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## Summary of Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP] (Consolidated)

May 9, 2023

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	: <a href="https://cflogi.co.jp/">https://cflogi.co.jp/</a>
Representative	: Hiromasa Aya, President & Chief executive Officer
Contact	: Takaaki Yamamiya, Executive Officer, General Manager Corporate Planning Dept. (TEL) +81(0)3 5291 8100
Scheduled date of ordinary shareholders' meeting	: June 28, 2023
Scheduled date for commencement of dividend payment	: June 29, 2023
Scheduled date for filing of securities report	: June 29, 2023
Supplementary documents for financial results	: Yes
Results briefing	: Yes (for analysts ) (Amounts are rounded down to the nearest million yen.)

### 1. Consolidated Operating Results for FY2022 (April 1, 2022 to March 31, 2023)

(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	%
FY2022	113,350	2.2	4,403	(1.8)	4,935	(3.3)	3,057	(7.8)
FY2021	110,868	0.4	4,482	(15.3)	5,105	(10.0)	3,316	(9.8)

(Note) Comprehensive income FY2022: ¥2,935 million (-13.8%) FY2021: ¥3,406 million (-16.2%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit margin on total assets	Operating profit margin on operating revenue
	Yen	Yen	%	%	%
FY2022	124.23	—	6.7	5.5	3.9
FY2021	132.59	—	7.6	5.9	4.0

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

FY2022: ¥68 million FY2021: ¥69 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
FY2022	91,351	47,647	51.3	1,912.73
FY2021	88,559	45,697	50.7	1,816.72

(Reference) Equity capital FY2022: ¥46,845 million FY2021: ¥44,939 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
FY2022	9,051	(5,832)	(878)	8,168
FY2021	8,859	(8,399)	(2,184)	5,755

## 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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021	—	11.00	—	14.00	25.00	624	18.9	1.4
FY2022	—	14.00	—	14.00	28.00	688	22.5	1.5
FY2023(Forecast)	—	14.00	—	14.00	28.00		27.6	

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

(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 FY2023	58,200	1.8	2,100	(20.2)	2,100	(29.0)	1,500	(24.4)	60.96
Full year	115,300	1.7	3,400	(22.8)	3,500	(29.1)	2,500	(18.2)	101.60

### \* 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 2023	25,690,766 shares	Fiscal year ended March 2022	25,690,766 shares
b Number of treasury shares at the end of the period	Fiscal year ended March 2023	1,199,436 shares	Fiscal year ended March 2022	954,284 shares
c Average number of shares during the period	Fiscal year ended March 2023	24,607,460 shares	Fiscal year ended March 2022	25,010,208 shares

(Note) The number of treasury shares at the end of the period includes Company's shares held by a stock benefit trust (FY2022: 113,800 shares; FY2021: 118,800 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. (FY2022: 115,542 shares; FY2021: 119,567 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

During the fiscal year under review, the Japanese economy showed signs of recovery in economic activities and consumer behavior along with easing restrictions caused by COVID-19 pandemic. On the other hand, outlooks remain uncertain due to an increase in prices and rapid fluctuation in exchange rate.

In the cold chain logistics for food products industry, which is the Group's principal focus, while the demand for chilled and frozen foods continues to grow supported by lifestyle changes, consumption behavior has changed in the wake of COVID-19 pandemic and cargo movements for commercial food products returned to upward trend. However, the general demand for chilled and frozen foods did not fully recover, including demand by inbound tourists. In addition, against the background of the rise in energy costs due to the surge in crude oil prices and the rise in labor costs in order to promote work style reform, each company, including manufacturer and retailer, was forced to respond to uncertain business conditions due to sluggish consumption although it decided to raise the prices.

