

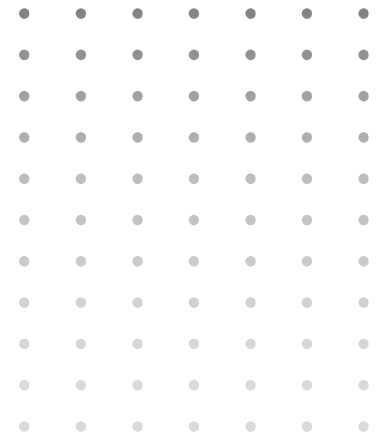


**C&F LOGISTICS**

**FY2022**

**Consolidated Financial Results**

**Chilled & Frozen Logistics Holdings Co., Ltd.**



## ■ Operating revenue

113,350 million Yen  
(+2.2% YoY)

- ▶ Start of new transactions by leveraging the increased capacity with newly started facilities.
- ▶ Steady recovery of the handling volume of products for professional-use and those for convenience stores in CBD along with easing restrictions caused by COVID-19 pandemic.
- ▶ Progress of the negotiation with customers for price revision to reflect the increase in costs to a certain extent.

## ■ Operating profit

4,403 million Yen  
(-1.8% YoY)

- ▶ Increase in electrical power and fuel costs due to a surge in energy costs. Although CF group has been negotiating with customers for price revision including fuel surcharges, it is still in the middle of the process, and doesn't reach full agreements.
- ▶ Increase in labor costs due to 1) the promotion of part-time/temporary employees to full-time/permanent status for employee retention and insourcing purposes, and 2) improved treatment for employees to achieve sustainable logistics business by enhancing efficiency and securing logistics human resources.

\* Note : In this document, we express our company name and two main business operating companies (subsidiaries) as follows;

Chilled and Frozen Logistics Co., Ltd.: "CF" MEITO TRANSPORTATION CO., LTD (subsidiary): "MU"

Hutech norin Co., Ltd. (subsidiary) : "HN"

# Highlights of consolidated financial results

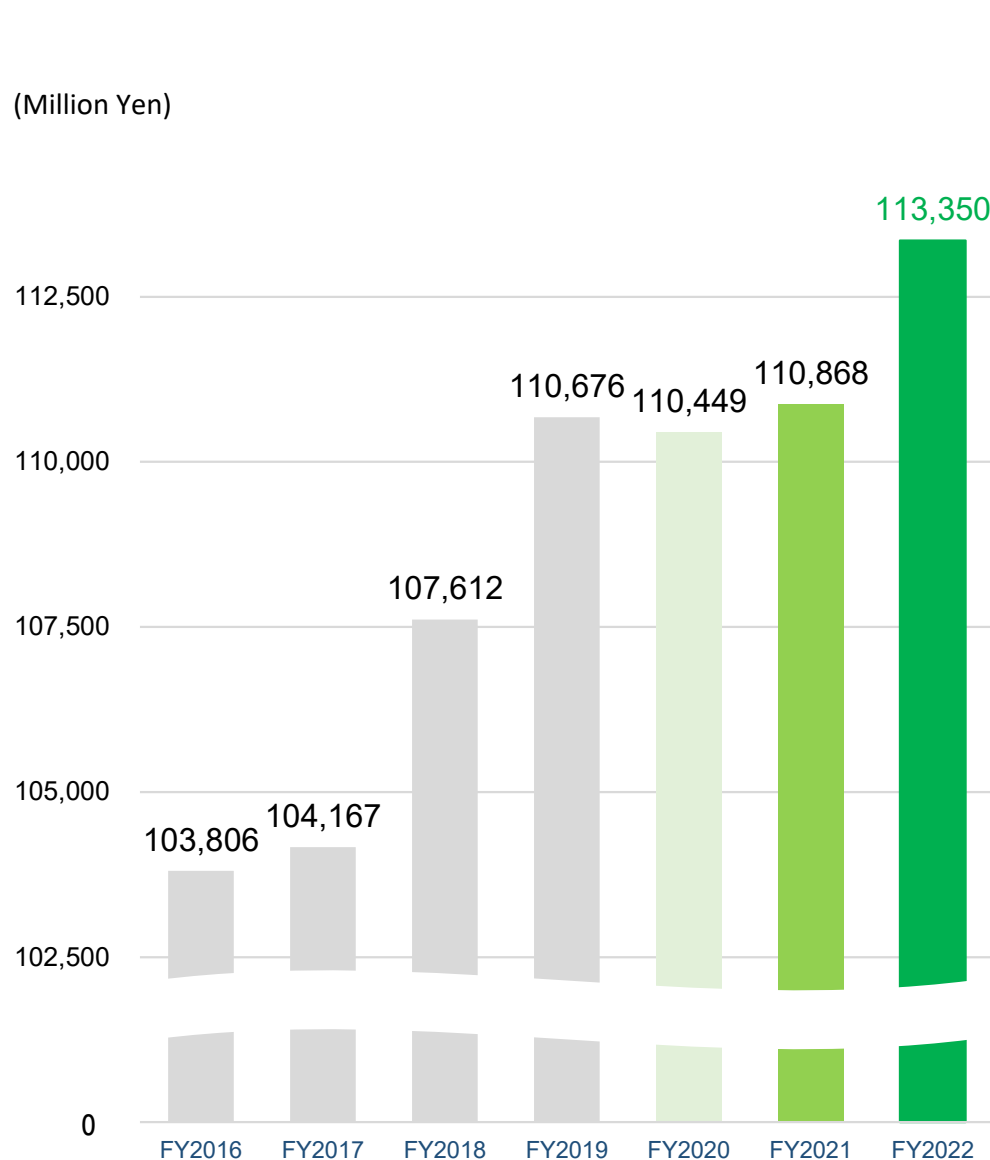
(Unit: Million Yen)

	FY2021		FY2022				FY2022 forecasts*		
		Ratio to Operating revenue		Structural ratio	Difference	YoY change rate		Ratio to Operating revenue	Difference
Operating revenue	110,868	100.0%	113,350	100.0%	2,481	2.2%	112,800	100.0%	550
Cost of sales	102,345	92.3%	104,851	92.5%	2,505	2.4%	-	-	-
Selling, general and administrative expenses	4,040	3.6%	4,095	3.6%	54	1.3%	-	-	-
Operating profit	4,482	4.0%	4,403	3.9%	(79)	(1.8%)	4,100	3.6%	303
Ordinary profit	5,105	4.6%	4,935	4.4%	(170)	(3.3%)	4,600	4.1%	335
Profit attributable to owners of parent	3,316	3.0%	3,057	2.7%	(258)	(7.8%)	3,000	2.7%	57

(\*) This forecast was announced on October 14, 2022.

