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November 6, 2024

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



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 Listing: Tokyo Stock Exchange and Fukuoka Stock Exchange
 Securities code: 7130
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 Scheduled date to file semi-annual securities report: November 6, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Amounts less than a million yen are rounded down to the nearest million yen.)

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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	479,766	55.2	6,007	(9.0)	7,570	8.8	4,199	6.5
September 30, 2023	309,091	9.7	6,598	55.9	6,955	61.7	3,944	32.9

Note: Comprehensive income For the six months ended September 30, 2024: ¥2,776 million [(56.1)%]
 For the six months ended September 30, 2023: ¥6,317 million [102.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	151.60	—
September 30, 2023	166.53	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	393,888	88,269	21.7
March 31, 2024	407,641	94,289	22.2

Reference: Equity
 As of September 30, 2024: ¥85,658 million
 As of March 31, 2024: ¥90,459 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	—	—	—	60.00	60.00
Fiscal year ending March 31, 2025	—	—			
Fiscal year ending March 31, 2025 (Forecast)			—	60.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal 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	900,000	26.3	17,000	22.1	18,000	22.0	9,000	6.4	325.07

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(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 restatements

(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) Restatements: 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, 2024	27,726,852 shares
As of March 31, 2024	27,686,752 shares

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

As of September 30, 2024	482 shares
As of March 31, 2024	326 shares

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

Six months ended September 30, 2024	27,698,679 shares
Six months ended September 30, 2023	23,686,594 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation of appropriate use of earnings forecasts, and other special notes

The earnings forecasts and other forward-looking statements contained in this report are based on information currently available to us and assumptions for a certain period of time that we believe to be reasonable. Accordingly, please be advised that we do not guarantee the achievement of the forecasts. Actual results may differ significantly from the forecasts due to a variety of factors.

For the assumptions used in the earnings forecasts and notes on the use of the earnings forecasts, please refer to “1. Qualitative Information on the Semi-annual Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information” on page 4 of the Attachments of this financial report.

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1. Qualitative Information on the Semi-annual Financial Results

The forward-looking statements contained herein are based on judgments made by management of the Company and its subsidiaries and associates (the “Group”) as of the end of the six months ended September 30, 2024 (the “six-month period under review”).

(1) Overview of Operating Results for the Six-month Period under Review

During the six-month period under review, the Japanese economy was buoyant mainly due to a recovery trend in demand, especially in the restaurant industry, reflecting an increase in domestic and inbound tourists and resumption of sports, music, and other events, and the Bank of Japan’s decision to end the negative interest rate policy. The situation, however, remained uncertain partly owing to the unstable international landscape and volatile foreign currency rates, as well as to increased consumer defensive spending patterns responding to rising prices against the backdrop of higher raw material and energy prices and the rapid yen depreciation.

Under such an environment, as a “provider of comprehensive distribution support,” the Group united its efforts to contribute to the development of the entire supply chain. At the same time, as a corporate group that produces businesses from upstream to downstream businesses across all sections of the supply chain, we endeavored to build a sales system that leverages our comprehensive strengths. Furthermore, the Group strived to strengthen its business foundation to achieve sustainable growth by steadily implementing four basic strategies set forth in the Medium-Term Business Plan “Progress Go’25,” namely, “Strategy for Strengthening Group Governance,” “Sustainability Strategy,” “M&A Strategy,” and “Area/Logistics Strategy,” as well as planned investments.

As a result, for the six-month period under review, the Group posted net sales of 479,766 million yen (up 55.2% year-on-year), an increase of 170,674 million yen.

In terms of profits, although intensified sales competition with industry peers as well as higher-than-expected rises in utilities and logistics costs due to increased energy prices put downward pressure on profits, we engaged in group-wide efforts to strengthen our management base by working to review business operations and improve their efficiency. As a result, ordinary profit came to 7,570 million yen (up 8.8% year-on-year), with profit attributable to owners of parent of 4,199 million yen (up 6.5% year-on-year).

Operating results by business segment are as follows.

Food Business

In the Food Business, the sales of alcoholic beverages remained robust due to the record-breaking heat and summer events, and Confex Holdings Co., Ltd., which joined the Group during the previous fiscal year, and other subsidiaries contributed to the segment’s performance from the beginning of the period under review. Meanwhile, as consumer defensive spending patterns further increased as a result of continued price increases, including raising the price of just under 3,000 food items in October, factors such as intensified sales competition with industry peers as well as escalated utilities and logistics costs due to rises in energy prices pushed down profits.

