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November 8, 2024

Consolidated Financial Results for the Three Months Ended September 30, 2024 (Under IFRS)

Company name: Open Up Group Inc.
Listing: Tokyo Stock Exchange
Securities code: 2154
URL: https://www.openupgroup.co.jp/
Representative: Yutaka Nishida, Chairman and Representative Director, CEO
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	48,366	17.0	4,092	28.3	4,149	27.9	3,971	22.4	2,391	4.5	2,387	4.9
September 30, 2023	41,329	-	3,190	-	3,243	-	3,244	-	2,289	7.3	2,276	7.2

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Yen	Yen
September 30, 2024	2,204	-2.7	27.49	27.48
September 30, 2023	2,264	4.2	26.30	26.23

Note: 1. Business profit is the Company's own profit indicator which is “gross profit” minus “selling, general and administrative expenses” and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under “Other income” and “Other expenses.”

2. In the previous fiscal year, BeNEXT Partners Inc.'s business (currently UT Partners Inc.) has been classified as discontinued operations. As a result, profit from discontinued operations is presented separately from continuing operations in the condensed quarterly consolidated financial statements. Accordingly, revenue, business profit, operating profit, and profit before tax for the first quarter of the previous fiscal year are from the amounts of continuing operations. Therefore, the year-on-year changes in the first quarter of the fiscal year ended June 30, 2024 are not shown.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	114,525	71,716	71,700	62.6
June 30, 2023	116,566	73,347	73,198	62.8

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	20.00	-	45.00	65.00
Fiscal year ending June 30, 2025	-				
Fiscal year ending June 30, 2025 (Forecast)		30.00	-	45.00	75.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated business results for the fiscal year ending June 2025 (July 1, 2024 through June 30, 2025)

(% change from the previous corresponding period)

	Revenue		Business profit		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	193,000	11.4	16,000	11.9	16,000	11.9	16,000	9.9	11,270	-4.2	129.82

Note: 1. Revisions to the forecast of business results most recently announced: None
2. Since we manage our business performance on an annual basis, the forecasts for the first half are omitted.
3. Business profit is the Company's own profit indicator which is “gross profit” minus “selling, general and administrative expenses” and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under “Other income” and “Other expenses.”

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	91,782,366 shares
As of June 30, 2024	91,778,775 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	4,931,275 shares
As of June 30, 2024	4,963,624 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2024	86,829,325 shares
Three months ended September 30, 2023	86,561,524 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements 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. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Table of Contents

1. Overview of Operating Results …… 2
(1) Overview of Operating Results for the Current Quarter …… 2
(2) Overview of Financial Position for the Current Quarter …… 3
(3) Overview of Cash Flows for the Current Quarter …… 3
(4) Summary of Information on Future Forecasts, including the Forecast of Consolidated Results …… 3
2. Condensed Quarterly Consolidated Financial Statements and Notes on Important Matters …… 4
(1) Condensed Quarterly Consolidated Statement of Financial Position …… 4
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income …… 6
(3) Condensed Quarterly Statement of Changes in Equity …… 8
(4) Condensed Quarterly Consolidated Statement of Cash Flows …… 12
(5) Notes on Condensed Quarterly Consolidated Financial Statements …… 13
(Notes on the Premise of a Going Concern) …… 13
(Segment Information) …… 13
(Discontinued Operations) …… 14
(Significant Subsequent Events) …… 15

1. Overview of Operating Results

(1) Overview of Operating Results for the Current Quarter

Revenue for the first three months of the consolidated fiscal year under review increased 17.0% year on year, to 48,366 million yen. This revenue growth was primarily driven by increased sales in the overseas segment due to exchange rate impacts, combined with contributions from two companies consolidated as subsidiaries on April 1, 2024, during the previous fiscal year. Additionally, growth in personnel in the Machinery, Electronics, IT, and Construction Segments, coupled with a stable utilization rate, contributed to this increase. On the profit front, business profit, operating profit, and profit attributable to owners of parent increased to 4,092 million yen (up 28.3% year on year), 4,149 million yen (up 27.9% year on year), and 2,387 million yen (up 4.9% year on year), respectively, as a result of efforts to maintain gross profit and the ratio of selling, general and administrative expenses to revenue.

