



INTEGRATED REPORT 2023

Alps Logistics Co., Ltd.
(FY2022)

Introduction

Corporate Philosophy

We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*

People's lives have been enriched by advancements in *monozukuri*, a Japanese term referring to manufacturing and all that it encompasses.

Alps Logistics is a global provider of logistics solutions specializing in electronic components used in *monozukuri* of motor vehicles, electronic devices, etc.

Electronic components require logistics solutions customized for each customer and delivery location based on their unique product handling requirements. We strive to develop optimal solutions for each customer's logistics needs ("Logistics Individuality") and support *monozukuri* by providing high quality, efficient, safe and environmentally friendly services.

Our mission at Alps Logistics is to become a logistics service provider that is trusted worldwide and contributes to the enrichment of society.

Business Approach

Mutual Prosperity

Build solid partnerships with customers

Value Creation in Logistics

Provide high-quality, specialized services

Environmental and Social Harmony

Conduct corporate affairs fairly and responsibly

Action Guidelines

Sincerity

Honest conduct

Speed

Smooth and quick action

Challenge

Targeting new heights

Contents

1 Introduction

Corporate Philosophy/Contents/ Business Approach	1
Alps Logistics at a Glance	2

2 Value Creation

Message from the President.....	3
History of Value Creation	7
Value Creation Process.....	8
Management Capital.....	9
Business Cycle and Strengths.....	10
Material Issues.....	11

3 Business Strategies

Review of Previous Medium-Term Business Plan and Overview of the 5th Medium-Term Business Plan	12
Electronic Component-related Businesses ...	14
Consumer Products Logistics Business ...	16
Financial Strategies	17
Financial Highlights	18

4 Sustainability

Sustainability Management	19
Sustainability Initiatives Based on Material Issues	20
Corporate Governance.....	21
Message from an Outside Director	25
Management Team	26
Risk Management.....	28
Compliance	29
Environmental Initiatives	30
Human Resources Strategies (Basic Approach)/Investment in Human Capital.....	33
Creation of Vibrant Working Environments...	35
Occupational Health and Safety.....	37
Health and Productivity Management/ Human Rights Policy.....	38
Initiatives to Improve Quality	39
Business Partnerships	40
Our Contributions to Local Communities...	41

5 Data

11-Year Financial Summary	42
Company Overview/Stock Information ...	43
Global Network	44

Editorial Policy

Integrated Report 2023 is the Alps Logistics Group's first integrated report.

The report presents an overview of the value creation initiatives aimed at improving corporate value in the Alps Logistics Group, including activities at domestic and overseas affiliates. It also contains financial and non-financial information, mainly from the fiscal year ended March 2023 (FY2022). In editing this report, we have referred to the *International Integrated Reporting Framework* set by the International Financial Reporting Standards Foundation, as well as the *Guidance for Collaborative Value Creation* from the Ministry of Economy, Trade and Industry.

We hope this integrated report serves as a tool for communication with our shareholders, investors and other stakeholders as we continue to work to improve our corporate value.

October 2023

Forward-looking Statements

The results forecasts and forward-looking statements in this report are based on currently available information, and include uncertain factors. Actual performance, etc., may differ from the figures in this report due to changes in business conditions and other factors.

Alps Logistics at a Glance

The Alps Logistics Group comprises Alps Logistics Co., Ltd. and 25 affiliated companies in Japan and overseas. The Group's operations include electronic component-related businesses (the electronic components logistics business and the material sales business) and the consumer products logistics business (Ryutsu Service Co., Ltd.).

Net Sales | **¥121.1 billion**

Operating Profit | **¥8.0 billion**

No. of Employees | **5,844**

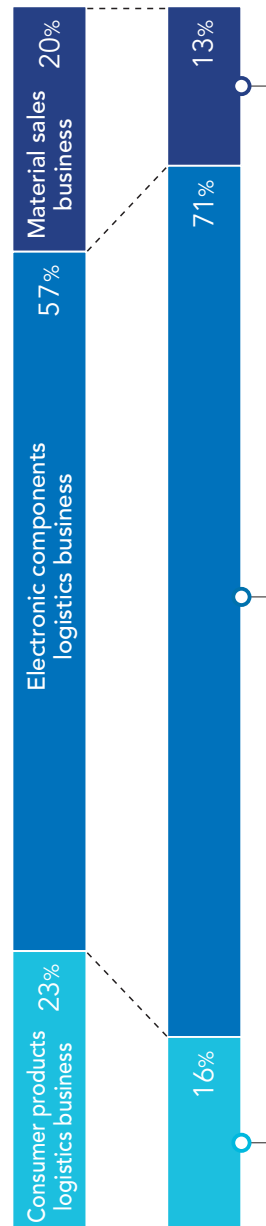
Non-Group Sales Ratio¹ (Consolidated) | **68.3%**

Overseas Sales Ratio² | **36.6%**

FY2022

1. The ratio of net sales to customers outside the Alps Alpine Group
2. The ratio of net sales in areas overseas served by Alps Logistics and the Alps Logistics Group

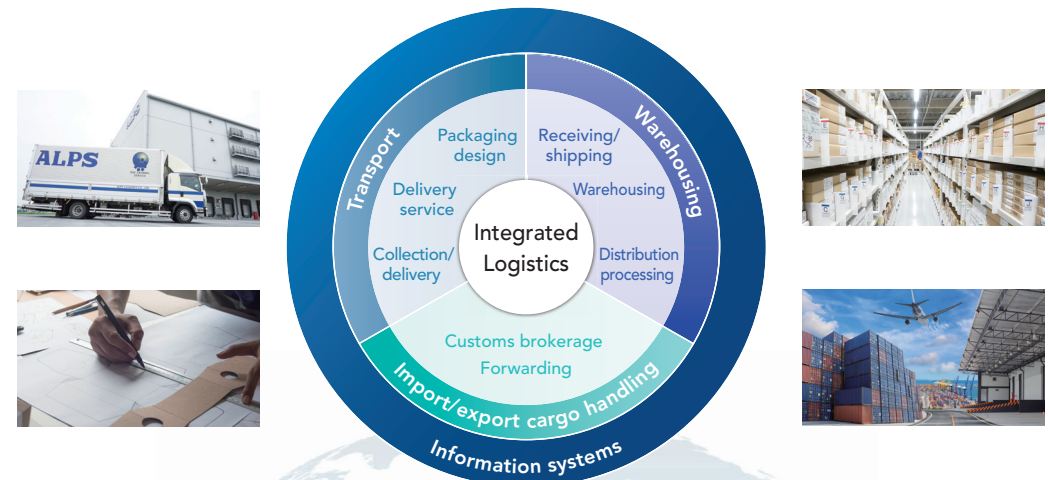
Net Sales **¥121.1 billion**
Operating Profit **¥8.0 billion**



Electronic Component-Related Businesses (Electronic Components Logistics Business and Material Sales Business)

We offer integrated global logistics services spanning transport, warehousing, and import/export cargo handling, mainly for the electronic components required for the manufacture of vehicles and electronic devices. Moreover, using our strengths as a logistics company, we also support manufacturing through the sale of products related to the distribution and manufacture of electronic components.

Integrated Logistics Global One Channel Service



Optimized for customer requirements using
WMS³ developed in-house

3. Warehouse management system

Total warehouse area
996,000 m²

Operations in approx. **80** locations
in **15** countries/regions worldwide

Consumer Products Logistics Business (Ryutsu Service Co., Ltd.)

Ryutsu Service operates the consumer products logistics business and is involved mainly in the delivery of co-op products. Through Ryutsu Service, we are also engaged in e-commerce logistics through which we handle cosmetics, daily necessities and food. We also handle restaurant deliveries and medical logistics, contributing to the lives of consumers in various ways.



No. of warehouses/bases
115

No. of vehicles
Approx. 2,400

No. of co-op delivery bases
Approx. 80

Share of co-op delivery market⁴
Highest in the industry

4. Among co-op delivery partner companies

As of March 31, 2023

Message from the President



Masaru Usui

Representative Director,
President & CEO

Alps Logistics aims to contribute to solving social issues and enhancing corporate value by further evolving optimal logistics.

We launched the 5th Medium-Term Business Plan in FY2022. The role of and challenges facing the logistics industry have become increasingly diverse and complex due to changes in society.

The basic policy of the plan is “Friendly to Earth and society, pursuing and evolving optimal logistics.” As such, we aim to contribute to solving social issues and enhancing corporate value through our logistics operations.

Nine Years of Putting Our Corporate Philosophy into Practice

Nine years have passed since I became president in 2014. Although this period has not been without its challenges, we have managed to expand the scale of our business in that time. We also successfully transitioned from the Second Section of the Tokyo Stock Exchange to the First Section, and then ultimately to the Prime Market. I believe it has been a rewarding nine years. While there have been ups and downs, our consolidated performance has remained solid, and in FY2022, we reached record highs in both net sales and all levels of profit, albeit partly due to one-time positive factors.

Alps Logistics has remained committed to its Corporate Philosophy of “contributing to the enrichment of society by developing optimal logistics solutions for *monozukuri* (manufacturing),” while working to provide optimal logistics tailored to each customer. In addition to ensuring logistics quality, the foundation of our business, we have also collaborated with customers, expanded our network of logistics bases in Japan and overseas, invested in new warehouses, developed competitive businesses, and implemented various other initiatives. We recognize that our continued efforts to achieve optimal logistics in response to changing business conditions and customer demands has played a significant role in our growth to date.

Another important initiative over the past nine years has been my commitment to transforming the mindset of our employees. Our organization has upheld a strong corporate culture rooted in enduring traditions, such as a focus on quality, a frontline-first approach, a pursuit of continuous improvement, and collaboration with customers. These are values we must continue to uphold going forward. However, one aspect that we needed to change was our conventional way of working. We are encouraging employees to take on bold challenges related to new themes and initiatives; incorporate external knowledge; and adopt a goal-oriented, backcasting approach. We are already seeing results in several areas, such as fostering a proactive stance toward future investments among management and an increase in project proposals from various departments. In addition, we have shifted from a step-by-step approach relying on past performance to make forecasts to a forward-looking approach, which entails establishing clear visions and ambitious goals, followed by backcasting to identify tasks and challenges to take on now. This approach has already started to take root. I believe that this corporate culture will serve as a significant asset as we pursue optimal logistics.

As we reach a pivotal juncture in the 5th Medium-Term Business Plan, I remain fully committed to driving the Company’s growth and evolution.

Defining Our Ideal of Optimal Logistics

Before going into Alps Logistics’ vision and strategy, I would like to briefly explain what we mean by optimal logistics.

Message from the President

In the 5th Medium-Term Business Plan, which ends in FY2024, we established “pursuing and evolving optimal logistics” as one aspect of our basic policy. However, there is no single definition of optimal logistics. The necessary technologies, facilities and expertise vary depending on the characteristic of the cargo, resulting in differences in logistics requirements across various industries and for each customer. This means that there are 1,000 optimal solutions for 1,000 customers. We refer to this diversity as “Logistics Individuality,” and we hold it in high regard. Given technological advances such as the rapid progress of digital transformation (DX) and the growing complexity of logistics requirements, the roles and expectations placed upon logistics companies have undergone significant changes and diversification. What was considered optimal yesterday may not hold true today. We will maintain our core competitive advantage (exceptional logistics quality) and continue to evolve optimal logistics through a continuous process of making incremental improvements, while promoting “Logistics Individuality” and remaining aware of significant social changes. This is the core of Alps Logistics’ value proposition and a key source of differentiation in the market.

At the center of optimal logistics is our commitment to quality. We achieve high-quality logistics by tailoring our services to the unique “Logistics Individuality” of each customer, and these individual characteristics can number in the hundreds or thousands. We are able to do this thanks to our information systems, as well as the mechanisms we have in place for preventing errors and ensuring precision across warehousing, storage, distribution processing, and shipping. Our workforce has a quality-oriented mindset and the skills necessary to uphold these standards. For example, in electronic component storage operations in Japan, we handle over 10 million shipping instructions annually, yet maintain an error rate in the single-digit parts per million (ppm). Furthermore, another strength is our ability to consistently deliver high-quality logistics services worldwide, matching the exceptional standards established in Japan.

As economic and social uncertainties continue to mount due to geopolitical risks, natural disasters and infectious diseases, risk management is essential from an economic security standpoint and for responding to customers’ needs in the logistics industry. We view this as a business opportunity and will undertake strategic investments and infrastructure development to address these risks. By doing so, we aim to help strengthen our customers’ supply chains as a logistics provider.

We believe that by continuously pursuing the evolution of optimal logistics and offering high-quality, responsive and expeditious service to a wider range of customers, we can achieve further growth.

▶ Page 10: Business Cycle and Strengths

Strengthening Competitiveness through Deployment of Specialized Logistics Platforms

In the 5th Medium-Term Business Plan, we established being “Friendly to Earth and society, pursuing and evolving optimal logistics” as our basic policy. Based on this, we have identified key management challenges and outlined themes for the coming years. These strategies are known as Get the Business

(GTB), Get the Profit (GTP) and Get the Confidence (GTC). We aim to achieve sustainable growth and enhance our corporate value by pursuing these strategies as a united Group.

▶ Page 12: Review of Previous Medium-Term Plan and Overview of the 5th Medium-Term Business Plan

Basic Policy of the 5th Medium-Term Business Plan

Friendly to Earth and society, 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 co-creation and alliances
GTP (Get the Profit) Improving indirect and direct productivity	1. Promoting labor-saving measures and automation 2. Expanding strategic investments and ensuring successful returns 3. Taking on the challenge of DX
GTC (Get the Confidence) Sustainability	1. Strengthening ESG measures 2. Maintaining and ensuring safety and high quality 3. Maintaining and strengthening non-financial capital

In terms of GTB, we are working to further expand our customer base by refining and horizontally expanding our specialized logistics platform, leveraging it as one of our strengths.

Since logistics requirements, including technologies, facilities, expertise and services, vary by industry, the ability to build a specialized logistics platform tailored to meet those needs is a significant advantage. For example, the electronics components platform is structured to meet the general requirements of electronics components logistics while also having the ability to adapt to the “Logistics Individuality” of each customer through system and operational capabilities. The platform is built on the foundation of shared warehousing and consolidated collection/delivery, which not only ensures quality and economic efficiency but also contributes to environmental sustainability.

Rather than haphazardly expanding into various business domains, our strategy focuses on incrementally adding robust platforms to achieve growth in both sales and profit. Currently, main platforms include electronic components logistics, co-op logistics and e-commerce logistics. We have expanded our platforms to include automotive electrical components and industrial equipment in electronic component-related businesses and cosmetics and medical products in the consumer products logistics business. The GTB strategy involves expanding the number of new platforms and then acquiring a substantial customer base.

In addition, we place a great deal of importance on acquiring new customers and new business opportunities. We assess new business acquisitions and consider how they will contribute to future revenue as part of the GTB strategy. Sales departments conduct sales activities while constantly monitoring efforts and progress toward sales targets.

Message from the President

Looking beyond the 5th Medium-Term Business Plan, we plan to expand our unique value proposition capabilities through new platforms on a global scale. Merely expanding businesses across various product categories and business fields in a haphazard way will not enhance the competitiveness of a logistics company. We are confident that expanding the technology and expertise developed in electronic components logistics into closely related business fields and establishing 10 or 20 new platforms to serve as the cornerstone of business operations will enable sustainable growth.

Embracing the Latest Technologies to Build a Highly Efficient and Profitable Logistics System

Next, I will introduce efforts to improve productivity and expand profit, which are at the core of the GTP strategy. Alps Logistics is committed to improving productivity, while maintaining high logistics quality (our competitive advantage) through the automation and streamlining of business processes using cutting-edge technologies such as digitalization. In the 5th Medium-Term Business Plan, we plan to further accelerate these efforts, aiming for even greater improvement in profitability.

In electronic component logistics, we have developed equipment and systems, such as automatic label applicators and image recognition for inbound inspections, tailored to the characteristics of the cargo. By expanding the use of these technologies into other areas, we have improved the efficiency of operations. Our strength in automation includes the in-house development of logistics equipment for handling individual component pieces, leveraging the expertise we have accumulated in electronic components logistics. In consumer products logistics, we are proactively investing management resources in efficiency and labor-saving measures through the utilization of new technologies such as autonomous mobile robots, unmanned transport vehicles and virtual simulations. In addition, as a Group-wide initiative to enhance productivity in electronic components logistics and consumer products logistics, we are utilizing total industrial engineering (TIE), which applies industrial engineering (IE) methodologies to improve production processes. We have cultivated engineers to lead TIE, and this approach is now ingrained at work sites and has contributed to operational efficiency improvements in warehousing operations.

Another key element of GTP is our commitment to making improvements, a vital cornerstone of the strategy. With over 10,000 improvement proposals made annually in Japan alone, this practice is firmly established in the Company. To further elevate these efforts, we have embarked on a new phase known as "Kaizen* 2.0" and are expanding our activities. While previous improvement initiatives mainly revolved around deepening internal expertise, the Kaizen 2.0 phase involves further combining external knowledge, such as automation and TIE methodologies, with internal expertise. We are formalizing the newly established skills and work methods, sharing them internally and challenging ourselves to transform them into intellectual property assets.

Based on our dedication to improvement, we are implementing various initiatives to improve profitability, including the adoption of equipment and systems to enhance productivity and strategic capital investment to increase logistics capabilities.

* Japanese term for the concept of making continuous improvements



Advancing ESG Initiatives as Part of the GTC Strategy, Based on Material Issues

Alps Logistics considers sustainability as a core challenge in its business. We are committed to creating value through logistics to address social issues, building a sustainable society and ensuring the long-term growth of the Company. Recent changes in the social environment have made the issues a logistics company must address increasingly diverse and complex. As such, in 2022, we set identifying material issues as a central focus in driving sustainable growth within the framework of the 5th Medium-Term Business Plan. Among the broad initiatives led by the Sustainability Promotion Committee as part of GTC, I will now explain efforts related to the environment, human capital and governance.

▶ Page 11: Material Issues

In terms of environmental sustainability, reducing environmental impact through our logistics operations is an especially important material issue. We have set key performance indicators (KPIs) for metrics such as CO₂ emissions, electricity consumption and waste disposal, and are monitoring progress. In addition to using energy-efficient material handling equipment and environmentally compliant vehicles to reduce CO₂ emissions and promote energy efficiency, we also aim to reduce environmental impact in our business activities by expanding our logistics platforms. This will enhance logistics efficiency for both the Company and customers.

For human capital, we are dedicated to the development of people—our most valuable asset—by promoting diversity in our workforce, expanding expertise and enhancing skills across the organization. We consider it crucial to maximize the potential of every employee. As such, we are implementing various initiatives such as supporting career development, enabling diverse work styles, creating an environment for employees to showcase their abilities, and fostering a culture that encourages fearlessness in taking on challenges and learning from failures.

Message from the President

We are also actively promoting diversity and inclusion, with a focus on supporting the active participation of women and recruiting and nurturing a diverse pool of talent who will shape the Company's future. We aim to develop professionals across various areas, spanning operations such as storage, transportation, and import/export to sales and support functions. We want to see professionals excel in their respective fields and engage in frequent knowledge/experience sharing through extensive discussions. This will enhance the overall performance of the Group. We believe that it is crucial to develop a significant number of people with "T-shaped skills"—people who combine deep expertise in their fields with broad knowledge and insights in related areas. We will leverage their strengths to promote future business growth.

In terms of governance, we are working to enhance the effectiveness of our governance structure. In 2022, we increased the number of independent outside directors (now a majority) to ensure transparency in management and strengthen the oversight function of the Board of Directors. While we are an equity affiliate of Alps Alpine Co., Ltd., we have established a structure to safeguard operational independence and maintain fairness as a publicly listed company. As a member of the Alps Alpine Group, we are committed to expanding our business, mainly non-Group sales, by prioritizing the optimal logistics capabilities we have cultivated to meet the needs of the electronic components industry.

As part of efforts to transform our management style, we have been considering a project to change the corporate culture for about a year, and we are taking the first steps. We are intensifying efforts to foster an open corporate culture that encourages taking on challenges, as well as enhancing employee engagement. We are also continuously working on strengthening risk management in both management and business operations. In recent years, with the increasing focus on economic and trade security, we are committed to enhancing information security and optimizing our supply chain.

Basic Asset Allocation Policy and Shareholder Returns

To achieve a new kind of "optimal logistics" and future growth, we will accelerate investments in growth, including the construction of new warehouses to enhance storage capacity, the expansion of overseas bases and logistics networks, and the promotion of labor-saving measures and automation to improve productivity. During the 5th Medium-Term Business Plan, we will double the scale of investments from approximately ¥15 billion in the previous plan to approximately ¥30 billion. Additionally, we may consider M&As or alliances to support inorganic growth. Such investments will be prepared separately. We plan to fund these initiatives primarily through operating cash flow and cash on hand but will consider raising funds if necessary. Since our capital adequacy ratio is currently stable, we intend to optimize our capital structure by fully utilizing debt while maintaining financial soundness.

Regarding shareholder returns, the Company's basic policy is to determine profit distribution based on stable dividends by taking into account the balance between shareholders returns and investment for future growth. We will continue efforts to enhance the value we provide to shareholders, aiming for

a dividend payout ratio of approximately 30%–50% to ensure that funds can be flexibly allocated to growth investment and shareholder returns.

Regarding return on equity (ROE), we acknowledge that reaching the 7% or above target (in a stable manner) of the 5th Medium-Term Business Plan and then achieving 8% as quickly as possible thereafter by strengthening our profit structure will be a challenge. While the P/B ratio has improved from approximately 0.5 times three years ago to nearly 1.0 now, it still falls below the average for companies listed on the Prime Market, and as such, we will continue our efforts for further improvement.

▶ Page 17: Financial Strategies

Aiming to Be a Corporate Group Trusted by Stakeholders

Alps Logistics will celebrate its 60th anniversary in 2024. Amid ongoing structural changes in the economic and social environment, we are engaged in discussions regarding the reaffirmation of our future vision and long-term business goals. However, regardless of how the business environment changes, our fundamental mission of pursuing optimal logistics and our commitment to balancing social value and corporate value remain unchanged. We will continue to pursue optimal logistics tailored to each customer while considering diverse social demands, including initiatives related to environmental preservation and the establishment of innovative logistics systems.

Supported by our valued stakeholders, including customers, business partners, shareholders, employees and the local community, we have maintained consistent growth, solidifying our prominent standing within the industry as an exceptional logistics company with a unique philosophy. We possess a wealth of experience, knowledge, technology and talented individuals. Harnessing these tangible and intangible assets, we will deepen our commitment to achieving optimal logistics and pave the way for the future of the logistics business. We will also focus on co-creation with our stakeholders and share our initiatives and achievements with society.

I am dedicated to leading the Company's forward and contributing to the creation of a corporate group that is trusted by and exceeds the expectations of all stakeholders. I would like to thank you for your ongoing understanding and support.

October 2023

Masaru Usui



History of Value Creation

Since its foundation in 1964, the Alps Logistics Group has supported the evolution and globalization of the electronics industry and manufacturing in general as an integrated logistics company.

As a company that has worked to provide optimal logistics tailored to each customer, we will further evolve our environmentally and socially responsible logistics.

Net Sales

Consolidated Net Sales
¥121.1 billion

Overseas
Net Sales
¥44.3 billion

Domestic
Net Sales
¥76.8 billion



Alps Logistics (Watakoma at the time) was established in July 1964, and started transport, warehousing and sales of packaging materials for Alps Electric.¹ In line with the expansion of Alps Electric's production and sales operations, Alps Logistics also began expanding its scope by establishing warehouses in the Tohoku region—building the foundation for its domestic network of logistics centers. In 1988, the Company launched its import/export cargo handling business. In 1991, it developed and began using the ACCS² warehouse management system. This laid the foundation for the Company's integrated system for the transport, warehousing and import/export cargo handling, which in turn led to its transformation into an integrated logistics company.

Around this time, Alps Logistics brought customs brokerage and air cargo consolidation services in-house, while also enhancing its Global One Channel Service. In 1994, the Company began expanding overseas, starting with Hong Kong. It went on to build a business base in coastal areas in China and ASEAN, before entering the North America market in 2002.

