

Summary of Consolidated Financial Results [IFRS] for the Third Quarter Ended December 31, 2023

1. Summary of Condensed Quarterly Consolidated Financial Statement

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2023	As of December 31, 2023
(Assets)		
Current assets		
Cash and cash equivalents	83,792	46,996
Trade receivables and contract assets	132,036	130,122
Inventories	1,329	1,565
Other financial assets	14,588	10,295
Other current assets	11,937	15,435
Total current assets	243,682	204,413
Non-current assets		
Investments accounted for using the equity method	7,319	7,091
Property, plant and equipment	183,476	213,998
Right-of-use assets	287,658	313,209
Goodwill	30,120	34,809
Intangible assets	20,795	23,612
Long-term loans receivable	97,276	112,648
Deferred tax assets	16,126	17,242
Other financial assets	17,880	19,138
Other non-current assets	7,777	7,307
Total non-current assets	668,427	749,054
Total assets	912,109	953,467

(Million yen)

	As of March 31, 2023	As of December 31, 2023
(Liabilities)		
Current liabilities		
Trade payables	52,188	49,633
Short-term debt	36	19,065
Current portion of long-term debt	830	5,332
Lease liabilities	35,095	37,680
Income tax payable	6,990	5,466
Deposits received	46,771	4,552
Other financial liabilities	40,089	31,901
Other current liabilities	40,122	34,305
Total current liabilities	222,121	187,934
Non-current liabilities		
Long-term debt	248,100	263,892
Lease liabilities	256,125	280,831
Retirement and severance benefits	35,964	34,669
Deferred tax liabilities	9,643	12,074
Other financial liabilities	11,590	32,338
Other non-current liabilities	8,522	9,198
Total non-current liabilities	569,944	633,002
Total liabilities	792,065	820,936
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	310	310
Capital surplus	147,257	140,710
Retained earnings	168,856	179,258
Accumulated other comprehensive income	16,271	24,106
Treasury stock, at cost	(221,990)	(221,985)
Total equity attributable to stockholders of the parent company	110,704	122,399
Non-controlling interests	9,340	10,132
Total equity	120,044	132,531
Total liabilities and equity	912,109	953,467

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

(Million yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Revenues	617,963	594,872
Cost of sales	(533,125)	(511,924)
Gross profit	84,838	82,948
Selling, general and administrative expenses	(47,889)	(49,495)
Adjusted operating income	36,949	33,453
Other income	2,680	2,028
Other expenses	(6,293)	(9,604)
Operating income	33,336	25,877
Financial income	650	92
Financial expenses	(42)	(1,870)
Share of profits of investments accounted for using the equity method	709	494
Earnings before interest and taxes	34,653	24,593
Interest income	562	3,214
Interest expenses	(4,453)	(8,406)
Income before income taxes	30,762	19,401
Income taxes	(9,192)	(8,459)
Net income	21,570	10,942
Attributable to:		
Stockholders of the parent company	20,030	9,992
Non-controlling interests	1,540	950

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Earnings per share attributable to stockholders of the parent company		
Basic	¥1,144,118,445.42	¥993,235,610.70
Diluted	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Net income	21,570	10,942
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	56	214
Remeasurements of defined benefit plans	255	—
Share of OCI of investments accounted for using the equity method	2	4
Total items not to be reclassified into net income	313	218
Items that can be reclassified into net income		
Foreign currency translation adjustments	2,735	7,943
Net changes in cash flow hedges	(12)	—
Share of OCI of investments accounted for using the equity method	130	74
Total items that can be reclassified into net income	2,853	8,017
Other comprehensive income	3,166	8,235
Comprehensive income	24,736	19,177
Attributable to:		
Stockholders of the parent company	22,952	17,652
Non-controlling interests	1,784	1,525

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	145,026	9,162	(821)	170,170	8,043	178,213
Changes in equity							
Net income		20,030			20,030	1,540	21,570
Other comprehensive income			2,922		2,922	244	3,166
Dividends		(2,348)			(2,348)	(230)	(2,578)
Transfer to retained earnings		(91)	91		—		—
Acquisition and sales of treasury stock		984		600	1,584		1,584
Share-based remuneration transactions		(21)		26	5		5
Changes in liabilities for written put options over non-controlling interests		(170)	(137)		(307)	(738)	(1,045)
Total changes in equity	—	18,384	2,876	626	21,886	816	22,702
Balance at end of period	16,803	163,410	12,038	(195)	192,056	8,859	200,915

