

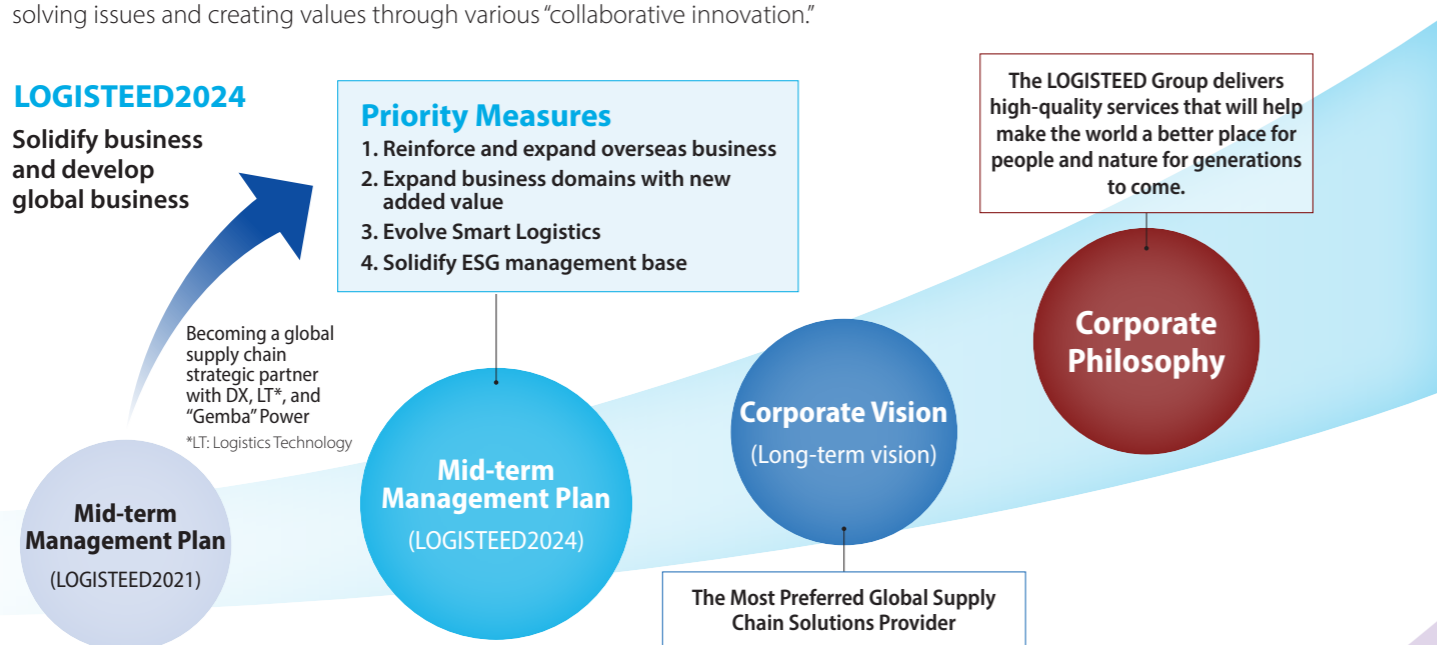
Mid-term Management Plan –LOGISTEED2024–

Outline of the Mid-term Management Plan

With an aim to become the most preferred global supply chain solutions provider, the LOGISTEED Group promotes the Mid-term Management Plan “LOGISTEED2024” which started in FY2022 and strives to achieve sustainable growth by solving issues and creating values through various “collaborative innovation.”

