

Summary of the Consolidated Third Quarter Statements (IFRS) for the Nine-Month Period Ended March 31, 2022

April 28, 2022

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 May 12, 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 Nine Months Ended March 31, 2022 (July 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results (Cumulative) (% represents the change from the same period of the previous fiscal year)

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended March 31, 2022	131,712	9.6	14,446	9.6	16,522	11.0	16,777	12.6	12,247	18.2	12,077	17.8
For the nine months ended March 31, 2021	120,181	0.6	13,186	2.6	14,879	13.8	14,902	13.9	10,357	13.9	10,249	14.1

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the nine months ended March 31, 2022	13,626	19.5	112.11	—
For the nine months ended March 31, 2021	11,398	38.7	95.15	—

(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 nine months ended March 31, 2022	135,568	65,508	63,976	47.2
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: None

(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: None

* Notes

(1) Changes to important subsidiaries during the period (changes to “Specified Subsidiaries” that involve changes made to scope of consolidation): None

(2) Changes to accounting policies and accounting estimates

i. Changes to accounting policies as required by IFRS: None

ii. Changes to accounting policies other than i.: None

iii. Changes to accounting estimates: None

(3) Number of outstanding shares (ordinary shares)

i. Number of outstanding shares at the end of the period (including treasury shares)

As of March 31, 2022	108,421,164 shares	FY ended June 30, 2021	108,421,164 shares
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ii. Number of treasury shares at the end of the period

As of March 31, 2022	695,291 shares	FY ended June 30, 2021	695,109 shares
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iii. Average number of shares during the period (cumulative)

For the nine months ended March 31, 2022	107,725,922 shares	For the nine months ended March 31, 2021	107,726,092 shares
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(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 April 28, 2022. The Company plans to post supplementary and other materials for the briefing on its website today (April 28, 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 third quarter period under review (July 1, 2021 to March 31, 2022), uncertainty in the global economy continued due to concerns over inflation including rising resource prices, the sluggish Chinese economy, tension toward the situation in Ukraine, and other factors. In Japan, despite signs for a time that the COVID-19 pandemic may be coming to an end, uncertainty continued due to a rebound in infections as a result of the new omicron variant, shortages of semiconductor components and other goods, and the rapid weakening of the yen, 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 third quarter 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 lead to an increase 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 2,206 mid-career engineers in the third quarter period under review (up 1,742 compared to same period of the previous fiscal year). In addition, the Group successfully hired 851 new graduate engineers in April 2022 and expects the number of engineers on payroll in Japan to be at a record high at the end of April 2022. 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 solution business as a result of 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 and has implemented GCOMNET's training expertise into the Company's engineer training program. Further, the Group has expanded the scope of technologies covered by training programs with alliance businesses and strengthened the training for engineers to add digital skills to engineers' existing skills, like chemicals/biotechnology and construction. As an example of the combination of construction and IT/digital solutions, the Group collaborated with Liberaware Co., Ltd. on the use of IBIS, a small drone for the indoor inspection of facilities, to meet broad demand for inspections of dangerous places for manual operation, such as confined, dark, or high-altitude spaces.

The Group will continue to expand its solutions offering to customers through these initiatives.

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 domestic and overseas subsidiaries. The aim of this initiative is to acquire 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 third quarter period under review was 21,054 (up 1,105 compared to the end of the third quarter of the previous fiscal year and up 724 from the end of previous fiscal year). The average utilization rate for the period under review was

95.7% (up 1.2 pts compared to the same period of the previous fiscal year). Regarding the Group's continued 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 657 thousand yen (up 25 thousand yen compared to the same period of the previous fiscal year), due to increased overtime hours and the increase in contract unit prices as a result of the Shift Up and Charge Up initiatives and further expansion in the solutions business, among other factors. 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 10 thousand yen compared to the same period of the previous fiscal year.

