

Summary of the Consolidated Second Quarter Statements (IFRS) for the Six-Month Period Ended December 31, 2021

February 1, 2022

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
Quarterly report scheduled submission date February 8, 2022
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 Six Months Ended December 31, 2021 (July 1, 2021 – December 31, 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 six months ended December 31, 2021	86,358	8.7	9,032	8.9	11,078	14.4	11,229	16.4	7,905	17.9	7,794	17.7
For the six months ended December 31, 2020	79,451	0.5	8,291	2.2	9,680	17.7	9,645	17.7	6,703	17.1	6,623	17.1

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the six months ended December 31, 2021	8,240	18.4	72.35	—
For the six months ended December 31, 2020	6,956	21.2	61.48	—

(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.

(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 six months ended December 31, 2021	129,918	62,208	60,799	46.8
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	—	20.00			
FY ending June 30, 2022 (forecast)			—	42.00	62.00

(Note) Revisions to dividend forecasts published most recently: Yes

For information concerning revisions to dividend forecasts, please see the "Notice Regarding Difference between First Half Guidance and Results, Interim Dividend, Revisions to Full-Year Guidance and Dividend Forecast for FY2022," released today (February 1, 2022).

(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
Full year	174,000	7.9	17,300	(1.9)	19,300	(0.8)	19,300	(0.9)	13,300	0.4	123.46

(Note) Revisions to financial results forecasts published most recently: Yes

(Note) For information concerning revisions to financial results forecasts, please see the " Notice Regarding Difference between First Half Guidance and Results, Interim Dividend, Revisions to Full-Year Guidance and Dividend Forecast for FY2022," released today (February 1, 2022).

* 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
- Changes to accounting policies as required by IFRS: None
 - Changes to accounting policies other than i.: None
 - 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 December 31, 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 December 31, 2021	695,291 shares	FY ended June 30, 2021	695,109 shares
iii. Average number of shares during the period (cumulative)	For the six months ended December 31, 2021	107,725,946 shares	For the six months ended December 31, 2020	107,726,110 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 (cumulative) 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 February 1, 2022. The Company plans to post supplementary and other materials for the briefing on its website today (February 1, 2022) 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 half period under review (July 1, 2021 to December 31, 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, despite signs for a time that COVID-19 infections may be coming to an end, uncertainty continued due to a rebound in infections as a result of the new omicron variant and shortages of semiconductor components and other goods.

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 first half period under review were as follows:

Secure engineers

The resumption of hiring activities in September 2020 and the focus on forming a candidate applicant pool reversed the decline in the number of engineers on payroll in Japan that began in 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 1,434 mid-career engineers in the first half period under review (up 1,258 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 goals set out in Evolution 2026, the Group's medium-term management plan, is to strengthen the solutions business, which is positioned as the growth and evolution of the Group's core business area of engineer dispatching. GCOMNET CO., LTD. became part of the Group on July 30, 2021 (merging with TechnoPro Inc. on October 1, 2021). The Group is leveraging GCOMNET's strengths in the upstream process of core system ERP package SAP implementation consulting and IT infrastructure development as well as implementing GCOMNET's engineer training program that incorporates the Company's training expertise. Further, the Group has expanded target technology areas for alliance, aiming at cross-skilling engineers – incumbent technology in chemistry/ biochemistry/ construction x IT/ digital, which is intended to expand solutions to its customers.

Promote globalization

To promote globalization within the Group, the Group has begun operating a "service catalogue" that showcases the track records and capability areas of its overseas subsidiaries. The aim of this initiative is to hunt offshore development projects by utilizing the robust sales network of the Group's domestic businesses. The Group will continue to actively promote groupwide collaboration on a global basis, leveraging the Group's strengths in domestic sales and offshore development and delivery.

As a result of the initiatives described above, the number of domestic engineers at the end of the consolidated first half period under review was 20,776 (up 587 compared to the end of the first half of the previous fiscal year and up 446 from the end of previous fiscal year). The average utilization rate for the period under review was 95.6% (up 1.9 pts). Regarding continuous efforts to improve sales per engineer, while the number of operating days per month has decreased by 0.14 days compared to the same period of the previous fiscal year, average monthly sales per engineer were 650 thousand yen (up 21 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, dispatch contract unit prices (base charge) for existing employees rose by 9 thousand yen compared to the first half of the previous fiscal year.

In terms of expenses, in comparison to the first half 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 core operating profit rose by 740 million yen, which was mitigated due to the improvement in gross profit as a result of the increased number of employees assigned in Japan and other factors.

