Consolidated Financial Results for the Six Months Ended December 31, 2020 [Japanese GAAP]

February 8, 2021

Company name: ENVIPRO HOLDINGS Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5698
URL: https://www.envipro.jp/
Representative: Tomikazu Sano Representative Director, President/CEO
Contact: Naoki Takekawa Director and General Manager, Corporate Planning Department
Phone: +81-544-21-3160
Scheduled date of filing quarterly securities report: February 12, 2021
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Not scheduled (The briefing will be video streamed instead of holding a normal briefing session.)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended December 31, 2020 (July 01, 2020 to December 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2020	16,615	(11.1)	532	(19.5)	713	(4.7)	489	(11.0)
December 31, 2019	18,691	7.6	660	57.8	748	31.2	549	75.0

(Note) Comprehensive income: Six months ended December 31, 2020: ¥ 501 million [(6.3)%]
Six months ended December 31, 2019: ¥ 535 million [78.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2020	33.21	31.83
December 31, 2019	37.54	35.89

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2020	26,356	12,389	45.6
June 30, 2020	25,913	12,012	45.0

(Reference) Equity: As of December 31, 2020: ¥ 12,023 million
As of June 30, 2020: ¥ 11,654 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2020	-	0.00	-	10.00	10.00
Fiscal year ending June 30, 2021	-				
Fiscal year ending June 30, 2021 (Forecast)			-	15.00	15.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021(July 01, 2020 to June 30, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	35,700	5.4	1,000	26.5	1,250	33.7	870	44.5	59.00

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

（1) Changes in significant subsidiaries during the six months ended December 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2020: 15,051,227 shares
June 30, 2020: 15,051,227 shares

2) Total number of treasury shares at the end of the period:
December 31, 2020: 293,314 shares
June 30, 2020: 329,326 shares

3) Average number of shares during the period:
Six months ended December 31, 2020: 14,734,554 shares
Six months ended December 31, 2019: 14,649,331 shares

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual results may differ significantly due to various factors. Please see the item (3) "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" of page 5 of the attached document of this material for the conditions for financial and other results, as well as important matters to be aware of when using the financial results forecast.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

In the Group's business areas during the six months ended December 31, 2020, amid an uncertain situation due to the prolonged COVID-19 pandemic, demand for steel products increased against the backdrop of a move toward relaxing import regulations on ferrous scrap in China, in addition to domestic and overseas production bouncing back. Meanwhile, regarding the domestic market circulation of ferrous scrap, supply did not reach the level to be in balance with demand due in part to the COVID-19 pandemic, causing tight supply and demand. As a result, the ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) increased from ¥24,500 at the end of the previous fiscal year to ¥43,000 as of December 31, 2020, and the average price during the six months was ¥28,008, trending upward from ¥24,302 of the same period of the previous fiscal year. With regard to the prices of nonferrous metals, among copper and aluminum, our main nonferrous items, the average price of copper rose above that seen in the same period of the previous fiscal year, and the average price of aluminum trended downward from that seen in the same period of the previous fiscal year.

Amid this environment, in the six months ended December 31, 2020, we have set forth "CASH IS KING," "Restructuring of work," and "Reaffirming the raison d'etre" as our basic policy to address the COVID-19 crisis based on our mission statement "Contribute to create a sustainable society," and have proceeded with the reinforcement of our foundation.

As a result, for the six months ended December 31, 2020, net sales were ¥16,615 million (down 11.1% year on year), operating profit was ¥532 million (down 19.5% year on year), ordinary profit was ¥713 million (down 4.7% year on year), and profit attributable to owners of parent was ¥489 million (down 11.0% year on year).

Results by segment are as follows, with net sales shown as inter-segment sales or sales including transfers.

