

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 10, 2023

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under Japanese GAAP)



Company name: NAIGAI TRANS LINE LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 9384  
 URL: <https://www.ntl-naigai.co.jp/en/>  
 Representative: Yoshihiro Kojima, President and Representative Director  
 Inquiries: Hideki Mine, Director  
 Telephone: +81-6-6260-4800  
 Scheduled date of annual general meeting of shareholders: March 24, 2023  
 Scheduled date to commence dividend payments: March 27, 2023  
 Scheduled date to file annual securities report: March 27, 2023  
 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 fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (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	%
Fiscal year ended								
December 31, 2022	47,320	34.2	6,680	75.4	6,874	75.3	4,651	67.2
December 31, 2021	35,266	58.8	3,808	169.9	3,922	164.2	2,783	227.2

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥5,441 million [67.2%]  
 For the fiscal year ended December 31, 2021: ¥3,254 million [302.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	477.56	–	32.5	35.4	14.1
December 31, 2021	285.93	–	26.3	26.6	10.8

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2022: –  
 For the fiscal year ended December 31, 2021: –

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	22,133	17,510	75.2	1,708.09
December 31, 2021	16,752	12,700	71.6	1,232.38

Reference: Equity  
 As of December 31, 2022: ¥16,643 million  
 As of December 31, 2021: ¥11,999 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
December 31, 2022	5,968	(118)	(707)	14,294
December 31, 2021	2,551	(428)	(546)	8,678

### 2. Cash dividends

	Annual dividends per share					Total cash 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 December 31, 2021	–	22.00	–	28.00	50.00	487	17.5	4.6
Fiscal year ended December 31, 2022	–	30.00	–	55.00	85.00	830	17.8	5.8
Fiscal year ending December 31, 2023 (Forecast)	–	40.00	–	45.00	85.00		–	

Notes: 1. Revision to the most recently announced dividend forecasts: None

2. Total cash dividends include dividends on the Company's shares held by Custody Bank of Japan, Ltd.

### 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

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

Note: For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 14 of the Attachments to this consolidated financial results report.

(3) Number of issued shares (common shares)

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

As of December 31, 2022	10,698,000 shares
As of December 31, 2021	10,698,000 shares

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

As of December 31, 2022	953,847 shares
As of December 31, 2021	961,204 shares

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

Fiscal year ended December 31, 2022	9,741,164 shares
Fiscal year ended December 31, 2021	9,733,342 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.

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	25,597	46.7	3,782	86.1	4,371	81.3	3,128	75.0
December 31, 2021	17,451	71.1	2,032	286.5	2,411	208.4	1,787	356.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	321.14	—
December 31, 2021	183.67	—

<Reasons for differences in non-consolidated operating results from the previous fiscal year>

The passing on of increases in the freight rates of shipping companies to selling prices resulted in differences in the actual results of net sales, operating profit, ordinary profit, and profit between the previous fiscal year and the fiscal year under review.

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	12,330	9,883	80.2	1,014.27
December 31, 2021	9,650	7,380	76.5	757.98

Reference: Equity

As of December 31, 2022: ¥9,883 million

As of December 31, 2021: ¥7,380 million

\* 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

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. For the assumptions for earnings forecasts and other related matters, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 4 of the Attachments.

The Company plans to hold a financial results briefing on February 24, 2023. The financial results briefing materials to be distributed at this briefing will be promptly posted on the Company’s website.

