Consolidated Financial Results
for the Six Months Ended December 31, 2019
[Japanese GAAP]

February 4, 2020

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Stock exchange listing: Tokyo Stock Exchange
Code number: 5698
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Scheduled date of filing quarterly securities report: February 13, 2020
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended December 31, 2019 (July 1, 2019 to December 31, 2019)

(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, 2019	18,691	7.6	660	57.8	748	31.2	549	75.0
December 31, 2018	17,376	(8.4)	418	(31.9)	570	(31.4)	314	(47.2)

(Note) Comprehensive income: Six months ended December 31, 2019: ¥535 million [78.0 %]
Six months ended December 31, 2018: ¥300 million [(50.2) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2019	37.54	35.89
December 31, 2018	21.01	20.04

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	19,830	11,883	58.1
As of June 30, 2019	19,759	11,562	56.7

(Reference) Equity: As of December 31, 2019: ¥11,518 million
As of June 30, 2019: ¥11,195 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, 2019	-	0.00	-	16.00	16.00
Fiscal year ending June 30, 2020	-				
Fiscal year ending June 30, 2020 (Forecast)			-	17.00	17.00

(Note) Revision to the dividend forecast from recently announced figures: No

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

(% 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	36,571	0.6	981	16.9	1,251	9.6	892	13.4	60.98

(Note) Revision to the business forecast from recently announced figures: No

*** Notes:**

(1) Changes in significant subsidiaries during the six months ended December 31, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statement: No

(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: Yes
4) Retrospective restatement: No

* For details, please see "2. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)" on page 12 of the attached document.

(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, 2019: 15,051,227 shares
June 30, 2019: 15,051,227 shares

2) Total number of treasury shares at the end of the period:
December 31, 2019: 382,516 shares
June 30, 2019: 413,159 shares

3) Average number of shares during the period:
Six months ended December 31, 2019: 14,649,331 shares
Six months ended December 31, 2018: 14,954,919 shares

* These quarterly financial results are outside the scope of quarterly review 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 “Explanation of Business Results” on page 2 of the attached document of this material for the conditions for financial results forecast, 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, 2019, steel product prices showed signs of weakness due to economic uncertainty caused by the trade friction between the U.S. and China. In addition, the steel scrap price (Tokyo Steel Tokkyu Grade (Japanese H2 Grade) Seaborne Price) fell below that of the previous fiscal year with an average price of ¥24,302 during the six months (¥35,082 during the same period of the previous year), reaching a record low at one point (¥22,000) for the first time in three years. Regarding prices of non-ferrous metals, although the nickel price remained strong, the prices of copper and aluminum, our main non-ferrous items, fell below those seen in the previous year.

Amid this environment, during the six months ended December 31, 2019, the Group progressed with "further cultivation of existing businesses," "establishment of a new pillar" and "reinforcement of foundation," under our mission statement "Creating Sustainable Future."

As a result, for the six months ended December 31, 2019, net sales were ¥18,691 million (up 7.6% year on year), operating profit was ¥660 million (up 57.8% year on year), ordinary profit was ¥748 million (up 31.2% year on year), and profit attributable to owners of parent was ¥549 million (up 75.0% 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, 2018	Six months ended December 31, 2019	Increase/decrease ratio
Resource Circulation Business	6,446	5,775	(10.4)%
Global Resource Circulation Business	10,227	11,007	7.6%
Used-cars-related Business	3,087	3,333	8.0%
Others	269	148	(44.8)%
Adjustment	(2,653)	(1,573)	–
Total	17,376	18,691	7.6%

<Segment profit (loss)> (Million yen)

	Six months ended December 31, 2018	Six months ended December 31, 2019	Increase/decrease ratio
Resource Circulation Business	465	310	(33.3)%
Global Resource Circulation Business	136	394	188.4%
Used-cars-related Business	(0)	80	–

Others	44	17	(61.5)%
Adjustment	(75)	(53)	－
Total	570	748	31.2%

(Note) Segment profit (loss) is adjusted to ordinary profit shown on the Quarterly Consolidated Statements of Income.