As a result, the business segment posted net sales of 367,413 million yen (up 72.6% year-on-year), with segment operating profit of 4,325 million yen (down 2.2% year-on-year).

Sugar/Flour, Feed, and Livestock Business

The sugar and flour business enjoyed growth in sales of food ingredients, such as sugar, flour, and cooking oil. This is attributable to robust demand for eating out and souvenirs, backed by a rise in domestic and inbound tourists. However, sales opportunities were lost this summer due to the production volume shortages and the price increase of rice, namely the “Reiwa era rice crisis.”

In the feed and livestock business, Topran Co., Ltd., which came under the Group’s umbrella during the previous fiscal year, contributed to the segment’s performance from the beginning of the period under review. Stagnated chicken egg prices have gradually recovered due to a decrease in egg production led by the extreme

heat and sharp price hikes in feed.

As a result, the business segment posted net sales of 56,051 million yen (up 10.6% year-on-year), with segment operating profit of 1,476 million yen (down 9.1% year-on-year).

Housing and Real Estate Business

In the Housing and Real Estate Business, LUMBER ONE Co., Ltd., which joined the Group during the previous fiscal year, and other subsidiaries contributed to the segment's performance from the beginning of the period under review. However, higher materials and logistics costs were reflected in housing prices and interest rates on mortgages increased, resulting in a decline in appetite for new homes among prospective homeowners. Consequently, housing starts for August 2024 nationwide decreased by 5.1% year-on-year, down 1.8% compared to the previous month, marking a four-month consecutive decline compared to the previous year. In particular, housing starts for owned houses have declined for 22 consecutive months. Under this circumstance, price competition in the industry remained fierce, making it continuously difficult to secure reasonable profits.

As a result, the business segment posted net sales of 44,838 million yen (up 31.1% year-on-year), with segment operating profit of 768 million yen (down 32.1% year-on-year).

Other Group Businesses

The rental car business saw increased demand for rental cars as a means of transportation to tourist destinations, driven by a growing number of inbound tourists.

In the meantime, the transport business is facing an increasingly challenging business environment, such as addressing the so-called "2024 Problem," various challenges facing the logistics industry coming from work style reform laws in Japan, and higher fuel prices. Nevertheless, the Group made efforts to improve the business' performance by working proactively to improve the quality of logistics services and increase operational efficiency.

As a result, the business segment posted net sales of 11,463 million yen (up 0.8% year-on-year), with segment operating profit of 373 million yen (up 18.2% year-on-year).

(2) Overview of Financial Position for the Six-month Period under Review

1) Assets, liabilities, and net assets

As of the end of the six-month period under review, total assets amounted to 393,888 million yen, a decrease of 13,753 million yen from the end of the previous fiscal year. This is primarily attributable to decreases in cash and deposits of 4,193 million yen and notes and accounts receivable - trade, and contract assets of 18,785 million yen, an increase in buildings and structures, net of 15,884 million yen, and a decrease in other property, plant and equipment, net of 8,527 million yen.

Liabilities totaled 305,618 million yen, a decrease of 7,733 million yen from the end of the previous fiscal year. This is primarily attributable to a decrease in notes and accounts payable - trade of 19,314 million yen, an increase in short-term borrowings of 16,064 million yen, a decrease of other under current liabilities of 9,525 million yen, and an increase in long-term borrowings of 7,153 million yen.

Total net assets amounted to 88,269 million yen, a decrease of 6,019 million yen from the end of the previous fiscal year. This is primarily attributable to a decrease in capital surplus of 5,563 million yen, an increase in retained earnings of 2,537 million yen, and a decrease in valuation difference on available-for-sale securities of 1,754 million yen.

2) Cash flows

Cash and cash equivalents ("net cash") at the end of the six-month period under review decreased 3,290 million yen from the end of the previous fiscal year to 41,678 million yen.

The status of cash flows and their contributing factors during the six-month period under review are as follows.

Cash flows from operating activities

Net cash used in operating activities was 1,965 million yen (net cash provided in the six-month period of the previous fiscal year was 18,549 million yen), and net cash provided decreased by 20,515 million yen year-on-year. This decrease is mainly due to increase in inventories of 2,622 million yen, decrease in trade payables of 20,391 million yen, and income taxes paid of 4,992 million yen, partially offset by decrease in trade receivables of 18,719 million yen.

