

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2025
(Six Months Ended September 30, 2024)

[Japanese GAAP]

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Stock code: 9068

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Scheduled date of filing of Semi-annual Report:

November 13, 2024

Scheduled date of payment of dividend:

December 9, 2024

Preparation of supplementary materials for financial results:

Yes

Holding of 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, 2024
(April 1, 2024 – September 30, 2024)

(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, 2024	71,237	3.8	6,881	13.8	7,374	13.0	5,892	21.1
Six months ended Sep. 30, 2023	68,604	(1.9)	6,047	(3.5)	6,524	(4.2)	4,867	6.3

Note: Comprehensive income (million yen)

Six months ended Sep. 30, 2024: 5,664 (down 28.9%)

Six months ended Sep. 30, 2023: 7,962 (up 81.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	293.97	-
Six months ended Sep. 30, 2023	239.95	-

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, 2024	191,005	132,149	68.1	6,491.66
As of Mar. 31, 2024	191,357	127,941	65.8	6,283.23

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2024: 130,139

As of Mar. 31, 2024:

125,927

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	60.00	-	70.00	130.00
Fiscal year ending Mar. 31, 2025	-	80.00			
Fiscal year ending Mar. 31, 2025 (forecasts)			-	70.00	150.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	155,000	10.6	16,000	21.2	16,500	15.6	12,000	23.2	598.70

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** Notes**

(1) Significant changes in scope of consolidation: None

(2) Application of special accounting methods for presenting semi-annual 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: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

Note: For more information, please refer to “2. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements, Changes in Accounting Policies” on page 11.

(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, 2024:	20,618,244 shares	As of Mar. 31, 2024:	20,618,244 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	571,117 shares	As of Mar. 31, 2024:	576,323 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2024:	20,043,506 shares	Six months ended Sep. 30, 2023:	20,285,158 shares
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* The current financial report is not subject to 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. Overview of Results of Operations, (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 financial results meeting materials

We plan to hold an online presentation for institutional investors and analysts on Tuesday, December 3, 2024. The materials to be used in this meeting will be posted on our website.

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1. Overview of Results of Operations

(1) Results of Operations

During the first half of the fiscal year ending March 31, 2025, the Japanese economy remained on a recovery trend, mainly reflecting the improvement of corporate earnings and growing demand due to inbound tourists. However, the business environment remained uncertain mainly due to the sluggish growth of consumer spending, which was a result of increased prices caused by the weaker yen and the high cost of resources. Uncertainty remained in the global economy due to persistent geopolitical risks, including risks related to the growing tensions in the Middle East and the protracted Ukraine conflict.

In the logistics industry, the trends in the volume of international sea cargo were as follows. Shipments of machinery remained strong because demand associated with capital expenditures outside Japan recovered gradually while the global economy maintained modest positive growth. The volume of automotive sector shipments also remained on a trend of positive growth due to the full-scale shift to EVs and the expansion of plant production. The volume of air shipments increased due to an accelerated increase of semiconductor-related cargo reflecting the improvement of the supply-demand situation for semiconductors and full-scale AI-related demand, as well as the shift to air shipments attributed to the disruption of ocean transport on sea routes in Europe and the United States. On the other hand, the total volume of cargo shipments in Japan again decreased year on year, although consumer-related cargo including beverages remained strong due in part to the effect of the extreme heat in the summer. This more than offset production-related and construction-related cargo that remained weak. Furthermore, logistics companies in Japan had to deal not only with issues such as a long-standing shortage of drivers and price-based competition within the logistics sector but also with the restriction on driver overtime beginning in 2024 (known as the “2024 Problem”). In addition, truck fuel prices also continued to rise due to the impact of higher crude oil prices.

In such a management environment, the Group has entered the final year of the Eighth Medium-term Management Plan for the three years from the fiscal year ended in March 2023. Goals for the plan’s final year include a further sales drive to win new orders from target companies in terms of our growth targets. To become more competitive, we plan to build a new logistics platform and focus on developing the infrastructure that will enable us to provide sustainable logistics services, and we will also seek to expand our network through the establishment of new logistics bases in Japan and overseas. Many activities are planned for the reinforcement of our corporate foundation. We will steadily push ahead with the development of our next-generation core system (MALoS system), and we will also develop human resources to promote improvement in our human capital, strengthen information disclosures linked to our financial and non-financial activities, and engage in sustainability activities with our partner companies. 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 increased by 3.8% year-on-year to 71,237 million yen, operating profit increased by 13.8% year-on-year to 6,881 million yen, and ordinary profit increased by 13.0% year-on-year to 7,374 million yen. Profit attributable to owners of parent increased by 21.1% year-on-year to 5,892 million yen.

