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MEMBERSHIP

October 28, 2021

## Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: ALPS LOGISTICS CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 9055  
 URL: <https://www.alps-logistics.com/en/ir/>  
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 Scheduled date to file quarterly securities report: November 9, 2021  
 Scheduled date to commence dividend payments: November 30, 2021  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	56,130	25.4	3,200	119.9	2,958	104.1	1,710	114.5
September 30, 2020	44,765	(12.6)	1,455	(29.5)	1,449	(25.5)	797	(35.0)

Note: Comprehensive income For the six months ended September 30, 2021: ¥2,301 million [102.0%]  
 For the six months ended September 30, 2020: ¥1,139 million [74.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	48.33	48.21
September 30, 2020	22.54	22.49

#### (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
September 30, 2021	85,043	56,558	59.6	1,431.96
March 31, 2021	84,699	55,224	58.2	1,394.23

Reference: Equity

As of September 30, 2021: ¥50,693 million  
 As of March 31, 2021: ¥49,329 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	10.00	—	15.00	25.00
Fiscal year ending March 31, 2022	—	13.00			
Fiscal year ending March 31, 2022 (Forecast)			—	13.00	26.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of year-end dividend for the fiscal year ended March 31, 2021:

Ordinary dividend: ¥10.00

Memorial dividend: ¥5.00

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	105,200	4.6	4,800	1.6	4,700	(4.6)	2,800	(3.5)	79.14

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

Note: For more details, please refer to the section of “(4) Notes to the quarterly consolidated financial statements, Change in accounting policies” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 9 of the attached material.

**(4) Number of issued shares (common stock)**

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

As of September 30, 2021	35,474,400 shares
As of March 31, 2021	35,474,400 shares

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

As of September 30, 2021	72,956 shares
As of March 31, 2021	93,256 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	35,389,602 shares
Six months ended September 30, 2020	35,367,377 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

The forward-looking statements, including the earnings forecasts shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

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## 1. Qualitative information on quarterly financial statements

### (1) Explanation of operating results

During the six months ended September 30, 2021 (April-September, 2021), global economy continued to experience a significant impact from the novel coronavirus (COVID-19), but in Europe and the United States business conditions continued to recover due to the spread of vaccines, relaxation of restrictions on activities, and economic measures, among other factors. On the other hand, the pace of recovery has been slow, partly due to supply constraints, such as disruption to logistics and supply chains in conjunction with a surge in demand and production adjustments at plants due to a shortage of semiconductors. In Japan, the service industry was held up as the state of emergency declaration grew prolonged, but the manufacturing industry performed solidly, primarily in exports.

In this business environment, the Company developed adequate countermeasures to prevent the spread of COVID-19, and worked to improve services in order to respond to changes in customers' supply chains while complying with different regulations in each country around the world.

The fiscal year ending March 2022 is the third and final year of the Fourth Medium-Term Business Plan. This year, the Company is steadily promoting the following strategies and measures, aiming to "return to a growth trajectory."

- (i) GTB (Get The Business / Expansion of markets and products): Enhance hub functions and network. Expand business for components of automobile and industrial machinery. Strengthen service competitiveness aligned to target markets and regions.
- (ii) GTP (Get The Profit / Improvement of direct and indirect productivity): Upgrade IT/automation/TIE system and expand their adoption. Make strategic investments focusing on capital efficiency. Upgrade improvement activities.
- (iii) GTC (Get The Confidence / The company of choice): Improve levels of employee skill and satisfaction. Improve QC mindset and establish a quality assurance system. Strengthen ESG initiatives.

Financial results for the six months ended September 30, 2021 showed ¥56,130 million in net sales (up 25.4% year on year), ¥3,200 million in operating profit (up 119.9%), ¥2,958 million in ordinary profit (up 104.1%) and ¥1,710 million in profit attributable to owners of parent (up 114.5%).

