

Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2022

August 8, 2022

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/en/>
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Scheduled date of the general meeting of shareholders September 29, 2022
Scheduled commencement date for dividend payment September 30, 2022
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Supplementary materials for financial results: Yes
Briefing session for financial results: Yes (For institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 – June 30, 2022)

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

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended June 30, 2022	178,756	10.8	19,038	7.9	20,641	6.1	20,967	7.7	15,659	16.9	15,430	16.5
FY ended June 30, 2021	161,316	1.8	17,639	8.4	19,461	23.4	19,472	22.9	13,392	22.1	13,245	22.4

	Comprehensive income for the period		Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to the owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Million yen	%	Yen	Yen	%	%	%
FY ended June 30, 2022	18,460	27.0	143.24	—	24.5	16.1	11.5
FY ended June 30, 2021	14,533	41.5	122.96	—	25.1	17.2	12.1

(Ref.) Equity in net income of affiliates: FY ended June 30, 2022: (- million yen); FY ended June 30, 2021: (- million yen)

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

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. "Basic earnings per share" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company	Equity attributable to the owners of the parent company per share
	Million yen	Million yen	Million yen	%	Yen
FY ended June 30, 2022	141,968	70,428	68,718	48.4	637.90
FY ended June 30, 2021	117,989	58,733	57,226	48.5	531.22

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. "Equity attributable to the owners of the parent company per share" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Net cash from operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended June 30, 2022	18,857	(7,975)	(6,551)	37,432
FY ended June 30, 2021	22,081	(1,374)	(11,114)	32,524

2. Dividends

	Annual dividends per share					Total Dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent company (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended June 30, 2021	—	50.00	—	135.00	185.00	6,643	50.2	12.6
FY ended June 30, 2022	—	20.00	—	52.00	72.00	7,756	50.3	12.3
FY ending June 30, 2023 (forecast)	—	25.00	—	47.00	72.00		57.0	

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. Actual dividend amounts per share pre-stock split are stated for FY ended June 30, 2021.

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
Second quarter (accumulated)	94,500	9.4	9,200	1.9	9,200	(17.0)	9,100	(19.0)	6,200	(20.5)	57.55
Full year	195,000	9.1	20,000	5.1	20,000	(3.1)	19,800	(5.6)	13,600	(11.9)	126.25

* Notes

(1) Changes to important subsidiaries during the period (changes to “Specified Subsidiaries” that involve changes made to scope of consolidation): None

(2) Changes to accounting policies and accounting estimates
i. Changes to accounting policies as required by IFRS: None
ii. Changes to accounting policies other than i.: None
iii. Changes to accounting estimates: None

(3) Number of outstanding shares (ordinary shares)

i. Number of outstanding shares at the end of the period (including treasury shares)	FY ended June 30, 2022	108,421,164 shares	FY ended June 30, 2021	108,421,164 shares
ii. Number of treasury shares at the end of the period	FY ended June 30, 2022	695,291 shares	FY ended June 30, 2021	695,109 shares
iii. Average number of shares during the period	FY ended June 30, 2022	107,725,910 shares	FY ended June 30, 2021	107,726,083 shares

(Note) The Group conducted a three-for-one split of ordinary shares on July 1, 2021. “Number of outstanding shares at the end of the period,” “Number of treasury shares at the end of the period,” and “Average number of shares during the period” are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

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

* Explanation regarding proper use of financial results forecasts, and other notes

(Cautionary note on forward-looking statements)

Forward-looking statements in this document about future performance are based on information currently available and certain assumptions that are considered reasonable. Due to unforeseen circumstances, actual results may differ from such estimates.

(Obtaining supplementary materials for financial results)

The Company plans to hold a briefing on business results for institutional investors and analysts on August 8, 2022. The Company plans to post supplementary and other materials for the briefing on the Company’s website at the same time that the information is disclosed to the Tokyo Stock Exchange.

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1. Analysis of Business Performance and Financial Position

(1) Summary of business performance

During consolidated fiscal year under review (July 1, 2021 to June 30, 2022), uncertainty in the global economy continued due to concerns over inflation including rising resource prices, the sluggish Chinese economy, tension toward the seemingly unending situation in Ukraine, and other factors. In Japan, despite signs for a time that the COVID-19 pandemic may be coming to an end, uncertainty continued due to a rebound in infections as a result of the new omicron variant, shortages of semiconductor components and other goods, and the rapid depreciation of the yen, among other factors.

