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(Securities Code 9301)

June 7, 2023

(Commencement date of electronic provision measures: May 31, 2023)

To Shareholders with Voting Rights:

Hidechika Saito
Representative Director and President
Mitsubishi Logistics Corporation
19-1, Nihonbashi, 1-chome,
Chuo-ku, Tokyo, Japan

**NOTICE OF
THE 220TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby notify you of the 220th Annual General Meeting of Shareholders of Mitsubishi Logistics Corporation (the "Company"). The meeting will be held for the purposes as described below.

We have adopted measures for electronic provision for this General Meeting of Shareholders. The electronic provision measures matters are posted on the Company's website, shown below, as "NOTICE OF THE 220TH ANNUAL GENERAL MEETING OF SHAREHOLDERS."

The Company's website: https://www.mitsubishi-logistics.co.jp/english/ir/stockholders_meeting.html

This information is also posted on the website of the Tokyo Stock Exchange. If you are unable to view it from the Company's website, please access the Tokyo Stock Exchange website, shown below. Enter the issue name "Mitsubishi Logistics" or code "9301" to search, then click on "Basic information" then "Documents for public inspection/PR information" to view the information.

Tokyo Stock Exchange website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

From the viewpoint of preventing the spread of the novel coronavirus (COVID-19), we recommend that you carefully consider whether or not to attend the meeting in person. If you decide not to attend, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders included in the electronic provision measures matters, and return your form to arrive no later than 5 p.m. Japan time on Wednesday, June 28, 2023, or cast your vote via the Internet, etc., by 5 p.m. Japan time on Wednesday, June 28, 2023.

(Please refer to the page 3 for the detailed procedures for exercising voting rights via the Internet, etc.)

We plan to present part of the proceedings of this General Meeting of Shareholders on the Company's website, shown above, after the meeting.

1. **Date and Time:** Thursday, June 29, 2023 at 10 a.m. Japan time
2. **Place:** Nihonbashi Dia Building, Headquarters of the Company
19-1, Nihonbashi, 1-chome, Chuo-ku, Tokyo, Japan
3. **Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company's 220th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 220th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Twelve (12) Directors
- Proposal No. 3:** Election of Two (2) Corporate Auditors

4. Information on Exercise of Voting Rights

- (1) If you vote both in writing on the Voting Rights Exercise Form and via the Internet, etc., only your vote placed via the Internet, etc. will be valid.
In addition, if you submit your vote multiple times via the Internet, etc., only the last vote will be valid.
- (2) If you are unable to attend the meeting, you can exercise your voting rights by proxy by appointing another shareholder with voting rights as proxy and submitting a document that attests the power of proxy.
- (3) If you do not indicate a vote to a proposal on the Voting Rights Exercise Form, this will be treated as a vote in favor of that proposal.

5. Electronic Provision Measures Matters (Matters Omitted from the Written Documents Delivered to Shareholders)

For this General Meeting of Shareholders, we will send written documents containing the electronic provision measures matters to all shareholders, regardless of whether they have requested provision of such documents. However, the following items have been omitted from the electronic provision measures matters in accordance with the provisions of laws, regulations, and Article 15 of the Company's Articles of Incorporation.

- (i) Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
- (ii) Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements

The Business Report audited by the Corporate Auditors and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor include (i) and (ii) above, in addition to the documents presented in this notice.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Any updates to the electronic provision measures matters will be posted on each of the websites shown above.

Instructions for Voting via the Internet

If you exercise your voting rights via the Internet, please view “4. Information on Exercise of Voting Rights” on page 2 and the following matters before you exercise your rights by 5 p.m. Japan time on Wednesday, June 28, 2023.

By scanning the QR Code

You can exercise your voting rights without entering the “Login ID” or “temporary password.”

1. Scan the QR Code printed on the tab of the Voting Rights Exercise Form (on the right).
* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Please vote for or against each proposal following the on-screen guidance.

By entering the “Login ID” and “Temporary password”

Voting rights exercise website: <https://evote.tr.mufg.jp/>

1. Access the voting rights exercise website.
2. Enter the “Login ID” and “Temporary password” printed on the Voting Rights Exercise Form and click “Login.”
3. Register a new password.
4. Please vote for or against each proposal following the on-screen guidance.

To prevent unauthorized access by non-shareholders (so-called “spoofing”) and falsification of the content of the exercise of voting rights, the Company requests a change in the “Temporary password” via the voting rights exercise website.

About the voting rights exercise website

- (1) The website will be inactive between 2 a.m. and 5 a.m. each day.
- (2) It may not be possible to use the website depending upon the Internet environment, the Internet service, or the model of device that you are using.
- (3) Please note that the shareholder is solely responsible for any expenses (Internet connection fees, etc.) incurred while accessing the voting rights exercise website.
- (4) If you have any questions, please contact the following:

Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation Telephone: 0120-173-027 (Toll-free) Business Hours: 9 a.m. – 9 p.m. (Japan time)

< For institutional investors >

Institutional investors may exercise your voting right using the voting platform operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

As to the appropriation of surplus, the Company adheres to a policy of maintaining stable dividend in consideration of the retained earnings level in addition to profits for the period while paying attention to the systematic development of the Logistics Business centered on the Warehousing & Distribution Business, the Company's mainstay business, and of the Real Estate Business centered on building leases, strengthening its financial structure in preparation for changes in its business environment. Additionally, under the Management Plan (2022-2024), launched in the fiscal year ended March 31, 2023, the Company positions shareholder returns as one of the most important management issues, and aims to further enhance shareholder returns. For dividends, the Company has adopted a policy of achieving stable and continuous dividends with a DOE of 2% or above, while taking into account the balance among corporate performance, growth investments, and capital efficiency.

For the fiscal year ended March 31, 2023, we propose the year-end dividend of 49 yen per share, taking into account such factors as the above basic policies, and operating results for the year and the retained earnings level. As a result, the annual dividend, including 41 yen, the interim dividend, will be 90 yen per share, an increase of 10 yen compared to the previous fiscal year.

1. Matters regarding year-end dividends

(1) Type of dividend property

Cash

(2) Matters concerning the allotment of dividend property and its total amount

49 yen per share of common stock of the Company

The total amount: 3,830,844,941 yen

(3) Effective date of the dividend of surplus

June 30, 2023

2. Other matters regarding appropriation of surplus

(1) Item of surplus increased and its amount

Reserve for private insurance: 200,000,000 yen

(2) Item of surplus decreased and its amount

Retained earnings brought forward: 200,000,000 yen

Proposal No. 2: Election of Twelve (12) Directors

The terms of office of all thirteen (13) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, we nominate the following twelve (12) candidates for Directors:

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
1	Masao Fujikura (March 20, 1959)	<p>April 1982 Joined the Company</p> <p>June 2012 General Manager, International Business Coordination Chamber</p> <p>April 2015 General Manager, Osaka Branch</p> <p>June 2016 Director and General Manager, Osaka Branch</p> <p>April 2017 Managing Director; and General Manager, Osaka Branch</p> <p>April 2018 President</p> <p>June 2021 President and Chief Executive Officer</p> <p>June 2022 Representative Director and President</p> <p>April 2023 Representative Director and Chairman (current position)</p>	30,116
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Masao Fujikura had served as General Manager of International Business Coordination Chamber, etc. After his term of office as Managing Director and General Manager of Osaka Branch, he served as President, overseeing overall business operation as a chief executive of the Company from 2018 to 2023. He is currently serving as Chairman. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>			
2	Hidechika Saito (July 5, 1964)	<p>April 1987 Joined the Company</p> <p>April 2018 General Manager, Osaka Branch</p> <p>April 2020 General Manager, International Transportation Business Division</p> <p>June 2021 Executive Officer and General Manager, International Transportation Business Division</p> <p>April 2022 Managing Executive Officer</p> <p>June 2022 Representative Director and Managing Executive Officer</p> <p>April 2023 Representative Director and President (current position)</p>	6,951
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hidechika Saito had served as General Manager of Osaka Branch and International Transportation Business Division. After his term of office as Managing Executive Officer responsible for General Affairs, Corporate Communications, Human Resources, and Sustainability Promotion, he is currently serving as Representative Director and President and oversees overall business operation as a chief executive of the Company. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>			
3	Hitoshi Wakabayashi (January 22, 1960)	<p>April 1982 Joined the Company</p> <p>June 2012 General Manager, Warehousing & Distribution Business Division</p> <p>April 2015 Chairman of the Board of Mitsubishi Logistics China Co., Ltd.</p> <p>April 2016 General Manager, Warehousing & Distribution Business Division of the Company</p> <p>June 2016 Director and General Manager, Warehousing & Distribution Business Division</p> <p>April 2017 Managing Director</p> <p>April 2019 Managing Director; and General Manager, Warehousing & Distribution Business Division</p> <p>April 2020 Managing Director</p> <p>June 2021 Managing Director and Managing Executive Officer</p> <p>June 2022 Director and Managing Executive Officer</p> <p>April 2023 Director and Senior Managing Executive Officer (current position)</p>	18,945
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hitoshi Wakabayashi had long served in the General Affairs Division and the Warehousing & Distribution Business Division in addition to his term of office as General Manager of Warehousing & Distribution Business Division and an officer in charge of an overseas subsidiary controlling the business in China, etc. He is currently Director, serving as Senior Managing Executive Officer responsible for Warehousing & Distribution Business. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>			

No.	Name (Date of birth)	Past experience and significant concurrent positions		Number of shares of the Company held
4	Shinji Kimura (July 18, 1958)	April 1982	Joined the Company	12,645
		April 2014	General Manager, Personnel Division	
April 2016	General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division			
June 2017	Director and General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division			
April 2018	Managing Director			
April 2020	Managing Director; and General Manager, Technical Division			
April 2021	Managing Director			
June 2021	Managing Director and Managing Executive Officer			
		June 2022	Director and Managing Executive Officer (current position)	
[Reason for nomination as candidate for Director] Mr. Shinji Kimura had long served in the Management Division such as Planning and the Harbor Transportation Business division, in addition to his term of office as General Manager of General Affairs Division, Corporate Communications Chamber and Personnel Division. He is currently Director, serving as Managing Executive Officer responsible for Technical, Harbor Transportation and Real Estate Businesses. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
5	Munenori Kimura (June 14, 1964)	April 1987	Joined the Company	7,151
		April 2018	General Manager, Yokohama Branch	
April 2020	General Manager, Planning & Business Coordination Division (currently Corporate Planning Division)			
June 2021	Executive Officer and General Manager, Corporate Planning Division			
April 2022	Managing Executive Officer and General Manager, International Transportation Business Division			
June 2022	Director and Managing Executive Officer; and General Manager, International Transportation Business Division			
April 2023	Director and Managing Executive Officer (current position)			
[Reason for nomination as candidate for Director] Mr. Munenori Kimura had long served in the International Transportation Business division including overseas assignment in addition to his term of office as General Manager of Yokohama Branch, General Manager of Corporate Planning Division, etc. He is currently Director, serving as Managing Executive Officer responsible for Planning, International Transportation Business and Overseas Business. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
6	Akira Yamao (June 13, 1960)	April 1983	Joined the Company	9,138
		April 2015	General Manager, Planning & Business Coordination Division	
June 2019	Director and General Manager, Planning & Business Coordination Division			
April 2020	Director and General Manager, Osaka Branch			
June 2021	Director, Senior Executive Officer and General Manager, Osaka Branch			
April 2023	Director and Managing Executive Officer (current position)			
[Reason for nomination as candidate for Director] Mr. Akira Yamao had long served in the Real Estate Business division in addition to the management division such as planning and his term of office as General Manager of Planning & Business Coordination Division and General Manager of Osaka Branch. He is currently Director, serving as Managing Executive Officer responsible for Accounting & Financing and Information System. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
7	Tatsuo Wakabayashi (September 29, 1952)	<p>April 1977 Joined Mitsubishi Trust and Banking Corporation</p> <p>April 2012 President of Mitsubishi UFJ Trust and Banking Corporation</p> <p>April 2013 Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.</p> <p>December 2013 President and Chairman of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2015 Director; Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2016 Chairman of Mitsubishi UFJ Trust and Banking Corporation; Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2016 Retired from Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2020 Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation (current position)</p> <p>June 2019 Director of the Company (current position)</p> <p>[Significant concurrent positions] Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation Outside Director of Mitsubishi Materials Corporation</p>	0
<p>[Reason for nomination as candidate for Outside Director and a summary of expected roles] Mr. Tatsuo Wakabayashi has long been engaged in the corporate management of Mitsubishi UFJ Trust and Banking Corporation and holds abundant knowledge and experience relating to banking and finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.</p> <p>He currently serves as the chair of the Nomination and Compensation Committee of the Company. In addition to his continuing contribution to ensuring and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors as a member of the Committee, we expect his contribution to the Company's corporate governance through appropriate suggestions and recommendations from an objective standpoint independent of executive management.</p>			
8	Toshifumi Kitazawa (November 18, 1953)	<p>April 1977 Joined The Tokio Marine and Fire Insurance Co., Ltd.</p> <p>April 2016 President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>June 2016 Director of Tokio Marine Holdings, Inc.</p> <p>April 2019 Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>June 2019 Retired from Director of Tokio Marine Holdings, Inc.</p> <p>April 2022 Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)</p> <p>June 2019 Director of the Company (current position)</p> <p>[Significant concurrent positions] Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Member of the Board of Directors (Outside Director) and Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. Outside Director of Sekisui House, Ltd.</p>	0
<p>[Reason for nomination as candidate for Outside Director and a summary of expected roles] Mr. Toshifumi Kitazawa has long been engaged in the corporate management of Tokio Marine & Nichido Fire Insurance Co., Ltd. and holds abundant knowledge and experience relating to risk management, finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.</p> <p>He currently serves as a member of the Nomination and Compensation Committee of the Company. In addition to his continuing contribution to ensuring and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors as a member of the Committee, we expect his contribution to the Company's corporate governance through appropriate suggestions and recommendations from an objective standpoint independent of executive management.</p>			

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
9	Tadaaki Naito (September 30, 1955)	<p>April 1978 Joined Nippon Yusen Kabushiki Kaisha</p> <p>April 2015 President, Representative Director, President Corporate Officer of Nippon Yusen Kabushiki Kaisha</p> <p>June 2019 Chairman, Director, Chairman Corporate Officer of Nippon Yusen Kabushiki Kaisha</p> <p>June 2020 Chairman, Director, Chairman and Executive Officer of Nippon Yusen Kabushiki Kaisha</p> <p>April 2022 Chairman, Director of Nippon Yusen Kabushiki Kaisha</p> <p>April 2023 Director of Nippon Yusen Kabushiki Kaisha (current position)</p> <p>June 2020 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Senior Advisor of Nippon Yusen Kabushiki Kaisha (scheduled to take office in June 2023)</p>	0
<p>[Reason for nomination as candidate for Outside Director and a summary of expected roles]</p> <p>Mr. Tadaaki Naito has long been engaged in the corporate management of Nippon Yusen Kabushiki Kaisha and holds abundant knowledge and experience relating to logistics operations, etc. which is the Company's mainstay business. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.</p> <p>We expect his contribution to the Company's corporate governance through appropriate suggestions and recommendations from an objective standpoint independent of executive management.</p>			
10	Tetsuya Shoji (February 28, 1954)	<p>April 1977 Joined Nippon Telegraph and Telephone Public Corporation</p> <p>June 2009 Director of the General Affairs Department of Nippon Telegraph and Telephone Corporation</p> <p>June 2012 Senior Executive Vice President of NTT Communications Corporation</p> <p>June 2015 President and CEO of NTT Communications Corporation</p> <p>June 2020 Corporate Advisor of NTT Communications Corporation (current position)</p> <p>June 2021 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Corporate Advisor of NTT Communications Corporation</p> <p>Outside Director of Sapporo Holdings Limited</p> <p>Outside Director of Hitachi Zosen Corporation</p> <p>Outside Director of Japan Tobacco Inc.</p> <p>Outside Director of circlace Inc.</p>	0
<p>[Reason for nomination as candidate for Outside Director and a summary of expected roles]</p> <p>Mr. Tetsuya Shoji has long been engaged in the corporate management of NTT Communications Corporation and holds abundant knowledge and experience relating to business operation innovation, etc. utilizing new digital technologies which the Company has been promoting. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.</p> <p>He currently serves as a member of the Nomination and Compensation Committee of the Company. In addition to his continuing contribution to ensuring and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors as a member of the Committee, we expect his contribution to the Company's corporate governance through appropriate suggestions and recommendations from an objective standpoint independent of executive management.</p>			

