



C&F LOGISTICS

FY 2022 3Q

Consolidated financial results

Chilled & Frozen Logistics Holdings Co., Ltd.

■ Operating revenue

86,248 million Yen
(+2.1% YoY)

- ▶ Start of new transactions by leveraging the increased capacity with newly started facilities.
- ▶ Steadily recovering the handling volume of products for professional-use and those for convenience stores in CBD along with easing restrictions caused by COVID-19 pandemic.

■ Operating profit

4,060 million Yen
(-7.6% YoY)

- ▶ Increase in electrical power and fuel costs due to a surge in energy costs such as crude oil prices. 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 total amount of compensation due to 1) the promotion of part-time/temporary employees to full-time/permanent status for employee retention and insourcing, and 2) improved treatment for employees.

* 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): "MT"

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

Highlights of consolidated financial results

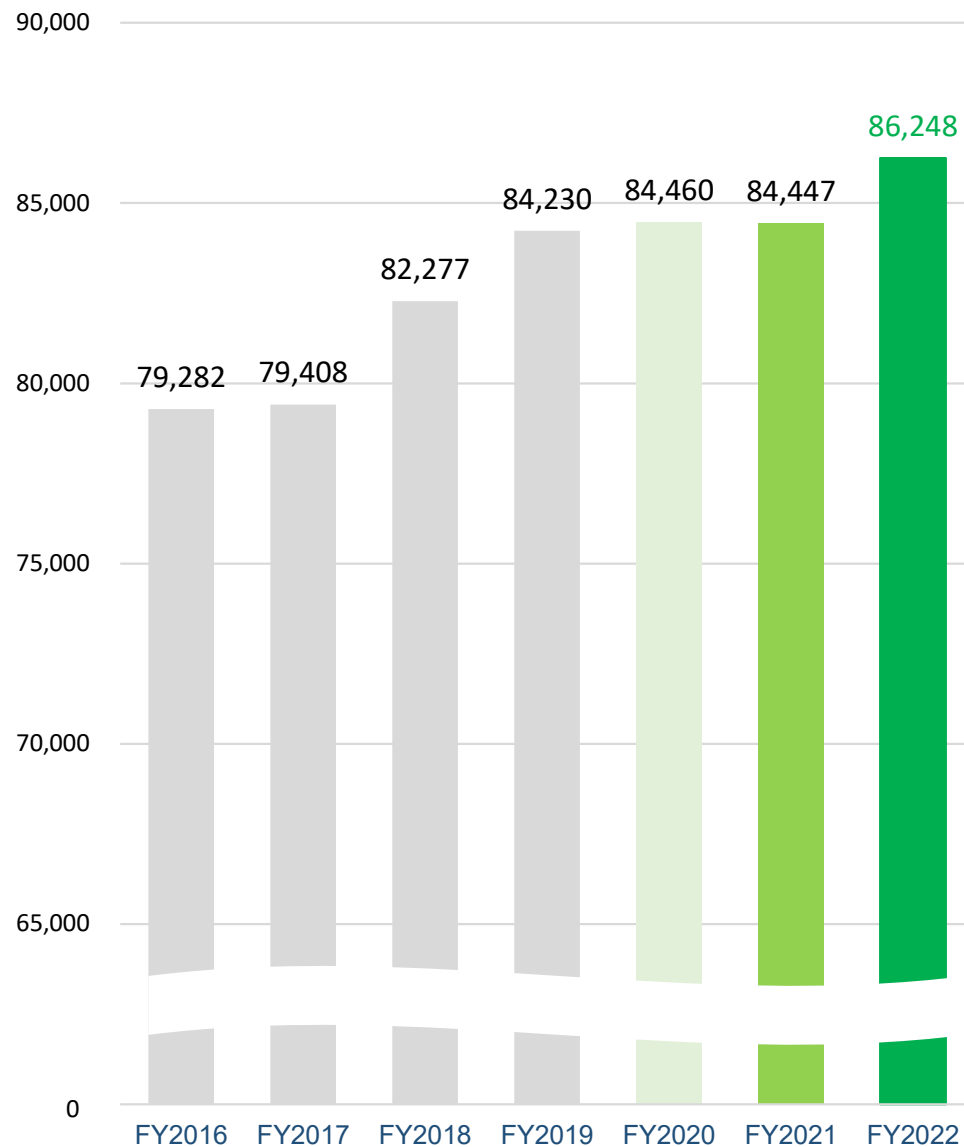
(Unit: Million Yen)

