Technology to Empower the Future

TECHNOPRO HOLDINGS



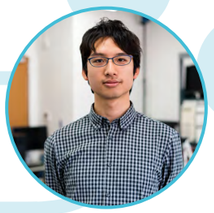
Integrated Report 2024

For the fiscal year ended June 30, 2024

TechnoPro Holdings, Inc.
Roppongi Hills Mori Tower 35F,
6-10-1 Roppongi, Minato-ku,
Tokyo 106-6135, Japan







Introduction

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Our Purpose

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



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

We will evolve ourselves to provide solutions to unlimited challenges our customers face, to continue to maximize the potential of engineers and researchers, and to contribute to building a sustainable society.

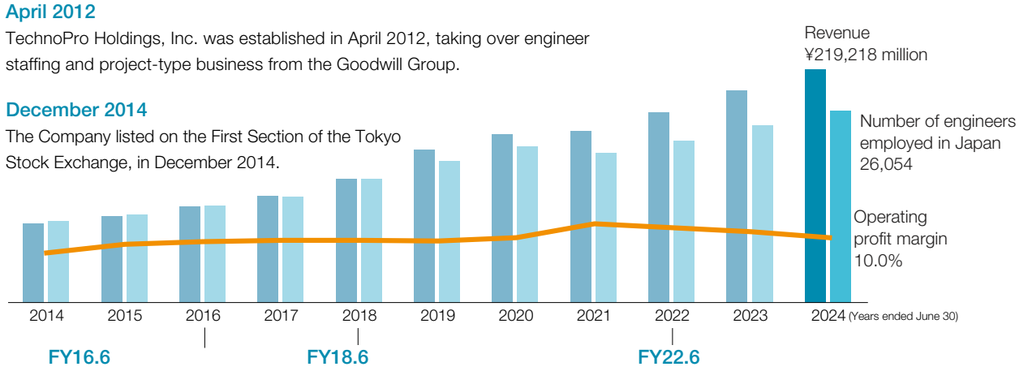
A top player with an edge in IT

leading the engineering professional services industry.

Revenue, Number of Engineers, Operating Profit Margin

April 2012
TechnoPro Holdings, Inc. was established in April 2012, taking over engineer staffing and project-type business from the Goodwill Group.

December 2014
The Company listed on the First Section of the Tokyo Stock Exchange, in December 2014.



FY16.6
This year marked the start of "Growth 1000," the medium-term management plan for the fiscal years ended June 30, 2016 to 2018.

FY18.6
Having met the targets of the previous medium-term management plan one year early, we launched a new plan, "Sustainable Growth for a Bright Future," for the fiscal years ended June 30, 2018 to 2022.

FY22.6
We defined our new Purpose.
We transitioned to the Prime Market.
Having met the targets of the previous medium-term management plan one year early, we launched a new plan, "Evolution 2026," for the fiscal year ended June 30, 2022 to the year ending June 30, 2026.

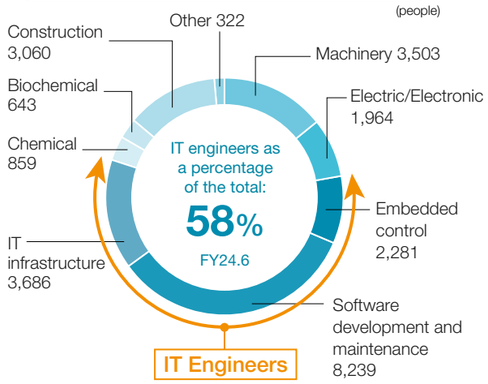
Financial/KPI Highlights (FY24.6)

Revenue	¥**219,218** million	(up 9.7% year on year)
Operating profit	¥**21,918** million	(up 0.4% year on year)
Operating profit margin	**10.0**%	(down 0.9 percentage points year on year)
Net profit attributable to owners of the parent company	¥**14,684** million	(down 4.4% year on year)
ROE	**18.8**%	(down 2.5 percentage points year on year)
Number of engineers employed in Japan	**26,054**	(up 8.0% year on year)
Average utilization ratio in Japan	**95.0**%	(down 0.2 percentage points year on year)
Average unit sales price per engineer in Japan	¥**678,000**/month	(up 1.3% year on year)

Characteristic of engineer staffing

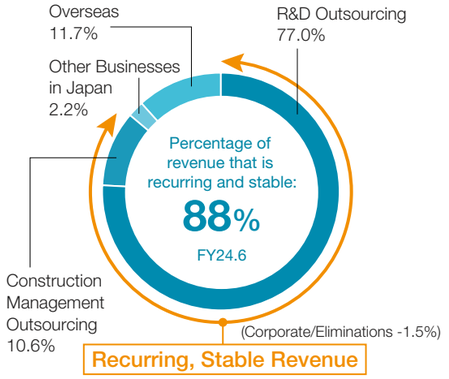
stable growth model.

Assigned Engineers Portfolios by "Technology" (Japan)



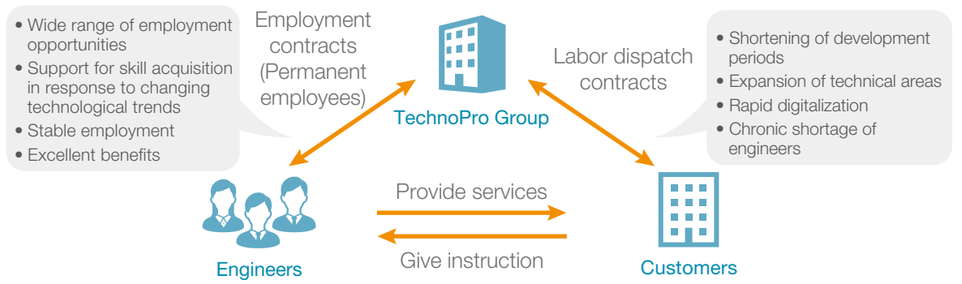
We have engineers in diverse technical fields such as machinery and electronics/electricals, serving a broad client base that includes manufacturing, information, pharmaceuticals, and construction sectors. Notably, we have a large proportion of IT engineers, who are in particularly high demand.

Revenue Composition by Segment



In our core engineer staffing businesses—R&D Outsourcing and Construction Management Outsourcing—contract renewal is the norm, so revenue is recurring and stable.

Business Model of Engineer Staffing



Engineer staffing differs from typical clerical or manufacturing dispatch. The Group dispatches permanent employee engineers, who have been recruited and nurtured by the Group, to its customers to perform research and development tasks. Because they are permanent employees, we can invest our management resources to develop their skills over the long term and provide compliance education, enabling them to contribute to the vital research and development operations of our customers.

Revenue from engineer staffing can be expressed by multiplying the number of engineers employed times the utilization ratio and the unit sales price. By hiring engineers that meet customer needs, the Group maintains a high utilization ratio and generates stable revenue. Moreover, we continue to experience revenue growth on a trajectory driven by higher unit sales prices and an increase in the number of engineers, supported by strong technical capabilities and robust demand.

Revenue = number of engineers employed x utilization ratio x unit sales price

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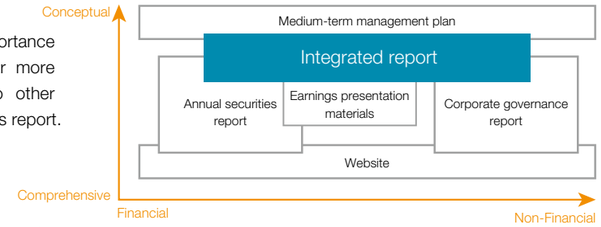
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Disclosure Framework

This report focuses on the matters of high importance in terms of the Group's value creation. For more comprehensive information, please refer to other disclosure media, such as our annual securities report.



■ Detailed Information on Financial Results

Please see our annual securities report for detailed information on financial results for the fiscal year ended June 30, 2024.
https://ssl4.eir-parts.net/doc/6028/ir_material_for_fiscal_ym5/164257/00.pdf

■ Sustainability-Related Information

Details on sustainability-related initiatives are available at the following website.
https://technoproholdings.com/en/sustainability/

Editorial Policy

Organizations Covered

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

Reporting Period

This report covers the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024). The report also refers to certain important matters outside the scope of this fiscal year.

Referenced Guidelines

- International Integrated Reporting Framework
- Guidance for Integrated Corporate Disclosure and Company–Investor Dialogue for Collaborative Value Creation
- GRI (Global Reporting Initiative)

Disclaimer Regarding Forward-Looking Statements

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

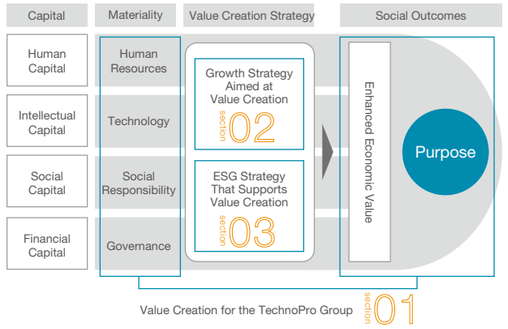
Glossary

A glossary of the terms specific to the Group that are used in this report is available at the end of this report.

Highlights of Integrated Report 2024

This report provides an integrated overview of the TechnoPro Group's financial and non-financial information from the perspective of value creation. In line with the value creation process, the report presents the corporate philosophy, which includes its Purpose, as well as the direction of value creation based on the Materiality. It also describes, in an easy-to-understand manner, the business strategy and sustainability initiatives in the medium-term management plan. We believe that the purpose of our business activities is to enhance both economic and social value. We sincerely hope that this report will help our stakeholders gain a fuller understanding of our value creation activities and medium- to long-term growth potential.

The Value Creation Process



section 01 Value Creation for the TechnoPro Group



- Ongoing digitalization is expected to drive strong demand for technology-related personnel services. However, Japan's investment in human capital is low compared to other countries, resulting in a significant shortage of engineers, which poses a major challenge for the entire industry.

- The TechnoPro Group boasts the following strengths: more than 26,000 engineers (human capital), diverse knowledge in various technical fields and expertise in engineer development (intellectual capital), a customer base of over 2,500 major clients and business locations covering the entire country (social capital), and a solid return on capital and financial soundness (financial capital). Leveraging these strengths, we are committed to helping resolve societal issues, including the shortage of engineers, by realizing our Purpose, of "Driving the power of technology and talent to co-create value together with our customers for a sustainable society."

- Specifically, we strive to achieve the following four management-related Materiality.
  - Human resources: "Raising Everyone's Potential"
  - Technology: "Contributing to Society through the Power of Technology"
  - Social responsibility: "A Trusted Partner"
  - Governance: "A Sustainably Growing Company"

  Through our commitment to these Materiality, we aim to achieve the following outcomes for society: "Eliminate the shortage of technical personnel," "Maximize opportunities for engineers," and "Promote innovation and resolve social and environmental issues through customers."

▶See page 9 for details.

section 02 Growth Strategy Aimed at Value Creation



- At the core of the TechnoPro Group's growth strategy for value creation is the focus on creating attractive jobs and attracting talented engineers. To achieve this mission, we are driving a human capital strategy that serves as a platform where engineers can gather, grow, and thrive.

- As business strategies directly linked to our human capital, we are aiming at the expansion of Solution Business as an evolutionary process, by leveraging the value chain as well as customer/engineer base of Core Business (Engineer Staffing).

- This represents a transformation in our business model that captures the changes in demand and supply over the medium- to long-term. The TechnoPro Group will enhance the shareholder value by shifting engineers to the Solution Business, which offers higher unit sales prices and gross profit margins. Additionally, we will improve the skills and treatment of engineers, and satisfy a wide range of customer needs (services + deliverables, concept formulation), thus creating sustainable value for our stakeholders (shareholders, engineers, and customers).

▶See page 21 for details.

section 03 ESG Strategy That Supports Value Creation



- As the foundation for advancing growth strategies aimed at value creation, we will continue to make continuous efforts to enhance and strengthen corporate governance, earning the trust of our stakeholders, and ensuring fairness and transparency in decision-making.

- As a corporate group committed to growing sustainably alongside society, we prioritize health management, promotion of diversity, female active role and creation of a workplace that is conducive to employee well-being.

▶See page 39 for details.

JPX Prime 150 Index

The Company has been selected for the second consecutive year for inclusion in the JPX Prime 150 Index based on equity spread. This index was developed in 2023 with the aim of making visible leading Japanese companies that are estimated to be creating value.

IR Grand Prix

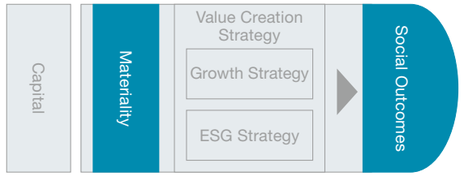
We are proud to announce that we have been awarded the IR Grand Prix in the Japan Investor Relations Association Best IR Awards 2024. This award recognizes companies that have demonstrated a deep understanding of IR objectives, actively engaged with investors, and gained strong support from the market.

section 01

Value Creation for the TechnoPro Group

We have been making steady progress on the themes set forth in the medium-term management plan, “Evolution 2026” —“Transformation of business model” and “Evolution of capabilities,” driving the creation of both economic and social value.

The Value Creation Process



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Message from the CEO

We aim to become an “even more attractive platform where engineers gather, grow, and thrive,” contributing to the development of a sustainable society.

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

Reflecting on the Third Year of the Medium-Term Management Plan, “Evolution 2026”

The fiscal year ended June 30, 2024, the third year of the five-year medium-term management plan, “Evolution 2026,” regrettably ended with unmet targets, primarily due to impairment losses in both the Overseas and the Other Businesses in Japan. However, our major businesses in Japan, which account for approximately 90% of consolidated revenue and operating profit, demonstrated steady growth. This confirms the solid progress of the medium-term management plan and strengthens our confidence on the path to future growth.

In this medium-term management plan, we have been advancing a gradual transformation of our business model, shifting from a traditional focus on engineer staffing to expanding the Solution Business, in anticipation of medium- to long-term risks. The Core Business of engineer staffing has been growing steadily at a pace that exceeds the plan, thanks to proactive recruitment and development in IT and digital areas, as well as increases in contract unit sales prices. Revenue from the Solution Business, in which we are gradually establishing the systems and environment for expansion, is growing at a rate significantly higher than that of the Core Business. The three-year compound annual growth rate (CAGR) stands at 17.7%, compared to the medium-term management plan’s five-year target of 15.4%. As a result, even without new M&A activity, we are on track to reach the final target of ¥57 billion in the last year of the five-year plan, provided the remaining two-year CAGR is 12.1%. The progress and outcomes of our strategy are reflected in the 0.4-point improvement in gross profit margin compared to the previous year. As the revenue contribution from high-value-added solution services increases, the overall gross profit margin will improve. Offering services that receive higher evaluations from customers and securing appropriate prices will contribute to Japan’s economic growth as it emerges from deflation. The TechnoPro Group, with the Purpose of “Driving the Power of Technology and Talent to Co-create Value Together with our Customers for a Sustainable Society,” will continue to advance the high-value-added transformation of its services through strategic talent acquisition and development, creating both economic and social value by solving customer challenges.

Even amid fierce competition for talent, our robust recruitment capabilities have enabled us to exceed hiring targets. The goal of 27,500 engineers in Japan by the final year of the plan is expected to be achieved one year ahead of schedule.

However, the net increase in headcount and growth ratio have shown signs of slowdown due to rising turnover. In particular, the active job market for IT professionals has inevitably impacted the Group, where IT engineers account for more than half of the workforce. The turnover ratio for regular employees rose to 9.1% this year, up 1.3 points year on year. While this remains below the all-industry average for Japan and competitors in our sector, addressing retention remains a critical management challenge.

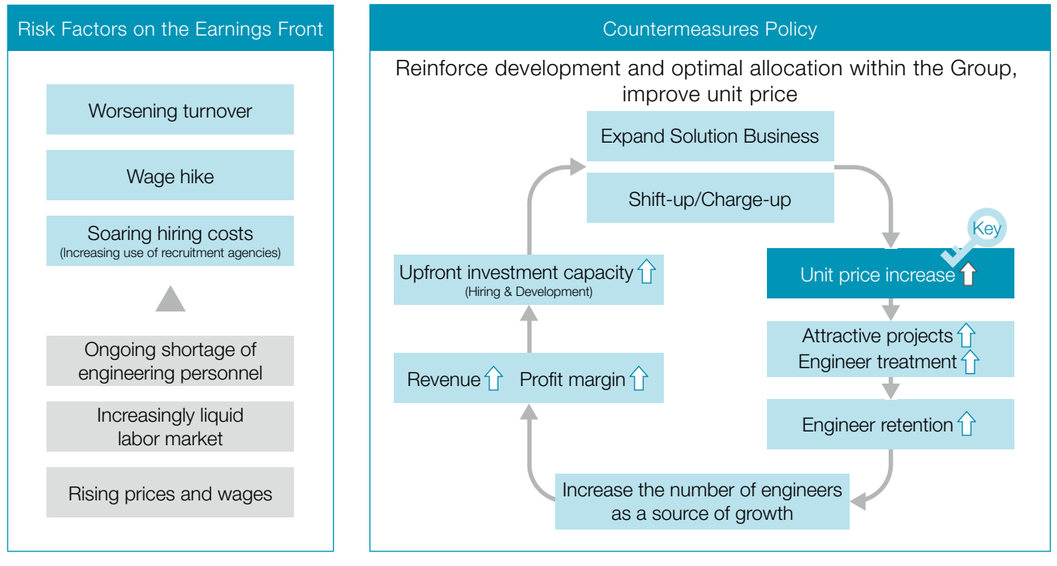
Risk Recognition and Countermeasures Policy

In addition to the rising turnover ratio, other risks that were not anticipated at the time of formulating the medium-term management plan include wage increases and soaring recruitment costs. Without appropriate wage adjustments, retaining engineers has become increasingly difficult. A paradigm shift in Japan's job market has accelerated the use of recruitment agencies, raising our utilization ratio to approximately 70%, which has significantly driven up recruitment costs. Consequently, in addition to operational measures for effective recruitment and retention efforts, strategic initiatives have become more critical than ever.

The key driver of these efforts is improving unit prices through engineer development and optimizing Group-wide allocation. Higher unit prices reflect strong customer evaluations and contribute to engineers' greater job satisfaction. Better wages and increased bonuses are expected to help mitigate the rising turnover ratio. Reducing recruitment costs for replacing departing employees enhances profitability and creates greater capacity to invest in human capital. Such investments improve engineers' skills and problem-solving capabilities, driving growth in the Solution Business and enabling further increases in unit prices through upskilling and expanded service offerings. Focusing on this virtuous cycle allows us to tackle concerns about cost structure deterioration.

Strengthening the optimal Group-wide allocation of engineers is feasible because our Core Business and Solution Business share a common customer base and work closely. This approach differentiates us from consulting firms and system integrators by fostering a competitive cost structure. The Core Business also serves as a talent pipeline function for the Solution Business. Our focused initiatives to strengthen solutions have proven effective, leading to significant progress in talent development, particularly in AI, machine learning, data science, cloud services, and ERP, with a steady increase in assigned engineers. Moving forward, we will leverage TechnoPro's unique strengths to establish robust pillars of solution services that only TechnoPro can deliver.

The Overseas, with its revised fundamental strategy, will prioritize supplying engineers to Japan, contributing to the overall enhancement of the Group's Solution Business capabilities. Overseas subsidiaries with limited strategic alignment or synergy with our Japan operations will be considered for divestment to third parties from the perspective of identifying the best owner. Meanwhile, the Engineer Training Business is highly promising given Japan's current circumstances and future outlook. We will continue to nurture it as a solid revenue source. Across all these efforts runs a consistent principle: to focus resources on businesses where we can leverage our strengths and accumulated capabilities, thereby aiming to enhance shareholder value.



Towards a More Attractive Platform for Engineers

With over 25 years of experience in Japan's labor market and talent management—including my tenure in HR roles during my previous career—I have never felt a wave of transformation as profound as the one we face today. Overcoming challenges such as a declining workforce and a structural shortage of engineers requires a society that actively engages diverse talent, including women, seniors, and foreign nationals, while enabling a greater shift of workers into growth industries. Japan, currently lagging in digital transformation, also trails other advanced nations in public and private investment in education and human capital. Leveraging new technologies and fostering reskilling will enhance productivity across Japan, enable sustainable wage growth, and ultimately drive the nation's economic development.

The TechnoPro Group could be considered a "microcosm" of the labor market Japan must aspire to build. Our job-based employment model evaluates and compensates engineers based on their market value. With an extensive client base and a wealth of projects, our engineers can transition to growth sectors and take on new challenges. Moreover, our industry-leading training programs and environments support essential upskilling and reskilling for engineers. Going forward, we will strive to become an even "more attractive platform" where engineers gather, grow, and thrive. To achieve this, we will advance "human capital management" aligned with our business operations, actively invest in talent, and pursue greater job satisfaction and employee well-being. Enhancements in HR systems, workplace environments, and career development support have led to a nearly 20-point improvement in our "Employee Satisfaction Index" since the survey began 13 years ago. However, the index has plateaued in the 80% range in recent years, leaving room for progress towards our goal of 90%. Through initiatives such as the ongoing implementation of town hall meetings launched this fiscal year, we will work to further embed our management policies and improve employee engagement.

