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May 10, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: MITSUI-SOKO HOLDINGS Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9302
 URL: <https://www.mitsui-soko.com/en/>
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 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to commence dividend payments: June 5, 2023
 Scheduled date to file annual securities report: June 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	300,836	(0.1)	25,961	0.1	26,533	3.8	15,617	7.7
March 31, 2022	301,022	18.7	25,939	46.9	25,553	48.2	14,503	25.6

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥21,321 million ((5.1)%
 For the fiscal year ended March 31, 2022: ¥22,467 million (43.7%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenue
	Yen	Yen	%	%	%
March 31, 2023	628.08	—	18.1	10.3	8.6
March 31, 2022	583.98	—	20.4	10.3	8.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥366 million
 For the fiscal year ended March 31, 2022: ¥271 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	258,679	104,078	36.1	3,750.18
March 31, 2022	258,297	88,631	30.8	3,199.28

Reference: Equity capital

As of March 31, 2023: ¥93,285 million

As of March 31, 2022: ¥79,458 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	32,340	(6,326)	(16,053)	33,417
March 31, 2022	23,123	(7,049)	(17,218)	22,822

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	35.00	—	94.00	129.00	3,203	22.1	4.5
Fiscal year ended March 31, 2023	—	72.00	—	117.00	189.00	4,701	30.1	5.4
Fiscal year ending March 31, 2024 (Forecast)	—	67.00	—	67.00	134.00		30.3	

* The amount of year-end dividend per share for the fiscal year ended March 31, 2023 has been changed from ¥115 to ¥117.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	140,000	(11.0)	10,000	(26.9)	9,700	(32.9)	5,500	(40.0)	221.19
Fiscal year ending March 31, 2024	280,000	(6.9)	20,000	(23.0)	19,200	(27.6)	11,000	(29.6)	442.38

4. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	16,700	35.2	8,500	60.0	8,300	57.3	8,300	56.8	333.80
Fiscal year ending March 31, 2024	25,800	19.7	9,200	34.9	8,500	28.9	8,500	19.4	341.84

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: –

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	24,921,802 shares
As of March 31, 2022	24,883,002 shares

b. Number of treasury shares at the end of the period

As of March 31, 2023	46,808 shares
As of March 31, 2022	46,684 shares

c. Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	24,865,377 shares
Fiscal year ended March 31, 2022	24,836,324 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Figures for the forecasts, outlooks, and targets described in this report that are not historical facts are calculated based on the currently available information and uncertain factors that may have an effect on future performance. The actual results may differ from the forecasts. Regarding earnings forecasts, please refer to “b. Outlook for the next fiscal year” of “(1) Analysis of operating results” under “1. Overview of operating results and others” on page 2.

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1. Overview of operating results and others

(1) Analysis of operating results

a. Overview of the fiscal year under review

(i) Overall summary

(Millions of yen)

Consolidated total amount	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year comparison	Changes
Operating revenue	301,022	300,836	(185)	(0.1)%
Operating profit	25,939	25,961	22	0.1%
Ordinary profit	25,553	26,533	980	3.8%
Profit attributable to owners of parent	14,503	15,617	1,113	7.7%

- Operating profit, ordinary profit, and profit all increased year-on-year, reaching record highs for the third consecutive year.
- With the effects of disruption to global supply chains subsiding, the resumption of economic and social activities continues. In this environment, the Group accurately grasped the rapidly changing needs of customers, and made proposals for alternate transportation routes and to increase efficiency in logistics. As a result, the Group acquired new customers, expanded the range of business contracts with existing customers and increased the handling volume in the freight forwarding business.

(ii) Segment overview

i) Logistics Business

(Millions of yen)

Logistics Business	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year comparison	Changes
Operating revenue	292,213	292,022	(190)	(0.1)%
Operating profit	23,734	23,923	188	0.8%

Business environment: The business environment surrounding the Company is as follows.

- The prolonging of the situation in Ukraine, global labor market tightness, persistent high energy procurement costs, as well as tight global monetary policy in response to rising prices, have led to constraints on businesses in the procurement of raw materials and components, and capital investment.
- However, in conjunction with the resumption of economic and social activities, the gradual recovery trend in production activities of businesses continues, albeit with some ups and downs.
- In addition, the shortage of marine containers and other disruptions in the marine shipping market, and constraints on available cargo space accompanying the decrease in the number of air passenger flights are beginning to ease. The shortages of sea and air transport space and the surge in freight costs are now coming to an end.

Operating situation: The situation regarding the operating activities of the Company is as follows.

- Upon experiencing supply chain disruptions, the Group accurately grasped the rapidly changing needs of customers, flexibly secured transport space and increased the handling volume in the freight forwarding business.
- As a result of making the following proposals to customers, the Group acquired new customers, expanded the range of business contracts with existing customers and increased the handling volume in the overseas logistics business and the freight forwarding business.
 - Proposed alternate transportation routes that contribute to customers' business continuity plans (BCPs)

- Proposed logistics solutions to reduce environmental impact
- Proposed methods for increasing efficiency through one-stop logistics from international logistics to transport in Japan and overseas
- A new warehouse dedicated to healthcare logistics that began operations in the previous fiscal year and a new logistics center for mass merchandisers of home appliance and e-commerce, which also began operations in the previous fiscal year, made a positive contribution to full-year results and produced business expansion.

ii) Real Estate Business

(Millions of yen)

Real Estate Business	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year comparison	Changes
Operating revenue	9,574	9,629	54	0.6%
Operating profit	5,798	5,908	110	1.9%

Business environment: The business environment surrounding the Company is as follows.

- The average vacancy rates and the average rents for office properties in the business districts of Tokyo were roughly unchanged.

Operating situation: The situation regarding the operating activities of the Company is as follows.

- There were no significant changes in the vacancy rate and rent levels for office properties owned by the Company, and both operating revenue and operating profit were nearly unchanged.

b. Outlook for the next fiscal year

(i) Overall outlook

(Billions of yen)

Consolidated total amount	Results for the fiscal year ended March 31, 2023	Forecasts for the fiscal year ending March 31, 2024	Year-on-year comparison	Changes
Operating revenue	300.8	280.0	(20.8)	(6.9)%
Operating profit	26.0	20.0	(6.0)	(23.0)%
Ordinary profit	26.5	19.2	(7.3)	(27.6)%
Profit attributable to owners of parent	15.6	11.0	(4.6)	(29.6)%

(ii) Outlook for operating profit by segment

(Billions of yen)

Operating profit by segment	Results for the fiscal year ended March 31, 2023	Forecasts for the fiscal year ending March 31, 2024	Year-on-year comparison
Special factors	4.6	–	(4.6)
Adjusted profit	21.4	20.0	(1.4)
Logistics Business	19.3	19.8	+0.5
Real Estate Business	5.9	5.7	(0.2)
Corporate expenses and eliminations	(3.8)	(5.5)	(1.7)
Consolidated total amount	26.0	20.0	(6.0)

- The shift from sea transportation to air transportation due to disruptions in the marine shipping market and the impact of air and sea freight rates remaining high (hereinafter, “special factors”) is coming to an end, and we do not anticipate any special factors in our operating profit for the fiscal year ending March 31, 2024.
- Adjusted profit from the Logistics Business is expected to increase. As for the business environment, cargo movements in the logistics market as a whole are expected to enter an

adjustment phase, and costs for labor and fuel are expected to rise substantially. In this business environment, the Company will work to improve profitability through appropriate fee collection and operating cost reductions. In addition, adjusted profit from the Logistics Business is growing strongly in terms of its ability to achieve the goals of the Medium-term Management Plan through the promotion of solution proposals to improve the efficiency of logistics and reduce its environmental impact, and the expansion of sales through the establishment of two new logistics centers, one in Kyushu for semiconductor-related operations and the other in western Japan for B-to-B-to-C e-commerce operations.

