

Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2019

July 31, 2019

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/en/>
Representative (Title) Representative Director, President & CEO (Name) Yasuji Nishio
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Scheduled date of the general meeting of shareholders September 27, 2019
Scheduled commencement date for dividend payment September 30, 2019
Scheduled date of submission of securities report September 27, 2019
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, 2019 (July 1, 2018 – June 30, 2019)

(1) Consolidated Operating Results (% 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	%
FY ended June 30, 2019	144,176	23.7	13,739	22.3	13,727	23.0	9,400	10.5	9,683	13.9	8,717	1.8
FY ended June 30, 2018	116,529	16.4	11,238	16.5	11,163	16.8	8,509	10.2	8,498	10.1	8,563	10.6

	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
	Yen	Yen	%	%	%
FY ended June 30, 2019	266.86	266.79	22.4	15.1	9.5
FY ended June 30, 2018	244.81	244.62	24.5	14.1	9.6

(Ref.) Equity in net income of affiliates: FY ended June 30, 2019: (¥7 million); FY ended June 30, 2018: ¥3 million

(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, 2019	93,771	46,065	44,803	47.8	1,234.13
FY ended June 30, 2018	88,201	42,967	41,694	47.3	1,150.04

(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, 2019	11,270	(4,429)	(7,184)	21,230
FY ended June 30, 2018	10,798	(5,361)	2,826	21,652

2. Dividends

	Annual dividends per share					Total Dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to the owners of 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, 2018	—	50.00	—	70.00	120.00	4,250	50.0	12.3
FY ended June 30, 2019	—	50.00	—	84.00	134.00	4,864	50.2	11.2
FY ending June 30, 2020 (forecast)	—	50.00	—	90.00	140.00		50.3	

(Notes) The payout ratio is calculated by dividing the total dividends by the profit attributable to owners of parent.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 – June 30, 2020)

(% 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	160,000	11.0	15,300	11.4	15,100	10.0	10,100	4.3	278.21

* Notes

(1) Changes to important subsidiaries during the period (changes to "Specified Subsidiaries" that involve changes made to scope of consolidation): No

- (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, 2019	36,304,029 shares	FY ended June 30, 2018	36,254,932 shares
ii. Number of treasury shares at the end of the period	FY ended June 30, 2019	498 shares	FY ended June 30, 2018	341 shares
iii. Average number of shares during the period	FY ended June 30, 2019	36,287,445 shares	FY ended June 30, 2018	34,716,060 shares

* This Summary of Financial Statements is not subject to audit by CFAs 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.

The Company plans to hold a briefing on business results for institutional investors and analysts on July 31, 2019. The material for the briefing was posted on the Company's website at the same time as this financial results disclosure.

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1. Analysis of Business Performance and Financial Position

Summary of business performance

During the consolidated fiscal year under review (July 1, 2018 to June 30, 2019), concerns over deceleration in the global economy grew as a result of the slowdown of the Chinese economy due to U.S.-China trade friction and uncertainty in the European economy associated with Brexit, as well as unstable political conditions in the Middle East. In Japan, the Nikkei Stock Average, which had continued to decline from October 2018, began to rise, but a sense of caution about the future of the economy continued, due to concerns over the sales tax increase scheduled for October 2019, and continued stagnation of exports and fluctuations in consumption.

In this economic environment, the engineer dispatching and contract assignment business – the area in which the Group's business is focused – grew and demand for engineers in the automobile, automotive parts, IT, and construction industries remained high.

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 the engineer recruitment market in Japan, demand continues to exceed supply, and securing engineers necessary for the further growth of the Group is a significant challenge. In addition to proactively recruiting recent graduates, the Group's specific efforts to recruit superior engineers include the proactive use of engineer referrals and recruitment companies and holding recruitment seminars. In addition, the Group acquired TECHNO BRAIN COMPANY, LTD., a scouting-type recruitment business specializing in high-end engineers, as a wholly-owned subsidiary in February 2019, and in July 2019 executed a merger of the company with consolidated subsidiary and recruitment company TechnoPro Careers, Inc., with TECHNO BRAIN COMPANY, LTD. serving as the surviving entity. This merger will enable the Group to combine registration- and scouting-type expertise and provide staffing services to various business areas. From hereon, the Group will increase growth in the recruitment business area, mainly focusing on engineers, and enhance its ability to supply engineers both within and outside of the Group.