In the previous fiscal year, we classified the business of BeNEXT Partners Inc. (currently UT Partners Inc.) as discontinued operations. As a result, profits from discontinued operations are presented separately from continuing operations in the condensed quarterly consolidated income statement. Consequently, the revenue, business profit, operating profit, and profit before income taxes for the first quarter of the previous fiscal year represent amounts from continuing operations.

*Business profit is the Company's own profit indicator which is "gross profit" minus "selling, general and administrative expenses" and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under "Other income" and "Other expenses."

A summary of the results of each segment is as follows. The revenue of each segment is revenue from sales to external customers.

[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 consolidated cumulative period of the first quarter, Open Up Technology Inc., acquired in the previous fiscal year, contributed to an increase in personnel, with utilization rates remaining stable overall. In terms of profit, gross profit margins improved due to a shift toward mid-level engineers, which resulted in higher unit prices. Additionally, the ratio of selling and administrative expenses to revenue improved as hiring costs were contained. As a result, revenue and segment profit increased 15.2% and 59.6% year on year, to 24,729 million yen and 2,831 million yen, respectively, in the first three months under review.

[Construction Segment] (Temporary staffing business supplying construction managers and CAD operators to the construction industry)

During the consolidated cumulative period of the first quarter, an increase in personnel resulted from enhanced recruitment efforts carried over from the previous fiscal year, along with improvements in contract unit prices based on the supply-demand conditions for personnel in the construction industry. In terms of profit, while selling and administrative expenses, including personnel costs, rose slightly as a percentage of revenue, overall profit increased, though profit margins declined slightly.As a result, revenue and segment profit increased 19.1% and 13.9% year on year, to 12,532 million yen and 1,905 million yen, respectively, in the first three 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 three months of the consolidated fiscal year under review, the UK economy remained somewhat recessionary while inflation slowly began to decline. Revenue rose in pound sterling terms because of activities to secure orders such as working steadily to develop new customer relationships. Profit margin decreased because the temporary strong performance ended in the highly profitable job introduction business and costs and personnel expenses climbed due to inflation.

As a result, revenue increased 18.3% year on year to 10,632 million yen and segment profit decreased 15.5% year on year, to 184 million yen, in the first three months under review.

[Others]

Domains not included in the reportable segments are an online programming learning service and personnel referral business carried out by SAMURAI, Inc. and SAMURAI Career, Inc., and various types of services that Open Up With Inc., the Group’s special subsidiary that employs people with disabilities, provides within the Group.

During the first three months of the consolidated fiscal year under review, both sales and profit remained solid in the online programming learning service, aided by profitability-focused policy measures. In addition, revenue increased significantly, reflecting the expanded range of areas where the service is provided.

As a result, in the first three months of the consolidated fiscal year under review, revenue, including internal transactions increased 32.3% year on year, to 786 million yen and segment profit increased 468.6% year on year, to 109 million yen.

(2) Overview of Financial Position for the Current Quarter

(Assets)

Assets totaled 114,525 million yen at the end of the first three months under review after a decrease of 2,040 million yen (1.8%) from the end of the previous fiscal year. This change largely reflected a decrease of 2,358 million yen in cash and deposits mainly due to dividends and income taxes paid, and 209 million yen in right-of-use assets, partly offset by an increase of 577 million yen in trade and other receivables due to higher revenue.

(Liabilities)

Liabilities at the end of the first three months under review totaled 42,809 million yen, a decrease of 409 million yen (0.9%) from the end of the previous fiscal year. This was mainly due to factors such as decreases of 3,002 million yen in accrued personnel expenses, 1,582 million yen in income tax payable and 726 million yen in trade and other payables, which more than offset an increase of 4,952 million yen in borrowings in current liabilities.

(Equity)

Equity at the end of the first three months under review totaled 71,716 million yen, a decrease of 1,630 million yen (2.2%) from the end of the previous fiscal year. This change chiefly reflected the recording of profit attributable to owners of parent of 2,387 million yen, an increase of 359 million yen due to the reversal of written put option liabilities related to non-controlling interests, a decrease of 1,169 million yen in retained earnings due to dividends paid of 3,916 million yen, a decrease of 230 million yen due to additional acquisition of shares of the subsidiary, and a decrease of 184 million yen in capital surplus due to the additional purchase of shares in subsidiaries.

