MITSUI-SOKO GROUP

VALUE REPORT 2024

MITSUI-SOKO HOLDINGS

01 INTRODUCTION

Empower society, encourage progress

Forming the basis of people's day-to-day lives and the workings of economic activity is the constant movement of logistics. We believe that logistics is more than just storing and transporting goods; logistics represents a form of infrastructure that supports society and plays a role that leads to global evolution. Currently, a variety of problems are emerging in the world, and the question being asked is how people and the Earth can healthily coexist. As the world changes, logistics will be required to evolve, too. Responding to the needs of society, moving the world in a better direction, and realizing a spiritually enriching and sustainable society, we are active today with an eye toward the logistics of tomorrow.

Upon Issuing Value Report 2024

The Mitsui-Soko Group believes that to create new value and increase corporate value, it is essential to communicate our medium- to long-term value creation capabilities to a wide range of stakeholders, including shareholders and investors, and to engage in constructive discussions. The Value Report is an important engagement tool that serves as a catalyst to achieve the above goals, and we are continuously working to improve its content.

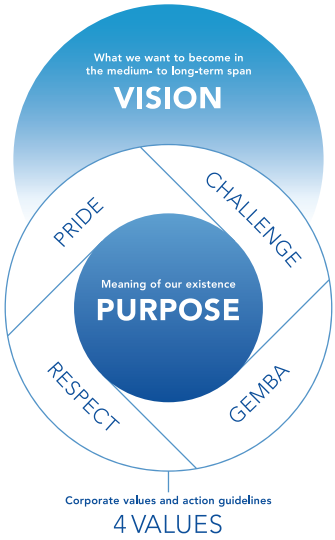
In the 2024 report, we want to highlight our materiality reforms and the redefinition of our business model. This report explains the series of processes and considerations, including the changes in customer and social needs that were set by backcasting from the desired state in 2050, and the identification of the Group's medium- to long-term opportunities and risks in response to these changes.

Value Report 2024 is issued in good faith with cooperation from each Mitsui-Soko department, and I confirm the legitimacy and accuracy of the creation process and its contents. We hope that this report will serve as a helpful resource for readers to gain a deeper understanding of our Group. Finally, to continue to enhance information disclosure and improve transparency, I would greatly appreciate your candid feedback.

October 2024

Hirobumi Koga

Representative Director, President and Group CEO
Chairman of the Board of Directors



VISION What we want to become in the medium- to long-term span

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

PURPOSE Meaning of our existence

Empower society, encourage progress

4 VALUES Corporate values and action guidelines

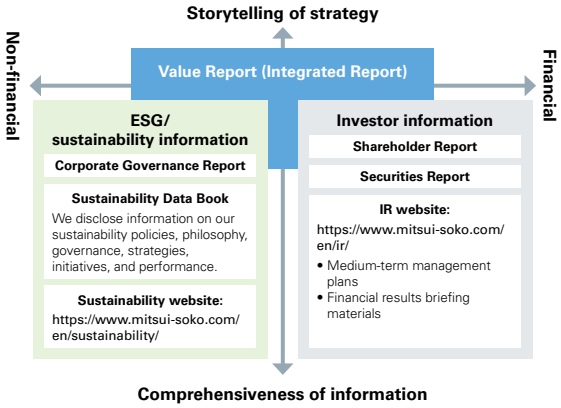
- PRIDE ····· Responsibility and pride in empowering our society
- CHALLENGE ····· Strive to create and execute sustainable proposals for both our customers and society
- GEMBA ····· Our frontline: The base of potential, power, and progress
- RESPECT ····· Embrace diverse ideas, co-create new value

▶ Editorial Policy

In Value Report 2024, we comprehensively disclose information on ESG, business performance, financial information, etc., that forms the foundation of our management strategies and growth, referencing the Integrated Reporting Framework put forward by the IFRS Foundation, the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade, and Industry, and other relevant documents. The report's aim is to communicate the Group's medium- to long-term value creation capabilities to a wide range of stakeholders, including shareholders and investors.

We also cover and post a variety of company information on our website. We hope that readers will deepen their understanding of the Company by looking at this report in conjunction with the website. In the years to come, we will work to edit the content of the report to meet the expectations of our readers.

▶ Compartmentalization of Disclosure Media



▶ Scope of Reporting

Applicable period:
April 2023 to March 2024 (some information from April 2024 onward included)

Scope:
Activities of Group companies centered on MITSUI-SOKO HOLDINGS Co., Ltd. (In cases where the main subject companies are different for each field of activity, the scope of coverage is described.)

▶ Disclaimer Regarding Forward-Looking Statements

Business plans, strategies, prospects, and management-related initiatives regarding the Company's future performance described in this report that are not historical facts are forward-looking statements and as such are assumptions and judgments based on currently available information. Readers should be aware that actual results may differ from these due to a variety of factors, such as the economic conditions surrounding the Company, demand and product prices, the development and sales of new products, and fluctuations in raw material prices and exchange rates.

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At a Glance

Major Businesses

Holding Company (listed company)

MITSUI-SOKO HOLDINGS Co., Ltd. (MSH)

Holding Company (listed company)
Real Estate Business

Logistics Business Companies

MITSUI-SOKO Co., Ltd. (MSC)

Domestic and Overseas Logistics/ Port Transportation
Capitalizing on its large logistics center operation expertise, builds strategic logistics networks inside and outside of Japan and offers optimal solutions catering to the local situations of each country

MITSUI-SOKO EXPRESS Co., Ltd. (MSE)
Joint venture with Toyota Motor Corporation

Airfreight Forwarding
Global express forwarder offering high-quality services based on specialist knowledge of the characteristics of various cargo

MITSUI-SOKO LOGISTICS Co., Ltd. (MSL)

3PL/LLP (Distribution/Sales logistics)
Logistics partner that connects manufacturing, distribution, and sales to offer solutions to customers' management issues

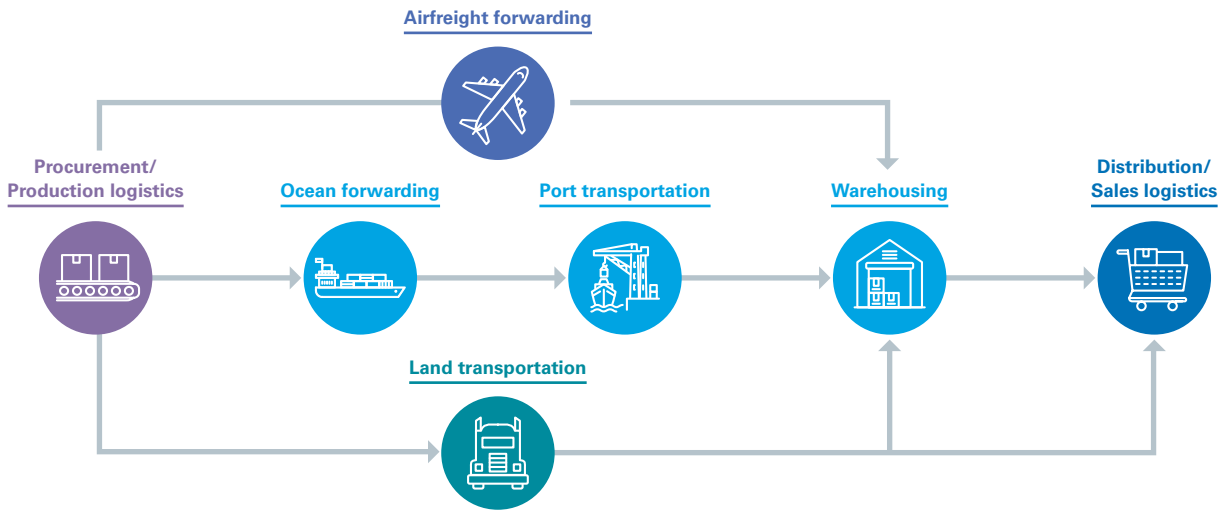
MITSUI-SOKO Supply Chain Solutions, Inc. (MSCS)
Joint venture with Sony Corporation

3PL/LLP (Procurement/Production logistics)
Provides supply chain solutions to boost competitive edge of customers based on the manufacturer's perspective

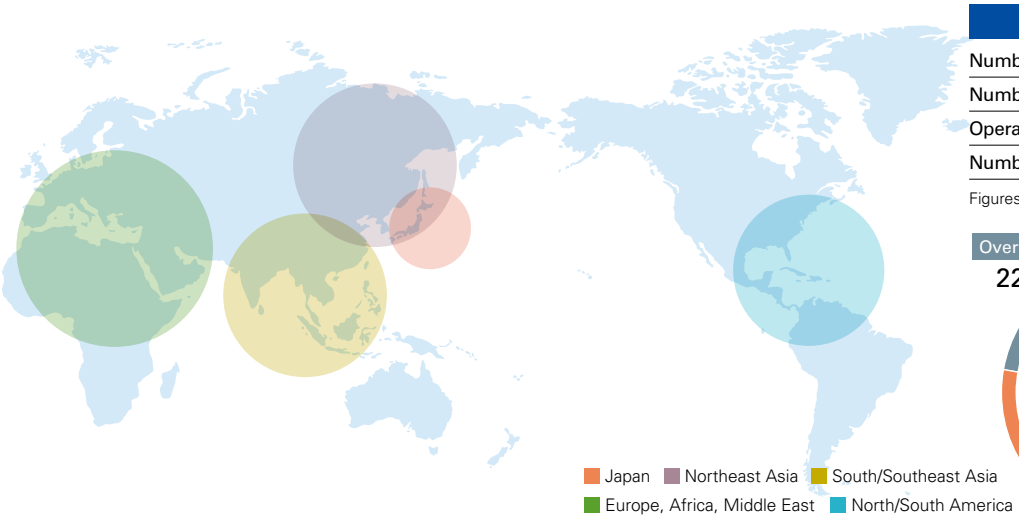
MITSUI-SOKO TRANSPORT Co., Ltd. (MST)

Land Transportation
Coordinates and manages transportation functions and networks

Mitsui-Soko Group's Major Logistics Services

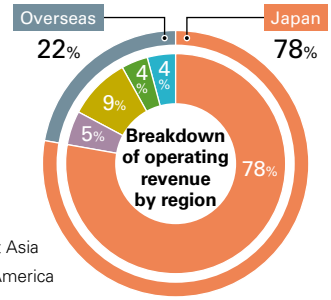


Global Network



Total	
Number of companies	73
Number of business sites	429
Operational floor area	2,267,584m²
Number of employees	7,882

Figures as of March 31, 2024



Europe, Africa, Middle East	
Number of companies	5
Number of business sites	31
Operational floor area	57,666m²
Number of employees	477

South/Southeast Asia	
Number of companies	15
Number of business sites	37
Operational floor area	356,081m²
Number of employees	1,794

Northeast Asia	
Number of companies	11
Number of business sites	49
Operational floor area	125,782m²
Number of employees	540

Japan	
Number of companies	36
Number of business sites	296
Operational floor area	1,687,150m²
Number of employees	4,953

North/South America	
Number of companies	6
Number of business sites	16
Operational floor area	40,905m²
Number of employees	118

Major Customers (By Industry)

Healthcare | Automotive | Home appliances | Precision equipment/ Machinery | Consumer goods

Housing/ Interior | Food & beverage | Apparel | Paper/Pulp | Chemicals

Number of listed companies out of the top 100 companies in terms of sales in the Mitsui-Soko Group

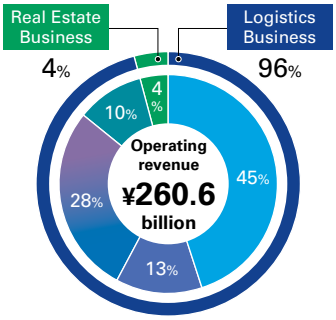
74 companies

Provide logistic solutions to customers in a wide range of industries

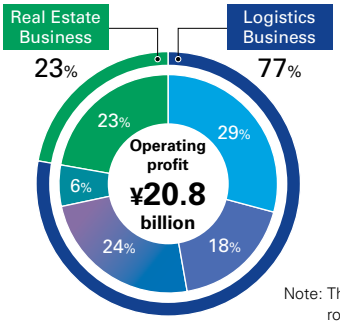
Note: Number of domestic or overseas companies whose own company or parent company is listed

Key Numerical Data

Breakdown of operating revenue (%)



Breakdown of operating profit (%)



Logistics/Port transportation | Airfreight forwarding | 3PL/LLP | Land transportation | Real Estate Business

Note: The breakdown figures are rounded to the nearest whole number.

ROE

12%

D/E ratio

0.76 times

Note: Figures as of March 31, 2024

Growth Trajectory of the Mitsui-Soko Group

For over 110 years since its founding, the Mitsui-Soko Group has been continuing to create a constant flow of goods at all times while embodying its PURPOSE of "Empower society, encourage progress." In recent years, we have brought together a wide range of expertise through M&A, transforming ourselves from a warehouse business that mainly focused on storage to a comprehensive logistics company. To lead to further evolution, we will create value from logistics by solving social issues.

Logistics History

1909–1959

Expansion of warehouse demand due to Japan's modernization and postwar reconstruction

1960–1990

Development of international multimodal transportation/airfreight forwarding due to internationalization

History of the Mitsui-Soko Group

Founding Period

Launched warehousing business against backdrop of Japan's modernization

Amid burgeoning demand for warehouses due to the rise of modern industries, such as spinning and silk manufacturing, we sensed the changes of the times and entered not only the storage business but also cotton handling and stevedoring, thereby crossing over from the warehousing business to the logistics business.

Expansion Period

Business expansion into new business entity arising from warehousing business

In the 1960s, marine container forwarding and the land transportation business grew significantly. In the 1970s, the international division was established to expand international operations and commence international airfreight forwarding. We expanded our business from storage-based business to distribution warehousing business with enhanced delivery capacity.

1909

1909 Toshin-Soko Co., Ltd. 1942 MITSUI-SOKO Co., Ltd.

1966 Tokyo Air Service Co., Ltd. (renamed TAS Express Co., Ltd. in 2004)

1969 Transportation Bureau Air Cargo Department (renamed JTB

1971 SANYO Electric Product Center Co., Ltd. (renamed SANYO

1962 Sony Soko Co., Ltd. (renamed Sony Supply Chain Solutions Inc. in 2003)

1967 Marukyo Logistics Co., Ltd.

*1 In 2011, JTB Cargo renamed MITSUI-SOKO Air Cargo.
*2 MITSUI-SOKO TRANSPORT is the operating and managing company of the Marukyo Transportation Group.

1909
- Founded as Toshin Soko Co., Ltd. when the warehouse division was spun off of Mitsui Bank.
- Launched the warehousing business.

1942
- Toshin Soko Co., Ltd. renamed MITSUI-SOKO Co., Ltd.

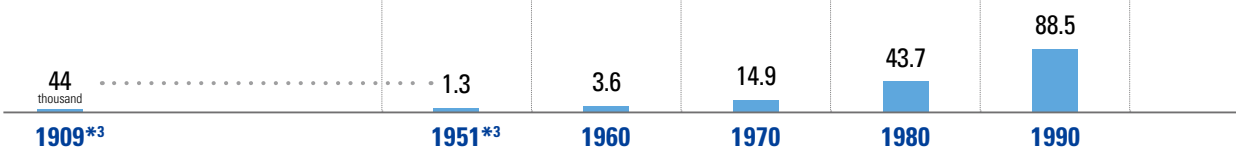
1950
- Listed on the Tokyo Stock Exchange.

1968
- Launched the handling of marine containers and the operation of container terminals in Japan.

1977
- Launched full-scale international transportation services.

1989
- Launched a full-scale real estate leasing business.

Trends in Consolidated Operating Revenue



Strengthened Logistics Functions: Storage, Cargo handling, Port transportation

Strengthened Logistics Areas: Procurement logistics

*3 1909 (Settlement of accounts for 1st Period: Oct. to Dec. 1909) and 1951 (Settlement of accounts for 78th/79th periods: Apr. 1950 to Mar. 1951) are recorded as gross profit.

1991–2015

Rise of 3PL companies due to diversification of logistics needs

2016 onward

Increasing importance of logistics in the era of sustainability

Growth Period

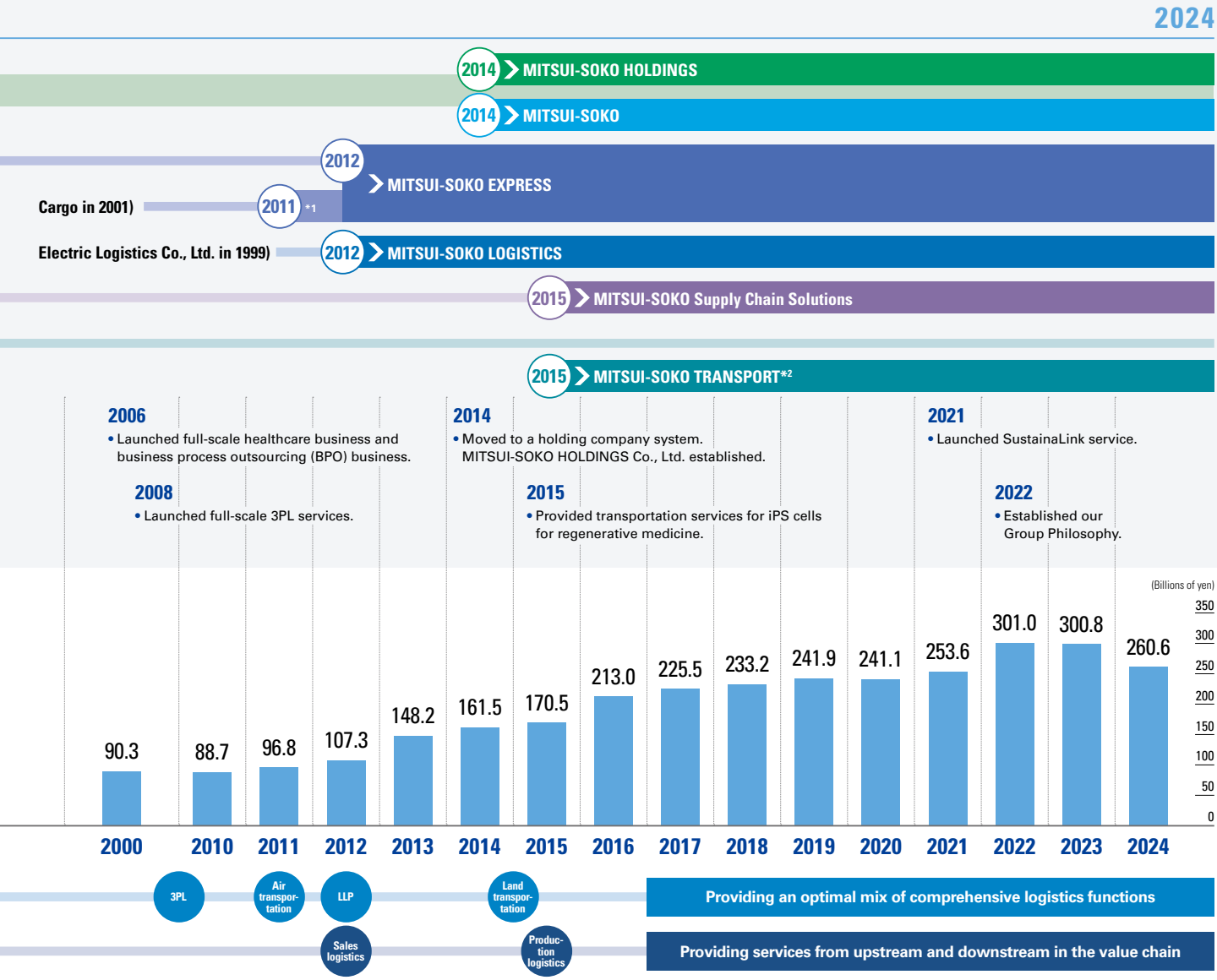
Development into comprehensive logistics company through proactive M&A and capital investment

Conducted proactive M&A and made concentrated investments in growth areas in the Asia-Pacific. Following the addition of companies with strengths in 3PL, airfreight forwarding, factory/sales logistics, and land transportation, we have developed into a global comprehensive logistics company that is capable of meeting the diversifying needs of its customers.

Toward Social Co-creation and Sustainable Growth

Entering new phase toward sustainable growth

In developing comprehensive logistics services, we are building stable supply chains for our customers from upstream to downstream. As a company that underpins the social infrastructure called logistics, we will support people's lives, connect the evolution of the country, industry, and society, and realize sustainable growth.



Strength of the Mitsui-Soko Group

The Mitsui-Soko Group's strength is its "ability to provide a sustainable supply chain by leveraging the Group's comprehensive strengths." This strength is unique to the Group, created by combining the 4 VALUES that symbolize our corporate culture and the capital we have built up over time.

