Translation

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Summary of Business Results for the Third Quarter Ended March 31, 2022 [Japan GAAP] (Consolidated)

May 13, 2022

Company **BeNext-Yumeshin Group Co.** Listed on the TSE
Stock Code 2154 URL https://www.yumeshin-benext.co.jp/en/
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Expected date of filing of quarterly report: May 13, 2022 Expected starting date of dividend payment: -
Preparation of quarterly supplementary financial document: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the nine months ended March 2022 (July 1, 2021 through March 31, 2022)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Mar. 2022	118,743	99.7	4,884	43.2	5,899	33.3	3,220	12.1
Nine months ended Mar. 2021	59,453	-5.0	3,409	-18.5	4,426	6.9	2,872	171.6

(Note) Comprehensive income
Nine months ended March 2022: 3,166 million yen (10.3%)
Nine months ended March 2021: 2,870 million yen (170.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 2022	36.06	35.92
Nine months ended Mar. 2021	66.96	66.72

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Mer. 2022	118,142	90,952	76.9
As of Jun. 2021	129,374	96,169	74.2

(Reference) Shareholders' equity:
As of March 2022: 90,809 million yen
As of June 2021: 95,938 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Jun. 2021	-	17.00	-	27.00	44.00
Year ending Jun. 2022	-	17.00			
Year ending Jun. 2022 (forecast)			-	28.00	45.00

(Note) 1. Revisions to dividend forecast for the current quarter: None
2. The breakdown of the year-end dividend for the fiscal year ended June 2021 is ordinary dividend of 25.00 yen and commemorative dividend of 2.00 yen (absorption-type merger commemorative dividend).

3. Forecast of consolidated business results for the fiscal year ending September 2022 (October 1, 2021 through September 30, 2022)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Jun. 2022	154,000	61.9	5,000	49.0	6,000	21.6	2,900	11.0	31.96

(Note) 1. Revisions to business forecast for the current quarter: None

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

①Changes in accounting policies associated with revision of accounting standards:	: Yes
②Changes in accounting policies other than ①	: None
③Changes in accounting estimates	: None
④Restatement	: None

(4) Shares outstanding (common stock)

①Number of shares outstanding at the end of period (treasury stock included)

As of March 2022	91,214,796 shares
As of June 2021	91,000,534 shares

②Treasury stock at the end of period

As of March 2022	2,897,072 shares
As of June 2021	272,768 shares

③Average number of stock during period (quarterly cumulative period)

Nine months ended March 2022	89,331,177 shares
Nine months ended March 2021	42,895,430 shares

***Quarterly financial summary is not subject to quarterly auditing procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

(Method for obtaining financial results briefing materials)

On Fryday, May 13, 2022, the Company plans to hold results briefing for institutional investors and analysts. Financial results briefing materials will be disclosed on our website promptly after this event.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

Any forward-looking statements in the following information are based on judgments as of the end of the first nine months of the consolidated fiscal year under review.
Effective from the beginning of the first quarter of the fiscal year under review, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Details of the impact on the Company's financial position and results of operations are described in "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

(1) Summary of Operating Results

Net sales for the first nine months of the consolidated fiscal year under review increased 99.7% year on year, to 118,743 million yen. This increase in net sales is largely attributable to the addition of the earnings of former Yumeshin Holdings Co., Ltd. to the Machinery, Electronics and IT Software Segment and the Construction Segment as a result of management integration on April 1, 2021, the end to the impact of COVID-19 in the Overseas Segment chiefly in the UK, and the recording of earnings for 12 months associated with the change in fiscal year end. On the profit front, although management integration and higher net sales bolstered profits, amortization expense for intangible assets incurred through the allocation of goodwill and purchase price due to management integration was recorded mainly in the Construction Segment, resulting in operating income of 4,884 million yen, up 43.2% % year on year, ordinary income of 5,899 million yen, up 33.3% year on year, and net income attributable to owners of parent of 3,220 million yen, up 12.1% year on year.

