

May 14, 2020

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020**
**[Japanese GAAP]**

Company name:	Maruzen Showa Unyu Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	9068	URL:	https://www.maruzenshowa.co.jp/
Representative:	Toshiyuki Asai, President		
Contact:	Kazuyuki Honda, General Manager of Accounting Division	Tel:	+81-45-671-5923
Scheduled date of Annual General Meeting of Shareholders:	June 26, 2020		
Scheduled date of payment of dividend:	June 29, 2020		
Scheduled date of filing of Annual Securities Report:	June 26, 2020		
Preparation of supplementary materials for financial results:	None		
Holding of financial results meeting:	None		

*(All amounts are rounded down to the nearest million yen)*
**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2020	122,801	5.0	8,877	18.3	9,477	14.0	8,030	35.3
Fiscal year ended Mar. 31, 2019	116,967	5.7	7,502	23.2	8,315	22.5	5,937	26.3

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2020: 5,870 (up 40.7%)

Fiscal year ended Mar. 31, 2019: 4,173 (down 29.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2020	396.23	-	9.1	6.9	7.2
Fiscal year ended Mar. 31, 2019	298.97	-	7.1	6.5	6.4

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2020: 33

Fiscal year ended Mar. 31, 2019: 201

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net income per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	144,176	92,497	63.0	4,475.06
As of Mar. 31, 2019	130,167	86,388	66.3	4,255.43

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2020: 90,765

As of Mar. 31, 2019: 86,272

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net assets per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2020	10,636	(13,184)	4,622	25,975
Fiscal year ended Mar. 31, 2019	8,705	(3,680)	(1,814)	23,896

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2019	-	6.00	-	35.00	-	1,333	21.7	1.5
Fiscal year ended Mar. 31, 2020	-	32.50	-	37.50	70.00	1,442	17.7	1.6
Fiscal year ending Mar. 31, 2021 (forecasts)	-	35.00	-	35.00	70.00		20.3	

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. The year-end dividend for the fiscal year ended March 31, 2019 is based on the number of shares after the reverse stock split. No figures for the total dividend per share is shown. After adjustment to reflect the reverse stock split, the total dividend per share for the fiscal year ended March 31, 2019 was 65 yen.

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	63,000	3.3	4,600	8.8	5,000	13.1	3,550	(27.5)	175.17
Full year	127,000	3.4	9,300	4.8	10,000	5.5	7,000	(12.8)	345.41

## \* Notes

### (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 1 (Kokusai Bulk Terminal Co., Ltd.)

Note: For more information, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Consolidated Subsidiaries during the Period” on page 14.

### (2) Changes in accounting policies and accounting-based estimates, and restatements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

### (3) Number of issued shares (common shares)

#### 1) Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2020:	20,612,844 shares	As of Mar. 31, 2019:	20,612,844 shares
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#### 2) Number of treasury shares at the end of the period

As of Mar. 31, 2020:	330,325 shares	As of Mar. 31, 2019:	339,401 shares
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#### 3) Average number of shares during the period

Fiscal year ended Mar. 31, 2020:	20,266,024 shares	Fiscal year ended Mar. 31, 2019:	19,859,080 shares
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Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Number of shares issued at the end of the period, number of treasury shares at the end of the period and average number of shares during the period were calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

## Reference: Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

#### (1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2020	95,628	3.4	7,131	19.8	8,677	24.8	6,018	17.4
Fiscal year ended Mar. 31, 2019	92,502	6.2	5,955	14.9	6,953	13.5	5,125	17.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	292.06	-
Fiscal year ended Mar. 31, 2019	253.79	-

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net income per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	120,657	79,682	66.0	3,866.86
As of Mar. 31, 2019	113,874	76,910	67.5	3,732.02

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 79,682 As of Mar. 31, 2019: 76,910

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net assets per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

### 2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	49,000	2.7	4,300	(5.8)	3,100	(4.4)	150.43
Full year	99,000	3.5	8,500	(2.0)	6,100	1.4	296.01

\* The current financial report is not subject to audit by certified public accountants and auditing firms.

\* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2020 (hereinafter, “the current fiscal year”), the Japanese economy was on a track of moderate recovery, reflecting improvements in corporate earnings and the employment and income environments in the first half. However, in the second half, the economy took a downturn due to the impact of the consumption tax hike and the spread of novel coronavirus disease (COVID-19) infection. Outside Japan, the deceleration of the global economy became increasingly evident amid the prolonged U.S.-China trade issue, economic slowdowns in emerging Asian countries, and the global turmoil caused by the COVID-19 pandemic.

Meanwhile, in the logistics industry, the gross volume of domestic cargoes recorded a larger decline than that seen in the previous fiscal year. Specifically, in the first half of the fiscal year, the volumes of consumer-related, production-related, and construction-related cargoes rose, which is partly attributable to the last-minute demand before the consumption tax hike. However, in the second half, cargo volumes were affected by not only the U.S.-China trade issue but also the spread of COVID-19 infection. As the global economy overall was losing momentum, the volume of international cargoes declined for both ocean and air shipments, and for both exports and imports. For exports, there were signs of recovery on the back of expanding demand for semiconductor-related cargoes, but the volume of general machinery and machine parts decreased due to a slow recovery in capital investment overseas. Regarding imports, the volume of consumer-related and production-related cargoes also declined due to a slowdown in consumer spending after the consumption tax hike. Furthermore, issues such as the shortage of truck drivers and price competition among cargo transport companies have persisted, and the fuel price for trucks has remained unstable due to uncertain factors overseas.

Under these circumstances, the Group formulated the Seventh Medium-term Management Plan, a three-year plan starting in the current fiscal year, and has implemented the plan since April 2019. In accordance with the plan and as a corporate group contributing to social infrastructure, the Group is committed to providing stable logistics service while maintaining a high level of “quality,” a key growth driver for the Group since its foundation; and fulfilling its mission as a “logistics partner” for its customers by strengthening its ability to identify and solve issues faced by the customers. Therefore, the plan includes “1. Enhancing business competitiveness, and 2. Strengthening corporate infrastructure” as the top priority measures. Accordingly, the Group worked to achieve sales and profit targets by strengthening its logistics networks, securing and developing human resources, improving quality and productivity, and utilizing mergers and acquisitions (M&A), among other measures. In particular, in June 2019, the Company included Kokusai Bulk Terminal Co., Ltd., which had been an equity-method affiliate of the Company, in the scope of consolidation as a result of the additional acquisition of its shares. Through this consolidation, the Company was able to strengthen its corporate infrastructure even further.

Consequently, the Group’s results of operations for the current fiscal year were as follows: operating revenue increased by 5.0% year-on-year to 122,801 million yen, operating profit increased by 18.3% year-on-year to 8,877 million yen, ordinary profit increased by 14.0% year-on-year to 9,477 million yen, and profit attributable to owners of parent increased by 35.3% year-on-year to 8,030 million yen.

The substantial increase in profit attributable to owners of parent includes a gain on step acquisitions of 2,108 million yen associated with the additional acquisition of the shares of Kokusai Bulk Terminal Co., Ltd.

Business segment performance was as follows.

### Logistics Operations

The freight truck transportation business as a whole recorded an increase in operating revenue. By region, the handling volume of precision equipment and aluminum products decreased, but that of housing materials and household products increased in the Kanto region; the handling volume of stainless-steel products decreased in the Chubu region; the handling volume of chemical products and system equipment increased in the Kansai region; and in the Chugoku and Kyushu regions, the handling volume of agrochemical products increased as a result of new orders for third-party logistics (3PL) business.

The harbor transportation business as a whole recorded an increase in operating revenue partly due to the conversion of a company engaged primarily in harbor transportation into a consolidated subsidiary. By region, the handling volume of precision equipment and construction machinery exports decreased in the Kanto region, and the handling volume of stainless-steel products decreased in the Chubu region.

The warehousing operations business as a whole recorded an increase in operating revenue. By region, the handling volume of household products, housing materials, and home appliances increased in the Kanto region, while that of office furniture increased in the Kansai region.

The railway logistics business recorded an increase in operating revenue, backed by an increased handling volume of housing materials.

