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April 30, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (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, 2024
 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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	7,948	(5.0)	827	(37.8)	972	(30.1)	671	(29.6)
March 31, 2023	8,366	(23.3)	1,331	0.7	1,391	0.7	954	1.4

Note: Comprehensive income For the three months ended March 31, 2024: ¥1,120 million [15.1%]
 For the three months ended March 31, 2023: ¥973 million [(26.6)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2024	68.89	—
March 31, 2023	97.92	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2024	24,626	21,060	81.7
December 31, 2023	23,362	20,381	83.4

Reference: Equity
 As of March 31, 2024: ¥20,118 million
 As of December 31, 2023: ¥19,477 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, 2023	–	40.00	–	45.00	85.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (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, 2024 (from January 1, 2024 to December 31, 2024)

(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	16,500	1.7	2,200	(3.2)	2,300	(5.9)	1,600	(2.8)	164.11
Full year	34,000	5.3	4,600	9.4	4,800	7.9	3,300	8.5	338.48

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, 2024	10,698,000 shares
As of December 31, 2023	10,698,000 shares

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

As of March 31, 2024	944,380 shares
As of December 31, 2023	944,480 shares

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

Three months ended March 31, 2024	9,753,595 shares
Three months ended March 31, 2023	9,744,403 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 three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024), the Japanese economy showed a modest recovery in certain regions as economic activity continued to return to normal. However, amid concerns over the worsening situation in Russia and Ukraine and in the Middle East, and with prices continuing to rise domestically, mainly due to a weak yen, the outlook remains uncertain.

Further, with regard to Japan's trade, which has a large impact on the Group's business, while exports to Europe and the United States remain steady, the volume of handled cargo destined for China has been sluggish.

Under such circumstances, the Group's financial results were lower than the previous year owing to sluggish performance for export consolidation cargo services, which are the mainstay of the Company's business.

Consequently, for the three months ended March 31, 2024, the Company posted net sales of ¥7,948 million (down 5.0% year on year), operating profit of ¥827 million (down 37.8% year on year), ordinary profit of ¥972 million (down 30.1% year on year), and profit attributable to owners of parent of ¥671 million (down 29.6% 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 three months ended March 31, 2024, net sales and profit on a non-consolidated basis decreased due to sluggish performance in export consolidation cargo services.

Among domestic subsidiaries, UCI Airfreight Japan Inc. posted lower net sales and profit due to a decrease in the volume of freight handled in marine transport handling services, but performed well in mainstay air transportation.

Flying Fish Inc. recorded lower net sale due to the disruptions in the Red Sea last year. However, the ratio of operating profit to net sales increased due to cost reduction efforts, etc., resulting in increased operating profit.

As a result, net sales of the Japan segment decreased by ¥1,032 million (16.9%) year on year to ¥5,085 million, and segment profit (operating profit) also decreased by ¥473 million (49.8%) year on year to ¥477 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; however, in recent years, they have been working to strengthen and advance services other than those to and from Japan.

During the three months ended March 31, 2024, sales increased in India, where our warehouse business is performing well, and South Korea, where we acquired a logistics warehouse last year, resulting in increased net sales. However, operating profit decreased due to a decrease in consolidation cargo from Japan.

As a result, net sales of the Overseas segment increased by ¥614 million (27.3%) year on year to ¥2,863 million, and segment profit (operating profit) decreased by ¥29 million (7.7%) year on year to ¥351 million.

(2) Explanation of Financial Position

Total assets at the end of the three months ended March 31, 2024 amounted to ¥24,626 million (up ¥1,263 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥519 million in cash and deposits, ¥377 million in accounts receivable – trade, and ¥460 million in buildings and structures.

Total liabilities amounted to ¥3,565 million (up ¥584 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥210 million in accounts payable – trade, ¥97 million in income taxes payable, and ¥169 million in provision for bonuses.

In addition, net assets amounted to ¥21,060 million (up ¥678 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥229 million in retained earnings and ¥409 million in foreign currency translation adjustment.

(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, 2024, announced on February 9, 2024.

