

May 13, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021
[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		
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Scheduled date of Annual General Meeting of Shareholders:	June 29, 2021		
Scheduled date of payment of dividend:	June 30, 2021		
Scheduled date of filing of Annual Securities Report:	June 29, 2021		
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, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	121,136	(1.4)	9,851	11.0	10,490	10.7	6,748	(16.0)
Fiscal year ended Mar. 31, 2020	122,801	5.0	8,877	18.3	9,477	14.0	8,030	35.3

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2021: 9,894 (up 68.6%)

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

	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, 2021	332.73	-	7.1	6.9	8.1
Fiscal year ended Mar. 31, 2020	396.23	-	9.1	6.9	7.2

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2021: 41

Fiscal year ended Mar. 31, 2020: 33

Note: Diluted net income per share is not presented since there is no dilutive share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	157,922	100,858	62.7	4,884.07
As of Mar. 31, 2020	144,176	92,497	63.0	4,475.06

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2021: 99,054

As of Mar. 31, 2020: 90,765

(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, 2021	11,376	(11,324)	(39)	25,887
Fiscal year ended Mar. 31, 2020	10,636	(13,184)	4,622	25,975

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, 2020	-	32.50	-	37.50	70.00	1,442	17.7	1.6
Fiscal year ended Mar. 31, 2021	-	35.00	-	40.00	75.00	1,545	22.5	1.6
Fiscal year ending Mar. 31, 2022 (forecasts)	-	37.50	-	37.50	75.00		20.6	

Note: Revisions to the most recently announced dividend forecasts: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	65,000	12.4	4,900	11.3	5,300	12.8	3,700	22.9	182.43
Full year	135,000	11.4	10,500	6.6	11,000	4.9	7,400	9.7	364.86

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(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, 2021: 20,612,844 shares As of Mar. 31, 2020: 20,612,844 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 331,612 shares As of Mar. 31, 2020: 330,325 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2021: 20,281,871 shares Fiscal year ended Mar. 31, 2020: 20,266,024 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	94,910	(0.8)	7,645	7.2	8,804	1.5	6,249	3.8
Fiscal year ended Mar. 31, 2020	95,628	3.4	7,131	19.8	8,677	24.8	6,018	17.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	303.28	-
Fiscal year ended Mar. 31, 2020	292.06	-

Note: Diluted net income per share is not presented since there is no dilutive share.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	130,139	87,096	66.9	4,226.91
As of Mar. 31, 2020	120,657	79,682	66.0	3,866.86

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 87,096 As of Mar. 31, 2020: 79,682

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	50,500	11.8	4,600	11.3	3,300	10.4	160.15
Full year	103,000	8.5	9,300	5.6	6,600	5.6	320.30

* 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

Note concerning forward-looking statements

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, 2021 (hereinafter, “the current fiscal year”), the Japanese economy was forced to voluntarily restrict economic activities because of factors including two announcements of the declaration of state of emergency in response to the spread of the novel coronavirus disease (COVID-19) infection. The economic outlook also remained uncertain depending on infection trends of COVID-19 although economy was expected to improve as economic activities both at home and abroad showed a recovery trend resulting from effects of various policy measures.

Meanwhile, in the logistics industry, the gross volume of all kinds of domestic cargoes substantially decreased in the first half of the current fiscal year. And in the second half, cargo movements, in particular production-related cargoes, continued to stay weak amid sluggish situations of capital investment and industrial production though the decline became smaller. The international transport volume decreased further as a whole, which was affected by a large fall in the first half of the fiscal year, while machinery cargoes such as industrial machinery and machine tools and chemical product cargoes and others performed better than the previous fiscal year, supported by recovery of demand for automobile parts and foreign capital investment as the recovery trend of global economy was strengthening. The recovery of ship cargoes was burdened with shortage of both vessel space and empty containers. For air cargoes, semiconductors increased sharply driven by the full-scale spread of AI, IoT, and 5G, and movements of general machinery and machine parts also supported by recovery of demand for foreign capital investment. Furthermore, issues such as the shortage of truck drivers because of low birthrates and longevity, and price competition among peers have persisted in addition to the continuingly unstable fuel price for trucks due to its tendency to be affected by the international affairs.

Against this backdrop, the Group has been taking actions on the basis of the Seventh Medium-term Management Plan, a three-year plan starting in the fiscal year ended March 31, 2020. In this second year, as an asset-based 3PL company, the Group has focused 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 strived as one to achieve sales and profit targets, as well as to achieve the target with year-on-year increases in both sales and profits for the eight consecutive years. However, the Group could not achieve the sales target due to a decrease in cargo volume resulting from the influence of COVID-19 but achieved the targets of operating profit and ordinary profit.

