

Result Briefing

ALPS LOGISTICS CO., LTD.

(TSE PRIME 9055)

May 22, 2023

Representative Director,
President & CEO

Masaru Usui



- 1. Financial highlights for the year ended March 2023**
2. Financial forecast for the year ending March 2024
3. Main business activities and prioritized initiatives



Economic environment

As the impact of COVID-19 eased, high levels of inflation increased even further for reasons such as the recovering economic conditions.

Global economic growth slowed against the backdrop of increased monetary tightening in countries around the world.

Electronic components related

Automotive-related production was firm thanks to an easing in the shortage of semiconductors and electronic components, etc.

From mid-way through the year, there was a slump in demand for consumer electronics equipment, such as smartphones and PCs.

In logistics, there was a strong level of cargo movements in international freight through to the third quarter.

From the fourth quarter, there was a large decrease in urgent shipments as the chaotic situation in international transportation eased.

Consumer products logistics

The COVID-19-driven demand cycle in co-op home deliveries came to an end, leading to a slight decrease in demand.

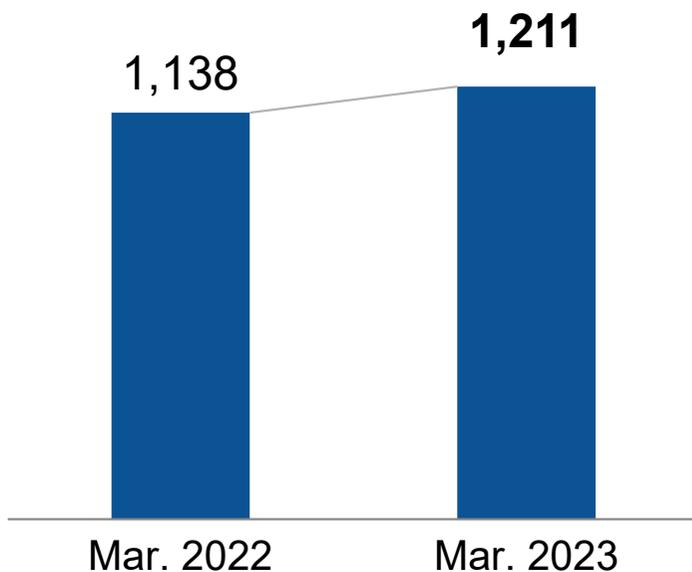
There was an increase in EC-related new sales expansions.



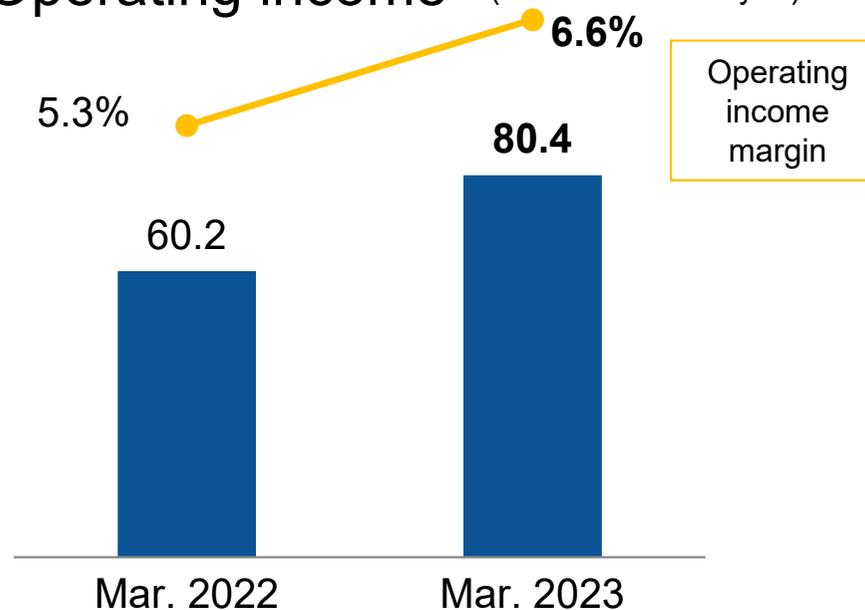
Net sales and income at all levels set new record highs.

(Unit: million yen)	Mar. 2022	Mar. 2023	
	Results	Results	Percent change (y/y)
Net sales	113,814	121,165	6.5%
Operating income	6,021	8,043	33.6%
Ordinary income	6,166	8,790	42.6%
Profit attributable to owners of parent	3,598	5,032	39.9%

■ Net sales (Unit: 100 million yen)



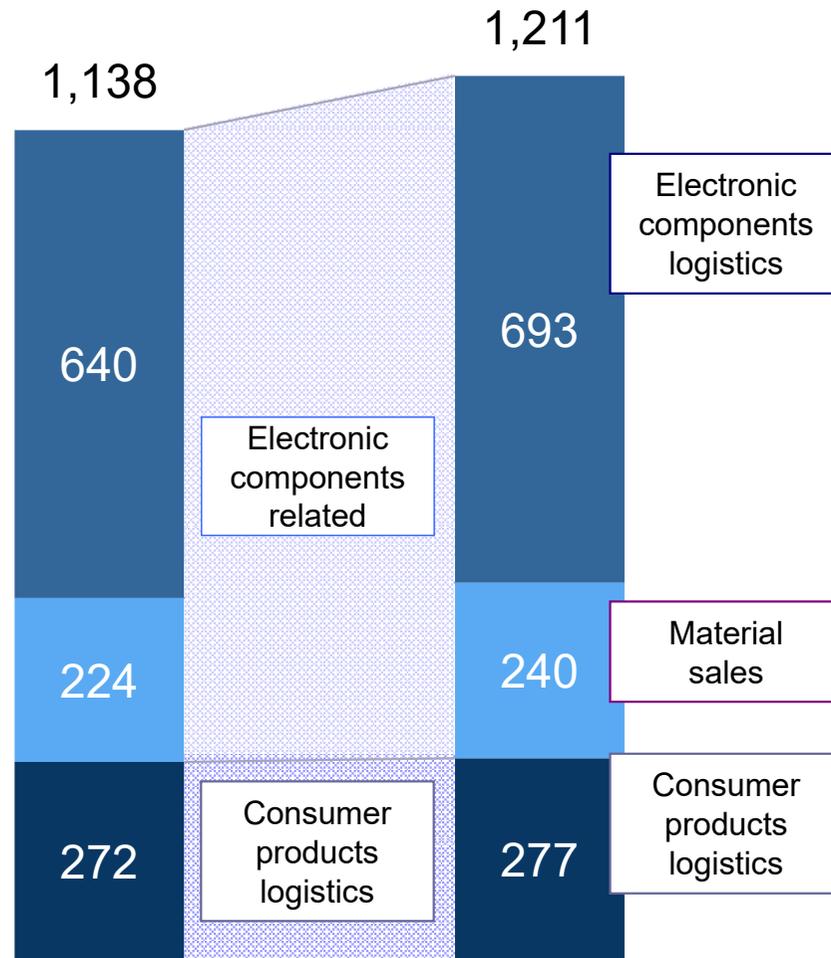
■ Operating income (Unit: 100 million yen)





■ Net sales by segment

(Unit: 100 million yen)



+7.3 billion yen (+6.5%) y/y

■ **Electronic components logistics +5.3 billion yen**
 There was an increase in new sales expansions and strong levels of cargo movements in international freight through to 3Q, as well as a weaker yen, and this contributed to the growth.

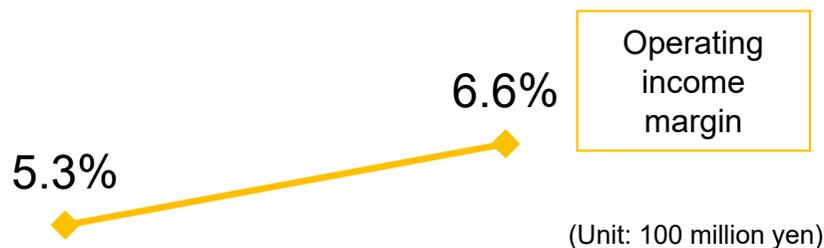
■ **Material sales +1.5 billion yen**
 The increase was explained by higher sales of molding materials for telecommunications and information equipment, mostly in China, and by a weaker yen.

■ **Consumer products logistics +0.5 billion yen**
 The COVID-19-driven demand cycle in home deliveries came to an end, leading to a slight decrease in demand, but there was an increase in EC related business as a result of new sales expansions.

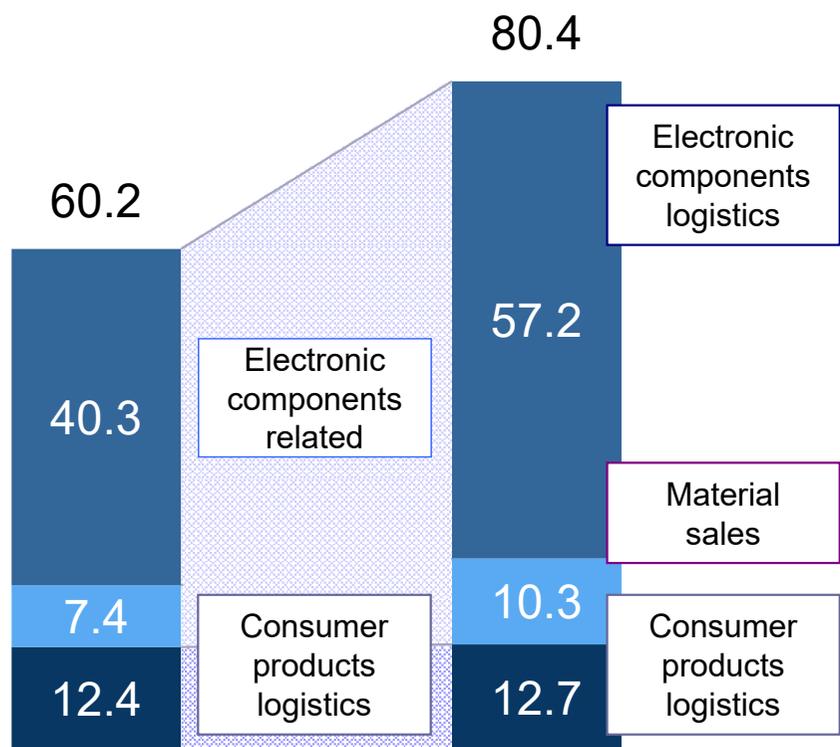
* Sales of each segment represent sales after elimination of intra-company transactions.



■ Operating income by segment



+2.02 billion yen (+33.6%) y/y



■ **Electronic components logistics +1.69 billion yen**
 Increased as a result of higher revenue impacts from sales expansions, etc., as well as productivity improvements and the positive effects of a weaker yen

■ **Material sales +0.29 billion yen**
 Income increased as a result of increased revenue effects and a weaker yen

■ **Consumer products logistics +0.03 billion yen**
 Slight increase due to expansion in revenues and increased productivity, despite increased fixed costs, including one-off costs such as the establishment of new bases.