A summary of the results of each segment is as follows. The net sales of each segment are sales to external customers.
Since the Company is a holding company responsible for Group corporate management, the Company's results have been included in corporate expenses since the previous fiscal year.
Due to the implementation of management integration with Yumeshin Holdings Co., Ltd. in the previous fiscal year, the Engineer Temporary Staffing Segment of former Yumeshin Holdings Co., Ltd. was integrated into the previously named Engineer Segment, which was renamed the Machinery, Electronics and IT Software Segment. The Construction Segment was added as a new reporting segment. The Manufacturing Segment is still referred to as the Manufacturing Segment. Since the Construction Segment is a new segment established as a result of management integration, there are no-year-on-year comparisons for this segment.

[Machinery, Electronics and IT Software Segment] (Temporary staffing, contracting and consigning business for the development, design, operation and maintenance sectors of the IT software, machinery and electronics domain)
During the first nine months under review, Yume Technology Co., Ltd., etc. joined this segment a result of management integration on April 1, 2021 and the number of skilled employees in areas such as system development. IT infrastructure, machinery and electronics increased significantly. In terms of profits, although the profit margin was slightly lower because the Company sought to further increase the number of assigned employees and made aggressive investments in the recruitment and training of unskilled individuals and in the sales activities, the utilization rate showed improvement from the start of the period and steady progress was also made in maintaining and improving the hourly rate against the backdrop of rising demand for engineers.
As a result, net sales and segment profit increased 60.0% and 21.0% year on year, to 52,006 million yen and 4,799 million yen, respectively, in the first nine months under review.

[Construction Segment] (Temporary staffing business supplying construction managers and CAD operators to the construction industry)
During the first nine months under review, the number of active employees increased from the end of the previous fiscal year and the utilization rate also remained at a comparatively high level, resulting in increased profit. However, amortization expense for intangible assets incurred through the allocation of goodwill and purchase price resulting from management integration was allocated to each domain according to expected future economic benefits, and amortization expense of approximately 3 billion yen was recorded in the Construction Segment.
As a result, net sales of this segment for the first nine months under review came to 27,685 million yen and segment profit-was 1,116 million yen.

[Manufacturing Segment] (Contracting, consigning and temporary staffing business for the manufacturing processes, etc, of clients)
During the first nine months under review, demand for human resources varied in each manufacturing industry domain but the Company made progress winning orders by paying attention to detail in its sales activities and continued to maintain profit margins in the contracting business by controlling the cost ratio.
As a result, net sales and segment profit increased 12.5% and 10.2% year on year, to 7,082 million yen and 402 million yen, respectively, in the first nine months under review.

[Overseas Segment] (Temporary staffing and contracting for engineering and manufacturing sectors and human resource services, such as paid job introduction, outside of Japan)

During the first nine months under review, demand for temporary staffing and paid job introduction in the UK staged a recovery as the impact of COVID-19 diminished.
However, workers from outside of the UK decreased because of Brexit and the resulting increase in recruitment costs combined with other factors such as the end of government subsidies provided since last year put the squeeze on profits.

In addition, the UK operating company changed its fiscal -year end from the end of March to the end of June to align it with the Group's fiscal year end. Accordingly, the earnings for the twelve-month period from April 2021 to March 2022 were recognized for the first nine months.

As a result, net sales and segment profit increased 50.1% and 340.6% year on year, to 30,997 million yen and 271 million yen, respectively, in the first nine months under review.

[Others]

As domains not included in the reportable segments, SAMURAI, Inc., which joined the Group as a result of the management integration, provides an online programming learning service, whilst BeNEXT With Inc., a special subsidiary of the Group, employs persons with disabilities to provide various types of services within the Group.

During the nine months under review, the online programming learning service performed solidly but COVID-19 put certain constraints on the various types of services provided within the Group. As a result, in the first nine months under review, net sales, including internal transactions increased 882.9% year on year, to 1,204 million yen and segment loss came to 177 million yen (compared with a segment loss of 226 million yen in the same period of the previous fiscal year).

