

Integrated Report 2020

For the year ended June 30, 2020



We are Japan's leading technology-focused professional services company.

TechnoPro Group Vision

For Customers

Technology on Demand

We are a group of highly specialized engineers, helping our global customers achieve their goals in research, development, and design.

- The TechnoPro Group's 20,000 highly specialized engineers support client companies' technology and IT development. We work in machine design, IT, biotechnology, and construction.

For Engineers

Engineer Partner

We help engineers find and follow their dreams.

- As permanent employees of the TechnoPro Group, our engineers develop their skills continuously in line with their long-term vision. We help our engineers to achieve their career goals.

For Society

Engineer Career Platform

We provide engineers an opportunity to work in many fields, helping build strong and flexible industries capable of responding to ongoing market changes.

- As our engineers work in a dynamically changing environment, they need to be constantly gaining new skills. We give them the chance to learn new technologies that break industry barriers. By optimizing human resource allocation, we are increasing overall productivity in society.

Our Six Commitments for Excellence

1. Act with initiative and accountability

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

2. Strive to improve expertise and skills

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

3. Communicate effectively and act with sincerity

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

4. Be an ultimate professional and a trusted team player

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

5. Act with insight and speed for the success of others

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

6. Be perfect in legal and ethical compliance

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

Operating Results and Business Environment

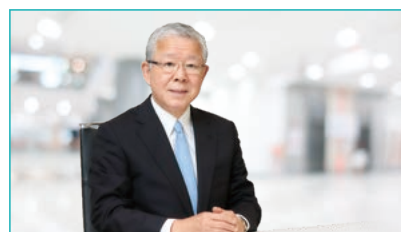
05 Financial and Non-Financial Highlights

07 The Japanese Engineer Staffing Market

- Trends and Growth in the Engineer Staffing Market
- Long-Term Growth in the Utilization of Outsourcing in IT and R&D
- The Growing Importance of Engineering Talent
- “New Normal” Driving Accelerated Digitalization and a Shortage of Engineers

Message from Management

11 Message from the CEO



- Progress on the Current Medium-Term Management Plan: Passing Marks
- Now Is the Time to Resolutely Maintain a Defensive Position
- Opportunities Presented by the New Normal and Our Next Medium-Term Management Plan
- Our Mission as Society Changes

15 Message from the CFO



- A Year of Progress for Finance-Focused Management
- Successes and Issues in the Fiscal Year Ended June 30, 2020
- Responding Swiftly to COVID-19 and Preparing for the Next Phase
- Seeing the New Normal as a Growth Opportunity

Initiatives Targeting Sustainable Growth

17 The Value-Creation Process

By helping engineers achieve their potential and satisfy market needs, we can sustain our growth while adding value to society.

19 Risks and Opportunities

- Risks and Opportunities Related to Business Operations and Compliance
- Risks and Opportunities the Group’s Business May Face from a Medium- to Long-Term Perspective

23 Material Issues (Materiality) for the TechnoPro Group

To support value creation, we define material issues (materiality) from a management perspective and aim to achieve sustainable growth by putting them into practice.

- The Material Issues Definition Process
- Material Issues for the TechnoPro Group
- Specific Initiatives for Meeting Target KPIs

25 Quantitative Indicators (KPIs) and Target Values for Material Issues (Materiality)

Business Overview and Strategy

27 Business Domain

The TechnoPro Group represents one of Japan’s largest groups of engineers and researchers and provides one-stop solutions in a wide range of technology areas, including machinery, electricity and electronics, embedded controls, IT infrastructure, software development and maintenance, chemistry, biotechnology, and construction management.

28 Business Data

29 Management Interviews

Enhancement of the Management Foundation to Create Value

33 Corporate Governance

- An Enhanced Governance System
- Designing Incentives to Promote Shared Value with Shareholders
- Demonstrating Corporate Governance Functions

37 Interview with the Chair of the Nomination and Compensation Committee

38 Skill Matrix for the Board of Directors and the Audit & Supervisory Board

38 Total Shareholder Return (TSR)

39 Compliance and Issues Targeting Social Responsibility and Environmental Issues

41 Directors

43 Interview with the Outside Directors



45 Audit & Supervisory Board Members

Financial Report

46 Management’s Discussion and Analysis

48 Consolidated Statement of Financial Position

49 Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

50 Consolidated Statement of Changes in Equity

51 Consolidated Statement of Cash Flows

52 Company Data and Stock Information

Editorial Policy

This report covers TechnoPro Holdings’ basic management philosophy, management policy, and commitment to the business strategy and CSR management of the Group. Our business activities aim to provide value to customers and society, and we believe that this approach will deliver sales and profits as a result. We sincerely hope that this report will help our stakeholders gain a fuller understanding of our value creation activities and long-term direction.

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.

Reporting Period

This report covers the fiscal year ended June 30, 2020 (July 1, 2019 to June 30, 2020). The report also refers to certain important matters before and after this fiscal year.

Disclaimer Regarding Forward-Looking Statements

This report contains forward-looking statements related to the Company and the TechnoPro Group. Such statements are based on the information available at the time this report was produced 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.

Financial and Non-Financial Highlights

TechnoPro Holdings, Inc. and its subsidiaries
Consolidated fiscal years ended June 30, 2016 to 2020

	Millions of Yen				Millions of U.S. Dollars*1	
	2016	2017	2018	2019	2020	2020
Revenue	¥90,323	¥100,095	¥116,529	¥144,176	¥158,407	\$1,466.7
Gross profit	21,328	23,435	29,475	36,466	40,226	372.5
Operating profit	8,494	9,647	11,238	13,739	15,772	146.0
Profit before income taxes	7,920	9,559	11,163	13,727	15,843	146.7
Net profit attributable to owners of the parent company	7,359	7,717	8,498	9,683	10,825	100.2
Basic earnings per share (yen)	¥215.80	¥225.58	¥244.81	¥266.86	¥299.97	\$2.78
Diluted earnings per share (yen)	¥—	¥—	¥244.62	¥266.79	¥—	\$—
Cash dividends per share of common stock (yen)	¥111.52	¥112.79	¥120.00	¥134.00	¥150.00	\$1.39
Total assets	¥63,634	¥70,119	¥88,201	¥93,771	¥107,967	\$999.7
Total equity	24,148	27,696	42,967	46,065	49,509	458.4
Cash flows from operating activities	¥7,950	¥8,634	¥10,798	¥11,270	¥18,059	\$167.2
Cash flows from investing activities	(906)	(2,864)	(5,361)	(4,429)	(1,498)	(13.9)
Cash flows from financing activities	(6,145)	(4,087)	2,826	(7,184)	(14,927)	(138.2)
Gross profit margin (%)	23.6	23.4	25.3	25.3	25.4	
Operating profit margin (%)	9.4	9.6	9.6	9.5	10.0	
ROE (%)	32.0	29.9	24.5	22.4	23.3	
Number of engineers employed in Japan (fiscal year-end)	13,127	14,346	16,797	19,293	21,264	
Utilization rate of engineers in Japan*2 (%)	95.1	95.3	95.7	95.5	94.0	
Number of newly recruited engineers in Japan*3	2,541	2,684	4,151	4,512	4,398	
Revenue per person at the two engineer dispatching companies*4 (thousands of yen)	¥—	¥626	¥630	¥630	¥630	

*1 Yen amounts have been translated into U.S. dollars, for convenience only, at the exchange rate of ¥108=US\$1.

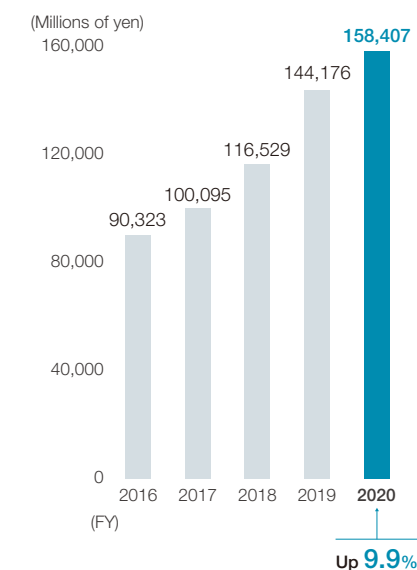
*2 Σ [Number of assigned engineers at the end of the month] / Σ [Number of engineers employed at the end of the month]

*3 Including talent acquisition through M&A

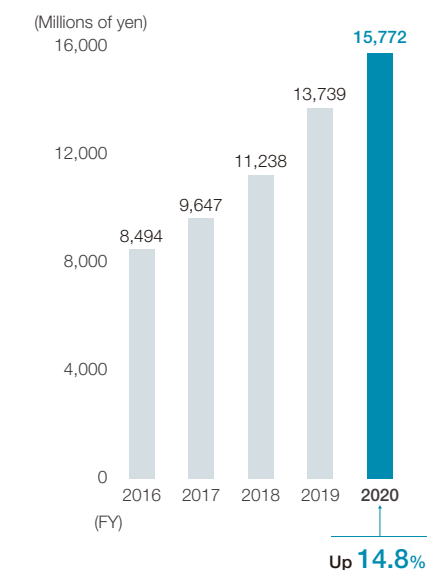
*4 Total revenue of main subsidiaries / Σ [Number of assigned engineers at the end of the month]

- Despite the impact of COVID-19, revenue expanded 9.9% year on year, to ¥158.4 billion.
- Operating profit rose 14.8%, to ¥15.77 billion.
- Net profit increased 11.8%, to ¥10.82 billion.
- Engineers in Japan numbered 21,264 (including 1,178 non-Japanese nationals), up 1,971 from the end of the previous fiscal year.
- The average utilization rate was down 1.5 percentage points, to 94.0%.
- The number of engineers hired in Japan was 4,398, down 114 year on year.
- At our two engineer dispatching companies, the average monthly unit sales price was ¥630,000, down ¥400 per month.

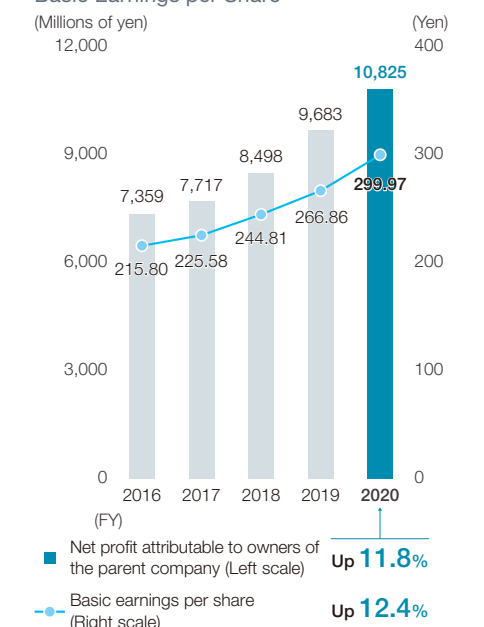
Revenue



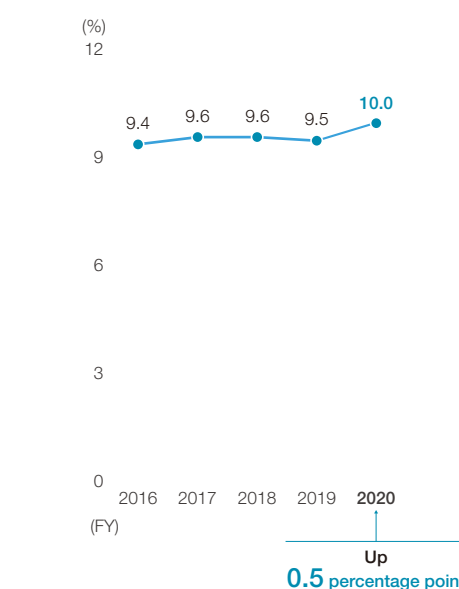
Operating Profit



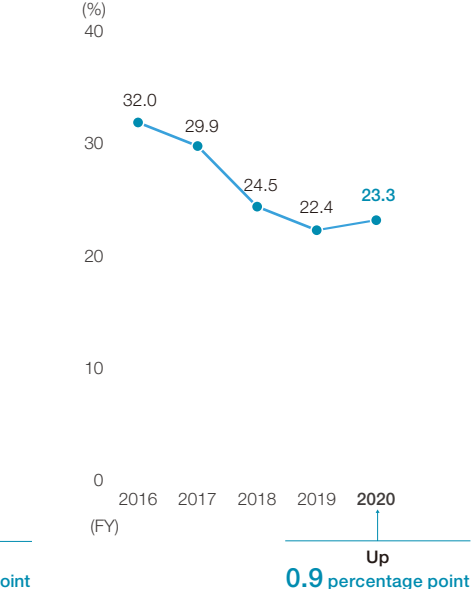
Net Profit Attributable to Owners of the Parent Company
Basic Earnings per Share



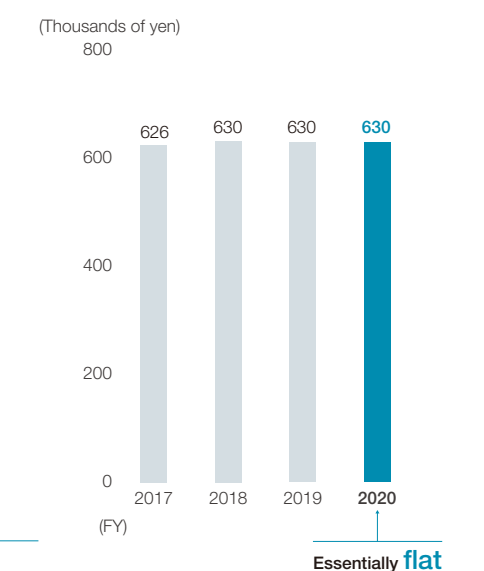
Operating Profit Margin



ROE



Revenue per Person at the Two Engineer Dispatching Companies*



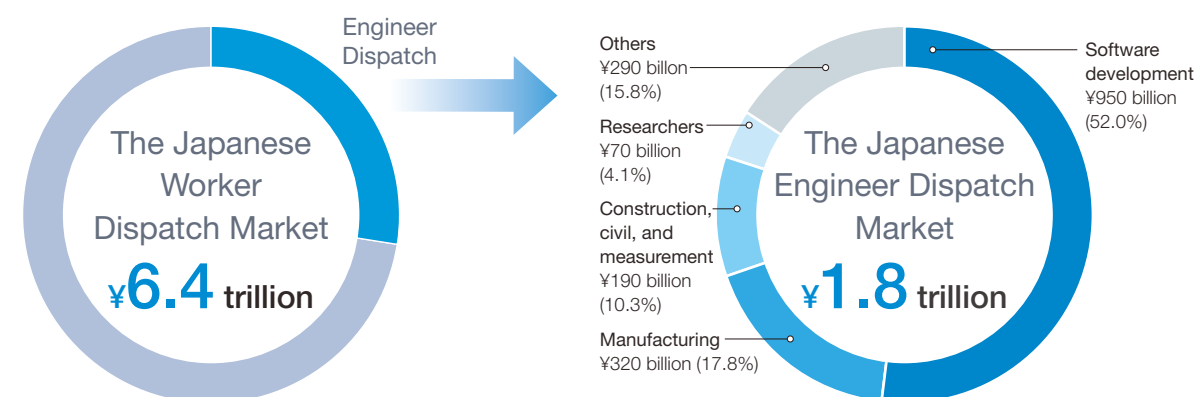
*Calculated as total revenue of TechnoPro, Inc., and TechnoPro Construction, Inc. / Σ [number of assigned engineers at the end of the month].

The Japanese Engineer Staffing Market

Trends and Growth in the Engineer Staffing Market

The engineer dispatch market including manufacturing engineers is ¥1.8 trillion*¹ (\$16.7 billion) out of a total worker dispatch market of ¥6.4 trillion*² (\$59.3 billion) in Japan. The TechnoPro Group is one of the four leading

companies in this specialized engineering market. Even though the TechnoPro Group is far larger than most companies in the sector, its market share is only 8%, which gives it a great opportunity for growth.



*1, *2 Based on "Results of Engineer Dispatching Business Report" and "Engineer Dispatching Business Status as of June 1, 2018," Ministry of Health, Labour and Welfare

Top 10 Firms in the Engineer Staffing Sector

Rank	Company	Revenue (Millions of yen)	Share
1	TechnoPro Holdings, Inc. R&D Outsourcing, Construction Management Outsourcing	148,966	8.3%
2	PERSOL HOLDINGS CO., LTD. Professional Outsourcing SBU	105,826	5.9%
3	Meitec Corporation Engineering Solutions Business	99,461	5.5%
4	OUTSOURCING Inc. Domestic Engineering Outsourcing Business	91,367	5.1%
5	Yumeshin Holdings Construction Technician Temporary Staffing, Engineer Temporary Staffing	51,281	2.8%
6	BeNEXT Group Inc. Engineer Segment	43,886	2.4%
7	WDB Holdings Co., Ltd.	43,108	2.4%
8	Altech Corporation The Outsourcing Business	33,911	1.9%
9	VSN, Inc. (Wholly Owned Subsidiary of Adecco Group)	32,619	1.8%
10	Forum Engineering Inc.	32,115	1.8%

Note: Revenues including only domestic businesses
Source: Researched by Techno Pro Holdings, from disclosed data

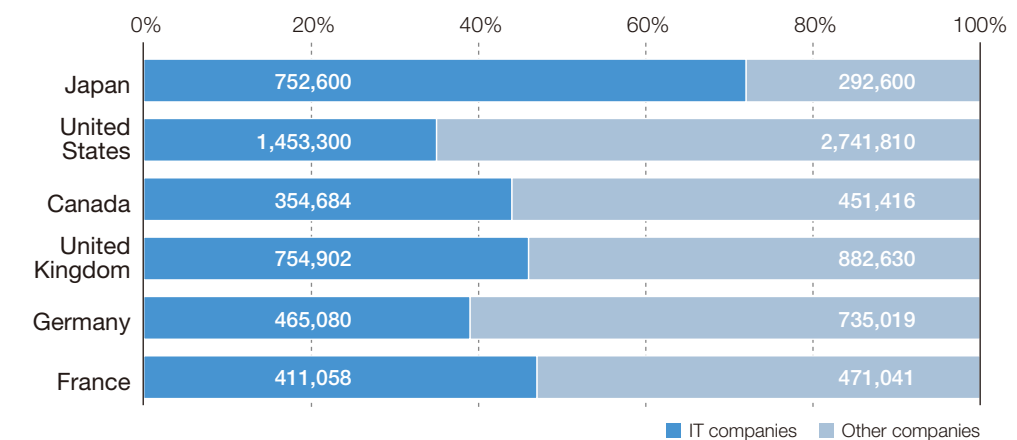
Long-Term Growth in the Utilization of Outsourcing in IT and R&D

As software takes on a growing role and levels of technological sophistication and innovation increase, development is becoming necessary in a greater range of fields. Against this backdrop, Japanese companies have continued to increase their investments in R&D and IT. However, the assumption of lifetime employment has led to low labor market liquidity, limiting companies' ability to hire specialized talent directly. As a result, companies are finding it increasingly difficult to conduct R&D and IT development using only their own personnel. Making use of outside companies and talent has become

increasingly common, particularly in the highly specialized IT field. Consequently, in Japan the percentage of IT talent belonging to user companies is lower than in other countries. Instead, IT engineers are typically employed by IT service providers (see Figure 1).