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
11	Kazuko Kimura (May 1, 1951)	<p>April 1976 Joined the Ministry of Health and Welfare</p> <p>July 1996 Drug Management and Policy Department of World Health Organization (on secondment)</p> <p>July 1999 Organization for Pharmaceutical Safety and Research (on secondment)</p> <p>April 2000 Professor of Drug Management and Policy Department, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University</p> <p>April 2017 Professor Emerita of National University Corporation Kanazawa University (current position)</p> <p>October 2017 Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University</p> <p>March 2023 Retired as Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University</p> <p>June 2021 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Professor Emerita of National University Corporation Kanazawa University</p> <p>External Director of Takara Bio Inc.</p> <p>Representative Director of Medicines Security Workshop</p>	0
<p>[Reason for nomination as candidate for Outside Director and a summary of expected roles]</p> <p>Ms. Kazuko Kimura, as a Ph.D. holder in pharmaceutical sciences, has served in prominent posts at external organizations such as the World Health Organization after working for the Ministry of Health and Welfare and as professor at National University Corporation Kanazawa University. In addition, she holds abundant knowledge and experience in the field of medical and health care, etc., which are the Company's core and focus areas. The Company nominated her in the belief that reflecting her broad insight and invaluable advice from the viewpoint of diversity in the Company's management is beneficial to the Company's growth and enhancement of corporate value and she is capable of supervising the Company's management and Directors effectively.</p> <p>We expect her contribution to the Company's corporate governance through appropriate suggestions and recommendations from an objective standpoint independent of executive management.</p> <p>Although she has not been involved in corporate management other than serving as an outside director in the past, the Company believes that she can appropriately perform her duties as Outside Director for the reasons described above.</p>			
12	Masanori Maekawa (April 13, 1962) <u>New candidate</u>	<p>April 1986 Joined the Company</p> <p>April 2018 General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division</p> <p>June 2020 Director and General Manager, General Affairs Division and Corporate Communications Chamber</p> <p>June 2021 Senior Executive Officer and General Manager, General Affairs Division and Corporate Communications Chamber</p> <p>April 2023 Managing Executive Officer and General Manager, General Affairs Division and Corporate Communications Chamber (current position)</p>	8,138
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Masanori Maekawa had long served in the Management Division such as General Affairs and Human Resources divisions, in addition to his term of office in the Warehousing & Distribution Business Division. He is currently Managing Executive Officer responsible for General Affairs, Corporate Communications, Human Resources, and Sustainability Promotion and General Manager of General Affairs Division and Corporate Communications Chamber. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>			

(Notes)

1. There are no special interests between each candidate and the Company.
2. Responsibilities of the candidates at the Company who are incumbent Directors of the Company are as stated in the Business Report (pages 22 through 23).
Additionally, the five Directors, Mr. Tatsuo Wakabayashi, Mr. Toshifumi Kitazawa, Mr. Tadaaki Naito, Mr. Tetsuya Shoji and Ms. Kazuko Kimura are incumbent Outside Directors of the Company.
3. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure Directors, Corporate Auditors, and Executive Officers, etc., of the Company. The Company plans to renew the contract at expiration. The outline of the said insurance contract is as stated in the Business Report (page 24). If the election of each candidate for Director is approved, they will be insured under the said insurance contract.

4. Matters regarding the candidates for Outside Director are as follows.
- (1) Five Directors, Mr. Tatsuo Wakabayashi, Mr. Toshifumi Kitazawa, Mr. Tadaaki Naito, Mr. Tetsuya Shoji and Ms. Kazuko Kimura are candidates for Outside Director. If the election of each candidate for Director is approved, the Company plans to designate them as independent officers as stipulated by Tokyo Stock Exchange, Inc. and register them with the said Exchange.
 - (2) Years of service as Outside Directors of the Company since their first appointment (until the conclusion of this year's Annual General Meeting of Shareholders)

Mr. Tatsuo Wakabayashi: 4 years	Mr. Toshifumi Kitazawa: 4 years	Mr. Tadaaki Naito: 3 years
Mr. Tetsuya Shoji: 2 years	Ms. Kazuko Kimura: 2 years	

[Reference]

The expertise and experience of each Director are as follows.

Name	Current position at the Company	Expertise and Experience							Contribution to the Company's Growth*
		Corporate Management	Finance and Accounting	Marketing	ESG and Sustainability	HR Strategy	Legal Affairs, Compliance and Risk Management	Technology	
Masao Fujikura	Chairman	○	○	○	○	○	○		Overall
Hidechika Saito	Representative Director and President	○	○	○	○	○	○		Overall
Hitoshi Wakabayashi	Director and Senior Managing Executive Officer	○		○					1, 2, 4
Shinji Kimura	Director and Managing Executive Officer	○		○		○			3
Munenori Kimura	Director and Managing Executive Officer	○		○	○				2
Akira Yamao	Director and Managing Executive Officer	○	○					○	4
Tatsuo Wakabayashi	Outside Director	○	○		○	○	○		5
Toshifumi Kitazawa	Outside Director	○	○		○	○	○		5
Tadaaki Naito	Outside Director	○	○		○	○	○		5
Tetsuya Shoji	Outside Director	○			○	○	○	○	4
Kazuko Kimura	Outside Director				○	○	○	○	1
Masanori Maekawa	(New candidate) Managing Executive Officer	○			○	○	○		5

*Contribution to the Company's Growth: Contribution to the growth strategies aimed at achieving MLC2030 Vision (terms generally quoted from MLC2030 Vision)

1. Establish a customer-oriented support system (take on comprehensive supply chain challenges with a focus on the medical/health care, food/beverage, machinery/electrical machine, and new materials industries as priority areas)
2. Expand overseas businesses
3. Secure stable profits in the Port and Harbor Transportation and the Real Estate Businesses
4. Improve operational processes and further utilization of new technologies
5. Strengthen the Group management base

(Note) This table does not represent all the skills that each Director possesses.

[Reference] Initiatives to Reduce Cross-shareholdings

1. Policy concerning cross-shareholdings

We will accelerate the reduction of equity investments held for purposes other than pure investment (cross-shareholdings) after continuously verifying the rationality of such holdings, and utilize the funds generated from these sales for strategic investments, business investments, and shareholder returns.

2. Status of cross-shareholdings

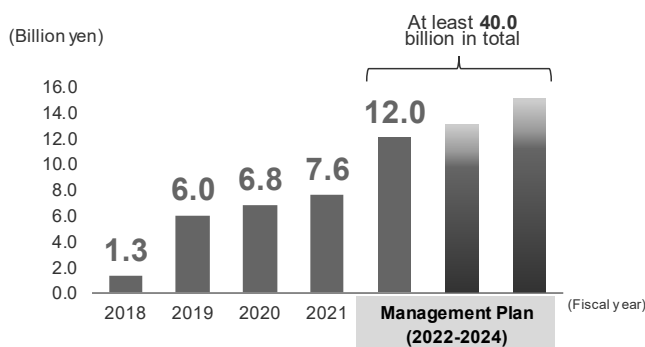
Of cross-shareholdings totaling 120.7 billion yen at the end of the previous fiscal year, we have sold-down approximately 12.0 billion yen as of the end of the fiscal year under review, while the total value of cross-shareholdings was 118.2 billion yen at the end of the fiscal year under review, partly due to a rise in the market prices of the shares held, and the ratio of cross-shareholdings to net assets stood at 33.4%.

3. Plan for the reduction of cross-shareholdings

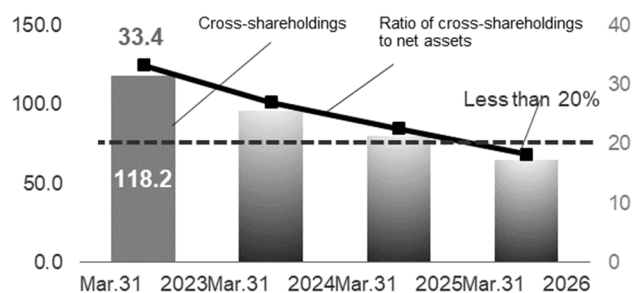
During the term of the Management Plan (2022-2024), we will reduce cross-shareholdings by at least 40.0 billion yen, including the reduction of 12.0 billion yen in the fiscal year under review, in accordance with our plan, after engaging in dialogue with our investee companies.

We plan to further progress with the sale of cross-shareholdings until we reduce the ratio of cross-shareholdings to net assets to below 20% by the end of the fiscal year ending March 31, 2026, after which we will continue to reduce these shareholdings.

[Trend in sales of cross-shareholdings]



[Value of cross-shareholdings and ratio to net assets]
(Billion yen) (Ratio to net assets (%))



Proposal No. 3: Election of Two (2) Corporate Auditors

The terms of office of Corporate Auditors Tohru Watanabe and Mikine Hasegawa will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, we nominate the following two (2) candidates for Corporate Auditor.

Furthermore, the approval of the Board of Corporate Auditors has been obtained regarding the submission of this Proposal.

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
1	Yasushi Saito (October 16, 1958) <u>New candidate</u>	<p>April 1982 Joined the Company</p> <p>June 2016 Director and General Manager, Accounting & Financing Division</p> <p>April 2018 Managing Director; and General Manager, Accounting & Financing Division</p> <p>June 2018 Managing Director</p> <p>June 2021 Managing Director and Managing Executive Officer</p> <p>June 2022 Director and Managing Executive Officer</p> <p>April 2023 Director (current position)</p>	13,547
<p>[Reason for nomination as candidate for Corporate Auditor]</p> <p>Mr. Yasushi Saito had long served in the Accounting & Financing Division. He served as Director from 2016 and as Managing Director and Managing Executive Officer responsible for Accounting & Financing and Information System from 2018 until this year. As he is familiar with the actual management of the Company, the Company nominated him as Corporate Auditor so that the Company's auditing may benefit from his experience and achievements.</p>			
2	Masanao Yamato (September 25, 1967) <u>New candidate</u>	<p>April 1991 Joined Mitsubishi Corporation</p> <p>October 2018 Chief Financial Officer of IVICT EUROPE GMBH</p> <p>June 2020 Executive Vice President & Director of Mitsubishi Corporation Urban Development, Inc. (current position)</p>	0
<p>[Reason for nomination as candidate for Outside Corporate Auditor]</p> <p>The Company nominated Mr. Masanao Yamato as Corporate Auditor so that the Company's auditing may benefit from his wealth of knowledge and broad insight based on his long experience serving in the Accounting & Financing Divisions at Mitsubishi Corporation and other companies.</p>			

(Notes)

1. There are no special interests between each candidate and the Company.
2. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure Directors, Corporate Auditors, and Executive Officers, etc., of the Company. The Company plans to renew the contract at expiration. The outline of the said insurance contract is as stated in the Business Report (page 24). If the election of each candidate for Corporate Auditor is approved, they will be insured under the said insurance contract.
3. Mr. Masanao Yamato is a candidate for Outside Corporate Auditor. He satisfies the requirements for an independent officer as stipulated by Tokyo Stock Exchange, Inc.

Business Report

(April 1, 2022 - March 31, 2023)

I. Overview of the Company Group

1. Business Progress and Results

(1) Business Conditions

During the fiscal year under review, although the recovery in the global economy showed signs of coming to a standstill in Europe, a moderate upturn continued in the United States and elsewhere, and there were also indications of an upturn in China, where some weakness had been persisting. The Japanese economy witnessed an upturn in capital investment as well as a moderate recovery in consumer spending, despite some signs of weakness such as concerns regarding the impact of the recent rise in consumer prices on household budgets.

In these economic situations, amid persistent global inflation due to factors such as the invasion of Ukraine, Mitsubishi Logistics Corporation and its subsidiaries and affiliates (collectively, the “Group”) performed strongly overall. The business environment surrounding the Group proved relatively favorable in the logistics industry on a full-year basis, despite increasing costs due to labor shortages and the rise in energy prices, as well as a downturn in unit prices of ocean and air freight rates from their previously elevated levels. In the real estate industry, although customer footfall in commercial facilities was in a recovery trend, it still fell short of pre-pandemic levels. The vacancy rate of office buildings in lease increased with the slump in demand, and this was compounded by factors such as rising electricity costs, leading to the persistence of adverse conditions.

Under these circumstances, the Group promoted marketing activities while utilizing new approaches such as IT, etc. In the Logistics Segment, we made efforts expanding distribution operations especially for pharmaceuticals, automotive, etc., and increasing the volume of international freight. In the Real Estate Segment, we focused our efforts on securing tenants, and maintaining and improving rent levels. Meanwhile, we endeavored to improve business performance through measures such as the collection of appropriate fees in line with cost increases, as well as cost management and the further improvement of efficiency in business operations.

As a result, revenue for the fiscal year under review amounted to 300,594 million yen, an increase of 43,363 million yen, or 16.9% from the previous fiscal year. In the Logistics Segment, revenue increased due to an increase in freight handled in the Warehousing & Distribution, Harbor Transportation, and International Transportation businesses, in addition to the contribution of higher unit prices of ocean freight rates in the International Transportation Business and the depreciation of the yen, despite a slight decline in freight handled in the Overland Transportation business. In the Real Estate Segment, revenue decreased due mainly to the rise in the vacancy rate of office buildings in lease in the Tokyo area and a decline in property sales in the condominium sales business, despite the recovery in customer footfall in commercial facilities after forced shutdowns due to the impact of the COVID-19 pandemic in the previous fiscal year. On the other hand, cost of services overall increased 37,300 million yen, or 16.3% from the previous fiscal year to 265,898 million yen. In the Logistics Segment, operational and transportation consignment costs increased with an increase in freight handled. In the Real Estate Segment, real estate sales costs decreased due to the decline in condominium sales. Selling, general and administrative expenses increased 1,180 million yen, or 11.3% from the previous fiscal year to 11,667 million yen due mainly to an increase in personnel expenses at consolidated subsidiaries.

As a result, operating income increased by 4,882 million yen, or 26.9% year on year to 23,027 million yen, reflecting the increase in income in the Logistics Segment, despite the decrease in income in the Real Estate Segment. Ordinary income increased by 6,894 million yen, or 29.8% to 30,046 million yen, reflecting increases in dividend income and equity in earnings of unconsolidated subsidiaries and affiliates. Profit attributable to owners of parent increased by 9,333 million yen, or 52.2% from the previous fiscal year to 27,226 million yen. This was mainly due to an increase in extraordinary income from gain on sale of marketable securities and investments in securities associated with the reduction of cross-shareholdings and gain on disposal of non-current assets associated with the sale of non-core real estate leasing assets.

Performance by business segment of the Group was as follows.

1) Logistics Segment

Revenue in the Warehousing & Distribution Business increased by 9.3% from the previous fiscal year to 63,980 million yen, mainly due to an increase in the volume of freight handled for pharmaceuticals, beverages, and automotive components. Revenue in the Overland Transportation Business decreased by 0.3% from the previous fiscal year to 51,847 million yen, mainly due to a decrease in the volume of project freight handled. Meanwhile, revenue in the Harbor Transportation Business increased by 1.7% from the previous fiscal year to 23,340 million yen, mainly due to an increase in container freight handling volume. In the International Transportation Business, factors such as an increase in export and import freight handled and contribution of higher unit price of ocean freight rates and the depreciation of the yen resulted in a 57.9% increase in revenue from the previous fiscal year to 116,219 million yen.

