



C&F LOGISTICS

FY 2022 2Q

Consolidated financial results

Chilled & Frozen Logistics Holdings Co., Ltd.

■ Operating revenue

57,161 million Yen
(+1.6% YoY)

- ▶ Start of new transactions with expansion of the logistical infrastructure by starting operation of new facilities.
- ▶ Increase in the handling volume of products for professional-use due to an increase in opportunities to go out.
- ▶ As for Chain store logistics, store sales have been more sluggish than those in the previous fiscal year, when store sales had been decreased reflecting the decline of stay-at-home demand by COVID-19 pandemic. The handling volume remains sluggish along with the decrease in store sales

■ Ordinary profit

2,630 million Yen
(-13.2% YoY)

- ▶ Increase in power and fuel costs due to a surge in energy costs such as crude oil prices. Although CF group had been negotiating with customers for price revision including fuel surcharges, it is still in the middle of the process, and doesn't reach to 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)

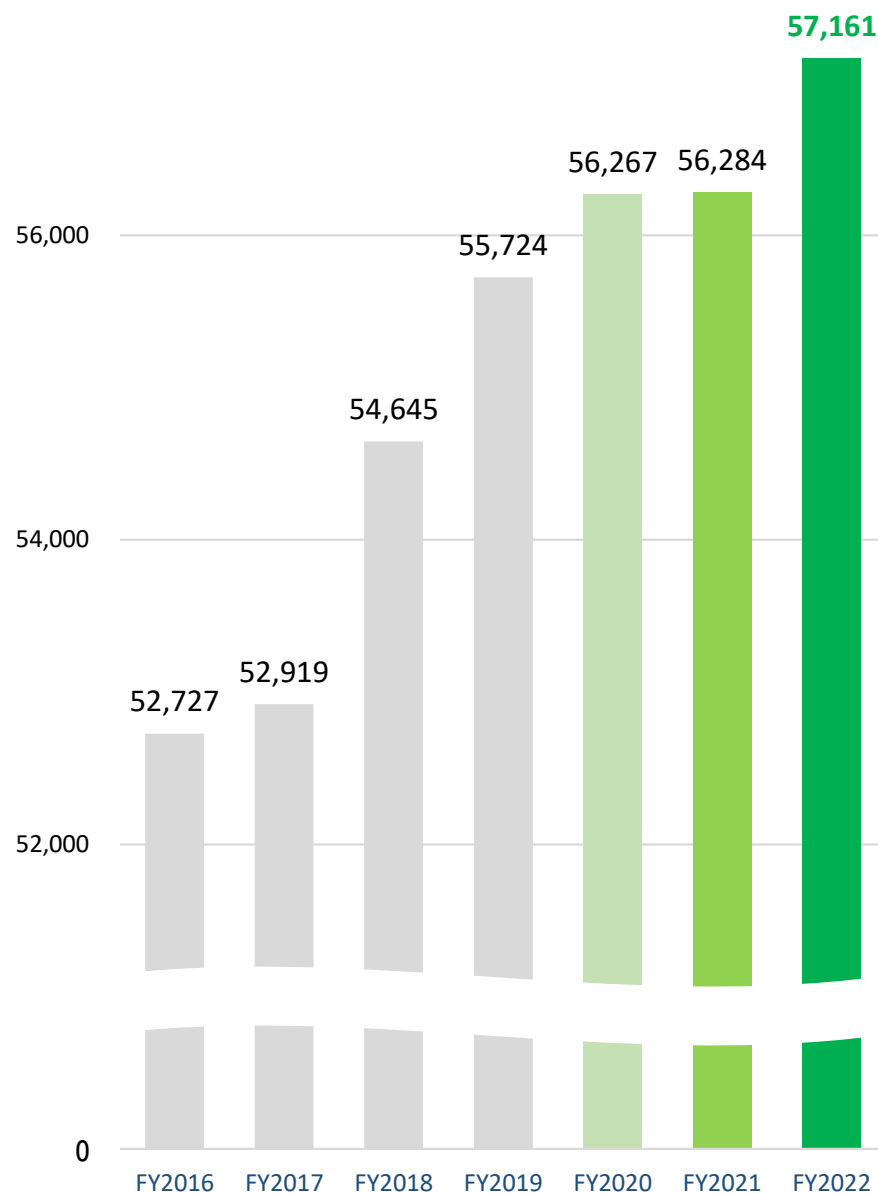
	FY2021 2Q		FY2022 2Q				FY2022 2Q forecasts*		
		Ratio to Operating revenue		Structural ratio	Difference	YoY change rate		Ratio to Operating revenue	Difference
Operating revenue	56,284	100.0%	57,161	100.0%	877	1.6%	57,000	100.0%	161
Cost of sales	51,254	91.1%	52,471	91.8%	1,217	2.4%	-	-	-
Selling, general and administrative expenses	1,999	3.6%	2,059	3.6%	59	3.0%	-	-	-
Operating profit	3,030	5.4%	2,630	4.6%	(399)	(13.2%)	2,600	4.6%	30
Ordinary profit	3,316	5.9%	2,956	5.2%	(359)	(10.8%)	2,900	5.1%	56
Profit attributable to owners of parent	2,210	3.9%	1,984	3.5%	(225)	(10.2%)	1,800	3.2%	184

