

Result Briefing

Financial highlights for the six months ended
September 2023

Financial forecast for the year ending March 2024

ALPS LOGISTICS CO., LTD.

(TSE Prime 9055)

November 8, 2023

Representative Director,
President

Masaru Usui



- 1. Financial highlights for the six months ended September 2023**
2. Financial forecast for the year ending March 2024
3. Topics for the six months ended September 2023



Economic environment

US: Hiring remains steady and consumer spending is stable.

Europe: Slowing down due to inflation and monetary tightening.

China: Lacking in strength due to factors like adjustment in the real estate market.

Japan: Slow pace of recovery in consumer spending and corporate production due to high commodity prices and drop in demand.

Electronic components related

Automotive-related production remains strong due to easing of restrictions on parts supply.

Demand remains **stagnant** for **consumer and telecommunications and IT equipment**.

Change in players due to shift in automotive industry to EVs.

In the logistics industry, **shipments remain weak** due to the impact of inventory adjustments.

International transportation has become more competitive due to easing in supply and demand conditions and drop in cargo volume.

Consumer products logistics

The consumer cooperative delivery-related business decreased slightly due to **a drop in demand for delivery services**.

Mail-order and EC-related shipments remain firm.



Six months ended
September 2023

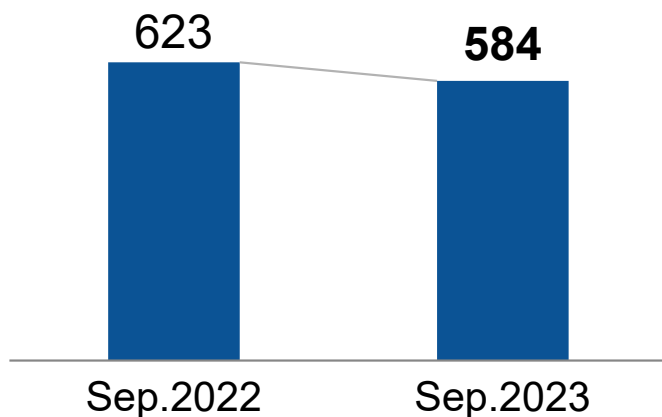
Financial Highlights (Consolidated)

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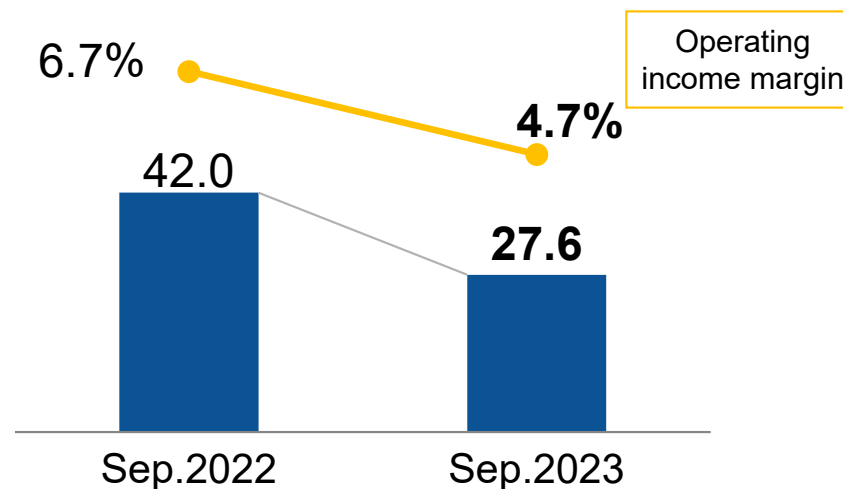
Lower income and profits due to less cargo volume and fiercer competition, despite sales expansion to new customers

(Unit: million yen)	Sep. 2022 Results	Sep. 2023		
		Results	Percent change (y/y)	Published figures
Net sales	62,381	58,485	-6.2%	60,000
Operating income	4,204	2,769	-34.1%	2,950
Ordinary income	5,094	3,252	-36.2%	2,550
Profit attributable to owners of parent	2,975	1,876	-36.9%	1,600

■ Net sales (Unit: 100 million yen)



■ Operating income (Unit: 100 million yen)





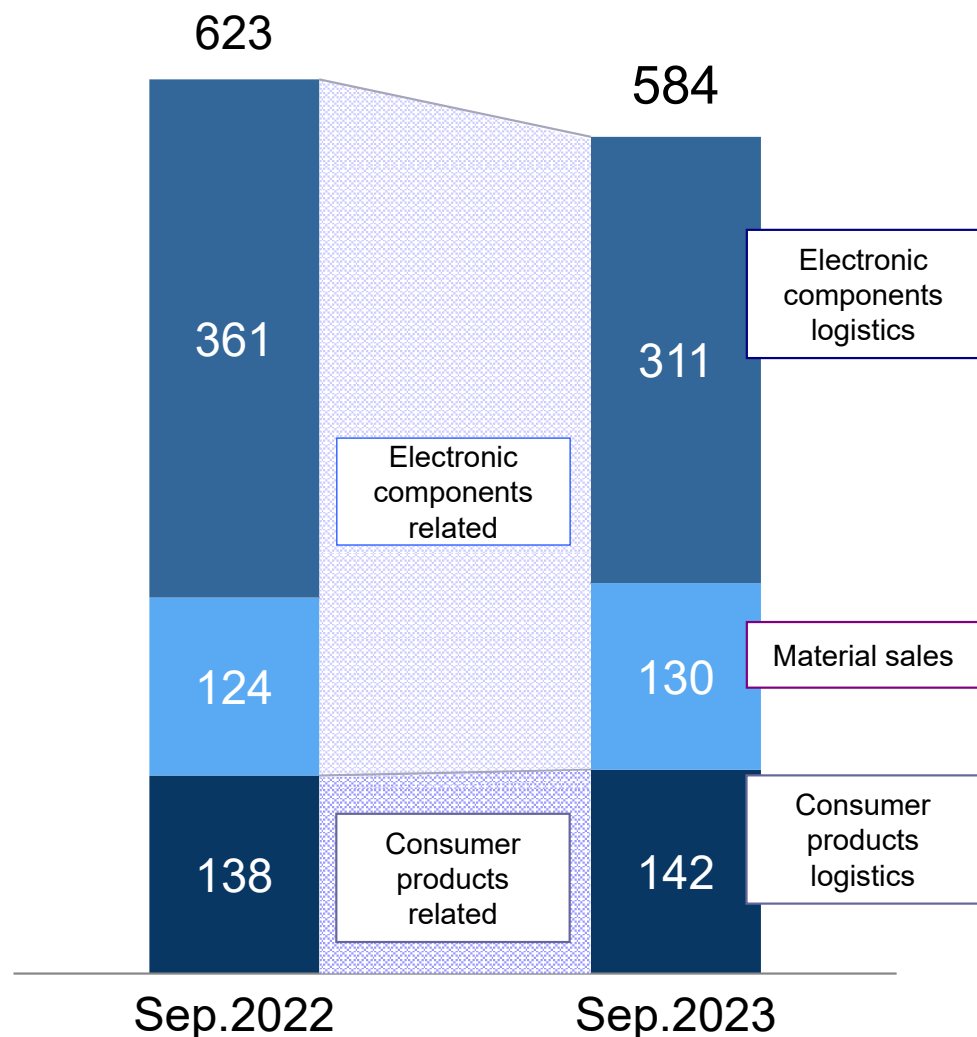
Six months ended
September 2023

Net sales (consolidated)

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■ Net sales by segment

(Unit: 100 million yen)



-3.8 billion yen (-6.2%) y/y

■ Electronic components logistics -4.9 billion yen

Decreased due to lower shipments of existing cargo and less cargo volume for international transportation, despite increase from sales expansion to new customers.

■ Material sales +0.6 billion yen

Telecommunications and IT equipment-related sales decreased, but automotive components increased mainly to North America.

■ Consumer products logistics +0.3 billion yen

Decreased due to drop in demand for co-op deliveries, but increased as mail-order and EC-related logistics remained steady.

