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MEMBERSHIP

January 31, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

Company name: ALPS LOGISTICS CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 9055
 URL: <https://www.alps-logistics.com/jp/ir/> (in Japanese only)
 Representative: Masaru Usui, Representative Director, President
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 Scheduled date to file quarterly securities report: February 8, 2023
 Scheduled date to commence dividend payments: –
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	93,235	9.2	6,695	41.4	7,346	60.7	4,240	59.4
December 31, 2021	85,375	17.9	4,734	46.6	4,572	41.8	2,660	39.6

Note: Comprehensive income For the nine months ended December 31, 2022: ¥5,229 million [32.6%]
 For the nine months ended December 31, 2021: ¥3,944 million [50.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	119.72	119.44
December 31, 2021	75.16	74.99

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	96,194	61,012	58.6	1,591.58
March 31, 2022	92,020	59,709	57.7	1,500.21

Reference: Equity
 As of December 31, 2022: ¥56,384 million
 As of March 31, 2022: ¥53,109 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, 2022	–	13.00	–	17.00	30.00
Fiscal year ending March 31, 2023	–	16.00	–		
Fiscal year ending March 31, 2023 (Forecast)				28.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	121,500	6.8	7,800	29.5	8,450	37.0	4,900	36.2	138.35

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

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

(4) Number of issued shares (common stock)

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

As of December 31, 2022	35,474,400 shares
As of March 31, 2022	35,474,400 shares

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

As of December 31, 2022	47,488 shares
As of March 31, 2022	72,988 shares

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

Nine months ended December 31, 2022	35,416,995 shares
Nine months ended December 31, 2021	35,393,550 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 nine months ended December 31, 2022 (April-December 2022), with regard to the global economy, the US economy saw firm personal consumption and capital investment, but showed a trend of an economic slowdown due to effects of monetary tightening implemented to address inflation. In Europe also, business activity is observed to be slowing, mainly due to a lull in consumption caused by high inflation. In China, growth has slowed on account of weak internal demand, mainly due to the confusion surrounding the strengthening and relaxing of COVID-19 regulations, and decreased imports and exports. In Japan, the economy maintained positive growth boosted by the consumption of services switching to recovery, which was supported by government policy targeting COVID-19, despite the slowdown in the overseas economy and the suppressing effect from rising prices.

In this business environment, the Company responded to regulations to countermeasures against COVID-19 that are different by each region around the world, and took steps to improve services and extend sales to new customers in order to respond to changes in customers' supply chains in each country.

The Company has started the three-year Fifth Medium-Term Business Plan from the fiscal year ending March 2023. We have set our basic policy as "earth and society friendly, pursuit and evolution of optimal logistics," with the aim of contributing to solving social issues through the logistics business, while continuing to facilitate pursuit of optimal logistics for each customer in line with our corporate philosophy.

Beginning in the fiscal year ending March 2023, which serves as the initial fiscal year of the medium-term business plan, we have been making efforts to expand our business on a global scale by promoting the following strategies and measures.

- (i) GTB (Get The Business / Expansion of markets and products):
Expand business domains, enhance global network, and expand cooperative creation and alliance systems.
- (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 nine months ended December 31, 2022 were total net sales of ¥93,235 million (up 9.2% year on year), operating profit of ¥6,695 million (up 41.4% year on year), ordinary profit of ¥7,346 million (up 60.7% year on year), which achieved a significant increase due in part to the effects of yen depreciation, and profit attributable to owners of parent of ¥4,240 million (up 59.4% year on year).

Overview of segments

(i) Electronic components logistics business

In the electronic components industry, which is the main customer of this business, although there was a continuation of firm demand for use in the automotive components industry, for which shortages are being resolved for components such as semiconductors, demand for use in the telecommunications and IT components industry was at a standstill due to a decrease in sales of smartphones and computers.

During the nine months ended December 31, 2022, net sales increased due to ongoing high levels of forwarding-related demand, such as emergency air freight handling, despite an easing trend of tight situation of space in both air and marine transportation, as well as the effects of expanding sales to new customers. Despite effects of deteriorating efficiency associated with lower freight handling volume in Japan and other factors, the impact of the increase in net sales, our steps to improve productivity, and the effects of yen depreciation, resulted in higher profit.

Financial results for this segment showed ¥53,582 million in net sales (up 12.8% year on year) and ¥4,736 million in operating profit (up 54.5%).

(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 proposal of packing materials aimed at improving logistics.

During the nine months ended December 31, 2022, net sales increased due to an increase in sales of molding materials and electronic devices in the business of telecommunications and IT equipment for China and other factors. Meanwhile, profits increased due to the impact of the increase in revenue and improvement in the cost of sales ratio combined with effects of yen depreciation.

Financial results for this segment showed ¥18,642 million in net sales (up 7.8% year on year) and ¥951 million in operating profit (up 64.7%).

(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.

During the nine months ended December 31, 2022, the stay-at-home demand that arose following the spread of COVID-19 faded and there was a small decline in the volume of delivery-related services. However, net sales increased mainly due to an expansion of EC-related services through efforts to extend sales to new customers. Higher costs driven by factors such as warehouse repair, depreciation, and expenses associated with establishing new hubs resulted in lower profit.

Financial results for this segment showed ¥21,010 million in net sales (up 2.1% year on year) and ¥1,007 million in operating profit (down 7.7%).