- Real Estate Business performance is expected to be almost unchanged. We plan to begin value-raising work towards the renewal of the MITSUI-SOKO Hakozaki Building, one of the Company's properties, into a multi-tenant office building. For details, please refer to the press release titled "Continued Use of Our Office Building by a Major Tenant and the Direction of Multi-Tenancing" released today (May 10, 2023).
- Corporate expenses also include upfront costs associated with DX investment; as a result of these factors, consolidated total operating profit for the fiscal year ending March 31, 2024 is expected to be ¥20.0 billion.

(2) Analysis of financial position

a. Overview of the fiscal year under review

(i) Status of changes in financial position

Consolidated total amount	As of March 31, 2022	As of March 31, 2023	Comparison from March 31, 2022	Changes
Equity capital	79,458	93,285	13,827	17.4%
Total assets	258,297	258,679	382	0.1%
Equity ratio	30.8%	36.1%	+5.3 pt	17.2%
Interest-bearing debt	99,394	92,621	(6,733)	(6.8)%
D/E ratio	1.25	0.99	(0.26)	(20.6)%

- The increase in equity capital was due to the recording of profit attributable to owners of parent.
- The increase in total assets was due mainly to an increase in cash and deposits.
- The decrease in interest-bearing debt was due to the repayments of borrowings.
- The Company will continue its operations policy that aims for a D/E ratio of approximately 1.0 to ensure future investment capacity.

(ii) Status of cash flows

Consolidated total amount	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year comparison
Cash and cash equivalents at beginning of period	22,718	22,822	–
Net cash provided by (used in) operating activities	23,123	32,340	9,217
Net cash provided by (used in) investing activities	(7,049)	(6,326)	723
Net cash provided by (used in) financing activities	(17,218)	(16,053)	1,164
Cash and cash equivalents at end of period	22,822	33,417	–

The status of cash flows for the fiscal year ended March 31, 2023 is as follows.

- The main items in cash flows from operating activities are profit before income taxes, cash reserves due to recording of depreciation, and decrease in trade receivables.

- The main items in cash flows from investing activities are software investment based on DX strategy and investment to maintain and update logistics facilities.
- The main items in cash flows from financing activities are repayments of borrowings and payments of dividends.

b. Outlook for the next fiscal year

The Company forecasts net cash provided by operating activities of ¥24.0 billion largely based on profits in the next fiscal year and funds retained from depreciation. Cash and cash equivalents as of March 31, 2024 are expected to be at the same level as at the end of the fiscal year under review.

Expenditures related to the value-raising work at the MITSUI-SOKO Hakozaki Building are expected to be fully underway from the fiscal year ending March 31, 2025 onward, and the impact on cash flows for the fiscal year ending March 31, 2024 is expected to be minimal.

c. Changes in cash flow-related indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	20.8	26.3	30.8	36.1
Equity ratio based on market value (%)	14.5	22.6	24.1	37.7
Interest-bearing debt to cash flow ratio	6.1	5.2	4.3	2.9
Interest coverage ratio	17.5	21.2	27.1	37.1

Notes: Equity ratio: Equity capital/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payments

1. Each of the above indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated as follows: Final stock price at the end of the period x Total number of issued shares at the end of the period (excluding treasury shares).
3. The figure used for cash flow is “Net cash provided by (used in) operating activities” on the consolidated statement of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid. Furthermore, regarding the interest payments, the figure for “Interest paid” on the consolidated statement of cash flows is used.

(3) Basic policy on profit distribution and cash dividends for the fiscal year under review and the next fiscal year

Under the Medium-term Management Plan 2022 (from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2027), the Company’s basic policy on distribution of funds is to achieve both proactive investment and enhanced shareholder returns. For dividends, we have a policy of implementing flexible dividends linked to performance, with a consolidated dividend payout ratio of 30% as our standard.


Pursuant to this policy, for the dividend for the fiscal year under review, we have decided to pay a year-end dividend of ¥117 per share for a full-year consolidated dividend payout ratio of around 30%, combined with the interim dividend (¥72 per share) for an annual dividend of ¥189 per share.

Meanwhile, the annual dividend for the next fiscal year has been provisionally set at ¥134 per share, consisting of an interim dividend of ¥67 per share and a year-end dividend of ¥67 per share based on the above dividend policy.

2. Status of the corporate group

The Group consists of the Company, 77 subsidiaries, and 9 associates. The Group's operations consist of the Logistics Business and the Real Estate Business. The Logistics Business organically and efficiently provides various logistics services to its customers, such that include warehousing and cargo handling, port-related work and transport, overseas logistics services, multimodal forwarding, airfreight forwarding, third-party logistics (3PL), supply chain management support, and land transportation. The Real Estate Business is centered on building leases.

The Company's consolidated financial statements encompass the results of 6 associates accounted for using equity method along with 76 consolidated subsidiaries, based on standards for determining materiality. The following depicts the corporate structure as it relates to the business segments.

