

Summary of the Consolidated Second Quarter Statements (IFRS) for the Six-Month Period Ended December 31, 2020

February 2, 2021

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) Director & CFO (Name) Toshihiro Hagiwara TEL 03-6385-7998
Quarterly report scheduled submission date February 9, 2021
Scheduled commencement date for dividend payment March 1, 2021
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, 2020 (July 1, 2020 – December 31, 2020)

(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 six months ended December 31, 2020	79,451	0.5	9,680	17.7	9,645	17.7	6,703	17.1	6,623	17.1	6,956	21.2
For the six months ended December 31, 2019	79,037	12.7	8,221	11.3	8,191	11.8	5,725	15.6	5,654	16.5	5,736	23.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended December 31, 2020	184.45	—
For the six months ended December 31, 2019	156.35	—

(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, 2020	108,620	52,923	51,552	47.5
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)			—	111.00	161.00

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

For information concerning revisions to dividend forecasts, please see the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast, and Dividend from Surplus" released today (February 2, 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	156,500	(1.2)	17,000	7.8	16,900	6.7	11,500	6.2	320.25

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

For information concerning revisions to forecasts, please see the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast, and Dividend from Surplus (February 2, 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 December 31, 2020	36,140,388 shares	FY ended June 30, 2020	36,140,388 shares
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ii. Number of treasury shares at the end of the period

As of December 31, 2020	231,703 shares	FY ended June 30, 2020	231,681 shares
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iii. Average number of shares during the period (cumulative)

For the six months ended December 31, 2020	35,908,703 shares	For the six months ended December 31, 2019	36,167,516 shares
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* 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 financial results briefing materials)

The Company plans to hold a briefing on business results for institutional investors and analysts on February 2, 2021. The Company plans to post supplementary and other materials for the briefing on the Company's website today (February 2, 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 first half period under review (July 1, 2020 to December 31, 2020), 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.

In this economic environment, the Group's core business area of Engineer Dispatching and Contract Assignment was adversely impacted. While demand for IT engineers remained strong, there was a decline in demand for mechanical engineers, particularly those in transportation machinery-related industries such as the automotive industry, and the uncertainty towards the business environment continued.

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 under review, launched initiatives to shift the business toward growth. The main initiatives implemented by the Group during the 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 first half 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 95% at the end of December 2020. The Group will continue to prioritize the preservation of employment and work to secure engineer assignments.

Secure engineer resources

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. While the number of engineers on payroll has been on a downward trend from the consolidated fourth quarter of the previous fiscal year, in the consolidated second half period of this fiscal year, the Group will continue measures to recruit IT engineers and to curtail resignations, in order to secure engineers, the driver of its growth.

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. 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, changed *hanko* seal-based approvals to other methods, and continued with furlough procedures. The Group is working 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 first half period under review increased to 20,189 (up 177 compared to the end of the first half of the previous fiscal

year). The average utilization rate for the period under review was 93.7% (down 1.9 pts) but remained 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, and lower levels of overtime due to government-led workstyle reforms and remote working caused by COVID-19 resulted in average monthly sales per engineer (average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.) of 628 thousand yen per month (down 2 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 16 thousand yen compared to the first half of the previous fiscal year.

In employment, significant controls placed on new hires continued and thus the number of newly employed domestic engineers for the period under review was 176 (down 1,649 compared to the first half of the previous fiscal year). The total number of domestic engineers fell by 1,075 compared to the end of the previous fiscal year.

In terms of expenses, the gross profit margin for the period under review was 23.3% (down 2.1 pts compared to the first half 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 12.9% (down 2.3 pts) as a result of the continued implementation of cost controls.

In addition, owing to the Group's efforts to protect employment it recorded 1,338 million yen of employment adjustment subsidy, in relation to COVID-19 pandemic, as other income.

