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Summary of Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)

May 9, 2024

Name of Company : Chilled and Frozen Logistics Co., Ltd.
Exchanges on which the shares are listed : Prime Market of Tokyo Stock Exchange
Security Code : 9099
URL : <https://cflogi.co.jp/>
Representative : Hiromasa Aya, President & Chief executive Officer
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Scheduled date of ordinary shareholders' meeting : June 27, 2024
Scheduled date for commencement of dividend payment : June 28, 2024
Scheduled date for filing of securities report : June 28, 2024
Supplementary documents for financial results : Yes
Results briefing : No (for analysts)
(Amounts are rounded down to the nearest million yen.)

1. Consolidated Operating Results for FY2023 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results (The percentage figures indicate the percentage increase/decrease compared with the previous fiscal year.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	116,028	2.4	4,777	8.5	5,194	5.3	3,283	7.4
FY2022	113,350	2.2	4,403	(1.8)	4,935	(3.3)	3,057	(7.8)

(Note) Comprehensive income FY2023: ¥4,035 million (37.5%) FY2022: ¥2,935 million (-13.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit margin on total assets	Operating profit margin on operating revenue
	Yen	Yen	%	%	%
FY2023	139.78	—	7.1	5.3	4.1
FY2022	124.23	—	6.7	5.5	3.9

(Reference) Share of profit (loss) of entities accounted for using equity method

FY2023: ¥77 million FY2022: ¥68 million

(Note) Diluted earnings per share is not presented since there has been no potential dilution.

(2) Consolidated financial status

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	105,506	46,800	43.5	2,130.51
FY2022	91,351	47,647	51.3	1,912.73

(Reference) Equity capital FY2023: ¥45,972 million FY2022: ¥46,845 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2023	8,123	(8,067)	4,189	12,414
FY2022	9,051	(5,832)	(878)	8,168

2. Dividend Status

	Dividend per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
FY2022	Yen —	Yen 14.00	Yen —	Yen 14.00	Yen 28.00	Million yen 688	% 22.5	% 1.5
FY2023	—	17.00	—	22.00	39.00	895	27.9	1.9
FY2024(Forecast)	—	22.00	—	22.00	44.00		31.6	

3. Forecast of Consolidated Operating Results for FY2024 (April 1, 2024 to March 31, 2025)

(Percentage figures indicate the year-on-year percentage increase/decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First two quarters of FY2024	60,100	2.9	2,600	(11.5)	2,600	(16.9)	1,600	(24.3)	74.22
Full year	119,100	2.6	4,700	(1.6)	4,700	(9.5)	3,000	(8.6)	139.16

* Notes

(1) Significant changes in subsidiaries accompanied by a change in the scope of consolidation during the period: None
New: — companies (Company names) — ; Removed: — companies (Company names) —

(2) Changes in the accounting principles and changes or restatement of accounting estimates

- a Changes in the accounting principles due to amendment of accounting standard, etc. : None
- b Changes in the accounting principles other than a : None
- c Changes in the accounting estimates : None
- d Restatement : None

(3) Number of shares outstanding (common shares)

a Number of shares outstanding (including treasury shares) at the end of the period	Fiscal year ended March 2024	25,690,766 shares	Fiscal year ended March 2023	25,690,766 shares
b Number of treasury shares at the end of the period	Fiscal year ended March 2024	4,133,572 shares	Fiscal year ended March 2023	1,199,436 shares
c Average number of shares during the period	Fiscal year ended March 2024	23,489,714 shares	Fiscal year ended March 2023	24,607,460 shares

(Note) The number of treasury shares at the end of the period includes Company's shares held by a stock benefit trust (FY2023: 113,800 shares; FY2022: 113,800 shares). The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares during the period includes the Company's shares held by a stock benefit trust. (FY2023: 113,800 shares; FY2022: 115,542 shares)

* Summary of Financial Statements is not subject to audits by a certified public accountant or audit corporation.

* Explanation Regarding the Appropriate Use of Business Performance Forecasts, and Other Items to Note

The performance forecasts and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be achieved. In addition, actual results may differ significantly due to various factors. Please refer to "1. Outline of Operating Results, Etc. (4) Future Outlook" on page 5 for the assumptions used in forecasting business performance and precautions regarding the use of business performance forecasts.

