



Summary of the Consolidated Third Quarter Statements (IFRS) for the Nine-Month Period Ended March 31, 2018

April 27, 2018

Listed Company Name	TechnoPro Holdings, Inc.	Listed Stock Exchange: Tokyo
TSE Code	6028 URL http://www.technoproholdings.com/	
Representative	(Title) Representative Director, President & CEO	(Name) Yasuji Nishio
In charge of inquiries	(Title) Director & CFO	(Name) Hiroshi Sato TEL 03-6385-7998
Quarterly report scheduled submission date	May 10, 2018	
Scheduled commencement date for dividend payment	—	
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 Nine Months Ended March 31, 2018 (July 1, 2017 – March 31, 2018)

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

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended March 31, 2018	84,344	13.8	8,647	16.7	8,560	16.6	6,437	9.5	6,437	9.6	6,178	4.8
For the nine months ended March 31, 2017	74,141	10.6	7,407	10.9	7,341	14.0	5,880	(5.5)	5,873	(5.4)	5,898	(4.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended March 31, 2018	188.00	—
For the nine months ended March 31, 2017	171.66	—

(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
	Million yen	Million yen	Million yen	%
For the nine months ended March 31, 2018	80,189	30,489	30,061	37.5
Fiscal year ended June 30, 2017	70,119	27,696	27,696	39.5

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2017	—	50.00	—	62.79	112.79
FY ending June 30, 2018	—	50.00	—		
FY ending June 30, 2018 (forecast)				68.30	118.30

(Notes) Revisions to dividend forecasts published most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2018 (July 1, 2017 – June 30, 2018)

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

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the parent company		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	111,500	11.4	11,100	15.1	11,000	15.1	8,100	5.0	236.53

(Notes) Revisions to consolidated financial results forecasts published most recently: No

* Notes

(1) Changes to important subsidiaries during the period (changes to "Specified Subsidiaries" that involve changes made to scope of consolidation): Yes

New: 1 company (PROBIZMO Co., Ltd.); Excluded: 1 company (TechnoPro Embedded, Inc.)

(Note) Please refer to page 13, "2. Interim Consolidated Financial Statements (Summary) and notes, (5) Notes to the consolidated financial results (Summary), (Changes to important subsidiaries during the period)"

(2) Changes to accounting policies and accounting estimates

i. Changes to accounting policies as required by IFRS: None

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)	As of March 31, 2018	34,254,932 shares	FY ended June 30, 2017	34,214,000 shares
ii. Number of treasury shares at the end of the period	As of March 31, 2018	341 shares	FY ended June 30, 2017	215 shares
iii. Average number of shares during the period (cumulative)	For the nine months ended March 31, 2018	34,241,584 shares	For the nine months ended March 31, 2017	34,213,866 shares

* This Summary of Financial Statements is not subject to audit by a certified public accountant or an audit corporation.

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

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.

(Obtaining supplementary financial materials)

On April 27, 2018, the Company plans to hold a briefing for institutional investors and analysts. The Company plans to post the briefing materials reporting the business results used at the briefing on the Company's website at the earliest possible time.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Summary of business performance

During the consolidated third quarter period under review (July 1, 2017 to March 31, 2018), despite concerns over geopolitical risks in East Asia and the Middle East, overall global economic performance remained strong, driven by a steady U.S. economy and other factors. In Japan, there were improvements in corporate earnings and the employment situation, and despite uncertainty regarding the current political situation, the modest recovery in the economy continued.

In this economic environment, the engineer dispatching and contract assignment business, the area in which the Group's business is focused, grew steadily. There was particularly strong demand for engineers in the automobile, automotive parts, IT, and construction industries, but the supply shortage in the employment market for engineers continued from the previous fiscal year.

The main initiatives implemented by the Group during the period under review were as follows:

Implementation of "Shift up" and "Charge up" initiatives

The Group continued the implementation of the "Shift up" (increase unit prices through changes in place of assignment), and "Charge up" (increase unit prices at the time of contract renewal at the same place of assignment) initiatives from the previous year as a means of increasing the amount of sales per engineer.

