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July 30, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 9384
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 Scheduled date to file semi-annual securities report: August 9, 2024
 Scheduled date to commence dividend payments: September 5, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 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	%
Six months ended								
June 30, 2024	17,214	6.1	1,924	(15.3)	2,182	(10.7)	1,474	(10.5)
June 30, 2023	16,231	(31.1)	2,271	(27.6)	2,443	(26.9)	1,646	(27.4)

Note: Comprehensive income For the six months ended June 30, 2024: ¥2,587 million [5.1%]
 For the six months ended June 30, 2023: ¥2,461 million [(22.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	151.10	—
June 30, 2023	168.97	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	26,597	22,537	81.0
December 31, 2023	23,362	20,381	83.4

Reference: Equity
 As of June 30, 2024: ¥21,545 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	–	40.00			
Fiscal year ending December 31, 2024 (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, 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
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) Significant changes in the scope of consolidation during the period: None
- (2) Application of accounting method specific to the preparation of semi-annual 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 June 30, 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 June 30, 2024	937,714 shares
As of December 31, 2023	944,480 shares

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

Six months ended June 30, 2024	9,755,772 shares
Six months ended June 30, 2023	9,746,381 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.

* Semi-annual financial results reports are exempt from 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.

The Company plans to hold a financial results briefing on August 5, 2024. The financial results briefing materials to be distributed at this briefing will be promptly posted on the Company's website. (in Japanese only)

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024), the Japanese economy showed a sign of recovery with an improved employment and income environment. However, with prices continuing to rise, mainly due to a weak yen, it should be noted of the downside risks of the economy brought about by fluctuations in the financial and capital markets.

In terms of the current situation of marine transport, supply and demand for container space is tight due to the congestion at major ports around the world triggered by the deteriorating situation in the Red Sea as well as an increase of cargo transport originating from China, leading to the upward trend in marine freight rates.

Under such circumstances, the Group's consolidated financial results were higher in net sales due to the favorable business performance at some overseas subsidiaries and with yen depreciation.

However, profit decreased due to a decrease of export consolidation cargo services on a non-consolidated basis with high gross profit margins and an increase in selling, general and administrative expenses from active investment in human resources as a growth strategy in the Medium-term Management Plan, which could not be offset by higher net sales.

Consequently, for the six months ended June 30, 2024, the Company posted net sales of ¥17,214 million (up 6.1% year on year), operating profit of ¥1,924 million (down 15.3% year on year), ordinary profit of ¥2,182 million (down 10.7% year on year), and profit attributable to owners of parent of ¥1,474 million (down 10.5% year on year), showing a year-on-year increase in net sales and decrease 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 six months ended June 30, 2024, although export consolidation cargo services have been on a recovery trend since April, the handling of export consolidated cargoes was lower than the previous year until March, resulting in lower net sales and profit on a non-consolidated basis.

Among domestic subsidiaries, UCI Airfreight Japan Inc. continued to perform well in mainstay air transportation, and posted higher net sales and gross profit. However, selling, general and administrative expenses increased as a result of increase in the head office floor space in line with the business expansion, resulting in decreased operating profit. Flying Fish Inc. recorded higher net sale and profit due to introduction of new system and increased customer recognition from sales efforts which led to an increase in transactions, including the acquisition of large new projects.

As a result, net sales of the Japan segment decreased by ¥418 million (3.6%) year on year to ¥11,178 million, and segment profit (operating profit) also decreased by ¥408 million (25.4%) year on year to ¥1,204 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 six months ended June 30, 2024, net sales increased in India, where our warehouse business is performing well, and also in South Korea, including NAIGAI BUSAN LOGISTICS CENTER CO., LTD. which increased its floor space through the acquisition of a logistics warehouse last year, resulting in increased net sales and profit.

As a result, net sales of the Overseas segment increased by ¥1,401 million (30.2%) year on year to ¥6,036 million, and segment profit (operating profit) also increased by ¥62 million (9.4%) year on year to ¥722 million.

(2) Explanation of Financial Position

Total assets at the end of the six months ended June 30, 2024 amounted to ¥26,597 million (up ¥3,234 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥1,616 million in cash and deposits, ¥687 million in accounts receivable – trade, and ¥727 million in buildings and structures.

Total liabilities amounted to ¥4,059 million (up ¥1,078 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥289 million in accounts payable – trade, ¥357 million in income taxes payable, and ¥220 million in lease liabilities of non-current liabilities.

In addition, net assets amounted to ¥22,537 million (up ¥2,155 million from the end of the previous fiscal year). The main reasons for the change are increases of ¥1,032 million in retained earnings and ¥1,015 million in foreign currency translation adjustment.

As a result, equity-to-asset ratio amounted to 81.0% (83.4% at the end of the previous fiscal year).

