


TECHNOPRO

Summary of the Consolidated Second Quarter Statements (IFRS) for the Six-Month Period Ended December 31, 2022

February 3, 2023

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/en/>
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Quarterly report scheduled submission date February 9, 2023
Scheduled commencement date for dividend payment February 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 Six Months Ended December 31, 2022 (July 1, 2022 – December 31, 2022)

(1) Consolidated Operating Results (Cumulative)

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

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the 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)
For the six months ended December 31, 2021	86,358	8.7	9,032	8.9	11,078	14.4	11,229	16.4	7,905	17.9	7,794	17.7

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
For the six months ended December 31, 2022	6,685	(18.9)	71.61	—
For the six months ended December 31, 2021	8,240	18.4	72.35	—

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

(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, 2022	135,094	70,884	69,822	51.7
FY ended June 30, 2022	141,968	70,428	68,718	48.4

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, 2022	—	20.00	—	52.00	72.00
FY ending June 30, 2023	—	25.00			
FY ending June 30, 2023 (forecast)			—	47.00	72.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 – June 30, 2023)

(% 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	200,000	11.9	22,000	15.6	22,000	6.6	22,000	4.9	15,000	(2.8)	139.24

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

(Note) For information concerning revisions to financial results forecasts, please see the "Notice Regarding Interim Dividend and Revisions to Full-Year Guidance for FY2023" released today (February 3, 2023).

* 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 December 31, 2022	108,421,164 shares	FY ended June 30, 2022	108,421,164 shares
As of December 31, 2022	695,291 shares	FY ended June 30, 2022	695,291 shares
For the six months ended December 31, 2022	107,725,873 shares	For the six months ended December 31, 2021	107,725,946 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 February 3, 2023. The Company plans to post supplementary and other materials for the briefing on its website today (February 3, 2023) 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, 2022 to December 31, 2022), while there was almost no new economic impact from the COVID-19 pandemic, uncertainty in the global economy continued due to rising energy and resources prices driven by the continuing situation in Ukraine, restrictive monetary policies as governments in the US and Europe raised policy interest rates in response to inflation, and geopolitical risks in East Asia. In Japan too, while there was no notable change in the economic impact of the pandemic and economic activity under pandemic conditions has become the norm, the uncertainty continued due to insufficient raw material procurement and rising resource prices, as well as soaring prices caused by the continued depreciation of the yen, concerns over tax rises 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 implemented by the Group during the consolidated first half period under review were as follows:

Securing engineers

Despite concerns over recession and the possibility of customers' constraints on capital investment due to various factors including the COVID-19 pandemic, there continues to be strong demand for engineers from customers. At the same time, the Group's utilization rate remains above 95% and there is a shortage of new engineers able to respond to new orders. While maintaining high recruitment standards, the Group made efforts to secure engineers, increasing numbers of inexperienced hires recruited on the basis of subsequent training. The number of engineers on payroll in Japan reached a record high as a result of recruitment through group collaboration and referral recruitment, in addition to recruitment activities at the Group's operating companies. We will maintain sustainable growth by securing capable engineers.

Engineer-originated sales activities

By leveraging the contact points between the customers and the engineers engaged in development at such customers' business sites, we are able to provide support for technical issues from the early stages of a project, identify customer needs, obtain leads ahead of other competitors, and make optimal proposals, resulting in the successful creation of new business. The leads originated from engineers tend to be more exclusive than those originated from sales personnel, and the probability of successfully closing deals also tends to be higher due to a better understanding of the customer's needs. We will continue to pursue effective sales activities through leveraging engineers in addition to sales personnel.

Strengthening group collaboration

We strengthened collaborative initiatives within the Group by taking on projects that span the Group's operating companies and through alliances with third parties. In terms of collaboration with overseas subsidiaries, we are working to expand our "service catalogue" that was launched the previous fiscal year, as well as acquire offshore development projects by utilizing the robust sales network of the Group's domestic businesses. We will continue to promote business expansion by increasing its responsiveness as a group by leveraging synergies.