Advancing Management and Enhancing Shareholder Value

Ten years have passed since our IPO in December 2014. Shortly after our listing, the Japan Corporate Governance Code was established, enabling us to proactively develop a governance framework with the capital market in mind. By incorporating insights gained through constructive dialogue with shareholders and investors, we have consistently pursued improvements. With the start of the current medium-term management plan, we have also committed to "sustainability management." This has led to recognition such as being selected for ESG investment indices and receiving high external evaluations and certifications. However, as other Japanese companies continue to enhance their efforts, we must also further refine and evolve our management practices. Our transition to a company with an "Audit & Supervisory Committee" in September 2022 and the phased succession of Outside Directors since last year reflect this commitment to progress. Furthermore, as our stakeholder demands grow and the management environment becomes increasingly uncertain, the quality of executive leadership has become critical to sustainable earnings growth. We held four meetings of the newly established the Management Development Committee between August 2023 and the end of this fiscal period. Moving forward, we will leverage this committee to accelerate initiatives such as the formalization of key position succession plans and strengthening the development of leadership candidates. Additionally, the Board of Directors and the Nomination and Compensation Committee recognize the need to further elevate the quality of discussions, keeping in mind the formulation of the next medium-term management plan while fulfilling their respective roles.

Stocks in the human resources sector are generally regarded as cyclical, but the demand for design and R&D services, which we specialize in, remains robust. Our strategic focus on IT and digital domains positions us as resilient in this environment. Over the past decade, we have successfully increased the proportion of IT engineers from 38.1% to 57.8% by adapting to changing customer needs and advancements in technology. This transformation in our engineer portfolios has been made possible through our strong capabilities in recruitment, training, and sales. While we remain mindful not to be complacent about our current price-to-earnings ratio (PER), we are committed to leveraging our managerial strengths to achieve our goals, keeping the next decade in sight. At the same time, we will continue to provide clear and detailed explanations of our strategic progress and growth potential.

We sincerely ask all our stakeholders to continue supporting us and to look forward with great anticipation to the ongoing evolution of the TechnoPro Group.

The Market Environment and Our Understanding of the Challenges

With the importance of human capital gaining attention, demand for engineering professional services in Japan is expected to continue to grow.

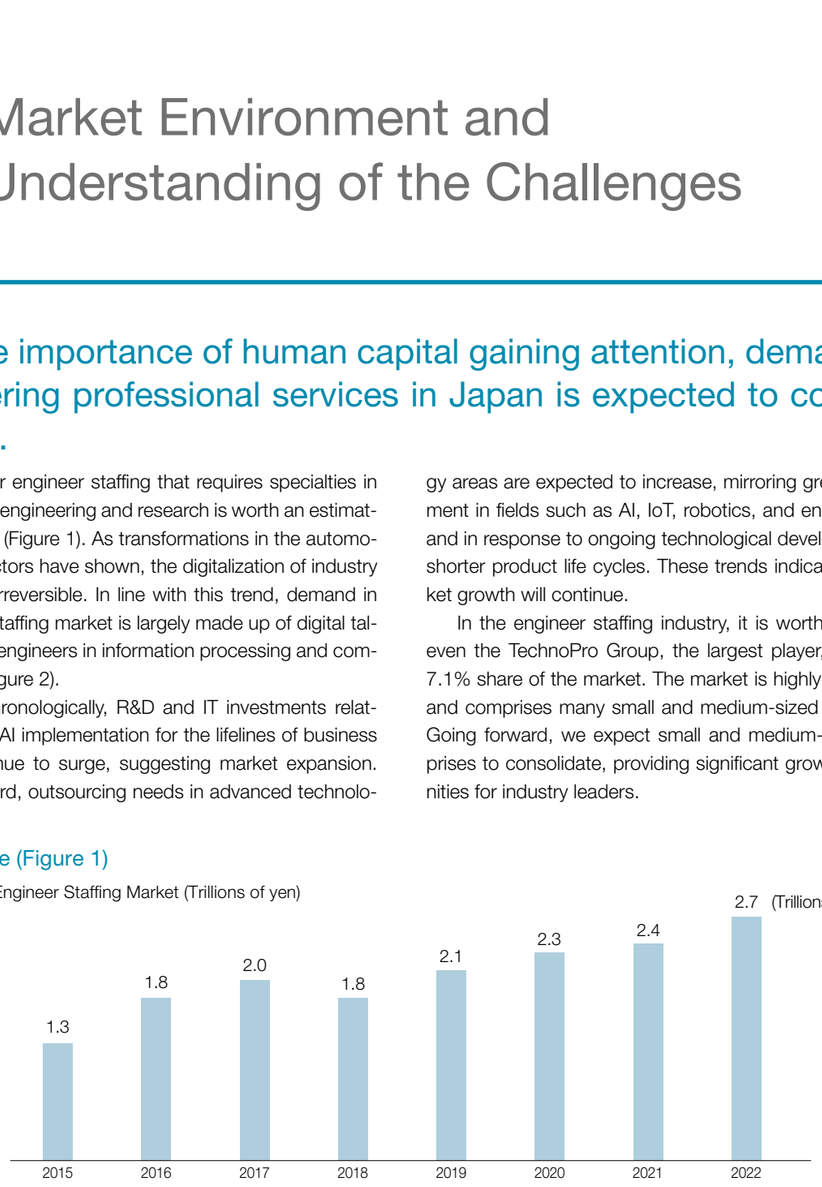
The market for engineer staffing that requires specialties in such areas as engineering and research is worth an estimated ¥2.7 trillion (Figure 1). As transformations in the automotive and IT sectors have shown, the digitalization of industry has become irreversible. In line with this trend, demand in the engineer staffing market is largely made up of digital talents, such as engineers in information processing and communication (Figure 2).

Viewed chronologically, R&D and IT investments related to DX and AI implementation for the lifelines of business growth, continue to surge, suggesting market expansion. Looking forward, outsourcing needs in advanced technology areas are expected to increase, mirroring greater investment in fields such as AI, IoT, robotics, and energy saving, and in response to ongoing technological development and shorter product life cycles. These trends indicate that market growth will continue.

In the engineer staffing industry, it is worth noting that even the TechnoPro Group, the largest player, has only a 7.1% share of the market. The market is highly fragmented and comprises many small and medium-sized enterprises. Going forward, we expect small and medium-sized enterprises to consolidate, providing significant growth opportunities for industry leaders.

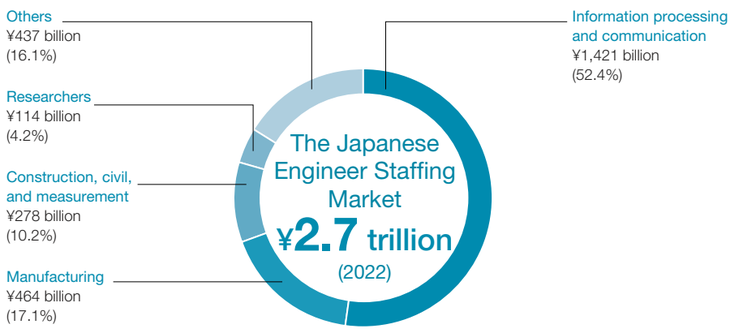
Market Scale (Figure 1)

The Japanese Engineer Staffing Market (Trillions of yen)



Breakdown of the Engineer Staffing Market (Figure 2)

(Billions of yen)



Source of Figure1, 2: TechnoPro Holdings estimates based on the data researched by Ministry of Health, Labor and Welfare

Meanwhile, compared to other countries, Japan's investment in human capital is low, and the shortage of IT engineers is a challenge for all industrial sectors.

Although the demand for highly skilled IT engineers is soaring, the supply of IT talent in Japan remains limited. It is estimated that by 2030, Japan will face a shortage of 540,000 advanced IT professionals (Figure 3).

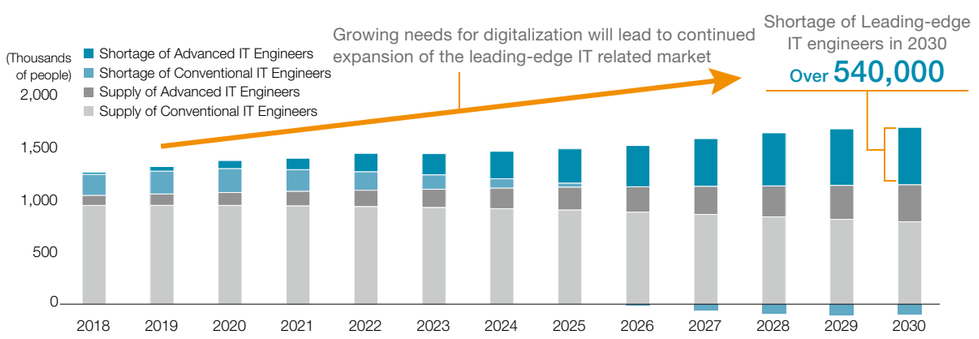
One factor contributing to this gap is the persistence of the so-called Japanese-style employment system, characterized by seniority-based wages and lifetime employment. This system creates incentives for workers to avoid job-change risks and stay with the same employer for a long time, reducing labor market mobility. Consequently, insufficient opportunities for career changes and reskilling can lead to a perceived mismatch in supply and demand for highly specialized engineers.

Furthermore, Japan's investment in human capital is significantly lower than in other major developed countries (Figure 4), and there are challenges in terms of the training environment and compensation of engineers. In Western countries, labor mobility is high and investment in human capital tends to produce highly specialized engineers. By comparison, Japan has an inferior environment for producing highly specialized engineers.

Given this environment, the Group believes it has an important mission to help address the social issue of a shortage of engineers by recruiting and training engineers and providing them with opportunities to thrive in industry.

Projected Shortage in Advanced and Conventional IT Engineers (Figure 3)

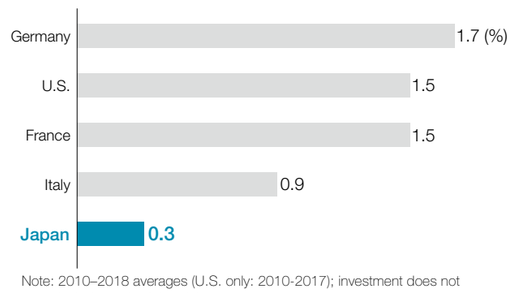
Assuming moderate growth in the IT market, 0.7% growth in productivity, and a 1.0% reskill rate



Source: TechnoPro Holdings based on "Survey Report about Supply and Demand of IT Engineers" (March 2019) by Mizuho Information & Research Institute, Inc., commissioned by the Ministry of Economy, Trade and Industry

Comparison of Investments in Human Capital (Figure 4)

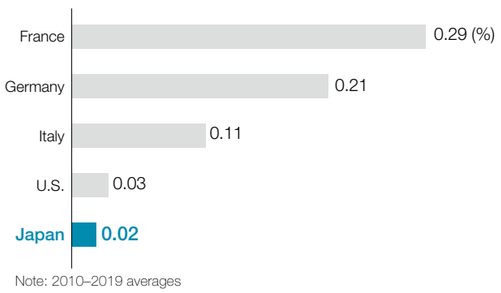
Private-Sector Human Capital Investment (% of GDP)



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

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

Public Spending on Education and Training (% of GDP)



Note: 2010–2019 averages

The Value Creation Process

We aim to contribute toward the realization of a sustainable society. To enhance both economic and social value and realize our Purpose, we are steadily pursuing initiatives in our four Materiality areas of Human Resources, Technology, Social Responsibility, and Governance.

Capital

Human Capital

- Number of engineer hires in Japan **4,575**
- Employee satisfaction index* **85.1%**
- Number of assigned engineers in the Solution Business: **4,751**
- Number of employees undergoing training (cumulative): **308,000**

* Including non-engineers

Intellectual Capital

- **Insight in diverse technical areas**
- **Expertise in delivering solutions**
- **Alliance ecosystems**
- **Expertise in hiring, training, and assigning engineers**

Social Capital

- Average monthly orders: **1,950 orders/month**
- Business locations in Japan: **218**
- Number of customers in Japan: **2,555 companies**
  (Number of customers at the two major subsidiaries in Japan)

Financial Capital

- ROE: **18.8%**
- D/E ratio: **0.17x**
- Net worth ratio: **52.9%**

Materiality

Human Resources
Raising Everyone's Potential

Technology
Contributing to Society through the Power of Technology

Social Responsibility
A Trusted Partner

Governance
A Sustainably Growing Company

Value Creation Strategy

Growth Strategy Aimed at Value Creation

Human Capital Strategy

Highly competitive talent acquisition
Talent training Reskilling
Competent talents
Evolution of Capabilities
Attractive work
Utilization of technical knowledge stored within the organization
Identification of customer issues and proposal and implementation of solutions

Business Strategy

Solution Business
Core Business (Engineer Staffing)
Engineer Training Business
DX Promotion Business

Risk Management

Financial Strategy

ESG Strategy That Supports Value Creation

Environmental Initiatives

Social Initiatives

Corporate Governance

Enhanced Economic Value

Social Outcomes

Eliminate the shortage of technical personnel

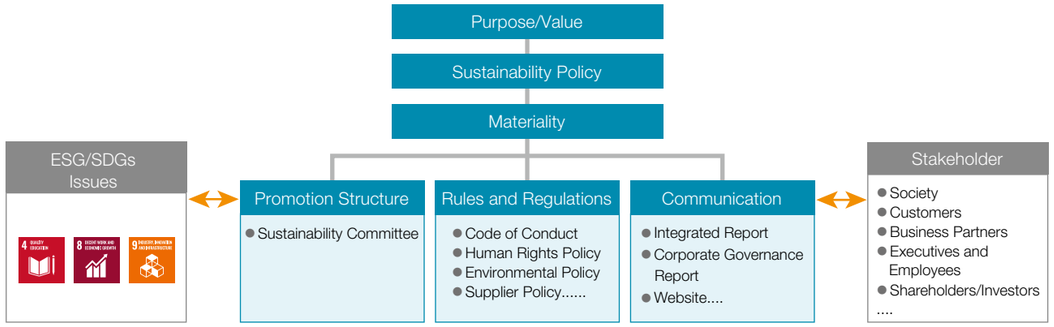
Maximize opportunities for engineers

Promote innovation and resolve social and environmental issues through customers

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

Note: The figures are for the fiscal year ended June 30, 2024 or as of June 30, 2024.

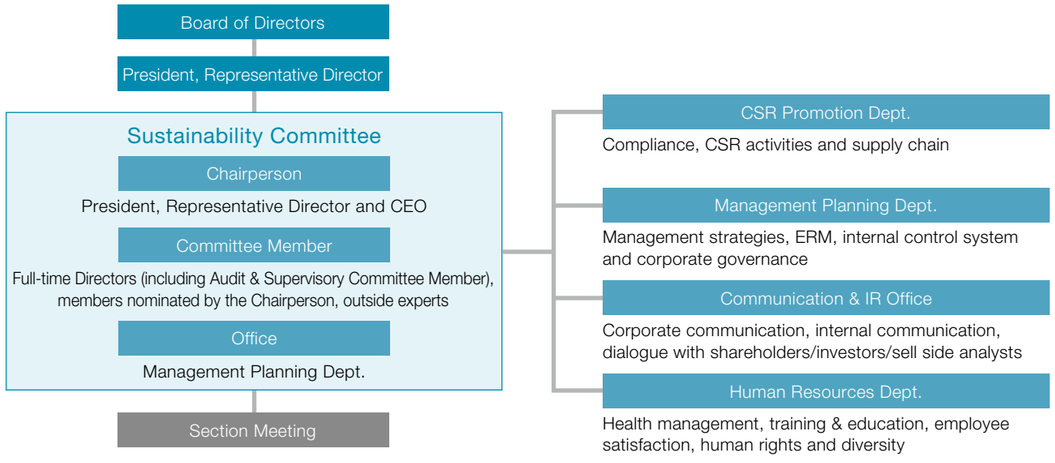
Value Creation and Sustainability



Promoting Sustainability Management for Value Creation

The TechnoPro Group's Basic Policy on Sustainability calls for it to achieve sustainable business growth and increase shareholder value through creating shared value with its stakeholders, including executives, employees, customers, shareholders/investors, business partners, and society, based on our engineers, technical capabilities, and business models, and through the establishment of and operations built on a solid management foundation. As a result, we will contribute to the sustainable development and prosperity of economies, industries, and societies around the world, as well as to the preservation of the global environment. We strive to drive the value-creation process based on our Purpose and Value. To do so, we identify material issues and initiatives, establish various regulations to ensure discipline and direction in our business activities, and engage in close communication with stakeholders.

As the body that supports sustainability management, the Sustainability Committee deliberates and makes decisions on the matters regarding the establishment and promotion of initiatives to realize the TechnoPro Group Sustainability Policy. The decisions made by the Sustainability Committee are taken up in each department, and for important matters, section meetings are set up to promote cross-departmental progress. The Board of Directors regularly receives reports on deliberations and decisions made by the Sustainability Committee. The Board oversees sustainability management and deliberates and makes decisions on the matters of high importance. Furthermore, we actively participate in international initiatives. For example, we have expressed our support for the "United Nations Global Compact" and joined the "Global Compact Network Japan."



Materiality Initiatives and Outcomes

Materiality

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

Material Issues (Materiality) from a Management Perspective Aimed at Creating Shared Value with Stakeholders

Human Resources

Raising Everyone's Potential

- Proactive investment in human resource development
- Pursue rewarding work and employee satisfaction
- Maximize engineers' opportunities to flourish
- Achieve human resource diversity and equal opportunity
- Resolve shortage of engineering personnel and promote innovation

Technology

Contributing to Society through the Power of Technology

- Realize high-value-added solutions
- Use digital technologies to achieve business innovation
- Accelerate domestic and overseas business
- Solve problems of customer through technology
- Resolve social and environmental issues through business with customer

Purpose

Social Responsibility

A Trusted Partner

- Observe ethics and compliance
- Ensure health and safety of the working environment
- Thoroughly protect information security and privacy
- Respect human rights
- Minimize environmental impact

Governance

A Sustainably Growing Company

- Reinforce governance
- Engage in investor dialog and transparent disclosure
- Execute appropriate capital policy
- Enhance business continuity in times of emergency

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Materiality Definition and Revision Process

STEP 1	Ascertaining the Issues	Based on international guidelines and principles, we extract issues, taking into account social issues and stakeholders' requests.
STEP 2	Ordering the Issues	We select and add industry- or Group-specific issues.
STEP 3	Defining the Issues	Following discussions among outside experts, Outside Directors, department heads and people in charge of business units, the issues are deliberated and approved by the Board of Directors.
STEP 4	Goal Setting and Performance Disclosure	We set quantitative key performance indicators (KPIs) and target values, and disclose annual results on the progress and achievement of initiatives.

Quantitative Indicators (KPIs) and Targets for Materiality

The TechnoPro Group categorizes Materiality into four areas, setting quantitative indicators (KPIs) and targets and monitoring them. Particularly important indicators are outlined below.

Materiality	Indicators	Results (Fiscal Year Ended June 30, 2024)	Targets
Raising Everyone's Potential	Corporate participants in the Engineer Training Business	8,101*1	13,000 people*1 by FY26.6
	Individual participants in the Engineer Training Business	5,004*1	8,500 people*1 by FY26.6
	Percentage of women hired	25.8%	30% or above by FY26.6
	Percentage of female employees in managerial positions	8.4%	10% by the end of June 2026
	Employment of people aged 60 and more	1,449	Increase continuously
Contributing to Society through the Power of Technology	Revenue from the Solution Business	¥45.3 billion	¥57.0 billion in FY26.6
	Number of assigned engineers in the Solutions Business (monthly average) (people)	4,751	6,200 people by FY26.6
A Trusted Partner	Number of serious disciplinary actions related to corruption	0	Continue to have zero cases
	Number of fines related to corruption	0	Continue to have zero cases
	Sustainability Training attendance rate	100%	Maintain at 100%
	Fatalities due to work-related accidents (people)	0	Continuation of zero fatalities
A Sustainably Growing Company	Percentage of female Directors	3*2	Maintain at 2 or above*2

Note: Unless otherwise stated, calculated values are for the Group in Japan.
*1 Outside the TechnoPro Group *2 TechnoPro Holdings

Outcomes to Be Achieved by Addressing Materiality (SDGs to Focus on)

Through initiatives to address the Group's Materiality, we will realize the following social outcomes: **"Eliminate the shortage of technical personnel," "Maximize opportunities for engineers,"** and **"Promote innovation and resolve social and environmental issues through customers."**



Examples of Initiatives

Eliminate the shortage of technical personnel

Recruitment and training of inexperienced engineers

In the IT field, we promote the recruitment of inexperienced engineers through collaboration with alliance partners, anticipating the project assignments after training. In the construction management field, we established a technical center in 2017 to train engineers without prior experience in the construction industry. In the fiscal year ended June 30, 2024, we hired a total of 542 inexperienced engineers (including 195 in the IT field and 347 in the construction management field).

