

Summary of Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP] (Consolidated)

May 10, 2022

Name of Company	: Chilled and Frozen Logistics Co., Ltd.
Exchanges on which the shares are listed	: Prime Market of Tokyo Stock Exchange
Security Code	: 9099
URL	: http://cflogi.co.jp/
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Scheduled date of ordinary shareholders' meeting	: June 28, 2022
Scheduled date for commencement of dividend payment	: June 29, 2022
Scheduled date for filing of securities report	: June 29, 2022
Supplementary documents for financial results	: Yes
Results briefing	: Yes (for analysts) (Amounts are rounded down to the nearest million yen.)

1. Consolidated Operating Results for FY2021 (April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (The percentage figures indicate the percentage increase/decrease compared with the previous fiscal year.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	110,868	0.4	4,482	(15.3)	5,105	(10.0)	3,316	(9.8)
FY2020	110,449	(0.2)	5,291	8.9	5,675	12.9	3,678	7.2

(Note) Comprehensive income FY2021: ¥3,406 million (-16.2%) FY2020: ¥4,062 million (+28.9%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit margin on total assets	Operating profit margin on operating revenue
	Yen	Yen	%	%	%
FY2021	132.59	—	7.6	5.9	4.0
FY2020	145.97	—	8.9	6.8	4.8

(Reference) Share of profit (loss) of entities accounted for using equity method

FY2021: ¥69 million FY2020: ¥69 million

(Note) Diluted earnings per share is not presented since there has been no potential dilution.

(2) Consolidated financial status

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	88,559	45,697	50.7	1,816.72
FY2020	85,059	43,212	50.0	1,697.63

(Reference) Equity capital FY2021: ¥44,939 million FY2020: ¥42,498 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	8,859	(8,399)	(2,184)	5,755
FY2020	9,081	(6,875)	(2,107)	7,403

2. Dividend Status

	Dividend per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	—	11.00	—	11.00	22.00	552	15.1	1.3
FY2021	—	11.00	—	14.00	25.00	624	18.9	1.4
FY2022 (Forecast)	—	14.00	—	14.00	28.00		20.0	

3. Forecast of Consolidated Operating Results for FY2022 (April 1, 2022 to March 31, 2023)

(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 FY2022	57,300	1.8	3,280	8.2	3,320	0.1	2,250	1.8	90.52
Full year	112,800	1.7	5,060	12.9	5,260	3.0	3,480	4.9	140.01

* 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) 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. : Yes
- b Changes in the accounting principles other than a : None
- c Changes in the accounting estimates : None
- d Restatement : None

(3) Number of shares outstanding (common shares)

a Number of shares outstanding (including treasury shares) at the end of the period	Fiscal year ended March 2022	25,690,766 shares	Fiscal year ended March 2021	25,690,766 shares
b Number of treasury shares at the end of the period	Fiscal year ended March 2022	954,284 shares	Fiscal year ended March 2021	656,476 shares
c Average number of shares during the period	Fiscal year ended March 2022	25,010,208 shares	Fiscal year ended March 2021	25,197,668 shares

(Note) The number of treasury shares at the end of the period includes Company shares held in a stock benefit trust (FY2021: 118,800 shares; FY2020: 121,000 shares). 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 during the period includes the Company' shares held by a stock benefit trust. (FY2021: 119,567 shares; FY2020: 41,770 shares)

- * Outline of Financial Statements is not subject to audits by a certified public accountant or audit corporation.
- * 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 Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company 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. (4) Future Outlook" on page 5 of the accompanying materials for the assumptions used in forecasting business performance and precautions regarding the use of business performance forecasts.

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1. Outline of Operating Results, Etc.

(1) Outline of Operating Results for the Fiscal Year Under Review

During the fiscal year under review, the Japanese economy showed signs of recovery in economic activities and consumer behavior along with the progress of vaccination against COVID-19. On the other hand, outlooks remain uncertain due to rising energy costs, the upward trend in raw material prices, and the impact of the situation in Ukraine.

In the cold chain logistics for food products industry, which is the Group's principal focus, while the demand for chilled and frozen foods continues to grow supported by lifestyle changes, cargo movements for commercial food products, which had declined due to a decrease in opportunities for dining out driven by the COVID-19 pandemic, returned to an upward trend compared with the previous fiscal year. However, stay-at-home demand for foods consumed at home settled to average, pre-COVID levels. In addition, soaring crude oil prices, a prolonged shortage of containers for transportation, and a slowdown in cargo movement were factors driving performance down compared with the previous fiscal year.