Cash flows from operating activities at the end of the six-month period under review decreased due to the settlements of trade payables, etc. during the previous fiscal year carried forward into the six-month period under review owing to the last day of the previous fiscal year falling on a bank holiday and due to an increase in inventories of food products, the price of which was increased in October. Another contributing factor is the large amount of income taxes paid incurred by the profit for the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities decreased 2,393 million yen year-on year to 14,915 million yen (down 13.8% year-on-year). This decrease is mainly due to purchase of property, plant and equipment of 18,089 million yen, proceeds from liquidation of affiliated companies of 1,821 million yen, and proceeds from collection of loans receivable of 1,233 million yen.

Cash flows from financing activities

Net cash provided by financing activities increased 763 million yen year-on year to 13,611 million yen (up 126.6 % year-on-year). This increase is mainly due to net increase in short-term borrowings of 16,064 million yen and proceeds from long-term borrowings of 16,454 million yen, partially offset by repayments of long-term borrowings of 8,641 million yen and expense by acquisition of repurchased stock of consolidated subsidiary of 7,048 million yen.

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

Regarding the consolidated financial results for the six months ended September 30, 2024, the Group posted net sales of 479,766 million yen, which significantly exceeded the initial forecast, due to major contributions by companies which came under the Group's umbrella during the previous fiscal year, strong sales of alcoholic beverages in the Food Business resulting from food price increases and the extreme heat, and other factors. In terms of profits, operating profit and ordinary profit were lower than the initial forecast due to the sharp hike of raw material prices, escalated logistic costs, and other factors but profit attributable to owners of parent exceeded the initial forecast.

Difference between forecasts and actual results for consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecast (A)	414,000	7,880	8,280	4,100	148.90
Actual (B)	479,766	6,007	7,570	4,199	151.60
Difference (B-A)	65,766	(1,872)	(709)	99	—
Difference (%)	15.9	(23.8)	(8.6)	2.4	—
(Reference) Results for the six months ended September 30, 2023	309,091	6,598	6,955	3,944	166.53

2. Semi-annual Consolidated Financial Statements and Principal Notes

(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	47,001	42,807
Notes and accounts receivable - trade, and contract assets	118,041	99,256
Electronically recorded monetary claims - operating	2,047	2,097
Merchandise and finished goods	23,394	26,705
Work in process	877	982
Costs on uncompleted construction contracts	99	179
Raw materials and supplies	2,959	2,945
Real estate for sale	4,444	3,499
Real estate for sale in process	6,196	6,280
Other	21,059	20,135
Allowance for doubtful accounts	(1,254)	(1,128)
Total current assets	224,866	203,761
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,976	47,860
Land	42,254	47,917
Other, net	24,262	15,735
Total property, plant and equipment	98,493	111,514
Intangible assets		
Software	1,447	1,416
Goodwill	41,557	39,120
Other	2,363	2,763
Total intangible assets	45,368	43,300
Investments and other assets		
Investment securities	24,448	22,216
Retirement benefit asset	1,745	1,731
Other	13,290	11,938
Allowance for doubtful accounts	(571)	(574)
Total investments and other assets	38,913	35,312
Total non-current assets	182,774	190,126
Total assets	407,641	393,888

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	134,864	115,550
Electronically recorded obligations - operating	9,017	7,939
Short-term borrowings	20,474	36,538
Current portion of bonds payable	300	226
Current portion of long-term borrowings	14,314	14,973
Income taxes payable	5,159	4,078
Contract liabilities	748	639
Provision for bonuses	2,904	3,076
Other	32,380	22,855
Total current liabilities	220,164	205,879
Non-current liabilities		
Bonds payable	403	313
Long-term borrowings	71,194	78,348
Provision for retirement benefits for directors (and other officers)	910	710
Retirement benefit liability	1,608	1,679
Asset retirement obligations	1,053	1,114
Other	18,017	17,572
Total non-current liabilities	93,187	99,738
Total liabilities	313,351	305,618
Net assets		
Shareholders' equity		
Share capital	9,175	9,224
Capital surplus	7,144	1,581
Retained earnings	64,378	66,916
Treasury shares	(0)	(1)
Total shareholders' equity	80,698	77,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,437	7,683
Foreign currency translation adjustment	(170)	(191)
Remeasurements of defined benefit plans	494	444
Total accumulated other comprehensive income	9,761	7,936
Non-controlling interests	3,829	2,611
Total net assets	94,289	88,269
Total liabilities and net assets	407,641	393,888