(2) Summary of Financial Position

Assets / Liabilities / Net assets

(Assets)

Assets totaled 118,142 million yen at the end of the first nine months under review after a decrease of 11,232 million yen (8.7%) from the end of the previous consolidated fiscal year. This change was largely attributable to a decrease of 7,171 million yen in cash and deposits mainly reflecting dividends and income taxes paid and the repayment of long term borrowings, and a decrease of 2,904 million yen in goodwill due to amortization, a decrease of 1,471 million yen in other current assets, and an increase of 859 million yen in investments and other assets.

(Liabilities)

Liabilities at the end of the first nine months under review totaled 27,189 million yen, a decrease of 6,015 million yen (18.1%) from the end of the previous fiscal year. This change was largely attributable to a decrease of 2,994 million yen in long-term borrowings due to repayment, a decrease of 749 million yen in the current portion of long-term borrowings, a decrease of 3,308 million yen in other current liabilities, and an increase of 1,137 million yen in provision for bonuses.

(Net assets)

Net assets at the end of the first nine months under review totaled 90,952 million yen, a decrease of 5,216 million yen (5.4%) from the end of the previous fiscal year. This change was largely attributable to the recording of net income attributable to owners of parent of 3,220 million yen, a decrease of 273 million yen in retained earnings associated with the recognition of NCI put options liabilities at a UK subsidiary, and a decrease of 1,011 million yen in retained earnings due primarily to dividends paid of 3,962 million yen, and a decrease of 3,967 million yen due to the purchase of treasury shares.

(3) Summary of Information on Future Forecasts, including the Forecast of Consolidated Results

At present, the Group remain unchanged its financial forecasts announced on February 10, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (June 30, 2021)	Current Third Quarter (March 31, 2022)
Assets		
Current assets		
Cash and deposits	21,095	13,923
Notes and accounts receivable-trade	19,512	19,869
Notes and accounts receivable - trade, and contract assets		
Other	4,361	2,890
Allowance for doubtful accounts	-215	-258
Total current assets	44,754	36,425
Noncurrent assets		
Property, plant and equipment	1,884	1,849
Intangible assets		
Goodwill	74,880	71,976
Other	2,494	1,746
Total intangible assets	77,375	73,723
Investments and other assets		
Other	5,446	6,305
Allowance for doubtful accounts	-85	-161
Total investments and other assets	5,360	6,144
Total noncurrent assets	84,620	81,717
Total assets	129,374	118,142
Liabilities		
Current liabilities		
Short-term debt	1,962	1,825
Current portion of bonds	206	196
Current portion of long-term loans payable	3,016	2,267
Income taxes payable	1,250	1,134
Provision for bonuses	2,656	3,794
Other	16,244	12,935
Total current liabilities	25,336	22,153
Noncurrent liabilities		
Bonds payable	347	126
Long-term loans payable	5,961	2,966
Obligations for retirement plan	985	1,009
Other	574	934
Total noncurrent liabilities	7,868	5,036
Total liabilities	33,205	27,189
Net assets		
Shareholders’equity		
Capital	4,436	4,541
Capital surplus	82,785	82,642
Retained earnings	8,937	8,126
Treasury stock	-385	-4,353
Total shareholders' equity	95,773	90,957
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	6	43
Foreign currency translation adjustments	153	7
Remeasurements of defined benefit plans	4	1
Total accumulated other comprehensive income	164	52
Share subscription rights	88	87
Non-controlling shareholders' equity	142	56
Total net assets	96,169	90,952
Total liabilities and net assets	129,374	118,142

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)

(For nine-month period)

(Millions of yen)