Securing engineers

In order to recruit high-quality engineers, the foundation of the Group's growth, and respond to robust demand for engineers from target companies, the Group further strengthened recruitment efforts. Specifically, the Group promoted the engineer referral system while increasing employment by utilizing employment agencies including consolidated subsidiary TechnoPro Careers, Inc. and Boyd & Moore Executive Search K.K., and held joint seminars with partner companies. In addition, through the acquisition of EDELTA Co., Ltd. and PROBIZMO Co., Ltd. as consolidated subsidiaries, the Group acquired high-quality engineers in the field of IT. In terms of human resources policies, the Group will continue to promote the recruitment of superior engineers in future by improving employee benefits through the introduction of a defined contribution pension plan, and other efforts.

Developing engineers

In human resources development of engineers, the Group expanded courses in AI and other areas available through Win School (managed by Pc Assist Co., Ltd.), and developed training for data scientists through its partnership with data analysis leader ALBERT, Inc. In addition, in order to meet the strong demand for construction personnel, TechnoPro Construction, Inc. established a new training facility, the Osaka Technical Training Center. After the Tokyo Technical Training Center, this will be the Group's second training facility focused on the construction and construction management fields. The Group intends to continue working to raise the knowledge and technical skills of the Group's researchers and engineers.

As a result of the initiatives described above, the number of domestic engineers at the end of the consolidated third quarter period under review increased to 15,493 (up 1,796 compared to the end of the third quarter of the previous fiscal year). The average utilization rate for the period under review was 96.3% (up 0.5pts) and sales per engineer (average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.) were 629 thousand yen per month (up 3.5 thousand yen) as a result of continued implementation of the "Shift up" and "Charge up" initiatives.

In employment, the number of newly employed domestic engineers at the end of the consolidated third quarter period under review was 2,321 (up 736 compared to the end of the third quarter of the previous fiscal year), contributing to an increase in engineer numbers.

In terms of expenses, the gross profit margin was 25.4% (up 1.8pts compared to the third quarter of the previous fiscal year) despite factors which led to increased costs, such as increased labor costs for engineers associated with improved business performance. The SG&A ratio to revenue was 14.9% (up 1.3pts) due to

increased administrative costs associated with expansion of the Group.

As a result, the Group's revenues for the third quarter were 84,344 million yen (up 13.8% compared to the third quarter of the previous fiscal year), operating profit was 8,647 million yen (up 16.7%), profit before taxes was 8,560 million yen (up 16.6%), and net profit attributable to the owners of the parent company was 6,437 million yen (up 9.6%).

Earnings for the major areas of the business during the consolidated third quarter period under review were as follows:

(R&D outsourcing)

In addition to enhancing profitability by moving forward with negotiations for "Shift up" and "Charge up" initiatives, driven by specialist teams, the Group also continued building information systems related to the recruitment and development of human resources. As a result of these initiatives, revenues in this area were 71,204 million yen (up 13.1%).

(Construction management outsourcing)

The Group, continuing from the previous period, increased the amount of sales per engineer through the promotion of team assignments, and expanded the active hiring and development of inexperienced personnel. As a result, revenues in this area were 10,803 million yen (up 9.4%).

(2) Summary of financial position

i. Analysis of financial conditions

Assets totaled 80,189 million yen as of the end of the consolidated third quarter period under review (up 10,069 million yen from the end of the previous fiscal year). The primary components were goodwill of 34,458 million yen, accounts receivables and other receivables of 16,731 million yen, and cash and cash equivalents of 15,597 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 35,155 million yen (up 4,064 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 15,597 million yen (up 2,199 million yen), and accounts receivables and other receivables of 16,731 million yen (up 2,734 million yen).

(Non-current assets)

Non-current assets totaled 45,033 million yen (up 6,005 million yen from the end of the previous fiscal year). The primary components were goodwill of 34,458 million yen (up 4,917 million yen), and deferred tax assets of 4,636 million yen (up 1,021 million yen).