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 December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	13,885,846	14,405,458
Accounts receivable - trade	2,180,121	2,557,928
Supplies	6,187	6,467
Other	1,046,172	1,085,052
Allowance for doubtful accounts	(12,692)	(11,033)
Total current assets	17,105,635	18,043,873
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,512,122	6,041,035
Accumulated depreciation	(926,389)	(994,373)
Buildings and structures, net	4,585,732	5,046,661
Machinery, equipment and vehicles	246,263	253,098
Accumulated depreciation	(161,423)	(170,081)
Machinery, equipment and vehicles, net	84,839	83,016
Land	373,709	375,050
Leased assets	6,241	6,241
Accumulated depreciation	(1,795)	(2,080)
Leased assets, net	4,446	4,160
Right-of-use assets	536,274	564,428
Accumulated depreciation	(407,836)	(365,926)
Right-of-use assets, net	128,437	198,502
Construction in progress	321,721	93,365
Other	502,554	524,772
Accumulated depreciation	(374,714)	(397,413)
Other, net	127,839	127,358
Total property, plant and equipment	5,626,726	5,928,117
Intangible assets		
Goodwill	1,638	–
Software	51,131	50,557
Other	6,581	7,365
Total intangible assets	59,351	57,922
Investments and other assets		
Investment securities	69,465	70,539
Guarantee deposits	325,359	332,311
Long-term accounts receivable - other	106,905	116,602
Long-term deposits	5,751	6,436
Deferred tax assets	105,250	120,089
Other	65,367	66,784
Allowance for doubtful accounts	(106,905)	(116,602)
Total investments and other assets	571,194	596,162
Total non-current assets	6,257,272	6,582,202
Total assets	23,362,907	24,626,075

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,247,166	1,457,846
Lease liabilities	86,695	95,656
Accrued expenses	263,157	251,492
Income taxes payable	231,363	328,597
Provision for bonuses	16,069	185,946
Other	296,979	340,762
Total current liabilities	2,141,432	2,660,300
Non-current liabilities		
Lease liabilities	53,992	113,700
Deferred tax liabilities	255,417	251,802
Provision for retirement benefits for directors (and other officers)	6,124	6,533
Provision for share awards	85,078	92,104
Retirement benefit liability	375,141	369,925
Other	63,861	70,918
Total non-current liabilities	839,617	904,984
Total liabilities	2,981,049	3,565,285
Net assets		
Shareholders' equity		
Share capital	243,937	243,937
Capital surplus	372,887	372,887
Retained earnings	18,329,004	18,558,861
Treasury shares	(1,046,534)	(1,046,313)
Total shareholders' equity	17,899,295	18,129,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,818	17,563
Foreign currency translation adjustment	1,546,467	1,956,386
Remeasurements of defined benefit plans	14,657	15,644
Total accumulated other comprehensive income	1,577,943	1,989,594
Non-controlling interests	904,618	941,823
Total net assets	20,381,858	21,060,790
Total liabilities and net assets	23,362,907	24,626,075

(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, 2023	For the three months ended March 31, 2024
Net sales	8,366,724	7,948,034
Cost of sales	5,651,326	5,547,474
Gross profit	2,715,397	2,400,560
Selling, general and administrative expenses	1,384,061	1,572,638
Operating profit	1,331,336	827,922
Non-operating income		
Interest income	26,382	45,639
Foreign exchange gains	6,095	87,114
Rental income from real estate	8,040	8,040
Recoveries of written off receivables	13,239	891
Other	9,566	6,265
Total non-operating income	63,323	147,951
Non-operating expenses		
Interest expenses	1,203	1,294
Commission expenses	1,732	1,653
Other	722	305
Total non-operating expenses	3,657	3,253
Ordinary profit	1,391,002	972,620
Extraordinary income		
Gain on sale of investment securities	7,080	–
Total extraordinary income	7,080	–
Profit before income taxes	1,398,082	972,620
Income taxes - current	379,009	294,340
Income taxes - deferred	38,162	(16,950)
Total income taxes	417,171	277,389
Profit	980,910	695,230
Profit attributable to non-controlling interests	26,696	23,299
Profit attributable to owners of parent	954,214	671,930

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended March 31

(Thousands of yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Profit	980,910	695,230
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	745
Foreign currency translation adjustment	(7,300)	423,771
Remeasurements of defined benefit plans, net of tax	35	1,038
Total other comprehensive income	(7,285)	425,555
Comprehensive income	973,625	1,120,786
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	953,075	1,083,582
Comprehensive income attributable to non-controlling interests	20,550	37,204

(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, 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 the quarterly consolidated statements of income (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 goodwill, etc. by reportable segment

Not applicable.

II. For the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

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 the quarterly consolidated statements of income (Note 2)
	Japan	Overseas	Total		
Net sales					
Revenue from contracts with customers	5,085,007	2,863,027	7,948,034	–	7,948,034
Net sales to outside customers	5,085,007	2,863,027	7,948,034	–	7,948,034
Inter-segment net sales or transfers	191,516	440,257	631,773	(631,773)	–
Total	5,276,523	3,303,284	8,579,808	(631,773)	7,948,034
Segment profit	477,590	351,132	828,723	(801)	827,922

Notes: 1. The ¥(801) 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.)”