As a result, the Group's revenue for the first half was 79,451 million yen (up 0.5% compared to the first half of the previous fiscal year), operating profit was 9,680 million yen (up 17.7%), profit before taxes was 9,645 million yen (up 17.7%), and net profit attributable to the owners of the parent company was 6,623 million yen (up 17.1%).

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 IT training for hardware-related engineers and realized engineer assignments through skill conversions. In addition, the Group made efforts to secure assignments through business collaborations with the alliance partners possessing high added-value technologies and by actively implementing internal/external training. These efforts led to an increase in engineers on payroll and assigned engineers, 17,590 and 16,809, respectively (up 225 and 158, respectively, compared to the end of the first half of the previous fiscal year). As a result of these initiatives, revenue in this segment was 63,304 million yen (up 1.0%).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under this segment, 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 2,599 and 2,496, respectively (down 48 and 58, respectively, compared to the end of the first half of the previous fiscal year). As a result, revenue in this segment was 9,919 million yen (up 1.5%).

(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 1,699 million yen (down 16.9%).

(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 Singapore, new daily infections have been under 50 since late September, and the impact on business activities has been limited. However, in the UK and India, there is still no end to the COVID-19 pandemic in sight, and business activities are restricted and centered around operations conducted via remote working. As a result of these initiatives, revenue in this segment was 5,187 million yen (down 2.0%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 108,620 million yen as of the end of the consolidated first half period under review (up 653 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,174 million yen, cash and cash equivalents of 27,426 million yen, and accounts receivables and other receivables of 19,546 million yen. The status for each item was as follows.

(Current assets)

Current assets totaled 54,081 million yen as of the end of the consolidated first half period under review (up 2,774 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 27,426 million yen (up 4,629 million yen), and accounts receivables and other receivables of 19,546 million yen (down 667 million yen).

(Non-current assets)

Non-current assets totaled 54,539 million yen as of the end of the consolidated first half period under review (down 2,120 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,174 million yen (up 59 million yen), right-of-use assets of 5,640 million yen (down 1,008 million yen), and deferred tax assets of 3,543 million yen (down 739 million yen).

(Current liabilities)

Current liabilities totaled 37,097 million yen as of the end of the consolidated first half period under review (down 6,067 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 12,599 million yen (down 770 million yen), employee benefit liabilities of 6,990 million yen (up 592 million yen), lease liabilities of 4,232 million yen (down 1,656 million), and corporate bonds and loans payable of 1,989 million yen (down 2,464 million yen).

(Non-current liabilities)

Non-current liabilities totaled 18,599 million yen as of the end of the consolidated first half period under review (up 3,307 million yen from the end of the previous fiscal year). The primary components were loans payable of 7,462 million yen (up 4,257 million yen), other long-term financial liabilities of 5,233 million yen (up 19 million yen), and lease liabilities of 5,059 million yen (down 805 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 51,552 million yen as of the end of the consolidated first half period under review (up 3,323 million yen from the end of the previous fiscal year). The primary components were retained earnings of 39,172 million yen (up 3,032 million yen) and a capital surplus of 7,412 million yen (up 62 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 27,426 million yen as of end of the consolidated first half period under review, representing an increase of 4,629 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 10,641 million yen (same period of previous fiscal year: inflows of 8,115 million yen). This was mainly due to profit before taxes (9,645 million yen), a decrease in prepaid expenses (1,518 million yen), depreciation and amortization (1,338 million yen), and an income tax refund (1,182 million yen) offset by payments of corporate income taxes (2,693 million yen), a decrease in consumption tax payable (859 million yen), and a decrease in accounts payable and other liabilities (775 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 927 million yen (same period of previous fiscal year: outflows of 629 million yen). This was mainly due to outflows for payments into time deposits (830 million yen) and the acquisition of tangible fixed assets (180 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 5,107 million yen (same period of previous fiscal year: outflows of 7,779 million yen). This was mainly due to inflows from long-term borrowings (10,000 million yen) offset by repayment of long-term borrowings (7,158 million yen), dividend payments (3,606 million yen), and repayment of lease liabilities (3,342 million yen).