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

Highlights of consolidated financial results

Operating revenue

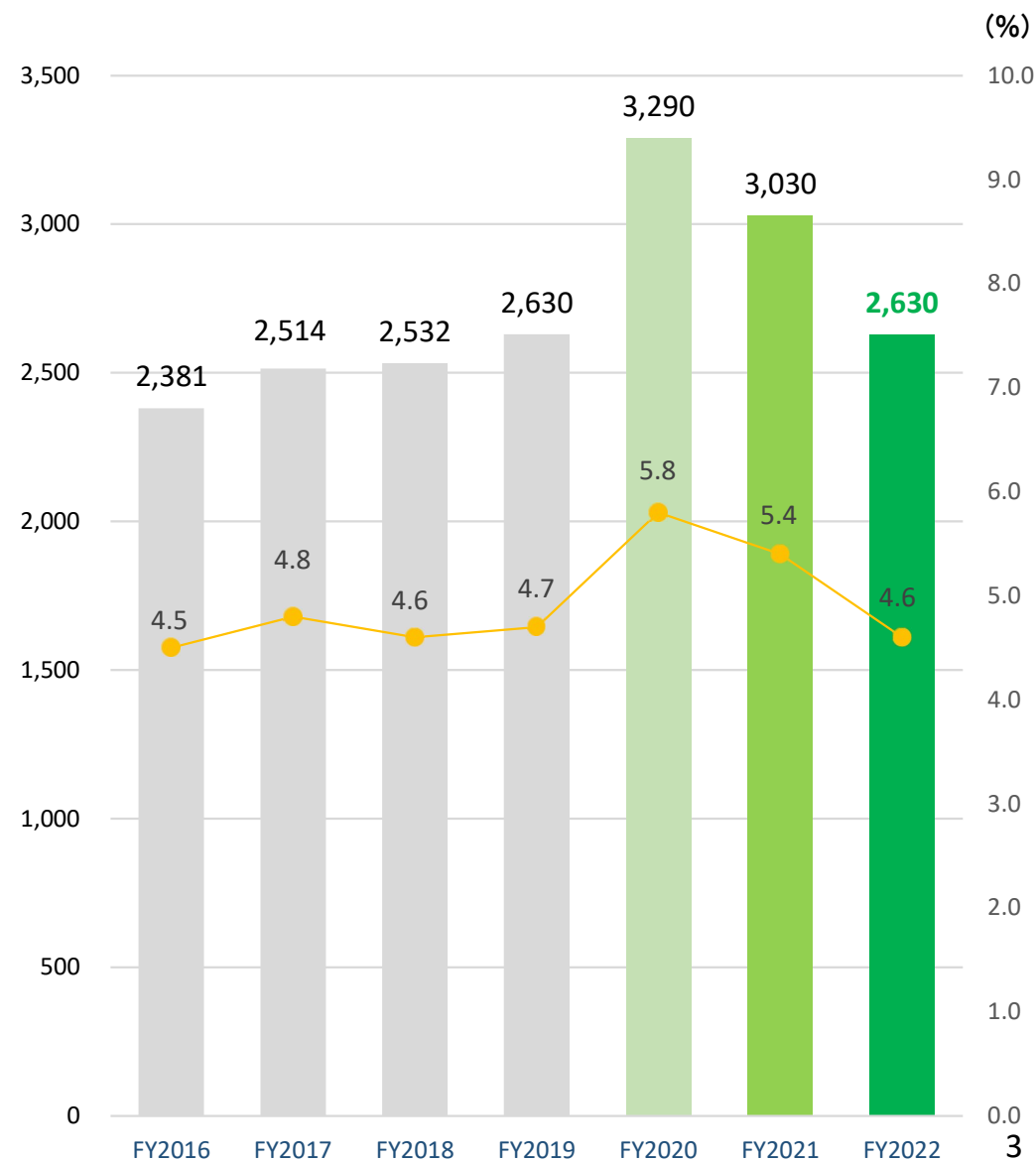
(Unit: Million Yen)



Operating profit

(Unit: Million Yen)

Margin (%)

