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MEMBERSHIP
May 9, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: ALPS LOGISTICS CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 9055
 URL: <https://www.alps-logistics.com/jp/ir/>
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 Scheduled date of annual general meeting of shareholders: June 20, 2024
 Scheduled date to commence dividend payments: June 21, 2024
 Scheduled date to file annual securities report: June 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	118,844	(1.9)	5,578	(30.6)	6,019	(31.5)	3,570	(29.1)
March 31, 2023	121,165	6.5	8,043	33.6	8,790	42.6	5,032	39.9

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥5,826 million [(10.0)%]
 For the fiscal year ended March 31, 2023: ¥6,474 million [11.0%]

	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	%	%	%
March 31, 2024	100.71	100.51	6.1	6.0	4.7
March 31, 2023	142.08	141.75	9.1	9.3	6.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥— million
 For the fiscal year ended March 31, 2023: ¥— million

(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
March 31, 2024	102,521	65,506	59.2	1,710.41
March 31, 2023	97,283	62,257	58.9	1,618.10

Reference: Equity
 As of March 31, 2024: ¥60,652 million
 As of March 31, 2023: ¥57,324 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
March 31, 2024	8,523	(7,645)	(5,128)	23,610
March 31, 2023	10,947	(4,846)	(1,857)	26,650

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	16.00	—	28.00	44.00	1,558	31.0	2.8
Fiscal year ended March 31, 2024	—	22.00	—	22.00	44.00	1,560	43.7	2.6
Fiscal year ending March 31, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

Note: As announced in the “Notice Regarding Expression of Opinion in Support of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates etc. by LDEC, Ltd. and Notice of Capital and Business Alliance” and the “Notice Regarding Dividends of Surplus (No Dividends)” released on May 9, 2024, the Company has resolved not to make distribution of surplus for second quarter-end and fiscal year-end dividends for the fiscal year ending March 31, 2025, taking into consideration the planned tender offer of the Company’s common stock, etc. through LDEC, Ltd.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

As announced in the “Notice Regarding Expression of Opinion in Support of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates etc. by LDEC, Ltd. and Notice of Capital and Business Alliance” released on May 9, 2024, the Company’s shares will be delisted as a result of the tender offer for the Company’s common share, etc. by LDEC, Ltd. and a series of procedures to be implemented thereafter. As the Company has not formulated the consolidated earnings forecasts, based on the assumption that the shares will be delisted, consolidated earnings forecasts for the fiscal year ending March 31, 2025 are not presented.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the 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 stock)

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

As of March 31, 2024	35,488,600 shares
As of March 31, 2023	35,474,400 shares

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

As of March 31, 2024	27,928 shares
As of March 31, 2023	47,488 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	35,452,025 shares
Fiscal year ended March 31, 2023	35,419,475 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	53,735	4.8	2,250	(13.9)	4,514	17.0	3,467	28.4
March 31, 2023	51,261	4.7	2,614	5.5	3,859	(1.8)	2,700	(5.6)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	97.80	97.61
March 31, 2023	76.23	76.05

(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
March 31, 2024	64,671	42,681	65.9	1,202.38
March 31, 2023	59,007	40,888	69.2	1,152.66

Reference: Equity

As of March 31, 2024: ¥42,637 million
As of March 31, 2023: ¥40,835 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
 - As announced in the “Notice Regarding Expression of Opinion in Support of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates etc. by LDEC, Ltd. and Notice of Capital and Business Alliance” released on May 9, 2024, the Company’s shares will be delisted as a result of the tender offer for the Company’s common share, etc. by LDEC, Ltd. and a series of procedures to be implemented thereafter. As the Company has not formulated the consolidated earnings forecasts, based on the assumption that the shares will be delisted, consolidated earnings forecasts for the fiscal year ending March 31, 2025 are not presented.
 - The Company plans to hold a financial results briefing for analysts on Friday, May 10, 2024.
 - The Company plans to post the documents used at the briefing on its website on the day of the briefing.

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1. Overview of operating results, etc.

(1) Analysis of operating results

In the global economy during the fiscal year under review, the tendency toward a gradual slowdown in many major countries continued. In the U.S., personal consumption remained firm against the backdrop of favorable employment and income conditions, and its economy as a whole remained firm. In Europe, domestic demand has been depressed due to monetary tightening and other factors, and exports have been stagnant due to the slowdown of overseas economies. In China, although both domestic and foreign demand showed signs of gradual recovery, the economic recovery lacked strength, hampered by the ongoing real estate recession and weak consumer recovery. The Japanese economy showed a moderate recovery mainly due to inbound consumption, however it also weakened due to high commodity prices and the slowdown in overseas economies.

In this business environment, we continued to follow our basic policy of “Earth and society friendly, pursuing and evolving optimal logistics” and promoted the following strategies and policies to expand our business on a global scale in the fiscal year under review, which is the second year of the three-year Fifth Medium-Term Business Plan.

- (i) GTB (Get The Business / Expansion of markets and products):
Expand business domains, enhance the global network, and expand structures for cooperative creation and alliances.
- (ii) GTP (Get The Profit / Improvement of direct and indirect productivity):
Promote labor saving and automation, expand strategic investment and reap the rewards, and take on the challenge of DX.
- (iii) GTC (Get The Confidence / Driving Sustainability):
Strengthen ESG compliance, ensure safety and high quality, and maintain and strengthen non-financial capital.

