Summary of Business Results for the Fiscal Year Ended June 2022 [Japan GAAP] (Consolidated)

August 5, 2022

Company	**BeNext-Yumeshin Group Co.**	Listed on the TSE
Stock Code	2154 URL https://www.yumeshin-benext.co.jp/	
Representative	Yutaka Nishida, Chairperson and Representative Director	
Contact	Hiroshi Sato, Director	T E L: +81-3-6672-4181

Expected date of annual shareholders' meeting: September 27, 2022 Expected starting date of dividend payment: September 9, 2022
Expected date of filing of annual securities report: September 28, 2022
Preparation of supplementary financial document: Yes
Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended June 2022 (July 1, 2021 through June 30, 2022)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Jun. 2022	156,620	64.7	5,317	58.4	6,680	35.3	3,837	46.9
Year ended Jun. 2021	95,110	16.3	3,356	-28.1	4,935	3.4	2,611	95.5

(Note) Comprehensive income
Year ended June 2022: 3,878 million yen (29.6%)
Year ended June 2021: 2,992 million yen (153.0%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Jun. 2022	43.08	42.93	4.1	5.4	3.4
Year ended Jun. 2021	47.65	47.49	4.7	6.1	3.5

(Reference) Investment earnings/loss on equity-method:
Year ended June 2022: 60 million yen
Year ended June 2021: 66 million yen

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the current fiscal year, and each figure for the fiscal year ended June 2022 is after applying the said accounting standard and others.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 2022	116,833	91,821	78.4	1,035.83
As of Jun. 2021	129,374	96,169	74.2	1,057.43

(Reference) Shareholders' equity
As of June 2022: 91,548 million yen
As of June 2021: 95,938 million yen

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the current fiscal year, and each figure for the fiscal year ended June 2022 is after applying the said accounting standard and others.

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Jun. 2022	12,127	-2,168	-18,590	12,404
Year ended Jun. 2021	3,510	-1,350	-5,155	21,044

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Jun. 2021	-	17.00	-	27.00	44.00	3,186	92.3	6.3
Year ended Jun. 2022	-	17.00	-	28.00	45.00	3,988	104.5	4.3
Year ending Jun. 2023 (forecast)	-	17.00	-	30.00	47.00		52.6	

(Note) 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 June 2023
(July 1, 2022 through June 30, 2023) (% change from the previous corresponding period)

	Revenue		Business profit		Operating profit		Profit before taxes		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Jun. 2023	164,000	-	11,300	-	11,600	-	11,600	-	7,900	-	89.39

(Note) 1. Since the Company manages its operations on an annual basis, the Company has omitted a forecast of consolidated business results for the second quarter (cumulative). For details, please refer to "1. Overview of Results of Operations, etc. (4) Future Outlook" on page 4 of the attached material.
2. The Company voluntarily adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements for the year ended June 2022. For this reason, the consolidated business forecasts for the fiscal year ending June 2023 are based on IFRS, and the rate of change from the previous fiscal year is not presented.
3. Business profit is calculated by subtracting “Selling, general and administrative expenses” from “Gross profit.” This is our original profit indicator, excluding the effects of special items posted in “Other income” and “Other expenses,” such as employment adjustment subsidies and impairment loss.

***Notes**

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

(2) Changes in rules, procedures and indication methods of accounting procedures

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

(3) Shares outstanding (common stock)

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

As of June 2022	91,280,119 shares
As of June 2021	91,000,534 shares

② Treasury stock at the end of period

As of June 2022	2,898,753 shares
As of June 2021	272,768 shares

③ Average number of stock during period (cumulative period)

Year ended June 2022	89,079,222 shares
Year ended June 2021	54,809,570 shares

***Financial summary is not subject to 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, August 5, 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. Overview of Results of Operations, etc.

(1) Overview of Results of Operations for the Fiscal Year under Review

We have been applying the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020)," etc. since the beginning of the fiscal year ended June 2022, and the details of effects on our financial standing and business performance are written in "3. Consolidated Financial Statements and Major Notes, (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies)."

Results of operations for the fiscal year under review

Net sales for the consolidated fiscal year under review increased 64.7% year on year, to 156,620 million yen. This increase in net sales is largely attributable to the full-year contribution of 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, growth of earnings in the Manufacturing Segment due to economic recovery, and the recording of earnings for 15 months in the Overseas Segment associated with the change in fiscal year end. On the profit front, although profit growth due to factors such as increased net sales and general improvement in utilization rates in every segment was seen, Amortization of goodwill and intangible assets through PPAs due to management integration was recorded mainly in the Construction Segment. In addition, subsidy income including employment adjustment subsidies of approximately 1.1 billion yen was reported under non-operating income. As a result, operating profit was 5,317 million yen (up 58.4% year on year), ordinary profit was 6,680 million yen (up 35.3% year on year), and net income attributable to owners of parent was 3,837 million yen (up 46.9% 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.

[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 fiscal year under review, the business performance of several companies, including Yume Technology Co., Ltd., which was included in this segment through the business merger on April 1, 2021, contributed to the full-year results. 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 44.0% and 19.4% year on year, to 70,646 million yen and 6,029 million yen, respectively, in the fiscal year under review.

