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October 30, 2023

## Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under Japanese GAAP)



Company name: NAIGAI TRANS LINE LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 9384  
 URL: <https://www.ntl-naigai.co.jp/en/>  
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 Scheduled date to file quarterly securities report: November 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 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                         | %      |
| Nine months ended  |                 |        |                  |        |                 |        |   |        |
| September 30, 2023 | 24,326          | (32.8) | 3,278            | (34.2) | 3,534           | (33.5) | 2,385                                   | (34.5) |
| September 30, 2022 | 36,179          | 47.6   | 4,982            | 88.2   | 5,311           | 93.9   | 3,640                                   | 93.6   |

Note: Comprehensive income For the nine months ended September 30, 2023: ¥3,429 million [(25.3)%]  
 For the nine months ended September 30, 2022: ¥4,588 million [115.2%]

|                    | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Nine months ended  | Yen                      | Yen                        |
| September 30, 2023 | 244.73                   | —                          |
| September 30, 2022 | 373.73                   | —                          |

#### (2) Consolidated financial position

|                    | Total assets    | Net assets      | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| As of              | Millions of yen | Millions of yen | %                     |
| September 30, 2023 | 23,295          | 19,955          | 81.8                  |
| December 31, 2022  | 22,133          | 17,510          | 75.2                  |

Reference: Equity  
 As of September 30, 2023: ¥19,057 million  
 As of December 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<br>December 31, 2022                | —                          | 30.00              | —                 | 55.00           | 85.00 |
| Fiscal year ending<br>December 31, 2023               | —                          | 40.00              | —                 |                 |       |
| Fiscal year ending<br>December 31, 2023<br>(Forecast) |                            |                    |                   | 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                      |
| Full year | 32,000          | (32.4) | 4,200            | (37.1) | 4,500           | (34.5) | 3,000                                   | (35.5) | 307.81                   |

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 September 30, 2023 | 10,698,000 shares |
| As of December 31, 2022  | 10,698,000 shares |

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

|                          |                |
|--------------------------|----------------|
| As of September 30, 2023 | 945,680 shares |
| As of December 31, 2022  | 953,847 shares |

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

|                                      |                  |
|--------------------------------------|------------------|
| Nine months ended September 30, 2023 | 9,748,163 shares |
| Nine months ended September 30, 2022 | 9,740,267 shares |

Note: The Company's shares held by Custody Bank of Japan, Ltd. as trust assets of the Employee Stock Ownership Plan (J-ESOP) are 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023), the Japanese economy showed a modest recovery as economic activity returned to normal owing to easing of behavioral restrictions due to the COVID-19 epidemic.

On the other hand, global inflation has caused rising prices, and the outlook for domestic spending remains uncertain.

In terms of the current situation of marine transport, there is no strong recovery in sight and the business conditions remain tough, although the fall in freight rates is coming to a halt.

Under such circumstances, the Group's financial results were lower than the previous year, due to falling freight rates and a decrease in the volume of freight handled.

Consequently, for the nine months ended September 30, 2023, the Company posted net sales of ¥24,326 million (down 32.8% year on year), operating profit of ¥3,278 million (down 34.2% year on year), ordinary profit of ¥3,534 million (down 33.5% year on year), and profit attributable to owners of parent of ¥2,385 million (down 34.5% year on year), showing a year-on-year decrease in net sales and 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 nine months ended September 30, 2023, net sales and profit on a non-consolidated basis decreased due to 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 and profit due to a reduction in demand for mainstay air transportation. Flying Fish Inc. was unable to counter the fall in freight rates despite its efforts to develop new transactions, and recorded lower net sales and profit.

As a result, net sales of the Japan segment decreased by ¥10,028 million (37.1%) year on year to ¥17,035 million, and segment profit (operating profit) also decreased by ¥1,202 million (34.3%) year on year to ¥2,304 million.