(3) Overview of Cash Flows for the Current Quarter

At the end of the first three months under review, cash and cash equivalents ("Cash") decreased 2,358 million yen from the end of the previous fiscal year to 19,147 million yen. The primary factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 1,477 million yen (compared with net cash provided of 2,546 million yen in the same period of the previous year). This was primarily because cash outflows related chiefly to a decrease of 3,004 million yen in accrued personnel expenses, income taxes paid of 3,006 million yen, and an increase of 864 million yen in trade and other receivables exceeded cash inflows due to the recording of profit before tax of 3,971 million yen, an increase of 944 million yen in other in net cash provided by operating activities, and depreciation and amortization of 560 million yen.

(Cash flow from investing activities)

Net cash used in investment activities was 366 million yen (compared with net cash provided of 96 million yen in the same period of the previous year). This was largely due to 218 million yen used for the purchase of property, plant and equipment, a decrease of 95 million yen in other in net cash provided by investment activities and 52 million yen used for the purchase of intangible assets.

(Cash flow from financing activities)

Net cash used in financing activities was 416 million yen (compared with net cash used of 4,015 million yen in the same period of the previous year). This was primarily because cash outflows related to 3,898 million yen of dividends paid, repayments of lease liabilities of 1,192 million yen, and payments for acquisition of interests in subsidiaries from non-controlling interests of 359 million yen exceeded an increase of 5,067 million yen in short-term borrowings.

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

The Company has made no change to the consolidated business forecasts announced on August 9, 2024.

2. Condensed Quarterly Consolidated Financial Statements and Notes on Important Matters

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	Previous fiscal year (June 30, 2024)	Current First Quarter (September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	21,506	19,147
Trade and other receivables	24,705	25,282
Other financial assets	1,405	1,384
Other current assets	3,163	3,333
Total current assets	50,780	49,147
Non-current assets		
Property, plant and equipment	1,730	1,714
Right-of-use assets	3,084	2,874
Goodwill	51,075	51,066
Intangible assets	1,292	1,238
Investments accounted for using equity method	1,357	1,261
Other financial assets	3,199	3,246
Deferred tax assets	3,321	3,314
Other non-current assets	724	660
Total non-current assets	65,785	65,378
Total assets	116,566	114,525

(Millions of yen)

	Previous fiscal year (June 30, 2024)	Current First Quarter (September 30, 2024)
Liabilities and equities		
Liabilities		
Current liabilities		
Trade and other payables	2,786	2,060
Borrowings	1,606	6,559
Accrued personnel expenses	16,217	13,214
Income taxes payable	3,228	1,646
Other financial liabilities	5,317	5,773
Provisions	38	1
Other current liabilities	9,525	9,289
Total current liabilities	38,720	38,544
Non-current liabilities		
Borrowings	30	15
Other financial liabilities	2,401	2,193
Provisions	591	558
Other non-current liabilities	1,474	1,497
Total non-current liabilities	4,497	4,264
Total liabilities	43,218	42,809
Equity		
Share capital	4,795	4,797
Capital surplus	82,716	82,532
Retained earnings	-7,004	-8,174
Treasury shares	-8,176	-8,131
Other components of equity	867	675
Total equity attributable to owners of parent	73,198	71,700
Non-controlling interests	148	16
Total equity	73,347	71,716
Total liabilities and equity	116,566	114,525

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed quarterly consolidated statement of profit or loss)

(Millions of yen)

	Previous First Quarter (July 1, 2023 - September 30, 2023)	Current First Quarter (July 1, 2024 - September 30, 2024)
Continuing operations		
Revenue	41,329	48,366
Cost of sales	31,599	36,638
Gross profit	9,730	11,727
Selling, general and administrative expense	6,539	7,635
Other revenue	62	58
Other expense	10	1
Operating profit	3,243	4,149
Share of profit of entities accounted for using equity method	36	11
Financial revenue	13	13
Financial expenses	48	202
Profit before tax	3,244	3,971
Income tax expense	1,027	1,579
Profit from continuing operations	2,217	2,391
Discontinued operations		
Profit from discontinued operations	72	-
Profit	2,289	2,391
Profit attributable to		
Owners of parent	2,276	2,387
Non-controlling interests	13	4
Profit	2,289	2,391
Profit per share		
Basic earnings per share (Yen)	26.30	27.49
Continuing operations	25.46	27.49
Discontinued operations	0.83	-
Diluted earnings per share (Yen)	26.23	27.48
Continuing operations	25.40	27.48
Discontinued operations	0.83	-