## Table of Contents - Attachments

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Overview of Cash Flows for the Fiscal Year under Review .....	3
(4) Future Outlook .....	4
2. Basic Policy on Selection of Accounting Standards .....	6
3. Consolidated Financial Statements and Principal Notes .....	7
(1) Consolidated Balance Sheets .....	7
(2) Consolidated Statements of Income and Comprehensive Income .....	9
(3) Consolidated Statements of Changes in Equity .....	11
(4) Consolidated Statements of Cash Flows .....	13
(5) Notes to Consolidated Financial Statements .....	14
(Notes on going concern assumption) .....	14
(Changes in accounting policies) .....	14
(Additional information) .....	14
(Segment information, etc.) .....	15
(Revenue recognition) .....	17
(Per share information) .....	18
(Significant subsequent events) .....	19
4. Other .....	19

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

For the fiscal year under review, while the COVID-19 epidemic has not yet come to an end, economic activities have been moving towards recovery. However, there are concerns about the impact on social activities from rising resource prices mainly caused by the Russia-Ukraine situation, as well as sharp exchange rate fluctuations due to policy interest rate hikes in various countries.

In terms of the container space situation for marine transport, freight rates have been falling as port congestion has eased from early autumn 2022, although it is difficult to predict how far they will fall.

Under such circumstances, the Group has stepped up efforts to achieve further growth as a comprehensive international freight forwarder, and as a result, operating results for the fiscal year under review far surpassed those of the previous year.

Consequently, for the fiscal year under review, the Company posted net sales of ¥47,320 million (up 34.2% year on year), operating profit of ¥6,680 million (up 75.4% year on year), ordinary profit of ¥6,874 million (up 75.3% year on year), and profit attributable to owners of parent of ¥4,651 million (up 67.2% year on year), showing year-on-year increases in both 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 fiscal year under review, net sales and profit on non-consolidated basis increased, mainly because the Company raised its selling prices in line with a rise in freight rates and various labor fees, and with freight rates denominated in dollars, the yen-based amount charged to customers increased.

Among domestic subsidiaries, UCI Airfreight Japan, Inc. posted higher net sales and profit due to the increase of air transport projects and the undertaking of large-scale equipment import projects. Flying Fish Inc. also recorded higher net sales and profit due not only to an increase in food imports, its established specialty, but also to the aggressive pursuit of new deals.

As a result, net sales of the Japan segment increased by ¥10,692 million (43.1%) year on year to ¥35,485 million, and segment profit (operating profit) also increased by ¥2,146 million (83.6%) year on year to ¥4,712 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 fiscal year under review, both net sales and profit increased as the Group steadily took on forwarding projects.

As a result, net sales of the Overseas segment increased by ¥1,361 million (13.0%) year on year to ¥11,835 million, and segment profit (operating profit) also increased by ¥726 million (58.4%) year on year to ¥1,971 million.

#### (Summary of the 4th Medium-term Management Plan)

The Group formulated the 4th Medium-term Management Plan (January 2020 to December 2022) and had been putting an all-out effort to realize it. As a result, in fiscal 2021, one year ahead of schedule, the Group achieved the numerical targets of ¥30.0 billion in net sales, 7% operating profit margin, and 14% ROE, and in fiscal 2022, the final year of the plan, the Group was able to achieve even better results than in fiscal 2021.

These three years overlapped with the period of turmoil in logistics due to the impact of COVID-19, but the Group has worked together to secure container space and make other efforts, striving to improve its position as a comprehensive international freight forwarder.

In Japan, the Group established a forwarding team at the Tokyo branch and a logistics solution team at the Kobe branch, expanding the domain of its forwarding services.

Furthermore, as door-to-door sales became difficult during the COVID-19 pandemic, the Group has rapidly accelerated digitization, including online remote marketing, digital advertising, distribution of e-mail newsletters, and web-based quotation services.

Domestic group companies have also expanded their areas of expertise by undertaking large projects of equipment import from overseas and increasing the handling of food imports.

Overseas group companies have increased non-consolidation freight businesses. In South Korea, NAIGAI BUSAN LOGISTICS CENTER CO., LTD. expanded its refrigerated warehouses in August 2021, making it possible to handle foods and other cargos that require temperature control and thereby contributing to the expansion of the overseas warehouse business.

Furthermore, the Company made additional capital contribution to NAIGAI BUSAN LOGISTICS CENTER CO., LTD. in December 2020 and January 2021, raising the stake of NAIGAI TRANS LINE LTD. in the group company from 60% to 90% and increasing the degree of management freedom.