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

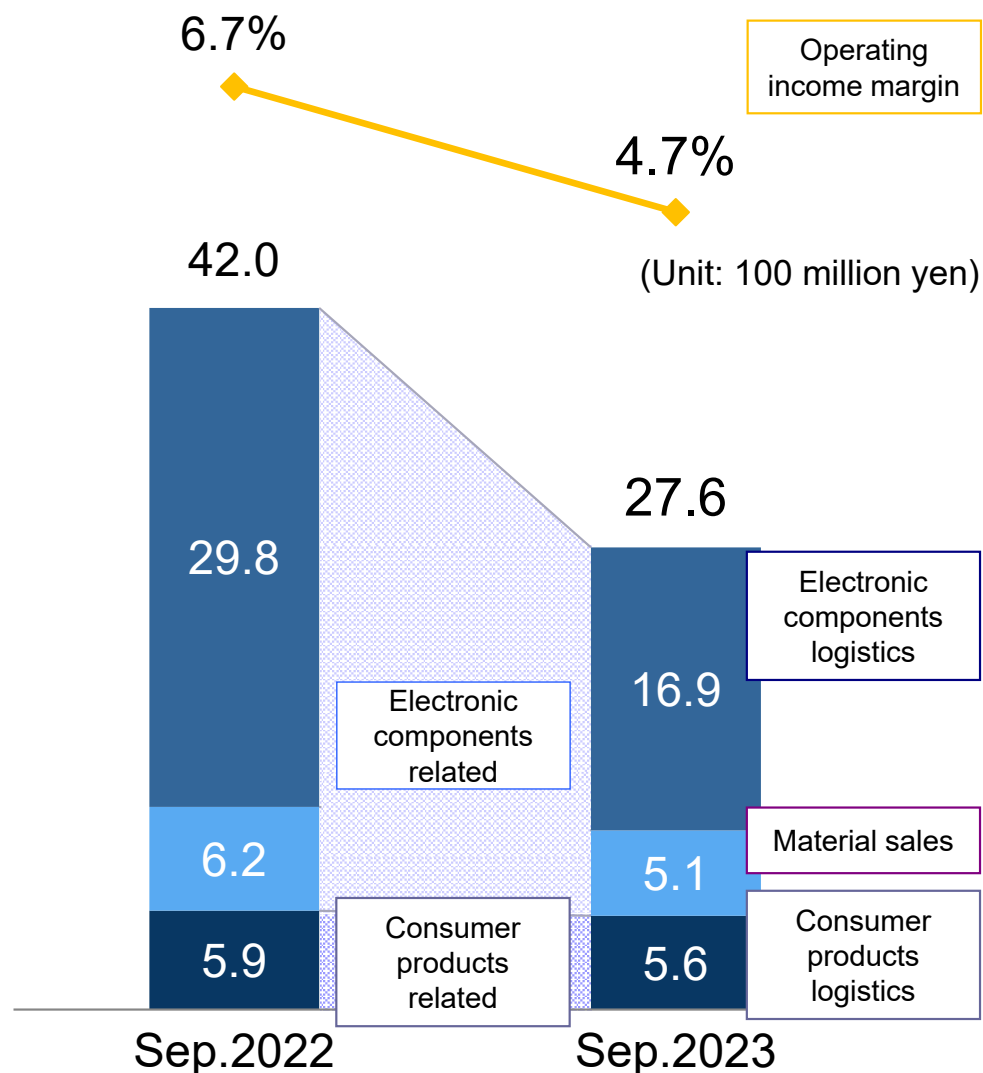


Six months ended
September 2023

Operating Income (Consolidated)

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■ Operating Income by segment



-1.43 billion yen (-34.1%) y/y

■ Electronic components logistics -1.29 billion yen

Lower profits due to factors including poorer efficiency caused by drop in handled cargo volume, more competitive environment for international transportation, and the impact of inflation.

■ Material sales -0.1 billion yen

Despite an increase caused by the effects of increased revenue, profits decreased due to the impact of factors such as the rising cost of supply sales ratio and exchange rates.

■ Consumer products logistics -0.03 billion yen

Despite an increase caused by the effects of increased revenue, profits decreased due to rise in fixed costs due to expansion of warehouse space.

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



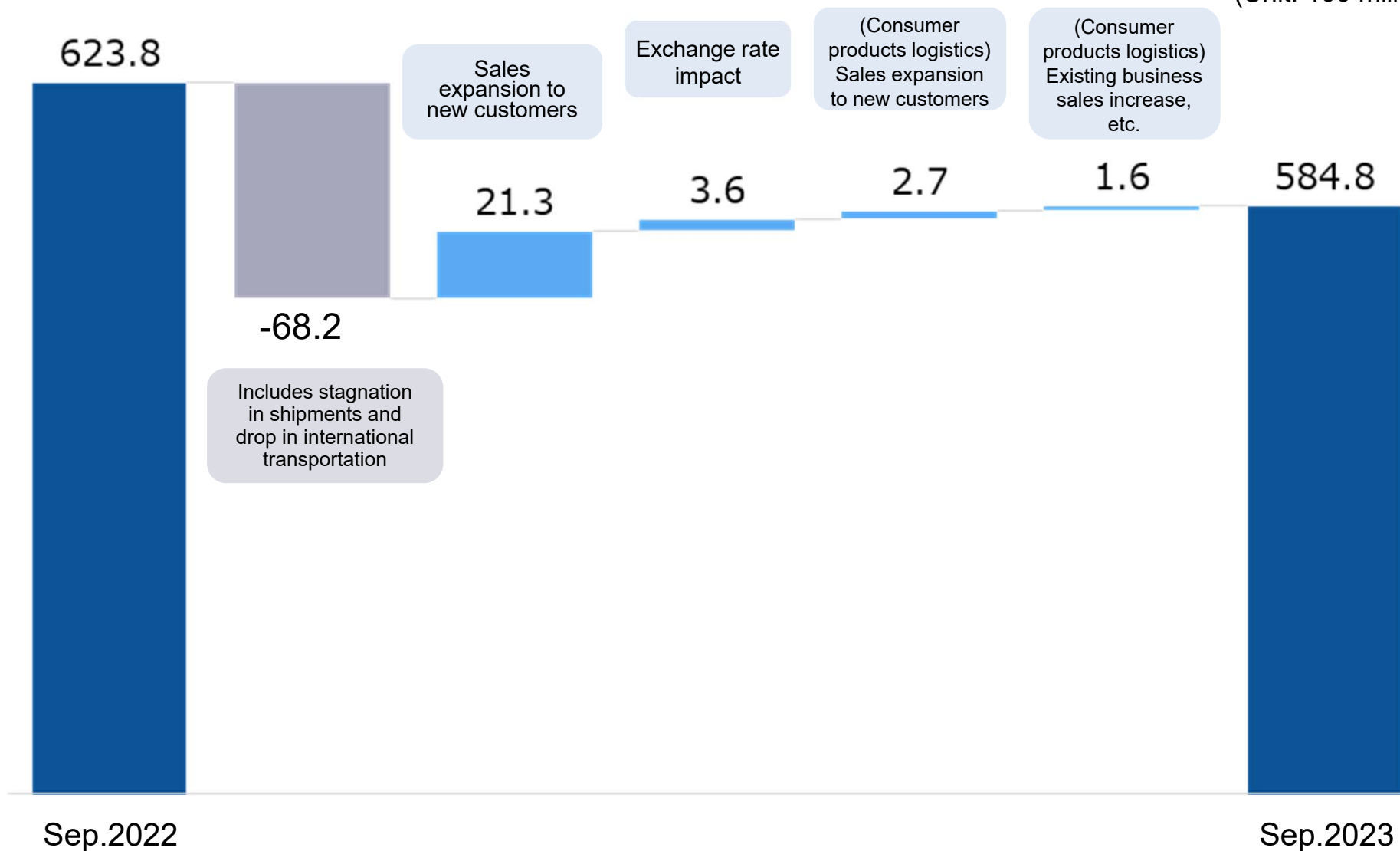
Six months ended
September 2023

Changes in Net Sales (Consolidated)

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Income decreased due to stagnation in shipments and drop in international transportation, despite an increase caused by the effects of increased revenue

(Unit: 100 million yen)

