

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: NIKKON Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9072 URL <https://www.nikon-hd.co.jp>
 Representative: President & Representative Director Masakatsu Kuroiwa
 Inquiries: Director and Managing Executive Officer Yasunori Matsuda TEL 03-3541-5330
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 28, 2024
 Scheduled date to commence dividend payments: June 10, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	222,324	4.8	21,235	8.4	23,875	8.0	16,608	4.4
Year ended March 31, 2023	212,071	7.0	19,580	0.3	22,108	2.4	15,913	8.0

Note: Comprehensive income Year ended March 31, 2024 27,315 million yen [45.7%]
 Year ended March 31, 2023 18,753 million yen [19.4%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	260.99	260.53	7.0	6.4	9.6
Year ended March 31, 2023	246.61	246.03	7.1	6.3	9.2

Reference: Investment profit (loss) on equity method Year ended March 31, 2024 573 million yen
 Year ended March 31, 2023 640 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	388,446	246,445	63.3	3,899.85
As of March 31, 2023	360,748	229,399	63.4	3,566.33

Reference: Equity As of March 31, 2024 245,939 million yen
 As of March 31, 2023 228,873 million yen

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	31,107	(24,340)	(4,408)	42,796
Year ended March 31, 2023	32,547	(22,548)	(208)	39,460

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	48.00	–	51.00	99.00	6,363	40.1	2.9
Year ended March 31, 2024	–	50.00	–	55.00	105.00	6,668	40.1	3.0
Year ending March 31, 2025 (Forecast)	–	54.00	–	54.00	108.00		40.1	

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	120,000	10.8	10,900	5.6	11,600	(1.5)	7,800	(2.3)	123.68
Full year	250,000	12.4	24,000	13.0	25,300	6.0	17,000	2.4	269.57

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	63,239,892 shares	As of March 31, 2023	65,739,892 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	176,223 shares	As of March 31, 2023	1,563,591 shares
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Average number of shares during the period

Year ended March 31, 2024	63,637,981 shares	Year ended March 31, 2023	64,527,241 shares
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Note: The number of treasury shares at the end of the period and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period include shares of the Company held by a trust whose beneficiaries are Directors (49,200 shares as of March 31, 2024, 26,900 shares as of March 31, 2023).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	10,863	8.1	8,903	9.6	9,696	9.5	9,159	9.3
Year ended March 31, 2023	10,053	2.9	8,126	0.3	8,852	0.1	8,378	(0.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	143.93	143.68
Year ended March 31, 2023	129.84	129.53

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	247,467	130,254	52.6	2,062.88
As of March 31, 2023	231,160	124,413	53.7	1,935.33

Reference: Equity As of March 31, 2024 130,093 million yen
 As of March 31, 2023 124,202 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

Forward-looking statements, including financial results forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Actual financial and other results may differ substantially from the statements herein due to various factors.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2024, the Japanese economy was on a path of gradual recovery, due to the normalization of socioeconomic activities after COVID-19 was downgraded to a Class 5 Infectious Disease and firm inbound demand. On the other hand, the economic outlook remained uncertain due to increasing geopolitical uncertainty surrounding the situation in Ukraine and the Middle East, and weak personal consumption as wage increases failed to keep pace with higher prices.

In the logistics industry, the severe business situation has continued due to increasing costs such as personnel and fuel expenses, as well as a tightening of transportation capacity with the start of restrictions on overtime working hours for drivers.

Under these circumstances, the Group's consolidated sales for the fiscal year ended March 31, 2024 were 222,324 million yen, up 4.8% from the previous fiscal year, mainly due to a recovery in business volume.

Operating profit was 21,235 million yen, up 8.4% from the previous fiscal year, following the increase in net sales.

Ordinary profit was 23,875 million yen, up 8.0% from the previous fiscal year.

Profit attributable to owners of parent was 16,608 million yen, up 4.4% from the previous fiscal year.

Business results by segment are as follows.

Transportation business

Sales were 100,398 million yen, up 3.8% from the previous fiscal year, mainly due to a recovery in the volume of cargo handled.

Operating profit was 5,585 million yen, up 10.3% from the previous fiscal year, mainly due to the effect of higher sales.

Warehousing business

Sales were 38,863 million yen, up 3.0% from the previous fiscal year, due to an increase in the volume of cargo stored, which is the result of our ongoing efforts in Japan and overseas to establish or expand warehouses. Operating profit was 8,328 million yen, down 1.1% from the previous fiscal year, mainly due to the effects of higher personnel expenses and depreciation.

