

Summary of the Consolidated First Quarter Statements (IFRS) for the Three-Month Period Ended September 30, 2024

October 31, 2024

Listed Company Name TechnoPro Holdings, Inc.

Listed Stock Exchange: Tokyo

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

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

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

Scheduled 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 Three Months Ended September 30, 2024 (July 1, 2024 – September 30, 2024) (% represents the change from the same period of the previous fiscal year)

(1) Consolidated Operating Results (Cumulative)

	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 three months ended September 30, 2024	57,874	9.4	6,950	21.8	7,019	21.3	6,964	19.0	4,833	18.5	4,780	18.6
For the three months ended September 30, 2023	52,896	9.7	5,708	(3.9)	5,788	(3.6)	5,852	(3.3)	4,079	(3.8)	4,031	(3.6)

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the three months ended September 30, 2024	2,355	(47.4)	45.35	—
For the three months ended September 30, 2023	4,477	(5.8)	37.67	—

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company
	Million yen	Million yen	Million yen	%
For the three months ended September 30, 2024	140,023	74,811	73,681	52.6
FY ended June 30, 2024	152,651	81,897	80,741	52.9

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, 2024	—	25.00	—	55.00	80.00
FY ending June 30, 2025	—				
FY ending June 30, 2025 (forecast)		30.00	—	60.00	90.00

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

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

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

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit attributable to owners of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	117,000	8.3	14,000	14.1	14,000	12.8	14,000	12.3	9,600	11.7	91.08
Full year	237,000	8.1	27,000	10.7	27,000	23.2	27,000	22.0	18,500	26.0	175.52

(Note) Revisions to financial results forecasts published most recently: No
TechnoPro Holdings, Inc. Board of Directors resolved on August 8, 2024 to repurchase its shares, and the “Basic earnings per share” in the consolidated financial forecast for the fiscal year ending June 30, 2025 takes into account the impact of this share repurchase.

* Notes

(1) Important changes made to scope of consolidation during the period: 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 September 30, 2024	106,400,000 shares	FY ended June 30, 2024	106,400,000 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2024	1,737,372 shares	FY ended June 30, 2024	446,465 shares
iii. Average number of shares during the period (cumulative)	For the three months ended September 30, 2024	105,402,120 shares	For the three months ended September 30, 2023	107,037,102 shares

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 October 31, 2024. The Company plans to post supplementary materials for the briefing on its website today (October 31, 2024) 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 first quarter period under review (July 1, 2024 to September 30, 2024), uncertainty over the outlook for the global economy has increased due to soaring resource prices driven by the situation in Ukraine and heightened geopolitical risks in the Middle East and East Asia. In Japan, although the economy is showing a trend of gradual recovery, uncertainty has continued due to high prices and restrictions on raw material procurement.

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

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

Securing engineers

With continued strong customer demand for engineers, the utilization ratio of the Group remains around 95%, and there is a shortage of resources available to respond to new orders. Therefore, we are intensifying, while maintaining high hiring standards, the hiring of inexperienced engineers on the premise of providing them with subsequent training. In addition, we are actively promoting recruitment of highly skilled engineers through employee referrals and enhancing global recruitment of foreign nationals by expanding the number of countries targeted. We will continue to secure highly skilled engineers to achieve sustainable growth.

Mitigating increased turnover rate

We recognize the increase in turnover within the Group, driven by the overall rise in workforce mobility, as a management challenge. To address this issue, we have implemented measures such as early identification of high-risk engineers using an AI-powered turnover prediction system, and early interviews to understand the aspirations and concerns of our engineers by newly appointed interview specialists. We will continue to prevent the outflow of engineers as much as possible and mitigate the increasing turnover rates.

