

Result Briefing

Financial highlights for the six months
ended September 2022

Financial forecast for the year
ending March 2023

ALPS LOGISTICS CO., LTD.

(TSE Prime 9055)

November 7, 2022

Representative Director, President Masaru Usui



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Business Environment for the First Half of the Fiscal Year

Economic environment

The economy grew at a slower pace due to continued implementation of measures to counter COVID-19 around the world, monetary tightening implemented to combat global high inflation, lockdowns in China, and the situation in Russia and Ukraine.

Electronic components related

Sales of semiconductors and electronic components remained firm.
Component shortages caused production adjustment mainly in automobile-related industries.
The logistics industry continued to experience supply chain disruptions with the normalization of air and marine transportation delayed, while demand for emergency air freight remained at a high level.

Consumer products logistics

Mail-order and delivery demand associated with COVID-19 has run its course and consumer products logistics remained flat.



Six months ended
September 2022

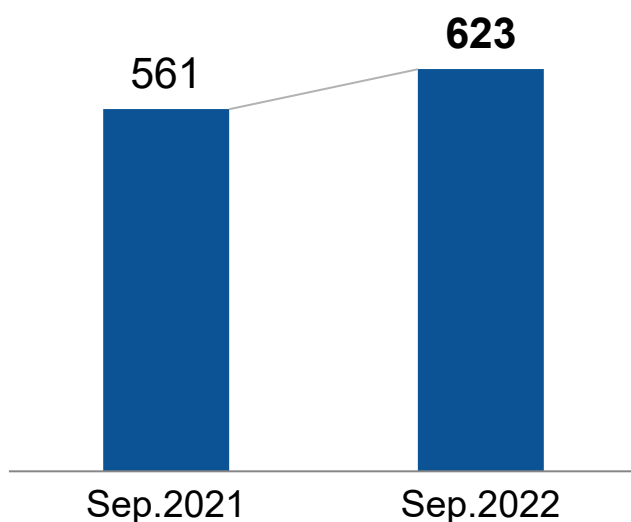
Financial Highlights (Consolidated)

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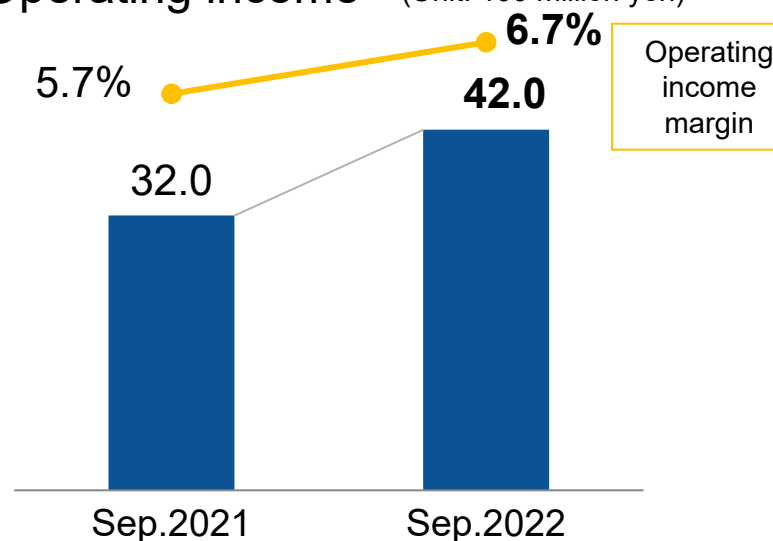
Sales and profits reached record highs thanks to positive factors, such as greater export/import-related sales and the yen's depreciation

(Unit: million yen)	Sep.2021 Results	Sep.2022		
		Results	Percent change (y/y)	Published figures
Net sales	56,130	62,381	11.1%	61,000
Operating income	3,200	4,204	31.4%	3,350
Ordinary income	2,958	5,094	72.2%	3,650
Profit attributable to owners of parent	1,710	2,975	74.0%	2,050

■ Net sales (Unit: 100 million yen)



■ Operating income (Unit: 100 million yen)





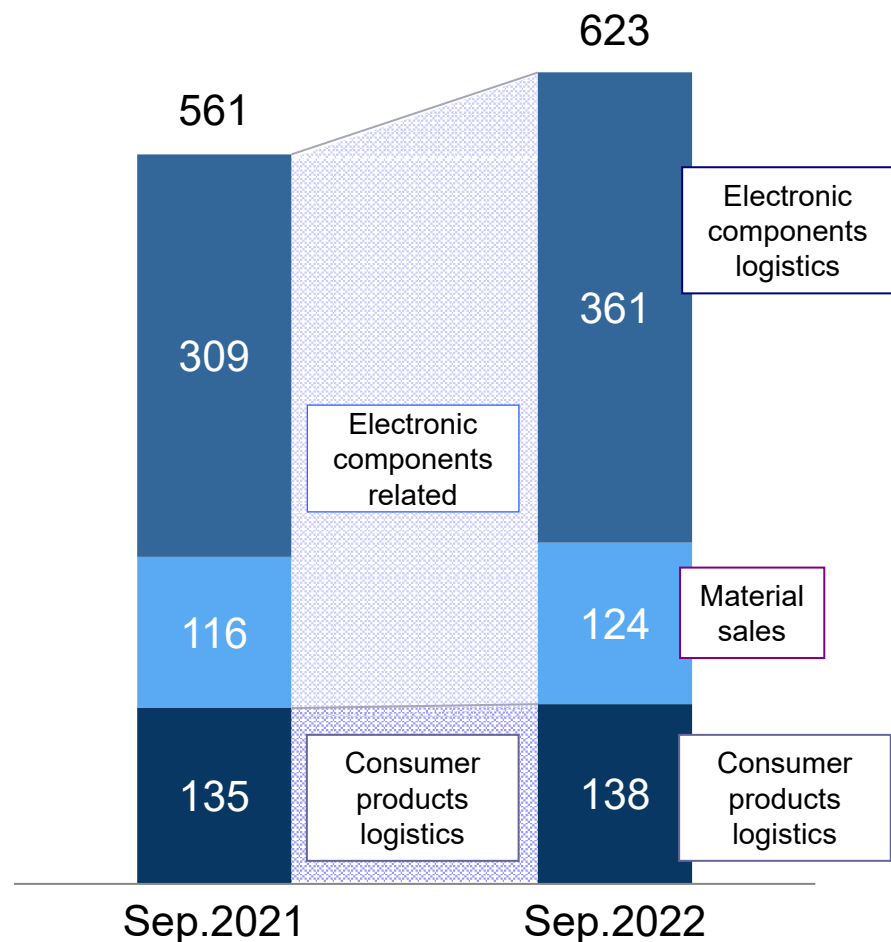
Six months ended
September 2022

Net Sales (Consolidated)

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■ Net sales by segment

(Unit: 100 million yen)



+6.2billion yen (+11.1%) y/y

■ Electronic components logistics +5.2 billion yen

While shipments in existing businesses declined, net sales increased due to sales expansion, emergency air freight remaining at a high level, and the impact of the yen's depreciation.

■ Material sales +0.7 billion yen

Net sales increased as sales of materials related to telecommunications and information equipment increased mainly in China and the yen depreciated.

■ Consumer products logistics +0.2 billion yen

Medical-related business, launched in the previous fiscal year, contributed to the growth. Mail-order and delivery demand associated with COVID-19 has run its course and remained flat.

* Net sales of each segment represent those after elimination of intra-company transactions.

