



04

Value Creation Strategy for Sustainable Growth

We create new value by providing optimal logistics services through human resource value maximization and utilization of digital technology. We will implement the three pillars of our growth strategy adopted under the Medium-term Management Plan 2022—top-line growth by mobilizing the Group’s collective strength; reinforcement of operational competitiveness; and building management foundation to support the deepening—while aiming to realize the Group’s VISION of becoming “the co-creative logistics solutions partner.”

CFO Message

CFO MESSAGE

Nobuo Nakayama

Representative Director and
Senior Managing Director
Chief Financial Officer



Amid these increasingly complex times, we are implementing aggressive investment against the backdrop of greater logistics value and making steady progress toward achieving our Medium-term Management Plan 2022.

We are making management decisions with an eye on the future and implementing financial strategies that support improved corporate value and sustainable growth toward our VISION of becoming “the co-creative logistics solutions partner. For every day, emergency, and always will be.”



Review of the Fiscal Year Ended March 31, 2024 and Outlook for the Fiscal Year Ending March 31, 2025

In the fiscal year ended March 31, 2024, although we saw a recoil reduction from the disappearance of the special factors of the previous fiscal year and a decrease in revenue and profit from the decline in marine freight rates and airfares, by promoting initiatives including the streamlining of operations and the optimization of collection fees, we were able to achieve operating profit levels in line with our original plans.

In the fiscal year ending March 31, 2025, we are planning for operating profit of ¥15.5 billion due to a temporary decline in lease revenues in the real estate business and increasing costs including depreciation with construction to convert properties into multi-tenant facilities. Although this represents a low level when compared to the previous fiscal year, this fiscal year's profit levels are already factored into our plan, and we are making progress that is mostly within the range of our Medium-term Management Plan 2022. There is starting to be a sense of a bottoming out of cargo movements in our logistics business, and business in our focus areas of “mobility,” “healthcare,” and “B2B2C” is expanding even more steadily than initially expected.

Toward Achieving Our Medium-term Management Plan 2022

In our current five-year Medium-term Management Plan 2022, we have set a numerical target of ¥23.0 billion in operating profit for the final fiscal year of the plan. The direction of the various initiatives that we have pursued to date is correct, and I believe that it is possible to achieve our targets by growing the base revenue of our logistics business, implementing strategic investments, making progress in leasing in our real estate business, and through the disappearance of temporary costs.

I would like to introduce some of our specific initiatives and results. To strengthen our revenue base, we are working to enhance the value of the MSH Nihonbashi Hakozaki Building and to renovate it into a multi-tenant office building. In the planning stages of the current Medium-term Management Plan during the COVID-19 pandemic, we set the assumption that the major tenant would completely move out of the building during the plan. Against this assumption, we concluded ten floors worth of multi-year lease agreements, a number making up around half of the building, by the major tenant who decided that they would continue to use the building. The Hakozaki Building is a high-performance office building with strong rents

compared to neighboring markets, and tenant solicitation is progressing smoothly. As such, I believe that there is a strong possibility that profit levels in the real estate business will exceed the initial assumptions of our plan.

Regarding the logistics business, the Group not only provides simple logistics functions but also is expanding our business revenue by supporting the entire supply chain of our customers. Under conditions that test the design and execution capabilities of logistics, including the impact of the pandemic, geopolitical risks, and Japan's 2024 problem, we aim to exercise our strengths as a group and to elevate our presence.

In terms of our focus areas, first, regarding “mobility,” we are building out both our systems and our storage locations to further expand our business, including creating a wholly owned subsidiary by acquiring a stake in our Chinese joint venture and building more warehouses overseas. In our focus area of “healthcare,” sales are steadily growing as we expand and improve our services in pharmaceuticals and medical devices. We are also winning new contracts for logistics operations for products including regenerative treatments backed by our strength in handling cutting-edge medical field, typified by iPS cells. In our focus area of “B2B2C,” we have created a logistics design that is also fully capable of handling e-commerce for home appliance retailers and built a delivery center to realize this design in the Kansai region. We also recently decided to open a similar center in the Kanto region. Additionally, we are promoting a framework to roll out the know-how that we have cultivated in home appliance retailer logistics in other areas. This includes starting operations of an e-commerce logistics center that handles pet health supplements in the fiscal year ended March 31, 2024. We are also receiving orders for new business in the luxury sector and are opening a related logistics center in the Tokyo metropolitan area.

Looking at the entire logistics business, the impact of inventory adjustments is running its course, and cargo movement is recovering. If we see a real recovery, we can expect both inbound and outbound cargo movement to contribute to revenue. I would like to see our Group come together to overcome the impact of the domestic and overseas

macro-environment to achieve the targets set forth in the Medium-term Management Plan. Although the Group tends to be focused on trends in the real estate business, we also expect to be focused on the soundness and resilience of our logistics business portfolio and on feedback from our customers.

Progress and Outlook on Strategic Investments

Our Medium-term Management Plan 2022 calls for investment of ¥130.0 billion. The amount of our planned investment through the fiscal year ending March 31, 2025, is ¥69.0 billion, including operating leases. At present, operating leases are considered off-balance sheet in Japanese accounting standards. However, for example, if we lease a delivery center for five to ten years, the Company considers this an investment. Regarding the capital investment portion of our strategic investment, to expand the previously mentioned mobility and B2B2C areas, we have invested in warehouse facilities and the introduction of robotics. To further streamline and improve the quality of these facilities, we are moving forward with additional investment in systems introduction. By anticipating customers' needs, weighing both risks and returns, and implementing rapid decision-making, my goal is to expand our business opportunities.

Regarding M&A and capital alliances, in the Group's journey thus far, we have maintained full-spec capabilities and already run our business as a comprehensive logistics company. However, we must continue to evolve. Where the Group is expected to improve and deepen our service functions, contribute to expanding our customer base, and realize synergies among Group businesses, we make decisions based on a multifaceted evaluation including prices. Furthermore, not limited to the evolution of the Group, we will proactively implement our M&A and capital alliance policy to improve our corporate value over the medium to long term with an eye on the future development of the logistics industry. To provide one example, we invested in T2 Inc., which aims to commercialize long-distance hauling services using self-driving trucks with the

Progress of Medium-term Management Plan 2022

		2022/3 Results Previous Medium-term Management Plan	2023/3 Results Medium-term Management Plan 2022: Year 1	2024/3 Results Medium-term Management Plan 2022: Year 2	2025/3 Forecast*3 Medium-term Management Plan 2022: Year 3	2027/3 Targets Medium-term Management Plan 2022: Year 5
Numerical targets	Operating revenue	¥301.0 billion	¥300.8 billion	¥260.6 billion	¥275.0 billion	¥350.0 billion
	Operating profit	¥25.9 billion	¥26.0 billion	¥20.8 billion	¥15.5 billion	¥23.0 billion
	Actual value*1	¥17.0 billion	¥21.4 billion	¥20.8 billion	¥15.5 billion	¥23.0 billion
Financial strategies	Operating CF	¥23.1 billion	¥32.3 billion	¥23.2 billion	¥20.0 billion	¥30.0 billion
	Investments (total)*2	—	¥23.4 billion	¥46.7 billion	¥69.0 billion	¥130.0 billion
	Payout ratio	22%	30%	30%	42%	30%
	D/E ratio	1.25 times	0.99 times	0.76 times	0.74 times	1.00 times
	ROE	20%	18%	12%	8%	Over 12%

*1 Figures exclude “operating profit generated from special demand” that arose from supply chain disruptions following COVID-19

*2 Includes investments that are recorded as expenses on the P&L, such as operating leases.

*3 Figures for 2025/3 forecast are based on the figures as of the first quarter of the fiscal year ending March 31, 2025.

CFO Message

goal of building a next-generation logistics platform. We do not plan to take a passive approach to M&A just because we have become a comprehensive logistics company. Instead, we plan to continue with our aggressive investment by constantly considering what is necessary to build a sustainable supply chain and equipping ourselves with the necessary functions with the goal of creating logistics systems that connect to the next generation.

Sustainability Investment

Naturally, we make all investment decisions based on the guiding premise of returns. However, there are returns from sustainability investments that directly impact our P&L and returns that have an indirect impact. Another characteristic of sustainability investments is that it takes a relatively long time until results appear. Given this reality, our fundamental approach to sustainability investments is to properly assess their impact on our P&L, be that impact direct or indirect.

In terms of reducing the Group's CO₂ emissions as part of our climate change response, we naturally have Scope 1 + 2 initiatives in place and are also strengthening our approach to Scope 3. Prior to discussions on investment returns, we see these as essential initiatives to participate in the market as a comprehensive logistics company. We are also expanding our investment in human capital, the very source of the Group's value. We are improving our human resource development policies to become a company that can produce results while all its employees enjoy their work, which we believe also connects to future financial results.

Moreover, not limited to the QCD (quality, cost, delivery) of current customers in the logistics industry, customers are now more inclined to seek logistics partnerships with companies

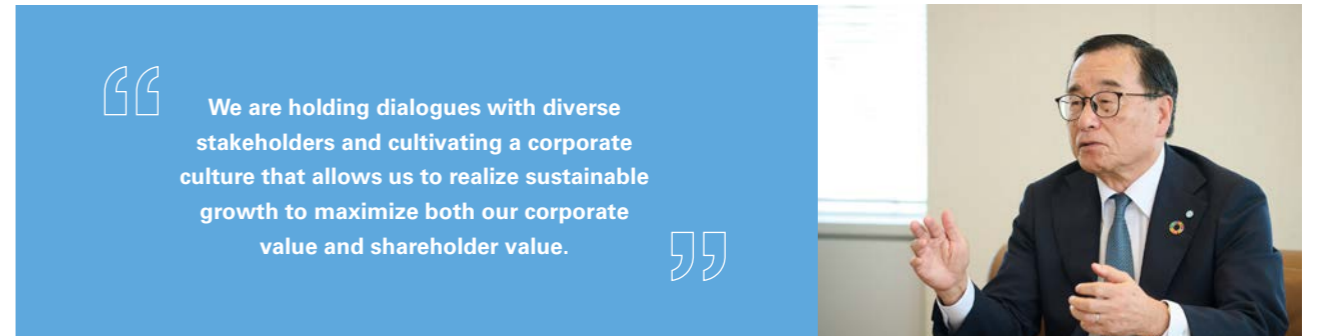
that can cooperate in promoting sustainability initiatives. Against the backdrop of these needs, inquiries for SustainaLink are steadily expanding, and I hope that the introduction of this service will lead to the Group winning more logistics business. In this way, we take a big-picture approach in carrying out our sustainability investment.

Shareholder Returns

Our basic policy for shareholder returns is to maintain a 30% consolidated payout ratio. For the fiscal year ending March 31, 2025, we are planning a dividend per share of ¥146, the same dividend as in the fiscal year ended March 31, 2024, for a projected payout ratio of 42%. The decline in our financial results for the fiscal year ending March 31, 2025, is mainly attributable to temporary factors in the real estate business and more long-term investors calling for stable dividends. Taking these factors into consideration, we have decided to maintain a minimum level of ¥146. This also reflects the management's strong desire to achieve the operating profit target of ¥23.0 billion in the Medium-term Management Plan.