Summary of Business Results by Segment

<Net sales> (Million yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020	Increase/decrease ratio
Resource Circulation Business	5,775	6,058	4.9%
Global Resource Circulation Business	11,007	9,744	(11.5)%
Used-cars-related Business	3,333	2,526	(24.2)%
Others	148	166	12.2%
Adjustment	(1,573)	(1,880)	―
Total	18,691	16,615	(11.1)%

<Segment profit> (Million yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020	Increase/decrease ratio
Resource Circulation Business	310	656	111.7%
Global Resource Circulation Business	394	111	(71.7)%
Used-cars-related Business	80	53	(34.3)%
Others	17	37	114.8%
Adjustment	(53)	(144)	―
Total	748	713	(4.7)%

(Note) Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

1) Resource Circulation Business

The impending problem of final disposal sites that arose in the previous fiscal year on account of the return of waste to Japan eased owing to a decline in the volume of waste generated as a result of the COVID-19 pandemic, and at our processing sites as well, operations stabilized with no restrictions on acceptance with regard to waste processing. In addition, the surging of ferrous scrap prices, as well as the revisions to waste disposal fee we have pursued from the previous fiscal year, enabled us to secure profit margins. Combined with the effects of factors including the streamlining of production processes and an increase in share of profit of entities accounted for using equity method, they have all led to an increase in both sales and profit. Although we incurred up-front expenses associated with the recycling equipment for our new lithium-ion rechargeable batteries business, we made progress with purchase contracts from leading battery makers and acceptance of waste batteries processing by making use of the processing permit. We will continue to aggressively apply management resources to make these pillars of our next growth.

As a result, net sales in the Resource Circulation Business segment were ¥6,058 million (up 4.9% year on year), while segment profit was ¥656 million (up 111.7% year on year).

2) Global Resource Circulation Business

In the ferrous scrap business, although we made progress including the expansion of domestic stockyards, the surging of purchase prices that exceeded the increase in sales prices, as well as a decline in handling volume, placed pressure on revenue. In the nonferrous metals scrap business, an increase in handling volume from efforts to capitalize on domestic demand contributed to revenue, despite sales of products for overseas markets being forced to struggle due to the worldwide shortage of shipping containers that occurred in the three months ended December 31, 2020. However, the dedicated aircraft of the Japanese government posted as one-time revenue in the same period of the previous fiscal year has had a significant impact, leading to a decline in both sales and profit. In our new biomass fuel business, we will continue to strengthen its structure to respond to market expansion.

As a result, net sales in the Global Resource Circulation Business segment were ¥9,744 million (down 11.5% year on year), while segment profit was ¥111 million (down 71.7% year on year).

3) Used-cars-related Business

A quick recovery from the sluggish previous fourth quarter lifted handling volume of used cars and used automobile parts above initial expectations, despite a decline in demand for used cars in our major export destination countries, reflecting a prolonged lockdown in certain areas of Chile and lackluster sales of used truck parts for South East Asia, which had been favorable in the same period of the previous fiscal year. In logistics agency services, we secured revenue by adjusting sales prices in light of a decrease in handling volume due to the shortage of shipping containers. In addition, we endeavored to reduce fixed costs by such measures as reviewing yard management cost. However, we were unable to recover to the same level of the previous fiscal year and both sales and profit declined.

As a result, net sales in the Used-cars-related Business segment were ¥2,526 million (down 24.2% year on year), while segment profit was ¥53 million (down 34.3% year on year).

4) Others

The Environment Management Consulting Business remained strong, owing to a steady stream of orders for Task Force on Climate-related Financial Disclosures (TCFD) response support and efforts made to facilitate a circular economy, in addition to CDP responses and evaluation improvement support. However, both sales and profit declined because the timing of inspections for certain consigned projects was postponed to the next quarter.

Concerning the Welfare Service Business for Persons with Disabilities, the usage rate at the Nagano area offices saw firm growth, while the Kanto area offices similarly saw firm growth, leading to increases in both sales and profit.

As a result, net sales in the Others segment were ¥166 million (up 12.2% year on year), while segment profit was ¥37 million (up 114.8% year on year).

(2) Explanation of Financial Position

1) Status of assets, liabilities, and net assets

Total assets at December 31, 2020 amounted to ¥26,356 million (up ¥442 million, or 1.7% from the end of the previous fiscal year). Current assets amounted to ¥16,990 million (up ¥460 million, or 2.8% from the end of the previous fiscal year). This was primarily due to a decrease of ¥944 million in cash and deposits, despite increases of ¥1,030 million in notes and accounts receivable - trade and ¥268 million in merchandise and finished goods. Non-current assets amounted to ¥9,365 million (down ¥18 million, or 0.2% from the end of the previous fiscal year). This was mainly due to an increase of ¥159 million in investment securities, despite decreases of ¥69 million in buildings and structures, ¥55 million in construction in progress, and ¥38 million in machinery, equipment and vehicles.