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 22,653 (up 1,877 compared to end of the first half of the previous fiscal year). The average utilization rate for the period under review was 96.0% (up 0.4 pts). Regarding the Group's continuous efforts to improve sales per engineer, while overtime per month decreased compared to the previous fiscal year, average monthly sales per engineer were 661 thousand yen (up 11 thousand yen compared to the same period of the previous fiscal year) as a result of the Shift Up and Charge Up initiatives, as well as expansion in the solutions business, and other factors.

In terms of expenses, in comparison to the first half of the previous fiscal year, SG&A increased significantly. This

was mainly due to upfront investment for implementation of medium-term plan initiatives such as recruitment and training for the acquisition of solutions-related talents and the development of information systems. However, core operating profit rose by 2,074 million yen compared to the same period of the previous fiscal year, due to the improvement in gross profit as a result of the increased number of employees assigned in Japan, expansion of the contracting and outsourcing business, consolidation of Robosoft Technologies Private Limited, and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated first half period under review was 98,011 million yen (up 13.5% compared to the first half of the previous fiscal year), core operating profit was 11,106 million yen (up 23.0%), operating profit was 11,183 million yen (up 0.9%), profit before taxes was 11,124 million yen (down 0.9%), and net profit attributable to the owners of the parent company was 7,714 million yen (down 1.0%).

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 the digital technology-related training for hardware-related engineers and chemical/biochemical-related engineers and the initiatives to capture strong demand in the digital domain through re-skilling and cross-skilling, in addition to strengthening the mid-career hiring mainly of high added-value engineers. The Group also made efforts to secure assignments at higher unit prices 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, the number of engineers on payroll at the end of the first half of the consolidated fiscal year under review was 19,824 (up 1,715 compared to the end of the first half of the previous fiscal year) and that of assigned engineers was 19,063 (up 1,715). As a result, revenue in this segment was 74,709 million yen (up 11.7%).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Group has also expanded to the offerings based on technological skills developed in the design and construction management fields, for example: 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. In this segment, the high utilization rate was maintained even during the COVID-19 pandemic, and on-payroll and assigned engineers were 2,829 and 2,749, respectively, at the end of the first half of the consolidated fiscal year under review (up 162 and 184, respectively, compared to the end of the first half of the previous fiscal year). As a result, revenue in this segment was 10,605 million yen (up 6.4%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an engineering education and training service. In the professional recruitment service, revenue was sluggish compared to the first half of the previous fiscal year due to continued curbs and freezes on hiring globally. In the engineering education and training service, the Group made active efforts to expand training programs and strengthen services for external sales, covering the decline in revenue in the professional recruitment service. As a result, revenue in this segment was 2,486 million yen (up 12.1%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. Demand for technology 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 with U.S. and European companies. Personnel dispatch and professional recruitment services performed well in Southeast Asian countries supported by strong demand. The inclusion of Robosoft Technologies Private Limited in the consolidation from the beginning of the fiscal year has led to a significant increase in revenue from Overseas Businesses compared to the previous financial year. As a result, revenue in this segment was 11,774 million yen (up 38.7%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 135,094 million yen as of the end of the consolidated first half period under review (down 6,873 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,286 million yen, cash and cash equivalents of 33,693 million yen, and accounts receivables and other receivables of 24,728 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 69,449 million yen as of the end of the consolidated first half period under review (down 4,589 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 33,693 million yen (down 3,739 million yen), and accounts receivables and other receivables of 24,728 million yen (down 343 million yen).

(Non-current assets)

Non-current assets totaled 65,645 million yen as of the end of the consolidated first half period under review (down 2,283 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,286 million yen (down 673 million yen), right-of-use assets of 4,603 million yen (down 50 million yen), and customer-related assets of 4,068 million yen (down 542 million yen).

(Current liabilities)

Current liabilities totaled 43,361 million yen as of the end of the consolidated first half period under review (down 5,799 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 14,708 million yen (down 2,043 million yen), employee benefits liabilities (allowance for paid leave) of 8,291 million yen (up 178 million yen), and lease liabilities of 4,631 million yen (down 416 million yen).