Raising unit contract price of engineers

We believe that there is still potential to increase the unit price of contracts for our engineers and are pursuing further unit price improvement. Through upskilling and reskilling with education and training, we are continuously working on acquiring the technical skills required by customers and raising the level of services, aiming to win contracts with appropriate unit prices. In addition to Charge Up efforts, in which we negotiate contract prices with existing customers, we are actively promoting Shift Up initiatives to achieve higher unit prices by assigning engineers to different customers. We believe that raising the unit prices of each engineer can contribute to top-line growth as well as provide better conditions and motivation for engineers, which is also crucial for reducing turnover. We will continue to raise contract unit prices while increasing engineers continuously.

Strengthening the solutions business

We are promoting the solution business by leveraging the customer and engineer base of our staffing business, focusing on key areas and utilizing diverse technical expertise in various fields such as machinery, electronics/electricals, and biochemistry as well as IT and digital domain. We are establishing the structure to promote group collaboration ranging from upstream processes such as concept formulation and business analysis to downstream processes such as maintenance and management, and, through recruitment and training initiatives, aiming to increase talent capable of handling upstream processes. We will continue to strengthen our solutions business while identifying our competitive advantages.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated first quarter period under review was 26,281 (up 1,930 compared to the end of the first quarter of the previous fiscal year). The average utilization rate for the period under review was 95.1% (up 0.2 pts compared to the same period of the previous fiscal year). As for the improvement in unit sales per engineer, which has been ongoing, average monthly sales per engineer were 685 thousand yen (up 17 thousand yen compared to the same period of the previous fiscal year) due to an increase in unit contract prices as a result of our Shift Up and Charge Up initiatives.

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

As a result, the Group's consolidated revenue for the first quarter period under review was 57,874 million yen (up 9.4% compared to the same period of the previous fiscal year), core operating profit was 6,950 million yen (up 21.8%), operating profit was 7,019 million yen (up 21.3%), profit before taxes was 6,964 million yen (up 19.0%), and net profit attributable to the owners of the parent company was 4,780 million yen (up 18.6%).

Earnings for the segments of the business during the consolidated first quarter period under review were as follows:

(R&D Outsourcing)

To expand its IT business, which has been performing well within R&D Outsourcing, the Group implemented initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, such as digital technology-related training for hardware-related engineers and chemical/biochemical-related engineers, in addition to strengthening the mid-career hiring of mainly high added-value engineers. The Group also made efforts to secure assignments at higher unit prices by increasing the quality and diversity of its service offerings, which were realized through business collaboration with alliance partners possessing advanced technologies and active implementation of internal and external training. Through these efforts, engineers on payroll at the end of the consolidated first quarter period under review were 23,007 (up 1,653 compared to the end of the first quarter of the previous fiscal year) and assigned engineers were 21,958 (up 1,606). As a result, revenue in this segment was 45,019 million yen (up 11.0%).

(Construction Management Outsourcing)

In addition to construction management—the main service provided under Construction Management Outsourcing—the Group has also expanded its offerings based on technological skills developed in the construction management and design fields, with examples including 3D measurement, aerial photography and inspections using drones, as well as new areas such as BIM/CIM (Building/Construction Information Modeling), with a particular focus on responding to the digitalization of the construction industry. In addition, to address the chronic shortage of construction management engineers, the Group is leveraging its technical center to actively recruit and train inexperienced and young/low-experienced engineers in the construction industry. Through these efforts, engineers on payroll and assigned engineers were 3,274 and 3,106 in this segment, respectively, at the end of the consolidated first quarter period under review (up 277 and 247, respectively, compared to the end of the first quarter of the previous fiscal year). As a result, revenue in this segment was 6,129 million yen (up 10.3%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. In professional recruitment services, while the supply of engineers to the Group companies through recruitment is actively promoted, the Group is fulfilling the needs for engineers and skilled personnel required from external customers in a tightening labor market. In the engineering education and training services, we are developing more effective training programs by leveraging synergies within the Group. We are also expanding services such as corporate consulting for engineer development to capture demand for human capital investment. As a result, revenue in this segment was 1,074 million yen (up 0.7%).

