

Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2024

August 8, 2024

Listed Company Name TechnoPro Holdings, Inc.

Listed Stock Exchange: Tokyo

TSE Code 6028 URL <https://www.technoproholdings.com/en/>

Representative (Title) President, Representative Director & CEO (Name) Takeshi Yagi

In charge of inquiries (Title) Managing Director & CFO (Name) Toshihiro Hagiwara TEL 03-6385-7998

Scheduled date of the general meeting of shareholders September 27, 2024

Scheduled commencement date for dividend payment September 30, 2024

Scheduled date of submission of securities report September 27, 2024

Supplementary materials for financial results: Yes

Briefing session for financial results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (July 1, 2023 – June 30, 2024)

(1) Consolidated Operating Results (% represents the change from the same period of the previous fiscal year)

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended June 30, 2024	219,218	9.7	24,395	14.1	21,918	0.4	22,139	1.4	14,895	(4.3)	14,684	(4.4)
FY ended June 30, 2023	199,851	11.8	21,379	12.3	21,838	5.8	21,837	4.1	15,560	(0.6)	15,365	(0.4)

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to the owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Million yen	%	Yen	Yen	%	%	%
FY ended June 30, 2024	17,074	2.1	137.56	—	18.8	14.9	10.0
FY ended June 30, 2023	16,723	(9.4)	142.71	—	21.3	15.3	10.9

(Ref.) Equity in net income of affiliates: FY ended June 30, 2024: (- million yen); FY ended June 30, 2023: (- million yen)

(Note) Core operating profit is the Group's own profit indicator, calculated by subtracting selling, general and administrative expenses from gross profit and excluding the impact of extraordinary items (such as employment adjustment subsidies and impairment losses) recorded under other income and other expenses.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company	Equity attributable to the owners of the parent company per share
	Million yen	Million yen	Million yen	%	Yen
FY ended June 30, 2024	152,651	81,897	80,741	52.9	762.05
FY ended June 30, 2023	144,017	76,762	75,529	52.4	704.24

(3) Consolidated Cash Flows

	Net cash from operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended June 30, 2024	31,177	(785)	(20,929)	45,241
FY ended June 30, 2023	21,424	(4,449)	(19,231)	35,373

2. Dividends

	Annual dividends per share					Total Dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent company (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended June 30, 2023	—	25.00	—	50.00	75.00	8,055	52.6	11.2
FY ended June 30, 2024	—	25.00	—	55.00	80.00	8,498	58.2	10.9
FY ending June 30, 2025 (forecast)	—	30.00	—	60.00	90.00		51.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 – June 30, 2025)

(% represents the change from the same period of the previous year)

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit attributable to owners of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (accumulated)	117,000	8.3	14,000	14.1	14,000	12.8	14,000	12.3	9,600	11.7	90.61
Full year	237,000	8.1	27,000	10.7	27,000	23.2	27,000	22.0	18,500	26.0	174.60

* Notes

(1) Significant changes to the scope of consolidation during the period: None

(2) Changes to accounting policies and accounting estimates

i. Changes to accounting policies as required by IFRS: Yes

ii. Changes to accounting policies other than i.: None

iii. Changes to accounting estimates: None

(3) Number of outstanding shares (ordinary shares)

i. Number of outstanding shares at the end of the period (including treasury shares)

FY ended June 30, 2024	106,400,000 shares	FY ended June 30, 2023	108,421,164 shares
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ii. Number of treasury shares at the end of the period

FY ended June 30, 2024	446,465 shares	FY ended June 30, 2023	1,171,029 shares
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iii. Average number of shares during the period

FY ended June 30, 2024	106,747,308 shares	FY ended June 30, 2023	107,674,471 shares
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* This Summary of Financial Statements is not subject to quarterly review by certified public accountant or audit corporation.

* Explanation regarding proper use of financial results forecasts, and other notes

(Cautionary note on forward-looking statements)

Forward-looking statements in this document about future performance are based on information currently available and certain assumptions that are considered reasonable. Due to unforeseen circumstances, actual results may differ from such estimates.