1) Resource Circulation Business

Ferrous and nonferrous metals scrap prices showed signs of further weakness, and the environment deteriorated, with increases in waste processing fees at final disposal sites and limitations placed on acceptance. Amid this environment, despite a decrease in its handling volume of waste due to the limitations on acceptance, the Group secured a gross profit due to the progress of revisions to processing fee hike at final disposal sites after intermediate processing. However, the postponement of operation of recycling equipment for our new lithium ion rechargeable batteries business to the third quarter of the fiscal year or beyond, in addition to an increase in personnel expenses due to factors including securing of personnel for the future and increases in bonuses, as well as a decrease in the share of profit of entities accounted for using equity method due to the effect of declining market prices, placed pressure on revenue. The Group will continue to strive to increase its handling volume of resources, and establish new businesses.

As a result, net sales in the Resource Circulation Business segment were ¥5,775 million (down 10.4% year on year), while segment profit was ¥310 million (down 33.3% year on year).

2) Global Resource Circulation Business

Handling volume increased by skillfully capitalizing on the disparity between domestic and foreign demand, resulting in an increase in both revenue and profit. In addition, the sale of the two retired dedicated aircraft of the Japanese government, which were inventory at the end of the previous fiscal year, also contributed to revenue. The international distribution and sales of our new wood biomass fuel business successfully achieved the first shipment to the Japanese market, and we will continue to strive to increase the handling volume, including for the Japanese market, which is projected to expand further.

As a result, net sales in the Global Resource Circulation Business segment were ¥11,007 million (up 7.6% year on year), while segment profit was ¥394 million (up 188.4% year on year).

3) Used-cars-related Business

An increase in sales of used trucks for South East Asia, an improvement in revenue from used car sales and maintenance business in Uganda, a recovery in the amount handled by logistics agency services, which had been sluggish during the same period of the previous fiscal year due to the effect of restrictions in Myanmar, and the effects of a reduction in fixed costs due partly to the reduction of yard size for the loading of used cars, all contributed to revenue, despite weakness in demand for used cars in Chile, one of our major export destination countries.

As a result, net sales in the Used-cars-related Business segment were ¥3,333 million (up 8.0% year on year), while segment profit was ¥80 million (compared with segment loss of ¥0 million in the same period of the previous fiscal year).

4) Others

The Environment Management Consulting Business contributed to revenue, as orders for CDP responses, evaluation improvement support and other services fared well, and new services were commenced, such as Task Force on Climate-related Financial Disclosures (TCFD) response support.

Revenue for the Welfare Service Business for Persons with Disabilities increased compared to the same period in the previous fiscal year, due to the increased recognition of existing offices, although factors such as prior investment in personnel costs for the Type-B Continuous Employment Support Office newly-established in Fujinomiya City, Shizuoka Prefecture, during the three months ended September 30, 2019, led to the failure to turn a profit.

In addition, the solar power plant developer E3 Co., Ltd., all the shares of which the Company transferred on December 28, 2018, was included in the scope of consolidation for the six months ended December 31, 2018.

As a result, net sales in Others segment were ¥148 million (down 44.8% year on year), while segment profit was ¥17 million (down 61.5% year on year).

(2) Explanation of Financial Position

1) Status of assets, liabilities, and net assets

Total assets at December 31, 2019, amounted to ¥19,830 million (up ¥70 million, or 0.4% from the end of the previous fiscal year). Current assets amounted to ¥10,636 million (down ¥516 million, or 4.6% from the end of the previous fiscal year). This was primarily due to decreases of ¥1,183 million in notes and accounts receivable – trade, ¥889 million in merchandise and finished goods, and ¥303 million in other current assets, despite an increase of ¥1,802 million in cash and deposits. Non-current assets amounted to ¥9,194 million (up ¥586 million, or 6.8% from the end of the previous fiscal year). This was mainly due to increases of ¥459 million in construction in progress and ¥66 million in investment securities.

Total liabilities at December 31, 2019, amounted to ¥7,947 million (down ¥250 million, or 3.1% from the end of the previous fiscal year). Current liabilities amounted to ¥5,108 million (down ¥63 million, or 1.2% from the end of the previous fiscal year). This was mainly due to decreases of ¥427 in other current liabilities, ¥113 million in notes and accounts payable – trade, and ¥47 million in the current portion of long term loans payable, despite increases of ¥420 million in short-term loans payable and ¥107 million in income taxes payable. Non-current liabilities amounted to ¥2,838 million (down ¥186 million, or 6.2% from the end of the previous fiscal year).