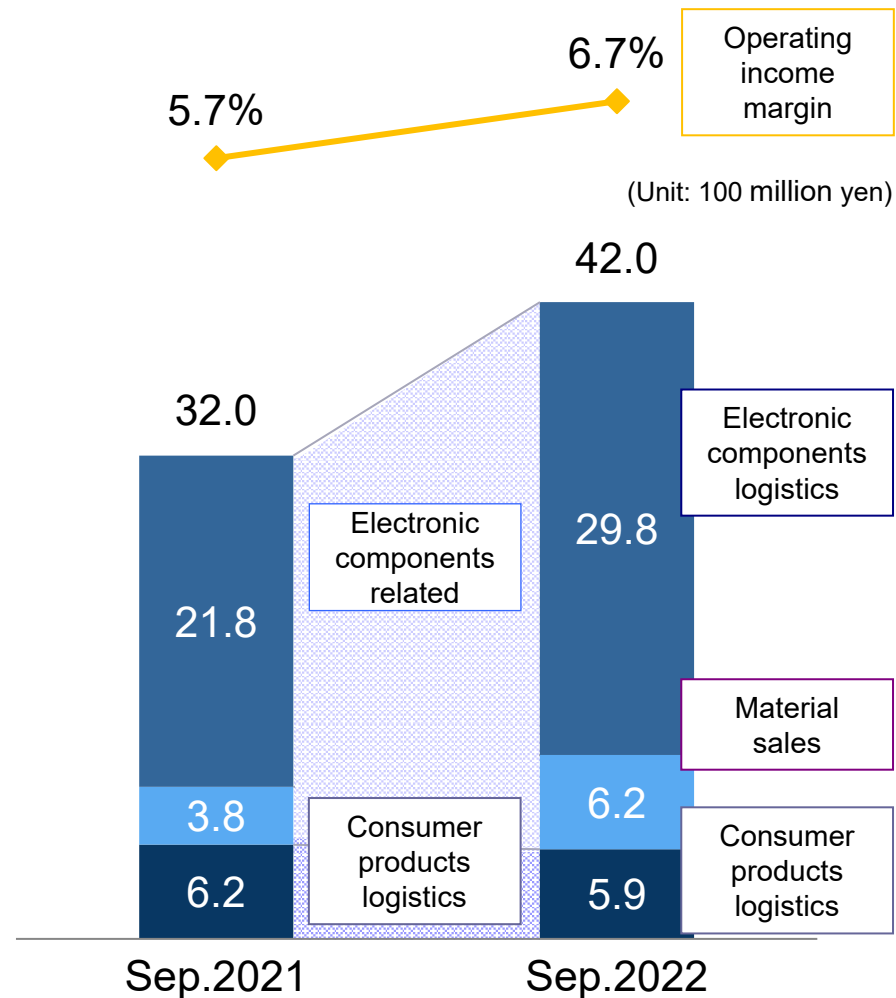


Six months ended
September 2022

Operating Income (Consolidated)

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■ Operating Income by segment



+1.0billion yen (+31.4%) y/y

■ Electronic components logistics +0.79 billion yen

Operating income in Japan decreased due to the deterioration of efficiency in the transportation business caused by the holdup of shipments. Operating income increased overall due to continued demand for emergency air freight, sales expansion and the yen's depreciation.

■ Material sales +0.23 billion yen

Operating income increased due to increased sales and the yen's depreciation.

■ Consumer products logistics -0.02 billion yen

Operating income decreased due to warehouse repair expenses, depreciation, expenses for establishing new hubs, etc.

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

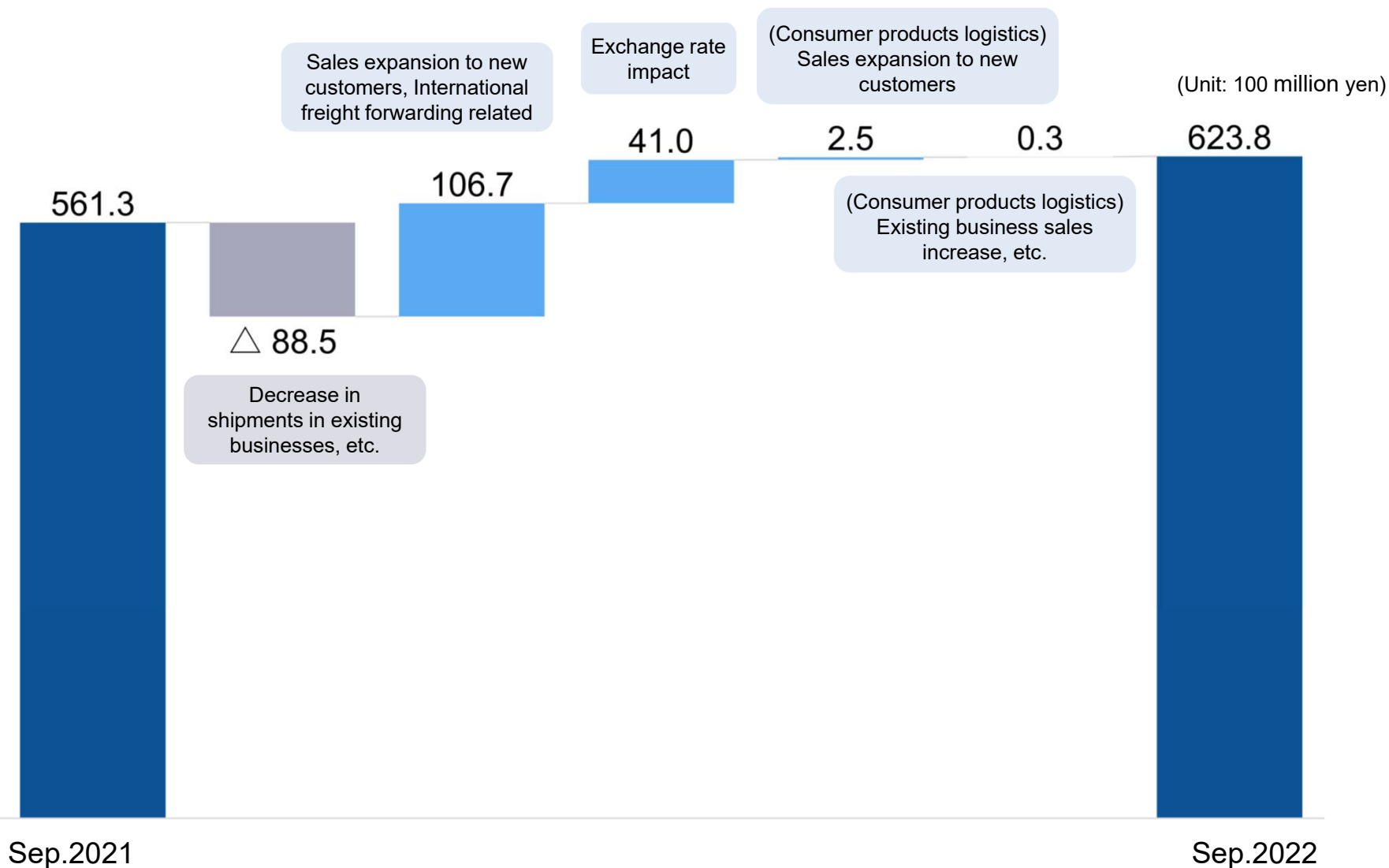


Six months ended
September 2022

Changes in Net Sales (Consolidated)

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Sales increased due to factors including a sales decrease in existing businesses, sales expansion, a sales increase related to exports and imports, and the yen's depreciation.

