



Summary of the Consolidated First Quarter Statements (IFRS) for the Three-Months Period Ended September 30, 2019

October 31, 2019

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <https://www.technoproholdings.com/>
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Quarterly report scheduled submission date November 8, 2019
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, 2019 (July 1, 2019 – September 30, 2019)

(1) Consolidated Operating Results (% 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, 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
For the three-months ended September 30, 2018	33,334	24.7	3,183	26.7	3,162	27.0	2,121	12.9	2,082	10.8	2,291	39.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three-months ended September 30, 2019	73.42	—
For the three-months ended September 30, 2018	57.43	57.39

(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, 2019	99,588	44,265	43,025	43.2
FY ended June 30, 2019	93,771	46,065	44,803	47.8

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, 2019	—	50.00	—	84.00	134.00
FY ending June 30, 2020	—				
FY ending June 30, 2020 (forecast)		50.00	—	90.00	140.00

(Notes) Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 – June 30, 2020)

(% 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
Full year	160,000	11.0	15,300	11.4	15,100	10.0	10,100	4.3	278.21

(Notes) Revisions to dividend forecasts published most recently: None

* 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: Yes
 - 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, 2019	36,304,029 shares	FY ended June 30, 2019	36,304,029 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2019	186,698 shares	FY ended June 30, 2019	498 shares
iii. Average number of shares during the period (cumulative)	For the three-months ended September 30, 2019	36,205,957 shares	For the three-months ended September 30, 2018	36,254,556 shares

* This Summary of Financial Statements is not subject to audit 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 4, "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 post briefing materials of business results on the Company's website at the earliest possible time.

Contents

1. Qualitative Information on Financial Results for the Period Under Review	2
(1) Summary of business performance	2
(2) Summary of financial position	3
(3) Results forecasts and other forward-looking information	4
2. Interim Consolidated Financial Statements (Summary) and notes	5
(1) Consolidated Statement of Financial Position (Summary)	5
(2) Consolidated Statement of Income (Summary) and Consolidated Statement of Comprehensive Income (Summary)	7
(3) Consolidated Statement of Changes in Equity (Summary)	9
(4) Consolidated Statement of Cash Flows (Summary)	10
(5) Notes to the consolidated financial results (Summary)	11
(Note on assumption about going concern)	11
(Note on changes to accounting policy)	11
(Note on segment information)	12

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, 2019 to September 30, 2019), there was continued uncertainty in the global economy due to the impact of trade friction between the US and China, chaos in the European economy associated with Brexit, and other factors. In Japan, there was continued caution in the market due to uncertainty towards the future ahead of the consumption tax increase.

In this economic environment, growth in the Group's core business area of Engineer Dispatching and Contract Assignment continued during the period under review, despite decline in demand for low-skilled engineers from some businesses. At the same time, demand for engineers in the IT and construction industries continued to be high.

The main initiatives implemented by the Group during the period under review were as follows:

Implementation of "Shift up" and "Charge up" initiatives

The Group, continuing from the previous fiscal year, implemented the "Shift up" (increase unit prices through changes in place of assignment), and "Charge up" (increase unit prices at the time of contract renewal at the same place of assignment) initiatives as a means of increasing the amount of sales per engineer. In addition to raising unit prices in line with engineer skills, these initiatives also promote price revisions that support the realization of equal pay for equal work (equal or balanced treatment) in terms of working reform.

Securing engineers

In the engineer recruitment market in Japan, supply continues to fail to meet demand. The Group maintained a high average utilization rate of over 95% for its existing engineers, and securing engineers continued to be a source of the Group's growth. The Group is utilizing new channels for career employment, including referrals from acquaintances, previously retained engineers, and social media, in addition to hiring from paid staff placement businesses. The Group is also making efforts in recruitment through training activities, conducting hiring activities associated with data scientist training and courses to learn about cutting-edge technologies such as IoT. As of the end of the first quarter, the Group has over 1,300 potential hires who have been made job offers to begin work in April 2020, and expects to surpass last year's number of hires.

Promoting globalization

With the expected decline in Japan's working population, the Group is proactively advancing its globalization. In September 2019, the Group established TPRI Technologies Pvt. Ltd. in India as a base for global development. In addition to providing services to Japanese companies in India, it will also proactively advance offshore development for companies outside India.