[Construction Segment]

(Temporary staffing business supplying construction managers and CAD operators to the construction industry)

During the fiscal year under review, the business results of Yumeshin Co., Ltd., which was included in this segment through the business merger on April 1, 2021, were posted in full-year results, the number of employees in service increased from the end of the previous fiscal year, and utilization rate was relatively high, so profit grew. However, amortization of goodwill and intangible assets through PPAs due to the business integration was allocated to each area in proportion to the expected future earnings of each area, with the Construction Segment recording approximately 3.8 billion yen in amortization of these assets.

As a result, net sales of this segment for the fiscal year under review came to 36,921 million yen (up 323.4% year on year) and segment profit was 1,272 million yen (517 million yen of loss in the same period of the previous fiscal year).

[Manufacturing Segment]

(Temporary staffing business, contracting and consigning for the manufacturing processes, etc. of clients)

During the fiscal year under review, differences among domains and customers were observed, with demand for human resources weakening in some sectors due to component and semiconductor supply constraints while a relaxation of COVID-19 restrictions prompted a boost in consumer spending and a rebound in production for materials and other goods. However, 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 increased 11.8% year on year, to 9,682 million yen, and segment profit decreased 0.6% year on year, to 547 million yen in the fiscal year 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 fiscal year under review, demand for temporary staffing and paid job introduction in the UK remained on a recovery path as the effects of the COVID-19 pandemic began to dissipate. 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 fifteen-month period from April 2021 to June 2022 were recognized for the fiscal year under review.

As a result, net sales and segment profit increased 34.8% and 304.7% year on year, to 38,154 million yen and 116 million yen, respectively, in the fiscal year 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 fiscal year 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 fiscal year under review, net sales, including internal transactions increased 188.2% year on year, to 1,523 million yen and segment loss came to 442 million yen (compared with a segment loss of 310 million yen in the same period of the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

Assets / Liabilities / Net assets

(Assets)

Assets totaled 116,833 million yen at the end of the fiscal year under review after a decrease of 12,540 million yen (9.7%) from the end of the previous consolidated fiscal year. This change was largely attributable to a decrease of 8,691 million yen in cash and deposits, a decrease of 3,260 million yen in goodwill, a decrease of 1,648 million yen in other under current assets, and an increase of 828 million yen in other under investments and other assets.

(Liabilities)

Liabilities at the end of the fiscal year under review totaled 25,012 million yen, a decrease of 8,192 million yen (24.7%) from the end of the previous fiscal year. This change was largely attributable to a decrease of 5,495 million yen in long-term borrowings, a decrease of 2,724 million yen in the current portion of long-term borrowings, a decrease of 1,197 million yen in short-term borrowings, and an increase of 767 million yen in accrued expenses.

(Net assets)

Net assets at the end of the fiscal year under review totaled 91,821 million yen, a decrease of 4,348 million yen (4.5%) from the end of the previous fiscal year. This change was largely attributable to an increase of 124 million yen in capital due to the issuance of shares and an increase of 124 million yen in capital surplus, a decrease of 242 million yen in capital surplus associated with the acquisition of additional shares in a subsidiary, and a decrease of 407 million yen in retained earnings reflecting profit attributable to owners of parent of 3,837 million yen, dividends of surplus of 3,962 million yen and a decrease of 282 million yen due to the recognition of NCI put options liabilities, and acquisition of treasury stock of 3,976 million yen.

(3) Overview of Cash Flows for the Fiscal Year under Review

Status of cash flow

At the end of the fiscal year under review, cash and cash equivalents ("Cash") decreased 8,640 million yen from the end of the previous fiscal year, to 12,404 million yen. The status of cash flows at the end of the fiscal year under review and the primary factors responsible for those results are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 12,127 million yen (proceeds of 3,510 million yen in the previous year). This was primarily because an inflow of 6,784 million yen due to the recording of profit before income taxes and non-cash adjustments such as amortization of goodwill of 4,410 million yen and depreciation of 1,710 million yen exceeded income taxes paid of 1,860 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,168 million yen (expenditure of 1,350 million yen in the previous year). The expenditure is primarily attributable to an outlay of 646 million yen mainly associated with making Nihon Axis Co.,Ltd. into a subsidiary, expenditure of 483 million yen due to sale of shares of subsidiary due to change in scope of consolidation, purchase of property, plant and equipment of 449 million yen, and expenditure of 365 million yen due to the contingent consideration payment of shares of subsidiaries.

(Cash flows from financing activities)

Net cash used in financing activities was 18,590 million yen (expenditure of 5,155 million yen in the previous year). The expenditure is primarily attributable to repayments of long-term borrowings of 8,485 million yen, purchase of treasury shares of 4,050 million yen, dividends paid of 3,969 million yen, and a net decrease in short -term borrowings of 1,261 million yen.

(Reference) Cash flow-related indicators

	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22
Equity ratio (%)	48.3	49.5	46.2	74.2	78.6
Equity ratio on a market-value basis (%)	293.3	207.8	126.9	89.7	117.1
Ratio of interest-bearing debt to cash flow (years)	0.9	0.6	0.7	3.3	0.2
Interest coverage ratio (times)	63.1	53.5	50.9	46.6	108.2

(Notes) 1. Equity ratio: Shareholders' equity / Total assets

Equity ratio on a market-value basis: Equity market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows / Interest expenses paid

2. Each indicator is calculated based on consolidated financial numbers.
3. Total market capitalization is calculated on the basis of the total number of shares outstanding.
4. Cash flows mean cash provided by cash provided from operating activities.
5. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

(4) Future Outlook

Outlook for the next fiscal year

The Company will voluntarily adopt International Financial Reporting Standards (IFRS) from the consolidated financial statements in the Annual Securities Report for the fiscal year ended June 30, 2022, and therefore discloses its business forecasts under IFRS.

