Translation

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Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 5, 2025

Company name: AZ-COM MARUWA Holdings Inc. Stock exchange listing: Tokyo
Stock code: 9090 URL https://www.az-com-maruwa-hd.co.jp/
Representative: President Masaru Wasami
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	157,644	5.0	8,944	(22.7)	9,402	(22.1)	5,958	(19.9)
Nine months ended December 31, 2023	150,128	12.6	11,573	33.7	12,066	32.9	7,436	18.5

Note: Comprehensive income Nine months ended December 31, 2024 6,251 million yen (25.6)%
Nine months ended December 31, 2023 8,405 million yen +4.3%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	44.21	41.09
Nine months ended December 31, 2023	58.74	54.63

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Nine months ended December 31, 2024	138,598	59,252	40.9
Fiscal year ended March 31, 2024	134,594	57,542	41.0

Reference: Equity Nine months ended December 31, 2024 56,653 million yen
Fiscal year ended March 31, 2024 55,117 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	15.00	–	15.00	30.00
Year ending March 31, 2025	–	16.00	–		
Year ending March 31, 2025 (Forecast)				16.00	32.00

Note: Any revisions from the most recently announced dividend forecast: No

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	207,000	4.3	11,200	(19.1)	11,700	(19.3)	7,700	(15.6)	57.15

Note: Any revisions from the most recently announced earnings forecast: No

Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of December 31, 2024	137,984,520 shares	Fiscal year ended March 31, 2024	137,984,520 shares
(ii) Number of treasury shares at the end of the period	As of December 31, 2024	3,321,500 shares	Fiscal year ended March 31, 2024	3,094,958 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	As of December 31, 2024	134,769,230 shares	Nine months ended December 31, 2023	126,593,991 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares includes 572,551 Company shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP.

* Review of accompanying quarterly consolidated financial statements by certified public accountants or auditing firms: None

* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors.

(How to obtain supplementary material on financial results)

Supplementary material on financial results will be posted on the Company's website promptly after the announcement of the financial results.

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1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2024

(1) Explanation of Operating Results

During the nine months ended December 31, 2024, the Japanese economy showed signs of gradual recovery as socioeconomic activities have been normalizing and personal consumption has been improving. On the other hand, the future remains uncertain due to factors including instability in the global political and economic situation, fluctuations in exchange rates, and the impact of successive rises in prices.

In the logistics industry, while consumer-related cargo is on a recovery trend, the business environment remains challenging due to increases in various costs, particularly fuel prices, despite ongoing initiatives to pass on the increasing costs in securing labor and transport capacity resulting from the tightening of regulations on overtime in logistics (the 2024 problem) to achieve appropriate freight rates.

In this environment, the Group is striving to expand business in its core business domains of EC logistics, low-temperature food logistics, and medicine & medical logistics to secure and train human resources that will contribute to business expansion in the face of the worsening shortages of human resources and operating vehicles, and to promote and apply DX technology to save manpower and energy and to enhance productivity. In addition, for further business expansion, the Group will allocate management resources appropriately and improve management efficiency through the concentration of investment in growth businesses and the revitalization and reorganization of low-profit businesses, while actively engaging in ESG management, aiming to both maximize economic value and create social value.

As for the operating results for the nine months ended December 31, 2024, the Group saw an increase in sales and a decrease in profits. As a result of the above initiatives, net sales were 157,644 million yen (up 5.0% year on year (YoY)). However, operating profit was 8,944 million yen (down 22.7% YoY), ordinary profit was 9,402 million yen (down 22.1% YoY), and profit attributable to owners of parent was 5,958 million yen (down 19.9% YoY) due to the impact of the business performance by segment described below, as well as the costs related to the tender offer.

Performance by segment is as follows.

(i) Logistics business

<Transportation business>

(Last One Mile Business)

In the Last One Mile Business, arrangements for increasing the number of vehicles in response to large-scale sales by retailers, as well as responses to year-end demand at each customer contributed to business performance, resulting in net sales of 30,184 million yen (up 5.3% YoY).

(E-commerce & Ordinary-temperature Transportation Business)

In the E-commerce & Ordinary-temperature Transportation Business, net sales were 40,866 million yen (down 11.3% YoY) due to the impact of a decrease in the amount of transportation resulting from the closure of a large-scale base, despite the acquisition of new transportation projects and partial progress made in revising freight rates.

<3PL Business>

(E-commerce & Ordinary-temperature 3PL Business)

In the E-commerce & Ordinary-temperature 3PL Business, the sequential opening of large-scale distribution centers, as well as the acquisition of new customers and the response to the increase in the volume of goods handled at the end of the year accompanying large-scale sales by retailers contributed to business performance, resulting in net sales of 47,949 million yen (up 18.1% YoY).

