

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

February 9, 2024

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	: February 13, 2024
Scheduled date for commencement of dividend payment	: -
Supplementary documents for financial results	: Yes
Results briefing	: None

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

1. Consolidated Operating Results for the third quarter of FY2023 (April 1, 2023 to December 31, 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 nine months ended December 31, 2023	88,275	2.3	4,676	15.2	4,969	10.6	3,338	8.9
December 31, 2022	86,248	2.1	4,060	(7.6)	4,491	(5.8)	3,066	(4.6)

(Note) Comprehensive income For the nine months ended December 31, 2023 ¥3,920 million (22.6%)
For the nine months ended December 31, 2022 ¥3,197 million (-2.6%)

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
For the nine months ended December 31, 2023	138.55	—	—	—
December 31, 2022	124.41	—	—	—

(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, 2023	96,564	47,057	47.8	2,112.14
March 31, 2023	91,351	47,647	51.3	1,912.73

(Reference) Equity capital As of December 31, 2023: ¥46,194 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 December 31, 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 December 31, 2023	3,922,872 shares	As of March 31, 2023	1,199,436 shares
c Average number of shares during the period	For nine months ended December 31, 2023	24,092,838 shares	For nine months ended December 31, 2022	24,645,467 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, 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 December 31, 2023: 113,800 shares; As of December 31, 2022: 116,112 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 household chilled and frozen foods showed slow growth as consumers have been cutting down on their spending and selecting purchases more rigidly. However, the handling volume of commercial products has been recovering by the revitalization in the flow of people.

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

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

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

As a result of the above, operating revenue was ¥88,275 million (up 2.3% year-on-year), operating profit was ¥4,676 million (up 15.2% year-on-year), and ordinary profit was ¥4,969 million (up 10.6% year-on-year). Profit attributable to owners of parent was ¥3,338 million (up 8.9% 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 ¥56,401 million (up 2.3% 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 ¥3,597million (up 14.8% year-on-year)

b DC Business (Distribution Center Business)

While the slow recovery in the shipping volume of household frozen foods and the reorganization of logistical networks by certain customers brought negative impact on revenue to some extent, the handling volume those for business-use recovered. Besides, the Group also secured revenue by negotiating price revision in accordance with an increase in costs and expanding the handling volume in new facilities which started operation in FY2022. As a result, operating revenue amounted ¥30,406 million (up 2.2% year-on-year).

Segment profit was ¥4,018million (up 0.7% 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 ¥1,467 million (up 8.7% year-on-year) and segment profit was ¥157 million (up 26.4% year-on-year).

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

(Assets)

Assets amounted to ¥96,564 million, up ¥5,213 million from the end of the previous fiscal year.

The major increases were ¥2,724 million in operating accounts receivable and ¥3,518 million in construction in progress, while major decrease was ¥1,206 million in buildings and structures, net.

(Liabilities)

Liabilities amounted to ¥49,507 million, up ¥5,803 million from the end of the previous fiscal year.

Major increases were ¥326 million in operating accounts payable, ¥324 million in short-term borrowings and ¥4,661 million in long-term borrowings.

(Net assets)

Net assets amounted to ¥47,057 million, down ¥590 million from the end of the previous fiscal year.

The major increases were ¥2,575 million in retained earnings and ¥390 million in valuation difference on available-for-sale securities, while major decrease was ¥3,742 million in treasury shares.

As a result of the above, the capital adequacy ratio was 47.8%.

(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 3Q (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	8,168	8,704
Operating accounts receivable	11,477	14,201
Raw materials and supplies	280	286
Other	1,264	1,365
Allowance for doubtful accounts	(1)	(1)
Total current assets	21,188	24,556
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,923	22,716
Machinery, equipment and vehicles, net	5,184	4,676
Land	21,052	21,043
Leased assets, net	6,658	6,670
Construction in progress	2,588	6,106
Other, net	246	250
Total property, plant and equipment	59,654	61,464
Intangible assets	704	796
Investments and other assets		
Investment securities	3,880	4,526
Long-term loans receivable	114	116
Deferred tax assets	3,243	2,655
Other	2,580	2,463
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	9,803	9,747
Total non-current assets	70,162	72,007
Total assets	91,351	96,564

(Million yen)

	FY2022 (As of Mar. 31, 2023)	FY2023 2Q (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	4,535	4,861
Short-term borrowings	-	324
Current portion of long-term borrowings	2,501	2,730
Lease liabilities	1,647	1,605
Income taxes payable	725	531
Provision for bonuses	2,234	1,152
Provision for bonuses for directors (and other officers)	59	103
Other	5,289	6,799
Total current liabilities	16,994	18,109
Non-current liabilities		
Long-term borrowings	11,164	15,825
Lease liabilities	5,494	5,608
Deferred tax liabilities	209	204
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	5,873	6,193
Provision for share awards	111	151
Asset retirement obligations	2,101	2,114
Other	1,348	895
Total non-current liabilities	26,709	31,397
Total liabilities	43,703	49,507
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	38,350	40,925
Treasury shares	(1,757)	(5,500)
Total shareholders' equity	46,239	45,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	446	837
Revaluation reserve for land	35	35
Foreign currency translation adjustment	77	210
Remeasurements of defined benefit plans	45	38
Total accumulated other comprehensive income	605	1,122
Non-controlling interests	802	862
Total net assets	47,647	47,057
Total liabilities and net assets	91,351	96,564

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

Consolidated statement of income

(Million yen)

	FY2022 (Apr. 1, 2022 to Dec. 31, 2022)	FY2023 (Apr. 1, 2023 to Dec. 31, 2023)
Operating revenue	86,248	88,275
Operating costs	79,114	80,590
Operating gross profit	7,134	7,684
Selling, general and administrative expenses	3,073	3,008
Operating profit	4,060	4,676
Non-operating income		
Interest income	14	14
Dividend income	60	71
Rental income	47	59
Share of profit of entities accounted for using equity method	67	69
Foreign exchange gains	295	121
Subsidy income	6	10
Other	148	203
Total non-operating income	639	550
Non-operating expenses		
Interest expenses	183	216
Commission for syndicate loan	-	28
Other	24	13
Total non-operating expenses	208	257
Ordinary profit	4,491	4,969
Extraordinary income		
Gain on sales of non-current assets	18	49
Total extraordinary income	18	49
Extraordinary losses		
Loss on sale and retirement of non-current assets	8	0
Impairment loss	102	-
Total extraordinary losses	110	0
Profit before income taxes	4,399	5,017
Income taxes - current	888	1,204
Income taxes - deferred	406	417
Total income taxes	1,295	1,621
Profit	3,103	3,396
Profit attributable to non-controlling interests	37	58
Profit attributable to owners of parent	3,066	3,338

Consolidated statement of comprehensive income

(Million yen)

	FY2022 (Apr. 1, 2022 to Dec. 31, 2022)	FY2023 (Apr. 1, 2023 to Dec. 31, 2023)
Profit	3,103	3,396
Other comprehensive income		
Valuation difference on available-for-sale securities	(82)	394
Foreign currency translation adjustment	209	139
Remeasurements of defined benefit plans, net of tax	(33)	(9)
Share of other comprehensive income of entities accounted for using equity method	0	(1)
Total other comprehensive income	93	523
Comprehensive income	3,197	3,920
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,153	3,854
Comprehensive income attributable to non-controlling interests	44	65