

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 10, 2023
 Scheduled date of payment of dividend: December 7, 2023
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023
(April 1, 2023 – September 30, 2023)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	68,604	(1.9)	6,047	(3.5)	6,524	(4.2)	4,867	6.3
Six months ended Sep. 30, 2022	69,953	6.4	6,266	16.7	6,808	18.6	4,578	23.1

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 7,962 (up 81.2%)
 Six months ended Sep. 30, 2022: 4,394 (up 0.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	239.95	-
Six months ended Sep. 30, 2022	225.76	-

Note: Diluted net income per share is not presented since there is no dilutive share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	183,341	122,940	66.0	5,966.05
As of Mar. 31, 2023	177,443	116,085	64.3	5,628.39

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 121,043 As of Mar. 31, 2023: 114,164

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	47.50	-	52.50	100.00
Fiscal year ending Mar. 31, 2024	-	60.00	-	-	-
Fiscal year ending Mar. 31, 2024 (forecasts)	-	-	-	50.00	110.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes)

	Operating revenue		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	145,000	2.9	14,000	10.3	15,000	8.8	10,700	19.8	527.48

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

For details, please refer to the press release titled "Notice of Revisions to Consolidated Earnings Forecasts" (Japanese version only) that was announced today (November 8, 2023).

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of issued shares (common shares)

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

As of Sep. 30, 2023:	20,618,244 shares	As of Mar. 31, 2023:	20,612,844 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	329,780 shares	As of Mar. 31, 2023:	329,162 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2023:	20,285,158 shares	Six months ended Sep. 30, 2022:	20,281,298 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants and auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 4 of the attachments for forecast assumptions and notes of caution for usage.

How to obtain quarterly financial results meeting materials

We plan to hold an online presentation for institutional investors and analysts on Thursday, November 30, 2023. The materials to be used in this meeting will be posted on our website.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending in March 2024, social and economic activity in Japan continued to return to normal as the Japanese government downgraded the classification of COVID-19. The economy showed signs of recovery due to more consumer spending, an increase in demand of foreign tourists in Japan and other reasons. Despite these positive trends, the business climate remains challenging because of inflation, including the high cost of energy and raw materials, due to the prolonged Ukraine conflict, the yen's weakness and other events. In Europe and North America, monetary tightening is continuing as inflation remains high. Slow economic growth and negative factors in China are certain to have a big impact on the Japanese economy as well as the global economy. As a result, the outlook for the economy is still uncertain.

In the logistics industry, the volume of international sea cargo was supported by the slow growth of the global economy. Demand associated with capital expenditures outside Japan was firm. There were also emerging signs of a recovery in the volume of automotive sector shipments as automobile plants return to normal and production recovered due to the end of the semiconductor shortage. In the air cargo category, the volume of shipments of consumer products was down from one year earlier due to sluggish consumer spending and the continuation of inflation and the yen's depreciation. The volume of air shipments of electronic components, manufacturing equipment and other products involving semiconductors was flat. However, there was a gradual upturn in air shipments of automobile parts backed by demand generated by the shift to electric cars. The total volume of cargo shipments in Japan was down from one year earlier following the decline in the previous fiscal year. The volume of production-related and consumer-related cargoes increased partly because of a rebound from the downturn one year earlier. There was a big decline in the volume of construction-related cargo because of the decreasing number of new home construction starts. Logistics companies in Japan must deal with a shortage of drivers that has continued for many years as the Japan's population ages and with price-based competition within the logistics sector. Furthermore, logistics companies need to prepare for the restriction on driver overtime that will begin in 2024 (known as the "2024 Problem"). In addition, soaring truck fuel prices also continued to rise due to the impact of higher crude oil prices.

Under these circumstances, the Group has entered the second year of the three-year Eighth Medium-term Management Plan that will end in the fiscal year ending in March 2025. Goals for the plan's second year include the growth of the third-party logistics (3PL) business and revenue growth in the agriculture category, which is one of our growth targets. To become more competitive, we plan to provide a CO2 emission visualization service and build a new industry-specific platforms as part of our distinctive LLP service (MALoS [Maruzen Advanced Logistics Solution]). Many activities are planned for the reinforcement of our corporate foundation. We are implementing the digital transformation, reexamining training programs to develop the skills of employees, disclosing more non-financial information, such as information involving ESG and TCFD, and taking other actions. All the Group's officers and employees have a firm commitment to accomplishing the plan's goals for sales and earnings.

