

Summary of the Consolidated Second Quarter Statements (IFRS) for the Six-Month Period Ended December 31, 2023

February 6, 2024

Listed Company Name	TechnoPro Holdings, Inc.	Listed Stock Exchange: Tokyo
TSE Code	6028	URL https://www.technoproholdings.com/en/
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In charge of inquiries	(Title) Managing Director & CFO	(Name) Toshihiro Hagiwara TEL 03-6385-7998
Quarterly report scheduled submission date	February 9, 2024	
Scheduled commencement date for dividend payment	February 29, 2024	
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, 2023 (July 1, 2023 – December 31, 2023)

(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, 2023	108,009	10.2	12,273	10.5	12,416	11.0	12,464	12.1	8,688	10.9	8,591	11.4
For the six months ended December 31, 2022	98,011	13.5	11,106	23.0	11,183	0.9	11,124	(0.9)	7,831	(0.9)	7,714	(1.0)

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the six months ended December 31, 2023	8,116	21.4	80.34	—
For the six months ended December 31, 2022	6,685	(18.9)	71.61	—

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company
	Million yen	Million yen	Million yen	%
For the six months ended December 31, 2023	144,557	78,016	77,082	53.3
FY ended June 30, 2023	144,017	76,762	75,529	52.4

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, 2023	—	25.00	—	50.00	75.00
FY ending June 30, 2024	—	25.00			
FY ending June 30, 2024 (forecast)			—	55.00	80.00

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

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
Full year	220,000	10.1	24,500	14.6	24,500	12.2	24,500	12.2	16,700	8.7	156.23

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

* 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: Yes
 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 December 31, 2023	107,300,000 shares	FY ended June 30, 2023	108,421,164 shares
ii. Number of treasury shares at the end of the period	As of December 31, 2023	457,365 shares	FY ended June 30, 2023	1,171,029 shares
iii. Average number of shares during the period (cumulative)	For the six months ended December 31, 2023	106,939,869 shares	For the six months ended December 31, 2022	107,725,873 shares

(Note) The Company retired 1,121,164 shares of treasury stock on October 10, 2023, in accordance with the resolution of its Board of Directors meeting held on September 28, 2023.

* 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 6, 2024. The Company plans to post supplementary and other materials for the briefing on its website today (February 6, 2024) at the same time that the information is disclosed to the Tokyo Stock Exchange.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Summary of business performance

During the consolidated first half period under review (July 1, 2023 to December 31, 2023), uncertainty in the global economy continued due to rising resource prices driven by the situation in Ukraine, concerns over recession due to restrictive monetary policy as governments in the US and Europe raised interest rates in response to inflation, and geopolitical risks in the Middle East and East Asia. In Japan, while economic activity is starting to normalize after the pandemic, uncertainty has continued due to high prices and restrictions on raw material procurement caused by the continued depreciation of yen and other factors.

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

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

Securing engineers

With continued strong customer demand for engineers, the utilization ratio of the Group remains around 95%, and there is a shortage of engineers available to respond to new orders. We therefore made efforts to secure engineers, while maintaining high hiring standards, increasing the hiring of inexperienced engineers on the premise of providing them with subsequent training. In addition, we have resumed global recruitment of foreign nationals, which had been frozen during the pandemic, and are working to acquire talent on a global basis by expanding the number of countries targeted.

We will continue to secure highly skilled engineers and achieve sustainable growth.

Raising unit price of engineers

While the hiring of domestic engineers has largely recovered to pre-pandemic levels, we believe that there is still potential to increase the unit price of contracts for engineers and are working proactively to achieve this. Through upskilling and reskilling with education and training, we are working to have engineers acquire the technical skills and improved abilities required by customers while promoting contracts with unit prices that appropriately reflect the improvement of levels of service. We believe that raising unit prices can contribute to overall revenue as well as providing better conditions for engineers and improving their retention.

We will continue to expand our business by increasing contract unit prices, in addition to securing outstanding engineers.