In the Machinery, Electronics and IT Software Segment, we will increase the number of employees and optimize costs through aggressive recruitment in the mechanical/electrical domain. While maintaining high utilization rates and high operational efficiency, we will increase the number of employees assigned to existing clients by redeepening our existing client base as well as by developing new clients, and increase the number of active employees and improve unit costs by continuously hiring inexperienced workers in IT and focusing on skill and career development after they join the company.

In the Construction Segment, in order to further strengthen and expand our position as the largest domestic corporate, we will penetrate the attractiveness of the company through our hiring activities, work to expand the occupancy of experienced employees, work to stabilize for the long term by strengthening our exchange system with major customers, and strive to promote the long-term employment of engineers.

In the Manufacturing Segment, we aim to improve profitability by absorbing increases in recruitment costs and personnel expenses by increasing sales and maintaining and improving the gross profit margin.

In the overseas domain, the economic outlook became uncertain due to soaring fuel prices and inflation concerns associated with the situation in Ukraine. Amid this environment, we will improve profitability in the manufacturing sector and shift to expanding our business portfolio in the professional sector over the medium term as the job market begins to slow down.

Based on the above, we expect revenue of 164,000 million yen, operating profit of 11,600 million yen, and profit attributable to owners of the parent of 7,900 million yen under International Financial Reporting Standards (IFRS) for the fiscal year ending June 2023.

*Results forecasts are prepared based on the information available to the Company at the present moment. Actual results may differ from forecasts due to various future factors and the forecasts themselves are also subject to change.

2. Basic Policy for Selecting Accounting Standards

The Group plans to adopt IFRS from the annual securities report for the fiscal year ended June 30, 2022, in order to improve the international comparability of financial information in equity markets and to improve the level of control within the Group.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (June 30, 2021)	Current fiscal year (June 30, 2022)
Assets		
Current assets		
Cash and deposits	21,095	12,404
Notes and accounts receivable-trade	19,512	—
Notes and accounts receivable - trade, and contract assets	—	20,016
Other	4,361	2,713
Allowance for doubtful accounts	-215	-265
Total current assets	44,754	34,868
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,470	1,532
Accumulated depreciation	-459	-478
Buildings and structures, net	1,010	1,053
Land	147	179
Other	1,963	2,249
Accumulated depreciation	-1,236	-1,483
Other, net	726	766
Total property, plant and equipment	1,884	1,999
Intangible assets		
Goodwill	74,880	71,620
Software	793	634
Other	1,701	1,048
Total intangible assets	77,375	73,303
Investments and other assets		
Investment securities	1,249	1,387
Deferred tax assets	1,789	2,167
Other	2,407	3,235
Allowance for doubtful accounts	-85	-128
Total investments and other assets	5,360	6,661
Total noncurrent assets	84,620	81,965
Total assets	129,374	116,833

(Millions of yen)

	Previous fiscal year (June 30, 2021)	Current fiscal year (June 30, 2022)
Liabilities		
Current liabilities		
Short-term debt	1,962	765
Current portion of bonds	206	201
Current portion of long-term loans payable	3,016	292
Accounts payable-other	2,232	2,154
Accrued expenses	8,009	8,776
Lease obligations	77	100
Income taxes payable	1,250	1,773
Accrued consumption taxes	3,453	2,936
Provision for bonuses	2,656	2,378
Other	2,471	2,754
Total current liabilities	25,336	22,133
Noncurrent liabilities		
Bonds payable	347	126
Long-term loans payable	5,961	465
Lease obligations	125	178
Deferred tax liabilities	167	127
Obligations for retirement plan	985	1,026
Asset retirement obligations	177	383
Other	103	570
Total noncurrent liabilities	7,868	2,878
Total liabilities	33,205	25,012
Net assets		
Shareholders’ equity		
Capital	4,436	4,561
Capital surplus	82,785	82,673
Retained earnings	8,937	8,529
Treasury stock	-385	-4,362
Total shareholders' equity	95,773	91,478
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	6	62
Foreign currency translation adjustments	153	80
Remeasurements of defined benefit plans	4	2
Total accumulated other comprehensive income	164	145
Share subscription rights	88	213
Non-controlling shareholders' equity	142	59
Total net assets	96,169	91,821
Total liabilities and net assets	129,374	116,833