Packaging business

Sales were 53,809 million yen, up 8.5% from the previous fiscal year, mainly due to a recovery in business volume. Operating profit was 3,320 million yen, up 10.4% from the previous fiscal year, mainly due to the effect of higher sales.

Testing business

Sales were 22,881 million yen, up 9.3% from the previous fiscal year, due to a recovery in business volume. Operating profit was 3,329 million yen, up 49.7% from the previous fiscal year, due to the effect of higher sales and efficiency improvement of operations.

(2) Explanation of financial position for the fiscal year under review

(Assets)

Current assets at the end of the fiscal year under review totaled 87,981 million yen, an increase of 4,954 million yen from the end of the previous fiscal year. This increase was mainly the result of increases of 3,625 million yen in cash and deposits and 2,299 million yen in electronically recorded monetary claims - operating, partially offset by a 798 million yen decrease in notes and accounts receivable - trade. Non-current assets totaled 300,464 million yen, an increase of 22,743 million yen from the end of the previous fiscal year. The increase was the result of an increase of 11,392 million yen in property, plant and equipment, which was mainly due to the acquisition of land and buildings in Matsuyama City, Ehime Prefecture; the acquisition of warehouses in Miyoshi Town, Saitama Prefecture and Koga City, Ibaraki Prefecture; the acquisition of land for business use in Lat Krabang, Thailand and Bekasi, Jawa Barat, Indonesia; and progress on construction of a warehouse in Utsunomiya City, Tochigi Prefecture; as well as an increase of 10,741 million yen in investment securities due to their market valuation and others. As a result, total assets were 388,446 million yen, an increase of 27,697 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the fiscal year under review totaled 59,366 million yen, an increase of 1,007 million yen from the end of the previous fiscal year. The increase mainly came from increases of 10,000 million yen in current portion of bonds payable, due to transfers from non-current liabilities, and 1,630 million yen in other, partially offset by a decrease of 11,126 million yen in short-term borrowings due to repayment. Non-current liabilities totaled 82,634 million yen, an increase of 9,644 million yen from the end of the previous fiscal year. The increase mainly came from increases of 16,974 million yen in long-term borrowings and 3,090 million yen in deferred tax liabilities, partially offset by a decrease of 10,000 million yen in bonds payable due to transfers to current liabilities.

As a result, total liabilities were 142,001 million yen, an increase of 10,651 million yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the fiscal year under review totaled 246,445 million yen, an increase of 17,046 million yen from the end of the previous fiscal year. This was mainly due to increases of 7,054 million yen in valuation difference on available-for-sale securities and 3,352 million yen in retained earnings, and a decrease of 3,044 million yen in treasury shares due to cancellation of treasury shares.

As a result, the equity ratio at the end of the period under review was 63.3% (63.4% at the end of the previous fiscal year).

(3) Overview of cash flows for the year under review

Cash and cash equivalents (hereafter referred to as “cash”) at the end of the fiscal year under review were 42,796 million yen, an increase of 3,336 million yen from the end of the previous fiscal year.

The following is the status and factors of each of the cash flow categories during the fiscal year under review.

(Cash flows from operating activities)

Net cash provided by operating activities was 31,107 million yen, a decrease of 1,440 million yen from the previous fiscal year. Major factors having a positive impact on cash flow from operating activities included increases of 857 million yen in profit before income taxes, 672 million yen in cash flows from increase (decrease) in provision for bonuses, and 1,856 million yen in cash flows from increase (decrease) in other liabilities. Major factors having a negative impact on cash flow from operating activities were decreases of 2,906 million yen in decrease (increase) in trade receivables, and 1,549 million yen in income taxes paid, respectively.

