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Consolidated Financial Results for the Six Months Ended September 30, 2022 (Japanese GAAP)

November 9, 2022

Company name: SHiDAX CORPORATION
 Listing Stock Exchange: Tokyo
 Stock code: 4837
 URL: <https://www.shidax.co.jp/>
 Representative: Kinichi Shida, President and Chairman of the Board of Directors
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 Scheduled date to file quarterly securities report: November 11, 2022 (in Japanese)
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing to be held: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	59,497	1.4	2,383	60.7	2,138	39.9	1,905	46.7
September 30, 2021	58,656	8.9	1,482	-	1,528	734.2	1,299	-

Note: Comprehensive income for the six months ended September 30, 2022: 2,051 million yen (55.6%)
 Comprehensive income for the six months ended September 30, 2021: 1,318 million yen (-)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2022	41.75	34.84
September 30, 2021	32.58	23.73

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of				
September 30, 2022	30,909	10,385	33.6	189.72
March 31, 2022	33,159	11,371	34.3	114.15

Reference: Equity capital as September 30, 2022: 10,385 million yen
 Equity capital as of March 31, 2022: 11,371 million yen

2. Cash Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	0.00	-	5.00	5.00
Fiscal year ending March 31, 2023	-	0.00			
Fiscal year ending March 31, 2023 (forecast)			-	10.00	10.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	120,000	3.9	3,700	51.5	3,200	39.6	2,200	(46.2)	40.24

Note: Revisions to the forecast of consolidated earnings most recently announced: None

Notes

(1) Changes in significant subsidiaries during the period under review (Transfers of specified subsidiaries resulting in changes in the Company's scope of consolidation): Yes

Newly included: -

Excluded: 1 company (SHiDAX NAKAIZU WINERY HILLS CORPORATION)

(2) Distinctive accounting treatment methods applied to prepare quarterly consolidated financial statements: None

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

(i) Accounting policy changes due to accounting standard revisions, etc.: None

(ii) Other accounting policy change: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatement: None

(4) Number of shares outstanding (common shares)

(i) Shares outstanding (including treasury shares)

As of September 30, 2022	55,722,121 shares
As of March 31, 2022	40,929,162 shares

(ii) Treasury shares outstanding

As of September 30, 2022	980,342 shares
As of March 31, 2022	1,052,858 shares

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

Six months ended September 30, 2022	45,644,594 shares
Six months ended September 30, 2021	39,876,390 shares

*Summaries of quarterly financial statements are not subject to quarterly review by certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

(Notice on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable. Actual results may differ significantly from these forecasts due to various reasons.

(How to access supplementary materials for financial results)

The Company holds the second quarter and year-end financial results briefings for analysts and institutional investors. The presentation materials distributed during these briefings in the past are available on the Company's website at: <https://www.shidax.co.jp/ir/en/>

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

The business environment surrounding the SHiDAX Group is undergoing a period of major change, in which the Group is faced with the need to address the accumulated social issues. These include labor shortages caused by the declining birthrate and aging population and lifestyle changes caused by the continued intermittent spread of COVID-19.

In such an environment, the SHiDAX Group formulated a new management philosophy "Mission, Vision, Value (MVV)," starting from the fiscal year ending March 31, 2023. Under the mission of "to cooperatively establish an era of "safety," "security," and "smiles" as we strive to create a better society for future generations," we devised a medium-term management plan "Re-Growth 2025" looking ahead to further growth in the three years until the fiscal year ending March 31, 2025, and we made a fresh start toward achieving our major goals.

During the six months ended September 30, 2022, as economic and social activities moved toward normalization and a new stage of living with COVID-19, the Group has performed strongly, continuing to achieve an increase in both sales and profits although they were affected by the continuation of rises in raw material prices, in addition to the seventh wave of COVID-19 infections (caused by the Omicron variant), which was several times larger than previous waves. These strong results were driven by operations that take advantage of efficient management know-how in the COVID-19 pandemic and by aggressive promotion of cross-selling activities.

