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Consolidated Financial Results for the Six Months Ended September 30, 2023 (Japanese GAAP)

November 10, 2023

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 14, 2023 (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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	63,832	7.3	2,268	(4.8)	2,341	9.5	1,336	(29.9)
September 30, 2022	59,497	1.4	2,383	60.7	2,138	39.9	1,905	46.7

Note: Comprehensive income for the six months ended September 30, 2023: 1,458 million yen (28.9%)
 Comprehensive income for the six months ended September 30, 2022: 2,051 million yen 55.6%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	24.41	-
September 30, 2022	41.75	34.84

(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, 2023	35,322	13,172	37.3	240.40
March 31, 2023	33,195	12,225	36.8	223.33

Reference: Equity capital as September 30, 2023: 13,172 million yen
 Equity capital as of March 31, 2023: 12,225 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, 2023	-	0.00	-	10.00	10.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

As announced on November 10, 2023 in "Notice Regarding Implementation of MBO by SHIDA Holdings Corporation and Recommendation to Tender Shares" (in Japanese) and "Notice Regarding Revision of the Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2024 (No Dividend)" (in Japanese), the Company resolved not to pay a year-end dividend for the fiscal year ending March 31, 2024, on the condition that the tender offer is completed.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2023 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	124,000	2.3	4,400	2.3	4,400	5.1	2,700	(29.3)	49.32

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): None
- (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, 2023	55,722,121 shares
As of March 31, 2023	55,722,121 shares

(ii) Treasury shares outstanding

As of September 30, 2023	929,460 shares
As of March 31, 2023	980,482 shares

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

Six months ended September 30, 2023	54,758,755 shares
Six months ended September 30, 2022	45,644,594 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 our group is undergoing a period of major change that requires even greater adaptability to rapidly changing social conditions, including the accumulation of social issues such as labor shortages caused by a declining birthrate and aging society, as well as lifestyle changes resulting from the COVID-19 pandemic.

In such an environment, the SHiDAX Group formulated a new management philosophy "Mission, Vision, Value (MVV)," starting from the fiscal year ended March 31, 2023. In addition, under the mission of "we seek to cooperatively establish an era of safety, security, and smiles as we strive to create a better society for future generations," we have focused our efforts on the steady implementation of our medium-term management plan "Re-Growth 2025," which was formulated with a view to further growth targeting the fiscal year ending March 31, 2025.

During the consolidated cumulative second quarter under review, net sales continued to grow steadily, supported by an increase in contract orders and a recovery in demand in three core businesses amid further normalization of economic activities. On the profit side, however, operating profit decreased due to a decline in the profit margin, mainly due to remaining issues in countermeasures against rising costs caused by soaring raw material prices.

<Consolidated results> (Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Year on year Amount	Year on year %
Net sales	59,497	63,832	4,334	107.3%
Operating profit	2,383	2,268	(114)	95.2%
Ordinary profit	2,138	2,341	202	109.5%
Profit attributable to owners of parent	1,905	1,336	(568)	70.1%

<Consolidated results by segment> (Millions of yen)

	Net sales			Operating profit		
	Six months ended September 30, 2023	Year on year Amount	Year on year %	Six months ended September 30, 2023	Year on year Amount	Year on year %
Food services business	27,300	1,342	105.2%	928	(193)	82.7%
Vehicle operation services business	12,185	566	104.9%	1,193	54	104.8%
Social services business	22,875	2,252	110.9%	1,293	(60)	95.5%
Other	1,752	184	111.7%	222	88	166.0%
Eliminations/ Corporate-wide expenses	(281)	(10)	-	(1,369)	(3)	-
Total	63,832	4,334	107.3%	2,268	(114)	95.2%

(Food services business)

The business environment remains challenging due to intensifying competition from major players in the same industry, chronic labor shortages, and the ongoing sharp rise in raw material prices.

The Contract Food Services Division, which focuses on in-company cafeterias, saw a return in the number of meals consumed, mainly in the offices and factories, while many clients were adopting new ways of working such as remote working, and expectations for new meal services at workplaces are increasing. Under these circumstances, we focused on acquiring orders for events and banquets, which have been on the rise, in addition to proposal activities for low-cost operation models that address the decreased number of meals due to the availability of various meal services and the increase in people working from home.

In the Medical Food Services Division, which mainly serves hospitals, elderly facilities, and preschools, elderly facilities have been on a recovery trend since the reclassification of COVID-19 as a Category 5 infectious disease under the law. However, the recovery at hospitals has been slowing and other uncertainties continue, and we strive to control costs, including measures to cope with rising raw material prices. In addition, we are conducting test marketing using meal kits at preschools operated under contract to establish a collaborative model with Oisix ra daichi Inc.