Please refer to page 5 "1. Overview of business results; (4) Business performance forecasts," for criteria for assumptions used in the earnings forecast.

(Obtaining supplementary materials for financial results)

The Company plans to hold a briefing on business results for institutional investors and analysts on August 8, 2024. The Company plans to post supplementary materials for the briefing on its website today (August 8, 2024) at the same time that the information is disclosed to the Tokyo Stock Exchange.

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1. Overview of business results

(1) Overview of business performance

During the consolidated fiscal year under review (July 1, 2023 to June 30, 2024), uncertainty in the global economy continued due to rising resource prices driven by the situation in Ukraine, concerns over recession due to restrictive monetary policy as governments in the US and Europe raised interest rates in response to inflation, and geopolitical risks in the Middle East and East Asia. In Japan, uncertainty has continued due to high prices and restrictions on raw material procurement caused by the continued depreciation of yen and other factors.

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

The main initiatives implemented by the Group during the consolidated fiscal year under review were as follows:

Securing engineers

With continued strong customer demand for engineers, the utilization ratio of the Group remains around 95%, and there is a shortage of engineers available to respond to new orders. We therefore made efforts to secure engineers, while maintaining high hiring standards, increasing the hiring of inexperienced engineers on the premise of providing them with subsequent training. In addition, we have resumed global recruitment of foreign nationals, which had been frozen during the pandemic, and are working to acquire talent on a global basis by expanding the number of countries targeted.

We will continue to secure highly skilled engineers and achieve sustainable growth.

Raising unit price of engineers

While the hiring of domestic engineers has largely recovered to pre-pandemic levels, we believe that there is still potential to increase the unit price of contracts for engineers and are working proactively to achieve this. Through upskilling and reskilling with education and training, we are working to have engineers acquire the technical skills and improved abilities required by customers while promoting contracts with unit prices that appropriately reflect the improvement of levels of service. We believe that raising unit prices can contribute to overall revenue as well as providing better conditions for engineers and improving their retention.

We will continue to expand our business by increasing contract unit prices, in addition to securing outstanding engineers.

Strengthening the solutions business

The five-year medium-term management plan "Evolution 2026," which was implemented in the fiscal year ended June 30, 2022, calls for strengthening the solutions business, wherein we are increasing sales revenue and the number of engineers engaged in this business. The remaining three years beginning from the fiscal year ended June 30, 2024 have been positioned as a period for achieving high growth, and we are systematically pursuing coordinated operations from marketing and sales to recruitment, training, and delivery, focusing on core solutions after careful assessment of domestic and overseas technology trends and our internal capabilities. Further, we launched the consulting business TechnoPro Consulting & Advisory on July 1, 2023, to strengthen our organization and enable it to provide consistent support from upstream processes like strategy, ideation, and operational analysis, to downstream processes like maintenance and management.

We will continue working to increase talents capable of implementing upstream processes through recruitment and training, while establishing and expanding highly competitive solutions, the pillars of the solutions business.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated fiscal year under review was 26,054 (up 1,929 compared to the end of previous fiscal year). The average utilization rate for the period under review was 95.0% (down 0.2 pts compared to the previous fiscal year). The Group has been working continuously to improve sales per engineer and while working days decreased compared to the previous fiscal year, average monthly sales per engineer were 678 thousand yen (up 9 thousand yen compared to the previous fiscal year) due to an increase in unit prices as a result of our Shift Up and Charge Up initiatives, as well as expansion in the solution business and other factors.

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

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

Earnings for the segments of the business during the consolidated fiscal year under review were as follows:

(R&D Outsourcing)

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

(Construction Management Outsourcing)

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

(Other Businesses in Japan)

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

(Overseas Businesses)

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

(2) Overview of financial position

Assets totaled 152,651 million yen as of the end of the consolidated fiscal year under review (up 8,633 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,494 million yen, cash and cash equivalents of 45,241 million yen, and accounts receivables and other receivables of 28,963 million yen. The status for each item was as follows.