As a result, overall revenue in the Logistics Segment was 263,899 million yen, up 48,659 million yen, or 22.6% from the previous fiscal year. Also, operating expenses were up by 43,589 million yen, or 21.6%, from the previous fiscal year to 245,125 million yen due to an increase in operational and transportation consignment costs in line with an increase in freight handling volume. As a result, segment income (operating income) was 18,774 million yen, an increase of 5,070 million yen, or 37.0% from the previous fiscal year.

2) Real Estate Segment

In the mainstay Real Estate Leasing Business, revenue increased by 2.7% from the previous fiscal year to 30,531 million yen due mainly to the recovery in customer footfall in commercial facilities after forced shutdowns due to the impact of the COVID-19 pandemic in the previous fiscal year, despite the rise in the vacancy rate of office buildings in lease in the Tokyo area. Other revenue decreased by 44.9% from the previous fiscal year to 7,667 million yen due mainly to a decrease in property sales in the condominium sales business.

As a result, overall revenue in the Real Estate Segment was 38,199 million yen, down 5,463 million yen, or 12.5% from the previous fiscal year. Operating expenses were down by 5,270 million yen, or 15.8% from the previous fiscal year to 28,075 million yen due to a decrease in real estate sales costs associated with the decline in condominium sales, as well as a decline in expenses recorded in the previous term, such as real estate acquisition tax associated with newly acquired facilities in Osaka. Due to the above, segment income (operating income) was 10,123 million yen, a decrease of 193 million yen, or 1.9% from the previous fiscal year.

Revenue by segment

(Millions of yen unless otherwise stated)

Categories	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Year-on-year change	
			Amount	Percentage (%)
Logistics Segment	263,899	215,240	48,659	22.6
[Warehousing & Distribution Business]	[63,980]	[58,562]	[5,417]	[9.3]
[Overland Transportation Business]	[51,847]	[52,017]	[(170)]	[(0.3)]
[Harbor Transportation Business]	[23,340]	[22,950]	[390]	[1.7]
[International Transportation Business]	[116,219]	[73,593]	[42,626]	[57.9]
[Other]	[8,512]	[8,116]	[395]	[4.9]
Real Estate Segment	38,199	43,662	(5,463)	(12.5)
[Real Estate Leasing Business]	[30,531]	[29,735]	[795]	[2.7]
[Other]	[7,667]	[13,926]	[(6,259)]	[(44.9)]
Elimination of inter-segment transactions	(1,504)	(1,672)	167	—
Total	300,594	257,230	43,363	16.9

(Note) Elimination of inter-segment transactions refers to the elimination of inter-segment transactions included in the revenue of the Logistics Segment and Real Estate Segment.

(2) Capital Investments

The Group made capital investments in the total amount of 16,487 million yen for construction of warehouses and facilities for lease, etc.

The main investments made during the fiscal year under review were as follows.

1) Completed Warehouses

Osaka: Ibaraki Distribution Center No. 5
[Completed in October 2022]
Warehouses
(4 stories, floor area of approx. 26,100 m²)

2) Facilities for lease under construction

Tokyo: Data center
[Scheduled for completion in April 2024]
Rental building for computer-processing center
(9 stories, floor area of approx. 34,800 m²)

Kobe: Suma Aqualife Park/Kaihin Park Restructuring Project
(the Company's business ratio is 27.8%)
[Scheduled for completion in June 2024]

Commercial facilities for lease (development area of approx. 101,900 m²)

Kobe: Kobe Sannomiya Kumoi 5-chome District Category 1 Urban Redevelopment Project
[Scheduled for completion in December 2027]
(the Company's business ratio for reserved floor area is 24.5%)
Offices and hotel for lease (3 stories below ground, 32 stories above ground, floor area of approx. 98,600 m²)

(3) Financing

The capital investments and operating capital of the Group were funded by cash on hand and borrowings from financial institutions.

(4) Future Outlook and Issues

In the future world economy, although the impact of global monetary tightening on business conditions and the situation in Ukraine are concerning, a moderate improvement is expected to continue. In addition, the state of the Japanese economy is expected to improve, partly owing to the effects of various policies, as the country lives with COVID-19.

In this economic climate, under the business environment surrounding the Group, harsh situations continue due to falling ocean and air freight rates, intensified competition and an increase in cost resulting from factors such as labor shortages and rising energy prices, although a recovery in freight movement is forecast in the logistics industry. There is concern in the real estate industry over the rise in electricity prices and a decline in demand for rental office buildings, despite the expected continuation of a recovery trend in sales at commercial facilities.

Under these circumstances, the Group upholds a vision MLC2030 Vision to be accomplished in 2030, and by giving first priority to "contributing to the improvement of customer's value," we aim to be a corporate group that continues to be selected by customers both in Japan and overseas as a logistics company that consistently handles the supply chain from procurement to distribution and sales as a partner of customers.

Specifically, we will implement the following measures.

- 1) The Group will establish a customer-oriented support system in the priority categories including medical/health care, food/beverage, and machinery/electrical machine industries, as well as in the new materials industry, which was added in the newly formed Management Plan (2022-2024) as the market is expected to expand toward 2030.
- 2) Overseas, 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 to capture the demand for high quality cold chains expected to grow in a number of regions such as Southeast Asia (ASEAN).
- 3) The Group will further enhance the competitiveness of its Harbor Transportation Business by leveraging its cargo handling services, the efficiency of which is ranked among the highest globally, while at the same time developing complexes and facilities and boosting its operational capability in the Real Estate Business. By doing so, it will seek to secure stable profits.
- 4) 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) The Group aims for growth by strengthening cost competitiveness through organizational management across the Company and its Group companies and securing/developing human resources, particularly in the priority areas.

In the Management Plan (2022-2024) that is the second stage toward the achievement of the MLC2030 Vision, the Group has established the five basic policies as follows. The Group, as a whole, will promote the measures to ensure we achieve our targets of operating income of 20,000 million yen and ROE (return on equity) of 7%.

- 1) Improving profitability of the logistics business
- 2) Expanding the growth base of overseas business
- 3) Expanding the real estate business by improving development capacity
- 4) Developing high value-added services by utilizing cutting-edge technologies
- 5) Strengthening the Group management base

We will work on enhancing shareholder returns and improving capital efficiency to further enhance the corporate value, under a strong earnings foundation and an appropriate financial base.

Furthermore, in order to promote initiatives for the ESG (Environment, Social, Governance) management and the SDGs proposed by the United Nations, we have set six key themes: (i) Safety and security, Disaster response, (ii) Environmental measures, (iii) Cutting-edge technology, Innovation, (iv) Partnership, (v) Human resource development, Employee satisfaction, and (vi) Compliance, Human rights, Gender. By establishing measures, evaluation indicators, and target values for each theme, we will aim to achieve them, as well as the MLC2030 Vision, in the fiscal year ending March 31, 2031. To ensure that we achieve the targets, we publish the main initiatives for each theme in the Management Plan (2022-2024) and promote quality initiatives, led by the Sustainability Committee, through progress management, periodic inspection and replacement of measures, evaluation indicators and targets, and expanding communication with internal and external parties via the Integrated Report and the Group's official websites, etc.

The Group engages in the business of logistics and real estate, which function as social infrastructure, and help to achieve a "sustainable" society, very much in the spirit of the SDGs. The Group will aim for its sustainable growth by identifying growth opportunities for business as it strives to solve environmental and other social issues.

2. Trends in Assets and Income

Trends in assets and income of the Group and the Company for the fiscal year under review and the last three fiscal years are as follows.

(Millions of yen unless otherwise stated)

Item		The 217th fiscal year (April 1, 2019 - March 31, 2020)	The 218th fiscal year (April 1, 2020 - March 31, 2021)	The 219th fiscal year (April 1, 2021 - March 31, 2022)	Fiscal year under review (April 1, 2022 - March 31, 2023)
The Group	Revenue	229,057	213,729	257,230	300,594
	Operating income	12,195	11,735	18,144	23,027
	Ordinary income	16,822	16,013	23,151	30,046
	Profit attributable to owners of parent	11,851	39,160	17,892	27,226
	Basic earnings per share (yen)	137.31	462.28	219.47	342.00
	Total assets	468,243	535,761	562,187	573,689
	Total net assets	286,356	326,829	347,759	354,432
The Company	Revenue	160,031	151,553	184,137	200,601
	Operating income	8,899	9,376	12,046	14,832
	Ordinary income	13,616	13,964	17,952	21,853
	Net income	10,109	38,573	17,646	22,108
	Basic earnings per share (yen)	117.08	455.16	216.37	277.60
	Total assets	416,534	483,917	505,990	504,309
	Total net assets	260,685	299,249	317,611	317,847

(Notes)

1. The Group's profit attributable to owners of parent and basic earnings per share, and the Company's net income and basic earnings per share increased in the 218th fiscal year and decreased in the 219th fiscal year because we recorded extraordinary income including gain on disposal of non-current assets and compensation income as a result of partial transfer of a site for the Company's Real Estate Business around Nagoya Station, among others, in the 218th fiscal year.
2. In the 219th fiscal year and the fiscal year under review, the Group and the Company's revenue, operating income, and ordinary income increased due to an overall increase in freight handled in the Logistics Segment and the contribution of higher unit prices of ocean and air freight rates in the International Transportation Business and the depreciation of the yen, etc.
3. Basic earnings per share of the Group and of the Company are calculated based on the weighted-average number of shares issued during the relevant period and are rounded off to the second decimal place.

3. Material Subsidiaries

Company name	Capital (Millions of yen)	The Company's percentage of equity participation (%)	Principal business
Fuji Logistics Co., Ltd.	2,979	95.0	Warehousing & Distribution Business
Ryoso Transportation Co., Ltd.	360	100	Overland Transportation Business
Dia Buil-Tech Co., Ltd.	100	100	Real Estate Managing Business
Shinryo Koun Co., Ltd.	36	86.0	Port and Harbor Operation Business
Mitsubishi Logistics China Co., Ltd.	RMB250 million	100	Investment in Logistics Business in China and management of affiliate logistics companies
P.T. Mitsubishi Logistics Indonesia	IDR631,665 million	99.9	Warehousing & Distribution Business
Mitsubishi Logistics America Corporation	USD10,000 thousand	100	International Transportation Business
Mitsubishi Logistics Europe B.V.	EUR2,500 thousand	100	International Transportation Business

The number of the consolidated subsidiaries subject to consolidated accounting is 48, including 8 material subsidiaries shown above, while the number of affiliates subject to the equity method is 3. The majority of these companies are engaged in operations and transportation related to the Logistics Business and management of buildings related to the Real Estate Business.

4. Principal Business

(1) Logistics Segment

1) Warehousing & Distribution Business

Business conducting storage and handling of incoming and outgoing cargo, etc. at warehouses containing consigned items

2) Overland Transportation Business

Business conducting transport and usage transport, etc. by freight automobiles

3) Harbor Transportation Business

Business conducting coastal cargo handling and onboard cargo handling, etc. at ports

4) International Transportation Business

Business conducting handling of international product transport, etc. (including handling domestic marine cargo transport)

(2) Real Estate Segment

Business conducting consignment, design and oversight of purchase, leasing, management and construction of real estate

5. Principal Business Locations

(1) The Company

Headquarters: Chuo-ku, Tokyo

Branches: Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka

(2) Subsidiaries

1) Logistics Segment

Fuji Logistics Co., Ltd. (Minato-ku, Tokyo)

Ryoso Transportation Co., Ltd. (Koto-ku, Tokyo)

Shinryo Koun Co., Ltd. (Chuo-ku, Kobe)

Mitsubishi Logistics China Co., Ltd. (Shanghai, China)

P.T. Mitsubishi Logistics Indonesia (Jawa Barat, Indonesia)

Mitsubishi Logistics America Corporation (New York City, State of New York, U.S.A)

Mitsubishi Logistics Europe B.V. (Ridderkerk, South Holland, The Netherlands)

2) Real Estate Segment

Dia Buil-Tech Co., Ltd. (Chuo-ku, Tokyo)

6. Employees

(1) Employees of the Group

Categories	Number of employees (Changes from previous fiscal year-end)
Logistics Segment	4,353 (decreased 9)
Real Estate Segment	264 (decreased 26)
Administrative segment, Headquarters of the Company	91 (increased 11)
Total	4,708 (decreased 24)

(Notes)

1. The figures in the above table do not include 47 persons on leave and seconded outside of the Group.
2. Separate from the above, there are 1,189 temporary employees and 1,514 seconded and contracted employees from outside the Group.

(2) Employees of the Company

Number of employees (Changes from previous fiscal year-end)	Average age	Average years of service
957 (decreased 57)	40 years, 4 months	16 years, 0 months

(Notes)

1. The figures in the above table do not include 142 persons on leave and seconded outside of the Company.
2. Separate from the above, there are 183 temporary employees and 630 seconded and contracted employees from within and outside of the Group.
3. Average age and average years of service are rounded down to the nearest month.
4. The decrease in the number of employees of the Company was mainly due to a one-off increase in the number of persons on leave who are seconded to a consolidated subsidiary, following the transfer of customs and marine cargo operations to that subsidiary.

7. Material Lenders

Lender	Amount of borrowings (Millions of yen)
MUFG Bank, Ltd.	31,335
Syndicated loans	8,000
The Norinchukin Bank	7,930

(Note) Syndicated loans are co-financed by a group of 15 institutions (including MUFG Bank, Ltd., The Norinchukin Bank, and others) led by MUFG Bank, Ltd.

II. Status of Shares

1. Matters concerning Shares

(1) Authorized shares 220,000,000 shares

(2) Number of shares issued, capital and number of shareholders

Item	End of fiscal year under review	Previous fiscal year-end	Changes from the previous fiscal year-end
Number of shares issued (shares)	81,960,739	87,960,739	6,000,000 (decreased)
Capital (yen)	22,393,986,570	22,393,986,570	0
Number of shareholders (persons)	7,764	7,203	561 (increased)

- (Notes) 1. Number of shares issued includes 3,780,230 treasury shares.
2. The Company cancelled 6,000,000 treasury shares on May 20, 2022.

(3) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	14,904	19.1
Custody Bank of Japan, Ltd. (trust account)	6,631	8.5
Meiji Yasuda Life Insurance Company	5,153	6.6
MITSUBISHI ESTATE CO., LTD.	3,665	4.7
STATE STREET BANK AND TRUST COMPANY 505001	2,606	3.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,041	2.6
MUFG Bank, Ltd.	1,505	1.9
TAKENAKA CORPORATION	1,505	1.9
NIKON CORPORATION	1,156	1.5
BNYM AS AGT/CLTS NON TREATY JASDEC	1,109	1.4

- (Notes) 1. In addition to the above, the Company holds 3,780 thousand shares of treasury shares.
2. MUFG Bank, Ltd. has set 375 thousand shares of the Company as trust funds for retirement benefits for which voting rights are reserved, in addition to the shares stated in the table above.
3. "Shareholding ratio" is calculated after excluding treasury shares (3,780,230 shares).

(4) Status of shares delivered to corporate executives as consideration for execution of their duties during the fiscal year under review

To incentivize eligible officers to sustainably increase the Company's corporate value and promote the further sharing of value with shareholders, shares are delivered to Directors excluding Outside Directors as compensation for granting restricted stock. The stock cannot be disposed of until the recipient retires or resigns from the position of the Company's Director or other positions decided by the Company's Board of Directors.