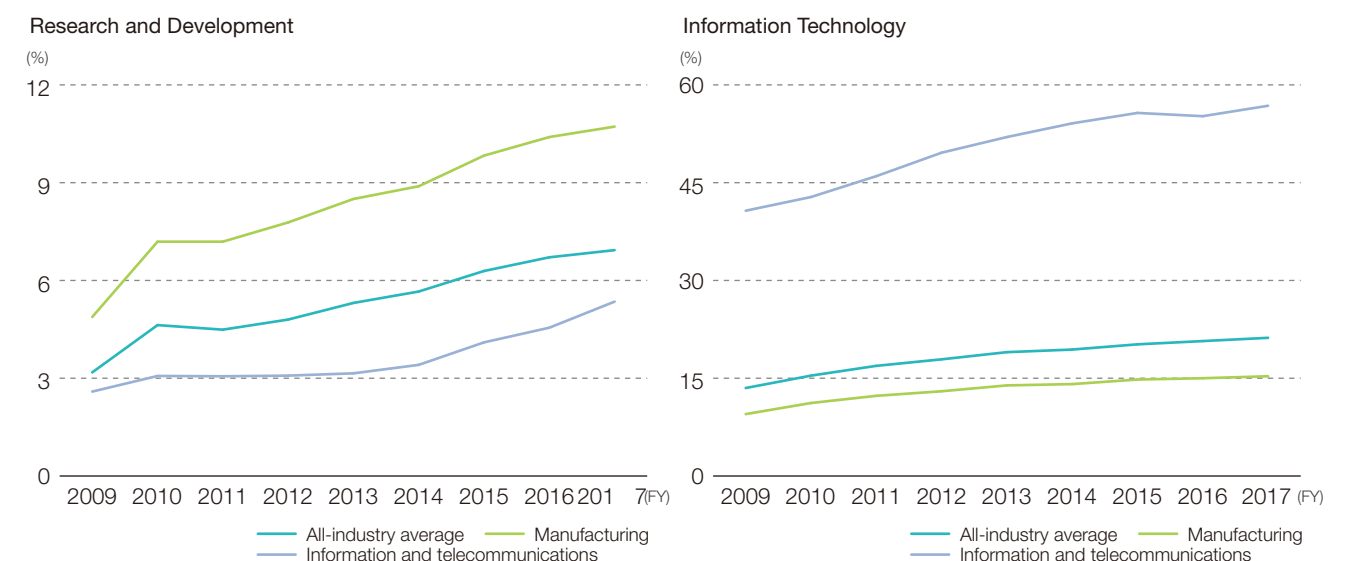
The corporate tendency to make use of outsourced IT and R&D personnel is expected to continue expanding over the long term. As a result, ongoing growth is projected to continue in the technology services market, centered on engineer staffing (see Figure 2).

Figure 1. Ratio of IT Talent at IT and Non-IT Companies



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

Figure 2. Outsourcing Usage Ratio by Industry



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

The Growing Importance of Engineering Talent

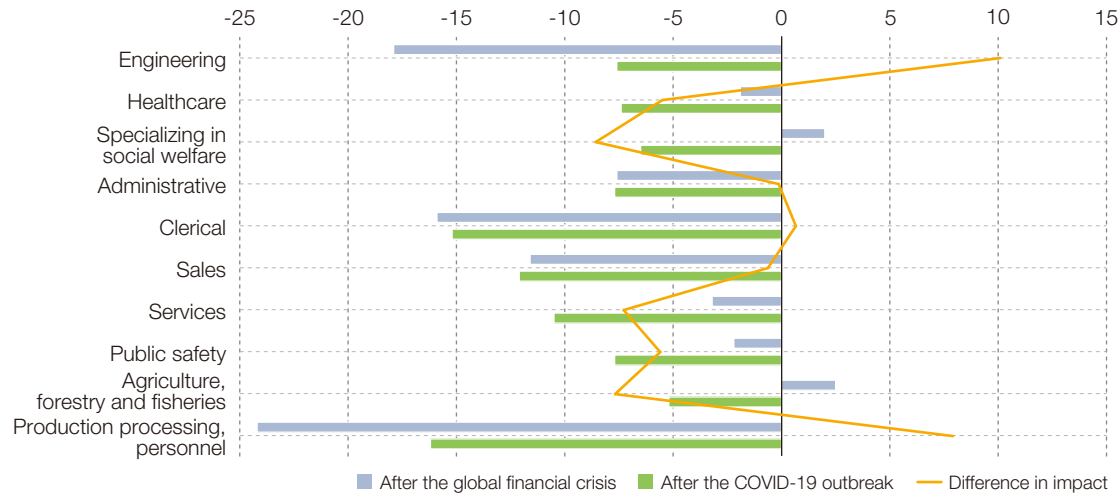
The engineering services industry, which handles R&D and IT outsourcing, has grown over the long term as development needs expanded. That said, this sector is susceptible to business fluctuations, and demand decreases are pronounced during economic downturns. The TechnoPro Group commissioned the Doshisha University Research Institute for STEM Human Resources to compare different industries to determine the degree to which new job offers were affected six months after the economy experienced two external shocks: the global financial crisis and the COVID-19 pandemic. The results showed that the decline in new job openings in Japan was more severe six months after the start of COVID-19 (as of July 2020) than half a year after the global financial crisis. At the same time, however, the amplitude of the decrease in demand for engineers was smaller (see Figure 3).

These figures suggest the possibility that previous drops in demand for engineers during economic downturns were excessive. Alternatively, over the past decade engineers may have begun playing a greater role in industry due to the rising importance of software.

“New Normal” Driving Accelerated Digitalization and a Shortage of Engineers

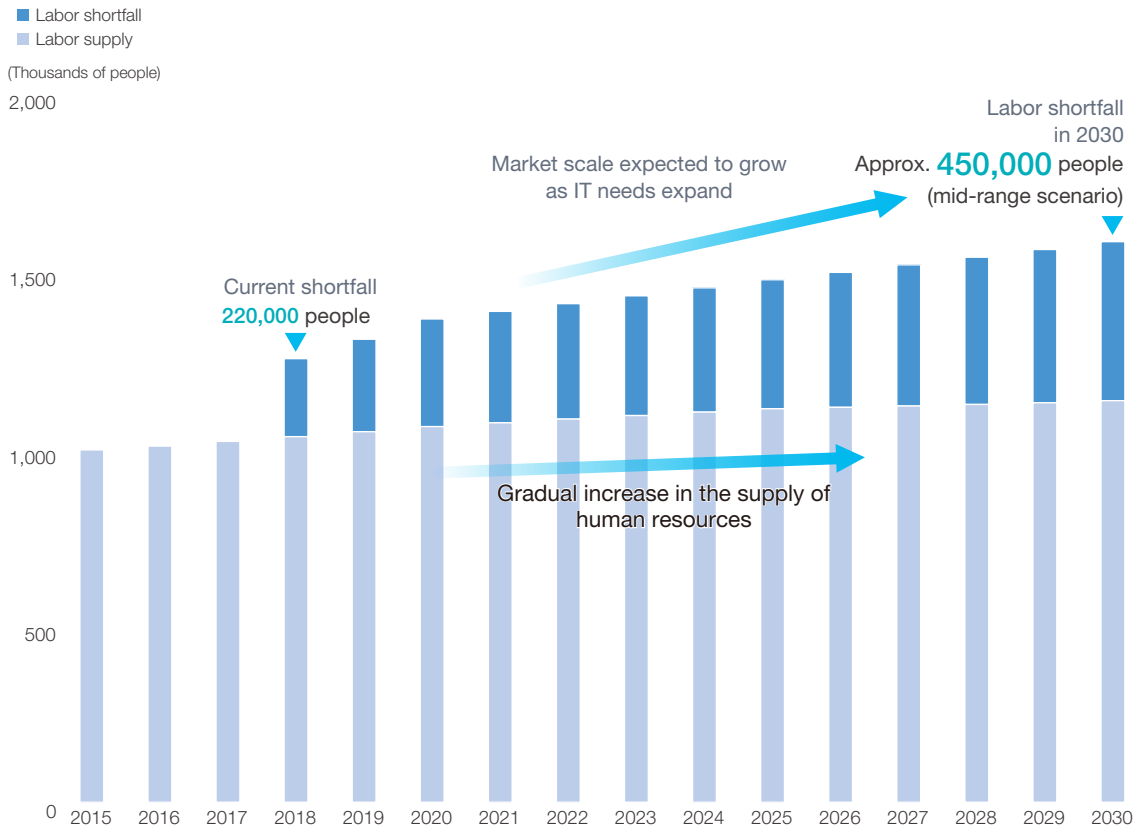
Before the outbreak of COVID-19, concern was mounting about a major shortage of IT talent in Japan. According to projections by the Ministry of Economy, Trade and Industry, the country could face a shortage of 450,000 IT engineers by 2030 (see Figure 4). In addition, the spread of COVID-19 has highlighted Japan’s lag in the adoption of IT in numerous areas. This is partly because Japanese IT investment to date has lagged behind that of Europe and the United States (see Figure 5). With new lifestyles taking hold as society adopts the so-called “new normal,” investment in digitalization is expected to accelerate further. Looking at the labor market surrounding engineers in Japan, the shortage of IT talent appears likely to grow more severe, as pay for engineers in Japan is below that of other countries, low levels of labor fluidity constrain the movement of engineers between industries and companies, and the supply of human resources is falling due to a declining number of childbirths and an aging population. The TechnoPro Group hires and cultivates engineers, who are an important resource for society. By extending the potential scope of activity for engineers and working to enhance their treatment, we aim to help alleviate the social issue that a shortage of engineers represents.

Figure 3. Percentage Change in the Number of Job Offers Six Months after External Shocks and the Shift over Time (■ March 2009 vs ■ July 2020)



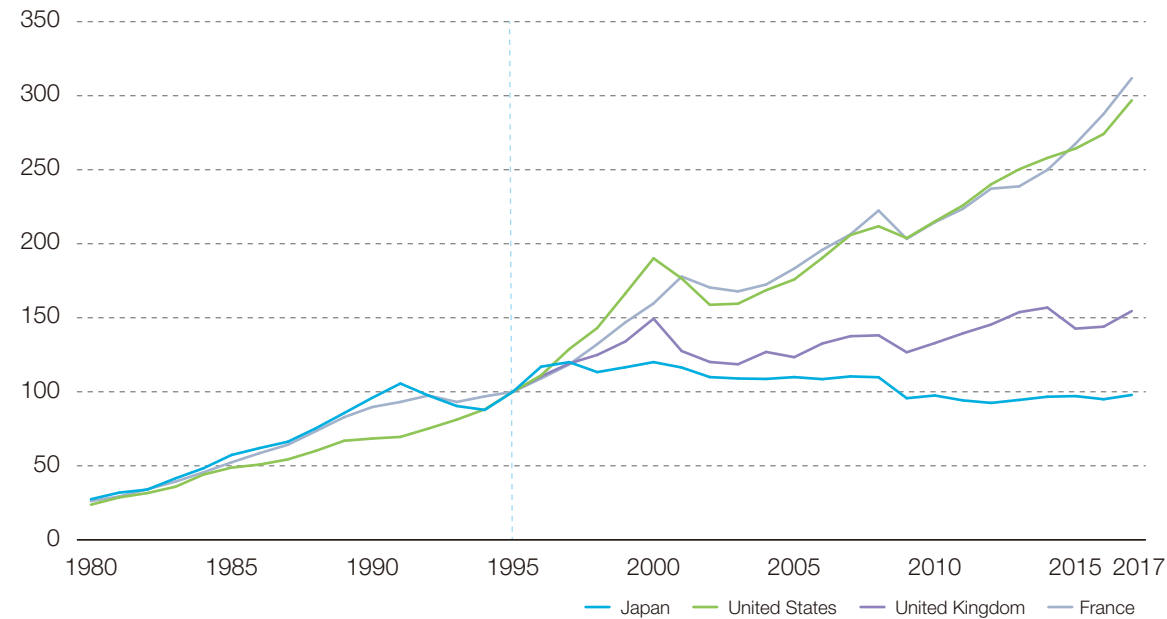
Notes: In this figure, the numbers of new job offers in different sectors at points six months after the start of the global financial crisis and the COVID-19 outbreak are used as an indicator of the impact severity of these events. Values are indexed to 100 in September 2008 for the global economic crisis and January 2020 for the COVID-19 outbreak in Japan (seasonally adjusted).
Sources: “Status of General Job Placements (New Job Offers) (Excluding the Common Use of Part-Time Workers,” Ministry of Health, Labour and Welfare, Doshisha University Research Institute for STEM Human Resources, commissioned by TechnoPro Holdings in 2020

Figure 4. Projected Shortage in IT Personnel



Source: “Study of Recent Trends and Future Estimates Concerning IT Human Resources,” Ministry of Economy, Trade and Industry

Figure 5. Comparison of ICT Investment, by Country (Nominal, 1995 = 100)



Source: “2019 White Paper on Information and Communication,” Japan Ministry of Internal Affairs and Communications

Message from the CEO



Yasuji Nishio
President,
Representative Director and CEO
TechnoPro Holdings, Inc.



We will continue to grow as we embrace the “new normal,” responding to needs that emerge as DX expands.

Progress on the Current Medium-Term Management Plan: Passing Marks

At the start of our current medium-term management plan, in fiscal 2018, we had anticipated annual revenue of ¥160.0 billion or more, operating profit of ¥17.0 billion or more, and net profit of ¥11.0 or more by fiscal 2022, the final year of the plan. In the fiscal year ended June 30, 2020, we had essentially reached these targets—two years early.

The plan outlined three growth strategies. We greatly surpassed our own expectations on the first of these strategies: stable growth in our core business of engineer staffing. The second strategy, and the one I have focused on most, is on making a shift toward higher added value. In this area, we made major progress in moving ourselves to the next stage by promoting alliances with business partners and through M&A in Japan. Specifically, we

are working with AWS and AZURE on the public cloud, as well as developing engineers in such areas as cyber security, ERP, AI and big data analysis. However, except for expansion of the contracting business, these efforts have yet to shine through to the numerical results.

The third growth strategy is globalization. In this category, we have pursued M&A projects in Singapore and the United Kingdom, but these moves simply resulted in us purchasing local dispatching businesses; we did not benefit from synergies or the acquisition of new technologies. In September 2019, we established TPRI Technologies as a subsidiary in India. Our aim was to conduct leading-edge technology development offshore, but this effort was delayed, as COVID-19 struck just as we were entering the expansionary phase. Overall, I would give last year's efforts on the medium-term management plan passing marks, of 73%: 100+% for growth in our core business, 70% for a shift toward higher added value and 50% for globalization.

Taking these three strategies as pillars, we are building a talent management system aimed at business digitalization. The system will be implemented across nearly all functions. We have started by launching the system in one business division, and things are progressing generally according to plan.

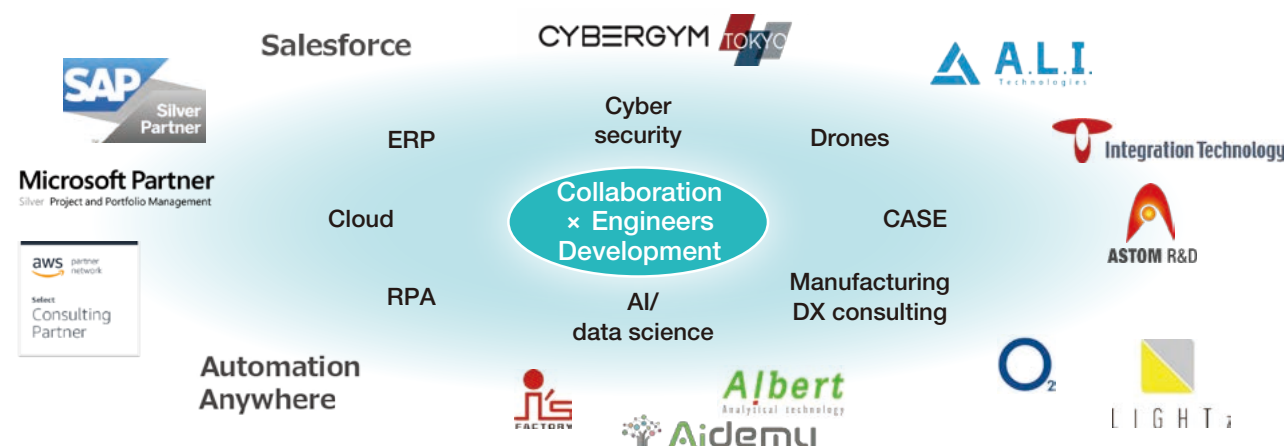
Now Is the Time to Resolutely Maintain a Defensive Position

In February 2020, when it was clear that COVID-19 would deal a serious blow to the global economy and we faced the possibility that the impact could be long-lasting, I gave instructions to temporarily freeze all new hiring, with immediate effect, and to cut on-site costs. At that point, customer demand remained strong, and some on-site personnel initially fought back. In hindsight, the utilization rate was lower than in typical years, but the level of decrease was limited. The Japanese government issued a strong request that companies maintain employment. I believe customers who had suffered through the experience of cutting employment too deeply during the global financial crisis of 2008 to 2009 also made an effort to maintain contracts as much as possible. Our cost-cutting efforts also had a major impact. Revenue trended downward, but the Group grew more robust, moving upward on the profit front.

A decade ago, all industries experienced a simultaneous downturn, prompting many companies to discontinue their dispatch agreements. Fortunately, this time the situation was more nuanced, with winners and losers differing by industry and even by company, so the situation was less dire. March 2021 will be a major

Alliances

Establishing Ecosystems Involving Various Partners with Advanced Technologies



Message from the CEO

milestone for contract renewals, and we plan to continue operating cautiously until then. We can still take on the challenge of relaunching growth, but because the times are extremely uncertain, we in management need to keep the Company out of situations that we will be unable to recover from if we make a mistake. For that reason, I am taking responsibility for the decision to shelve growth for the time being. Now is a time for protecting the Company, its employees and its shareholders. That is my top priority. It is vital that we survive in the market regardless how difficult the situation becomes, and we need to conserve the strength to ensure that happens.

That being said, we have to invest toward the next stage of growth, and we need to continue preparing no matter how difficult things become. This preparation has two main aspects. The first is education and training to equip engineers with necessary technologies. The second is for us to develop proprietary systems to boost the efficiency of clerical work and sales activities. Suspending activity in these two areas would render us unable to recommence growth, so we need to clench our teeth and persevere.

■ Opportunities Presented by the New Normal and Our Next Medium-Term Management Plan

The next five years looks set to be a very exciting time. If I were still in my early 50s, I would be delighted to be at the Company's helm during this period. The time for strong companies to prevail will soon be upon us. I would like to share that enthusiasm with the next generation of management.