In 1995, Alps Logistics was listed on the Second Section of the Tokyo Stock Exchange. Then, in 1996, the Company acquired capital in the consumer logistics company Ryutsu Service, with the goal of expanding its business domains. This helped lay the groundwork for transforming into an independent logistics company.

In 2004, Alps Logistics merged with TDK Logistics—increasing its cargo-handling capacity, strengthening its logistics infrastructure and workforce and streamlining businesses. In 2008, the Company launched the device sales business with integrated procurement and logistics functions, and worked to expand the scale of its businesses.

Overseas, in addition to expanding its logistics centers and services in China, which was experiencing rapid economic growth, Alps Logistics also established local subsidiaries and branches in the U.S., South Korea, Taiwan, Thailand, Mexico and Germany, enhancing its global network in the process.

Despite a worldwide economic crisis brought on by COVID-19 and other factors, Alps Logistics was able to conduct business with thorough infection prevention measures in place. The Company also worked to enhance its level of service to respond to changes in customers' supply chains in the countries where it operates.

In addition to constructing new warehouses in Kazo and Yokohama (in Japan), South Korea and Thailand, the Company also expanded the capacity of its warehouses in various other regions.

In 2021, Alps Logistics was listed on the First Section of the Tokyo Stock Exchange, moving to the Prime Market in 2022. Today, the Company continues working to enhance its corporate value.



1964 Founded under the name Watakoma Co., Ltd.
1967 Alps Electric acquired capital in the Company
1987 Changed to current Company name
1988 Commenced import/export business
1991 Developed and introduced ACCS system

1994 Began overseas expansion with establishment of local subsidiary in Hong Kong
1995 Listed on Second Section of Tokyo Stock Exchange
Established local subsidiaries in Malaysia and China
1996 Acquired capital in Ryutsu Service Co., Ltd.
2001 Acquired customs brokerage license
2002 Established local subsidiary in the U.S.

2004 Merged with TDK Logistics Corp.
2008 Established local subsidiary in Thailand
2011 Established local subsidiary in South Korea
2014 Established local subsidiary in Germany

2017 Established local subsidiary in Vietnam
2018 Established local subsidiary in India
2019 Established joint venture with LOGICOM Co., Ltd.
2021 Listed on the First Section (currently on Prime Market) of the Tokyo Stock Exchange

1. Currently Alps Alpine Co., Ltd. 2. Alps Cargo Center System

Value Creation Process

Based on its Corporate Philosophy—We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri* (manufacturing)—the Alps Logistics Group utilizes its management capital to offer high-quality logistics services tailored to each customer. Through our business creation cycle, we will further evolve optimal logistics and achieve sustainable growth.

Alps Logistics Corporate Philosophy

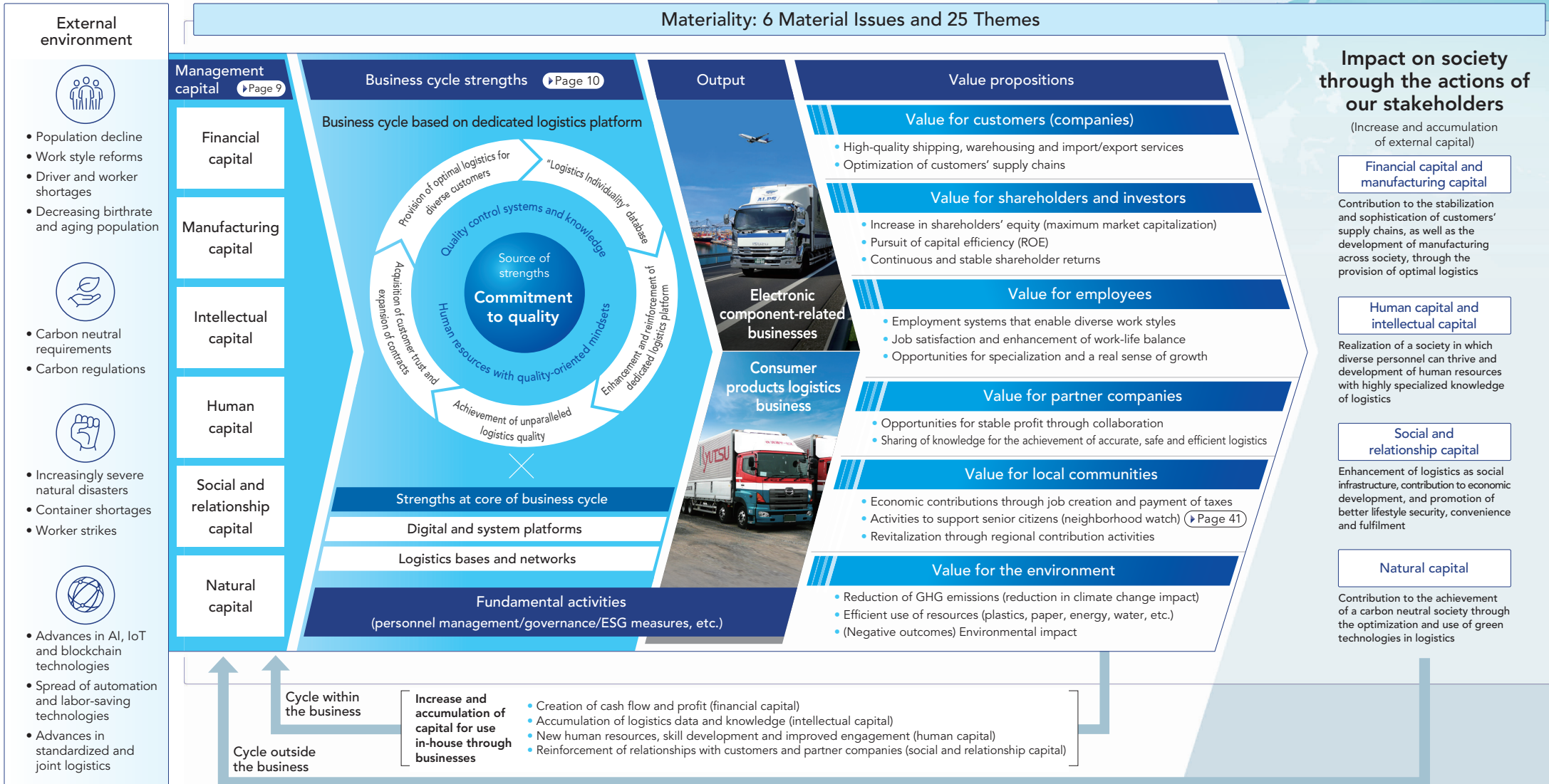
We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*.

Ryutsu Service Management Philosophy

We aim to become an integrated logistics company that specializes in consumer products logistics and contributes to the lives of consumers in local communities.

Alps Logistics + Ryutsu Service: Basic Policy of the 5th Medium-Term Business Plan (FY2022–FY2024)

► Friendly to Earth and society, pursuing and evolving optimal logistics



Management Capital

For the Alps Logistics Group, the capital it has accumulated as it has grown is the foundation of its business activities and the source for enhancing corporate value. By utilizing this capital in our businesses and for value creation, we can enhance each other form of capital and ensure it is the driving force behind sustainable growth. We will work to maintain and reinforce management capital to preserve this virtuous cycle.

(FY2023)

Manufacturing Capital

- ③ Global logistics bases and networks that can cater to diverse customer needs
- ③ Automated, labor-saving, and highly efficient logistics facilities

In the electronic components logistics business, we are working to enhance our logistics bases and networks to respond to diversifying customer needs and increasingly complex global supply chains. In addition to utilizing material handling equipment for delicate electronic components, we are also moving forward with the automation of not only box but also piece picking processes. We have also developed machines for the piece picking/split shipment of semiconductors and for attaching labels to reels.

In the consumer products logistics business, we have co-op delivery centers nationwide and large-scale warehouses for e-commerce products. In addition, at the Kisai Logistics Center we aim to automate the picking process using more than 330 AGVs,¹ as well as AMRs² with weighing functions that we developed in collaboration with customers and equipment manufacturers.

Electronic components logistics business with operations in 15 countries/regions worldwide

Consumer products logistics business with 115 domestic logistic bases and 2,400 trucks

In-house development of automated piece-picking machine

1. Automated guided vehicle
2. Autonomous mobile robot

Intellectual Capital

- ③ Expert knowledge in each cargo field and integrated logistics know-how
- ③ Refined operational systems that ensure high-quality services

As the handling of electronic components increasingly requires more delicate and sophisticated processes, even more advanced logistics expertise and technologies are required. At Alps Logistics, we call a thorough understanding of product, customer and delivery destination characteristics “Logistics Individuality.” Through the integrated management of data on operational processes and best practices, we have put in place mechanisms for preventing errors and ensuring precision. We apply our “Logistics Individuality” approach to operations both in Japan and overseas, ensuring the same high quality we achieve in Japan all over the world.

In the consumer products logistics business, while we are introducing automated equipment, we also believe our know-how related to the meticulous and careful packaging and wrapping of items—a process that can only be done by hand—is a factor that differentiates us from competitors.

“Logistics Individuality” database with 270,000 data categories

Know-how in transport, warehousing, import/export cargo handling, packaging design and wrapping

ACCS, in-house warehouse management system

Financial Capital

- ③ Stable financial base and ability to generate cash

A sound financial base is key to sustainable growth. At Alps Logistics, our stable financial base and ability to generate cash enables us to secure the capital necessary for investments. Moreover, in addition to proactive business expansion, we also have defense mechanisms in place to ensure we can withstand sudden changes in the business environment or unexpected economic crises. This allows us to maintain a sound financial base.

Operating cash flow
¥10.9 billion

Equity-to-asset ratio
58.9%

Human Capital

- ③ Skilled personnel with expertise and the ability to ensure high-quality services
- ③ Corporate culture and training system to develop quality-oriented mindsets

Although automation and labor-saving measures continue to transform the frontlines of logistics, it is people who are key to the provision of services. We will utilize the expertise and know-how we have accumulated in our “Logistics Individuality” database, and aim to improve the operational capabilities of our warehouse staff and drivers through human resource development systems. In addition to developing skills through education and training, we aim to create a corporate culture in which employees are never satisfied with the status quo and work to make improvements. This ensures we can continue to provide high-quality services.

No. of employees (consolidated)
5,844

Average no. of years of continuous service
14.6
(Alps Logistics non-consolidated)

More than 1,000 employees with licenses or certifications

Social and Relationship Capital

- ③ Support of customers and relationships of trust based on quality
- ③ Excellent relationships with suppliers (partner companies)

The Group engages in various operations based on excellent relationships with its customers, employees, local communities, international society, suppliers (partner companies), shareholders, investors and other stakeholders. Going forward, we will work to build even stronger relationships of trust by engaging in dialogue with stakeholders.

Electronic components logistics business with more than 7,000 customer accounts

Share of co-op delivery market
28%³
(Highest in the industry)

More than 200 shipping partners
(Alps Logistics non-consolidated)

3. Among co-op delivery partner companies (Source: Co-op Solution Newspaper, June 1, 2023)

Natural Capital

- ③ Improved energy and resource efficiency through optimal logistics

Our operations require the use of natural capital such as diesel and electricity. As such, we promote green logistics, work to minimize our environmental impact, and place the utmost importance on harmony with nature and protecting the environment.

Energy usage⁴:
71,485,000 kWh

4. Alps Logistics non-consolidated and Ryutsu Service

Business Cycle and Strengths

A business cycle that continues to facilitate high-quality, optimal logistics

The source of the Alps Logistics Group's strengths is its commitment to quality, which is made possible by its management systems, know-how and expert personnel. Accumulating expertise, deepening our specialized knowledge and ensuring high quality enables us to earn the trust of customers and capture new business opportunities. Through these businesses and relationships with customers, we are able to gain further expertise. In addition to this business cycle, our digital and system platforms and logistics bases and networks help us provide optimal logistics solutions tailored to each customer.

Business cycle based on dedicated logistics platform



Strengths at core of business cycle

Digital and system platforms

Logistics bases and networks

Commitment to Quality

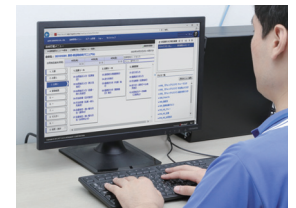
At Alps Logistics, quality is at the center of our value proposition and essential to offering a highly precise and flexible customer response as well as expeditious service. In addition to highly efficient logistics functions (including detailed inventory control and ability to handle diverse delivery methods), we also aim to achieve the highest level of quality by utilizing our deep understanding of manufacturing and proposing solutions from the shipper's perspective. For example, in electronic component storage operations in Japan, we handle over 10 million shipping instructions annually, yet maintain an error rate in the single-digit parts per million (ppm). In addition, to instill employees with an improvement-oriented mindset and ensure even higher quality services, we provide thorough training. We aim to create a corporate culture focused on quality.

At Ryutsu Service, our drivers deliver food and daily necessities to co-op members' homes. As co-op partners, the quality of service provided by our drivers is essential. In addition to proper driving manners and parking etiquette, we also thoroughly educate drivers on the importance of safety checks. Moreover, we also ensure drivers take care when delivering to members who are not at home and value the relationships we have with neighboring residents. Polite greetings are paramount, and we aim to develop close ties between our drivers and the communities they serve.



Digital and System Platforms

At Alps Logistics, we have developed and customized an array of logistics information systems, including the ACCS warehouse management system. These systems are fundamental to our shared warehousing and consolidated collection/delivery services. By bringing together the experience and know-how we have accumulated over approximately 50 years in business, and optimizing services in line with each customer's system environment and workflow, we have developed system platforms capable of meeting the demands of a wide range of customers. Moreover, a thorough understanding of product and customer characteristics—something we call "Logistics Individuality"—enables us to customize services and meet the customer's requests and significantly reduce development time and cost. The operational capabilities of our people help us make the most of these advantages. By constantly working to evolve and improve our logistics information systems, we will contribute to the advancement of our customers' logistics management.



Logistics Bases and Networks

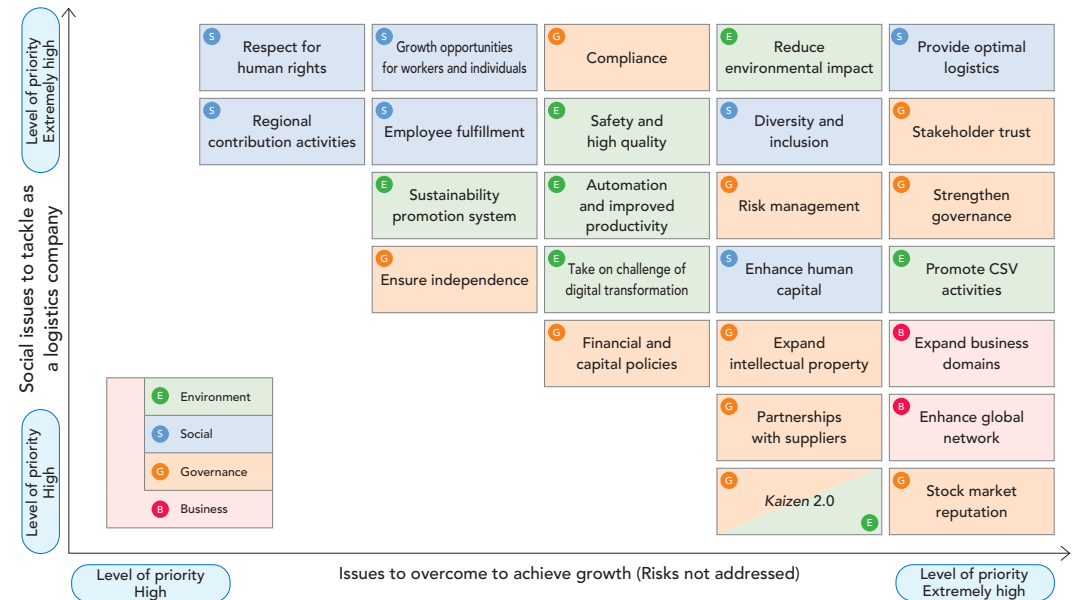
We are building a transport network with bases both in Japan and overseas in line with customer location and logistics needs. Each logistics base provides door-to-door service that connects customers and their delivery destinations, and supports everything from warehousing and shipping to packaging and forwarding. For our Global One Channel Service we apply total industrial engineering (TIE), which is a method for achieving overall optimization by looking at the links between processes. Through a single channel, we can facilitate international shipment of cargo from customers' warehouses in Japan to warehouses at the export destination or other delivery destination. This ensures shorter lead times in each logistics process, less waste, improved logistics quality and overall optimization of the supply chain.



Material Issues

The Corporate Philosophy of the Alps Logistics Group is “We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*.” Based on this mindset, we will focus on achieving further business growth and improved corporate value. Ahead of the formulation of the 5th Medium-Term Business Plan, which began in FY2022, we identified 25 themes and six material issues based on their level of importance in terms of our business activities and relevance to social issues.

In identifying these material issues, we initially drafted ideas based on international sustainability guidelines such as the SDGs, SASB Standards and the TCFD recommendations. Then, following discussions among directors, outside directors, and vice presidents, a final decision was made at a Board of Directors meeting.



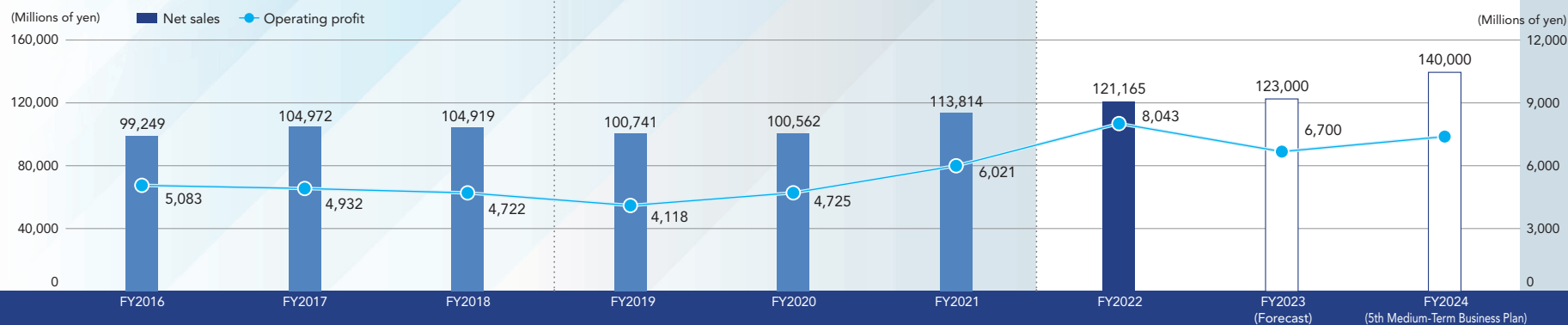
Material Issues	Themes	Reason for Selection
1 Become company of choice with sincere, fair management	<ul style="list-style-type: none"> S Respect for human rights G Compliance G Stakeholder trust 	With an understanding of the importance of earning the trust of stakeholders and becoming the company of choice, we are working to further promote corporate ethics, such as respect for human rights, and to strengthen compliance.
2 Expand benefits of providing optimal logistics	<ul style="list-style-type: none"> E Take on challenge of digital transformation E Safety and high quality E Automation and improved productivity S Provide optimal logistics G Partnerships with suppliers B Enhance global network B Expand business domains 	In order to provide optimal logistics in line with our concept of “Logistics Individuality” and fulfill our role as part of social infrastructure, it is essential to continue to evolve our logistics solutions. To respond to customers’ needs for improved productivity and logistics reforms in response to increasingly sophisticated and complex supply chains, we will promote digitalization and automation, enhance our global network, and evolve logistics services that offer excellent safety features, quality and enhanced productivity.
3 Reduce environmental impact through business activities	<ul style="list-style-type: none"> E Reduce environmental impact E Promote CSV activities E Sustainability promotion system 	The need to respond to global warming and climate change is becoming increasingly important, and for logistics companies in particular, reducing GHG emissions is one of our main duties. We will tackle this issue head on and do everything we can to find solutions.
4 Contribute to communities and people through business activities	<ul style="list-style-type: none"> S Regional contribution activities S Growth opportunities for workers and individuals S Diversity and inclusion S Employee fulfillment 	As social issues become increasingly complex and diverse, it is critical that we create work environments where employees can thrive in order to address social issues through our business. We have positioned investment in human capital as the theme of our medium-term human resource strategy, and will accelerate initiatives in this area.
5 Enhance structure as a company on the Prime Market	<ul style="list-style-type: none"> G Risk management G Strengthen governance G Financial and capital policies G Ensure independence G Stock market reputation 	To conduct fair and transparent management and gain further trust from stakeholders, corporations must continue to reinforce their governance systems. It is also vital that constantly changing risks are managed from a medium- to long-term perspective and that appropriate countermeasures are in place. As such, we believe it is important to build a robust risk management system and ensure appropriate, timely and highly transparent information disclosure.
6 Maintain and strengthen non-financial capital	<ul style="list-style-type: none"> G / E Kaizen 2.0 S Enhance human capital G Expand intellectual property 	We believe it is essential to develop logistics technologies based on the idea of making ongoing improvements in order to contribute to the creation of even more robust logistics infrastructure. We recognize that expertise gained from making improvements as important intellectual property—that is, an important management resource—and are promoting initiatives aimed at obtaining appropriate rights and securing the superiority of our businesses.

Review of Previous Medium-Term Business Plan and Overview of the 5th Medium-Term Business Plan

At Alps Logistics, we have formulated medium-term business plans every three years since FY2012. Although the business environment has changed dramatically due to COVID-19, our aim to provide optimal logistics tailored to each customer remains the same. In the 5th Medium-Term Business Plan, in addition to promoting growth strategies to expand business and dealing with challenges identified in the 4th Medium-Term Business Plan, we are also focusing on addressing ESG-related issues to meet society's demands.

		3rd Medium-Term Business Plan (FY2016 to FY2018)	4th Medium-Term Business Plan (FY2019 to FY2021)	5th Medium-Term Business Plan (FY2022 to FY2024)
Basic Policy		Pursuing optimal logistics tailored to each customer and accelerating global expansion	Evolving and providing optimal logistics to as many customers as possible	Friendly to Earth and society, pursuing and evolving optimal logistics
Main Quantitative Targets and Results		Consolidated net sales: ¥100 billion; Result: ¥104.9 billion Consolidated operating profit: New record; Result: ¥4.7 billion	Consolidated net sales: ¥120 billion; Result: ¥113.8 billion Consolidated operating profit margin: 5% or above; Result: 5.3% ROE: 6%; Result: 7%	Consolidated net sales: ¥140 billion Consolidated operating profit margin: 5.3% or above ROE: 7% or above
Main Strategies and Results	GTB (Get the Business)	Entry into new domains <ul style="list-style-type: none"> Steady implementation of measures to increase sales Establishment and development of new bases in Vietnam and India 	Expansion of markets and products <ul style="list-style-type: none"> Market expansion through establishment of second company in India and acquisition of one company in China, etc. Development of automotive and industrial machinery markets and increased number of customer accounts Development of medical logistics field in consumer products logistics business 	Expansion of markets and products <ul style="list-style-type: none"> Expansion of business domains Enhancement of global network Expansion of co-creation and alliances
	GTP (Get the Profit)	Work site innovation and reinforcement of foundation <ul style="list-style-type: none"> Expansion of warehouse capacity both in Japan and overseas Promotion of improvement activities through total industrial engineering (TIE): More than 6,000 improvements per year 	Improvement of indirect and direct productivity <ul style="list-style-type: none"> Increase in introduction of automation and labor-saving equipment Promotion of IT-based operations through system improvements Promotion of improvement activities through TIE: More than 10,000 improvements per year 	Improving indirect and direct productivity <ul style="list-style-type: none"> Promoting labor-saving measures and automation Expanding strategic investments and ensuring successful returns Taking on the challenge of DX
	GTC (Get the Confidence)	Improvement of competitive advantage <ul style="list-style-type: none"> Improvement of logistics quality Reinforcement of foundation through human resource development and revisions to personnel systems 	Company of choice <ul style="list-style-type: none"> Listing on First Section of the Tokyo Stock Exchange and then listing on Prime Market after reorganization Quality improvements and enhancement of TIE engineers 	Sustainability <ul style="list-style-type: none"> Strengthening ESG measures Maintaining and ensuring safety and high quality Maintaining and strengthening non-financial capital
Remaining Challenges		<ul style="list-style-type: none"> Improvement of non-Group sales ratio Improvement of storage and transport capacities Response to increasing labor, freight and other costs Further improvements in warehousing and operational quality Response to labor shortages 	<ul style="list-style-type: none"> Reinforcement of price competitiveness and proposal capabilities ahead of project expansion Enhancement of logistics capacity both in Japan and overseas Continuous response to increasing costs Response to growing sustainability demands 	Formulate challenges ahead of the 6th Medium-Term Business Plan

Performance Trends



Review of Previous Medium-Term Business Plan and Overview of the 5th Medium-Term Business Plan

Overview of the 5th Medium-Term Business Plan

During the 4th Medium-Term Business Plan (FY2019 to FY2021), the business environment was significantly different to the one we envisioned when initially formulating the plan due to US-China trade friction and COVID-19. Despite this, we were able to achieve record highs in net sales and each level of profit and return to a growth trajectory. On the other hand, we had to respond to different regulations in the countries where we operate amid supply chain disruptions caused by COVID-19 and other factors. We realized the importance of enhancing our global supply network to ensure we can continue to provide optimal logistics. We also identified areas we need to strengthen in terms of addressing sustainably.