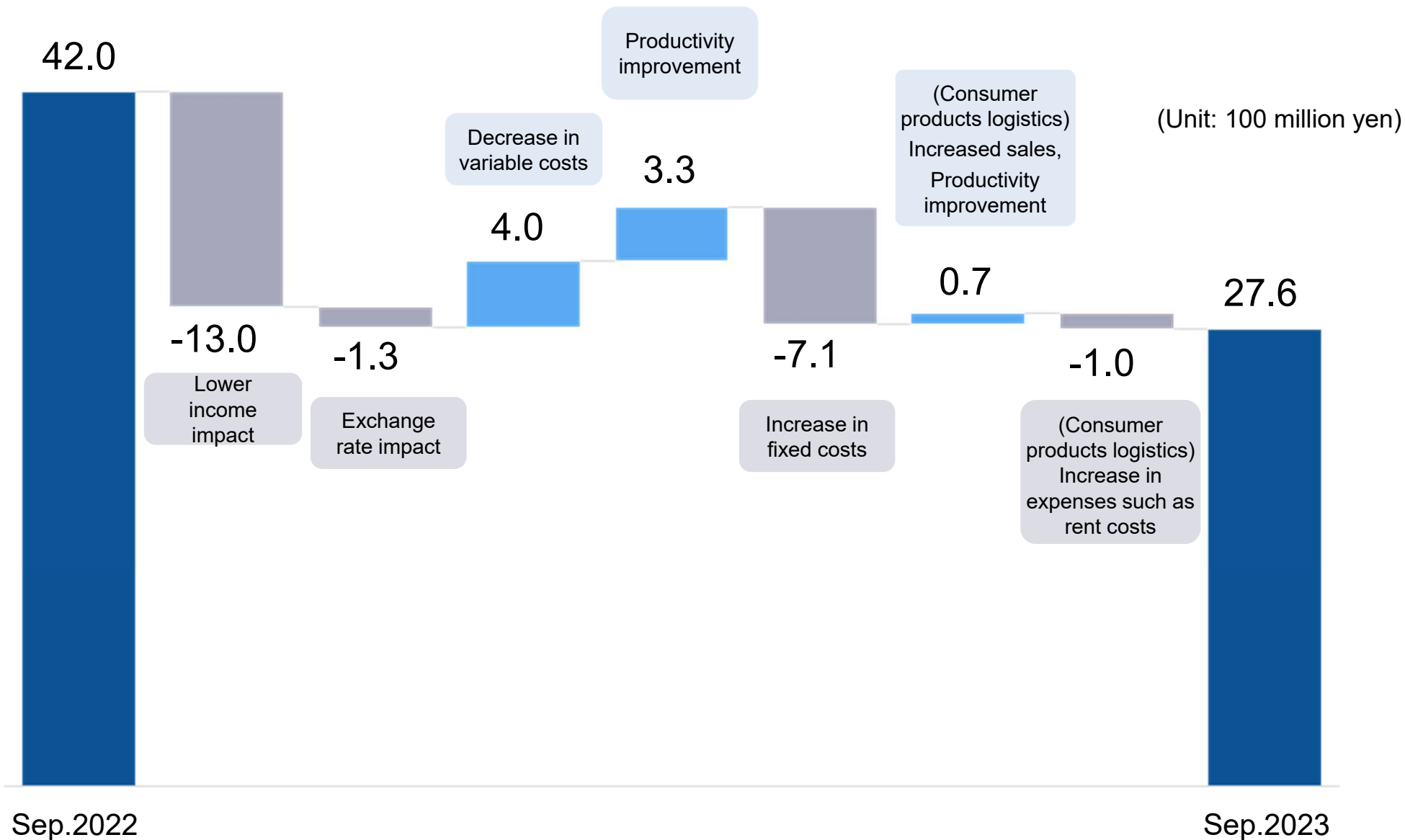




Six months ended
September 2023

Changes in Operating Income (Consolidated) 8

Profits decreased due to impact of lower income and exchange rates, despite increase due to higher productivity





Six months ended
September 2023

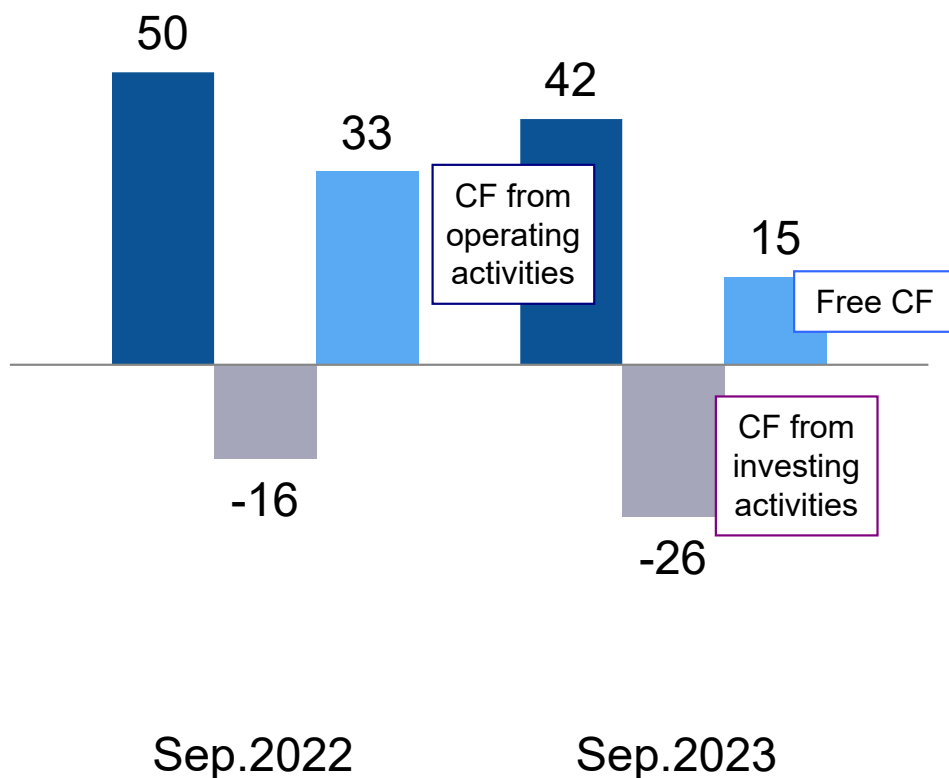
Financial Status (Consolidated)

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Increased capital expenditure due to strategic investments (such as construction of new warehouses)

■ Cash flow (CF)

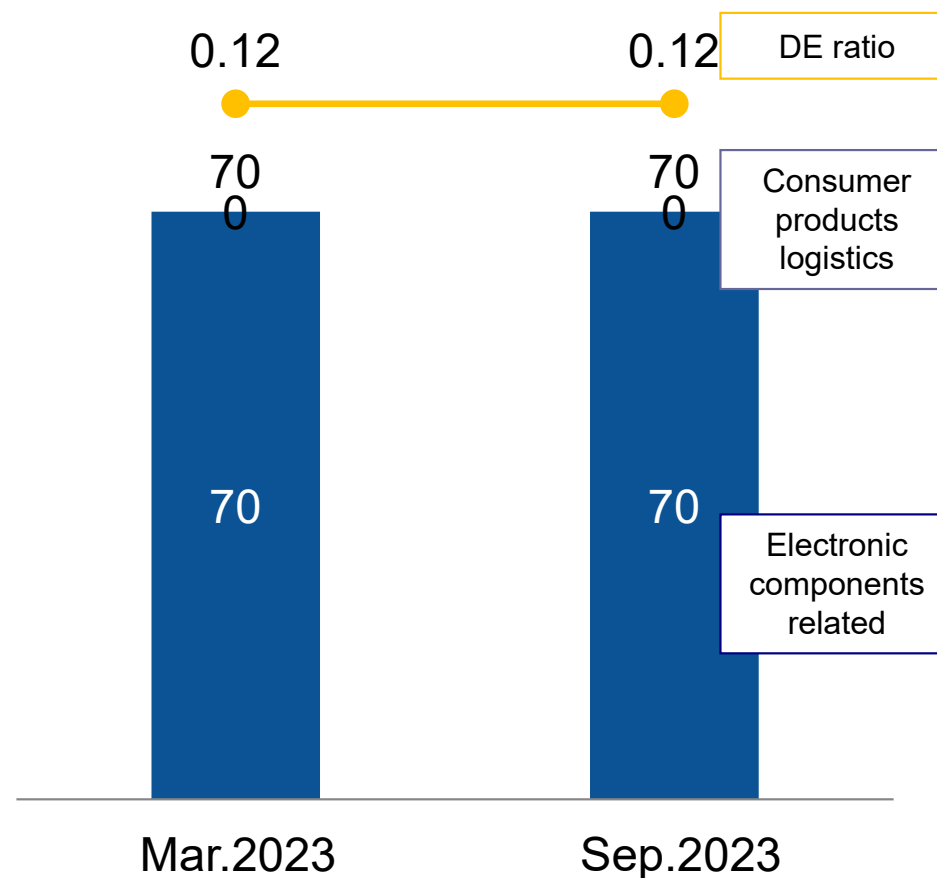
(Unit: 100 million yen)



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

■ Outstanding interest-bearing liabilities

(Unit: 100 million yen)



Borrowings: Borrowings remained flat.
DE ratio: Remained flat.

