

Outline of the MLC2030 Vision and the Management Plan

The MLC2030 Vision (Announced on March 22, 2019)

We have established the MLC2030 Vision as the ideal image of the Mitsubishi Logistics Group in 2030. [Integrated Report Page 7](#) [Message from the President](#)

Vision **Contributing to the improvement of customer value**, we offer comprehensive logistics solutions to the management of customers' supply chains, from procurement to distribution/sales, as their partner.

Our growth strategies aimed at achieving this vision are as follows.

1 Establish a customer-oriented support system

The Group will establish a customer-oriented support system with a focus on the medical/health care, food/beverage, machinery/electrical machine, and new materials industries as key areas*, and will take on comprehensive supply chain challenges as the customer's partner. Through these efforts, the Group will seek to expand its business domain and boost its market share.

* We have added the new materials sector, the market for which is expected to expand toward the year 2030, to the Management Plan (2022–2024) to create four key areas.

2 Expand overseas business

The Group will move forward with system enhancements to support customer supply chains in the medical/health care and food/beverage industries and strengthen its forwarding business with demand for high-quality cold chains* expected to grow in a number of regions such as Southeast Asia (ASEAN).

* Services providing uninterrupted temperature-controlled transport and distribution for refrigerated goods

3 Secure stable profits in the Port and Harbor Transportation Business and the Real Estate Businesses

The Group will further enhance the competitiveness of its Port and Harbor Transportation Business by leveraging its cargo handling services, which rank the highest globally for efficiency, while at the same time developing commercial complexes and facilities and boosting its operational capability in the Real Estate Business. By doing so, the Group will seek to secure stable profits.

4 Improve operational processes and further utilization of new technologies

The Group will review the operational processes of all businesses and facilitate efficient operations by utilizing new technologies such as IoT, AI, and robotics. Through these efforts, it aims to improve service quality and production efficiency.

5 Strengthen the Group management base

The Group aims for growth by strengthening cost competitiveness through organizational management across the Company and its Group companies and securing and developing human resources, particularly in the key areas.

2019

2022

2030

Management Plan (2019–2021)

Evaluation	Good: Achieved numerical targets
	Good: Steadily implemented priority measures
	Fair: Capital efficiency needs further improvement
Numerical targets	• Operating income ¥14.5 billion (FY2021)
	• DOE 2.0% (FY2021)

Management Plan (2022–2024) [See page 25](#)

Basic policies

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

Numerical targets

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

Review of the Management Plan (2019–2021)

Status of achievement (quantitative)

- Although sales and profits decreased in FY2020 due to COVID-19 (reduced volume of freight handled, partial closures of commercial facilities, etc.), sales and profits both increased in FY2021 as a result of a recovery in the volume of freight handled and increased ocean and air freight rates.
- Although the Real Estate Business failed to meet its profit target, greater business performance of the Logistics Business contributed to the overall achievement of revenue and profit targets and the DOE (dividend on equity) target in the Management Plan (2019–2021).

Differences between financial results and targets in the Management Plan (2019–2021)

(¥ million)

	FY2019 (Actual results)	FY2020 (Actual results)	FY2021 (Actual results)	FY2021 (Target)	Difference (Actual results – Target)	Evaluation
Operating revenue	229,057	213,729	257,230	240,000	+17,230	Good
Logistics Business	189,709	179,255	215,240	198,700	+16,540	
Real Estate Business	41,199	36,153	43,662	43,600	+62	
Inter-segment transactions	(1,851)	(1,679)	(1,672)	(2,300)	+628	
Operating income	12,195	11,735	18,144	14,500	+3,644	Good
Logistics Business	7,184	7,232	13,703	9,200	+4,503	
Real Estate Business	10,859	10,038	10,316	10,700	(384)	
Company-wide expenses	(5,847)	(5,535)	(5,875)	(5,400)	(475)	
Ordinary profit	16,822	16,013	23,151	17,100	+6,051	Good
EBITDA (Operating income + Depreciation)	26,447	26,595	33,610	30,100	+3,510	Good
Profit (attributable to owners of parent)	11,851	39,160	17,892	—	—	—
ROE	4.1%	12.9%	5.4%	—	—	—
Amounts per share of cash dividends applicable to the year/ Annual dividend per share (¥/share)	60	60	80	—	—	—
DOE	1.8%	1.7%	2.0%	2.0%	±0%	Good

Status of achievement (qualitative)

- We steadily implemented the priority measures set out in the management plan, including by developing the business foundations of the key areas, opening a distribution center (Misato City, Saitama Prefecture) for e-commerce utilizing new technologies, and bolstering production efficiency through more efficient operational processes and other means.
- In the Real Estate Business, we acquired profitable properties, such as joint equity in Grand Front Osaka. We also promoted the strengthening of our management system to further expand our business.

Priority measures, main initiatives, and issues in the Management Plan (2019–2021)