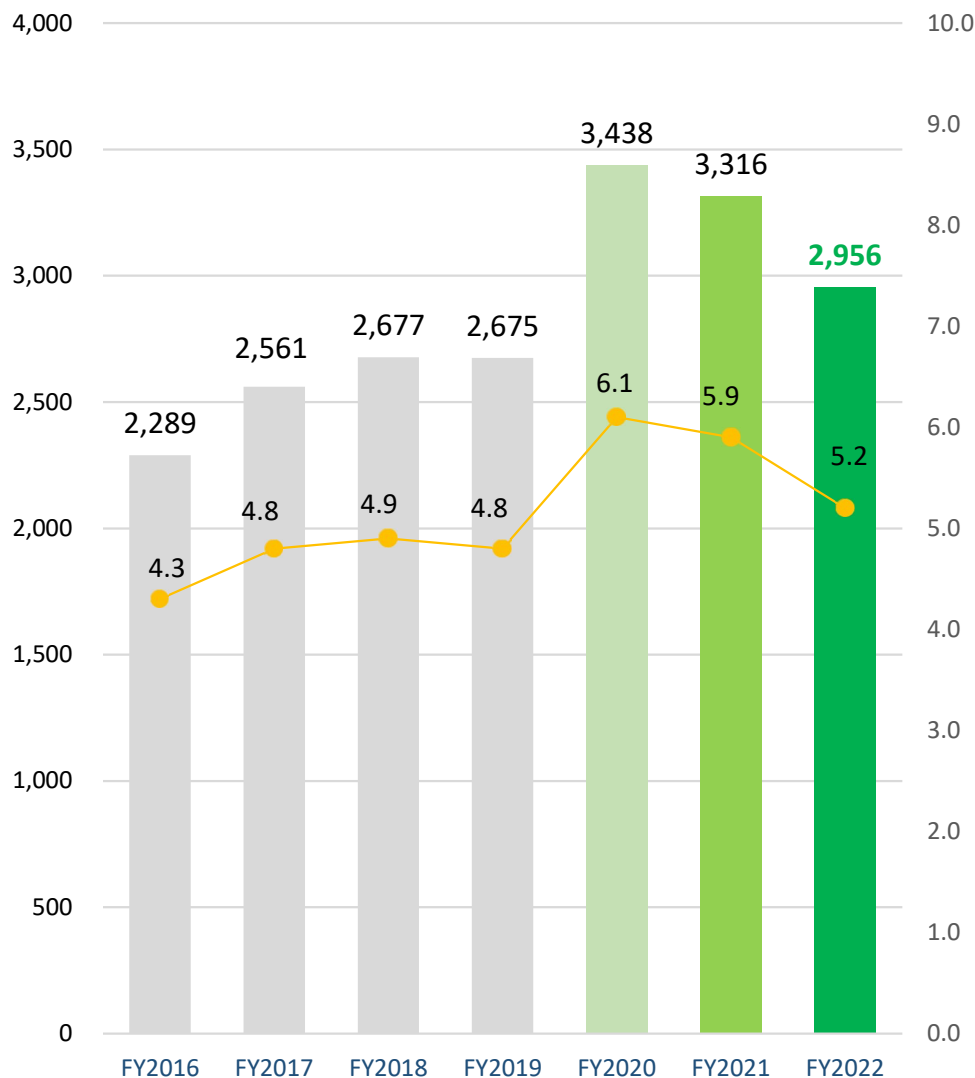


Highlights of consolidated financial results

Ordinary profit

● Margin (%)

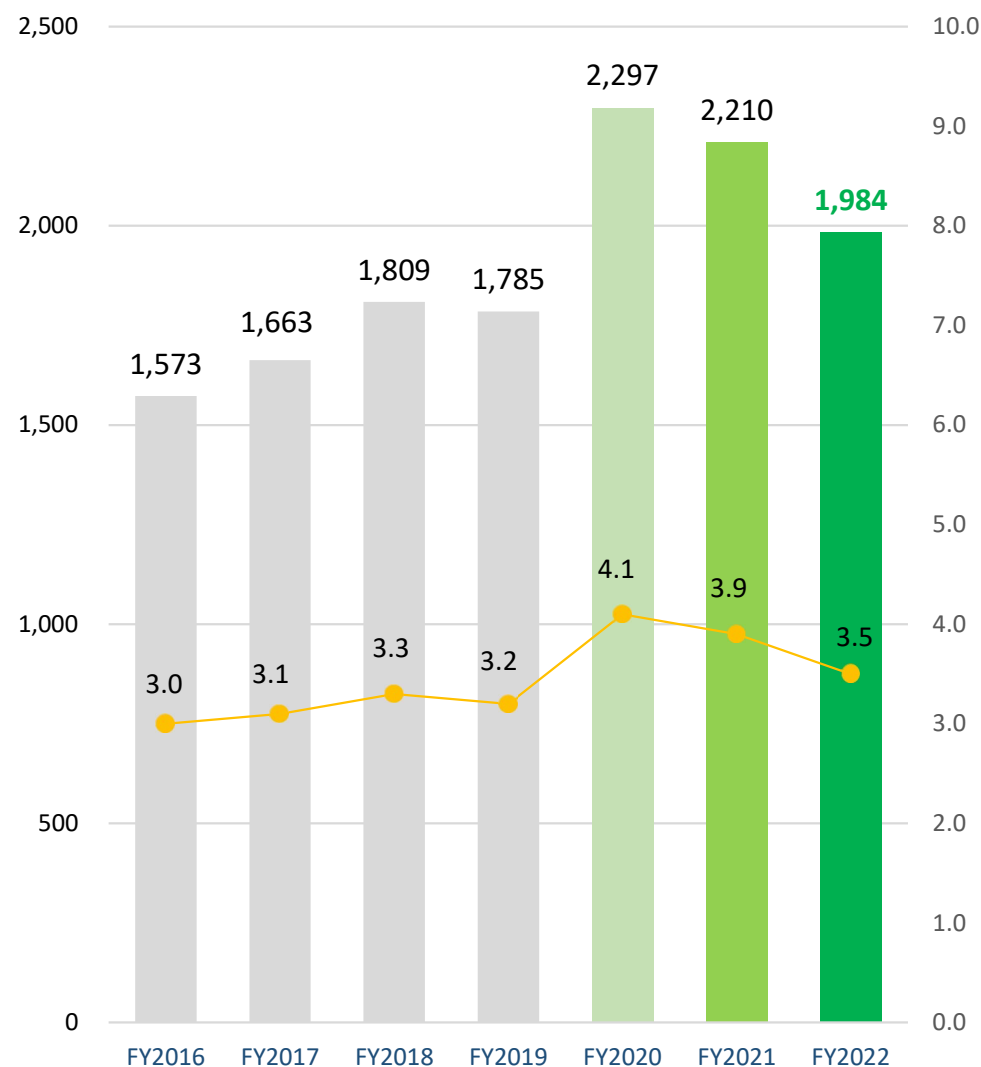
(Unit: Million Yen)



Profit attributable to owners of parent

● Margin (%)

(Unit: Million Yen)



Operating revenue and profit by reportable segment

(Unit: Million Yen)

		FY 2021 2Q		FY 2022 2Q			Main factors	
			Structural ratio		Structural ratio	Increase / decrease rate		
Transfer Center	Operating revenue	36,426	64.6%	36,808	64.4%	1.0%	increase	▪ start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities. (Tokyo Metropolitan Center, Okayama Center, etc.)
	Segment profit	2,265	44.4%	2,149	45.1%	(5.1%)	decrease	▪ decrease in the handling volume of products for chain stores due to the sluggish sales in stores in some customers. ▪ continuous decrease in the handling volume of products for convenience stores in CBD and decrease in the number of delivery routes and operations along with the reorganization of logistical networks by certain customers.
	(Margin)	6.2%		5.8%			increase	▪ decrease in depreciation cost due to the delay in replacing trucks in accordance with shortage of vehicle supply by auto makers.
							decrease	▪ increase in fuel costs due to the surge in crude oil prices. ▪ increase in 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.
Distribution Center ^(*)	Operating revenue	18,979	33.7%	19,449	34.0%	2.5%	increase	▪ start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities. (Chubu Branch 3rd Center, etc.) ▪ increase in handling volume of frozen products for professional-use due to the increase in opportunities to go out.
	Segment profit	2,751	53.9%	2,533	53.1%	(7.9%)	decrease	▪ decrease in handling volume of products due to the reorganization of logistical networks by certain customers.
	(Margin)	14.5%		13.0%			increase	▪ decrease in labor costs and temporary staffing cost due to the continued promotion of insourcing.
							decrease	▪ increase in fuel costs due to the surge in crude oil prices. ▪ increase in power costs due to the surge in energy costs.
Others ^(**)	Operating revenue	877	1.6%	903	1.6%	2.9%		
	Segment profit	86	1.7%	85	1.8%	(0.6%)		
	(Margin)	9.8%		9.5%				

