

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 9, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)



Company name: NAIGAI TRANS LINE LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 9384
 URL: <https://www.ntl-naigai.co.jp/en/>
 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 22, 2024
 Scheduled date to commence dividend payments: March 25, 2024
 Scheduled date to file annual securities report: March 25, 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 fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	32,280	(31.8)	4,203	(37.1)	4,446	(35.3)	3,041	(34.6)
December 31, 2022	47,320	34.2	6,680	75.4	6,874	75.3	4,651	67.2

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥3,853 million [(29.2)%]
 For the fiscal year ended December 31, 2022: ¥5,441 million [67.2%]

	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, 2023	312.01	–	16.8	19.5	13.0
December 31, 2022	477.56	–	32.5	35.4	14.1

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023: –
 For the fiscal year ended December 31, 2022: –

(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, 2023	23,362	20,381	83.4	1,996.94
December 31, 2022	22,133	17,510	75.2	1,708.09

Reference: Equity
 As of December 31, 2023: ¥19,477 million
 As of December 31, 2022: ¥16,643 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, 2023	2,644	(2,460)	(1,164)	13,885
December 31, 2022	5,968	(118)	(707)	14,294

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			
Fiscal year ended December 31, 2022	Yen –	Yen 30.00	Yen –	Yen 55.00	Yen 85.00	Millions of yen 830	% 17.8	% 5.8
Fiscal year ended December 31, 2023	–	40.00	–	45.00	85.00	833	27.2	4.6
Fiscal year ending December 31, 2024 (Forecast)	–	40.00	–	45.00	85.00		–	

Notes: 1. Revisions 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, 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

* **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: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(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, 2023	10,698,000 shares
As of December 31, 2022	10,698,000 shares

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

As of December 31, 2023	944,480 shares
As of December 31, 2022	953,847 shares

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

Fiscal year ended December 31, 2023	9,749,368 shares
Fiscal year ended December 31, 2022	9,741,164 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	15,032	(41.3)	2,078	(45.1)	2,542	(41.8)	1,819	(41.8)
December 31, 2022	25,597	46.7	3,782	86.1	4,371	81.3	3,128	75.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	186.59	—
December 31, 2022	321.14	—

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

Falling ocean freight rates and a decrease in the volume of mainstay export consolidation cargo handled 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, 2023	12,088	10,795	89.3	1,106.84
December 31, 2022	12,330	9,883	80.2	1,014.27

Reference: Equity

As of December 31, 2023: ¥10,795 million

As of December 31, 2022: ¥9,883 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 22, 2024. The financial results briefing materials to be distributed at this briefing will be promptly posted on the Company’s website. (in Japanese only)

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	4
3. Consolidated Financial Statements and Principal Notes	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes to Consolidated Financial Statements	12
(Notes on going concern assumption)	12
(Segment information, etc.)	12
(Revenue recognition)	14
(Per share information)	15
(Significant subsequent events)	16
4. Other	16

1. Overview of Operating Results, etc.

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

During the fiscal year under review, the outlook for the Japanese economy remained uncertain as consumer confidence declined due to factors such as rising resource prices and sharp exchange rate fluctuations, despite a recovery in economic activity against the backdrop of easing of behavioral restrictions due to the COVID-19 epidemic.

In terms of the current situation of marine transport, cargo movement continues to be sluggish due to factors such as the global economic recession, and the business conditions remain tough as ocean freight rates have declined due to the normalization of the supply and demand balance.

Under such circumstances, based on the basic policy of the 5th Medium-term Management Plan (January 2023 to December 2027), for which the fiscal year under review is the first year, the Group has stepped up efforts to achieve further growth as a comprehensive international freight forwarder with the slogan “Aiming to be the best solution provider in international logistics.”

However, the effects of global trade contraction, including the slowdown of the Chinese economy, have been significant, and the Group’s financial results were lower than the previous year due to falling freight rates and a decrease in the volume of freight handled.