Business segment performance was as follows.

Logistic Operations

In the freight truck transportation business, the handling volume of construction machinery and housing equipment decreased but the handling volume of IT equipment and housing equipment increased in the Kanto region. In the Chubu region, there was an increase in the handling volume of housing equipment and heat insulators. In the Kansai region there was an increase in the handling volume of oils and fats and housing materials. There was also an increase in the handling volume of motor-related products, and overall the freight truck transportation business reported an increase in operating revenue.

In the harbor transportation business, there was a decrease in the handling volume of construction machinery in the Kanto region, but the harbor transportation business as a whole recorded an increase in operating revenue due to an increase in the handling volume of chemical products, plant equipment, and power generation materials.

In the warehousing operations business, the handling volume of chemical products and IT equipment increased but the handling volume of pharmaceutical products, household products, and wooden pellets decreased in the Kanto region. The handling volume of housing equipment rose in the Chubu region. In the Kansai region, the handling volume of synthetic resins and household products decreased. Overall, a slight decrease in operating revenue was recorded in the warehousing operations business.

In the railway logistics business, an increase in operating revenue was recorded due to an increase in the handling volume of grain and roll paper.

In the logistics-related business, ocean transportation revenue increased due to an increase in the handling volume of plant equipment. Coastal transportation revenue also increased due to the growth of the handling volume of power generation materials and grain. Revenue from packing operations increased, reflecting an increase in the handling volume of machinery parts. Therefore, the logistics-related business recorded an increase in operating revenue.

Operating revenue of the Logistic Operations segment increased by 3.8% year-on-year to 61,891 million yen and segment profit (operating profit) increased by 14.6% year-on-year to 5,871 million yen.

Yard Operations and Mechanical Cargo Handling

In Yard Operations, the handling volume of power generation materials increased. Overall, an increase in operating revenue was recorded in the Yard Operations and Mechanical Cargo Handling segment.

As a result, operating revenue of the Yard Operations and Mechanical Cargo Handling segment increased 3.8% year-on-year to 8,203 million yen and segment profit (operating profit) increased by 11.1% year-on-year to 774 million yen.

Other Operations

Revenue from renting land increased due to the start of a new deal. The result was an increase in operating revenue in the Other Operations segment as a whole.

As a result, operating revenue of the Other Operations segment increased by 7.0% year-on-year to 1,142 million yen and segment profit (operating profit) increased by 3.8% year-on-year to 235 million yen.

(2) Financial Position

1) Balance sheet position

The balance of total assets at the end of the second quarter of the current fiscal year decreased by 352 million yen from the end of the previous fiscal year to 191,005 million yen.

Of these, the balance of current assets was 74,636 million yen, up 39 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,169 million yen in notes and accounts receivable - trade, and contract assets and an increase of 1,999 million yen in securities. The balance of non-current assets was 116,368 million yen, down 392 million yen from the end of the previous fiscal year. This was mainly due to increases of 532 million yen in land and 282 million yen in leased assets, which was more than offset by a decrease of 1,487 million yen in investment securities.

The balance of current liabilities was 32,070 million yen, down 7,296 million yen from the end of the previous fiscal year. This mainly reflects decreases of 5,298 million yen in short-term borrowings, 1,154 million yen in trade notes and accounts payable, and 499 million yen in accrued consumption taxes. The balance of non-current liabilities was 26,785 million yen, up 2,736 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,844 million yen in long-term borrowings.

The balance of net assets was 132,149 million yen, up 4,208 million yen from the end of the previous fiscal year. This is attributed mainly to a decrease of 282 million yen in total accumulated other comprehensive income, which was more than offset by an increase of 4,466 million yen in retained earnings.

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the second quarter of the current fiscal year increased 952 million yen from the end of the previous fiscal year to 42,154 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 increased 1,672 million yen year-on-year to 7,368 million yen.

This was mainly due to the recording of profit before income taxes of 8,662 million yen, depreciation of 2,438 million yen, a decrease in trade receivables of 2,248 million yen, which were partially offset by income taxes paid of 2,604 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 275 million yen year-on-year to 2,564 million yen.