Amid these rapid changes in social environment, the Group draw up and began its new Medium-Term Management Plan. Setting as a basic policy "Achieving sustainable low temperature zone logistics, meeting the needs of new cold-chains", the Company strives to develop specific measures to sustain the food lifelines and to realize the prosperous society. The Group advanced into new fields of business: E-commerce logistics and pharmaceutical logistics, which are growing business areas. As for E-commerce logistics, the Group started logistics business for low-temperature food products with its existing resources, and as for pharmaceutical logistics, the group steadily expanded transportation business and built up the performance achieved. However, under current circumstances, the more-than-expected surge in energy costs continues and results in the rise of operating costs such as electricity in warehouse operation and fuel in truck operation, as well as the rise in labor costs in preparation for "2024 issues" on logistics industry, ending up a decrease in its profit.

As a result of the above, operating revenue was ¥113,350 million (up 2.2% year-on-year), operating profit was ¥4,403 million (down 1.8% year-on-year), and ordinary profit was ¥4,935 million (down 3.3% year-on-year). Profit attributable to owners of parent amounted to ¥3,057 million (down 7.8% year-on-year).

The following describes performance by segment.

#### a TC Business (Transfer Center Business)

While the foot traffic returned to upward trend in the wake of balancing the infection prevention with the revitalization of economic activities, handling volume of some customers' products continues to be sluggish in general as the stepwise rising prices of foods and beverages affected the consumer behavior. However, the Group secures operating revenue as it acquired new customers by starting operation of new facilities and embarked on E-commerce logistics business. As a result, operating revenue amounted ¥72,367 million (up 1.7% year-on-year).

As for segment profit, the operating cost increased as power and fuel costs increased by higher energy costs and the labor costs also increased for the better treatment for employees and the promotion of part-time/temporary employees to full-time/permanent status. On the other hand, the Group increased profitability as it expanded profitable business and the handling volume of existing customers steadily recovered. In addition, the operating costs decreased, including depreciation costs decreased by the delay of the replacement of vehicles mainly due to the worldwide shortage of semiconductors. As a result, Segment profit was ¥3,418 million (up 10.6% year-on-year).

#### b DC Business (Distribution Center Business)

While the reorganization of logistical networks by certain customers brought negative impact on revenue to some extent, the handling volume of commercial frozen foods recovers along with the increase in opportunities to go out. As handling volume of household frozen foods performed well, and new customers and businesses were developed by starting operation of new facilities, operating revenue amounted ¥39,178million (up 3.2% year-on-year).

Segment profit was ¥5,058 million (down 6.9% year-on-year), mainly due to increasing power and fuel costs resulting from higher energy costs and increasing fixed costs such as depreciation costs of new facilities which started operation, despite that the Company reduced operating costs such as outsourcing costs by promoting efficiency and insourcing.

#### c Other

Other business segment includes the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Its operating revenue was ¥1,803 million (up 2.7% year-on-year) and segment profit was ¥169 million (up 2.8% year-on-year).

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

### (Assets)

Assets amounted to ¥91,351 million, up ¥2,792 million from the end of the previous fiscal year.

The major increase was ¥2,412 million in cash and deposit and ¥1,657 in construction in progress, while the major decrease was ¥1,014 million in leased assets, net.

### (Liabilities)

Liabilities amounted to ¥43,703 million, up ¥842 million from the end of the previous fiscal year.

Major increases were ¥1,903 million in long-term borrowings, while the major decrease was ¥1,415 million in retirement benefit liability.

### (Net assets)

Net assets amounted to ¥47,647 million, up ¥1,949 million from the end of the previous fiscal year.

The major increase was ¥2,364 million in retained earnings, while the major decrease was ¥291 million in treasury shares.

As a result of the above, the equity ratio was 51.3%.

## (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 ¥8,168 million, up ¥2,412 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 ¥9,051 million (compared with net cash of ¥8,859 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 ¥5,832 million (compared with net cash of ¥8,399 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 used in financing activities amounted to ¥878 million (compared with net cash of ¥2,184 million used in the previous fiscal year).

This was mainly due to a decrease in net cash from repayments of long-term borrowings and repayments of lease liabilities.

## (4) Future Outlook

In an era where all communities, companies, and people face various difficulties, including the restriction of economic activities due to the resurgence of COVID-19 and rapid climate change, the Group launched its 3rd Medium-Term Management Plan (three years from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2025) in April 2022.