As a result, net sales increased due to a continued recovery in sales at existing locations, but operating profit decreased due to progress in passing on prices, which has been difficult, and the worsening of sales cost ratio caused by higher labor costs.

(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. On the other hand, the shortage of drivers is becoming increasingly serious. Securing and training drivers has become a major issue, such as the expansion of the nationwide reduction in the number of route buses.

In this environment, the Executive Vehicle Management Division and the General Vehicle Management Division aggressively engaged in sales activities to public corporations that can expect stable earnings by proposing demand-responsive transport systems and school buses, which are in growing demand. We also continued to strengthen our sales systems to win new contracts, such as Web promotion, which has shown results, and promoting cross-selling sales.

The Passenger Transport Division has continued to make efforts to stabilize its sales structure by making proposals to local governments for regional transport systems including demand-responsive bus services and by developing new routes for expressway buses. One example is launching expressway bus services that connect Tsudanuma, Chiba to the Kansai region (Osaka and Shiga) in August 2023, which is the third route for our expressway buses.

As a result, both net sales and operating profit increased. Although there was an impact from a decrease in the number of extra buses and an increase in the unit price of fuel, the extended operating hours and operations on holidays proceeded smoothly, in addition to an increase in the number of new vehicles from the beginning of the fiscal year.

(Social services business)

The government is making a concerted effort to implement its "regional revitalization" policy, and 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 childcare centers, children's centers and parenting support centers as our key growth drivers, we focused on content development to meet diversified child-rearing needs. One example is that in August 2023, in cooperation with TOYOTA CONIQ Pro, Inc., we started providing at after-school childcare centers the "Future Mobility Programming Class," a visiting class program that Toyota Motor Corporation has conducted at elementary schools nationwide. Substantial growth has been continuing as the number of after-school childcare classes contracted with local governments nationwide increased by 258 year on year.

In contracted services for facilities management, library operations, and public school lunches, we also won contracts from many local governments, including the newly launched operation of a school lunch center utilizing PFI (private finance initiative). In addition, we have worked to improve the safety and convenience of facilities through services that leverage our experience in administrative support, and to improve operational efficiency by introducing library apps.

As a result, the increase in the number of facilities operated under contract contributed significantly to the strong performance, with double-digit growth in net sales. Although operating profit declined, the segment forecast remains unchanged as the imbalances in the first and second half of the fiscal year are expected to be resolved to a certain extent.

(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-based management policy as follows: Under the mission of "we seek 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 increasing productivity through investing in employee engagement, returning the results of this, and promoting innovation through collaborative creation with customers and partner companies. Our efforts to promote SDGs-based management are also explained in our integrated report disclosed in September, 2023.

The core of the 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)

In our social services business, we have begun contracted operation of “Kunitachi Dietary Education Promotion and School Lunch Station,” a school lunch center which was newly opened in Kunitachi city, Tokyo, utilizing PFI (*1) method. Since August 30, 2023, we have provided around 5,000 lunches a day. This school lunch center has introduced state-of-the-art equipment for everything from mass food preparation to dish washing, and implemented safe and secure hygiene management and work processes based on HACCP (*2), as well as a "room for food allergies" (capable of preparing 60 allergy-free meals per day). We also will promote dietary education by assigning dietary education leaders who work with local children and their parents to propose dietary education programs, as well as by establishing a visitor route and exhibition space where visitors can see the kitchen through glass windows. In the Public School Lunch Services Division, we operate roughly 600 public school lunch facilities, including school lunch center-style and self-style at public elementary and junior high schools, in around 230 local governments nationwide (as of August, 2023). At this center, we will utilize the hygiene management know-how that the SHiDAX Group has accumulated over more than 60 years in the food service business, and strive to provide school lunch services that are safe and secure and that bring smiles to children's faces.

In addition, on September 26, 2023, the Company concluded a comprehensive cooperative agreement for industry-academia collaboration with Kagawa Nutrition University (President: Akio Kagawa). We aim to provide information and conduct educational activities on dietary education and the improvement of a healthy and sustainable food environment through collaboration between Kagawa Nutrition University and our Group, which offers a wide range of services related to "Food and Health," including food service at in-company cafeterias, preschools and elderly facilities, and the contracted operation of after-school childcare centers. As the first step, in fiscal year ending March 31, 2024, we will start the certification system which certifies facilities which implement measures to ensure adequate salt intake among facilities we provide contracted food services nationwide as part of the Initiative for a Healthy and Sustainable Food Environment (Ministry of Health, Labor and Welfare). Kagawa Nutrition University will supervise the certification system and also supervise and advise on our efforts to promote appropriate salt intake.