This reflects payments of 900 million yen for purchase of securities, 2,207 million yen for purchase of property, plant and equipment, and 798 million yen for purchase of intangible assets, which were partially offset by proceeds from sale of investment securities of 1,441 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 382 million yen year-on-year to 4,062 million yen.

This was mainly due to proceeds from long-term borrowings of 3,704 million yen, repayments of long-term borrowings of 6,158 million yen, and dividends paid of 1,425 million yen.

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

The Japanese economy, which was recovering behind other advanced economies following the COVID-19 pandemic, is expected to remain on a modest recovery trend, mainly due to the steady progress in the normalization of social and economic activity and the improvement of the employment situation and the income environment. However, the global situation surrounding the Japanese economy is expected to remain uncertain mainly due to the ongoing depreciation of the yen and the increase of prices, concerns about the future of the Chinese economy, and the conflicts in the Middle East and Ukraine.

In such a management environment, the Company has created a new 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 earnings targets 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.

At present, there is no change to the full-year earnings forecasts for the fiscal year ending March 31, 2025 that were announced on August 8, 2024. If the earnings forecasts are revised due to changes in the market environment or similar reasons, the Company will promptly announce the revised forecasts.

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	18,302	18,154
Notes and accounts receivable - trade, and contract assets	30,286	28,116
Securities	19,199	21,199
Supplies	337	352
Prepaid expenses	912	1,308
Other	5,567	5,515
Allowance for doubtful accounts	(10)	(11)
Total current assets	74,596	74,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,131	36,863
Machinery and equipment, net	7,700	7,472
Vessels, net	0	0
Vehicles, net	933	891
Tools, furniture and fixtures, net	269	274
Leased assets, net	2,036	2,318
Land	30,066	30,598
Construction in progress	301	316
Total property, plant and equipment	78,439	78,736
Intangible assets		
Goodwill	157	52
Other	2,937	3,760
Total intangible assets	3,095	3,813
Investments and other assets		
Investment securities	27,526	26,038
Long-term loans receivable	141	141
Deferred tax assets	662	673
Retirement benefit asset	925	998
Other	5,987	5,982
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	35,226	33,819
Total non-current assets	116,761	116,368
Total assets	191,357	191,005

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Trade notes and accounts payable	13,954	12,799
Short-term borrowings	15,693	10,395
Accounts payable-other	1,034	872
Income taxes payable	2,772	2,826
Accrued consumption taxes	1,125	626
Accrued expenses	2,057	1,980
Contract liabilities	42	28
Provision for bonuses	1,764	1,746
Provision for bonuses for directors (and other officers)	3	5
Other	919	789
Total current liabilities	39,367	32,070
Non-current liabilities		
Long-term borrowings	12,982	15,826
Deferred tax liabilities	6,914	6,542
Provision for retirement benefits for directors (and other officers)	67	52
Provision for loss on compensation	571	571
Retirement benefit liability	412	423
Asset retirement obligations	891	922
Other	2,208	2,446
Total non-current liabilities	24,048	26,785
Total liabilities	63,416	58,855
Net assets		
Shareholders' equity		
Share capital	10,127	10,127
Capital surplus	9,960	9,967
Retained earnings	94,880	99,347
Treasury shares	(1,608)	(1,587)
Total shareholders' equity	113,361	117,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,616	10,722
Foreign currency translation adjustment	803	1,420
Remeasurements of defined benefit plans	147	141
Total accumulated other comprehensive income	12,566	12,284
Non-controlling interests	2,013	2,010
Total net assets	127,941	132,149
Total liabilities and net assets	191,357	191,005

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

	(Millions of yen)	
	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Operating revenue	68,604	71,237
Operating costs	59,928	61,812
Operating gross profit	8,676	9,424
Selling, general and administrative expenses	2,628	2,543
Operating profit	6,047	6,881
Non-operating income		
Interest income	6	18
Dividend income	447	474
Share of profit of entities accounted for using equity method	24	32
Miscellaneous income	113	120
Total non-operating income	590	646
Non-operating expenses		
Interest expenses	97	112
Miscellaneous expenses	15	40
Total non-operating expenses	113	153
Ordinary profit	6,524	7,374
Extraordinary income		
Gain on sale of non-current assets	52	35
Gain on sale of investment securities	661	1,218
Subsidy income	-	58
Insurance claim income	40	1
Total extraordinary income	754	1,313
Extraordinary losses		
Loss on sale and retirement of non-current assets	15	14
Compensation for damage	47	10
Total extraordinary losses	63	25
Profit before income taxes	7,215	8,662
Income taxes-current	2,182	2,674
Income taxes-deferred	154	39
Total income taxes	2,336	2,714
Profit	4,878	5,948
Profit attributable to non-controlling interests	11	56
Profit attributable to owners of parent	4,867	5,892