Without a doubt, the keyword for restarting growth is "DX." Responding to DX is central to the new medium-term management plan that we had been preparing up until last February. COVID-19 made it clear how Japan was behind other countries on digitalization, which will accelerate the progress of DX in Japan. I am convinced that the initiatives the TechnoPro Group has been undertaking are exactly on target. We will continue working assiduously to pursue growth in the dispatching business, enhancing the quality of engineers as well as their quantity, as we promote DX solution services.

The TechnoPro Group has more than 20,000 engineers, more than half of whom are IT engineers. This is a substantial strength for the Company. Under the current medium-term management plan, we have cultivated engineers in cutting-edge fields, such as cloud computing and cyber security. We expect the need for this type of engineer to surge in the post-COVID-19 era. Even now, demand for engineers is gradually growing as the "new normal" commences. We will continue to focus investment in this area.

We are revising our course of direction slightly on M&A. Even when target companies are overseas, rather than concentrating on staffing, we will look at companies that have nurtured the seeds of excellent technologies that can be transplanted to Japan, companies that offer such solutions or companies that can leverage these solutions to conduct development offshore. The emphasis will not be on boosting our ratio of overseas sales. We will take an opposite approach toward IT personnel. If the

recruiting market makes it difficult to secure the human resources we need, we will achieve this by pursuing M&A in Japan and broadening our targets somewhat.

I also have a message for our engineers and administrative staff: we are building a job-based personnel evaluation system, and we need to reconsider our system for compensating managers, including executives. Engineers are already undergoing job-based evaluations, but we will step up the rewards for people who are learning cutting-edge technologies and taking leadership roles. Looking at our system of executive compensation, fixed compensation currently accounts for a high proportion, which I do not think has rewarded executives appropriately for our growth over the past five years. I would like to revise this system to better reflect their contributions to Group earnings by clarifying the standards for performance-linked compensation, including share-based compensation.

I will turn 70 next year, and I had been preparing for a new management team to roll out our new medium-term management plan. The outbreak of COVID-19 has stalled these plans, and we will delay the transfer to a new management team until the Company has returned to a growth trajectory. I am asking the Nomination and Compensation Committee to move forward with deliberations on this front. I will remain a director for one or two years thereafter to serve as backup for the new structure, but I will take a secondary role. I will offer support rather than guiding management policy.

■ Our Mission as Society Changes

Whether for better or for worse, COVID-19 is causing Japanese employment practices to change. The system has changed considerably from the days of seniority-based compensation and hiring large numbers of new graduates. Job-based employment systems are becoming the norm, and mid-career hiring will at some point be standard. While the risk that this situation will erode our business certainly exists, I choose to view the situation more positively. I think we have a new business opportunity.

To date, we have benefited society by leveraging valuable engineering talent as industries rose and fell amid a relatively illiquid labor market. I think we can apply the lessons we have learned along the way to the next phase of transformation. We are involved in numerous technology fields, giving us early access to information on what fields currently need people and where surpluses exist. As a result, we are well placed to contribute to society by hiring new personnel, cultivating human resources and bringing others from overseas.

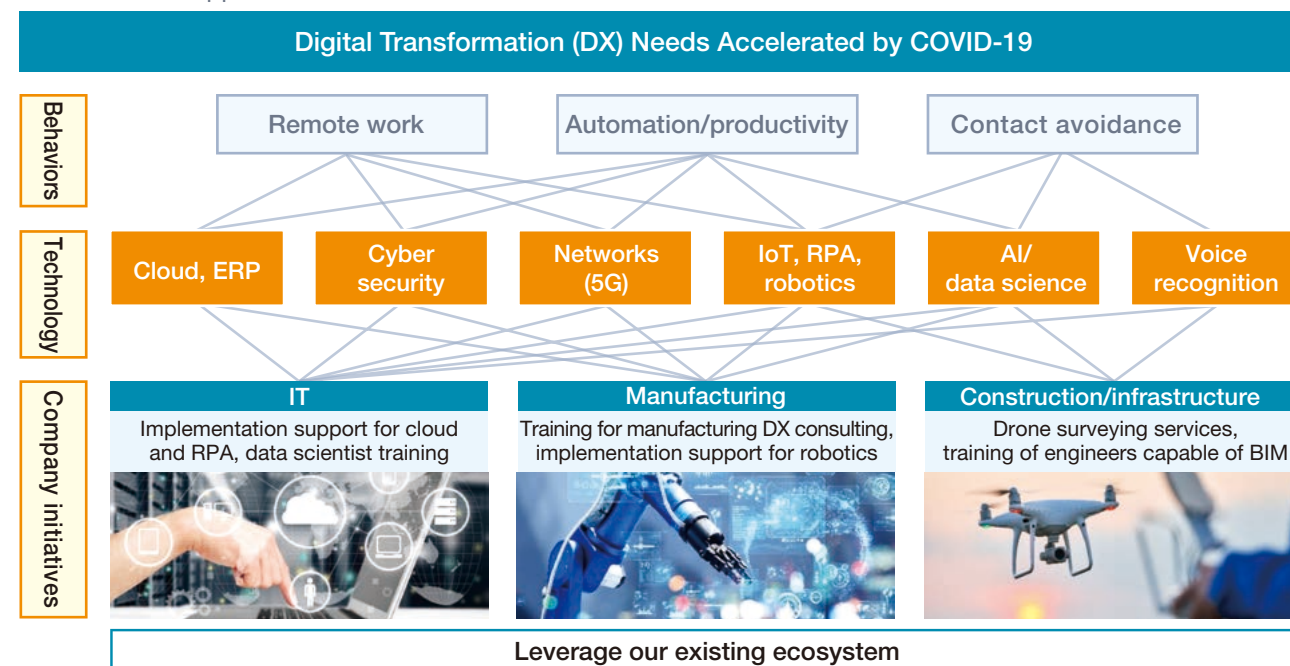
I would like to make the TechnoPro Group a place where individuals can realize the career path they envision, a company that greatly increases performance-based pay and a place where individuals can make the most of their capabilities and take their own initiative. In addition to dispatch, a variety of other possible working styles may exist for achieving this. Working styles will also need to be offered in a wide range of categories, from upstream tasks like consulting to development, system installation and maintenance. My long-term vision—maybe 5 or 10 years in the future—is for us to become a company where engineers can find their ideal working style. The results will not be quick, as we also need to take human resource development and M&A into account over those 10 years, but these efforts will contribute to the Group 10 years hence. Our current course of management will determine the fate of these opportunities; I invite you to look forward to our next medium-term management plan.

September 2020



Yasuji Nishio
President, Representative Director and CEO
TechnoPro Holdings, Inc.

New Business Opportunities in the "New Normal"



Message from the CFO



I will promote our transformation toward a business that provides new technologies and solutions with a view to creating value and achieving sustainable growth.

■ A Year of Progress for Finance-Focused Management

When I was appointed CFO last year, there were two things that I had planned to do at the Company over the next few years. The first, from a value-creation perspective, was to conduct management based on financial theory and thought. The second was to transform our business model with a view to sustainable growth. Looking back over the year with respect to the first objective, we hired numerous personnel and acquired a profit-making company. In considering whether they would generate returns exceeding our cost of capital, the idea of making investment decisions that take into account the relationship between ROIC and cost of capital permeated through management and organization gradually. We used an ROIC target of 10% when valuing companies we acquired, and even though the investment was not capitalized, we were able to imply investment return as the incremental gross profit margin after recruiting and training expenses. Thus, we have also begun using capital efficiency in our decisions on hiring and personnel training strategies.

To the second objective, we made progress in shifting from a dispatch model to the provision of solution services. Specifically, we made inroads on expanding the contracting business, moving toward higher

added value and transitioning from quantity to quality. Business transformation is difficult; the same is true for any company. People are resistant to change, and to be frank I am not altogether satisfied with the progress we have made over the past year in this respect. That said, COVID-19 made the risks of the dispatch model apparent. This internal awareness will probably facilitate efforts to transition to a more resilient business model. Naturally, it will be extremely important to convey the management team's conviction throughout the entire organization. When doing so, the explanation of why this strategic change is necessary will make the financial perspective part of our common terminology.

■ Successes and Issues in the Fiscal Year Ended June 30, 2020

The engineer dispatch business in Japan was affected by COVID-19 toward the end of the fiscal year ended June 30, 2020, but until that point growth had outpaced our expectations. A falloff in the utilization rate during the pandemic has caused the gross profit ratio to decline somewhat, but overall we have come through relatively well.

However, we did record goodwill impairment losses on two domestic companies we acquired that are not involved in worker dispatch, but rather in the permanent placement and architectural design businesses. As both

companies engage in spot-revenue businesses, we have revised our forecasts to assume they will continue to experience COVID-related difficulties for the next year or two. Hence, we decided to proactively declare impairment losses. I am keenly aware of the fact that we have posted goodwill impairment losses for two years in a row. Even so, M&A remains a central pillar of the Company's growth strategy. However, rather than targeting EPS growth we need to focus on remaining consistent with our medium- to long-term strategies as we consider M&A projects. From the phase of selecting target companies, I believe it is important to clarify the responsibility for their contribution to business divisions and achieving post-purchase business plans and ROIC above cost of capital.

In overseas business, an absence of Japan's permanent employment model means that the risk of losses is limited. Even so, we are making slower progress than anticipated on achieving our goal at the time of purchase, which was to expand business targeting Japanese customers. For the two companies we acquired, sales and recruiting are both being conducted entirely locally. We need to shift toward a new business model that facilitates the global flow of personnel and technologies.

■ Responding Swiftly to COVID-19 and Preparing for the Next Phase

In order to respond to COVID-19 on the financial front, our first step was to ensure sufficient on-hand liquidity. To provide ourselves with insurance so we could face the unexpected, we increased our total commitment line from ¥6.0 billion to ¥12.0 billion. We are also steadily making use of syndicated loans to refinance our existing debt, lengthening their terms. In addition, we have set our bridge financing limit for M&A at ¥10.0 billion. Taking a long-term view beyond bridge loans, we are exploring the possibility of issuing corporate bonds in the market and have obtained a rating to this end. COVID-19 could prompt some companies to consider selling. We are making the capital preparations to be ready for any investment opportunities that might arise.

On the business administration front, we are monitoring the balance between supply and demand. In terms of operating profit, our breakeven point is at a utilization rate of 80%. By making further cost cuts, we should be able to avoid losses even if the utilization rate dips into 70% territory. Addressing this situation by applying thorough KPI management, our strength, we will place ourselves in a conservative position and be ready to step on the accelerator for growth again when the timing is appropriate.

Of our ¥36.0 billion in goodwill, ¥29.0 billion is from goodwill generated through the MBO that launched the Group. We are not concerned about impairment losses from this chunk, as ours is a recurring-revenue business. The remaining ¥7.0 billion is goodwill generated through M&A following our stock listing. This amount may be subject to impairment losses, depending on our operating performance, but at most the amount would be ¥1.1 billion per company, so the financial impact would be small.

Looking at our capital policies and shareholder returns, we plan to maintain a dividend payout ratio of 50% in the new fiscal year. We did not engage in M&A last year, but in addition to paying regular dividends we bought back our shares from the perspective of capital efficiency. Given the importance of cash in the COVID-19 scenario, we will need to be prudent about share buybacks, but we plan to spend the remaining 50% on M&A and other value-creating growth investments.

■ Seeing the New Normal as a Growth Opportunity

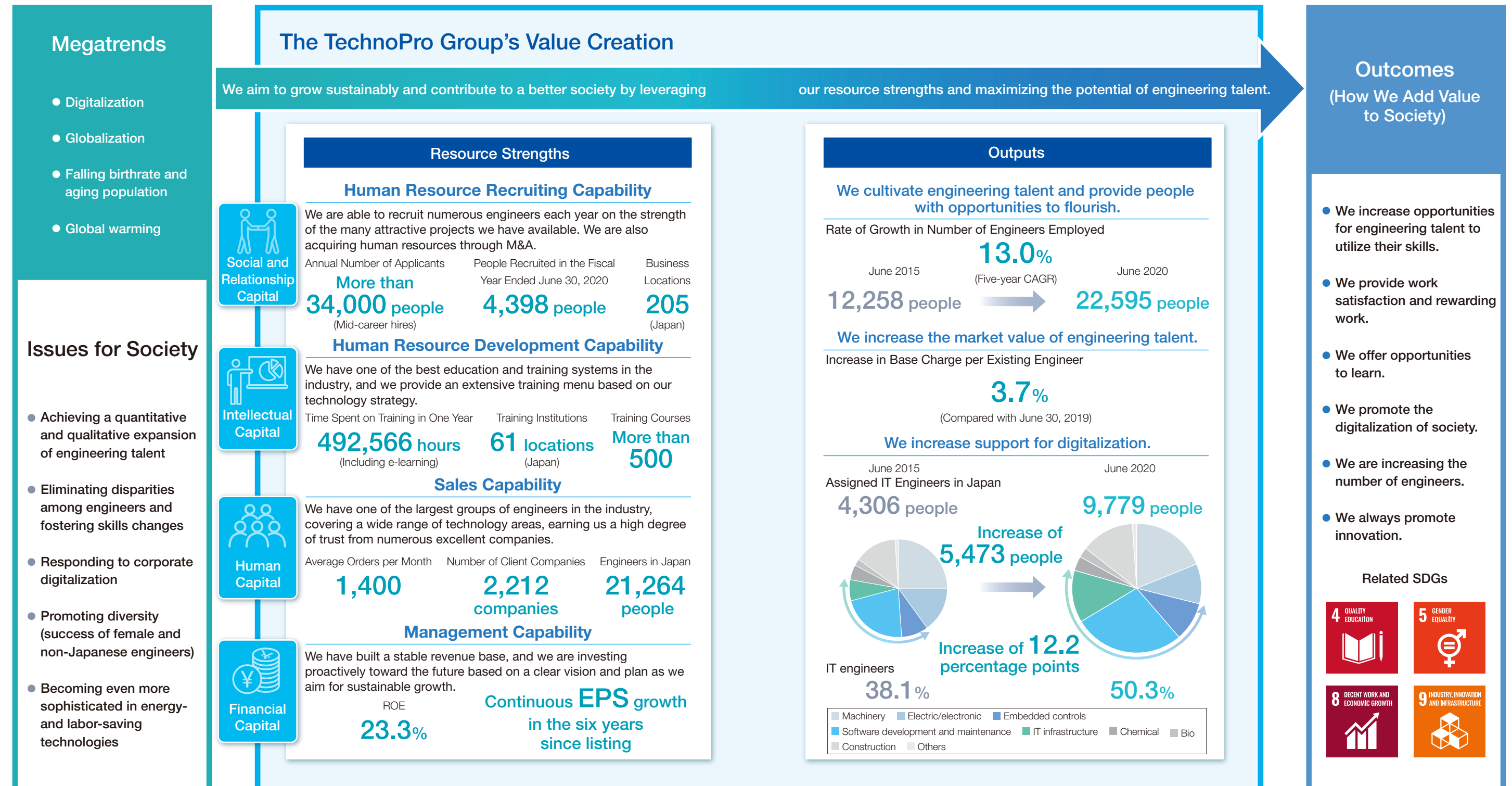
I think the new normal spells business opportunities, which will become apparent in digital domains. This situation benefits the TechnoPro Group. Many of our personnel are IT engineers, and to help them acquire leading-edge technologies we are strengthening our alliances with third-party vendor companies, Amazon, Microsoft, SAP and other IT vendors. We believe that both customers and highly talented human resources will be congregated at large companies that are robust and provide solid training.

We need to extend our scope beyond the dispatching of engineers and also look at how we can provide new technologies and solutions to our customers. In addition to HR development, we will look toward the acquisition of companies that have engineers and technologies with the capabilities we need: the expertise to consult with clients to uncover technology issues and propose solutions; the ability to undertake and manage projects; and the wherewithal to make use of offshore capabilities overseas to deliver work.

In the current difficult operating environment, engaging in dialogue with investors and other stakeholders is more important than ever, and we are being increasingly proactive about timely information disclosure. The new medium-term management plan we expect to announce at the end of the current fiscal year will outline our business transformation and growth plan, backcasting from where we wish to be as a Company 10 years into the future. The management team is united on these initiatives.

The Value-Creation Process

By helping engineers achieve their potential and satisfy market needs, we can sustain our growth while adding value to society.



Risks and Opportunities

The progress of technological innovation, the spread of infection, large-scale disasters and other changes in the operating environment have a significant impact on our business model and corporate value. The TechnoPro Group’s Board of Directors has deliberated on and identified business-related risks and opportunities that have the potential to significantly affect investor decisions.

We will continue to make these efforts to prevent or minimize risks and increase opportunities.

We believe that the items outlined below are the major risks that investors should take under consideration when making investment decisions about our shares. Some of these risks are described below; this list is not exhaustive.

Risks and Opportunities Related to Business Operations and Compliance

Key Categories	Details	Measures
Response to Infectious Diseases	Requests for employees to work from home, limits on engineers’ movement between regions, and limits on face-to-face sales and recruiting activities could have an impact on the supply side.	The configuration and operation of information and personnel systems that help people work from home, as well as progress in cultivating clients remotely, could help reduce infections, resulting in a business operating system that places topmost priority on employee health and safety.
	Lower demand due to deterioration in the operating performance of client companies, as well as shrinking or delayed R&D projects could affect operations on the demand side.	
	Promote the adoption of digital technologies into social and corporate activities as awareness of infection risk mounts.	Expand business by increasing the number of engineers and solutions involving digital technologies.
Response to Digital Transformation (DX)	The failure to predict or recognize the direction of technological changes correctly, or an inability to improve the technical skills of engineers in response to recognized technological changes could result in an obsolete skill set.	Improve the capital efficiency of education and training investments by providing various educational and training opportunities to support the advancement of our engineers’ abilities and skills, as well as their familiarity with new technologies.
	An excess of personnel due to a decrease in demand for technical staffing stemming from new technologies could cause a major reduction in the work hours required for R&D and IT systems development.	
	We could incur major expenses to secure or train engineers capable of responding to new technologies.	Analyze future technological trends, identifying as strategic technology fields those fields expected to experience strong demand over the long term, and then recruit and train engineers who possess skills in these strategic technology fields.
	We could experience a loss of demand due to the direct employment or use of freelance engineers by customers due to the development of HR tech, remote work, and other technologies.	
	The Group could experience increased demand if customers experience greater needs for technical human resources in connection with technological innovation.	

