

Summary of Consolidated Financial Results [IFRS] for the Third Quarter Ended December 31, 2020

January 29, 2021

Listed Company: **Hitachi Transport System, Ltd.** Stock Exchange: First Section of Tokyo
 Code Number: 9086 URL: <https://www.hitachi-transportssystem.com/en/>
 Representative: Yasuo Nakatani, President and Chief Executive Officer
 Person in Charge: Tetsuro Taga, General Manager of Public Relations Department, Corporate Strategy Office
 Date of the Release of Quarterly Report (Schedule): February 12, 2021
 Date of the Start of Dividend Payment (Schedule): -
 Creates Supplementary Materials for Quarterly Summaries: Yes
 Briefing Held on Quarterly Settlement of Accounts: Yes (for analysts, institutional investors, and media)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Highlights for the Third Quarter Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated Financial Results (Cumulative) (% indicates the percentage change over year)

	Revenues		Adjusted operating income ^{*1}		EBIT ^{*2}		Income before income taxes		Net income		Net income attributable to stockholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2020	474,481	(7.1)	26,575	2.6	34,618	14.9	30,446	17.8	19,388	13.5	18,738	15.3
December 31, 2019	510,476	(4.7)	25,899	7.6	30,140	9.4	25,851	(3.9)	17,080	(7.2)	16,252	(6.8)

	Basic earnings per share attributable to stockholders of the parent company
December 31, 2020	Yen 188.96
December 31, 2019	145.69

*1. [Adjusted operating income] = [Revenues] - [Cost of sales] - [Selling, general and administrative expenses]

*2. EBIT (Earnings Before Interest and Taxes) = [Income before income taxes] - [Interest income] + [Interest expenses]

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to stockholders of the parent company	Total equity attributable to stockholders of the parent company ratio
	Million yen	Million yen	Million yen	%
December 31, 2020	773,364	156,822	150,319	19.4
March 31, 2020	879,144	239,257	232,861	26.5

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2020	—	21.00	—	22.00	43.00
March 31, 2021	—	22.00	—	—	—
March 31, 2021 (Forecasts)	—	—	—	26.00	48.00

(Note) Revision of the latest dividends forecasts: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates the percentage change over year)

	Revenues		Adjusted operating income		EBIT		Income before income taxes		Net income		Net income attributable to stockholders of the parent company		Basic earnings per share attributable to stockholders of the parent company
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	640,000	(4.8)	34,000	1.5	42,000	6.0	36,500	7.9	22,950	2.1	22,000	1.8	230.86

(Note1) Revision of the latest consolidated financial forecasts: Yes

(Note2) The Company resolved matters relating to the acquisition of treasury stock at the Board of Directors meeting held on September 24, 2020, whose impact is taken into consideration in basic earnings per share attributable to stockholders of the parent company in the consolidated financial forecasts.

*** Notes**

(1) Changes in significant subsidiaries during the term (Change in specified subsidiaries causing changes in scope of consolidation):
None

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS: None

(b) Changes other than (a) above: None

(c) Changes in accounting estimates: None

(3) Number of Shares Issued (Common Stock)

(a) Number of shares at the end of the term (Including treasury stock)

As of December 31, 2020: 111,776,714 shares

As of March 31, 2020: 111,776,714 shares

(b) Number of treasury stock at the end of the term

As of December 31, 2020: 28,088,596 shares

As of March 31, 2020: 227,790 shares

(c) Average number of shares during the term

Nine months ended December 31, 2020: 99,166,327 shares

Nine months ended December 31, 2019: 111,549,232 shares

(Note) Quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit corporation.

(Note) Explanation on the appropriate use of financial forecasts and other important items

- The financial forecasts shown on this report are estimated based on information available as of the issuing date of this report, and therefore, the actual results for the future terms may differ from these forecasted figures due to various unknown factors. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Future Forecast Information including Consolidated Financial Forecasts" on Page 3.
- The supplementary material on quarterly financial results will be posted on the Company's website.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Future Forecast Information including Consolidated Financial Forecasts.....	3
2. Summary of Condensed Quarterly Consolidated Financial Statements and Major Notes.....	5
(1) Condensed Quarterly Consolidated Statement of Financial Position	5
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income	7
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows	10
(5) Summary of Notes to the Quarterly Consolidated Financial Statements.....	11
(Notes on Going Concern Assumptions)	11
(Notes in the Event of Significant Changes in Shareholders' Equity).....	11
(Additional Information)	11
(Segment Information)	12

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

For the third quarter ended December 31, 2020, consolidated financial results of the Hitachi Transport System Group (the “Group”) are as follows:

	(Million yen)		
	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Y on Y change
Revenues	510,476	474,481	93%
Adjusted operating income	25,899	26,575	103%
EBIT	30,140	34,618	115%
Net income attributable to stockholders of the parent company	16,252	18,738	115%

Revenues decreased by 7% year-on-year to ¥474,481 million. Adjusted operating income, EBIT, and net income attributable to stockholders of the parent company increased by 3%, 15%, and 15% year-on-year to ¥26,575 million, ¥34,618 million, and ¥18,738 million, respectively.