Strength of the Mitsui-Soko Group

Ability to provide a sustainable supply chain by

The components that

4 VALUES

PRIDE

Responsibility and pride in empowering our society

Although logistics changes form to adapt to the times, it has always been and will continue to be an indispensable part of people's lives. We have bravely faced and overcome logistics crises even amid the threats of supply chain disruptions caused by past natural disasters such as major earthquakes and typhoons, as well as COVID-19. No matter how advanced communication technology becomes, we cannot transport goods over the internet. Logistics is the lifeblood of society. We take pride and responsibility in being that bearer, and work to empower our society.

RESPECT

Embrace diverse ideas, co-create new value

Our journey began as a warehousing business in the Meiji era (1868–1912). With the aim of becoming a comprehensive logistics company that can flexibly respond to social changes and customer demands, we welcomed many companies as partners to establish the structure we have today. Each company possesses strengths in various logistics functions including warehousing and air and land transportation, and their talented personnel have also cultivated a varied sense of values and diverse experiences, etching their mark in history. A spirit of respect for the "diverse DNA" created by the combination of the Company and its people. A spirit of respect for "dialogue and co-creation" with customers and partners. Combining the strengths of diverse individuals will lead to the building of a new supply chain that contributes to the further development of society.

GEMBA

Our frontline: The base of potential, power, and progress

We place great importance on field capabilities. We have the integrity to face up to difficulties in good faith, and an attitude to flexibly grasp and respond to various changes. Everyone working on the front lines of logistics embodies these qualities, and as we support our customers and see our daily tasks accumulate, significant challenges gradually become apparent. It is precisely because we are well-versed in the front lines (GEMBA) that we can propose logistics solutions that drastically transform our customers' supply chains. A place where we are not afraid to innovate ourselves in a rapidly changing society, and where the power to evolve is generated. That is "GEMBA," and it is a major value of ours.

CHALLENGE

Strive to create and execute sustainable proposals for both our customers and society

As social issues are becoming ever more complex, such as driver shortages and increasingly severe natural disasters, the simple happiness of "getting what you need when you need it" is threatened. What can we contribute in these turbulent times? We are currently challenging ourselves through various co-creation initiatives both inside and outside the Company, with the aim of building a smooth and efficient next-generation logistics network. Through our connections with customers from a wide range of industries, we are confident that we can find solutions. As a comprehensive logistics company that acts as a bridge for people's lives and as a connection to the evolution of society, we will continue to act with an assertive attitude of inventiveness that is never satisfied with the status quo.

leveraging the Group's comprehensive strengths

make up our strength

Capital That We Have Cultivated

Over 110 years of trust and achievements

For over 110 years, we have expanded our business to meet the needs of the times and contributed to the development of customers and society. Having long supported many leading customers in each industry, we have fostered a sense of trust in the Mitsui-Soko Group, which has led to the formation of an excellent customer base.

Particularly relevant capital | **Social and relationship capital**

Out of the top 100 companies in terms of sales

Number of listed companies	Number of industrial classifications
74 companies	38 classifications

Note: Number of domestic or overseas companies whose own company or parent company is listed

Note: Classified by our Company with reference to the middle classification of the Japan Standard Industrial Classification

An extensive end-to-end logistics network

We are building an end-to-end logistics network by refining up our ability to respond to a wide range of value chains by using our warehouse sites in Japan and overseas, as well as our comprehensive lineup of logistics functions for land, sea, and air transportation.

Particularly relevant capital | **Service capital, Intellectual capital**

Domestic and overseas network

Japan: 296 business sites

Overseas: 133 business sites

Comprehensive lineup of logistics functions

Wide range of value chain logistics areas

Procurement → Production → Sales

Stable management foundation

We are building a stable revenue base through our warehouse business centered around port areas, which is our original business, and real estate business involving leasing office buildings and apartments. In recent years, we have been strengthening our earnings power and increased our ability to generate cash flow by providing services at inland locations in our focus areas of healthcare and B2B2C, and growth of LLP services to support customers' logistics strategies.

Particularly relevant capital | **Financial capital**

Operating cash flow	D/E ratio
¥23.2 billion	0.76 times

Proposal and field capabilities based on specialist know-how

Although logistics needs vary according to industry characteristics, our Group brings together companies with diverse backgrounds and has accumulated specialized know-how to cater to a wide range of customers. We possess the ability to make proposals to identify and solve our customers' core issues, along with high-quality and meticulous field capabilities.

Particularly relevant capital | **Human/organizational capital, Intellectual capital**

Number of entrants for the business improvement contest	SustainaLink service
110/year	Approx. 10 million cases (cumulative number of CO_2 calculations)

Note: The numerical data is as of the end of March 31, 2024.

Message from the President and Group CEO

Hirobumi Koga

President and Group CEO
MITSUI-SOKO HOLDINGS Co., Ltd.

02 CEO MESSAGE

To Become a Company That Is Needed Even 100 Years in the Future

By continuing to pursue new forms of logistics through co-creation, we will realize the sustainable growth of society and the Mitsui-Soko Group.

Using "Dispersal" as a Tailwind, We Will Exercise Our Collective Strengths and Aim for Further Growth

I have one thing that I make sure to communicate to new employees at our welcoming ceremony held every April: "I would like you to take an interest in the trends in the world and what goes on around you and to increase your general knowledge." As a company that provides comprehensive logistics services, our customers are extremely diverse. To build a good relationship with each of our customers, we need not only logistics-related know-how, but also broad general knowledge. To capture new business opportunities, we need a variety of knowledge and experience to be able to accommodate any type of customer from any type of industry.

To broaden my own knowledge, I proactively work to meet new people regardless of industry. Listening to people in different positions and of different ages, from the representative director of a major manufacturer to a young president of a startup company, is an extremely refreshing and stimulating experience. Each conversation is an opportunity for realization and learning that contribute to management.

The environment surrounding logistics is experiencing dramatic change with threats including the materialization of geopolitical risks, more serious natural disasters, and pandemics. With an increasing number of different risks threatening supply chains, our previous key word of "concentration" is transforming into "dispersal." Because switching costs are high in the logistics industry, it is a difficult industry for new entrants compared to other industries. However, for example, when companies experience a "life event" such as expanding into another country or establishing a new factory and need to build new logistics networks, we are presented with a business opportunity. Of course, we do not know when these life events will happen for our customers. They could happen three months from now, one year from now, or ten years from now. When they do come, if we are not properly prepared for reasons such as low transaction volume with the customer, we may miss those opportunities. It is important that we are working on a regular basis to ensure that the Mitsui-Soko Group name comes to mind when our customers experience a life event.

The trend of dispersal represents a tailwind for the Group, which possesses the "ability to provide a sustainable supply chain leveraging the Group's comprehensive strengths." We can provide optimal supply chains through our comprehensive logistics network that extends from Japan to overseas and

Message from the President and Group CEO

from upstream to downstream as well as through the proposal capabilities and field capabilities of our highly specialized personnel. I would like us to maximize our strengths, so that when an opportunity presents itself, we can propose a total solution that meets the given needs, thereby steadfastly exercising our presence as a first-call company that is trusted by our customers.

Steady Progress in Medium-term Management Plan 2022

The Group is currently working to achieve our Medium-term Management Plan 2022, which runs through the fiscal year ending March 31, 2027. We have positioned this as a period to build a foundation on which we can drive the logistics industry. Our operating profit in the current term, the third fiscal year of the plan, is projected to total ¥15.5 billion. Toward our goal of ¥23.0 billion in the final fiscal year of the plan, we need to accumulate another ¥8.0 billion in operating profit. I believe that this goal is well within reach because of our increased base revenue in the logistics business including the positive opportunities presented by changes to supply chains that I just mentioned, smooth tenant applications at the MSH Nihonbashi Hakozaki Building, the results of our strategic investment, and cost control.

In the fiscal year ending March 31, 2025, our operating profit levels are low due mainly to the incurrence of temporary costs in the real estate business, but our policies are progressing smoothly. Additionally, in the logistics business, there is a sense of recovery in cargo movement compared to when we formulated our plan for the current fiscal year, which is allowing us to shift to a more aggressive mindset. Although we will continue to aggressively implement strategic investment, investing alone is not sufficient. We must carefully examine our numbers in determining whether projects contribute to the future development of the Group.

I would like to explain our initiatives in the "mobility," "healthcare," and "B2B2C" areas that are focused on achieving top-line growth by mobilizing the Group's collective strength.

In the "mobility" area, to capture the expansion in the EV and hybrid vehicle (HV) market, we created a wholly owned subsidiary by acquiring a stake in our Chinese joint venture. Both in Japan and overseas, we are improving our systems and storage bases to expand transactions. Specialized know-how is essential in logistics related to the key parts of EVs such as the batteries and semiconductors used in improving vehicles and transitioning to EVs, for which demand is increasing. For example, with semiconductors, from the upstream materials such as silicon wafers to the downstream finished product, appropriate temperature control and hazardous materials handling is required. As our Group possesses know-how accumulated from our transactions with joint venture partners and key customers such as Toyota Motor Corporation and Sony Corporation, we plan to expand our business by taking advantage of our competitive superiority.

In the "healthcare" area, business is steadily growing in cutting-edge medical fields including regenerative medicine. As a result of our Group's focus on the healthcare area, we possess know-how in specialized, high-quality operations in the areas of pharmaceuticals and medical devices and stringent quality control and operate multiple highly functional specialized facilities in eastern and western Japan. Regenerative medical products and cutting-edge medicine are expected to become a massive market. Because this field requires even more stringent quality control than general pharmaceuticals, including temperature control, we are steadily laying the groundwork by accumulating specialized know-how and hiring the required pharmacists for business operations.

In the "B2B2C" area, against the backdrop of increasing EC demand, we are steadily expanding our transactions while also working to acquire new customers starting with the luxury industry. One major topic is the horizontal deployment of the expertise in the operation of the transfer center/distribution center/e-commerce integrated large-scale logistics center that we established for Joshin Denki Co., Ltd. in the Kansai region in 2022 in the form of a similar location in the Kanto region. Going forward, we plan to further expand our business using the know-how that we have cultivated in home appliance delivery and our delivery networks, while also considering joint deliveries with companies that have roadside brick-and-mortar stores, such as home centers and men's clothing retailers.

P.33–37 Special Feature: The B2B2C Business Model
P.45–48 Enhancement of integrated solution service

Expansion of Sustainability-oriented Business to Build Sustainable Logistics

Faced with decarbonization, intensifying natural disasters, and many different social issues including the 2024 problem, one of the Group's new tools is our SustainaLink services that support the sustainability of the supply chains of our customers through logistics. Of our SustainaLink services, the SustainaLink environmental service has received the most inquiries from our customers. Many companies are working not only to reduce their own CO_2 emissions (Scope 1 + 2), but also to gauge and reduce CO_2 emissions throughout the entire supply chain including the logistics area (Scope 3). However,

"The trend of "dispersal" represents a significant opportunity. By exercising the Group's collective strengths, we will provide sustainable logistics networks that meet the needs of our customers as we aim for further growth."

calculating the CO_2 emissions produced by logistics is not an easy task. Because detailed calculations of CO_2 emissions using voluminous transportation data are possible with the SustainaLink environmental service, we are seeing a rapid increase in needs. When I have brought up this service with the top management of other companies, everyone has shown a high level of interest. As of the end of June 2024, the SustainaLink environmental service has been used in some 15 million sets of cumulative calculations. However, the calculation service alone is not the Group's main focus for SustainaLink.

Our goal for SustainaLink is to propose optimal logistics solutions based on the data produced through the calculations to create more real logistics businesses. The SustainaLink calculation service is an effective icebreaker with our customers, and it has led recently to more and more real logistics projects. We plan to further enhance the SustainaLink services, including improving our sales system.

It is clear that we will see greater and greater needs for CO_2 emission reduction in the future. By expanding our services centered on SustainaLink, we aim to contribute to further growth for the Group and to the resolution of social issues.

P.49–50 Expansion of sustainability-oriented business

Building Overwhelming Field Capabilities that Integrate People and Technology

In terms of improving field capabilities, which has been an existing focus area of the Group, we are advancing standardization and streamlining by integrating people and technology based on our DX strategy. Our goal is to create "overwhelming field capabilities" that realize quality, cost, and speed that cannot be duplicated by our competitors and that continuously creates value for both society and our customers. While we are advancing DX investment including the introduction of robotics, I believe that no matter how good our facilities are, ultimately it is people that determine our field capabilities.

As such, every year we send our employees to TPS (Toyota Production System) provided by Toyota Motor Corporation. Using the experience that our employees gain through this training, we set KPIs aimed at improving our frontline operations and achieving low-cost operations as part of our process of continuous improvement. As promotional organizations for these KPIs, the Digital Strategy Division responsible for robotics and the Operation Management Division responsible for frontline improvement were established at MITSUI-SOKO HOLDINGS to promote Company-wide activities. The Operation Management Division identifies all the operations of each customer and creates processes that allow anyone to perform those operations efficiently. Because we claim that this service is "overwhelming," we conduct our work with a strong sense of resolve. This process naturally cannot be realized in a single day, and therefore I strongly believe that the only way to realize our vision is to work diligently in pursuing each individual initiative.

P.52 Reinforcement of Operational Competitiveness
P.57–59 DX Strategy

Building Partnerships through Proactively Engaging in Co-creation to Achieve Further Evolution

The Group has full-spec capabilities, having already completed several large-scale M&A deals. In this sense, we are not missing any of the necessary pieces as a comprehensive logistics company. However, to further improve or supplement the Group's capabilities, we must proactively consider M&A.

In recent years, we have had an increasing number of co-creation projects with partner companies possessing superior knowledge and capabilities in many different industries. These

Message from the President and Group CEO

projects include our investments in building a logistics system for hazardous materials through our strategic partnership with NRS CORPORATION, building optimal supply chains for healthcare logistics through our strategic partnership with P·J·D Network Co., Ltd., and our investment in T2 Inc., which aims to realize long-distance hauling services using self-driving trucks. If the Group were not an industry-leading presence, companies possessing cutting-edge technologies would not partner with us. Therefore, it is essential that we remain one or two steps, or even a half step ahead in the logistics industry. In our position as the industry leader, we receive offers, for example, to perform demonstration experiments with cutting-edge robots. We aim to engage in continuous co-creation to reform logistics-oriented business models while making full use of AI, digital technology, and blockchain technology.

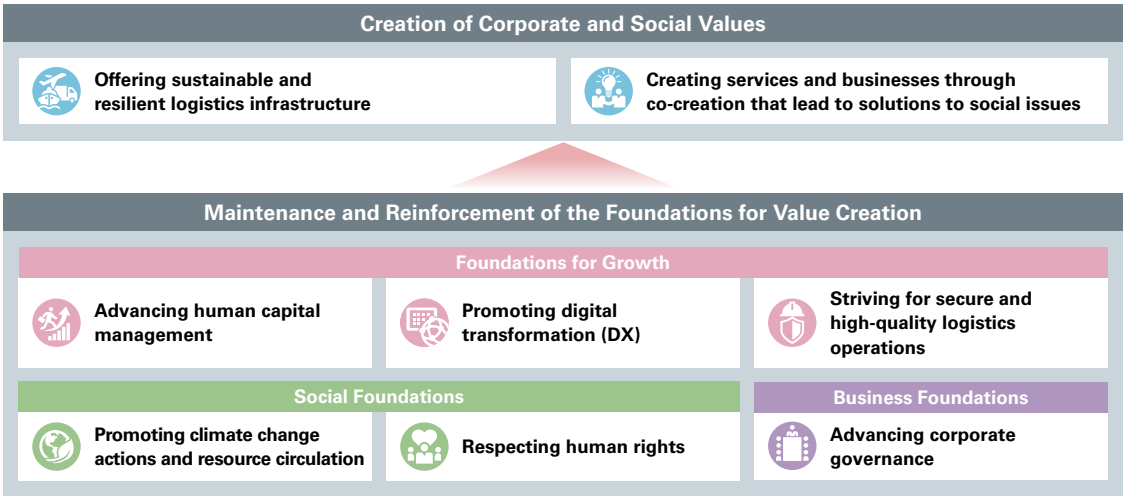
Revising Our Materiality to Accelerate Management from a Medium- to Long-term Perspective

In 2024, the Group revised the materiality originally identified in 2020 with the goals of creating new value through our business activities and realizing sustainable growth for society and for Group companies. The background that led to these revisions is the dramatic changes that have taken place in the business environment surrounding the logistics industry. In addition to increasing uncertainty in the world, the impact of labor shortages and cost increases are becoming more serious, while at the same time technology starting with robotics is evolving. Amid this type of business environment, to realize our PURPOSE of "Empower society, encourage progress" and our VISION of becoming "the co-creative logistics solutions partner. For every day, emergency, and always will be," we believe that accelerating management from a medium- to long-term perspective is essential, and we have reviewed our materiality accordingly. Although we are still carrying out our Medium-term Management Plan 2022, we deemed that this was the best time to review our materiality when looking forward toward the next medium-term management plan.

Our approach of identifying materiality from a medium- to long-term perspective is unchanged from last time to this time. However, last time, we took a forecast-style approach with a strong emphasis on identifying what the Group lacked based on our past results. As opposed to this approach, this time we backcasted from the future to the present. In other words, from our future vision for 2050, we envisioned society in 2035 and visualized what was necessary to reach that point based on the Group's strengths and business model. Although our previous materiality identification process included elements of back-casting, in the current process, we clarified our vision for the future and identified the necessary policies to reach that vision as materiality.

In parallel, because we formulated our current PURPOSE and VISION in 2022, naturally we were strongly aware of the connection between that PURPOSE and VISON in our current materiality identification process. Our vision of society in 2035 looking forward to 2050 cannot be easily described in a single word; however, we expect the trend toward sustainability centered on the response to climate change and the realization of a sustainable society to gain momentum. Amid this trend, as described in our PURPOSE, our mission is to continue to build optimal supply chains to smoothly handle and deliver goods. To do so, the most important point is how we can evolve as a logistics company. Our strength as a Group is providing sustainable supply chains using the Group's collective strength. The goal of being a company that firmly accommodates logistics needs for a broad range of industries and diverse companies

Materiality



in 2035 has been included in our current materiality.

In revising our materiality, through opportunities for dialogue with the Sustainability Committee, Management Council, and Board of Directors, we discussed in depth the Group's business model and our strength, along with our future policy. I feel that this was extremely valuable time that allowed us to further develop our management strategy, and I expect that the multiple, active discussions that took place will act as a platform to build the future of the Group.

P.19 Value Creation of the Mitsui-Soko Group Toward the Realization of the Society We Are Aiming For
P.20–22 Reviewing Materiality and Redefining the Business Model
P.29–32 Materiality

Sharing Success Stories of Becoming a Partner to Our Customers and Our Group Philosophy

I just spoke about the link between materiality and the Group Philosophy. We still have work to do in creating awareness about the philosophy, composed of our PURPOSE, VISION, and 4 VALUES. It is important to foster a culture that facilitates the sharing of this PURPOSE and VISION with everyone from our management team to our new employees and engaging in work with the same ideal value and direction. As such, we will continue our initiatives aimed at diligently and persistently sharing our Group Philosophy. In the two plus years that have passed since the formulation of the philosophy, more and more companies are recognizing the importance of logistics, and there are increasing opportunities for our Group to partner with these companies. Through our success stories of being recognized for providing quality proposals to our customers, naturally our employees will grow as more and more of them truly understand the details of our PURPOSE and VISION.

Based on my own realization of the Group being recognized as a business partner, we have clarified our PURPOSE and VISION as our ideal direction. As a comprehensive logistics partner, by promoting collaborative projects with diverse companies from different industries, we have created numerous solutions and improved the Group's value, and I would like to focus even more strongly on such initiatives in the future. It is important to continue spreading the Group's PURPOSE and VISION internally. However, another role of management is to roll out policies that help our Group to be recognized as a partner by more of our customers and for our employees to truly understand our desired PURPOSE and VISION.

Aiming to Balance a Sustainable Society and Corporate Growth

The source of the Group's sustainable value creation is our "human capital." I would like to share our initiatives in the areas of the "environment" and "human rights," which are often given as representative agenda items for sustainability.

