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November 11, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Konoike Transport Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9025
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 Scheduled date to file Semi-annual Securities Report: November 11, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	169,689	9.1	12,019	46.9	12,116	39.1	9,722	75.7
September 30, 2023	155,542	(0.0)	8,180	10.9	8,712	4.6	5,532	7.5

Note: Comprehensive income For the six months ended September 30, 2024: ¥12,982 million [43.0%]
 For the six months ended September 30, 2023: ¥9,081 million [1.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	183.28	—
September 30, 2023	104.37	—

(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, 2024	288,460	147,567	50.0	2,716.66
March 31, 2024	277,056	136,081	48.1	2,512.72

Reference: Equity
 As of September 30, 2024: ¥144,180 million
 As of March 31, 2024: ¥133,266 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, 2024	–	24.00	–	41.00	65.00
Fiscal year ending March 31, 2025	–	35.00			
Fiscal year ending March 31, 2025 (Forecast)			–	61.00	96.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	347,000	10.1	21,500	29.2	21,500	26.2	16,500	45.4	311.04

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

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (Konoike Kanepackage Holding Co., Ltd.)
Excluded: – companies (Company name)
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to the section of “(4) Notes to semi-annual consolidated financial statements, (Notes on changes in accounting policies)” of “2. Semi-annual consolidated financial statements and significant notes thereto” on page 12 of the attached materials.

(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, 2024	56,952,442 shares
As of March 31, 2024	56,952,442 shares

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

As of September 30, 2024	3,879,603 shares
As of March 31, 2024	3,915,506 shares

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

Six months ended September 30, 2024	53,047,507 shares
Six months ended September 30, 2023	53,004,030 shares

* Semi-annual financial results reports are exempt from 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. Overview of operating results and others” on page 4 of the attached materials.

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

The Company plans to hold an online financial results briefing for institutional investors and analysts on Thursday, November 21, 2024. The supplementary material on financial results to be used on the day will be posted to the Company’s website on Thursday, November 21, 2024.

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1. Overview of operating results and others

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

(1) Overview of operating results for the period

During the six months ended September 30, 2024, the Japanese economy exhibited signs such as increased demand from inbound travelers and significant wage revisions centered on large companies. Nevertheless, the outlook remains undeniably uncertain with sluggish personal consumption due to changes in consumer behavior and continuously rising prices due to factors such as the depreciation of the yen and chronic manpower shortages.

Amid this operating environment, the Group has embarked on the final year of the current medium-term management plan and continues to make various efforts to improve profitability under the basic policy of “Leveraging synergies between people and technology, striving to go beyond expectations in response to the changing times.” At the same time, the Group is developing proactive efforts to enhance growth potential to achieve the 2030 Vision. In July 2024, the Group established a joint venture and acquired shares for a design and packaging business in Canada and Mexico. In India, which has been positioned as a focus region, we resolved to acquire the shares of an Indian medical equipment sterilization company in June 2024, and to make Ferro Scrap Nigam Limited, a steel slag processing company operated by the Indian government, a wholly-owned subsidiary in September 2024. We will work going forward in an aim to establish a medium to long-term revenue base in the Indian market, where a significant increase in demand and high growth are expected.

With respect to financial results for the six months ended September 30, 2024, net sales increased to ¥169,689 million (9.1% increase year on year). The increase in net sales was attributable to factors that include the recovery in unit prices for air cargo and increased transaction volume in overseas, particularly in North America, in the international-related business, increased transaction volume and gains in unit price hikes due to resumption of international passenger flights in the airport-related business, an increase in warehouse and transportation handling volume due to strong customer demand and the start of operations at new bases, and the ongoing acquisition of major spot work.

In terms of profits, the Company reported operating profit of ¥12,019 million (46.9% increase year on year), ordinary profit of ¥12,116 million (39.1% increase year on year), and, in part because of the disposal of strategically held stocks, profit attributable to owners of parent of ¥9,722 million (75.7% increase year on year). The increases in profits were attributable to factors including in particular a return to profitability due to gains in transaction volume in the airport-related business and the international-related business, 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 increasing transaction volumes and fuel cost reduction efforts in environment departments of the steel-related business, as well as ongoing streamlining operations and the receipt of appropriate unit prices.