Operations related to logistics as a whole recorded an increase in operating revenue. More specifically, ocean transportation revenue increased, driven by an increase in the handling volume of large cargo equipment in Japan and that of plant-related projects in the Middle East; and cargo handling work revenue increased, driven by an increase in the handling volume of housing materials.

Overall, operating revenue of the segment increased by 5.7% year-on-year to 105,126 million yen and segment profit (operating profit) increased by 21.9% year-on-year to 7,279 million yen.

### **Yard Operations and Mechanical Cargo Handling**

Operating revenue from yard operations decreased, with an increase in the handling volume of chemical products offset by a decrease in the handling volume of machine tools, optical fibers, and aluminum products. Yard operations and mechanical cargo handling business as a whole recorded a decrease in operating revenue.

As a result, operating revenue of the segment decreased by 1.0% year-on-year to 14,649 million yen and segment profit (operating profit) decreased by 3.2% year-on-year to 992 million yen.

### **Other Operations**

Construction revenue increased, helped by increases in the volumes of transportation for machinery relocation and installation in Japan. Other businesses combined recorded an increase in operating revenue.

As a result, operating revenue of the segment increased by 9.9% year-on-year to 3,025 million yen and segment profit (operating profit) increased by 19.6% year-on-year to 606 million yen.

## **(2) Financial Position**

### **Assets**

The balance of total assets at the end of the current fiscal year was 144,176 million yen, up 14,008 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 8,450 million yen in land, 3,362 million yen in buildings and structures, and 1,430 million yen in machinery and equipment under non-current assets.

### **Liabilities**

The balance of total liabilities at the end of the current fiscal year was 51,679 million yen, up 7,899 million yen from the end of the previous fiscal year. This increase was mainly due to an increase of 4,143 million yen in short-term borrowings under current liabilities, as well as increases of 2,323 million yen in long-term borrowings and 767 million yen in deferred tax liabilities under non-current liabilities.

### **Net assets**

The balance of net assets at the end of the current fiscal year was 92,497 million yen, up 6,109 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 6,639 million yen in retained earnings and 1,615 million yen in non-controlling interests, which were partly offset by a decrease of 2,068

million yen in valuation difference on available-for-sale securities. The equity ratio was 63.0%, down 3.3 percentage points from the end of the previous fiscal year.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year increased 2,079 million yen from the end of the previous fiscal year to 25,975 million yen.

Cash flows for the current fiscal year and the main factors for changes are described as below.

#### Cash flows from operating activities

Net cash provided by operating activities totaled 10,636 million yen, an increase of 1,930 million yen from the previous fiscal year.

This was mainly due to recording of profit before income taxes of 11,043 million yen and depreciation of 4,220 million yen, which were partly offset by a gain on step acquisitions of 2,108 million yen and income taxes paid of 2,951 million yen.

#### Cash flows from investing activities

Net cash used in investing activities totaled 13,184 million yen, an increase of 9,503 million yen from the previous fiscal year.

This was mainly due to payments of 6,489 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation and 5,861 million yen for purchase of property, plant and equipment.

#### Cash flows from financing activities

Net cash provided by financing activities amounted to 4,622 million yen, which was a 6,436 million yen increase in net cash from 1,814 million yen used in the previous fiscal year.

This was mainly due to proceeds from long-term borrowings of 5,698 million yen, net increase in short-term borrowings of 1,610 million yen, which were partly offset by dividends paid of 1,391 million yen.

#### Reference: Cash flow indicators

	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20
Equity ratio (%)	59.7	60.2	63.5	66.3	63.0
Equity ratio based on market value (%)	31.0	32.3	38.2	46.7	33.6
Interest-bearing debt to cash flow ratio (years)	3.2	3.3	2.7	2.3	2.5
Interest coverage ratio (times)	30.1	34.5	42.9	53.4	66.1

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

1) All indicators are calculated based on consolidated figures.

2) Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.

3) Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows.

Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

**(4) Outlook**

It is utterly unpredictable when the spread of COVID-19 will end and how grave the damage will be. COVID-19 has spread to every corner of the world, and it has negatively affected global supply chains, disrupting the movement of people and goods. The impact that this disruption has on corporate activities is a concern for the Japanese economy. In this context, the deterioration in consumer sentiment will likely lead to a decrease in the volume of consumer-related cargo, and then cause a sluggishness in production-related cargo, including automobiles and steel. As a result, the gross volume of cargo is expected to decline. Meanwhile, outside Japan, there are expectations for post-COVID-19 recovery, especially in construction machinery and industrial machinery cargoes, driven by improved capital investment demand overseas. Semiconductor-related cargo exports are also expected to rise. For imports, in contrast, we forecast that consumer goods shipments will become sluggish due to weak consumer spending, and the outlook for automobile-related cargo is for a decline in the volumes of parts and materials procured from China and other countries. In addition, the structural changes in the work environment and labor market will require us to improve efficiency and productivity through systemization and mechanization.

Against this backdrop, the Group has entered the second year of the Seventh Medium-term Management Plan. In this second year, as an asset-based 3PL company, the Group will focus on developing bases with the functions necessary to meet customer needs and strengthening the networks connecting bases, while securing and developing human resources and improving quality and productivity. With these measures in place, all the officers and employees of the Group will strive as one to achieve sales and profit targets.

We forecast to achieve operating revenue of 127,000 million yen, operating profit of 9,300 million yen, ordinary profit of 10,000 million yen, and profit attributable to owners of parent of 7,000 million yen on a consolidated basis for the fiscal year ending March 31, 2021.

**(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years**

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a dividend that is stable over the long term while taking into consideration results of operations, the dividend payout ratio, the return on equity and all other applicable items.

Retained earnings are used for investments aimed at building an even stronger operating foundation in order to maintain the long-term stability of performance. Major investments include new warehouses and other facilities, vehicles and machinery needed to increase transportation capacity and to meet environmental regulations, and IT systems to keep pace with advances in technology. Based on this policy, in consideration of results of operations, financial position and other factors, we paid an interim dividend of 32.50 yen per share and also plan to pay a year-end dividend of 37.50 yen per share for the fiscal year ended on March 31, 2020.

For the fiscal year ending on March 31, 2021, we plan to pay a dividend of 70 yen per share, the sum of a 35 yen interim dividend and a 35 yen year-end dividend.

**2. Basic Approach to the Selection of Accounting Standards**

We plan to continue using Japanese accounting standards for preparing consolidated financial statements for the time being. One reason is that shareholders, lenders and customers in Japan account for most of the stakeholders of the Group. In addition, using Japanese accounting standards allows comparing financial information with prior years and with the financial information of other companies in Japan.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	13,196	12,875
Notes and accounts receivable	26,630	26,413
Securities	8,999	9,799
Supplies	143	189
Prepaid expenses	613	862
Other	2,617	4,635
Allowance for doubtful accounts	(2)	(1)
Total current assets	52,199	54,776
Non-current assets		
Property, plant and equipment		
Buildings and structures	71,459	85,179
Accumulated depreciation	(47,579)	(57,936)
Buildings and structures, net	23,880	27,243
Machinery and equipment	11,607	22,850
Accumulated depreciation	(9,519)	(19,332)
Machinery and equipment, net	2,088	3,518
Vehicles	10,009	10,034
Accumulated depreciation	(8,788)	(8,937)
Vehicles, net	1,221	1,096
Tools, furniture and fixtures	784	1,058
Accumulated depreciation	(683)	(889)
Tools, furniture and fixtures, net	101	168
Land	20,440	28,890
Leased assets	1,574	1,649
Accumulated depreciation	(1,027)	(1,025)
Leased assets, net	546	624
Construction in progress	127	2,259
Total property, plant and equipment	48,406	63,802
Intangible assets		
Goodwill	1,224	2,475
Other	1,016	1,049
Total intangible assets	2,241	3,525
Investments and other assets		
Investment securities	20,466	14,930
Long-term loans receivable	399	277
Deferred tax assets	383	705
Retirement benefit asset	106	3
Other	6,006	6,198
Allowance for doubtful accounts	(42)	(43)
Total investments and other assets	27,320	22,072
Total non-current assets	77,967	89,400
Total assets	130,167	144,176