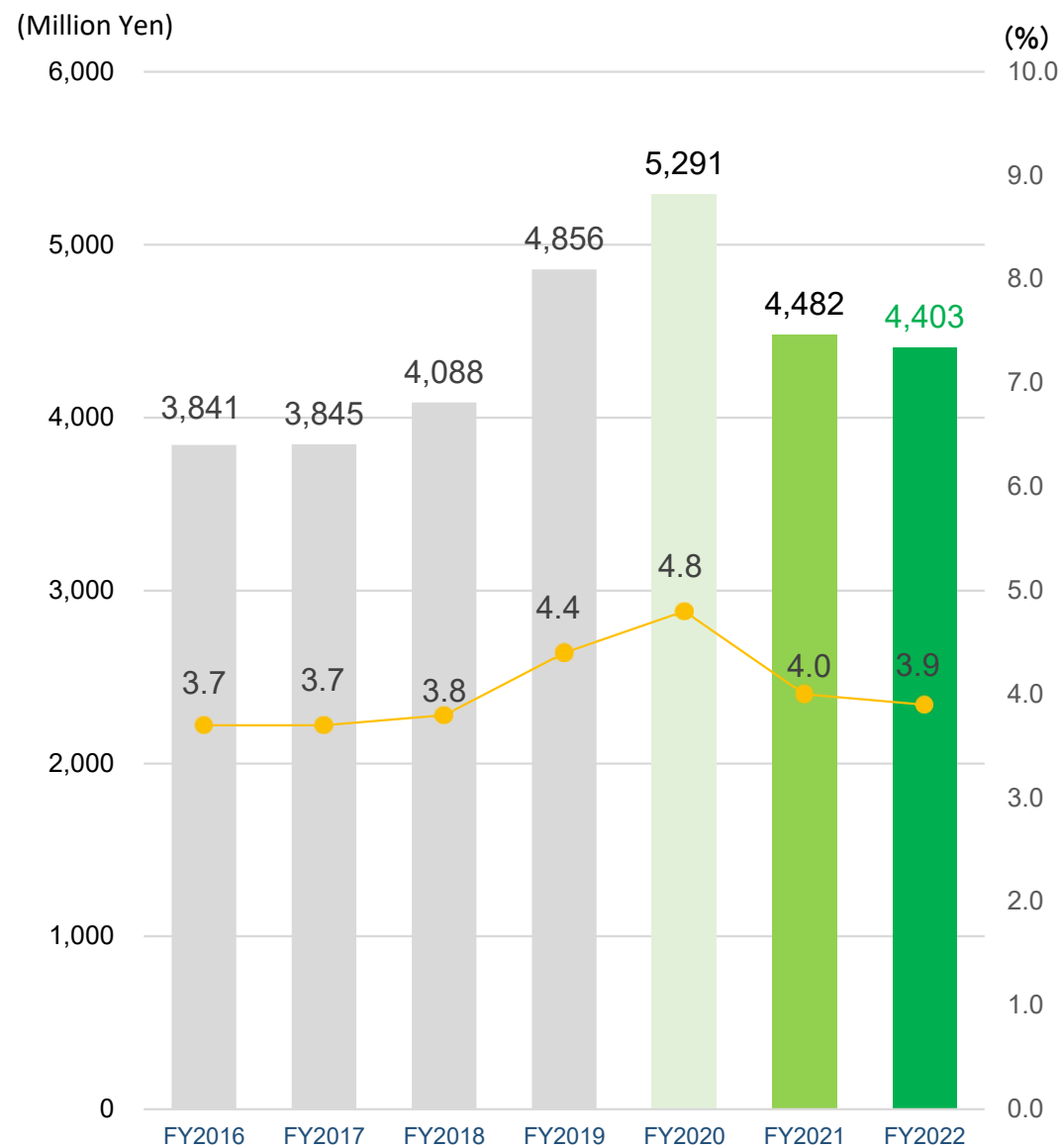
# Highlights of consolidated financial results

## Operating revenue



## Operating profit

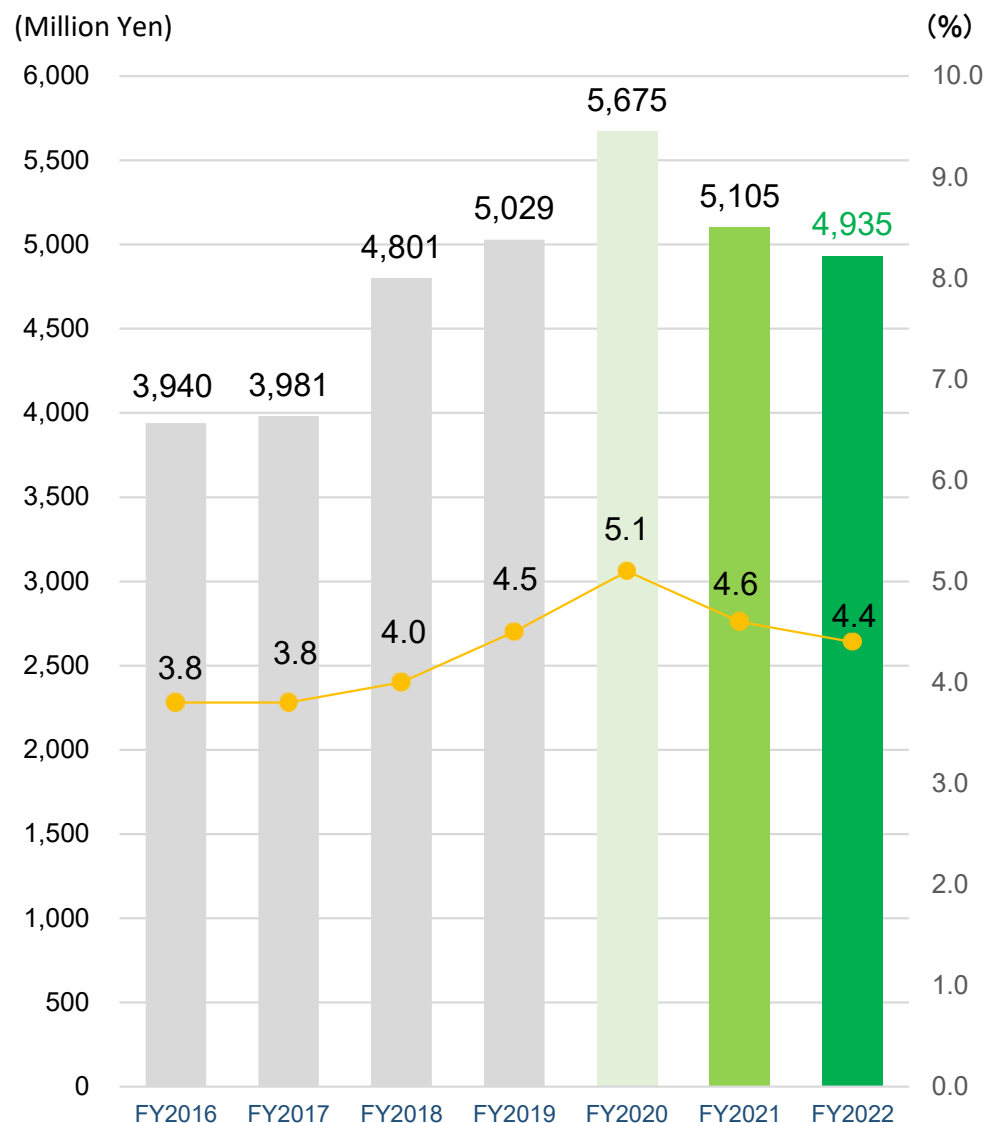
● Margin (%)