(2) Explanation of financial position

Compared with the end of the previous fiscal year, assets, liabilities and net assets at the end of the third quarter of the fiscal year ending March 31, 2023 are as follows.

For assets, current assets increased by ¥4,844 million, mainly due to increases of cash and deposits and trade notes and accounts receivable. Non-current assets decreased by ¥671 million, mainly reflecting the acquisition of property, plant and equipment falling within the scope of depreciation. As a result, total assets were ¥96,194 million, an increase of ¥4,173 million compared with the end of the previous fiscal year.

For liabilities, current liabilities decreased by ¥492 million, mainly due to a decrease of provision for bonuses, despite an increase of trade accounts payable. Non-current liabilities increased by ¥3,363 million, mainly due to an increase of long-term borrowings. As a result, total liabilities were ¥35,181 million, an increase of ¥2,870 million compared with the end of the previous fiscal year.

Net assets increased by ¥1,302 million from the end of the previous fiscal year to ¥61,012 million, mainly reflecting an increase due to securing profits, partially offset by the payment of dividends and other factors.

Equity-to-asset ratio was 58.6%, an increase of 0.9 percentage points compared with the end of the previous fiscal year.

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

Consolidated earnings for the fiscal year ending March 31, 2023 are expected to exceed forecasts due to yen depreciation progressing more than expected for foreign exchange rates up to the third quarter and shipments for international cargo having remained firm in the electronic components logistics business as well as the reduction of fixed costs progressing due to initiatives to increase productivity.

The consolidated earnings forecasts for the fiscal year ending March 31, 2023, have been revised as disclosed in the “Announcement on Revisions to Financial Forecasts and Dividend Forecasts for the Fiscal Year Ending March 31, 2023,” issued on January 31, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	22,745	26,005
Trade notes and accounts receivable	17,691	19,211
Merchandise	2,152	2,094
Other	2,531	2,655
Allowance for doubtful accounts	(18)	(19)
Total current assets	45,101	49,946
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,760	12,771
Land	17,966	17,995
Other, net	10,480	8,780
Total property, plant and equipment	40,208	39,547
Intangible assets		
Other	3,871	3,837
Total intangible assets	3,871	3,837
Investments and other assets		
Investment securities	122	167
Other	2,718	2,695
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	2,839	2,862
Total non-current assets	46,919	46,247
Total assets	92,020	96,194
Liabilities		
Current liabilities		
Trade accounts payable	11,525	11,903
Short-term borrowings	2,056	2,051
Income taxes payable	1,183	656
Provision for bonuses	1,777	1,073
Provision for bonuses for directors	–	20
Other	6,400	6,745
Total current liabilities	22,943	22,451
Non-current liabilities		
Long-term borrowings	988	5,100
Provision for retirement benefits for directors	33	36
Retirement benefit liability	1,767	1,854
Other	6,577	5,740
Total non-current liabilities	9,367	12,730
Total liabilities	32,311	35,181

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	2,349	2,349
Capital surplus	1,999	2,030
Retained earnings	47,092	50,163
Treasury shares	(50)	(33)
Total shareholders' equity	51,389	54,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	39
Foreign currency translation adjustment	1,862	1,979
Remeasurements of defined benefit plans	(150)	(144)
Total accumulated other comprehensive income	1,719	1,875
Share acquisition rights	53	53
Non-controlling interests	6,547	4,573
Total net assets	59,709	61,012
Total liabilities and net assets	92,020	96,194

(2) Quarterly consolidated statement of income and comprehensive income
For the nine months ended December 31, 2021 and 2022

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	85,375	93,235
Cost of sales	75,127	80,746
Gross profit	10,248	12,488
Selling, general and administrative expenses	5,513	5,793
Operating profit	4,734	6,695
Non-operating income		
Interest income	47	63
Dividend income	4	6
Foreign exchange gains	–	522
Other	124	279
Total non-operating income	176	871
Non-operating expenses		
Interest expenses	174	200
Foreign exchange losses	97	–
Other	66	20
Total non-operating expenses	338	220
Ordinary profit	4,572	7,346
Extraordinary income		
Gain on sale of non-current assets	8	3
Gain on sale of investment securities	–	0
Total extraordinary income	8	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	45	19
Loss on disaster	–	85
Total extraordinary losses	45	104
Profit before income taxes	4,534	7,245
Income taxes - current	1,083	1,776
Income taxes - deferred	275	351
Total income taxes	1,358	2,127
Profit	3,176	5,117
Profit attributable to		
Profit attributable to owners of parent	2,660	4,240
Profit attributable to non-controlling interests	515	877
Other comprehensive income		
Valuation difference on available-for-sale securities	13	31
Foreign currency translation adjustment	731	51
Remeasurements of defined benefit plans, net of tax	22	27
Total other comprehensive income	767	111
Comprehensive income	3,944	5,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,212	4,395
Comprehensive income attributable to non-controlling interests	731	833

(3) 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.

Segment information

I. For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	47,510	17,290	20,574	85,375	–	85,375
Transactions with other segments	–	–	–	–	–	–
Total	47,510	17,290	20,574	85,375	–	85,375
Segment profit	3,065	577	1,091	4,734	–	4,734

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

II. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

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	53,582	18,642	21,010	93,235	–	93,235
Transactions with other segments	–	–	–	–	–	–
Total	53,582	18,642	21,010	93,235	–	93,235
Segment profit	4,736	951	1,007	6,695	–	6,695

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