

Year Ended March 2021 Result Briefing



ALPS LOGISTICS CO., LTD.

(TSE First Section: 9055)

May 11, 2021

Representative Director,
President

Masaru Usui

Listed on the First Section of the Tokyo Stock Exchange in January 2021

We would like to express our sincerest gratitude to our shareholders, investors, and other stakeholders for their support.



**Part 1: Financial highlights
for the year ended March 2021**

Part 2: Financial forecast
for the year ending March 2022

Part 3: Strategies and Measures
for the year ending March 2022

1. Electronic components related business
2. Consumer products logistics
(Ryutsu Service Co., Ltd.)



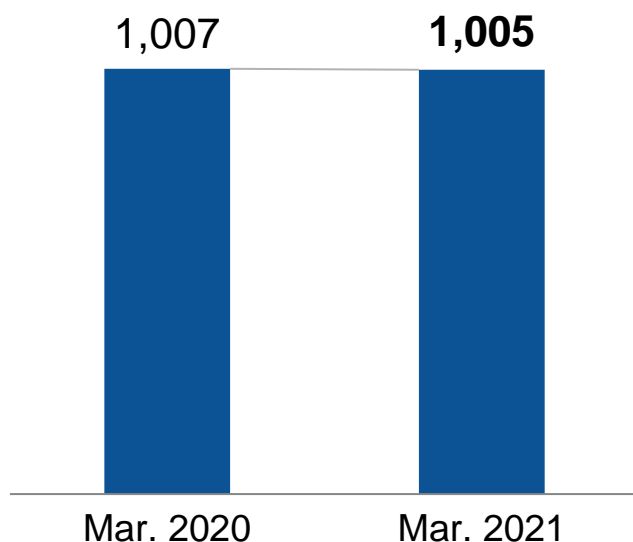
Year Ended
March 2021

Financial Highlights (Consolidated)

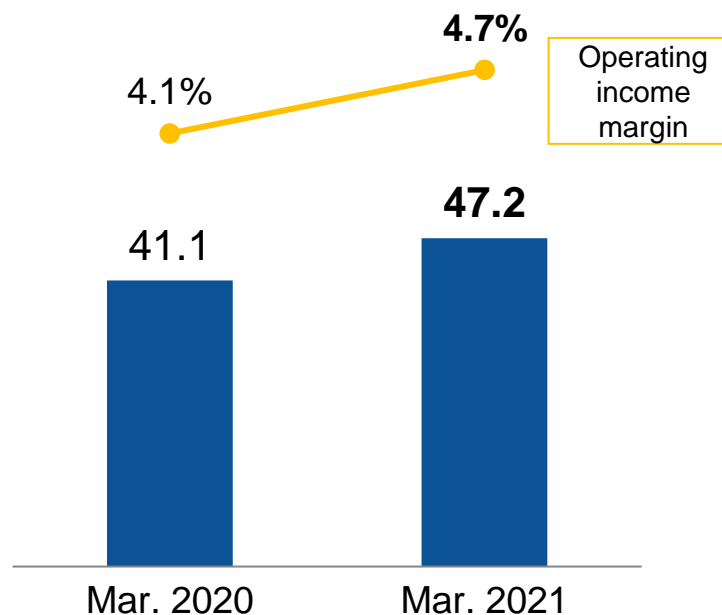
4

(Unit: million yen)	Mar. 2020 Results	Mar. 2021	
		Results	Percent change (y/y)
Net sales	100,741	100,562	-0.2%
Operating income	4,118	4,725	14.7%
Ordinary income	3,886	4,926	26.8%
Profit attributable to owners of parent	2,389	2,900	21.4%

■ Net sales (Unit: 100 million yen)



■ Operating income (Unit: 100 million yen)





Year Ended
March 2021

Financial Highlights (Consolidated)

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Net sales by segment

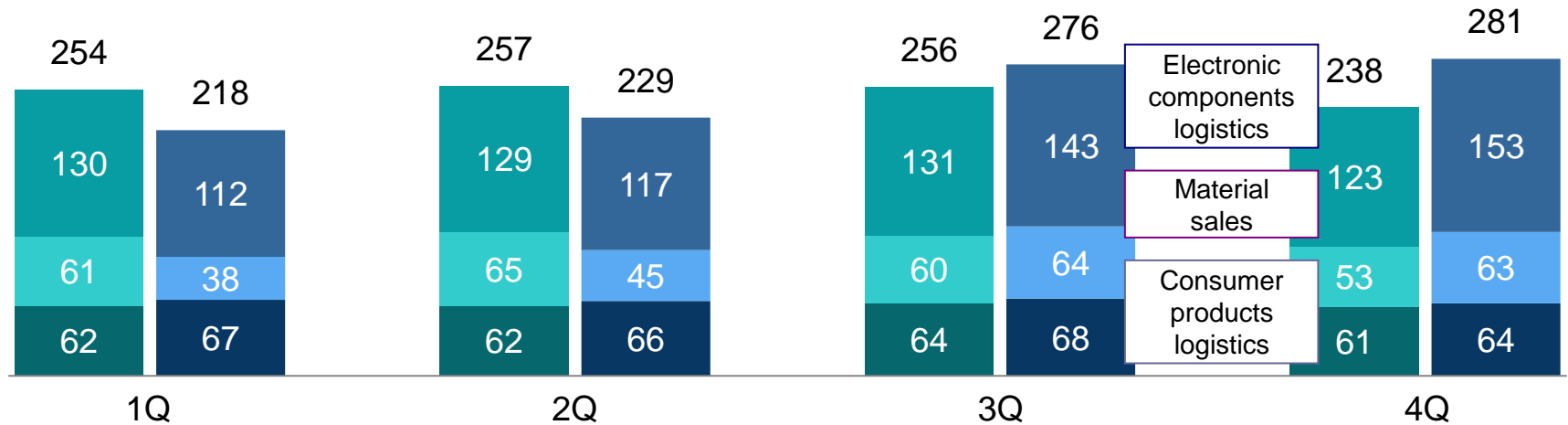


Mar. 2020

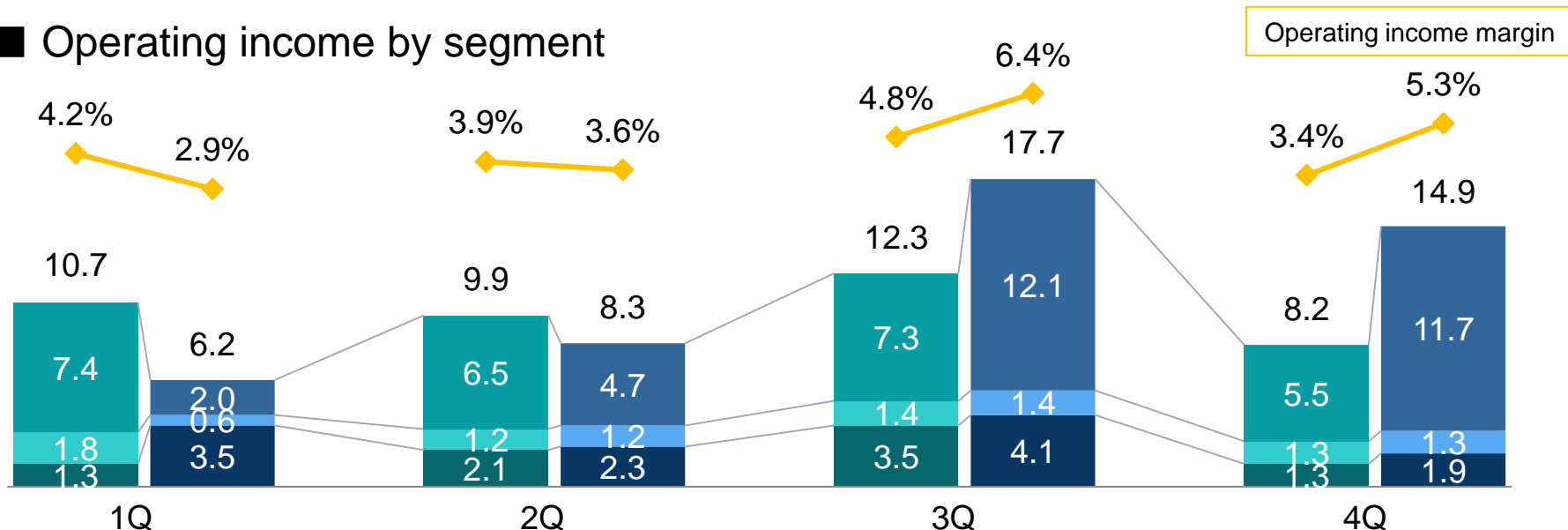


Mar. 2021

(Unit: 100 million yen)



