

Summary of the Consolidated Third Quarter Statements (IFRS) for the Nine-Month Period Ended March 31, 2023

April 28, 2023

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/en/>
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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, 2023 (July 1, 2022 – March 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(% 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	%
For the nine months ended March 31, 2023	148,291	12.6	16,494	14.2	16,601	0.5	16,501	(1.6)	11,567	(5.5)	11,398	(5.6)
For the nine months ended March 31, 2022	131,712	9.6	14,446	9.6	16,522	11.0	16,777	12.6	12,247	18.2	12,077	17.8

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the nine months ended March 31, 2023	10,753	(21.1)	105.81	—
For the nine months ended March 31, 2022	13,626	19.5	112.11	—

(Note) Core operating profit is the Group's own profit indicator, calculated by subtracting selling, general and administrative expenses from gross profit, and accordingly excludes 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
	Million yen	Million yen	Million yen	%
For the nine months ended March 31, 2023	139,581	72,318	71,193	51.0
FY ended June 30, 2022	141,968	70,428	68,718	48.4

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, 2022	—	20.00	—	52.00	72.00
FY ending June 30, 2023	—	25.00	—		
FY ending June 30, 2023 (forecast)				47.00	72.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 – June 30, 2023)

(% 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
Full year	200,000	11.9	22,000	15.6	22,000	6.6	22,000	4.9	15,000	(2.8)	139.24

(Note) Revisions to 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): None

(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, 2023	108,421,164 shares	FY ended June 30, 2022	108,421,164 shares
ii. Number of treasury shares at the end of the period	As of March 31, 2023	695,324 shares	FY ended June 30, 2022	695,291 shares
iii. Average number of shares during the period (cumulative)	For the nine months ended March 31, 2023	107,725,871 shares	For the nine months ended March 31, 2022	107,725,922 shares

* 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. Qualitative Information on Financial Results for the Period Under Review; (3) Results forecasts and other forward-looking information” 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 April 28, 2023. The Company plans to post supplementary and other materials for the briefing on its website today (April 28, 2023) at the same time that the information is disclosed to the Tokyo Stock Exchange.

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

(1) Summary of business performance

During the consolidated nine-month period under review (July 1, 2022 to March 31, 2023), while there was almost no new economic impact from the COVID-19 pandemic, uncertainty in the global economy continued due to soaring energy and resources prices driven by the continuing situation in Ukraine, tightened economic policies as governments in the US and Europe raised policy interest rates in response to inflation, and geopolitical risks in East Asia. In Japan too, while there has been a gradual relaxation of restrictions intended to prevent the spread of COVID-19 infections and normal economic activity has resumed under post-COVID conditions, uncertainty continued due to insufficient raw material supply and rising resource prices, as well as soaring prices caused by the continued depreciation of the yen, concerns over tax rises and other factors.

In this environment, the customer demand for the Group's core business area of engineer dispatching and contract assignment has recovered to exceed pre-pandemic levels, demonstrating the strong foundations of the Group's business.

The main initiatives implemented by the Group during the consolidated nine-month period under review were as follows:

Securing engineers

Despite concerns over recession and the possibility of customers' constraints on capital investment due to various factors including the COVID-19 pandemic, there continues to be strong demand for engineers from customers. At the same time, the Group's utilization rate remains above 95% and there is a shortage of new engineers able to respond to new orders. While maintaining high recruitment standards, the Group made efforts to secure engineers, increasing the number of inexperienced hires recruited on the basis of subsequent training. The number of engineers on payroll in Japan reached a record high as a result of recruitment through group collaboration and referral recruitment, in addition to recruitment activities at the Group's operating companies. We will maintain sustainable growth by securing capable engineers.

Investment in human capital

In July 2022, the Group implemented a new personnel system for its engineers. The system seeks to define and provide visualization of the market value of engineers by grade and to provide them with fair and satisfactory treatment in recognition of their diverse career paths, and in accordance with the human resources strategy in the medium-term management plan. We believe this new system will serve as a foundation upon which the Group's engineers will be empowered to draw up clear and individualized career plans, which will assist them in cultivating their individual abilities.

