

the revision of 3rd Medium-term Management Plan



Background of the revision

As business environments surrounding the logistics industry have been changing rapidly, the recent performance and estimate diverge from our initial scenario.

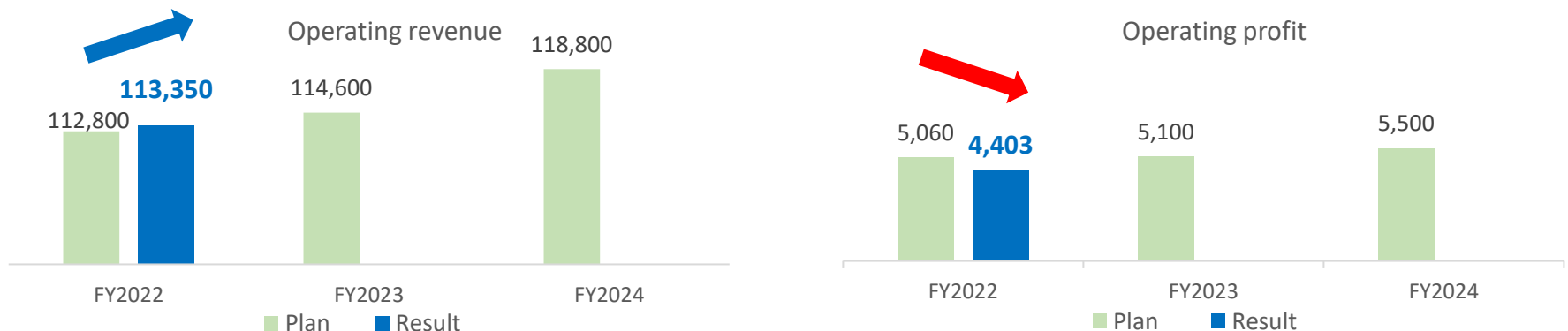
Initial scenario

- recovery from stalled consumption activities and inbound demand.
- increase in the handling volume by starting new facilities and acquiring new business in growing business field.
- continuous improvement of treatment for employees in preparation for logistics 2024 issues.

Current circumstance

- slower than expected recovery of consumption activities due to price hikes stemming from global inflation.
- continuing a surge in energy costs due to an unstable international situation and soaring demand for electricity.
- more-than-expected wage growth because of large scale of base-pay increase in many companies

▶ While the Company started the operation of new facilities and acquired new businesses along with initial plan, its cost rates are increasing in advance and therefore suppressing its profits, and economic recovery, including that of consumption activities is slower than expected, accordingly.



Point -1

Investing in the development and introduction of new technologies in order to improve the productivity in respect of manpower-saving and address the environmental issues as sustainability initiatives

Promotion of sustainable management

-five material ties-

Environmental measures	Establishment of a logistics infrastructure that is friendly to the global environment
Human right	Realization of a comfortable and rewarding workplace with awareness of human rights
Diversity	Creation of an environment in which diverse human resources can play an active role
Disaster prevention	Flexible response to disasters and other risks
DX	Creation of next-generation logistics

- development and introduction of new technologies in order to address the environmental issues as sustainability initiatives.
- Additional Investment for enhancing productivity in respect of manpower-saving.

Jul. 2023: **establishment of new department, “Advanced technology promotion department”**
assignment of new executive officer in charge of “Research and Development”

- ▶ Accelerating the research and development, and implementing additional investments as needed.

Point -2

Accelerating the growth speed by promoting investment in businesses such as overseas business, e-commerce logistics and pharmaceutical logistics and by business alliance with other companies

Overseas business

- (1) Achieve a stable operation of MEITO VIETNAM’s new warehouse in Long An province of Vietnam and (2) Strengthen and Optimizing southern area network with two existing warehouses.
- Research and plan a business expansion toward Middle and Northern area of Vietnam as well as developing trunk-line(long distance) logistics and transit point logistics between North and South.

EC-related business

- Prepare for organizational promotion of EC-related logistics business: establishment and assignment of exclusive department and member.
- Acquire exclusive facilities in main areas such as Greater Tokyo Area.

Expansion of investment in sustainable growth field.

Point -3

Enhancing profitability and expanding business volume by both organic and inorganic growth including through the M&A that contributes to strengthening the existing business.