Amid these dramatic changes in demand for food products, the Group began its final fiscal year of its 2nd Medium-Term Management Plan. In order to realize the "Build new infrastructure and drive sales development" in its basic policy within this plan, the Group executed its plan to establish four new logistics facilities. This includes Tokyo Metropolitan Center, which will be the Group's largest in TC business facilities, and Okayama Center in the TC Business. It also includes Minami Kyushu Center and Chubu Branch 3rd Center in the DC Business. In addition, as measures to expand profitability, the Company continues to review its cost structure, including increasing the ratio of deliveries made by in-house vehicles, an initiative ongoing for some time, and to work on appropriate inventory management at its warehouses. With respect to securing and utilizing human resources, in addition to ongoing efforts to create a comfortable work environment and increase in employee compensation in order to improve employee retention rates, the Company has also promoted new initiatives such as updating its internal training system.

As a result of the above, operating revenue was ¥110,868 million (up 0.4% year-on-year), operating profit was ¥4,482 million (down 15.3% year-on-year), and ordinary profit was ¥5,105 million (down 10.0% year-on-year). Profit attributable to owners of parent amounted to ¥3,316 million (down 9.8% year-on-year).

The following describes performance by segment.

a TC Business (Transfer Center Business)

In the previous fiscal year, demand for chilled foods consumed at home from supermarkets and retailers swelled due to the expansion of stay-at-home consumption, resulting in a significant increase in product volumes. However, this demand declined in the fiscal year under review, and volumes settled to normal, pre-COVID-19 levels. Furthermore, despite trends of improvement, the fiscal year under review saw decreasing opportunities to go out, decreasing inbound travel, and decreasing product volumes related to convenience stores in the central Tokyo area due to work-from-home. This resulted in operating revenue of ¥71,147 million (down 0.7% year-on-year).

Segment profit amounted to ¥3,091 million (down 23.8% year-on-year) due to increasing fuel costs resulting from higher crude oil prices and increasing labor costs from improved employee compensation, despite efficiency gains from the promotion of more efficient delivery using in-house vehicles. Note that the application of accounting standards for revenue recognition and other relevant regulations resulted in a decrease of ¥218 million in operating revenue. Those had no effect on operating profit and ordinary profit.

b DC Business (Distribution Center Business)

In the previous fiscal year, demand for frozen foods consumed at home from supermarkets and retailers swelled due to the expansion of stay-at-home consumption, resulting in a significant increase in product volumes. Though this demand declined in the fiscal year under review and volumes settled to normal, pre-COVID-19 levels, operating revenue amounted to ¥37,964 million (up 2.6% year-on-year). This was mainly due to a recovery trend from decreasing commercial frozen food products mainly for restaurants in the fiscal year under review.

Segment income amounted to ¥5,432 million (up 5.1% year-on-year), mainly due to improved labor productivity resulting from appropriate management of warehouse cargo handling, reduced outsourcing costs resulting from a decrease in re-stocking inventory, and increased revenue from overseas businesses. This was despite detracting factors such as increased outsourcing and labor costs resulting from enhanced management of labor hours and improved employee compensation, as well as increased fuel costs resulting from higher crude oil trading prices. Note that the application of accounting standards for revenue recognition and other relevant regulations resulted in a decrease of ¥10 million in operating revenue. Those had no effect on operating profit and ordinary profit.

c Other

Operating revenue amounted ¥1,757 million (down 3.6% year-on-year) and segment profit was ¥164 million (down 20.6% year-on-year), mainly due to the guarded transport, hospital-related distribution, temp service, and insurance agency businesses. Note that the application of accounting standards for revenue recognition and other relevant regulations resulted in a decrease of ¥18 million in operating revenue. Those had no effect on operating profit and ordinary profit.

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

(Assets)

Assets amounted to ¥88,559 million, up ¥3,499 million from the end of the previous fiscal year.

The major increase was ¥5,810 million in buildings and structures, net, while the major decrease was ¥3,525 million in construction in progress.

(Liabilities)

Liabilities amounted to ¥42,861 million, up ¥1,014 million from the end of the previous fiscal year.