	FY2021 3Q		FY2022 3Q			
		Ratio to Operating revenue		Structural ratio	Difference	YoY change rate
Operating revenue	84,447	100.0%	86,248	100.0%	1,800	2.1%
Operating costs	77,082	91.3%	79,114	91.7%	2,031	2.6%
Selling, general and administrative expenses	2,970	3.5%	3,073	3.6%	102	3.5%
Operating profit	4,394	5.2%	4,060	4.7%	(334)	(7.6%)
Ordinary profit	4,766	5.6%	4,491	5.2%	(275)	(5.8%)
Profit attributable to owners of parent	3,212	3.8%	3,066	3.6%	(146)	(4.6%)

Highlights of consolidated financial results

Operating revenue

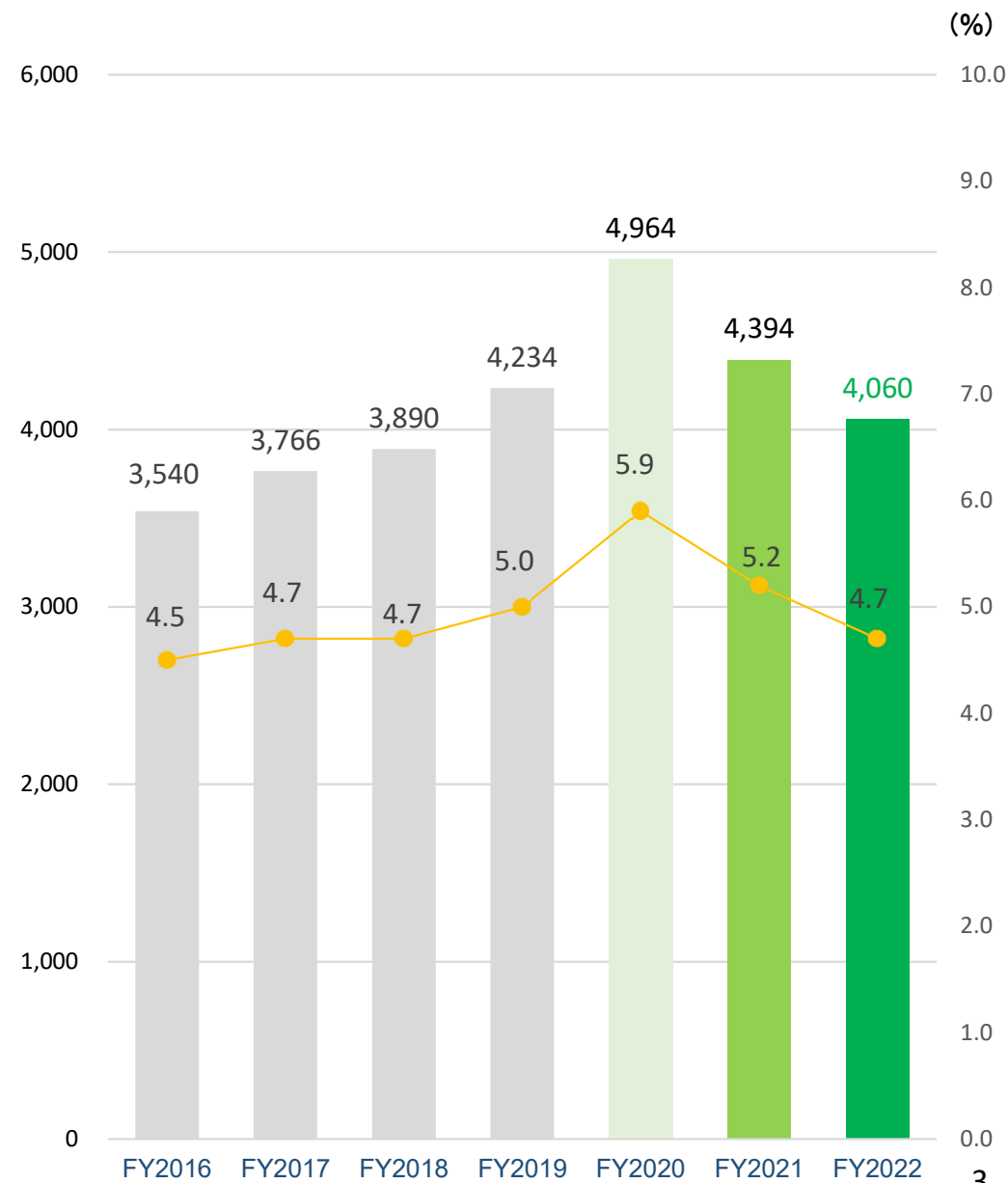
(Unit: Million Yen)