Adding value to engineers

As part of its policy to continue adding value to engineers, the Group continued to promote collaboration with ALBERT Inc. and I's Factory Co, Ltd. in its data scientist training and dispatching business, global cybersecurity leader CYBERGYM TOKYO (managed by Strategic Cyber Holdings LLC) in its cybersecurity expert development business, and A.L.I. Technologies Inc. in its joint development of AI-use drone solution services. In addition, along with promoting joint research with various institutions such as University of Tokyo, Tokyo Institute of Technology, and Tottori University, the Group has advanced various initiatives to add value to engineers such as establishing courses for the acquisition of high-level skills that meet the needs of the modern era at Win Schools operated by educational and training business Pc Assist Co., Ltd., a consolidated subsidiary of the Group. The Group will continue to actively raise the knowledge and skills of engineers and researchers to add further value.

Promoting globalization

In October 2018, the Group made Orion Managed Services Limited, a staffing and permanent recruitment company based in the United Kingdom, a consolidated subsidiary, laying the foundation for mid-to-long-term expansion in Europe, in addition to its expansion efforts in Asia. The Group will continue cooperating with TechnoPro China Group and Helios Technologies Pte Ltd to provide technological support to Japanese companies with offices in Europe and Asia. In addition, the Group is building a system to respond to the current shortage of engineers in the Japanese market by procuring overseas engineers capable of working in Japan.

As a result of the initiatives described above, the number of domestic engineers at the end of the consolidated fiscal year under review increased to 19,293 (up 2,496 compared to the end of the previous fiscal year). The average utilization rate for the period under review was 95.5%, down 0.2% compared to the end of the previous fiscal year, but a high utilization rate was maintained. The Group continued the implementation of the “Shift up” and “Charge up” initiatives from the previous year. Sales per engineer (average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.) continued to be strong but the hiring of a high number of new graduates and lower levels of overtime due to government-led workplace reforms resulted in sales per engineer of 630 thousand yen per month (down 0.1 thousand yen).

In employment, the number of newly employed domestic engineers at the end of the consolidated period under review (including those acquired via M&A) was 4,512 (up 361 compared to the previous fiscal year), contributing to an increase in engineer numbers.

In terms of expenses, the gross profit margin was 25.3% 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 15.8%, in line with increased administrative costs associated with expansion of the Group.

As a result, the Group’s revenues for the consolidated fiscal year were 144,176 million yen (up 23.7% compared to the previous fiscal year), operating profit was 13,739 million yen (up 22.3%), profit before taxes was 13,727 million yen (up 23.0%), and net profit attributable to the owners of the parent company was 9,683 million yen (up 13.9%).

Earnings for the major areas of the business during the consolidated fiscal year 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 113,783 million yen (up 16.8%).

(Construction management outsourcing)

The Group, continuing from the previous period, increased the amount of sales per engineer through the promotion of team assignments. It also implemented initiatives to recruit and train inexperienced personnel and expand business areas in addition to construction management, such as design. As a result, revenues in this area were 17,720 million yen (up 20.9%).

(2) Summary of financial position

i. Analysis of financial conditions

Assets totaled 93,771 million yen as of the end of the consolidated fiscal year under review (up 5,569 million yen from the end of the previous fiscal year). The primary components were goodwill of 37,079 million yen, accounts receivables and other receivables of 19,765 million yen, and cash and cash equivalents of 21,230 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 44,562 million yen as of the end of the consolidated fiscal year under review (up 3,561 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 21,230 million yen (down 421 million yen), and accounts receivables and other receivables of 19,765 million yen (up 2,386 million yen).

(Non-current assets)

Non-current assets totaled 49,208 million yen as of the end of the consolidated fiscal year under review (up 2,007 million yen from the end of the previous fiscal year). The primary components were goodwill of

37,079 million yen (up 2,580 million yen), and deferred tax assets of 3,957 million yen (up 24 million yen).