Major increases were ¥1,041 million in long-term borrowings, ¥322 million in retirement benefit liability, and ¥335 million in asset retirement obligations, while the major decrease was ¥800 million in short-term borrowings.

(Net assets)

Net assets amounted to ¥45,697 million, up ¥2,485 million from the end of the previous fiscal year.

The major increase was ¥2,762 million in retained earnings, while the major decrease was ¥365 million in treasury shares.

As a result of the above, the equity ratio was 50.7%.

(3) Outline of Cash Flows for the Fiscal Year Under Review

The balance of cash and cash equivalents ("net cash") at the end of the fiscal year under review amounted to ¥5,755 million, down ¥1,647 million from the end of the previous fiscal year.

The following outlines the status and underlying factors of each classification of cash flows for the fiscal year under review.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥8,859 million (compared with net cash of ¥9,081 million provided in the previous fiscal year).

This was mainly due to an increase in net cash from profit before income taxes and depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥8,399 million (compared with net cash of ¥6,875 million used in the previous fiscal year).

This was mainly due to a decrease in net cash from acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥2,184 million (compared with net cash of ¥2,107 million used in the previous fiscal year).

This was mainly due to a decrease in net cash from repayments of long-term borrowings and repayments of lease liabilities.

(4) Future Outlook

In an era where all communities, companies, and people face various difficulties, including the restriction of economic activities due to the resurgence of COVID-19 and rapid climate change, the Group launched its 3rd Medium-Term Management Plan (three years from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2025) in April 2022.

In this plan, the Group's basic strategies are "Building a Sustainable Logistics Business," "Enhancing Corporate Value Through Strategic Financial Structure," "Strengthening the Functions of Existing Businesses Centered on the Joint Delivery Business and Strengthening the Earnings Base," and "Promoting Investment in Growing Fields." Here, the Group will strengthen its earnings structure by developing and expanding a new cold chain that connects supply needs and consumer needs for chilled and frozen controlled products, including food, which are different from conventional channels. By strengthening its profit structure in light of challenging new business domains and facing and sincerely working closely with all stakeholders' issues including measures to address the natural environment where changes are accelerating, the Group will strive to build a sustainable chilled and frozen logistics business that fulfills its responsibilities for the future and improve its corporate value.

Based on the above, for the fiscal year ending March 31, 2023, the Group's consolidated performance forecast is operating revenue of ¥112,800 million, operating profit of ¥5,060 million, ordinary profit of ¥5,260 million, and profit attributable to owners of parent of ¥3,480 million.

(5) Basic Policy Regarding Distribution of Profit for the Fiscal Year Under Review and Next Fiscal Year

The Group recognizes financial strategies including shareholder return measures as basic management strategies and important measures, and in the 3rd Medium-Term Management Plan disclosed on the day of this document's release, makes it its policy to implement flexible shareholder return measures to enhance shareholder value with the quantitative target of ROE at least 8%. The Group has reviewed the conventional dividend policy, which was based on stable dividends, and decided to set short-term and medium- to long-term target dividend payout ratios and determine the dividend amount based on these targets. In the short term, the Group will determine the dividend amount with a standard dividend payout ratio of 20% or higher, and in the medium to long term aim for a dividend payout ratio of 30% or higher.

In line with the policy change, the year-end dividend with March 31, 2022, as the record date will be increased by ¥3 per share to ¥14.00 from the initial forecast. As a result, the annual dividend per share will be ¥25.00 (interim dividend

of ¥11.00 and year-end dividend of ¥14.00).

Regarding the annual dividend for the next fiscal year, the Group forecasts a dividend of ¥28.00 per share (interim dividend of ¥14.00 and year-end dividend of ¥14.00).

2. Basic Policy Regarding Selection of Accounting Standards

In order to ensure comparability with other domestic companies in the same industry, the Group applies generally accepted accounting principles in Japan in its accounting standards.

That said, the Group will apply international accounting standards should it need to properly adapt to changes in various trends and circumstances in Japan and abroad.

