



C&F LOGISTICS

FY2021

Consolidated Financial Results

Chilled & Frozen Logistics Holdings Co., Ltd.

Operating revenue

110,868 million Yen
(+0.4% YoY)

Operating revenue was Y110,868 million, broadly flat year over year. This was due to the increase in the sales of DC segments offset by the decrease in the sales of TC segments.

- ▶ Stay-at-home demand, at a peak in the first quarter of previous year, decreased, and handling volume of chilled and frozen products for household-use decreased.
- ▶ The demand for frozen products for business-use bottomed out, and handling volume gradually recovered as economic activities resumed in stages across the nation.
- ▶ Although handling volume of products for convenience stores located in CBD increased gradually, sales of convenience store logistics didn't recover as a whole due to the decrease in the number of delivery routes and operations as customers reorganized their logistics businesses in part.

Ordinary profit

5,105 million Yen
(-10.0% YoY)

Ordinary profit was Y5,105 million, a decrease by 10.0% year over year. This was due to the following reasons;

- ▶ Increase in fuel cost due to a surge in crude oil prices
- ▶ Increase in fixed costs with new large facilities starting operation: "Tokyo Metropolitan center(MU)" and "Hasuda center(HN)".
- ▶ Increase in labor costs for the better treatment for employees
- ▶ Recognition of foreign exchange gains in overseas business with the progress of weakening Yen.

* 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

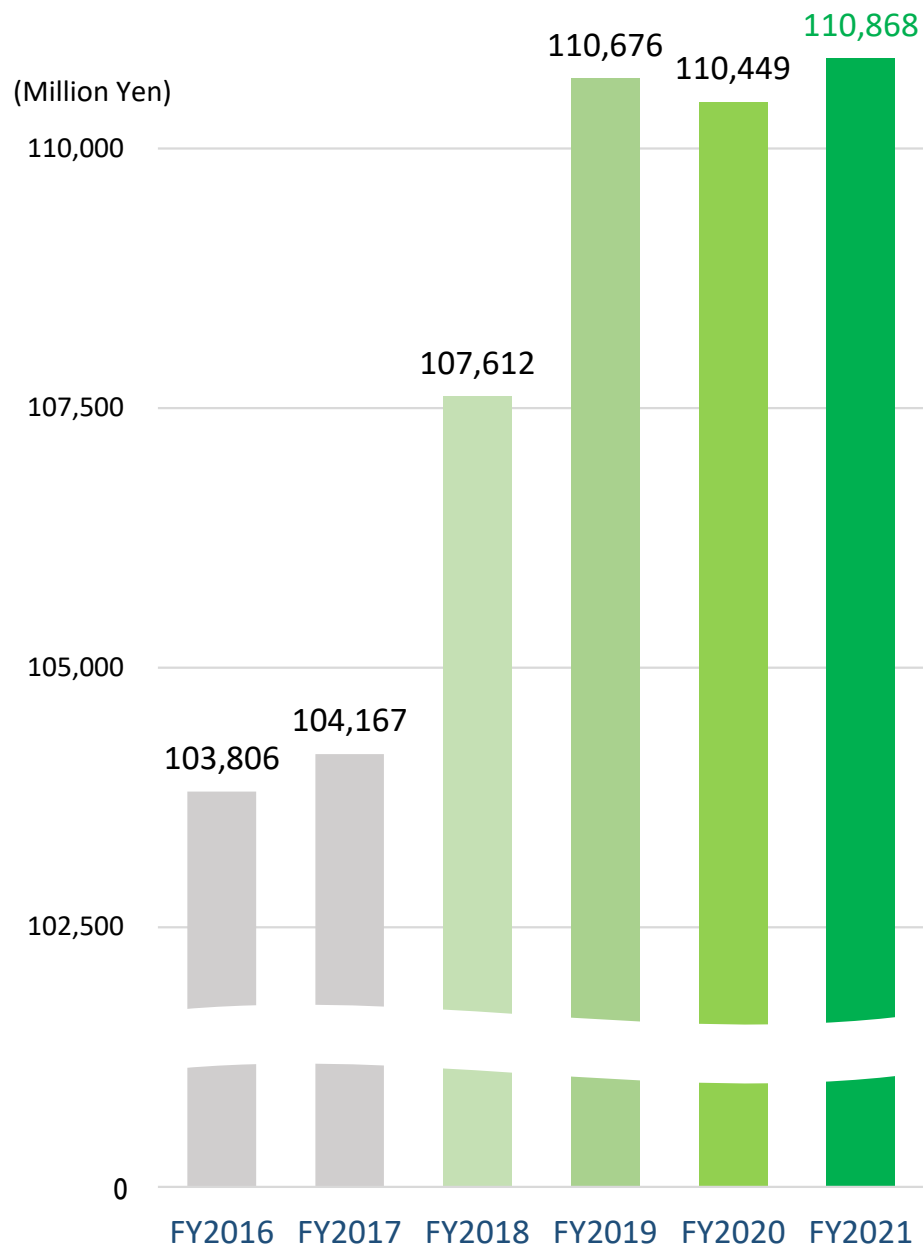
(Unit: Million Yen)

	FY2020		FY2021				FY2021 forecasts*		
		Ratio to Operating revenue		Structural ratio	Difference	YoY change rate		Ratio to Operating revenue	Difference
Operating revenue	110,449	100.0%	110,868	100.0%	418	0.4%	112,000	100.0%	- 1,131
Cost of sales	101,135	91.6%	102,345	92.3%	1,210	1.2%	-	-	-
Selling, general and administrative expenses	4,023	3.6%	4,040	3.6%	17	0.4%	-	-	-
Operating profit	5,291	4.8%	4,482	4.0%	-808	-15.3%	5,300	4.7%	- 817
Ordinary profit	5,675	5.1%	5,105	4.6%	-570	-10.0%	5,600	5.0%	- 494
Profit attributable to owners of parent	3,678	3.3%	3,316	3.0%	-362	-9.8%	3,600	3.2%	- 283

(*) This forecast was announced on May 10, 2021.