The Group will continue to actively invest in human capital, seeking to continuously increase the number of Group employees who are highly motivated for their own growth and to improve the treatment of such employees for the purpose of positively influencing employee retention and new hiring efforts.

Engineer-originated sales activities

By leveraging the contact points between the customers and the engineers engaged in development at customers' business sites, we are able to provide support for technical issues from the early stages of a project, identify customer needs, obtain leads ahead of other competitors, and make optimal proposals, resulting in the successful creation of new business. The leads originated from engineers tend to be more exclusive than those originated from sales managers, and the probability of successfully closing deals also tends to be higher due to a better understanding of the customer's needs. We will continue to pursue effective sales activities through leveraging engineers in addition to sales managers.

Strengthening group collaboration

We strengthened Group collaboration by taking on projects that span the Group's operating companies and through alliances with third parties. In terms of collaboration with overseas subsidiaries, we are aiming to expand our "service catalogue" that was launched the previous fiscal year, as well as acquire offshore development

projects by utilizing the robust sales network of the Group's domestic businesses. We will continue to promote business expansion through increasing our responsiveness as a business group by leveraging its synergies.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated nine-month period under review was 22,962 (up 1,908 compared to the end of the third quarter of the previous fiscal year). The average utilization rate for the period under review was 95.9% (up 0.2 pts). Regarding the Group's continuous efforts to improve sales per engineer, while overtime per month decreased compared to the previous fiscal year, average monthly sales per engineer were 667 thousand yen (up 10 thousand yen compared to the same period of the previous fiscal year) as a result of the Shift Up and Charge Up initiatives, as well as expansion in the solutions business, and other factors.

In terms of expenses, in comparison to the first nine months of the previous fiscal year, SG&A increased significantly. This was mainly due to upfront investment for implementation of medium-term plan initiatives such as recruitment and training for the acquisition of solutions-related talents and the development of information systems. However, core operating profit rose by 2,048 million yen compared to the same period of the previous fiscal year, due to the improvement in gross profit as a result of the increased number of employees assigned in Japan, expansion of the contracting and outsourcing business, consolidation of Robosoft Technologies Private Limited, and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated nine-month period under review was 148,291 million yen (up 12.6% compared to the same period of the previous fiscal year), core operating profit was 16,494 million yen (up 14.2%), operating profit was 16,601 million yen (up 0.5%), profit before taxes was 16,501 million yen (down 1.6%), and net profit attributable to the owners of the parent company was 11,398 million yen (down 5.6%).

Earnings for the segments of the business during the consolidated nine-month period 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 digital technology-related training for hardware-related engineers and chemical/biochemical-related engineers and initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, in addition to strengthening the mid-career hiring mainly of 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/external training. Through these efforts, the number of engineers on payroll at the end of the third quarter of the consolidated fiscal year under review was 20,097 (up 1,741 compared to the end of the third quarter of the previous fiscal year) and that of assigned engineers was 19,224 (up 1,669). As a result, revenue in this segment was 113,104 million yen (up 11.4%).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Group has also expanded to offerings based on technological skills developed in the design and construction management fields, for example: 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. In this segment, the high utilization rate was maintained even during the COVID-19 pandemic, but in order for the Group to be able to continue securing engineers amid a tight hiring market, we have continued to train up less experienced workers at our own technical centers. As a result of these efforts, on-payroll and assigned engineers were 2,865 and 2,754, respectively, at the end of the third quarter of the consolidated fiscal year under review (up 167 and 156, respectively, compared to the end of the third quarter of the previous fiscal year). As a result, revenue in this segment was 16,205 million yen (up 6.5%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an engineering education and training service. In the professional recruitment service, revenue was higher than in the third quarter of the

