



**C&F LOGISTICS**

**FY2020 2Q**

**(Ending September 30, 2020)**

**Consolidated Financial Results**

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

# Highlights of consolidated financial results

## ■ Operating revenue

**56,267 million Yen**  
(YoY change +1.0% points)

With COVID-19 pandemic,

- ▶ The amount of handling frozen and chilled products for household sold in mass-merchant has been increasing due to the growing demand related to staying home.
- ▶ The amount of handling products for professional-use for restaurant and product for convenience stores located in business district in the metropolitan area, station yard and airport have been decreasing due to the promotion of telecommuting, request to stay home and decline in demand for inbound tourism.

## ■ Ordinary profit

**3,438 million yen**  
(YoY change +28.5% points)

- ▶ Decreasing in fuel cost with downward spiral of crude oil prices.
- ▶ In “Distribution Center segment”, gaining a large margin of profit with increase in the amount of handling products due to growing demand related to staying home.
- ▶ In “Transfer Center segment”, working hours have been reduced with decline in amount of handling products by COVID-19, and outsourcing cost have been reduced by the promotion of insourcing. but the labor cost has risen with increase in the number of employees partly due to the promotion of non-regular ones to regular ones, and improvement of pay structure.

\* Note : In this document, we express our company name and two main business 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)

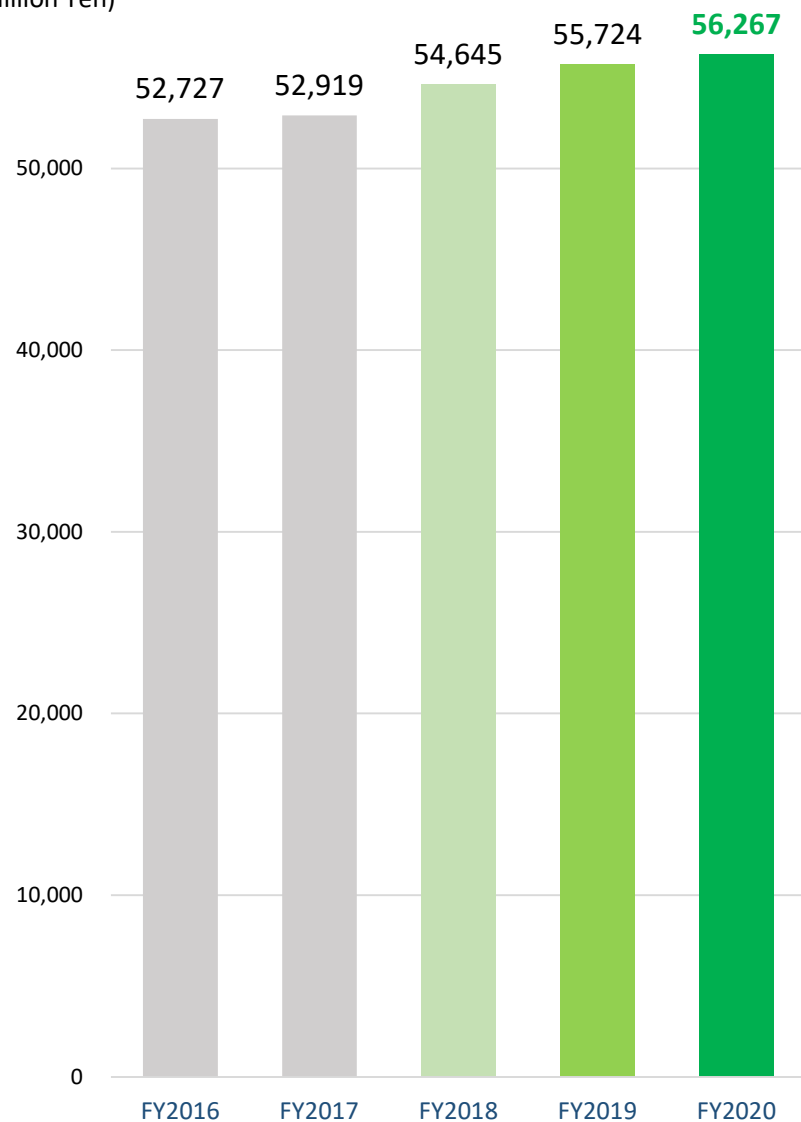
|  | FY2019 2Q results |                                  | FY2020 2Q results |                  |                         |                    | FY2020 forecasts (*) |                                  |                          |
|--|-------------------|----------------------------------|-------------------|------------------|-------------------------|--------------------|----------------------|----------------------------------|--------------------------|
|  |                   | ratio to<br>Operating<br>revenue |                   | Structural ratio | difference<br>to FY2019 | YoY<br>change rate |                      | ratio to<br>Operating<br>revenue | difference<br>to results |
| Operating revenue                            | 55,724            | 100.0%                           | 56,267            | 100.0%           | 543                     | 1.0%               | 56,400               | 100.0%                           | -132                     |
| Cost of sales                                | 50,983            | 91.5%                            | 50,995            | 90.6%            | 12                      | 0.0%               | -                    | -                                | -                        |
| Selling, general and administrative expenses | 2,109             | 3.8%                             | 1,981             | 3.5%             | -128                    | -6.1%              | -                    | -                                | -                        |
| Operating profit                             | 2,630             | 4.7%                             | 3,290             | 5.8%             | 659                     | 25.1%              | 3,400                | 6.0%                             | -109                     |
| Ordinary profit                              | 2,675             | 4.8%                             | 3,438             | 6.1%             | 763                     | 28.5%              | 3,400                | 6.0%                             | 38                       |
| Profit attributable to owners of parent      | 1,785             | 3.2%                             | 2,297             | 4.1%             | 511                     | 28.6%              | 2,200                | 3.9%                             | 97                       |

(\*) This forecast was announced on August 7, 2020.

