# At a Glance

## Businesses to Realize Our Purpose

### Logistics




We protect our customers' supply chains through logistics with high safety and quality, and provide comprehensive solution services that meet diversifying individual needs.

FY2023

Operating revenue ¥217.4 billion [Composition ratio 84.9%]

Operating income ¥14.6 billion

Warehousing and Distribution Business and Overland Transportation Business ▶ Page 37
Port and Harbor Transportation Business ▶ Page 38
International Transportation Business ▶ Page 39

### Real Estate



We contribute to the realization of an affluent and sustainable society through the development of real estate facilities.

FY2023

Operating revenue ¥38.6 billion [Composition ratio 15.1%]

Operating income ¥10.9 billion

Real Estate Business ▶ Page 40

# Message from the President

## We will maximize the potential of our capitals, starting with human capital, to achieve MLC2030 Vision while driving forward to take on challenges and fuel innovation.

Hidechika Saito
Representative Director and President



### History of Social Value Creation

Mitsubishi Logistics has a long history within the Mitsubishi Group, which was established in 1887. I joined the Company in 1987 and still remember the emotion of taking part in the 100th anniversary ceremony held that year and being a member of company with a rich history and tradition.

When the Company was founded, Nihonbashi Dia Building, where our headquarters are currently located, was a key water transportation point and location of the Company's seven storehouses. Although the storehouses burned down in the Great Kanto Earthquake of 1923, the area was rebuilt in 1931 in line with the direction of the imperial capital's reconstruction efforts as the Edobashi Warehouse Building, an extremely sturdy building that could withstand a similar size earthquake. The Company took that opportunity to launch a new business, opening Japan's first trunk room service. In 2014, the Edobashi Warehouse Building was reconstructed into the Nihonbashi Dia Building, an environmentally friendly office building designed to withstand disasters, while preserving the building's historic exterior. Today, the building stands a landmark symbolizing our Company's history of responding to the needs of the times.

Throughout this history, our Company has created social value and grown by challenging ourselves to take on new business areas, such as entering the international logistics market early on, developing dedicated computer facilities, and developing pharmaceutical logistics services.

## Message from the President

The Mitsubishi Logistics Group has contributed to the creation of an affluent and sustainable society through its Logistics Business and its Real Estate Business. To ensure that we continue to be an innovator in the future, the Group put in place its MLC2030 Vision in 2019 and clarified its vision for 2030.

Our Company has been able to continue to grow its business for 138 years because of our colleagues who work diligently and embrace new challenges, based on the relationships of trust we have built with our customers over the years. Going forward, we will promote human capital management to maximize our potential, aiming to achieve an ROE of 10% by FY2030, as announced in our Initiatives to Enhance Corporate Value in April 2024, and make our MLC2030 Vision a reality.

### Our Purpose: Our Mission for and Commitment to the Future

By looking back on the social roles we have played throughout our history, we defined our purpose, which outlines our mission for and commitment to the future. Through employee surveys, we held a series of discussions from different perspectives on various topics, such as the aspects of the Group that instill pride and the ideal direction of the Company. This led to the establishment of our purpose: Supporting Today, Innovating Tomorrow.

Supporting Today represents the social purpose of the Company. This is the value that we provide to society through our Logistics and Real Estate businesses, which many of our surveyed employees described as “supporting everyday lives” and “providing safety and security.”

Innovating Tomorrow represents our commitment to continuing to take on new challenges. Even though solutions to problems may not yet exist, we will innovate to make them a reality one day. Our goal is to make this a part of everyday life in society.

When we take on new challenges or make decisions, our purpose is what underlies new ideas and sound judgment. It serves as inspiration for each of us to work with pride and joy, and as a compass for the entire Group to continue to contribute to society through challenges and innovation.

## FY2023 Performance Review

In FY2023, the International Transportation Business in Logistics saw a significant revenue decrease of 42.5% compared to the previous year due to the normalization of marine freight transportation rates, which soared since 2020 accompanying disruptions during the pandemic, and a decrease in cargo handling volume, resulting in an overall decline in revenue. Amid these challenging business conditions, the Company promoted the collection of appropriate fees commensurate with rising costs, thorough cost management and streamlining of operations. The Group’s earning power is steadily improving, and going forward, we aim to achieve our goals based on our capabilities.

### Logistics Business Laying the Groundwork for Overseas Business Expansion

Although sales and profits declined in the Logistics Business accompanying a significant decrease in revenue in the International Transportation Business, we focused on expanding business in international freight and distribution center operations for pharmaceuticals, automotive-related, and other areas, which are our priority fields. In the medical and healthcare fields, we consolidated as a subsidiary Cavalier Logistics Group, which provides pharmaceutical and healthcare logistics in Europe and the U.S. as well as logistics for U.S. government agencies, and acquired more shares of ITL Corporation, a logistics company in Vietnam, making it an equity-method affiliate.

### Steady Progress in the Real Estate Business

Our real estate rental business has worked to secure tenants at owned rental real estate and to maintain and improve rent levels, resulting in increased revenue. In addition, improved profit margins in condominium sales contributed to operating profit. The Suma Aqualife Park and Seaside Park Redevelopment Project led by The Sankei Building Co., Ltd. and managed by the Kobe Suma Parks and Resorts Consortium, of which we are a part, proceeded smoothly and on schedule.

## Management Plan Progress Toward Making MLC2030 Vision a Reality

### Formulating the Next Management Plan to Achieve 10% ROE in FY2030

In terms of our financial outlook for FY2024, the final year of our management plan, we will strive to achieve the numerical targets outlined in the plan, which include operating revenue of ¥270.0 billion, operating profit of ¥20.0 billion, ordinary profit of ¥24.8 billion, and profit attributable to owners of parent of ¥36.6 billion.

In addition, as we entered FY2024, we began

## Message from the President

formulating our next management plan to achieve MLC2030 Vision. Our management plans to date had been separated into three-year periods, but for the next management plan, we will formulate a six-year plan to conclude in FY2030. This backcasts from the FY2030 target ROE of 10% and outlines a specific path forward. While it may be quite a challenging target, I am confident that we can achieve it. We will implement the PDCA cycle and update the plan by FY2030.

### Expanding Our Logistics Business in Four Key Areas and Focusing on a Global Grid Strategy

Under the management plan, we continued to steadily expand business in the four key areas of the Logistics Business: medical and healthcare, food and beverage, machinery and electrical, and new materials. Continuing our efforts of FY2023, we will work to increase profits through the acquisition of new businesses and the cultivation of existing businesses, and will focus on improving profit margins by promoting the collection of appropriate fees commensurate with rising costs and improving operational efficiency.

In overseas business, where growth is anticipated, we established the Global Grid Strategy and are building a system to contribute to the optimization of the global customer supply chain. In FY2023, we were able to achieve steady results in Southeast Asia, an area of focus. One example is P.T. Mitsubishi Logistics Indonesia, a local subsidiary in Indonesia, which began rental of new plant facilities for PT Nippn Products Indonesia, a group company of Nippn Corporation. Our overseas sales ratio increased to 17.5% in FY2023 from 11.2% in FY2020, and we will continue to take measures to achieve our target of 20% in the final year of the management plan.

### Expanding Our Real Estate Business That Does Not Depend on Land Ownership

In the Group's Real Estate Business, in addition to our real estate rental business, which makes effective use of real estate owned as warehouse land in urban areas, we are developing the Real Estate Business to purchase land and buildings that does not depend on land ownership. In June 2024, Kobe Suma Sea World, a major facility of the Suma Aqualife Park and Seaside Park Redevelopment Project, had its grand opening. We will also continue involvement in the real estate sales business, including condominium sales, and plan for this to contribute to our performance in FY2024. Going forward, we will continue to strengthen our expansion of Real Estate Business that does not depend on land ownership. We will also aim to create new revenue sources, and consider initiatives for asset turnover business utilizing REITs and other instruments.



## Message from the President

### Driving Innovation Through Cutting-Edge Technologies and Diverse Partnerships

Based on our management plan, we have improved the efficiency and sophistication of logistics operations and facility management using cutting-edge technologies. Under ML Chain, which began operations in August 2022, we developed logistics platform services utilizing blockchains and other digital technologies, and realized high value-added services that provide visualization beyond the boundaries of manufacturer logistics and handle the entire supply chain. We also streamlined logistics facility operations using digital technologies, such as automated sorting systems and automated guided vehicles (AGV).

In recognition of these digital transformation efforts, we were selected as a DX Stocks 2024 company in the Digital Transformation Stocks (DX Stocks), jointly selected by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and Information-technology Promotion Agency, Japan.

The severity of the labor shortage caused by the declining birthrate and aging population is advancing across the entire Japanese economy. We will continue to focus on utilizing and incorporating the latest technologies and accelerate the building of a foundation for business continuity and growth.

As part of our efforts to quickly acquire more advanced technologies, we established MLC Ventures, Ltd., a corporate venture capital (CVC) fund management subsidiary in April 2023, and established a framework to invest in startup companies.