Financial results for the fiscal year under review showed ¥118,844 million in net sales (down 1.9% year on year), ¥5,578 million in operating profit (down 30.6%), ¥6,019 million in ordinary profit (down 31.5%) and ¥3,570 million in profit attributable to owners of parent (down 29.1%).

Overview of segments

(i) Electronic components logistics business

In the electronic components industry, which is the main customer of this business, automotive components-related production remained relatively strong. Production of industrial machinery components remained weak due to sluggish capital investment and slow digestion of excess inventory as well. Production of consumer equipment and telecommunications and IT equipment such as personal computers and smartphones remained stagnant.

During the fiscal year under review, the Company focused on such initiatives as expanding warehouse space and conducting sales promotions to new customers. However, net sales decreased as it is impossible to make up for the reduction in existing cargo volume due to a decrease in air freight, decline in international transportation fares, and decline in cargo handling volume caused by stagnant production, and other factors. Despite efforts to improve productivity, profits decreased due to the impact of factors such as the unanticipated decline of handling volume of international transportation cargo in Greater China in the fourth quarter, deteriorating efficiency associated with the stagnation of shipments as well as the intensified competitive environment.

Financial results for this segment showed ¥62,427 million in net sales (down 10.0% year on year) and ¥3,204 million in operating profit (down 44.1%).

(ii) Material sales business

In the material sales business, the Company sells electronic component-related packaging materials, molding materials, and electronic devices. The Company specializes in proposals for electronic device procurement agency services with integrated procurement and logistics, as well as proposals of packing materials aimed at improving logistics.

During the fiscal year under review, net sales increased due to an increase in sales of electronic devices for automotive components to overseas. Meanwhile, profits increased due to the impact of the increase in revenue combined with the effects of yen depreciation.

Financial results for this segment showed ¥27,483 million in net sales (up 14.4% year on year) and ¥1,132 million in operating profit (up 9.1%).

(iii) Consumer products logistics business

In the consumer products logistics field, demand is expanding in conjunction with growth in delivery services and mail-order businesses, while the industry overall faces challenges in securing and developing human resources, such as drivers.

In this business environment, Ryutsu Service Co., Ltd., which handles the Group's consumer logistics, is working to incorporate intercompany logistics, which corresponds to the upstream area of the consumer logistics sector, and to expand the product center operations, such as cosmetics, medical-related delivery and transportation, as well as expand the consumer cooperative delivery business.

During the fiscal year under review, the cargo handling volume was maintained at the same level year on year despite expanding the area of consumer cooperative deliveries and other measures. In mail-order and EC logistics, net sales increased mainly due to firm shipments. Despite efforts to improve efficiency and reduce fixed costs through automation, profits decreased due to increased costs, including higher freight costs and rents on expanded warehouse space.

Financial results for this segment showed ¥28,933 million in net sales (up 4.2% year on year) and ¥1,242 million in operating profit (down 2.8%).

(2) Overview of financial position

Compared with the end of the previous fiscal year, assets, liabilities and net assets at the end of the fiscal year ended March 31, 2024 are as follows:

For assets, current assets decreased by ¥1,681 million, mainly due to a decrease of cash and deposits, despite an increase of trade notes and accounts receivable. Non-current assets increased by ¥6,918 million, mainly due to an increase of property, plant and equipment. As a result, total assets were ¥102,521 million, an increase of ¥5,237 million compared with the end of the previous fiscal year.

For liabilities, current liabilities increased by ¥875 million, mainly due to an increase of trade accounts payable, despite a decrease due to repayment of the current portion of long-term borrowings and refinancing with long-term borrowings, and a decrease in income taxes payable, etc. Non-current liabilities increased by ¥1,113 million, mainly due to an increase due to refinancing with long-term borrowings. As a result, total liabilities were ¥37,014 million, an increase of ¥1,988 million compared with the end of the previous fiscal year.

Net assets increased by ¥3,249 million from the end of the previous fiscal year to ¥65,506 million, mainly reflecting an increase due to securing profits and an increase of foreign currency translation adjustment, partially offset by a decrease due to the payment of dividends.

Equity-to-asset ratio was 59.2%, an increase of 0.3 percentage points compared with the end of the previous fiscal year.

(3) Overview of cash flows

Cash and cash equivalents at the end of the fiscal year ended March 31, 2024 amounted to ¥23,610 million, a decrease of ¥3,039 million compared with the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥8,523 million (decrease of ¥2,424 million in net cash provided compared with the previous fiscal year). The main reason was an increase in funds due to ¥5,982

million in profit before income taxes and ¥4,950 million in depreciation, while there was a decrease in funds mainly due to ¥2,324 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥7,645 million (increase of ¥2,799 million in net cash used compared with the previous fiscal year). Major uses of cash were ¥7,178 million in purchases of property, plant and equipment including the construction of a new warehouse, and ¥790 million in purchases of intangible assets including software.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥5,128 million (increase of ¥3,270 million in net cash used compared with the previous fiscal year). Major uses of cash were ¥2,435 million in repayments of lease liabilities and ¥1,772 million in dividends paid.

(4) Forecast going forward

As announced in the “Notice Regarding Expression of Opinion in Support of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates etc. by LDEC, Ltd. and Notice of Capital and Business Alliance” released on May 9, 2024, the Company’s shares will be delisted as a result of the tender offer for the Company’s common share, etc. by LDEC, Ltd. and a series of procedures to be implemented thereafter. As the Company has not formulated the consolidated earnings forecasts, based on the assumption that the shares will be delisted, consolidated earnings forecasts for the fiscal year ending March 31, 2025 are not presented.