previous fiscal year due to signs of recovery from the effects of past curbs and freezes on global hiring. In the engineering education and training service, the Group made active efforts to expand training programs and strengthen services for external sales. As a result, revenue in this segment was 3,912 million yen (up 16.9%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. The demand for technology development in India and China continued and the Group proceeded with contracted R&D operations on an offshore basis with local subsidiaries of Japanese companies overseas, their parent companies, and U.S./ European companies. The personnel dispatch and professional recruitment services performed well in Southeast Asian countries supported by strong demand. The inclusion of Robosoft Technologies Private Limited in the consolidation from the beginning of the fiscal year has led to a significant increase in revenue from Overseas Businesses compared to the previous financial year. As a result, the revenue in this segment was 17,580 million yen (up 30.6%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 139,581 million yen as of the end of the consolidated third quarter under review (down 2,387 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,449 million yen, cash and cash equivalents of 31,786 million yen, and accounts receivables and other receivables of 27,244 million yen. The status for each item was as follows.

(Current assets)

Current assets totaled 72,421 million yen as of the end of the consolidated third quarter under review (down 1,617 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 31,786 million yen (down 5,646 million yen), and accounts receivables and other receivables of 27,244 million yen (up 2,172 million yen).

(Non-current assets)

Non-current assets totaled 67,159 million yen as of the end of the consolidated third quarter under review (down 769 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,449 million yen (down 510 million yen), deferred tax assets of 5,131 million yen (up 253 million yen), and right-of-use assets of 4,894 million yen (up 240 million yen).

(Current liabilities)

Current liabilities totaled 46,610 million yen as of the end of the consolidated third quarter under review (down 2,550 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 17,919 million yen (up 1,167 million yen), employee benefits liabilities (allowance for paid leave) of 8,601 million yen (up 488 million yen), and income taxes payable of 5,490 million yen (up 2,381 million yen).

(Non-current liabilities)

Non-current liabilities totaled 20,652 million yen as of the end of the consolidated third quarter under review (down 1,726 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 13,962 million yen (down 465 million yen), and lease liabilities of 4,123 million yen (up 53 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 71,193 million yen as of the end of the consolidated third quarter under review (up 2,475 million yen from the end of the previous fiscal year). The primary components were retained earnings of 55,090 million yen (up 3,103 million yen) and capital surplus of 8,208 million yen (up 242 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter “Cash”) totaled 31,786 million yen as of the end of the consolidated third quarter under review, representing a decrease of 5,646 million yen compared to the end of the previous fiscal year.

Cash flow during the consolidated nine-month period under review was as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 14,188 million yen (same period of previous fiscal year: inflows of 10,671 million yen). This was mainly due to profit before taxes (16,501 million yen), depreciation and amortization (2,319 million yen) and a decrease in prepaid expenses received (1,920 million yen), offset by payments of corporate income taxes (6,538 million yen) and an increase in accounts receivable and other receivables (2,172 million yen) and a decrease in deposits received (1,215 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 4,312 million yen (previous fiscal year: outflows of 7,441 million yen). This was mainly due to the purchase of subsidiary shares (the remaining 20% of equity in Robosoft Technologies Private Limited) at conditional acquisition price (3,623 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 15,564 million yen (previous fiscal year: outflows of 4,254 million yen). This was mainly due to dividend payments (9,106 million yen) and repayment of lease liabilities (4,957 million yen). The refinancing of long-term borrowings resulted in proceeds from long-term borrowings (5,000 million yen) and repayment of long-term borrowings (5,000 million yen).

(3) Results forecasts and other forward-looking information

Regarding the consolidated financial results forecast for the fiscal year ending June 30, 2023, there have been no changes to the figures announced in the “Notice Regarding Interim Dividend and Revisions to Full-Year Guidance for FY2023” dated February 3, 2023.