Consequently, for the fiscal year under review, the Company posted net sales of ¥32,280 million (down 31.8% year on year), operating profit of ¥4,203 million (down 37.1% year on year), ordinary profit of ¥4,446 million (down 35.3% year on year), and profit attributable to owners of parent of ¥3,041 million (down 34.6% 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 fiscal year under review, net sales and profit on a non-consolidated basis decreased due to the impact of a fall in freight rates to the pre-COVID-19 level with the port disruptions ending around 2022, as well as a significant drop in the volume of consolidated cargo handled as a result of such factors as the consolidated cargo, which had shifted away from full container load in recent years, returning to full container load.

Among domestic subsidiaries, UCI Airfreight Japan, Inc. posted lower net sales and profit due to a decline in freight rates in mainstay air transportation. Moreover, despite lower net sales due to a decline in freight rates, etc., Flying Fish Inc. recorded a year-on-year increase in gross profit as a result of its efforts to secure profits. However, its selling, general and administrative expenses increased due to investments in new systems, etc., leading to a year-on-year decrease in operating profit.

As a result, net sales of the Japan segment decreased by ¥13,103 million (36.9%) year on year to ¥22,381 million, and segment profit (operating profit) also decreased by ¥1,765 million (37.5%) year on year to ¥2,946 million.

2) Overseas

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

As a result, net sales of the Overseas segment decreased by ¥1,936 million (16.4%) year on year to ¥9,898 million, and segment profit (operating profit) also decreased by ¥711 million (36.1%) year on year to ¥1,259 million.

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

Total assets amounted to ¥23,362 million, up ¥1,229 million from the end of the previous fiscal year. The main reason for the change is an increase of ¥2,080 million in buildings and structures due in part to the acquisition of a warehouse in South Korea, despite a decrease of ¥787 million in accounts receivable - trade.

Total liabilities amounted to ¥2,981 million, down ¥1,642 million from the end of the previous fiscal year. The main reasons for the change are decreases of ¥1,186 million in income taxes payable and ¥287 million in accounts payable - trade.

In addition, net assets amounted to ¥20,381 million, up ¥2,871 million from the end of the previous fiscal year. The main reasons for the change are increases of ¥2,112 million in retained earnings and ¥686 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 ¥13,885 million, down ¥408 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 ¥2,644 million (¥5,968 million was provided in the previous fiscal year). The main cash inflows include ¥4,454 million in profit before income taxes. The main cash outflows include ¥2,381 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥2,460 million (¥118 million was used in the previous fiscal year). The main cash outflows include ¥2,461 million in purchase of property, plant and equipment due in part to the acquisition of a warehouse in South Korea. The main cash inflows include ¥59 million of proceeds from sale of investment securities.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,164 million (¥707 million was used in the previous fiscal year). The main cash outflows include ¥928 million in dividends paid and ¥147 million in repayments of lease liabilities.

(Reference) Cash Flow Indicators

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity-to-asset ratio	72.1	72.0	71.6	75.2	83.4
Equity-to-asset ratio based on market capitalization	115.4	92.8	121.7	92.9	99.1
Interest-bearing debt to cash flow ratio	16.5	15.5	9.1	4.2	5.3
Interest coverage ratio	147.5	325.6	430.4	1,030.7	567.7

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

Regarding the future outlook, the external environment is expected to remain uncertain due mainly to the unstable global situation caused by the situation in Ukraine and the conflict in the Middle East, the effects of persistently high prices due to inflation, and the uncertain future of the economy. On the other hand, the efficient sales system based on the formation of organizational structure that the Group has been working on since last year has gradually begun to show results, and the volume of mainstay single consolidation cargo handled is expected to increase. In addition, regarding the forwarding business, which has been positioned as the Group's second core business, the Company is expanding transactions centered on the specialized department at the Osaka Head Office. Moreover, both UCI Airfreight Japan, Inc. and Flying Fish Inc., whose cargo handling has been increasing since the second half of 2023, are expected to further expand their forwarding transactions in fiscal 2024 and contribute to the Group's performance.