	Type and number of shares	Number of eligible officers
Directors (excluding Outside Directors)	Common stock of the Company 15,035 shares	8 persons
Outside Directors	-	-
Corporate Auditors	-	-

2. Company Officers

(1) Directors and Corporate Auditors

Position	Name	Areas of responsibility or significant concurrent positions
Representative Director President	Masao Fujikura	
Director Managing Executive Officer	Hitoshi Wakabayashi	Responsible for Warehousing & Distribution Business
Director Managing Executive Officer	Yasushi Saito	Responsible for Accounting & Financing and Information System
Director Managing Executive Officer	Shinji Kimura	Responsible for Technical, Harbor Transportation and Real Estate Businesses
Director Managing Executive Officer	Munenori Kimura	Responsible for Planning, International Transportation Business and Overseas Business General Manager, International Transportation Business Division
Representative Director Managing Executive Officer	Hidechika Saito	Responsible for General Affairs, Corporate Communications, Human Resources, and Sustainability Promotion
Director	Tatsuo Wakabayashi	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation
Director	Toshifumi Kitazawa	Senior Executive Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Director	Tadaaki Naito	Chairman, Director, Nippon Yusen Kabushiki Kaisha
Director	Tetsuya Shoji	Corporate Advisor, NTT Communications Corporation
Director	Kazuko Kimura	Specially Appointed Professor, Graduate School of Medical Sciences, National University Corporation Kanazawa University
Director Senior Executive Officer	Tatsushi Nakashima	General Manager, Yokohama Branch
Director Senior Executive Officer	Akira Yamao	General Manager, Osaka Branch
Standing Corporate Auditor (full time)	Tohru Watanabe	
Corporate Auditor (full time)	Mikine Hasegawa	
Corporate Auditor	Yohnosuke Yamada	Lawyer
Corporate Auditor	Takao Sato	Certified Public Accountant
Corporate Auditor	Junya Miura	Full-time Corporate Auditor, Ryoso Transportation Co., Ltd.

- (Notes)
1. Of Directors, Mr. Tatsuo Wakabayashi, Mr. Toshifumi Kitazawa, Mr. Tadaaki Naito, Mr. Tetsuya Shoji, and Ms. Kazuko Kimura are Outside Directors as stipulated by Article 2, item 15 of the Companies Act. The Company designated them as independent officers as stipulated by Tokyo Stock Exchange, Inc. and registered them with the said Exchange.
 2. Of Corporate Auditors, Mr. Mikine Hasegawa, Mr. Yohnosuke Yamada and Mr. Takao Sato are Outside Corporate Auditors as stipulated by Article 2, item 16 of the Companies Act. The Company designated them as independent officers as stipulated by Tokyo Stock Exchange, Inc. and registered them with the said Exchange.
 3. Corporate Auditor Mr. Takao Sato is a Certified Public Accountant and has a considerable knowledge regarding finance and accounting.
 4. Director Mr. Tadaaki Naito retired as Chairman, Director of Nippon Yusen Kabushiki Kaisha on March 31, 2023 and continues to serve as Director of the company.
 5. Director Ms. Kazuko Kimura retired as Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa on March 31, 2023 and continues to serve as Professor Emerita of the university.
 6. The Directors who retired during the fiscal year under review were as follows:
(Retired on June 29, 2022)

Director Saburo Naraba Director Hiroshi Nishikawa

7. Of Directors shown above, positions and responsibilities were changed as follows on April 1, 2023.

(Previous positions)		(New positions and responsibilities)
Representative Director President	Masao Fujikura	Representative Director Chairman
Representative Director Managing Executive Officer	Hidechika Saito	Representative Director President Director
Director Managing Executive Officer	Hitoshi Wakabayashi	Senior Managing Executive Officer (Responsible for Warehousing & Distribution Business)
Director Managing Executive Officer	Yasushi Saito	Director (-)
Director Senior Executive Officer	Akira Yamao	Director Managing Executive Officer (Responsible for Accounting & Financing and Information System)
Director Senior Executive Officer	Tatsushi Nakashima	Director (-)
8. In addition to the above, the six Executive Officers who do not hold concurrent position as Director are as below. (As of April 1, 2023)

Position	Name	Areas of responsibility or positions
Managing Executive Officer	Masanori Maekawa	Responsible for General Affairs, Corporate Communications, Human Resources, and Sustainability Promotion General Manager, General Affairs Division, Corporate Communications Chamber
Senior Executive Officer	Akio Miura	General Manager, Nagoya Branch
Executive Officer	Manabu Kusuyama	General Manager, Information Systems Division
Executive Officer	Naoyuki Inamo	General Manager, Tokyo Branch
Executive Officer	Takashi Mukai	General Manager, Real Estate Business Division
Executive Officer	Shiro Ochi	General Manager, Corporate Planning Division

(2) Outline of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure Directors, Corporate Auditors and Executive Officers, etc. The contract covers damages and litigation costs resulting from liability of the insured arising in the performance of their duties or claims received in the pursuit of such liability. However, measures are taken so that the properness of the performance of duties by the insured is not impaired by excluding the damages arising from the insured's criminal acts, acts committed with the knowledge that they violate laws, insider trading, and unlawful benefit and defining deductibles not to cover damages under specific amount. The Company fully covers the insurance premiums.

(3) Compensation to Directors and Corporate Auditors for the Fiscal Year under Review

1) Policy for determining details of compensation for each Director

The Company resolved the policy at the meeting of the Board of Directors based on suggestions from the Nomination and Compensation Committee upon consulting with the Committee.

(i) Policy for determining the amount of basic compensation for each Director, details of performance-based compensation and nonmonetary compensation and calculation method of their amount or figures (including policy for determining timing and conditions of providing compensation)

Compensation for Directors shall consist of basic compensation, performance-based compensation, and stock compensation at amounts based on their duties and the compensation level of society in general.

Basic compensation shall be paid according to the position of each Director as monthly fixed compensation within the limit of compensation determined at a general meeting of shareholders.

Performance-based compensation shall be bonuses for Directors excluding Outside Directors. Payment is to be made at a specific timing every year at an amount calculated based on the performance indicators of the previous fiscal year within the compensation limit that is common with basic compensation. Three performance indicators (changed at the meeting of the Board of Directors on February 24, 2023) are used: operating income, which is considered an appropriate indicator of the results of the company's business activities; ROE (return on equity), which is considered appropriate as a capital efficiency indicator; and the reduction rate of CO₂ emissions, which is used to evaluate environmental initiatives under the Initiatives by the Mitsubishi Logistics Group for ESG Management and the SDGs. The amount of bonuses is calculated based on the performance indicators of the previous fiscal year, using a predetermined calculation table. A certain degree of addition or subtraction can be made in this calculation, based on the evaluation of initiatives for issues set for each individual.

Stock compensation is intended to incentivize recipients to sustainably increase the Company's corporate value and promote the further sharing of value with shareholders. Payment is to be made at a specific timing every year at an amount deemed reasonable in light of the purpose within the compensation limit that is common with basic compensation to Directors excluding Outside Directors as compensation for granting restricted stock. The stock cannot be disposed of until the recipient retires or resigns from the position of the Company's Director or other positions decided by the Company's Board of Directors.

(ii) Policy for determining the ratio of monetary compensation, performance-based compensation, and nonmonetary compensation for each Director

The payment amount per type of compensation for each Director shall be determined so that the ratio per type of compensation for each Director will function as an appropriate incentive commensurate with the duties expected for each position.

To link compensation with medium- to long-term business performance, the Company's shares shall be acquired through the officer stock ownership plan using contributions from monthly compensation and bonuses at amounts not less than those set for each position. All the shares purchased shall be held throughout the service period and until one year after retirement.

(iii) Determination of details of compensation for each Director

Based on the above policy, matters such as the compensation limit to be submitted to the general meeting of shareholders, drafts of proposals regarding stock compensation, and allotment of each type of compensation for each individual shall be discussed by the Nomination and Compensation Committee. The Committee was established as an advisory body to the Board of Directors mainly comprising independent Outside Directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of Directors. Based on the suggestions

of the Committee, the Board of Directors shall discuss and resolve the matter at its meetings attended by Outside Directors and Outside Corporate Auditors.

Details of compensation for each Director for the fiscal year under review are deemed to conform to the above policy because the Board of Directors determined them based on suggestions from the Nomination and Compensation Committee which deliberated on the matter according to the above policy.

2) Policy for determining the amount of compensation for Corporate Auditors and its calculation method

Compensation for Corporate Auditors is determined by discussion between Corporate Auditors within the compensation limit resolved at a general meeting of shareholders.

3) Resolution of the general meeting of shareholders concerning compensation for Directors and Corporate Auditors

The upper limit on total compensation for Directors is 600 million yen per year (of which, 100 million yen per year for Outside Directors; resolved at the 216th Annual General Meeting of Shareholders held on June 27, 2019; not including the portion of employees' salary for Directors who concurrently serve as employees), with 120 million yen per year for Corporate Auditors (resolved at the 216th Annual General Meeting of Shareholders held on June 27, 2019). There were 15 Directors (including 4 Outside Directors) and 5 Corporate Auditors at the conclusion of the 216th Annual General Meeting of Shareholders held on June 27, 2019.

Within the scope of compensation limit for Directors stated above, the Company provides monetary compensation for granting restricted stock to Directors excluding Outside Directors (150 million yen per year for up to 100 thousand shares of the Company's common stock; resolved at the 217th Annual General Meeting of Shareholders held on June 26, 2020). There were 11 Directors excluding Outside Directors at the conclusion of the 217th Annual General Meeting of Shareholders held on June 26, 2020.

4) Total amount of compensation for Directors and Corporate Auditors, etc.

Category	Total amount of compensation (Millions of yen)	Total amount per type of compensation (Millions of yen)			Number of eligible executives (Persons)
		Basic compensation	Bonuses (performance-based compensation)	Restricted stock compensation (nonmonetary compensation)	
Directors [of which, Outside Directors]	439 [52]	334 [52]	56 [—]	47 [—]	15 [5]
Corporate Auditors [of which, Outside Corporate Auditors]	78 [42]	78 [42]	— [—]	— [—]	5 [3]

(Notes) 1. Bonuses are performance-based compensation paid to Directors, excluding Outside Directors, within the compensation limit that is common with basic compensation. As presented in "(i) Policy for determining the amount of basic compensation for each Director, details of performance-based compensation and nonmonetary compensation and calculation method of their amount or figures (including policy for determining timing and conditions of providing compensation)" on page 27, three performance indicators are used: operating income, ROE (return on equity), and the reduction rate of CO₂ emissions. The amount of bonuses is calculated based on the performance indicators of the previous fiscal year (performance indicators are changed at the meeting of the Board of Directors on February 24, 2023). The amount of bonuses above represents the total amount expended in the fiscal year under review for the bonuses paid in June 2022 (51 million yen) and the total amount expended in the fiscal year under review for the bonuses to be paid in June 2023 (58 million yen).

The results of each performance indicator for calculating bonuses are shown below (an estimate is presented for reduction rate of CO₂ emissions, as more time is required for a precise calculation).

Performance indicator	Portion paid in June 2022	Portion to be paid in June 2023
	The 219th fiscal year (April 1, 2021–March 31, 2022)	The 220th fiscal year (April 1, 2022–March 31, 2023)
Operating income (consolidated)	18,144 million yen	23,027 million yen
Ordinary income (consolidated)	23,151 million yen	(Not applicable)
ROE (consolidated)	5.4%	7.8%
Reduction rate of CO ₂ emissions	(Not applicable)	(33.2)%

- The amount of the restricted stock compensation above is the amount expensed as restricted stock compensation for the fiscal year under review. Details of stock compensation and status of their delivery are as described in “1. Matters concerning Shares, (4) Status of shares delivered to corporate executives as consideration for execution of their duties during the fiscal year under review.”
- In addition to the payment amounts mentioned above, the portion of employees’ salary of 52 million yen were paid to Directors concurrently serving as employees (2 persons during the fiscal year under review).

(4) Matters concerning Outside Directors

1) Significant concurrent positions at other corporations, etc.

Name	Company name	Title
Tatsuo Wakabayashi	Mitsubishi UFJ Trust and Banking Corporation Mitsubishi Materials Corporation	Senior Advisor Outside Director
Toshifumi Kitazawa	Tokio Marine & Nichido Fire Insurance Co., Ltd. MUFG Bank, Ltd. Sekisui House, Ltd.	Senior Executive Advisor Member of the Board of Directors (Outside Director) and Member of the Audit & Supervisory Committee Outside Director
Tadaaki Naito	Nippon Yusen Kabushiki Kaisha	Chairman, Director
Tetsuya Shoji	NTT Communications Corporation Sapporo Holdings Limited Hitachi Zosen Corporation Japan Tobacco Inc. circlace Inc.	Corporate Advisor Outside Director Outside Director Outside Director Outside Director
Kazuko Kimura	Graduate School of Medical Sciences of National University Corporation Kanazawa University Takara Bio Inc. Medicines Security Workshop	Specially Appointed Professor External Director Representative Director

- (Notes)
- The Company has transactions such as logistics operation consignment, etc. with Mitsubishi Materials Corporation.
 - The Company has transactions such as loans and logistics operation consignment, etc. with MUFG Bank, Ltd.
 - The Company has transactions such as logistics operation consignment, etc. with Sekisui House, Ltd.
 - The Company has mutual transactions in logistics operation consignment, etc. with Nippon Yusen Kabushiki Kaisha.
 - The Company has transactions such as logistics operation consignment, etc. with Hitachi Zosen Corporation.
 - The Company has transactions such as logistics operation consignment, etc. with Japan Tobacco Inc.
 - The Company has made a donation for the foundation of donated courses to National University Corporation Kanazawa University.
 - The Company has paid lecture fees to Medicines Security Workshop.

2) Main activities

Mr. Tatsuo Wakabayashi participated in all 12 meetings of the Board of Directors held during the fiscal year under review. He has adequately fulfilled his responsibilities as Director by expressing his opinions actively at the meetings of the Board of Directors from an independent and objective standpoint and striving to supervise the Company's management and Directors based on insight gained through having long been engaged in the corporate management of Mitsubishi UFJ Trust and Banking Corporation and his abundant knowledge and experience in banking and finance, etc.

As the chair of the Nomination and Compensation Committee, he participated in 3 meetings out of 4 meetings of the Committee held during the fiscal year under review and contributed to maintaining and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors.

Mr. Toshifumi Kitazawa participated in all 12 meetings of the Board of Directors held during the fiscal year under review. He has adequately fulfilled his responsibilities as Director by expressing his opinions actively at the meetings of the Board of Directors from an independent and objective standpoint and striving to supervise the Company's management and Directors based on insight gained through having long been engaged in the corporate management of Tokio Marine & Nichido Fire Insurance Co., Ltd. and his abundant knowledge and experience in risk management, finance, etc.

As a member of the Nomination and Compensation Committee, he participated in all 4 meetings of the Committee held during the fiscal year under review and contributed to maintaining and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors.

Mr. Tadaaki Naito participated in 11 meetings out of 12 meetings of the Board of Directors held during the fiscal year under review. He has adequately fulfilled his responsibilities as Director by expressing his opinions actively at the meetings of the Board of Directors from an independent and objective standpoint and striving to supervise the Company's management and Directors based on insight gained through having long been engaged in the corporate management of Nippon Yusen Kabushiki Kaisha and his abundant knowledge and experience in logistics operations, etc.

Mr. Tetsuya Shoji participated in 11 meetings out of 12 meetings of the Board of Directors held during the fiscal year under review. He has adequately fulfilled his responsibilities as Director by expressing his opinions actively at the meetings of the Board of Directors from an independent and objective standpoint and striving to supervise the Company's management and Directors based on insight gained through having long been engaged in the corporate management of NTT Communications Corporation and his abundant knowledge and experience in business operation innovation, etc., utilizing new digital technologies.