Operating income by segment





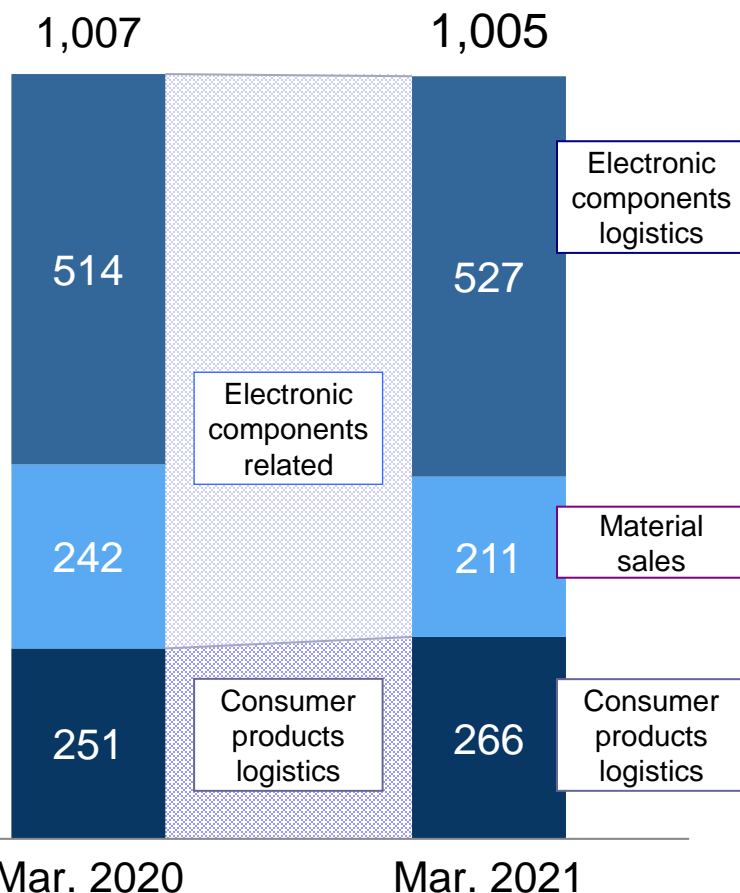
Year Ended
March 2021

Net Sales (Consolidated)

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Net sales by segment

(Unit: 100 million yen)



-0.17 billion yen (-0.2%) y/y

■ Electronic components logistics +1.3 billion yen

Sales in the first half decreased due to the impact of the COVID-19 pandemic but began to recover from the late 2Q mainly in automotive components.

■ Material sales -3.1 billion yen

Although the second half saw a recovery as demand returned, sales decreased due to the deteriorating market conditions in the first half and local procurement by overseas customers.

■ Consumer products logistics +1.5 billion yen

Sales hit a record high due to the increased demand for home delivery as more people refrain from going out and work remotely at home.

* Sales of each segment represents sales after elimination of intra-company transactions.

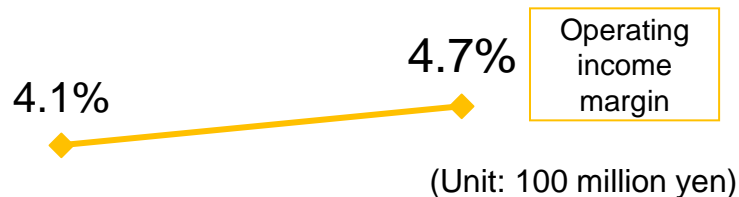


Year Ended
March 2021

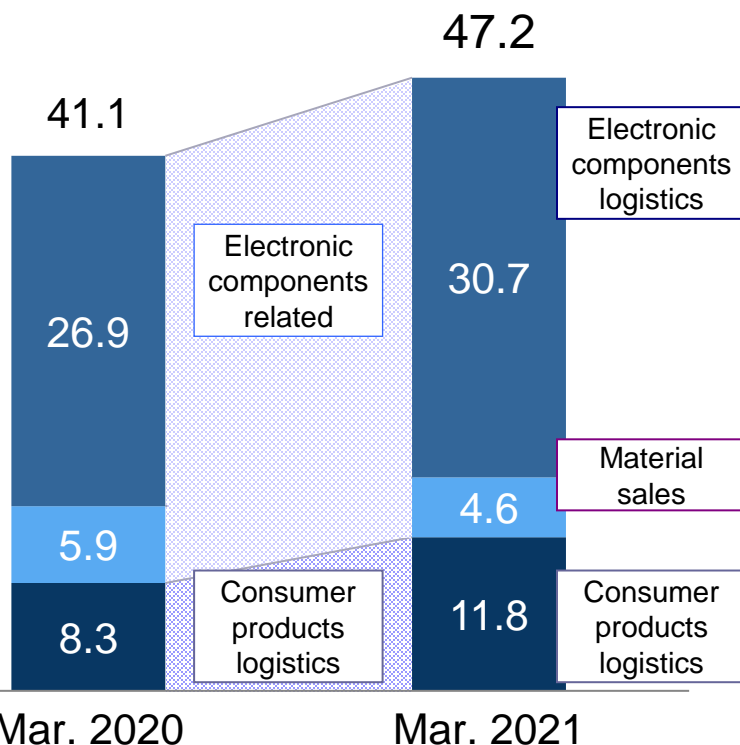
Operating Income (Consolidated)

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■ Operating income by segment



+0.6 billion yen (+14.7%) y/y



■ **Electronic components logistics +0.38 billion yen**
Profit increased due to the cost reduction achieved through improved productivity and increased revenues from expanding sales to new customers.

■ **Material sales -0.12 billion yen**
Profit decreased due to declined sales.

■ **Consumer products logistics +0.35 billion yen**
Despite increased labor costs, operating income hit a record high due to increased revenues and improved productivity.

* Operating income of each segment represents operating income after elimination of intra-company transactions.