Operating profit

(Unit: Million Yen)

Margin (%)

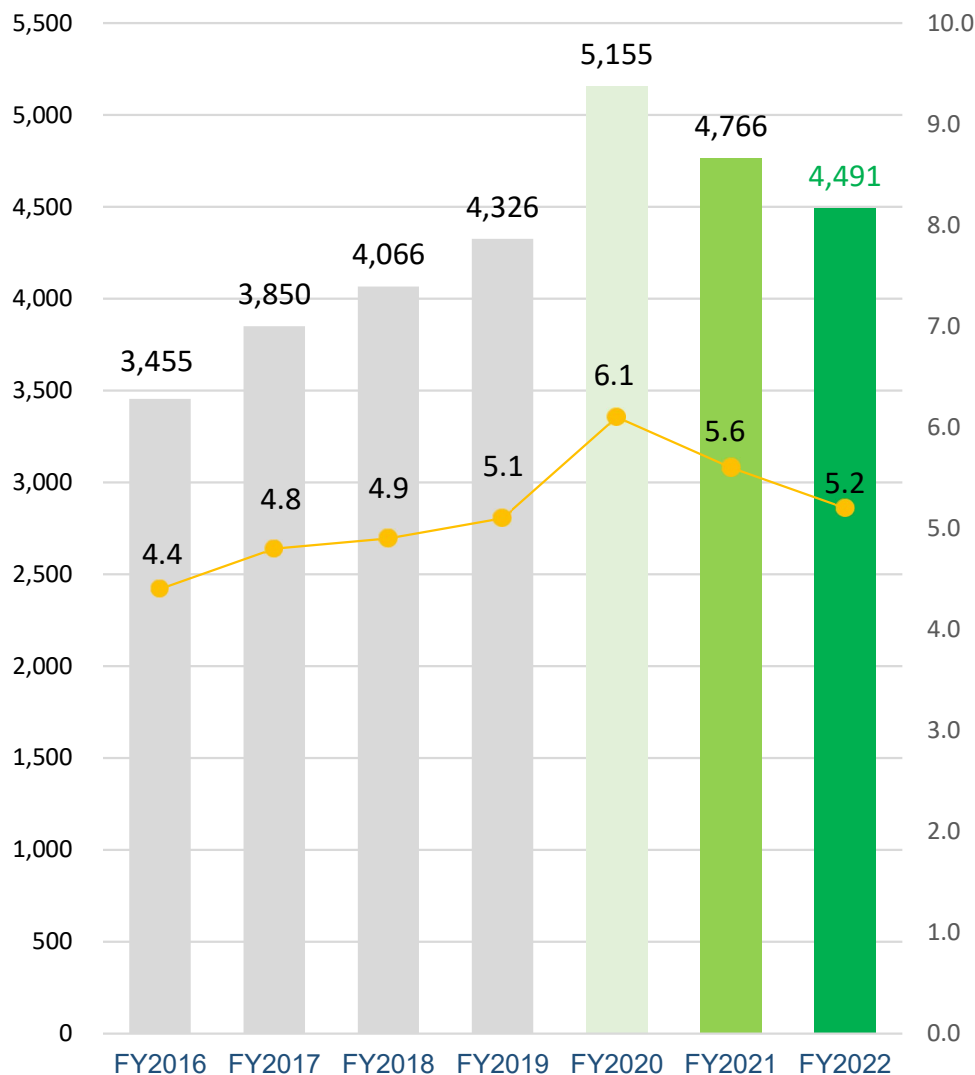


Highlights of consolidated financial results

Ordinary profit

● Margin (%)