# Highlights of consolidated financial results

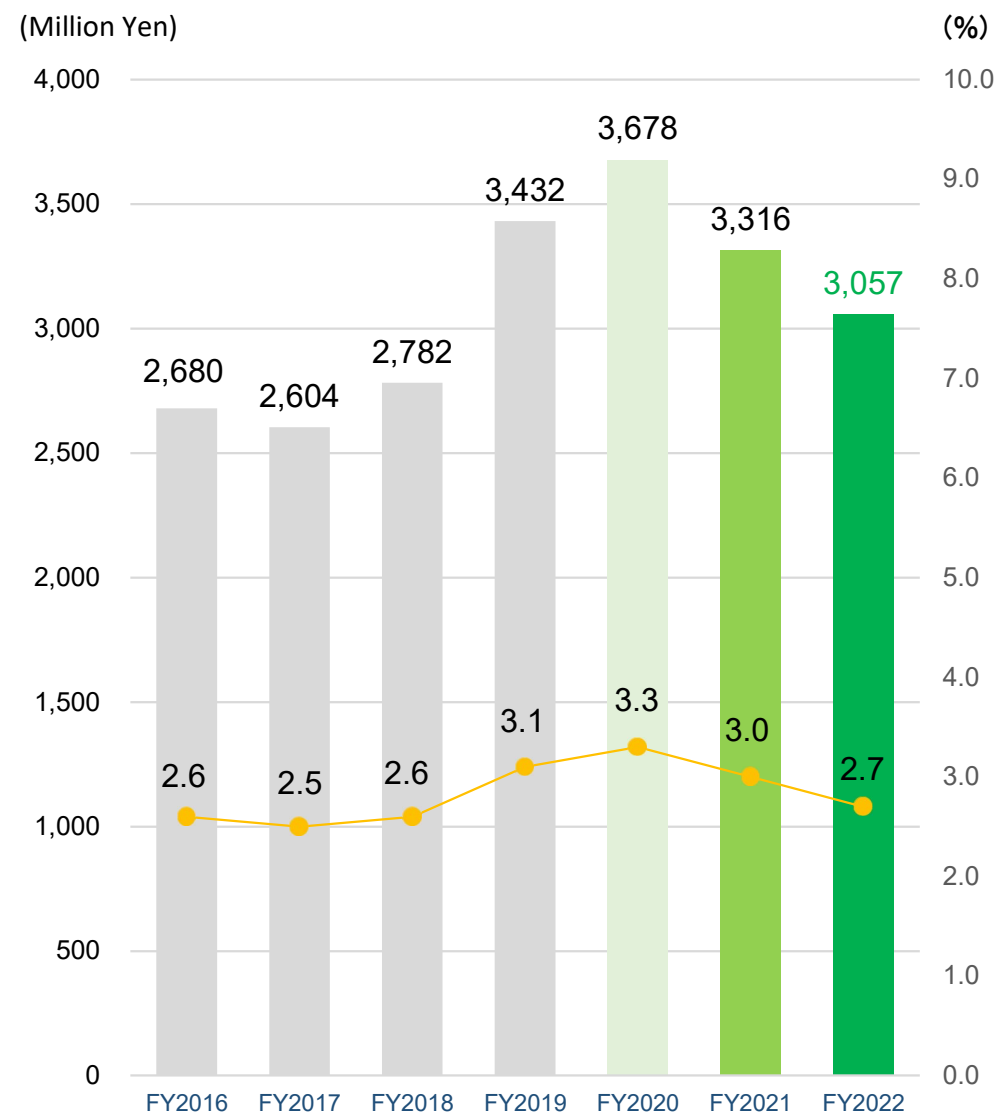
## Ordinary profit

● Margin (%)



## Profit attributable to owners of parent

● Margin (%)



# Operating revenue and profit by reportable segment

(Unit: Million yen)

		FY2021		FY2022			Main factors	
			Structural Ratio		Structural Ratio	YoY Change rate		
TC Business	Operating revenue	71,147	64.2%	72,367	63.8%	1.7%	positive	<ul style="list-style-type: none"> <li>start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities. (Tokyo Metropolitan Center, Okayama Center, etc.)</li> <li>Recovery of the handling volume for convenience stores in CBD along with easing restriction caused by COVID-19 pandemic.</li> <li>progress of the negotiation with customers for price revision to a certain extent.</li> </ul>
							negative	<ul style="list-style-type: none"> <li>decrease in the handling volume due to the reduction of delivery courses.</li> </ul>
	Segment profit	3,091	35.6%	3,418	39.5%	10.6%	positive	<ul style="list-style-type: none"> <li>enhancing profitability by starting new profitable transactions and recovering the handling volume of the existing customers.</li> <li>decrease in depreciation cost due to the delay in replacing trucks in accordance with shortage of vehicle supply by auto makers.</li> </ul>
	(margin)	4.3%		4.7%			negative	<ul style="list-style-type: none"> <li>increase in labor costs for the better treatment of employees, including the promotion of part-time/temporary employees to full-time/permanent status.</li> <li>increase in outsourcing costs along with expansion of new transactions.</li> </ul>
DC Business (*)	Operating revenue	37,964	34.2%	39,178	34.6%	3.2%	positive	<ul style="list-style-type: none"> <li>start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities. (HN Chubu branch 3rd center etc.)</li> <li>Increase in the handling volume of products for professional-use due to an increase in opportunities to go out.</li> </ul>
							negative	<ul style="list-style-type: none"> <li>decrease in the handling volume of certain customers due to the reorganization of logistics in some customers in respect of BCP.</li> </ul>
	Segment profit	5,432	62.5%	5,058	58.5%	(6.9%)	positive	<ul style="list-style-type: none"> <li>decrease in labor costs and temporary staffing cost due to the improved efficiency.</li> </ul>
	(margin)	14.3%		12.9%			negative	<ul style="list-style-type: none"> <li>increase in electrical power costs due to the surge in energy costs.</li> <li>increase in labor costs for the better treatment of employees, including the promotion of part-time/temporary employees to full-time/permanent status.</li> </ul>
Others (**)	Operating revenue	1,757	1.6%	1,803	1.6%	2.7%		
	Segment profit	164	1.9%	169	2.0%	2.8%		
	(margin)	9.4%		9.4%				

(\*)"Distribution Center" includes business in Vietnam.

(\*\*)"Others" include "transportation business for cash, bill and valuables", "logistics operation for hospitals", "temporary staffing business" and "insuranceagency business".

# Operating revenue by business category

(Unit: Million yen)

