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MEMBERSHIP

October 30, 2023

Consolidated Financial Results for the Six Months Ended September 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: November 9, 2023
 Scheduled date to commence dividend payments: November 30, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts)

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

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	58,485	(6.2)	2,769	(34.1)	3,252	(36.2)	1,876	(36.9)
September 30, 2022	62,381	11.1	4,204	31.4	5,094	72.2	2,975	74.0

Note: Comprehensive income For the six months ended September 30, 2023: ¥3,367 million [(28.6)%]
 For the six months ended September 30, 2022: ¥4,716 million [104.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	52.95	52.84
September 30, 2022	84.04	83.84

(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, 2023	101,024	64,171	58.7	1,671.29
March 31, 2023	97,283	62,257	58.9	1,618.10

Reference: Equity

As of September 30, 2023: ¥59,265 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	—	22.00			
Fiscal year ending March 31, 2024 (Forecast)			—	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
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 September 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 September 30, 2023	27,888 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)

Six months ended September 30, 2023	35,443,362 shares
Six months ended September 30, 2022	35,412,037 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, 2023 (April-September 2023), with regard to the global economy, personal consumption and the employment environment remained firm in the United States, and the economy as a whole remained resilient. In Europe, there is a continued slowdown in the economy due to the effects of inflation and monetary tightening. In China, the prolonged correction of the real estate market and sluggish domestic and foreign demand for goods have weakened the export recovery and sapped economic growth. In Japan, the economy showed signs of recovery centered on inbound consumption, and in the manufacturing industry, automobile production continued to increase; however, sales of industrial machinery and electronic components remained weak mainly due to the effects of inventory adjustments.

In this business environment, we continue to follow our basic policy of “Friendly to Earth and society, pursuing and evolving optimal logistics” and 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 six months ended September 30, 2023 showed ¥58,485 million in net sales (down 6.2% year on year), ¥2,769 million in operating profit (down 34.1%), ¥3,252 million in ordinary profit (down 36.2%) and ¥1,876 million in profit attributable to owners of parent (down 36.9%).

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 consumer equipment and telecommunications and IT equipment such as personal computers and smartphones, for which demand is weak, has remained stagnant.

During the six months ended September 30, 2023, the Company focused on expanding sales to new customers. However, net sales decreased due to a decline in cargo handling volume and other factors. Despite efforts to improve productivity, profits decreased due to the impact of factors such as deteriorating efficiency associated with the stagnation of shipments and an intensifying competitive environment surrounding international transportation.

Financial results for this segment showed ¥31,181 million in net sales (down 13.7% year on year) and ¥1,693 million in operating profit (down 43.2%).

(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 six months ended September 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 ¥13,062 million in net sales (up 5.3% year on year) and ¥515 million in operating profit (down 17.4%).

(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 six months ended September 30, 2023, the volume of consumer cooperative deliveries decreased slightly due mainly to falling demand for delivery services. In EC mail-order related services, net sales increased due to firm shipments. Despite efforts to improve efficiency and reduce labor costs through automation, profits decreased due to increased costs, including higher rents on expanded warehouse space and higher freight costs.

Financial results for this segment showed ¥14,240 million in net sales (up 2.8% year on year) and ¥560 million in operating profit (down 6.0%).

(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, 2024 are as follows.

For assets, current assets increased by ¥769 million, mainly due to an increase of trade notes and accounts receivable, despite a decrease of cash and deposits. Non-current assets increased by ¥2,971 million, mainly due to an increase of property, plant and equipment. As a result, total assets were ¥101,024 million, an increase of ¥3,740 million compared with the end of the previous fiscal year.

For liabilities, current liabilities increased by ¥1,510 million, mainly due to an increase of trade accounts payable. Non-current liabilities increased by ¥315 million, mainly due to an increase of other including lease liabilities. As a result, total liabilities were ¥36,852 million, an increase of ¥1,826 million compared with the end of the previous fiscal year.

Net assets increased by ¥1,913 million from the end of the previous fiscal year to ¥64,171 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 58.7%, a decrease of 0.2 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, 2024 amounted to ¥26,467 million, a decrease of ¥182 million compared with the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥4,207 million (a decrease of ¥803 million in net cash provided compared with the same period of the previous fiscal year), mainly due to the recording of ¥3,239 million in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥2,671 million (an increase of ¥1,047 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 build a new warehouse and improve productivity.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,686 million, compared to net cash provided of ¥1,943 million in the same period of the previous fiscal year. The major outflows were ¥1,139 million in repayments of lease liabilities and ¥991 million in dividends paid.