<Consolidated results>				(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022	Year on year Amount	Year on year %	
Net sales	58,656	59,497	841	101.4%	
Operating profit	1,482	2,383	900	160.7%	
Ordinary profit	1,528	2,138	610	139.9%	
Profit attributable to owners of parent	1,299	1,905	606	146.7%	

<Consolidated results by segment>							(Millions of yen)		
	Net sales			Operating profit					
	Six months ended September 30, 2022	Year on year Amount	Year on year %	Six months ended September 30, 2022	Year on year Amount	Year on year %			
Food services business	25,958	(913)	96.6%	1,122	(251)	81.7%			
Vehicle operation services business	11,619	804	107.4%	1,138	191	120.3%			
Social services business	20,622	1,874	110.0%	1,354	467	152.8%			
Other	1,568	(1,262)	55.4%	134	271	—			
Eliminations/ Corporate-wide expenses	(270)	337	—	(1,366)	220	—			
Total	59,497	841	101.4%	2,383	900	160.7%			

(Food services business)

The business environment remained challenging due to intensifying competition from major players in the same industry, soaring raw material prices, chronic labor shortages at meal service facilities, and the impact of the prolonged COVID-19 pandemic.

The Contract Food Services Division, which focuses on in-company cafeterias, saw a gradual return in the number of meals consumed, mainly in the offices and factories. Meanwhile, many clients were adopting new ways of working in line with the government's recommended new normal lifestyles, such as remote working, and expectations for new meal services at workplaces are increasing. Under these circumstances, to address the decrease in the number of meals due to the introduction of new meal services and the increase in people working from home, we developed low-cost operation models and actively implemented proposal activities.

The Medical Food Services Division, which mainly serves hospitals, elderly facilities, and daycare centers, strived to increase customer satisfaction. We provided "Yawaraka Mother Food," soft food for seniors that is easy to chew and swallow, prepared at our Central Kitchen, and actively offered "new meal proposals" that cater to the new normal lifestyles of clients, such as storing frozen boxed lunches in preparation for emergencies. In addition, the Division promoted activities to strengthen its fully-cooked products (food offered in the form of fully-cooked dishes).

In addition to these initiatives, we focused on implementing countermeasures against soaring raw material prices and on acquiring new contracts with an enhanced awareness of operating efficiency. As a result, net sales remained at the previous year's levels

although operating profit decreased mainly due to a temporary increase in labor cost caused by the seventh wave of COVID-19 infections.

(Vehicle operation services business)

Private corporations continued to outsource their non-core functions, especially their vehicle operation management of executive transportation vehicles and employee shuttle buses. In local governments, for fiscal reconstruction and regional revitalization, needs are growing for the development of new transportation systems and school buses due to consolidations and closures of schools. While there is no change in the increasing trend of outsourcing mentioned above, the spread of COVID-19 caused a decrease in socioeconomic activities, as well as a reduction in operating hours and days of executive transportation vehicles and a suspension of shuttle bus services due to facility closures although there has been a significant recovery trend in recent months in these activities. Furthermore, the rise in fuel unit prices is continuously increasing costs, and inbound demand keeps weakening.

Under such circumstances, the Executive Vehicle Management Division and the General Vehicle Management Division have made new proposals to cultivate new demand, such as encouraging the use of vehicles as a means of commuting and increasing the frequency of employee shuttle bus services to avoid close contact between passengers. In addition, these Divisions strengthened sales activities targeting public corporations, which were expected to generate stable earnings, by focusing their efforts on promoting cross-selling and making proposals for on-demand bus systems and school buses. In addition, we strengthened our website promotion and sales systems to deliver stable results. For example, we have succeeded in winning new orders, including those that started in the period under review.

In the Passenger Transport Division, taking into consideration the expected period until full recovery in tourism demand, we have continued to work to stabilize the sales structure. Measures cover switching our operations to those under fixed-term contracts, such as transportation of factory and warehouse employees and school buses, and making proposals to local governments for transportation systems, including on-demand bus systems.