(Non-current liabilities)

Non-current liabilities totaled 20,849 million yen as of the end of the consolidated first half period under review (down 1,528 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 13,440 million yen (down 987 million yen), and lease liabilities of 4,389 million yen (up 319 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 69,822 million yen as of the end of the consolidated first half period under review (up 1,104 million yen from the end of the previous fiscal year). The primary components were retained earnings of 54,099 million yen (up 2,112 million yen) and capital surplus of 8,136 million yen (up 169 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 33,693 million yen as of the end of the consolidated first half period under review, representing a decrease of 3,739 million yen compared to the end of the previous fiscal year.

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

(Cash flows from operating activities)

Cash inflows from operating activities were 11,031 million yen (same period of previous fiscal year: inflows of 8,541 million yen). This was mainly due to profit before taxes (11,124 million yen), depreciation and amortization (1,551 million yen) and an increase in deposits received (1,508 million yen), offset by payments

of corporate income taxes (3,941 million yen) and a decrease in accounts payable and other liabilities (2,043 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 4,269 million yen (previous fiscal year: outflows of 7,061 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 10,512 million yen (previous fiscal year: inflows of 49 million yen). This was mainly due to dividend payments (6,400 million yen) and repayment of lease liabilities (3,112 million yen).

(3) Results forecasts and other forward-looking information

In the consolidated first half of the fiscal year ended December 31, 2022, vigorous demand for the Group's engineer staffing and project-type services continued in Japan, and both revenue and core operating profit surpassed the previously announced guidance for the same period mainly due to the fact that the number of engineers, utilization rate, and average monthly unit sales price (each of which is a key KPI in domestic operations) exceeded the original plan.

Reflecting these results, the Company has raised its consolidated full-year guidance for the fiscal year ending June 30, 2023.

For more information, please see the "Notice Regarding Interim Dividend and Revisions to Full-Year Guidance for FY2023" and "TechnoPro Group Financial Results for the 2nd Quarter of FYE June 2023," released today (February 3, 2023).

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	37,432	33,693
Accounts receivables and other receivables	25,071	24,728
Income taxes receivable	982	86
Other short-term financial assets	5,166	4,922
Other current assets	5,385	6,019
Total current assets	74,039	69,449
Non-current assets		
Property, plant and equipment	2,346	2,288
Right-of-use assets	4,654	4,603
Goodwill	45,960	45,286
Intangible assets	5,045	4,496
Other long-term financial assets	4,241	4,299
Deferred tax assets	4,878	3,667
Other non-current assets	804	1,004
Total non-current assets	67,929	65,645
Total assets	141,968	135,094
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	16,751	14,708
Loans payable	1,990	1,990
Lease liability	5,048	4,631
Income taxes payable	3,108	2,471
Other short-term financial liabilities	7,057	3,382
Employee benefits liabilities	8,112	8,291
Provisions	0	183
Other current liabilities	7,090	7,703
Total current liabilities	49,161	43,361

(Millions of yen)

	As of June 30, 2022	As of December 31, 2022
Non-current liabilities		
Bonds and loans payable	14,427	13,440
Lease liabilities	4,070	4,389
Other long-term financial liabilities	2,222	1,474
Deferred tax liabilities	1,031	957
Retirement benefit liabilities	17	4
Provisions	481	469
Other non-current liabilities	126	113
Total non-current liabilities	22,378	20,849
Total liabilities	71,539	64,210
Equity		
Share capital	6,929	6,929
Capital surplus	7,966	8,136
Retained earnings	51,986	54,099
Treasury shares	(1,001)	(1,001)
Other components of equity	2,837	1,659
Equity attributable to owners of the parent company	68,718	69,822
Non-controlling interests	1,710	1,061
Total equity	70,428	70,884
Total liabilities and equity	141,968	135,094