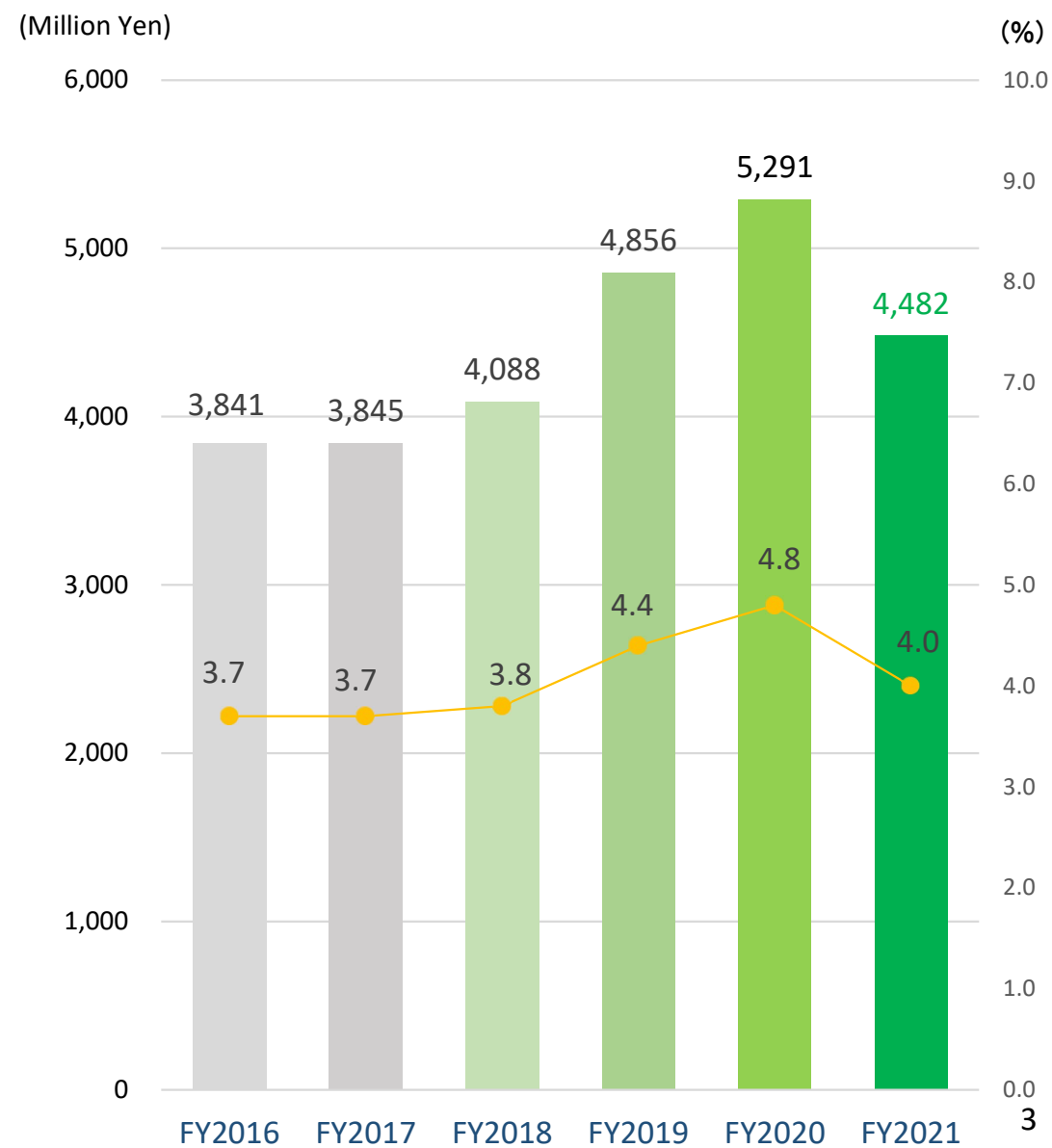
Highlights of consolidated financial results