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	Previous fiscal year (July 1, 2020 - June 30, 2021)	Current fiscal year (July 1, 2021 - June 30, 2022)
Net sales	95,110	156,620
Cost of sales	75,837	121,316
Gross profit	19,273	35,304
Selling, general and administrative expenses		
Salaries and allowances	5,602	9,888
Recruiting expenses	865	3,055
Retirement benefit expenses	74	117
Provision of allowance for doubtful accounts	13	6
Provision for bonuses	373	591
Amortization of goodwill	1,627	4,410
Other	7,360	11,917
Selling, general and administrative expenses	15,917	29,986
Operating income	3,356	5,317
Non-operating income		
Interest income	1	29
Subsidy income	1,391	1,170
Compensation income	122	65
Foreign exchange gain	83	126
Equity in income of affiliates	66	60
Other	60	145
Total non-operating income	1,724	1,598
Non-operating expenses		
Interest expenses	77	106
Loss on valuation of write-down of put option liabilities sold to noncontrolling interests	50	33
Commission for purchase of treasury shares	—	24
Provision of allowance for doubtful accounts	—	13
Other	16	57
Total non-operating expenses	144	235
Ordinary Income	4,935	6,680
Extraordinary income		
Gain on sales of non-current assets	44	84
Gain on sale of investment securities	121	6
Gain on change in equity	26	—
Gain on sale of shares of subsidiaries and associates	—	283
Other	0	8
Total extraordinary income	193	382
Extraordinary loss		
Loss on retirement of non-current assets	69	13
Loss on sale of non-current assets	12	3
Loss on valuation of investment securities	—	255
Loss on sale of investment securities	—	1
Loss on sale of shares of subsidiaries and associates	6	—
Loss on change in equity	—	3
Other	0	—
Total extraordinary losses	88	278
Net income before income taxes	5,041	6,784
Income taxes - current	2,741	3,000
Income taxes - deferred	-336	-108
Total income tax	2,405	2,892
Net income	2,636	3,892
Profit (loss) attributable to non-controlling interests	24	55
Net income attributable to owners of parent	2,611	3,837

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (July 1, 2020 - June 30, 2021)	Current fiscal year (July 1, 2021 - June 30, 2022)
Net income	2,636	3,892
Other comprehensive income		
Valuation difference on available- for-sale securities	7	55
Foreign currency translation adjustments	312	-232
Remeasurements of defined benefit plans, net of tax	4	2
Share of other comprehensive income of entities accounted for using equity method	31	160
Total other comprehensive income	355	-13
Comprehensive income	2,992	3,878
(Breakdown)		
Comprehensive income attributable to owners of parent	2,958	3,823
Comprehensive income attributable to owners of non-controlling interests	33	55

(3) Statement of changes in equity

Previous fiscal year (July 1, 2020-June 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	4,372	2,768	7,693	-1	14,832
Changes during period					
Issuance of new shares	63	63			126
Increase by merger		80,334		-385	79,948
Dividends of surplus			-1,800		-1,800
Net income attributable to owners of parent			2,611		2,611
Disposal of treasury shares		0		1	2
Purchase of shares of consolidated subsidiaries		-381			-381
Changes in short-term put option liabilities related to non-controlling interests, etc.			429		429
Net changes in items other than shareholders' equity					
Total changes during period	63	80,017	1,243	-383	80,940
Balance at end of period	4,436	82,785	8,937	-385	95,773

	Accumulated other comprehensive income				Share subscription rights	Non-controlling shareholders' equity	Total net assets
	Valuation difference on available- for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	-0	-182	―	-182	1	114	14,765
Changes during period							
Issuance of new shares							126
Increase by merger							79,948
Dividends of surplus							-1,800
Net income attributable to owners of parent							2,611
Disposal of treasury shares							2
Purchase of shares of consolidated subsidiaries							-381
Changes in short-term put option liabilities related to non-controlling interests, etc.							429
Net changes in items other than shareholders' equity	7	335	4	347	87	28	462
Total changes during period	7	335	4	347	87	28	81,403
Balance at end of period	6	153	4	164	88	142	96,169

Current fiscal year (July 1, 2021 to June 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	4,436	82,785	8,937	-385	95,773
Changes during period					
Issuance of new shares	124	124			249
Dividends of surplus			-3,962		-3,962
Net income attributable to owners of parent			3,837		3,837
Purchase of treasury shares				-4,050	-4,050
Disposal of treasury shares		6		73	80
Purchase of shares of consolidated subsidiaries		-242			-242
Changes in short-term put option liabilities related to non-controlling interests, etc.			-282		-282
Net changes in items other than shareholders' equity					
Total changes during period	124	-111	-407	-3,976	-4,370
Balance at end of period	4,561	82,673	8,529	-4,362	91,402

	Accumulated other comprehensive income				Share subscription rights	Non-controlling shareholders' equity	Total net assets
	Valuation difference on available- for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6	153	4	164	88	142	96,169
Changes during period							
Issuance of new shares							249
Dividends of surplus							-3,962
Net income attributable to owners of parent							3,837
Purchase of treasury shares							-4,050
Disposal of treasury shares							80
Purchase of shares of consolidated subsidiaries							-242
Changes in short-term put option liabilities related to non-controlling interests, etc.							-282
Net changes in items other than shareholders' equity	55	-72	-1	-18	125	-83	22
Total changes during period	55	-72	-1	-18	125	-83	-4,348
Balance at end of period	62	80	2	145	213	59	91,821

(4) Consolidated statement of cash flows

(Millions of yen)