Consequently, the Group’s results of operations for the current fiscal year were as follows: operating revenue decreased by 1.4% year-on-year to 121,136 million yen, operating profit increased by 11.0% year-on-year to 9,851 million yen, and ordinary profit increased by 10.7% year-on-year to 10,490 million yen. Profit attributable to owners of parent decreased by 16.0% year-on-year to 6,748 million yen, primarily due to the recording of a gain on step acquisitions of 2,108 million yen in the previous fiscal year.

Business segment performance was as follows.

Logistics Operations

The Logistics Operations segment as a whole recorded a decrease in operating revenue as a result of a decrease in the handling volume of most of the existing cargoes amid the spread of the COVID-19 infection, which was partly offset by a substantial increase in the handling volume of certain products for use against COVID-19. The performance by business category was as follows.

The freight truck transportation business as a whole recorded a decrease in operating revenue. By region, the handling volume of household products increased, but that of housing materials and construction machinery decreased in the Kanto region; the handling volume of agrochemical products increased, but that of stainless-steel products decreased in the Chubu region; and in the Kansai region, the handling volume of electric power equipment increased, but that of household products and housing materials decreased. Furthermore, there was a decrease in the handling volume of motor-related products.

The harbor transportation business as a whole recorded a decrease in operating revenue. Specifically, by region, the handling volume of construction machinery imports/exports and non-ferrous metals imports decreased in the Kanto region, that of stainless-steel products decreased in the Chubu region, and that of electric power equipment increased in the Kansai region.

The warehousing operations business as a whole recorded an increase in operating revenue. By region, the handling volume of household products and cargo equipment increased in the Kanto region, and that of household products and electric power equipment increased in the Kansai region.

The railway logistics business recorded a decrease in operating revenue, due to a significant decrease in the handling volume of housing materials.

Operations related to logistics as a whole recorded an increase in operating revenue. More specifically, ocean transportation revenue decreased, because of a drop in the handling volume of transportation for plant-related projects in the Middle East and that of equipment in Japan. Coastal transportation revenues also decreased due to a decrease in the handling volume of grain and raw materials for power plants. Cargo handling work revenue decreased, due to lower handling volume of medical film and motor-related products. Air transportation revenues increased due to an increase in the handling volume of agrochemical chemicals and electric power equipment. Packaging revenues increased due to an increase in the handling volume of electric power equipment.

Overall, operating revenue of the segment decreased by 1.0% year-on-year to 104,027 million yen and segment profit (operating profit) increased by 14.2% year-on-year to 8,314 million yen backed by cost reduction.

Yard Operations and Mechanical Cargo Handling

The Yard Operations and Mechanical Cargo Handling segment as a whole recorded an increase in operating revenue as a result of increases in the handling volume of industrial gases and food additives as well as yard equipment repair services in the Kanto region, which was partly offset by a decrease in the handling volume of stainless-steel products in the Chubu region.

As a result, operating revenue of the segment as a whole increased by 1.2% year-on-year to 14,819 million yen and segment profit (operating profit) increased by 9.8% year-on-year to 1,089 million yen.

Other Operations

Construction revenue decreased, due to decreases in the volumes of transportation for machinery relocation and installation in Japan. Revenue from renting land also decreased due to a decrease in the handling volume of household products. Other businesses combined recorded a decrease in operating revenue.

As a result, operating revenue of the segment as a whole decreased by 24.4% year-on-year to 2,288 million yen and segment profit (operating profit) decreased by 26.2% year-on-year to 447 million yen.

(2) Financial Position

Assets

The balance of total assets at the end of the current fiscal year was 157,922 million yen, up 13,746 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,711 million yen in trade notes and accounts receivable under current assets, 7,365 million yen in property, plant and equipment and 4,747 million yen in investment securities.

Liabilities

The balance of total liabilities at the end of the current fiscal year was 57,063 million yen, up 5,384 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,231 million yen in long-term borrowings under non-current liabilities.

Net assets

The balance of net assets at the end of the current fiscal year was 100,858 million yen, up 8,361 million yen from the end of the previous fiscal year. This was mainly due to increases of 5,254 million yen in retained earnings and 2,887 million yen in valuation difference on available-for-sale securities. The equity ratio was 62.7%, down 0.3 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 decreased 88 million yen from the end of the previous fiscal year to 25,887 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 increased 739 million yen year-on-year to 11,376 million yen.

This was mainly due to recording of profit before income taxes of 10,244 million yen, depreciation of 4,157 million yen and income taxes paid of 2,923 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 1,859 million yen year-on-year to 11,324 million yen.