Mar. 2022

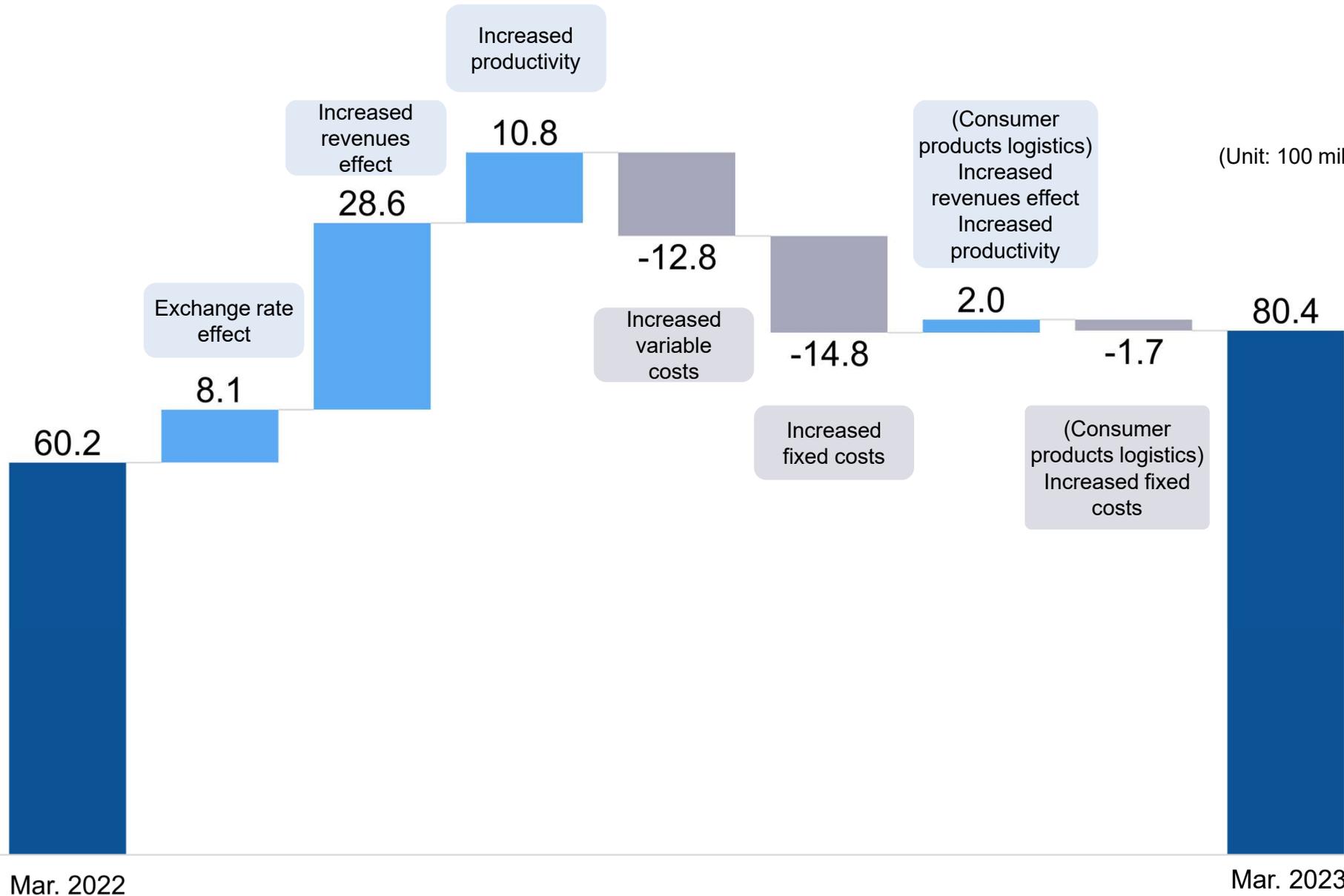
Mar. 2023

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



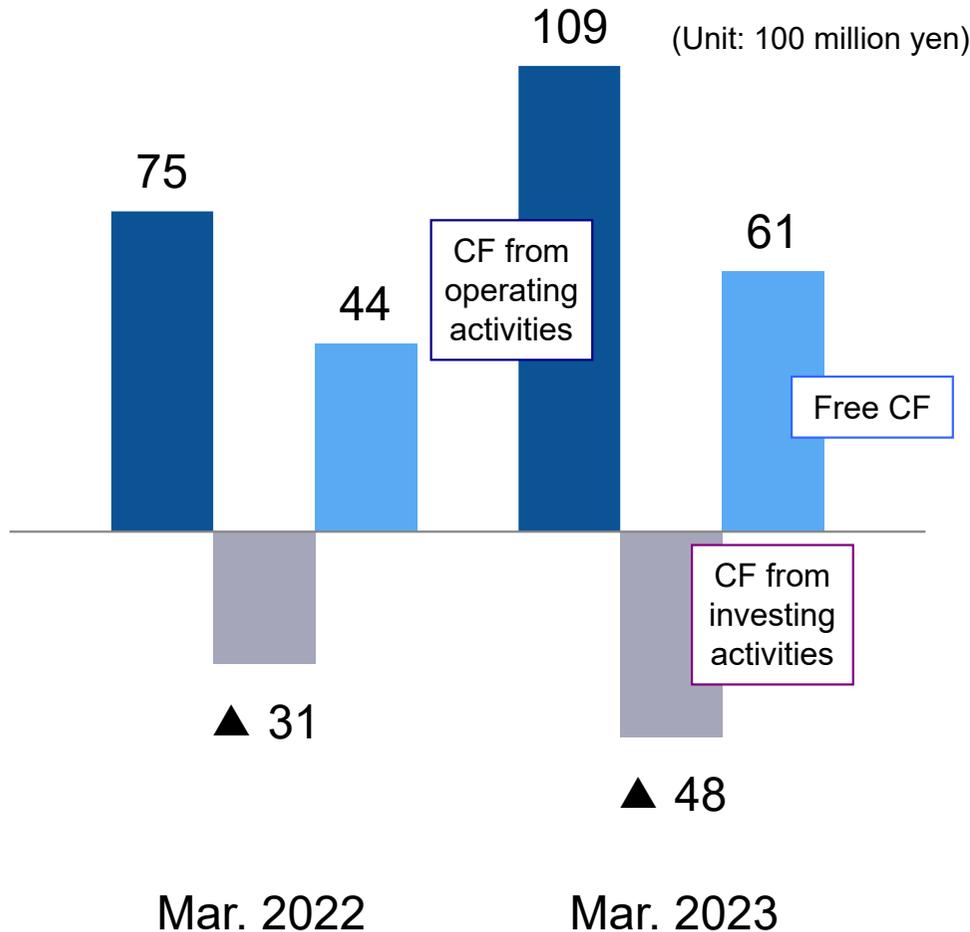
Increase in profit due to the effects of new sales expansions and exchange rate effects

(Unit: 100 million yen)

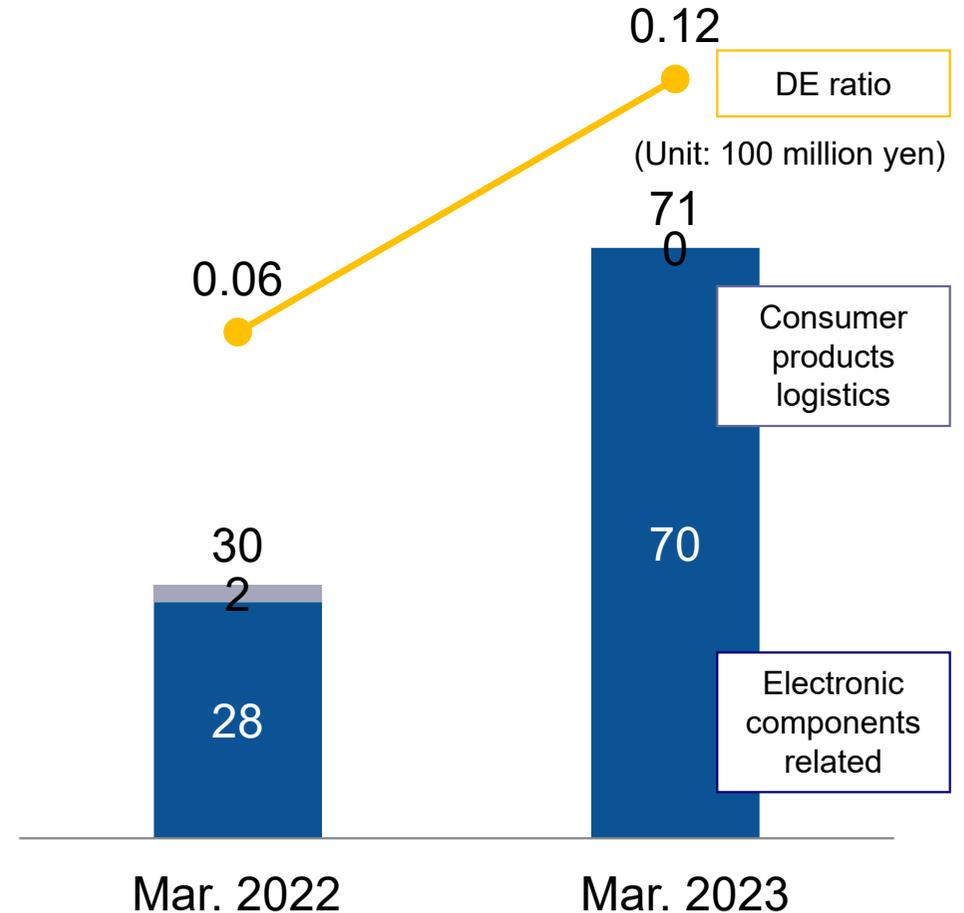




■ Cash flow (CF)