As a result, the Group was able to expand its business domain as a comprehensive international freight forwarder and build a foothold for the next medium-term management plan.

## (2) Overview of Financial Position for the Fiscal Year under Review

Total assets amounted to ¥22,133 million, up ¥5,381 million from the end of the previous fiscal year. The main reason for the change is an increase of ¥5,616 million in cash and deposits.

Total liabilities amounted to ¥4,623 million, up ¥571 million from the end of the previous fiscal year. The main reason for the change is an increase of ¥634 million in income taxes payable.

In addition, net assets amounted to ¥17,510 million, up ¥4,809 million from the end of the previous fiscal year. The main reasons for the change are an increase of ¥4,013 million in retained earnings and an increase of ¥613 million in foreign currency translation adjustment.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥14,294 million, up ¥5,616 million from the end of the previous fiscal year. The overview of cash flows is as follows.

### (Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥5,968 million (¥2,551 million was provided in the previous fiscal year). The main cash inflows include ¥6,874 million in profit before income taxes and ¥316 million in depreciation. The main cash outflows include ¥1,378 million in income taxes paid.

### (Cash Flows from Investing Activities)

Net cash used in investing activities was ¥118 million (¥428 million was used in the previous fiscal year). The main cash outflows include ¥97 million in purchase of property, plant and equipment and ¥26 million in payments of guarantee deposits.

### (Cash Flows from Financing Activities)

Net cash used in financing activities was ¥707 million (¥546 million was used in the previous fiscal year). The main cash outflows include ¥566 million in dividends paid and ¥134 million in repayments of lease liabilities.

(Reference) Cash Flow Indicators

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity-to-asset ratio	73.8	72.1	72.0	71.6	75.2
Equity-to-asset ratio based on market capitalization	118.0	115.4	92.8	121.7	92.9
Interest-bearing debt to cash flow ratio	–	16.5	15.5	9.1	4.2
Interest coverage ratio	–	147.5	325.6	430.4	1,030.7

Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio based on market capitalization: Market capitalization / Total assets

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

Interest coverage ratio: Cash flow / Interest expenses

(4) Future Outlook

In the outlook of the business environment surrounding the Group, while the world is moving in the direction of coexistence with COVID-19, it seems to take some time to see the end of the infection. In addition, although Japan's export amount for fiscal 2022 exceeded that for fiscal 2021, the Company expects the environment for fiscal 2023 to be challenging, as container freight rates are predicted to fall further than in the second half of fiscal 2022 due to the normalization of the supply and demand balance resulting from easing port congestion and the decline in transportation demand in response to the global economic recession.

However, the Group has formulated the 5th Medium-term Management Plan covering fiscal 2023 through fiscal 2027 as described below, and in accordance with the plan's basic policy, will aim to expand sales and profit and enhance corporate value.

Based on the above, the Group projects its full-year earnings for the next fiscal year (the fiscal year ending December 31, 2023) as follows: net sales of ¥42,700 million (down 9.8% year on year), operating profit of ¥5,700 million (down 14.7% year on year), ordinary profit of ¥5,860 million (down 14.8% year on year), and profit attributable to owners of parent of ¥4,030 million (down 13.4% year on year).

In addition, the Group regards the return of profits to shareholders as one of its management priorities, and hopes to maintain a continuous and stable dividend payout into the future while comprehensively taking into account its business performance and financial conditions.

Based on the above policy, the Group plans to pay an interim dividend of ¥30 and a year-end dividend of ¥55 for the fiscal year under review, resulting in an annual dividend of ¥85. The Group intends to maintain the annual dividend of ¥85 for the next fiscal year.

(Overview of the 5th Medium-term Management Plan)

Following the completion of the 4th Medium-term Management Plan, the Group has newly formulated the 5th Medium-term Management Plan covering fiscal 2023 through fiscal 2027. The plan's overview is as follows.