(Overseas Businesses)

Our overseas operations provide offshore delivery services in India and China to customers mainly in the US, Europe, and Japan. We also provide engineer dispatch and professional recruitment services in Southeast Asia and the UK. These operations are influenced by economic trends and geopolitical risks and other factors in each region. We continue making sales and marketing-focused upfront investments to secure high-margin offshore delivery projects and new customers, which also enhance capabilities of our domestic solution business. As a result, revenue in this segment was 6,344 million yen (down 1.0%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 140,023 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 12,627 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,175 million yen, cash and cash equivalents of 32,748 million yen, and accounts receivables and other receivables of 29,024 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 75,554 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 12,021 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 32,748 million yen (down 12,493 million yen), and accounts receivables and other receivables of 29,024 million yen (up 61 million yen).

(Non-current assets)

Non-current assets totaled 64,469 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 606 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,175 million yen (down 1,319 million yen), and deferred tax assets of 5,435 million yen (up 1,234 million yen).

(Current liabilities)

Current liabilities totaled 52,894 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 5,220 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 19,469 million yen (up 1,351 million yen), and employee benefits liabilities of 9,442 million yen (up 36 million yen).

(Non-current liabilities)

Non-current liabilities totaled 12,317 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 321 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 7,486 million yen (down 248 million yen), and lease liabilities of 3,466 million yen (down 83 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 73,681 million yen as of the end of the first quarter of the consolidated fiscal year under review (down 7,060 million yen from the end of the previous fiscal year). The primary components were retained earnings of 64,866 million yen (down 1,047 million yen), and share capital of 6,929 million yen (no change).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 32,748 million yen as of the end of the first quarter of the consolidated fiscal year under review, representing a decrease of 12,493 million yen compared to the end of the previous fiscal year.

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

(Cash flows from operating activities)

Cash outflows from operating activities were 274 million yen (same period of previous fiscal year: inflows of 6,063 million yen). This was mainly due to an increase in cash due to profit before taxes (6,964 million yen), offset by a decrease in cash due to payments of corporate income taxes (5,395 million yen), and a decrease in deposits received (2,769 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 583 million yen (same period of previous fiscal year: inflows of 72 million yen). This was mainly due to an increase in cash due to proceeds from sales and redemption of

investments (881 million yen), offset by a decrease in cash due to purchase of investments (960 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 11,387 million yen (same period of previous fiscal year: outflows of 9,590 million yen). This was mainly due to a decrease in cash due to dividend payments (5,716 million yen), purchase of treasury shares (3,664 million yen), and repayment of lease liabilities (1,756 million yen).

(3) Results forecasts and other forward-looking information

There have been no changes made to the consolidated financial results forecast for the fiscal year ending June 30, 2025, as announced in the “Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2024” published on August 8, 2024.

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	45,241	32,748
Accounts receivables and other receivables	28,963	29,024
Income taxes receivable	50	71
Other short-term financial assets	6,348	6,380
Other current assets	6,971	7,329
Total current assets	87,575	75,554
Non-current assets		
Property, plant and equipment	2,447	2,470
Right-of-use assets	4,454	4,147
Goodwill	46,494	45,175
Intangible assets	2,391	2,124
Other long-term financial assets	4,229	4,130
Deferred tax assets	4,200	5,435
Other non-current assets	857	984
Total non-current assets	65,075	64,469
Total assets	152,651	140,023
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	18,117	19,469
Bonds and loans payable	5,996	5,999
Lease liabilities	5,614	5,613
Income taxes payable	6,497	4,088
Other financial liabilities	3,397	2,820
Employee benefits liabilities	9,405	9,442
Provisions	9	8
Other current liabilities	9,075	5,452
Total current liabilities	58,114	52,894