# Highlights of consolidated financial results

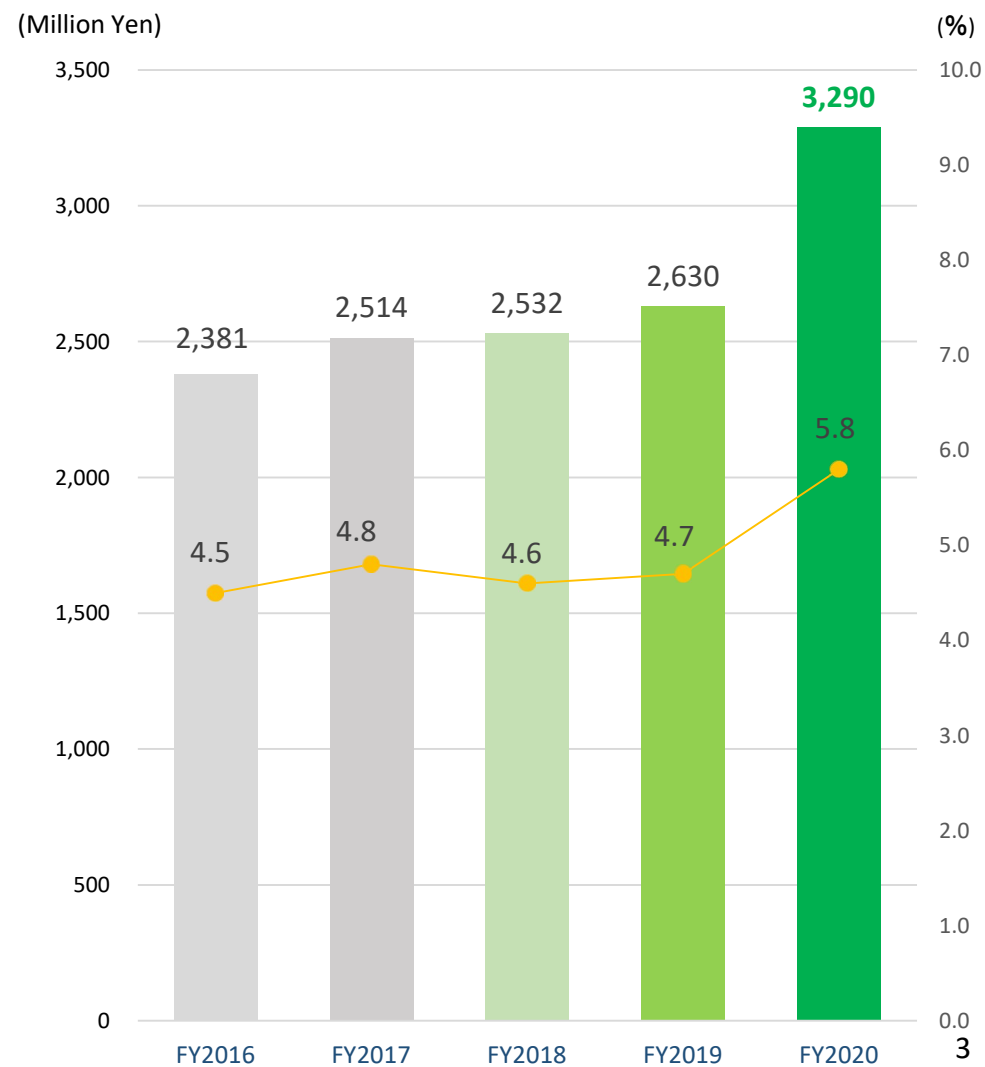
## Operating revenue

(Million Yen)



## Operating profit

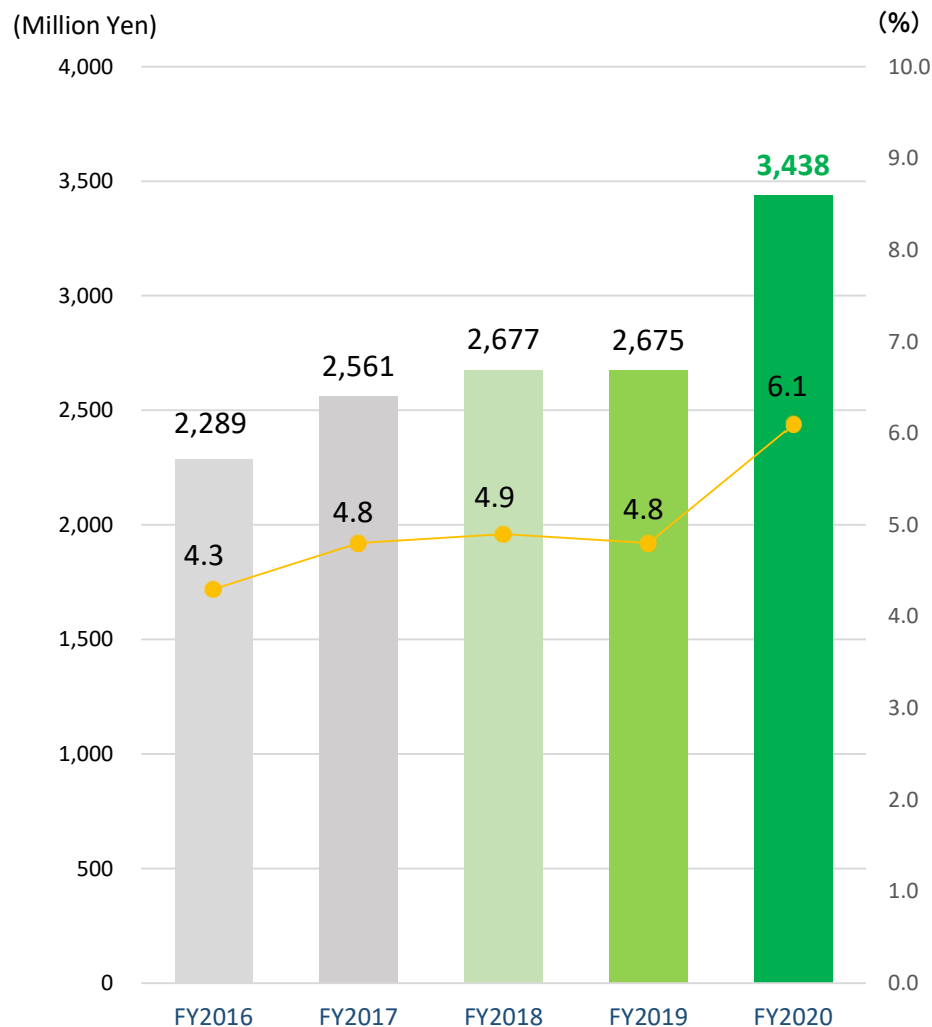
Margin (%)