This was mainly due to a decrease of ¥174 million in long-term loans payable.

Total net assets at December 31, 2019, amounted to ¥11,883 million (up ¥321 million, or 2.8% from the end of the previous fiscal year). This was mainly due to an increase in retained earnings of ¥315 million.

2) Status of Cash Flows

At December 31, 2019, cash and cash equivalents amounted to ¥4,516 million, up ¥1,802 million, or 66.4% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥2,625 million, compared with ¥283 million used by operating activities in the same period of the previous fiscal year. This net cash inflow mainly reflected cash inflows of ¥1,183 million in increase in notes and accounts receivable - trade, ¥833 million in increase in inventories, and ¥807 million in profit before income taxes, compared with cash outflows of ¥185 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥758 million, compared with ¥36 million used in investing activities in the same period of the previous fiscal year. This net cash outflow mainly reflected cash inflows of ¥15 million from sale of property, plant and equipment, compared with cash outflows of ¥774 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥63 million, compared with ¥854 million used in financing activities in the same period of the previous fiscal year. This net cash outflow mainly reflected outflows of ¥234 million in dividends paid and ¥221 million in repayments of long-term loans payable, compared with ¥420 million in net increase in short-term loans payable.

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

No changes have been made to the consolidated financial results forecast for the fiscal year ending June 30, 2020, announced in the Consolidated Financial Results dated August 9, 2019.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of June 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	2,855,593	4,658,480
Notes and accounts receivable - trade	2,793,397	1,610,057
Merchandise and finished goods	3,955,709	3,066,691
Work in process	14,598	22,310
Raw materials and supplies	383,977	434,000
Other	1,190,013	886,393
Allowance for doubtful accounts	(40,843)	(41,568)
Total current assets	11,152,446	10,636,364
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,202,152	4,278,130
Accumulated depreciation	(2,512,248)	(2,569,461)
Buildings and structures, net	1,689,904	1,708,668
Machinery, equipment and vehicles	9,383,078	9,526,804
Accumulated depreciation	(7,982,329)	(8,106,954)
Machinery, equipment and vehicles, net	1,400,749	1,419,850
Land	2,507,555	2,506,513
Construction in progress	467,400	926,473
Other	432,968	449,037
Accumulated depreciation	(367,603)	(377,765)
Other, net	65,365	71,272
Total property, plant and equipment	6,130,974	6,632,778
Intangible assets		
Goodwill	22,601	16,144
Other	67,282	63,690
Total intangible assets	89,884	79,834
Investments and other assets		
Investment securities	2,122,992	2,189,083
Investments in capital	9,280	9,280
Deferred tax assets	159,164	195,064
Other	335,820	327,753
Allowance for doubtful accounts	(240,661)	(239,360)
Total investments and other assets	2,386,595	2,481,820
Total non-current assets	8,607,454	9,194,433
Total assets	19,759,900	19,830,797

(Thousand yen)

	As of June 30, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	950,053	836,934
Short-term borrowings	1,880,000	2,300,000
Current portion of long-term borrowings	439,561	392,421
Lease obligations	51,346	46,119
Income taxes payable	225,458	332,916
Provision for bonuses	60,356	62,121
Other	1,565,323	1,137,981
Total current liabilities	5,172,098	5,108,493
Non-current liabilities		
Long-term borrowings	2,122,796	1,948,262
Lease obligations	137,711	120,004
Deferred tax liabilities	24,443	10,447
Deferred tax liabilities for land revaluation	64,282	64,282
Retirement benefit liability	309,763	329,843
Asset retirement obligations	167,073	167,570
Other	199,664	198,382
Total non-current liabilities	3,025,733	2,838,792
Total liabilities	8,197,832	7,947,285
Net assets		
Shareholders' equity		
Share capital	1,524,830	1,524,830
Capital surplus	1,973,372	1,973,004
Retained earnings	7,941,272	8,256,930
Treasury shares	(273,350)	(253,065)
Total shareholders' equity	11,166,124	11,501,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,235	18,053
Revaluation reserve for land	8,633	8,633
Foreign currency translation adjustment	(16,547)	(9,980)
Total accumulated other comprehensive income	29,322	16,706
Share acquisition rights	328,125	328,644
Non-controlling interests	38,496	36,459
Total net assets	11,562,068	11,883,511
Total liabilities and net assets	19,759,900	19,830,797