We make decisions on share buybacks considering our growth investment, financial soundness, and level of shareholder returns. Our policy is to prioritize the allocation of cash to growth investment, and where we believe that financial soundness has been sufficiently secured, we consider share buybacks as one option in our comprehensive decision-making. In the fiscal year ended March 31, 2024, our TSR (total shareholder return)* was 288.9%, as we maintained a higher level than the TOPIX at 196.2% and the TOPIX Warehousing & Harbour Transportation Services at 188.8%.

*Calculated using TSR for the most recent five years



Further Improving Our Corporate Value Through Management with an Awareness of Capital Cost and Stock Price

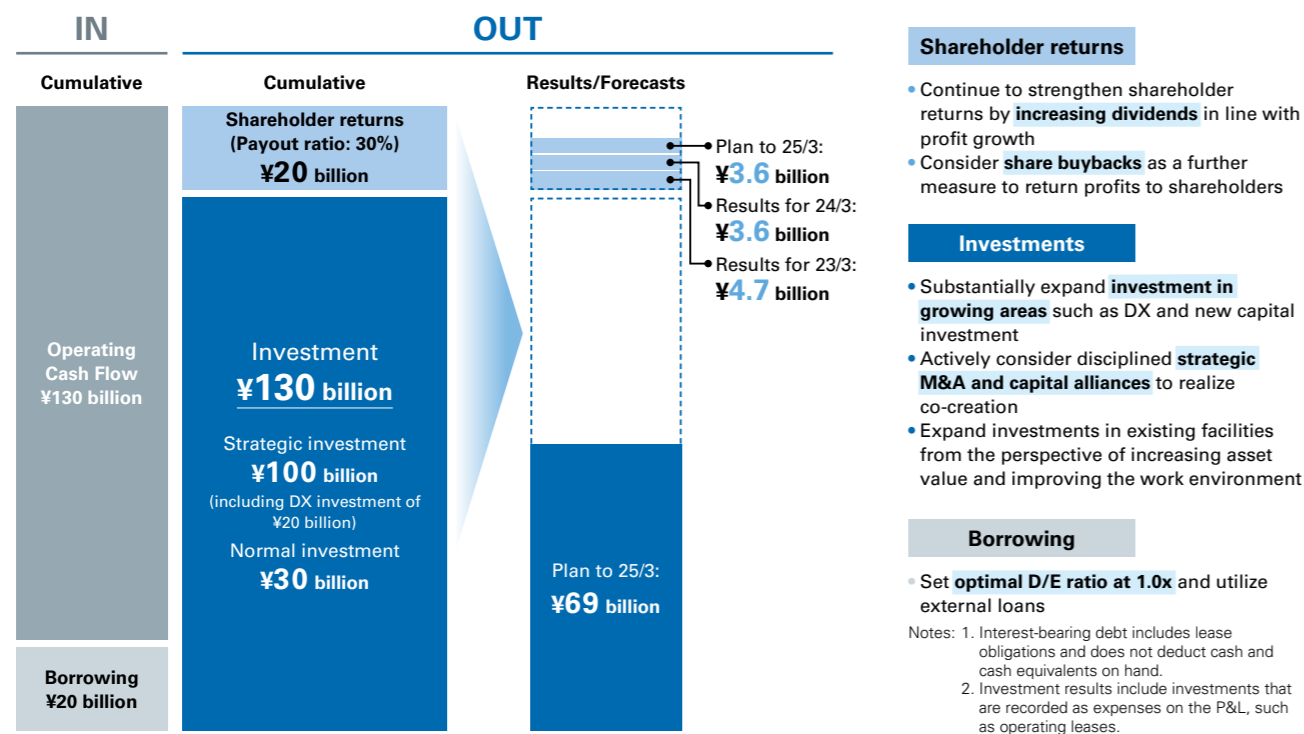
We aim to improve both our corporate value and our PBR in the capital market and conduct management with an awareness of capital cost and stock price, positioning ROE as an important management indicator. In the current Medium-term Management Plan, we have set a target ROE of 12% or higher, and we are working to improve our capital efficiency through top-line growth, costs reductions, and improving the efficiency of our assets. The average value of our capital cost as recognized through dialogues with investors and analysts is 8.5%, and I believe that our target ROE of 12% or higher is appropriate. However, our recent D/E ratio falls below our target of 1.0 times. I believe that this is a reflection of the Company maintaining excess capacity to accelerate growth investment.

From the standpoint of capital efficiency, since the fiscal year ended March 31, 2021, we have worked to significantly reduce our stockholdings. At the end of the fiscal year ended March 31, 2024, stockholdings made up 9.3% of our net assets. We will continue to regularly review our stockholdings based on the comprehensive return of our business.

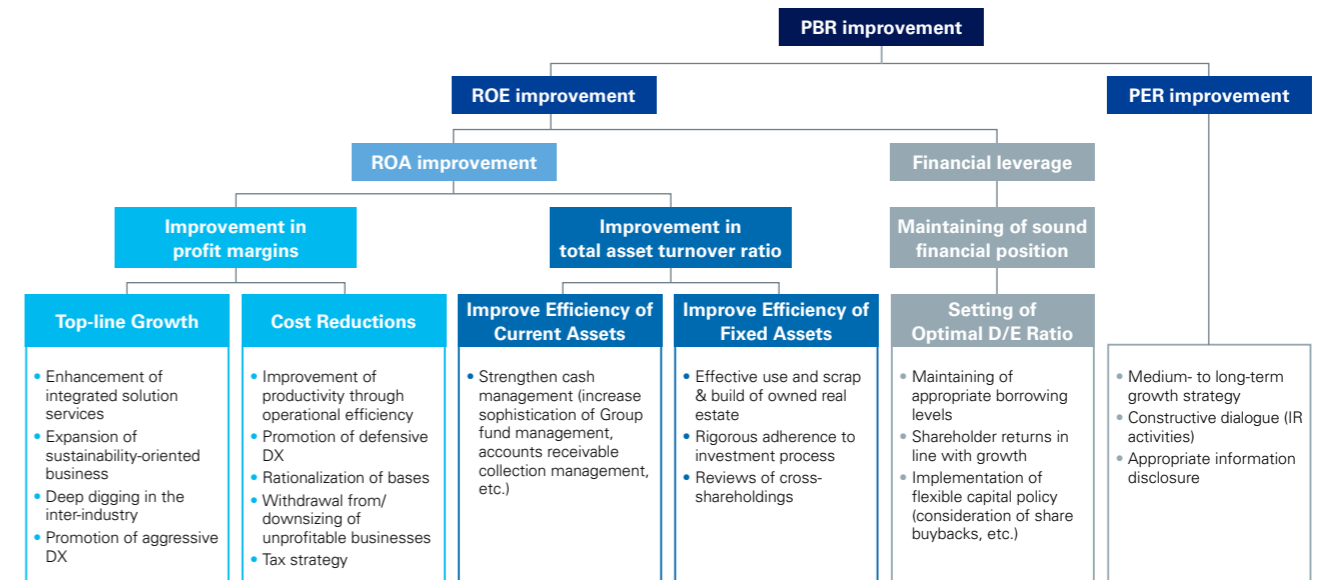
To improve our corporate value, management based on dialogue with a wide range of stakeholders is essential. As part of that dialogue, in the fiscal year ended March 31, 2024, we began to disclose operating revenue and operating profit by area in our logistics business. Part of the background behind this change is the number of questions about the details of our logistics business that we received in our communications with investors and analysts. Additionally, our results are growing not only for airfreight forwarding, for which we enjoyed special demand, but also for warehousing and port transportation and 3PL/LLP, and we decided to newly disclose operating revenue and operating profit from the desire to have stakeholders understand that the Mitsui-Soko Group maintains a well-balanced portfolio. We are evaluating further enhancements to our disclosure to make the results of the Group's initiatives even easier to understand.

Lastly, I believe that proper corporate management is only established when the four strategies of human resources, business, DX, and finance are connected organically. Taking a broad viewpoint, we will form scrums from the officers in each department and cultivate a corporate culture that allows us to realize sustainable growth with the goal of maximizing both our corporate value and shareholder value.

Image of Funding and Allocation (5-Year Cumulative Total under Medium-term Management Plan 2022 from 2023/3 to 2027/3)



Major Initiatives in Improving PBR



Medium-term Management Plan 2022 > Previous Iterations and Medium-term Management Plan 2022

Medium-term Management Plan 2013–2015
MOVE 2013/MOVE 2015

Medium-term Management Plan 2017
From Reversal to Sustainable Growth

Medium-term Management Plan 2022
Be the First-Call Company
“Going on the Aggressive by Deepening”

Medium-term Management Plan 2013–2015
MOVE2013/MOVE2015
2014/3 to 2017/3

External Environment	Externalization of logistics underway			
Important Strategies	<ul style="list-style-type: none"> Optimization of asset portfolio Creation of Group synergy and enhancement of productivity Concentrated investment in growth areas in the Asia-Pacific region 			
Targets and Results	Index	Status	Results	Targets
	Operating revenue	X	¥225.5 billion	¥280.0 billion
	Operating profit	X	¥5.8 billion	¥11.0 billion
	Operating cash flow	X	¥12.5 billion	¥20.0 billion
	Balance of interest-bearing debt	X	¥168.9 billion	¥160.0 billion
Measures	<p>[Expansion of business through M&A]</p> <ul style="list-style-type: none"> Mitsui-Soko Supply Chain Solutions, which possesses strengths in manufacturer logistics, joined the Group Marukyo Logistics joined the Group for the purpose of reinforcing our transportation function <p>[Expansion of business through capital investment]</p> <ul style="list-style-type: none"> Established new warehouses in Bangkok and Jakarta to strengthen the Asian region Established dedicated facility for healthcare, a growing field, in Kazo, Kanto region <p>To break away from a dependence on the real estate business, we actively conducted M&A and made capital investments in growth fields to expand our business. While functions as a comprehensive logistics company were established, interest-bearing debt increased as a result of those investments. In addition, profit level was sluggish, brought about by a slowdown in consumer activity and a lack of Group-wide measures. Following a review of the business plan, we posted goodwill impairment loss in the fiscal year ended March 31, 2017.</p>			
Challenges	<ul style="list-style-type: none"> Promoting PMI Review of project-specific income and expense management and business portfolio Early return to stable dividend 			

Medium-term Management Plan 2017
From Reversal to Sustainable Growth
2018/3 to 2022/3

