

TechnoPro Group

**Current Business Environment and
Medium-Term Management Plan Progress**

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

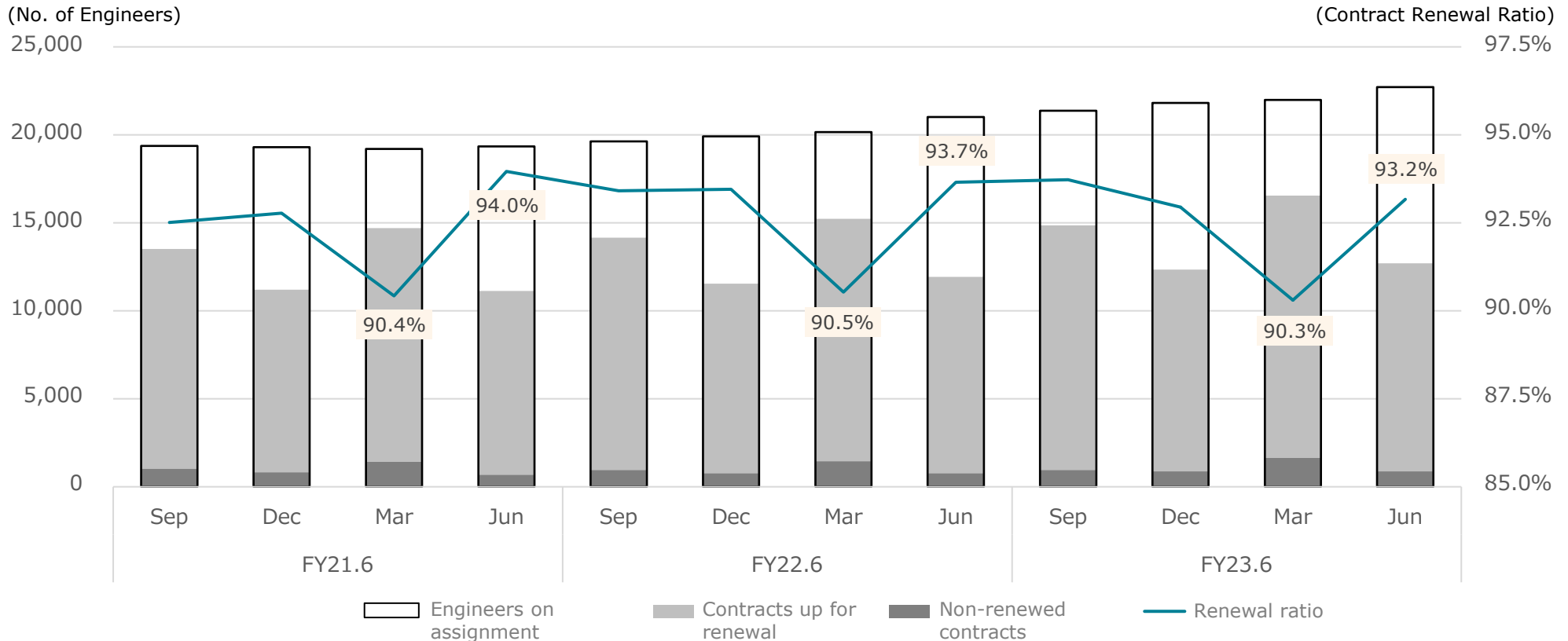
August 7, 2023

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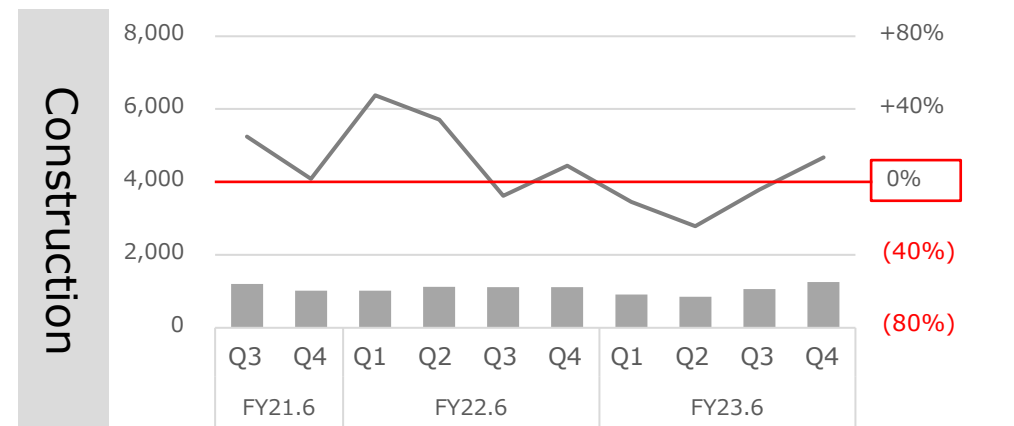
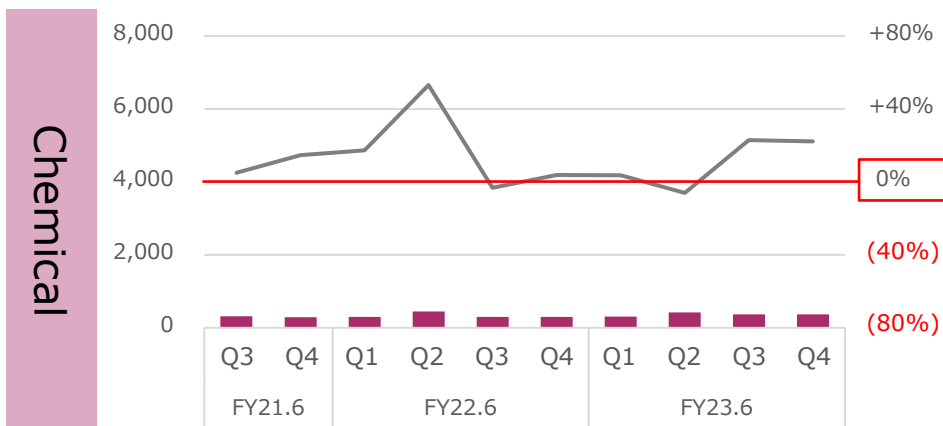
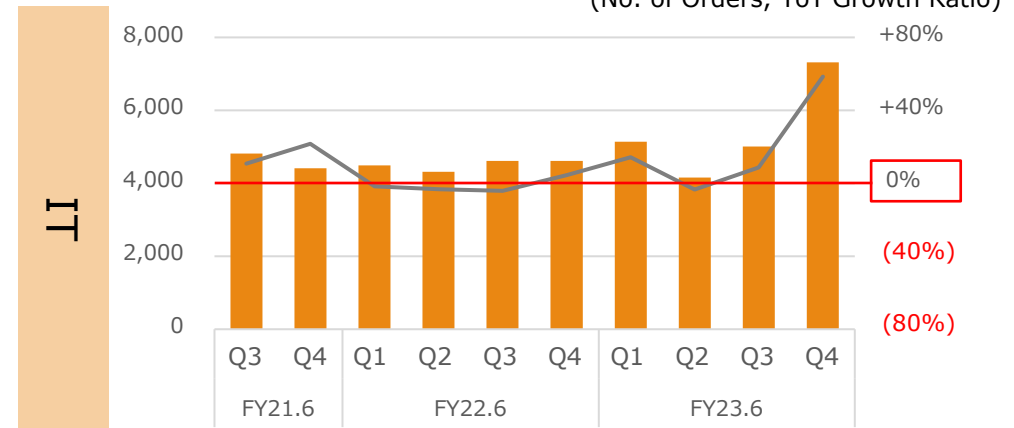
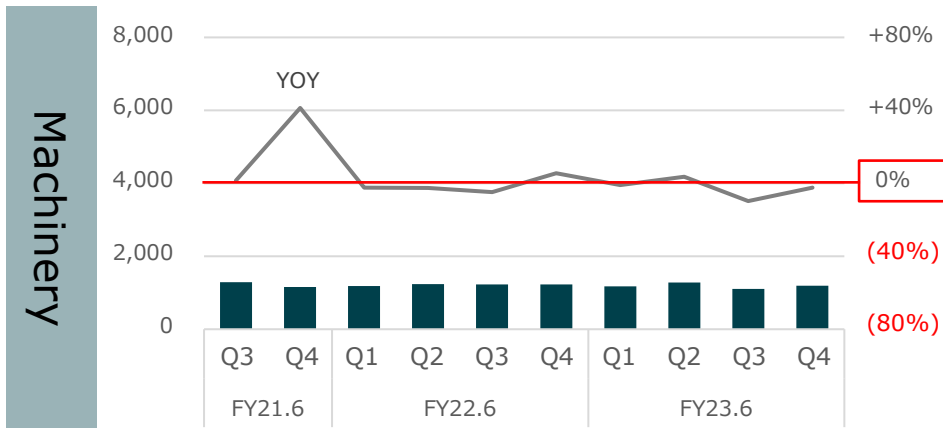
Contract Renewal Ratio [Mar, Jun, Sep, Dec]

- Terms of most staffing contracts are three or six months, therefore major contract renewal cycle occurs every three months (particularly in March, the contracts up for renewal reach around 80% of total contracts, and March contract renewal ratio usually tends to be around 90% since many projects end to coincide with the closing of our customers' fiscal year)
- There was no major decline in contract renewal ratio despite concerns over global recession; renewal ratio for June 2023 ended up with **93.2%** (renewal ratio could have increased to **94.2%** if calculated, excluding effect from voluntary contract terminations to promote shift-up initiatives), anticipating the similar renewal ratio for September 2023 as previous year if the effect from shift-up is excluded



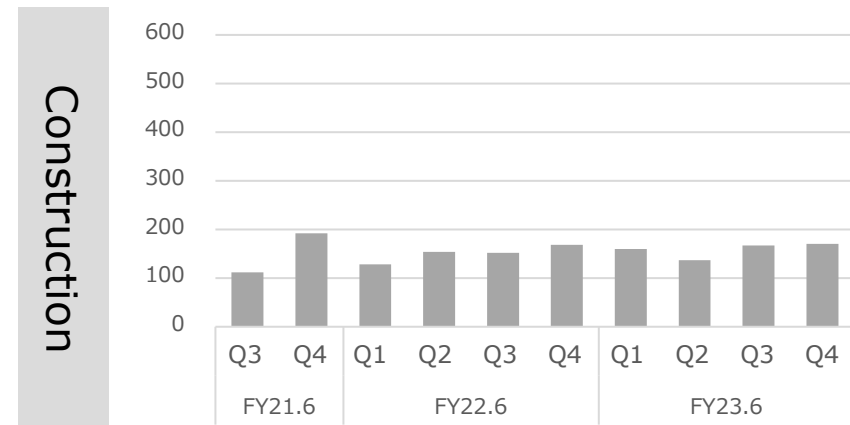
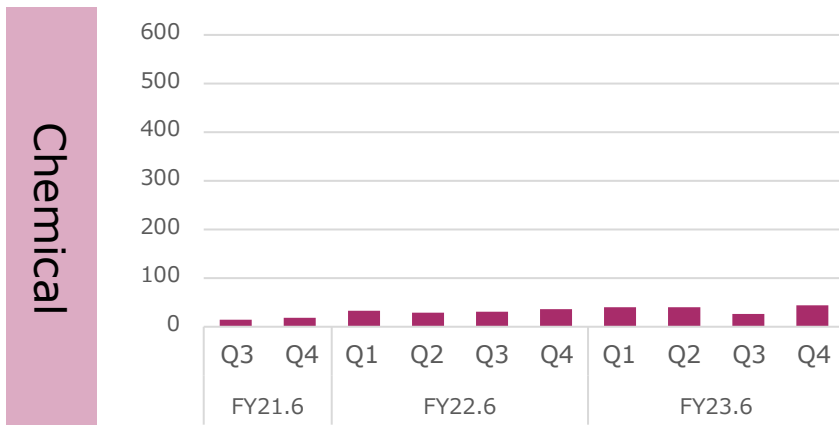
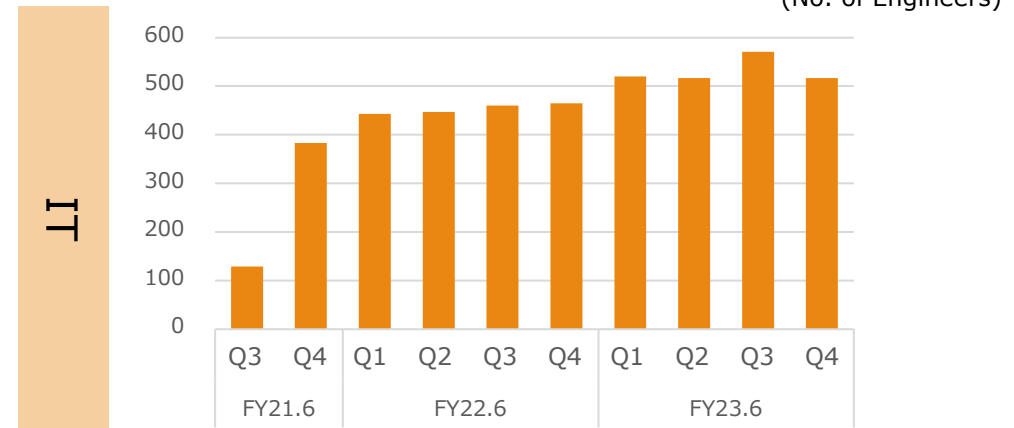
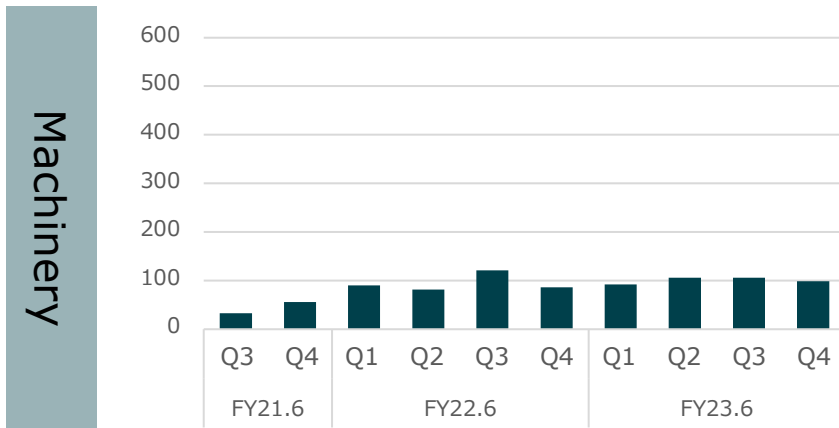
New Orders Trend by "Technology" [Quarterly]