With the slogan "Aiming to be the best solution provider in international logistics," the Group will implement various measures in accordance with the below Group Basic Policy.

The Group's previous medium-term management plans up until the 4th Medium-term Management Plan covered three years each. However, as three years are not long enough to implement the measures described below, and the Group aims to conduct business management with a stronger focus on a medium- to long-term perspective, the 5th Medium-term Management Plan will cover a period of five years.

I. Group Basic Policy

- While maintaining and expanding its top share in Japan for freight consolidation, which is its core business, the Group will radically expand forwarding as the second core business with an aim to become a comprehensive international freight forwarder in a true sense.
- The Group will target group net sales of ¥70.0 billion and profit attributable to owners of parent of ¥5.0



billion in 2027.

## II. Measures

### (1) Domestic business

#### (i) Consolidation freight business

In the core consolidation freight business, NAIGAI TRANS LINE LTD. will play a central role in maintaining the Group's position in the industry by leveraging the business know-how it has cultivated and the network it has built over many years, while securing stable earnings through operational efficiency.

#### (ii) Forwarding business

For the forwarding business, a field where the Company expects to see growth, an optimal organizational structure will be created within the Group to increase sales and profit.

### (2) Overseas business

#### (i) Agents

The Group will further strengthen its relationships with agents while making efficient use of them with restructuring in consideration.

#### (ii) Establishment of new bases

The Group will consider establishing local subsidiaries and representative offices in countries with large volumes of trade with Japan and areas with future growth potential.

#### (iii) Expansion of services at existing bases

At existing bases, with an aim to move away from dependence on business with Japan, the Group will build infrastructure for local staff to engage in sales activities for export services to local companies, thereby expanding exports from local bases to countries other than Japan.

## III. Investment strategies

To implement the above measures, the following investments will be mainly conducted.

### (1) M&A, etc.

The Group will aggressively pursue M&A, capital and business alliances, among others, to expand the scale of existing businesses, move into new fields through generated synergies, and achieve other objectives.

### (2) Digital transformation (DX)

Further digital transformation will be implemented for sales support, improvement of operational efficiency, and enhancement of customer services.

### (3) Asset business

The Group has its own warehouses in South Korea and India. The Group will continue to acquire warehouses and other assets, particularly overseas, and expand its business domain.

### (4) Human resources and education

Both in Japan and overseas, the Group will pursue proactive personnel investment for the launch of new businesses and the expansion of existing businesses, as well as investment in education and training aimed at improving employee skills.

### (5) ESG/SDGs

The Group will take actions in accordance with the Corporate Governance Code in order to improve and achieve ESG and the SDGs.

The Group aims to achieve the following numerical targets in fiscal 2027 through the above measures and investment strategies based on the Basic Policy.

Numerical targets

Item	Target for the fiscal year ending December 31, 2027
Net sales	¥70.0 billion
Profit attributable to owners of parent	¥5.0 billion

Note: All forward-looking statements in this document are estimates based on information available at the time of publication, and may differ from actual measures and results due to various factors.

## 2. Basic Policy on Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration comparability of consolidated financial statements between periods and between companies.