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

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	309,091	479,766
Cost of sales	270,435	421,669
Gross profit	38,656	58,097
Selling, general and administrative expenses	32,057	52,089
Operating profit	6,598	6,007
Non-operating income		
Interest and dividend income	119	151
Purchase discounts	42	41
Share of profit of entities accounted for using equity method	3	1,167
Other	538	979
Total non-operating income	704	2,339
Non-operating expenses		
Interest expenses	148	421
Provision of allowance for doubtful accounts	43	54
Other	154	300
Total non-operating expenses	346	777
Ordinary profit	6,955	7,570
Extraordinary income		
Gain on sale of non-current assets	10	55
Gain on sale of investment securities	105	304
Subsidy income	180	–
Surrender value of insurance policies	5	–
Total extraordinary income	303	359
Extraordinary losses		
Loss on sale and retirement of non-current assets	61	57
Impairment losses	5	21
Total extraordinary losses	66	78
Profit before income taxes	7,192	7,850
Income taxes - current	3,197	3,917
Income taxes - deferred	(191)	(622)
Total income taxes	3,005	3,295
Profit	4,186	4,555
Profit attributable to non-controlling interests	242	356
Profit attributable to owners of parent	3,944	4,199

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	4,186	4,555
Other comprehensive income		
Valuation difference on available-for-sale securities	2,154	(1,692)
Deferred gains or losses on hedges	2	—
Foreign currency translation adjustment	(49)	14
Remeasurements of defined benefit plans, net of tax	5	(50)
Share of other comprehensive income of entities accounted for using equity method	17	(50)
Total other comprehensive income	2,130	(1,779)
Comprehensive income	6,317	2,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,056	2,374
Comprehensive income attributable to non-controlling interests	261	401

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,192	7,850
Depreciation	2,654	3,397
Impairment losses	5	21
Amortization of goodwill	1,506	2,437
Increase (decrease) in allowance for doubtful accounts	69	(122)
Increase (decrease) in provision for bonuses	52	172
Increase (decrease) in retirement benefit liability	136	85
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(79)	(199)
Interest and dividend income	(119)	(151)
Share of loss (profit) of entities accounted for using equity method	(3)	(1,167)
Interest expenses	148	421
Loss (gain) on sale and retirement of non-current assets	50	1
Loss (gain) on sale and valuation of investment securities	(105)	(304)
Surrender value of insurance policies	(5)	—
Subsidy income	(180)	—
Decrease (increase) in trade receivables	(9,313)	18,719
Decrease (increase) in inventories	(661)	(2,622)
Increase (decrease) in trade payables	16,302	(20,391)
Increase (decrease) in accounts payable - other	1,447	(1,489)
Increase (decrease) in refund liabilities	13	(882)
Increase (decrease) in accrued consumption taxes	116	(804)
Other, net	1,978	(2,844)
Subtotal	21,204	2,127
Interest and dividends received	115	142
Interest paid	(159)	(436)
Income taxes refund	700	1,194
Income taxes paid	(3,311)	(4,992)
Net cash provided by (used in) operating activities	18,549	(1,965)

(Millions of yen)

	For the six month ended September 30, 2023	For the six month ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	(275)	(311)
Proceeds from withdrawal of time deposits	197	1,214
Purchase of property, plant and equipment	(8,125)	(18,089)
Proceeds from sale of property, plant and equipment	95	150
Purchase of intangible assets	(1,388)	(808)
Purchase of investment securities	(161)	(368)
Proceeds from sale of investment securities	409	321
Proceeds from liquidation of affiliated companies	—	1,821
Loan advances	(4)	(14)
Proceeds from collection of loans receivable	75	1,233
Subsidies received	180	146
Proceeds from cancellation of insurance funds	44	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,017)	—
Purchase of investments in non-consolidated subsidiary	(10)	(15)
Other, net	(328)	(197)
Net cash provided by (used in) investing activities	(17,309)	(14,915)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	64	16,064
Proceeds from long-term borrowings	11,668	16,454
Repayments of long-term borrowings	(4,099)	(8,641)
Repayments of lease liabilities	(900)	(1,211)
Purchase of treasury shares	(0)	(0)
Expense by acquisition of repurchased stock of consolidated subsidiary	—	(7,048)
Dividends paid	(1,184)	(1,658)
Dividends paid to non-controlling interests	—	(183)
Proceeds from sale and leaseback transactions	563	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(29)	—
Other, net	(74)	(162)
Net cash provided by (used in) financing activities	6,007	13,611
Effect of exchange rate change on cash and cash equivalents	(67)	(20)
Net increase (decrease) in cash and cash equivalents	7,180	(3,290)
Cash and cash equivalents at beginning of period	19,738	44,969
Cash and cash equivalents at end of period	26,919	41,678