(Condensed quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Previous First Quarter (July 1, 2023 - September 30, 2023)	Current First Quarter (July 1, 2024 - September 30, 2024)
Profit	2,289	2,391
Other comprehensive income		
Balances related to items that will not be reclassified to profit or loss		
Financial assets at fair value through other comprehensive income	-18	-30
Remeasurements of defined benefit plans	1	0
Total items that will not be reclassified to profit or loss	-17	-30
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-3	-51
Share of other comprehensive income of investments accounted for using equity method	-4	-106
Total items that may be reclassified to profit or loss	-7	-157
Total other comprehensive income, net of tax	-25	-187
Comprehensive income	2,264	2,204
Comprehensive income attributable to		
Owners of parent	2,251	2,208
Non-controlling interests	12	-4
Comprehensive income	2,264	2,204

(3) Condensed Quarterly Statement of Changes in Equity

Previous First Quarter (July 1, 2023-September 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of July 1, 2023	4,695	82,570	-13,967	-8,269	67	617
Profit			2,276			
Other comprehensive income						-6
Total comprehensive income	-	-	2,276	-	-	-6
Issuance of new shares	2	2			-0	
Dividends of surplus			-2,864			
Purchase of treasury shares		-0		-1		
Disposal of treasury shares				37		
Share-based payment transactions		1			134	
Forfeiture of share acquisition rights		0			-0	
Transfer from other components of equity to retained earnings			98			
Total transactions with owners	2	4	-2,765	35	133	-
Total changes	2	4	-489	35	133	-6
Balance as of September 30, 2023	4,697	82,574	-14,457	-8,233	200	610

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance as of July 1, 2023	-756	-	-72	64,956	59	65,016
Profit				2,276	13	2,289
Other comprehensive income	-18	1	-24	-24	-0	-25
Total comprehensive income	-18	1	-24	2,251	12	2,264
Issuance of new shares			-0	3		3
Dividends of surplus			-	-2,864	-5	-2,870
Purchase of treasury shares			-	-1		-1
Disposal of treasury shares			-	37		37
Share-based payment transactions			134	136		136
Forfeiture of share acquisition rights			-0	-		-
Transfer from other components of equity to retained earnings	-97	-1	-98	-		-
Total transactions with owners	-97	-1	34	-2,689	-5	-2,695
Total changes	-116	-	9	-437	6	-430
Balance as of September 30, 2023	-873	-	-62	64,519	66	64,585

Current First Quarter (July 1, 2024-September 30, 2024)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of July 1, 2024	4,795	82,716	-7,004	-8,176	41	823
Profit			2,387			
Other comprehensive income						-148
Total comprehensive income	-	-	2,387	-	-	-148
Issuance of new shares	1	1			-2	
Dividends of surplus			-3,916			
Purchase of treasury shares		-0		-0		
Disposal of treasury shares		0		46		
Share-based payment transactions		44			-10	
Forfeiture of share acquisition rights		0			-0	
Changes in written put option liabilities related to non-controlling interests, etc.			359			
Purchase of shares of consolidated subsidiaries		-230				
Transfer from other components of equity to retained earnings			0			
Total transactions with owners	1	-184	-3,556	45	-13	-
Total changes	1	-184	-1,169	45	-13	-148
Balance as of September 30, 2024	4,797	82,532	-8,174	-8,131	27	675

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance as of July 1, 2024	2	-	867	73,198	148	73,347
Profit				2,387	4	2,391
Other comprehensive income	-30	0	-178	-178	-9	-187
Total comprehensive income	-30	0	-178	2,208	-4	2,204
Issuance of new shares			-2	1		1
Dividends of surplus			-	-3,916	-2	-3,919
Purchase of treasury shares			-	-0		-0
Disposal of treasury shares			-	46		46
Share-based payment transactions			-10	33		33
Forfeiture of share acquisition rights			-0	-		-
Changes in written put option liabilities related to non-controlling interests, etc.			-	359		359
Purchase of shares of consolidated subsidiaries			-	-230	-125	-355
Transfer from other components of equity to retained earnings	-0	-0	-0	-		-
Total transactions with owners	-0	-0	-13	-3,706	-127	-3,834
Total changes	-30	-	-191	-1,498	-132	-1,630
Balance as of September 30, 2024	-27	-	675	71,700	16	71,716

