

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

November 9, 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. (TEL) +81(0)3 5291 8100
Scheduled date for filing of quarterly securities report	: November 10, 2023
Scheduled date for commencement of dividend payment	: December 4, 2023
Supplementary documents for financial results	: Yes
Results briefing	: Yes

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

1. Consolidated Operating Results for the second quarter of FY2023 (April 1, 2023 to September 30, 2023)

(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 three months ended September 30, 2023	58,387	2.1	2,939	11.7	3,127	5.8	2,114	6.5
September 30, 2022	57,161	1.6	2,630	(13.2)	2,956	(10.8)	1,984	(10.2)

(Note) Comprehensive income For the six months ended September 30, 2023 ¥2,649 million (29.1%)
For the six months ended September 30, 2022 ¥2,052 million (-16.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended September 30, 2023	86.32	—
September 30, 2022	80.28	—

(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 September 30, 2023	100,344	49,947	48.9	2,004.97
March 31, 2023	91,351	47,647	51.3	1,912.73

(Reference) Equity capital As of September 30, 2023: ¥49,104 million As of March 31, 2023: ¥46,845 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 2022	—	14.00	—	14.00	28.00
FY 2023	—	17.00	—	—	—
FY2023 (Forecast)	—	—	—	17.00	34.00

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

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
Full year	117,000	3.2	4,300	(2.3)	4,600	(6.8)	3,000	(1.9)	121.93

(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 September 30, 2023	25,690,766 shares	As of March 31, 2023	25,690,766 shares
b Number of treasury shares at the end of the period	As of September 30, 2023	1,199,500 shares	As of March 31, 2023	1,199,436 shares
c Average number of shares during the period	For six months ended September 30, 2023	24,491,300 shares	For six months ended September 30, 2022	24,722,931 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 September 30, 2023: 113,800 shares; as of March 31, 2023: 113,800 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 September 30, 2023: 113,800 shares; As of September 30, 2022: 117,274 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

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

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

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

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

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

As a result of the above, operating revenue was ¥58,387 million (up 2.1% year-on-year), operating profit was ¥2,939 million (up 11.7% year-on-year), and ordinary profit was ¥3,127 million (up 5.8% year-on-year). Profit attributable to owners of parent was ¥2,114 million (up 6.5% year-on-year).

The following describes performance by segment.

a TC Business (Transfer Center Business)

While the handling volume of chilled foods for convenience stores remained sluggish, the Group secured revenue by negotiating price revision in accordance with an increase in costs, starting new businesses and expanding e-commerce related logistics business. As a result, operating revenue amounted ¥37,496 million (up 1.9% year-on-year).

As for Segment profit, operating costs decreased mainly because replacements of operating vehicles were delayed due to the supply system issues of vehicle manufacturers, while labor costs increased by promoting part-time/temporary employees to full-time/permanent status and improved treatment for securing adequate human resources, and fuel costs increased due to high crude oil prices. In addition, promoting to expanding profitable businesses, including new business, contributed to the increase in profits. As a result, segment profit amounted ¥2,391million (up 11.3% year-on-year)

b DC Business (Distribution Center Business)

While the slow recovery in the handling volume of household frozen foods and the reorganization of logistical networks by certain customers brought negative impact on revenue to some extent, the handling volume those for business-use recovered. Besides, the Group also secured revenue by negotiating price revision in accordance with an increase in costs and expanding the handling volume in new facilities which started operation in FY2022. As a result, operating revenue amounted ¥19,916 million (up 2.4% year-on-year).

Segment profit was ¥2,572million (up 1.5% year-on-year), mainly due to reduced power costs resulting from a change of electricity contracts, while labor costs increased for securing adequate human resources.

c Other

Other business segment includes the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Its operating revenue was ¥974 million (up 7.9% year-on-year) and segment profit was ¥105 million (up 23.4% year-on-year).

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

(Assets)

Assets amounted to ¥100,344 million, up ¥8,992 million from the end of the previous fiscal year.

The major increase was ¥5,361 million in cash and deposits, ¥2,107 million in trade accounts receivable, and ¥2,078 million in construction in progress.

(Liabilities)

Liabilities amounted to ¥50,396 million, up ¥6,692 million from the end of the previous fiscal year.

Major increases were ¥382 million in income taxes payable and ¥5,372 million in long-term borrowings.

(Net assets)

Net assets amounted to ¥49,947 million, up ¥2,300 million from the end of the previous fiscal year.

The major increases were ¥1,769 million in retained earnings and ¥360 million in valuation difference on available-for-sale securities.

As a result of the above, the capital adequacy ratio was 48.9%.

(3) Future Outlook

The Company revised the consolidated performance forecast in FY2023 (from Apr. 1, 2023 to Mar. 31, 2024) announced at May 9, 2023. As for the reason of the revision, please refer to “Notice Concerning Revision to Financial Forecast and Dividend Forecast” announced at October 13, 2023.