Overseas, NAIGAI BUSAN LOGISTICS CENTER, the Company's subsidiary in South Korea, acquired a logistics warehouse last year, and by further deepening and revitalizing collaboration within the Group, including in the warehouse business, the Group's performance is expected to return to growth from the second half of 2024 onwards.

Regarding the 5th Medium-term Management Plan, organizational structure and personnel system reforms began in the first year of the plan, and going forward, the Company will aim to enhance corporate value by increasing sales and profit to achieve the planned targets.

Based on the above, the Group projects its full-year earnings for the next fiscal year (the fiscal year ending December 31, 2024) as follows: net sales of ¥34,000 million (up 5.3% year on year), operating profit of ¥4,600 million (up 9.4% year on year), ordinary profit of ¥4,800 million (up 7.9% year on year), and profit attributable to owners of parent of ¥3,300 million (up 8.5% 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 ¥40 and a year-end dividend of ¥45 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.

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, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	14,294,693	13,885,846
Accounts receivable - trade	2,968,085	2,180,121
Supplies	6,244	6,187
Other	939,109	1,046,172
Allowance for doubtful accounts	(13,482)	(12,692)
Total current assets	18,194,649	17,105,635
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,248,103	5,512,122
Accumulated depreciation	(743,161)	(926,389)
Buildings and structures, net	2,504,942	4,585,732
Machinery, equipment and vehicles	222,735	246,263
Accumulated depreciation	(152,713)	(161,423)
Machinery, equipment and vehicles, net	70,021	84,839
Land	372,233	373,709
Leased assets	6,241	6,241
Accumulated depreciation	(653)	(1,795)
Leased assets, net	5,587	4,446
Right of use assets	516,032	536,274
Accumulated depreciation	(280,735)	(407,836)
Right of use asset, net	235,296	128,437
Construction in progress	-	321,721
Other	463,313	502,554
Accumulated depreciation	(343,095)	(374,714)
Other, net	120,218	127,839
Total property, plant and equipment	3,308,300	5,626,726
Intangible assets		
Goodwill	7,829	1,638
Software	43,359	51,131
Other	5,939	6,581
Total intangible assets	57,128	59,351
Investments and other assets		
Investment securities	121,782	69,465
Guarantee deposits	303,986	325,359
Long-term accounts receivable - other	18,572	106,905
Long-term deposits	6,014	5,751
Deferred tax assets	114,219	105,250
Other	27,826	65,367
Allowance for doubtful accounts	(18,572)	(106,905)
Total investments and other assets	573,828	571,194
Total non-current assets	3,939,257	6,257,272
Total assets	22,133,907	23,362,907

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,534,228	1,247,166
Lease liabilities	144,756	86,695
Accrued expenses	268,112	263,157
Income taxes payable	1,418,302	231,363
Provision for bonuses	14,106	16,069
Other	416,216	296,979
Total current liabilities	3,795,723	2,141,432
Non-current liabilities		
Lease liabilities	107,464	53,992
Deferred tax liabilities	151,044	255,417
Provision for retirement benefits for directors (and other officers)	4,024	6,124
Provision for share awards	55,324	85,078
Retirement benefit liability	448,490	375,141
Other	61,672	63,861
Total non-current liabilities	828,020	839,617
Total liabilities	4,623,744	2,981,049
Net assets		
Shareholders' equity		
Share capital	243,937	243,937
Capital surplus	304,327	372,887
Retained earnings	16,216,106	18,329,004
Treasury shares	(1,002,198)	(1,046,534)
Total shareholders' equity	15,762,173	17,899,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,607	16,818
Foreign currency translation adjustment	859,807	1,546,467
Remeasurements of defined benefit plans	5,337	14,657
Total accumulated other comprehensive income	881,752	1,577,943
Non-controlling interests	866,237	904,618
Total net assets	17,510,163	20,381,858
Total liabilities and net assets	22,133,907	23,362,907