This was mainly due to payments of 10,489 million yen for purchase of property, plant and equipment, and 608 million yen for purchase of investment securities.

Cash flows from financing activities

Net cash used in financing activities decreased 4,661 million yen year-on-year to 39 million yen.

This was mainly due to repayments of long-term borrowings of 3,324 million yen, dividends paid of 1,493 million yen and repayments of short-term borrowings of 1,280 million yen, which were partly offset by proceeds from long-term borrowings of 6,339 million yen.

Reference: Cash flow indicators

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Equity ratio (%)	60.2	63.5	66.3	63.0	62.7
Equity ratio based on market value (%)	32.3	38.2	46.7	33.6	41.7
Interest-bearing debt to cash flow ratio (years)	3.3	2.7	2.3	2.5	2.5
Interest coverage ratio (times)	34.5	42.9	53.4	66.1	64.8

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

Amid the situation where it is utterly unpredictable when the spread of COVID-19 will end, the recovery of economic activities is expected to proceed because of the increase in the number of vaccinations. It is also thought to take some more time to achieve full-scale recovery of economy and reach the level before the spread of COVID-19 infection. However, if the once postponed Tokyo Olympics is held, the economy is anticipated to move to recover moderately, driven by an increase of export and capital investment amid a gradual improvement of personal consumption.

Meanwhile, overseas, there are expectations for a post-COVID-19 recovery supported by rapid progress of controlling of infection of COVID-19 and vaccination, especially in export cargoes. However, it is concerned that prolonged shortage of vessel space and empty containers would become factors to block an increase of cargo volume. Furthermore, the consumer-related cargo is expected to improve, driven by recovery of personal consumption, and cargo volume of machinery including industrial machinery and machine tools would also increase driven by recovery of demand of capital investment. Meanwhile, cargo movement of automobile parts is anticipated to become dull if production adjustment and reduction by automobile manufacturers are carried out due to supply shortage of in-vehicle semiconductors. In addition, based on a new lifestyle, the structural changes in the work environment and labor market will require us to improve further efficiency and productivity through systemization and mechanization.

Against this backdrop, the Group has entered the final year of the Seventh Medium-term Management Plan and also the commemorative year of the 90th anniversary. The Group will properly address to changes of environment and enlarge new business area to serve on and criteria of industry to target without sticking to the past business area, in order to continue to develop. With these measures in place, the Group will strive to achieve sales and profit targets.

We forecast to achieve operating revenue of 135,000 million yen, operating profit of 10,500 million yen, ordinary profit of 11,000 million yen, and profit attributable to owners of parent of 7,400 million yen on a consolidated basis for the fiscal year ending March 31, 2022.

(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 35 yen per share and also plan to pay a year-end dividend of 40 yen per share for the fiscal year ended on March 31, 2021.

For the fiscal year ending on March 31, 2022, we plan to pay a dividend of 75 yen per share, the sum of a 37.50 yen interim dividend and a 37.50 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)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	12,875	14,787
Trade notes and accounts receivable	26,413	28,125
Securities	9,799	7,099
Supplies	189	262
Prepaid expenses	862	748
Other	4,635	5,303
Allowance for doubtful accounts	(1)	(1)
Total current assets	54,776	56,325
Non-current assets		
Property, plant and equipment		
Buildings and structures	85,179	87,167
Accumulated depreciation	(57,936)	(58,927)
Buildings and structures, net	27,243	28,240
Machinery and equipment	22,850	23,097
Accumulated depreciation	(19,332)	(19,388)
Machinery and equipment, net	3,518	3,709
Vessels	-	2
Accumulated depreciation	-	(0)
Vessels, net	-	2
Vehicles	10,034	10,086
Accumulated depreciation	(8,937)	(9,029)
Vehicles, net	1,096	1,056
Tools, furniture and fixtures	1,058	1,139
Accumulated depreciation	(889)	(926)
Tools, furniture and fixtures, net	168	213
Land	28,890	29,587
Leased assets	1,649	2,224
Accumulated depreciation	(1,025)	(1,053)
Leased assets, net	624	1,170
Construction in progress	2,259	7,188
Total property, plant and equipment	63,802	71,168
Intangible assets		
Goodwill	2,475	1,894
Other	1,049	1,348
Total intangible assets	3,525	3,242
Investments and other assets		
Investment securities	14,930	19,677
Long-term loans receivable	277	274
Deferred tax assets	705	730
Retirement benefit asset	3	362
Other	6,198	6,182
Allowance for doubtful accounts	(43)	(42)
Total investments and other assets	22,072	27,185
Total non-current assets	89,400	101,596
Total assets	144,176	157,922