(Current assets)

Current assets totaled 87,575 million yen as of the end of the consolidated fiscal year under review (up 10,918 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 45,241 million yen (up 9,868 million yen), and accounts receivables and other receivables of 28,963 million yen (up 1,558 million yen).

(Non-current assets)

Non-current assets totaled 65,075 million yen as of the end of the consolidated fiscal year under review (down 2,285 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,494 million yen (up 122 million yen), and right-of-use assets of 4,454 million yen (down 462 million yen).

(Current liabilities)

Current liabilities totaled 58,114 million yen as of the end of the consolidated fiscal year under review (up 11,169 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 18,117 million yen (up 2,073 million yen), and employee benefits liabilities of 9,405 million yen (up 719 million yen).

(Non-current liabilities)

Non-current liabilities totaled 12,638 million yen as of the end of the consolidated fiscal year under review (down 7,671 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 7,735 million yen (down 5,981 million yen), and lease liabilities of 3,550 million yen (down 565 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 80,741 million yen as of the end of the consolidated fiscal year under review (up 5,212 million yen from the end of the previous fiscal year). The primary components were retained earnings of 65,913 million yen (up 6,650 million yen) and share capital of 6,929 million yen (no change). In addition, capital surplus decreased by 4,876 million yen from the end of the previous fiscal year due to the retirement of treasury stock and other factors.

(3) Overview of cash flow conditions

Cash and cash equivalents (hereinafter "Cash") totaled 45,241 million yen as of the end of the consolidated fiscal year under review, representing an increase of 9,868 million yen compared to the end of the previous fiscal year. Cash flow during the consolidated fiscal year under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 31,177 million yen (previous fiscal year: inflows of 21,424 million yen). This was mainly due to an increase in cash due to profit before taxes (22,139 million yen), depreciation and amortization (3,271 million yen), and impairment loss (2,769 million yen), offset by a decrease in cash due to payments of corporate income taxes (7,093 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 785 million yen (previous fiscal year: outflows of 4,449 million yen). This was mainly due to an increase in cash due to proceeds from sales and redemption of investments (2,801 million yen) and withdrawal of time deposits (2,286 million yen), offset by a decrease in cash due to

purchase of investments (3,123 million yen) and payments into time deposits (2,430 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 20,929 million yen (previous fiscal year: outflows of 19,231 million yen). This was mainly due to a decrease in cash due to dividend payments (8,222 million yen), repayment of lease liabilities (6,999 million yen), and purchase of treasury shares (3,923 million yen). The payments for acquisition of interests in subsidiaries from non-controlling interests (783 million yen) was the amount paid for the acquisition of the remaining shares of Orion Managed Services Limited, and this acquisition increased the Company's ownership in Orion Managed Services Limited to 100%.

(4) Business performance forecasts

Currently, customers' investment in R&D activities and technological innovation, which are the Group's sources of competitiveness, is vigorous. Given the continued shortage of engineers in Japan, the Group expects strong demand for engineering professional services in the medium to long term. The Group will promote higher quality services with a focus on training and securing capable IT engineers, for whom customer demand is particularly strong. In addition, the Group will actively promote global collaboration, as travel restrictions implemented amid the COVID-19 pandemic have been lifted.

Based on these initiatives, for the fiscal year ending June 30, 2025, the fourth year of "Evolution 2026," the Group's five-year medium-term management plan, the Group expects the number of engineers on payroll in Japan at the end of the fiscal year will be 27,500 (up 1,446 compared to the end of the consolidated fiscal year under review), the average utilization rate for the fiscal year will be 94.7% (down 0.3 pts), and sales per engineer will be 695 thousand yen (up 17 thousand yen). With these assumptions, revenue is expected to be 237,000 million yen (up 8.1%), core operating profit is expected to be 27,000 million yen (up 10.7%), operating profit is expected to be 27,000 million yen (up 23.2%), profit before taxes is expected to be 27,000 million yen (up 22.0%), and net income attributable to owners of the parent is expected to be 18,500 million yen (up 26.0%).