	Previous Third Quarter (July 1, 2020 - March 31, 2021)	Current Third Quarter (July 1, 2021 - March 31, 2022)
Net sales	59,453	118,743
Cost of sales	48,096	92,168
Gross profit	11,356	26,575
Selling, general and administrative expenses	7,947	21,691
Operating income	3,409	4,884
Non-operating income		
Interest income	0	13
Subsidy income	885	898
Compensation income	105	52
Foreign exchange gain	77	62
Equity in income of affiliates	41	38
Other	15	85
Total non-operating income	1,125	1,150
Non-operating expenses		
Interest expenses	52	81
Loss on valuation of write-down of put option liabilities sold to noncontrolling interests	49	-
Commission for purchase of treasury shares	-	24
Provision of allowance for doubtful accounts	-	7
Other	6	22
Total non-operating expenses	108	135
Ordinary Income	4,426	5,899
Extraordinary income		
Gain on sales of non-current assets	-	1
Gain on sale of investment securities	-	6
Gain on sale of shares of subsidiaries and associates	-	282
Gain on reversal of share acquisition rights	-	4
Total extraordinary income	-	295
Extraordinary loss		
Loss on retirement of non-current assets	10	13
Loss on sale of non-current assets	0	3
Loss on valuation of investment securities	-	254
Total extraordinary losses	10	271
Income before income taxes and others	4,416	5,923
Income taxes - current	1,350	2,370
Income taxes - deferred	179	280
Total income tax	1,529	2,651
Net income	2,886	3,271
Net income attributable to owners of non-controlling shareholders	13	50
Net income attributable to owners of parent	2,872	3,220

(Quarterly Consolidated Statement of Comprehensive Income)
(For nine-month period)

(Millions of yen)

	Previous Third Quarter (July 1, 2020 -March 31, 2021)	Current Third Quarter (July 1, 2021 -March 31, 2022)
Net income	2,886	3,271
Other comprehensive income		
Valuation difference on available- for-sale securities	-2	36
Foreign currency translation adjustments	-42	-258
Remeasurements of defined benefit plans, net of tax	-	1
Share of other comprehensive income of entities accounted for using equity method	29	114
Total other comprehensive income	-15	-105
Comprehensive income	2,870	3,166
(Breakdown)		
Comprehensive income attributable to owners of parent	2,854	3,113
Comprehensive income attributable to owners of non-controlling interests	15	53

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable.

(Notes in the Case of Significant Changes in Shareholders' Equity)

At a meeting held on August 6, 2021, the Company's Board of Directors passed a resolution concerning a share repurchase pursuant to the provisions of Article 156 of the Companies Act as applied under the provisions of Article 165, Paragraph 3 of the Act, and, with the maximum total number of shares to be acquired set at 4,000,000 shares and the maximum total amount of shares to be acquired set at 4 billion yen, the Company purchased treasury shares from the market, including through the off-auction own share repurchase trading system of the Tokyo Stock Exchange (ToSTNeT-3), over the period from August 10, 2021 to June 30, 2022. As a result, in the first nine months under review, the amount of treasury shares increased by 3,999 million yen and the number of treasury shares increased by 2,651,600 shares.

(Changes in Significant Subsidiaries during the Period under Review)

Not applicable.

From the first quarter, Driving Force Recruitment Limited and two subsidiaries of Driving Force Recruitment Limited were included in the scope of consolidation due to the acquisition of shares of Driving Force Recruitment Limited by Gap Personnel Holdings Limited, which is a consolidated subsidiary of the Company. However, this change does not come under changes in specified subsidiaries.

In addition, Axis Create, Inc., which is a consolidated subsidiary of the Company, acquired Axis Human Development, Inc., which is also a consolidated subsidiary of the Company, by way of absorption-type merger with Axis Create, Inc. as the surviving company and Axis Human Development. Inc. as the absorbed company.

Furthermore, MTrec Limited and its subsidiary MTrec Care Limited were removed from the scope of consolidation due to the Company's sale of its shares in MTrec Limited.

During the second quarter, Trust Tech Vietnam Company Ltd., which is a consolidated subsidiary of the Company, acquired YUMESHIN VN CO.LTD, which is also a consolidated subsidiary of the Company, by way of absorption-type merger with Trust Tech Vietnam Company Ltd. as the surviving company and YUMESHIN VN CO.LTD as the absorbed company.

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and the implementation guidance on the Revenue Recognition Accounting Standard from the first quarter. Accordingly, the Company is recognizing amounts expected to be received in exchange for promised goods and services as revenues at points where control over such goods or services moves to customers.

The application of the Revenue Recognition Accounting Standard follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in the case of retroactively applying the new accounting policy to before the beginning of the first quarter are adjusted in retained earnings at the beginning of the first quarter, and the new accounting policy is applied from this initial balance.

Major changes attributable to the application of the Revenue Recognition Accounting Standard and related measures are as follows.

