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April 28, 2023

Consolidated Financial Results for the Three Months Ended March 31, 2023 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 9384
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 Scheduled date to file quarterly securities report: May 10, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2023	8,366	(23.3)	1,331	0.7	1,391	0.7	954	1.4
March 31, 2022	10,911	51.6	1,322	73.8	1,381	68.5	941	70.7

Note: Comprehensive income For the three months ended March 31, 2023: ¥973 million [(26.6)%]
 For the three months ended March 31, 2022: ¥1,327 million [57.0%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2023	97.92	—
March 31, 2022	96.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	21,361	17,881	79.9
March 31, 2022	22,133	17,510	75.2

Reference: Equity
 As of March 31, 2023: ¥17,062 million
 As of March 31, 2022: ¥16,643 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	30.00	—	55.00	85.00
Fiscal year ended December 31, 2023	—				
Fiscal year ending December 31, 2023 (Forecast)		40.00	—	45.00	85.00

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

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		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
First half	20,000	(15.1)	2,500	(20.4)	2,580	(22.8)	1,780	(21.6)	182.73
Full year	42,700	(9.8)	5,700	(14.7)	5,860	(14.8)	4,030	(13.4)	413.71

Note: Revisions to the most recently announced financial result forecasts: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Application of accounting method specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	10,698,000 shares
As of March 31, 2022	10,698,000 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	953,447 shares
As of March 31, 2022	953,847 shares

- (iii) Average number of shares outstanding during the period

Three months ended March 31, 2023	9,744,403 shares
Three months ended March 31, 2022	9,736,821 shares

Note: The Company's shares held by Custody Bank of Japan, Ltd. as trust assets of the Employee Stock Ownership Plan (J-ESOP) is included in the number of treasury shares to be deducted in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts and other special matters

The forward-looking statements, such as earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly depending on a variety of factors in the future.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023), the Japanese economy has been showing signs of recovery in economic activity as behavioral restrictions due to the COVID-19 epidemic are easing. However, the protracted situation in Russia and Ukraine has caused resource prices to soar, and in addition, prices of food and other commodities have continued to rise due to shortages in the supply of goods caused by disruptions in international supply chains, and consumers have been becoming increasingly concerned about the future.

On the other hand, in terms of the current situation of marine transport, freight rates, which had soared until last year, have continued to fall due to the normalization of the supply-demand balance of container space.

Under such circumstances, the Group's financial results show that, although consolidated net sales have decreased year on year due to falling freight rates and a decrease in the volume of freight handled, operating profit has slightly increased mainly due to an increase in gross profit margin resulting from a decrease in the cost of sales.

Consequently, for the three months ended March 31, 2023, the Company posted net sales of ¥8,366 million (down 23.3% year on year), operating profit of ¥1,331 million (up 0.7% year on year), ordinary profit of ¥1,391 million (up 0.7% year on year), and profit attributable to owners of parent of ¥954 million (up 1.4% year on year), showing a year-on-year decrease in net sales and increase in profit.

Operating results by segment are as follows.

1) Japan

Export consolidation cargo services are the mainstay of the international freight transportation business in Japan. In the three months ended March 31, 2023, net sales and profit on a non-consolidated basis decreased, reflecting a fall in freight rates and a decrease in the volume of freight handled.

Among domestic subsidiaries, UCI Airfreight Japan, Inc. posted lower net sales due a fall in freight rates and a decrease in the volume of freight handled, but achieved higher profit as a result of efforts to secure profit. Flying Fish Inc. recorded higher net sales and profit due not only to an increase in food imports, its specialty, but also to the aggressive pursuit of new deals.

As a result, net sales of the Japan segment decreased by ¥1,627 million (21.0%) year on year to ¥6,117 million, and segment profit (operating profit) increased by ¥29 million (3.2%) year on year to ¥951 million.