Advancing human capital management has been identified as a new materiality item and is an important theme in realizing our management strategy. The Group has established "Design the new story and lead everyone" as the profile of the human resources we seek. This profile includes our vision of taking a proactive approach in line with the continuously changing times and continuing to work for our customers' businesses, the future of logistics, and even society. This vision symbolizes the management team's desire for top-line growth, but not all our employees are necessarily involved in front-office operations. We can perform the best when we combine the results produced by both our offensive-minded personnel and our defensive-minded personnel. Therefore, I always make a point to communicate the importance of both internally. In our in-house award system, we have a sales solution contest to award making quality proposals and being highly valued by our customers, as well as an operations improvement contest to award employee initiatives to improve our operations. I am sure that many other companies have similar award systems, but our Group also has an MSP (Most Supportive Person) award system to recognize employees who support those around them in our everyday operations. The MSP award system was established not only to recognize supportive employees but also to demonstrate how much we value our culture of expressing gratitude. There are opportunities for recognition and gratitude regardless of the department or job, and it is important to me that we continue to be a company at which all our employees can thrive in their work.

For the future of the Group, it is extremely important that we continue to enhance the Group's collective strength, one of our strongpoints. In 2025, we plan to consolidate our Group offices in Nihonbashi Hakozaki, where the Group was founded, as part of our process of increased integration and organizational culture reforms. By facilitating active communication among our Group companies, we will cultivate diversity and enhance both our individual strength and organizational strength.

Next, I would like to discuss our initiatives with respect to the environment and human rights. The major premise of the sustainable growth of the Group is the sustainability of both society and the global environment, which form the foundation of corporate activities. For us in the logistics business, because we

Message from the President and Group CEO

> **In the current age that demands quality in logistics, we are strongly aware of proposing value to the world that is unique to the Group as a "co-creation partner" and of becoming an industry-leading company.**

use energy including electricity and light oil, and because our business involves cooperating with numerous suppliers, it is essential that we address both the environment and human rights issues. Regarding the environment, parallel with the rollout of our SustainaLink service, we are enhancing our approach to decarbonization within the Group. Toward our medium- to long-term targets* for CO_2 emissions (Scope 1 + 2), we are accelerating our Group-wide initiatives and making steady reductions. In terms of Scope 3, in addition to continuing to fine-tune emission calculations, we are advancing initiatives to reduce our environmental burden in the supply chain, including reducing waste materials. Moreover, because promoting SustainaLink will contribute simultaneously to reducing Scope 3 emissions, we will continue to enhance our SustainaLink services.

Regarding human rights, we are implementing human rights due diligence at our Group companies, including those overseas. Through this initiative as well as education and training related to respecting human rights and the establishment of an effective remediation system, we are working to resolve human rights issues. These initiatives are currently being undertaken only within the Group; however, in the future we would like to take a comprehensive approach that considers the supply chain.

*2031/3: 50% reduction compared to 2014/3
2051/3: Net zero

P.54–56 Human Resources Strategy
P.60–66 05 | Foundation for Supporting Value Creation

Toward Sustainable Improvement in Corporate Value

From the standpoint of long-term improvement in corporate value, we base our approach on the back-casting that I just mentioned. For our medium-term targets, we position ROE as an important management indicator, and our target for the final year of the current Medium-term Management Plan is an ROE of 12% or higher. When considering investments, we base our discussions on the cost of capital and consider it our duty to achieve our ROE targets. We are also strongly aware of TSR and PBR as important indicators from a shareholder perspective.

The Group's PBR has been maintained at a level just higher than 1x. I believe that we have the potential to achieve a PBR of 2x or 3x and that we still need to break free from the perception of the Group as simply a traditional warehousing company. When I explain the Group's initiatives to the top management of other companies, some are surprised to learn about the breadth of our operations. Therefore, it is our important responsibility, myself included, to strengthen our IR and SR activities and to promote a greater understanding of our Group.

I remember hearing that "strategy is story, tactics are casting, and execution is team spirit," and I think that this is exactly the case. My job is to create a story about what kind of company we need to be to address the trends in the world and then to communicate that story to everyone. The tactics used to realize this story, in other words the casting, involves deciding who to assign to which positions. The execution is a matter of spirit and heart. In the end, nothing works without heart. Recently I have been focused on leading management with this approach in mind.

As a comprehensive logistics company, I would like us to be a presence that remains a step or even a half step ahead in the logistics industry. The platform to do so has already been built. Next is how we execute and further evolve, which is why instilling our PURPOSE and VISION is so important. The Group Philosophy reflects our determination to "solve issues and create value through logistics," and we will come together as a Group with the goal of evolving and deepening this approach. I hope that you look forward to the future of the Mitsui-Soko Group.

03 Value Creation Story through PURPOSE Management

For more than 110 years, we have been responding to changes in the business environment and customer needs while supporting the development of logistics and of society as well as people's abundant lifestyles. Going forward, we will continue to realize the Group's growth and development of a sustainable society by leveraging our unique strengths, co-creating with various stakeholders, and creating new value from logistics based on our PURPOSE of "Empower society, encourage progress."

Value Creation of the Mitsui-Soko Group Toward the Realization of the Society We Are Aiming For

Since the time of our founding, the Mitsui-Soko Group has kept society moving forward and connected with our evolution through the logistics business.

For the Group to steadfastly continue realizing our PURPOSE, we must carry out our management strategy based on a medium- to long-term perspective and pursue a balance between the sustainability of companies and society. Even amid an uncertain and increasingly complex age, to implement medium- to long-term management, we have designed a new story for our future vision for 2050, identified our vision for society for 2035 as well as customer trends, and established a clear direction for the Group.

Toward our ideal future, we have established our Group Vision of "The co-creative logistics solutions partner. For every day, emergency, and always will be." By carrying out initiatives for our materiality and Medium-term Management Plan, we will strengthen our business model and realize the sustainable development of both the Group and society.

Desired future vision in 2050

A frictionless and pleasant world where creativity and diversity are respected

Back-casting

Society in 2035

Vision for society	• Increased and more complicated constraints on environmental and social issues • Spread of AI and XR in society • Progress in modularization, etc.
Customer trends	• Pursuit of supply chain optimization and resilience • Pursuit of core operations (planning and development) • Addressing increasingly diverse and complicated consumer needs and social issues, etc.

Present

- Heightened environmental and social regulations on a global scale
- Promoting DX in society
- Shift from tangible to intangible value, etc.

Fore-casting

VISION

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

Medium-term Management Plan 2022

Materiality

Business Model

PURPOSE

Empower society, encourage progress

Reviewing Materiality and Redefining the Business Model

In 2020, the Group identified our materiality from the triple bottom line of the economy, environment, and society based on the standpoints of resolving social issues (creating opportunities) and reducing risk through our corporate activities.

Amid significant changes in society and in the Group starting in 2020, we recognized that it was essential to consider the nature of management from a more medium- to long-term perspective, and in 2024 we revised our materiality. Furthermore, in the current evaluation, we also discussed and redefined our existing business model. In the process of updating our materiality and redefining our business model, we are including the opinions of outside experts, considering risks and opportunities based on the timeline, and incorporating the perspective of contributing to the integration of improving social value and corporate value.

These contents were finalized through several rounds of discussions at the Board of Directors following discussions at the Sustainability Committee and Management Council.

Requirements for materiality

- Fulfilling the Group Philosophy
- Integrating corporate value enhancement with social value enhancement
- Risks and opportunities anticipated from the perspective of the ideal state
- Risks and opportunities anticipated from current social needs

Requirements for the business model

- Fulfilling PURPOSE and VISION
- Integrating corporate value enhancement with social value enhancement
- Group's uniqueness and competitive advantage

Identification process for reviewing materiality and redefining the business model

STEP 1

External Environmental Analysis

Backcasting from a future vision in 2050

- PESTEL + macro trends in logistics in 2050
- A Painting a vision for the future in 2050
- B Defining a vision for society in 2035

Current social issues and demands

- Various sustainability-related documents
- Demands from ESG assessment organizations
- Industry issues
- Demands from investors and other stakeholders

Internal Environmental Analysis

- Interpretations of the Group Philosophy
- Management capital
- Existing business model
- The Group's strengths, uniqueness, and competitive advantage

STEP 2

Importance Assessment

Social changes and customer trends in 2035 × The Group's direction of aim

Impact on stakeholders × Importance in improving the Group's corporate value

STEP 3

Identification of Risks and Opportunities

Unveiling risks and opportunities across short-, medium-, and long-term time frames

STEP 4

Finalization

Reviewing materiality

Redefining the business model

Reviewing Materiality and Redefining the Business Model

Details of the process for reviewing materiality and redefining the business model

STEP 1-1: External Environmental Analysis

Backcasting from a future vision in 2050

A Painting a vision for the future in 2050

From PESTEL + macro trends in logistics in 2050, identify the values and technological innovation perspectives anticipated in 2050, and establish the desired future vision in 2050

2050

PESTEL

+

Macro trends in logistics

Values	A society where each individual's way of thinking is more respected and their hopes are fulfilled
×	
Technological innovation	A society where irrationality, wastefulness, and inconsistencies are minimized thanks to rationalization and optimization

A frictionless and pleasant world where creativity and diversity are respected

B Defining a vision for society in 2035

Backcasting from a desired future vision in 2050, and mapping the vision for society in 2035 onto the value chain

	Planning and development	Raw material and parts procurement	Manufacture	Distribution	Sales and consumption
Vision for society in 2035	Increased and more complicated constraints on environmental and social issues				
	Supply chain data coordination and use of AI and XR				
	Progress in modularization				Pursuit of intangible value and novelty
		Accelerated circulation of raw materials	Progress in tailor-made manufacturing		
Social change	• Separation of planning and development from manufacturing • Optimization of planning and development processes and improved services using digital technology	• Increased value of procurement of essential parts • Progress in the optimization of entire supply chain based on data • Advancements in recycling, reuse, and utilization of new materials and alternative resources	• Separation of planning and development from manufacturing • Growing need for high-mix, low-volume products and customization	• Progress in optimizing distribution • Advancement in demand and supply forecasting due to the consolidation of wholesalers and digitization • Rise of wholesaling in niche areas due to high-mix, low-volume products	• Realization of a painless and productive purchasing experience • Customized products and services tailored to customer needs and provision of intangible value
Customer trends	Pursuit of supply chain optimization and resilience				
	Concentration of management resources through outsourcing of non-core operations				
	Addressing increasingly diverse and complicated consumer needs and social issues				

Current social issues and demands

In addition to sustainability-related indicators and demands from ESG evaluation institutions and stakeholders, identify current social issues and demands taking into account industry issues.
Examples: Various sustainability-related documents such as GRI and SASB, stakeholder demands, IR and SR interviews, industry-specific issues, etc.

STEP 1-2: Internal Environmental Analysis

- Interpretations of the Group Philosophy
- Management capital
- Existing business model
- The Group's strengths, uniqueness, and competitive advantage

STEP 2: Importance Assessment

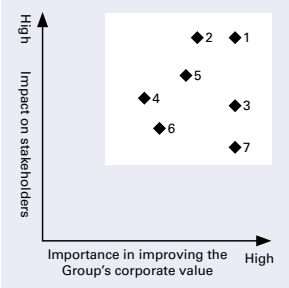
Trends in 2035

Social changes and customer trends in 2035 × The Group's direction of aim

- QCD + sustainability in the supply chain
- Expansion of logistics-derived operations scope in pursuit of customers' core operations
- Creation of new value and business by addressing consumer needs and social issues

Current social issues and demands

Impact on stakeholders × Importance in improving the Group's corporate value



1. Pursuit of safe and resilient logistics business
2. Progress in climate change countermeasures
3. Advancing human capital management
4. Respecting human rights
5. Contributing to sustainability promotion in the supply chain
6. Strengthening information and cybersecurity
7. Governance

STEP 3: Identification of Risks and Opportunities

	Item	Risk		Opportunity	
Trends in 2035	QCD + sustainability in the supply chain	Decreased competitiveness due to being stuck using traditional warehousing and transportation methods	Long, medium	• Improved competitiveness based on proposal and field capabilities based on specialized know-how • Expanding need of high-value-added logistics services that lead to solving social issues and creating customer innovation • Potential for co-creation and development of creative businesses utilizing DX, etc., with logistics as the starting point	Long, medium
	Expansion of logistics-derived operations scope in pursuit of customers' core operations				
	Creation of new value and business by addressing consumer needs and social issues				
Current social issues and demands	Pursuit of safe and resilient logistics business	Customer and employee attrition due to inability to address issues	Medium, short	Increased trust from our customers and improved business continuity for the Company through driven initiatives and results	Long, medium, short
	Progress in climate change countermeasures	Diminished competitiveness and damage to our reputation due to inability to address issues	Long, medium, short	• Improved resilience of the supply chain including the Company • Improved ability to provide environmentally responsible logistics services	Long, medium, short
	Advancing human capital management	Reduced employee hiring and motivation	Long, medium	Improving service quality by securing talented personnel and through strong organizational capabilities	Long, medium
	Respecting human rights	Damage to our reputation and increased cost of responding due to insufficient response to laws and regulations and customer requests	Medium, short	Improved resilience of the supply chain including the Company	Medium, short
	Contributing to sustainability promotion in the supply chain	Diminished competitiveness and damage to our reputation due to inability to address issues	Long, medium, short	Growing needs for sustainability promotion services	Long, medium, short
	Strengthening information and cybersecurity	Lost trust and competitiveness due to delayed customer response or security incidents	Medium, short	Differentiating ourselves from competitors through new service development and improved productivity	Medium, short
	Governance	Damage to our reputation, increased cost of responding, and damage to our corporate value due to insufficient addressing of issues	Medium, short	Maintaining and improving trust from customers and stakeholders and enhancing corporate value by promoting Group management	Medium, short

Notes: 1. Because "short-term" trends have been included in our current management, they have been excluded from our 2035 trends.
2. Timelines—short term: 3–5 years, medium term: approx. 10 years, long term: 30+ years

STEP 4: Finalization

Materiality P.29–32

- Offering sustainable and resilient logistics infrastructure
- Creating services and businesses through co-creation that lead to solutions to social issues
- Advancing human capital management
- Promoting digital transformation (DX)
- Striving for secure and high-quality logistics operations
- Promoting climate change actions and resource circulation
- Respecting human rights
- Advancing corporate governance

Business Model P.27–28

- Designing optimal supply chains
- Extensive, high-quality operations
- Founding new businesses through co-creation

Value Creation Process

Based on its PURPOSE of "Empower society, encourage progress," the Mitsui-Soko Group will continue to grow to become a logistics solutions partner that supports the development of a sustainable society by creating new value through co-creation—For every day, emergency, and always will be.

PURPOSE Empower society, encourage progress

Megatrends

- Slowdown of international cooperation
- Changes in demographic structure
- Natural disasters/frequent occurrences of abnormal weather
- Advance of rapid urbanization
- Diversification of consumer needs
- Acceleration of digitization
- Supply chain transformation
- Progress of information society

INPUT

Human/Organizational Capital

Consolidated number of employees	7,882
Consolidated subsidiaries	72

Intellectual Capital

Overwhelming field capabilities	
DX investment	¥20 billion

Financial Capital

Operating cash flow	¥23.2 billion
Equity ratio	41.7%

Service Capital

Business sites	400
Operating countries	21

Social and Relationship Capital

Co-creation with stakeholders

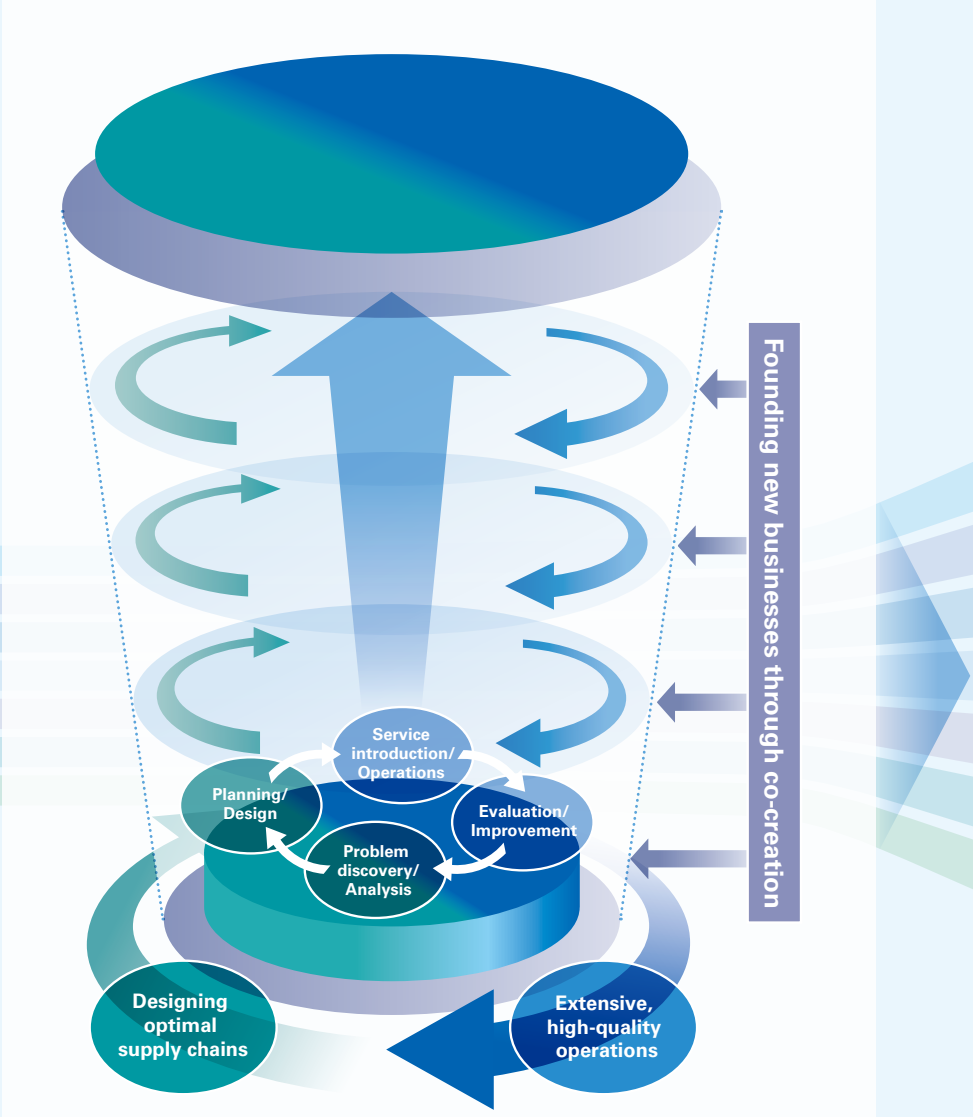
Natural Capital

Total energy usage	1,009TJ

➡P.25–26

Business Model

➡P.27–28



Ability to provide a sustainable supply chain by leveraging the Group's comprehensive strengths

Strengths				
	Over 110 years of trust and achievements	Stable management foundation	An extensive and end-to-end logistics network	Proposal and field capabilities based on specialized know-how

4 VALUES (PRIDE·CHALLENGE·GEMBA·RESPECT)

➡P.9–10

VISION

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

Materiality

P.29–32

Creation of Corporate and Social Values

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

Maintenance and Reinforcement of the Foundations for Value Creation

Foundations for Growth

- Advancing human capital management
- Promoting digital transformation (DX)
- Striving for secure and high-quality logistics operations

Social Foundations

- Promoting climate change actions and resource circulation
- Respecting human rights

Business Foundations

- Advancing corporate governance

Medium-term Management Plan 2022

P.38–59

OUTPUT

- Domestic and Overseas Logistics/ Port Transportation
- Airfreight Forwarding
- 3PL/LLP (Distribution/ Sales logistics)

Optimal logistics services that support our customers' supply chains

- 3PL/LLP (Procurement/ Production logistics)
- Land Transportation
- Real Estate Business

P.84–102

OUTCOME

Increasing Social Value

Realization of a sustainable and prosperous society

- Improvements in the economic productivity of society and client companies
- Realization of a society where everyone is respected
- Contribution to a decarbonized, circular society

Increasing Corporate Value

Sustainable growth for the Group

- Top-line expansion
- Enhancement of capital efficiency
- Reduction in cost of capital

FINANCIAL (MEDIUM-TERM MANAGEMENT PLAN 2022 NUMERICAL TARGETS)

- Operating revenue ¥350 billion
- Operating profit ¥23 billion
- Operating cash flow ¥30 billion

Management Capital

	Human/ Organizational Capital P.54–56	Intellectual Capital P.52 P.57–59	Financial Capital P.39–42 P.103
Ideal state	Advancing human capital management to maximize the organization by enabling each and every employee to demonstrate their abilities to the fullest extent	Continuous development of new businesses and competitive services by enhancing logistics design capabilities and logistics quality that combine people's individual capabilities with technological capabilities	Improve the ability to generate cash and build a sound financial base to invest in growth and realize stable returns to shareholders
	To provide a sustainable supply chain as a logistics company, it is necessary to accurately identify social issues and customer needs, and then propose and implement solutions. While being accepting of diverse values and the ideas of each individual and fostering a spirit to take on challenges, we will work to improve the environment and enhance the system to promote the creation of rewarding work environments and strengthen the organization to realize these goals.	To further improve logistics quality, the Group is incorporating manufacturer-standard improvement methods into the logistics know-how accumulated over more than 110 years. In addition, by promoting digital transformation (DX), we are building an SCM digital platform to deepen our integrated solution service.	The Group is committed to strategic financial operations and management to establish a business structure that is efficient and can secure healthy profits even in an increasingly uncertain business environment.
Management capital indicators	**Consolidated number of employees** 7,882 **Consolidated subsidiaries** Domestic 35 Overseas 37 **Personnel with expertise** • SCM solution sales personnel • Operational personnel to strengthen field capabilities • Specialized personnel (IT professionals, pharmacists, etc.)	**Overwhelming field capabilities** • Standardization method established by transforming know-how accumulated over many years into explicit knowledge • High-quality logistics based on manufacturer standards **DX strategic investment** • DX strategic investment: ¥20 billion (Medium-term Management Plan 2022 period) • SCM digital platform	**Operating cash flow** ¥23.2 billion **Equity ratio** 41.7 % **ROE** 12 %
Strategies to strengthen capital	Organizational growth through the growth of each and every diverse employee, and realization of the Group's collective strengths • Instill our Group Philosophy • Recruit, train, and retain in line with "profile of human resources we seek" • Enhance employee engagement • Promote Diversity & Inclusion to improve organizational capabilities • Personnel training to raise SCM solutions and field capabilities	Enhance field capabilities through improvements and increase high-value-added services by promoting digital transformation (DX) • Company-wide penetration of standardization methods • Promote supply chain management using digital methods • Promote smart logistics (robotics, etc.)	Investment in growth strategies, management with an awareness for capital efficiency • Medium-term Management Plan 2022 financial strategy execution - Investments: ¥130 billion - Payout ratio: 30% - D/E ratio: 1.0 times - ROE: Over 12%

P.6

Service Capital

Expand into a wide range of regions to realize a stable logistics service and develop facilities and transportation networks that are suited to the characteristics of the handled cargo

To realize a stable logistics service that can withstand changes in social conditions and the environment, the Group has developed a global presence. The Group also has facilities that are suited to the characteristics of the handled cargo, such as dedicated healthcare facilities, and state-of-the-art facilities equipped with robotics, to support the provision of optimal supply chains for our customers.

