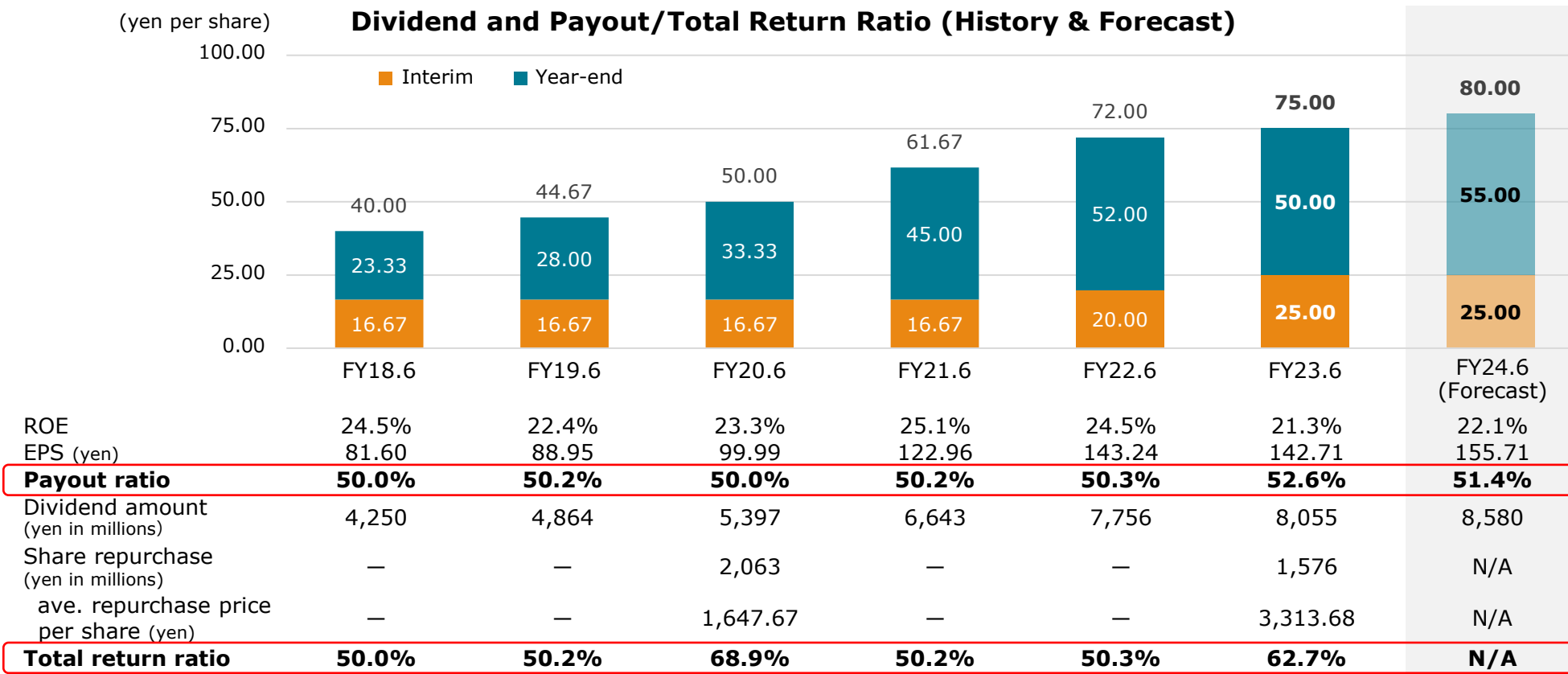
| | R&D Outsourcing | | | | Construction Management Outsourcing | | | | Other Businesses in Japan | | | | Japan Total | | | |
|---|-----------------|---------|---------|--------|-------------------------------------|--------|--------|--------|---------------------------|--------|--------|-------|-------------|---------|---------|--------|
| | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY |
| Revenue | 137,471 | 152,858 | 169,000 | +10.6% | 20,311 | 21,643 | 23,500 | +8.6% | 4,898 | 5,569 | 5,700 | +2.3% | 162,682 | 180,071 | 198,200 | +10.1% |
| Ratio to consolidated revenue | 76.9% | 76.5% | 76.8% | | 11.4% | 10.8% | 10.7% | | 2.7% | 2.8% | 2.6% | | 91.0% | 90.1% | 90.1% | |
| Operating profit | 14,151 | 16,292 | 18,300 | +12.3% | 2,489 | 2,930 | 3,300 | +12.6% | 672 | 561 | 600 | +6.9% | 17,313 | 19,784 | 22,200 | +12.2% |
| OP margin | 10.3% | 10.7% | 10.8% | | 12.3% | 13.5% | 14.0% | | 13.7% | 10.1% | 10.5% | | 10.6% | 11.0% | 11.2% | |
| OP before PPA asset amortization | 14,626 | 16,365 | 18,373 | +12.3% | 2,489 | 2,930 | 3,300 | +12.6% | 672 | 561 | 600 | +6.9% | 17,788 | 19,856 | 22,273 | +12.2% |
| OP margin before PPA asset amortization | 10.6% | 10.7% | 10.9% | | 12.3% | 13.5% | 14.0% | | 13.7% | 10.1% | 10.5% | | 10.9% | 11.0% | 11.2% | |
| No. of engineers (period-end) | 19,257 | 21,163 | 22,770 | +7.6% | 2,791 | 2,962 | 3,130 | +5.7% | — | — | — | — | 22,048 | 24,125 | 25,900 | +7.4% |
| o/w non-Japanese in Japan | 788 | 930 | — | — | 110 | 136 | — | — | — | — | — | — | 898 | 1,066 | — | — |

| | Overseas | | | | Reporting Segment Total | | | | Corporate/Eliminations* | | | | Consolidated Total | | | |
|---|----------|--------|--------|--------|-------------------------|---------|---------|--------|-------------------------|---------|---------|-----|--------------------|---------|---------|--------|
| | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY | FY22.6 | FY23.6 | FY24.6 | YoY |
| Revenue | 18,976 | 23,508 | 26,500 | +12.7% | 181,658 | 203,580 | 224,700 | +10.4% | (2,902) | (3,728) | (4,700) | — | 178,756 | 199,851 | 220,000 | +10.1% |
| Ratio to consolidated revenue | 10.6% | 11.8% | 12.0% | | 101.6% | 101.9% | 102.1% | | (1.6%) | (1.9%) | (2.1%) | | 100.0% | 100.0% | 100.0% | |
| Operating profit | 1,925 | 1,873 | 2,300 | +22.7% | 19,239 | 21,658 | 24,500 | +13.1% | 1,401 | 179 | 0 | — | 20,641 | 21,838 | 24,500 | +12.2% |
| OP margin | 10.1% | 8.0% | 8.7% | | 10.6% | 10.6% | 10.9% | | — | — | — | | 11.5% | 10.9% | 11.1% | |
| OP before PPA asset amortization | 2,381 | 2,460 | 2,903 | +18.0% | 20,170 | 22,317 | 25,176 | +12.8% | (416) | 124 | 0 | — | 19,754 | 22,441 | 25,176 | +12.2% |
| OP margin before PPA asset amortization | 12.6% | 10.5% | 11.0% | | 11.1% | 11.0% | 11.2% | | — | — | — | | 11.1% | 11.2% | 11.4% | |
| No. of engineers (period-end) | 2,851 | 2,997 | — | — | 24,899 | 27,122 | — | — | — | — | — | — | 24,899 | 27,122 | — | — |

Shareholder Return

- Reaffirm basic policy to make dividend payment steadily twice a year in the form of interim and year-end ones pursuant to **annual dividend payout ratio of 50% or higher**; with considering a progressive annual dividend, declared the annual dividend of 75 yen per share (payout ratio 52.6%) for FY23.6, and provide the forecast of 80 yen per share (payout ratio 51.4%) as the annual dividend for FY24.6
- Acquired 1.57 billion yen of own shares as of the end of FY23.6 out of **3.0 billion yen repurchase program** (repurchase period: May 1 to September 29, 2023) launched in Q4 FY23.6 (completion ratio 52.5%); plan to use up all remaining program quota in Q1 FY24.6