As a result, both sales and profits increased due to the steady rise in the number of new vehicles, the extension of operating hours, and the firm recovery in holiday operations following the resumption of economic activities.

(Social services business)

The government is continuing its regional revitalization policy despite the impact of the COVID-19 pandemic, while there is an increasing need among local governments to outsource their services to the private sector in order to restore their fiscal health and to revitalize regions. In addition to the integration of facilities aimed at efficient resident services, the increasing cost of administrative services and the labor shortage due to the declining birthrate and aging population are the solid driving forces behind the expansion of the outsourcing market for administrative services.

In this environment, in our services provided under contracts with after-school care centers, children's centers and parenting support centers as our key growth drivers, we focused on content development that utilizes our accumulated know-how to meet diversified child-rearing needs. As a result, the number of contracted facilities from local governments nationwide increased by 177 year on year. In contracted services for facilities management, library operations, and public school lunches, we also won contracts from many local governments, and steady operations have continued after the service launches, including the start of contracted operations of "Tamano City School Lunch Center," which opened anew in Tamano City, Okayama in September, 2022. Despite the lingering impact of the COVID-19 pandemic, which led to a decrease in the number of users and closures of some facilities, such as leisure and tourist facilities, our business was on a recovery trend. Moreover, as we improved profitability through efficient cost control, as well as the acquisition of contracts for the operations of mass vaccination sites, we achieved double-digit growth for both net sales and operating profit.

(Initiatives for ESG and SDGs)

The SHiDAX Group has been addressing social and governance issues and challenges, including responses to global environmental problems, work-style reforms with due consideration for working conditions and human rights, improving customer satisfaction, and contributing to local communities, in order to meet the demands of various stakeholders for ESG (Environment, Social, and Governance) practices, and also to implement management and business reforms that utilize DX (Digital Transformation). In October 2021, we established the SDGs Committee that directly reports to the Board of Directors, aiming to contribute to the achievement of the SDGs through our business activities, while working to realize our management philosophy, goals, and strategies.

At the SDGs Committee meeting in May 2022, we established the SDGs management policy as follows: Under the mission of "to cooperatively establish an era of "safety," "security," and "smiles" as we strive to create a better society for future generations," we aim to achieve Creating Shared Value (CSV), a virtuous cycle of social and economic value, by taking the approach of increasing productivity through investing in employee engagement, returning the results of such investment to our employees, and promoting innovation through collaborative creation with customers and partner companies. Our efforts to promote SDGs management are also explained in our integrated report disclosed in September 2022.

The core of the SHiDAX Group's business is to nurture happiness by providing customers and business partners with the value of security, safety, and smiles created by employees. We develop the potential of each of our employees, while ensuring gender equality and diversity, and we are contributing to the creation of a sustainable society as a "company that solves social issues by nurturing people and maximizing happiness."

The SHiDAX Group is committed to establishing competitive advantages through its business activities, strengthening its business foundation, and returning profits widely to people, society, the environment, and shareholders.

(Examples of ESG and SDGs activities)

The Contract Food Services Division became the first food services provider in July 2022 to participate in the "Strategic Initiative for a Healthy and Sustainable Food Environment" (hereinafter the "Initiative"), which was established by the Ministry of Health, Labour and Welfare to promote industry-government-academia efforts to address nutrition issues. Regarding nutritional issues, such as excessive salt intake, young women losing too much weight, and disparities in people's diets caused by economic inequalities, in addition to significant environmental issues affecting society, the Initiative promotes concerted industry-government-academia efforts to create a food environment in which everybody can be healthy in a natural manner. The Contract Food Services Division decided to participate in the Initiative because it engages in a business to contact many consumers through company and school cafeterias to which we provide contracted food services. We will further promote efforts to improve food environment by actively offering correct health information through the participation in the Initiative.

