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

November 9, 2022

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 : November 10, 2022
Scheduled date for commencement of dividend payment : December 2, 2022
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 the second quarter of FY2022 (April 1, 2022 to September 30, 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 six months ended September 30, 2022	57,161	1.6	2,630	(13.2)	2,956	(10.8)	1,984	(10.2)
September 30, 2021	56,284	0.0	3,030	(7.9)	3,316	(3.5)	2,210	(3.8)

(Note) Comprehensive income For the six months ended September 30, 2022 ¥2,052 million (-16.0%)
For the six months ended September 30, 2021 ¥2,445 million (-7.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended September 30, 2022	80.28	—
September 30, 2021	88.29	—

(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, 2022	92,013	47,109	50.3	1,891.49
March 31, 2022	88,559	45,697	50.7	1,816.72

(Reference) Equity capital As of September 30, 2022: ¥46,325 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	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 September 30, 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 September 30, 2022	1,199,372 shares	As of March 31, 2022	954,284 shares
c Average number of shares during the period	For the six months ended September 30, 2022	24,722,931 shares	For the six months ended September 30, 2021	25,034,933 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, 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 September 30, 2022: 117,274 shares; As of September 30, 2021: 120,329 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 even though the impact of COVID-19 pandemic continues. On the other hand, outlooks remain uncertain due to the increase in import prices with the depreciation of the Japanese yen as well as rising energy costs and raw material prices mainly caused by the situation in Ukraine.

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 demand from inbound tourism is still sluggish.

Amid these rapid changes in demand for food products, 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 implement effective measures to sustain the food lifelines and realize the prosperous society. As a measure for expansion of operating revenue, the Company actively promotes to embark on E-commerce logistics, a growing business area. The Company also aims to further expand pharmaceutical business by building 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 ¥57,161 million (up 1.6% year-on-year), operating profit was ¥2,630 million (down 13.2% year-on-year), and ordinary profit was ¥2,956 million (down 10.8% year-on-year). Profit attributable to owners of parent was ¥1,984 million (down 10.2% 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, those for convenience stores in CBD, which had been decreased because of the spread of telework and change in buying behavior, has been recovered gradually. Besides, the Company acquires new businesses and customers by starting operation of new facilities. As a result, operating revenue amounted ¥36,808 million (up 1.0% year-on-year).

Segment profit was ¥2,149 million (down 5.1% year-on-year) due to increasing fuel costs resulting from higher crude oil prices and increasing fixed costs such as depreciation of new facilities, despite that the Company continues to promote more efficient delivery using in-house vehicles.

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 an 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 ¥19,449 million (up 2.5% year-on-year).

Segment profit was ¥2,533 million (down 7.9% year-on-year), mainly due to increasing power and fuel costs resulting from higher crude oil prices and increasing fixed costs such as depreciation from starting operation of new facilities, despite that the Company reduced outsourcing costs by decreasing re-stocking inventory.

c Other

Other business segment includes the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Its operating revenue was ¥903 million (up 2.9% year-on-year) and segment profit was ¥85 million (down 0.6% year-on-year).

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

(Assets)

Assets amounted to ¥92,013 million, up ¥3,454 million from the end of the previous fiscal year.

The major increase was ¥2,807 million in cash and deposits and ¥2,413 million in construction in progress, while the major decrease was ¥715 million in buildings and structures, net and ¥826 million in leased assets, net.

(Liabilities)

Liabilities amounted to ¥44,904 million, up ¥2,043 million from the end of the previous fiscal year.

Major increases were ¥2,902 million in long-term borrowings, while the major decrease was ¥1,522 million in retirement benefit liability.

(Net assets)

Net assets amounted to ¥47,109 million, up ¥1,411 million from the end of the previous fiscal year.

The major increase was ¥1,636 million in retained earnings.

As a result of the above, the capital adequacy ratio was 50.3%.

(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 2Q (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	5,755	8,562
Trade accounts receivable	11,265	11,669
Raw materials and supplies	283	278
Other	1,649	1,296
Allowance for doubtful accounts	(1)	(1)
Total current assets	18,952	21,805
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,438	22,722
Machinery, equipment and vehicles, net	5,754	5,221
Land	20,748	20,889
Leased assets, net	7,673	6,847
Construction in progress	930	3,343
Other, net	246	262
Total property, plant and equipment	58,792	59,287
Intangible assets	706	733
Investments and other assets		
Investment securities	4,194	4,120
Long-term loans receivable	124	117
Deferred tax assets	3,353	3,348
Other	2,452	2,617
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	10,107	10,187
Total non-current assets	69,606	70,208
Total assets	88,559	92,013