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 19,650 (up 2,438 compared to the end of the first quarter of the previous fiscal year). The average utilization rate for the period under review was to 95.5% (down 0.7 pts, but the high utilization rate was maintained) and sales per engineer (average for engineers at TechnoPro, Inc. and TechnoPro Construction, Inc.) were 626 thousand yen per month (up 5.0 thousand yen) as a result of continued implementation of the "Shift up" and "Charge up" initiatives.

In employment, the number of newly employed domestic engineers at the end of the first quarter of the period under review was 923 (up 53 compared to the end of the first quarter of the previous fiscal year), contributing to an increase in engineer numbers.

In terms of expenses, the gross profit margin was 24.5% mainly due to increased costs such as increased labor costs for engineers associated with improved business performance. The SG&A ratio to revenue was 15.0% despite an increase in management costs accompanying the Group's expansion.

As a result, the Group's revenues for the first quarter were 38,896 million yen (up 16.7% compared to the first

quarter of the previous fiscal year), operating profit was 3,884 million yen (up 22.0%), profit before taxes was 3,875 million yen (up 22.6%), and net profit attributable to the owners of the parent company was 2,658 million yen (up 27.7%).

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

(R&D Outsourcing)

The Group moved forward with negotiations for “Shift up” and “Charge up” initiatives, driven by specialist teams, in addition to constructing information systems for the acquisition and development of human resources. As a result of these initiatives, revenues in this segment were 30,819 million yen (up 14.3%).

(Construction Management Outsourcing)

The Group, continuing from the previous fiscal period, increased the amount of sales per engineer through the promotion of team assignments and continued to expand the construction management and design business through the recruitment and training of inexperienced personnel. As a result, revenues in this segment were 4,824 million yen (up 16.3%).

(Other Businesses in Japan)

In the period under review, the Group achieved sales growth at recruitment companies in part due to the contribution from TECHNO BRAIN COMPANY, LTD., which the Group acquired in the previous fiscal period. TECHNO BRAIN COMPANY, LTD. is increasingly procuring overseas engineers in addition to domestic engineers and is aiming to enhance business performance in partnership with the Group’s global offices. As a result of these initiatives, revenues in this segment was 1,008 million yen (up 35.7%).

(Overseas Businesses)

The Group significantly increased sales in this segment compared to the previous period, in part due to the contribution from Orion Managed Services Limited, which the Group acquired in the previous fiscal period. In the period under review, the Group enhanced the management and sales structures of overseas offices and promoted sales partnerships with domestic offices. Looking ahead, the Group will strengthen business structures in India as a global development hub. As a result of these initiatives, revenue in this segment was 2,586 million yen (up 51.3%).

(2) Summary of financial position

i. Analysis of financial position

Assets totaled 99,588 million yen as of the end of the consolidated first quarter period under review (up 5,817 million yen from the end of the previous fiscal year). The primary components were goodwill of 37,038 million yen, accounts receivables and other receivables of 19,510 million yen, and cash and cash equivalents of 15,807 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 41,802 million yen as of the end of the consolidated first quarter period under review (down 2,759 million yen from the end of the previous fiscal year). The primary components were accounts receivables and other receivables of 19,510 million yen (down 254 million yen), and cash and cash equivalents of 15,807 million yen (down 5,423 million yen).

(Non-current assets)

Non-current assets totaled 57,785 million yen as of the end of the consolidated first quarter period under review (up 8,576 million yen from the end of the previous fiscal year). The primary components were goodwill of 37,038 million yen (down 41 million yen), an increase in right-of-use assets of 7,089 million yen due to the application of IFRS 16 Leases, and deferred tax assets of 4,391 million yen (up 434 million yen).

(Current liabilities)

Current liabilities totaled 36,976 million yen as of the end of the consolidated first quarter period under review (up 2,805 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 13,424 million yen (up 460 million yen), employee benefit liabilities of 6,071 million yen (up 225 million yen), an increase in lease liabilities of 5,282 million yen due to the application of IFRS 16 Leases, and corporate bonds and loans payable of 4,377 million yen (up 1,016 million yen).

(Non-current liabilities)

Non-current liabilities totaled 18,346 million yen as of the end of the consolidated first quarter period under review (up 4,812 million yen from the end of the previous fiscal year). The primary components were an increase in lease liabilities of 6,236 million yen due to the application of IFRS 16 Leases, other long-term financial liabilities of 6,115 million yen (down 580 million yen) and corporate bonds and loans payable of 5,045 million yen (down 780 million yen)..