# Highlights of consolidated financial results

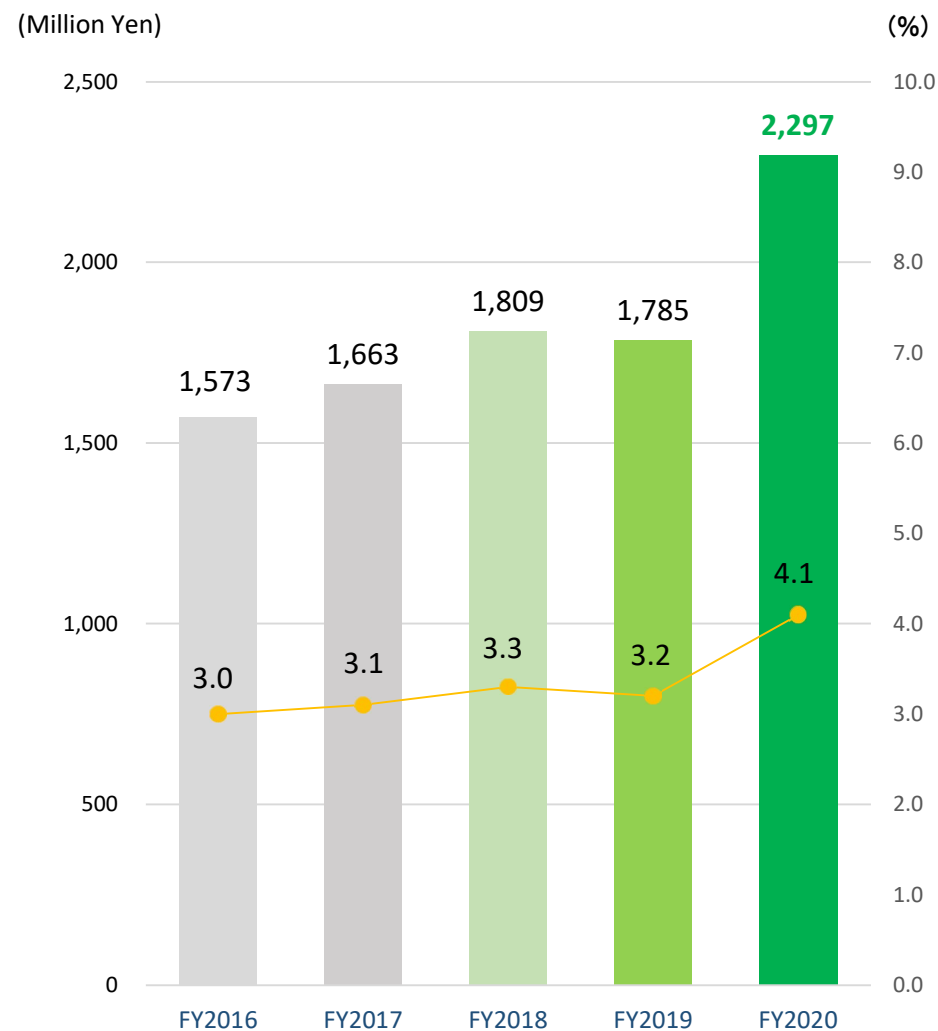
## Ordinary profit

● Margin (%)



## Profit attributable to owners of parent

● Margin (%)



# Operating revenue and profit by reportable segment

(Unit : Million Yen)

|                                    |                   | FY2019 2Q |                  | FY2020 2Q |                  |                 | Main factors  |
|------------------------------------|-------------------|-----------|------------------|-----------|------------------|-----------------|---|
|                                    |                   |           | Structural ratio |           | Structural ratio | YoY change rate |   |
| Transfer Center                    | Operating revenue | 36,985    | 66.3%            | 36,830    | 65.4%            | -0.4%           | <ul style="list-style-type: none"> <li>▪ Decrease in the amount of handling chilled products for convenience stores located in business district of the metropolitan area, station yard and airport.</li> <li>▪ Increase in the amount of handling chilled products for household.</li> </ul>       |
|                                    | Segment profit    | 2,688     | 55.7%            | 2,634     | 49.4%            | -2.0%           | <ul style="list-style-type: none"> <li>▪ Increase in labor cost with increase in the number of employees and improving pay structure.</li> <li>▪ Decrease in fuel cost with downward spiral of crude oil prices.</li> <li>▪ Decrease in outsourcing cost by the promotion of insourcing.</li> </ul> |
|                                    | (margin)          | 7.3%      |                  | 7.2%      |                  |                 |   |
| Distribution Center <sup>(*)</sup> | Operating revenue | 17,805    | 32.0%            | 18,508    | 32.9%            | 3.9%            | <ul style="list-style-type: none"> <li>▪ Increase in the amount of handling frozen products for household.</li> <li>▪ Decrease in the amount of handling frozen products for professional-use.</li> <li>▪ Negotiation with customers to collect reasonable fees.</li> </ul>                         |
|                                    | Segment profit    | 1,998     | 41.4%            | 2,593     | 48.7%            | 29.8%           | <ul style="list-style-type: none"> <li>▪ Decrease in fuel cost for the downward spiral of crude oil prices.</li> <li>▪ Increase in labor cost by improving pay structure.</li> <li>▪ Increase in labor and outsourcing cost with increasing burden of operation.</li> </ul>                         |
|                                    | (margin)          | 11.2%     |                  | 14.0%     |                  |                 |   |
| Others <sup>(**)</sup>             | Operating revenue | 933       | 1.7%             | 929       | 1.7%             | -0.4%           |   |
|                                    | Segment profit    | 137       | 2.9%             | 102       | 1.9%             | -26.0%          |   |
|                                    | (margin)          | 14.8%     |                  | 11.0%     |                  |                 |   |

(\*) "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)