In this environment, customer demand for the Group's core business area of engineer dispatching and contract assignment has largely recovered to pre-pandemic levels, demonstrating the strong foundations of the Group's business. In addition, hiring activities have proceeded as planned, and the Group made a good start towards achieving Evolution 2026, its new medium-term management plan (July 1, 2021 to June 30, 2026), which it launched on August 10, 2021.

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

Secure engineers

The resumption of hiring activities in September 2020 and the focus on forming a candidate applicant pool led to an increase, starting from April 2021, in the number of engineers on payroll in Japan. While online interviews have now become the norm, by continuing to provide sufficient information and engaging in careful communication with candidates, the number of engineers recruited in Japan in the consolidated fiscal year under review was 3,830 (of which 851 were new graduate engineers who joined the Group in April 2022, and 18 were engineers secured through M&As), resulting in a record number of engineers on payroll in Japan.

The Group will focus on hiring high-demand IT and DX-related engineers while continuing efforts to curb retirements to secure a sufficient number of engineers – the source of our growth.

Higher quality and diversification of services, higher value-added engineers

One of the goals set out in Evolution 2026, the Group's medium-term management plan, is to strengthen the solution business as the evolution of the Group's core business area of engineer dispatching. GCOMNET CO., LTD. joined the Group on July 30, 2021 (merging with TechnoPro, Inc. on October 1, 2021). The Group is leveraging GCOMNET's strengths in the upstream process of core system ERP package SAP implementation consulting and IT infrastructure development, and has implemented GCOMNET's training expertise into the Group's engineer training program. Further, the Group has expanded the scope of technologies covered by training programs with alliance partners and strengthened cross-skilling such as chemicals/biotechnology and IT/digital, or construction and IT/digital. In addition, the Group has been certified by Amazon Web Services (AWS) as an AWS HR Service Partner, and are currently implementing a plan to acquire a total of 3,000 AWS Certifications over the next three years. The Group plans to train engineers who can respond to the growing demand for cloud technology by leveraging the Group's technical training infrastructure while utilizing AWS training content.

The Group will continue to expand its solution service offerings to customers through initiatives to strengthen engineer capabilities.

Promote globalization

To promote globalization within the Group, the Group has begun operating a "service catalogue" that showcases the track records and capabilities of its overseas subsidiaries. The aim of this initiative is to acquire offshore development projects by utilizing the robust sales network of the Group's domestic businesses. In addition, the Group enhanced its domestic operation in the field of UI/UX design through collaboration with Robosoft Technologies Private Limited, a company which became part of the Group on September 1, 2021.

The Group will continue to actively promote groupwide collaboration on a global basis, leveraging its domestic

customer base and strengths in offshore development and delivery.

As a result of the initiatives described above, the number of engineers on payroll in Japan at the end of the consolidated fiscal year under review was 22,048 (up 1,718 compared to the end of previous fiscal year). The average utilization rate for the period under review was 95.3% (up 0.7 pts compared to the previous fiscal year). Regarding the Group's continuous efforts to improve sales per engineer, while the number of operating days per month has decreased compared to the previous fiscal year, average monthly sales per engineer were 658 thousand yen (up 24 thousand yen compared to the same period of the previous fiscal year), due to increased overtime hours and the increase in unit prices as a result of the Shift Up and Charge Up initiatives, as well as expansion in the solutions business, among other factors.

In terms of expenses, in comparison to the previous fiscal year when new hiring was effectively frozen for the consolidated first half period, SG&A increased significantly. This was mainly due to full-scale implementation of hiring, and upfront investment for implementation of medium-term plan initiatives such as recruitment and training for the acquisition of solutions-related human resources and the development of information systems. However, core operating profit rose by 1,399 million yen compared to the previous fiscal year, due to the improvement in gross profit as a result of the increased number of employees assigned in Japan and other factors.

As a result, the Group's performance was as follows: revenue for the consolidated fiscal year was 178,756 million yen (up 10.8% compared to the previous fiscal year), core operating profit was 19,038 million yen (up 7.9%), operating profit was 20,641 million yen (up 6.1%), profit before taxes was 20,967 million yen (up 7.7%), and net profit attributable to the owners of the parent company was 15,430 million yen (up 16.5%).