(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, 2021 (July 1, 2021 to December 31, 2021)	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)
Revenue	86,358	98,011
Cost of sales	64,477	71,973
Gross profit	21,880	26,038
Selling, general and administrative expenses	12,848	14,931
Other income	2,153	183
Other expenses	107	106
Operating profit	11,078	11,183
Financial income	223	76
Financial expenses	71	135
Profit before income taxes	11,229	11,124
Income taxes	3,324	3,292
Net profit	7,905	7,831
Net profit attributable to:		
Owners of the parent company	7,794	7,714
Non-controlling interests	111	117
Net profit	7,905	7,831
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	72.35	71.61
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)
Revenue	44,723	49,786
Cost of sales	32,714	36,997
Gross profit	12,009	12,788
Selling, general and administrative expenses	6,745	7,619
Other income	1,975	54
Other expenses	103	47
Operating profit	7,135	5,176
Financial income	160	0
Financial expenses	36	102
Profit before income taxes	7,259	5,074
Income taxes	2,112	1,483
Net profit	5,146	3,590
Net profit attributable to:		
Owners of the parent company	5,086	3,533
Non-controlling interests	59	56
Net profit	5,146	3,590
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	47.22	32.80
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated six-month period

(Millions of yen)

	Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)
Net profit	7,905	7,831
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	12	—
Total items that will not be reclassified to profit or loss	12	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	322	(1,145)
Total items that may be reclassified to profit or loss	322	(1,145)
Total other comprehensive income	335	(1,145)
Comprehensive income for the period	8,240	6,685
Comprehensive income for the period attributable to:		
Owners of the parent company	8,089	6,536
Non-controlling interests	150	149
Comprehensive income for the period	8,240	6,685

The consolidated three-month period

	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)
Net profit	5,146	3,590
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	12	—
Total items that will not be reclassified to profit or loss	12	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	400	(1,657)
Total items that may be reclassified to profit or loss	400	(1,657)
Total other comprehensive income	412	(1,657)
Comprehensive income for the period	5,558	1,933
Comprehensive income for the period attributable to:		
Owners of the parent company	5,454	1,884
Non-controlling interests	104	48
Comprehensive income for the period	5,558	1,933

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

Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)

(Millions of yen)

	Equity attributable to the owners of the parent company							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity attributable to owners of the parent company
					Financial assets at fair value through other comprehensive income	Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2021	6,929	7,460	43,557	(1,000)	—	279	279	57,226
Net profit			7,794				—	7,794
Other comprehensive income					12	283	295	295
Total comprehensive income	—	—	7,794	—	12	283	295	8,089
Dividends of surplus			(4,847)				—	(4,847)
Share-based payment transaction		116					—	116
Purchase of treasury shares				(0)			—	(0)
Changes in ownership interests in subsidiaries		215					—	215
Total transactions with the owners	—	331	(4,847)	(0)	—	—	—	(4,516)
As of December 31, 2021	6,929	7,792	46,504	(1,001)	12	562	574	60,799

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

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

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	11,229	11,124
Depreciation and amortization	1,408	1,551
Loss (profit) from put options granted to non-controlling interest	(1,868)	—
Interest and dividend income	(13)	(39)
Interest expense	60	55
Decrease (increase) in accounts receivables and other receivables	(219)	343
Increase (decrease) in accounts payable and other liabilities	(424)	(2,043)
Increase (decrease) in deposits received	1,289	1,508
Decrease (increase) in prepaid expenses	1,368	1,113
Decrease (increase) in lease repayments	914	864
Increase (decrease) in consumption tax payable	189	872
Increase (decrease) in retirement benefit liabilities	(133)	(40)
Other	(1,039)	(1,234)
Subtotal	12,760	14,075
Interest and dividend received	12	12
Interest paid	(36)	(36)
Income taxes paid	(5,809)	(3,941)
Income tax refund	1,613	921
Net cash flows from operating activities	8,541	11,031
Cash flows from investing activities		
Payments into time deposits	(480)	(1,337)
Proceeds from withdrawal of time deposits	1,301	427
Purchase of tangible fixed assets	(324)	(147)
Purchase of intangible assets	(83)	(27)
Payments for acquisition of investments	(916)	(1,314)
Proceeds from sales and redemption of investments	2,045	1,833
Payment for acquisition of subsidiaries	(8,681)	—
Purchase of subsidiary shares at conditional acquisition price	—	(3,623)
Other	78	(78)
Net cash flows from investing activities	(7,061)	(4,269)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(72)	—
Repayment of lease liabilities	(3,239)	(3,112)
Repayments of long-term borrowings	(1,000)	(1,000)
Proceeds from issuance of bonds	9,939	—
Purchase of treasury shares	(0)	—
Payments for purchase of interests in subsidiaries from non-controlling interests	(698)	—
Cash dividends paid	(4,880)	(6,400)
Net cash flows from financing activities	49	(10,512)
Effect of change in exchange rates on cash and cash equivalents	152	11
Net increase (decrease) in cash and cash equivalents	1,681	(3,739)
Cash and cash equivalents at the beginning of the period	32,524	37,432
Cash and cash equivalents at the end of the period	34,206	33,693

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

(Note on assumption about going concern)

Not applicable.