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Thousand yen)

	For the six months ended December 31, 2018	For the six months ended December 31, 2019
Net sales	17,376,410	18,691,639
Cost of sales	14,210,611	15,017,357
Gross profit	3,165,798	3,674,281
Selling, general and administrative expenses	2,746,855	3,013,353
Operating profit	418,943	660,928
Non-operating income		
Interest income	4,902	3,040
Dividend income	6,019	3,659
Share of profit of entities accounted for using equity method	128,403	86,592
Foreign exchange gains	4,984	—
Rental income	16,180	15,879
Outsourcing service income	5,096	3,569
Other	17,992	15,236
Total non-operating income	183,579	127,977
Non-operating expenses		
Interest expenses	21,342	7,915
Commission expenses	2,678	3,294
Foreign exchange losses	—	21,273
Other	7,880	7,593
Total non-operating expenses	31,901	40,077
Ordinary profit	570,621	748,828
Extraordinary income		
Gain on sales of non-current assets	1,187	5,162
Insurance claim income	28,759	71,663
Compensation income	15,276	9,075
Other	5,034	—
Total extraordinary income	50,257	85,901
Extraordinary losses		
Loss on retirement of non-current assets	235	1,525
Loss on sales of non-current assets	—	118
Provision of allowance for doubtful accounts	77,000	—
Loss on disaster	16,775	26,025
Total extraordinary losses	94,011	27,669
Profit before income taxes	526,867	807,060
Income taxes - current	230,031	307,805
Income taxes - deferred	(16,883)	(48,574)
Total income taxes	213,147	259,230
Profit	313,720	547,830
Loss attributable to non-controlling interests	(453)	(2,036)
Profit attributable to owners of parent	314,173	549,866

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended December 31, 2018	For the six months ended December 31, 2019
Profit	313,720	547,830
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,876)	(19,181)
Foreign currency translation adjustment	3,855	6,566
Total other comprehensive income	(13,020)	(12,615)
Comprehensive income	300,699	535,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	301,153	537,251
Comprehensive income attributable to non-controlling interests	(453)	(2,036)

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended December 31, 2018	For the six months ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	526,867	807,060
Depreciation	270,915	260,650
Amortization of goodwill	6,457	6,457
Increase (decrease) in allowance for doubtful accounts	84,814	(703)
Increase (decrease) in retirement benefit liability	16,242	20,070
Interest and dividend income	(10,922)	(6,700)
Interest expenses	21,342	7,915
Foreign exchange losses (gains)	4,832	1,742
Share of loss (profit) of entities accounted for using equity method	(128,403)	(86,592)
Loss on sales of non-current assets	—	118
Loss on retirement of non-current assets	235	1,525
Gain on sales of non-current assets	(1,187)	(5,162)
Decrease (increase) in trade receivables	468,158	1,183,692
Decrease (increase) in inventories	(1,038,339)	833,831
Increase (decrease) in trade payables	(92,729)	(115,521)
Increase (decrease) in provision for bonuses	4,503	1,765
Compensation income	(15,276)	(9,075)
Insurance claim income	(28,759)	(71,663)
Loss on disaster	16,775	26,025
Other, net	(134,203)	(34,850)
Subtotal	(28,675)	2,820,585
Interest and dividends received	10,785	6,688
Interest paid	(23,949)	(4,379)
Income taxes paid	(277,830)	(185,443)
Proceeds from compensation	9,109	—
Proceeds from insurance income	28,759	1,032
Payments associated with disaster loss	(1,462)	(13,419)
Net cash provided by (used in) operating activities	(283,263)	2,625,062
Cash flows from investing activities		
Payments into time deposits	(43,100)	(700)
Proceeds from withdrawal of time deposits	13,600	—
Purchase of property, plant and equipment	(646,689)	(774,775)
Proceeds from sales of property, plant and equipment	6,425	15,730
Purchase of intangible assets	(16,273)	(402)
Purchase of investment securities	(2,219)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	66,265	—
Payments for investments in capital	(942,000)	—
Proceeds from divestments	1,520,000	—
Other, net	7,718	1,183
Net cash provided by (used in) investing activities	(36,271)	(758,964)