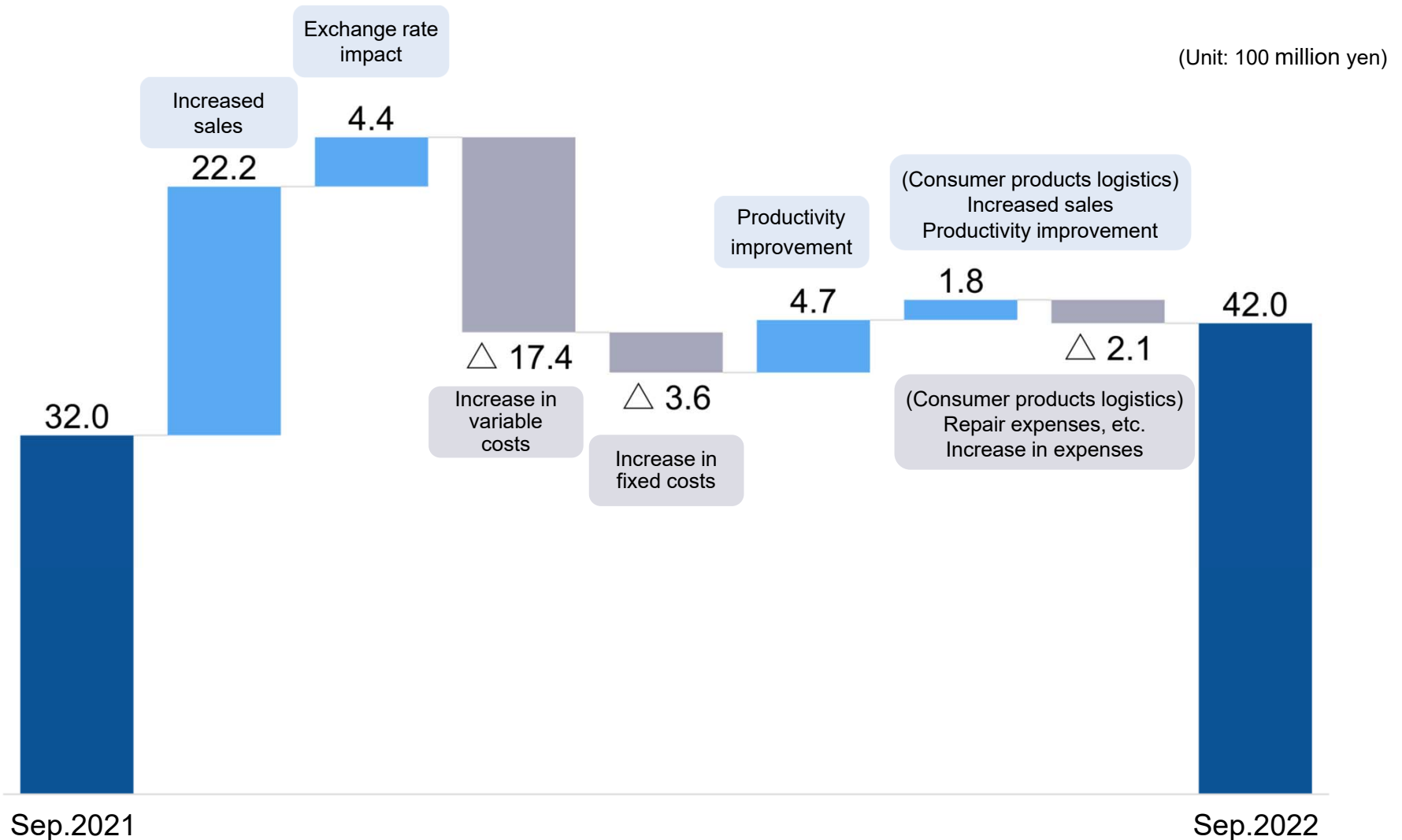




Six months ended
September 2022

Changes in Operating Income (Consolidated) 8

Operating income increased due to increased sales driven by sales expansion and an increase in export and import-related business, as well as the yen's depreciation.





Six months ended
September 2022

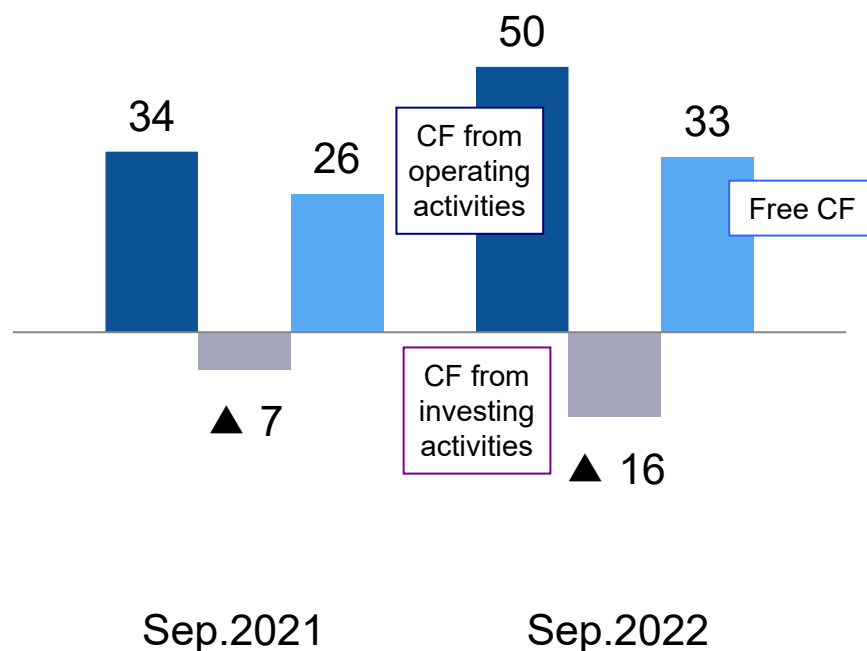
Financial Status (Consolidated)

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Financing for strategic investments

■ Cash flow (CF)

(Unit: 100 million yen)

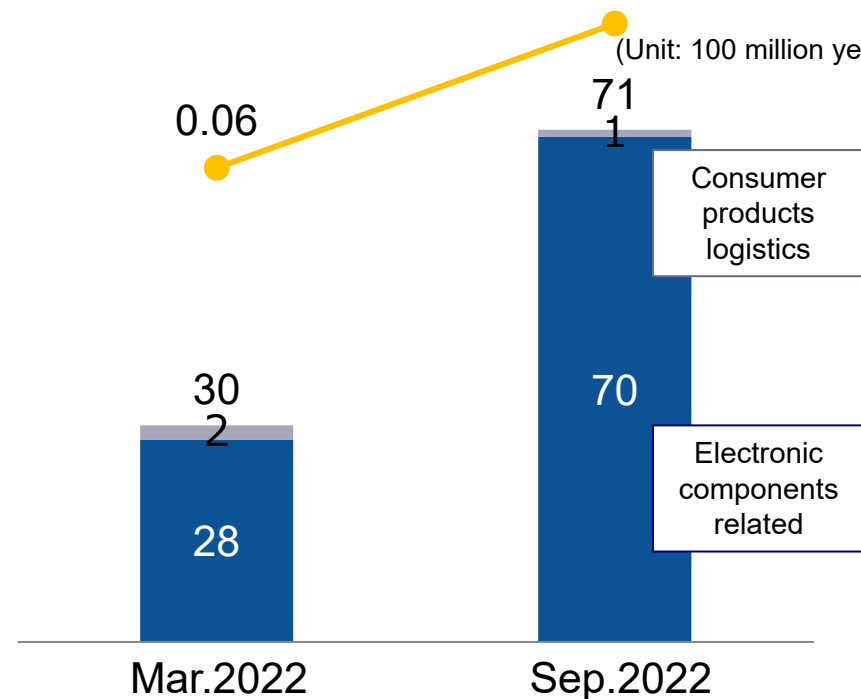


CF from operating activities: Increased due to higher profits, etc.
CF from investing activities: Increased in expenditure related to new warehouse construction.

■ Outstanding interest-bearing liabilities

DE ratio

(Unit: 100 million yen)



Borrowings: Increase in borrowings related to investment.
DE ratio: Increased due to increased borrowings.