(Note on segment information)

1. Segment information overview

The Group's business segments are Group components for which separate financial information can be obtained. Each segment is subject to periodic examinations to allow the Board of Directors to decide how to allocate management resources and assess performance. In determining reportable segments, the Group does not consolidate business segments; reportable segments and business segments are the same.

Overview of the reportable segments:

- In R&D Outsourcing Business, the Group provides engineer dispatch and contract assignment services in technological fields including machinery, electronics/electricals, embedded controllers, IT networks, business applications, system maintenance/management, and biochemistry; its customers are mainly major businesses and other organizations in industries including automotive and automotive parts, industrial machinery and equipment, telecommunications equipment, electronic and electrical equipment, IT, semiconductors, energy, pharmaceuticals, and chemicals.
- In Construction Management Outsourcing Business, the Group provides contract assignment services for construction design and engineer dispatch services for construction management (safety administration, quality control, process administration, and cost management) in the construction industry in the fields of construction, civil engineering, facility machinery, and plant; its customers are mainly general contractors and subcontractors.
- In Other Businesses in Japan, the Group provides professional recruitment services and education and training services in engineering.
- In Overseas Business, the Group provides technical outsourcing and professional recruitment services in China, engineer dispatch services and contracted R&D operations in Southeast Asia and India (including offshore delivery services to customers in the U.S, Europe, and Japan), and engineer dispatch and professional recruitment services in the UK.

2. Information on reportable segments

Accounting principles for the reportable segments are the same as those used in the creation of the Consolidated Financial Statements by the Group. Business between reportable segments is based on market prices, and segment profit is shown as operating profit.

Six months ended December 31, 2021 (July 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	66,548	9,966	1,737	8,053	86,305	52	86,358
Intersegment sales or transfers	312	0	480	435	1,229	(1,229)	—
Total revenue	66,861	9,966	2,218	8,488	87,534	(1,176)	86,358
Segment profit (loss)	6,778	1,227	391	854	9,251	1,827	11,078
Financial income	—	—	—	—	—	—	223
Financial expenses	—	—	—	—	—	—	71
Quarterly profit before income taxes	—	—	—	—	—	—	11,229
Other							
Depreciation and amortization	509	105	148	95	858	311	1,170
Amortization of customer-related assets	55	—	—	183	238	—	238
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
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 mainly as general administrative expenses not allocated to reportable segments.
- Depreciation and amortization does not include amortization of customer-related assets.

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.

Three-months ended December 31, 2021 (October 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	34,065	5,049	814	4,753	44,682	40	44,723
Intersegment sales or transfers	210	0	302	265	778	(778)	—
Total revenue	34,275	5,049	1,116	5,019	45,460	(737)	44,723
Segment profit (loss)	3,919	672	184	608	5,385	1,749	7,135
Financial income	—	—	—	—	—	—	160
Financial expenses	—	—	—	—	—	—	36
Quarterly profit before income taxes	—	—	—	—	—	—	7,259
Other							
Depreciation and amortization	257	54	73	57	442	155	598
Amortization of customer-related assets	29	—	—	128	157	—	157
Change (profit) in fair value related to put option	—	—	—	—	—	1,863	1,863
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.

3. Information by region

Revenue from external customers

(Millions of yen)

	Six months ended December 31, 2022 (July 1, 2022 to December 31, 2022)
Japan	87,457
Asia	6,070
Europe	3,023
North America	1,366
Others	93
Total	98,011

(Notes)

1. Revenues based on location of customer and classified by country or region.
2. The individual countries except Japan in each category are as follows:

Asia: China, Singapore, Thailand, Vietnam, India

Europe: United Kingdom

North America: United States