Operating countries

21

Number of business sites

Domestic	Overseas
296 sites	133 sites

Maintain and reinforce logistics foundation

- Build resilient distribution networks and logistics facilities
- Strengthen logistics services in focus areas
- Build logistics facilities in competitive areas

P.83

Social and Relationship Capital

Value co-creation with stakeholders based on relationships of trust

To be a company that continues to create long-term value through sound and transparent management activities, we will build strong relationships of trust and enhance the sustainability of value through proactive and constructive communication, as well as co-creation, with our shareholders, customers, and other stakeholders.

Engagement with stakeholders

- Dialogue with investors
  - Financial results briefings: Four times (195 companies in total)
  - Individual IR coverage: 102 times
  - SR interviews: 13 companies
  - Board of Directors' feedback: Three times
- Cooperation with customers and business partners

Strengthen dialogue and relations with all stakeholders

- Effective communication with investors and shareholders
- Increase customer satisfaction
- Build responsible supply chains

P.62–64

Natural Capital

Effective utilization of energy such as electricity and light oil, and contribution to a circular economy

To operate a logistics business, various energy resources are one of the Group's raw materials. Based on the idea that conservation of the global environment will lead to sustainable growth of society and companies, we will efficiently utilize energy and realize reductions in CO_2 and waste emissions.

Total energy usage

1,009 TJ

Renewable energy usage

11,041 MWh

Effective use of limited resources

- Reduce CO_2 emissions
- Reduce waste emissions

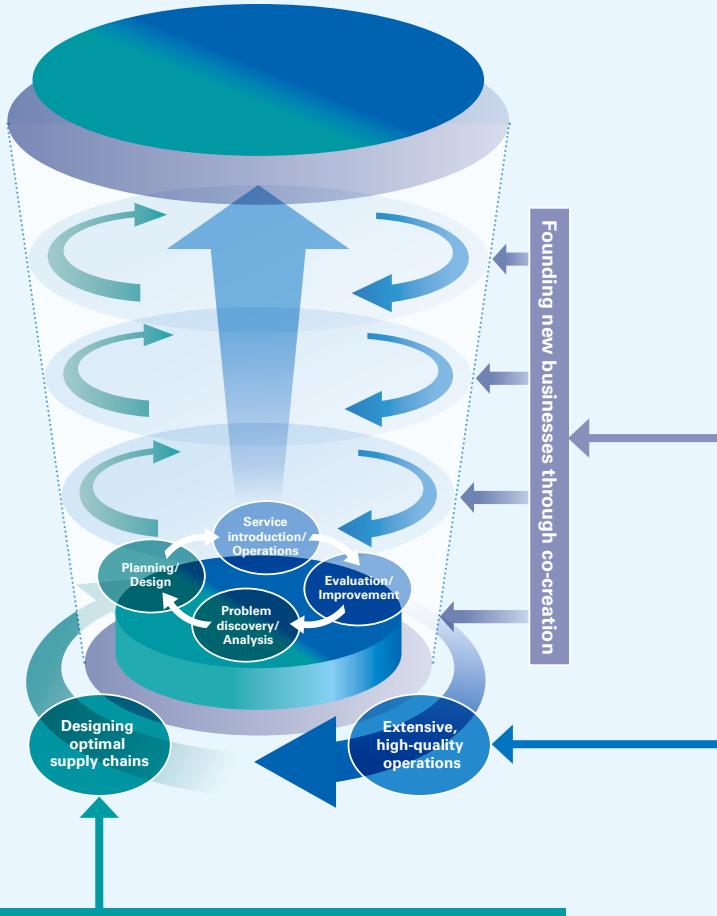
The figures are as of March 31, 2024.

A Business Model that Leverages Strengths

Amid dramatically changing global turning points, how to build robust and sustainable supply chains remains one of the most important themes for society and customers. Making full use of the strengths built up through the utilization of its management capital, the Mitsui-Soko Group contributes to the development of its customers and society by "designing optimal supply chains" for problem-solving, "extensive, high-quality operations" to realize these goals, and "founding new businesses through co-creation" to raise the sustainability of the industry and society as a whole.

If a customer's industry, business model, or product line change, the content and quality of logistics required will naturally differ. We have accumulated different forms of capital including "over 110 years of trust and achievements," "stable management foundation," "an extensive and end-to-end logistics network," and "proposal and field capabilities based on specialized know-how." Through these forms of capital and our corporate culture represented by our 4 VALUES, we have developed our sustainable supply chain proposal capabilities utilizing the Group's collective strengths. Capitalizing on these strengths, we will establish optimal supply chains for our customers, realize extensive, high-quality operations, and constantly work to improve the quality of our services.

Meanwhile, changes in social conditions such as the transition to a decarbonized society, the spread of work-style reforms, and the appearance of new technologies and services are changing the very assumptions on which logistics are founded. Amid these changes, not limited to the framework of the Group, through co-creation with partner companies that possess various technologies, know-how, and ideas, we will evolve and develop our business model.



Designing optimal supply chains

Problem discovery/Analysis

Identification and analysis of logistics issues faced by customers

We identify logistics issues with an eye on not only the management environment of our customers but also the changes, such as social issues, in the external environment behind them. After collecting logistics data and on-site interviews, we visualize and analyze the current logistics operations and clarify the processes that are under strain and the items necessary for improving productivity and quality.

Planning/Design

Planning and design of logistics business processes

▶ Solution design

To realize our customers' business strategies, we plan and design logistics solutions that contribute to building the optimal supply chain. In addition to planning and designing logistics strategies that also utilize digital technology, such as logistics strategy and business process construction, we also undertake the overall management of projects, such as IT implementation and change management, to devise ways to firmly establish logistics measures.

▶ Base locations

In addition to reducing distribution costs and improving lead times based on storage and transportation volumes, we are proposing base locations that also take into account disaster risk and employment conditions.

▶ Warehouse operations

Based on the data on work hours, we strive to reduce costs and improve productivity by designing optimal warehouse layouts and operations by automating warehouse equipment and mechanizing cargo handling operations according to the characteristics of the business.

▶ Construction of transportation networks

Utilizing our various transportation modes and joint delivery networks that we have established over many years, we are building optimal transportation networks in terms of lead time transportation costs, etc.

Founding new businesses through co-creation

Creating new services and businesses that lead to solutions to social issues

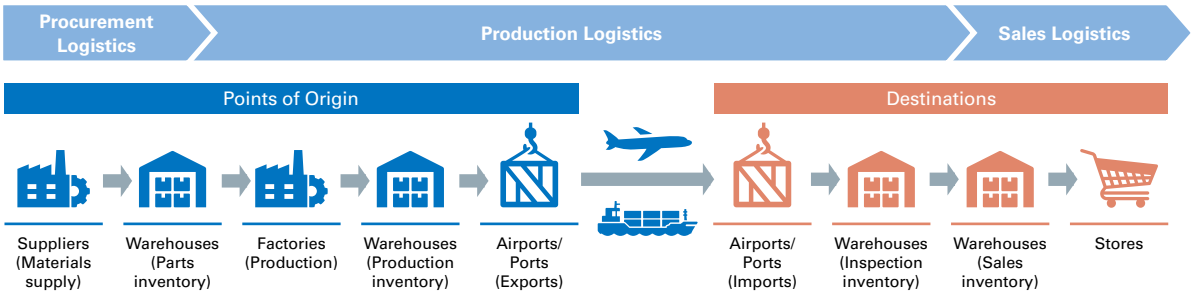
Through co-creation with our partners that goes beyond the confines of our own industry, we will drive innovation that leads to solutions for increasingly complex social issues. By expanding into cutting-edge fields, building logistics ecosystems, and creating new services and businesses, we will help to build a society in which our customers and the consumers one step beyond them can live comfortably.

Extensive, high-quality operations

Service introduction/Operation

Provision of comprehensive end-to-end, sustainable, and resilient logistics services from upstream to downstream

The Group has a large number of warehouses in Japan and overseas and a comprehensive lineup of logistics functions that cater to land, sea, and air forwarding. By combining these various logistics functions and executing optimal and efficient operations, we provide a wide range of flexible logistics services from upstream to downstream.



Contracting derivative capabilities from logistics

The Group provides after-sales services, including logistics processing such as assembly and inspection, as well as the installation, maintenance, and detailed examination of equipment. Furthermore, in addition to document management and back-office BPO services, we provide BPO services for the value chain including procurement representation and sales management that allow our customers to focus on their core operations.

Value Chain	Procurement	Manufacturing			Sales	After-Sales Service			
Operation	Purchase of materials	Assembly and processing	Forming	Inspection and testing	Marketing	Insta-llation	Mainte-nance	Detailed exami-nation	Repair
Inventory management	Inventory, supply–demand, and shipment adjustment					——			

Evaluation/Improvement

Enhancing logistics quality through continuous improvement activities

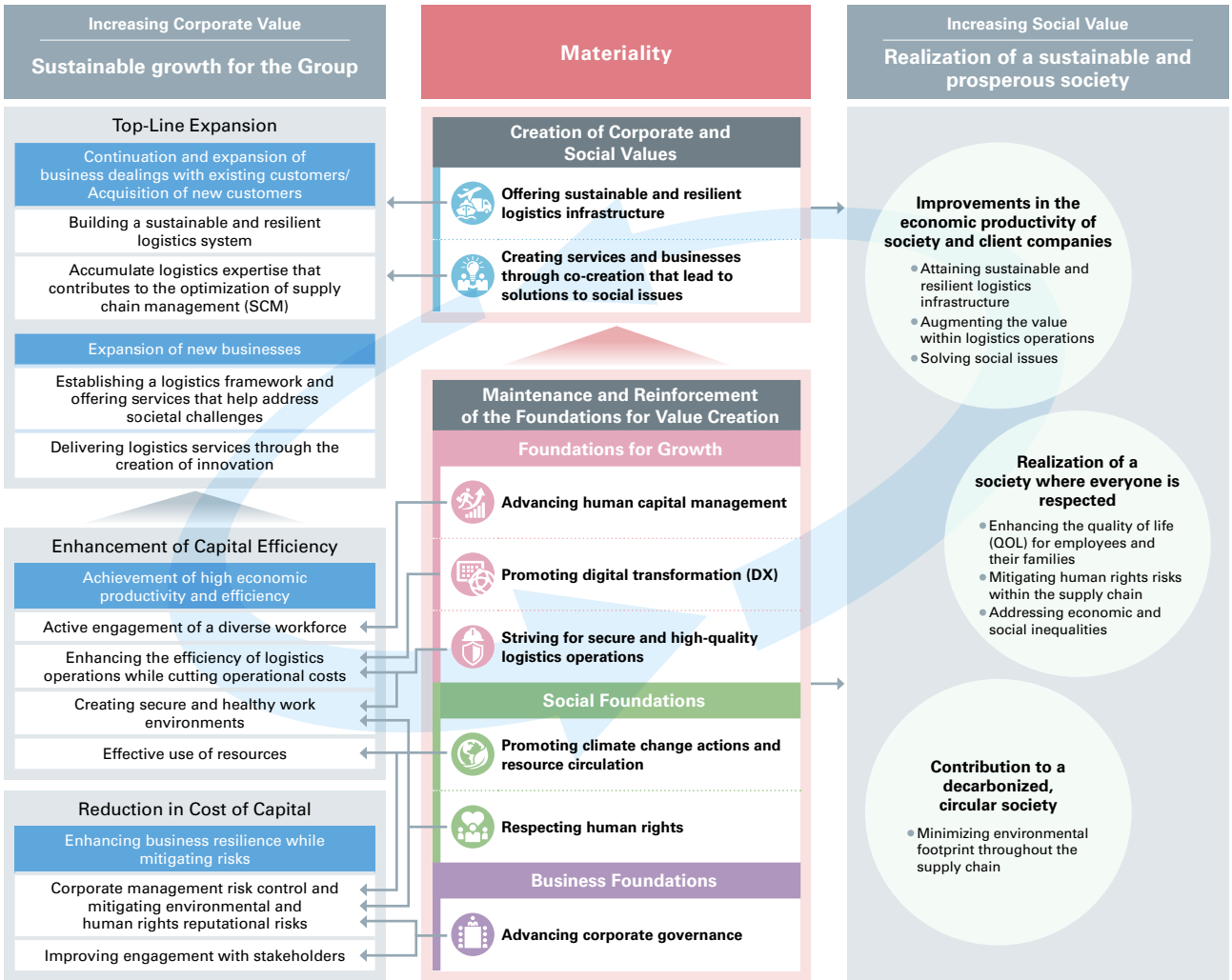
We verify the effectiveness of services after their introduction and carry out continuous improvement activities. By sharing information and providing education on cases of improvement within the Group, we are also aiming to further enhance efficiency, and improve productivity and quality.

Materiality

The Mitsui-Soko Group seeks to realize our PURPOSE of "Empower society, encourage progress" even amid uncertain and increasingly complex times. To do so, we recognize the need to promote management based on a medium- to long-term perspective and have recently revised our materiality accordingly.

Our revised materiality is composed of eight materiality items, including six based on "Maintenance and Reinforcement of the Foundations for Value Creation" and two based on realizing the "Creation of Corporate and Social Values" through the first six. The materiality identified are represented in the Group's business activities themselves. Pursuing materiality leads to improvement in the Group's corporate value, growth in our customers' businesses, and helps realize the sustainable growth of society.

▶ Please see P.19–22 for the materiality identification process.



Promotion Initiatives toward Materiality Throughout the Group

For materiality, it is necessary to promote activities throughout the Group based on appropriate governance. The Group considers materiality as an important component that contributes to management. We set KPIs for each revised materiality and promote measures in each organization under the supervision of the Board of Directors.

Our Sustainability Committee evaluates the validity of our materiality. Materiality related to the "Creation of Corporate and Social Values" and "Promoting digital transformation (DX)" are reflected in our sales policies and DX promotion policies and discussed at the Management Council. For materiality related to "human capital," "safety and quality," and the "environment," we have positioned each subcommittee, which are Group-wide organizations, under the Sustainability Committee to formulate and implement measures. Regarding "human rights," led by the Compliance Committee, we carry out initiatives to implement human rights due diligence.

We will work to further enhance corporate value through the integration of sustainability promotion and management.

Materiality Promotion System

	Materiality						
	All	Creation of Corporate and Social Values	Maintenance and Reinforcement of the Foundations for Value Creation				
Supervision/ Approval	Board of Directors						
Meeting body	**Sustainability Committee** Chair: MSH President & CEO Members: MSH internal directors; MSH Managing Executive Officer; Presidents from each operating company; others	**Management Council** Chair: MSH President & CEO Members: MSH internal directors; Managing Executive Officers; Presidents from each operating company; others	**Sustainability Committee** **Human Resource Subcommittee** MSH Human Resource Division; Department in charge from each operating company	**Management Council**	**Sustainability Committee** **Safety Subcommittee** MSH Operation Management Division; Department in charge from each operating company	**Sustainability Committee** **Environmental Subcommittee** MSH Risk Management Division; Department in charge from each operating company	**Compliance Committee** Chair: MSH President & CEO Members: MSH Executive Officers in charge of HR, finance, legal, general affairs, risk management; others

MSH: MITSUI-SOKO HOLDINGS

Materiality Promotion PDCA Cycle

PLAN — Setting of materiality and KPI items

The Sustainability Committee manages and discusses the appropriateness of materiality, framework development, and the setting of various KPIs and numerical targets in consideration of overall optimization

DO — Planning and execution of measures to achieve goals

Each meeting body also plans and implements policies while setting and reviewing diverse KPIs and numerical targets

CHECK — Check and manage the progress of each KPI and measure

Periodically check the status of implementation at each meeting body:
- Sustainability Committee: Generally held twice a year
- Management Council: Held monthly
- Compliance Committee: Generally held four times a year

ACTION — Evaluation of achievement level, extraction of issues and points for improvement

Feedback from internal and external sources provided to each subcommittee and Group company, which leads to the formulation of measures for the next fiscal year:
- Internal: Issues and evaluation results discussed at each committee, council, and Board of Directors' meetings
- External: Opinions and evaluations from investor interviews and rating agencies

Reference: Former Materiality KPIs (2024/3 Results)

We are steadily improving our materiality KPIs for "Economy," "Social," and "Environment," based on the development of various measures. Key indicators have been passed on to newly identified materiality, and we will continue to promote initiatives.

Materiality (Former)		KPIs (Former)	2024/3 Results	Link to Current Materiality
Economy	Provision of sustainable, resilient logistics services through co-creation	• Expansion of businesses arising from social issues • Achievement of high economic productivity and efficiency through DX promotion and innovation • Expansion of partnerships toward sustainable logistics	• Progress of SustainaLink - Number of CO_2 calculations of customers (cumulative total): Approx. 10 million - Compliance with ISO 14083:2023 • Launch of a large-scale center using robotics • Investments in building next-generation logistics systems	
Social	Realization of safe, diverse, and rewarding work environments	• Improvement of employee engagement • Maintain zero occupational accidents • Achieve ratio of paid leave taken of 70%* • Improvement of absentee rate over previous fiscal year's level • Achieve health checkup take-up rate of 100%* • Achieve male childcare leave acquisition rate of 30%* • Achieve female manager ratio of 15%*	• Employee engagement: 66 (up one point) • Number of occupational accidents: 0 • Ratio of paid leave taken: 66.82% • Absentee rate: 0.15% (up 0.02 points) • Health checkup take-up rate: 99.58% • Male childcare leave acquisition rate: 78.05% • Female manager ratio: 10.11%	
Environment	Contribution to a decarbonized, circular economy by actively reducing environmental impact	• Total CO_2 emissions (Scope 1 + 2): 50% reduction by 2031/3 (Compared to 2014/3) Net zero by 2051/3 • Volume of waste emissions: reduced from the previous fiscal year's level	• Total CO_2 emissions (Scope 1 + 2): 54,161 t-CO_2 (23% reduction compared to 2014/3) • Waste emissions: 7,977t (542t reduction)	

*Achievement deadline is end of March 2026

List of Materiality

The Mitsui-Soko Group identifies materiality with the aim of creating new value and achieving sustainable growth for the Group and for society through its business activities. We will promote initiatives for these materialities and thereby contribute to achieving the goals of the SDGs related to our business, while realizing the sustainable enhancement of the Group's corporate value.

