

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2021	-	0.00	-	25.00	25.00
Fiscal year ending June 30, 2022	-	0.00	-		
Fiscal year ending June 30, 2022 (Forecast)				25.00	25.00

(Note) 1. Revision to the forecast for dividends announced most recently: Yes

2. The Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022. The figures for dividends for the fiscal year ended June 30, 2021 are those prior to the stock split, and the figures for dividends for the fiscal year ending June 30, 2022, (forecast) are those after taking the stock split into consideration.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2022(July 01, 2021 to June 30, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	57,000	39.2	3,310	55.4	4,000	59.5	2,870	92.4	97.07

(Note) 1. Revision to the financial results forecast announced most recently: Yes

2. The Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022. Basic earnings per share of the consolidated financial results forecast are calculated based on the total number of issued shares (excluding treasury stock) after the stock split.

* Notes:

(1) Changes in significant subsidiaries during the nine months ended March 31, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

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

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

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

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 30,102,454 shares

June 30, 2021: 30,102,454 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 517,588 shares

June 30, 2021: 572,182 shares

3) Average number of shares during the period:

Nine months ended March 31, 2022: 29,561,335 shares

Nine months ended March 31, 2021: 29,485,928 shares

(Note) The Company conducted a 2-for-1 stock split of common stock on April 20, 2022; however, the total number of issued shares at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

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

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

The financial results forecast and other forward-looking statements in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual results may differ significantly due to various factors. Please see the “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” from page 4 of the attached document of this material for the conditions for financial and other results, as well as important matters to be aware of when using the financial results forecast.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

In the Group's business areas during the nine months ended March 31, 2022, despite continued manufacturing cutbacks due primarily to soaring ocean freight rates and the semiconductor shortage, demand for metal scrap remained firm worldwide due to recovery in economic activity from the COVID-19 pandemic, as well as a growing appreciation for the use of recycled raw materials amid the trend of decarbonization.

As a result, the average ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) during the nine months ended March 31, 2022 was ¥53,735, trending upward from ¥32,231 of the same period of the previous fiscal year. With regard to nonferrous metals, etc., the average prices during the nine months of copper, aluminum, nickel, and cobalt rose above those seen in the same period of the previous fiscal year.

Currently, prices of raw materials in general are rising, with the price of ferrous scrap at the end of the third quarter of the current fiscal year reaching ¥64,500 per ton for the first time since 2008, due to concerns over the supply of semi-finished steel products and other products as a result of the situation in Russia and Ukraine. Uncertainties continue to persist due to the re-expansion of the COVID-19 infection, heightened geopolitical risks, and other factors.

Amid this environment, in the nine months ended March 31, 2022, with a strategic concept of challenging ourselves to resolve issues toward realizing a “Decarbonized society”, “Circular economy society” and “Distributed society” by viewing it as a business opportunity, based on our mission statement “Contribute to create a sustainable society”, we have proceeded with measures to establish “Realization of concrete cases of the circular economy” and “A disciplined group of autonomous individuals with emergent abilities.”

As a result, for the nine months ended March 31, 2022, net sales were ¥40,615 million (up 51.1% year on year), operating profit was ¥2,306 million (up 84.4% year on year), ordinary profit was ¥2,767 million (up 88.5% year on year), and profit attributable to owners of parent was ¥1,973 million (up 187.6% year on year).

Results by segment are as follows, with net sales shown as inter-segment sales or sales including transfers. The classification of reportable segments has been changed from the end of the previous fiscal year, and the amounts stated for the nine months ended March 31, 2021 are those compiled based on the classification of reportable segments following the change.

Summary of Business Results by Segment

<Net sales>

(Million yen)

	Nine months ended March 31, 2021	Nine months ended March 31, 2022	Increase/decrease ratio
Resource Circulation Business	9,720	15,022	54.6%
Global Trading Business	19,828	29,977	51.2%
Lithium-ion Battery Recycling Business	194	785	304.2%
Others	267	367	37.5%
Adjustment	(3,135)	(5,537)	—
Total	26,874	40,615	51.1%

<Segment profit (loss)>

(Million yen)

	Nine months ended March 31, 2021	Nine months ended March 31, 2022	Increase/decrease ratio
Resource Circulation Business	1,356	2,116	56.0%
Global Trading Business	428	578	35.0%
Lithium-ion Battery Recycling Business	(104)	249	—
Others	70	124	77.2%
Adjustment	(283)	(301)	—
Total	1,467	2,767	88.5%

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

1) Resource Circulation Business

Metal scrap prices rose year on year, and the profitability of resource recycling increased further against the backdrop of physical sorting technologies. In addition, the handling volume of ferrous scrap discharged from large-scale demolished properties has been continuing to increase from the previous fiscal year, and combined with an increase in share of profit of entities accounted for using equity method, they have all led to an increase in both sales and profit.

