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November 10, 2023

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

Company name: Konoike Transport Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9025
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 Scheduled date to file Quarterly Securities Report: November 10, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	155,542	(0.0)	8,180	10.9	8,712	4.6	5,532	7.5
September 30, 2022	155,560	7.0	7,378	38.5	8,326	36.1	5,144	17.2

Note: Comprehensive income For the six months ended September 30, 2023: ¥9,081 million [1.3%]
 For the six months ended September 30, 2022: ¥8,961 million [58.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	104.37	-
September 30, 2022	97.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	275,287	131,758	46.9	2,433.73
March 31, 2023	266,022	123,793	45.6	2,289.00

Reference: Equity
 As of September 30, 2023: ¥129,077 million
 As of March 31, 2023: ¥121,295 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	18.00	–	24.00	42.00
Fiscal year ending March 31, 2024	–	24.00			
Fiscal year ending March 31, 2024 (Forecast)			–	27.00	51.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	311,000	(0.3)	14,300	8.0	14,800	3.6	9,000	8.4	169.80

Note: Revisions to the forecast of financial results most recently announced: Yes

*** Notes**

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

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2023	56,952,442 shares
As of March 31, 2023	56,952,442 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023	3,915,506 shares
As of March 31, 2023	3,961,817 shares

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

Six months ended September 30, 2023	53,004,030 shares
Six months ended September 30, 2022	52,937,383 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for the forecast of financial results and cautions concerning the use thereof, please refer to the section of “(3) Explanation of the forecast of consolidated financial results and other forward-looking statements” of “1. Qualitative information on financial results for the period” on page 4 of the attached materials.

(How to obtain supplementary material on quarterly financial results and content of quarterly financial results briefing)

The Company plans to hold an online financial results briefing for institutional investors and analysts on Friday, November 24, 2023. The supplementary material on quarterly financial results to be used on the day will be posted to the Company’s website on Friday, November 24, 2023.

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1. Qualitative information on financial results for the period

Forward-looking statements presented in this report reflect judgments made as of the end of the current quarterly accounting period and accordingly are not guarantees of future performance.

(1) Explanation of operating results

During the six months ended September 30, 2023, the Japanese economy as a whole was on a gradual recovery trend. This was due to noticeable factors of boosting the economy such as progress in normalization of economic and social activity, as well as a resurgence in demand from inbound travelers, as a result of the relaxation of preventive measures against COVID-19, despite concerns about the future like aggravated manpower shortage, escalating personnel expenses, persistently high raw material prices, and rising prices against a backdrop of yen depreciation.

In this business environment, the Group has embarked on the second year of its medium-term management plan concluding in the fiscal year ending March 31, 2025, and has accordingly newly established contracting and logistics strategy committees, which are to serve as advisory bodies to the Board of Directors effective from April 2023. The Group strives to expand business and enhance profitability through addressing the so-called 2024 problem in Japan's logistics industry and other prevailing Company-wide challenges, providing high value-added services, clarifying medium- to long-term contracting and logistics strategies including development of new business models, and optimally devoting management resources. In addition, the airport-related business faced a severe operating environment due to a considerable reduction in international passenger flights, but finally has been entering a recovery phase as a result of a rebound in international passenger flights in conjunction with the end of border control measures. The Group will endeavor to reinforce the structure and expand its domain for further resumption of international passenger flights in the future and sustained development of the ground handling business.

With respect to financial results for the six months ended September 30, 2023, net sales decreased to ¥155,542 million (0.0% decrease year on year). This result was attributable to the significant impact from a downturn in demand for maritime and air cargo along with a decrease in freight rates, despite factors that include gains in transaction volume due to resumption of international passenger flights in the airport-related business, unit price hikes mainly in production contract work, recovering production among the Company's customers, a production boost by its customers because of extreme heat, and orders for large projects in the engineering-related business.

In terms of profits, the Company reported operating profit of ¥8,180 million (10.9% increase), ordinary profit of ¥8,712 million (4.6% increase), and profit attributable to owners of parent of ¥5,532 million (7.5% increase), despite having encountered persistently soaring fuel prices and high electricity fees. The increases in profits were partially attributable to effects of higher net sales centered on the airport-related business, and also attributable to progress achieved with ongoing efforts to improve profitability, which constitutes a basic policy under the New Medium-Term Management Plan FY3/2023 - FY3/2025, launched in April 2022, as well as progress achieved in receiving appropriate unit prices and streamlining operations.