Cash and cash equivalents at the end of the six months ended June 30, 2024 amounted to ¥15,502 million, up ¥1,616 million from the end of the previous fiscal year. The overview of cash flows for the six months ended June 30, 2024 are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities in the six months ended June 30, 2024 was ¥1,607 million (¥1,411 million provided in the same period of the previous year). The main cash inflows include ¥2,182 million in profit before income taxes. The main cash outflows include ¥566 million in increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities in the six months ended June 30, 2024 was ¥308 million (¥1,978 million used in the same period of the previous year). The main cash outflows include ¥277 million in purchase of property, plant and equipment and ¥32 million in payments of guarantee deposits.

(Cash Flows from Financing Activities)

Net cash used in financing activities in the six months ended June 30, 2024 was ¥520 million (¥695 million used in the same period of the previous year). The main cash outflows include ¥441 million in dividends paid and ¥72 million in repayments of lease liabilities.

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

No change has been made to the 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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	13,885,846	15,502,279
Accounts receivable - trade	2,180,121	2,867,283
Supplies	6,187	6,821
Other	1,046,172	1,179,054
Allowance for doubtful accounts	(12,692)	(14,461)
Total current assets	17,105,635	19,540,977
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,512,122	6,395,555
Accumulated depreciation	(926,389)	(1,082,164)
Buildings and structures, net	4,585,732	5,313,390
Machinery, equipment and vehicles	246,263	282,673
Accumulated depreciation	(161,423)	(183,559)
Machinery, equipment and vehicles, net	84,839	99,114
Land	373,709	376,660
Leased assets	6,241	6,241
Accumulated depreciation	(1,795)	(2,365)
Leased assets, net	4,446	3,875
Right of use assets	536,274	509,008
Accumulated depreciation	(407,836)	(79,054)
Right of use assets, net	128,437	429,954
Construction in progress	321,721	22,921
Other	502,554	543,276
Accumulated depreciation	(374,714)	(420,311)
Other, net	127,839	122,965
Total property, plant and equipment	5,626,726	6,368,883
Intangible assets		
Goodwill	1,638	–
Software	51,131	53,070
Other	6,581	7,341
Total intangible assets	59,351	60,411
Investments and other assets		
Investment securities	69,465	73,385
Guarantee deposits	325,359	362,354
Long-term accounts receivable - other	106,905	122,940
Long-term deposits	5,751	6,215
Deferred tax assets	105,250	118,257
Other	65,367	66,719
Allowance for doubtful accounts	(106,905)	(122,940)
Total investments and other assets	571,194	626,933
Total non-current assets	6,257,272	7,056,228
Total assets	23,362,907	26,597,206

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,247,166	1,536,270
Lease liabilities	86,695	171,284
Accrued expenses	263,157	278,227
Income taxes payable	231,363	589,053
Provision for bonuses	16,069	45,282
Other	296,979	299,901
Total current liabilities	2,141,432	2,920,020
Non-current liabilities		
Lease liabilities	53,992	274,522
Deferred tax liabilities	255,417	313,693
Provision for retirement benefits for directors (and other officers)	6,124	5,074
Provision for share awards	85,078	95,203
Retirement benefit liability	375,141	379,074
Other	63,861	71,910
Total non-current liabilities	839,617	1,139,479
Total liabilities	2,981,049	4,059,499
Net assets		
Shareholders' equity		
Share capital	243,937	243,937
Capital surplus	372,887	380,532
Retained earnings	18,329,004	19,361,015
Treasury shares	(1,046,534)	(1,037,438)
Total shareholders' equity	17,899,295	18,948,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,818	19,538
Foreign currency translation adjustment	1,546,467	2,561,560
Remeasurements of defined benefit plans	14,657	16,652
Total accumulated other comprehensive income	1,577,943	2,597,751
Non-controlling interests	904,618	991,907
Total net assets	20,381,858	22,537,706
Total liabilities and net assets	23,362,907	26,597,206

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	16,231,186	17,214,390
Cost of sales	10,979,445	12,102,321
Gross profit	5,251,740	5,112,069
Selling, general and administrative expenses	2,980,063	3,187,134
Operating profit	2,271,677	1,924,935
Non-operating income		
Interest income	55,260	86,500
Foreign exchange gains	93,107	148,453
Rental income from real estate	16,080	16,080
Recoveries of written off receivables	13,498	1,675
Other	14,500	13,389
Total non-operating income	192,447	266,099
Non-operating expenses		
Interest expenses	2,383	3,952
Share issuance costs	13,884	–
Commission expenses	3,639	3,741
Other	830	674
Total non-operating expenses	20,737	8,368
Ordinary profit	2,443,387	2,182,666
Extraordinary income		
Gain on sale of investment securities	7,080	–
Total extraordinary income	7,080	–
Profit before income taxes	2,450,467	2,182,666
Income taxes - current	685,140	619,708
Income taxes - deferred	77,508	48,588
Total income taxes	762,648	668,297
Profit	1,687,818	1,514,369
Profit attributable to non-controlling interests	40,939	40,284
Profit attributable to owners of parent	1,646,878	1,474,085