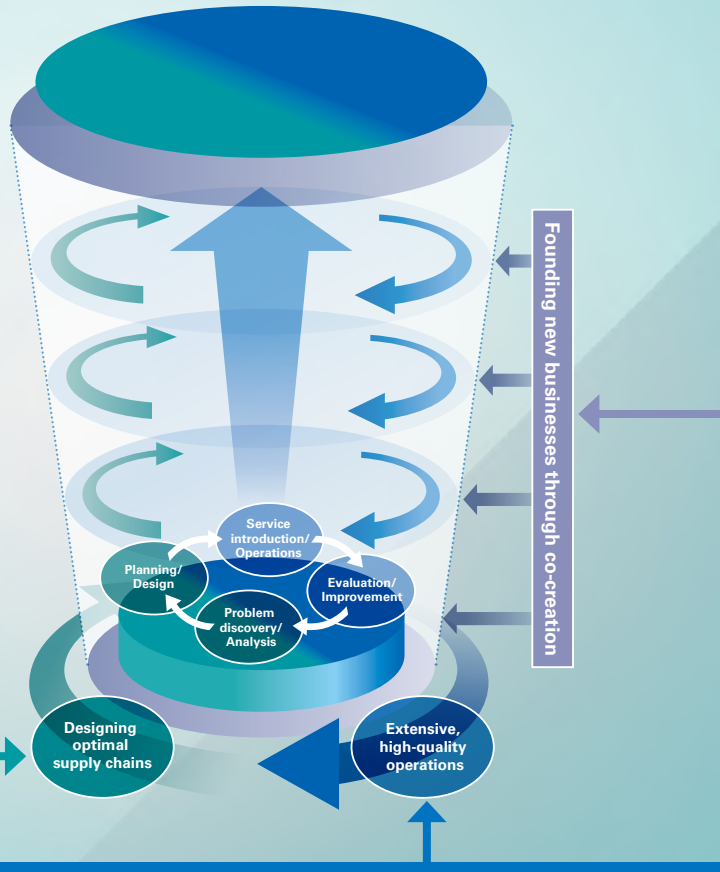
		Materiality		Promotion System	KPIs
Creation of Corporate and Social Values		Offering sustainable and resilient logistics infrastructure	"For every day, emergency, and always will be"—Providing logistics services that aid in optimizing customers' supply chains in all situations	Management Council	• Medium-term Management Plan 2022 Targets for operating revenue and operating profit
Creation of Corporate and Social Values		Creating services and businesses through co-creation that lead to solutions to social issues	Collaborating with diverse companies to innovate and develop solutions addressing social challenges through logistics	Management Council	• Medium-term Management Plan 2022 Targets for operating revenue and operating profit • Driving efforts to create and expand new services and businesses
Maintenance and Reinforcement of the Foundations for Value Creation	Foundations for Growth	Advancing human capital management	Maximizing the value of human resources and organizational capabilities as drivers of corporate growth	Sustainability Committee (Human Resource Subcommittee)	• Visualizing the human resources portfolio • Average annual training hours per person: 20 hours • Average annual training cost per person: ¥70,000 • Ratio of female managers: 15% • Male childcare leave acquisition rate: 100% • Facilitating interactions among Group companies • Philosophy penetration score: 71 or higher • Engagement score: 71 or higher • Ratio of paid leave taken: 70% *Achievement deadline is end of March 2031.
Maintenance and Reinforcement of the Foundations for Value Creation	Foundations for Growth	Promoting digital transformation (DX)	Transitioning into a digital-driven logistics company that generates social value by reshaping its business models and corporate culture with the integration of digital technologies	Management Council	• Number of systems compatible with digital transformation (DX) • Number of locations implementing robotic process automation (RPA) and robotics • Number of DX projects originating from GEMBA (front lines) • Number of participants in DX talents training
Maintenance and Reinforcement of the Foundations for Value Creation	Foundations for Growth	Striving for secure and high-quality logistics operations	Creating a work environment that fosters employee well-being through safety initiatives, while surpassing customer expectations with superior logistics services through continuous improvement of quality	Sustainability Committee (Safety Subcommittee)	• Lost time injury frequency rate: improved from the previous fiscal year's level • Encouraging initiatives to reduce the parts per million (PPM) defective rate and prevent quality incidents
Maintenance and Reinforcement of the Foundations for Value Creation	Social Foundations	Promoting climate change actions and resource circulation	Achieving a sustainable society by safeguarding the global environment	Sustainability Committee (Environmental Subcommittee)	• CO_2 emissions: Scope 1 + 2 (compared to 2014/3) 2026/3: 29% reduction 2031/3: 50% reduction 2051/3: Achieving net zero • CO_2 emissions: Scope 3 Leading initiatives to decrease emissions across both our own and our customers' supply chains • Waste recycling rate: To be increased by one point compared to the previous fiscal year
Maintenance and Reinforcement of the Foundations for Value Creation	Social Foundations	Respecting human rights	Fostering a society where the dignity of every individual is upheld and their rights are honored	Compliance Committee	• Implementation rate of human rights due diligence (DD) in the Group: 100% • Improvement of human rights education and training implementation rate
Maintenance and Reinforcement of the Foundations for Value Creation	Business Foundations	Advancing corporate governance	Strengthening management effectiveness by making equitable and resolute decisions, leading to medium- to long-term enhancements in corporate value	—	—

	Scope	Major Business Impact	Major Social Impact	Contribution to the SDGs
	• Group (consolidated)	**[Top-Line Expansion]** • Establishing a logistics framework that contributes to the optimization of supply chain management (SCM) • Accumulating logistics expertise to meet customers' QCD + sustainability needs	• Attaining sustainable and resilient logistics infrastructure	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	• Group (consolidated)	**[Top-Line Expansion]** • Establishing a logistics framework and offering services that help address societal challenges • Delivering logistics services through the creation of innovation	• Attaining sustainable and resilient logistics infrastructure • Augmenting the value within logistics operations • Solving social issues	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
	• MSH • Major operating companies	**[Top-Line Expansion]** • Delivering optimal services through active engagement of a diverse workforce **[Enhancement of Capital Efficiency]** • Strengthening organizational capabilities and increasing profit per capita through improved engagement • Promoting labor productivity through enhanced health and productivity management	• Attaining sustainable and resilient logistics infrastructure • Enhancing the quality of life (QOL) for employees and their families • Addressing economic and social inequalities	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
	• MSH • Major operating companies	**[Top-Line Expansion]** • Sophisticating services through the use of digital technology **[Enhancement of Capital Efficiency]** • Improving operational efficiency and implementing business transformation through the introduction of robotics and digital technology	• Augmenting the value within logistics operations • Enhancing the quality of life (QOL) for employees and their families	8 DECENT WORK AND ECONOMIC GROWTH
	• MSH • Major operating companies	**[Top-Line Expansion]** • Achieving a competitive edge by enhancing the quality of logistics services **[Enhancement of Capital Efficiency]** • Promoting labor productivity by creating secure and healthy work environments • Enhancing the efficiency of logistics operations while cutting operational costs	• Attaining sustainable and resilient logistics infrastructure • Enhancing the quality of life (QOL) for employees and their families	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	• MSH • Major operating companies • Marukyo Logistics (Osaka/Ehime)	**[Enhancement of Capital Efficiency]** • Reducing insurance premiums and repair costs by implementing climate change mitigation strategies • Reducing costs through enhanced resource efficiency **[Reduction in Cost of Capital]** • Enhancing business resilience by reducing disaster risks	• Minimizing environmental footprint throughout the supply chain	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	• Group (consolidated)	**[Enhancement of Capital Efficiency]** • Promoting labor productivity by creating secure and healthy work environments **[Reduction in Cost of Capital]** • Enhancing business resilience by addressing human rights risks	• Mitigating human rights risks within the supply chain • Addressing economic and social inequalities	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	—	**[Reduction in Cost of Capital]** • Enhancing business resilience through effective risk control • Improving engagement with stakeholders	—	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SPECIAL FEATURE

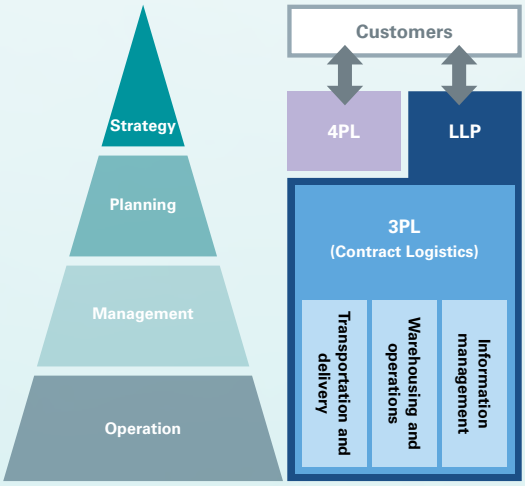
The B2B2C Business Model

This section introduces our B2B2C business model, one of the Group's focus areas. In the B2B2C field, in addition to implementing logistics design and operations that contribute to the optimization of supply chains, we promote the creation of next-generation logistics that lead to the resolution of social issues such as the 2024 problem and environmental issues.



Designing Optimal Supply Chains

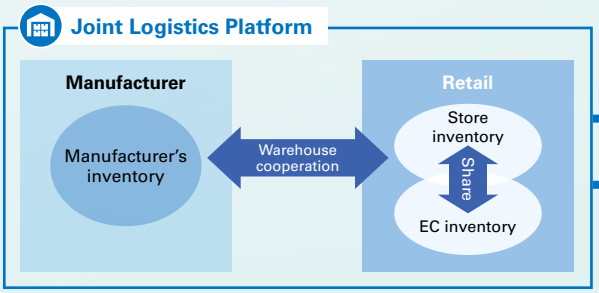
In the B2B2C field, we offer an LLP service model capable of providing integrated logistics services including every step from strategy formulation to planning, management, and operations for our customers' supply chains. We design optimal supply chains that not only cut costs, but also contribute to expanding our customers' businesses.



Value Provided

- **Building logistics strategies that contribute to expanding business**
- **Optimizing in-store logistics operations and delivery networks**
- **Designing supply chains that contribute to growing revenue in both the store and EC sales channels**
- **Designing state-of-the-art logistics centers including the introduction of automation and robotics**

Manufacturing



Joint Logistics Platform

Joint logistics platform management

We are building a joint logistics platform that shares inventory from multiple manufacturers and mass retailers at the same distribution center. Through the platform, shipments from manufacturers to mass retailers are completed by transferring inventory within the distribution center, and shipments to stores are optimized through joint delivery.

Value Provided

- **Inventory optimization and reduction of lead times through visualization (information sharing) of manufacturing and sales inventory**
- **Reduction of transportation costs and CO_2 emissions through warehouse transportation and joint deliveries**
- **Resource optimization by sharing of infrastructure and human resources**

Founding New Businesses through Co-creation

Promoting initiatives related to relay transportation

Participating in DENSO CORPORATION's trunk relay transport services, "SLOC"

The Group participated in the trunk relay transport service project, "SLOC," conducting joint demonstration experiments with multiple companies. SLOC, an acronym for "shuttle line of communication," is a trunk relay transport service that utilizes a "swap body system" in which containers can be disconnected and attached to different trucks. Because relay transport is achieved by disconnecting containers, it reduces both long-distance transportation and the burden of cargo handling. To establish the SLOC system in society, frameworks are being evolved that facilitate stable operations including the standardization of processes and rules, and further evaluations are underway to apply the SLOC system to facilitate mixed loading and joint transportation.

Co-creation with NTT DATA, Inc. aimed at optimizing relay transport

We are participating in desktop evaluations of optimization models for NTT DATA's "relay transport optimization platform" concept. This concept involves optimizing transportation by building transport networks centered on warehouses acting as reloading centers to conduct matching in relay transport. Specifically, the platform, which includes warehouse providers and shipping companies, aims to introduce dynamic pricing based on cargo volume data and shipping conditions, to improve the multi-layer subcontracting structure that poses a significant issue for shipping vendors, and to maximize loading rates.

Investing in T2 Inc., which aims to realize self-driving trucks

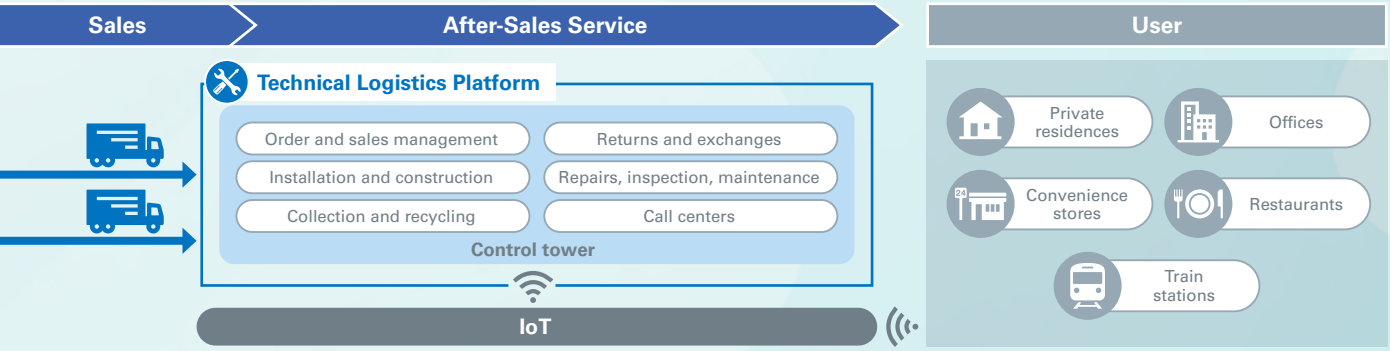
The Group has invested in T2 Inc. which aims to commercialize trunk transport services using self-driving trucks to create new logistics services. Since T2 was founded, the Group has provided development centers and supported test runs, aiding in the development of self-driving technology. By integrating the Group's logistics know-how with new technologies, we are accelerating initiatives to optimize transportation and delivery and automate cargo handling, aiming to build logistics networks that incorporate flexibility, immediacy, and business continuity.

Value Provided

- **Optimizing relay transport*1**
- **Building logistics platforms that optimize storage and transport**
- **Reducing the risk of being unable to transport cargo because of labor shortages**
- **Improving long-distance transport and labor conditions for drivers**
- **Reducing CO_2 emissions by optimizing transport and improving loading rates**
- **Creating new logistics services**

*1 Relay transport: transport method in which drivers are switched at relay points in long-distance, long-duration transport

Extensive, High-Quality Operations



Store and e-commerce logistics warehouse operations

We operate OMO-compliant*2 logistics centers that create synergistic effects between stores and e-commerce sales channels. By introducing logistics operations processes that utilize state-of-the-art material handling equipment and AI and creating overwhelming field capabilities that combine the power of people with the power of technology, we provide highly efficient logistics services.

Value Provided

- **Optimizing inventory and improving manufacturing efficiency through the integrated management of store inventory and e-commerce inventory**
- **Reducing the risk of lost sales opportunities through highly efficient operations**
- **Improving working environment and labor productivity through the promotion of DX**

*2 Short for Online Merges with Offline. Sales promotion measures by integrating online and offline channels with the aim of improving customer experiences.

Technical Logistics Platform

We are building a technical logistics platform to subcontract everything from transport to after-sales services. The platform provides a one-stop solution to customers by acting as a control tower for the integrated management of diverse capabilities including everything from order receiving and sales management to delivery, installation, and maintenance. Through remote monitoring using IoT, we provide preventive maintenance for equipment and services to replenish consumable goods.

Value Provided

- **Concentration of resources in core operations through the contracting of derivative operations**
- **Increased productivity and improved customer services through comprehensive services covering everything from shipping to installation**
- **Improving quality through feedback related to maintenance and product returns**

SPECIAL FEATURE The B2B2C Business Model

DIALOGUE

Co-creative Logistics Solutions Partner

In the spring of 2022, the Kansai Ibaraki Logistics Center was born through a joint project made possible through the cooperation of Joshin Denki Co., Ltd. and MITSUI-SOKO LOGISTICS (MSL). The Kansai Ibaraki Logistics Center, which will focus on the logistics reforms being advanced by Joshin Denki is a 35,000 tsubo (approx. 116,000 m²) large-scale facility established to realize seamless logistics through the mutual complementation of real stores and EC sales by combining the strengths of personnel and technology. We spoke to two key people about this project aimed at realizing the Mitsui-Soko Group's VISION of becoming "the co-creative logistics solutions partner."

Etsuo Ide
Deputy Director, Logistics Management Department and Director of the Center, Kansai Ibaraki Logistics Center
Joshin Denki Co., Ltd.

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Dai Yaegashi
General Manager, Appliance Retail Logistics Sales Division, Strategic Sales Headquarters, Sales Branch
MITSUI-SOKO LOGISTICS Co., Ltd.

Project Launch

Ide: The Group is developing a unique dominant strategy. A typical dominant strategy is a management method that involves concentrating new store openings in specific areas to secure competitive superiority. However, rather than relying on new store openings, through the strengthening of the sales capabilities of existing stores, the scrap-and-build method, and synergistic effects with our EC business, we aim to expand our market share by improving service quality, including logistics and service infrastructure systems. Logistics represents an important platform that supports the diversification strategy of the Group.

In addition to technological innovation, in recent years the home appliances industry is undergoing significant volatility caused by diverse changes in both lifestyles and consumer needs. One of these changes is the dramatic expansion of the EC market, which has created the urgent need to build efficient, sustainable logistics systems. As it is clear that the EC business is poised for further growth, we needed a core logistics center to provide customers with attractive shopping experiences and to ensure stable product supply using the synergistic effects between real stores and the EC business. Trends are incredibly hard to read in the EC business, and as the logistics center that was in operation at the time was reaching its processing capacity, we launched a project aimed at opening a new logistics center.

The goal of all logistics reform initiatives is to ensure that purchased products are delivered safely to the customer. MSL is an extremely important like-minded co-creative partner accompanying us on our journey.

— Etsuo Ide —

Yaegashi: MSL has supported Joshin Denki since 2005, and this relationship led to Joshin Denki contacting us about the project. We began working to create a proposal in December 2018. Around once a month, we traveled from Tokyo to Joshin Denki's Osaka headquarters to discuss the project. During this process, we took time to identify and organize the issues faced by Joshin Denki and to consider the optimal logistics center operations to accommodate their requests down to the smallest detail.
Ide: In terms of the site location, we had hoped to open the logistics center in the Kansai area, where we enjoy the highest volume of net sales. This is part of our dominant strategy. Another project goal was to consolidate our logistics centers into a single center. By consolidating our dispersed logistics centers into a single location, we hoped to streamline our operations and to increase our processing capabilities. An important point was our business continuity plan (BCP). Having been impacted by wind and flood damage caused by a typhoon in the summer of 2018, we wanted to properly hedge against the increasing risk of natural disasters. Another important issue was streamlining and labor-saving with the expansion in the EC business, and being able to relocate our logistics center without halting operations was another prerequisite.
Yaegashi: To be able to consolidate our logistics center into one location, we needed a very large site. We narrowed down a list of candidate sites based on their suitability for stores and EC delivery, their resilience against natural disasters, and the work environment that they would provide for our employees. In terms of streamlining and labor-saving, we proposed an operations plan that included the introduction of large material handling equipment and that was suited to the unique demands of both stores and EC sales. Our logistics centers at the time performed operations that mostly did not include machinery, meaning that the installation of material handling equipment represented a significant change. By moving forward with the mechanization of optimized logistics processes expected to produce the maximum results in line with our current business model and by integrating IT system development and the introduction of material handling equipment, we took a bird's-eye view in formulating the overall design for the logistics of Joshin Denki.
Ide: Having received numerous proposals from different companies, MSL was the company that took the various issues and requirements of our Group the most seriously and that provided the most convincing information and clearest solution proposal. We also feel comfortable working with MSL given our business relationship of close to 20 years. MSL was a partner in the truest sense of the word in their involvement with our Group's logistics reforms.

