

## Summary of the Consolidated Second Quarter Statements (IFRS) for the Nine-Month Period Ended March 31, 2021

April 28, 2021

Listed Company Name TechnoPro Holdings, Inc.

Listed Stock Exchange:  
TokyoTSE Code 6028 URL <https://www.technoproholdings.com/en/>

Representative (Title) President, Representative Director &amp; CEO (Name) Yasuji Nishio

In charge of inquiries (Title) Director &amp; CFO (Name) Toshihiro Hagiwara TEL 03-6385-7998

Quarterly report scheduled submission date May 13, 2021

Scheduled commencement date for dividend payment —

Supplementary materials for financial results: Yes

Briefing session for financial results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted)

## 1. Consolidated Financial Results for the Nine Months Ended March 31, 2021 (July 1, 2020 – March 31, 2021)

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

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended March 31, 2021	120,181	0.6	14,879	13.8	14,902	13.9	10,357	13.9	10,249	14.1	11,398	38.7
For the nine months ended March 31, 2020	119,491	12.2	13,070	17.4	13,088	18.1	9,096	21.6	8,979	22.3	8,219	13.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended March 31, 2021	285.44	—
For the nine months ended March 31, 2020	248.42	—

## (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, 2021	112,561	55,574	54,108	48.1
FY ended June 30, 2020	107,967	49,509	48,229	44.7

## 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, 2020	—	50.00	—	100.00	150.00
FY ending June 30, 2021	—	50.00	—	—	—
FY ending June 30, 2021 (forecast)	—	—	—	122.00	172.00

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

For information concerning revisions to dividend forecasts, please see the "Notice Regarding Revisions of Earnings Guidance and Dividend Forecast" released today (April 28, 2021).

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021 (July 1, 2020 – June 30, 2021)

(% represents the change from the same period of the previous year)

	Revenue		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	%	Yen
Full year	159,000	0.4	18,000	14.1	18,000	13.6	12,300	13.6	342.54

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

For information concerning revisions to forecasts, please see the "Notice Regarding Revisions of Earnings Guidance and Dividend Forecast" released today (April 28, 2021).

#### \* 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, 2020	36,140,388 shares	FY ended June 30, 2020	36,140,388 shares
As of March 31, 2020	231,703 shares	FY ended June 30, 2020	231,681 shares
For the nine months ended March 31, 2021	35,908,697 shares	For the nine months ended March 31, 2020	36,147,600 shares

ii. Number of treasury shares at the end of the period

iii. Average number of shares during the period (cumulative)

\* 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, 2021. The Company plans to post supplementary and other materials for the briefing on the Company's website today (April 28, 2021) at the same time that the information is disclosed to the Tokyo Stock Exchange.

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

### (1) Summary of business performance

During the consolidated third quarter period under review (July 1, 2020 to March 31, 2021), there was continuing uncertainty towards the future of the global economy, as it continued to be impacted by U.S.-China trade friction and the global COVID-19 pandemic. In Japan too, with COVID-19 still on the rise, a sense of caution about the future of the country's economy continued despite hopes raised by the spread of vaccines.

In this economic environment, the Group's core business area of Engineer Dispatching and Contract Assignment was impacted; despite a decline in the utilization of some engineers due to fall in demand in machinery and other sectors, demand for engineers in the IT field remained strong due to active investment in IT infrastructure such as cloud computing and security to support the development of remote-working environments.

Due to concerns over the impact of COVID-19, since the second half of the previous fiscal year the Group has rapidly executed defensive business operations with its continuity as its top priority, and, from the second quarter period, launched initiatives to shift the business toward growth. The main initiatives implemented by the Group during the consolidated period under review were as follows:

#### Secure engineer assignments

Due to significant concerns over the ending of customer contracts, either because of expiration or cancellation caused by the decline in demand in technological fields including the machinery, electronics, and electricals, and in the transportation machinery industry, the Group prioritized securing engineer assignments in its business activities, continuing contract negotiations with existing customers and shifting engineers to other customers. As a result, while the average utilization rate during the consolidated third quarter period under review was lower than that of the same period of the previous fiscal year, it exceeded expectations made at the beginning of the period and recovered to above 96% at the end of March 2021. The Group will continue to prioritize the preservation of employment and work to secure engineer assignments.