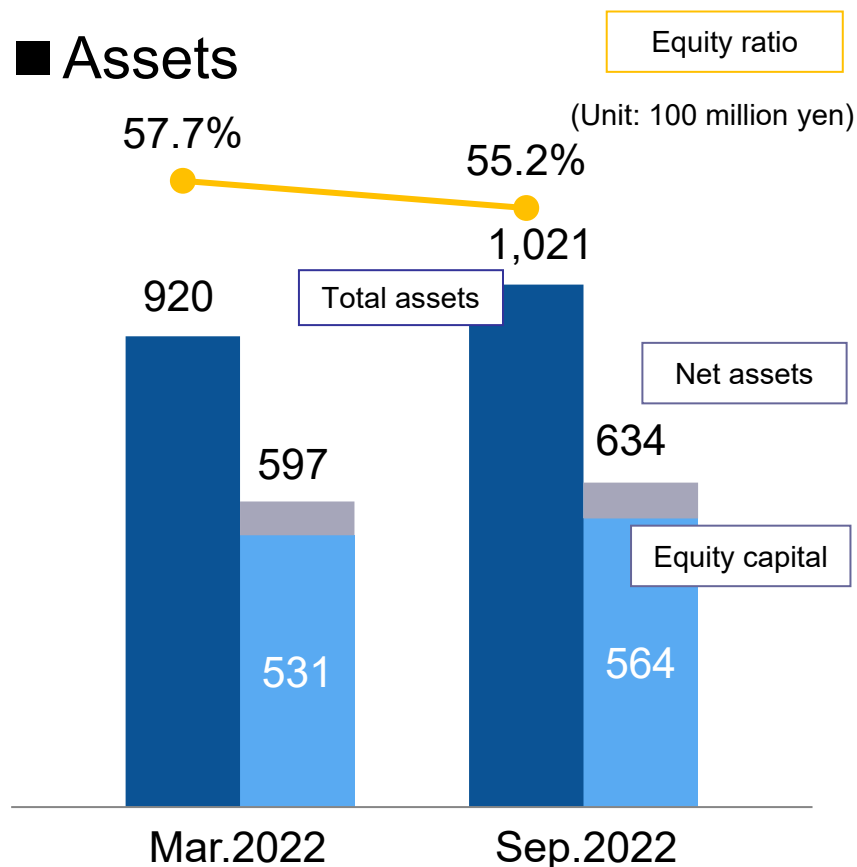
Six months ended
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Financial Index (Consolidated)

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ROE rose due to improved capital efficiency.

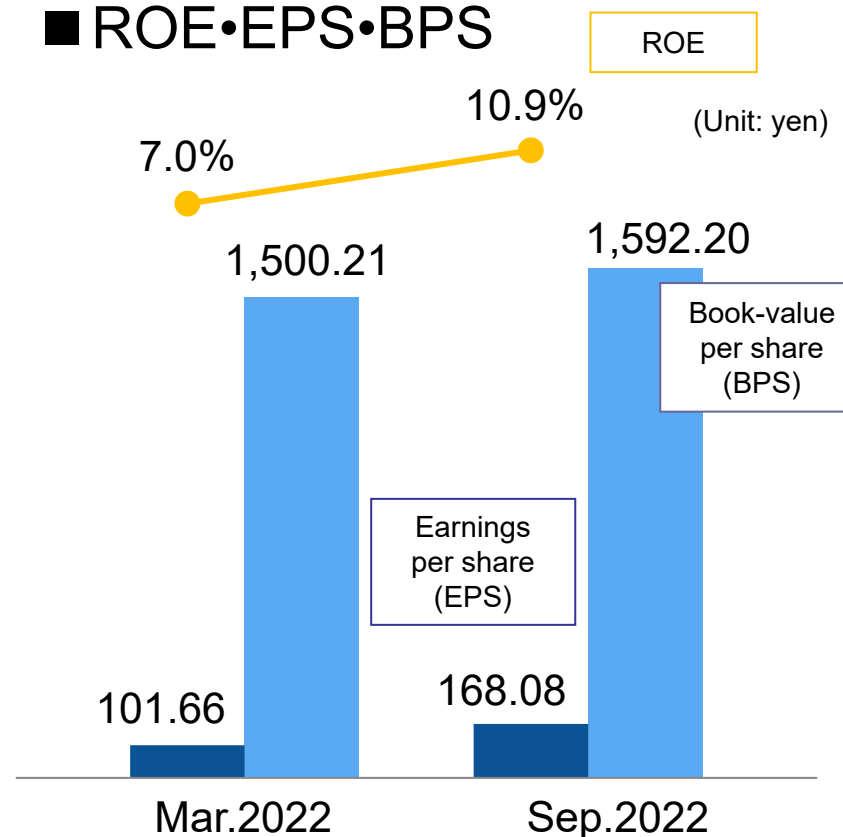
Assets



Total assets: Increased due to increases in cash and deposits and accounts receivable.

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

ROE•EPS•BPS



EPS rose 66.41 yen and ROE increased 3.9 points due to an increase in profit attributable to owners of parent.

* EPS and ROE for Sep.2022 have been annualized.



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Economic environment

There are many uncertain factors, such as the recession caused by high inflation worldwide and monetary tightening, the significant depreciation of the yen, the prolongation of the conflict between Russia and Ukraine, and rivalry between the United States and China.

Electronic components related

Despite the gradual resolution of semiconductor and parts shortages, shortages of components for automobiles and industrial machinery will continue. Automobile-related production is on the recovery trend but lacks momentum. There are concerns over a decline in production due to slowing demand for electronic equipment and a decrease in cargo volume. In the logistics industry, marine transportation is expected to be normalized. Air transportation currently continues to suffer from insufficient space. The market conditions are expected to ease, but there is a strong sense of uncertainty.

Consumer products logistics

Mail-order and delivery demand is expected to remain flat. There are concerns over a shift from product consumption to service consumption and a falling demand for stay-at-home consumption.



Fiscal year ending
March 2023

Financial Forecast (Consolidated)

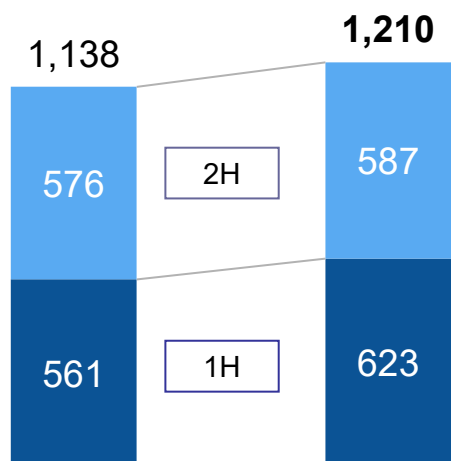
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**Despite the harsh business environment for the second half,
the full-year financial results are projected to reach record highs.**

(Unit: million yen)	Mar.2022		Mar.2023			
	Results	Profit margin	Initial figures	Revised figures	Profit margin	Percent change (y/y)
Net sales	113,814	-	115,000	121,000	-	+ 6.3 %
Operating income	6,021	5.3 %	5,800	6,900	5.7 %	+14.6 %
Ordinary income	6,166	5.4 %	5,550	7,300	6.0 %	+18.4 %
Profit attributable to owners of parent	3,598	3.2 %	3,250	4,200	3.5 %	+16.7 %

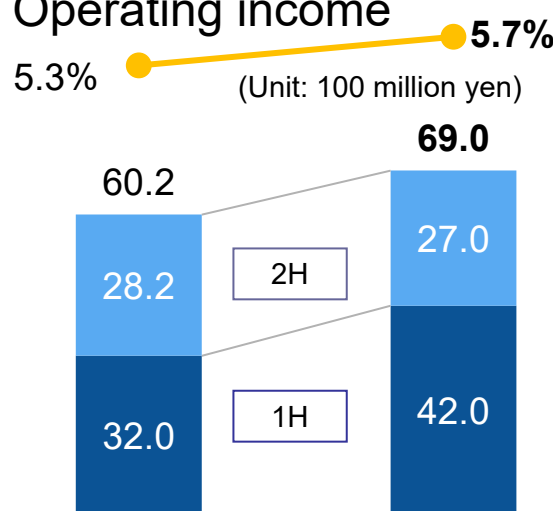
Net sales

(Unit: 100 million yen)



Operating income

(Unit: 100 million yen)



Operating
income margin

[Exchange rate]

(Unit: yen)

	Mar.2022	Mar.2023	
	Full year	1H	2H
USD	112.37	133.97	135.00
CNY	17.51	19.88	19.50