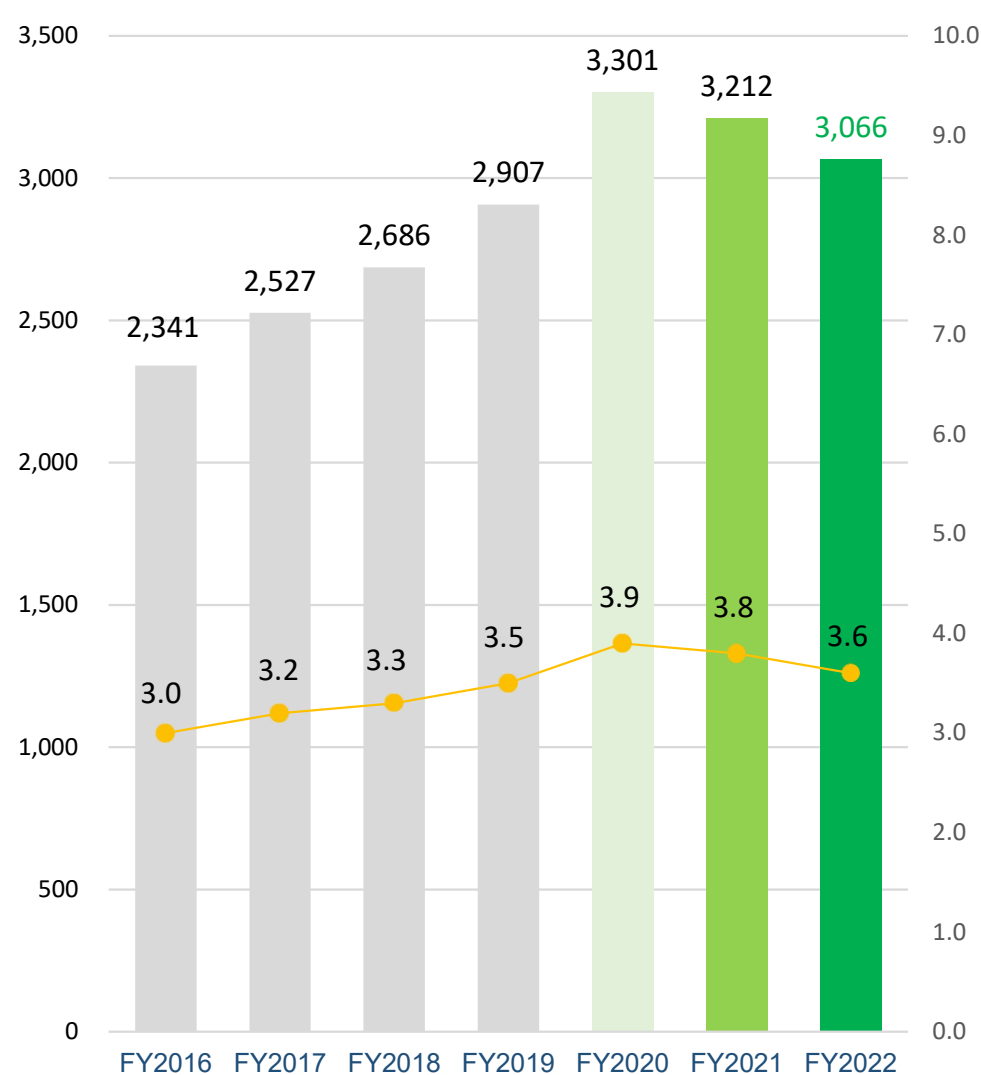
(Unit: Million Yen)



Profit attributable to owners of parent

● Margin (%)

(Unit: Million Yen)



Operating revenue and profit by reportable segment

(Unit: Million Yen)

		FY 2021 3Q		FY 2022 3Q			Main factors	
			Structural ratio		Structural ratio	Increase / decrease rate		
Transfer Center	Operating revenue	54,225	64.2%	55,140	63.9%	1.7%	increase	<ul style="list-style-type: none"> start of new transactions by leveraging the increased capacity with newly started facilities. (Tokyo Metropolitan Center, Okayama Center, etc.) steadily recovering the handling volume of products for convenience stores in CBD along with easing restrictions caused by COVID-19 pandemic
	Segment profit	3,015	40.3%	3,133	43.2%	3.9%	increase	<ul style="list-style-type: none"> increase in profitability by acquisition of new businesses and steady recovery of the handling volume of existing customers' products. decrease in depreciation costs due to the delay in replacing trucks in accordance with shortage of vehicle supply by auto makers.
	(Margin)	5.6%		5.7%			decrease	<ul style="list-style-type: none"> increase in electrical power costs due to the surge in energy costs. increase in labor costs for the better treatment of employees, including the promotion of part-time/temporary employees to full-time/permanent status. increase in fuel costs due to the surge in crude oil prices.
Distribution Center ^(*)	Operating revenue	28,911	34.2%	29,758	34.5%	2.9%	increase	<ul style="list-style-type: none"> start of new transactions by leveraging the increased capacity with newly started facilities. (Chubu Branch 3rd Center, etc.) increase in the handling volume of frozen products for professional-use due to the increase in opportunities to go out.
	Segment profit	4,339	58.0%	3,990	55.1%	(8.0%)	increase	<ul style="list-style-type: none"> decrease in labor costs and temporary staffing cost due to the improved efficiency.
	(Margin)	15.0%		13.4%			decrease	<ul style="list-style-type: none"> increase in electrical power costs due to the surge in energy costs. increase in fuel costs due to the surge in crude oil prices.
Others ^(**)	Operating revenue	1,310	1.6%	1,349	1.6%	3.0%		
	Segment profit	127	1.7%	124	1.7%	(2.6%)		
	(Margin)	9.7%		9.2%				