(Million yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 2Q (As of Sep. 30, 2022)
Liabilities		
Current liabilities		
Trade accounts payable	4,562	4,454
Current portion of long-term borrowings	2,738	3,098
Lease liabilities	1,753	1,588
Income taxes payable	1,002	890
Provision for bonuses	2,228	2,190
Provision for bonuses for directors (and other officers)	77	43
Other	4,133	4,718
Total current liabilities	16,497	16,985
Non-current liabilities		
Long-term borrowings	9,261	12,164
Lease liabilities	6,418	5,765
Deferred tax liabilities	218	185
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	7,289	5,767
Provision for share awards	89	101
Asset retirement obligations	2,157	2,123
Other	524	1,407
Total non-current liabilities	26,363	27,918
Total liabilities	42,861	44,904
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	35,985	37,622
Treasury shares	(1,466)	(1,757)
Total shareholders' equity	44,165	45,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	705	612
Revaluation reserve for land	35	35
Foreign currency translation adjustment	(11)	153
Remeasurements of defined benefit plans	43	12
Total accumulated other comprehensive income	773	813
Non-controlling interests	758	784
Total net assets	45,697	47,109
Total liabilities and net assets	88,559	92,013

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

For six months

(Million yen)

	FY2021 2Q (Apr. 1, 2021 to Sep. 30, 2021)	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)
Operating revenue	56,284	57,161
Operating costs	51,254	52,471
Operating gross profit	5,029	4,689
Selling, general and administrative expenses	1,999	2,059
Operating profit	3,030	2,630
Non-operating income		
Interest income	9	10
Dividend income	41	46
Rental income	31	31
Share of profit of entities accounted for using equity method	62	50
Foreign exchange gains	126	238
Subsidy income	3	6
Other	140	87
Total non-operating income	415	470
Non-operating expenses		
Interest expenses	119	122
Other	10	21
Total non-operating expenses	129	144
Ordinary profit	3,316	2,956
Extraordinary income		
Gain on sales of non-current assets	25	2
Total extraordinary income	25	2
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	7
Impairment loss	-	89
Loss on sales of investment securities	0	-
Total extraordinary losses	23	97
Profit before income taxes	3,317	2,862
Income taxes - current	1,191	827
Income taxes - deferred	(110)	26
Total income taxes	1,080	854
Profit	2,237	2,007
Profit attributable to non-controlling interests	26	22
Profit attributable to owners of parent	2,210	1,984

Consolidated statement of comprehensive income

(Million yen)

	FY2021 2Q (Apr. 1, 2021 to Sep. 30, 2021)	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)
Profit	2,237	2,007
Other comprehensive income		
Valuation difference on available-for-sale securities	158	(93)
Foreign currency translation adjustment	39	169
Remeasurements of defined benefit plans, net of tax	2	(32)
Share of other comprehensive income of entities accounted for using equity method	7	1
Total other comprehensive income	207	44
Comprehensive income	2,445	2,052
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,416	2,024
Comprehensive income attributable to non-controlling interests	28	28

(3) Consolidated Statement of Cash Flows

(Million yen)

	FY2021 2Q (Apr. 1, 2021 to Sep. 30, 2021)	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,317	2,862
Depreciation and amortization	2,726	2,659
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	98	(37)
Increase (decrease) in retirement benefit liability	122	(1,568)
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(34)
Increase (decrease) in provision for share awards	20	20
Interest and dividend income	(51)	(56)
Interest expenses	119	122
Impairment loss	-	89
Share of loss (profit) of entities accounted for using equity method	(62)	(50)
Foreign exchange losses (gains)	(126)	(238)
Loss (gain) on sales and retirement of non-current assets	(1)	5
Loss (gain) on sales of investment securities	0	-
Decrease (increase) in trade receivables	(334)	(388)
Decrease (increase) in inventories	(5)	4
Increase (decrease) in trade payables	22	(108)
Increase (decrease) in accounts payable	(174)	1,315
Increase (decrease) in accrued consumption taxes	(521)	519
Other	402	468
Subtotal	5,532	5,584
Interest and dividends received	48	55
Interest paid	(119)	(123)
Income taxes paid	(1,235)	(942)
Cash flows from operating activities	4,225	4,574
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,540)	(3,440)
Proceeds from sales of property, plant and equipment	128	7
Purchase of intangible assets	(126)	(21)
Payments for asset retirement obligations	-	(48)
Purchase of investment securities	(7)	(7)
Proceeds from sale of investment securities	3	0
Loan advances	(9)	(12)
Proceeds from collection of loans receivable	13	15
Other payments	(33)	(198)
Other proceeds	28	37
Cash flows from investing activities	(4,542)	(3,669)

	(Million yen)	
	FY2021 2Q (Apr. 1, 2021 to Sep. 30, 2021)	FY2022 2Q (Apr. 1, 2022 to Sep. 30, 2022)
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	(1,455)	(1,638)
Repayments of lease liabilities	(833)	(795)
Purchase of treasury shares	(0)	(300)
Dividends paid	(276)	(347)
Dividends paid to non-controlling interests	(2)	(2)
Cash flows from financing activities	832	1,815
Effect of exchange rate change on cash and cash equivalents	43	86
Net increase (decrease) in cash and cash equivalents	558	2,807
Cash and cash equivalents at beginning of period	7,403	5,755
Cash and cash equivalents at end of period	7,962	8,562