Operating revenue



Operating profit

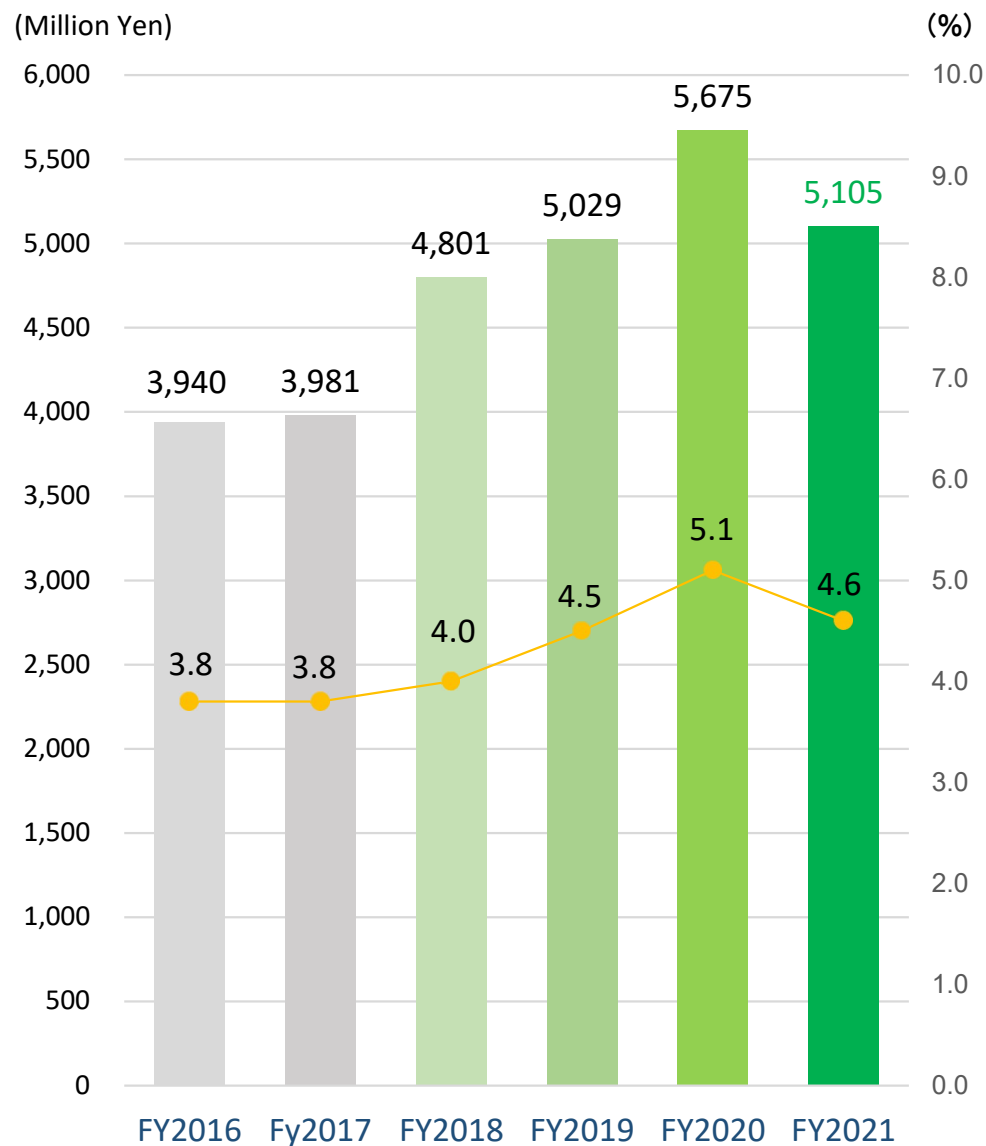
Margin (%)