As a member of the Nomination and Compensation Committee, he participated in 3 meetings out of 4 meetings of the Committee held during the fiscal year under review and contributed to maintaining and enhancing the objectivity and transparency of the procedures for determining the nomination and compensation of Directors.

Ms. Kazuko Kimura participated in all 12 meetings of the Board of Directors held during the fiscal year under review. She has adequately fulfilled his responsibilities as Director by expressing her opinions actively at the meetings of the Board of Directors from an independent and objective standpoint and striving to supervise the Company's management and Directors based on insight gained through having served in prominent posts at external organizations such as the World Health Organization after working for the Ministry of Health and Welfare and as professor at National University Corporation Kanazawa University, as someone who holds a Ph.D. holder in pharmaceutical sciences, and her abundant knowledge and experience in the field of medical and health care, etc.

(5) Matters concerning Outside Corporate Auditors

1) Significant concurrent positions at other corporations, etc.

Name	Company name	Title
Takao Sato	IX Knowledge Inc.	Outside Director

2) Main activities

During the fiscal year under review, the Company held 17 meetings of the Board of Corporate Auditors. Mr. Mikine Hasegawa participated in 17 meetings, Mr. Yohnosuke Yamada in 17 meetings, and Mr. Takao Sato in 16 meetings. During the fiscal year under review, the Company held 12 meetings of the Board of Directors. Mr. Mikine Hasegawa participated in 12 meetings, Mr. Yohnosuke Yamada in 12 meetings, and Mr. Takao Sato in 11 meetings. Each of Outside Corporate Auditors stated invaluable opinions from an objective and professional standpoint backed by their accumulated experiences at trading companies, as a lawyer and a certified public accountant, respectively.

3. Accounting Auditor

(1) Accounting Auditor's Name

KPMG AZSA LLC

(2) Compensation for Audit Service Set Forth in Article 2, Paragraph 1 of the Certified Public Accountants Act

71 million yen

(Notes)

1. Upon confirming the content of the audit plan, the conditions of the execution status of the accounting audit, and the assumptions for calculating remuneration estimates, etc., of the Accounting Auditor, the Board of Corporate Auditors has given its approval under Article 399, Paragraph 1 of the Companies Act for the remuneration, etc., of the Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Law are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation.

(3) Details of Services Apart from Audit Service Set Forth in Article 2, Paragraph 1 of the Certified Public Accountants Act

The Company entrusts the Accounting Auditor with advisory services (non-audit services) apart from the audit service set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Cash and Other Profits Payable by the Company or Its Subsidiaries to Accounting Auditor

90 million yen

(Note)

Of significant subsidiaries of the Company, Mitsubishi Logistics China Co., Ltd., P.T. Mitsubishi Logistics Indonesia, and Mitsubishi Logistics Europe B.V. receive audits (limited to stipulations of the Companies Act and the Financial Instruments and Exchange Act (including laws and regulations of other countries corresponding to these laws)) from accounting auditors (including entities possessing qualifications in other countries corresponding to these qualifications) separate from the Accounting Auditor of the Company.

(5) Policy Regarding Determination of Termination or Nonreappointment of Accounting Auditor

Aside from termination of the Accounting Auditor by the Board of Corporate Auditors as defined in Article 340 of the Companies Act, should the Accounting Auditor be deemed unable to execute its duties properly and the replacement of the Accounting Auditor be deemed necessary, the Company shall submit the proposal to terminate or not reappoint the Accounting Auditor to the General Meeting of Shareholders, based on a resolution of the Board of Corporate Auditors.

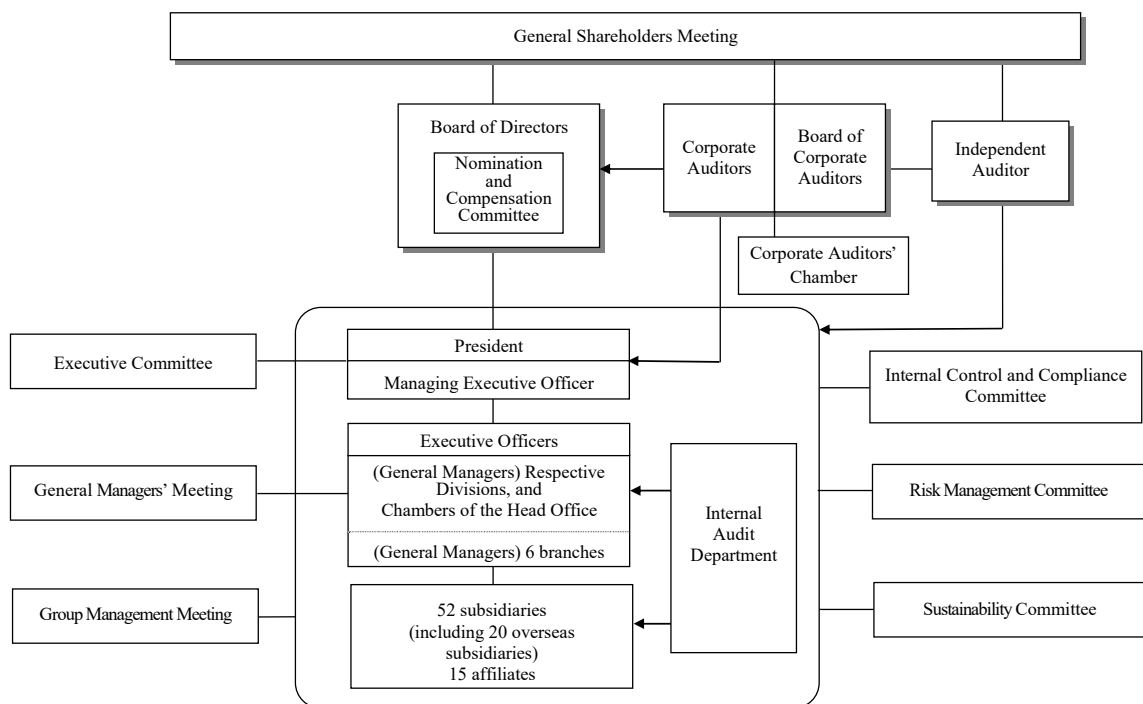
III. Company's Systems and Policies

1. System to ensure that Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure proper business execution

As rules and a charter to be strictly followed by executives and employees during the course of executing duties, the Company has formulated a “Code of Conduct” as described below, and clearly states its position to actively work toward thorough compliance with related laws, in addition to environmental protection and social contribution, etc.

- 1) The Company will comply with laws and regulations and rules, and execute corporate activities sincerely and fairly so as not to disrupt societal norms.
- 2) The Company will disclose corporate information at appropriate times and in an appropriate way, and aim for broad communication with society.
- 3) The Company will continue to not have any relationships with anti-social forces that have a negative impact on the order and safety of civil society.
- 4) The Company will recognize the importance of environmental issues and cooperate with environmental protection activities.
- 5) While providing services that are safe, high quality, and socially effective, the Company will work toward societal contribution activities as a “good corporate citizen,” placing harmony with regional societies and international society at the forefront.

<Chart of corporate governance system> (As of March 31, 2023)



Under this Code of Conduct, the Company has formulated “Basic Policy Regarding Implementation of Internal Control Systems” as described below, in order to ensure the appropriate execution of duties by executives and employees and appropriateness of corporate operations.

- (1) System to ensure that the Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation

Important decision-making shall be deliberated upon and resolved at a meeting of the Board of Directors that is held once per month in principle in accordance with the Regulations on the Board of Directors, which clarifies agenda standards. Regarding execution of duties, responsibilities for Directors shall be defined, and each Director shall execute duties concerning their responsibilities, with accountability pursuant to laws and regulations and the Articles of Incorporation.

Corporate Auditors shall inspect important decision-making documents, attend meetings of the Board of Directors, the Executive Committee, and General Managers’ meetings, etc. to ascertain the status of important decision-making and the execution of duties, and shall provide opinions.

- (2) System to ensure that the employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

While ensuring thorough recognition of the Company’s “Code of Conduct” and internal regulations, the Internal Audit Department shall audit compliance with laws and regulations and the status of the execution of duties based on the annual audit plan, report the results to the President, and evaluate the status of improvement of the audit results.

In order to prevent or promptly discover and correct actions that may infringe upon laws and regulations and the Articles of Incorporation, an Internal Reporting Hotline (Helpline) shall be established.

Furthermore, through establishment of the Internal Control and Compliance Committee, the implementation status of internal control functions and the compliance conditions shall be evaluated, aiming to enhance the internal controls and CSR compliance.

- (3) System for storage and management of information related to the execution of duties of the Directors

Minutes for meetings of the Board of Directors and important documents, etc. regarding the execution of duties by Directors shall be appropriately stored and managed in accordance with laws and regulations and internal regulations.

- (4) Regulations or any other systems for management of risk of loss

While aiming for thorough compliance with the Basic Risk Management Manual, etc., the Risk Management Committee shall be established, working toward advance prevention of business risk and risks related to finance and legal matters, alongside with strengthening measures against natural disasters. Additionally, if risks arise, “Countermeasure Headquarters” shall be established, and companywide support and countermeasures shall be thoroughly implemented, aiming for minimization of losses and early restoration of normal operations.

- (5) System to ensure that the execution of duties of the Directors is efficient

We have introduced an executive officer system for the purpose of further strengthening corporate governance by strengthening management and supervisory functions as well as executive functions, and by improving management efficiency and accelerating decision making.

Directors and Executive Officers shall strictly maintain the efficiency and soundness of management while executing duties related to their responsibilities according to the management plan.

In addition, all Executive Directors and Executive Officers with a title of Managing Executive Officer or higher shall deliberate regarding the execution of important duties based on adequate documentation at the Executive Committee held about once per week (observed by full-time Corporate Auditors), while making resolutions or reporting on execution status at meetings of the Board of Directors.

- (6) System to ensure proper business execution within the Company group consisting of the Company and its subsidiaries

- Executives shall be dispatched from the Company to subsidiaries. In addition to implementation of Codes of Conduct suited for the businesses of subsidiaries, they oversee the duties of Directors of subsidiaries to be executed efficiently in accordance with the management plan.
- The execution of important duties at subsidiaries shall be deliberated in advance with the Company in accordance with the Regulations on Affiliate and Subsidiary Administration, and Executive Officers in charge, with a title of Managing Executive Officer or higher, shall receive reports from

the subsidiaries periodically or as needed regarding the status of the execution of duties and financial conditions, etc. at subsidiaries.

- A Group Management Meeting, comprised of the Company and significant subsidiaries, shall be held about twice per year, ensuring the appropriateness of operations of the overall Group.
- The Sustainability Committee shall be established to perform examination and progress management of measures and target values of initiatives for ESG management and SDGs of the Group to discuss matters regarding the promotion of other initiatives.
- The Internal Audit Department shall audit compliance with laws and regulations and the status of the execution of duties at subsidiaries and report the results to the President. Corporate Auditors, the Internal Audit Department of the Company and Corporate Auditors of the subsidiaries shall cooperate and express their opinions regarding the optimization of operations of the overall Group as necessary.
- To prevent or promptly discover and correct actions that may infringe upon laws and regulations and the Articles of Incorporation, subsidiaries shall establish a common Internal Reporting Hotline (Helpline) jointly with the Company.
- Regarding risk of losses at subsidiaries, in addition to management according to the Basic Risk Management Manual, etc., subsidiaries shall establish risk management structures according to their business types.
- Appropriate structures for internal controls shall be implemented and operated in order to secure the reliability of financial reporting.

(7) Employees to assist the duties of Corporate Auditors

The Corporate Auditors' Chamber shall be established as a department to assist the duties of Corporate Auditors, and dedicated personnel shall be assigned.

(8) Independence of employees to assist the duties of Corporate Auditors from Directors and matters concerning effectiveness of instructions toward said employees

By the nature of their post, personnel dedicated to the Corporate Auditors' Chamber shall work directly for Corporate Auditors, and deliberation shall be made with the Board of Corporate Auditors in advance regarding the selection of such personnel, etc.

(9) System for Directors and employees and executives and employees of subsidiaries (including parties receiving reports from these persons) to report to Corporate Auditors and other systems for reporting to Corporate Auditors

Directors and employees as well as executives and employees of subsidiaries (including parties receiving reports from these persons) shall report periodically to Corporate Auditors regarding the status of the execution of duties and financial conditions, etc., and the Internal Audit Department shall report the results of internal audits to Corporate Auditors.

Additionally, Directors and employees as well as executives and employees of subsidiaries (including parties receiving reports from these persons) shall report as required to Corporate Auditors regarding matters that will have a significant effect on management.

(10) System to ensure that persons reporting to Corporate Auditors do not receive unfavorable treatment with said report as rationale

Any unfavorable treatment shall not be incurred due to reporting to Corporate Auditors including internal reporting.

(11) Policies for processing expenses or liabilities incurred regarding the execution of duties by Corporate Auditors

Expenses or liabilities incurred regarding the execution of duties by Corporate Auditors shall be processed appropriately in accordance with laws and regulations.

(12) Other systems to ensure the effectiveness of audits by Corporate Auditors

Corporate Auditors shall receive periodic reports from the Accounting Auditor regarding the status of audits, and shall conduct effective audits through internal audits by the Internal Audit Department.

During audits, Directors and employees shall cooperate with Corporate Auditors to provide required information at the appropriate time.

2. Summary of the operational status of the system in 1. above

Based on the above “Basic Policy Regarding Implementation of Internal Control Systems,” the Company has established and operated the internal control systems for the Company and subsidiaries.

A summary of the operational status of internal control systems for the fiscal year under review is as follows.

(1) Status of the execution of duties by Directors and employees

- Meetings of the Board of Directors were held 12 times, and the Board of Directors deliberated important matters and made resolutions, and Directors in charge provided reports on the status of execution of important duties.
- Meetings of the Executive Committee, comprised of all Executive Directors and Executive Officers having a title of Managing Executive Officer or higher chaired by the President, was held about once per week (observed by full-time Corporate Auditors), and deliberated on important matters regarding management.
- In light of deliberations at the Executive Committee, each Executive Director and Executive Officer with a title of Managing Executive Officer or higher executed duties responsibly, including measures based on the Management Plan (2022-2024), according to the division of duties.
- The General Managers' Meetings, comprised of General Managers of Branches, Directors, Executive Officers, Corporate Auditors and the General Managers of the Headquarters Department, were held about once per month for a total of 11 times, and the status of the execution of duties were reported and confirmed.
- Meetings of the Internal Control and Compliance Committee and Risk Management Committee were each held once, and meetings of the Sustainability Committee three times. The status of execution of duties companywide was evaluated from the independent viewpoints of each committee. As a measure against COVID-19, the Company set up a task force headed by the President based on the Basic Risk Management Manual after consultation with the Risk Management Committee.
- To ensure thorough dissemination of the Code of Conduct and internal regulations of the Company, internal training has been conducted, and the status of compliance among executives and employees has been confirmed through surveys, etc.
- Minutes for meetings of the Board of Directors and important documents, etc. regarding the execution of duties by Directors have been managed by each responsible department according to the number of years required as defined by laws and regulations and internal regulations.

(2) Status of the Corporate Group, composed of the Company and subsidiaries

- To manage risk of losses arising at the Group, the Company has prepared a Basic Risk Management Manual, and worked to disseminate it.
- Executives and employees of the Company are dispatched to subsidiaries and manage them by executing their duties and conducting audits and supervision at the subsidiaries.
- A department to manage subsidiaries were established, and the department discusses the execution of important duties with subsidiaries, receives periodic reports from subsidiaries regarding financial conditions, etc., and reports to Executive Officers in charge, with a title of Managing Executive Officer or higher, and Corporate Auditors. Additionally, the Group Management Meeting, comprised of the Company and significant subsidiaries, was held twice, and business results and issues, etc. were reported and confirmed, including the progress status of measures based on the Management Plan (2022-2024).
- Concerning internal controls regarding financial reporting, effectiveness is evaluated based on the “Internal Control Evaluation Policy Book,” which defines the Group’s systems regarding operation and evaluation, and basic policies such as processes and methods.