■ Outstanding interest-bearing liabilities

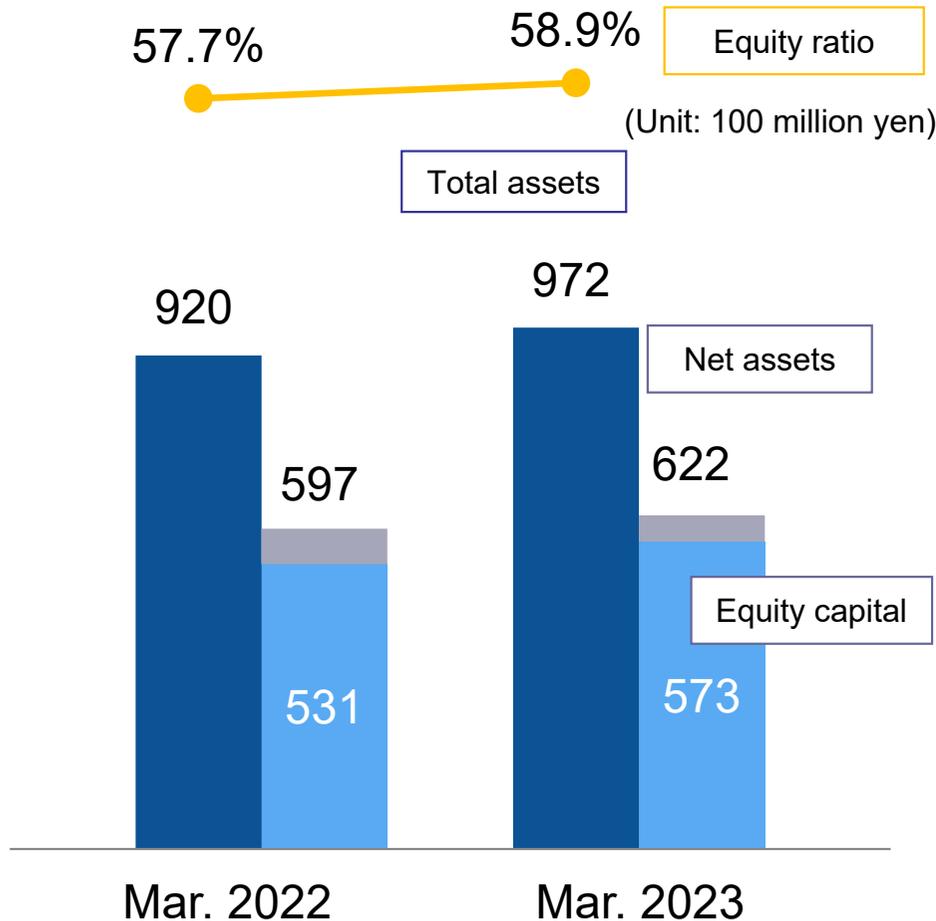


CF from operating activities: Increased due to higher profits
 CF from investing activities: Increased due to warehouse construction and systems-related expenditure

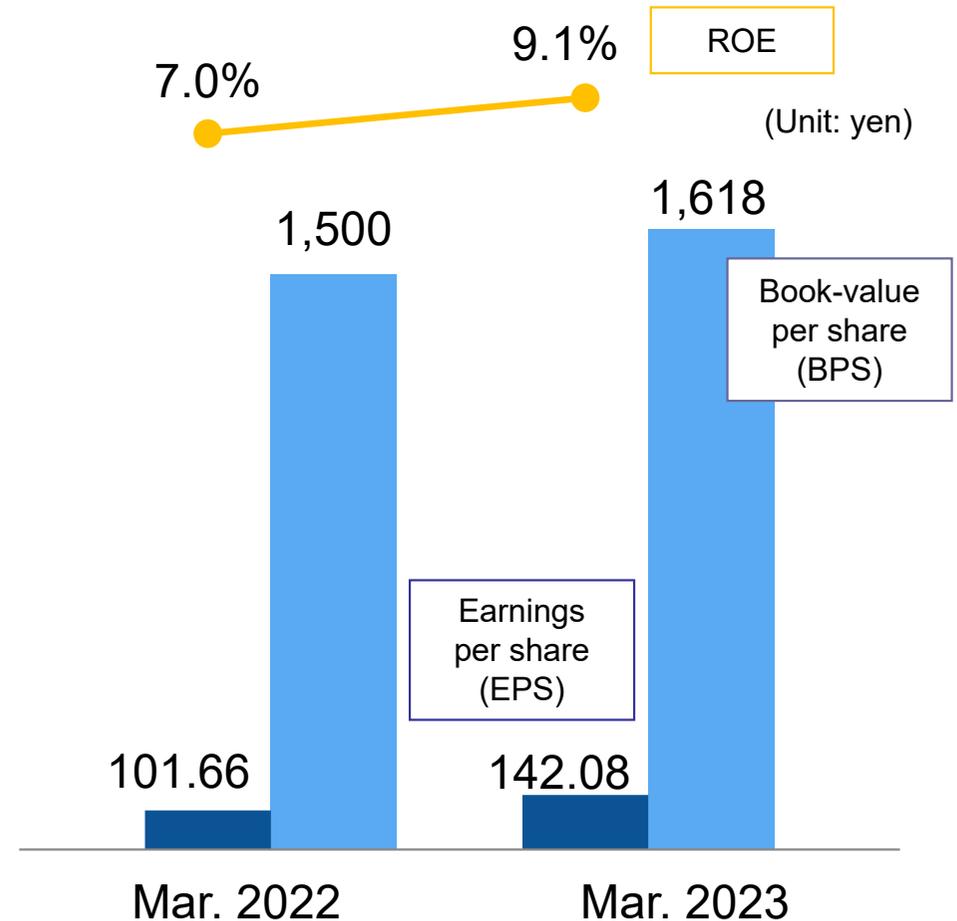
Borrowing: Increased in electronic components logistics due to investment funding procurement



■ Assets



■ ROE · EPS · BPS



Total assets: Increased due to an increase in cash and deposits, and tangible fixed assets.
Equity ratio: +1.2p due to securing profits

ROE +2.1p and EPS +40.42 yen due to an increase in net profit attributable to owners of the parent company.



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Economic environment

There is a strong element of uncertainty about the future of global economic conditions because of high inflation, etc.

Factors such as the long-term conflict between Russia and Ukraine has added an additional layer of uncertainty.

Electronic components related

The automotive-related components shortage has gradually eased, and a production recovery trend is forecast.

In electronics components for industrial applications, strong trends are forecast in EVs and environmental related business.

In consumer electronics equipment, such as computers and smartphones, a recovery trend is forecast from the second half of the fiscal year onwards.

In logistics, there are concerns about a decrease in production and a large decrease in cargo volumes as a result of slowing demand. In air and marine transportation, there is increasingly fierce competition as a result of an easing in supply and demand conditions.

Consumer products logistics

The COVID-19-driven demand cycle in co-op home deliveries came to an end, and a decrease is forecast.

There are concerns about a shift towards services consumption and a decrease in products consumption.

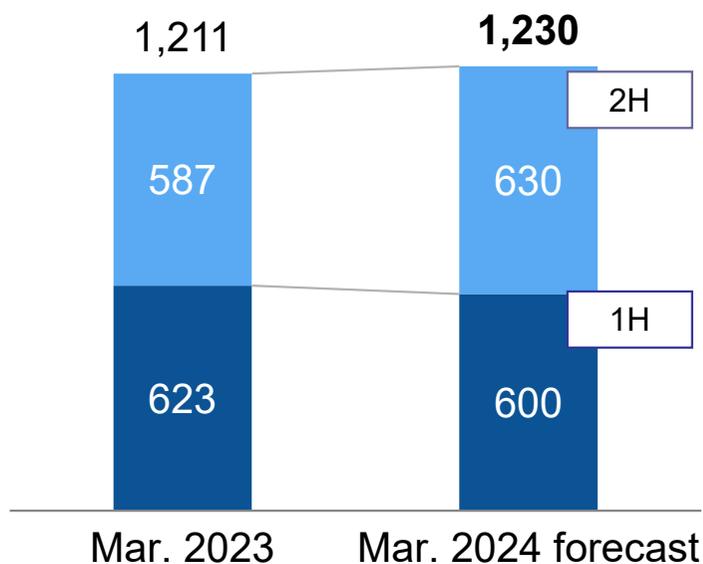


Revenue is forecast to increase slightly due to sales expansions, but income is forecast to decrease because of an increasingly fierce competitive environment and increase in fixed costs, etc.

(Unit: million yen)	Mar. 2023		Mar. 2024		
	Results	Income ratio	Forecast	Income ratio	Percent change (y/y)
Net sales	121,165	-	123,000	-	1.5 %
Operating income	8,043	6.6 %	6,700	5.4 %	-16.7 %
Ordinary income	8,790	7.3 %	6,200	5.0 %	-29.5 %
Profit attributable to owners of parent	5,032	4.2 %	3,800	3.1 %	-24.5 %

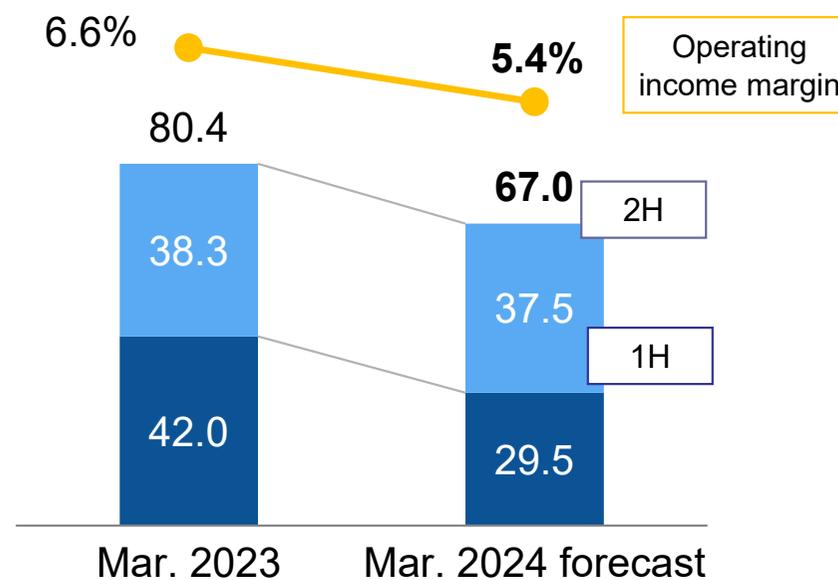
Net sales

(Unit: 100 million yen)



Operating income

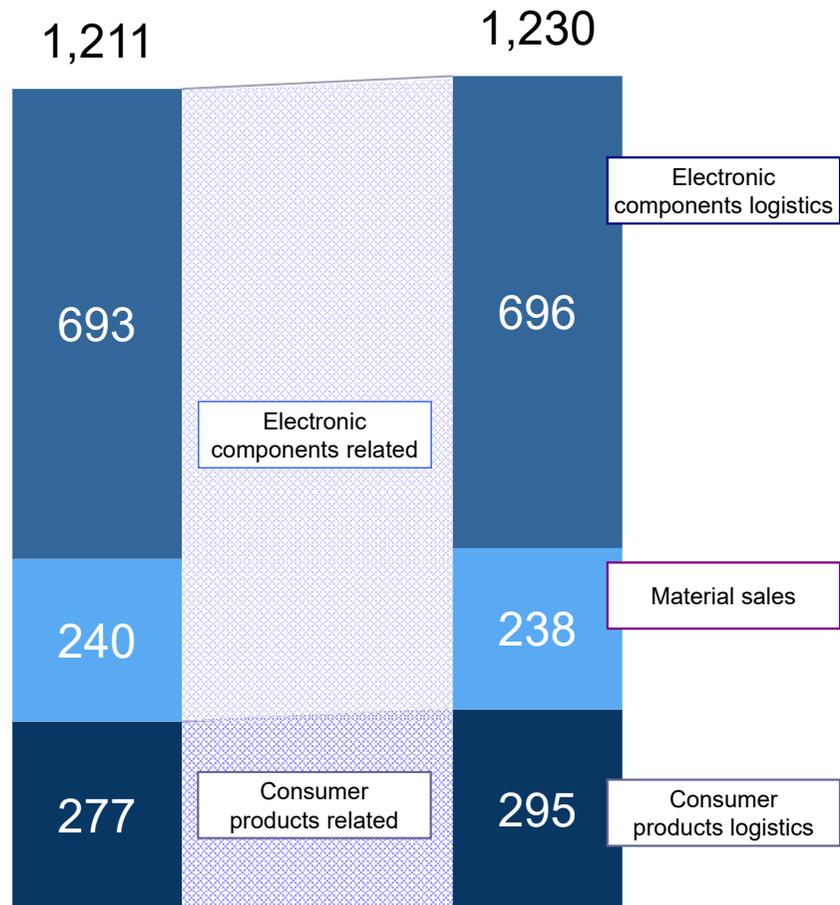
(Unit: 100 million yen)





■ Net sales by segment

(Unit: 100 million yen)



+1.9 billion yen (+1.6%) y/y

■ **Electronic components logistics +0.3 billion yen**
 Sales will increase slightly due to increase in transportation and warehousing tasks, despite a decrease both in Japan and overseas in international freight forwarding.

