

## To Our Stakeholders — Message from the Chairman —



**Yasuo Nakatani**  
Representative Director,  
Executive Chairman and CEO

# LOGISTEED

**Under a strong partnership and a new corporate name, we will work to increase corporate value with an eye to the next stage.**



## New Corporate Name “LOGISTEED”

**Aim to become a “leading global 3PL company” that supports sustainable growth of society, solves stakeholders’ issues, and creates value**

Effective April 1, 2023, the Company changed its corporate name to LOGISTEED, Ltd. with the aim of becoming a “leading global 3PL company” that supports sustainable growth of society, solves stakeholders’ issues, and creates value together with the new capital partner, Kohlberg Kravis Roberts & Co. L.P. (KKR). We will continue to pursue business concept “LOGISTEED” and aim to realize our corporate vision to “become the most preferred global supply chain solutions provider.” Under the new corporate name, we will strive to further grow our business and increase corporate value in order to forge a new future for the Group and the world. I would like to take this opportunity to introduce myself once again to all stakeholders.

**Focus on further spread of “LOGISTEED WAY” and development of human resources**

We renamed the “HB WAY,” developed in 2016, the “LOGISTEED WAY” (→P2) and will strive to further spread it as it indicates how the Group should be and a path to take. Corporate Philosophy indicates the Company’s purpose, the significance of existence, and the future direction, Corporate Vision is our ideal image, and Guiding Principles are what we need to achieve the vision. And I believe the management, including myself, is responsible for filling the gap between these ideal and reality. However, as I want employees, not only the management, to think how to incorporate ideal into their daily work in order to get closer to it, we introduced “Gemba” Power, multiplied by Visualization (3 Key Goal Indicators, 3 Disciplines, and 3 Attributes) as success drivers. “Gemba” Power is output required as a logistics company. Good output generated from sales division and Gemba (site) earns high evaluation and trust from customers, and correct output from corporate division makes the management of the entire company viable. And “visualization” is a path leading to a policy, means, and methods to objectively evaluate “Gemba” Power, giving us a bird’s eye view of the entire supply

chain.

In April 2022, a new structure was launched, with me, serving as CEO and Mr. Takagi serving as COO. As CEO, I have placed greater focus on human resource development, and continue to visit sites in Japan and overseas to discuss with employees about the Group’s value creation based on the “LOGISTEED WAY.” The Group is currently in the midst of a transformation to become a “leading global 3PL company” following a series of capital restructuring in 2022. I believe that, even under such circumstances, it is crucial for individual employees at Gemba (site) to stay focused on their daily operations without losing sight of the core for value creation and continue to have unwavering confidence and belief along with the “LOGISTEED WAY,” in order for the Group to successfully relist in the coming years.

**Accelerates initiatives to address management issues under strong partnership with KKR**

With regard to the cooperation with our new partner KKR, I believe the factor that is largely contributing to maximizing synergies between the two companies is that KKR pursues the concepts that are highly compatible with the Company’s “LOGISTEED WAY” as their corporate culture and value, including Teamwork, Integrity, Relationship-Driven, Accountability, Innovation, Excellence, and Diversity. We set the common goals and are now promoting initiatives to intensively and speedily strengthen “Topline expansion,” “Enhancement of transportation capacity,” “Optimization of procurement cost” and “Optimization of SG&A expenses,” etc. for the purpose of building an overwhelming advantage in our core 3PL business. In addition, KKR’s abundant expertise and network have been a great advantage in promoting M&As, which is the most important strategy for the Group to become a “leading global 3PL company” while KKR has left the decision on certain areas where we have had strengths and potentials to our discretion. In this way, various measures aimed at maximizing synergies between the two companies are in progress in a well-balanced manner.

**Discussions at the Board of Directors have become even more active under the new governance structure**

As for the corporate governance system, although we shifted from a Company with a Nominating Committee, etc.

to a Company with Audit & Supervisory Board Members on March 1, 2023, we restarted with a flexible governance system with an eye on relisting in a few years, with outside directors who were in office at the time when the Company was listed continuing to serve as outside directors and Audit & Supervisory Board members and the Nominating and Compensation Committee and the Audit & Supervisory Board remaining as voluntary organizations. The Board of Directors, which includes outside directors from KKR and Hitachi, Ltd., is engaged in more active discussions on management than before. In addition, we divided executive officers into two levels of “executive officers who oversee and work across multiple organizations” and “executive officers dedicated to specialized operations” to further speed up decision-making.