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Previous First Quarter (July 1, 2023 - September 30, 2023)	Current First Quarter (July 1, 2024 - September 30, 2024)
Cash flows from operating activities		
Profit before tax	3,244	3,971
Profit before tax from discontinued operations	73	-
Depreciation and amortization expense	505	560
Impairment loss (or reversal)	2	-
Interest and dividend income	-14	-13
Interest expenses	43	53
Share of loss (profit) of entities accounted for using equity method	-36	-11
Decrease (increase) in trade and other receivables	-756	-864
Increase (decrease) in trade and other payables	-582	-235
Increase(decrease) in accrued personnel expenses	708	-3,004
Decrease (increase) in prepaid expenses	112	154
Decrease (increase) in lease receivables	322	366
Increase (decrease) in accrued consumption taxes	363	-353
Other	751	944
Subtotal	4,737	1,567
Interest and dividends received	16	14
Interest paid	-42	-52
Income taxes paid	-2,164	-3,006
Cash flows from operating activities	2,546	-1,477
Cash flows from investing activities		
Purchase of property, plant and equipment	-126	-218
Purchase of intangible assets	-36	-52
Purchase of investment securities	-0	-
Proceeds from sales of investment securities	204	0
Other	55	-95
Cash flows from investing activities	96	-366
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	53	5,067
Repayments of long-term borrowings	-30	-30
Redemption of bonds	-126	-
Repayments of lease obligations	-1,047	-1,192
Dividends paid	-2,862	-3,898
Purchase of treasury shares	-1	-0
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	-359
Other	-1	-1
Cash flows from financing activities	-4,015	-416
Effect of exchange rate change on cash and cash equivalents	-5	-98
Net increase (decrease) in cash and cash equivalents	-1,377	-2,358
Cash and cash equivalents at beginning of period	16,077	21,506
Cash and cash equivalents at end of period	14,700	19,147

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The business segments of the Group are the units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Group offers staffing services while also undertaking other services comprehensively on a contract or entrustment basis, both domestically and internationally, with a focus on the technology development departments of manufacturing companies and other clients including Japanese construction companies. In light of this, the reportable segments do not reflect the integration of the business segments.

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

Overseas Segment ... Temporary staffing, contracting and placement business for the engineering and manufacturing sectors internationally

The Company classified the operations of BeNEXT Partners Inc. (currently UT Partners Inc.) as discontinued operations in the previous consolidated fiscal year. Therefore, reclassification was implemented to relevant information for the first three months of the previous fiscal year. However, the reportable segment for the first three months of the previous consolidated fiscal year includes the manufacturing business classified as discontinued operations.

(2) Information regarding reportable segments

Accounting policies for reportable segments are generally the same as those stated in “Accounting policies in preparing the condensed consolidated financial statements.”

The profit for the reportable segment is the amount of operating profit adjusted based on the share of profit (loss) of investments accounted for using equity method. Also, inter-segment sales and transfers are valued at market prices.

First three months ended September 30, 2023 (July 1, 2023 - September 30, 2023)

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Before the adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (After the adjustment for discontinued operations)
	Machinery, Electronics and IT Software Segment	Construction Segment	Manufacturing Segment	Overseas Segment	Total						
Revenue											
Revenue from external customers	21,461	10,524	2,667	8,988	43,641	355	43,996	-	43,996	-2,667	41,329
Intersegment revenue	11	-	1	45	58	239	297	-297	-	-	-
Total	21,473	10,524	2,668	9,034	43,700	594	44,294	-297	43,996	-2,667	41,329
Segment profit (Note 3)	1,774	1,673	25	217	3,691	19	3,710	-357	3,352	-73	3,279
Finance income									14	-0	13
Finance costs									49	-1	48
Profit before tax									3,318	-73	3,244

Note: 1. “Other” includes business segments that have not been included in the reportable segments, including the business promoting the employment of people with disabilities, the online programming learning service business and a personnel referral business.

2. The adjustment of -357 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 860 million yen and an inter-segment elimination of -502 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

3. 36 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using equity method, which is included in segment profit.

4. Revenues, profits and losses in the manufacturing domain have been reclassified in line with its transfer to discontinued operations.

