Financial/Non-Financial Information

Key Management Indicators : MD&A
(Management’s Discussion and Analysis of Financial Position, Financial Results, and Cash Flows)

Financial Position
Total assets as of March 31, 2023 amounted to ¥912,109 million, an increase of ¥120,231 million compared with the end of the previous fiscal year. Current assets decreased by ¥5,788 million mainly due to a decrease of ¥11,151 million in cash and cash equivalents despite an increase of ¥4,008 million in other financial assets resulting from payments into Turkish lira-denominated time deposits by our consolidated subsidiary Mars Lojistik Grup Anonim Sirketi. Non-current assets increased by ¥126,019 million mainly due to increases of ¥97,259 million in long-term loans receivable resulting mainly from loans made to the parent company and ¥14,866 million in property, plant and equipment associated with capital investment in land for the construction of a multi-purpose logistics center in Tamil Nadu, India, and renewal of vehicles.

Total liabilities as of March 31, 2023 amounted to ¥792,065 million, an increase of ¥178,400 million compared with the end of the previous fiscal year. Current liabilities increased by ¥48,980 million mainly due to an increase of ¥95,251 million in deposits received due to withholding income taxes associated with acquisition of treasury stock from Hitachi, Ltd. (“Hitachi”). Non-current liabilities increased by ¥129,420 million mainly due to an increase of ¥127,714 million in long-term debt resulting from borrowing of new term loans and early repayment of all outstanding term loans.

Total equity as of March 31, 2023 amounted to ¥212,849 million, a decrease of ¥81,725 million compared with the end of the previous fiscal year. Equity decreased by ¥48,889 million mainly due to decreases in capital reserves associated with capital reduction despite an increase of ¥36,936 million in additional paid-in capital.

Operating Results
Revenues, adjusted operating income
Revenues increased by 10% year-on-year to ¥814,310 million mainly due to contributions from the freight forwarding business of global logistics business, operation of new projects, and the effect of foreign exchange rate fluctuations. Adjusted operating income increased by 18% year-on-year to ¥45,840 million mainly due to an increase in revenues, improved profitability, and the effect of foreign exchange rate fluctuations. Operating income increased by 44% year-on-year to ¥44,136 million mainly due to increases in adjusted operating income and gain on sale of property, plant and equipment despite a loss related to the fire at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd., and equipment despite a loss related to the fire at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd.

Earnings before interest and taxes (EBIT)
Earnings before interest and taxes (EBIT) amounted to ¥16,493 million in common stock mainly due to capital reduction despite an increase of ¥221,169 million in treasury stock as a result of acquisition of treasury stock from Hitachi and a decrease of ¥30,017 million.

Operating income
Operating income increased by 18% year-on-year to ¥45,840 million mainly due to an increase in revenues, improved profitability, and the effect of foreign exchange rate fluctuations. Operating income increased by 44% year-on-year to ¥44,136 million mainly due to increases in adjusted operating income and gain on sale of property, plant and equipment despite a loss related to the fire at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd., and equipment despite a loss related to the fire at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd.

Income before income taxes
Income before income taxes increased by 89% year-on-year to ¥25,516 million mainly due to an increase in income before income taxes.

Net income attributable to stockholders of the parent company
Net income attributable to stockholders of the parent company increased by 89% year-on-year to ¥25,516 million mainly due to an increase in income before income taxes.

Cash Flows
Cash flows from operating activities
Net cash provided by operating activities was ¥122,063 million, an increase of ¥56,928 million compared with the fiscal year ended March 31, 2022. This is mainly due to increases in cash from depreciation and amortization of ¥56,686 million, deposits received of ¥45,223 million consisting mainly of withholding income taxes associated with acquisition of treasury stock from Hitachi, and recording of net income of ¥27,410 million despite a decrease in cash from income taxes paid of ¥13,928 million.

Cash flows from investing activities
Net cash used in investing activities was ¥117,310 million, an increase of ¥92,433 million compared with the fiscal year ended March 31, 2022. This is mainly due to decreases in cash from payments for loans made to the parent company of ¥97,200 million and purchase of property, plant and equipment consisting mainly of capital investment in land for the construction of a multi-purpose logistics center in Tamil Nadu, India and renewal of vehicles, and intangible assets of ¥26,374 million.

Cash flows from financing activities
Net cash used in financing activities was ¥17,266 million, a decrease of ¥35,245 million compared with the fiscal year ended March 31, 2022. This is mainly due to a decrease in cash from acquisition of treasury stock of ¥221,997 million despite an increase in cash through proceeds from long-term debt of ¥198,783 million.

Outline of Capital Expenditures
The Group, LOGISTEED and its consolidated subsidiaries carefully selected and executed investments to expand logistics sites and renewed vehicles as part of ordinary business operation. The details of capital expenditures (based on tangible and intangible assets accepted) for the fiscal year ended March 31, 2023 are as follows:

Domestic logistics, we acquired LAGTSO Kyoto Kiyomizu Logistics Center (Kyoei-ku, Kyoto Prefecture) as a right-of-use asset in an effort to expand logistics sites. We also renewed existing assets and made investments for streamlining and labor-saving. As a result, capital expenditures amounted to ¥37,566 million.

In global logistics, we acquired LOGITOO Kolkata Kurnool Logistics Center (Nabarangapuram, Nabadwip, Nadu, India) and renewal of vehicles, and intangible assets of ¥26,374 million.

Details of capital expenditures
(Fiscal year ended March 31, in ¥100 million yen)

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<th>Category</th>
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<td>Other</td>
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