External Environment	Increase in logistics costs Supply chain rebuilding due to the COVID-19 pandemic			
Important Strategies	<p>[Reversal Period] 2018/3 to 2020/3</p> <ul style="list-style-type: none"> Reinforcement of the fundamental earnings power of our businesses Rebuilding of our financial base Strengthening of Group management <p>[Sustainable Growth Period] 2021/3 to 2022/3</p> <ul style="list-style-type: none"> Construction of overwhelming field capabilities Establishment of integrated solution service Promotion of ESG management Reform of corporate culture 			
Targets and Results	Index	Status	Results	Targets
	Operating profit	✓	¥25.9 billion	¥10.0 billion
	Balance of interest-bearing debt*	✓	¥94.0 billion	¥130.0 billion or less
	Net D/E ratio	✓	0.9 times	2.0 times or less
	ROE	✓	20.4%	Over 9.0%
Measures	<p>[Reversal Period]</p> <ul style="list-style-type: none"> Implement “Challenge 20,” which is to review costs with no exception and cut the Group’s overall costs Curtail investments that are not necessary or urgent, and quickly return to stable dividend payments Establishment of a new sales department with lateral Group functions within the holding company <p>[Sustainable Growth Period]</p> <ul style="list-style-type: none"> Establishment of Operation Management Division to drive initiatives across businesses/regions Strengthening sales of integrated solutions Establish a new department to drive ESG issues, and identify materiality HR system reforms/Changes in awareness/Improving employee engagement <p>In the first half, the Reversal Period, operating profit increased due to Group-wide cost reduction efforts and the optimization of collection fees. In the second half, the Sustainable Growth Period, we built a system that can ensure steady earnings by improving our field capabilities and strengthening sales of our end-to-end integrated solution service. Aiming to be a company that can create value over the medium to long term, we achieved all numerical targets even in a harsh business environment as a result of having promoted ESG management and corporate culture reforms.</p>			
Challenges	<ul style="list-style-type: none"> Continued profit growth Improvement of market capitalization Response to rapid environmental changes Acceleration of ESG management Construction and strengthening of overwhelming field capabilities 			

In order to realize our VISION, “The co-creative logistics solutions partner. For every day, emergency, and always will be,” we are progressing with Medium-term Management Plan 2022. Under the slogan, Be the First-Call Company “Going on the Aggressive by Deepening,” we will regard “top-line growth by mobilizing the Group’s collective strength,” “reinforcement of operational competitiveness,” and “building management foundation to support the deepening” as the three pillars of our growth strategy, while going on the aggressive with proactive investment.

2023/3 to 2027/3

VISION The co-creative logistics solutions partner. For every day, emergency, and always will be

Growth Strategy

1 Top-line Growth by Mobilizing the Group’s Collective Strength → P.45–51

- (1) Enhancement of integrated solution service
- (2) Expansion of sustainability-oriented business
- (3) Deep digging in the inter-industry

Particularly relevant materiality

- Offering sustainable and resilient logistics infrastructure
- Creating services and businesses through co-creation that lead to solutions to social issues

2 Reinforcement of Operational Competitiveness → P.52

- (1) Company-wide penetration of standardization
- (2) Improvement of operational quality
- (3) Lower cost of operations

Particularly relevant materiality

- Offering sustainable and resilient logistics infrastructure
- Striving for secure and high-quality logistics operations
- Promoting digital transformation (DX)

3 Building Management Foundation to Support the Deepening

1. DX → P.57–59

- Transformation of business model
- Reform of corporate culture

Particularly relevant materiality

- Promoting digital transformation (DX)

2. Co-creation → P.53

- Creation of mechanism for innovation
- Active partnerships and M&A with various platformers

Particularly relevant materiality

- Creating services and businesses through co-creation that lead to solutions to social issues
- Advancing human capital management

3. Business assets → P.101–102

- Development of new office buildings and logistics facilities
- Enhancement of the asset value of existing facilities
- Improvement of work environment

Particularly relevant materiality

- Striving for secure and high-quality logistics operations
- Promoting digital transformation (DX)

4. ESG → P.60–83

- Reinforcement of efforts to realize a decarbonized society
- Expansion of investment in human capital
- Enhancement of governance

Particularly relevant materiality

- Advancing human capital management
- Promoting climate change actions and resource circulation
- Respecting human rights
- Advancing corporate governance

Human Resources → P.54–56

Particularly relevant materiality

- Advancing human capital management
- Respecting human rights

Numerical Targets			Financial Strategies			
Operating Revenue	Operating Profit	Operating CF	Investments	Payout Ratio	D/E Ratio	ROE
¥350 billion (6% growth/year)	¥23 billion (6% growth/year)	¥30 billion (7% growth/year)	¥130 billion	30%	1.0 times	Over 12%

1 Top-line Growth by Mobilizing the Group's Collective Strength

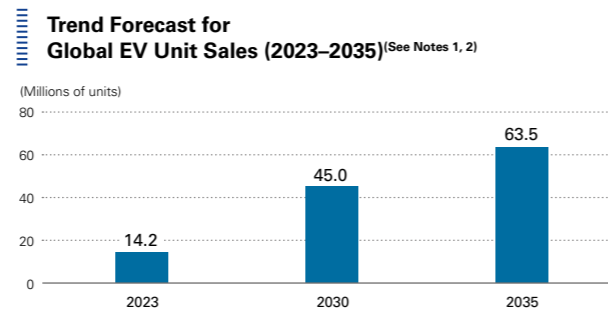


1. Enhancement of integrated solution service

Mobility

Market Trends/Background

CO₂ emission regulations for automobiles have become more stringent in countries around the world, and EVs that do not emit CO₂ when being driven are attracting attention. Due to the expansion of the EV market against this backdrop, the distribution volume of EV-specific parts and equipment, such as lithium-ion batteries (LiBs) and semiconductors, is expected to increase. Amid the growing uncertainties in global affairs, the procurement of raw materials and components necessitates the provision of logistics services that enable their stable supply at any time.

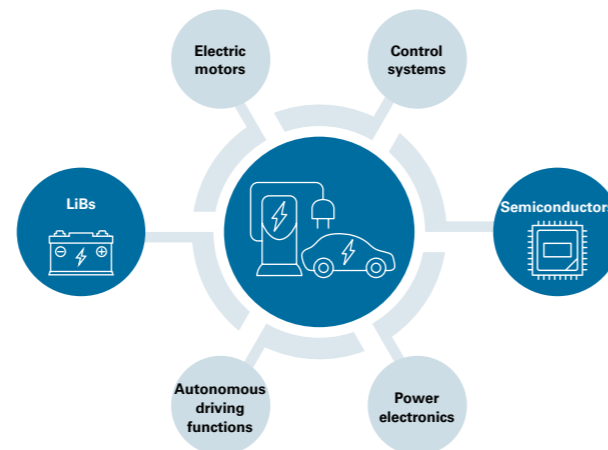


Notes: 1. Estimates based on announced policy scenarios (scenarios that incorporate current plans of each country's government)
 2. Excluding motorcycles, tricycles, etc.
 Compiled independently by the Company based on IEA 2024; Global EV Outlook, <https://www.iea.org/reports/global-ev-outlook-2024/outlook-for-electric-mobility>, CC BY 4.0. This chart is not endorsed by the IEA.

Approach

Due to its Toyota Motor Corporation and Sony Corporation lineage, the Mitsui-Soko Group excels in logistics relating to automobiles and electrical appliances. Components such as LiBs and semiconductors, as well as some of their raw materials, are classified as dangerous goods, and their storage and transportation requires strict compliance with laws and regulations and specialist knowledge. Our Group is strengthening its logistics responsiveness in entire mobility-related supply chains by collaborating with partners who have excellent expertise in the dangerous goods field and by obtaining certifications and approvals and authorization from domestic and international regulatory authorities.

In response to the movement of attracting semiconductor manufacturing bases to Japan, we are also promoting ways to cater to demand by building new logistics networks, including operating new warehouses.



Examples of specific initiatives

Creating a wholly owned subsidiary by acquiring a stake in our Chinese joint venture

New vehicle unit sales are trending upward in China, and with the Chinese government instituting policy to convert all newly sold vehicles to vehicles with energy-saving and new-energy technology by 2035, we expect vehicle manufacturing in China to continue to expand. Given these conditions, the Group acquired an additional investment in MSE CHINA (BEIJING) CO., LTD., a joint venture with our local subsidiary in China, and made it a wholly owned subsidiary. So that we can flexibly accommodate strategies to enhance our main customers' sales in China, we are building a corporate system that can implement more rapid management decision-making.

Start of construction design for a new warehouse in Malaysia

Manufacturing bases for both automobiles and automotive components in Southeast Asia have been steadily increasing in recent years, and demand for warehouses is also rising. To respond to the needs of automotive components-related companies in Malaysia for expanded production and warehouse consolidation, the Group began the construction design for a new warehouse. Plans are for the warehouse to handle products of both Japanese companies and local companies, as the Group works to capture demand in overseas markets.



1. Enhancement of integrated solution service

Healthcare

Market Trends/Background

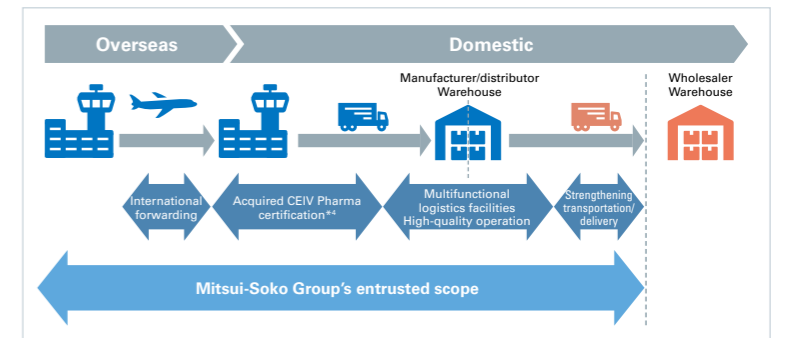
In the ethical pharmaceuticals market, the common means of treatment methods are categorized into various product fields that include small molecule pharmaceutical products, and medium- and high-molecular pharmaceutical products, as well as gene therapy and regenerative medicine. There is a certain market scale for small molecule and medium- to high-molecular pharmaceutical products, but whereas the scale of the market for gene therapy and regenerative medicine products is currently small, high growth rates are expected in the years to come. Pharmaceutical logistics requires a high level of expertise, as temperature control and operational quality control standards differ depending on each field.

Approach

Having established a system in accordance with GMP*1 and QMS*2 and obtained business licenses in-house under the Pharmaceutical and Medical Devices Act, the Mitsui-Soko Group provides high-value-added logistics services that can handle everything in the distribution from manufacturing to sales. Equipped for the "high-quality operations" under the supervision of large numbers of managing pharmacists, and with GDP-*3 and BCP-compatible "highly functional facilities," we have also established logistics systems for the storage and transportation of products such as gene therapy and regenerative medicine, the market for which is expected to expand in the years to come.