In addition, the Group recorded 1,863 million yen in other income due to the reversal of liabilities related to put options granted to non-controlling shareholder of Helius Technologies Pte Ltd.

As a result, the Group's performance was as follows: revenue for the consolidated first half period under review was 86,358 million yen (up 8.7% compared to the same period of the previous fiscal year), core operating profit was 9,032 million yen (up 8.9%), operating profit was 11,078 million yen (up 14.4%), profit before taxes was 11,229 million yen (up 16.4%), and net profit attributable to the owners of the parent company was 7,794 million yen (up 17.7%).

Earnings for the segments of the business during the consolidated first half 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-related training for hardware-related engineers and chemical/biochemical-related engineers and realized engineer assignments at higher unit prices through re-skilling and cross-skilling, 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 18,109 (up 519 compared to the end of the first half of the previous fiscal year) and assigned engineers were 17,348 (up 539). As a result of these initiatives, revenue in this segment was 66,861 million yen (up 5.6%).

(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 2,667 and 2,565, respectively, at the end of the first half period under review (up 68 and 69, respectively, compared to the end of the same period of the previous fiscal year). As a result, revenue in this segment was 9,966 million yen (up 0.5%).

(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 for post-COVID-19. As a result, revenue in this segment was 2,218 million yen (up 30.6%).

(Overseas Businesses)

While there were differences among 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. Personnel dispatch and professional recruitment services in the UK performed well, supported by strong demand. In addition, the acquisition of Robosoft Technologies Private Limited as a subsidiary had a significantly positive impact from the consolidated second quarter period onwards, resulting in revenues in this segment of 8,488 million yen (up 63.6%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 129,918 million yen as of the end of the consolidated first half period under review (up 11,929 million yen from the end of the previous fiscal year). The primary components were goodwill of 44,959 million yen, cash and cash equivalents of 34,206 million yen, and accounts receivables and other receivables of 21,828 million yen. The status for each item was as follows.

(Current assets)

Current assets totaled 64,722 million yen as of the end of the consolidated first half period under review (up 608 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 34,206 million yen (up 1,681 million yen), and accounts receivables and other receivables of 21,828 million yen (up 1,111 million yen).

(Non-current assets)

Non-current assets totaled 65,196 million yen as of the end of the consolidated first half period under review (up 11,320 million yen from the end of the previous fiscal year). The primary components were goodwill of 44,959 million yen (up 8,651 million yen), intangible assets 5,209 million yen (up 3,233 million yen), and right-of-use assets of 4,567 million yen (down 507 million yen). The increase in goodwill and intangible assets was mainly due to the acquisition of Robosoft Technologies Private Limited as a subsidiary.

(Current liabilities)

Current liabilities totaled 44,310 million yen as of the end of the consolidated first half period under review (up 663 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 14,202 million yen (down 86 million yen), employee benefits liabilities of 7,718 million yen (up 370 million yen), other current liabilities of 6,957 million yen (down 136 million yen), and other short term financial liabilities of 5,952 (up 2,320 million yen). The increase in other short term financial liabilities includes an increase of 3,671 million yen for the acquisition of the remaining shares (20%) of Robosoft Technologies Private Limited, and a decrease of 1,863 million yen in put option liabilities for remaining shares (49%) of Helius Technologies Pte Ltd.

(Non-current liabilities)

Non-current liabilities totaled 23,399 million yen as of the end of the consolidated first half period under review (up 7,790 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 15,415 million yen (up 8,947 million yen), lease liabilities of 3,865 million yen (down 336 million yen), and other long-term financial liabilities of 2,507 million yen (down 1,610 million yen). The increase in bonds and loans payable was mainly due to the new issuance of 10 billion yen in straight bonds.

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 60,799 million yen as of the end of the consolidated first half period under review (up 3,573 million yen from the end of the previous fiscal year). The primary components were retained earnings of 46,504 million yen (up 2,946 million yen) and a capital surplus of 7,792 million yen (up 331 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 34,206 million yen as of end of the consolidated first half period under review, representing an increase of 1,681 million yen compared to the end of the previous fiscal year. Cash flow during the consolidated first half period under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 8,541 million yen (same period of previous fiscal year: inflows of 10,641 million yen). This was mainly due to profit before taxes (11,229 million yen), an income tax refund (1,613 million yen), depreciation and amortization (1,408 million yen), a decrease in prepaid expenses (1,368 million yen), and an increase in deposits received (1,289 million yen) offset by payments of corporate income

taxes (5,809 million yen) and a profit on put options granted to non-controlling shareholder of Helius Technologies Pte Ltd (1,868 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 7,061 million yen (same period of previous fiscal year: outflows of 927 million yen). This was mainly due to an increase in cash due to proceeds from sales and redemption of investments (2,045 million yen) and proceeds from withdrawal of time deposits (1,301 million yen) offset by a decrease in cash due to payment for acquisition of subsidiaries (8,681 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. In addition, proceeds from sales and redemption of investments includes sales of investments in marketable securities (1,563 million yen).