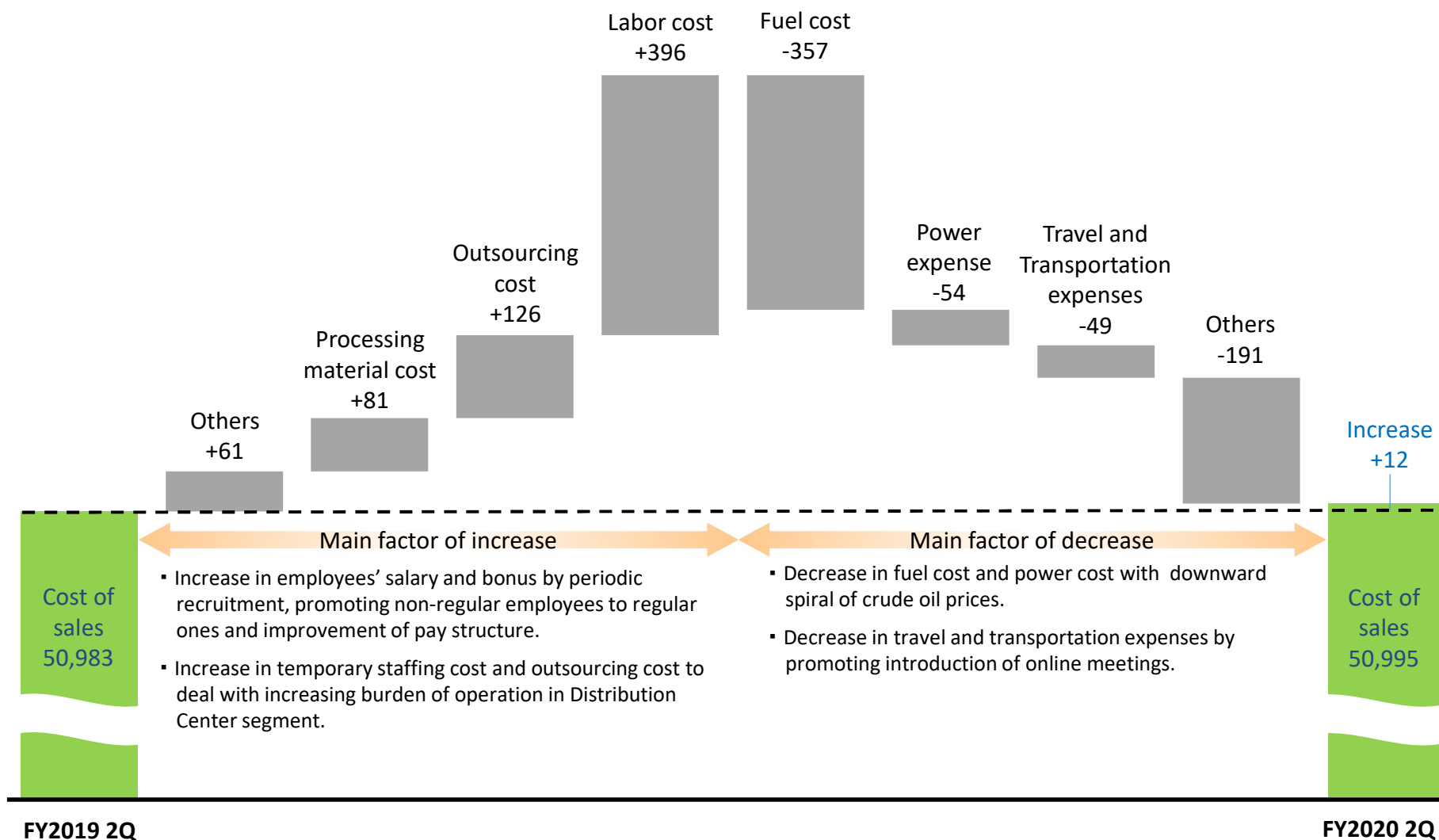
|  | FY2019 2Q |                  | FY2020 2Q |                  |            |                 | Main factors  |
|--|-----------|------------------|-----------|------------------|------------|-----------------|---|
|  |           | Structural ratio |           | Structural ratio | difference | YoY change rate |   |
| <b>Joint delivery</b> (*)                  | 32,284    | 57.9%            | 32,636    | 58.0%            | 351        | 1.1%            | <ul style="list-style-type: none"> <li>• Increase in the amount of handling products for household.</li> <li>• Decrease in the amount of handling frozen products for professional-use.</li> </ul>  |
| <b>Convenience store logistics</b>         | 7,907     | 14.2%            | 7,617     | 13.5%            | -290       | -3.7%           | <ul style="list-style-type: none"> <li>• Decrease in the amount of handling products for convenience stores located in business district of the metropolitan area, station yard and airport due to the telecommuting and request to stay home.</li> </ul> |
| <b>Chain store logistics</b>               | 6,957     | 12.5%            | 7,236     | 12.9%            | 278        | 4.0%            | <ul style="list-style-type: none"> <li>• Increase in the amount of handling products for household sold in mass-merchant.</li> </ul>  |
| <b>Wholesaler logistics</b>                | 4,824     | 8.7%             | 4,996     | 8.9%             | 172        | 3.6%            | <ul style="list-style-type: none"> <li>• Increase in the amount of handling products for household sold in mass-merchant.</li> </ul>  |
| <b>Bonded goods</b> (**) / food processing | 1,417     | 2.5%             | 1,565     | 2.8%             | 147        | 10.4%           | <ul style="list-style-type: none"> <li>• Growing demand of frozen product for household.</li> </ul>   |
| <b>Others</b>                              | 2,332     | 4.2%             | 2,215     | 3.9%             | -116       | -5.0%           | <ul style="list-style-type: none"> <li>• Decrease in the amount of handling cosmetics and other goods with declining demand for inbound tourism.</li> </ul>   |
| <b>【Total】</b>                             | 55,724    | 100.0%           | 56,267    | 100.0%           | 543        | 1.0%            |   |

(\*) 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 "bonded goods / food processing" is sum of operating revenue for handling foreign cargo and that for repacking such food as vegetables in Distribution Center.