(5) Business risks

There are no risks that have newly emerged since the description in the Annual Securities Report submitted on June 21, 2023 that should be promptly disclosed, and therefore, the description is omitted.

2. Business policy

(1) Basic business policy of the Company

The Group consists of the Company and 25 domestic and overseas subsidiaries mainly engaged in electronic component logistics, and a domestic subsidiary, Ryutsu Service Co., Ltd., mainly engaged in consumer logistics, each concentrating its management resources in specialized fields to develop an integrated logistics business.

The Company and domestic and overseas subsidiaries related to electronic components have a corporate philosophy: “We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*,” and have defined our business domain as “Integrated logistics solutions specializing in electronic components.” Ryutsu Service Co., Ltd., which is related to consumer logistics, has established a corporate philosophy: “We aim to become an integrated logistics company specializing in consumer logistics that can contribute to the lives of consumers in the local community.” Each company of the Group will work together under the corporate philosophy to promote medium- and short-term business plans to expand business and maximize corporate value.

(2) Medium-to-long term management strategy and issues to be addressed

Electronic components logistics business and material sales business

In the electronic components-related business, the electronic components industry, to which our major customers belong, is expected to continue to grow due to increased demand for electronics products arising from such factors as the spread of 5G-related devices in telecommunications, the increasing computerization of automobiles, and the practical application of AI, IoT, and DX. At the same time, customers’ logistics reform needs are becoming increasingly sophisticated and diverse, as production sites change in response to changes in products and markets, and supply chains are becoming more efficient and stronger. In addition, logistics operators are required to carry out so-called economic security risk management amid increasing uncertainty in the economic environment, including geopolitical and infection risks.

In this business environment, the Company and its domestic and overseas subsidiaries, whose domain is electronic components-related businesses, have started the three-year Fifth Medium-Term Business Plan from the fiscal year 2022. We have set our medium-term basic policy as “Earth and society friendly, pursuing and evolving of optimal logistics” and will promote the following strategies and policies to expand our business on a global scale.

(i) GTB (Get The Business / Expansion of markets and products):

Expand business domains, enhance the global network, and expand structures for cooperative creation and alliances.

(ii) GTP (Get The Profit / Improvement of direct and indirect productivity):

Promote labor saving and automation, expand strategic investment and reap the rewards, and take on the challenge of DX.

(iii) GTC (Get The Confidence / Driving Sustainability):

Strengthen ESG compliance, ensure safety and high quality, and maintain and strengthen non-financial capital.

Consumer products logistics business

In the consumer products logistics field, demand for personal delivery and mail-order sales is expanding in conjunction with growth in delivery services and mail-order businesses, in addition to changes of lifestyles of individuals. On the other hand, the accompanying increase in cargo volume and the spread of same-day delivery services have resulted in a serious increase in the burden on the logistics infrastructure, particularly in terms of labor shortages and higher costs for drivers and warehouse workers.

In this business environment, Ryutsu Service Co., Ltd. also started the three-year Medium-Term Business Plan in the fiscal year 2022. We will strengthen our business operation system and sales structure to further expand business and increase market share for our main customer, co-ops, while strengthening sales activities for “mail-order/EC online-shopping logistics.” We are also developing new fields such as the pharmaceutical market.

In addition, to address the labor shortage, which is an industry issue, we will work to improve the retention rate by promoting automation and work style reforms to secure and develop human resources.

The Group will steadily implement the above strategies and priority policies in the electronic components and consumer-related fields, while contributing to solving social issues in a sustainable manner, aiming for further global growth and enhancing corporate value.

3. Basic approach to the selection of accounting standards

For the time being, the Company and the Group intend to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among enterprises.

The Company and the Group intend to appropriately respond to the application of IFRS while considering the domestic and international situation and implementing the system environment improvement.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	27,264	23,933
Trade notes and accounts receivable	17,578	18,953
Merchandise	1,968	1,788
Supplies	44	43
Other	2,695	3,151
Allowance for doubtful accounts	(17)	(18)
Total current assets	49,534	47,852
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,951	41,283
Accumulated depreciation and impairment	(21,341)	(22,528)
Buildings and structures, net	12,609	18,754
Machinery, equipment and vehicles	7,228	7,778
Accumulated depreciation and impairment	(5,778)	(5,906)
Machinery, equipment and vehicles, net	1,450	1,871
Tools, furniture and fixtures	3,481	3,759
Accumulated depreciation and impairment	(2,880)	(3,081)
Tools, furniture and fixtures, net	600	678
Land	18,008	19,245
Leased assets	11,323	13,992
Accumulated depreciation and impairment	(5,453)	(7,397)
Leased assets, net	5,870	6,594
Construction in progress	2,141	250
Total property, plant and equipment	40,680	47,394
Intangible assets		
Other	3,862	3,882
Total intangible assets	3,862	3,882
Investments and other assets		
Investment securities	177	277
Deferred tax assets	1,314	1,303
Other	1,715	1,812
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	3,206	3,391
Total non-current assets	47,749	54,668
Total assets	97,283	102,521