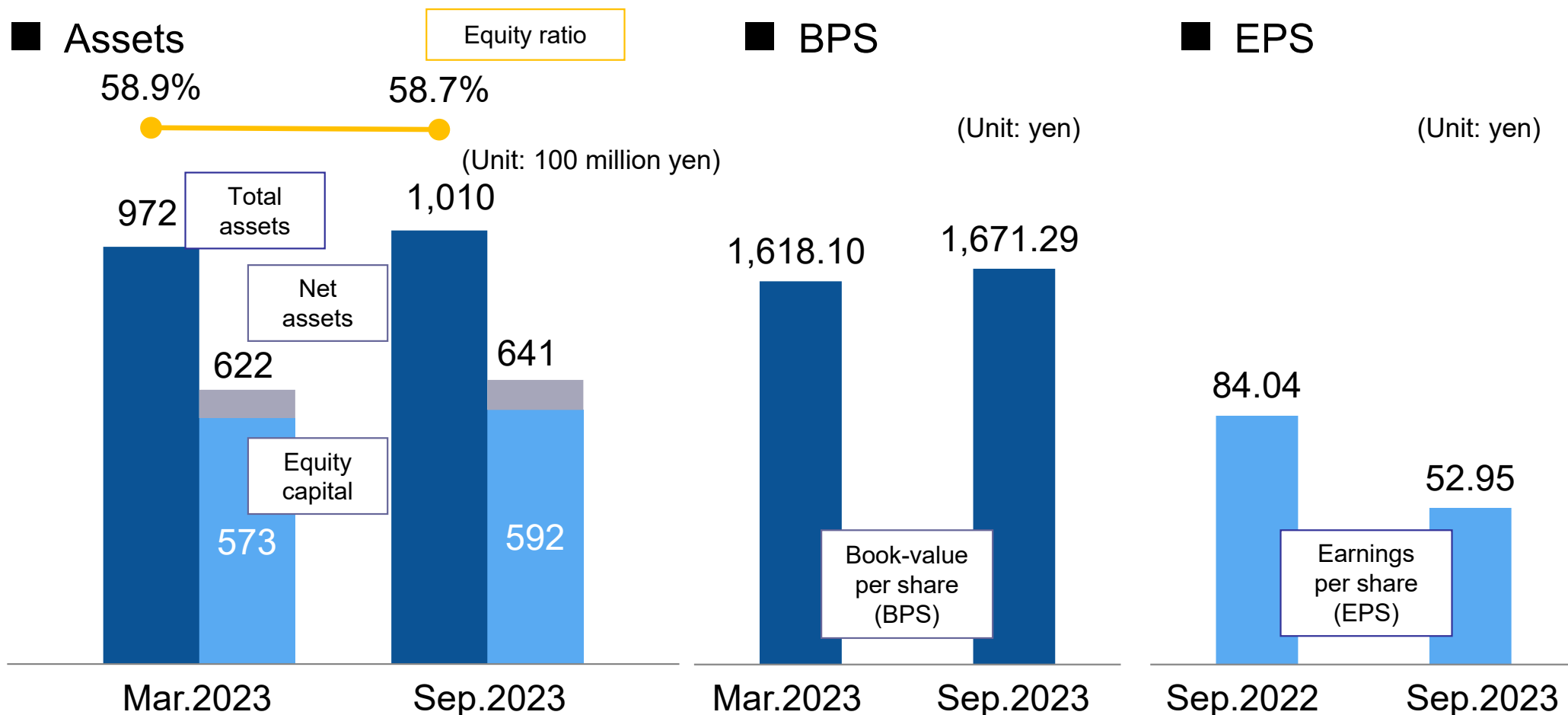


Six months ended
September 2023

Financial Index (Consolidated)

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Decreased capital efficiency due to lower profits



Total assets: Increased due to higher accounts receivable and fixed assets.

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

BPS increased due to increase in equity capital at end of Sep. 2023.

EPS decreased due to decrease in profit attributable to owners of parent.



1. Financial highlights for the six months ended September 2023
- 2. Financial forecast for the year ending March 2024**
3. Topics for the six months ended September 2023



Economic environment

Concerns of slowdown in the global economy due to the impact of monetary tightening in response to high inflation.
Increase in uncertain factors such as worsening conditions in the Middle East and rising crude oil prices.

Electronic components related

Automotive component-related market remains steady. **Changes in the industrial landscape due to shift to EVs.**
Delays in inventory adjustments in the consumer and industrial-related market. **Ongoing stagnation** of production and shipments.
Full-scale **recovery** anticipated **from next term and beyond.**
Competition with international transportation remains fierce due to excess supply and drop in cargo volume.

Consumer products logistics

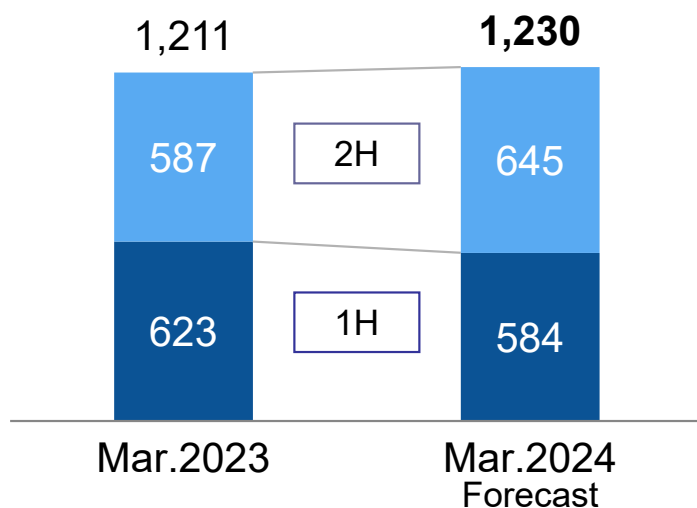
Consumption shifting from things to services, and demand for deliveries continuing to slow down.
Mail-order and EC-related shipments anticipated to remain steady.



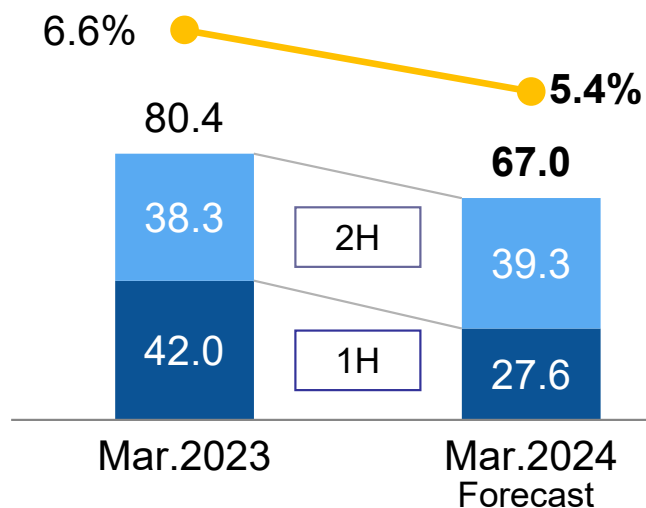
**The business environment for the second half will be tough,
but full-year outlook is as per initial plans**

(Unit: million yen)	Mar.2023		Mar.2024				
	Results	Profit margin	Forecast (no change from initial figures)	Profit margin	Percent change (y/y)	2Q results	Progress rate
Net sales	121,165	-	123,000	-	+ 1.5 %	58,485	47.5%
Operating income	8,043	6.6 %	6,700	5.4 %	-16.7 %	2,769	41.3%
Ordinary income	8,790	7.3 %	6,200	5.0 %	-29.5 %	3,252	52.5%
Profit attributable to owners of parent	5,032	4.2 %	3,800	3.1 %	-24.5 %	1,876	49.4%

■ Net sales (Unit: 100 million yen)



■ Operating income (Unit: 100 million yen)



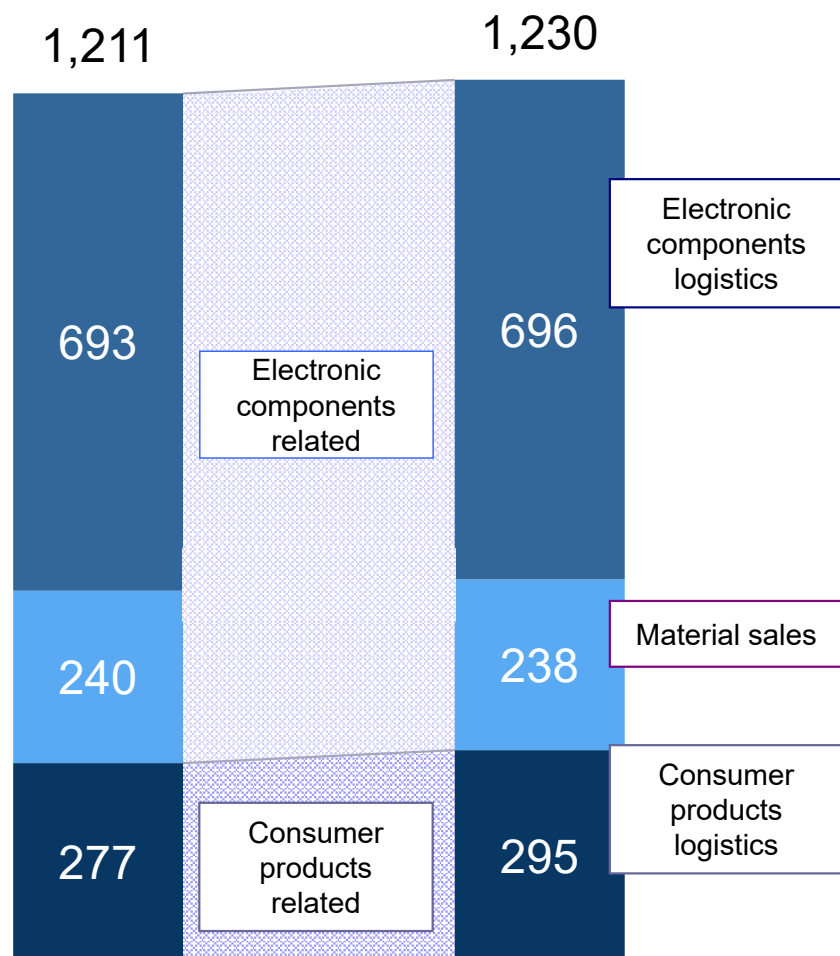
[Exchange rate] (Unit: yen)