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) and other standards from the beginning of the six-month period under review.

Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). These changes in accounting policies have no impact on the semi-annual consolidated financial statements.

In addition, for the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries, etc., resulting from transactions between consolidated companies were deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the six-month period under review. This change in accounting policies has been applied retroactively, and the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

The Company issued new shares as restricted stock compensation on August 6, 2024 under the resolution passed at the Board of Directors meeting held on July 16, 2024. Accordingly, share capital and capital surplus each increased by 48 million yen in the six-month period under review.

Confex Holdings Co., Ltd., a consolidated subsidiary of the Company, acquired its treasury shares from certain shareholders in the six-month period under review. Accordingly, capital surplus decreased by 5,612 million yen.

As a result, share capital was 9,224 million yen and capital surplus was 1,581 million yen as of the end of the six-month period under review.

(Notes on segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments				Other Group Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Food Business	Sugar/Flour, Feed, and Livestock Business	Housing and Real Estate Business	Subtotal				
Net sales								
Sales to external customers	212,836	50,696	34,189	297,722	11,369	309,091	–	309,091
Intersegment sales or transfers	109	527	243	880	3,649	4,529	(4,529)	–
Total	212,945	51,223	34,433	298,602	15,019	313,621	(4,529)	309,091
Segment profit	4,420	1,625	1,131	7,177	316	7,493	(895)	6,598

Notes: 1. The “Other Group Businesses” category is a business segment not included in the reportable segments and includes Transport Business, Fuel Business, Rental Car Business, and Information Processing Service Business.

2. Adjustment of segment profit of negative 895 million yen includes the elimination of intersegment transactions of 1,178 million yen and corporate expenses of negative 2,073 million yen that are not allocated to any reportable segments. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.

3. Segment profit is adjusted with operating profit in the Semi-annual Consolidated Statements of Income.

2. Assets by reportable segment

(Significant increase in assets due to acquisition of subsidiaries)

In the Housing and Real Estate Business segment, LUMBER ONE Co., Ltd. and its two subsidiaries have been included in the scope of the consolidation in the six-month period under review. As a result, assets of the segment increased by 33,669 million yen in the six-month period under review compared to the end of the previous fiscal year.

3. Impairment losses of non-current assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Housing and Real Estate Business segment, due to the acquisition of all shares of LUMBER ONE Co., Ltd. in the six-month period under review, the company and its two subsidiaries have been included in the scope of the consolidation. As a result, the amount of goodwill increased by 1,388 million yen in the six-month period under review.

The amount of goodwill is provisional since the allocation of acquisition cost has not been finalized.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments				Other Group Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Food Business	Sugar/Flour, Feed, and Livestock Business	Housing and Real Estate Business	Subtotal				
Net sales								
Sales to external customers	367,413	56,051	44,838	468,302	11,463	479,766	–	479,766
Intersegment sales or transfers	80	486	299	866	3,761	4,628	(4,628)	–
Total	367,494	56,537	45,137	469,168	15,225	484,394	(4,628)	479,766
Segment profit	4,325	1,476	768	6,570	373	6,944	(936)	6,007

- Notes:
1. The “Other Group Businesses” category is a business segment not included in the reportable segments and includes Transport Business, Fuel Business, Rental Car Business, and Information Processing Service Business.
 2. Adjustment of segment profit of negative 936 million yen includes the elimination of intersegment transactions of 1,467 million yen and corporate expenses of negative 2,404 million yen that are not allocated to any reportable segments. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.
 3. Segment profit is adjusted with operating profit in the Semi-annual Consolidated Statements of Income.