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

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

Operating revenue by business category

(Unit: Million Yen)

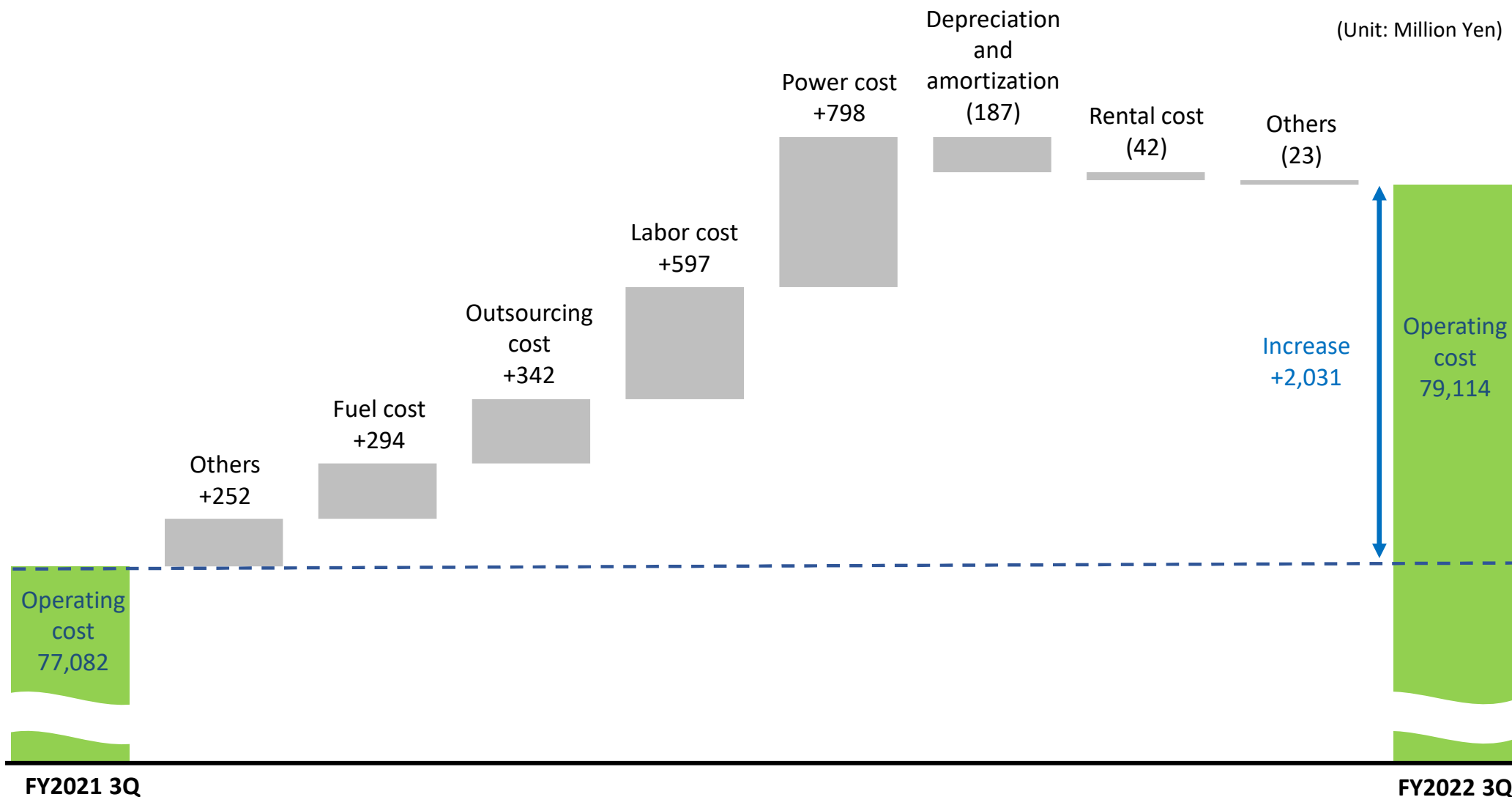
	FY 2021 3Q		FY 2022 3Q				Main factors
		Structural ratio		Structural ratio	difference	YoY change rate	
Joint delivery (*)	49,834	59.0%	51,596	59.8%	1,761	3.5%	<div>increase</div> <ul style="list-style-type: none"> ▪ start of new transactions by leveraging the increased capacity with newly started facilities. ▪ increase in handling volume of products for professional-use due to the increase in opportunities to go out. <div>decrease</div> <ul style="list-style-type: none"> ▪ decrease in the handling volume of products due to the reorganization of logistical networks by certain customers.
Convenience store logistics	11,133	13.2%	11,271	13.1%	137	1.2%	<ul style="list-style-type: none"> ▪ increase in the handling volume of products for convenience stores in and around CBD.
Chain store logistics	10,407	12.3%	10,212	11.8%	(195)	(1.9%)	<ul style="list-style-type: none"> ▪ decrease in the handling volume of products for chain stores due to the sluggish sales in stores generally, despite acquiring new customers' business.
Wholesaler logistics (**)	7,498	8.9%	7,178	8.3%	(319)	(4.3%)	<ul style="list-style-type: none"> ▪ decrease in the handling volume of products due to the reorganization of logistics in certain customers along with sluggish growth of retailing business in general.
Bonded goods / food processing	2,240	2.7%	2,432	2.8%	191	8.6%	<ul style="list-style-type: none"> ▪ recovering import volume and therefore the handling volume of bonded goods, accordingly.
Others (***)	3,333	3.9%	3,557	4.1%	224	6.7%	<ul style="list-style-type: none"> ▪ increase in the handling volume of cosmetics and miscellaneous goods along with the recovery of economic activities. ▪ increase in the revenue in overseas business due to depreciating Yen.
【Total】	84,447	100.0%	86,248	100.0%	1,800	2.1%	