	Logistics needs	Market scale forecast*
Developing new services to meet customer needs	Developing new services to meet customer needs	¥0.6 trillion → ¥7.2 trillion
Medium- and high-molecular pharmaceutical products	Services that provide bird's-eye view of supply chains and that ensure a high level of quality	¥26.0 trillion → ¥39.8 trillion
Small molecule pharmaceutical products	Storage and transportation services that maintain operational quality in terms of volume zones	¥48.0 trillion → ¥55.0 trillion

*Created by the Company based on Arthur D. Little Japan Co., Ltd. "Survey Report on Issues for Industrialization Related to Pharmaceuticals, Regenerative Medicine, Cell Therapy, and Gene Therapy and Efforts Necessary to Solve Issues for fiscal year ended March, 2021," project commissioned by Health and Medical Strategy Office, Cabinet Secretariat (2021)



*1 Good manufacturing practice: standards for the manufacture and quality control of pharmaceuticals, etc.
 *2 Quality management system: standards for the manufacture and quality control of medical devices and in vitro diagnostic pharmaceuticals
 *3 Good distribution practice: appropriate distribution standards for pharmaceuticals
 *4 Center of Excellence for Independent Validators in Pharmaceutical Logistics: A quality certification program for pharmaceutical air transport developed by the IATA.

Examples of specific initiatives

Launch of new transportation service for regenerative medical products through co-creation with ANA Cargo Inc.

Regenerative medical products must be handled in various temperature ranges, including extremely low temperatures (minus 150°C and lower), and require a high level of expertise in storage and transportation.

Together with ANA Cargo, the Group developed "PRIO PHARMA – QuickCare," a new first-of-its-kind service for a Japanese company that can handle regenerative medical products. In the regenerative medicine field, we are building an international transportation platform to fulfill door-to-door shipments between the United States and Japan and providing new international transportation services.

High-quality logistics services specialized for pharmaceuticals, medical devices, and regenerative medical products

PRIO PHARMA – QuickCare

Transportation customized for different kinds of cargo	Full lineup of materials and equipment including temperature-controlled containers	Handling by educated staff
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Rapid, reliable transportation

- 100% guaranteed reserved flights
- Establishing a backup system for anomalies

Ensuring quality

- Preparing different manuals to meet customer requests
- Providing staff education

1 Top-line Growth by Mobilizing the Group's Collective Strength



1. Enhancement of integrated solution service

B2B2C

Market Trends/Background

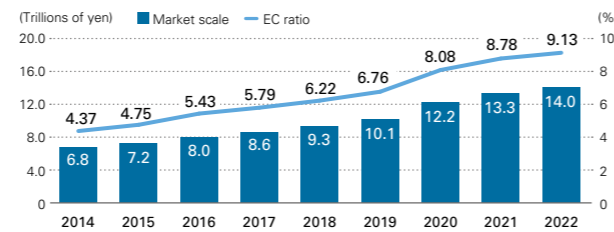
The sales methods of manufacturers and retailers are changing due to the progress made with digitization and changes in consumer preferences. Companies are strengthening sales strategies aimed at synergies between store and e-commerce (EC) sales, and logistics optimization is important for these strategies. The issue of a shortage of drivers brought about by an increase in small-hot deliveries due to the spread of EC and a domestic labor shortage is also becoming more serious, and thus building a stable logistics network is becoming an issue. In the B2B2C field, it is necessary to provide logistics services from the perspectives of both capturing opportunities and reducing risks.

Approach

Centered on our logistics design capabilities, which have been proposed to a wide variety of customers, and our experience in operating home appliance distribution centers, the Mitsui-Soko Group has been providing optimal logistics solutions that connect manufacturers, retailers, and consumers. By leveraging this know-how, we are designing supply chains that align with customers' business strategies. For instance, we provide a joint logistics platform that shares inventory from multiple manufacturers and mass retailers at the same logistics center, as well as technical services that undertake delivery, installation, and maintenance work for home appliances and furniture across Japan. In response to the increase in EC sales in recent years, we are working to optimize the logistics operations for both stores and EC by installing material handling equipment and building a support system that responds to logistics trends.

In addition, we are currently working to expand our handling in the B2B2C area to include the daily necessities and fashion fields.

Changes in BtoC-EC Market Scale and EC Ratio over Time in Product Sales Field (Japan)



Compiled based on Market Research Report on Electronic Commerce for Fiscal 2022, Digital Economy Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry

Supply Chain Design

- Design optimal supply chains to achieve customers' business strategies, including optimizing store and EC sales, etc.

Operation

Joint Logistics Platform

- Operation of logistics centers that share inventory from multiple manufacturers and mass retailers at the same center
- Operation of logistics centers that create synergies between stores and EC sales channels

Technical Logistics Platform

- Delivery, installation, and maintenance work for home appliances, furniture, etc. across Japan
- Provision of preventive maintenance of equipment and replenishment services for consumer goods

Please see "The B2B2C Business Model" on P.33-34 for details.

Examples of specific initiatives

Strengthening our Kanto network to create an east-west, dual-hub logistics network

In line with the business expansion of home appliance retailers, in addition to our transfer center/distribution center/EC integrated large-scale logistics center in the Kansai region, we opened a similar center in the Kanto region to build an east-west, dual-hub logistics network. Particularly to support the increasing number of EC shipments and diverse store operations, using our logistics know-how at our Kansai logistics center, through new forms of mechanization and the standardization of logistics operations, we will challenge ourselves to achieve further labor-saving and stability in our operations.

In line with our customers' future business expansion, we will also evaluate expanding the functions of our logistics centers.

Opening logistics centers to handle store and EC sales of luxury brands

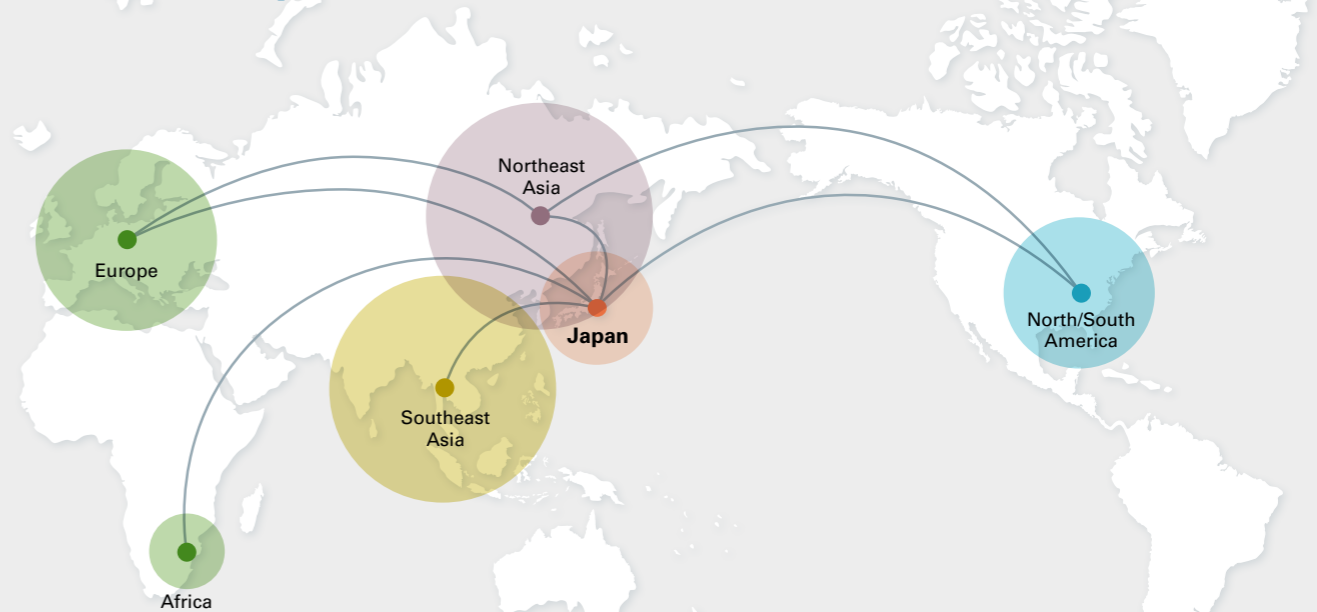
In recent years in the luxury industry, through high-powered brand strength, sales channels are expanding with growth in product lineups and EC sales, and logistics companies are called on to possess broad logistics know-how including knowledge of diverse fields and the B2C business.

The Group has been recognized for our past achievements, and we are expanding our capacity to handle the luxury industry. As a result, we have recently opened and begun operating a specialized logistics center. The logistics center's location was chosen based on the convenience of its access, ensuring employee labor force, and the risk of natural disasters, and is an environmentally conscious facility with solar panels and LED lighting installed.



1. Enhancement of integrated solution service

Japan, China, and Southeast Asia



Providing logistics services primarily to Japanese companies, the Mitsui-Soko Group has built a global network that supports its customers' global strategies.

Interest in logistics has grown in recent years due to the supply chain disruptions caused by the COVID-19 pandemic. The need to review supply chains is also expected to rise due to geopolitical risks and the increasing severity of natural disasters. Having networks in place around the world, our Group has built a logistics network that can flexibly respond to changes in and optimizations of supply chains.

In addition to Japan, as focus regions in the years to come we will work to expand our business with China and Southeast Asia, where many Japanese-affiliated companies have entered the market and our Group has a number of bases. By leveraging our global network and collaborating with Group companies, we will bring about a deeper understanding of SCM logistics, which will optimize entire supply chains in conjunction with production planning and sales planning.

Southeast Asia	Japan	China
<p style="text-align: center; margin: 0;">Promotion measures</p> <ul style="list-style-type: none"> • Beginning of plans to build a new warehouse in Malaysia • Promoting one-stop logistics proposals (storage, land, sea, and air transportation) through collaboration with Group companies • Expansion of handling goods in specialty areas (raw materials and products such as food and chemicals) • Promoting solution proposals toward expansion of handling electronic components, automotive parts, etc. • Promote construction of transportation networks that can respond to geopolitical risks, strengthen NVOCC*1 • Promote initiatives to reduce environmental impact at logistics bases <p><small>*1 Non-Vessel Operating Common Carrier. Operators that do not own vessels, but instead use vessels of transportation operators to transport cargo for shippers. International intermodal transportation that enables the provision of door-to-door services that combine two or more means of transportation.</small></p>	<p style="text-align: center; margin: 0;">Promotion measures</p> <ul style="list-style-type: none"> • Deepening of focus areas of mobility, healthcare, and B2B2C logistics • Promotion of SustainaLink service • Promote DX by building logistics platforms and installing robotics, etc. • Promote initiatives to reduce environmental impact, such as installing solar power generation equipment at logistics bases • Response to driver shortages, including the 2024 problem of limits on crew overtime 	<p style="text-align: center; margin: 0;">Promotion measures</p> <ul style="list-style-type: none"> • Additional acquisition of equity in local joint venture company in anticipation of expansion of the EV and HV market (become wholly owned subsidiary) • Rationalization of bases • Promoting one-stop logistics proposals (storage, land, sea, and air transportation) through collaboration with Group companies • Expansion of handling goods in specialty areas (raw materials and products such as food and chemicals) • Promotion of buyers' consolidation*2 • Promoting rail transport services between Europe and China <p><small>*2 A process by which retailers and other parties consolidate products purchased from multiple production bases into one location, consolidate them into containers, and transport them to their destinations.</small></p>

Medium-term Management Plan 2022 > Top-line Growth by Mobilizing the Group's Collective Strength

1 Top-line Growth by Mobilizing the Group's Collective Strength



2. Expansion of sustainability-oriented business

Background/Approach

In recent years, sustainability-related issues have become more diverse and globalized, and with the acceleration of laws and regulations, companies are required to take comprehensive measures. In logistics, due to frequent and severe natural disasters as well as the disruption to distribution networks brought about by COVID-19, the building of stable supply chains has become beset with difficulties.