Priority measures	Main initiatives	Issues	Evaluation
Developing business foundations of the key areas	<ul style="list-style-type: none"> Completed Seishin Distribution Center Phase 2 Building in Kobe, Minamihonmoku Distribution Center in Yokohama, Misato Distribution Center No. 2 Phase 2 Building in Saitama, and Ibaraki Distribution Center No. 4 in Osaka Formed business alliances with K.R.S. Corporation, Cryoport, Inc. and others Rolled out DP-Cool services nationwide Expanded storage and delivery operations for automotive parts 	<ul style="list-style-type: none"> Promotion of sales and investment in each key area Strengthening of overseas business foundations 	Good
Establishing a system that leverages new technologies	<ul style="list-style-type: none"> Opened "SharE Center misato," a distribution center for e-commerce Strengthened collaboration with start-up companies through VC investment 	<ul style="list-style-type: none"> Development of profitable businesses 	Good
Maintaining competitiveness in the Port and Harbor Transportation Business	<ul style="list-style-type: none"> Introduced a proprietary terminal operation system 	<ul style="list-style-type: none"> Rebound from impact of COVID-19 pandemic Response to reduced freight volume 	Fair
Developing commercial complexes and facilities and improving the organizational structure to strengthen operational capabilities in the Real Estate Business	<ul style="list-style-type: none"> Acquired joint equity in Grand Front Osaka Reinforced rental facilities around Nagoya Station 	<ul style="list-style-type: none"> Improvement of the organizational structure to strengthen operational capabilities 	Fair
Bolstering production efficiency through more efficient operational processes and other means	<ul style="list-style-type: none"> Bolstered profitability in the Logistics Business through more efficient operational processes Conducted verification tests for improved operational efficiency at warehouses using AI 	<ul style="list-style-type: none"> Further improvements to productivity 	Good
Improving operational conditions to reform workstyles and create innovation	<ul style="list-style-type: none"> Revised the personnel system and promoted diverse workstyles 	<ul style="list-style-type: none"> Utilization of human resources, including at Group companies 	Good
Increasing shareholder returns	<ul style="list-style-type: none"> Increased dividend to ¥80 per share and implemented buyback of ¥20.0 billion treasury shares, exceeding the plan (targeting ¥15.0 billion) 	<ul style="list-style-type: none"> Improvement of capital efficiency 	Good
Promoting CSR-oriented management	<ul style="list-style-type: none"> Announced "Initiatives by the Mitsubishi Logistics Group for ESG Management and the SDGs" Issued the Integrated Report in place of the Environmental and Social Report 	<ul style="list-style-type: none"> Strengthening of initiatives 	Good

Management Plan (2022–2024)

Basic Policy

1 Strengthen the profitability of the Logistics Business

- Expand business in the three key areas of medical/health care, food/beverage, and machinery/electrical machines in order to realize the MLC2030 Vision.
- Add the new materials sector, a market which is expected to expand toward the year 2030, to the key areas.
- Strengthen the earnings power of the Logistics Business by increasing profits through the acquisition of new operations and the cultivation of existing operations, and by improving profit margins through improved operational efficiency and the collection of appropriate fees.

2 Expand the foundations for the growth of overseas business

- Global Grid Strategy
Contribute to the optimization of customer supply chain management by building a system that responds to trends and changes in the global supply chain.
- Strengthen and upgrade intra-regional logistics and forwarding, and create synergies
- Build a business management infrastructure centered on national staff
- Accelerate growth through a partnership strategy with leading logistics companies

Strategic targets

Overseas sales ratio
11.2% (FY2020 actual results)

20% or more (FY2024 targets)

3 Expand the Real Estate Business by strengthening development capabilities

- Continue to strengthen the earnings base of the real estate rental business and expand the Real Estate Business that does not depend on land ownership.
- Aim to create new revenue sources, and consider initiatives for asset turnover business utilizing REITs, etc.

4 Develop high value-added services by utilizing cutting-edge technology

- Aim to resolve social issues and realize business growth in both the Logistics and Real Estate Businesses by proactively introducing cutting-edge technology.
- Increase efficiency and sophistication of logistics operations and facility management
- Develop logistics platform services

5 Strengthen the Group management base

- Establish a management base that is resistant to changes and risks through comprehensive risk management and human resource development.
- Improve operational efficiency by reviewing the operations for which we are responsible, including at Group companies, and optimizing the organization.

5 Outline of Strengthening the Group Management Base



Numerical targets

Operating income

¥20.0 billion

(FY2024)

ROE

7%

(FY2024)

DOE

**Continuously
2% or above**



Management Plan (2022–2024)

Progress of Measures Taken

1 Strengthen the profitability of the Logistics Business

(1) Medical and health care

In 2017, we opened the Tonomachi Bio Logistics Center (TBLC) within the Life Innovation Center (Kawasaki City, Kanagawa Prefecture) and began storage and distribution operations for regenerative and advanced medical products that require ultra-low temperature storage. As our handling of these products has steadily increased, and handling of a wider range of similar products is expected in the future, we have expanded the TBLC facility. In this way, we are committed to taking on new projects moving forward.

(2) Food and beverage

The Indonesian subsidiary, P.T. Mitsubishi Logistics Indonesia (MLI), has begun leasing a new factory facility to PT Nippon Products Indonesia, a group company of Nippon Corporation. Since 2018, MLI has been constructing and leasing BTS-type (Build-to-Suit) factory buildings on-site, while also offering import/export, storage, and distribution services for raw materials and products at a neighboring logistics facility with four temperature zones. By combining logistics and real estate leasing, MLI is contributing to the optimization of its customers' logistics operations.

(3) Acquisition of new operations

Fuji Logistics Co., Ltd. has jointly developed a library stock check service with Dai Nippon Printing Co., Ltd. This jointly-developed system, which utilizes proprietary robots and RFID technology, significantly reduces the time required for library stock checks. Fuji Logistics is responsible for task verification, check operations, and equipment development.

(4) Cultivation of existing operations

The Company has signed a capital and business alliance agreement with DT Holdings, Inc., a company based in the Tohoku region that operates a nationwide transportation business, and its primary subsidiary, Daiichi Freight System, Inc. Through our collaboration with these companies, we aim to build a more efficient and stable transportation and distribution supply chain, improve the quality of our transportation services, and work to solve various issues facing the logistics industry, including the so-called "2024 Problem" in Japan.

2 Expand the foundations for the growth of overseas business

Strengthening and upgrading intra-regional logistics and forwarding

We acquired the Cavalier Logistics Group through our U.S. consolidated subsidiary, Project Hermes Holding Company. In the U.S. and U.K., which are the largest and continuously growing markets for pharmaceuticals, we have acquired a business infrastructure that enables us to provide comprehensive logistics services for pharmaceuticals, healthcare products, and more. Additionally, while leveraging the existing logistics system established for the U.S. government, we aim to expand the providing of logistics services to the U.S. government.