First three months ended September 30, 2024 (July 1, 2024 - September 30, 2024)

(Unit: Million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Machinery, Electronics and IT Software Segment	Construction Segment	Overseas Segment	Total				
Revenue								
Revenue from external customers	24,729	12,532	10,632	47,893	472	48,366	-	48,366
Intersegment revenue	4	-	47	52	313	365	-365	-
Total	24,733	12,532	10,680	47,946	786	48,732	-365	48,366
Segment profit (Note 3)	2,831	1,905	184	4,921	109	5,031	-870	4,160
Finance income								13
Finance costs								202
Profit before tax								3,971

Note: 1. "Other" includes business segments that have not been included in the reportable segments, including the business promoting the employment of people with disabilities, the online programming learning service business and a personnel referral business.

2. The adjustment of -870 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 1,370 million yen and an inter-segment elimination of -499 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

3. 11 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using equity method, which is included in segment profit.

(Discontinued operations)

(1) Overview of the discontinued operations

On November 27, 2023, the Company concluded an agreement to transfer all shares in BeNEXT Partners Inc. (currently UT Partners Inc.), its consolidated subsidiary, to UT Group Co., Ltd., a company listed on the Tokyo Stock Exchange and implemented the transfer on April 1, 2024.

Therefore, profit (loss) and cash flows related to BeNEXT Partners Inc. for the first three months of the previous consolidated fiscal year have been retrospectively restated, ensuring that the discontinued operations are presented separately.

(2) Results of the discontinued operations

(Unit: Million yen)

	Three months ended September 30, 2023 (July 1, 2023 - September 30, 2023)	Three months ended September 30, 2024 (July 1, 2024 - September 30, 2024)
Profit (loss) of the discontinued operations		
Revenue	2,667	-
Other gains	4	-
Other losses	-2,597	-
Profit before tax from the discontinued operations	73	-
Income tax expenses	-1	-
Profit from discontinued operations	72	-

(3) Cash flows from the discontinued operations

(Unit: Million yen)

	Three months ended September 30, 2023 (July 1, 2023 - September 30, 2023)	Three months ended September 30, 2024 (July 1, 2024 - September 30, 2024)
Cash flows from discontinued operations		
Cash flows from operating activities	276	-
Cash flow from investing activities	-4	-
Cash flow from financing activities	-102	-
Total	170	-

(Significant Subsequent Events)

(Acquisition of shares of subsidiaries)

At the meeting held on July 19, 2024, the Board of Directors of the Company passed a resolution to acquire all of the shares of Ophiuchus Invesco Co., Ltd. (hereinafter, “Ophiuchus Invesco”), which includes IR Inc. (hereinafter, "IR") under its umbrella, to make October 1, 2024, the effective date of the acquisition, and to make Ophiuchus Invesco a subsidiary. The Company then signed a share transfer agreement on August 7, 2024, and converted Ophiuchus Invesco into a subsidiary.

The provisions of IFRS 3 Business Combinations will apply regarding the purchase of Ophiuchus Invesco.

1. Reasons for the share acquisition

The Company has achieved high growth in the engineering staffing service industry through its unique business model of developing unexperienced individuals into engineers to open up individual potential through rewarding work. The Company is expanding its business in the engineering market to continue to achieve high growth. In particular, the Company leads the industry in construction-worker staffing and plans to enhance its construction-worker staffing in response to the continually high demand for human resources that is expected in the construction industry.

IR Inc. operates the staffing and recruiting agent service in the construction industry. It is headquarters in Nagoya and has a business base in the Tokai region, where the Company’s market share is low. A strength of IR Inc. is its efficient recruitment using social media.

Through this share acquisition, the Company expects to be able to use the efficient recruitment of IR Inc. within the Company in addition to the strengthening of business in the Tokai region where the Company’s market share is low.

2. Outline of share acquisition

(i) Outline of subsidiary to be acquired

Name	Ophiuchus Invesco Co., Ltd.
Business description	Possession and management of shares of IR Inc.

(ii) Date of the business combination

October 1, 2024

(iii) Legal form of the business combination

Cash acquisition of shares

(iv) Name of the combined entity

No change

(v) Ratio of acquired equity interest with voting rights

100.0%

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

The ability of the Company to acquire the company's stock for cash

(3) Purchase price and breakdown

Consideration for acquisition	6,000 million yen
Cash	6,000 million yen

(4) Breakdown and amounts of major related costs

Advisory fees, commission and others 124 million yen

(5) Amount of goodwill

Not yet determined

(6) Fair value of assets accepted, and liabilities assumed on the date of business combination and the main breakdown thereof

Not yet determined