Promotion of the Engineer Training Business

Pc Assist Co., Ltd. operates "Win School," providing education and training in various technical fields such as web design, IT, and CAD for businesses and individuals in 45 major cities nationwide. In this way, we are helping to eliminate the shortage of technical personnel. To track progress, we manage the number of trainee as a Materiality KPI.

Maximize opportunities for engineers

Promotion of reskilling and shift of engineers

To support the shift between technological areas and industries of engineers with skills that are experiencing a decrease in demand within the Group, we are actively promoting the acquisition of skills that are expected to be in demand in the future, such as embedded systems, electrical/electronic engineering, open systems, and DX-related skills. We have also experienced strong demand from customers to provide training for skill changes. In the fiscal year ended June 30, 2024, we provided skill-change training to 30 corporate and 1,209 individual customers.

Utilization of non-Japanese engineers

To ensure that non-Japanese engineers are able to work in Japan without anxiety, we have implemented multilingual support for documents and regulations, as well as Japanese language learning assistance. We are actively hiring non-Japanese engineers, and as of June 30, 2024, we have 1,210 non-Japanese engineers from 41 countries working in Japan.

Promote innovation and resolve social and environmental issues through customers

Research and development of environment-related technologies

The Group's engineers are involved in R&D projects that are expected to contribute to the reduction of environmental impact, such as the development of catalysts used in artificial photosynthesis, which uses solar energy to split water (H_2O) and extract hydrogen (H_2) and oxygen (O_2), research on biofuels, and the development of products that consume fewer resources.

Participation in cutting-edge projects

In a project to develop Advanced Driver Assistance Systems (ADASs) aimed at achieving "safe and secure driving for everyone," our data scientists provide expertise in image processing, data analysis, and machine learning.

section 02

Growth Strategy

Aimed at Value Creation

As we strive to grow, we will prioritize the quality of the Core Business. Rather than diversification, we will promote business transformation based on evolution, targeting business expansion and adapting our business model to capture medium- to long-term changes in demand and supply.

The Value Creation Process





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[Partner Dialogue]

Matsumoto × Shimaoka

The TechnoPro Group aims to foster the development of skilled engineers who can thrive in emerging technology fields and promote the growth of its Solution Business by building ecosystems with major IT vendors and startup companies. In this regard, Shinkazu Matsumoto, President of O2 Partners Inc., which focuses on providing consulting services for the manufacturing industry, and Gaku Shimaoka, the Company's COO, discussed the future direction of the solution business and collaboration.

Shinkazu Matsumoto
President
O2 Partners Inc.

O2 Partners Inc. (O2 Partners)
Established: March 17, 2004
Capital: ¥100 million
Business activities: Manufacturing industry consulting, manufacturing industry project management, education, etc.
https://www.o2-inc.com/ (Japanese website)

Gaku Shimaoka
Vice President,
Representative Director and COO
TechnoPro Holdings, Inc.
President and Representative Director,
TechnoPro, Inc.
(President of TechnoPro Design Company)

To begin, could you please tell me about the background and history of collaboration and partnership between two companies?

Shimaoka I had the opportunity to meet Mr. Matsumoto about 10 years ago, thanks to a mutual acquaintance. Even though we are of the same generation, I was deeply impressed by his strong conviction toward revitalizing Japan's manufacturing industry through the power of digital and IT. What's more, he emphasized the importance of human capital and nurturing and increasing technical talent to facilitate sustainable growth in the Japanese economy. This approach was solidly aligned with the TechnoPro Group vision. While O2 Partners has considerable technical expertise and knowledge, the most crucial aspect of a business partnership is shared values and principles. Without being aligned on this front, it wouldn't be possible for these two companies to collaborate and grow sustainably together.

Matsumoto I was also initially surprised to see such a young business leader at the helm of an industry-leading company. I had the sense that a company led by such a dynamic executive has the potential for future growth. I also remember being deeply impressed by Mr. Shimaoka's statement about desire to elevate the social status of engineers. As we provide consulting services, we are keenly aware of the challenge that exists due to undervaluing certain intangible aspects in Japan. I sympathized with the TechnoPro Group's philosophy of emphasizing the value of talent and development. At that time, O2 Partners was facing the management challenge in expanding our sales channels, so we were interested in collaborating with the TechnoPro Group, which has an extensive customer base.

Shimaoka Thank you. The Group's management is centered on the growth of our talent pool. We believe that by creating an environment where people can continuously grow, economic growth will follow. When I first met Mr. Matsumoto, we were discussing talent strategies for strengthening our solutions. During that discussion, I had the idea of creating a career path for engineers that not only focused on acquiring technical skills but also provided a route for them to become consultants. Simply hiring a consultant team from outside would not align with our belief in "growing talent first." It was during that time that I found the collaboration with O2 Partners, which has a wealth of experience in digital and IT consulting for the manufacturing industry, to be extremely effective.



Matsumoto Mr. Shimaoka, your beliefs haven't changed since we first met, have they? In O2 Partners, we recently reviewed the founding statement we created 20 years ago and confirmed that it still aligns perfectly with our current principles. Consistency among vision, strategy, and culture is crucial in business, and it is important for a leader's ideology to remain unwavering even in the face of external changes. I believe Mr. Shimaoka likely has foundational experiences that underlie his convictions.

Shimaoka That's true. The traditional worker dispatching business, which had been sought after for its function as a demand-supply adjustment valve, suffered a severe blow after the global financial crisis, with orders plummeting and contracts being terminated one after another. We never want to experience such hardships again. With that in mind, we aim to be an organization that is valued by our clients not for the scale of our workforce, but for the value of our talent. To achieve this, we believe that it is essential to stay ahead of the times by proactively cultivating our employees.

Please provide some specifics on the structure and initiatives of your collaboration.

Shimaoka We actually started collaborating with O2 Partners in 2015. As Japanese companies transitioned from hardware to software in their research and development fields, there was an increasing demand for tasks such as issue identification and project design, which were traditionally handled by client companies. Against this backdrop, we had two expectations for O2 Partners: to help in developing engineers and solving client issues. In the first area, we have been receiving training programs on design called "Designers from Scratch" and they have also been accepting our engineers to train and develop them, including through on-the-job training. In terms of solving client issues, for the projects the TechnoPro Group has acquired, O2 Partners first handles overall management, system planning, requirement definition, and basic design, and then we take charge of system development, operation and maintenance.

Matsumoto For us, selling "Designers from Scratch" to client companies and collaborating with the TechnoPro Group engineers on highly difficult development projects that we have received orders for have been beneficial in terms of cooperation. It takes time to cultivate consultants, but there are many cases where the engineers who have gained consulting skills on our projects return to the TechnoPro Group and thrive as consultants. I am delighted to see this happening.

Shimaoka In 2018, we formed a capital alliance with O2 Partners to develop AI model systems. The Group has made investments in numerous venture companies and research and development enterprises. One of our major objectives in doing so has been to cultivate engineers. In our capital alliance with O2 Partners, we also aimed to accelerate the development of data scientists, and we determined that using the AI model would greatly contribute to this development.

Have your partnership efforts faced any challenges? Please tell us about these as well as your areas of future focus.

Shimaoka Of course, many challenges have arisen during our collaboration. The first thing that comes to mind is operational in nature. Especially at the beginning of the partnership, our Solution Business was still in its early stages of development, which sometimes led to discrepancies between the requirements of O2 Partners, which was responsible for consulting, and the output of our solution unit. However, we were able to make improvements by consolidating the solution field and founding a more sophisticated organizational design.

Matsumoto As we have worked on more projects together, the capabilities as well as quality of the TechnoPro Group has improved. From our perspective, we also feel that the types of projects that the TechnoPro Group is able to acquire have become more aligned. At first, sometimes it was difficult to see significant resolution effects or any direct link to management issues, but through collaboration, the TechnoPro Group's ability to identify issues has also improved.

Shimaoka While operational issues have steadily improved, two structural challenges have surfaced. One is the criteria for selecting talent to develop. In some cases, individuals we initially thought were suitable for development as consultants did not progress as expected. Through investigation, it became apparent that the ability to grow into a consultant role is affected not only by capabilities and skills, but also by sense of values and thinking styles. The other challenge is related to the scale of development. Different from producing a large number of data scientists, it has been difficult to rapidly expand the development scale due to limited capacity for conducting on-the-job training under O2 Partners.

Matsumoto I believe that identifying these challenges is the greatest achievement in our years of collaboration. The TechnoPro Group possesses detailed data on over 26,000 engineers, and they are actively selecting individuals who are well suited to be consultants. This should significantly improve training efficiency going forward. Furthermore, we have systematized our training methods based on past reflections and established them as programs. We will maximize the use of this system and continuously evolve our methods of forming teams to accelerate the development of consultants.

Shimaoka In the Solution Business, one of the focus areas during the remaining two years of our medium-term management plan, "Evolution 2026," is to increase the number of consultants. As Mr. Matsumoto noted, we have been able to establish a nurturing foundation through accumulated experience. By combining past project data with our engineer data, we can screen for talent suitable for consulting roles and map out their career paths in detail. Furthermore, the Solution Business has achieved growth exceeding our target compound annual growth rate (CAGR) of 17% over the past three years, and we expect the project volume to increase further. Additionally, we established a consulting department within the Group in July 2023 and have started full-scale operations. Going forward, we plan not only to expand our collaboration with O2 Partners but also to accelerate opportunities for on-the-job training within the Group. Through these efforts, we aim to expand our consultant team at an early stage.

What direction do you anticipate in terms of future collaboration and value creation?

Shimaoka In our Solution Business, which emphasizes on-site solutions, we distinguish ourselves from other system integrators and consulting firms through our strong foundation in the Core Business. The Group efficiently generates leads by identifying issues at the development stage, delivers robust solutions including offshore capabilities, and provides end-to-end service support covering maintenance to operation, all of which are clear advantages. Going forward, we will further enhance these advantages, strengthen collaboration with O2 Partners, which excels at consulting in upstream processes, and enhance our problem-solving capabilities. We aim to deepen our understanding of our customers' strategic goals, co-create with them in each phase, and evolve into a solution company. Our clients face numerous challenges, such as improving productivity, automation, utilizing data, enhancing decision-making accuracy, and integrating systems. There are still many issues that can be resolved through the power of technology and people.

Matsumoto Our commitment to revitalizing Japan's manufacturing industry and our desire to see it thrive is growing even stronger. We firmly believe that if the manufacturing industry, which accounts for over 20% of Japan's GDP, can flourish, the future of the Japanese economy will be bright. However, going forward, the manufacturing industry must navigate the complexities of both consumer demands and environmental considerations, while achieving economic growth and developing its workforce. To accomplish this, embracing new technologies and digital transformation are essential, and as we work in cooperation with engineers, we have a significant responsibility in these endeavors. By evolving and expanding our collaboration with the TechnoPro Group, we believe we can help elevate the social status of engineers, as Mr. Shimaoka has advocated, and contribute to the growth of the manufacturing industry and the Japanese economy as a whole.



Shimaoka Yes. In order to solve social issues, it is essential that our client companies, which are the drivers of solutions, as well as the TechnoPro Group and the business partners who support them, and the engineers who are the source of value, all strive for sustainability. Furthermore, in the rapidly changing external environment, for client companies to succeed in the face of global competition, their products and services need to continuously evolve, as must the engineers who drive that innovation. The TechnoPro Group will expand collaboration with various partners including O2 Partners to promote the growth of engineers' career, enhancing their abilities and social standing. Mr. Matsumoto, let's continue working together to pave the way for Japan's future.

Matsumoto Yes, indeed.

Human Capital Strategy

The TechnoPro Group's Human Capital Strategy

A human capital strategy that links directly to business strategy is essential in order to realize our growth strategy in the aim of creating value. The TechnoPro Group positions its human capital strategy as part of its "human resources" and "technology" material issues. Through this strategy, we aim to create both economic and social value.

Through its business, the TechnoPro Group connects a supply of engineers with Japanese companies, which are the source of demand. As such, understanding the demand for engineers, ensuring their supply, and improving productivity are the foundations of the business and the very heart of the TechnoPro Group's human capital management.

The projected shortage of engineers in the Japanese labor market over the medium to long term is a significant social issue for the sustainable development of Japanese industry. The TechnoPro Group will help address this issue by enhancing both the quantity and quality of engineers through its business initiatives.

Human Capital Initiatives

The Group's human capital divides broadly into engineers (the engineers and researchers who provide services and solutions to customers) and non-engineers (those involved in sales, recruiting, training, and other back office operations). Both types of employees are vital management resources for realizing our growth strategy aimed at value creation and the TechnoPro Group Sustainability Policy.

Engineers

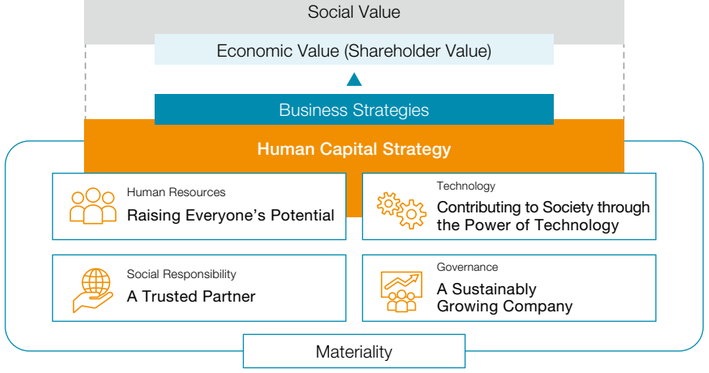
The TechnoPro Group believes that human resources, which are intangible assets, are the source of value. We have built our business model as a platform for engineers based on human capital.

Gather To ensure a stable supply of engineers, we are utilizing diverse personnel including foreign nationals, and are moving toward flexible employment agreements such as freelancing. This aims to promote diversity and equal opportunities in workplace.

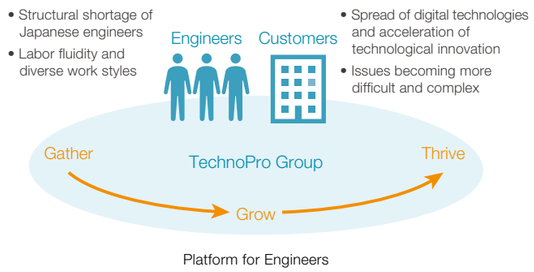
Grow To cultivate talents, we actively invest in human resource development to enhance engineers' skills and ensure their proficiency. In addition to boosting their market value, this development enhances their engagement and job satisfaction. Our talent management system, which raises engineers' market value by visualizing technical skills, conducting gap analysis, promoting reskilling, and measuring the effects of training, is one of the Group's core competencies.

Thrive In order to maximize the opportunities for them to excel by creating attractive jobs, we work to provide optimal assignments, raise charges for engineers, promote the development and deployment of solution talent, and expand businesses where we can increase engineers' compensation. By enhancing their mobility across industries and technical fields, we help to solve social issues, addressing Japan's shortage of technical personnel and promoting innovation.

Positioning of the Human Capital Strategy



Human Capital Management at the TechnoPro Group



Non-Engineers

Under the current medium-term management plan, we are focused on improving the productivity of our non-engineer employees by systemizing and streamlining back-office tasks. We are also working to optimally allocate and develop personnel across the Group in line with our overall corporate strategy. In other words, we are working to realize the human resource portfolio required to execute our strategy.

Areas of Commonality among Engineers and Non-Engineers

Given the difficulties in hiring personnel in Japan, we are looking to recruit non-Japanese talent and promote females in the workplace in line with our aims for diversity and inclusion in knowledge and experience. In addition to hiring non-Japanese personnel in Japan, we are utilizing our offshore assets by promoting personnel exchanges between the Group's overseas and domestic subsidiaries. Furthermore, we are making more active use of females in the workplace by establishing communities for female employees and promoting changes in mindset. To bolster employee engagement, we are promoting an awareness of the Group's Purpose, Values, and behavioral guidelines through digital and physical touch points. Additionally, we conduct an employee satisfaction survey to reflect various measures and improve employee satisfaction levels. As employees are the source of our value creation, ensuring that they are healthy both physically and mentally is essential for our business operations. Therefore, we implement various initiatives under the TechnoPro Group Health Management Declaration. As part of our efforts to expand opportunities for employees, we have also introduced a system for internal job postings and a side job system.

About the "Career Design Advisors (CDAs) system"

The TechnoPro Group has introduced the "Career Design Advisors (CDAs) system" to support young engineers' efforts in designing their own careers and engage in initiatives to achieve their goals, based on its "Five-Year Training Outline" for young engineers. Through regular consultations and training conducted by CDAs from various age groups, in addition to creating and reviewing career plans, we also provide support on mental well-being to address the concerns and challenges young engineers face. By establishing a comprehensive support system, we aim to improve the work environment and create an environment where employees can sustainably grow and develop their skills.



Taiki Kato
TechnoPro Design
TechnoPro, Inc.

Town Hall Meetings with Management Team

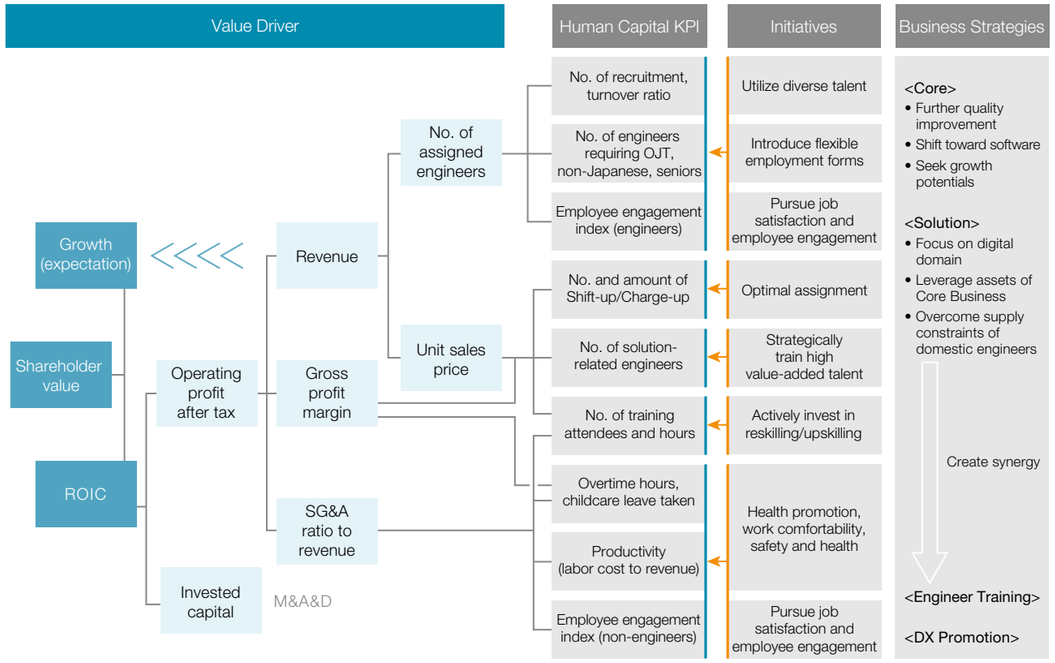
We conduct town hall meetings led by the management team, including the CEO, with the aim of communicating the Group's management policy and corporate philosophy (Purpose, Values, etc.) and promoting communication with employees. During the fiscal year ended June 30, 2024, we held seven meetings, which were attended by 2,263 employees in total. Participants have commented that "I was able to better understand the management policy" and "I now have a clearer sense of purpose for my work," which has led to increased employee motivation.



Creating Economic Value (Shareholder Value) through Our Human Capital Strategy

The Group implements its business strategy through human capital initiatives. We believe that ongoing investment in human capital links directly to our financial performance and contributes to the enhancement of sustained shareholder value. Therefore, in line with the value drivers of our business strategy, we place importance on the human capital KPIs shown in the figure below, and we are working to improve these KPIs.

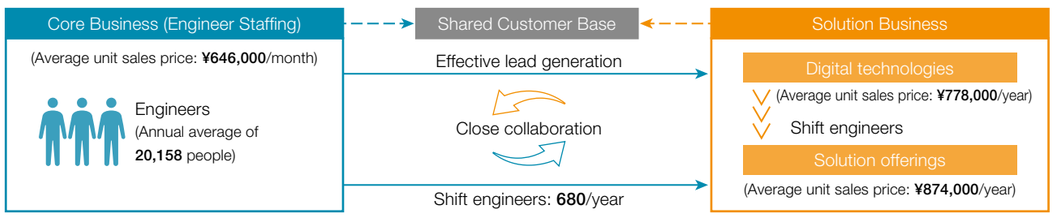
■ Execute business strategies and create value through human capital initiatives (human capital KPIs impacts value drivers)



Human Capital Strategy and the Solution Business

The Solution Business plays a vital role as the path to achieving the TechnoPro Group's human capital strategy under which "engineers gather, grow, and thrive." The shift from the Core Business to the Solution Business not only enhances shareholder value by boosting the unit sales price and gross profit margin, but also leads to better compensation for engineers.

Number of Trained Engineers (People)	Total as of June 30, 2023	Total as of June 30, 2024
AI/ML	1,625	2,359
Data Science	500	591
Cloud Services	2,076	4,044
ERP	280	427
Total	4,481	7,421



Note: The values indicated above are for the fiscal year ended June 30, 2024.