#### 2) Overseas

The Group has 11 consolidated subsidiaries in Asia and the United States. In recent years, these subsidiaries have been working to strengthen and advance services other than those to and from Japan. During the nine months ended September 30, 2023, however, both net sales and profit decreased due to lower freight rates and a decrease in consolidation cargo from Japan, which accounts for the greater part of overseas freight handling.

As a result, net sales of the Overseas segment decreased by ¥1,824 million (20.0%) year on year to ¥7,291 million, and segment profit (operating profit) also decreased by ¥500 million (33.9%) year on year to ¥976 million.

### (2) Explanation of Financial Position

Total assets at the end of the nine months ended September 30, 2023 amounted to ¥23,295 million (up ¥1,161 million from the end of the previous fiscal year). The main reason for the change is an increase of ¥2,164 million in buildings and structures despite a decrease of ¥731 million in accounts receivable - trade.

Total liabilities amounted to ¥3,340 million (down ¥1,283 million from the end of the previous fiscal year). The main reason for the change is a decrease of ¥1,250 million in income taxes payable.

In addition, net assets amounted to ¥19,955 million (up ¥2,445 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥1,456 million in retained earnings and ¥934 million in foreign currency translation adjustment.

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

With regard to the consolidated financial results forecast for the fiscal year ending December 31, 2023, the Group has revised downward its forecast for net sales, operating profit, ordinary profit, and profit attributable to owners of parent on September 29, 2023, as business conditions have worsened beyond expectations due to impacts from the sluggishness of container freight rates.

If it is judged that revisions to financial results forecast become necessary due to future changes in business conditions and other factors, we will promptly disclose the revised forecast.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

|  | As of December 31, 2022 | As of September 30, 2023 |
|--|-------------------------|--------------------------|
| <b>Assets</b>                          |                         |                          |
| Current assets                         |                         |                          |
| Cash and deposits                      | 14,294,693              | 13,579,169               |
| Accounts receivable - trade            | 2,968,085               | 2,236,590                |
| Supplies                               | 6,244                   | 7,516                    |
| Other                                  | 939,109                 | 1,176,947                |
| Allowance for doubtful accounts        | (13,482)                | (13,649)                 |
| Total current assets                   | 18,194,649              | 16,986,575               |
| Non-current assets                     |                         |                          |
| Property, plant and equipment          |                         |                          |
| Buildings and structures               | 3,248,103               | 5,562,181                |
| Accumulated depreciation               | (743,161)               | (892,598)                |
| Buildings and structures, net          | 2,504,942               | 4,669,582                |
| Machinery, equipment and vehicles      | 222,735                 | 232,221                  |
| Accumulated depreciation               | (152,713)               | (159,500)                |
| Machinery, equipment and vehicles, net | 70,021                  | 72,721                   |
| Land                                   | 372,233                 | 374,916                  |
| Leased assets                          | 6,241                   | 6,241                    |
| Accumulated depreciation               | (653)                   | (1,509)                  |
| Leased assets, net                     | 5,587                   | 4,731                    |
| Right of use assets                    | 516,032                 | 538,898                  |
| Accumulated depreciation               | (280,735)               | (383,776)                |
| Right of use assets net                | 235,296                 | 155,121                  |
| Construction in progress               | –                       | 235,196                  |
| Other                                  | 463,313                 | 522,147                  |
| Accumulated depreciation               | (343,095)               | (394,206)                |
| Other, net                             | 120,218                 | 127,941                  |
| Total property, plant and equipment    | 3,308,300               | 5,640,210                |
| Intangible assets                      |                         |                          |
| Goodwill                               | 7,829                   | 3,298                    |
| Software                               | 43,359                  | 40,836                   |
| Other                                  | 5,939                   | 18,666                   |
| Total intangible assets                | 57,128                  | 62,801                   |
| Investments and other assets           |                         |                          |
| Investment securities                  | 121,782                 | 69,797                   |
| Guarantee deposits                     | 303,986                 | 321,167                  |
| Long-term accounts receivable - other  | 18,572                  | 111,386                  |
| Long-term deposits                     | 6,014                   | 6,539                    |
| Deferred tax assets                    | 114,219                 | 144,582                  |
| Other                                  | 27,826                  | 63,605                   |
| Allowance for doubtful accounts        | (18,572)                | (111,386)                |
| Total investments and other assets     | 573,828                 | 605,692                  |
| Total non-current assets               | 3,939,257               | 6,308,704                |
| Total assets                           | 22,133,907              | 23,295,279               |

