

To Whom It May Concern,

Corporate Name: TechnoPro Holdings, Inc.
 (Code:6028, TSE First Section)
 Representative: Yasuji Nishio, President, Representative Director & CEO
 Contact: Toshihiro Hagiwara, Director & CFO
 (Tel. 03-6385-7998)

Notice Regarding Change in Reportable Segments

TechnoPro Holdings, Inc. intends to make changes to reportable segments as of the fiscal year ending June 2020.


1. Reasons for Change

The TechnoPro Holdings Group operated engineer staffing and contract services as a single segment until the fiscal year ended June 2019. Considering that revenue from services other than the domestic engineer staffing business is expanding, we have made the decision to manage financial results under four business segments in the fields in which we operated business units: (1) R&D Outsourcing Business, (2) Construction Management Outsourcing Business, (3) Other Businesses in Japan, and (4) Overseas Businesses. This change has already begun in the fiscal year ending June 2020 (July 1, 2019 to June 30, 2020).

The TechnoPro Holdings Group will disclose our first quarter financial results announcement scheduled for October 31, 2019 under these reportable segments.

2. Overview of Changes

Comparison of Old/New Segments

Old Segment	New Segments	Overview
Engineer Staffing and Contract Services 	R&D Outsourcing Business	Serving major customers in the automotive, automotive parts, industrial machinery and equipment, information communications equipment, electrical appliances and electronic devices, IT, semiconductors, energy, pharmaceuticals, chemicals, and other industries. The segment provides engineer staffing and contract services related to equipment, electricity and electronics, embedded controllers, IT networks, business applications, systems maintenance and operations, biochemistry, and more.
	Construction Management Outsourcing Business	Serving major general contractors and subcontractors in the construction industry. The segment provides engineer staffing related to construction management (safety management, quality management, process management, cost management) for construction, civil engineering, and electrical equipment.
	Other Businesses in Japan	The segment provides professional recruitment and technical education and training services.
	Overseas Businesses	Engineer staffing, contract services, and professional recruitment services in China. IT engineer staffing services, mainly in Singapore and India. Engineer staffing and professional recruitment services in the United Kingdom.

3. New Segment Revenue and Operating Profit (FY2018 to FY2020)

Revenue

	Revenue		
	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Forecast)
R&D Outsourcing Business	¥97,687 million	¥114,021 million	¥125,400 million
Construction Management Outsourcing Business	¥14,659 million	¥17,720 million	¥20,200 million
Other Businesses in Japan	¥2,800 million	¥3,474 million	¥4,200 million
Overseas Business	¥2,336 million	¥10,283 million	¥12,000 million
Reportable Segments, Total	¥117,484 million	¥145,500 million	¥161,800 million
Corporate/Eliminations	¥(955) million	¥(1,324) million	¥(1,800) million
Consolidated Total	116,529 million	¥144,176 million	¥160,000 million

Operating Profit

	Operating Profit		
	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Forecast)
R&D Outsourcing Business	¥9,261 million	¥10,672 million	¥11,950 million
Construction Management Outsourcing Business	¥1,540 million	¥1,938 million	¥2,200 million
Other Businesses in Japan	¥293 million	¥416 million	¥500 million
Overseas Business	¥138 million	¥(931) million	¥650 million
Reportable Segments, Total	¥11,233 million	¥12,096 million	¥15,300 million
Corporate/Eliminations	¥4 million	¥1,642 million	¥0 million
Consolidated Total	¥11,238 million	¥13,739 million	¥15,300 million

(Note)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments.
2. Overseas for FY2019 includes an impairment loss of ¥1,673 million from a foreign subsidiary.
Corporate/Eliminations for the same period includes profit from changes in fair value of (1) put options granted to non-controlling shareholders of ¥1,359 million, and (2) earn-out considerations of ¥110 million, respectively.
3. Amortization of customer-related assets (intangible assets) arising from M&A was recognized in each reportable segment. For FY2018, R&D Outsourcing Business includes ¥62 million of the expenses, Overseas Business ¥44 million, and for FY2019, R&D outsourcing business includes ¥80 million, Overseas Business ¥250 million.

Forward-looking statements regarding future earnings forecasts in this document are based on information available at the time and certain judgments deemed rational by management. Actual performance may vary significantly from these forecasts.

Note on translation

This is a translation of the original Japanese document and provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.