LOGISTEED2024

Solidify business and develop global business



LOGISTEED2030

Realizing our Future Vision by way of solid partnership

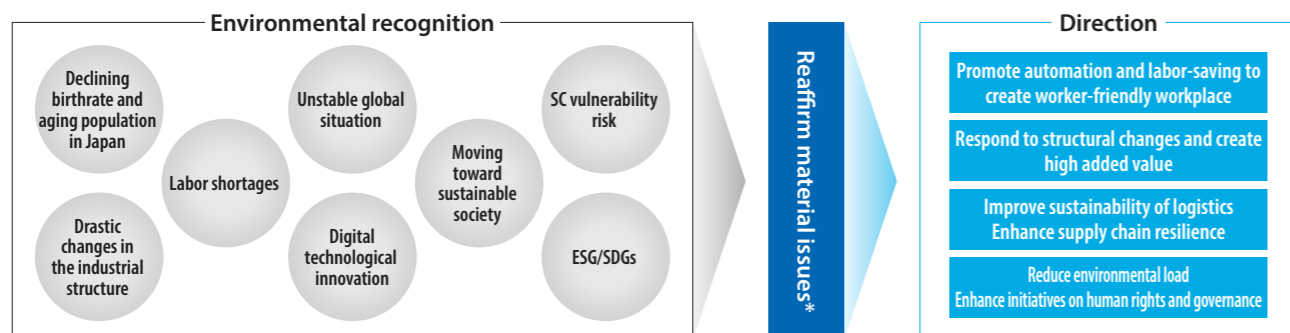
Collaborative innovation with partners to enhance capability

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 actively in projects to make advance investment
5. Promote strategic M&As
6. Solidify position as a platform provider



Environmental Recognition and Direction

Recognizing declining birthrate, aging population and labor shortages in Japan, unstable global situation, and supply chain vulnerability risk as changes in the external environment, we defined the direction to take as follows.



Priority Measures

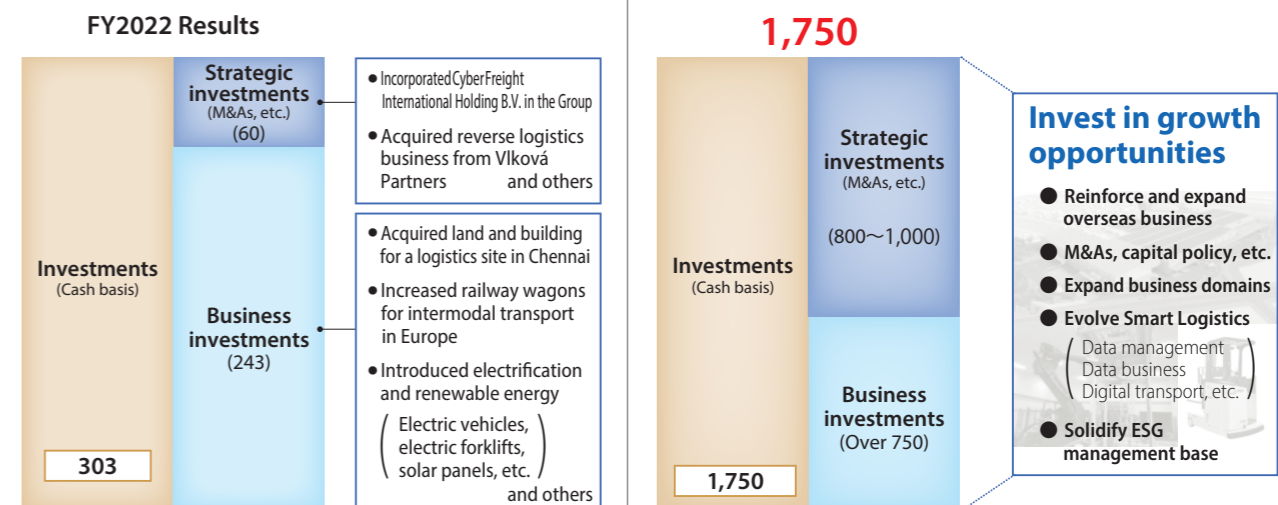
To realize our vision and to become a partner who supports customers’ global supply chain strategy with DX, LT, and “Gemba” Power, we are promoting four priority measures.