## Progress of Mid-term Management Plan "LOGISTEED2024"

### Toward the expansion of global logistics and the regrowth of domestic 3PL

In FY2022, the first year of the Mid-term Management Plan “LOGISTEED2024,” both consolidated revenues and operating income\*1 hit the record highs for the second consecutive year. In particular, we evaluated the fact that global logistics revenues accounted for a record 46% of the total revenues shows a high degree of probability that the Group will grow into a “leading global 3PL company” in the future even considering the special factor of high

freight rates in the freight forwarding business. On the other hand, topline of the domestic 3PL business has been sluggish, and we need to further reinforce it as a source of our strengths to accelerate the Group's global expansion. So, we will enhance the overwhelming advantage of 3PL through various initiatives including “Topline expansion” mentioned above.

\*1: Adjusted operating income-basis

### Create environmental value through business

Global logistics business expanded in FY2022 as the businesses that significantly contribute to decarbonization, including shared milkrun in North America (→P75) and intermodal transportation in Turkey (→P75), delivered significant results as growth drivers, in addition to the growth of the freight forwarding business. This is the result of the investment from perspectives of both business and ESG in the respective areas over the past five to ten years. The Group will continue to make such overseas investment and accelerate creation of economic, social, and environmental values through its business.

## Toward Sustainable ESG Management

### Focus on further linkage with business activities and growth strategies in “E,” “S,” and “G”

The Group has been promoting ESG management as priority measures, and in the Mid-term Management Plan

“LOGISTEED2024,” we are focusing on “Solidify ESG management base” as one of the priority measures to further link ESG management to our business activities. For “E,” under the Medium-to-Long-term Environmental Targets 2030/2050, we aim to reduce CO<sub>2</sub> emissions by 50% (compared to FY2013) as the FY2030 target and achieve net zero carbon as the FY2050 target. At present, our biggest issue is to reduce CO<sub>2</sub> emissions from truck transportation, and we are focusing on reducing CO<sub>2</sub> emissions through shared milkrun and intermodal transportation mentioned above as well as promotion of the use of railway transportation and initiatives to improve vehicle fuel efficiency, etc.

Next, for “S,” we will continue to work on diversity and inclusion, working-style reform, improvement of employee engagement, and improvement of safety/quality/productivity. Especially since KKR became the new capital partner, awareness of diversity, working-style reform, and work-life balance has increased across the Company. In addition, we will continue to recognize the 2024 issue as one of our business issues and improve the resilience of our transportation business while strengthening initiatives from the perspective of “S” to reduce truck drivers' working hours and waiting time.

For “G,” as stated above, we maintain the Nominating and Compensation Committee as a voluntary organization, and it has in-depth discussions about a succession plan. We regularly select, foster, and evaluate candidates for the development of the next-generation management members, and we are now extending the scope of

candidates to manager level. In addition, we actively recruit external human resources, including executive level, to revitalize value creation for the entire Group. In terms of risk management, we will continue to classify risks that are difficult to foresee or that require company-wide countermeasures into growth risk, environmental change risk, operational risk, and hazard risk and steadily proceed with BCP-based training and preparations and further strengthen our initiatives to address compliance risk.

## To Our Stakeholders

### Continue to vigorously promote ESG-related investment

In FY2022, as mentioned above, we incorporated an ESG issue of reducing CO<sub>2</sub> emissions as a growth opportunity and expanded the services of shared milkrun and modal shift, which largely contributed to our record high business performance. We will continue to expand similar initiatives in Japan and overseas. We will ensure to share with KKR our plan to actively make ESG-related investments necessary for it. The Group will continue to recognize ESG issues as opportunities for business development, and under a strong partnership with KKR toward the next stage, we will create economic, social, and environmental values through our business and achieve sustainable increase of corporate value.

We look forward to your continued support.

### Our future vision

#### LOGISTEED2030

Realizing our Future Vision by way of solid partnership

#### Collaborative innovation with partners to enhance capability

1. High value-added solutions to optimize the entire SCM
2. Improve customer convenience and efficiency through DX
3. Enhance overseas value chain with a consistent approach
4. Engage in projects to make advance investment
5. Promote strategic M&As
6. Solidify position as a platform provider

Corporate Philosophy

Corporate Vision (Long-term vision)

And go further LOGISTEED 2030

Becoming a leading global 3PL company

- Revenues : ¥1.5 trillion
- CO<sub>2</sub> : Reduce by 50%
- Overseas ratio : Over 50%

Mid-term Management Plan (LOGISTEED2021)

Mid-term Management Plan (LOGISTEED2024)