In this plan, the Group's basic strategies are "Building a Sustainable Logistics Business," "Enhancing Corporate Value Through Strategic Financial Structure," "Strengthening the Functions of Existing Businesses Centered on the Joint Delivery Business and Strengthening the Earnings Base," and "Promoting Investment in Growing Fields." Here, the Group will strengthen its earnings structure by developing and expanding a new cold chain that connects supply needs and consumer needs for chilled and frozen controlled products, including food, which are different from conventional channels. By strengthening its profit structure in light of challenging new business domains and facing and sincerely working closely with all stakeholders' issues including measures to address the natural environment where changes are accelerating, the Group will strive to build a sustainable chilled and frozen logistics business that fulfills its responsibilities for the future and improve its corporate value.

Based on the above, for the fiscal year ending March 31, 2024, the Group's consolidated performance forecast is operating revenue of ¥115,300 million, operating profit of ¥3,400 million, ordinary profit of ¥3,500 million, and profit attributable to owners of parent of ¥2,500 million.

## (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, 2023, as the record date will be ¥14.00 per share. As a result, the annual dividend will be ¥28.00 per share (interim dividend of ¥14.00 and year-end dividend of ¥14.00).

Regarding the annual dividend for the next fiscal year, the Group forecasts a dividend of ¥28.00 per share (interim dividend of ¥14.00 and year-end dividend of ¥14.00).

## 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)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	5,755	8,168
Trade accounts receivable	11,265	11,477
Raw materials and supplies	283	280
Other	1,649	1,264
Allowance for doubtful accounts	(1)	(1)
Total current assets	18,952	21,188
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,718	51,957
Accumulated depreciation	(26,280)	(28,034)
Buildings and structures, net	23,438	23,923
Machinery, equipment and vehicles	22,212	23,119
Accumulated depreciation	(16,457)	(17,934)
Machinery, equipment and vehicles, net	5,754	5,184
Land	20,748	21,052
Leased assets	15,089	13,778
Accumulated depreciation	(7,415)	(7,119)
Leased assets, net	7,673	6,658
Construction in progress	930	2,588
Other	963	1,040
Accumulated depreciation	(717)	(793)
Other, net	246	246
Total property, plant and equipment	58,792	59,654
Intangible assets	706	704
Investments and other assets		
Investment securities	4,194	3,880
Long-term loans receivable	124	114
Deferred tax assets	3,353	3,243
Other	2,452	2,580
Allowance for doubtful accounts	(16)	(15)
Total investments and other assets	10,107	9,803
Total non-current assets	69,606	70,162
Total assets	88,559	91,351

(Million yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	4,562	4,535
Current portion of long-term borrowings	2,738	2,501
Lease liabilities	1,753	1,647
Income taxes payable	1,002	725
Provision for bonuses	2,228	2,234
Provision for bonuses for directors (and other officers)	77	59
Other	4,133	5,289
Total current liabilities	16,497	16,994
Non-current liabilities		
Long-term borrowings	9,261	11,164
Lease liabilities	6,418	5,494
Deferred tax liabilities	218	209
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	7,289	5,873
Provision for share awards	89	111
Asset retirement obligations	2,157	2,101
Other	524	1,348
Total non-current liabilities	26,363	26,709
Total liabilities	42,861	43,703
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	35,985	38,350
Treasury shares	(1,466)	(1,757)
Total shareholders' equity	44,165	46,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	705	446
Revaluation reserve for land	35	35
Foreign currency translation adjustment	(11)	77
Remeasurements of defined benefit plans	43	45
Total accumulated other comprehensive income	773	605
Non-controlling interests	758	802
Total net assets	45,697	47,647
<b>Total liabilities and net assets</b>	<b>88,559</b>	<b>91,351</b>



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

## Consolidated statement of income

(Million yen)