(Million yen)

Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)								
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity	
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	310	147,257	168,856	16,271	(221,990)	110,704	9,340	120,044
Changes in equity								
Net income			9,992			9,992	950	10,942
Other comprehensive income				7,660		7,660	575	8,235
Dividends						—	(276)	(276)
Transfer to retained earnings			29	(29)		—		—
Increase by business combination						—	148	148
Acquisition and sales of treasury stock					5	5		5
Share-based remuneration transactions		40				40		40
Changes in liabilities for written put options over non-controlling interests		(6,587)	381	204		(6,002)	(605)	(6,607)
Total changes in equity	—	(6,547)	10,402	7,835	5	11,695	792	12,487
Balance at end of period	310	140,710	179,258	24,106	(221,985)	122,399	10,132	132,531

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Net income	21,570	10,942
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	41,807	45,771
Impairment losses	1	1,118
Income taxes	9,192	8,459
Share of profits of investments accounted for using the equity method	(709)	(494)
Loss by fire	4,633	15
Reversal of provision for loss by fire	—	(285)
Insurance proceeds	(947)	(183)
Gain on sale of property, plant and equipment	(286)	(393)
Interest and dividends income	(648)	(3,306)
Interest expenses	4,453	8,406
(Increase) decrease in trade receivables and contract assets	(3,285)	6,654
Increase in inventories	(245)	(179)
Decrease in trade payables	(7,492)	(4,236)
Increase (decrease) in deposits received	1,298	(42,358)
Decrease in retirement and severance benefits	(1,923)	(1,378)
Changes in other assets and liabilities	(4,245)	(2,162)
Other	315	986
Subtotal	63,489	27,377
Interest and dividends received	953	2,151
Interest paid	(4,269)	(7,012)
Fire-related payments	(3,364)	(1,696)
Insurance proceeds received	947	183
Income taxes paid	(12,903)	(11,533)
Net cash provided by operating activities	44,853	9,470

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(19,677)	(36,794)
Proceeds from sale of property, plant and equipment and intangible assets	870	1,125
Payments for loans to the parent company	—	(14,200)
Proceeds from acquisition of subsidiaries' shares	—	338
Purchase of investments in subsidiaries	(3,796)	(6,824)
(Increase) decrease in time deposits	(2,775)	1,939
Payments for acquisition of businesses	(107)	—
Other	18	(397)
Net cash used in investing activities	(25,467)	(54,813)
Cash flows from financing activities		
(Decrease) increase in short-term debt, net	(1,144)	19,028
Proceeds from long-term debt	—	19,499
Repayments of long-term debt	(20,084)	(1,045)
Repayments of lease liabilities	(26,431)	(28,977)
Dividends paid to stockholders of the parent company	(2,348)	—
Dividends paid to non-controlling interests	(230)	(276)
Acquisition of treasury stock	(8)	—
Other	(576)	(975)
Net cash (used in) provided by financing activities	(50,821)	7,254
Effect of exchange rate changes on cash and cash equivalents	683	1,293
Net decrease in cash and cash equivalents	(30,752)	(36,796)
Cash and cash equivalents at beginning of period	94,907	83,792
Cash and cash equivalents at end of period	64,155	46,996

(5) Summary of Notes to the Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Additional Information)

(Fire at our consolidated subsidiary)

On November 29, 2021, a fire broke out at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd., one of our consolidated subsidiaries, and was put out on December 4, 2021.

Provision for loss by fire as of December 31, 2023 was ¥9,369 million and included loss related to rental properties burned and the payments to customers and other affected parties that can be reasonably estimated. Changes in “Provision for loss by fire” and “Other payables” included in “Other current liabilities” and “Other non-current liabilities” during the nine months ended December 31, 2023 are shown in the table below.

(Million yen)

	Provision for loss by fire	Other payables
Balance at beginning of year (April 1, 2023)	11,221	120
Increase during the period	—	3
Decrease, etc. due to intended use	(1,463)	(221)
Decreased due to reversal	(285)	—
Reclassified to other payables	(104)	104
Balance at end of period (December 31, 2023)	9,369	6
Current liabilities	3,910	6
Non-current liabilities	5,459	—

In addition, during the nine months ended December 31, 2023, the Company recorded ¥15 million of various costs related to the fire as “Loss by fire” in other expenses. Also, as the work to dismantle and remove buildings burned was completed and the cost was fixed, the Company recorded ¥285 million of “Reversal of provision for loss by fire” in other income for the difference between the amount recorded in provision and the actual cost. Insurance payment related to the fire whose amount is fixed of ¥161 million was recorded as “Insurance proceeds” in other income, but the impact of the insurance payment still in processing on the Company’s consolidated financial statements in the future periods is not yet to be determined at this point.

