



Summary of the Consolidated First Quarter Statements (IFRS) for the Three-Months Period Ended September 30, 2020

October 30, 2020

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
 TSE Code 6028 URL <https://www.technoproholdings.com/en/>
 Representative (Title) President, Representative Director & CEO (Name) Yasuji Nishio
 In charge of inquiries (Title) Director & CFO (Name) Toshihiro Hagiwara TEL 03-6385-7998
 Quarterly report scheduled submission date November 9, 2020
 Scheduled commencement date for dividend payment -
 Supplementary materials for financial results: Yes
 Briefing session for financial results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Three Months Ended September 30, 2020 (July 1, 2020 – September 30, 2020) (1) Consolidated Operating Results (Cumulative) (% represents the change from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three-months ended September 30, 2020	39,195	0.8	4,357	12.2	4,311	11.2	2,996	11.1	2,971	11.8	2,927	26.9
For the three-months ended September 30, 2019	38,896	16.7	3,884	22.0	3,875	22.6	2,697	27.1	2,658	27.7	2,307	0.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three-months ended September 30, 2020	82.75	—
For the three-months ended September 30, 2019	73.42	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company
	Million yen	Million yen	Million yen	%
For the three-months ended September 30, 2020	106,960	48,866	47,567	44.5
FY ended June 30, 2020	107,967	49,509	48,229	44.7

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2020	—	50.00	—	100.00	150.00
FY ending June 30, 2021	—				
FY ending June 30, 2021 (forecast)		50.00	—	—	—

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

For information concerning revisions to dividend forecasts, please see the “Notice Regarding Revision of Earnings Guidance and Dividend Forecast” released today (October 30, 2020). In addition, the dividend forecasts for FY ending June 30, 2021 have not yet been determined, but at present the Company aims to maintain a dividend payout ratio of 50%.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021 (July 1, 2020 – June 30, 2021)

(% represents the change from the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	77,500	(1.9)	8,500	3.4	8,400	2.6	5,800	2.6	161.52
Full year	—	—	—	—	—	—	—	—	—

(Notes) Revisions to consolidated financial results forecasts published most recently: Yes

Due to the difficulties at this time in making rational estimates of the impact of the spread of COVID-19 on the Company's business over the full year, the Company is disclosing consolidated financial results forecasts only for the second quarter period (cumulative) of the fiscal year ending June 30, 2021. For information concerning revisions to dividend forecasts, please see the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast" released today (October 30, 2020). When it becomes possible to make rational estimates of COVID-19's full-year impact, the Company will promptly disclose full-year results forecasts.

* Notes

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

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

(3) Number of outstanding shares (ordinary shares)

i. Number of outstanding shares at the end of the period (including treasury shares)	As of September 30, 2020	36,140,388 shares	FY ended June 30, 2020	36,140,388 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2020	231,681 shares	FY ended June 30, 2020	231,681 shares
iii. Average number of shares during the period (cumulative)	For the three-month ended September 30, 2020	35,908,707 shares	For the three-month ended September 30, 2019	36,205,957 shares

* This Summary of Financial Statements is not subject to quarterly review by certified public accountant or audit corporation.

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

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

Please refer to page 5 "1. Qualitative Information on Financial Results for the Period Under Review; (3) Results forecasts and other forward-looking information", for criteria for assumptions used in the earnings forecast.

The Company plans to hold a briefing on financial results for institutional investors and analysts on October 30, 2020. The Company plans to post supplementary and other materials for the briefing on the Company's website at the same time that the information is disclosed to the Tokyo Stock Exchange.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Summary of business performance

During the consolidated first quarter period under review (July 1, 2020 to September 30, 2020), there was continuing uncertainty towards the future of the global economy, as it continued to be impacted by U.S.-China trade friction and the global COVID-19 pandemic. In Japan too, with no end of the COVID-19 pandemic in sight, a sense of caution about the future of the country's economy has continued.

In this economic environment, the Company's core business area of engineer staffing and project-based contract services was adversely impacted. While demand for IT engineers remained strong, there was a decline in demand for mechanical engineers, particularly those in transportation machinery-related industries such as the automotive industry, and the uncertainty towards the business environment has continued.

Due to concerns over the impact of COVID-19, since the second half of the previous fiscal year the Company has rapidly executed defensive countermeasures with its business continuity as its top priority. The main initiatives implemented by the Company during the period under review were as follows:

Secure engineer assignments

Due to significant concerns over the ending of customer contracts, either because of expiration or cancellation caused by the decline in demand in technological fields including the machinery and the electric/electronic, as well as in the transportation equipment industry, the Company prioritized to secure engineer assignments in its business activities, continuing negotiations with existing customers and shifting bench engineers to other customers. As a result, the average utilization rate during the consolidated first quarter period under review exceeded expectations made at the beginning of the period. The Company will continue to prioritize the preservation of employment and strive to secure engineer assignments.