The Group intends to respond appropriately to the adoption of the International Financial Reporting Standards (IFRS) considering circumstances in Japan and overseas.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,678,028	14,294,693
Accounts receivable - trade	3,397,060	2,968,085
Supplies	5,342	6,244
Other	931,743	939,109
Allowance for doubtful accounts	(16,941)	(13,482)
Total current assets	12,995,233	18,194,649
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,992,235	3,248,103
Accumulated depreciation	(604,816)	(743,161)
Buildings and structures, net	2,387,419	2,504,942
Machinery, equipment and vehicles	186,225	222,735
Accumulated depreciation	(132,543)	(152,713)
Machinery, equipment and vehicles, net	53,682	70,021
Land	371,563	372,233
Leased assets	–	6,241
Accumulated depreciation	–	(653)
Leased assets, net	–	5,587
Right of use assets	408,916	516,032
Accumulated depreciation	(186,678)	(280,735)
Right of use asset, net	222,238	235,296
Other	411,760	463,313
Accumulated depreciation	(298,058)	(343,095)
Other, net	113,702	120,218
Total property, plant and equipment	3,148,604	3,308,300
Intangible assets		
Goodwill	20,006	7,829
Software	52,931	43,359
Other	5,990	5,939
Total intangible assets	78,928	57,128
Investments and other assets		
Investment securities	122,365	121,782
Guarantee deposits	283,030	303,986
Long-term accounts receivable - other	7,371	18,572
Long-term deposits	5,477	6,014
Deferred tax assets	95,874	114,219
Other	23,136	27,826
Allowance for doubtful accounts	(7,371)	(18,572)
Total investments and other assets	529,883	573,828
Total non-current assets	3,757,416	3,939,257
<b>Total assets</b>	<b>16,752,649</b>	<b>22,133,907</b>

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,755,697	1,534,228
Lease liabilities	109,466	144,756
Accrued expenses	242,722	268,112
Income taxes payable	784,012	1,418,302
Provision for bonuses	12,010	14,106
Other	505,114	416,216
Total current liabilities	3,409,023	3,795,723
Non-current liabilities		
Lease liabilities	123,730	107,464
Deferred tax liabilities	28,832	151,044
Provision for retirement benefits for directors (and other officers)	2,041	4,024
Provision for share awards	32,287	55,324
Retirement benefit liability	399,288	448,490
Other	57,025	61,672
Total non-current liabilities	643,205	828,020
Total liabilities	4,052,229	4,623,744
<b>Net assets</b>		
Shareholders' equity		
Share capital	243,937	243,937
Capital surplus	299,403	304,327
Retained earnings	12,202,641	16,216,106
Treasury shares	(1,010,763)	(1,002,198)
Total shareholders' equity	11,735,218	15,762,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,012	16,607
Foreign currency translation adjustment	245,982	859,807
Remeasurements of defined benefit plans	1,182	5,337
Total accumulated other comprehensive income	264,177	881,752
Non-controlling interests	701,023	866,237
Total net assets	12,700,419	17,510,163
Total liabilities and net assets	16,752,649	22,133,907

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	35,266,206	47,320,714
Cost of sales	26,292,170	34,803,698
Gross profit	8,974,036	12,517,015
Selling, general and administrative expenses	5,165,533	5,836,180
Operating profit	3,808,503	6,680,835
Non-operating income		
Interest income	16,839	42,086
Dividend income	4,829	4,729
Rental income from real estate	31,360	32,160
Foreign exchange gains	53,407	111,722
Subsidy income	4,752	7,191
Other	20,774	20,703
Total non-operating income	131,963	218,593
Non-operating expenses		
Interest expenses	5,928	5,790
Commission expenses	6,968	8,555
Loss on sale and retirement of non-current assets	1,411	5,554
Other	3,647	4,754
Total non-operating expenses	17,956	24,655
Ordinary profit	3,922,509	6,874,773
Extraordinary income		
Gain on sale of investment securities	49,855	–
Total extraordinary income	49,855	–
Profit before income taxes	3,972,364	6,874,773
Income taxes - current	1,013,967	1,978,211
Income taxes - deferred	87,126	140,770
Total income taxes	1,101,094	2,118,981
Profit	2,871,270	4,755,791
Profit attributable to non-controlling interests	88,195	103,841
Profit attributable to owners of parent	2,783,075	4,651,949

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit	2,871,270	4,755,791
Other comprehensive income		
Valuation difference on available-for-sale securities	12,346	(404)
Foreign currency translation adjustment	368,415	681,560
Remeasurements of defined benefit plans, net of tax	2,794	4,373
Total other comprehensive income	383,556	685,528
Comprehensive income	3,254,827	5,441,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,152,931	5,269,524
Comprehensive income attributable to non-controlling interests	101,896	171,795