	Mar.2023	Mar.2024	
	Full year	1H	2H
USD	135.47	141.00	130.00
CNY	19.75	19.75	18.50



■ Net sales by segment

(Unit: 100 million yen)



Mar.2023

Mar.2024 forecast

+1.8 billion yen (+1.5%) y/y

■ **Electronic components logistics** +0.3 billion yen

Sales in logistics operations increased slightly, despite decrease in international transportation in Japan and overseas.

■ **Material sales** -0.2 billion yen

Increased due to new automotive component-related sales, but decreased due to stagnant consumer-related sales.

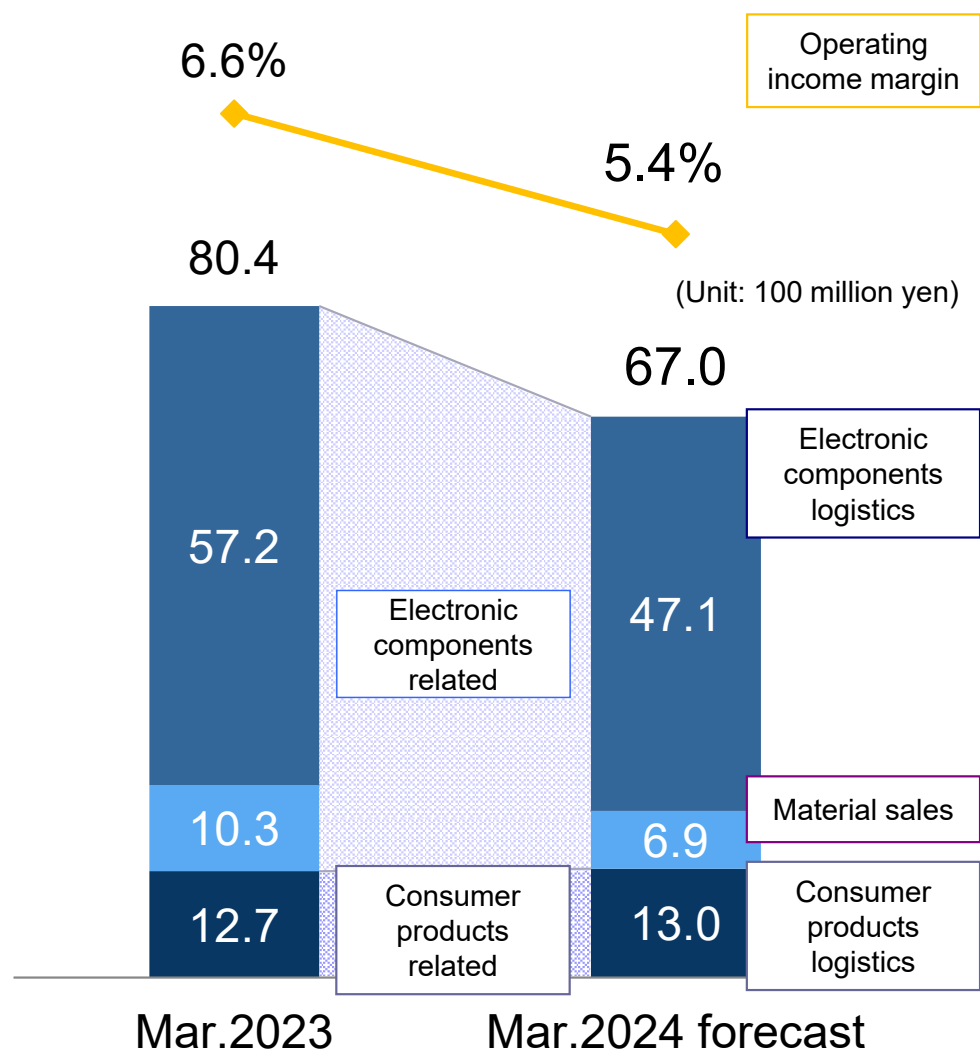
■ **Consumer products logistics** +1.8 billion yen

The consumer cooperative delivery-related remained flat, but increased due to sales in the mail-order and EC-related business.

* Net sales of each segment represent those 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

Efforts made to increase productivity, but decreased due to factors such as poor efficiency caused by the drop in cargo volume and more competitive international transportation.

■ Material sales -0.34 billion yen

Decreased due to the impact of factors such as the rising cost of supply sales ratio and exchange rates.

■ Consumer products logistics +0.03 billion yen

Increased slightly due to the effects of increased income from sales expansion, despite increased fixed costs associated with increased warehouse area.

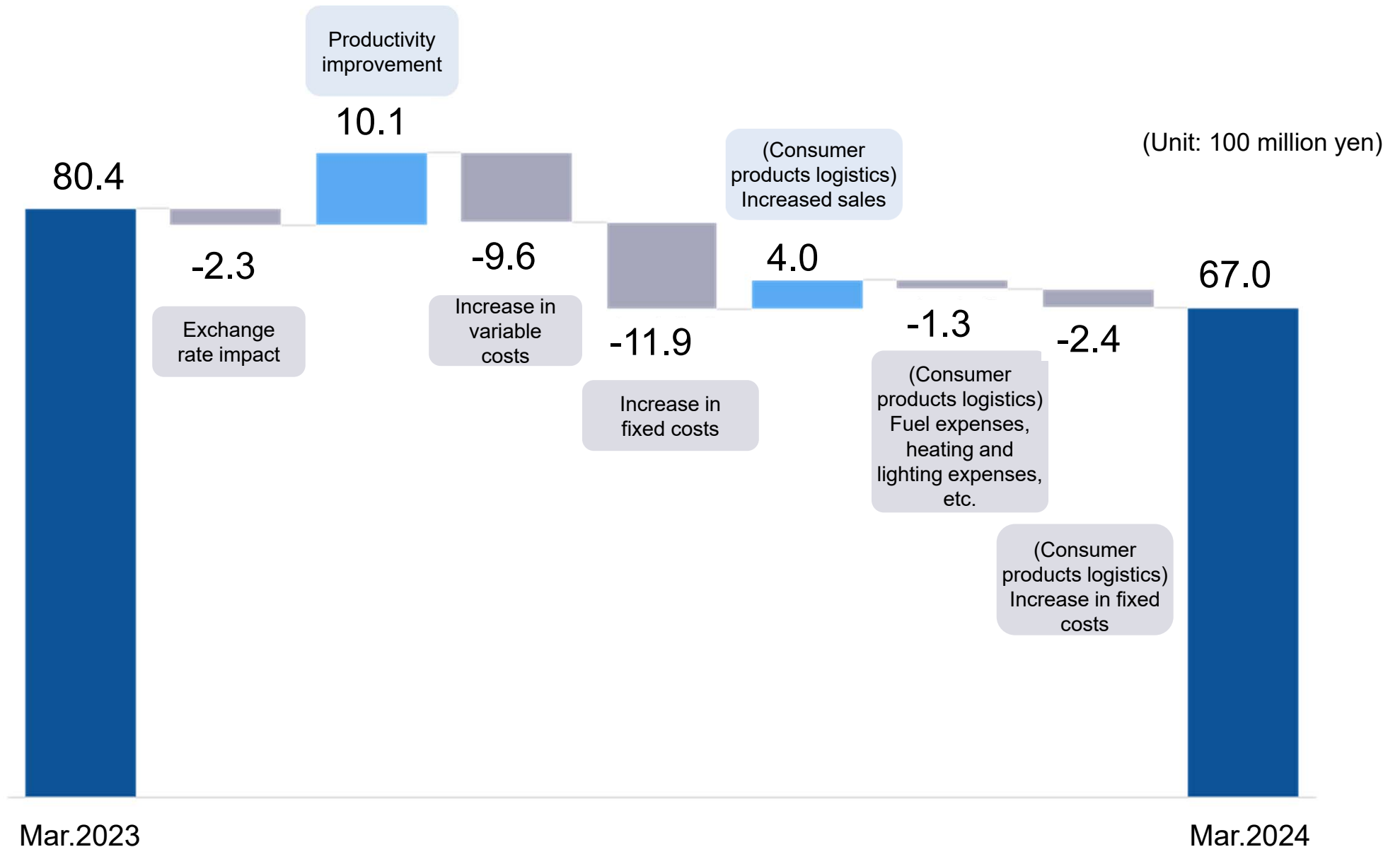
* Operating income of each segment represents those after elimination of consolidation.