	Previous fiscal year (July 1, 2020 - June 30, 2021)	Current fiscal year (July 1, 2021 - June 30, 2022)
Cash flows from operating activities		
Net income before income taxes	5,041	6,784
Depreciation	1,108	1,710
Amortization of goodwill	1,627	4,410
Loss (gain) on sale of shares of subsidiaries and associates	—	-283
Loss (gain) on valuation of investment securities	—	255
Increase (decrease) in provision for bonuses	128	-729
Increase (decrease) in retirement benefit liability	-14	7
Interest and dividend income	-3	-34
Interest expenses	77	106
Share of loss (profit) of entities accounted for using equity method	-66	-60
Loss on retirement of non-current assets	69	13
Decrease (increase) in trade receivables	-247	-343
Increase (decrease) in accrued expenses	451	740
Other	-214	1,469
Subtotal	7,957	14,046
Interest and dividends received	57	53
Interest paid	-75	-112
Income taxes paid	-4,429	-1,860
Cash flows from operating activities	3,510	12,127
Cash flows from investing activities		
Purchase of property, plant and equipment	-183	-449
Purchase of intangible assets	-124	-127
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-674	-646
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	-483
Conditional consideration paid for acquisition of subsidiary's shares	-338	-365
Purchase of investment securities	-175	-82
Decrease (increase) in leasehold and guarantee deposits	-87	-132
Other	234	118
Cash flows from investing activities	-1,350	-2,168
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-1,119	-1,261
Repayments of long-term borrowings	-1,212	-8,485
Redemption of bonds	-196	-231
Repayments of lease obligations	-104	-155
Proceeds from issuance of shares resulting from exercise of share acquisition rights	7	71
Dividends paid	-1,786	-3,969
Purchase of treasury shares	-25	-4,050
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-719	-512
Other	0	2
Cash flows from financing activities	-5,155	-18,590
Effect of exchange rate change on cash and cash equivalents	142	-8
Net increase (decrease) in cash and cash equivalents	-2,853	-8,640
Cash and cash equivalents at beginning of period	11,158	21,044
Increase in cash and cash equivalents resulting from merger	12,740	—
Cash and cash equivalents at end of period	21,044	12,404

(5) Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable.

(Changes in Significant Subsidiaries during the Period under Review)

Not applicable.

This is not a change to a specific subsidiary, but Gap Personnel Holdings Limited, which is a consolidated subsidiary of our company, acquired the shares of Driving Force Recruitment Limited, so we have been including these two companies in the scope of consolidation from the first quarter of the fiscal year under review.

In addition, Axis Create Inc., which is a consolidated subsidiary of our company, absorbed Axis Human Development Inc., which is another consolidated subsidiary of our company, with Axis Create Inc. being a surviving company and Axis Human Development Inc. being a merged company.

Furthermore, our company sold the shares of MTrec Limited, so this company and its subsidiary named MTrec Care Limited were removed from the scope of consolidation.

In the second quarter of the fiscal year under review, Trust Tech Vietnam Company Ltd., which is a consolidated subsidiary of our company, absorbed Yumeshin VN Co., Ltd., which is another consolidated subsidiary of our company, with Trust Tech Vietnam Company Ltd. being a surviving company and Yumeshin VN Co., Ltd. being a merged company.

In the fourth quarter of the fiscal year under review, Information Port Co., Ltd., which is a consolidated subsidiary of our company, absorbed Arrow Information Co., Ltd. and SBO Co., Ltd., which are also consolidated subsidiaries of our company, with Information Port Co., Ltd. being a surviving company and Arrow Information Co., Ltd. and SBO Co., Ltd. being merged companies, and then the corporate name was changed to Open Up System Co., Ltd.

In addition, our company acquired the shares of Nihon Axis Co., Ltd., including it in the scope of consolidation.

(Changes to Items Related to the Fiscal Year, etc. of a Consolidated Subsidiary)

The account closing date of the consolidated subsidiary in the U.K. was March 31, and we conducted necessary adjustments for important transactions during the period between March 31 and the consolidated account closing date, by utilizing their financial statements as of March 31, but their account closing date was changed to June 30 this fiscal year.

Due to this change in their accounting period, their results for 15 months from April 1, 2021 to June 30, 2022 are included in our results for the fiscal year ended June 2022. As a result of this change, the consolidated subsidiary in the U.K. which belongs to “Overseas segment” posted net sales of 8,429 million yen and an operating loss of 80 million yen for the period from April 1, 2021 to June 30, 2021.

(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 current fiscal year. 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 Company applies the Accounting Standard for Revenue Recognition, etc. pursuant to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. This has no impact on the beginning balance of retained earnings.

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 the fiscal year under review increased 908 million yen, and the cost of sales increased 958 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 increased 122 million yen and cost of sales rose 68 million yen in the fiscal year ended June 2022.

There is no effect on the balance of retained earnings at the beginning of the period.

Its impact on the consolidated statements of cash flows and information per share for the fiscal year ended June 2022 is insignificant.

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 current fiscal year. 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 89-3 of the Accounting Standard for Revenue Recognition, there are no notes on revenue recognition pertaining to the results of the previous consolidated fiscal year.

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

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019, hereinafter the “Fair Value Measurement Standard”) and related implementation guidance at the beginning of the fiscal year under review. In accordance with the transitional treatment set forth in Section 19 of the Fair Value Measurement Standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), the Company applies new accounting policies prescribed in the Fair Value Measurement Standard and related implementation guidance prospectively. This change has no impact on the consolidated financial statements.

(Changes in the Method of Presentation)

(Consolidated Statements of Income)

"Recruitment expenses," which were included in "other" under "selling, general and administrative expenses" in the previous consolidated fiscal year is stated as a separate item in the consolidated fiscal year under review due to the increased materiality of the item.