The Challenge of Integrating People and Technology

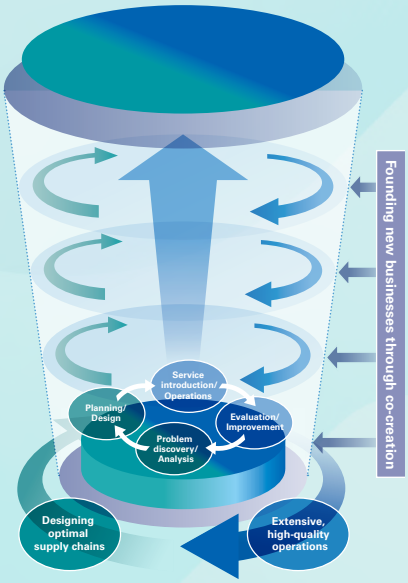
Yaegashi: The Kansai Ibaraki Logistics Center began real operations in the spring of 2022, but this was not before an initial process of continued trial and error. Partly because of the nature of the site as a large-scale, multi-story facility, and despite careful prior preparations, during the initial operations, the logistics processes including the material handling equipment did not function according to design. Every day was spent troubleshooting the many issues with the initial design.
Ide: Because we were not well-versed in frontline logistics, I thought that if we simply installed the material handling equipment, we could easily achieve streamlining and labor-saving. However, this was not the case, and I realized the importance of "people" in connecting our various material handling processes.
Yaegashi: People are required for newly designed logistics processes including

Business Model to Accelerate Co-creation

Designing Optimal Supply Chains
- Building base locations and transportation networks optimized for both stores and EC deliveries
- Base location focused on mitigating natural disasters and securing our labor force
- Designing highly efficient warehouse operations by introducing optimal material handling

Extensive, high-quality operations
- Promoting labor-saving by introducing material handling equipment
- Transitioning to paperless ledger sheets and pay slips using blockchain technology
- Improving logistics efficiency through regular personnel education

Founding new businesses through co-creation
- Evaluating next-generation logistics systems to resolve Japan's 2024 problem
- Using the SustainaLink service



SPECIAL FEATURE

The B2B2C Business Model

While holding dear the spirit of "co-creation" that forms part of the Mitsui-Soko Group's VISION, I hope to continue to tackle challenges head on, to strive for even better service quality, and to support the business growth of our customers.

— Dai Yaegashi —

material handling equipment to function. If information is not shared properly, when the busy season comes, even immediate improvements require time to take hold in a large-scale center at which hundreds of people are working at a time. Because such centers not only have many employees, but also many other involved parties, we dedicated ourselves to frontline management including thinking creatively of simple language to communicate common processes, thoroughly enforcing rules and providing education, and ensuring that the process did not impact Joshin Denki's business.

Ide: Even during this continued process of trial and error, we valued and trusted MSL's operations capabilities. If a mistake was made today, we were sure that it would be fixed tomorrow. If a new issue developed, a solution would be found. I observed this approach with my own two eyes, and even though we were faced with many challenges, we overcame all of them together as a team.

Logistics Reforms Are a Constant Process

Yaegashi: Although we faced continued struggles at the start, we began EC shipments in July 2022. In September, we succeeded in completing high-volume shipments of a hit product rarely seen in recent years, and in December, we achieved the upper limit for EC shipment numbers set forth in our design targets. This represents the successful completion of an important milestone for the project. However, we did not allow this success to go to our heads and have carried out continuous activities to improve our operations in the two years that have passed since the center began operations. For example, although we already introduced a berth management system designed to alleviate congestion with truck shipments, we are continuing to work to optimize logistics together with our logistics affiliates, including transitioning to paperless delivery statements to reduce the burden placed on delivery drivers, one of the main issues in Japan's 2024 problem.

Ide: Prior to this project, I did not understand how to go about logistics reforms. However, through the project, it became clear to me both what I wanted to do and what I should do. Presently at the Group, we are moving into the phase of "considering the perspective of logistics" in deciding what kind of new services to provide to our customers.

Yaegashi: Many new logistics initiatives are now underway. Recently, I have been involved in an initiative to develop a framework to support service improvement policies for the end users of products purchased through EC sites. Although this support is indirect, it was a new experience to be involved in an initiative covering every step from designing logistics frameworks to supporting increased sales for our customers ("Online order, in-store pickup service"). Furthermore, from the standpoint of resolving social issues, we are testing swap transportation that changes out shipping containers during product transportation using intermediary locations and promoting initiatives to reduce the burden placed on delivery drivers, including transitioning to paperless delivery statements. Furthermore, we are working with T2 Inc. to provide long-distance hauling services using self-driving trucks with the goal of building next-generation logistics.

Ide: As one initiative to address climate change, we are working to visualize our CO_2 emissions using MSL's SustainaLink service.

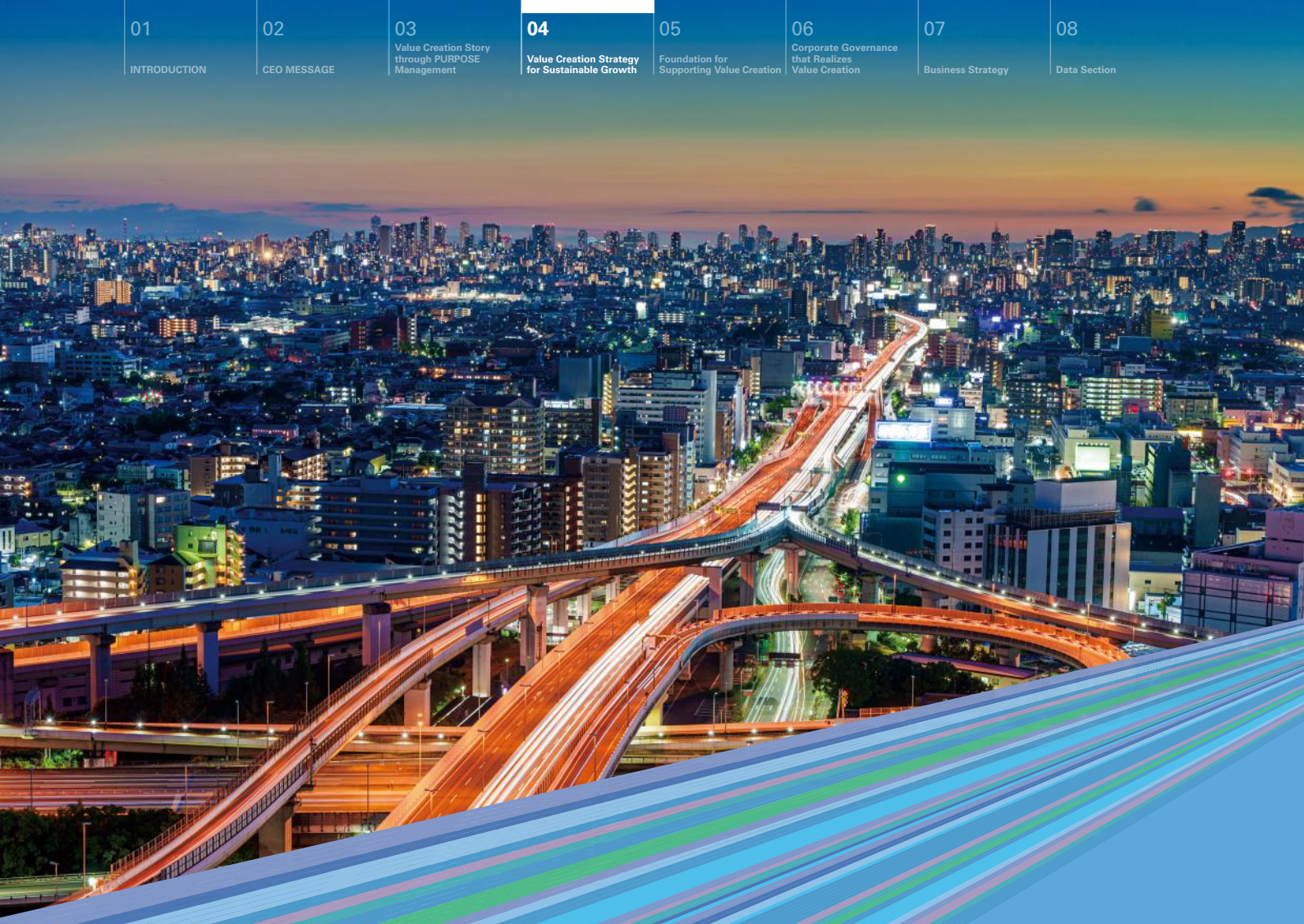
Using the know-how developed in this project, we are now in the process of expanding our logistics systems in the Kanto region. With the core logistics center now stably operating, we have created a virtuous cycle that allows us to move confidently to the next step.

Valuing "Co-creation" While Continuing to Be a True Partner

Yaegashi: This project also represented an unprecedented challenge for MSL. We gained both significant knowledge and results in creating project plans, advancing and implementing those plans, selecting members to form better teams, managing operations, and relocating inventory. I would like us to share this knowledge and these results among our Group companies to further improve the quality of our work.

Ide: Our goals are to have more customers who depend on Joshin Denki and to achieve sustainable growth. Although logistics are more of a behind-the-scenes service, they are the final, key piece that completes our vision. Ensuring that purchased products are delivered safely to the customer—this is truly important. If products are not delivered, it could result in a serious complaint, and the customer may never buy from our Group again. It is important to implement the fundamentals steadily and continuously. This is the goal of all logistics reform initiatives. MSL is an extremely important and like-minded co-creative partner accompanying us on our journey, and we will continue to rely on you into the future.

Yaegashi: Thank you very much. While holding dear the spirit of "co-creation" that forms part of the Mitsui-Soko Group's VISION, I hope to be an even closer partner to Joshin Denki than ever before, to continue to tackle challenges head-on, and to pursue comprehensive logistics quality to support Joshin Denki's business growth.



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
	Operating CF	¥23.1 billion	¥32.3 billion	¥23.2 billion	¥20.0 billion	¥30.0 billion
Financial strategies	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.

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 CO_2 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.

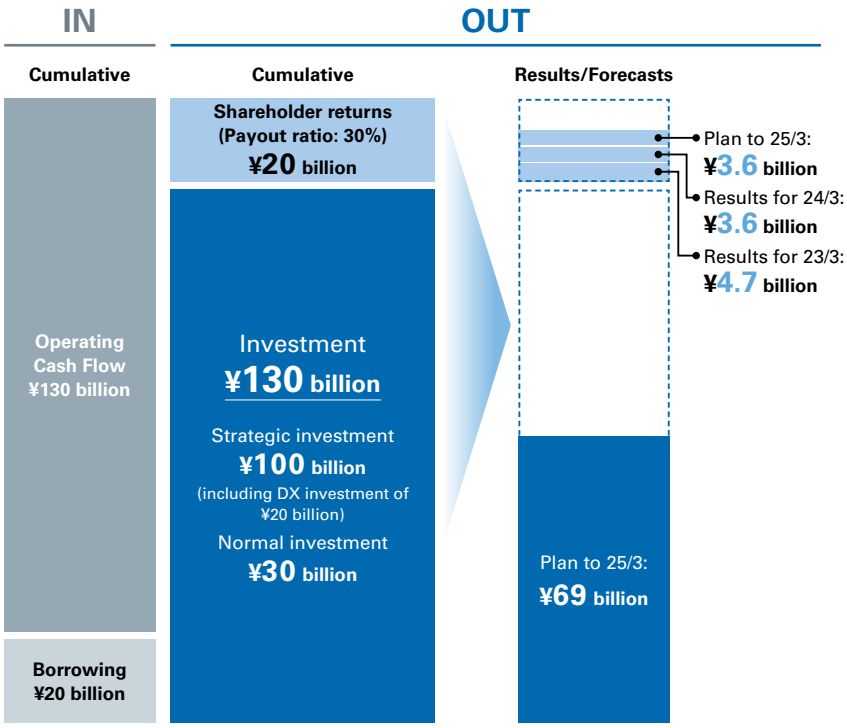
Shareholder Returns

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

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



Shareholder returns

- Continue to strengthen shareholder returns by **increasing dividends** in line with profit growth
- Consider **share buybacks** as a further measure to return profits to shareholders

Investments

- Substantially expand **investment in growing areas** such as DX and new capital investment
- Actively consider disciplined **strategic M&A and capital alliances** to realize co-creation
- Expand investments in existing facilities from the perspective of increasing asset value and improving the work environment

Borrowing

- Set **optimal D/E ratio at 1.0x** and utilize external loans

Notes: 1. Interest-bearing debt includes lease obligations and does not deduct cash and cash equivalents on hand.
2. Investment results include investments that are recorded as expenses on the P&L, such as operating leases.

We are holding dialogues with diverse stakeholders and cultivating a corporate culture that allows us to realize sustainable growth to maximize both our corporate value and shareholder value.

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

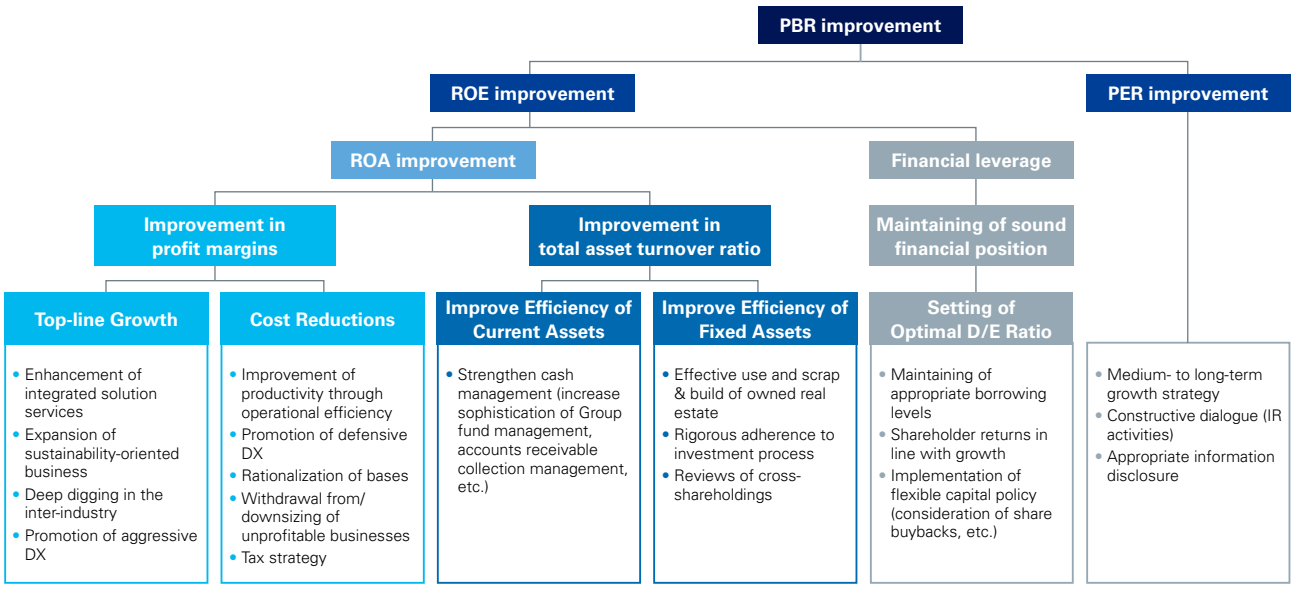
We aim to improve both our corporate value and our PBR in the capital market and conduct management with an awareness of capital cost and stock price, positioning ROE as an important management indicator. In the current Medium-term Management Plan, we have set a target ROE of 12% or higher, and we are 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.

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 2013–2015
MOVE2013/MOVE2015

2014/3 to 2017/3

External Environment

Externalization of logistics underway

Important Strategies

- 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

[Expansion of business through M&A]
- 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

[Expansion of business through capital investment]
- Established new warehouses in Bangkok and Jakarta to strengthen the Asian region
- Established dedicated facility for healthcare, a growing field, in Kazo, Kanto region

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.

Challenges

- 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

[Reversal Period] 2018/3 to 2020/3
- Reinforcement of the fundamental earnings power of our businesses
- Rebuilding of our financial base
- Strengthening of Group management

[Sustainable Growth Period] 2021/3 to 2022/3
- 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%

*Excluding lease liabilities

Measures

[Reversal Period]
- 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

[Sustainable Growth Period]
- 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

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.

Challenges

- Continued profit growth
- Improvement of market capitalization
- Response to rapid environmental changes
- Acceleration of ESG management
- Construction and strengthening of overwhelming field capabilities

Medium-term Management Plan 2022

Be the First-Call Company

"Going on the Aggressive by Deepening"

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

Operating Revenue	Operating Profit	Operating CF
¥350 billion	¥23 billion	¥30 billion
(6% growth/year)	(6% growth/year)	(7% growth/year)

Financial Strategies

Investments	Payout Ratio	D/E Ratio	ROE
¥130 billion	30 %	1.0 times	Over 12 %

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

Focus Area

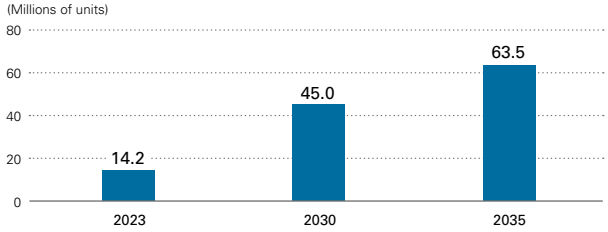
1. Enhancement of integrated solution service

Mobility

Market Trends/Background

CO_2 emission regulations for automobiles have become more stringent in countries around the world, and EVs that do not emit CO_2 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.

Trend Forecast for Global EV Unit Sales (2023–2035)(See Notes 1, 2)

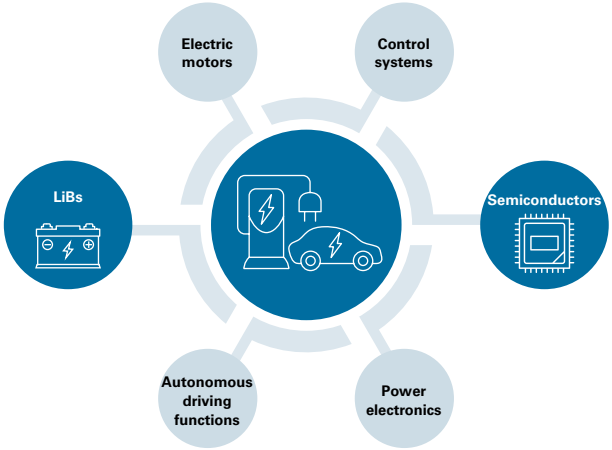


Notes: 1. Estimates based on announced policy scenarios (scenarios that incorporate current plans of each country's government)
2. Excluding motorcycles, tricycles, etc.
Compiled independently by the Company based on IEA 2024; Global EV Outlook, https://www.iea.org/reports/global-ev-outlook-2024/outlook-for-electric-mobility, 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.

Focus Area

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.

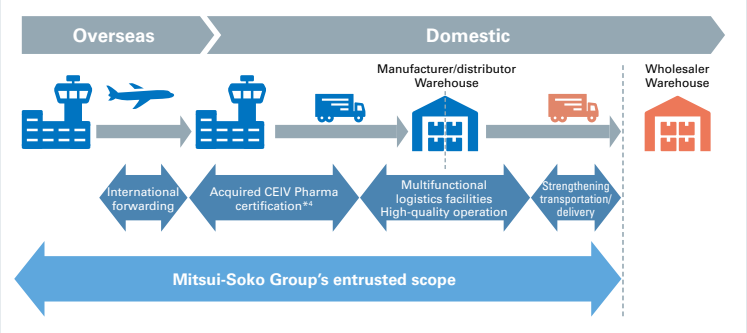
○ 2020 ● 2030

	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 Heath and Medical Strategy Office, Cabinet Secretariat (2021)

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.



*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

Characteristics

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

Focus Area

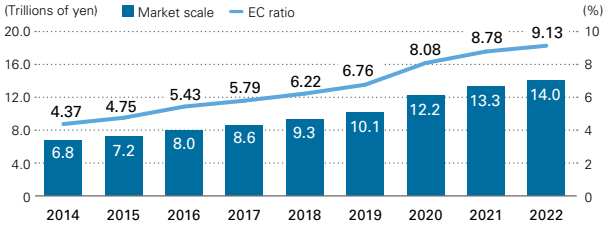
1. Enhancement of integrated solution service

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-lot 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.

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

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.