	For the six months ended December 31, 2018	For the six months ended December 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(308,000)	420,000
Proceeds from long-term borrowings	30,000	—
Repayments of long-term borrowings	(284,167)	(221,674)
Proceeds from issuance of shares	1,555	—
Repayments of finance lease obligations	(39,925)	(27,181)
Dividends paid	(254,029)	(234,209)
Net cash provided by (used in) financing activities	(854,565)	(63,064)
Effect of exchange rate change on cash and cash equivalents	(4,085)	(846)
Net increase (decrease) in cash and cash equivalents	(1,178,186)	1,802,187
Cash and cash equivalents at beginning of period	4,856,555	2,714,137
Cash and cash equivalents at end of period	3,678,369	4,516,325

(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 that are Difficult to Distinguish from Changes in Accounting Estimates)

(Change in the depreciation method for property, plant and equipment)

Previously, the Group generally adopted the declining-balance method for depreciating property, plant and equipment (excluding lease assets). (The straight-line method was used for depreciating buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.) However, starting from the three months ended September 30, 2019, the Group has changed its depreciation method to the straight-line method.

Upon review of the utilization of property, plant and equipment, motivated by new capital investment, it has been decided that using the straight-line method to distribute costs evenly across the useful life of assets more appropriately reflects actual status of property, plant and equipment utilization.

As a result of this change, compared with the figures under the previous depreciation method, depreciation for the six months ended December 31, 2019, decreased by ¥75,680 thousand, while operating profit, ordinary profit, and profit before income taxes each increased by ¥75,680 thousand.

(Segment Information)

(Segment Information)

I Six months ended December 31, 2018 (July 1, 2018 to December 31, 2018)

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	3,955,402	10,090,135	3,085,135	17,130,673	245,737	17,376,410	–	17,376,410
Inter-segment sales or transfers	2,490,735	137,454	1,942	2,630,133	23,466	2,653,599	(2,653,599)	–
Total	6,446,137	10,227,590	3,087,078	19,760,806	269,204	20,030,010	(2,653,599)	17,376,410
Segment profit (loss)	465,176	136,627	(463)	601,340	44,752	646,092	(75,471)	570,621

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business, the Welfare Service Business for Persons with Disabilities, and E3 Co., Ltd., which was excluded from consolidation during the fiscal year ended June 30, 2019.

2. Figures are adjusted as follows:
The adjustment for segment profit (loss) of negative ¥75,471 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 (loss) 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.

II 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. Items related to changes in the reportable segments

(1) From the end of the previous fiscal year, based on a review of segment classification in line with the business development and strategy making for products and services handled by each business company within the Group, reportable segment has been classified from a single segment, the Resource Recycling Business, into three reportable segments: Resource Circulation Business, Global Resource Circulation Business and Used-cars-related Business.

The segment information for the six months ended December 31, 2018 is based on the reportable segment classification after the change.

(2) As described in Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates, previously, the Company and its consolidated subsidiaries generally used the declining balance method for depreciating certain property, plant and equipment. However, upon review of the utilization of property, plant and equipment, motivated by new capital investment, it has been decided that using the straight-line method to distribute costs across the useful life of assets more appropriately reflects actual status of property, plant and equipment utilization. Accordingly, the Company and its subsidiaries has changed the depreciation method to the straight-line method, starting from the three months ended September 30, 2019.

As a result of this change, segment profit for the Resource Circulation Business, Global Resource Circulation Business, Used-cars-related Business, and Others for the six months ended December 31, 2019, increased by ¥68,109 thousand, ¥2,725 thousand, ¥3,643 thousand, and ¥1,202 thousand, respectively, compared with the figures under the previous depreciation method.

3. 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.