(3) Results forecasts and other forward-looking information

The Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021, which were undetermined in the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast" and the "FY2021 Q1 Financial Results Slide Presentation" released October 30, 2020, have been revised. For details, please see the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast, and Dividend from Surplus" and the "FY2021 Q2 Financial Results Slide Presentation".

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 December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	22,797	27,426
Accounts receivables and other receivables	20,214	19,546
Income taxes receivable	1,159	0
Other short-term financial assets	2,275	2,684
Other current assets	4,860	4,422
Total current assets	51,307	54,081
Non-current assets		
Property, plant and equipment	1,726	1,710
Right-of-use assets	6,649	5,640
Goodwill	36,115	36,174
Intangible assets	2,149	1,972
Other long-term financial assets	4,865	4,832
Deferred tax assets	4,282	3,543
Other non-current assets	871	665
Total non-current assets	56,660	54,539
Total assets	107,967	108,620
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	13,369	12,599
Loans payable	4,453	1,989
Lease liability	5,888	4,232
Income taxes payable	2,952	2,383
Other financial liabilities	2,055	2,054
Employee benefits liabilities	6,398	6,990
Provisions	11	41
Other current liabilities	8,037	6,806
Total current liabilities	43,165	37,097

(Millions of yen)

	As of June 30, 2020	December 31, 2020
Non-current liabilities		
Loans payable	3,205	7,462
Lease liabilities	5,865	5,059
Other long-term financial liabilities	5,214	5,233
Deferred tax liabilities	400	246
Retirement benefit liabilities	9	11
Provisions	459	443
Other non-current liabilities	138	143
Total non-current liabilities	15,292	18,599
Total liabilities	58,457	55,697
Equity		
Share capital	6,929	6,929
Capital surplus	7,349	7,412
Retained earnings	36,139	39,172
Treasury shares	(1,000)	(1,000)
Other components of equity	(1,188)	(960)
Equity attributable to owners of the parent company	48,229	51,552
Non-controlling interests	1,279	1,370
Total equity	49,509	52,923
Total liabilities and equity	107,967	108,620

(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, 2019 (July 1, 2019 to December 31, 2019)	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)
Revenue	79,037	79,451
Cost of sales	58,930	60,928
Gross profit	20,106	18,523
Selling, general and administrative expenses	11,994	10,231
Other income	191	1,515
Other expenses	82	126
Operating profit	8,221	9,680
Financial income	51	52
Financial expenses	69	88
Investment profit (loss) under the equity method	(11)	—
Profit before income taxes	8,191	9,645
Income taxes	2,465	2,941
Net profit	5,725	6,703
Net profit attributable to:		
Owners of the parent company	5,654	6,623
Non-controlling interests	71	80
Net profit	5,725	6,703
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	156.35	184.45
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended December 31, 2019 (October 1, 2019 to December 31, 2019)	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)
Revenue	40,141	40,256
Cost of sales	29,581	30,625
Gross profit	10,559	9,631
Selling, general and administrative expenses	6,144	5,191
Other income	80	935
Other expenses	158	51
Operating profit	4,337	5,323
Financial income	19	51
Financial expenses	35	41
Investment profit (loss) under the equity method	(4)	—
Profit before income taxes	4,315	5,333
Income taxes	1,287	1,626
Net profit	3,028	3,706
Net profit attributable to:		
Owners of the parent company	2,996	3,651
Non-controlling interests	31	55
Net profit	3,028	3,706
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	82.94	101.70
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income (Summary)

The consolidated six-month period

(Millions of yen)