・Reporting of amount commensurate with commuting expenses, etc. based on gross amount instead of based on net amount

With respect to the amount commensurate with commuting expenses for staffing of engineers and employees receivable from customers, the Company previously reported revenue based on the net amount after deduction of the amount payable to dispatched engineers and employees from consideration receivable from the customer. However, the Company switched to the method of reporting revenue based on the gross amount, judging that this amount is part of the consideration for provision of the service and that, in this transaction, the role of the consolidated subsidiary is that of principal.

As a result, net sales in the first nine months of the fiscal year under review increased 641 million yen, and the cost of sales increased 631 million yen. There was no impact on the balance of retained earnings at the beginning of the fiscal year.

・Change from recognizing revenue at a point in time to over time

The Company previously recognized revenue from contracting at a point in time, upon completion of the contract with the customer. However, the Company has now changed to the method of recognizing revenue over time as it satisfies its performance obligation for the provision of a good or service to the customer. If the performance obligation is expected to be fully satisfied in a very short space of time, the Company applies alternative treatment and recognizes revenue when the performance obligation has been fully satisfied.

As a result, net sales in the nine-month period of the fiscal year under review increased 66 million yen, and the cost of sales increased 61 million yen. However, the impact on operating income/loss was insignificant, and there was no impact on the balance of retained earnings at the beginning of the fiscal year.

With the application of the Revenue Recognition Accounting Standard and related measures "trade notes and accounts receivable" posted under "current assets" on the balance sheet of the previous fiscal year is posted as "trade notes and accounts receivable and contract assets” starting from the first quarter. Pursuant to the transitional provisions in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company did not reclassify balance sheet amounts for the previous fiscal year according to a new presentation.

According to the transitional measures prescribed in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company did not include information on the breakdown of revenue from contracts with customers in the first nine months of the previous consolidated fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") at the beginning of the first quarter. Accordingly, the Company has decided to continue to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard and related measures according to the provisional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the Fair Value Measurement Accounting Standard and others mentioned above has no impact on quarterly consolidated financial statements for the first nine months under review.

(Additional Information)

(Accounting Calculation in Connection with the Spread of COVID-19)

Whilst uncertainty over when the COVID-19 pandemic will come to an end makes it difficult to predict the future, the Company judged based on the information available at the time of preparing the quarterly financial statements that the pandemic will continue to have an impact throughout the fiscal year under review at the very least and it calculated accounting estimates, including the valuation of goodwill and other intangible assets, as well as determining impairment of non-current assets and determining the recoverability of deferred tax assets, based on this assumption. There are no significant changes in these estimates from the content stated in the securities report the previous fiscal year.

Although these estimates are the Company's current best estimates, the assumptions used to calculate the estimates are highly uncertain and any change in the timing of the end of the pandemic or its impact on the economic environment could cause actual results to differ from the above estimates.

(Segment and Other Information)

Segment Information

I. First nine months ended March 31, 2021 (July 1, 2020 – March 31, 2021)

1. Information on net sales and profit-(loss) by reportable segment

(Unit: Million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Machinery, Electronics and IT Software Segment	Manufacturing Segment	Overseas Segment	Total				
Net sales								
Net sales to external customers	32,500	6,294	20,656	59,451	1	59,453	—	59,453
Inter-segment sales or transfers	3	—	71	75	121	196	-196	—
Total	32,504	6,294	20,727	59,527	122	59,649	-196	59,453
Segment profit (loss)	3,966	364	61	4,393	-226	4,166	-757	3,409

(Notes) 1. The “Others” segment is a business segment not included in the reportable segments and it includes the business of promoting the employment of persons with disabilities.

2. The adjustment of -757 million yen for segment profit (loss) includes corporate expenses that are not allocated to any reportable segments of -917 million yen and an inter-segment elimination of 160 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

3. The total amount of segment profit-(loss) matches the operating income in the quarterly consolidated statements of income.

2. Information on assets by reportable segment

During the first nine months under review, the Company acquired shares in Left Capital, Co., Ltd., which owns Arrow Trust Systems Co., Ltd., and Left Capital, Co., Ltd. was newly included in the scope of consolidation. As a result, the amount of assets of the Machinery, Electronics and IT Software Segment increased by 2,212 million yen from the end of the previous fiscal year.