In terms of expenses, in comparison to the third quarter of the previous fiscal year when new hiring was effectively frozen for the consolidated first half period of the previous fiscal year, SG&A increased due to full-scale implementation of hiring and other upfront investments. However, core operating profit rose by 1,260 million yen, due to the improvement in gross profit as a result of the increased number of employees assigned in Japan and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated third quarter under review was 131,712 million yen (up 9.6% compared to the same period of the previous fiscal year), core operating profit was 14,446 million yen (up 9.6%), operating profit was 16,522 million yen (up 11.0%), profit before taxes was 16,777 million yen (up 12.6%), and net profit attributable to the owners of the parent company was 12,077 million yen (up 17.8%).

Earnings for the segments of the business during the consolidated third 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-related training for hardware-related engineers and chemical/biochemical-related engineers and implemented initiatives to respond to strong demand in the digital domain through re-skilling and cross-skilling, in addition to strengthening the mid-career hiring mainly of high added-value engineers. The Group also made efforts to secure assignments at higher unit prices through business collaborations with the partners possessing advanced technologies, actively implementing internal/external training, and by increasing the quality and diversity of its service offering. As a result of these efforts, engineers on payroll at the end of the consolidated third quarter period under review were 18,356 (up 988 compared to the end of the third quarter of the previous fiscal year) and assigned engineers were 17,555 (up 852). As a result of these initiatives, revenue in this segment was 101,554 million yen (up 6.4%).

(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. In this segment the impact of COVID-19 has been minimal and so a high utilization rate has been maintained. On payroll and assigned engineers are 2,698 and 2,598, respectively, at the end of the third quarter period under review (up 117 and 101, respectively, compared to the end of the same period of the previous fiscal year). As a result, revenue in this segment was 15,213 million yen (up 2.5%).

(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 there was continued demand for search-based recruitment services from our professional recruitment service as a result of clients' strengthening desire to hire to prepare for post-COVID-19. As a result, revenue in this segment was 3,346 million yen (up 24.2%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. Demand for technology development in China continued 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 Asian countries except China and 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. As a result, revenue in this segment was 13,464 million yen (up 65.8%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 135,568 million yen as of the end of the consolidated third quarter period under review (up 17,578 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,275 million yen, cash and cash equivalents of 31,842 million yen, and accounts receivables and other receivables of 24,546 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 68,366 million yen as of the end of the consolidated third quarter period under review (up 4,252 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 31,842 million yen (down 681 million yen), and accounts receivables and other receivables of 24,546 million yen (up 3,830 million yen).

(Non-current assets)

Non-current assets totaled 67,202 million yen as of the end of the consolidated third quarter period under review (up 13,326 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,275 million yen (up 8,967 million yen), intangible assets 5,274 million yen (up 3,298 million yen), and deferred tax assets of 4,872 million yen (up 479 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 47,632 million yen as of the end of the consolidated third quarter period under review (up 3,985 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 16,947 million yen (up 2,658 million yen), employee benefits liabilities of 8,016 million yen (up 668 million yen), and other short term financial liabilities of 6,635 (up 3,003 million yen). The increase in other short term financial liabilities includes an increase of 3,861 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 22,426 million yen as of the end of the consolidated third quarter period under review (up 6,817 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 14,921 million yen (up 8,454 million yen), lease liabilities of 3,786 million yen (down 415 million yen), and other long-term financial liabilities of 1,991 million yen (down 2,127 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 63,976 million yen as of the end of the consolidated third quarter period under review (up 6,749 million yen from the end of the previous fiscal year). The primary components were retained earnings of 48,632 million yen (up 5,074 million yen) and a capital surplus of 7,879 million yen (up 419 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 31,842 million yen as of end of the consolidated third

quarter period under review, representing a decrease of 681 million yen compared to the end of the previous fiscal year.