Consequently, the Group's results of operations for the first half of the current fiscal year were as follows: operating revenue decreased by 1.9% year-on-year to 68,604 million yen, operating profit decreased by 3.5% year-on-year to 6,047 million yen, and ordinary profit decreased by 4.2% year-on-year to 6,524 million yen. Profit attributable to owners of parent increased by 6.3% year-on-year to 4,867 million yen.

Business segment performance was as follows.

Logistic Operations

The freight truck transportation business as a whole recorded a small increase in operating revenue. By region, the handling volume of non-ferrous metals and semiconductor devices decreased, but that of housing materials and construction machinery increased in the Kanto region; the handling volume of stainless-steel products decreased in the Chubu region; and in the Kansai region, the handling volume of industrial machinery decreased, but that of housing equipment and electric power equipment increased. Furthermore, there was a decrease in the handling volume of motor-related products.

The harbor transportation business as a whole recorded a decrease in operating revenue. By region, the handling volume of construction machinery and vehicles increased, but that of grain and non-ferrous metals decreased in the Kanto region. For the Chubu region, the handling volume of automobile parts decreased.

The warehousing operations business as a whole recorded an increase in operating revenue. By region, the handling volume of housing materials and synthetic resins decreased, but that of chemical and food products increased in the Kanto region; the handling volume of housing equipment increased in the Chubu region; and in the Kansai region, the handling volume of household products and oils and fats increased. Furthermore, there was a decrease in the handling volume of motor-related products.

The railway logistics business recorded an increase in operating revenue due to an increase in the handling volume of housing materials.

Operating related to logistics as a whole recorded a big decrease in operating revenue. More specifically, ocean transportation revenue was down significantly because of a decrease in the handling volume of chemical products and electrode-related products. Coastal transportation revenue also decreased significantly due to a decrease in the handling volume of fuel for power plants. Air transportation revenues decreased due to a decline in the handling volume of chemical products.

Overall, operating revenue of the Logistic Operations segment decreased by 2.0% year-on-year to 59,632 million yen and segment profit (operating profit) decreased by 3.5% year-on-year to 5,124 million yen.

Yard Operations and Mechanical Cargo Handling

There was a decrease in the volume of stainless-steel products in yard operations. Overall, the Yard Operations and Mechanical Cargo Handling segment recorded a small decrease in operating revenue.

As a result, operating revenue of the Yard Operations and Mechanical Cargo Handling segment decreased by 0.5% year-on-year to 7,904 million yen and segment profit (operating profit) decreased by 2.8% year-on-year to 696 million yen.

Other Operations

Construction revenue decreased due to a decline in the volumes of transportation for machinery relocations and installations in Japan. The result was a decrease in operating revenue in the segment as a whole.

As a result, operating revenue of the Other Operations segment decreased by 6.7% year-on-year to 1,067 million yen and segment profit (operating profit) decreased by 5.7% year-on-year to 226 million yen.

(2) Explanation of Financial Position

1) Balance sheet position

The balance of total assets at the end of the second quarter of the current fiscal year increased by 5,898 million yen from the end of the previous fiscal year to 183,341 million yen.

Of these, the balance of current assets was 69,753 million yen, up 1,367 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,117 million yen in trade notes and accounts receivable, and contract assets and 358 million yen in prepaid expenses. The balance of non-current assets was 113,587 million yen, up 4,530 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,966 million yen in investment securities and 936 million yen in construction in progress, which were partially offset by a decrease of 553 million yen in buildings and structures.

The balance of current liabilities was 37,236 million yen, up 333 million yen from the end of the previous fiscal year. This was mainly due to an increase of 318 million yen in trade notes and accounts payable. The balance of non-current liabilities was 23,165 million yen, down 1,289 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,710 million yen in long-term borrowings, which was partially offset by an increase of 1,315 million yen in deferred tax liabilities.

The balance of net assets was 122,940 million yen, up 6,855 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,785 million yen in retained earnings and 2,783 million yen in valuation difference on available-for-sale securities.

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the second quarter of the current fiscal year decreased 97 million yen from the end of the previous fiscal year to 37,139 million yen.

Cash flows for the first half of the current fiscal year and the main factors for changes are described as below.

Cash flows from operating activities

Net cash provided by operating activities decreased 872 million yen year-on-year to 5,696 million yen.

This was mainly due to the recording of profit before income taxes of 7,215 million yen, depreciation of 2,432 million yen, which were partially offset by an increase in trade receivables of 1,088 million yen and income taxes paid of 2,527 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 1,473 million yen year-on-year to 2,288 million yen.

This was mainly due to payments of 2,188 million yen for purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities increased 1,815 million yen year-on-year to 3,680 million yen.

This was mainly due to repayments of long-term borrowings of 5,442 million yen and dividends paid of 1,081 million yen, which were partly offset by proceeds from long-term borrowings of 3,428 million yen.