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)

	FY2022 (As of Mar. 31, 2023)	FY2023 2Q (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	8,168	13,530
Operating accounts receivable	11,477	13,584
Raw materials and supplies	280	284
Other	1,264	1,343
Allowance for doubtful accounts	(1)	(1)
Total current assets	21,188	28,741
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,923	23,189
Machinery, equipment and vehicles, net	5,184	4,868
Land	21,052	21,043
Leased assets, net	6,658	6,640
Construction in progress	2,588	4,667
Other, net	246	255
Total property, plant and equipment	59,654	60,663
Intangible assets	704	797
Investments and other assets		
Investment securities	3,880	4,452
Long-term loans receivable	114	114
Deferred tax assets	3,243	3,101
Other	2,580	2,487
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	9,803	10,140
Total non-current assets	70,162	71,602
Total assets	91,351	100,344

(Million yen)

	FY2022 (As of Mar. 31, 2023)	FY2023 2Q (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	4,535	4,642
Short-term borrowings	-	157
Current portion of long-term borrowings	2,501	2,585
Lease liabilities	1,647	1,583
Income taxes payable	725	1,108
Provision for bonuses	2,234	2,398
Provision for bonuses for directors (and other officers)	59	69
Other	5,289	5,898
Total current liabilities	16,994	18,443
Non-current liabilities		
Long-term borrowings	11,164	16,536
Lease liabilities	5,494	5,600
Deferred tax liabilities	209	205
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	5,873	6,048
Provision for share awards	111	139
Asset retirement obligations	2,101	2,110
Other	1,348	906
Total non-current liabilities	26,709	31,952
Total liabilities	43,703	50,396
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	38,350	40,120
Treasury shares	(1,757)	(1,757)
Total shareholders' equity	46,239	48,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	446	806
Revaluation reserve for land	35	35
Foreign currency translation adjustment	77	211
Remeasurements of defined benefit plans	45	41
Total accumulated other comprehensive income	605	1,095
Non-controlling interests	802	843
Total net assets	47,647	49,947
Total liabilities and net assets	91,351	100,344

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

Consolidated statement of income

(Million yen)

	FY2022 (Apr. 1, 2022 to Sep. 30, 2022)	FY2023 (Apr. 1, 2023 to Sep. 30, 2023)
Operating revenue	57,161	58,387
Operating costs	52,471	53,379
Operating gross profit	4,689	5,007
Selling, general and administrative expenses	2,059	2,068
Operating profit	2,630	2,939
Non-operating income		
Interest income	10	8
Dividend income	46	48
Rental income	31	39
Share of profit of entities accounted for using equity method	50	47
Foreign exchange gains	238	127
Subsidy income	6	10
Other	87	75
Total non-operating income	470	357
Non-operating expenses		
Interest expenses	122	136
Commission for syndicate loan	-	28
Other	21	5
Total non-operating expenses	144	169
Ordinary profit	2,956	3,127
Extraordinary income		
Gain on sales of non-current assets	2	39
Total extraordinary income	2	39
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	0
Impairment loss	89	-
Total extraordinary losses	97	0
Profit before income taxes	2,862	3,166
Income taxes - current	827	1,027
Income taxes - deferred	26	(13)
Total income taxes	854	1,013
Profit	2,007	2,153
Profit attributable to non-controlling interests	22	39
Profit attributable to owners of parent	1,984	2,114

Consolidated statement of comprehensive income

(Million yen)

	FY2022 (Apr. 1, 2022 to Sep. 30, 2022)	FY2023 (Apr. 1, 2023 to Sep. 30, 2023)
Profit	2,007	2,153
Other comprehensive income		
Valuation difference on available-for-sale securities	(93)	361
Foreign currency translation adjustment	169	140
Remeasurements of defined benefit plans, net of tax	(32)	(6)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	44	496
Comprehensive income	2,052	2,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,024	2,603
Comprehensive income attributable to non-controlling interests	28	46

(3) Consolidated Statement of Cash Flows

(Million yen)

	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)	FY2023 2Q (Apr. 1, 2023 to Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,862	3,166
Depreciation and amortization	2,659	2,567
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(37)	164
Increase (decrease) in retirement benefit liability	(1,568)	166
Increase (decrease) in provision for bonuses for directors (and other officers)	(34)	10
Increase (decrease) in provision for share awards	20	27
Interest and dividend income	(56)	(57)
Interest expenses	122	136
Impairment loss	89	-
Share of loss (profit) of entities accounted for using equity method	(50)	(47)
Commission for syndicate loan	-	28
Foreign exchange losses (gains)	(238)	(127)
Loss (gain) on sales and retirement of non-current assets	5	(39)
Decrease (increase) in notes and accounts receivable - trade	(388)	(2,096)
Decrease (increase) in inventories	4	(4)
Increase (decrease) in notes and accounts payable - trade	(108)	106
Increase (decrease) in accounts payable - other	1,315	(833)
Increase (decrease) in accrued consumption taxes	519	(168)
Other	468	1,015
Subtotal	5,584	4,014
Interest and dividends received	55	53
Interest paid	(123)	(137)
Payment of Commission for syndicate loan	-	(29)
Income taxes paid	(942)	(645)
Cash flows from operating activities	4,574	3,256
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,440)	(2,560)
Proceeds from sales of property, plant and equipment	7	62
Purchase of intangible assets	(21)	(31)
Payments for asset retirement obligations	(48)	-
Purchase of investment securities	(7)	(4)
Proceeds from sale of investment securities	0	-
Loan advances	(12)	(19)
Proceeds from collection of loans receivable	15	16
Other payments	(198)	(42)
Other proceeds	37	147
Cash flows from investing activities	(3,669)	(2,432)

	(Million yen)	
	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)	FY2023 2Q (Apr. 1, 2023 to Sep. 30, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	146
Proceeds from long-term borrowings	4,900	7,000
Repayments of long-term borrowings	(1,638)	(1,543)
Repayments of lease liabilities	(795)	(754)
Purchase of treasury shares	(300)	(0)
Dividends paid	(347)	(344)
Dividends paid to non-controlling interests	(2)	(2)
Cash flows from financing activities	1,815	4,501
Effect of exchange rate change on cash and cash equivalents	86	36
Net increase (decrease) in cash and cash equivalents	2,807	5,361
Cash and cash equivalents at beginning of period	5,755	8,168
Cash and cash equivalents at end of period	8,562	13,530