Key Categories	Details	Measures
Changes in Related Laws and Regulations	Any conflict with the Worker Dispatch Act or related laws and regulations could result in the cancellation of permission to engage in the labor dispatch business or the suspension of business.	Establish and operate a strict system of legal compliance, including organizational considerations, internal rules, and training for officers and employees.
	Revisions to related laws and regulations could significantly disadvantage our business operations and performance.	
	Stricter regulations could result in the weeding out of small and medium-sized staffing companies, increasing demand for the Group’s services and allowing the Group to seize larger market share.	
Economic Trends in Customer Industries	If the industries to which our customers belong experience downturns, the Group may experience shortened work hours, less-advantageous contractual terms, or cancellation of labor dispatch contracts in progress.	Bolster education and training to enhance the added value of our engineers, and maintain a stable engineer utilization rate. By conducting business with a variety of industries and customers, avoid the potential impact of relying on specific industries or specific customers, engaging in risk diversification of our business operations. (The top 10 customers account for 13.4% of total sales.)
Mergers and Acquisitions (M&A)	Subsequent to an acquisition, the Group may discover contingent liabilities, or the business may not be able to achieve business plans initially forecasted, or the Group may not be able to exercise sufficient control or monitoring of the management of the investee company, resulting in interference in business operations.	When conducting M&A or equity investments, perform detailed due diligence. Emphasize return on invested capital (ROIC) as a key performance indicator to consider during price negotiations and post-merger integration of investments.
Adoption of Impairment Accounting	A notable decline in the Group’s profitability or our judgment that the expected results of M&A cannot be achieved may lead to the impairment of goodwill or intangible assets. Performance of an acquired or investee company that diverges significantly from originally forecast plans could change the fair price of put options granted to minority shareholders.	Form a team consisting of business unit and PMI representatives beginning at the due diligence stage, creating a post-investment plan in advance. Execute plans promptly after the closing of an investment to improve the management of the investee company and secure expected synergies between the investee company and the Group.
Securing Sufficient Human Resource	Tight supply of and demand for engineers could lead to difficulty in securing sufficient engineering professionals. Also, changes in working styles due to the COVID-19 pandemic could decrease placement opportunities for inexperienced personnel and new graduates, as well as reduced opportunities for on-the-job training.	Optimize our recruitment channels, including online media and <i>Hello Work</i> (Japanese public employment service center). Also, diversify our recruitment channels, including the use of professional recruitment service providers and personal referrals, to generate greater recruitment expense efficiencies and recruit higher-quality employees. Conduct annual employee satisfaction surveys and use the results of these surveys to implement measures for improved treatment, thereby strengthening recruitment competitiveness and maintaining higher retention.

Risks and Opportunities

Key Categories	Details	Measures
Labor	Disputes may arise with employees regarding occupational health and safety or management-labor relations.	Execute initiatives to ensure the quality of human resources at the time of hiring, to enhance engineer management (including labor management that emphasizes compliance), to strengthen education and training, and to improve employee satisfaction.
Compliance	If executives or employees engage in acts that violate social ethics disregarding compliance, we may become liable for reparations to compensate for damage suffered by society or customers and experience harm to our reputation.	Establish an integrated risk management plan under the CSR Committee, which consists of the Group directors and members of the Audit & Supervisory Board and is chaired by the representative director. This plan identifies compliance risks and management focus. Establish a cross-Group compliance department charged with ensuring consistent escalation of arising issues, implementation and of internal audits and corrective action, and a reporting system for internal communications.
Information Security	An external leakage of confidential customer information by the Group's engineers could result in a demand of reparation for damages. A data loss or leakage from the Group's information systems may interfere with the Group's business operations.	Instill the proper handling of information and information equipment through education and training of executives and employees. Address data loss or leakage from the Group's information systems by strengthening network security and taking other measures.
Business Reputation	Acts by executives or employees could damage our social credibility or corporate reputation.	Enforce compliance.
Personal Information Protection	An external leak of personal information may result in the loss of social trust in the Group.	Instill the proper handling of personal information through ongoing education and training for executives and employees. Designate a CSR Promotion Officer responsible for personal information protection. Structure other security measures related to personal information, including the development and operation of personal information protection rules and information systems.
Natural Disasters and Accidents	A natural disaster, such as an earthquake or flooding, or an unforeseen accident could damage Group or customer facilities.	Establish business continuity plans and corporate crisis countermeasure rules in the event of natural disasters or accidents, with measures that include utilizing a data recovery center in the event of information system failure.

Risks and Opportunities the Group's Business May Face from a Medium- to Long-Term Perspective

Key Categories	Details	Measures
Progress of Globalization	Globalization in R&D and systems development could cause the scale of development projects in Japan to shrink and reduce demand for technology development services, and the Group may be unable to respond to such changes.	Pursue globalization as part of the Group's growth strategy. (As of June 30, 2020, the Group employs a total of 1,331 engineers in overseas locations that include China, Singapore, India and the United Kingdom.)
	Growing opportunities exist to propose the best technology development services and solutions in each region.	
Changes in Employment Practices	Further increases in the fluidity of employment and general adoption by customers of the practice of hiring directly on a development project basis could reduce demand for the outsourcing of engineering resources.	Diversify our business domain into a higher-value-added technology development service that includes training engineers who have the latest technology skills, engineering consulting, and professional recruitment services for engineers and others.
Changes in Customer Demand	The Group may be unable to respond to progress in digitalization and software that have introduced changes in R&D methods and IT systems development.	Train engineers in mastering new development methods, and optimize resources on a global basis.
	Opportunities are increasing to propose technology development services for customers to respond to changes in technology.	
Population Trends in Japan	Declines in the total population and number of engineers in Japan could lead to market contraction and increase competition for new graduates and mid-career recruits.	Recruit global human resources and promote more efficient technical development.
	Demand for technical human resources in Japan could continue to rise.	
Long-Term Trends in the Global Economy	The return to global protectionism, ongoing constraints to a free trade economy and regular new outbreaks of infectious disease on a global scale could result in many Japanese corporations becoming reluctant to invest in R&D, reducing demand for technical human resources.	
	Large Japanese companies could invest aggressively in R&D to maintain their international competitiveness.	

Material Issues (Materiality) for the TechnoPro Group

To support value creation, we define material issues (materiality) from a management perspective and aim to achieve sustainable growth by putting them into practice.

The Material Issues Definition 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 confirmed by the Board of Directors.

Material Issues for the TechnoPro Group

Theme 1: Human Resources

Raising Everyone's Potential

- Develop human resources and maximize opportunities to flourish
- Resolve shortage of engineering talent and promote innovation
- Pursue rewarding work and employee satisfaction
- Provide learning opportunities for all people
- Achieve human resource diversity and equal opportunity

Theme 2: Business

Contributing to Society through the Power of Technology

- Realize high-value-added solutions
- Use IT to achieve business innovation
- Accelerate overseas business
- Maximize customer satisfaction
- Resolve social issues through business

Theme 3: 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

Theme 4: Governance

A Sustainably Growing Company

- Reinforce governance
- Expand business through sound trading relationships
- Engage in dialogue and disclosure
- Enhance business continuity in times of emergency
- Execute appropriate capital strategies

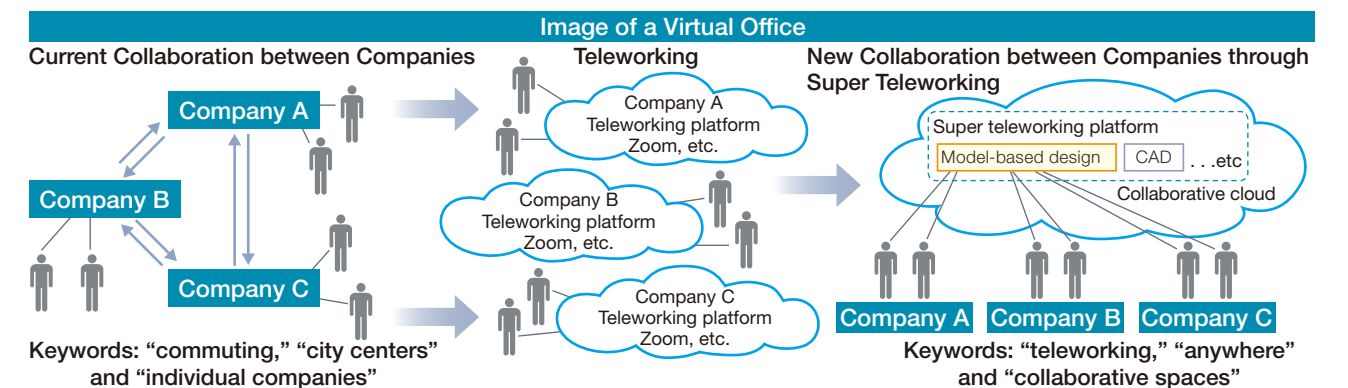
Related SDGs



Specific Initiatives for Meeting Target KPIs

Participation in the Super Telework Consortium

The TechnoPro Group joined Sakura Internet, the town of Nagaizumi-cho in Shizuoka Prefecture, Digital Twins and BroadBand Tower in establishing the Super Telework Consortium. The consortium used model-based design (MBD) space and CAD to create a design space that multiple companies, centering on the manufacturing sector, can use to facilitate co-creation and collaboration through a "super teleworking platform." Objectives are to increase productivity, realize new working styles and foster regional revitalization.



Investment in Aidemy Inc.

The TechnoPro Group has invested in Aidemy, which provides AI learning support and solutions. The Group aims to cultivate and produce excellent multiskilled personnel who are well versed in both manufacturing and AI skills, equipping them to harness AI to address issues faced across society.



Certification as an AWS and SAP Partner

The TechnoPro Group has acquired various partner certifications to enhance engineer training and expand the scope of solutions it provides to customers.



Boyd & Moore Executive Search (BMES) receives three awards in the Recruitment International Awards 2019

BMES, a TechnoPro Group company, received awards in three categories for its innovation and best practices in the recruitment field.



Support for Science Koshien Junior

The TechnoPro Group provides support as a sponsoring partner of Science Koshien Junior, led by the Japan Science and Technology Agency.



Quantitative Indicators (KPIs) and Target Values for Material Issues (Materiality)

Theme 1: Raising Everyone's Potential

Quantitative Indicators (KPIs) and Target Values

Training and Education

(Years ended June 30)	2018	2019	2020
Group training (Number of people to date)	71,023	97,306	120,829
E-learning (Number of people to date)	8,082	111,216	114,841
Number of Unique Participants (Including e-learning) (People)	8,119	17,153	22,039
(Excluding e-learning) (People)	7,034	8,175	7,049
Unique hours of participation (Average) (Including e-learning) (Hours)	32.1	29.9	22.3
(Excluding e-learning) (Hours)	36.6	53.0	48.3

Target value: Total of 200,000 people/year by 2022 (including e-learning)

Long-Term Training for People without Field-Specific Industry Experience

(Years ended June 30)	2018	2019	2020
People generally undergoing one month or more of training	964 people	1,543 people	1,702 people

Target value: Continuing increase in the number of attendees

Percentage of People Taking Paid Leave

(Years ended June 30)	2016	2017	2018	2019	2020
(%)	68.8	71.3	75.0	72.1	79.0

Target value: Maintain at 75% or higher

Employee Satisfaction

(Years ended June 30)	2016	2017	2018	2019	2020
(2013: 100)	106	108	107	113	114

Target value: Ongoing improvements in employee satisfaction

Percentage Employment of Women

(Years ended June 30)	2016	2017	2018	2019	2020
New graduates (%)	14.0	15.6	15.3	22.5	19.3
Mid-career hires (%)	17.3	18.1	21.1	27.7	27.1

Target value: 17%*1 for new graduates, 20%*2 for mid-career hires

*1 The percentage of women graduating from university schools of science and engineering is 17.2% (2018).
*2 According to a 2015 national census survey, the percentage of women involved in engineering and research is 10.8%.

Percentage of female employees (including overseas)

(Years ended June 30)	2016	2017	2018	2019	2020
(%)	14.1	14.3	16.4	18.0	18.9

Childcare leave taken

(Years ended June 30)	2016	2017	2018	2019	2020
Percentage of men taking leave (%)	2.2	3.1	4.0	5.7	7.0
Number of men taking leave (People)	7	11	16	21	35
Percentage of women taking leave (%)	95.1	95.8	100.0	98.7	100.0

Number of non-Japanese engineers employed

(Years ended June 30)	2018	2019	2020
Number of people working in Japan	756 people	985 people	1,178 people

Target values: Number of non-Japanese nationals working in Japan 1,100 by 2020, 1,500 by 2022

Percentage of Employees with Disabilities

(Years ended June 30)	2016	2017	2018	2019	2020
(%)	1.99	2.21	2.21	2.21	2.21

Target value: Remain at or above the statutory rate of 2.2%

Employment of People Aged 60 or More

(Years ended June 30)	2016	2017	2018	2019	2020
(People)	495	535	641	725	742

Target values: Continuous increase in the number of people

Theme 2: Contributing to Society through the Power of Technology

Quantitative Indicators (KPIs) and Target Values

Contribution and Collaboration in Leading-Edge Technology Development

- Investment in Aidemy Inc.
- Establishment of the Super Telework Consortium
- Collaboration with Integration Technology Co., Ltd.
- Collaboration with ASTOM R&D Co., Ltd.

Target value: At least one new project per year

Number of Engineers in Strategic Fields (Technology Areas considered Important over the Medium to Long Term)

(Years ended June 30)	2018	2019	2020
	3,805 people	4,193 people	4,071 people

Target value: More than 5,500 by the fiscal year ending June 30, 2022
(Strategic technology fields are under review, along with the medium-term management plan.)

Theme 3: A Trusted Partner

Quantitative Indicators (KPIs) and Target Values

Average Hours of Overtime

(Years ended June 30)	2016	2017	2018	2019	2020
(Hours/month)	20.6	19.2	17.6	16.3	13.5

Target value: Maintain a level of 20 hours/month or less

Training on Human Rights/Ethics/Information Security/Anti-Corruption

(Years ended June 30)	2019	2020
Attendance rate	100%	100%

Target value: Continue to increase the number of attendees

CO₂ Emissions

(Years ended June 30)	2019	2020
CO ₂ emissions (Japan)		2,118.2t-CO ₂
CO ₂ emissions per unit of sales (Japan)		0.014t-CO ₂

Paper Use/Unit of Sales

(Years ended June 30)	2016	2017	2018	2019	2020
(2015: 100)	92.6	89.1	82.2	75.9	50.4

Target value: Continue to improve

Theme 4: A Sustainably Growing Company

Quantitative Indicators (KPIs) and Target Values

Percentage of Outside Directors

(Years ended June 30)	2018	2019	2020
(%)	37.5	37.5	37.5

Target value: Maintain at least one-third

Percentage of Directors Who Are Women or Non-Japanese

- TechnoPro Holdings Female directors: 1 (13%)
- For the Group as a whole, out of 53 directors, two are women and 11 are non-Japanese

Target values: For TechnoPro Holdings, continue to have at least one woman on the Board of Directors; for the Group as a whole, continue to increase director diversity over the long term

Status of M&A Activity

(Years ended June 30)	2018	2019	2020
(Number)	5	5	0

Target value: Invest ¥20.0 billion over five years

Sustainable Growth in Earnings Per Share (EPS)

(Years ended June 30)	2016	2017	2018	2019	2020
(Yen)	215.80	225.58	244.81	266.86	299.97

Target value: Maintain revenue and profit growth of at least 10% as well as long-term EPS growth (achieve targets of medium-term management plan)

Material Legal Violations

(Years ended June 30)	2018	2019	2020
(Number)	0	0	0

Target value: Continue to have zero material legal violations

Internal Reporting System

(Years ended June 30)	2016	2017	2018	2019	2020
(Matters reported)	24	23	36	52	129

Target: Ensure the appropriate operation of the internal reporting system

Business Domain

The TechnoPro Group represents one of Japan’s largest groups of engineers and researchers and provides one-stop solutions in a wide range of technology areas, including machinery, electricity and electronics, embedded controls, IT infrastructure, software development and maintenance, chemistry, biotechnology, and construction management.

TechnoPro, Inc., and TechnoPro Construction, Inc., provide technology solutions. They take into overall consideration such factors as project scope and processes, delivery times and working environment. Solutions include the dispatch of engineers, contract assignment and outsourced development, and offshore business. TechnoBrain Co., Ltd. and Boyd & Moore Executive Search K.K. conduct job placement. Helius Technologies Pte Ltd is developing the dispatched

worker business in Asia; Orion Managed Services Limited dispatches and conducts job placement; TPRI Technologies Private Limited dispatches engineers in India, handles outsourced development and engages in offshore development; and TechnoPro Smile, Inc., employs people with disabilities. Pc Assist Co., Ltd., conducts technology-related education and training services through its “Win School” in major cities around Japan, and EDELTA Co., Ltd., and PROBIZMO Co., Ltd. meet various needs in the field of IT. In the construction field, TOQO Co., Ltd., conducts building assessments and diagnoses and engages in the design and management businesses. The TechnoPro China Group is also establishing overseas bases, in China, to meet the needs of Japanese companies operating locally.

R&D Outsourcing Business

TechnoPro, Inc.

- TechnoPro Design
- TechnoPro Engineering
- TechnoPro IT
- TechnoPro R&D

TechnoPro, Inc., is composed of four virtual companies.

EDELTA Co., Ltd.

PROBIZMO Co., Ltd.

Construction Management Outsourcing Business

TechnoPro Construction, Inc.

TOQO Co., Ltd

Other Businesses in Japan

Pc Assist Co., Ltd.

Boyd & Moore Executive Search K.K. (Japan)

TechnoBrain Co., Ltd.