(Cash flows from investing activities)

Net cash used in investing activities was 24,340 million yen, an increase of 1,791 million yen from the previous fiscal year. This increase mainly came from an increase of 1,285 million yen in the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 4,408 million yen, an increase of 4,200 million yen from the previous fiscal year. Major factors contributing to the increase of outflow were an increase of 12,328 million yen in repayments of long-term borrowings and respective increases in cash outflow of 999 million yen for the purchase of treasury shares and 1,088 million yen in payment of dividends. Major factor contributing to the decrease of outflow was an increase of 10,000 million yen in proceeds from long-term borrowings.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	64.5	64.4	63.4	63.3
Market value equity ratio (%)	45.4	39.5	44.0	48.0
Interest-bearing debt to cash flow ratio (%)	256.5	226.5	227.2	256.6
Interest coverage ratio (times)	112.9	138.4	145.7	124.7

* Equity ratio: Equity / Total assets

Market value equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

1. All indicators are based on consolidated financial statements.
2. Market capitalization is calculated by multiplying the closing stock price at fiscal year-end by the number of shares issued at fiscal year-end (minus treasury shares).
3. Cash flow from operating activities is used for cash flow.
4. Interest-bearing debts include all those on the consolidated balance sheet on which interest is being paid. Interest payments are taken from the consolidated statements of cash flows.

(4) Future outlook

The Company expects that while economic activities are returning to normal, continued high energy prices, a chronic labor shortage caused by aging of the workforce, and the application of restrictions on overtime working hours for truck drivers from April 2024 will result in a continued difficult environment for the Group.

Under these circumstances, the Group launched “The 13th Medium-term Business Plan” for the three years commencing on April 1, 2023. For the second year of the above Plan, the year ending March 31, 2025, the Company forecasts the following performance, on a consolidated basis: net sales at 250,000 million yen, operating profit at 24,000 million yen, ordinary profit at 25,400 million yen, and profit attributable to owners of parent at 17,000 million yen.

The financial outlook above is based on the data that are available to the Company and certain assumptions that the Company believes rational. Actual results may vary significantly due to various factors.

(5) Basic policy on distribution of profits, and dividends in period under review and subsequent period

The Company’s basic policy for dividend payments is to aim for a consolidated dividend payout ratio of 40%, and to pay progressive dividends, which means maintaining or increasing the total dividend amount for the full year compared to the previous fiscal year, without reducing it, in principle. For the fiscal year ended March 31, 2024, the Company plans to pay term-end dividends of ¥55 per share and annual dividends of ¥105 per share, including interim dividend.

2. Basic philosophy for selecting accounting standards

The Group currently prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP), as it makes it possible to compare the consolidated financial statements against previous fiscal year and against other companies.

With regard to future adoption of IFRS, the Group will give due consideration to domestic and international circumstances and take actions accordingly.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	40,221	43,847
Notes and accounts receivable - trade	33,408	32,610
Electronically recorded monetary claims - operating	3,647	5,946
Securities	265	–
Raw materials and supplies	562	614
Other	4,935	4,991
Allowance for doubtful accounts	(14)	(29)
Total current assets	83,026	87,981
Non-current assets		
Property, plant and equipment		
Buildings and structures	229,447	241,579
Accumulated depreciation	(119,126)	(126,469)
Buildings and structures, net	110,320	115,109
Machinery, equipment and vehicles	56,125	59,648
Accumulated depreciation	(48,579)	(50,934)
Machinery, equipment and vehicles, net	7,545	8,713
Tools, furniture and fixtures	10,311	11,167
Accumulated depreciation	(8,539)	(9,320)
Tools, furniture and fixtures, net	1,771	1,847
Land	116,849	120,058
Leased assets	389	346
Accumulated depreciation	(243)	(234)
Leased assets, net	146	111
Construction in progress	6,037	8,222
Total property, plant and equipment	242,671	254,064
Intangible assets	2,368	2,498
Investments and other assets		
Investment securities	22,248	32,990
Long-term loans receivable	388	241
Deferred tax assets	3,603	3,669
Other	6,469	7,031
Allowance for doubtful accounts	(28)	(31)
Total investments and other assets	32,681	43,901
Total non-current assets	277,721	300,464
Total assets	360,748	388,446