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1. Outline of Operating Results, Etc.

(1) Outline of Operating Results for the Fiscal Year Under Review

As for the Japanese economy during the fiscal year under review, social activities fully resumed in wake of reclassification of COVID-19 to Class 5 under the Infectious Diseases Control Law. On the other hand, outlooks remain uncertain due to a slowdown of consumer spending along with high price of raw materials and energies on the background of unstable international circumstances, a prolonged depreciation of Japanese yen, and a continuing increase in any costs, including labor cost.

In the cold chain logistics for food products industry, which is the Group's principal focus, while food manufacturers mainly have passed an increase in costs to product prices to a certain extent, the handling volume of household chilled and frozen foods showed slow growth as consumers have been cutting down on their spending and selecting purchases more rigidly. However, the handling volume of commercial products has been recovering by the revitalization in the flow of people.

Amid these changes in social and economic environments, the Group began its 3rd Medium-Term Management Plan from FY2022 to FY2024. Setting as basic policy "Achieving sustainable low temperature zone logistics, meeting the needs of new cold-chains", the Group strives to expand new business of growing fields such as E-commerce related logistics and Pharmaceutical logistics, and to strengthen the existing business through some initiatives such as acquiring new facilities.

Additionally, in light of the diversification of distribution channels for low-temperature products, the Group revised the 3rd Mid-term Management Plan as a 3-years plan from FY2023 to FY2025, as announced on June 16, 2023. While continuing to promote the implementation of effective measures to sustain the food lifelines and realize the prosperous society with its function for chilled and frozen logistics, the Group added the following items as important measures and planed an additional investment of 10 billion yen to achieve them:

- ① Investing in the development and introduction of new technologies in order to raise the productivity in respect of labor-saving and address the environmental issues as sustainability initiatives.
- ② Accelerating the growth speed by promoting the investment in businesses such as overseas business, e-commerce related logistics and pharmaceutical logistics and by business alliance with other companies.
- ③ Enhancing profitability and expanding business volumes by both organic and inorganic growth including through the M&A that contributes to strengthening the existing business.

As a result of the above, operating revenue was ¥116,028 million (up 2.4% year-on-year), operating profit was ¥4,777 million (up 8.5% year-on-year), and ordinary profit was ¥5,194 million (up 5.3% year-on-year). Profit attributable to owners of parent was ¥3,283 million (up 7.4% year-on-year).

The following describes performance by segment.

a TC Business (Transfer Center Business)

While the handling volume of chilled foods for convenience stores was recovered slowly, the Group secured revenue by negotiating price revision in accordance with an increase in costs, starting new businesses and expanding e-commerce related logistics business. As a result, operating revenue amounted ¥74,353 million (up 2.7% year-on-year).

As for Segment profit, operating costs decreased mainly because replacements of operating vehicles were delayed due to the supply system issues of vehicle manufacturers, while labor costs increased by promoting part-time/temporary employees to full-time/permanent status and improved treatment for securing adequate human resources, and fuel costs increased due to high crude oil prices. In addition, promoting to expanding profitable businesses, including new business, contributed to the increase in profits. As a result, segment profit amounted ¥4,215million (up 23.3% year-on-year)

b DC Business (Distribution Center Business)

While the slow recovery in the shipping volume of household frozen foods and the reorganization of logistical networks by certain customers brought negative impact on revenue to some extent, the handling volume those for business-use recovered. Besides, the Group also secured revenue by negotiating price revision in accordance with an increase in costs and expanding the handling volume in new facilities which started operation in FY2022. As a result, operating revenue amounted ¥39,699 million (up 1.3% year-on-year).

Segment profit was ¥4,670million (down 7.7% year-on-year), mainly due to the increase in labor costs for securing adequate human resources, while power costs reduced due to a change of electricity contracts.

c Other

Other business segment includes the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Its operating revenue was ¥1,975 million (up 9.5% year-on-year) and segment profit was ¥209 million (up 24.1% year-on-year).