In Japan, there are currently areas in which no public transportation is available from many local governments due to the withdrawal of bus operators or a shortage of bus drivers. As a result, the importance of public transportation is rising from the perspective of maintaining and securing means of transportation for senior citizens who have returned their driver's license. In our vehicle operation services business, we have started verification tests on the use of school buses, during their idle hours of the day, also as reservation-type passenger buses (hereinafter "on-demand buses") to serve as a means of transportation for citizens in the Koito District of Kimitsu City, Chiba for the period from August 1, 2022 to March 31, 2023. In these tests, we use school buses of Suto Junior High School, for which we have already contracted vehicle operations since April 2019, and operate these buses, during their idle hours (9:00 a.m. to 3:00 p.m.), as on-demand buses (14-seater buses called Koitto Bus) on three days a week (Monday, Wednesday, and Friday). Passengers can freely get on or off these buses at 60 bus stops within the district. By deriving from the status of reservations by users the optimum operation route to ride as many users as possible in the same bus, we will reduce environmental load by reducing CO₂ emissions and create driving service hours from idle hours of school bus drivers.

SHiDAX OFFICE PARTNER CORPORATION (hereinafter "SOP"), a special subsidiary of the Group, won an award for excellence at the "2022 Contest for Excellent Cases of Employment of Persons with Disabilities and Workplace Improvement" (Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers) in September 2022. This was the third time for SOP to win a prize at the Contest, following the grand prize in 2016 and the encouragement award in 2020.

Going forward, the SHiDAX Group will continue to strengthen partnerships with customers and business partners by utilizing the SDGs through its business activities, aiming for sustainable growth in the areas of health, sustainable urban development, carbon neutrality, and work-style reforms.

(Initiatives for health management)

In order to promote health management within the SHiDAX Group, we have established a cross-functional Health Management Promotion Project to support the maintenance and promotion of employees' health, and in March 2022, we were certified as an Excellent Health Management Corporation (Large Corporation Category) for the second consecutive year. We regard human resources as our valuable assets and promote diversity management that allows people with different personalities and abilities to play an active role, regardless of their gender, nationality, or disabilities. Amid the ongoing shift to a society in which people live with COVID-19, we are actively implementing a system to support employees to take leave from work during the temporary closure of daycare centers, elementary schools, etc., or when they are infected with COVID-19, so that they can work without anxiety. We strongly encourage employees' health maintenance and promotion by working to improve the ratio of employees who have medical checkup and to promote stress checks.

The SHiDAX Group will strive to continue its human-centric management, as well as its efforts to create a rewarding and secure work environment for all employees.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the second quarter of the current consolidated fiscal year were ¥30,909 million, down ¥2,250 million, or -6.8%, from the end of the previous consolidated fiscal year. Total current assets decreased ¥574 million, to ¥21,985 million, mainly due to a decrease in cash and deposits of ¥883 million and to an increase in notes and accounts receivable - trade of ¥341 million. Total non-current assets declined ¥1,675 million to ¥8,923 million, mainly due to a decrease in property, plant and equipment of ¥1,017 million.

(Liabilities)

Total liabilities at the end of the second quarter of the current consolidated fiscal year were ¥20,523 million, down ¥1,263 million, or -5.8%, from the end of the previous consolidated fiscal year. Total current liabilities declined ¥3,869 million to ¥17,532 million, mainly due to a ¥3,672 million decrease in the current portion of long-term borrowings. Total non-current liabilities rose ¥2,605 million to ¥2,990 million, mainly due to an increase in long-term borrowings of ¥2,625 million.

(Net assets)

Net assets at the end of the second quarter of the current consolidated fiscal year were ¥10,385 million, down ¥986 million, or -8.7%, from the end of the previous consolidated fiscal year. This was mainly due to a decrease of shareholders' equity of ¥1,132 million.

As a result, the equity ratio at the end of the second quarter of the current consolidated fiscal year fell 0.7 percentage points from the end of the previous consolidated fiscal year to 33.6%.