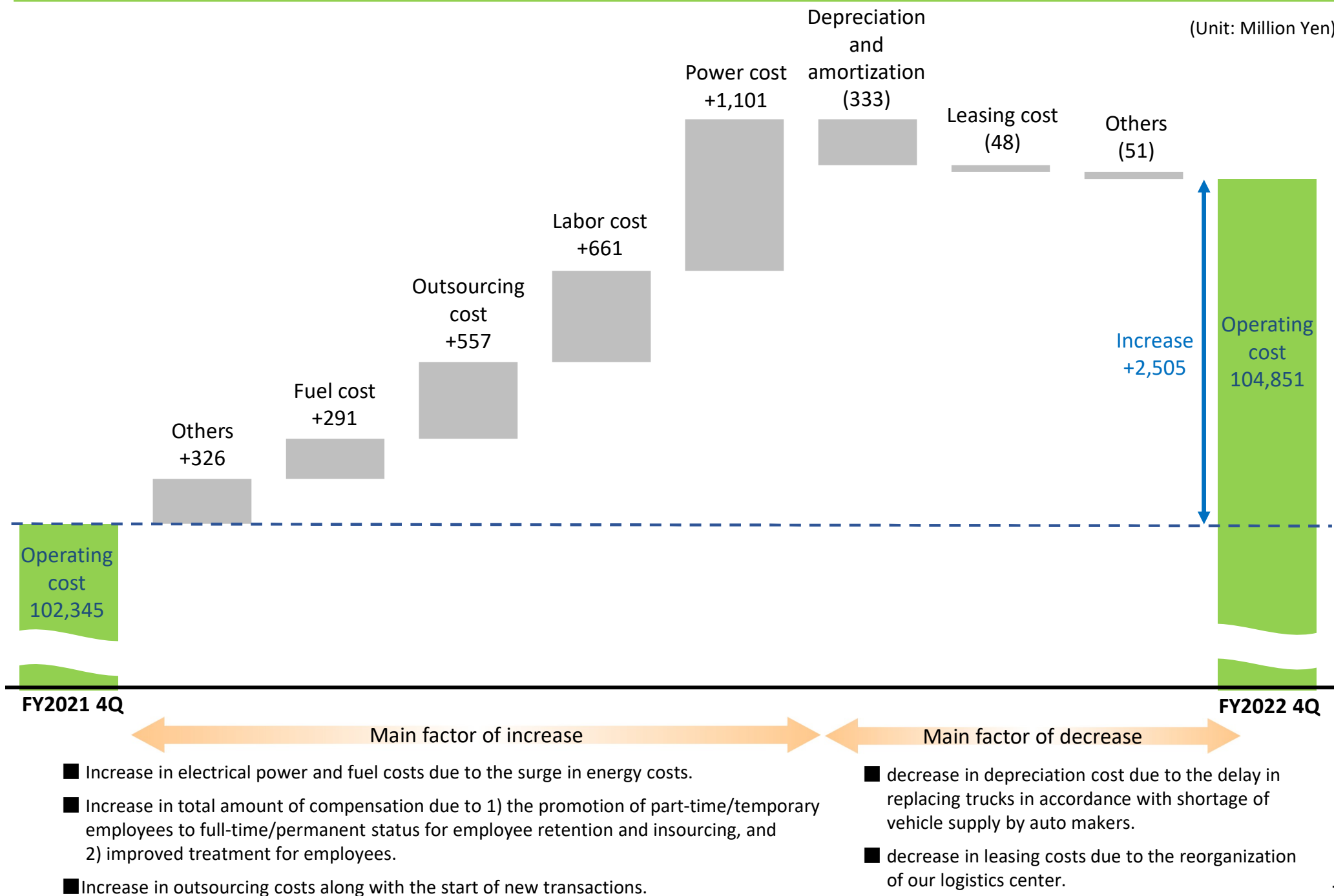
	FY2021		FY2022				Main factors	
		Structural ratio		Structural ratio	difference	YoY change rate		
<b>Joint delivery<sup>(*)</sup></b>	64,525	58.2%	66,938	59.1%	2,412	3.7%	positive	<ul style="list-style-type: none"> <li>▪ start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities.</li> <li>▪ Increase in the handling volume of products for professional-use due to an increase in opportunities to go out.</li> <li>▪ progress of the negotiation with customers for price revision to reflect the increase in costs to a certain extent.</li> </ul>
							negative	<ul style="list-style-type: none"> <li>▪ decrease in the handling volume due to the reduction of delivery courses for certain customers.</li> </ul>
<b>Convenience store logistics</b>	14,789	13.3%	14,946	13.2%	156	1.1%		<ul style="list-style-type: none"> <li>▪ Recovery of the handling volume for convenience stores in CBD along with easing restriction caused by COVID-19 pandemic, while its limited impact on revenues due to the decline of the handling volume of the chilled foods.</li> </ul>
<b>Chain store logistics</b>	13,615	12.3%	13,380	11.8%	(234)	(1.7%)	positive	<ul style="list-style-type: none"> <li>▪ start of new transactions</li> </ul>
							negative	<ul style="list-style-type: none"> <li>▪ decrease in the handling volume due to 1)negative change in consumption behavior, and 2)reduction of delivery courses for certain customers.</li> </ul>
<b>Wholesaler<sup>(**)</sup> logistics</b>	10,466	9.4%	10,061	8.9%	(404)	(3.9%)		<ul style="list-style-type: none"> <li>▪ decrease in the handling volume of certain customers due to the reorganization of logistics in some customers in respect of BCP.</li> </ul>
<b>Bonded goods / food processing</b>	2,994	2.7%	3,228	2.8%	234	7.8%		<ul style="list-style-type: none"> <li>▪ recovery of the import volume and therefore the handling volume of bonded goods, accordingly.</li> <li>▪ increase in repacking fee due to the surge in raw material costs.</li> </ul>
<b>Others<sup>(***)</sup></b>	4,477	4.0%	4,792	4.2%	315	7.0%		<ul style="list-style-type: none"> <li>▪ increase in the handling volume of cosmetics and miscellaneous goods along with the recovery of economic activities.</li> <li>▪ increase in the revenue in overseas business due to depreciating Yen.</li> </ul>
<b>【Total】</b>	110,868	100.0%	113,350	100.0%	2,481	2.2%		

(\*)The amount of "Joint delivery" is sum of operating revenue for handling frozen products in HN (Distribution Center segment) and that for handling chilled products

(\*\*)The amount of "Wholesaler logistics" includes logistics for hospitals in HN.