(2) Outline of Financial Position for the Fiscal Year Under Review

(Assets)

Assets amounted to ¥105,506 million, increased ¥14,155 million from the end of the previous fiscal year.

The major increases were ¥4,246 million in cash and deposit, ¥1,561 million in trade receivable account, ¥6,102 million in buildings and structures, net and ¥1,700 million in leased assets, net.

(Liabilities)

Liabilities amounted to ¥58,706 million, increased ¥15,002 million from the end of the previous fiscal year.

Major increases were ¥8,989 million in long-term borrowings and ¥1,952 million in lease liabilities.

(Net assets)

Net assets amounted to ¥46,800 million, decreased ¥846 million from the end of the previous fiscal year.

The major increase was ¥2,520 million in retained earnings, while the major decrease was ¥4,117 million in treasury shares.

As a result of the above, the equity ratio was 43.5%.

(3) Outline of Cash Flows for the Fiscal Year Under Review

The balance of cash and cash equivalents ("net cash") at the end of the fiscal year under review amounted to ¥12,414 million, up ¥4,246 million from the end of the previous fiscal year.

The following outlines the status and underlying factors of each classification of cash flows for the fiscal year under review.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥8,123 million (compared with net cash of ¥9,051 million provided in the previous fiscal year).

This was mainly due to an increase in net cash from profit before income taxes and depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥8,067 million (compared with net cash of ¥5,832 million used in the previous fiscal year).

This was mainly due to a decrease in net cash from acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥4,189 million (compared with net cash of ¥878 million used in the previous fiscal year).

This was mainly due to an increase in proceeds from long-term borrowings, while decrease in net cash from purchase of treasury shares.

(4) Future Outlook

The Group announced in March 15, 2024, "Notice concerning action to implement management that is conscious of cost of capital and stock price". Following the 3rd Medium-Term Management Plan from April 2022, based on the maximum use of its accumulated business experiences of low-temperature logistics, it aims achieving ¥200 billion of operating revenue as a long-term target by expanding growth fields more actively with an unconventional idea and establishing a sustainable logistical infrastructure with the expansion of the capacity of existing cold-chain business for foods, in which continuous demands are expected.

Based on the above, for the fiscal year ending March 31, 2025, the Group's consolidated performance forecast is operating revenue of ¥119,100 million, operating profit of ¥4,700 million, ordinary profit of ¥4,700 million, and profit attributable to owners of parent of ¥3,000 million.

Besides, as for tender offer for the Group's stock by AZ-COM MARUWA Holdings Inc., it estimates related costs as reasonably as possible and adds them to the above forecast as extraordinary losses.

(5) Basic Policy Regarding Distribution of Profit for the Fiscal Year Under Review and Next Fiscal Year

The Group recognizes financial strategies including shareholder return measures as basic management strategies and important measures, and in the 3rd Medium-Term Management Plan, makes it its policy to implement flexible shareholder return measures to enhance shareholder value with the quantitative target of ROE at least 8%. The Group will determine the dividend amount with a standard dividend payout ratio of 20% or higher, and in the medium to long term aim for a dividend payout ratio of 30% or higher.

In line with this policy, the year-end dividend with March 31, 2024, as the record date will be ¥22.00 per share. As a result, the annual dividend will be ¥39.00 per share (interim dividend of ¥17.00 and year-end dividend of ¥22.00).

Regarding the annual dividend for the next fiscal year, the Group forecasts a dividend of ¥44.00 per share (interim dividend of ¥22.00 and year-end dividend of ¥22.00).

2. Basic Policy Regarding Selection of Accounting Standards

In order to ensure comparability with other domestic companies in the same industry, the Group applies generally accepted accounting principles in Japan in its accounting standards.

That said, the Group will apply international accounting standards should it need to properly adapt to changes in various trends and circumstances in Japan and abroad.