3. Information on impairment loss of non-current assets and goodwill by reportable segment

(Significant changes in amount of goodwill)

During the first nine months under review, the Company acquired shares in Left Capital, Co., Ltd., which owns Arrow Trust Systems Co., Ltd., and Left Capital, Co., Ltd. was newly included in the scope of consolidation. As a result, the amount of goodwill of the Machinery, Electronics and IT Software Segment increased by 839 million yen.

II. First nine months ended March 31, 2022 (July 1, 2021 – March 31, 2022)1.

Information on net sales and income (loss) by reportable segment

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Machinery, Electronics and IT Software Segment	Construction Segment	Manufacturing Segment	Overseas Segment	Total				
Net sales									
Net sales to external customers	52,006	27,685	7,082	30,997	117,772	970	118,742	1	118,743
Inter-segment net sales or transfers	74	1	—	101	177	234	411	-411	—
Total	52,080	27,686	7,082	31,099	117,949	1,204	119,154	-410	118,743
Segment profit (loss)	4,799	1,116	402	271	6,589	-177	6,412	-1,528	4,884

(Notes) 1. The “Others” segment is a business segment not included in the reportable segments and it includes the business of promoting the employment of persons with disabilities and the online programming learning service business.

2. The adjustment of -1,528 million yen for segment profit (loss) includes corporate expenses that are not allocated to any reportable segments of -2,019 million yen and an inter-segment elimination of 490 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

3. The total amount of segment profit (loss) matches the operating income in the quarterly consolidated statements of income.

2. Information on assets by reportable segment

Not applicable.

3. Information on impairment loss of non-current assets and goodwill by reportable segment

Not applicable.

4. Information on changes in reportable segments

(Changes in reportable segment names)

Due to the implementation of management integration with Yumeshin Holdings Co., Ltd. in the previous fiscal year, the Engineer Temporary Staffing Segment of former Yumeshin Holdings Co., Ltd. was integrated into the previously named Engineer Segment, which was renamed the Machinery, Electronics and IT Software Segment. The Construction Segment was added as a new reporting segment. The Manufacturing Segment is still referred to as the Manufacturing Segment.

Changes in the segment names have no impact on the segment information.

Segment information for the first nine months of the previous fiscal year is disclosed based on the renamed reportable segments.

(Application of accounting standard for revenue recognition)

As described in Changes in Accounting Policies, the Group applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the consolidated fiscal year under review, changing its accounting treatment with respect to revenue recognition. Reflecting the change, it modified the method for the measurement of profits and losses of its business segments.

As a result of this change, the net sales of the Machinery, Electronics and IT Software Segment for the first nine months of the fiscal year under review increased by 692 million yen and segment profit decreased by 10 million yen compared with the previous method.

(Change of matters related to the fiscal years of consolidated subsidiaries)

The Company's consolidated subsidiary in the UK previously had its fiscal year end on March 31 and made necessary adjustments to its financial statements as of March 31 to reflect any material transactions occurring between March 31 and the consolidated fiscal year end. However, from the first quarter, the UK consolidated subsidiary changed its fiscal year end to June 30.

As a result of this change, the 12-month period from April 1, 2021 to March 31, 2022 are reflected in the consolidated financial results for the first nine months of the fiscal year under review. Furthermore, as a result of this change in fiscal year end, the net sales for the period from April 1, 2021 to June 30, 2021 reported by the UK consolidated subsidiary, which belongs to the Overseas Segment, are 8,326 million yen, the operating loss is 79 million yen.

(Matters concerning Revenue Recognition)

A breakdown of revenue generated from contracts with customers

Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)

(Unit: Million yen)

	Reportable Segments					Other (Note)	Total
	Machinery, Electronics and IT Software Segment	Construction Segment	Manufacturing Segment	Overseas Segment	Total		
Goods or services transferred over time	51,743	27,596	7,068	30,572	116,981	751	117,733
Goods or services transferred at a point in time	262	88	13	424	790	220	1,010
Revenue from contracts with customers	52,006	27,685	7,082	30,997	117,772	970	118,743
Net sales to outside customers	52,006	27,685	7,082	30,997	117,772	970	118,743

(Note) The “Others” segment is a segment which is not included in the reportable segment and it includes the business of promoting employment of persons with disabilities and the online programming learning service business.