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 7.9% year on year to ¥108,612 million due to resumption of international passenger flights and gains in unit price hikes in its airport-related business, increased transaction volumes in environment departments and ongoing acquisition of major spot work in production contract work of its steel-related business, increases in warehousing and transportation volume and operations at new business sites in its food products-related business.

Profit rose 39.6% year on year to ¥11,591 million due to higher transaction volume and fuel reduction efforts in the environment departments of the steel-related business, as well as ongoing streamlining operations and the receipt of appropriate unit prices, in addition to the return to profitability due to higher transaction volume in the airport-related business.

(ii) Domestic Logistics Business

Net sales increased 4.4% year on year to ¥27,841 million due to higher transaction volume and gains in unit price hikes in the food-related (temperature controlled) business and higher transaction volume for mail-order products in the life-related (logistics) business.

Profit rose 13.4% year on year to ¥1,787 million due to 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 increased 17.8% year on year to ¥33,215 million due to a recovery in air cargo freight market conditions and higher transaction volume in frozen and refrigerated warehouses in the U.S. as well as the inclusion of a subsidiary in Mexico in consolidation.

Profit increased 54.7% year on year to ¥2,371 million in part due to higher transaction volume and the impact of new inclusion of subsidiaries in consolidation.

(2) Overview of financial position for the period

I. Assets, liabilities and net assets

(i) Total assets

As of September 30, 2024, total assets amounted to ¥288,460 million, an increase of ¥11,403 million in comparison with total assets as of March 31, 2024.

(ii) Current assets

As of September 30, 2024, current assets amounted to ¥146,597 million, an increase of ¥8,420 million compared to current assets as of March 31, 2024. This result is mainly attributable to an increase of ¥6,788 million in cash and deposits, and an increase of ¥1,086 million in notes and accounts receivable - trade, and contract assets.

(iii) Non-current assets

As of September 30, 2024, non-current assets amounted to ¥141,863 million, an increase of ¥2,982 million in comparison with non-current assets as of March 31, 2024. This result is mainly attributable to an increase of ¥1,412 million in construction in progress and an increase of ¥755 million in land.

(iv) Current liabilities

As of September 30, 2024, current liabilities amounted to ¥68,708 million, an increase of ¥6,822 million compared to current liabilities as of March 31, 2024. This result is mainly attributable to an increase of ¥5,000 million in current portion of bonds payable and an increase of ¥1,975 million in accrued expenses.

(v) Non-current liabilities

As of September 30, 2024, non-current liabilities amounted to ¥72,183 million, a decrease of ¥6,905 million compared to non-current liabilities as of March 31, 2024. This result is mainly attributable to a decrease of ¥5,000 million in bonds payable and a decrease of ¥1,989 million in long-term borrowings.

(vi) Net assets

As of September 30, 2024, net assets amounted to ¥147,567 million, an increase of ¥11,486 million in comparison with net assets as of March 31, 2024. This result is mainly attributable to an increase of ¥7,820 million in retained earnings, an increase of ¥3,386 million in foreign currency translation adjustment, and a decrease of ¥422 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, 2024 was ¥11,043 million, an increase of ¥4,956 million in net cash provided year on year. This result is mainly attributable to profit before income taxes of ¥13,649 million and depreciation of ¥4,201 million, despite income taxes paid of ¥3,274 million, gain on sale of investment securities of ¥1,911 million and decrease in trade payables of ¥1,482 million.

(Cash flows from investing activities)

Net cash used in investing activities during the six months ended September 30, 2024 was ¥2,536 million, a decrease of ¥1,181 million in net cash used year on year. This result is mainly attributable to purchase of property, plant and equipment of ¥3,786 million, purchase of intangible assets of ¥372 million, and proceeds from sale of investment securities of ¥1,911 million.