The Mitsui-Soko Group offers SustainaLink as a new service that supports the sustainability of logistics. As a comprehensive logistics company that can deploy one-stop logistics services from upstream to downstream, we will realize stable supply chains for our customers not only by consulting with them, such as on logistics diagnostics and analysis, but also by proposing specific improvement measures that extend to executing actual operations. We will also aim to expand our handling of sustainability products, which are expected to increase in demand in the future. By continuing to expand services arising from social issues in the years to come, we will create new value while contributing to a sustainable society.

Expansion of SustainaLink Service

SustainaLink identifies risks surrounding logistics in social issues from the three perspectives of the environment, labor force, and disaster. The service supports customers in achieving stable supply chains by proposing measures to deal with these risks by following the three steps of "Know," "Visualize," and "Improve." Going forward, we will work to further deepen the SustainaLink service to achieve the sustainability of our customers' logistics and expand our Group's business.

Risks Surrounding Logistics

<p>Growing social trend toward carbon neutrality</p> <ul style="list-style-type: none"> Increasing importance of climate change-related disclosure and response measures Significant cost increase due to carbon tax introduction CO₂ emission reduction requests in the supply chain 	<p>Labor risk</p> <ul style="list-style-type: none"> Growing labor shortages in the logistics industry Compliance with new laws and regulations Soaring logistics labor costs 	<p>Increasing severity and frequency of natural disasters and spread of infectious diseases</p> <ul style="list-style-type: none"> Losses due to distribution network outages Loss of sales opportunities due to pauses in production Increasing reputation risk
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SustainaLink Service

<p>Environmental Risk</p> <p>CO₂ emitted and waste generated by logistics</p> <p>STEP 1 [Know] Know the current system and future trends of CO₂ and waste</p> <p>STEP 2 [Visualize] Visualize CO₂ and waste emissions</p> <p>STEP 3 [Improve] Reduce and offset CO₂ and waste emissions</p>	<p>Labor Force Risk</p> <p>Shortages of logistics personnel</p> <p>STEP 1 [Know] Know the status and future trends of the logistics labor force</p> <p>STEP 2 [Visualize] Visualize work, transportation, and office personnel and work hours</p> <p>STEP 3 [Improve] Streamline and automate work, transportation, and office tasks to reduce the number of personnel</p>	<p>Disaster Risk</p> <p>Concerns that logistics operations may stop in the event of a disaster</p> <p>STEP 1 [Know] Know the logistics risks due to disasters, etc.</p> <p>STEP 2 [Visualize] Assume and visualize logistics risks such as disasters</p> <p>STEP 3 [Improve] Build a disaster-resilient logistics system</p>
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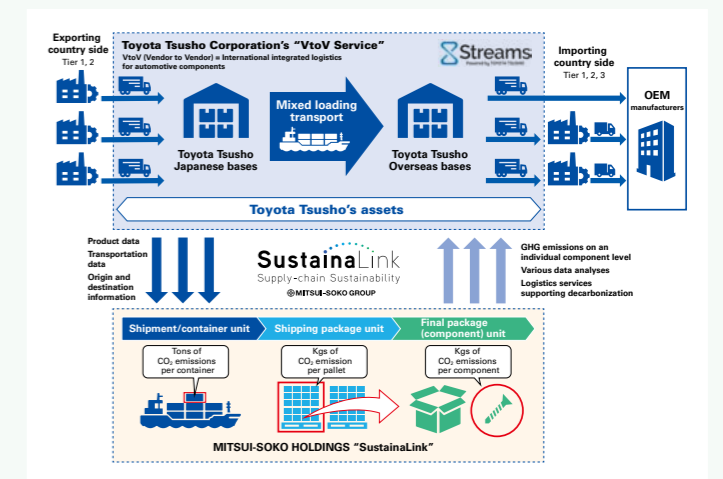
Examples of specific initiatives

As a co-creative partner with Toyota Tsusho Corporation, we launched a new service in the logistics GHG emission visualization field

As part of our response to climate change, we are called on to calculate, report, and reduce not only the Company's own CO₂ emissions (Scope 1 + 2) but also CO₂ emissions throughout the entire supply chain (Scope 3). Within Scope 3, for CO₂ emitted in the logistics process (Categories 4, 9), because goods are transported by multiple logistics companies before being delivered, visualization is difficult. Through our MS CO₂ Analyzer, a CO₂ emissions calculation service that is offered as one of our SustainaLink services, we have performed a total of approximately 10 million sets of calculations to date (as of the end of March 2024). The MS CO₂ Analyzer service meets international standards such as ISO 14083:2023* and can perform detailed CO₂ emissions calculations.

To further strengthen our services, the Group concluded a business alliance agreement with Toyota Tsusho Corporation and is launching a logistics CO₂ calculation service that allows CO₂ emissions to be measured for individual automobile components in international logistics, the first of its kind in the world. Utilizing the optimal supply chain creation business provided by Toyota Tsusho Corporation that combines commercial distribution and logistics, the Group's decarbonization solutions services, and the logistics know-how and networks possessed by both companies, we are taking further steps to build logistics systems that contribute to carbon neutrality.

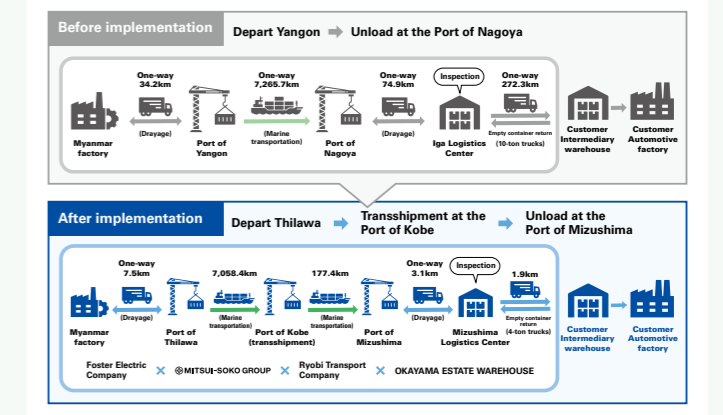
*International standard issued in March 2023 related to the quantification and reporting of GHG emissions in the passenger and cargo transportation chains



Reducing CO₂ emissions and total hours spent working by drivers through changes to international integrated logistics schemes

In truck transportation, in addition to the environmental burden of CO₂ emissions, there are social issues such as truck driver labor shortages.

Through co-creation with our client Foster Electric Company, Limited and our business partners Ryobi Transport Company of Ryobi Holdings Co., Ltd. and OKAYAMA ESTATE WAREHOUSE Co., Ltd., we performed a comprehensive review from the starting point of product shipping and achieved a reduction in both CO₂ emissions and total hours spent working by drivers. Specifically, we significantly reduced the distance of land transportation by changing to export ports that are closer to manufacturing plants, using coastal vessels in Japan, and changing domestic logistics centers.



Solution Example

Customer	Foster Electric Company, Limited
Task assignments	<ul style="list-style-type: none"> Reducing CO₂ emissions generated by transportation Reducing workloads for truck drivers
Solution method	<ul style="list-style-type: none"> Changing the port of export Switching from truck transportation to coastal vessel transportation Changing the domestic logistics center
Reference	Won the Special Award at the FY2023 Excellent Green Logistics Commendation Program

<p>CO₂ emissions</p> <p>182.5 t-CO₂</p> <p>↓</p> <p>121.3 t-CO₂</p> <p>(34% reduction)</p>	<p>Total hours spent working by drivers</p> <p>Reduction impact</p> <p>1,024 hours</p> <p>(80% reduction)</p>	<p>The increased frequency of deliveries has facilitated the standardization of inspection deadlines, reducing frontline workloads</p>
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Medium-term Management Plan 2022 > Top-line Growth by Mobilizing the Group's Collective Strength

1 Top-line Growth by Mobilizing the Group's Collective Strength

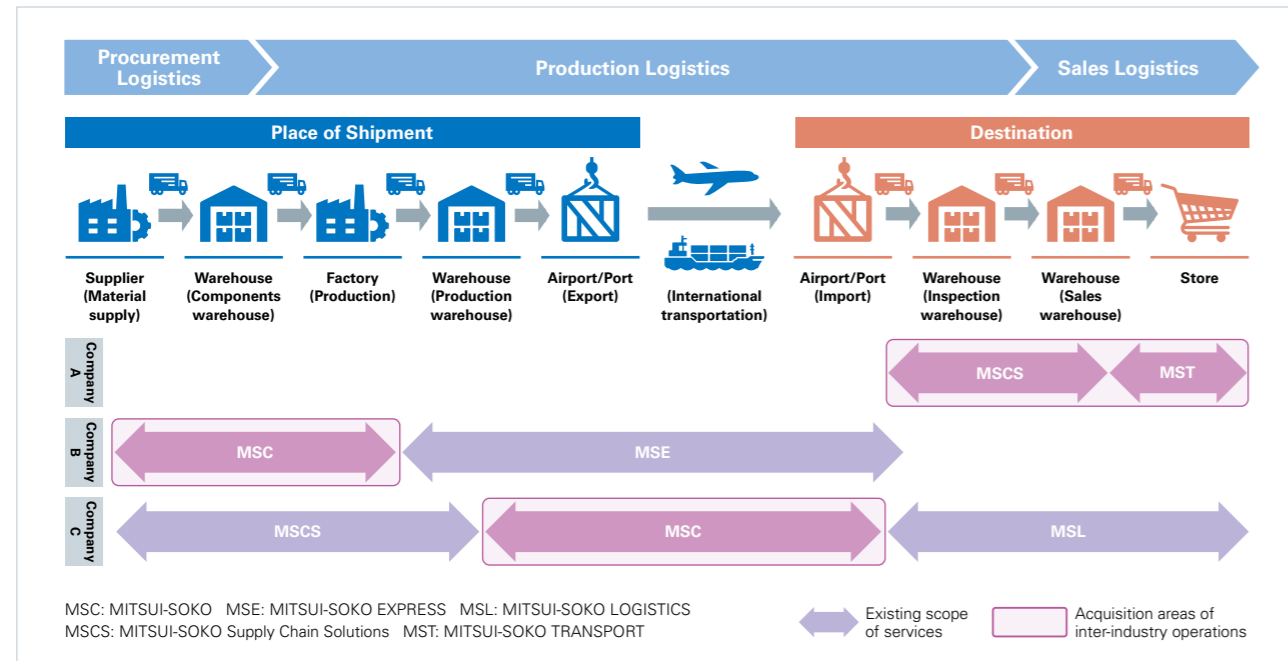


3. Deep digging in the inter-industry

Background/Approach

Through M&A and other business expansion, the Mitsui-Soko Group possesses a wide and excellent customer base and one-stop logistics functions (storage, land, sea, and air transportation). Each Group company offers different advantages in terms of its logistics functions and customer industry. Going forward, we will aim to expand our base operations to capture the inter-industry areas where each company has been unable to provide business services on their own. By utilizing the Group's collective strengths, we will achieve further optimization of supply chains from the perspective of overall optimization rather than individual optimization.