- The newly acquired orders in H2 FY23.6 increased year-on-year except in Machinery, **ensuring adequate volume of orders upon engineer resources** (fulfillment rate is approx. 30% for remaining orders. No difference of utilization rate among technology areas)
- In Machinery, **new orders for leading-edge technologies are increasing** mainly in areas such as Autonomous Driving, Electric Vehicle and IoT



Mid-career Recruitment by “Technology” [Quarterly]

- 3,312 mid-career engineers hired in FY23.6 include **401 inexperienced engineers requiring OJT** (223 in IT and 178 in Construction) and **132 non-Japanese engineers with in-demand skills hired globally** mainly in IT field, reinforcing the experienced hires among increasingly intensifying war for talent
- Through the collaboration with alliance partners, **proactively continue to recruit inexperienced engineers requiring OJT**, while securing projects in advance where they will be assigned immediately after training

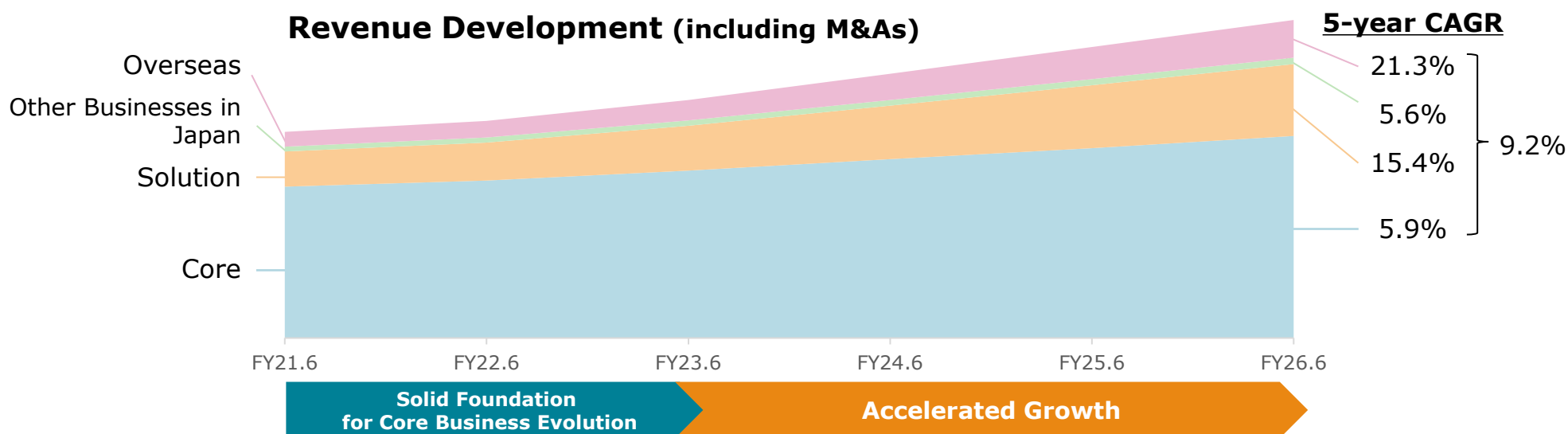


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Medium-Term Management Plan Financial Target

- The transitional first two years of the medium-term plan period (five years) require upfront investment to promote recruitment of key talents as well as education and training for Solution Business expansion and to establish business infrastructure for Engineer Training and DX Promotion Businesses, **building solid foundation for the Core Business evolution**; then aims to recoup investment in the last three years, **achieving accelerated growth** in earnings
- FY26.6 guidance remains unchanged although the financial results for the first two years exceeded the initial plan, considering that the earnings plan for the last three years includes contribution from M&As

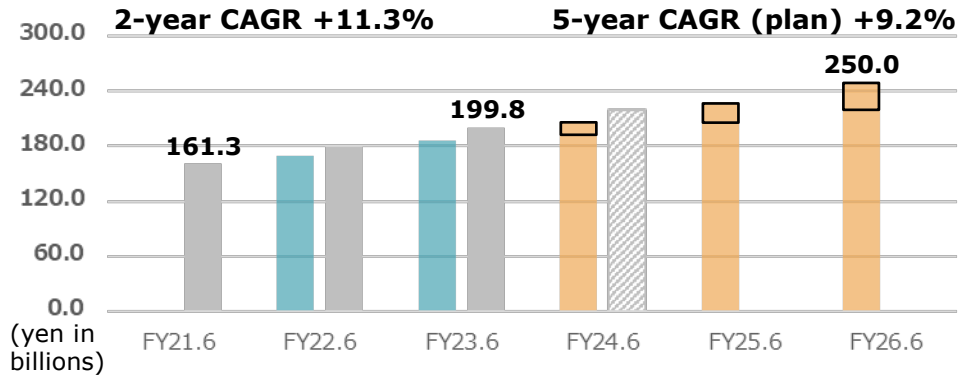


(yen in billions)	FY21.6 Results	FY23.6 Results	<u>2-year CAGR</u>	FY24.6 Guidance	YoY	FY26.6 Plan	<u>3-year CAGR</u>	<u>5-year CAGR</u>
Revenue	161.3	199.8	+11.3%	220.0	+10.1%	250.0	+7.7%	+9.2%
OP (Core OP)	19.4 (17.6)	21.8 (21.3)	+5.9% (+10.1%)	24.5 (24.5)	+12.2% (+14.6%)	32.0 (32.0)	+13.6% (+14.4%)	+10.5% (+12.7%)
Net Profit	13.2	15.3	+7.7%	16.7	+8.7%	22.0	+12.7%	+10.7%
ROE	25.1%	21.3%		22.1%		20%+		

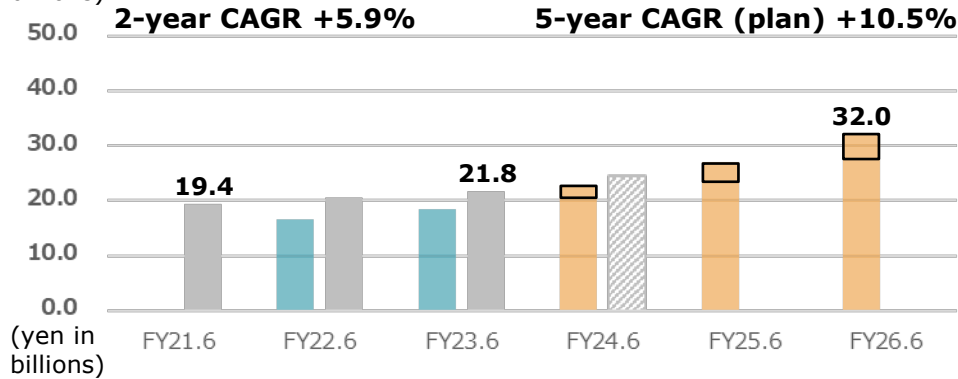
Note: 1. CAGRs for the first 2- and full 5-year are calculated as the average annual growth rate starting from FY21.6 results; CAGR for the last three years is calculated as the average annual growth rate starting from FY23.6 results
 2. Revenue contribution from M&As to Solution/Overseas Businesses is expected to be 15bn yen and 15bn yen respectively in FY26.6; OP contribution is expected to be 15% and 15% respectively

P&L Breakdown [FY24.6 figures: Guidance]

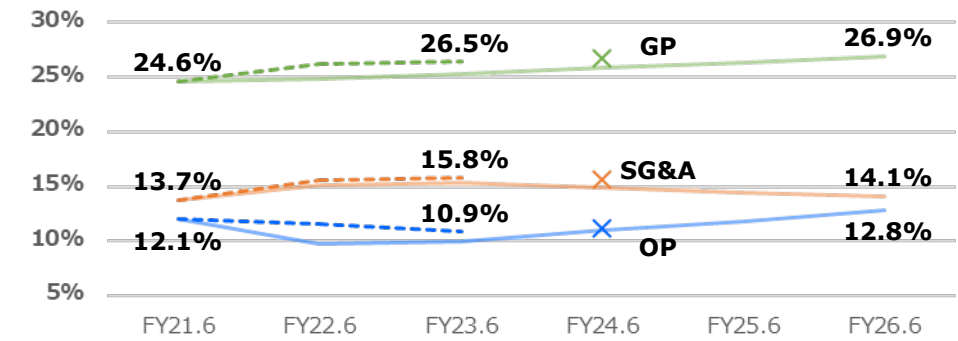
Revenue



Operating Profit



Ratio on Revenue



- FY23.6: YoY up 11.8%, vs. plan up 7.2%
- 2-year CAGR was +11.3% in the first two years of the plan, driven by the increase in engineers on payroll well exceeding the target while continuing recruitment without compromising quality
- Revenue guidance for FY24.6 is 220 billion yen; including only Robosoft earnings as notable contribution from M&A, but exceeding the target of the third year (o/w M&A contribution: 14 billion yen)

- FY23.6: YoY up 5.8%, vs. plan up 18.0%
- Profit growth continued in the first two years despite extraordinary items; recruiting cost decline and government subsidy for COVID-19 pandemic in FY21.6, and PO liability reversal gain in FY22.6
- OP guidance for FY24.6 is 24.5 billion yen; exceeding the target in the third year even without new M&A contribution (o/w M&A contribution: 2.1 billion yen)

- FY23.6: YoY GP margin up 0.3 pts / SG&A ratio up 0.2 pts / OP margin down 0.6 pts; vs. plan GP margin up 1.2 pts / SG&A ratio up 0.4 pts / OP margin +1.0 pts
- GP/OP margin exceeded the target in the first two years of the plan driven by the effect from acquisition of highly profitable Robosoft, while improvement in SG&A ratio may take some time due to changes in preconditions (described later)

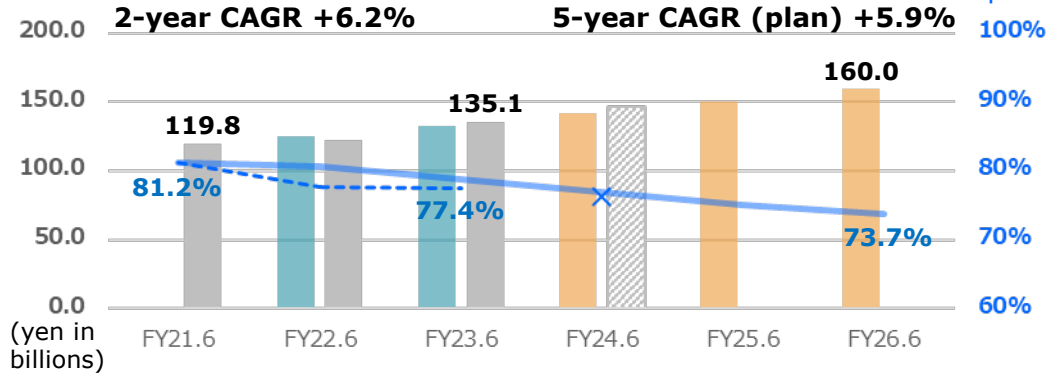


Note: 1. FY22.6 and thereafter, bar graphs on left and solid lines of line graphs indicate targets in the medium-term plan (the same applies hereinafter)
 2. FY24.6 and thereafter, black borders on bar graphs indicate M&A contributions expected in the medium-term plan (the same applies hereinafter)