	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Operating revenue	110,868	113,350
Operating costs	102,345	104,851
Operating gross profit	8,522	8,498
Selling, general and administrative expenses	4,040	4,095
Operating profit	4,482	4,403
Non-operating income		
Interest income	19	13
Dividend income	55	60
Income from gain on maturity of insurance contract	109	67
Rental income	80	80
Subsidy income	141	183
Subsidy income	5	6
Share of profit of entities accounted for using equity method	69	68
Foreign exchange gains	220	186
Other	171	144
Total non-operating income	874	811
Non-operating expenses		
Interest expenses	237	242
Loss on cancellation of leases	3	6
Other	10	29
Total non-operating expenses	251	279
Ordinary profit	5,105	4,935
Extraordinary income		
Gain on sales of non-current assets	43	22
Gain on sales of investment securities	22	48
Total extraordinary income	65	70
Extraordinary losses		
Loss on sale and retirement of non-current assets	118	9
Impairment loss	-	125
Loss on sales of investment securities	0	-
Loss on termination of retirement benefit plan	36	-
Loss on litigation	0	-
Total extraordinary losses	156	135
Profit before income taxes	5,015	4,870
Income taxes - current	1,919	1,562
Income taxes - deferred	(263)	208
Total income taxes	1,655	1,771
Profit	3,359	3,099
Profit attributable to non-controlling interests	43	42
Profit attributable to owners of parent	3,316	3,057

## Consolidated statement of comprehensive income

(Million yen)

	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Profit	3,359	3,099
Other comprehensive income		
Valuation difference on available-for-sale securities	(107)	(261)
Foreign currency translation adjustment	69	92
Remeasurements of defined benefit plans, net of tax	71	5
Share of other comprehensive income of entities accounted for using equity method	12	(1)
Total other comprehensive income	46	(164)
Comprehensive income	3,406	2,935
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,359	2,889
Comprehensive income attributable to non-controlling interests	46	45

### (3) Consolidated Statement of Changes in Equity

FY2021 (April 1, 2021 to March 31, 2022)

(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	33,223	(1,100)	41,768	798	35	(77)	(26)	729
Changes during period										
Dividends of surplus			(553)		(553)					
Profit attributable to owners of parent			3,316		3,316					
Purchase of treasury shares				(369)	(369)					
Disposal of treasury shares				4	4					
Net changes in items other than shareholders' equity					-	(92)	-	66	69	43
Total changes during period	-	-	2,762	(365)	2,396	(92)	-	66	69	43
Balance at end of period	4,000	5,646	35,985	(1,466)	44,165	705	35	(11)	43	773

	Non-controlling interests	Total net assets
Balance at beginning of period	713	43,212
Changes during period		
Dividends of surplus		(553)
Profit attributable to owners of parent		3,316
Purchase of treasury shares		(369)
Disposal of treasury shares		4
Net changes in items other than shareholders' equity	44	88
Total changes during period	44	2,485
Balance at end of period	758	45,697

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

## (4) Consolidated Statement of Cash Flows

(Million yen)

	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	5,015	4,870
Depreciation and amortization	5,706	5,371
Impairment loss	-	125
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(74)	(73)
Interest expenses	237	242
Share of loss (profit) of entities accounted for using equity method	(69)	(68)
Foreign exchange losses (gains)	(220)	(186)
Loss (gain) on sales and retirement of non-current assets	74	(13)
Loss (gain) on sales of investment securities	(21)	(48)
Loss on litigation	0	-
Increase (decrease) in provision for bonuses	59	6
Increase (decrease) in retirement benefit liability	425	(1,407)
Increase (decrease) in provision for bonuses for directors (and other officers)	20	(18)
Increase (decrease) in provision for share awards	48	31
Decrease (increase) in trade receivables	(248)	(200)
Decrease (increase) in inventories	(12)	2
Increase (decrease) in trade payables	345	(28)
Increase (decrease) in other accounts payables	197	1,204
Increase (decrease) in accrued consumption taxes	(69)	804
Other	(179)	448
Subtotal	11,234	11,065
Interest and dividends received	72	72
Interest paid	(237)	(243)
Payments for loss on litigation	(0)	-
Income taxes paid	(2,209)	(1,842)
Cash flows from operating activities	8,859	9,051
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,294)	(5,731)
Proceeds from sales of property, plant and equipment	33	97
Payments for asset retirement obligations	(121)	(48)
Purchase of intangible assets	(60)	(65)
Purchase of investment securities	(17)	(16)
Proceeds from sale of investment securities	47	75
Loan advances	(32)	(28)
Proceeds from collection of loans receivable	25	31
Other payments	(64)	(221)
Other proceeds	84	75
Cash flows from investing activities	(8,399)	(5,832)

