

Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2023

August 7, 2023

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/en/>
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Scheduled commencement date for dividend payment September 29, 2023
Scheduled date of submission of securities report September 28, 2023
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 Fiscal Year Ended June 30, 2023 (July 1, 2022 – June 30, 2023)

(1) Consolidated Operating Results (% 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	%
FY ended June 30, 2023	199,851	11.8	21,379	12.3	21,838	5.8	21,837	4.1	15,560	(0.6)	15,365	(0.4)
FY ended June 30, 2022	178,756	10.8	19,038	7.9	20,641	6.1	20,967	7.7	15,659	16.9	15,430	16.5

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to the owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Million yen	%	Yen	Yen	%	%	%
FY ended June 30, 2023	16,723	(9.4)	142.71	—	21.3	15.3	10.9
FY ended June 30, 2022	18,460	27.0	143.24	—	24.5	16.1	11.5

(Ref.) Equity in net income of affiliates: FY ended June 30, 2023: (- million yen); FY ended June 30, 2022: (- million yen)

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company	Equity attributable to the owners of the parent company per share
	Million yen	Million yen	Million yen	%	Yen
FY ended June 30, 2023	144,017	76,762	75,529	52.4	704.24
FY ended June 30, 2022	141,968	70,428	68,718	48.4	637.90

(3) Consolidated Cash Flows

	Net cash from operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended June 30, 2023	21,424	(4,449)	(19,231)	35,373
FY ended June 30, 2022	18,857	(7,975)	(6,551)	37,432

2. Dividends

	Annual dividends per share					Total Dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent company (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
FY ended June 30, 2022	—	20.00	—	52.00	72.00	7,756	50.3	12.3
FY ended June 30, 2023	—	25.00	—	50.00	75.00	8,055	52.6	11.2
FY ending June 30, 2024 (forecast)	—	25.00	—	55.00	80.00		51.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 – June 30, 2024)

(% 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 (accumulated)	107,000	9.2	11,500	3.5	11,500	2.8	11,500	3.4	7,800	1.1	72.73
Full year	220,000	10.1	24,500	14.6	24,500	12.2	24,500	12.2	16,700	8.7	155.71

* 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)	FY ended June 30, 2023	108,421,164 shares	FY ended June 30, 2022	108,421,164 shares
ii. Number of treasury shares at the end of the period	FY ended June 30, 2023	1,171,029 shares	FY ended June 30, 2022	695,291 shares
iii. Average number of shares during the period	FY ended June 30, 2023	107,674,471 shares	FY ended June 30, 2022	107,725,910 shares

* This Summary of Financial Statements is not subject to audit by CPAs or an audit firm.

* 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.

(Obtaining supplementary materials for financial results)

The Company plans to hold a briefing on business results for institutional investors and analysts on August 7, 2023. The Company plans to post supplementary and other materials for the briefing on the Company’s website at the same time that the information is disclosed to the Tokyo Stock Exchange.

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1. Analysis of Business Performance and Financial Position

(1) Summary of business performance

During the consolidated fiscal year under review (July 1, 2022 to June 30, 2023), although there was almost no new economic impact stemming from the COVID-19 pandemic, uncertainty in the global economy persisted due to rising resource prices as a result of the prolonged situation in Ukraine; policies of economic restraint introduced in the U.S. and Europe as a response to inflation, such as raising of policy interest rates; and heightened geopolitical risks in the East Asian region, among other factors. In Japan, despite the general resumption and continuation of economic activities even amid an ongoing pandemic, which includes the gradual relaxation of restrictions intended to help curb the spread of COVID-19, the economic outlook has remained uncertain amid factors such as rising prices which have been caused by raw material shortages, rising resource prices and the continued depreciation of the yen, concerns over tax hikes, and other factors.