In the 5th Medium-Term Business Plan, which began in FY2022, in addition to working to realize our Corporate Philosophy and provide optimal logistics tailored to each customer, we will contribute to solving social issues through our logistics business. The basic policy of the 5th Medium-Term Business Plan is “Friendly to Earth and society, pursuing and evolving optimal logistics”

In electronic component-related businesses and the consumer products logistics business, we will steadily implement our key initiatives to achieve further growth. We will also contribute to solving social issues, promote sustainability and improve our corporate value. Due to product- and market-related changes, companies are moving production locations and there is growing demand for stronger, more efficient supply chains. As a result, customers’ requirements for logistics reforms are becoming increasingly sophisticated and diverse. For our existing electronic components logistics business and co-op deliveries, we will reinforce our dedicated logistics platform and promote horizontal expansion across the Group.

At Alps Logistics, cost of equity is currently around 5%–6%. We believe that an improved equity spread can lead to improved corporate value. In the 5th Medium-Term Business Plan, we are aiming to build a corporate structure capable of continuously and stably ensuring ROE of 7%. While we expect costs to increase in line with the expansion of our logistics capacity, we will maintain an operating profit margin target of 5.3% or above, and aim to achieve growth in both net sales and operating profit.

ROE	Target of 7% or above
Net Sales	23% increase during the three years of the 5th Medium-Term Business Plan
Operating Profit	Achieve record high

(Billions of yen)

	FY2021 Result	FY2022 Result	FY2023 Forecast	FY2024 Plan
Net sales	113.8	121.1	123.0	140.0
Electronic component-related businesses	86.4	93.3	93.4	107.5
Consumer products logistics business	27.2	27.7	29.5	32.5
Operating profit margin	5.3%	6.6%	5.4%	5.3% or above (record high profit)
ROE	7.0%	9.1%	—	7% or above

Basic Policy and Key Strategies of the 5th Medium-Term Business Plan

Basic Policy	Friendly to Earth and society, pursuing and evolving optimal logistics	
Key Strategies	Electronic component-related businesses	Consumer products logistics business
GTB (Get the Business) Expansion of markets and products	<ul style="list-style-type: none"> Expansion of business domains Enhancement of global network Expansion of co-creation and alliances 	<ul style="list-style-type: none"> Expansion into adjacent business fields Entry into new markets Expansion of co-creation and alliances
GTP (Get the Profit) Improving indirect and direct productivity	<ul style="list-style-type: none"> Promoting labor-saving measures and automation Expanding strategic investments and ensuring successful returns Taking on the challenge of DX 	<ul style="list-style-type: none"> Cost structure reforms Improvement of operational efficiency through achievement of individual targets Companywide optimization through digitalization
GTC (Get the Confidence) Sustainability	<ul style="list-style-type: none"> Strengthening ESG measures Maintaining and ensuring safety and high quality Maintaining and strengthening non-financial capital 	

Review of First Year of Plan (FY2022)

In FY2022, we expected stagnation in the movement of goods due to restrictions on activity related to COVID-19, inflation and other factors. As a result, we started the year anticipating a temporary lull in performance.

In the electronic components logistics business, amid supply chain disruptions caused by COVID-19, our careful response to individual customers was well-received and we were able to increase the number of new customers. We also increased our use of various systems and made progress with automation to improve operational efficiency as planned. In the consumer products logistics business, we worked to extend sales to new co-ops and expand e-commerce logistics. We achieved record highs in both net sales and operating profit due to an increase in the handling of urgent cargo, the impact of exchange rates and other factors.

On the other hand, progress in increasing warehousing capabilities at domestic bases and reinforcing shipping networks overseas was slow partly due to the impact of COVID-19. We recognize the need to speed up our activities moving forward.

Key Measures for the Second Year of Plan (FY2023)

In line with the easing of COVID-19-related restrictions, we will again accelerate efforts to expand our business domains. Specifically, we aim to establish new bases and enhance our logistics network overseas. We will also strengthen warehousing capabilities both in Japan and overseas. To improve productivity, we will move forward with automation to address labor shortages and reduce the burden on our workforce. In terms of automated equipment, we will both purchase equipment from outside the Company and promote in-house development to expand our intellectual property assets.

In the electronic components logistics and consumer products logistics businesses, we will work for horizontal expansion of a logistics platform that balances both improved economic efficiency and lower environmental impact.

Electronic Component-related Businesses

FY2022

Net sales: ¥93.4 billion

Operating profit: ¥6.7 billion



Strengths and Challenges

Strengths

- Robust quality assurance system specialized for electronic components
- Outstanding logistics quality and detailed support backed by advanced logistics personnel
- Highly efficient shared warehousing and consolidated collection/delivery platform that utilizes an expansive customer base
- Logistics network in China/ASEAN established earlier than competitors

Challenges

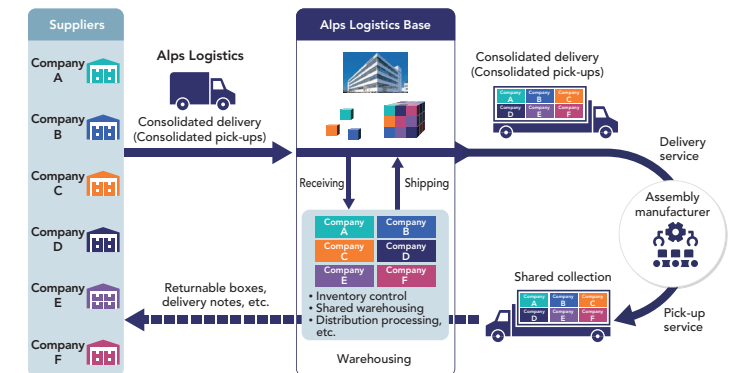
- Strengthening of sales personnel to expand customer base to include non-Group customers, non-Japanese customers, and customers in adjacent industries
- Reinforcement of services by enhancing logistics platform and strategically allocating personnel
- Automation, labor-saving measures and improved delivery efficiency to address labor shortages and rising costs

Business Overview

The electronic components logistics business is active both in Japan and overseas, providing everything from warehousing and transport to handling, distribution processing, packaging design, forwarding, and customs brokerage. Our electronic components logistics platform's greatest feature is its shared warehousing and consolidated collection/delivery capabilities. The platform serves 1,900 customers in Japan with 7,500 locations (see diagram on the right). In the 5th Medium-Term Business Plan, we will continue to ensure efficient, high-quality and optimal logistics through our electronic components logistics platform. Moreover, using our accumulated strengths, we will work to enter new business domains by expanding our customer base to include adjacent industries such as the automotive and industrial machinery industries, and by extending operations to other Asian markets where demand is expected to grow. In addition, we will continue to open new warehouses across the world to strengthen our warehousing capabilities and consider the establishment of new bases to expand our shipping network.

The material sales business is responsible for sales of packaging materials for electronic components, molding materials and electronic devices. Through the materials sales business we propose procurement agency services and integrated logistics solutions for electronic devices, packaging materials for improving logistics, and a range of other services.

Shared Warehousing and Consolidated Collection/Delivery Process



Using our warehouse management system that links information from every process—be it arrival, warehousing or shipping of cargo—we can flexibly and efficiently utilize warehouse space according to cargo size and cargo volume, and offer shared warehousing through which we handle multiple customers' cargo within the same warehouse.

For shipping, we ensure accurate transport at fixed times and use fixed routes in line with our customers' production schedules. For assembly manufacturers, they can outsource operations to us and take advantage of highly cost-effective consolidated pick-ups through which parts are collected from all over Japan. For suppliers, we offer consolidated delivery services for the supply of different parts from different companies to the same manufacturers, as well as consolidated collection services for delivery receipts and reusable shipping cartons.

Business Environment

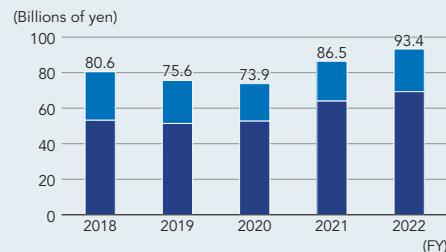
In the electronic component and semiconductor industries, which are the main customers, we expect increased demand and continued growth in response to the digitalization of society, advances in information technology, the electrification of vehicles, and the sophistication of industrial and medical equipment. Due to product- and market-related changes, companies are moving production locations and there is growing demand for stronger, more efficient supply chains. As a result, customers' requirements for logistics reforms are becoming increasingly sophisticated and diverse.

As economic and social uncertainties continue to mount due to geopolitical risks, natural disasters and infectious diseases, risk management is essential from an economic security standpoint and for responding to customers' needs in the logistics industry. Moreover, to address labor shortages in the industry, it is becoming more important to promote labor-saving measures and automation, improve employee retention rates through work style reforms, and enhance our human capital through personnel development.

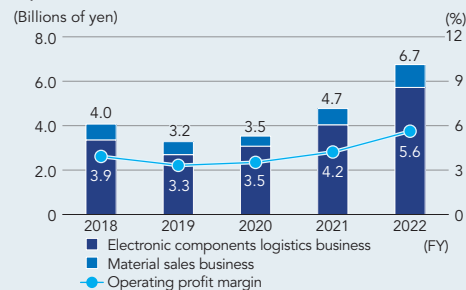
We view the future growth potential of the electronic components industry and various risks as business opportunities, and aim to propose the optimal logistics solutions.

Electronic Components Logistics Business and Material Sales Business

Net Sales



Operating Profit



Electronic Component-related Businesses

Business Strategies

The basic policy of the 5th Medium-Term Business Plan is “Friendly to Earth and society, pursuing and evolving optimal logistics.” In addition to economically efficient logistics, this policy outlines our ambition to ensure optimal logistics for both the environment and society. Furthermore, we will work to improve the scale of our business and boost performance, and believe it is important to improve the ESG framework, fulfill our social responsibility and enhance corporate value. To do so, we have formulated the following three key strategies and are promoting related measures: GTB (Get the Business), GTP (Get the Profit) and GTC (Get the Confidence).

Key Strategy GTB: Expansion of Markets and Products

Priority themes	Expansion of business domains	Enhancement of global network	Expansion of co-creation and alliances
-----------------	-------------------------------	-------------------------------	----------------------------------------

Through the GTB strategy, we will work to strengthen efforts to expand our business domains—entering the automotive and industrial machinery industries (in addition to the electronic components industry)—and grow our networks both in Japan and overseas. In Japan, we will enhance the capacity of our main bases in Yokohama, Nagoya and Kazo, and expand existing bases in other locations. Although we ceased some activities overseas due to COVID-19, with the establishment of a local subsidiary in the Philippines in FY2023 as the starting point, we will consider opening new bases in areas such as India, Eastern Europe and Indonesia.

Moreover, by utilizing both external strengths and internal capabilities, we can pursue new business expansion and opportunities by creating new services and products, building better relationships with customers, establishing new warehouses and expanding our shipping networks.

Highlight Enhancing Logistics Capacity

Looking ahead to the expansion of our customer base and business domains, we will work to enhance our warehousing capabilities through the establishment of new warehouses both in Japan and overseas. In Japan, in addition to establishing a new warehouse in Yokohama in FY2022, we are currently building a warehouse in Komaki in Aichi Prefecture, with completion scheduled for January 2024. Next to the Kazo Branch, which is the central hub of our domestic shipping network, we have rented and expanded an adjoining warehouse. During FY2023, we plan to expand six other bases. Overseas, we will also build new warehouses and expand existing warehouses, mainly in other parts of Asia. At the Gwangju warehouse in South Korea, for example, we expect to complete expansion work in the second half of FY 2023. Together with our existing warehouse in Gwangju, this will bring the total warehouse space to around 12,000 m².

In India, we are looking to build a domestic shipping network, while in the United States and Mexico we are considering establishing new bases. In addition, we established a local subsidiary in the Philippines in June 2023, a project that had been delayed due to COVID-19. In FY2023, we will move forward with discussions on establishing a new base in Indonesia.

We also plan to launch an in-house import/export cargo handling business in Vietnam, Thailand, South Korea and other locations to improve our service levels and boost profitability. In China, in 2020 we set up a subsidiary dedicated to customs brokerage, and in August 2022 we acquired high-level AEO* certification. We have already set up branches in Dalian and Wuxi, and will continue with efforts to bring operations in-house.

* Authorized Economic Operator: Businesses approved and certified by customs for their systems for cargo security management and legal compliance.



Key Strategy GTP: Improving Indirect and Direct Productivity

Priority themes	Promoting labor-saving measures and automation	Expanding strategic investments and ensuring successful returns	Taking on the challenge of DX
-----------------	------------------------------------------------	-----------------------------------------------------------------	-------------------------------

Through the GTP strategy, we are working to combine external technologies and expertise with internal know-how and knowledge to make new improvements and enhance productivity. In addition to the more than 10,000 improvements we make each year, we are promoting digitalization and the implementation of robotics to drive automation. We will also continue to enhance our logistics platform in line with the expansion of our business domains, and to invest in labor-saving measures, automation, and other activities aimed at achieving further growth.

Highlight Introducing Automated Equipment

While working to strengthen our proprietary information system platform, we are also promoting labor-saving measures and automation. Specifically, we are developing an automatic labelling machine, a conveyor system for receiving/shipping, and an image-recognition based arrival inspection system, as well as making improvements to material handling equipment. Moreover, in anticipation of an increase in large automotive and import/export cargo, we have installed a tall mobile racking system at Warehouse 2 of the Yokohama Branch (completed in October 2022) to improve our capacity for pallet storage.



Key Strategy GTC: Sustainability

Priority themes	Strengthening ESG measures	Maintaining and ensuring safety and high quality	Maintaining and strengthening non-financial capital
-----------------	----------------------------	--------------------------------------------------	-----------------------------------------------------

Through the GTC strategy, we are working to earn the trust of stakeholders by ensuring safety and high quality in our operations, responding to ESG requirements and strengthening non-financial capital. In particular, given that people are fundamental to logistics services, we see investing in human capital and creating work environments where employees can thrive as key themes. Moreover, in addition to activities to reduce our environmental impact as a logistics company and reinforce our risk management system, we aim to transform our technologies, knowledge and systems into intellectual property.

Highlight Intellectual Property Initiatives

At Alps Logistics, in January 2023 we patented our image-recognition based arrival inspection system. The system can significantly reduce the burden of visual verification work by enabling operators to use a barcode reader to scan identification labels affixed to incoming cargo.

In addition, we conduct basic training on intellectual property to enhance employees' expertise on the subject, and approximately 46% of full-time employees have taken part. The training sessions cover what intellectual property and patents are, and promote awareness of technologies that are used to make improvements for which rights can be acquired. To further accelerate our intellectual property initiatives, in July 2023 we established the Intellectual Property and Legal Affairs Department.

Consumer Products Logistics Business

FY2022

Net sales: ¥27.7 billion

Operating profit: ¥1.2 billion



Strengths and Challenges

Strengths

- High quality and uniform levels of service resulting from thorough training
- Highly efficient e-commerce logistics services utilizing expertise from the co-op logistics business

Challenges

- Urgent need to secure and expand workforce and delivery capabilities
- Automation and labor-saving measures to further boost productivity

Business Overview

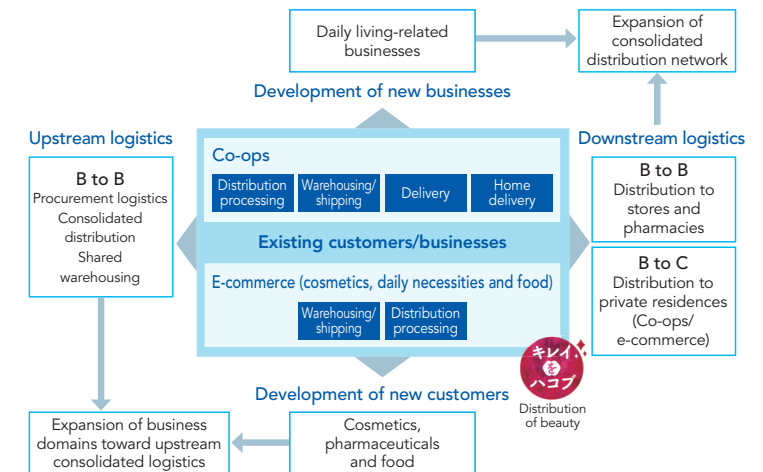
Ryutsu Service Co., Ltd., which operates the consumer products logistics business, has achieved growth over nearly half a century as a partner of consumer cooperatives (co-ops). Through Ryutsu Service, we have learned a great deal about the sorting of co-op products bought by individual customers, home deliveries and other operations—all of which have become the foundation of Ryutsu Service's business.

Using the expertise we have cultivated through the co-op logistics business, we are also engaged in e-commerce logistics through which we handle cosmetics, daily necessities and food. With central hubs in the Kanto and Kansai areas, we ship products via trunk lines between the Tohoku and Kyushu areas, while also handling restaurant deliveries and overseeing logistics for medical supplies through the management of pharmaceutical logistics bases and drug store deliveries.

Ryutsu Service handles a diverse range of items from general goods to those that require temperature management. As such, we have warehouses that cater to products in three temperature zones: frozen (-20°C to -30°C), refrigerated (0°C to 10°C), and dry (normal temperature). Through the introduction of various logistics equipment and systems, we are working to maintain and improve operational quality.

As part of the 5th Medium-Term Business Plan, we aim to reinforce management and sales systems to achieve further growth and a greater market share in the main co-op logistics business, while at the same time reinforcing and increasing sales in the e-commerce logistics business. We will also work to expand the consolidated distribution network through the creation of a shared logistics platform that covers upstream procurement to downstream logistics, and by strengthening collaboration

between our in-house distribution network and those of partner companies. In addition, to address the industry's labor shortage issues, we will promote automation and labor-saving measures, and improve employee retention rates through work style reforms. In these and other ways, we will continue to secure and develop personnel.



Business Environment

The core of the consumer products logistics business is co-op home deliveries, and we expect demand to continue to grow due to the aging population and increase in double-income households. With the recent rise in the number of senior citizens among co-op members, the need for accurate home deliveries and the value of attentive delivery services are rising. Our high-quality logistics gives us a competitive advantage.

Moreover, due to an increase in the number of people engaged in e-commerce and the growth of the domestic e-commerce market, we see room for expansion in our e-commerce logistics business, which handles cosmetics, daily necessities and food. However, as demand for logistics grows, we must secure drivers to address the growing need for personnel and shipping capabilities.

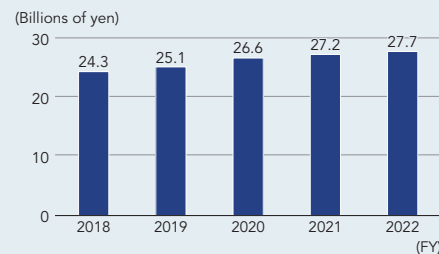
Highlight Promoting Automation

In 2020, to automate shipping operations in e-commerce logistics, we partnered with customers to introduce 330 compact automated guided vehicles (AGVs). When a shipping order comes in, a single AGV is assigned to collect the items and transport them to the inspection and packaging lines. The ability to complete this series of processes with a single AGV is entirely unique, and building this system enabled us to achieve significant reforms in our logistics operations. In addition, we conducted a trial of autonomous mobile robots (AMRs) with weight inspection functions at our Kisai Logistics Branch in February 2023. We were able to drastically reduce work times using optimal routes, helping to reduce the number of personnel required and lessen workloads.

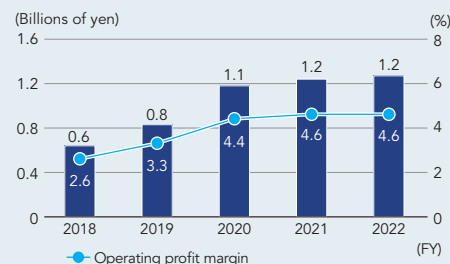


Consumer Products Logistics Business

Net Sales



Operating Profit



Financial Strategies

With a focus on investments geared toward sustainable growth, capital efficiency and financial soundness, we will ensure appropriate capital allocation and aim to improve corporate value.

Initiatives to Improve Corporate Value Enhance value of stock and improve P/B ratio

At Alps Logistics, we had received a tempered response from capital markets for several years. Recognizing this as an internal challenge, we worked to make improvements from both a governance and business perspective. One result of these efforts was the move from the Second Section of the Tokyo Stock Exchange to the First Section in 2021. In addition, we restructured the Board of Directors so that independent outside directors now make up the majority in order to improve fairness and transparency in decision making. From a business perspective, we aimed to increase investment and speed up the business cycle to achieve greater profit and growth.

In terms of capital markets, the P/B ratio has improved from approximately 0.5 times three years ago to 0.8 as of the end of March 2023. Market capitalization also doubled during the same period. As of July 2023, the P/B ratio is nearing 1.0. We will continue to enhance the value of our stock.

Investment Plans Increase in qualitative and quantitative investments and accelerated growth

We will increase investment to accelerate growth. During the 5th Medium-Term Business Plan, we will double the scale of investments from approximately ¥15 billion in the previous plan to approximately ¥30 billion. We will mainly invest in the enhancement of logistics bases and networks—which are key to increasing the scale of our business—the expansion of logistics platforms to reinforce our strengths, and automation and new systems to improve productivity.

In terms of capital investments, main projects include the construction of new warehouses in Japan (Yokohama, Nagoya and Kazo) and overseas (South Korea and Thailand). We have already finalized some plans for FY2023 and FY2024, and are moving forward with preparations.

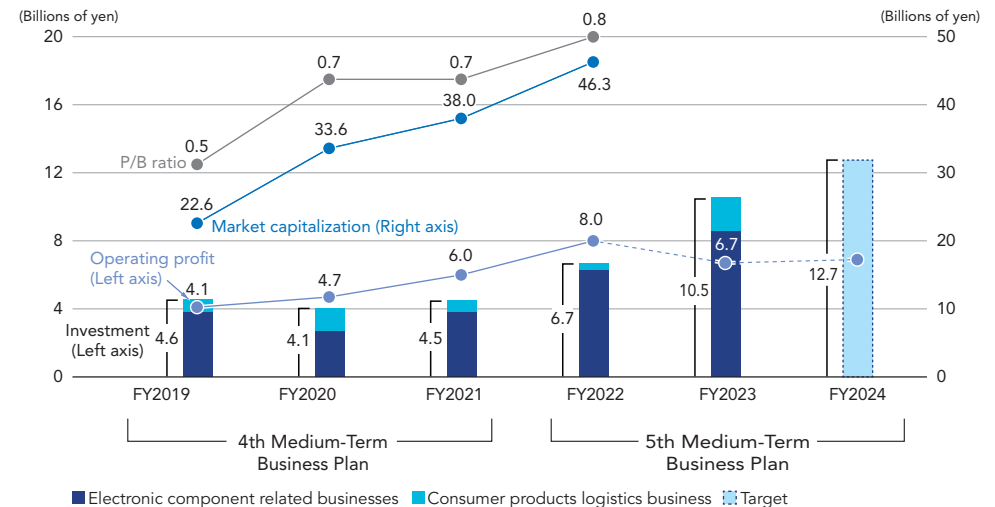
We are also considering M&As as part of an inorganic growth strategy. Such investments will be prepared separately. We will also increase investment in environmental measures and human capital to improve the quality of our ESG initiatives.