(Thousands of yen)

|  | As of December 31, 2022 | As of September 30, 2023 |
|--|-------------------------|--------------------------|
| <b>Liabilities</b>   |                         |                          |
| Current liabilities  |                         |                          |
| Accounts payable - trade   | 1,534,228               | 1,331,935                |
| Lease liabilities  | 144,756                 | 112,805                  |
| Accrued expenses   | 268,112                 | 244,930                  |
| Income taxes payable   | 1,418,302               | 168,232                  |
| Provision for bonuses  | 14,106                  | 190,520                  |
| Other  | 416,216                 | 374,975                  |
| Total current liabilities  | 3,795,723               | 2,423,399                |
| Non-current liabilities  |                         |                          |
| Lease liabilities  | 107,464                 | 58,572                   |
| Deferred tax liabilities   | 151,044                 | 229,962                  |
| Provision for retirement benefits for directors (and other officers) | 4,024                   | 5,599                    |
| Provision for share awards   | 55,324                  | 71,920                   |
| Retirement benefit liability   | 448,490                 | 486,180                  |
| Other  | 61,672                  | 64,394                   |
| Total non-current liabilities  | 828,020                 | 916,630                  |
| Total liabilities  | 4,623,744               | 3,340,029                |
| <b>Net assets</b>  |                         |                          |
| Shareholders' equity   |                         |                          |
| Share capital  | 243,937                 | 243,937                  |
| Capital surplus  | 304,327                 | 316,464                  |
| Retained earnings  | 16,216,106              | 17,672,732               |
| Treasury shares  | (1,002,198)             | (992,544)                |
| Total shareholders' equity   | 15,762,173              | 17,240,590               |
| Accumulated other comprehensive income                               |                         |                          |
| Valuation difference on available-for-sale securities                | 16,607                  | 17,048                   |
| Foreign currency translation adjustment                              | 859,807                 | 1,794,264                |
| Remeasurements of defined benefit plans                              | 5,337                   | 6,025                    |
| Total accumulated other comprehensive income                         | 881,752                 | 1,817,338                |
| Non-controlling interests  | 866,237                 | 897,320                  |
| Total net assets   | 17,510,163              | 19,955,250               |
| Total liabilities and net assets                                     | 22,133,907              | 23,295,279               |



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended September 30

(Thousands of yen)

|  | For the nine months ended<br>September 30, 2022 | For the nine months ended<br>September 30, 2023 |
|--|---|---|
| Net sales  | 36,179,331                                      | 24,326,387                                      |
| Cost of sales                                    | 26,958,609                                      | 16,547,253                                      |
| Gross profit                                     | 9,220,721                                       | 7,779,134                                       |
| Selling, general and administrative expenses     | 4,238,597                                       | 4,500,570                                       |
| Operating profit                                 | 4,982,124                                       | 3,278,563                                       |
| Non-operating income                             |   |   |
| Interest income                                  | 23,519  | 92,554  |
| Foreign exchange gains                           | 273,879   | 125,992   |
| Rental income from real estate                   | 24,120  | 24,120  |
| Subsidy income                                   | 6,344   | –   |
| Recoveries of written off receivables            | –   | 14,928  |
| Other  | 15,676  | 23,079  |
| Total non-operating income                       | 343,539   | 280,675   |
| Non-operating expenses                           |   |   |
| Interest expenses                                | 4,066   | 3,517   |
| Share issuance costs                             | –   | 14,150  |
| Commission expenses                              | 6,096   | 5,563   |
| Other  | 3,921   | 1,230   |
| Total non-operating expenses                     | 14,084  | 24,460  |
| Ordinary profit                                  | 5,311,579                                       | 3,534,778                                       |
| Extraordinary income                             |   |   |
| Gain on sale of investment securities            | –   | 7,080   |
| Total extraordinary income                       | –   | 7,080   |
| Profit before income taxes                       | 5,311,579                                       | 3,541,858                                       |
| Income taxes - current                           | 1,576,083                                       | 1,045,688                                       |
| Income taxes - deferred                          | 9,036   | 53,002  |
| Total income taxes                               | 1,585,120                                       | 1,098,690                                       |
| Profit   | 3,726,458                                       | 2,443,167                                       |
| Profit attributable to non-controlling interests | 86,269  | 57,533  |
| Profit attributable to owners of parent          | 3,640,189                                       | 2,385,634                                       |