Secure engineering resources

The Company continued the measures to significantly control new hires first implemented in the consolidated fourth quarter of the previous fiscal year when COVID-19 infections were increasing in Japan. However, with an improved average utilization rate, the Company slowly resumed the mid-career recruitment hiring mainly of high added-value engineers. In addition, the Company continued the measures to curtail resignations. The Company will continue to endeavor to secure engineers, the driver of its growth.

Shift to the IT sector

Irrespective of the impact of COVID-19, the IT sector is seeing stronger demand in comparison to other sectors, and this is expected to increase in future. As of the end of the previous consolidated fiscal year, half of the Company's total engineers were IT engineers. The Company is investing resources into the IT Sector; it is increasing the number of engineers specialized in digital technologies (data science, cloud, IoT, security, 5G, etc.), by converting engineer skills from hardware-related areas to digital, as well as by recruitment of such engineers.

Measures to prevent the spread of COVID-19

The Company has prioritized the health and safety of its employees throughout the COVID-19 pandemic. Specifically, it has promoted working from home and staggered commuting, set up systems to enable business discussions and meetings to be conducted via online video conferencing, distributed masks and disinfectant to all offices in Japan, changed hanko seal-based approvals to other methods, and continued with furlough procedures. The Company is working to strengthen systems that will enable it to conduct business in the event of a resurgence of COVID-19 in future.

As a result of the initiatives described above, the number of domestic engineers at the end of the first quarter of the period under review increased to 20,631 (up 981 compared to the end of the first quarter of the previous fiscal year). The average utilization rate for the period under review was 92.7% (down 2.8 pts compared to the first quarter of the previous fiscal year), but remained higher than expectations made at the beginning of the period. In spite of the past efforts to improve sales per engineer, 1) the hiring of a large number of new graduates, 2) lower

levels of overtime due to government-led workstyle reforms, and 3) growth in implementation of telecommuting after the COVID-19 crisis resulted in average monthly sales per engineer of 620 thousand yen per month (down 6 thousand yen, average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.). However, excluding new employees who had joined the Company in the last twelve months, average monthly sales per engineer for existing employees rose by 17 thousand yen compared to the first quarter of the previous fiscal year.

In recruitment, significant controls placed on new hires have continued and thus the number of newly hired domestic engineers for the period under review was 59 (down 864 compared to the first quarter of the previous fiscal year). The total number of domestic engineers fell by 633 compared to the end of the previous fiscal year.

In terms of expenses, the gross profit margin was 22.7% (down 1.9 pts compared to the first quarter of the previous fiscal year) mainly due to 1) a decrease in the number of working hours and days and 2) an increase in bench engineers as a result of temporary furlough requests and other factors. The SG&A ratio to revenue was 12.9% (down 2.2 pts) as a result of the continued implementation of strict cost controls.

In addition, owing to the Company's efforts to protect employment, it recorded 495 million yen of government subsidy for continuous employment, in relation to COVID-19 pandemic, as other income.

As a result, the Company's revenue for the first quarter was 39,195 million yen (up 0.8% compared to the first quarter of the previous fiscal year), operating profit was 4,357 million yen (up 12.2%), profit before taxes was 4,311 million yen (up 11.2%), and net profit attributable to the owners of the parent company was 2,971 million yen (up 11.8%).

Earnings for the segments of the business during the consolidated first quarter period under review were as follows:

(R&D Outsourcing)

In order to expand its IT business, which has been performing well within R&D outsourcing, the Company implemented IT training for hardware-related engineers and tried to realize new assignments through skill conversions. In addition, the Company made efforts to secure assignments through business collaborations with the partners possessing high added-value technologies and by actively implementing internal/ external training. While the utilization ratio declined slightly, these efforts led to an increase in total engineers and assigned engineers at 17,984 and 16,818, respectively (up 939 and up 472, respectively, compared to the end of the first quarter of the previous fiscal year). As a result of these initiatives, revenue in this segment was 31,256 million yen (up 1.4%).