MITSUI-SOKO Group Domestic consolidated subsidiaries: 36, Foreign consolidated subsidiaries: 40, Associates accounted for using equity method: 6		Customers 
Name of business	Provided services	Company name
Logistics Business	Warehousing, port transportation, and overseas logistics services	Business company: MITSUI-SOKO Co., Ltd. (Other consolidated subsidiaries) Mitsui-Soko Kyushu Co., Ltd., Mitsui-Soko Business Partners Co., Ltd., IM Express Co., Ltd., Sanso K.K., Toko Maruraku Transportation Co., Ltd., Sanso Kouun Co., Ltd., Sanko Trucking Co., Ltd., Sanei K.K., Mitsunori Corporation, Mitsui Warehouse Terminal Service Co., Ltd., Sanyu Service Co., Ltd., Kobe Sunso Koun Co., Ltd., Sun Transport Co., Ltd., MK Services Co., Ltd., Seiyu Koun Co., Ltd., Hakata Sanso-Butsuryu Co., Ltd., Naha International Container Terminal, Inc. Mitsui-Soko (China) Investment Co., Ltd., Mitsui-Soko International Pte. Ltd., Mitex Logistics (Shanghai) Co., Ltd., MSC Trading (Shanghai) Co., Ltd., Shanghai MITS Commerce & Trade Co., Ltd., Mitex Shenzhen Logistics Co., Ltd., Mitex International (Hong Kong) Ltd., Mitex Multimodal Express Ltd., Noble Business International Ltd., Mitex (Tianjin) Co., Ltd., Nantong Sinavico International Logistics Co., Ltd., Mitsui-Soko (Taiwan) Co., Ltd., Mitsui-Soko (Korea) Co., Ltd., Mitsui-Soko (Singapore) Pte. Ltd., Mitsui-Soko Vietnam Co. Ltd., Mitsui-Soko (Thailand) Co., Ltd., Mitsui-Soko (Chiangmai) Co., Ltd., Mits Logistics (Thailand) Co., Ltd., Mits Transport (Thailand) Co., Ltd., MS North Star Logistics Co., Ltd., Mitsui-Soko (Malaysia) Sdn. Bhd., Mitsui-Soko Agencies (Malaysia) Sdn. Bhd., Integrated Mits Sdn. Bhd., PT Mitsui-Soko Indonesia, Mitsui-Soko (U.S.A.) Inc., Mitsui-Soko (Americas) Inc., Mitsui-Soko Mexico S.A. de C.V., PST CLC Mitsui-Soko, a.s., PST Hungary Kft. (Associates accounted for using equity method) Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd., Nantong Sinavico International Logistics Co., Ltd., AW Rostamani Logistics LLC.
	Airfreight forwarding, multimodal forwarding	Business company: MITSUI-SOKO EXPRESS Co., Ltd. (Other consolidated subsidiaries) MSE CHINA (GUANGZHOU) CO., LTD., MSE EXPRESS AMERICA, INC., MSE EXPRESS MEXICO, S.A. DE C.V., MSE do Brasil Logistica Ltda., MSE EXPRESS (THAILAND) CO., LTD., N.V. MSE EUROPE S.A., MSE EUROPE TASIMACILIK, ORGANIZASYON, LOJISTIK LIMITED SIRKETI, MS EXPRESS SOUTH AFRICA (PTY) LTD. (Associates accounted for using equity method) MSE CHINA (BEIJING) CO., LTD., PT. PUNINAR MSE INDONESIA, MSE FORWARDERS INDIA PVT. LTD.
	3PL	Business company: MITSUI-SOKO LOGISTICS Co., Ltd. (Other consolidated subsidiaries) Hokkaimitsui-Soko Logistics Co., Ltd., MS Logitech Service Co., Ltd., Co-next Inc.
	Supply chain management support	Business company: MITSUI-SOKO Supply Chain Solutions, Inc. (Other consolidated subsidiaries) Logistics Operation Service Co., Ltd., MS Supply Chain Solutions (Thailand) Ltd., MS Supply Chain Solutions (Malaysia) Sdn. Bhd.
	Land transportation	Business company: MITSUI-SOKO TRANSPORT Co., Ltd. (Other consolidated subsidiaries) Marukyo Logistics Co., Ltd. (Osaka), Marukyo Logistics Co., Ltd. (Ehime), AMT Co., Ltd., Marukyo Transportation Co., Ltd. (Kyushu), Marukyo Group Cooperative, Swallow Logistics Co., Ltd., Marukyo Shokusan Co., Ltd., Kiwa General Service Co., Ltd., Shanghai Marukyo Transportation Co., Ltd., Zhangjiagang Bonded Area Marukyo Transportation & Trade Co., Ltd.
	Others	Mitsui-Soko Bizport Co., Ltd.
Real Estate Business	Real estate leasing	Holding company (the Company): MITSUI-SOKO HOLDINGS Co., Ltd.
(Unconsolidated subsidiary: 1) Fukumitsu-Shouji Co., Ltd.		(Associates not accounted for using equity method: 3) American Terminal Service Co., Ltd. and others

3. Management policy

Having recognized a need to review its raison d'être as a corporate group in order to achieve a further leap forward and sustainable growth under a rapidly changing business environment, the Group has formulated a new "Group Philosophy (Purpose, Vision, Values)" in May 2022, as well as a five-year plan, the "Medium-term Management Plan 2022," starting in the fiscal year ended March 31, 2023 and ending in the fiscal year ending March 31, 2027.

<Group Philosophy>

This Group Philosophy has been positioned as the highest management concept. By promoting the medium-term management plan that we have formulated under this philosophy, we will work to increase corporate value over the medium to long term and build a sustainable society, thereby meeting the expectations of our stakeholders and society.

Purpose (meaning of our existence)

"Empower society, encourage progress"

Vision (what we want to become in the medium- to long-term span)

"The co-creative logistics solutions partner. For everyday, emergency, and always will be"

Values (corporate values and action guidelines)

PRIDE	Responsibility and pride in empowering our society
CHALLENGE	Strive to create and execute sustainable proposals for both our customers and society
GEMBA	Our frontline: The base of potential, power, and progress
RESPECT	Embrace diverse ideas, co-create new value

<Medium-term Management Plan 2022>

We positioned the first three years of the previous five-year Medium-term Management Plan, ending in the fiscal year ended March 31, 2022, as a reversal period, focusing on strengthening our business profitability and rebuilding our financial base. In the last two years of the plan, we primarily worked on the three key areas for sustainable growth: Construction of Overwhelming Field Capabilities, Establishment of End-to-end Integrated Solution Services, and ESG Management. As a result, we successfully achieved all of our numerical targets, attained the reversal of our business, and laid the foundation for sustainable growth in the future.

The new Medium-term Management Plan 2022, starting in the fiscal year ended March 31, 2023, is a plan to achieve further growth by deepening our efforts to date. During the five years of this Medium-term Management Plan, as the first-call company that can be trusted by our customers, we will go on the offensive with aggressive investment, focusing on the three pillars of our growth strategy: Top-line Growth by Mobilizing the Group's Collective Strength, Reinforcement of Operational Competitiveness, and Building Management Foundations to Support the Deepening.

Growth Strategy

- a. Top-line Growth by Mobilizing the Group's Collective Strength
We will promote a deepening of our integrated solution services, which is our unique business model, expanding our sustainability-oriented business with our competitive abilities to make and execute proposals, and digging deeper into our inter-industry operations by making the most of the Group's broad customer base and various logistics features.
- b. Reinforcement of Operational Competitiveness
By deepening our efforts toward thorough standardization, we will realize our "overwhelming field capabilities" that combine the power of people with the power of technology. We also aim to secure a competitive advantage by improving the quality of our operations, and furthermore, to improve profitability by lowering the cost of operations.

c. Building Management Foundation to Support the Deepening

We will strengthen our management base in the following four aspects:

DX	Transformation of business models and reform of corporate culture
Co-creation	Creation of mechanisms to generate innovation and the strengthening of alliances with various platformers
Business Assets	Development of new office buildings and logistics facilities, enhancement of the asset value of existing facilities, and the improvement of the work environment
ESG	Reinforcement of efforts to realize a decarbonized society, an expansion of investment in human capital, and the enhancement of governance

Financial Strategy

In the previous medium-term management plan, we restrained investment and reduced interest-bearing debt in order to rebuild our financial base. In the Medium-term Management Plan 2022, we aim to achieve both proactive investment and enhanced shareholder returns based on the financial base and profitability established to date.

- Make an investment of ¥130 billion in total.
 - ¥100 billion for strategic investment in growth areas, such as DX investment, investment in new equipment (physical distribution/real estate), and M&A
 - ¥30 billion for ordinary investment (investment in maintenance/renewal of existing facilities)
- Strengthen shareholder returns based on a payout ratio of 30%.
- Procure and operate based on the optimal debt-to-equity ratio of 1.0.
- Set a target of return of equity (ROE) of over 12%, aiming to maintain a high level of capital efficiency.