(Current liabilities)

Current liabilities totaled 34,171 million yen as of the end of the consolidated fiscal year under review (up 5,426 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 12,964 million yen (up 1,918 million yen), and employee benefit liabilities of 5,846 million yen (up 952 million yen).

(Non-current liabilities)

Non-current liabilities totaled 13,534 million yen as of the end of the consolidated fiscal year under review (down 2,955 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 5,825 million yen (down 2,319 million yen), and other long-term liabilities of 6,697 million yen (down 595 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 44,803 million yen as of the end of the consolidated fiscal year under review (up 3,109 million yen from the end of the previous fiscal year). The primary components were capital surplus of 7,304 million yen (down 1,698 million yen) and retained earnings of 31,129 million yen (up 5,304 million yen).

(3) Cash flow conditions

Cash and cash equivalents (hereinafter "Cash") totaled 21,230 million yen as of end of the consolidated fiscal year under review, representing a decrease of 421 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 flows from operating activities resulted in cash inflows of 11,270 million yen (previous fiscal year: inflows of 10,798 million), this was mainly due to increases in profits before taxes (13,727 million yen) and accounts payable and other liabilities (1,659 million yen), partially offset by an increase in accounts receivables and other receivables (1,786 million yen) and payments of corporate income taxes (3,529 million yen).

(Cash flows from investing activities)

Cash flows from investing activities resulted in cash outflows of 4,429 million yen (previous fiscal year: outflows of 5,361 million). This was mainly due to outflows for the acquisition of subsidiaries (3,705 million yen), property, plant and equipment (375 million yen) and other financial assets (260 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 7,184 million yen (previous fiscal year: inflows of 2,826 million). This was mainly due to revenue from long-term borrowings (1,000 million yen), offset by a net decrease in total outflows from dividend payments (4,338 million yen) and outflows from repayments of long-term borrowings (3,433 million yen).

(Changes in indicators related to cash flows)

	FY ended June 30, 2015	FY ended June 30, 2016	FY ended June 30, 2017	FY ended June 30, 2018	FY ended June 30, 2019
Ratio of equity attributable to owners of the parent company (%)	37.4	37.7	39.5	47.3	47.8
Ratio of equity attributable to owners of the parent company on a market price basis (%)	178.5	170.7	220.5	279.9	221.5
Cash flows to interest-bearing debt ratio (years)	2.4	2.0	1.9	1.1	0.8
Interest coverage ratio (times)	19.9	45.6	108.4	106.0	122.9

Ratio of equity attributable to owners of the parent company: equity attributable to owners of the parent company/total assets

Ratio of equity attributable to owners of the parent company on a market price basis: market capitalization/total assets

Cash flows to interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/interest payments

(Notes)

1. The indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury shares.
3. Cash flows from operating activities are used for cash flows.
4. Interest-bearing debt is all of the liabilities recorded on the Consolidated Statement of Financial Position for which the Company is paying interest.

(4) Business performance forecasts

Our forecast for the fiscal year ending 2020 has been made on the expectation of continuing demand for engineer dispatch, backed by strong customer demand for technological innovation that is a source of the Group's competitiveness. The Group will focus on increasing prices through the continued implementation of our "Charge up" and "Shift up" initiatives and securing of highly-skilled engineers while raising their value through training and education and promoting globalization.

Based on these initiatives, for the fiscal year ending 2020 we forecast the retention of 21,000 engineers (up 8.8%), and a utilization rate of 95-96%, contributing to revenue of 160,000 million yen (up 11.0%), operating profit of 15,300 million yen (up 11.4%), profit before income taxes of 15,100 million yen (up 10.0%) and net profit attributable to the owners of the parent company of 10,100 million yen (up 4.3%).

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 comparability with financial information in global capital markets and to improve convenience.