Mar.2022

Mar.2023 forecast

Mar.2022

Mar.2023 forecast



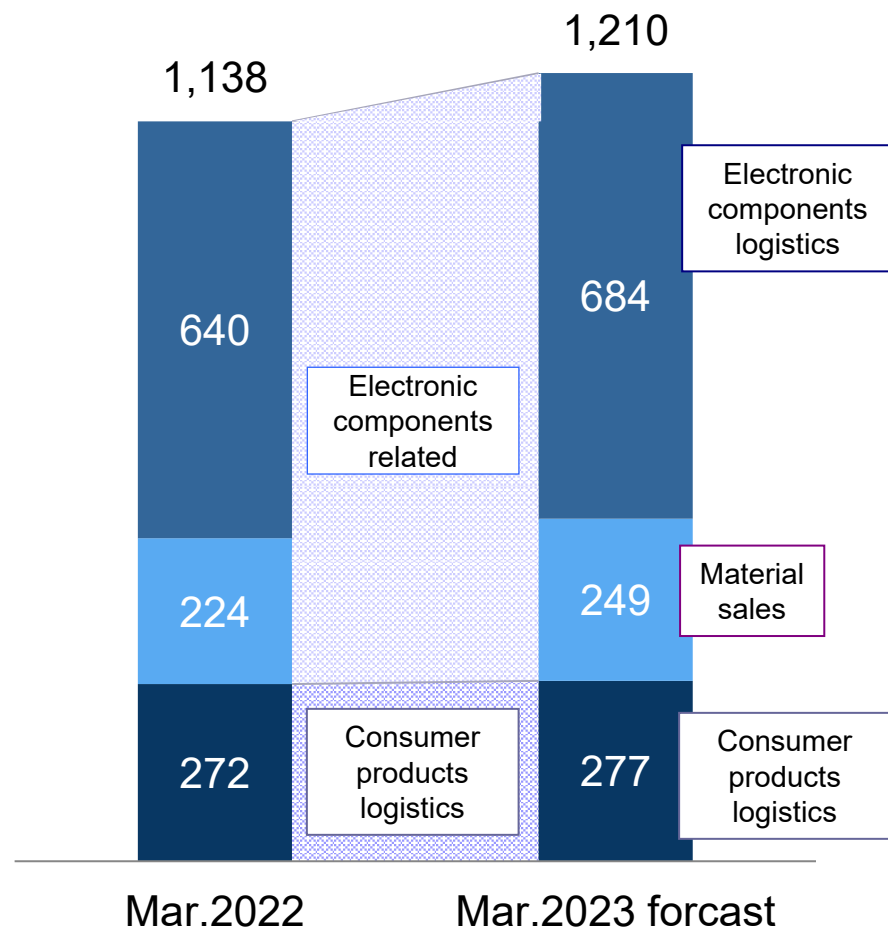
Fiscal year ending
March 2023

Net Sales (Consolidated)

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■ Net sales by segment

(Unit: 100 million yen)



+7.1billion yen (+6.3%) y/y

■ Electronic components logistics + 4.3 billion yen
Although challenging in and after 3Q, net sales are expected to increase due to sales expansion, export and import business, the yen's depreciation, etc.

■ Material sales +2.4 billion yen
Net sales are expected to increase due to automobile-related sales expansion to new customers and the yen's depreciation.

■ Consumer products logistics +0.4 billion yen
Mail-order and delivery demand is expected to remain flat, while sales expansion for product center operations is expected to increase net sales.

* Net sales of each segment represent those after elimination of intra-company transactions.

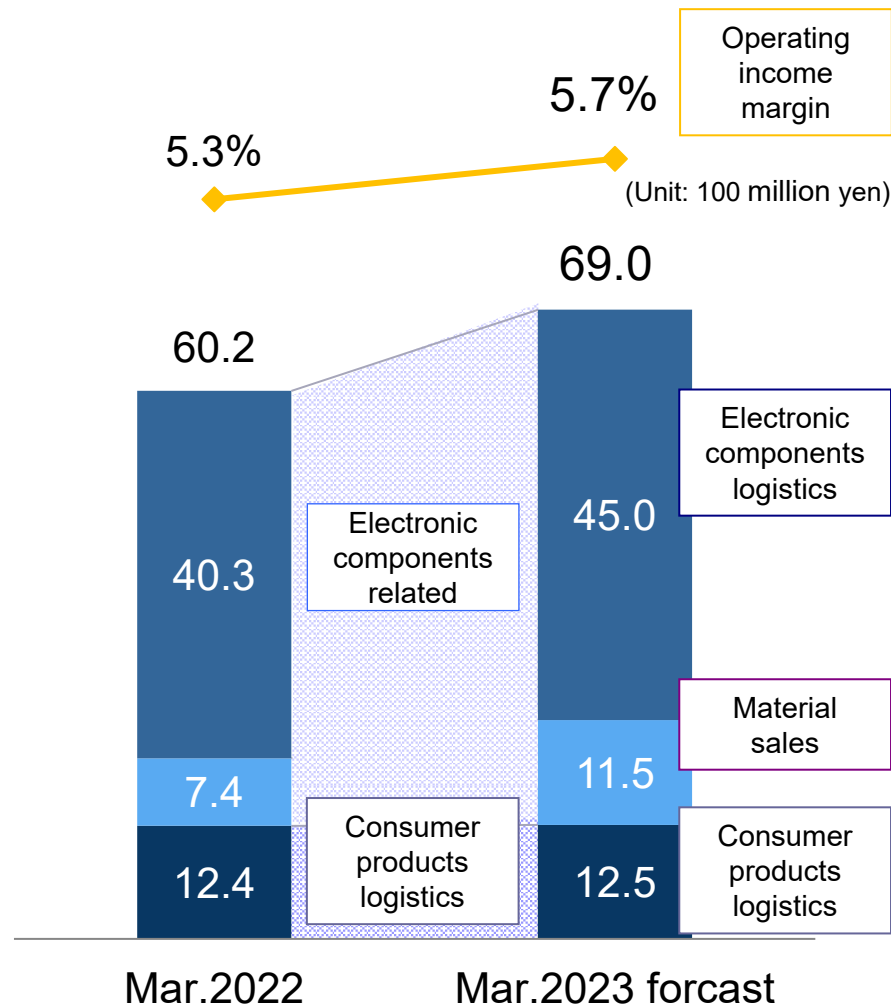


Fiscal year ending
March 2023

Operating Income (Consolidated)

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■ Operating Income by segment



+0.87billion yen (+14.6%) y/y

■ Electronic components logistics +0.47 billion yen
Repair expenses and other fixed costs will increase, but operating income is expected to rise due to increased sales helped by sales expansion and the yen's depreciation.

■ Material sales +0.4 billion yen
Operating income is expected to increase due to increased sales and the yen's depreciation.

■ Consumer products logistics + 0.0 billion yen
Operating income is expected to remain flat as higher repair expenses and other costs will be offset by increased sales due to sales expansion as well as productivity improvement.