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

The main initiatives of the Group in the consolidated fiscal year under review are as follows:

Secure engineers

Despite concerns about economic recession and the possibility of restrained capital investment due to various factors, including the COVID-19 pandemic, there continues to be strong customer demand for engineers. Meanwhile, the Group's utilization ratio has remained around 95%. Due to a shortage of engineers who are able to handle new orders, we have made efforts to secure further engineers while maintaining high recruitment standards, as well as by increasing our hiring of inexperienced engineers on the premise of providing them with subsequent training. We also resumed our hiring of global foreign nationals, which had been put on pause amid the COVID-19 pandemic. In addition to the recruitment activities being undertaken at each of our operating companies, we have also promoted recruitment through the utilization of professional recruitment subsidiaries and referral-based recruitment efforts, resulting in a record-high number of our engineers being registered in Japan. Additionally, 1,002 new graduates joined the company as of April 1, 2023.

Looking ahead, the Group will continue to secure highly talented engineers and pursue sustainable growth.

Invest in human capital

In July 2022, the Group introduced a new personnel system for its engineers. The new system defines and visualizes the market value of each grade of engineer and seeks to provide for fair and satisfactory treatment of each—in accordance with the market value assigned to each grade—as well as to encourage diverse career paths and to promote the realization of the human resources strategy laid out in the Group's medium-term management plan. We believe this new personnel system contributes toward a foundation upon which our engineers are able to fully realize their individual abilities and clearly draw their own career paths.

The Group will continue to invest proactively in human capital in order to positively affect employee retention, new hirings, and sales per engineer by always seeking to increase the number of Group employees who are highly motivated to grow, and also by constantly looking to improve our treatment of such employees.

Engineer-originated sales activities

By leveraging the contact points between our customers and our engineers at our customers' business sites, we are able to identify potential customer needs and pain points, obtaining leads ahead of our competitors, and making optimal proposals, which is conducive to the successful creation of new business. The leads that are generated by our engineers tend to be more exclusive than those generated by our sales managers, and the probability of successfully closing deals via those leads also tends to be higher due to the engineers' better understanding of our customers' needs. We will continue to pursue effective sales activities by leveraging our engineers in addition to our sales managers.

Strengthening group collaboration

We strengthened Group collaboration by utilizing our Col (Center of Intelligence) and CoE (Center of Excellence) to identify high-priority solution areas and take on projects that span the Group's operating companies. In terms of our overseas subsidiaries, we are currently aiming to expand our "service catalogue" that was launched during the previous fiscal year, as well as to acquire offshore development projects by utilizing the robust sales network of the Group's domestic businesses. We will continue to promote the expansion of our business by leveraging the Group's synergies to improve its overall ability to handle our customers' needs.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated fiscal year under review was 24,125 (up 2,077 compared to the end of previous fiscal year). The average utilization rate for the period under review was 95.2% (down 0.1 pts compared to the previous fiscal year). Regarding the Group's continuous efforts to improve sales per engineer, while the number of overtime hours per month has decreased compared to the previous fiscal year, average monthly sales per engineer were 669 thousand yen (up 11 thousand yen compared to the previous fiscal year) due to proactive increases in unit prices resulting from the Shift Up and Charge Up initiatives, as well as an expansion of the Group's solutions business, among other factors.

In terms of expenses, SG&A rose in comparison to the previous fiscal year. This was mainly due to upfront investment for implementation of medium-term management plan initiatives such as recruitment and training for the acquisition of solutions-related talents and the development of information systems. In addition, along with an increase in hiring through professional recruitment firms, the percentage of these spending to the recruitment expenses or the Group's revenue has also been trending upward. However, core operating profit rose by 2,340 million yen compared to the previous fiscal year due to the improvement in gross profit resulting from an increase in the number of engineers assigned in Japan, an expansion of the Group's contracting business, the consolidation of Robosoft Technologies Private Limited, and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated fiscal year was 199,851 million yen (up 11.8% compared to the previous fiscal year), core operating profit was 21,379 million yen (up 12.3%), operating profit was 21,838 million yen (up 5.8%), profit before taxes was 21,837 million yen (up 4.1%), and net profit attributable to the owners of the parent company was 15,365 million yen (down 0.4%).