(*) "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)

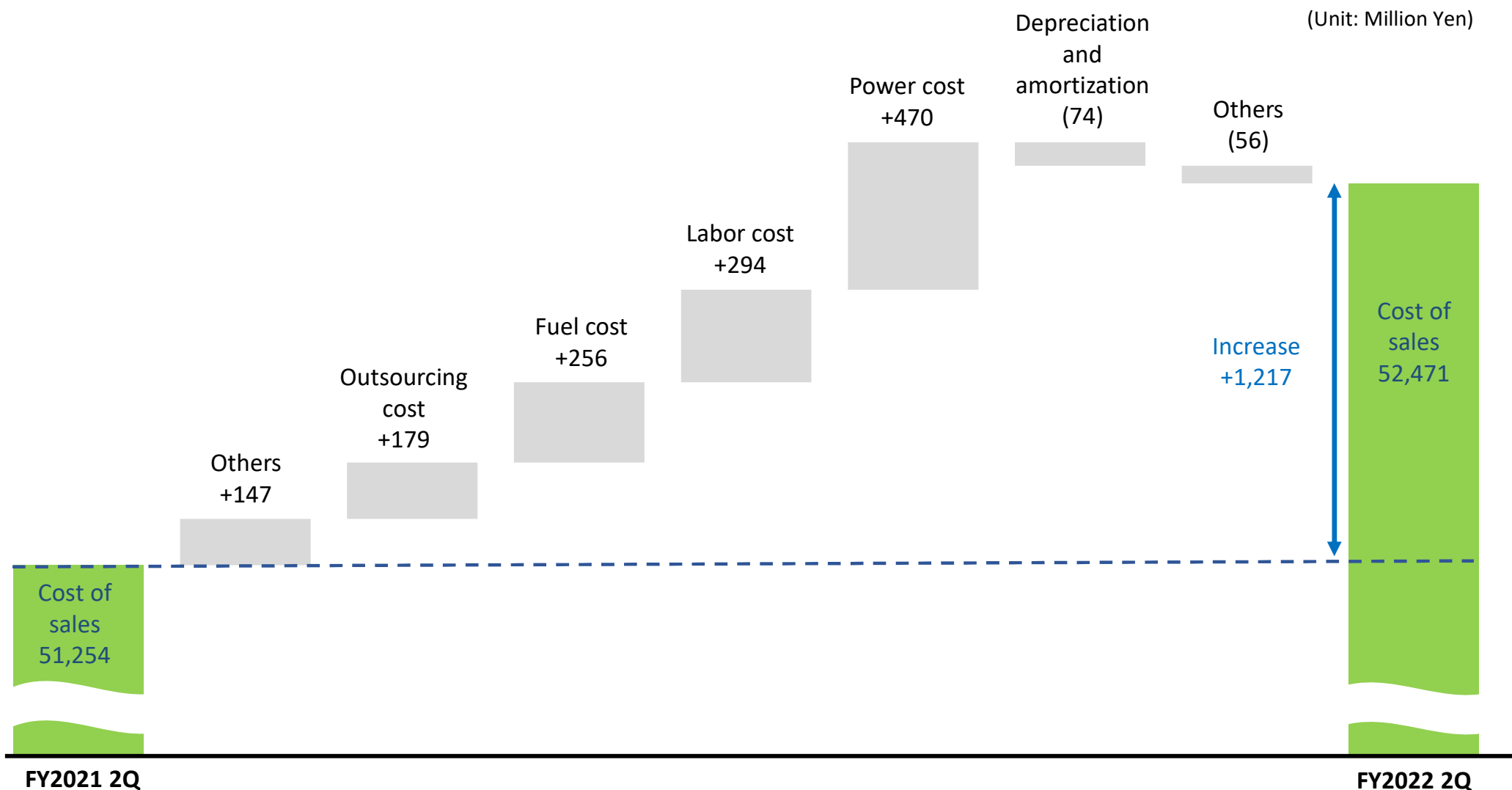
	FY 2021 2Q		FY 2022 2Q				Main factors	
		Structural ratio		Structural ratio	difference	YoY change rate		
Joint delivery	33,023	58.7%	34,013	59.5%	989	3.0%	increase	<ul style="list-style-type: none"> ▪ start of new transactions with the expansion of the logistical infrastructure by starting operation of new facilities. ▪ increase in handling volume of products for professional-use due to the increase in opportunities to go out.
Convenience store logistics	7,553	13.4%	7,504	13.1%	(49)	(0.6%)	decrease	<ul style="list-style-type: none"> ▪ decrease in the number of delivery routes and operations due to the reorganization of logistical networks by certain customers. ▪ the handling volume in CBD remains sluggish due to the spread of teleworking and etc.
Chain store logistics	6,926	12.3%	6,806	11.9%	(119)	(1.7%)		<ul style="list-style-type: none"> ▪ decrease in handling volume of products for chain stores due to the business contraction of some customers.
Wholesaler logistics	5,109	9.1%	4,909	8.6%	(199)	(3.9%)		<ul style="list-style-type: none"> ▪ decrease in handling volume of products due to the reorganization of logistics in some customers.
Bonded goods / food processing	1,480	2.6%	1,587	2.8%	107	7.3%		<ul style="list-style-type: none"> ▪ recovering import volume and therefore handling volume of bonded goods, accordingly.
Others	2,190	3.9%	2,339	4.1%	148	6.8%		<ul style="list-style-type: none"> ▪ increase in handling volume of cosmetics and commodities along with the recovery of economic activities. ▪ increase in the revenue in overseas business due to depreciating Yen.
【Total】	56,284	100.0%	57,161	100.0%	877	1.6%		