Highlights of consolidated financial results

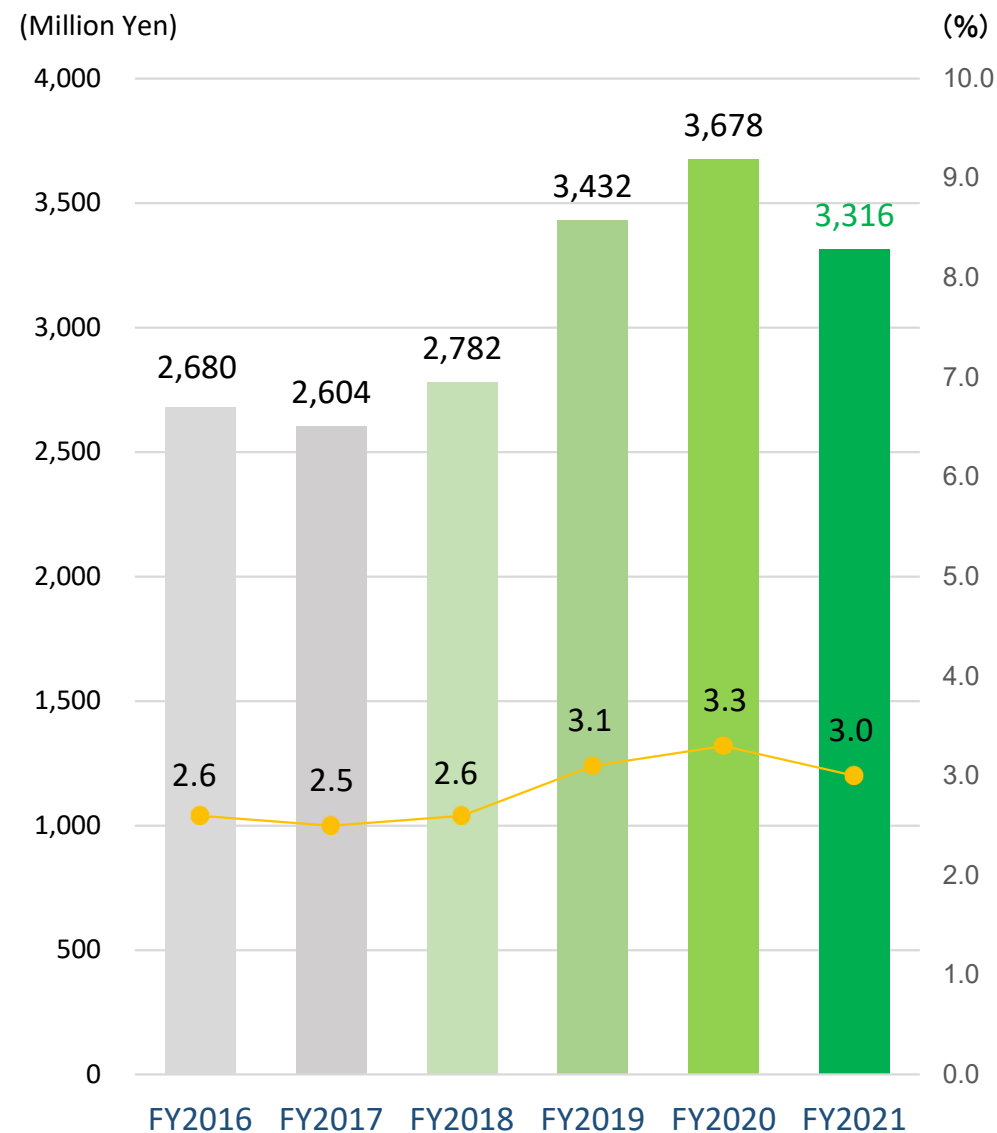
Ordinary profit

Margin (%)



Profit attributable to owners of parent

Margin (%)



Operating revenue and profit by reportable segment

(単位:百万円)

		FY2020		FY2021			Main factors
			Structural ratio		Structural ratio	Increase / Decrease rate	
TC Business	Operating revenue	71,619	64.8%	71,147	64.2%	-0.7%	<ul style="list-style-type: none"> Decrease in handling volume of chilled products for household-use because of declining stay-at-home demand, which was at a peak in the first quarter of the previous fiscal year. Continued decrease in handling volume of products sold in convenience stores located in CBD.
	Segment profit	4,056	43.0%	3,091	35.6%	-23.8%	positive Suppression of increase in labor cost, and decrease in outsourcing cost due to 1) the continued promotion of in-house operation and 2) decrease in workload with declining stay-at-home demand.
	(margin)	5.7%		4.3%			negative <ul style="list-style-type: none"> Increase in fuel cost due to a surge in crude oil prices Increase in fixed costs with the new large facility starting operation (Tokyo Metropolitan center from May, 2021)
DC Business (*)	Operating revenue	37,006	33.5%	37,964	34.2%	2.6%	<ul style="list-style-type: none"> Increase in handling volume of products for business-use with gradual recovery of economic activities, partly offset by the decrease in handling volume of products for household-use. Starting operation of the new large facility. (Hasuda center from March, 2021)
	Segment profit	5,170	54.8%	5,432	62.5%	5.1%	positive Decrease in outsourcing cost due to the continued promotion of in-house operation
	(margin)	14.0%		14.3%			negative Increase in fixed costs with the new large facility starting operation (Hasuda center from March, 2021)
Others (**)	Operating revenue	1,823	1.7%	1,757	1.6%	-3.6%	
	segment profit (margin)	207	2.2%	164	1.9%	-20.6%	
		11.4%		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

(単位:百万円)