(Current liabilities)

Current liabilities totaled 28,474 million yen (down 3,859 million yen from the end of the previous fiscal year). The primary components were accounts payables and other liabilities of 11,580 million yen (up 2,120 million yen), and employee benefit liabilities of 4,453 million yen (up 453 million yen).

(Non-current liabilities)

Non-current liabilities totaled 21,224 million yen (up 3,417 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 16,636 million yen (up 4,087 million yen), and other long-term financial liabilities of 3,984 million yen (up 3,869 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 30,061 million yen (up 2,365 million yen from the end of the previous fiscal year). The primary components were a capital surplus of 5,912 million yen (down 62 million yen) and retained earnings of 23,763 million yen (up 2,687 million yen).

ii. Cash flow conditions

Cash and cash equivalents (hereinafter “Cash”) totaled 15,597 million yen as of end of the consolidated third quarter period under review, representing an increase of 2,199 million yen compared to the end of the previous fiscal year.

Cash flow conditions during the consolidated third quarter period under review as well as the main factors affecting their changes are as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in cash inflows of 7,864 million yen (same period of the previous fiscal year: inflows of 5,542 million), this was mainly due to increases in profits before taxes (8,560 million yen), accounts payables and other liabilities (1,494 million yen) and an income tax refund (2,146 million yen), offset by payments of corporate income taxes (4,062 million yen) and an increase in accounts receivables and other receivables (1,424 million yen).

(Cash flows from investing activities)

Cash flows from investing activities resulted in cash outflows of 4,724 million yen (same period of the previous fiscal year: outflows of 585 million). This was mainly due to outflows for the acquisition of subsidiary shares (4,240 million yen), non-current assets (179 million yen) and intangible assets (215 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 941 million yen (same period of the previous fiscal year: outflows of 5,640 million). This was mainly due to revenue from long-term borrowings (6,900 million yen), dividend payments (3,860 million yen), a net decrease in short-term loans payable (2,022 million yen), and cash outflows resulting from repayments of long-term borrowings (1,734 million yen).

(3) Results forecasts and other forward-looking information

There have been no changes made to the consolidated results forecast for the fiscal year ending June 30, 2018 since those announced in the “Announcement of Revision of Earnings Guidance and Dividend Forecast” on February 2, 2018. As announced in the “Announcement of Issuance of New Shares Through an International Offering” on March 22, 2018, payment was completed for new shares issued through an international offering on April 6, 2018. However, M&As announced since January 2018 are not reflected in the consolidated results forecasts. At present, the Company is closely monitoring their impact, and will promptly make an announcement in the event that changes to the consolidated forecasts are necessary.

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and cash equivalents	13,398	15,597
Accounts receivables and other receivables	13,997	16,731
Income taxes receivable	2,146	19
Other short-term financial assets	379	410
Other current assets	1,169	2,396
Total current assets	31,091	35,155
Non-current assets		
Property, plant and equipment	888	1,037
Goodwill	29,541	34,458
Intangible assets	1,303	1,182
Investments accounted for using the equity method	97	98
Other long-term financial assets	3,574	3,597
Deferred tax assets	3,615	4,636
Other non-current assets	8	20
Total non-current assets	39,027	45,033
Total assets	70,119	80,189
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	9,459	11,580
Bonds and loans payable	3,744	3,471
Income taxes payable	895	2,981
Other financial liabilities	1,199	2,070
Employee benefits liabilities	4,000	4,453
Provisions	6	1
Other current liabilities	5,310	3,915
Total current liabilities	24,615	28,474

(Millions of yen)

	As of June 30, 2017	As of March 31, 2018
Non-current liabilities		
Bonds and loans payable	12,549	16,636
Other financial liabilities	114	3,984
Deferred tax liabilities	168	180
Retirement benefit liabilities	4,652	13
Provisions	294	332
Other non-current liabilities	28	77
Total non-current liabilities	17,807	21,224
Total liabilities	42,423	49,699
Equity		
Share capital	510	620
Capital surplus	5,975	5,912
Retained earnings	21,075	23,763
Treasury shares	(0)	(1)
Other components of equity	136	(233)
Equity attributable to owners of the parent company	27,696	30,061
Non-controlling interests	—	428
Total equity	27,696	30,489
Total liabilities and equity	70,119	80,189

