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MEMBERSHIP

July 28, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (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 to file quarterly securities report: August 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	28,833	(3.6)	1,419	(24.2)	1,830	(26.4)	1,032	(28.4)
June 30, 2022	29,905	5.8	1,872	3.1	2,487	50.3	1,443	52.4

Note: Comprehensive income For the three months ended June 30, 2023: ¥1,964 million [(28.0)%]
 For the three months ended June 30, 2022: ¥2,730 million [108.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	29.16	29.10
June 30, 2022	40.76	40.67

(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
June 30, 2023	99,181	62,740	58.5	1,637.92
March 31, 2023	97,283	62,257	58.9	1,618.10

Reference: Equity
 As of June 30, 2023: ¥58,049 million
 As of March 31, 2023: ¥57,324 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, 2023	—	16.00	—	28.00	44.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		22.00	—	22.00	44.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	60,000	(3.8)	2,950	(29.8)	2,550	(49.9)	1,600	(46.2)	45.16
Fiscal year ending March 31, 2024	123,000	1.5	6,700	(16.7)	6,200	(29.5)	3,800	(24.5)	107.26

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: 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 June 30, 2023	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 June 30, 2023	47,488 shares
As of March 31, 2023	47,488 shares

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

Three months ended June 30, 2023	35,429,279 shares
Three months ended June 30, 2022	35,401,412 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 three months ended June 30, 2023 (April-June 2023), with regard to the global economy, the US economy showed an overall trend of economic slowdown despite some areas, such as employment, being firm, and the European economy was at a standstill due to the impact of inflation and monetary tightening. In China, economic growth has slowed due to the stagnation of the real estate market and weak sales for durable goods, such as home appliances and automobiles. Although the Japanese economy has gradually recovered, mainly in the service industry due to the relaxation of restrictions on activities, the manufacturing industry has remained stagnant, mainly for exports due to the impact of factors such as global economic slowdown.

In this business environment, we will continue to follow our basic policy of “Earth and society friendly, pursuit and evolution of optimal logistics” and will promote the following strategies and policies to expand our business on a global scale in the current fiscal year, 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 three months ended June 30, 2023 showed ¥28,833 million in net sales (down 3.6% year on year), ¥1,419 million in operating profit (down 24.2%), ¥1,830 million in ordinary profit (down 26.4%) and ¥1,032 million in profit attributable to owners of parent (down 28.4%).

Overview of segments

(i) Electronic components logistics business

In the electronic components industry, which is the main customer of this business, although the production of automotive components was on a recovery trend due to the relaxing of the shortage of supply of components such as semiconductors, production of telecommunications and IT equipment such as computers and smartphones, for which demand is weak, has remained stagnant.

During the three months ended June 30, 2023, net sales decreased due to a decrease in cargo handling volume and other factors, but the Company focused on expanding sales to new customers in order to recover from this. Furthermore, the Company is working to make reductions in terms of costs by enhancing productivity. However, the impact of factors such as deteriorating efficiency associated with the stagnation of shipments and cost increases due to inflation resulted in lower profit.

Financial results for this segment showed ¥15,475 million in net sales (down 10.4% year on year) and ¥885 million in operating profit (down 26.9%).

(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 three months ended June 30, 2023, net sales increased due to an increase in sales of electronic devices for automotive components to North America. Meanwhile, profits decreased due to the impact of factors such as the rising cost of sales ratio.

Financial results for this segment showed ¥6,198 million in net sales (up 8.4% year on year) and ¥187 million in operating profit (down 20.4%).

(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, 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 three months ended June 30, 2023, net sales increased due to firm shipments for EC mail-order related services. Meanwhile, profits decreased due to increased costs driven by factors such as freight costs, rent and heating and lighting expenses.

Financial results for this segment showed ¥7,159 million in net sales (up 3.4% year on year) and ¥346 million in operating profit (down 18.7%).

(2) Explanation of financial position

Compared with the end of the previous fiscal year, assets, liabilities and net assets at the end of the first quarter of the fiscal year ending March 31, 2024 are as follows.

For assets, current assets increased by ¥770 million, mainly due to an increase of trade notes and accounts receivable, despite a decrease of cash and deposits. Non-current assets increased by ¥1,127 million, mainly due to an increase of property, plant and equipment. As a result, total assets were ¥99,181 million, an increase of ¥1,897 million compared with the end of the previous fiscal year.