	Six months ended December 31, 2019 (July 1, 2019 to December 31, 2019)	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)
Net profit	5,725	6,703
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	(154)	115
Total items that will not be reclassified to profit or loss	(154)	115
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	165	138
Total items that may be reclassified to profit or loss	165	138
Total other comprehensive income	10	253
Comprehensive income for the period	5,736	6,956
Comprehensive income for the period attributable to:		
Owners of the parent company	5,634	6,851
Non-controlling interests	101	105
Comprehensive income for the period	5,736	6,956

The consolidated three-month period

	Three months ended December 31, 2019 (October 1, 2019 to December 31, 2019)	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)
Net profit	3,028	3,706
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	115	245
Total items that will not be reclassified to profit or loss	115	245
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	285	76
Total items that may be reclassified to profit or loss	285	76
Total other comprehensive income	400	321
Comprehensive income for the period	3,428	4,028
Comprehensive income for the period attributable to:		
Owners of the parent company	3,338	3,957
Non-controlling interests	90	71
Comprehensive income for the period	3,428	4,028

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

Six-months ended December 31, 2019 (July 1, 2019 to December 31, 2019)

(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			5,654			5,654	71	5,725
Other comprehensive income			2		(22)	(20)	30	10
Total comprehensive income	—	—	5,657	—	(22)	5,634	101	5,736
Issuance of new shares	25	(25)				—		—
Dividends of surplus			(3,049)			(3,049)	(35)	(3,084)
Share-based payment transaction		(30)				(30)		(30)
Purchase of treasury shares				(1,061)		(1,061)		(1,061)
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)		(1)				(1)		(1)
Total transactions with the owners	25	(32)	(4,010)	2	—	(4,014)	(60)	(4,075)
As of December 31, 2019	6,929	7,272	32,776	—	(555)	46,423	1,303	47,726

Six-months ended December 31, 2020 (July 1, 2020 to December 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, 2020	6,929	7,349	36,139	(1,000)	(1,188)	48,229	1,279	49,509
Net profit			6,623			6,623	80	6,703
Other comprehensive income					228	228	25	253
Total comprehensive income	—	—	6,623	—	228	6,851	105	6,956
Dividends of surplus			(3,590)			(3,590)	(14)	(3,605)
Share-based payment transaction		62				62		62
Purchase of treasury shares				(0)		(0)		(0)
Total transactions with the owners	—	62	(3,590)	(0)	—	(3,528)	(14)	(3,542)
As of December 31, 2020	6,929	7,412	39,172	(1,000)	(960)	51,552	1,370	52,923

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Six months ended December 31, 2019 (July 1, 2019 to December 31, 2019)	Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	8,191	9,645
Depreciation and amortization	1,273	1,338
Interest and dividend income	(1)	(2)
Interest expense	62	56
Investment loss (profit) under the equity method	11	—
Decrease (increase) in accounts receivables and other receivables	(115)	675
Increase (decrease) in accounts payable and other liabilities	(717)	(775)
Increase (decrease) in deposits received	320	(187)
Decrease (increase) in prepaid expenses	1,719	1,518
Decrease (increase) in lease repayments	845	925
Increase (decrease) in consumption tax payable	340	(859)
Increase (decrease) in retirement benefit liabilities	(74)	(79)
Other	(647)	(60)
Subtotal	11,208	12,193
Interest received	1	1
Interest paid	(44)	(42)
Income taxes paid	(3,087)	(2,693)
Income tax refund	37	1,182
Net cash flows from operating activities	8,115	10,641
Cash flows from investing activities		
Payments into time deposits	(27)	(830)
Proceeds from withdrawal of time deposits	31	51
Purchase of tangible fixed assets	(501)	(180)
Purchase of intangible assets	(15)	(28)
Purchase of marketable securities	(99)	-
Payment for acquisition of other financial assets	(64)	(35)
Other	47	95
Net cash flows from investing activities	(629)	(927)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	155	(1,000)
Repayment of lease liabilities	(3,084)	(3,342)
Proceeds from long-term borrowings	1,000	10,000
Repayments of long-term borrowings	(1,570)	(7,158)
Redemption of bonds	(65)	—
Purchase of treasury shares	(1,061)	(0)
Cash dividends paid	(3,084)	(3,606)
Payments for purchase of interests in subsidiaries from non-controlling interests	(67)	-
Other	(0)	-
Net cash flows from financing activities	(7,779)	(5,107)
Effect of change in exchange rates on cash and cash equivalents	68	22
Net increase (decrease) in cash and cash equivalents	(224)	4,629
Cash and cash equivalents at the beginning of the period	21,230	22,797
Cash and cash equivalents at the end of the period	21,006	27,426