(2) Consolidated Statement of Income (Summary) and Consolidated Statement of Comprehensive Income (Summary)
Consolidated Statement of Income (Summary)
The consolidated nine-month period

(Millions of yen)

	Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017)	Nine months ended March 31 2018 (July 1, 2017 to March 31, 2018)
Revenue	74,141	84,344
Cost of sales	56,693	62,956
Gross profit	17,447	21,388
Selling, general and administrative expenses	10,110	12,596
Other income	85	82
Other expenses	15	226
Operating profit	7,407	8,647
Financial income	2	6
Financial expenses	67	95
Investment profit (loss) under the equity method	(1)	1
Profit before income taxes	7,341	8,560
Income taxes	1,461	2,122
Net profit	5,880	6,437
Net profit attributable to:		
Owners of the parent company	5,873	6,437
Non-controlling interests	7	(0)
Net profit	5,880	6,437
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic and diluted earnings per share	171.66	188.00

Consolidated Statement of Comprehensive Income (Summary)
The consolidated three-month period

	Three months ended March 31 2017 (January 1, 2017 to March 31, 2017)	Three months ended March 31, 2018 (January 1, 2018 to March 31, 2018)
Revenue	25,330	28,943
Cost of sales	19,397	21,318
Gross profit	5,932	7,624
Selling, general and administrative expenses	3,447	4,533
Other income	23	29
Other expenses	3	27
Operating profit	2,505	3,093
Financial income	0	4
Financial expenses	21	42
Investment profit (loss) under the equity method	(1)	1
Profit before income taxes	2,483	3,056
Income taxes	707	757
Net profit	1,775	2,298
Net profit attributable to:		
Owners of the parent company	1,775	2,298
Non-controlling interests	—	0
Net profit	1,775	2,298
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic and diluted earnings per share	51.88	67.09

Consolidated Statement of Comprehensive Income (Summary)
The consolidated nine-month period

(Millions of yen)

	Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017)	Nine months ended March 31, 2018 (July 1, 2017 to March 31, 2018)
Net profit	5,880	6,437
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	—	111
Total items that will not be reclassified to profit or loss	—	111
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	14	5
Changes in fair value of available-for-sale financial assets	3	(375)
Total items that may be reclassified to profit or loss	17	(369)
Total other comprehensive income	17	(258)
Comprehensive income for the period	5,898	6,178
Comprehensive income for the period attributable to:		
Owners of the parent company	5,890	6,178
Non-controlling interests	7	(0)
Comprehensive income for the period	5,898	6,178

The consolidated three-month period

(Millions of yen)

	Three months ended March 31 2017 (January 1, 2017 to March 31, 2017)	Three months ended March 31, 2018 (January 1, 2018 to March 31, 2018)
Net profit	1,775	2,298
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(8)	(10)
Changes in fair value of available-for-sale financial assets	(0)	(146)
Total items that may be reclassified to profit or loss	(8)	(156)
Total other comprehensive income	(8)	(268)
Comprehensive income for the period	1,766	2,029
Comprehensive income for the period attributable to:		
Owners of the parent company	1,766	2,029
Non-controlling interests	—	0
Comprehensive income for the period	1,766	2,029

(3) Consolidated Statement of Changes in Equity (Summary)
 Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2016	510	6,158	17,180	(0)	115	23,963	184	24,148
Net profit			5,873			5,873	7	5,880
Other comprehensive income					17	17		17
Total comprehensive income	—	—	5,873	—	17	5,890	7	5,898
Number of new shares issued						—		—
Dividends of surplus			(3,815)			(3,815)		(3,815)
Share-based payment transaction		14				14		14
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation						—		—
Changes in ownership of subsidiaries		(203)				(203)	(192)	(395)
Other increases (decreases)						—		—
Total transactions with the owners	—	(188)	(3,815)	(0)	—	(4,003)	(192)	(4,196)
As of March 31, 2017	510	5,969	19,238	(0)	133	25,850	—	25,850