3. Consolidated Financial Statements and Key Notes
(1) Consolidated Balance Sheet

(Million yen)

	FY2022 (March 31, 2023)	FY2023 (March 31, 202)
Assets		
Current assets		
Cash and deposits	8,168	12,414
Trade accounts receivable	11,477	13,038
Raw materials and supplies	280	290
Other	1,264	1,816
Allowance for doubtful accounts	(1)	(1)
Total current assets	21,188	27,559
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,957	59,971
Accumulated depreciation	(28,034)	(29,945)
Buildings and structures, net	23,923	30,025
Machinery, equipment and vehicles	23,119	24,332
Accumulated depreciation	(17,934)	(18,967)
Machinery, equipment and vehicles, net	5,184	5,365
Land	21,052	21,092
Leased assets	13,778	15,145
Accumulated depreciation	(7,119)	(6,786)
Leased assets, net	6,658	8,359
Construction in progress	2,588	1,531
Other	1,040	1,140
Accumulated depreciation	(793)	(880)
Other, net	246	259
Total property, plant and equipment	59,654	66,634
Intangible assets	704	758
Investments and other assets		
Investment securities	3,880	4,925
Long-term loans receivable	114	113
Deferred tax assets	3,243	3,066
Other	2,580	2,464
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	9,803	10,554
Total non-current assets	70,162	77,947
Total assets	91,351	105,506

(Million yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Trade accounts payable	4,535	4,787
Short-term borrowings	-	587
Current portion of long-term borrowings	2,501	3,485
Lease liabilities	1,647	1,648
Income taxes payable	725	974
Provision for bonuses	2,234	2,319
Provision for bonuses for directors (and other officers)	59	147
Other	5,289	7,207
Total current liabilities	16,994	21,157
Non-current liabilities		
Long-term borrowings	11,164	20,154
Lease liabilities	5,494	7,446
Deferred tax liabilities	209	202
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	5,873	6,194
Provision for share awards	111	171
Asset retirement obligations	2,101	2,113
Other	1,348	861
Total non-current liabilities	26,709	37,548
Total liabilities	43,703	58,706
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	38,350	40,871
Treasury shares	(1,757)	(5,874)
Total shareholders' equity	46,239	44,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	446	1,110
Revaluation reserve for land	35	35
Foreign currency translation adjustment	77	124
Remeasurements of defined benefit plans	45	13
Total accumulated other comprehensive income	605	1,284
Non-controlling interests	802	872
Total net assets	47,647	46,800
Total liabilities and net assets	91,351	105,506

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statement of income

(Million yen)

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Operating revenue	113,350	116,028
Operating costs	104,851	107,045
Operating gross profit	8,498	8,983
Selling, general and administrative expenses	4,095	4,206
Operating profit	4,403	4,777
Non-operating income		
Interest income	13	16
Dividend income	60	72
Income from gain on maturity of insurance contract	67	87
Rental income	80	78
Subsidy income	183	73
Subsidy income	6	123
Share of profit of entities accounted for using equity method	68	77
Foreign exchange gains	186	59
Other	144	192
Total non-operating income	811	780
Non-operating expenses		
Interest expenses	242	300
Loss on cancellation of leases	6	2
Commission for syndicate loan	-	29
Other	29	31
Total non-operating expenses	279	363
Ordinary profit	4,935	5,194
Extraordinary income		
Gain on sales of non-current assets	22	67
Gain on sales of investment securities	48	-
Total extraordinary income	70	67
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	33
Impairment loss	125	-
Loss on accidents	-	331
Total extraordinary losses	135	364
Profit before income taxes	4,870	4,897
Income taxes - current	1,562	1,642
Income taxes - deferred	208	(99)
Total income taxes	1,771	1,542
Profit	3,099	3,354
Profit attributable to non-controlling interests	42	71
Profit attributable to owners of parent	3,057	3,283

Consolidated statement of comprehensive income

(Million yen)

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Profit	3,099	3,354
Other comprehensive income		
Valuation difference on available-for-sale securities	(261)	656
Foreign currency translation adjustment	92	48
Remeasurements of defined benefit plans, net of tax	5	(34)
Share of other comprehensive income of entities accounted for using equity method	(1)	9
Total other comprehensive income	(164)	680
Comprehensive income	2,935	4,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,889	3,962
Comprehensive income attributable to non-controlling interests	45	72