3 Expand the Real Estate Business by strengthening development capabilities

(1) Strengthening the earnings base of the real estate rental business

We are engaged in a real estate rental business primarily focused on office buildings through redevelopment projects that are custom-tailored to the location of the land we own. After demolishing a 40-year-old, aging warehouse in Minato ward in Tokyo, the Shibaura Dia Building was completed. This property will be fully leased as a facility exclusively for data centers.

(2) Expanding our Real Estate Business that does not depend on land ownership

The Suma Aqualife Park and Seaside Park Redevelopment Project, which is being run by the Kobe Suma Parks and Resorts Consortium, in which the Company is a participant, was completed with the full opening of Kobe Suma Sea World, Kobe Suma Sea World Hotel, and Suma Seaside Park. Moving forward, we will continue to participate in redevelopment projects and focus on strengthening our development and operational capabilities for commercial complexes and facilities.

(3) Creating new revenue sources

We are actively pursuing the purchase of profitable properties as part of our asset turnover business, where profitable properties are acquired, enhanced in value through renovations, held for a certain period, and then sold to secure profits.

4 Develop high value-added services by utilizing cutting-edge technology

(1) Developing logistics platform services

We have launched the "Emission Monitoring Cargo Route Finder," a system that visualizes GHG emissions across the entire global supply chain while simultaneously enabling cargo route searches. It allows for the comparison of multiple transportation methods and their respective GHG emissions, and it can also be used as a stand-alone cargo route search engine. Moving forward, we plan to enhance the system with features like fare estimates and booking capabilities, as well as displaying routes of higher interest based on analysis of search trends.

(2) Improving the efficiency and sophistication of logistics operations and facility management

Security robots have been installed in our rental office buildings (Tokyo Dia Building, Eitai Dia Building). The security industry is experiencing a chronic labor shortage, but by installing robots, we are striving to maintain high quality for facility management services.

5 Strengthen the Group management base

(1) Establishing a management base that is resistant to changes and risks

We have prepared the Mitsubishi Logistics Group Occupational Safety and Health Policy. In line with this policy, we prioritize ensuring the safety and health of workers and providing a safe and healthy workplace to prevent injury and illness.

(2) Reviewing responsibilities and optimizing the organization with Group companies

Regarding Shenzhen Lingyang Global Forwarding Co., Ltd., which was handling air cargo operations in China, these operations have been transferred and consolidated to Shanghai Lingyun Global Forwarding Co., Ltd., which is also engaged in forwarding operations in China. Going forward, we will continue to streamline management by reviewing assigned operations and optimizing the organization, including Group companies.

DX Strategy

DX Promotion System

In line with the MLC2030 Vision's objectives of improving operational processes and further utilization of cutting-edge technologies, we are enhancing governance and working on building the organization, environment, and corporate culture while developing and acquiring digital talent to advance DX (Digital Transformation).

Governance

To utilize cutting-edge technologies and promote DX, the Cutting-edge Technology & Innovation Subcommittee is responsible for allocating a budget of ¥50 billion for utilizing cutting-edge technologies, replacing measures as necessary, and regularly reviewing and managing progress on roadmaps, assessment metrics, and target values, in accordance with the company-wide policies.

Also, an upper-level organization, the Sustainability Committee, handles the approval of new initiatives and ensures alignment with management strategies. This system is designed to respond quickly to changes in management policies and the development of new businesses.

Organization Building

1. DX promotion organization

The project team, which was launched in 2019 to attain the

MLC2030 Vision, was later integrated into the Sustainability Committee, which was set up for ESG management and response to SDGs. At the same time, a new Cutting-edge Technology & Innovation Subcommittee was formed. This subcommittee is composed of the heads of all business divisions and the DX promotion team, thus enhancing the structure and strongly pushing DX across the entire Group.

2. Organization for open innovation creation

MLC Ventures, Ltd. was established as the operating company of the CVC fund. The company will accelerate investments and collaborations with startup companies from a medium- to long-term perspective.

Creating a Corporate Culture to Drive Challenges and Innovation

For more details, please refer to page 68 of the Integrated Report.

Creating the Right Environment

During the period of the Management Plan (2022–2024), which is positioned as the phase for developing high-value-added solutions using cutting-edge technologies, we are working on enhancing the foundation for developing business solutions that will use cutting-edge technology to lead to productivity improvements and the creation of new services, such as constructing company-wide data analysis platforms and logistics platforms, improving digital workplace environments, and enhancing cybersecurity measures.

From 2025 onward, the phase of ecosystem formation and expansion will aim to achieve DX that cannot be realized through individual efforts, including the further expansion of platform businesses involving other companies and industries, with the goal of forming an ecosystem. Through the operation of a CVC fund, we will accelerate the process of open innovation, leading to the creation of new services and value.

Developing and Acquiring Digital Talent

The improvement of operational processes and further utilization of cutting-edge technology, and DX implementation, as outlined in the MLC2030 Vision, requires a company-wide shift in mindset, reskilling of information systems department engineers, acquisition of engineers with specialized skills, including outside talent, improving the IT skills and literacy of employees in user departments, and securing human resources who can use digital technology as a tool. As a result, we are systematically enhancing DX and IT education programs, as well as ramping up the recruitment of digital talent.