Cash flow during the consolidated third quarter 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 10,671 million yen (same period of previous fiscal year: inflows of 13,827 million yen). This was mainly due to profit before taxes (16,777 million yen), an increase in accounts payable and other liabilities (2,320 million yen), depreciation and amortization (2,191 million yen), a decrease in prepaid expenses (2,044 million yen), and an income tax refund (1,615 million yen) offset by payments of corporate income taxes (8,709 million yen), an increase in accounts receivables and other receivables (2,938 million yen), and a profit on put options granted to non-controlling shareholders of the Company's subsidiaries, including Helius Technologies Pte Ltd (1,868 million yen, out of which 1,863 million yen is relating to Helius).

(Cash flows from investing activities)

Cash outflows from investing activities were 7,441 million yen (same period of previous fiscal year: outflows of 1,096 million yen). This was mainly due to an increase in cash due to proceeds from sales and redemption of investments (2,799 million yen) and proceeds from withdrawal of time deposits (659 million yen) offset by a decrease in cash due to payment for acquisition of subsidiaries (8,681 million yen) and payments for acquisition of investments (1,751 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), 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 outflows from financing activities were 4,254 million yen (same period of previous fiscal year: outflows of 8,982 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 (7,052 million yen), repayment of lease liabilities (4,871 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

Regarding the consolidated financial results forecast for the fiscal year ending June 30, 2022, there have been no changes to figures announced in the "Notice Regarding Difference between First Half Guidance and Results, Interim Dividend, Revisions to Full-Year Guidance and Dividend Forecast for FY2022" dated 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 March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	32,524	31,842
Accounts receivables and other receivables	20,716	24,546
Income taxes receivable	1,591	69
Other short-term financial assets	4,829	4,177
Other current assets	4,450	7,729
Total current assets	64,113	68,366
Non-current assets		
Property, plant and equipment	1,757	2,421
Right-of-use assets	5,074	4,491
Goodwill	36,307	45,275
Intangible assets	1,975	5,274
Other long-term financial assets	3,656	4,107
Deferred tax assets	4,393	4,872
Other non-current assets	710	758
Total non-current assets	53,876	67,202
Total assets	117,989	135,568
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	14,288	16,947
Loans payable	1,990	1,990
Lease liability	5,161	4,759
Income taxes payable	4,129	5,430
Other short time financial liabilities	3,632	6,635
Employee benefits liabilities	7,348	8,016
Provisions	3	3
Other current liabilities	7,093	3,851
Total current liabilities	43,647	47,632

(Millions of yen)

	As of June 30, 2021	As of March 31, 2022
Non-current liabilities		
Bonds and loans payable	6,467	14,921
Lease liabilities	4,202	3,786
Other long-term financial liabilities	4,118	1,991
Deferred tax liabilities	238	1,066
Retirement benefit liabilities	14	34
Provisions	449	493
Other non-current liabilities	117	132
Total non-current liabilities	15,609	22,426
Total liabilities	59,256	70,059
Equity		
Share capital	6,929	6,929
Capital surplus	7,460	7,879
Retained earnings	43,557	48,632
Treasury shares	(1,000)	(1,001)
Other components of equity	279	1,534
Equity attributable to owners of the parent company	57,226	63,976
Non-controlling interests	1,506	1,532
Total equity	58,733	65,508
Total liabilities and equity	117,989	135,568

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

(Millions of yen)

	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)	Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)
Revenue	120,181	131,712
Cost of sales	91,294	97,428
Gross profit	28,887	34,283
Selling, general and administrative expenses	15,700	19,837
Other income	1,984	2,265
Other expenses	291	189
Operating profit	14,879	16,522
Financial income	125	363
Financial expenses	103	109
Profit before income taxes	14,902	16,777
Income taxes	4,545	4,529
Net profit	10,357	12,247
Net profit attributable to:		
Owners of the parent company	10,249	12,077
Non-controlling interests	107	170
Net profit	10,357	12,247
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	95.15	112.11
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)
Revenue	40,729	45,354
Cost of sales	30,366	32,951
Gross profit	10,363	12,402
Selling, general and administrative expenses	5,468	6,988
Other income	469	112
Other expenses	165	82
Operating profit	5,198	5,444
Financial income	72	140
Financial expenses	14	37
Profit before income taxes	5,257	5,547
Income taxes	1,603	1,205
Net profit	3,653	4,341
Net profit attributable to:		
Owners of the parent company	3,626	4,283
Non-controlling interests	27	58
Net profit	3,653	4,341
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic earnings per share	33.66	39.76
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated nine-month period