(Construction Management Outsourcing)

In addition to construction management, the main service provided under Construction Management Outsourcing, the Company has also expanded its services to offer based on technological skills developed in the design and construction management fields, for example: 3D measurement, aerial photography, and inspections using drones, and the establishment of first-class qualified architect offices. In this segment the impact of COVID-19 has been minimal and so a high utilization rate was maintained with total engineers and assigned engineers at 2,647 and 2,556, respectively (up 42 and 93, respectively, compared to the end of the first quarter of the previous fiscal year). As a result, revenue in this segment was 4,975 million yen (up 3.1%).

(Other Businesses in Japan)

Other Businesses in Japan comprises a professional recruitment service and an education and training service in engineering. These businesses collectively saw a decline in performance due to the impact of COVID-19. In particular, the professional recruitment service faced significant decline due to controls on hiring at customers. However, Win School operated by PC Assist Co., Ltd. has been expanding online courses since the previous fiscal year, and this, together with courses held physically at their schools, served to cover this decline to some extent. As a result, revenue in this segment was 863 million yen (down 14.4%).

(Overseas Businesses)

At the Company's Overseas Businesses, the impact of COVID-19 was more pronounced than it was in Japan. In addition, the degree of impact varied among countries. China was able to exit from its economic downturn at an early stage and saw a return to economic activity. Therefore, the Company proceeded with business activities with Chinese customers in addition to existing Japanese customers in China. However, lockdowns in the U.K., Singapore, and India led to a stagnation in the Company's business activities. At the same time, the Company has implemented remote working and established systems that allow for the comparatively normal execution of business activities. As a result, revenue in this segment was 2,414 million yen (down 6.6%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 106,960 million yen as of the end of the consolidated first quarter period under review (down 1,006 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,141 million yen, cash and cash equivalents of 23,123 million yen, and accounts receivables and other receivables of 19,800 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 51,000 million yen as of the end of the consolidated first quarter period under review (down 306 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 23,123 million yen (up 325 million yen), and accounts receivables and other receivables of 19,800 million yen (down 414 million yen).

(Non-current assets)

Non-current assets totaled 55,959 million yen as of the end of the consolidated first quarter period under review (down 700 million yen from the end of the previous fiscal year). The primary components were goodwill of 36,141 million yen (up 25 million yen), right-of-use assets of 6,178 million yen (down 470 million yen), and deferred tax assets of 4,390 million yen (up 107 million yen).

(Current liabilities)

Current liabilities totaled 37,013 million yen as of the end of the consolidated first quarter period under review (down 6,151 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 14,410 million yen (up 1,040 million yen), employee benefit liabilities of 6,532 million yen (up 134 million yen), lease liabilities of 5,435 million yen (down 453 million), and corporate bonds and loans payable of 3,102 million yen (down 1,351 million yen).

(Non-current liabilities)

Non-current liabilities totaled 21,080 million yen as of the end of the consolidated first quarter period under review (up 5,787 million yen from the end of the previous fiscal year). The primary components were loans payable of 9,686 million yen (up 6,481 million yen), lease liabilities of 5,337 million yen (down 527 million yen), and other long-term financial liabilities of 5,226 million yen (up 11 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 47,567 million yen as of the end of the consolidated first quarter period under review (down 662 million yen from the end of the previous fiscal year). The primary components were retained earnings of 35,520 million yen (down 619 million yen) and a capital surplus of 7,384 million yen (up 35 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter "Cash") totaled 23,123 million yen as of end of the consolidated first quarter period under review, representing an increase of 325 million yen compared to the end of the previous fiscal year. Cash flow during the consolidated first quarter period under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash inflows from operating activities were 601 million yen (same period of previous fiscal year: inflows of 416 million yen). This was mainly due to profit before taxes (4,311 million yen), an increase in accounts payable and other liabilities (1,040 million yen), a decrease in prepaid expenses (900 million yen), and depreciation and amortization (673 million yen), offset by payments of corporate income taxes (2,623 million yen), a decrease in deposits received (2,499 million yen), and a decrease in consumption tax payable (1,259 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 167 million yen (same period of previous fiscal year: outflows of 356 million yen). This was mainly due to outflows for the acquisition of tangible fixed assets (142 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 114 million yen (same period of previous fiscal year: outflows of 5,460 million yen). This was mainly due to inflows from long-term borrowings (10,000 million yen) offset by repayment of long-term borrowings (3,818 million yen), dividend payments (3,582 million yen), and repayment of lease liabilities (1,713 million yen).

(3) Results forecasts and other forward-looking information

There have been changes to the consolidated results forecast for the second quarter period (cumulative) of the fiscal year ending June 30, 2021 which were announced in the "Summary of Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2020" on August 7, 2020. For details, please see the "Notice Regarding Revision of Earnings Guidance and Dividend Forecast" and the FY2021 Q1 Financial Results Slide Presentation, both of which were released today (October 30, 2020).