#### Overview of segments

##### (i) Electronic components logistics business

In the electronic components industry, which is the main customer of this business, there is increasing demand for telecommunication and IT devices, amid trends in IoT, 5G, and DX. In the automobile related business also, a trend towards adopting electronic systems and electric vehicles (EVs) is driving an increase in demand for electronic components. Meanwhile, it is currently difficult to project the impact on freight handling volume, partly due to production adjustments by manufacturers in conjunction with the present shortage of semiconductors.

The Company continued from the previous fiscal year to expand its business by focusing on the two aspects of region (area) and market/customer. The area strategy is to set up satellite hubs in existing areas of operations such as Japan and China, while setting up hubs and a network in India, Eastern Europe, and so forth. The market/customer strategy is to focus on expanding customers among the mainstay electronic components manufacturers and trading companies, as well as customers in the automotive and industrial machinery-related industries.

Looking at the financial results for the six months ended September 30, 2021, net sales increased across all businesses: warehousing, transportation, and forwarding, mainly in Japan. Furthermore, the Company implemented initiatives to increase productivity, such as reorganizing the main line network in Japan, promoting the use of IT in warehousing business, and streamlining its loading and unloading operations, resulting in growth in sales and profits.

Financial results for this segment showed ¥30,918 million in net sales (up 34.4% year on year) and ¥2,187 million in operating profit (up 217.6%).

## (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 sales proposals for electronic devices with integrated procurement and logistics, as well as proposal of packing materials aimed at improving logistics.

During the six months ended September 30, 2021, sales and profits both increased, reflecting a rebound in demand, which had fallen in the same period of the previous fiscal year, as well as increased sales in relation to telecommunication and IT equipment and automotive components in areas such as Japan, China and North America.

Financial results for this segment showed ¥11,646 million in net sales (up 38.9% year on year) and ¥389 million in operating profit (up 111.4%).

## (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 provided by retail companies, 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 medical and cosmetics, as well as expand the consumer cooperative delivery business.

In the six months ended September 30, 2021, there was the contribution of the newly started medical-related services, and demand for mail order sales and delivery services remained steady at a high level reflecting continuation of lifestyles involving long periods spent at home. Also, notwithstanding the increasing costs, such as personnel and fuel expenses, efforts to increase efficiency through automation and to reduce various expenses, and as a result, sales and profits increased.

Financial results for this segment showed ¥13,564 million in net sales (up 1.5% year on year) and ¥623 million in operating profit (up 7.0%).

**(2) Explanation of financial position**

## (i) Assets, liabilities and net assets

Compared with the end of the previous fiscal year, assets, liabilities and net assets at the end of the second quarter of the fiscal year ending March 31, 2022 are as follows.

For assets, current assets increased by ¥683 million, mainly due to an increase of cash and deposits, despite a decrease of trade notes and accounts receivable. Non-current assets decreased by ¥338 million, mainly reflecting the acquisition of property, plant and equipment falling within the scope of depreciation. As a result, total assets were ¥85,043 million, an increase of ¥344 million compared with the end of the previous fiscal year.

For liabilities, current liabilities decreased by ¥1,081 million, mainly due to a decrease of trade accounts payable. Non-current liabilities increased by ¥92 million, due to increases of retirement benefit liability and other, despite a decrease of long-term borrowings. As a result, total liabilities were ¥28,485 million, a decrease of ¥989 million compared with the end of the previous fiscal year.

Net assets increased by ¥1,333 million from the end of the previous fiscal year to ¥56,558 million, mainly reflecting an increase due to securing profits, partially offset by the payment of dividends and other factors.

Equity-to-asset ratio was 59.6%, an increase of 1.4 percentage points compared with the end of the previous fiscal year.

## (ii) Cash flows

Cash and cash equivalents at the end of the second quarter of the fiscal year ending March 31, 2022 amounted to ¥20,627 million, an increase of ¥1,018 million compared with the end of the previous fiscal year.

*Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥3,445 million (increase of ¥1,062 million in net cash provided compared with the same period of the previous fiscal year), mainly due to the recording of ¥2,952 million in profit before income taxes.