■ **Material sales -0.2 billion yen**
 Sales will decrease slightly because of decreased consumer electronics related sales and exchange rate effects, despite a forecast increase in vehicle-mounted applications.

■ **Consumer products logistics +1.8 billion yen**
 Sales will increase due to an increase in business supplying co-ops, as well as sales expansions in EC related business.

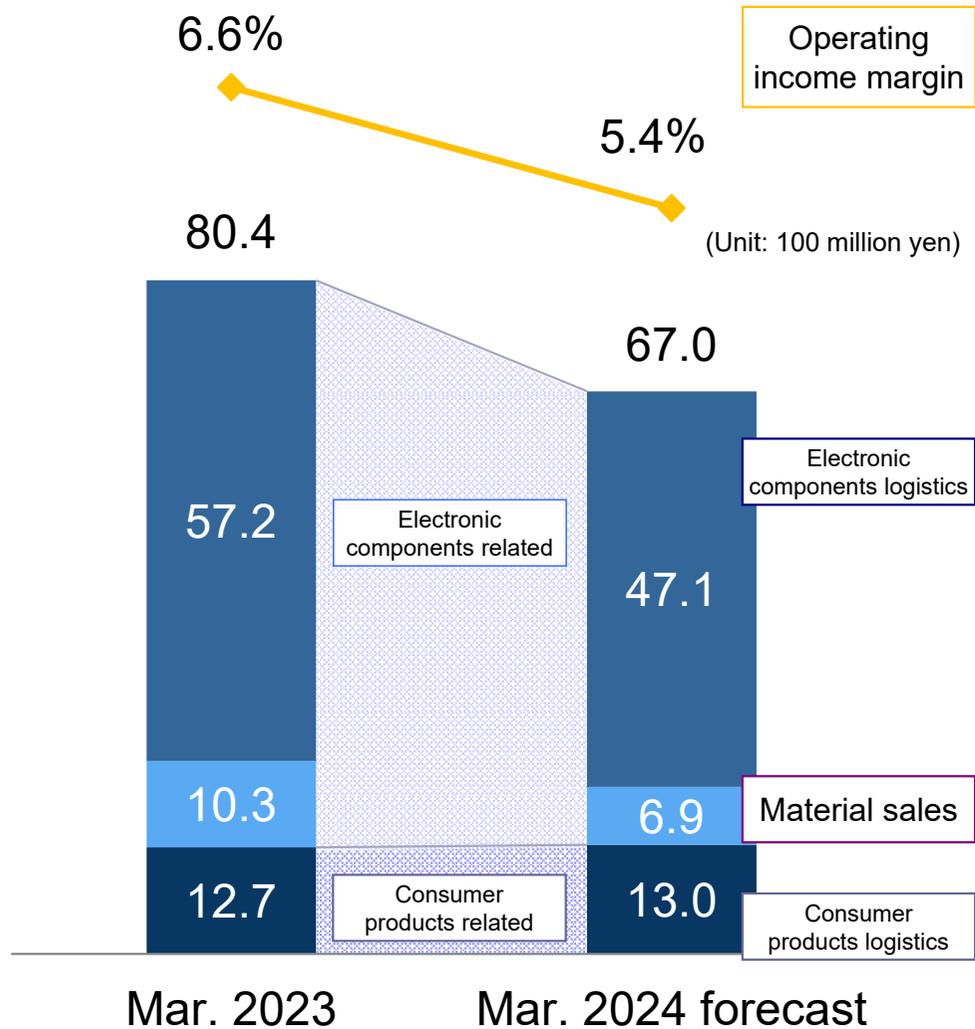
Mar. 2023

Mar. 2024 forecast

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



■ Operating income by segment



-1.34 billion yen (-16.7%) y/y

■ **Electronic components logistics -1.01 billion yen**
 Profit will decrease because of the effects of increasingly fierce competition in international transportation and increased fixed costs, despite increased productivity.

■ **Material sales -0.34 billion yen**
 Profit will fall due to decreased revenue and a higher purchase cost ratio resulting from the product mix, as well as exchange rate factors.

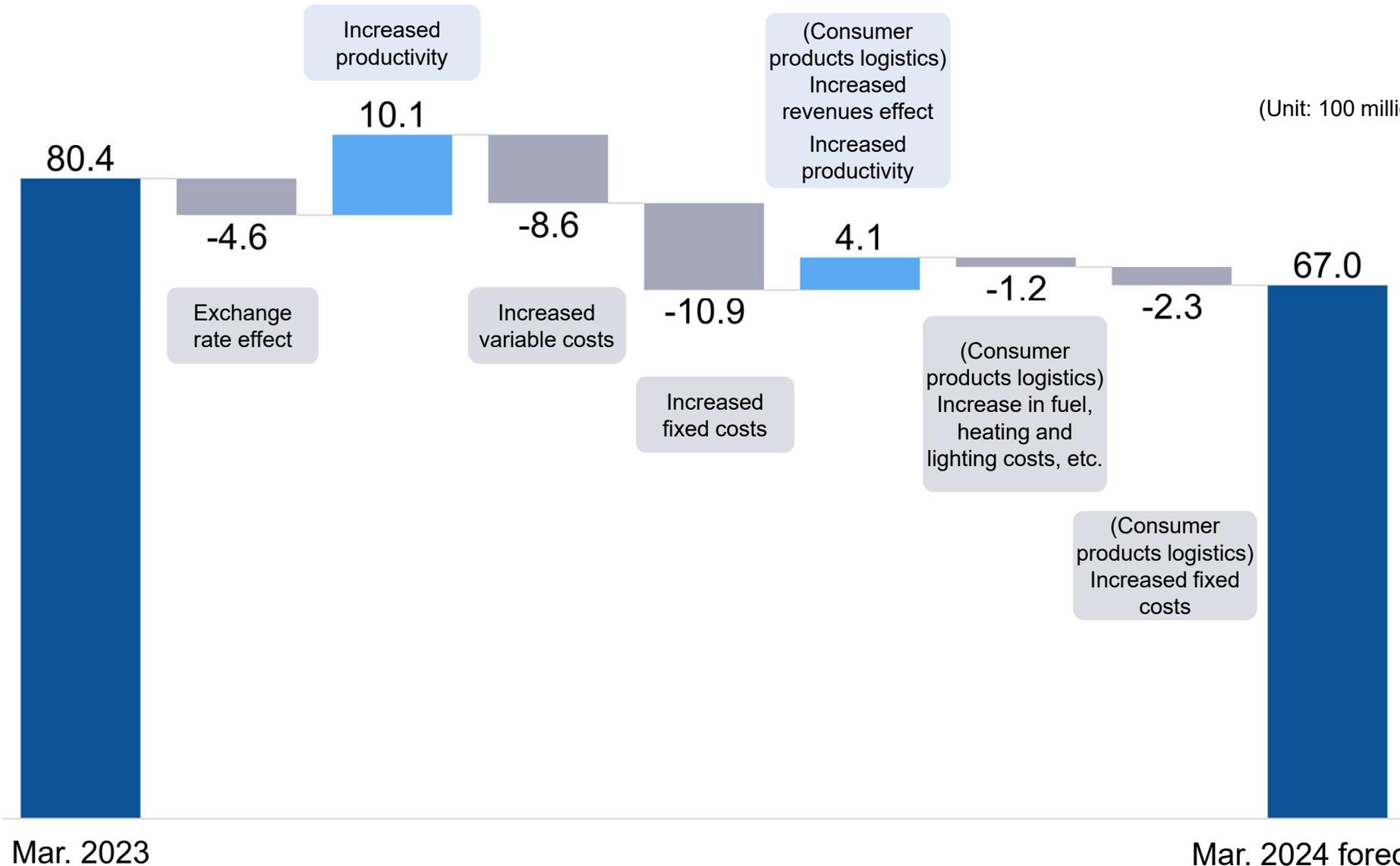
■ **Consumer products logistics +0.03 billion yen**
 Profit will increase slightly due to sales expansion, despite an increase in labor costs, and lighting and heating costs, etc.