Nine months ended March 31, 2018 (July 1, 2017 to March 31, 2018)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2017	510	5,975	21,075	(0)	136	27,696	—	27,696
Net profit			6,437			6,437	(0)	6,437
Other comprehensive income			111		(369)	(258)	(0)	(258)
Total comprehensive income	—	—	6,548	—	(369)	6,178	(0)	6,178
Number of new shares issued	110	(110)				—		—
Dividends of surplus			(3,861)			(3,861)		(3,861)
Share-based payment transaction		48				48		48
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation						—	428	428
Changes in ownership of subsidiaries						—		—
Other increases (decreases)		(1)				(1)		(1)
Total transactions with the owners	110	(62)	(3,861)	(0)	—	(3,813)	428	(3,385)
As of December 31, 2018	620	5,912	23,763	(1)	(233)	30,061	428	30,489

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017)	Nine months ended March 31, 2018 (July 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	7,341	8,560
Depreciation and amortization	306	317
Interest and dividend income	(2)	(2)
Interest expense	59	69
Investment profit (loss) under the equity method	1	(1)
Decrease (increase) in accounts receivables and other receivables	(1,360)	(1,424)
Increase (decrease) in accounts payable and other liabilities	1,457	1,494
Increase (decrease) in consumption taxes payable	(19)	578
Increase (decrease) in retirement benefit liabilities	356	(434)
Other	(444)	687
Subtotal	7,697	9,844
Dividends received	0	0
Interest received	2	2
Interest paid	(60)	(67)
Income taxes paid	(3,669)	(4,062)
Income tax refund	1,571	2,146
Net cash flows from operating activities	5,542	7,864
Cash flows from investing activities		
Payments into time deposits	(17)	(5)
Withdrawal of time deposits	16	72
Purchase of property, plant and equipment	(154)	(179)
Sale of property, plant and equipment	19	0
Purchase of intangible assets	(166)	(215)
Purchases of other financial assets	—	(155)
Purchases of investments accounted for using the equity method	(99)	—
Purchase of subsidiary shares	(128)	(4,240)
Purchase of subsidiary shares at conditional acquisition price	(58)	—
Other	3	0
Net cash flows from investing activities	(585)	(4,724)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(2,022)
Proceeds from long-term borrowings	—	6,900
Outflows from repayments of long-term borrowings	(1,337)	(1,734)
Redemption of corporate bonds	(90)	(219)
Outflows from purchase of treasury stock	(0)	(0)
Cash dividends paid	(3,814)	(3,860)
Payments for purchase of interests in subsidiaries from non-controlling interests	(395)	—
Other	(3)	(3)
Net cash flows from financing activities	(5,640)	(941)
Effect of change in exchange rates on cash and cash equivalents	5	0
Net increase (decrease) in cash and cash equivalents	(678)	2,199
Cash and cash equivalents at the beginning of the period	11,708	13,398
Cash and cash equivalents at the end of the period	11,030	15,597

(5) Notes to the consolidated financial results (Summary)

(Note on assumption about going concern)

Not applicable.

(Note on significant changes in the amount of shareholders' equity)

Not applicable.

(Changes to important subsidiaries during the period)

In the consolidated first half period, TechnoPro Embedded, Inc., a subsidiary of TechnoPro, Inc. (a subsidiary of TechnoPro Holdings, Inc.), was dissolved in an absorption-type merger with TechnoPro, Inc. on October 1, 2017 (effective date of the merger).

In the consolidated third quarter period under review, the Company acquired PROBIZMO Co., Ltd. as a new subsidiary through share acquisition. In this acquisition the capital of the acquired company is equivalent to over 10/100 of the Company's capital.