

The 5th Medium-Term Business Plan

**(Year Ending March 2023
- Year Ending March 2025)**

ALPS LOGISTICS CO., LTD.

(TSE Prime 9055)

May 11, 2022

Representative Director, Masaru Usui
President

1. Review of the 4th Medium-Term Plan

2. The 5th Medium-Term Plan

- (1) Electronic components related
(Electronic components logistics/
material sales)
- (2) Consumer products logistics
- (3) Sustainability related issues



Review of Measures Implemented in the 4th Medium-Term Plan

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**To provide evolving “optimal logistics”
to more customers.**

GTB (Get the Business)

**Expansion of markets and
products**

- Acquired Zhaopu Electronics in China, launched a second JV company in India.
- Increased the number of customer accounts to 6,900 (25% increase) and the automotive component ratio to 30%.
- Higher sales in consumer products logistics through development of the medical field

GTP (Get the Profit)

**Improvement of indirect
and direct productivities**

- Progress in implementation of automation equipment (external purchase, in-house development)
- Trained 26 TIE engineers and made over 10,000 improvements per year.
- System upgrades and functional enhancements (WMS, Forwarding, etc.)

GTC (Get the Confidence)

A company of choice

- Designated to the First Section - Prime market of the TSE, strengthened governance structure
- Defect rate: recovered to 3.66 ppm in 2H of 2021 (electronic components related)
- During the pandemic, our stable operations contributed to the SCM of various companies.



Review of Performance Under the 4th Medium-Term Plan

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Operating income margin and ROE achieved initial medium-term targets, although net sales did not.

[Electronic components related]

Although affected by the pandemic and semiconductor shortages, we implemented steady sales expansion activities, improved productivity, and reduced costs. In import/export related business, our sales increased due to the tightening of marine and air transportation.

[Consumer products logistics]

Sales and operating income increased due to increased demand for delivery caused by the pandemic and newly expanded sales in the medical field.

(Unit: 100 million yen)	Mar. 2020	Mar. 2021	Mar. 2022
	Results	Results	Results
Net sales	1,007	1,005	1,138
Operating income margin	4.1%	4.7%	5.3%
ROE	5.2%	6.1%	7.0%

Mar. 2022 plan	
(As of May 2019)	(Revised in June 2020)
1,200	1,010
Securing 5%	Securing 4% or more
6.0%	5.0%

1. Review of the 4th Medium-Term Plan

2. The 5th Medium-Term Plan (FY2022 - FY2024)

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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



The 5th Medium-Term Business Plan

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Aiming to secure 7% or more in ROE.

- **Net sales: Increasing 23% during the three-year period of the 5th medium-term plan**
- **Operating income: Posting a new record-high**

[Electronic components related]

- Expanding business domains (areas/customers/services) in addition to expanding sales in existing areas
- Aiming for labor saving, energy saving, and productivity improvement through automation and promotion of using IT systems

[Consumer products logistics]

- Expanding sales of B to B logistics using EC logistics as a driving force. Expanding sales to new co-ops

(Unit: 100 million yen)	Mar. 2022 results	Mar. 2023 forecast	Mar. 2025
Net sales	1,138	1,150	1,400
Electronic components related	864	870	1,075
Consumer products logistics	272	280	325
Operating income margin	5.3%	5.1%	Securing 5.3% or more (New record high)
ROE	7.0%	6.0% or more	7.0% or more

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Further expansion based on electronic components logistics platform

Electronic components logistics platform

**Shared warehousing
+ Consolidated pickup and delivery**

Track record of 7,500 locations
for 1,900 companies in Japan

**Economic
efficiency**

**Environmental
responses**

- Optimal logistics for each customer
- Global One Channel Service
- High logistics quality

+

- Further network expansion
- Digitalization/automation
- Packaging optimization and transportation modes

Area expansion

- Japan: Enhancement of major sites
+ West Japan/Kyushu
- Overseas: Enhancement of existing areas
(North America, India, Eastern Europe, etc.)
+ New countries (The Philippines and Indonesia)

Expansion of customer base and markets

- Automotive components/industrial machinery related
(Increasing the automotive component ratio from 30% to 35%)
- Promoting the acquisition of non-Japanese customers
- Enhancing import/export services/expanding customer range
- New markets (to be considered together with our subsidiary "Ryutsu Service")