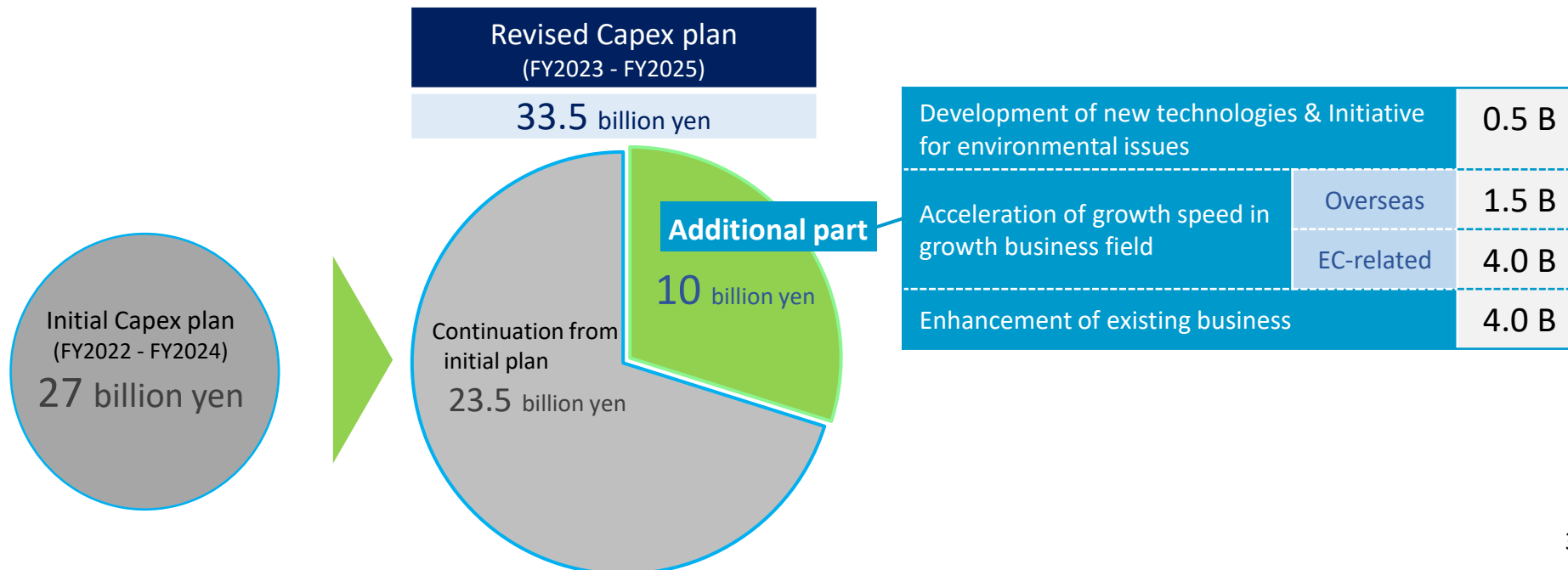
Organic growth



Inorganic growth

- invest in facilities with larger capacities than before when replacing existing old ones and invest in new facilities for additional capacities.
- enhance logistical network by transit point facilities in preparation for logistics 2024 issues.
- improve profitability by optimizing work processes through analyzing accurate cost breakdown followed by calculating proper prices.
- accelerate growth by achieving business and capital alliances with others, including M&A.

▶ Based on “Point 1-3”, the Company plans an additional investment of about 10 billion yen in order to promote “Achieving sustainable low temperature zone logistics, meeting the needs of new cold-chains”, the basic policy of the Mid-term Management Plan.



	FY2022	FY2023	FY2024
Operating revenue (Million Yen)	112,800	114,600	118,800
Operating profit (Million Yen)	5,060	5,100	5,500
ROE	8.0% and higher		
Capital Adequacy ratio	Approx. 45%		
Payout ratio	20% and higher		
Capital Expenditure	27,000		



	FY2023 (estimate)	FY2024 (target)	FY2025 (target)
Operating revenue (Million Yen)	115,300	118,700	122,400
Operating profit (Million Yen)	3,400	4,700	5,700
ROE	8.0% and higher by the end of FY2025		
Capital Adequacy ratio	Approx. 45%		
Payout ratio	20% and higher (gradually achieve 30% target)		
Capital Expenditure	33,500		

- ▶ Enhance existing business and accelerate expansion of growth business field as mentioned by implementing the additional investment.
- ▶ Promote to 1)improving employee engagement by improving treatment and work environment and 2)increasing productivity with an introduction of new technologies as initiatives to a decrease in workforce in respect of mid-and-long terms, including logistics 2024 issues.
- ▶ Target 30% of the dividend payout ratio, with 20% minimum, and aim to increase in total payout ratio through potential share buyback.
- ▶ Achieve 8% and higher of ROE by increasing financial leverage while securing financial soundness and keeping the optimal capital structure.