(3) Status of Corporate Auditors, internal audits, and internal reporting

- Aside from exchanging information with the Representative Director and President through periodic meetings, etc., Corporate Auditors attended important meetings such as meetings of the Board of Directors, the Executive Committee, and General Managers’ Meetings. In addition to the examination of important documents, etc. regarding the execution of duties by Directors such as decision-making documents, Corporate Auditors have inspected the Company’s audit and subsidiaries and conducted hearings with the Board of Directors, etc. based on the annual audit plan. Additionally, meetings of the Board of Corporate Auditors were held 17 times, and information on the status of the Company and audit results, etc. have been shared.
- During the formulation and implementation, etc. of their respective annual audit plans, Corporate

Auditors, the Internal Audit Department, Accounting Auditor and Corporate Auditors of subsidiaries have conducted periodic meetings and exchanged information as needed, executing duties effectively and efficiently.

- To support the execution of duties of Corporate Auditors, a Corporate Auditors' Chamber (one dedicated employee) was established at the headquarters. The dedicated staff member executed duties under the direction of Corporate Auditors, and matters concerning related personnel, etc. were deliberated with the Board of Corporate Auditors in advance.
- Expenses or liabilities that arose during the course of the execution of duties of Corporate Auditors were appropriately processed in accordance with laws and regulations upon request from Corporate Auditors.
- Aside from establishing an Internal Audit Division (eight dedicated employees) at the headquarters as the Internal Audit Department, audit support employees (two persons) were assigned, and auditors (one each) and audit support employees (two each) were assigned at each branch. Audits were conducted at the Company and Group companies based on the annual audit plan. Audit results were reported to the President and Corporate Auditors, and the status of improvement is evaluated on a quarterly basis.
- Including the Corporate Auditors' Chamber, multiple common Internal Reporting Hotlines were established in the Group, and internal regulations stipulated the prohibition of unfavorable treatment to the person who made an internal report.

3. Basic policy regarding the Company's control

The Group's primary businesses are the Logistics Business with Warehousing & Distribution Business at its core, and the Real Estate Business, which focuses on the leasing of buildings.

Regarding the Logistics Business, the Group aims to organically and comprehensively operate each of the Overland Transportation, International Transportation and Harbor Transportation businesses centered on the Warehousing & Distribution Business by using DX and other new technologies. In the Real Estate Business, the Group aims to expand the leasing business primarily in office buildings and commercial facilities by effectively using the Group's proprietary lands.

Through fair operations of these businesses, which are both responsible for providing social infrastructure, the Group will ensure appropriate profits and stable growth, provide returns to shareholders and employees, resolve social issues and protect society and customers' businesses by providing disaster-resistant, safe and secure infrastructure services and reducing environmental burden in business operations, and thus make a contribution to realizing a prosperous and sustainable society.

Due to the nature of both businesses, which requires us to secure land, building and facilities, etc. suited to the business, as well as formulate and implement business plans to utilize these assets, we will engage in securing and developing human resources, our human capital, and invest management resources including funds in a continuous and planned manner from a long-term standpoint with the aim of sustainably expanding and developing these businesses.

Although the Company does not unconditionally deny all intension of large-scale acquisition of the Company's shares, the Company believes that purchases in conflict with the above that damage corporate value or common interests of shareholders are inappropriate.

Currently, the Company has not recognized any parties that are attempting large-scale acquisitions of the Company's share. However, the Company constantly monitors the trading status of the Company's shares, and in the event that a party attempting a large-scale acquisition of the Company's shares in conflict with these views appears, and if the purchase will not contribute to the Company's corporate value and common interests of shareholders, appropriate countermeasures will be considered, and the Company will prepare a system for the swift implementation of the countermeasures.

Unless otherwise stated, the content of the above report adheres to the following.

1. Monetary amounts and share numbers are rounded down.
2. Ratios are rounded to the first decimal place.
3. If the number of shares or ratio is zero, it is presented as "-."

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	124,331	Current liabilities	90,396
Cash and deposits	62,004	Notes and accounts payable	24,844
Notes receivable	616	Short-term bank loans and current maturities of long-term debt	40,313
Accounts receivable	43,819	Current portion of bonds payable	5,000
Marketable securities	2,000	Income taxes payable	6,931
Real estate held for sale	8,041	Other	13,307
Other	7,894	Long-term liabilities	128,859
Allowance for doubtful accounts	(43)	Bonds payable	36,000
Non-current assets	449,357	Long-term loans payable	23,970
Property and equipment	281,952	Deposits on long-term leases	22,647
Buildings and structures	134,448	Deferred income tax liabilities	36,352
Machinery and equipment	4,996	Provision for directors' retirement benefits	66
Land	129,576	Net defined benefit liability	8,414
Construction in progress	4,959	Other	1,408
Other	7,971	Total liabilities	219,256
Intangible assets	12,599	(Net assets)	
Leasehold right	7,722	Shareholders' equity	281,923
Other	4,877	Common stock	22,393
Investments and other assets	154,806	Capital surplus	19,059
Investments in securities	144,282	Retained earnings	252,759
Long-term loans receivable	172	Treasury shares	(12,289)
Deferred income tax assets	2,956	Accumulated other comprehensive income	68,873
Other	7,454	Net unrealized holding gains on securities	64,749
Allowance for doubtful accounts	(39)	Foreign currency translation adjustments	4,235
Allowance for investment loss	(20)	Remeasurements of defined benefit plans	(111)
		Non-controlling interests	3,635
		Total net assets	354,432
Total assets	573,689	Total liabilities and net assets	573,689

(Figures are rounded down to the nearest million yen.)

Consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(Millions of yen)

Description	Breakdown	Amount
Revenue		
Warehousing fee income	29,904	
Stevedoring income	21,090	
Land transportation income	51,846	
Harbor stevedoring income	17,957	
International transportation income	115,848	
Rent of real estate for investment	33,663	
Other	30,283	300,594
Cost of services		
Operational and transportation consignment costs	151,466	
Personnel expenses	41,873	
Facility rental expenses	10,708	
Depreciation and amortization	15,272	
Other	46,577	265,898
Gross profit		34,695
Selling, general and administrative expenses		11,667
Operating income		23,027
Non-operating income		
Interest income	293	
Dividend income	5,422	
Equity in earnings of unconsolidated subsidiaries and affiliates	1,423	
Foreign exchange gains	330	
Other	341	7,812
Non-operating expenses		
Interest expense	532	
Loss on investments in investment partnerships	118	
Other	142	794
Ordinary income		30,046
Extraordinary income		
Gain on disposal of non-current assets	2,428	
Gain on sale of marketable securities and investments in securities	9,598	
Indemnity income of exiting facilities for lease	330	12,356
Extraordinary losses		
Loss on disposal of non-current assets	511	
Impairment loss	173	
Loss on sale of marketable securities and investments in securities	15	
Loss on valuation of marketable securities and investments in securities	751	1,451
Profit before income taxes		40,951
Income taxes - current	11,095	
Income taxes - deferred	2,107	13,202
Profit		27,748
Profit attributable to non-controlling interests		522
Profit attributable to owners of parent		27,226

(Figures are rounded down to the nearest million yen.)

Consolidated Statement of Changes in Net Assets

(April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	22,393	19,600	250,528	(20,747)	271,775
Changes of items during period					
Cash dividends			(6,595)		(6,595)
Profit attributable to owners of parent			27,226		27,226
Purchase of treasury shares				(10,003)	(10,003)
Disposal of treasury shares		3		56	60
Cancellation of treasury shares		(5)	(18,399)	18,405	-
Change in ownership interest of parent due to transactions with non-controlling interests		(539)			(539)
Changes other than to shareholders' equity, net					
Total changes of items during period	-	(541)	2,231	8,458	10,148
Balance as of March 31, 2023	22,393	19,059	252,759	(12,289)	281,923

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance as of April 1, 2022	69,997	1,788	523	72,309	3,674	347,759
Changes of items during period						
Cash dividends						(6,595)
Profit attributable to owners of parent						27,226
Purchase of treasury shares						(10,003)
Disposal of treasury shares						60
Cancellation of treasury shares						-
Change in ownership interest of parent due to transactions with non-controlling interests						(539)
Changes other than to shareholders' equity, net	(5,247)	2,446	(635)	(3,436)	(39)	(3,475)
Total changes of items during period	(5,247)	2,446	(635)	(3,436)	(39)	6,672
Balance as of March 31, 2023	64,749	4,235	(111)	68,873	3,635	354,432

(Figures are rounded down to the nearest million yen.)

Notes to the Consolidated Financial Statements

Notes to the Basis for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries 48

Names of principal subsidiaries

Fuji Logistics Co., Ltd., Ryoso Transportation Co., Ltd., Dia Buil-Tech Co., Ltd., Shinryo Koun Co., Ltd., Mitsubishi Logistics China Co., Ltd., P.T. Mitsubishi Logistics Indonesia, Mitsubishi Logistics America Corporation and Mitsubishi Logistics Europe B.V.

(2) Non-consolidated subsidiaries

Names of principal non-consolidated subsidiary

Dia Logistics (M) Sdn. Bhd.

Non-consolidated subsidiaries are respectively small in scale, and the totals of total assets, revenue, profit attributable to owners of parent (proportional amount of equity), and retained earnings (proportional amount of equity), etc., each do not have a significant effect on the consolidated financial statements, thus these subsidiaries are excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries and affiliates accounted for by the equity method

There are no non-consolidated subsidiaries accounted for by the equity method.

Number of affiliates subject to the equity method 3

Name of principal affiliate

MY Terminals Holdings, Limited, Kusatsu Soko Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not subject to the equity method

Name of principal non-consolidated subsidiary

Dia Logistics (M) Sdn. Bhd.

Name of principal affiliate

Nakatani Transportation Co., Ltd.

As non-consolidated subsidiaries and affiliates not subject to the equity method each of these companies has only an immaterial effect on profit attributable to owners of parent and retained earnings, etc. and is insignificant overall, these are excluded from application of the equity method.

3. Matters concerning the fiscal year, etc., of consolidated subsidiaries

All consolidated subsidiaries excluding 17 overseas subsidiaries such as Mitsubishi Logistics America Corporation end their fiscal years on the same day as the Company.

The last day of the fiscal year for 17 overseas subsidiaries such as Mitsubishi Logistics America Corporation is December 31. The financial statements as of December 31 are used in the consolidated financial statements, and if any material transactions incur during the period from December 31 to March 31, necessary adjustments are made on the consolidated financial statements.

4. Matters concerning accounting policies

(1) Standards and methods for valuation of important assets

A. Securities

Available-for-sale securities

Securities other than stocks, etc., without market price

Market value method

(Valuation difference is transferred directly to net assets. The cost of sales is calculated using the moving average method.)

Stocks, etc., without market price

Stated at cost using the moving-average method.

- B. Derivatives
 - Stated using the market value method.
 - C. Inventories (real estate held for sale)
 - Mainly stated at cost using the specific identification method.
 - (calculated by writing them down based on decline in profitability.)
- (2) Depreciation and amortization method for important depreciable or amortizable assets
- A. Property and equipment (excluding leased assets)
 - The declining-balance method is applied.
 - Warehouse facilities (actual buildings), commercial facilities for lease (actual buildings) and facilities and structures attached to buildings acquired on or after April 1, 2016 are calculated using the straight-line method.
 - Furthermore, useful lives are estimated according to stipulations of the Corporation Tax Act, and lives for commercial facilities for lease (actual buildings) are determined with a standard of 20 years, taking into account the lease agreement period, etc.
 - B. Intangible assets (excluding leased assets)
 - The straight-line method is applied.
 - Computer software for internal use is amortized over the estimated internal useful life (5 to 10 years) using the straight-line method.
 - C. Leased assets
 - (Leased assets relating to finance lease transactions without the transfer of ownership)
 - Leased assets are depreciated using the straight-line method with no residual value over the lease term of the leased assets.
- (3) Important standards of accounting for reserves
- A. Allowance for doubtful accounts
 - To provide for losses resulting from unrecoverable claims such as accounts and loans receivable, allowance for doubtful accounts is recorded based on the historical write-off rate for ordinary receivables, and based on expected uncollectable accounts individually for receivables.
 - B. Allowance for investment loss
 - To provide for losses resulting from a decline in the substantial price of stock and investment without market price, allowance is recorded taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.
 - C. Provision for directors' retirement benefits
 - To provide for payments of retirement benefits for directors at certain consolidated subsidiaries, amounts to be paid at the end of the fiscal year under review are recorded, based on entity's rules.
- (4) Accounting treatment of retirement benefits
- A. Method of attributing the estimated benefit obligation to periods
 - Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the fiscal year under review on a benefit formula basis.
 - B. Amortization method of actuarial calculation differences and prior service costs
 - Actuarial calculation differences are amortized using the straight-line method over a certain period (5 to 15 years) within the average remaining years of service of employees, beginning from the fiscal year following the incurred year. Prior service costs are recognized using the straight-line method over a certain period (11 to 15 years) within the average remaining years of service of employees, beginning from the incurred year.

(5) Standards of accounting for revenue and expenses

A. Logistics business

(i) Warehousing and distribution business

The main performance obligations are conducting storage and handling of incoming and outgoing cargo, etc., at warehouses containing consigned items. For storage, the Company deems that performance obligations are satisfied and recognizes revenue when a certain period of storage or provision of storage area for consigned items lapses. For the handling of incoming and outgoing cargo, the Company deems that performance obligations are satisfied and recognizes revenue when the cargo handling operations are completed.

(ii) Overland transportation business

The main performance obligations are conducting transport and usage transport, etc., by freight automobiles. The Company deems that performance obligations are satisfied and recognizes revenue when freight shipped or accepted is transported.

(iii) Port and harbor operation business

The main performance obligations are conducting coastal cargo handling and onboard cargo handling, etc., at ports. The Company deems that performance obligations are satisfied and recognizes revenue when the cargo handling operations are completed.

(iv) International transportation business

The main performance obligations are conducting handling of international product transport, etc., including handling marine cargo transport. For handling marine cargo, the Company deems that performance obligations are satisfied and recognizes revenue when import and export procedures such as customs clearance are completed. For the international cargo transport, the Company deems that performance obligations are satisfied and recognizes revenue when cargo loaded on vessels or aircraft are transported.

B. Real estate business

(i) Real estate leasing business

The business includes mainly real estate lease operations and real estate management operations. The real estate management operations are related to lease transactions and its revenue is from other sources than revenues from contracts with customers. The main performance obligations of real estate management operations are providing services such as maintenance, cleaning, and administration of the leased facilities, and the Company deems that performance obligations are satisfied and recognizes revenue when the entire process of services is provided.

(ii) Other

The main performance obligations are handover, etc., of real estate for sale. The Company deems that performance obligations are satisfied and recognizes revenue basically when real estate for sale is transferred to customers.

(6) Amortization method and amortization period of goodwill

Goodwill is amortized over 5 to 10 years on a straight-line basis. Any immaterial amounts are fully recognized as expenses as incurred.

Notes to accounting estimates

The Company made accounting estimates at reasonable amounts calculated based on the information available at the time of preparing the consolidated financial statements.

Items of accounting estimates recorded in the consolidated financial statements for the current fiscal year that have the risk of significantly impacting the consolidated financial statements for the following fiscal year are as follows.