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 43,025 million yen as of the end of the consolidated first quarter period under review (down 1,777 million yen from the end of the previous fiscal year). The primary components were capital surplus of 7,342 million yen (up 37 million yen) and retained earnings of 30,741 million yen (down 388 million yen).

ii. Cash flow

Cash and cash equivalents (hereinafter “Cash”) totaled 15,807 million yen as of end of the consolidated first quarter period under review, representing a decline of 5,423 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 416 million yen (same period of previous fiscal year: inflows of 1,562 million yen). This was mainly due to profits before taxes (3,875 million yen), and depreciation and amortization (628 million yen), offset by payments of corporate income taxes (2,971 million yen) and a decrease in deposits received (1,905 million yen).

(Cash flows from investing activities)

Cash outflows from investing activities were 356 million yen (same period of previous fiscal year: outflows of 1,390 million yen). This was mainly due to outflows for the acquisition of tangible fixed assets (311 million yen), and purchases of other financial assets (64 million yen).

(Cash flows from financing activities)

Cash outflows from financing activities were 5,460 million yen (same period of previous fiscal year: outflows of 3,459 million yen). This was mainly due to dividend payments (3,061 million yen), repayment of lease liabilities (1,577 million yen), and purchase of own shares (1,061 million yen).

(3) Results forecasts and other forward-looking information

There have been no changes to the consolidated results forecast for the fiscal year ending 2020 as announced in the “Summary of Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2019” on July 31, 2019.

2. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	21,230	15,807
Accounts receivables and other receivables	19,765	19,510
Income taxes receivable	0	6
Other short-term financial assets	571	1,882
Other current assets	2,993	4,596
Total current assets	44,562	41,802
Non-current assets		
Property, plant and equipment	1,261	1,594
Right-of-use assets	-	7,089
Goodwill	37,079	37,038
Intangible assets	2,596	2,452
Investments accounted for using the equity method	94	87
Other long-term financial assets	4,167	4,414
Deferred tax assets	3,957	4,391
Other non-current assets	52	716
Total non-current assets	49,208	57,785
Total assets	93,771	99,588
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	12,964	13,424
Bond and loans payable	3,360	4,377
Lease liability	1	5,282
Income taxes payable	3,503	1,847
Other financial liabilities	2,581	2,598
Employee benefits liabilities	5,846	6,071
Provisions	3	3
Other current liabilities	5,909	3,370
Total current liabilities	34,171	36,976

(Millions of yen)

	As of June 30, 2019	As of September 30, 2019
Non-current liabilities		
Loans payable	5,825	5,045
Lease liabilities	2	6,236
Other long-term financial liabilities	6,695	6,115
Deferred tax liabilities	499	412
Retirement benefit liabilities	28	29
Provisions	378	404
Other non-current liabilities	104	102
Total non-current liabilities	13,534	18,346
Total liabilities	47,705	55,322
Equity		
Share capital	6,903	6,903
Capital surplus	7,304	7,342
Retained earnings	31,129	30,741
Treasury shares	(2)	(1,063)
Other components of equity	(532)	(897)
Equity attributable to owners of the parent company	44,803	43,025
Non-controlling interests	1,262	1,239
Total equity	46,065	44,265
Total liabilities and equity	93,771	99,588

(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, 2018 (July 1, 2018 to September 30, 2018)	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)
Revenue	33,334	38,896
Cost of sales	25,271	29,349
Gross profit	8,062	9,547
Selling, general and administrative expenses	4,828	5,850
Other income	31	200
Other expenses	82	12
Operating profit	3,183	3,884
Financial income	5	32
Financial expenses	27	34
Investment profit (loss) under the equity method	1	(6)
Profit before income taxes	3,162	3,875
Income taxes	1,040	1,178
Net profit	2,121	2,697
Net profit attributable to:		
Owners of the parent company	2,082	2,658
Non-controlling interests	39	39
Net profit	2,121	2,697
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share	57.43	73.42
Diluted earnings per share	57.39	-

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

(Millions of yen)

	Three months ended September 30, 2018 (July 1, 2018 to September 30, 2018)	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)
Net profit	2,121	2,697
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	72	(269)
Total items that will not be reclassified to profit or loss	72	(269)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	97	(120)
Total items that may be reclassified to profit or loss	97	(120)
Total other comprehensive income	170	(389)
Comprehensive income for the period	2,291	2,307
Comprehensive income for the period attributable to:		
Owners of the parent company	2,220	2,296
Non-controlling interests	71	11
Comprehensive income for the period	2,291	2,307