	(Millions of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	12,314	11,737
Short-term borrowings	9,207	13,351
Accounts payable-other	978	1,325
Income taxes payable	1,539	1,677
Accrued consumption taxes	687	856
Accrued expenses	1,996	1,832
Provision for bonuses	1,524	1,613
Provision for bonuses for directors (and other officers)	2	4
Provision for loss on disaster	31	325
Other	734	568
Total current liabilities	29,016	33,293
Non-current liabilities		
Bonds payable	400	400
Long-term borrowings	10,432	12,755
Deferred tax liabilities	2,279	3,047
Provision for retirement benefits for directors (and other officers)	38	90
Retirement benefit liability	153	520
Asset retirement obligations	717	736
Other	740	833
Total non-current liabilities	14,762	18,385
Total liabilities	43,779	51,679
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,117	10,117
Capital surplus	9,879	9,948
Retained earnings	61,616	68,255
Treasury shares	(606)	(602)
Total shareholders' equity	81,006	87,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,514	3,445
Foreign currency translation adjustment	(230)	(251)
Remeasurements of defined benefit plans	(17)	(147)
Total accumulated other comprehensive income	5,265	3,046
Non-controlling interests	116	1,731
Total net assets	86,388	92,497
Total liabilities and net assets	130,167	144,176

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

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Operating revenue	116,967	122,801
Operating costs	105,460	109,094
Operating gross profit	11,507	13,707
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	600	660
Salaries and allowances	1,305	1,477
Bonuses	267	289
Provision for bonuses for directors (and other officers)	3	6
Retirement benefit expenses	37	40
Provision for retirement benefits for directors (and other officers)	11	16
Taxes and dues	343	375
Depreciation	101	133
Provision of allowance for doubtful accounts	28	(0)
Other	1,306	1,830
Total selling, general and administrative expenses	4,004	4,829
Operating profit	7,502	8,877
Non-operating income		
Interest income	19	20
Dividend income	571	557
Share of profit of entities accounted for using equity method	201	33
Miscellaneous income	213	282
Total non-operating income	1,005	893
Non-operating expenses		
Interest expenses	157	162
Commission for syndicated loans	21	23
Litigation settlement	-	58
Miscellaneous expenses	12	49
Total non-operating expenses	191	294
Ordinary profit	8,315	9,477
Extraordinary income		
Gain on sales of non-current assets	59	72
Gain on step acquisitions	-	2,108
Gain on sales of investment securities	0	44
Subsidy income	44	-
Insurance claim income	-	262
Total extraordinary income	104	2,486
Extraordinary losses		
Loss on sales and retirement of non-current assets	61	269
Impairment loss	0	-
Loss on disaster	116	459
Loss on tax purpose reduction entry of non-current assets	43	-
Loss on valuation of investment securities	8	192
Total extraordinary losses	231	920
Profit before income taxes	8,189	11,043
Income taxes-current	2,585	3,061
Income taxes-deferred	(347)	(114)
Total income taxes	2,237	2,947
Profit	5,952	8,095
Profit attributable to non-controlling interests	14	65
Profit attributable to owners of parent	5,937	8,030

**Consolidated Statement of Comprehensive Income**

	(Millions of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Profit	5,952	8,095
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,672)	(2,065)
Foreign currency translation adjustment	(43)	(20)
Remeasurements of defined benefit plans, net of tax	(58)	(129)
Share of other comprehensive income of entities accounted for using equity method	(3)	(10)
Total other comprehensive income	(1,778)	(2,225)
Comprehensive income	4,173	5,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,158	5,810
Comprehensive income attributable to non-controlling interests	14	59

**(3) Consolidated Statement of Changes in Equity**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,154	8,758	56,923	(889)	73,946
Changes during period					
Issuance of new shares - exercise of share acquisition rights	963	963			1,926
Dividends of surplus			(1,244)		(1,244)
Profit attributable to owners of parent			5,937		5,937
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares		158		296	454
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	963	1,121	4,692	282	7,060
Balance at end of period	10,117	9,879	61,616	(606)	81,006