Total liabilities at December 31, 2020 amounted to ¥13,967 million (up ¥66 million, or 0.5% from the end of the previous fiscal year). Current liabilities amounted to ¥8,080 million (up ¥580 million, or 7.7% from the end of the previous fiscal year). This was mainly due to increases of ¥260 million in short-term borrowings and ¥187 million in current portion of long-term borrowings. Non-current liabilities amounted to ¥5,886 million (down ¥514 million, or 8.0% from the end of the previous fiscal year). This was mainly due to a decrease of ¥562 million in long-term borrowings.

Total net assets at December 31, 2020 amounted to ¥12,389 million (up ¥376 million, or 3.1% from the end of the previous fiscal year). This was mainly due to an increase in retained earnings of ¥342 million.

2) Status of Cash Flows

Cash and cash equivalents at December 31, 2020 decreased by ¥943 million, or 9.2%, from the end of the previous fiscal year, to ¥9,298 million.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥506 million, compared with ¥2,625 million provided by operating activities in the same period of the previous fiscal year. This net cash outflow mainly reflected cash outflows of ¥1,030 million in increase in trade receivables, ¥343 million in increase in inventories, and ¥204 million in income taxes paid, compared with cash inflows of ¥718 million in profit before income taxes and ¥371 million in depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥117 million, compared with ¥758 million used in investing activities in the same period of the previous fiscal year. This net cash outflow mainly reflected cash outflows of ¥140 million in purchase of property, plant and equipment and ¥43 million in payments into time deposits, compared with cash inflows of ¥43 million in proceeds from withdrawal of time deposits and ¥34 million in proceeds from sales of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥298 million, compared with ¥63 million used in financing activities in the same period of the previous fiscal year. This net cash outflow mainly reflected cash outflows of ¥528 million in repayments of long-term borrowings, ¥147 million in dividends paid, and ¥36 million in repayments of finance lease obligations, compared with cash inflows of ¥260 million in net increase in short-term borrowings and ¥153 million in proceeds from long-term borrowings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

With regard to the consolidated financial results forecast for the fiscal year ending June 30, 2021, revisions have been made as described in Notice of Revisions to Consolidated Financial Results Forecast and Dividend Forecast announced on February 8, 2021.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of June 30,2020	As of December 31,2020
Assets		
Current assets		
Cash and deposits	10,383,947	9,439,645
Notes and accounts receivable - trade	2,344,018	3,374,224
Merchandise and finished goods	2,615,544	2,884,541
Work in process	12,858	12,063
Raw materials and supplies	364,342	427,104
Other	861,513	915,397
Allowance for doubtful accounts	(52,447)	(62,293)
Total current assets	16,529,776	16,990,684
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,498,846	4,482,650
Accumulated depreciation	(2,609,911)	(2,663,021)
Buildings and structures, net	1,888,935	1,819,628
Machinery, equipment and vehicles	9,582,700	9,563,590
Accumulated depreciation	(7,532,687)	(7,552,426)
Machinery, equipment and vehicles, net	2,050,012	2,011,164
Land	2,517,061	2,517,061
Construction in progress	199,156	143,802
Other	439,486	441,108
Accumulated depreciation	(365,596)	(374,638)
Other, net	73,889	66,470
Total property, plant and equipment	6,729,056	6,558,128
Intangible assets		
Goodwill	9,686	3,228
Other	60,861	61,757
Total intangible assets	70,547	64,985
Investments and other assets		
Investment securities	2,289,265	2,449,108
Investments in capital	9,280	9,280
Deferred tax assets	193,568	189,757
Other	327,608	329,283
Allowance for doubtful accounts	(235,613)	(235,086)
Total investments and other assets	2,584,108	2,742,342
Total non-current assets	9,383,712	9,365,456
Total assets	25,913,489	26,356,141

(Thousand yen)