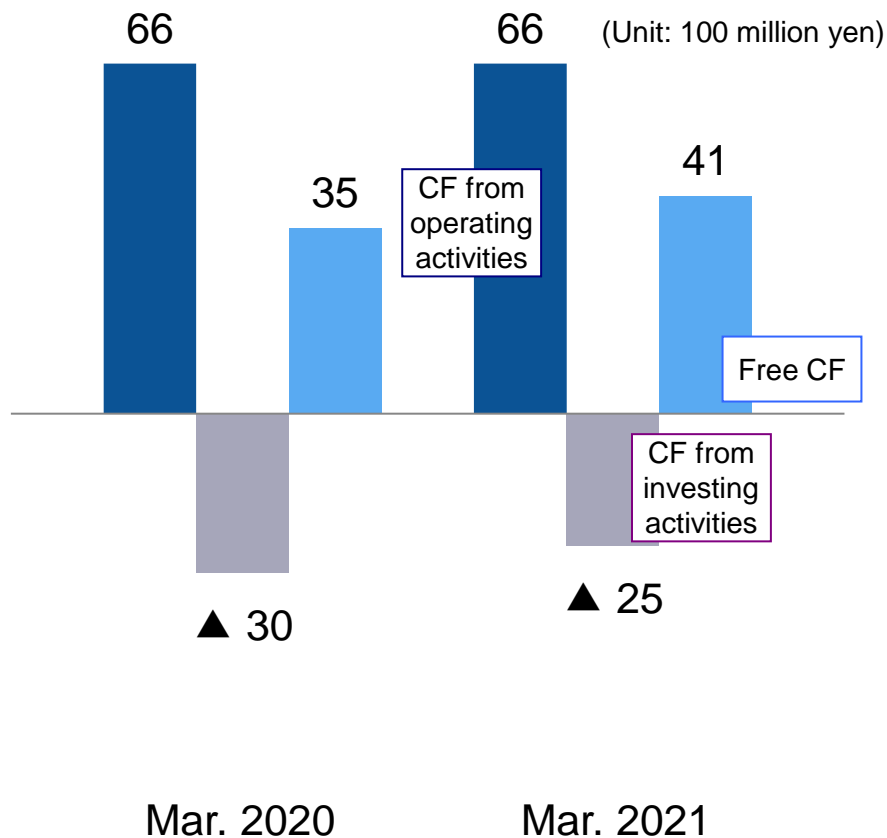


Year Ended
March 2021

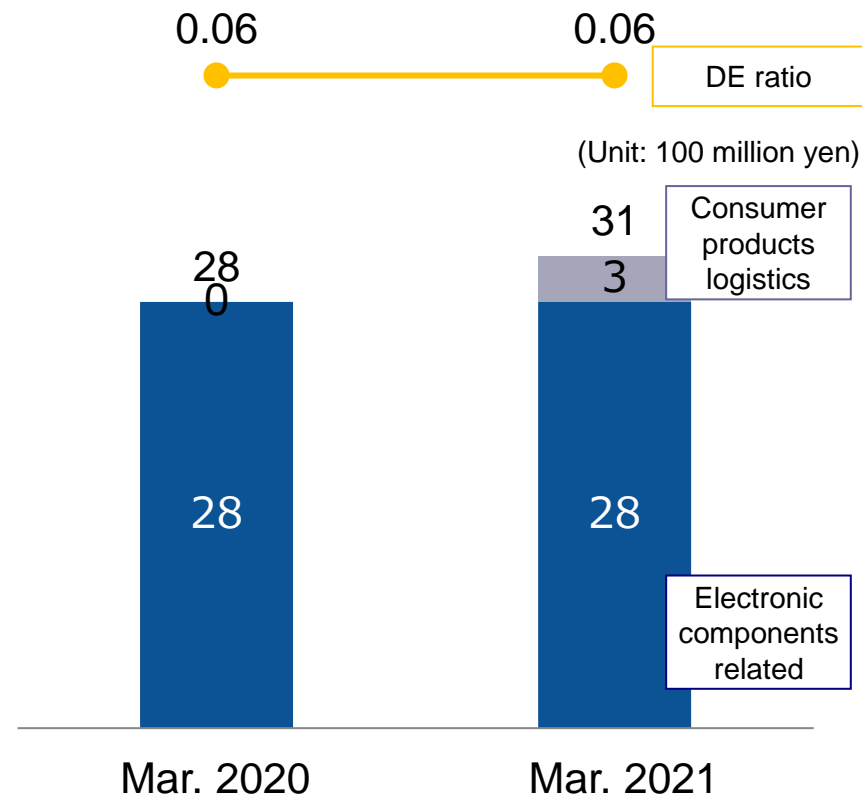
Financial Status (Consolidated)

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■ Cash flow (CF)



■ Outstanding interest-bearing liabilities



CF from operating activities: Remained flat due to the increased year-end accounts receivable, despite increased profit.

CF from investment activities: Decreased in building investment spending.

Borrowing: Increased in consumer products logistics.

DE ratio: Both capital and borrowing increased and remained flat.

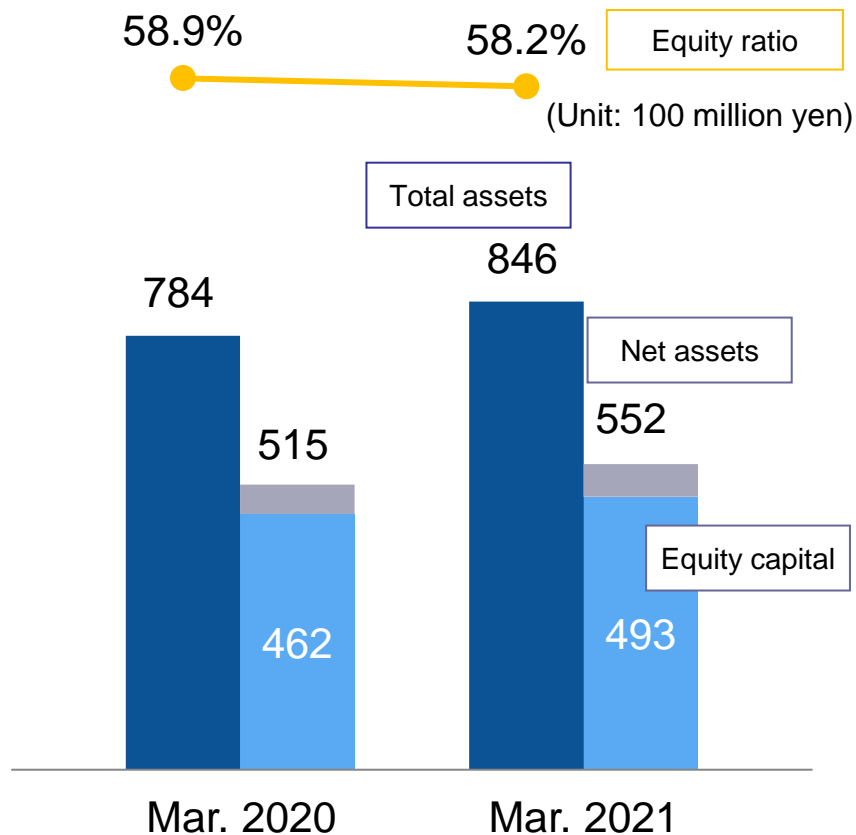


Year Ended
March 2021

Financial Index (Consolidated)

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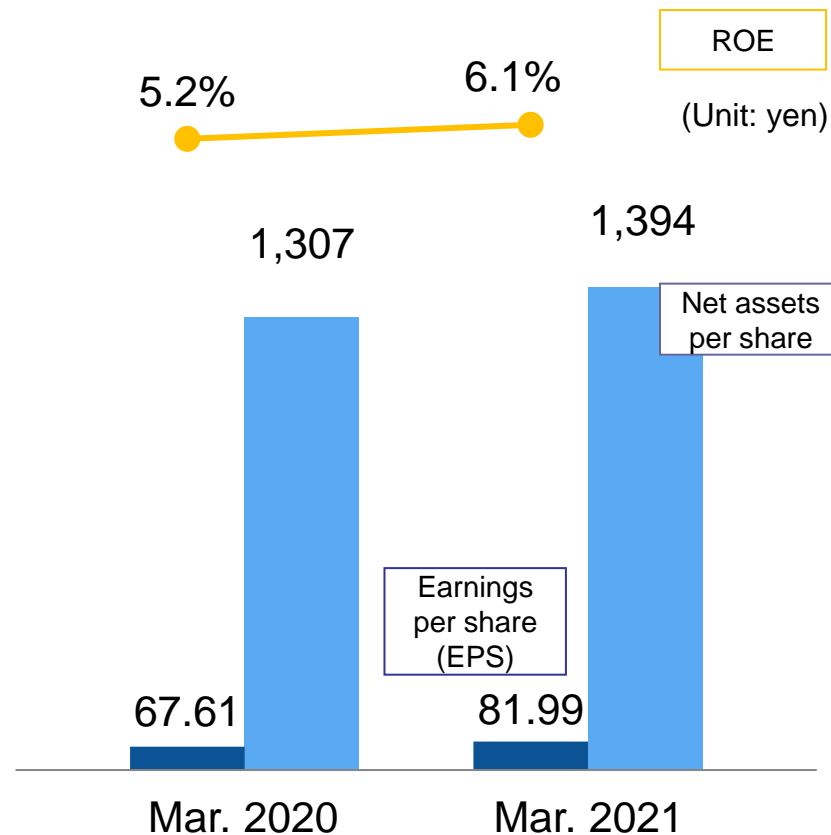
Assets



Total assets: Increased due to an increase in cash and accounts receivable.

Equity ratio: Decreased due to an increase in total assets, despite an increase in equity capital.

Index per share



EPS +14.38 yen and ROE +0.9p due to an increase in net profit attributable to owners of the parent company.

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Year Ending
March 2022

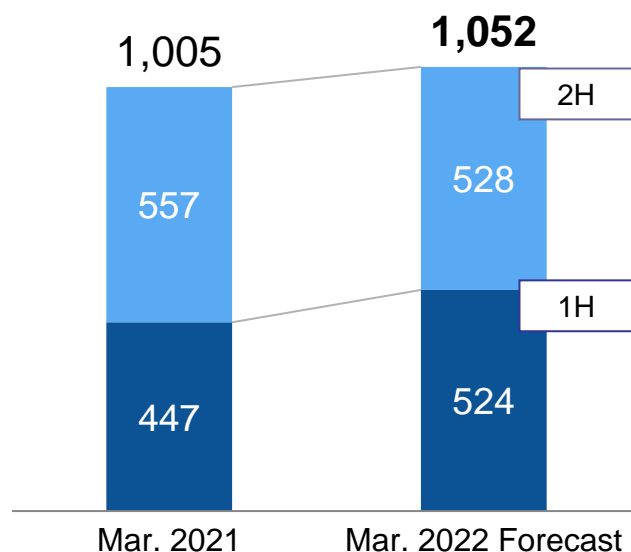
Financial Forecast (Consolidated)

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(Unit: million yen)	Mar. 2021		Mar. 2022		
	Results	Income ratio	Forecast	Income ratio	Percent change (y/y)
Net sales	100,562	-	105,200	-	+ 4.6%
Operating income	4,725	4.7%	4,800	4.6%	+ 1.6%
Ordinary income	4,926	4.9%	4,700	4.5%	- 4.6%
Profit attributable to owners of parent	2,900	2.9%	2,800	2.7%	- 3.5%

