

## Summary of the Consolidated First Quarter Statements (IFRS) for the Three-Month Period Ended September 30, 2021

October 29, 2021

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo  
 TSE Code 6028 URL <https://www.technoproholdings.com/en/>  
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 Quarterly report scheduled submission date November 10, 2021  
 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, 2021 (July 1, 2021 – September 30, 2021) (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 three months ended September 30, 2021	41,634	6.2	3,768	(2.2)	3,942	(9.5)	3,970	(7.9)	2,759	(7.9)	2,707	(8.9)
For the three months ended September 30, 2020	39,195	0.8	3,851	4.2	4,357	12.2	4,311	11.2	2,996	11.1	2,971	11.8

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the three months ended September 30, 2021	2,681	(8.4)	25.13	—
For the three months ended September 30, 2020	2,927	26.9	27.58	—

(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.

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. "Basic earnings per share" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

### (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, 2021	120,211	56,556	55,252	46.0
FY ended June 30, 2021	117,989	58,733	57,226	48.5

### 2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2021	—	50.00	—	135.00	185.00
FY ending June 30, 2022	—				
FY ending June 30, 2022 (forecast)		20.00	—	33.00	53.00

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

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. Actual dividend amounts before the stock split are stated for FY ended June 30, 2021.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 – June 30, 2022)

(% 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)	84,000	5.7	7,300	(12.0)	7,300	(24.6)	7,250	(24.8)	5,000	(24.5)	46.41
Full year	170,000	5.4	16,500	(6.5)	16,500	(15.2)	16,400	(15.8)	11,300	(14.7)	104.89

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

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. "Basic earnings per share" shows figures after the stock split.

#### \* 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 September 30, 2021	108,421,164 shares	FY ended June 30, 2021	108,421,164 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2021	695,202 shares	FY ended June 30, 2021	695,109 shares
iii. Average number of shares during the period (cumulative)	For the three months ended September 30, 2021	107,725,975 shares	For the three months ended September 30, 2020	107,726,121 shares

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. Number of outstanding shares at the end of the period (including treasury shares), Number of treasury shares at the end of the period, and Average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

\* 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 October 29, 2021. The Company plans to post supplementary and other materials for the briefing on its website today (October 29, 2021) 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, 2021 to September 30, 2021), uncertainty in the global economy continued due to concerns over rising inflation, the slowdown in China's economic recovery, and other factors. In Japan too, uncertainty continued due to COVID-19 and shortages of parts for semiconductors and other goods, among other factors.

In this environment, customer demand for the Group's core business area of engineer dispatching and contract assignment has largely recovered to pre-pandemic levels, demonstrating the strong foundations of the Group's business. In addition, hiring activities have proceeded as planned, and the Group made a good start towards achieving Evolution 2026, its new medium-term management plan (July 1, 2021 to June 30, 2026), which it launched on August 10, 2021.

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

#### Secure engineers

The resumption of hiring activities in September 2020 and the focus on forming a candidate applicant group has contributed to a reversal of the decline in the number of engineers on payroll in Japan since April 2021. While online interviews have now become the norm, by continuing to provide sufficient information and engaging in careful communication with candidates, the Group has successfully hired 700 mid-career engineers in the first quarter period under review (up 641 compared to same period of the previous fiscal year). The Group will continue to focus on hiring new IT and DX-related engineers to meet strong demand, and also continue its efforts to curb retirements to secure a sufficient number of engineers – the source of our growth.

#### Strengthen solutions business

One of the directions set out in Evolution 2026, the Group's medium-term management plan, is to strengthen the solutions business as the growth and evolution of the Group's core business area of engineer dispatching. As part of this, the Group acquired GCOMNET CO., LTD., a company with strengths in the upstream process of core system ERP package SAP implementation consulting and IT infrastructure development, on July 30, 2021 (GCOMNET was merged to TechnoPro, Inc. as of October 1, 2021). GCOMNET's expertise in upstream process will be incorporated into the Group's existing SAP team to build a formation that enables us to provide customers with even higher value-added solutions.

#### Shift to the IT sector

The IT sector is expected to see a continuing increase in demand. Currently, IT engineers account for over half of all the Group's domestic engineers on payroll, and this proportion is increasing. In addition to new hires, the Group is actively investing resources into increasing its numbers of engineers specialized in digital technologies including data science, cloud, IoT, security, and 5G, by converting engineer skills from hardware-related areas to digital (reskilling) and by multiskilling engineers.