Service expansion

- Diversified menu for automotive components and industrial machinery
- Expanding distribution processing
- Providing information on environmental impact
- Expanding SCM support menu
- Shortening W/H launch lead time

Horizontal expansion and development of equipment and systems tailored to cargo characteristics

[Cases of implementation]

- Automatic labelling machine
(Developed in-house)



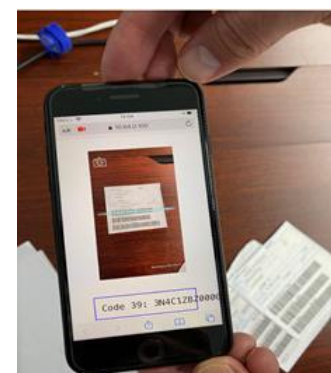
- Carton loading/unloading conveyor



- Movable high-rise rack



- Image recognition receiving inspection system
(Patent pending)



Expanding warehousing capacity at major sites

● 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)

Can be operated 100% on solar power if conditions are right.

● Building a new warehouse in Nagoya

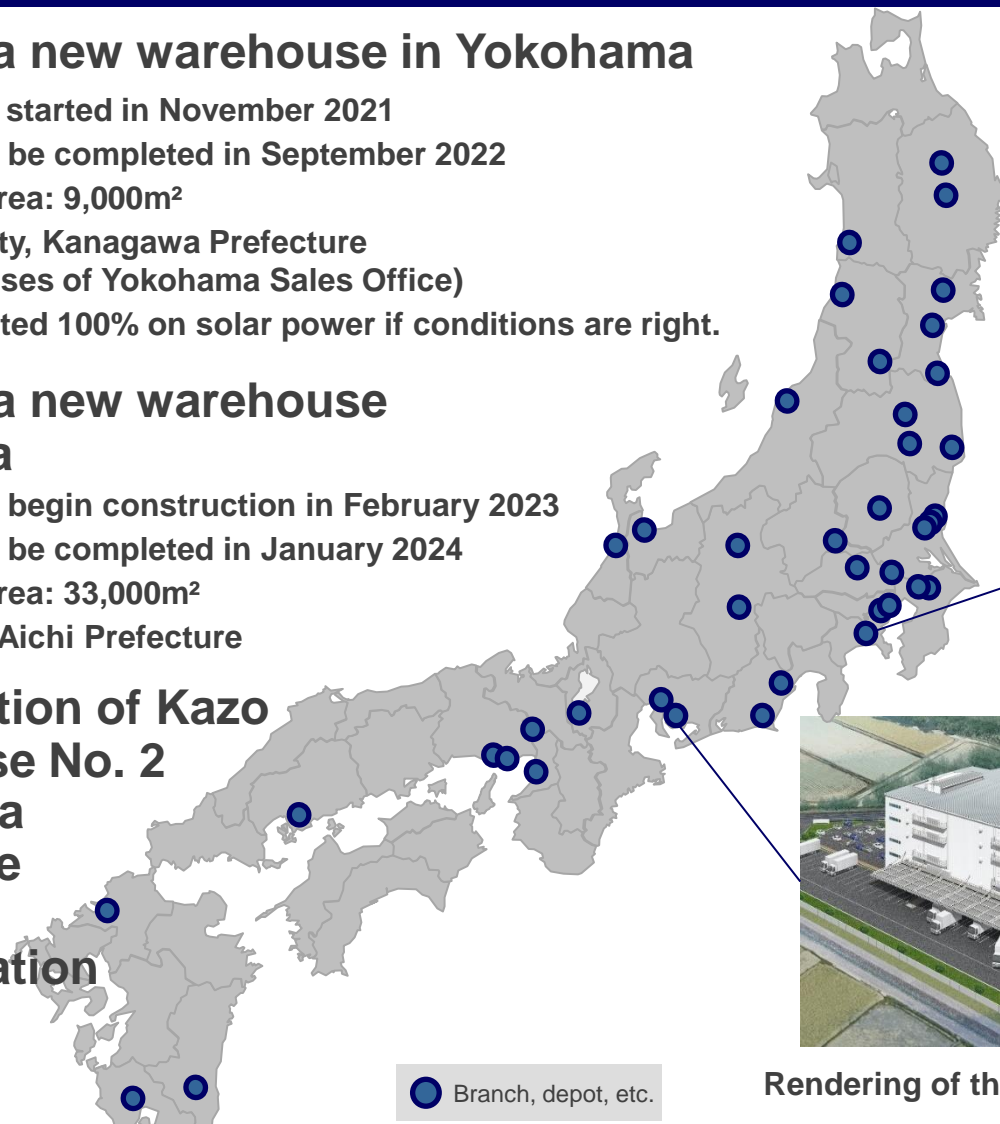
Scheduled to begin construction in February 2023

Scheduled to be completed in January 2024

Warehouse area: 33,000m²

Komaki City, Aichi Prefecture

● Construction of Kazo warehouse No. 2 in Saitama Prefecture under consideration



● Branch, depot, etc.