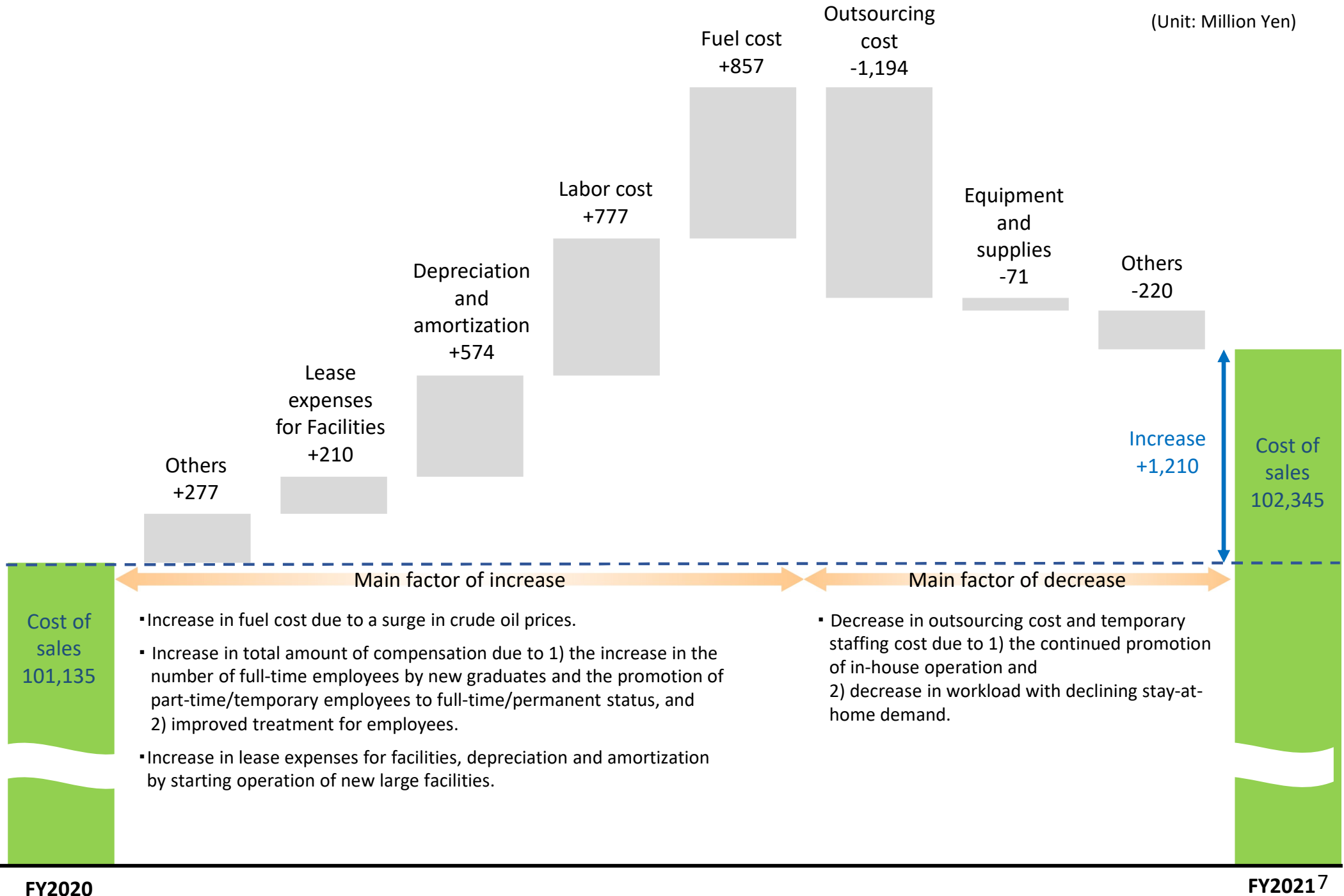
	FY2020		FY2021				Main factors
		Structural ratio		Structural ratio	difference	YoY change rate	
Joint delivery (*)	63,545	57.5%	64,525	58.2%	980	1.5%	<ul style="list-style-type: none"> positive <ul style="list-style-type: none"> ▪ Increase in handling volume of frozen products. ▪ Starting operation of new large facilities. negative <ul style="list-style-type: none"> ▪ Decrease in handling volume of chilled products with declining stay-at-home demand.
Convenience store logistics	15,052	13.6%	14,789	13.3%	- 263	-1.7%	<ul style="list-style-type: none"> ▪ Handling volume of products for convenience stores located in CBD has remained sluggish due to the decrease in opportunities to go out and in the number of foreign tourists. ▪ Decrease in the number of delivery routes and operations as customers
Chain store logistics	14,164	12.8%	13,615	12.3%	- 548	-3.9%	<ul style="list-style-type: none"> ▪ Decrease in handling volume of products for household-use with declining stay-at-home demand.
Wholesaler logistics (**)	10,315	9.3%	10,466	9.4%	150	1.5%	<ul style="list-style-type: none"> ▪ Continued strong demand of products for wholesaler among COVID-19 pandemic.
Bonded goods/ food processing	2,996	2.7%	2,994	2.7%	- 2	-0.1%	<ul style="list-style-type: none"> ▪ Decrease in bonded goods mainly stored in harbor areas due to the shortage of containers.
Others (***)	4,375	4.0%	4,477	4.0%	101	2.3%	<ul style="list-style-type: none"> ▪ Increase in handling volume of cosmetics and commodities by recovering economic activities gradually.
【Total】	110,449	100.0%	110,868	100.0%	418	0.4%	

(*)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.