(\*\*\*)Others" includes business in Vietnam

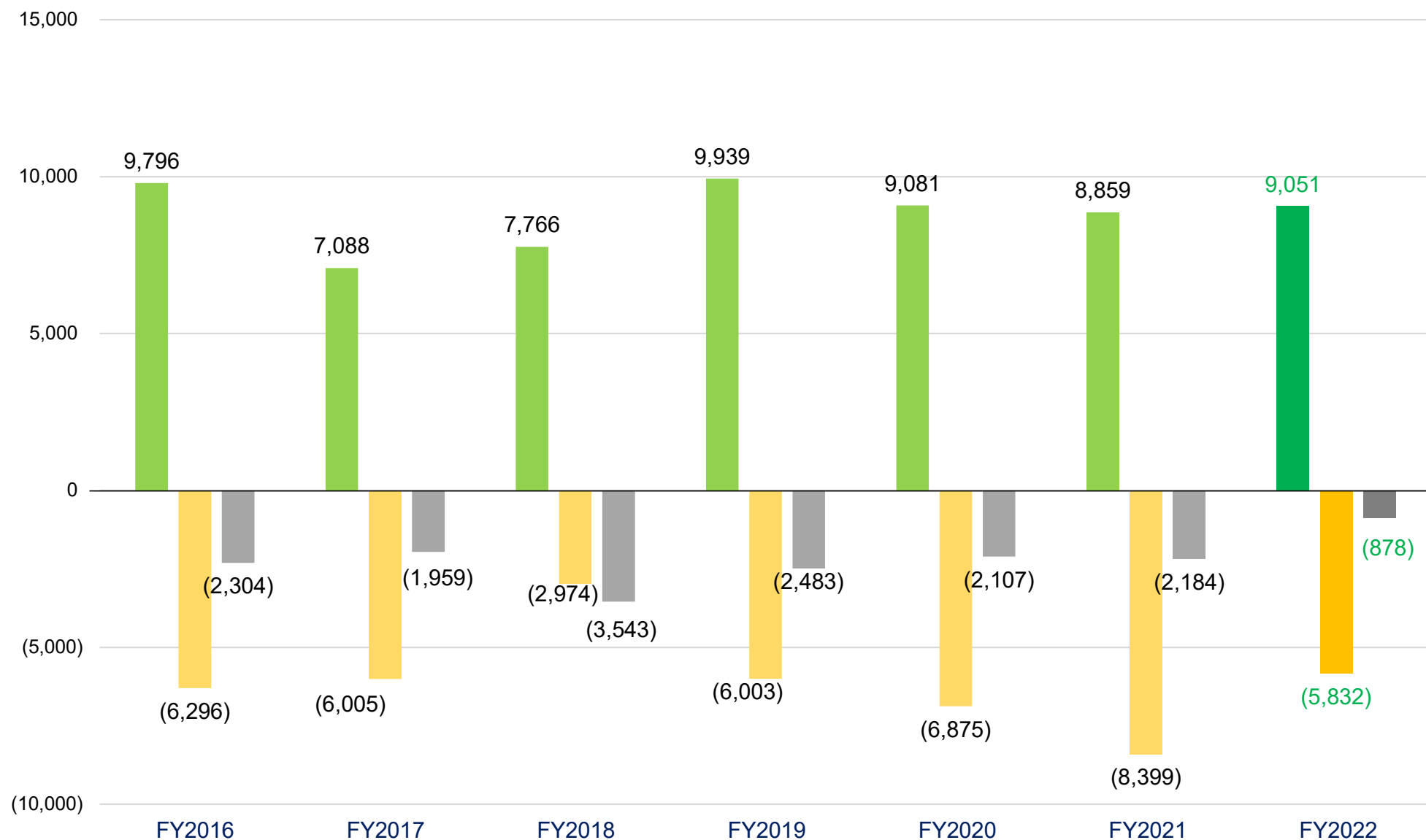
# Analysis of cost of sales





# Consolidated statement of cash flows

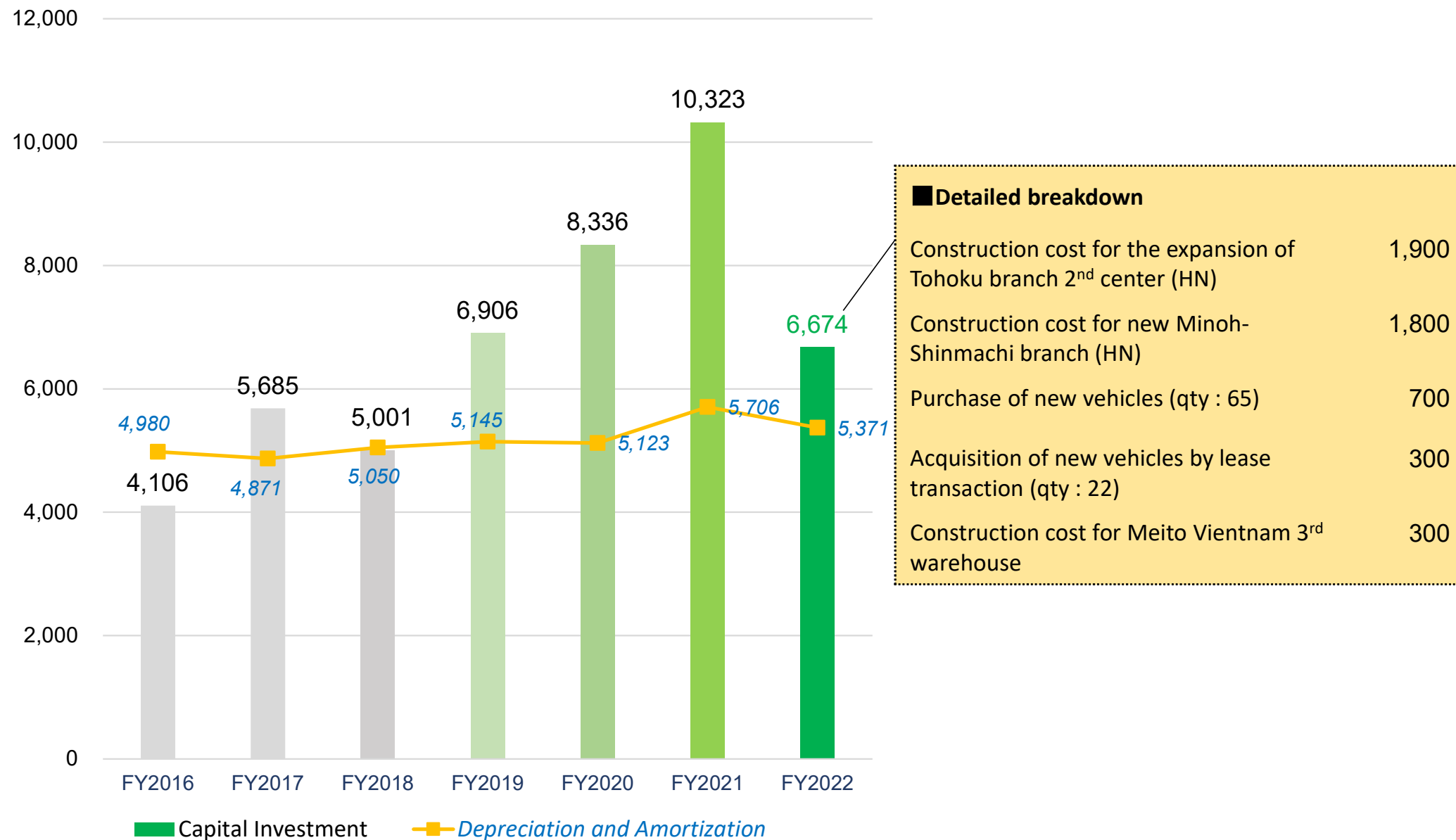
(Million Yen)



■ Cash flows from operating activities ■ Cash flows from investing activities ■ Cash flows from financing activities

# Capital investment, Depreciation and Amortization

(Million Yen)



# Comparing of the number of employees and vehicles

## (1)Comparing number of employees

	End of the previous term (March 31, 2022)	End of the current term (March 31,2023)	Difference	Main factors
<b>Full-time/ permanent Employee</b> (included number of drivers)	5,792 (2,921)	5,916 (2,972)	124 (51)	<ul style="list-style-type: none"> <li>▪ Recruitment of new graduates (+80)</li> <li>▪ Promotion for part-time/ temporary employees to full-time/ permanent ones.</li> </ul>
<b>Part-time/ temporary employee</b> (included number of drivers)	5,742 (1,229)	5,406 (1,125)	-336 (-104)	<ul style="list-style-type: none"> <li>▪ Promotion for part-time/ temporary employees to full-time/ permanent status</li> <li>▪ decrease due to the reorganization of our logistics center.</li> </ul>
<b>Total</b> (included number of drivers)	11,534 (4,150)	11,322 (4,097)	-212 (-53)	

## (2)Comparing number of vehicles

	End of the previous term (March 31, 2022)	End of the current term (March 31,2023)	Difference
Large-sized vehicle	691	711	20
Mid-sized vehicle	1,554	1,556	2
Small-sized vehicle	457	468	11
Cash transport vehicle	126	118	(8)
<b>Total</b>	2,828	2,853	25

# Financial forecasts for FY2023

- ▶ Operating revenue is expected to be achieved by 1) acquiring new transactions along with the start of new facilities, and 2) progressing the negotiation with customers for price revision against the cost-ups in past years, on the way to recovery of the handling volume of the existing transaction in the wake of the ease of restrictions.
- ▶ Profits is expected to decline due to: increase in electrical power costs derived from the surge in energy costs, continuous improvement in treatment for employees in light of 2024 issues, and an increase in outsourcing costs.

(Unit: Million Yen)

	FY2022 results		Full year forecast for FY2023 (*)				Plan for FY2023 as the 2nd year of the 3rd Mid-term management plan(**)	
		Structural ratio		Structural ratio	difference	YoY Change rate		Structural ratio
Operating revenue	113,350	100.0%	115,300	100.0%	1,950	1.7%	114,600	100.0%
Operating profit	4,403	3.9%	3,400	2.9%	(1,003)	(22.8%)	5,100	4.5%
Ordinary profit	4,935	4.4%	3,500	3.0%	(1,435)	(29.1%)		
Profit attributable to owners of parent	3,057	2.7%	2,500	2.2%	(557)	(18.2%)		

(\*)This forecast(revised) was announced on October 14, 2022.

(\*\*)This plan was announced in the 3rd Mid-term management plan on May 10, 2022.