	(Millions of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Trade notes and accounts payable	11,737	12,733
Short-term borrowings	13,351	9,854
Current portion of bonds payable	-	400
Accounts payable-other	1,325	1,813
Income taxes payable	1,677	2,187
Accrued consumption taxes	856	766
Accrued expenses	1,832	1,915
Provision for bonuses	1,613	1,649
Provision for bonuses for directors (and other officers)	4	3
Provision for loss on disaster	325	91
Provision for loss on compensation	-	22
Other	568	577
Total current liabilities	33,293	32,013
Non-current liabilities		
Bonds payable	400	-
Long-term borrowings	12,755	17,987
Deferred tax liabilities	3,047	4,413
Provision for retirement benefits for directors (and other officers)	90	97
Retirement benefit liability	520	442
Asset retirement obligations	736	799
Other	833	1,309
Total non-current liabilities	18,385	25,049
Total liabilities	51,679	57,063
Net assets		
Shareholders' equity		
Share capital	10,117	10,117
Capital surplus	9,948	9,948
Retained earnings	68,255	73,509
Treasury shares	(602)	(606)
Total shareholders' equity	87,718	92,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	6,332
Foreign currency translation adjustment	(251)	(352)
Remeasurements of defined benefit plans	(147)	105
Total accumulated other comprehensive income	3,046	6,085
Non-controlling interests	1,731	1,804
Total net assets	92,497	100,858
Total liabilities and net assets	144,176	157,922

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

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Operating revenue	122,801	121,136
Operating costs	109,094	106,578
Operating gross profit	13,707	14,558
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	660	542
Executive officers' compensations	-	105
Salaries and allowances	1,477	1,486
Bonuses	289	307
Provision for bonuses for directors (and other officers)	6	5
Retirement benefit expenses	40	46
Provision for retirement benefits for directors (and other officers)	16	16
Taxes and dues	375	387
Depreciation	133	98
Provision of allowance for doubtful accounts	(0)	0
Other	1,830	1,710
Total selling, general and administrative expenses	4,829	4,707
Operating profit	8,877	9,851
Non-operating income		
Interest income	20	24
Dividend income	557	477
Share of profit of entities accounted for using equity method	33	41
Miscellaneous income	282	342
Total non-operating income	893	886
Non-operating expenses		
Interest expenses	162	175
Litigation settlement	58	35
Miscellaneous expenses	72	37
Total non-operating expenses	294	247
Ordinary profit	9,477	10,490
Extraordinary income		
Gain on sale of non-current assets	72	77
Gain on step acquisitions	2,108	-
Gain on sale of investment securities	44	26
Subsidy income	-	129
Insurance claim income	262	116
Total extraordinary income	2,486	350
Extraordinary losses		
Loss on sale and retirement of non-current assets	269	310
Loss on disaster	459	18
Loss on tax purpose reduction entry of non-current assets	-	122
Loss on valuation of investment securities	192	-
Compensation for damage	-	144
Total extraordinary losses	920	596
Profit before income taxes	11,043	10,244
Income taxes-current	3,061	3,442
Income taxes-deferred	(114)	(47)
Total income taxes	2,947	3,394
Profit	8,095	6,849
Profit attributable to non-controlling interests	65	101
Profit attributable to owners of parent	8,030	6,748

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Profit	8,095	6,849
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,065)	2,887
Foreign currency translation adjustment	(20)	(100)
Remeasurements of defined benefit plans, net of tax	(129)	252
Share of other comprehensive income of entities accounted for using equity method	(10)	5
Total other comprehensive income	(2,225)	3,044
Comprehensive income	5,870	9,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,810	9,787
Comprehensive income attributable to non-controlling interests	59	106

(3) Consolidated Statement of Changes in Equity

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					
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						
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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117	9,948	68,255	(602)	87,718
Changes during period					
Dividends of surplus			(1,493)		(1,493)
Profit attributable to owners of parent			6,748		6,748
Purchase of treasury shares				(4)	(4)
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	5,254	(4)	5,250
Balance at end of period	10,117	9,948	73,509	(606)	92,969

	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	3,445	(251)	(147)	3,046	1,731	92,497
Changes during period						
Dividends of surplus				-		(1,493)
Profit attributable to owners of parent				-		6,748
Purchase of treasury shares				-		(4)
Purchase of shares of consolidated subsidiaries				-		-
Net changes in items other than shareholders' equity	2,887	(100)	252	3,039	72	3,111
Total changes during period	2,887	(100)	252	3,039	72	8,361
Balance at end of period	6,332	(352)	105	6,085	1,804	100,858