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	243,937	253,073	9,799,148	(989,013)	9,307,145
Cumulative effects of changes in accounting policies					–
Restated balance	243,937	253,073	9,799,148	(989,013)	9,307,145
Changes during period					
Dividends of surplus			(379,582)		(379,582)
Profit attributable to owners of parent			2,783,075		2,783,075
Purchase of treasury shares				(65,129)	(65,129)
Disposal of treasury shares		34,980		43,378	78,359
Change in ownership interest of parent due to transactions with non-controlling interests		11,349			11,349
Net changes in items other than shareholders' equity					
Total changes during period	–	46,330	2,403,493	(21,750)	2,428,073
Balance at end of period	243,937	299,403	12,202,641	(1,010,763)	11,735,218

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,665	(108,871)	(1,471)	(105,678)	663,158	9,864,625
Cumulative effects of changes in accounting policies						–
Restated balance	4,665	(108,871)	(1,471)	(105,678)	663,158	9,864,625
Changes during period						
Dividends of surplus						(379,582)
Profit attributable to owners of parent						2,783,075
Purchase of treasury shares						(65,129)
Disposal of treasury shares						78,359
Change in ownership interest of parent due to transactions with non-controlling interests						11,349
Net changes in items other than shareholders' equity	12,346	354,854	2,654	369,855	37,865	407,720
Total changes during period	12,346	354,854	2,654	369,855	37,865	2,835,794
Balance at end of period	17,012	245,982	1,182	264,177	701,023	12,700,419

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	243,937	299,403	12,202,641	(1,010,763)	11,735,218
Cumulative effects of changes in accounting policies			(71,635)		(71,635)
Restated balance	243,937	299,403	12,131,006	(1,010,763)	11,663,582
Changes during period					
Dividends of surplus			(566,849)		(566,849)
Profit attributable to owners of parent			4,651,949		4,651,949
Purchase of treasury shares				(84)	(84)
Disposal of treasury shares		4,924		8,650	13,574
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	–	4,924	4,085,100	8,565	4,098,590
Balance at end of period	243,937	304,327	16,216,106	(1,002,198)	15,762,173

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,012	245,982	1,182	264,177	701,023	12,700,419
Cumulative effects of changes in accounting policies						(71,635)
Restated balance	17,012	245,982	1,182	264,177	701,023	12,628,784
Changes during period						
Dividends of surplus						(566,849)
Profit attributable to owners of parent						4,651,949
Purchase of treasury shares						(84)
Disposal of treasury shares						13,574
Change in ownership interest of parent due to transactions with non-controlling interests						–
Net changes in items other than shareholders' equity	(404)	613,824	4,154	617,574	165,213	782,788
Total changes during period	(404)	613,824	4,154	617,574	165,213	4,881,378
Balance at end of period	16,607	859,807	5,337	881,752	866,237	17,510,163



## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,972,364	6,874,773
Depreciation	281,558	316,155
Amortization of goodwill	32,356	13,059
Increase (decrease) in allowance for doubtful accounts	7,307	5,549
Increase (decrease) in retirement benefit liability	2,954	44,658
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(297,958)	1,983
Increase (decrease) in provision for share awards	32,287	23,036
Interest and dividend income	(21,669)	(46,815)
Interest expenses	5,928	5,790
Foreign exchange losses (gains)	(46,122)	(76,094)
Subsidy income	(4,752)	(7,191)
Loss (gain) on sale of investment securities	(49,855)	–
Loss (gain) on sale and retirement of non-current assets	(1,157)	4,291
Decrease (increase) in trade receivables	(1,465,893)	225,585
Decrease (increase) in inventories	(235)	(391)
Increase (decrease) in trade payables	475,665	(16,956)
Increase (decrease) in accrued expenses	56,323	35,004
Decrease (increase) long term accounts receivable other	2,945	(10,015)
Decrease (increase) in other assets	(129,537)	35,996
Increase (decrease) in other liabilities	91,746	(129,845)
Subtotal	2,944,258	7,298,574
Interest and dividends received	21,669	46,815
Interest paid	(5,928)	(5,790)
Income taxes paid	(413,043)	(1,378,055)
Subsidies received	4,752	7,191
Net cash provided by (used in) operating activities	2,551,707	5,968,735
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(462,920)	(97,443)
Proceeds from sale of property, plant and equipment	3,188	3,032
Purchase of intangible assets	(11,456)	(12,169)
Proceeds from sale of investment securities	74,005	–
Payments of guarantee deposits	(62,945)	(26,834)
Proceeds from refund of guarantee deposits	31,324	17,146
Other, net	–	(2,588)
Net cash provided by (used in) investing activities	(428,804)	(118,857)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(114,080)	(134,905)
Proceeds from disposal of treasury shares	64,912	1,310
Purchase of treasury shares	(64,912)	(84)
Dividends paid	(379,505)	(566,765)
Dividends paid to non-controlling interests	(10,483)	(6,582)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(42,197)	–
Net cash provided by (used in) financing activities	(546,267)	(707,027)
Effect of exchange rate change on cash and cash equivalents	293,593	473,813
Net increase (decrease) in cash and cash equivalents	1,870,229	5,616,665
Cash and cash equivalents at beginning of period	6,807,798	8,678,028
Cash and cash equivalents at end of period	8,678,028	14,294,693

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Accordingly, the method of recognizing revenue for performance obligations that are satisfied over time has been changed so that revenue is recognized based on the level of progress toward complete satisfaction of a performance obligation.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. However, the Company applies the method provided for in Paragraph 86 of the Revenue Recognition Standard, and does not apply the new accounting policies retrospectively to contracts for which substantially all revenue amounts had been recognized prior to the beginning of the fiscal year under review in accordance with the previous treatment.

As a result of this change, for the fiscal year under review, net sales increased by ¥61,579 thousand, cost of sales increased by ¥58,230 thousand, and operating profit, ordinary profit, and profit before income taxes increased by ¥3,349 thousand, respectively. In addition, the beginning balance of retained earnings decreased by ¥71,635 thousand for the fiscal year under review. As the impact of this change on per share information is minimal, the information is omitted.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method. Furthermore, in accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous fiscal year are not presented.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Additional information)

(Impact of COVID-19)

There are no material changes to the assumptions on the future spread of COVID-19, the timing of its containment, and other factors presented under (Additional information) (Impact of COVID-19) in the previous fiscal year’s annual securities report.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments consist of organizational units of the Company for which separate financial statements are available and which are regularly reviewed by top managerial decision-making body to determine the allocation of management resources and assess business performance.

The Group is engaged in international freight transportation business and ancillary businesses. The Japanese business is mainly operated by the Company, UCI Airfreight Japan, Inc., and Flying Fish Inc., and the overseas business is operated by local subsidiaries in China, South Korea, Hong Kong, Singapore, Thailand, Indonesia, India, and the United States.

Each local subsidiary is an independent business unit that formulates strategies and conducts business activities in each region, while the Company oversees all overarching management policies for the Group and gives instructions to each local subsidiary.

Therefore, the Group is composed of regional segments based on overarching strategies for each region, and has two reportable segments, Japan and Overseas.

(2) Description of each reportable segment

Japan: NAIGAI TRANS LINE LTD., UCI Airfreight Japan, Inc., and Flying Fish Inc. (3 companies in total)

Overseas: 2 local subsidiaries in China, 3 local subsidiaries in South Korea, 1 local subsidiary each in Hong Kong, Singapore, Thailand, Indonesia, India, and the United States (11 companies in total)

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for reported operating segments is substantially the same as that used for the preparation of consolidated financial statements.

Reportable segment profit is based on operating profit. In addition, inter-segment net sales or transfers are inter-company transactions and based on quoted market prices and other data.