Developing digital talent	Target employees	Ideal human resources profile	Content
	DX promotion leaders of each business division	Producer, business designer	<p>Aiming to develop DX promotion leaders in the workplace, employees learn the basics of DX knowledge, data utilization, cybersecurity measures, and design thinking</p> <p>Workshop on utilizing new technologies</p>
	General employees	DX and IT mid-power user	<p>Courses on utilizing core operations systems (Beginner to Advanced)</p> <p>Offering RPA development courses</p>
	DX promotion/IT department employees	Architect, data scientist, analyst, concierge, project manager	<p>Data analyst and concierge training courses, etc.</p> <p>Providing two courses: Fundamentals of security measures for IT department employees and training for security specialists</p>
	General employees	DX and IT mid-power user	<p>Enabling utilization of available internal systems and learning the basics of security measures, OS operations, Office tools, email, Teams, and other practical usage techniques</p>

DX Strategy

Future Developments

The Mitsubishi Logistics Group will continue to steadily advance initiatives for enhancing and streamlining logistics operations and facility management in FY2024 by installing wide-area LAN environments at all domestic bases, deploying Hacobu's truck reservation system at all store locations, and conducting demonstration experiments on the use of Cuebus's robot warehouses driven by linear motors.

At the same time, for the development of logistics platform services, we will work on adding features and expanding the use of ML Chain and standardizing an international logistics data platform. The entire system is expected to be completed after 2025, but we plan to roll out socially beneficial features in stages in advance, as they become ready.

The logistics industry faces major societal challenges and other changes in the business environment, such as labor shortages due to the declining birthrate and aging population, Japan's logistics challenges in 2024, and the need to address global warming. To respond to these challenges and contribute to the realization of a prosperous and sustainable society through corporate initiatives, we are working to steadily and swiftly utilize cutting-edge technologies and implement DX.

Main Initiatives and Results Based on Strategies

Initiatives for building a new business foundation and creating new services

1 Developing Logistics Platform Services

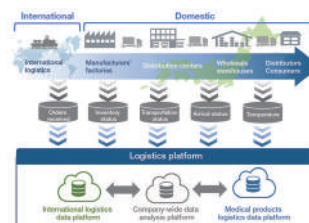
We are promoting this initiative based on the following objective.

Objectives

- By digitalizing the integrated supply chain both domestically and internationally, we aim to build a new logistics data platform that helps solve customer challenges
- We will create new high-value-added services by utilizing cutting-edge technologies such as IoT devices, blockchain, AI, and data analytics

1 ML Chain

In pharmaceutical distribution, it is crucial to maintain high-quality standards, but traditionally, the information necessary for maintaining quality has been scattered, making it difficult to centrally manage information across the entire supply chain. In response to this situation, we launched ML Chain in 2022 as the only pharmaceutical logistics data platform designed to meet customer needs by optimizing the supply chain for stakeholders while simultaneously maintaining high-quality pharmaceutical logistics. The platform consolidates scattered information into a cloud environment and ensures data integrity and confidentiality through blockchain technology. We are continually adding features and expanding the capabilities of ML Chain, aiming to support the entire pharmaceutical lifecycle.



2 Digital platform for international transport

Global disruptions in international logistics due to the COVID-19 pandemic have heightened the demand for real-time supply chain visualization and centralized information management. In response to this, we have started developing a new digital platform for international transport. This platform aims to create new value and better customer experiences, including visualizing transport status and greenhouse gas emissions, as well as providing consulting services utilizing supply chain analysis tools.

As part of this platform, we launched the greenhouse gas calculation system, Emission Monitoring Cargo Route Finder, ahead of schedule last year.



DX Strategy

Main Initiatives and Results Based on Strategies

Initiatives for improving the efficiency of new business foundations and creating new services

2 Improving the Efficiency and Sophistication of Logistics Operations and Facility Management

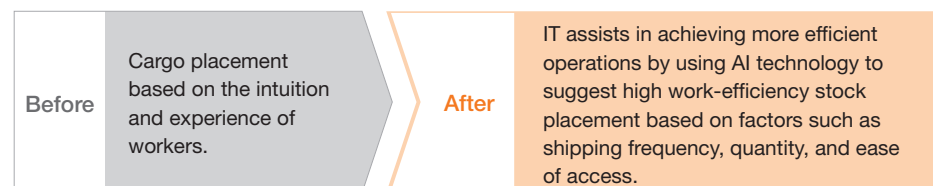
We are implementing initiatives to automate and reduce labor in logistics administration and operations.

Enhancing On-site Capabilities

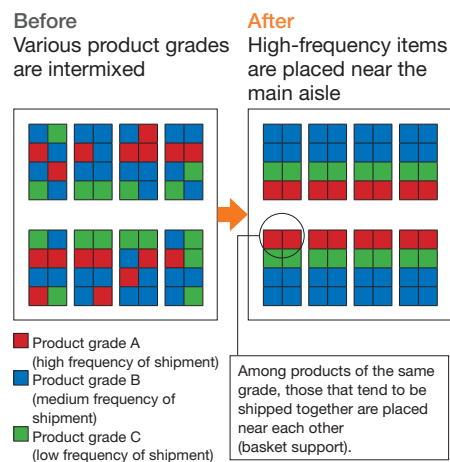
Case Studies of Knowledge Transfer and Strengthening On-site Capabilities through DX Promotion

Optimization of cargo placement and picking order

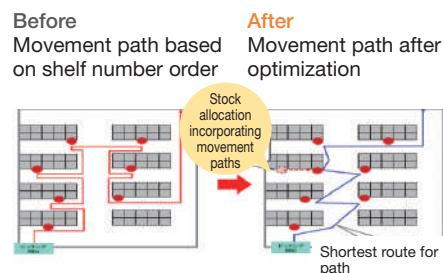
Past results and expert knowledge are converted into AI algorithms.