Capital Strategies Debt-based capital structure

We plan to source investment capital from funds on hand, operating cash flow, and borrowings.

As of the end of March 2023, our capital balance was around 2.7 times the amount of monthly turnover. However, we consider the appropriate amount of working capital to be around 1.5 to 2 times the amount of monthly turnover. In the two years until March 2025, we plan to make approximately ¥23 billion in capital investments, and aim to cover this with operating cash flow as well as funds on hand. In doing so, we expect that our capital balance will fall to an appropriate level of around 1.5 to 2 times the amount of monthly turnover.

Our equity-to-asset ratio as of the end of March 2023 was 58.9%, and while this demonstrates a level of financial stability, it perhaps shows a lack of effective utilization of interest-bearing debt. Regarding capital procurement, we will utilize interest-bearing debt up to an equity ratio of 45%, and transform the capital and debt structure of the balance sheet while focusing on financial stability.



Improvement of Capital Efficiency (ROE) 5th Medium-Term Business Plan: 7% ⇒ Future: 8%

As one indicator of capital efficiency, we aim to improve ROE.

ROE has increased for three years, and as of March 2023 was 9.1%. However, results in FY2022 benefited from temporary positive factors that significantly boosted profit, and so figures are higher than our true performance. Cost of equity is around 5%–6%, but our target for the 5th Medium-Term Business Plan is to achieve ROE of 7% or above (in a stable manner), and then achieve 8% as quickly as possible thereafter.

For us to continue to improve ROE, we aim to achieve profit growth by securing and increasing high-quality business opportunities, and at the same time controlling equity—the denominator of ROE—by transforming our capital and debt structure and enhancing shareholder returns.

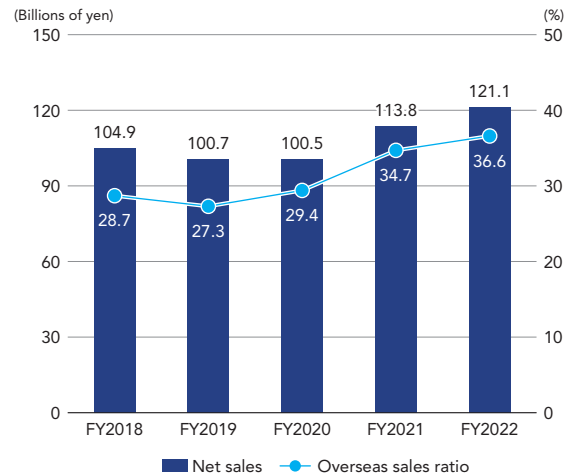
Shareholder Returns Policy Increase dividend payout ratio to 30%–50%

The Company's basic policy is to determine profit distribution based on stable dividends by taking into account the balance between shareholder returns and investment for future growth.

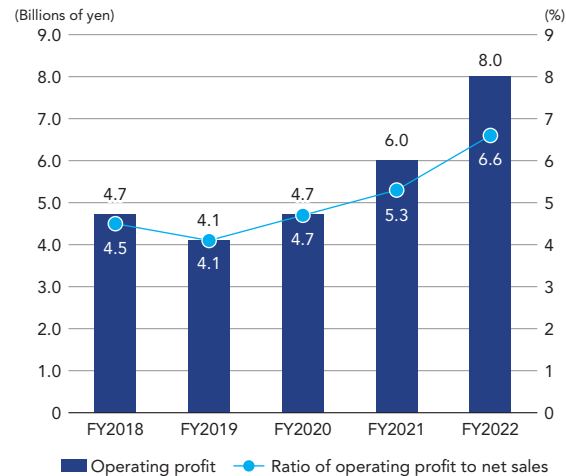
We have achieved continuous dividend increases for the past four years, with dividends more than doubling from ¥18 per share in FY2018 to ¥44 per share in FY2022. The dividend payout ratio has remained around 30%, and we will work to increase this to 30%–50% going forward. While flexibly balancing shareholder returns and investment for future growth, we will work to enhance the value we provide to shareholders.

Financial Highlights

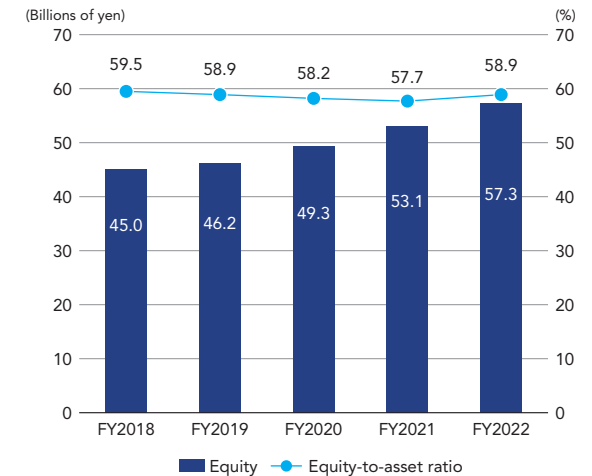
Net Sales and Overseas Sales Ratio



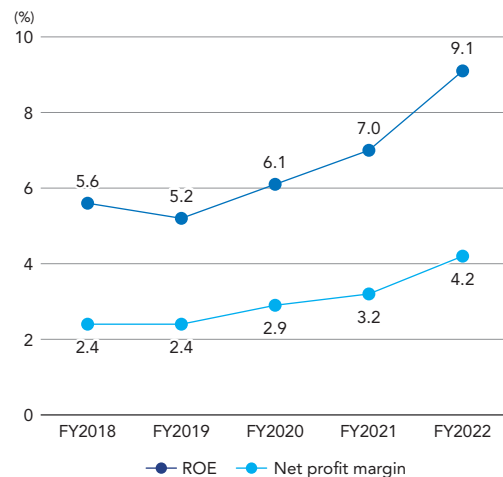
Operating Profit and Ratio of Operating Profit to Net Sales



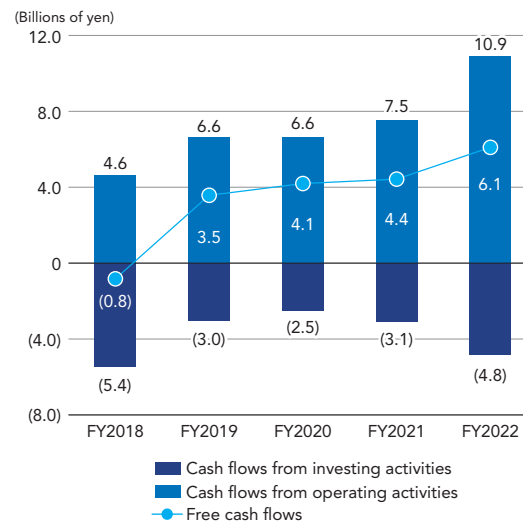
Equity and Equity-to-Asset Ratio



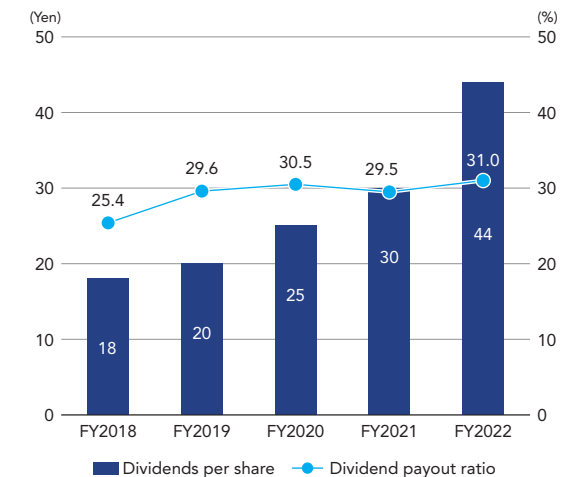
ROE and Net Profit Margin



Cash Flows from Investing Activities and Cash Flows from Operating Activities



Dividends per Share and Dividend Payout Ratio



Sustainability Management

Basic Sustainability Policy

Based on our Corporate Philosophy—We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*—we are working to create value that can help solve social issues. We aim to help realize a sustainable society and ensure the sustainable growth of the Group.

Moreover, our fundamental approach to management revolves around “mutual prosperity,” “value creation in logistics” and “environmental and social harmony.” To share and further deepen awareness of this approach, we have clearly defined a code of conduct for Group companies and employees in the Alps Logistics Code of Ethics, and distributed it to business sites worldwide. We are also working to improve understanding of the Alps Logistics Code of Ethics among each employee by conducting regular training.

Sustainability Promotion System

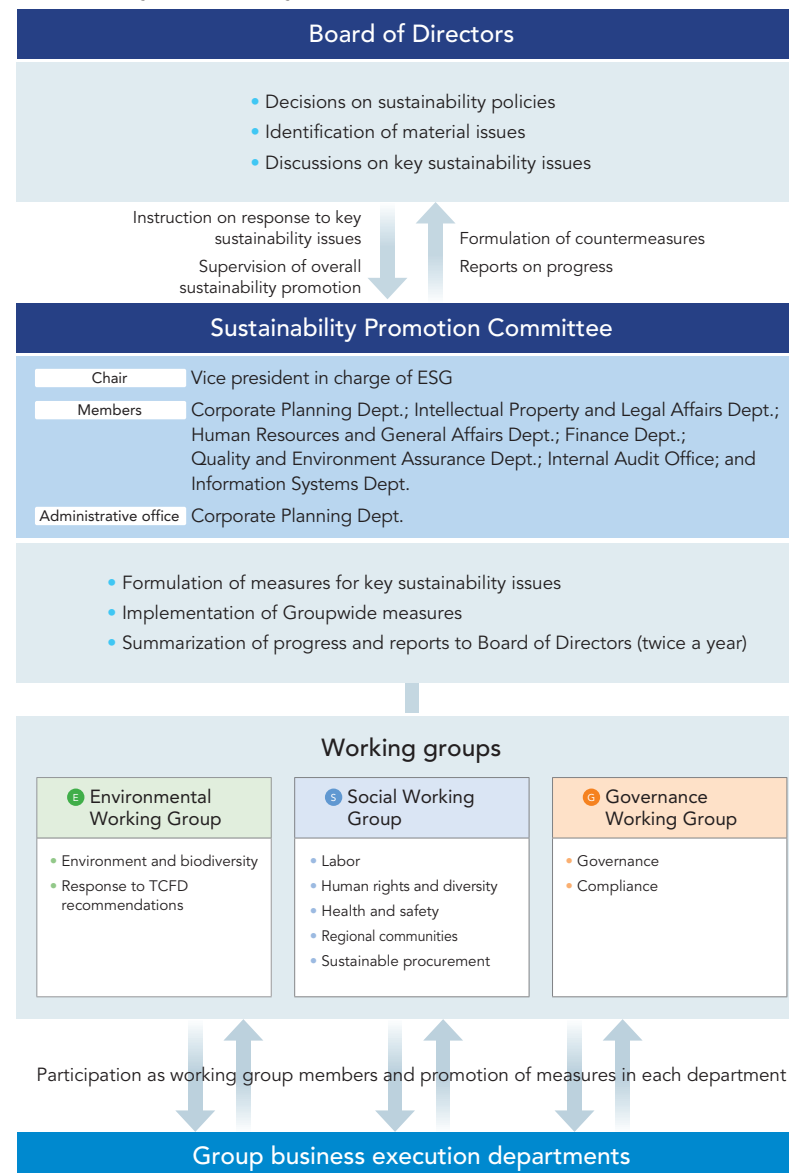
At Alps Logistics, we see sustainability as a core business challenge. As such, the Board of Directors makes decisions on sustainability policies, identifies material issues and discusses key sustainability issues. The Sustainability Promotion Committee is responsible for formulating and implementing measures to address the identified issues and reports its progress to the Board of Directors twice a year.

The committee includes three working groups that have been established to address major ESG themes, and holds discussions about these issues every six months. The structure of the working groups will be revised, as necessary, in line with changes in the internal and external business environment.

In FY2022, the committee formulated basic policies and established systems for addressing ESG issues. Moreover, in July 2022, it established the Alps Logistics Code of Ethics, the Responsible Procurement Policy, and the Partner Company Behavior Guidelines—solidifying the foundation for sustainability management. In June 2023, the Sustainability Promotion Committee worked with relevant departments to formulate the Basic Approach to Compliance, the Global Tax Policy, and the Basic Information Security Policy, and also established a new committee for risk management.

In FY2023, the committee will set targets for each issue and enhance initiatives to achieve its targets.

Sustainability Promotion System



Sustainability Initiatives Based on Material Issues

We have identified risks and opportunities for each material issue (as shown below), and are promoting related sustainability initiatives. Going forward, we plan to formulate medium- to long-term targets and action plans for each material issue in line with our medium- to long-term vision.

Material Issues	Themes	Related Risks	Related Opportunities	Initiatives up until FY2022	Measures and Targets for FY2023	Reference Pages
1 Become company of choice with sincere, fair management	<ul style="list-style-type: none"> ④ Respect for human rights ④ Compliance ④ Stakeholder trust 	<ul style="list-style-type: none"> • Unintended complicity in human rights violations, etc., and ensuing damage to reputation and trust • Suspension of operations caused by violation of laws, regulations and norms 	<ul style="list-style-type: none"> • Improvement in capability to raise capital in line with enhanced reputation and trust • Increase in customer orders 	<ul style="list-style-type: none"> • Establishment of compliance system • Implementation of satisfaction surveys among major customers 	<ul style="list-style-type: none"> • Identification of human rights risks • Ongoing implementation of compliance-related education and training and enhancement of systems at overseas bases • Cooperation with partners in helping them ensure legal compliance and respond to regulations • Ongoing implementation of customer satisfaction surveys 	▶ Page 29 ▶ Page 38 ▶ Page 40
2 Expand benefits of providing optimal logistics	<ul style="list-style-type: none"> ④ Take on challenge of digital transformation ④ Safety and high quality ④ Automation and improved productivity ④ Provide optimal logistics ④ Partnerships with suppliers ④ Enhance global network ④ Expand business domains 	<ul style="list-style-type: none"> • Decrease in support from customers • Loss of competitiveness and ensuing low profit and growth 	<ul style="list-style-type: none"> • Improvement in operational efficiency as well as greater competitive advantage and business growth • Optimal logistics throughout society and contribution to improved social infrastructure 	<ul style="list-style-type: none"> • Promotion of digitalization of operations • Establishment and operation of safety management system • Reinforcement of overseas bases and networks 	<ul style="list-style-type: none"> • Improvement of productivity through digitalization of operations • Maintenance and reinforcement of safety management and quality assurance systems • Reinforcement of overseas warehousing capabilities 	▶ Page 15 ▶ Page 37 ▶ Page 39
3 Reduce environmental impact through business activities	<ul style="list-style-type: none"> ④ Reduce environmental impact ④ Promote CSV activities ④ Sustainability promotion system 	<ul style="list-style-type: none"> • Violation of international environmental norms and regulations • Negative impact on nature due to environmental burden 	<ul style="list-style-type: none"> • Contribution to carbon neutrality in society through green logistics • Acquisition of support from stakeholders 	<ul style="list-style-type: none"> • Improvement of energy efficiency through the promotion of optimal logistics • Introduction of environmentally friendly vehicles • Operation of environmental management system • Creation of sustainability promotion system 	<ul style="list-style-type: none"> • Further efficiency improvements through automation, shared warehousing and consolidated collection/delivery, and optimal packaging • Further introduction of environmentally friendly vehicles and test deployment of EVs • Promotion of environmental management, including at overseas bases 	▶ Pages 30-32
4 Contribute to communities and people through business activities	<ul style="list-style-type: none"> ④ Regional contribution activities ④ Growth opportunities for workers and individuals ④ Diversity and inclusion ④ Employee fulfillment 	<ul style="list-style-type: none"> • Lack of quantity and quality in human capital and ensuing difficulties in operational management and strategy execution 	<ul style="list-style-type: none"> • Improvement in competitive advantage and business growth through enhancement of human capital • Achievement of a sustainable society through solutions to regional issues 	<ul style="list-style-type: none"> • Measures to ensure better training and skill development • Promotion of diverse work styles and health and productivity management • Implementation of employee satisfaction survey 	<ul style="list-style-type: none"> • Increase in number of female management candidates through supports that includes training and other measures • Implementation of health promotion programs and reduction in number of operational accidents • Promotion of initiatives to improve employee satisfaction 	▶ Pages 33-38
5 Enhance structure as a company on the Prime Market	<ul style="list-style-type: none"> ④ Risk management ④ Strengthen governance ④ Financial and capital policies ④ Ensure independence ④ Stock market reputation 	<ul style="list-style-type: none"> • Emergence of operational risks due to insufficient internal control • Loss of trust from capital markets 	<ul style="list-style-type: none"> • Acquisition of trust from capital markets 	<ul style="list-style-type: none"> • Creation of risk management system and BCPs • Reinforcement of information security system • Evaluation of Board of Director effectiveness and improvement measures 	<ul style="list-style-type: none"> • Establishment and operation of risk management committee • Enhancement of sustainability disclosure 	▶ Pages 21-24 ▶ Page 28
6 Maintain and strengthen non-financial capital	<ul style="list-style-type: none"> ④ / ④ Kaizen 2.0 ④ Enhance human capital ④ Expand intellectual property 	<ul style="list-style-type: none"> • Deterioration in profit and growth caused by decline in non-financial capital, which is key to securing a competitive advantage 	<ul style="list-style-type: none"> • Differentiation and greater competitive advantage in non-financial capital, and ensuing improvement in profit and business growth 	<ul style="list-style-type: none"> • Promotion of improvement activities • Accumulation of expertise through joint development with external parties • Personnel skill development • In-house education and training on intellectual property 	<ul style="list-style-type: none"> • Reinforcement of expertise through collaboration with external parties • Development of IE analysis engineers • Creation of incentive system for intellectual property 	▶ Page 15 ▶ Page 34

Corporate Governance

Basic Approach

Alps Logistics defines corporate governance as the “establishment and operation of frameworks for realizing efficient and appropriate decision-making and business execution by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient and transparent business administration, for the purpose of heightening corporate value.” Its basic approach is to enhance corporate value and deliver benefits directly or indirectly to stakeholders in a balanced way, satisfying their respective interests.

In order to fulfill its responsibilities to stakeholders, including shareholders, customers, business partners, local communities and employees, and to realize effective corporate governance as a business entity, Alps Logistics has established Corporate Governance Policies, which are available on the Company’s website.

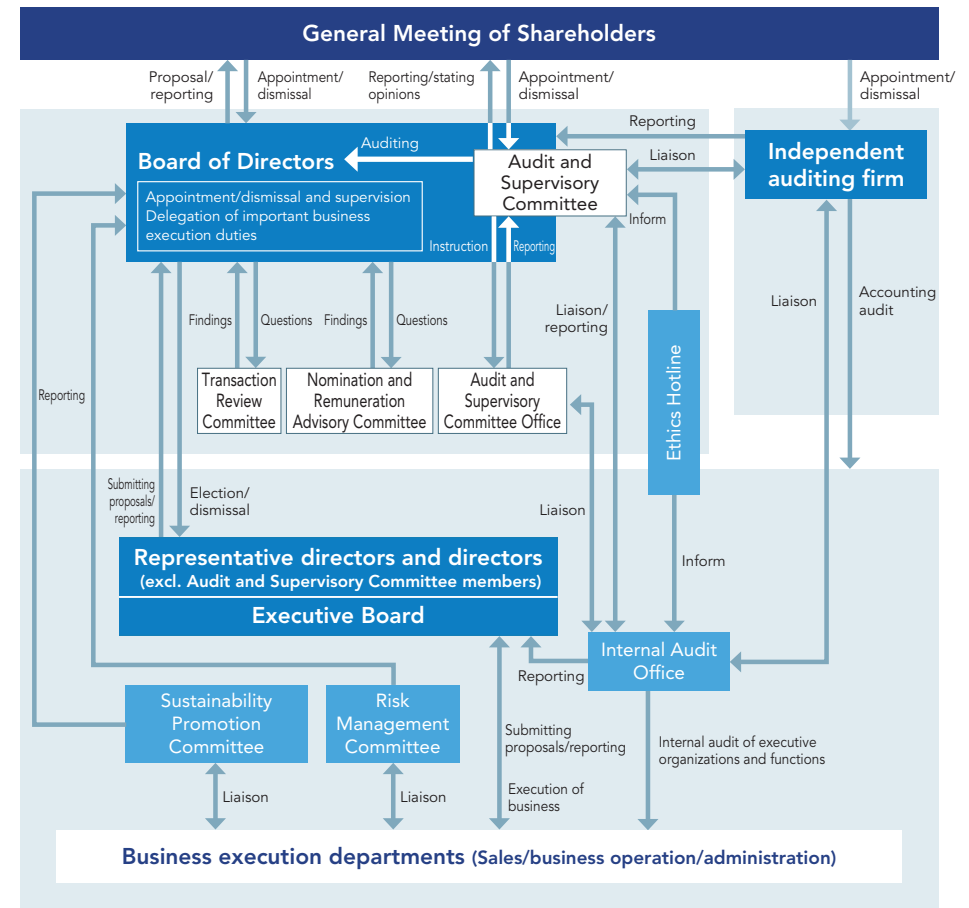


Corporate Governance Policies

https://www.alps-logistics.com/en/corporate/governance/data/co_gaba_po230531_e.pdf

Corporate Governance System

In June 2016, the Company transitioned to a company with an audit and supervisory committee, with the aim of improving governance and corporate value by enhancing the audit function of business execution by outside directors and strengthening the monitoring function. In addition, in June 2020 the Company established a vice-president system, clearly separating the roles and responsibilities of the Board of Directors and the executive organization, and delegating business execution authority to the executive organization to promote more flexible management and create an environment that supports enhanced competitiveness and appropriate risk-taking. In addition, the Board of Directors has strengthened its management and supervisory functions from the perspective of independence and objectivity, with the aim of ensuring transparency.