(3) Consolidated Statement of Changes in Equity
FY2022 (April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	4,000	5,646	35,985	(1,466)	44,165	705	35	(11)	43	773
Changes during period										
Dividends of surplus			(692)		(692)					
Profit attributable to owners of parent			3,057		3,057					
Purchase of treasury shares				(300)	(300)					
Disposal of treasury shares				9	9					
Net changes in items other than shareholders' equity						(259)	-	88	2	(167)
Total changes during period	-	-	2,364	(291)	2,073	(259)	-	88	2	(167)
Balance at end of period	4,000	5,646	38,350	(1,757)	46,239	446	35	77	45	605

	Non-controlling interests	Total net assets
Balance at beginning of period	758	45,697
Changes during period		
Dividends of surplus		(692)
Profit attributable to owners of parent		3,057
Purchase of treasury shares		(300)
Disposal of treasury shares		9
Net changes in items other than shareholders' equity	43	(123)
Total changes during period	43	1,949
Balance at end of period	802	47,647

FY2023 (April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	4,000	5,646	38,350	(1,757)	46,239	446	35	77	45	605
Changes during period										
Dividends of surplus			(762)		(762)					
Profit attributable to owners of parent			3,283		3,283					
Purchase of treasury shares				(4,117)	(4,117)					
Disposal of treasury shares					-					
Net changes in items other than shareholders' equity					-	664	-	47	(32)	679
Total changes during period	-	-	2,520	(4,117)	(1,596)	664	-	47	(32)	679
Balance at end of period	4,000	5,646	40,871	(5,874)	44,642	1,100	35	124	13	1,284

	Non-controlling interests	Total net assets
Balance at beginning of period	802	47,647
Changes during period		
Dividends of surplus		(762)
Profit attributable to owners of parent		3,283
Purchase of treasury shares		(4,117)
Disposal of treasury shares		-
Net changes in items other than shareholders' equity	70	749
Total changes during period	70	(846)
Balance at end of period	872	46,800

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	4,870	4,897
Depreciation and amortization	5,371	5,382
Impairment loss	125	-
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(73)	(88)
Interest expenses	242	300
Share of loss (profit) of entities accounted for using equity method	(68)	(77)
Commission for syndicate loan	-	29
Foreign exchange losses (gains)	(186)	(59)
Loss (gain) on sales and retirement of non-current assets	(13)	(34)
Loss (gain) on sales of investment securities	(48)	-
Loss on accidents	-	331
Increase (decrease) in provision for bonuses	6	84
Increase (decrease) in retirement benefit liability	(1,407)	271
Increase (decrease) in provision for bonuses for directors (and other officers)	(18)	88
Increase (decrease) in provision for share awards	31	59
Decrease (increase) in trade receivables	(200)	(1,557)
Decrease (increase) in inventories	2	(10)
Increase (decrease) in trade payables	(28)	252
Increase (decrease) in other accounts payables	1,204	(516)
Increase (decrease) in accrued consumption taxes	804	(225)
Other	448	964
Subtotal	11,065	10,093
Interest and dividends received	72	84
Interest paid	(243)	(299)
Commission for syndicate loan	-	(29)
Payments for loss on accidents	-	(331)
Income taxes paid	(1,842)	(1,393)
Cash flows from operating activities	9,051	8,123
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,731)	(8,144)
Proceeds from sales of property, plant and equipment	97	50
Payments for asset retirement obligations	(48)	(4)
Purchase of intangible assets	(65)	(50)
Purchase of investment securities	(16)	(13)
Proceeds from sale of investment securities	75	-
Loan advances	(28)	(39)
Proceeds from collection of loans receivable	31	34
Other payments	(221)	(82)
Other proceeds	75	182
Cash flows from investing activities	(5,832)	(8,067)

(Million yen)