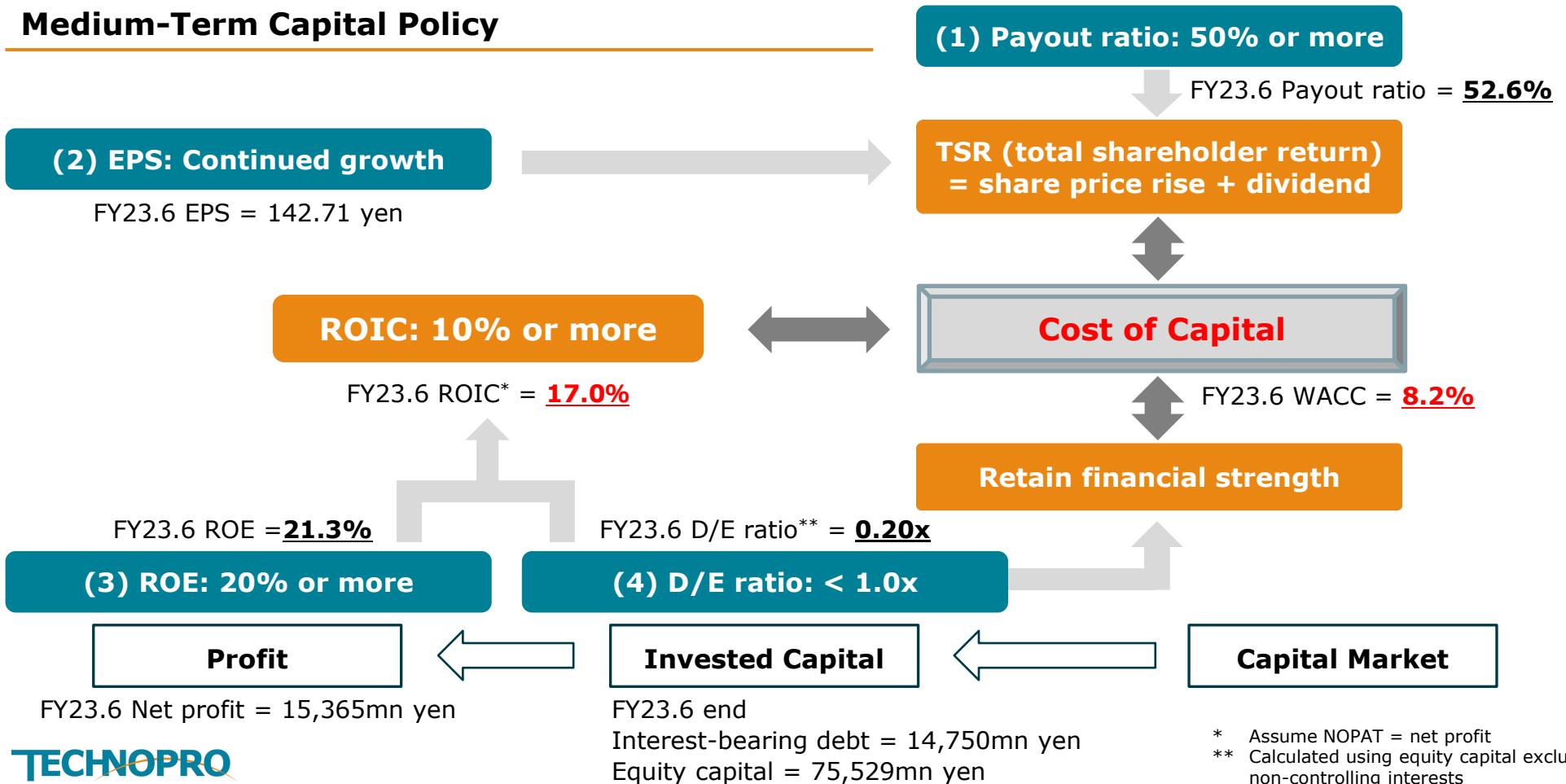
Dividend and Payout/Total Return Ratio (History & Forecast)



Capital Policy

- Our four capital policies described below set **value creation (ROIC > cost of capital)** as a primary focus of business operation with maintaining solid financial foundation, as well as placing high importance on TSR
- Free cash flows retained after distributing 50% cash dividend to shareholders will be spent for growth investment such as M&As; in case of being unable to find justifiable investment opportunities which may generate sufficient return exceeding the cost of capital, flexibly considers carrying out share repurchase as a way of shareholder return in light of **capital efficiency**

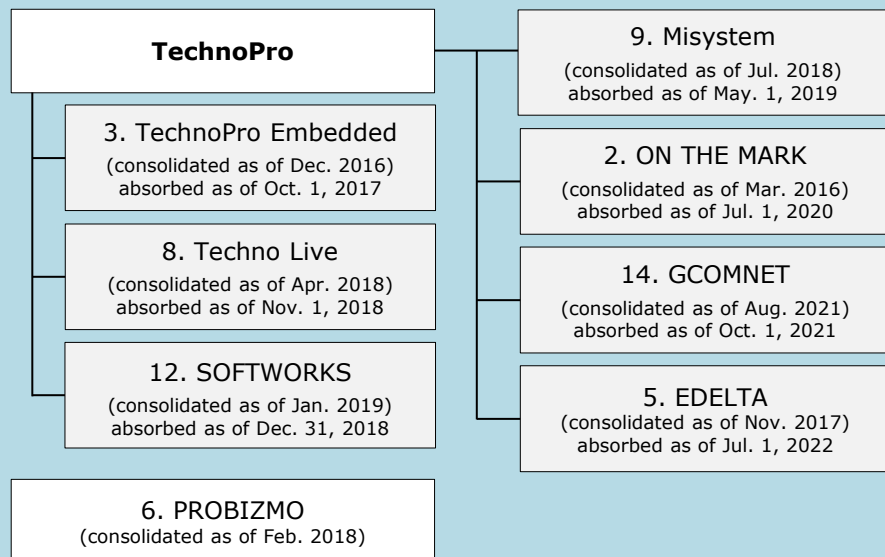
Medium-Term Capital Policy



Appendix: Reportable Segments [as of FY23.6 End]

R&D Outsourcing

Provides engineer staffing and contract services related to Mechanical design, electrical/electronic design, embedded software development, IT network construction, business application development, IT maintenance and operations, bio research



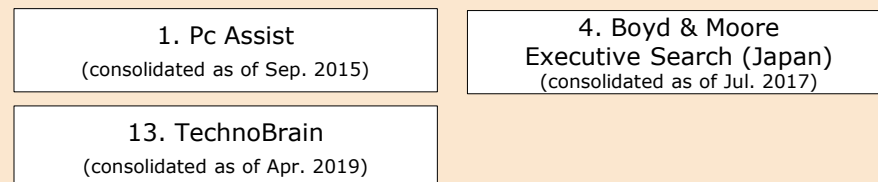
Construction Management Outsourcing

Provides engineer staffing and contract drafting of working drawings related to construction management (safety/quality/process/cost management) for construction, civil engineering, electrical equipment, plant engineering



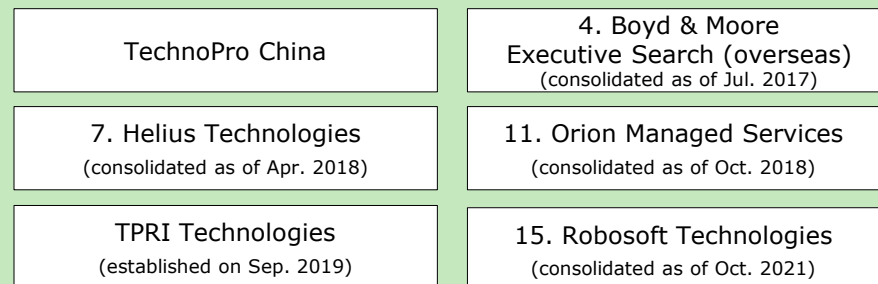
Other Businesses in Japan

Provides professional recruitment, technical education and training services



Overseas

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



Headquarters

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



Appendix: Risk Assets [as of FY23.6 End]

- Major component of goodwill (**29.2 billion yen**) in R&D/Construction Management Outsourcing was derived from MBO transaction carried out by management and private equity fund; its fair value amount, newly calculated with COVID-19 impact taken into account, well exceeds carrying amount of each CGU, consequently **impairment risks are extremely low**
- Goodwill in R&D Outsourcing (**4.0 billion yen**), which was newly recognized through M&As, is also included into the CGU at the time of MBO, consequently **impairment risks are extremely low**
- Helius: Put Option had not been exercised by 49% minority shareholder during the exercise period; continues joint holding
- Orion: Final Put Option to be exercised by 16.8% minority shareholders in H1 FY24.6 soon after the end of FY23.6, a final fiscal year for value calculation period
- Robosoft: Completed the phased purchase of remaining 20% shares; shareholding ratio increased to 100% with share acquisition liabilities extinguished