(Cash flows from financing activities)

Cash inflows from financing activities were 49 million yen (same period of previous fiscal year: outflows of 5,107 million yen). This was mainly due to an increase in cash due to inflows from bond issuances (9,939 million yen) offset by dividend payments (4,880 million yen), repayment of lease liabilities (3,239 million yen), and payments for purchase of interests in subsidiaries from non-controlling shareholders (698 million yen). The outflow for payments for purchase of interests in subsidiaries from non-controlling shareholders was the additional amount paid to acquire 20% of the shares of Orion Managed Services Limited.

(3) Results forecasts and other forward-looking information

In the consolidated first half of the fiscal year ended December 31, 2021, both of revenue and core operating profit surpassed the previously announced guidance mainly due to 1) the fact that the number of engineers, utilization ratio and average monthly unit sales price, each of which is a key KPI in domestic operations, exceeded the original plan, driven by the continued vigorous demand for the Group's engineer staffing and project-type services in Japan, and 2) consolidation of the profit and loss of newly acquired Robosoft Technologies Private Limited from the second quarter period. Furthermore, both of operating profit and net profit largely exceeded the previous guidance due to reversal of the full amount of put option liabilities related to Helius Technologies Pte Ltd (recorded 1,863 million yen as other income), which is the Company's subsidiary with 51% shareholding. This accounting treatment was carried out based on the reasonable expectation that the conditions for exercising put option for the remaining 49% Helius shares, granted to its non-controlling shareholders under the shareholders agreement executed at the acquisition (amount of accumulated EBITDA of Helius from April 2017 to June 2022 to meet the pre-set criteria), could not be satisfied, and thereby the put option would not be exercised; accordingly the fair value of the said put option liabilities is deemed to become zero.

In addition, the Company has raised its consolidated full-year guidance for the fiscal year ending June 30, 2022, reflecting actual results of the first half period mentioned above, as well as earnings guidance of Robosoft Technologies Private Limited which was not included in the previously guidance.

For more information, please see the "Notice Regarding Difference between First Half Guidance and Results, Interim Dividend, Revisions to Full-Year Guidance and Dividend Forecast for FY2022" and "TechnoPro Group Financial Results for the 2nd Quarter of FYE June 2022," released today (February 1, 2022).

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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	32,524	34,206
Accounts receivables and other receivables	20,716	21,828
Income taxes receivable	1,591	26
Other short-term financial assets	4,829	3,641
Other current assets	4,450	5,019
Total current assets	64,113	64,722
Non-current assets		
Property, plant and equipment	1,757	2,139
Right-of-use assets	5,074	4,567
Goodwill	36,307	44,959
Intangible assets	1,975	5,209
Other long-term financial assets	3,656	3,952
Deferred tax assets	4,393	3,592
Other non-current assets	710	776
Total non-current assets	53,876	65,196
Total assets	117,989	129,918
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	14,288	14,202
Loans payable	1,990	1,990
Lease liability	5,161	4,562
Income taxes payable	4,129	2,924
Other short time financial liabilities	3,632	5,952
Employee benefits liabilities	7,348	7,718
Provisions	3	3
Other current liabilities	7,093	6,957
Total current liabilities	43,647	44,310

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
Non-current liabilities		
Bonds and loans payable	6,467	15,415
Lease liabilities	4,202	3,865
Other long-term financial liabilities	4,118	2,507
Deferred tax liabilities	238	1,008
Retirement benefit liabilities	14	17
Provisions	449	455
Other non-current liabilities	117	129
Total non-current liabilities	15,609	23,399
Total liabilities	59,256	67,710
Equity		
Share capital	6,929	6,929
Capital surplus	7,460	7,792
Retained earnings	43,557	46,504
Treasury shares	(1,000)	(1,001)
Other components of equity	279	574
Equity attributable to owners of the parent company	57,226	60,799
Non-controlling interests	1,506	1,408
Total equity	58,733	62,208
Total liabilities and equity	117,989	129,918