	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	7,190	(187)	40	7,044	106	81,096
Changes during period						
Issuance of new shares - exercise of share acquisition rights				-		1,926
Dividends of surplus				-		(1,244)
Profit attributable to owners of parent				-		5,937
Purchase of treasury shares				-		(13)
Disposal of treasury shares				-		454
Purchase of shares of consolidated subsidiaries				-		-
Net changes in items other than shareholders' equity	(1,676)	(43)	(58)	(1,778)	9	(1,768)
Total changes during period	(1,676)	(43)	(58)	(1,778)	9	5,291
Balance at end of period	5,514	(230)	(17)	5,265	116	86,388

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117	9,879	61,616	(606)	81,006
Changes during period					
Issuance of new shares - exercise of share acquisition rights					-
Dividends of surplus			(1,391)		(1,391)
Profit attributable to owners of parent			8,030		8,030
Purchase of treasury shares				(32)	(32)
Disposal of treasury shares		68		36	105
Purchase of shares of consolidated subsidiaries		0			0
Net changes in items other than shareholders' equity					-
Total changes during period	-	69	6,639	4	6,712
Balance at end of period	10,117	9,948	68,255	(602)	87,718

	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	5,514	(230)	(17)	5,265	116	86,388
Changes during period						
Issuance of new shares - exercise of share acquisition rights				-		-
Dividends of surplus				-		(1,391)
Profit attributable to owners of parent				-		8,030
Purchase of treasury shares				-		(32)
Disposal of treasury shares				-		105
Purchase of shares of consolidated subsidiaries				-		0
Net changes in items other than shareholders' equity	(2,068)	(20)	(129)	(2,219)	1,615	(603)
Total changes during period	(2,068)	(20)	(129)	(2,219)	1,615	6,109
Balance at end of period	3,445	(251)	(147)	3,046	1,731	92,497

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	8,189	11,043
Depreciation	3,557	4,220
Amortization of goodwill	214	581
Loss (gain) on step acquisitions	-	(2,108)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	12
Increase (decrease) in provision for bonuses	64	35
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	2
Increase (decrease) in allowance for doubtful accounts	27	0
Decrease (increase) in retirement benefit asset	(35)	(1)
Increase (decrease) in retirement benefit liability	(1)	(55)
Interest and dividends income	(590)	(577)
Insurance claim income	-	(262)
Interest expenses	157	162
Share of loss (profit) of entities accounted for using equity method	(201)	(33)
Loss (gain) on sales and retirement of non-current assets	2	196
Loss (gain) on sales of investment securities	(0)	(44)
Loss (gain) on valuation of investment securities	8	192
Decrease (increase) in trade receivables	(1,825)	793
Decrease (increase) in inventories	(25)	48
Increase (decrease) in trade payables	581	(811)
Increase (decrease) in accrued consumption taxes	323	188
Loss on tax purpose reduction entry of non-current assets	43	-
Loss on disaster	116	459
Subsidy income	(44)	-
Other, net	86	(759)
Subtotal	10,649	13,283
Interest and dividends received	695	579
Interest paid	(163)	(160)
Income taxes paid	(2,435)	(2,951)
Proceeds from insurance income	-	59
Subsidies received	44	-
Payments associated with disaster loss	(85)	(172)
Net cash provided by (used in) operating activities	8,705	10,636

	(Millions of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from investing activities		
Proceeds from sales of securities	500	-
Purchase of property, plant and equipment	(3,736)	(5,861)
Proceeds from sales of property, plant and equipment	182	74
Purchase of investment securities	(59)	(371)
Proceeds from sales of investment securities	21	108
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(6,489)
Purchase of intangible assets	(127)	(233)
Purchase of shares of subsidiaries	(0)	-
Collection of short-term loans receivable	15	29
Collection of long-term loans receivable	0	1
Acquisition of other investments	(504)	(494)
Proceeds on sale of other investments	124	290
Loan advances	(25)	(32)
Other, net	(71)	(206)
Net cash provided by (used in) investing activities	(3,680)	(13,184)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(36)	1,610
Proceeds from long-term borrowings	6,152	5,698
Repayments of long-term borrowings	(6,271)	(870)
Redemption of bonds	(72)	-
Dividends paid	(1,244)	(1,391)
Dividends paid to non-controlling interests	(4)	(4)
Other, net	(337)	(419)
Net cash provided by (used in) financing activities	(1,814)	4,622
Effect of exchange rate change on cash and cash equivalents	(23)	4
Net increase (decrease) in cash and cash equivalents	3,186	2,079
Cash and cash equivalents at beginning of period	20,710	23,896
Cash and cash equivalents at end of period	23,896	25,975

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Changes in Consolidated Subsidiaries during the Period**

From the first quarter of the current fiscal year, the Company included Kokusai Bulk Terminal Co., Ltd., which had been an equity-method affiliate of the Company, in the scope of consolidation as a result of the additional acquisition of its shares.