Numerical Targets (End of March 31, 2027)

(Billions of yen)

Operating revenue	350.0
Operating profit	23.0
Operating cash flow	30.0

4. Basic concept regarding selection of accounting standards

The Group has adopted Japanese GAAP for the time being, but has been considering the possibility of adopting the International Financial Reporting Standards (IFRS) in view of the trend toward adopting the IFRS in Japan.

5. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022		As of March 31, 2023	
Assets				
Current assets				
Cash and deposits		23,109		34,480
Notes and operation accounts receivable trade, and contract assets		41,155		32,291
Inventories		2,045		1,999
Other		11,112		7,796
Allowance for doubtful accounts		(67)		(52)
Total current assets		77,354		76,515
Non-current assets				
Property, plant and equipment				
Buildings and structures		214,242		217,751
Accumulated depreciation	*6	(140,632)	*6	(146,289)
Buildings and structures, net	*2	73,609	*2	71,462
Machinery, equipment and vehicles		27,524		29,886
Accumulated depreciation	*6	(21,803)	*6	(23,182)
Machinery, equipment and vehicles, net		5,721		6,704
Land	*2	56,496	*2	56,724
Construction in progress		43		75
Other		15,276		16,502
Accumulated depreciation	*6	(11,653)	*6	(12,738)
Other, net		3,623		3,763
Total property, plant and equipment		139,493		138,730
Intangible assets				
Goodwill		1,917		1,670
Other		6,783		8,851
Total intangible assets		8,700		10,521
Investments and other assets				
Investment securities	*1	9,883	*1	11,068
Long-term loans receivable		331		169
Deferred tax assets		4,818		4,580
Retirement benefit asset		5,329		4,034
Other	*1	12,988	*1	13,667
Allowance for doubtful accounts		(603)		(609)
Total investments and other assets		32,748		32,911
Total non-current assets		180,942		182,163
Total assets		258,297		258,679

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	22,604	16,893
Short-term borrowings	*2 2,049	*2 706
Current portion of long-term borrowings	*2 9,630	*2 8,461
Lease liabilities	1,223	1,703
Income taxes payable	4,631	2,696
Provision for bonuses	3,863	3,884
Other	21,440	19,881
Total current liabilities	65,441	54,227
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	*2 57,317	*2 50,900
Lease liabilities	4,174	5,848
Deferred tax liabilities	4,780	5,668
Retirement benefit liability	6,562	6,467
Other	6,388	6,488
Total non-current liabilities	104,224	100,373
Total liabilities	169,666	154,601
Net assets		
Shareholders' equity		
Share capital	11,100	11,156
Capital surplus	5,548	5,603
Retained earnings	52,752	64,244
Treasury shares	(103)	(103)
Total shareholders' equity	69,298	80,900
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,568	4,295
Deferred gains or losses on hedges	2	(0)
Foreign currency translation adjustment	4,665	6,560
Remeasurements of defined benefit plans	1,924	1,528
Total accumulated other comprehensive income	10,159	12,385
Non-controlling interests	9,172	10,792
Total net assets	88,631	104,078
Total liabilities and net assets	258,297	258,679

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue		
Warehousing fee income	35,037	38,005
Stevedoring income	31,603	33,510
Port terminal fee income	17,019	17,736
Transportation income	164,367	156,156
Real estate income	8,808	8,813
Other	44,185	46,614
Total operating revenue	301,022	300,836
Operating costs		
Direct operation expenses	155,892	148,292
Rent expenses	19,794	20,234
Depreciation	7,449	8,004
Taxes and dues	2,274	2,259
Salaries and allowances	34,142	34,954
Provision for bonuses	2,019	2,254
Retirement benefit expenses	804	873
Other	34,365	39,269
Total operating cost	256,743	256,142
Operating gross profit	44,278	44,694
Selling, general and administrative expenses		
Remuneration, salaries and allowances	5,655	6,161
Provision for bonuses	2,135	2,326
Retirement benefit expenses	833	241
Depreciation	1,271	1,494
Amortization of goodwill	720	302
Taxes and dues	660	615
Provision of allowance for doubtful accounts	7	3
Other	7,055	7,586
Total selling, general and administrative expenses	18,338	18,732
Operating profit	25,939	25,961
Non-operating income		
Interest income	127	292
Dividend income	305	349
Foreign exchange gains	-	294
Share of profit of entities accounted for using equity method	271	366
Other	611	704
Total non-operating income	1,316	2,007
Non-operating expenses		
Interest expenses	859	871
Commission expenses	56	73
Foreign exchange losses	263	-
Loss on retirement of non-current assets	135	80
Other	388	410
Total non-operating expenses	1,702	1,436
Ordinary profit	25,553	26,533

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on return of assets from retirement benefits trust	-	496
Total extraordinary income	-	496
Profit before income taxes	25,553	27,029
Income taxes - current	7,921	7,379
Income taxes - deferred	(484)	930
Total income taxes	7,437	8,310
Profit	18,115	18,719
Profit attributable to non-controlling interests	3,611	3,102
Profit attributable to owners of parent	14,503	15,617

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	18,115	18,719
Other comprehensive income		
Valuation difference on available-for-sale securities	(284)	727
Deferred gains or losses on hedges	2	(2)
Foreign currency translation adjustment	3,454	2,178
Remeasurements of defined benefit plans, net of tax	564	(369)
Share of other comprehensive income of entities accounted for using equity method	614	68
Total other comprehensive income	* 4,351	* 2,602
Comprehensive income	22,467	21,321
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,410	17,842
Comprehensive income attributable to non-controlling interests	4,057	3,479

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,100	5,548	39,898	(103)	56,444
Cumulative effects of changes in accounting policies			(35)		(35)
Restated balance	11,100	5,548	39,863	(103)	56,408
Changes during period					
Issuance of new shares	–	–			–
Dividends of surplus			(1,614)		(1,614)
Profit attributable to owners of parent			14,503		14,503
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		–			–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	12,889	(0)	12,889
Balance at end of period	11,100	5,548	52,752	(103)	69,298

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,852	0	1,036	1,364	6,253	5,831	68,529
Cumulative effects of changes in accounting policies							(35)
Restated balance	3,852	0	1,036	1,364	6,253	5,831	68,493
Changes during period							
Issuance of new shares							–
Dividends of surplus							(1,614)
Profit attributable to owners of parent							14,503
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	(284)	2	3,628	560	3,906	3,341	7,247
Total changes during period	(284)	2	3,628	560	3,906	3,341	20,137
Balance at end of period	3,568	2	4,665	1,924	10,159	9,172	88,631

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,100	5,548	52,752	(103)	69,298
Cumulative effects of changes in accounting policies			–		–
Restated balance	11,100	5,548	52,752	(103)	69,298
Changes during period					
Issuance of new shares	55	55			110
Dividends of surplus			(4,125)		(4,125)
Profit attributable to owners of parent			15,617		15,617
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		–			–
Net changes in items other than shareholders' equity					
Total changes during period	55	55	11,491	(0)	11,602
Balance at end of period	11,156	5,603	64,244	(103)	80,900

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,568	2	4,665	1,924	10,159	9,172	88,631
Cumulative effects of changes in accounting policies							–
Restated balance	3,568	2	4,665	1,924	10,159	9,172	88,631
Changes during period							
Issuance of new shares							110
Dividends of surplus							(4,125)
Profit attributable to owners of parent							15,617
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	727	(2)	1,895	(395)	2,225	1,619	3,845
Total changes during period	727	(2)	1,895	(395)	2,225	1,619	15,447
Balance at end of period	4,295	(0)	6,560	1,528	12,385	10,792	104,078