Overseas Businesses

TechnoPro China Group

Helius Technologies Pte Ltd

Boyd & Moore Executive Search (Overseas)

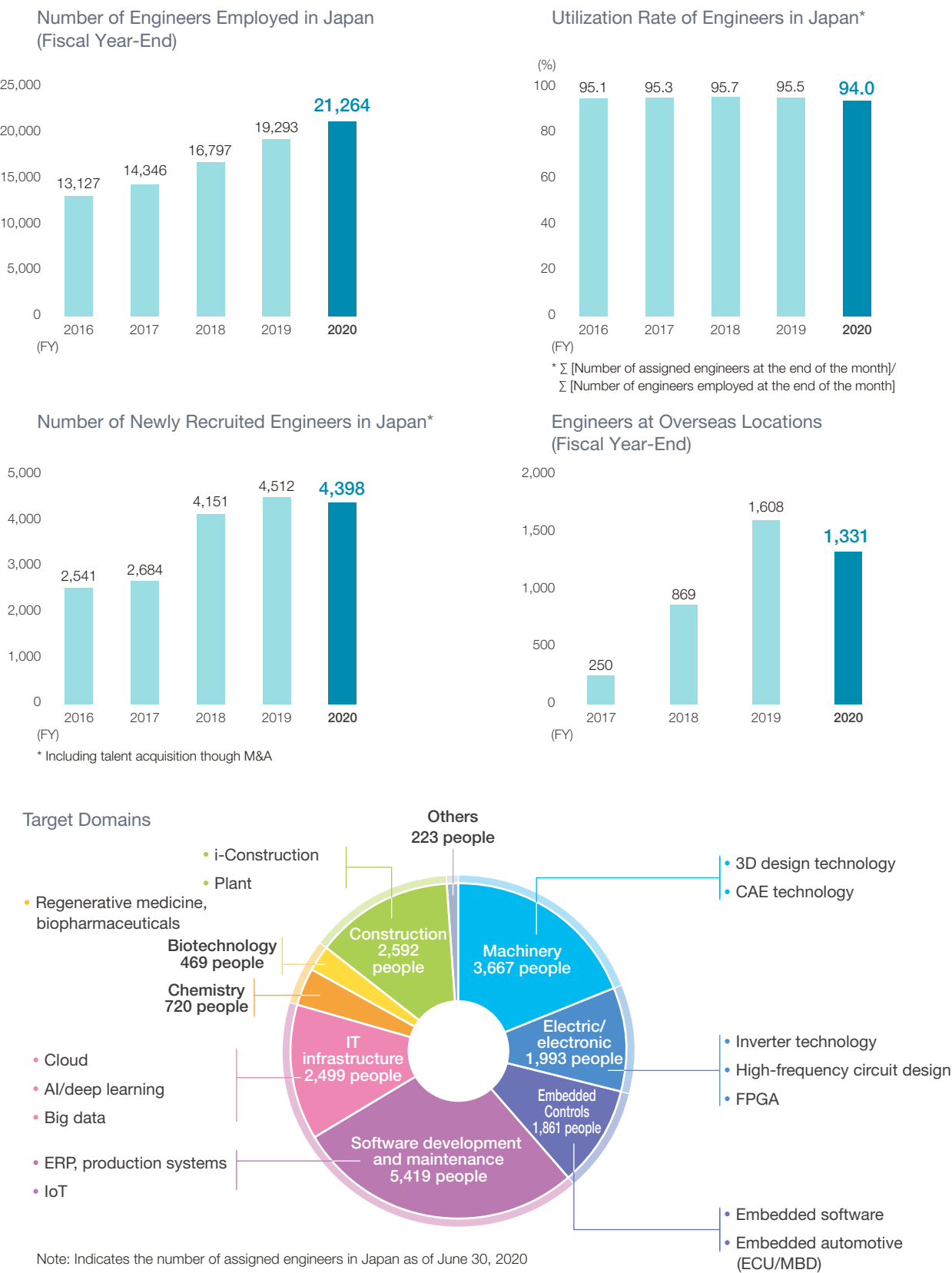
Orion Managed Services Limited

TPRI Technologies Private Limited

Employment of People with Disabilities

TechnoPro Smile, Inc.

Business Data



Management Interviews



Our strength lies in our ability to continue reinforcing engineers' capabilities through various measures, including education, customer strategies and alliances.

Gaku Shimaoka

Director, TechnoPro Holdings, Inc.
In charge of R&D outsourcing business
(Machinery and electric/electronic fields)
Overseas Business

■ Amid a Difficult Environment, a Year When Our Measures Led to Success

The fiscal year ended June 30, 2020 was particularly difficult for the hardware domains, which I oversee. In the automotive sector, we benefited from forward-looking developments in such areas as CASE and MaaS, but manufacturing activity fell off in the face of trade friction between the United States and China. However, as the technology focus continues to shift from hardware to software to some extent, we have been able to take the lead on the sales front by moving into such growth fields as 5G- and IoT-related semiconductors. As a result, we were able to maintain profit levels, although revenue fell off.

In Japan, we have adopted a conservative stance, holding back on both recruiting and costs. However, we have quantitative indicators in place for decisions on when to resume normal operations, and these indicators have been communicated clearly to all employees. Even so, I will resolutely defend investment in education, which will be essential to our efforts to provide higher added value as we start to emerge from the COVID-19 era. We have also introduced a new IT system to support on-site engineers' efforts to identify the issues customers face and propose solutions.

Our overseas business makes up a relatively small portion of the total, so its impact on profits has been limited, but we need to rethink our strategies from a medium- to long-term perspective to account for limited personnel movement globally. We have been making the shift toward higher added value overseas, as well. This approach remains

unchanged, and I am working with our local management teams to proceed with preparations.

■ COVID-19 Changing the World

COVID-19 is having a major impact on manufacturing and development methods. In the past, the design process involved complex procedures, starting with prototyping and trial and error. As design has grown increasingly software-dominant, the process has moved toward computer simulation, and we need to catch up to this trend immediately. Current engineers will probably need to change skillsets after training to acquire the technologies needed in the future. Although providing such training to 20,000 people all at once is not feasible, we are gradually enhancing our engineers' capabilities through education, customer strategies, alliances and various other measures. The ability to do so is one of the Group's strengths.

With the population and the number of engineers decreasing, we need to remain the choice for engineers and a place they want to continue working. ESG is an important aspect of being such a company. For engineers, what they are developing is important. They want to ensure that they are working on projects that do not pollute the environment and that contribute to issues of gender and poverty. These will become increasingly important factors for companies that wish to attract talented personnel. I recognize that we need to respect ESG as we manage the Company, ensuring our engineers make the most of their capabilities to benefit society.

TechnoPro Design

Technical services for technology and product development in domains centered on machinery, electric/electronic equipment, and embedded controls

Overseas Group Companies

[TechnoPro China Group](#)

[Helius Technologies Pte Ltd](#)

[Orion Managed Services Limited](#)

Machinery

- 3D design technology
- Computer aided engineering (CAE) technology

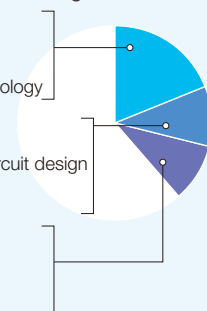
Electric/electronic

- Inverter technology
- High-frequency circuit design
- Field-programmable gate arrays (FPGAs)

Embedded controls

- Embedded software
- Embedded automotive

Target Domains



We are working to achieve sustainable business growth by helping to resolve a shortage of IT talent in the face of expected DX-related demand expansion.

Koichiro Asai

Director, TechnoPro Holdings Inc.
In charge of R&D outsourcing business
(IT field)

■ Managing Proactively with a Flexible Strategic Transformation

The IT field, which I am in charge of, was affected by COVID-19 in the fourth quarter of the fiscal year ended June 30, 2020, but profits rose 120% for the full fiscal year because of growth during the first half. However, contract periods are relatively short in the IT business, so it is important to always be searching for new projects. For that reason, we began to suffer from a dearth of new projects as contracts ended while the state of emergency declaration was in effect in Japan. This is an area we will need to take measures to address.

Amid the spreading pandemic, our topmost priority is to protect the lives of our employees. The next-important item is to preserve their employment and livelihoods. As management cannot protect employees by avoiding risk altogether, we are steadily making our way forward while taking ample measures to prevent infection. That said, a number of strategic changes have been necessary. In the past, our recruiting strategy concentrated on increasing the number of people. Now, however, we are in a situation where it is difficult to reassign engineers with low levels of technical skills or foreign nationals with insufficient Japanese language skills once their contracts end. Accordingly, we are quickly changing direction by targeting people who have strong skills in areas of high demand. Our client structure will also have to change in the post-COVID world. We will need to cultivate new clients in areas we have not contacted to date, such as the non-manufacturing and service sectors.

We are cultivating talent as certified partners for high-

demand products and services such as SAP and AWS. In addition to conducting in-house training, in the past we have acquired IT development companies that had strong SAP capabilities. To ensure we do not miss the chance to ride the DX tide, in Japan we are concentrating on IT skills and will actively engage in M&A.

■ Contributing to Society in New Ways through IT

DX-related projects such as the government-led GIGA School Program and 5G have begun to appear recently, and we anticipate a further increase in the post-COVID world. The spread of teleworking is causing the demand for network security to grow. We are seeing a surge in digitalization as social behavior changes, with demand to set up data centers and IT infrastructure expanding simultaneously. We will do our best to capture this demand.

Despite explosive growth in IT demand, on the supply side Japan lags behind other countries in its supply of IT talent. Our role is to help resolve the shortfall in domestic IT talent by training human resources and leveraging overseas engineering resources. This is an ideal time for us to promote teleworking and workstyle reforms, creating a working environment that is amenable to women with strong technical skills and engineers who are raising children. As the population ages, a certain percentage of people leave work so they can provide care, but remote working makes it possible to reduce the number of people who need to leave their jobs. Japan faces a low birthrate and an aging society; we will strive to help address these major social issues through IT.

TechnoPro Engineering

Comprehensive engineering services business covering various technical fields, including information systems, IT networks, machinery, embedded controls, and electric/electronic equipment

TechnoPro IT

Technical services for technology and product development fields involving business applications, operation, and cloud technology

[EDELTA Co., Ltd.](#)

[PROBIZMO Co., Ltd.](#)

IT infrastructure

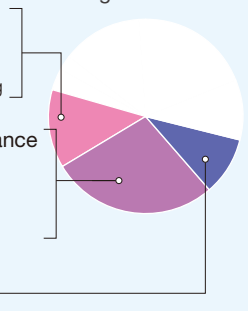
- Cloud
- Big data
- Artificial intelligence (AI)/deep learning

Software development, maintenance

- Enterprise resource planning (ERP)/production systems
- Internet of Things (IoT)

Embedded controls

Target Domains



Management Interviews



To bolster our competitiveness and profitability, we will become more deeply involved in the i-Construction business, which utilizes ICT and AI.

Tatsuya Sekiwa

Executive Officer, TechnoPro Holdings, Inc.
In charge of Construction Management Outsourcing Business

■ Solid Demand, although Affected by COVID-19

The majority of our engineers work on construction sites. As a result, operating performance stalled in the fourth quarter of the fiscal year ended June 30, 2020 as COVID-19 led to a state of emergency declaration in Japan, causing work to be suspended. Despite this situation, profit rose 22% year on year for the full fiscal year, buoyed by our efforts in the first three quarters. That said, we fell short in terms of making preparations for the future. One unfortunate result was the decision to temporarily freeze hiring, which meant we were unable to cultivate inexperienced personnel. Although training of new graduates all had to take place online, one positive outcome was that we were able to move content and know-how online so training could be performed remotely.

Construction projects tend to be large in scale and involve many stakeholders. Like a heavy locomotive, they develop a momentum that cannot be halted easily. If COVID-19 hinders developers' efforts to move projects forward, business might dry up in five or six years. For the foreseeable future, however, we expect construction demand to persist, as internet shopping drives demand for the construction of logistics centers. COVID-19 is having some impact, however. The lead times between orders and contract starts are lengthening, and it has become difficult to find matches for inexperienced personnel. For the foreseeable future, we will focus our recruiting efforts on experienced people, closely aligning our hiring efforts with market needs.

■ Helping to Resolve Social Infrastructure Issues through Human Resource Development

One direction of our next medium-term management plan will be to deepen our involvement in i-Construction, which utilizes ICT and AI. We will also bolster competitiveness and profitability by enhancing our ability to make proposals in the area of infrastructure maintenance. Construction differs from other fields in the sense that forging lateral connections between engineering organizations and teams is more difficult. In the past, this meant that knowledge tended to be tied to individuals. Instead, we want to share our stock of knowledge within the Group, providing education to engineers and helping them grow. This capability will make us a stronger technology company. In addition, it will make the Group more attractive, building a corporate culture in which employees find their work fulfilling and enjoyable.

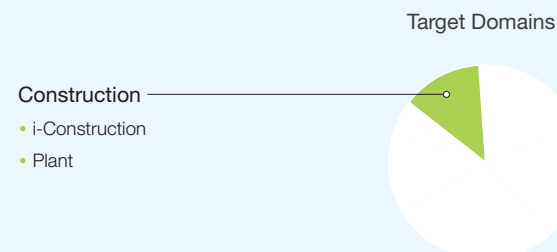
We are involved in the construction industry, which builds the foundations that underpin social activity. In that sense, our business has high social significance. Also, many of the engineers working in this sector face employment uncertainty, a lack of social insurance and other issues. Our mission is to provide them with more stable, higher-quality work opportunities. With waterworks and other parts of Japan's public infrastructure becoming obsolete, we are certain to see high levels of demand to upgrade this infrastructure. At the same time, we face a social problem: an extreme shortage of civil engineers. By proactively recruiting and training civil engineers, we will help to build a better society.

TechnoPro Construction, Inc.

Manages construction and provides design technology for architecture, civil engineering, building facilities (electrical, air conditioning, sanitation), and plants

TOQO Co., Ltd

Assessment, inspection, design and supervision of buildings



By leveraging the Group's strength in human resource development, we will concentrate on building attractive platforms to help resolve societal issues through our business.

Takeshi Yagi

Director
TechnoPro Holdings, Inc.

■ Protecting Our Employees' Safety and Jobs

Being mainly in charge of human resources, CSR and governance, putting in place systems to ensure the safety and health of our executives and employees amid the COVID-19 pandemic is my topmost responsibility. The situation has required us to rapidly implement flexible working rules, allowing working from home and staggered commuting times and introducing special paid leave for employees with school-age children when schools were closed. I think these moves present an opportunity to change working styles and methods even in a post-COVID world. Although the operating environment remains opaque, we maintain a policy of protecting the jobs of our employees, who are the resource that will drive our recovery in operating performance. Accordingly, in addition to strengthening relations with employees and the labor union, we have utilized government subsidies that are based on ongoing employment at the Group and provide a buffer against a downturn in business performance. We are also shifting personnel flexibly to meet changing business policies and customer trends stemming from COVID-19.

In addition to regular salary increases, we have implemented a separate plan to augment employees' working conditions, as scheduled. At present, we are holding back on recruiting new employees, so the environment is different from usual. This makes it difficult to measure the effect of this move. However, we have introduced the plan because we think it will increase employee satisfaction and boost retention, is necessary to attract qualified human resources and will help enhance corporate value. Engineers in Japan receive lower compensation than their counterparts in Europe and the United States. Addressing this disparity is one of the challenges we face. In order to enhance employees' compensation further, we are encouraging them to maximize their individual capabilities, add more value by enhancing skills and become more productive.

■ Addressing Societal Issues and Creating Value through Our Next Medium-Term Management Plan

We have made steady improvements each year on the governance front, following consideration and review by the Board of Directors. The past year involved two major highlights. First, we created a skills matrix for directors and Audit & Supervisory Board members, and we began deliberating the Board of Directors' scale and composition. Second, our CEO, Mr. Nishio, and I stepped down from the Nomination and Compensation Committee to make the committee more objective and independent. The committee is now composed entirely of independent executives. I believe Mr. Nishio's leadership was essential to our ability to respond to COVID-19. However, along with formulating the medium-term management plan with a view to the Company's future vision and purpose, we will now begin earnest deliberations on CEO succession.

The medium-term management plan will include both quantitative and qualitative metrics, and we will engage in deep deliberations from the perspective of creating shared value (CSV). By resolving social issues through our business, we aim to create new value, generate economic returns and promote the appropriate circulation of society and the economy. This is the time to consider such ideas, as the myth of simple growth is breaking down. As society and industry change, different skills are also being required of individuals. One of our biggest strengths is its ability to equip engineers with new skills. To cultivate personnel, we have developed our own training and formed alliances with cutting-edge companies. By leveraging our scale and the framework for human resource development we have cultivated to date, we will work to make the Group even more appealing, creating a platform that allows a large group of highly skilled people to shine.

Corporate Governance

An Enhanced Governance System

Governance System Outline

The Company has formulated and implemented the TechnoPro Group Corporate Governance Guidelines as part of its ongoing activities to ensure the best practices in corporate governance. We are enhancing our governance function and internal control system based on the belief that respecting the rights of shareholders, ensuring the fairness and transparency of decision-making, and maximizing management's vigor are the essence of corporate governance.

As a holding company, we handle the strategic planning and management functions for the entire Group, and we have adopted the form of a company with an Audit & Supervisory Board. This system, characterized by supervision by the Board of Directors and an Audit & Supervisory Board that oversees audit functions, achieves appropriate management decision-making and business execution, as well as creating a system having sufficient organizational checks. We also have mutual checks and balances on the business execution front, between operational directors and administrative directors. At the

same time, authority and responsibility for day-to-day business execution is assigned to executive officers to ensure that operations are managed in a flexible and efficient manner.

We also have in place a Nomination and Compensation Committee, in which an independent outside director and independent outside Audit & Supervisory Board member participate and are working to enhance management transparency and accountability.

Six Independent Executives

A proposal for the election of directors and Audit & Supervisory Board members was approved at the 15th Ordinary General Meeting of Shareholders on September 29, 2020. As a result, the Company's Board of Directors and Audit & Supervisory Board are composed of five internal and three outside directors, and one internal and three outside Audit & Supervisory Board members. All six of the outside directors and outside Audit & Supervisory Board members satisfy the conditions as independent executives. Separately from the Board of Directors, the Independent Executive Committee met two times in the fiscal year ended June 30, 2020.

Establishment of a Nomination and Compensation Committee

The Company's Board of Directors has established the Nomination and Compensation Committee as an advisory body on the nomination and compensation of TechnoPro Group directors, Audit & Supervisory Board members and executive officers. The committee comprises two outside directors and one outside Audit & Supervisory Board member, enhancing the objectivity and accountability of decisions related to the nomination and compensation of Group executives.

Compliance with Japan's Corporate Governance Code

We have put in place internal structures whose policies are compliant and responsive with all provisions of Japan's Corporate Governance Code, which was formulated as a guideline for listed companies by the Financial Services Agency and the Tokyo Stock Exchange.

Designing Incentives to Promote Shared Value with Shareholders

Introducing a Restricted Stock Compensation Plan

The Company has introduced a new restricted stock compensation plan. The aim of this system is to grant directors (excluding outside directors) and executive officers, as well as directors and executive officers of the Company's subsidiaries, incentives to enhance sustainable growth in corporate and shareholder value of the Group over the medium to long term and further promote shared value with shareholders.

Specific payment timing and allocations for eligible directors and executive officers shall be determined by the Board of Directors following deliberations of the Nomination and Compensation Committee.