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

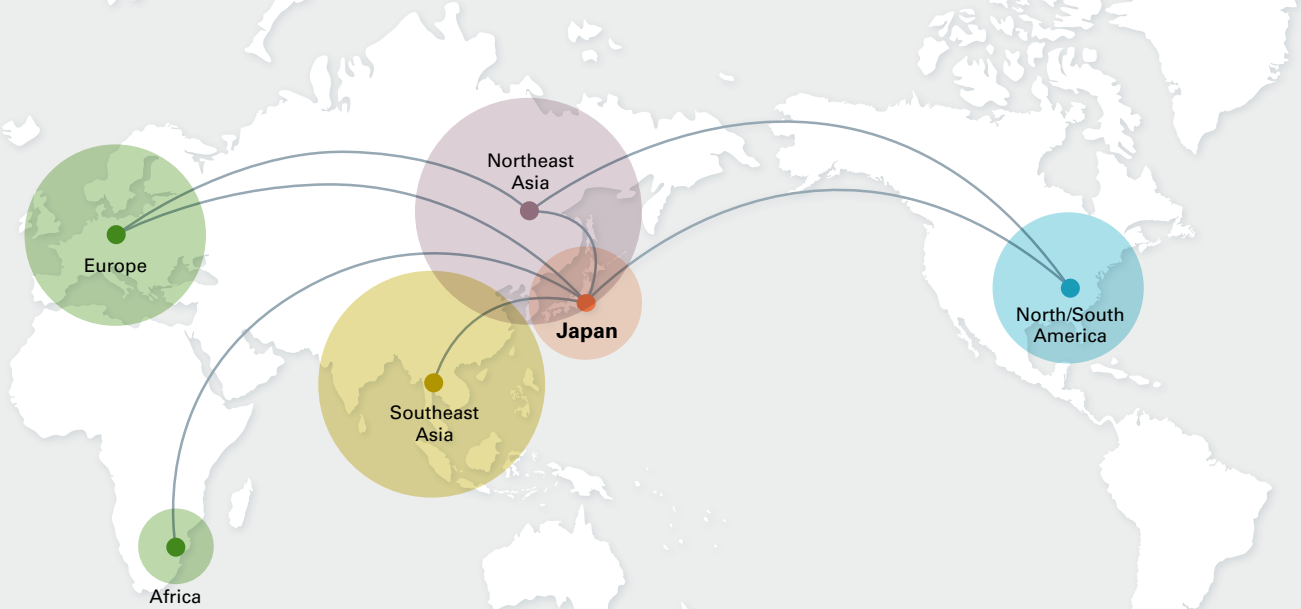
In recent years in the luxury industry, through high-powered brand strength, sales channels are expanding with growth in product lineups and EC sales, and logistics companies are called on to possess broad logistics know-how including knowledge of diverse fields and the B2C business.

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.

Focus Regions

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

Promotion measures

- 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

*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.

Japan

Promotion measures

- 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

China

Promotion measures

- 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

*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.

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

Growing social trend toward carbon neutrality

- Increasing importance of climate change-related disclosure and response measures
- Significant cost increase due to carbon tax introduction
- CO_2 emission reduction requests in the supply chain

Labor risk

- Growing labor shortages in the logistics industry
- Compliance with new laws and regulations
- Soaring logistics labor costs

Increasing severity and frequency of natural disasters and spread of infectious diseases

- Losses due to distribution network outages
- Loss of sales opportunities due to pauses in production
- Increasing reputation risk

SustainaLink Service

Environmental Risk

CO_2 emitted and waste generated by logistics

STEP 1 **[Know]**
Know the current system and future trends of CO_2 and waste

STEP 2 **[Visualize]**
Visualize CO_2 and waste emissions

STEP 3 **[Improve]**
Reduce and offset CO_2 and waste emissions

Labor Force Risk

Shortages of logistics personnel

STEP 1 **[Know]**
Know the status and future trends of the logistics labor force

STEP 2 **[Visualize]**
Visualize work, transportation, and office personnel and work hours

STEP 3 **[Improve]**
Streamline and automate work, transportation, and office tasks to reduce the number of personnel

Disaster Risk

Concerns that logistics operations may stop in the event of a disaster

STEP 1 **[Know]**
Know the logistics risks due to disasters, etc.

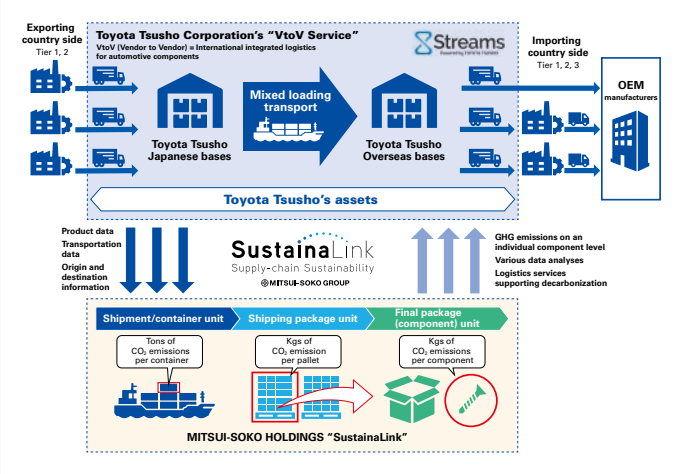
STEP 2 **[Visualize]**
Assume and visualize logistics risks such as disasters

STEP 3 **[Improve]**
Build a disaster-resilient logistics system

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 CO_2 emissions (Scope 1 + 2) but also CO_2 emissions throughout the entire supply chain (Scope 3). Within Scope 3, for CO_2 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 CO_2 Analyzer, a CO_2 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 CO_2 Analyzer service meets international standards such as ISO 14083:2023* and can perform detailed CO_2 emissions calculations.



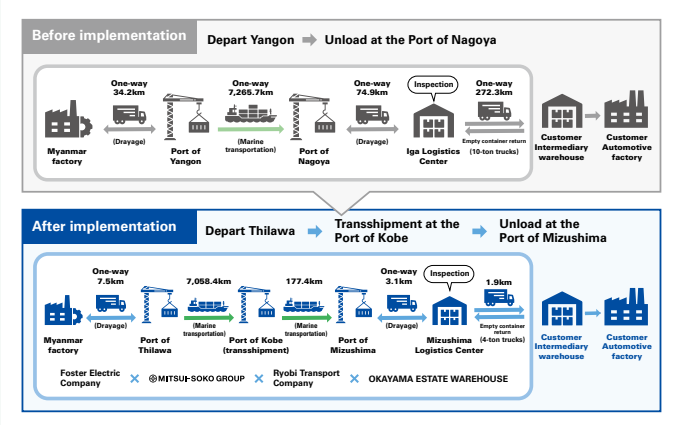
To further strengthen our services, the Group concluded a business alliance agreement with Toyota Tsusho Corporation and is launching a logistics CO_2 calculation service that allows CO_2 emissions to be measured for individual automobile components in international logistics, the first of its kind in 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 CO_2 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 CO_2 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 form the starting point of product shipping and achieved a reduction in both CO_2 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	• Reducing CO_2 emissions generated by transportation • Reducing workloads for truck drivers
Solution method	• 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

CO_2 emissions	Total hours spent working by drivers	
182.5 t-CO_2 ↓ **121.3** t-CO_2 **(34% reduction)**	**Reduction impact 1,024 hours (80% reduction)**	The increased frequency of deliveries has facilitated the standardization of inspection deadlines, reducing frontline workloads

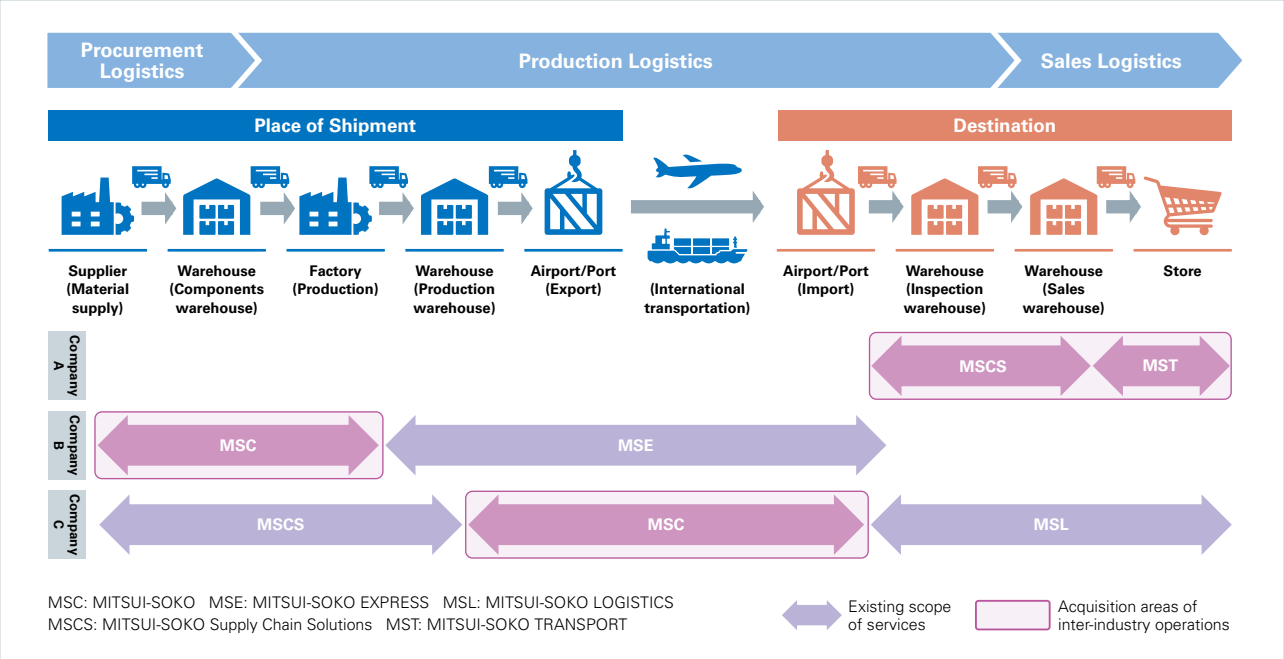
1 Top-line Growth by Mobilizing the Group's Collective Strength

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.

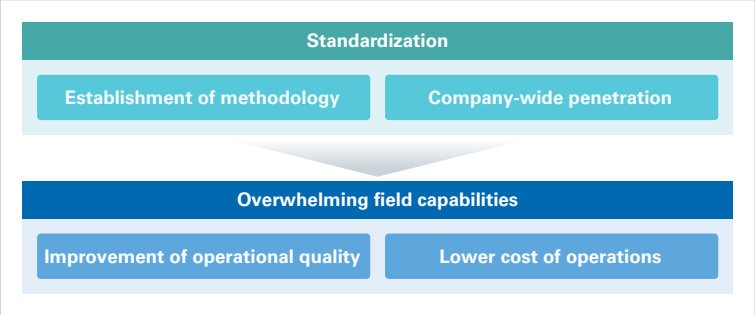
Additionally, toward the further acquisition of inter-industry operations, we are promoting communication that spans different organizations. In the Asia Pacific region, we established the Co-creation Subcommittee to strategically pursue the acquisition of inter-industry operations by sharing information among the sales organizations of our Group companies. For the service menu expected to be in demand by our overseas customers, such as logistics CO_2 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.

2 Reinforcement of Operational Competitiveness

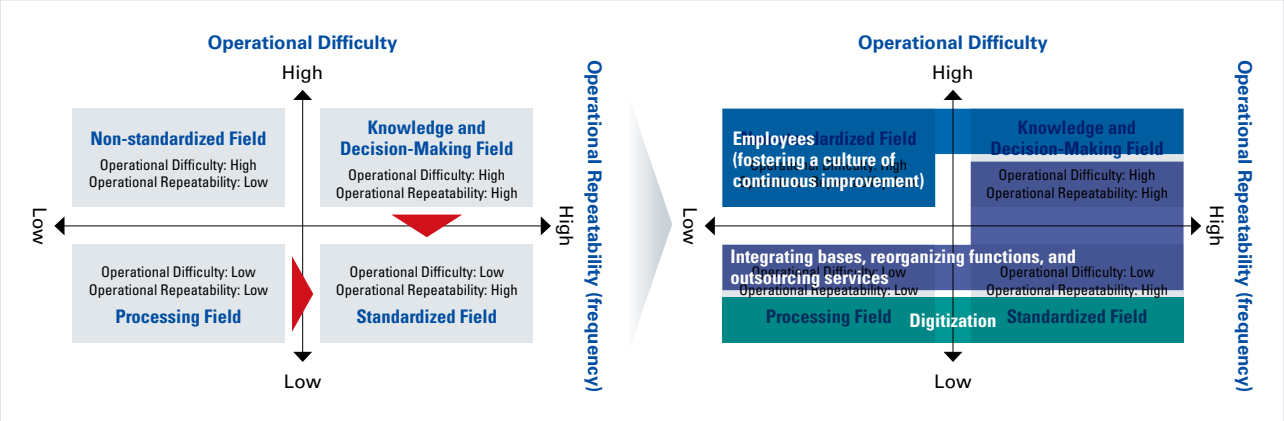
Background

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.

Promotion of Co-creation

- Promote internal co-creation aiming to effectively utilize diverse human resources and create a system that generates innovation
- Proactively consider M&A, alliances, and other external co-creation opportunities to meet diversifying customer needs and achieve further growth

Co-creation Initiatives

Internal Co-creation

Measures for Human Resources	Tools
• Instillation of our Group Philosophy • Reform the organizational culture through personnel system reforms and cross-organizational personnel exchanges	• Revitalize communication and information sharing by expanding the functions of the Group Portal website and knowledge-sharing platform • Consolidate offices and install spaces for employee interaction

+

External Co-creation

- Proactively partner with various platforms based on the SCM digital platform and develop new services through these partnerships
- Consider and implement strategic M&A and partnerships to achieve discontinuous value creation

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.

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
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

Profile of Human Resources We Seek

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 polices, 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.

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.

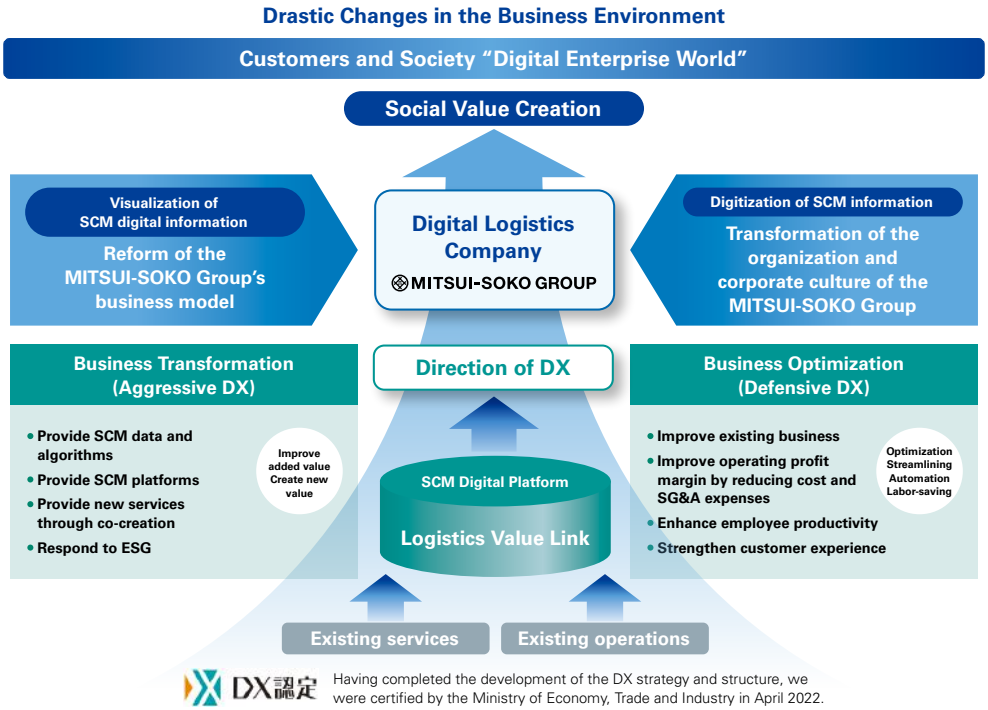
We will strongly promote our DX strategy by transforming our corporate culture

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

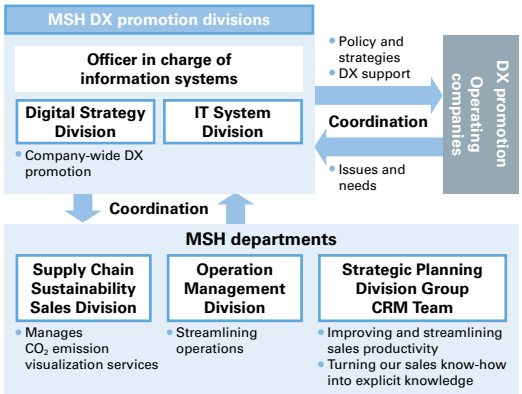
extremely important. We recognize that initiatives limited to the DX promotion department have limitations when it comes to effective DX promotion. We believe that the true benefits of DX can be maximized in the business operations on the front lines of our operating companies. For this reason, we are 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 CO_2 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

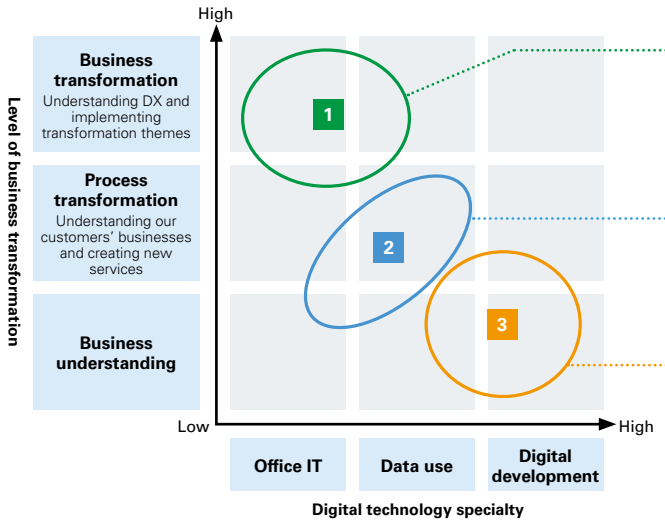
Human Resource Development

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 × 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

05 Foundation for Supporting Value Creation

Reducing environmental impact throughout the value chain, ensuring the safety of employees, business partners, and other stakeholders, and respecting human rights with an emphasis on inclusion—by promoting these initiatives, we aim to remain a company that supports value creation connected to the future and is trusted by all stakeholders.

Promoting ESG

Under our revised materiality, we will further promote the integration of sustainability and management

Takeshi Nishimura

Managing Executive Officer
In charge of Strategic Planning, Public Relations, ESG, and Operation Management

Against the backdrop of changing external environments, we have reviewed our materiality and reset our KPIs. As realizing sustainability is integral to our Group's business activities, we will address each materiality item and link them to discussions for formulating the next Medium-term Management Plan.

The Mitsui-Soko Group has been engaged under its PURPOSE of "Empower society, encourage progress." Logistics is the infrastructure of society that develops the economy and enriches people's lives, and I believe that the activities of the logistics industry itself are linked to the sustainability of society. Our Group has the strength of "providing a sustainable supply chain by leveraging the Group's comprehensive strength." We aim to be a leader in the logistics industry by integrating and utilizing diverse capital such as talent, know-how, and assets that make up this strength, as well as promoting sustainability management that contributes to society's sustainable growth and the enhancement of corporate value.

To achieve this aim, it is important that the work of all employees is connected to sustainability initiatives. MITSUI-SOKO HOLDINGS, which oversees the entire Group, will demonstrate strong leadership by engaging in close communication with each Group company, sharing and discussing various ideas and initiative examples, while deepening existing activities throughout the Group. These activities will also lead to discussions toward the formulation of the next Medium-term Management Plan, with the aim of further integrating sustainability into management.

As social conditions and the market environment surrounding our Group have changed significantly, we have recently conducted a review of our materiality and reset our KPIs based on our Group Philosophy, holistically taking into consideration market and technological trends and the concerns and needs of various stakeholders. Moving forward, we will promote specific initiatives toward achieving each KPI set under the two materialities related to "Creation of Corporate and Social Values" and six materialities related to "Maintenance and Reinforcement of the Foundations for Value Creation." Specifically, with regard to ESG, we will not only promote initiatives focusing on the environment, human capital, safety and quality, and human rights as important themes, but we will also strive to enhance governance, including the establishment of supervisory systems such as the Sustainability Committee.

Although Group-wide activities are wide-ranging, based on my belief that realizing sustainability is integral to our Group's business activities, I will aggressively promote the various initiatives as the director in charge of ESG.

Environment

For details on our initiatives, please refer to Sustainability Data Book 2024, P.9 (Environmental management).

https://www.mitsui-soko.com/en/ir/library/sustainability_report/

Basic Policy

The Mitsui-Soko Group believes that its sustainable growth cannot be achieved without the sustainability of society, and considers the conservation of the global environment as one of its important management issues. On the basis of the Mitsui-Soko Group's Environmental Policy, the Group will conduct initiatives in response to climate change and those designed to reduce waste emissions, and at the same time contribute to a reduction in the environmental impact from the value chains not only of the Group, but also of our client customers.

Promotion Framework

The Group has established the Environmental Subcommittee (led by the director in charge of risk management for MSH), a Group-wide organization under the Sustainability Committee which is supervised by the Board of Directors, to plan, develop, and implement environmental measures.

Response to Climate Change

Reduction of CO_2 emissions in our businesses

In domestic warehouse facilities and offices, the Group is promoting energy conservation by replacing and updating LED lighting, air-conditioning equipment, etc., and the spread of renewable energy by installing solar power generation systems. In the transportation field, the Group is contributing to the reduction of CO_2 emissions by switching to fuel-efficient, low-emission models when replacing vehicles, as well as implementing driving techniques that show consideration for the environment and introducing EV trucks.