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	25,553	27,029
Depreciation	8,721	9,498
Amortization of goodwill	720	302
Gain on return of assets from retirement benefit trust	–	(496)
Increase (decrease) in allowance for doubtful accounts	43	(31)
Increase (decrease) in provision for bonuses	363	2
Increase (decrease) in retirement benefit liability	(90)	(120)
Interest and dividend income	(433)	(642)
Interest expenses	859	871
Share of loss (profit) of entities accounted for using equity method	(271)	(366)
Loss (gain) on sale of property, plant and equipment	(20)	(119)
Loss on retirement of non-current assets	135	80
Loss (gain) on sale of investment securities	(32)	–
Decrease (increase) in trade receivables	(7,835)	9,854
Increase (decrease) in trade payables	3,743	(6,156)
Other, net	2,742	325
Subtotal	34,198	40,030
Interest and dividends received	621	914
Interest paid	(854)	(871)
Income taxes paid	(10,842)	(7,733)
Net cash provided by (used in) operating activities	23,123	32,340
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,411)	(2,508)
Proceeds from sale of property, plant and equipment	72	181
Purchase of intangible assets	(1,850)	(3,237)
Proceeds from sale of intangible assets	3	2
Purchase of investment securities	(122)	(22)
Proceeds from sale of investment securities	47	–
Loan advances	(26)	(13)
Proceeds from collection of loans receivable	21	41
Payments into time deposits	(1)	(771)
Proceeds from withdrawal of time deposits	217	1
Net cash provided by (used in) investing activities	(7,049)	(6,326)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	116,023	85,857
Repayments of short-term borrowings	(120,500)	(87,422)
Proceeds from long-term borrowings	3,501	1,997
Repayments of long-term borrowings	(13,095)	(9,708)
Dividends paid	(1,614)	(4,125)
Dividends paid to non-controlling interests	(767)	(2,111)
Other, net	(765)	(541)
Net cash provided by (used in) financing activities	(17,218)	(16,053)
Effect of exchange rate change on cash and cash equivalents	1,249	634
Net increase (decrease) in cash and cash equivalents	104	10,594
Cash and cash equivalents at beginning of period	22,718	22,822
Cash and cash equivalents at end of period	* 22,822	* 33,417

(5) Notes to consolidated financial statements**Notes on premise of going concern**

Not applicable.

Significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 76

Names of major consolidated subsidiaries are provided in “2. Status of the corporate group.”

Fujimatsu Unyu Souko Co., Ltd. has been excluded from the scope of consolidation for this consolidated fiscal year because it was merged into Marukyo Logistics Co., Ltd. (Osaka).

Mitsui-Soko (Europe) s.r.o. was merged into PST CLC, a.s. and was excluded from the scope of consolidation from this consolidated fiscal year. Due to the above merger, PST CLC, a.s. changed its company name to PST CLC Mitsui-Soko, a.s.

Mitsui-Soko NEA Co., Ltd. was excluded from the scope of consolidation from the fiscal year ended March 31, 2023, due to its liquidation.

Mitsui-Soko Southeast Asia Pte. Ltd. was excluded from the scope of consolidation from the fiscal year ended March 31, 2023, due to its liquidation.

Nantong Sinavico International Logistics Co., Ltd. has been included in the scope of consolidation from the current fiscal year due to its new establishment.

(2) Names, etc. of major non-consolidated subsidiaries

Fukumitsu-Shouji Co., Ltd.

The non-consolidated subsidiary is excluded from the scope of consolidation, because it is small in its business scale, and any amount in terms of its total assets, operating revenue and profit or loss (amount corresponding to the Company’s ownership interest) as well as retained earnings (amount corresponding to the Company’s ownership interest) and others does not significantly affect the consolidated financial statements.

2. Disclosure about application of equity method

(1) Number of associates accounted for using equity method: 6

Names of major associates accounted for using equity method are provided in “2. Status of the corporate group.”

(2) Non-consolidated subsidiary not accounted for using the equity method (Fukumitsu-Shouji Co., Ltd.) and associates not accounted for using the equity method (American Terminal Service Co., Ltd. and two other companies) are excluded from the scope of application of the equity method, because such exclusion has only an immaterial effect on the consolidated financial statements in terms of each company’s profit or loss (amount corresponding to the Company’s ownership interest) and retained earnings (amount corresponding to the Company’s ownership interest), and they have no significance as a whole.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Of consolidated subsidiaries, 30 companies have fiscal year-ends different from the consolidated balance sheet date, or accounting periods different from the consolidated accounting period. Therefore, they are consolidated based on the financial statements provisionally prepared in accordance with regular year-end closing procedures as of the consolidated balance sheet date. Other consolidated subsidiaries’ fiscal year-end is the same as the consolidated balance sheet date.

4. Disclosure of accounting policies

(1) Valuation basis and methods for significant assets

a. Securities

Other securities

1) Securities other than shares with no market value, etc.

Fair value method based on market price, etc. on the consolidated balance sheet date (with the entire amount of valuation differences posted directly to net assets, and the cost of sales calculated using the moving average method)

2) Shares with no market value, etc.

Stated at cost determined by the moving average method

b. Derivatives

Stated at fair value

c. Inventories

Stated at cost determined by the moving average method (method of lowering book value based on a decline in profitability)

(2) Accounting methods for depreciation of significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The declining balance method is applied, while the straight-line method is applied for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), facilities attached to buildings and structures acquired on or after April 1, 2016, and consolidated foreign subsidiaries.

Major useful lives are as follows:

Buildings and structures	3-50 years
Machinery equipment and vehicles	2-15 years

b. Intangible assets (excluding leased assets)

The straight-line method is applied, while software for internal use is amortized using the straight-line method over its useful life as internally determined (five years).

c. Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method applied to non-current assets owned by the Company is applied.

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting methods for significant deferred assets

Bond issuance costs

Bond issuance costs are fully charged to expenses when incurred.

(4) Accounting policy for significant provisions

a. Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

b. Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid in the future, the amount estimated to cover the bonus payment for services rendered by employees with respect to the relevant fiscal year is provided.

(5) Accounting methods for retirement benefits

To prepare for payment of retirement benefits payable to employees, projected retirement benefit obligations and plan assets at the end of the relevant fiscal year are recorded based on deemed either accrued or realized amount at the end of the fiscal year.

a. Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

b. Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized using the straight-line method over the average remaining service years (three to 15 years) of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

Past service cost is amortized using the straight-line method over the average remaining service years (11 years) of employees when incurred.

(6) Accounting policy for significant revenues and expenses

The Group recognizes revenue based on the following five step approach.

- | | |
|---------|--|
| Step 1: | Identify the contract(s) with a customer |
| Step 2: | Identify the performance obligations in the contract |
| Step 3: | Determine the transaction price |
| Step 4: | Allocate the transaction price to separate performance obligations in the contract |
| Step 5: | Recognize revenue when (or as) the entity satisfies a performance obligation |

The Group provides comprehensive logistics services, such as warehousing, cargo handling, port-related work, inland transport and international transport, and real estate leasing services centered on building leases. In determining a contract with a customer, the Group recognizes that existence of characteristics that contracts should have and economic substance are reflected in the contract, and at the same time, identifies goods or services promised to be transferred to the customer under the contract as well as performance obligations to be accounted for individually.