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

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	47,320,714	32,280,678
Cost of sales	34,803,698	21,987,641
Gross profit	12,517,015	10,293,037
Selling, general and administrative expenses	5,836,180	6,089,628
Operating profit	6,680,835	4,203,409
Non-operating income		
Interest income	42,086	132,813
Dividend income	4,729	2,303
Foreign exchange gains	111,722	53,641
Rental income from real estate	32,160	32,160
Subsidy income	7,191	–
Recoveries of written off receivables	–	16,047
Other	20,703	34,670
Total non-operating income	218,593	271,636
Non-operating expenses		
Interest expenses	5,790	4,657
Share issuance costs	–	14,337
Commission expenses	8,555	7,455
Loss on sale and retirement of non-current assets	5,554	321
Other	4,754	1,334
Total non-operating expenses	24,655	28,106
Ordinary profit	6,874,773	4,446,939
Extraordinary income		
Gain on sale of investment securities	–	7,080
Total extraordinary income	–	7,080
Profit before income taxes	6,874,773	4,454,020
Income taxes - current	1,978,211	1,232,200
Income taxes - deferred	140,770	112,894
Total income taxes	2,118,981	1,345,095
Profit	4,755,791	3,108,925
Profit attributable to non-controlling interests	103,841	67,018
Profit attributable to owners of parent	4,651,949	3,041,906

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	4,755,791	3,108,925
Other comprehensive income		
Valuation difference on available-for-sale securities	(404)	210
Foreign currency translation adjustment	681,560	734,577
Remeasurements of defined benefit plans, net of tax	4,373	9,810
Total other comprehensive income	685,528	744,598
Comprehensive income	5,441,320	3,853,523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,269,524	3,738,097
Comprehensive income attributable to non-controlling interests	171,795	115,426

(3) Consolidated Statements of Changes in Equity

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

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	243,937	304,327	16,216,106	(1,002,198)	15,762,173
Cumulative effects of changes in accounting policies					–
Restated balance	243,937	304,327	16,216,106	(1,002,198)	15,762,173
Changes during period					
Dividends of surplus			(929,008)		(929,008)
Profit attributable to owners of parent			3,041,906		3,041,906
Purchase of treasury shares				(98,324)	(98,324)
Disposal of treasury shares		66,327		53,988	120,316
Change in ownership interest of parent due to transactions with non-controlling interests		2,232			2,232
Net changes in items other than shareholders' equity					
Total changes during period	–	68,560	2,112,898	(44,335)	2,137,122
Balance at end of period	243,937	372,887	18,329,004	(1,046,534)	17,899,295

	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	16,607	859,807	5,337	881,752	866,237	17,510,163
Cumulative effects of changes in accounting policies						–
Restated balance	16,607	859,807	5,337	881,752	866,237	17,510,163
Changes during period						
Dividends of surplus						(929,008)
Profit attributable to owners of parent						3,041,906
Purchase of treasury shares						(98,324)
Disposal of treasury shares						120,316
Change in ownership interest of parent due to transactions with non-controlling interests						2,232
Net changes in items other than shareholders' equity	210	686,660	9,320	696,191	38,381	734,572
Total changes during period	210	686,660	9,320	696,191	38,381	2,871,694
Balance at end of period	16,818	1,546,467	14,657	1,577,943	904,618	20,381,858

