

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 5, 2024

Company name: AZ-COM MARUWA Holdings Inc. Stock exchange listing: Tokyo  
 Stock code: 9090 URL <https://www.az-com-maruwa-hd.co.jp/>  
 Representative: President Masaru Wasami  
 Inquiries: Director and Executive Operating Officer Masanao Kuzuno TEL 048(991)1000  
 Scheduled date to file Quarterly Securities Report: February 13, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on the quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

## (1) Consolidated operating results (cumulative)

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 December 31, 2023	150,128	12.6	11,573	33.7	12,066	32.9	7,436	18.5
Nine months ended December 31, 2022	133,291	37.3	8,653	27.7	9,079	27.5	6,274	23.2

Note: Comprehensive income Nine months ended December 31, 2023 8,405 million yen (4.3%)  
Nine months ended December 31, 2022 8,058 million yen (71.3%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	58.74	54.63
Nine months ended December 31, 2022	49.89	46.19

Note: At the end of the previous fiscal year, the Company finalized the provisional accounting treatment for the business combination, and each figure for the nine months ended December 31, 2022 is the amount after reflecting the revision of the initial allocation of acquisition costs resulting from the finalization of the provisional accounting treatment.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Nine months ended December 31, 2023	135,075	55,916	39.7
Fiscal year ended March 31, 2023	112,028	38,162	32.1

Reference: Equity Nine months ended December 31, 2023 53,558 million yen  
Fiscal year ended March 31, 2023 35,917 million yen

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	11.75	-	11.75	23.50
Year ending March 31, 2024	-	15.00	-		
Year ending March 31, 2024 (Forecast)				15.00	30.00

Note: Any revisions from the most recently announced dividend forecast: No

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	200,000	12.5	14,500	27.6	15,000	25.5	9,380	20.6	72.91

Note: Any revisions from the most recently announced earnings forecast: No

Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023: No  
(changes in specified subsidiaries resulting in the change in scope of consolidation)

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(4) 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, 2023	137,984,520 shares	Fiscal year ended March 31, 2023	128,952,320 shares
(ii) Number of treasury shares at the end of the period	As of December 31, 2023	3,094,844 shares	Fiscal year ended March 31, 2023	3,102,779 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	As of December 31, 2023	126,593,991 shares	Nine months ended December 31, 2022	125,764,170 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares includes 346,288 Company shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP.

\* Quarterly financial results reports are exempt from an audit conducted by a certified public accountant or an audit firm.

\* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors.

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## 1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2023

### (1) Explanation of Operating Results

During the nine months ended December 31, 2023, the Japanese economy showed signs of recovery as socioeconomic activities have been normalizing. On the other hand, the future remains uncertain with continuing increases in prices of raw materials and energy, as well as other factors.

In the logistics industry, the business environment remains challenging due to declining consumption cargo volumes, rising costs to secure labor, and concerns about driver shortages accompanying the so-called the 2024 Problem in Logistics.

In this environment, the Group is striving to expand business in its core business domains of EC logistics, low-temperature food logistics, and medicine & medical logistics to secure and train human resources that will contribute to business expansion in the face of the worsening shortages of human resources and operating vehicles, and to promote and apply DX technology to save manpower and energy and to enhance productivity. In addition, for further business expansion, the Group will allocate management resources appropriately and improve management efficiency through the concentration of investment in growth businesses and the revitalization and reorganization of low-profit businesses, while actively engaging in ESG management, aiming to both maximize economic value and create social value.

As a result of the above, the Group's operating results for the nine months ended December 31, 2023, saw an increase in both sales and profit, with net sales of 150,128 million yen (up 12.6% year on year (YoY)), operating profit of 11,573 million yen (up 33.7% YoY), ordinary profit of 12,066 million yen (up 32.9% YoY), and profit attributable to owners of parent of 7,436 million yen (up 18.5% YoY).

Performance by segment is as follows.

#### (i) Logistics business

<Transportation business>

(Last One Mile Business)

In the Last One Mile Business, the acquisition of new delivery areas and the expansion of the number of vehicles in operation contributed to the business performance, resulting in net sales of 28,656 million yen (up 6.5% YoY).