We have already invested in several companies, including ugo, Inc., which is developing business DX robots, Blue Baton Co., Ltd., which is promoting innovation in the last-mile industry, Cuebus Co., Ltd., which is developing a linear drive robot warehouse, and Einride AB, a startup company deploying a B2B freight transport service that combines development of software for efficient truck operation with the operational management of large electric trucks in Europe and the U.S.

Going forward, we will utilize cutting-edge technologies in collaboration with startup companies and companies in different industries.

### A Group Management Base Resilient to Changes and Risks

The business activities of the Group are supported by a strong earnings base and stable financial foundation. To build a more solid management base, we are ensuring thorough risk management under our management plan and improving operational efficiency by reviewing areas of responsibility including at all Group companies and optimizing the organization. We have also promoted strengthening of the Group management base to be resilient in the face of changes and risks. Starting in FY2024, we will reinforce the Group management base by strengthening human capital management, a part of our personnel strategy to achieve MLC2030 Vision.

## Developing Human Capital Management to Realize MLC2030 Vision

### Formulating a Personnel Strategy to Maximize Individual Potential

As mentioned at the beginning, the business development and growth of the Group can be attributed to our colleagues who work diligently and embrace new challenges. To drive forward to take on challenges and fuel innovation as we strive to make MLC2030 Vision a reality, we must create new and free ideas and concepts. We will formulate a personnel strategy to maximize individual potential and accelerate human capital management.

Two major themes of our personnel strategy for achieving MLC2030 Vision are optimizing the quality and quantity of talent to achieve our business strategy (developing a human resource portfolio) and energizing employees and the organization to drive challenges and innovation.

The development of a human resource portfolio will serve as a blueprint to enhance the feasibility of our management plan and business strategy by defining the quality and quantity of talent needed to achieve our next management plan and business strategy, securing and fostering appropriate talent, and allocating that talent.

Energizing employees and the organization to drive forward to take on challenges and fuel innovation includes improving engagement, developing human resources, implementing diversity, equity, and inclusion (DE&I), and creating a corporate culture that encourages people to tackle challenges and innovation.

To improve engagement, we aim to instill a sense of fulfillment from work and provide a good working environment, health management, and safety management among other efforts, and we will conduct engagement surveys to track quantitative indicators. We will develop human resources through our overseas dispatch program and other programs focusing on the MLC Academy with the goal of acquiring skills and knowledge set forth in the human resource portfolio. In terms of DE&I, we are promoting a more diverse workforce such as by supporting

## Message from the President



women in the workplace and enhancing mid-career recruitment. To create a corporate culture that encourages people to tackle challenges and innovation, we will continue to carry out initiatives that include reforming the personnel evaluation system, recognizing employees for improved performance, and implementing the MLC Innovation Program, a new business proposal system.

### Launching MLC Academy

The Group's human resource development has mainly been focused on creating generalists. However, to achieve our next management plan and business strategy, it is essential to develop and strengthen talent with specialized knowledge and skills, such as leaders who drive change, individuals capable of leading overseas business expansion, professionals who can manage M&A and post-merger integration (PMI)*, and project leaders who can drive digital transformation. In response to this need, we opened MLC Academy, an in-house university, in April 2024 to provide systematic and continuing education in line with our management plan.

In addition to offering traditional level-specific training, MLC Academy will provide curriculum promoting both business growth of the Company and personal career development, a program supporting overseas study at outside educational institutions, courses that formalize the tacit knowledge passed down in each business division, and unique courses on age-specific career development as well as sharing of past failure cases.

* Post-merger integration (PMI) is the process of integration following mergers and acquisitions (M&A).

### Town Hall Meetings to Foster Vertical, Horizontal, Diagonal, and Two-Way Communication

After being appointed as president, I started visiting each of our locations to hold town hall meetings. These were developed to maximize individual potential by creating a culture in which people can freely exchange opinions and have discussions. The purpose of town hall meetings is to create a space that brings together employees from various departments and of various age groups, fostering vertical, horizontal, diagonal, and two-way communication. This exchange of ideas is intended to improve the Company and drive innovation from within. Although it has been gradual, I feel that we are developing a corporate culture where open and lively discussions can take place especially among younger employees. I look forward to these town hall meetings as a valuable place where I can personally grow by gaining new perspectives and ideas.

### Supporting Women in the Workplace and Revitalizing the Company Through Mid-Career Recruitment

As an initiative to foster diversity, equality, and inclusion (DE&I), we created a roundtable discussion for introducing and sharing information about various careers and work styles available to senior female employees as well as a DE&I promotion seminar at MLC Academy. We also began efforts to proactively support female empowerment by providing information on the Company's childcare leave and other systems, such as by creating a maternity and childcare leave handbook, which is distributed to all employees.

## Message from the President

Through mid-career recruitment of diverse talent, including those from different industries, many mid-career hires are already thriving in various departments throughout the Company. These mid-career hires are helping to revitalize the organization as a reliable presence by demonstrating their specialized knowledge and skills as well as their diverse communication and presentation abilities developed in cultures that differ from our own.

### Creating a Corporate Culture that Takes on Challenges and Innovation

Having a performance evaluation system that fairly evaluates challenges and innovations is an essential part of our human resources strategy to maximize individual potential. We established a new evaluation category, Value creation performance, to evaluate challenges, improvements, innovation, and efforts toward personal growth in daily work. This was the result of incorporating a request at a town hall meeting to introduce a performance evaluation system that assesses challenges. We will use the opportunity of the opening of MLC Academy to focus on creating a culture of taking on challenges and innovation by implementing a system that provides further support for challenges and growth of each employee.

## Toward Sustainability Management

### Aiming for Sustainable Logistics

One important perspective in the Group's sustainability management is a problem facing the logistics industry in 2024. With regulations on overtime for truck drivers resulting in reduced work hours, there are concerns about insufficient transportation capacity and the possibility that goods may not be able to be transported. In response, the Company has introduced a berth (place where trucks park to load and unload) scheduling system at each warehouse, thereby significantly reducing waiting times when entering and leaving warehouses. This initiative has been well received by both customers and business partners.

In addition, in an effort to reduce $CO_2$ emissions during transportation, we have begun an initiative in cooperation with Takeda Pharmaceutical Company Limited and Japan Freight Railway Company to shift from trucks to rail transport, reducing $CO_2$ emissions by approximately 60%. This service utilizes temperature-controlled rail containers while maintaining quality that complies with guidelines for the proper distribution of pharmaceuticals, and it has gained attention as a pioneering effort in the industry for its environmental considerations and innovation. In another initiative to reduce $CO_2$ emissions, we adopted renewable energy at each of our Real Estate Business facilities, including warehouses and other logistics facilities as well as at our head office building, and we are aggressively promoting the electrification of company vehicles.

### A Message to Our Stakeholders

We will maximize the potential of our capitals, starting with human capital, and drive forward to take on challenges and fuel innovation to achieve MLC2030 Vision in FY2030 and an ROE of 10%.

We will strive to provide detailed information through investor relations, shareholder relations, and public relations activities, so that our stakeholders can track the progress of our various efforts, including the transformation of our corporate culture. We welcome feedback and suggestions from our stakeholders as we aim to create an even better corporate group. Thank you for your continuous support.



# History of Value Creation

In keeping with developments in industry and society, we have expanded our business domains globally to include warehousing and distribution, port and harbor transportation, international transportation, and real estate, to support everyday life in society. The things we take for granted today are the results of our predecessors striving for and achieving the "someday" they envisioned. In a rapidly changing and unpredictable environment, the Group will strive to create new products and deliver new value to continue to contribute to enhancing customer value into the future.

**Supporting Today** Period of establishing and strengthening the business foundation

**Innovating Tomorrow** Period of advanced initiatives and investment for the future

External environment

| 1880~ | 1920~ / 1945~ | 1960~ | 1970~ | 1990~ |
|---|---|---|---|---|
| • Sino-Japanese and Russo-Japanese Wars | • The Great Kanto Earthquake<br>• World War II ends | • Rapid economic growth<br>• Containerization era | • Oil Shock | • Collapse of Japan's bubble economy<br>• The Great Hanshin-Awaji Earthquake<br>• The Lehman Shock |
| Growth of modern industry | Expanded the Warehousing and Distribution Business<br>Launched the Port and Harbor Transportation Business | Launched the Real Estate Business<br>Clarified the Company's management policy | Promoted management diversification<br>Engaged in full-scale International Transportation Business operations | Strengthened comprehensive logistics services<br>Shifted to high value-added and high quality services |
| Founding period | Put in place domestic business infrastructure | | Expanded global network | |

## Warehousing and Distribution Business / Overland Transportation Business



**1920s**
Thoroughly modernized warehouse facilities in a move away from small-scale and inefficient operations.

**1931**
Inaugurated Japan's first trunk-room service in Edobashi (present-day Nihonbashi), Tokyo.

**1960**
Constructed a distribution center dedicated to specific customers.

**1963**
Made a full-scale entry into the automobile transportation business.

**1966**
Established Ryoso Transportation Co., Ltd. and entered the container land transport business in 1968.

**1974**
Began full-scale operation of a refrigerated warehouse at Port Island in Kobe.

**1992**
Built high-performance warehouses at each branch (approximately 83,000 m²) and declared the first year of our warehouse remodeling.