Fiscal year ending
March 2024

Changes in Operating Income (Consolidated) 16

Efforts made to increase productivity, but income decreased due to more competition and increase in fixed costs.

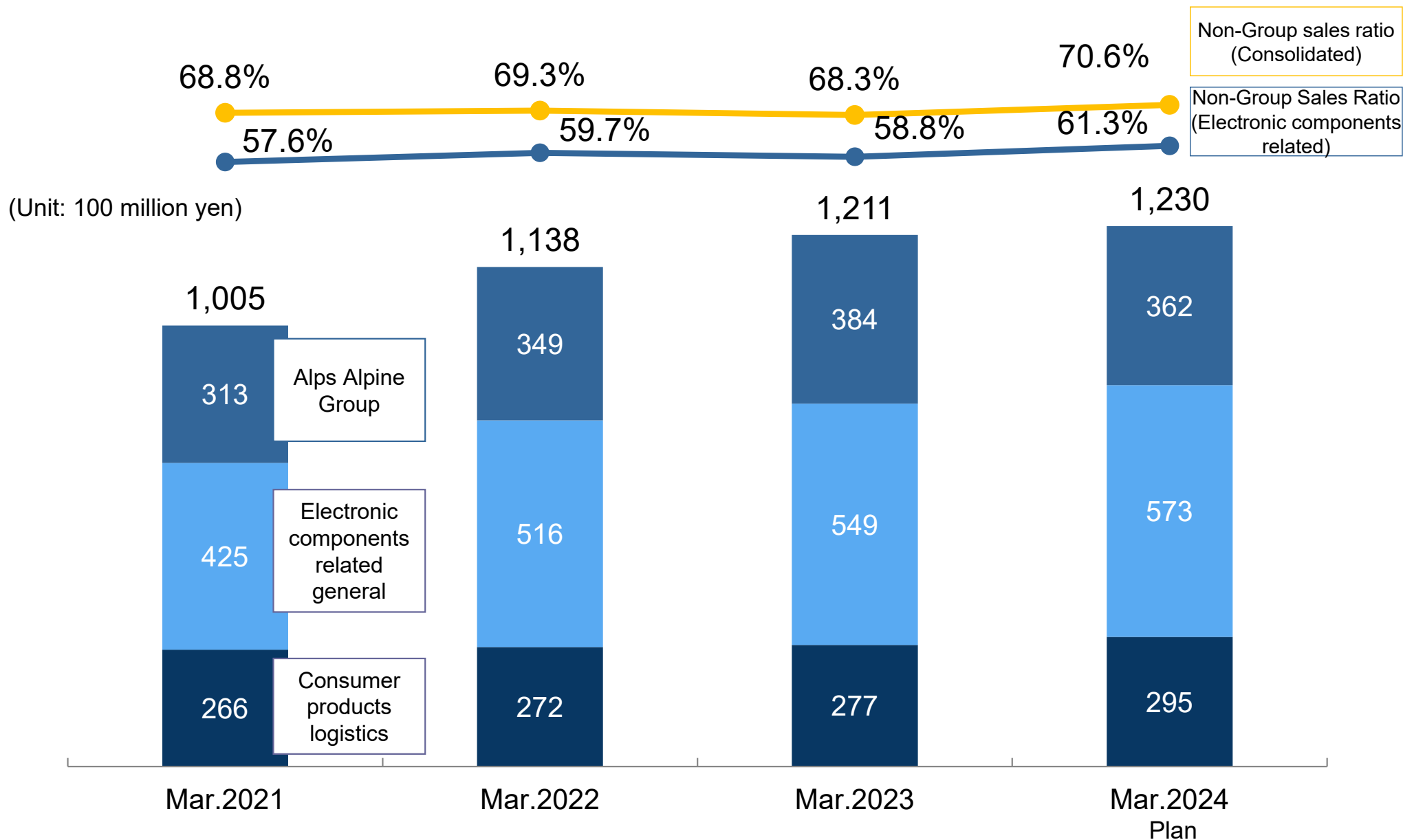




Non-Group Sales Ratio

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**Increase non-group net sales with sales expansion,
and also increase in non-group sales ratio**

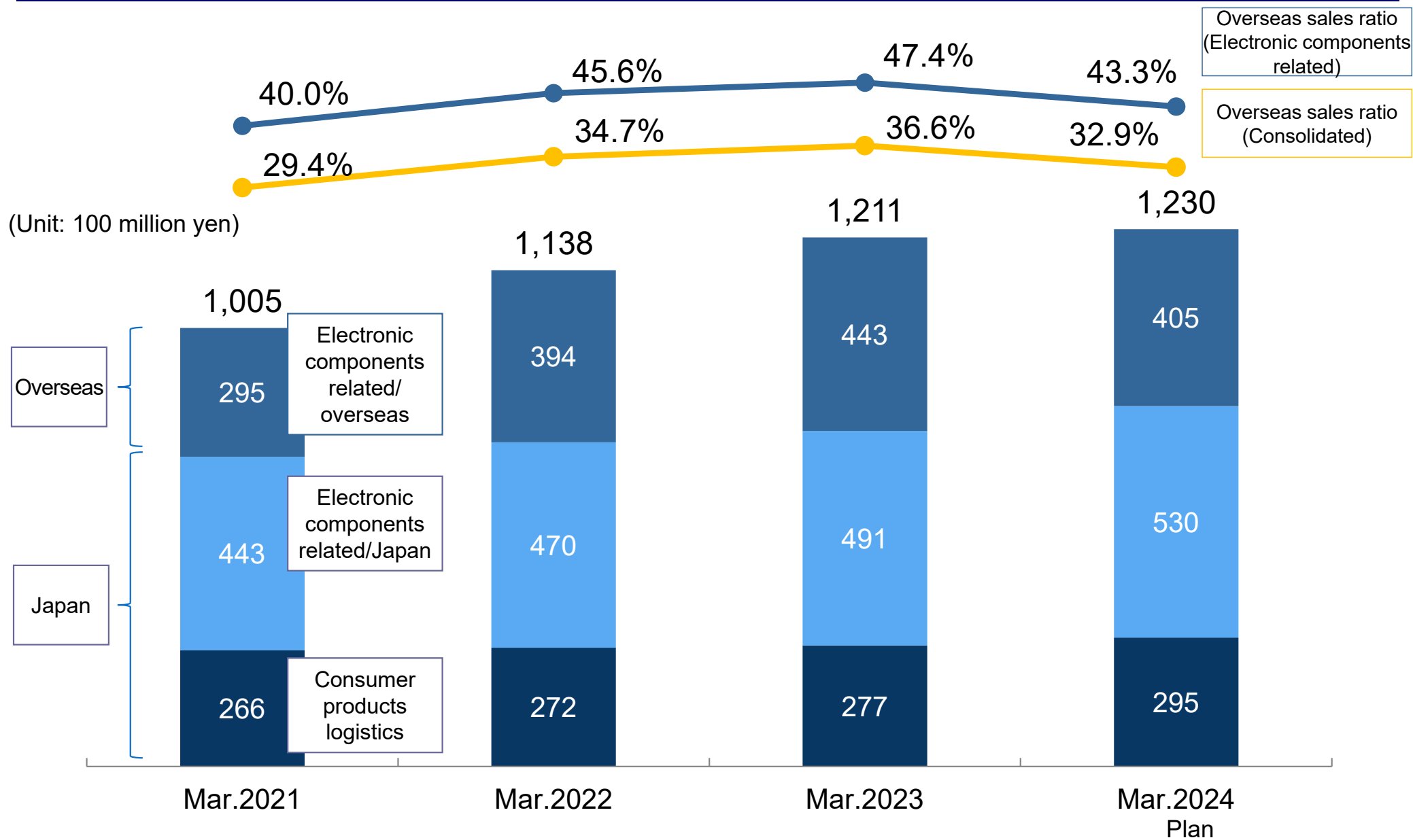




Overseas Sales Ratio

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**Increase in domestic sales due to sales expansion,
decrease in overseas international transportation**