# Analysis of cost of sales

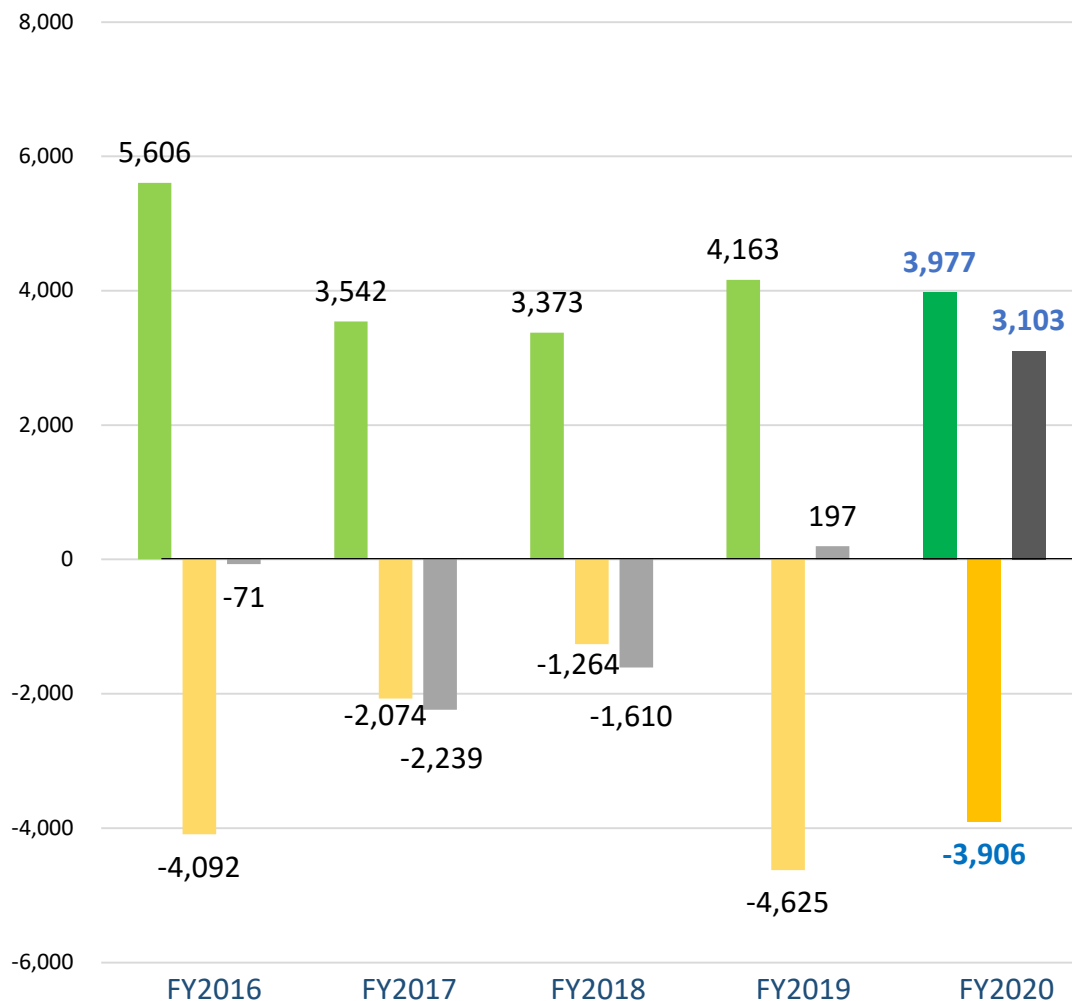
(Unit: Million Yen)





# Consolidated statement of cash flows

(Million Yen)



## ► Cash flows from investing activities

- Replacement of and increase in the number of vehicles (122 vehicles)
- Construction of new Saitama distribution center of MU

## ► Cash flows from financing activities

- Increase in short-term loans  
... Securement of liquidity on hand preparing for uncertainty of economy due to the COVID-19

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

# Comparing of number of employees and vehicles

## (1) Comparing number of employees

|  | End of the<br>FY2019 4Q<br>(March 31, 2020) | End of the<br>FY2020 2Q<br>(September 30, 2020) | difference | main factors   |
|--|---|---|------------|--|
| <b>Regular employee</b><br><i>(included number of drivers)</i>     | 5,150<br>(2,447 )                           | 5,393<br>(2,565 )                               | 243<br>118 | <ul style="list-style-type: none"> <li>Periodic recruitment of new graduates</li> <li>Promoting non-regular employees to regular ones</li> </ul> |
| <b>Non-regular employee</b><br><i>(included number of drivers)</i> | 6,526<br>(1,596 )                           | 6,520<br>(1,563 )                               | -6<br>-33  | <ul style="list-style-type: none"> <li>Promoting non-regular employees to regular ones</li> </ul>  |
| <b>Total</b><br><i>(included number of drivers)</i>                | 11,676<br>(4,043 )                          | 11,913<br>(4,128 )                              | 237<br>85  |  |

## (2) Comparing number of vehicles

|                               | End of the<br>FY2019 4Q<br>(March 31, 2020) | End of the<br>FY2020 2Q<br>(September 30, 2020) | difference |
|-------------------------------|---|---|------------|
| <b>Large-sized vehicle</b>    | 657   | 669   | 12         |
| <b>Mid-size vehicle</b>       | 1,521                                       | 1,528   | 7          |
| <b>Small-sized vehicle</b>    | 468   | 469   | 1          |
| <b>Cash transport vehicle</b> | 130   | 129   | -1         |
| <b>Total</b>                  | 2,776                                       | 2,795   | 19         |

# Financial forecasts for FY2020

(Unit: Million yen)

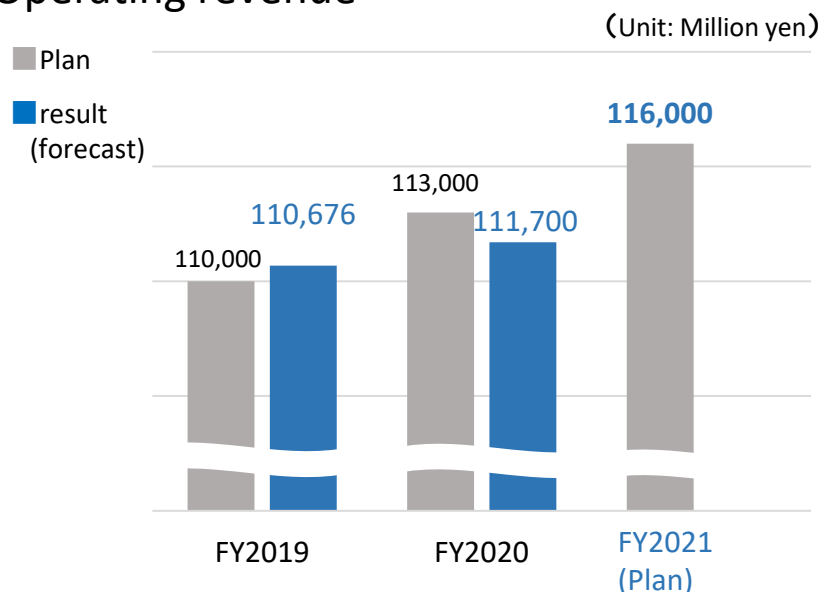
|   | FY2019 4Q |                     | Forecast for FY2020 4Q <sup>(*)</sup> |                     |            |                    | Plan for FY2020 <sup>(**)</sup><br>as the 2nd year of the 2nd<br>medium-term management plan |                     |
|---|-----------|---------------------|---------------------------------------|---------------------|------------|--------------------|--|---------------------|
|   |           | Structural<br>ratio |                                       | Structural<br>ratio | difference | YoY<br>change rate |  | Structural<br>ratio |
| Operating revenue                           | 110,676   | 100.0%              | 111,700                               | 100.0%              | 1,023      | 0.9%               | 113,000  | 100.0%              |
| Operating profit                            | 4,856     | 4.4%                | 5,600                                 | 5.0%                | 743        | 15.3%              | -  | -                   |
| Ordinary profit                             | 5,029     | 4.5%                | 5,700                                 | 5.1%                | 670        | 13.3%              | 4,900  | 4.3%                |
| profit attributable to<br>owners of parents | 3,432     | 3.1%                | 3,700                                 | 3.3%                | 267        | 7.8%               | -  | -                   |

(\*) This forecast was announced on August 7, 2020.