« Basic policy »

## Achieving sustainable low-temperature zone logistics, meeting the needs of new cold-chains

« Basic strategies »

### Building a sustainable logistics business

- A. Contribute to the prosperity of society by protecting and securing food lifelines through chilled and frozen logistics operations, the area where the Group is proud of its strengths
- B. Build a logistics infrastructure that is decarbonized and friendly to the global environment
- C. Build a talent portfolio and strengthen corporate divisions through investment in human capital

### Strengthening the functions of existing businesses

- A. Sharpen existing businesses by reorganizing networks and continuing infrastructure investments
- B. Acquire new opportunities by establishing new joint-delivery business
- C. Reorganize and strengthen existing business models to respond to changing markets / customers' needs

### Promoting active investment in growth fields

- A. Low-temperature-controlled transport/delivery service for products other than food
- B. Advance into rapidly growing e-commerce logistics market
- C. Overseas businesses



Financial  
strategy

Realizing ROE that exceeds cost of capital by optional capital structure,  
we aim to boost our shareholder value through fruitful dialogue  
with shareholders and higher shareholder returns

## Building a sustainable logistics business

Contributing to reduction of environmental impact through capital investment and business practices

### ■ Introducing Eco-friendly natural cooling system

- ▶ Planned installation of refrigerators with using natural refrigerants.
- ▶ In FY2022, HN introduced the refrigerator with carbon acid gas; a kind of natural refrigerants, into the extension of Tohoku Branch. It was certified as “the operation with accelerating introduction of equipment having energy saving natural cooling medium for early realization of no CFC and low carbo society”

《Usage ratio of natural refrigerants\*》

As of March 31, 2023

: **about 26%**

As of March 31, 2024 (plan)

**about 31%**

\*based on the volume of refrigerants used in the refrigerators procured and managed by the group

### ■ Introducing photovoltaic power generation systems in a parking lot for employees

- ▶ Promotion to install the solar power generators on the rooftop of our facilities and carports for employees.

《Number of installed facilities in FY2023 (plan)》 On the rooftop of; facilities: **4**, carports: **1**

### ■ Changing the existing contracts to use electricity to those derived from renewable energy

- ▶ Promotion to adopt the contracts to use electricity derived from renewable energy

《Number of changed facilities in FY2023\*》

: **13 facilities**

\*the contracts already changing from April, 2023  
(confirmed as of May, 2023)

others ■ ■ ■

- introduce retread tires to trucks, which are made with less emission of CO2
- stop introducing the refrigerator powered by a sub engine (switching to the one powered directly by a vehicle engine) etc.

## Initiatives to contribute to ESG management

### ▪ Establishing the framework to promote sustainability

- April, 2022 ▪ assigned new exclusive corporate officer for sustainability, and established sustainability promotion department.
- May, 2022 ▪ disclosed “Sustainability Policy” and “Identification of Materiality (Important Issues)”.
- March, 2023 ▪ declared supports for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
  - joined Japan TCFD Consortium.
  - established sustainability committee.



### ▪ Participating the sustainable scheme for frozen food donation

HN participates the scheme that “Maruha Nichiro Corporation” donates its frozen food products from a sustainable perspective to “Food Bank Kanagawa” by cooperating in respect of logistics.



## Responds to “2024 issues\*” (appropriate labor management)

\*possible issues related to labor shortage in logistics industry due to the enforcement of Work Style Reform Act in 2024

### “Securing” and “retaining” employees

- setting salary and benefits to boost competitiveness for recruitment.
- have improved working conditions in a structural manner after business integration.
- establishing workplaces where employees respect diversity
  - introducing systems and equipment, such as Automatic Transmission truck and powder room, which help work easily and comfortably female, senior, foreign and disabled workers.
- assisting employees’ growth and mindset through a variety of in-house trainings.
- promoting part-time/temporary employees to full-time/permanent status

	FY2018 ending year of 1 <sup>st</sup> Mid-term management plan		FY2022 4Q (as of March 31, 2023)
Number of full-time employees	4,872	➡	5,916 (+21.4%)
Ratio of full-time employees to all	41.8%	➡	52.2% (+10.4pt)

### Reducing the operational burden

#### operation

- reducing driving time of long-distance transportation by switching trucks.
- transporting without service drivers by modal shift (RORO ships)
  - From 2020: cooperation with of “MOL Ferry Co., Ltd.” (Kanto ⇄ Kyushu)
- promoting pallet transport for frozen foods etc.

#### Facilities and equipment

- securing logistics networks by developing relay logistics centers
  - HN Minami Kyushu Center, Joint operation center in Northern Tohoku area, planning to expand.

## Securing stable logistics networks

### Continuous implementation of risk assessment

- assessing risks associated with our own facilities
- ⇒ to check if relocation of our facilities work better.



## Strengthening the functions of existing businesses

### Establishing new logistics facilities

Opened new 3 logistics facilities in FY 2022 to address the expansion of handling volume for existing customers and acquire new transactions. In consideration of “2024 issues”, the group promotes to expand and reorganize logistics facilities, leading to a total optimization.

FY  
2021

MT Okayama Center  
Opened February 2022



HN Chubu Branch 3rd Center  
Opened February 2022



Other 2 facilities

FY  
2022

May, 2022 MT Iwaki Center  
HN Osaka-Nanko Center  
March, 2023 HN Tohoku branch  
- expansion of 2<sup>nd</sup> Center

HN Tohoku branch  
Expansion of 2<sup>nd</sup> Center



FY  
2023

### New opening schedule

FY2023 Meito Vietnam 3<sup>rd</sup> warehouse  
FY2024 HN new Minoh-Shinmachi branch  
Chilled and Frozen Center in Northern  
Tohoku area

Number of  
domestic facilities  
(as of March 31, 2023)

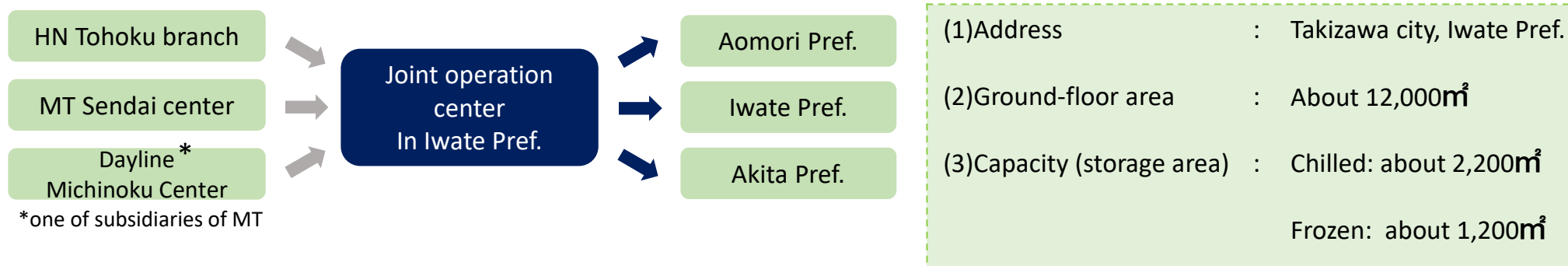
127 facilities

## Development of relay distribution networks

Narrowing area without our own logistics networks by developing relay logistics facilities in consideration of “2024 issues”

### Joint operation center consisting Chilled and Frozen functions in Northern Tohoku area

Integrating logistics business in northern Tohoku area which are outsourced to different subcontractors by group company and temperature zone, aiming at the total optimization of the business in Tohoku area.



### promoting in-house trunk line transportation

To promote in-house trunk line transportation between our own facilities in Kanto region and those in other regions.  
⇒switch trucking, securing truck terminal in halfway point

## Initiatives to enhance logistical efficiency

### promoting transportation of frozen food by pallet

switching to pallet transportation in the manufacturing logistics area, which reduces the workload.

### promoting truck appointment system when inbounding

HN introduced truck appointment system in order to reduce the waiting time for warehousing.  
After verifying the effects, it will be applied to all branches of HN in FY2023.

## Promoting active investment in growth fields

### e-commerce logistics business

- storing and distribution processing of e-commerce products and reward gifts of “Furusato Nouzei (hometown tax donation program)”
- ⇒ started businesses around Tokyo Metropolitan area, where lots of current and possible users reside. Plan to expand businesses to local area, where lots of manufacturers are located.

### pharmaceuticals logistics business

- expanding transportation business of pharmaceutical products mainly between wholesalers' center.
- ⇒ expanding the business steadily in Tokai and Kansai areas.