(Cash flows from financing activities)

Net cash used in financing activities during the six months ended September 30, 2024 was ¥2,753 million, an increase of ¥802 million in net cash used year on year. This result is mainly attributable to dividends paid of ¥2,174 million and repayments of finance lease liabilities of ¥397 million.

With the increase of ¥761 million due to exchange fluctuations taken into account in addition to the above results, cash and cash equivalents as of September 30, 2024 increased by ¥6,515 million to ¥74,981 million compared to the amount as of March 31, 2024. This also includes the addition of ¥351 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, 2025, the Company expects net sales will exceed the previously announced forecast. In addition to a recovery in the air cargo freight market in the international-related business, an increase in the transportation volume of railway freight cars in India, and an increase in revenue due to establishment of joint ventures in Canada and Mexico, we expect increases from unit price revisions and new orders, despite the percentage resumption of international passenger flights falling below the initial forecast in the airport-related business. In terms of profits, as there are revenue-increasing factors due to the securing unit-price revisions for each field, most importantly for the airport-related business, and transportation and warehousing volumes in overseas local businesses have progressed strongly, we expect operating profit, ordinary profit and profit attributable to owners of parent to exceed the figures in the previously announced forecast. Accordingly, the Company has revised figures in the forecast of consolidated financial results for the fiscal year ending March 31, 2025.

For details, please refer to the “Notice Concerning Revisions to Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 and Dividend Forecast” (in Japanese) announced today (November 11, 2024).

(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 ¥96 (consisting of ¥35 in interim dividend and ¥61 in year-end dividend) per share for the fiscal year ending March 31, 2025.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	70,034	76,823
Notes and accounts receivable - trade, and contract assets	62,165	63,251
Costs on construction contracts in progress	63	138
Supplies	1,903	1,955
Other	4,631	4,987
Allowance for doubtful accounts	(621)	(559)
Total current assets	138,176	146,597
Non-current assets		
Property, plant and equipment		
Buildings and structures	124,483	127,168
Accumulated depreciation	(80,053)	(82,537)
Buildings and structures, net	44,429	44,631
Machinery, equipment and vehicles	54,367	55,604
Accumulated depreciation	(42,829)	(43,932)
Machinery, equipment and vehicles, net	11,537	11,672
Land	43,575	44,330
Leased assets	5,734	5,744
Accumulated depreciation	(2,881)	(2,977)
Leased assets, net	2,853	2,767
Construction in progress	1,115	2,528
Other	10,127	10,941
Accumulated depreciation	(8,159)	(8,573)
Other, net	1,968	2,367
Total property, plant and equipment	105,479	108,297
Intangible assets		
Goodwill	1,336	1,369
Other	4,087	3,991
Total intangible assets	5,424	5,360
Investments and other assets		
Investment securities	13,565	13,046
Long-term loans receivable	257	238
Deferred tax assets	5,695	5,948
Retirement benefit asset	469	670
Other	8,141	8,454
Allowance for doubtful accounts	(153)	(152)
Total investments and other assets	27,976	28,205
Total non-current assets	138,880	141,863
Total assets	277,056	288,460

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,843	14,794
Short-term borrowings	4,005	4,006
Current portion of bonds payable	10,000	15,000
Current portion of long-term borrowings	1,640	3,404
Provision for bonuses for directors (and other officers)	312	120
Accrued expenses	13,126	15,101
Income taxes payable	3,399	3,508
Other	14,557	12,773
Total current liabilities	61,886	68,708
Non-current liabilities		
Bonds payable	45,000	40,000
Long-term borrowings	4,120	2,131
Lease liabilities	2,484	2,337
Deferred tax liabilities	612	601
Deferred tax liabilities for land revaluation	1,087	1,087
Retirement benefit liability	22,184	22,117
Retirement allowance for directors	82	84
Long-term accounts payable - other	629	618
Other	2,888	3,205
Total non-current liabilities	79,089	72,183
Total liabilities	140,975	140,892
Net assets		
Shareholders' equity		
Share capital	1,723	1,723
Capital surplus	1,908	1,937
Retained earnings	130,161	137,982
Treasury shares	(6,400)	(6,342)
Total shareholders' equity	127,393	135,301
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,116	4,693
Revaluation reserve for land	(5,482)	(5,470)
Foreign currency translation adjustment	5,882	9,268
Remeasurements of defined benefit plans	357	388
Total accumulated other comprehensive income	5,873	8,879
Non-controlling interests	2,814	3,386
Total net assets	136,081	147,567
Total liabilities and net assets	277,056	288,460