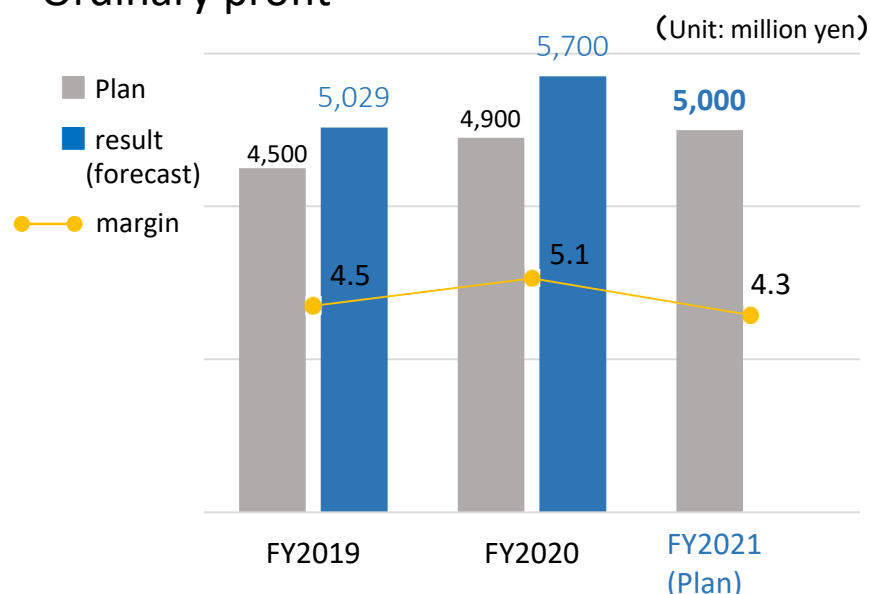
(\*\*) This plan was announced in the 2nd medium-term management plan on May 8, 2019.

# Progress of the 2<sup>nd</sup> Medium-term management plan

## Operating revenue



## Ordinary profit



- ▶ As demands of the chilled and frozen foods have been increasing, the demand of related logistics service for them has been increasing year by year.
- ▶ In FY2020, we are forecasting a decrease in sales and increase in profits compared to the plan announced in Medium-term management plan due to the COVID-19.
- ▶ At estimating this plan, we supposed in FY2021 four large new logistics facilities start to operate, becoming a factor for increasing sales, but its fixed costs are also incurred at the same time, which have negative impact on profits. Therefore its four facilities were supposed to put downward pressure on the whole profits in FY2021. However, it's unclear how the COVID-19 will affect the movement of the people and incidentally logistics demands, which our profit and loss relies on.

## Progress of new large facilities projects(in time-series)

- Although the progress is somewhat behind on schedule due to the COVID-19, four large new facilities are supposed to start operating in the remaining terms of the 2<sup>nd</sup> Medium-term management plan.



MU new Kansai  
distribution center

HN Minoh branch

FY2019

FY2020

FY2021

FY2022



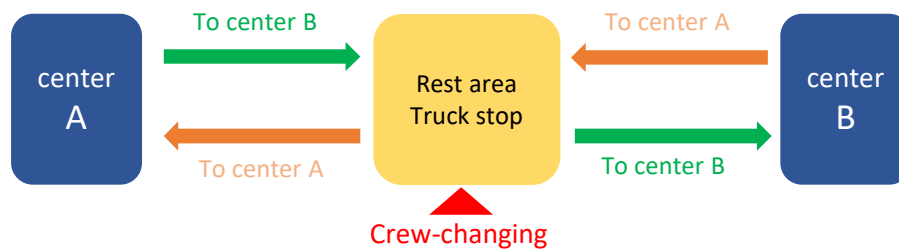
\*rendering image

\*There are projects under consideration at this time.

## Starting truck transport with our own fleet and a flexible logistics

### Trunk transport with our own fleet: establishing 5 routes

- 500 operations were converted as of September 30, 2020 during six months
  - implementing crew-changing operation in some routes
- ⇒ truck drivers exchange their trucks at rest area or truck stop and turn to each departure point, leading to the reduction in the driving time of each driver.

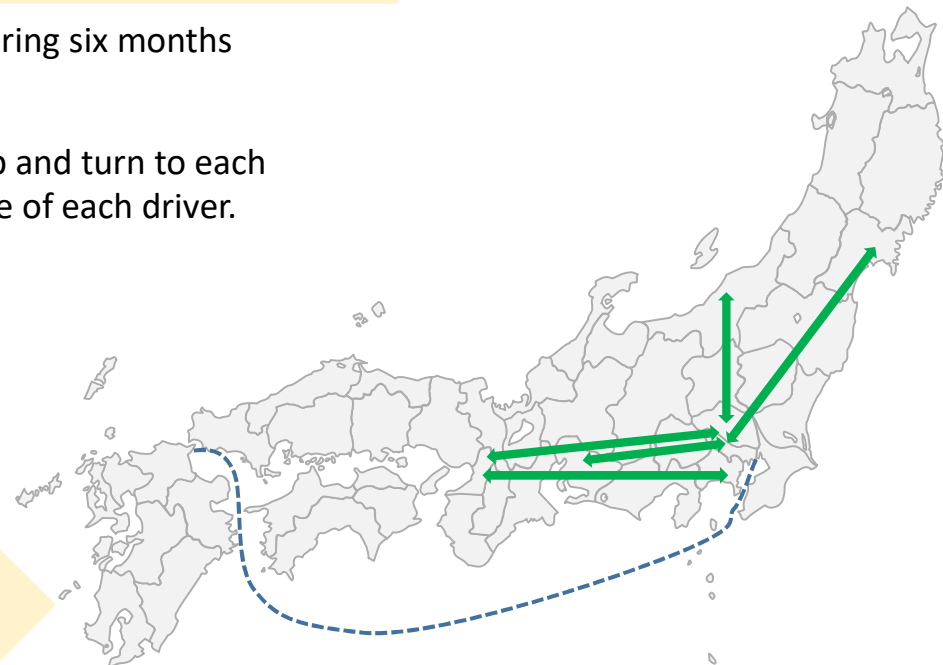


### Applying modal shift by ships

- Oct. 2020 ~ : Hutech Norin started modal shift by using roll-on/roll-off ship of "MOL Ferry Co., Ltd."  
【Port of Tokyo ⇄ Port of Kanda(Fukuoka pref.)】
- curbing the driving time : 1,873 hour/ year(=83.5%)
- curbing CO2 emissions : 87.8t/ year(=55.0%)
- certified by Comprehensive Logistics Efficiency Act (certified No. 220)



● Certification mark



● main routes of trunk transport and modal shift



Planning to expand its business



## Introducing new technology and mechanization

- introducing “automated picking systems” using robot arms in Hasuda center of Hutech Norin, planning to start operation on March 2021, as the first case in our all group company. It will be introduced in November 2021.