(E-commerce & Ordinary-temperature Transportation Business)

In the E-commerce & Ordinary-temperature Transportation Business, net sales were 46,095 million yen (up 7.4% YoY) due to an increase in trunk transport services to nationwide destinations to meet the growing EC demand, which contributed to the business performance.

<3PL Business>

(E-commerce & Ordinary-temperature 3PL Business)

In the E-commerce & Ordinary-temperature 3PL Business, net sales were 40,592 million yen (up 29.6% YoY) due to the full-year operations of a large distribution center and the opening of a new distribution center, as well as the consolidation of MK LOGI Co., Ltd.

(Low-temperature Food 3PL Business)

In the Low-temperature Food 3PL Business, net sales were 16,593 million yen (up 11.1% YoY) due to a distribution center that opened in the previous fiscal year, expansion of operations at existing distribution centers, and acquisition of new supermarket operations.

(Medicine & Medical 3PL Business)

In the Medicine & Medical 3PL Business, net sales were 16,277 million yen (up 5.5% YoY), as the increase in shipment volume of mainstay products, such as pharmaceuticals and cosmetics, at existing customers, including drugstores that are our main customers, contributed to the business performance.

Consequently, net sales in the logistics business increased 12.7% YoY to 148,214 million yen.

In terms of profit, segment profit (operating profit) in the logistics business increased 38.3 % YoY to 11,540 million yen as a result of the revenue growth achieved by aggressive business expansion and efforts to improve productivity through daily account settlement management, despite the impact of one-time upfront costs related to stable operations of the new distribution center.

#### (ii) Others

Despite efforts to expand the information systems business of PHYZ Holdings Inc. and to develop projects related to Business Process Outsourcing (BPO) of AZ-COM Data Security Co, Ltd., increases in various costs, including personnel expenses, had an impact. Accordingly, net sales increased 7.3% YoY to 1,913 million yen, but segment profit (operating profit) decreased 3.9% YoY to 285 million yen.

(2) Explanation of Financial Condition

Total assets at the end of the third quarter of the current consolidated fiscal year amounted to 135,075 million yen, up 23,047 million yen from the end of the previous fiscal year. Current assets amounted to 73,633 million yen, up 19,069 million yen. This was mainly due to a 12,649 million yen increase in cash and deposits and a 5,308 million yen increase in notes and accounts receivable - trade. Non-current assets amounted to 61,442 million yen, up 3,978 million yen. This was mainly due to a 2,347 million yen increase in buildings and structures, (net) and a 921 million yen increase in investment securities.

Total liabilities amounted to 79,159 million yen, up 5,293 million yen from the end of the previous fiscal year. Current liabilities amounted to 33,906 million yen, up 3,998 million yen. This was mainly due to a 2,835 million yen increase in notes and accounts payable - trade. Non-current liabilities amounted to 45,252 million yen, up 1,294 million yen. This was mainly due to 976 million yen increase in long-term borrowings.

Net assets amounted to 55,916 million yen, up 17,754 million yen from the end of the previous fiscal year. This was mainly due to increases in share capital and capital surplus by 6,447 million yen respectively as a result of a capital increase through public offering and third-party allotment. Other factors included an increase in retained earnings of 4,060 million yen.

(3) Explanation of Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

No changes have been made to the forecasts of the consolidated financial results released on November 6, 2023.