Message from the Executive Officer in Charge of HR



Hirofumi Oyama
Executive Officer
(In charge of HR)

Promoting Management That Elicits the "Power of Talent"

The TechnoPro Group provides services and solutions based on the diverse skills and experiences of its engineers, placing problem-solving for customers at the core of its business. The TechnoPro Group's operating environment is constantly evolving, driven by rapid digitalization and increasing societal demands for environmental conservation. To respond effectively to these changes, we must harness both "the power of technology" and "the power of talent" to support the sustainable growth of our engineers. With this understanding, we are working to create an environment where all employees can make full use of their diverse capabilities and enjoy a sense of fulfillment in their work. This includes various initiatives related to personnel systems, the working environment, and employee benefits.

Providing Opportunities for Engineers to Grow Their Capabilities and Play an Active Role

In order to enhance their capabilities and achieve sustainable growth, engineers must accumulate skills and experience through engaging in attractive projects. The TechnoPro Group visualizes the technical skills of each engineer through the talent management system and ensures job assignments based on career aspirations that align with individual aptitudes and life stages. This enables engineers to fully utilize their abilities and provides an environment for continuous growth. In the development of career plans, Career Design Advisors (CDAs) with extensive experience in the field provide practical support, and we develop and offer programs through our training subsidiary to support advanced skill acquisition and reskilling. Furthermore, we strive to create opportunities for growth by providing training in collaboration with major IT vendors and companies with cutting-edge technologies.

We also offer education and training programs tailored to different levels and objectives for employees supporting engineers, such as sales, recruitment, training, and back-office personnel, providing opportunities for them to grow.

Aiming to Be a "Platform for Engineers"

The TechnoPro Group's strength lies in its ability to provide a wide range of opportunities to tackle high-value problem-solving projects through collaboration between its Core Business and Solution Business. However, addressing the rapidly evolving technological areas remains a crucial challenge, requiring urgent talent development and the strengthening of new skill sets, particularly in areas such as digital transformation and environmental technology. It is also essential to enhance efforts to secure and nurture globally competitive engineering talent. Moving forward, the TechnoPro Group will further strengthen the unique capabilities it has cultivated through the recruitment, development, and assignment of the largest pool of engineering talent in Japan. By nurturing engineers who can provide high value, the TechnoPro Group aims to serve as a platform for co-creating value with customers.

Management Development Committee

The Group established the Management Development Committee in August 2023. The committee has begun working toward its aims of linking management and personnel strategies for the Group, establishing and operating succession plans for key positions, and allocating, promoting, and cultivating management talent from the perspective of the Group optimization. Matters discussed by the committee and the status of its initiatives are regularly reported to the Board of Directors and the Nomination and Compensation Committee.

Business Strategy

Medium-Term Management Plan “Evolution 2026”

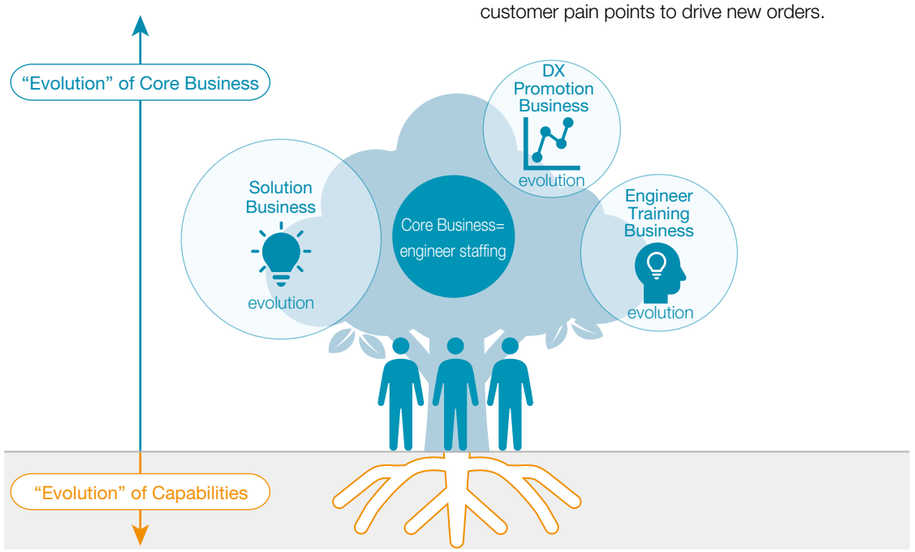
Taking the medium- to long-term external environment into consideration, the core focus of the TechnoPro Group’s business strategy is creating attractive jobs and attracting talented engineers.

For this reason, we need to do more than rely solely on our traditional capabilities and core competencies cultivated in the Core Business of engineer staffing, such as (1) the relationship with our large customer base, (2) the scale of our IT engineers, (3) our engineer training system, (4) our group of engineers covering a diverse range of technical and industrial fields, and (5) our hiring power backed by a wealth of orders. To this end, we need to strengthen our ability to train personnel to handle digital technologies and to re-skill engineers. We must go beyond domestic supply constraints and employment forms to attract engineers. Furthermore, we need to step up our ability to systematically accumulate and utilize technical knowledge, and become more skillful in identifying customer issues and proposing and implementing solutions.

The Group recognizes the need to continually evolve its Core Business of engineer staffing by honing these capabilities. We will focus on improving the quality of the Core Business to grow and drive business transformation centered on evolution, rather than diversification. We aim to remain abreast of medium- to long-term changes in demand and supply as we work to grow our business and transform our business model.

Basic Management Policy for the Core Business

Given the digital transformation and robust demand for engineers, we anticipate substantial ongoing growth for the Core Business in the short term. However, in the medium-term, our traditional business model that focuses mostly on business expansion by growing in scale, i.e., increasing the number of engineers, could become a significant business risk, particularly if technological innovation accelerates, if development tasks are automated or move overseas, or if difficulties in hiring engineers and wage hikes materialize. Moreover, talent development/training has become a more important differentiating factor and source of competitive advantage for us, gradually eclipsing our strength in recruiting engineers and assigning them to customers. To ease the gap between supply and demand in Japan, we will step up our recruitment of inexperienced engineers to be trained and highly-skilled foreign engineers. In addition to permanent employment, our primary form of employment, we will augment the sourcing of human capital that can adapt to increasing fluid and diverse employment parameters. We will enhance our engineer training function, including our educational structure and the development of training content. We will offer advice on career planning, as well as expand on-the-job training environments through team dispatch, project-type contracts, and alliances. On the sales front, we will develop new customer segments in the IT field such as the non-manufacturing (such as retail and finance) and public sectors while encouraging on-site engineers to take advantage of their knowledge of customer pain points to drive new orders.



Direction of Evolution for the Core Business

By leveraging the value chain (recruitment, development, assignment) of the Core Business, as well as our customer base and engineering resources, we aim to achieve greater growth in the Solution Business, the Engineer Training Business, and the DX Promotion Business. Rather than diversifying, we view this as our evolution.

Solution Business

We will enlarge our technological domain to include digital, as well as conventional technologies, and we will expand our deliverables from talents to also include outcomes and plannings. We will offer engineers with digital technologies, development services that integrate digital and conventional technologies, and technical development services related to digital global products. In the Solution Business, we will specifically define the technologies and solution services to focus on, and aim for global expansion. This will promote the use of overseas engineers and development know-how.

Specific Examples of Key Solution Offerings

- Generative AI service
- Development of application linking with IoT
- BIM model creation for construction and equipment

Engineer Training Business

The Group will consolidate its engineer training resources and leverage its sales channels and know-how cultivated in the Core Business to promote sales of engineer training curricula and content to corporate customers. Furthermore, by providing engineer training consulting as an upstream process and an IT infrastructure for engineer training, we will nurture this business into one of the Group’s pillars of revenue.

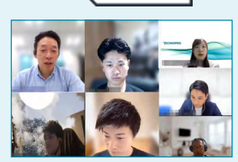
DX Promotion Business

The ability to accumulate and analyze lifecycle data for engineers, from recruitment to assignment to turnover, is one of our competitive advantages. We have been developing a talent management system that we will evolve further by developing an AI engine based on effective analysis and hypothesis testing on the results of measures at the site level. This will facilitate the Group’s digital transformation. In addition, with an eye to creating profit centers, we will construct business models that utilize data insights over the medium- to long-term.

Achieved the target of a total of more than 3,000 AWS certifications a year ahead of schedule, promoting the sharing of know-how through roundtable discussions among engineers who have acquired all certifications.

TechnoPro, Inc., which was certified as an “AWS HR Service Partner” in March 2022, set the goal of obtaining a total of 3,000 AWS-related certifications over a period of three years, and reached this goal one year ahead of schedule. Furthermore, TechnoPro, Inc. recognizes 19 engineers as part of the “2024 Japan AWS All Certifications Engineers” program, which honors engineers who hold all AWS certifications, demonstrating a wealth of expertise in AWS.

Additionally, we have held roundtable discussions and other events involving AWS professionals who have obtained all certifications to share methods of studying, case studies of AWS projects, and ideas on individual project approaches. The Group will comtinue to actively sharing information and knowledge to cultivate expert talent and expand its business, through building study community.



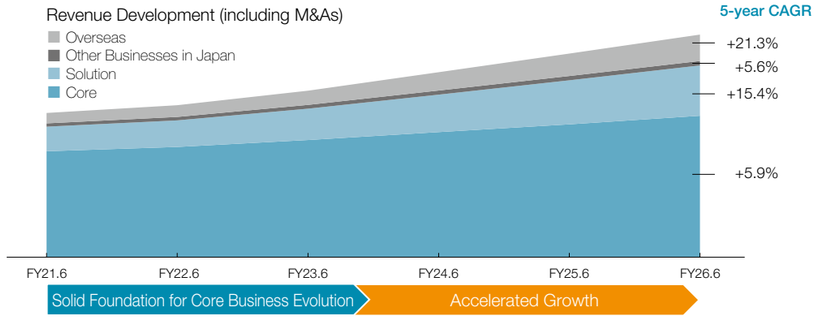
Roundtable discussion among engineers who have acquired all AWS certifications

Achieving the Targets of the Medium-Term Management Plan

We positioned the first two years of the medium-term management plan as a time to build a solid foundation for the Core Business evolution. During this period, we hired and trained personnel who will be the key to the growth of the Solution Business. We also made up-front investments to put in place infrastructure for the Engineer Training Business and the DX Promotion Business. The next three years, from the fiscal year ending June 30, 2024, will be a time to recoup our investments by achieving accelerated growth.

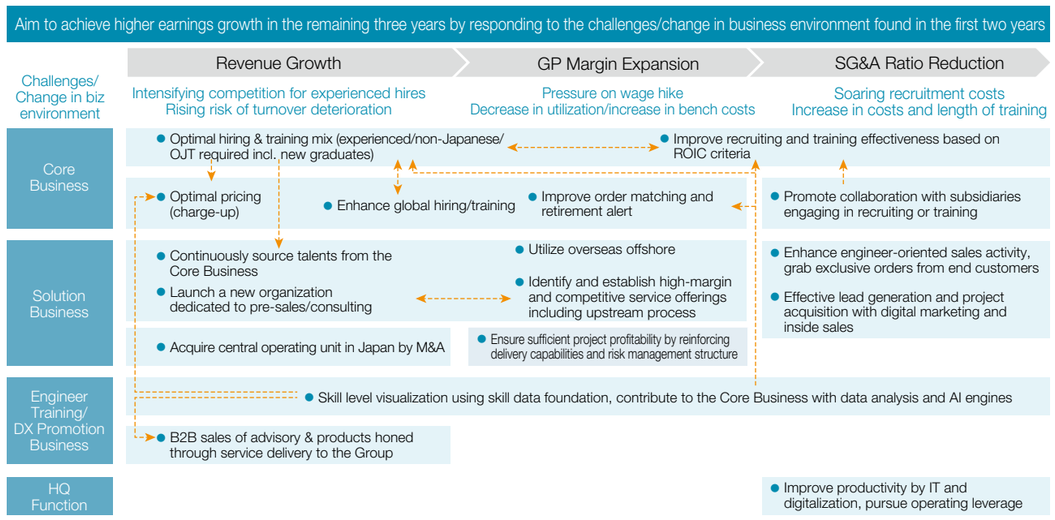
We are developing and implementing a new roadmap for the three-year phase in which we will achieve accelerated growth. These guidelines are a response to issues we identified and changes in the business environment during the previous phase of building a solid foundation for the Core Business evolution.

■ Financial Targets and Progress on the Medium-Term Management Plan, “Evolution 2026”



(Yen in billions)	FY21.6 Results	FY23.6 Results	2-year CAGR	FY24.6 Results	FY25.6 Guidance	YoY	FY26.6 Plan	3-year CAGR	5-year CAGR
Revenue	161.3	199.8	+11.3%	219.2	237.0	+8.1%	250.0	+7.7%	+9.2%
Operating Profit (Core operating profit)	19.4 (17.6)	21.8 (21.3)	+5.9% (+10.1%)	21.9 (24.3)	27.0 (27.0)	+23.2% (+10.7%)	32.0 (32.0)	+13.6% (+14.4%)	+10.5% (+12.7%)
Net profit	13.2	15.3	+7.7%	14.6	18.5	+26.0%	22.0	+12.7%	+10.7%
ROE	25.1%	21.3%		18.8%	22.9%		20%+		

■ Roadmap for the Period of Accelerated Growth



Developing Solutions by Leveraging an Environment That Embraces Challenges

The TechnoPro Group, which handles a wide range of projects, provides an environment where highly motivated individuals can advance their careers. We support employees who seek to enhance their skills through work and self-improvement efforts, and encourage them to take up challenges in various forms as they strive to master higher-level processes and explore new technological areas.



Shotaro Takeda
TechnoPro Engineering
TechnoPro, Inc.

I am currently involved in the development of a business system to centralize the management of spare parts for multifunction printers. The system is built using serverless technology, and my role is to work on the backend development, including database integration and overnight batch processing. In my first job after joining TechnoPro, Inc. as a new graduate, I provided support for middleware, followed by working in IT infrastructure operations, where I gained knowledge in servers and networks. However, I expressed my desire to be involved in application development at a higher level, and the management accepted this request, allowing me to participate in this project. Although I had no previous experience in development, as a technical manager for my branch, I felt the need to excel in at technical skills and took advantage of the Group’s training system to acquire all AWS certifications through self-study. It was challenging to manage my time effectively, but the feeling of being able to work on the development tasks I wanted to pursue outweighed the difficulties. TechnoPro, Inc. is a large-scale company, but it has a great working environment that allows me to challenge myself in areas that align with my interests and aspirations.

Becoming an Indispensable Partner for Clients by Providing TechnoPro’s Unique Value

To accelerate the growth of the Solution Business in the latter half of our medium-term management plan, we established the Consulting & Advisory (C&A) Department in July 2023, specializing in pre-sales consulting. Under the leadership of an experienced team of consultants, we are actively promoting efforts to win large-scale IT projects and consulting engagements.

The main role of the C&A Department is to leverage the extensive knowledge and experience of consultants to provide solutions that combine the TechnoPro Group’s services and the various expertise of its engineers in order to solve customers’ challenges and achieve their goals. The department has multiple consultants with specialized knowledge in various fields, including the Group’s focus platforms, such as SAP, Salesforce, and AWS, and we collaborate with business units to win new orders. With a large number of excellent engineers specializing in data analysis and over 1,000 researchers with deep knowledge in fundamental scientific fields, TechnoPro, Inc. can research technologies, patents, etc. showcasing the unique value that it offers and aiming for further business expansion. Although technology-related tasks can cover a wide range of business areas, the TechnoPro Group has the potential to provide services extensively, not just in specific areas. In the Solution Business, our goal is not only to win development projects and deliver results, but also to be entrusted with everything, including post-delivery operations. We strive to become a leading department that provides value by driving efforts to deliver services that other companies cannot replicate. We are making best effort to achieve this goal.



Yoshihisa Fukuda
Account Executive
Consulting & Advisory Department
TechnoPro, Inc.

Overseas Strategy

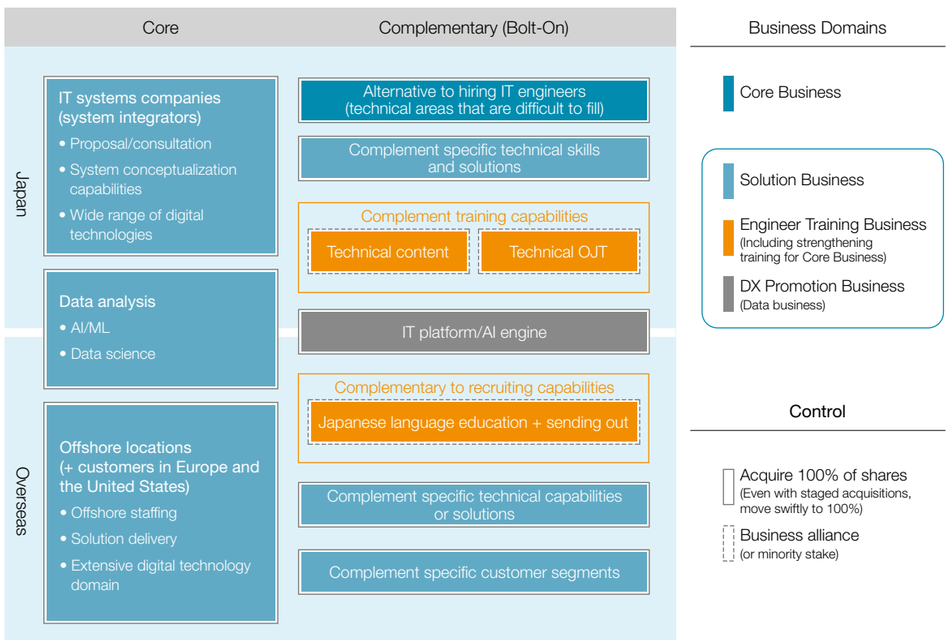
The Group's global expansion is focused mainly on utilizing digital technology and talent from overseas in the Solution Business in Japan. Our geographic focus is on India, where our subsidiary, Robosoft, is headquartered. In addition to arbitraging costs through offshoring, we aim to incorporate into Japan the technical and solution capabilities cultivated in digitally advanced Western countries by exchanging talent between Japan and India. To achieve these aims, we need to expand the scale of our Indian base by winning customers in Western countries and Japan. We are actively investing in sales, pre-sales, and on-site engineers for our Indian business.

M&A Strategy

The Company considers M&A a critical means in executing its medium-term management plan strategy. We have set a ¥40.0 billion M&A investment budget for the five years of the medium-term management plan. We have established strict financial rules for M&A deals as described below.

- Achieve a return on invested capital (ROIC) of 10% within three years after acquisition
- Make continuous and repeated acquisitions.
- No acquisition is allowed to account for more than 5% of our market capitalization.
- If ROIC is forecast to fall below the cost of capital for three consecutive years, we will consider replacing the management of the acquired company or divesting it.

M&A Target Domains



Business Segments

The TechnoPro Group has four business segments: R&D Outsourcing, Construction Management Outsourcing, Other Businesses in Japan, and Overseas. In relation to the business domains indicated in the medium-term management plan, "Core Business" refers to R&D Outsourcing and Construction Management Outsourcing, "Solution Business" is included in R&D Outsourcing, Construction Management Outsourcing, and Overseas, while "Engineer Training Business" is included in Other Businesses in Japan. Also, "DX Promotion Business" relates to all segments.

Business Segments	Business Summary	Operating Companies	Medium-Term Management Plan "Evolution 2026"
R&D Outsourcing	Provides design, development and R&D in a variety of technical fields through engineer staffing, and project-type contract assignment. ● Machinery/electric/electronic/LSI/FPGA ● Embedded controls/data science/AI/sensing ● RPA, ERP, cloud ● IT networking, business applications, system maintenance and operation ● Chemical/ Biochemical	● TechnoPro, Inc. TechnoPro Design*1 TechnoPro Engineering*1 TechnoPro IT*1 TechnoPro R&D*1 ● PROBIZMO Co., Ltd.	Core Business (Domestic engineer staffing)
Construction Management Outsourcing	Provides various technical services centering on engineer staffing, in the fields of construction, civil engineering, and facilities. ● Construction management of buildings, civil engineering projects, facilities, etc. ● Measurement, surveying, and 3D data creation using drones ● Strength diagnosis and failure diagnosis of infrastructure and buildings in narrow, dark, or dangerous places using drones ● Use of digital technology such as BIM/CIM ● Design and supervision, seismic surveying	● TechnoPro Construction, Inc. ● TOQO. Co., Ltd	
Overseas	Expand offshore development through collaboration with the Group companies in Japan while growing independently ● Engineering services in China with a focus on Japanese corporations ● Offshore development based in India, which has strength in UI/UX designs, for the U.S., Europe, and Japan ● Engineer staffing services in Southeast Asia, India, and the U.K. ● Professional recruitment business in China, Southeast Asia, India, and the U.K.	● TechnoPro China Group ● Boyd & Moore Executive Search (Overseas)*2 ● Helius Technologies*2 ● Orion Managed Services*2 ● Robosoft Technologies*2	Solution Business
Other Businesses in Japan	● Education and training business for engineers ● Search-based executive search business ● Specialized placement business for engineers	● Pc Assist Co., Ltd. ● Boyd & Moore Executive Search (Japan)*2 ● TechnoBrain Co., Ltd.	Engineer Training Business
			DX Promotion Business

*1 Internal companies *2 Company names are abbreviated.