**1990s**
Proactively expanded pharmaceutical handling and put in place pharmaceutical logistics infrastructure.



1996 Yashio Sales Office, Tokyo Branch

**1999**
Constructed high-performance warehouse at Oi Pier, Tokyo.

## Port and Harbor Transportation Business

**1907**
Completed an integrated land and sea cargo handling facility for shipping freight at Kobe Port (later the Port and Harbor Transportation Business).





**1971**
Began terminal operator operations for full container vessels at Port Island in Kobe.

**1981**
Subcontracted operations at Daikoku Pier in Yokohama.

**2001**
Began operations at the Minamihonmoku Pier Terminal in Yokohama.

## International Transportation Business



**1970**
Established a warehousing company in California, U.S.

**1973**
Established the International Affairs Department (development, transport) and undertook full-scale expansion of international integrated transport operations.

**1981**
Established a transportation company in New York, U.S.

**1985**
Established a transportation company in Hong Kong.

**1993**
Established a warehousing company in Indonesia.

**1995**
Established a transportation company in the Netherlands.

**1996**
Established a warehousing company in Shanghai, China.

## Real Estate Business



**1962**
Constructed a multi-purpose rental building for data centers, warehousing rooms, and residential units in Fukagawa, Tokyo.

**1968**
Decided to expand the Logistics Business and enter the Real Estate Business based on three major policies: emphasis on profitability, transformation into a comprehensive logistics business, and efficient real estate management.

**1973**
Constructed the Tokyo Dia Building. Thereafter, gradually expanded rental buildings for computer-processing centers.



**1992**
Kobe Harborland opened.

**2006**
Yokohama Bay Quarter opened in Kanagawa.



## Others / Company-wide

**1887**
Established as Tokyo Warehouse Limited Company, after absorbing the warehousing business from Mitsubishi Company (founded in 1880).

**1893**
Reorganized the Company and changed the name to Tokyo Warehouse Co., Ltd.

**1918**
Changed the name to Mitsubishi Warehouse Co., Ltd.

**1996**
Changed English name to Mitsubishi Logistics Corporation in a bid to provide comprehensive logistics services.

**Supporting Today** Period of establishing and strengthening the business foundation

**Innovating Tomorrow** Period of advanced initiatives and investment for the future

## 2010~

- Great East Japan Earthquake
- Adoption of the Paris Agreement

## 2020~

- COVID-19 pandemic

## Strengthened high added-value and high-quality service

### Expanded global network

**2010**
Consolidated Fuji Logistics Co., Ltd. and its 10 subsidiaries into our subsidiaries in order to enhance 3PL and services in the electric, electronics, precision equipment, and semiconductor fields.

**2011**
Established Dia Pharmaceutical Network Co., Ltd., a transportation company specializing in pharmaceutical delivery.
Began developing temperature-controlled pharmaceuticals delivery service.



**2012**
Completed Ibaraki Distribution Center No. 3 in Osaka, the first Disaster-Resistant and Eco-Friendly Warehouse. Constructed other Disaster-Resistant and Eco-Friendly Warehouses in several domestic areas since then.



**2012**
Won first place in the world for container terminal cargo handling efficiency at the Minamihonmoku Pier Container Terminal in Yokohama.

**2013**
Started leasing the Osaka Nanko C-9 Container Terminal

**2017**
Completed the MM2100 Distribution Center in Indonesia as the first overseas Disaster-Resistant and Eco-Friendly Warehouse.



**2021**
Opened "SharE Center misato," a distribution center for e-commerce, in Misato City, Saitama Prefecture.

**2021**
Formed a partnership with Cryoport, Inc. (U.S.) for regenerative medicine supply chain.

**2021**
Set carbon neutral targets by 2040 for domestic container terminals jointly operated with UNI-X NCT.

**2022**
Began operations of ML Chain, a logistics data platform for pharmaceuticals.

**2022** Formed a business alliance with K.R.S. Corporation.

**2022** Formed a capital and business alliance with Rapyuta Robotics Co., Ltd.

**2023**
Consolidated Cavalier Logistics Group, which operates in the U.S. and UK, as a subsidiary.
Expanded the international logistics network of pharmaceuticals and healthcare products as well as logistics services for the U.S. government.



**2023** Launched a modal shift for delivery of medical pharmaceuticals to authorized Takeda Pharmaceutical Company Limited dealers.

**2023** Launched relay transport using special GDP-compliant vehicles for pharmaceuticals.

**2011**
Established MLC ITL Logistics Company Limited in Vietnam.

**2012**
Established Mitsubishi Logistics China Co., Ltd.

**2013**
Established P.T. Dia-Jaya Forwarding Indonesia in Indonesia.

**2022**
Invested in TradeWaltz Inc., which operates a trade information collaboration platform.

**2023**
Made ITL Corporation in Vietnam an equity-method affiliate and strengthened the partnership by expanding the cold chain and strengthening forwarding.



**2024**
Launched Emission Monitoring Cargo Route Finder, a system for calculating greenhouse gases.

**2013**
Participated in public-private partnerships (PPP).

**2013**
Kobe Harborland umie opened.

**2014**
Completed Nihonbashi Dia Building.
Rebuilt the warehouse building in Edobashi (head office, trunk room) into a Disaster-Resistant and Eco-Friendly Office Building.



**2015**
Developed and introduced G-MIWS, a new warehousing, storage, and delivery management system.

**2023**
MLC Ventures, Ltd. was established as the operating company of a CVC* fund.

**2023**
Mitsubishi Logistics Group declared a net zero $CO_2$ emissions by FY2050.

**2024**
Completed Shibaura Dia Building.
Leased property as a facility exclusively for data centers.
Kobe Suma Sea World opened.



**2023**
Invested in ugo, Inc., which is developing business DX robots, Blue Baton Co., Ltd., which is promoting innovation in the last-mile industry, and Cuebus Co., Ltd., which is developing a linear drive robot warehouse, as MLC ventures.

**2024**
Formulated our purpose and sustainability management concept.

**Warehousing and Distribution Business**
**Overland Transportation Business**

**Port and Harbor Transportation Business**

**International Transportation Business**

**Real Estate Business**

**Others / Company-wide**

2010 2015 2020 2023 (FY)

* CVC (Corporate Venture Capital): This is a business practice in which companies form funds with their own corporate capital to invest in and support unlisted startups that may be related to their business or be advantageous for their core business in the future.

# Strengths of Mitsubishi Logistics

Mitsubishi Logistics provides customer-oriented, high added-value, and high-quality service utilizing its three strengths of human resources to create new value, a legacy of embracing change, and earned trust and business foundation.

| Strength | Major achievements | Initiatives to enhance strength | Related capitals |
|---|---|---|---|
| <br>**1 Human resources that create new value**<br>The source of the Group's value creation is our human resources. Even at a time of increasingly rapid changes in the external environment, our employees' ability to understand situations, excel on site, and drive development remain the foundation for improvement activities and value creation. By utilizing these three strengths, we are able to provide customer-oriented, high added-value, and high-quality service, thereby establishing a competitive advantage of our business model. | ■ Number of improvement activity participant groups: 509 (total from 2016 to 2023)<br>■ Number of MLC Innovation Programs: 36 (FY2023)<br>■ Average length of service of female employees: 17.3 years (FY2023) (Male employees: 15.2 years)<br>■ Ratio of mid-career recruits to regular employees: 48% (FY2023 recruits: 30 new graduates, 28 mid-career hires) | ■ To retain employees and enhance the competitiveness of the Company at a time of intense competition for human resources, we established new targets to improve engagement and are driving various measures forward.<br>■ We created a human resources portfolio to expand human capital over the medium to long term, and launched MLC Academy to develop human resources as well as a health management system. By continuing to promote female empowerment and creating a corporate culture to drive challenges and innovation, we will refine our three strengths and enhance the competitiveness of the entire Group. | Human Capital<br>Intellectual Capital |
| **2 Legacy of embracing change**<br>Since our founding, we have continued to embrace innovation, provide new value, and achieve sustainable growth to quickly recognize changes in the times and respond to the needs of society and our customers. The drive to embrace change is part of our legacy and continues to be passed on to future generations. | ■ Built warehouses with earthquake- and fire-resistant features since 1920.<br>■ Inaugurated Japan's first trunk-room service in 1931.<br>■ Started developing a rental building business for computer-processing centers since 1973.<br>■ Built high-performance warehouses since 1992.<br>■ Put in place a pharmaceutical logistics infrastructure in 1996.<br>■ Number of collaborations with partners: 10 (from FY2021 to FY2023) | ■ We are driving corporate venture capital (CVC) and M&A to accelerate open innovation by utilizing external knowledge and collaborating with different industries.<br>■ In addition, we are promoting a DX strategy to address the social issue of labor shortages and develop new services, and we are also developing environmentally-related services to promote carbon neutrality. In 2024, we were selected as a DX Stocks company and released MLC Green Action, a service for visualizing and reducing $CO_2$. | Human Capital<br>Social & Relationship Capital |
| <br>**3 Earned trust and business foundation**<br>Over our 138-year history, we have built expertise and a network in line with the logistics and real estate functions required at the time and have continued to support today. From an era of large-scale logistics supporting mass production and consumption to today where optimal management of complex and sophisticated global supply chains are required, we have been able to provide comprehensive logistics services backed by our BCP measures, early establishment of overseas locations, and accumulation of highly specialized expertise tailored to customers and industries.<br>In addition, we have been investing to maximize value to ensure the continued safe, secure, and comfortable use of office buildings, commercial facilities, and homes. | ■ Number of logistics base worldwide: 140 (FY2023)<br>■ World's top port cargo handling efficiency (FY2012)<br>■ Number of Disaster-Resistant and Eco-Friendly Warehouses: 11 (FY2023)<br>■ Expanded our foundation through M&A of overseas logistics companies (FY2023):<br>ITL Corporation (Vietnam)<br>Cavalier Logistics Group (U.S.) | ■ We are establishing overseas locations and expanding overseas business in response to changes in the global supply chain.<br>■ To further enhance reliability throughout the supply chain, we are implementing human rights due diligence, formulating a procurement policy that includes Group companies and partner companies, and are acquiring SBT certification for our environmental efforts. | Social & Relationship Capital<br>Manufacturing Capital<br>Financial Capital |