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,240	10,615
Electronically recorded obligations - operating	6,682	7,333
Short-term borrowings	13,151	2,025
Current portion of bonds payable	–	10,000
Lease liabilities	60	37
Income taxes payable	4,467	4,002
Provision for bonuses	3,930	4,557
Provision for bonuses for directors (and other officers)	213	218
Notes payable - facilities	99	324
Electronically recorded obligations - non-operating	4,299	4,405
Other	14,215	15,845
Total current liabilities	58,358	59,366
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term borrowings	10,059	27,034
Lease liabilities	81	84
Deferred tax liabilities	5,481	8,571
Retirement benefit liability	5,399	4,940
Provision for retirement benefits for directors (and other officers)	454	466
Other provisions	13	20
Other	1,501	1,517
Total non-current liabilities	72,990	82,634
Total liabilities	131,349	142,001
Net assets		
Shareholders' equity		
Share capital	11,316	11,316
Capital surplus	12,332	12,332
Retained earnings	194,873	198,226
Treasury shares	(3,596)	(552)
Total shareholders' equity	214,926	221,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,423	17,477
Foreign currency translation adjustment	3,490	6,289
Remeasurements of defined benefit plans	32	849
Total accumulated other comprehensive income	13,947	24,616
Share acquisition rights	210	161
Non-controlling interests	314	344
Total net assets	229,399	246,445
Total liabilities and net assets	360,748	388,446

(2) Consolidated statements of income and consolidated statements of comprehensive income**(Consolidated statements of income)**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales		
Transportation income	96,744	100,398
Warehouse income	37,729	38,863
Packaging income	49,591	53,809
Other revenue	28,005	29,252
Total net sales	212,071	222,324
Cost of sales		
Transportation cost	86,394	89,820
Warehouse cost	27,340	28,545
Packaging cost	43,693	47,316
Other costs	24,073	23,867
Total cost of sales	181,502	189,549
Gross profit	30,569	32,774
Selling, general and administrative expenses		
Personnel expenses	6,386	6,765
Provision for bonuses	393	429
Provision for bonuses for directors (and other officers)	213	218
Retirement benefit expenses	134	112
Provision for retirement benefits for directors (and other officers)	80	73
Depreciation	551	618
Taxes and dues	1,462	1,321
Travel and transportation expenses	274	331
Provision of allowance for doubtful accounts	1	2
Other	2,311	2,500
Total selling, general and administrative expenses	10,988	11,539
Operating profit	19,580	21,235
Non-operating income		
Interest income	113	183
Dividend income	692	884
Rental income	74	75
Share of profit of entities accounted for using equity method	640	573
Foreign exchange gains	333	237
Subsidy income	321	221
Compensation income	219	413
Miscellaneous income	456	408
Total non-operating income	2,853	2,998
Non-operating expenses		
Interest expenses	229	253
Miscellaneous expenses	95	104
Total non-operating expenses	325	358
Ordinary profit	22,108	23,875

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	95	76
Gain on sale of investment securities	1	–
Compensation for expropriation	860	115
Total extraordinary income	957	192
Extraordinary losses		
Loss on sale of non-current assets	17	11
Loss on retirement of non-current assets	272	202
Loss on disaster	–	13
Settlement payments	–	97
Loss on revision of retirement benefit plan	–	107
Total extraordinary losses	289	432
Profit before income taxes	22,776	23,634
Income taxes - current	7,184	7,437
Income taxes - deferred	(303)	(439)
Total income taxes	6,881	6,998
Profit	15,895	16,636
Profit (loss) attributable to non-controlling interests	(17)	27
Profit attributable to owners of parent	15,913	16,608

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	15,895	16,636
Other comprehensive income		
Valuation difference on available-for-sale securities	802	7,054
Foreign currency translation adjustment	1,663	2,713
Remeasurements of defined benefit plans, net of tax	363	816
Share of other comprehensive income of entities accounted for using equity method	29	95
Total other comprehensive income	2,857	10,679
Comprehensive income	18,753	27,315
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,762	27,277
Comprehensive income attributable to non-controlling interests	(8)	38

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,316	12,332	190,340	(6,609)	207,380
Changes during period					
Dividends of surplus			(5,382)		(5,382)
Profit attributable to owners of parent			15,913		15,913
Purchase of treasury shares				(3,001)	(3,001)
Disposal of treasury shares			(10)	27	17
Cancellation of treasury shares			(5,986)	5,986	–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	4,533	3,012	7,546
Balance at end of period	11,316	12,332	194,873	(3,596)	214,926

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	9,621	1,807	(330)	11,098	227	328	219,035
Changes during period							
Dividends of surplus							(5,382)
Profit attributable to owners of parent							15,913
Purchase of treasury shares							(3,001)
Disposal of treasury shares							17
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	802	1,683	363	2,848	(17)	(14)	2,817
Total changes during period	802	1,683	363	2,848	(17)	(14)	10,363
Balance at end of period	10,423	3,490	32	13,947	210	314	229,399