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



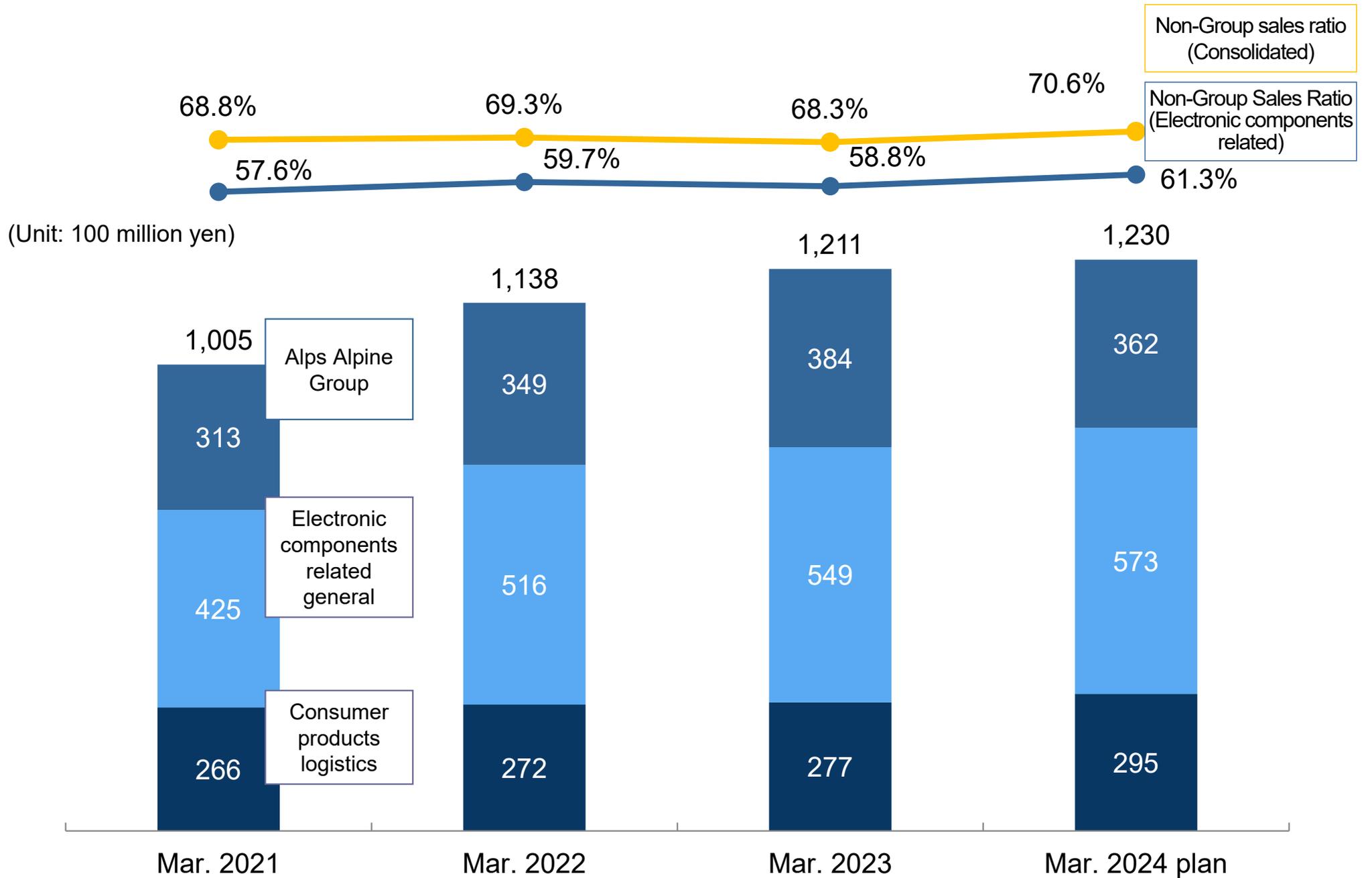
Decrease in profit due to an increasingly competitive environment and increased fixed costs, etc., despite improved productivity

(Unit: 100 million yen)



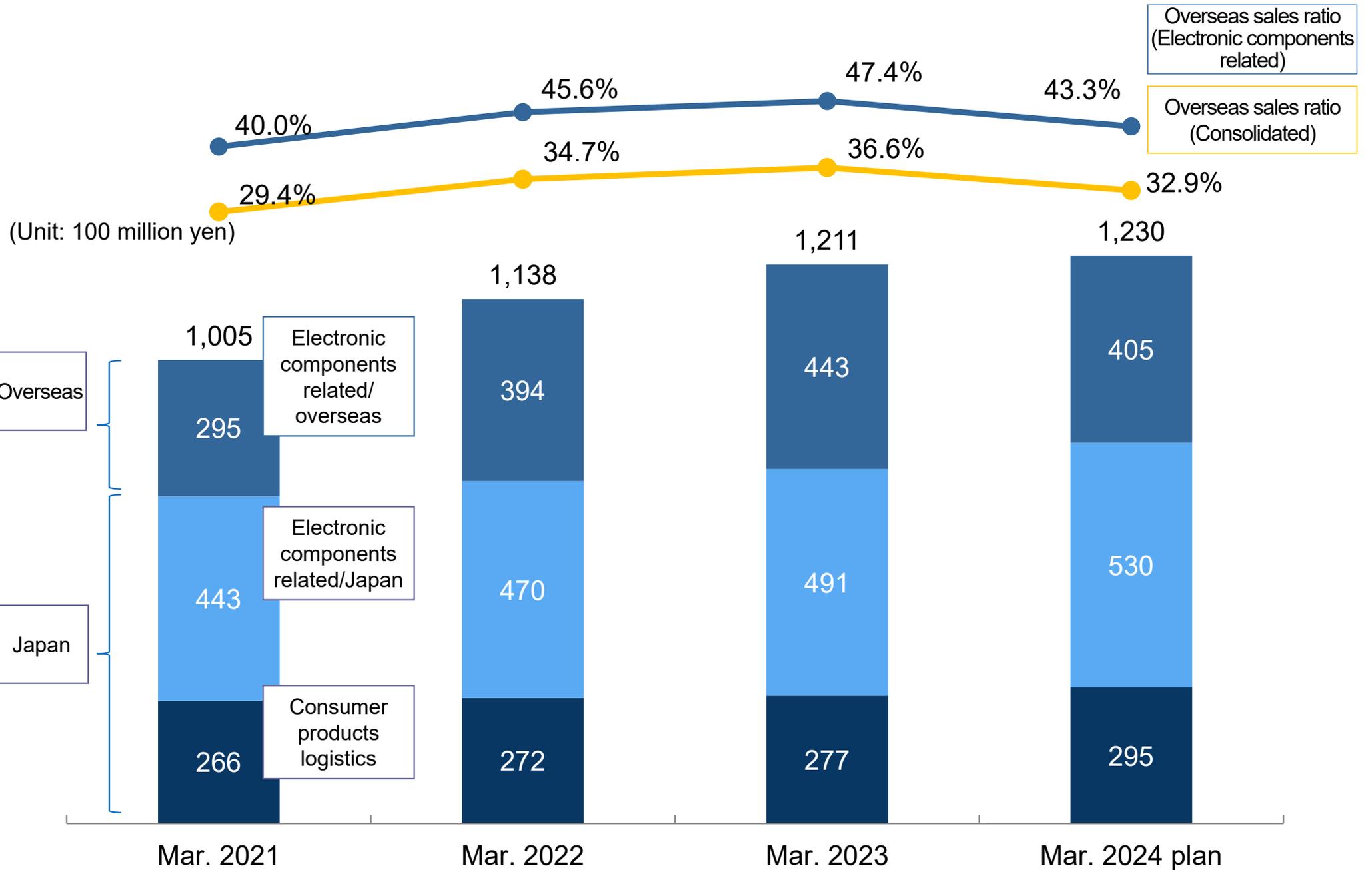


Non-Group Sales Ratio





Overseas Sales Ratio



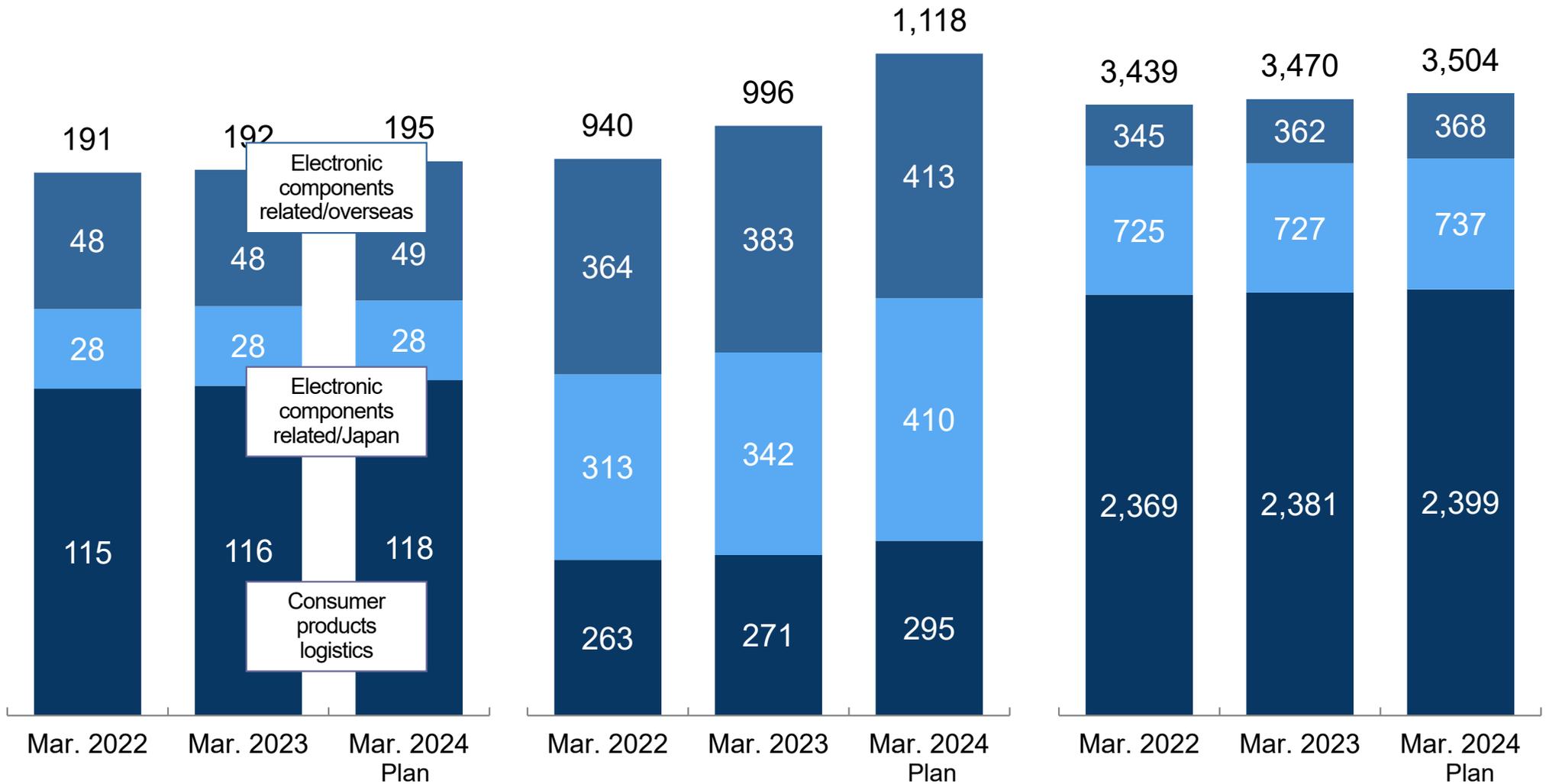


Expansion of Logistics Infrastructure

■ Number of locations
(unit: locations)

■ Warehouse area
(unit: 1,000 m²)

■ Number of trucks
in regular operation
(unit: vehicles)