In calculating a transaction price, the Group measures it at an amount of consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to the customer. Contracts with customers do not include any significant financial component.

For contracts of which the transaction price needs to be allocated to each performance obligation, revenue is recognized by allocating goods or services constituting each performance obligation based on the proportion of the standalone selling price.

As for revenue recognition, control over the underlying goods or services is recognized at a point in time or over a certain period of time, only if performance obligations meet the qualifications.

- (7) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and their revenues and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

- (8) Accounting method and period for amortization of goodwill

Goodwill is amortized in equal amounts over the period in which its effects will be realized within 20 years.

- (9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, demand deposits and short-term investments with maturities of three months or less from the acquisition date that are highly liquid, readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

- (10) Accounting methods for hedging

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

- (11) Methods for recognizing impairment of securities

For listed shares, impairment is recognized if the share price at the end of the fiscal year has decreased by 30% or more against the historical cost. For unlisted shares, impairment is recognized if the net asset value of the issuer has decreased by 50% or more against the historical cost and the recovery cannot be expected.

Changes in presentation

Consolidated statement of cash flows

“Dividends paid to non-controlling interests” included in “Other, net” under “Cash flows from financing activities” in the previous fiscal year have been separately presented from the current fiscal year due to increased financial materiality. The consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation. As a result, the amount of ¥(1,532) million presented in “Other, net” under “Cash flows from financing activities” on the consolidated statement of cash flows of the previous fiscal year has been restated with ¥(767) million allocated to “Dividends paid to non-controlling interests” and ¥(765) million allocated to “Other, net.”

Consolidated balance sheet

- *1 The amount to unconsolidated subsidiaries and associates accounted for using equity method are as follows:

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Investment securities (shares)	603	652
Other (investments in capital)	4,656	4,780
Total	5,260	5,432

- *2 Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Buildings and structures	2,581	2,377
Land	0	0
Total	2,582	2,378

The maximum amount of revolving mortgage associated with such assets in the previous fiscal year and the current fiscal year amounts to ¥3,000 million and ¥3,000 million, respectively.

Secured liabilities are as follows:

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Short-term borrowings	-	-
Current portion of long-term borrowings	176	176
Long-term borrowings	2,504	2,328
Total	2,681	2,504

- 3 Contingent liabilities (Guarantee obligations)

The Company and its consolidated subsidiaries have provided guarantees for housing loans from banks to their employees as follows:

(Millions of yen)			
As of March 31, 2022		As of March 31, 2023	
Guarantees for housing loans from banks to employees	20	Guarantees for housing loans from banks to employees	16

- 4 Trade notes receivable transferred by endorsement

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Trade notes receivable transferred by endorsement	16	18

- 5 The Company has entered into overdraft agreements with four banks (four banks as of the end of the previous fiscal year) and loan commitment agreements with three banks (three banks as of the end of the previous fiscal year) to efficiently procure working capital. The outstanding loan balances as of the end of the respective fiscal years based on such agreements are as follows:

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Maximum amount of overdraft	15,000	22,500
Outstanding balance of overdraft	-	-
Unused amount	15,000	22,500
(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Total line of credit	5,000	10,000
Outstanding balance of used line of credit	-	-
Unused amount	5,000	10,000

*6 Accumulated depreciation

Accumulated depreciation of property, plant and equipment includes accumulated impairment losses.

Consolidated statement of comprehensive income

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income
(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities		
Amount arising during the year	(392)	1,101
Reclassification adjustments	(32)	–
Before income tax effects	(425)	1,101
Tax (expense) or benefit	140	(374)
Valuation difference on available-for-sale securities	(284)	727
Deferred gains or losses on hedges		
Amount arising during the year	3	(3)
Tax (expense) or benefit	(0)	1
Deferred gains or losses on hedges	2	(2)
Foreign currency translation adjustment		
Amount arising during the year	3,454	2,180
Reclassification adjustments	(0)	(1)
Foreign currency translation adjustment	3,454	2,178
Remeasurements of defined benefit plans, net of tax		
Amount arising during the year	591	286
Reclassification adjustments	222	(804)
Before income tax effects	814	(517)
Tax (expense) or benefit	(249)	148
Remeasurements of defined benefit plans, net of tax	564	(369)
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the year	614	68
Share of other comprehensive income of entities accounted for using equity method	614	68
Total other comprehensive income	4,351	2,602

Consolidated statement of changes in equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	24,883,002	–	–	24,883,002
Total	24,883,002	–	–	24,883,002
Treasury shares				
Common shares (Note)	46,639	45	–	46,684
Total	46,639	45	–	46,684

Note: The increase of 45 treasury shares of common shares is the result of an increase of 45 shares due to purchase of less-than-one-unit shares.

2. Dividends

(1) Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 11, 2021	Common shares	745	30.00	March 31, 2021	June 4, 2021
Board of Directors meeting held on November 4, 2021	Common shares	869	35.00	September 30, 2021	December 2, 2021

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 10, 2022	Common shares	2,334	Retained earnings	94.00	March 31, 2022	June 3, 2022

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	24,883,002	38,800	–	24,921,802
Total	24,883,002	38,800	–	24,921,802
Treasury shares				
Common shares (Note)	46,684	124	–	46,808
Total	46,684	124	–	46,808

Note: The increase of 124 treasury shares of common shares is the result of an increase of 124 shares due to purchase of less-than-one-unit shares.

2. Dividends

(1) Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 10, 2022	Common shares	2,334	94.00	March 31, 2022	June 3, 2022
Board of Directors meeting held on November 4, 2022	Common shares	1,791	72.00	September 30, 2022	December 2, 2022

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 10, 2023	Common shares	2,910	Retained earnings	117.00	March 31, 2023	June 5, 2023

Consolidated statement of cash flows

- * Reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Cash and deposits	23,109	34,480
Time deposits with maturity over 3 months	(286)	(1,063)
Cash and cash equivalents	22,822	33,417

Securities

1. Other securities

As of March 31, 2022

(Millions of yen)

Categories	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost			
Stocks	8,082	2,903	5,179
Subtotal	8,082	2,903	5,179
Items whose carrying amount does not exceed acquisition cost			
Stocks	111	138	(27)
Subtotal	111	138	(27)
Total	8,194	3,042	5,152

Note: "Acquisition cost" in the above table represents the carrying amount after impairment.

Unlisted shares (carrying amount on the consolidated balance sheet: ¥988 million) and investments in investment business limited partnership (carrying amount on the consolidated balance sheet: ¥96 million) are not included in "other securities" in the table above.

As of March 31, 2023

(Millions of yen)

Categories	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost			
Stocks	9,248	2,972	6,275
Subtotal	9,248	2,972	6,275
Items whose carrying amount does not exceed acquisition cost			
Stocks	86	108	(21)
Subtotal	86	108	(21)
Total	9,334	3,080	6,253

Note: "Acquisition cost" in the above table represents the carrying amount after impairment.

Unlisted shares (carrying amount on the consolidated balance sheet: ¥988 million) and investments in investment business limited partnership (carrying amount on the consolidated balance sheet: ¥93 million) are not included in "other securities" in the table above.