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

Three-months ended September 30, 2018 (July 1, 2018 to September 30, 2018)

(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, 2018	6,785	9,003	25,824	(1)	82	41,694	1,272	42,967
Net profit			2,082			2,082	39	2,121
Other comprehensive income					138	138	31	170
Total comprehensive income	—	—	2,082	—	138	2,220	71	2,291
Dividends of surplus			(2,537)			(2,537)		(2,537)
Share-based payment transaction		24				24		24
Purchase of treasury shares				(0)		(0)		(0)
Changes in ownership interests in subsidiaries						—		—
Other increases (decreases)						—		—
Total transactions with the owners	—	24	(2,537)	(0)	—	(2,514)	—	(2,514)
As of September 30, 2018	6,785	9,027	25,369	(1)	220	41,400	1,344	42,744

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

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Three months ended September 30, 2018 (July 1, 2018 to September 30, 2018)	Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	3,162	3,875
Depreciation and amortization	172	628
Interest and dividend income	(0)	(0)
Interest expense	22	29
Investment loss (profit) under the equity method	(1)	6
Decrease (increase) in accounts receivables and other receivables	(206)	254
Increase (decrease) in accounts payable and other liabilities	1,566	460
Increase (decrease) in deposits received	(643)	(1,905)
Increase (decrease) in consumption tax payable	(380)	(629)
Increase (decrease) in retirement benefit liabilities	(46)	(43)
Other	(193)	699
Subtotal	3,451	3,376
Interest received	1	0
Interest paid	(13)	(20)
Income taxes paid	(1,896)	(2,971)
Income tax refund	19	30
Net cash flows from operating activities	1,562	416
Cash flows from investing activities		
Payments into time deposits	(143)	(25)
Proceeds from withdrawal of time deposits	88	26
Purchase of tangible fixed assets	(122)	(311)
Proceeds from sales of tangible fixed assets	0	-
Purchase of intangible assets	(13)	(11)
Payment for acquisition of securities	(131)	-
Payment for acquisition of other financial assets	(161)	(64)
Purchase of subsidiary	(900)	-
Other	(6)	30
Net cash flows from investing activities	(1,390)	(356)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	1,092
Repayment of lease liabilities	(0)	(1,577)
Repayments of long-term borrowings	(791)	(787)
Redemption of bonds	(147)	(65)
Purchase of treasury shares	(0)	(1061)
Cash dividends paid	(2,519)	(3,061)
Net cash flows from financing activities	(3,459)	(5,460)
Effect of change in exchange rates on cash and cash equivalents	10	(23)
Net increase (decrease) in cash and cash equivalents	(3,276)	(5,423)
Cash and cash equivalents at the beginning of the period	21,652	21,230
Cash and cash equivalents at the end of the period	18,376	15,807

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

(Note on assumption about going concern)

Not applicable.

(Note on changes to accounting policy)

Adoption of IFRS 16: Leases

The Group has applied IFRS 16 Leases (released January 2016; hereafter “IFRS 16”) since the first three months of the consolidated fiscal year.

In applying IFRS 16, the Group used a method permitted as a transition requirement which recognizes the cumulative effect of initially applying the standard at the date of initial application. With respect to the recognition of right-of-use assets, as these are recognized as an amount equal to the lease liability (with prepaid lease payments etc. adjusted), this had no impact on retained earnings at the beginning of the period.

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease based on the substance of the contract. The Group determines the lease term in consideration of whether options to extend or terminate are reasonably certain to be executed in the non-cancellable period, as well as using hindsight at the date of the initial application.

Right-of-use assets are measured at the initial measured value of the lease liabilities and adjusted for lease prepayments, etc. Right-of-use assets are depreciated using the straight-line method over the lease periods.

Lease liabilities are initially measured at the present value of the lease payments that are not paid the commencement date. The Group uses its additional borrowing rate as the discount rate when calculating lease liabilities. The weighted average of the borrower's additional borrowing interest rate applied to lease liabilities recognized at the date of the initial application is 0.4%.