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,316	12,332	194,873	(3,596)	214,926
Changes during period					
Dividends of surplus			(6,471)		(6,471)
Profit attributable to owners of parent			16,608		16,608
Purchase of treasury shares				(4,072)	(4,072)
Disposal of treasury shares		9		392	401
Cancellation of treasury shares		(9)	(6,784)	6,794	–
Change in shares of parent owned by entities accounted for using equity method				(69)	(69)
Net changes in items other than shareholders' equity					–
Total changes during period		–	3,352	3,044	6,396
Balance at end of period	11,316	12,332	198,226	(552)	221,322

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	10,423	3,490	32	13,947	210	314	229,399
Changes during period							
Dividends of surplus							(6,471)
Profit attributable to owners of parent							16,608
Purchase of treasury shares							(4,072)
Disposal of treasury shares							401
Cancellation of treasury shares							–
Change in shares of parent owned by entities accounted for using equity method							(69)
Net changes in items other than shareholders' equity	7,054	2,798	816	10,669	(49)	30	10,649
Total changes during period	7,054	2,798	816	10,669	(49)	30	17,046
Balance at end of period	17,477	6,289	849	24,616	161	344	246,445

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	22,776	23,634
Depreciation	12,307	12,483
Increase (decrease) in provision for bonuses	(59)	613
Increase (decrease) in provision for bonuses for directors (and other officers)	16	5
Increase (decrease) in allowance for doubtful accounts	1	16
Increase (decrease) in retirement benefit liability	101	232
Increase (decrease) in provision for retirement benefits for directors (and other officers)	18	12
Interest and dividend income	(806)	(1,067)
Interest expenses	229	253
Share of loss (profit) of entities accounted for using equity method	(640)	(573)
Loss (gain) on sale of non-current assets	(78)	(64)
Loss on retirement of non-current assets	12	0
Loss (gain) on sale of investment securities	(1)	–
Decrease (increase) in trade receivables	1,939	(966)
Decrease (increase) in other assets	1,291	413
Increase (decrease) in trade payables	185	25
Increase (decrease) in other liabilities	685	2,541
Other, net	196	86
Subtotal	38,176	37,646
Interest and dividends received	938	1,603
Interest paid	(223)	(249)
Income taxes paid	(6,344)	(7,893)
Net cash provided by (used in) operating activities	32,547	31,107
Cash flows from investing activities		
Payments into time deposits	(1,362)	(2,319)
Proceeds from withdrawal of time deposits	1,718	2,095
Purchase of securities	(286)	–
Proceeds from sale and redemption of securities	510	294
Purchase of property, plant and equipment	(22,232)	(23,517)
Proceeds from sale of property, plant and equipment	244	121
Purchase of intangible assets	(514)	(459)
Purchase of investment securities	(30)	(32)
Proceeds from sale of investment securities	9	–
Loan advances	(8)	(33)
Proceeds from collection of loans receivable	211	197
Purchase of shares of subsidiaries and associates	–	(430)
Payments for investments in capital of subsidiaries and associates	(495)	–
Other, net	(312)	(256)
Net cash provided by (used in) investing activities	(22,548)	(24,340)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	10,000	20,000
Repayments of long-term borrowings	(1,823)	(14,151)
Purchase of treasury shares	(3,001)	(4,001)
Proceeds from sale of treasury shares	0	280
Dividends paid	(5,382)	(6,471)
Dividends paid to non-controlling interests	(5)	(7)
Other, net	4	(57)
Net cash provided by (used in) financing activities	(208)	(4,408)
Effect of exchange rate change on cash and cash equivalents	511	978
Net increase (decrease) in cash and cash equivalents	10,302	3,336
Cash and cash equivalents at beginning of period	29,157	39,460
Cash and cash equivalents at end of period	39,460	42,796

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

No such events occurred.

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

The Company acquired 1,240,000 treasury shares for 3,999 million yen based on a resolution of the Board of Directors meeting held on August 4, 2023.

In addition, 2,500,000 treasury shares were cancelled on March 29, 2024 based on a resolution of the Board of Directors meeting held on March 1, 2024. As a result, capital surplus decreased by 9 million yen, retained earnings decreased by 6,784 million yen, and treasury shares decreased by 6,794 million yen, respectively.

(Segment information)

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available, and which are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company divides the services it provides into four reporting segments according to service type: Transportation, Warehousing, Packaging and Testing.