2. Basic stance towards the selection of accounting standards

The Group has applied the International Accounting Standards since the fiscal year ended June 30, 2014 in an aim to improve convenience and comparability with financial information in global capital markets.

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	35,373	45,241
Accounts receivables and other receivables	27,405	28,963
Income taxes receivable	1,740	50
Other short-term financial assets	5,700	6,348
Other current assets	6,437	6,971
Total current assets	76,657	87,575
Non-current assets		
Property, plant and equipment	2,463	2,447
Right-of-use assets	4,916	4,454
Goodwill	46,372	46,494
Intangible assets	4,807	2,391
Other long-term financial assets	4,076	4,229
Deferred tax assets	3,937	4,200
Other non-current assets	786	857
Total non-current assets	67,360	65,075
Total assets	144,017	152,651
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	16,044	18,117
Bonds and loans payable	1,000	5,996
Lease liabilities	5,291	5,614
Income taxes payable	3,546	6,497
Other financial liabilities	4,000	3,397
Employee benefits liabilities	8,685	9,405
Provisions	20	9
Other current liabilities	8,356	9,075
Total current liabilities	46,944	58,114

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Non-current liabilities		
Bonds and loans payable	13,716	7,735
Lease liabilities	4,116	3,550
Other long-term financial liabilities	882	197
Deferred tax liabilities	987	538
Retirement benefit liabilities	24	22
Provisions	479	496
Other non-current liabilities	103	98
Total non-current liabilities	20,309	12,638
Total liabilities	67,254	70,753
Equity		
Share capital	6,929	6,929
Capital surplus	8,259	3,382
Retained earnings	59,262	65,913
Treasury shares	(2,577)	(1,213)
Other components of equity	3,655	5,728
Equity attributable to owners of the parent company	75,529	80,741
Non-controlling interests	1,233	1,156
Total equity	76,762	81,897
Total liabilities and equity	144,017	152,651

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Revenue	199,851	219,218
Cost of sales	146,948	160,408
Gross profit	52,903	58,810
Selling, general and administrative expenses	31,523	34,414
Other income	582	361
Other expenses	124	2,838
Operating profit	21,838	21,918
Financial income	196	398
Financial expenses	197	177
Profit before income taxes	21,837	22,139
Income taxes	6,276	7,243
Net profit	15,560	14,895
Net profit attributable to:		
Owners of the parent company	15,365	14,684
Non-controlling interests	194	211
Net profit	15,560	14,895
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	142.71	137.56
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Net profit	15,560	14,895
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	205	—
Total items that will not be reclassified to profit or loss	205	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	957	2,178
Total items that may be reclassified to profit or loss	957	2,178
Total other comprehensive income	1,163	2,178
Comprehensive income for the period	16,723	17,074
Comprehensive income for the period attributable to:		
Owners of the parent company	16,388	16,757
Non-controlling interests	334	317
Comprehensive income for the period	16,723	17,074

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2022	6,929	7,966	51,986	(1,001)	2,837	2,837	68,718
Net profit			15,365			—	15,365
Other comprehensive income			205		817	817	1,023
Total comprehensive income	—	—	15,570	—	817	817	16,388
Dividends of surplus			(8,294)			—	(8,294)
Share-based payment transaction		294				—	294
Purchase of treasury shares		(1)		(1,576)		—	(1,577)
Changes in ownership interests in subsidiaries		(0)				—	(0)
Total transactions with the owners	—	293	(8,294)	(1,576)	—	—	(9,578)
As of June 30, 2023	6,929	8,259	59,262	(2,577)	3,655	3,655	75,529

	Non-controlling interests	Total equity
As of July 1, 2022	1,710	70,428
Net profit	194	15,560
Other comprehensive income	139	1,163
Total comprehensive income	334	16,723
Dividends of surplus	(811)	(9,106)
Share-based payment transaction		294
Purchase of treasury shares		(1,577)
Changes in ownership interests in subsidiaries	0	—
Total transactions with the owners	(811)	(10,389)
As of June 30, 2023	1,233	76,762

Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2023	6,929	8,259	59,262	(2,577)	3,655	3,655	75,529
Net profit			14,684			—	14,684
Other comprehensive income					2,073	2,073	2,073
Total comprehensive income	—	—	14,684	—	2,073	2,073	16,757
Dividends of surplus			(8,033)			—	(8,033)
Share-based payment transaction		209				—	209
Purchase of treasury shares		(2)		(3,923)		—	(3,926)
Retirement of treasury shares		(5,288)		5,288		—	—
Changes in ownership interests in subsidiaries		205				—	205
Total transactions with the owners	—	(4,876)	(8,033)	1,364	—	—	(11,545)
As of June 30, 2024	6,929	3,382	65,913	(1,213)	5,728	5,728	80,741

	Non-controlling interests	Total equity
As of July 1, 2023	1,233	76,762
Net profit	211	14,895
Other comprehensive income	105	2,178
Total comprehensive income	317	17,074
Dividends of surplus	(189)	(8,222)
Share-based payment transaction		209
Purchase of treasury shares		(3,926)
Retirement of treasury shares		—
Changes in ownership interests in subsidiaries	(205)	—
Total transactions with the owners	(394)	(11,940)
As of June 30, 2024	1,156	81,897

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	21,837	22,139
Depreciation and amortization	3,128	3,271
Impairment loss	—	2,769
Loss (gain) on put options granted to non-controlling interests	(55)	—
Interest and dividend income	(84)	(155)
Interest expense	98	81
Decrease (increase) in accounts receivables and other receivables	(2,333)	(1,558)
Increase (decrease) in accounts payable and other liabilities	(707)	2,073
Increase (decrease) in deposits received	565	932
Decrease (increase) in prepaid expenses	2,475	2,661
Decrease (increase) in lease repayments	1,942	2,010
Increase (decrease) in consumption tax payable	580	1,783
Increase (decrease) in retirement benefit liabilities	(561)	(533)
Other	180	964
Subtotal	27,065	36,441
Interest and dividend received	46	114
Interest paid	(65)	(56)
Income taxes paid	(6,618)	(7,093)
Income tax refund	996	1,771
Net cash flows from operating activities	21,424	31,177
Cash flows from investing activities		
Payments into time deposits	(2,090)	(2,430)
Proceeds from withdrawal of time deposits	1,469	2,286
Purchase of tangible fixed assets	(460)	(428)
Purchase of intangible assets	(248)	(179)
Purchase of investments	(3,088)	(3,123)
Proceeds from sales and redemption of investments	3,700	2,801
Purchase of subsidiary shares at conditional acquisition price	(3,623)	—
Other	(107)	288
Net cash flows from investing activities	(4,449)	(785)
Cash flows from financing activities		
Repayment of lease liabilities	(6,797)	(6,999)
Proceeds from long-term borrowings	5,000	—
Repayments of long-term borrowings	(6,750)	(1,000)
Purchase of treasury shares	(1,576)	(3,923)
Cash dividends paid	(9,107)	(8,222)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(783)
Net cash flows from financing activities	(19,231)	(20,929)
Effect of change in exchange rates on cash and cash equivalents	197	406
Net increase (decrease) in cash and cash equivalents	(2,058)	9,868
Cash and cash equivalents at the beginning of the period	37,432	35,373
Cash and cash equivalents at the end of the period	35,373	45,241

(5) Notes to the consolidated financial statements

(Note on assumption about going concern)

Not applicable.

(Changes in accounting policies)

The material accounting policies adopted for the Group's consolidated financial statements for the fiscal year under review are the same as those for the consolidated financial statements for the previous fiscal year, except for the following items.

IFRS		Overview of new/revised standards
IAS 1	Presentation of Financial Statements	Requires disclosure of material accounting policies rather than significant accounting policies
IAS 12	Income Taxes	Clarifies accounting treatment for deferred taxes related to assets and liabilities arising from a single transaction

The adoption of the above standards did not have a material impact on the summary of the consolidated financial statements.

