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Summary of Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2025 [Japanese GAAP] (Consolidated)

August 8, 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,
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Scheduled date for filing of quarterly securities report : August 10, 2023
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 first quarter of FY2023 (April 1, 2023 to June 30, 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	
For the three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	29,800	3.6	1,517	6.7	1,579	7.3	767	(20.7)
June 30, 2023	28,771	2.2	1,421	18.6	1,471	8.3	967	13.2

(Note) Comprehensive income For the three months ended June 30, 2024 ¥888 million (-30.8%)
For the three months ended June 30, 2023 ¥1,284 million (50.9%)

	Earnings per share	Diluted earnings per share
For the three months ended	Yen	Yen
June 30, 2024	35.61	—
June 30, 2023	39.52	—

(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
As of	Million yen	Million yen	%	Yen
June 30, 2024	102,320	47,207	45.3	2,147.94
March 31,2024	105,506	46,801	43.5	2,130.53

(Reference) Equity capital As of June 30, 2024: ¥46,301 million As of March 2024: ¥45,928 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 2023	—	17.00	—	22.00	39.00
FY 2024	—				
FY2025 (Forecast)		0.00	—	0.00	—

(Note) Revisions to the dividend forecasts most recently announced: None

3. Forecast of Consolidated Operating Results for FY2024 (April 1, 2024 to March 31, 2025)

(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
First two quarters of FY2024	60,100	2.9	2,600	(11.5)	2,600	(16.9)	1,600	(24.3)	74.22
Full year	119,100	2.6	4,700	(1.6)	4,700	(9.5)	3,000	(8.6)	139.16

* 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 June 30, 2024	25,690,766 shares	As of March 31, 2024	25,690,766 shares
b Number of treasury shares at the end of the period	As of June 30, 2024	4,134,268 shares	As of March 31, 2024	4,133,572 shares
c Average number of shares during the period	For three months ended June 30, 2024	21,556,928 shares	For three months ended June 30, 2023	24,491,316 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 June 30, 2024: 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 June 30, 2024: 113,800 shares; As of June 30, 2023: 118,800 shares)

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 Group and certain assumptions that the Group deems reasonable, and are not intended to be a promise by the Group 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 last year. 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 costs overall, including labor cost.

In the cold chain logistics for food products industry, which is the Group's principal focus, while the handling volume of commercial products has been recovering by the revitalization in the flow of people including inbound tourists, the handling volume of household chilled and frozen foods showed little growth as consumers have continuously tended to cut down on their spending and cautious selecting purchases. Besides, in logistics industry, logistics providers face urgent issues called "2024 issues in logistics" and are forced to accelerate the initiatives to ensure their business continuity.

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.

In July, 2024, Tender Offer by SG HOLDINGS CO., LTD (the "Tender Offeror" was completed, due to the fact that the total number of share certificates to be tendered in the Tender Offer reached a majority. As a result, the Group will become a consolidated subsidiary of the Tender Offer. The Group has a competitive edge in the upper and middle of the cold-chains while the Tender Offeror has in the "last one mile" business. With these being combined as well as leveraging knowledge and assets in the logistics business overall, the Group will establish and provide one of the best services in Japan.in addition to the growth by the Group itself, the Group will continue to grow and to increase profit by realizing the synergy effects with the Tender Offeror in the existing field and new business fields as well.

As a result of the above, operating revenue was ¥29,800 million (up 3.6% year-on-year), operating profit was ¥1,517 million (up 6.7% year-on-year), and ordinary profit was ¥1,579 million (up 7.3% year-on-year). Profit attributable to owners of parent was ¥767 million (down 20.7% year-on-year).

The following describes performance by segment.

a TC Business (Transfer Center Business)

In addition to the recovery of the handling volume of foods for joint delivery and convenience stores, the Group secured revenue by negotiating price revision in accordance with an increase in costs. As a result, operating revenue amounted to ¥19,207 million (up 4.2% year-on-year).

As for Segment profit, the Group kept and increased its profitability with an appropriate control of operating cost within the range of increased operating revenue, 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 to ¥1,552 million (up 34.5% year-on-year)

b DC Business (Distribution Center Business)

While the slow recovery in the shipping volume of household frozen foods in general including due to such factors as a withdrawing from business in certain facilities brought negative impact on revenue to some extent, the Group also secured revenue by negotiating price revision in accordance with an increase in costs as well as the increase in the handling volume of some existing customers. As a result, operating revenue amounted to ¥10,061 million (up 2.2% year-on-year).

Segment profit was ¥928 million (down 27.9% year-on-year), mainly due to the increase in labor costs for securing adequate human resources and in depreciation costs due to the opening of a new facility.

c Other

Other business segment includes the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Its operating revenue was ¥530 million (up 8.6% year-on-year) and segment profit was ¥67 million (up 1.7% year-on-year).

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

(Assets)

Assets amounted to ¥102,320 million, down ¥3,186 million from the end of the previous fiscal year.
The major decrease was ¥3,091 million in cash and deposits.