#### Promoting globalization

On September 1, 2021, the Group acquired Robosoft Technologies Private Limited and made it a subsidiary. Robosoft provides digital solutions such as digital advisory, UI/UX design, and analytics to customers located in the United States, Europe, Japan and India through offshore delivery. The Group will leverage Robosoft's expertise to deliver digital solutions globally.

As a result of the initiatives described above, the number of domestic engineers at the end of the consolidated first quarter period under review was 20,527 (down 104 compared to the end of the first quarter of the previous fiscal year and up 197 from the end of previous fiscal year). The average utilization rate for the period under review was 95.5% (up 2.9 pts). Regarding past efforts to improve sales per engineer, while the number of operating days per month has decreased by 0.18 days compared to the same period of the previous fiscal year, average monthly sales per engineer were 639 thousand yen (up 19 thousand yen compared to the same period of the previous fiscal year), partly due to increased overtime hours and the increase in contract unit prices as a result of the Shift

Up and Charge Up initiatives. Further, excluding new employees who had joined the Group in the last twelve months, contract unit prices for existing employees rose by 7 thousand yen compared to the first quarter of the previous fiscal year.

In terms of expenses, in comparison to the first quarter of the previous fiscal year when new hiring was effectively frozen, SG&A increased due to full-scale implementation of hiring and other upfront investments, but the decline of core operating profit was held by 83 million yen, which was mitigated due to the improvement in gross profit as a result of the increased number of employees operating in Japan and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated first quarter was 41,634 million yen (up 6.2% compared to the first quarter of the previous fiscal year), core operating profit was 3,768 million yen (down 2.2%), operating profit was 3,942 million yen (down 9.5%), profit before taxes was 3,970 million yen (down 7.9%), and net profit attributable to the owners of the parent company was 2,707 million yen (down 8.9%).

Earnings for the segments of the business during the consolidated first quarter 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 software training for hardware-related engineers and realized engineer assignments at higher unit prices through skill conversions and multiskilling, in addition to restarting the mid-career hiring mainly of high added-value engineers. The Group also made efforts to secure assignments through business collaborations with the partners possessing advanced technologies and by actively implementing internal/external training. As a result of these efforts, engineers on payroll were 17,893 (down 91 compared to the end of the first quarter of the previous fiscal year) and assigned engineers were 17,116 (up 298). As a result of these initiatives, revenue in this segment was 32,585 million yen (up 4.3%), partially due to the improvement in the utilization rate and sales per engineer.

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Group has also expanded its services to offer services 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. While in this segment the impact of COVID-19 has been minimal and so a high utilization rate has been maintained, hiring did not keep pace with demand, and on payroll and assigned engineers are 2,634 and 2,516, respectively (down 13 and 40, respectively, compared to the end of the first quarter of the previous fiscal year). As a result, revenue in this segment was 4,916 million yen (down 1.2%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. These businesses were impacted by COVID-19, but demand for search-based recruitment services increased driven by clients' increasing desire to hire post-COVID-19. As a result, revenue in this segment was 1,101 million yen (up 27.6%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. China was able to exit from its economic downturn at an early stage and the Group proceeded with contracted R&D operations on an offshore basis via partnerships with key customers: Japanese companies in China and their parent Japanese companies. In addition, personnel dispatch and professional recruitment services in the UK performed well, supported by strong demand. As a result of these initiatives, revenue in this segment was 3,469 million yen (up 43.7%). In addition, the impact of the acquisition of Robosoft Technologies Private Limited as a subsidiary on the consolidated statement of income will be included from the consolidated second quarter period of this fiscal year.

## (2) Summary of financial position

### i. Analysis of financial position

Assets totaled 120,211 million yen as of the end of the consolidated first quarter period under review (up 2,222 million yen from the end of the previous fiscal year). The primary components were goodwill of 47,007 million yen, cash and cash equivalents of 22,544 million yen, and accounts receivables and other receivables of 21,684 million yen.

The status for each item was as follows.

#### (Current assets)

Current assets totaled 53,686 million yen as of the end of the consolidated first quarter period under review (down 10,427 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 22,544 million yen (down 9,980 million yen), and accounts receivables and other receivables of 21,684 million yen (up 967 million yen).