Financial results by segment are as follows. Note that segment profit represents operating profit before deducting general and administrative expenses.

(i) Integrated Solutions Business

Net sales increased 7.1% year on year to ¥100,671 million due to contributions from the resumption of international passenger flights in its airport-related business, unit price hikes associated with production contract work and ongoing acquisition of major spot work in its steel-related business, orders for large-scale construction projects in its engineering-related business, increases in transaction volume resulting from a production boost by the Company's customers because of extreme heat as well as operations at new business sites in its food products-related business, although earthquake reconstruction work was completed in September 2022.

Profit rose 16.9% year on year to ¥8,304 million due to the effects of the increase in net sales as well as due to our efforts to increase profitability by receiving appropriate unit prices and thorough operational streamlining, despite having encountered further hikes in fuel prices and persistently

high electricity fees and having incurred expenses for substantial repairs of a distribution center warehouse.

(ii) Domestic Logistics Business

Net sales increased 2.7% year on year to ¥26,663 million due in part to higher transaction volume in the food-related (temperature controlled) business largely associated with operations of new temperature-controlled warehouses, and also due to higher transaction volume in the life-related business particularly with respect to gas appliances and souvenirs.

Profit rose 0.5% year on year to ¥1,576 million due to having encountered further hikes in fuel prices and persistently high electricity fees, despite the effects of the increase in net sales as well as our efforts to increase profitability by receiving appropriate unit prices and thorough operational streamlining.

(iii) International Logistics Business

Net sales decreased 20.7% year on year to ¥28,197 million, due to a downturn in demand for maritime and air cargo and a large impact from freight rates, despite higher warehousing and transportation volume in the United States, India, Thailand and elsewhere.

Profit decreased 17.5% year on year to ¥1,532 million in part due to lower transaction volume.

(2) Explanation of financial position

I. Assets, liabilities and net assets

(i) Total assets

As of September 30, 2023, total assets amounted to ¥275,287 million, an increase of ¥9,265 million in comparison with total assets as of March 31, 2023.

(ii) Current assets

As of September 30, 2023, current assets amounted to ¥137,999 million, an increase of ¥5,744 million compared to current assets as of March 31, 2023. This result is mainly attributable to an increase of ¥3,705 million in notes and accounts receivable - trade, and contract assets, an increase of ¥1,440 million in cash and deposits, and an increase of ¥401 million in other current assets.

(iii) Non-current assets

As of September 30, 2023, non-current assets amounted to ¥137,287 million, an increase of ¥3,520 million in comparison with non-current assets as of March 31, 2023. This result is mainly attributable to an increase of ¥1,504 million in investment securities, an increase of ¥1,416 million in construction in progress, and an increase of ¥857 million in land.

(iv) Current liabilities

As of September 30, 2023, current liabilities amounted to ¥53,809 million, an increase of ¥1,282 million compared to current liabilities as of March 31, 2023. This result is mainly attributable to an increase of ¥1,908 million in other current liabilities, an increase of ¥1,670 million in accrued expenses, a decrease of ¥1,609 million in notes and accounts payable - trade, a decrease of ¥367 million in current portion of long-term borrowings, and a decrease of ¥335 million in income taxes payable.

(v) Non-current liabilities

As of September 30, 2023, non-current liabilities amounted to ¥89,719 million, an increase of ¥18 million compared to non-current liabilities as of March 31, 2023. This result is mainly attributable to an increase of ¥210 million in retirement benefit liability, an increase of ¥97 million in other non-current liabilities, a decrease of ¥237 million in long-term borrowings, and a decrease of ¥45 million in retirement allowance for directors.

(vi) Net assets

As of September 30, 2023, net assets amounted to ¥131,758 million, an increase of ¥7,964 million in comparison with net assets as of March 31, 2023. This result is mainly attributable to an increase of ¥4,375 million in retained earnings, an increase of ¥2,370 million in foreign currency translation adjustment, and an increase of ¥867 million in valuation difference on available-for-sale securities.

II. Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities during the six months ended September 30, 2023 was ¥6,087 million, an increase of ¥303 million in net cash provided year on year. This result is mainly attributable to profit before income taxes of ¥8,702 million and depreciation of ¥3,945 million, despite increase in trade receivables of ¥3,222 million, income taxes paid of ¥3,112 million and decrease in trade payables of ¥1,346 million.

(Cash flows from investing activities)

Net cash used in investing activities during the six months ended September 30, 2023 was ¥3,718 million, an increase of ¥385 million in net cash used year on year. This result is mainly attributable to purchase of property, plant and equipment of ¥2,817 million.

(Cash flows from financing activities)

Net cash used in financing activities during the six months ended September 30, 2023 was ¥1,951 million, an increase of ¥357 million in net cash used year on year. This result is mainly attributable to dividends paid of ¥1,271 million and repayments of finance lease liabilities of ¥355 million.

With the increase of ¥642 million due to exchange fluctuations taken into account in addition to the above results, cash and cash equivalents as of September 30, 2023 increased by ¥1,060 million to ¥68,709 million compared to the amount as of March 31, 2023. This also includes the addition of ¥68 million in increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation.

(3) Explanation of the forecast of consolidated financial results and other forward-looking statements

With respect to the forecast of consolidated financial results for the fiscal year ending March 31, 2024, the first half of the fiscal year saw reduced revenues but increased profit. Although net sales were impacted by a downturn in demand for maritime and air cargo along with a decrease in freight rates, there was a higher percentage resumption of international passenger flights than expected. Looking ahead to the second half of the fiscal year, although the Company expects the percentage resumption for international passenger flights to settle within the expected range, the Company not only anticipates a continuation of the downturn in demand for maritime and air cargo along with a decrease in freight rates but also expects operating results to differ from the previously announced forecasts due to the occurrence of costs related to research and development tied to next generation strategies aimed at

realizing the 2030 vision and those related to infrastructure. Accordingly, the Company has revised figures in the forecast of consolidated financial results for the fiscal year.

For details, please refer to the “Notice Concerning Revisions to Forecast of Financial Results and Dividend Forecast” (in Japanese) announced today (November 10, 2023).

(4) Basic policy for profit allocation, and dividends for the current fiscal year

The Company’s basic policy is to aim to realize dividends in a continuous and stable manner and in response to financial results and earnings conditions while enhancing internal reserves, comprehensively taking into account financial results in each fiscal year, strengthening of financial structure, medium- to long-term business strategies, and other matters. Based on this policy, the Company plans to pay dividends of ¥51 (consisting of ¥24 in interim dividend and ¥27 in year-end dividend) per share for the fiscal year ending March 31, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	69,381	70,821
Notes and accounts receivable - trade, and contract assets	57,586	61,291
Costs on construction contracts in progress	91	159
Supplies	1,843	1,983
Other	3,576	3,978
Allowance for doubtful accounts	(224)	(235)
Total current assets	132,254	137,999
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,509	121,354
Accumulated depreciation	(76,114)	(78,356)
Buildings and structures, net	43,394	42,998
Machinery, equipment and vehicles	52,757	53,901
Accumulated depreciation	(41,547)	(42,494)
Machinery, equipment and vehicles, net	11,209	11,406
Land	41,798	42,655
Leased assets	5,471	5,780
Accumulated depreciation	(2,741)	(2,939)
Leased assets, net	2,729	2,840
Construction in progress	869	2,286
Other	9,686	9,941
Accumulated depreciation	(7,798)	(7,916)
Other, net	1,887	2,025
Total property, plant and equipment	101,889	104,213
Intangible assets		
Goodwill	1,568	1,452
Other	4,528	4,258
Total intangible assets	6,097	5,711
Investments and other assets		
Investment securities	12,610	14,115
Long-term loans receivable	304	286
Deferred tax assets	5,593	5,251
Retirement benefit asset	147	170
Other	7,280	7,695
Allowance for doubtful accounts	(155)	(155)
Total investments and other assets	25,781	27,363
Total non-current assets	133,767	137,287
Total assets	266,022	275,287