Rendering of the new Yokohama warehouse



Rendering of the new Nagoya warehouse



Strengthening logistics business in each country

Europe

- Restructuring the site network to improve logistics efficiency for the automotive components
- Cooperation with agents to expand sales in Eastern Europe, mainly in Hungary

North America

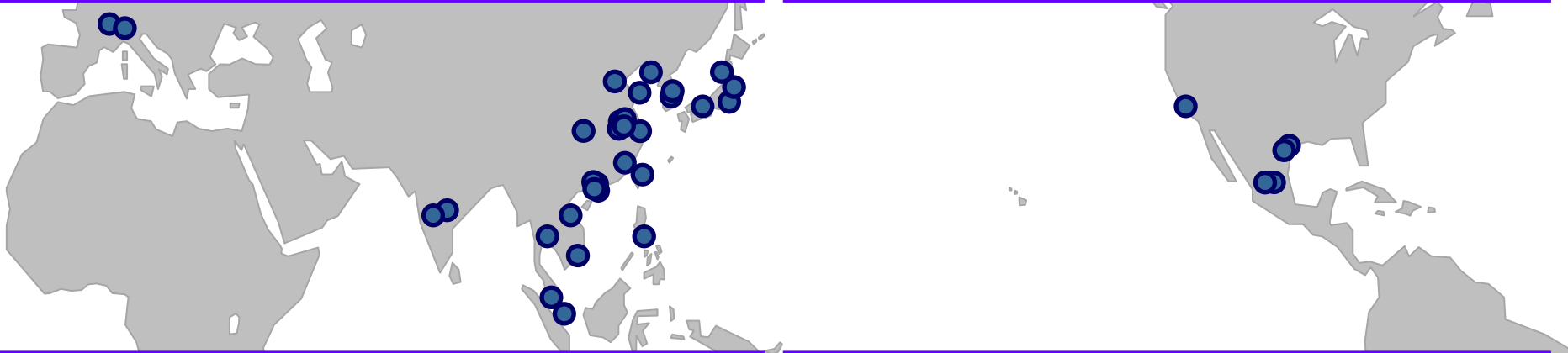
- Expanding space to expand sales of automotive components in the U.S.
- Strengthening national sales force to expand sales in the U.S. West Coast
- Expanding U.S.-Mexico cross-border transportation routes
- Opening a new site for collaboration in Mexico

Greater China

- Expanding warehouses for domestic cargo in anticipation of increased domestic demand
- Expanding bonded warehouse to meet increasing business demand from non-residents
- Increasing in-house freight services to strengthen the competitiveness in transportation and distribution through the trunk line transportation network and local sites

Asia

- Thailand: Expanding high-quality warehouses for electronic components
- Vietnam/Malaysia: Expanding bonded warehouses
- India: Developing domestic sites and improving the trunk line transportation network
- Promoting independent operations to strengthen the air export business