Message from the CFO

We will continue to evolve our organizational and talent capabilities to enhance shareholder value sustainably.

Toshihiro Hagiwara
Managing Director and CFO
TechnoPro Holdings, Inc.

Progress on “Evolution 2026” from a Financial Perspective

In our five-year medium-term management plan, “Evolution 2026,” we position the first two years as the “building solid foundation for the Core Business evolution” period, and the next three years as the “achieving accelerated growth” period. Our financial performance and key performance indicators (KPIs) for the fiscal year ended June 30, 2024, which is the third year of the plan, shows that we have indeed established the foundation for achieving accelerated growth.

Revenue for the fiscal year ended June 30, 2024 exceeded the medium-term management plan, with growth surpassing expectations in the Core Business, the Solution Business, and the Overseas. The number of engineers on our roster, which is our main driver of value creation, has been increasing steadily. The three-year compound annual growth rate (CAGR) for this indicator was 8.6%, outperforming the plan’s five-year target CAGR of 6.2%. Despite facing the war for talent, we have continued to actively invest in recruitment, leveraging the Group’s competitiveness. As a result, while emphasizing on the quality of human resources, we hired more than 4,000 people for the full-year and expanded our growth foundation. However, we recognize rising turnover as an issue that requires further attention.

On the earnings side, our gross profit margin has increased to 26.8%, which is just 0.1 percentage point short of our target for the final year of the medium-term management plan. This demonstrates the steady progress and positive outcomes of our strategies and investments. While responding to wage hikes at a pace exceeding initial expectations at the time of the medium-term management plan’s formulation, we have been able to achieve price increases based on the value provided to clients, while also improving the service mix through the expansion of the high-profit Solution Business. Regarding selling, general, and administrative (SG&A) expenses, while there are risks of increased recruitment and training costs as part of our growth investments, we expect to enjoy operating leverage through cost control in other areas and enhanced productivity

In the Overseas and the Other Businesses in Japan, operating profit fell short of our targets due to impairments of customer-related assets and goodwill. We regularly conduct strategic reviews to assess our business portfolio in the aiming at optimizing resource allocation within the TechnoPro Group and consider the possibility of divesting subsidiaries with low alignment with our strategy within the medium-term management plan period, even if their return on invested capital (ROIC) exceeds the cost of capital.

KPI-Driven Management

In implementing “Evolution 2026,” we have been flexibly adapting to the rapid changes in the external environment and steadily advancing our strategies. This has been made possible by the establishment of KPI management and the visualization of business operations within the TechnoPro Group. The Group conducts thorough analysis based on the ROIC tree even at the branch level. Sales, recruitment, and training activities are carried out while monitoring the progress of each KPI, enabling us to ascertain signs of change and take measures in advance.

On the other hand, it is undeniable that some overseas subsidiaries have not fully implemented KPI management, which is one of the Group’s competitive edges. For example, initially Robosoft did not require strict KPI management, due to its high growth driven by strong demand during the COVID-19 pandemic. However, in order for Robosoft to sustain its growth and reach the next stage, it is essential to improve its management capabilities that can be demonstrated in challenging business environments. For this reason, we introduced TechnoPro style KPI management in the second half of the fiscal year ended June 30, 2024. As a result, we improved utilization ratio and complete unprofitable projects, leading to a recovery in the fourth quarter gross profit margin to appropriate 40% level. This is an excellent example of how the implementation of KPI-driven management has enabled our business operations to evolve into ones that are resilient to changing demand trends.

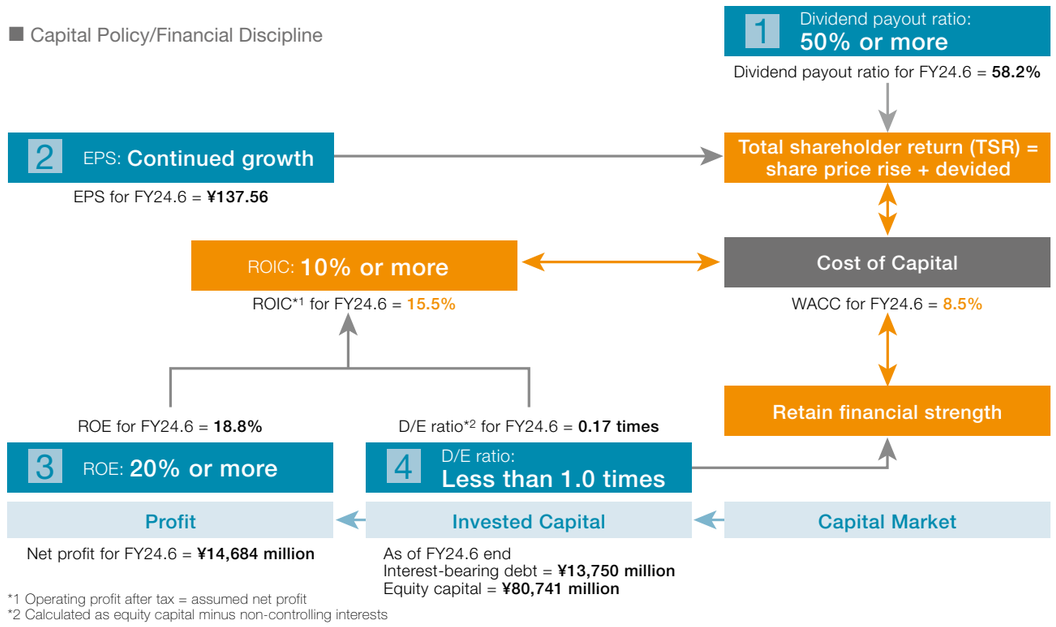
Capital Policy

The Technopro Group’s KPI management is based on financial thinking and the cost of capital, and it functions particularly effectively for investment decision-making, including hiring and training. Target ROIC under our medium-term capital policy is set to be at least 10%, against a cost of capital in the 8% range.

Our capital policy for the current medium-term management plan has four main items (see the figure below). We aim to maintain a financial soundness with a debt-to-equity ratio of less than 1, ensure a sufficient equity spread with a return on equity (ROE) of over 20%, and achieve sustainable EPS growth. For capital allocation, our plan is to distribute over 50% of net profit as dividends while considering progressive dividend payments, and allocate the remainder to M&A and other growth investments. However, if there are no appropriate investment opportunities that exceed our cost of capital, we may consider share repurchases to improve total shareholder return (TSR).

Under “Evolution 2026,” we have set an investment budget of ¥40.0 billion over the five years of the medium-term management plan. We have defined financial discipline, including a maximum acquisition amount per deal (5% of our

■ Capital Policy/Financial Discipline



*1 Operating profit after tax = assumed net profit
*2 Calculated as equity capital minus non-controlling interests

market capitalization) and a target investment return (ROIC of 10% within three years following an acquisition). Our ¥32.0 billion in projected operating profit for the fifth year of "Evolution 2026" includes the expectation that M&A deals will contribute ¥4.5 billion. However, we will not engage in M&A activity that does not align with our strategy and financial discipline. As we have found no M&A opportunities in past two years, we established a share buyback program of ¥3.0 billion in April 2023, ¥2.5 billion in March 2024, and ¥5.0 billion in August 2024 (total of ¥10.5 billion), and we have completed all of these repurchases. In the future, taking into account the high cash generation capability of our business, we will strive for shareholder return with a focus on capital efficiency.

Disclosure and Dialogue

The capital markets have seen progress in the disclosure of non-financial information, including human capital. The TechnoPro Group has set individual Materiality KPIs and discloses its performance in those areas. We will continue to respond precisely to stakeholder expectations and demands regarding non-financial information in order to share sustainability risks and opportunities with the capital market.

On the other hand, given the decrease in the beta value of our cost of capital calculation and the importance of disclosing information for investor analysis, we will provide a coherent story to explain indicators and goals that are of particular importance to the TechnoPro Group. Through dialogue with investors, we believe we have improved and evolved in our business strategy, as well as in areas such as M&A and shareholder return.

Going forward, we will focus on reducing our volatility in terms of exposure to business risks and the economy as much as possible through the selection of our business portfolios. We will also work to minimize information asymmetry through transparent information disclosure and constructive engagement with investors.

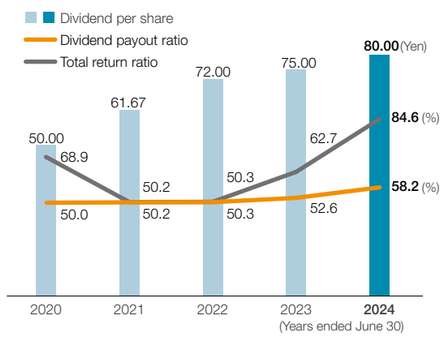
My Future Aspirations as CFO

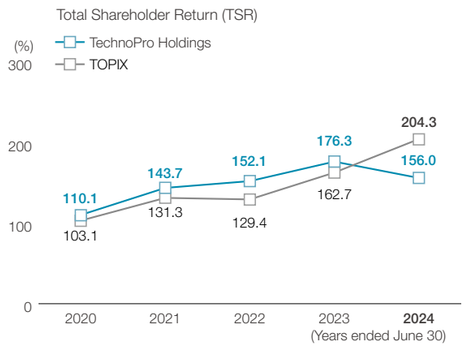
In the 10 years since its listing, the TechnoPro Group has been on a steady growth trajectory. We believe this momentum will continue in the future, but to ensure this, our organizational and talent capabilities need to evolve as we put our strategies into practice. We will also need to further strengthen our management capabilities in order to execute our medium to long-term strategies, including the expansion of the Solution Business. While the TechnoPro Group has abundant knowledge in areas such as the recruitment and development of engineers, investing in our headquarters functions and management team are themes we will need to concentrate on going forward. As they accumulate experience in many areas, I hope the next generation of executives will deepen their understanding of the TechnoPro Group's Purpose and find enjoyment in contributing to our business.

The succession plan for the CFO is also in progress. The financial knowledge to understand investor perspectives is not enough for CFO candidates, and I will take on the responsibility of cultivating my successor who can serve as a key partner to the CEO in growing the business.

We have two years remaining under "Evolution 2026." While achieving the financial targets of our medium-term management plan is important, we will also proactively address a variety of challenges outside the plan, to achieve steadily earnings growth during the next medium-term management plan and beyond. As the management team, we will dedicate ourselves to nurturing the business and our people, aiming to steadily improve shareholder value. We appreciate your continuous support.

■ Shareholder Return/TSR





Risk Management

Our Approach to Risk Management

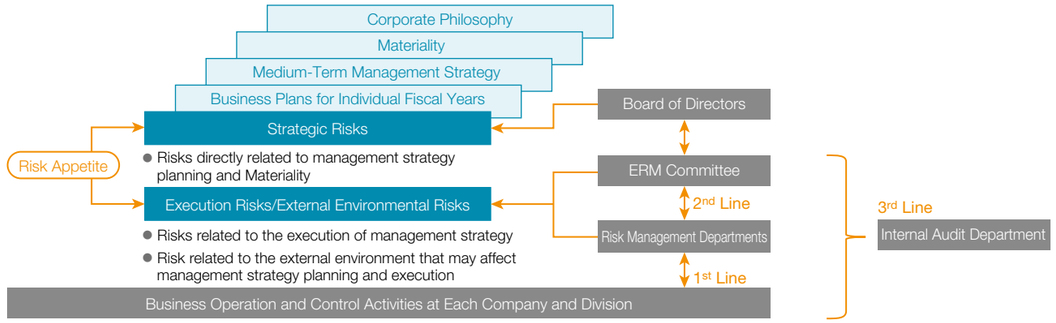
Growth strategies are always accompanied by uncertainties and risks, and one of the keys to strategy implementation is how to control and deal with these. The Group's Enterprise Risk Management (ERM) system recognizes risks as the events that may affect the achievement of our strategies and business objectives, and we have created structures and processes to appropriately manage these risks throughout our organization. We identify all risks based on a clear understanding of the Group's approach to the amount of acceptable risk (risk appetite). We conduct qualitative and quantitative assessments of risks in terms of impact, foreseeability, and probability of occurrence, and consider countermeasures in terms of avoidance, mitigation, transfer, acceptance, etc. The Group also provides education and training on risk management to its employees on an ongoing basis.

Risk Management Structure and Risk Classification

The Group's risk management is conducted under the supervision of the Board of Directors, following the three lines model (at the field level in each company and department, risk management departments according to the segregation of duties and the ERM Committee, and the Internal Audit Department). The ERM Committee, chaired by the President, Representative Director, and CEO, plays a central role in developing ERM plans, conducting comprehensive risk assessments and analyses, and reporting to the Board of Directors.

Additionally, we classify risks as "strategic risks," "execution risks," and "external environmental risks," which allows for a combined top-down approach from a management perspective and a bottom-up approach from an operational perspective.

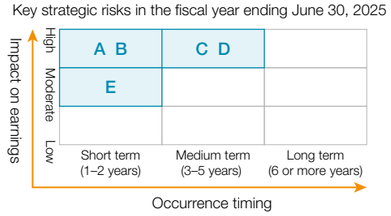
Overview of Risks Management



Strategic Risks

- A Net increase in engineers as a growth driver
- B Ensuring of an appropriate gross profit structure
- C Expansion of the Solution Business
- D Effective training of engineers
- E Acquisition of domestic solution companies

Key strategic risks in the fiscal year ending June 30, 2025



Execution Risks/External Environmental Risks

Business Results

Execution Risks

- Business portfolios
- Capital market response
- Risks inherent to each business in Japan and overseas

External Environmental Risks

- Customer markets
- Engineer labor market
- Competitive environment
- Technological trends
- Labor legislation
- Overseas business

Business Foundation

Execution Risks/External Environmental Risks

- Compliance
- Governance/Internal control
- Information/Assets
- Human capital management
- Environment/Society/Community
- Finance/Accounting
- Contracting/Sow
- Hazards
- Brand reputation

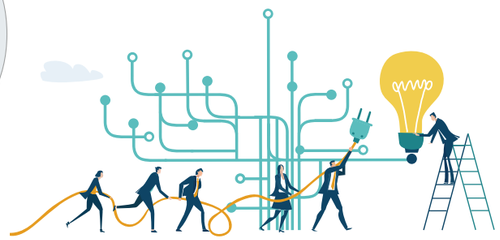
section 03

ESG Strategy That Supports Value Creation

To realize our Purpose, we are advancing sustainability-related initiatives aimed at health management, promotion of diversity and females' active role, and the environment, while strengthening governance; we are building an ESG foundation to support the creation of sustainable value.

The Value Creation Process





Roundtable Discussion with Outside Directors P40
Corporate Governance P44
Directors with a Diverse Skillset P49
Social Initiatives P51
Environmental Initiatives P53



Roundtable Discussion with Outside Directors
(Nomination and Compensation Committee Members)

The Outside Directors who are Nomination and Compensation Committee members gathered to discuss future management issues and the Nomination and Compensation Committee's activities.

Kazuhiko Yamada
Independent Outside Director
Member of the Nomination and Compensation Committee

Mitsutoshi Takao
Independent Outside Director
(Chairperson of the Board of Directors)
Chairperson of the Nomination and Compensation Committee

Shoko Takase
Independent Outside Director
Member of the Nomination and Compensation Committee

First, please share your views on the progress and challenges of the medium-term management plan, "Evolution 2026."

Takao "Evolution 2026" is already three years old. I would say that the progress has been generally in line with initial expectations. However, some challenges and risk factors need to be considered. One of them lies in the changes of the external environment since the medium-term plan was first formulated. Looking at new graduate recruitment in Japan, other companies are ramping up their efforts, leading to intensified competition. We have also seen an increase in turnover, partly due to scouting by other companies. Furthermore, wage hikes are progressing beyond our expectations. These changes require further attention.

Yamada In addition to a worsening turnover ratio, we are also aware of investors' concerns regarding the Company's overseas operations, as highlighted through the feedback from our CFO, Mr. Hagiwara, and the IR department. The Board of Directors recognizes this as a significant challenge. While it may be inevitable that the turnover ratio will continue to increase over the medium- to long-term, we cannot merely stand idly by. We shall take proactive measures and prioritize this issue as one of our key discussion points. In addition, for the Overseas in which we have recorded impairment loss, we need to consider its future positioning based on the portfolio strategy that extends beyond the period of the current medium-term management plan.

Takase Transforming the business model is the theme of "Evolution 2026," and the Solution Business is one of the key drivers to achieve. The Solutions Meeting is a platform for sharing company-wide strategy and progress in this area. Taking advantage of my background in the IT field, I have contributed to the Meeting's discussions, focusing not only on technical aspects but also on topics such as marketing and process management. Through the invigorating discussions, I can feel the strong momentum of our business. Going forward, I believe we shall identify and focus our strengths on the Solutions Business and proactively communicate them to our customers and investors. While offering a broad range of services was effective during business expansion phase, now we need to gradually enter a phase of narrowing down and consolidating our focus on areas where we excel. By establishing distinctive expertise

in a specific area, we can meet customer expectations and better attract talent and skills, while improving cost efficiency in the long run.

Yamada Each solution has its own unique content and comes with various risks, which is why diversifying into different domains also means taking on hidden risks as well. For this reason, it is essential, as Ms. Takase explained, to narrow down our solution offerings into our areas of strength. This will allow us to better manage risks such as unprofitable projects while maintaining quality and meeting deadlines, thereby ensuring stable profitability. Additionally, another distinctive feature of our solutions is the ability to leverage synergies with the Core Business. This means we can effectively design our business plan, including the supply of resources for post-delivery operation and maintenance, with a focus on improving overall profitability.

What are the key drivers for growth and enhancing shareholder value going forward?

Yamada As we mentioned earlier, we need to improve our unit sales price and control recruitment costs for sustainable growth while turnover ratio is on the rise. One interesting aspect of our KPIs is that improving the unit sales price allows us to allocate more returns to our engineers, which in turn improves their compensation and helps reduce turnover. As these indicators are linked, we shall monitor these KPIs closely and strive to address factors of concern such as our rising turnover ratio, recruitment costs, and risks associated with the Overseas, and demonstrate our growth trajectory to stakeholders.

Takase In discussing our future business model, we need to highlight, both internally and outside the Company, the uniqueness and growth potential of the Solution Business, which will serve as a driving force for growth and contribute to our performance. This requires us to examine and continuously disclose metrics that measure the characteristics, risks, and progress of the Solution Business. Different types of solutions have varying levels of potential risks, requiring different business structures and monitoring methods. Therefore, it is essential to establish evaluation criteria that are distinct from our domestic engineer staffing (the Core Business). By clearly demonstrating how much the Solution Business contributes to growth in both revenue and profit margin, we can provide a common benchmark that will allow everyone to feel our growth and facilitate discussions about the future.

Takao I would also like to mention that I have high expectations for the Engineer Training Business in terms of the Company's future growth and development. We have one of Japan's largest pools of technology talent and a subsidiary dedicated to the Engineer Training Business. If we can further enhance the quality of this business and cultivate and produce more engineers, both within and outside the Company, we can contribute to Japan's IT talent and help resolve the supply-demand gap, which would carry significant social value. The Group is determined to accelerate business expansion so that the Engineer Training Business will become a new pillar of our business.

Only two years remain in the current medium-term management plan. Has the discussion for the next phase already begun?

Takao We established "Evolution 2026" based on our vision for the next 10 years, taking into account the medium- to long-term environment and outlook, and we developed strategies to realize that vision. Since then, there have been significant changes in external factors such as the COVID-19 pandemic, exchange rate fluctuations, and changes in the labor market. The current stagnation of our stock price and market capitalization may stem from the diminishing market expectations regarding our growth story outlined in the current medium-term management plan. We need to reexamine our vision for the future and then backcast from there to clearly outline the direction the Company intends to pursue.

Yamada The executive team has already started discussing the next medium-term management plan, and we will deliberate it further on the Board of Directors, taking feedback from the working group into account. When adopting a bottom-up approach to formulating a medium-term management plan, there is a tendency to fall into detailed discussions that simply extend existing strategies. To avoid this pitfall, "Evolution 2026" was proposed by the Outside Directors and led by the Board of Directors to ensure a more strategic approach. I believe it would be useful to take a similar approach for the next plan as well. Based on the Purpose we have communicated externally and the broad direction of "creating a community where engineers and customers gather to contribute to society through technology," as also mentioned during our recent financial results briefing, the Board of Directors aims to take the lead in discussing the plan.

Takase I did not participate in the previous formulation discussion, but as Mr. Takao pointed out, we need to reconsider what kind of business model is desirable based on the major environmental changes. If current initiatives such as the reskilling of engineers and the evolution of the Solution Business continue to progress smoothly, I believe the entire Group will naturally and smoothly follow a growth trajectory. I hope to demonstrate this progress clearly to external stakeholders as well.