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trade accounts payable	11,147	12,967
Short-term borrowings	1,930	1,938
Current portion of long-term borrowings	988	—
Lease liabilities	2,063	2,531
Income taxes payable	1,262	691
Provision for bonuses	1,972	1,579
Accrued expenses	2,220	2,433
Other	1,882	2,199
Total current liabilities	23,467	24,342
Non-current liabilities		
Long-term borrowings	4,200	5,100
Lease liabilities	4,585	4,794
Provision for retirement benefits for directors	37	34
Retirement benefit liability	1,938	1,821
Other	797	922
Total non-current liabilities	11,558	12,672
Total liabilities	35,026	37,014
Net assets		
Shareholders' equity		
Share capital	2,349	2,353
Capital surplus	2,030	2,057
Retained earnings	50,956	52,754
Treasury shares	(33)	(19)
Total shareholders' equity	55,301	57,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	115
Foreign currency translation adjustment	2,165	3,388
Remeasurements of defined benefit plans	(189)	2
Total accumulated other comprehensive income	2,022	3,506
Share acquisition rights	53	44
Non-controlling interests	4,879	4,809
Total net assets	62,257	65,506
Total liabilities and net assets	97,283	102,521

(2) Consolidated statement of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,165	118,844
Cost of sales	*1 105,255	*1 104,910
Gross profit	15,909	13,934
Selling, general and administrative expenses	*2 7,866	*2 8,355
Operating profit	8,043	5,578
Non-operating income		
Interest income	88	102
Dividend income	6	10
Foreign exchange gains	544	535
Subsidy income	180	86
Other	221	105
Total non-operating income	1,041	840
Non-operating expenses		
Interest expenses	265	272
Commission expenses	—	74
Other	29	53
Total non-operating expenses	294	400
Ordinary profit	8,790	6,019
Extraordinary income		
Gain on sale of non-current assets	*3 5	*3 11
Gain on sale of investment securities	0	—
Subsidy income	0	2
Other	—	0
Total extraordinary income	6	14
Extraordinary losses		
Loss on sale and retirement of non-current assets	*4 39	*4 48
Loss on disaster	85	—
Loss on tax purpose reduction entry of non-current assets	0	2
Total extraordinary losses	125	51
Profit before income taxes	8,671	5,982
Income taxes - current	2,589	1,916
Income taxes - deferred	(44)	20
Total income taxes	2,544	1,936
Profit	6,127	4,046
Profit attributable to		
Profit attributable to owners of parent	5,032	3,570
Profit attributable to non-controlling interests	1,094	475
Other comprehensive income		
Valuation difference on available-for-sale securities	38	69
Foreign currency translation adjustment	326	1,515
Remeasurements of defined benefit plans, net of tax	(18)	195
Total other comprehensive income	*5 347	*5 1,779
Comprehensive income	6,474	5,826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,335	5,054
Comprehensive income attributable to non-controlling interests	1,138	771

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,349	1,999	47,092	(50)	51,389
Changes during period					
Dividends of surplus			(1,168)		(1,168)
Profit attributable to owners of parent			5,032		5,032
Change in ownership interest of parent due to transactions with non-controlling interests		19			19
Disposal of treasury shares		10		17	28
Net changes in items other than shareholders' equity					
Total changes during period	—	30	3,863	17	3,912
Balance at end of period	2,349	2,030	50,956	(33)	55,301

	Accumulated other comprehensive income				Share acquisition rights	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	1,862	(150)	1,719	53	6,547	59,709
Changes during period							
Dividends of surplus						(386)	(1,555)
Profit attributable to owners of parent							5,032
Change in ownership interest of parent due to transactions with non-controlling interests						(2,419)	(2,400)
Disposal of treasury shares							28
Net changes in items other than shareholders' equity	38	303	(39)	302	—	1,138	1,441
Total changes during period	38	303	(39)	302	—	(1,667)	2,547
Balance at end of period	46	2,165	(189)	2,022	53	4,879	62,257

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,349	2,030	50,956	(33)	55,301
Changes during period					
Issuance of new shares - exercise of share acquisition rights	4	4			9
Dividends of surplus			(1,772)		(1,772)
Profit attributable to owners of parent			3,570		3,570
Change in ownership interest of parent due to transactions with non-controlling interests		8			8
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14		13	28
Net changes in items other than shareholders' equity					
Total changes during period	4	27	1,798	13	1,844
Balance at end of period	2,353	2,057	52,754	(19)	57,145

	Accumulated other comprehensive income				Share acquisition rights	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	46	2,165	(189)	2,022	53	4,879	62,257
Changes during period							
Issuance of new shares - exercise of share acquisition rights					(9)		0
Dividends of surplus						(489)	(2,261)
Profit attributable to owners of parent							3,570
Change in ownership interest of parent due to transactions with non-controlling interests						(351)	(343)
Purchase of treasury shares							(0)
Disposal of treasury shares							28
Net changes in items other than shareholders' equity	69	1,222	192	1,483	—	771	2,255
Total changes during period	69	1,222	192	1,483	(9)	(69)	3,249
Balance at end of period	115	3,388	2	3,506	44	4,809	65,506