Results by business segment during the period under review are as follows:

【Domestic logistics business】 (Million yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Y on Y change
Revenues	328,237	312,854	95%
Segment profit (Adjusted operating income)	19,495	18,554	95%

Revenues of domestic logistics business decreased by 5% year-on-year to ¥312,854 million due to a continued decline in volume caused by the spread of COVID-19 despite an increase in revenues as a result of contributions from newly launched projects and consolidation of PALENET CO., LTD. and Hitachi Transport System East Japan Distribution Services Co., Ltd..

Segment profit decreased by 5% year-on-year to ¥18,554 million due to a decrease in revenues despite improved productivity and a reduction in total costs.

【Global logistics business】 (Million yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Y on Y change
Revenues	169,067	150,664	89%
Segment profit (Adjusted operating income)	5,389	7,082	131%

Revenues of global logistics business decreased by 11% year-on-year to ¥150,664 million as revenues did not return to the level of the nine months ended December 31, 2019 after being affected by the spread of COVID-19 and fluctuations of foreign exchange rates, although showing a recovery trend in each region.

Segment profit increased by 31% year-on-year to ¥7,082 million due to an increase in profitability of Chinese freight forwarding business and the effects of improved productivity and total cost reduction in each region despite a decrease in revenues.

【Other services (logistics related businesses)】 (Million yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Y on Y change
Revenues	13,172	10,963	83%
Segment profit (Adjusted operating income)	1,015	939	93%

Revenues of other services decreased by 17% year-on-year to ¥10,963 million due to the effect of exclusion of Hitachi Travel Bureau, Ltd. (currently known as HTB-BCD Travel Ltd.) from the scope of consolidation.

Segment profit decreased by 7% year-on-year to ¥939 million due to a decrease in revenues.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of December 31, 2020 amounted to ¥773,364 million, a decrease of ¥105,780 million compared with the end of the previous fiscal year. Current assets decreased by ¥33,490 million due to a decrease of ¥46,992 million in cash and cash equivalents despite an increase of ¥7,923 million in other current assets. Non-current assets decreased by ¥72,290 million due to a decrease of ¥83,005 million in investments accounted for using the equity method despite an increase of ¥6,574 million in property, plant and equipment.

Total liabilities as of December 31, 2020 amounted to ¥616,542 million, a decrease of ¥23,345 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥25,109 million due to decreases of ¥12,895 million in other financial liabilities and ¥5,418 million in income tax payable. Non-current liabilities increased by ¥1,764 million due to an increase of ¥6,797 million in lease liabilities despite a decrease of ¥10,253 million in long-term debt.

Total equity as of December 31, 2020 amounted to ¥156,822 million, a decrease of ¥82,435 million compared with the end of the previous fiscal year. Total equity attributable to stockholders of the parent company ratio decreased from 26.5% at the end of the previous fiscal year to 19.4%.

2) Cash flows

Cash and cash equivalents (herein called “cash”) as of December 31, 2020 was ¥92,029 million, a decrease of ¥46,992 million from March 31, 2020.

Cash flows from each activity for the nine months ended December 31, 2020 and their significant components are as follows:

Net cash provided by operating activities was ¥27,970 million, a decrease of ¥26,149 million compared with the nine months ended December 31, 2019. This is mainly due to an increase in cash from depreciation and amortization of ¥38,405 million and recording net income of ¥19,388 million, partly offset by a decrease in cash from income taxes paid of ¥25,330 million.

Net cash provided by investing activities was ¥75,236 million, an increase of ¥81,269 million compared with the nine months ended December 31, 2019. This is mainly due to an increase in cash from proceeds from sale of investments in associates of ¥87,183 million, partly offset by a decrease in cash from purchase of property, plant and equipment and intangible assets of ¥14,382 million.

Net cash used in financing activities was ¥151,105 million, an increase of ¥115,428 million compared with the nine months ended December 31, 2019. This is mainly due to a decrease in cash from acquisition of treasury stock of ¥99,632 million and repayments of lease liabilities of ¥27,247 million.

