



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022

[Japanese GAAP]

November 11, 2021

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Scheduled date of filing of Quarterly Report: November 12, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Available
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 – September 30, 2021)

(1) Consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2021	3,731	(37.2)	(67)	-	50	(67.8)	46	(44.1)
Six months ended Sep. 30, 2020	5,941	8.5	110	(43.8)	157	(22.5)	82	(42.8)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 20 (down 77.4%)

Six months ended Sep. 30, 2020: 91 (down 39.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	5.46	-
Six months ended Sep. 30, 2020	9.79	9.78

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	4,785	2,322	48.0	270.81
As of Mar. 31, 2021	5,230	2,321	43.4	267.38

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2021: 2,298

As of Mar. 31, 2021: 2,269

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	3.00	3.00
Fiscal year ending Mar. 31, 2022	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	-	-	3.00	3.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	7,890	(24.7)	11	(90.4)	182	(20.3)	125	10.2	14.83

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2021:	8,912,089 shares	As of Mar. 31, 2021:	8,912,089 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	425,139 shares	As of Mar. 31, 2021:	425,139 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	8,486,950 shares	Six months ended Sep. 30, 2020:	8,471,973 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

The Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the current first quarter. For more information on the application of the Revenue Recognition Accounting Standard, please refer to "2. Quarterly Consolidated Financial Statements and Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)"

(1) Explanation of Results of Operations

During the first half of the current fiscal year (hereinafter, "the period under review") the Japanese economy and Asian economies in general still remained in a severe situation due to the COVID-19 outbreak. Nevertheless, signs of recovery are beginning to show.

Under these economic conditions, the Group (the Company and its consolidated subsidiaries) continued to pursue new investment opportunities overseas, while at the same time working to improve management efficiency in existing businesses and examining business strategies to face the COVID-19 outbreak.

However, due to the sluggishness of investment condominium transactions in Japan caused by the COVID-19 pandemic and the downturn of economic activities in Southeast Asian countries, the Group posted net sales of 3,731 million yen (down 37.2% year on year) and an operating loss of 67 million yen (compared to an operating profit of 110 million yen one year earlier). Ordinary profit was 50 million yen (down 67.8% year on year), profit before income taxes was 63 million yen (down 59.2% year on year), and profit attributable to owners of parent was 46 million yen (down 44.1% year on year) for the period under review. In addition, a gain on sale of shares of subsidiaries and associates of 13 million yen was recorded due to the partial transfer of shares in PT. Citra Surya Komunikasi, which was a consolidated subsidiary.

The performance of each segment is as follows:

1) Real Estate Business

Trust Advisers Corporation currently operates the residential property business comprising leasing services for condominium owners as well as rental and condominium building management on a contract basis. The company also engages in the land agency business that caters for condominium owners' needs for buying and selling properties. As for the impact of the COVID-19 outbreak, although in the residential property business the renewal rate and rent level of existing lease contracts were maintained and the number of units under management remained high, the impact on investment-purpose condominium transactions was significant, and the number of transactions in the land agency business decreased significantly compared to the same period of the previous year. As a result, segment sales for the period under review decreased 38.4% year on year to 3,063 million yen, while operating profit decreased 51.8% from the same period last year to 88 million yen.

2) Hotel Business

In the hotel business, we currently operate Narita Gateway Hotel in the Narita International Airport area and Kurashiki Royal Art Hotel in the Kurashiki Bikan Historical Quarter. Narita Gateway Hotel has been leased to Chiba Prefecture since April 18, 2020 as a medical treatment facility for COVID-19 patients who are asymptomatic or show mild symptoms and has not been accepting general guests since that date. At Kurashiki Royal Art Hotel, the number of hotel guests during the period under review remained slightly below the level of the previous year due to the rapid spread of the new COVID-19 variants since July 2021. As a result, segment sales for the period under review increased 3.5% year on year to 441 million yen and operating profit was 17 million yen compared to an operating loss of 12 million yen one year earlier. Additionally, on the period under review, both hotels continued to implement employee leave shifts, while at the same time, special measures for subsidy programs by the government and local governments, such as employment adjustment subsidies continued to be implemented, which

resulted in the recording of 90 million yen in subsidy income, an increase of 47.0% compared to the same period last year.