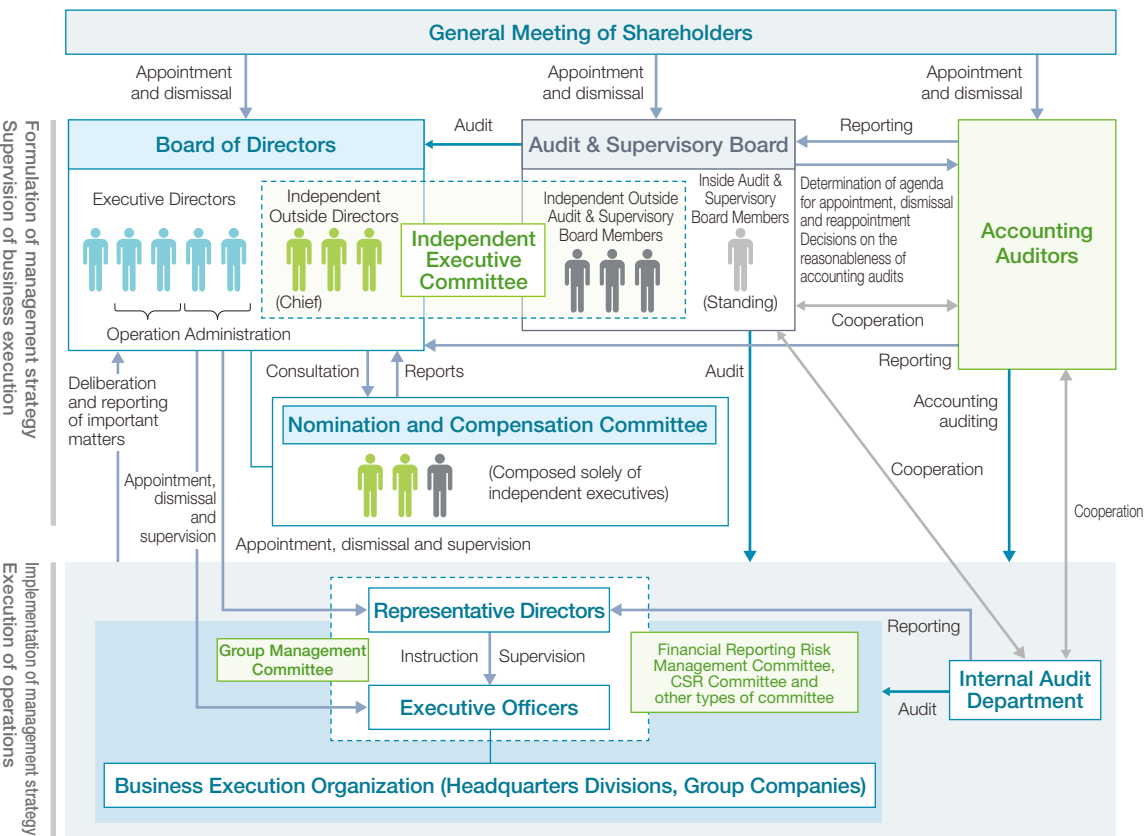
Executive Compensation and Performance Evaluations

The TechnoPro Group takes the three factors outlined below into consideration when determining the compensation of directors, Audit & Supervisory Board members, and executive officers.

First, remuneration for the officers of the Group shall be rational in the context of fulfilling accountability and responsibility to stakeholders, including shareholders. Second, the remuneration structure for the officers of the Group shall be designed with the aim of motivating them to contribute to successful achievement of management strategies and improvement of Company performance, to enable the sustainable enhancement of corporate value, as well as shareholder value. Third, remuneration for the officers of the Group shall be sufficient as compensation for responsibilities, and enough to motivate, attract and retain talented human resources.

Evaluations for directors (excluding outside directors) and executive officers are determined by reviewing items such as the contribution to consolidated performance for a single fiscal year by their department; the achievement by their department in sales and operating profit before depreciation, and year-on-year changes, among other KPIs, for the relevant fiscal year compared with budget plans; the status of their internal control system and adherence to compliance; and initiatives aimed at medium- to long-term corporate growth, including human resources development.

Corporate Governance and Compliance System



Note: The Board of Directors is chaired by the representative director and president. The Audit & Supervisory Board is chaired by an inside member of the Audit & Supervisory Board. The Nomination and Compensation Committee is chaired by an independent outside member of the Audit & Supervisory Board. The Independent Executive Committee is chaired by the chief independent outside director.

Composition of Key Management Bodies and Number of Meetings

Management Body	Structure	Fiscal Year Ended June 30, 2020 Meetings Held	Attendance Rate
Board of Directors	Five internal directors, three outside directors	14 times	100.0%
Audit & Supervisory Board	One inside Audit & Supervisory Board member, three outside Audit & Supervisory Board members	17 times	98.5%
Independent Executive Committee	Three independent outside directors, three independent outside Audit & Supervisory Board members	2 times	100.0%
Nomination and Compensation Committee	Two outside directors, one outside Audit & Supervisory Board member	6 times	100.0%

Compensation by Executive Category, Total Compensation by Type, and Number of Eligible Executives (For the Fiscal Year Ended June 30, 2020)

Executive Category	Total Compensation (Millions of yen)	Total Compensation, by Type (Millions of yen)			Number of Eligible Executives
		Fixed Compensation	Bonuses (Short-Term Incentive)	Share-Based Payment (Medium- to Long-Term Incentive)	
Directors (Excluding Outside Directors)	266	167	53	45	5
Audit & Supervisory Board Members (Excluding Outside Members)	13	13	—	—	2
Outside Executives	63	63	—	—	7

Corporate Governance

Demonstrating Corporate Governance Functions

• Activity Status of the Board of Directors and Audit & Supervisory Board

The Company's Board of Directors holds regular monthly meetings and convenes extraordinary meetings as necessary. At these meetings, the board makes decisions on important matters of business execution, receives reports on the status of operating performance, deliberates response measures, and supervises the status of execution of operations by individual directors. During the fiscal year ended June 30, 2020, the Board of Directors met a total of 14 times.

The Audit & Supervisory Board liaises closely with the accounting auditors and the Internal Audit Department, receiving reports on audit methods and results. The board also makes use of these audits and undertakes initiatives aimed at enhancing the quality and efficiency of its audits. In the fiscal year ended June 30, 2020, the Audit & Supervisory Board met a total of 17 times.

• Process of Selecting Directors and Audit & Supervisory Board Members

Director and Audit & Supervisory Board member candidates must satisfy statutory requirements and those of the Articles of Incorporation, exhibit no behavior that would be grounds for disqualification as stipulated in the Directors/Audit & Supervisory Board Members Regulations, and have no current or prior involvement with anti-social forces. They must also exhibit outstanding character, knowledge and insight, while maintaining high regard for regulatory compliance and ethical standards, and must maintain objectivity in making decisions, perceptiveness and foresight.

When appointing members, consideration is given to ensuring diversity on the Board of Directors and Audit & Supervisory Board. Furthermore, at least one Audit & Supervisory Board member must possess appropriate knowledge of finance and accounting.

Taking the above-mentioned factors into consideration, the Board of Directors deliberates and selects appropriate directors and Audit & Supervisory Board members after receiving advice, deliberations and reports from the Nomination and Compensation Committee and agreement from the Audit & Supervisory Board with regard to Audit & Supervisory Board members.

• Selection of Outside Directors and Outside Audit & Supervisory Board Members

Outside directors and outside Audit & Supervisory Board members must have a high degree of knowledge, along with an extensive practical background and experience serving in a leadership role in one or more fields such as corporate management, internal control, compliance, finance and

accounting, financing, legal affairs, government, crisis management, and education. Such individuals must be able to gain an overall understanding of the entire TechnoPro Group, ascertain essential issues and risks for the Group, and make constructive contributions during deliberations of meetings of the Board of Directors and other such forums in a candid and active manner.

Outside directors must be people who can be counted on for objective business oversight and managerial decisions from a practical point of view based on extensive experience in corporate management and specialized fields, and for providing advice and support to facilitate our sustainable growth.

Outside Audit & Supervisory Board members must be appointed with the aim of heightening neutrality and independence of the audit framework, and must be individuals capable of expressing an objective audit opinion from a neutral standpoint.

• Analysis and Evaluation of the Overall Effectiveness of the Board of Directors

Once each year, the Company's Board of Directors conducts an analysis and evaluation of the effectiveness of the Board of Directors. Based on Japan's Corporate Governance Code and the TechnoPro Group Corporate Governance Guidelines, 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, 2020, the Board of Directors concluded that, overall, it performs its roles and responsibilities appropriately and effectively. The board evaluated itself particularly highly in the following areas.

- (1) Through appropriate conduct of board meetings, the board chair has continued to foster an atmosphere in participants can express themselves freely from their own professional viewpoints.
- (2) A continuing high level of organization, including the Independent Executive Committee, the selection of lead independent outside director, the establishment of the Nomination and Compensation Committee, the appointment of supporting staff for Audit & Supervisor board members, etc.
- (3) The Audit & Supervisory Board takes the initiative in selecting its member candidates without recommendation from the executive management, and the outside Audit & Supervisory Board members, in addition to the outside directors, serve on the Nomination and Compensation Committee, thereby the Audit & Supervisory Board fully demonstrates its monitoring function in the corporate governance system.

The board confirmed the following progress and improvements for the fiscal year ended June 30, 2020, in its efforts to enhance board of director effectiveness.

- (1) Carried out deliberations based on cost of capital across various aspects, including assessments of acquired subsidiaries and investee performance, implementation of measures, etc.
- (2) Updated cash flow simulations on a timely basis to prepare against worsening/prolonged recessions; discusses possible measures.
- (3) Created a skills matrix for the Board of Directors and Audit & Supervisory Board subsequent to discussions in board of director meetings and the Nomination and Compensation Committee.
- (4) Began discussions toward greater objectivity and transparency in director compensation plans.
- (5) Improved the effectiveness and function of prior explanations of board of director agenda items by calling outside directors and members of the Audit & Supervisory Board together to explain the important agenda items selected for upcoming deliberation.
- (6) Noted the details of questions and answers in board meeting minutes to show that board meetings involve practical discussions, rather than serve merely as pro-forma meetings.

The following issues represented areas in which the board recognizes room for improvement and/or need for greater efforts to improve board of director effectiveness.

- (1) Hold extensive discussions regarding CEO succession plans, director compensation, number and structure of the board of directors, etc., in parallel with deliberations about the new medium-term management plan, delayed due to the impact of the spread of COVID-19.
- (2) Conduct thorough deliberations of matters regarding internal controls, risk management structure development and operations.
- (3) Recognize various risks surrounding and within the Group from the Enterprise Risk Management perspectives, holding more extensive deliberations to manage risks comprehensively and strategically, including aspects of opportunity.
- (4) Consider reducing the number of agenda items through a review of the criteria for proposals to devote more time on board meeting days to strategic and policy discussions as a holding company; at the same time, use prior explanations and modify meeting management according to agenda items to continue efforts and improvements in board meetings.

• Implementation Status of the Internal Control and Risk Management Systems

The TechnoPro Group has established and is operating an "Internal Control System Basic Policy" as a "system for ensuring work appropriateness." While preparing a control environment to promote an organization for

formulating the "TechnoPro Group Code of Conduct," we have established appropriate group-wide internal controls and a risk management system to ensure the practicality 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 representative director, conducts Group-side 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 feedback from employees involved in compliance in management decisions. Under the whistleblower system, we have established a consultation desk run by an outside attorney who is independent of Group 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.

Furthermore, the CSR Promotion Department was established to implement specific policies related to internal controls and risk management. This department creates an integrated risk management plan outlining matters such as core initiatives related to risk management and monitoring categories, and issues progress reports to the Board of Directors. We also established a CSR Committee with the Company's president and representative director serving as committee chairman and consisting of Group directors and executive officers as committee members. This committee deliberates on important matters related to compliance system planning and management. The CSR Committee was established to ensure we fulfill our social responsibilities as a corporate group. The committee deliberates on matters such as risk management, compliance, information security, and social contributions, and issues reports to the Board of Directors of the Company and its subsidiaries.

Recognizing risk management as an essential part of enhancing corporate value, the TechnoPro Group provides ongoing risk management education and training to all Group directors and employees. Furthermore, the Board of Directors conducts annual reviews to evaluate definitions of business risks and evaluate the risk management system.

Interview with the Chair of the Nomination and Compensation Committee

Mitsutoshi Takao
Outside Audit & Supervisory Board Member
TechnoPro Holdings, Inc.



What sorts of things have been deliberated by the Nomination and Compensation Committee to date?

In view of Japan's Corporate Governance Code, in 2017 we began deliberating the process of appointing a successor as CEO. In 2018, we discussed CEO appointment and dismissal criteria and procedures for appointment and dismissal, and these were formulated by the Board of Directors. In 2019, the committee formulated a skills matrix of directors and Audit & Supervisory Board members and began reviewing the executive compensation system. Since 2018, I, as an outside member of the Audit & Supervisory Board, have chaired the Nomination and Compensation Committee. In July 2020, the committee was reorganized to comprise only outside executives. These changes show that we are progressing, step by step.

It may seem unusual for an outside member of the Audit & Supervisory Board to chair the Nomination and Compensation Committee. However, I attend monthly Board of Directors meetings and important Group company meetings. I also interview directors and executive officers, including at subsidiaries. Through these efforts, I have become familiar with the members of the Group's management team and their insights, which enable me to engage in meaningful deliberations and expressions of opinion.

As is provided in the Corporate Governance Code, our CEO succession plan stipulates the sufficient time and resources necessary to cultivate a successor. As the advent of COVID-19 has delayed the formulation of the new medium-term management plan by one year, we continue to carefully consider this plan.

How would you assess the Company's current situation on governance and what do you see as future issues?

The level of governance has risen significantly since the stock listing in 2014. The major premise for a company is to remain a going concern, but we must also strive to enhance corporate value from a medium-term perspective. Adopting this viewpoint, we created a skills matrix to consider the balance of personnel among the Company's management team and outside Audit & Supervisory Board members. Governance is effective, and we have essentially reached the level stipulated by the Corporate Governance Code. The Nomination and Compensation Committee is made up entirely of outside executives, and the Audit & Supervisory Board has recommended a female expert as a new candidate for its membership, which I see as indicators of advancement. I also believe the decision to incorporate the concept and disclosure of cost of capital into management practices deserves high marks.

The Company still has some way to go in terms of diversity, however, as it still has no inside female directors or executive officers. I recognize that this is an issue that cannot be resolved overnight, but I would urge the Company to do its best to cultivate female talent. Although the operating environment remains difficult due to COVID-19, the Company is scheduled to formulate a new medium-term management plan next year. The plan will address a range of issues, such as new business initiatives looking 10 years into the future, the review and enhancement of existing businesses, organizational restructuring and work style reforms aimed at boosting productivity. On the governance front, as well, we will continue looking ahead on initiatives to improve governance in step with the Company's growth.

Skill Matrix for the Board of Directors and the Audit & Supervisory Board

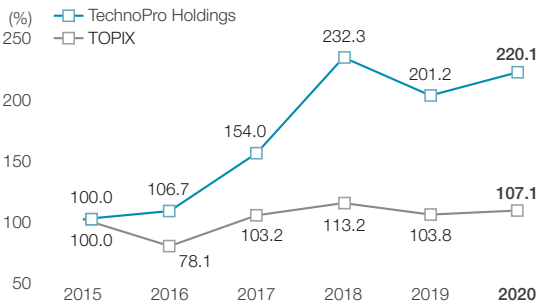
The chart below outlines the major skills, experience and expertise of the Company's Board of Directors and Audit & Supervisory Board members. By leveraging their individual specializations and achieving an overall balance, our Board of Directors and Audit & Supervisory Board ensure diversity and provide a structure for responding flexibly to changes in various business environments.

	Name/Position	Independent Executive Committee Chairperson ●Chairperson Nomination and Compensation Committee ●Chairperson	Independence	Attributes		Fields of Experience, Expertise, etc.										Specialization
				Gender ● Male ● Female	Independence	Company's Operation	Background and Experience in the Company's Operation	Technology Trends	Knowledge of Customer and Technology Trends	Experience as Director or Audit & Supervisory Board Member of a Listed Company	Experience as CFO or Finance Accounting and Tax	Experience and Knowledge of M&A	Skills	International Experience and Language	Resource Development	Experience and Expertise in Personnel and Human Resource Development
Board of Directors	Yasuji Nishio President, Representative Director and CEO		●			●		●	●			●				
	Gaku Shimaoka Director, Managing Executive Officer		●			●	●	●								
	Koichiro Asai Director, Managing Executive Officer		●			●	●	●								
	Takeshi Yagi Director, Managing Executive Officer		●				●				●	●				
	Toshihiro Hagiwara Director, Managing Executive Officer and CFO		●						●	●	●					Certified public accountant
	Tsunehiro Watabe Chief Outside Director	●	●	●	●		●			●	●					
	Kazuhiko Yamada Outside Director	●	●	●	●		●							●		Attorney
	Harumi Sakamoto Outside Director		●	●	●		●									
Audit & Supervisory Board	Hitoshi Madarame Outside Audit & Supervisory Board Member		●											●		
	Mitsutoshi Takao Outside Audit & Supervisory Board Member	●	●	●	●		●	●								
	Akira Mikami Outside Audit & Supervisory Board Member		●	●	●		●				●			●		Certified internal auditor, certified financial services auditor
	Rumiko Tanabe Outside Audit & Supervisory Board Member		●	●	●				●							Certified public accountant

Note 1: The above does not represent every single item of skills, experience, ability, knowledge, and attainment of each member.
Note 2: In principle, "experience" indicates at least three years of involvement in the given operation or position in total.
Note 3: The Nomination and Compensation Committee consists of independent outside directors and independent outside Audit & Supervisory Board members only since July 1, 2020.

Total Shareholder Return (TSR)

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



Compliance and Issues Targeting Social Responsibility and Environmental Issues

The TechnoPro Group, which conducts business in Japanese and overseas markets, recognizes its responsibility to a variety of stakeholders, including customers, engineers, subcontractor companies and residents of local communities. We fulfill our compliance and responsibilities as a corporate citizen.

Thorough Operations Management Related to the Labor Standards Act

We provide appropriate working environments for the personnel who belong to the TechnoPro Group. As we employ numerous human resources, we regard this as our duty and an element essential to sustainable corporate growth.

The TechnoPro Group has established a dedicated compliance department, and created a proprietary labor management system. This system allows us to optimize working hours, manage the taking of holidays and work leave, and ensure thorough compliance with health checkups. In these ways, we provide a safe and healthy working environment for all employees.

Appropriate Application of Dispatching and Contract Assignment

Dispatched managers periodically visit dispatch work locations to provide support for dispatched workers. They also perform legal checks of individual contracts, some 13,500 of which are updated annually. The headquarters compliance department also makes periodic rounds, providing backup and ensuring that an appropriate working environment is being maintained. As a result, in audits by the Labor Bureau, we have maintained a low document guidance rate, indicating the appropriateness of business operations.

Document Guidance Rate in Audits by the Labor Bureau			
All dispatching companies			
Fiscal years (April to March of the following year)	Fiscal 2017	Fiscal 2018	
Document guidance rate	67.1%	60.4%	

Source: "The Current State of Worker Dispatch" on the Ministry of Health, Labour and Welfare's website

TechnoPro Group (dispatching business)			
Fiscal years (July to June of the following year)	Fiscal 2018	Fiscal 2019	Fiscal 2020
Documentation guidance rate	30.8%	0.0%	0.0%
Number of audits by the Labor Bureau	13	4	12
Cases of documentation guidance	4	0	0

With regard to on-site contracts, we have formulated Contract/Quasi-Appointment Compliance Guidelines, and we have built and manage an appropriate implementation structure based on clear definitions. When accepting contracts and preparing environments at work locations, we educate related internal personnel. Even after operations begin, personnel from dedicated departments conduct routine checks to provide workers with appropriate working environments. We also work closely with customers to avoid compliance risk.

Promoting the Employment of People with Disabilities

The TechnoPro Group is encouraging people with disabilities to work from home. This effort was cited as a "model business" under the Ministry of Health, Labour and Welfare's "Collection of Businesses That Connect Cities and Regions through Teleworking by People with Disabilities."



A person with disabilities working remotely

Contributing to the Alleviation of Environmental Issues

The TechnoPro Group's engineers utilize a host of technology development venues to help resolve environmental issues.