(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 the reportable segments, the Company does not consolidate its business segments, and the reportable segments are the same as the business segments.

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 same as those used for preparing the consolidated financial statements. Business between reportable segments is based on market prices, and segment profit is shown as operating profit.

Six-months ended December 31, 2019 (July 1, 2019 to December 31, 2019)

(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	62,538	9,768	1,635	5,068	79,010	26	79,037
Intersegment sales or transfers	138	—	408	223	769	(769)	—
Total revenue	62,676	9,768	2,044	5,291	79,780	(742)	79,037
Segment profit	6,431	1,157	262	353	8,203	17	8,221
Financial income	—	—	—	—	—	—	51
Financial expenses	—	—	—	—	—	—	69
Investment profit (loss) under equity method	—	—	—	—	—	—	(11)
Quarterly profit before income taxes	—	—	—	—	—	—	8,191
Other							
Depreciation and amortization	459	105	151	119	836	295	1,131
Amortization of customer-related assets	40	—	—	102	142	—	142
Profit on early exercise of put options	—	—	—	—	—	60	60
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	61	61
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.

Six-months ended December 31, 2020 (July 1, 2020 to December 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	63,164	9,919	1,492	4,852	79,428	23	79,451
Intersegment sales or transfers	140	—	206	335	682	(682)	—
Total revenue	63,304	9,919	1,699	5,187	80,111	(659)	79,451
Segment profit (loss)	7,704	1,565	26	433	9,729	(49)	9,680
Financial income	—	—	—	—	—	—	52
Financial expenses	—	—	—	—	—	—	88
Quarterly profit before income taxes	—	—	—	—	—	—	9,645
Other							
Depreciation and amortization	503	103	156	100	863	333	1,197
Amortization of customer-related assets	40	—	—	101	141	—	141
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	51	51
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 December 31, 2019 (October 1, 2019 to December 31, 2019)

(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	31,783	4,943	812	2,587	40,127	13	40,141
Intersegment sales or transfers	72	—	223	117	413	(413)	—
Total revenue	31,856	4,943	1,035	2,705	40,540	(399)	40,141
Segment profit	3,506	607	154	168	4,437	(100)	4,337
Financial income	—	—	—	—	—	—	19
Financial expenses	—	—	—	—	—	—	35
Investment profit (loss) under equity method	—	—	—	—	—	—	(4)
Quarterly profit before income taxes	—	—	—	—	—	—	4,315
Other							
Depreciation and amortization	232	52	75	65	426	147	573
Amortization of customer-related assets	20	—	—	51	72	—	72
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	138	138
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 December 31, 2020 (October 1, 2020 to December 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	31,973	4,943	748	2,577	40,243	12	40,256
Intersegment sales or transfers	74	—	86	196	357	(357)	—
Total revenue	32,048	4,943	835	2,773	40,600	(344)	40,256
Segment profit (loss)	4,271	780	38	270	5,361	(37)	5,323
Financial income	—	—	—	—	—	—	51
Financial expenses	—	—	—	—	—	—	41
Quarterly profit before income taxes	—	—	—	—	—	—	5,333
Other							
Depreciation and amortization	247	51	78	49	427	166	594
Amortization of customer-related assets	20	—	—	50	70	—	70
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	32	32
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.