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	37,432	31,786
Accounts receivables and other receivables	25,071	27,244
Income taxes receivable	982	153
Other short-term financial assets	5,166	4,948
Other current assets	5,385	8,289
Total current assets	74,039	72,421
Non-current assets		
Property, plant and equipment	2,346	2,311
Right-of-use assets	4,654	4,894
Goodwill	45,960	45,449
Intangible assets	5,045	4,490
Other long-term financial assets	4,241	4,099
Deferred tax assets	4,878	5,131
Other non-current assets	804	783
Total non-current assets	67,929	67,159
Total assets	141,968	139,581
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	16,751	17,919
Loans payable	1,990	1,000
Lease liability	5,048	5,081
Income taxes payable	3,108	5,490
Other short-term financial liabilities	7,057	3,991
Employee benefits liabilities	8,112	8,601
Provisions	0	177
Other current liabilities	7,090	4,349
Total current liabilities	49,161	46,610

(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
Non-current liabilities		
Bonds and loans payable	14,427	13,962
Lease liabilities	4,070	4,123
Other long-term financial liabilities	2,222	974
Deferred tax liabilities	1,031	964
Retirement benefit liabilities	17	22
Provisions	481	488
Other non-current liabilities	126	115
Total non-current liabilities	22,378	20,652
Total liabilities	71,539	67,262
Equity		
Share capital	6,929	6,929
Capital surplus	7,966	8,208
Retained earnings	51,986	55,090
Treasury shares	(1,001)	(1,001)
Other components of equity	2,837	1,966
Equity attributable to owners of the parent company	68,718	71,193
Non-controlling interests	1,710	1,124
Total equity	70,428	72,318
Total liabilities and equity	141,968	139,581

(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, 2022 (July 1, 2021 to March 31, 2022)	Nine months ended March 31, 2023 (July 1, 2022 to March 31, 2023)
Revenue	131,712	148,291
Cost of sales	97,428	108,990
Gross profit	34,283	39,300
Selling, general and administrative expenses	19,837	22,805
Other income	2,265	237
Other expenses	189	131
Operating profit	16,522	16,601
Financial income	363	122
Financial expenses	109	222
Profit before income taxes	16,777	16,501
Income taxes	4,529	4,934
Net profit	12,247	11,567
Net profit attributable to:		
Owners of the parent company	12,077	11,398
Non-controlling interests	170	169
Net profit	12,247	11,567
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	112.11	105.81
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)	Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)
Revenue	45,354	50,279
Cost of sales	32,951	37,017
Gross profit	12,402	13,262
Selling, general and administrative expenses	6,988	7,874
Other income	112	62
Other expenses	82	33
Operating profit	5,444	5,417
Financial income	140	46
Financial expenses	37	86
Profit before income taxes	5,547	5,377
Income taxes	1,205	1,641
Net profit	4,341	3,736
Net profit attributable to:		
Owners of the parent company	4,283	3,684
Non-controlling interests	58	51
Net profit	4,341	3,736
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	39.76	34.20
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated nine-month period

(Millions of yen)

	Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)	Nine months ended March 31, 2023 (July 1, 2022 to March 31, 2023)
Net profit	12,247	11,567
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	1,379	(814)
Total items that may be reclassified to profit or loss	1,379	(814)
Total other comprehensive income	1,379	(814)
Comprehensive income for the period	13,626	10,753
Comprehensive income for the period attributable to:		
Owners of the parent company	13,333	10,527
Non-controlling interests	293	225
Comprehensive income for the period	13,626	10,753

The consolidated three-month period

	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)	Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)
Net profit	4,341	3,736
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	(12)	—
Total items that will not be reclassified to profit or loss	(12)	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	1,056	331
Total items that may be reclassified to profit or loss	1,056	331
Total other comprehensive income	1,044	331
Comprehensive income for the period	5,385	4,067
Comprehensive income for the period attributable to:		
Owners of the parent company	5,243	3,991
Non-controlling interests	142	75
Comprehensive income for the period	5,385	4,067

(3) Consolidated Statement of Changes in Equity (Summary)

Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)

(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, 2021	6,929	7,460	43,557	(1,000)	279	279	57,226
Net profit			12,077			—	12,077
Other comprehensive income					1,255	1,255	1,255
Total comprehensive income	—	—	12,077	—	1,255	1,255	13,333
Dividends of surplus			(7,002)			—	(7,002)
Share-based payment transaction		204				—	204
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		215				—	215
Total transactions with the owners	—	419	(7,002)	(0)	—	—	(6,583)
As of March 31, 2022	6,929	7,879	48,632	(1,001)	1,534	1,534	63,976