#### Secure engineers

The Group has been significantly controlling new hires from the consolidated fourth quarter of the previous fiscal year when COVID-19 infections were increasing in Japan. However, with an improved average utilization rate and a continued shortage of engineers in certain fields, the Group restarted the mid-career hiring mainly of high added-value engineers. The number of engineers on payroll has been on a downward trend from the consolidated fourth quarter of the previous fiscal year, with the number falling below 20,000 at the end of the consolidated third quarter period of the current fiscal year. However, the number of engineers on payroll is expected to exceed 20,000 from April 2021, as we restarted lateral hiring and 292 new graduates joined the Group in April 2021. The Group will endeavor to secure engineers, the driver of its growth, by continuing hiring activities to meet demand for IT engineers, and by continuing measures to curtail resignations.

#### Shift to the IT sector

Irrespective of the impact of COVID-19, the IT sector is seeing stronger demand in comparison to other sectors, and this is expected to increase in future. Currently, IT engineers account for over half of all the Group's engineers on payroll, and this proportion is increasing. The Group is investing resources into the IT Sector; it is increasing the number of engineers specialized in digital technologies (data science, cloud, IoT, security, 5G, etc.), by converting engineer skills from hardware-related areas to digital, as well as by recruitment of such engineers.

#### Measures to prevent the spread of COVID-19

The Group has prioritized the health and safety of its employees throughout the COVID-19 pandemic. Specifically, it has promoted working from home and staggered commuting, set up systems to enable business discussions and meetings to be conducted via online video conferencing, distributed masks and disinfectant to all offices in Japan, changed *hanko* seal-based approvals to other methods, and continued with furlough procedures. In addition, the Group was named a Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry for the second consecutive year and is implementing measures to support the health of employees, even under changed working circumstances

such as working from home. The Group continues to work to strengthen systems that will enable it to conduct business even if the COVID-19 pandemic continues to expand in future.

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 19,949 (down 285 compared to the end of the third quarter of the previous fiscal year). The average utilization rate for the period under review was 94.5% (down 1.1 pts), higher than expectations at the beginning of the period. In spite of the past efforts to improve sales per engineer, the hiring of a large number of new graduates, lower levels of overtime due to government-led workplace reforms, and spread of remote-working due to COVID-19 pandemic resulted in average monthly sales per engineer (average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.) of 632 thousand yen per month (down 1 thousand yen). However, excluding new employees who had joined the Group in the last twelve months, average monthly sales per engineer for existing employees rose by 15 thousand yen compared to the third quarter of the previous fiscal year.

In employment, due to significant controls placed on new hires, the number of newly employed domestic engineers for the period under review was 464 (down 2,134 compared to the third quarter of the previous fiscal year). The total number of domestic engineers fell by 1,315 compared to the end of the previous fiscal year.

In terms of expenses, the gross profit margin was 24.0% (down 1.9 pts compared to the third quarter of the previous fiscal year) due to a decrease in the number of operating hours and days and an increase in stand-by engineers as a result of business closure requests and other factors. The SG&A ratio to revenue was 13.1% (down 2.1 pts) as a result of the continued implementation of cost controls.

In addition, owing to the Group's efforts to protect employment it recorded 1,691 million yen of employment adjustment subsidy, in relation to COVID-19 pandemic, as other income.

As a result, the Group's revenue for the consolidated third quarter was 120,181 million yen (up 0.6% compared to the third quarter of the previous fiscal year), operating profit was 14,879 million yen (up 13.8%), profit before taxes was 14,902 million yen (up 13.9%), and net profit attributable to the owners of the parent company was 10,249 million yen (up 14.1%).