Strengthening the solutions business

The five-year medium-term management plan "Evolution 2026," which was implemented in the fiscal year ended June 30, 2022, calls for strengthening the solutions business, wherein we are increasing sales revenue and the number of engineers engaged in this business. The remaining three years beginning from the fiscal year ending June 30, 2024 have been positioned as a period for achieving high growth, and we are systematically pursuing coordinated operations from marketing and sales to recruitment, training, and delivery, focusing on core solutions after careful assessment of domestic and overseas technology trends and our internal capabilities. Further, we launched the consulting business TechnoPro Consulting & Advisory on July 1, 2023, to strengthen our organization and enable it to provide consistent support from upstream processes like strategy, ideation, and operational analysis, to downstream processes like maintenance and management.

We will continue working to increase talents capable of implementing upstream processes through recruitment and training, while establishing and expanding highly competitive solutions, the pillars of the solutions business.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated first half period under review was 24,730 (up 2,077 compared to the end of first half of the previous fiscal year). The average utilization rate for the period under review was 95.4% (down 0.6 pts compared to the same period of the previous fiscal year). The Group has been working continuously to improve sales per engineer and while overtime decreased compared to the same period of the previous fiscal year, average monthly sales per engineer were 676 thousand yen (up 15 thousand yen compared to the same period of the previous fiscal year)

due to an increase in unit prices as a result of our Shift Up and Charge Up initiatives, as well as expansion in the solution business and other factors.

In terms of expenses, SG&A increased in comparison to the first half of the previous fiscal year. This was mainly due to hiring expenses for acquiring talent, upfront investments in overseas subsidiaries, and inflation.

As a result, the Group's consolidated revenue for the first half period under review was 108,009 million yen (up 10.2% compared to the same period of the previous fiscal year), core operating profit was 12,273 million yen (up 10.5%), operating profit was 12,416 million yen (up 11.0%), profit before taxes was 12,464 million yen (up 12.1%), and net profit attributable to the owners of the parent company was 8,591 million yen (up 11.4%).

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 initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, such as digital technology-related training for hardware-related engineers and chemical/biochemical-related engineers, in addition to strengthening the mid-career hiring of mainly high added-value engineers. The Group also made efforts to secure assignments at higher unit prices by increasing the quality and diversity of its service offerings, which were realized through business collaboration with alliance partners possessing advanced technologies and active implementation of internal and external training. Through these efforts, engineers on payroll at the end of the first half of the consolidated fiscal year under review were 21,644 (up 1,820 compared to the end of the first half of the previous fiscal year) and assigned engineers were 20,810 (up 1,747). As a result, revenue in this segment was 83,115 million yen (up 11.3%).

(Construction Management Outsourcing)

In addition to construction management—the main service provided under Construction Management Outsourcing—the Group has also expanded its offerings based on technological skills developed in the design and construction management fields, with examples including 3D measurement, aerial photography and inspections using drones, and the establishment of first-class qualified architect offices. In addition, to address the chronic shortage of construction management engineers, the Group is leveraging its technical centers in Tokyo and Osaka to actively recruit and train inexperienced and young/low-experience engineers in the construction industry. Through these efforts, engineers on payroll and assigned engineers were 3,086 and 2,948 in this segment, respectively, at the end of the first half of the consolidated fiscal year under review (up 257 and 199, respectively, compared to the end of the first half of the previous fiscal year). As a result, revenue in this segment was 11,353 million yen (up 7.1%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. In professional recruitment service, while the supply of talent to Group companies through recruitment is growing, the Group is struggling to acquire skilled personnel who meet the required standards of external customers, and there are also moves to temporarily curtail recruitment due to economic uncertainty. In the engineering education and training service, we are developing more effective training programs by leveraging synergies within the Group. We are also working to develop and promote external sales of our services such as consulting for engineer development and implementation of an e-learning system, by actively making upfront investments to capture demand for human capital investment. As a result, revenue in this segment was 2,184 million yen (down 12.1%).