(3) Explanation of Cash Flows

(Analysis of cash flows)

Cash and cash equivalents (hereinafter "cash") at the end of the second quarter of the current fiscal year were ¥6,124 million, a decrease of ¥883 million from the end of the previous fiscal year (down 12.6%).

The status of cash flows by category for the six months ended September 30, 2022 is as follows:

(Cash flows from operating activities)

Operating activities resulted in a net cash inflow of ¥2,190 million (as opposed to a net cash outflow of ¥4,436 million for the same period last year). This is mainly attributable to the recognition of a profit before income taxes of ¥2,313 million, a decrease of ¥405 million in accounts payable – other, an increase of ¥366 million in accounts payable – trade, and a decrease of ¥275 million in accrued consumption taxes.

(Cash flows from investing activities)

Investing activities resulted in a net cash inflow of ¥1,290 million (as compared with a net cash inflow of ¥658 million for the same period last year). This is mainly attributable to proceeds from sale of property, plant and equipment of ¥1,118 million.

(Cash flows from financing activities)

Financing activities resulted in a net cash outflow of ¥4,374 million (as compared with a net cash outflow of ¥1,188 million for the same period last year). This is mainly attributable to proceeds from long-term borrowings of ¥4,500 million, repayments of long-term borrowings of ¥5,547 million, purchase of treasury shares of ¥2,557 million, and dividends paid of ¥517 million.

(4) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Statements

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2023, no changes have been made to the forecast in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japan GAAP)" announced on May 16, 2022.

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	7,134	6,250
Notes and accounts receivable - trade	13,360	13,701
Merchandise and finished goods	516	606
Raw materials and supplies	661	677
Other	901	762
Allowance for doubtful accounts	(13)	(13)
Total current assets	22,560	21,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,111	352
Other, net	959	701
Total property, plant and equipment	2,071	1,053
Intangible assets		
Goodwill	839	755
Other	380	342
Total intangible assets	1,220	1,098
Investments and other assets		
Shares of subsidiaries and associates	75	75
Leasehold and guarantee deposits	1,081	846
Deferred tax assets	4,831	4,718
Other	1,400	1,203
Allowance for doubtful accounts	(82)	(72)
Total investments and other assets	7,307	6,771
Total non-current assets	10,598	8,923
Total assets	33,159	30,909

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	4,621	4,700
Current portion of long-term borrowings	5,172	1,500
Accounts payable - other	1,212	927
Accrued expenses	6,086	6,143
Income taxes payable	293	309
Accrued consumption taxes	1,603	1,328
Provision for bonuses for directors (and other officers)	134	63
Provision for bonuses	1,530	1,468
Provision for withdrawal costs	19	19
Other	728	1,071
Total current liabilities	21,402	17,532
Non-current liabilities		
Long-term borrowings	—	2,625
Asset retirement obligations	203	220
Other	181	145
Total non-current liabilities	385	2,990
Total liabilities	21,787	20,523
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,588	10,521
Retained earnings	(2,148)	(242)
Treasury shares	(438)	(408)
Total shareholders' equity	11,102	9,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	26
Foreign currency translation adjustment	241	388
Total accumulated other comprehensive income	269	414
Total net assets	11,371	10,385
Total liabilities and net assets	33,159	30,909