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,671	5,982
Depreciation	4,418	4,950
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	189	(412)
Increase (decrease) in retirement benefit liability	171	(116)
Increase (decrease) in provision for retirement benefits for directors	3	(3)
Interest and dividend income	(94)	(113)
Interest expenses	265	272
Loss (gain) on sale of investment securities	(0)	—
Loss on sales and retirement of noncurrent assets	39	48
Decrease (increase) in trade receivables	397	(880)
Decrease (increase) in inventories	212	242
Increase (decrease) in trade payables	(494)	1,569
Increase (decrease) in other current liabilities	(8)	(20)
Other, net	(137)	(513)
Subtotal	13,633	11,006
Interest and dividends received	92	112
Interest paid	(262)	(273)
Income taxes paid	(2,528)	(2,324)
Other, net	13	1
Net cash provided by (used in) operating activities	10,947	8,523
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	293
Proceeds from sale of investment securities	0	—
Purchase of property, plant and equipment	(3,688)	(7,178)
Proceeds from sale of property, plant and equipment	13	27
Purchase of intangible assets	(777)	(790)
Other proceeds by investing activities	125	181
Other payments by investing activities	(519)	(179)
Net cash provided by (used in) investing activities	(4,846)	(7,645)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1)	1
Proceeds from long-term borrowings	4,200	900
Repayments of long-term borrowings	(133)	(988)
Proceeds from issuance of shares	—	0
Repayments of lease liabilities	(1,968)	(2,435)
Purchase of treasury shares	—	(0)
Dividends paid	(1,168)	(1,772)
Dividends paid to non-controlling interests	(386)	(489)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,400)	(343)
Net cash provided by (used in) financing activities	(1,857)	(5,128)
Effect of exchange rate change on cash and cash equivalents	274	1,211
Net increase (decrease) in cash and cash equivalents	4,517	(3,039)
Cash and cash equivalents at beginning of period	22,132	26,650
Cash and cash equivalents at end of period	*1 26,650	*1 23,610

(5) Notes on the consolidated financial statements**Notes on premise of going concern**

Not applicable.

Consolidated statement of income and comprehensive income

- *1 The ending inventory is the amount after devaluation of the book value due to decreased profitability, and the following loss (gain) on valuation of inventories is included in cost of sales.

(Millions of yen)

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
16	(4)

- *2 Major items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Wages, salaries, allowances, etc.	3,797	3,903
Depreciation	830	890
Retirement benefit expenses	106	103
Provision for retirement benefits for directors	3	19
Provision for bonuses	436	405
Commission expenses	585	755

- *3 Details of gain on sale of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Machinery and vehicles	5	11
Other	0	0
Total	5	11

- *4 Details of loss on sale and retirement of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)				Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)		
	Retirement	Sale	Total		Retirement	Sale	Total
Buildings and structures	14	—	14	Buildings and structures	20	—	20
Machinery and vehicles	4	0	5	Machinery and vehicles	2	0	2
Other	19	0	19	Other	25	0	25
Total	38	1	39	Total	48	0	48

*5 Reclassification adjustments and tax effects related to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Amount accrued in the current fiscal year	55	99
Reclassification adjustments	—	—
Before tax effect adjustment	55	99
Tax effect amount	(16)	(30)
Valuation difference on available-for-sale securities	38	69
Foreign currency translation adjustment:		
Amount accrued in the current fiscal year	326	1,515
Remeasurements of defined benefit plans, net of tax:		
Amount accrued in the current fiscal year	(79)	225
Reclassification adjustments	53	54
Before tax effect adjustment	(26)	280
Tax effect amount	8	(85)
Remeasurements of defined benefit plans, net of tax	(18)	195
Total other comprehensive income	347	1,779

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Class and number of issued shares and class and number of treasury shares

	Number of shares at beginning of the fiscal year under review (thousand shares)	Increase in number of shares during the fiscal year under review (thousand shares)	Decrease in number of shares during the fiscal year under review (thousand shares)	Number of shares at end of the fiscal year under review (thousand shares)
Issued shares				
Common shares	35,474	—	—	35,474
Total	35,474	—	—	35,474
Treasury shares				
Common shares (Note)	72	—	25	47
Total	72	—	25	47

(Note) The decrease of 25 thousand shares in the number of treasury shares of common shares is due to the disposal of treasury shares as restricted stock compensation.

2. Matters related to share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares underlying share acquisition rights	Number of shares underlying share acquisition rights				Amount at end of the fiscal year under review (millions of yen)
			Beginning of the fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	End of the fiscal year under review	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	53
Total		—	—	—	—	—	53

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 22, 2022	Common shares	601	17.00	March 31, 2022	June 23, 2022	Retained earnings
Board of Directors meeting on October 28, 2022	Common shares	566	16.00	September 30, 2022	November 30, 2022	Retained earnings

(2) Of dividends whose record date is in the fiscal year under review, those whose effective date in the next fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 21, 2023	Common shares	991	28.00	March 31, 2023	June 22, 2023	Retained earnings

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Class and number of issued shares and class and number of treasury shares

	Number of shares at beginning of the fiscal year under review (thousand shares)	Increase in number of shares during the fiscal year under review (thousand shares)	Decrease in number of shares during the fiscal year under review (thousand shares)	Number of shares at end of the fiscal year under review (thousand shares)
Issued shares				
Common shares (Note) 1	35,474	14	—	35,488
Total	35,474	14	—	35,488
Treasury shares				
Common shares (Notes) 2 and 3	47	0	19	27
Total	47	0	19	27

(Notes) 1. The increase of 14 thousand shares in the total number of issued shares of common shares is due to the exercise of share acquisition rights.