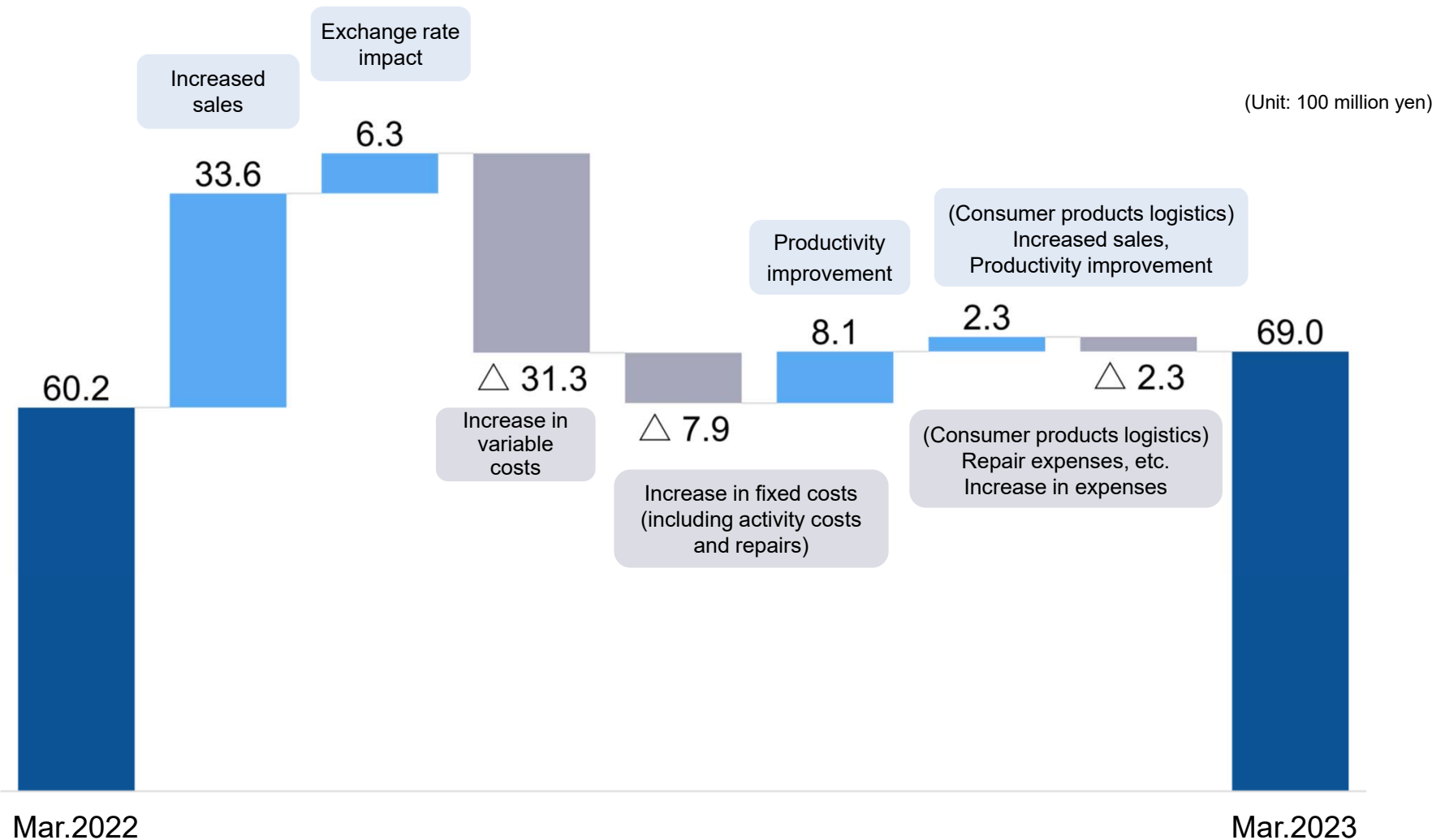
* Operating income of each segment represents that after elimination of intra-company transactions.



Fiscal year ending
March 2023

Changes in Operating Income (Consolidated) 16

Operating income is expected to increase due to sales expansion, an increase in export and import-related business, and the yen's depreciation.



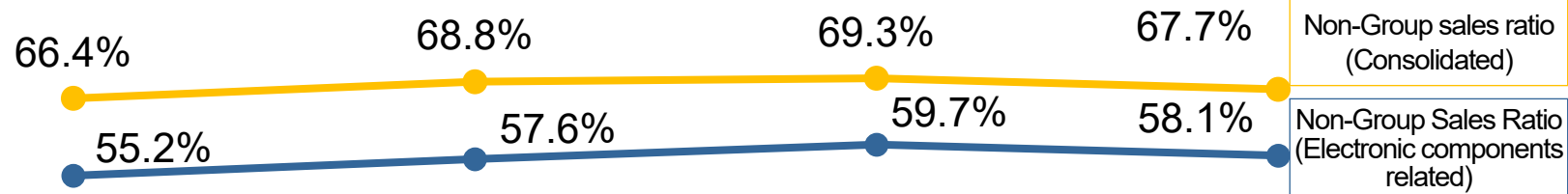


Fiscal year ending
March 2023

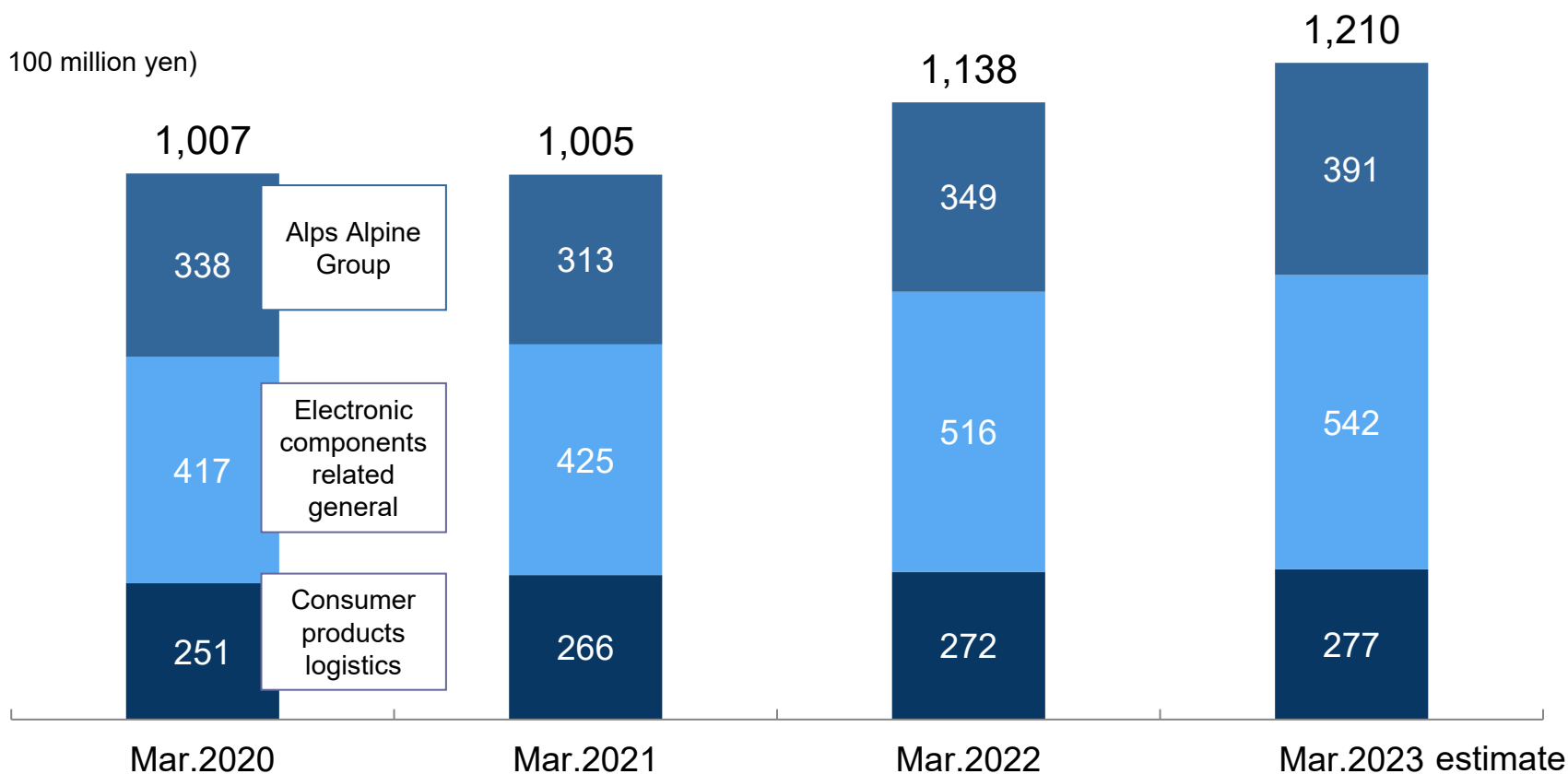
Non-Group Sales Ratio

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Non-group sales increased, but the non-group sales ratio declined slightly.