*Cash flows from investing activities*

Net cash used in investing activities amounted to ¥762 million (decrease of ¥632 million in net cash used compared with the same period of the previous fiscal year). Major uses of cash were purchases of property, plant and equipment and intangible assets to improve productivity.

*Cash flows from financing activities*

Net cash used in financing activities amounted to ¥1,794 million (increase of ¥494 million in net cash used compared with the same period of the previous fiscal year). Major uses of cash were ¥530 million in dividends paid, ¥457 million in dividends paid to non-controlling interests and ¥739 million in repayments of lease obligations.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

The global economy is expected to continue on a recovery trend, centered mainly on the manufacturing industry. However, there are many causes for uncertainty, such as concerns over inflation in the United States, a slowdown in growth in China, and the impact of COVID-19. The pace of recovery seems likely to be varied by area and industry. Furthermore, in the electronic components industry, which is the Company's main customer, growth is expected mainly in telecommunications and IT equipment, as well as electronics for automobiles. On the other hand, there are concerns regarding production adjustments due to the shortage of semiconductors, which makes it difficult to project the Company's cargo handling volume.

The consolidated earnings forecasts for the fiscal year ending March 31, 2022 have not changed from the forecast disclosed in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2021" on April 30, 2021.

**2. Quarterly consolidated financial statements and significant notes thereto****(1) Quarterly consolidated balance sheet**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	20,562	21,540
Trade notes and accounts receivable	17,970	17,171
Merchandise	1,607	1,894
Other	2,459	2,679
Allowance for doubtful accounts	(14)	(15)
Total current assets	42,586	43,269
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,062	11,618
Land	16,781	16,736
Other, net	7,032	6,948
Total property, plant and equipment	35,875	35,303
Intangible assets		
Other	3,769	3,806
Total intangible assets	3,769	3,806
Investments and other assets		
Investment securities	102	106
Other	2,365	2,558
Allowance for doubtful accounts	(0)	(1)
Total investments and other assets	2,466	2,664
Total non-current assets	42,112	41,774
Total assets	84,699	85,043
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	12,082	11,009
Short-term borrowings	2,050	2,050
Income taxes payable	1,006	971
Provision for bonuses	1,812	1,974
Provision for bonuses for directors	—	22
Other	5,133	4,974
Total current liabilities	22,084	21,003
Non-current liabilities		
Long-term borrowings	1,121	1,055
Provision for retirement benefits for directors	27	30
Retirement benefit liability	1,517	1,564
Other	4,722	4,832
Total non-current liabilities	7,389	7,481
Total liabilities	29,474	28,485



	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	2,349	2,349
Capital surplus	1,993	1,999
Retained earnings	44,484	45,664
Treasury shares	(65)	(50)
Total shareholders' equity	48,762	49,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(3)
Foreign currency translation adjustment	672	821
Remeasurements of defined benefit plans	(98)	(86)
Total accumulated other comprehensive income	567	731
Share acquisition rights	53	53
Non-controlling interests	5,842	5,811
Total net assets	55,224	56,558
Total liabilities and net assets	84,699	85,043

**(2) Quarterly consolidated statement of income and comprehensive income**  
**For the six months ended September 30, 2020 and 2021**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	44,765	56,130
Cost of sales	39,887	49,275
Gross profit	4,878	6,854
Selling, general and administrative expenses	3,422	3,654
Operating profit	1,455	3,200
Non-operating income		
Interest income	31	33
Dividend income	1	2
Subsidy income	132	23
Other	72	55
Total non-operating income	238	114
Non-operating expenses		
Interest expenses	129	117
Foreign exchange losses	89	177
Other	24	60
Total non-operating expenses	243	355
Ordinary profit	1,449	2,958
Extraordinary income		
Gain on sale of non-current assets	2	6
Total extraordinary income	2	6
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	12
Total extraordinary losses	6	12
Profit before income taxes	1,445	2,952
Income taxes - current	526	1,003
Income taxes - deferred	(85)	(112)
Total income taxes	440	890
Profit	1,005	2,061
Profit attributable to		
Profit attributable to owners of parent	797	1,710
Profit attributable to non-controlling interests	208	351
Other comprehensive income		
Valuation difference on available-for-sale securities	5	2
Foreign currency translation adjustment	113	221
Remeasurements of defined benefit plans, net of tax	15	14
Total other comprehensive income	134	239
Comprehensive income	1,139	2,301
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	892	1,874
Comprehensive income attributable to non-controlling interests	246	426