Optimization of stock placement



Optimization of picking order

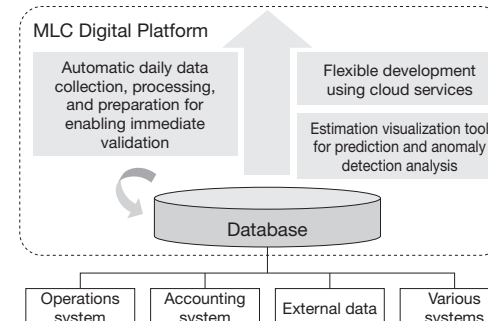


Key points for AI utilization

Each site possesses various forms of analog knowledge. It is important to have a system and operation where workers can make adjustments based on AI suggestions.

Data analysis of site analysis, freight cost calculation, and safety stock analysis

We have established a cloud-based data analysis platform (MLC Digital Platform) and have installed tools for site analysis, freight cost calculation, and safety stock analysis.

Strengthening proposal-based sales to shippers
Improvement of operational efficiency, and more

- Analysis of site location and freight cost calculation
- Visualization of shipping and stock status
- Estimation of ton-kilometers for multiple sites



- Visualization of trends and patterns in safety stock for each customer



DX Strategy

Improvement of Service Quality and Productivity

Case Studies of Service Quality and Productivity Improvement through Operational Process Optimization

Transitioning to a paperless system in logistics office operations and work processes

We are expanding the use of tablets, smartphones, and handheld terminals, previously limited to certain distribution centers, to transition to paperless operations throughout the Company. We have adopted electronic whiteboards to share the day's inbound and outbound volumes and work progress, thereby improving overall facility operational efficiency.

Before Significant use of paper for work forms. Required time and effort in setting up and handing over forms.

After Transitioned to paperless work forms. Reduces the time and effort in setting up and handing over forms. This also enables real-time management of work progress and analysis of work productivity.

Tablets and smartphones are used to transition to a paperless workflow for warehouse operations, such as inbound/outbound handling, location changes, and restocking.

Tablets and long-range external scanners for business operations

Smartphones with built-in scanners for business operations



Electronic whiteboards



Even at sites without a wireless LAN environment, we are studying use of offline-compatible tablet forms for greater ease of use.

Utilizing automated sorting machines for higher shipment efficiency

Automated sorting machines are used to improve the accuracy of sorting tasks.

Before Single-item picking followed by barcode inspection.

After After total picking, automated sorting machines are used to sort for each delivery destination.

While total picking (where multiple orders are picked at once and later sorted by delivery destination) improves efficiency in the picking process, there were issues with the accuracy of the subsequent sorting. To prioritize accuracy, single-item picking was used for operations. However, by automating the sorting process with an automatic sorting machine, accuracy has been improved, and the need for follow-up inspections has been reduced.

t-Sort system by +Automation Inc.



- (1) Reading of product information
- (2) Loading products onto robot
- (3) Items are placed into foldable containers designated for each delivery destination

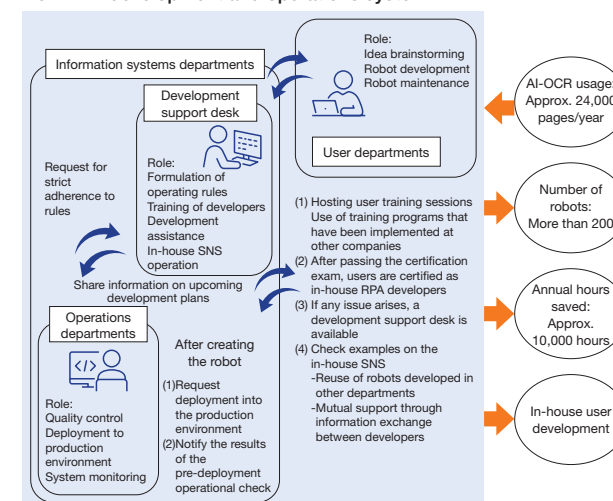
Implementing use of RPA and AI-OCR for greater office efficiency

Since 2019, efforts have been made to improve office efficiency using RPA and AI-OCR. Starting in 2021, RPA training, certification systems, and support desks were established in-house to promote independent development by in-house users, further increasing the adoption rate of RPA.

Before The information systems department was responsible for RPA development. (Slow increase in number of robots being developed)

After RPA development was opened to users who obtained developer certification, enabling development tailored to the needs of each site and improving efficiency.

New RPA development and operations system



Note: The image is excerpted from the Japan RPA Association's Online Salon.

Business Overview

Utilizing the skills and expertise cultivated over our 138-year history, we support people's affluent lives and our customers' corporate activities.

Logistics Business

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



Warehousing and Distribution Business and Overland Transportation Business [Page 37](#)

In the Warehousing and Distribution Business and Overland Transportation Business, we support diverse product supply chains ranging from essential goods like food and pharmaceuticals to industrial raw materials and large machinery by providing logistics services tailored to customer needs, including warehouse storage, cargo handling, transportation, and distribution processing both in Japan and overseas.

Also, through co-creation with partners, we are actively working toward the realization of a sustainable society. This includes reducing cargo waiting and work times at logistics facilities, enabling long-distance transportation using relay points, and reducing the environmental burden on supply chains and CO₂ emissions by combining modal shifts in pharmaceutical logistics with the ML Chain data platform.



Port and Harbor Transportation Business [Page 38](#)

In our Group's Port and Harbor Transportation Business, we offer highly detailed and high-quality logistics services to meet the full range of needs for our customers who use ports, including container terminal operations, cargo handling for conventional ships and car carriers, ship agency services, and more, at ports such as Tokyo, Yokohama, Nagoya, Osaka, Kobe, Moji, and Hakata. We also offer a wide range of other marine shipping-related services, such as importing/exporting of vessels, ship registration, and agency operations for special ships such as oil-drilling rigs.