(*)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 2Q

FY2022 2Q

Main factor of increase

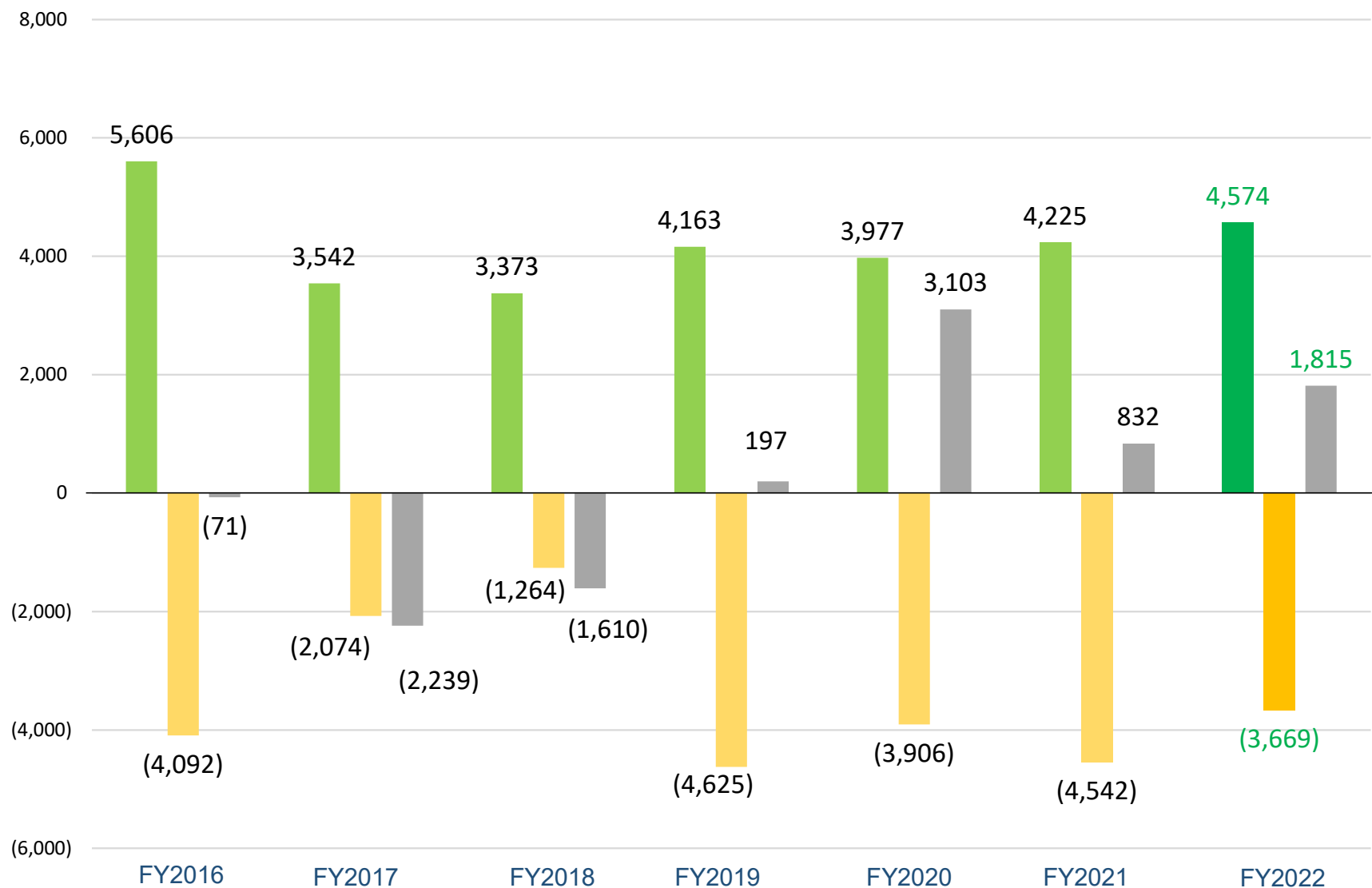
Main factor of decrease

- Increase in 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.

Consolidated statement of cash flows

【Consolidated 2H】

(Million Yen)



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

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 (September 30, 2022)	Difference	Main factors
Full-time/ permanent employee <i>(included number of drivers)</i>	5,792 2,921	5,944 2,945	152 24	<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	5,600 1,196	(142) (33)	<ul style="list-style-type: none"> ▪ Promoting part-time/ temporary employees to full-time/ permanent ones ▪ 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	11,544 4,141	10 (9)	

(2) Comparing number of vehicles

	End of the previous term (March 31, 2022)	End of the current term (September 30, 2022)	Difference
Large-sized vehicle	691	695	4
Mid-size vehicle	1,554	1,553	(1)
Small-sized vehicle	457	462	5
Cash transport vehicle	126	120	(6)
Total	2,828	2,830	2

Financial forecasts for FY2022

- ▶ As for Operating revenue, the annual plan is expected to be achieved as new transactions have been started with new facilities, and the handling volume of existing customers' products has been recovered gradually.
- ▶ The surge in energy costs such as crude oil prices is expected to continue through the latter half of this fiscal year. Although CF group has been negotiating with customers for price revision based on fuel surcharge and electricity costs, it is still in the middle of the negotiation process. Profits are expected to be below the annual plan.