(yen in millions)

| Cash Generating Unit (CGU) | Shareholding | Goodwill | | | | PPA Assets | | PO, etc. Liabilities | |
|--------------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------------|----------------------|--------------------|
| | | MBO | M&A* | Total | Ratio | M&A* | Amortization period | M&A | Value calc. period |
| R&D Outsourcing | | | | | | | | | |
| Machinery, Electric/Electronic | 100.0% | 13,674 | 977 | 14,651 | 31.6% | | | | |
| Embedded control, IT infrastructure | 100.0% | 7,969 | | 7,969 | 17.2% | | | | |
| Software dev./maintenance | 100.0% | 2,912 | 3,006 | 5,919 | 12.8% | 500 | -Jul.32 | | |
| Chemical, Biochemical | 100.0% | 1,262 | | 1,262 | 2.7% | | | | |
| Construction Mgmt Outsourcing | | | | | | | | | |
| Construction management | 100.0% | 3,383 | | 3,383 | 7.3% | | | | |
| TOQO | 100.0% | | 190 | 190 | 0.4% | | | | |
| Other Businesses in Japan | | | | | | | | | |
| Pc Assist | 100.0% | | 96 | 96 | 0.2% | | | | |
| Boyd & Moore Executive Search | 100.0% | | 1,104 | 1,104 | 2.4% | | | | |
| TechnoBrain | 100.0% | | 151 | 151 | 0.3% | | | | |
| Overseas | | | | | | | | | |
| Helius | 51.0% | | 914 | 914 | 2.0% | 455 | -Mar.26 | | |
| Orion | 83.2% | | 1,327 | 1,327 | 2.9% | 278 | -Sep.26 | 783 | Apr.18-Jun.23 |
| Robosoft | 100.0% | | 9,400 | 9,400 | 20.3% | 2,973 | -Sep.31 | | |
| Total | | 29,202 | 17,170 | 46,372 | 100.0% | 4,209 | | 783 | |

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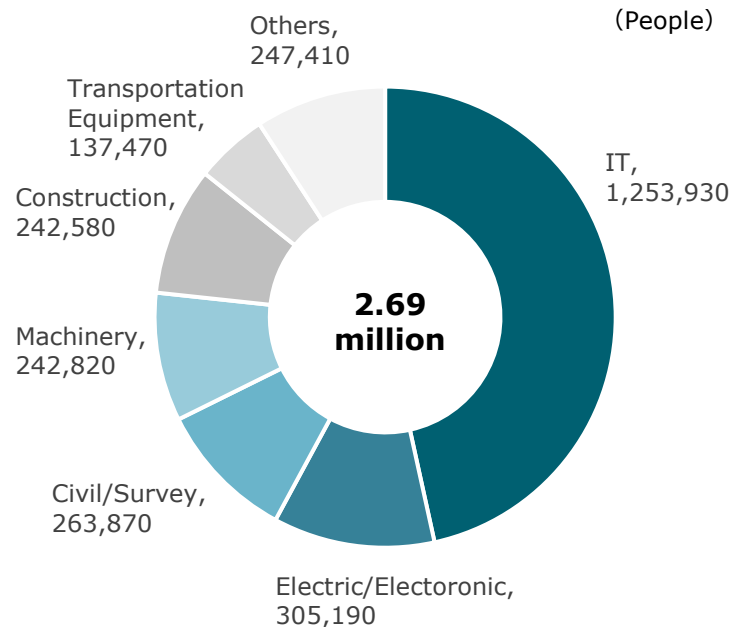
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Distribution of Engineers in Japan

- According to the national census in 2020, the number of engineers in Japan is 2.69 million (of which, about 47% of them are IT engineers), and increased by 260 thousand in five years
- In terms of IT engineers, the outsourcing ratio is relatively high in Japan

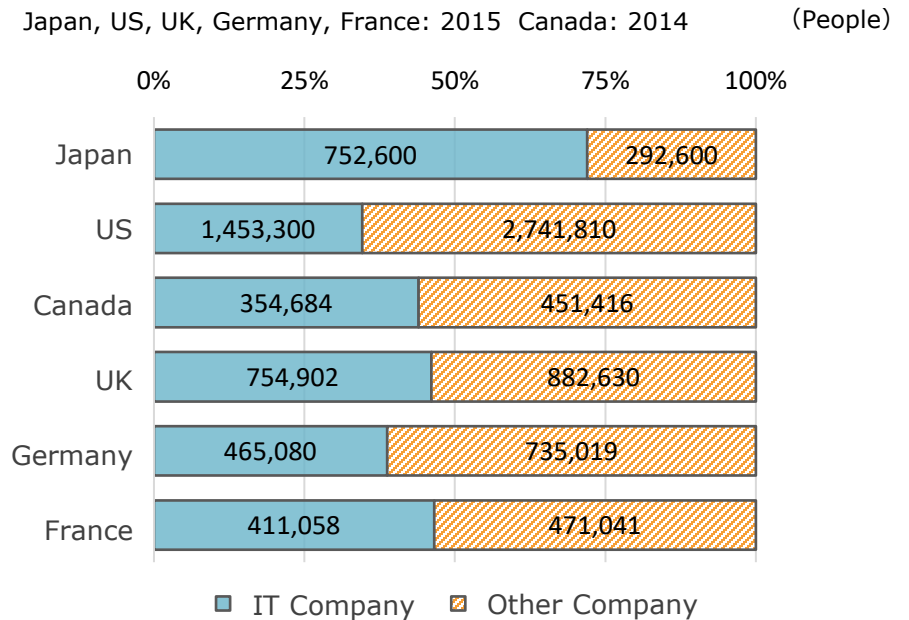
1. Number of Engineers in Japan (2020)

Source: 2020 Population Census



2. Ratio of IT Talents at IT and Other Companies

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



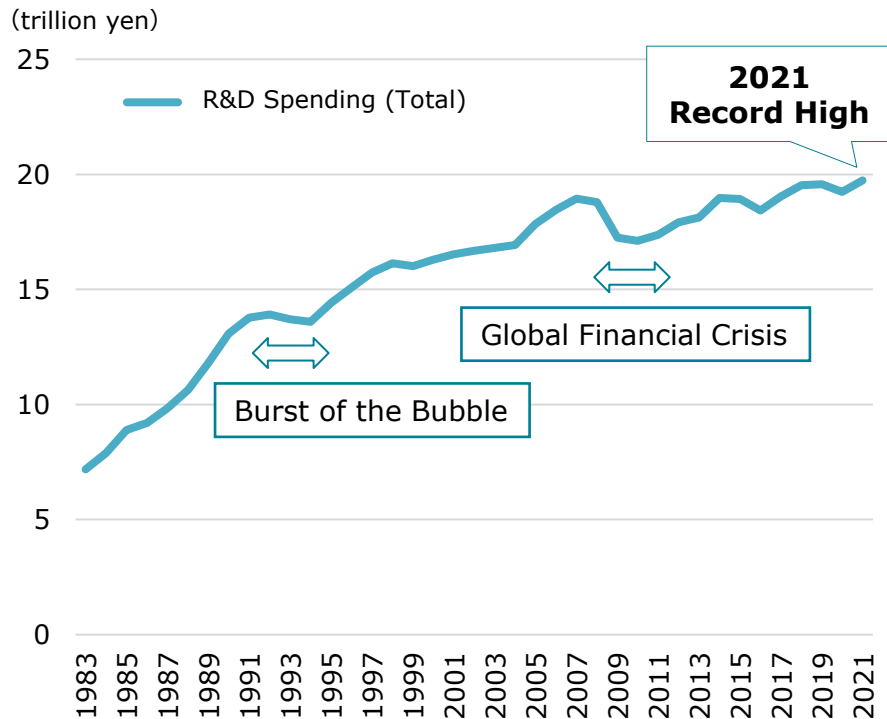
† "IT Company" means IT vendors and "Other Company" means IT user companies

Trend of R&D Spending and ICT Investment

- R&D is a field less susceptible to impact of the economy; as a nation, Japan reported 19.7 trillion yen, a record-high for R&D spending in 2021, and its growth is expected to continue in the future
- Japan's ICT investment is gradually shifting from "hardware" to "software"

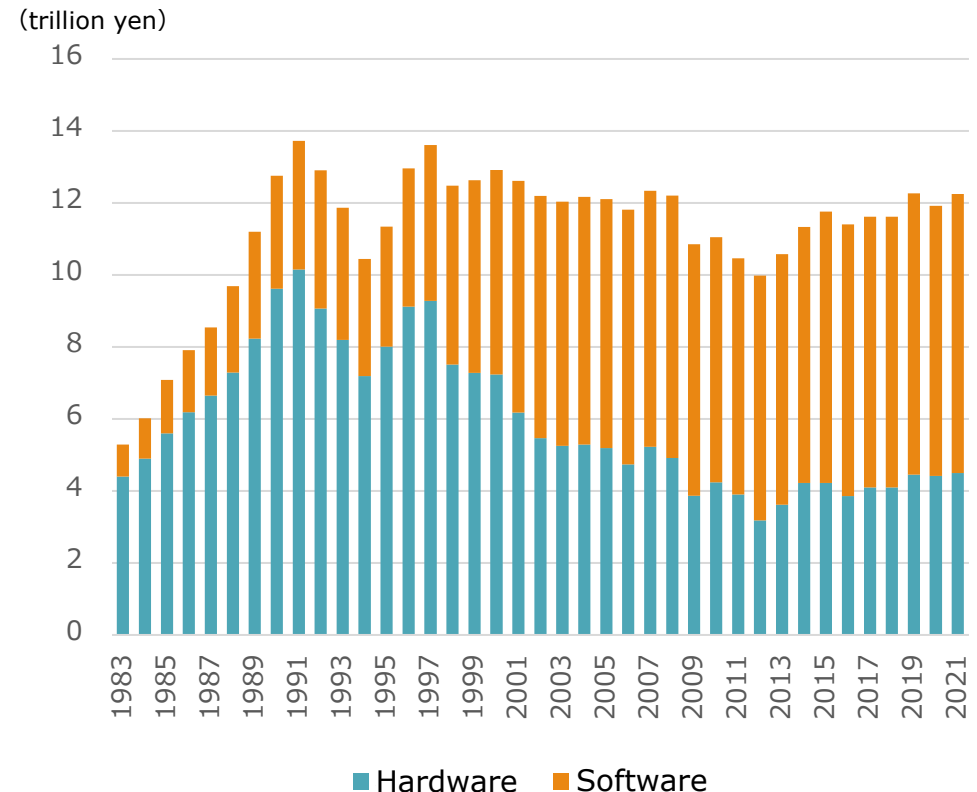
3. Trend of R&D Spending in Japan

Source: Ministry of Internal Affairs and Communications Statistics Bureau, "Report on the survey of research and development"