● image of automated picking systems

- Introducing one of the biggest “automated storage and retrieval systems” in Transfer Center segment in new Saitama distribution center of MEITO TRANSPORTATION, planning to start operation in 2021. (capacity: equivalent to 4,000 pallets)



● rendering image

# Efforts in controlling COVID-19

From the early part of 2020, Japan has been facing the menace of novel coronavirus. We logistics supplier, however, have strived to keep the daily lifeline from manufacture to consumption as a company supplying logistics service of foods necessary for living.

We implement some measures to prevent infection, giving top priority to keep the safe and secure workplace for all workers and staffs in all logistics centers and offices.

## Infection prevention in workplace(as part)



Social distance in reception



Disinfection as daily work

- others
  - setting alcohol antiseptic
  - temperature measurement on arriving workplace
  - promotion of online meeting
  - prohibition of hand dryer
- Etc.

## Support for workers

- granting special leave in such cases as follows:
  - elementary school which workers' children attend are temporarily closing, and workers need to take care of them as parent.
- granting special allowance to all workers for thankfulness.



Setting curtains and acrylic boards for preventing droplet



We create new value of cold temperature logistics.



※This presentation material was drawn up based on information available as of creation date (November 17, 2020). 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.

Any inquiries concerning this presentation and IR matters to be directed to :

Chilled & Frozen Logistics Holdings Co., Ltd.

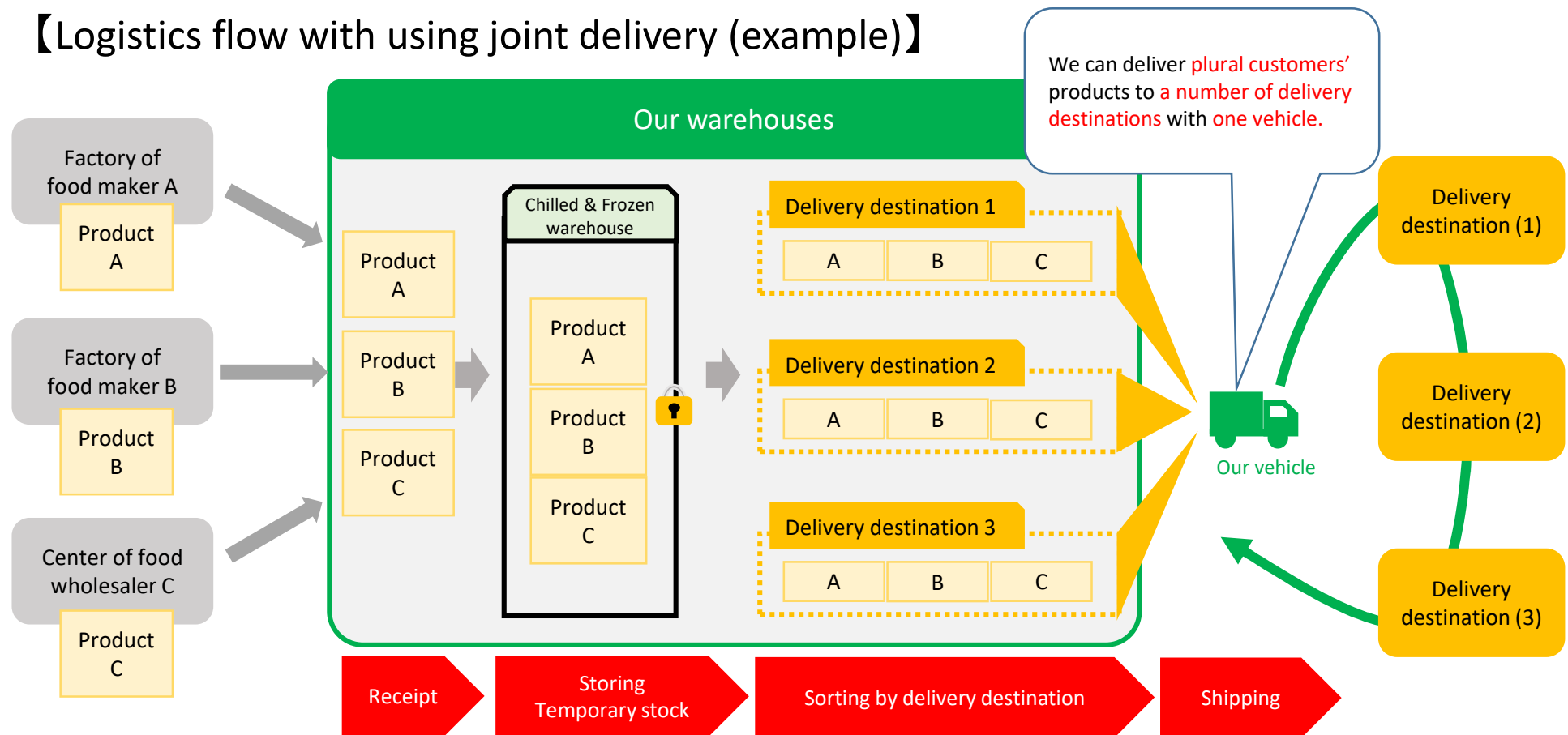
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Public Relations & Investor Relations Dept. / Toshiki Dan

# Reference information



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



If cargo owners deliver their products by themselves

- each cargo owner arranges vehicles and delivers their products to delivery destination (1), (2) and (3).

If cargo owners use our service (joint delivery)

- each cargo owner only deliver their products to our warehouses

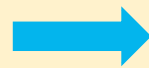


- Cut down on owners' costs related to logistics.
- Shift the risk on logistics flow to the third party.
- Cut down on the amount of CO2 emission by reducing the number of operating vehicles.

# Description of business by segment

## Transfer Center segment

Operating logistics centers and transporting, mainly handling chilled products for 24hours a day, every day.



Storage period of Chilled products is comparatively short.  
Therefore, we **barley** have consigned stock (=Transfer).

### ▶ Joint delivery

Receiving products from each different customer and transporting them with one vehicle after sorting by each delivery destination.