Our mission is to realize solutions to social issues through our business. We will continue to promote SDGs-based management and aggressively develop initiatives that integrate industry and academia.

*1: PFI (Private Finance Initiative)

A method of public works in which the local government acts as the client and utilizes private-sector funds, management and technical capabilities to design, construct, renovate, renew, maintain, manage and operate public facilities

*2: HACCP (Hazard Analysis and Critical Control Point)

A hygiene management method devised by NASA in the 1960s to ensure the safety of space food. It became mandatory for all businesses that handle food products in June 2021.

(Initiatives for health management)

The SHiDAX Group has a cross-sectional "health management promotion project" that supports employees in maintaining and enhancing health with the aim of promoting health management within the Group. In March 2023, SHiDAX Corporation was certified as an Excellent Health and Productivity Management Corporation (Large-Scale Corporate Division) for the third consecutive year.

The Group regards human resources as our valuable assets and promotes diversity management that allows people with different personalities and abilities to play an active role, regardless of their gender, nationality, or disabilities. We will strive to continue its human-centric management, as well as our 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 ¥35,322 million, up ¥2,127 million, or 6.4%, from the end of the previous consolidated fiscal year. Total current assets increased by ¥2,616 million, to ¥26,899 million, mainly due to increases in notes and accounts receivable-trade of ¥1,461 million and in cash and deposits of ¥1,494 million. Total non-current assets declined ¥489 million to ¥8,422 million, mainly due to a decrease in deferred tax assets of ¥732 million.

(Liabilities)

Total liabilities at the end of the second quarter of the current consolidated fiscal year were ¥22,150 million, up ¥1,180 million, or 5.6%, from the end of the previous consolidated fiscal year. Total current liabilities rose ¥1,930 million to ¥20,569 million, mainly due to increases in accounts payable-other of 951 million yen, in advances received included in other of 394 million yen, and in accrued expenses of ¥334 million. Total non-current liabilities declined ¥750 million to ¥1,580 million, mainly due to a decrease in long-term borrowings of ¥750 million resulting from the repayment of loans payable.

(Net assets)

Net assets at the end of the second quarter of the current consolidated fiscal year were ¥13,172 million, up ¥946 million, or 7.7%, from the end of the previous consolidated fiscal year. This was mainly due to the recording of quarterly profit attributable to owners of the parent company of ¥1,336 million, despite a decrease of ¥533 million in capital surplus resulting from dividends.

As a result, the equity ratio at the end of the second quarter of the current consolidated fiscal year increased 0.5 percentage points from the end of the previous consolidated fiscal year to 37.3%.

(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 ¥8,920 million, an increase of ¥1,494 million from the end of the previous fiscal year (up 20.1%).

The status of cash flows by category and factors behind the change for the six months ended September 30, 2023 are as follows:

(Cash flows from operating activities)

Operating activities resulted in a net cash inflow of ¥3,259 million (as compared with a net cash inflow of ¥2,190 million for the same period last year). This is mainly attributable to the recognition of a profit before income taxes of ¥2,335 million, an increase of ¥1,035 million in accounts payable - other, and an increase of ¥1,461 million in accounts payable - trade.

(Cash flows from investing activities)

Investing activities resulted in a net cash outflow of ¥468 million (as opposed to a net cash inflow of ¥1,290 million for the same period last year). This is mainly attributable to purchase of property, plant and equipment of ¥331 million.

(Cash flows from financing activities)

Financing activities resulted in a net cash outflow of ¥1,307 million (as compared with a net cash outflow of ¥4,374 million for the same period last year). This is mainly attributable to repayments of long-term borrowings of ¥750 million and dividends paid of ¥545 million.

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

With regard to the consolidated earnings forecast for the fiscal year ending March 31, 2024, no changes have been made to the forecast announced on May 16, 2023.

As for the dividend forecast for the fiscal year ending March 31, 2024, we have revised the year-end dividend forecast announced on May 16, 2023 due to the planned tender offer for our shares, and we have also decided to withdraw the "Medium-term Management Plan (Re-Growth 2025)" announced on May 16, 2022. For more information, please refer to "Notice Regarding Revision of the Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2024 (No Dividend)" (in Japanese) and "Notice Regarding Withdrawal of Numerical Targets in the Medium-Term Management Plan (Re-Growth2025)" (in Japanese) announced on November 10, 2023.