(3) Explanation of Future Forecast Information including Consolidated Financial Forecasts

There are growing concerns over global economic slowdown due to the spread of the COVID-19. It is still necessary to pay due attention to the impact of the protectionism and trade friction as well as geopolitical risks and the impact of natural disasters, etc. In Japan, especially in the logistics industry, the business environment is becoming severe due to intensifying competitions across industries caused by labor shortage and expansion of EC market.

Against such a backdrop, under the business concept of “LOGISTEED,” the Group will strive to strengthen our core logistics function through collaborative innovation with various partners and also execute collaborative innovation strategies leading to further expansion of our domains.

<p>*[LOGISTEED]: A word that combines LOGISTICS with Exceed, Proceed, Succeed, and Speed. It represents our determination to lead businesses to a new domain beyond the conventional logistics.</p>

The Group revised the consolidated financial forecasts for the fiscal year ending March 31, 2021, released on July 30, 2020 as below in light of our recent business performance and the future outlook.

[Consolidated financial forecasts for the fiscal year ending March 31, 2021]

	Revenues	Adjusted operating income	EBIT	Income before income taxes	Net income	Net income attributable to stockholders of the parent company	Basic earnings per share attributable to stockholders of the parent company
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A) (Announced on July 30, 2020)	651,000	31,500	38,550	33,150	22,500	21,500	225.61
Revised forecast (B)	640,000	34,000	42,000	36,500	22,950	22,000	230.86
Changes (B-A)	(11,000)	2,500	3,450	3,350	450	500	—
Percentage change (%)	(1.7)	7.9	8.9	10.1	2.0	2.3	—
(Ref.) Consolidated results for the fiscal year ended March 31, 2020	672,286	33,483	39,607	33,829	22,485	21,614	193.76

(Note) The Company resolved matters relating to the acquisition of treasury stock at the Board of Directors meeting held on September 24, 2020, whose impact is taken into consideration in basic earnings per share attributable to stockholders of the parent company in the consolidated financial forecasts.

The supplementary material on financial results will be posted on the Company's website.

[URL] <https://www.hitachi-transportssystem.com/en/ir/library/presentations/>

2. Summary of Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2020	As of December 31, 2020
(Assets)		
Current assets		
Cash and cash equivalents	139,021	92,029
Trade receivables and contract assets	115,419	121,261
Inventories	1,066	1,239
Other financial assets	5,102	4,666
Other current assets	6,801	14,724
Total current assets	267,409	233,919
Non-current assets		
Investments accounted for using the equity method	89,271	6,266
Property, plant and equipment	148,232	154,806
Right-of-use assets	288,441	292,801
Goodwill	24,112	24,881
Intangible assets	24,397	23,858
Deferred tax assets	10,123	10,325
Other financial assets	21,274	20,768
Other non-current assets	5,885	5,740
Total non-current assets	611,735	539,445
Total assets	879,144	773,364

(Million yen)

	As of March 31, 2020	As of December 31, 2020
(Liabilities)		
Current liabilities		
Trade payables	45,410	44,763
Short-term debt	3,546	2,134
Current portion of long-term debt	10,416	10,375
Lease liabilities	33,209	31,147
Income tax payable	8,232	2,814
Other financial liabilities	37,886	24,991
Other current liabilities	29,062	26,428
Total current liabilities	167,761	142,652
Non-current liabilities		
Long-term debt	150,502	140,249
Lease liabilities	261,031	267,828
Retirement and severance benefits	34,825	36,640
Deferred tax liabilities	10,123	7,972
Other financial liabilities	12,299	17,861
Other non-current liabilities	3,346	3,340
Total non-current liabilities	472,126	473,890
Total liabilities	639,887	616,542
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	16,803	16,803
Retained earnings	220,829	235,273
Accumulated other comprehensive income	(4,587)	(1,941)
Treasury stock, at cost	(184)	(99,816)
Total equity attributable to stockholders of the parent company	232,861	150,319
Non-controlling interests	6,396	6,503
Total equity	239,257	156,822
Total liabilities and equity	879,144	773,364

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

(Million yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Revenues	510,476	474,481
Cost of sales	(446,632)	(411,718)
Gross profit	63,844	62,763
Selling, general and administrative expenses	(37,945)	(36,188)
Adjusted operating income	25,899	26,575
Other income	3,876	10,100
Other expenses	(5,338)	(4,768)
Operating income	24,437	31,907
Financial income	86	74
Financial expenses	(205)	(289)
Share of profits (losses) of investments accounted for using equity method	5,822	2,926
Earnings before interest and taxes	30,140	34,618
Interest income	936	750
Interest expenses	(5,225)	(4,922)
Income before income taxes	25,851	30,446
Income taxes	(8,771)	(11,058)
Net income	17,080	19,388
Attributable to:		
Stockholders of the parent company	16,252	18,738
Non-controlling interests	828	650