For liabilities, current liabilities increased by ¥811 million, mainly due to an increase of trade accounts payable. Non-current liabilities increased by ¥602 million, mainly due to an increase of other including lease liabilities. As a result, total liabilities were ¥36,440 million, an increase of ¥1,414 million compared with the end of the previous fiscal year.

Net assets increased by ¥483 million from the end of the previous fiscal year to ¥62,740 million, mainly reflecting an increase due to securing profits, partially offset by the payment of dividends and other factors.

Equity-to-asset ratio was 58.5%, a decrease of 0.4 percentage points compared with the end of the previous fiscal year.

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2024 have not changed from the forecast disclosed in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2023" on April 28, 2023.

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

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	27,264	26,928
Trade notes and accounts receivable	17,578	18,294
Merchandise	1,968	2,054
Other	2,740	3,044
Allowance for doubtful accounts	(17)	(18)
Total current assets	49,534	50,304
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,609	12,511
Land	18,008	18,050
Other, net	10,062	10,906
Total property, plant and equipment	40,680	41,467
Intangible assets		
Other	3,862	3,872
Total intangible assets	3,862	3,872
Investments and other assets		
Investment securities	177	219
Other	3,029	3,317
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	3,206	3,536
Total non-current assets	47,749	48,876
Total assets	97,283	99,181
Liabilities		
Current liabilities		
Trade accounts payable	11,147	11,902
Short-term borrowings	2,918	2,891
Income taxes payable	1,262	585
Provision for bonuses	1,972	1,076
Provision for bonuses for directors	—	8
Other	6,166	7,814
Total current liabilities	23,467	24,278
Non-current liabilities		
Long-term borrowings	4,200	4,200
Provision for retirement benefits for directors	37	32
Retirement benefit liability	1,938	1,992
Other	5,383	5,936
Total non-current liabilities	11,558	12,161
Total liabilities	35,026	36,440

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,349	2,353
Capital surplus	2,030	2,034
Retained earnings	50,956	50,997
Treasury shares	(33)	(33)
Total shareholders' equity	55,301	55,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	75
Foreign currency translation adjustment	2,165	2,803
Remeasurements of defined benefit plans	(189)	(180)
Total accumulated other comprehensive income	2,022	2,697
Share acquisition rights	53	44
Non-controlling interests	4,879	4,646
Total net assets	62,257	62,740
Total liabilities and net assets	97,283	99,181

(2) Quarterly consolidated statement of income and comprehensive income**For the three months ended June 30, 2022 and 2023**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	29,905	28,833
Cost of sales	26,076	25,350
Gross profit	3,828	3,482
Selling, general and administrative expenses	1,955	2,062
Operating profit	1,872	1,419
Non-operating income		
Interest income	18	25
Dividend income	3	6
Foreign exchange gains	575	421
Other	93	39
Total non-operating income	691	493
Non-operating expenses		
Interest expenses	64	60
Other	13	22
Total non-operating expenses	77	82
Ordinary profit	2,487	1,830
Extraordinary income		
Gain on sale of non-current assets	0	4
Total extraordinary income	0	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	9
Total extraordinary losses	2	9
Profit before income taxes	2,485	1,825
Income taxes - current	707	653
Income taxes - deferred	56	(11)
Total income taxes	764	641
Profit	1,721	1,183
Profit attributable to		
Profit attributable to owners of parent	1,443	1,032
Profit attributable to non-controlling interests	278	151
Other comprehensive income		
Valuation difference on available-for-sale securities	14	29
Foreign currency translation adjustment	985	742
Remeasurements of defined benefit plans, net of tax	9	9
Total other comprehensive income	1,008	780
Comprehensive income	2,730	1,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,238	1,708
Comprehensive income attributable to non-controlling interests	491	256

(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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 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	17,263	5,720	6,921	29,905	—	29,905
Transactions with other segments	—	—	—	—	—	—
Total	17,263	5,720	6,921	29,905	—	29,905
Segment profit	1,211	235	426	1,872	—	1,872

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

II. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	15,475	6,198	7,159	28,833	—	28,833
Transactions with other segments	—	—	—	—	—	—
Total	15,475	6,198	7,159	28,833	—	28,833
Segment profit	885	187	346	1,419	—	1,419

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