2. The increase of 0 thousand shares in the number of treasury shares of common shares is due to the purchase of odd lot shares.

3. The decrease of 19 thousand shares in the number of treasury shares of common shares is due to the disposal of treasury shares as restricted stock compensation.

2. Matters related to share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares underlying share acquisition rights	Number of shares underlying share acquisition rights				Amount at end of the fiscal year under review (millions of yen)
			Beginning of the fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	End of the fiscal year under review	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	44
Total		—	—	—	—	—	44

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 21, 2023	Common shares	991	28.00	March 31, 2023	June 22, 2023	Retained earnings
Board of Directors meeting on October 30, 2023	Common shares	780	22.00	September 30, 2023	November 30, 2023	Retained earnings

(2) Of dividends whose record date is in the fiscal year under review, those whose effective date in the next fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 20, 2024	Common shares	780	22.00	March 31, 2024	June 21, 2024	Retained earnings

(Consolidated statement of cash flows)***1 Cash and cash equivalents at the end of the fiscal year and their relationships with items in the consolidated balance sheets**

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash and deposit account	27,264	23,933
Time deposits whose deposit period is more than three months	(614)	(322)
Cash and cash equivalents	26,650	23,610

2 Major non-cash transactions

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Increase in assets and liabilities due to new finance lease transactions	535	2,681

(Segment information)

a. Segment information

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company formulates comprehensive global integrated logistics strategies and operates logistics and material sales businesses for electronic component-related companies in Japan and overseas, as well as the logistics business for consumers in Japan.

Accordingly, the Company has three reportable segments: "electronic components logistics business," "material sales business," and "consumer products logistics business."

The electronic components logistics business is engaged in the transport, warehousing, and forwarding of electronic components cargo in Japan and overseas. The material sales business is engaged in the sale of packaging materials, molding materials, and electronic devices. The consumer products logistics business is engaged in the transport, warehousing, and distribution processing of consumer products in Japan.

2. Calculation methodology for net sales, profits or losses, assets and liabilities and other items for each reportable segment

The accounting treatment of each operating segment reported is in line with the treatment used in the preparation of the consolidated financial statements.

Segment profit as reported in this section is based on operating profit.

Corporate assets are not allocated to each operating segment. Depreciation of corporate assets is allocated to each operating segment based on the sales ratio and other factors.

3. Information on net sales, profits or losses, assets and liabilities and other items for each reportable segment

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment				Adjustment (Notes) 1	Per consolidated financial statements (Notes) 2
	Electronic components logistics business	Material sales business	Consumer products logistics business	Total		
Net sales						
Net sales from external customers	69,392	24,016	27,756	121,165	—	121,165
Transactions with other segments	—	—	—	—	—	—
Total	69,392	24,016	27,756	121,165	—	121,165
Segment profit	5,728	1,038	1,277	8,043	—	8,043
Segment assets	59,752	8,344	18,482	86,579	10,704	97,283
Other items						
Depreciation	3,386	104	927	4,418	—	4,418
Increase in property, plant and equipment, and intangible assets	3,223	10	498	3,731	694	4,426

(Notes) 1 Adjustments are as follows:

- (1) The adjustment of ¥10,704 million for segment assets represents corporate assets that are not allocated to each reportable segment.
- (2) The adjustment of ¥694 million for increase in property, plant and equipment and intangible assets represents increase in corporate assets.

2 Segment profit is the same as operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment				Adjustment (Note) 1	Per consolidated financial statements (Note) 2
	Electronic components logistics business	Material sales business	Consumer products logistics business	Total		
Net sales						
Net sales from external customers	62,427	27,483	28,933	118,844	—	118,844
Transactions with other segments	—	—	—	—	—	—
Total	62,427	27,483	28,933	118,844	—	118,844
Segment profit	3,204	1,132	1,242	5,578	—	5,578
Segment assets	64,663	8,724	18,816	92,204	10,316	102,521
Other items						
Depreciation	3,837	104	1,008	4,950	—	4,950
Increase in property, plant and equipment, and intangible assets	9,451	12	900	10,363	672	11,035

(Notes) 1 Adjustments are as follows:

- (1) The adjustment of ¥10,316 million for segment assets represents corporate assets that are not allocated to each reportable segment.
- (2) The adjustment of ¥672 million for increase in property, plant and equipment and intangible assets represents increase in corporate assets.

2 Segment profit is the same as operating profit in the consolidated financial statements.

b. Related information

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by product or service

Information is omitted since it is described in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	North America	Other	Total
69,355	27,259	11,614	12,936	121,165

(Notes) 1 Net sales are classified based on the location of customers.

2 Major areas included in the "Other" category
Asia (excluding Japan and China), Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
32,846	7,834	40,680

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment
ALPS ALPINE CO., LTD.	10,343	Electronic components logistics business and material sales business

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product or service

Information is omitted since it is described in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	North America	Other	Total
68,923	22,596	12,048	15,276	118,844

(Notes) 1 Net sales are classified based on the location of customers.