# Value Creation Process

## External Environment (Risks and Opportunities)

### Risks

(1) Decline in service quality and competitiveness due to delayed development of human resources and talent attrition due to lower job satisfaction
(2) Suspension of logistics functions due to increasing severity of natural disasters
(3) Decline in social trust due to slow response to climate change
(4) Decline in domestic population, labor shortages in logistics industry, and outdated existing technology
(5) Outdated business model due to lack of external collaboration
(6) Loss of social credibility due to violation of laws and regulations and human rights violations

### Opportunities

(1) Promote innovation by developing human resources and securing diverse human resources
(2) Improve service level by strengthening BCP
(3) Develop environmentally-related services
(4) Develop technology and promote digital transformation (DX) (advanced technology and automation)
(5) Evolve the business model by collaborating with startups and companies in other industries
(6) Gain social credibility and improve competitiveness

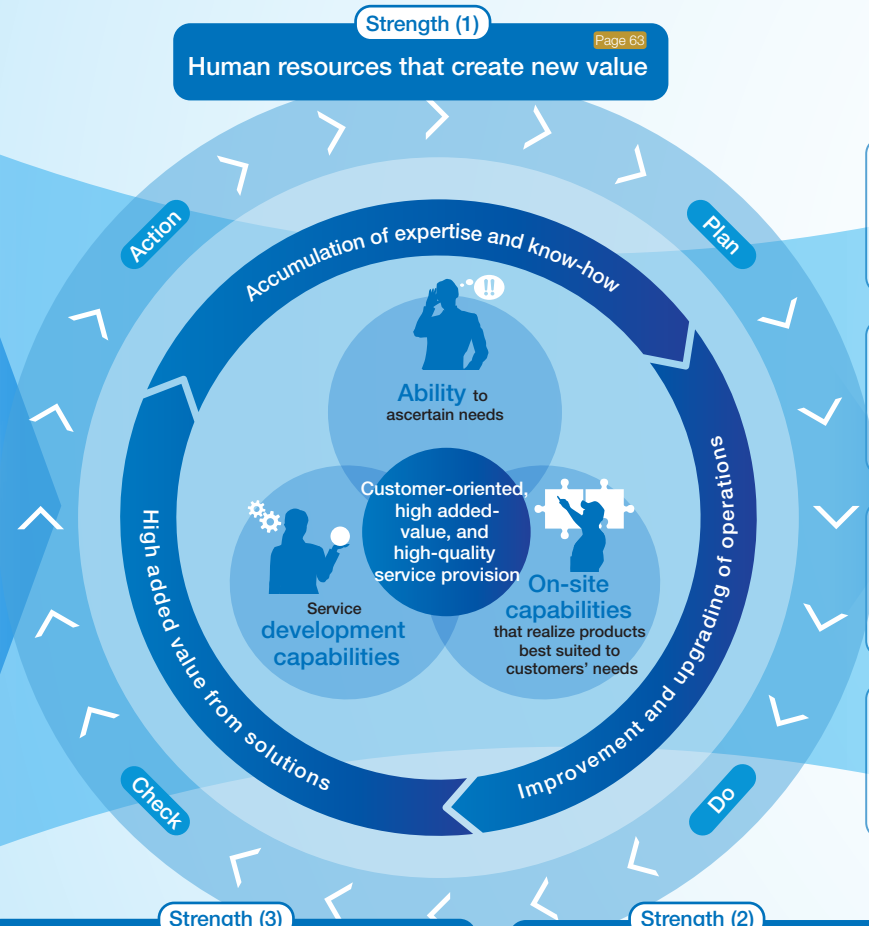
## Six Capitals (Inputs) Page 17

- Human Capital
- Intellectual Capital
- Manufacturing Capital
- Social & Relationship Capital
- Financial Capital
- Natural Capital

## Materiality (Six Key Themes) Page 41

(1) Safety, Security, Disaster Response Page 43
(2) Environmental Initiatives Page 45
(3) Cutting-Edge Technology, Innovation Page 51
(4) Partnerships Page 53
(5) Human Resource Development, Employee Satisfaction Page 57
(6) Compliance, Human Rights, Gender Page 61

## Business Model Utilizing Strengths




### Strength (1)
**Human resources that create new value** Page 63

### Strength (3)
**Earned trust and business foundation**

- Crisis management measures that underpin safety and security Page 22
- Corporate governance Page 73
- Corporate philosophy and Code of Conduct based on the spirit of the Three Principles of Mitsubishi's Business Management Philosophy Page 2

### Strength (2)
**Legacy of embracing change**

- Digital transformation (DX) Page 32
- Taking on challenges of new fields Page 53
- Open innovation by means of CVC and M&A

## Outputs

- Warehousing and Distribution Business Overland Transportation Business Page 37
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## Outcomes

### Economic Value

FY2023
Operating revenue ¥254.5 billion
Operating income ¥18.9 billion
ROE 7.3%

Creation and Inspiration Beyond ZERO, Together
ZERO+ Page 18

### Social Value

- Provide infrastructure services that are sustainable even during disasters Page 43
- Achieve net zero $CO_2$ emissions by FY2050 Page 47
- Improve satisfaction and engagement of employees who create value Page 57
- Provide innovative services and create partnerships Page 5 Page 53

**Realization of Purpose and Achievement of MLC2030 Vision**

# Six Capitals (Inputs)

## Human Capital

The Company recognizes people as the source of its value creation, and it will continue to address social issues and provide new value by promoting human capital management.

Human Resources Strategy Page 57

### Initiatives for strengthening capital

- Improvement in engagement
- Development of human resources portfolio
- Promotion of female empowerment
- Development of human resources who can meet the needs of society and create new value
- Creating a corporate culture that fosters challenges and innovation

**Indicators**

- **Consolidated number of employees: 4,922 (As of March 31, 2024)**
- **Consolidated subsidiaries: 50 in Logistics Business, 4 in Real Estate Business (As of September 30, 2024)**
- **Engagement positive response rate: 47.0% (FY2023)**

## Social & Relationship Capital

By utilizing the trust we have built with our stakeholders over time and the business foundation built on trust, we contribute to sustainable growth of society together with everyone through sincere and fair corporate activities.

### Initiatives for strengthening capital

- Communication with shareholders and investors Page 84
- Development of services tailored to customer needs Page 19
- Contribution to local communities Page 85
- Strengthening of partnerships Page 53

**Indicators**

- **Number of collaborations with partners: 10; Cumulative investment amount: ¥3.4 billion (FY2021 to FY2023 total)**

## Intellectual Capital

By leveraging the skills and expertise accumulated within the Company as well as external knowledge and cutting-edge technology, we promote DX and innovation and provide high value-added services.

### Initiatives for strengthening capital

- Ability to understand, drive development, and excel onsite Page 19
- Improvement activity award system Page 68
- MLC Innovation Program Page 68
- DX strategy Page 32

**Indicators**

- **Number of improvement activity participant groups for creating high added value: 509 (FY2016 to FY2023 total)**
- **Number of MLC Innovation Programs: 36 (FY2023)**

**Trust, foundation, skills, and expertise gained in the 138-year history (Warehousing and Distribution Business from 1887, Port and Harbor Transportation Business from 1907, Real Estate Business from 1962, and International Transportation Business from 1970)**

## Manufacturing Capital

We provide safe and secure services in response to intensifying natural disasters and changes in external environments, as a company “Supporting Today” in society.