### Overseas business

### ▪ Opening 3<sup>rd</sup> warehouse of Meito Vietnam

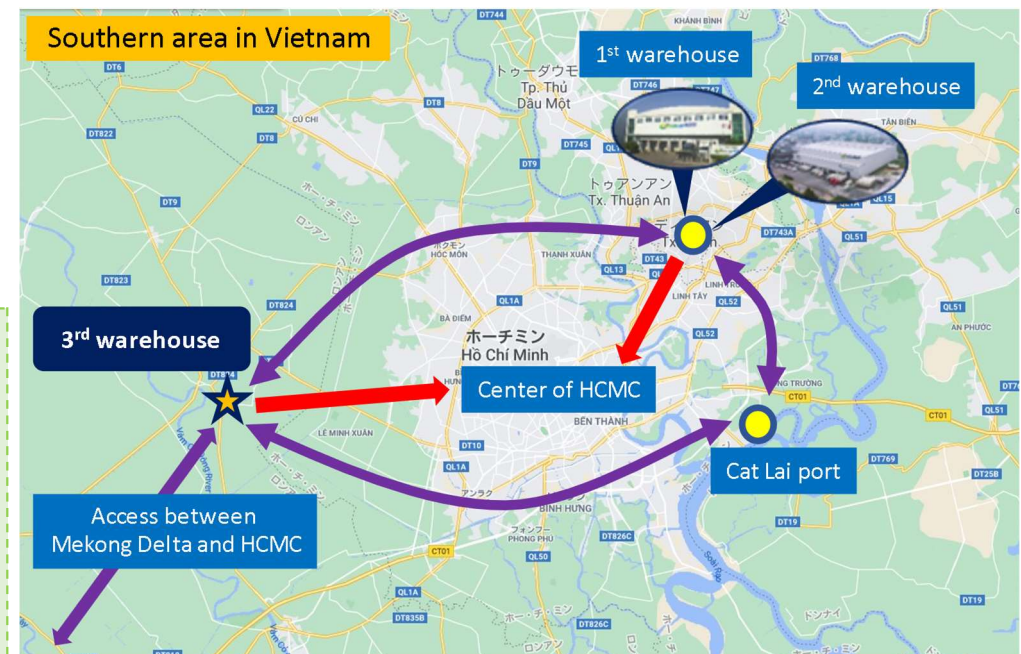
We entered into agreement related to the lease of land and building (excluding parts of equipment) in Long An province, adjacent to the west side of Ho Chi Minh City (HCMC), to acquire a cold warehouse. This warehouse is scheduled to open in the first half of FY2023 for the purpose of strengthening the logistical network among HCMC and developing the transit point logistics between Mekong Delta region and HCMC.

- |                                 |                              |
|---------------------------------|------------------------------|
| (1)Address                      | : Long An province, Vietnam  |
| (2)Ground-floor area            | : About 41,000m <sup>2</sup> |
| (3)Building area                | : About 18,000m <sup>2</sup> |
| (3)Capacity (number of pallets) | : 26,000 pallets             |



3<sup>rd</sup> warehouse (under construction)

cf.) total capacity of exiting warehouses(1<sup>st</sup>+2<sup>nd</sup>): 27,400 pallets



**We create new value in cold chain logistics for food products.**



\*This presentation material was drawn up based on information available as of creation date (May 17, 2023). Please note that future performance may differ due to a variety of factors.  
\*This presentation material is intended for understanding financial highlights of our group and it is not for soliciting to buy or sell marketing stock of Chilled & Frozen Logistics Holdings Co., Ltd.

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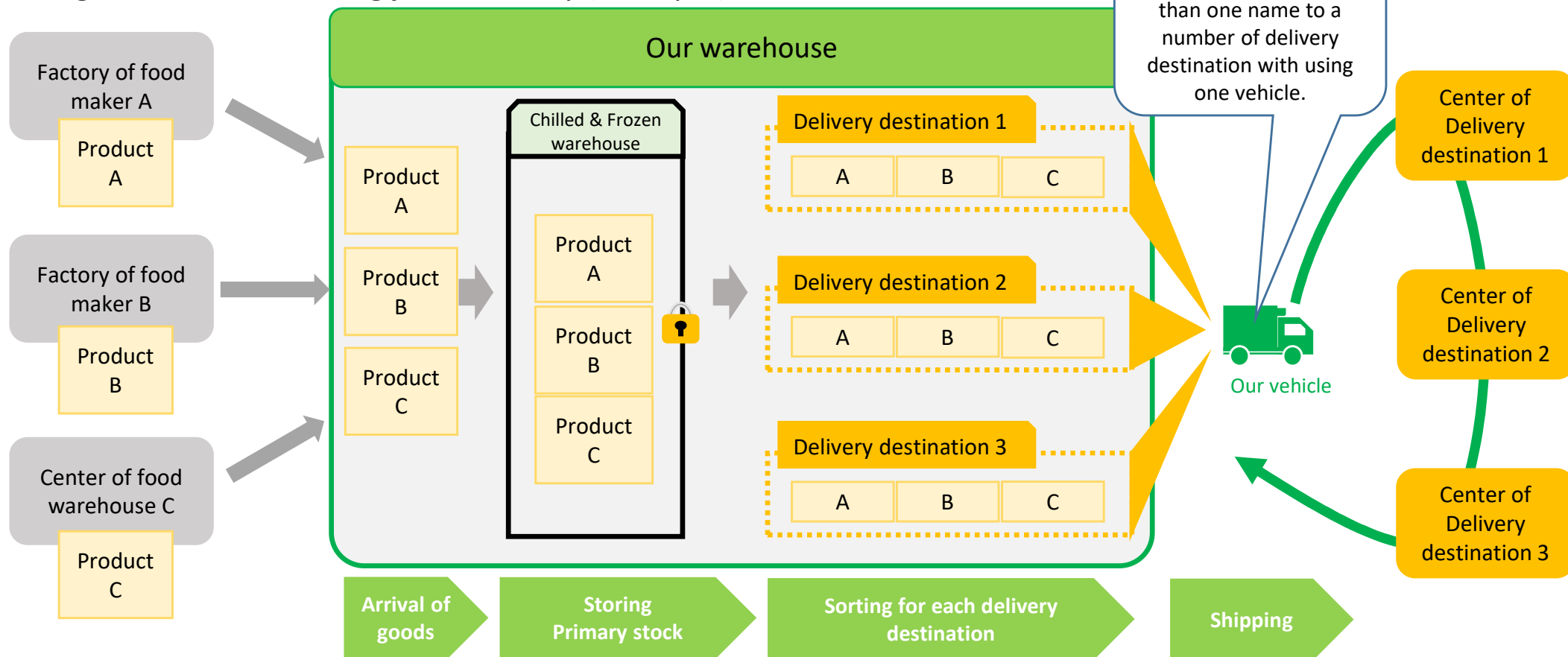
# Reference information



# Reference information -joint delivery model-

Meito Transportation and Hutech Norin started operationalizing of Joint delivery business in each field of expertise; Chilled and Frozen logistics, prior to other logistics companies. Two companies in our group have engaged in joint delivery business for a long time, and their know-how is one of the strong points in our group.

## 【Logistics flow with using joint delivery (example)】



If customers deliver their products by themselves ■■■They arrange vehicles and deliver their products to each delivery destination.

If customers use our service (joint delivery) ■■■They only need to deliver their products to our warehouse.

Benefit from  
Joint delivery

- It enables to reduce logistics costs of customers.
- It realizes stable logistics quality by our unified management
- We can cut down on the amount of exhaust with reducing the number of vehicles.



## Transfer Center

Operate logistics businesses centered on the delivery of chilled products, 24 hours a day, 7 days a week.



Chilled products has a high turnover ratio because of the short expiration date and we barely have stocks

### ▶ Joint delivery

Receiving variety of products from various customers and delivering them in mixed loading, destination by destination.