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended September 30

(Thousands of yen)

|  | For the nine months ended<br>September 30, 2022 | For the nine months ended<br>September 30, 2023 |
|--|---|---|
| Profit   | 3,726,458                                       | 2,443,167                                       |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | (6,303)   | 440   |
| Foreign currency translation adjustment                        | 867,936   | 985,016   |
| Remeasurements of defined benefit plans, net of tax            | 343   | 724   |
| Total other comprehensive income                               | 861,977   | 986,181   |
| Comprehensive income   | 4,588,436                                       | 3,429,349                                       |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 4,452,372                                       | 3,321,220                                       |
| Comprehensive income attributable to non-controlling interests | 136,063   | 108,128   |

(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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

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

(Thousands of yen)

|  | Reportable segment |            |            | Adjustment<br>(Note 1) | Amount recorded in<br>the quarterly<br>consolidated<br>statements of income<br>(Note 2) |
|--|--------------------|------------|------------|------------------------|---|
|  | Japan              | Overseas   | Total      |                        |   |
| Net sales                                |                    |            |            |                        |   |
| Revenue from contracts<br>with customers | 27,063,893         | 9,115,437  | 36,179,331 | –                      | 36,179,331  |
| Net sales to outside<br>customers        | 27,063,893         | 9,115,437  | 36,179,331 | –                      | 36,179,331  |
| Inter-segment net sales<br>or transfers  | 934,497            | 2,429,342  | 3,363,840  | (3,363,840)            | –   |
| Total                                    | 27,998,391         | 11,544,780 | 39,543,171 | (3,363,840)            | 36,179,331  |
| Segment profit                           | 3,507,188          | 1,477,107  | 4,984,296  | (2,171)                | 4,982,124   |

Notes: 1. The ¥(2,171) 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 goodwill, etc. by reportable segment

Not applicable.

II. For the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

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

(Thousands of yen)

|  | Reportable segment |           |            | Adjustment<br>(Note 1) | Amount recorded in<br>the quarterly<br>consolidated<br>statements of income<br>(Note 2) |
|--|--------------------|-----------|------------|------------------------|---|
|  | Japan              | Overseas  | Total      |                        |   |
| Net sales                                |                    |           |            |                        |   |
| Revenue from contracts<br>with customers | 17,035,124         | 7,291,263 | 24,326,387 | –                      | 24,326,387  |
| Net sales to outside<br>customers        | 17,035,124         | 7,291,263 | 24,326,387 | –                      | 24,326,387  |
| Inter-segment net sales<br>or transfers  | 579,887            | 1,344,772 | 1,924,660  | (1,924,660)            | –   |
| Total                                    | 17,615,011         | 8,636,035 | 26,251,047 | (1,924,660)            | 24,326,387  |
| Segment profit                           | 2,304,544          | 976,304   | 3,280,849  | (2,285)                | 3,278,563   |

Notes: 1. The ¥(2,285) 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 goodwill, etc. 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.)”