The Group uses the following practical expedients methods for application of IFRS 16:

- A single discount rate to a portfolio of leases with reasonably similar characteristics
- Right-to-use assets and lease liabilities for short-term leases and low-value assets are not recognized
- Leases for which the lease term ends within 12 months of the date of initial application, account for those leases in the same way as short-term leases
- Initial direct costs are excluded from the measurement of the right-of-use asset at the date of the initial application

The difference between the future minimum lease payment of the non-cancelable operating lease disclosed under IAS 17 as at the previous fiscal year ended June 30, 2019, and the lease liabilities recognized in the Consolidated Statement of Financial Position (Summary) as at the current fiscal year beginning July 1, 2019, which was the initial application date of IFRS 16, was mainly due to the lease payments of the cancellable lease as well as the difference between the contractual non-cancellable lease term and the Group's estimated lease term of the buildings.

For leases where the Group acts as a lessor, the method of classifying a sublease has been changed so that classification is made with reference to right-of-use assets arising from the head lease. When transitioning to IFRS 16, the Group reevaluated the classification of the sublease contract. These were classified as operating leases under IAS 17, but are now classified as finance leases.

As a result of applying IFRS 16, an additional 7.3 billion yen of right-to-use assets, 2.0 billion yen of lease receivables (other short-term financial assets and other long-term financial assets), 2.9 billion yen of prepaid expenses (other current assets and other long-term financial assets), and 12.1 billion yen of lease liabilities are recognized in the Consolidated Statement of Financial Position. There is no significant impact on the Consolidated Statement of Income (Summary). In the Consolidated Statement of Cash Flows (Summary), cash flows from operating activities increased, and cash flows from financing activities decreased.

(Note on segment information)

1. Segment information overview

The Group's reportable segments are Group components for which separate financial information can be obtained. Each segment is subject to periodic examinations to allow the Board of Directors to decide how to allocate management resources and assess performance. Until the previous period, the Group operated with only one reportable segment – Engineer Dispatching and Contract Assignment. However, due to an expansion in profits from services outside of the domestic engineer dispatching business, starting from the current consolidated first-quarter period, the Group has established four reportable segments: R&D Outsourcing Business, Construction Management Outsourcing Business, Other Businesses in Japan, and Overseas Businesses. The Group will manage these segments – which are based on the fields previously managed by business units – on a segment basis, including reporting the performance of each reportable segment to the Board of Directors and managing performance. Furthermore, the segment information for the first quarter of the previous fiscal year has been restated based on the segment classification after this change.

Overview of the reportable segments:

- In R&D Outsourcing Business, the Group provides engineer dispatch and contract assignment services in technological fields including machinery, electronics/electricals, embedded controllers, IT networks, business applications, system maintenance/management, and biochemistry; its 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 Group provides contract assignment services for construction design and engineer dispatch services for construction management (safety administration, quality control, process administration, and cost management) in the construction industry in the fields of construction, civil engineering, facility machinery, and plant; its customers are mainly general contractors and subcontractors.
- In Other Businesses in Japan, the Group provides professional recruitment services and education and training services in engineering.
- In Overseas Business, the Group provides technical outsourcing and professional recruitment services in China, IT engineer dispatch services primarily in Singapore and India, and engineer dispatch and professional recruitment services in the UK.

2. Information on reportable segments

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

Three-months ended September 30, 2018 (July 1, 2018 to September 30, 2018)

(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	26,911	4,149	623	1,638	33,323	11	33,334
Intersegment sales or transfers	54	—	118	70	243	(243)	—
Total revenue	26,965	4,149	742	1,709	33,567	(232)	33,334
Operating profit	2,491	502	75	176	3,245	(62)	3,183
Financial income	—	—	—	—	—	—	5
Financial expenses	—	—	—	—	—	—	27
Investment profit under equity method	—	—	—	—	—	—	1
Quarterly profit before income taxes	—	—	—	—	—	—	3,162
Other							
Depreciation and amortization	30	7	4	13	54	53	108
Amortization of customer-related assets	20	—	—	44	64	—	64
Profit on currency exchange related to put option liabilities	—	—	—	—	—	83	83
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.

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
Operating profit	2,924	549	107	184	3,766	118	3,884
Financial income	—	—	—	—	—	—	32
Financial expenses	—	—	—	—	—	—	34
Investment profit 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
Impairment loss	—	—	—	—	—	—	—

(Notes)

1. Segment profit under Corporate/Eliminations includes corporate expenses not allocated to individual reportable segments.
2. Depreciation and amortization does not include amortization of customer-related assets.