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

(Million yen)

	FY2020 (March 31, 2021)	FY2021 (March 31, 2022)
Assets		
Current assets		
Cash and deposits	7,403	5,755
Trade accounts receivable	11,005	11,265
Raw materials and supplies	271	283
Other	1,281	1,649
Allowance for doubtful accounts	(3)	(1)
Total current assets	19,958	18,952
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,519	49,718
Accumulated depreciation	(24,892)	(26,280)
Buildings and structures, net	17,627	23,438
Machinery, equipment and vehicles	20,024	22,212
Accumulated depreciation	(15,328)	(16,457)
Machinery, equipment and vehicles, net	4,696	5,754
Land	20,168	20,748
Leased assets	14,020	15,089
Accumulated depreciation	(6,636)	(7,415)
Leased assets, net	7,384	7,673
Construction in progress	4,456	930
Other	832	963
Accumulated depreciation	(634)	(717)
Other, net	197	246
Total property, plant and equipment	54,531	58,792
Intangible assets	603	706
Investments and other assets		
Investment securities	4,271	4,194
Long-term loans receivable	134	124
Deferred tax assets	3,083	3,353
Other	2,490	2,452
Allowance for doubtful accounts	(14)	(16)
Total investments and other assets	9,965	10,107
Total non-current assets	65,100	69,606
Total assets	85,059	88,559

(Million yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Trade accounts payable	4,293	4,562
Short-term borrowings	800	-
Current portion of long-term borrowings	2,551	2,738
Lease liabilities	1,702	1,753
Income taxes payable	1,291	1,002
Provision for bonuses	2,168	2,228
Provision for bonuses for directors (and other officers)	57	77
Other	4,712	4,133
Total current liabilities	17,577	16,497
Non-current liabilities		
Long-term borrowings	8,219	9,261
Lease liabilities	6,150	6,418
Deferred tax liabilities	227	218
Deferred tax liabilities for land revaluation	404	404
Retirement benefit liability	6,967	7,289
Provision for share awards	45	89
Asset retirement obligations	1,822	2,157
Other	432	524
Total non-current liabilities	24,269	26,363
Total liabilities	41,846	42,861
Net assets		
Shareholders' equity		
Share capital	4,000	4,000
Capital surplus	5,646	5,646
Retained earnings	33,223	35,985
Treasury shares	(1,100)	(1,466)
Total shareholders' equity	41,768	44,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	798	705
Revaluation reserve for land	35	35
Foreign currency translation adjustment	(77)	(11)
Remeasurements of defined benefit plans	(26)	43
Total accumulated other comprehensive income	729	773
Non-controlling interests	713	758
Total net assets	43,212	45,697
Total liabilities and net assets	85,059	88,559

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

Consolidated statement of income

(Million yen)

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Operating revenue	110,449	110,868
Operating costs	101,135	102,345
Operating gross profit	9,314	8,522
Selling, general and administrative expenses	4,023	4,040
Operating profit	5,291	4,482
Non-operating income		
Interest income	22	19
Dividend income	45	55
Income from gain on maturity of insurance contract	56	109
Rental income	97	80
Subsidy income	59	141
Subsidy income	226	5
Share of profit of entities accounted for using equity method	69	69
Foreign exchange gains	-	220
Other	194	171
Total non-operating income	773	874
Non-operating expenses		
Interest expenses	231	237
Loss on cancellation of leases	7	3
Foreign exchange losses	103	-
Other	47	10
Total non-operating expenses	389	251
Ordinary profit	5,675	5,105
Extraordinary income		
Gain on sales of non-current assets	120	43
Gain on sales of investment securities	-	22
Total extraordinary income	120	65
Extraordinary losses		
Loss on sale and retirement of non-current assets	18	118
Loss on sales of investment securities	-	0
Loss on termination of retirement benefit plan	-	36
Loss on litigation	130	0
Total extraordinary losses	149	156
Profit before income taxes	5,647	5,015
Income taxes - current	2,104	1,919
Income taxes - deferred	(187)	(263)
Total income taxes	1,916	1,655
Profit	3,730	3,359
Profit attributable to non-controlling interests	52	43
Profit attributable to owners of parent	3,678	3,316

Consolidated statement of comprehensive income

(Million yen)

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Profit	3,730	3,359
Other comprehensive income		
Valuation difference on available-for-sale securities	282	(107)
Foreign currency translation adjustment	(26)	69
Remeasurements of defined benefit plans, net of tax	66	71
Share of other comprehensive income of entities accounted for using equity method	10	12
Total other comprehensive income	332	46
Comprehensive income	4,062	3,406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,012	3,359
Comprehensive income attributable to non-controlling interests	50	46