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	4,878	5,948
Other comprehensive income		
Valuation difference on available-for-sale securities	2,768	(948)
Foreign currency translation adjustment	294	617
Remeasurements of defined benefit plans, net of tax	(3)	(5)
Share of other comprehensive income of entities accounted for using equity method	23	52
Total other comprehensive income	3,083	(283)
Comprehensive income	7,962	5,664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,941	5,609
Comprehensive income attributable to non-controlling interests	20	54

(3) Semi-annual Consolidated Statement of Cash Flows

	(Millions of yen)	
	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	7,215	8,662
Depreciation	2,432	2,438
Amortization of goodwill	288	105
Interest and dividend income	(453)	(493)
Interest expenses	97	112
Share of loss (profit) of entities accounted for using equity method	(24)	(32)
Loss (gain) on sale and retirement of non-current assets	(37)	(20)
Insurance claim income	(40)	(1)
Subsidy income	-	(58)
Decrease (increase) in trade receivables	(1,088)	2,248
Decrease (increase) in inventories	6	(14)
Loss on compensation for damage	47	10
Loss (gain) on sale of investment securities	(661)	(1,218)
Increase (decrease) in trade payables	247	(1,220)
Increase (decrease) in accrued consumption taxes	183	(327)
Decrease (increase) in other current assets	(309)	(277)
Other, net	(34)	(363)
Subtotal	7,870	9,549
Interest and dividends received	455	489
Interest paid	(95)	(115)
Income taxes paid	(2,527)	(2,604)
Subsidies received	-	58
Proceeds from insurance income	40	1
Compensation paid for damage	(47)	(10)
Net cash provided by (used in) operating activities	5,696	7,368

	(Millions of yen)	
	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from investing activities		
Purchase of securities	-	(900)
Purchase of property, plant and equipment	(2,188)	(2,207)
Proceeds from sale of property, plant and equipment	57	38
Purchase of intangible assets	(874)	(798)
Purchase of investment securities	(204)	(15)
Proceeds from sale of investment securities	941	1,441
Loan advances	(34)	(40)
Other, net	14	(82)
Net cash provided by (used in) investing activities	(2,288)	(2,564)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(411)	-
Proceeds from long-term borrowings	3,428	3,704
Repayments of long-term borrowings	(5,442)	(6,158)
Dividends paid	(1,081)	(1,425)
Other, net	(172)	(182)
Net cash provided by (used in) financing activities	(3,680)	(4,062)
Effect of exchange rate change on cash and cash equivalents	174	210
Net increase (decrease) in cash and cash equivalents	(97)	952
Cash and cash equivalents at beginning of period	37,237	41,202
Cash and cash equivalents at end of period	37,139	42,154

(4) Notes to Semi-annual Consolidated Financial Statements

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) beginning with the first half of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and with Paragraph 65-2, Item 2 of Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). There is no effect of the application of this standard on the semi-annual consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting beginning with the first half of the current fiscal year. This change has been applied retrospectively and the semi-annual and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. There is no effect of the application of this standard on the semi-annual and fiscal year consolidated financial statements for the previous fiscal year.

Segment and Other Information

Segment information

I. 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 semi-annual 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 semi-annual consolidated statement of income.

II. First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)

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 semi-annual 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	61,891	8,203	70,094	1,142	71,237	-	71,237
Revenue from contracts with customers	61,891	8,203	70,094	1,126	71,221	-	71,221
Other revenue	-	-	-	16	16	-	16
External sales	61,891	8,203	70,094	1,142	71,237	-	71,237
Inter-segment sales and transfers	-	-	-	278	278	(278)	-
Total	61,891	8,203	70,094	1,420	71,515	(278)	71,237
Segment profit	5,871	774	6,645	235	6,881	-	6,881

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 278 million yen is elimination of inter-segment transactions.

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

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

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.