(Unit: Million Yen)

	FY2021 results		Full year forecast for FY2022 ^(*)				Plan for FY2022 as the 1st year of the 3rd Mid-term management plan ^(**)	
		Structural ratio		Structural ratio	difference	YoY change rate		Structural ratio
Operating revenue	110,868	100.0%	112,800	100.0%	1,931	1.7%	112,800	100.0%
Operating profit	4,482	4.0%	4,100	3.6%	(382)	(8.5%)	5,060	4.5%
Ordinary profit	5,105	4.6%	4,600	4.1%	(505)	(9.9%)	-	-
Profit attributable to owners of parent	3,316	3.0%	3,000	2.7%	(316)	(9.5%)	-	-

(*)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 capital costs by rigorously monitoring capital structure, we aim to boost our shareholder value through richer, proactive dialogue with shareholders and robust shareholder returns

Building a sustainable logistics business

Contributing to reduction of environmental impact through capital investment and business practices (⇒P.13)

Responds to “2024 issues”(appropriate labor management) (⇒P.14)

Strengthening the functions of existing businesses

By the end of 2nd Mid-term Management plan

FY2020

MT Niigata Center
HN Hasuda Center

FY2021

MT Tokyo Metropolitan Center
HN Minami Kyushu Center
MT Okayama Center
HN Chubu Branch 3rd Center

From 3rd Mid-term Management plan

FY2024 Joint operation center consisting Chilled and Frozen functions in Northern Tohoku area. (⇒P.16)

FY2024 HN Minoh shinmachi center

- developing relay distribution networks in preparation for 2024 issues.
- enhancing infrastructures and creating synergy by M&A

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.
Plans to expand businesses to local area, where lots of manufacturers are located.

pharmaceuticals logistics business

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

Overseas business

- planning to start operation of 3rd warehouse of Meito Vietnam
⇒under construction in Long An province in Southern Vietnam.
(⇒P.17)

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

■ Introducing Eco-friendly natural cooling system

- ▶ Promotion to introduce refrigerators with using natural refrigerants
- ▶ In FY2022, HN introduced the refrigerator with carbon dioxide; 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”

《The amount of reduction effect of CO2 per year (plan)*》 : **796.8t**

*the reduction effect in the next year after certification.

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

- ▶ HN plans to install solar panels to generate energy onto the ceiling of the carports for employees in Tohoku branch. Based on a Power Purchase Agreement, It will purchase clean energy for operating the facility.
- ▶ It plans to operate that system from FY2023 on a trial basis and explore possibilities to expand its operation to other facilities.

■ Introducing retread tires to trucks

- ▶ Promotion to introduce retread tires, which were made by reusing worn-out tires. Compared with the use of brand new tires, it can reduce both the amount of CO2 emissions during producing process and production costs. We have introduced it in parts, and will expand to introduce it steadily.

others ■ ■ ■

- promotion to introduce Automatic Transmission trucks, which drivers can operate easily and focus on driving.
- stop introducing the refrigerator powered by a sub engine (switching to one powered by a vehicle engine) etc.

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 trainings.
- promoting part-time/temporary employees to full-time/permanent status

	FY2018 ending year of 1 st Mid-term management plan		FY2022 2Q (as of September 30, 2022)
Number of full-time employees	4,872	➡	5,944 (+22.0%)
Ratio of full-time employees to all	41.8%	➡	51.5% (+9.7pt)

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.

Development of relay distribution networks

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

- establishing joint operation centers covering two main temperature zone: chilled and frozen business

To establish joint operation centers in the areas where it is difficult to maintain logistics networks for the future. It will be aimed at pursuing more synergy effects.

- 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



Enhancing competitiveness and added values by building up our own infrastructure(facilities and vehicle)

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.

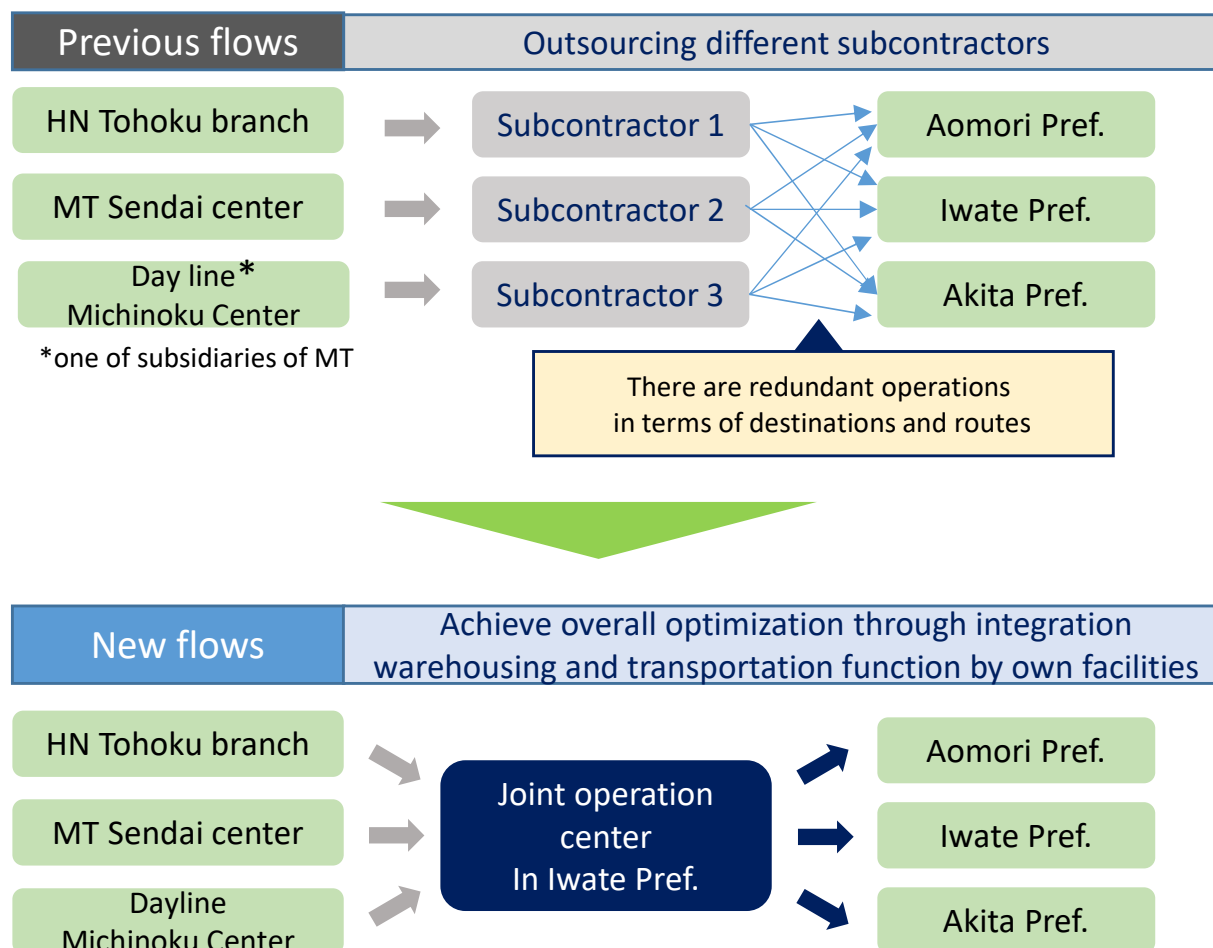
After verifying the effects, it will be applied to all branches of HN in FY2023.