As a result, net sales in the Resource Circulation Business segment were ¥15,022 million (up 54.6% year on year), while segment profit was ¥2,116 million (up 56.0% year on year).

2) Global Trading Business

The export environment for metal scrap, which had deteriorated in the second quarter mainly due to the resurgence of the spread of COVID-19, began to pick up in the third quarter under review due to the resumption of economic activity and the depreciation of the yen. Amid such an environment, although ocean freight rates continued to soar due to difficulties in booking freighters, we secured revenue mainly through capturing domestic demand and sales that took advantage of price changes, leading to an increase in both sales and profit.

As a result, net sales in the Global Trading Business segment were ¥29,977 million (up 51.2% year on year), while segment profit was ¥578 million (up 35.0% year on year).

3) Lithium-ion Battery Recycling Business

Handling volume rose due to purchasing from leading battery manufacturers, etc. and acceptance of waste batteries processing by making use of the disposal business license. In addition, higher prices of cobalt, nickel and copper compared with the same period of the previous fiscal year boosted the profitability of resource recycling. Also, a decrease in depreciation due to the recording of an impairment loss on non-current assets during the previous fiscal year led to an increase in both sales and profit.

As a result, net sales in the Lithium-ion Battery Recycling Business segment were ¥785 million (up 304.2% year on year), while segment profit was ¥249 million (segment loss was ¥104 million in the same period of the previous fiscal year).

4) Others

The Environment Management Consulting Business remained robust and posted increases in both sales and profit, owing to a strong stream of orders for services including CDP evaluation improvement support, formulation of carbon neutral strategies, TCFD response support, and consulting services mainly to facilitate a circular economy.

Concerning the Welfare Service Business for People with Disabilities, the number of users decreased due to the partial closure of offices, profitability worsened due to the revision of compensation, and personnel expenses increased owing to the improved employee treatment, leading to a decrease in both sales and profit.

As a result, net sales in the Others segment were ¥367 million (up 37.5% year on year), while segment profit was ¥124 million (up 77.2% year on year).

(2) Explanation of Financial Position

1) Status of assets, liabilities, and net assets

Total assets at March 31, 2022 amounted to ¥28,933 million (up ¥2,384 million, or 9.0% from the end of the previous fiscal year). Current assets amounted to ¥19,168 million (up ¥1,667 million, or 9.5% from the end of the previous fiscal year). This was primarily due to increases of ¥953 million in merchandise and finished goods, ¥476 million in cash and deposits, and ¥291 million in other current assets, despite a decrease of ¥185 million in notes and accounts receivable - trade. Non-current assets amounted to ¥9,765 million (up ¥717 million, or 7.9% from the end of the previous fiscal year). This was mainly due to decreases of ¥364 million in investment securities, ¥296 million in construction in progress, and ¥164 million in land, despite a decrease of ¥107 million in machinery, equipment and vehicles.

Total liabilities at March 31, 2022 amounted to ¥13,907 million (up ¥691 million, or 5.2% from the end of the previous fiscal year). Current liabilities amounted to ¥11,032 million (up ¥1,267 million, or 13.0% from the end of the previous fiscal year). This was mainly due to increases of ¥1,120 million in short-term borrowings and ¥308 million notes and accounts payable - trade, despite a decrease of ¥275 million in other current liabilities. Non-current liabilities amounted to ¥2,875 million (down ¥575 million, or 16.7% from the end of the previous fiscal year). This was mainly due to a decrease of ¥540 million in long-term borrowings.

Total net assets at March 31, 2022 amounted to ¥15,026 million (up ¥1,692 million, or 12.7% from the end of the previous fiscal year). This was mainly due to an increase of ¥1,604 million in retained earnings.