(Overseas Businesses)

Our overseas operations provide offshore delivery services in India and China to customers mainly in Europe, the US, and Japan. We also provide engineer dispatch and professional recruitment services in Southeast Asia and the UK, respectively. Although there are some differences from country to country, business is starting to see the impact of curtailed investment due to concerns about a global recession and geopolitical risks. At the

same time, we are making sales and marketing-focused upfront investments in order to acquire new high-margin offshore delivery projects and develop new customers, which will also contribute to acquiring capabilities for the domestic solution business. As a result, revenue in this segment was 12,824 million yen (up 8.9%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 144,557 million yen as of the end of the consolidated first half period under review (up 540 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,042 million yen, cash and cash equivalents of 39,153 million yen, and accounts receivables and other receivables of 27,615 million yen. The status for each item was as follows.

(Current assets)

Current assets totaled 78,272 million yen as of the end of the consolidated first half period under review (up 1,615 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 39,153 million yen (up 3,780 million yen), and accounts receivables and other receivables of 27,615 million yen (up 210 million yen).

(Non-current assets)

Non-current assets totaled 66,284 million yen as of the end of the consolidated first half period under review (down 1,075 million yen from the end of the previous fiscal year). The primary components were goodwill of 46,042 million yen (down 330 million yen), and right-of-use assets of 4,565 million yen (down 351 million yen).

(Current liabilities)

Current liabilities totaled 47,114 million yen as of the end of the consolidated first half period under review (up 169 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 16,289 million yen (up 245 million yen), and employee benefits liabilities of 8,960 million yen (up 275 million yen).

(Non-current liabilities)

Non-current liabilities totaled 19,426 million yen as of the end of the consolidated first half period under review (down 883 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 13,224 million yen (down 492 million yen), and lease liabilities of 3,767 million yen (down 349 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 77,082 million yen as of the end of the consolidated first half period under review (up 1,552 million yen from the end of the previous fiscal year). The primary components were retained earnings of 62,491 million yen (up 3,229 million yen) and share capital of 6,929 million yen (no change). In addition, capital surplus decreased by 2,524 million yen from the end of the previous fiscal year due to the retirement of treasury stock and other factors.

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 39,153 million yen as of the end of the consolidated first half period under review, representing an increase of 3,780 million yen compared to the end of the previous fiscal year.

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

(Cash flows from operating activities)

Cash inflows from operating activities were 15,596 million yen (same period of previous fiscal year: inflows of 11,031 million yen). This was mainly due to an increase in cash due to profit before taxes (12,464 million yen), an increase in income tax refund (1,764 million yen), and an increase in depreciation and amortization (1,639 million yen), offset by a decrease in cash due to payments of corporate income taxes (4,465 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 295 million yen (previous fiscal year: outflows of 4,269 million yen). This was mainly due to an increase in cash due to sales and redemption of investments (1,507 million yen) and proceeds from withdrawal of time deposits (1,357 million yen), offset by a decrease in cash due to payments for acquisition of investments (1,650 million yen) and payments into time deposits (1,577 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 11,575 million yen (previous fiscal year: outflows of 10,512 million yen). This was mainly due to a decrease in cash due to dividend payments (5,551 million yen), repayment of lease liabilities (3,372 million yen), and share repurchase (1,423 million yen). The payments for purchase of interests in subsidiaries from non-controlling interests (783 million yen) was the amount paid for the acquisition of the remaining shares of Orion Managed Services Limited, and this acquisition increased the Company's ownership in Orion Managed Services Limited to 100%.

(3) Results forecasts and other forward-looking information

There have been no changes made to the consolidated financial results forecast for the fiscal year ending June 30, 2024, as announced in the "Summary of Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2023" published on August 7, 2023.

