Key Management Indicators : MD&A

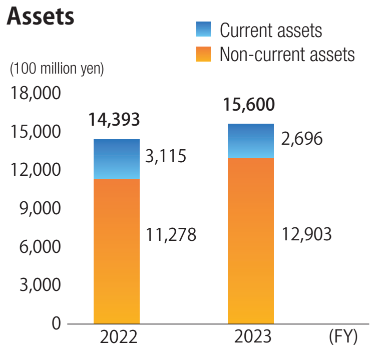
(Management's Discussion and Analysis of Financial Position, Financial Results, and Cash Flows)

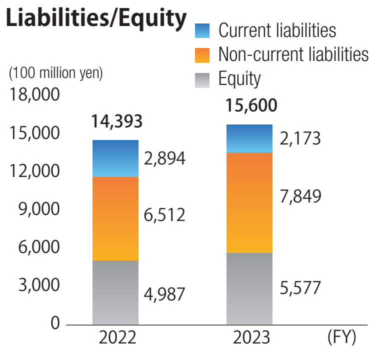
Financial Position

Total assets as of March 31, 2024 (FY2023) amounted to ¥1,559,976 million, an increase of ¥120,687 million compared with the end of the previous fiscal year (FY2022). Current assets decreased by ¥41,858 million mainly due to a decrease of ¥107,568 million in cash and cash equivalents despite an increase of ¥44,880 million in other financial assets. Non-current assets increased by ¥162,545 million mainly due to an increase of ¥154,232 million in right-of-use assets and ¥150,795 million in long-term loans receivable despite a decrease of ¥164,752 million in property, plant and equipment.

Total liabilities as of March 31, 2024 amounted to ¥1,002,276 million, an increase of ¥61,658 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥72,071 million mainly due to decreases of ¥68,593 million in other financial liabilities and ¥43,775 million in deposits received due to withholding income taxes associated with the acquisition of treasury stock from Hitachi, Ltd. (hereafter, "Hitachi"). Non-current liabilities increased by ¥133,729 million mainly due to an increase of ¥147,214 million in lease liabilities.

Total equity as of March 31, 2024 amounted to ¥557,700 million, an increase of ¥59,029 million compared with the end of the previous fiscal year, mainly due to increases of ¥58,700 million in retained earnings and ¥42,864 million in capital surplus despite a decrease of ¥57,730 million in non-controlling interests.





Operating Results

■ Revenues, adjusted operating income and operating income

Revenues decreased year-on-year*1 to ¥800,243 million mainly due to a decline in forwarding business revenues despite contributions from the operation of new projects and the effect of foreign exchange rate fluctuations. Adjusted operating income*2 decreased year-on-year to ¥38,903 million mainly due to an increase in costs, including one-off expenses associated with the impact of various measures, and a decline in forwarding business revenues. Operating income decreased year-on-year to ¥20,838 million mainly due to a decrease in the gain on sale of property, plant and equipment, and the recording of early retirement-related expenses associated with the implementation of the Second Career Support Program and expenses associated primarily with the Company's acquisition of shares in L-management, despite the decrease in loss by fire and a reversal of provision for loss by fire related to the fire at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd. one of our consolidated subsidiaries.

■ Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) decreased year-on-year to ¥19,117 million mainly due to a decrease in operating income.

■ Net income attributable to stockholders of the parent company

Net income attributable to stockholders of the parent company increased year-on-year to ¥58,251 million mainly due to drawing on deferred tax liabilities associated with asset liquidation.

(Unit:100 million yen)

	FY2022*1	FY2023
Revenues	8,143	8,002
Adjusted operating income*2	480	389
Operating income	441	208
Earnings before interest and taxes (EBIT)	453	191
Income before income taxes	400	88
Net income attributable to stockholders of the parent company	255	583

*1 The Company made L-management a consolidated subsidiary on December 6, 2022. However, we give L-management's consolidated figures for the previous fiscal year (FY2022). The purpose of doing so is to enable a comparison with the previous fiscal year in terms of the actual business conditions excluding the effects of making L-management a consolidated subsidiary.

*2 Starting with FY2023, the Company calculates the "Adjusted operating income" as follows: [Adjusted operating income] = [Operating income] - [Other income] + [Other expenses] + [Amortization of intangible assets identified in business combination] + [Share-based remuneration expense (excluding those related to performance-based stock remuneration plan)]. Figures for FY2022 reflect this change.

Cash Flows

■ Cash flows from operating activities

Net cash provided by operating activities was ¥14,600 million. This is mainly due to increases in cash from depreciation and amortization of ¥70,876 million and recording of net income of ¥59,991 million despite decreases in cash from income taxes paid of ¥51,194 million and deposits received of ¥43,775 million consisting mainly of withholding income taxes associated with acquisition of treasury stock from Hitachi.

■ Cash flows from investing activities

Net cash used in investing activities was ¥62,414 million. This is mainly due to decrease in cash from payments for loans made to the parent company of ¥150,800 million and purchase of subsidiaries' shares of ¥73,967 million despite an increase in cash from the sale of property, plant and equipment and intangible assets of ¥202,961 million.

■ Cash flows from financing activities

Net cash used in financing activities was ¥62,120 million. This is mainly due to decreases in cash from repayments of long-term debt of ¥73,019 million and repayments of lease liabilities of ¥39,976 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. In addition, we implemented the asset liquidation of domestic logistics centers. The details of capital expenditures (based on tangible and intangible assets accepted) for the fiscal year ended March 31, 2024 are as follows:

In domestic logistics, we acquired SOSiLA Kashiwa Logistics Center (Kashiwa-shi, Chiba 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. In addition to aforementioned capital expenditures, to transition to an asset-light business model and to improve capital efficiency, we transferred ¥77,558 million in buildings and structures, ¥43 million in machinery, equipment and vehicles, and ¥122,675 million in land to Industrial & Infrastructure Fund Investment Corporation entrusted with the operation of assets by KJR Management and a private placement fund formed for the purpose of this acquisition and acquired ¥129,725 million in right-of-use assets for the securitization of 34 domestic logistics centers owned by the Group. As a result, capital expenditures amounted to ¥198,982 million.

In global logistics, we acquired land for the construction of a multipurpose logistics center in Bangkok, Thailand as property, plant and equipment, and renewed existing assets such as vehicles. As a result, capital expenditures amounted to ¥33,108 million.

In other, we renewed existing assets such as vehicles for rental business. As a result, capital expenditures amounted to ¥5,982 million.

Details of capital expenditures

(Unit:100 million yen)

	FY2022*1	FY2023
Domestic logistics	376	1,990
Global logistics	300	331
Other	35	40
Company-wide	29	60
Total	741	2,421

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