2) Overseas

The Group has 11 consolidated subsidiaries in Asia and the United States. At these overseas subsidiaries, the majority of net sales come from the handling of freight from Japan. In recent years, however, the Group has also been enhancing and promoting services that are not relating to freight from and to Japan.

During the three months ended March 31, 2023, both net sales and profit decreased due to lower freight rates and a decrease in consolidation cargo from Japan.

As a result, net sales of the Overseas segment decreased by ¥917 million (29.0%) year on year to ¥2,248 million, and segment profit (operating profit) also decreased by ¥20 million (5.1%) year on year to ¥380 million.

(2) Explanation of Financial Position

Total assets amounted to ¥21,361 million as of March 31, 2023 (down ¥772 million from the end of the previous fiscal year). The main reasons for the change are decreases of ¥588 million in accounts receivable - trade, ¥70 million in buildings and structures, and ¥52 million in investment securities.

Total liabilities amounted to ¥3,479 million (down ¥1,143 million from the end of the previous fiscal year). The main reasons for the change are decreases of ¥167 million in accounts payable - trade and ¥960 million in income taxes payable.

In addition, net assets amounted to ¥17,881 million (up ¥371 million from the end of the previous fiscal

year). The main reasons for the change are an increase of ¥416 million in retained earnings, despite a decrease of ¥46 million in non-controlling interests.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

No change has been made to the half-year or full-year financial results forecasts for the fiscal year ending December 31, 2023, announced on February 10, 2023.

The Company will promptly disclose the revised financial results forecasts if any revisions become necessary.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,294,693	14,329,155
Accounts receivable - trade	2,968,085	2,379,451
Supplies	6,244	6,323
Other	939,109	878,940
Allowance for doubtful accounts	(13,482)	(13,166)
Total current assets	18,194,649	17,580,705
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,248,103	3,192,200
Accumulated depreciation	(743,161)	(757,676)
Buildings and structures, net	2,504,942	2,434,524
Machinery, equipment and vehicles	222,735	219,359
Accumulated depreciation	(152,713)	(151,483)
Machinery, equipment and vehicles, net	70,021	67,876
Land	372,233	372,636
Leased assets	6,241	6,241
Accumulated depreciation	(653)	(939)
Leased assets, net	5,587	5,302
Right of use assets	516,032	517,172
Accumulated depreciation	(280,735)	(316,888)
Right of use assets, net	235,296	200,283
Other	463,313	474,221
Accumulated depreciation	(343,095)	(350,130)
Other, net	120,218	124,091
Total property, plant and equipment	3,308,300	3,204,713
Intangible assets		
Goodwill	7,829	6,121
Software	43,359	44,698
Other	5,939	9,926
Total intangible assets	57,128	60,746
Investments and other assets		
Investment securities	121,782	69,133
Guarantee deposits	303,986	302,334
Long-term accounts receivable - other	18,572	18,350
Long-term deposits	6,014	5,204
Deferred tax assets	114,219	110,961
Other	27,826	27,885
Allowance for doubtful accounts	(18,572)	(18,350)
Total investments and other assets	573,828	515,518
Total non-current assets	3,939,257	3,780,978
Total assets	22,133,907	21,361,683

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,534,228	1,367,140
Lease liabilities	144,756	139,622
Accrued expenses	268,112	190,144
Income taxes payable	1,418,302	457,694
Provision for bonuses	14,106	164,592
Other	416,216	318,030
Total current liabilities	3,795,723	2,637,226
Non-current liabilities		
Lease liabilities	107,464	76,059
Deferred tax liabilities	151,044	187,414
Provision for retirement benefits for directors (and other officers)	4,024	4,549
Provision for share awards	55,324	60,977
Retirement benefit liability	448,490	452,177
Other	61,672	61,522
Total non-current liabilities	828,020	842,701
Total liabilities	4,623,744	3,479,927
Net assets		
Shareholders' equity		
Share capital	243,937	243,937
Capital surplus	304,327	306,560
Retained earnings	16,216,106	16,632,629
Treasury shares	(1,002,198)	(1,001,422)
Total shareholders' equity	15,762,173	16,181,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,607	16,587
Foreign currency translation adjustment	859,807	858,655
Remeasurements of defined benefit plans	5,337	5,371
Total accumulated other comprehensive income	881,752	880,613
Non-controlling interests	866,237	819,437
Total net assets	17,510,163	17,881,755
Total liabilities and net assets	22,133,907	21,361,683