(*)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 in MU (Transfer Center segment).

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

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

Analysis of cost of sales



FY2021 3Q

FY2022 3Q

Main factor of increase

Main factor of decrease

- Increase in electrical power and fuel costs due to the surge in energy costs such as crude oil prices.
- Increase in total amount of compensation due to 1) the promotion of part-time/temporary employees to full-time/permanent status for employee retention and insourcing, and 2) improved treatment for employees.
- Increase in outsourcing costs along with the start of new transactions.

- decrease in depreciation cost due to the delay in replacing trucks in accordance with shortage of vehicle supply by auto makers.

Comparing of the number of employees and vehicles

(1) Comparing number of employee

	End of the previous term (March 31, 2022)	End of the current term (December 31, 2022)	Difference	Main factors
Full-time/ permanent employee <i>(included number of drivers)</i>	5,792 2,921	5,998 2,981	206 60	<ul style="list-style-type: none"> ▪ Recruitment of new graduates. (+137) ▪ Promoting part-time/ temporary employees to full-time/ permanent status.
Part-time/ temporary employee <i>(included number of drivers)</i>	5,742 1,229	5,534 1,153	(208) (76)	<ul style="list-style-type: none"> ▪ Promoting part-time/ temporary employees to full-time/ permanent status ▪ Decrease in the number of hires due to the decrease in workload with the declining stay-at-home demand. ▪ Decrease in the number of the foreign students having worked as temporary workers, due to the decrease in the number of entrants and the increase in the number of those returning to their home countries.
Total <i>(included number of drivers)</i>	11,534 4,150	11,532 4,134	(2) (16)	

(2) Comparing number of vehicles

	End of the previous term (March 31, 2022)	End of the current term (December 31, 2022)	Difference
Large-sized vehicle	691	709	18
Mid-size vehicle	1,554	1,563	9
Small-sized vehicle	457	465	8
Cash transport vehicle	126	120	(6)
Total	2,828	2,857	29