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	21,652	21,230
Accounts receivables and other receivables	17,378	19,765
Income taxes receivable	19	0
Other short-term financial assets	435	571
Other current assets	1,514	2,993
Total current assets	41,000	44,562
Non-current assets		
Property, plant and equipment	1,105	1,261
Goodwill	34,498	37,079
Intangible assets	3,503	2,596
Investments accounted for using the equity method	101	94
Other long-term financial assets	3,961	4,167
Deferred tax assets	3,932	3,957
Other non-current assets	97	52
Total non-current assets	47,201	49,208
Total assets	88,201	93,771
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	11,045	12,964
Bonds and loans payable	3,471	3,360
Income taxes payable	2,043	3,503
Other financial liabilities	2,313	2,582
Employee benefits liabilities	4,894	5,846
Provisions	7	3
Other current liabilities	4,967	5,909
Total current liabilities	28,744	34,171

(Millions of yen)

	As of June 30, 2018	As of June 30, 2019
Non-current liabilities		
Bonds and loans payable	8,144	5,825
Other financial liabilities	7,293	6,697
Deferred tax liabilities	599	499
Retirement benefit liabilities	30	28
Provisions	341	378
Other non-current liabilities	79	104
Total non-current liabilities	16,489	13,534
Total liabilities	45,233	47,705
Equity		
Share capital	6,785	6,903
Capital surplus	9,003	7,304
Retained earnings	25,824	31,129
Treasury shares	(1)	(2)
Other components of equity	82	(532)
Equity attributable to owners of the parent company	41,694	44,803
Non-controlling interests	1,272	1,262
Total equity	42,967	46,065
Total liabilities and equity	88,201	93,771

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

(Millions of yen)

	Fiscal year ended June 30, 2018 (July 1, 2017 to June 30, 2018)	Fiscal year ended June 30, 2019 (July 1, 2018 to June 30, 2019)
Revenue	116,529	144,176
Cost of sales	87,054	107,710
Gross profit	29,475	36,466
Selling, general and administrative expenses	18,237	22,767
Other income	113	1,816
Other expenses	111	1,775
Operating profit	11,238	13,739
Financial income	69	109
Financial expenses	148	113
Investment profit (loss) under the equity method	3	(7)
Profit before income taxes	11,163	13,727
Income taxes	2,654	4,327
Net profit	8,509	9,400
Net profit attributable to:		
Owners of the parent company	8,498	9,683
Non-controlling interests	10	(282)
Net profit	8,509	9,400
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	244.81	266.86
Diluted earnings per share	244.62	266.79

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2018 (July 1, 2017 to June 30, 2018)	Fiscal year ended June 30, 2019 (July 1, 2018 to June 30, 2019)
Net profit	8,509	9,400
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)
Remeasurement of defined benefit plan	111	—
Total items that will not be reclassified to profit or loss	111	(454)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(9)	(228)
Gains or losses on available-for-sale financial assets	(47)	—
Total items that may be reclassified to profit or loss	(57)	(228)
Total other comprehensive income	53	(682)
Comprehensive income for the period	8,563	8,717
Comprehensive income for the period attributable to:		
Owners of the parent company	8,556	9,042
Non-controlling interests	7	(324)
Comprehensive income for the period	8,563	8,717

(3) Consolidated Statement of Changes in Equity
Fiscal year ended June 30, 2018 (July 1, 2017 to June 30, 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			8,498			8,498	10	8,509
Other comprehensive income			111		(54)	57	(3)	53
Total comprehensive income	—	—	8,610	—	(54)	8,556	7	8,563
Issuance of new shares	6,275	6,055				12,330		12,330
Dividends of surplus			(3,861)			(3,861)		(3,861)
Share-based payment transaction		88				88		88
Purchase of treasury shares				(0)		(0)		(0)
Change of scope of consolidation						—	1,265	1,265
Put options granted to non-controlling interest		(3,066)				(3,066)		(3,066)
Other increases (decreases)		(48)				(48)		(48)
Total transactions with the owners	6,275	3,028	(3,861)	(0)	—	5,441	1,265	6,707
As of June 30, 2018	6,785	9,003	25,824	(1)	82	41,694	1,272	42,967