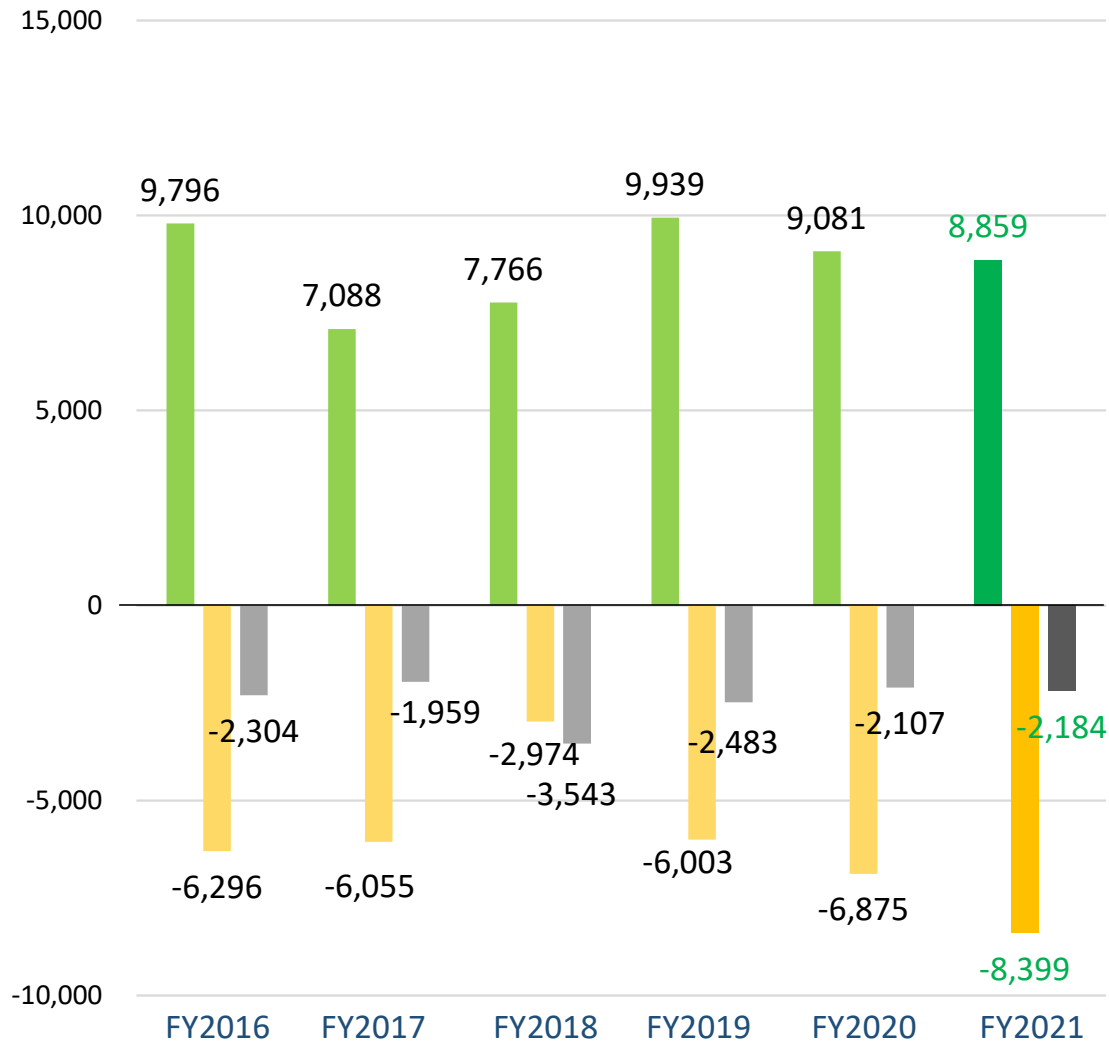
Analysis of cost of sales



Consolidated statement of cash flows

【Consolidated 1H】

(Million Yen)



▶ Cash flows from operating activities

- Decrease in profit after taxes

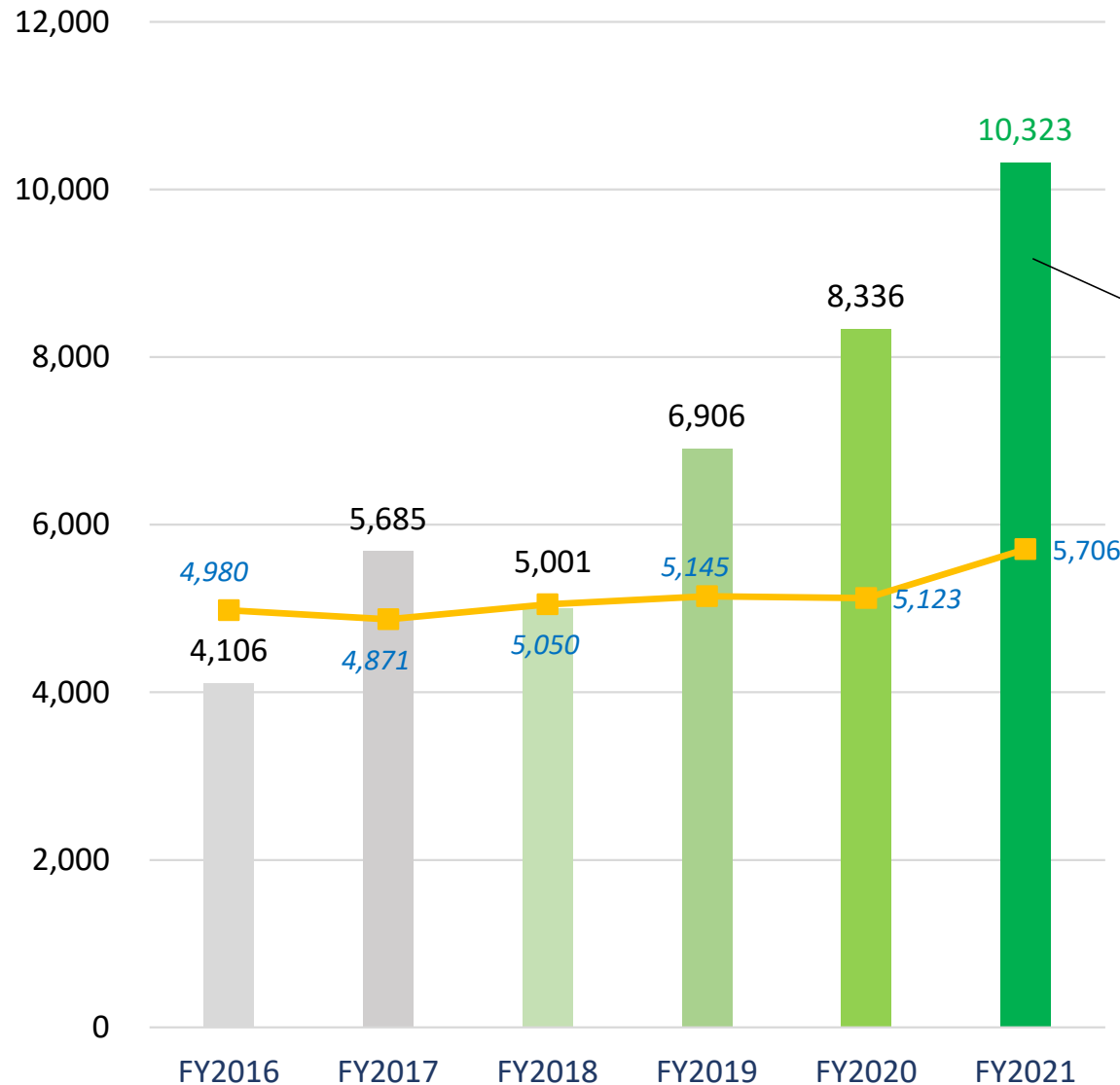
▶ Cash flows from investing activities

- Capital investments of Tokyo Metropolitan center, Okayama center (MU), and 3rd expansion of Chubu branch (HN)
- Purchase of new vehicles (qty : 114)