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	35,373	39,153
Accounts receivables and other receivables	27,405	27,615
Income taxes receivable	1,740	31
Other short-term financial assets	5,700	5,214
Other current assets	6,437	6,257
Total current assets	76,657	78,272
Non-current assets		
Property, plant and equipment	2,463	2,444
Right-of-use assets	4,916	4,565
Goodwill	46,372	46,042
Intangible assets	4,807	4,263
Other long-term financial assets	4,076	4,112
Deferred tax assets	3,937	4,072
Other non-current assets	786	785
Total non-current assets	67,360	66,284
Total assets	144,017	144,557
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	16,044	16,289
Loans payable	1,000	1,055
Lease liabilities	5,291	4,932
Income taxes payable	3,546	4,353
Other financial liabilities	4,000	2,874
Employee benefits liabilities	8,685	8,960
Provisions	20	25
Other current liabilities	8,356	8,622
Total current liabilities	46,944	47,114

(Millions of yen)

	As of June 30, 2023	December 31, 2023
Non-current liabilities		
Bonds and loans payable	13,716	13,224
Lease liabilities	4,116	3,767
Other long-term financial liabilities	882	909
Deferred tax liabilities	987	907
Retirement benefit liabilities	24	22
Provisions	479	488
Other non-current liabilities	103	108
Total non-current liabilities	20,309	19,426
Total liabilities	67,254	66,541
Equity		
Share capital	6,929	6,929
Capital surplus	8,259	5,735
Retained earnings	59,262	62,491
Treasury shares	(2,577)	(1,159)
Other components of equity	3,655	3,084
Equity attributable to owners of the parent company	75,529	77,082
Non-controlling interests	1,233	934
Total equity	76,762	78,016
Total liabilities and equity	144,017	144,557

(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, 2022 (July 1, 2022 to December 31, 2022)	Six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)
Revenue	98,011	108,009
Cost of sales	71,973	78,946
Gross profit	26,038	29,062
Selling, general and administrative expenses	14,931	16,789
Other income	183	160
Other expenses	106	17
Operating profit	11,183	12,416
Financial income	76	162
Financial expenses	135	113
Profit before income taxes	11,124	12,464
Income taxes	3,292	3,776
Net profit	7,831	8,688
Net profit attributable to:		
Owners of the parent company	7,714	8,591
Non-controlling interests	117	96
Net profit	7,831	8,688
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	71.61	80.34
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Revenue	49,786	55,112
Cost of sales	36,997	40,108
Gross profit	12,788	15,004
Selling, general and administrative expenses	7,619	8,438
Other income	54	69
Other expenses	47	6
Operating profit	5,176	6,628
Financial income	0	70
Financial expenses	102	85
Profit before income taxes	5,074	6,612
Income taxes	1,483	2,003
Net profit	3,590	4,608
Net profit attributable to:		
Owners of the parent company	3,533	4,560
Non-controlling interests	56	48
Net profit	3,590	4,608
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic earnings per share	32.80	42.68
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated six-month period

(Millions of yen)

	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)	Six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)
Net profit	7,831	8,688
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(1,145)	(571)
Total items that may be reclassified to profit or loss	(1,145)	(571)
Total other comprehensive income	(1,145)	(571)
Comprehensive income for the period	6,685	8,116
Comprehensive income for the period attributable to:		
Owners of the parent company	6,536	8,021
Non-controlling interests	149	95
Comprehensive income for the period	6,685	8,116

The consolidated three-month period

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Net profit	3,590	4,608
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(1,657)	(969)
Total items that may be reclassified to profit or loss	(1,657)	(969)
Total other comprehensive income	(1,657)	(969)
Comprehensive income for the period	1,933	3,639
Comprehensive income for the period attributable to:		
Owners of the parent company	1,884	3,613
Non-controlling interests	48	26
Comprehensive income for the period	1,933	3,639

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

Six months ended December 31, 2022 (July 1, 2022 to December 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, 2022	6,929	7,966	51,986	(1,001)	2,837	2,837	68,718
Net profit			7,714			—	7,714
Other comprehensive income					(1,177)	(1,177)	(1,177)
Total comprehensive income	—	—	7,714	—	(1,177)	(1,177)	6,536
Dividends of surplus			(5,601)			—	(5,601)
Share-based payment transaction		169				—	169
Changes in ownership interests in subsidiaries		(0)				—	(0)
Total transactions with the owners	—	169	(5,601)	—	—	—	(5,431)
As of December 31, 2022	6,929	8,136	54,099	(1,001)	1,659	1,659	69,822