The performance by segment during the consolidated fiscal year under review was as follows:

(R&D Outsourcing)

To expand its IT business, which has been performing well within R&D Outsourcing, the Group implemented digital technology training for mechanical engineers and chemical/biochemical-related engineers and is successfully capturing strong demand within the digital domain through re-skilling and cross-skilling, in addition to strengthening the mid-career hiring mainly of high added-value engineers. The Group also made efforts to secure assignments at higher unit prices by increasing the quality and diversity of its service offerings, which were realized through business collaboration with alliance partners possessing advanced technologies and active implementation of internal/external training. Through these efforts, engineers on payroll at the end of the consolidated fiscal year under review were 21,163 (up 1,906 compared to the end of the previous fiscal year) and assigned engineers were 19,885 (up 1,553). As a result, revenue in this segment was 152,858 million yen (up 11.2 %).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Group has also expanded offerings based on technological skills developed in the design and construction management fields. Examples include 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. In this segment, for the Group to be able to continue securing engineers amid a tight hiring market, we have continued to train up less experienced workers at our own technical centers. Through these efforts, at the end of the consolidated fiscal year, the Group had 2,962 on-payroll and 2,835 assigned engineers, respectively (up 171 and 150, respectively, compared to

the end of the previous fiscal year). As a result, revenue in this segment was 21,643 million yen (up 6.6%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. While the Group's professional recruitment service was affected by global hirings curbs and freezes, in the engineering education and training business, the Group made active efforts to expand training programs and strengthen services for external sales. As a result, revenue in this segment was 5,569 million yen (up 13.7%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. Demand for technological development in India and China continued, and the Group proceeded with contracted R&D operations on an offshore basis with local subsidiaries of Japanese companies overseas, their parent companies, and U.S. and European companies. Businesses in Southeast Asian countries saw good performance, supported by strong demand for personnel dispatch services. In addition, the consolidation of Robosoft Technologies Private Limited from the beginning of the fiscal year had a significantly positive impact, contributing to revenue growth for the consolidated fiscal year as compared with the previous fiscal year. As a result, revenue in this segment was 23,508 million yen (up 23.9%).

(2) Summary of financial position

Assets totaled 144,017 million yen as of the end of the consolidated fiscal year under review (up 2,049 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,372 million yen, cash and cash equivalents of 35,373 million yen, and accounts receivables and other receivables of 27,405 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 76,657 million yen as of the end of the consolidated fiscal year under review (up 2,617 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 35,373 million yen (down 2,058 million yen), and accounts receivables and other receivables of 27,405 million yen (up 2,333 million yen).

(Non-current assets)

Non-current assets totaled 67,360 million yen as of the end of the consolidated fiscal year under review (down 568 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,372 million yen (up 412 million yen), right-of-use assets of 4,916 million yen (up 262 million yen), and intangible assets of 4,807 million yen (down 237 million yen).

(Current liabilities)

Current liabilities totaled 46,944 million yen as of the end of the consolidated fiscal year under review (down 2,216 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 16,044 million yen (down 707 million yen), and employee benefits liabilities of 8,685 million yen (up 572 million yen).

(Non-current liabilities)

Non-current liabilities totaled 20,309 million yen as of the end of the consolidated fiscal year under review (down 2,068 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 13,716 million yen (down 711 million yen), and lease liabilities of 4,116 million yen (up 45 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 75,529 million yen as of the end of the consolidated fiscal year under review (up 6,810 million yen from the end of the previous fiscal year). The

primary components were retained earnings of 59,262 million yen (up 7,276 million yen) and a capital surplus of 8,259 million yen (up 293 million yen).

(3) Cash flow conditions

Cash and cash equivalents (hereinafter "Cash") totaled 35,373 million yen as of the end of the consolidated fiscal year under review, representing a decrease of 2,058 million yen compared to the end of the previous fiscal year. Cash flow during the consolidated fiscal year under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 21,424 million yen (previous fiscal year: inflows of 18,857 million yen). This was mainly due to profit before taxes (21,837 million yen), depreciation and amortization (3,128 million yen), a decrease in prepaid expenses (2,475 million yen) offset by payments of corporate income taxes (6,618 million yen) and an increase in accounts receivables and other receivables (2,333 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 4,449 million yen (previous fiscal year: outflows of 7,975 million yen). This was mainly due to the purchase of subsidiary shares (the remaining 20% of equity in Robosoft Technologies Private Limited) at conditional acquisition price (3,623 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 19,231 million yen (previous fiscal year: outflows of 6,551 million yen). This was mainly due to dividend payments (9,107 million yen) and repayment of lease liabilities (6,797 million yen). The refinancing of long-term borrowings resulted in proceeds from long-term borrowings (5,000 million yen) and repayment of long-term borrowings (5,000 million yen).