2 Major areas included in the "Other" category
Asia (excluding Japan and China), Europe

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
36,348	11,045	47,394

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment
ALPS ALPINE CO., LTD.	8,302	Electronic components logistics business and material sales business

c. Information on impairment loss in non-current assets by reportable segment

Not applicable.

d. Information on amortization of goodwill and unamortized balance by reportable segment

Not applicable.

e. Information on gain on bargain purchase by reportable segment

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net assets per share	1,618.10	1,710.41
Basic earnings per share	142.08	100.71
Diluted earnings per share	141.75	100.51

(Note) 1 Basis for calculation of net assets per share is as follows:

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Total net assets (millions of yen)	62,257	65,506
Amounts subtracted from total net assets (millions of yen):	4,933	4,854
(Share acquisition rights (millions of yen))	(53)	(44)
(Non-controlling interests (millions of yen))	(4,879)	(4,809)
Net assets related to common shares at the end of period (millions of yen)	57,324	60,652
Number of common shares at the end of period used for calculating the amounts of net assets per share (thousands of shares)	35,426	35,460

2 Basis for calculation of basic earnings per share and diluted earnings per share are as follows:

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	5,032	3,570
Amount not attributable to owners of common shares (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	5,032	3,570
Average number of common shares during the period (thousands of shares)	35,419	35,452
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (millions of yen)	—	—
Increase in the number of common shares (thousands of shares)	83	72
(Share acquisition rights (thousands of shares))	(83)	(72)
Outline of potential shares that are not included in the calculation of the diluted earnings per share because they do not have any diluting effects	—	—

(Significant subsequent events)

(Tender Offer)

Regarding the tender offer (“Tender Offer”) for the Company’s shares (“Company Shares”) and the Share Options (as defined in “(ii) Share options” , “(2) Purchase price” of “2. Overview of the Tender Offer” below;

hereinafter the same) by LDEC, Ltd. (“Tender Offeror”), the Company resolved at its board of directors meeting held on May 9, 2024, as the Company’s opinion as of the same date, to the effect that, if the Tender Offer is commenced, it shall express its opinion in support of the Tender Offer, and recommend that the Company’s shareholders and the holders of the Share Options tender their shares in the Tender Offer.

The above resolution of the board of directors of the Company was passed on the assumption that, after the Tender Offeror conducts the Tender Offer and the series of subsequent procedures scheduled thereafter, the Company becomes a wholly-owned subsidiary and the Company Shares will be delisted.

1. Overview of the Tender Offeror

(1)	Name	LDEC, Ltd.
(2)	Location	2-9-2, Kyobashi, Chuo-ku, Tokyo
(3)	Title/name of representative	Kazuhiro Nishikawa, Representative Director
(4)	Type of business	Trade and any other business incidental or related to trade
(5)	Amount of Capital	5,000 yen
(6)	Date of foundation	April 30, 2024
(7)	Major shareholders and shareholding ratio	LOGISTEED, Ltd. (shareholding ratio: 100%)
(8)	Relationship between the Company and the Tender Offeror	
	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Applicable status of applicability to related parties	Not applicable.

2. Overview of the Tender Offer

(1) Period of the Tender Offer

The Tender Offer is expected to commence by mid-August 2024.

(2) Purchase price

(i) 5,774 yen per Company Share

(ii) Share options

- 1,154,600 yen per share option issued pursuant to the resolution of the Company’s board of directors meeting held on June 18, 2014 (“1st Series of Share Option”) (The exercise period is from July 24, 2014 to July 23, 2054.)
- 1,154,600 yen per share option issued pursuant to the resolution of the Company’s board of directors meeting held on June 17, 2015 (“2nd Series of Share Option”) (The exercise period is from July 23, 2015 to July 22, 2055.)
- 577,300 yen per share option issued pursuant to the resolution of the Company’s board of directors meeting held on June 21, 2016 (“3rd Series of Share Option”) (The exercise period is from July 16, 2016 to July 15, 2056.)
- 577,300 yen per share option issued pursuant to the resolution of the Company’s board of directors meeting held on June 21, 2017 (“4th Series of Share Option”) (The exercise period is from July 20, 2017 to July 19, 2057.)
- 577,300 yen per share option issued pursuant to the resolution of the Company’s board of directors meeting held on June 20, 2018 (“5th Series of Share Option”) (The exercise period is from July 21, 2018 to July 20, 2058.)

(The share options in 1) through 5) above are collectively referred to as “Share Option.”)

(3) Number of share certificates, etc. to be purchased

Number of Shares Planned to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
18,211,672 shares	6,368,200 shares	--shares

5. Non-consolidated financial statements and significant notes thereto**(1) Non-consolidated balance sheet**

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,528	6,703
Notes receivable - trade	710	846
Operating receivable	8,219	8,574
Merchandise	1,056	1,014
Supplies	29	29
Prepaid expenses	233	211
Other	1,939	2,188
Allowance for doubtful accounts	(1)	(1)
Total current assets	19,716	19,565
Non-current assets		
Property, plant and equipment		
Buildings	7,326	11,293
Structures	273	504
Machinery and equipment	640	960
Vehicles	209	321
Tools, furniture and fixtures	237	267
Land	15,630	16,449
Leased assets	–	68
Construction in progress	2,141	211
Total property, plant and equipment	26,460	30,076
Intangible assets		
Software	3,215	3,192
Other	31	51
Total intangible assets	3,247	3,243
Investments and other assets		
Investment securities	177	277
Shares of subsidiaries and associates	5,122	5,545
Investments in capital of subsidiaries and associates	1,572	1,572
Long-term loans receivable from subsidiaries and associates	1,671	3,257
Deferred tax assets	571	549
Other	468	583
Allowance for doubtful accounts	(0)	(1)
Total investments and other assets	9,583	11,785
Total non-current assets	39,291	45,106
Total assets	59,007	64,671