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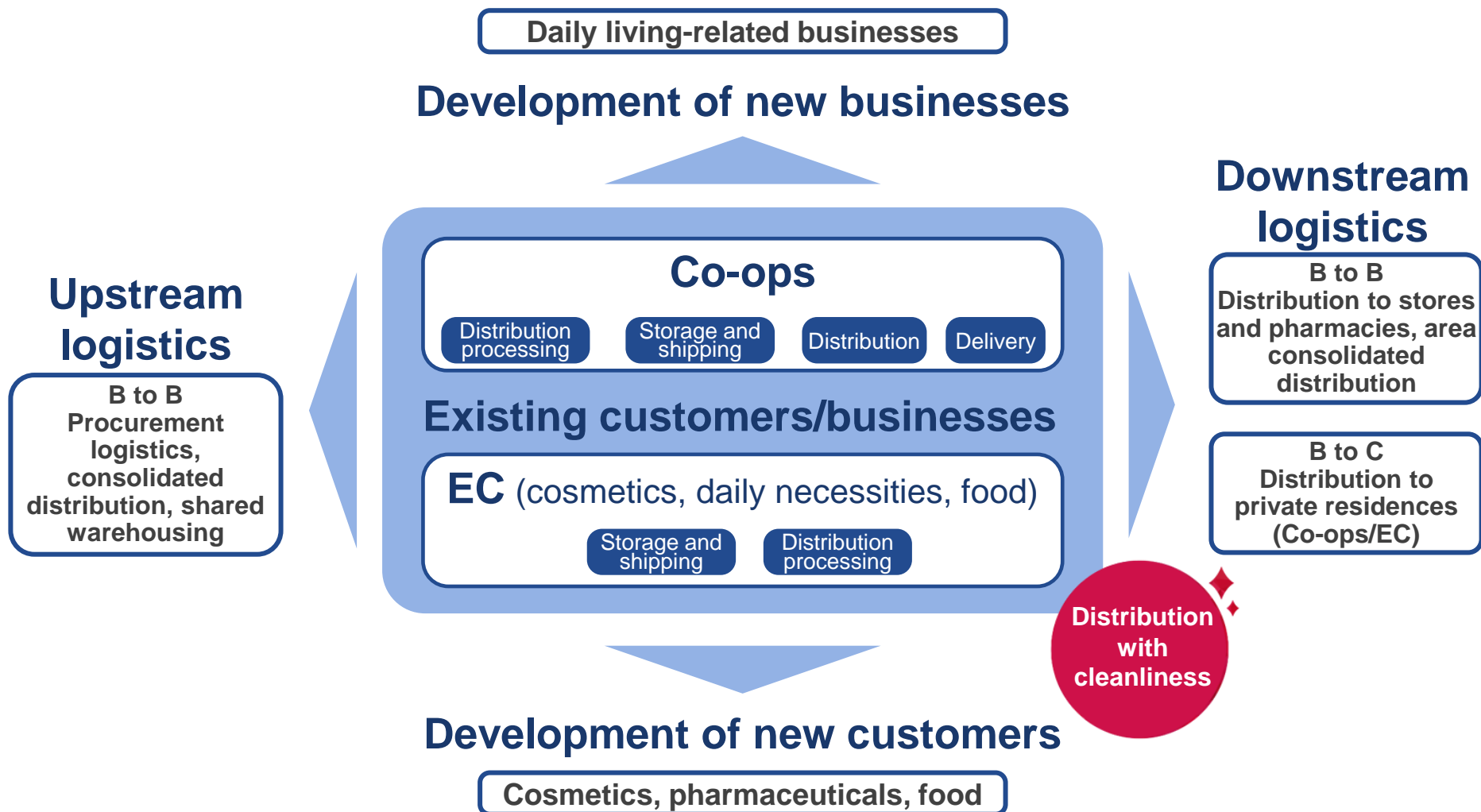
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Expanding sales of B to B logistics using joint logistics as a driving force.





Saving labor and time with robot material handling

● Robot picking cart

- (1) Reduces work time by driving optimal routes
- (2) Work can be done by fewer people and with lower workloads

● AGV x Sorter

- (1) Maintains quality and temperature by reducing work time
- (2) Accommodates increased material volume

*AGV: Automatic Guided Vehicle

Utilizing virtual simulation

● Opened “KISAI BASE” logistics laboratory facilities jointly with TSUBAKIMOTO MACHINERY CO.

- (1) Enables simulation of material handling installation (using MR and VR)
- (2) Serves as a co-creation center for idea generation and product development