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	11,043	10,244
Depreciation	4,220	4,157
Amortization of goodwill	581	581
Loss (gain) on step acquisitions	(2,108)	-
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12	6
Increase (decrease) in provision for bonuses	35	35
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(1)
Increase (decrease) in allowance for doubtful accounts	0	(1)
Decrease (increase) in retirement benefit asset	(1)	(359)
Increase (decrease) in retirement benefit liability	(55)	(78)
Interest and dividend income	(577)	(502)
Insurance claim income	(262)	(116)
Interest expenses	162	175
Share of loss (profit) of entities accounted for using equity method	(33)	(41)
Loss (gain) on sale and retirement of non-current assets	196	232
Loss (gain) on sale of investment securities	(44)	(26)
Loss (gain) on valuation of investment securities	192	-
Decrease (increase) in trade receivables	793	(1,702)
Decrease (increase) in inventories	48	(72)
Increase (decrease) in trade payables	(811)	1,002
Increase (decrease) in accrued consumption taxes	188	(23)
Loss on tax purpose reduction entry of non-current assets	-	122
Loss on disaster	459	18
Subsidy income	-	(129)
Loss on compensation for damage	-	144
Other, net	(759)	184
Subtotal	13,283	13,849
Interest and dividends received	579	505
Interest paid	(160)	(175)
Income taxes paid	(2,951)	(2,923)
Proceeds from insurance income	59	319
Subsidies received	-	129
Payments associated with disaster loss	(172)	(230)
Compensation for damage paid	-	(98)
Net cash provided by (used in) operating activities	10,636	11,376
Cash flows from investing activities		
Purchase of securities	-	(200)
Proceeds from redemption of securities	-	200
Purchase of property, plant and equipment	(5,861)	(10,489)
Proceeds from sale of property, plant and equipment	74	84
Purchase of investment securities	(371)	(608)
Proceeds from sale of investment securities	108	97
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,489)	-
Purchase of intangible assets	(233)	(187)
Proceeds from collection of short-term loans receivable	29	19
Proceeds from collection of long-term loans receivable	1	130
Acquisition of other investments	(494)	(148)
Proceeds on sale of other investments	290	150
Loan advances	(32)	(16)
Other, net	(206)	(357)
Net cash provided by (used in) investing activities	(13,184)	(11,324)

	(Millions of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,610	(1,280)
Proceeds from long-term borrowings	5,698	6,339
Repayments of long-term borrowings	(870)	(3,324)
Dividends paid	(1,391)	(1,493)
Dividends paid to non-controlling interests	(4)	(34)
Other, net	(419)	(245)
Net cash provided by (used in) financing activities	4,622	(39)
Effect of exchange rate change on cash and cash equivalents	4	(100)
Net increase (decrease) in cash and cash equivalents	2,079	(88)
Cash and cash equivalents at beginning of period	23,896	25,975
Cash and cash equivalents at end of period	25,975	25,887

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Reclassifications

Consolidated statement of income

“Commission for syndicated loans,” which was presented separately under “Non-operating expenses” for the previous fiscal year, is included in “Miscellaneous expenses” for the current fiscal year as its quantitative materiality became insignificant. To reflect this change of presentation method, we have reclassified the consolidated financial statements for the previous fiscal year.

As a result, 23 million yen, which was presented as “Commission for syndicated loans” under “Non-operating expenses” of the consolidated statement of income for the previous fiscal year, is reclassified into “Miscellaneous expenses.”

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

FY3/20 (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.

FY3/21 (Apr. 1, 2020– Mar. 31, 2021)

(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	104,027	14,819	118,847	2,288	121,136	-	121,136
(2) Inter-segment sales and transfers	-	-	-	539	539	(539)	-
Total	104,027	14,819	118,847	2,828	121,676	(539)	121,136
Segment profit	8,314	1,089	9,403	447	9,851	-	9,851
Segment assets	99,116	7,834	106,950	2,062	109,012	48,910	157,922
Other items:							
Depreciation	3,695	233	3,929	228	4,157	-	4,157
Increase in property, plant and equipment and intangible assets	11,004	758	11,762	348	12,110	-	12,110

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 (539) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 48,910 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

FY3/20 (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.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

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

This information is omitted due to its immateriality.

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

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Amortization for the period	573	7	0	-	581
Balance at the end of period	1,867	26	0	-	1,894

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	4,475.06	4,884.07
Net income per share	396.23	332.73

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.

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	8,030	6,748
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	8,030	6,748
Average number of common shares outstanding during period (Thousand shares)	20,266	20,281

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.