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

February 10, 2023

Name of Company : Chilled and Frozen Logistics Holdings Co., Ltd.
Exchanges on which the shares are listed : Prime Market of Tokyo Stock Exchange
Security Code : 9099
URL : <http://cflogi.co.jp/>
Representative : Hiromasa Aya, President & Chief executive Officer
Contact : Takaaki Yamamiya, Executive Officer,
General Manager Corporate Planning Dept.
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Scheduled date for filing of quarterly securities report : February 13, 2023
Scheduled date for commencement of dividend payment : -
Supplementary documents for financial results : Yes
Results briefing : None (for analysts)

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

1. Consolidated Operating Results for the third quarter of FY2022 (April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (Percentage figures indicate the year-on-year percentage increase/decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended December 31, 2022	86,248	2.1	4,060	(7.6)	4,491	(5.8)	3,066	(4.6)
December 31, 2021	84,447	(0.0)	4,394	(11.5)	4,766	(7.5)	3,212	(2.7)

(Note) Comprehensive income For the nine months ended December 31, 2022 ¥3,197 million (-2.6%)
For the nine months ended December 31, 2021 ¥3,282 million (-8.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended December 31, 2022	124.41	—
December 31, 2021	128.32	—

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

(2) Consolidated financial status

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	92,386	47,909	51.0	1,923.51
March 31, 2022	88,559	45,697	50.7	1,816.72

(Reference) Equity capital As of December 31, 2022: ¥47,109 million As of March 31, 2022: ¥44,939 million

2. Dividend Status

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	11.00	—	14.00	25.00
FY 2022	—	14.00	—	—	—
FY2022 (Forecast)	—	—	—	14.00	28.00

(Note) Revisions to the dividend forecasts most recently announced: None

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

(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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	112,800	1.7	4,100	(8.5)	4,600	(9.9)	3,000	(9.5)	121.34

(Note) Revisions to the forecasts most recently announced: None

* 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) Application of specific accounting procedures for preparing the quarterly consolidated financial statements : None

(3) 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

(4) Number of shares outstanding (common shares)

a Number of shares outstanding (including treasury shares) at the end of the period	As of December 31, 2022	25,690,766 shares	As of March 31, 2022	25,690,766 shares
b Number of treasury shares at the end of the period	As of December 31, 2022	1,199,436 shares	As of March 31, 2022	954,284 shares
c Average number of shares during the period	For the nine months ended December 31, 2022	24,645,467 shares	For the nine months ended December 31, 2021	25,035,435 shares

(Note) The number of treasury shares at the end of the period includes Company's shares held by a stock benefit trust (As of December 31, 2022: 113,800 shares; as of March 31, 2022: 118,800 shares). The number of treasury shares excluded from the calculation of the average number of treasury shares during the period includes the Company's shares held by a stock benefit trust. (As of December 31, 2022: 116,112 shares; As of December 31, 2021: 119,817 shares)

* Outline 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. (3) Future Outlook" on page 4 of the accompanying materials for the assumptions used in forecasting business performance and precautions regarding the use of business performance forecasts.

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, the extent of recovery from COVID-19 pandemic has differed depending on business types and therefore the demand has not been fully recovered. While cargo movements for commercial food products, which had declined due to the decrease in opportunities for dining out driven by the COVID-19 pandemic, returned to an upward trend, the general demand for chilled and frozen foods does not fully recover, including demand by inbound tourists.

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 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 builds up the performance achieved. However, in 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, ending up a decrease in its profit.

As a result of the above, operating revenue was ¥86,248 million (up 2.1% year-on-year), operating profit was ¥4,060 million (down 7.6% year-on-year), and ordinary profit was ¥4,491 million (down 5.8% year-on-year). Profit attributable to owners of parent was ¥3,066 million (down 4.6% year-on-year).

The following describes performance by segment.

a TC Business (Transfer Center Business)

While handling volume of some customers' products continues to be sluggish in general, 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 ¥55,140 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 decreasing by the delay of the replacement of vehicles mainly due to the worldwide shortage of semiconductors. As a result, Segment profit was ¥3,133 million (up 3.9% 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 ¥29,758million (up 2.9% year-on-year).

Segment profit was ¥3,990 million (down 8.0% 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 ¥1,349 million (up 3.0% year-on-year) and segment profit was ¥124 million (down 2.6% year-on-year).

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

(Assets)

Assets amounted to ¥92,386 million, up ¥3,827 million from the end of the previous fiscal year.

The major increase was ¥2,742 million in trade accounts receivable and ¥2,731 million in construction in progress, while the major decrease was ¥1,102 million in buildings and structures, net and ¥1,118 million in leased assets, net.

(Liabilities)

Liabilities amounted to ¥44,476 million, up ¥1,615 million from the end of the previous fiscal year.