Activities to Strengthen Corporate Governance

FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<ul style="list-style-type: none"> Transition to a company with an audit and supervisory committee Formulated Corporate Governance Policies Began evaluations of the effectiveness of the Board of Directors 		<ul style="list-style-type: none"> Established Nomination and Remuneration Advisory Committee 	<ul style="list-style-type: none"> Partially revised director remuneration system (transitioned from stock remuneration-type stock options to restricted share-based remuneration) Note: Excluding directors who are outside directors or Audit and Supervisory Committee members Appointed one female director 	<ul style="list-style-type: none"> Introduced vice-president system Established Transaction Review Committee Ensured outside directors make up more than a third of the Board of Directors Increased number of female directors to two 	<ul style="list-style-type: none"> Formulated skills matrix 	<ul style="list-style-type: none"> Ensured outside directors make up the majority of the Board of Directors Formulated material issues

Corporate Governance

Corporate Governance System Overview

Organization	Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Advisory Committee	Transaction Review Committee
Composition	Chair: Representative director  Total: 7 3 inside + 4 outside	Chair: Outside director  Total: 4 1 inside + 3 outside	Chair: Outside director  Total: 6 2 inside + 4 outside	Chair: Outside director  Total: 4 4 outside
Functions and Roles	<ul style="list-style-type: none"> The Board of Directors deliberates and decides on important management matters, including basic management policies and short- to medium-term management plans, and also monitors and supervises the execution of duties. 	<ul style="list-style-type: none"> The Audit and Supervisory Committee works together with the Internal Audit Office to verify and evaluate the appropriateness and effectiveness of the operations of the Company and its domestic and overseas affiliates. The committee reports results to the representative director and directors on a regular basis. 	<ul style="list-style-type: none"> The Nomination and Remuneration Advisory Committee works to further improve transparency and fairness by engaging in discussions that include opinions and recommendations from outside directors and Audit and Supervisory Committee members (including members who are also outside directors). Prior to presentation to the Board of Directors, the committee deliberates on matters such as the appointment and dismissal of directors, the appointment and dismissal of other officers, and the remuneration of directors (excluding directors who are Audit and Supervisory Committee members) and other officers. 	<ul style="list-style-type: none"> The Transaction Review Committee, which is made up of outside directors, works to enhance the transparency of transactions with related parties. The committee reviews and checks transactions with related parties in line with the Rules for Management of Transactions with Related Parties to ensure that the Company is not forced into unnecessary transactions and that transaction terms are fair.
Activities in FY2022	No. of meetings held: 16 Main points of discussion <ul style="list-style-type: none"> Management plans Basic Corporate Governance Policy Topics related to the General Meeting of Shareholders Details of financial results Director remuneration Topics related to organizations and personnel Business investments Topics related to sustainability Medium- to long-term risks Transactions with related parties Evaluations of the effectiveness of the Board of Directors Formulation of Alps Logistics Code of Ethics 	No. of meetings held: 16 Main points of discussion <ul style="list-style-type: none"> Confirmation of creation and operation of internal control system Confirmation of compliance with laws and regulations, etc., and governance Confirmation of the 5th Medium-Term Business Plan policies, targets and implementation of measures Confirmation of ESG and SDG initiatives 	No. of meetings held: 3 Main points of discussion <ul style="list-style-type: none"> Appointment of directors and vice presidents Director system Director remuneration 	No. of meetings held: 4 Main points of discussion <ul style="list-style-type: none"> Confirmation and review of new transactions (lease transactions, purchase of fixed assets, etc.) Confirmation of continuation of existing transactions

Composition of the Board of Directors

Basic Approach

By clarifying required skills according to management strategies and business activities, and to ensure a diverse balance of knowledge, experience and skills, the Company shall appoint as directors, persons who have excellent management decision-making skills, foresight, insight and other capacities as well as respect for legal compliance and high ethical standards in consideration of diversity, and who are capable of fulfilling the duties and responsibilities of a director in response to the delegation of business execution from shareholders. For directors who also serve as vice presidents, the Company shall appoint persons who are able to manage the overall business operations of the Company. For outside directors, the Company shall appoint persons who have business experience and expertise and who are able to fulfill a supervisory function to promote medium- to long-term growth. In addition, persons with management experience from other companies are appointed as independent outside directors. In addition, the Company shall appoint Audit and Supervisory Committee members who have broad knowledge in finance, accounting and legal affairs through experience as a chartered public accountant or attorney at law.

Board of Directors Skills Matrix

	Corporate and business management	Logistics	Sales and marketing	HR, personnel affairs and human resource development	Finance and accounting	Legal affairs and risk management	ESG	IT	Global experience (country/region)
Masaru Usui Representative Director, President & CEO	●	●	●			●	●		China Singapore
Hideaki Terasaki Director, Senior Vice President	●	●					●		South Korea Czech Republic Sweden
Takeshi Nakajima Independent Outside Director	●	●	●						USA Vietnam Hong Kong India
Katsuhiko Shimohiro Director, Executive Vice President	●	●		●			●	●	China Germany
Sumiko Ono Independent Outside Director, Audit and Supervisory Committee Member						●			
Naoko Nishikawa Independent Outside Director, Audit and Supervisory Committee Member					●	●			Singapore
Yoshihiro Ueda Independent Outside Director, Audit and Supervisory Committee Member	●			●	●	●			USA

Corporate Governance

Policy on Appointment and Dismissal of Directors

The Company has established the following criteria for the appointment and dismissal of directors and vice presidents to ensure that individuals who have sufficient ability and qualifications are appointed as directors, including senior management.

- The Company shall nominate and appoint individuals who have excellent management decision-making skills, foresight, insight, and other capacities, as well as respect for legal compliance and high ethical standards, as candidates for director and senior management.
- In the event that the Company determines that any vice president does not meet the criteria for appointment, decisions on their dismissal shall be made by the Board of Directors.
- The Company has voluntarily established a Nomination and Remuneration Advisory Committee, in which the majority of the members are independent outside directors, to provide advice on appointments/dismissals and nominations prior to resolutions by the Board of Directors.

Senior management and the vice president in charge of administration regularly host discussions on the medium-term structure of the Board of Directors, including the appointment of a successor to the CEO, with decisions on specific candidates for director made by the Board of Directors. Moreover, prior to the appointment of a CEO by the Board of Directors, potential appointments are discussed by the Nomination and Remuneration Advisory Committee, which includes outside directors.

Director Training

The Company provides opportunities for directors and Audit and Supervisory Committee members to acquire and regularly update knowledge required to fulfill their expected roles and duties appropriately. Specifically, the Company holds a training workshop twice a year for directors, covering topics that include the Company's internal and external environment, as a forum to acquire knowledge and exchange opinions.

Directors who are Audit and Supervisory Committee members collect and share information related to audits conducted by other audit and supervisory committees through participation in relevant external organizations and other means, and attend seminars and training programs as necessary. Outside directors are given an explanation of the Company's businesses, management structure, and short- and medium-term management plans when they take office.

Director Training in FY2022

Date	Theme	Attendees	Attendance Rate
June 2022	<ul style="list-style-type: none"> • Important tax-related topics for management • Examples of cultural reforms (workshop) 	Directors and vice presidents	100%
November 2022	<ul style="list-style-type: none"> • Financial indicators and related topics • Case studies from other companies (management methods, sales/earnings capacity, etc.) 	Directors and vice presidents	100%

Outside Directors

In addition to emphasizing legal compliance, independent outside directors actively exchange opinions and provide advice at Board of Directors meetings, while keeping the interests of all stakeholders in mind. They also work to enhance management oversight by supervising the appointment, dismissal and remuneration of members of the management team; monitoring conflicts of interest between the Company, management and controlling shareholders; and participating in other important Board decisions. Independent outside directors also regularly visit Company sites to collect information, striving to ensure effective supervision through the regular exchange of opinions and information with the Audit and Supervisory Committee.

Outside Directors	Audit and Supervisory Committee Members	Independent Directors	Reasons for Appointment	Attendance Rate ¹	Concurrent Roles
Sumiko Ono	○	○	Due to her extensive expertise and experience, etc., as a lawyer	100%	None
Naoko Nishikawa	○	○	Due to her many years of auditing experience at accounting firms and her extensive expertise and experience, etc., as a certified public accountant	100%	None
Yoshihiro Ueda	○	○	Due to his extensive knowledge in accounting, finance and business management at multiple operating companies, and his experience in business execution	100%	None
Takeshi Nakajima	—	○	Due to his extensive experience at a major logistics company, and his extensive expertise in logistics businesses and company management	N/A ²	None

1. Attendance at Board of Director meetings during term in office in FY2022

2. Newly appointed at General Meeting of Shareholders held in June 2023

Outside Director Support System

For Board of Directors meetings, the Corporate Planning Department, which serves as the administrative office for the Board of Directors, and the members of departments responsible for each item on the agenda provide materials and explanations to outside directors in advance. In addition, the Human Resources and General Affairs Department serves as the administrative office for the Nomination and Remuneration Advisory Committee, the Corporate Planning Department serves as the administrative office for the Transaction Review Committee, and the Audit and Supervisory Committee Office serves as the administrative office for the Audit and Supervisory Committee, with each organization supporting the duties of outside directors.

Moreover, every month we hold outside director liaison meetings as a means for outside directors to communicate and exchange information. We also hold monthly interviews with outside directors and vice presidents, with the latter providing updates on business and outside directors offering advice.

Outside Director Liaison Meetings in FY2022 (Partial List)

Date	Theme
August 2022	<ul style="list-style-type: none"> • Sustainable management
September 2022	<ul style="list-style-type: none"> • Promotion of active participation by female employees
March 2023	<ul style="list-style-type: none"> • Evaluations of the effectiveness of the Board of Directors

Evaluations of the Effectiveness of the Board of Directors

The Company has established Corporate Governance Policies as part of efforts to fulfill its responsibilities to stakeholders, including shareholders, customers, business partners, local communities and employees, and to promote effective corporate governance with the objective of sustainable growth and medium- to long-term improvement in corporate value. Based on the policies, the Company commissioned a third-party organization to conduct an evaluation of the effectiveness of the Board of Directors, with the aim of further improving the functions of the Board.

A questionnaire regarding the structure, operation, level of discussions, monitoring function and support system of the Board of Directors was conducted for the members of the Board of Directors, and its effectiveness was evaluated and verified impartially and objectively by a third-party organization.

Based on the results, the vice president in charge of administration assessed the priority of the issues, which was confirmed by outside directors and Audit and Supervisory Committee members, and then further verified and discussed at a Board of Directors meeting.

Issues uncovered in the FY2021 evaluation	Response in FY2022
Lack of thorough feedback on shareholder (investor) dialogue	Increased the number of briefings for institutional investors, hosted briefings for individual investors, and enhanced dialogue in other ways. Improved feedback to Board of Directors
Issues uncovered in the FY2022 evaluation	Plan for FY2023
Need to enhance discussions at and monitoring functions of the Board of Directors	Engage in ongoing discussions at the Board of Directors meetings and create a framework for responding to challenges related to medium- to long-term improvement of corporate value

Cross-shareholding Policy

When cross-shareholdings are deemed to support the Company’s financing activities or deemed necessary for executing the Company’s business strategy, the Company holds shares for purposes other than pure investment. The Company holds the minimum shares necessary, considering the balance of benefits and cost of capital. For shares in excess of this mark, the Company will decide an appropriate timeline for reducing cross-shareholdings. Decisions as to whether the cross-shareholding will be maintained or sold are made annually by the Board of Directors based on evaluation standards that include the purpose of holding the shares and the medium- to long-term outlook for each cross-shareholding. The Company exercises its voting rights for cross-shareholdings after considering the content of the proposal and determining whether the exercise will lead to an increase in the value of stock of the company with which the Company has cross-shareholdings as well as in the Company’s corporate value in the medium- to long-term.

Group Governance

Management of Affiliated Companies (Subsidiaries and Related Companies)

At Alps Logistics, we have a system for the instruction and management of our subsidiaries. Through this system, subsidiaries provide the Company with reports on the execution of their business in line with the Affiliated Company Management Regulations. In addition, the Internal Audit Department audits the activities of subsidiaries based on internal audit plans.

We have set up an internal reporting system—the Ethics Hotline—independent from management at business execution departments. In addition to the Ethics Hotline at Alps Logistics, we have also set up an Ethics Hotline at each subsidiary in Japan and overseas. For overseas subsidiaries, we have informed employees that they can use the system in the event of any illegal activity by those in charge at their respective location.


Protecting Minority Shareholders in Light of the Relationship with the Alps Alpine Group

In June 2022, we restructured the Board of Directors to ensure that independent outside directors make up the majority—strengthening governance in terms of protecting minority shareholders. Regarding transactions with Alps Alpine Group companies, we established the Transaction Review Committee, which is made up of only outside directors to monitor the fairness of transactions.

Director Remuneration

The Company has established the Policy for Determining Remuneration for Directors with the aim of promoting efforts to maximize corporate performance and share price and to increase the corporate value of the Group by making the process for determining individual director remuneration more transparent and establishing a remuneration system that emphasizes linkage with short-term, and medium- to long-term business performance. Remuneration for directors is determined by the Board of Directors after receiving a report from the Nomination and Remuneration Advisory Committee, in which outside directors are the majority, in order to ensure an objective and highly transparent remuneration system.

With the agreement of all directors, the Company may delegate authority to the Nomination and Remuneration Advisory Committee to decide specific details of remuneration for each individual director other than those also serving as an Audit and Supervisory Committee member, within the limit of the total amount of remuneration for directors other than those also serving as an Audit and Supervisory Committee member, as determined by the General Meeting of Shareholders. Based on this, the Company delegates authority to the Nomination and Remuneration Advisory Committee to decide specific details of remuneration for each individual director other than those also serving as an Audit and Supervisory Committee member.

 See our Corporate Governance Report for more details.
https://www.alps-logistics.com/en/corporate/governance/data/co_gaba230929_e.pdf

Message from an Outside Director

Creating an environment for open and frank discussions contributes to enhanced corporate value

Yoshihiro Ueda

Outside director and Audit and Supervisory Committee member



The Board of Directors will promote sustainability management in response to the needs of society.

Outside directors help advance the Company's objectives by offering impartial advice as well as opinions from a fresh perspective. In addition, we strive to better understand the Company's inner workings, including its mindset and corporate culture that have evolved over many years. Four of the seven members of the Board of Directors are outside directors, a majority. We have diverse backgrounds ranging from law and tax accounting to experience in the logistics industry. Our role is not limited to supervision; we also actively participate in the decision-making process as advisors.

In today's world, companies cannot just pursue profits—they are also expected to respond to the needs of society. Given the logistics industry's important role in maintaining supply chains, the Company recognizes that reducing its environmental impact is a major challenge. Addressing the expectations of stakeholders, which includes contributing to the achievement of the SDGs, is also important when exploring ways to achieve sustainable growth. In this context, the Company has established a Sustainability Promotion Committee and began efforts in earnest. I expect to see solid results over the medium to long term.

Society is more diverse today, and to respond to its needs, the Company must also ensure diversity on its Board of Directors and among executive management. Looking ahead, it will be essential for management to incorporate the wide-ranging viewpoints of people of different genders, nationalities and age groups. Therefore, I believe the Company should bring in new people, devote more time to training and education, and implement a human resources strategy with clear goals/plans within a specified time frame.

Promoting human resource development and succession planning and improving the Board of Directors' effectiveness and transparency

Outside directors are provided with practical support and there are open and frank discussions at Board of Directors meetings. We are always given briefings in advance, and receive explanations

directly from relevant members of the Board rather than from its administrative office. As all kinds of questions are answered beforehand in this relaxed setting, we can fully participate in Board meetings on an informed basis.

In addition, either the president, one of the vice presidents or the executive officer overseeing operations joins the four outside directors to share ideas and viewpoints at a monthly meeting. This is another unique aspect of the Company's management because we can learn about everyday operations on a practical level. We also meet face-to-face with managers and candidates for leadership positions. This provides us a window into their individual character and how they think. Finally, small meetings are regularly held exclusively for the four outside directors, which gives us an opportunity to discuss matters more candidly. All of these arrangements are highly beneficial not only for the outside directors but also for the operation of the Board of Directors. An evaluation of the Board's effectiveness is conducted every year, and the results are fully analyzed and reviewed.

Human resource development will be an important issue for the Company's management going forward. It is time-consuming and increasingly challenging for any company to cultivate knowledgeable and experienced managers, especially when expanding operations globally as business grows. That being said, I think the Company is making progress and producing results. When visiting bases overseas, I have noticed a growing number of highly capable managers, not just those transferred from Japan but also those hired locally. Incorporating a global job rotation program in human resource development has been successful, in my opinion. In fact, most of the Company's management team has international experience.

Building on these achievements, the Nomination and Remuneration Advisory Committee as well as other organizations are moving forward with succession planning. While utilizing a skill matrix, they are examining how to effectively replace personnel under various scenarios. Meetings to exchange viewpoints have also been beneficial in terms of succession planning.

In conclusion

Feedback from shareholders, investors and other stakeholders is valuable information for management. Accordingly, the Company organizes investor relations events and presentations on financial results for both institutional and individual investors. Feedback is reported to the Board of Directors and other management organizations, which provides a basis for discussions. In my view, the Company is building trust with its stakeholders by regularly engaging in such dialogue.

By maintaining diversity among the outside directors, the Board of Directors can more effectively respond to requests from the Company's shareholders, investors and other stakeholders, as well as to the needs of society at large. I will work to ensure that the wide-ranging viewpoints and practical ideas of the outside directors are reflected in the Company's management, and to help Alps Logistics raise its corporate value in terms of both its financial performance and social contribution.

Management Team

Directors



From left: Takeshi Nakajima, Sumiko Ono, Katsuhiko Shimohiro, Masaru Usui, Hideaki Terasaki, Naoko Nishikawa and Yoshihiro Ueda

Name	Masaru Usui	Hideaki Terasaki	Takeshi Nakajima	Katsuhiko Shimohiro	Sumiko Ono	Naoko Nishikawa	Yoshihiro Ueda
Position	Representative Director, President & CEO	Director, Senior Vice President	Outside Director	Director, Audit and Supervisory Committee Member	Outside Director, Audit and Supervisory Committee Member	Outside Director, Audit and Supervisory Committee Member	Outside Director, Audit and Supervisory Committee Member
Background, roles and responsibilities	1981 Joined Alps Electric Co., Ltd. 2006 Director 2006 Deputy General Manager, Sales & Marketing 2011 CSO, Responsible for Asia 2012 Deputy General Manager, Sales & Marketing 2013 Managing Director, Sales, the Company 2014 President 2020 Representative Director, President & CEO (present)	1989 Joined Alps Electric Co., Ltd. 2009 President, Alps Electric Czech, s.r.o. 2014 Senior Manager, Kakuda Manufacturing Department, Production Headquarters, Alps Electric Co., Ltd. 2018 Joined the Company 2019 Director, Deputy General Manager, Business Division, Responsible for Japan, Europe and North America 2022 Vice President, Business Division, Responsible for Japan, Europe and North America, Quality & Environment Assurance (present) 2023 Director, Senior Vice President (present)	1982 Joined NIPPON EXPRESS CO., LTD. 2011 Vice President, NIPPON EXPRESS U.S.A., INC. 2012 General Manager, International Cargo Sales Department No. 2, Tokyo Air Service Branch, NIPPON EXPRESS CO., LTD. 2014 Managing Director, NIPPON EXPRESS (H.K.) CO., LTD. 2017 Associate Director, NIPPON EXPRESS CO., LTD., General Manager, NIPPON EXPRESS Group India 2023 Outside Director, the Company (present)	1986 Joined Alps Electric Co., Ltd. 2003 Joined the Company 2011 Director, Responsible for China 2017 Managing Director, Corporate Planning, Information Systems, Responsible for China 2019 General Manager, Administration Division, Information Systems, Responsible for China 2020 Director, Senior Vice President 2021 Director, Executive Vice President 2023 Director, Audit and Supervisory Committee Member (present)	1997 Registered as a lawyer, joined Dai-ichi Tokyo Bar Association, joined Nagasawa Law Office (currently Nagasawa General Law Office) (present) 2018 Member, Council on Automobile Liability Insurance, Financial Services Agency (present) 2019 Outside Director, Audit and Supervisory Committee Member, the Company (present)	2007 Registered as a certified public accountant 2007 Joined ShinNihon LLC (currently Ernst & Young ShinNihon LLC) 2014 Joined EY Singapore LLC 2016 Established Nishikawa Certified Public Accountant Firm (present) 2016 Member, Japan Business Assurance Co., Ltd. (present) 2020 Outside Director, Audit and Supervisory Committee Member, the Company (present)	1994 Joined KEYENCE CORPORATION 2009 Director, General Manager, Corporate Planning & Coordination Department, KEYENCE CORPORATION 2014 Full-time Audit & Supervisory Board Member, KEYENCE CORPORATION 2015 Joined ASICS Corporation 2015 Executive Officer, Senior General Manager, Global Accounting and Financial Division, ASICS Corporation 2018 Joined OSAKA SODA CO., LTD. 2020 Director, Senior Executive Officer, General Manager, Administration Division, OSAKA SODA CO., LTD. 2022 Outside Director, Audit and Supervisory Committee Member, the Company (present)
Term in office (Total)	10 years	1 year	Newly appointed	12 years	4 years	3 years	1 year
Committee	Nomination and Remuneration Advisory Committee		Nomination and Remuneration Advisory Committee Transaction Review Committee	Audit and Supervisory Committee Nomination and Remuneration Advisory Committee	Audit and Supervisory Committee Nomination and Remuneration Advisory Committee Transaction Review Committee	Audit and Supervisory Committee Nomination and Remuneration Advisory Committee Transaction Review Committee	Audit and Supervisory Committee Nomination and Remuneration Advisory Committee Transaction Review Committee

Note: Alps Electric Co., Ltd. is now Alps Alpine Co., Ltd.

Management Team

President and Vice Presidents



Masaru Usui

President & CEO



Koji Fukiyama

Executive Vice President
General Manager, Business Division

Toshiyuki Mushiake

Senior Vice President
General Manager, Sales Division

Hideaki Terasaki

Senior Vice President
Business Division
Japan, Europe and North
America
Quality & Environment
Assurance

Yukitake Kurita

Vice President
Business Division
International Business
and Asia

Hirokazu Ogawa

Vice President
New Business, Information Systems
Business Division, Business Unit

Takashi Kanda

Vice President
Consumer Products Logistics
President, Ryutsu Service Co., Ltd.

Tomofumi Kameda

Vice President
General Manager, Administration,
Corporate Planning, ESG

Hideki Ohba

Vice President
Consumer Products Logistics,
New Business
Senior Managing Director,
Ryutsu Service Co., Ltd.

Masaaki Ishiguro

Vice President
Deputy General Manager,
Sales Division

Risk Management

Basic Approach

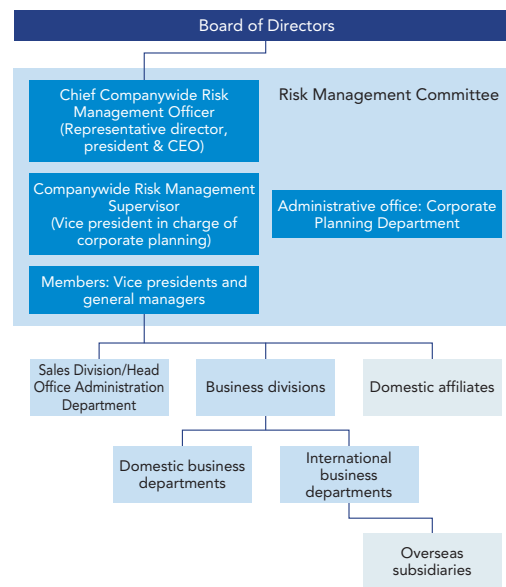
In recent years, we have seen a rise in natural disasters caused by the increasing severity of climate change, fires resulting from negligence, information security incidents, the COVID-19 pandemic and other events that are threatening people's livelihoods. All of these events also significantly impact business operations and supply chains. At Alps Logistics, we will ensure comprehensive and ongoing management of diversifying risks with an understanding that thoroughly addressing these issues is more important than ever before. We will also promote risk management by preparing countermeasures to prevent or minimize losses in the event that a risk materializes.

Risk Management System

In July 2023, the Group established the Risk Management Committee, which is chaired by the president, to facilitate the integrated management of Groupwide risks.

The Risk Management Committee, which is comprised of vice presidents and general managers, is responsible for reinforcing the risk management system. Specifically, the committee supervises risk management activities (identification, analysis, assessment and response), formulates Groupwide risk management policies, and aims to create and manage effective and sustainable organizations and systems.

In FY2023, the committee will conduct a Groupwide risk assessment as a launchpad for risk management activities. By utilizing various risk scenarios, the Risk Management Committee will be able to identify and regularly monitor major Groupwide risks based on their potential level of impact and occurrence.



Major Risks

The following are major risks that have the potential to significantly impact the financial conditions, management performance and cash flow of consolidated companies.

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> 1. Economic fluctuations 2. Exchange rate fluctuations 3. International legal regulations 4. Intensifying industry competition 5. Changes in market/customer needs 6. Soaring fuel and personnel expenses 7. Fluctuations in production at the Alps Alpine Group 8. Country risks | <ol style="list-style-type: none"> 9. Natural disasters and ensuing business continuity risks 10. Pandemic risks 11. Climate change risks 12. Risks from leakage/loss of confidential information 13. Risks related to securing human resources 14. Investments in logistics facilities and equipment 15. Disposal or loss of fixed assets and impairment losses |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Risk Management Initiatives

BCP Initiatives (Natural Disaster/Pandemic Countermeasures)

Natural Disaster Measures

Every site conducts annual drills for large-scale earthquakes, fires and other natural disasters. Moreover, to ensure quick restoration and continuation of the Group's business activities in the event of a large-scale natural disaster, we have also formulated action sheets that outline specific actions to take—from initial response to restoration. Using these action sheets, we are also working to reinforce collaboration between the head office and each site. In addition, we have emergency stockpiles at all domestic bases.