(3) Consolidated Statement of Changes in Equity
 FY2020 (April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	4,000	5,625	30,403	(288)	39,739	506	(267)	(52)	(93)	93
Changes during period										
Reversal of revaluation reserve for land			(303)		(303)					
Dividends of surplus			(555)		(555)					
Profit attributable to owners of parent			3,678		3,678					
Purchase of treasury shares				(1,010)	(1,010)					
Disposal of treasury shares		21		198	219					
Net changes in items other than shareholders' equity					-	291	303	(24)	66	636
Total changes during period	-	21	2,819	(811)	2,028	291	303	(24)	66	636
Balance at end of period	4,000	5,646	33,223	(1,100)	41,768	798	35	(77)	(26)	729

	Non-controlling interests	Total net assets
Balance at beginning of period	664	40,497
Changes during period		
Reversal of revaluation reserve for land		(303)
Dividends of surplus		(555)
Profit attributable to owners of parent		3,678
Purchase of treasury shares		(1,010)
Disposal of treasury shares		219
Net changes in items other than shareholders' equity	48	685
Total changes during period	48	2,714
Balance at end of period	713	43,212

FY2021 (April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	4,000	5,646	33,223	(1,100)	41,768	798	35	(77)	(26)	729
Changes during period										
Dividends of surplus			(553)		(553)					
Profit attributable to owners of parent			3,316		3,316					
Purchase of treasury shares				(369)	(369)					
Disposal of treasury shares				4	4					
Net changes in items other than shareholders' equity					-	(92)	-	66	69	43
Total changes during period	-	-	2,762	(365)	2,396	(92)	-	66	69	43
Balance at end of period	4,000	5,646	35,985	(1,466)	44,165	705	35	(11)	43	773

	Non-controlling interests	Total net assets
Balance at beginning of period	713	43,212
Changes during period		
Dividends of surplus		(553)
Profit attributable to owners of parent		3,316
Purchase of treasury shares		(369)
Disposal of treasury shares		4
Net changes in items other than shareholders' equity	44	88
Total changes during period	44	2,485
Balance at end of period	758	45,697

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	5,647	5,015
Depreciation and amortization	5,123	5,706
Increase (decrease) in allowance for doubtful accounts	(2)	0
Interest and dividend income	(68)	(74)
Interest expenses	231	237
Share of loss (profit) of entities accounted for using equity method	(69)	(69)
Foreign exchange losses (gains)	103	(220)
Loss (gain) on sales and retirement of non-current assets	(101)	74
Loss (gain) on valuation of investment securities	6	-
Loss (gain) on sales of investment securities	-	(21)
Loss on litigation	130	0
Increase (decrease) in provision for bonuses	121	59
Increase (decrease) in retirement benefit liability	321	425
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	20
Increase (decrease) in provision for share awards	45	48
Decrease (increase) in trade receivables	65	(248)
Decrease (increase) in inventories	(6)	(12)
Increase (decrease) in trade payables	(6)	345
Increase (decrease) in accrued consumption taxes	(295)	(69)
Other	186	18
Subtotal	11,421	11,234
Interest and dividends received	62	72
Interest paid	(231)	(237)
Payments for loss on litigation	(7)	(0)
Income taxes paid	(2,162)	(2,209)
Cash flows from operating activities	9,081	8,859
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,333)	(8,294)
Proceeds from sales of property, plant and equipment	626	33
Payments for asset retirement obligations	-	(121)
Purchase of intangible assets	(68)	(60)
Purchase of investment securities	(15)	(17)
Proceeds from sale of investment securities	-	47
Loan advances	(84)	(32)
Proceeds from collection of loans receivable	27	25
Other payments	(88)	(64)
Other proceeds	59	84
Cash flows from investing activities	(6,875)	(8,399)

(Million yen)

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	800	(800)
Proceeds from long-term borrowings	2,600	4,200
Repayments of long-term borrowings	(2,472)	(2,971)
Repayments of lease liabilities	(1,685)	(1,688)
Purchase of treasury shares	(1,011)	(369)
Proceeds from sales of treasury shares	219	0
Dividends paid	(555)	(553)
Dividends paid to non-controlling interests	(2)	(2)
Cash flows from financing activities	(2,107)	(2,184)
Effect of exchange rate change on cash and cash equivalents	(38)	77
Net increase (decrease) in cash and cash equivalents	60	(1,647)
Cash and cash equivalents at beginning of period	7,342	7,403
Cash and cash equivalents at end of period	7,403	5,755

(5) Notes on Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company repurchased 300,000 shares of treasury shares in accordance with a resolution made at the Board of Directors' meeting held on February 24, 2022. As a result, treasury shares increased by ¥369 million during the fiscal year under review, with treasury shares amounting to ¥1,466 million at the end of the period.