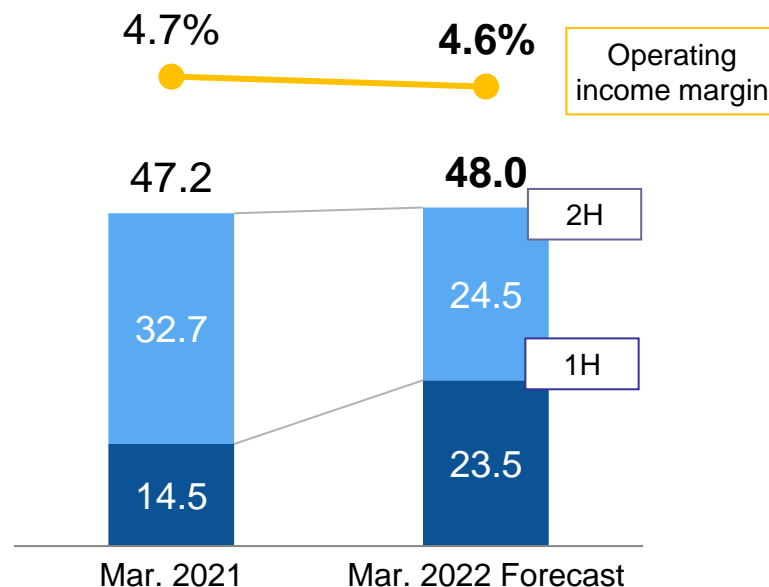
■ Net sales

(Unit: 100 million yen)



■ Operating income

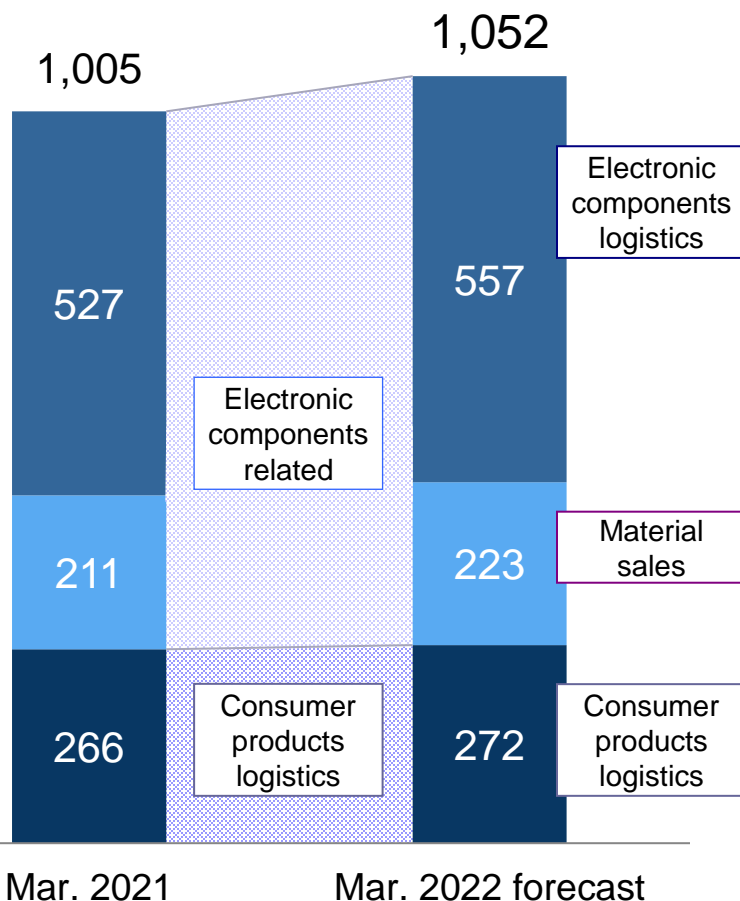
(Unit: 100 million yen)





■ Net sales by segment

(Unit: 100 million yen)



+4.6 billion yen (+4.6%) y/y

■ **Electronic components logistics +2.9 billion yen**
Sales will increase in transportation and warehousing business mainly in Japan and decrease in forwarding business overseas.

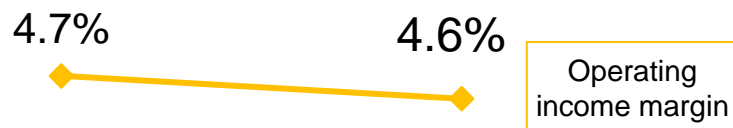
■ **Material sales +1.1 billion yen**
Sales will increase in all fields of packaging, device and molding.

■ **Consumer products logistics +0.5 billion yen**
Sales will increase through efforts, such as the expansion of the pharmaceutical transportation and delivery business areas and mail-order/online-shopping logistics sales.

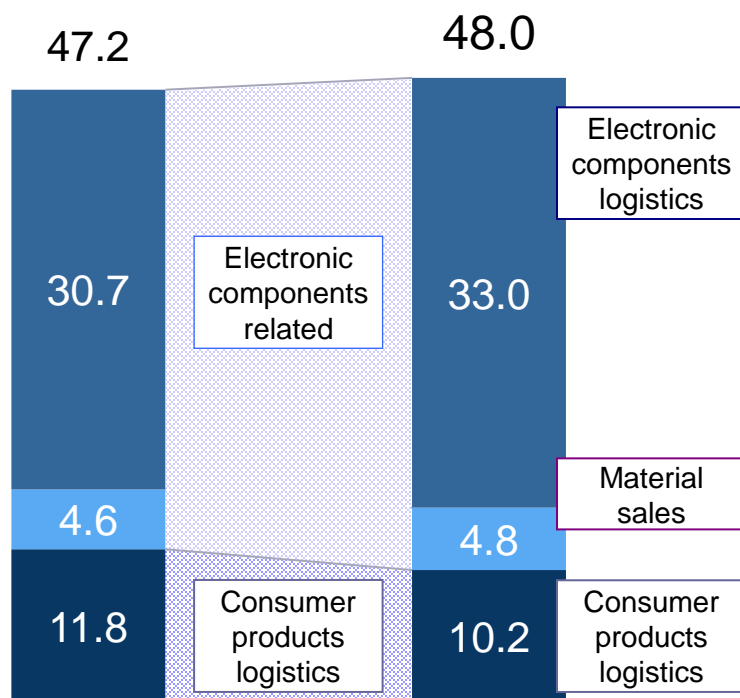
* Sales of each segment represents sales after elimination of intra-company transactions.



■ Operating income by segment



(Unit: 100 million yen)



Mar. 2021

Mar. 2022 forecast

+0.07 billion yen (+1.6%) y/y

■ **Electronic components logistics +0.22 billion yen**
While profit will increase due to increased revenues and improved productivity, activity costs will increase in anticipation of the convergence of COVID-19.

■ **Material sales +0.01 billion yen**
Operating income will slightly increase due to increased revenues.

■ **Consumer products logistics -0.16 billion yen**
While aiming to increase profit through increased revenues and improved productivity, operating income will decrease due to large-scale warehouse repair costs, etc.

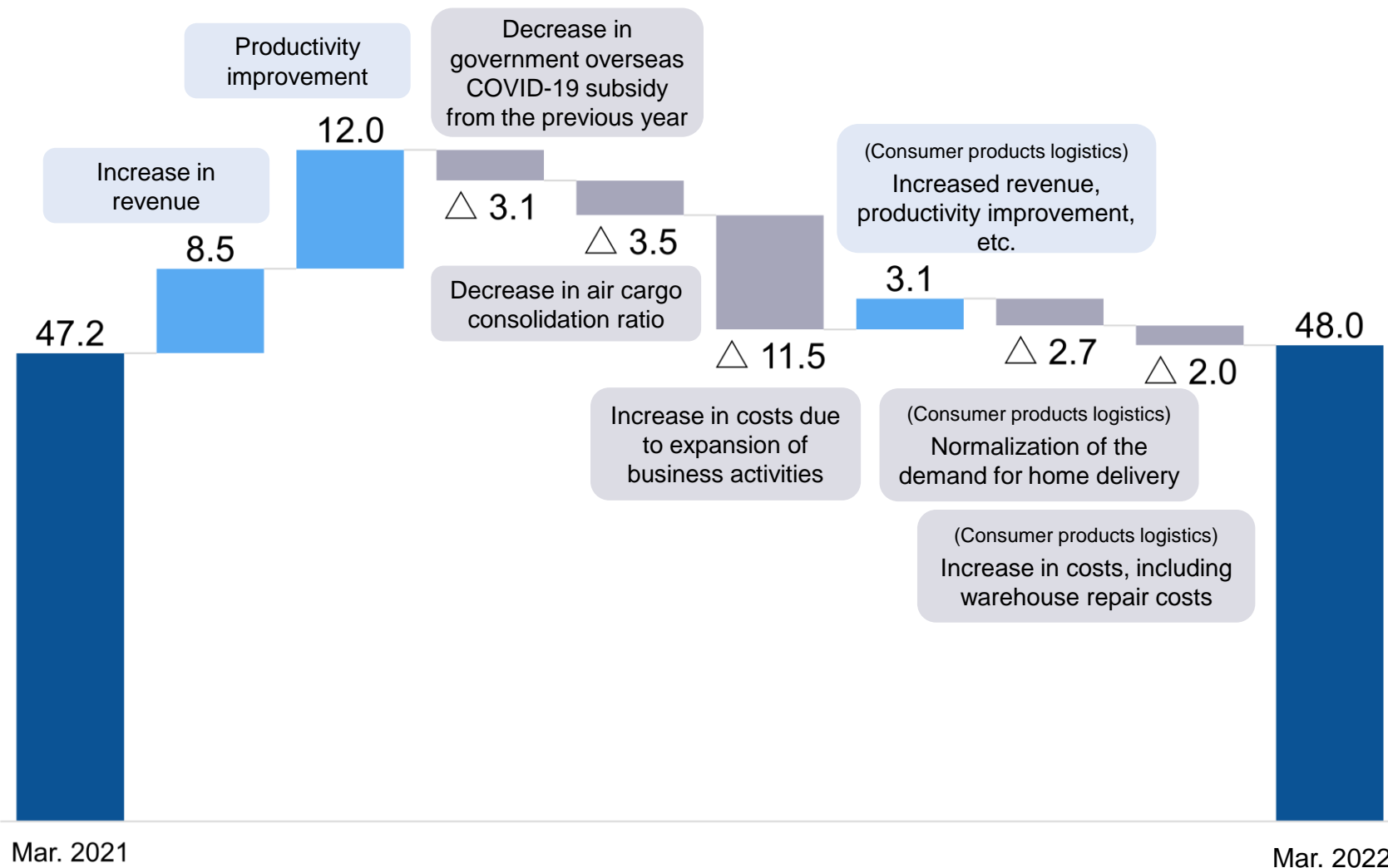
* Operating income of each segment represents operating income after elimination of intra-company transactions.