4. The Breakdown of ICT Investment in Japan

Source: Cabinet Office, "National Accounts of Japan"

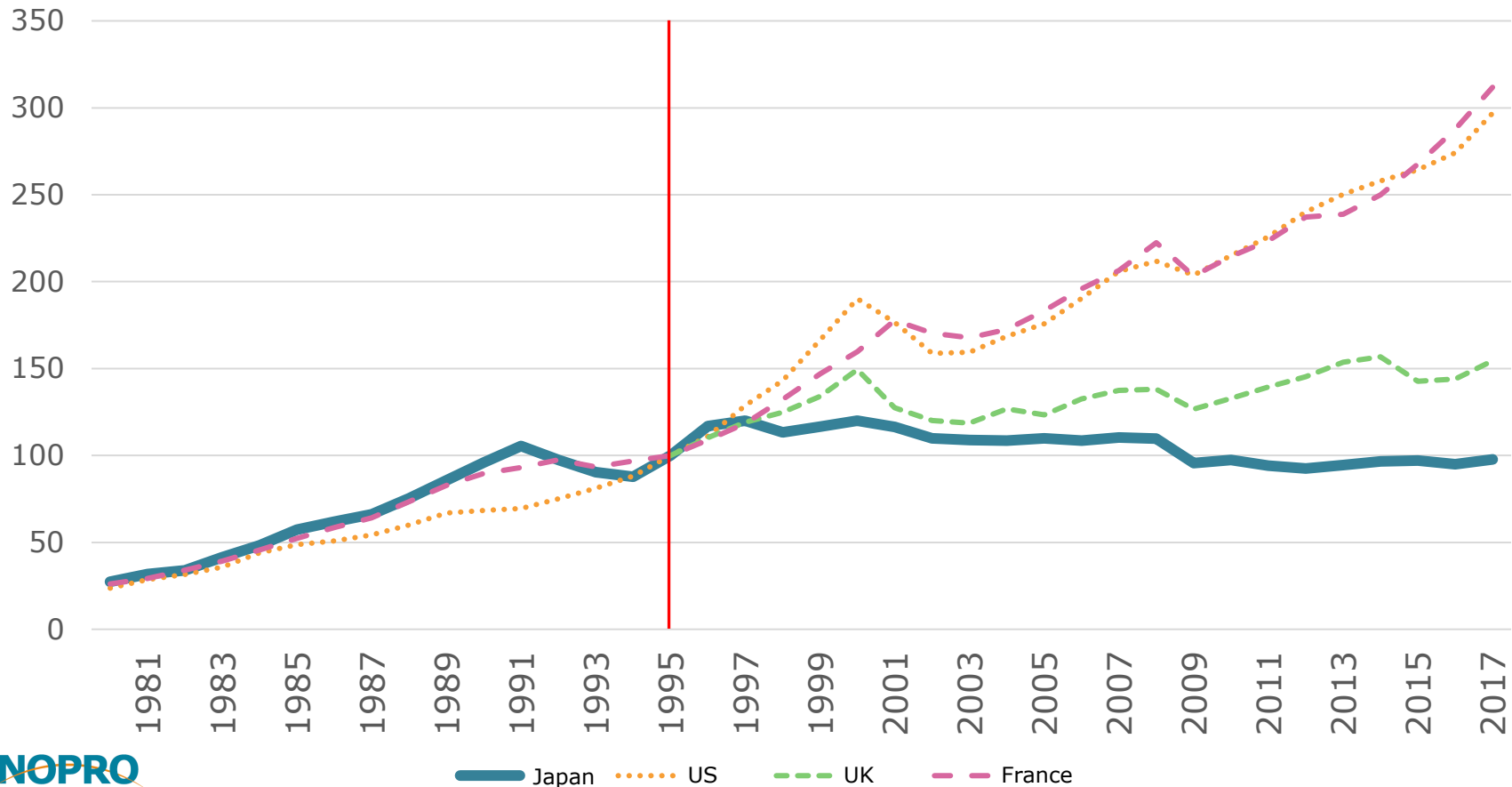


Sluggish Digitalization in Japan

- Japan's ICT investment growth from 1995 remains significantly low compared to the US, UK and France
- COVID-19 has revealed Japan's lag in digitalization once again and will lead to increased ICT investment in Japan

5. Comparison of ICT Investment in Each Country (Nominal, Indexed Figures in 1995 as 100)

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

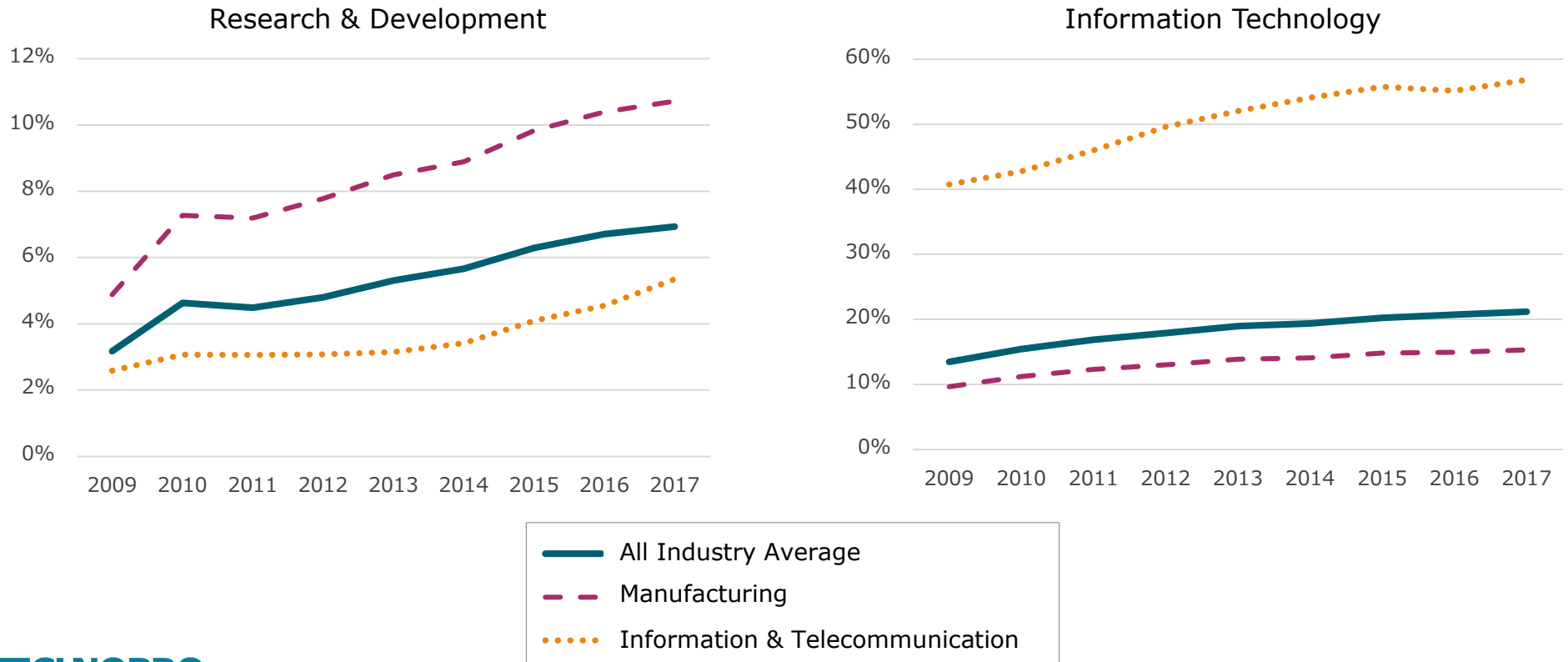


Outsourcing Usage Ratio of R&D and IT Activity

- Outsourcing usage ratio of R&D and IT activity is gradually increasing overall
- Even Information & Telecommunication companies are using more outside resources in their own IT activity