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 (February 13, 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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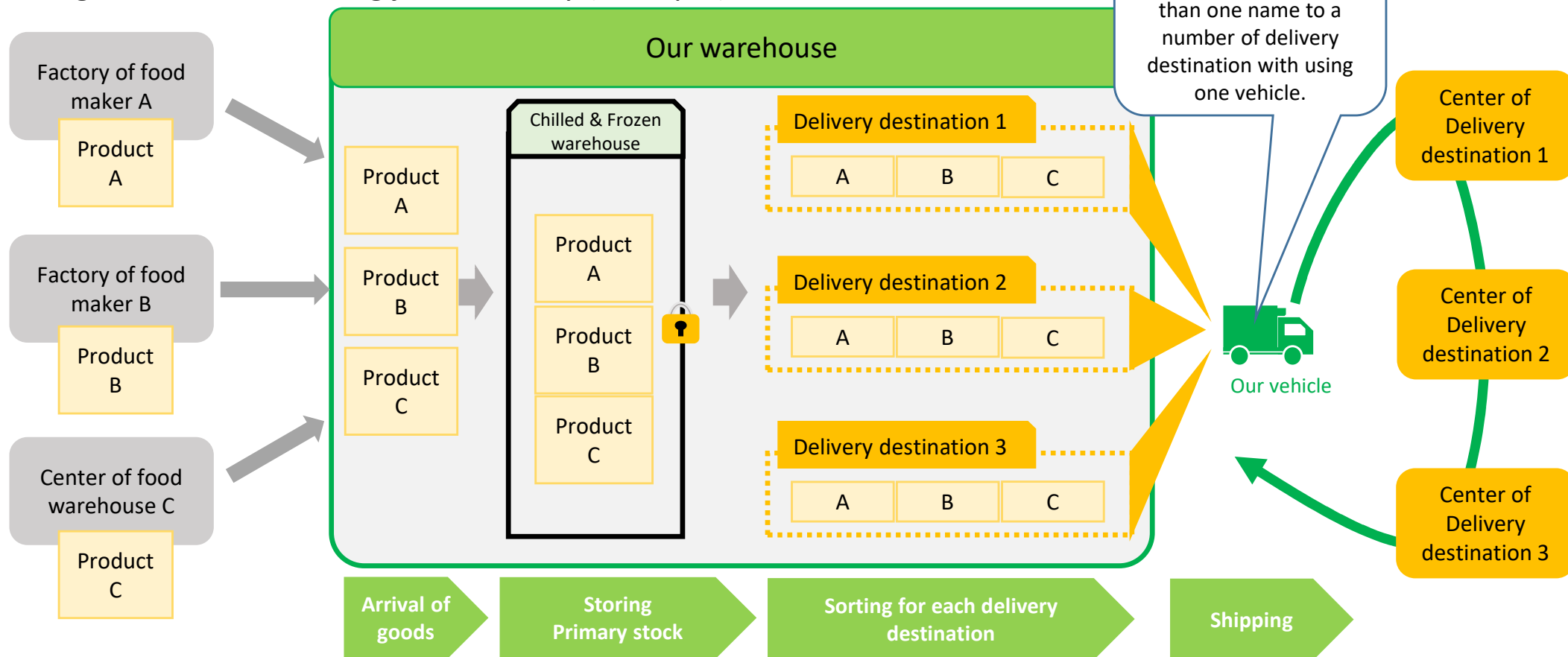
Reference information



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.

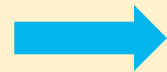
If customers use our service (joint delivery) ■■■They only need to deliver their products to our warehouse.