(Liabilities)

Liabilities amounted to ¥55,112 million, down ¥3,592 million from the end of the previous fiscal year.
Major decreases were ¥800 million in income tax payable, ¥1,059 million in provision for bonuses and ¥859 million in long-term borrowings.

(Net assets)

Net assets amounted to ¥47,207 million, up ¥406 million from the end of the previous fiscal year.
The major increase was ¥290 million in retained earnings, ¥66 million in foreign currency translation adjustment and ¥32 million in non-controlling interests.

As a result of the above, the capital adequacy ratio was 45.3%.

(3) Future Outlook

The Company does not revise the consolidated performance forecast in FY2024 (from Apr. 1, 2024 to Mar. 31, 2025) announced at May 9, 2024 as the Company's performance is in line with our expectations.

3. Consolidated Financial Statements and Key Notes
(1) Consolidated Balance Sheet

(Million yen)

	FY2023 (As of Mar. 31, 2024)	FY2024 1Q (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	12,414	9,323
Trade accounts receivable	13,038	13,743
Raw materials and supplies	290	290
Other	1,816	1,513
Allowance for doubtful accounts	(1)	(0)
Total current assets	27,559	24,870
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,025	29,862
Machinery, equipment and vehicles, net	5,365	5,317
Land	21,092	21,092
Leased assets, net	8,359	8,556
Construction in progress	1,531	1,284
Other, net	259	282
Total property, plant and equipment	66,634	66,396
Intangible assets	758	755
Investments and other assets		
Investment securities	4,925	4,977
Long-term loans receivable	113	113
Deferred tax assets	3,066	2,740
Other	2,464	2,480
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	10,554	10,296
Total non-current assets	77,947	77,449
Total assets	105,506	102,320

(Million yen)

	FY2023 (As of Mar. 31, 2024)	FY2024 1Q (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Trade accounts payable	4,787	4,664
Short-term borrowings	587	462
Current portion of long-term borrowings	3,485	3,413
Lease liabilities	1,648	1,683
Income taxes payable	974	174
Provision for bonuses	2,319	1,260
Provision for bonuses for directors (and other officers)	147	23
Other	7,207	6,797
Total current liabilities	21,157	18,480
Non-current liabilities		
Long-term borrowings	20,154	19,294
Lease liabilities	7,446	7,633
Deferred tax liabilities	202	200
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	6,194	6,343
Provision for share awards	171	183
Asset retirement obligations	2,113	2,113
Other	861	458
Total non-current liabilities	37,547	36,631
Total liabilities	58,705	55,112
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	40,871	41,162
Treasury shares	(5,874)	(5,877)
Total shareholders' equity	44,643	44,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,110	1,131
Revaluation reserve for land	35	35
Foreign currency translation adjustment	124	191
Remeasurements of defined benefit plans	13	13
Total accumulated other comprehensive income	1,284	1,370
Non-controlling interests	872	905
Total net assets	46,801	47,207
Total liabilities and net assets	105,506	102,320

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

Consolidated statement of income

(Million yen)

	FY2023 (Apr. 1, 2023 to Jun. 30, 2023	FY2024 (Apr. 1, 2024 to Jun. 30, 2024
Operating revenue	28,771	29,800
Operating costs	26,295	27,277
Operating gross profit	2,476	2,522
Selling, general and administrative expenses	1,054	1,005
Operating profit	1,421	1,517
Non-operating income		
Interest income	3	4
Dividend income	42	46
Rental income	20	19
Share of profit of entities accounted for using equity method	13	14
Foreign exchange gains	14	14
Subsidy income	9	0
Other	37	89
Total non-operating income	141	189
Non-operating expenses		
Interest expenses	60	107
Arrangement fees in syndicated loan	27	0
Other	4	19
Total non-operating expenses	91	127
Ordinary profit	1,471	1,579
Extraordinary income		
Gain on sales of non-current assets	9	21
Total extraordinary income	9	21
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	2
Expenses related to the tender offer	-	382
Total extraordinary losses	0	385
Profit before income taxes	1,480	1,215
Income taxes - current	171	101
Income taxes - deferred	320	312
Total income taxes	492	414
Profit	988	800
Profit attributable to non-controlling interests	20	33
Profit attributable to owners of parent	967	767

Consolidated statement of comprehensive income

(Million yen)

	FY2023 (Apr. 1, 2023 to Jun. 30, 2024	FY2024 (Apr. 1, 2024 to Jun. 30, 2024
Profit	988	800
Other comprehensive income		
Valuation difference on available-for-sale securities	279	28
Foreign currency translation adjustment	17	67
Remeasurements of defined benefit plans, net of tax	(3)	(1)
Share of other comprehensive income of entities accounted for using equity method	2	(7)
Total other comprehensive income	296	87
Comprehensive income	1,284	888
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,260	853
Comprehensive income attributable to non-controlling interests	24	34