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 IT training for hardware-related engineers and realized engineer assignments through skill conversions, in addition to restarting the mid-career hiring mainly of high added-value engineers. The Group also made efforts to secure assignments through business collaborations with the partners possessing high added-value technologies and by actively implementing internal/external training. These efforts restrained a decrease in engineers on payroll and assigned engineers, which were 17,368 and 16,703, respectively (down 152 and 18, respectively, compared to the end of the third quarter of the previous fiscal year). As a result of these initiatives, revenue in this segment was 95,464 million yen (up 0.7%).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Group has also expanded its services to offer services based on technological skills developed in the design and construction management fields, for example: 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. While in this segment the impact of COVID-19 has been minimal and so a high utilization rate has been maintained, engineers on payroll and assigned engineers are 2,581 and 2,497, respectively (down 133 and 51, respectively, compared to the end of the third quarter of the previous fiscal year). As a result, revenue in this segment was 14,849 million yen (down 0.5%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. These businesses collectively saw a decline in performance due to the impact of COVID-19. In particular, the professional recruitment service saw significant decline due to controls on hiring at customer companies. However, Win School operated by PC Assist Co., Ltd. has been increasing online courses since the previous fiscal year, and this, together with courses held physically at their schools, served to cover this decline to some extent. As a result of these initiatives, revenue in this segment was 2,693 million yen (down 13.5%).

(Overseas Businesses)

At the Group's Overseas Businesses, the impact of COVID-19 was more pronounced than it was in Japan. In addition, the degree of impact varied among countries. China was able to exit from its economic downturn at an early stage and saw a return to economic activity. As a result, the Group proceeded with business activities with Chinese customers in addition to existing Japanese customers in China. In the UK and Singapore, new daily infections are on downward trend having been suppressed as a result of infection countermeasures and the spread of vaccines, and as such, the impact on business activities has been limited. However, in India, there is still no end to the COVID-19 pandemic in sight, and business activities are restricted. As a result, revenue in this segment was 8,119 million yen (up 3.4%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 112,561 million yen as of the end of the consolidated third quarter period under review (up 4,594 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,300 million yen, cash and cash equivalents of 26,686 million yen, and accounts receivables and other receivables of 21,423 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 56,797 million yen as of the end of the consolidated third quarter period under review (up 5,490 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 26,686 million yen (up 3,888 million yen), and accounts receivables and other receivables of 21,423 million yen (up 1,209 million yen).

(Non-current assets)

Non-current assets totaled 55,764 million yen as of the end of the consolidated third quarter period under review (down 896 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,300 million yen (up 185 million yen), right-of-use assets of 5,224 million yen (down 1,424 million yen), and other long-term financial assets 5,166 million yen (up 300 million yen).

(Current liabilities)

Current liabilities totaled 40,325 million yen as of the end of the consolidated third quarter period under review (down 2,840 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 15,023 million yen (up 1,653 million yen), employee benefit liabilities of 7,355 million yen (up 957 million yen), income taxes payable of 5,369 million yen (up 2,417 million yen), and lease liabilities of 4,395 million yen (down 1,492 million yen).

(Non-current liabilities)

Non-current liabilities totaled 16,661 million yen as of the end of the consolidated third quarter period under review (up 1,369 million yen from the end of the previous fiscal year). The primary components were loans payable of 6,965 million yen (up 3,759 million yen), other long-term financial liabilities of 4,871 million yen (down 342 million yen), and lease liabilities of 3,996 million yen (down 1,869 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 54,108 million yen as of the end of the consolidated third quarter period under review (up 5,878 million yen from the end of the previous fiscal year). The primary components were retained earnings of 41,003 million yen (up 4,863 million yen) and a capital surplus of 7,436 million yen (up 86 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter “Cash”) totaled 26,686 million yen as of end of the consolidated third quarter period under review, representing an increase of 3,888 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 13,827 million yen (same period of previous fiscal year: inflows of 11,000 million yen). This was mainly due to profit before taxes (14,902 million yen), a decrease in prepaid expenses (2,364 million yen), depreciation and amortization (1,993 million yen), an increase in accounts payable and other liabilities (1,648 million yen) offset by payments of corporate income taxes (4,663 million yen), a decrease in deposits received (2,524 million yen), and a decrease in consumption tax payable (1,498 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 1,096 million yen (same period of previous fiscal year: outflows of 935 million yen). This was mainly due to outflows for payments into time deposits (1,001 million yen) and the acquisition of tangible fixed assets (245 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 8,982 million yen (same period of previous fiscal year: outflows of 12,255 million yen). This was mainly due to inflows from long-term borrowings (10,000 million yen) offset by repayment of long-term borrowings (7,658 million yen), dividend payments (5,420 million yen), and repayment of lease liabilities (4,903 million yen).