(Significant Subsequent Events)

(Business combination through acquisition)

The Company resolved, at a meeting of the Board of Directors held on March 18, 2022, to acquire all the shares of Nihon Axis Co., Ltd. (hereinafter "Nihon Axis") and make it a subsidiary, and it concluded a share transfer agreement on the same date and acquired all the shares on April 1, 2022.

1. Outline of the business combination

(1) Name and business of acquired company

Acquired company	Nihon Axis Co., Ltd.
Business description	Engineer staffing and business subcontracting for research facilities Installation and maintenance of machinery and equipment
Amount of capital	20 million yen

(2) Main reasons for the business combination

Under its Mid-term Management Plan "BY25," which runs through FY2025, the Company positioned growth of engineer staffing, which is highly profitable and is expected to continue growing, an an important goal.

Nihon Axis has provided support services, including engineer staffing services, to National Research and Development Agencies, which are its main customers, for many years and in recent years has also conducted initiatives with the Graduate School of Engineering of Osaka University, including signing a joint research agreement.

In staffing and subcontracting operations for public institutions engaged in frontier research, demand for human resources is expected to remain high in the medium and long term, which is likely to lead to growth of the new business domain of engineer staffing through Nihon Axis.

(3) Date of the business combination

April 1, 2022

（4） Legal form of the business combination

Share acquisition

（5） Name of the combined entity

No change

(6) Percentage share of voting rights

acquired 100%

(7) Main reason for the decision to acquire the company

Availability to the Company of the method of share acquisition in exchange for cash

2. Costs of the acquisition of acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	996 million yen
Acquisition cost		996

3. Details and amount of major acquisition-related costs

Advisory fees, commission and others: 66 million yen

4. Goodwill arising from the business combination, reason for the goodwill, and method and period of amortization

It is not determined yet.

5. Value of assets and liabilities assumed on date of the business combination and breakdown

It is not determined yet.

(Merger of consolidated subsidiary)

InformationPort Co., Ltd., Arrow Information Co.,Ltd. and sbo Co., Ltd., all of which are consolidated subsidiaries of the Company, resolved at meetings of the Board of Directors of the Company and their own Boards of Directors held on February 10, 2022, to implement an absorption-type merger (hereinafter the "Merger"), with an effective date of April 1, 2022 and with InformationPort Co., Ltd. as the surviving company and Arrow Information Co.,Ltd. and sbo Co.,Ltd. as the absorbed companies, and subsequently implemented the Merger.

1. Outline of the transactions

(1) Name of combined entity and description of its business

Name of the combined entity (surviving company)	Business description
InformationPort Co., Ltd.	Support for the planning, development and introduction of software and contract software development
Names of the combined entities (absorbed companies)	Business description
Arrow Information Co., Ltd.	Provision of software technology, outsourced software development
sbo Co., Ltd.	Contract software development, system engineering services

(2) Date of the business combination

April 1, 2022

(3) Legal form of the business combination

Absorption-type merger with InformationPort Co., Ltd. as the surviving company and Arrow Information Co., Ltd. and sbo Co., Ltd. as the absorbed companies.

(4) Name of the combined entity

OpenUpSystem Co., Ltd.

(5) Other matters concerning the transaction overview

The Company formulated its Mid-term Management Plan "BY25" in August 2021, aiming for high growth in each of the Group's business domains. All three companies involved in the merger are system development companies with proven track records in the domain of IT and software development. They have all leveraged their strong development capabilities to provide system solutions and services to customers in the industries they specialize in respectively.

As part of its recent examination of specific measures under "BY25," the Company judged that consolidating its resources and enhancing project opportunities for engineers through the merger would expand business in the Group's IT and software development domain and would at the same time help achieve the Group's purpose, which is to "Open up individual potential through rewarding work."

2. Outline of accounting treatment

The transactions will be processed as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).