(Unit: 100 million yen)



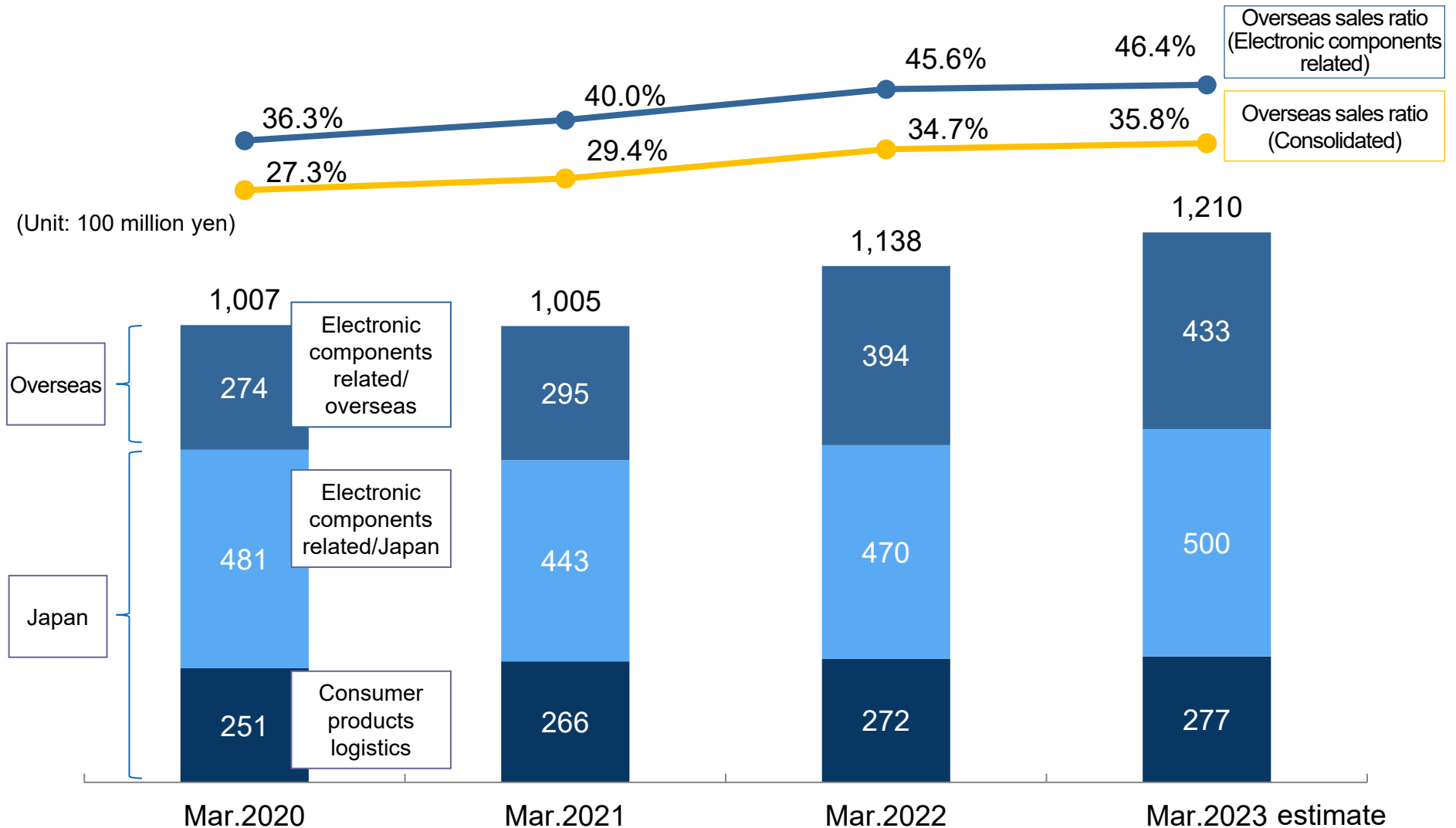


Fiscal year ending
March 2023

Overseas Sales Ratio

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Overseas sales are expected to rise due to an increase in international freight forwarding related sales of electronic components and the yen's depreciation.



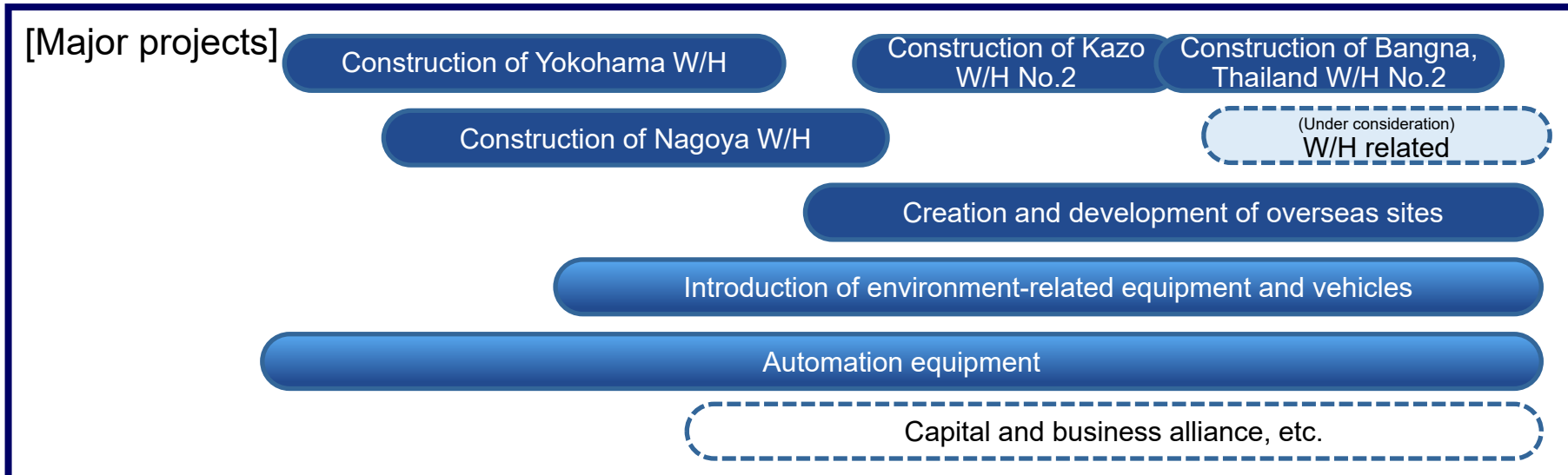
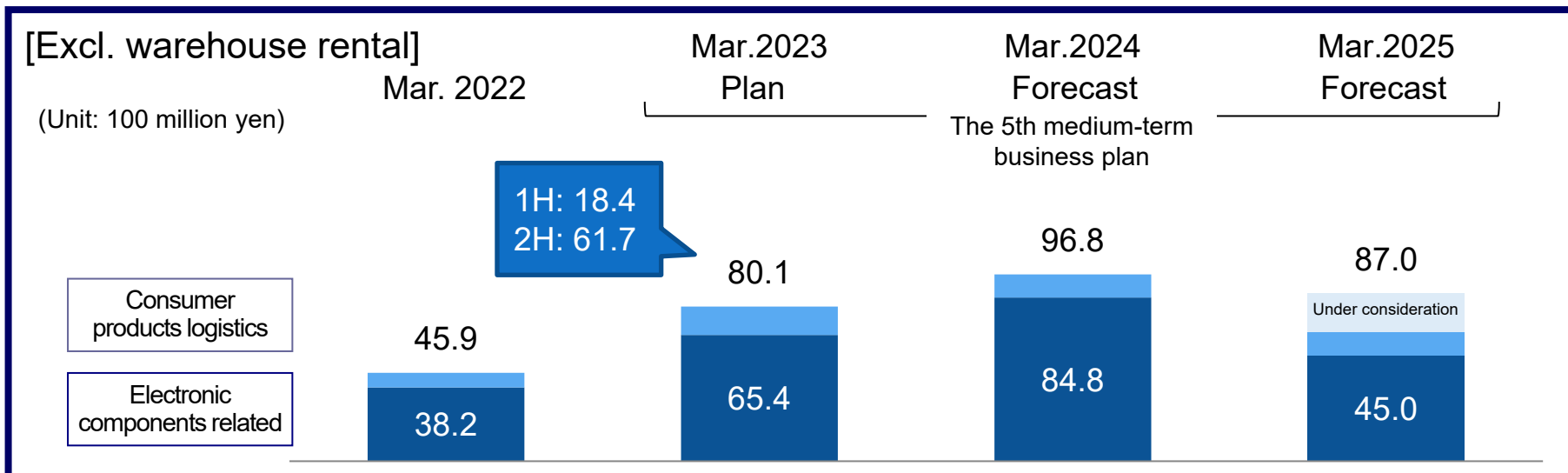


Fiscal year ending
March 2023

Investment

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





Fiscal year ending
March 2023

Dividend Policy

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- Aim to enhance shareholder returns with a dividend payout ratio approximately in the range of 30% to 40%.
- Increase year-end dividend from 16 yen to 23 yen due to a profit rise driven by the significant depreciation of the yen.