Decision on recognition of impairment loss of non-current assets

1. Amount recognized in the consolidated financial statements for the fiscal year under review

Impairment loss is not recognized for one significant asset group location (total book value: 4,366 million yen; hereinafter “the verified asset groups.”) which showed indications of impairment due to a fall in fair value of land and buildings, etc., because the Company verified the necessity of recognizing impairment based on the total amount of undiscounted future cash flows that is expected to arise from the continuous use and eventual disposal of the asset groups, and determined that such undiscounted future cash flows exceeds the book value of the non-current assets of the asset group.

2. Other information relating to accounting estimates that will facilitate the understanding of the users of the consolidated financial statements

In principle, the Group classifies assets mainly into groups based on profit centers (units for calculating profit/loss such as office locations and facilities).

In the event that an asset group shows indications of impairment due to factors such as a fall in the fair value of land and buildings, etc. and reduced profitability, the Company determines whether to recognize impairment loss by comparing the undiscounted future cash flows from the asset group and its book value. As a result, if it is deemed necessary to recognize impairment loss because the undiscounted future cash flows fell below book value, the book value is reduced to the recoverable amount (the higher of net selling price or value in use) and the reduction amount of such book value is recorded as impairment loss.

While future cash flows that is expected to arise from continuous usage of the verified asset groups are based on the management plan formulated on the basis of results of previous fiscal years, they mainly assume the recording of stable revenue, future repair plans, and the expected future use of major assets, which naturally involve uncertainties. Depending on future situations, estimates of future cash flows may be significantly affected.

Notes to Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment	338,946 million yen
2. Accumulated deferred tax reserves for non-current assets	6,599 million yen
3. Collateral assets	
Assets pledged as collateral	
Land	744 million yen
Obligations related to the above	
Short-term bank loans	150 million yen
“Other” of current liabilities	64 million yen
Long-term loans payable	142 million yen
Deposits on long-term leases	1,000 million yen
4. Guarantee liability	
Liability guarantees for borrowings of other companies	544 million yen

Notes to Consolidated Statements of Income

Impairment loss

The Group recognized impairment loss in the following asset group for the fiscal year under review:

Location	Use	Type	Amount (million yen)
Koto-ku, Tokyo	Warehouse facilities	Buildings, tools and furniture, and others	160
Osaka City, Osaka	Warehouse facilities	Buildings, tools and furniture, and others	12

In calculating impairment loss, assets are grouped by the lowest level that generates a cash flow independent from other assets or asset groups.

The above asset groups have been recognized to have reduced profitability from operating activities, and as short-term recovery is not expected, book values for assets related to said asset groups have been reduced to the recoverable amounts, and the reduction amount of 173 million yen (113 million yen in buildings, 29 million yen in tools and furniture and 31 million yen in others) has been recorded as impairment loss in extraordinary losses.

The recoverable amounts are measured based on net selling price or value in use. Net selling prices are derived from estimated disposal prices and value in use is considered to be zero since future cash flow cannot be expected.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued

Total number of shares issued as of March 31, 2023: Common stock 81,960,739 shares

2. Dividends

(1) Dividend amount

Resolution	Type of stock	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders on June 29, 2022	Common stock	3,329	41	March 31, 2022	June 30, 2022
Meeting of the Board of Directors on October 31, 2022	Common stock	3,265	41	September 30, 2022	December 1, 2022

(2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

The following items are proposed at the General Meeting of Shareholders to be held on June 29, 2023.

- (i) Total dividends 3,830 million yen
- (ii) Source of dividends Retained earnings
- (iii) Dividend per share 49 yen
- (iv) Record date March 31, 2023
- (v) Effective date June 30, 2023

Notes to Financial Instruments

1. Status of Financial Instruments

The Group raises necessary funds mainly by bank loans or issuance of bonds. Temporary cash surplus, if any, are invested in highly secured deposits, public bonds and corporate bonds, etc.

Notes and accounts receivable are exposed to credit risk of customers. In order to reduce such credit risk, the Group controls on due date and balance for each customer in accordance with internal customer credit management rules.

Investments in securities are mainly stocks issued by companies with which the Group has business relations. The Group ascertains the fair values of such stocks at regular intervals.

Short-term loans are used mainly for operating capital, while long-term loans payable are used mainly for capital expenditure. Interest rate swap contracts may be used as a hedging instrument for long-term loans payable with floating interest rates in order to avoid interest rate fluctuation risk. Derivatives are used based on actual demand only.

2. Current Value, etc. of Financial Instruments

The amounts posted on the consolidated balance sheet, the fair values, and the differences thereof as of March 31, 2023 are as follows.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investments in securities			
Available for-sale securities (*2)	109,679	109,679	-
Total assets	109,679	109,679	-
(1) Bonds payable (*3)	41,000	39,438	(1,561)
(2) Long-term loans payable (*4)	31,072	31,087	15
(3) Deposits on long-term leases	22,647	22,573	(73)
Total liabilities	94,720	93,100	(1,619)

(*1) "Cash and deposits," "Notes receivable," "Accounts receivable," "Marketable securities," "Notes and accounts payable," and "Short-term bank loans" are omitted because they are cash and their fair values approximate their book values as the settlement term of these items are short.

(*2) Stocks, etc., without market price are not included in the "(1) Investments in securities." The consolidated balance sheet amount of the said financial instruments is as follow.

Categories	The fiscal year under review (Millions of yen)
Unlisted securities and others	34,602

(*3) Including current portion of bonds payable.

(*4) Including current maturities of long-term debt.

3. Breakdown of Fair Values of the Financial Instruments by Appropriate Levels

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

- (1) Financial instruments and securities measured at fair value in the consolidated balance sheet
The fiscal year ended on March 31, 2023

Categories	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available for-sale securities				
Stocks	109,679	-	-	109,679
Total assets	109,679	-	-	109,679

- (2) Financial instruments and securities other than those measured at fair value in the consolidated balance sheet

The fiscal year ended on March 31, 2023

Categories	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	-	39,438	-	39,438
Long-term loans payable	-	31,087	-	31,087
Deposits on long-term leases	-	-	22,573	22,573
Total liabilities	-	70,526	22,573	93,100

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Investments in securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Bonds payable

Although the fair value of bonds payable issued by the Company is measured using market price, their fair value is classified as Level 2 as they are not traded in active markets.

Long-term loans payable

The fair value of long-term loans payable is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

Deposits on long-term leases

The fair value of deposits on long-term leases is measured using the discounted cash flow method based on the future cash flows, estimated remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 3.

Notes to Real Estates for Rent

The Company and some of its subsidiaries have some investments and rental property such as office buildings for rent (including land) in Tokyo and other regions.

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
135,917	408,123

(Note 1) The amount on the consolidated balance sheet is the amount obtained by deducting accumulated depreciation from acquisition cost.

(Note 2) Fair value as of March 31, 2023 was the amount mainly based on appraisal by an external real estate appraiser.

Notes to Revenue Recognition

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	Segment		
	Logistics	Real Estate	Total
Revenue			
Warehousing fee income	29,904	-	29,904
Stevedoring income	21,090	-	21,090
Land transportation income	51,846	-	51,846
Harbor stevedoring income	17,957	-	17,957
International transportation income	115,848	-	115,848
Rent of real estate for investment	242	8,076	8,318
Other	22,907	7,340	30,248
Revenue from contracts with customers	259,797	15,416	275,214
Revenue from other sources	3,399	21,980	25,380
Operating revenue to non-affiliated customers	263,196	37,397	300,594

(Note) Revenue from other sources represents income from rent of real estate, etc., included in “Accounting Standard for Lease Transactions.”

2. Information in understanding the amount of revenue in the current fiscal year and the following fiscal year

(1) Balance of contract liabilities, etc.

(Millions of yen)

	The fiscal year under review
Receivables from contracts with customers (beginning balance)	39,275
Receivables from contracts with customers (ending balance)	44,435
Contract liabilities (beginning balance)	449
Contract liabilities (ending balance)	1,748

(Note 1) Contract liabilities are mainly related to advances received from customers of condominium sales in the real estate business. Contract liabilities are reversed upon recognition of revenue.

(Note 2) Contract liabilities are included in “Other” on the current liabilities in the consolidated balance sheet.

(2) Transaction price allocated to the remaining performance obligations

The Group has no significant contract whose terms are expected to be more than one year. In addition, consideration promised in contracts with customers does not have any significant amounts not included in the transaction price.

Notes to Per Share Information

1. Net assets per share 4,489.01 yen
2. Basic earnings per share 342.00 yen

Notes to Significant Subsequent Events

(Acquisition of shares of a global logistics company with dedicated pharmaceutical and healthcare and United States government services divisions in the United States and the United Kingdom)

On April 28, 2023, the Company entered into a share transfer agreement to acquire the shares of four specialty logistics companies with dedicated pharmaceutical and healthcare and United States government services divisions, Cavalier Logistics Management II, Inc., Cavalier International Air Freight, Inc., DC Dyna, Inc. in the United States and Cavalier Logistics U.K. Limited in the United Kingdom (hereinafter, the "Cavalier Logistics Group") through a new subsidiary to be established by the Company in the United States (hereinafter, the "U.S. Subsidiary") (hereinafter, the "Acquisition of Shares").

The Acquisition of Shares is subject to the authorization and approval of the relevant authorities. It is expected that the process will proceed promptly and that the transaction is scheduled to be completed by August 1, 2023, subject to the satisfaction of all closing conditions.

The method of the Acquisition of Shares will be as follows. The U.S. Subsidiary will acquire 90% of the total outstanding shares of the Cavalier Logistics Group. All of the total outstanding shares of the Cavalier Logistics Group will be acquired by receiving in-kind contributions from the current CEO and CFO of the Cavalier Logistics Group, who hold the remaining 10% of the outstanding shares of each Cavalier Logistics Group company. As consideration of the in-kind contributions described above, the U.S. Subsidiary will deliver the current CEO and CFO 10% of the outstanding shares of the U.S. Subsidiary (Ratio of voting rights held:10%), making the Company a shareholder owning 90% of the outstanding shares of the U.S. Subsidiary (ratio of voting rights held:90%).

In addition, with respect to certain logistics operations entrusted to Cavalier Logistics Group by the U.S. Department of State, due to restrictions on foreign investment restrictions, such operations are scheduled to be spun off from Cavalier Logistics Group to a new company established by the current CEO, and the approval for the business operations of the new company from the relevant authorities is the condition of the closing to the Acquisition of Shares. The Acquisition of Shares is also subject to the approval of the Committee on Foreign Investment in the United States (CFIUS) (The approval includes a response from the Committee on Foreign Investment in the United States stating that the acquisition does not require notification.).

1. Overview of the business combination

(1) Names and description of businesses of the acquired companies

Names of the acquired companies: Cavalier Logistics Management II, Inc.
Cavalier International Air Freight, Inc.
DC Dyna, Inc.
Cavalier Logistics U.K. Limited.

Description of businesses: Administrative services, logistics operations

(2) Main reason for the business combination

The Cavalier Logistics Group is a highly successful logistics company with an advanced supply chain in the United States and the United Kingdom, primarily focused on logistic solutions for commercial enterprises of biopharma and healthcare as well as United States government agencies, and have built a good relationship as a partner in the Company's U.S. operations over the years.

In addition, in accordance with the strategy of the Company's long-term vision, MLC2030 Vision, the Company is expanding its medical and healthcare logistics business in the United States and Europe. By affiliating Cavalier Logistics Group, the Company can build its business infrastructure in the United States and will be able to establish an integrated structure to operate in Japan, the United States and Europe.

With a large number of cutting-edge research and treatments being conducted in the United States, the market is expected to continue to grow at a higher rate than the global pharmaceutical market. By providing high-quality logistics services to customers in such markets and contributing to the resolution of various social issues, the Group will enhance its presence in medical and healthcare

logistics market.

- (3) Date of business combination
August 1, 2023 (planned)
 - (4) Name of companies after business combination
The company names will remain unchanged after the business combination
 - (5) Proportion of voting rights acquired
The Company plans to acquire 100% of the voting rights through the U.S. Subsidiary, of which it holds 90% of the voting rights
 - (6) Grounds for deciding on the business combination
For the U.S. Subsidiary to acquire, in total, all the shares issued by the Cavalier Logistics Group by acquiring shares equivalent to 90% of the total number of shares issued in exchange for a cash consideration, and acquiring shares equivalent to the remaining 10% through contribution in kind
2. Acquisition cost of the acquired companies and details of the components of the consideration by type
To be determined
 3. Details and amounts of major acquisition-related expenses
To be determined
 4. Amount of goodwill arising, the reason, amortization method and period
To be determined
 5. Amount and main details of assets acquired and liabilities assumed on the date of the business combination
To be determined

(Acquisition of additional shares of In Do Trans Logistics Corporation in Vietnam)

On April 26, the Company made an acquisition of additional shares of In Do Trans Logistics Corporation (“ITL”), a logistics company in Vietnam. This brings the Company’s ratio of voting rights in ITL to 20.5%, making it an equity-method affiliate of the Company.

1. Background and purpose of the acquisition

The Company and ITL have had a long and successful business partnership for more than a decade in Vietnam, a country where remarkable economic development has been achieved. In 2011, the Company and ITL established a joint venture company, MLC ITL Logistics Co., Ltd. (owned 51% by the Company and 49% by ITL) with offices in Hanoi and Ho Chi Minh City. Since then, the joint venture has developed domestic logistics business, such as warehousing, transportation, distribution & processing, and handling of air and sea import and export.

The Company has recently articulated its long-term vision, MLC2030 Vision, in which one of the targets is to capture increasing demand for high-quality cold chain solutions in Southeast Asia and other neighboring countries. This vision has been reflected in the Company’s policy of expanding its supply chain support to customers in medical/health care and food/beverage industries as well as strengthening the forwarding business.

ITL aims to become a significant player in new business segments such as cold chain logistics in Vietnam, as well as entering the port logistics sector in recent years, and its business has a high affinity with that of the Group.

In this context, the Company made an acquisition of additional shares of ITL, after its previous acquisition in August 2022. In addition to significant expected synergies due to an even stronger strategic partnership with ITL, the Company aims for further business expansion in Vietnam and across the Indochina region by combining its know-how and customer network with the extensive logistics capabilities of ITL.

2. Details of the acquisition of shares

- (1) Acquisition ratio: 6.87% of the total number of issued shares
(Total shareholding ratio: 20.5% after this acquisition)
- (2) Acquisition date: April 26, 2023
- (3) Acquisition method: Purchase of some of the shares owned by the existing major shareholders

About In Do Trans Logistics Corporation (ITL)

- (1) Establishment: January 1, 2000
- (2) Headquarters: Ho Chi Minh City, Vietnam
- (3) Capital: VND720.2 billion
- (4) Employees: Approx. 2,200 consolidated (approx.750 non-consolidated)
- (5) Main businesses: Forwarding, air freight, warehousing, port and harbor transportation, real estate

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	71,483	Current liabilities	72,992
Cash and deposits	30,255	Accounts payable	14,417
Notes receivable	216	Short-term bank loans and current maturities of long- term debt	39,148
Accounts receivable	25,786	Current portion of bonds payable	5,000
Marketable securities	2,000	Accounts payable - other	2,830
Real estate held for sale	8,041	Income taxes payable	5,745
Prepaid expenses	590	Advances received	3,745
Short-term loans receivable	416	Deposits received	1,325
Advances paid	3,138	Other	780
Other	1,047	Long-term liabilities	113,469
Allowance for doubtful accounts	(10)	Bonds payable	36,000
Non-current assets	432,826	Long-term loans payable	20,277
Property and equipment	249,734	Deposits on long-term leases	21,063
Buildings	118,016	Deferred income tax liabilities	34,924
Structures	2,649	Retirement benefits	1,203
Machinery and equipment	3,394	Total liabilities	186,462
Transportation equipment	148	(Net assets)	
Tools, furniture and fixtures	1,483	Shareholders' equity	253,995
Land	116,367	Common stock	22,393
Leased assets	2,940	Capital surplus	19,386
Construction in progress	4,733	Legal capital surplus	19,383
Intangible assets	10,660	Other capital surplus	3
Leasehold right	7,665	Retained earnings	224,468
Software	2,454	Legal retained earnings	3,121
Other	541	Other retained earnings	221,347
Investments and other assets	172,431	Reserve for private insurance	8,528
Investments in securities	119,771	Reserve for reduction entry	36,225
Investments in capital of subsidiaries and affiliates	44,881	Reserve for special depreciation	110
Long-term loans receivable	3,792	General reserve	138,240
Guarantee deposits	3,583	Retained earnings brought forward	38,243
Other	480	Treasury shares	(12,253)
Allowance for doubtful accounts	(39)	Valuation and translation adjustments	63,851
Allowance for investment loss	(38)	Net unrealized holding gains on securities	63,851
Total assets	504,309	Total net assets	317,847
		Total liabilities and net assets	504,309

(Figures are rounded down to the nearest million yen.)