### Initiatives for strengthening capital

- Infrastructure for safety, security, and disaster response Page 43
  Crisis management measures that underpin safety and security Page 22
- Expansion of international transportation network Page 39
- Development of real estate not dependent on land ownership

**Indicators**

- **Number of logistics bases worldwide: 140**
- **Warehouse area: 1.17 million m²**
- **Number of Disaster-Resistant and Eco-Friendly Warehouses: 11**
- **Real estate floor area: Approximately 1 million m²**

As of March 31, 2024

## Financial Capital

We are promoting a financial strategy to enhance capital efficiency and profitability while providing high value-added services and enhancing corporate value.

Message from the Accounting Officer Page 24

### Initiatives for strengthening capital

- Reducing cross-shareholdings and generating cash
- Stable generation of operating cash flow as a source of growth
- Strategic investment in DX, M&A, new business development, and human capital

**Indicators**

- **Total assets: ¥679.1 billion**
- **Equity capital: ¥405.4 billion**
  **Equity ratio: 59.7%**
- **Operating income: ¥18.9 billion**
- **Operating cash flow: ¥41.7 billion**

As of March 31, 2024

## Natural Capital

As the planet’s resources near their limits, natural capital underpins all of our business activities. We will promote the adoption of energy saving devices and renewable energy as well as the development of environmentally-friendly services for the sustainable conservation of the global environment.

### Initiatives for strengthening capital

- Environmental initiatives Page 45
- Net zero $CO_2$ emissions Page 47
- Energy-saving and renewable energy deployment Page 47
- Modal shift Page 21
- Introduction of electric cars and trucks

**Indicators**

- **Energy use: 1,225,812 GJ**
- **Electricity consumption: 133,269,785 kWh**

FY2023

# Sustainability Management Concept Zero+

## Co-creation with our stakeholders in building a positive world beyond 2050

Zero is a starting point for new everyday life and not an end goal. Realizing an affluent and sustainable society requires “Zero initiatives” to eliminate negative impacts on the planet and society, and “positive initiatives” to provide new value and increase positive contributions. Through our “Zero+” sustainability management concept, we are committed to creating a world full of positives together with our stakeholders. Mitsubishi Logistics will provide new value to create a world with more smiles, vibrancy, and even better everyday life for generations to come.

| | Supporting Today, | Innovating Tomorrow. |
|---|---|---|
| Purpose | | |
| Sustainability Management Concept | ZERO | + |
| Meaning and targets | ■ Net zero $CO_2$ emissions by FY2050<br>■ Zero logistics disruptions<br>■ Zero negative impacts on society | ■ Together with our customers, partners, and employees<br>■ Create innovation by taking on challenges, and provide high added-value service by accumulating small positive improvements |

Creation and Inspiration
Beyond ZERO, Together

ZERO+

Management status

Provide new value
Solve social issues

2030
MLC2030 Vision
Materiality solutions
(Six Key Themes)

An affluent and sustainable society with positive impacts and smiling faces

**Supporting Today, Innovating Tomorrow.**



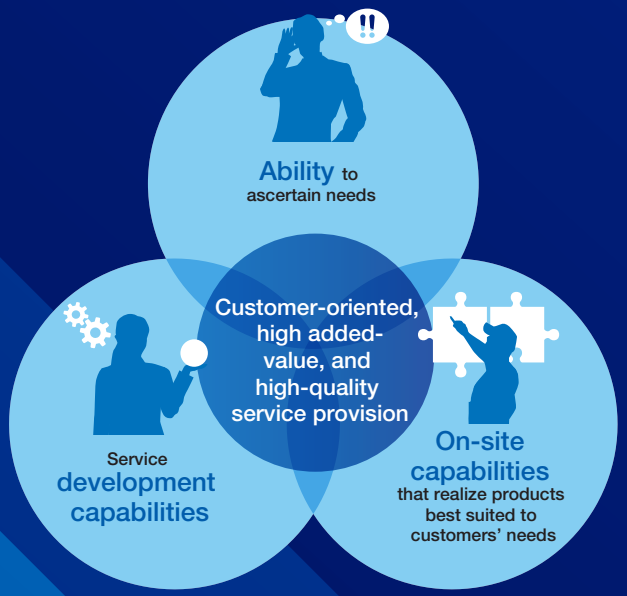


Topic 1

# Providing Customer-Oriented, High Added-Value, and High-Quality Service

**Our employees, who have the ability to ascertain needs, service development capabilities, and on-site capabilities that realize products best suited to customers' needs, work together to provide new value.**

Logistics forms part of our customer product quality.
We believe that accumulating people-centered improvement activities without neglecting the obvious will lead to improvements in field strength and quality.




We understand the needs of society and drive the development of customer-oriented, high added-value, and high-quality service together with sites, thereby accumulating expertise and know-how to provide new solutions. We also strive to identify our customers' needs and enhance our on-site capabilities. We believe that through not only streamlining inventory management and transportation/delivery and combining cutting-edge technology with on-site expertise, but also through the accumulation of daily improvements, we are able to strengthen our on-site capabilities and drive innovation.

**Ability to ascertain needs** × **On-site capabilities that realize products best suited to customers' needs**

## Centralized management of supplier inventory



Finished goods and raw materials delivered individually from suppliers to plants are consolidated and managed in our Vendor Managed Inventory (VMI) warehouse. By visualizing the supplier's inventory and delivery schedules, products and raw materials can be delivered just in time with mixed loading according to plant production plans, improving loading rates. This contributes to reducing the number of receiving vehicles at the plant as well as reducing the environmental impact by lowering $CO_2$ emissions.

## Combining cutting-edge technology with on-site expertise



We are working to solve the social issue of labor shortages and improve productivity by adopting cutting-edge technology according to the structure of the base and cargo characteristics. Specifically, we are utilizing shipment volume forecasts using AI analysis, optimizing operations such as inventory placement, picking routes, and staffing in the warehouse, and combining automatic transport robots, sorting robots, unmanned forklifts, inspection systems using image recognition, and other technologies to achieve labor-saving and streamlined warehouse operations.

## Streamlining transportation and delivery



We are strengthening collaboration both inside and outside the Company to address Japan's logistics challenges in 2024 and the reduced workload of drivers as well as to reduce $CO_2$ emissions. Group company Ryoso Transportation Co., Ltd. introduced the eCanter electric truck from Mitsubishi Fuso Truck and Bus Corporation to handle the collection and delivery of cargo managed by the Company. In addition, the MOVO Berth truck reservation system provided by capital and business partner Hacobu Co., Ltd. was introduced to our centers, reducing average wait time by approximately 90% compared to the previous system.

## SharE Center misato, a high-performance distribution center for e-commerce that incorporates the latest logistics robots

We adjust the number of robots, workers, and storage space according to sales forecasts, and as fees are charged per unit per day, there are no fixed costs, enabling logistics cost management to be linked to sales. We have adopted a Warehouse Management System (WMS) for e-commerce, and it can be integrated with various cart systems, an Order Management System (OMS), and Enterprise Resource Planning (ERP).

### Examples of business operators' needs



- "Our existing logistics facilities and operational systems are unable to handle the increased sales of our e-commerce site."
- "We have concerns about service quality under the existing e-commerce platform and logistics system while aiming for business expansion."
- "We want to perform operations and make deliveries according to our company's business and system."

## Improvement activity award system and examples

For more details, see page 68.

# Topic 1 Providing Customer-Oriented, High Added-Value, and High-Quality Service

Ability to ascertain needs × On-site capabilities that realize products best suited to customers' needs

## Mold management service for manufacturers: Entering an era of entrusting mold storage

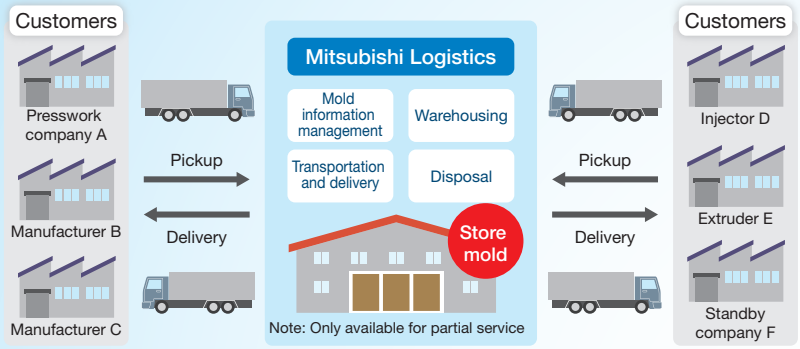
Mold management is complex with a long storage period and requiring storage space, and many businesses face challenges with storage methods. If mold storage is entrusted to a contractor, improper management could lead to violations of the Subcontract Act. It is also important to protect the intellectual property and know-how associated with molds. We provide a service in response to these needs.

**Advantages**

**(1) Visualization of management costs**
By accurately understanding the costs associated with mold storage, repair, and management, business operators can review more appropriate storage methods.