3) Overseas Business

As for overseas business, PT. Citra Surya Komunikasi is engaged in advertising agency business mainly for Japanese companies operating in the Republic of Indonesia, and Striders Global Investment Pte. Ltd. is engaged in investment business in Singapore. For PT. Citra Surya Komunikasi, the financial results for the period from January to June 2021 are included in the consolidated financial statements with a delay of three months. Due to the seriousness of the situation of the COVID-19 outbreak in Indonesia and its significant impact on the social economy situation as a whole, the segment sales decreased 86% year on year to 48 million yen and an operating loss of 82 million yen was recorded compared to an operating profit of 26 million yen one year earlier.

In the first half of the current fiscal year, PT. Citra Surya Komunikasi, which had been a consolidated subsidiary, was excluded from the scope of consolidation due to the partial transfer of its shares.

(2) Explanation of Financial Position

1) Financial Position

Assets

Current assets at the end of the period under review totaled ¥2,985 million, down ¥381 million from the end of the previous fiscal year. This is mainly due to a decrease of ¥367 million in cash and deposits. Fixed assets amounted to ¥1,800 million, down ¥62 million from the end of the previous fiscal year. This is mainly due to a decrease in buildings and structures, net by ¥31 million.

As a result, total assets amounted to ¥4,785 million, down ¥444 million from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the period under review were ¥826 million, down ¥225 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥54 million in accounts payable-trade. Non-current liabilities totaled ¥1,637 million, a decrease of ¥220 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥64 million in long-term borrowings.

As a result, total liabilities amounted to ¥2,463 million, a decrease of ¥445 million from the end of the previous fiscal year.

Net assets

Net assets as of the end of the period under review is ¥2,322 million, up ¥1 million compared to the end of the previous fiscal year. This was mainly due to the posting of ¥46 million in profit attributable to owners of parent, while ¥25 million in dividends from retained earnings were paid.

As a result, the equity ratio was 48.0% (43.4% at the end of the previous fiscal year).

2) Cash flows

The balance of cash and cash equivalents (hereinafter referred to as "net cash") during the period under review was ¥2,346 million, down ¥336 million compared to the end of the previous fiscal year.

The cash flow conditions and their factors for the period under review are as follows:

Cash flows from operating activities

Net cash used by operating activities amounted to ¥117 million yen (compared to 7 million yen provided in the same period of the previous fiscal year). This is mainly due to the fact that profit before income taxes was only ¥63 million while the payment of income taxes of ¥129 million was made.

Cash flows from investing activities

Net cash used in investing activities was ¥88 million (compared to ¥12 million used in the previous fiscal year). This is mainly due to the expenditure of ¥40 million for the purchase of investment securities.

Cash flows from financing activities

Net cash used by financing activities amounted to ¥133 million (compared to ¥398 million provided in the same period of the previous fiscal year). This was mainly due to expenditures of ¥30 million for redemption of bonds, ¥75 million for repayment of long-term borrowings, and ¥25 million for paid cash dividends.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

In regard to the consolidated earnings forecast, we have revised the full-year consolidated earnings forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2021" on May 12, 2021. For details, please refer to the "Notice of Earnings Forecast and Dividend Forecast" released today.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	2,894,896	2,526,975
Accounts receivable trade	180,641	147,610
Securities	4,587	729
Inventories	208,930	172,038
Other	108,093	140,954
Allowance for doubtful accounts	(29,846)	(2,722)
Total current assets	3,367,302	2,985,585
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	868,983	837,933
Land	348,663	348,663
Other, net	99,920	77,297
Total property, plant and equipment	1,317,567	1,263,895
Intangible assets		
Goodwill	107,619	103,557
Other	18,943	20,758
Total intangible assets	126,562	124,316
Investments and other assets		
Investment securities	231,050	256,138
Shares of subsidiaries and associates	82,551	66,822
Deferred tax assets	28,593	17,231
Other	76,858	72,181
Allowance for doubtful accounts	(285)	(190)
Total investments and other assets	418,768	412,182
Total non-current assets	1,862,898	1,800,394
Total assets	5,230,200	4,785,979
Liabilities		
Current liabilities		
Accounts payable trade	124,036	69,148
Short-term borrowings	11,512	10,000
Current portion of bonds	60,000	60,000
Current portion of long-term borrowings	150,376	140,165