Acquisition of Inter-industry Operations (Illustration)



Examples of specific initiatives

Results for the fiscal year ended March 31, 2024 and future initiatives

In the fiscal year ended March 31, 2024, by combining the best logistics functions of each of our Group companies, we attracted orders for storage, international transport operations, and import/export operations from customers including healthcare companies and everyday goods manufacturers, leading to top-line growth. We were also able to provide optimal solutions by combining the Group's diverse expertise and global network, including acquiring overseas logistics operations for our retail customers for whom we already handle domestic logistics operations.

Additionally, toward the further acquisition of inter-industry operations, we are promoting communication that spans different organizations. In the Asia Pacific region, we

established the Co-creation Subcommittee to strategically pursue the acquisition of inter-industry operations by sharing information among the sales organizations of our Group companies. For the service menu expected to be in demand by our overseas customers, such as logistics CO₂ emissions calculation services, we are coordinating with the MITSUI-SOKO HOLDINGS Supply Chain Sustainability Sales Division, our dedicated sustainability solutions organization, to build a system capable of providing these services in the future.

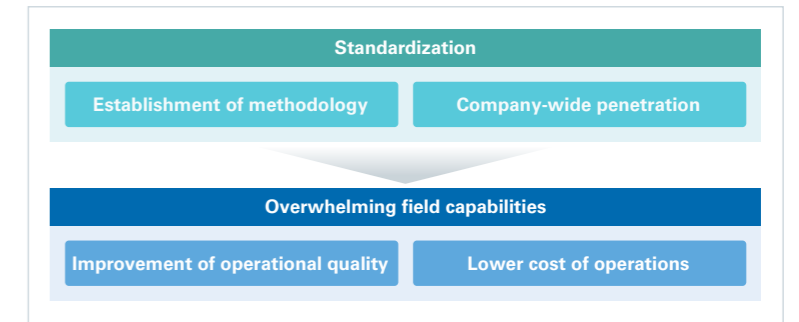
While striving to attract untapped business by making proposals that leverage the Group's collective strengths, we will continue to expand our base operations in the years to come.

Medium-term Management Plan 2022 > Reinforcement of Operational Competitiveness

2 Reinforcement of Operational Competitiveness

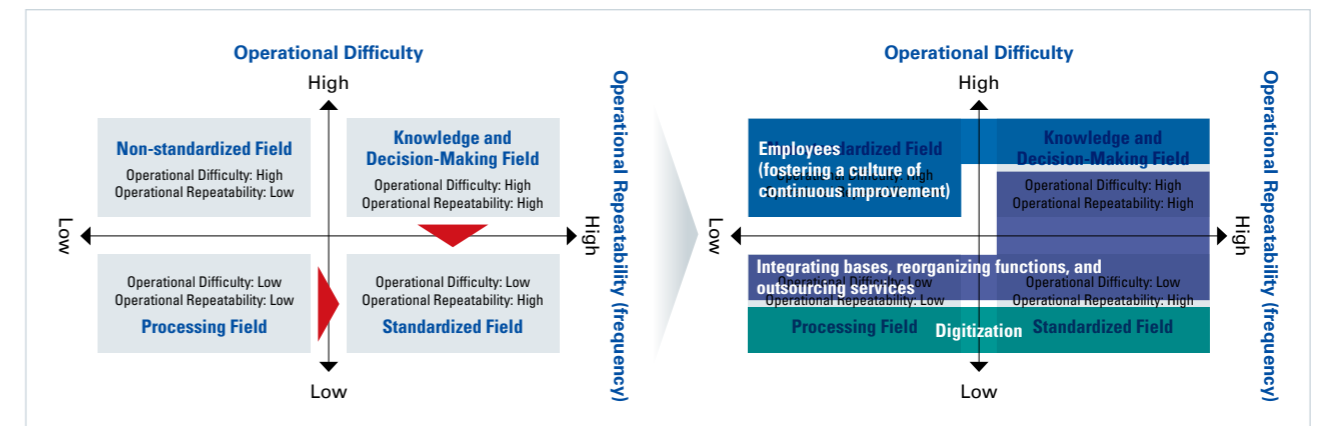
Background

One of the Group's 4 VALUES that make up our philosophy is "GEMBA—Our frontline: The base of potential, power, and progress." In our Medium-term Management Plan 2022, "reinforcement of operational competitiveness" is positioned as one of our growth strategies, and through our initiatives we are building a corporate system to establish competitive superiority and to continuously create value.



Approach

To build "overwhelming field capabilities," we must pursue simultaneous improvements in our service quality and cost control in our operations. To realize these goals, we will categorize our operations services by difficulty and operational repeatability and create policies suited to each operation. Based on the standardization process established, we are aggressively pursuing digitization for operations with a relatively low difficulty level and considering integrating bases, reorganizing functions, and outsourcing services for fields that are relatively difficult to digitalize. For operations with a high difficulty level, by systematizing and horizontally developing improvement methods at model bases, we are fostering a culture of continuous improvement while aiming to improve quality at all bases. To accomplish these goals, we will combine "the power of people (daily, continuous improvement activities)" and "the power of technology (operational DX)" to create overwhelming field capabilities.



Examples of specific initiatives

Improving frontline operations

We are promoting initiatives aimed at visualizing workloads and optimizing work plans at multiple offices and pursuing systemization based on the evaluation results. Through the horizontal development of these policies, we are building a system that creates an independent cycle of improvement activities at every base. In terms of the optimization of work plans, we are developing a work plan system that facilitates the detection of operational abnormalities, progress tracking, and the efficient formulation of optimal work plans. Additionally, to address Japan's 2024 problem, we are developing a system to manage delivery entry/exit receiving and a truck berth reservation system to introduce at each of our bases.

Improving office operations

We are advancing standardization at many of our bases responsible for cargo handling*. To ensure efficient operations at every base, we have clarified the details of the different tasks for each customer and between organizations, worked to systemize operations services, and formulated guidelines for all our locations. We are also developing an internal system capable of sharing the knowledge that we have gained through these activities.

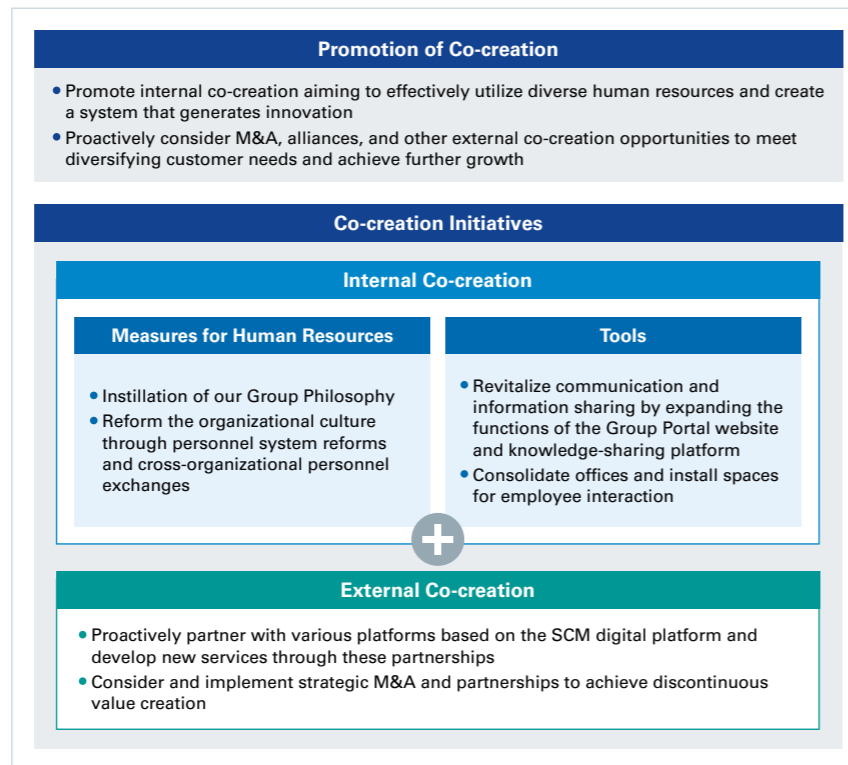
Going forward, while promoting standardization activities at all our bases, we will work to improve guidelines and develop systems as part of our process of continuous improvement.

*Operations related to customs representation, storage and shipping arrangements, and coordinating with customers

3 Building Management Foundation to Support the Deepening > Co-creation

Background/Approach

To promote innovation and continue to originate new value, we will not only promote internal co-creation within the Group but also promote co-creation with external companies, including those in other industries. In addition to improving the quality of internal co-creation and creating an organization where diverse human resources can play active roles by expanding personnel exchanges and communication measures, we will actively promote co-creation with external parties in anticipation of further strengthening our focus areas, such as DX promotion and healthcare.



Examples of specific initiatives

Results of internal co-creation initiatives

Development of integrated solution service

Within the Group, we possess diverse logistics functions, networks, human resources, and know-how. We are focusing on the development of logistics solutions based on latent customer needs and societal issues that maximize the use of and integrate these different forms of capital.

Related pages [P.45-48](#)

Acquiring new customers and expanding the scope of service provision to existing customers

The Strategic Sales Division and the Supply Chain Sustainability Sales Division, the sales organizations responsible for cross-organizational sales activities established at MITSUI-SOKO HOLDINGS, coordinate with our various operating companies to propose solutions that align with the unique characteristics of each industry and our customers' needs. In recent years, while coordinating among our operating companies, we have proposed optimal solutions that integrate our diverse expertise and global networks. Not limited to proposals for new customers, the Group is also advancing initiatives related to the "inter-industry" field in which the Group presently cannot provide solutions for existing customers' supply chains.

Related page [P.51](#)

Results of external co-creation initiatives

Co-creation with customers

With many changes taking place in our customers' supply chains accompanying changes in the external environment, we take pride in creating value together with our customers. Through a deep understanding of our customers' businesses, we are creating social value by creating value in their businesses. These initiatives have also received high praise from external groups and organizations, winning the Group multiple awards.