(4) Business performance forecasts

In the medium-to long-term view, customer demand for technological innovation, a source of their competitiveness, is expected to be robust. Further, given the continued shortage of engineers in Japan, the Group expects strong demand for engineering talents. The Group will promote higher quality services with a focus on training and securing capable IT engineers for whom customer demand is particularly strong. In addition, the Group will actively promote group cooperation globally, as travel restrictions implemented amid the COVID-19 pandemic have been eased. Based on these initiatives, for the fiscal year ending June 30, 2024, the third year of "Evolution 2026," the Group's five-year medium-term management plan, the Group expects the number of engineers on payroll in Japan at the end of the fiscal year will be 25,900 (up 1,775 compared to the end of the consolidated fiscal year under review), the average utilization rate for the fiscal year will be 94.7% (down 0.5 pts), and sales per engineer will be 683 thousand yen (up 14 thousand yen). With these assumptions, revenue is expected to be 220,000 million yen (up 10.1%), core operating profit is expected to be 24,500 million yen (up 14.6%), operating profit is expected to be 24,500 million yen (up 12.2%), profit before taxes is expected to be 24,500 million yen (up 12.2%), and net income attributable to owners of the parent is expected to be 16,700 million yen (up 8.7%).

2. Basic stance towards the selection of accounting standards

The Group has applied the International Accounting Standards since the fiscal year ended June 30, 2014 in an aim to improve comparability with financial information in global capital markets and to improve convenience.

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	37,432	35,373
Accounts receivables and other receivables	25,071	27,405
Income taxes receivable	982	1,740
Other short-term financial assets	5,166	5,700
Other current assets	5,385	6,437
Total current assets	74,039	76,657
Non-current assets		
Property, plant and equipment	2,346	2,463
Right-of-use assets	4,654	4,916
Goodwill	45,960	46,372
Intangible assets	5,045	4,807
Other long-term financial assets	4,241	4,076
Deferred tax assets	4,878	3,937
Other non-current assets	804	786
Total non-current assets	67,929	67,360
Total assets	141,968	144,017
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	16,751	16,044
Loans payable	1,990	1,000
Lease liabilities	5,048	5,291
Income taxes payable	3,108	3,546
Other financial liabilities	7,057	4,000
Employee benefits liabilities	8,112	8,685
Provisions	0	20
Other current liabilities	7,090	8,356
Total current liabilities	49,161	46,944

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Non-current liabilities		
Bonds and loans payable	14,427	13,716
Lease liabilities	4,070	4,116
Other long-term financial liabilities	2,222	882
Deferred tax liabilities	1,031	987
Retirement benefit liabilities	17	24
Provisions	481	479
Other non-current liabilities	126	103
Total non-current liabilities	22,378	20,309
Total liabilities	71,539	67,254
Equity		
Share capital	6,929	6,929
Capital surplus	7,966	8,259
Retained earnings	51,986	59,262
Treasury shares	(1,001)	(2,577)
Other components of equity	2,837	3,655
Equity attributable to owners of the parent company	68,718	75,529
Non-controlling interests	1,710	1,233
Total equity	70,428	76,762
Total liabilities and equity	141,968	144,017

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Revenue	178,756	199,851
Cost of sales	131,897	146,948
Gross profit	46,858	52,903
Selling, general and administrative expenses	27,819	31,523
Other income	2,387	582
Other expenses	784	124
Operating profit	20,641	21,838
Financial income	460	196
Financial expenses	134	197
Profit before income taxes	20,967	21,837
Income taxes	5,307	6,276
Net profit	15,659	15,560
Net profit attributable to:		
Owners of the parent company	15,430	15,365
Non-controlling interests	228	194
Net profit	15,659	15,560
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic earnings per share	143.24	142.71
Diluted earnings per share	-	-