For details of the tender offer, please refer to "Notice Regarding Implementation of MBO by SHIDA Holdings Corporation and Recommendation to Tender Shares" (in Japanese) announced on November 10, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	7,552	9,047
Notes and accounts receivable - trade	13,785	15,246
Merchandise and finished goods	793	781
Raw materials and supplies	689	796
Other	1,486	1,058
Allowance for doubtful accounts	(24)	(29)
Total current assets	24,283	26,899
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	290	324
Other, net	503	707
Total property, plant and equipment	793	1,031
Intangible assets		
Goodwill	671	587
Other	406	432
Total intangible assets	1,078	1,020
Investments and other assets		
Shares of subsidiaries and associates	105	105
Leasehold and guarantee deposits	832	846
Deferred tax assets	5,118	4,385
Other	1,056	1,093
Allowance for doubtful accounts	(73)	(61)
Total investments and other assets	7,039	6,370
Total non-current assets	8,911	8,422
Total assets	33,195	35,322

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,978	5,180
Current portion of long-term borrowings	1,500	1,500
Accounts payable - other	1,560	2,511
Accrued expenses	6,385	6,719
Income taxes payable	418	294
Accrued consumption taxes	1,444	1,408
Provision for bonuses for directors (and other officers)	126	54
Provision for bonuses	1,471	1,489
Provision for withdrawal costs	19	19
Other	734	1,390
Total current liabilities	18,639	20,569
Non-current liabilities		
Long-term borrowings	1,875	1,125
Asset retirement obligations	275	277
Other	179	177
Total non-current liabilities	2,330	1,580
Total liabilities	20,969	22,150
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	10,521	9,987
Retained earnings	1,669	3,005
Treasury shares	(408)	(386)
Total shareholders' equity	11,882	12,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	45
Foreign currency translation adjustment	314	419
Total accumulated other comprehensive income	342	464
Total net assets	12,225	13,172
Total liabilities and net assets	33,195	35,322

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	59,497	63,832
Cost of sales	51,123	55,131
Gross profit	8,374	8,700
Selling, general and administrative expenses	5,991	6,432
Operating profit	2,383	2,268
Non-operating income		
Interest income	0	0
Dividend income	6	4
Dividends income of group term insurance	158	170
Membership fee income	11	10
Other	15	16
Total non-operating income	192	203
Non-operating expenses		
Interest expenses	39	19
Commission for syndicated loans	244	8
Foreign exchange losses	130	92
Other	22	9
Total non-operating expenses	437	130
Ordinary profit	2,138	2,341
Extraordinary income		
Gain on sale of non-current assets	59	2
Subsidy income	53	12
Gain on forgiveness of debts	102	-
Gain on sale of shares of subsidiaries and associates	14	-
Total extraordinary income	230	14
Extraordinary losses		
Loss on sale of non-current assets	5	0
Loss on valuation of investment securities	49	0
Expenses related to research financial statements	-	14
Other	0	5
Total extraordinary losses	55	20
Profit before income taxes	2,313	2,335
Income taxes - current	294	275
Income taxes - deferred	113	723
Total income taxes	408	998
Profit	1,905	1,336
Profit attributable to owners of parent	1,905	1,336

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,905	1,336
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	17
Foreign currency translation adjustment	147	104
Total other comprehensive income	145	121
Comprehensive income	2,051	1,458
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,051	1,458

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,313	2,335
Depreciation	154	121
Amortization of goodwill and negative goodwill	83	83
Increase (decrease) in provision for bonuses	(55)	17
Increase (decrease) in allowance for doubtful accounts	(10)	(6)
Interest and dividend income	(7)	(5)
Interest expenses	39	19
Expenses related to research financial statements	-	14
Syndicated loan fee	244	8
Loss (gain) on sale of shares of subsidiaries and associates	(14)	-
Loss (gain) on valuation of investment securities	49	0
Loss (gain) on sale of non-current assets	(53)	(2)
Subsidy income	(53)	(12)
Decrease (increase) in trade receivables	(366)	(1,461)
Decrease (increase) in inventories	(159)	(94)
Decrease (increase) in accounts receivable - other	79	43
Increase (decrease) in trade payables	93	201
Increase (decrease) in accrued consumption taxes	(275)	(36)
Increase (decrease) in accounts payable - other	(405)	1,035
Increase (decrease) in accrued expenses	85	334
Increase (decrease) in deposits received	64	191
Other, net	610	768
Subtotal	2,418	3,559
Interest and dividends received	11	5
Interest paid	(39)	(19)
Expenses related to research financial statements paid	-	(55)
Subsidies received	53	12
Compensation payment paid	-	(76)
Income taxes paid	(253)	(166)
Net cash provided by (used in) operating activities	2,190	3,259