(Millions of yen)

	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)	Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)
Net profit	10,357	12,247
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	486	—
Total items that will not be reclassified to profit or loss	486	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	555	1,379
Total items that may be reclassified to profit or loss	555	1,379
Total other comprehensive income	1,041	1,379
Comprehensive income for the period	11,398	13,626
Comprehensive income for the period attributable to:		
Owners of the parent company	11,178	13,333
Non-controlling interests	220	293
Comprehensive income for the period	11,398	13,626

The consolidated three-month period

	Three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)
Net profit	3,653	4,341
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	371	(12)
Total items that will not be reclassified to profit or loss	371	(12)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	417	1,056
Total items that may be reclassified to profit or loss	417	1,056
Total other comprehensive income	788	1,044
Comprehensive income for the period	4,442	5,385
Comprehensive income for the period attributable to:		
Owners of the parent company	4,326	5,243
Non-controlling interests	115	142
Comprehensive income for the period	4,442	5,385

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

Nine months ended March 31, 2021 (July 1, 2020 to March 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, 2020	6,929	7,349	36,139	(1,000)	(1,009)	(179)	(1,188)	48,229
Net profit			10,249				—	10,249
Other comprehensive income					486	442	928	928
Total comprehensive income	—	—	10,249	—	486	442	928	11,178
Dividends of surplus			(5,386)				—	(5,386)
Share-based payment transaction		86					—	86
Purchase of treasury shares				(0)			—	(0)
Total transactions with the owners	—	86	(5,386)	(0)	—	—	—	(5,299)
As of March 31, 2021	6,929	7,436	41,003	(1,000)	(522)	262	(260)	54,108

	Non-controlling interests	Total equity
As of July 1, 2020	1,279	49,509
Net profit	107	10,357
Other comprehensive income	113	1,041
Total comprehensive income	220	11,398
Dividends of surplus	(34)	(5,420)
Share-based payment transaction		86
Purchase of treasury shares		(0)
Total transactions with the owners	(34)	(5,333)
As of March 31, 2021	1,466	55,574

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

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2021	6,929	7,460	43,557	(1,000)	279	279	57,226
Net profit			12,077			—	12,077
Other comprehensive income					1,255	1,255	1,255
Total comprehensive income	—	—	12,077	—	1,255	1,255	13,333
Dividends of surplus			(7,002)			—	(7,002)
Share-based payment transaction		204				—	204
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		215				—	215
Total transactions with the owners	—	419	(7,002)	(0)	—	—	(6,583)
As of March 31, 2022	6,929	7,879	48,632	(1,001)	1,534	1,534	63,976