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Net profit	15,659	15,560
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	—	205
Total items that will not be reclassified to profit or loss	—	205
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	2,800	957
Total items that may be reclassified to profit or loss	2,800	957
Total other comprehensive income	2,800	1,163
Comprehensive income for the period	18,460	16,723
Comprehensive income for the period attributable to:		
Owners of the parent company	17,989	16,388
Non-controlling interests	471	334
Comprehensive income for the period	18,460	16,723

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 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			15,430			—	15,430
Other comprehensive income					2,558	2,558	2,558
Total comprehensive income	—	—	15,430	—	2,558	2,558	17,989
Dividends of surplus			(7,002)			—	(7,002)
Share-based payment transaction		290				—	290
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		215				—	215
Total transactions with the owners	—	505	(7,002)	(0)	—	—	(6,497)
As of June 30, 2022	6,929	7,966	51,986	(1,001)	2,837	2,837	68,718

	Non-controlling interests	Total equity
As of July 1, 2021	1,506	58,733
Net profit	228	15,659
Other comprehensive income	242	2,800
Total comprehensive income	471	18,460
Dividends of surplus	(51)	(7,054)
Share-based payment transaction		290
Purchase of treasury shares		(0)
Changes in ownership interests in subsidiaries	(215)	—
Total transactions with the owners	(267)	(6,764)
As of June 30, 2022	1,710	70,428

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2022	6,929	7,966	51,986	(1,001)	2,837	2,837	68,718
Net profit			15,365			—	15,365
Other comprehensive income			205		817	817	1,023
Total comprehensive income	—	—	15,570	—	817	817	16,388
Dividends of surplus			(8,294)			—	(8,294)
Share-based payment transaction		294				—	294
Purchase of treasury shares		(1)		(1,576)		—	(1,577)
Changes in ownership interests in subsidiaries		(0)				—	(0)
Total transactions with the owners	—	293	(8,294)	(1,576)	—	—	(9,578)
As of June 30, 2023	6,929	8,259	59,262	(2,577)	3,655	3,655	75,529

	Non-controlling interests	Total equity
As of July 1, 2022	1,710	70,428
Net profit	194	15,560
Other comprehensive income	139	1,163
Total comprehensive income	334	16,723
Dividends of surplus	(811)	(9,106)
Share-based payment transaction		294
Purchase of treasury shares		(1,577)
Changes in ownership interests in subsidiaries	0	—
Total transactions with the owners	(811)	(10,389)
As of June 30, 2023	1,233	76,762

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	20,967	21,837
Depreciation and amortization	3,100	3,128
Impairment loss	361	—
Loss (profit) from put options granted to non-controlling interest	(1,822)	(55)
Interest and dividend income	(21)	(84)
Interest expense	108	98
Decrease (increase) in accounts receivables and other receivables	(3,463)	(2,333)
Increase (decrease) in accounts payable and other liabilities	2,124	(707)
Increase (decrease) in deposits received	86	565
Decrease (increase) in prepaid expenses	2,718	2,475
Decrease (increase) in lease repayments	1,883	1,942
Increase (decrease) in consumption tax payable	(231)	580
Increase (decrease) in retirement benefit liabilities	(699)	(561)
Other	1,058	180
Subtotal	26,173	27,065
Interest and dividend received	19	46
Interest paid	(64)	(65)
Income taxes paid	(8,885)	(6,618)
Income tax refund	1,614	996
Net cash flows from operating activities	18,857	21,424
Cash flows from investing activities		
Payments into time deposits	(1,512)	(2,090)
Proceeds from withdrawal of time deposits	1,738	1,469
Purchase of tangible fixed assets	(497)	(460)
Purchase of intangible assets	(195)	(248)
Payments for acquisition of investments	(2,414)	(3,088)
Proceeds from sales and redemption of investments	3,594	3,700
Payment for acquisition of subsidiaries	(8,681)	—
Purchase of subsidiary shares at conditional acquisition price	—	(3,623)
Other	(6)	(107)
Net cash flows from investing activities	(7,975)	(4,449)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(72)	—
Repayment of lease liabilities	(6,667)	(6,797)
Proceeds from long-term borrowings	—	5,000
Repayments of long-term borrowings	(2,000)	(6,750)
Proceeds from issuance of bonds	9,939	—
Purchase of treasury shares	(0)	(1,576)
Cash dividends paid	(7,053)	(9,107)
Payments for purchase of interests in subsidiaries from non-controlling interests	(698)	—
Net cash flows from financing activities	(6,551)	(19,231)
Effect of change in exchange rates on cash and cash equivalents	576	197
Net increase (decrease) in cash and cash equivalents	4,907	(2,058)
Cash and cash equivalents at the beginning of the period	32,524	37,432
Cash and cash equivalents at the end of the period	37,432	35,373

(5) Notes to the consolidated financial results

(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 main customers are major businesses 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 for U.S., Europe and Japanese customers), 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. Transaction between reportable segments is based on market prices, and segment profit is shown as operating profit.