Examples of Project Participation

- Development of fuel cell vehicles
- R&D related to the production of chemicals using carbon dioxide as a feedstock
- Development of renewable energy systems



Fuel cell vehicle

Coexisting with Local Communities

We conduct TechnoPro Kids School as an initiative to provide opportunities for children to come into contact with science. As part of this effort we held an event called "Science Experience Class That Elementary School Students Can Enjoy/TechnoPro Kids Science" at Onagawa-cho, a town that is struggling with post-earthquake recovery. The event was aimed at helping children learn about the joys and the mysteries of science through play.



COMPLIANCE DECLARATION

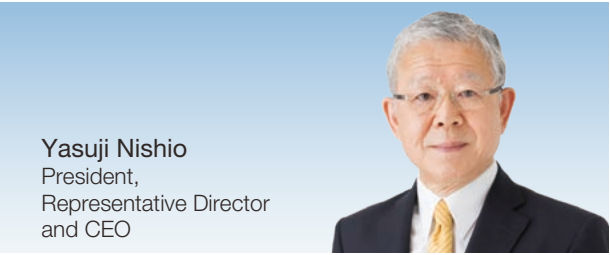
- We, the TechnoPro Group, fulfill our corporate social responsibilities on the basis of high ethical standards and in full compliance with laws and regulations.
- We, the TechnoPro Group, shall develop our business to make a high level of social contribution and to be a company that is greatly involved in the employment of people through 'the stabilization and expansion of employment, adjustment in the supply and demand balance in the labor/work force, and innovation in business structures'.
- As both a market leader and as a good corporate citizen, we believe that transparency in management leads to the maximization of corporate value and that, through compliance with laws and regulations and by the disclosure of information, we can ensure that the rights and interests of all of our stakeholders, including our shareholders, customers, business partners, and employees, are truly respected.
- We hereby swear to carry out our business operations with full and thorough execution of our compliance responsibilities, and to focus on corporate governance in order to fulfill our social responsibilities.
- In addition, each and every one of our officers and employees are fully belonging to the Group and have a sense of ownership, as being "my own personal issues," of these considerations, and so we thereby aim to be a truly attractive company in that it is one that is capable of making a contribution to society as well as being one that has a strong sense of its corporate responsibilities and higher ethical standards.

OUR BASIC ENVIRONMENTAL POLICIES

- 1. Compliance with Laws and Regulations:**
We will comply with social guidelines and environmental protection laws and regulations as well as environmental agreements at TechnoPro Group companies.
- 2. Environmental Impact:**
We will use the knowledge and dedication of our workforce to conserve resources and energy, increase recycling, prevent pollution, and take other actions that reduce the environmental impact of our business activities.
- 3. CSR Committee:**
We will use our CSR Committee, which consists of senior executives of the TechnoPro Group, for the planning and execution of activities involving environmental protection.
- 4. Environmental Awareness and Participation:**
We will use a variety of measures to make executives and employees of the TechnoPro Group more aware of environmental issues and encourage them to participate in programs for protecting the environment.
- 5. Disclosure of Information:**
We will give everyone at the TechnoPro Group a sound understanding of our environmental policies and use measures for giving the general public access to information about our environmental policies and activities.

Enacted April 1, 2014, revised July 1, 2015

Directors



Yasuji Nishio
President,
Representative Director
and CEO

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

Reasons for Selection as a Director
Mr. Yasuji Nishio has worked in managerial positions in banking and various other industries. Subsequent to that, he served as Chief Financial Officer of the Company. Since his appointment as the Company's Representative Director, President and CEO in July 2013, he has been involved in guiding and overseeing overall management, and he has accumulated extensive experience and wide-ranging insight into the Group's businesses and corporate management. In addition, he has been involved in promoting integration of Group operations, developing the managerial framework and otherwise bringing about continuous improvement in earnings results. He has also contributed to the strengthening of the decision-making and oversight functions of the Company's Board of Directors, in acting as its chairperson. Mr. Yasuji Nishio has been selected as a Director because the Company expects that he will demonstrate outstanding leadership and managerial competency, in light of the fact that he possesses the character and insight suitable for being a member of the top management of the Company.



Koichiro Asai
Director,
Managing Executive Officer

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

Reasons for Selection as a Director
Mr. Koichiro Asai has been involved in the human resources services business over many years, and is thus intimately familiar with industry, customer, and technology trends, as well as possessing extensive experience of the Group's business operations. Since February 2014, he has been serving as a Director (in charge of Business) of the Company, and in particular has helped drive the growth of the Group by achieving an increase in the number of engineers operating in the department of which he is in charge and by improving profitability, as well as contributing to the strengthening of the decision-making function of the Board of Directors. Mr. Koichiro Asai has been selected as a Director because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group, in light of the fact that he possesses the character and insight suitable to serve as a member of the Company's management team.



Gaku Shimaoka
Director,
Managing Executive Officer

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

Reasons for Selection as a Director
Mr. Gaku Shimaoka has been involved in the human resources services business over many years, and is thus intimately familiar with industry, customer, and technology trends, as well as possessing extensive experience of the Group's business operations. He has been serving as a Director (in charge of Business) of the Company since February 2014, and also assumed responsibility for Global Business since March 2019. In particular, he has helped drive the growth of the Group by promoting the shift to higher added value engineers in the departments of which he is in charge, and implementing global strategies of the Group, as well as contributing to the strengthening of the decision-making function of the Board of Directors. Mr. Gaku Shimaoka has been selected as a Director because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group, in light of the fact that he possesses the character and insight suitable to serve as a member of the Company's management team.



Takeshi Yagi
Director,
Managing Executive Officer

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

Reasons for Selection as a Director
Mr. Takeshi Yagi has long been involved with the banking industry in the field of human resources. Since July 2014, he has been serving as a Director (in charge of HR and General Affairs) of the Company, taking charge of the HR, human resources development and general affairs departments, all fields in which he has extensive experience. Since September 2018, he has been vice in charge of CSR promotion and promoting measures to fulfill social responsibilities. He has achieved results particularly with respect to developing a Group-wide managerial framework, strengthening corporate governance practices and introducing personnel systems and other initiatives, and has also contributed to the strengthening of the decision-making function of the Board of Directors. Mr. Takeshi Yagi has been selected as a Director because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group, in light of the fact that he possesses the character and insight suitable to serve as a member of the Company's management team.



Toshihiro Hagiwara
Director,
Managing Executive Officer
and CFO

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

Reasons for Selection as a Director
Mr. Toshihiro Hagiwara has in-depth knowledge and extensive experience in corporate acquisitions, finance, capital markets, accounting, and tax matters. Further, having got deeply involved in investment into a former incarnation of TechnoPro Holdings during his working for a global investment fund, he is already well-versed in the Company's business and industry structure. Since September 2019, he has been serving as a Director (in charge of Management) and CFO of the Company, and achieved results with respect to IR activities and business management reinforcement by the effective use of capital costs, as well as contributing to the strengthening of the decision-making function of the Board of Directors. Mr. Toshihiro Hagiwara has been selected as a Director because the Company expects that, as a Director, he will play a satisfactory role not only in the execution of business but also in deciding important matters involving the Group, in light of the fact that he possesses the character and insight suitable to serve as a member of the Company's management team.



Kazuhiko Yamada
Director

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

Reasons for Selection as a Director
Mr. Kazuhiko Yamada has extensive experience and knowledge as an attorney particularly in the fields of corporate acquisitions, corporate restructuring, equity practice, etc., the Companies Act, and the Financial Instruments and Exchange Act. Moreover, since his appointment as Outside Director of the Company in September 2015, Mr. Kazuhiko Yamada has provided opinions and advice particularly with respect to strengthening corporate governance practices at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. Mr. Kazuhiko Yamada has been selected as an Independent Outside Director so that the Company can further draw on his insight with the aim of further heightening its corporate value continuously.



Tsunehiro Watabe
Director

Apr. 1968 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
Jun. 1994 Director, ditto
Jul. 1998 Director and Chairman, UBS Trust Bank, Ltd.
Dec. 2004 Director and Vice Chairman, UBS Securities Japan Co., Ltd.
Mar. 2007 Vice Chairman, Morgan Stanley Japan Securities Co., Ltd. (current Morgan Stanley MUFG Securities Co., Ltd.)
Aug. 2010 Chairman, CVC Asia Pacific (Japan) KK
Jun. 2011 Outside Audit & Supervisory Board Member, D.A. Consortium Inc.
Apr. 2012 Director, TechnoPro Holdings, Inc. (at present)
Apr. 2012 Director, Japan Economic Foundation (at present)
Jun. 2015 Outside Director, D.A. Consortium Inc.
May 2017 Chief Advisor, Credit Suisse Securities (Japan) Limited

Reasons for Selection as a Director
Mr. Tsunehiro Watabe has knowledge backed by his extensive experience and expansive network of contacts developed as an officer of banks, foreign-affiliated financial institutions, and other corporations. Since his appointment as Outside Director of the Company in April 2012, Mr. Tsunehiro Watabe has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. Mr. Tsunehiro Watabe has been selected as an Independent Outside Director so that the Company can further draw on his insight with the aim of further heightening its corporate value continuously.



Harumi Sakamoto
Director

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

Reasons for Selection as a Director
Ms. Harumi Sakamoto has extensive experience and expansive knowledge which she has gained acting as a government administrator involved in policy of the Ministry of International Trade and Industry and as an executive of various corporations and organizations. Since her appointment as Outside Director of the Company in September 2016, Ms. Harumi Sakamoto has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. Ms. Harumi Sakamoto has been selected as an Independent Outside Director so that the Company can further draw on her insight with the aim of further heightening its corporate value continuously.

Interview with the Outside Directors



Kazuhiko Yamada
Outside director

Tsunehiro Watabe
Lead outside director

Harumi Sakamoto
Outside director

Q Could you give us a summary of performance in the fiscal year ended June 30, 2020 and progress on the current medium-term management plan?

Watabe Performance would have been better without COVID-19, of course, but I think everyone pulled together well. The TechnoPro Group has customers across a wide range of industries. Although demand was weak in some sectors, others experienced strong results during COVID-19.

Sakamoto Conditions were difficult toward the end of the fiscal year ended June 30, 2020, but overall the Company's measures were very flexible and effective. Responding to crisis on a daily basis, the Company did a good job of addressing the things it could, such as cutting SG&A expenses and putting a freeze on new hiring. The Company also protected shareholder interests while preserving employment.

Yamada Just this year, before the coronavirus began to spread the Board of Directors had been running simulations to boost resilience in the event of another economic crisis. Fortunately, by updating them slightly the Company was able to apply these approaches in its crisis response.



Q What are your thoughts on the goodwill impairment loss, and how do you think it will affect future M&A projects?

Yamada The Board of Directors is keenly aware that that the Company has recorded goodwill impairment losses for the second year in a row. A new CFO was appointed last year, and over the past year he has been extremely diligent in his efforts to instill a management awareness of capital cost. The impairment loss will not cause the Company to turn away from M&A. Rather, it will remain an important strategy going forward.

Sakamoto There are three important aspects of M&A: vetting the acquisition carefully, regularly checking the value of goodwill and making decisions at the right time without being overly optimistic. As long as these three steps are being followed, management is operating appropriately. I think the current impairment loss comes into this category. Going forward, though, the Company should incorporate the potential risk of impairment losses into its M&A strategy.

Watabe I think acquisitions are essential to the Company's growth. That said, M&A activity always entails risk. Even when the Company is sure it has performed due diligence thoroughly, unexpected losses can occur. To some extent, this is inevitable. Overseas acquisitions present an altogether different scenario. In addition to the language issue, overseas management teams have a different perspective than management in Japan. I believe we should approach overseas M&A with extreme caution.

Q What were some areas Board of Directors' deliberations have focused on over the past year?

Sakamoto In addition to resolutions and reporting items, the agenda always included such items as executive compensation, perspectives and applications of capital cost and ROIC, and financial simulations and counter-measures assuming an event similar to the global financial crisis. These initiatives were very positive.

Yamada We discussed the CEO succession plan at length, mainly at the Nomination and Compensation Committee. These discussions followed two major channels. The first addressed business continuity in the event of an unexpected accident involving the current CEO. The second focused on the cultivation and selection of a successor to be appointed when the current CEO steps down.

Watabe The perspective is different, depending on whether the top management transition occurs in a normal time or when the environment is uncertain. This is a topic to discuss with the members of the Nomination and Compensation Committee. I can say, however, that it is not a good idea to decide matters hastily. We voice our opinions on this and other topics. The Company's Board of Directors deliberates more vigorously than most other companies I have heard of.

Q Please share your thoughts on how the Company can respond to changes in the social and industrial structure, as well as how the Company should contribute toward addressing social issues.

Yamada The Company's business is about helping customers address technology issues and resolve resource shortages. This is one approach toward resolving social issues. Another lies in providing support that allows individual engineers to work to the best of their abilities. All of us outside directors were in agreement that the Company should invest properly in training and education, which are central to this development, even in the face of COVID-19. As a result, corporate value increases and our shareholders can be satisfied.

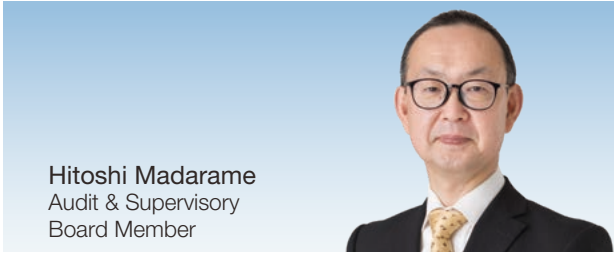
Sakamoto In the past, the Company typically reassigned personnel in response to changes in the industry structure. Now that the workforce is shrinking, we will need to make better use of foreigners, women and seniors as engineers, and they will play a major role in society. We need to recognize that employment at Japanese companies is becoming more flexible and understand that overseas competitors could make moves into the Japanese market. We need to take all these factors into consideration as we think about our own strengths and what efforts we will pursue. Various other possibilities exist, as well, such as sending IT engineers to startup companies that are working to address environmental problems.



Watabe At many companies, we hear the refrain that "Sales and profits are down because of COVID-19. It's inevitable." This is an excuse. COVID-19 is a merely a phenomenon—a fact like any other. Everybody is in the same boat. The question is how we can marshal our strengths to benefit from the positive outcomes of COVID-19, such as in the digital arena; we need to respond appropriately to the environment. One thought niggles, however. The Company's focus is on engineers, but I believe it also needs to consider the training and treatment of administrative departments. I believe the Company is being managed in a manner so that over the long term, shareholders will be happy they own the Company's shares.



Audit & Supervisory Board Members



Hitoshi Madarame
Audit & Supervisory Board Member

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

Reasons for Selection as an Audit & Supervisory Board Member
Mr. Hitoshi Madarame is well-informed regarding the organization, business pursuits and operating processes of the Group, as well as the laws and regulations to be observed, gained from his extensive experience as a person in charge of administrative departments in companies within the Group and in charge of the Internal Audit Department of the Company. Mr. Hitoshi Madarame has been selected as an Audit & Supervisory Board Member because the Company expects that he will provide effective oversight, auditing and advice.



Mitsutoshi Takao
Audit & Supervisory Board Member

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

Reasons for Selection as an Outside Audit & Supervisory Board Member
Centering on finance and accounting, Mr. Mitsutoshi Takao, having worked as a manager in major corporations, is well experienced and also knowledgeable in all areas of management operations. The Company anticipates obtaining his objective viewpoint based on his supervision, auditing, and advice, and has appointed him as an independent outside auditor.



Akira Mikami
Audit & Supervisory Board Member

Apr. 1975 Joined Mitsubishi Corporation
Oct. 1985 Vice President, Machinery Department, Mitsubishi Corporation (Hong Kong) Limited
Apr. 1995 Vice President, General Manager of Machinery Department, Mitsubishi Canada Limited
Oct. 2001 Team leader of Supervisory Audit Team, Internal Audit Department, Mitsubishi Corporation
Nov. 2003 Team leader of Quality Control Team, Internal Audit Department, ditto
Apr. 2007 Deputy Manager in charge of Affiliate Internal Audit Promotion Office, Internal Audit Department, ditto
Jun. 2011 Audit & Supervisory Board Member, San Holdings, Inc.
Jul. 2017 Audit & Supervisory Board Member, Last One Mile Co., Ltd. (at present)
Sep. 2019 Audit & Supervisory Board Member, TechnoPro Holdings, Inc. (at present)

Reasons for Selection as an Outside Audit & Supervisory Board Member
Mr. Akira Mikami possesses wide-ranging knowledge and practical experience of internal control, internal audit and risk management; international mindset nurtured through his service in a major trading company; and extensive experience as a full-time auditor in listed enterprises. Mr. Akira Mikami has been selected as an Independent Outside Audit & Supervisory Board Member because the Company expects that he will provide oversight, auditing and advice from an objective perspective.



Rumiko Tanabe
Audit & Supervisory Board Member

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

Reasons for Selection as an Outside Audit & Supervisory Board Member
Ms. Rumiko Tanabe possesses wide-ranging knowledge in finance, accounts, overall audit, corporate governance, etc., accumulated through her experience in financial accounting operations in listed enterprises and auditing subsidiaries in addition to her professional expertise as a certified public accountant. Ms. Rumiko Tanabe has been selected as an Independent Outside Audit & Supervisory Board Member because the Company expects that she will provide oversight, auditing and advice from an objective perspective.

Management’s Discussion and Analysis

Business Performance
(Impact of and measures towards the spread of COVID-19)

During the fiscal year under review, the Group’s core business area of Engineer Dispatching and Contract Assignment continued to grow. Demand for engineers in IT and construction industries remained strong, but since the consolidated fourth quarter there have been restrictions in terms of services supply due to working from home policies and a decline in demand in machinery, automotive and other industries due to the impact of the spread of COVID-19. There is an increasing sense of uncertainty towards the business environment ahead.

In this environment, given the concerns over the impact of the spread of COVID-19 on the Group since the consolidated third quarter period, the Group promptly implemented management policies which placed the highest importance on business continuity. Specifically, the Group has prioritized the health, safety, and employment security for its employees, and promoted a work from home policy. It has also strengthened performance monitoring through strict KPIs management, placed controls on new hires, implemented sales policies that focus on promoting engineer assignments, and improved financial safety by increasing the Group’s committed credit line.

However, during the consolidated fiscal year under review it was difficult to avoid the impact of COVID-19. In the R&D Outsourcing and Construction Management Outsourcing businesses there was an increase in the number of furlough engineers, restrictions on sales activities due to work from home policies, and a decline in demand from the machinery, electronics, and electric sectors, which led to sales decline and increase in engineers on standby.

In Other Business in Japan, while there was a noticeable decline in demand in professional recruitment service, an area sensitive to economic changes, the demand is recovering in education and training services in engineering since the lifting of Japan’s state of emergency.