	Non-controlling interests	Total equity
As of July 1, 2021	1,506	58,733
Net profit	170	12,247
Other comprehensive income	123	1,379
Total comprehensive income	293	13,626
Dividends of surplus	(51)	(7,054)
Share-based payment transaction		204
Purchase of treasury shares		(0)
Changes in ownership interests in subsidiaries	(215)	—
Total transactions with the owners	(267)	(6,850)
As of March 31, 2022	1,532	65,508

Nine months ended March 31, 2023 (July 1, 2022 to March 31, 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			11,398			—	11,398
Other comprehensive income					(870)	(870)	(870)
Total comprehensive income	—	—	11,398	—	(870)	(870)	10,527
Dividends of surplus			(8,294)			—	(8,294)
Share-based payment transaction		242				—	242
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		(0)				—	(0)
Total transactions with the owners	—	242	(8,294)	(0)	—	—	(8,052)
As of March 31, 2023	6,929	8,208	55,090	(1,001)	1,966	1,966	71,193

	Non-controlling interests	Total equity
As of July 1, 2022	1,710	70,428
Net profit	169	11,567
Other comprehensive income	56	(814)
Total comprehensive income	225	10,753
Dividends of surplus	(811)	(9,106)
Share-based payment transaction		242
Purchase of treasury shares		(0)
Changes in ownership interests in subsidiaries	0	—
Total transactions with the owners	(811)	(8,863)
As of March 31, 2023	1,124	72,318

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)	Nine months ended March 31, 2023 (July 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	16,777	16,501
Depreciation and amortization	2,191	2,319
Loss (gain) on put options granted to non-controlling interests	(1,868)	—
Interest and dividend income	(17)	(61)
Interest expense	89	82
Decrease (increase) in accounts receivables and other receivables	(2,938)	(2,172)
Increase (decrease) in accounts payable and other liabilities	2,320	1,167
Increase (decrease) in deposits received	(1,163)	(1,215)
Decrease (increase) in prepaid expenses	2,044	1,920
Decrease (increase) in lease repayments	1,372	1,409
Increase (decrease) in consumption tax payable	(575)	125
Increase (decrease) in retirement benefit liabilities	(664)	(552)
Other	232	309
Subtotal	<u>17,799</u>	<u>19,833</u>
Interest and dividend received	15	17
Interest paid	(50)	(52)
Income taxes paid	(8,709)	(6,538)
Income tax refund	1,615	929
Net cash flows from operating activities	<u>10,671</u>	<u>14,188</u>
Cash flows from investing activities		
Payments into time deposits	(766)	(1,543)
Proceeds from withdrawal of time deposits	1,426	984
Purchase of tangible fixed assets	(383)	(261)
Purchase of intangible assets	(169)	(135)
Payments for acquisition of investments	(1,751)	(2,137)
Proceeds from sales and redemption of investments	2,799	2,444
Payment for acquisition of subsidiaries	(8,681)	—
Purchase of subsidiary shares at conditional acquisition price	—	(3,623)
Other	86	(39)
Net cash flows from investing activities	<u>(7,441)</u>	<u>(4,312)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(72)	—
Repayment of lease liabilities	(4,871)	(4,957)
Proceeds from long-term borrowings	—	5,000
Repayments of long-term borrowings	(1,500)	(6,500)
Proceeds from issuance of bonds	9,939	—
Purchase of treasury shares	(0)	(0)
Payments for purchase of interests in subsidiaries from non-controlling interests	(698)	—
Cash dividends paid	(7,052)	(9,106)
Net cash flows from financing activities	<u>(4,254)</u>	<u>(15,564)</u>
Effect of change in exchange rates on cash and cash equivalents	343	42
Net increase (decrease) in cash and cash equivalents	<u>(681)</u>	<u>(5,646)</u>
Cash and cash equivalents at the beginning of the period	<u>32,524</u>	<u>37,432</u>
Cash and cash equivalents at the end of the period	<u>31,842</u>	<u>31,786</u>

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

(Note on assumption about going concern)

Not applicable.