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
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	(102)	(331)
Proceeds from sale of property, plant and equipment	1,118	5
Purchase of intangible assets	(23)	(93)
Payments for asset retirement obligations	(25)	(8)
Purchase of investment securities	(1)	(1)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(8)	-
Loan advances	(0)	(4)
Proceeds from collection of loans receivable	14	13
Proceeds from sale of investment property	153	-
Payments of leasehold and guarantee deposits	(32)	(17)
Proceeds from refund of leasehold and guarantee deposits	234	3
Other, net	(36)	(34)
Net cash provided by (used in) investing activities	1,290	(468)
Cash flows from financing activities		
Repayments of lease liabilities	(6)	(1)
Proceeds from long-term borrowings	4,500	-
Repayments of long-term borrowings	(5,547)	(750)
Arrangement fees and others paid	(245)	(9)
Dividends paid	(517)	(545)
Purchase of treasury shares	(2,557)	(0)
Net cash provided by (used in) financing activities	(4,374)	(1,307)
Effect of exchange rate change on cash and cash equivalents	10	11
Net increase (decrease) in cash and cash equivalents	(883)	1,494
Cash and cash equivalents at beginning of period	7,007	7,426
Cash and cash equivalents at end of period	6,124	8,920

(4) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

Segment information

I. 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 segments				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 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	3,615
Profit (loss) 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.

II. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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	10,945	-	-	10,945	-	10,945
Medical food services	15,934	-	-	15,934	-	15,934
Executive vehicle management	-	5,340	-	5,340	-	5,340
General vehicle management	-	4,971	-	4,971	-	4,971
Passenger transport	-	1,840	-	1,840	-	1,840
Social services	-	-	6,496	6,496	-	6,496
After-school care services	-	-	9,312	9,312	-	9,312
Public school lunch services	-	-	7,044	7,044	-	7,044
Other	411	-	-	411	1,887	2,299
Sales generated through contracts with customers	27,291	12,153	22,853	62,298	1,887	64,185
Other sales*	-	-	-	-	107	107
Sales generated through external customers	27,291	12,153	22,853	62,298	1,995	64,293
Intersegment sales and transfer	8	32	22	63	218	281
Total	27,300	12,185	22,875	62,361	2,213	64,575
Segment profit	928	1,193	1,293	3,415	222	3,637

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	3,415
Profit in the "Other" segment	222
Intersegment eliminations	6
Corporate-wide expenses*	(1,376)
Operating profit in the quarterly consolidated statements of income	2,268

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.

(Significant subsequent events)

(Tender offer for our shares by SHIDA Holdings Corporation)

The Company resolved at its Board of Directors meeting held on November 10, 2023 to endorse the tender offer (the “Tender Offer”) for the common shares of the Company (the “Company Shares”) conducted by SHIDA Holdings Corporation (the “Tender Offeror”) as part of a management buyout (MBO), and to recommend that the shareholders of the Company tender shares in the Tender Offer.

Oisix ra daichi Inc. (“Oisix”) is also participating in this MBO, and after the completion of the Tender Offer, the Company will become a subsidiary of Oisix.

The above resolution of the Board of Directors is based on the premise that the Company's Shares will be delisted following the Tender Offer and a series of subsequent procedures.

I. Outline of the Tender Offeror

1. Name	SHIDA Holdings Corporation
2. Address	New Otani Business Court 10F, 4-1 Kioicho, Chiyoda-ku, Tokyo
3. Name and title of representative	Tsutomu Shida, Representative Director
4. Description of business	Acquisition and ownership of the Company Shares
5. Share capital	10 million yen (as of November 9, 2023)
6. Date of establishment	January 31, 1996
7. Major shareholders and shareholding ratios (as of November 10, 2023)	Tsutomu Shida 48.42% Kinichi Shida 37.78% Shojiro Shida 7.29%
Relationship between the Company and the Tender Offeror	
8. Capital relationship	The Tender Offeror holds 9,135,674 Company Shares (ownership ratio : 16.67%) as of today
Personnel relationship	Two of five directors of the Company hold positions as directors of the Tender Offeror.
Transactional relationship	Nothing noteworthy
Status as a related party	The Tender Offeror is a major shareholder and other associated company of the Company, and falls under the category of a related party.

II. Outline of the Tender Offer

1. Tender Offer Period

From November 13, 2023 to December 25, 2023

2. Tender Offer Price

800 yen per share of common stock

3. Number of Shares to be Purchased in the Tender Offer

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
45,656,987 shares	27,392,800 shares	- shares