## 2. Quarterly Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	32,851	45,501
Notes and accounts receivable - trade	19,474	24,783
Supplies	115	82
Other	2,126	3,270
Allowance for doubtful accounts	(4)	(3)
Total current assets	54,563	73,633
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,221	10,569
Machinery, equipment and vehicles, net	2,285	2,268
Land	15,004	15,020
Other, net	5,222	5,861
Total property, plant and equipment	30,734	33,719
Intangible assets		
Goodwill	3,656	3,364
Other	7,345	6,982
Total intangible assets	11,002	10,347
Investments and other assets		
Investment securities	10,439	11,360
Other	5,329	6,024
Allowance for doubtful accounts	(41)	(9)
Total investments and other assets	15,727	17,375
Total non-current assets	57,464	61,442
Total assets	112,028	135,075
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,278	15,113
Short-term borrowings	315	30
Current portion of long-term borrowings	4,870	5,064
Income taxes payable	2,902	2,762
Provision for bonuses	922	222
Other	8,618	10,713
Total current liabilities	29,907	33,906
Non-current liabilities		
Bonds payable	30	25
Convertible bonds	20,586	20,421
Long-term borrowings	15,370	16,346
Retirement benefit liability	1,077	1,134
Asset retirement obligations	798	814
Provision for share awards for directors	39	38
Provision for share-based remuneration for employees	53	50
Provision for retirement benefits for directors (and other officers)	54	60
Other	5,946	6,359
Total non-current liabilities	43,957	45,252
Total liabilities	73,865	79,159

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	2,670	9,117
Capital surplus	2,348	8,803
Retained earnings	33,781	37,842
Treasury shares	(5,757)	(5,755)
Total shareholders' equity	33,044	50,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,082	3,727
Remeasurements of defined benefit plans	(208)	(177)
Total accumulated other comprehensive income	2,873	3,549
Non-controlling interests	2,244	2,358
Total net assets	38,162	55,916
Total liabilities and net assets	112,028	135,075

(2) Consolidated Statements of Income (Cumulative) and Consolidated Statements of Comprehensive Income (Cumulative)  
(Consolidated statements of income (cumulative))

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	133,291	150,128
Cost of sales	118,686	131,501
Gross profit	14,605	18,626
Selling, general and administrative expenses	5,951	7,053
Operating profit	8,653	11,573
Non-operating income		
Interest income	166	166
Dividend income	112	197
Gain on sales of non-current assets	73	42
Settlement income	-	100
Other	149	276
Total non-operating income	501	783
Non-operating expenses		
Interest expenses	31	53
Commission for syndicated loans	23	204
Other	21	32
Total non-operating expenses	75	290
Ordinary profit	9,079	12,066
Extraordinary income		
Gain on bargain purchase	349	-
Gain on sales of non-current assets	-	58
Total extraordinary income	349	58
Extraordinary losses		
Loss on valuation of investments in capital	75	-
Loss on sales of non-current assets	-	6
Total extraordinary losses	75	6
Profit before income taxes	9,353	12,117
Income taxes	2,854	4,387
Profit	6,498	7,729
Profit attributable to non-controlling interests	224	293
Profit attributable to owners of parent	6,274	7,436



(Consolidated statements of comprehensive income (cumulative))

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	6,498	7,729
Other comprehensive income		
Valuation difference on available-for-sale securities	1,525	644
Remeasurements of defined benefit plans, net of tax	33	31
Total other comprehensive income	1,559	675
Comprehensive income	8,058	8,405
(Breakdown)		
Comprehensive income attributable to owners of parent	7,833	8,112
Comprehensive income attributable to non-controlling interests	224	293

(3) Notes to Quarterly Consolidated Financial Statements

(Notes related to the going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

In accordance with a resolution of the Board of Directors held on November 20, 2023, the Company issued new shares through a public offering (general public offering) and a third-party allotment (third-party allotment in connection with the secondary offering through over-allotment) during the third quarter of the current consolidated fiscal year. Accordingly, share capital and legal capital surplus increased by 5,389 million yen respectively due to the issuance of 7,550,000 new shares (common stock) through a public offering with a payment date of December 6, 2023. In addition, share capital and legal capital surplus increased by 1,057 million yen respectively due to the issuance of 1,482,200 new shares (common stock) through a third-party allotment (third-party allotment in connection with the secondary offering through over-allotment) with a payment date of December 27, 2023.

As a result, share capital and capital reserve amounted to 9,117 million yen and 8,632 million yen respectively at the end of the third quarter of the current consolidated fiscal year.

(Application of special accounting methods for the preparation of the quarterly consolidated financial statements)

After reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current consolidated fiscal year, including the third quarter under review, tax expenses are calculated by multiplying profit before income taxes for the current quarter by the estimated effective tax rate.