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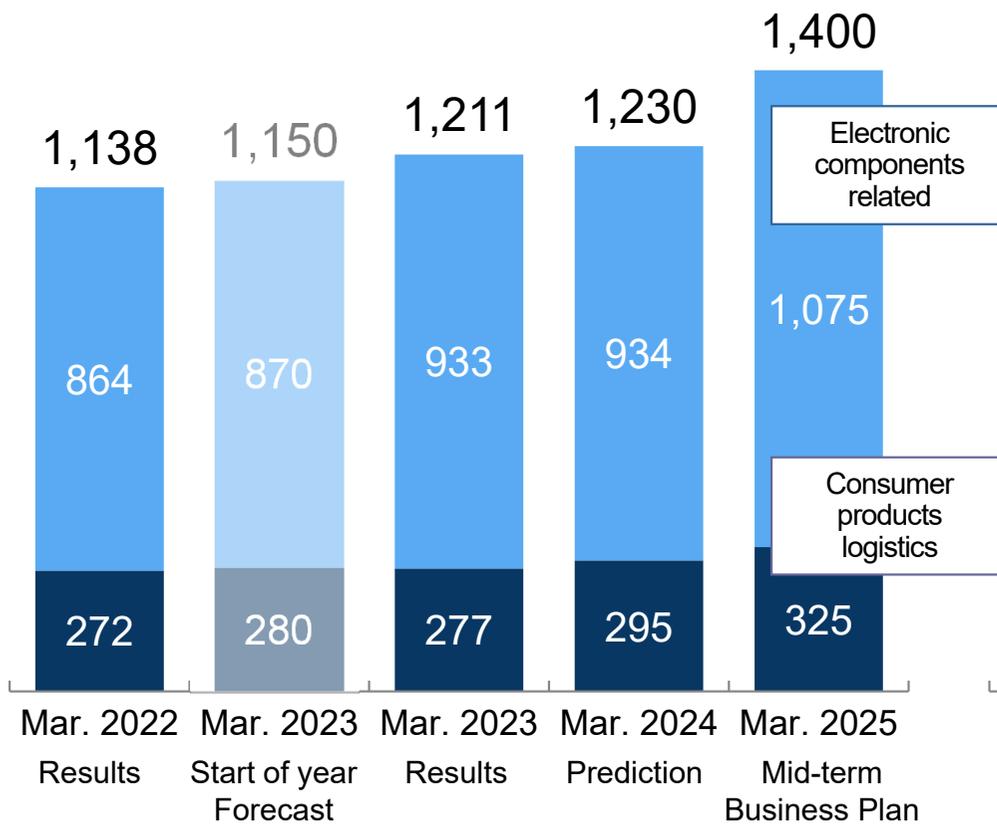


Fifth Mid-term Business Plan

The Year ending March 2024 will trend largely in line with the Fifth Mid-term Business Plan

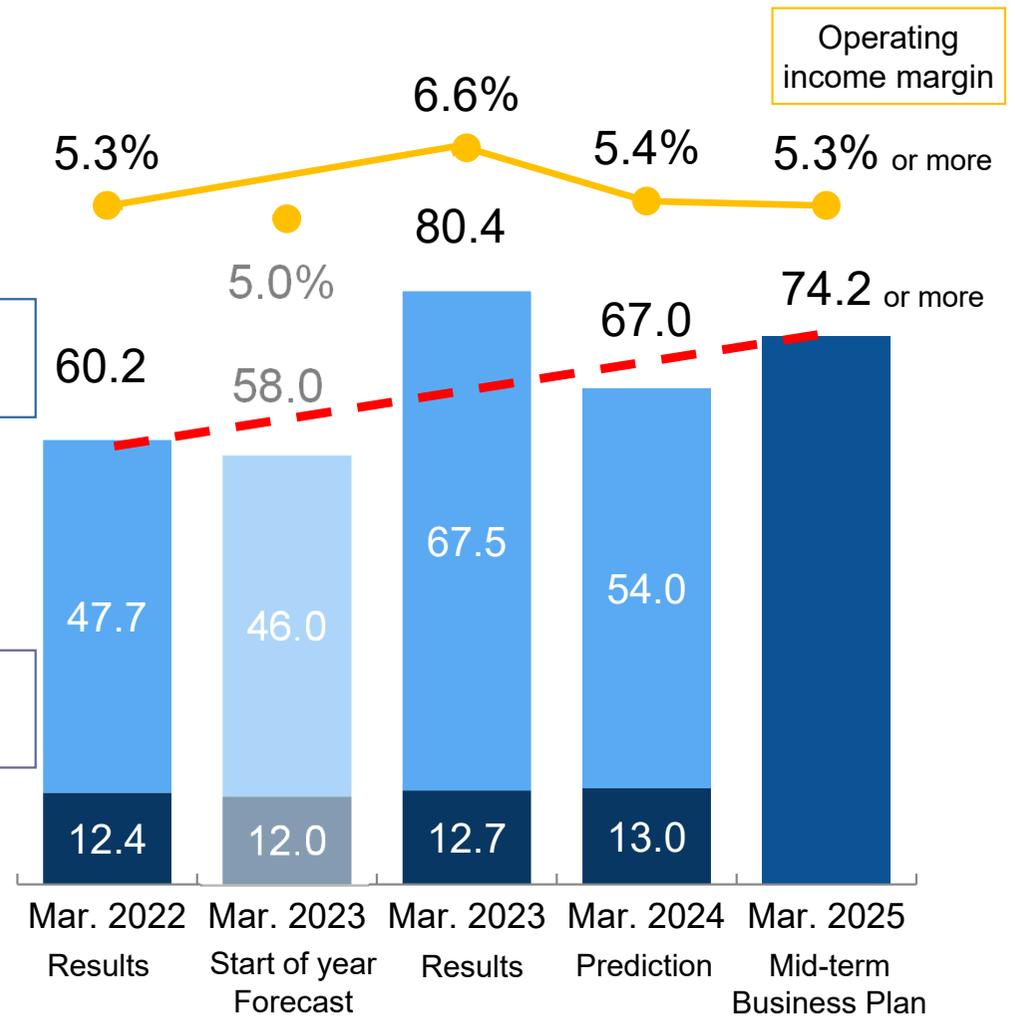
■ Net sales

(Unit: 100 million yen)



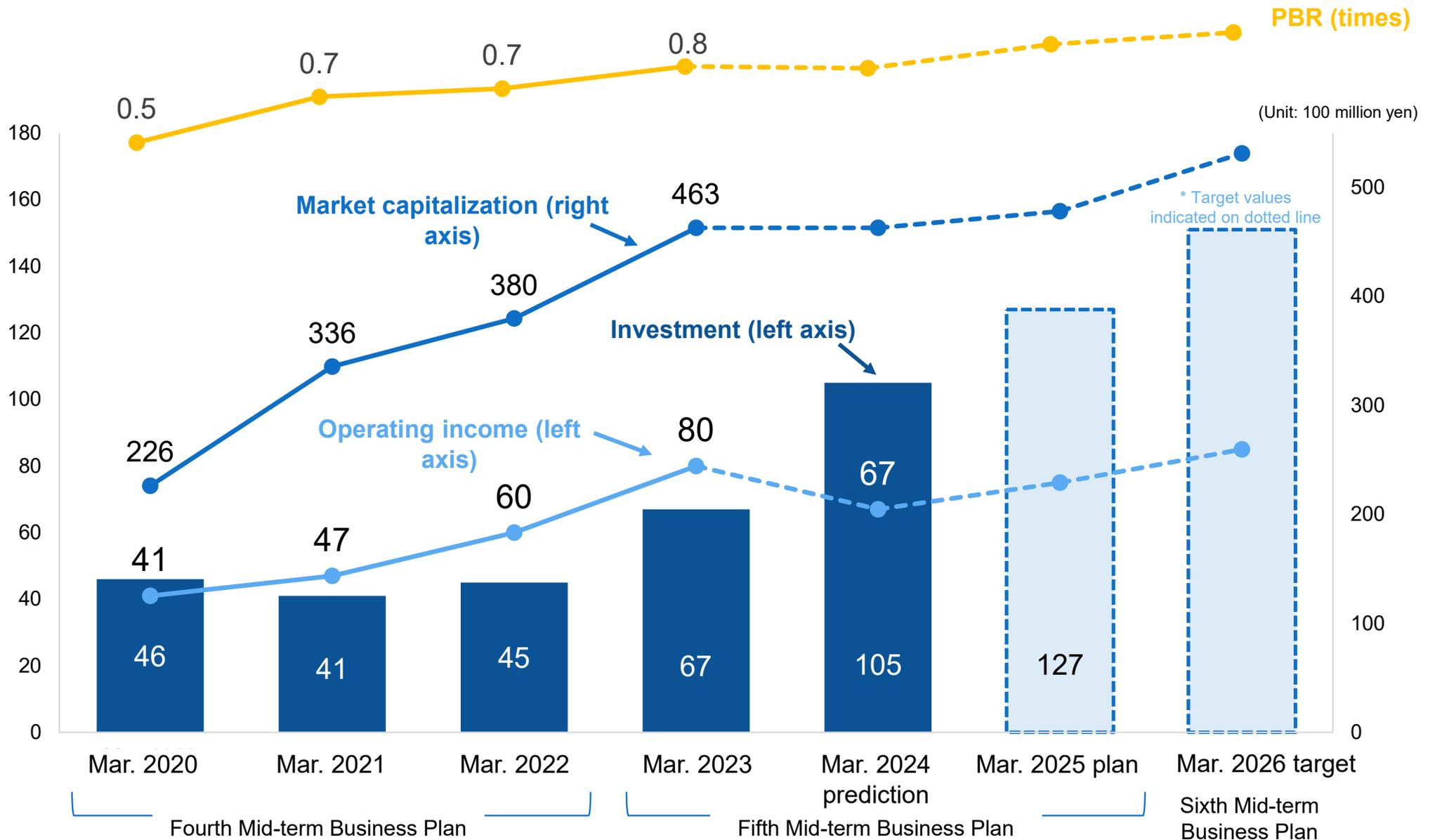
■ Operating income

(Unit: 100 million yen)





Expand investment in order to accelerate profit growth





Expand investment (for quality and quantity), and accelerate growth

- Growth investment domains
 - Expand networks & logistics capacity
 - Build platforms in new markets
 - Enhance automation & environmental response, and develop non-financial capital
 - Build capital and business alliances (M&As)
- Investment: (Fourth Mid-term Business Plan) approximately 15 billion yen
 - ⇒ (Fifth Mid-term Business Plan) approximately 30 billion yen
 - ⇒ (Sixth Mid-term Business Plan) continue making active investments

Increase capital efficiency

- ROE: (Fifth Mid-term Business Plan) target of 7% ⇒ (Sixth Mid-term Business Plan) 8%
ROE above cost of equity (5-6%)

Improve shareholder returns

- Dividend payout ratio: around 30-40% in Year ended March 2023 ⇒ around 30-50%
Offer stable dividends + upwardly expand the range of the dividend payout ratio, and flexibly allocate funds to growth investments and shareholder returns

Move towards a capital structure that leverages debt

- Leverage debt up to 45% of the equity ratio. cf. 59% in the Year ended March 2023
When carrying out M&As, etc., fully leverage debt

Expand investment in order to accelerate growth

[Investment amount]