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Profit	1,687,818	1,514,369
Other comprehensive income		
Valuation difference on available-for-sale securities	(859)	2,720
Foreign currency translation adjustment	774,014	1,068,004
Remeasurements of defined benefit plans, net of tax	527	2,099
Total other comprehensive income	773,681	1,072,825
Comprehensive income	2,461,500	2,587,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,378,731	2,493,893
Comprehensive income attributable to non-controlling interests	82,769	93,301

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,450,467	2,182,666
Depreciation	168,939	218,252
Amortization of goodwill	3,099	1,675
Increase (decrease) in provision for bonuses	24,979	25,803
Increase (decrease) in retirement benefit liability	19,055	1,423
Increase (decrease) in allowance for doubtful accounts	81,881	2,443
Interest and dividend income	(56,034)	(87,321)
Interest expenses	2,383	3,952
Foreign exchange losses (gains)	(109,900)	(152,692)
Recoveries of written off receivables	(13,498)	(1,675)
Loss (gain) on sale and retirement of non-current assets	(1,088)	227
Loss (gain) on sale of investment securities	(7,080)	–
Decrease (increase) in trade receivables	928,188	(566,633)
Decrease (increase) in inventories	(841)	(106)
Increase (decrease) in trade payables	(222,346)	222,412
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,050	(1,050)
Increase (decrease) in provision for share awards	12,333	10,124
Share issuance costs	13,884	–
Increase (decrease) in accrued expenses	(75,354)	18,735
Decrease (increase) in long term accounts receivable other	(82,680)	(1,707)
Decrease (increase) in other assets	(227,147)	(69,366)
Increase (decrease) in other liabilities	(101,837)	(5,669)
Subtotal	2,808,452	1,801,493
Interest and dividends received	56,034	87,321
Interest paid	(2,383)	(3,952)
Income taxes paid	(1,450,413)	(277,739)
Net cash provided by (used in) operating activities	1,411,689	1,607,124
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,995,548)	(277,090)
Proceeds from sale of property, plant and equipment	1,426	449
Purchase of intangible assets	(21,059)	(11,601)
Proceeds from sale of investment securities	59,700	–
Proceeds from recoveries of written off receivables	13,498	1,675
Payments of guarantee deposits	(8,891)	(32,282)
Proceeds from refund of guarantee deposits	5,084	8,036
Other, net	(32,244)	2,272
Net cash provided by (used in) investing activities	(1,978,034)	(308,539)
Cash flows from financing activities		
Repayments of lease liabilities	(70,245)	(72,793)
Purchase of treasury shares	–	(90)
Payments for issuance of shares	(13,884)	–
Dividends paid	(537,684)	(441,849)
Dividends paid to non-controlling interests	(8,417)	(6,011)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(65,117)	–
Net cash provided by (used in) financing activities	(695,349)	(520,745)
Effect of exchange rate change on cash and cash equivalents	592,823	838,595
Net increase (decrease) in cash and cash equivalents	(668,870)	1,616,433
Cash and cash equivalents at beginning of period	14,294,693	13,885,846
Cash and cash equivalents at end of period	13,625,822	15,502,279

(4) Notes to Semi-annual 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 six months ended June 30, 2023 (from January 1, 2023 to June 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 (Note 1)	Amount recorded in the semi-annual consolidated statements of income (Note 2)
	Japan	Overseas	Total		
Net sales					
Revenue from contracts with customers	11,596,222	4,634,963	16,231,186	–	16,231,186
Net sales to outside customers	11,596,222	4,634,963	16,231,186	–	16,231,186
Inter-segment net sales or transfers	387,624	929,788	1,317,412	(1,317,412)	–
Total	11,983,846	5,564,752	17,548,599	(1,317,412)	16,231,186
Segment profit	1,613,163	660,010	2,273,173	(1,495)	2,271,677

Notes: 1. The ¥(1,495) 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 semi-annual consolidated statements of income.

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

Not applicable.

II. For the six months ended June 30, 2024 (from January 1, 2024 to June 30, 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 semi-annual consolidated statements of income (Note 2)
	Japan	Overseas	Total		
Net sales					
Revenue from contracts with customers	11,178,049	6,036,340	17,214,390	–	17,214,390
Net sales to outside customers	11,178,049	6,036,340	17,214,390	–	17,214,390
Inter-segment net sales or transfers	405,753	935,436	1,341,190	(1,341,190)	–
Total	11,583,803	6,971,777	18,555,580	(1,341,190)	17,214,390
Segment profit	1,204,190	722,360	1,926,551	(1,616)	1,924,935

Notes: 1. The ¥(1,616) 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 semi-annual consolidated statements of income.

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

Not applicable.