Priority measures	Outline of priority measures	Expected effects	Progress in FY2022
1 Reinforce and expand overseas business	<ul style="list-style-type: none"> Execute M&As in all areas: North America (transport), Europe (3PL and freight forwarding), India (transport) Expand investments and businesses in priority areas: India, Thailand, Indonesia, and Malaysia (auto parts, groceries, daily commodities, etc.) and China (automation, labor saving, etc.) 	Grow top line	<ul style="list-style-type: none"> Expand business in growth areas and markets through M&As →P25, 53 Composition ratio of global logistics revenues: 46% (+4 points YoY) →P25
2 Expand business domains with new added value	<ul style="list-style-type: none"> Solve supply chain issues, propose visualization and optimization through DX Expand new services in boundary domain between manufacturing and logistics, commence VAS 	Grow top line	<ul style="list-style-type: none"> Enhance SCDOS functions →P26, 69, 71 Expand high value-added services such as GDP-compliant services (→P75), Recovice, SSCV, and SCDOS →P26, 71
3 Evolve Smart Logistics	<ul style="list-style-type: none"> Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc. Enhance the transport business and address the 2024 issue as well as decarbonization through SSCV 	Improve ROIC	<ul style="list-style-type: none"> Enhance warehouse business by promoting automation, labor-saving, DX, and standardization →P27, 52, 71, 72 Enhance transport business with both physical measures (e.g. increase in large capacity transport) and digital measures (e.g. system development) →P27, 52, 71
4 Solidify ESG management base	<ul style="list-style-type: none"> Implement disaster prevention measures and risk management Implement sophisticated and consecutive safety and quality control activities Accelerate decarbonization activities Continue and expand VC activities Strengthen human resources for DX, LT, and global development 	Solidify management base	<ul style="list-style-type: none"> Promote sophisticated and ongoing safety and quality control activities by establishing the Centralized Safety and Quality Control Center, etc. →P41~46, 74 Enhance human resources for DX, LT, and global development to grow into a leading global 3PL company →P28, 48

Investment Plan

The Group aims to create economic value as well as social and environmental values by making business investments mainly to expand sites and strategic investments to realize its medium-to- long-term vision using mainly operating cash flows and cash and cash equivalents.

(100 million yen)



Mid-term Management Plan –LOGISTEED2024–

Priority Measures 1. Reinforce and Expand Overseas Business

Overview of Priority Measures

- Execute M&As in all areas:
North America (transport), Europe (3PL and freight forwarding), India (transport)
- Expand investments and businesses in priority areas:
India, Thailand, Indonesia, and Malaysia (auto parts, groceries, daily commodities, etc.) and China (automation, labor saving, etc.) → P54

Progress of Priority Measures

Expand business in growing areas and markets through M&As

The Group is expanding its pharmaceutical business in order to contribute to the healthcare domain which is becoming increasingly important due to the advancement of an aging society and the spread of infectious diseases. In FY2022, we made Cyber Freight International Holding B.V., a freight forwarding company in the Netherlands having strengths in the healthcare domain, our subsidiary*1 and acquired CEIV Pharma*2 certification at Kansai International Airport and Hong Kong International Airport following the acquisition at Narita Airport in 2021 as part of our efforts toward building a high-quality supply chain for temperature-controlled transportation of pharmaceutical products.

*1 We acquired all shares of Cyber Freight International Holding B.V., an international freight forwarding company in the Netherlands. Please refer to this press release for details.

<https://www.logisteed.com/en/news/pdf/2022092902en.pdf>

*2 CEIV Pharma (The Center of Excellence for Independent Validators in Pharmaceutical Logistics): A uniform international standard of a quality certification for air transport of pharmaceutical products at controlled temperatures developed by the International Air Transport Association, which encompasses Good Distribution Practice (GDP): logistics standards to ensure the quality of pharmaceutical products throughout the supply chain requirements which differ depending on countries and regions.

Services provided by Cyber Freight International Holding B.V.



Storage area by temperature zone (15 to 25°C, 2 to 8°C)

Freezers (-80°C)

Pharmaceutical cleanroom (customs inspection)

In addition, in response to growing demand for e-commerce, we acquired the reverse logistics services for apparel e-commerce in Europe from Vlková Partners s.r.o. in FY2022.*3 We plan to further develop high value-added services that combine this business with 3PL and freight forwarding.