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	22,797	23,123
Accounts receivables and other receivables	20,214	19,800
Income taxes receivable	1,159	1,181
Other short-term financial assets	2,275	2,215
Other current assets	4,860	4,680
Total current assets	51,307	51,000
Non-current assets		
Property, plant and equipment	1,726	1,724
Right-of-use assets	6,649	6,178
Goodwill	36,115	36,141
Intangible assets	2,149	2,060
Other long-term financial assets	4,865	4,640
Deferred tax assets	4,282	4,390
Other non-current assets	871	823
Total non-current assets	56,660	55,959
Total assets	107,967	106,960
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	13,369	14,410
Loans payable	4,453	3,102
Lease liability	5,888	5,435
Income taxes payable	2,952	1,666
Other financial liabilities	2,055	1,679
Employee benefits liabilities	6,398	6,532
Provisions	11	12
Other current liabilities	8,037	4,174
Total current liabilities	43,165	37,013

(Millions of yen)

	As of June 30, 2020	As of September 30, 2020
Non-current liabilities		
Loans payable	3,205	9,686
Lease liabilities	5,865	5,337
Other long-term financial liabilities	5,214	5,226
Deferred tax liabilities	400	235
Retirement benefit liabilities	9	10
Provisions	459	443
Other non-current liabilities	138	140
Total non-current liabilities	15,292	21,080
Total liabilities	58,457	58,093
Equity		
Share capital	6,929	6,929
Capital surplus	7,349	7,384
Retained earnings	36,139	35,520
Treasury shares	(1,000)	(1,000)
Other components of equity	(1,188)	(1,266)
Equity attributable to owners of the parent company	48,229	47,567
Non-controlling interests	1,279	1,299
Total equity	49,509	48,866
Total liabilities and equity	107,967	106,960

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

(Millions of yen)

	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)	Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)
Revenue	38,896	39,195
Cost of sales	29,349	30,302
Gross profit	9,547	8,892
Selling, general and administrative expenses	5,850	5,040
Other income	200	579
Other expenses	12	74
Operating profit	3,884	4,357
Financial income	32	1
Financial expenses	34	46
Investment profit (loss) under the equity method	(6)	—
Profit before income taxes	3,875	4,311
Income taxes	1,178	1,315
Net profit	2,697	2,996
Net profit attributable to:		
Owners of the parent company	2,658	2,971
Non-controlling interests	39	25
Net profit	2,697	2,996
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	73.42	82.75
Diluted earnings per share	—	—

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

(Millions of yen)

	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)	Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)
Net profit	2,697	2,996
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets at fair value through other comprehensive income	(269)	(130)
Total items that will not be reclassified to profit or loss	(269)	(130)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(120)	61
Total items that may be reclassified to profit or loss	(120)	61
Total other comprehensive income	(389)	(68)
Comprehensive income for the period	2,307	2,927
Comprehensive income for the period attributable to:		
Owners of the parent company	2,296	2,893
Non-controlling interests	11	34
Comprehensive income for the period	2,307	2,927

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

Three-months ended September 30, 2019 (July 1, 2019 to September 30, 2019)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2019	6,903	7,304	31,129	(2)	(532)	44,803	1,262	46,065
Net profit			2,658			2,658	39	2,697
Other comprehensive income			2		(364)	(362)	(27)	(389)
Total comprehensive income	—	—	2,660	—	(364)	2,296	11	2,307
Dividends of surplus			(3,049)			(3,049)	(34)	(3,083)
Share-based payment transaction		38				38		38
Purchase of treasury shares				(1,061)		(1,061)		(1,061)
Changes in ownership interests in subsidiaries		(0)				(0)	0	—
Other increases (decreases)		(0)				(0)		(0)
Total transactions with the owners	—	37	(3,049)	(1,061)	—	(4,073)	(34)	(4,107)
As of September 30, 2019	6,903	7,342	30,741	(1,063)	(897)	43,025	1,239	44,265

Three-months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2020	6,929	7,349	36,139	(1,000)	(1,188)	48,229	1,279	49,509
Net profit			2,971			2,971	25	2,996
Other comprehensive income					(77)	(77)	9	(68)
Total comprehensive income	—	—	2,971	—	(77)	2,893	34	2,927
Dividends of surplus			(3,590)			(3,590)	(14)	(3,605)
Share-based payment transaction		35				35		35
Total transactions with the owners	—	35	(3,590)	—	—	(3,555)	(14)	(3,570)
As of September 30, 2020	6,929	7,384	35,520	(1,000)	(1,266)	47,567	1,299	48,866