6. Outsourcing Usage Ratio by Industry

Source: Ministry of Economy, Trade and Industry, "Basic Business Activity Survey", aggregation by Doshisha University Research Institute for STEM Human Resources, commissioned by TechnoPro in 2020

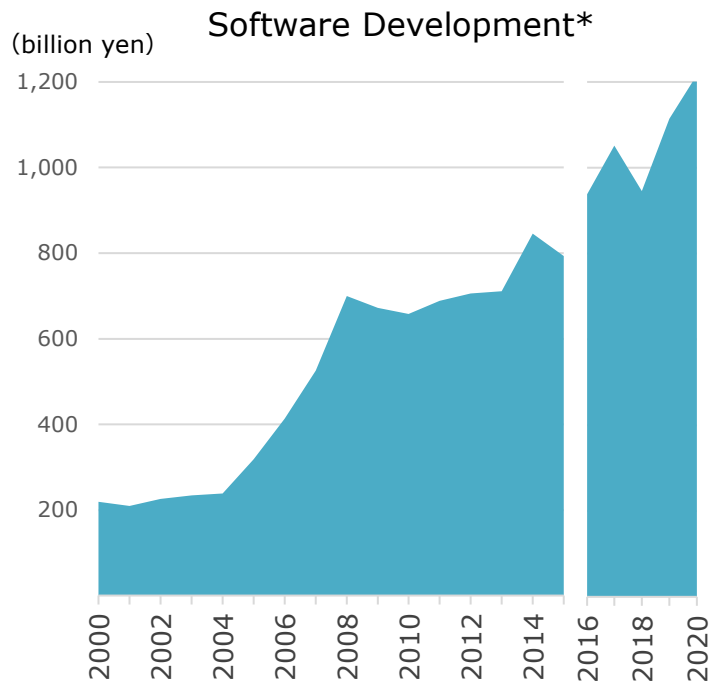


Engineer Staffing Market Overview

- Estimated whole engineer staffing market size in Japan was about 2.3 trillion yen in 2020; up 9.8% year-on-year, of which software development market size was about 1.2 trillion yen; up 9.2% year-on-year
- Yano Research Institute forecasts that the engineer staffing market in Japan is expected to grow at a CAGR of 7.2% from FY2021 to FY2025 (forecast)

7. Engineer Staffing Market Size

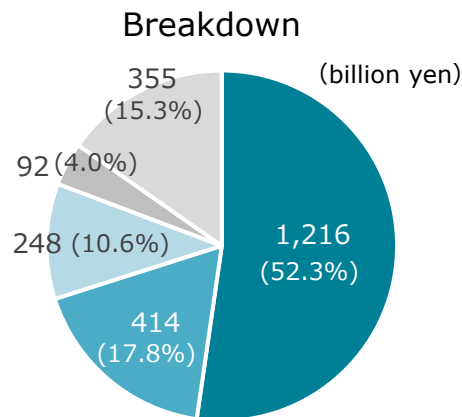
Source: TechnoPro estimates based on the data researched by Ministry of Health, Labor and Welfare



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



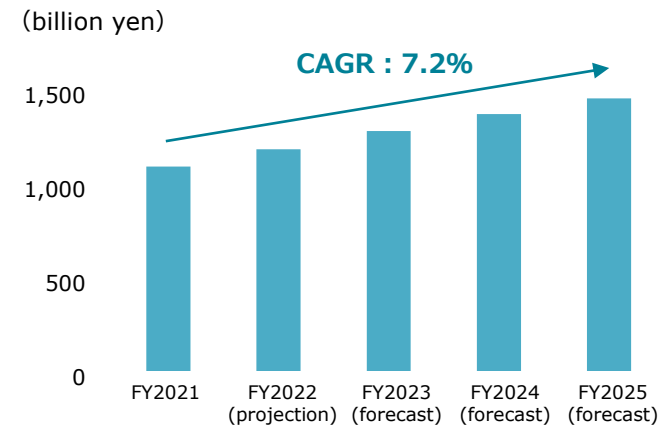
Market Size 2.3 trillion yen (2020)



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

8. Forecast of Engineer Staffing Market Size

Source: Yano Research Institute Ltd., "Human Resources Business 2022, PART 2: Services by Industry/Job Category"



† The market size is based on the sales of businesses; The figure for FY2022 is a projection, for FY2023 and beyond are forecasts (as of October 2022)

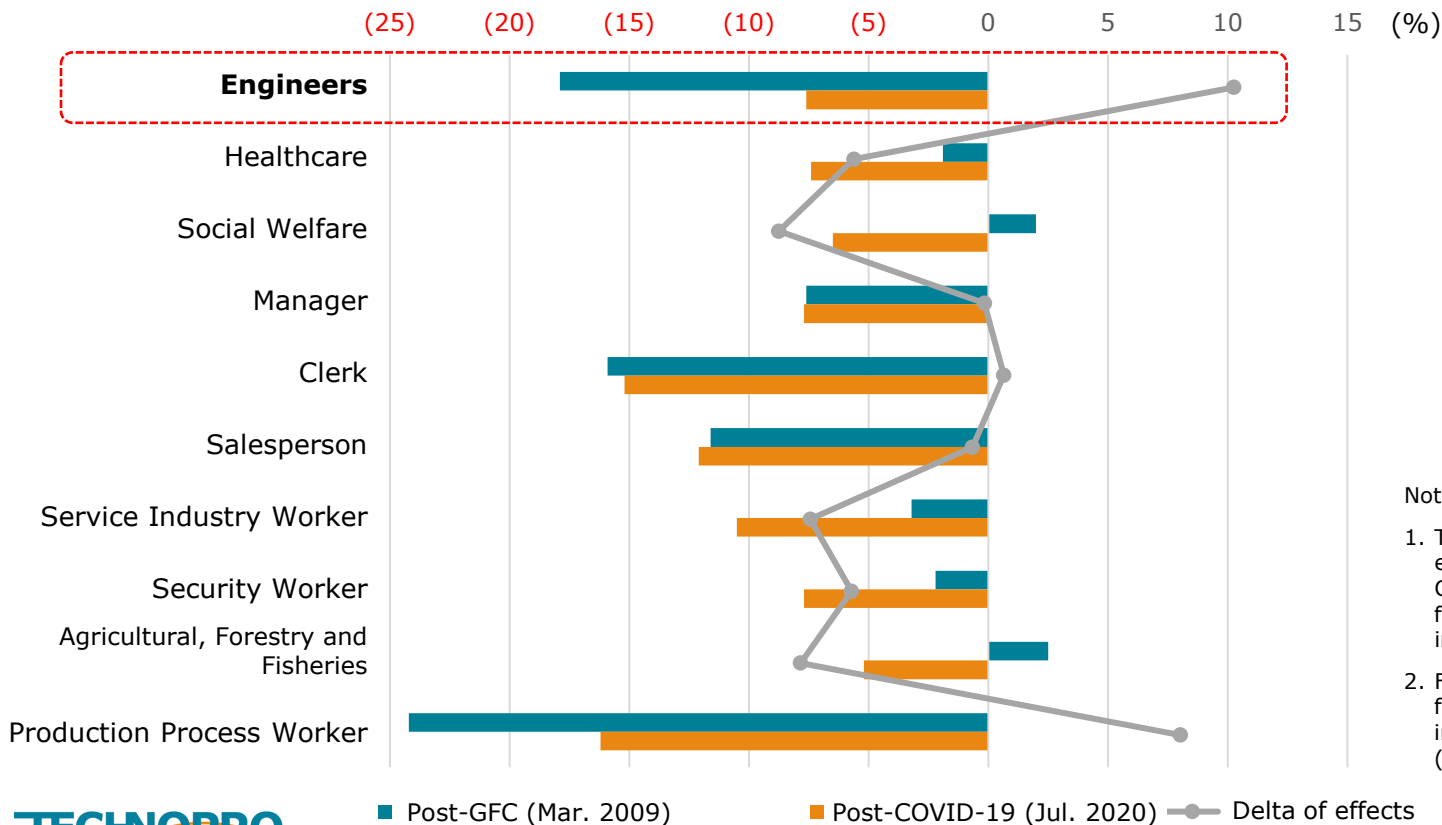
Note: Market size for large-scale providers calculated by Yano Research Institute based on an independent survey; Growth may be higher than the market as a whole

Engineering Professional Services' Resilience to External Shocks

- First wave of COVID-19 spread impacted a lot less on new job offers for engineers compared to the Global Financial Crisis
- The fact above indicates the possibility that the importance of talents with technological expertise or the priority of R&D and IT system development to maintain competitiveness has been increased in the past 10 years, corroborating the robustness of our business