	As of June 30,2020	As of December 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,102,215	1,145,691
Short-term borrowings	3,540,000	3,800,000
Current portion of long-term borrowings	1,595,158	1,782,460
Lease obligations	53,722	64,601
Income taxes payable	251,302	248,428
Provision for bonuses	57,328	67,049
Other	900,074	971,811
Total current liabilities	7,499,801	8,080,044
Non-current liabilities		
Long-term borrowings	5,476,615	4,914,444
Lease obligations	147,382	181,903
Deferred tax liabilities for land revaluation	64,282	64,282
Retirement benefit liability	356,312	372,584
Asset retirement obligations	168,067	168,572
Other	188,363	185,175
Total non-current liabilities	6,401,022	5,886,962
Total liabilities	13,900,824	13,967,006
Net assets		
Shareholders' equity		
Share capital	1,524,830	1,524,830
Capital surplus	1,961,456	1,959,223
Retained earnings	8,309,117	8,651,185
Treasury shares	(217,853)	(194,013)
Total shareholders' equity	11,577,550	11,941,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85,460	103,302
Revaluation reserve for land	8,633	8,633
Foreign currency translation adjustment	(16,819)	(29,220)
Total accumulated other comprehensive income	77,274	82,715
Share acquisition rights	326,064	326,584
Non-controlling interests	31,775	38,608
Total net assets	12,012,664	12,389,134
Total liabilities and net assets	25,913,489	26,356,141

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended December 31,2019	For the six months ended December 31,2020
Net sales	18,691,639	16,615,723
Cost of sales	15,017,357	13,203,881
Gross profit	3,674,281	3,411,842
Selling, general and administrative expenses	3,013,353	2,879,773
Operating profit	660,928	532,069
Non-operating income		
Interest income	3,040	958
Dividend income	3,659	19,168
Share of profit of entities accounted for using equity method	86,592	138,346
Foreign exchange gains	-	3,970
Rental income	15,879	13,952
Outsourcing service income	3,569	4,918
Other	15,236	27,580
Total non-operating income	127,977	208,895
Non-operating expenses		
Interest expenses	7,915	18,973
Commission expenses	3,294	1,266
Foreign exchange losses	21,273	-
Other	7,593	7,268
Total non-operating expenses	40,077	27,508
Ordinary profit	748,828	713,456
Extraordinary income		
Gain on sales of non-current assets	5,162	13,020
Insurance claim income	71,663	13,514
Compensation income	9,075	2,889
Total extraordinary income	85,901	29,424
Extraordinary losses		
Loss on retirement of non-current assets	1,525	13,986
Loss on sales of non-current assets	118	1,990
Loss on disaster	26,025	8,027
Total extraordinary losses	27,669	24,005
Profit before income taxes	807,060	718,875
Income taxes	259,230	222,754
Profit	547,830	496,120
Profit (loss) attributable to non-controlling interests	(2,036)	6,833
Profit attributable to owners of parent	549,866	489,286

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended December 31,2019	For the six months ended December 31,2020
Profit	547,830	496,120
Other comprehensive income		
Valuation difference on available-for-sale securities	(19,181)	17,841
Foreign currency translation adjustment	6,566	(12,400)
Total other comprehensive income	(12,615)	5,441
Comprehensive income	535,214	501,562
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	537,251	494,728
Comprehensive income attributable to non-controlling interests	(2,036)	6,833

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended December 31,2019	For the six months ended December 31,2020
Cash flows from operating activities		
Profit before income taxes	807,060	718,875
Depreciation	260,650	371,147
Amortization of goodwill	6,457	6,457
Increase (decrease) in allowance for doubtful accounts	(703)	9,394
Increase (decrease) in retirement benefit liability	20,070	16,297
Interest and dividend income	(6,700)	(20,126)
Interest expenses	7,915	18,973
Foreign exchange losses (gains)	1,742	19,950
Share of loss (profit) of entities accounted for using equity method	(86,592)	(138,346)
Loss on sales of non-current assets	118	1,990
Loss on retirement of non-current assets	1,525	13,986
Gain on sales of non-current assets	(5,162)	(13,020)
Decrease (increase) in trade receivables	1,183,692	(1,030,459)
Decrease (increase) in inventories	833,831	(343,689)
Increase (decrease) in trade payables	(115,521)	45,391
Increase (decrease) in provision for bonuses	1,765	9,721
Compensation income	(9,075)	(2,889)
Insurance claim income	(71,663)	(13,514)
Loss on disaster	26,025	8,027
Other, net	(34,850)	895
Subtotal	2,820,585	(320,938)
Interest and dividends received	6,688	20,239
Interest paid	(4,379)	(18,824)
Income taxes paid	(185,443)	(204,292)
Proceeds from compensation	-	12,886
Proceeds from insurance income	1,032	13,514
Payments associated with disaster loss	(13,419)	(9,494)
Net cash provided by (used in) operating activities	2,625,062	(506,908)
Cash flows from investing activities		
Payments into time deposits	(700)	(43,132)
Proceeds from withdrawal of time deposits	-	43,600
Purchase of property, plant and equipment	(774,775)	(140,753)
Proceeds from sales of property, plant and equipment	15,730	34,731
Purchase of intangible assets	(402)	(4,292)
Other, net	1,183	(7,308)
Net cash provided by (used in) investing activities	(758,964)	(117,155)