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

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)	Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	14,902	16,777
Depreciation and amortization	1,993	2,191
Loss (gain) on put options granted to non-controlling interests	—	(1,868)
Interest and dividend income	(6)	(17)
Interest expense	85	89
Decrease (increase) in accounts receivables and other receivables	(1,200)	(2,938)
Increase (decrease) in accounts payable and other liabilities	1,648	2,320
Increase (decrease) in deposits received	(2,524)	(1,163)
Decrease (increase) in prepaid expenses	2,364	2,044
Decrease (increase) in lease repayments	1,358	1,372
Increase (decrease) in consumption tax payable	(1,498)	(575)
Increase (decrease) in retirement benefit liabilities	(653)	(664)
Other	896	232
Subtotal	17,365	17,799
Interest and dividend received	2	15
Interest paid	(59)	(50)
Income taxes paid	(4,663)	(8,709)
Income tax refund	1,182	1,615
Net cash flows from operating activities	13,827	10,671
Cash flows from investing activities		
Payments into time deposits	(1,001)	(766)
Proceeds from withdrawal of time deposits	98	1,426
Purchase of tangible fixed assets	(245)	(383)
Purchase of intangible assets	(33)	(169)
Payments for acquisition of investments	—	(1,751)
Proceeds from sales and redemption of investments	—	2,799
Payment for acquisition of subsidiaries	—	(8,681)
Other	85	86
Net cash flows from investing activities	(1,096)	(7,441)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(999)	(72)
Repayment of lease liabilities	(4,903)	(4,871)
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(7,658)	(1,500)
Proceeds from issuance of bonds	—	9,939
Purchase of treasury shares	(0)	(0)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(698)
Cash dividends paid	(5,420)	(7,052)
Net cash flows from financing activities	(8,982)	(4,254)
Effect of change in exchange rates on cash and cash equivalents	139	343
Net increase (decrease) in cash and cash equivalents	3,888	(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	26,686	31,842

(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.

Nine months ended March 31, 2021 (July 1, 2020 to March 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	95,248	14,849	2,400	7,650	120,148	32	120,181
Intersegment sales or transfers	216	—	293	468	978	(978)	—
Total revenue	95,464	14,849	2,693	8,119	121,126	(945)	120,181
Segment profit (loss)	12,146	2,187	112	601	15,047	(167)	14,879
Financial income	—	—	—	—	—	—	125
Financial expenses	—	—	—	—	—	—	103
Quarterly profit before income taxes	—	—	—	—	—	—	14,902
Other							
Depreciation and amortization	750	155	234	141	1,282	496	1,779
Amortization of customer-related assets	60	—	—	154	214	—	214
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	201	201
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.

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

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	101,056	15,213	2,585	12,794	131,649	62	131,712
Intersegment sales or transfers	497	0	761	669	1,927	(1,927)	—
Total revenue	101,554	15,213	3,346	13,464	133,577	(1,865)	131,712
Segment profit (loss)	11,029	1,971	499	1,343	14,842	1,679	16,522
Financial income	—	—	—	—	—	—	363
Financial expenses	—	—	—	—	—	—	109
Quarterly profit before income taxes	—	—	—	—	—	—	16,777
Other							
Depreciation and amortization	770	157	225	165	1,318	473	1,792
Amortization of customer-related assets	84	—	—	315	399	—	399
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	80	80
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 March 31, 2021 (January 1, 2021 to March 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	32,084	4,929	907	2,798	40,720	9	40,729
Intersegment sales or transfers	75	—	86	133	295	(295)	—
Total revenue	32,160	4,929	994	2,931	41,015	(286)	40,729
Segment profit (loss)	4,441	621	85	168	5,317	(118)	5,198
Financial income	—	—	—	—	—	—	72
Financial expenses	—	—	—	—	—	—	14
Quarterly profit before income taxes	—	—	—	—	—	—	5,257
Other							
Depreciation and amortization	246	51	78	41	418	163	581
Amortization of customer-related assets	20	—	—	52	73	—	73
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	150	150
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 March 31, 2022 (January 1, 2022 to March 31, 2022)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	34,507	5,247	847	4,741	45,344	9	45,354
Intersegment sales or transfers	184	(0)	280	233	698	(698)	—
Total revenue	34,692	5,247	1,128	4,975	46,043	(689)	45,354
Segment profit (loss)	4,250	744	107	489	5,591	(147)	5,444
Financial income	—	—	—	—	—	—	140
Financial expenses	—	—	—	—	—	—	37
Quarterly profit before income taxes	—	—	—	—	—	—	5,547
Other							
Depreciation and amortization	261	51	77	69	460	161	621
Amortization of customer-related assets	29	—	—	131	160	—	160
Change (profit) in fair value related to put option	—	—	—	—	—	—	—
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	15	15
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.