#### (Non-current assets)

Non-current assets totaled 66,525 million yen as of the end of the consolidated first quarter period under review (up 12,649 million yen from the end of the previous fiscal year). The primary components were goodwill of 47,007 million yen (up 10,699 million yen), other long-term financial assets 4,853 million yen (up 1,197 million yen), and right-of-use assets of 4,848 million yen (down 225 million yen). The increase in goodwill was primarily because of the acquisition of Robosoft Technologies Private Limited as a subsidiary.

#### (Current liabilities)

Current liabilities totaled 50,239 million yen as of the end of the consolidated first quarter period under review (up 6,592 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 15,234 million yen (up 945 million yen), loans payable of 8,490 million yen (up 6,499 million yen), and other financial liabilities of 7,676 million yen (up 4,044 million yen). The increase in loans payable (6,500 million yen) is due to the bridge loan for the acquisition of shares of Robosoft Technologies Private Limited (80%), and the increase in other financial liabilities includes 3,623 million yen for the acquisition of the remaining shares (20%) of the same company.

#### (Non-current liabilities)

Non-current liabilities totaled 13,415 million yen as of the end of the consolidated first quarter period under review (down 2,193 million yen from the end of the previous fiscal year). The primary components were loans payable of 5,970 million yen (down 497 million yen), lease liabilities of 4,173 million yen (down 29 million yen), and other long-term financial liabilities of 2,304 million yen (down 1,813 million yen).

#### (Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 55,252 million yen as of the end of the consolidated first quarter period under review (down 1,973 million yen from the end of the previous fiscal year). The primary components were retained earnings of 41,415 million yen (down 2,142 million yen) and a capital surplus of 7,701 million yen (up 240 million yen).

### ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 22,544 million yen as of end of the consolidated first quarter period under review, representing a decrease of 9,980 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 1,466 million yen (same period of previous fiscal year: inflows of 601 million yen). This was mainly due to profit before taxes (3,970 million yen), a decrease in prepaid expenses (744 million yen), depreciation and amortization (653 million yen), an increase in accounts payable and other liabilities (607 million yen) offset by payments of corporate income taxes (5,665 million yen) and a decrease

in deposits received (1,105 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 7,311 million yen (same period of previous fiscal year: outflows of 167 million yen). This was mainly due to a decrease in cash due to payment for acquisition of subsidiaries (8,681 million yen) offset by an increase in cash due to proceeds from sales of investments in marketable securities (1,563 million yen). The outflows for the payment for acquisition of subsidiaries were for Robosoft Technologies Private Limited (8,729 million yen) and GCOMNET CO., LTD. (312 million yen) were partially offset by the increase in cash (360 million yen) incorporated into consolidation from these new subsidiaries.

(Cash flows from financing activities)

Cash outflows from financing activities were 1,258 million yen (same period of previous fiscal year: outflows of 114 million yen). This was mainly due to a net increase in short term loans payable (6,428 million yen) offset by dividend payments (4,849 million yen), repayment of lease liabilities (1,637 million yen), and payments for purchase of interests in subsidiaries from non-controlling interests (698 million yen). The outflow for payments for purchase of interests in subsidiaries from non-controlling interests was the additional amount paid to acquire 20% of the shares of Orion Managed Services Limited.

(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, 2022 as announced in the “Summary of Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2021” on August 10, 2021.

## 2. Interim Consolidated Financial Statements (Summary) and notes

### (1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2021	As of September 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	32,524	22,544
Accounts receivables and other receivables	20,716	21,684
Income taxes receivable	1,591	1,643
Other short-term financial assets	4,829	3,050
Other current assets	4,450	4,764
<b>Total current assets</b>	<b>64,113</b>	<b>53,686</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,757	2,114
Right-of-use assets	5,074	4,848
Goodwill	36,307	47,007
Intangible assets	1,975	2,297
Other long-term financial assets	3,656	4,853
Deferred tax assets	4,393	4,582
Other non-current assets	710	822
<b>Total non-current assets</b>	<b>53,876</b>	<b>66,525</b>
<b>Total assets</b>	<b>117,989</b>	<b>120,211</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	14,288	15,234
Loans payable	1,990	8,490
Lease liability	5,161	4,960
Income taxes payable	4,129	1,741
Other financial liabilities	3,632	7,676
Employee benefits liabilities	7,348	7,666
Provisions	3	2
Other current liabilities	7,093	4,467
<b>Total current liabilities</b>	<b>43,647</b>	<b>50,239</b>