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

(R&D Outsourcing)

In order to expand its IT business, which has been performing well within R&D Outsourcing, the Group implemented software-related training for hardware-related engineers and chemical/biochemical-related engineers and implemented 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, engineers on payroll at the end of the consolidated fiscal year under review were 19,257 (up 1,565 compared to the end of the previous fiscal year) and assigned engineers were 18,332 (up 1,509). As a result, revenue in this segment was 137,471 million yen (up 7.5%).

(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 impact of COVID-19 has been minimal and so a high utilization rate has been maintained. On payroll and assigned engineers were 2,791 and 2,685, respectively, at the end of the consolidated fiscal year under review (up 153 and 161, respectively, compared to the end of the previous fiscal year). As a result, revenue in this segment was 20,311 million yen (up 3.3%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. The performance of both of these businesses had been sluggish in the previous fiscal year, due to the impact of COVID-19, but were on a recovery trend during the consolidated fiscal year under review. In professional recruitment services there was recovery in the hiring demand among those clients preparing for post-COVID-19, contributing to the improvement of performance. In the engineering education and training

service, we expanded the availability of online services launched the previous fiscal year to offer them to corporations as well as individuals. As a result, revenue in this segment was 4,898 million yen (up 28.9%).

(Overseas Businesses)

While there were differences between countries, the Group's Overseas Businesses generally returned to growth. Demand for technology development in China continued and the Group proceeded with contracted R&D operations on an offshore basis via partnerships with key customers: Japanese companies in China and their parent Japanese companies. Personnel dispatch and professional recruitment services in Asian countries except China and the UK performed well, supported by strong demand. In addition, the acquisition of Robosoft Technologies Private Limited as a subsidiary had a significantly positive impact from the consolidated second quarter period onwards. As a result, revenue in this segment was 18,976 million yen (up 66.0%).

(2) Summary of financial position

Assets totaled 141,968 million yen as of the end of the consolidated fiscal year under review (up 23,978 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,960 million yen, cash and cash equivalents of 37,432 million yen, and accounts receivables and other receivables of 25,071 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 74,039 million yen as of the end of the consolidated fiscal year under review (up 9,925 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 37,432 million yen (up 4,907 million yen), and accounts receivables and other receivables of 25,071 million yen (up 4,355 million yen).

(Non-current assets)

Non-current assets totaled 67,929 million yen as of the end of the consolidated fiscal year under review (up 14,052 million yen from the end of the previous fiscal year). The primary components were goodwill of 45,960 million yen (up 9,652 million yen), intangible assets of 5,045 million yen (up 3,069 million yen), and deferred tax assets of 4,878 million yen (up 484 million yen). The increase in goodwill and intangible assets was mainly due to the acquisition of Robosoft Technologies Private Limited as a subsidiary

(Current liabilities)

Current liabilities totaled 49,161 million yen as of the end of the consolidated fiscal year under review (up 5,514 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 16,751 million yen (up 2,462 million yen), employee benefits liabilities of 8,112 million yen (up 764 million yen), other current liabilities of 7,090 million yen (down 3 million yen), and other short term financial liabilities of 7,057 (up 3,425 million yen). The increase in other short term financial liabilities was mainly due to an increase of 4,176 million yen for the acquisition of the remaining shares (20%) of Robosoft Technologies Private Limited.

(Non-current liabilities)

Non-current liabilities totaled 22,378 million yen as of the end of the consolidated fiscal year under review (up 6,768 million yen from the end of the previous fiscal year). The primary components were bonds and loans payable of 14,427 million yen (up 7,960 million yen), lease liabilities of 4,070 million yen (down 131 million yen), and other long-term financial liabilities of 2,222 million yen (down 1,896 million yen). The increase in bonds and loans payable was mainly due to the new issuance of 10 billion yen in straight bonds, and the decrease in other long-term financial liabilities was mainly due to a decrease of 1,863 million yen in put option liabilities for the remaining shares (49%) of Helius Technologies Pte Ltd.

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 68,718 million yen as of the end of the consolidated fiscal year under review (up 11,492 million yen from the end of the previous fiscal year). The

primary components were retained earnings of 51,986 million yen (up 8,428 million yen) and a capital surplus of 7,966 million yen (up 505 million yen).