Safety Confirmation in Times of Disaster

To ensure we can quickly confirm the safety of all Group employees in the event of a disaster, we have introduced a safety confirmation system that utilizes each employee's mobile phone, smartphone or computer. We also conduct safety training for employees going on business trips overseas and employees transferring overseas. Moreover, we provide timely global alerts (overseas safety information) to increase awareness of risks.

Response to the COVID-19 Pandemic

We are engaged in various measures to prevent the spread of COVID-19, and place the utmost importance on the health and safety of our customers, partners, employees and their families. In FY2022, in addition to following governmental recommendations and in-house guidelines, we worked to reduce infections through work-from-home systems, staggered start times and the distribution of face masks, among other measures.

Management of Information Security Risks

Formulation of Basic Information Security Policy

To provide safe and secure logistics services to our customers, we have positioned the appropriate management of customer and Group information assets as a key management issue. Under the supervision of the vice president in charge of administration, we have dispatched information management supervisors to each of our business sites to ensure thorough information management. To further enhance our efforts, we formulated the Basic Information Security Policy in June 2023, and are working to maintain and improve the level of information security through reinforcement measures and employee education.

Reinforcement of Countermeasures

To respond to targeted attacks and other external threats, as well as to prevent information leakage caused by internal wrongdoing, we are enhancing our information security measures.

Key Measures

- Implementation of measures to prevent unauthorized intrusion into internal IT systems and prevent spread of damage
- Ongoing implementation of targeted email attack drills
- Revision of internal information security policies
- Continuation of information security education and training

Compliance

Basic Approach

We have clearly defined a code of conduct for Group companies and employees in the Alps Logistics Code of Ethics, and distributed it to business sites worldwide. We have positioned the Alps Logistics Code of Ethics at the center of our compliance activities, and are working to ensure thorough compliance. To that end, we conduct ongoing education and awareness raising activities to ensure that all Group officers and employees engage in decent and responsible behavior based on a thorough understanding of social requirements and corporate ethics, and to ensure fair management based on compliance with laws and regulations.



Alps Logistics Code of Ethics

https://www.alps-logistics.com/en/sustainability/data/ethical_code230701_e.pdf

Compliance System

At Alps Logistics, we established the Compliance Subcommittee within the Sustainability Promotion Committee, and hold subcommittee meetings four times a year. The Intellectual Property and Legal Affairs Department is in charge of overseeing the subcommittee, and works alongside the Corporate Planning Department, the Human Resources and General Affairs Department, and other departments to monitor the status of legal compliance in each department, as well as promote measures and provide advice as necessary. The subcommittee's activities are reported to the Board of Directors via the Sustainability Promotion Committee and the information is used to create and implement compliance measures. The Compliance Subcommittee is also responsible for formulating in-house education plans based on the Alps Logistics Code of Ethics, conducting educational activities and monitoring the progress of each department.

Compliance Promotion Initiatives

Initiatives to Develop Compliance Awareness among Employees

To develop a corporate culture committed to legal compliance, we offer annual education programs for all officers and employees to enhance understanding of business laws, competition laws, personal information protection laws, labor laws, etc. We also offer compliance education for new employees, new section managers and employees transferring overseas.

Anti-bribery and Anti-corruption Initiatives

At the Alps Logistics Group, we do not engage in bribery or make illegal political donations. Furthermore, the Alps Logistics Code of Ethics prohibits the provision of money to public officials, as well as engaging in business entertainment and gift-giving activities. In these and other ways, we are working to prevent bribery and corruption both in Japan and overseas.

Security Trade Control Initiatives

To play our part in contributing to international peace and safety, we ensure thorough compliance with export trade regulations, sanctions and laws in each country where we operate, and work to prevent violations. We have formulated the Security Trade Control Regulations, and monitor each department with the president acting as chief trade officer and the Corporate Planning Department functioning in the role of the export management department.

Tax Compliance

To fulfill our social responsibility and increase shareholder value, we ensure thorough compliance with international tax laws. In addition, we have set up internal rules and management systems for appropriate tax payments and established the Global Tax Policy in June 2023 to ensure measures are properly implemented. Moving forward, we will ensure thorough tax compliance based on this policy.

Internal Reporting System

At the Alps Logistics Group, we have set up an internal reporting system—the Ethics Hotline—independent from management at business execution departments. Employees can use the hotline in the event they discover violations of laws, regulations or internal rules (including harassment) and when the issue cannot be resolved within the department in question. In addition to the Ethics Hotline at Alps Logistics, we have also set up an Ethics Hotline at each subsidiary in Japan and overseas. For overseas subsidiaries, we have informed employees that they can use the system in the event of any illegal activity by those in charge at their respective location.

We have also formulated Ethics Hotline regulations in line with the Whistleblower Protection Act. The hotline is operated by a full-time Audit and Supervisory Committee member, an outside Audit and Supervisory Committee member, and the head of the Internal Audit Department. In addition to ensuring whistleblower anonymity, we protect the whistleblower to ensure that they do not receive unfair treatment or disadvantages. In the event that confidentiality or prohibition of unfair treatment is violated, we will work to rectify any negative consequences experienced by the whistleblower, as well as take disciplinary action against the individual who violated the rules.

In line with internal rules, when internal reports are received via the Ethics Hotline, we conduct an investigation while paying careful attention to maintaining the confidentiality of the report and the anonymity of the whistleblower, and take the necessary action if the report is proven to be accurate. To date, we have used reports related to occupational health and safety and harassment to quickly correct any compliance violations and implement preventive measures.

We have provided details about the Ethics Hotline via Company newsletters, internal portal sites, posters and internal education programs.

Number of Inquiries and Reports to the Ethics Hotline (Alps Logistics Non-consolidated)

FY2018	FY2019	FY2020	FY2021	FY2022
8	4	1	14	15

Environmental Initiatives

Environmental Policy

Aiming to contribute to the development of society as an integrated logistics company, we will work to reduce any negative impact on the environment. We will also strive to protect the planet while maintaining harmony with nature.

Key Environmental Management Themes in Our Action Guidelines

Energy- and Resource-saving

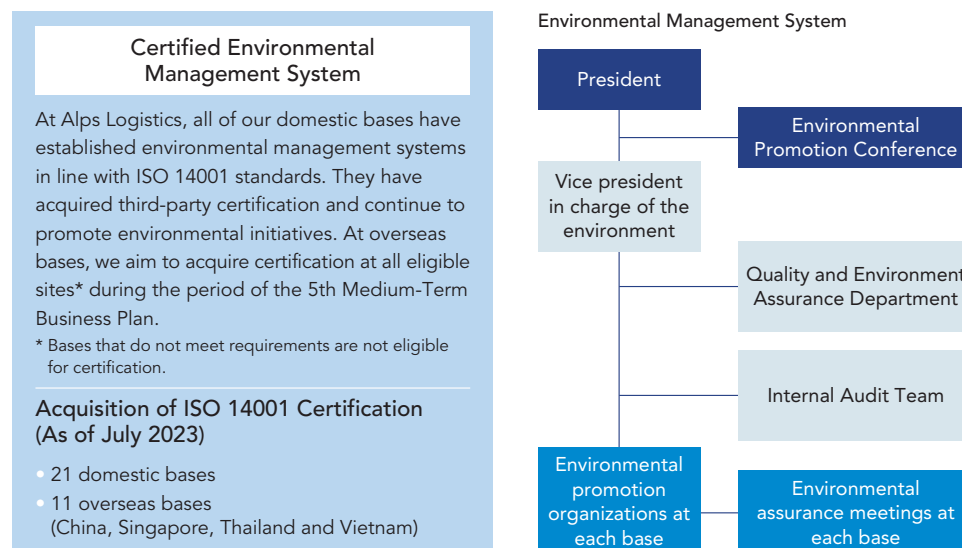
Reduction of Waste

Prevention of Pollution

Environmental Management System

In line with our Environmental Policy, we deploy an ISO 14001-certified environmental management system to reduce the environmental impact of our businesses and to promote environmental improvements through our business activities. Moreover, the Environmental Promotion Conference, led by the president and the vice president in charge of the environment and attended by the heads of domestic bases, meets twice a year to decide environmental management policies and measures, review progress and results of initiatives, and implement the PDCA cycle by incorporating their findings into future measures. The Quality and Environment Assurance Department functions as the administrative office for the Environmental Promotion Conference, and promotes environmental management through the planning and formulation of green logistics (environmentally friendly) projects.

Furthermore, the Environmental Working Group within the Sustainability Promotion Committee is in charge of addressing environmental issues and disclosing related information as part of efforts to contribute to society.



Environmental Initiatives for Employees

As part of our environmental management system, we provide both educational activities and incentive systems for our employees.

- Sharing of environmental targets with each business department through Environmental Promotion Conference meetings held twice a year
- Sharing of environmental targets and project plans with employees via email, and incorporation of environmental measures into individual work targets
- Introduction of environmental activities for the home through monthly communications (emails, posters, morning assemblies, etc.)

Environmental Compliance

To ensure thorough compliance with environmental laws and regulations, we communicate the latest information on domestic environmental laws and regulations and legal systems to employees via our in-house portal site. Moreover, we have legal compliance assessment supervisors at each business site. These supervisors regularly assess the status of compliance, and as of yet no environmental violations have been identified.

Quantitative Environmental Targets and Results

Based on our environmental management system, we implement a PDCA cycle that involves setting quantitative targets related to the reduction of our environmental impact, formulating plans to achieve those targets, monitoring the progress and results, and reflecting the findings into improvement plans for the next fiscal year.

Main Quantitative Targets and Results (Alps Logistics Non-consolidated)

Indicator (Emissions Intensity)		FY2021 Targets	FY2021 Results	FY2022 Targets	FY2022 Results	FY2023 Targets
CO ₂ emissions	(unit: t-CO ₂ /10,000 ton-kilometers) ¹	0.823	0.825	0.801	0.853	0.779
Electricity consumption	(unit: kWh/m ²) ²	3.194	3.190	3.125	2.948	3.056
Waste emissions	(unit: kg/m ²) ²	0.251	0.227	0.248	0.219	0.246

1. Fuel consumption is limited to shipping business vehicles

2. m² = warehouse area

Environmental Initiatives

Response to Climate Change (Disclosure Based on TCFD Recommendations)

At the Alps Logistics Group, we believe that addressing future uncertainties such as climate change is essential to ensuring the continuous improvement of our corporate value and to achieving a sustainable society, and are therefore engaged in Groupwide environmental initiatives. In September 2023, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In addition to further enhancing environmental initiatives, we promote information disclosure in line with TCFD recommendations.



Governance

We have established the Sustainability Promotion Committee under the direct control of the Board of Directors. The committee is responsible for making decisions on sustainability action plans, as well as discussing and reviewing major ESG issues, including those related to climate change. The vice president in charge of ESG serves as the chair of the Sustainability Promotion Committee, and meetings are held twice a year. Currently, the committee is made up of three working groups (environment, social and governance), but this composition will be revised, as appropriate, in line with internal and external environmental changes. Moreover, based on the action plans determined by the Sustainability Promotion Committee, each working group implements specific climate change initiatives, with matters referred to the Board of Directors depending on their level of importance. The major ESG issues discussed and reviewed by the committee, as well as the results of its activities, are reported to the Board twice a year.

Risk Management

The Corporate Planning Department and Human Resources and General Affairs Department are leading efforts to ascertain Groupwide risks and to build and operate a robust risk management system.

The Sustainability Promotion Committee, the Corporate Planning Department, and the Quality and Environment Assurance Department are responsible for identifying climate change risks and opportunities, and work with each business site and department to review and implement countermeasures to reduce said risks. In addition to managing the progress of these countermeasures, the three organizations provide reports and make suggestions to management.

Moreover, depending on the severity of the risk, the Sustainability Promotion Committee reports on the status of risk management to the Board of Directors. Through this system, the Board of Directors supervises the effectiveness of the risk management process to ensure Groupwide management of climate change risks.

Strategy

Identifying climate change risks and opportunities

We understand that climate change risks and opportunities can have an impact on our medium- to long-term business activities. To identify the risks and opportunities that have the potential to significantly impact the Group's financial position, we have put together two future scenarios—the below 1.5°C to 2°C scenario and the 4°C scenario—to assess the factors that could significantly impact our financial position amid changes in the external environment and under various conditions. We have assessed the climate change risks and opportunities for each business segment (electronic components logistics, material sales and consumer products logistics). In line with changes in the Group's external environment, we will continue to revise our assessments of major risks and opportunities as necessary and reflect our findings into new strategies.

Risk/ Opportunity	Category	Type of Risk/Opportunity	Emergence	Level of Impact	Measures to Reduce Risk/Seize Opportunity
Risk	Transition	(Policy/legal risk) Introduction of carbon tax	Medium term	Major	<ul style="list-style-type: none"> • Introduction of EVs in line with EV development • Transition to renewable energy • Improvement in vehicle efficiency through greater loading efficiency • Collection of information on developments related to EVs
		(Technology risk) Increase in costs due to shift to low-emission technologies	Long term	Moderate	
		(Reputation risk) Decline in reputation caused by insufficient climate change countermeasures and information disclosure	Medium term	Minor	
	Physical (acute risks)	Increase in costs to raise funds caused by decline in reputation			
		Intensification of abnormal weather including typhoons, torrential rain and lightning (river floods, landslides, etc.)	Medium term	Moderate	<ul style="list-style-type: none"> • Preparation of a system for establishing a crisis management headquarters • Preparation of detailed process for crisis management • Preparation of sandbags, adjustment of land elevation, use of raised flooring (1 meter above ground), and installation of rooftop cubicles as warehouse disaster countermeasures • Readying of detour routes to respond to disasters as necessary
	Physical (chronic risks)	Sea level rises (increase in costs related to countermeasures and insurance at bases in coastal areas)	Long term	Moderate	
Opportunities	Capital efficiency	Difficulty in acquiring personnel due to worsening working environments caused by rising temperatures	Long term	Minor	<ul style="list-style-type: none"> • Provision of adequate working environments through installation of air conditioning equipment
		Logistics optimization	Short to medium term	Major	<ul style="list-style-type: none"> • Consideration of promotion of modal shift in Japan (predominantly overseas to date) • Development of efficient transport network and improvement of loading efficiency (e.g., transport using pallets) • Collaboration with other companies through shared warehousing and consolidated collection/delivery, etc.
		Reuse and recycle	Short to medium term	Moderate	
		Operational process reforms and optimization (DX, etc.)	Short to medium term	Major	<ul style="list-style-type: none"> • Reduction in waste through effective use of resources and recycling • More efficient warehouse management and delivery through expansion of shared warehousing and consolidated collection/delivery through electronic components logistics platforms • Improvement in loading efficiency through package design changes • Introduction of labor- and energy-saving material handling equipment • Reduction of travel distance and improvement in fuel efficiency through AI-based optimization of delivery routes
	Energy sources	Reduction in electricity consumption and costs through introduction of high-efficiency equipment	Medium term	Moderate	
		Use of even lower emission energy sources	Medium term	Moderate	<ul style="list-style-type: none"> • Promotion of installation of solar power generation equipment on warehouse roofs • Shift to LEDs
		Use of new technologies	Short to medium term	Moderate	
	Products and services	Entry into carbon market	Short to medium term	Moderate	<ul style="list-style-type: none"> • Introduction of renewable energy through installation of solar power generation equipment, etc. • Use of large motorized racks • Introduction of EVs in line with EV development • Improvement in reputation among investors due to carbon offsetting schemes and other overall CO₂ reductions • Shared warehousing and consolidated collection/delivery • Improvement in loading efficiency • Labor and energy-saving material handling equipment • Consideration of modal shift in mainly long-distance, high-frequency domestic chartering services • Modal shift in import/export operations
		Profit opportunities ahead of a low-carbon society	Short to medium term	Major	
	Resilience	Stabilization of businesses through enhanced disaster preparedness measures	Medium term	Moderate	<ul style="list-style-type: none"> • Disaster preparedness measures including the preparation of sandbags, adjustment of land elevation, use of raised flooring, installation of rooftop cubicles, etc. • Readying of detour routes and diversification of transport and delivery methods • Planned suspension of services (with prior notice) for forecastable natural disasters (typhoons, heavy snow), and implementation of BCPs at each base
		Reduction of fuel costs through energy-efficient measures	Medium term	Moderate	
		Reduction of power procurement costs through use of alternative fuel sources and fuel diversification	Medium term	Moderate	<ul style="list-style-type: none"> • Setting of optimal transport routes • Improvement of loading efficiency per truck • Introduction of renewable energy through installation of solar power generation equipment, etc.

Short term: Within 3 years; Medium term: 3–10 years; Long term: 10–30 years

Minor: Less than ¥100 million; Moderate: ¥100–¥500 million; Major: More than ¥500 million

Environmental Initiatives

Scenario analysis assumptions

In our scenario analyses, we referred to multiple existing scenarios (1.5°C–2°C scenario and 4°C scenario) published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

- In a world in which temperatures have risen 1.5°C to 2°C compared with pre-industrial levels, we anticipate the implementation of stronger regulations to reduce GHG emissions, that the shift to decarbonization will have an impact on our business, and that there will be greater transition risks.
- In a world in which temperatures have risen 4°C compared with pre-industrial levels, we anticipate that physical risks, the level of which will far exceed regulatory and other transition risks, will grow significantly in line with abnormal weather events.

Impact of risks and opportunities on our businesses, strategies and financial plans

Assuming the 1.5°C to 2°C and 4°C scenarios, we have analyzed the risks and opportunities that could have a significant financial impact on our main businesses, and examined measures to reduce risks and seize opportunities.

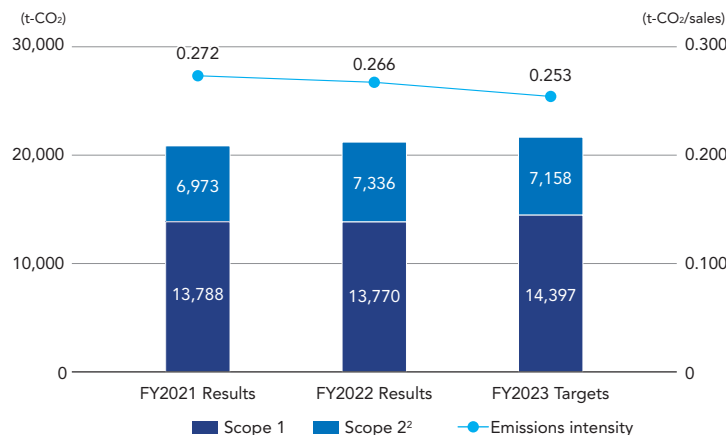
Strategies for risks and opportunities (transition plans) and resilience

We have identified the climate change risks and opportunities that could impact the Group's businesses through scenario analyses and will implement appropriate measures in response. In the future, we will reflect our findings into medium- to long-term management strategies to enhance the Group's resilience.

Indicators and Targets

One of our material issues is to reduce environmental impact through our business activities. To do so, we have positioned CO₂ emissions from shipping business vehicles (Scope 1) and CO₂ emissions¹ from electricity consumption (Scope 2) as important indicators and are working to reduce emissions. Results and targets are presented below. Although total emissions increased by approximately 1.7% in FY2022 compared with the previous year due to higher logistics capacity, emissions intensity is steadily decreasing.

We are moving forward with preparations for the disclosure of Scope 3 emissions in FY2024.

CO₂ Emissions (Scope 1 and 2; Alps Logistics Non-consolidated and Ryutsu Service)

1. Excluding consumption of electricity from solar power generation
2. Market standard

Initiatives to Reduce Environmental Impact

Energy- and Resource-saving

At the Alps Logistics Group, we are working to reduce our electricity consumption through various means, including the shift to LEDs for warehousing lighting. In FY2022, we transitioned to LED lighting at approximately 80% of Alps Logistics' (non-consolidated) bases. Moreover, for the first time at a domestic base, we installed large-scale solar power generation equipment on the roof of a warehouse (at the Yokohama Branch).

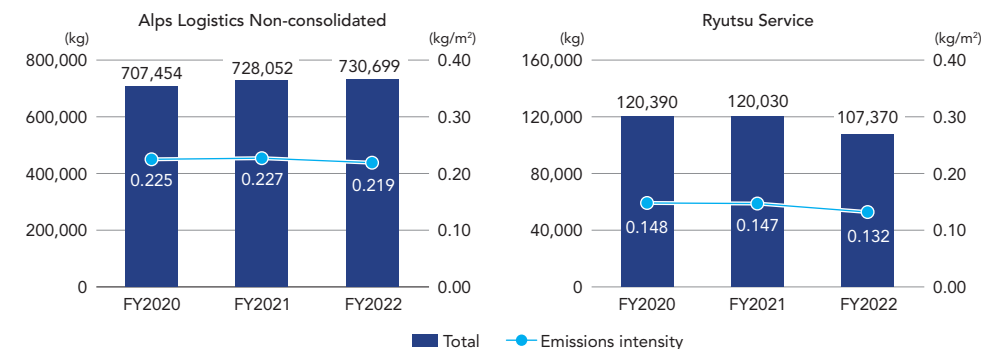
Going forward, we will equip new warehouses with solar power generation equipment for on-site use as standard, and aim to reduce CO₂ emissions through the use of renewable energy.

Reduction of Waste

As a way to reduce packaging materials and generation of waste, we are engaging in dialogue with customers about the use of returnable boxes. Although the plastic film used in transporting cargo is essential for both protecting the cargo and preventing its collapse, we are reviewing our wrapping methods to reduce how much we use and further promoting efforts to recycle. In response to requests from certain customers, we are using lashing belts in place of plastic film.

Moreover, in addition to promoting the move away from paper documents to digital documentation, we are reducing paper waste by shifting to digital packaging and delivery notes through electronic data interchange between our systems and those of customers.

Waste Emissions (Results)



Prevention of Pollution

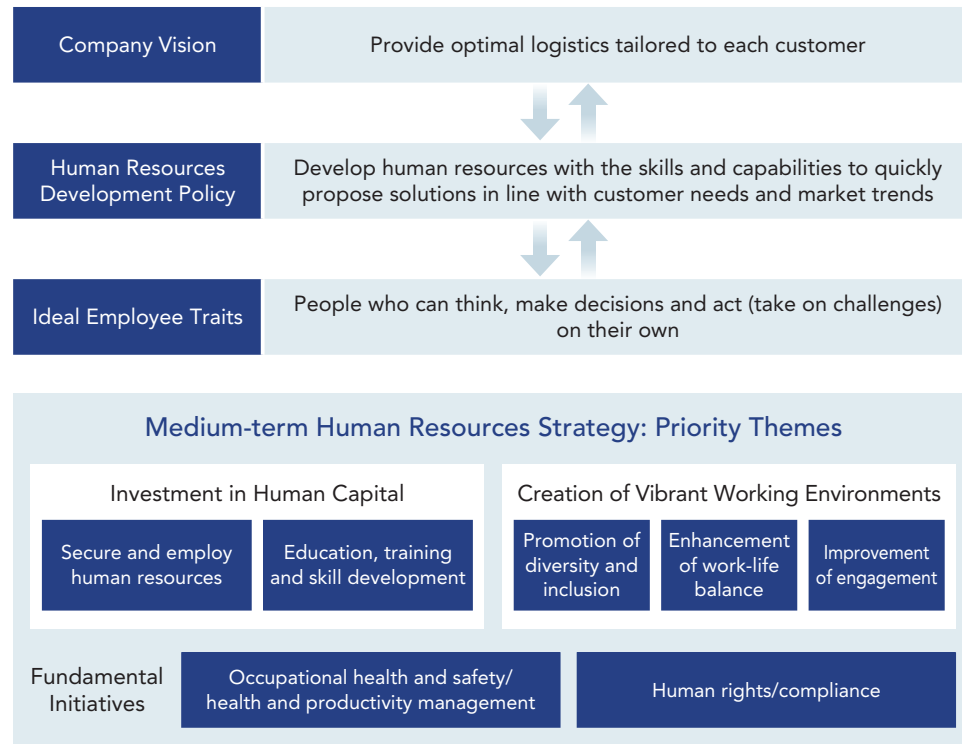
As a logistics group, we have a major responsibility to reduce the emissions of carbon dioxide and atmospheric pollutants such as nitrogen oxides and particulate matter. As such, we promote eco-friendly driving by thoroughly managing travel distance and fuel efficiency, avoiding sudden acceleration, and turning off engines when stopped.