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	58,656	59,497
Cost of sales	51,078	51,123
Gross profit	7,577	8,374
Selling, general and administrative expenses	6,095	5,991
Operating profit	1,482	2,383
Non-operating income		
Interest income	4	0
Dividend income	5	6
Dividends income of group term insurance	156	158
Membership fee income	15	11
Other	15	15
Total non-operating income	197	192
Non-operating expenses		
Interest expenses	77	39
Commission for syndicated loans	57	244
Foreign exchange losses	4	130
Other	12	22
Total non-operating expenses	152	437
Ordinary profit	1,528	2,138
Extraordinary income		
Gain on sale of non-current assets	0	59
Subsidy income	105	53
Gain on forgiveness of debts	—	102
Gain on sale of shares of subsidiaries and associates	—	14
Other	20	—
Total extraordinary income	125	230
Extraordinary losses		
Loss on sale of non-current assets	93	5
Compensation payment	19	—
Loss on valuation of investment securities	—	49
Other	9	0
Total extraordinary losses	122	55
Profit before income taxes	1,531	2,313
Income taxes - current	231	294
Income taxes - deferred	1	113
Total income taxes	232	408
Profit	1,299	1,905
Profit attributable to owners of parent	1,299	1,905

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,299	1,905
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(1)
Foreign currency translation adjustment	8	147
Total other comprehensive income	19	145
Comprehensive income	1,318	2,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,318	2,051

(3) Quarterly Consolidated Statements of Cash Flows
(Quarterly Consolidated Statements of Cash Flows)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,531	2,313
Depreciation	303	154
Amortization of goodwill and negative goodwill	83	83
Increase (decrease) in provision for bonuses	(38)	(55)
Increase (decrease) in allowance for doubtful accounts	6	(10)
Increase (decrease) in provision for shareholder benefit program	(91)	—
Increase (decrease) in provision for withdrawal costs	(24)	—
Interest and dividend income	(9)	(7)
Interest expenses	77	39
Compensation payment	19	—
Syndicated loan fee	57	244
Loss (gain) on sale of shares of subsidiaries and associates	—	(14)
Loss (gain) on valuation of investment securities	—	49
Loss (gain) on sale of non-current assets	93	(53)
Subsidy income	(105)	(53)
Decrease (increase) in trade receivables	(1,369)	(366)
Decrease (increase) in inventories	20	(159)
Decrease (increase) in accounts receivable - other	45	79
Increase (decrease) in trade payables	(209)	93
Increase (decrease) in accrued consumption taxes	(1,555)	(275)
Increase (decrease) in accounts payable - other	(3,389)	(405)
Increase (decrease) in accrued expenses	62	85
Increase (decrease) in deposits received	68	64
Other, net	208	610
Subtotal	(4,214)	2,418
Interest and dividends received	7	11
Interest paid	(83)	(39)
Subsidies received	105	53
Compensation payment paid	(43)	—
Income taxes paid	(207)	(253)
Net cash provided by (used in) operating activities	(4,436)	2,190

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Payments into time deposits and compulsory deposits	(91)	(91)
Proceeds from withdrawal of time deposits and compulsory deposits	91	91
Purchase of property, plant and equipment	(109)	(102)
Proceeds from sale of property, plant and equipment	509	1,118
Purchase of intangible assets	(32)	(23)
Payments for asset retirement obligations	(24)	(25)
Purchase of investment securities	(1)	(1)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(8)
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	31	14
Proceeds from sale of investment property	—	153
Payments of leasehold and guarantee deposits	(20)	(32)
Proceeds from refund of leasehold and guarantee deposits	148	234
Proceeds from cancellation of insurance funds	194	—
Other, net	(36)	(36)
Net cash provided by (used in) investing activities	658	1,290
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500	—
Repayments of lease liabilities	(10)	(6)
Proceeds from long-term borrowings	—	4,500
Repayments of long-term borrowings	(1,285)	(5,547)
Arrangement fees and others paid	(60)	(245)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12)	—
Dividends paid	(320)	(517)
Purchase of treasury shares	(0)	(2,557)
Net cash provided by (used in) financing activities	(1,188)	(4,374)
Effect of exchange rate change on cash and cash equivalents	7	10
Net increase (decrease) in cash and cash equivalents	(4,959)	(883)
Cash and cash equivalents at beginning of period	10,754	7,007
Cash and cash equivalents at end of period	5,795	6,124

(4) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

Segment information

I. Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on sales and profit or loss by reportable segment and breakdown of earnings

(Millions of yen)