What are your thoughts on advances in the Company's governance?

Takao In the dialogue with an investor in last year's integrated report, we received positive reviews on our governance structure, largely due to the significant impact of the Corporate Governance Code. In preparing for our listing, the business and capital markets were actively discussing the code's formulation, and we thought we needed to build a governance structure that would meet its requirements. Since listing, we have fostered a management environment that sincerely incorporates feedback from the capital markets, which I believe has allowed us to continuously evolve.

Yamada Another factor that may have helped with strengthening governance is the high proportion of overseas institutional investors among our shareholders since going public. We continue to engage in ongoing dialogue with them to understand their expectations at a global level, and we have discussions within the Board of Directors based on their requirements. Over the past three years, we have implemented various initiatives such as transitioning to a company with an Audit & Supervisory Committee and updating the executive compensation system. While I believe our governance is already at a high level, we are setting our sights even higher. The Board of Directors will continue to consider what is necessary to accomplish this.

Takase Since taking office three years ago, I have also felt that overall, the Company has a strong governance consciousness. Many Japanese companies tend to take a reactive approach to demands from overseas institutional investors, trying to just "fill in the missing pieces," and in some cases simply responding to these requests becomes the primary goal. In contrast, we have taken the initiative in imagining a desirable management framework based on the opinions from the capital markets, and we constantly discuss how we can move closer to those goals. In fact, we have demonstrated our commitment to objectivity by appointing Mr. Takao, an Outside Director, as chairperson of the Board, facilitating discussions that prioritize objectivity. Additionally, we identify challenges through annual evaluations of the effectiveness of the Board of Directors and strive for improvement. I believe the Company has a strong desire to make change happen. Mr. Takao, from your perspective as the chairperson of the Board, what is your impression about the direction we are heading?

Takao The Company demonstrates a serious commitment to establishing a well-structured system, not just by appointing an Outside Director as chairperson of the Board but also by ensuring that all members of the Nomination and Compensation Committee are Outside Directors. Additionally, the Company categorizes Board agenda items as "resolutions," "reports," or "discussions." We give careful consideration and provide sufficient time to thoroughly deliberate "discussion" items. Investors have shown appreciation for this approach, as it allows for robust discussions, even if they occasionally extend beyond the scheduled time. As chairperson, I make it a priority to refrain from interrupting or postponing discussions and allow them to continue until a satisfactory resolution is reached.

Yamada As Mr. Takao mentioned, Outside Directors find it helpful to have agenda categories at an early stage, as it allows us to organize our thoughts and focus on the discussion topics. I believe that this contributes to lively and productive deliberations.

Please describe the Nomination and Compensation Committee's focus areas, particularly regarding succession planning.

Takao After the launch of "Evolution 2026," we underwent the replacement of the CEO and revised the compensation system for Executive Directors following discussions in the Nomination and Compensation Committee. Although we are not a company with a Nomination Committee, the Nomination and Compensation Committee is not just an advisory body. Rather we follow a process in which proposals for the appointment and dismissal of Directors are formulated by the Nomination and Compensation Committee and resolved by the Board of Directors.

Yamada Looking at the activities of the Nomination and Compensation Committee, over the past year, there have been extensive discussions regarding the tenure and selection/dismissal of Outside Directors, with a focus on narrowing down the number of new candidates. When appointing new Outside Directors, the selection process began with a pool of 20 to 30 candidates, and the selection process was based on the skills matrix. As a result, Mr. Masahiko Ito was



newly appointed as an Outside Director and a member of the Nomination and Compensation Committee, as he was identified as having the necessary expertise and skills to fulfil "Evolution 2026" and the next medium-term management plan.

Takase The manufacturing industry's perspective is crucial to us, as this sector will become our partner in value co-creation as we evolve into a problem-solving company. This is one reason for inviting Mr. Ito to join the Board, as he has substantial management experience in major manufacturing companies. Looking ahead to future changes in the Group's business model, "breadth" of skills among Outside Director is also important. For example, while expanding the Solution Business, it is not enough to simply gather Directors with expertise in IT or consulting. What matters most is the individual's character and expertise. A diverse background among the Board members allows for fresh perspectives, so it is essential not to limit candidates by industry, specialization, gender, nationality, or other factors.

Takao To pass over the reins to the next generation equipped with a diverse range of talent, our most significant challenge is how to enhance the internal talent pool. The establishment of the Management Development Committee in August 2023 is intended to address this challenge, and the Nomination and Compensation Committee will also further discuss the role to be played in nurturing talent for the future. In particular, the Company has many relatively young members who are responsible for executing operations, but their skills and experience may not be sufficient for management that goes beyond business execution. As Directors, we recognize that nurturing next-generation talent is a challenge we need to tackle.

Yamada In terms of deliberating succession, it is not practical for the Nomination and Compensation Committee to oversee and manage the development of every executive within the Group, but the Committee plays a crucial role in objectively monitoring talent development within the daily execution of its operations. Going forward, we will need establish mechanisms to collaborate and cooperate with the Management Development Committee and other committees to allocate responsibilities effectively. In terms of nurturing the next generation, I was particularly struck by Ms. Takase's previous comment that "creating a path to management should be considered one of our engineer's career options." Going forward, it will be essential for us, as a technology service provider, to outline such career plans internally.

Takao On the Nomination and Compensation Committee, one of our key priorities for the upcoming medium-term management plan is to establish evaluation criteria based not only on performance, but also on initiatives to enhance the quality of management. Currently, internal executives are evaluated according to their achievement of consolidated and individual performance. However, we are considering also incorporating evaluations related to succession planning and sustainability agenda. Today, we have had the opportunity to hear various opinions, which has been valuable for considering the future of the TechnoPro Group. Thank you very much.

Yamada/Takase Thank you, too.

Message from a Newly Appointed Outside Director (Nomination and Compensation Committee Member)

I am Masahiko Ito, who has recently been appointed as an Outside Director and a member of the Nomination and Compensation Committee. I served as president of Fujikura Limited, a manufacturer of electric wire, for six years from 2016. During my tenure, I implemented a "100-Day Plan" with the key initiatives of "relentless selection and concentration" and "strengthened governance." By the time I stepped down, we had achieved a PBR of over 2.5 times and a market capitalization of nearly ¥1 trillion, which was approximately five times higher than in 2016.

Based on my past experience, I recognize that the primary mission of the Board of Directors is to "maximize shareholder value." To achieve this, management needs to clearly articulate the company's purpose, and employees must continuously improve their problem-solving abilities. The TechnoPro Group, whose business operations themselves are based on human capital management, has a solid foundation, as it has already declared a clear Purpose. It will be critical for the Board of Directors to work in parallel with the Executive Officers and employees, eliminating risks and ensuring that the goal is always visible to them, in order to create a new business model focused on the Solution Business.



Masahiko Ito
Independent Outside Director
Member of the Nomination and Compensation Committee

Corporate Governance

Basic Approach to Corporate Governance

The Company's basic policy is to comply with all the principles of the Corporate Governance Code of the Tokyo Stock Exchange. We are continuously working to enhance and strengthen corporate governance based on the following understanding.

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

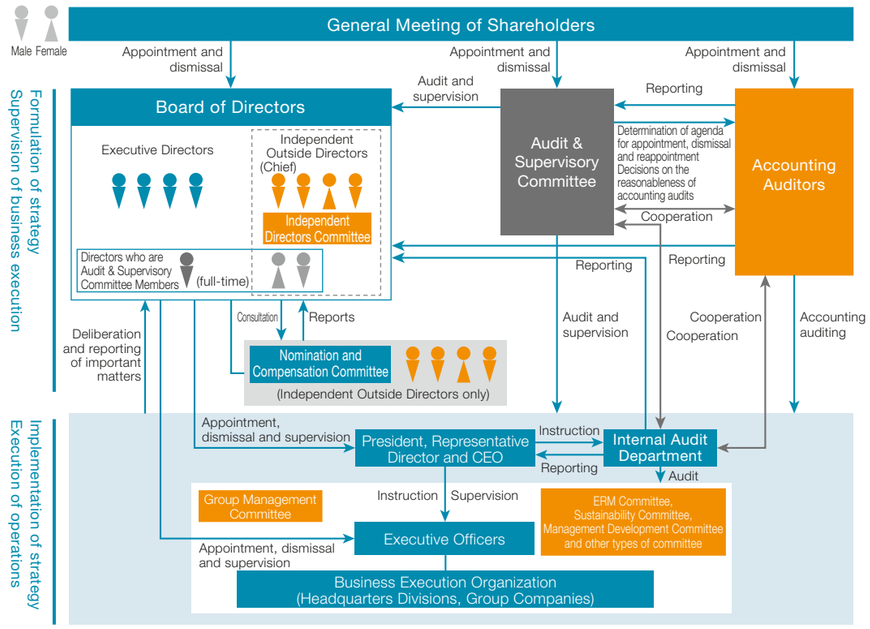
The Company, as a holding company, shall be primarily responsible for formulating and monitoring basic management policies of the Group such as corporate philosophy, code of conduct, corporate strategies, management plans and budgets for single fiscal year, allocating management resources, creating synergies within the Group, and managing and supervising the management of the Company's subsidiaries from the perspective of promoting strategies and achieving overall optimization through the unification of the Group. The Company shall ensure that the execution of the Group's business is appropriately carried out by the Company's subsidiaries in accordance with their respective business characteristics, and shall seek to integrate management to the extent possible and work to ensure the appropriateness of the Group management through the concurrent appointment of Directors, integration of administrations and meetings, etc.

Governance Structure Outline

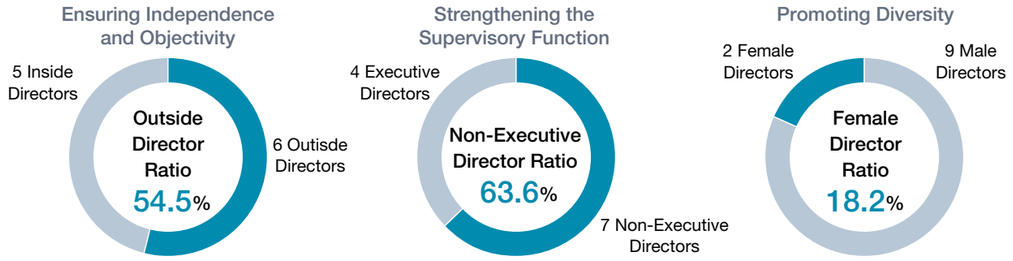
The Company adopts a company with "Audit & Supervisory Committee" system under the Companies Act in order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business decisions to Executive Directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings.

As for the business execution system, the Company has adopted an executive officer system and established the Group Management Committee as a committee for dis-

Corporate Governance and Compliance System (as of September 27, 2024)



Note: The Board of Directors is chaired by the chief Independent Outside Director. The Audit & Supervisory Committee is chaired by a full-time Director who is an Audit & Supervisory Committee Member. The Nomination and Compensation Committee is chaired by the chief Independent Outside Director. The Independent Directors Committee is chaired by the chief Independent Outside Director.



cussion of important matters, monitoring of progress in the performance of the Company and its subsidiaries, as well as information sharing, close cooperation, and flexible strategic coordination necessary for the Group as a whole. In addition, the Company has established committees such as the ERM Committee, the Sustainability Committee, and the Management Development Committee to pursue matters that should be addressed from a cross-organizational perspective.

The Company has appointed Outside Directors more than half, for the purpose of receiving appropriate advice and proposals from an objective standpoint and from an external perspective, as well as to strengthen the supervisory function of the Board of Directors. Furthermore, from the perspectives of ensuring the effectiveness of supervision by separating the business execution and supervisory functions, an Outside Director is appointed as the chairperson of the Board of Directors. In addition, the Nomination and Compensation Committee, an advisory body to the Board of Directors, is chaired by an Outside Director to ensure the appropriateness and transparency of the nomination and compensation of Directors and Executive Officers of the Company and its subsidiaries.

Corporate Governance Guidelines

The Company has formulated the “Corporate Governance Guidelines” to express its fundamental thoughts in relation to corporate governance. In September 2022, the Company implemented a complete revision of the Guidelines primarily for the following objectives.

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

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

Details of the “Corporate Governance Guidelines” are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/guideline.html

Status of Each Meeting Body (As of September 27, 2024)

Meeting Body	Composition	Meetings Held/ Attendance Rate (FY24.6)	Role/Function
Board of Directors	11 Directors • 5 full-time Directors • 6 Outside Directors	16 meetings 100%	The Board exercises a supervisory function over overall management, ensuring management fairness and transparency. The Board strives to make the best decisions on important matters of business execution such as the basic management policy, evaluation of significant risks, formulation of response measures, and the appointment and compensation of management personnel.
Audit & Supervisory Committee	3 Directors and Audit & Supervisory Committee members • 1 Director and full-time Member of the Audit & Supervisory Committee • 2 Outside Directors who are Audit & Supervisory Committee members	16 meetings 100%	The Committee discusses audit policy and important matters related to audits.
Nomination and Compensation Committee	4 Outside Directors	8 meetings 100%	The Committee deliberates on the Nomination ans Compensation of Directors and Executive Officers of the Company and its subsidiaries, and provides opinions, reports, advice, and recommendations to the Board of Directors.
Independent Directors Committee	6 Outside Directors	3 meetings 100%	The Committee shares information and awareness and exchanges opinions on the Group’s management strategies and other matters.

Analyzing and Evaluating Effectiveness of the Board of Directors

The Company’s Board of Directors conducts an annual analysis and evaluation of the effectiveness of the Board of Directors and publishes a summary of the results. The goal of this activity is to improve the function of the Board of Directors. As a result of the analysis and evaluation conducted in the fiscal year ended June 30, 2024, the Board of Directors concluded that, overall, it has performed its roles and responsibilities appropriately and effectively.

Issues to Address (FY23.6)

- Conduct progress reports on the medium-term management plan, in accordance with the roadmap for the remaining three years of it, as well as through establishment of specific schedules and KPIs including new indicators, thereby ensuring effective verification and necessary discussion at the Board of Directors.
- Carry out further fruitful discussions by presenting in advance themes to be discussed on the day of the Board of Directors meeting, or issues requiring opinion from Outside Directors.
- In PMI reviews of acquired companies and investees, carry out more flexible and strategic discussions on agendas from the perspectives of strategic review, including analysis of factors in case the initial aims have not been achieved, reconsideration of the rationale of the company’s existence within the Group, and study of the possibility of sell-off, in addition to the discussions on matters related to business reports, risks, and other issues.
- Continue to deepen discussions on important themes in the area of human resources directly related to sustainable growth of the Group, such as formulation of succession plan for key positions, securing and training for capable management personnel, as well as human capital management and improvement of employee engagement.
- Carry out in-depth discussions on issues regarding areas of the internal control system and risk management framework requiring improvement and reinforcement in the Group, including overseas subsidiaries.
- Carry out substantive discussions regarding what functions and roles the Board of Directors of the Company should assume, in addition to the consideration based on specific agendas regarding the delegation of authority to Executive Directors along with the transition to a company with an Audit & Supervisory Committee.

Initiatives That Were Highly Evaluated in FY24.6, Particular Strengths to be Maintained, etc.

- Progress reports on the medium-term management plan were conducted appropriately at the Board of Directors meetings, and necessary verifications and discussions were also conducted. Further, the Board of Directors performed its supervisory and monitoring function over operation divisions, through initiatives such as receiving reports concerning the details of the discussion at the medium-term management plan review meeting, and deliberating on them with the Outside Directors.
- Taking advantage of the transition to a company with an Audit & Supervisory Committee, authority for decisions on important business execution was delegated to Executive Directors, making progress in establishing a system to expedite management decision-making and execution.
- The Board of Directors has evolved the reporting on PMI of acquired and invested entities into a strategic review. In this review, the Board began to deliberate the optimal business portfolio based on the alignment with the Group’s overall strategy and the evaluation of investment performance. The Board determined to continue conducting these reviews regularly.
- The Management Development Committee began discussions regarding the formulation of a succession plan for key positions and deliberations on organizational restructuring linked with the medium-term management plan review meetings.
- The appointment of the chief Independent Outside Director as the chairperson of the Board of Directors has further advanced the establishment of an environment aiming at enhancing the effectiveness of the Board of Directors in supervising the Company’s management.

Issues to Address, etc.

- Implement further improvement to ensure the efficient operation of the Board of Directors to allocate more time for discussions on essential issues through identifying items that require focused monitoring by the Board of Directors and explaining the agenda in advance.
- Consider the composition, style, and appropriate volume of materials at the Board of Directors meetings to provide sufficient information which is necessary for the Board of Directors to supervise management and deliberate on matters and accelerate the timing of providing these materials.
- Establish a structure in which the issues with major risks will be shared with the Board of Directors in a timely manner and discussed immediately.
- From the viewpoint of the Board of Directors of a leading company group in the engineering professional services industry, conduct deliberations on the growth opportunities and challenges of the entire industry.
- Carry out in-depth discussions and verify the effectiveness of initiatives, at the Board of Directors meeting, regarding the important themes in HR area that are directly related to sustainable growth of the Group. In addition, ensure effective operations by re-examining the functions and roles of the Board of Directors, the Nomination and Compensation Committee, and the Management Development Committee, as well as the cooperation among these committees.

Standards and Procedures for Appointment and Dismissal of Directors and the CEO

The Company, conscious of its fiduciary responsibility to its shareholders, has established the following "Standards and Procedures for Appointment and Dismissal of Directors" for the purpose of ensuring and enhancing the effectiveness of the Board of Directors in appropriately fulfilling its roles and responsibilities in selecting candidates for and dismissing Directors. In addition, the Company considers the appointment and dismissal of the CEO to be the most important strategic decision from the perspectives of the Group's sustainable growth and enhancement of shareholder value on a medium- to long-term basis, and based on such understanding, has established the "Standards and Procedures for Appointment and Dismissal of CEO," with the aim of selecting the most eligible person as CEO, whether internally or externally, and establishing procedures for objective, timely and transparent appointments and dismissals.

The "Standards and Procedures for Appointment and Dismissal of Directors" and the "Standards and Procedures for Appointment and Dismissal of CEO" are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/director.html
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/nomination.html

Core Requirements for a CEO in the Appointment Standards for CEO

- Presence in terms of dignity and quality as the highest ranking member of the top management.
- Absence of any health problem mentally or physically.
- Excellent exercise of leadership.
- Excellent capability of responding to change.
- Ability to make reasonable decisions and willingness to take responsibility for decisions made.
- Willingness to develop human resources and promote talented people proactively.
- Ability to undertake management from a global perspective.
- Possibility of exercising excellent management ability based on a great deal of experience and achievements in the management of a previous company or companies (if a CEO is selected from external qualified candidates).

Implementation Status of the Internal Control Systems

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

The "Internal Control System Policy" are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/internal_control.html

Designing Incentives to Promote Shared Value with Shareholders

In conjunction with the start of our medium-term management plan "Evolution 2026," we have revised the compensation system for Executive Directors effective from the fiscal year ended June 30, 2022. We have changed the compensation system to increase the ratio of variable compensation and have introduced a performance-based restricted stock compensation plan (performance share unit: PSU). These revisions are intended to provide Executive Directors with incentives to achieve the targets of the medium-term management plan and sustainably enhance shareholder value, as well as to further promote shared value with shareholders. Under the PSU system, as a so-called malus system, no compensation or share allocation are granted in the event that the target Director resigns during the target period or engages in certain forms of misconduct.

PSU details are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/reward_ind.html

Types of Executive Compensation and Executive Compensation Policy

Compensation for Executive Directors consists of base compensation, bonuses, and stock-based compensation. Compensation for Non-Executive Directors (Outside Directors, and Directors who are Audit & Supervisory Committee members) consists solely of fixed compensation, taking into consideration the high degree of objectivity and independence that their positions require.

Based on the deliberations and reports of the Nomination and Compensation Committee, the Company has established, by resolution of the Board of Directors, the "Basic Policies and Procedures for Determining Executive Compensation" and the "Policy for Determining Individual Director Compensation (excluding Directors who are Audit & Supervisory Committee Members)" as part of the "Corporate Governance Guidelines." We take into consideration the points shown at right in determining the Group's compensation system, compensation structure, and individual compensation for officers.

The "Basic Policies and Procedures for Determining Executive Compensation" and the "Policy for Determining Individual Director Compensation (excluding Directors who are Audit & Supervisory Committee Members)" are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/reward.html
https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/reward_ind.html

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

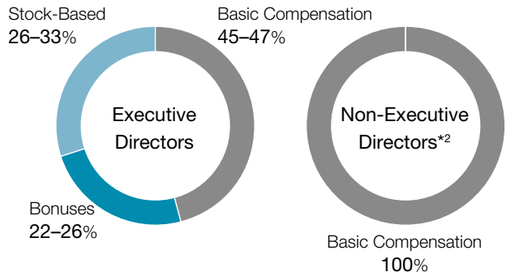
Overview of the Company's Director Compensation System

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

*1 Includes Executive Officers of the Company, Directors and Executive Officers of domestic subsidiaries, and other key employees

Compensation Composition Ratio

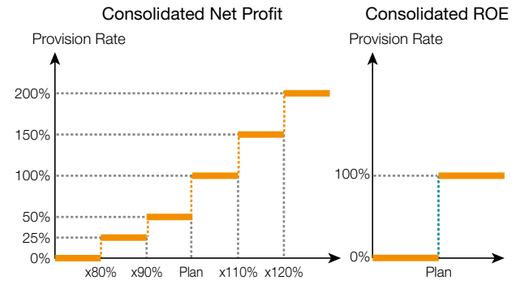
(Standard model when each indicator target is generally 100% achieved)



*2 Outside Directors, and Directors who are Audit & Supervisory Committee Members

PSU Formula and Incentive Curve

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



Note: Please refer to P.31 for the target figures for the final fiscal year of the medium-term management plan.