(Low-temperature Food 3PL Business)

In the Low-temperature Food 3PL Business, net sales were 18,262 million yen (up 10.1% YoY), due to the start of operations at a new distribution center for a supermarket, as well as an increase in the volume of goods handled by each customer at the end of the year.

(Medicine & Medical 3PL Business)

In the Medicine & Medical 3PL Business, the start of full-scale operations at a new distribution center to meet the expansion of business operations at drugstores, our major customers, as well as the response to the increase in the volume of shipments at each center contributed to business performance, resulting in net sales of 18,279 million yen (up 12.3% YoY).

Consequently, net sales in the logistics business increased 4.9% YoY to 155,542 million yen.

In terms of profits, in addition to an increase in the number of distribution centers and the number of vehicles in operation resulting from continued aggressive sales development, the response to the increase in the volume of goods handled during the busy year-end period, and the progress in initiatives to pass on higher prices to achieve appropriate freight rates, contributed to the increase in profits. On the other hand, segment profit (operating income) in the logistics business decreased 19.5% YoY to 9,285 million yen due to a significant decrease in the amount of transportation resulting from the review of bases, increases in various

costs, and one-time expenses incurred to stabilize operations.

(ii) Others

As a result of the steady growth in orders received for new projects related to the information systems business of PHYZ Holdings Inc. and Business Process Outsourcing (BPO) of AZ-COM Data Security Co, Ltd., net sales increased to 2,102 million yen (up 9.8% YoY) and segment profit (operating profit) increased to 294 million yen (up 3.3% YoY).

(2) Explanation of Financial Condition

Total assets at the end of the third quarter of the current consolidated fiscal year amounted to 138,598 million yen, up 4,003 million yen from the end of the previous fiscal year. Current assets amounted to 68,311 million yen, down 4,187 million yen. This was mainly due to a 5,000 million yen decrease in securities and a 2,168 million yen decrease in other due to refund of income taxes and consumption taxes, despite a 2,966 million yen increase in notes and accounts receivable-trade. Non-current assets amounted to 70,286 million yen, up 8,190 million yen. This was mainly due to a 1,264 million yen increase in buildings and structures (net), a 1,673 million yen increase in machinery, equipment and vehicles (net), and a 4,026 million yen increase in other (net) in property, plant and equipment resulting from an increase in tools, furniture and fixtures and construction in progress.

Total liabilities amounted to 79,345 million yen, up 2,292 million yen from the end of the previous fiscal year. Current liabilities amounted to 52,020 million yen, up 19,404 million yen. This was mainly due to a 2,533 million yen decrease in income taxes payable, despite a 2,040 million yen increase in notes and accounts payable - trade and a 20,201 million yen increase in current portion of convertible bonds resulting from the transfer of convertible bonds redeemable within one year from noncurrent liabilities. Non-current liabilities amounted to 27,325 million yen, down 17,111 million yen. This was mainly due to a 20,366 million yen decrease in convertible bonds, despite a 2,540 million yen increase in long-term borrowings.

Net assets amounted to 59,252 million yen, up 1,710 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 1,765 million yen.

(3) Explanation of Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

No changes have been made to the forecasts of the consolidated financial results released on November 5, 2024.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	41,156	41,177
Notes and accounts receivable - trade	22,242	25,209
Supplies	89	85
Securities	5,000	–
Other	4,011	1,843
Allowance for doubtful accounts	(2)	(4)
Total current assets	72,498	68,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,593	11,858
Machinery, equipment and vehicles, net	2,173	3,846
Land	15,020	15,020
Other, net	6,173	10,200
Total property, plant and equipment	33,960	40,925
Intangible assets		
Goodwill	3,399	4,338
Other	6,842	6,701
Total intangible assets	10,241	11,040
Investments and other assets		
Investment securities	11,318	10,795
Other	6,590	7,581
Allowance for doubtful accounts	(14)	(55)
Total investments and other assets	17,893	18,321
Total non-current assets	62,096	70,286
Total assets	134,594	138,598

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,669	14,710
Short-term borrowings	15	35
Current portion of convertible bonds	–	20,201
Current portion of long-term borrowings	5,069	5,144
Income taxes payable	3,635	1,102
Provision for bonuses	897	247
Other	10,328	10,578
Total current liabilities	32,615	52,020
Non-current liabilities		
Bonds payable	35	25
Convertible bonds	20,366	–
Long-term borrowings	15,237	17,778
Retirement benefit liability	1,156	1,182
Asset retirement obligations	844	1,383
Provision for share awards for directors (and other officers)	49	47
Provision for share-based remuneration for employees	67	173
Provision for retirement benefits for directors (and other officers)	62	68
Other	6,616	6,666
Total non-current liabilities	44,436	27,325
Total liabilities	77,052	79,345
Net assets		
Shareholders' equity		
Share capital	9,117	9,117
Capital surplus	8,800	8,800
Retained earnings	39,525	41,290
Treasury shares	(5,755)	(5,989)
Total shareholders' equity	51,688	53,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,587	3,562
Remeasurements of defined benefit plans	(158)	(128)
Total accumulated other comprehensive income	3,428	3,433
Non-controlling interests	2,425	2,599
Total net assets	57,542	59,252
Total liabilities and net assets	134,594	138,598