(Repurchase and retirement of treasury shares)

(Share repurchase)

At the meeting of the Board of Directors held on March 29, 2024, the Company resolved to implement a share repurchase in accordance with Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, and carried out as detailed below.

1. Details of the Board of Directors meeting resolution dated March 29, 2024
 - 1) Class of shares to be repurchased: Common stock of TechnoPro Holdings, Inc.
 - 2) Total number of shares to be repurchased: Up to 1,000,000 shares
 - 3) Total repurchase amount: Up to 2,500,000,000 yen
 - 4) Repurchase period: From April 1, 2024 to June 28, 2024
 - 5) Repurchase method: Open market purchase on the Tokyo Stock Exchange
2. Total shares repurchased pursuant to the resolution above
 - 1) Total number of shares repurchased: 889,100 shares
 - 2) Total repurchase amount: 2,499,869,300 yen
 - 3) Repurchase period: From April 1, 2024 to May 24, 2024

(Retirement of treasury shares)

At the Board of Directors meetings held on September 28, 2023 and May 31, 2024, the Company resolved to retire treasury stock pursuant to Article 178 of the Companies Act, and has retired the shares as follows.

1. Details of the Board of Directors meeting resolution dated September 28, 2023
 - 1) Total number of shares retired: 1,121,164 shares
 - 2) Date of retirement: October 10, 2023
2. Details of the Board of Directors meeting resolution dated May 31, 2024
 - 1) Total number of shares retired: 900,000 shares
 - 2) Date of retirement: June 20, 2024

(Impairment loss)

The Group calculates the amount of impairment loss based on the smallest asset group that generates largely independent cash inflows.

Impairment tests are carried out after calculating the recoverable amount based on the fair values. An impairment loss will be recognized when the recoverable amount is less than the carrying amount, and the carrying amount will be reduced to the recoverable amount.

The impairment losses recognized in the consolidated fiscal year under review include an impairment loss of 1,792 million yen related to intangible assets (customer-related assets) and an impairment loss of 977 million yen related to goodwill, both of which are recorded under Other expenses in the Consolidated Statement of Income.

(Note on segment information)

1. Segment information overview

The Group's business segments are Group components for which separate financial information can be obtained. Each segment is subject to periodic examinations to allow the Board of Directors to decide how to allocate management resources and assess performance. In determining reportable segments, the Group does not consolidate business segments; reportable segments and business segments are the same.

Overview of the reportable segments:

- In R&D Outsourcing Business, the Group provides engineer dispatch and contract assignment services in technological fields including machinery, electronics/electricals, embedded controllers, IT networks, business applications, system maintenance/management, and biochemistry; its customers are mainly major businesses and other organizations in industries including automotive and automotive parts, industrial machinery and equipment, telecommunications equipment, electronic and electrical equipment, IT, semiconductors, energy, pharmaceuticals, and chemicals.
- In Construction Management Outsourcing Business, the Group provides contract assignment services for construction design and engineer dispatch services for construction management (safety administration, quality control, process administration, and cost management) in the construction industry in the fields of construction, civil engineering, facility machinery, and plant; its customers are mainly general contractors and subcontractors.
- In Other Businesses in Japan, the Group provides professional recruitment services and education and training services in engineering.
- In Overseas Business, the Group provides technical outsourcing and professional recruitment services in China, engineer dispatch services and contracted R&D operations in Southeast Asia and India (including offshore delivery services to customers in the U.S, Europe, and Japan), and engineer dispatch and professional recruitment services in the UK.

2. Information on reportable segments

Accounting principles for the reportable segments are the same as those used in the creation of the Consolidated Financial Statements by the Group. Business between reportable segments is based on market prices, and segment profit is shown as operating profit.