	(Million yen)	
	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(800)	-
Proceeds from long-term borrowings	4,200	4,900
Repayments of long-term borrowings	(2,971)	(3,234)
Repayments of lease liabilities	(1,688)	(1,549)
Purchase of treasury shares	(369)	(300)
Proceeds from sales of treasury shares	0	-
Dividends paid	(553)	(692)
Dividends paid to non-controlling interests	(2)	(2)
Cash flows from financing activities	(2,184)	(878)
Effect of exchange rate change on cash and cash equivalents	77	71
Net increase (decrease) in cash and cash equivalents	(1,647)	2,412
Cash and cash equivalents at beginning of period	7,403	5,755
Cash and cash equivalents at end of period	5,755	8,168

## (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 250,000 shares of treasury shares in accordance with a resolution made at the Board of Directors' meeting held on September 14, 2022. As a result, treasury shares increased by ¥300 million during the fiscal year under review, with treasury shares amounting to ¥1,757 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 ¥215 million and 118,800 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  
FY2021 (April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments			Other (Note)	Total
	TC Business	DC Business	Total		
Operating revenue					
Revenue from contracts with customers	70,042	37,896	107,939	1,757	109,696
Other revenue (Note 2)	1,104	67	1,172	-	1,172
Operating revenues from external customers	71,147	37,964	109,111	1,757	110,868
Inter-segment sales and transfers	350	150	501	541	1,042
Total	71,497	38,115	109,612	2,298	111,911
Segment profit	3,091	5,432	8,524	164	8,689
Segment assets	31,418	35,309	66,727	375	67,102
Other items					
Depreciation	2,907	2,668	5,576	43	5,619
Increase in property, plant and equipment and intangible assets	5,344	4,956	10,300	0	10,300

(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.

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

(Million yen)

	Reportable segments			Other (Note 1)	Total
	TC Business	DC Business	Total		
Operating revenue					
Operating revenues 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	35,780	65,615	491	66,106
Other items					
Depreciation	2,535	2,715	5,250	35	5,286
Increase in property, plant and equipment and intangible assets	1,380	3,257	4,638	165	4,803

(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)  
FY2021 (April 1, 2021 to March 31, 2022)

(Million yen)

Profit	FY2021	FY2022
Reportable segments total	8,524	8,476
"Other" segment profit	164	169
Elimination of inter-segment transactions	(166)	(146)
Corporate expenses (Note)	(4,040)	(4,095)
Operating profit in consolidated financial statements	4,482	4,403

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

(Million yen)

Assets	FY2020	FY2021
Reportable segments total	66,727	65,615
"Other" segment assets	375	491
Corporate assets (note)	21,456	25,244
Total assets in consolidated financial statements	88,559	91,351

(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	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Depreciation	5,576	5,250	43	35	86	84	5,706	5,371
Increase in property, plant and equipment and intangible assets	10,300	4,638	0	165	22	1,870	10,323	6,674

(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)

	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Net assets per share	¥1,816.72	¥1,912.73
Earnings per share	¥132.59	¥124.23
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" (118,800 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" (119,567 shares in the previous fiscal year and 115,542 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.

	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Mar. 31, 2023)
Earnings per share		
Profit attributable to owners of parent (million yen)	3,316	3,057
Amount not belonging to the holders of common shares (million yen)	—	—
Profit attributable to owners of parent that pertain to common shares (million yen)	3,316	3,057
Average number of common shares during the period (thousand shares)	25,010	24,607

(Significant Subsequent Events)

Not applicable

(Revenue Recognition)

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