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended March 31

(Thousands of yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net sales	10,911,604	8,366,724
Cost of sales	8,293,728	5,651,326
Gross profit	2,617,875	2,715,397
Selling, general and administrative expenses	1,295,284	1,384,061
Operating profit	1,322,590	1,331,336
Non-operating income		
Interest income	5,247	26,382
Foreign exchange gains	44,630	6,095
Rental income from real estate	8,040	8,040
Subsidy income	316	–
Recoveries of written off receivables	–	13,239
Other	4,232	9,566
Total non-operating income	62,466	63,323
Non-operating expenses		
Interest expenses	1,197	1,203
Commission expenses	1,587	1,732
Other	538	722
Total non-operating expenses	3,323	3,657
Ordinary profit	1,381,733	1,391,002
Extraordinary income		
Gain on sale of investment securities	–	7,080
Total extraordinary income	–	7,080
Profit before income taxes	1,381,733	1,398,082
Income taxes - current	403,450	379,009
Income taxes - deferred	14,249	38,162
Total income taxes	417,699	417,171
Profit	964,034	980,910
Profit attributable to non-controlling interests	23,006	26,696
Profit attributable to owners of parent	941,027	954,214

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended March 31

(Thousands of yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Profit	964,034	980,910
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,965)	(20)
Foreign currency translation adjustment	366,059	(7,300)
Remeasurements of defined benefit plans, net of tax	85	35
Total other comprehensive income	363,179	(7,285)
Comprehensive income	1,327,213	973,625
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,267,197	953,075
Comprehensive income attributable to non-controlling interests	60,015	20,550

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

(Segment information)

I. For the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

1. Information on net sales, profit or loss, and information on disaggregation of revenue, by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan	Overseas	Total		
Net sales					
Revenue from contracts with customers	7,745,345	3,166,258	10,911,604	–	10,911,604
Net sales to outside customers	7,745,345	3,166,258	10,911,604	–	10,911,604
Inter-segment net sales or transfers	231,337	653,852	885,189	(885,189)	–
Total	7,976,682	3,820,110	11,796,793	(885,189)	10,911,604
Segment profit	922,310	400,972	1,323,282	(692)	1,322,590

Notes: 1. The ¥(692) thousand adjustment to segment profit represents company-wide expenses not allocated to each reportable segment. Company-wide expenses are mainly selling, general and administrative expenses not attributable to reportable segments.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss or non-current assets and goodwill by reportable segment

Not applicable.

II. For the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

1. Information on net sales, profit or loss, and information on disaggregation of revenue, by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan	Overseas	Total		
Net sales					
Revenue from contracts with customers	6,117,844	2,248,880	8,366,724	–	8,366,724
Net sales to outside customers	6,117,844	2,248,880	8,366,724	–	8,366,724
Inter-segment net sales or transfers	197,674	473,966	671,641	(671,641)	–
Total	6,315,519	2,722,847	9,038,366	(671,641)	8,366,724
Segment profit	951,461	380,619	1,332,081	(745)	1,331,336

Notes: 1. The ¥(745) thousand adjustment to segment profit represents company-wide expenses not allocated to each reportable segment. Company-wide expenses are mainly selling, general and administrative expenses not attributable to reportable segments.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

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

Not applicable.

(Revenue recognition)

Information on the disaggregation of revenue from contracts with customers is as presented in “Notes (Segment information, etc.)”