2. Other securities sold

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Category	Sale proceeds	Total gain on sale	Total loss on sale
Shares	47	32	–
Total	47	32	–

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

Real estate for lease, etc.

The Company and some of the consolidated subsidiaries have rental office buildings, etc. (including land) in Tokyo and other regions. Rental income related to such rental properties and other real estate in the previous fiscal year amounts to ¥5,902 million (recorded in operating profit). Rental income related to such rental properties and other real estate in the current fiscal year amounts to ¥6,003 million (recorded in operating profit).

In addition, carrying amounts, increase (decrease) during fiscal period, and fair value of the rental properties and other real estate are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Carrying amount		
Balance at beginning of period	31,781	30,430
Increase or decrease during period	(1,350)	(1,125)
Balance at end of period	30,430	29,304
Fair value at end of period	151,936	139,694

- Notes: 1. The carrying amounts are calculated by subtracting accumulated depreciation from acquisition cost.
2. Of the increases (decreases) during fiscal period, the main component of decrease for both the previous fiscal year and the current fiscal year is depreciation.
3. The fair value as of March 31, 2023 represents the amount based on real estate appraisal by external real estate appraisers for major properties, and the amount internally calculated by the income approach for other properties.

Segment information, etc.

[Segment information]

1. Description of reportable segments

The Group's reportable segments are constituent units of the Group for which separate financial information is available and are subject to periodic review so that it is possible for the Board of Directors to make decisions on allocating management resources and to evaluate financial performance.

The Group consists of the Logistics Business that provides clients with various logistics services in an organic and efficient manner through operations that include warehousing and cargo handling, port-related work, inland transport and international transport, and the Real Estate Business is centered on building leases. The Group's reportable segments are comprised of the following two segments.

- Logistics Business: The segment provides various logistics services such as warehousing and cargo handling, port-related work and transport, overseas logistics services, multimodal forwarding, airfreight forwarding, third-party logistics (3PL), supply chain management support, and land transportation.
- Real Estate Business: The segment provides services centered on building lease.

2. Calculation methods for operating revenue, profit (loss), assets and other items by reportable segment

The accounting methods used for reportable segments are consistent with those presented under “Significant accounting policies for preparation of consolidated financial statements.”

Reportable segment profit figures are net amortization of goodwill.

Intersegment revenue and transfers are based on prevailing market prices.

3. Information on operating revenue, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment		Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Logistics Business	Real Estate Business			
Operating revenue					
(1) Operating revenue from external customers	292,213	8,808	301,022	–	301,022
(2) Intersegment revenue or transfers	–	765	765	(765)	–
Total	292,213	9,574	301,788	(765)	301,022
Segment operating profit	23,734	5,798	29,532	(3,593)	25,939
Segment assets	179,444	35,090	214,534	43,762	258,297
Other items					
Depreciation	3,903	1,788	5,692	3,028	8,721
Investments in entities accounted for using equity method	5,243	–	5,243	–	5,243
Increase in property, plant and equipment and intangible assets	7,954	345	8,299	3,146	11,446

Notes: 1. Adjustments are as follows.

- (1) Segment profit adjustment of ¥(3,593) million is mainly expenses associated with the administrative department of the Company.
 - (2) Segment assets adjustment of ¥43,762 million is expenses associated with the administrative department of the Company.
 - (3) Adjustment on increase in property, plant and equipment and intangible assets amounting to ¥3,146 million constitutes an increase associated with the administrative department of the Company.
2. Segment operating profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment		Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Logistics Business	Real Estate Business			
Operating revenue					
(1) Operating revenue from external customers	292,022	8,813	300,836	–	300,836
(2) Intersegment revenue or transfers	–	815	815	(815)	–
Total	292,022	9,629	301,651	(815)	300,836
Segment operating profit	23,923	5,908	29,832	(3,870)	25,961
Segment assets	177,309	33,654	210,963	47,715	258,679
Other items					
Depreciation	4,585	1,663	6,249	3,249	9,498
Investments in entities accounted for using equity method	5,414	–	5,414	–	5,414
Increase in property, plant and equipment and intangible assets	5,141	175	5,316	4,179	9,495

Notes: 1. Adjustments are as follows.

- (1) Segment profit adjustment of ¥(3,870) million is mainly expenses associated with the administrative department of the Company.
 - (2) Segment assets adjustment of ¥47,715 million is expenses associated with the administrative department of the Company.
 - (3) Adjustment on increase in property, plant and equipment and intangible assets amounting to ¥4,179 million constitutes an increase associated with the administrative department of the Company.
2. Segment operating profit is adjusted to operating profit in the consolidated financial statements.

[Related information]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information for each product or service

Information for each product or service has been omitted because similar information has been disclosed under segment information.

2. Information for each region

(1) Operating revenue

(Millions of yen)

Japan	Other	Total
228,474	72,547	301,022

- Notes: 1. Operating revenue is categorized by country or region based on customer location.
2. Operating revenue associated with respective major countries and regions has been combined and presented under “Other” given the small sums thereof.
3. Major countries or regions included in “Other”:
United States, China, Europe, Thailand and Malaysia

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
123,979	15,514	139,493

- Notes: 1. Property, plant and equipment is categorized by country or region based on customer location.
2. Property, plant and equipment associated with respective major countries and regions has been combined and presented under “Other” given the small sums thereof.
3. Major countries or regions included in “Other”:
United States, China, Europe, Thailand, Indonesia, Malaysia and South Korea

3. Information for each of main customers

The information is omitted, because external operating revenue from a specific customer accounted for less than 10% of total operating revenue in the consolidated statement of income.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information for each product or service

Information for each product or service has been omitted because similar information has been disclosed under segment information.

2. Information for each region

(1) Operating revenue

(Millions of yen)

Japan	Other	Total
226,949	73,886	300,836

- Notes: 1. Operating revenue is categorized by country or region based on customer location.
 2. Operating revenue associated with respective major countries and regions has been combined and presented under "Other" given the small sums thereof.
 3. Major countries or regions included in "Other":
 United States, China, Europe, Thailand and Malaysia

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
121,999	16,730	138,730

- Notes: 1. Property, plant and equipment is categorized by country or region based on customer location.
 2. Property, plant and equipment associated with respective major countries and regions has been combined and presented under "Other" given the small sums thereof.
 3. Major countries or regions included in "Other":
 United States, China, Europe, Thailand, Indonesia, Malaysia and South Korea

3. Information for each of main customers

The information is omitted, because external operating revenue from a specific customer accounted for less than 10% of total operating revenue in the consolidated statement of income.

[Information about impairment losses of non-current assets for each reportable segment]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Logistics Business	Real Estate Business	Total
Amortization in the fiscal year	720	–	720
Balance at end of period	1,917	–	1,917

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Logistics Business	Real Estate Business	Total
Amortization in the fiscal year	302	–	302
Balance at end of period	1,670	–	1,670

[Information about gain on bargain purchase by reportable segment]

Not applicable.

Per share information

(Yen)

Items	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net assets per share	3,199.28	3,750.18
Basic earnings per share	583.98	628.08

Notes: 1 Diluted earnings per share have not been presented for the previous fiscal year or the current fiscal year because there are no potentially dilutive shares.