(3) Results forecasts and other forward-looking information

The Consolidated Full Year Earnings Guidance from the “Notice Regarding Revisions of Earnings Guidance and Dividend Forecast, and Dividend from Surplus” released on February 2, 2021 has been revised. For details, please see the “Notice Regarding Revisions of Earnings Guidance and Dividend Forecast” and the “TechnoPro Group Financial Results for the 3rd Quarter of FYE June 2021” released today (April 28, 2021).

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

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

(Millions of yen)

	As of June 30, 2020	As of March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	22,797	26,686
Accounts receivables and other receivables	20,214	21,423
Income taxes receivable	1,159	—
Other short-term financial assets	2,275	2,750
Other current assets	4,860	5,936
<b>Total current assets</b>	<b>51,307</b>	<b>56,797</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,726	1,656
Right-of-use assets	6,649	5,224
Goodwill	36,115	36,300
Intangible assets	2,149	1,956
Other long-term financial assets	4,865	5,166
Deferred tax assets	4,282	4,948
Other non-current assets	871	511
<b>Total non-current assets</b>	<b>56,660</b>	<b>55,764</b>
<b>Total assets</b>	<b>107,967</b>	<b>112,561</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	13,369	15,023
Loans payable	4,453	1,990
Lease liability	5,888	4,395
Income taxes payable	2,952	5,369
Other financial liabilities	2,055	2,362
Employee benefits liabilities	6,398	7,355
Provisions	11	28
Other current liabilities	8,037	3,799
<b>Total current liabilities</b>	<b>43,165</b>	<b>40,325</b>

(Millions of yen)

	As of June 30, 2020	As of March 31, 2021
<b>Non-current liabilities</b>		
Loans payable	3,205	6,965
Lease liabilities	5,865	3,996
Other long-term financial liabilities	5,214	4,871
Deferred tax liabilities	400	231
Retirement benefit liabilities	9	13
Provisions	459	438
Other non-current liabilities	138	145
<b>Total non-current liabilities</b>	<b>15,292</b>	<b>16,661</b>
<b>Total liabilities</b>	<b>58,457</b>	<b>56,987</b>
<b>Equity</b>		
Share capital	6,929	6,929
Capital surplus	7,349	7,436
Retained earnings	36,139	41,003
Treasury shares	(1,000)	(1,000)
Other components of equity	(1,188)	(260)
<b>Equity attributable to owners of the parent company</b>	<b>48,229</b>	<b>54,108</b>
Non-controlling interests	1,279	1,466
<b>Total equity</b>	<b>49,509</b>	<b>55,574</b>
<b>Total liabilities and equity</b>	<b>107,967</b>	<b>112,561</b>