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,874,773	4,454,020
Depreciation	316,155	377,707
Amortization of goodwill	13,059	6,400
Increase (decrease) in allowance for doubtful accounts	5,549	85,657
Increase (decrease) in retirement benefit liability	44,658	(66,242)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,983	2,100
Increase (decrease) in provision for share awards	23,036	29,754
Interest and dividend income	(46,815)	(135,116)
Interest expenses	5,790	4,657
Foreign exchange losses (gains)	(76,094)	(71,317)
Subsidy income	(7,191)	–
Recoveries of written off receivables	–	(16,047)
Loss (gain) on sale and retirement of non-current assets	4,291	(3,262)
Loss (gain) on sale of investment securities	–	(7,080)
Decrease (increase) in trade receivables	225,585	878,561
Decrease (increase) in inventories	(391)	335
Increase (decrease) in trade payables	(16,956)	(324,610)
Share issuance costs	–	14,337
Increase (decrease) in accrued expenses	35,004	(47,319)
Decrease (increase) in long term accounts receivable other	(10,015)	(87,003)
Decrease (increase) in other assets	35,996	(71,443)
Increase (decrease) in other liabilities	(129,845)	(128,598)
Subtotal	7,298,574	4,895,487
Interest and dividends received	46,815	135,116
Interest paid	(5,790)	(4,657)
Income taxes paid	(1,378,055)	(2,381,707)
Subsidies received	7,191	–
Net cash provided by (used in) operating activities	5,968,735	2,644,239
Cash flows from investing activities		
Purchase of property, plant and equipment	(97,443)	(2,461,799)
Proceeds from sale of property, plant and equipment	3,032	3,961
Purchase of intangible assets	(12,169)	(30,896)
Proceeds from sale of investment securities	–	59,700
Proceeds from recoveries of written off receivables	–	16,047
Payments of guarantee deposits	(26,834)	(19,905)
Proceeds from refund of guarantee deposits	17,146	7,381
Other, net	(2,588)	(35,331)
Net cash provided by (used in) investing activities	(118,857)	(2,460,841)
Cash flows from financing activities		
Repayments of lease liabilities	(134,905)	(147,190)
Proceeds from disposal of treasury shares	1,310	98,745
Purchase of treasury shares	(84)	(98,324)
Payments for issuance of shares	–	(14,337)
Dividends paid	(566,765)	(928,860)
Dividends paid to non-controlling interests	(6,582)	(9,694)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(65,117)
Net cash provided by (used in) financing activities	(707,027)	(1,164,779)
Effect of exchange rate change on cash and cash equivalents	473,813	572,534
Net increase (decrease) in cash and cash equivalents	5,616,665	(408,847)
Cash and cash equivalents at beginning of period	8,678,028	14,294,693
Cash and cash equivalents at end of period	14,294,693	13,885,846

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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 services. 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, 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.

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	22,381,733	9,898,945	32,280,678	–	32,280,678
Net sales to outside customers	22,381,733	9,898,945	32,280,678	–	32,280,678
Inter-segment net sales or transfers	794,332	1,869,579	2,663,911	(2,663,911)	–
Total	23,176,065	11,768,524	34,944,590	(2,663,911)	32,280,678
Segment profit	2,946,595	1,259,901	4,206,496	(3,086)	4,203,409
Segment assets	9,849,324	14,581,937	24,431,261	(1,068,353)	23,362,907
Other items					
Depreciation	56,916	317,115	374,032	3,674	377,707
Amortization of goodwill	–	6,400	6,400	–	6,400
Increase in property, plant and equipment and intangible assets	40,877	2,484,639	2,525,517	–	2,525,517

Notes: 1. The ¥(3,086) 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 ¥(1,068,353) 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.

(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, 2022	For the fiscal year ended December 31, 2023
Net assets per share	¥1,708.09	¥1,996.94
Basic earnings per share	¥477.56	¥312.01
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, 2022	For the fiscal year ended December 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	4,651,949	3,041,906
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	4,651,949	3,041,906
Average number of common shares outstanding during the period (Shares)	9,741,164	9,749,368

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

	As of December 31, 2022	As of December 31, 2023
Total net assets (Thousands of yen)	17,510,163	20,381,858
Amount deducted from total net assets (Thousands of yen)	866,237	904,618
[Of the above, non-controlling interests (Thousands of yen)]	[866,237]	[904,618]
Net assets relating to common shares at the end of period (Thousands of yen)	16,643,926	19,477,239
Number of common shares at the end of period used for calculation of net assets per share (Shares)	9,744,153	9,753,520

(Significant subsequent events)

Not applicable.

4. Other

Not applicable.