To reflect this change in presentation, accounts in the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, "other" of 8,226 million yen under "selling, general and administrative expenses" in the consolidated statements of income for the previous fiscal year has been restated as "recruitment expenses" of 865 million yen and “other” of 7,360 million yen.

(Consolidated statements of cash flows)

In the previous fiscal year, “Purchase of treasury shares” was included in “Other” of “Cash flows from financing activities,” but it is separately indicated from the fiscal year ended June 2022, because its significance has increased.

To reflect this revision to the indication method, the consolidated financial statements in the previous fiscal year have been reclassified.

As a result, in the section of “Cash flows from financing activities” in the consolidated statements of cash flows for the previous fiscal year, “Other” of -24 million yen was reclassified into “Purchase of treasury shares” of -25 million yen and “Other” of 0 yen.

(Additional Information)

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

Our corporate group makes forecasts based on information available at the time of production of consolidated financial statements.

It is difficult to accurately predict when COVID-19 will subside, but the impact of the spread of COVID-19 on the business of our corporate group in the fiscal year ended June 2022 was limited, so we conducted accounting estimate regarding the evaluations of goodwill and other intangible assets, collectability of deferred tax assets, etc. while assuming that the impact will remain limited in the future,

If the economic environment changes due to the spread of COVID-19, it may affect the financial standing and business performance of our corporate group.

(Regarding business combination)
(Transfer of shares of a subsidiary)

At the meeting of the board of directors held on May 21, 2021, our company resolved to transfer all of common shares of MTrec Limited (hereinafter referred to as "MTrec"), which is a consolidated subsidiary of our company, to MTrec, and concluded a contract for transfer of shares on July 30, 2021, and completed the transfer of shares on August 3, 2021.

1. Outline of transfer of shares

(1) Names and business description of said subsidiaries

Name	Business description
MTrec Limited	Dispatch and introduction of manufacturing staff and engineers
MTrec Care Limited	Dispatch and introduction of manufacturing staff and engineers

(2) Party receiving the transferred shares
Name: MTrec Limited

(3) Reason for transfer of shares
The performance of our business in the U.K. has been healthy, as the ratio of businesses for supporting daily life, such as the food product and logistics businesses, is high. In order to grow the business in the U.K. and increase revenues further, we reviewed our business portfolio, decided to withdraw from the manufacturing business in the U.K. from the viewpoint of selection and concentration, and transferred all of common shares of MTrec while acquiring preferred shares without voting rights.

(4) Date of transfer of shares
August 3, 2021

(5) Outline of transactions including statutory ones
Partial transfer of outstanding shares of MTrec Limited, receiving only assets such as cash as compensation

(6) Number of shares transferred, and status of shares owned after transfer

No. of shares transferred	1,900	(Ownership ratio of voting rights: 94.1%)
No. of shares owned after transfer	2,210,041	(Ownership ratio of voting rights: 0.0%)

2. Outline of the accounting treatment conducted

(1) Amount of profit/loss through transfer
Gain on sale of shares of affiliated companies: 283 million yen

(2) Fair book values of assets and liabilities for the transferred business and the breakdown

Current assets	1,634 million yen
Noncurrent assets	57 million yen
Total assets	1,692 million yen
Current liabilities	377 million yen
Noncurrent liabilities	- million yen
Total liabilities	377 million yen

(3) Accounting treatment
The difference between the consolidated book value of the shares transferred and the selling price of the shares was posted as "Gain on sale of shares of affiliated companies" in the section of extraordinary income.

3. Title of the category that had included said subsidiary in the disclosure of segment information
Overseas segment

4. Estimated profit/loss for the subsidiary transferred, which was posted in the consolidated statements of income for that consolidated fiscal year

Net sales	1,319 million yen
Operating loss	21 million yen

(Matters Related to Business Combinations, Etc.)

(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. Period of financial results of the acquired company included in the consolidated statements of income for the fiscal year under review

April 1 to June 30, 2022

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

Consideration for acquisition	Cash	996 million yen
Acquisition cost		996 million yen

4. Breakdown and amounts of major related costs

Advisory fees, commission and others 66 million yen

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

(1) Amount of goodwill
706 million yen

(2) Reason for the goodwill
Additional future income-generating power expected to be derived from business development going forward.

(3) Method and period of amortization
The straight-line method over a 10-year period

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

(Unit: Million yen)

Current assets	473
Non-current assets	322
Total assets	796
Current liabilities	182
Non-current liabilities	313
Total liabilities	495

7. Amount allocated for intangible assets other than goodwill, breakdown by main asset category

(1) Amount allocated to intangible non-current assets and breakdown by main asset category
Backlog of orders 90 million yen

(2) Weighted average amortization period for the entirety thereof and that by major type
Backlog of orders 1 year

8. Approximate amount and calculation method of the business combination on the consolidated statements of income for the current consolidated fiscal year assuming that the acquisition was completed on the first day of the current consolidated fiscal year

The approximate amount is omitted due to the difficulty calculating it for the fiscal year under review.

(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).

(Segment and Other Information)

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Company are the units for which separate financial information can be obtained among the constituent units of the Company and for which the highest organ of decision-making regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Company is expanding a full line-up of services including its staffing service and contracting business mainly for the technology and manufacturing fields in Japan and internationally.

Details of each segment are as follows.