(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, 2020 (July 1, 2019 to March 31, 2020)	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)
Revenue	119,491	120,181
Cost of sales	88,538	91,294
Gross profit	30,952	28,887
Selling, general and administrative expenses	18,104	15,700
Other income	393	1,984
Other expenses	171	291
Operating profit	13,070	14,879
Financial income	124	125
Financial expenses	103	103
Investment profit (loss) under the equity method	(2)	—
Profit before income taxes	13,088	14,902
Income taxes	3,992	4,545
Net profit	9,096	10,357
Net profit attributable to:		
Owners of the parent company	8,979	10,249
Non-controlling interests	116	107
Net profit	9,096	10,357
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	248.42	285.44
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended March 31, 2020 (January 1, 2020 to March 31, 2020)	Three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)
Revenue	40,453	40,729
Cost of sales	29,607	30,366
Gross profit	10,846	10,363
Selling, general and administrative expenses	6,109	5,468
Other income	254	469
Other expenses	142	165
Operating profit	4,848	5,198
Financial income	73	72
Financial expenses	33	14
Investment profit (loss) under the equity method	8	—
Profit before income taxes	4,897	5,257
Income taxes	1,526	1,603
Net profit	3,370	3,653
Net profit attributable to:		
Owners of the parent company	3,325	3,626
Non-controlling interests	45	27
Net profit	3,370	3,653
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	92.09	100.99
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated nine-month period

(Millions of yen)

	Nine months ended March 31, 2020 (July 1, 2019 to March 31, 2020)	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)
Net profit	9,096	10,357
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	(696)	486
Total items that will not be reclassified to profit or loss	(696)	486
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(181)	555
Total items that may be reclassified to profit or loss	(181)	555
Total other comprehensive income	(877)	1,041
Comprehensive income for the period	8,219	11,398
Comprehensive income for the period attributable to:		
Owners of the parent company	8,154	11,178
Non-controlling interests	65	220
Comprehensive income for the period	8,219	11,398

The consolidated three-month period

	Three months ended March 31, 2020 (January 1, 2020 to March 31, 2020)	Three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)
Net profit	3,370	3,653
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	(541)	371
Total items that will not be reclassified to profit or loss	(541)	371
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(346)	417
Total items that may be reclassified to profit or loss	(346)	417
Total other comprehensive income	(888)	788
Comprehensive income for the period	2,482	4,442
Comprehensive income for the period attributable to:		
Owners of the parent company	2,519	4,326
Non-controlling interests	(36)	115
Comprehensive income for the period	2,482	4,442

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

Nine-months ended March 31, 2020 (July 1, 2019 to March 31, 2020)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2019	6,903	7,304	31,129	(2)	(532)	44,803	1,262	46,065
Net profit			8,979			8,979	116	9,096
Other comprehensive income			2		(828)	(825)	(51)	(877)
Total comprehensive income	—	—	8,982	—	(828)	8,154	65	8,219
Issuance of new shares	25	(25)				—		—
Dividends of surplus			(4,856)			(4,856)	(55)	(4,911)
Share-based payment transaction		9				9		9
Purchase of treasury shares				(2,061)		(2,061)		(2,061)
Disposal of treasury shares		12		90		102		102
Cancellation of treasury shares		(12)	(961)	973		—		—
Changes in ownership interests in subsidiaries		25				25	(25)	—
Other increases (decreases)		(2)				(2)		(2)
Total transactions with the owners	25	7	(5,817)	(997)	—	(6,782)	(80)	(6,863)
As of March 31, 2020	6,929	7,312	34,294	(1,000)	(1,360)	46,175	1,246	47,422

Nine-months ended March 31, 2021 (July 1, 2020 to March 31, 2021)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2020	6,929	7,349	36,139	(1,000)	(1,188)	48,229	1,279	49,509
Net profit			10,249			10,249	107	10,357
Other comprehensive income					928	928	113	1,041
Total comprehensive income	—	—	10,249	—	928	11,178	220	11,398
Dividends of surplus			(5,386)			(5,386)	(34)	(5,420)
Share-based payment transaction		86				86		86
Purchase of treasury shares				(0)		(0)		(0)
Total transactions with the owners	—	86	(5,386)	(0)	—	(5,299)	(34)	(5,333)
As of March 31, 2021	6,929	7,436	41,003	(1,000)	(260)	54,108	1,466	55,574

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

(Millions of yen)