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,445	2,952
Depreciation	1,698	1,788
Decrease (increase) in trade receivables	820	856
Decrease (increase) in inventories	289	(261)
Increase (decrease) in trade payables	(2,293)	(1,123)
Increase (decrease) in other liabilities	94	(66)
Other, net	927	350
Subtotal	2,983	4,496
Interest and dividends received	34	35
Interest paid	(130)	(118)
Income taxes paid	(503)	(974)
Other, net	—	6
Net cash provided by (used in) operating activities	2,382	3,445
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,061)	(259)
Proceeds from sale of property, plant and equipment	10	5
Purchase of intangible assets	(413)	(435)
Other, net	69	(72)
Net cash provided by (used in) investing activities	(1,394)	(762)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	—	(66)
Repayments of lease obligations	(734)	(739)
Purchase of treasury shares of subsidiaries	(35)	—
Dividends paid	(353)	(530)
Dividends paid to non-controlling interests	(176)	(457)
Other, net	0	—
Net cash provided by (used in) financing activities	(1,299)	(1,794)
Effect of exchange rate change on cash and cash equivalents	55	130
Net increase (decrease) in cash and cash equivalents	(256)	1,018
Cash and cash equivalents at beginning of period	16,646	19,609
Cash and cash equivalents at end of period	16,389	20,627

**(4) Notes to the quarterly consolidated financial statements****Notes on premise of going concern**

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

Not applicable.

**Change in accounting policies**

*Application of accounting standard for revenue recognition, etc.*

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result, in subcontract processing with supply of materials for value, the revenue related to transfer of supplied goods is not recognized, and in cases where the Company has a performance obligation to arrange the supply of a promised good or service to the customer by another provider as an agent, revenue is recognized in the net amount.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2022, and thus the new accounting policy was applied from such opening balance. There is no effect on the opening balance of retained earnings.

For the six months ended September 30, 2021, as a result of this change, and compared with the figures obtained by the previous accounting treatment, net sales and cost of sales each decreased by ¥118 million.

*Application of accounting standard for fair value measurement, etc.*

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatments provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect on the quarterly consolidated financial statements.

**Segment information****I. For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)**

The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segment				Adjustment	Per quarterly consolidated financial statements (Note)
	Electronic components logistics business	Material sales business	Consumer products logistics business	Total		
Net sales						
Net sales from external customers	23,012	8,387	13,364	44,765	—	44,765
Transactions with other segments	—	—	—	—	—	—
Total	23,012	8,387	13,364	44,765	—	44,765
Segment profit	688	184	582	1,455	—	1,455

(Note) Segment profit is the same as operating profit in the quarterly consolidated financial statements.

**II. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)**

The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segment				Adjustment	Per quarterly consolidated financial statements (Note)
	Electronic components logistics business	Material sales business	Consumer products logistics business	Total		
Net sales						
Net sales from external customers	30,918	11,646	13,564	56,130	—	56,130
Transactions with other segments	—	—	—	—	—	—
Total	30,918	11,646	13,564	56,130	—	56,130
Segment profit	2,187	389	623	3,200	—	3,200

(Notes) 1. Segment profit is the same as operating profit in the quarterly consolidated financial statements.

2. As described in “Change in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments. For the first six months ended September 30, 2021, as a result of this change, and compared with the figures obtained by the previous method, net sales of the material sales business decreased by ¥118 million.