Year Ending
March 2022

Changes in operating Income (Consolidated) 14

While revenues increase and productivity is improved, the factors specific to the previous year will disappear and profit will increase slightly.



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1. Electronic components related business





To provide evolving “optimal logistics” to more customers.

“Return to a growth trajectory”, “Enhance our corporate quality”

GTB (Business)

Expansion of markets and products

- (1) We will enhance our hub functions and network.
- (2) We will expand our business bases for components of automobile and industrial machinery.
- (3) We will strengthen our service competitiveness that suits our target markets and regions.

GTP (Profit)

Improvement of direct and indirect productivities

- (1) We will upgrade our IT/automation/TIE system and expand the adoption.
- (2) We will make strategic investments focusing on capital efficiency.
- (3) We will upgrade our improvement activities.

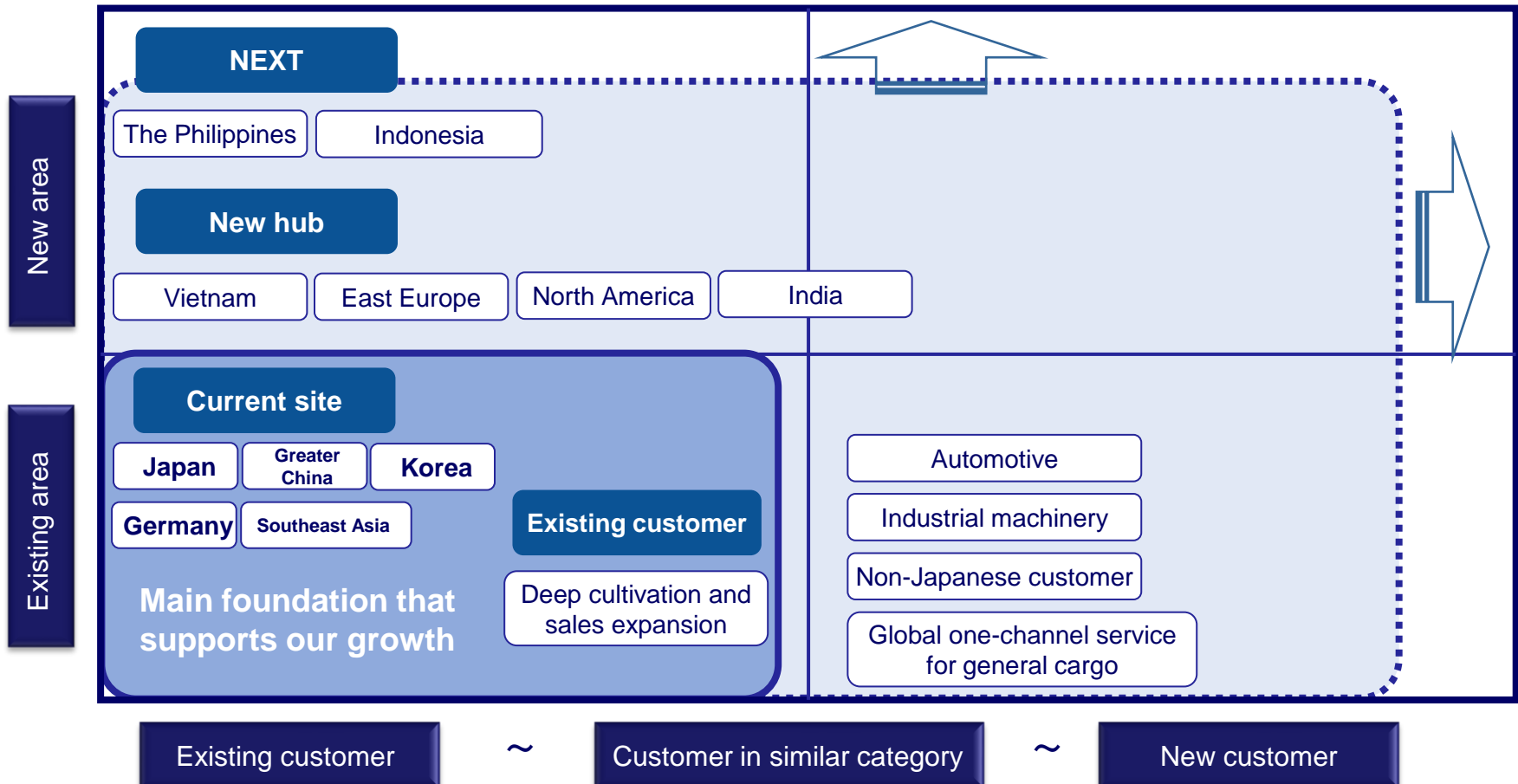
GTC (Confidence)

A company of choice

- (1) We will improve the levels of employee skills and satisfaction.
- (2) We will improve our QC mindset and establish a quality assurance system.
- (3) We will strengthen our ESG initiatives.

GTB growth by focusing on two aspects: region and market/customer

- We will enhance our hub functions and network.
- In addition to automobiles and industrial machinery, we will try to develop new customers in general cargo by focusing on forwarding business.



North America

- **Strengthening of the Mexican-American cross-border logistics**
- **Enhancement of S&D sites in the U.S.**
Atlanta, Chicago, etc.
- **Strengthening of the network in the Central Mexican Plateau**



Atlanta warehouse in the U.S.

Europe

- **Strengthening of the logistics of automotive components in Eastern Europe**
Hungary, Czech Republic, etc.
- **Expansion of forwarding services**
Making Frankfurt a hub for Eastern Europe and North Africa



Hungary office

India

- **Stabilization of two local subsidiaries**
Delhi, Gujarat
- **Expansion of network in India**
Bangalore-Chennai/Pune
- **Supporting logistics for automotive components by providing high-quality warehousing/transportation services**



Gujarat warehouse in India

ASEAN/Korea

- **Continue to expand/strengthen regional sites**
Hanoi airport in Vietnam
Ayutthaya in Thailand
Gumi in Korea, etc. are under consideration
- **Strengthen our own managed forwarding operations**
Vietnam, Malaysia



Ayutthaya warehouse in Thailand

Greater China

- **Expansion of domestic demand-based business**

Increasing warehouse capacity

- **Improving service system**

Establishment of a customs clearance company, AEO acquisition

- **Expansion of transportation mode**

Coastal vessels & land transportation services



Increasing warehouse capacity in East China/ South China



Japan

- **Transportation: Consolidation of main lines and expansion of pick-up and delivery services**

- **Warehousing: Promotion of IT system and streamlining of loading/unloading operations**

- **Enhancement of major sites in the Yokohama/Chukyo area**

- **Enhancement of functions and efficiency of systems**

WMS (warehouse management system), Forwarding system

Enhancement of major sites in the Yokohama/Chukyo area

● Building a new warehouse in Yokohama

Construction started in November 2021

Scheduled to be completed in September 2022

Warehouse area: 9,000m²

Yokohama City, Kanagawa Prefecture (on the premises of Yokohama Sales Office)

● Building a new warehouse in the Chukyo area

Scheduled to be completed in 2024

Warehouse area: 30,000m²

● Construction of Kazo warehouse No. 2 under consideration



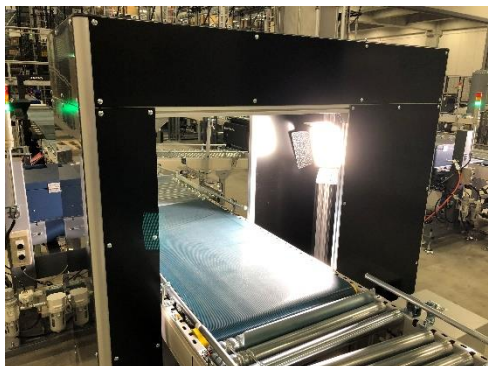
● Branch, depot, etc.