Machinery, Electronics and IT Software Segment ...Development and design technician and other worker temporary staffing, contracting and consigning business

Construction Segment... Construction manager engineer temporary staffing business and CAD operator temporary staffing business for customers in the construction industry

Manufacturing Segment....Manufacturing site contracting, consigning and temporary staffing business for customers in the manufacturing industry
Overseas Segment....Temporary staffing, contracting and placement business for the engineering and manufacturing sectors internationally

2. Calculation methods of net sales, profit or loss, assets, liabilities and other items by reportable segment
Accounting procedures for reported business segments are generally the same as those stated in “Basic and important matters in preparing the consolidated financial statements.”
Segment profit as reported in this section is based on operating profit. Also, inter-segment sales and transfers are valued at market prices.

(Application of the Accounting Standard for Revenue Recognition)
As mentioned in “Changes in Accounting Policies,” the Revenue Recognition Accounting Standard, etc. have been applied since the beginning of the fiscal year ended June 2022, and the accounting treatment for revenue recognition has been changed. Accordingly, we have changed the methods for measuring the profit or loss of each business segment.
Due to this change, the sales to external customers in the “Machinery, Electronics and IT Software Segment” and segment profit in the fiscal year ended June 2022 increased 1,031 million yen and 4 million yen, respectively, compared with the conventional method.

(Changes to items related to the fiscal year, etc. of a consolidated subsidiary)
The account closing date of the consolidated subsidiary in the U.K. was March 31, and we conducted necessary adjustments for important transactions during the period between March 31 and the consolidated account closing date, by utilizing their financial statements as of March 31, but their account closing date was changed to June 30 this fiscal year.
Due to this change in their accounting period, their results for 15 months from April 1, 2021 to June 30, 2022 are included in our results for the fiscal year ended June 2022. As a result of this change, the consolidated subsidiary in the U.K. which belongs to “Overseas segment” posted net sales of 8,429 million yen and an operating loss of 80 million yen for the period from April 1, 2021 to June 30, 2021.

3. Information on net sales, profits (losses), assets, liabilities, and other items by reportable segment
Fiscal year ended June 30, 2021 (July 1, 2020 – June 30, 2021)

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Machinery, Electronics and IT Software Segment	Construction Segment	Manufacturing Segment	Overseas Segment	Total				
Net sales									
Net sales to outside customers	49,061	8,720	8,662	28,299	94,743	363	95,106	4	95,110
Inter-segment sales or transfers	16	0	―	123	140	165	306	-306	―
Total	49,077	8,721	8,662	28,423	94,884	528	95,413	-302	95,110
Segment profit (loss)	5,050	-517	550	28	5,112	-310	4,801	-1,445	3,356
Segment assets	31,973	78,664	1,968	10,218	122,824	453	123,278	6,096	129,374
Other items									
Depreciation	282	491	17	256	1,047	9	1,057	51	1,108
Amortization of goodwill	542	848	―	235	1,627	―	1,627	―	1,627
Increase in property, plant and equipment and intangible assets	5,760	68,878	4	182	74,826	184	75,011	538	75,550

(Note) 1. 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.

2. The adjustment is as follows.

(1) The adjustment of -1,445 million yen for segment profit (loss) includes corporate expenses that are not allocated to any reportable segments of -1,770 million yen and an inter-segment elimination of 324 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

(2) The adjustment of “Depreciation” amounting to 51 million yen in the section of “Other” is primarily the depreciation for our company’s assets that is not attributable to specific reporting segments. “Increase in property, plant and equipment and intangible assets” amounting to 538 million yen is primarily the acquisition price of property, plant and equipment and intangible assets of our company that is not attributable to specific reporting segments.

3. The total amount of segment profit matches the operating income in the consolidated statements of income.

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

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Machinery, Electronics and IT Software Segment	Construction Segment	Manufacturing Segment	Overseas Segment	Total				
Net sales									
Net sales to outside customers	70,646	36,921	9,682	38,154	155,405	1,215	156,620	—	156,620
Inter-segment sales or transfers	104	1	—	132	238	308	547	-547	—
Total	70,751	36,922	9,682	38,286	155,643	1,523	157,167	-547	156,620
Segment profit (loss)	6,029	1,272	547	116	7,966	-442	7,524	-2,206	5,317
Segment assets	32,197	73,972	2,370	8,489	117,030	352	117,383	-549	116,833
Other items									
Depreciation	490	615	16	367	1,489	62	1,551	158	1,710
Amortization of goodwill	687	3,425	—	296	4,410	—	4,410	—	4,410
Increase in property, plant and equipment and intangible assets	1,572	476	11	361	2,422	12	2,434	64	2,499

(Note) 1. 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 progamming learning service business.

2. The adjustment is as follows.

(1) The adjustment of -2,206 million yen for segment profit (loss) includes corporate expenses that are not allocated to any reportable segments of -3,004 million yen and an inter-segment elimination of 797 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

(2) The adjustment of “Depreciation” amounting to 158 million yen in the section of “Other” is primarily the depreciation for our company’s assets that is not attributable to specific reporting segments. “Increase in property, plant and equipment and intangible assets” amounting to 64 million yen is primarily the acquisition price of property, plant and equipment and intangible assets of our company that is not attributable to specific reporting segments and unrealized profit between segments.