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 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	136,675	20,311	3,638	18,056	178,682	74	178,756
Intersegment sales or transfers	796	(0)	1,260	920	2,976	(2,976)	—
Total revenue	137,471	20,311	4,898	18,976	181,658	(2,902)	178,756
Segment profit	14,151	2,489	672	1,925	19,239	1,401	20,641
Financial income	—	—	—	—	—	—	460
Financial expenses	—	—	—	—	—	—	134
Profit before income taxes	—	—	—	—	—	—	20,967
Segment assets	88,568	11,914	5,659	27,900	134,042	7,925	141,968
Other							
Depreciation and amortization	1,055	224	305	238	1,823	708	2,531
Amortization of customer-related assets	113	—	—	455	569	—	569
Change (profit) in fair value related to put option	—	—	—	—	—	1,817	1,817
Impairment loss	361	—	—	—	361	—	361

(Notes)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are mainly general administrative expenses of the Company, not allocated to reportable segments.
2. Segment assets under Eliminations/Corporate includes corporate assets of 11,877 million yen not allocated to individual reportable segments and eliminations of intersegment transactions of -3,952 million yen. Corporate assets are mainly cash and cash equivalents, right-of-use assets, and income taxes receivable of the Company, not allocated to reportable segments.
3. Depreciation and amortization does not include amortization of customer-related assets.

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	151,693	21,642	3,803	22,661	199,801	50	199,851
Intersegment sales or transfers	1,164	0	1,766	847	3,778	(3,778)	—
Total revenue	152,858	21,643	5,569	23,508	203,580	(3,728)	199,851
Segment profit	16,292	2,930	561	1,873	21,658	179	21,838
Financial income	—	—	—	—	—	—	196
Financial expenses	—	—	—	—	—	—	197
Profit before income taxes	—	—	—	—	—	—	21,837
Segment assets	93,546	12,783	5,671	28,666	140,666	3,350	144,017
Other							
Depreciation and amortization	1,030	248	310	305	1,895	573	2,469
Amortization of customer-related assets	72	—	—	586	659	—	659
Change (profit) in fair value related to put option	—	—	—	—	—	55	55
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are mainly general administrative expenses of the Company, not allocated to reportable segments.
2. Segment assets under Eliminations/Corporate includes corporate assets of 9,351 million yen not allocated to individual reportable segments and eliminations of intersegment transactions of -6,001 million yen. Corporate assets are mainly cash and cash equivalents, right-of-use assets, and income taxes receivable of the Company, not allocated to reportable segments.
3. Depreciation and amortization does not include amortization of customer-related assets.

3. Product and service information

Product and service information has been omitted because the product and service categories are the same as the reportable segments.

4. Information by region

Revenue from external customers

(Millions of yen)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Japan	161,706	178,747
Asia	8,635	11,523
Europe	5,707	6,195
North America	2,567	3,155
Other	139	229
Total	178,756	199,851

(Notes)

1. Revenues are based on the location of customers and are classified by country or region.

2. Major countries included in the classification other than Japan are as follows.

Asia: China, Singapore, Thailand, Vietnam, India

Europe: United Kingdom

North America: USA

5. Information on major customers

Information on major customers is omitted because there is no customer with whom the business accounts for no less than 10% of the Group's sales.

(Per share information)

The per share information is as follows.

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Net profit attributable to the owners of the parent company (millions of yen)	15,430	15,365
Average outstanding ordinary shares during the fiscal year (shares)	107,725,910	107,674,471
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	143.24	142.71

(Note)

Diluted earnings per share are not shown as there are no residual shares.