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)	Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	3,875	4,311
Depreciation and amortization	628	673
Interest and dividend income	(0)	(1)
Interest expense	29	28
Investment loss (profit) under the equity method	6	—
Decrease (increase) in accounts receivables and other receivables	254	414
Increase (decrease) in accounts payable and other liabilities	460	1,040
Increase (decrease) in deposits received	(1,905)	(2,499)
Decrease (increase) in prepaid expenses	898	900
Decrease (increase) in lease repayments	438	484
Increase (decrease) in consumption tax payable	(629)	(1,259)
Increase (decrease) in retirement benefit liabilities	(43)	(26)
Other	(637)	(823)
Subtotal	3,376	3,244
Interest received	0	1
Interest paid	(20)	(20)
Income taxes paid	(2,971)	(2,623)
Income tax refund	30	0
Net cash flows from operating activities	416	601
Cash flows from investing activities		
Payments into time deposits	(25)	(61)
Proceeds from withdrawal of time deposits	26	26
Purchase of tangible fixed assets	(311)	(142)
Purchase of intangible assets	(11)	(25)
Payment for acquisition of other financial assets	(64)	(16)
Other	30	51
Net cash flows from investing activities	(356)	(167)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,092	(1,000)
Repayment of lease liabilities	(1,577)	(1,713)
Proceeds from long-term borrowings	—	10,000
Repayments of long-term borrowings	(787)	(3,818)
Redemption of bonds	(65)	—
Purchase of treasury shares	(1,061)	—
Cash dividends paid	(3,061)	(3,582)
Net cash flows from financing activities	(5,460)	(114)
Effect of change in exchange rates on cash and cash equivalents	(23)	5
Net increase (decrease) in cash and cash equivalents	(5,423)	325
Cash and cash equivalents at the beginning of the period	21,230	22,797
Cash and cash equivalents at the end of the period	15,807	23,123

(5) Notes to the consolidated financial results (Summary)

(Note on assumption about going concern)

Not applicable.

(Note on segment information)

1. Segment information overview

The Company's reportable segments are Company components for which separate financial information can be obtained. Each segment is subject to periodic examinations to allow the Board of Directors to decide how to allocate management resources and assess performance.

Overview of the reportable segments:

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

2. Information on reportable segments

Accounting principles for the reportable segments are the same as those used in the creation of the consolidated financial statements. Business between reportable segments is based on market prices, and segment profit is shown as operating profit.

Three-months ended September 30, 2019 (July 1, 2019 to September 30, 2019)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	30,754	4,824	823	2,480	38,883	12	38,896
Intersegment sales or transfers	65	—	184	105	356	(356)	—
Total revenue	30,819	4,824	1,008	2,586	39,239	(343)	38,896
Segment profit	2,924	549	107	184	3,766	118	3,884
Financial income	—	—	—	—	—	—	32
Financial expenses	—	—	—	—	—	—	34
Investment profit (loss) under equity method	—	—	—	—	—	—	(6)
Quarterly profit before income taxes	—	—	—	—	—	—	3,875
Other							
Depreciation and amortization	227	53	75	53	410	148	558
Amortization of customer-related assets	20	—	—	50	70	—	70
Profit on early exercise of put options	—	—	—	—	—	65	65
Profit on currency exchange related to put option liabilities	—	—	—	—	—	76	76
Loss on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

Three-months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(Millions of yen)

	Reportable segment					Eliminations/ Corporate	Consoli- dated
	R&D Outsourcing Business	Construction Management Outsourcing Business	Other Businesses in Japan	Overseas Businesses	Total		
Revenue							
Revenue from external customers	31,190	4,975	743	2,275	39,184	10	39,195
Intersegment sales or transfers	66	—	119	139	325	(325)	—
Total revenue	31,256	4,975	863	2,414	39,510	(315)	39,195
Segment profit (loss)	3,433	785	(12)	162	4,368	(11)	4,357
Financial income	—	—	—	—	—	—	1
Financial expenses	—	—	—	—	—	—	46
Quarterly profit before income taxes	—	—	—	—	—	—	4,311
Other							
Depreciation and amortization	256	51	77	50	436	166	602
Amortization of customer-related assets	20	—	—	50	70	—	70
Profit on currency exchange related to put option liabilities	—	—	—	—	—	—	—
Loss on currency exchange related to put option liabilities	—	—	—	—	—	19	19
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Eliminations/Corporate includes corporate expenses not allocated to individual reportable segments and eliminations of intersegment transactions. Corporate expenses are recorded as general administrative expenses not allocated to reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.