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

The recovery of the Japanese economy following the pandemic is behind the pace of the recoveries of other advanced economies. The recovery in Japan is expected to continue at a moderate pace with support from capital expenditures for reducing the need for labor and raising efficiency and from spending by foreign tourists. However, the outlook for the economy will probably remain uncertain. The conflict in the Middle East and the possibility of prolonged inflation caused by the yen’s depreciation, high cost of resources and other factors may have a negative effect on Japan’s ability to return to normal economic activities.

In such a management environment, the Company has created a new brand slogan: “Logistics is Love.” to commemorate the 90th anniversary of its establishment. Under the slogan, all the Group’s officers and employees will work together as a team to achieve the sales and profit targets with renewed determination and diligence to repay the patronage of our customers. To this end, the Group will aim for the world’s highest level of customer satisfaction and continue to innovate logistics.

The Company has reviewed the current performance trends and revised the earnings forecasts for the fiscal year ending March 31, 2024. For details, please refer to the press release titled “Notice of Revisions to Consolidated Earnings Forecasts” (Japanese version only) that was announced today (November 8, 2023).

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	15,337	15,239
Notes and accounts receivable - trade, and contract assets	28,144	29,261
Securities	18,199	18,199
Supplies	315	308
Prepaid expenses	747	1,106
Other	5,651	5,646
Allowance for doubtful accounts	(9)	(9)
Total current assets	68,386	69,753
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,943	35,390
Machinery and equipment, net	8,384	8,017
Vessels, net	0	0
Vehicles, net	952	1,020
Tools, furniture and fixtures, net	289	262
Leased assets, net	2,139	2,263
Land	30,032	30,032
Construction in progress	1,230	2,167
Total property, plant and equipment	78,973	79,155
Intangible assets		
Goodwill	734	445
Other	1,219	1,886
Total intangible assets	1,953	2,332
Investments and other assets		
Investment securities	20,273	24,239
Long-term loans receivable	142	141
Deferred tax assets	766	708
Retirement benefit asset	350	416
Other	6,613	6,609
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	28,129	32,100
Total non-current assets	109,056	113,587
Total assets	177,443	183,341

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Trade notes and accounts payable	12,835	13,154
Short-term borrowings	15,260	15,545
Accounts payable-other	1,052	872
Income taxes payable	2,520	2,153
Accrued consumption taxes	656	818
Accrued expenses	2,016	2,092
Contract liabilities	87	42
Provision for bonuses	1,786	1,711
Provision for bonuses for directors (and other officers)	5	5
Other	681	839
Total current liabilities	36,903	37,236
Non-current liabilities		
Long-term borrowings	16,269	13,559
Deferred tax liabilities	4,681	5,997
Provision for retirement benefits for directors (and other officers)	80	59
Retirement benefit liability	405	412
Asset retirement obligations	862	887
Other	2,155	2,248
Total non-current liabilities	24,454	23,165
Total liabilities	61,358	60,401
Net assets		
Shareholders' equity		
Share capital	10,117	10,127
Capital surplus	9,949	9,960
Retained earnings	87,457	91,243
Treasury shares	(600)	(602)
Total shareholders' equity	106,924	110,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,854	9,637
Foreign currency translation adjustment	539	833
Remeasurements of defined benefit plans	(154)	(157)
Total accumulated other comprehensive income	7,239	10,314
Non-controlling interests	1,920	1,896
Total net assets	116,085	122,940
Total liabilities and net assets	177,443	183,341

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Operating revenue	69,953	68,604
Operating costs	61,069	59,928
Operating gross profit	8,884	8,676
Selling, general and administrative expenses	2,617	2,628
Operating profit	6,266	6,047
Non-operating income		
Interest income	6	6
Dividend income	460	447
Share of profit of entities accounted for using equity method	19	24
Miscellaneous income	181	113
Total non-operating income	667	590
Non-operating expenses		
Interest expenses	98	97
Miscellaneous expenses	26	15
Total non-operating expenses	125	113
Ordinary profit	6,808	6,524
Extraordinary income		
Gain on sale of non-current assets	41	52
Gain on sale of investment securities	16	661
Subsidy income	7	-
Insurance claim income	2	40
Total extraordinary income	66	754
Extraordinary losses		
Loss on sale and retirement of non-current assets	41	15
Loss on tax purpose reduction entry of non-current assets	6	-
Compensation for damage	-	47
Total extraordinary losses	47	63
Profit before income taxes	6,827	7,215
Income taxes-current	2,111	2,182
Income taxes-deferred	87	154
Total income taxes	2,199	2,336
Profit	4,628	4,878
Profit attributable to non-controlling interests	49	11
Profit attributable to owners of parent	4,578	4,867