(2) Semi-annual consolidated statements of income and comprehensive income**Semi-annual consolidated statements of income**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	155,542	169,689
Cost of sales	139,248	148,585
Gross profit	16,293	21,103
Selling, general and administrative expenses	8,113	9,084
Operating profit	8,180	12,019
Non-operating income		
Interest income	67	109
Dividend income	249	215
Foreign exchange gains	425	–
Subsidies for employment adjustment	5	–
Other	99	270
Total non-operating income	848	595
Non-operating expenses		
Interest expenses	144	147
Share of loss of entities accounted for using equity method	101	22
Foreign exchange losses	–	228
Other	71	99
Total non-operating expenses	316	498
Ordinary profit	8,712	12,116
Extraordinary income		
Gain on sale of non-current assets	11	12
Gain on sale of investment securities	–	1,911
Total extraordinary income	11	1,923
Extraordinary losses		
Loss on sale and retirement of non-current assets	17	28
Loss on valuation of investment securities	2	0
Loss on fire	–	360
Total extraordinary losses	20	389
Profit before income taxes	8,702	13,649
Income taxes - current	3,149	3,760
Income taxes - deferred	(65)	(100)
Total income taxes	3,084	3,660
Profit	5,618	9,989
Profit attributable to non-controlling interests	86	267
Profit attributable to owners of parent	5,532	9,722

Semi-annual consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,618	9,989
Other comprehensive income		
Valuation difference on available-for-sale securities	875	(432)
Foreign currency translation adjustment	2,328	3,288
Remeasurements of defined benefit plans, net of tax	85	22
Share of other comprehensive income of entities accounted for using equity method	172	114
Total other comprehensive income	3,462	2,992
Comprehensive income	9,081	12,982
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,857	12,717
Comprehensive income attributable to non-controlling interests	224	265

(3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	8,702	13,649
Depreciation	3,945	4,201
Amortization of goodwill	115	120
Increase (decrease) in allowance for doubtful accounts	3	(79)
Increase (decrease) in retirement benefit liability	249	(30)
Increase (decrease) in retirement allowance for directors	(45)	1
Interest and dividend income	(317)	(324)
Interest expenses	144	147
Foreign exchange losses (gains)	(337)	254
Share of loss (profit) of entities accounted for using equity method	101	22
Subsidies for employment adjustment	(5)	–
Gain on sale of non-current assets	(11)	(12)
Loss on sale and retirement of non-current assets	17	28
Loss on valuation of investment securities	2	0
Loss (gain) on sale of investment securities	–	(1,911)
Loss on fire	–	360
Decrease (increase) in trade receivables	(3,222)	(174)
Decrease (increase) in inventories	(193)	(117)
Decrease (increase) in other assets	(318)	(330)
Increase (decrease) in trade payables	(1,346)	(1,482)
Increase (decrease) in other liabilities	1,417	(97)
Other, net	101	(87)
Subtotal	9,004	14,143
Interest and dividends received	299	333
Interest paid	(138)	(147)
Payments for loss on fire	–	(10)
Proceeds from subsidies for employment adjustment	12	–
Income taxes paid	(3,112)	(3,274)
Other, net	21	–
Net cash provided by (used in) operating activities	6,087	11,043
Cash flows from investing activities		
Decrease (increase) in time deposits	(203)	153
Net decrease (increase) in short-term loans receivable	21	18
Purchase of property, plant and equipment	(2,817)	(3,786)
Proceeds from sale of property, plant and equipment	12	93
Purchase of intangible assets	(181)	(372)
Purchase of investment securities	(129)	(12)
Proceeds from sale of investment securities	–	1,911
Long-term loan advances	(6)	(0)
Proceeds from collection of long-term loans receivable	8	3
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(160)
Purchase of investments in capital of subsidiaries and associates not resulting in change in scope of consolidation	–	(368)
Other, net	(423)	(17)
Net cash provided by (used in) investing activities	(3,718)	(2,536)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28	(16)
Proceeds from long-term borrowings	–	15
Repayments of long-term borrowings	(155)	(237)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,271)	(2,174)
Dividends paid to non-controlling interests	(54)	(12)
Repayments of finance lease liabilities	(355)	(397)
Proceeds from share issuance to non-controlling shareholders	–	307
Other, net	(142)	(236)
Net cash provided by (used in) financing activities	(1,951)	(2,753)
Effect of exchange rate change on cash and cash equivalents	642	761
Net increase (decrease) in cash and cash equivalents	1,060	6,515
Cash and cash equivalents at beginning of period	67,580	68,114
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	68	351
Cash and cash equivalents at end of period	68,709	74,981