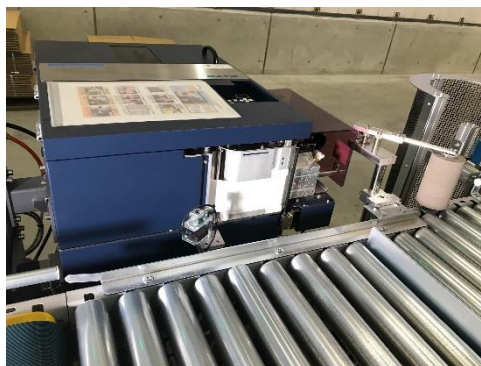
Rendering of the new Yokohama warehouse

Horizontal deployment of automated equipment

- Introduction of automated warehousing equipment
(at Narita warehouse following Nishinomiya warehouse)



Auto-scanner

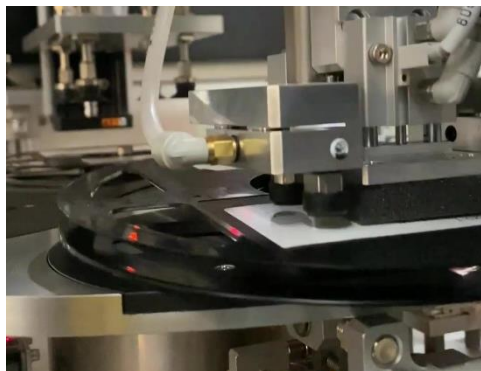


Auto-labeler



Calibration

- Introduction of the in-house developed auto-labeler No. 2



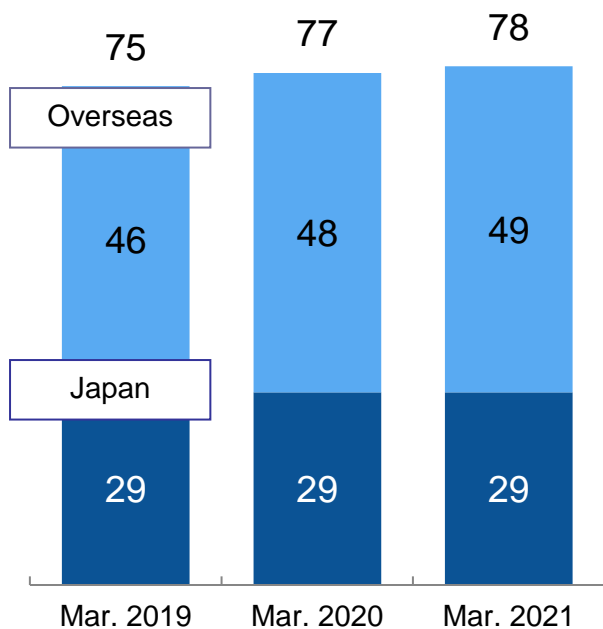
- Automatically attaching labels to small-diameter reel products
- Able to attach labels at a speed of 6,000 - 8,000 labels/day



Expansion of logistics infrastructure

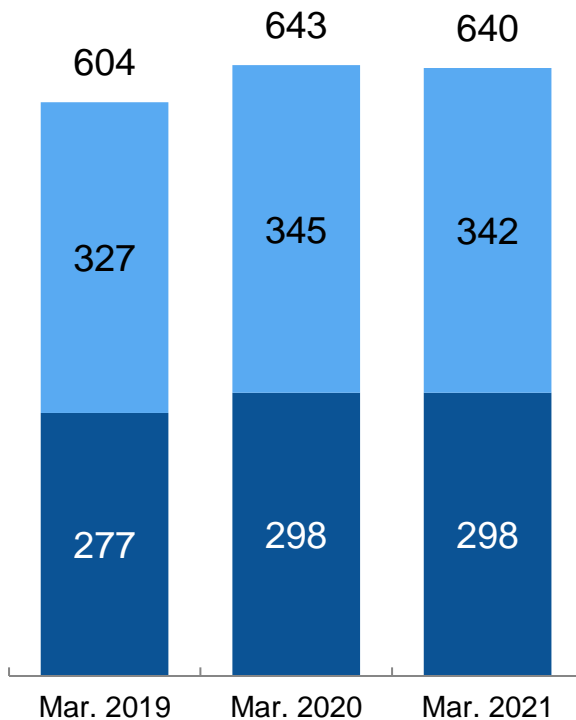
■ Number of sites

(Unit: site)



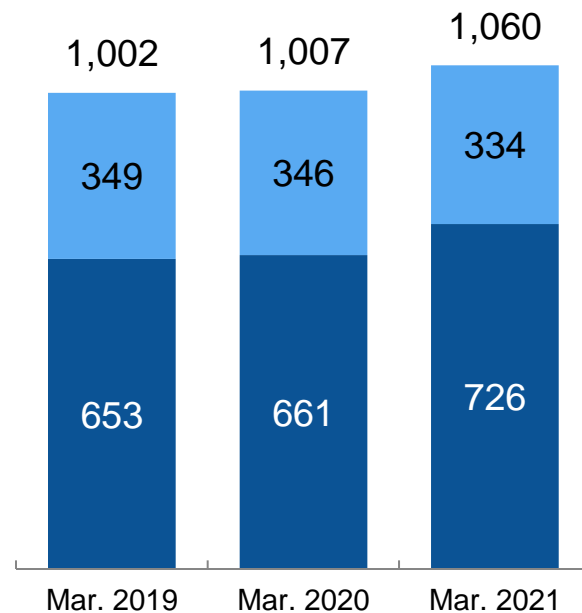
■ Warehouse area

(Unit: 1,000 m²)



■ Number of trucks in regular operation

(Unit: vehicle)



2. Consumer products logistics (Ryutsu Service Co., Ltd.)





Strengthening of workplace ability and business innovation

Creating logistics value to achieve net sales of over 30 billion yen

GTB (Business)

Sustainable growth

- (1) We will reorganize our logistics sites and strengthen system.
- (2) We will expand into peripheral areas and new markets.

GTP (Profit)

Maximizing profit

- (1) We will improve the productivity of each person both in direct and indirect departments.
- (2) We will make cost structure innovations.

GTC (Confidence)

Strengthening of workplace ability

- (1) We will provide new values by exploring customer needs.
- (2) We will work in “harmony with the environment and society” and “strengthen our governance”.

Expansion of logistics area and evolution of cosmetics and pharmaceuticals logistics

Community-based
daily living-related
businesses

Development of
new businesses



Upstream
logistics

B to B
transportation between
suppliers/sites



Co-op/food services

Storage and shipping

Distribution

Delivery

Existing customers/businesses

EC (cosmetics, daily necessities, food)

Storage and shipping

Distribution

Downstream
logistics

B to B + C
delivery
to home/store



“Kireio Hakobu”
Cosmetics/
pharmaceuticals

Development of
new customers

Kireio
Hakobu

* “Kireio Hakobu” means transportation with cleanliness.