Revenue Breakdown [FY24.6 figures: Guidance]

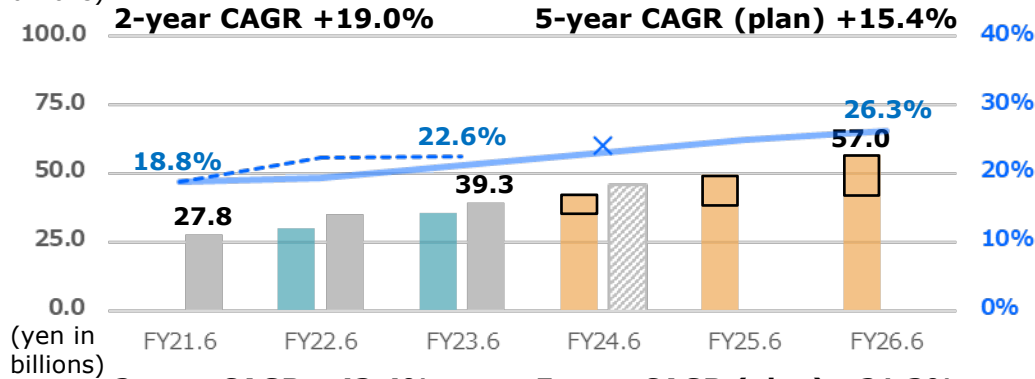
Composition on revenue %

Core Business Revenue



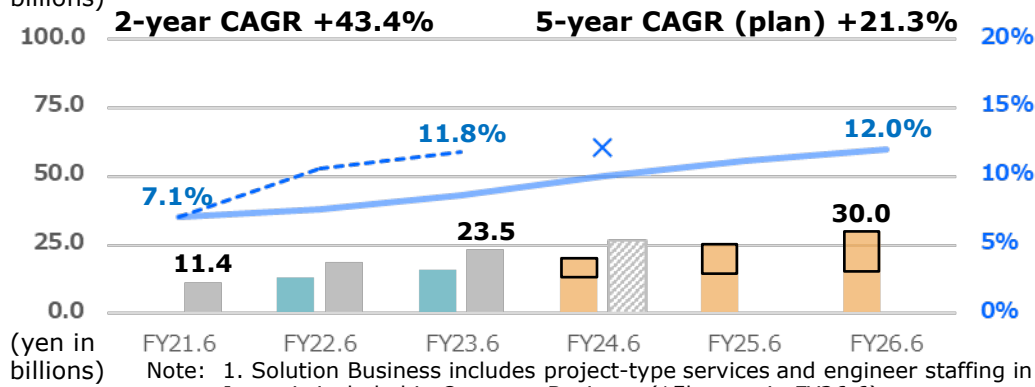
- FY23.6: YoY up 10.2%, vs. plan up 2.0%
- Carried out active recruitment and training/education mainly in IT/digital domains, contributed to providing talents to the Solution Business in the first 2 years
- From FY24.6 onward, strengthen KPI management and preemptively implement initiatives while paying cautious attention to the environment surrounding the Core Business

Solution Business Revenue



- FY23.6: YoY up 12.1%, vs. plan up 10.7%
- CAGR was +19.0% in the first two years of the plan; revenue target of 57.0 billion yen (incl. M&A contribution) in FY26.6 will be achievable if delivered annual growth at +13.1% for the remaining three years
- Establish Consulting & Advisory Division, headed by a newly recruited expert and dedicate to the solution sales, maintaining growth momentum

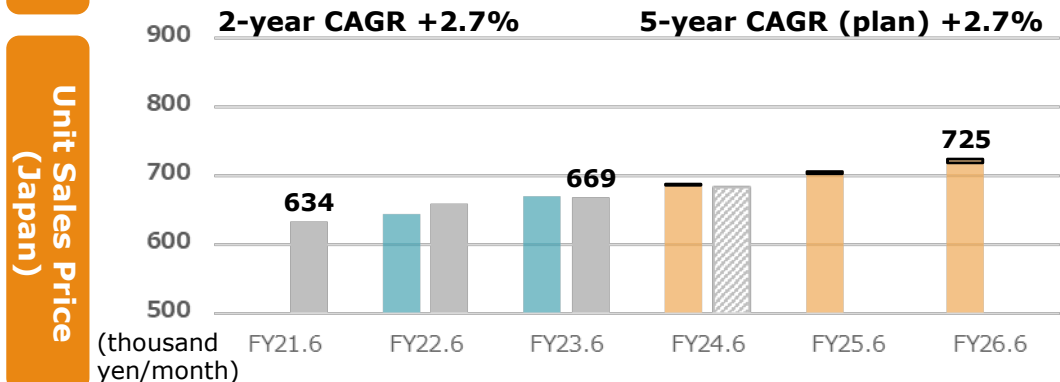
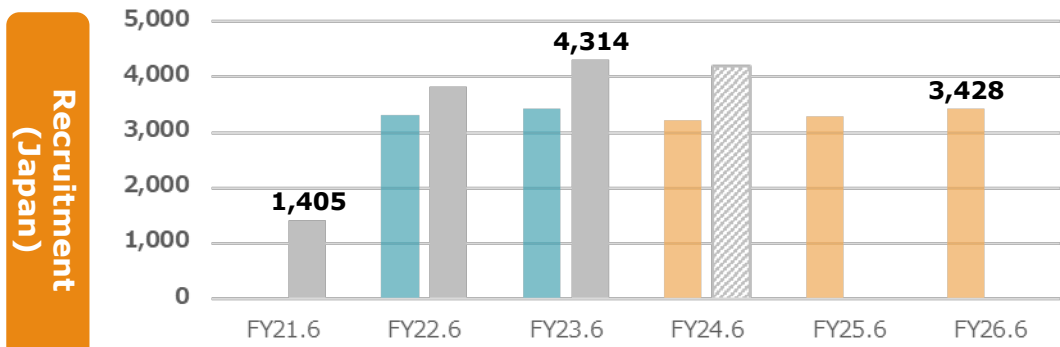
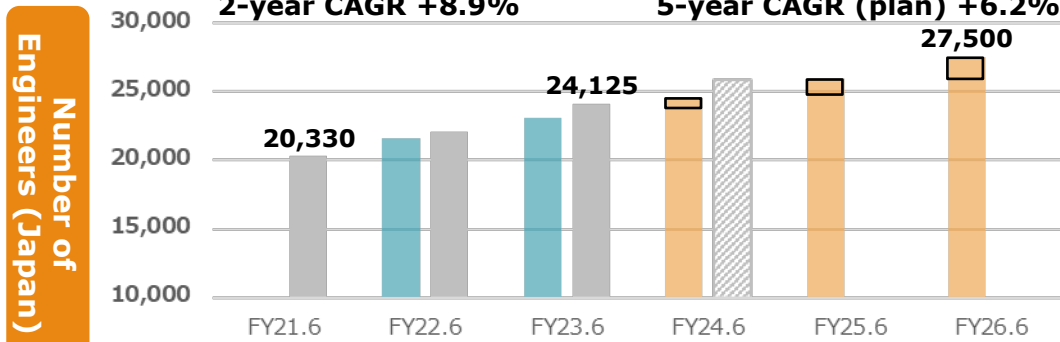
Overseas Business Revenue



- FY23.6: YoY up 23.9%, vs. plan up 46.7%
- Built solid foundation of offshore delivery model by Robosoft acquisition, sharing its solution capabilities across Japan and overseas
- Each overseas entity is subject to the Strategic Review and assessed for carve-out possibility (prioritize consistency with strategy and group synergy even if revenue or profit may decline)

Note: 1. Solution Business includes project-type services and engineer staffing in advanced technology fields in Japan; revenue from solution services outside Japan is included in Overseas Business (15bn yen in FY26.6)
 2. Composition on revenue %: [Core Business, Solution Business] ratio to sum of revenues from R&D Outsourcing/Construction Management Outsourcing segments; [Overseas Business] ratio to consolidated revenue

Japan KPI Breakdown [FY24.6 figures: Guidance]



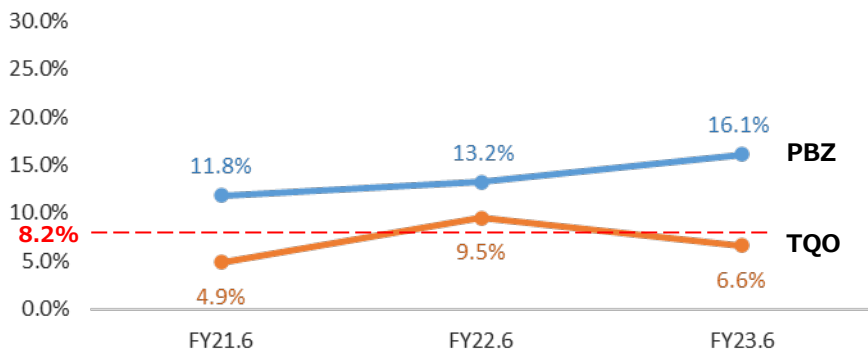
- FY23.6: YoY up 9.4%, vs. plan up 984
- In the first two years of the plan, FY23.6 results and FY24.6 guidance surpass the initial target one year ahead, since recruitment progressed well, and retirement was curbed to a certain level
- However, need to monitor turnover ratio more closely as the Group has many IT engineers, especially digital talents, who are in high demand

- FY23.6: YoY up 502, vs. plan up 890
- Recruitment was well above the target amid intensifying competition for talent by promoting recruitment of engineers requiring OJT or global talent while maintaining adequate hiring criteria
- In FY24.6, expecting slightly fewer hires than previous year, but carry out thorough analysis of cost effectiveness concerning recruitment and training, as hiring costs are soaring

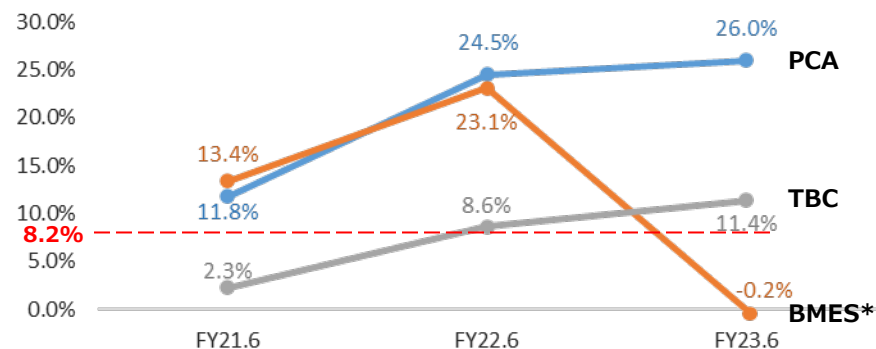
- FY23.6: YoY up 1.6%, vs. plan down 2K yen
- Unit price slightly fell short of the plan for FY23.6 due to decreased overtime hours in the Core Business and increase in recruitment requiring OJT, although proportion of the Solution Business, which earns higher unit price, has expanded
- Continue efforts to raise unit sales price higher than wage hike of each engineer, while FY24.6 guidance is also expected to miss the plan at this moment

Reference: M&A Performance (Changes in ROIC)

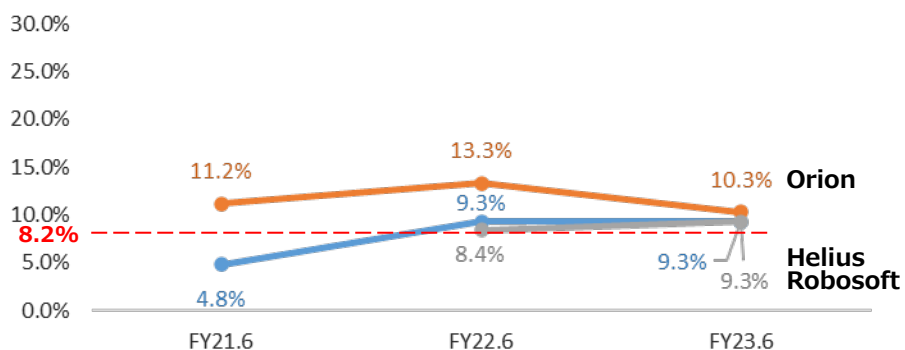
R&D/Construction Mgmt Outsourcing



Other Businesses in Japan



Overseas



Total Invested Capital (above 8 post-IPO) **21,331mn yen**
incl. entities merged with TechnoPro, Inc. (invested capital 25,584mn yen)

o/w acquired in medium-term period **11,739mn yen**
GCOMNET (merged with TechnoPro, Inc.) & Robosoft