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Non-current liabilities		
Bonds and loans payable	7,735	7,486
Lease liabilities	3,550	3,466
Other long-term financial liabilities	197	205
Deferred tax liabilities	538	498
Retirement benefit liabilities	22	20
Provisions	496	539
Other non-current liabilities	98	100
Total non-current liabilities	12,638	12,317
Total liabilities	70,753	65,211
Equity		
Share capital	6,929	6,929
Capital surplus	3,382	3,433
Retained earnings	65,913	64,866
Treasury shares	(1,213)	(4,877)
Other components of equity	5,728	3,329
Equity attributable to owners of the parent company	80,741	73,681
Non-controlling interests	1,156	1,130
Total equity	81,897	74,811
Total liabilities and equity	152,651	140,023

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

(Millions of yen)

	Three months ended September 30, 2023 (July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)
Revenue	52,896	57,874
Cost of sales	38,838	42,377
Gross profit	14,058	15,496
Selling, general and administrative expenses	8,350	8,545
Other income	91	85
Other expenses	10	15
Operating profit	5,788	7,019
Financial income	91	110
Financial expenses	27	166
Profit before income taxes	5,852	6,964
Income taxes	1,773	2,131
Net profit	4,079	4,833
Net profit attributable to:		
Owners of the parent company	4,031	4,780
Non-controlling interests	47	52
Net profit	4,079	4,833
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	37.67	45.35
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended September 30, 2023 (July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)
Net profit	4,079	4,833
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	398	(2,477)
Total items that may be reclassified to profit or loss	398	(2,477)
Total other comprehensive income	398	(2,477)
Comprehensive income for the period	4,477	2,355
Comprehensive income for the period attributable to:		
Owners of the parent company	4,408	2,381
Non-controlling interests	68	(25)
Comprehensive income for the period	4,477	2,355

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

Three months ended September 30, 2023 (July 1, 2023 to September 30, 2023)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2023	6,929	8,259	59,262	(2,577)	3,655	3,655	75,529
Net profit			4,031				4,031
Other comprehensive income					376	376	376
Total comprehensive income	—	—	4,031	—	376	376	4,408
Dividends of surplus			(5,362)			—	(5,362)
Share-based payment transaction		43				—	43
Purchase of treasury shares		(0)		(1,423)		—	(1,424)
Changes in ownership interests in subsidiaries		205				—	205
Total transactions with the owners	—	248	(5,362)	(1,423)	—	—	(6,538)
As of September 30, 2023	6,929	8,507	57,931	(4,001)	4,031	4,031	73,399

	Non-controlling interests	Total equity
As of July 1, 2023	1,233	76,762
Net profit	47	4,079
Other comprehensive income	21	398
Total comprehensive income	68	4,477
Dividends of surplus	(189)	(5,551)
Share-based payment transaction		43
Purchase of treasury shares		(1,424)
Changes in ownership interests in subsidiaries	(205)	—
Total transactions with the owners	(394)	(6,932)
As of September 30, 2023	907	74,307

Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2024	6,929	3,382	65,913	(1,213)	5,728	5,728	80,741
Net profit			4,780				4,780
Other comprehensive income					(2,399)	(2,399)	(2,399)
Total comprehensive income	—	—	4,780	—	(2,399)	(2,399)	2,381
Dividends of surplus			(5,827)			—	(5,827)
Share-based payment transaction		52				—	52
Purchase of treasury shares		(2)		(3,664)		—	(3,667)
Total transactions with the owners	—	50	(5,827)	(3,664)	—	—	(9,441)
As of September 30, 2024	6,929	3,433	64,866	(4,877)	3,329	3,329	73,681

	Non-controlling interests	Total equity
As of July 1, 2024	1,156	81,897
Net profit	52	4,833
Other comprehensive income	(78)	(2,477)
Total comprehensive income	(25)	2,355
Dividends of surplus		(5,827)
Share-based payment transaction		52
Purchase of treasury shares		(3,667)
Total transactions with the owners	—	(9,441)
As of September 30, 2024	1,130	74,811