**Segment and Other Information**

Segment information

## 1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company's operations are divided into the logistics operations business, the yard operations and mechanical cargo handling business, and other businesses. Each consolidated subsidiary is an independent business unit that undergoes periodic reviews by the Board of Directors of the Company. Each subsidiary establishes its own comprehensive strategy and conducts its own business activities.

Consequently, the Group's operations consist of business segments for different services based on the three categories in the preceding paragraph and the activities of consolidated subsidiaries. To provide suitable information about business activities and the operating environment, operations that are generally similar regarding economic characteristics, services and other items are combined into two reportable segments: Logistics Operations, and Yard Operations and Mechanical Cargo Handling.

Services by reportable segment are as follows.

Reportable segment	Services
Logistics Operations	Freight truck transportation, freight forwarding (truck, rail, ocean transportation and coastal transportation, air), harbor transportation (general harbor transportation, loading and unloading (in ships and on shore), barges), warehousing operations, customs brokerage, packaging, marine cargo transportation, air cargo agency
Yard Operations and Mechanical Cargo Handling	On-site moving, assembly, filling and warehouse storage of raw materials, finished products, heavy loads, precision machinery and other items, handling of incoming and outgoing shipments, provision of services associated with these activities, and rental of machinery

## 2. Calculation method for operating revenue, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable operating segments are largely the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable business segments are operating profit figures.

Inter-segment sales and transfers are based on prevailing market prices.

## 3. Information related to operating revenue, profit or loss, assets, liabilities, and other items for each reportable segment

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Total (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Total				
Operating revenue							
(1) External sales	99,417	14,796	114,214	2,752	116,967	-	116,967
(2) Inter-segment sales and transfers	-	-	-	507	507	(507)	-
Total	99,417	14,796	114,214	3,259	117,474	(507)	116,967
Segment profit	5,970	1,025	6,995	507	7,502	-	7,502
Segment assets	73,394	7,362	80,756	2,020	82,776	47,390	130,167
Other items:							
Depreciation	3,101	226	3,328	229	3,557	-	3,557
Increase in property, plant and equipment and intangible assets	3,135	722	3,857	80	3,937	0	3,938

Notes: 1. "Other" is a business segment not included in reportable segments and provides construction, security, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of (507) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 47,390 million yen is company-wide assets that are not allocated to reportable segments.

3. Total of segment profit is equal to operating profit as shown on the consolidated financial statements.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Total (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Total				
Operating revenue							
(1) External sales	105,126	14,649	119,776	3,025	122,801	-	122,801
(2) Inter-segment sales and transfers	-	-	-	525	525	(525)	-
Total	105,126	14,649	119,776	3,551	123,327	(525)	122,801
Segment profit	7,279	992	8,271	606	8,877	-	8,877
Segment assets	90,640	7,151	97,792	2,058	99,850	44,325	144,176
Other items:							
Depreciation	3,755	219	3,975	245	4,220	-	4,220
Increase in property, plant and equipment and intangible assets	6,026	421	6,447	128	6,575	-	6,575

Notes: 1. "Other" is a business segment not included in reportable segments and provides construction, security, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of (525) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 44,325 million yen is company-wide assets that are not allocated to reportable segments.

3. Total of segment profit is equal to operating profit as shown on the consolidated financial statements.

## Related information

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

## 1. Information by product and service

This information is omitted since the same information is presented in segment information.

## 2. Information by region

## (1) Operating revenue

This information is omitted since sales to external customers in Japan exceeded 90% of operating revenue on the consolidated statement of income.

## (2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

## 1. Information by product and service

This information is omitted since the same information is presented in segment information.