ROIC (FY23.6) **9.9%**
targeting at least 10% ROIC within 3 years from investment
as financial discipline

Cost of Capital (FY23.6) **8.2%**

* Figures of BMES overseas subsidiaries belonging to Overseas were aggregated with BMES Japan, calculated into Other Business in Japan segment

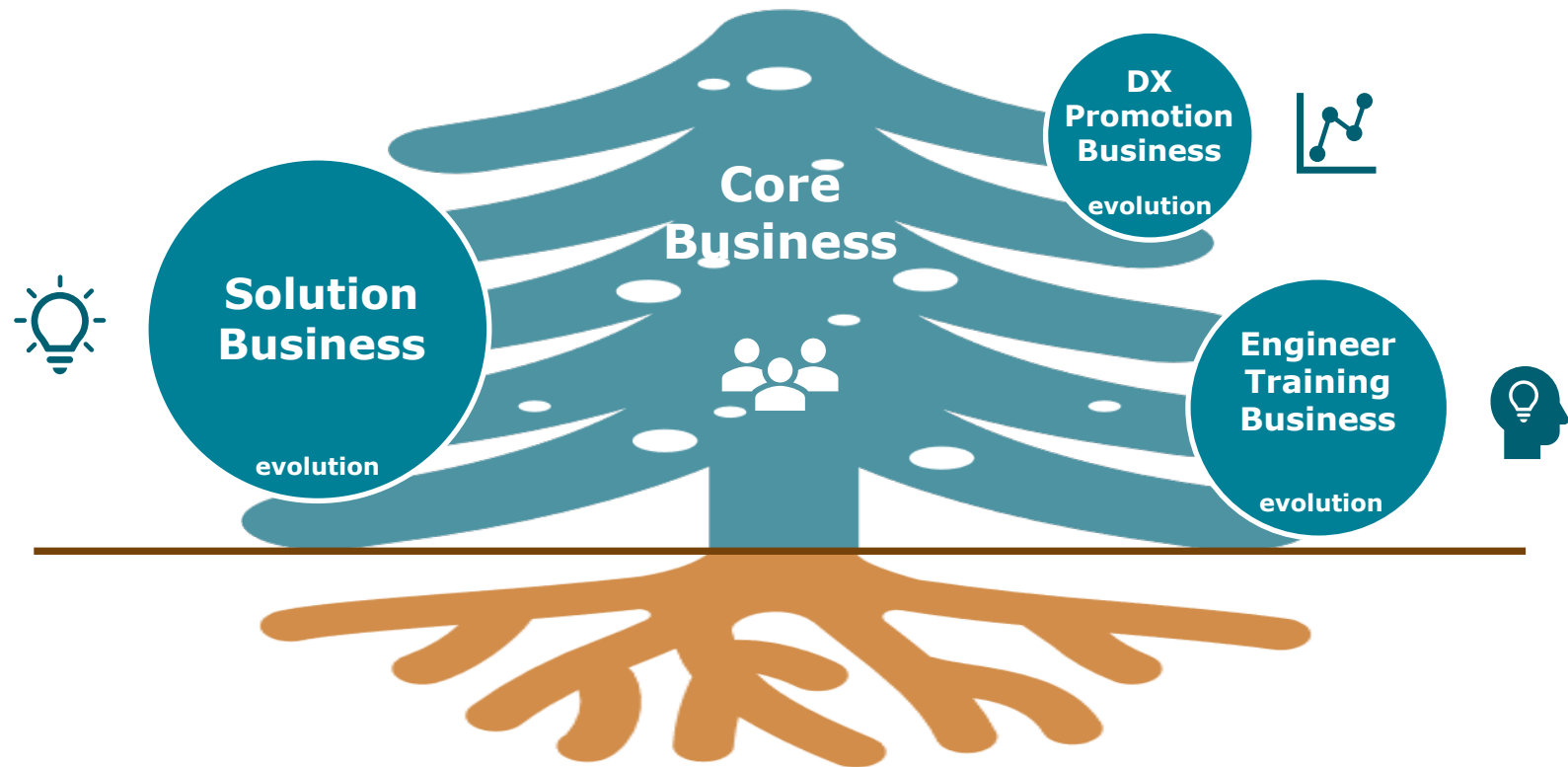
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Medium-Term Business Strategy Outline (repost)

- Strive growth putting more focus on **“quality”** for the Core Business (engineer staffing in Japan), as well as business transformation with **“evolution”** as its pivot (not “diversification”), thereby aiming to expand business and change business model by staying ahead of changes in supply and demand over the medium- to long- term

“Evolution” of Core Business



“Evolution” of Capabilities

Roadmap (repost)

Solid Foundation for Core Business Evolution – FY23.6

Accelerated Growth FY24.6 – FY26.6

Core Business

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

Solution Business

▲ 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

▲ Reorganize/enhance solution organization

- Integration of conventional and digital technologies
- M&As to acquire insufficient technologies and customer verticals
- Strengthening of branding and marketing functions

Engineer Training Business

▲ Reorganize/enhance engineer fostering organization

- Skill standardization, e-Learning system development
- Establish and promote B2B external sales scheme

▲ Develop as key pillar in next phase

- Further cultivate alliance partners for our ecosystem
- Create higher level curriculum and expand B2B customer base

DX Promotion Business

▲ Establish DX promotion organization

- Examine data analysis insights in the Core Business
- Develop new AI engines

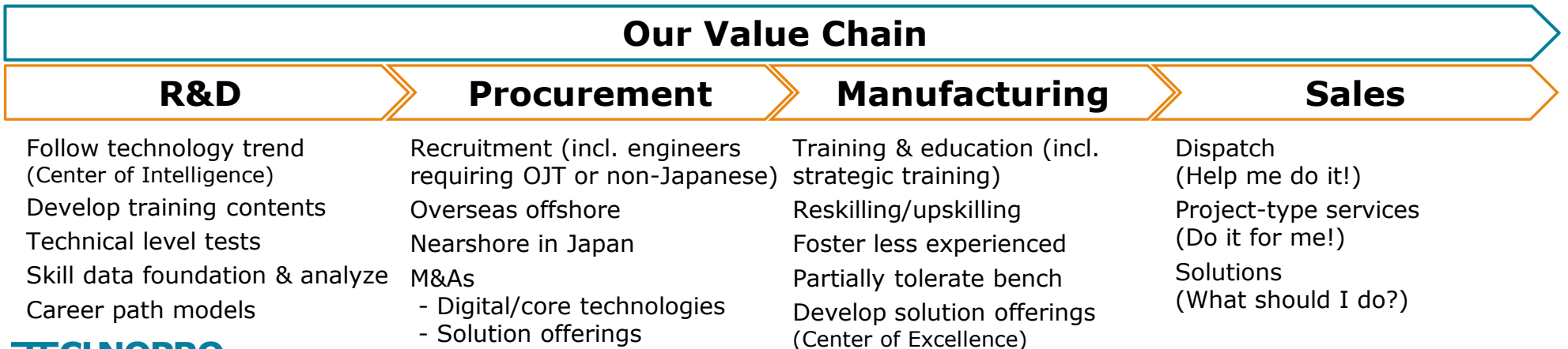
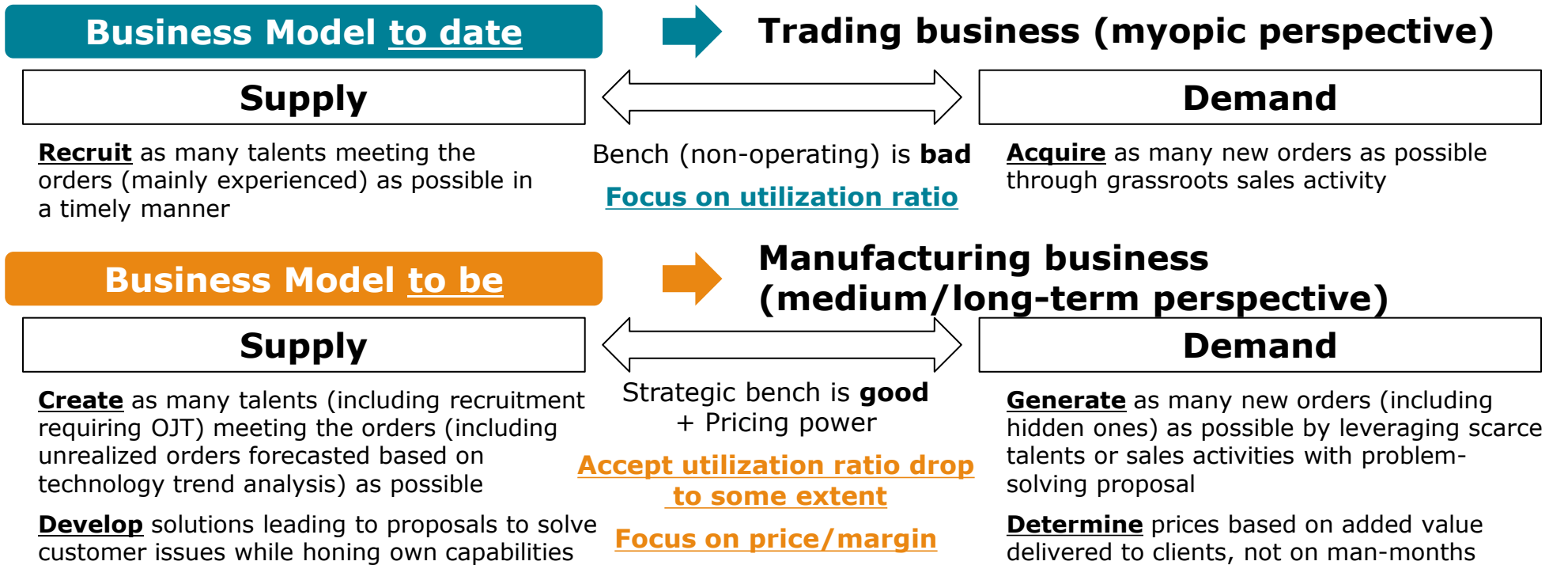
▲ Making into profit center

- Improve AI engines and integrate into main IT system
- Business model building, sell to outside B2B customers

HQ Functions

- Streamline and enhance admin work (RPA, etc.)
- Introduce new personnel system for engineers
- Promote internal digitalization and reinforce IT systems functions

Reference: Medium-Term Plan Preconditions & Logic



Medium-Term Plan First Two Years Reviews & Challenges

Reviews/Results

Challenges/Change in Business Environment

Core Business

- Shifted toward IT/digital domains as planned, contributing to **providing talents to the Solution Business**
- From FY23.6, fully promoted recruitment of engineers requiring OJT and resumed hiring of global talents with in-demand skills after border reopening
- **Collaboration within the Group further deepened** such as 1) progress in reskilling of conventional type of engineers supported by the Engineer Training Business and 2) promotion of experienced hires through professional recruitment subsidiaries

- Continued stringency of engineer market in Japan, **increasing risks of engineer retention, and upward pressure on salaries**
- Intensifying competition for experienced engineers, **escalating recruiting costs** resulting from increased usage of professional recruitment agencies
- To tackle with issues above, **upfront investment (expenses for bench, training, etc.)** incurred by recruitment requiring OJT and prolonged training period for new graduates **tends to increase**

Solution Business

- Engineers engaging in the Solution Business in Japan totaled 4,266 in Q4 FY23.6 (up 11.0% YoY)
- In addition to sales activities leveraging our onsite engineers, began to **build new framework for sales lead generation** utilizing digital marketing technologies and inside sales
- Promoted involvement of Robosoft, as well as subsidiaries in China, **as an offshore delivery hub for domestic customers**

- Necessity to **establish competitive solution offerings** for end customers that can cover from upstream to downstream of projects
 - Need to enhance scale, price, scope of each project while utilizing our own competitiveness derived from close connection with the Core Business
 - Must secure and foster pre-sales team and PM talents
- **Working on to establish central unit in Japan** by M&A
- Still in progress to implement strategic initiatives into workplace

Engineer Training/ DX Promotion Business

- B2B external sales of consultation services for talent grooming based on standardization and analysis of skills are gradually expanding
- Accumulated **insights concerning data analysis of retirement/matching/training**