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,110	13,500
Short-term borrowings	6,636	6,930
Current portion of long-term borrowings	3,869	3,501
Provision for bonuses for directors (and other officers)	387	109
Accrued expenses	11,875	13,546
Income taxes payable	3,501	3,166
Other	11,145	13,053
Total current liabilities	52,526	53,809
Non-current liabilities		
Bonds payable	55,000	55,000
Long-term borrowings	5,737	5,500
Lease liabilities	2,488	2,453
Deferred tax liabilities	581	619
Deferred tax liabilities for land revaluation	1,087	1,087
Retirement benefit liability	21,244	21,454
Retirement allowance for directors	118	73
Long-term accounts payable - other	640	631
Other	2,802	2,899
Total non-current liabilities	89,701	89,719
Total liabilities	142,228	143,528
Net assets		
Shareholders' equity		
Share capital	1,723	1,723
Capital surplus	1,908	1,914
Retained earnings	121,235	125,611
Treasury shares	(6,475)	(6,400)
Total shareholders' equity	118,391	122,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,284	5,152
Revaluation reserve for land	(5,482)	(5,482)
Foreign currency translation adjustment	4,086	6,456
Remeasurements of defined benefit plans	14	101
Total accumulated other comprehensive income	2,903	6,228
Non-controlling interests	2,498	2,680
Total net assets	123,793	131,758
Total liabilities and net assets	266,022	275,287

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	155,560	155,542
Cost of sales	140,991	139,248
Gross profit	14,569	16,293
Selling, general and administrative expenses	7,190	8,113
Operating profit	7,378	8,180
Non-operating income		
Interest income	35	67
Dividend income	279	249
Rental income	36	34
Foreign exchange gains	491	425
Subsidies for employment adjustment	244	5
Other	218	65
Total non-operating income	1,305	848
Non-operating expenses		
Interest expenses	135	144
Share of loss of entities accounted for using equity method	131	101
Other	90	71
Total non-operating expenses	357	316
Ordinary profit	8,326	8,712
Extraordinary income		
Gain on sale of non-current assets	96	11
Gain on sale of investment securities	3	–
Total extraordinary income	99	11
Extraordinary losses		
Loss on sale and retirement of non-current assets	45	17
Loss on valuation of investment securities	1	2
Impairment losses	340	–
Other	0	–
Total extraordinary losses	388	20
Profit before income taxes	8,037	8,702
Income taxes - current	3,206	3,149
Income taxes - deferred	(323)	(65)
Total income taxes	2,883	3,084
Profit	5,154	5,618
Profit attributable to non-controlling interests	9	86
Profit attributable to owners of parent	5,144	5,532

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	5,154	5,618
Other comprehensive income		
Valuation difference on available-for-sale securities	(298)	875
Foreign currency translation adjustment	3,760	2,328
Remeasurements of defined benefit plans, net of tax	150	85
Share of other comprehensive income of entities accounted for using equity method	194	172
Total other comprehensive income	3,807	3,462
Comprehensive income	8,961	9,081
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,808	8,857
Comprehensive income attributable to non-controlling interests	153	224