Mar. 2022

Mar. 2023
Results

Mar. 2024
Forecast

Mar. 2025
Forecast

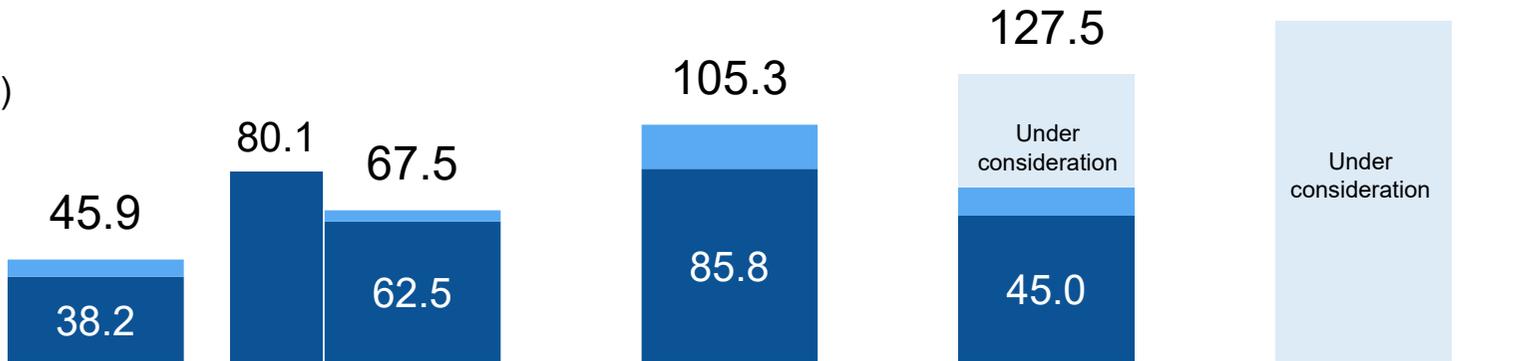
Mar. 2026
Forecast

(excludes warehouse rental)

Fifth Mid-term Business Plan

(Unit: 100 million yen)

Consumer products logistics
Electronic components related



[Main projects]

Construction of Yokohama W/H

Construction of Bangna, Thailand W/H No.2

Construction of Kazo W/H No.2

Construction of Nagoya W/H

Construction of new W/H at Songjiang, Shanghai

Construction of W/H No.2 in Korea

(under consideration) Strengthen logistics capacity

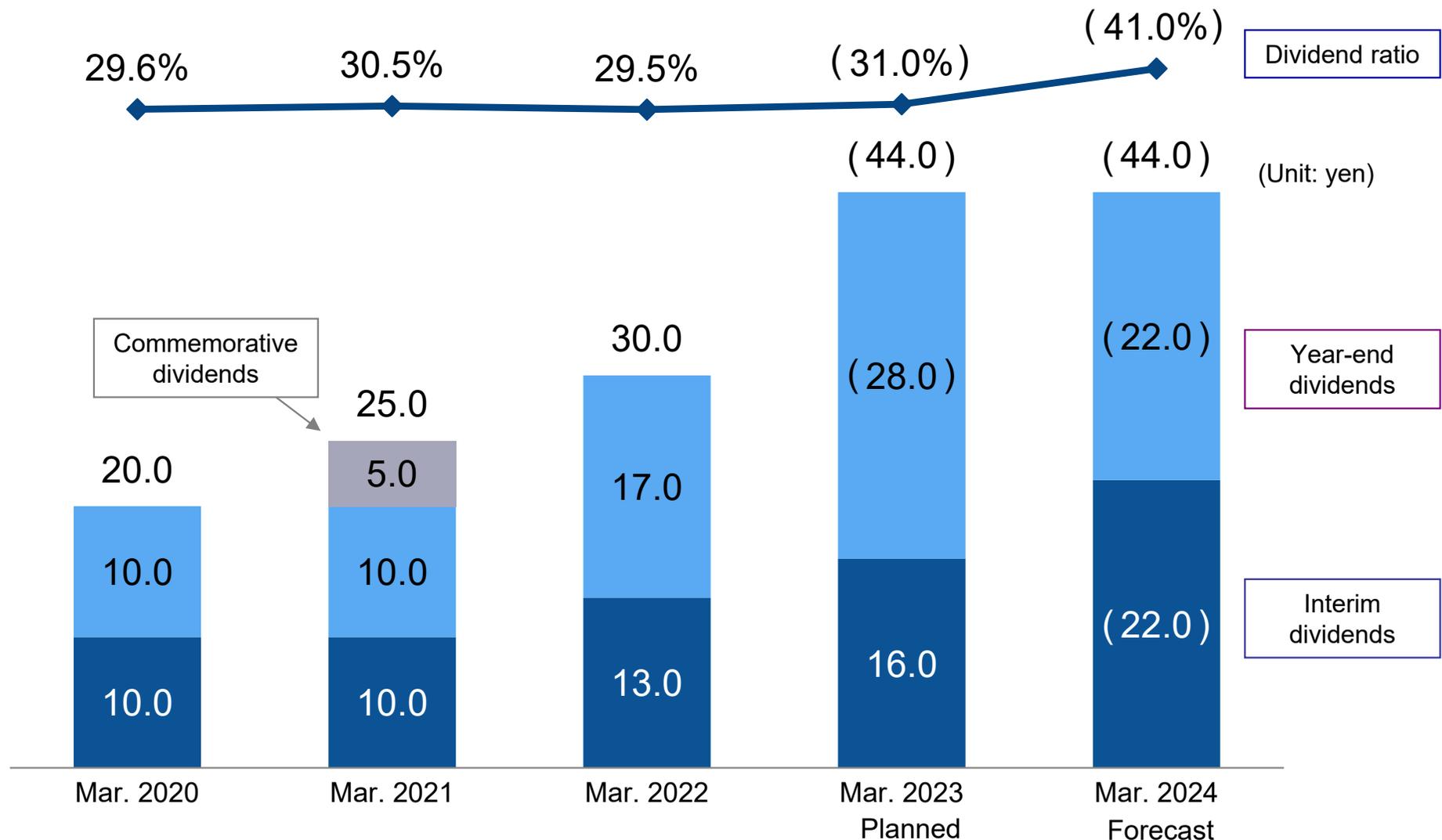
New establishment/development etc. at overseas bases

Introduction of environmentally-friendly facilities/vehicles

Automation equipment

Capital and business alliances/M&As etc.

- Flexibly allocate funds to growth investments and shareholder returns, based on stable dividends
- Set the dividend payout ratio at around 30-50%





Friendly to the earth and society and pursuing and evolving optimal logistics

GTB (Get the Business)

**Expansion of
markets and products**

- (1) Expansion of business domains
- (2) Enhancement of global network
- (3) Expansion of cooperative creation and alliance

GTP (Get the Profit)

**Improvement of indirect
and direct productivities**

- (1) Promotion of labor saving and automation
- (2) Expanding strategic investments and ensuring successful returns
- (3) Taking on a DX challenge

GTC (Get the Confidence)

Sustainability

- (1) Strengthening ESG measures
- (2) Maintaining and ensuring safety and high quality
- (3) Maintaining and strengthening non-financial capital



Fiscal 2023 - Expand Storage Capacity by Approximately 70,000m² at All Nine Locations in Japan

- **New warehouses under construction
in Komaki City, Aichi Prefecture**

Started construction in February 2023

Scheduled to be Completed in January 2024

Warehouse area: 33,000m²

- **Expansion of warehouse in Kazo City,
Saitama Prefecture**

Operational launch in May 2023

warehouse area: 16,000m²

Ongoing considerations into construction of second
warehouse next to the Kazo Branch, doubling the warehouse
area to a total 30,000m²

- **Expansion of warehouse in Osaka suburbs**

Plans are underway to launch operations in the second half of
fiscal 2023

Area of new warehouse: 10,000m² (planned)



Rendering of the new Nagoya warehouse



Expansion of Kazo warehouse

We plan to expand warehouses in a further six locations during fiscal 2023



Horizontal development of equipment and systems, an introduction of large automation equipment

- **Movable high-rise racks**

Introduced in Yokohama in fiscal 2022
Plans to introduce at Nagoya new warehouse during fiscal 2023



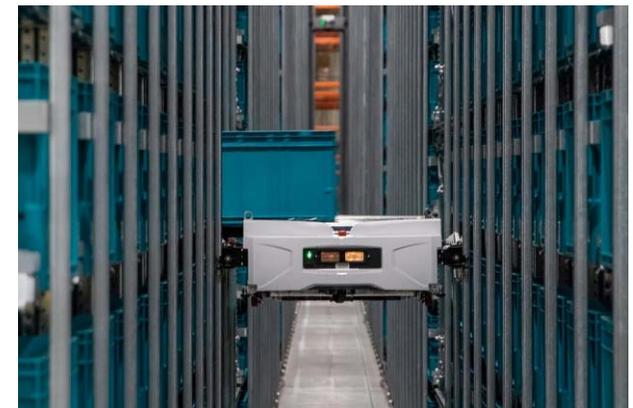
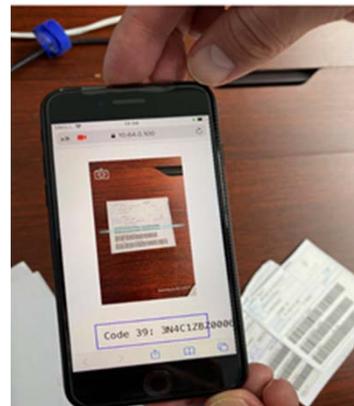
- **Autonomous mobile robots (AMR)**

Plans to introduce at Nagoya new warehouse during fiscal 2024



- **Image recognition of receiving inspection system (patent rights acquired)**

Introduced at two bases in fiscal 2022
Further horizontal development planned during fiscal 2023





Fiscal 2023 - expand storage capacity in each area (approximately 30,000m² in total)

- **Expand Gwangju warehouse in South Korea**

- Construction started in April 2023
 - Scheduled to be completed in for 2H of fiscal 2024
 - Increase warehouse area to 12,000m²

- **Expand rented warehouses in the East China**

- Plans are underway to increase by a total of 10,000m² in the Shanghai/Wuxi area
 - Launch consideration into building a new warehouse

- **Bangna Logistics Centre, Thailand**

- High-quality warehouse operated for electronic components
 - Expansion of rented warehouse area as a result of increase in volume of materials
 - Warehouse No.2 currently being planned

- **Promoting automation at new warehouses
(China/South Korea)**



Current Gwangju warehouse, South Korea



Current Bangna Logistics Centre, Thailand



Develop network with new locations

- **Increase trunk route deliveries inside China and South Korea**

Increase number of deliveries on existing routes, and extend the routes

- **Build domestic transportation network in India, and consider to set up new locations**

Expand from Northern India (Delhi and Gujarat) to Southern India (Bangalore and Chennai)

- **Build cross-border transportation network between the US and Mexico; new locations currently under construction**

Focus on Central Mexican Plateau region

- **Launch of marketing activities in Indonesia**



Warehouse in suburbs of Delhi, India



Promote independent operation of import/export business

- **Acquired AEO high-level accreditation at Chinese dedicated customs clearance subsidiary**

August 2022 – Subsidiary in Tianjin acquired AEO high-level accreditation
Branches established in Dalian and Wuxi