Unearned revenue	185,212	178,397
Accrued expenses	78,748	78,835
Accounts payable-other	72,661	39,497
Income taxes payable	75,442	49,969
Provision for bonuses	27,712	16,364
Deposits received	123,880	88,217
Interest rate swaps	15,017	11,664
Other	126,944	84,253
Total current liabilities	1,051,545	826,513
Non-current liabilities		
Bonds payable	260,000	230,000
Long-term borrowings	1,109,224	1,044,247
Retirement benefit liability	61,805	10,724
Long-term leasehold and guarantee deposits received	192,470	175,025
Deferred tax liabilities	159,126	156,316
Other	74,969	20,776
Total non-current liabilities	1,857,595	1,637,090
Total liabilities	2,909,140	2,463,603

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	1,585,938	1,585,938
Capital surplus	109,730	109,730
Retained earnings	732,817	757,284
Treasury shares	(144,848)	(144,848)
Total shareholders' equity	2,283,637	2,308,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,599	(164)
Deferred gains or losses on hedges	(14,834)	(11,544)
Foreign currency translation adjustment	(2,373)	1,966
Remeasurements of defined benefit plans	(5,815)	—
Total accumulated other comprehensive income	(14,424)	(9,742)
Share acquisition rights	3,375	3,375
Non-controlling interests	48,471	20,638
Total net assets	2,321,059	2,322,375
Total liabilities and net assets	5,230,200	4,785,979

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	5,941,717	3,731,154
Cost of sales	4,882,675	2,858,976
Gross profit	1,059,041	872,178
Selling, general and administrative expenses	948,395	940,010
Operating profit	110,646	(67,832)
Non-operating income		
Interest income	1,012	779
Dividend income	275	1
Commission income	13,190	19,422
Gain on sales of securities	222	1,016
Foreign exchange gains	-	760
Subsidy income	61,640	90,638
Other	9,126	21,030
Total non-operating income	85,467	133,649
Non-operating expenses		
Interest expenses	7,687	8,161
Interest on bonds	1,287	1,095
Share of loss of entities accounted for using equity method	24,480	2,229
Foreign exchange losses	4,959	—
Other	551	3,714
Total non-operating expenses	38,967	15,201
Ordinary profit	157,146	50,616
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	13,248
Equity variable profit	1,466	—
Total extraordinary income	1,466	13,248
Extraordinary losses		
Loss on sales of investment securities	33	—
Other	0	292
Total extraordinary losses	33	292
Profit before dividend distribution from silent partnerships	158,580	63,572
Dividend distribution from silent partnerships	2,680	—
Profit before income taxes	155,900	63,572
Income taxes-current	61,627	48,572
Income taxes-deferred	(2,844)	(2,809)
Total income taxes	58,783	45,763
Profit(loss)	97,116	17,809
Profit(loss) attributable to non-controlling interests	14,153	(28,558)
Profit(loss) attributable to owners of parent	82,963	46,367

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Profit	97,116	17,809
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,020)	(6,777)
Deferred gains or losses on hedges	3,001	3,290
Foreign currency translation adjustment	(2,890)	1,839
Remeasurements of defined benefit plans, net of tax	1,148	4,523
Total other comprehensive income	(5,761)	2,875
Comprehensive income	91,355	20,684
Comprehensive income attributable to:		
Owners of parent	78,296	48,518
Non-controlling interests	13,058	(27,833)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	155,900	63,572
Depreciation	56,204	53,763
Amortization of goodwill	6,878	4,061
Increase (decrease) in allowance for doubtful accounts	(586)	285
Increase (decrease) in other provisions	(1,711)	(11,155)
Interest and dividend income	(1,287)	(780)
Interest expenses on borrowings and bonds	8,975	9,257
Foreign exchange losses (gains)	2,598	(733)
Share of loss (profit) of entities accounted for using equity method	24,480	2,229
Loss (gain) on sales of securities	(222)	(1,016)
Dividend distribution from silent partnerships	2,680	—
Subsidy income	(61,640)	(90,638)
Gain on sales of shares of affiliated companies	—	(13,248)
Loss(gain) on sale of fixed assets	—	292
Loss(gain) on Changes in Equity	(1,466)	—
Loss(gain) on sales of investment securities	33	—
Decrease (increase) in trade receivables	5,560	2,147
Decrease (increase) in inventories	33,528	(67,992)
Increase (decrease) in trade payables	(84,217)	(15,051)
Increase (decrease) in deposits received	(16,462)	(34,889)
Increase (decrease) in leasehold and guarantee deposits received	(16,579)	(17,444)
Other, net	(91,072)	32,243
Subtotal	21,592	(85,098)
Interest and dividends received	1,287	14,279
Interest paid	(10,003)	(9,140)
Income taxes refund	1,511	1,318
Income taxes paid	(68,553)	(129,865)
Amount of Subsidy income	61,640	90,638
Net cash provided by (used in) operating activities	7,475	(117,868)
Cash flows from investing activities		
Purchase of securities	(2,160)	(3,317)
Proceeds from sales of securities	874	8,404
Purchase of property, plant and equipment	(584)	(5,801)
Proceeds from sales of property, plant and equipment	-	58
Purchase of investment securities	(10,574)	(40,871)
Proceeds from sales of investment securities	494	1,650
Purchase of intangible assets	-	(6,710)
Proceeds from withdrawal of time deposits	-	30,007
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(21,377)
Other, net	(79)	(50,954)
Net cash provided by (used in) investing activities	(12,030)	(88,911)
Cash flows from financing activities		
Redemption of bonds	(30,000)	(30,000)
Proceeds from long-term borrowings	529,944	—
Repayments of long-term borrowings	(83,547)	(75,188)
Purchase of treasury shares	(5)	—