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

Changes have been made to the consolidated financial results forecast for the fiscal year ending June 30, 2022, as announced in the Notice of Revisions to Consolidated Financial Results Forecast and Dividend Forecast dated May 13, 2022.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of June 30,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	7,259,898	7,736,878
Notes and accounts receivable - trade	4,231,391	4,045,546
Merchandise and finished goods	4,990,470	5,943,910
Work in process	21,037	5,834
Raw materials and supplies	437,067	582,842
Other	644,643	936,370
Allowance for doubtful accounts	(83,829)	(83,368)
Total current assets	17,500,678	19,168,014
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,537,521	4,663,416
Accumulated depreciation	(2,727,161)	(2,882,957)
Buildings and structures, net	1,810,360	1,780,459
Machinery, equipment and vehicles	9,139,250	9,314,569
Accumulated depreciation	(7,571,635)	(7,854,936)
Machinery, equipment and vehicles, net	1,567,615	1,459,632
Land	2,513,070	2,677,270
Construction in progress	170,109	466,560
Other	441,636	463,252
Accumulated depreciation	(383,589)	(394,781)
Other, net	58,047	68,471
Total property, plant and equipment	6,119,202	6,452,393
Intangible assets		
Goodwill	-	30,738
Other	66,095	67,362
Total intangible assets	66,095	98,100
Investments and other assets		
Investment securities	2,274,099	2,638,633
Investments in capital	9,430	9,451
Deferred tax assets	464,822	464,952
Other	681,780	669,602
Allowance for doubtful accounts	(567,423)	(567,730)
Total investments and other assets	2,862,709	3,214,908
Total non-current assets	9,048,007	9,765,403
Total assets	26,548,686	28,933,417

(Thousand yen)

	As of June 30,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,163,255	2,471,325
Short-term borrowings	4,810,000	5,930,000
Current portion of long-term borrowings	687,773	851,866
Lease obligations	76,987	73,728
Income taxes payable	556,206	370,219
Provision for bonuses	65,631	205,342
Other	1,405,164	1,129,544
Total current liabilities	9,765,018	11,032,026
Non-current liabilities		
Long-term borrowings	2,466,423	1,925,635
Lease obligations	223,069	168,380
Deferred tax liabilities for land revaluation	64,282	64,282
Retirement benefit liability	389,489	407,000
Asset retirement obligations	169,070	172,565
Other	137,827	137,289
Total non-current liabilities	3,450,162	2,875,152
Total liabilities	13,215,180	13,907,179
Net assets		
Shareholders' equity		
Share capital	1,524,830	1,524,830
Capital surplus	1,957,981	1,970,488
Retained earnings	9,653,565	11,257,929
Treasury shares	(188,806)	(170,791)
Total shareholders' equity	12,947,571	14,582,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,999	586
Revaluation reserve for land	8,633	8,633
Foreign currency translation adjustment	(1,568)	23,153
Total accumulated other comprehensive income	12,064	32,374
Share acquisition rights	326,584	326,584
Non-controlling interests	47,284	84,822
Total net assets	13,333,505	15,026,238
Total liabilities and net assets	26,548,686	28,933,417

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended March 31,2021	For the nine months ended March 31,2022
Net sales	26,874,960	40,615,556
Cost of sales	21,337,962	33,076,015
Gross profit	5,536,997	7,539,540
Selling, general and administrative expenses	4,286,313	5,233,077
Operating profit	1,250,684	2,306,463
Non-operating income		
Interest income	1,454	1,798
Dividend income	19,348	468
Share of profit of entities accounted for using equity method	233,465	368,967
Foreign exchange gains	-	58,236
Rental income	21,798	20,666
Outsourcing service income	5,718	7,116
Other	38,215	46,577
Total non-operating income	320,001	503,832
Non-operating expenses		
Interest expenses	28,711	19,972
Commission expenses	1,746	3,732
Foreign exchange losses	57,760	-
Provision of allowance for doubtful accounts	-	8,972
Other	14,854	10,577
Total non-operating expenses	103,073	43,256
Ordinary profit	1,467,612	2,767,039
Extraordinary income		
Gain on sale of non-current assets	13,820	9,508
Reversal of allowance for doubtful accounts	-	5,233
Insurance claim income	28,714	-
Compensation income	2,301	4,587
Total extraordinary income	44,836	19,329
Extraordinary losses		
Loss on retirement of non-current assets	14,107	4,268
Loss on sale of non-current assets	1,990	137
Impairment losses	437,793	-
Loss on disaster	8,356	-
Total extraordinary losses	462,248	4,406
Profit before income taxes	1,050,200	2,781,961
Income taxes	349,861	770,931
Profit	700,339	2,011,030
Profit attributable to non-controlling interests	14,183	37,538
Profit attributable to owners of parent	686,155	1,973,492