	Non-controlling interests	Total equity
As of July 1, 2022	1,710	70,428
Net profit	117	7,831
Other comprehensive income	32	(1,145)
Total comprehensive income	149	6,685
Dividends of surplus	(798)	(6,400)
Share-based payment transaction		169
Changes in ownership interests in subsidiaries	0	—
Total transactions with the owners	(798)	(6,230)
As of December 31, 2022	1,061	70,884

Six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2023	6,929	8,259	59,262	(2,577)	3,655	3,655	75,529
Net profit			8,591			—	8,591
Other comprehensive income					(570)	(570)	(570)
Total comprehensive income	—	—	8,591	—	(570)	(570)	8,021
Dividends of surplus			(5,362)			—	(5,362)
Share-based payment transaction		113				—	113
Purchase of treasury shares		(0)		(1,423)		—	(1,424)
Retirement of treasury shares		(2,842)		2,842		—	—
Changes in ownership interests in subsidiaries		205				—	205
Total transactions with the owners	—	(2,524)	(5,362)	1,418	—	—	(6,468)
As of December 31, 2023	6,929	5,735	62,491	(1,159)	3,084	3,084	77,082

	Non-controlling interests	Total equity
As of July 1, 2023	1,233	76,762
Net profit	96	8,688
Other comprehensive income	(0)	(571)
Total comprehensive income	95	8,116
Dividends of surplus	(189)	(5,551)
Share-based payment transaction		113
Purchase of treasury shares		(1,424)
Retirement of treasury shares		—
Changes in ownership interests in subsidiaries	(205)	—
Total transactions with the owners	(394)	(6,863)
As of December 31, 2023	934	78,016

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)	Six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	11,124	12,464
Depreciation and amortization	1,551	1,639
Interest and dividend income	(39)	(74)
Interest expense	55	46
Decrease (increase) in accounts receivables and other receivables	343	(210)
Increase (decrease) in accounts payable and other liabilities	(2,043)	245
Increase (decrease) in deposits received	1,508	1,226
Decrease (increase) in prepaid expenses	1,113	1,508
Decrease (increase) in lease repayments	864	965
Increase (decrease) in consumption tax payable	872	913
Increase (decrease) in retirement benefit liabilities	(40)	(24)
Other	(1,234)	(398)
Subtotal	14,075	18,302
Interest received	12	28
Interest paid	(36)	(34)
Income taxes paid	(3,941)	(4,465)
Income tax refund	921	1,764
Net cash flows from operating activities	11,031	15,596
Cash flows from investing activities		
Payments into time deposits	(1,337)	(1,577)
Proceeds from withdrawal of time deposits	427	1,357
Purchase of tangible fixed assets	(147)	(240)
Purchase of intangible assets	(27)	(141)
Payments for acquisition of investments	(1,314)	(1,650)
Proceeds from sales and redemption of investments in marketable securities	1,833	1,507
Purchase of subsidiary shares at conditional acquisition price	(3,623)	—
Other	(78)	448
Net cash flows from investing activities	(4,269)	(295)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	55
Repayment of lease liabilities	(3,112)	(3,372)
Repayments of long-term borrowings	(1,000)	(500)
Purchase of treasury shares	—	(1,423)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(783)
Cash dividends paid	(6,400)	(5,551)
Net cash flows from financing activities	(10,512)	(11,575)
Effect of change in exchange rates on cash and cash equivalents	11	54
Net increase (decrease) in cash and cash equivalents	(3,739)	3,780
Cash and cash equivalents at the beginning of the period	37,432	35,373
Cash and cash equivalents at the end of the period	33,693	39,153

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

(Note on assumption about going concern)

Not applicable.

(Changes in accounting policies)

The material accounting policies adopted for the Group's consolidated financial statements for the first half period under review are the same as those for the consolidated financial statements for the previous fiscal year, except for the following items.