(Note on significant subsequent events)

Share repurchase

At the meeting of the Board of Directors held on April 28, 2023, 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 an 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 1,000,000 shares (Ratio to the shares outstanding [excluding treasury shares]: 0.93%)
- 3) Total repurchase amount: Up to 3,000,000,000 yen
- 4) Repurchase period: From May 1, 2023 to September 29, 2023
- 5) Repurchase method: Open market purchase on the Tokyo Stock Exchange

(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.

Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)

(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	101,056	15,213	2,585	12,794	131,649	62	131,712
Intersegment sales or transfers	497	0	761	669	1,927	(1,927)	—
Total revenue	101,554	15,213	3,346	13,464	133,577	(1,865)	131,712
Segment profit (loss)	11,029	1,971	499	1,343	14,842	1,679	16,522
Financial income	—	—	—	—	—	—	363
Financial expenses	—	—	—	—	—	—	109
Quarterly profit before income taxes	—	—	—	—	—	—	16,777
Other							
Depreciation and amortization	770	157	225	165	1,318	473	1,792
Amortization of customer-related assets	84	—	—	315	399	—	399
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
Impairment loss	—	—	—	—	—	—	—

(Notes)

- 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.
- Depreciation and amortization does not include amortization of customer-related assets.

Nine months ended March 31, 2023 (July 1, 2022 to March 31, 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	112,292	16,205	2,847	16,908	148,254	36	148,291
Intersegment sales or transfers	812	0	1,064	671	2,548	(2,548)	—
Total revenue	113,104	16,205	3,912	17,580	150,802	(2,511)	148,291
Segment profit (loss)	12,590	2,207	257	1,602	16,658	(56)	16,601
Financial income	—	—	—	—	—	—	122
Financial expenses	—	—	—	—	—	—	222
Quarterly profit before income taxes	—	—	—	—	—	—	16,501
Other							
Depreciation and amortization	745	186	234	226	1,392	436	1,829
Amortization of customer-related assets	54	—	—	436	490	—	490
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. Depreciation and amortization does not include amortization of customer-related assets.

Three-months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(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	34,507	5,247	847	4,741	45,344	9	45,354
Intersegment sales or transfers	184	(0)	280	233	698	(698)	—
Total revenue	34,692	5,247	1,128	4,975	46,043	(689)	45,354
Segment profit (loss)	4,250	744	107	489	5,591	(147)	5,444
Financial income	—	—	—	—	—	—	140
Financial expenses	—	—	—	—	—	—	37
Quarterly profit before income taxes	—	—	—	—	—	—	5,547
Other							
Depreciation and amortization	261	51	77	69	460	161	621
Amortization of customer-related assets	29	—	—	131	160	—	160
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. Depreciation and amortization does not include amortization of customer-related assets.

Three-months ended March 31, 2023 (January 1, 2023 to March 31, 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	38,025	5,600	1,020	5,622	50,268	11	50,279
Intersegment sales or transfers	369	0	405	184	959	(959)	—
Total revenue	38,395	5,600	1,425	5,806	51,227	(947)	50,279
Segment profit (loss)	4,010	758	130	561	5,461	(43)	5,417
Financial income	—	—	—	—	—	—	46
Financial expenses	—	—	—	—	—	—	86
Quarterly profit before income taxes	—	—	—	—	—	—	5,377
Other							
Depreciation and amortization	247	62	79	73	463	146	609
Amortization of customer-related assets	18	—	—	140	158	—	158
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. Depreciation and amortization does not include amortization of customer-related assets.

3. Information by region

Revenue from external customers

(Millions of yen)

	Nine months ended March 31, 2023 (July 1, 2022 to March 31, 2023)
Japan	132,489
Asia	8,773
Europe	4,591
North America	2,260
Others	176
Total	148,291

(Notes)

1. Revenues based on location of customer and classified by country or region.
2. The individual countries except Japan in each category are as follows:

Asia: China, Singapore, Thailand, Vietnam, India

Europe: United Kingdom

North America: United States