Moreover, we encourage the use of hybrid vehicles when replacing private and business vehicles, and in FY2022 we introduced two two-ton hybrid trucks into our fleet.



Human Resources Strategies (Basic Approach)

Based on our Corporate Philosophy—We contribute to the enrichment of society by developing optimal logistics solutions for *monozukuri*—we are working to provide optimal logistics tailored to each customer. To do so, we aim to develop human resources with the skills and capabilities to quickly propose solutions in line with customer needs and market trends. Ultimately, it is people who are responsible for the comprehensive Global One Channel Service, which links the warehousing, transport, import/export, packaging design, and product sales functions required for optimal logistics services. To promote the growth of our people, we will create systems and environments that provide opportunities and platforms for them to excel.



The themes of our Medium-term Human Resources Strategy are “investment in human capital” and “creation of vibrant working environments.” By promoting human resources strategies that are linked to management strategies, we will develop people who can think, make decisions and act on their own during a time of drastic change in the business environment. Furthermore, in supporting each employee’s career development and facilitating diverse workstyles, we will promote the creation of professionals who can act on their own and adapt to change, and create environments based on mutual respect and support. Moreover, to maximize the value of human resources, we will strive to improve employee satisfaction levels and reinvigorate our organizations, thereby ensuring the sustainable growth and improved value of the Alps Logistics Group.

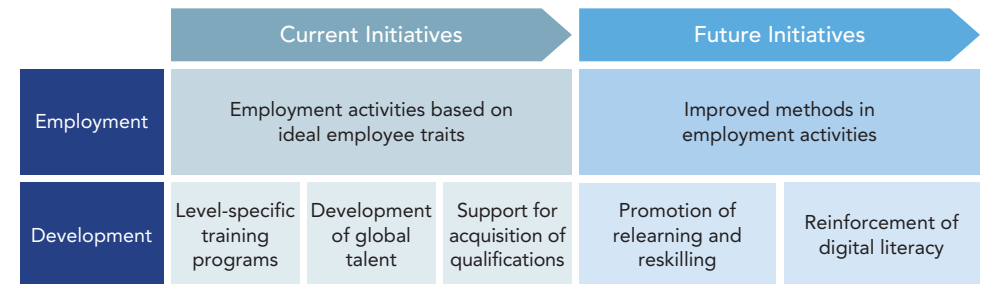
Investment in Human Capital

Policies on Securing, Employing and Developing Human Resources

To provide optimal logistics tailored to each customer, our ideal employee will have the ability to think, make decisions and act on their own. Our policy is to actively promote the hiring of diverse people to ensure we have a wide range of energetic employees who can take action.

In terms of human resources development, our policy is to develop people with the skills and capabilities to quickly propose solutions in line with customer needs and market trends. To enable us to solve the logistics challenges our customers face, we develop human resources with rich expertise and broad perspectives who can think, make decisions and act on their own in various situations and propose the ideal solutions.

Challenges and Initiatives Related to Securing and Developing Human Resources



The promotion of automation and labor-saving measures in the logistics industry is accelerating, but we believe that in the future, people will continue to be at the center of logistics. We also recognize that with the impact of declining birthrates, the shortage of human resources will be a fundamental industry problem. Our approach to securing and developing human resources is not to rely solely on hiring activities, but to reinforce existing employees’ skills and qualities to boost productivity and increase added value. In anticipation of further business growth and the expansion of our business domains, it will also be important to upskill our workforce in line with technological changes.

To tackle these challenges, we will promote diverse workstyles, and aim to become a Group in which people of diverse backgrounds can come together and demonstrate their capabilities.

Investment in Human Capital

Educational Systems for the Development of Logistics Professionals

For a Group like us that combines multiple logistics services to optimize supply chains, the development of logistics professionals is key. As such, we have continued to evolve our in-house training programs so that they are compatible with changing times and business environments.

For approximately five months after joining Alps Logistics (non-consolidated), new employees who are expected to work as generalists learn the fundamentals of integrated logistics by training in each of the transport, warehousing, and import/export cargo handling departments. They also learn the basics of how to develop our ACCS warehouse management system, one of our core strengths, creating a foundation for their work on the warehousing frontlines. Moreover, to ensure they can offer proposals from the customer's perspective, we also incorporate month-long training programs at a Group company that handles electronic components. Mid-career hires, such as those in sales and management positions, also gain experience in multiple departments to learn about the frontlines of logistics and gain knowledge that will benefit them in the future.

We have also developed and offer three participatory-style follow-up training programs: (1) level-specific training (compulsory and recommended); (2) selective training, and (3) optional training. We support the active participation of employees in the training programs.

Educational System Overview (Alps Logistics Non-consolidated)

	Level-specific					Selective	Optional				
	Recommended			Compulsory							
Senior manager	Executive management training			Management seminars							
	Senior manager training										
General manager/ section manager	Advanced management training				Section manager training I	Mental healthcare training					
	Advanced AGC ⁴				New section manager training						
Assistant manager	HA training ¹		Intermediate management training			Overseas trainee					AGC ⁴
	Assessor training										
	Assistant manager leadership development training										
Chief/ team leader	Basic management training		ONO instructor training ²	Female leadership training	Female leadership follow-up training	5 why analysis training		New compulsory problem-solving course	Packaging specialist challenge	Customs brokerage specialist challenge	TOIEC challenge
Junior employee	Coaching training					ASP ³					
						New graduate third-year training					
			New employee training								

1. Human assessment (HA) training

2. One-on-one (ONO) instructor training

3. Alps Skill Up Program (ASP)

4. Alps Global Candidate (AGC)

Note: Certain requirements must be met for some training programs

In terms of technological training, we offer employees both on-the-job and off-the-job training in each business, providing systematic development programs to develop logistics professionals. Furthermore, based on our employee role/grade system, we use "skill maps" that bring together the required capabilities, expertise and experience for each role and grade in our development programs.

In the warehousing business, in addition to level-specific training for our ACCS warehouse management system, we also offer basic industrial engineering (IE) analysis training to establish the total industrial engineering (TIE) approach. For employees in leadership positions, we offer IE analysis engineer development training to ensure they can implement TIE improvements in their workplaces. In FY2023, we aim to increase the number of IE analysis engineers by around 20%.

In transport, import/export cargo handling and packaging, we also provide level-specific training programs to develop professionals in each field.

Development of Global Talent

In line with the increasing globalization of our networks and accelerating change in our business environment, we have created human resources development systems through which we aim to nurture people with a global perspective who can think and act on their own, and bring in those around them to create new value.

Specifically, for junior and mid-level employees we offer the Alps Global Candidate (AGC) program. This program takes a multi-angled approach to equip employees with the mindset required for working overseas as well as fundamental and specialist skills that can also be used in Japan. We also offer overseas business experience programs, an overseas trainee system to improve understanding of local languages, cultures and customs, and an advanced AGC program to develop managers of overseas sites. Recent junior and mid-level employees who have gone on to work overseas have all participated in the AGC program.

Message from an Employee



Yukimi Nagatomo

Sales Promotion
Department 2

With a desire to become a businessperson with an international perspective and the ability to act accordingly, I worked in Shanghai, China, as an overseas trainee for one year from July 2019. I was mainly involved in improvement activities for local warehouses, but there were many difficulties, including clashes with the local employees and things not going as planned. From this experience I learned first-hand that rather than forcing something, it's important to listen to other people's opinions and understand the situation before making adjustments. Today, I work in import/export sales, and the experience I gained in China is helping me connect customers with import/export cargo handling departments. In the future, I would love to work in warehouse operations in a Chinese-speaking region again.

Investment in Education

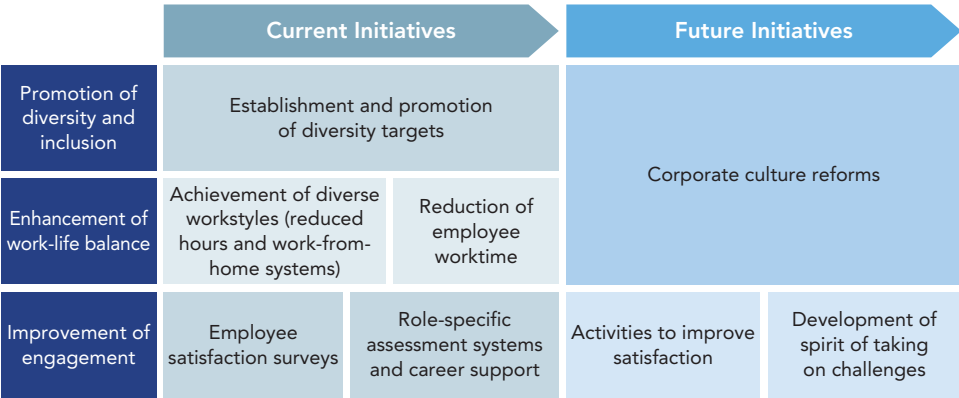
At Alps Logistics, human resources departments and business departments work together to implement educational measures, and we have set investment in education as a KPI in line with the Ministry of Health, Labour and Welfare's *Basic Survey of Human Resources Development*. In FY2022, we invested ¥24,000 in education per employee. We plan to continue monitoring the situation and to increase investment as necessary.

Creation of Vibrant Working Environments

Policy on the Creation of Workplace Environments

Based on our policy of hiring people of different nationalities, ethnicities, ages, genders, ways of thinking and beliefs, we work to effectively deploy human resources and create workplaces where people with diverse values can maximize their capabilities. By creating comfortable workplace environments, we aim to improve employee engagement and reinvigorate our organizations.

Challenges and Initiatives in the Creation of Workplace Environments



Although we currently have institutional frameworks in place, we have started working to improve employee satisfaction as we believe it is important to enhance employee engagement in order for these frameworks and initiatives to function effectively and in turn drive sustainable corporate growth. Moreover, in line with employees’ increasingly diverse career ambitions and lifestyles, we are enhancing measures to support their desire to learn and voluntarily take on new challenges. We have also set up the Corporate Culture Reform Promotion Committee to create a new corporate culture more suited to the times, and are implementing relevant measures.

Diversity and Inclusion

At Alps Logistics, we aim to hire people of different nationalities, ethnicities, ages, genders, ways of thinking and beliefs. Based on this policy, we are working to effectively deploy human resources and create workplaces where they can maximize their capabilities in each region where we operate. We will also work to realize our Corporate Philosophy by using the diverse values, career histories, and workstyles of our employees to expand our range of services.

In achieving workforce diversity, we recognize the need to increase the percentage of women in management positions both at Alps Logistics and at major subsidiaries. To promote the appointment of women to management positions, it is first important to increase the number of women in positions just below management, and are therefore enhancing the following measures.

We view the enhancement of work-life balance as a key challenge. In addition to improving systems to ensure comfortable workplaces for employees of all genders, we are working to create a corporate culture that is accepting of diverse values. In doing so, we will create workplace environments where employees can continue to make full use of their capabilities.

For women in non-management leadership positions, we offer a female leadership training course. We follow-up with participants one year later as opportunity for them to think about their career path.

(Female leadership training: Began in 2016; Cumulative total of 63 participants)

(Female leadership follow-up training: Began in 2017; Cumulative total of 58 participants)

Percentage of Women in Management Positions (Alps Logistics Non-consolidated)

	Scope	FY2022 Results	FY2023 Target	FY2024 Target
Percentage of women in management positions (General manager)	Full-time employees	1.4%	3.1%	4.7%
Percentage of women in management positions (Assistant manager)	Full-time employees	10.8%	12.0%	17.0%

Message from an Employee



Aoi Namiki
Osaka Branch

I took part in the female leadership training in March 2022, and then the follow-up training in December. I was a team leader prior to the training program, but I had lost confidence as I wasn’t sure what was required of me. However, in addition to learning what actions I should take as a leader, the training provided me with a valuable opportunity to reflect on the past. Moreover, during the follow-up training, I was able to exchange opinions with more senior employees and receive advice. This helped reaffirm my commitment to being a leader. I aspire to be like a certain female senior employee who can examine matters in a comprehensive manner and take quick, decisive action. I still have a way to go, but I hope to someday match their leadership styles.

At Alps Logistics, many mid-career hires play active roles. While continuing to proactively hire mid-career employees, regardless of the route they took to join the Company or when they were hired, we will provide them with ways to utilize their accumulated experience and maximize their career opportunities.

In terms of inclusion, we are working with public authorities at multiple domestic sites to increase our employment of people with disabilities.

Creation of Vibrant Working Environments

Promoting Work-life Balance

In line with employees' career ambitions and lifestyles, we have introduced course-specific human resources systems through which employees can choose their own work locations: The global course for employees seeking to work on the global stage; the national course for domestic careers; and the area course where there are no transfers require relocating. We also established a system in which employees from any of the above courses can go on to become managers.

In addition, we help employees achieve a balance between work and childcare/nursing care through statutory leave systems and reduced-hour systems, with the aim of preventing employees from leaving due to such commitments. We have also introduced work-from-home systems for back-office operations and certain other departments to enable flexible ways of working in line with individual employee circumstances. We are also encouraging men to take childcare leave to support work-life balance for all employees. We host briefings for eligible employees, and 22.2% of eligible male employees took childcare leave in FY2022.

Message from an Employee



Junsuke Kitai
Information Systems
Department

I took three weeks of childcare leave after my wife gave birth in March 2023, and plan to take another three months from September.

I am team leader for supporting the introduction of ACCS warehouse management systems overseas. With the help of my colleagues, I was able to work with domestic team leaders to ensure that my leave did not interfere with management operations. Moreover, for several months before I took leave, I worked with overseas sites to make the necessary adjustments, and was able to take time off work as planned. Childcare leave taught me the importance of sharing tasks among the team on a regular basis. As a result, we were able to manualize operations, increase the time we had as a team, and prevent dependence on certain individuals for certain tasks.

Reducing Employee Worktime

As one part of our work style reforms, since 2016 we have been working to cut employee worktime by reducing overtime and improving the annual leave utilization rate. In April 2019, we reduced the upper limit for extended working hours from 100 hours a month—as per Agreement 36 of the Act on the Arrangement of Related Acts to Promote Work Style Reform—to 80 hours a month. We are also proactively encouraging the utilization of annual leave for every position, setting a target rate of 70%. We are also working to optimize workforce sizes for departments where there are consecutive months of significant overtime hours.

Ahead of the so-called 2024 Problem, the year when regulations on driver overtime hours will be enforced, we have set our own management standards for working hours. This includes resetting routes and reducing ancillary work. As a result, we have reduced working hours to below the existing upper limit.

(Alps Logistics Non-consolidated)

	FY2022 Results	FY2024 Targets
Total working hours (Full-time employees, excl. management)	2,077 hours	2,042 hours

Improving Employee Engagement

Employee Satisfaction Surveys

To improve employee engagement, we have implemented Companywide employee satisfaction surveys annually since FY2021. In the first year, based on the survey results from Alps Logistics and each business site, labor and management exchanged opinions on implementing specific improvement measures. In FY2022, through a survey of the previous year's initiatives, we examined the level to which satisfaction had increased, as well as future courses of action. As in the previous year, labor and management exchanged opinions and we are now implementing specific improvement measures. In FY2023, in addition to ensuring that these improvement measures take root, we will review the system for conducting regular surveys in the future and further promote efforts to improve employee engagement.

We also conduct employee satisfaction surveys at overseas sites. In FY2022, seven business sites in China, South Korea and Germany conducted surveys. We will continue to do so in FY2023, and plan to extend the surveys to other sites in ASEAN and China.

Employee Data (Alps Logistics Non-consolidated)

	Scope	Unit	FY2020 Results	FY2021 Results	FY2022 Results
Total no. of employees	All employees	People	1,708	1,696	1,728
Male	All employees	People	840	833	847
Female	All employees	People	868	863	881
Percentage of women in management positions (General manager)	Full time	%	1.5	1.6	1.4
Percentage of women in management positions (Assistant manager)	Full time	%	3.7	5.4	10.8
Employment rate of people with disabilities	All employees	%	2.25	2.36	2.87
Reemployment rate of retirees	Full time	%	100	100	100
Employment rate of mid-career employees ¹	Full time	%	26.2	30.8	50.0
Childcare leave utilization rate (Male)	All employees	%	0.0	5.6	22.2
Childcare leave utilization rate (Female)	All employees	%	75.0	76.5	95.5
Rate of return from childcare leave	All employees	%	100	100	100
No. of employees taking nursing care leave	All employees	People	0	0	3
Gender pay gap	All employees	%	—	58.2	57.4
Total working hours	Full time ²	Hours	2,045	2,088	2,077
Annual leave utilization rate ³	All employees	%	78.7	89.2	—
Turnover rate	Full time	%	4.4	4.9	5.3

1. Annual percentage of mid-career hires among annual new employees

2. Excluding management

3. The period for annual paid leave is between October 1 and September 30 of the following year

Occupational Health and Safety

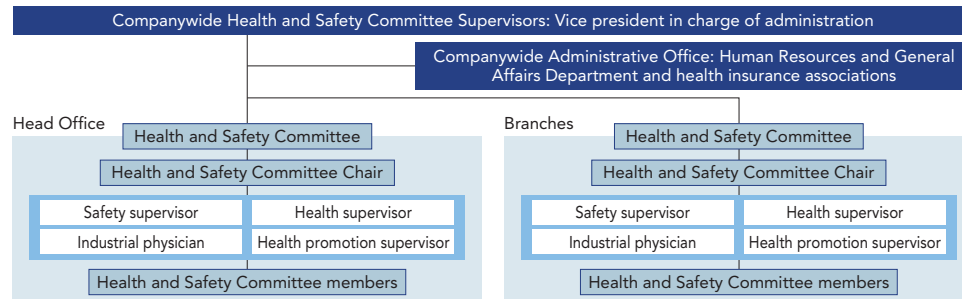
Basic Policy

Positioning health and safety as one of the most important priorities in our business activities, we are working to ensure the health and safety of all our employees. To improve health and safety standards, we ensure strict compliance with occupational health and safety laws and regulations, related policies and our own in-house rules.

Occupational Health and Safety Promotion System

At Alps Logistics, we have set up the Companywide Health and Safety Committee under the supervision of the vice president in charge of administration, with the Human Resources and General Affairs Department serving as the administrative office. Working alongside the health and safety committees at domestic bases, the Companywide Health and Safety Committee promotes various activities related to occupational health and safety. The committee also provides monthly reports to the Board of Directors regarding the occurrence and status of any health and safety-related incidents.

Ryutsu Service and our overseas bases have also established safety management systems and are promoting relevant activities.



Measures and Initiatives for the Prevention of Occupational Accidents

Although the frequency rate of occupational accidents at Alps Logistics (non-consolidated) continues to be lower than the average in the transport and postal service industries, every year we hold a safety reinforcement campaign between April and July, a period when there are many new hires and redeployments, to further minimize the occurrence of accidents. Led by the Health and Safety Committee, we promote the following measures to prevent occupational accidents, with a particular focus on accidents where there is a risk of recurrence. At Ryutsu Service, we ensure thorough operation of the Shipping Safety Management System, and make ongoing improvements and enhancements through the work of safety supervisors.

Occupational accident prevention measures

- Implementation of occupational safety risk assessments through workplace patrols
- Production of in-house videos recreating real-life occupational accidents, and showing the videos at workplaces to reduce risk of recurrence
- Distribution of health and safety handbooks to newly assigned employees, and provision of education
- Promotion of prevention measures through communication of near-miss examples
- Regular confirmation of compliance with safety laws and regulations, and implementation of corrective and preventative measures when violations are discovered

Initiatives to Improve Safety Knowledge and Skills

Led by the Transport Management Department at the head office, we are working to improve driving skills and inspection techniques, and enhance awareness and knowledge of the importance of safe driving techniques through education, training, and internal and external study groups.

• Acquisition of Excellence in Safe Driving Certification

We are proactively working to acquire Excellence in Safe Driving (G Mark) Certification, which is awarded to offices with safe shipping operations. Ten of our 11 branches engaged in the transport business using company trucks continue to be recognized with the Safe Driving Certification. At our Seto Branch, which began transport operations in March 2022, we aim to acquire certification in 2025 after meeting the necessary criteria.



• Hosting of the Forklift Skills Dojo

To maintain high safety standards, we require forklift operators to acquire a special in-house license. Forklift operators can acquire this license after completing classroom-based and practical training at the Forklift Skills Dojo. The license must be renewed every three years. Through this system, we aim to maintain and improve the effectiveness of our safety education. As of July 2023, approximately 430 employees at Alps Logistics and 730 employees at our partner companies hold this license.



• Enhancement of Relationships with Partner Companies

At Alps Logistics, much of our transport network is covered by vehicles from partner companies, so we are working with these partner companies to promote safe driving. Every month we hold shipping meetings at each branch, sharing information on monthly cargo trends and distribution issues and promoting the horizontal deployment of accident prevention measures.

Health and Safety Data (Alps Logistics Non-consolidated; All Employees)

	FY2020 Results	FY2021 Results	FY2022 Results	FY2022 Transport and Postal Service Industry Average ¹
Frequency rate of occupational accidents	2.1	1.2	2.3	4.06
Severity rate of occupational accidents	0.08	0.04	0.02	0.21
No. of occupational accidents	10	7	12	—
No. of traffic accidents ²	0	0	0	—

1. Source: 2022 Survey on Industrial Accidents, Ministry of Health, Labour and Welfare of Japan

2. As per Article 2 of the Vehicle Accident Reporting Rules

Health and Productivity Management

Basic Approach

At Alps Logistics, we see the management of employee health and productivity as a key challenge. We are therefore promoting various health and productivity management activities, and working to improve implementation rates of regular health and stress checks among all employees in Japan as well as the follow-up health guidance. In October 2021, we formulated our Health Management Declaration.

Health Management Declaration

We consider the health of our employees to be an important management resource. Through proactive support for helping maintain and improve the health of our employees and their families, and systematic health promotion activities, we aim to become a company where employees can work with energy and enthusiasm.

Measures and Initiatives for Health and Productivity Management

Physical Health

Initiatives	Overview
Walking events	As one way to improve employee health and encourage habitual exercise, we hold employee walking events twice a year. In FY2022, 341 employees participated in May and 412 in November.
Reducing passive smoking	To minimize risks associated with passive smoking, we have moved our smoking areas outdoors and provide financial support for smoking cessation services.
Infection prevention measures	To prevent the spread of infections, we take measures that include ventilating workspaces; encouraging employees to avoid closed spaces, crowded places and close contact; and regularly monitoring employee health through temperature checks.

Mental Health

Initiatives	Overview
Employee Assistance Programs (EAPs)	We provide opportunities for employees to speak with counselors to address mental health issues or deal with fatigue as well as to find ways to improve their communication with colleagues and senior managers.
Implementation and use of stress checks	Based on the results of statutory stress checks, we provide follow-up support to help employees notice signs of stress, encourage participation in EAPs and promote awareness and self-care. In 2022, 1,422 of 1,715 eligible employees underwent stress checks for an examination rate of 84%.

Recognition as a Certified Health & Productivity Management Outstanding Organization

In March 2023, we were recognized as a Certified Health & Productivity Management Outstanding Organization (large enterprise category) under a program by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



Human Rights Policy

Basic Approach

At Alps Logistics, we recognize that respect for human rights is a universal value, and that our business activities have the potential to impact human rights. In the Alps Logistics Code of Ethics, which is based on international guidelines such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, we clarify the conduct required of employees in order to fulfil our responsibility to respect human rights.

We protect the basic rights of all our employees, and do not discriminate based on factors such as race, gender, age, nationality, way of thinking or beliefs. We also reject all forms of forced labor, child labor and harassment.

In Japan and other countries in which we conduct business, we strive to create environments in which employees can work in a healthy and fulfilling manner and ensure they have opportunities for growth.



Alps Logistics Code of Ethics

https://www.alps-logistics.com/en/sustainability/data/ethical_code230701_e.pdf

Initiatives to Promote and Establish Respect for Human Rights

Every year we provide all employees with an education program on the Alps Logistics Code of Ethics, and in FY2022 we achieved a 100% participation rate (Alps Logistics non-consolidated; excl. employees on leave).