- Cash flows from operating activities
- Cash flows from investing activities
- Cash flows from financing activities

Capital investment, Depreciation and Amortization

(Unit: Million Yen)



Detailed breakdown

Construction cost for Tokyo Metropolitan center (MU)	2,470
Construction cost for 3 rd expansion of Chubu branch (HN)	2,360
Construction cost for Okayama center (MU)	1,420
Purchase of new vehicles (qty : 114)	1,050
Construction cost for Hasuda center (HN)	770
Acquisition of new vehicles by lease transaction (qty : 55)	590

■ Capital investment —■ Depreciation and Amortization

Comparing of the number of employees and vehicles

(1) Comparing number of employee

	End of the previous term (March 31, 2021)	End of the current term (March 31, 2022)	Difference	Main factors
Full-time/ permanent employee (included number of drivers)	5,554 (2,735)	5,726 (2,877)	172 (142)	<ul style="list-style-type: none"> ▪ Recruitment of new graduates (+80) ▪ Promoting part-time/ temporary employees to full-time/ permanent ones.
Part-time/ temporary employee (included number of drivers)	6,430 (1,512)	5,987 (1,285)	- 443 (- 227)	
Total (included number of drivers)	11,984 (4,247)	11,713 (4,162)	- 271 (- 85)	

(2) Comparing number of vehicles

	End of the previous term (March 31, 2021)	End of the current term (March 31, 2022)	Difference
Large-sized vehicle	675	691	16
Mid-size vehicle	1,535	1,554	19
Small-sized vehicle	466	457	-9
Cash transport vehicle	128	126	-2
Total	2,804	2,828	24

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



C&F LOGISTICS

※This presentation material was drawn up based on information available as of creation date (May 26, 2022).
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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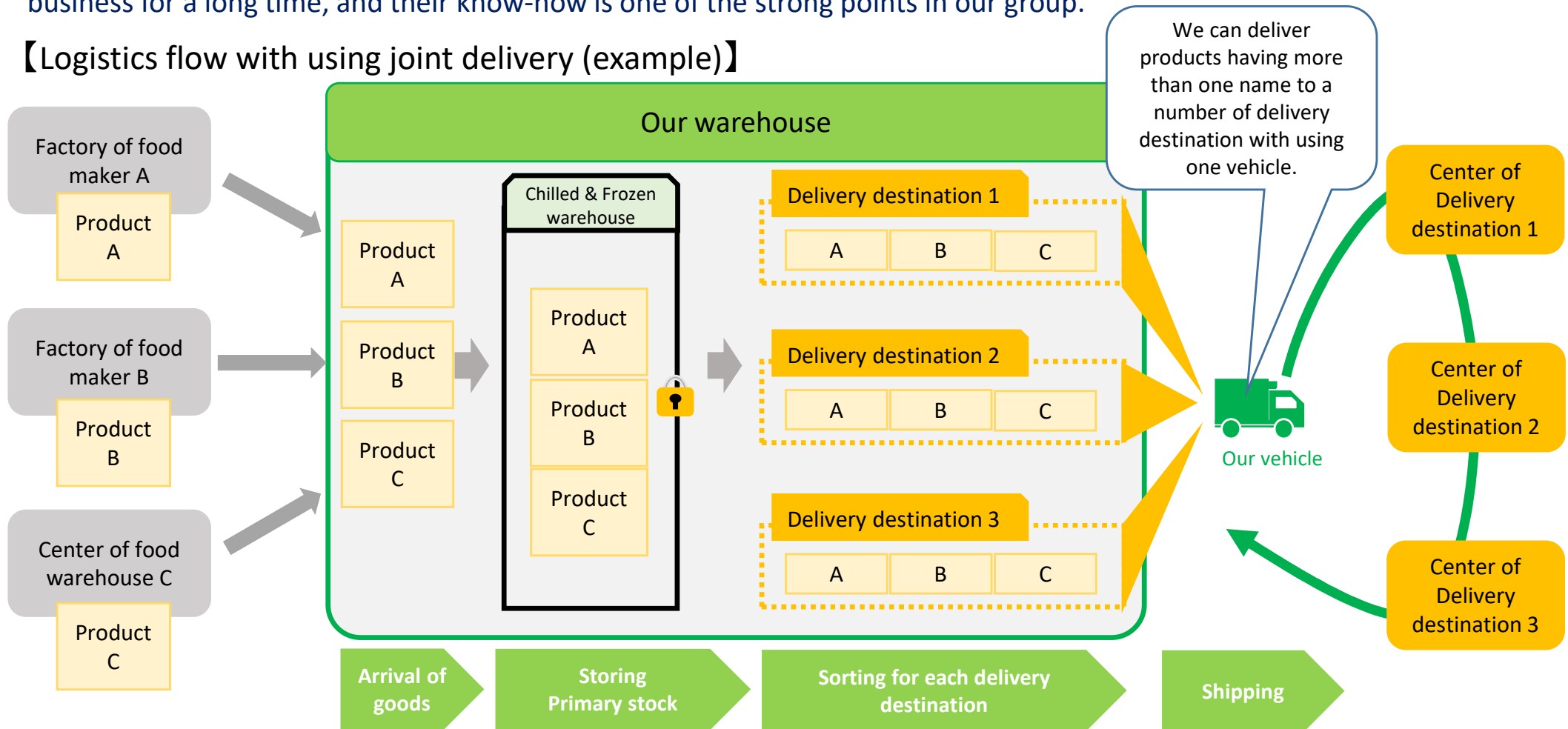
Reference information



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.