Dividend payment	(18,245)	(25,090)
Repayments of lease obligations	-	(2,615)
Increase (decrease) in short-term borrowings	-	(932)
Net cash provided by (used in) financing activities	398,146	(133,826)
Effect of exchange rate change on cash and cash equivalents	(2,388)	4,156
Net increase (decrease) in cash and cash equivalents	391,203	(336,450)
Cash and cash equivalents at beginning of period	1,990,496	2,682,893
Cash and cash equivalents at end of period	2,381,700	2,346,443

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current fiscal year and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

For the application of the revenue recognition accounting standard, the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the current first quarter has been added to or deducted from retained earnings at the beginning of the current first quarter, and the new accounting policy has been applied from the relevant beginning balance.

As a result, there is no impact on profit and loss for the first quarter of the current fiscal year or on the balance of retained earnings at the beginning of the current fiscal year.

In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenues from contracts with customers broken down for the first six months of the previous fiscal year.

Additional Information

(Accounting estimates concerning the effects of COVID-19)

No material changes were made to the assumptions regarding the impact of the spread of COVID-19 as described in (Additional Information) (Accounting estimates concerning the effects of COVID-19) in the Annual Securities Report for the year ended March 31, 2021.

Segment and Other Information

Segment information

I. First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on quarterly consolidated statement of income (Note 3)
	Real Estate Business	Hotel Business	Overseas Business	Subtotal				
Net sales								
External sales	4,970,656	426,439	350,102	5,747,198	194,519	5,941,717	-	5,941,717
Inter-segment sales and transfers	-	174	-	174	-	174	(174)	-
Total	4,970,656	426,613	350,102	5,747,372	194,519	5,941,892	(174)	5,941,717
Segment profit (loss)	183,647	(12,229)	26,671	198,089	12,727	210,817	(100,170)	110,646

- Notes: 1. The "Other" segment consists of activities that are not included in any of the reportable segments, and includes the information technology business and the food business.
2. The negative adjustment of 100,170 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.
3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

II. First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(In Thousands of Yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on quarterly consolidated statement of income (Note 3)
	Real Estate Business	Hotel Business	Overseas Business	Subtotal				
Net Sales								
Revenue arising from contracts with customers	3,063,471	441,324	48,984	3,553,780	177,374	3,731,154	—	3,731,154
External Sales	3,063,471	441,324	48,984	3,553,780	177,374	3,731,154	—	3,731,154
Inter-segment sales and transfers	—	132	—	132	—	132	(132)	—
Total	3,063,471	441,456	48,984	3,553,912	177,374	3,731,287	(132)	3,731,154
Segment Profit (Loss)	88,560	17,774	(82,019)	24,315	25,403	49,718	(117,551)	△67,832

- Notes: 1. The "Other" segment consists of activities that are not included in any of the reportable segments, and includes the information technology business and the food business.
2. The negative adjustment of 117,551 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.
3. Segment profit(loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

2. Matters concerning changes in reporting segments

As described in "Changes in Accounting Policies," the Company has applied the Revenue Recognition Accounting Standard from the beginning of the first quarter of the current fiscal year and changed its accounting method for revenue recognition, so the method of calculating profit or loss in the business segments has been changed as well. This change had no impact on net sales and segment profit for the first six months of the current fiscal year.

Relation to Revenue Recognition

Information on the breakdown of revenue arising from contracts with customers is provided in "Notes (Segment Information)".

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.