Major increases were ¥2,377 million in long-term borrowings, while the major decrease was ¥1,389 million in retirement benefit liability.

(Net assets)

Net assets amounted to ¥47,909 million, up ¥2,211 million from the end of the previous fiscal year.

The major increase was ¥2,373 million in retained earnings.

As a result of the above, the capital adequacy ratio was 51.0%.

(3) Future Outlook

The Company revised the consolidated performance forecast in FY2022 (from Apr. 1, 2022 to Mar. 31, 2023) announced at May 10, 2022. As for the reason of the revision, please refer to “Notice Concerning Revision to Financial Forecast” announced at October 14, 2022.

The financial forecast above was prepared based on information available as of the day of this announcement. Actual results may differ from the forecast figures for various reasons.

2. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 3Q (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	5,755	7,028
Trade accounts receivable	11,265	14,007
Raw materials and supplies	283	283
Other	1,649	1,417
Allowance for doubtful accounts	(1)	(1)
Total current assets	18,952	22,735
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,438	22,335
Machinery, equipment and vehicles, net	5,754	5,193
Land	20,748	21,066
Leased assets, net	7,673	6,554
Construction in progress	930	3,662
Other, net	246	247
Total property, plant and equipment	58,792	59,060
Intangible assets	706	749
Investments and other assets		
Investment securities	4,194	4,158
Long-term loans receivable	124	112
Deferred tax assets	3,353	2,990
Other	2,452	2,596
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	10,107	9,841
Total non-current assets	69,606	69,651
Total assets	88,559	92,386

(Million yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 3Q (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Trade accounts payable	4,562	4,713
Current portion of long-term borrowings	2,738	2,803
Lease liabilities	1,753	1,541
Income taxes payable	1,002	156
Provision for bonuses	2,228	1,137
Provision for bonuses for directors (and other officers)	77	65
Other	4,133	6,814
Total current liabilities	16,497	17,233
Non-current liabilities		
Long-term borrowings	9,261	11,639
Lease liabilities	6,418	5,494
Deferred tax liabilities	218	211
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	7,289	5,899
Provision for share awards	89	112
Asset retirement obligations	2,157	2,097
Other	524	1,384
Total non-current liabilities	26,363	27,243
Total liabilities	42,861	44,476
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	35,985	38,359
Treasury shares	(1,466)	(1,757)
Total shareholders' equity	44,165	46,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	705	621
Revaluation reserve for land	35	35
Foreign currency translation adjustment	(11)	191
Remeasurements of defined benefit plans	43	11
Total accumulated other comprehensive income	773	860
Non-controlling interests	758	800
Total net assets	45,697	47,909
Total liabilities and net assets	88,559	92,386

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

For nine months

(Million yen)

	FY2021 3Q (Apr. 1, 2021 to Dec. 31, 2021)	FY2022 3Q (Apr. 1, 2022 to Dec. 31, 2022)
Operating revenue	84,447	86,248
Operating costs	77,082	79,114
Operating gross profit	7,365	7,134
Selling, general and administrative expenses	2,970	3,073
Operating profit	4,394	4,060
Non-operating income		
Interest income	14	14
Dividend income	54	60
Rental income	47	47
Share of profit of entities accounted for using equity method	72	67
Foreign exchange gains	174	295
Subsidy income	3	6
Other	197	148
Total non-operating income	564	639
Non-operating expenses		
Interest expenses	179	183
Other	13	24
Total non-operating expenses	192	208
Ordinary profit	4,766	4,491
Extraordinary income		
Gain on sales of non-current assets	38	18
Total extraordinary income	38	18
Extraordinary losses		
Loss on sale and retirement of non-current assets	60	8
Impairment loss	-	102
Loss on sales of investment securities	0	-
Total extraordinary losses	60	110
Profit before income taxes	4,744	4,399
Income taxes - current	1,170	888
Income taxes - deferred	323	406
Total income taxes	1,493	1,295
Profit	3,250	3,103
Profit attributable to non-controlling interests	38	37
Profit attributable to owners of parent	3,212	3,066

Consolidated statement of comprehensive income

(Million yen)

	FY2021 3Q (Apr. 1, 2021 to Dec. 31, 2021)	FY2022 3Q (Apr. 1, 2022 to Dec. 31, 2022)
Profit	3,250	3,103
Other comprehensive income		
Valuation difference on available-for-sale securities	(28)	(82)
Foreign currency translation adjustment	48	209
Remeasurements of defined benefit plans, net of tax	3	(33)
Share of other comprehensive income of entities accounted for using equity method	7	0
Total other comprehensive income	31	93
Comprehensive income	3,282	3,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,241	3,153
Comprehensive income attributable to non-controlling interests	40	44