The Transportation segment engages in the transportation of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others. The Warehousing segment engages in the storage of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others. The Packaging segment engages in processing for distribution, the delivery of automotive parts and other goods on behalf of other parties, export packing and other operations. The Testing segment engages in testing finished four-wheeled vehicles and motorcycles, automotive parts, agricultural machinery and other goods.

2. Methods of calculating amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting procedures for the reportable segments are generally identical to those adopted for the consolidated financial statements. Profits in the reportable segments are operating profits. Transactions between the reportable segments are based on market prices.

3. Information regarding net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Consolidated financial statements amount
	Transportation business	Warehousing business	Packaging business	Testing business	Total				
Net sales									
Automobiles	26,891	9,387	21,216	20,171	77,666	608	78,275	–	78,275
Automotive parts	22,513	9,925	9,814	495	42,748	2,012	44,761	–	44,761
Housing	15,920	3,450	8,126	–	27,497	212	27,710	–	27,710
Agricultural machinery	4,690	1,611	938	35	7,275	106	7,382	–	7,382
Food and beverages	1,760	2,336	740	–	4,838	61	4,899	–	4,899
Newspapers and publications	4,659	0	0	–	4,660	–	4,660	–	4,660
Others	20,308	10,408	8,755	240	39,711	2,914	42,625	–	42,625
Revenue from contracts with customers	96,744	37,121	49,591	20,942	204,399	5,915	210,314	–	210,314
Other revenue	–	608	–	–	608	1,147	1,756	–	1,756
Sales to external customers	96,744	37,729	49,591	20,942	205,007	7,063	212,071	–	212,071
Intersegment sales or transfers	426	287	302	19	1,035	3,230	4,265	(4,265)	–
Total	97,170	38,017	49,893	20,961	206,043	10,293	216,337	(4,265)	212,071
Segment profit	5,062	8,422	3,008	2,223	18,717	1,103	19,820	(239)	19,580
Segment assets	105,863	125,429	61,084	17,626	310,003	49,899	359,903	845	360,748
Others items									
Depreciation (Note 3)	2,883	6,346	1,178	1,200	11,608	698	12,307	–	12,307
Investment in equity method affiliates	2,512	–	162	–	2,674	1,099	3,773	–	3,773
Increase in property, plant and equipment and intangible assets (Note 3)	4,106	12,389	1,884	773	19,153	3,072	22,226	–	22,226

- (Notes) 1. The “Others” category consists of businesses that are not included in reportable segments. It includes the customs clearance business and automobile repair business, etc.
2. Adjustment of segment profit of (239) million yen is the difference resulting from the elimination of operating and non-operating transactions.
Adjustment of segment assets of 845 million yen primarily includes surplus operating assets (time deposits, etc.) and long-term investment assets (investment securities).
3. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Consolidated financial statements amount
	Transportation business	Warehousing business	Packaging business	Testing business	Total				
Net sales									
Automobiles	32,315	9,797	24,302	22,195	88,611	527	89,138	–	89,138
Automotive parts	21,564	9,803	10,948	470	42,786	1,423	44,209	–	44,209
Housing	15,523	3,617	8,132	–	27,274	167	27,441	–	27,441
Agricultural machinery	4,414	1,761	959	58	7,193	106	7,300	–	7,300
Food and beverages	1,451	2,537	678	–	4,667	58	4,726	–	4,726
Newspapers and publications	4,723	0	0	–	4,723	–	4,723	–	4,723
Others	20,405	10,737	8,788	157	40,088	2,948	43,037	–	43,037
Revenue from contracts with customers	100,398	38,255	53,809	22,881	215,345	5,232	220,578	–	220,578
Other revenue	–	607	–	–	607	1,138	1,745	–	1,745
Sales to external customers	100,398	38,863	53,809	22,881	215,953	6,370	222,324	–	222,324
Intersegment sales or transfers	373	299	283	11	968	2,778	3,747	(3,747)	–
Total	100,772	39,163	54,092	22,893	216,921	9,149	226,071	(3,747)	222,324
Segment profit	5,585	8,328	3,320	3,329	20,563	943	21,506	(270)	21,235
Segment assets	117,002	133,777	66,751	20,169	337,701	49,602	387,304	1,142	388,446
Others items									
Depreciation (Note 3)	2,931	6,643	1,183	1,062	11,820	662	12,483	–	12,483
Investment in equity method affiliates	2,539	–	186	–	2,725	1,541	4,266	–	4,266
Increase in property, plant and equipment and intangible assets (Note 3)	4,617	11,442	2,681	705	19,446	3,692	23,139	–	23,139