9. Ratio of Increase/Decrease and Delta of New Job Offers after 6 Months from External Shocks

Source: Ministry of Health, Labor and Welfare, Labor "EMPLOYMENT REFERRALS FOR GENERAL WORKERS," the Doshisha University Research Institute for STEM Human Resources, Commissioned by TechnoPro in 2020



Note:

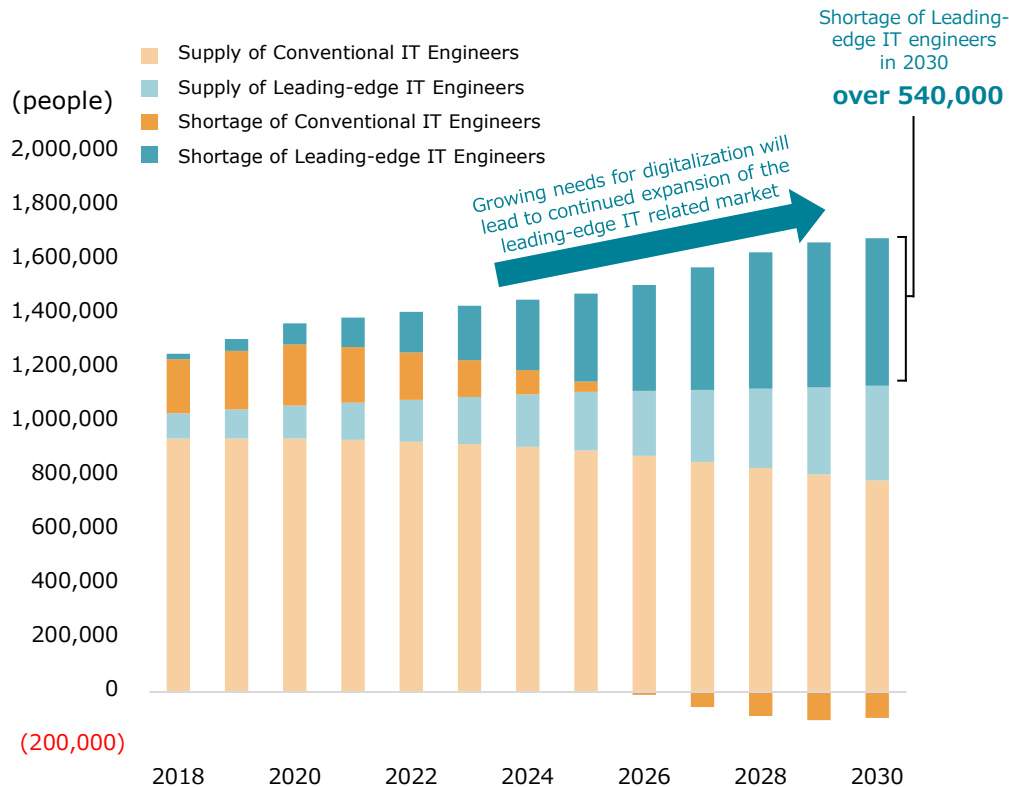
1. The figure left shows the comparison of the effect from the Global Financial Crisis (GFC) and COVID-19 on the index data of new job offers for each job category after 6 months from the initial outbreak of the crisis
2. Figures in September 2008 was indexed as 100 for the GFC, figures in January 2020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

Background of Engineer Staffing Market Growth and Our Strengths – 1. Growing Demand

- Demand-supply gap in IT sector is huge; especially leading-edge IT engineers (AI, big data, IoT, etc.) will be in higher demand
- Weakening demand for engineers due to the spread of AI will be more than offset by the new demand for engineers

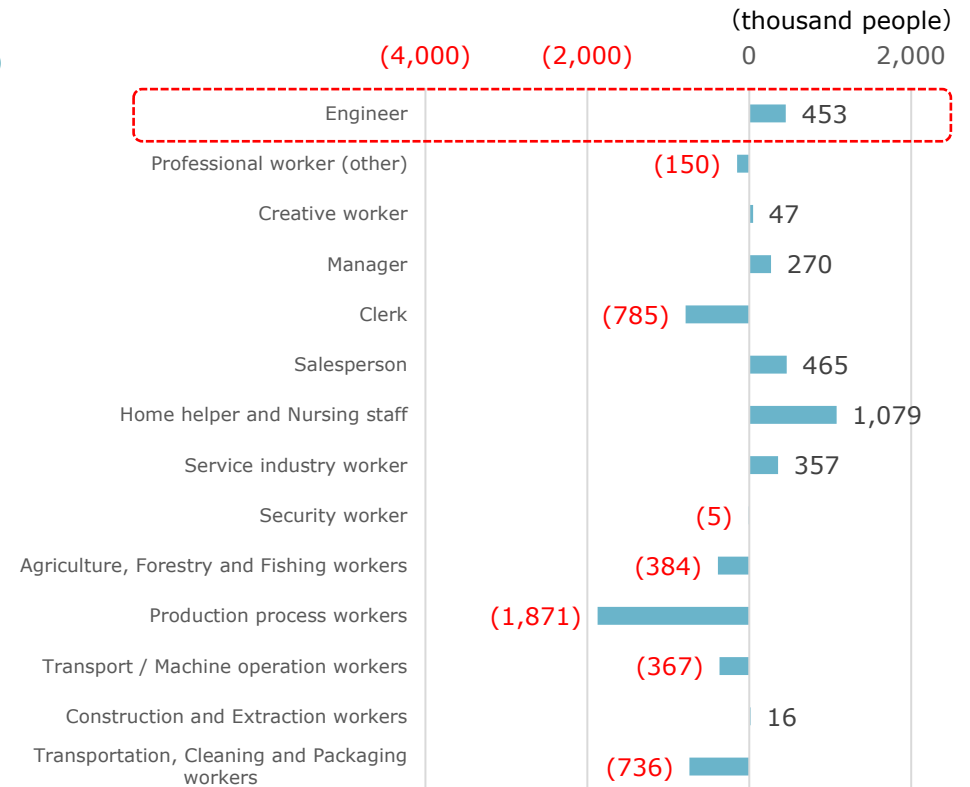
10. Projected Shortage in Advanced and Conventional IT engineers

Source: Ministry of Economy, Trade and Industry, "Survey report about supply and demand of IT talent (March 2019)"



11. Shift in Workforce due to Progression of AI

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



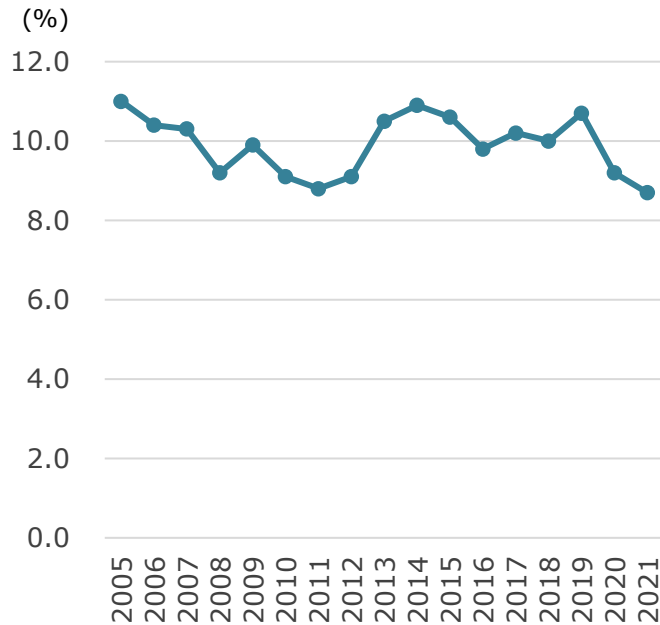
† Estimated numbers comparing 2015 and 2030

Background of Engineer Staffing Market Growth and Our Strengths – 2. Mid Careers Market

- The turnover ratio in Japan remains around 10% which shows career-change market has a certain scale; more than 200,000 engineers per year
- Turnover ratio of IT engineers tends to be relatively higher than other type of engineers