In FY2023, we will continue working to promote and establish respect for human rights through a range of initiatives, including the identification of potential human rights risks.

System for Voicing Concerns

At Alps Logistics, we have set up an Ethics Hotline in Japan and overseas. The hotline is independent from business execution departments and is a way for employees to voice concerns or report on human rights issues. While ensuring whistleblower anonymity, we engage in thorough investigations, and provide help and take action as necessary.

▶ Page 29: Compliance

Addressing Human Rights Issues in the Supply Chain

We understand that respect for human rights is also an important issue throughout the supply chain. We have clarified our human rights guidelines within the Alps Logistics Group Partner Company Action Guidelines. We ensure thorough compliance with these guidelines among our partners, and utilize self-assessments to check the status of compliance.



Alps Logistics Group Partner Company Action Guidelines

https://www.alps-logistics.com/en/sustainability/data/conduct_guidelines220701_e.pdf

Initiatives to Improve Quality

Quality Policy

We strive to provide highly satisfactory, optimal logistics services with real value.

At Alps Logistics, quality is at the center of our value proposition and essential to offering a highly precise and flexible customer response as well as expeditious service. Utilizing the valuable expertise we have accumulated to date, we are working to ensure quality through our information systems and operational capabilities.

In ensuring that each employee acts in line with our quality policy and by actively reinforcing quality systems, we work to provide impressive quality that earns the trust of customers.

Quality Management System

Based on ISO 9001 quality management system standards, we have clarified the necessary processes and the required roles/responsibilities of each organization, and continue working to improve efficiency. In addition, the Quality Promotion Conference, led by the president and the vice president in charge of quality and attended by the heads of domestic bases, meets twice a year to decide quality-related policies and measures, review progress and results of initiatives, and implement the PDCA cycle by incorporating their findings into future measures. The Quality and Environment Assurance Department functions as the administrative office for the Quality Promotion Conference, and works with quality supervisors to investigate the root causes of quality issues, establish recurrence prevention measures, and make ongoing quality improvements. We also aim for thorough quality management by ensuring that customer requests are incorporated into all processes related to quality.

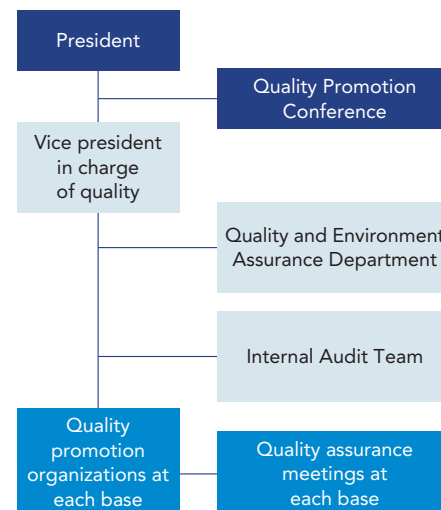
Certified Quality Management System

At Alps Logistics, all of our domestic bases have acquired ISO 9001 certification, and we are working to maintain and improve quality. We are also building quality control systems at overseas bases, and working to acquire certification in order to maintain the same level of quality as in Japan.

Acquisition of ISO 9001 Certification (As of July 2023)

- 25 domestic bases
- 27 overseas bases (China, Hong Kong, Taiwan, South Korea, Thailand, Malaysia, Singapore, Vietnam, the US, Mexico and Germany)

Quality Management System



Quality Management

Through the following initiatives, we ensure total process management to maintain high logistics quality.

- (1) Optimal process management using quality management systems

The Quality and Environment Assurance Department regularly checks whether or not operational processes are in line with quality management system standards.

- (2) Quick response in the event of a quality issue

In the event that a quality issue emerges, the base where the issue occurred immediately shares the information in-house to bring attention to the issue. This also helps to prevent the emergence of similar issues. Within a week, we aim to verify the facts, analyze the cause and take corrective and preventive action. Within a month, we check on the effectiveness of these corrective/preventive measures and work to prevent recurrence.

Improving Quality Awareness

In order to maintain and enhance our high service quality, it is essential that we raise awareness of the importance of quality among employees. We are therefore implementing the following initiatives.

- (1) Implementation of quality management education for new employees (Japan)
- (2) Implementation of 5 why analysis training for employees in leadership positions (Japan)
- (3) Improvement of quality awareness through quality improvement activities
- (4) Implementation of regular quality meetings with partner companies (Japan)
- (5) Regular distribution of in-house *Quality Newsletters* to raise awareness of quality issues (Japan and overseas)



Business Partnerships

Basic Approach

At the Alps Logistics Group, we interact with our partner companies (suppliers) in a fair and equal manner and strive to build strong cooperative relationships based on mutual trust and sincerity. Moreover, by engaging in environmental and social activities together with partner companies, we aim to achieve sustainable growth and create a sustainable society. To do so, we have formulated the Alps Logistics Group Responsible Procurement Policy and the Alps Logistics Group Partner Company Action Guidelines.

Alps Logistics Responsible Procurement Policy

We have established a Responsible Procurement Policy to ensure responsible, sustainable procurement activities.

1. Legal Compliance, Openness and Fairness	In conducting transactions with partner companies, we will ensure strict compliance with the laws and regulations of the relevant country, as well as respect for local business practices. When selecting business partners, we will conduct fair comparisons and assessments of quality, delivery times and costs, and choose the best partner from a global perspective.
2. Human Rights and Work Environments	We will ensure respect for human rights across the entire supply chain in line with international standards for human rights. Furthermore, we will work with partner companies to provide appropriate work environments.
3. Safety Assurance	We always strive to put safety first and work to ensure safety. Together with partner companies, we are committed to the promotion of road traffic safety and the creation of a safe work environment.
4. Environmental Responsibility	We will promote procurement that contributes to the reduction of energy consumption and greenhouse gas emissions. Furthermore, we will promote environmental management and reduction of environmental impact with partner companies.
5. Partnership	Based on mutual relationships of trust with partner companies, we will strive to achieve “win-win” relationships.

Alps Logistics Group Partner Company Action Guidelines

The Alps Logistics Group Partner Company Action Guidelines clarify the minimum standards that we expect our partner companies to respect and comply with when conducting business. We ask that they understand and cooperate with the following.

Alps Logistics Group Partner Company Action Guidelines (Main Points)

- | | |
|--------------------------------------------------------------|---------------------------------------|
| 1. Respect for Laws and Internationally Recognized Standards | 5. The Environment |
| 2. Fair Trade and Ethics | 6. Information Security |
| 3. Human Rights and Labor | 7. Business Continuity |
| 4. Safety and Security | 8. Contributions to Local Communities |



Alps Logistics Group Partner Company Action Guidelines

https://www.alps-logistics.com/en/sustainability/data/conduct_guidelines220701_e.pdf

Joint Initiatives with Suppliers

At Alps Logistics, much of our transport network is covered by vehicles from partner companies. In addition to monthly shipping meetings, which aim to promote safe driving techniques and eliminate quality-related issues, we also hold annual workshops where all our partner companies come together in one location.



Future Issues and Plans

Since formulating the Alps Logistics Responsible Procurement Policy and the Alps Logistics Partner Company Action Guidelines in July 2022, we have sought the cooperation of our suppliers in writing and through business policy briefings. In February 2023, we asked three of our main suppliers to conduct self-assessments, and through the results we were able to confirm their compliance with our guidelines. After again requesting thorough compliance at a business policy briefing in July 2023, we asked for cooperation with self-assessments at approximately 40 participating companies. Going forward, we will continue to engage in dialogue with partner companies and offer support in the event of any issues.

Our Contributions to Local Communities

Basic Approach

At the Alps Logistics Group, our businesses are built upon social infrastructure and closely linked to local communities. As such, our Corporate Philosophy declares our ambition to “contribute to the enrichment of society.” As a good corporate citizen, we will work with external organizations to address social challenges and play our part in creating an even better world.

Initiatives

Promoting Employee-led Regional Contribution Activities

In December 2022, we established a system for gathering ideas from employees on topics such as community contribution and environmental initiatives. As of March 2023, employees have proposed approximately 50 sustainability-related activities. By holding employee-led cleanup activities near our bases and encouraging employees to use their own reusable chopsticks and cups, we have been able to raise awareness of the importance of sustainability.

Ideas received via the above system are assessed by the administrative office of the Sustainability Promotion Committee. Proposals are evaluated based their level of contribution, sustainability, creativity and feasibility. Employees whose proposals are rated highly are given monetary bonuses. In FY2022, bonuses were awarded to one gold-rated proposal, four silver-rated proposals and 30 bronze-rated proposals.



Message from an Employee



Eriko Kanesaka
Narita Branch

Since November 2022, we have held sales events once a month at the Narita Branch. The event features irregular vegetables from a pesticide-free organic farm, which is operated by an NPO that employs people with disabilities. Pesticide-free organic vegetables are highly nutritious and can be eaten with their skin on. As part of a company that promotes health and productivity management, I visited nearby farms to see if I could help in any way. I discovered that many pesticide-free vegetables are thrown away due to their irregular shapes. We decided to hold sales events as a way to address food loss. Through the events, we have the opportunity to interact with people with disabilities who work at the NPO, and it is incredibly satisfying to be able to play a part in contributing to society.

Consumer Products Logistics Business: Driver-led Activities to Watch over Customers

As the aging population becomes an increasingly serious social problem, our co-op delivery business is seeing an increase in number of deliveries to elderly co-op members who live alone. As such, through their weekly deliveries, Ryutsu Service drivers watch out for their customers and check if there are any changes in their lives, delivering products with a smile and offering customers a sense of safety and security. Ryutsu Service has also worked with co-ops to create emergency response manuals and ensure thorough driver training and education. Furthermore, through its in-house newsletter that introduces outstanding examples of service, Ryutsu Service is raising awareness of activities among its employees. The contribution of our drivers does not end at watching over our customers' homes, they are also taught to maintain a high level of awareness throughout the day. In FY2022, there were eight cases in which drivers came to the aid of local residents, with one driver helping to rescue an elderly citizen who had fallen over on the side of the road.

Message from an Employee



Koji Aoyama
Onomichi Center
Ryutsu Service Co., Ltd

During one of my deliveries in December 2022, I came across a co-op member who had fallen over in her home. With no response despite repeatedly calling out to them, I got in touch with our emergency contact line and called for an ambulance. The customer was taken to the hospital, and I was very relieved to hear that she was released that same evening. One of my regular roles is to educate new employees, and I teach them the importance of being aware of small changes when visiting customers' homes and to report anything that seems to be off.

Protecting Biodiversity

In response to movements such the SDGs and other international frameworks calling on businesses to protect biodiversity, since 2020 we have been growing a perennial known as *Aristolochia debilis*—a species categorized as vulnerable in some regions—on the premises of our head office and Yokohama Branch.

Aristolochia debilis is the food for the larvae of a butterfly called *Atrophaneura alcinous*—which is an endangered species in some regions—and our aim is to protect this perennial. In 2022, more than 50 *Atrophaneura alcinous* emerged from their larvae, so we decided to plant more *Aristolochia debilis*. We have also set up rainwater tanks that we use for cultivation.



11-Year Financial Summary (Consolidated)

(Millions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Sales and Profits											
Net sales	71,429	78,842	85,828	93,818	99,249	104,972	104,919	100,741	100,562	113,814	121,165
Electronic components logistics	33,539	37,763	41,624	45,917	46,916	51,614	53,200	51,400	52,729	64,090	69,392
Material sales	14,719	16,863	19,496	23,028	27,069	28,766	27,399	24,207	21,180	22,489	24,016
Consumer products logistics	23,170	24,215	24,707	24,873	25,263	24,591	24,318	25,133	26,652	27,234	27,756
Operating profit	3,586	4,132	4,457	4,857	5,083	4,932	4,722	4,118	4,725	6,021	8,043
Electronic components logistics	2,686	2,886	3,146	3,574	3,733	3,472	3,354	2,696	3,079	4,030	5,728
Material sales	517	611	698	665	763	772	725	591	461	743	1,038
Consumer products logistics	383	634	612	618	585	688	642	830	1,184	1,247	1,277
Ordinary profit	4,036	4,430	4,876	5,065	5,402	4,702	4,830	3,886	4,926	6,166	8,790
Profit attributable to owners of parent	2,356	2,119	2,544	2,741	3,026	2,438	2,499	2,389	2,900	3,598	5,032
Financial Position											
Total assets	58,188	62,509	67,345	68,625	73,192	76,224	75,604	78,452	84,699	92,020	97,283
Net assets	36,631	40,303	43,452	44,989	46,943	49,416	50,521	51,565	55,224	59,709	62,257
Interest-bearing liabilities	7,871	7,501	6,623	6,148	5,724	5,453	5,899	7,466	8,511	10,805	13,767
Cash Flows											
Cash flows from operating activities	5,001	3,767	5,856	4,535	6,318	5,850	4,607	6,635	6,698	7,525	10,947
Cash flows from investing activities	(943)	(970)	(1,059)	(3,658)	(1,622)	(4,331)	(5,436)	(3,062)	(2,505)	(3,100)	(4,846)
Free cash flows	4,058	2,796	4,797	877	4,696	1,519	(829)	3,572	4,192	4,425	6,100
Cash flows from financing activities	(1,693)	(1,672)	(2,151)	(2,123)	(1,971)	(1,804)	(1,678)	(2,420)	(1,833)	(3,042)	(1,857)
Cash and cash equivalents	12,185	14,233	17,528	15,950	18,187	18,054	15,170	16,646	19,609	22,132	26,650
Financial Indicators											
Ratio of operating profit to net sales (%)	5.0	5.2	5.2	5.2	5.1	4.7	4.5	4.1	4.7	5.3	6.6
ROE (%)	7.4	6.2	6.9	7.0	7.4	5.7	5.6	5.2	6.1	7.0	9.1
ROA (%)	4.1	3.5	3.9	4.0	4.3	3.3	3.3	3.1	3.6	4.1	5.3
Equity-to-asset ratio (%)	56.5	57.2	57.0	58.1	56.9	57.5	59.5	58.9	58.2	57.7	58.9
DE ratio (Times)	0.24	0.21	0.17	0.15	0.14	0.12	0.13	0.16	0.17	0.20	0.24
Per Share Information											
Basic earnings per share (EPS) (Yen)	66.58	59.90	71.90	77.46	85.52	69.05	70.77	67.61	81.99	101.66	142.08
Net assets per share (BPS) (Yen)	927.27	1,010.88	1,083.95	1,125.85	1,179.36	1,241.35	1,274.53	1,307.44	1,394.23	1,500.21	1,618.10
Cash dividends per share (DPS) (Yen)	17.50	17.50	20.00	17.50	18.00	18.00	18.00	20.00	25.00	30.00	44.00
Consolidated payout ratio (%)	26.3	29.2	27.8	22.6	21.0	26.1	25.4	29.6	30.5	29.5	31.0
Other Financial and Non-Financial Data											
Capital investments	1,648	1,523	1,488	4,230	2,087	5,602	5,550	4,567	4,058	6,730	4,426
Depreciation	1,919	1,994	1,954	2,022	2,127	2,183	2,287	3,363	3,491	3,757	4,418
Overseas sales ratio (%)	21.3	24.8	26.9	29.0	27.0	28.7	28.7	27.3	29.4	34.7	36.6
Warehouse area (consolidated/m ²)	696,151	705,999	711,348	739,583	750,478	804,591	832,570	864,823	902,925	939,715	995,764
Electronic components logistics (Japan)	240,677	234,956	237,712	254,537	261,306	265,403	283,858	297,968	297,561	313,249	341,893
Electronic components logistics (overseas)	220,506	237,254	245,986	251,455	273,707	316,778	327,833	347,157	342,685	363,956	382,816
Consumer products logistics	234,966	233,789	227,651	233,591	215,465	222,410	220,879	219,698	262,679	262,510	271,055
No. of vehicles (electronic components logistics)	827	829	855	903	938	965	1,002	1,001	1,060	1,070	1,089
No. of vehicles (consumer products logistics)	1,965	2,094	2,153	2,220	2,276	2,314	2,419	2,399	2,379	2,369	2,381
No. of employees (consolidated)	4,683	4,876	5,134	5,304	5,330	5,710	5,887	5,894	5,903	5,884	5,844

The Company implemented a 2-for-1 stock split of common stock on April 1, 2016. Per share information for FY2015 and earlier is adjusted to reflect the stock split.

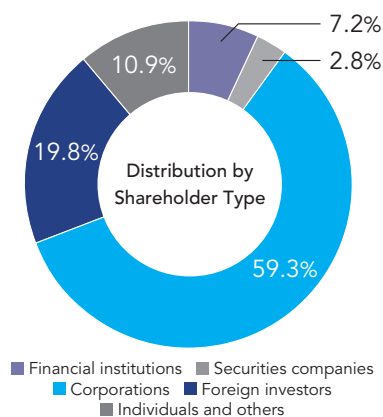
Company Overview/Stock Information (As of March 31, 2023)

Company Overview

Company name	Alps Logistics Co., Ltd.
Head office	1756 Nippa-cho, Kohoku-ku, Yokohama-shi, Kanagawa Pref. 223-0057, Japan
Established	July 2, 1964
Capital stock	2,349 million yen
Representative	Representative Director Masaru Usui
Number of employees	Consolidated: 5,844; Non-consolidated: 936

Stock Information

Number of authorized shares	70,000,000 shares
Number of issued shares	35,474,400 shares
Number of shareholders	13,228
Exchange listing	Tokyo Stock Exchange, Prime Market
Securities code	9055



Major Shareholders

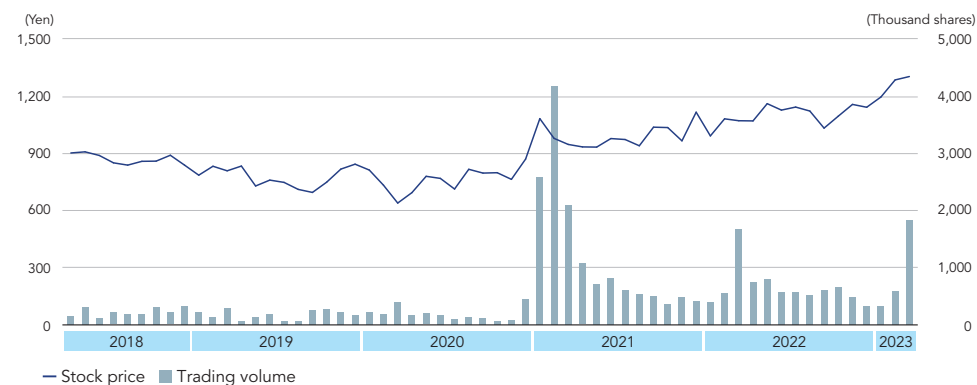
Name	Number of Shares (Thousand)	Shareholding Ratio (%)
Alps Alpine Co., Ltd.	16,526	46.7
TDK Corporation	2,804	7.9
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,288	6.5
The Master Trust Bank of Japan, Ltd.	1,253	3.5
Alpine Electronics Inc.	792	2.2
STATE STREET BANK AND TRUST COMPANY 505012	570	1.6
AVI JAPAN OPPORTUNITY TRUST PLC	510	1.4
THE TACHIBANA SECURITIES CO., LTD.	400	1.1
BBH FOR FIDELITY GROUP TRUSTBENEFIT	373	1.1
Alps Logistics Employee Stock Ownership Plan	365	1.0

Note: The shareholding ratio is calculated after deducting treasury stock.

Other Information for Shareholders

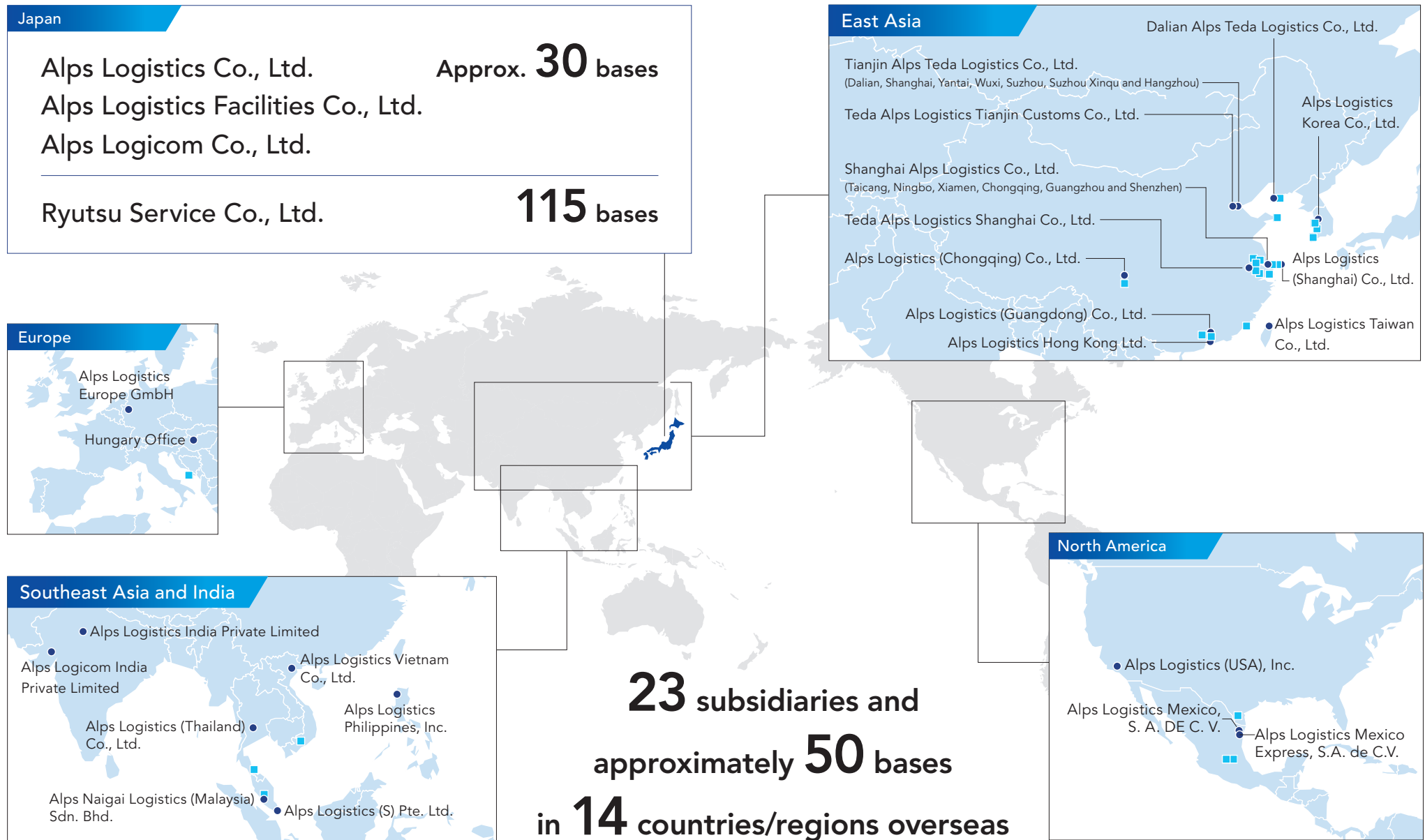
Accounting period	April 1 to March 31
Record dates for dividends	Year end: March 31; Interim: September 30
Ordinary General Meeting of Shareholders	June
Number of shares constituting one unit	100 shares
Shareholder register manager office location	New Tokyo Post Office, PO Box No. 29, Securities Agency Department, Mitsubishi UFJ Trust and Banking Corporation

Stock Price and Trading Volume



Total Shareholder Return (%)	FY2018	FY2019	FY2020	FY2021	FY2022
Alps Logistics	87.3	71.5	106.8	123.1	152.3
TOPIX (including dividends)	95	85.9	122.1	124.6	131.8

Global Network



(As of August 31, 2023)

● Overseas subsidiaries ■ Overseas branches

ALPS LOGISTICS CO., LTD.

Inquiries regarding this integrated report —————

Alps Logistics Co., Ltd.

1756 Nippa-cho, Kohoku-ku, Yokohama-shi, Kanagawa Pref. 223-0057, Japan

Telephone: +81-45-531-4133 (Main)

URL: <https://www.alps-logistics.com/en/>