2 The bases for calculating basic earnings per share are as follows:

Items	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (Millions of yen)	14,503	15,617
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	14,503	15,617
Average number of shares outstanding during the period (Shares)	24,836,324	24,865,377

Significant subsequent events

Not applicable.

6. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,414	5,909
Trade accounts receivable	337	422
Prepaid expenses	385	511
Income taxes refund receivable	1,866	204
Short-term loans receivable	4,089	3,237
Other	946	827
Total current assets	10,040	11,113
Non-current assets		
Property, plant and equipment		
Buildings	46,407	44,010
Structures	781	705
Machinery and equipment	810	722
Vehicles	11	16
Tools, furniture and fixtures	884	868
Land	36,752	36,752
Construction in progress	–	32
Total property, plant and equipment	85,648	83,108
Intangible assets		
Leasehold interests in land	2,212	2,212
Software	3,924	5,971
Other	10	11
Total intangible assets	6,147	8,195
Investments and other assets		
Investment securities	7,490	8,315
Shares of subsidiaries and associates	46,814	46,223
Investments in capital of subsidiaries and associates	7,234	5,727
Long-term loans receivable	12,822	10,347
Prepaid pension costs	2,520	1,809
Other	1,856	1,805
Allowance for doubtful accounts	(170)	(170)
Total investments and other assets	78,569	74,059
Total non-current assets	170,365	165,363
Total assets	180,406	176,477

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	114	157
Short-term borrowings	40,617	39,582
Current portion of long-term borrowings	7,105	7,919
Accounts payable - other	1,205	1,155
Advances received	412	372
Deposits received	110	114
Provision for bonuses	1,080	1,060
Other	468	441
Total current liabilities	51,114	50,804
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	54,305	46,386
Deferred tax liabilities	3,214	3,896
Provision for retirement benefits	49	49
Other	2,491	2,439
Total non-current liabilities	85,061	77,772
Total liabilities	136,176	128,577
Net assets		
Shareholders' equity		
Share capital	11,100	11,156
Capital surplus		
Legal capital surplus	5,563	5,618
Total capital surplus	5,563	5,618
Retained earnings		
Legal retained earnings	2,562	2,562
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	7,593	7,511
Retained earnings brought forward	14,564	17,639
Total retained earnings	24,719	27,714
Treasury shares	(103)	(103)
Total shareholders' equity	41,280	44,385
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,950	3,515
Total valuation and translation adjustments	2,950	3,515
Total net assets	44,230	47,900
Total liabilities and net assets	180,406	176,477

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue		
Group operating income	6,876	7,191
Dividends from subsidiaries and associates	4,625	4,781
Real estate income	9,244	9,276
Other	171	306
Total operating revenue	20,917	21,556
Operating costs		
Rent expenses	812	811
Depreciation	3,581	3,458
Salaries and allowances	158	189
Taxes and dues	1,417	1,435
Other	1,600	1,688
Total operating costs	7,569	7,583
Operating gross profit	13,348	13,973
Selling, general and administrative expenses	6,487	7,153
Operating profit	6,861	6,820
Non-operating income		
Interest and dividend income	424	474
Rental income from buildings	41	75
Other	94	133
Total non-operating income	560	683
Non-operating expenses		
Interest expenses	735	701
Loss on retirement of non-current assets	114	63
Other	474	146
Total non-operating expenses	1,324	911
Ordinary profit	6,097	6,592
Extraordinary income		
Gain on return of assets from retirement benefits trust	-	496
Gain on sale of shares of subsidiaries and associates	-	1,082
Total extraordinary income	-	1,578
Profit before income taxes	6,097	8,170
Income taxes - current	400	630
Income taxes - deferred	52	419
Total income taxes	453	1,050
Profit	5,644	7,119

(3) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward			
Balance at beginning of period	11,100	5,563	5,563	2,562	7,676	10,451	20,690	(103)	37,250
Changes during period									
Issuance of new shares	–	–	–						–
Dividends of surplus						(1,614)	(1,614)		(1,614)
Reversal of reserve for tax purpose reduction entry of non-current assets					(83)	83	–		–
Profit						5,644	5,644		5,644
Purchase of treasury shares								(0)	(0)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	(83)	4,113	4,029	(0)	4,029
Balance at end of period	11,100	5,563	5,563	2,562	7,593	14,564	24,719	(103)	41,280

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	3,076	3,076	40,327
Changes during period			
Issuance of new shares			–
Dividends of surplus			(1,614)
Reversal of reserve for tax purpose reduction entry of non-current assets			–
Profit			5,644
Purchase of treasury shares			(0)
Net changes in items other than shareholders' equity	(125)	(125)	(125)
Total changes during period	(125)	(125)	3,903
Balance at end of period	2,950	2,950	44,230

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward			
Balance at beginning of period	11,100	5,563	5,563	2,562	7,593	14,564	24,719	(103)	41,280
Changes during period									
Issuance of new shares	55	55	55						110
Dividends of surplus						(4,125)	(4,125)		(4,125)
Reversal of reserve for tax purpose reduction entry of non-current assets					(81)	81	–		–
Profit						7,119	7,119		7,119
Purchase of treasury shares								(0)	(0)
Net changes in items other than shareholders' equity									
Total changes during period	55	55	55	–	(81)	3,075	2,994	(0)	3,104
Balance at end of period	11,156	5,618	5,618	2,562	7,511	17,639	27,714	(103)	44,385

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	2,950	2,950	44,230
Changes during period			
Issuance of new shares			110
Dividends of surplus			(4,125)
Reversal of reserve for tax purpose reduction entry of non-current assets			–
Profit			7,119
Purchase of treasury shares			(0)
Net changes in items other than shareholders' equity	565	565	565
Total changes during period	565	565	3,669
Balance at end of period	3,515	3,515	47,900

7. Others

Reference materials on the financial results for the fiscal year ended March 31, 2023

1. Overview of operating results (Consolidated)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Changes	
			Monetary amount	Percentage (%)
Operating revenue	301,022	300,836	(185)	(0.1)
Operating profit	25,939	25,961	22	0.1
Ordinary profit	25,553	26,533	980	3.8
Profit attributable to owners of parent	14,503	15,617	1,113	7.7

2. Financial position (Consolidated)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Changes	
			Monetary amount and others	Percentage (%)
Equity capital	79,458	93,285	13,827	17.4
Total assets	258,297	258,679	382	0.1
Equity ratio	30.8%	36.1%	+5.3 pt	17.2
D/E ratio	0.89	0.99	(0.26)	(20.6)

3. Status of depreciation (Consolidated)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Changes
Depreciation	8,721	9,498	777

4. Balance of interest-bearing debt (Consolidated)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Changes
Bonds payable	25,000	25,000	–
Borrowings	68,996	60,068	(8,928)
Lease liabilities	5,397	7,552	2,154
Total	99,394	92,621	(6,773)

5. Segment information (Consolidated)

<Operating revenue>

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Logistics Business	292,213	292,022
Real Estate Business	9,574	9,629
Total	301,788	301,651
Adjustment	(765)	(815)
Amount recorded in the consolidated statement of income	301,022	300,836

<Operating profit>

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Logistics Business	23,734	23,923
Real Estate Business	5,798	5,908
Total	29,532	29,832
Adjustment	(3,593)	(3,870)
Amount recorded in the consolidated statement of income	25,939	25,961