	Reportable segments				Other*	Grand Total
	Food services	Vehicle operation services	Social services	Total		
Sales						
Contract food services	10,779	—	—	10,779	—	10,779
Medical food services	15,375	—	—	15,375	—	15,375
Executive vehicle management	—	4,712	—	4,712	—	4,712
General vehicle management	—	4,322	—	4,322	—	4,322
Passenger transport	—	1,744	—	1,744	—	1,744
Social services	—	—	5,741	5,741	—	5,741
After-school care services	—	—	6,667	6,667	—	6,667
Public school lunch services	—	—	6,307	6,307	—	6,307
Other	704	—	—	704	2,145	2,850
Sales generated through contracts with customers	26,859	10,779	18,715	56,354	2,145	58,500
Other sales*	—	—	—	—	156	156
Sales generated through external customers	26,859	10,779	18,715	56,354	2,301	58,656
Intersegment sales and transfer	11	35	32	79	528	608
Total	26,871	10,814	18,748	56,434	2,830	59,265
Segment profit	1,373	946	886	3,206	(137)	3,069

Notes:

1. "Other" is a business segment that is not included in the reportable segments and contains the management of specialty restaurant businesses in Japan and so on.

2. "Other sales" contains profit from leases based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Differences between the total amount of profits or losses of the reportable segments and the amount recorded in the quarterly consolidated statements of income, and key details of differences (matters related to adjustment of differences)

(Millions of yen)

Profit	Amount
Reportable segment total	3,206
Profit (loss) in the "Other" segment	(137)
Intersegment eliminations	(108)
Corporate-wide expenses*	(1,478)
Operating profit in the quarterly consolidated statements of income	1,482

Note: Corporate-wide expenses mainly consist of expenses incurred by the Company's administrative departments such as for general affairs, human resources, finance, accounting, and information systems, as well as those related to corporate image advertising that are not attributable to a reportable segment.

3. Information on impairment loss on fixed assets, goodwill, etc. by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

II. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on sales and profit or loss by reportable segment and breakdown of earnings

(Millions of yen)

	Reportable segment				Other*	Grand Total
	Food services	Vehicle operation services	Social services	Total		
Sales						
Contract food services	10,213	—	—	10,213	—	10,213
Medical food services	15,437	—	—	15,437	—	15,437
Executive vehicle management	—	5,012	—	5,012	—	5,012
General vehicle management	—	4,807	—	4,807	—	4,807
Passenger transport	—	1,768	—	1,768	—	1,768
Social services	—	—	6,211	6,211	—	6,211
After-school care services	—	—	7,778	7,778	—	7,778
Public school lunch services	—	—	6,607	6,607	—	6,607
Other	304	—	—	304	1,280	1,585
Sales generated through contracts with customers	25,955	11,588	20,598	58,141	1,280	59,422
Other sales*	—	—	—	—	75	75
Sales generated through external customers	25,955	11,588	20,598	58,141	1,355	59,497
Intersegment sales and transfer	2	31	24	58	212	270
Total	25,958	11,619	20,622	58,200	1,568	59,768
Segment profit	1,122	1,138	1,354	3,615	134	3,749

Notes:

1. "Other" is a business segment that is not included in the reportable segments and contains the management of specialty restaurant businesses in Japan and so on.
2. "Other sales" contains profit from leases based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Differences between the total amount of profit and loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and key details of differences (matters related to adjustment of differences)

(Millions of yen)

Profit	Amount
Reportable segment total	3,615
Profit in the "Other" segment	134
Intersegment eliminations	(78)
Corporate-wide expenses*	(1,287)
Operating profit in the quarterly consolidated statements of income	2,383

Note: Corporate-wide expenses mainly consist of expenses incurred by the Company's administrative departments such as for general affairs, human resources, finance, accounting, and information systems, as well as those related to corporate image advertising that are not attributable to a reportable segment.

3. Information on impairment loss on fixed assets, goodwill, etc. by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.