3. The total amount of segment profit matches the operating income in the consolidated statements of income.

(Matters concerning Revenue Recognition)

A breakdown of revenue generated from contracts with customers

Fiscal year ended June 30, 2022 (July 1, 2021 – June 30, 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	70,234	36,758	9,661	37,576	154,231	1,205	155,436
Goods or services transferred at a point in time	412	162	21	577	1,173	10	1,183
Revenue from contracts with customers	70,646	36,921	9,682	38,154	155,405	1,215	156,620
Net sales to outside customers	70,646	36,921	9,682	38,154	155,405	1,215	156,620

(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.

(Per Share Information)

Item	Fiscal year ended June 30, 2021 (July 1, 2020 – June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2020 – June 30, 2022)
Net assets per share	1,057.43 yen	1,035.83 yen
Profit per share	47.65 yen	43.08 yen
Diluted net income per share	47.49 yen	42.93 yen

(Note) 1. Net assets per share was calculated based on the following:

	Previous fiscal year (June 30, 2021)	Current fiscal year (June 30, 2022)
Total net assets (million yen)	96,169	91,821
Amount deducted from the total net assets (million yen)	231	273
(Subscription rights to shares included (million yen))	(88)	(213)
(Non-controlling interests included (million yen))	(142)	(59)
Net assets related to common shares at the end of the fiscal year (million yen)	95,938	91,548
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (shares)	90,727,766	88,381,366

2. The basis of calculating the amount of net income per share and the amount of diluted net income per share is as follows:

	Fiscal year ended June 30, 2021 (July 1, 2020 – June 30, 2021)	Fiscal year ended June 30, 2022 (July 1, 2021 – June 30, 2022)
Net income per share		
Net income attributable to owners of parent (million yen)	2,611	3,837
Net income not attributable to common shareholders (million yen)	—	—
Net income attributable to common shareholders of the parent (million yen)	2,611	3,837
Average number of shares outstanding during the period (shares)	54,809,570	89,079,222
Diluted net income per share		
Number of increase in common shares	178,618	307,338
(of which number of share acquisition rights)	(178,618)	(307,338)
Overview of dilutive shares not included in the calculation of diluted net income per share due to the absence of dilution	Sixth Series Share Acquisition Rights March 26, 2021 Resolution at the Extraordinary General Meeting of Shareholders Common shares: 671,517 Number of share acquisition rights:10,645 Seventh Series Share Acquisition Rights March 26, 2021 Resolution at the Extraordinary General Meeting of Shareholders Common shares: 656,649 Number of share acquisition rights: 10,423	7th share acquisition right March 26, 2021 Resolution at an extraordinary general meeting of shareholders No. of common shares: 584,577 No. of share acquisition rights: 9,279

(Notes) Shares in the Company remaining in trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares deducted in the calculation of the average number of shares during the period for the purpose of calculating basic earnings per share and included in the number of treasury shares deducted from total number of shares issued at the end of the period for the purpose of calculating net assets per share.

The average number of treasury stocks during period subtracted when calculating net income per share was 63,377 in the previous fiscal year and 254,205 in the current fiscal year. The term-end number of treasury stocks subtracted when calculating net assets per share was 254,205 in the previous fiscal year and 254,205 in the current fiscal year.

(Significant Subsequent Events)

(Transactions under common control)

Absorption-type company split among consolidated subsidiaries

1. Outline of the transactions

The Company resolved, at a meeting of the Board of Directors held on February 10, 2022, that Yume Technology Co., Ltd. (hereinafter "Yume Technology), which is a subsidiary of the Company, would spin off EG (hereinafter "Yume Technology EG"), which is its electrical, electronic, and mechanical arm, through an absorption-type company split (hereinafter the "Absorption-type Company Split") and that BeNEXT Technologies Inc., which is also a subsidiary of the Company, would succeed to the spun off business, and executed the transaction on July 1, 2022.

(1) Outline of the split company

	Splitting company	Succeeding company
Corporate name	Yume Technology Co., Ltd.	BeNEXT Technologies Inc.
Business description	Engineer Temporary Staffing business	Technician temporary staffing, consigning, contracting and fee-charging employment placement business
Date of establishment	July 13, 1989	July 1, 2019
Head office location	Tokyo	Tokyo
Representative	Junji Nakajima, President and Representative Director	Einobu Yoshii, President and Representative Director
Share capital	70 million yen	200 million yen
Number of issued shares	13,025,200 shares	1,100 shares
Fiscal Year-End	End of June each year	End of June each year
Major shareholders and their shareholding ratios	BeNext-Yumeshin Group Co. 100%	BeNext-Yumeshin Group Co. 100%

(2) Description of spun-off business

Engineer temporary staffing business for electrical, electronic, and mechanical operations

(3) Date of the business combination

July 1, 2022

(4) Legal form of the business combination

Absorption-type company split with Yume Technology Co., Ltd. as the splitting company and BeNEXT Technologies Inc. as the successor company

(5) Purpose of the absorption-type company split

The Company formulated its Mid-term Management Plan "BY25" in August 2021, aiming for high business growth in each of the Group's business domains. Yume Technology EG provides engineer temporary staffing services supplying technicians in the electrical, electronic, and mechanical fields to corporate customers across Japan, especially leading Japanese manufacturers.

As part of its recent examination of specific measures under "BY25," the Company judged that integrating Yume Technology EG with BeNext Technologies, Inc., which has the same business domain, through an absorption-type company split would accelerate business expansion in the Group's electrical, electronic, and mechanical 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 is 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).