**(2) Securing and effectively utilizing plant space**
By storing molds in our warehouses and delivering them when needed, business operators can effectively use the space in their plants for other purposes.

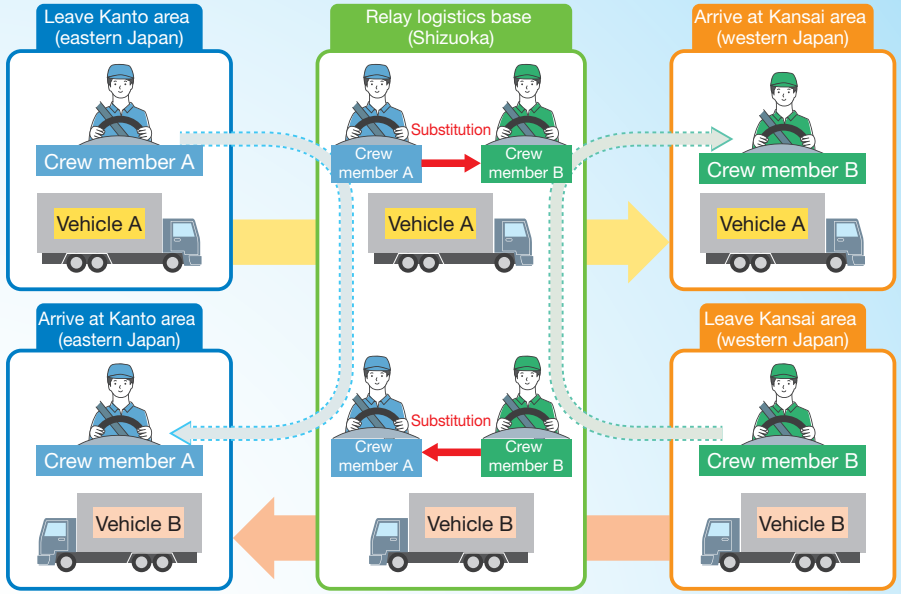
**(3) Saving labor in management operations**
By reducing the administrative man-hours for managing mold numbers, arranging transportation and delivery, and other processes, business operators can focus on their core business.




See the website for more information. https://service.mitsubishi-logistics.co.jp/column/08/ (in Japanese only)

## GDP-compliant relay transport for pharmaceuticals

In response to Japan's logistics challenges in 2024 and the driver shortage, which is expected to become more severe, Group company Dia Pharmaceutical Network Co., Ltd. developed DP-Cool, a Good Distribution Practice (GDP)-compliant pharmaceutical shipping service. Using two vehicles developed by the Group company, k.Tis Co., Ltd., a K.R.S. Corporation Group company, is able to transport pharmaceuticals over a long distance from Eastern to Western Japan and vice-versa without changing vehicles by substituting drivers at a central point known as "Connect Area Hamamatsu." Going forward, we will combine our expertise in pharmaceutical logistics with K.R.S. Corporation's nationwide distribution network, capable of managing four different temperature zones, to build a new logistics platform for transporting food and medicine, which will provide new value to our customers.




See the website for more information. https://www.mitsubishi-logistics.co.jp/news/2023/20231030_01.html (in Japanese only)

# Topic 1 Providing Customer-Oriented, High Added-Value, and High-Quality Service

Ability to ascertain needs × Service development capabilities × On-site capabilities that realize products best suited to customers' needs

We understand the needs of society and drive the development of customer-oriented, high added-value, and high-quality service together with sites, thereby accumulating expertise and know-how to provide new solutions.

## Modal shift in northern Tohoku

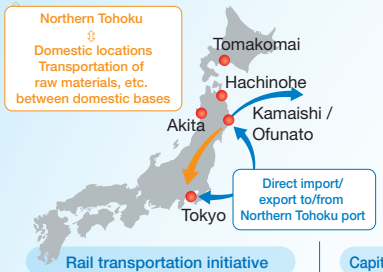
Japan's logistics challenges in 2024 are expected to cause a shortage of drivers, making it difficult to secure vehicles for long-distance transportation. Northern Tohoku is currently facing issues of long transportation distances and an uneven balance between supply and demand. To address these issues, we offer domestic shipping using roll-on/roll-off (RoRo), container, and conventional ships, rail transport, relay transport, and inland depots, such as ICDs.

**Impact of Japan's logistics challenges in 2024**

- Limited transportation volume
- Concerns about meeting deadlines
- Rising truck transportation costs

**Under current conditions, 14% of freight may not be able to be transported in 2025**

### Examples of countermeasures




**Modal shift in northern Tohoku**

Addressing the issue of long-distance truck transportation

**Our company's proposals**

1 Direct import/export to/from Northern Tohoku port (through Tokyo area or Korea)
Container ships (ocean and domestic)

2 Transportation between Tohoku office and bases in Tokyo area and other domestic locations
Domestic vessels, rail, trucks, ICDs

**Rail transportation initiative**



By changing trunk transport between Tokyo and Northern Tohoku from trucks to rail, it is possible to reduce $CO_2$ emissions by approximately 60% and address the driver shortage resulting from logistics challenges in 2024.

**Capital alliance with Daiichi Freight System**

第一貨物

By collaborating with Daiichi Freight System, which is based in Tohoku and has a nationwide transportation network centered in Eastern Japan, we aim to provide stable transportation and delivery service while enhancing quality.

**Reducing the environmental impact**



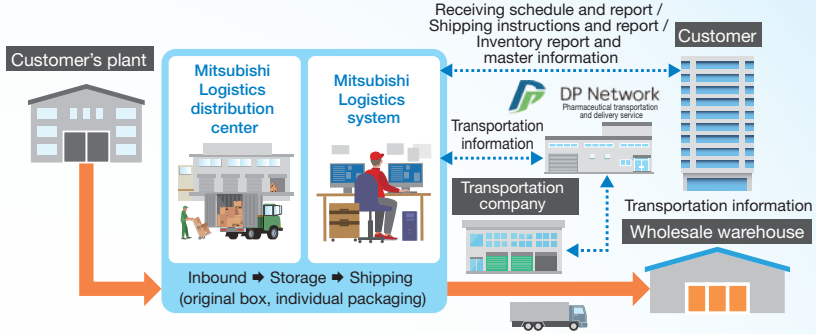
Domestic shipping produces only one-fifth of the $CO_2$ emissions per ton-kilometer compared to truck transport, thereby contributing to addressing social issues.

## Dia Pharmaceutical Network service specializing in pharmaceutical and medical device logistics

Since 1996, we have been building a pharmaceutical logistics infrastructure, and in 2011, we established Dia Pharmaceutical Network, specializing in pharmaceutical delivery while providing GDP-compliant services. We will continue to accumulate expertise and provide services that are tailored to the needs of our customers.

### Our distribution center operations

We operate over 80 distribution centers nationwide to meet customer needs.




**Group company specializing in pharmaceutical transportation and delivery** Dia Pharmaceutical Network

**GDP-compliant services**

**Cold-storage delivery service**

DP-Cool

In an effort to implement Good Distribution Practices (GDP) in Japan, we developed a cold-storage delivery service that is GDP compliant. It provides thorough temperature and quality control and enables reliable pharmaceutical delivery nationwide.

**Room-temperature delivery service**

DP-Green

This GDP-compliant room-temperature delivery service utilizes the expertise gained in developing DP-Cool. We aim for more stable supply of pharmaceutical deliveries.

**Transportation and delivery network**

Dia Pharmaceutical Network has developed a nationwide pharmaceutical transportation and delivery network that is GDP compliant. Not only do they provide temperature-controlled vehicles, but they also offer security measures by using auto-lock functions and open-door sensors. They also provide daily driver education using tablets.

See the website for more information.
https://www.dpn.co.jp
(in Japanese only)

Topic 2

## Crisis Management Measures That Underpin Safety and Security

# Strengthening Crisis Management and Information Security

**We have put in place thorough crisis management measures to underpin safety and security so that our customers can use our services with peace of mind.**

We believe that strengthening crisis management and information security is extremely important not only to support our business model but also to deepen the trust of our stakeholders.
We are strengthening our facilities and information systems in anticipation of emergencies, however unlikely, and promoting employee training.

### Addressing tangible and intangible aspects in our business continuity plan

To fulfill our corporate social responsibility and live up to the trust society places in us, we have stipulated a basic policy for times when crisis management is being enacted. The basic purpose of our crisis management measures is also to predict various crises that can seriously affect corporate management, prevent such crises and, if a crisis does happen, focus on the crisis quickly and effectively to minimize human and material damage that would impact corporate management and restore the normal operational structure as early as possible.

As specific initiatives, we have adopted the concepts of "Disaster-Resistant and Eco-Friendly Warehouses" and "Disaster-Resistant and Eco-Friendly Office Buildings" in response to the increasing intensity of disasters and, in terms of systems, have strengthened our all-hazard BCP responses. We are aiming to be resilient against disasters from both intangible and tangible aspects and, apart from these measures, are also promoting the strengthening of intangible aspects, such as fire prevention measures and information security.