- **Local subsidiary established in the Philippines**

Representative office operated since 2016, and converted into local subsidiary in the first half of 2023 (bottom right)

- **Opening of Hanoi Airport Office in Vietnam**

Plans to open in first half of 2023; launch of own-company customs clearance

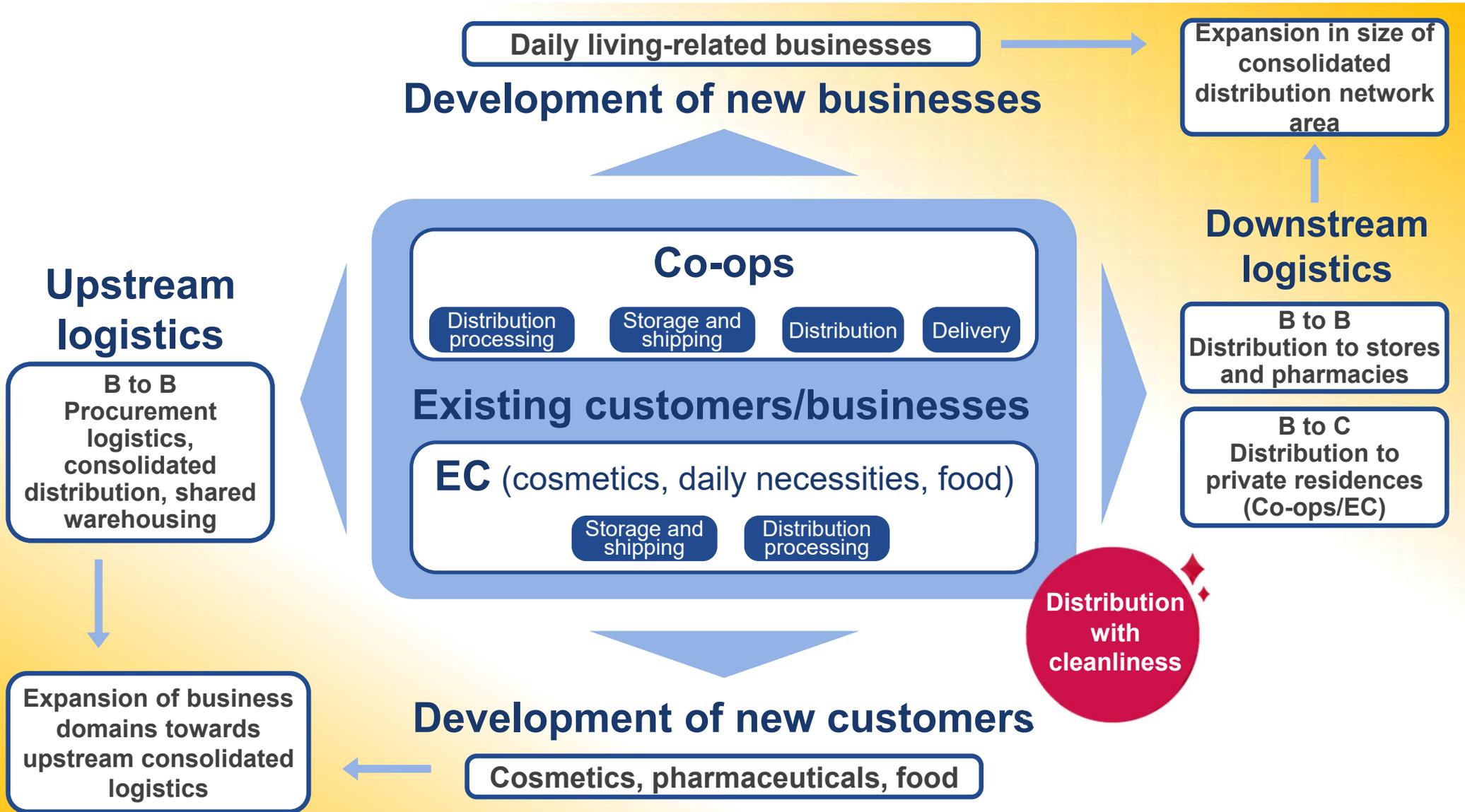
- **Plans for independent operation of air consolidation in Thailand, Hong Kong, and South Korea**

- **Sales expansion in Eastern European countries through collaboration with agencies**





Expanding sales of B to B logistics using joint logistics as a driving force.





Expansion of storage capabilities

● Kasukabe Branch

Opened in July 2022
Warehouse : approx. 10,000m²

● Kazo Toyonodai Branch

Opened in October 2022
Warehouse : approx. 10,000m²

● Kobe North Branch

Opened in March 2023
Warehouse : approx. 8,300m²
Kobe City, Hyogo Prefecture
Consolidated logistics
centre serving co-ops

● Ibaragi/Saitama area

Opening planned for 2H of 2023
Warehouse : approx. 24,000m²
Consolidated logistics centre
serving Tokyo metropolitan area

Using robot material handlings for labor and time savings

● Autonomous Mobile Robot (AMR)

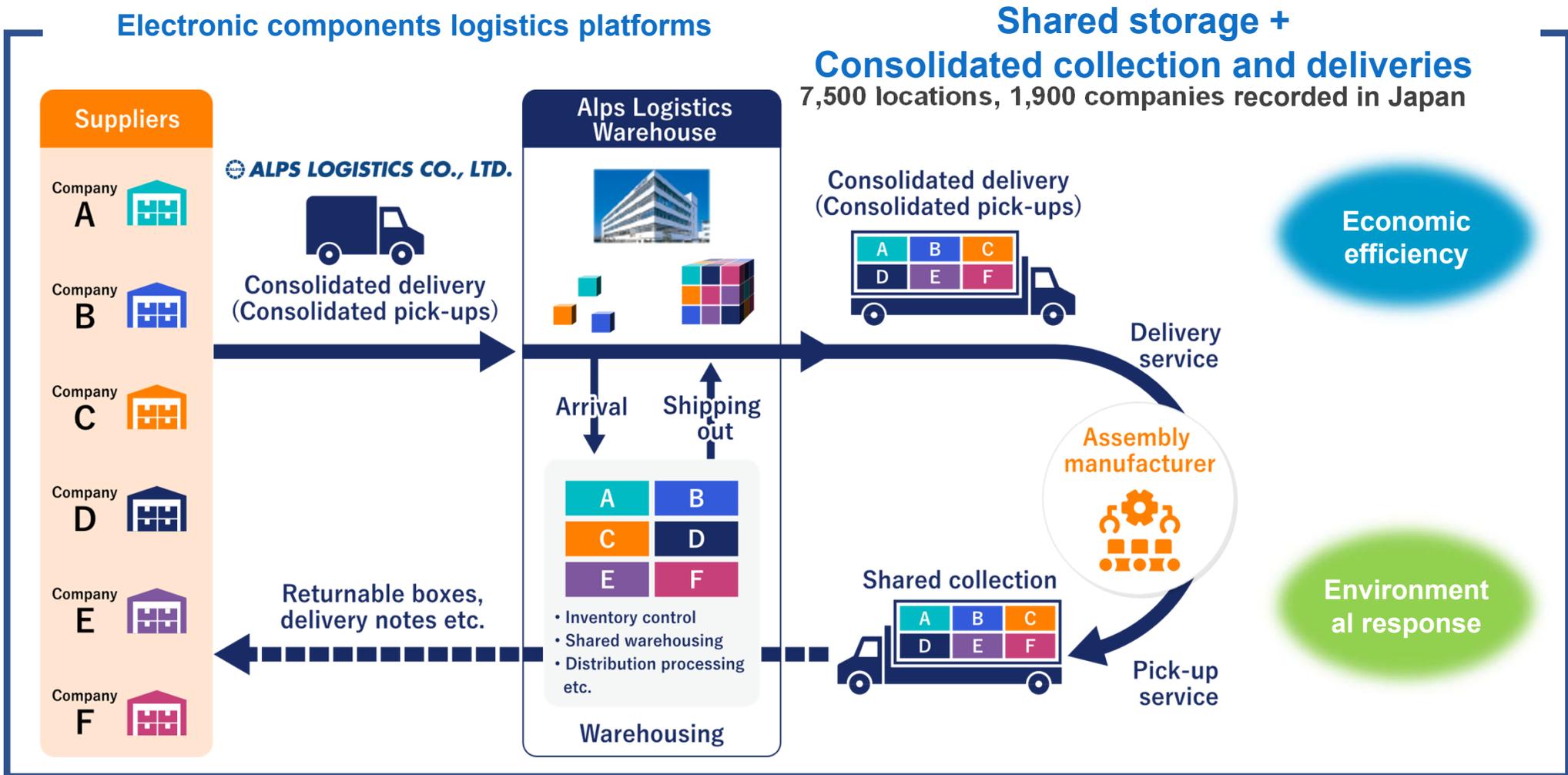
Trial introduction at Kisai Logistics Centre since February 2023
Saving work time by traveling on optimum routes
Facilitating labor savings and reducing work burden

● Automatic Guided Vehicle (AGV) + Sorter

Introduction planned during fiscal 2023



Use electronic components logistics platforms to contribute to reductions in CO2 emissions



Accordingly to assessments, switching storage locations from suppliers to our company's warehouses achieves total CO2 reductions of approximately 20% to 30% through consolidated transportation

Maintain/strengthen human capital

● Promoting women's careers

- Setting targets for ratio of female supervisors with the goal of hiring women as managers
Result in fiscal 2021, 5.4% → Result in fiscal 2022, 10.8% → Target for fiscal 2023, 12.0%
- Support to develop capabilities of both men and women (education and training costs in fiscal 2022 was 24,400 yen per person)

● Reductions in total working hours

- Reducing overtime hours, and efficiently managing annual leave acquisition rates (maintain target of 70%)
Total working hours: Result in fiscal 2021, 2,088 hours → Result in fiscal 2022, 2,077 hours
→ Target for fiscal 2023, 2,062 hours

● Improvements in employee satisfaction levels

- Building and discussing topics for labor and management based on implementation results from fiscal 2021
- Implementation of improvements in approximately 100 projects with a focus on the workplace environment during fiscal 2022
(enhancing and developing canteens and rest areas, improving IT equipment, amending rules on side jobs, etc.)
- Aiming to further improve satisfaction through ongoing implementation of surveys

Sustainability ideas collecting from employees

Collecting ideas from employees on “community contribution” and “environmental initiatives”

There were approximately 50 proposals from December 2022 to March 2023

(greening activities, beatification activities, promoting use of own chopsticks and own cup)

[Biodiversity] Expansion of activities dividing roots of daylily plants
Grown at all 18 locations in Japan

[Reducing food loss] Carrying out direct sales events for non-standard organic vegetables
(once per month at Narita Branch)



Promoting health management

March 2023 - Certified Health & Productivity Management Outstanding Organization

- Provided specific health guidance and subsidized costs for outpatient treatment for quitting smoking
- Raise health awareness among the employees through health literacy education and walking events.



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.