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

(Thousand yen)

	For the nine months ended March 31,2021	For the nine months ended March 31,2022
Profit	700,339	2,011,030
Other comprehensive income		
Valuation difference on available-for-sale securities	166,660	(4,412)
Foreign currency translation adjustment	8,522	24,721
Total other comprehensive income	175,183	20,309
Comprehensive income	875,522	2,031,339
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	861,338	1,993,801
Comprehensive income attributable to non-controlling interests	14,183	37,538

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

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

There is no relevant information.

(Changes in Scope of Consolidation or Application of Equity Method)

In the third quarter under review, Fujimi BMS Co., Ltd. was dissolved as a result of an absorption-type merger where ECONECOL Inc. was the surviving company, and was excluded from the scope of consolidation.

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

(Calculation of tax costs)

The tax costs of the Company and its consolidated subsidiaries were calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the nine months ended March 31, 2022, and by multiplying profit before income taxes by the estimated effective tax rate.

(Changes in Accounting Policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter under review, and thereby revenue is recognized when the control of promised goods or services is transferred to a customer at an amount to which the Company expects to be entitled in exchange for transferring the goods or services to the customer.

The application of the Revenue Recognition Accounting Standard, etc., follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retrospectively applying the new accounting policy to the periods prior to the beginning of the first quarter under review has been added to or subtracted from retained earnings at the beginning of the first quarter under review, and the new accounting policy has been applied from the beginning balance. However, the application has no impact on the beginning balance.

As a result, net sales for the nine months ended March 31, 2022 decreased by ¥2,000,014 thousand, and cost of sales decreased by ¥2,000,014 thousand. In addition, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the components of revenue from contracts with customers for the nine months ended March 31, 2021 is not presented.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter under review, and thereby the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. has been applied prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard, etc. has no impact on the quarterly consolidated financial statements.

(Additional Information)

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

With regard to the transition to the group tax sharing system, which was instituted by the Act for Partial

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

(Accounting estimates regarding the spread of COVID-19)

In the nine months ended March 31, 2022, there were no material changes to the assumptions used in the accounting estimates associated with the spread of COVID-19 stated in the annual securities report for the previous fiscal year.

(Segment Information)
(Segment information)

I Nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidate d financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium-ion Battery Recycling	Total				
Net sales								
Net sales to outside customers	6,817,035	19,705,467	104,832	26,627,335	247,625	26,874,960	—	26,874,960
Inter- segment sales or transfers	2,903,027	123,412	89,487	3,115,928	19,876	3,135,804	(3,135,804)	—
Total	9,720,063	19,828,879	194,319	29,743,263	267,501	30,010,764	(3,135,804)	26,874,960
Segment profit (loss)	1,356,962	428,600	(104,317)	1,681,246	70,198	1,751,444	(283,831)	1,467,612

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

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥283,831 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

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

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

(Significant impairment loss on non-current assets)

(Thousand yen)

	Resource Circulation	Global Trading	Lithium-ion Battery Recycling	Others	Elimination/ Corporate	Total
Impairment loss	—	—	437,793	—	—	437,793

(Notes) The amount of “Elimination/Corporate” is pertaining to the corporate assets that are not allocated to reportable segments.

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant gain on bargain purchase)

There is no relevant information.

II Nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium- ion Battery Recycling	Total				
Net sales								
Ferrous scrap	3,475,364	22,068,952	—	25,544,317	—	25,544,317	—	25,544,317
Nonferrous scrap	2,497,560	2,280,799	—	4,778,360	—	4,778,360	—	4,778,360
Rubber products	1,676,351	—	—	1,676,351	—	1,676,351	—	1,676,351
Used car	—	4,607,140	—	4,607,140	—	4,607,140	—	4,607,140
Related LIB	—	—	547,926	547,926	—	547,926	—	547,926
Others	2,570,966	537,844	—	3,108,811	352,648	3,461,460	—	3,461,460
Revenue from contracts with customers	10,220,243	29,494,737	547,926	40,262,907	352,648	40,615,556	—	40,615,556
Net sales to outside customers	10,220,243	29,494,737	547,926	40,262,907	352,648	40,615,556	—	40,615,556
Inter-segment sales or transfers	4,802,147	482,718	237,446	5,522,311	15,055	5,537,367	△5,537,367	—
Total	15,022,391	29,977,455	785,372	45,785,218	367,704	46,152,923	△5,537,367	40,615,556
Segment profit	2,116,650	578,495	249,207	2,944,353	124,405	3,068,758	△301,719	2,767,039