	Nine months ended March 31, 2020 (July 1, 2019 to March 31, 2020)	Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,088	14,902
Depreciation and amortization	1,926	1,993
Interest and dividend income	(2)	(6)
Interest expense	92	85
Investment loss (profit) under the equity method	2	—
Decrease (increase) in accounts receivables and other receivables	(1,438)	(1,200)
Increase (decrease) in accounts payable and other liabilities	1,430	1,648
Increase (decrease) in deposits received	(1,931)	(2,524)
Decrease (increase) in prepaid expenses	2,532	2,364
Decrease (increase) in lease repayments	1,264	1,358
Increase (decrease) in consumption tax payable	598	(1,498)
Increase (decrease) in retirement benefit liabilities	(691)	(653)
Other	(537)	896
Subtotal	<u>16,334</u>	<u>17,365</u>
Interest received	2	2
Interest paid	(65)	(59)
Income taxes paid	(5,309)	(4,663)
Income tax refund	39	1,182
Net cash flows from operating activities	<u>11,000</u>	<u>13,827</u>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(33)	(1,001)
Proceeds from withdrawal of time deposits	31	98
Purchase of tangible fixed assets	(560)	(245)
Purchase of intangible assets	(25)	(33)
Purchase of marketable securities	(139)	—
Payment for acquisition of other financial assets	(255)	(76)
Proceeds from sale of other financial assets	34	81
Other	13	81
Net cash flows from investing activities	<u>(935)</u>	<u>(1,096)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,037	(999)
Repayment of lease liabilities	(4,678)	(4,903)
Proceeds from long-term borrowings	1,000	10,000
Repayments of long-term borrowings	(2,434)	(7,658)
Redemption of bonds	(138)	—
Purchase of treasury shares	(2,061)	(0)
Cash dividends paid	(4,911)	(5,420)
Payments for purchase of interests in subsidiaries from noncontrolling interests	(67)	—
Other	(1)	—
Net cash flows from financing activities	<u>(12,255)</u>	<u>(8,982)</u>
Effect of change in exchange rates on cash and cash equivalents	<u>(81)</u>	<u>139</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,272)</u>	<u>3,888</u>

Cash and cash equivalents at the beginning of the period	21,230	22,797
Cash and cash equivalents at the end of the period	18,958	26,686

(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 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, 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, 2020 (July 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	94,546	14,922	2,509	7,474	119,452	38	119,491
Intersegment sales or transfers	211	—	603	379	1,194	(1,194)	—
Total revenue	94,758	14,922	3,112	7,853	120,646	(1,155)	119,491
Segment profit	10,221	1,884	306	563	12,976	94	13,070
Financial income	—	—	—	—	—	—	124
Financial expenses	—	—	—	—	—	—	103
Investment profit (loss) under equity method	—	—	—	—	—	—	(2)
Quarterly profit before income taxes	—	—	—	—	—	—	13,088
Other							
Depreciation and amortization	695	156	226	173	1,252	460	1,712
Amortization of customer-related assets	60	—	—	153	213	—	213
Profit on early exercise of put options	—	—	—	—	—	60	60
Profit on currency exchange related to put option liabilities	—	—	—	—	—	116	116
Loss on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Change (loss) from fair value adjustments related to contingent consideration	—	—	—	—	—	110	110
Impairment loss	—	—	—	—	—	—	—

(Notes)

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

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.

Three-months ended March 31, 2020 (January 1, 2020 to March 31, 2020)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	32,007	5,154	873	2,405	40,441	12	40,453
Intersegment sales or transfers	73	—	195	156	425	(425)	—
Total revenue	32,081	5,154	1,068	2,562	40,866	(412)	40,453
Segment profit	3,790	727	44	210	4,772	76	4,848
Financial income	—	—	—	—	—	—	73
Financial expenses	—	—	—	—	—	—	33
Investment profit (loss) under equity method	—	—	—	—	—	—	8
Quarterly profit before income taxes	—	—	—	—	—	—	4,897
Other							
Depreciation and amortization	235	50	75	54	416	164	580
Amortization of customer-related assets	20	—	—	51	71	—	71
Profit on currency exchange related to put option liabilities	—	—	—	—	—	178	178
Loss on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Change (loss) from fair value adjustments related to contingent consideration	—	—	—	—	—	110	110
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.