Significantly reducing labor load by introducing 330 AGVs, the largest number in the industry

- Automated from pick-up to transportation to the inspection and packaging area
- Driving on the optimal routes by utilizing AI technology
- Improvement of shipping performance per hour by 30%
- Start considering horizontal deployment



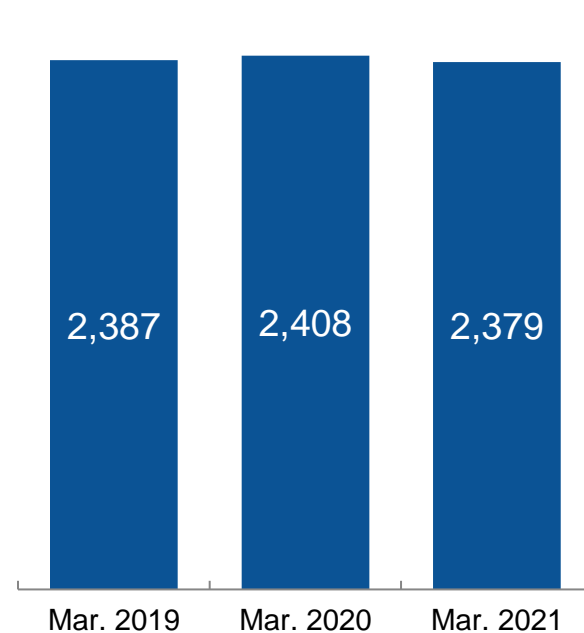
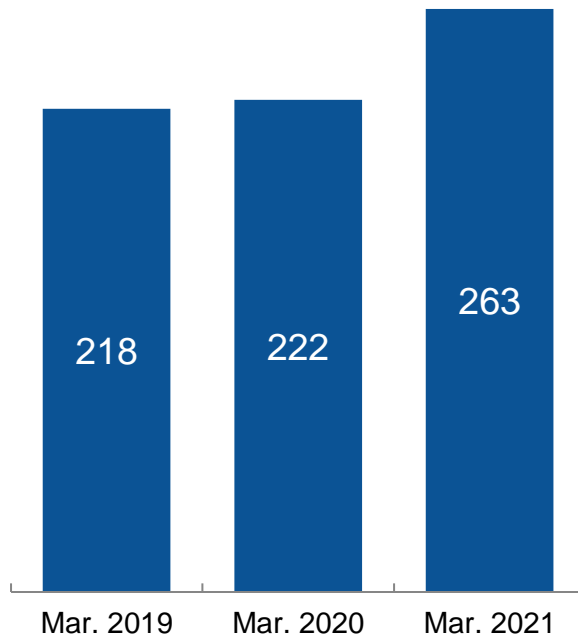
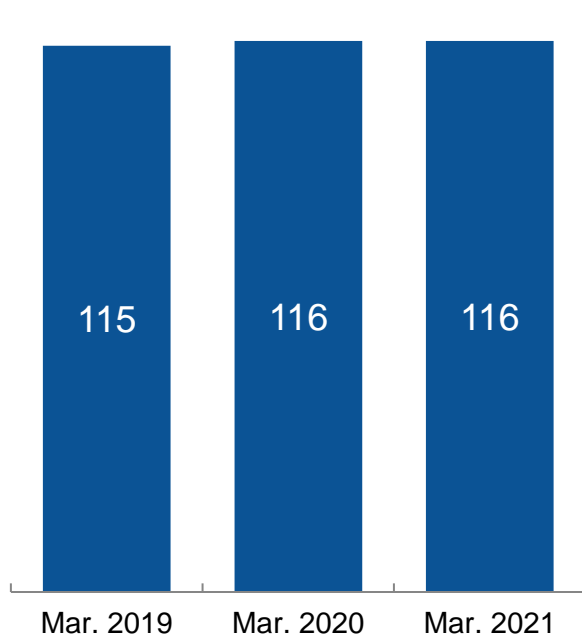


Expansion of logistics infrastructure 29

■ Number of sites
(Unit: site)

■ Warehouse area
(Unit: 1,000 m²)

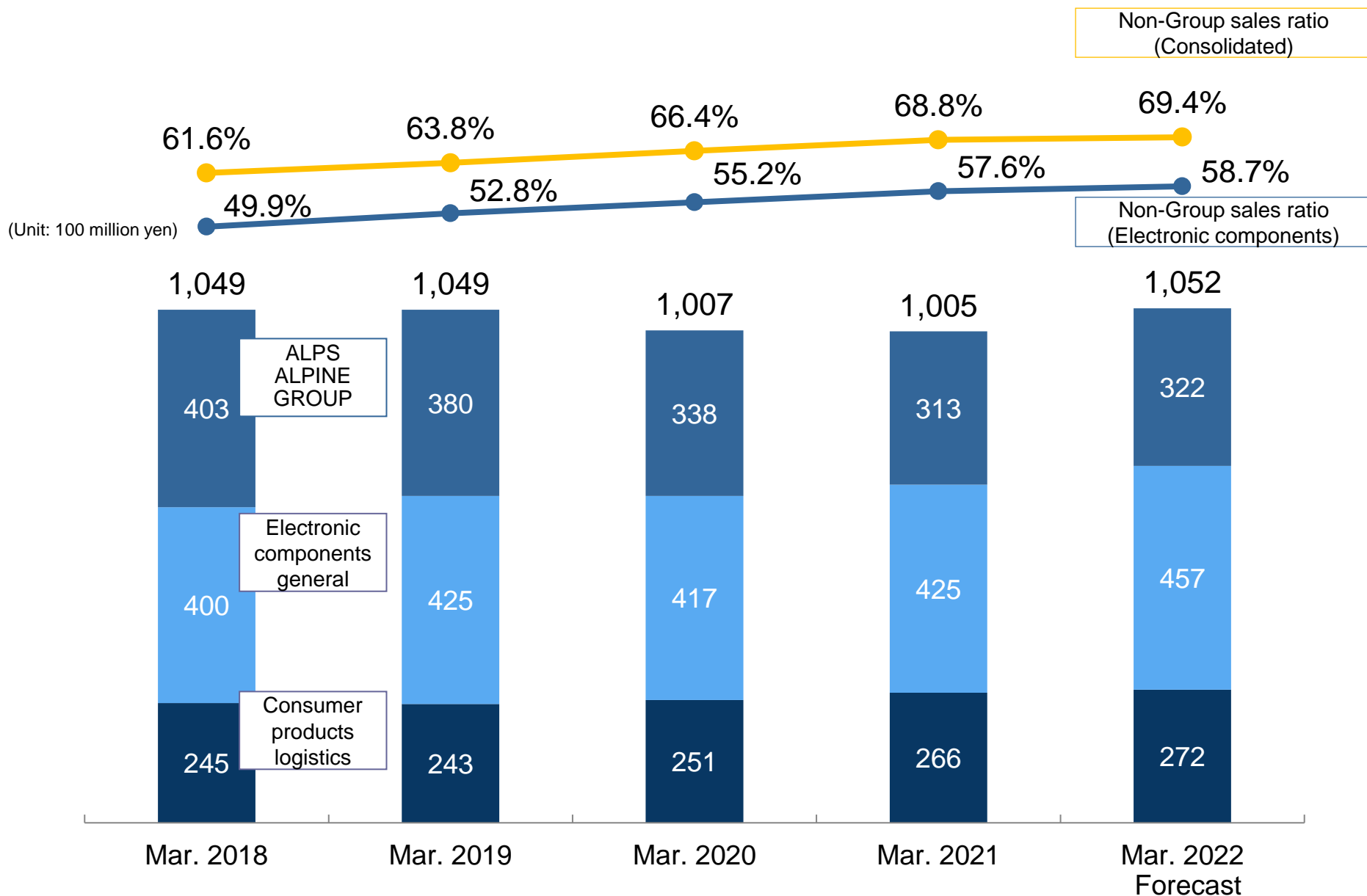
■ Number of trucks
(Unit: vehicle)