- (Notes) 1. The “Others” category consists of businesses that are not included in reportable segments. It includes the customs clearance business and automobile repair business, etc.
2. Adjustment of segment profit of (270) million yen is the difference resulting from the elimination of operating and non-operating transactions.
Adjustment of segment assets of 1,142 million yen primarily includes surplus operating assets (time deposits, etc.) and long-term investment assets (investment securities).
3. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

(Per share information)

Previous fiscal year (April 1, 2022 to March 31, 2023)		Current fiscal year (April 1, 2023 to March 31, 2024)	
Net assets per share	3,566.33 yen	Net assets per share	3,899.85 yen
Earnings per share	246.61 yen	Earnings per share	260.99 yen
Earnings per share after adjustment for the effects of dilutive potential shares	246.03 yen	Earnings per share after adjustment for the effects of dilutive potential shares	260.53 yen

(Note) The basis for calculating earnings per share and earnings per share after adjustment for the effects of dilutive potential shares during the period is as follows:

Items	Previous fiscal year (April 1, 2022 to March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
(1) Earnings per share		
Profit attributable to owners of parent (millions of yen)	15,913	16,608
Amount not belonging to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent on common stock (millions of yen)	15,913	16,608
Average common shares during the period (thousand shares)	64,527	63,637
(2) Earnings per share after adjustment for the effects of dilutive potential shares		
Adjustment of profit attributable to owners of parent (millions of yen)	–	–
Increase in the number of common shares (thousand shares)	153	111
(Subscription rights to shares (thousand shares))	(153)	(111)
Overview of potential shares not included in the calculation of earnings per share after adjustment for the effects of dilutive potential shares because of having no dilutive effect	–	–

Shares of the Company remaining in a trust whose beneficiaries are directors, which are recorded as treasury shares in shareholders' equity, are included in the treasury shares that are deducted when calculating the average number of shares outstanding during the period for the purpose of calculating earnings per share and earnings per share after adjustment for the effects of dilutive potential shares. The average number of such treasury shares deducted when calculating earnings per share for the period was 26,900 shares for the previous fiscal year and 34,333 shares for the fiscal year under review.

(Subsequent events)

(Business combination by acquisition)

The Group entered into an equity transfer agreement to acquire 75% stake in Supreme Auto Transport, Inc. ("SAT"), a U.S. company operating ground transportation services for automobiles, on April 16, 2024, after consensus was reached between the existing investors. It is planned under the aforementioned agreement that NK North America, Inc. ("NKNA"), which the Company newly established in the U.S., will acquire a 75% equity stake in SAT by way of cash payment, and SAT will become a consolidated subsidiary of NKNA.

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company: Supreme Auto Transport, Inc.

Description of business: Automobile finished vehicle transportation operations

- (2) Main reason for business combination
SAT, since its establishment in 2000, has, through its core service of finished vehicle transportation, built up its knowledge and track record in providing seamless automobile finished vehicle transportation operations using trucks and trailers throughout the U.S. Meanwhile, the Company has been developing comprehensive logistics services, including packaging, transportation, and warehousing, primarily catering to automobile manufacturers. Finished vehicle transportation has been one of our core businesses since our conception. The development of this business in the U.S. aligns with the objective of “expanding overseas business,” as outlined in our 13th Medium-term Business Plan. Through this highly compatible business expansion, we aim to create synergy effects with existing businesses both domestically and internationally, which revitalizes the companies within the Group.
- (3) Date of business combination
May 2024 (planned)
- (4) Legal form of business combination
Acquisition of equity using cash as consideration
- (5) Name of company after combination
No change.
- (6) Percentage of voting rights acquired
75%
- (7) Main grounds for deciding the acquiring company
NKNA is acquiring an equity stake in the company using cash for consideration.
- 2. Acquisition cost for the acquired company and breakdown by type of consideration
Not determined at this point.
- 3. Description and amount of major acquisition-related expenses
Not determined at this point.
- 4. Amount of goodwill to be accrued, reason for accrual, amortization method and amortization period
Not determined at this point.
- 5. Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof
Not determined at this point.