(Millions of yen)

	As of June 30, 2021	As of September 30, 2021
Non-current liabilities		
Loans payable	6,467	5,970
Lease liabilities	4,202	4,173
Other long-term financial liabilities	4,118	2,304
Deferred tax liabilities	238	369
Retirement benefit liabilities	14	23
Provisions	449	454
Other non-current liabilities	117	119
Total non-current liabilities	15,609	13,415
Total liabilities	59,256	63,654
Equity		
Share capital	6,929	6,929
Capital surplus	7,460	7,701
Retained earnings	43,557	41,415
Treasury shares	(1,000)	(1,000)
Other components of equity	279	207
Equity attributable to owners of the parent company	57,226	55,252
Non-controlling interests	1,506	1,304
Total equity	58,733	56,556
Total liabilities and equity	117,989	120,211

(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, 2020 (July 1, 2020 to September 30, 2020)	Three months ended September 30, 2021 (July 1, 2021 to September 30, 2021)
Revenue	39,195	41,634
Cost of sales	30,302	31,763
Gross profit	8,892	9,871
Selling, general and administrative expenses	5,040	6,102
Other income	579	183
Other expenses	74	9
Operating profit	4,357	3,942
Financial income	1	62
Financial expenses	46	34
Profit before income taxes	4,311	3,970
Income taxes	1,315	1,211
Net profit	2,996	2,759
Net profit attributable to:		
Owners of the parent company	2,971	2,707
Non-controlling interests	25	52
Net profit	2,996	2,759
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	27.58	25.13
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated three-month period

(Millions of yen)

	Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)	Three months ended September 30, 2021 (July 1, 2021 to September 30, 2021)
Net profit	2,996	2,759
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	(130)	—
Total items that will not be reclassified to profit or loss	(130)	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	61	(77)
Total items that may be reclassified to profit or loss	61	(77)
Total other comprehensive income	(68)	(77)
Comprehensive income for the period	2,927	2,681
Comprehensive income for the period attributable to:		
Owners of the parent company	2,893	2,635
Non-controlling interests	34	46
Comprehensive income for the period	2,927	2,681

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

Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(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
					Financial assets at fair value through other comprehensive income	Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2020	6,929	7,349	36,139	(1,000)	(1,009)	(179)	(1,188)	48,229
Net profit			2,971				—	2,971
Other comprehensive income					(130)	52	(77)	(77)
Total comprehensive income	—	—	2,971	—	(130)	52	(77)	2,893
Dividends of surplus			(3,590)				—	(3,590)
Share-based payment transaction		35					—	35
Total transactions with the owners	—	35	(3,590)	—	—	—	—	(3,555)
As of September 30, 2020	6,929	7,384	35,520	(1,000)	(1,139)	(127)	(1,266)	47,567

	Non-controlling interests	Total equity
As of July 1, 2020	1,279	49,509
Net profit	25	2,996
Other comprehensive income	9	(68)
Total comprehensive income	34	2,927
Dividends of surplus	(14)	(3,605)
Share-based payment transaction		35
Total transactions with the owners	(14)	(3,570)
As of September 30, 2020	1,299	48,866

Three months ended September 30, 2021 (July 1, 2021 to September 30, 2021)

(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			2,707			—	2,707
Other comprehensive income					(71)	(71)	(71)
Total comprehensive income	—	—	2,707	—	(71)	(71)	2,635
Dividends of surplus			(4,847)			—	(4,847)
Share-based payment transaction		25				—	25
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		215				—	215
Other increases (decreases)			(2)			—	(2)
Total transactions with the owners	—	240	(4,849)	(0)	—	—	(4,609)
As of September 30, 2021	6,929	7,701	41,415	(1,000)	207	207	55,252

	Non-controlling interests	Total equity
As of July 1, 2021	1,506	58,733
Net profit	52	2,759
Other comprehensive income	(5)	(77)
Total comprehensive income	46	2,681
Dividends of surplus	(33)	(4,881)
Share-based payment transaction		25
Purchase of treasury shares		(0)
Changes in ownership interests in subsidiaries	(215)	—
Other increases (decreases)		(2)
Total transactions with the owners	(248)	(4,858)
As of September 30, 2021	1,304	56,556