## 2. Information by region

## (1) Operating revenue

This information is omitted since sales to external customers in Japan exceeded 90% of operating revenue on the consolidated statement of income.

## (2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

Information related to impairment of non-current assets for each reportable segment

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Impairment loss	0	-	-	-	0

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Impairment loss	-	-	-	-	-

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Amortization for the period	204	9	0	-	214
Balance at the end of period	1,167	56	0	-	1,224

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Amortization for the period	572	8	0	-	581
Balance at the end of period	2,434	40	0	-	2,475

Information related to gain on bargain purchase for each reportable segment

Not applicable.

**Per-share Information**

(Yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	4,255.43	4,475.06
Net income per share	298.97	396.23

Notes: 1. Diluted net income per share is not presented because there are no potentially dilutive shares.

2. The basis for calculating net income per share is as follows.

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	5,937	8,030
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	5,937	8,030
Average number of common shares outstanding during period (Thousand shares)	19,859	20,266

**Business Combinations****Business Combination through Acquisition**

The Board of Directors of the Company approved a resolution on April 26, 2019 to purchase additional shares of Kokusai Bulk Terminal Co., Ltd., our equity-method affiliate. The contract for this transaction was signed on the same day, and the purchase of the shares was made on June 21, 2019. Accordingly, Kokusai Bulk Terminal became our consolidated subsidiary.

**(1) Overview of business combination****1) Name of acquired company, business domain and scale**

Name: Kokusai Bulk Terminal Co., Ltd.

Business domain: Harbor transportation, warehousing operations, processing of agricultural and mineral products, coastal transportation, cargo freight and shipping service, and others

Size of business (FY3/19): Share capital: 1,800 million yen  
 Operating revenue: 4,377 million yen  
 Ordinary profit: 792 million yen

**2) Primary reasons for business combination**

The Company is determined to strengthen its business competitiveness and corporate foundation so that we can fulfill a mission of “a logistic partner” for our customers by continuing to provide stable logistic services as well as by maintaining “quality,” as a company that plays an important role to support the social infrastructure. For the past few years, the labor shortage urged us to focus on enlarging equipment industry type logistic service such as tank-terminal and bulk-terminal businesses operated by our group companies. We have resolved to make the additional purchase of the shares of Kokusai Bulk Terminal because making this company a consolidated subsidiary will allow us to have stronger logistic bases and expand logistic service.

**3) Acquisition date**

June 21, 2019 (acquisition date of shares)

April 1, 2019 (deemed acquisition date)

## 4) Legal form of acquisition

Acquisition of shares with cash as consideration

## 5) Name of the acquired company after acquisition

There is no change in the company's name.

## 6) Percentage of voting rights acquired

Voting rights held immediately before acquisition: 35.52%

Voting rights additionally acquired on the acquisition date: 50.10%

Voting rights after acquisition: 85.62%

## 7) Basis for choosing the acquiring company

The Company acquired the business with all consideration paid in cash.

## (2) Period of results of operations of the acquired company included in the consolidated statement of income for the fiscal year ended March 31, 2020

From April 1, 2019 to March 31, 2020

## (3) Acquisition cost and its details

Fair value of common stock held immediately before the business combination		4,713 million yen
Consideration for additional acquisition	Cash	6,647 million yen
		<u>11,360 million yen</u>

## (4) Difference between the acquisition cost and the total acquisition cost of actual acquiring deals

Gain on step acquisitions: 2,108 million yen

## (5) Details of major acquisition-related costs

Advisory fees, etc.: 48 million yen

## (6) Total amounts and breakdowns of assets received and liabilities assumed on the acquisition date

Current assets	320 million yen
Non-current assets	13,560 million yen
Total assets	<u>13,880 million yen</u>
Current liabilities	705 million yen
Non-current liabilities	2,002 million yen
Total liabilities	<u>2,708 million yen</u>

## (7) Amount of goodwill, reason for recognition, and its amortization method and period

1) Amount of goodwill: 1,831 million yen

2) Source of goodwill: Expected contribution to earnings growth.

3) Amortization method and period: Goodwill will be amortized using the straight-line method over five years.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*