Related page [P.50](#)

Co-creation with partners

The Group is strategically coordinating with external partners to combine know-how and technologies that the Group does not currently possess with the Group's strengths including human resources to accelerate value creation.

Related pages [P.46, 50](#)

Open co-creation spanning different industries

To resolve societal issues and to create value throughout the entire logistics industry from a medium- to long-term perspective, we are advancing co-creation through open discussions with companies from diverse industries.

Related page [P.34](#)

Human Resources Strategy



Fostering a corporate culture that cultivates both "individual growth" and "co-creation ability" with the goal of evolution as a unified group

Eisuke Tanaka

Managing Executive Officer
Responsible for Personnel and HR



My mission is to foster a corporate culture that encourages the growth of the Group. While carrying on the flexible, open-minded culture of the Group, I will do everything possible to further accelerate our evolution.



Fostering a corporate culture that encourages the growth of the Group

My name is Eisuke Tanaka, and I was recently appointed as the officer responsible for personnel and HR. Since joining the Group, I have mainly worked on the front lines in Japan in our warehousing and forwarding business and in vessel operations. In this work, I maintained close relationships with our customers, the Company's employees, and our partner companies. Through these experiences, I feel that the Group's advantages are our comprehensive strengths that integrate the know-how of our Group companies and our field capabilities that support these comprehensive strengths.

My mission as the officer responsible for personnel and HR is to foster a corporate culture that encourages the growth of the Group. The Group, which got its start in the warehousing business, has evolved throughout our history into a comprehensive logistics company that works hand-in-hand with companies with different structures and cultures such as the logistics subsidiaries of automobile, electronics, and home appliance manufacturers. While carrying on this flexible, open-minded culture, I will do everything possible to further accelerate the evolution of the overall Group.

In April 2023, we formulated our basic policy on the recruitment and training of the human resources responsible for the future of the Mitsui-Soko Group as, "The human resources we seek—Design the new story and lead everyone." The

human resource requirements represent "the ideal human resources desired by the Group" that embody our philosophy and management strategy.

Naturally, it is not enough simply to have formulated this policy, and it is essential that the policy be disseminated throughout the Company and that all our employees take personal responsibility to act in accordance with the policy. In addition to human resource acquisition focused on the next generation, human resource development is a key issue. We will focus on the employees who currently support the Group with the goal of achieving further improvement of corporate value.

The direction and main initiatives of our human resources strategy aimed at realizing our management strategy

In addition to the profile of the human resources we seek, based on our recently revised materiality of "Advancing human capital management," we have updated our human resources strategy and established four themes as our main initiatives.

Strengthening human resources portfolio management to enhance the comprehensive strengths of the Group

Our first theme is "Strengthening human resources portfolio management to enhance the comprehensive strengths of the

Human Resources Strategy

Group.” It is essential that we define what kind of human resources are necessary to realize our management strategy over the medium to long term, to assess the gap between that ideal and our present reality, and to connect this to specific and effective human resource policies. At present, one of the goals in the Group’s Medium-term Management Plan is the enhancement of integrated solution service. I feel that we are fostering an awareness of “providing the optimal capabilities and services as a Group” among the employees of all our operating companies. However, we still need more information and personnel exchange to enhance our solution capabilities. In terms of important focus areas for management going forward, I would like to promote the visualization of personnel data throughout the Group and to carry out strategic human resource development and exchange based on that visualization process. Furthermore, at present, we are working to introduce a talent management system, with plans to ultimately build a common human resources data platform for the entire Group in the future.

Individual evolution

Our second theme is “Individual evolution.” Based on the belief that the individual growth and evolution of our employees connect to the sustainable growth of the Group, we are proactively developing our personnel and supporting their growth. One of our policies toward this end is the introduction of an online learning platform that encourages independent learning among all our employees. In listening to our employees, I have been happy to hear many of them express the desire to learn and grow. Supporting employees with the desire to learn and grow and providing the required learning environments is an important mission for our human resources

division, and we are promoting initiatives to achieve this mission. Furthermore, we are developing various policies specific to job classes and specialized skills, such as establishing “Mitsui-Soko College,” a training program for managers, with the goal of developing the next generation of management personnel. At MITSUI-SOKO HOLDINGS, we have also introduced an internal application system that allows employees to challenge themselves in new careers based on their own goals. By proactively supporting self-motivated employees, their individual motivation increases, and we are considering expanding the scope of this system and rolling it out throughout the entire Group. By accumulating diverse experience in a new environment, I believe that employees will be able both to broaden their perspective and improve their performance.

Enhancing our co-creation ability

Our third theme is “Enhancing our co-creation ability.” The goal of enhancing our co-creation ability is to build a strong organization that creates new value and contributes to society and our customers by utilizing our strengths and exchanging different opinions and views, regardless of age, gender, or career track. However, for personnel with diverse values to be successful, it is essential that they share a common purpose and common principles, which is at the heart of our Group Philosophy. Last year, we held Group Philosophy training throughout the entire Group, which was an opportunity for our frontline employees to discuss the Group Philosophy while considering the future vision for the Mitsui-Soko Group. However, because training alone is not sufficient to fully disseminate this goal, we are continuously carrying out policies to do so.

“ In addition to establishing a personnel system to implement our management strategy, by maximizing the value of our human resources, we will support the growth of the Group. ”

Furthermore, to continue being a strong organization, the success of diverse personnel and a flexible approach to change are necessary, and to realize these goals, the proactive involvement of management-level employees is essential. I would like for the management-level employees that encourage the growth of their subordinates and drive the growth of the Group to understand and empathize with the policies of the Company and to engage in communication that drives our organization in a positive direction. We are also promoting initiatives to enhance Group management. For example, at “Mitsui-Soko College” that I just mentioned, the goal is to build a shared platform for the future Mitsui-Soko Group and for the management-level employees of each operating company that will act as the next generation of management responsible for the future of the Group to share opinions on their operations and the Group’s future.

I also hope to build on the diversity & inclusion initiatives that are already underway at the Group. This fiscal year, we launched a mentor system to help develop our female employees in which officers of the Company support female managers. We also launched a sponsorship system in which superiors support female employees who are candidates for management positions. Both of these initiatives are part of the Company’s continued efforts to promote the active participation of women.

Building environments for evolution and co-creation

Our fourth theme is “Building environments for evolution and co-creation.” A strong foundation is necessary to support the promotion of evolution and co-creation. Where the foundation is unstable, we are unable to respond to drastic changes in the business environment. We see our employee engagement survey as a tool to understand this platform. By implementing regular engagement surveys with our employees, the Group endeavors to foster understanding of the Company’s policies, to increase passion among our employees for their work, to confirm the level of affinity that they have for the Company, and to use the results of the survey in crafting our policies. In our employee engagement survey, as indicators to gauge “individual evolution,” we look at items such as “growth opportunities,” “providing career opportunities,” and “a culture of taking on challenges.” As indicators to gauge “co-creation ability,” we monitor items including “empathizing with our Group Philosophy” and “acceptance of the Company’s policies and business strategies” as shared guidelines to facilitate the success of diverse human resources. We reflect the results of this monitoring process in rolling out our policies. Specifically, we implement as needed initiatives to improve our human resources systems and to strengthen relationships between superiors and subordinates. We have been aware of the issue

of creating “a culture of taking on challenges” since the previous fiscal year. Through the initiatives that have been discussed thus far and by providing opportunities, I hope that our employees can grow in their work by not fearing failure and by constantly taking on new challenges, and I would like to work to help them become aware of that growth. All these policies are effective only when our employees are in good physical and mental health. As such, we have focused on actively promoting health management, and last year we were recognized as a Certified Health & Productivity Management Outstanding Organization.

Coming together as a Group to create a corporate culture in which all employees can be successful

My own personal policy is to be straightforward with everyone no matter their position, to deepen understanding through dialogue, and to build human relationships. In my first job after joining the Company in the port transportation business, I oversaw the cargo handling operations of foreign ships docked in Japan. The process of loading and unloading import/export cargo when ships enter and leave port and delivering cargo to its destination required the cooperation of a wide range of people. What I learned through this experience is that while technical elements such as productivity and efficiency are of course important, what truly matters is everyone working together toward a common objective regardless of age, position such as customer or business partners, or who is in the position or relationship to give or follow directions.

This policy is the same for those of us in management positions. We have begun an initiative to visit workplaces in person to build relationships of trust with our employees and to hold dialogues with individual employees to listen to their opinions ourselves. We are taking a straightforward approach of communicating the policies and ideal direction of the Company to our employees in our own words, listening to the real opinions of the front lines, and implementing the necessary measures immediately.

“Human resources” are the source of value for the Mitsui-Soko Group, and without the growth of our employees, it is not possible to improve our corporate value. To realize our PURPOSE of “Empower society, encourage progress,” we will foster a corporate culture that allows our employees to achieve independent growth, which in turn will lead to the growth of the Group.

Overview of Human Resources Strategy

Overview of Human Resources Strategy	
Aim	Main Themes
Establish a personnel system to implement our management strategy We aim to build a Group-wide personnel system based on our management strategy and business portfolio	1. Strengthening human resources portfolio management to enhance the comprehensive strengths of the Group By visualizing our human resources portfolio, we will supplement and optimize the gap between present conditions and future goals both qualitatively and quantitatively
	<div style="text-align: center;">  </div>
Maximizing the value of human resources In addition to developing and retaining human resources to realize our management strategy, we will improve the Group’s corporate value by maximizing the capabilities of our human resources	2. Individual evolution Through the individual growth and evolution of our employees, we will improve the Group’s corporate value and encourage sustainable growth
	3. Enhancing our co-creation ability We aim to build a strong organization in which diverse human resources can be successful and that responds flexibly to change
	4. Building environments for evolution and co-creation We will build an environment to act as a platform to create an organization to promote individual evolution and co-creation

DX Strategy



Taking on the challenge of strengthening competitiveness by optimizing logistics and transforming corporate culture through DX

Yuji Itoi

Director, Senior Executive Officer
Responsible for Information Systems
(Digital Strategy Division & Information Systems Division)

Contributing to business growth and enhancing competitiveness through DX

Logistics contributes to the optimization of our customers' businesses and leads to the creation of a society where people can live comfortably. This is also reflected in our PURPOSE: "Empower society, encourage progress." Currently, in the logistics industry, it is becoming increasingly difficult to deliver goods on a daily basis due to geopolitical risks, climate change, and worsening social issues such as the 2024 problem (shortage of truck drivers due to new regulations limiting overtime hours introduced in 2024). As a result, building an efficient and resilient supply chain has become critically important. For our Group, promoting DX is not a "goal" but a "means" to achieve these objectives. By leveraging DX, we aim to enhance our competitive advantage and create higher value.