(4) Notes to semi-annual consolidated financial statements

(Notes on 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; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, the “Revised Guidance on Application of 2022”). This has no impact on the semi-annual consolidated financial statements.

The Company has applied the Revised Guidance on Application of 2022 from the beginning of the six months ended September 30, 2024 in relation to revisions to the treatment in consolidated financial statements in the event of deferring gains and losses on sales for tax purposes associated with the sale of subsidiary stocks between consolidated companies. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This has no impact on the semi-annual consolidated financial statements for the same period in the previous year or the consolidated financial statements for the previous fiscal year.

(Notes to segment information, etc.)

I. 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 semi- annual 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 semi-annual 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.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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 semi- annual 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	108,612	27,841	33,215	169,668	20	169,689	–	169,689
Intersegment sales or transfers	501	775	79	1,356	434	1,790	(1,790)	–
Total	109,113	28,616	33,295	171,025	454	171,479	(1,790)	169,689
Segment profit (loss)	11,591	1,787	2,371	15,750	(77)	15,673	(3,654)	12,019

(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 ¥(3,654) million presented as adjustments to segment profit (loss) includes ¥10 million in intersegment eliminations and ¥(3,664) 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 semi-annual 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)

There are no significant changes.

(Significant gain on bargain purchase)

Not applicable.

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

Not applicable.

(Notes on premise of going concern)

Not applicable.

(Notes on significant subsequent events)

Business combination through acquisition of shares

1. Acquisition of shares of 1000868639 Ontario Inc.

Konoike Kanepackage Holding Co., Ltd. was established as a Canadian joint venture (consolidated subsidiary), through a joint investment by the Company and Kanepackage Co., Ltd., and on July 31, 2024, acquired 100% of the voting rights of 1000868639 Ontario Inc., the holding company of the Pine Valley Packaging Group, which operates a design packaging business for automotive parts in Canada and Mexico, thereby making 1000868639 Ontario Inc. a subsidiary.

(1) Reasons and background for business combination through acquisition of shares

The Pine Valley Packaging Group ("PVP Group") is a packaging company with factories in the suburbs of Toronto, Canada, and León, Mexico that is primarily engaged in design packaging for the automotive industry and deals directly with major automotive manufacturers, including European, American, and Japanese companies, as well as automotive parts manufacturers known as tier 1 and tier 2. The PVP Group's main factory covers customers in Canada as well as customers in the U.S. Midwest automotive industry, while the factory of its subsidiary, the PVP Group Mexico, covers customers throughout Mexico. The PVP Group receives consultations from customers, and continuously refines its technologies and provides proposals for packaging of various automotive parts in the manner that is (1) safe, (2) easy to store and retrieve, (3) affordable, and (4) environmentally friendly.