- Further initiatives to make training programs more advanced (including **optimization for areas relating to competitive solution offerings**)
- Full integration of analytics insights into operation has fallen behind schedule so far

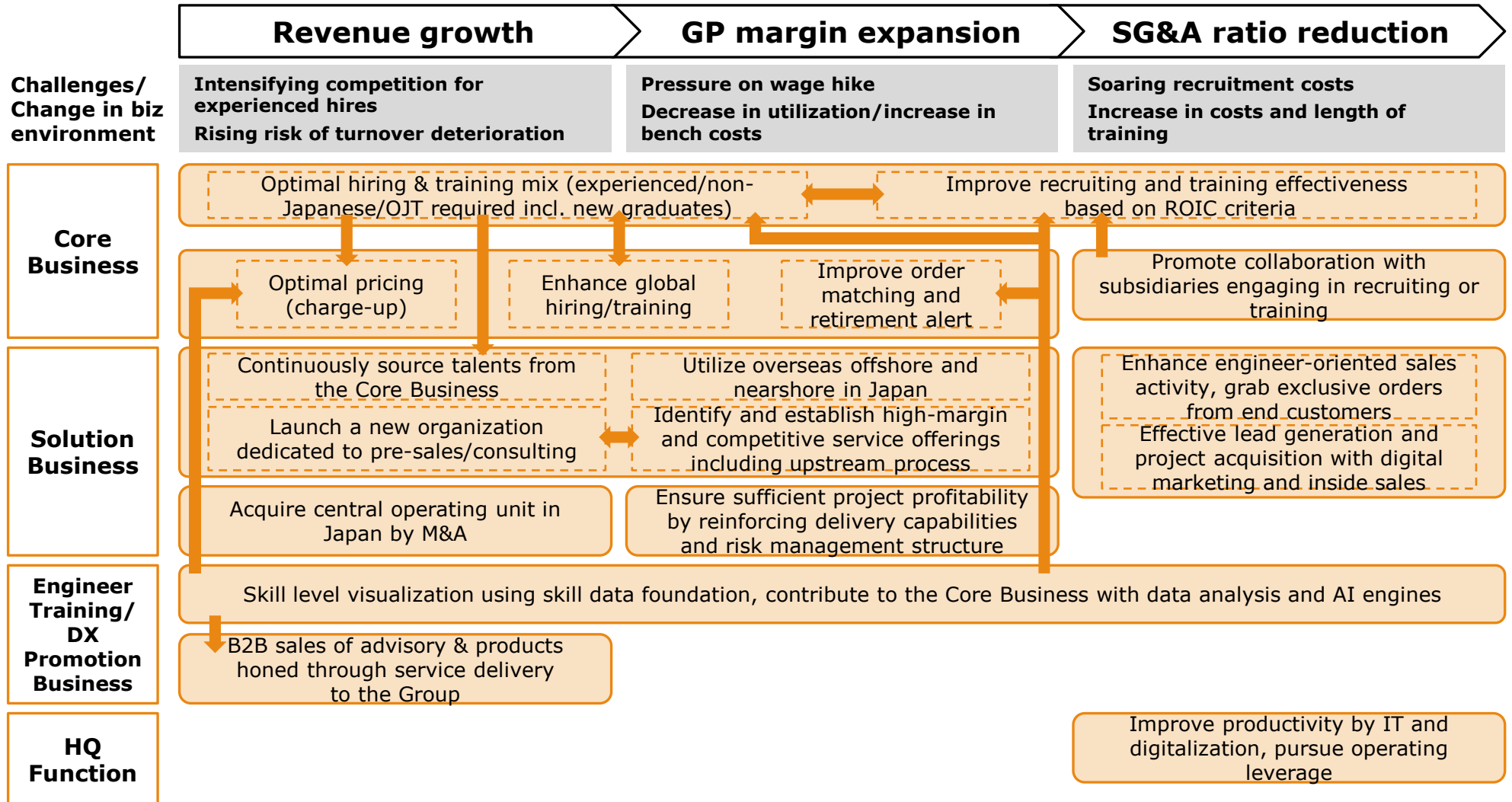
HQ Function

- Introduced **new personnel system** built on our "Purpose"
- Developed RPA capable of processing approx. 30K hours/year workloads

- Plan to start assessment and reorganization of management structure for strategic functions, and evaluate the effectiveness of reinforced IT systems and RPA

Medium-Term Plan Remaining Tree Years Initiatives

Aim to achieve higher earnings growth in the remaining three years by responding to the challenges/change in business environment found in the first two years



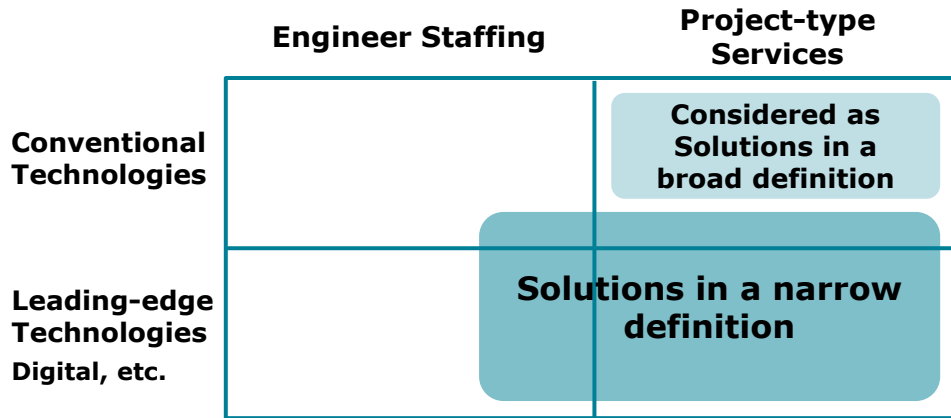
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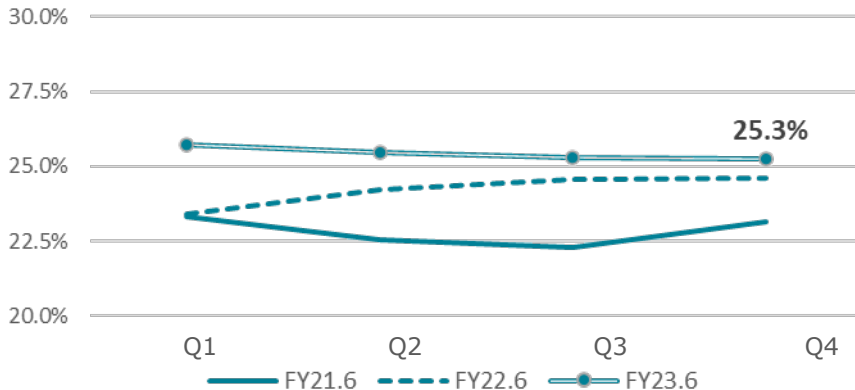
Solution Business Positioning

- Solution Business is included mainly in R&D Outsourcing and Overseas segments as shown in matrix diagram below
- GP margin in each segment is expected to expand along with an increase in the ratio of the Solution Business, as it **generates higher GP margin**

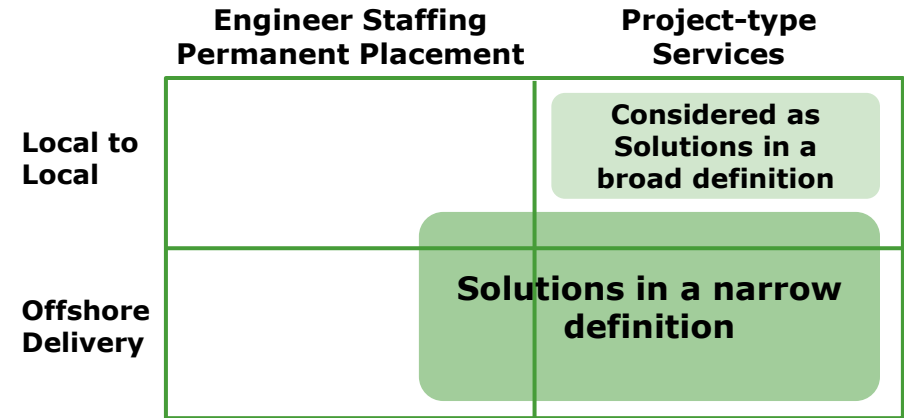
R&D Outsourcing Segment



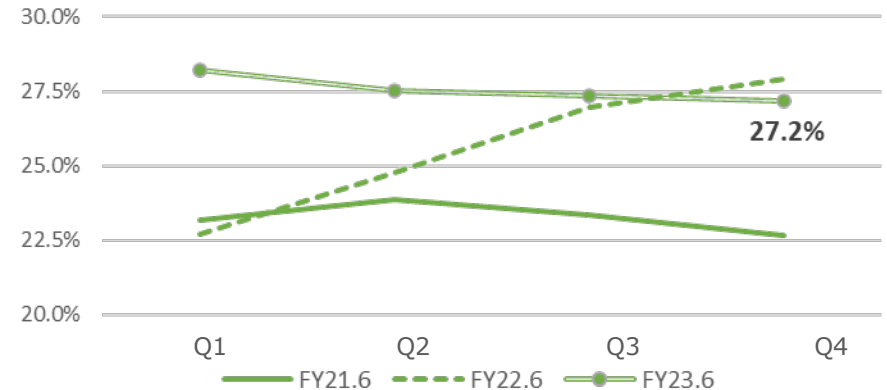
LTM-based GP Margin Development



Overseas Segment



LTM-based GP Margin Development



Digital Technologies & Solution Offerings

Customer	Automotive/ Mobility	Industrial Machinery	Electronic Components/ Semiconductors	Electronics/ Precision Machinery	Information Systems/ Telecoms	Plant/Heavy Industry/ Energy	Bio/Medical	Materials	Construction
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<Solution Offerings>

Development Efficiency	Production Efficiency	AI/Data Analysis	IoT/System Development
Cloud/Network	Materials Informatics	Bioinformatics	i-Construction
ERP	Security	Local Authority Business Consulting	Operational Efficiency
BPO	IoT Platform	Surveying/Measuring	Automotive Transformation

<Digital Technologies>

AI/ML	Data Science	Sensor Fusion	Edge Computing
Cloud Services	Cybersecurity	Blockchain	5G/6G Network
FPGA (HDL Design)	Sensor Sensing	Semiconductor Design	Mechanical Design
Analysis (CAE)	Advanced Manufacturing Technology	Microcomputer Embedded Control Software	ERP
UI/UX	BIM/CIM	RPA	MBD/HILS

Japan Solution Business Progress

- Revenue and monthly average number of assigned engineers (**LTM basis**) relating to **digital technologies** and **solution offerings** have grown steadily every quarter; its proportion of the total number of engineers in Japan at the latest period was **18.2%**, and solution premiums to the total average unit sales price in Japan was **+17.5%**