Opening ceremony in October 2021

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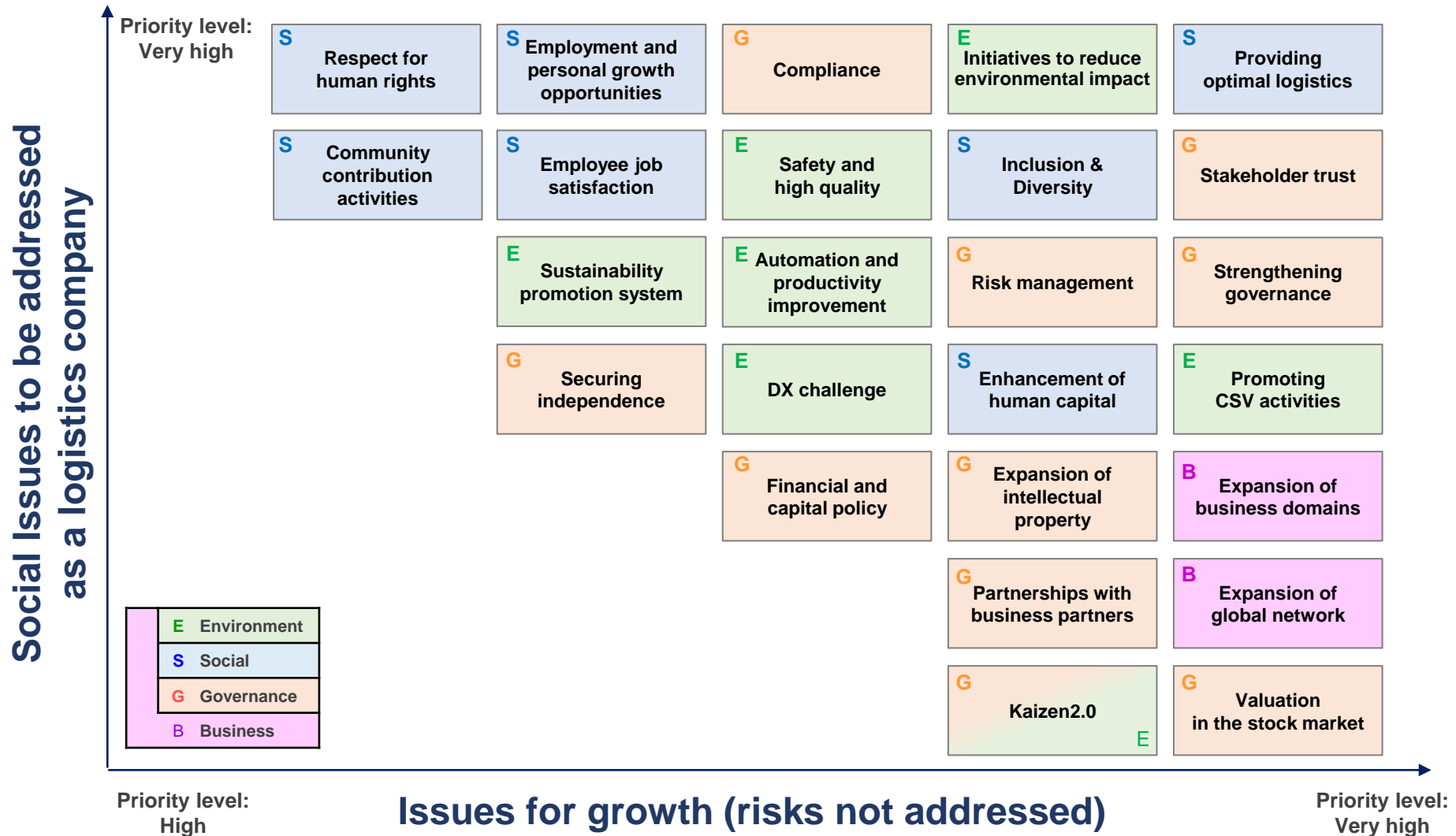
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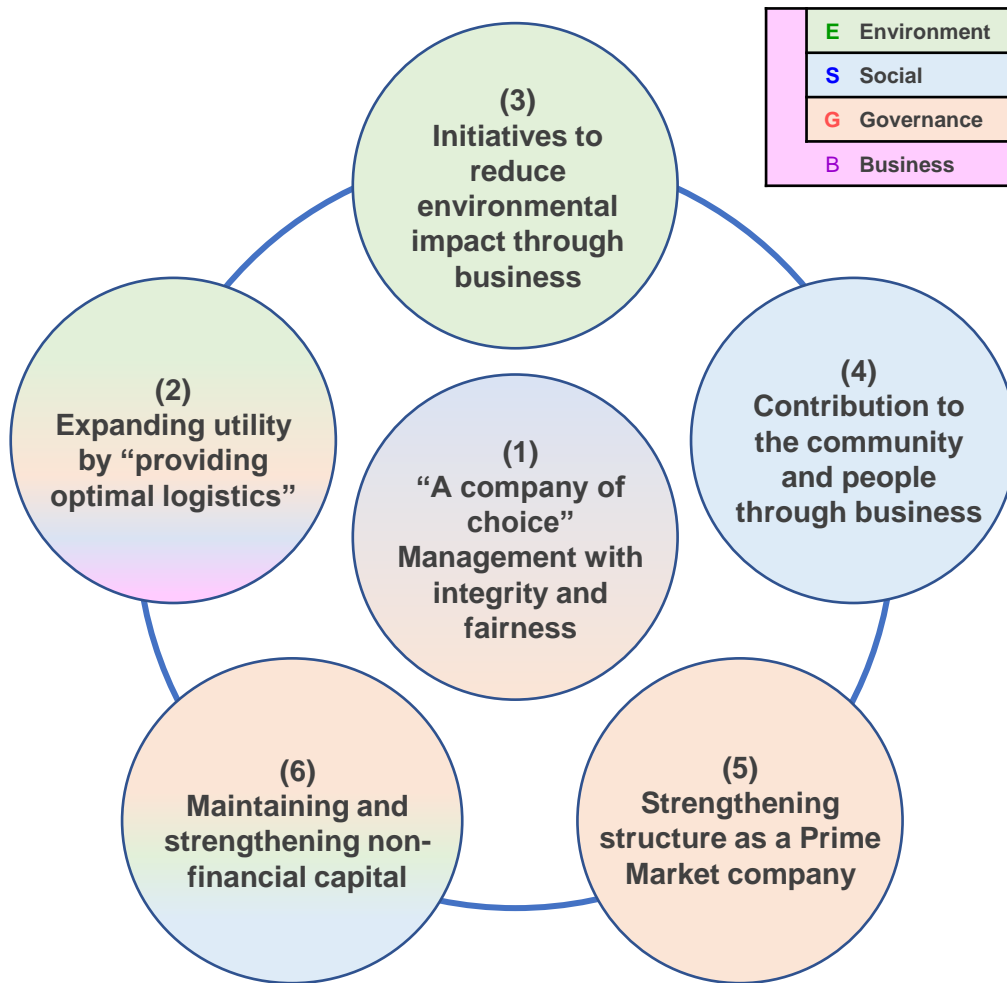
(3) Sustainability related issues