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

	(Millions of yen)	
	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Profit	4,628	4,878
Other comprehensive income		
Valuation difference on available-for-sale securities	(904)	2,768
Foreign currency translation adjustment	662	294
Remeasurements of defined benefit plans, net of tax	(8)	(3)
Share of other comprehensive income of entities accounted for using equity method	17	23
Total other comprehensive income	(233)	3,083
Comprehensive income	4,394	7,962
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,347	7,941
Comprehensive income attributable to non-controlling interests	47	20

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,827	7,215
Depreciation	2,292	2,432
Amortization of goodwill	290	288
Interest and dividend income	(466)	(453)
Interest expenses	98	97
Share of loss (profit) of entities accounted for using equity method	(19)	(24)
Loss (gain) on sale and retirement of non-current assets	0	(37)
Loss on tax purpose reduction entry of non-current assets	6	-
Insurance claim income	(2)	(40)
Subsidy income	(7)	-
Decrease (increase) in trade receivables	831	(1,088)
Decrease (increase) in inventories	(12)	6
Loss on compensation for damage	-	47
Loss (gain) on sale of investment securities	(16)	(661)
Increase (decrease) in trade payables	(933)	247
Increase (decrease) in accrued consumption taxes	21	183
Decrease (increase) in other current assets	(273)	(309)
Other, net	(224)	(34)
Subtotal	8,413	7,870
Interest and dividends received	468	455
Interest paid	(99)	(95)
Income taxes paid	(2,223)	(2,527)
Subsidies received	7	-
Proceeds from insurance income	2	40
Compensation for damage paid	-	(47)
Net cash provided by (used in) operating activities	6,568	5,696
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,626)	(2,188)
Proceeds from sale of property, plant and equipment	43	57
Purchase of intangible assets	(59)	(874)
Purchase of investment securities	(14)	(204)
Proceeds from sale of investment securities	28	941
Loan advances	(14)	(34)
Other, net	(118)	14
Net cash provided by (used in) investing activities	(3,761)	(2,288)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(800)	(411)
Proceeds from long-term borrowings	100	3,428
Repayments of long-term borrowings	(114)	(5,442)
Dividends paid	(875)	(1,081)
Other, net	(174)	(172)
Net cash provided by (used in) financing activities	(1,865)	(3,680)
Effect of exchange rate change on cash and cash equivalents	420	174
Net increase (decrease) in cash and cash equivalents	1,362	(97)
Cash and cash equivalents at beginning of period	30,250	37,237
Cash and cash equivalents at end of period	31,613	37,139

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Not applicable.

Segment and Other Information

Segment information

I. First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

Information related to operating revenue and profit or loss for each reportable segment and on breakdown of revenues

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Subtotal				
Operating revenue							
Goods or services that are transferred over a certain period of time	60,862	7,946	68,809	1,144	69,953	-	69,953
Revenue from contracts with customers	60,862	7,946	68,809	1,128	69,937	-	69,937
Other revenue	-	-	-	15	15	-	15
External sales	60,862	7,946	68,809	1,144	69,953	-	69,953
Inter-segment sales and transfers	-	-	-	273	273	(273)	-
Total	60,862	7,946	68,809	1,417	70,226	(273)	69,953
Segment profit	5,309	716	6,026	240	6,266	-	6,266

Notes: 1. “Other” is a business segment not included in reportable segments and provides construction, security, industrial waste disposal, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of negative 273 million yen is elimination of inter-segment transactions.

3. Total of segment profit is equal to operating profit as shown on the quarterly consolidated statement of income.

II. First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)

Information related to operating revenue and profit or loss for each reportable segment and on breakdown of revenues

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Subtotal				
Operating revenue							
Goods or services that are transferred over a certain period of time	59,632	7,904	67,537	1,067	68,604	-	68,604
Revenue from contracts with customers	59,632	7,904	67,537	1,051	68,588	-	68,588
Other revenue	-	-	-	16	16	-	16
External sales	59,632	7,904	67,537	1,067	68,604	-	68,604
Inter-segment sales and transfers	-	-	-	256	256	(256)	-
Total	59,632	7,904	67,537	1,324	68,861	(256)	68,604
Segment profit	5,124	696	5,820	226	6,047	-	6,047

Notes: 1. “Other” is a business segment not included in reportable segments and provides construction, security, industrial waste disposal, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of negative 256 million yen is elimination of inter-segment transactions.

3. Total of segment profit is equal to operating profit as shown on the quarterly consolidated statement of income.

This financial 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.