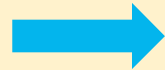
If customers use our service (joint delivery) ■■■They only need to deliver their products to our warehouse.

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 MU

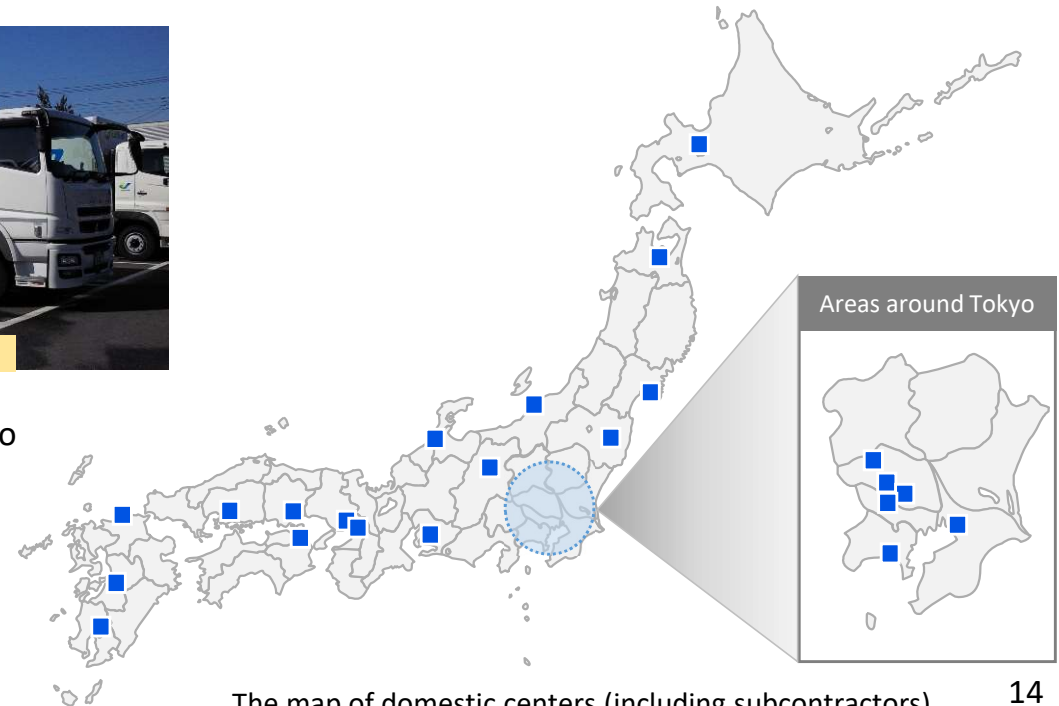


Transportation vehicle of MU

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

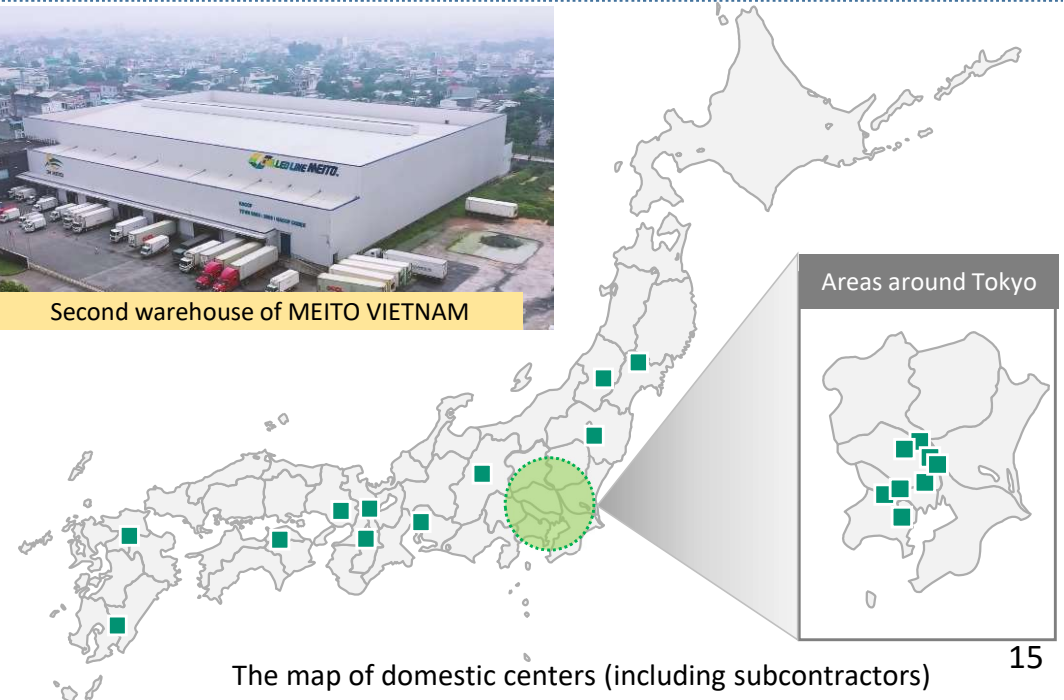


Automatic warehousing system



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



The map of domestic centers (including subcontractors)

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.....