	Revenue (yen in millions)				Ave. Assigned Engineers (No. of Engineers/month)				Ave. Unit Sales Price (thousands yen/month)			
	FY22.6		FY23.6		FY22.6		FY23.6		FY22.6		FY23.6	
	Q4	Q4	YoY	QoQ	Q4	Q4	YoY	QoQ	Q4	Q4	YoY	QoQ
Japan Solution Business Revenue (narrow definition)	35,123	39,386	+12.1%	+3.3%	3,728	4,174	+12.0%	+2.6%	785	786	+0.1%	+0.7%
Ratio on R&D/Construction Mgmt. revenue, premiums to total average unit sales price	22.3%	22.6%			17.7%	18.2%			+19.2%	+17.5%		
o/w Digital Technologies												
AI/ML/Data Science	2,430	3,138	+29.1%	+3.8%	281	345	+22.8%	+3.0%	720	759	+5.4%	+0.8%
Cloud Services	3,289	4,575	+39.1%	+6.9%	363	498	+37.2%	+5.1%	755	765	+1.3%	+1.6%
Cybersecurity	1,028	1,349	+31.2%	+12.8%	126	159	+26.2%	+6.7%	682	705	+3.4%	+5.4%
5G/6G Network	823	638	(22.5%)	(7.9%)	102	76	(25.5%)	(8.4%)	672	700	+4.2%	+0.9%
Sensor Sensing	1,102	1,199	+8.8%	+1.6%	114	121	+6.1%	+0.8%	806	827	+2.6%	+0.9%
Semiconductor Design	2,059	2,327	+13.0%	+2.4%	219	251	+14.6%	+2.9%	782	772	(1.3%)	(0.6%)
Mechanical Design	1,611	1,860	+15.5%	+2.6%	186	210	+12.9%	+1.9%	723	738	+2.1%	+0.7%
Analysis (CAE)	2,612	2,962	+13.4%	+2.2%	320	359	+12.2%	(0.8%)	680	687	+1.0%	+2.8%
Advanced Manufacturing Technology	1,845	1,651	(10.5%)	(8.9%)	186	172	(7.5%)	(3.4%)	824	801	(2.8%)	(5.8%)
Microcomputer Embedded Control SW	8,767	9,429	+7.6%	+2.5%	925	955	+3.2%	+1.3%	790	822	+4.1%	+1.1%
ERP	1,941	2,032	+4.7%	+4.2%	212	204	(3.8%)	(1.0%)	764	829	+8.5%	+5.1%
RPA	569	1,106	+94.4%	+11.0%	50	91	+82.0%	+9.6%	950	1,011	+6.4%	+1.5%
MBD/HILS	1,232	1,206	(2.1%)	+9.4%	94	95	+1.1%	+6.7%	1,091	1,059	(2.9%)	+2.5%
Others	1,723	2,017	+17.1%	+6.6%	202	222	+9.9%	+3.7%	711	758	+6.6%	+2.8%
o/w Solution Offerings												
Development Efficiency	1,622	2,250	+38.7%	+26.2%	133	183	+37.6%	+24.5%	1,015	1,025	+1.0%	+1.6%
Production Efficiency	1,752	1,910	+9.0%	(5.1%)	129	130	+0.8%	(1.5%)	1,132	1,225	+8.2%	(3.7%)
AI/Data Analysis	1,356	1,996	+47.2%	+9.0%	143	212	+48.3%	+11.6%	791	786	(0.6%)	(2.2%)
IoT System Development/Platform	1,226	1,945	+58.6%	+18.5%	100	211	+111.0%	+14.1%	1,024	767	(25.1%)	+3.6%
ERP	1,465	1,136	(22.5%)	(9.0%)	92	105	+14.1%	+2.9%	1,332	898	(32.6%)	(12.2%)
Operational Efficiency, Cloud/Network	3,464	4,023	+16.1%	+4.5%	294	419	+42.5%	+5.5%	980	801	(18.3%)	(0.7%)
Others	1,779	2,810	+58.0%	+16.2%	253	287	+13.4%	+4.7%	587	816	+39.0%	+10.9%

† Figures are calculated on the LTM basis (for quarterly/YTD figures, refer to the Factbook posted on our website)

Strengthen Solution Business with CoI/CoE

- **CoI (Center of Intelligence)** identifies the competitive solution offerings to focus on, in accordance with the customer issues that we can resolve, while conducting research on domestic/overseas technology trends and markets, as well as evaluating our internal capabilities
- **CoE (Center of Excellence)** interconnects the strategic initiatives of each group company in the competitive solution offerings identified by the CoI, realizes consistent operations from marketing to delivery, thereby accumulating and continuing to improve solution capabilities within the Group

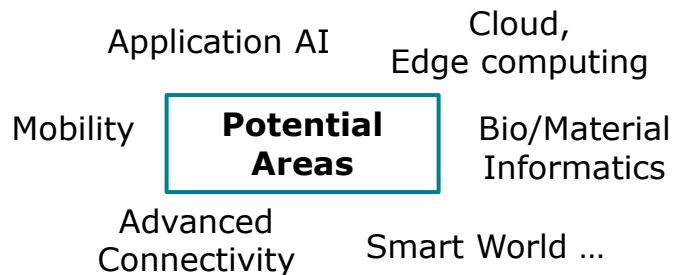
CoI: technology trend forecast, internal evaluation

<Solution offerings>

Development Efficiency

Production Efficiency ...

Technology trends, market research



Internal capability evaluation

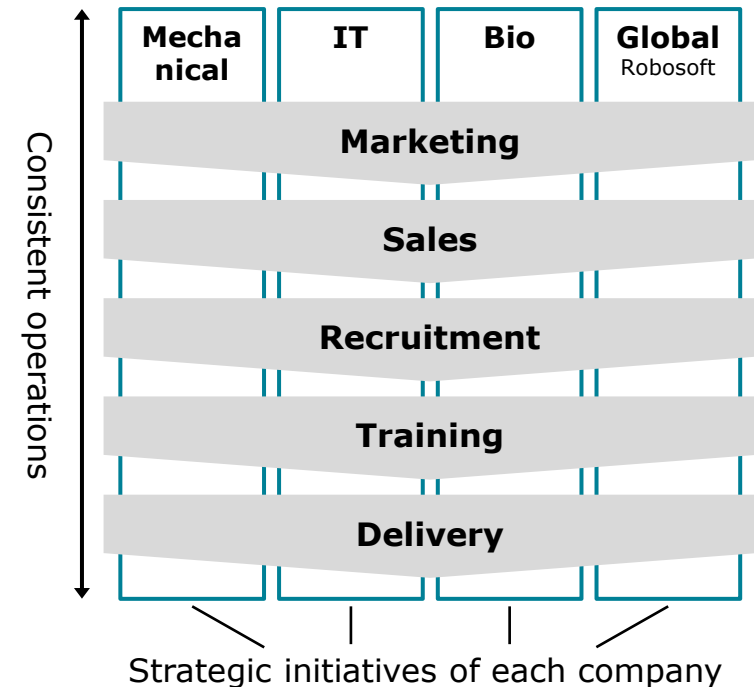
Technology skills, delivery capabilities, customer base ...

Customer issues

Target sectors, DX needs ...

CoE: solution capabilities building and enhancement

Group collaboration



Identify competitive solution offerings

- Simulation Development
- AWS Installation, Operation/Maintenance, Integrated Monitoring Service
- SAP ...

Reference: Solution Offerings Case Study

Development Efficiency Solution

Technology trends and internal capabilities

- The global market of model-based enterprise is expected to grow from US\$1.6 billion in 2023 to US\$3.5 billion in 2028, mainly manufacturing industries such as automotive and aerospace (annual average growth of 16.1%)
- Track record of handling all the process from analysis of required specifications for MBSE (Model-based Systems Engineering) to virtual environment construction

Customer needs

DX needs to improve verification efficiency by visualizing the development process and boosting execution (parallel processing) in development, design, prototyping, and verification departments of control equipment for automobiles, construction machinery, agricultural machinery, and industrial equipment

[Simulation Development Solution]

- Select HW/SW required for HILS* construction, construction of automatic verification environment, and test operation
- Realize integrated verification of HW/SW
- Reduce development period by verification on virtual environment

Initiatives to build & improve solution capabilities

- Support group collaboration through in-house "Service Catalogue"
- Promote training and recruitment by visualizing MBSE resources

*HILS stands for Hardware In the Loop Simulator, a testing device for ECUs (electronic control units)

Cloud/Network Solution

Technology trends and internal capabilities

- Public cloud market in Japan was 2 trillion yen in 2022, growing at an average annual rate of 20.4% from 2021 to 2026, AWS (Amazon Web Services) has the global cloud market share of 15.2% in 2021
- Wealth of experience in AWS introduction plan, design and development, operation and maintenance, and integrated monitoring

Customer needs

Needs for implementation of advanced technology after the spread of telecommuting, cost reduction in introduction and operation at transition from on-premises to public cloud, and security assurance

[AWS Installation, Operation/Maintenance, Integrated Monitoring Service]

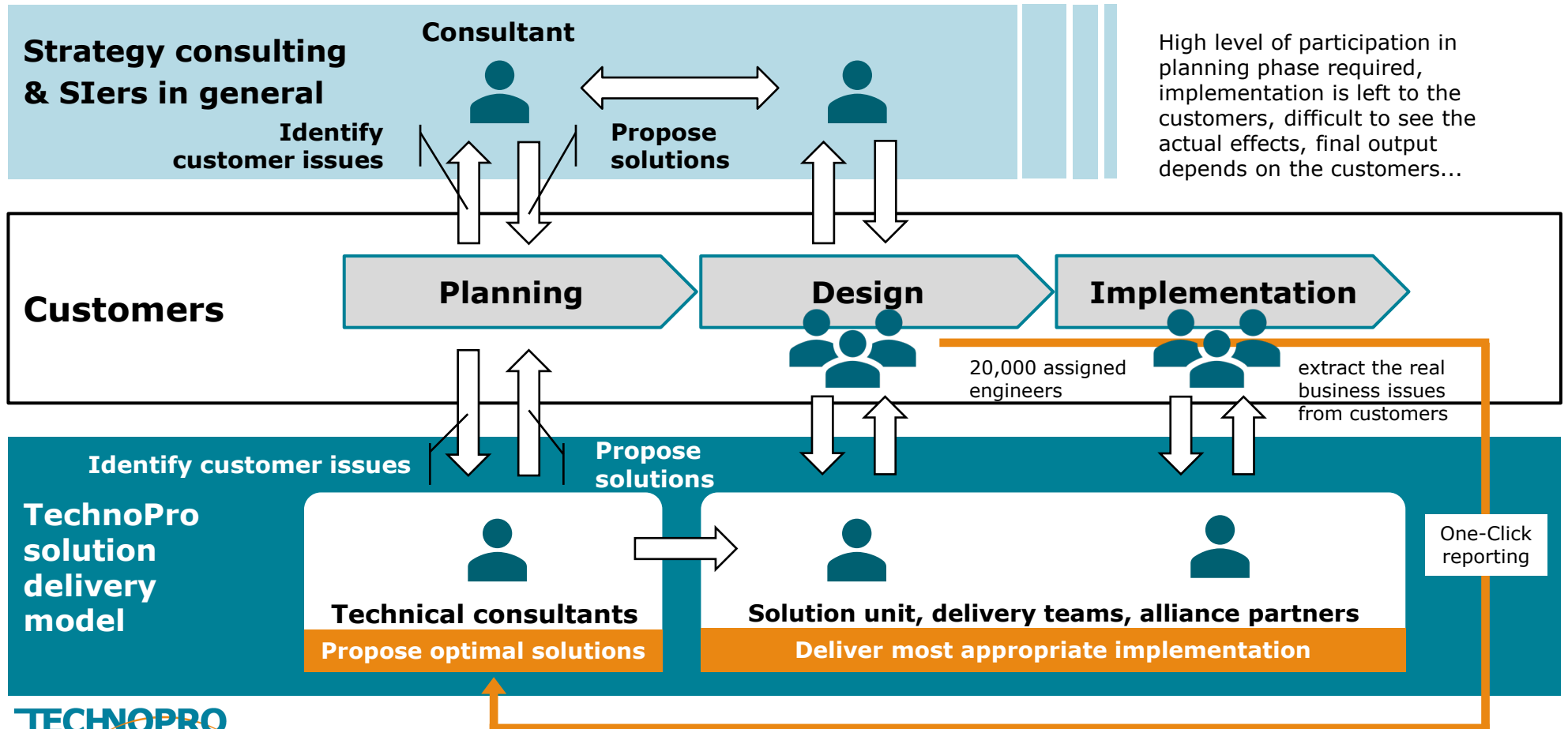
- AWS introduction: planning/design/development/test/initial setting
- AWS operation/maintenance: manuals, training, troubleshooting
- AWS integrated monitoring: integrated monitoring with Zabbix (AWS status monitoring and auto-notification)

Initiatives to build & improve solution capabilities

- Support group collaboration through in-house "Service Catalogue"
- PR activities of AWS partner certification
- Implement acquisition program for AWS certification
- Promote/monitor assignment of certified engineers to AWS project

Solution Business: TechnoPro Group Competence (repost)