International Transportation Business [Page 39](#)

We propose optimum international transportation routes door-to-door worldwide tailored to every customer's request by combining our global network with a variety of modes of transportation, such as vessels, aircraft, railways, and trucks. Overseas, we also provide a range of regional logistics services, including customs clearance, storage, and domestic delivery, supporting the optimization of the entire supply chain from procurement to sales for our customers.



Real Estate Business [Page 40](#)

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

We are involved in the Real Estate Business in all six major cities of Japan—Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka. In addition to activities such as the redevelopment of properties based on the optimum application of each property's features and the leasing of approximately 50 real estate facilities (offices, retail facilities and residences), totaling almost 1 million m² of total floor space, we are involved in the sales of condominiums.

We are also active in developing Disaster-Resistant and Eco-Friendly Office Buildings, which meet business continuity needs and reduce the environmental burden.



Business Strategy

Logistics Business

Warehousing and Distribution Business and Overland Transportation Business

Fulfilling Our Purpose

While meeting diversifying logistics needs, we believe that enhancing BCP (Business Continuity Planning) to deliver essential goods safely and reliably even in emergencies is how we will fulfill the Supporting Today part of our purpose. By Innovating Tomorrow, we will continue to provide high-quality, high-value-added services and contribute to the development of society and our customers.

Takero Shimizu
General Manager of Warehousing
and Distribution Business Division



Opportunities and Risks

Opportunities

- Improving operational efficiency and productivity through DX promotion
- Addressing social issues and responding to customer needs through partnerships
- Capturing demand in cold chains and growth markets
- Developing environmentally friendly services

Risks

- Labor shortage in logistics
Driver shortage due to logistics challenges in 2024
- Suspension of logistics functions due to natural disasters
- Growing scale of businesses due to M&A by competitors
- Entry of companies from other industries and BtoC sectors

Strengths of This Business

- Diverse talents developing alongside the Company through business operations
- Partners with whom we can co-create new services and value
- Development system for information systems that reduces workload and improves efficiency

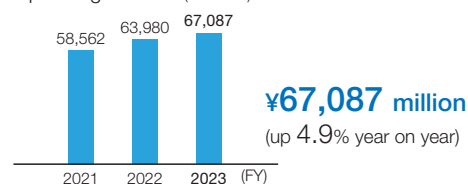


Segment Overview

Warehousing and Distribution Business

Revenue increased due to the full-year operation of the Ibaraki Distribution Center No. 5 in Osaka, the completion of the rental factory in Indonesia, and a wider handling range in our key areas.

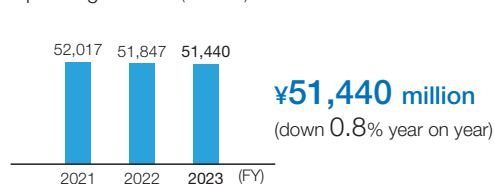
Operating revenue (¥ million)



Overland Transportation Business

Due to the stagnation of domestic economic activity, the volume of freight transportation remained flat, matching the level of the previous fiscal year.

Operating revenue (¥ million)



Business Strategy

Warehousing and Distribution Business

Expand business centered on the growth of key areas	<ul style="list-style-type: none"> Optimize management resources in line with the business strategy that contributes to the realization of a sustainable society Develop logistics bases and networks in Japan and overseas
Distribution center management that contributes to the resolution of social issues	<ul style="list-style-type: none"> Expand Disaster-Resistant and Eco-Friendly Warehouses in Japan and overseas Promote the introduction of LED lighting and other equipment that reduces the environmental impact
Create new value using cutting-edge technology	<ul style="list-style-type: none"> Improve the efficiency of the entire supply chain by building the ML Chain pharmaceutical logistics data platform, etc. Improve productivity through systemization and develop new services

Overland Transportation Business

Expand business centered on the growth of key areas	<ul style="list-style-type: none"> Develop cold chain services in Japan and overseas Further improve the quality of pharmaceutical logistics services Strengthen cooperative relationships between our Group and partners
Collaborate with external partners to resolve social issues	<ul style="list-style-type: none"> Provide safe and secure food/beverage and pharmaceutical transportation/delivery services through appropriate temperature control Develop cryogenic transportation/delivery services that can be used in the medical field Reduce environmental impact through CO₂ emission visualization services, etc.

Progress on Strategy and Future Initiatives

In FY2023, we made significant strides in forming new partnerships and laying the groundwork for future operations in our Warehousing and Distribution Business/Overland Transportation businesses through cooperation with our partners. This included acquiring shares in the Cavalier Logistics Group, entering into a capital and business alliance with DT Holdings and Daiichi Freight System, and implementing modal shifts and relay transportation for pharmaceutical logistics. In the final year of our current Plan, we will begin demonstration experiments with mid-sized EV trucks, the first of its kind in the industry, to reduce CO₂

emissions. Also, MLC Ventures has invested in Einride, a company that specializes in cargo transport using EV trucks. Along with enhancing our environmental initiatives, we will continue to invest in logistics DX to realize more efficient and advanced operations and develop services that offer new value. We will strive for steady growth in businesses designated as key areas, while also concentrating on analyzing the business environment to identify growth sectors that require proactive investment, as we work toward realizing the MLC2030 Vision and preparing for our next management plan.

Creating social value through business

As part of our response to Japan's logistics challenges in 2024, we have launched initiatives such as modal shifts in pharmaceutical transportation and relay transportation to reduce the burden on truck drivers. Furthermore, we have implemented the truck reservation service "MOVO Berth" from Hacobu Co., Ltd., one of our logistics DX partners, at our main warehouses as of August 2024. This service provides visualization of cargo wait times and loading/unloading times for improving the

productivity of warehouse operations and contributing to more sustainable logistics services. We have also started providing a service that reports CO₂ emissions to customers using our facilities and using logistics operations originating from our facilities to further reduce the environmental impact of our logistics services. We remain committed to achieving carbon neutrality and working toward attaining our declaration, net zero CO₂ emissions by FY2050.