The Company is now discussing the payments, etc. related to the fire with the relevant parties, and because some of the effects stated above were calculated based on the best estimate using the information available to us at this point, in the case where it becomes necessary to review the accounting estimates as the discussion progresses, it may have an impact on the Company’s consolidated financial statements in the future periods.

(Transfer of the Company’s business to its parent company through an absorption-type company split)

The Company, at the Board of Directors’ meeting held on November 15, 2023, resolved to transfer its entire business to LOGISTEED Group, Ltd., the Company’s wholly-owning parent company, through an absorption-type company split effective February 1, 2024 (scheduled), and the Company and LOGISTEED Group, Ltd. concluded an absorption-type company split agreement on the same day. Subsequently, the effective date of the absorption-type company split was changed to March 1, 2024 (scheduled) based on the resolution at the Board of Directors meeting dated December 27, 2023, and an amendment to the absorption-type company split agreement was concluded on the same day.

Overview of the absorption-type company split is as follows:

(1) Purpose of the absorption-type company split

The Group determined to carry out an absorption-type company split to transfer the entire business of the Company, with the Company as the splitting company and LOGISTEED Group, Ltd. as the successor company, in order to pursue future growth from a medium- to long-term perspective toward the realization of long-term management strategies as well as to ensure smooth operation of the Group's business.

(2) Method of the absorption-type company split

Absorption-type company split with the Company as the splitting company and LOGISTEED Group, Ltd. as the successor company.

(3) Effective date of the absorption-type company split

March 1, 2024 (scheduled)

(4) Details of the allotment related to the absorption-type company split

In the absorption-type company split, LOGISTEED Group, Ltd. will issue one share of its common stock to the Company. On the effective date of the absorption-type company split, the Company will pay dividend of surplus to its sole stockholder LOGISTEED Group, Ltd., with the dividend property to be all shares of common stock of LOGISTEED Group, Ltd. issued by the company for the absorption-type company split.

(5) Basis of calculating the details of the allotment related to the absorption-type company split

Since the absorption-type company split will be conducted between the Company and its wholly-owning parent company LOGISTEED Group, Ltd., the number of shares to be allotted was determined through discussions between the two companies.

(6) Financial results of the business to be split

Yet to be finalized at this time.

(7) Items and amounts of assets and liabilities to be split

Yet to be finalized at this time.

(Segment Information)

Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	317,764	289,895	607,659	10,304	617,963	—	617,963
Revenues from intersegment transactions or transfers	—	—	—	15,363	15,363	(15,363)	—
Total	317,764	289,895	607,659	25,667	633,326	(15,363)	617,963
Segment profit	17,890	17,826	35,716	1,233	36,949	—	36,949
Other income							2,680
Other expenses							(6,293)
Financial income							650
Financial expenses							(42)
Share of profits of investments accounted for using the equity method							709
Interest income							562
Interest expenses							(4,453)
Income before income taxes							30,762

Notes: 1. "Other services" includes information system development, sale and maintenance of motor vehicles which are excluded from the reportable segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	320,048	263,860	583,908	10,964	594,872	—	594,872
Revenues from intersegment transactions or transfers	—	—	—	17,796	17,796	(17,796)	—
Total	320,048	263,860	583,908	28,760	612,668	(17,796)	594,872
Segment profit	15,583	16,208	31,791	1,662	33,453	—	33,453
Other income							2,028
Other expenses							(9,604)
Financial income							92
Financial expenses							(1,870)
Share of profits of investments accounted for using the equity method							494
Interest income							3,214
Interest expenses							(8,406)
Income before income taxes							19,401

(Notes) 1. "Other services" includes information system development, sale and maintenance of motor vehicles which are excluded from the reportable segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

(Significant Subsequent Event)

On January 11, 2024, a fire broke out at a logistics center in Kanagawa Prefecture of LOGISTEED East Japan, Ltd., one of our consolidated subsidiaries, and was put out on the next day.

As the cause of the fire is still under investigation by the third-party agencies as of the release date of this report, it is difficult to reasonably estimate the amount of losses, etc. related to the fire at this time.