(Thousand yen)

	For the six months ended December 31,2019	For the six months ended December 31,2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	420,000	260,000
Proceeds from long-term borrowings	-	153,324
Repayments of long-term borrowings	(221,674)	(528,193)
Repayments of finance lease obligations	(27,181)	(36,248)
Dividends paid	(234,209)	(147,219)
Net cash provided by (used in) financing activities	(63,064)	(298,336)
Effect of exchange rate change on cash and cash equivalents	(846)	(21,434)
Net increase (decrease) in cash and cash equivalents	1,802,187	(943,834)
Cash and cash equivalents at beginning of period	2,714,137	10,242,492
Cash and cash equivalents at end of period	4,516,325	9,298,657

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

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

There is no relevant information.

(Changes in Accounting Policies)

(Change in the method of calculating tax costs)

The Company and its consolidated subsidiaries had previously used the principle method for calculating tax costs. However, in order to further streamline work involved in preparing the Group's quarterly financial results, the methodology used in this regard has been changed. Accordingly, commencing from the three months ended September 30, 2020, tax costs are calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, and by multiplying profit before income taxes by the estimated effective tax rate.

As the effect of this change is immaterial, no retrospective application has been performed.

(Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax costs)

The tax costs of the Company and its consolidated subsidiaries were calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the six months ended December 31, 2020, and by multiplying profit before income taxes by the estimated effective tax rate.

(Additional Information)

(Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

With regard to the transition to the group tax sharing system, which was instituted by the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 8 of 2020), and the items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system, in accordance with Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries have applied the provisions of the pre-amendment tax law to deferred tax assets and liabilities, instead of the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018).

(Accounting estimates regarding the spread of COVID-19)

In the six months ended December 31, 2020, there were no material changes to the assumptions used in the accounting estimates associated with the spread of COVID-19 stated in the annual securities report for the previous fiscal year.

(Segment Information)

I Six months ended December 31, 2019 (July 1, 2019 to December 31, 2019)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Resource Circulation	Used-cars-related	Total				
Net sales								
Net sales to outside customers	4,300,299	10,936,287	3,329,277	18,565,864	125,774	18,691,639	–	18,691,639
Inter-segment sales or transfers	1,475,195	70,882	4,404	1,550,482	22,895	1,573,377	(1,573,377)	–
Total	5,775,494	11,007,170	3,333,682	20,116,347	148,670	20,265,017	(1,573,377)	18,691,639
Segment profit	310,130	394,036	80,659	784,826	17,240	802,066	(53,238)	748,828

(Notes) 1. The "Others" business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for Persons with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥53,238 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets, goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)
There is no relevant information.

(Significant changes in the amount of goodwill)
There is no relevant information.

(Significant gain on bargain purchase)
There is no relevant information.

I Six months ended December 31, 2020 (July 1, 2020 to December 31, 2020)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Resource Circulation	Used-cars-related	Total				
Net sales								
Net sales to outside customers	4,266,855	9,699,156	2,497,016	16,463,028	152,694	16,615,723	–	16,615,723
Inter-segment sales or transfers	1,791,404	45,187	29,422	1,866,013	14,169	1,880,183	(1,880,183)	–
Total	6,058,259	9,744,344	2,526,439	18,329,042	166,864	18,495,907	(1,880,183)	16,615,723
Segment profit	656,555	111,436	53,025	821,017	37,036	858,054	(144,598)	713,456

(Notes) 1. The "Others" business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for Persons with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥144,598 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)
There is no relevant information.

(Significant changes in the amount of goodwill)
There is no relevant information.

(Significant gain on bargain purchase)
There is no relevant information.

(Significant Subsequent Events)

There is no relevant information.