(3) Cash flow conditions

Cash and cash equivalents (hereinafter "Cash") totaled 37,432 million yen as of the end of the consolidated fiscal year under review, representing an increase of 4,907 million yen compared to the end of the previous fiscal year. Cash flow during the consolidated fiscal year under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 18,857 million yen (same period of previous fiscal year: inflows of 22,081 million yen). This was mainly due to profit before taxes (20,967 million yen), depreciation and amortization (3,100 million yen), a decrease in prepaid expenses (2,718 million yen) and an increase in accounts payable and other liabilities (2,124 million yen) offset by payments of corporate income taxes (8,885 million yen) and an increase in accounts receivables and other receivables (3,463 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 7,975 million yen (previous fiscal year: outflows of 1,374 million yen). This was mainly due to an increase in cash due to proceeds from sales and redemption of investments (3,594 million yen) offset by a decrease in cash due to payment for acquisition of subsidiaries (8,681 million yen) and payments for acquisition of investments (2,414 million yen). The outflows for the payment for acquisition of subsidiaries were for Robosoft Technologies Private Limited (8,729 million yen) and GCOMNET CO., LTD. (312 million yen), partially offset by the increase in cash (360 million yen) incorporated into consolidation from these new subsidiaries. In addition, proceeds from sales and redemption of investments includes sales of investments in marketable securities (1,563 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 6,551 million yen (previous fiscal year: outflows of 11,114 million yen). This was mainly due to an increase in cash due to inflows from bond issuances (9,939 million yen) offset by a decrease in cash due to dividend payments (7,053 million yen), repayment of lease liabilities (6,667 million yen), and repayments of long-term borrowings (2,000 million yen). The outflow for payments for purchase of interests in subsidiaries from non-controlling shareholders (698 million yen) was the additional amount paid to acquire 20% of the shares of Orion Managed Services Limited.

(4) Business performance forecasts

In the medium-to-long term, customer demand for technological innovation, a source of their competitiveness, is expected to be robust. Further, given the continued shortage of engineers in Japan, the Group expects strong demand for engineer resources. The Group will promote higher quality services with a focus on training and securing capable IT engineers for whom customer demand is particularly strong. In addition, the Group will actively promote group cooperation globally, as travel restrictions implemented as a result of the COVID-19 pandemic are gradually eased.

Based on these initiatives, for the fiscal year ending June 30, 2023, the second year of "Evolution 2026," the Group's five-year medium-term management plan, the Group expects the number of engineers on payroll in Japan at the end of the fiscal year will be 23,600 (up 1,552 compared to the end of the consolidated fiscal year under review), the average utilization rate for the fiscal year will be 95.2% (down 0.1 pts), and sales per engineer will be 668 thousand yen (up 10 thousand yen). With these assumptions, revenue is expected to be 195,000 million yen (up 9.1%), core operating profit is expected to be 20,000 million yen (up 5.1%), operating profit is expected to be 20,000 million yen (down 3.1%), profit before taxes is expected to be 19,800 million yen (down 5.6%), and net income attributable to owners of the parent is expected to be 13,600 million yen (down 11.9%).

2. Basic stance towards the selection of accounting standards

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

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	32,524	37,432
Accounts receivables and other receivables	20,716	25,071
Income taxes receivable	1,591	982
Other short-term financial assets	4,829	5,166
Other current assets	4,450	5,385
Total current assets	64,113	74,039
Non-current assets		
Property, plant and equipment	1,757	2,346
Right-of-use assets	5,074	4,654
Goodwill	36,307	45,960
Intangible assets	1,975	5,045
Other long-term financial assets	3,656	4,241
Deferred tax assets	4,393	4,878
Other non-current assets	710	804
Total non-current assets	53,876	67,929
Total assets	117,989	141,968
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	14,288	16,751
Loans payable	1,990	1,990
Lease liabilities	5,161	5,048
Income taxes payable	4,129	3,108
Other financial liabilities	3,632	7,057
Employee benefits liabilities	7,348	8,112
Provisions	3	0
Other current liabilities	7,093	7,090
Total current liabilities	43,647	49,161

(Millions of yen)