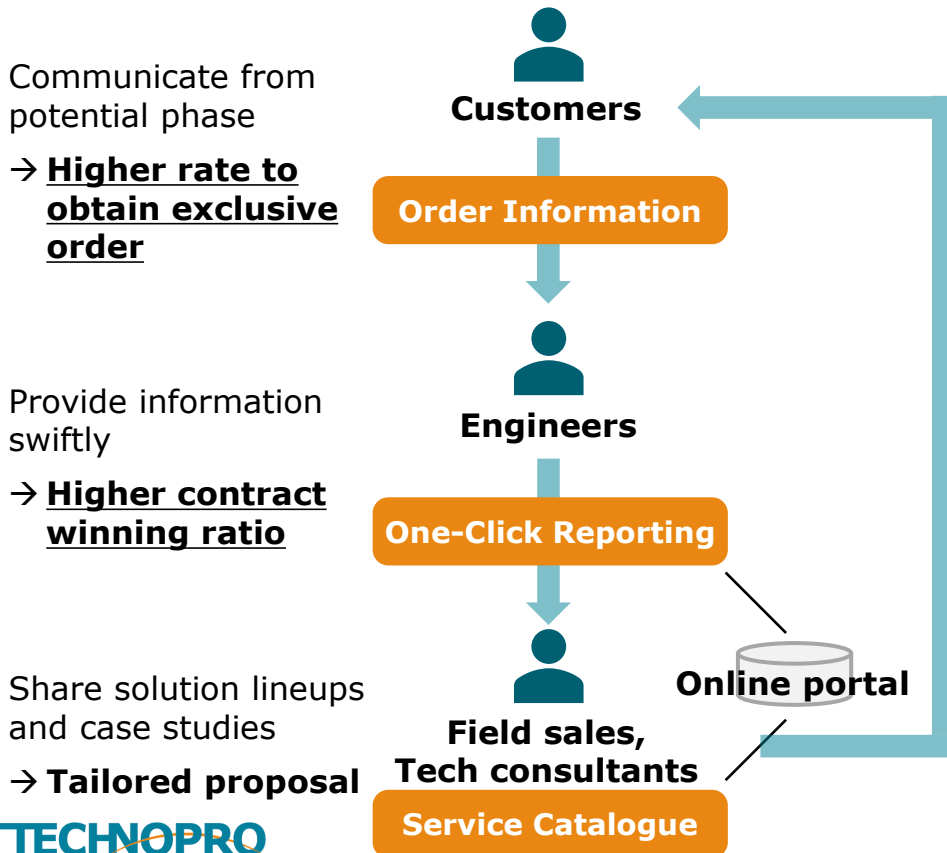
- **20,000 or more engineers engaged in design and implementation work at our customer sites** have great opportunities to discover the essential business issues of customers
- Based on the information provided by the engineers, our technical consultants propose the optimal solutions and consistently **deliver solutions from design to implementation (i.e. End-to-End Solutions)**, committing to thoroughly solve the customer's issues and pain points; consequently differentiates us from strategy consulting firms and SIers in general



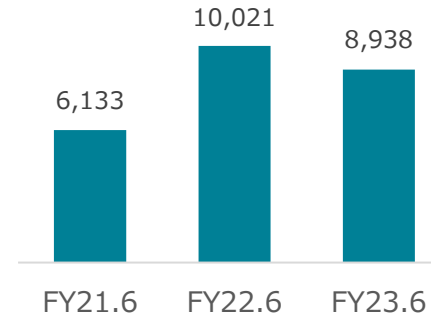
Sales Promotion Leveraging Engineers [Japan]

- **Captured customers' challenges and issues before they become visible** through touch points created by engineers working on-site, offered tailored proposals (using "One-Click Reporting" and "Service Catalogue" integrated into internal IT systems) more proactively than peers, achieved results despite constraints on sales activities due to the COVID-19 pandemic
- **Achieved higher ratio of obtaining exclusive orders and winning contracts** compared with the orders acquired by standard field sales, also providing monetary incentives to engineers

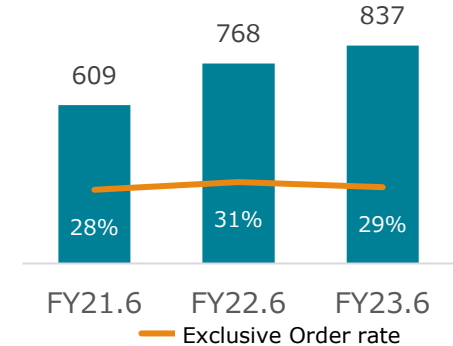
One-Click Reporting and Service Catalogue



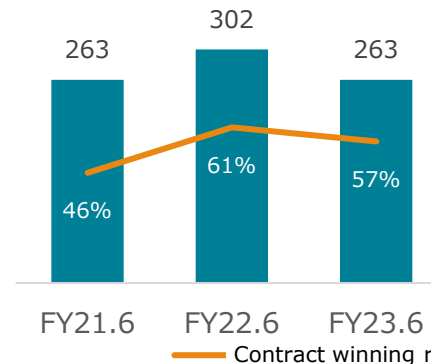
One-Click Reporting



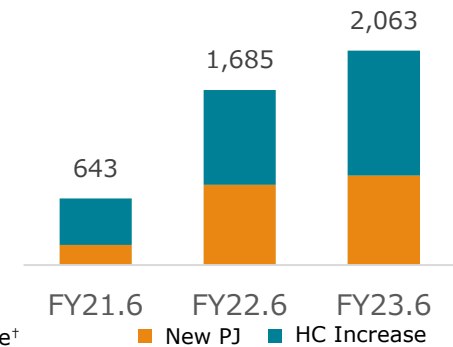
Orders



Contracts Won



Revenue (yen in millions)



[†] Contract winning rate: No. of contact divided by No. of contract won + contract lost
Revenue: accumulated within each fiscal year only

Engineer Training Efforts for Japan Solution Business

- Working with alliance partners to **bring forward training of engineers capable of delivering excellent performance in emerging technology areas** where demand is expected to grow
- Targeting an aggregate of 3,000 AWS cloud certifications acquired by our engineers by the end of FY25.6, under the partnership with Amazon (1,850 at the end of FY23.6)
- Entered into strategic partnership with dentsu Japan to enhance DX-related businesses, aiming to foster 500 DX talents

	FY21.6	FY22.6	FY23.6		FY23.6
	Cumulative Total	Cumulative Total	H1	H2	Cumulative Total
No. of Trained Engineers					
AI/ML	348	1,233	285	107	1,625
Data Science	380	440	25	35	500
Cloud Services	234	573	835	668	2,076
ERP	94	221	38	21	280
Total	1,056	2,467	1,183	831	4,481
	21.6 End	22.6 End	22.12 End		23.6 End
No. of Certifications*					
AI/ML/Data Science					
G Certification	32	78	107		125
E License	3	10	28		37
Python 3 Certified Engineer	196	268	350		467
Japan Statistical Society Certificate grade 2 or higher	117	116	124		134
Cloud					
AWS	243	683	1,235		1,850
Azure	19	54	131		136
Salesforce	27	48	46		64
ERP					
SAP	14	35	57		83
Total	651	1,292	2,078		2,896

Alliance Partners



Gold Microsoft Partner

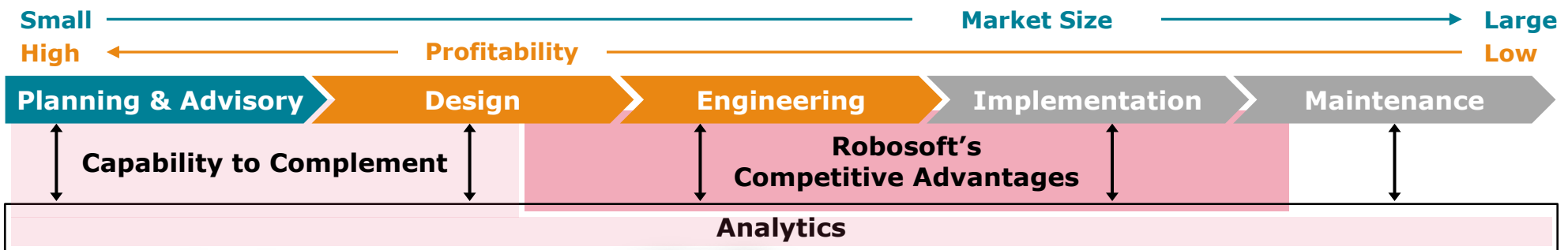


* Excluding certifications acquired by retired engineers

Global Strategy

- **Global strategy became more specific** (focusing on digital domain, promote offshore delivery mainly from India) as a result of adding Robosoft to the Group in the first year of the medium-term plan; aim to align the strategic growth direction of existing overseas subsidiaries, thereby crystallizing the integrated and synergistic value of the Overseas Business as a whole
- Make Robosoft play a key role in overseas Solution Business, pursuing **opportunities for bolt-on type M&As** which will contribute to 1) acquisition of capabilities to complement value chain of IT/digital services and 2) penetration into US/Euro customers, in addition to its own organic growth
- **Drive growth of Solution Business in Japan** by proactively transferring overseas technology knowledge and talents to Japan (i.e. strategic rationale and intent to expand our overseas operation)

IT/Digital Service Value Chain



- Reconsidered strategic/regional positioning of overseas subsidiaries (FY22.6), continues to drive transformation to solution companies (FY23.6 onward)
- Commenced joint-sales activity with Robosoft in Japan, accumulated sales leads and won the first project (FY22.6), deliver steady top-line growth for Japanese customers (FY23.6 results: up 34% YoY, FY24.6 plan: up 40%)
- Shared know-how of Robosoft's solution business (delivery process, talent development, marketing, etc.) (FY22.6), accelerates systems integration and exchange program of engineers between Japan and India (FY23.6 onward)
- Involved Robosoft team in M&A deal process (FY22.6 onward)

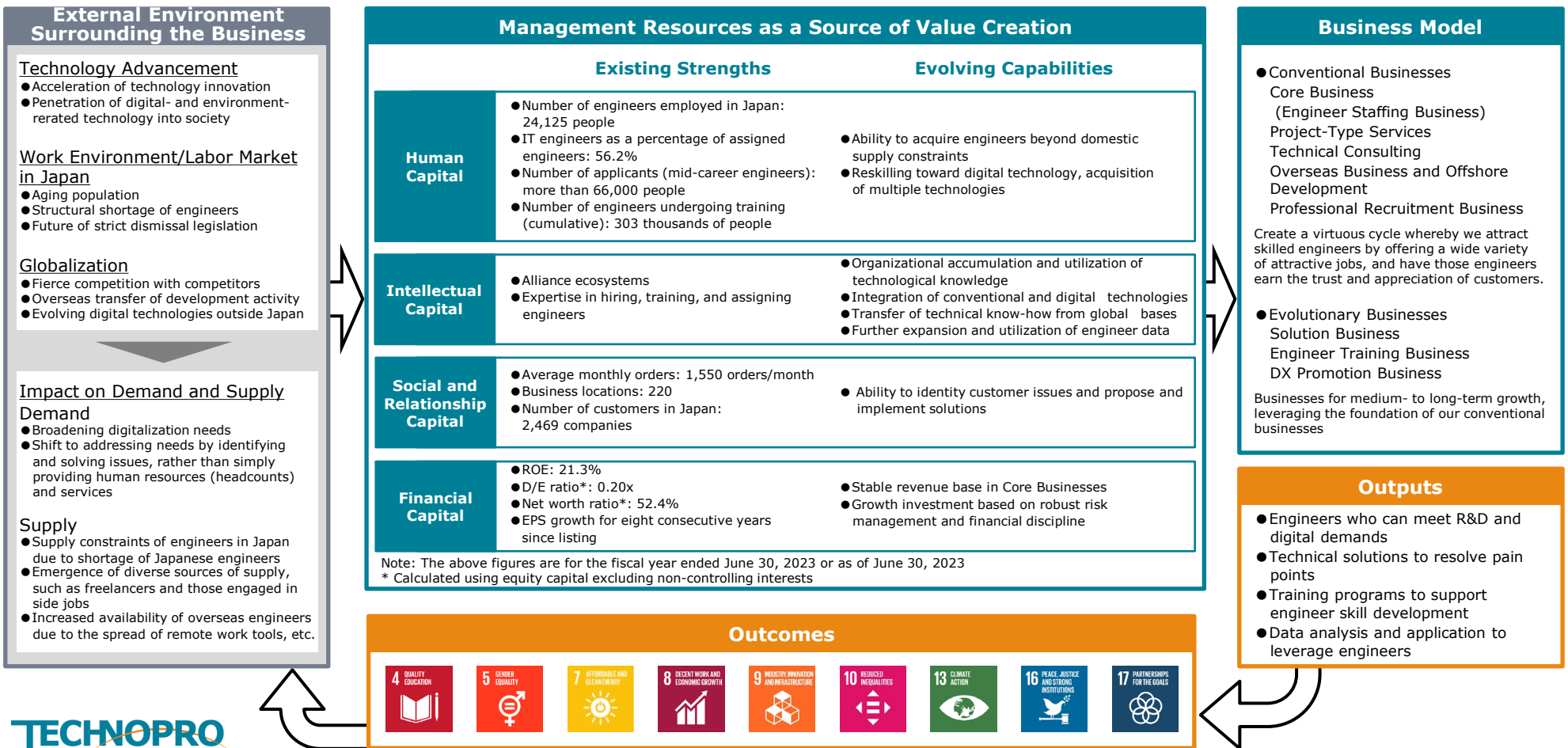
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III : Sustainability Management	28

Value-Creation Process

- **Evolve capabilities and transform business model** by leveraging management resources accumulated to date
- **Fulfill the Purpose while pursuing value creation** by steadily implementing initiatives for material issues through capabilities and business models