(Changes in the Accounting Principles)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it recognizes revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result, for certain transactions, the Company previously recognized as revenue the gross amount of consideration received from customers. However, for transactions providing goods or services to a customer in which the Group's role is that of an agent, the Company now recognizes revenue at the net amount of such gross consideration received from customers less the amount paid to suppliers.

The application of the Accounting Standard for Revenue Recognition and relevant regulations is subject to the transitional treatment provided in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application assuming the new accounting policy had been applied to periods prior to the start of the fiscal year under review was added to or subtracted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy is applied from such opening balance. This is provided, however, that the new accounting policy is not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the start of the fiscal year under review are subject to the previous treatment by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, operating revenue decreased by ¥246 million and operating costs decreased by ¥246 million in the fiscal year under review. This had no effect on operating profit, ordinary profit, profit before income taxes, or the balance of retained earnings at the beginning of the period.

In accordance with transitional treatment as stipulated in paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous fiscal year are not presented.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This had no effect on the consolidated financial statements.

(Additional Information)

(Accounting Estimates Related to Impact From the COVID-19 Pandemic)

No material changes have been made to the assumptions described in "(Significant accounting estimates)" of the Annual Securities Report for the previous fiscal year with regard to the impact of the COVID-19 pandemic.

(Performance-linked Share-based Remuneration Plan for Directors, Etc.)

The Company introduced a performance-linked share-based remuneration plan (the "Plan") from FY2020 as an incentive plan for Directors (excluding Directors who are members of the Audit & Supervisory Committee and Outside Directors), Executive Officers, and Directors of subsidiaries (excluding Outside Directors) (collectively, "Directors, etc.").

(1) Outline of Transactions

The Plan is a remuneration plan functioning as an incentive to enhance the Company's corporate value over the medium to long term by linking remuneration for Directors, etc. to the Company's stock price, allowing them to share interests with the Company's shareholders. Specifically, the Company has adopted a stock benefit trust. The Company's shares will be acquired in advance by the stock benefit trust, then delivered to Directors, etc. at an amount corresponding to the number of points granted to Directors, etc. by the Company.

(2) Shares of the Company Remaining in Trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses).

At the end of the fiscal year under review, the book value and number of shares of treasury shares were ¥215 million and 118,800 shares, respectively, and the estimated burden of the above stock remuneration at the end of the fiscal year under review was recorded as provision for share awards.

(Segment Information, Etc.)

[Segment Information]

1. Overview of Reportable Segments

The reportable segments of the Company are the constituent units of the Group for which separate financial information is available and for which the Board of Directors conducts a regular review to determine the allocation of management resources and assess the business performance.

Under the holding company structure, the Group operates business activities in the TC Business, mainly run by Meito Transportation Co., Ltd., and the DC Business, mainly run by Hutech Norin Co., Ltd. Each business formulates comprehensive strategies for the services each company provides.

In the TC Business, the Group operates distribution centers and provides transport and delivery for mainly chilled foods, 24 hours a day, 365 days a year. It provides delivery center operations and store delivery for convenience stores, mass merchandisers, and others, and for logistics-type registration warehouses, it provides joint delivery operations for chilled foods, beverages, and other items commissioned by food manufacturers.

In the DC Business, the Group mainly provides frozen food storage, cargo handling, and transportation and delivery services in an integrated manner. Here, the Group provides storage and changes of owners' name for cargo deposited in its warehouses, sorts cargo by vehicle and by destination, and provides transportation and delivery services using dedicated vehicles.

2. Method of Calculation of Operating Revenue, Profit (Loss), Assets, and Other Items by Reportable Segment

The accounting methods used for the reported business segments are the same as those used in the preparation of the consolidated financial statements.