Investment and Capital Strategy for Increasing Corporate Value

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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

Excerpt from May
2023 published
materials

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

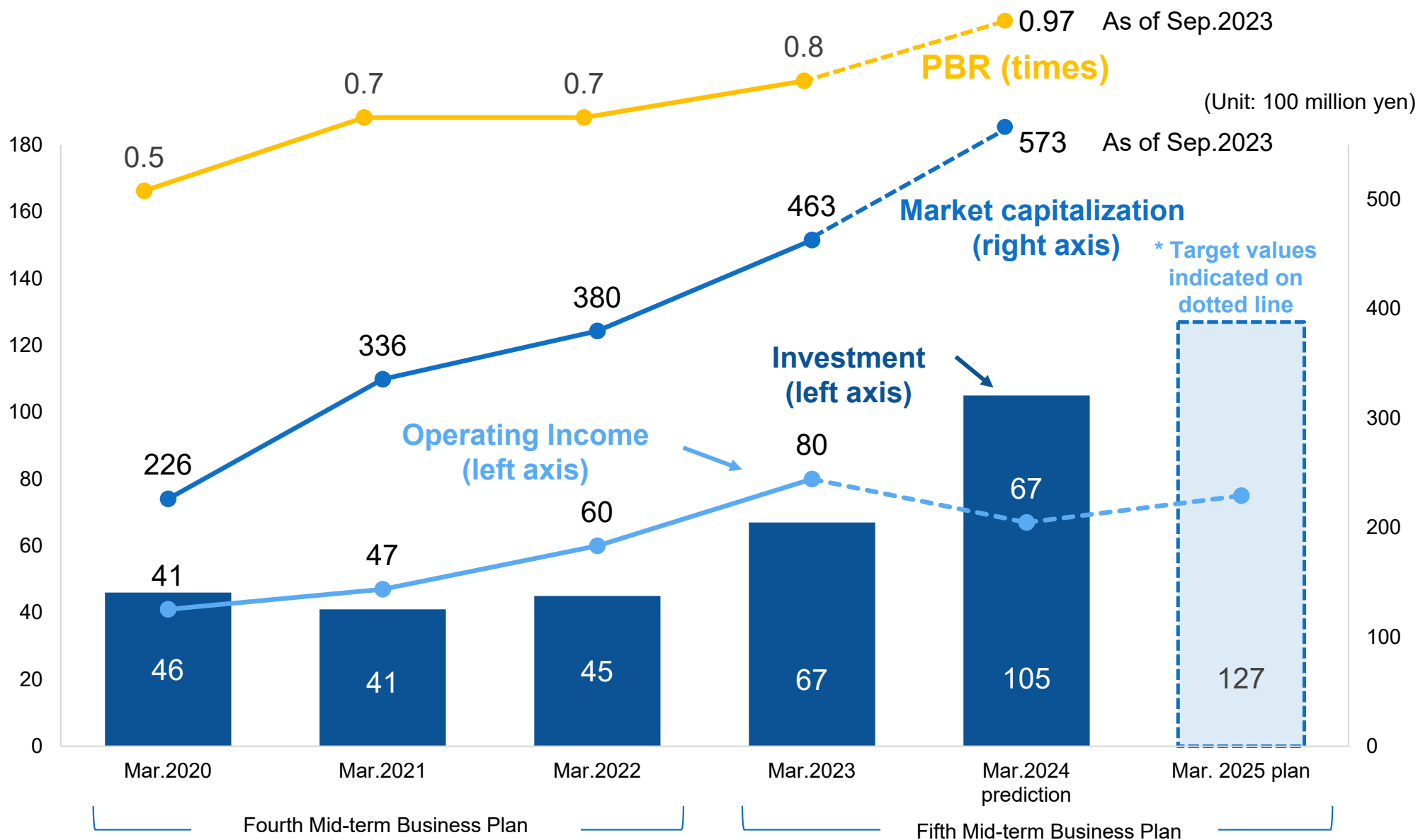
- **Leverage debt up to 45% of the equity ratio. cf. 59% in the Year ended March 2023**
When carrying out M&As, etc., fully leverage debt



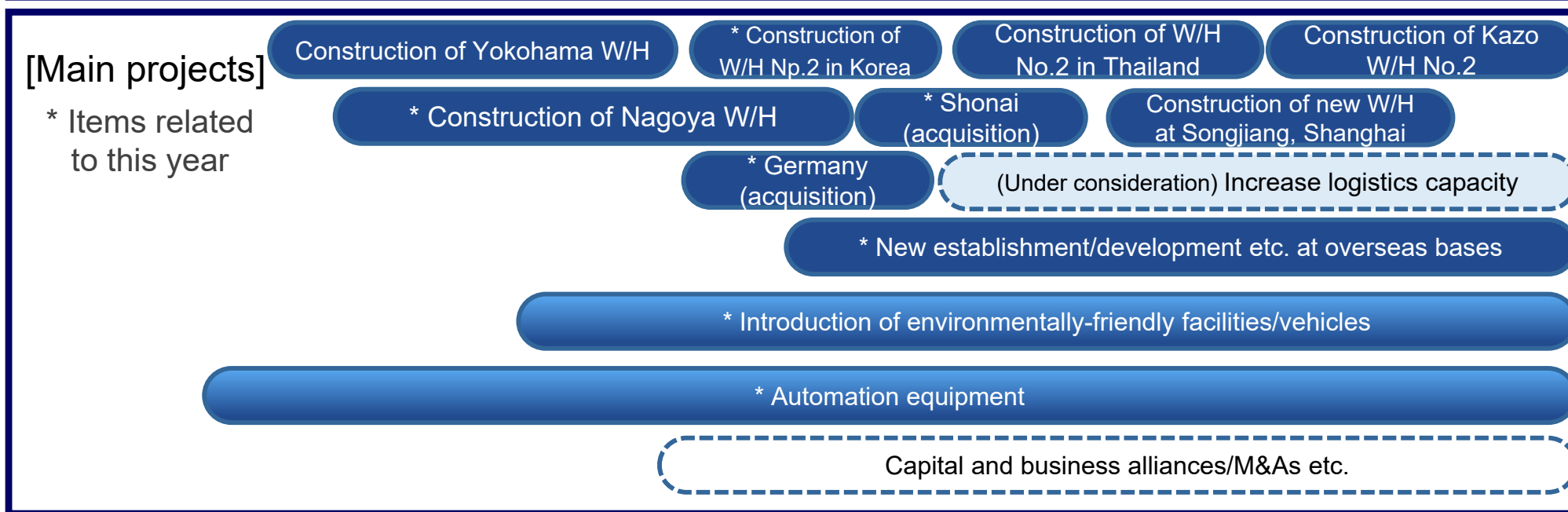
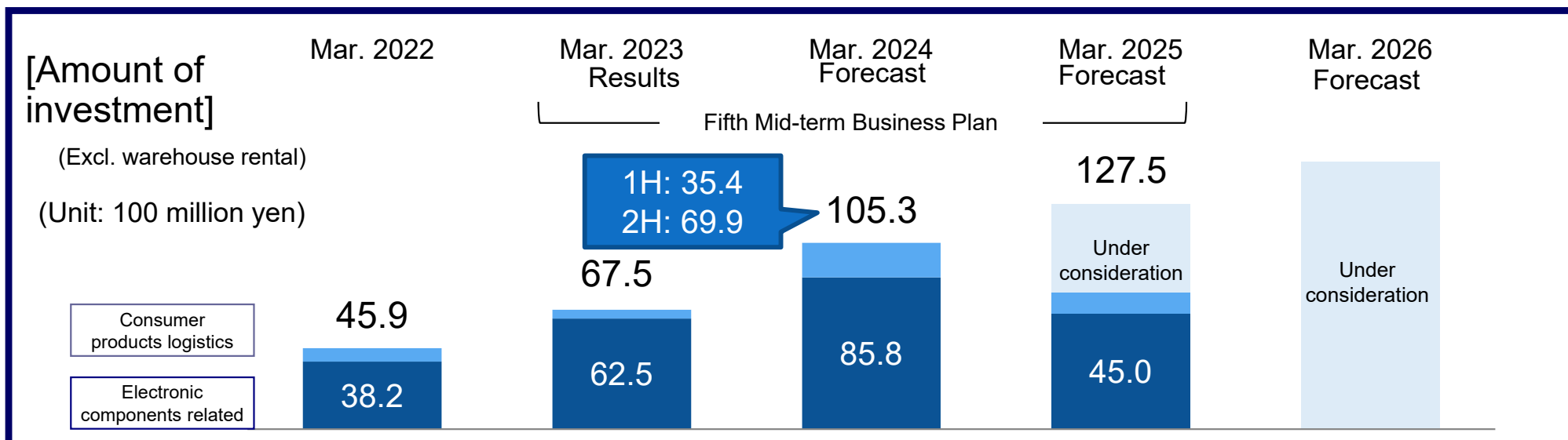
Trend in Investment & Profit Growth, and Market Capitalization