(2) Consolidated Statements of Income (Cumulative) and Consolidated Statements of Comprehensive Income (Cumulative)

(Consolidated statements of income (cumulative))

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	150,128	157,644
Cost of sales	131,501	140,817
Gross profit	18,626	16,827
Selling, general and administrative expenses	7,053	7,882
Operating profit	11,573	8,944
Non-operating income		
Interest income	166	168
Dividend income	197	236
Gain on sales of non-current assets	42	38
Settlement income	100	–
Other	276	154
Total non-operating income	783	598
Non-operating expenses		
Interest expenses	53	89
Commission for syndicated loans	204	7
Other	32	43
Total non-operating expenses	290	140
Ordinary profit	12,066	9,402
Extraordinary income		
Gain on sales of non-current assets	58	–
Gain on sale of investment securities	–	314
Total extraordinary income	58	314
Extraordinary losses		
Loss on valuation of investments in capital	–	15
Loss on sales of non-current assets	6	–
Total extraordinary losses	6	15
Profit before income taxes	12,117	9,701
Income taxes	4,387	3,455
Profit	7,729	6,245
Profit attributable to non-controlling interests	293	287
Profit attributable to owners of parent	7,436	5,958

(Consolidated statements of comprehensive income (cumulative))

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	7,729	6,245
Other comprehensive income		
Valuation difference on available-for-sale securities	644	(24)
Remeasurements of defined benefit plans, net of tax	31	30
Total other comprehensive income	675	5
Comprehensive income	8,405	6,251
(Breakdown)		
Comprehensive income attributable to owners of parent	8,112	5,963
Comprehensive income attributable to non-controlling interests	293	287

(3) Notes to Quarterly Consolidated Financial Statements

(Notes related to the going concern assumption)

Not applicable.

(Application of special accounting methods for the preparation of the quarterly consolidated financial statements)

After reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current consolidated fiscal year, including the third quarter under review, tax expenses are calculated by multiplying profit before income taxes for the current quarter by the estimated effective tax rate.

(Notes in the event of significant changes in shareholders' equity)

Based on a resolution of the Board of Directors held on August 5, 2024, during the nine months ended December 31, 2024, the Company made an additional contribution to the Employee Stock Ownership Plan (ESOP) Stock Benefit Trust for employees of the Company and its subsidiaries that has been introduced since fiscal 2016. As a result, the acquisition of 240,000 shares during the nine months ended December 31, 2024 resulted in an increase in treasury stock of 239 million yen.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first nine months ended December 31, 2024 have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months ended December 31, 2024 are as follows.

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	1,899 million yen	2,163 million yen
Amortization of goodwill	291 million yen	316 million yen

(Notes to segment information, etc.)

[Segment information]

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on quarterly consolidated statements of income (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	148,214	1,913	150,128	–	150,128
(2) Internal sales and transfers between segments	33	305	339	(339)	–
Total	148,247	2,219	150,467	(339)	150,128
Segment profit	11,540	285	11,825	(252)	11,573

Notes: 1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.

2. Adjustments to segment profit represent profit and loss related to the holding company that does not belong to any segment.

3. Segment profit has been adjusted with operating profit on the quarterly consolidated statements of income.

Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on quarterly consolidated statements of income (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	155,542	2,102	157,644	–	157,644
(2) Internal sales and transfers between segments	38	318	356	(356)	–
Total	155,580	2,420	158,000	(356)	157,644
Segment profit	9,285	294	9,579	(634)	8,944

Notes: 1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.

2. Adjustments to segment profit represent profit and loss related to the holding company that does not belong to any segment.

3. Segment profit has been adjusted with operating profit on the quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant changes in the amount of goodwill)

During the third quarter of the current consolidated fiscal year, the amount of goodwill increased by 1,256 million yen in the Logistics Business segment as a result of acquiring the shares of LUFI. Co., Ltd. and making it a wholly owned subsidiary. The amount of goodwill is a provisionally calculated amount as the allocation of acquisition costs has not been completed as of the end of the third quarter of the current consolidated fiscal year.

(Significant subsequent events)

Not applicable.