Recent progress and future initiatives

Initiative 1 Joint operation center consisting Chilled and Frozen functions in Northern Tohoku area

In consideration of “2024 issues”, CF group purchased a land so as to develop joint operation center for chilled and frozen business covering northern Tohoku area (3 prefectures).

Currently, each group company outsources operations to different subcontractors, this center, with our own warehousing and transporting function, will contribute to establish a stable and effective logistics networks in this area



- (1)Address : Takizawa city, Iwate Pref.
- (2)Ground-floor area : About 12,000m²
- (3)Capacity (storage area) : Chilled: about 2,200m²
Frozen: about 1,200m²

access between main area related to business

Center of Aomori Pref. ...about 140 min.
Center of Akita Pref. ...about 120 min.
Center of Iwate Pref. ...about 30 min.
Morioka Interchange (Tohoku expressway) ...about 20 min.

HN Tohoku branch ...about 160 min.
MU Sendai center ...about 160 min.
Dayline Michinoku center ...about 160 min.

Recent progress and future initiatives

Initiative 2 Opening 3rd 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), in order to strengthen the foundation of the cold-chain in “South metropolitan area (HCMC and surrounding provinces)”, the economic center of Vietnam.

this warehouse is easy to access to the center of HCMC, and main business ports such as Cat Lai port, and therefore contribute to establishment of more robust and effective network. Besides, it is located in the halfway point between HCMC and “Mekong Delta”, which is one of the largest production areas in Vietnam and expected to be a big consumer market. Hence this area is expected to develop as a strategic point for logistics in the southern area in the future.

(1)Address	: Long An province, Vietnam
(2)Ground-floor area	: About 41,000m ²
(3)Building area	: About 18,000m ²
(3)Capacity (number of pallets)	: <u>26,000 pallets</u>
cf.) total capacity of exiting warehouses(1 st +2 nd):	27,400 pallets



access between main area related to business

1 st and 2 nd warehouse	...about 90 min.
Cat Lai port	...about 90 min.
Center of Ho Chi Minh City.	...about 60 min.

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 (November 16, 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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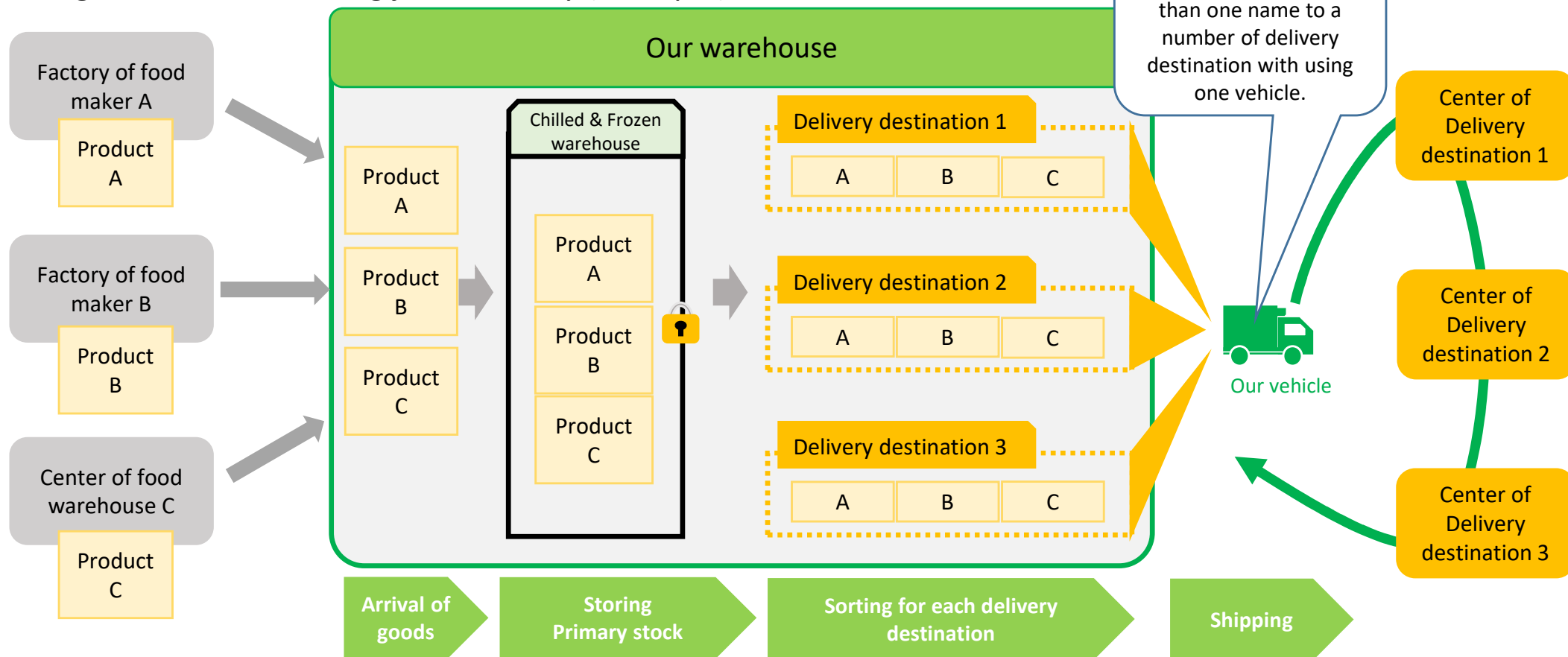
Reference information