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Expand investment in order to accelerate profit growth



Expand investment in order to accelerate growth

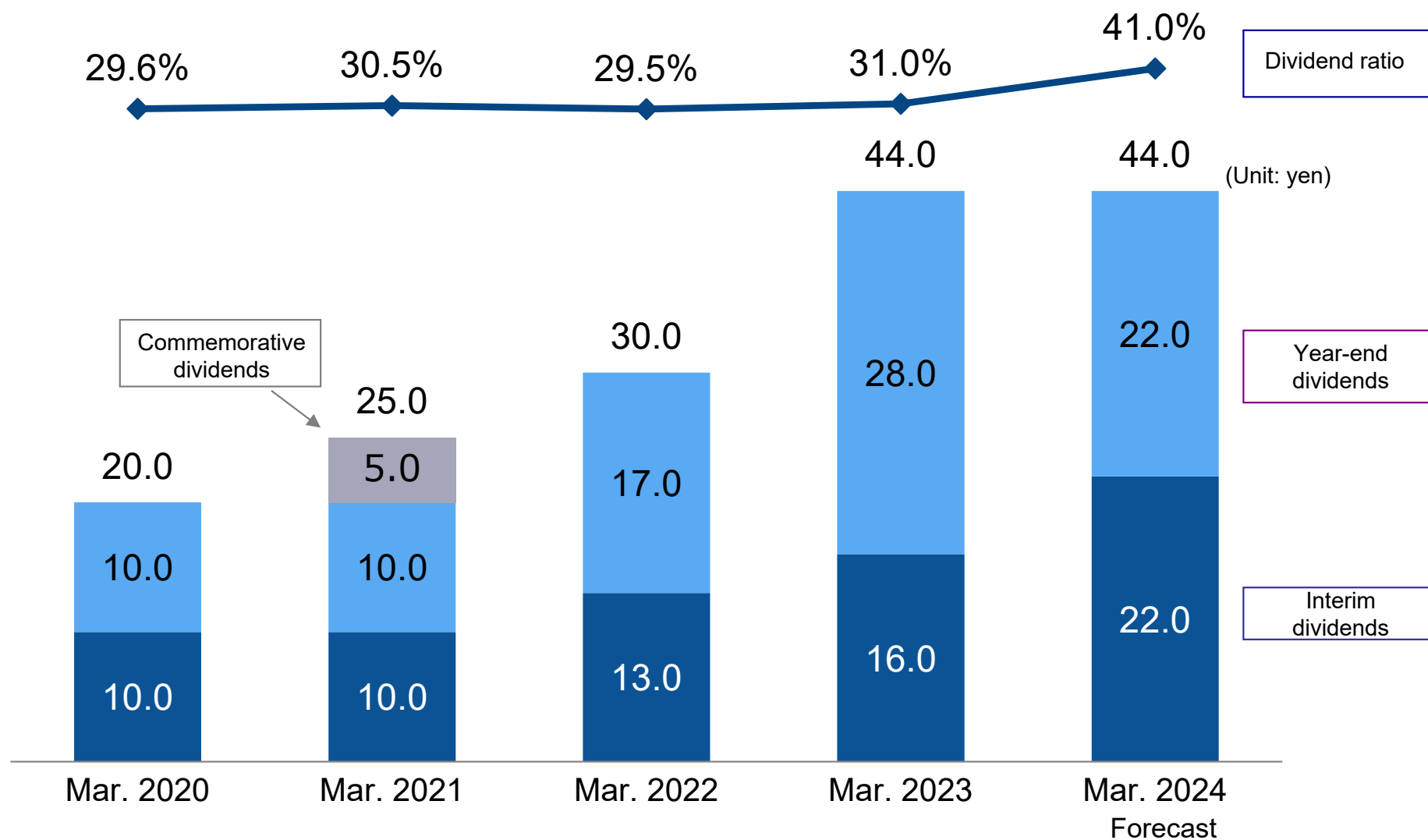




Dividend Policy

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





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Domestic: Increase in storage capacity

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

Started construction in February 2023, scheduled to be completed in January 2024.

New warehouse area: 33,000 m²



Rendering of the new Nagoya warehouse

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

Operational launch in May 2023.

New warehouse area: 16,000 m²

Next to the Kazo Branch, doubling the warehouse area to a total 30,000m².

Ongoing considerations into construction of a new warehouse.

- **Expansion of warehouse in Ibaraki City, Osaka Prefecture**

Operations planned in January 2024.

New warehouse area: 4,000 m² (planned)

- **Purchase and expansion of Shonai warehouse**

Purchase planned in second half of fiscal 2023.

Expand area due to even more active operations with new business.

Warehouse area: 5,500 m²

- **Expansion of Sagamihara warehouse**

Second half of fiscal 2023. Warehouse area: 8,500 m²

Continue to introduce automation items, and promote labor saving

- Introduction of automated warehouse to suit cargo characteristics (high mix, small lot)

Automated warehouse with AGV cartons planned to be introduced in March 2024 at Yokohama Branch.



- Example of installed equipment

Diverse range of equipment installed, including bulk barcode scanners, unmanned forklifts, and catering robots.



Automated warehouse with AMR cartons and various types of automated transportation robots planned from next year and beyond.

Overseas: Enhance logistics functions

- **Local subsidiary established in the Philippines**
Representative office operated since 2016, and converted into local subsidiary in the first half of 2023.
Commenced forwarding services.
- **Expand Gwangju warehouse in South Korea**
Started construction in April 2023, completed in October 2023
Warehouse area: 12,000 m².
- **Build domestic transportation network in India**
Long-distance consolidated transportation services using company trucks to begin from October 2023.
Increased quality between (Gujarat ⇄ Bawal) for increasing handled automotive components.
- **Opening of Hanoi Airport Office in Vietnam**
Opened in October 2023, and launch of in-house customs clearance in second half of year.
- **Expansion of Dortmund, Germany warehouse**
Warehouse area to be 8,500 m² planned in second half of 2023.



Gwangju Warehouse
construction completion ceremony



Increase mail-order and EC logistics

- **Significant increase in handled volume of cosmetics and frozen foods**
Increase marketing to companies handling Korea cosmetics popular with younger consumers, to expand storage operations.
Increase in demand for frozen foods to significantly increase storage operations. of frozen foods for existing customers

Trial operation using EV trucks for individual co-op deliveries approved

- **2 t EV trucks to be introduced from FY2024**
Proposal to co-ops as an initiative to reduce environmental impact.
Results of trial operation to be applied to future investment plans.

Expansion of storage capabilities

- **Kazo Toyonodai Branch**

Opened in October 2022
Expanded to 3,200 m² in April 2023
Warehouse area: approx. 11,200 m².

- **Kobe North Branch**

Opened in March 2023
Expanded to 4,200 m² in June 2023
Warehouse area: approx. 8,600 m².

Environment

- **Endorsement of TCFD**

Began disclosing information from September 2023 in accordance with the TCFD framework.



- **Disclosure of environmental information to CDP**

Responded to climate change and water security questionnaire in July 2023.



- **Joined ANA “SAF Flight Initiative” program**

Began participating from October 2023, with ANA cargo flights using SAF planned to start operating from November for international transportation from Japan.



* SAF (Sustainable Aviation Fuel) is an aviation fuel made using biomass and other sources for facilitating a reduction in greenhouse gas emissions. Fuel with a 50% SAF mix is expected to reduce CO2 emissions by 20-30% compared to conventional fuels.

- **Reducing CO2 emissions by promoting energy efficiency**

Use of LED lighting fixtures in warehouses and other efforts to reduce amount of energy consumption.

- **Reducing waste together with customers**

Actively using waste plastic film generated by the Company as a renewable packaging material
Introduction of environmentally friendly pallets for parts storage made by mixing ocean plastic waste.

Social

- **Implementing social contribution activities on a global scale**

Germany: Participated in tree-planting activities organized by Dortmund City.

India: Joined in planting 150 trees at elementary schools in Tajnagar

Thailand: Helped clean-up activities at temples in the Bang Na area

Also actively participating in activities in various locations in Japan and overseas.



- **Promoting sustainable procurement**

Request suppliers to comply with our “Partner Company Action Guidelines” and conduct self-assessments, and provide support for identified issues to strengthen partnerships with suppliers.

Governance

- **Established Risk Management Committee**

Conduct company-wide risk assessments and identify important risks.

Planning to conduct regular monitoring.

- **Promoting disclosure of sustainability information**

Published first Integrated Report in September 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.