	As of June 30, 2021	As of June 30, 2022
Non-current liabilities		
Bonds and loans payable	6,467	14,427
Lease liabilities	4,202	4,070
Other long-term financial liabilities	4,118	2,222
Deferred tax liabilities	238	1,031
Retirement benefit liabilities	14	17
Provisions	449	481
Other non-current liabilities	117	126
Total non-current liabilities	15,609	22,378
Total liabilities	59,256	71,539
Equity		
Share capital	6,929	6,929
Capital surplus	7,460	7,966
Retained earnings	43,557	51,986
Treasury shares	(1,000)	(1,001)
Other components of equity	279	2,837
Equity attributable to owners of the parent company	57,226	68,718
Non-controlling interests	1,506	1,710
Total equity	58,733	70,428
Total liabilities and equity	117,989	141,968

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

(Millions of yen)

	Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Revenue	161,316	178,756
Cost of sales	121,589	131,897
Gross profit	39,727	46,858
Selling, general and administrative expenses	22,087	27,819
Other income	2,162	2,387
Other expenses	340	784
Operating profit	19,461	20,641
Financial income	202	460
Financial expenses	190	134
Profit before income taxes	19,472	20,967
Income taxes	6,080	5,307
Net profit	13,392	15,659
Net profit attributable to:		
Owners of the parent company	13,245	15,430
Non-controlling interests	146	228
Net profit	13,392	15,659
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic earnings per share	122.96	143.24
Diluted earnings per share	-	-

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Net profit	13,392	15,659
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	567	—
Total items that will not be reclassified to profit or loss	567	—
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	573	2,800
Total items that may be reclassified to profit or loss	573	2,800
Total other comprehensive income	1,140	2,800
Comprehensive income for the period	14,533	18,460
Comprehensive income for the period attributable to:		
Owners of the parent company	14,272	17,989
Non-controlling interests	261	471
Comprehensive income for the period	14,533	18,460

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 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, 2020	6,929	7,349	36,139	(1,000)	(1,009)	(179)	(1,188)	48,229
Net profit			13,245				—	13,245
Other comprehensive income			(441)		1,009	458	1,467	1,026
Total comprehensive income	—	—	12,804	—	1,009	458	1,467	14,272
Dividends of surplus			(5,386)				—	(5,386)
Share-based payment transaction		111					—	111
Purchase of treasury shares				(0)			—	(0)
Total transactions with the owners	—	111	(5,386)	(0)	—	—	—	(5,275)
As of June 30, 2021	6,929	7,460	43,557	(1,000)	—	279	279	57,226

	Non-controlling interests	Total equity
As of July 1, 2020	1,279	49,509
Net profit	146	13,392
Other comprehensive income	114	1,140
Total comprehensive income	261	14,533
Dividends of surplus	(34)	(5,420)
Share-based payment transaction		111
Purchase of treasury shares		(0)
Total transactions with the owners	(34)	(5,309)
As of June 30, 2021	1,506	58,733

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Millions of yen)

	Equity attributable to the owners of the parent company						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total equity attributable to owners of the parent company
					Foreign currency translation adjustments	Total other components of equity	
As of July 1, 2021	6,929	7,460	43,557	(1,000)	279	279	57,226
Net profit			15,430			—	15,430
Other comprehensive income					2,558	2,558	2,558
Total comprehensive income	—	—	15,430	—	2,558	2,558	17,989
Dividends of surplus			(7,002)			—	(7,002)
Share-based payment transaction		290				—	290
Purchase of treasury shares				(0)		—	(0)
Changes in ownership interests in subsidiaries		215				—	215
Total transactions with the owners	—	505	(7,002)	(0)	—	—	(6,497)
As of June 30, 2022	6,929	7,966	51,986	(1,001)	2,837	2,837	68,718