Business Strategy

Logistics Business

Port and Harbor Transportation Business

Fulfilling Our Purpose

Approximately 99% of Japan's trade volume is transported by sea. The Port and Harbor Transportation Business plays a crucial role in Supporting Today, forming a bridge between Japan and the world. Leveraging our extensive knowledge and experience as a container terminal operator, we will continue to support society, address the wide range of needs of our customers, and strive for stable profits by acquiring new businesses and improving operational efficiency.

Toshiaki Nakayama
General Manager of
Harbor Transportation Business Division



Opportunities and Risks

Opportunities

- Strengthening customer relations through efforts to reduce environmental impact
- Improving operational efficiency and productivity through DX promotion

Risks

- Increased business operating costs due to rising prices
- Maintaining port operations functions, labor shortages, and aging workforce
- Safety of workers, cargo, and facilities during natural disasters

Strengths of This Business

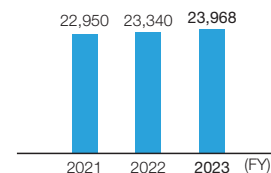
- Good relationships with major global shipping companies
- Cargo handling efficiency rated among the best in the world
- Ownership of cargo handling sites at major domestic ports



Segment Overview

Container handling volume has recovered to pre-pandemic levels, and the volume of cargo handled by car carriers has increased steadily.

Operating revenue (¥ million)



¥23,968 million

(up 2.7% year on year)

Note: Excluding ship-related operations

Business Strategy

Expand business and enhance competitiveness of the Harbor Transportation Business Division

- Expand the conventional shipping freight business and the car carrier business
- Strategic operation of independently operated container terminals (Osaka: Nanko C-9, Kobe: Rokko C-4)

Increase profit margins and improve profitability

- Improve profit margins by streamlining operations and reviewing costs at container terminals
- Improve profitability by reviewing work systems, etc. for unprofitable operations at subsidiaries under our control

Expand logistics operations related to cargo handling work on vessels and ship registration operations

- Acquire new business by incorporating the needs of shipping companies and shippers related to cargo handling work on vessels
- Strengthen relationships with existing business partners, and strengthen sales activities to expand the handling of ship registration operations

Progress on Strategy and Future Initiatives

In FY2023, we pursued initiatives to improve profit margins by streamlining operations and reviewing costs at container terminals. Specifically, a project was launched to review and improve document processing operations at container terminals, and in February 2024, dedicated staff was installed to accelerate these efforts.

Furthermore, Mitsubishi Logistics is working closely with its subsidiaries to support action plans aimed at improving performance, including reviewing the unprofitable operations of subsidiaries.

In the final year of the current Plan, we will continue to implement higher efficiency and more advanced logistics operations and facility management for addressing labor shortages and ensuring the high-efficiency operation of ports and harbors.

In response to the increasing expectations from customers year by year for sustainability initiatives, we are strengthening partnerships in port regions, continuing to provide services that meet customer needs, and enhancing the competitiveness of our businesses.

Creating social value through business

While prioritizing the safety of employees working at terminals, we will fulfill our mission as essential workers who protect society even in sudden natural disasters, such as earthquakes and typhoons, and the COVID-19 pandemic. Specifically, at the Yokohama Minamihonmoku Container Terminal, we are achieving a safe and efficient operating system through unified management by means of our

terminal operation system. With regard to climate change, in line with the Carbon Neutral Port (CNP) policy promoted by the national and local governments in Japan, we curb energy consumption and contribute to reducing CO₂ emissions by increasing the efficiency and sophistication of logistics operations and facility management.

Business Strategy

Logistics Business

International Transportation Business

Fulfilling Our Purpose

As a company engaged in essential work, our work must be backed with a sense of mission, responsibility, and integrity. By contributing to the resilience of our customers' global supply chains, we aim to build trust and realize our purpose: Supporting Today, Innovating Tomorrow. We will continue to apply our utmost effort to provide services that optimize the entire supply chain for our customers.

Yosuke Abe
General Manager of International
Transportation Business Division



Opportunities and Risks

Opportunities

- Capturing growth markets, especially in ASEAN
- Reducing high inventory and expanding the handling volume in key areas
- Addressing increasingly sophisticated customer needs through DX promotion
- Developing environmentally friendly services

Risks

- Suspension of logistics functions due to natural disasters
- Disruption in international logistics due to geopolitics events
- Changes in transportation demand due to trade frictions
- Entry of companies from other industries through IT utilization and M&A

Strengths of This Business

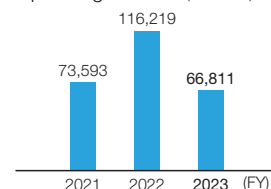
- Providing comprehensive logistics services
- Consultative proposal capabilities for customers, as demonstrated by our "Global Supply-chain Concierge" service
- Initiatives to develop new materials, such as high-performance composite materials, by leveraging our long-standing expertise in materials-related industries



Segment Overview

Lower handling volume due to slower movement of goods as a result of high inventories accumulated during the COVID-19 pandemic, and a corresponding normalization of freight rates, resulted in decreased revenue.

Operating revenue (¥ million)



¥66,811 million
(down 42.5% year on year)

Business Strategy

Sales activities centered on key areas

- Roll out sales activities mainly targeting groups of materials (new materials) whose applications are expanding due to technological innovation
- By offering comprehensive logistics services, we provide services that optimize customers' entire supply chains

Overseas area strategy

- Overseas, develop areas in line with the characteristics of each region, with a particular focus on the four main regions of ASEAN, China, North America, and Europe (strengthening ASEAN in particular where economic growth is significant)
- In forwarding, work to develop a Global Grid strategy that strengthens collaboration among overseas bases, with a particular focus on expanding the handling of freight within the ASEAN region and from ASEAN to Europe and the U.S.