*3 ESA s.r.o., our group company, acquired the reverse logistics services for e-commerce operators from Vlková Partners s.r.o., a logistics company in Czech Republic. Please refer to this press release for details. <https://www.logisteed.com/en/news/20220527.html>

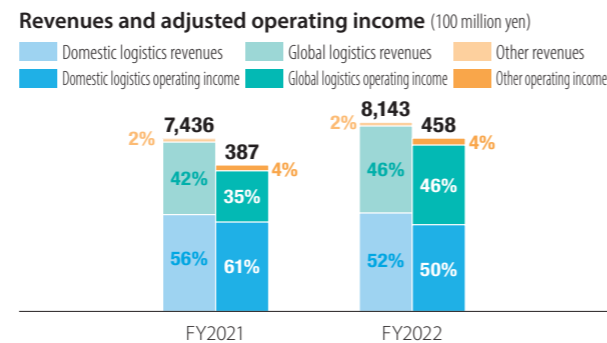


Reverse logistics services for apparel by Vlková Partners s.r.o.

Expand investments and businesses toward the realization of decarbonized society

We are also actively promoting initiatives to realize a decarbonized society through transportation with low environmental load, including further expanding the network of intermodal transportation (multimodal transportation), which is a strength of Mars Logistics Group Inc., our group company in Turkey, and additionally enhancing shared milkrun services provided by a U.S. company J.P. Holding Company Inc. in North America.

Due to contributions from the above initiatives, global logistics revenues in FY2022 were 375.9 billion yen, up 20% year-on-year, and adjusted operating income was 21.1 billion yen, up 55% year-on-year, and the ratios of global logistics revenues and adjusted operating income to total revenues were 46%, respectively. To achieve the FY2030 target to increase the overseas ratio to 50%, we will work to further strengthen and expand our overseas business by making aggressive investment in priority areas, especially to meet growing demand for cold chains.



Priority Measures 2. Expand Business Domains with New Added Value

Overview of Priority Measures

- Solve supply chain issues, propose visualization and optimization through DX
- Expand new services in boundary domain between manufacturing and logistics, commence VAS

Progress of Priority Measures

As the modern supply chains are becoming more complicated and sophisticated, we are working together with our customers to increase their business values as a strategic supply chain partner through the visualization and total optimization by DX.

Enhance SCDOS functions

Our supply chain optimization service, SCDOS*1 offers services that go beyond the logistics domain to support customers to design and upgrade their entire supply chains and to sophisticate visualization and analysis of CO₂ emissions, etc.

*1 Please refer to this page for more information on SCDOS services. <https://www.logisteed.com/en/logisteed-cafe/service.html#scdos>



- FY2022 Customers of our service**
- Hygiene products manufacturers
 - Construction/transportation machinery manufacturers
 - Retailers
 - Trading firms
 - Sportswear manufacturers
 - Specialty store retailer of private label apparel and others

We are expanding SCDOS functions on a continuing basis to contribute to further reinforcement and overall optimization of customers' supply chains and the enhancement of environmental value such as decarbonization. In FY2022, we newly released SCLINK+*2 that is used by customers to improve their operational efficiency. With regard to the supply chain CO₂ visualization and analysis services, the scope of the service was expanded to include all of Scope 1, 2 and 3*3 emissions as a result of the collaborative innovation with Hitachi, Ltd. This allows us to monitor daily CO₂ emissions from customers' entire supply chains and to contribute to the development of the decarbonization strategy, including a medium-to-long-term roadmap to reduce CO₂ emissions using simulations.

*2 Cloud-based platform service that enables centralized management of information sharing and communication of trade operations

*3 Scope 1: Direct emissions of greenhouse gases by the business operator itself Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

Scope 3: Emissions of other companies related to the activities of the business operator

Expand VAS

We aim to grow together with our customers by understanding social changes and the needs of the times and providing high value-added services that address social issues and meet customer needs. These services include support for compliance with GDP requirements for pharmaceutical products as well as efforts toward the realization of a decarbonized and recycling-oriented society, through Recovice, SSCV, and SCDOS, etc.