Compensation by Officer Category, Total Compensation by Type, and Number of Eligible Officers (For the Fiscal Year Ended June 30, 2024)

Officer Category	Total Compensation (Yen in Millions)	Total Compensation, by Type (Yen in Millions)			Number of Eligible Officers
		Fixed Compensation	Bonuses (Short-Term Incentive)	Stock-Based Compensation (Medium- to Long-Term Incentive)	
Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	275	133	61	80	5
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	17	17	—	—	1
Outside Officers	63	63	—	—	8

Directors with a Diverse Skillset (As of September 27, 2024)

Skills Required on the Board of Directors

In pursuit of the corporate Purpose “Driving the Power of Technology and Talent to Co-create Value Together with our Customers for a Sustainable Society,” the Company works toward important strategies of the medium-term management plan “Evolution 2026”: (1) growth and evolution of the Core Business (engineer staffing business in Japan); (2) expansion of the Solution Business and the Overseas centering on the digital area; and (3) expansion of the Engineer Training Business and the DX Promotion Business. To execute these projects steady and supervise them appropriately, the Board of Directors of the Company believes that it is necessary for the Board members to have necessary knowledge, experience and capabilities in a well-balanced manner as a whole, while also keeping a balance between diversity and the size of the Board. The main skills, experience, and knowledge possessed by each director on the Board of Directors are organized as a skill matrix. The information related to Directors and skill matrix are available at the following website.
https://technoproholdings.com/en/group/officer.html













Name	Takeshi Yagi	Gaku Shimaoka	Koichiro Asai	Toshihiro Hagiwara	Mitsutoshi Takao	Kazuhiko Yamada	Shoko Takase	Masahiko Ito	Hitoshi Madarame	Rumiko Tanabe	Masatoshi Deguchi
Position	President, Representative Director and CEO	Vice President, Representative Director and COO	Senior Managing Director	Managing Director and CFO	Outside Director Chairperson of the Board of Directors	Outside Director	Outside Director	Outside Director	Director (Full-time Audit & Supervisory Committee Member)	Outside Director (Audit & Supervisory Committee Member)	Outside Director (Audit & Supervisory Committee Member)
Term of office as Director	10 years and 2 months	10 years and 7 months	10 years and 7 months	5 years	10 years and 5 months	9 years	3 years	—	5 years	4 years	1 year
Attendance at Board of Directors meetings	16/16 meetings	16/16 meetings	16/16 meetings	16/16 meetings	16/16 meetings	16/16 meetings	16/16 meetings	—	16/16 meetings	16/16 meetings	12/12 meetings*2
Attendance at Audit & Supervisory Committee meetings	—	—	—	—	6/6 meetings	—	—	—	16/16 meetings	16/16 meetings	10/10 meetings*2
Attendance at Nomination and Compensation Committee meetings	—	—	—	—	8/8 meetings	8/8 meetings	5/5 meetings*1	—*3	—	—	—
Attendance at Independent Directors Committee meetings	—	—	—	—	3/3 meetings	3/3 meetings	3/3 meetings	—	—	3/3 meetings	3/3 meetings*2
Gender	Male	Male	Male	Male	Male	Male	Female	Male	Male	Female	Male
Fields of Experience, Expertise, etc.:											
Achievements and Experience in Human Resources Business Management		●	●								
Insights in the Trend of Technology, IT, and Digitalization		●	●				●				
Management Experience in Other Listed Companies, etc.					●		●	●			●
Experience as CFO, or Experience and Expertise in Finance, Accounting, and Tax				●	●					●	●
Experience and Knowledge of M&A				●							
Global Experience and Language Skills	●			●			●				●
Experience and Expertise in Personnel and Human Resource Development	●				●			●			
Insight in ESG and Sustainability	●							●			
Experience and Expertise in Law, Compliance, Risk Management, and Internal Auditing						●		●	●		●
Specialization (qualifications, etc.)				Certified public accountant		Attorney				Certified public accountant	Certified internal auditor Certified fraud examiner

Note 1: The status of attendance of each meeting refers to the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024).
Note 2: On September 29, 2022, we transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. The term of office as Director includes the years of term of office as an Audit & Supervisory Board member.
Note 3: The above does not represent every single item of skills, experience, ability, knowledge, and attainment of each Director. In principle, “experience” of each item indicates at least three years of involvement in the given operation or position in total.

*1 Attendance is for the Nomination and Compensation Committee meetings held on or after September 28, 2023.
*2 Attendance is for the Board of Directors, the Audit & Supervisory Committee, and the Independent Directors Committee meetings held on or after September 28, 2023.
*3 Member of the Nomination and Compensation Committee from September 2024

Social Initiatives

The TechnoPro Group is a corporate group that brings engineers together. We aim to promote initiatives that allow engineers to work and thrive in a healthy and secure environment, helping to resolve personnel shortages and promote innovation. Our goal is, as stated in our Purpose, to contribute to the achievement of a sustainable society. We actively promote societal initiatives to this end.
Social-related Materiality KPIs (ESG Data Book) are published on the following website.
https://www.technoproholdings.com/en/sustainability/databook.html

Employee Health and Safety

At the TechnoPro Group, "We believe that employee quality of life is what leads to true ongoing value for our customers and is what makes enhancement of shareholder value possible." On this basis, we aim to contribute to the realization of a prosperous future by sustainably growing alongside society. Under the leadership of our President, Representative Director, and CEO, we have established a structure for promoting health management and formulated a Health Management Declaration and Health Management Strategy Map to guide our efforts. As a result, the Group has been certified as a Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category) for five consecutive years since 2020 under the certification system implemented by the Ministry of Economy, Trade and Industry.
Details on the purpose, structure, and strategy map for promoting health management are available at the following website.
https://technoproholdings.com/en/sustainability/social/health_safety.html

2024
健康経営優良法人
Health and productivity

Note: "Health Management" is a registered trademark of Nonprofit Organization Kenkokeiei.

Specific Support for Health Promotion

Healthy Habits Plus Support

With this service, registered dietitians support employees in improving their eating habits, posture, and overall health through consultations and advice. Initially, a personalized program is created to identify each individual's health issues and goals. Advice is then provided to address these issues and achieve the set goals. In addition, the service promotes health awareness and encourages healthy behaviors through the delivery of health content and training videos. After the program's completion, ongoing consultations are available for a certain period of time to support the continuation of effective healthy behaviors.

Your Posture Record
Cutting-edge AI technology analyzes full-body photos to predict and analyze "future posture and walking style," creating personalized posture analysis reports based on each individual's condition. Distortions and flexibility in the front, back, left, and right are scored and visualized through avatars to depict future posture and walking style. Based on this objective data, we provide easily accessible posture improvement training videos.

Health Management System

We have implemented a system to centrally manage information related to health management, such as employee annual health check results, stress check results, and overtime hours. We have created an environment where individual employees can constantly access their own data, allowing them to utilize it to promote and maintain their health.

TOPICS

Holding a "Health Fair"

We held a "health fair" as part of our efforts to promote a healthy workplace. As one of the services provided by Group company TechnoBrain Co., Ltd., we offered two services for employees: "Your Posture Record," which is a part of the "Healthy Habits Plus Support" service, and "Adult Fitness Testing," where individuals can measure their physiological age.



Promoting Diversity and the Advancement of Females

The TechnoPro Group has defined key human rights areas in the TechnoPro Group Human Rights Policy, and is working to prohibit discrimination and harassment, realize diversity, equity, and inclusion (DEI), and reduce human rights risks. We have identified "raising everyone's potential" as a material issue (Materiality), and we are creating an environment where people can challenge themselves and find a path to success regardless of gender or other factors.
The "TechnoPro Group Human Rights Policy" is available at the following website.
https://www.technoproholdings.com/en/sustainability/social/human_rights.html

Advancement of Women

We practice fairness in promotions, hiring, and evaluations based on individual abilities, allowing each person to achieve their career vision and life plan, free from biases and rigid gender roles.

We support the activities of the non-profit organization Waffle College, which promotes female participation in STEM fields. Our support is aimed at assisting their community activities for female university and college students aspiring to pursue tech careers.

Waffle College website (Japanese website): https://www.college.waffle-waffle.org/

Creating a Comfortable Working Environment

We proactively work to reduce long working hours and encourage employees to take vacation time in the interest of maintaining a work-life balance, helping to ensure that employees can work with a sense of fulfillment. We monitor KPIs such as the "paid leave acquisition rate," "average hours of overtime working hours per month," "rate of childcare leave taken," and "employee engagement index" in this regard. Additionally, we strive to create an environment where employees can demonstrate their abilities regardless of gender or life stage. To support work-life integration, we have implemented various systems such as childcare and caregiving support measures, teleworking, flexible working hours, and a dress code-free policy to accommodate diverse and flexible work styles.

Introducing a System to Support a Balance between Medical Treatment and Work

To ensure that employees with illnesses can continue working without missing out on treatment opportunities or being hindered in their career, we have introduced a system to support a balance between medical treatment and work, using special paid leave. This system allows employees to receive appropriate treatment while continuing to work.

Life Planning Support

We support asset formation through an employee shareholding program, retirement benefits (corporate defined contribution pension plans), and savings deposit programs. In addition, we regularly hold free "Money Seminars" and publish columns on asset formation on our internal communication website, placing a strong emphasis on strengthening employees' financial literacy.

Support System for In-House Club Activities

Once a certain number of employees gather together, the Company can recognize them as an internal club and provide partial subsidies for their activity expenses. In addition to employees, family members, friends, and individuals from client companies can also be registered for these activities.





Initiatives in the Supply Chain

The Group established and operates the TechnoPro Group Supplier Policy, clarifying the guidelines we expect our suppliers to respect and adhere to when conducting business with us from a sustainability management perspective. The Group is promoting social initiatives across the entire supply chain.
The "TechnoPro Group Supplier Policy" is available at the following website.
https://www.technoproholdings.com/en/sustainability/social/supplychain.html

Environmental Initiatives

Recognizing the need to fulfill its social responsibility as a responsible corporate citizen and preserve the Earth's environment, the TechnoPro Group has identified climate change as one of its key focus areas for environmental sustainability. We have set greenhouse gas (GHG) emissions and the number of environment-related engineers as Materiality KPIs and are strengthening our efforts in this area.

TechnoPro Group Environmental Policy

We have established the TechnoPro Group Environmental Policy, as a guideline for group-wide efforts in environmental conservation and in fulfilling our environmental responsibilities. This policy is based on the belief that conserving the irreplaceable global environment for future generations is consistent with the pursuit of our Purpose, the Group corporate philosophy. Recognizing that addressing global environmental issues is a common challenge throughout to the world, including our executives, employees, customers, business partners, investors, and local communities:

(1) We are committed to reducing the environmental impact of our business activities.

(2) We aim to develop and disseminate services that utilize our technology and talents to reduce environmental impact.

Details on the "TechnoPro Group Environmental Policy" are available at the following website.

https://www.technoproholdings.com/en/sustainability/environment/conservation.html

TCFD Disclosure

Category	Highlights of Policies and Initiatives
Governance	The Sustainability Committee discusses, examines, and formulates action plans in response to climate change, monitors the progress of initiatives, and submits reports to the Board of Directors on a regular basis.
Strategy	We have conducted scenario analysis with the objective of assessing the Group's resilience to significant climate change-related risks and opportunities, as well as the magnitude of financial impact. We have adopted two scenarios for the future climate change, the 4°C scenario and the 1.5°C/2°C scenario, analyzing the potential impact on operating profit, as of 2030, on our domestic engineer staffing business. • In the 1.5°C/2°C scenario, carbon tax burden is projected to increase due to movement toward a low-carbon society, while the physical risks such as flood damage are projected to have a smaller impact compared to the 4°C scenario. • In the 4°C scenario, there is no policies' enforcement for the transition to a low-carbon society, and carbon tax burden is lower than that in the 1.5°C/2°C scenario. However, the physical risks are estimated to have a larger quantitative impact than those in the 1.5°C/2°C scenario.
Risk Management	We established an enterprise risk management (ERM) framework and process to comprehensively assess climate change risk, formulate a response policy, and monitor efforts in collaboration with the Sustainability Committee. (Refer to page 38 for details on the ERM mechanism and process.)
Metrics and Targets	Scope1+2 Medium-term target: Reduce GHG emissions by 32.2% (compared to FY20.6) by FY30.6 Long-term target: Net GHG emissions: zero by FY50.6 Scope 3 Long-term target: Net GHG emissions: zero by FY50.6

Details on our response to climate change (TCFD) are available at the following website.

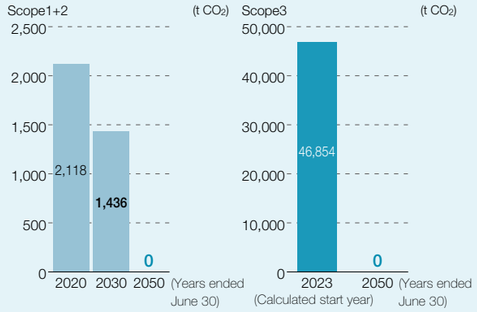
https://www.technoproholdings.com/en/sustainability/environment/tcfd.html

Greenhouse Gas (GHG) Reduction Indicators and Targets

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

- Scope1+2: 32.2% reduction (compared to FY20.6) by FY30.6
- Scope1+2+3: Real GHG emissions: zero by FY50.6

GHG Emissions Reduction Target



Scope 1: Emissions of Greenhouse gases directly produced by ourselves

Scope 2: Indirect emissions generated by the electricity or heat purchased by ourselves

Scope 3: Amount of Greenhouse gases emitted in the process of employee travel transportation, product procurement, consumption, and disposal.

Data on GHG Emissions

(t CO_2)

(Years ended June 30)	2020	2021	2022	2023	**2024**
Scope 1	430	341	272	287	**297**
Scope 2	1,688	1,463	1,515	1,283	**1,302**
Scope 1+2	2,118	1,804	1,786	1,570	**1,598**
Scope 3	–	–	–	46,854	**42,824**

Notes: Greenhouse gases covered by the scope under the GHG Emissions Accounting, Reporting, and Disclosure System, that is, energy-origin CO_2, non-energy-origin CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3
Only 9 domestic companies of the TechnoPro Group

Leveraging Technology and Human Resources to Reduce Environmental Impact



I am currently involved in research on the catalysts necessary for artificial photosynthesis, which uses solar energy to split water (H_2O) into hydrogen (H_2) and oxygen (O_2). Hydrogen, which can be liquefied for storage and transportation, is not only utilized as an energy source but also used to produce various chemical products such as methane and resin materials by combining it with carbon. It is a highly versatile and valuable resource. While hydrogen can also be produced through methods like electrolysis, electricity generated using fossil fuels is a source of greenhouse gas emissions. If we can commercialize the technology of artificial photosynthesis, which utilizes the sunlight that we are exposed to daily to decompose water and obtain carbon-free hydrogen and oxygen, it can significantly reduce the environmental burden. Moreover, if this approach can be introduced and utilized inexpensively in developing countries, it has the potential to greatly improve the world's energy situation. This is a highly rewarding job with great potential.



Toshiki Tanaka
TechnoPro R&D
TechnoPro, Inc.

Consolidated Financial Data
(10 years since listing in December 2014)

(Yen in Millions)

(Years ended June 30)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
For the year:										
Revenue	81,241	90,323	100,095	116,529	144,176	158,407	161,316	178,756	199,851	**219,218**
Operating profit	7,283	8,494	9,647	11,238	13,739	15,772	19,461	20,641	21,838	**21,918**
Profit before income taxes	6,832	7,920	9,559	11,163	13,727	15,843	19,472	20,967	21,837	**22,139**
Net profit attributable to owners of the parent company	6,874	7,359	7,717	8,498	9,683	10,825	13,245	15,430	15,365	**14,684**
Cash flows from operating activities	6,827	7,950	8,634	10,798	11,270	18,059	22,081	18,857	21,424	**31,177**
Cash flows from investing activities	(304)	(906)	(2,864)	(5,361)	(4,429)	(1,498)	(1,374)	(7,975)	(4,449)	**(785)**
Cash flows from financing activities	(4,502)	(6,145)	(4,087)	2,826	(7,184)	(14,927)	(11,114)	(6,551)	(19,231)	**(20,929)**
At year-end:										
Equity attributable to owners of the parent company	21,973	23,963	27,696	41,694	44,803	48,229	57,226	68,718	75,529	**80,741**
Total liabilities	36,805	39,486	42,423	45,233	47,705	58,457	59,256	71,539	67,254	**70,753**
Total assets	58,778	63,634	70,119	88,201	93,771	107,967	117,989	141,968	144,017	**152,651**
Cash and cash equivalents at the end of the period	10,851	11,708	13,398	21,652	21,230	22,797	32,524	37,432	35,373	**45,241**
Per share data:										
Equity attributable to owners of parent company per share (Yen)	214.95	233.47	269.84	383.35	411.38	447.70	531.22	637.90	704.24	**762.05**
Basic earnings per share (Yen)	67.25	71.93	75.19	81.60	88.95	99.99	122.96	143.24	142.71	**137.56**
Diluted earnings per share (Yen)	—	—	—	81.54	88.93	—	—	—	—	**—**
Dividend per share (Yen)	33.63	37.17	37.60	40.00	44.67	50.00	61.67	72.00	75.00	**80.00**
Dividend payout ratio (Annual)	50.0%	51.7%	50.0%	50.0%	50.2%	50.0%	50.2%	50.3%	52.6%	**58.2%**
Total return ratio (Annual)	50.0%	51.7%	50.0%	50.0%	50.2%	68.9%	50.2%	50.3%	62.7%	**84.6%**
Indicators:										
Equity attributable to owners of parent company to total assets ratio	37.4%	37.7%	39.5%	47.3%	47.8%	44.7%	48.5%	48.4%	52.4%	**52.9%**
ROE	37.1%	32.0%	29.9%	24.5%	22.4%	23.3%	25.1%	24.5%	21.3%	**18.8%**
Goodwill/E ratio	1.33x	1.22x	1.07x	0.80x	0.80x	0.73x	0.62x	0.65x	0.61x	**0.58x**
D/E ratio	0.76x	0.67x	0.59x	0.27x	0.20x	0.15x	0.14x	0.23x	0.20x	**0.17x**
D/OP ratio	2.28x	1.90x	1.69x	1.03x	0.67x	0.49x	0.44x	0.80x	0.68x	**0.63x**

Note: Per share amounts were calculated by using the number of shares after the three-for-one stock split which was in effect on July 1, 2021.

Overview of Financial and Operating Results for the Fiscal Year Ended June 30, 2024

Business Performance and Operating Results

During the consolidated fiscal year under review, uncertainty in the global economy continued due to rising resource prices driven by the situation in Ukraine, concerns over recession due to restrictive monetary policy as governments in the US and Europe raised interest rates in response to inflation, and geopolitical risks in the Middle East and East Asia. In Japan, uncertainty has continued due to high prices and restrictions on raw material procurement caused by the continued depreciation of yen and other factors.

Despite this environment, customer demand in the Group's Core Business area of engineer staffing and contract assignment remains firm, particularly with respect to IT engineers in the transportation and information industries.

The number of engineers in Japan at the end of the consolidated fiscal year under review was 26,054 (up 1,929 compared to the end of previous fiscal year). The average utilization ratio for the period under review was 95.0% (down 0.2 pts compared to the previous fiscal year). The Group has been working continuously to increase unit sales price, and despite less working days than the previous fiscal year, average monthly unit sales price were 678 thousand yen (up 9 thousand yen compared to the previous fiscal year) due to the effects of our Shift-Up and Charge-Up initiatives, as well as expansion in the Solution Business and other factors.

In terms of expenses, SG&A increased in comparison to the previous fiscal year. This was mainly due to hiring expenses for acquiring talent, education and training costs for engineer development, upfront investments in overseas subsidiaries, and inflation.

As a result, the Group's consolidated revenue for the fiscal year under review was 219,218 million yen (up 9.7% compared to the previous fiscal year), core operating profit was 24,395 million yen (up 14.1%), operating profit was 21,918 million yen (up 0.4%), profit before taxes was 22,139 million yen (up 1.4%), and net profit attributable to the owners of the parent company was 14,684 million yen (down 4.4%).