## (4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)	Three months ended September 30, 2021 (July 1, 2021 to September 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,311	3,970
Depreciation and amortization	673	653
Interest and dividend income	(1)	(3)
Interest expense	28	28
Decrease (increase) in accounts receivables and other receivables	414	(75)
Increase (decrease) in accounts payable and other liabilities	1,040	607
Increase (decrease) in deposits received	(2,499)	(1,105)
Decrease (increase) in prepaid expenses	900	744
Decrease (increase) in lease repayments	484	462
Increase (decrease) in consumption tax payable	(1,259)	81
Increase (decrease) in retirement benefit liabilities	(26)	(101)
Other	(823)	(1,047)
Subtotal	3,244	4,214
Interest received	1	2
Interest paid	(20)	(18)
Income taxes paid	(2,623)	(5,665)
Income tax refund	0	0
Net cash flows from operating activities	601	(1,466)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(61)	(286)
Proceeds from withdrawal of time deposits	26	272
Purchase of tangible fixed assets	(142)	(205)
Purchase of intangible assets	(25)	(96)
Proceeds from sales of investments in marketable securities	—	1,563
Payment for acquisition of subsidiaries	—	(8,681)
Other	35	122
Net cash flows from investing activities	(167)	(7,311)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,000)	6,428
Repayment of lease liabilities	(1,713)	(1,637)
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(3,818)	(500)
Purchase of treasury shares	—	(0)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(698)
Cash dividends paid	(3,582)	(4,849)
Net cash flows from financing activities	(114)	(1,258)
Effect of change in exchange rates on cash and cash equivalents	5	55
Net increase (decrease) in cash and cash equivalents	325	(9,980)
Cash and cash equivalents at the beginning of the period	22,797	32,524
Cash and cash equivalents at the end of the period	23,123	22,544

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

(Note on assumption about going concern)

Not applicable.

(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.

Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(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	31,190	4,975	743	2,275	39,184	10	39,195
Intersegment sales or transfers	66	—	119	139	325	(325)	—
Total revenue	31,256	4,975	863	2,414	39,510	(315)	39,195
Segment profit (loss)	3,433	785	(12)	162	4,368	(11)	4,357
Financial income	—	—	—	—	—	—	1
Financial expenses	—	—	—	—	—	—	46
Quarterly profit before income taxes	—	—	—	—	—	—	4,311
Other							
Depreciation and amortization	256	51	77	50	436	166	602
Amortization of customer-related assets	20	—	—	50	70	—	70
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	19	19
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 as general administrative expenses not allocated to reportable segments.
- Depreciation and amortization does not include amortization of customer-related assets.



Three-months ended September 30, 2021 July 1, 2021 to September 30, 2021)

(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	32,483	4,916	922	3,299	41,622	11	41,634
Intersegment sales or transfers	102	(0)	178	169	450	(450)	—
Total revenue	32,585	4,916	1,101	3,469	42,073	(438)	41,634
Segment profit (loss)	2,858	554	206	245	3,865	77	3,942
Financial income	—	—	—	—	—	—	62
Financial expenses	—	—	—	—	—	—	34
Quarterly profit before income taxes	—	—	—	—	—	—	3,970
Other							
Depreciation and amortization	251	51	74	38	416	155	572
Amortization of customer-related assets	26	—	—	54	80	—	80
Profit on currency exchange related to put option liabilities	—	—	—	—	—	12	12
Loss on currency exchange related to put option liabilities	—	—	—	—	—	—	—
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 as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

(Subsequent events)

Issuance of unsecured straight bonds

At the board of directors meeting held on August 31, 2021, the Company passed a comprehensive resolution regarding the issuance of domestic unsecured straight bonds. Based on this resolution, the Company issued unsecured straight bonds with a coupon payment date of October 26, 2021. Details are as follows.

	1st Series Unsecured Straight Bonds (with inter-bond pari passu clause)	2nd Series Unsecured Straight Bonds (with inter-bond pari passu clause)
Total issue amount	5 billion yen	5 billion yen
Coupon rate	0.130% per annum	0.200% per annum
Maturity date	October 25, 2024 (3 years)	October 26, 2026 (5 years)
Issue price	100% of the principal amount	
Redemption method	Lump sum at maturity	
Use of proceeds	1) Repayment of borrowings, and 2) investments	