(Segment information)

[Segment information]

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on quarterly consolidated statements of income (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	131,507	1,784	133,291	-	133,291
(2) Internal sales and transfers between segments	92	302	395	(395)	-
Total	131,600	2,086	133,686	(395)	133,291
Segment profit	8,342	296	8,639	13	8,653

- Notes:
1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.
  2. Adjustments to segment profit represent profit and loss related to the holding company that does not belong to any segment.
  3. Segment profit has been adjusted with operating profit on the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets, goodwill, etc., by reportable segment

(Significant changes in the amount of goodwill)

Figures for the nine months ended December 31, 2022 in the segment information are the amounts after reflecting the significant review of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment as stated in "Significant revision of the initial allocation of acquisition costs in the comparative information" in Notes (Business combinations, etc.).

(Significant gain on bargain purchase)

Figures for the nine months ended December 31, 2022 in the segment information are the amount after reflecting the significant revision of the initial allocation of acquisition costs due to the "Finalization of the provisional accounting treatment for business combinations" in Notes (Business combinations, etc.).

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on quarterly consolidated statements of income (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	148,214	1,913	150,128	-	150,128
(2) Internal sales and transfers between segments	33	305	339	(339)	-
Total	148,247	2,219	150,467	(339)	150,128
Segment profit	11,540	285	11,825	(252)	11,573

- Notes:
1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.
  2. Adjustments to segment profit represent profit and loss related to the holding company that does not belong to any segment.
  3. Segment profit has been adjusted with operating profit on the quarterly consolidated statements of income.

(Business combinations, etc.)

(Significant revision of the initial allocation of acquisition costs in the comparative information)

The business combination with PHYZ Holdings Inc. on March 29, 2022, was accounted for provisionally in the third quarter of the previous fiscal year, but it was finalized at the end of the previous fiscal year.

With the finalization of the provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the third quarter of the current fiscal year reflects a significant revision to the initial allocation of acquisition costs, and the provisionally calculated goodwill amount of 2,996 million yen decreased by 1,560 million yen to 1,436 million yen due to the finalization of accounting treatment. The decrease in the amount of goodwill was due to increases of 4,293 million yen in intangible assets (customer-related assets), 1,273 million yen in deferred tax liabilities, and 1,110 million yen in non-controlling interests, and a decrease of 349 million yen in other non-current assets.

Consequently, on the consolidated statement of income for the third quarter of the previous fiscal year, selling, general and administrative expenses decreased by 95 million yen, operating profit, ordinary profit, and profit before income taxes increased by 95 million yen respectively, profit increased by 150 million yen, profit attributable to non-controlling interests decreased by 44 million yen, and profit attributable to owners of parent increased by 195 million yen.

(Significant revision of the initial allocation of acquisition costs in the comparative information)

The business combination with MK LOGI Co., Ltd. on July 29, 2022, was accounted for provisionally in the third quarter of the previous fiscal year, but it was finalized at the end of the previous fiscal year.

With the finalization of the provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the third quarter of the current fiscal year reflects a significant revision to the initial allocation of acquisition costs, and the provisionally calculated goodwill amount of 3,498 million yen decreased by 1,525 million yen to 1,972 million yen due to the finalization of accounting treatment. The decrease in the amount of goodwill was due to a 2,321 million yen increase in intangible assets (customer-related assets) and a 795 million yen increase in deferred tax liabilities.

Consequently, on the consolidated statement of income for the third quarter of the previous fiscal year, selling, general and administrative expenses increased by 6 million yen, operating profit, ordinary profit, and profit before income taxes decreased by 6 million yen respectively, profit and profit attributable to owners of parent increased by 7 million yen respectively.

(Finalization of provisional accounting treatment for business combinations)

The business combination with Tokai maruwa logistics Co., Ltd. (former K.K. Dragon) on October 4, 2022, was accounted for provisionally in the third quarter of the previous fiscal year and gain on bargain purchase of 349 million yen was recognized, but it was finalized in the third quarter of the current fiscal year.

There is no change in the amount of gain on bargain purchase resulting from the finalization of this provisional accounting treatment.

(Significant subsequent events)

Not applicable.