- FY2022 Customers of our service**
- For cosmetics manufacturers: Statutory labeling, assorting goods, label printing/management, etc.
 - For automobile parts manufacturers: Returnable container cleaning
 - For specialty retailer of private label apparel: Labeling and others



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Priority Measures 3. Evolve Smart Logistics

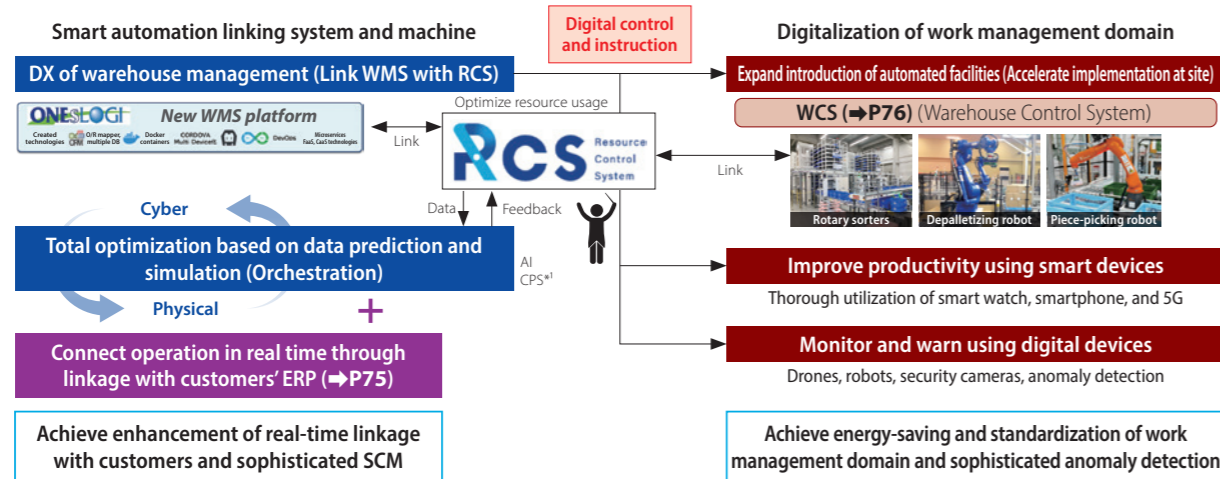
Overview of Priority Measures

- Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX
- Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.
- Enhance the transport business and address the 2024 issue as well as decarbonization through SSCV

Progress of Priority Measures

● Enhance warehouse business (Automation, labor-saving, and DX)

The Group is focusing on improving working environment through automation, labor-saving, and DX in order to maintain and expand stable business operations even under the environment where the working-age population is declining. We are continuously introducing and expanding automated facilities in our logistics centers, and in July/August 2022, the Automated Robotic Sorting system (ARS) introduced in East Japan II Medical DC received the Excellence Award at “the 28th Japan MH Grand Prize” and the Semi Grand Prize at “Logistics Award 2022.” As part of the DX solutions we provide, we are enhancing functions of RCS, an integrated control system developed by us for smart devices, automated facilities, and digital devices used to improve and visualize productivity. In addition to our in-house initiatives to promote automation and labor-saving, in cooperation with government agencies, we are also promoting standardization initiatives and other measures to establish the environment to facilitate the introduction of automated facilities.



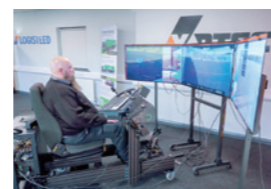
*1 Cyber Physical System

● Enhance transport business (Address the 2024 issue and decarbonization)

In the transport business, we are accelerating both physical and digital initiatives to improve transport efficiency, appropriately cope with the 2024 issue, and further reduce CO₂ emissions.

The physical initiatives aim to increase large capacity and short-haul truck transport using double-trailer trucks, swap body*2, and relay transport, as well as expand initiatives to consolidate vehicle assignment through shared terminals and sharing services. We also promote introduction and active use of modal shift and electric vehicles.

In one of the digital initiatives, we developed and introduced an ultrafast vehicle assignment simulation using quantum computers, which enables quick calculation of the optimal vehicle allocation and delivery route taking into account special factors such as cargo size, weight, arrival time, and vehicle size restrictions, which were difficult with conventional computers. Furthermore, as an initiative that combines physical and digital measures, one of our group companies, VANTEC EUROPE LIMITED (UK) is promoting the Vehicle Connected Automated Logistics (V-CAL)*3 project for automated electric vehicles which utilize 5G-based remote monitoring, with the aim of realizing a decarbonized society and safe driving through automated driving.