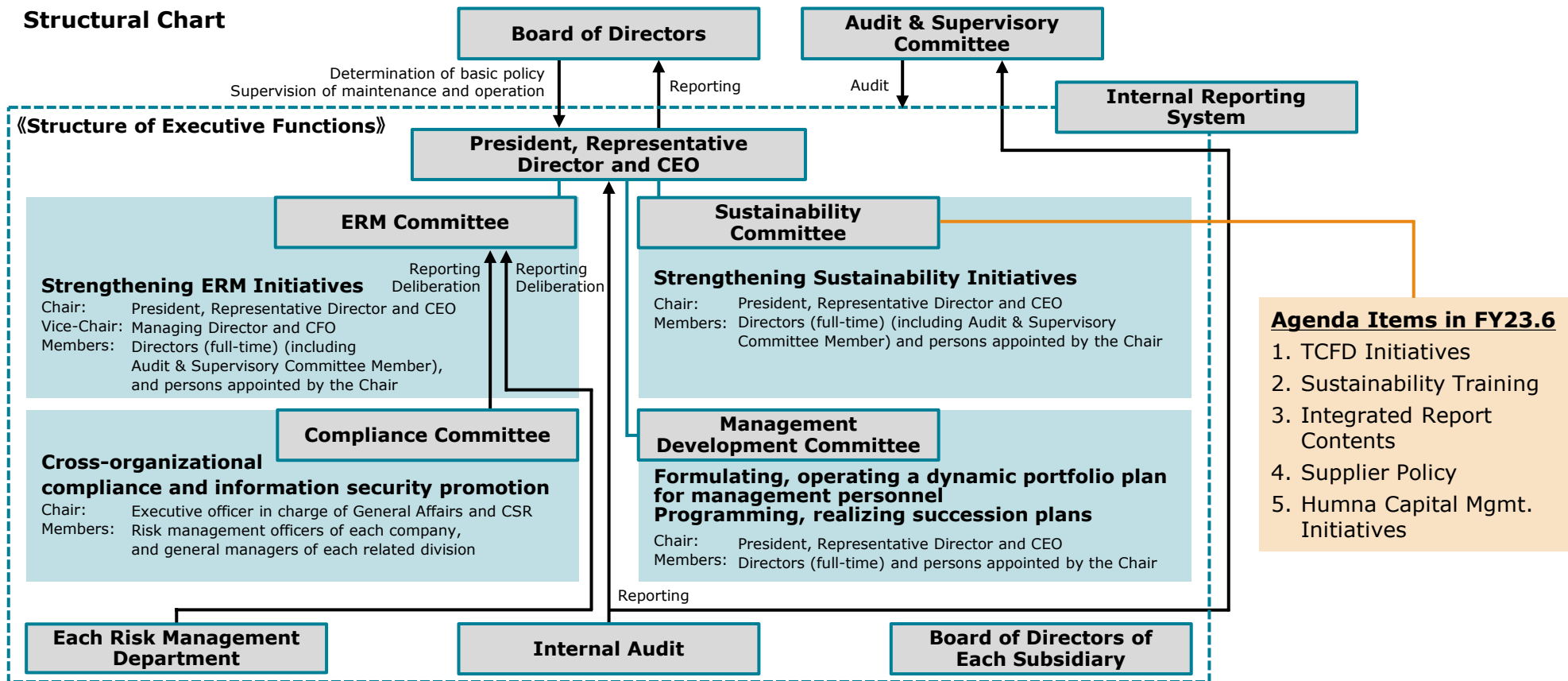
[Our Purpose] Driving the Power of Technology and Talent to Co-create Value Together with our Customers for a Sustainable Society



Sustainability Management Organization Structure

- **Sustainability Committee** deliberates and makes decisions on matters relating to development, implementation, and operation concerning essential issues required for execution of our Sustainability Policy
- **ERM Committee** recognizes risks including personal information and information security, formulating risk management plans and strictly monitoring their implementation
- Established **Management Development Committee** in August 2023, systematically promoting recruitment, assignment, training of management personnel from the perspectives of medium-term plan execution

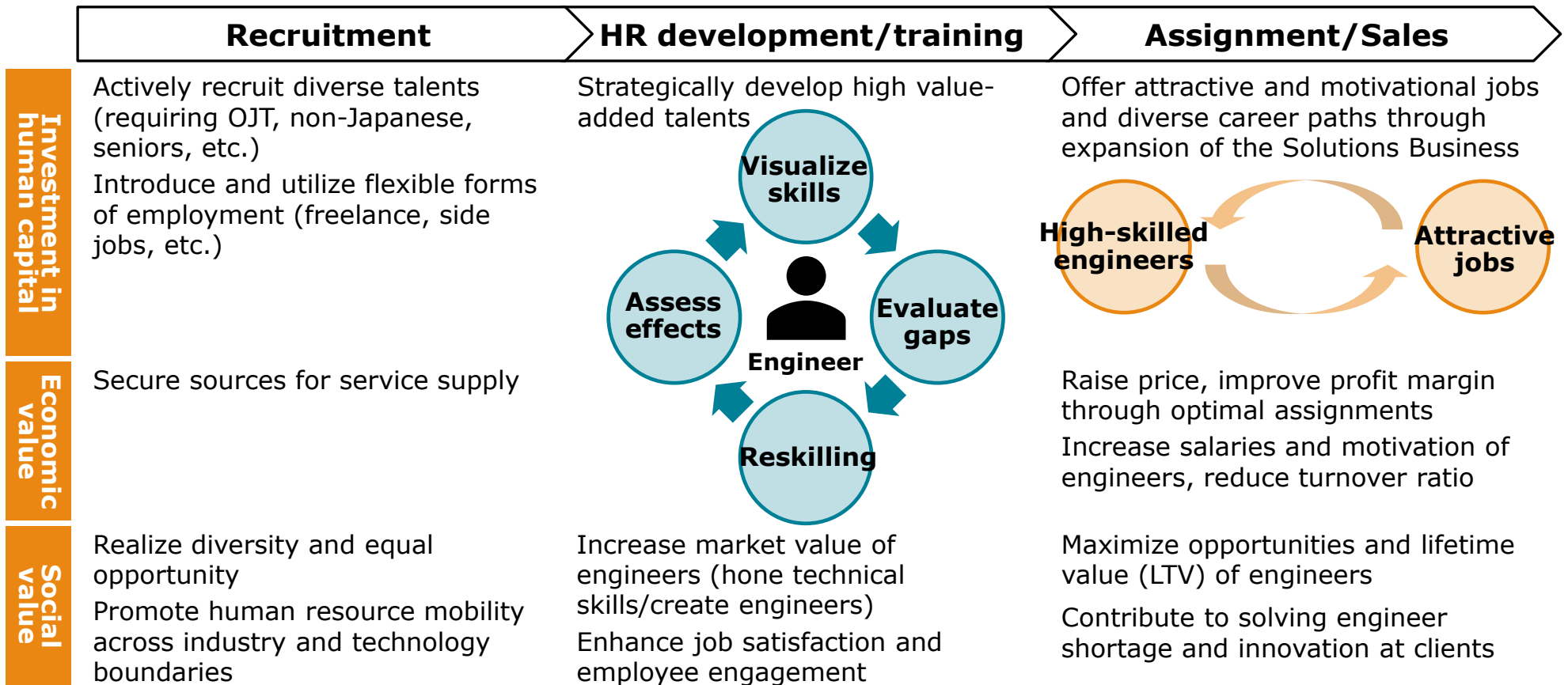
Structural Chart



Human Capital Management

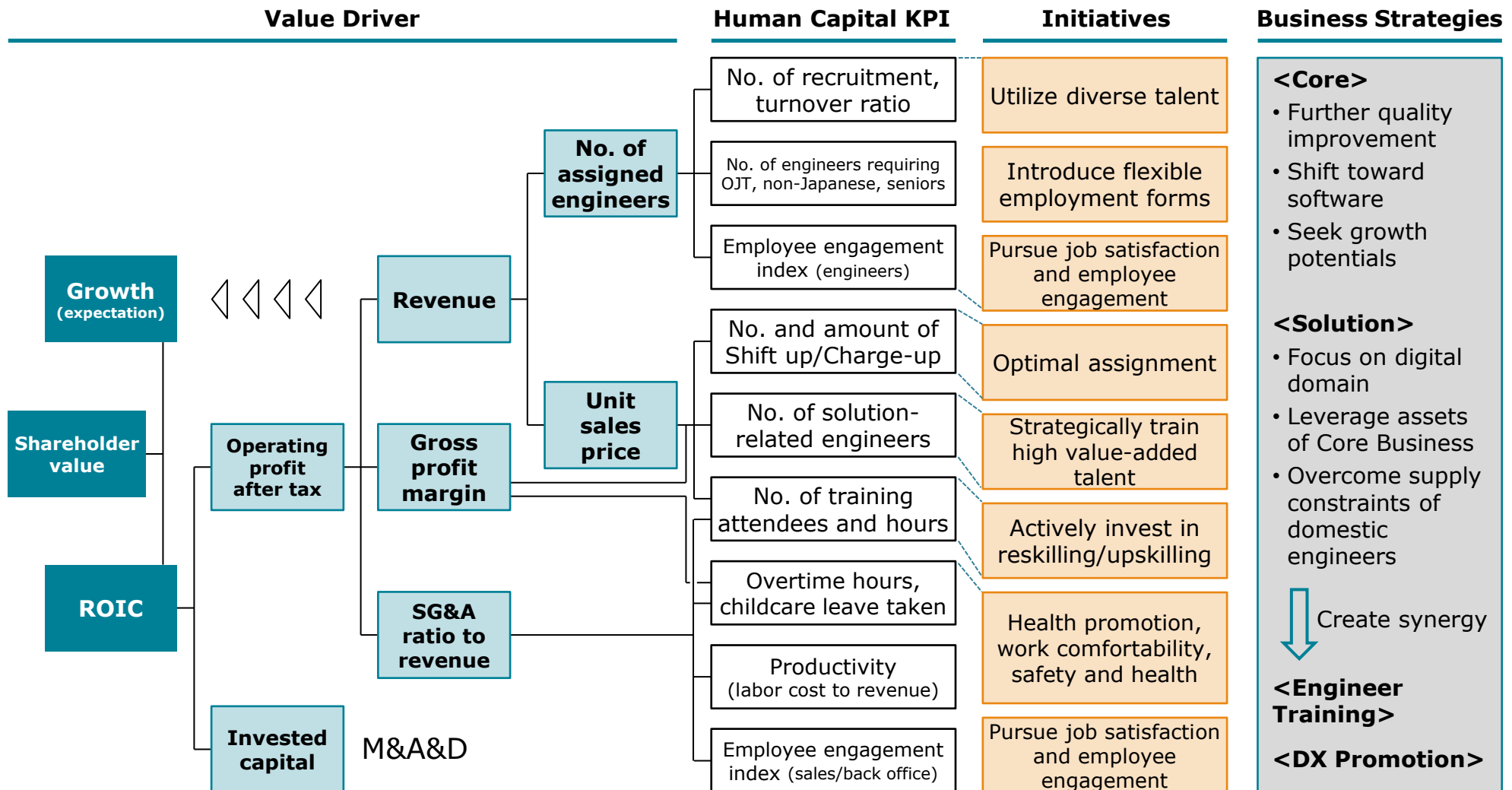
- In HR business, **human resources, which shall be intangible assets, are sources of value creation**, therefore investment in human capital has direct impact on our financial performance
- Aim to generate both economic and social value by 1) implementing recruitment/training initiatives to make the most of diverse individual strengths of employees, and 2) assigning to attractive and motivational jobs

Creating economic and social value through a business model centered on human capital



Reference: Human Capital Investment & Value Creation

Execute business strategies and create value through human capital initiatives
(human capital KPIs impacts value drivers)



External Certifications/Recognitions

- Selected as **a constituent of all ESG investment indices** used by the GPIF (Government Pension Investment Fund)
- Selected as a constituent of the JPX Prime 150 Index, which began calculation in July 2023, based on **return on capital (equity spread criteria)**

ESG Indices adopted by GPIF

General ESG Index

FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Thematic Index

S&P/JPX Carbon Efficient Indices



MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

Other Indices

JPX Nikkei Index 400
<Joint Index>

JPX Prime150 Index
<Stock Selection>

NIKKEI 500 INDEX



Best IR Award

Award to recognize companies proactively engaging in IR initiatives
Named as one of the Best IR Award winners for two consecutive years from 2021



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

Recognition for companies engaging in notable health and productivity management
Named for three consecutive years from 2020



DX Certification

Certification to recognize companies ready for DX promotion
Selected first time on June 6, 2021
Renewed every two years, successfully selected again in 2023



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