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	595
Proceeds from long-term borrowings	4,900	12,600
Repayments of long-term borrowings	(3,234)	(2,626)
Repayments of lease liabilities	(1,549)	(1,496)
Purchase of treasury shares	(300)	(4,117)
Dividends paid	(692)	(762)
Dividends paid to non-controlling interests	(2)	(2)
Cash flows from financing activities	(878)	4,189
Effect of exchange rate change on cash and cash equivalents	71	0
Net increase (decrease) in cash and cash equivalents	2,412	4,246
Cash and cash equivalents at beginning of period	5,755	8,168
Cash and cash equivalents at end of period	8,168	12,414

(5) Notes on Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company repurchased 2,933,900 shares of treasury shares in accordance with a resolution made at the Board of Directors' meeting held on November 16, 2023. As a result, treasury shares increased by ¥4,117 million during the fiscal year under review, with treasury shares amounting to ¥5,874 million at the end of the period.

(Additional Information)

(Performance-linked Share-based Remuneration Plan for Directors, Etc.)

The Company introduced a performance-linked share-based remuneration plan (the "Plan") from FY2020 as an incentive plan for Directors (excluding Directors who are members of the Audit & Supervisory Committee and Outside Directors), Executive Officers, and Directors of subsidiaries (excluding Outside Directors) (collectively, "Directors, etc.").

(1) Outline of Transactions

The Plan is a remuneration plan functioning as an incentive to enhance the Company's corporate value over the medium to long term by linking remuneration for Directors, etc. to the Company's stock price, allowing them to share interests with the Company's shareholders. Specifically, the Company has adopted a stock benefit trust. The Company's shares will be acquired in advance by the stock benefit trust, then delivered to Directors, etc. at an amount corresponding to the number of points granted to Directors, etc. by the Company.

(2) Shares of the Company Remaining in Trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses).

At the end of the fiscal year under review, the book value and number of shares of treasury shares were ¥206 million and 113,800 shares at the end of the previous fiscal year, and ¥206 million and 113,800 shares at the end of the fiscal year under review, respectively. The estimated burden of the above stock remuneration at the end of the fiscal year under review was recorded as provision for share awards.

(Segment Information, Etc.)

[Segment Information]

1. Overview of Reportable Segments

The reportable segments of the Company are the constituent units of the Group for which separate financial information is available and for which the Board of Directors conducts a regular review to determine the allocation of management resources and assess the business performance.

Under the holding company structure, the Group operates business activities in the TC Business, mainly run by Meito Transportation Co., Ltd., and the DC Business, mainly run by Hutech Norin Co., Ltd. Each business formulates comprehensive strategies for the services each company provides.

In the TC Business, the Group operates distribution centers and provides transport and delivery for mainly chilled foods, 24 hours a day, 365 days a year. It provides delivery center operations and store delivery for convenience stores, mass merchandisers, and others, and for logistics-type registration warehouses, it provides joint delivery operations for chilled foods, beverages, and other items commissioned by food manufacturers.

In the DC Business, the Group mainly provides frozen food storage, cargo handling, and transportation and delivery services in an integrated manner. Here, the Group provides storage and changes of owners' name for cargo deposited in its warehouses, sorts cargo by vehicle and by destination, and provides transportation and delivery services using dedicated vehicles.

2. Method of Calculation of Operating Revenue, Profit (Loss), Assets, and Other Items by Reportable Segment

The accounting methods used for the reported business segments are the same as those used in the preparation of the consolidated financial statements.

Profit by reportable segment is based on operating profit.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on Operating Revenue, Profit (Loss), Assets, and Other Items by Reportable Segment
FY2022 (April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segments			Other (Note)	Total
	TC Business	DC Business	Total		
Operating revenue					
Revenue from contracts with customers	71,260	39,119	110,379	1,803	112,183
Other revenue (Note 2)	1,107	59	1,166	0	1,166
Operating revenues from external customers	72,367	39,178	111,546	1,803	113,350
Inter-segment sales and transfers	415	153	568	487	1,056
Total	72,783	39,331	112,114	2,291	114,406
Segment profit	3,418	5,058	8,476	169	8,645
Segment assets	29,834	41,525	71,360	491	71,852
Other items					
Depreciation	2,535	2,715	5,250	35	5,286
Increase in property, plant and equipment and intangible assets	1,380	5,089	6,469	165	6,634

(Notes) 1. "Other" is a business segment not included in the reportable segments and includes security transportation, hospital-related logistics, temp service, and insurance agency businesses.