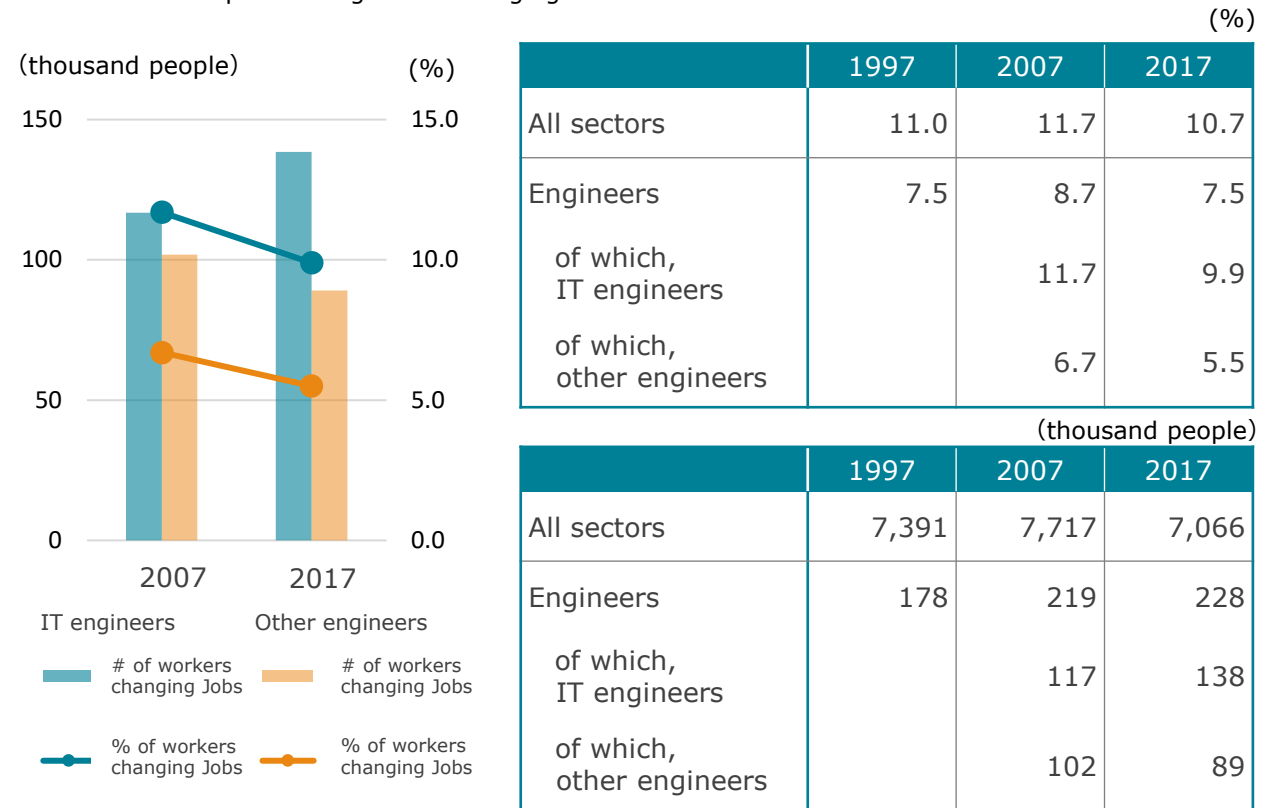
12. Turnover Ratio in Japan

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



13. Turnover of Engineers

Source: Doshisha University Research Institute for STEM Human Resources, commissioned by TechnoPro in 2019, "Survey Report on Recent Characteristics in the Percentage of Japanese Engineers Changing Jobs"

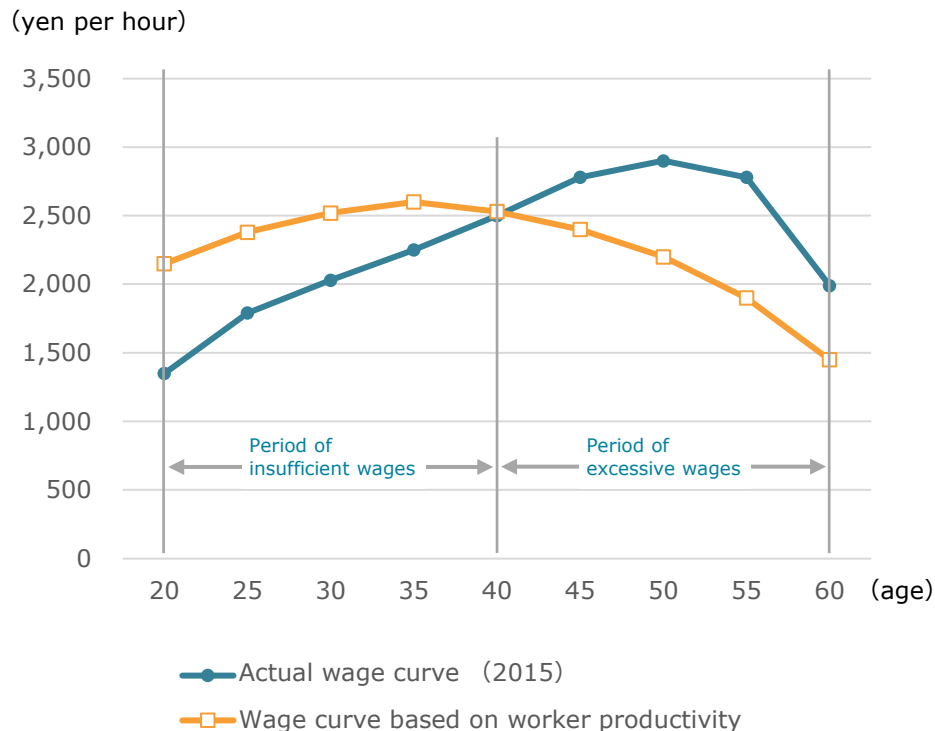


Background of Engineer Staffing Market Growth and Our Strengths – 2. Mid Careers Market (Cont.)

- The lifetime employment and seniority-based wage system have firmly remained in Japan
- The number of mid-career recruitment by blue-chip companies is limited due to the gap between productivity and salary

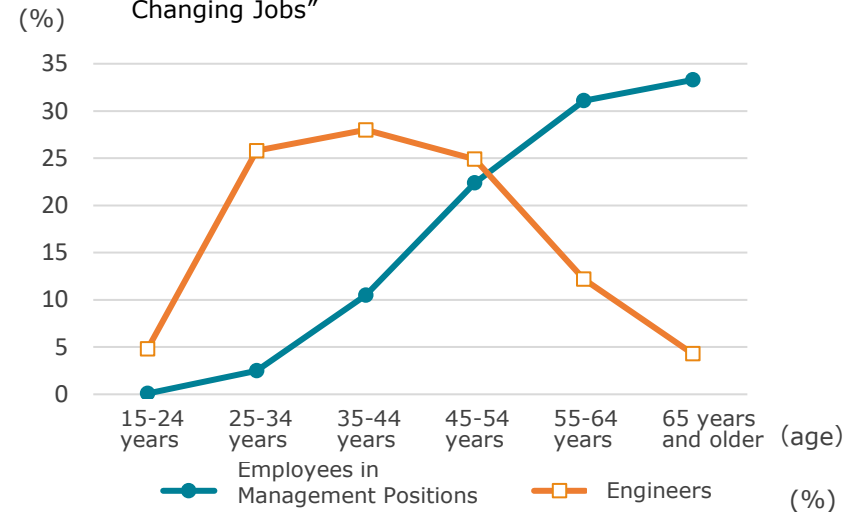
14. Seniority-Based Wages and Wages based on Work Productivity (Hourly-base)

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



15. Age Composition: Management and Technical Position (2017, Japan)

Source: Doshisha University Research Institute for STEM Human Survey Resources, commissioned by TechnoPro in 2019, "Report on Recent Characteristics in the Percentage of Japanese Engineers Changing Jobs"



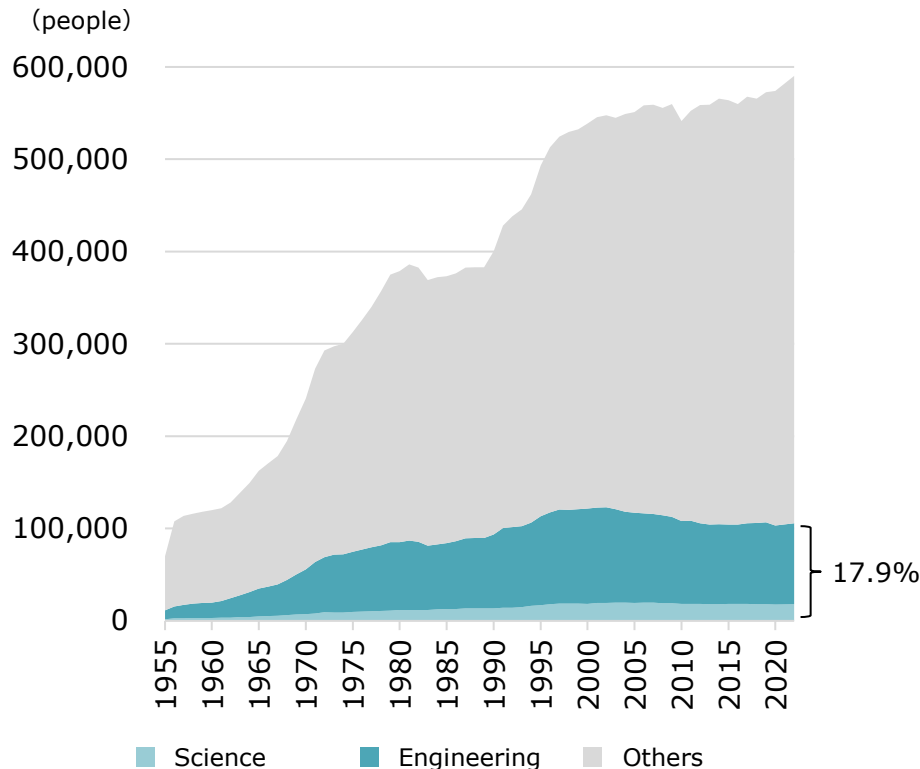
| | Employees in Management Positions | Engineers |
|--------------------|-----------------------------------|-----------|
| 15-24 years | 0.1 | 4.8 |
| 25-34 years | 2.5 | 25.8 |
| 35-44 years | 10.5 | 28 |
| 45-54 years | 22.4 | 24.9 |
| 55-64 years | 31.1 | 12.2 |
| 65 years and older | 33.3 | 4.3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