In Overseas Businesses, the impact of COVID-19 varies depending on the country. In China, performance has been recovering since April 2020. In Singapore, where IT engineer dispatch – a service possible to implement through working at home – is main business, there has been only minimal impact on sales. However, in the UK and India, lockdown is causing a sustained adverse impact on sales. It should be noted that in the UK and Singapore, fixed-term employment restrains an

increase in engineers on standby, meaning the risk of making a loss on gross profit is limited.

COVID-19 will not come to an end soon and there will be continued uncertainty in customer demand. At present, the Group is taking prudent management policies, while closely monitoring the Japanese and global economic situation, in order to actively implement growth strategy in preparation for its forthcoming economic recovery.

Operating Performance

As a result of the initiatives described above and the measures taken towards the spread of COVID-19, the number of domestic engineers at the end of the consolidated fiscal year under review increased to 21,264 (up 1,971 compared to the end of the previous fiscal year). The average utilization rate was 94.0%, down 1.5 pts compared to the previous fiscal year; a high utilization rate was maintained. The Group continued the implementation of the “Shift up” and “Charge up” initiatives from the previous year for higher sales per engineer, but the hiring of a large number of new graduates, lower levels of overtime due to government-led workplace reforms, and furlough engineers resulted in average monthly sales per engineer for the consolidated fiscal year under review of 630 thousand yen per month (down 0.4 thousand yen, average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.). However, excluding new employees, average monthly sales per engineer for existing employees rose by 13 thousand yen compared to the previous fiscal year.

In recruitment, the number of newly employed domestic engineers for the consolidated period under review was 4,398 (down 114 compared to the previous fiscal year), contributing to an increase in engineer resources.

In terms of expenses, the gross profit margin was 25.4% (up 0.1 pts compared to the previous fiscal year) despite the factors which led to increased costs, such as increased labor costs for engineers associated with improved business volume. Given the expected damage to sales due to the impact of the spread of COVID-19, cost controls were thoroughly implemented and the SG&A ratio to revenue was 15.1% (down 0.7 pts).

As a result, the Group’s revenue for the consolidated fiscal year under review was 158,407 million yen (up 9.9% compared to the previous fiscal year), operating profit was 15,772 million yen (up 14.8%), profit before taxes was 15,843 million yen (up 15.4%), and net profit attributable to the owners of the parent company was 10,825 million yen (up 11.8%).

Performance by Segment

● R&D Outsourcing Business

In order to expand its IT business, which has been performing well in R&D outsourcing, the Group pursued collaborations with other companies in possession of technologies that deliver high added value in order to advance the “Shift up” and “Charge up” initiatives and thereby raise profitability. As a result of these initiatives, revenue in this segment was 126,179 million yen (up 10.7%).

● Construction Management Outsourcing Business

The Group, continuing its efforts from the previous fiscal year, increased the amount of sales per engineer through the promotion of team assignments, continued the recruitment and training of inexperienced personnel, and expanded the construction design business. As a result, revenue in this segment was 19,787 million yen (up 11.7%).

● Other Businesses in Japan

Other Businesses in Japan comprises professional recruitment service and education and training service in engineering. The Group achieved sales growth at recruitment service in part due to the contribution from TechnoBrain Co.,Ltd., which the Group acquired the previous fiscal year. In addition, Win School operated by Pc Assist Co., Ltd began offering online courses for persons to receive individual tutoring from their home or workplace. As a result of these initiatives, revenue in this segment was 4,103 million yen (up 18.1%).

● Overseas Businesses

The Group worked to enhance the management and sales structures of overseas offices and promoted sales partnerships between overseas and domestic (Japan) offices. The Group further strengthened cross-group collaborative efforts in order to create new synergies, such as the provision of engineers and solutions that meet the needs of customers developing their businesses globally. As a result of these initiatives, revenue in this segment was 9,941 million yen (down 3.3%).

Results by Segment

(Millions of yen)

	R&D Outsourcing Business		Construction Management Outsourcing Business		Other Businesses in Japan		Overseas Businesses	
(FY)	2019	2020	2019	2020	2019	2020	2019	2020
Sales revenues	114,021	126,179	17,720	19,787	3,474	4,103	10,283	9,941
Segment profit (loss)	10,672	12,880	1,938	2,109	416	(139)	(931)	655
Segment assets	73,981	83,767	10,222	10,820	4,830	4,543	6,534	7,029
Number of engineers (people)	16,748	18,471	2,545	2,793	—	—	1,608	1,331

	Total for Reportable Segments		Corporate/Eliminations		Consolidated	
(FY)	2019	2020	2019	2020	2019	2020
Sales revenues	145,500	160,012	(1,324)	(1,605)	144,176	158,407
Segment profit (loss)	12,096	15,506	1,642	266	13,739	15,772
Segment assets	95,616	106,160	(1,798)	1,806	93,771	107,967
Number of engineers (people)	20,901	22,595	—	—	20,901	22,595

Consolidated Statement of Financial Position

TechnoPro Holdings, Inc. and its subsidiaries
As at June 30, 2019 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Assets			
Current assets			
Cash and cash equivalents	¥21,230	¥ 22,797	\$211.1
Accounts receivables and other receivables	19,765	20,214	187.2
Income taxes receivable	0	1,159	10.7
Other short-term financial assets	571	2,275	21.1
Other current assets	2,993	4,860	45.0
Total current assets	44,562	51,307	475.1
Non-current assets			
Property, plant and equipment	1,261	1,726	16.0
Right-of-use assets	—	6,649	61.6
Goodwill	37,079	36,115	334.4
Intangible assets	2,596	2,149	19.9
Investments accounted for using the equity method	94	—	—
Other long-term financial assets	4,167	4,865	45.0
Deferred tax assets	3,957	4,282	39.6
Other non-current assets	52	871	8.1
Total non-current assets	49,208	56,660	524.6
Total assets	¥93,771	¥107,967	\$999.7
Liabilities and equity			
Current liabilities			
Accounts payable and other liabilities	¥12,964	¥ 13,369	\$123.8
Bond and loans payable	3,360	4,453	41.2
Lease liabilities	1	5,888	54.5
Income taxes payable	3,503	2,952	27.3
Other financial liabilities	2,581	2,055	19.0
Employee benefits liabilities	5,846	6,398	59.2
Provisions	3	11	0.1
Other current liabilities	5,909	8,037	74.4
Total current liabilities	34,171	43,165	399.7
Non-current liabilities			
Loans payable	5,825	3,205	29.7
Lease liabilities	2	5,865	54.3
Other financial liabilities	6,695	5,214	48.3
Deferred tax liabilities	499	400	3.7
Retirement benefit liabilities	28	9	0.1
Provisions	378	459	4.3
Other non-current liabilities	104	138	1.3
Total non-current liabilities	13,534	15,292	141.6
Total liabilities	47,705	58,457	541.3
Equity			
Share capital	6,903	6,929	64.2
Capital surplus	7,304	7,349	68.0
Retained earnings	31,129	36,139	334.6
Treasury shares	(2)	(1,000)	(9.3)
Other components of equity	(532)	(1,188)	(11.0)
Equity attributable to owners of the parent company	44,803	48,229	446.6
Non-controlling interests	1,262	1,279	11.8
Total equity	46,065	49,509	458.4
Total liabilities and equity	¥93,771	¥107,967	\$999.7

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

TechnoPro Holdings, Inc. and its subsidiaries
For the years ended June 30, 2019 and 2020

Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Revenue	¥144,176	¥158,407	\$1,466.7
Cost of sales	107,710	118,181	1,094.3
Gross profit	36,466	40,226	372.5
Selling, general and administrative expenses	22,767	23,960	221.9
Other income	1,816	649	6.0
Other expenses	1,775	1,143	10.6
Operating profit	13,739	15,772	146.0
Financial income	109	203	1.9
Financial expenses	113	127	1.2
Investment profit (loss) under the equity method	(7)	(4)	(0.0)
Profit before income taxes	13,727	15,843	146.7
Income taxes	4,327	4,877	45.2
Net profit	9,400	10,966	101.5
Net profit attributable to:			
Owners of the parent company	9,683	10,825	100.2
Non-controlling interests	(282)	140	1.3
Net profit	¥ 9,400	¥ 10,966	\$ 101.5

	Yen		U.S. Dollars
	2019	2020	2020
Earnings per share attributable to owners of the parent company			
Basic earnings per share	¥266.86	¥299.97	\$2.78
Diluted earnings per share	266.79	—	—

Consolidated Statement of Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Net profit	¥9,400	¥10,966	\$101.5
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of financial assets at fair value through other comprehensive income	(454)	(530)	(4.9)
Total items that will not be reclassified to profit or loss	(454)	(530)	(4.9)
Items that may be reclassified to profit or loss			
Foreign currency translation adjustments	(228)	(165)	(1.5)
Total items that may be reclassified to profit or loss	(228)	(165)	(1.5)
Total other comprehensive income	(682)	(696)	(6.4)
Comprehensive income for the period	8,717	10,269	95.1
Comprehensive income for the period attributable to:			
Owners of the parent company	9,042	10,171	94.2
Non-controlling interests	(324)	98	0.9
Comprehensive income for the period	¥8,717	¥10,269	\$ 95.1

Consolidated Statement of Changes in Equity

TechnoPro Holdings, Inc. and its subsidiaries
For the years ended June 30, 2019 and 2020

Fiscal year ended June 30, 2019 (July 1, 2018 to June 30, 2019)	Millions of Yen							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Noncontrolling interests	Total equity
As of July 1, 2018	¥6,785	¥ 9,003	¥25,824	¥(1)	¥ 82	¥41,694	¥1,272	¥42,967
Net profit			9,683			9,683	(282)	9,400
Other comprehensive income			(25)		(615)	(640)	(41)	(682)
Total comprehensive income	—	—	9,657	—	(615)	9,042	(324)	8,717
Issuance of new shares	118	(41)				77		77
Dividends of surplus			(4,353)			(4,353)	(28)	(4,381)
Share-based payment transaction		115				115		115
Purchase of treasury shares				(0)		(0)		(0)
Change of scope of consolidation						—	343	343
Put options granted to non-controlling interest		(1,693)				(1,693)		(1,693)
Other increases (decreases)		(78)				(78)		(78)
Total transactions with the owners	118	(1,698)	(4,353)	(0)	—	(5,933)	314	(5,619)
As of June 30, 2019	¥6,903	¥ 7,304	¥31,129	¥(2)	¥(532)	¥44,803	¥1,262	¥46,065

Fiscal year ended June 30, 2020 (July 1, 2019 to June 30, 2020)	Millions of Yen							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Noncontrolling interests	Total equity
As of July 1, 2019	¥6,903	¥7,304	¥31,129	¥ (2)	¥ (532)	¥44,803	¥1,262	¥46,065
Net profit			10,825			10,825	140	10,966
Other comprehensive income			2		(656)	(653)	(42)	(696)
Total comprehensive income	—	—	10,828	—	(656)	10,171	98	10,269
Issuance of new shares	25	(25)				—		—
Dividends of surplus			(4,856)			(4,856)	(55)	(4,911)
Share-based payment transaction		46				46		46
Purchase of treasury shares				(2,062)		(2,062)		(2,062)
Disposal of treasury shares		12		90		102		102
Cancellation of treasury shares		(12)	(961)	973		—		—
Changes in ownership interests in subsidiaries		25				25	(25)	—
Other increases (decreases)		(2)				(2)		(2)
Total transactions with the owners	25	44	(5,817)	(998)	—	(6,745)	(80)	(6,826)
As of June 30, 2020	¥6,929	¥7,349	¥36,139	¥(1,000)	¥(1,188)	¥48,229	¥1,279	¥49,509

Fiscal year ended June 30, 2020 (July 1, 2019 to June 30, 2020)	Millions of U.S. Dollars							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Noncontrolling interests	Total equity
As of July 1, 2019	\$63.9	\$67.6	\$288.2	\$ (0.0)	\$ (4.9)	\$414.8	\$11.7	\$426.5
Net profit			100.2			100.2	1.3	101.5
Other comprehensive income			0.0		(6.1)	(6.0)	(0.4)	(6.4)
Total comprehensive income	—	—	100.3	—	(6.1)	94.2	0.9	95.1
Issuance of new shares	0.2	(0.2)				—		—
Dividends of surplus			(45.0)			(45.0)	(0.5)	(45.5)
Share-based payment transaction		0.4				0.4		0.4
Purchase of treasury shares				(19.1)		(19.1)		(19.1)
Disposal of treasury shares		0.1		0.8		0.9		0.9
Cancellation of treasury shares		(0.1)	(8.9)	9.0		—		—
Changes in ownership interests in subsidiaries		0.2				0.2	(0.2)	—
Other increases (decreases)		(0.0)				(0.0)		(0.0)
Total transactions with the owners	0.2	0.4	(53.9)	(9.2)	—	(62.5)	(0.7)	(63.2)
As of June 30, 2020	\$64.2	\$68.0	\$334.6	\$ (9.3)	\$ (11.0)	\$446.6	\$11.8	\$458.4

Consolidated Statement of Cash Flows

TechnoPro Holdings, Inc. and its subsidiaries
For the years ended June 30, 2019 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Cash flows from operating activities			
Profit before income taxes	¥13,727	¥ 15,843	\$ 146.7
Depreciation and amortization	777	2,604	24.1
Impairment loss	1,673	915	8.5
Loss (profit) from put options granted to non-controlling interest	(1,359)	(256)	(2.4)
Interest and dividend income	(73)	(67)	(0.6)
Interest expense	91	113	1.0
Investment loss (profit) under the equity method	7	4	0.0
Decrease (increase) in accounts receivables and other receivables	(1,786)	(448)	(4.1)
Increase (decrease) in accounts payable and other liabilities	1,659	405	3.8
Increase (decrease) in deposits received	206	(828)	(7.7)
Increase (decrease) in prepaid expenses	(594)	3,330	30.8
Increase (decrease) in lease repayments	—	1,737	16.1
Increase (decrease) in consumption tax payable	459	1,402	13.0
Increase (decrease) in retirement benefit liabilities	(923)	(717)	(6.6)
Other	881	(508)	(4.7)
Subtotal	14,748	23,530	217.9
Interests and dividends received	73	67	0.6
Interest paid	(43)	(78)	(0.7)
Income taxes paid	(3,529)	(5,500)	(50.9)
Income tax refund	21	40	0.4
Net cash flows from operating activities	11,270	18,059	167.2
Cash flows from investing activities			
Payments into time deposits	(167)	(68)	(0.6)
Proceeds from withdrawal of time deposits	245	47	0.4
Purchase of tangible fixed assets	(375)	(635)	(5.9)
Proceeds from sales of tangible fixed assets	38	27	0.3
Purchase of intangible assets	(85)	(38)	(0.4)
Purchases of other financial assets	(260)	(255)	(2.4)
Purchase of marketable securities	(131)	(139)	(1.3)
Purchase of subsidiary	(3,705)	—	—
Purchase of subsidiary shares at conditional acquisition price	—	(440)	(4.1)
Other	13	6	0.0
Net cash flows from investing activities	(4,429)	(1,498)	(13.9)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(102)	912	8.4
Repayments of lease liabilities	(1)	(6,416)	(59.4)
Proceeds from long-term borrowings	1,000	1,000	9.3
Repayments of long-term borrowings	(3,433)	(3,298)	(30.5)
Redemption of bonds	(304)	(138)	(1.3)
Purchase of treasury shares	(0)	(2,062)	(19.1)
Cash dividends paid	(4,338)	(4,912)	(45.5)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(67)	(0.6)
Other	(1)	55	0.5
Net cash flows from financing activities	(7,184)	(14,927)	(138.2)
Effect of change in exchange rates on cash and cash equivalents	(78)	(67)	(0.6)
Net increase (decrease) in cash and cash equivalents	(421)	1,566	14.5
Cash and cash equivalents at the beginning of the period	21,652	21,230	196.6
Cash and cash equivalents at the end of the period	¥21,230	¥ 22,797	\$ 211.1

Company Data

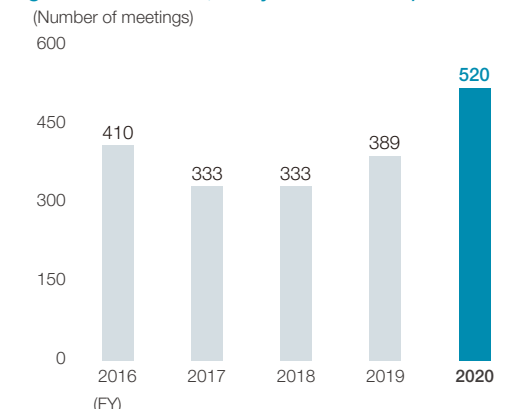
Name	TechnoPro Holdings, Inc.	Group Companies	TechnoPro, Inc. EDELTA Co., Ltd. PROBIZMO Co., Ltd. TechnoPro Construction, Inc. TOQO. Co., Ltd Pc Assist Co., Ltd. (Win School) TechnoBrain Co., Ltd. Boyd & Moore Executive Search K.K. TechnoPro China Group Helius Technologies Pte Ltd Orion Managed Services Limited TPRI Technologies Private Limited TechnoPro Smile, Inc.
President, representative director, and CEO	Yasuji Nishio		
Established	April 27, 2012		
Headquarters	35F, Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo 106-6135, Japan		
Share capital	¥6,929 million		
Annual revenue	¥158.4 billion (consolidated, for the fiscal year ended June 30, 2020)		
Business	Supervising and managing Group companies		
Employees	24,956 (consolidated, for the Group, as of June 30, 2020)		

Stock Information

Basic Stock Information

Stock exchange	First Section, Tokyo Stock Exchange
Listing date	December 15, 2014
Ordinary General Meeting of Shareholders	September
Reference date for confirming the number of shareholders	June 30 for the Ordinary General Meeting of Shareholders and dividends, December 31 for interim dividends
Trading unit	100 shares
Shares outstanding	36,140,388 (as of June 30, 2020)
Shareholders	3,902 (as of June 30, 2020)
Major Indexes	JPX-Nikkei Index 400 MSCI Japan Empowering Women Index (WIN) MSCI Japan ESG Select Leaders Index

Number of IR Meetings (dialogue with investors, analysts and others)



2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Major Shareholders (as of June 30, 2020)

Shareholders	Shares held (thousands)	% of shares*
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,648	7.37
SSBTC CLIENT OMNIBUS ACCOUNT	2,170	6.04
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	1,856	5.16
Japan Trustee Services Bank, Ltd. (Trust Account)	1,592	4.43
JP MORGAN CHASE BANK 385632	1,208	3.36
BNYM AS AGT/CLTS 10 PERCENT	928	2.58
Japan Trustee Services Bank, Ltd. (Trust Account 7)	920	2.56
CHASE NOMINEES RE JASDEC TREATY CLIENT A/C (GENERAL)	919	2.56
STATE STREET BANK AND TRUST COMPANY 505001	899	2.50
STATE STREET BANK AND TRUST COMPANY 505223	817	2.27

*Calculations for the percentages of shares held exclude treasury stock.

TechnoPro Holdings, Inc.

35F, Roppongi Hills Mori Tower
6-10-1 Roppongi, Minato-ku,
Tokyo 106-6135, Japan
TEL: +81-3-6385-7998