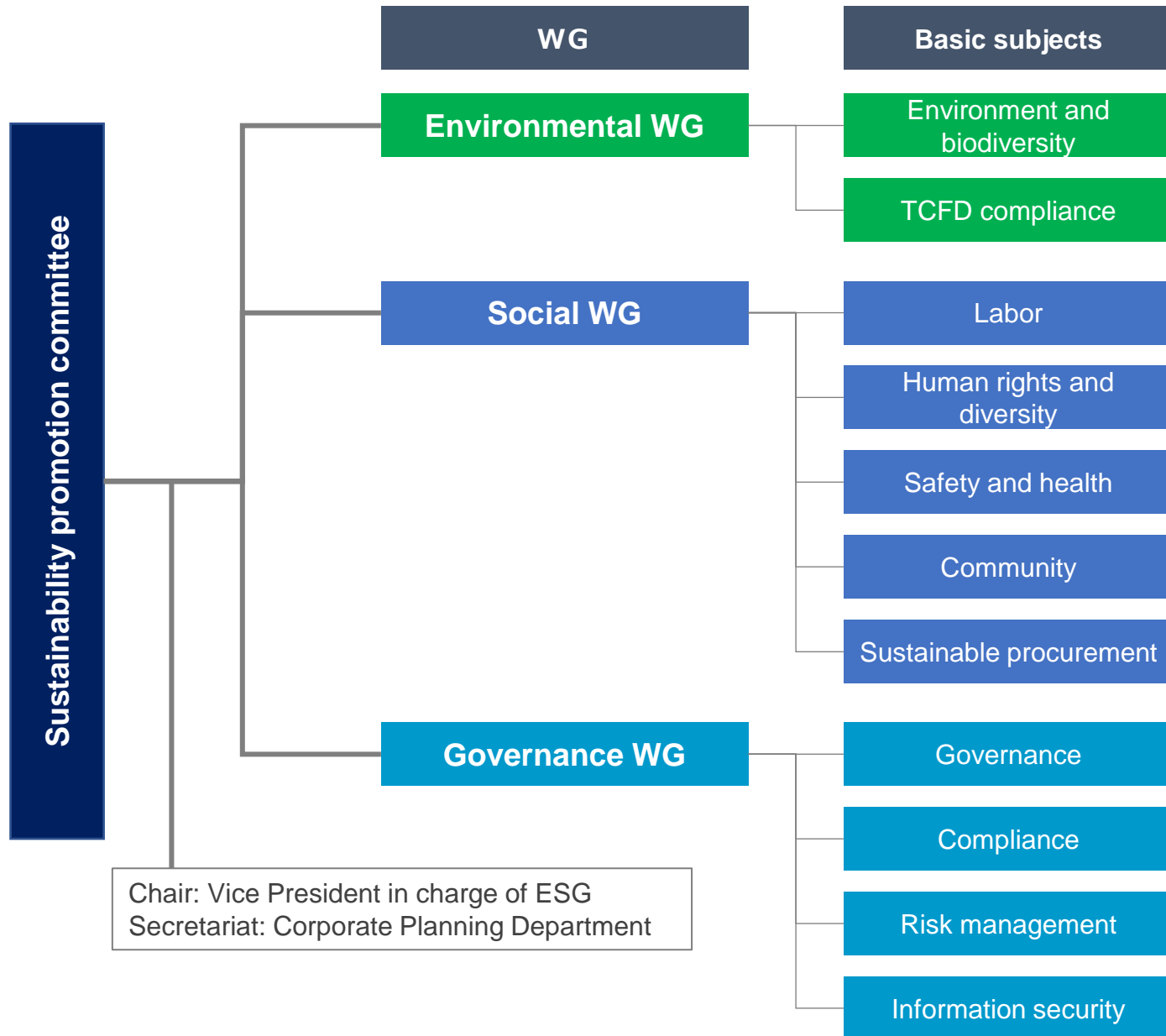
Matrix of priority issues (social issues and issues for growth)