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	8,037	8,702
Depreciation	3,886	3,945
Impairment losses	340	–
Amortization of goodwill	115	115
Increase (decrease) in allowance for doubtful accounts	(47)	3
Increase (decrease) in retirement benefit liability	341	249
Increase (decrease) in retirement allowance for directors	(37)	(45)
Interest and dividend income	(315)	(317)
Rental income	(36)	(34)
Interest expenses	135	144
Foreign exchange losses (gains)	(302)	(337)
Share of loss (profit) of entities accounted for using equity method	131	101
Subsidies for employment adjustment	(244)	(5)
Gain on sale of non-current assets	(96)	(11)
Loss on sales and retirement of non-current assets	45	17
Loss on valuation of investment securities	1	2
Loss (gain) on sale of investment securities	(3)	–
Decrease (increase) in trade receivables	(285)	(3,222)
Decrease (increase) in inventories	(360)	(193)
Decrease (increase) in other assets	(771)	(318)
Increase (decrease) in trade payables	(2,807)	(1,346)
Increase (decrease) in other liabilities	(483)	1,417
Other, net	280	135
Subtotal	7,525	9,004
Interest and dividends received	300	299
Interest paid	(134)	(138)
Rent revenue	26	21
Proceeds from subsidies for employment adjustment	274	12
Income taxes paid	(2,209)	(3,112)
Net cash provided by (used in) operating activities	5,784	6,087
Cash flows from investing activities		
Decrease (increase) in time deposits	(571)	(203)
Net decrease (increase) in short-term loans receivable	(44)	21
Purchase of property, plant and equipment	(2,177)	(2,817)
Proceeds from sale of property, plant and equipment	296	12
Purchase of intangible assets	(798)	(181)
Purchase of investment securities	(17)	(129)
Proceeds from sale of investment securities	7	–
Long-term loan advances	(4)	(6)
Proceeds from collection of long-term loans receivable	4	8
Other, net	(26)	(423)
Net cash provided by (used in) investing activities	(3,332)	(3,718)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9)	28
Repayments of long-term borrowings	(161)	(155)
Proceeds from disposal of treasury shares	96	–
Purchase of treasury shares	–	(0)
Dividends paid	(952)	(1,271)
Dividends paid to non-controlling interests	(12)	(54)
Repayments of finance lease liabilities	(344)	(355)
Other, net	(208)	(142)
Net cash provided by (used in) financing activities	(1,593)	(1,951)
Effect of exchange rate change on cash and cash equivalents	944	642
Net increase (decrease) in cash and cash equivalents	1,802	1,060
Cash and cash equivalents at beginning of period	57,628	67,580
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	68
Cash and cash equivalents at end of period	59,430	68,709

(4) Notes to quarterly consolidated financial statements
(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Additional information)

(Accounting estimates associated with the COVID-19)

In the airport-related domain of the Integrated Solutions Business, although the downturn in aviation demand in Japan and overseas associated with the COVID-19 pandemic is showing signs of recovery, the demand outlook remains uncertain when it comes to certain routes mainly with respect to flights to and from China.

The Company's accounting estimates particularly with respect to impairment of non-current assets are based on the assumption that demand will continue to mount a gradual recovery despite uncertainties concerning future demand trends.

Furthermore, given that this assumption is subject to numerous uncertainties, the Group's financial position, business performance, and cash flow could be materially affected under a scenario where the aforementioned assumption is no longer deemed likely.

(Segment information)

I. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjust- ments (Note 2)	Amount recorded in quarterly consoli- dated statement of income (Note 3)
	Integrated Solutions Business	Domestic Logistics Business	Inter- national Logistics Business	Total				
Net sales								
Net sales to outside customers	94,035	25,968	35,552	155,557	3	155,560	–	155,560
Intersegment sales or transfers	533	816	48	1,398	552	1,950	(1,950)	–
Total	94,569	26,785	35,601	156,955	555	157,510	(1,950)	155,560
Segment profit (loss)	7,101	1,569	1,858	10,528	(66)	10,462	(3,083)	7,378

(Notes) 1. The “Other” category refers to business segments not associated with the reportable segments, with such business including software development and maintenance services as well as information processing outsourcing services.

2. The ¥(3,083) million presented as adjustments to segment profit (loss) includes ¥20 million in intersegment eliminations and ¥(3,104) million in corporate expenses not allocated to a reportable segment. Corporate expenses constitute costs associated with general affairs and other administrative departments of the Company.
3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

There are no significant impairment losses.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

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

1. The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjust- ments (Note 2)	Amount recorded in quarterly consoli- dated statement of income (Note 3)
	Integrated Solutions Business	Domestic Logistics Business	Inter- national Logistics Business	Total				
Net sales								
Net sales to outside customers	100,671	26,663	28,197	155,532	9	155,542	–	155,542
Intersegment sales or transfers	472	992	61	1,526	306	1,833	(1,833)	–
Total	101,144	27,656	28,258	157,058	316	157,375	(1,833)	155,542
Segment profit (loss)	8,304	1,576	1,532	11,413	(109)	11,304	(3,123)	8,180

(Notes) 1. The “Other” category refers to business segments not associated with the reportable segments, with such business including software development and maintenance services as well as information processing outsourcing services.

2. The ¥(3,123) million presented as adjustments to segment profit (loss) includes ¥11 million in intersegment eliminations and ¥(3,135) million in corporate expenses not allocated to a reportable segment. Corporate expenses constitute costs associated with general affairs and other administrative departments of the Company.
3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.