### ▶ Convenience store logistics

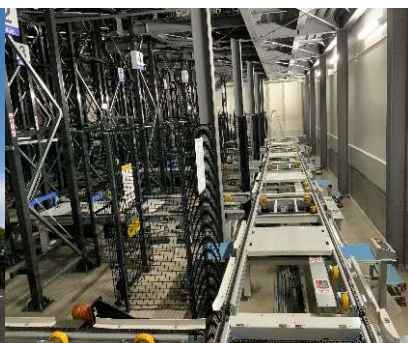
Operating logistics centers of major convenience store chains and making deliveries to their stores

### ▶ Chain store logistics

Operating logistics centers of chilled and dried products for supermarkets and making deliveries to stores



Tokyo Metropolitan Center of MT



Transportation vehicle of MT

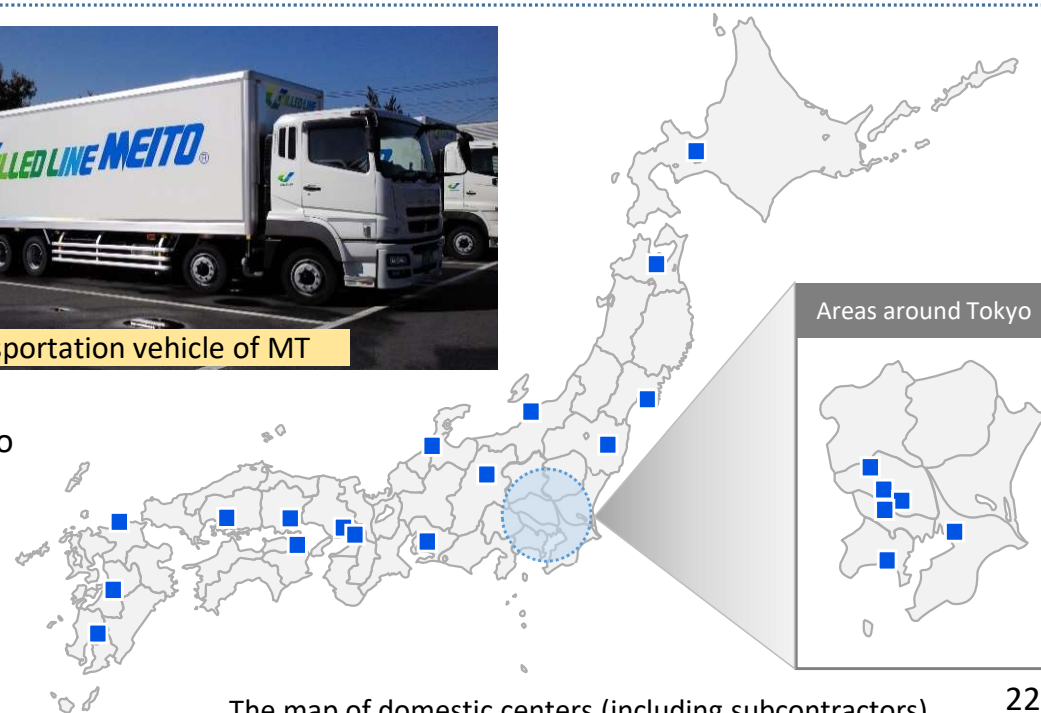
The number of centers

90 centers all over the country centering around Kanto region (except subcontractors)

Main handling products

■ Chilled beverages and desserts for commercial for supermarkets and convenience stores

■ Dried foods for commercial for supermarkets



The map of domestic centers (including subcontractors)

## Distribution Center

Mainly operating storing, handling and making deliveries of frozen products integrally  
Operating storing, changing names of owner of products and sorting for each vehicles and delivery destinations of many kinds of cargo in our warehouses and making deliveries with dedicated vehicles

→ Inventory turnover of frozen products is low because of the long best before date and, therefore we have always a certain number of stock.

### ▶ Joint delivery

Receiving variety of products from various customers and delivering them in mixed loading, destination by destination.

### ▶ Logistics operation for hospital

Operating sorting and delivery of feeding service products for 3,300 medical and welfare institutions

### ▶ repack processing

Processing food products materials such as frozen vegetables into products for household-use in mass-merchant and professional-use in restaurant

### ▶ Overseas operation (Vietnam)

Operating storage, handling and delivery of raw materials for frozen products in Vietnam ("MEITO VIETNAM CO., LTD.," "T&M TRANSPORTATION CO., LTD.")



Saitama branch of HN



Automatic warehousing system



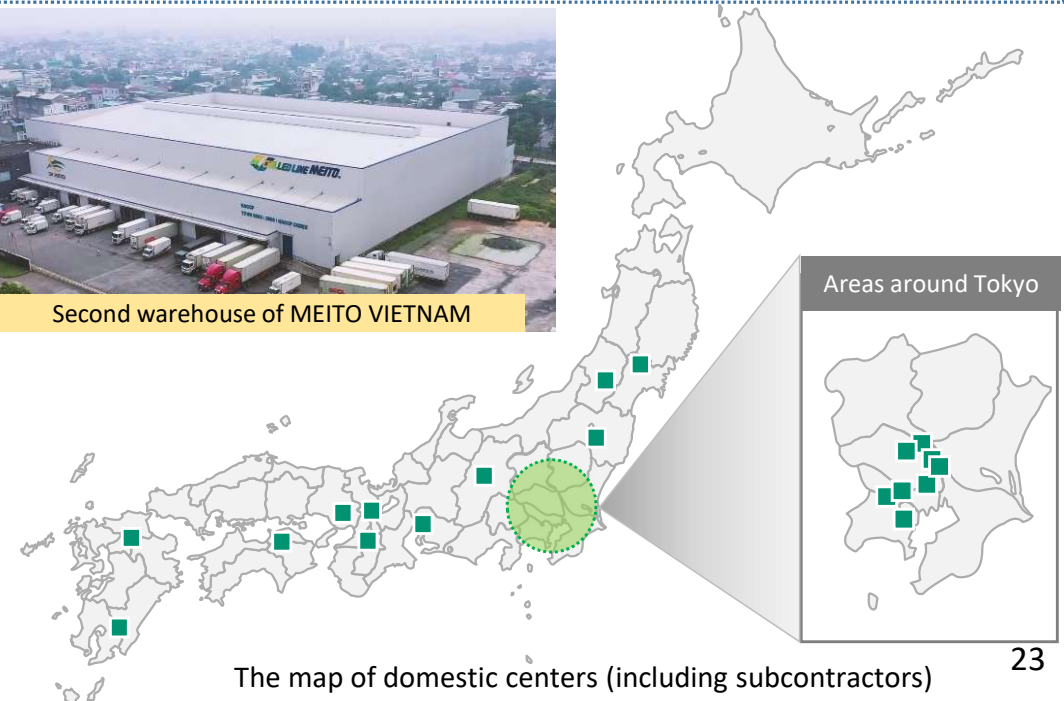
Second warehouse of MEITO VIETNAM

The number of centers

27 centers all over the country centering around Kanto region (except Vietnam and subcontractors)

Main handling products

- frozen processed products for professional-use for restaurants, hospitals and nursing home
- frozen processed products for commercial for supermarkets and convenience stores





## Others

Operating incidental services related to logistics operations except Distribution Center and Transfer Center as main business of us

- ▶ **Transportation of cash and valuables** Operating transportation of cash, important documents such as bill treated in banking establishments in areas around Tokyo
- ▶ **Logistics related to hospitals** Operating delivery and pickup of linen (sheets, towels and white coats) for medical and welfare institutions located in Kanto region including hospitals, nursing home, healthcare centers for elderly and pharmacy
- ▶ **Temporary staffing business** Temp services dedicated to logistics operation such as drivers and workers to inside and outside of group
- ▶ **Insurance agency business** Operating agency business to make a suggestion of insurance products mainly centered on vehicles to employees, their family and customers

Etc. . . .