### Basic policy for times when crisis management is being enacted

**To fulfill our corporate social responsibility, we intend to:**

(1) Ensure the safety of employees, their families, and related people;
(2) Preserve corporate facilities (e.g., the Company's warehouses, buildings, and facilities) and the freight received; and
(3) Strive to quickly restore and continue operation.

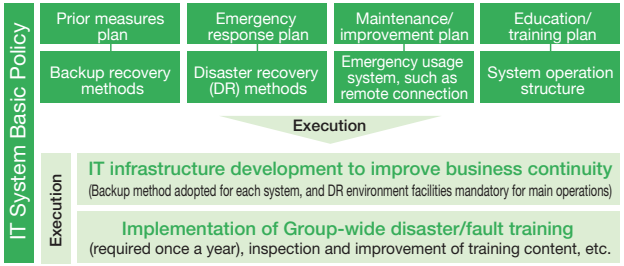
**To live up to the trust placed in our corporation by society, we will:**

(1) Strive to avoid adverse effects on stakeholders, including customers, shareholders, and business partners, and
(2) Contribute to the rapid stabilization of local communities.

### Toward Solving Social Issues through Business

Learning from past disasters, we have been actively investing to protect our customers' businesses and society. Amid the uncertainties caused by the prospects of a Great Kanto Earthquake, we built a reinforced concrete warehouse without delay, thereby protecting the products entrusted to us by our customers and prioritizing their peace of mind. To prevent repeats of past painful experiences, such as the aftermaths of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, we have been promoting the building of sustainable warehouses that can withstand seismic events and, in 2012, launched the Disaster-Resistant and Eco-Friendly Warehouse concept.

In considering possible disaster scenarios, even those affecting information systems, we determined that these would include not only large-scale earthquakes and wind and flood damage but also infectious diseases, widespread power outages, large-scale information system failures, cyberattacks, data leaks, terrorism, and conflicts. From an information system perspective, we are strengthening our response to all-hazard BCPs and redoubling our efforts to ensure business continuity for our customers.




### Management of Information Security

(1) Security of customer information (personal information)
(2) Security of intellectual property rights
(3) Confidentiality obligation
(4) Compliance with laws and regulations, obligation of compliance with regulations and penalties
(5) Management of information assets
(6) Formulation of security measure standards (Development standard, management standard, outsourcing standard)
(7) Monitoring and supervision
(8) Protecting systems from computer viruses
(9) Access authority control
(10) Information security education

### Management of Network Security

(1) Management of connection to ML-net (intranet)
(2) Rules for e-mail use
(3) Rules for dispatching information
(4) Rules for connection with networks outside the Company



Topic 2 Crisis Management Measures That Underpin Safety and Security

# Strengthening Crisis Management and Information Security

## Our Approach to Information Security

We are designated as a critical infrastructure operator by the National center of Incident readiness and Strategy for Cybersecurity (NISC), and are required to maintain a high level of information security measures.

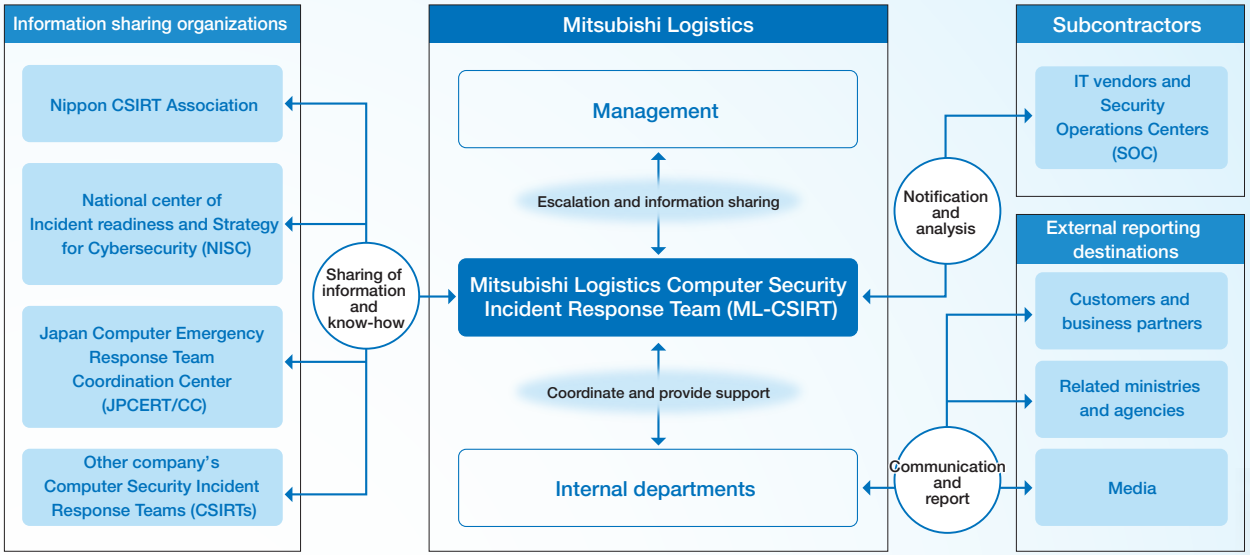
Meanwhile, cyberattacks have recently become increasingly complex and sophisticated with unprecedented threats. Amid this environment, we strongly recognize that maintaining and improving information security is a key challenge in continuing to provide safe, secure, and valuable services to our customers while contributing to the realization of an affluent and sustainable society, and we are committed to strengthening our efforts.

## Information Security Promotion Framework

We have built an information security management framework based on information security-related regulations and are working to strengthen our measures.

We have established an in-house Computer Security Incident Response Team (ML-CSIRT) to quickly respond when an incident occurs, prevent the spread of damage, and promote activities to strengthen information security including providing security education to employees during regular hours, conducting vulnerability assessments, and training employees on how to handle targeted attack emails.

### Information Security Promotion Framework Chart




## Nihonbashi Dia Building's in-house fire brigade won first place in the fire brigade drill contest

Dia Buil-Tech Co., Ltd., the management company for the Company's leased buildings, is working to strengthen and enhance the disaster-prevention system companywide.

On September 6, 2023, the Nihonbashi Fire Station held the FY2023 Fire Brigade Drill Contest in Hama Sports Park, Chuo Ward, Tokyo. Nihonbashi Dia Building's in-house fire brigade took part in the security guard division and won first place among 14 teams that competed against each other in regular fire drills.

We will continue to improve ourselves every day to contribute to the safety and security of our buildings without resting on our laurels.




Nihonbashi Dia Building's in-house fire brigade



# Message from the Accounting Officer

## To enhance corporate value, we will actively pursue sustainable growth and improved capital efficiency while ensuring financial soundness.



Akira Yamao, Director and Managing Executive Officer

### My Thoughts on MLC2030 Vision

We announced MLC2030 Vision in 2019. I was involved in its formulation as the secretariat. Time has quickly passed, and now there are just five years left until 2030.
The top priority of MLC2030 Vision has been contributing to the improvement of customer value. Since we established our vision, expectations for companies have evolved and it has become clear that the Group cannot simply contribute to improving the value of its business customers. We must also enhance our corporate value through business operations that address social issues.
Examples of social issues include climate change countermeasures on a global scale as well as countermeasures to the logistics challenges in that Japan is facing in 2024. The future of the Group lies in effectively combining our management resources to address social issues in specialized areas, contributing to our customers while considering ESG and capital efficiency to generate cash efficiently, and sharing the fruits of these efforts with our stakeholders in a balanced manner.

There is no single correct set of initiatives that will allow us to achieve MLC2030 Vision. We must carefully weigh our many options, consider the reasoning behind these decisions and how to execute them, and explain this to our stakeholders in a coherent manner.

This year, we created a purpose that symbolizes and communicates the social purpose of the Group: Supporting Today, Innovating Tomorrow. To formulate our purpose, we held town hall meetings at the head office and branches, several of which I participated in. Regularly exchanging ideas and opinions outside of the specific purview of my position was a very meaningful experience, helping me to gain new insight. We also opened MLC Academy, our in-house university. These are both examples of our human capital management initiatives. We are looking forward to achieving our goals for 2030, when everyone engaged in the Group's business will be able to enjoy personal growth alongside the growth of the Group.

My role is to support the growth of the Group from a financial perspective. I look forward to continuing to take on the challenges the Group faces while communicating with our various stakeholders.

# Message from the Accounting Officer

## Management Plan (2022–2024) and Summary of Business Results for FY2023

Mitsubishi Logistics has identified three numerical targets over its second stage (2022–2024) of efforts to realize its MLC2030 Vision.

| Numerical targets | Operating income | ROE | DOE |
|---|---|---|---|
| | ¥20.0 billion (FY2024) | 7% (FY2024) | Continuously 2% or more |

In FY2023, the second year of Management Plan (2022–2024) (“current Plan”), the business environment of International Transportation Business became more challenging compared to the previous fiscal year due to the normalization of marine freight costs, which soared since 2020 during the pandemic, a decrease in cargo handling volume, and other factors.