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

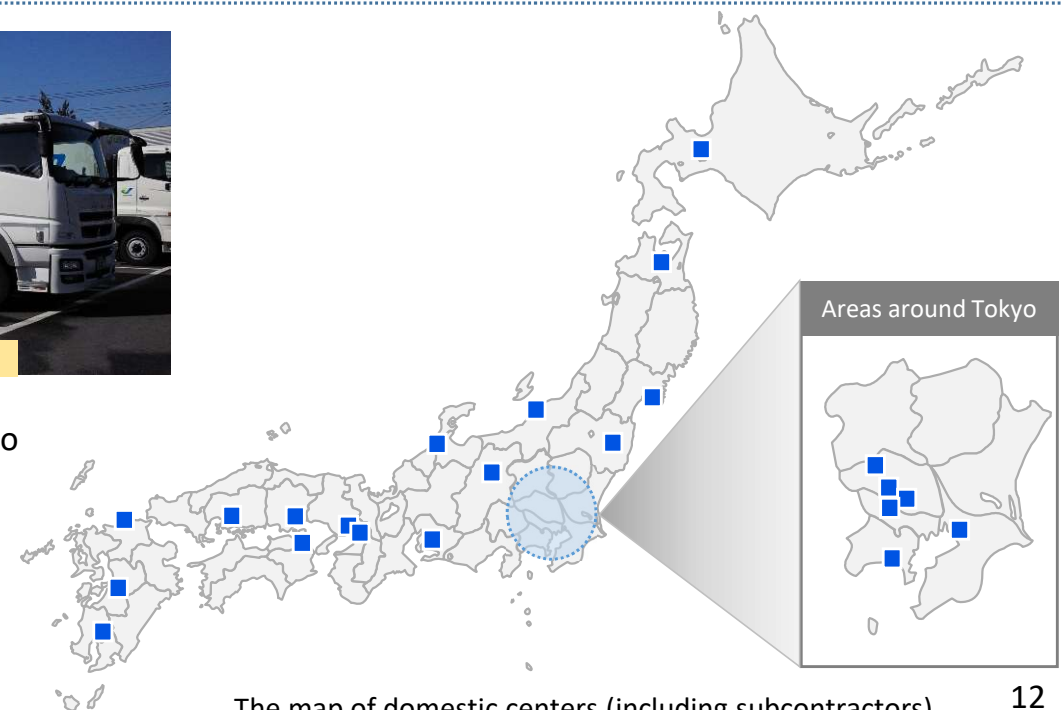
The number of
centers

93 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

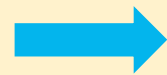
■ Dried foods for commercial for supermarkets



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



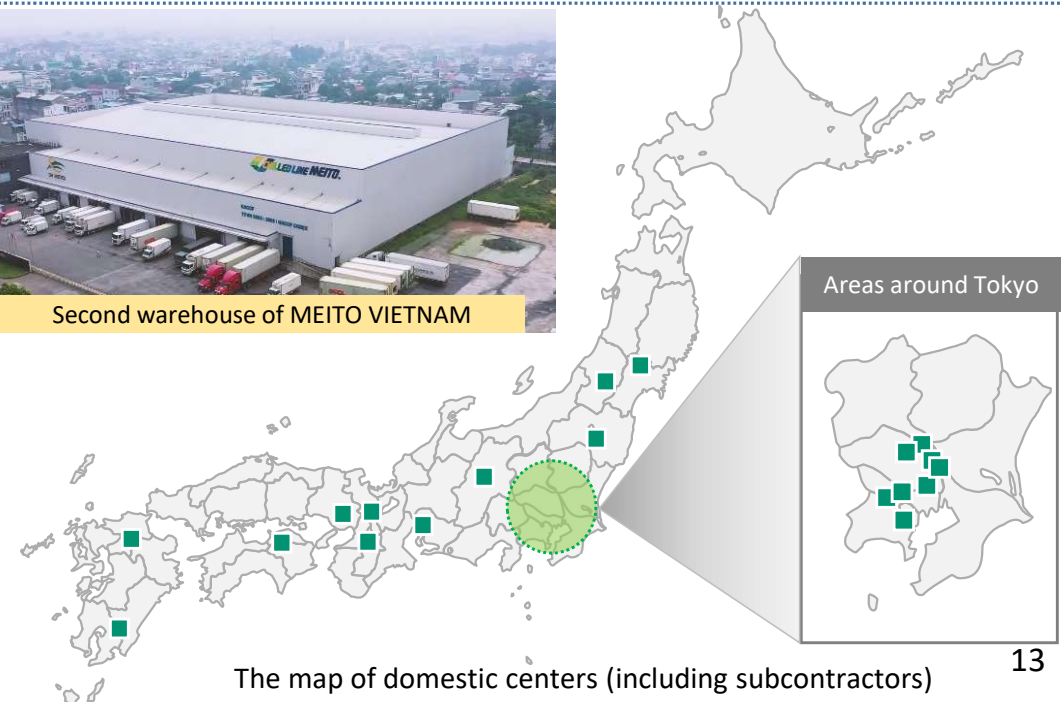
Second warehouse of MEITO VIETNAM

The number of centers

28 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. . . .