Performance by Segment

■ R&D Outsourcing

In order to expand its IT business, which has been performing well within the R&D Outsourcing, the Group implemented initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, such as digital technology-related training for hardware-related engineers and chemical/biochemical-related engineers, in addition to strengthening the mid-career hiring of mainly high added-value engineers. The Group also made efforts to secure assignments at higher unit prices by increasing the quality and diversity of its service offerings, which were realized through business collaboration with alliance partners possessing advanced technologies and active implementation of internal and external training. Through these efforts, the number of engineers at the end of the consolidated fiscal year under review were 22,848 (up 1,685 compared to the end of the previous fiscal year), while the number of assigned engineers were 21,497 (up 1,612). As a result, revenue in this segment was 168,694 million yen (up 10.4%).

■ Construction Management Outsourcing

In addition to construction management—the main service provided under the Construction Management Outsourcing—the Group has also expanded its offerings based on technological skills developed in the design and construction management fields, with examples including 3D measurement, aerial photography and inspections using drones, and the establishment of first-class qualified architect offices. In addition, to address the chronic shortage of construction management engineers, the Group is leveraging its technical center to actively recruit and train inexperienced and young/low-experience engineers in the construction industry. Through these efforts, the numbers of engineers and assigned engineers were 3,206 and 3,060 in this segment, respectively, at the end of the consolidated fiscal year under review (up 244 and 225, respectively, compared to the end of the previous fiscal year). As a result, revenue in this segment was 23,293 million yen (up 7.6%).

■ Other Businesses in Japan

The Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. In professional recruitment service, while the supply of talent to the Group companies through recruitment is growing, the Group is struggling to acquire skilled personnel who meet the required standards of external customers, and there are also moves to temporarily curtail recruitment due to economic uncertainty. In the engineering education and training service, we are developing more effective training programs by leveraging synergies within the Group. We are also working to develop and promote external sales of our services such as consulting for engineer development and implementation of an e-learning system, by actively making upfront investments to capture demand for human capital investment. As a result, revenue in this segment was 4,839 million yen (down 13.1%).

■ Overseas

Our overseas operations provide offshore delivery services in India and China to customers mainly in Europe, the US, and Japan. We also provide engineer dispatch and professional recruitment services in Southeast Asia and the UK, respectively. Although there are some differences from country to country, business is starting to see the impact of curtailed investment due to concerns about a global recession and geopolitical risks. At the same time, we are making sales and marketing-focused upfront investments in order to acquire new high-margin offshore delivery projects and develop new customers, which will also contribute to acquiring capabilities for the domestic solution business. As a result, revenue in this segment was 25,682 million yen (up 9.2%).

Segment Results

(Yen in Millions)

	R&D Outsourcing		Construction Management Outsourcing		Other Businesses in Japan		Sub Total for Businesses in Japan	
(Years ended June 30)	2023	2024	2023	2024	2023	2024	2023	2024
Revenue	152,858	**168,694**	21,643	**23,293**	5,569	**4,839**	180,071	**196,826**
Segment profit	16,292	**19,259**	2,930	**3,422**	561	**(771)**	19,784	**21,910**
Segment assets	93,546	**103,294**	12,783	**13,356**	5,671	**3,941**	112,000	**120,593**
Number of engineers (people)	21,163	**22,848**	2,962	**3,206**	—	**—**	24,125	**26,054**

	Overseas		Total for Reportable Segments		Corporate/Eliminations*		Consolidated	
(Years ended June 30)	2023	2024	2023	2024	2023	2024	2023	2024
Revenue	23,508	**25,682**	203,580	**222,508**	(3,728)	**(3,289)**	199,851	**219,218**
Segment profit	1,873	**(188)**	21,658	**21,722**	179	**195**	21,838	**21,918**
Segment assets	28,666	**29,249**	140,666	**149,842**	3,350	**2,808**	144,017	**152,651**
Number of engineers (people)	2,997	**2,567**	27,122	**28,621**	—	**—**	27,122	**28,621**

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

ESG Data

[Scope of reporting]
Japan: TechnoPro Holdings, Inc./TechnoPro, Inc./TechnoPro Construction, Inc./TechnoPro Smile, Inc./Pc Assist Co., Ltd./PROBIZMO Co., Ltd./TOQO. Co., Ltd/TechnoBrain Co., Ltd.
Consolidated: Japan, TechnoPro China Group/Boyd & Moore Executive Search K.K./Helius Technologies Pte Ltd/Orion Managed Services Limited/Robosoft Technologies Private Limited

The complete version is available at the following website.
https://www.technoproholdings.com/en/sustainability/databook.html

Environment

Item	Coverage	Human Capital KPIs	FY22.6	FY23.6	FY24.6	Target
Greenhouse gas emissions (Scope1+2)	Japan		1,786	1,570	1,598	32.2% reduction (compared to FY20.6) by FY30.6 Net zero GHG emissions by FY50.6
Greenhouse gas emissions (Scope3)	Japan		—	46,854	42,824	Net zero GHG emissions by FY50.6
Greenhouse gas emissions/ ¥1 million in revenue*1	Japan		—	0.269	0.195	Reduce continuously
Paper usage/revenue (index: FY15.6 = 100)	Japan		39.8	32.9	30.2	Reduce continuously
Environment-related technology revenue (Billions of yen)	Japan		23.9	29.1	31.6	¥4 billion in FY26.6
Number of assigned environment-related technology engineers (monthly average) (people)	Japan		290	344	380	500 people by FY26.6

*1 Greenhouse gas (GHG) emissions are the sum of Scope 1, 2 and 3.

Social

Item	Coverage	Human Capital KPIs	FY22.6	FY23.6	FY24.6	Target
Diversity and equal opportunities						
Number of female employees	consolidated		5,635	6,319	6,738	—
Percentage of female employees	consolidated		20.4%	21.0%	21.3%	Maintain at 20%
Number of female employees	Japan		4,616	5,239	5,815	—
Percentage of female employees	Japan		19.0%	19.8%	20.3%	—
Number of non-Japanese engineers	Japan	●	898	1,066	1,210	1,500 people by the end of June 2026
Employment of people aged 60 and more	Japan		958	1,191	1,449	Increase continuously
Of which, engineers	Japan	●	—	1,105	1,359	2,000 people by the end of June 2026
Percentage of female employees in managerial positions	Japan		7.9%	8.9%	8.4%	10% by the end of June 2026
Percentage of mid-career hires in managerial positions	Japan		84.5%	90.4%	95.9%	—
Percentage of non-Japanese nationals in managerial positions	Japan		2.1%	3.1%	3.5%	—
Average tenure of male employment	Japan		7.6	7.5	7.4	—
Average tenure of female employment	Japan		5.4	5.3	5.2	—
Average tenure of employment (ratio of men to women)	Japan		71.1%	70.7%	70.3%	—
Wage gap between men and women*2	Japan		—	80.5%	81.4%	—
Of which, permanent employee*2	Japan		—	82.4%	83.2%	—
Of which, part-time/fixed-term employee*2	Japan		—	63.8%	63.7%	—
Percentage of employees with disabilities	Japan		2.37%	2.35%	2.37%	Achieve employment rate at legal mandated level
Recruitment/Turnover						
Number of hires (including non-engineers)*3	Japan		4,132	4,597	4,892	
Of which, engineers	Japan	●	3,830	4,314	4,575	3,000 people/year or above
Percentage of women hired*3	Japan		24.3%	24.5%	25.8%	30% or above by FY26.6
Of which, new graduates*3	Japan		20.7%	18.3%	19.3%	—
Of which, mid-career*3	Japan		25.3%	26.3%	27.2%	—
Percentage of mid-career hires*3	Japan		78.7%	77.5%	78.2%	—
Turnover ratio of permanent employee engineers	Japan	●	7.7%	7.7%	9.1%	At or below 7.5%

*2 Ratio of average annual wage of female employees to average annual wage of male employees
*3 Including non-engineers

Social

Item	Coverage	Human Capital KPIs	FY22.6	FY23.6	FY24.6	Target
Employee Education and Development						
Number of employees undergoing training (cumulative)	Japan	●	295,724	303,930	308,256	Total of 360,000 people/year in FY26.6
Of which, group training (cumulative)	Japan		97,280	124,630	97,241	—
Of which, e-learning (cumulative)	Japan		198,444	179,300	211,015	—
Hours of training (cumulative)	Japan	●	766,587	882,826	790,559	Total 1 million hours/year in FY26.6
Number of unique participants	Japan		25,830	29,903	29,219	—
Average unique training hours	Japan		29.7	29.5	27.1	—
Corporate participants in the Engineer Training Business	Japan		10,935	10,827	8,101	13,000 people by FY26.6
Individual participants in the Engineer Training Business	Japan		6,730	6,487	5,004	8,500 people by FY26.6
Revenue in the Engineer Training business	Japan		15.0	18.1	17.2	¥2 billion in FY26.6
Sustainability Training attendance rate	Japan		100%	100%	100%	Maintain at 100%
Of which, human rights and ethics	Japan		100%	100%	100%	—
Of which, information security	Japan		100%	100%	100%	—
Of which, anti-corruption	Japan		100%	100%	100%	—
Employee satisfaction						
Employee engagement index*4	Japan		85.1%	85.0%	85.1%	90.0% or above
Employee engagement index (engineer)*4	Japan	●	84.7%	84.6%	84.8%	90.0% or above
Employee engagement index (non-engineer)*4	Japan	●	88.8%	88.6%	87.3%	90.0% or above
Work-life balance						
Average hours of overtime	Japan	●	13.8	13.2	12.5	Maintain at 20 hours/month or below
Paid leave acquisition rate	Japan		81.6%	83.6%	85.9%	Maintain 75% or above
Percentage of women taking childcare leave	Japan	●	99.0%	96.4%	94.7%	—
Percentage of men taking childcare leave*5	Japan	●	13.0%	21.0%	41.8%	50% or above by FY26.6
Number of men taking childcare leave	Japan		45	78	128	—
Human Capital KPIs (Items that do not overlap with others)						
Number of engineers hired on a requiring OJT (people)	Japan	●	—	401	542	250 people/year or above
Average monthly unit sales price*6	Japan	●	658	669	678	725K yen in FY26.6
Number of assigned engineers in the Solutions Business (monthly average) (people)	Japan	●	3.728	4.174	4.751	6,200 people by FY26.6
Productivity (personnel expenses to revenue ratio)	consolidated	●	8.9%	8.9%	8.8%	At or below 8.0%
Health and Safety						
Number of Work-related accidents	Japan		77	81	100	Safe work environment and ensuring a healthy
Fatalities due to work-related accidents (people)	Japan		0	0	0	Continuation of zero fatalities
Accident rate per 1,000 employees*7 (4 or more days off)	Japan		0.40	0.28	0.26	—

*4 Total ratio of "satisfactory tier" + "middle layer."
*5 The number of denominators in FY22.6 is the number of employees whose spouses gave birth in the previous two years, from FY23.6 onwards, the denominator is calculated based on the number of employees whose spouses gave birth in the previous year (defined by the Ministry of Health, Labour and Welfare).
*6 Calculated by total sales / ∑ (Number of operating engineers at the end of the month).
*7 The accident rate per 1,000 employees is calculated as follows: Number of work-related accidents per year / Average number of employees per year x 1,000

Governance

Item	Coverage	Human Capital KPIs	FY22.6	FY23.6	FY24.6	Target
Compliance						
Political contributions	Japan		0	0	0	No political contributions in principle
Number of serious disciplinary actions related to corruption	Japan		0	0	0	Continue to have zero cases
Number of fines related to corruption	Japan		0	0	0	Continue to have zero cases
Internal reporting cases	consolidated		95	110	103	Ensure appropriate operation
Stock Value						
Sustainable EPS growth	consolidated		143.24	142.71	137.56	Long-term continuation of EPS growth (achievement of mid-term management plan)

Dialogue with Shareholders and Investors

The TechnoPro Group is committed to transparent disclosure and constructive dialogue with shareholders and investors to enhance shareholder value in the medium- to long-term. Opinions and requests received during our investor relations activities are reported to the Board of Directors and the Group Management Committee to help with the formulation of growth strategies and in business operation.

Reporting to Management and the Board of Directors

The Board of Directors receives reports on opinions and requests from shareholders and investors expressed during the engagement regularly (four times a year). Those reports are also shared with the Group Management Committee, which discusses important matters related to business execution, and are used to formulate the Group's management strategies.

Improving Financial Results Materials	● In response to requests to visualize the progress of the medium-term management plan, provide detailed information on revenue, number of assigned engineers, and unit sales prices for the Solution Business ● Disclose detailed quarterly KPIs in the Factbook
Enhancing Sustainability Disclosures	● Disclose detailed sustainability-related KPIs in the ESG Data Book ● Disclose the employee engagement index
Providing Dialogue Opportunities with Executives in Charge of Operations	● Conduct small meetings with COO of the Company and CEO of overseas subsidiaries
Providing Dialogue Opportunities with Outside Directors	● Conduct small meetings of Outside Directors with different attendees each year
Enhancing Corporate Governance Disclosures	● Disclose detailed analysis and evaluation of the effectiveness of the Board of Directors ● Revised items in the skill matrix to reflect the strategies of the medium-term management plan
Implementing Share Repurchases	● Conduct share repurchases, taking cash on hand and stock price levels into consideration ● Set up a long time limit on share repurchases to ensure they can be implemented in a flexible manner

Details of the "Policy on Constructive Dialogue with Shareholders and Investors" and the Shareholder Dialogue held in FY24.6. are available at the following website.
https://www.technoproholdings.com/en/sustainability/governance/dialogue.html

Main IR Activities in FY24.6

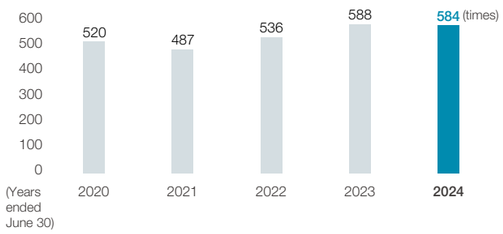
Activity	Frequency
Financial results briefings for analysts and institutional investors	4 times
IR meetings*	584 times
Participation in conferences hosted by securities companies	7 times
Briefings for retail investors	2 times

* Of which, 91 times with CEO and 229 times with CFO



The CITIC CLSA Japan Forum 2024

Number of IR Meetings



Stock Information

Basic Stock Information

Stock exchange	Tokyo Stock Exchange, Prime Market
Security code	6028
Annual general meeting of shareholders	September
Dividend payout	Interim dividend record date: December 31 Year-end dividend record date: June 30
Trading unit	100 shares
Number of shares issued and outstanding	106,400,000 shares (as of June 30, 2024)
Number of shareholders	6,093 (as of June 30, 2024)

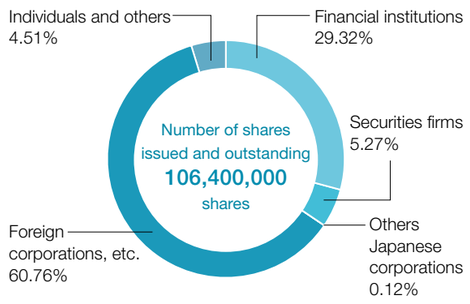
Major Shareholders (as of June 30, 2024)

Shareholders	Shares held (Thousands)	% of shares*
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,427	17.39
Custody Bank of Japan, Ltd. (Trust Account)	5,607	5.29
SSBTC CLIENT OMNIBUS ACCOUNT	4,772	4.50
JP MORGAN CHASE BANK 385632	3,008	2.83
THE BANK OF NEW YORK MELLON 140044	2,957	2.79
JP MORGAN CHASE BANK 380072	2,922	2.75
THE BANK OF NEW YORK MELLON SA/NV 10	2,706	2.55
STATE STREET BANK AND TRUST COMPANY 505001	2,492	2.35
STATE STREET BANK AND TRUST COMPANY 505103	2,240	2.11
STATE STREET BANK AND TRUST COMPANY 505225	2,163	2.04

* Calculated excluding treasury shares

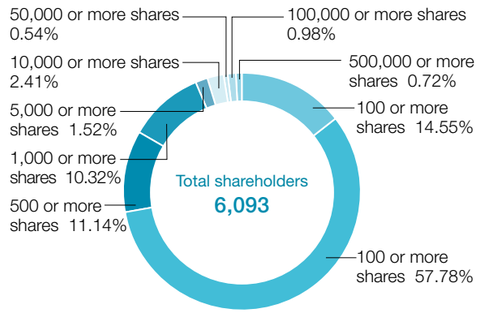
Percentage of Shares Held, by Shareholder Type

(As of June 30, 2024)



Distribution by Number of Shares Held

(As of June 30, 2024)



Note: Percentages may not add up to 100% due to independent rounding. Treasury shares are included in individuals and others.

External Evaluations

Selected indexes

JPX Prime 150 Index

JPX-NIKKEI 400
JPX NIKKEI 400

Nikkei 500 Stock Average

Morningstar Japan ex-REIT Gender Diversity Tilt Index

S&P/JPX Carbon Efficient Index

FTSE4Good Index Series

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
MSCI Japan ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
MSCI Nihonkabu ESG Select Leaders Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
MSCI Japan Empowering Women Index (WIN)

Major Awards Received

Award	Year	Awarding Body
IR Grand Prix Best IR Award	2024 2021/2022	Japan Investor Relations Association
Region Top Rated	2024	Sustainalytics ESG Risk Ratings
Internet IR Awards Excellence Award	2023	Daiwa Investor Relations Co., Ltd.
All Japanese Listed Companies' Website Ranking AAA Website	2023	Nikko Investor Relations Co., Ltd.
Gomez IR Site Ranking Silver Prize	2023	BroadBand Security, Inc.
Gomez ESG Site Ranking 122th overall	2024	BroadBand Security, Inc.
DX Certified Operator	2023	Ministry of Economy, Trade and Industry
Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)	2024	Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

Company Data

Name	TechnoPro Holdings, Inc.
Representative	Takeshi Yagi, President, Representative Director & CEO
Established	April 27, 2012
Headquarters	Roppongi Hills Mori Tower 35F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6135, Japan
Share capital	¥6,929 million
Revenue	¥219.2 billion (consolidated, for the fiscal year ended June 30, 2024)
Business	Supervising and managing Group companies
Employees	31,623 (consolidated, as of June 30, 2024)

Group companies (as of October 1, 2024)	TechnoPro, Inc. PROBIZMO Co., Ltd. TechnoPro Construction, Inc. TOQO. Co., Ltd Pc Assist Co., Ltd. (Win School) TechnoBrain Co., Ltd. Boyd & Moore Executive Search K.K. TechnoPro China Group Helius Technologies Pte Ltd Orion Managed Services Limited Robosoft Technologies Private Limited TechnoPro Smile, Inc.

Glossary

Terminology (Alphabetical)	Definition	Page
Core Operating Profit	A proprietary profit index that shows "gross profit" minus "SG&A expenses" and excluding the impact of extraordinary items (such as employment adjustment subsidies and impairment losses) recorded in "other income" and "other expenses."	31, 57
Matching	To match the skills possessed by our engineers with the skills demanded by our customers. Appropriate skill matching is required to dispatch engineers to customers.	31
Offshoring/ Offshore Development	Refers to the outsourcing of some or all operations overseas, mainly to reduce costs or secure engineering resources.	24, 26, 31, 33, 34, 58
On-site/Off-site	"On-site" means "at the site" or "at the location," while "off-site" means "away from the location" or "in a different location." In the engineering professional services industry, "on-site" typically refers to dispatching or subcontracting engineers who work within the client company, often on a full-time basis. On the other hand, "offsite" refers to subcontracting work that is done on the staffing company's own premises, such as development work that is taken back to the company's office.	24, 33
Pre-sales	A profession that involves using specialized knowledge, primarily related to information technology, to provide support to salespeople.	31, 32, 33
Recurring	Having the meaning of "repeated" or "cyclical," "recurring" refers to an approach or methodology aimed at ensuring the continuous provision of value in order to achieve long-term profitability. The TechnoPro Group's dispatch contracts are based on the assumption that contracts will be renewed, resulting in a recurring-revenue model.	4
Requiring OJT	The Company hires relatively inexperienced mid-career personnel and provides them with technical training (strategic training) to help them acquire technical skills after joining.	20, 27, 60
Shift-Up/ Charge-Up	To increase the unit sales price of dispatching engineers. Transferring an engineer to a client with a higher unit sales price for the purpose of increasing the price is called "shift-up," while raising the unit sales price at the same client is called "charge-up."	11, 27, 57
Skill Data Foundation	A system infrastructure that incorporates the skills etc. of the engineers. It serves as the foundation of the DX Promotion Business.	31
STEM	A general term to describe the fields of science, technology, engineering, and mathematics.	52
Team Dispatch	To dispatch more than one engineers from the Group to collaborate as one team at the same customer site (project). It enables us to establish environment to train and follow up younger or inexperienced engineers, providing opportunities to increase the unit sales price.	29
Unit Sales Price/ Contract Price	"Contract price" means the base contract dispatching price per engineer when contracting with a customer and does not include overtime hours or other costs. "Unit sales price" means the average sales per engineer per month, and refers to the actual amount obtained by adding overtime hours and others to unit contract price.	3, 4, 8, 10, 27, 41, 57, 60, 61
Utilization Ratio	The percentage of our engineers who are actually performing work (assigned to the customer). Unless otherwise mentioned, it only refers to the utilization ratio in Japan.	3, 4, 11, 31, 36, 57