Amid this environment, business performance in FY2023 saw a decline in sales and profits compared to the previous fiscal year, with operating revenue decreasing 15.3% to ¥254.5 billion, operating profit declining 17.7% to ¥18.9 billion, and ordinary profit falling 18.9% to ¥24.3 billion. Meanwhile, profit attributable to owners of parent increased 2.1% compared to the previous fiscal year to ¥27.7 billion due to an increase in gain on sale of investment securities accompanying a reduction in cross-shareholdings, despite a decrease in gain on disposal of non-current assets. As a result, the rate of return on equity (ROE) was 7.3%.

In addition, we aggressively made strategic investments in FY2023 to expand our overseas business bases, such as by consolidating Cavalier Logistics Group, which develops pharmaceutical logistics business in the U.S. and U.K., as a subsidiary, and by making ITL Corporation, which develops comprehensive logistics business in Vietnam, an equity-method affiliate.

We have expanded shareholder returns, which is an important management issue. In FY2023, the annual dividend increased ¥30 compared to the previous fiscal year to ¥120 per share, and we conducted a share buyback of ¥10.0 billion.

FY2024 marks the final year of the current Plan. The Group will work together to achieve our three numerical targets.

## Financial Strategy and Capital Policy

Mitsubishi Logistics has identified five basic policies under its three-year management plan currently underway.

1. Strengthen the profitability of the Logistics Business
2. Expand the foundations for the growth of overseas business
3. Expand the Real Estate Business by strengthening development capabilities
4. Develop high value-added services by utilizing cutting-edge technology
5. Strengthen the Group management base

As financial issues in supporting these policies, we will generate stable cash flows, improve capital efficiency, review assets held, achieve an appropriate capital allocation in consideration of financial stability, and take other measures.

### 1. Generating cash

Under the current Plan, we plan to generate ¥100 billion in cash flow from operating activities over the period of three years. Due to the solid performance since then, we are currently expecting ¥120 billion. By adding ¥60 billion through reduced cross-shareholdings and other efforts, we will generate ¥180 billion in cash over the three-year period.

### 2. Improving capital efficiency

Under the current Plan, we are promoting measures for sustainable profit growth through a variety of means, including strengthening existing business profitability and expanding the foundations for the growth of overseas business. At the same time, in terms of balance sheet management, we are reviewing held assets and working to expand shareholder returns.

As a result of these efforts, the ROE for FY2023 reached 7.3%, exceeding the final target of 7% of the current plan, and we expect an ROE of around 9% in FY2024, the final year of the current plan.

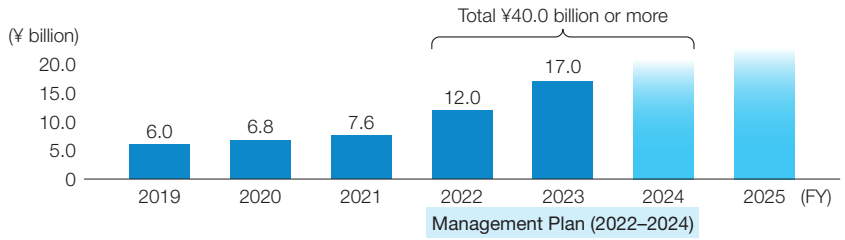
## Message from the Accounting Officer

### 3. Reviewing assets held

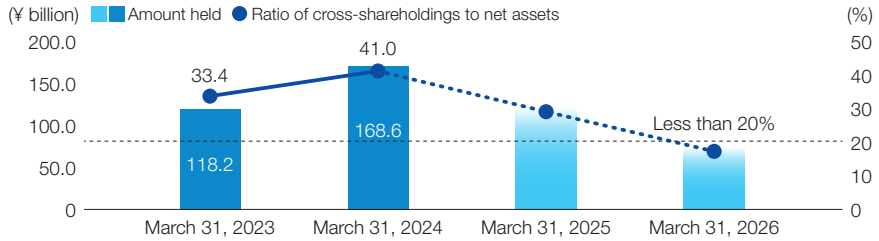
We will systematically review assets held while considering changes in markets and other external environments.

Under the current Plan, we plan to reduce cross-shareholdings by at least ¥40 billion, which is double the previous management plan. We plan to cutback the ratio of cross-shareholdings to net assets to less than 20% by the end of FY2025 and promote further reductions going forward. We intend to allocate the cash generated from the sale of cross-shareholdings to growth investments and shareholder returns.

Number of cross-shareholding sales




Amount of cross-shareholdings held and ratio to net assets




Regarding land, buildings, and other non-current assets, in the Real Estate Business, we plan to sell non-core assets and acquire new profitable properties that will become core assets. In addition, we will accelerate the acquisition of new revenue opportunities, such as by developing asset turnover businesses, which involves acquiring property, increasing its value or redeveloping it and then selling it, as well as investing in funds. In the next management plan, we will prioritize asset management and a synergy between the Logistics and Real Estate Businesses.



### 4. Capital allocation

#### (1) Progress of investment plan

Under the current Plan, we plan to invest ¥40 billion in both the Logistics and Real Estate Businesses and ¥50 billion as strategic investments in such areas as M&A, DX, and new business development, for a total investment of ¥130 billion over three years.

In FY2023, in the Logistics Business, we carried out two overseas M&As, Cavalier Logistics Group and ITL Corporation, as mentioned earlier.

In FY2024, in the Real Estate Business, new facilities became operational at Shibaura Dia Building in April and Kobe Suma Sea World in June.

In May, Mitsubishi Logistics became the first logistics company to be selected as a DX Stocks 2024 company.* During this recognition, we received wide acclaim for being the first company in the industry to build a pharmaceutical logistics platform and working to create new business by investing in startup companies, based on a DX promotion budget of ¥50 billion over 10 years.

*The Company was jointly selected under the Digital Transformation Stocks (DX Stocks) program by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and Information-technology Promotion Agency, Japan.

## Message from the Accounting Officer

### (2) Shareholder returns policy

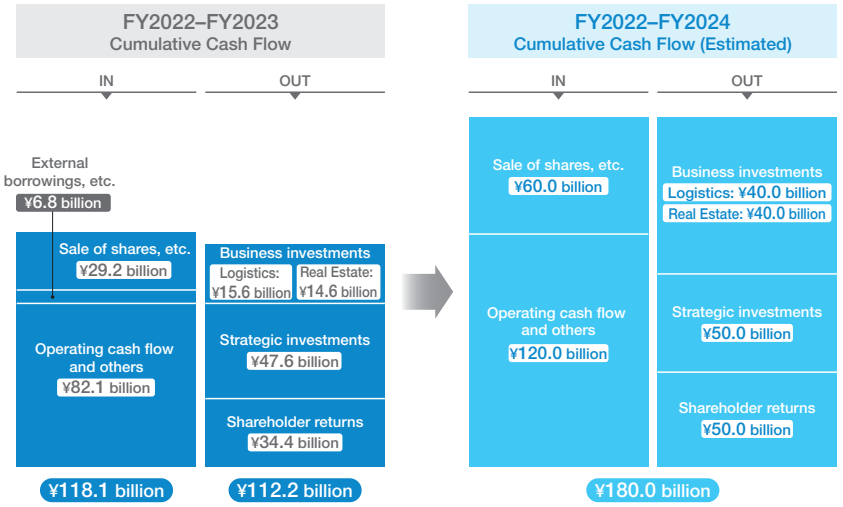
The policy of the current Plan is to pay stable and continuous dividends with a DOE of 2% or above. In addition, in FY2024, we will promote the expansion of dividends in a flexible and agile manner, with a payout ratio of 30% or higher and a dividend yield of 3% or higher.

We will also implement the flexible buyback of treasury shares. Under the current Plan, we plan to acquire a total of ¥30 billion in treasure shares, which exceeds the previous management plan, and by FY2023, we acquired ¥20 billion treasury shares. In FY2024, we plan to conduct a share buyback of ¥10 billion or more.

### (3) Ensuring financial soundness

In this way, we will invest for sustainable growth and promote shareholder returns. At the same time, we will maintain our financial soundness. We will aim for an equity ratio of approximately 55% for the time being and promote business activities for sustainable growth while keeping in mind our credit ratings (JCR: AA, R&I: A+).






## A Message to Our Stakeholders

In April 2024, the Group announced its Initiatives to Enhance Corporate Value and set a target ROE of 10% for FY2030. To achieve an ROE of 10%, we recognize the challenge to appropriately control the level of equity capital while monitoring profits. In other words, growth strategy and financial strategy are the wheels of the car, and they need to be steered with proper balance.

FY2024 will be a period of driving forward our Initiatives to Enhance Corporate Value and develop our next management plan.

Through discussions with our stakeholders, we realize the high expectations placed on the Group. Going forward, we will continue to address various management challenges while striving to provide management information in a fair, timely, and appropriate manner. Thank you for your continued support of our Group's business activities.