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	Non-controlling 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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2018 (July 1, 2017 to June 30, 2018)	Fiscal year ended June 30, 2019 (July 1, 2018 to June 30, 2019)
Cash flows from operating activities		
Profit before income taxes	11,163	13,727
Depreciation and amortization	506	777
Impairment loss	-	1,673
Profit (loss) on put options granted to non-controlling interest	-	(1,359)
Interest and dividend income	(61)	(73)
Interest expense	101	91
Investment loss (profit) under the equity method	(3)	7
Decrease (increase) in accounts receivables and other receivables	(1,928)	(1,786)
Increase (decrease) in accounts payable and other liabilities	839	1,659
Increase (decrease) in deposits received	1,005	206
Increase (decrease) in consumption tax payable	826	459
Increase (decrease) in retirement benefit liabilities	(506)	(923)
Other	909	287
Subtotal	12,853	14,748
Dividends received	58	70
Interest received	3	2
Interest paid	(91)	(43)
Income taxes paid	(4,170)	(3,529)
Income tax refund	2,146	21
Net cash flows from operating activities	10,798	11,270
Cash flows from investing activities		
Payments into time deposits	(10)	(167)
Proceeds from withdrawal of time deposits	94	245
Purchase of tangible fixed assets	(263)	(375)
Proceeds from sales of tangible fixed assets	0	38
Purchase of intangible assets	(145)	(85)
Purchases of other financial assets	(255)	(260)
Purchase of marketable securities	(0)	(131)
Purchase of subsidiary	(4,780)	(3,705)
Other	0	13
Net cash flows from investing activities	(5,361)	(4,429)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,022)	(102)
Proceeds from long-term borrowings	6,900	1,000
Repayments of long-term borrowings	(10,225)	(3,433)
Redemption of bonds	(219)	(304)
Proceeds from issuance of new stock	12,259	0
Purchase of own shares	(0)	(0)
Cash dividends paid	(3,861)	(4,338)
Other	(2)	(3)
Net cash flows from financing activities	2,826	(7,184)
Effect of change in exchange rates on cash and cash equivalents	(10)	(78)
Net increase (decrease) in cash and cash equivalents	8,254	(421)
Cash and cash equivalents at the beginning of the period	13,398	21,652
Cash and cash equivalents at the end of the period	21,652	21,230

(5) Notes to the consolidated financial statements

(Note on assumption about going concern)

Not applicable.

(Changes to accounting policy)

The Group has adopted the following standards from the first three months of the fiscal year ending June 2019.

1. Adoption of IFRS 9: Financial Instruments (amended July 2014)

The Group has adopted IFRS 9 Financial Instruments (amended July 2014) from the first three months of the fiscal year ending June 2019. Transitional provisions were applied at the time of adoption. The new standards are not reflected in the presentation of results from the previous fiscal year.

The adoption of this standard had no impact on the Consolidated Financial Statements.

2. Adoption of IFRS 15: Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from the first three months of the fiscal year ending June 2019. Transitional provisions were applied at the time of adoption, and the cumulative impact of this standard was recognized on the day of its adoption, but this had no impact on retained earnings for the first three months of the fiscal year ending June 2019.

Revenue is recognized under the application of IFRS 15 using the following five steps (excluding dividend and interest income based on IFRS 9 Financial Instruments):

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The adoption of this standard had no impact on the Consolidated Financial Statements.

(Segment information)

This information has been omitted because the Group has only one reporting segment.

(Per share information)

The per share information is as follows.

	Fiscal year ended June 30, 2018 (July 1, 2017 to June 30, 2018)	Fiscal year ended June 30, 2019 (July 1, 2018 to June 30, 2019)
Net profit attributable to the owners of the parent company (millions of yen)	8,498	9,683
Average outstanding ordinary shares during the fiscal year (shares)	34,716,060	36,287,445
Adjustments for dilutive effect		
Increase in stock options (shares)	27,378	9,434
Average number of common shares (shares) after dilution	34,743,438	36,296,879
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	244.81	266.86
Diluted earnings per share (yen)	244.62	266.79

(Subsequent events)

Not applicable