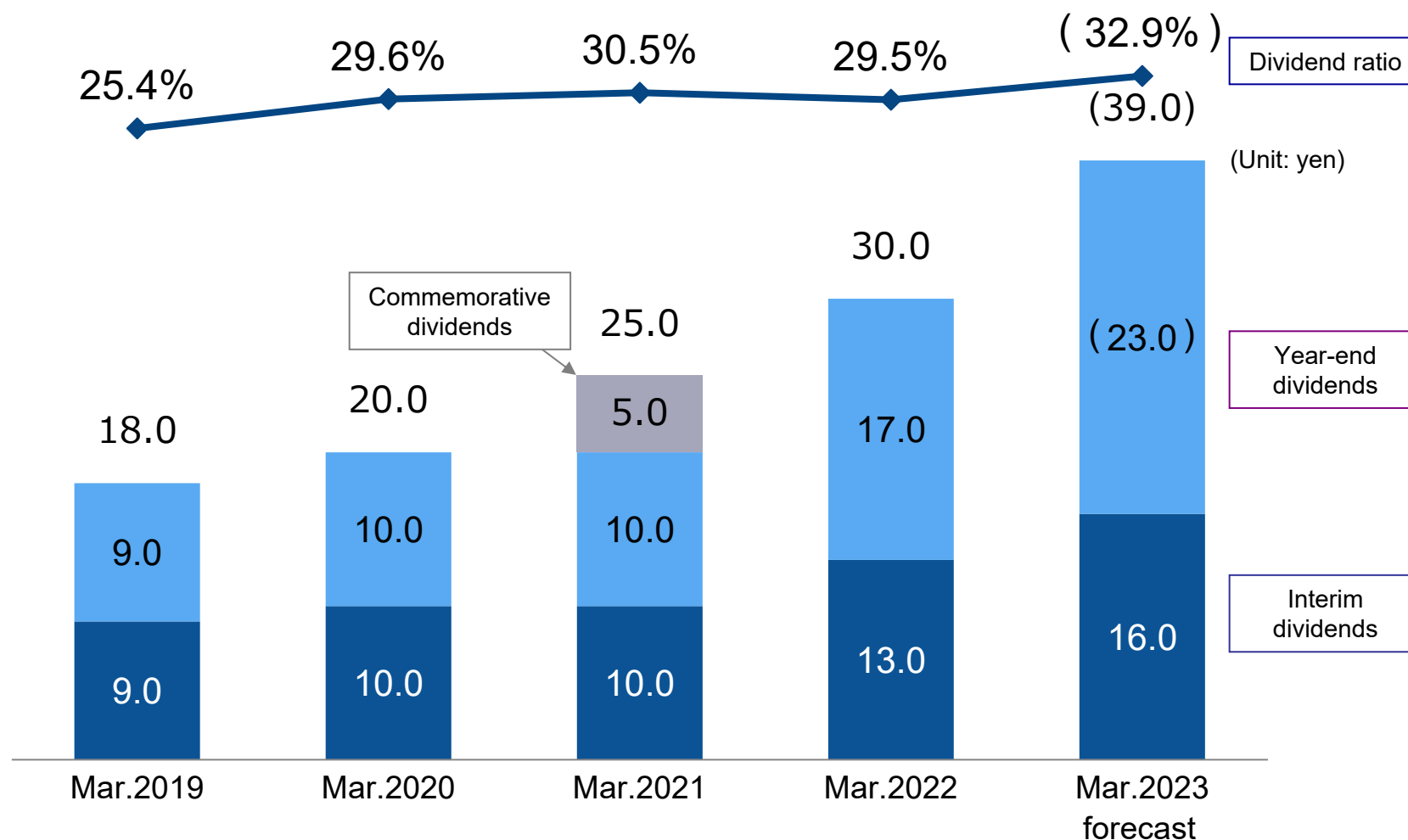




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Expanding storage capacity at major bases

- **Built a new warehouse in Yokohama**

Completed in Sep. 2022 and started operation on Oct. 17.

Warehouse area: 9,000 m²

Yokohama City, Kanagawa Prefecture (on the premises of Yokohama Branch)

100% solar-powered operation is possible when the best conditions are met.



Yokohama new warehouse

- **Building a new warehouse in Nagoya**

Scheduled to start construction in Feb. 2023

Scheduled for completion in Jan. 2024

Warehouse area: 33,000 m²

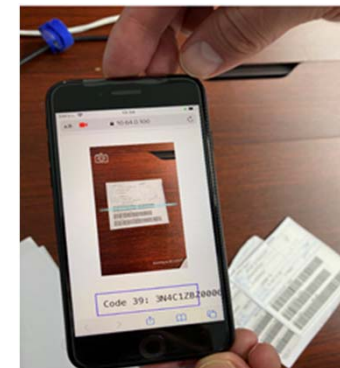
Komaki City, Aichi Prefecture



Rendering of Nagoya new warehouse

- **Image recognition inventory acceptance inspection system (patent pending)**

- **Obtaining license for sale of specially controlled medical devices, etc.**



Strengthening logistics business in each country

● Expanding warehouses

Warehouse area: Approx. 14,300 m² larger
China: Tianjin, Songjiang, Wuhan, Taicang
South Korea: Osan



General warehouse in Tianjin, China



Warehouse in Osan, South Korea

● Strengthening air export freight forwarding operations



Kuala Lumpur Airport Office opened

● ISO certification

ISO9001(QMS) (Certified at 26 overseas sites)

A warehouse in South Korea, was certified in 1H, and sites in Malaysia, Vietnam, and India plan to be certified in 2H

ISO14001(EMS) (Certified at 9 overseas sites)

Warehouses in South Korea and Thailand were certified in 1H, and sites in Malaysia and Vietnam plan to be certified in 2H



Opened a new warehouse in Kasukabe and Kazo

● Kasukabe Branch

Opened on Jul. 1

Warehouse area: Approx. 10,000 m²

Kasukabe City, Saitama Prefecture

Started operation as a BtoC logistics center



● Kazo Toyonodai Branch

Opened on Oct. 1

Warehouse area: Approx. 10,000 m²

Kazo City, Saitama Prefecture

Started operation as a BtoB logistics center



Increasing our stake in Ryutsu Service Co., Ltd.

In Oct., we increased our stake in Ryutsu Service from 71.4% to 96.7% to enhance synergies between electronic component logistics and consumer logistics, strengthen collaboration and enable a flexible management structure.



Environment

- **Reducing CO₂ emissions**

Introducing additional hybrid 2-ton vehicles and study switching to EVs

- **Reducing waste**

Promoting plastic film recycling

Society

- **Promoting women's empowerment**

Female managers: 1, Female assistant managers: 5 in Mar. 2022 → 9 in Oct. 2022

- **Health and productivity management**

Accelerate initiatives to be selected as a Certified Health & Productivity Management Outstanding Organization (health literacy education, specified health guidance, etc.)

Governance

- **Sustainable procurement**

Formulated the Policy for Responsible Procurement and the Partner Suppliers Code of Conduct

- **Compliance with the Corporate Governance Code**

Complied in Jul. 2022 with two out of three principles with the “explain” status. Aim for full compliance by Jul. 2023

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.