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

(Millions of yen)

	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)	Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)
Revenue	79,451	86,358
Cost of sales	60,928	64,477
Gross profit	18,523	21,880
Selling, general and administrative expenses	10,231	12,848
Other income	1,515	2,153
Other expenses	126	107
Operating profit	9,680	11,078
Financial income	52	223
Financial expenses	88	71
Profit before income taxes	9,645	11,229
Income taxes	2,941	3,324
Net profit	6,703	7,905
Net profit attributable to:		
Owners of the parent company	6,623	7,794
Non-controlling interests	80	111
Net profit	6,703	7,905
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	61.48	72.35
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)
Revenue	40,256	44,723
Cost of sales	30,625	32,714
Gross profit	9,631	12,009
Selling, general and administrative expenses	5,191	6,745
Other income	935	1,975
Other expenses	51	103
Operating profit	5,323	7,135
Financial income	51	160
Financial expenses	41	36
Profit before income taxes	5,333	7,259
Income taxes	1,626	2,112
Net profit	3,706	5,146
Net profit attributable to:		
Owners of the parent company	3,651	5,086
Non-controlling interests	55	59
Net profit	3,706	5,146
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic earnings per share	33.90	47.22
Diluted earnings per share	—	—

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

(Millions of yen)

	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)	Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)
Net profit	6,703	7,905
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	115	12
Total items that will not be reclassified to profit or loss	115	12
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	138	322
Total items that may be reclassified to profit or loss	138	322
Total other comprehensive income	253	335
Comprehensive income for the period	6,956	8,240
Comprehensive income for the period attributable to:		
Owners of the parent company	6,851	8,089
Non-controlling interests	105	150
Comprehensive income for the period	6,956	8,240

The consolidated three-month period

	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)
Net profit	3,706	5,146
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	245	12
Total items that will not be reclassified to profit or loss	245	12
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	76	400
Total items that may be reclassified to profit or loss	76	400
Total other comprehensive income	321	412
Comprehensive income for the period	4,028	5,558
Comprehensive income for the period attributable to:		
Owners of the parent company	3,957	5,454
Non-controlling interests	71	104
Comprehensive income for the period	4,028	5,558

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

Six months ended December 31, 2020 (July 1, 2020 to December 31, 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			6,623					6,623
Other comprehensive income					115	112	228	228
Total comprehensive income	—	—	6,623	—	115	112	228	6,851
Dividends of surplus			(3,590)				—	(3,590)
Share-based payment transaction		62					—	62
Purchase of treasury shares				(0)			—	(0)
Total transactions with the owners	—	62	(3,590)	(0)	—	—	—	(3,528)
As of December 31, 2020	6,929	7,412	39,172	(1,000)	(893)	(67)	(960)	51,552

	Non-controlling interests	Total equity
As of July 1, 2020	1,279	49,509
Net profit	80	6,703
Other comprehensive income	25	253
Total comprehensive income	105	6,956
Dividends of surplus	(14)	(3,605)
Share-based payment transaction		62
Purchase of treasury shares		(0)
Total transactions with the owners	(14)	(3,542)
As of December 31, 2020	1,370	52,923

Six months ended December 31, 2021 (July 1, 2021 to December 31, 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
					Financial assets at fair value through other comprehensive income	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			7,794				—	7,794
Other comprehensive income					12	283	295	295
Total comprehensive income	—	—	7,794	—	12	283	295	8,089
Dividends of surplus			(4,847)				—	(4,847)
Share-based payment transaction		116					—	116
Purchase of treasury shares				(0)			—	(0)
Changes in ownership interests in subsidiaries		215					—	215
Total transactions with the owners	—	331	(4,847)	(0)	—	—	—	(4,516)
As of December 31, 2021	6,929	7,792	46,504	(1,001)	12	562	574	60,799

	Non-controlling interests	Total equity
As of July 1, 2021	1,506	58,733
Net profit	111	7,905
Other comprehensive income	39	335
Total comprehensive income	150	8,240
Dividends of surplus	(33)	(4,881)
Share-based payment transaction		116
Purchase of treasury shares		(0)
Changes in ownership interests in subsidiaries	(215)	—
Total transactions with the owners	(248)	(4,765)
As of December 31, 2021	1,408	62,208