2. Other revenue includes rental income, etc. included in the scope of Accounting Standards for Lease Transaction.

FY2023 (April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segments			Other (Note 1)	Total
	TC Business	DC Business	Total		
Operating revenue					
Operating revenues from contracts with customers	73,208	39,646	112,854	1,975	114,830
Other revenue (Note 2)	1,145	52	1,197	-	1,197
Operating revenues from external customers	74,353	39,699	114,052	1,975	116,028
Inter-segment sales and transfers	458	142	600	620	1,221
Total	74,812	39,841	114,653	2,596	117,249
Segment profit	4,215	4,670	8,886	209	9,095
Segment assets	30,577	46,245	76,823	1,250	78,074
Other items					
Depreciation	2,354	2,903	5,257	43	5,300
Increase in property, plant and equipment and intangible assets	1,506	10,368	11,875	809	12,685

(Notes) 1. "Other" is a business segment not included in the reportable segments and includes security transportation, hospital-related logistics, temp service, and insurance agency businesses.

2. Other revenue includes rental income, etc. included in the scope of Accounting Standards for Lease Transaction.
4. difference between reportable segments total and consolidated financial statements and the main contents of the difference. (items on adjustment for the difference)

(Million yen)

Profit	FY2022	FY2023
Reportable segments total	8,476	8,886
“Other” segment profit	169	209
Elimination of inter-segment transactions	(146)	(112)
Corporate expenses (Note)	(4,095)	(4,206)
Operating profit in consolidated financial statements	4,403	4,777

(Note) Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(Million yen)

Assets	FY2022	FY2023
Reportable segments total	71,360	76,823
“Other” segment assets	491	1,250
Corporate assets (note)	19,948	27,432
Total assets in consolidated financial statements	91,351	105,506

(Note) Corporate assets are primarily surplus operating funds (cash and deposits) that do not belong to the reportable segments, assets related to administrative departments, and assets whose use is under consideration in each reportable segment.

(Million yen)

Other items	Reportable segments total		Other		Adjustment		Amount recorded in consolidated financial statements	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Depreciation	5,250	5,257	35	43	84	82	5,371	5,382
Increase in property, plant and equipment and intangible assets	6,469	11,875	165	809	39	40	6,674	12,726

(Note) The adjustment of increase in property, plant and equipment and intangible assets is investments in head office facilities, software, and land whose use is under consideration by each reportable segment.

【Information on impairment loss of non-current assets by reportable segment】

FY2022 (April 1, 2022 to March 31, 2023)

	Reportable segments			Other (Note 1)	Total
	TC Business	DC Business	Total		
Impairment loss	116	-	116	9	125

(Note) The amount of “Other is related to temp service.

(Per Share Information)

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Net assets per share	¥1,912.73	¥2,130.51
Earnings per share	¥124.23	¥139.78
Diluted earnings per share	¥ —	¥ —

(Notes) 1. The Company's shares held by the stock benefit trust are included in treasury shares, which are deducted from the total number of shares outstanding at the end of the period for the calculation of "Net assets per share" (113,800 shares in the previous fiscal year and 113,800 shares in the fiscal year under review).

Those are also included in treasury shares deducted from the average number of shares during the period for the calculation of "earnings per share" (115,542 shares in the previous fiscal year and 113,800 shares in the fiscal year under review).

2. Diluted earnings per share is not presented since there has been no potential dilution.
3. The calculation basis for diluted earnings per share is as shown below.

	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (Apr. 1, 2023 to Mar. 31, 2024)
Earnings per share		
Profit attributable to owners of parent (million yen)	3,057	3,283
Amount not belonging to the holders of common shares (million yen)	—	—
Profit attributable to owners of parent that pertain to common shares (million yen)	3,057	3,283
Average number of common shares during the period (thousand shares)	24,607	23,489

(Significant Subsequent Events)

Not applicable

(Revenue Recognition)

Information that breaks down revenue from contracts with customers is as presented in "Notes (Segment Information, Etc.)".