Non-consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(Millions of yen)

Description	Breakdown	Amount
Revenue		
Warehousing fee income	20,774	
Stevedoring income	11,335	
Land transportation income	27,115	
Harbor stevedoring income	16,299	
International transportation income	71,718	
Rent of real estate for investment	31,221	
Other	22,134	200,601
Cost of services		
Operational and transportation consignment costs	108,077	
Personnel expenses	14,851	
Facility rental expenses	7,004	
Depreciation and amortization	12,073	
Other	38,010	180,017
Gross profit		20,583
Selling, general and administrative expenses		5,751
Operating income		14,832
Non-operating income		
Interest and dividend income	7,288	
Other	364	7,653
Non-operating expenses		
Interest expense	402	
Other	229	631
Ordinary income		21,853
Extraordinary income		
Gain on disposal of non-current assets	2,167	
Gain on sale of marketable securities and investments in securities	9,591	
Reversal of allowance for investment loss	649	
Indemnity income of exiting facilities for lease	319	12,728
Extraordinary losses		
Loss on disposal of non-current assets	482	
Loss on sale of marketable securities and investments in securities	13	
Loss on valuation of marketable securities and investments in securities	751	1,248
Income before income taxes		33,333
Income taxes - current	8,453	
Income taxes - deferred	2,771	11,225
Net income		22,108

(Figures are rounded down to the nearest million yen.)

Non-consolidated Statement of Changes in Net Assets

(April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus		Legal retained earnings	Retained earnings	
		Legal capital surplus	Other capital surplus		Reserve for private insurance	Reserve for reduction entry
Balance as of April 1, 2022	22,393	19,383	5	3,121	8,328	38,229
Changes of items during period						
Cash dividends						
Net income						
Provision of reserve for private insurance					200	
Reversal of reserve for reduction entry						(2,978)
Provision of reserve for reduction entry						973
Reversal of reserve for special depreciation						
Provision of reserve for special depreciation						
Purchase of treasury shares						
Disposal of treasury shares			3			
Cancellation of treasury shares			(5)			
Changes other than to shareholders' equity, net						
Total changes of items during the period	-	-	(2)	-	200	(2,004)
Balance as of March 31, 2023	22,393	19,383	3	3,121	8,528	36,225

(Figures are rounded down to the nearest million yen.)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments	Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Net unrealized holding gains on securities	
	Other retained earnings		Retained earnings brought forward				
	Reserve for special depreciation	General reserve					
Balance as of April 1, 2022	92	138,240	39,342	(20,711)	248,425	69,185	317,611
Changes of items during period							
Cash dividends			(6,595)		(6,595)		(6,595)
Net income			22,108		22,108		22,108
Provision of reserve for private insurance			(200)		-		-
Reversal of reserve for reduction entry			2,978		-		-
Provision of reserve for reduction entry			(973)		-		-
Reversal of reserve for special depreciation	(19)		19		-		-
Provision of reserve for special depreciation	37		(37)		-		-
Purchase of treasury shares				(10,003)	(10,003)		(10,003)
Disposal of treasury shares				56	60		60
Cancellation of treasury shares			(18,399)	18,405	-		-
Changes other than to shareholders' equity, net					-	(5,334)	(5,334)
Total changes of items during the period	18	-	(1,099)	8,458	5,570	(5,334)	236
Balance as of March 31, 2023	110	138,240	38,243	(12,253)	253,995	63,851	317,847

(Figures are rounded down to the nearest million yen.)

Notes to the Non-consolidated Financial Statements

Notes to Significant Accounting Policies

1. Standards and methods of valuation of securities
 - (1) Stocks of subsidiaries and affiliates

Stated at cost using the moving-average method.
 - (2) Available-for-sale securities

Securities other than stocks, etc., without market price

Market value method (Valuation difference is transferred directly to net assets. The cost of sales is calculated using the moving average method.)

Stocks, etc., without market price

Stated at cost using the moving-average method.
2. Standards and methods of valuation of derivatives

Stated using the market value method.
3. Standards and methods of valuation of inventories

Valuation for real estate held for sale is recorded using the cost accounting method (method to reduce book values based on declines in profitability) on an individual basis.
4. Depreciation and amortization method for non-current assets
 - (1) Property and equipment (excluding leased assets)

The declining-balance method is applied.

Warehouse facilities (actual buildings), commercial facilities for lease (actual buildings) and facilities and structures attached to buildings acquired on or after April 1, 2016 are calculated using the straight-line method.

Furthermore, useful lives are estimated according to stipulations of the Corporation Tax Act, and commercial facilities for lease (actual buildings) are determined with a standard of 20 years, with adjustments made for factors such as the lease agreement period, etc.
 - (2) Intangible assets (excluding leased assets)

The straight-line method is applied.

Computer software for internal use is amortized over the estimated internal useful life (5 to 10 years) using the straight-line method.
 - (3) Leased assets

Leased assets relating to finance lease transactions without the transfer of ownership.

Leased assets are depreciated using the straight-line method with no residual value over the lease term of the leased assets.
5. Standards of accounting for reserves
 - Allowance for doubtful accounts

To provide for losses resulting from unrecoverable claims such as accounts and loans receivable, allowance for doubtful accounts is recorded based on the historical write-off rate for ordinary receivables, and based on expected uncollectable amounts individually for receivables.
 - Allowance for investment loss

To provide for losses resulting from a decline in the substantial price of stock and investment without market price, allowance is recorded taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.

Provision for retirement benefits

Provision for retirement benefits is provided based on the estimated benefit obligation and pension assets as of March 31, 2023.

1) Method of attributing the estimated benefit obligation to periods

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the fiscal year under review on a benefit formula basis.

2) Amortization method of actuarial calculation differences

Actuarial calculation differences are amortized using the straight-line method over a certain period (5 years) within the average remaining years of service of employees, beginning from the fiscal year following the incurred year.

3) Accounting treatment of retirement benefits

The method of accounting treatment of unrecognized actuarial calculation differences on retirement benefits differs from the method of accounting for these in the consolidated financial statements.

6. Standards of accounting for revenue and expenses

(1) Logistics business

(i) Warehousing and distribution business

The main performance obligations are conducting storage and handling of incoming and outgoing cargo, etc., at warehouses containing consigned items. For storage, the Company deems that performance obligations are satisfied and recognizes revenue when a certain period of storage or provision of storage area for consigned items lapses. For the handling of incoming and outgoing cargo, the Company deems that performance obligations are satisfied and recognizes revenue when the cargo handling operations are completed.

(ii) Overland transportation business

The main performance obligations are conducting usage transport, etc., by freight automobiles. The Company deems that performance obligations are satisfied and recognizes revenue when freight shipped or accepted is transported.

(iii) Port and harbor operation business

The main performance obligations are conducting coastal cargo handling and onboard cargo handling, etc., at ports. The Company deems that performance obligations are satisfied and recognizes revenue when the cargo handling operations are completed.

(iv) International transportation business

The main performance obligations are conducting handling of international product transport, etc., including handling marine cargo transport. For handling marine cargo, the Company deems that performance obligations are satisfied and recognizes revenue when import and export procedures such as customs clearance are completed. For the international cargo transport, the Company deems that performance obligations are satisfied and recognizes revenue when cargo loaded on vessels or aircraft are transported.

(2) Real estate business

(i) Real Estate Leasing Business

The business includes mainly real estate lease operations and real estate management operations. The real estate management operations are related to lease transactions and its revenue is from other sources than revenues from contracts with customers. The main performance obligations of real estate management operations are providing services such as maintenance, cleaning, and administration of the leased facilities, and the Company deems that performance obligations are satisfied and recognizes revenue when the entire process of services is provided.

(ii) Other

The main performance obligations are handover, etc., of real estate for sale. The Company deems that performance obligations are satisfied and recognizes revenue basically when real estate for sale is transferred to customers.

Notes to accounting estimates

The Company made accounting estimates at reasonable amounts calculated based on the information available at the time of preparing the non-consolidated financial statements.

Items of accounting estimates recorded in the non-consolidated financial statements for the current fiscal year that have the risk of significantly impacting the non-consolidated financial statements for the following fiscal year are as follows.

Decision on recognition of impairment loss of non-current assets

1. Amount recognized in the non-consolidated financial statements for the fiscal year under review

Impairment loss is not recognized for one significant asset group location (total book value: 4,366 million yen) which showed indications of impairment due to a fall in fair value of land and buildings, etc., because the Company verified the necessity of recognizing impairment based on the total amount of undiscounted future cash flows that is expected to arise from continuous use and eventual disposal of the asset groups, and determined that such undiscounted future cash flows exceeds the book value of the non-current assets of the asset group.

2. Other information relating to accounting estimates that will facilitate the understanding of the users of the non-consolidated financial statements

Please refer to “Notes to the Consolidated Financial Statements, (Notes to accounting estimates)” presented above.

Notes to Non-Consolidated Balance Sheet

1. Monetary receivables from and payables to affiliates

Short-term monetary asset	1,785 million yen	Long-term monetary asset	3,637 million yen
Short-term monetary liability	9,307 million yen	Long-term monetary liability	647 million yen

2. Accumulated depreciation of property and equipment 305,974 million yen

3. Accumulated deferred tax reserves for non-current assets 6,599 million yen

4. Collateral assets

Assets pledged as collateral

Land 744 million yen

Obligations related to the above

Short-term bank loans	150 million yen	Advances received	64 million yen
Long-term loans payable	142 million yen	Long-term deposits received	1,000 million yen

5. Guarantee liability

Liability guarantees for borrowings of other companies 964 million yen

Notes to Non-consolidated Statement of Income

1. Transactions with affiliates

Operating transactions	Revenue	21,977 million yen	Cost	53,698 million yen
Transactions other than operating transactions		2,422 million yen		

Notes to Non-consolidated Statement of Changes in Net Assets

Number of treasury shares as of March 31, 2023

Common stock 3,780,230 shares

Notes to Tax Effect Accounting

Major factors for deferred tax assets and liabilities

[Deferred income tax assets]

Enterprise taxes payable	352 million yen
Allowance for investment loss	11 million yen
Accrued bonuses	651 million yen
Retirement benefits	368 million yen
Depreciation	6,611 million yen
Impairment loss	639 million yen
Other	1,998 million yen
Deferred income tax assets – subtotal	10,634 million yen
Valuation allowance	(1,956) million yen
Total deferred income tax assets	8,678 million yen

[Deferred income tax liabilities]

Net unrealized holding gains on securities	(27,514) million yen
Reserve for reduction entry	(15,972) million yen
Reserve for special depreciation	(48) million yen
Other	(67) million yen
Total deferred income tax liabilities	(43,602) million yen
Net deferred income tax liabilities	(34,924) million yen

Notes to Per Share Information

1. Net assets per share 4,065.56 yen
2. Basic earnings per share 277.60 yen

Notes to Significant Subsequent Events

The notes are omitted because the same information is described in the Notes to Significant Subsequent Events in the Notes to the Consolidated Financial Statements.

Independent Auditor's Report

May 15, 2023

To the Board of Directors of Mitsubishi Logistics Corporation :

KPMG AZSA LLC
Tokyo Office, Japan

Yoshiaki Uesaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Taro Nakamura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaya Ariyoshi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Mitsubishi Logistics Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to “Notes to Significant Subsequent Events ” to the consolidated financial statements, the Company entered into a share transfer agreement on April 28, 2023, to acquire the shares of four specialty logistics companies with dedicated pharmaceutical and healthcare and United States government services divisions, Cavalier Logistics Management II, Inc., Cavalier International Air Freight, Inc., DC Dyna, Inc. in the United States and Cavalier Logistics U.K. Limited in the United Kingdom through a new subsidiary to be established by the Company in the United States.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 15, 2023

To the Board of Directors of Mitsubishi Logistics Corporation :

KPMG AZSA LLC

Tokyo Office, Japan

Yoshiaki Uesaka

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Taro Nakamura

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Masaya Ariyoshi

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Mitsubishi Logistics Corporation (“the Company”) as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to “Notes to Significant Subsequent Events ” to the non-consolidated financial statements, the Company entered into a share transfer agreement on April 28, 2023, to acquire the shares of four specialty logistics companies with dedicated pharmaceutical and healthcare and United States government services divisions, Cavalier Logistics Management II, Inc., Cavalier International Air Freight, Inc., DC Dyna, Inc. in the United States and Cavalier Logistics U.K. Limited in the United Kingdom through a new subsidiary to be established by the Company in the United States.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the business report and its supplementary schedules . Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 220th fiscal year from April 1, 2022 to March 31, 2023, the Board of Corporate Auditors hereby submits its audit report, which has been prepared upon careful consideration based on the audit report prepared by each Corporate Auditor.

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

- (1) The Board of Corporate Auditors established auditing policies, audit plans and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor complied with the auditing standards of the Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, audit plans and other relevant matters, communicated with Directors, the Internal Audit Department, other employees, and any other relevant personnel via the Internet, or other means, and made efforts to prepare the environment for information collection and audit, as well as conducted the audit through the methods described below.
 1. We participated in meetings of the Board of Directors, the Executive Committee, and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the headquarters and principal business offices. With respect to subsidiaries, we communicated and exchanged information with Directors and Corporate Auditors of subsidiaries as well as received reports from subsidiaries by visiting them as necessary.
 2. In addition, with respect to the system for ensuring that the performance of duties by the Directors as stated in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, and the contents of the resolutions of the Board of Directors regarding preparation of other system to ensure the properness of operations of a group of enterprises consisting of a stock company and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act and such other system prepared based on such resolutions (internal controls system), we received regular reports from Directors, employees and other relevant personnel regarding the development and the operation of the system, requested explanations as needed. With respect to internal control over Financial Reporting, we received reports from Directors and other relevant personnel as well as KPMG AZSA LLC regarding the status of evaluation and audit of the internal control, and requested explanations as needed.
 3. We examined the details of the basic policies pursuant to Article 118, Item 3 a. of the Ordinance for Enforcement of the Companies Act set forth in the Business Report.
 4. Furthermore, we monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated notes) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the Business Report and the supplementary schedules are in accordance with the related laws and regulations, and the Articles of Incorporation, and fairly represent the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems, as well as internal control over Financial Reporting.
4. We have found no matters to point out with respect to the basic policies regarding the Company's control as described in the Business Report.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Accounting Auditor KPMG AZSA LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Accounting Auditor KPMG AZSA LLC are fair and reasonable.

May 17, 2023

Board of Corporate Auditors, Mitsubishi Logistics Corporation

Standing Corporate Auditor (Full-time Corporate Auditor)	Tohru Watanabe
Corporate Auditor (Full-time Outside Corporate Auditor)	Mikine Hasegawa
Corporate Auditor (Outside Corporate Auditor)	Yohnosuke Yamada
Corporate Auditor (Outside Corporate Auditor)	Takao Sato
Corporate Auditor	Junya Miura