	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Earnings per share attributable to stockholders of the parent company		
Basic	¥145.69	¥188.96
Diluted	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Net income	17,080	19,388
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	176	316
Remeasurements of defined benefit plans	—	(56)
Share of OCI of investments accounted for using the equity method	(76)	17
Total items not to be reclassified into net income	100	277
Items that can be reclassified into net income		
Foreign currency translation adjustments	(967)	2,616
Net changes in cash flow hedges	2	(1)
Share of OCI of investments accounted for using the equity method	(47)	(1)
Total items that can be reclassified into net income	(1,012)	2,614
Other comprehensive income	(912)	2,891
Comprehensive income	16,168	22,279
Attributable to:		
Stockholders of the parent company	15,387	21,319
Non-controlling interests	781	960

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	206,245	(520)	(182)	222,346	6,603	228,949
Changes in equity							
Net income		16,252			16,252	828	17,080
Other comprehensive income			(865)		(865)	(47)	(912)
Transactions with non-controlling interests		(6)	(1)		(7)	209	202
Dividends		(4,686)			(4,686)	(143)	(4,829)
Transfer to retained earnings		145	(145)		—		—
Acquisition and sales of treasury stock				(1)	(1)		(1)
Changes in liabilities for written put options over non-controlling interests		(23)	(67)		(90)	(674)	(764)
Total changes in equity	—	11,682	(1,078)	(1)	10,603	173	10,776
Balance at end of period	16,803	217,927	(1,598)	(183)	232,949	6,776	239,725

(Million yen)

Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	220,829	(4,587)	(184)	232,861	6,396	239,257
Changes in equity							
Net income		18,738			18,738	650	19,388
Other comprehensive income			2,581		2,581	310	2,891
Transactions with non-controlling interests		164	(107)		57	(212)	(155)
Dividends		(4,299)			(4,299)	(130)	(4,429)
Transfer to retained earnings		11	(11)		—		—
Acquisition and sales of treasury stock				(99,632)	(99,632)		(99,632)
Share-based remuneration transactions		17			17		17
Changes in liabilities for written put options over non-controlling interests		(187)	183		(4)	(511)	(515)
Total changes in equity	—	14,444	2,646	(99,632)	(82,542)	107	(82,435)
Balance at end of period	16,803	235,273	(1,941)	(99,816)	150,319	6,503	156,822

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Net income	17,080	19,388
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	38,966	38,405
Impairment losses	3,978	994
Income taxes	8,771	11,058
Share of profits (losses) of investments accounted for using equity method	(5,822)	(2,926)
Gain on sale of investments in associates	—	(4,945)
Gain on business reorganization	(1,244)	—
Gain on sale of property, plant and equipment	(1,800)	(2,810)
Interest and dividends income	(1,016)	(821)
Interest expenses	5,225	4,922
Decrease in trade receivables and contract assets	9,464	(3,880)
(Increase) decrease in inventories	(82)	(97)
Decrease in trade payables	(7,270)	(1,423)
Increase (decrease) in retirement and severance benefits	6	1,578
Decrease in other assets and liabilities	(4,130)	(5,589)
Other	653	474
Subtotal	62,779	54,328
Interest and dividends received	3,629	3,700
Interest paid	(5,042)	(4,728)
Income taxes paid	(7,247)	(25,330)
Net cash provided by operating activities	54,119	27,970
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(9,255)	(14,382)
Proceeds from sale of property, plant and equipment and intangible assets	4,659	3,564
Proceeds from sale of investments in associates	—	87,183
Purchase of investments in subsidiaries	(666)	(1,476)
Decrease by a loss of control of a subsidiary	(384)	—
Other	(387)	347
Net cash (used in) provided by investing activities	(6,033)	75,236
Cash flows from financing activities		
Decrease in short-term debt, net	(1,750)	(1,520)
Repayments on long-term debt	(603)	(10,307)
Repayments of lease liabilities	(27,750)	(27,247)
Proceeds from sale of interests in subsidiaries to non-controlling interests	—	114
Payments for acquisition of interests in subsidiaries from non-controlling interests	(199)	(7,443)
Dividends paid to stockholders of the parent company	(4,686)	(4,299)
Dividends paid to non-controlling interests	(143)	(130)
Acquisition of treasury stock	(1)	(99,632)
Other	(545)	(641)
Net cash used in financing activities	(35,677)	(151,105)
Effect of exchange rate changes on cash and cash equivalents	(109)	907
Net increase (decrease) in cash and cash equivalents	12,300	(46,992)
Cash and cash equivalents at beginning of period	108,412	139,021
Cash and cash equivalents at end of period	120,712	92,029