3. Information on net sales, profit or loss, assets, liabilities and other items, and information on disaggregation of revenue, by reportable segment

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan	Overseas	Total		
Net sales					
Net sales to outside customers	24,792,116	10,474,090	35,266,206	–	35,266,206
Inter-segment net sales or transfers	894,692	2,246,636	3,141,328	(3,141,328)	–
Total	25,686,808	12,720,727	38,407,535	(3,141,328)	35,266,206
Segment profit	2,566,367	1,244,886	3,811,254	(2,750)	3,808,503
Segment assets	9,389,058	8,477,771	17,866,829	(1,114,180)	16,752,649
Other items					
Depreciation	48,643	230,018	278,661	2,897	281,558
Amortization of goodwill	26,651	5,704	32,356	–	32,356
Increase in property, plant and equipment and intangible assets	91,462	587,051	678,513	–	678,513

Notes: 1. The ¥(2,750) 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.

The ¥(1,114,180) thousand adjustment to segment assets mainly represents the elimination of inter-segment transactions.

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

For the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	35,485,096	11,835,617	47,320,714	–	47,320,714
Net sales to outside customers	35,485,096	11,835,617	47,320,714	–	47,320,714
Inter-segment net sales or transfers	1,264,285	3,181,682	4,445,967	(4,445,967)	–
Total	36,749,382	15,017,299	51,766,682	(4,445,967)	47,320,714
Segment profit	4,712,399	1,971,353	6,683,753	(2,918)	6,680,835
Segment assets	12,631,073	10,745,423	23,376,496	(1,242,589)	22,133,907
Other items					
Depreciation	53,219	259,285	312,504	3,651	316,155
Amortization of goodwill	7,009	6,049	13,059	–	13,059
Increase in property, plant and equipment and intangible assets	80,343	176,868	257,212	–	257,212

Notes: 1. The ¥(2,918) 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.

The ¥(1,242,589) thousand adjustment to segment assets mainly represents the elimination of inter-segment transactions.

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

#### 4. Disclosure of changes, etc. in reportable segments

As disclosed in “Changes in accounting policies,” the Company applied the Revenue Recognition Standard, etc. from the beginning of the fiscal year under review and changed the accounting method for revenue recognition. Accordingly, the Company also changed the method for calculating segment profit or loss for operating segments.

As a result of this change, compared with the previous method, net sales and segment profit of Japan for the fiscal year under review increased by ¥61,579 thousand and ¥3,349 thousand, respectively.

#### (Revenue recognition)

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

## (Per share information)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net assets per share	¥1,232.38	¥1,708.09
Basic earnings per share	¥285.93	¥477.56
Diluted earnings per share	—	—

- Notes: 1. Diluted earnings per share for the previous fiscal year and the fiscal year under review is not presented as there were no dilutive securities.
2. The number of common shares at the end of the period used in calculating net assets per share and the average number of common shares outstanding during the period used in calculating basic earnings per share are calculated by including the Company's shares held by Custody Bank of Japan, Ltd. as trust assets of the Employee Stock Ownership Plan (J-ESOP) in the number of treasury shares to be deducted.
3. The basis of calculation for basic earnings per share is as follows:

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,783,075	4,651,949
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	2,783,075	4,651,949
Average number of common shares outstanding during the period (Shares)	9,733,342	9,741,164

4. The basis of calculation for net assets per share is as follows:

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Total net assets (Thousands of yen)	12,700,419	17,510,163
Amount deducted from total net assets (Thousands of yen)	701,023	866,237
[Of the above, non-controlling interests (Thousands of yen)]	[701,023]	[866,237]
Net assets relating to common shares at the end of period (Thousands of yen)	11,999,396	16,643,926
Number of common shares at the end of period used for calculation of net assets per share (Shares)	9,736,796	9,744,153

(Significant subsequent events)

Not applicable.

4. Other

Not applicable.