Fiscal year ended June, 2023 (July 1, 2022 to June 30, 2023)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	151,693	21,642	3,803	22,661	199,801	50	199,851
Intersegment sales or transfers	1,164	0	1,766	847	3,778	(3,778)	—
Total revenue	152,858	21,643	5,569	23,508	203,580	(3,728)	199,851
Segment profit (loss)	16,292	2,930	561	1,873	21,658	179	21,838
Financial income	—	—	—	—	—	—	196
Financial expenses	—	—	—	—	—	—	197
Quarterly profit before income taxes	—	—	—	—	—	—	21,837
Segment assets	93,546	12,783	5,671	28,666	140,666	3,350	144,017
Other							
Depreciation and amortization	1,030	248	310	305	1,895	573	2,469
Amortization of customer-related assets	72	—	—	586	659	—	659
Change (profit) in fair value related to put option	—	—	—	—	—	55	55
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Segment assets under Eliminations/Corporate includes corporate assets of 9,351 million yen not allocated to individual reportable segments and eliminations of intersegment transactions of -6,001 million yen. Corporate assets are mainly cash and cash equivalents, right-of-use assets and income tax receivable not allocated to reportable segments.
3. Depreciation and amortization do not include amortization of customer-related assets.

Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	167,689	23,291	3,221	24,967	219,169	49	219,218
Intersegment sales or transfers	1,004	2	1,617	715	3,339	(3,339)	—
Total revenue	168,694	23,293	4,839	25,682	222,508	(3,289)	219,218
Segment profit (loss)	19,259	3,422	(771)	(188)	21,722	195	21,918
Financial income	—	—	—	—	—	—	398
Financial expenses	—	—	—	—	—	—	177
Quarterly profit before income taxes	—	—	—	—	—	—	22,139
Segment assets	103,294	13,356	3,941	29,249	149,842	2,808	152,651
Other							
Depreciation and amortization	1,131	244	299	324	1,999	618	2,617
Amortization of customer-related assets	72	—	—	580	653	—	653
Impairment loss	—	—	977	1,792	2,769	—	2,769

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Segment assets under Eliminations/Corporate includes corporate assets of 7,478 million yen not allocated to individual reportable segments and eliminations of intersegment transactions of -4,669 million yen. Corporate assets are mainly cash and cash equivalents, right-of-use assets not allocated to reportable segments.
3. Depreciation and amortization do not include amortization of customer-related assets.

3. Product and service information

Product and service information has been omitted because the product and service categories are the same as the reportable segments.

4. Information by region

Revenue from external customers

(Millions of yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Japan	178,747	196,158
Asia	11,523	11,252
Europe	6,195	7,850
North America	3,155	3,765
Others	229	192
Total	199,851	219,218

(Notes)

1. Revenues based on location of customer and classified by country or region.
2. The individual countries in each category are as follows:
 Asia: Singapore, China, India, Thailand, Philippines
 Europe: United Kingdom
 North America: United States

5. Information on major customers

Information on major customers is omitted because there is no customer with whom the business accounts for no less than 10% of the Group's revenues.

(Per share information)

The per share information is as follows.

	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Net profit attributable to the owners of the parent company (millions of yen)	15,365	14,684
Average outstanding ordinary shares during the fiscal year (shares)	107,674,471	106,747,308
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	142.71	137.56

(Note)

Diluted earnings per share are not shown as there are no residual shares.

(Significant subsequent events)

(Share repurchase)

At the meeting of the Board of Directors held on August 8, 2024, the Company resolved to implement a share repurchase in accordance with Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, as detailed below.

1. Reasons for share repurchase

To achieve value creation through the implementation of the flexible capital policy that aims for sustainable growth (including improved capital efficiency) based on comprehensive consideration of the factors such as funds on hand and the share price level in the market.

2. Details of share repurchase program

- 1) Class of shares to be repurchased: Common stock of TechnoPro Holdings, Inc.
- 2) Total number of shares to be repurchased: Up to 2,000,000 shares (Ratio to the shares outstanding [excluding treasury shares]: 1.89%)
- 3) Total repurchase amount: Up to 5,000,000,000 yen
- 4) Repurchase period: From August 9, 2024 to March 31, 2025
- 5) Repurchase method: Open market purchase on the Tokyo Stock Exchange