(5) Summary of Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

The major change during the third quarter ended December 31, 2020 represents the acquisition of treasury stock of 27,675 thousand shares (¥98,994 million) based on the resolution at the Board of Directors meeting held on September 24, 2020. The acquisition cost of treasury stock includes direct acquisition cost (net of tax).

As a result, the number of treasury stock as of December 31, 2020 was 28,089 thousand shares with book value of ¥99,816 million.

(Additional Information)

(Impact of the spread of the COVID-19)

As for the impact of the COVID-19, profitability for the first quarter ended June 30, 2020 declined at certain business for automobile-related customers, etc. due to a decrease in volume resulting from the customers' reduced operation, but there is no material change in our assumption from the fiscal year ended March 31, 2020 that the profitability will turn towards a gradual recovery in and after the second quarter ended September 30, 2020. However, we may need to review the carrying amount of assets and liabilities in and after the fourth quarter if the uncertainty further increased.

(Partial amendment to the Strategic Capital and Business Alliance with SG Holdings Co., Ltd. and SAGAWA EXPRESS CO., LTD.)

The Company and SG Holdings Co., Ltd. and its subsidiary SAGAWA EXPRESS CO., LTD. (the Company and SG Holdings Co., Ltd. and SAGAWA EXPRESS CO., LTD. are collectively referred to as "Companies") have concluded a capital and business alliance agreement in March 2016 ("Capital and Business Alliance"), based on which the Company acquired 20% of the outstanding shares (excluding treasury stock) of SAGAWA EXPRESS CO., LTD. in May 2016 and has discussed and considered the possibility of the Companies' management integration based on the achievements through the Capital and Business Alliance.

After much discussion, the Companies reached the conclusion that the maximization of their corporate value can be achieved by individually promoting their own growth strategy while further enhancing the business aspects based on daily collaborative innovation and collaboration activities. The Company resolved the partial amendment to the Capital and Business Alliance at the Board of Directors meeting on September 24, 2020 to acquire a part of the Company's shares held by SG Holdings Co., Ltd. and transfer all shares of SAGAWA EXPRESS CO., LTD. held by the Company to SG Holdings Co., Ltd., which were agreed on by the Companies. It was also decided to defer the discussion aimed at the management integration for the moment.

The partial amendment to the Capital and Business Alliance allows the Group to accelerate the initiatives toward the supply chain optimization, which the Group is currently promoting together with various collaborative innovation partners, especially in overseas and create and expand its ecosystem including flexible use of treasury stock.

As a result of transferring the shares of SAGAWA EXPRESS CO., LTD. to SG Holdings Co., Ltd. based on the partial amendment to the Capital and Business Alliance, the Company recognized gain on sale of investments in associates of ¥4,945 million in Other income for the nine months ended December 31, 2020.

(Segment Information)

Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	328,237	169,067	497,304	13,172	510,476	—	510,476
Revenues from intersegment transactions or transfers	—	—	—	10,195	10,195	(10,195)	—
Total	328,237	169,067	497,304	23,367	520,671	(10,195)	510,476
Segment profit	19,495	5,389	24,884	1,015	25,899	—	25,899
Other income							3,876
Other expenses							(5,338)
Financial income							86
Financial expenses							(205)
Share of profits of investments accounted for using the equity method							5,822
Interest income							936
Interest expenses							(5,225)
Income before income taxes							25,851

Note: 1. "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded from the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	312,854	150,664	463,518	10,963	474,481	—	474,481
Revenues from intersegment transactions or transfers	—	—	—	11,192	11,192	(11,192)	—
Total	312,854	150,664	463,518	22,155	485,673	(11,192)	474,481
Segment profit	18,554	7,082	25,636	939	26,575	—	26,575
Other income							10,100
Other expenses							(4,768)
Financial income							74
Financial expenses							(289)
Share of profits (losses) of investments accounted for using equity method							2,926
Interest income							750
Interest expenses							(4,922)
Income before income taxes							30,446

Note: 1. "Other services" includes information system development, and service, sale and maintenance of motor vehicles, which are excluded from the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.