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

The full-year 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	27,264	26,759
Trade notes and accounts receivable	17,578	18,712
Merchandise	1,968	1,943
Other	2,740	2,906
Allowance for doubtful accounts	(17)	(19)
Total current assets	49,534	50,303
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,609	12,449
Land	18,008	18,055
Other, net	10,062	12,784
Total property, plant and equipment	40,680	43,289
Intangible assets		
Other	3,862	3,892
Total intangible assets	3,862	3,892
Investments and other assets		
Investment securities	177	232
Other	3,029	3,308
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	3,206	3,539
Total non-current assets	47,749	50,720
Total assets	97,283	101,024
Liabilities		
Current liabilities		
Trade accounts payable	11,147	12,350
Short-term borrowings	2,918	2,859
Income taxes payable	1,262	990
Provision for bonuses	1,972	2,015
Provision for bonuses for directors	–	16
Other	6,166	6,745
Total current liabilities	23,467	24,978
Non-current liabilities		
Long-term borrowings	4,200	4,200
Provision for retirement benefits for directors	37	33
Retirement benefit liability	1,938	2,014
Other	5,383	5,626
Total non-current liabilities	11,558	11,874
Total liabilities	35,026	36,852

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,349	2,353
Capital surplus	2,030	2,049
Retained earnings	50,956	51,840
Treasury shares	(33)	(19)
Total shareholders' equity	55,301	56,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	84
Foreign currency translation adjustment	2,165	3,127
Remeasurements of defined benefit plans	(189)	(171)
Total accumulated other comprehensive income	2,022	3,040
Share acquisition rights	53	44
Non-controlling interests	4,879	4,861
Total net assets	62,257	64,171
Total liabilities and net assets	97,283	101,024

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	62,381	58,485
Cost of sales	54,283	51,568
Gross profit	8,098	6,917
Selling, general and administrative expenses	3,894	4,147
Operating profit	4,204	2,769
Non-operating income		
Interest income	37	49
Dividend income	4	6
Foreign exchange gains	782	516
Other	214	67
Total non-operating income	1,038	641
Non-operating expenses		
Interest expenses	132	125
Other	16	33
Total non-operating expenses	148	158
Ordinary profit	5,094	3,252
Extraordinary income		
Gain on sale of non-current assets	1	7
Other	0	–
Total extraordinary income	1	7
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	20
Total extraordinary losses	9	20
Profit before income taxes	5,086	3,239
Income taxes - current	1,476	1,160
Income taxes - deferred	41	(55)
Total income taxes	1,518	1,105
Profit	3,568	2,134
Profit attributable to		
Profit attributable to owners of parent	2,975	1,876
Profit attributable to non-controlling interests	592	257
Other comprehensive income		
Valuation difference on available-for-sale securities	17	38
Foreign currency translation adjustment	1,111	1,175
Remeasurements of defined benefit plans, net of tax	18	18
Total other comprehensive income	1,147	1,232
Comprehensive income	4,716	3,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,908	2,895
Comprehensive income attributable to non-controlling interests	808	471

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,086	3,239
Depreciation	2,143	2,362
Decrease (increase) in trade receivables	(2,233)	(744)
Decrease (increase) in inventories	(47)	70
Increase (decrease) in trade payables	1,148	1,006
Increase (decrease) in other liabilities	(62)	(31)
Other, net	315	(151)
Subtotal	6,350	5,752
Interest and dividends received	39	55
Interest paid	(130)	(126)
Income taxes paid	(1,249)	(1,477)
Other, net	0	3
Net cash provided by (used in) operating activities	5,010	4,207
Cash flows from investing activities		
Purchase of property, plant and equipment	(865)	(2,533)
Proceeds from sale of property, plant and equipment	3	20
Purchase of intangible assets	(389)	(377)
Other, net	(372)	218
Net cash provided by (used in) investing activities	(1,624)	(2,671)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3	1
Proceeds from long-term borrowings	4,200	–
Repayments of long-term borrowings	(66)	(66)
Proceeds from issuance of shares	–	0
Repayments of lease liabilities	(1,204)	(1,139)
Dividends paid	(601)	(991)
Dividends paid to non-controlling interests	(386)	(489)
Net cash provided by (used in) financing activities	1,943	(2,686)
Effect of exchange rate change on cash and cash equivalents	878	968
Net increase (decrease) in cash and cash equivalents	6,208	(182)
Cash and cash equivalents at beginning of period	22,132	26,650
Cash and cash equivalents at end of period	28,340	26,467

(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.

Segment information**I. For the six months ended September 30, 2022 (from April 1, 2022 to September 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	36,128	12,405	13,847	62,381	—	62,381
Transactions with other segments	—	—	—	—	—	—
Total	36,128	12,405	13,847	62,381	—	62,381
Segment profit	2,983	623	596	4,204	—	4,204

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

II. For the six months ended September 30, 2023 (from April 1, 2023 to September 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	31,181	13,062	14,240	58,485	—	58,485
Transactions with other segments	—	—	—	—	—	—
Total	31,181	13,062	14,240	58,485	—	58,485
Segment profit	1,693	515	560	2,769	—	2,769

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