Profit by reportable segment is based on operating profit.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on Operating Revenue, Profit (Loss), Assets, and Other Items by Reportable Segment
FY2020 (April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments			Other (Note)	Total
	TC Business	DC Business	Total		
Operating revenue					
Operating revenues from external customers	71,619	37,006	108,626	1,823	110,449
Inter-segment sales and transfers	332	133	465	638	1,103
Total	71,952	37,139	109,092	2,461	111,553
Segment profit	4,056	5,170	9,227	207	9,434
Segment assets	28,819	31,832	60,651	380	61,031
Other items					
Depreciation	2,469	2,530	5,000	44	5,044
Increase in property, plant and equipment and intangible assets	5,597	1,893	7,490	12	7,502

(Note) "Other" is a business segment not included in the reportable segments and includes security transportation, hospital-related logistics, temp service, and insurance agency businesses.

FY2021 (April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments			Other (Note 1)	Total
	TC Business	DC Business	Total		
Operating revenue					
Operating revenues from contracts with customers	70,042	37,896	107,939	1,757	109,696
Other revenue (Note 2)	1,104	67	1,172	—	1,172
Operating revenues from external customers	71,147	37,964	109,111	1,757	110,868
Inter-segment sales and transfers	350	150	501	541	1,042
Total	71,497	38,115	109,612	2,298	111,911
Segment profit	3,091	5,432	8,524	164	8,689
Segment assets	31,418	35,309	66,727	375	67,102
Other items					
Depreciation	2,907	2,668	5,576	43	5,619
Increase in property, plant and equipment and intangible assets	5,344	4,956	10,300	0	10,300

(Notes) 1. "Other" is a business segment not included in the reportable segments and includes security transportation, hospital-related logistics, temp service, and insurance agency businesses.

2. Other revenue includes rental income, etc. included in the scope of IFRS standards for lease accounting. 4. Differences Between Reportable Segment Totals and Amounts Recorded in Consolidated Financial Statements, and Main Details of the Differences (Matters Related to Difference Adjustment)

(Million yen)

Profit	FY2020	FY2021
Reportable segments total	9,227	8,524
“Other” segment profit	207	164
Elimination of inter-segment transactions	(119)	(166)
Corporate expenses (Note)	(4,023)	(4,040)
Operating profit in consolidated financial statements	5,291	4,482

(Note) Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(Million yen)

Assets	FY2020	FY2021
Reportable segments total	60,651	66,727
“Other” segment assets	380	375
Corporate assets (note)	24,027	21,456
Total assets in consolidated financial statements	85,059	88,559

(Note) Corporate assets are primarily surplus operating funds (cash and deposits) that do not belong to the reportable segments, assets related to administrative departments, and assets whose use is under consideration in each reportable segment.

(Million yen)

Other items	Reportable segments total		Other		Adjustment		Amount recorded in consolidated financial statements	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Depreciation	5,000	5,576	44	43	78	86	5,123	5,706
Increase in property, plant and equipment and intangible assets	7,490	10,300	12	0	833	22	8,336	10,323

(Note) The adjustment of increase in property, plant and equipment and intangible assets is investments in head office facilities, software, and land whose use is under consideration by each reportable segment.

(Per Share Information)

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Net assets per share	¥1,697.63	¥1,816.72
Earnings per share	¥145.97	¥132.59
Diluted earnings per share	¥ —	¥ —

(Notes) 1. The Company's shares held by the stock benefit trust are included in treasury shares, which are deducted from the total number of shares outstanding at the end of the period for the calculation of "Net assets per share" (121,000 shares in the previous fiscal year and 118,800 shares in the fiscal year under review).

Those are also included in treasury shares deducted from the average number of shares during the period for the calculation of "earnings per share" (41,770 shares in the previous fiscal year and 119,567 shares in the fiscal year under review).

2. Diluted earnings per share is not presented since there has been no potential dilution.
3. The calculation basis for diluted earnings per share is as shown below.

	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)
Earnings per share		
Profit attributable to owners of parent (million yen)	3,678	3,316
Amount not belonging to the holders of common shares (million yen)	—	—
Profit attributable to owners of parent that pertain to common shares (million yen)	3,678	3,316
Average number of common shares during the period (thousand shares)	25,197	25,010

(Significant Subsequent Events)

Not applicable

(Revenue Recognition)

Information that breaks down revenue from contracts with customers is as presented in "Notes (Segment Information, Etc.)".