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Three months ended September 30, 2023 (July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	5,852	6,964
Depreciation and amortization	818	766
Interest and dividend income	(35)	(42)
Interest expense	23	21
Decrease (increase) in accounts receivables and other receivables	(79)	(61)
Increase (decrease) in accounts payable and other liabilities	3,581	1,351
Increase (decrease) in deposits received	(212)	(2,769)
Decrease (increase) in prepaid expenses	458	694
Decrease (increase) in lease receivables	485	505
Increase (decrease) in consumption tax payable	423	(892)
Increase (decrease) in retirement benefit liabilities	(14)	(9)
Other	(922)	(1,428)
Subtotal	10,378	5,100
Interest and dividend received	5	35
Interest paid	(13)	(17)
Income taxes paid	(4,379)	(5,395)
Income tax refund	72	1
Net cash flows from operating activities	6,063	(274)
Cash flows from investing activities		
Payments into time deposits	(878)	(777)
Proceeds from withdrawal of time deposits	810	274
Purchase of tangible fixed assets	(169)	(176)
Purchase of intangible assets	(74)	(17)
Purchase of investments	(892)	(960)
Proceeds from sales and redemption of investments	783	881
Other	493	192
Net cash flows from investing activities	72	(583)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	64	—
Repayment of lease liabilities	(1,691)	(1,756)
Repayments of long-term borrowings	(250)	(250)
Purchase of treasury shares	(1,423)	(3,664)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(783)	—
Cash dividends paid	(5,505)	(5,716)
Net cash flows from financing activities	(9,590)	(11,387)
Effect of change in exchange rates on cash and cash equivalents	139	(248)
Net increase (decrease) in cash and cash equivalents	(3,314)	(12,493)
Cash and cash equivalents at the beginning of the period	35,373	45,241
Cash and cash equivalents at the end of the period	32,059	32,748

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

(Note on assumption about going concern)

Not applicable.

(Share repurchase)

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

1. Reasons for share repurchase

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

2. Details of share repurchase program

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

3. Status of share repurchase

Pursuant to the resolution above, the Company has repurchased 1,290,900 shares (repurchase amount: 3,664 million yen) from August 9, 2024 to September 30, 2024. The repurchase status from October 1, 2024 to the publication date of this document is omitted.

(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 control, IT networks, business applications, system maintenance/management, and biochemistry; its customers are mainly major 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 electronics, 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.

Three months ended September, 2023 (July 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	40,309	5,559	742	6,274	52,885	11	52,896
Intersegment sales or transfers	251	(0)	324	131	707	(707)	—
Total revenue	40,561	5,559	1,066	6,406	53,593	(696)	52,896
Segment profit (loss)	4,749	809	(79)	269	5,750	38	5,788
Financial income	—	—	—	—	—	—	91
Financial expenses	—	—	—	—	—	—	27
Quarterly profit before income taxes	—	—	—	—	—	—	5,852
Other							
Depreciation and amortization	268	58	74	78	481	147	628
Amortization of customer-related assets	18	—	—	172	190	—	190
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 do not include amortization of customer-related assets.

Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	44,781	6,129	816	6,133	57,861	12	57,874
Intersegment sales or transfers	237	0	257	210	706	(706)	—
Total revenue	45,019	6,129	1,074	6,344	58,568	(694)	57,874
Segment profit	5,573	880	5	478	6,938	81	7,019
Financial income	—	—	—	—	—	—	110
Financial expenses	—	—	—	—	—	—	166
Quarterly profit before income taxes	—	—	—	—	—	—	6,964
Other							
Depreciation and amortization	294	59	73	78	505	157	662
Amortization of customer-related assets	18	—	—	85	103	—	103
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 do not include amortization of customer-related assets.

3. Information by region

Revenue from external customers

(Millions of yen)

	Previous consolidated first quarter period (July 1, 2023 to September 30, 2023)	Consolidated first quarter period under review (July 1, 2024 to September 30, 2024)
Japan	47,104	52,149
Asia	2,845	2,860
Europe	1,935	1,976
North America	951	828
Others	59	59
Total	52,896	57,874

(Notes)

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

(Significant subsequent events)

Not applicable.