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trade accounts payable	7,503	9,326
Short-term borrowings	1,850	3,950
Current portion of long-term borrowings	900	—
Accounts payable - other	988	1,141
Accrued expenses	587	685
Income taxes payable	653	413
Deposits received	195	210
Provision for bonuses	978	900
Other	14	6
Total current liabilities	13,671	16,635
Non-current liabilities		
Long-term borrowings	4,200	5,100
Provision for retirement benefits	171	174
Asset retirement obligations	66	76
Other	8	3
Total non-current liabilities	4,447	5,354
Total liabilities	18,119	21,989
Net assets		
Shareholders' equity		
Share capital	2,349	2,353
Capital surplus		
Legal capital surplus	2,029	2,034
Other capital surplus	18	33
Total capital surplus	2,048	2,067
Retained earnings		
Legal retained earnings	307	307
Other retained earnings		
General reserve	14,350	14,350
Retained earnings brought forward	21,767	23,462
Total retained earnings	36,424	38,119
Treasury shares	(33)	(19)
Total shareholders' equity	40,788	42,521
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	46	115
Total valuation and translation adjustments	46	115
Share acquisition rights	53	44
Total net assets	40,888	42,681
Total liabilities and net assets	59,007	64,671

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	51,261	53,735
Cost of sales	43,851	46,395
Gross profit	7,409	7,339
Selling, general and administrative expenses	4,795	5,089
Operating profit	2,614	2,250
Non-operating income		
Interest income	72	92
Dividend income	697	1,661
Foreign exchange gains	366	481
Commission income	95	—
Miscellaneous income	35	136
Total non-operating income	1,268	2,371
Non-operating expenses		
Interest expenses	20	30
Commission expenses	—	74
Miscellaneous expenses	2	2
Total non-operating expenses	22	107
Ordinary profit	3,859	4,514
Extraordinary income		
Gain on sale of non-current assets	2	2
Gain on sale of investment securities	0	—
Subsidy income	0	2
Income insurance	—	0
Total extraordinary income	3	5
Extraordinary losses		
Loss on sale and retirement of non-current assets	30	44
Loss on disaster	85	—
Loss on tax purpose reduction entry of non-current assets	0	2
Total extraordinary losses	116	47
Profit before income taxes	3,746	4,472
Income taxes - current	1,105	1,013
Income taxes - deferred	(59)	(8)
Total income taxes	1,046	1,004
Profit	2,700	3,467

(3) Non-consolidated statement of changes in equity**Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,349	2,029	8	2,038	307	14,350	20,235	34,893
Changes during period								
Dividends of surplus							(1,168)	(1,168)
Profit							2,700	2,700
Disposal of treasury shares			10	10				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	10	10	—	—	1,531	1,531
Balance at end of period	2,349	2,029	18	2,048	307	14,350	21,767	36,424

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(50)	39,229	7	7	53	39,290
Changes during period						
Dividends of surplus		(1,168)				(1,168)
Profit		2,700				2,700
Disposal of treasury shares	17	28				28
Net changes in items other than shareholders' equity			38	38	—	38
Total changes during period	17	1,559	38	38	—	1,598
Balance at end of period	(33)	40,788	46	46	53	40,888

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,349	2,029	18	2,048	307	14,350	21,767	36,424
Changes during period								
Issuance of new shares - exercise of share acquisition rights	4	4		4				
Dividends of surplus							(1,772)	(1,772)
Profit							3,467	3,467
Purchase of treasury shares								
Disposal of treasury shares			14	14				
Net changes in items other than shareholders' equity								
Total changes during period	4	4	14	19	—	—	1,695	1,695
Balance at end of period	2,353	2,034	33	2,067	307	14,350	23,462	38,119

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(33)	40,788	46	46	53	40,888
Changes during period						
Issuance of new shares - exercise of share acquisition rights		9			(9)	0
Dividends of surplus		(1,772)				(1,772)
Profit		3,467				3,467
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	13	28				28
Net changes in items other than shareholders' equity			69	69	—	69
Total changes during period	13	1,732	69	69	(9)	1,793
Balance at end of period	(19)	42,521	115	115	44	42,681

6. Other

(1) Changes in Directors (Scheduled date of appointment: June 20, 2024)

Candidate for new Representative Director

Representative Director Hideaki Terasaki (present Director, Senior Vice President, Business Division, Japan, Europe and North America and Quality & Environment Assurance)

*For change in the Representative Director, please see the “Notice Regarding Change in Representative Directors” announced on May 9

(2) Changes in Vice Presidents (Scheduled date of appointment/retirement: June 20, 2024)

1) Newly promoted Vice President

Chairman of the Board
President

Masaru Usui (present Representative Director, President)

Hideaki Terasaki (present Director, Senior Vice President, Business Division, Japan, Europe and North America and Quality & Environment Assurance)

Senior Vice President

Yukitake Kurita (present Vice President, Business Division, International Business and Asia)

2) Newly appointed Vice President

Vice President

Kazuhiro Takeuchi (present General Manager, Deputy of BU of Business Division)

Vice President

Mitsuhiro Ishikawa (present General Manager, Division No. 1, of Domestic Business Division)

3) Retiring Vice President

Executive Vice President
Vice President

Koji Fukiyama

Takashi Kanda