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

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥301,719 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

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

2. Items related to changes in the reportable segments

As presented in Changes in Accounting Policies, the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter under review, and changed the accounting treatment of revenue recognition. Accordingly, the calculation method of profit (loss) in the reportable segments has been changed in the same manner. As a result of this change, compared with the previous method, net sales of Global Trading Business for the nine months ended March 31, 2022 decreased by ¥2,000,014 thousand. However, there is no impact on segment profit.

From the previous fiscal year, the classification of reportable segments has been changed from the previous four segments of Resource Circulation Business, Global Resource Circulation Business, Used-cars-related Business, and Others to the four segments of Resource Circulation Business, Global Trading Business, Lithium-ion Battery Recycling Business, and Others.

The segment information for the nine months ended March 31, 2021 was prepared based on the classification after the change.

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

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

A significant change in the amount of goodwill occurred in the Resource Circulation Business during the nine months ended March 31, 2022 due to the acquisition of all the shares of Fujimi BMS Co., Ltd. by ECONECOL Inc., and the inclusion of Fujimi BMS Co., Ltd. in the scope of consolidation. The amount of the increase in goodwill resulting from this event in the Resource Circulation Business during the nine months ended March 31, 2022 was ¥32,075 thousand.

(Significant gain on bargain purchase)

There is no relevant information.

(Business Combinations)

Transaction under common control, etc.

(Absorption-type merger of consolidated subsidiaries)

ECONECOL Inc., a consolidated subsidiary of the Company, merged with Fujimi BMS Co., Ltd., a consolidated subsidiary of ECONECOL Inc., effective March 1, 2022, in accordance with a resolution of the Board of Directors meeting held on January 17, 2022.

(1) Overview of the transaction

1) Name and description of businesses of the combined company

Name of the surviving company: ECONECOL Inc.

Description of businesses: Recycling of ferrous and nonferrous metals, general and industrial waste disposal

Name of the combined company: Fujimi BMS Co., Ltd.

Description of businesses: Primarily businesses related to the treatment, collection and transportation of industrial waste (waste wood)

2) Date of the business combination

March 1, 2022

3) Legal form of the business combination

Absorption-type merger with ECONECOL Inc. as the surviving company and Fujimi BMS Co., Ltd. as the dissolving company

4) Name of the company after the business combination

ECONECOL Inc.

5) Other matters related to outline of the transaction

The purpose is to consolidate management resources and improve operational efficiency within the Group.

(2) Summary of accounting procedures performed

The transaction was treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(Significant Subsequent Events)

(Stock split)

Based on the resolution adopted by the Board of Directors at its extraordinary meeting on March 28, 2022, the Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022.

(1) Purpose of the stock split

By splitting the Company's shares, the Company aims to lower the amount per unit of investment, create an environment in which investors can invest in the Company more easily, expand the investor base, and improve the liquidity of the Company's shares.

(2) Outline of the stock split

1) Stock split method

The Company will conduct a 2-for-1 stock split of shares of common stock held by shareholders listed or recorded in the shareholders' register as of Tuesday, April 19, 2022, with the same date as the record date.

2) Number of shares to be added by the split

Total number of issued shares before the stock split:	15,051,227 shares
Number of shares to be added by the stock split:	15,051,227 shares
Total number of issued shares after the stock split:	30,102,454 shares
Total number of authorized shares after the stock split:	67,200,000 shares

3) Schedule of the stock split

Date of announcement of record date:	March 31, 2022 (Thursday)
Record date:	April 19, 2022 (Tuesday)
Effective date:	April 20, 2022 (Wednesday)

4) Adjustment of share acquisition rights

In connection with this stock split, the exercise price per share of share acquisition rights will be adjusted effective April 20, 2022 (Wednesday) as below.

	Exercise price before adjustment	Exercise price after adjustment
Third series of share acquisition rights	¥504	¥252

5) Others

There will be no change in the amount of share capital upon this stock split.

(3) Impact on per share information

The impact on per share information is stated in the relevant section.