Background of Engineer Staffing Market Growth and Our Strengths – 3. New Grads Market

- Even though the number of university graduates is slightly increasing because of higher university entrance rate, the number of science and engineering graduates begins to decrease from 2000
- New grads tend to prefer blue-chip companies while such companies have limited number of job openings for them

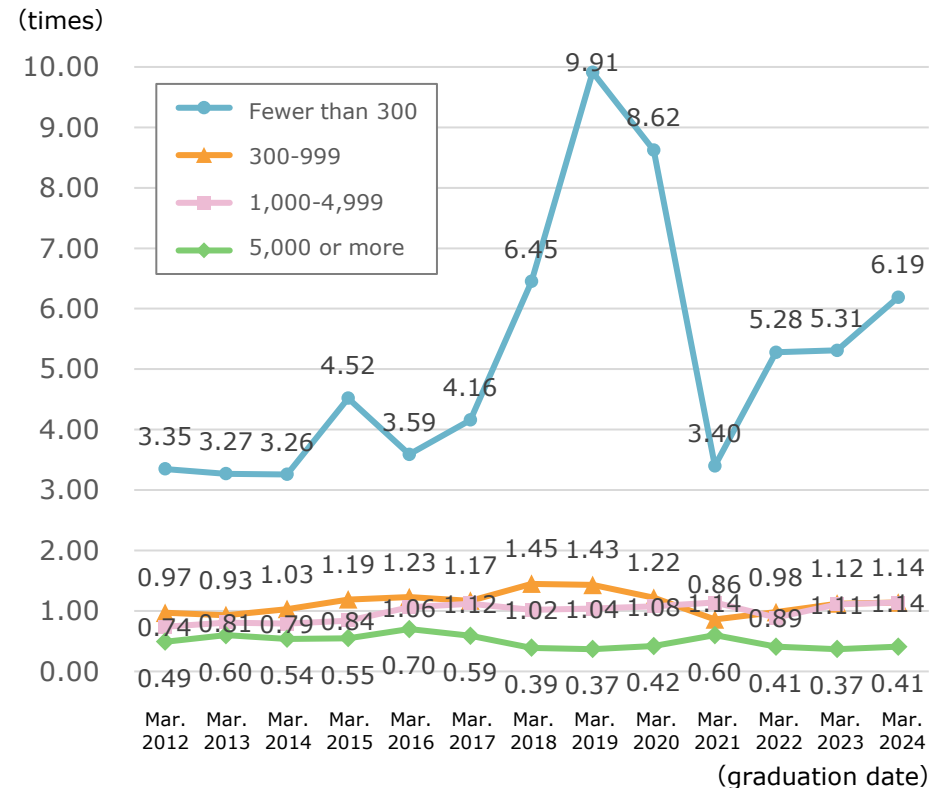
16. No. of University Graduates by Faculty

Source: TechnoPro based on "School Basic Survey" by Ministry of Education, Culture, Sports, Science and Technology



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

Source: Recruit Works Institute, "40th College Graduates Job Opening Survey"

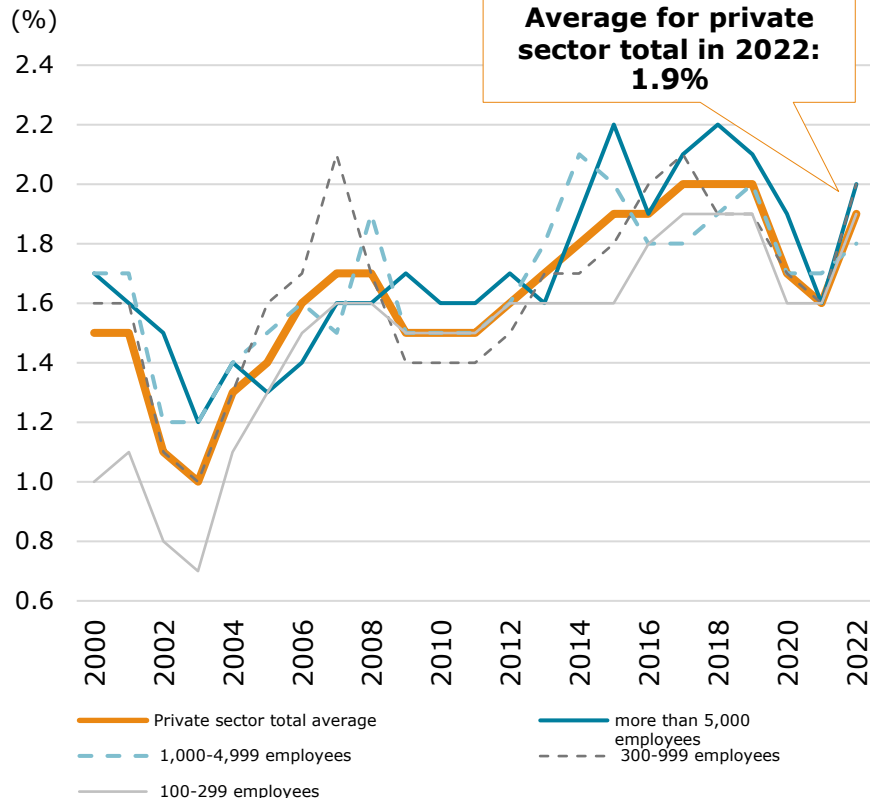


Wage Hike & Human Capital Investment in Japan

- Average annual wage hike in the private sector in Japan has been around 2%, although the ratio varies depending on the number of employees
- Japan's investment in human capital, both public and private, is significantly lower than other developed countries

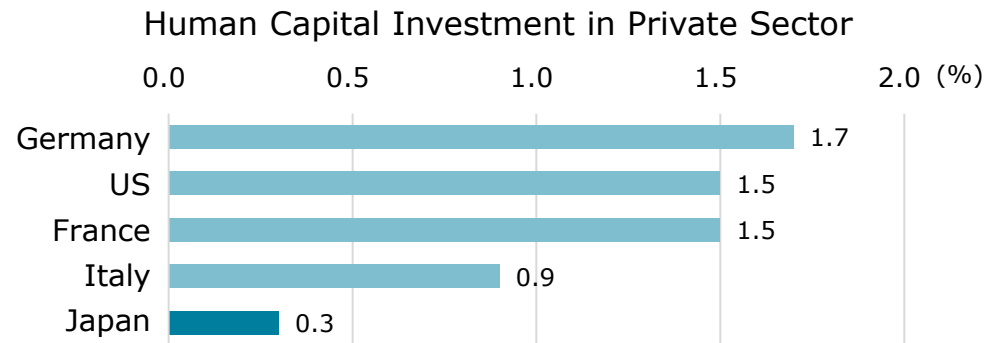
18. Wage Revision Ratio per Worker

Source: Ministry of Health, Labor and Welfare, "Survey on wage increase"



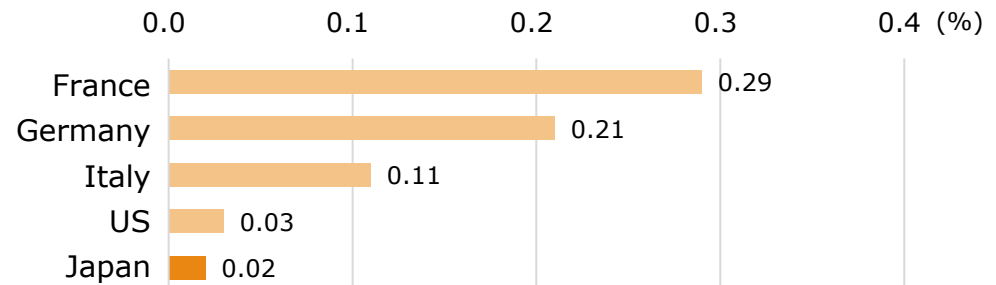
19. World's Human Capital Investment (GDP ratio)

Source: Mizuho Research & Technologies, Ltd., "New Form of Capitalism and Human Capital Investment"



† Figures indicate averages for 2010-2018 (2010-2017 only for US), using investment amounts excluding OJT

Training & Education Investment in Public Sector



† Figures indicate averages for 2010-2019

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