IFRS		Overview of new/revised standards
IAS 1	Presentation of Financial Statements	Requires disclosure of material accounting policies rather than significant accounting policies
IAS 12	Income Taxes	Clarifies accounting treatment for deferred taxes related to assets and liabilities arising from a single transaction

The adoption of the above standards did not have a material impact on the summary of the consolidated financial statements.

(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, 2022 (July 1, 2022 to December 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	74,266	10,604	1,827	11,286	97,986	25	98,011
Intersegment sales or transfers	442	0	658	487	1,589	(1,589)	—
Total revenue	74,709	10,605	2,486	11,774	99,575	(1,563)	98,011
Segment profit (loss)	8,580	1,448	126	1,041	11,196	(13)	11,183
Financial income	—	—	—	—	—	—	76
Financial expenses	—	—	—	—	—	—	135
Quarterly profit before income taxes	—	—	—	—	—	—	11,124
Other							
Depreciation and amortization	498	123	155	152	929	289	1,219
Amortization of customer-related assets	36	—	—	295	331	—	331
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

Six months ended December 31, 2023 (July 1, 2023 to December 31, 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	82,574	11,354	1,519	12,536	107,984	25	108,009
Intersegment sales or transfers	540	(0)	665	287	1,493	(1,493)	—
Total revenue	83,115	11,353	2,184	12,824	109,478	(1,468)	108,009
Segment profit (loss)	10,159	1,691	(99)	549	12,300	115	12,416
Financial income	—	—	—	—	—	—	162
Financial expenses	—	—	—	—	—	—	113
Quarterly profit before income taxes	—	—	—	—	—	—	12,464
Other							
Depreciation and amortization	544	117	150	158	971	303	1,274
Amortization of customer-related assets	36	—	—	329	365	—	365
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

Three-months ended December 31, 2022 (October 1, 2022 to December 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	37,897	5,417	843	5,614	49,773	12	49,786
Intersegment sales or transfers	221	0	369	231	822	(822)	—
Total revenue	38,118	5,418	1,213	5,845	50,595	(809)	49,786
Segment profit (loss)	3,855	797	16	481	5,151	24	5,176
Financial income	—	—	—	—	—	—	0
Financial expenses	—	—	—	—	—	—	102
Quarterly profit before income taxes	—	—	—	—	—	—	5,074
Other							
Depreciation and amortization	239	60	78	76	456	143	600
Amortization of customer-related assets	18	—	—	147	166	—	166
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

Three-months ended December 31, 2023 (October 1, 2023 to December 31, 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	42,264	5,794	776	6,262	55,099	13	55,112
Intersegment sales or transfers	288	(0)	340	156	785	(785)	—
Total revenue	42,553	5,794	1,117	6,418	55,884	(771)	55,112
Segment profit (loss)	5,409	881	(20)	279	6,550	77	6,628
Financial income	—	—	—	—	—	—	70
Financial expenses	—	—	—	—	—	—	85
Quarterly profit before income taxes	—	—	—	—	—	—	6,612
Other							
Depreciation and amortization	276	58	75	79	489	156	645
Amortization of customer-related assets	18	—	—	157	175	—	175
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded mainly as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

3. Information by region

Revenue from external customers

(Millions of yen)

	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)	Six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)
Japan	87,457	96,402
Asia	6,070	5,651
Europe	3,023	3,870
North America	1,366	1,992
Others	93	92
Total	98,011	108,009

(Notes)

1. Revenues based on location of customer and classified by country or region.

2. The individual countries in each category are as follows:

Asia: China, Singapore, Thailand, Vietnam, Malaysia, India, South Korea

Europe: United Kingdom

North America: United States

(Millions of yen)

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Japan	44,566	49,297
Asia	3,102	2,805
Europe	1,467	1,935
North America	599	1,040
Others	50	33
Total	49,786	55,112

(Notes)

1. Revenues based on location of customer and classified by country or region.

2. The individual countries in each category are as follows:

Asia: China, Singapore, Thailand, Vietnam, Malaysia, India, South Korea

Europe: United Kingdom

North America: United States

(Significant subsequent events)

None.