My mission is to demonstrate leadership in promoting the DX strategy formulated in 2021 (see figure "Complete Picture of the DX Strategy"), ensuring the effective implementation of various initiatives while considering our Group's corporate culture, business environment, and technology trends. I aim to contribute to promoting innovation and strengthening the competitiveness of our Group.

"Promoting DX" has also been identified as one of the key materiality issues in our recently revised materiality framework, and we will further accelerate our efforts going forward.

In addition to introducing and refining technology, we are also promoting DX education for all our employees

In our DX strategy, in addition to building digital platforms and rolling out AI, robotics, and RPA, we are researching emerging technology trends and offering DX education to transform our corporate culture.

As progress toward the fiscal year ended March 31, 2024, in the "aggressive DX" aimed at achieving business

transformation, we have begun full-scale operations of Logistics Value Link (LVL), an SCM digital platform, for specific customers. We are focusing on import functions and are concentrating on building a track record as a platform. Furthermore, it is important to foster a culture that effectively utilizes data in daily operations, and we provide a data analysis system for this purpose. In this way, our service offerings that contribute to the optimization of our customers' supply chains are taking shape.

In terms of "Defensive DX" aimed at business optimization, we are moving forward with smart logistics, which focuses on optimizing logistics operations using the latest technologies such as robotics, material handling equipment, AI, and RPA. Currently, we are promoting the optimization of on-site operations by introducing multi-picking carts, autonomous mobile robots (AMR), etc., mainly for e-commerce operations for multiple customers.

Furthermore, in terms of "DX talent development," we are conducting DX education programs for all employees across our Group. In order to promote DX more strongly than ever, all employees, not just specific organizations or business personnel, need to engage in DX promotion activities as their own responsibility. For this reason, I believe it is crucial to improve the DX literacy of many employees and transform our corporate culture through DX talent development.

We will strongly promote our DX strategy by transforming our corporate culture

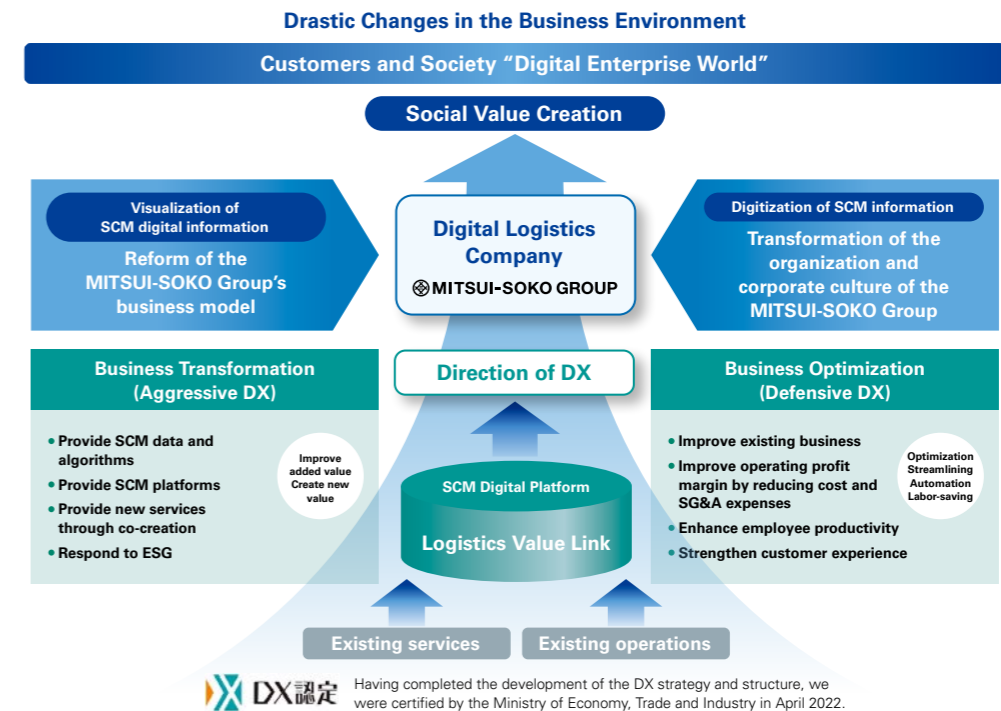
We are also focusing on generative AI as an emerging technology. I believe that the gap between companies that can utilize generative AI and those that cannot will further widen in the future. Our Group is developing a dedicated generative AI platform and promoting initiatives that utilize this platform to support users in freely mastering the use of generative AI. We are committed to further strengthening these efforts in the future. Through our DX activities over the past few years, we have strongly realized that changing corporate culture is

extremely important. We recognize that initiatives limited to the DX promotion department have limitations when it comes to effective DX promotion. We believe that the true benefits of DX can be maximized in the business operations on the front lines of our operating companies. For this reason, we are strengthening the DX talent development for all employees, including those at operating companies, which we have been conducting since last year, even more than ever before. We

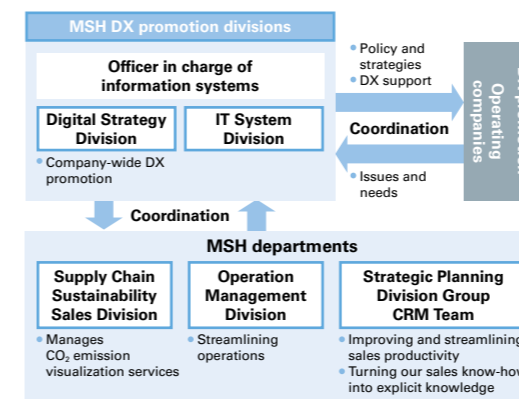
plan to further enhance the educational content to improve employees' DX literacy while promoting corporate culture transformation, in order to advance our DX initiatives more effectively. Recently, several DX projects have been initiated by the front lines of our operating companies. By collaborating with these projects and strengthening communication with each operating company, we will continue to drive DX across the entire Group.

In November 2021, the Mitsui-Soko Group formulated our DX strategy with the goal of creating social value through the digitization and visualization of information on our SCM digital platforms. Using the LVL SCM digital platform, by providing import information management platforms and bulk calculation services for logistics CO₂ through SustainaLink, we will promote a range of initiatives. These include "aggressive DX" to increase added value and create new value, as well as "defensive DX" to introduce robotics, transform logistics business processes, and to optimize, streamline, automate, and save labor in operations through the promotion of sales DX. To realize all these initiatives, we are promoting "the cultivation of DX talent."

Complete Picture of DX Strategy



Promotion Framework



At the Group, under the direction of the officer in charge of information systems, the DX promotion divisions (Digital Strategy Division and IT System Division) lead a top-down, Company-wide approach to DX promotion.

The DX promotion divisions promote service development for our customers and optimize businesses using the latest digital technology, while coordinating with different departments at MSH. Not limited to the departments at MSH, the DX promotion divisions capture the issues and needs from the front lines including sales and the management departments at our operating companies and our logistics operations. By supporting the front lines through issue resolution, introduction support, and human resource development, we are streamlining operations, promoting a greater understanding of IT on the front lines, and providing value to our customers.

By consolidating DX case studies from each organization and workplace in the IT departments, we are creating a positive cycle through which we transfer and use these case studies both in the services that we provide to our customers and for streamlining within the Group, working to maximize the value provided by DX.

DX Strategy

Human Resource Development

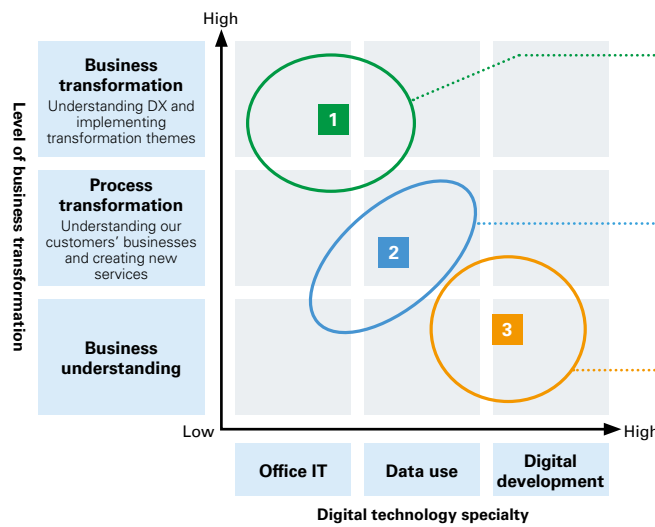
To build on the strengths possessed by the Group and to create competitively superior corporate strength, by having all our employees use digital technologies, we are developing the ability to improve operations and to promote the transformation of our service and business model.

The people responsible for promoting DX at the Group are categorized into "business innovation personnel," "DX business

personnel," and "digital technology personnel." The departments and job classes for which each are responsible have been defined, and we have begun development programs for each category.

We are also providing training to our management-level employees to help them understand the growth strategy for digital logistics companies, as well as training for all employees to improve their basic knowledge of IT and digital technology and analytical skills.

Business x Digital Skill Map



Personnel Types Responsible for DX Promotion

- 1. Business innovation personnel**
 - Possess both business and digital knowledge, lead new business creation and business innovation and improvement
 - DX project owners/human resource development
- 2. DX business personnel**
 - Possess business knowledge and the ability to use digital technologies (data), lead projects to resolve customer and business issues (DX projects)
- 3. Digital technology personnel**
 - Provide leadership and support for DX projects using the LVL platform and digital technologies
 - Provide skills including data use, vendor management, and project management

Case studies of initiatives in the fiscal year ended March 31, 2024

LVL development

- The database and security build-out is complete for system platforms based on LVL
- Introduced a universal system with multiple customers to streamline the duplicated tasks created for cargo owners and logistics vendors in the import/export management process and to realize reductions in the number of progress management processes. Focusing on promoting the creation of universal platforms that can be used by a wide range of customers in import management

Going forward, we will enhance the platforms' functions including the management of trade documents

Introducing robotics and RPA

- **Introducing robotics tailored to the front lines**
[Case study 1]
 In EC operations in the fashion sector, by using different multi-picking carts and AMR based on the characteristics of different products, we have improved picking productivity for a wide range of products
[Case study 2]
 In shipment inspections for products without barcodes, we are using AI-OCR to read product codes and reconciling this data with the shipping instructions to improve both efficiency and accuracy
- **Introducing RPA focused on productivity**
[Case study 3]
 We are automating the system registration of shipping company import payments combining OCR and RPA
[Case study 4]
 We are automating operations to handle empty export container ship applications through RPA

Business transformation through DX

- In October 2023, we established the Group CRM Promotion Office as a dedicated organization at MITSUI-SOKO HOLDINGS to initiate Group-wide sales transformation
- Standardizing sales methods and business management methods
- Introducing customer relationship management (CRM) to realize standardized methods at MITSUI-SOKO HOLDINGS and MITSUI-SOKO

In the future, we plan to roll out these initiatives at other Group companies and to promote sales streamlining through data use throughout the Group