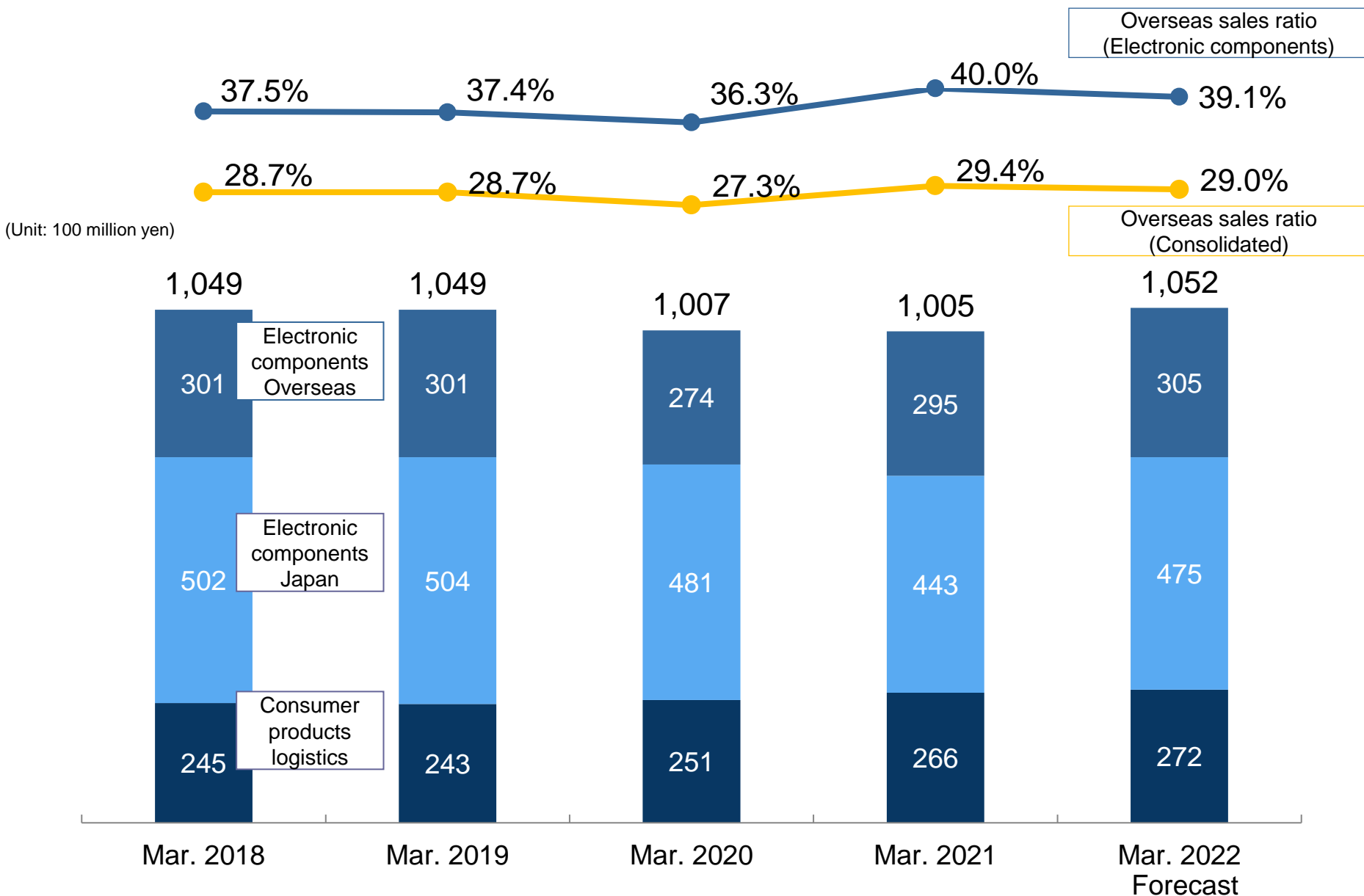




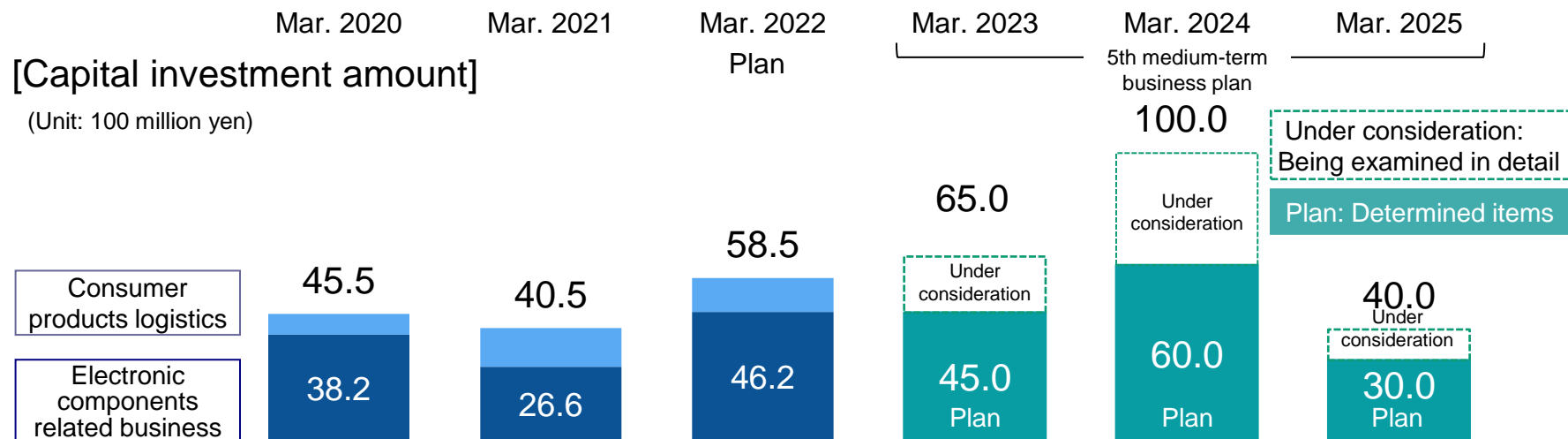
Non-Group sales ratio

30





“Expansion of strategic investment” = “Site development” + “Productivity improvement”



[Site development]

Construction of
Yokohama W/H

Under consideration
Kazo W/H No. 2

Construction W/H
in Chukyo area

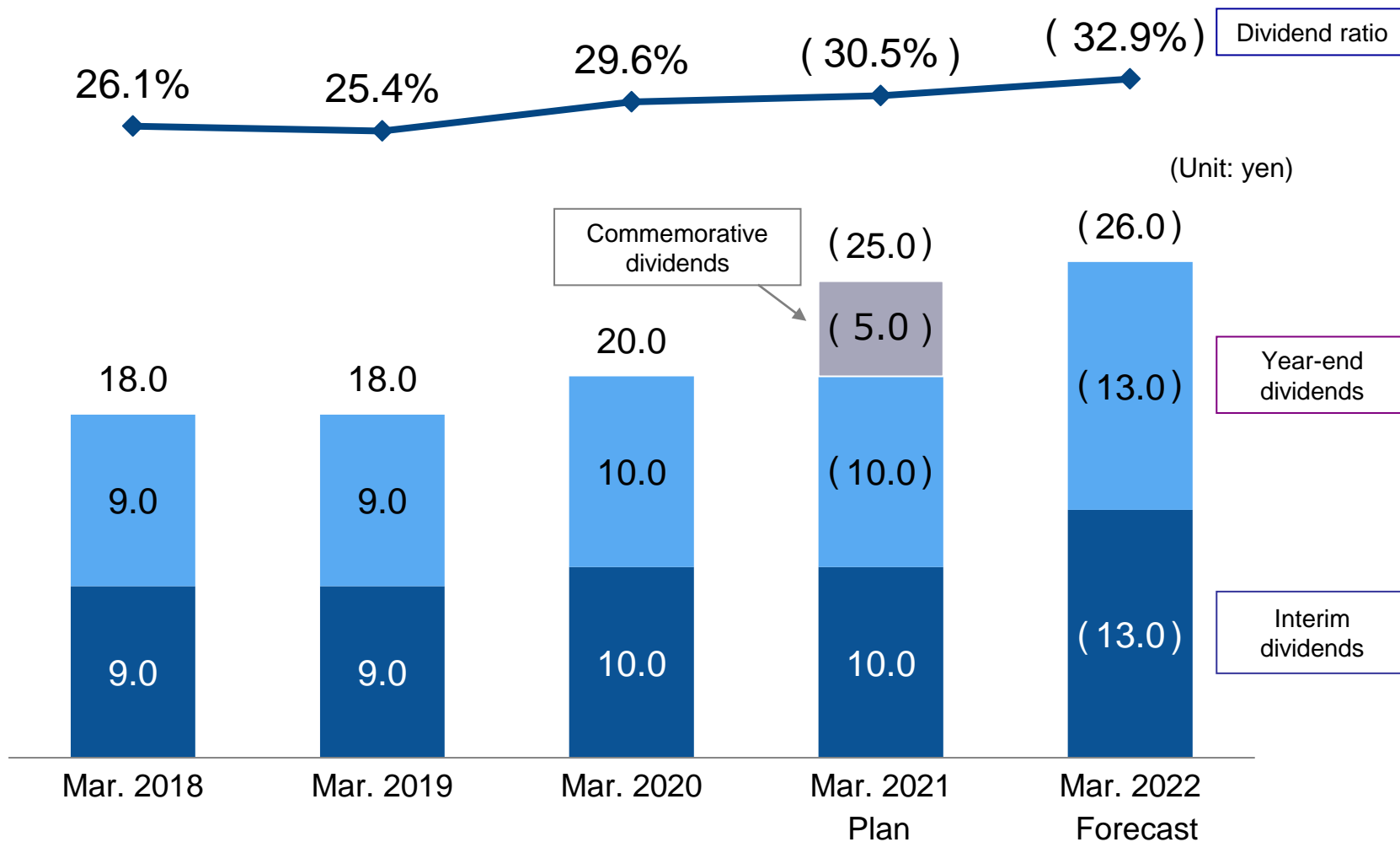
Creation and development of overseas sites

[Productivity improvement]

New systems (Warehouse, Forwarding)

Automation equipment

- Aim for a stable increase in dividends by balancing investment and shareholder returns.
- Increase the dividend ratio to be approximately in the range of 30 - 40%.



Thank you for your attention.

**We kindly ask for your continued
support in the future.**

ALPS LOGISTICS CO., LTD.

Disclaimer:

The business and future forecasts contained in this document are based on the information available at this moment and may include uncertain factors.

Actual performance may be affected by changes in business conditions and may differ from the forecast stated in this document.

This document is not subject to accounting audit.