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)	Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	9,645	11,229
Depreciation and amortization	1,338	1,408
Loss (gain) on put options granted to non-controlling interests	—	(1,868)
Interest and dividend income	(2)	(13)
Interest expense	56	60
Decrease (increase) in accounts receivables and other receivables	675	(219)
Increase (decrease) in accounts payable and other liabilities	(775)	(424)
Increase (decrease) in deposits received	(187)	1,289
Decrease (increase) in prepaid expenses	1,518	1,368
Decrease (increase) in lease repayments	925	914
Increase (decrease) in consumption tax payable	(859)	189
Increase (decrease) in retirement benefit liabilities	(79)	(133)
Other	(60)	(1,039)
Subtotal	12,193	12,760
Interest received	1	12
Interest paid	(42)	(36)
Income taxes paid	(2,693)	(5,809)
Income tax refund	1,182	1,613
Net cash flows from operating activities	10,641	8,541
Cash flows from investing activities		
Payments into time deposits	(830)	(480)
Proceeds from withdrawal of time deposits	51	1,301
Purchase of tangible fixed assets	(180)	(324)
Purchase of intangible assets	(28)	(83)
Payments for acquisition of investments	—	(916)
Proceeds from sales and redemption of investments	—	2,045
Payment for acquisition of subsidiaries	—	(8,681)
Other	60	78
Net cash flows from investing activities	(927)	(7,061)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,000)	(72)
Repayment of lease liabilities	(3,342)	(3,239)
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(7,158)	(1,000)
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	(3,606)	(4,880)
Net cash flows from financing activities	(5,107)	49
Effect of change in exchange rates on cash and cash equivalents	22	152
Net increase (decrease) in cash and cash equivalents	4,629	1,681
Cash and cash equivalents at the beginning of the period	22,797	32,524
Cash and cash equivalents at the end of the period	27,426	34,206

(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.

Six months ended December 31, 2020 (July 1, 2020 to December 31, 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	63,164	9,919	1,492	4,852	79,428	23	79,451
Intersegment sales or transfers	140	—	206	335	682	(682)	—
Total revenue	63,304	9,919	1,699	5,187	80,111	(659)	79,451
Segment profit (loss)	7,704	1,565	26	433	9,729	(49)	9,680
Financial income	—	—	—	—	—	—	52
Financial expenses	—	—	—	—	—	—	88
Quarterly profit before income taxes	—	—	—	—	—	—	9,645
Other							
Depreciation and amortization	503	103	156	100	863	333	1,197
Amortization of customer-related assets	40	—	—	101	141	—	141
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	51	51
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.

Six months ended December 31, 2021 (July 1, 2020 to December 31, 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	66,548	9,966	1,737	8,053	86,305	52	86,358
Intersegment sales or transfers	312	0	480	435	1,229	(1,229)	—
Total revenue	66,861	9,966	2,218	8,488	87,534	(1,176)	86,358
Segment profit (loss)	6,778	1,227	391	854	9,251	1,827	11,078
Financial income	—	—	—	—	—	—	223
Financial expenses	—	—	—	—	—	—	71
Quarterly profit before income taxes	—	—	—	—	—	—	11,229
Other							
Depreciation and amortization	509	105	148	95	858	311	1,170
Amortization of customer-related assets	55	—	—	183	238	—	238
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	65	65
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.

Three-months ended December 31, 2020 (October 1, 2020 to December 31, 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	31,973	4,943	748	2,577	40,243	12	40,256
Intersegment sales or transfers	74	—	86	196	357	(357)	—
Total revenue	32,048	4,943	835	2,773	40,600	(344)	40,256
Segment profit (loss)	4,271	780	38	270	5,361	(37)	5,323
Financial income	—	—	—	—	—	—	51
Financial expenses	—	—	—	—	—	—	41
Quarterly profit before income taxes	—	—	—	—	—	—	5,333
Other							
Depreciation and amortization	247	51	78	49	427	166	594
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	—	—	—	—	—	32	32
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.

Three-months ended December 31, 2021 (October 1, 2021 to December 31, 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	34,065	5,049	814	4,753	44,682	40	44,723
Intersegment sales or transfers	210	0	302	265	778	(778)	—
Total revenue	34,275	5,049	1,116	5,019	45,460	(737)	44,723
Segment profit (loss)	3,919	672	184	608	5,385	1,749	7,135
Financial income	—	—	—	—	—	—	160
Financial expenses	—	—	—	—	—	—	36
Quarterly profit before income taxes	—	—	—	—	—	—	7,259
Other							
Depreciation and amortization	257	54	73	57	442	155	598
Amortization of customer-related assets	29	—	—	128	157	—	157
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	77	77
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.