As part of its business in the North and Central American region, the Company is engaged in the transport and installation of production equipment through our forwarding subsidiary in the U.S. and engineering subsidiary in Mexico, and by adding design packaging to these businesses, it is expected that it will be possible to offer enhanced packaging proposals to existing customers, to delve deeper into the issues that customers are facing, and to contribute to the resolution of potential issues for customers. Furthermore, after considering the possibility of providing forwarding and engineering services to PVP Group customers, it was decided to acquire shares of 1000868639 Ontario Inc., the holding company of the PVP Group.

(2) Overview of business combination through acquisition of shares

1) Name and business of the acquiree

a-1. Name: 1000868639 Ontario Inc.

a-2. Business: Subsidiary management administration operations and management guidance operations

b-1. Name: Pine Valley Packaging Group Inc.

b-2. Business: Design packaging business for automotive parts

c-1. Name: Pine Valley Packaging Mexico S.A. de C.V.

c-2. Business: Design packaging business for automotive parts

2) Date of the business combination

July 31, 2024

- 3) Legal form of the business combination
Acquisition of shares in exchange for cash
- 4) Ratio of voting rights to be acquired
Ratio of voting rights held immediately before the acquisition: 0.0%
Ratio of voting rights to be acquired on the date of the business combination: 100.0%
Ratio of voting rights after the acquisition: 100.0%
- 5) Main basis for determining the acquirer
Konoike Kanepackage Holding Co., Ltd. as a consolidated subsidiary of the Company, will gain full ownership of shares in exchange for cash.

(3) Acquisition cost of acquiree and components thereof by consideration type

Consideration for the acquisition Cash	CAD 15.4 million
Acquisition cost	CAD 15.4 million

Note: The amount presented above for the acquisition cost is a provisional amount and the actual amount may differ from the above amount due to future price adjustments and other factors.

- (4) Amount of goodwill generation, causes for its generation, amortization method, and amortization period
Not yet determined.
- (5) Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof
Not yet determined.

2. Acquisition of shares of Ferro Scrap Nigam Limited

As a result of the Company winning the bid in a public tender organized by the Indian government held on July 29, 2024 for the privatization of Ferro Scrap Nigam Limited (“FSNL”), a steel slag processing company operated by the Indian government, the Board of Directors resolved on September 27, 2024 to acquire 100% of the issued shares of FSNL and make it a wholly-owned subsidiary, and the Company concluded a share transfer agreement on October 24, 2024.

(1) Reasons and background for business combination through acquisition of shares

Ferro Scrap Nigam Limited (“FSNL”) is a company primarily engaged in the processing of steel slag, and it processes the slag (a by-product generated during steel production) produced as a by-product at steel plants in India, and recovers the metal components contained in the slag. The company is also involved in processing for resource recovery and the logistics business for handled products.

Through various operations at steel plants in Japan, including steel raw material management, processing and packaging of steel products, logistics, and equipment maintenance, the Company has gained know-how related to FSNL’s main businesses including slag processing, and as result of considering how synergies with the Company could be leveraged, it was decided to acquire FSNL’s shares in order to establish a foundation for the steel business in India.

(2) Overview of business combination through acquisition of shares

- 1) Name and business of the acquiree
Name: Ferro Scrap Nigam Limited

Business: Processing of steel slag and scrap

- 2) Date of the business combination

March 31, 2025 (planned)

- 3) Legal form of the business combination

Acquisition of shares in exchange for cash

- 4) Ratio of voting rights to be acquired

Ratio of voting rights held immediately before the acquisition: 0.0%

Ratio of voting rights to be acquired on the date of the business combination: 100.0%

Ratio of voting rights after the acquisition: 100.0%

- 5) Main basis for determining the acquirer

The Company will gain full ownership of shares in exchange for cash.

- (3) Acquisition cost of acquiree and components thereof by consideration type

Consideration for the acquisition Cash	INR 3,200 million
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Acquisition cost	INR 3,200 million
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- (4) Amount of goodwill generation, causes for its generation, amortization method, and amortization period

Not yet determined.

- (5) Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof

Not yet determined.