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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Cash flows from operating activities		
Profit before income taxes	19,472	20,967
Depreciation and amortization	2,658	3,100
Impairment loss	—	361
Loss (profit) from put options granted to non-controlling interest	(41)	(1,822)
Interest and dividend income	(69)	(21)
Interest expense	105	108
Decrease (increase) in accounts receivables and other receivables	(494)	(3,463)
Increase (decrease) in accounts payable and other liabilities	914	2,124
Increase (decrease) in deposits received	62	86
Decrease (increase) in prepaid expenses	2,980	2,718
Decrease (increase) in lease repayments	1,817	1,883
Increase (decrease) in consumption tax payable	(1,300)	(231)
Increase (decrease) in retirement benefit liabilities	(679)	(699)
Other	1,645	1,058
Subtotal	27,070	26,173
Interest and dividend received	65	19
Interest paid	(68)	(64)
Income taxes paid	(6,169)	(8,885)
Income tax refund	1,182	1,614
Net cash flows from operating activities	22,081	18,857
Cash flows from investing activities		
Payments into time deposits	(1,198)	(1,512)
Proceeds from withdrawal of time deposits	242	1,738
Purchase of tangible fixed assets	(265)	(497)
Purchase of intangible assets	(86)	(195)
Payments for acquisition of investments	—	(2,414)
Proceeds from sales and redemption of investments	—	3,594
Payment for acquisition of subsidiaries	—	(8,681)
Other	(66)	(6)
Net cash flows from investing activities	(1,374)	(7,975)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(999)	(72)
Repayment of lease liabilities	(6,535)	(6,667)
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(8,158)	(2,000)
Proceeds from issuance of bonds	—	9,939
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(5,421)	(7,053)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(698)
Net cash flows from financing activities	(11,114)	(6,551)
Effect of change in exchange rates on cash and cash equivalents	135	576
Net increase (decrease) in cash and cash equivalents	9,727	4,907
Cash and cash equivalents at the beginning of the period	22,797	32,524
Cash and cash equivalents at the end of the period	32,524	37,432

(5) Notes to the consolidated financial results

(Note on assumption about going concern)

Not applicable.

(Note on segment information)

1. Segment information overview

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

Overview of the reportable segments:

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

2. Information on reportable segments

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

Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 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	127,483	19,670	3,311	10,808	161,273	42	161,316
Intersegment sales or transfers	386	-	489	624	1,499	(1,499)	-
Total revenue	127,870	19,670	3,800	11,432	162,773	(1,456)	161,316
Segment profit	15,815	2,791	315	764	19,687	(226)	19,461
Financial income	-	-	-	-	-	-	202
Financial expenses	-	-	-	-	-	-	190
Profit before income taxes	-	-	-	-	-	-	19,472
Segment assets	86,226	11,463	4,619	8,577	110,888	7,101	117,989
Other							
Depreciation and amortization	1,009	210	308	179	1,708	660	2,368
Amortization of customer-related assets	80	-	-	209	289	-	289
Change (profit) in fair value related to put option	-	-	-	-	-	41	41
Profit on currency exchange related to put option liabilities	-	-	-	-	-	-	-
Loss on currency exchange related to put option liabilities	-	-	-	-	-	210	210
Impairment loss	-	-	-	-	-	-	-

(Notes)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are mainly general administrative expenses of the Company, not allocated to reportable segments.
2. Segment assets under Eliminations/Corporate includes corporate assets of 11,637 million yen not allocated to individual reportable segments and eliminations of intersegment transactions of -4,536 million yen. Corporate assets are mainly cash and cash equivalents, right-of-use assets, and income taxes receivable of the Company, not allocated to reportable segments.
3. Depreciation and amortization does not include amortization of customer-related assets.

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	136,675	20,311	3,638	18,056	178,682	74	178,756
Intersegment sales or transfers	796	(0)	1,260	920	2,976	(2,976)	—
Total revenue	137,471	20,311	4,898	18,976	181,658	(2,902)	178,756
Segment profit	14,151	2,489	672	1,925	19,239	1,401	20,641
Financial income	—	—	—	—	—	—	460
Financial expenses	—	—	—	—	—	—	134
Profit before income taxes	—	—	—	—	—	—	20,967
Segment assets	88,568	11,914	5,659	27,900	134,042	7,925	141,968
Other							
Depreciation and amortization	1,055	224	305	238	1,823	708	2,531
Amortization of customer-related assets	113	—	—	455	569	—	569
Change (profit) in fair value related to put option	—	—	—	—	—	1,817	1,817
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	94	94
Impairment loss	361	—	—	—	361	—	361

(Notes)

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

3. Product and service information

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

4. Information by region

Information by region is omitted because non-current assets in Japan and sales to external customers in Japan account for the majority of sales.

5. Information on major customers

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

(Per share information)

The per share information is as follows.

	Fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Net profit attributable to the owners of the parent company (millions of yen)	13,245	15,430
Average outstanding ordinary shares during the fiscal year (shares)	107,726,083	107,725,910
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	122.96	143.24

(Notes)

1. Diluted earnings per share are not shown as there are no residual shares.
2. The Group conducted a three-for-one split of ordinary shares on July 1, 2021. "Per share information" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.