Six categories of our priority issues

Categories	Areas and issues	
(1) “A company of choice” Management with integrity and fairness	S	Respect for human rights
	G	Compliance
	G	Stakeholder trust
(2) Expanding utility by “providing optimal logistics”	E	DX challenge
	E	Safety and high quality
	E	Automation and productivity improvement
	S	Providing optimal logistics
	G	Partnerships with business partners
	B	Expansion of global network
(3) Initiatives to reduce environmental impact through business	B	Expansion of business domains
	E	Initiatives to reduce environmental impact
	E	Promoting CSV activities
(4) Contribution to the community and people through business	E	Sustainability promotion system
	S	Community contribution activities
	S	Employment and personal growth opportunities
	S	Inclusion & Diversity
(5) Strengthening structure as a Prime Market company	S	Employee job satisfaction
	G	Risk management
	G	Strengthening governance
	G	Financial and capital policy
	G	Securing independence
(6) Maintaining and strengthening non-financial capital	G	Valuation in the stock market
	G/E	Kaizen2.0
	S	Enhancement of human capital
	G	Expansion of intellectual property





Environment

Contributing to the reduction of CO2 emissions through our business

- Expansion of shared warehousing and consolidated pickup and delivery
- Introduction of environmentally friendly vehicles
- Improving loading efficiency by proposing changes in packaging design
- Research and introduction of labor-saving and power-saving material handling equipment
- Introduction of pallets using bio-based raw materials



Environmental data

(Reduction rate on an intensity basis)	Mar. 2020 Results	Mar. 2021 Results	Mar. 2022 Results	Mar. 2025 Targets
CO2 emissions (Compared to Mar. 2014)	-13.8%	-13.2%	-14.6%	-20.7%
Electricity consumption (Compared to Mar. 2016)	-4.7%	-7.3%	-7.2%	-13.1%

Scope of aggregation: Alps Logistics (non-consolidated)

Society

- **Inclusion & Diversity: Promotion of women's advancement in particular**
- **Employee job satisfaction: Improvement of employee satisfaction, health management**
Improving systems to allow diverse work styles, promoting work-life balance, supporting career development, etc.
- **Employment and personal growth opportunities: Securing and developing human resources**
Enhancing training, promoting acquisition of qualifications and self-development, etc.

Governance

Increasing independent outside directors to a majority in order to improve governance

- **Changing from a consolidated subsidiary to an equity method affiliate of Alps Alpine Co., Ltd.**
We have been a consolidated subsidiary based on the effective control standard. Including indirect holdings, Alps Alpine's shareholding in our company remains unchanged at 49%.
- **No change in business relationship with Alps Alpine.**
As a group company, we will continue to work to maintain cooperation and enhance corporate value.

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.