Construction of a digital platform, and new technologies and new services

- Build a digital platform to create a better customer experience (CX) through cost reductions, new value creation, and faster response
- Provide consulting services that visualize the status of transportation and greenhouse gas emissions, etc., and utilize supply chain analysis tools

Progress on Strategy and Future Initiatives

In FY2023, we began providing a new service for calculating greenhouse gas (GHG) emissions using new technology and have made proposals for meeting the needs of our customers. Also, we successfully completed the integration of Cavalier as a consolidated subsidiary in the U.S. and are steadily progressing toward achieving a 20% share of overseas sales. In the final year of the current Plan, we are building a system to respond to the evolving environment surrounding supply chains and customer needs, while rolling out logistics services that optimize customers' global supply chains, with a focus on integrated

international transportation, including ocean and air freight forwarding. In line with the Global Grid strategy, we aim to expand our international transportation services and intra-regional logistics business, with a focus on ASEAN, while providing comprehensive logistics services, particularly for customers in the new materials sector. Furthermore, we will focus on replacing our core systems and building a digital platform for international transportation to visualize our customers' supply chains and enhance service quality. This fiscal year, we will prioritize the development of this system.

Creating social value through business

In February 2024, we released the Emission Monitoring Cargo Route Finder, which features both route search and GHG emissions calculation functions. We have built long-standing relationships with many customers, but the services required by our customers, both in terms of content and quality, are rapidly changing. To respond to these changes

in customer needs, we are developing a digital platform. This tool is the first developed in our efforts to help customers reduce GHG emissions by visualizing GHG emissions and proposing solutions such as changes to transport modes and routes to address climate change risks affecting people and businesses, aiming for a more sustainable society.

Business Strategy

Real Estate Business

Fulfilling Our Purpose

In the office building business, one of our key businesses, we started developing the Dia Building series in the 1970s as computer buildings. Since that time, we have expanded the business with a concrete vision, Supporting Today, Innovating Tomorrow, developing data center-compatible buildings and environmentally friendly, disaster-resistant office buildings. We will continue to provide high-quality, high-value-added services that solve social issues and meet the needs of our customers.

Ryuichi Senoo
General Manager of
Real Estate Division



Opportunities and Risks

Opportunities

- Services that respond to workplace strategies
- Increased demand for urban development that can withstand disasters and is sustainable
- Redevelopment projects and joint ventures with other companies
- Expanding our Real Estate Business not dependent on land ownership

Risks

- Diversification of workstyles, rapid increase in shared office spaces, and changes in workplace strategies by companies
- Decrease in office workers due to the declining birthrate and aging population, and the shift toward compact cities
- Supply of newly constructed office buildings centered in major metropolitan areas
- Impact on commercial facilities due to the expansion of the e-commerce market

Strengths of This Business

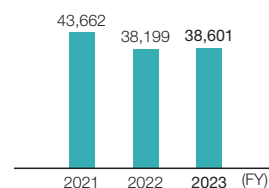
- Certain fixed-scale real estate in sub-centers of several large cities
- Diverse facility development and management expertise gained from the expansion of businesses in office buildings, residences, commercial facilities, etc.
- Partners (co-investors) with whom we have built strong relationships



Segment Overview

We recorded increased profits due to increased occupancy rates of rental office buildings, recovery in the performance of commercial facilities, and improved profit margins in the condominium sales business.

Operating revenue (¥ million)



¥38,601 million
(up 1.1% year on year)

Business Strategy

Strengthen the earnings base of the real estate rental business

- Smooth operation and execution of Shibaura Dia Building (completed in April 2024)
- Studying the sale of non-core assets (including small-scale assets)

Expand our Real Estate Business that does not depend on land ownership

- Execution of the Kumoi 5-chome District Category 1 Urban Redevelopment Project (Kobe), scheduled for completion in FY2027

Create new revenue sources

- Enhancing initiatives in the asset turnover business
- Exploring investment into real estate funds

Progress on Strategy and Future Initiatives

In FY2023, we made steady progress on major development projects, such as the Shibaura Dia Building redevelopment project, where we are constructing a facility exclusively for data centers after demolishing an aging warehouse, and the Suma Aqualife Park and Seaside Park Redevelopment Project, where we are participating as a member of a joint venture, aiming for completion in spring 2024. Also, with the aim of optimizing Group company operations, maintaining high-quality services, and operating businesses efficiently, we merged two building management subsidiaries (Kobe Dia Maintenance Co., Ltd. and Osaka Dia Buil-Tech Co., Ltd.) in July 2023.

In the final year of the current Plan, we will continue to strengthen our earnings base in the real estate rental business through carefully-selected reinvestment in

core assets (such as upgrading power receiving and transforming equipment) and exploring the selling of non-core assets, while also acquiring new profitable properties that could become core assets.

Furthermore, through participation in redevelopment projects and joint ventures with other companies, we will accumulate expertise in the development and operation of commercial complexes and facilities and enhance our operational capabilities.

In addition to this, we will ensure the smooth operation of the Shibaura Dia Building and the Suma Aqualife Park and Seaside Park Redevelopment Project, both of which began operations this spring. At the same time, we will explore asset turnover businesses, including the use of REITs, as a strategy for creating new revenue sources.

Creating social value through business

To ensure that our tenants can continue their business operations with peace of mind, we are developing office buildings with enhanced earthquake resistance as well as power outage and flood prevention measures in preparation for disasters. From the dual perspective of responding to climate change and reducing environmental impact, we have also adopted design that shows

environmental aspects have been considered, including the introduction of energy-saving systems, the installation of Low-E double-glazed glass to improve insulation, and the use of rainwater to flush toilets. Our design has received a high rank in CASBEE assessments, by which the environmental performance of buildings is rated.