Tele operations cockpit



Electric vehicle tractor unit towing trailer

*2 A vehicle with a container that can be separated from the truck, which can contribute to logistics productivity improvement and working-style reform through loading/unloading cargoes while the containers are separated.

*3 The Vehicle Connected Automated Logistics (V-CAL) project is a demonstration experiment in which one tele operator monitors remotely a self-driving electric vehicle towing trailers to transport cargo, which has been conducted by an industry-government-academia organization hosted by the North East Automotive Alliance (NEAA).

Priority Measures 4. Solidify ESG Management Base

Overview of Priority Measures

- Implement disaster prevention measures and risk management
- Implement sophisticated and consecutive safety and quality control activities
- Accelerate decarbonization activities
- Continue and expand VC activities
- Strengthen human resources for DX, LT, and global development

Progress of Priority Measures

● Implement sophisticated and consecutive safety and quality control activities

The Group has long been actively promoting initiatives to improve safety, quality, and productivity, and as an advanced case, we are building a "visualization system" to centrally control the operational status of logistics sites. In FY2022, we introduced a video management system (VMS) (P76) with advanced functions to three model business sites in Japan and built a visualization environment enabling remote monitoring of unsafe behaviors and dangerous events. We also established the Centralized Safety and Quality Control Center at the head office, which can centrally control status of all sites installing the system. Going forward, we will promote automatic detection of unsafe behaviors and dangerous events from images using AI recognition and centralized control of detected events on a portal system, as well as build visualization environment in many more logistics sites.

● Develop and strengthen DX, LT, and global human resources

The Group develops and implements human resource strategies linked to our management and business strategies to become a leading global 3PL company. In terms of human resource and skill development, we are focusing on the development of human resources with skills required for 3PL site operation, DX, LT, and global business. Our efforts to that end include promoting the visualization of human resources and skills by building a "HR visualization platform" shared by domestic and overseas group companies to accumulate and centrally manage human resource data, and providing training programs appropriate for individual skills and issues by enhancing group training, on-demand in-house training, and external training courses, etc.

In FY2022, as part of the initiatives to develop human resources with DX skills, we provided education for logistics data scientists to 26 volunteers, held "collaborative innovation training" for a total of 87 young sales and technical staff of Hitachi, Ltd., LOGISTEED, Ltd., and LOGISTEED Solutions, Ltd., introduced MicroMasters program in Supply Chain Management at Massachusetts Institute of Technology (MIT) in the U.S. on a trial basis, sent our employee to Master of Applied Science in Supply Chain Management program at MIT and so on.

As these efforts and application of SCDOS and SSCV as well as their expansion through external sales were evaluated, the Company was selected as one of the Digital Transformation Stocks 2022 (DX Stocks 2022)*1 by Ministry of Economy, Trade and Industry of Japan in collaboration with Tokyo Stock Exchange and Information-technology Promotion Agency, Japan.

*1 A program which selects companies for each industry that have established internal systems to promote DX leading to increased corporate value and are engaged in efforts for excellent digital utilization. A total of 33 companies were selected in FY2022.

● Accelerate decarbonization activities

The Group has set the medium-to-long-term environmental targets of reducing CO₂ emissions by 50% in FY2030 compared to FY2013 and launched a decarbonization project to promote energy saving, energy creation, electrification, and procurement of renewable energy, etc. As measures to achieve our FY2024 target (96 thousand tons of CO₂) are being implemented according to the plan, we were able to reduce CO₂ emissions by 7 thousand tons of CO₂ year-on-year in FY2022 as a result of initiatives including modal shift, installation of solar panels, and introduction of electric vehicles and renewable energy. We achieved a 19.4% reduction compared to FY2013, and will steadily work to achieve a 50% reduction in FY2030. P66



Logistics data scientist education



Group work in collaborative innovation training



Presentation in SCM program at MIT