### ▶ Convenience store logistics

Operating logistics centers of each company of convenience stores and delivering to each store.

### ▶ Chain store logistics

Operating logistics centers of chilled and dried products for supermarkets and delivering to each store

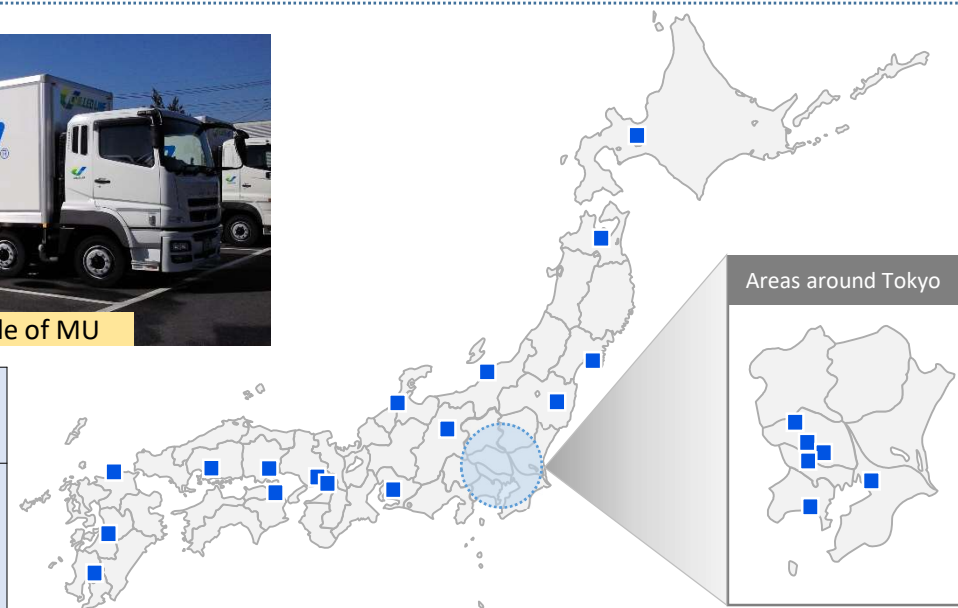


Kansai distribution center of MU



Transportation vehicle of MU

|                        |  |
|------------------------|--|
| The number of centers  | 97 centers all over the country centering around Kanto region (except subcontractors)  |
| Main handling products | <ul style="list-style-type: none"> <li>■ Chilled beverages and desserts for household ... for supermarkets and convenience stores</li> <li>■ Dried foods for household ... for supermarkets</li> </ul> |



The map of domestic centers for joint delivery (including subcontractors)

# Description of business by segment

## Distribution Center segment

Operating warehouses for storing, handling and transporting of frozen products mainly. With operation of storing, changing names and sorting by vehicle and delivery destination of many kinds of cargo in our warehouses, transporting with dedicated vehicles.



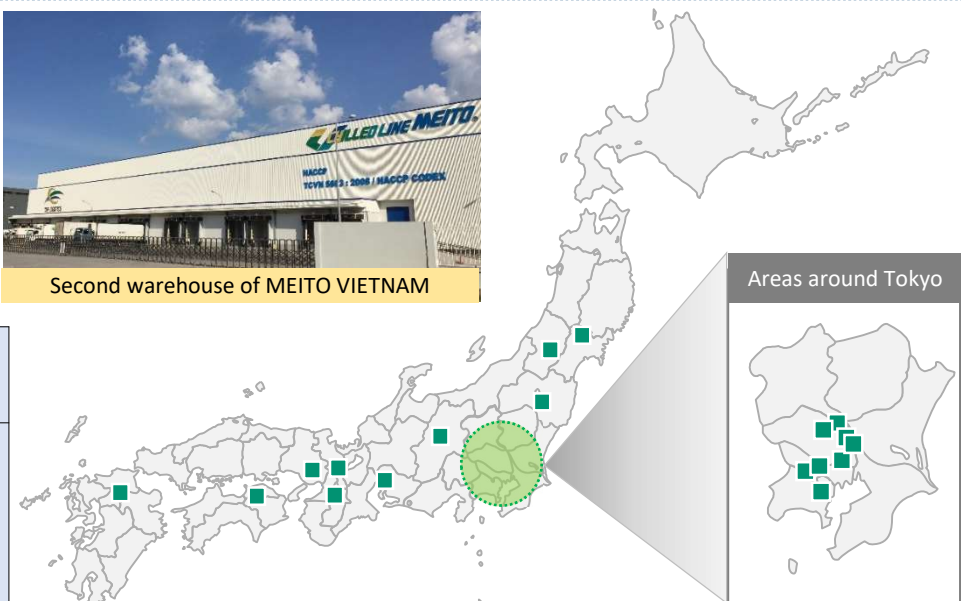
Storage period of Frozen products is comparatively long.  
Therefore, we have consigned stock.

- ▶ **Joint delivery**      Receiving products from each different customer and transporting them with one vehicle after sorting by each delivery destination.
- ▶ **Logistics operation for hospital meals**      Sorting and delivering of feeding service products to about 3,300 medical and welfare institutions.
- ▶ **Overseas business (Vietnam)**      Operating warehouses and transporting, mainly handling raw materials for frozen products in Vietnam. ("MEITO VIETNAM CO., LTD.," "T&M TRANSPORTATION CO., LTD.")



|                        |   |
|------------------------|---|
| The number of centers  | 27 centers all over the country centering around Kanto region (except Vietnam and subcontractors)   |
| Main handling products | <ul style="list-style-type: none"> <li>■ frozen processed products for professional-use ... for restaurants, hospitals and nursing home</li> <li>■ frozen processed products for household ... for supermarkets and convenience stores</li> </ul> |

\*Automated Storage and Retrieval System



\*The map of domestic centers for joint delivery (including subcontractors)

## Others segment

Operating incidental services related to logistics operations other than Distribution Center and Transfer Center segment.

- ▶ **Transportation of cash and valuables** Transporting the cash and bill handled by banks and other valuables with guard man around the metropolitan area in accordance with Security Service Act.
- ▶ **Logistics related to hospitals** Operating delivery and pickup of linen (sheets, towels and white coats) for medical and welfare institutions located in Kanto region such as hospitals, nursing home, healthcare centers for elderly and pharmacies.
- ▶ **Temporary staffing business** Providing temporary staffing service dedicated to logistics operation such as drivers and workers to inside and outside of our group.
- ▶ **Insurance agency business** Operating agency business to make a suggestion of insurance products mainly centered on vehicles to group companies, customers, employees and their family.

Etc. ....