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 MT



Transportation vehicle of MT

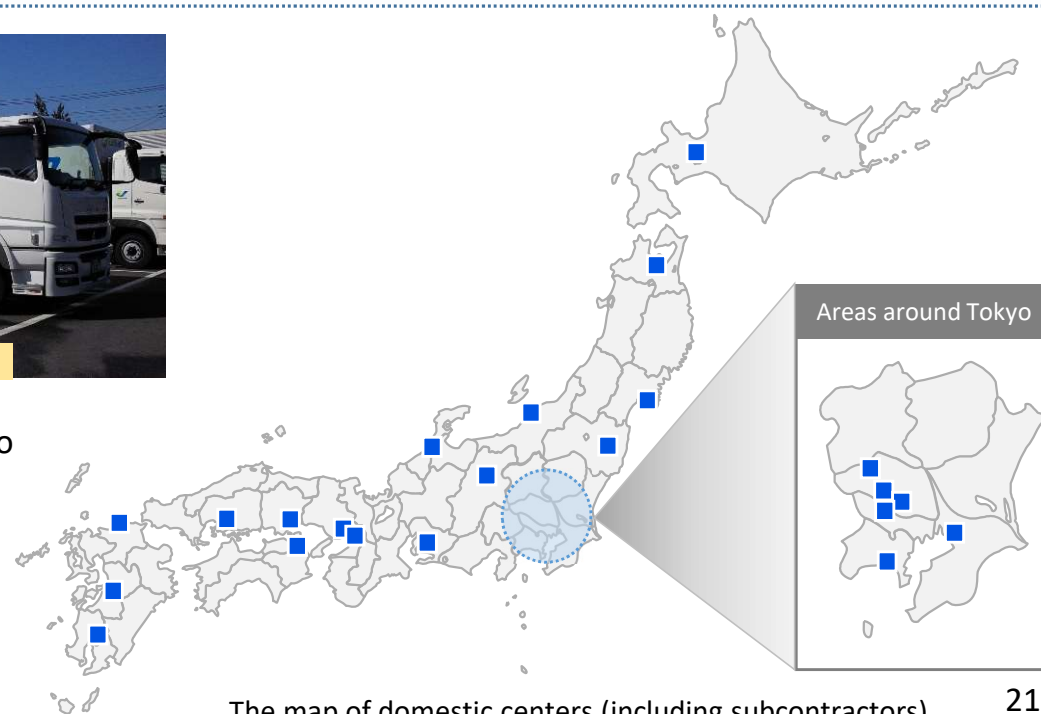
The number of
centers

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



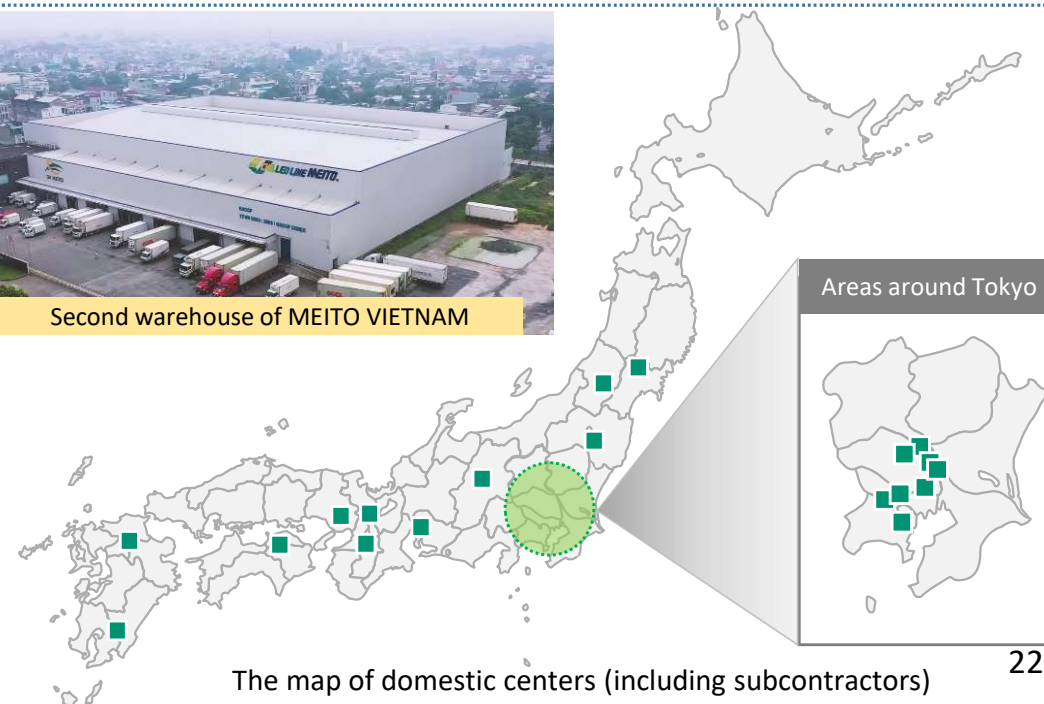
Second warehouse of MEITO VIETNAM

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. . . .