Reduction of CO_2 emissions in the supply chain

The Group is working to reduce CO_2 emissions (Scope 3) in its supply chain. Our logistics service SustainaLink, which helps resolve customers' issues by addressing societal issues, visualizes CO_2 emissions in our customers' logistics and provides solutions on how to reduce emissions. We are also contributing to the reduction of CO_2 emissions by improving logistics efficiency through modal shifts, warehousing, joint deliveries, etc.

Moreover, regarding the Group's Scope 3 Category 1, we will continue to refine our calculation methods and strive for a more accurate understanding of CO_2 emissions across our supply chain.

Reduction of Waste Emissions

To contribute to the creation of a circular economy, the Group promotes initiatives to effectively utilize limited resources and reduce waste emissions, such as improving recycling rates.

As part of the Group's initiatives, we are promoting paperless offices alongside improving operational efficiency by introducing electronic approval systems and encouraging meetings that use digital devices, etc., as well as the use of biomass-based polyethylene film (bio-polyethylene), recycled resin pallets, etc. In terms of customer-focused initiatives, we are not only utilizing multiple-use recycled packing materials, but also developing and utilizing logistics packages that are material recyclable and designed with durability in mind. Utilizing these packing materials also helps to optimize the transportation of customers' packages and reduce logistics costs.

Addressing Biodiversity

The Group implements border security measures to prevent invasive alien species from entering its port areas as part of its compliance with laws and regulations and, when necessary, communicates its response to the relevant authorities. As part of further efforts toward biodiversity, we support the Keidanren Declaration for Biodiversity and Guideline, and aim for the conservation and sustainable use of biodiversity.

Disclosure Based on the TCFD Recommendations

The Mitsui-Soko Group recognizes climate change response as a key management issue, and has made "Promoting climate change actions and resource circulation" one of our material issues. This is based on the thinking that reducing our GHG emissions in Scope 1 and 2 and contributing to decarbonization throughout the entire value chain, including our customers, will lead to improved corporate value for the Group.

We also declared our support for the TCFD recommendations in September 2021, and in addition to the initiatives that were already in place, we are now working to strengthen and expand our disclosure on the identification of climate-related risks and opportunities, and related systems.

Governance

With the aim of strengthening our system for promoting sustainability, in October 2021 we established the Sustainability Committee, which is chaired by the President & Group CEO and consists of directors (excluding outside directors), managing executive officers, and representative directors and presidents of five major operating companies, or persons appointed by the chair from among persons in equivalent positions.

Supervised by the Board of Directors, the Sustainability Committee develops sustainability-related policies and manages their implementation, leads the identification, analysis, and evaluation of climate-related risks and opportunities, works to understand the impact of climate change on Group operations, and discusses relevant measures. For other climate and environment-related initiatives and detailed discussion, a Group-wide organization under the Sustainability Committee called the Environmental Subcommittee examines specific initiatives and management metrics and manages their implementation, and the director in charge reports progress and makes recommendations to the Sustainability Committee.

To make the investments necessary in responding to climate change, each one is individually discussed and approved following internal regulations through relevant bodies such as the Management Council and the Board of Directors.

Risk Management

We have established Risk Management Regulations detailing our awareness of risks and their management within our Group business activities, and have created systems to manage each type of risk. For climate-related risks and opportunities, the Sustainability Committee aims to respond to and minimize risk by leading identification, analysis, and evaluation of risks and opportunities, sharing information within the Group, instructing relevant departments on how to respond, and reporting to the Board of Directors. KPI management and data analysis are carried out through the Environmental Subcommittee.

Metrics and Targets

To realize the material issue of "Promoting climate change actions and resource circulation," our Group has established and manages KPIs for climate change and other environmental issues.

For GHG emissions, we aim to reduce the CO_2 emissions stemming from our business in Scope 1 and 2. We are also aiming to reduce Scope 3 emissions generated from the supply chain.

Strategy

We identify risks and opportunities regarding the impacts of climate change on the Group's value chain, evaluate the results, and consider appropriate measures to take, so that they can be reflected in our short-, medium-, and long-term business strategies to make our policies more effective.

1) Scenario analyses using 1.5°C and 4°C scenarios

To assess the potential impact of climate change on our Group businesses, we perform scenario analyses using 1.5°C and 4°C scenarios.

2) Evaluation of the scenario analysis results

In our quantitative calculations, carbon pricing (introduction of a carbon tax) under the 1.5°C scenario has the greatest impact on our Group. In general, however, the financial impact of climate change on our Group is small, and we consider ourselves resilient to these shifts.

For countermeasures against the emerging impact of carbon pricing, since measures to reduce emissions in cooperation with our customers and business partners are effective, we will promote these measures in addition to our own measures. In addition to the quantitative analysis items, we will also update and monitor information on qualitative analysis items to verify their impact on our business.

CO_2 Emissions Reduction (Scope 1 and 2) Targets

Timing	Targets	Scope	Target company
2026/3	29% reduction (compared to 2014/3)	Scope1+2	MITSUI-SOKO HOLDINGS Co., Ltd. and major Group companies*
2031/3	50% reduction (compared to 2014/3)		
2051/3	Achieve net zero		

*MITSUI-SOKO Co., Ltd., MITSUI-SOKO EXPRESS Co., Ltd., MITSUI-SOKO LOGISTICS Co., Ltd., MITSUI-SOKO Supply Chain Solutions, Inc., MITSUI-SOKO TRANSPORT Co., Ltd., Marukyo Logistics Co., Ltd. (Osaka), and Marukyo Logistics Co., Ltd. (Ehime)

Details of Scenario Analyses and Evaluation Using 1.5°C and 4°C Scenarios

	Transition risks and opportunities	Financial Impact		Timing	Response measures
		1.5°C	4°C		
Policy and legislation	**Tax and other regulations relating to reducing CO_2 emissions** Risks • Increased costs due to introduction and strengthening of carbon pricing – Use of fuel and electricity in transportation and logistics facilities (including subcontractors)	Low–medium	—	Medium term	• Improve transportation efficiency • Introduce zero-emission vehicles • Promote energy-saving in facilities and measures • Promote lower-energy operations • Encourage adoption of renewable energy • Select partner companies
	Refrigerant regulation Risks • Increased capital investment due to stricter regulation of alternative CFCs and other refrigerants – Adapting refrigeration equipment in logistics facilities	Low	Low	Medium term	
	Other regulations Risks • Increased costs due to introduction and strengthening of energy-saving and other regulations – Introduction of EVs and regulations such as bans on the sale of fossil fuel vehicles – Heat insulation and other energy-efficiency standards for buildings – Regulations on renewable energy procurement and share targets, etc.	—	—	Long term	
	Energy transition by transportation subcontractors Risks • Increased transportation consignment costs arising from switch to low-carbon and decarbonized fuels – Adoption of fuels with low environmental impact, such as sustainable aviation fuel	Low	Low	Short or medium term	
Market and reputation	**Customer trends (conditions)** Risks Opportunities • Expansion of environmentally responsible practices – Monitoring and reduction of CO_2 emissions become conditions for contracts and orders	High	Low	Short term	• Develop and promote logistics solution services, such as SustainaLink, that address societal issues based on the climate-related needs of existing and potential customers
	Customer trends (products handled) Risks Opportunities • Changes in the characteristics of products handled for customers – Changes in production volumes or regions, components produced, etc. – Emergence of new sustainable products	High	High	Medium or long term	

	Physical risks	Financial impact		Timing	Response measures
		1.5°C	4°C		
Acute	**Intensification of wind and flood damage (direct impact)** Risks • Damage to owned assets and greater insurance premiums and repair costs caused by increased frequency and scale of severe disasters	Low	Low	Medium term	• Incorporate impacts of climate change, such as severe wind and flood damage, into risk management • Continuously implement BCP and BCM measures • Provide safe working environments
	Reputation (indirect impact) Risks • Loss of confidence due to insufficient assessment of wind and flood damage impact and BCP response	Low	High	Short or medium term	
Chronic	**Sea level rise** Risks • Damage to owned assets and greater insurance premiums and repair costs caused by increased flooding	Low	Low	Long term	
	Temperature increase Risks • Higher risk of heatstroke – Greater health hazard for employees – Fewer possible working hours • Increased air-conditioning costs due to higher average temperatures	Low	Low	Medium term	

Legend
High/medium/low: Quantitative and qualitative assessments based on financial impact estimates
—: Potential risks not highly likely to occur by 2030 based on current information
Short term: About 3 years
Medium term: 2030
Long term: 2050–

Promoting ESG

Safety and Quality

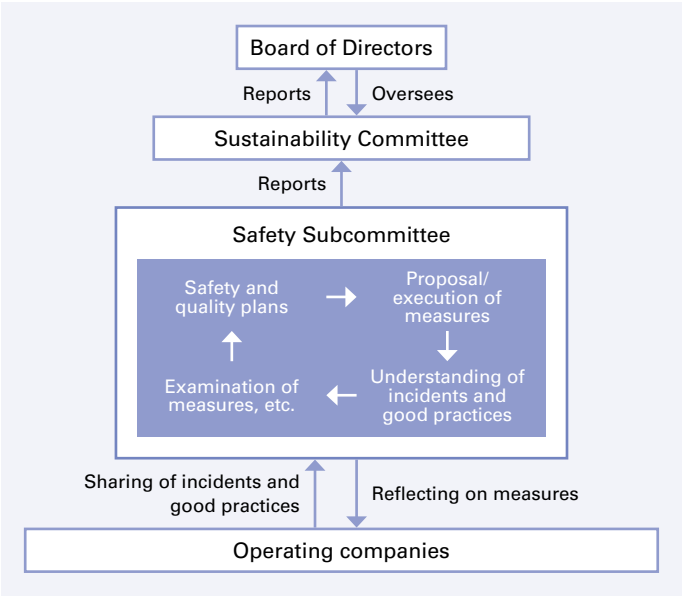
For details on our initiatives, please refer to Sustainability Data Book 2024, P.24 (Striving for secure and high-quality logistics operations).
https://www.mitsui-soko.com/en/ir/library/sustainability_report/

Basic Policy

The Mitsui-Soko Group views safety and quality as one of the foundations for growth to enhance corporate value and create social value, and is promoting Group-wide initiatives to improve safety and quality in the logistics business.

Promotion Framework

The Group's Sustainability Committee manages and discusses matters regarding safety and quality under the supervision of the Board of Directors. The Safety Subcommittee, a Group-wide safety and quality organization, conducts more detailed discussions, and examines specific initiatives and management metrics, as well as progress management. The director in charge of operation management for MSH reports on progress made and makes recommendations to the Sustainability Committee. The Board of Directors receive reports on these safety and quality improvement initiatives through the Sustainability Committee and oversees them.



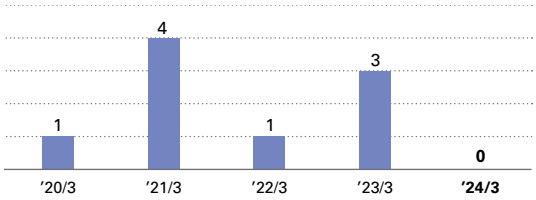
Initiatives to Promote Safety and Quality Improvement

Our Group examines Group-wide initiatives related to safety and quality through the Safety Subcommittee to ensure the safety and health of all employees, business partners, and stakeholders, and to provide value to our customers and society.

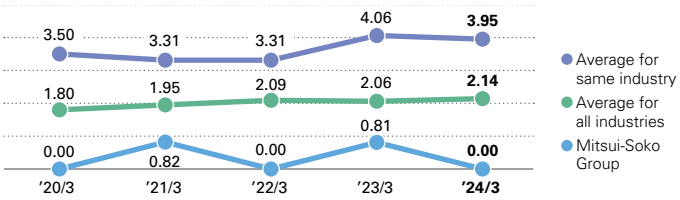
In the initiatives for the fiscal year ended March 31, 2024, we established a common Group definition for occupational accident levels and set up reporting lines to identify and evaluate safety and quality risks across the Group.

The Safety Subcommittee shares and discusses reports on the number of occupational accidents, near misses, incidents, etc. from each company, and examines countermeasures across the Group. Good practices from each company are shared, and discussions take place on improving logistics quality across the Group. Moreover, with the aim of raising the safety and quality levels of our Group's logistics business, we will implement consistent Group-wide training activities, in addition to the ones already conducted for each company.

Number of Occupational Accidents



Occupational Accident Frequency Rate



Notes:
1. Occupational accident frequency rate: No. of casualties per 1 million working hours = No. of casualties/Total work hours x 1,000,000
2. The same-industry (transportation and postal services) and all-industry averages are taken from the Ministry of Health, Labour and Welfare's "Outline of Survey on Industrial Accidents"

Human Rights

For details on our initiatives, please refer to Sustainability Data Book 2024, P.16 (Respecting human rights).

https://www.mitsui-soko.com/en/ir/library/sustainability_report/

Basic Policy

At the Mitsui-Soko Group, the most important element underlying all our activities is to protect the dignity and respect the rights of all people. We support and respect international human rights standards, including the International Bill of Human Rights, and promote them in accordance with the Mitsui-Soko Group Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights.

Promotion Framework

Under the supervision of the Board of Directors, the Risk Management Department of MITSUI-SOKO HOLDINGS serves as the main department in charge of examining specific initiatives and management metrics related to respecting human rights, including human rights due diligence, and manages their progress. The Board of Directors receive reports on these initiatives respecting human rights through the Compliance Committee and oversees them.

Identification of Key Human Rights Issues

In promoting efforts to respect human rights, we assessed the impact of our business activities on the human rights of our stakeholders and identified the following as key human rights issues: "prohibition of forced and child labor," "prohibition of all forms of discrimination," "prohibition of harassment," "provision of a safe working environment," "appropriate management of working hours," and "guarantee of rights of foreign workers." The process shown on the right is used to identify important human rights issues, and risk assessment is conducted focusing on the identified human rights issues. Since the situation surrounding human rights is constantly changing, we will review the key human rights issues based on continuous research and information gathering, as well as holding dialogues with stakeholders and external specialists.

Process for Identifying Key Human Rights Issues

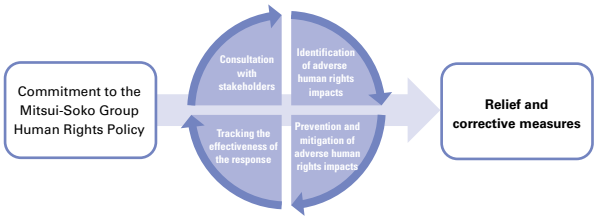
01 Organize human rights issues related to each company's business (value chain)

02 Evaluate qualitatively and quantitatively each human rights issue in consultation with external experts

03 Use risk mapping to identify priority human rights issues

Conducting Human Rights Due Diligence

The Mitsui-Soko Group conducts human rights due diligence to fulfill its responsibility to respect human rights. As a result of implementing human rights due diligence for Group companies in Japan and overseas (consolidated subsidiaries) in the fiscal year ended March 31, 2024, we did not find any company that had serious issues regarding human rights or that required immediate stakeholder relief at this time. Moreover, cases that fall under improvement recommendations and guidance have decreased due to feedback from last fiscal year's human rights due diligence and human rights education and training. In the future, we will consider implementing human rights due diligence not only within our Group but also for companies in its supply chain. The process and results of promoting human rights due diligence are also reported to the Board of Directors.



Remediation and Grievance Mechanism

If it becomes clear that the Mitsui-Soko Group has caused, facilitated, or otherwise contributed to adverse human rights impacts, the Group will work to correct and relieve such adverse impacts using appropriate means. Furthermore, if concerns related to the human rights of our Group employees arise, anonymous access to a consultation desk is available. Finally, with the aim of respecting dialogue with all stakeholders, we will also establish a point of contact to receive feedback from everyone in our supply chain, including customers and business partners. Moving forward, we will continue to engage in ongoing education and training regarding respect for human rights, as well building an effective relief system, in our efforts to address human rights issues.

06 Corporate Governance that Realizes Value Creation

We are promoting transparent and fair corporate governance initiatives. By building a management foundation that enables optimal allocation of management resources and quick decision-making, we are aiming to enhance sustainable growth and medium- to long-term corporate value.

Outside Director Roundtable Discussion

The outside directors contribute to sustained improvement in corporate value by scrutinizing the management strategies of the Mitsui-Soko Group from an external perspective and addressing individual issues with care.

We are continuously working to strengthen the governance structures of the Mitsui-Soko Group by actively reflecting the views of our outside officers. We asked the outside directors to provide frank input, including their assessments of management, their expectations toward future growth, achievements under Medium-term Management Plan 2022, and any other issues that they perceive, based on their wide-ranging backgrounds and fields of expertise.

Takashi Hirai
Outside Director

Takashi Tsukioka
Outside Director

Maoko Kikuchi
Outside Director

Taizaburo Nakano
Outside Director

Review of the Fiscal Year Ended March 31, 2024 and Key Topics Discussed in Board Meetings

Nakano: The fiscal year ended March 31, 2024, was the second year of Medium-term Management Plan 2022. I would characterize it as a year in which the Company worked to secure earnings by comprehensively pursuing operational efficiency improvements in the face of challenging business conditions, including the stagnation of cargo traffic due to inventory corrections, the elimination of special factors affecting air and sea freight rates, and rising labor and logistics costs. Now that these special factors no longer apply, the Company's real potential will be reflected in its business performance. An area in which the Company will need to take comprehensive action in this environment is DX investment. The plan is to invest ¥20 billion in DX during the five-year period covered by the current Medium-term Management Plan. Such project has been assessed and verified by the Board of Directors, with a particular focus on whether or not the investment aligns with customer needs. The returns on DX investment cannot be fully quantified. I believe that the key to achieving results through DX investment is to focus not only on efficiency improvements, such as the reduction of labor requirements and work processes, but also on the expansion of top-line growth through the use of logistics data accumulated from customer transactions to create services that match customer needs.

Hirai: A few years ago there was a case in which we sought additional verification of risks affecting a proposal that included an investment project. However, I feel that risk information is being fully reflected in recent proposals, allowing us to have constructive discussions. With the COVID-19

Outside Director Roundtable Discussion

pandemic mostly behind us, companies are again being assessed based on their real potential. This is also a time for innovation by the Mitsui-Soko Group, and it is more important than ever for management to take up challenges that reflect future aspirations. For that reason, our discussions focused not on the downside of investment projects and other proposals, but rather on the upsides under best-case scenarios, including the value that could be created by the Group. In addition, the project to enhance the value of the Nihonbashi Hakozaki Building will have a major impact on profitability, so I look forward to receiving regular reports, in part as a way of ensuring that the PDCA cycle is running properly.

Kikuchi: Impairment losses resulted in a net loss of ¥23.4 billion in the fiscal year ended March 31, 2017. Since then, the Group has worked in unison to achieve fundamental improvements in its earnings power and rebuild its financial base. The current Medium-term Management Plan was formulated at a time when profitability had improved thanks to these efforts. It includes plans for strategic investments totaling ¥100 billion. Management needs to ensure that it contributes to the improvement of corporate value of this investment. Our discussions about investments are not limited to the recovery period for each investment. In the case of overseas investments, for example, we also look at the future potential of the countries concerned and the situation in nearby countries. In addition to normal scenarios, we also verify worst-case and best-case scenarios. As outside directors, we have tried to have in-depth and objective discussions about projects, including the appropriateness of the amounts to be invested, and to determine whether or not projects should go ahead.

Tsukioka: I was appointed as an outside director in June last year. My stance at the Board of Directors over the past year has been to ascertain the current situation and identify the information needed when considering business strategies. According to an old business adage, structure follows strategy. I am concerned that there may be overlap in the business areas and processes of the Group's operating companies and organizations. The Group has a culture in which individuals are encouraged to take up new challenges, which is a positive. However, we need to consider the development of the organization from a long-term perspective. I believe that the Board of Directors should discuss the basis for the next Medium-term Management Plan with the aim of achieving further improvement in corporate value. In my opinion, the achievement of overall optimization and the evolution of the organization to fit its growth strategies will be vital questions for consideration going forward.

Hirai: Organizations within MITSUI-SOKO HOLDINGS include the Business Development Division, which creates seeds for new businesses and the Strategic Sales Division, which works with Group companies to expand their businesses. Individual organizations are working well, but I believe that we also need to look at how the Group can build cross-organizational structures to achieve overall optimization once these business operations are firmly established.

Expectations toward the Centralization of Group Offices in the Nihonbashi Hakozaki Building

Tsukioka: During the time remaining under the current Medium-term Management Plan, we need to discover a new strategic direction that reflects areas in which results are being achieved and those in which results need to be achieved going forward. In the next fiscal year, the Mitsui-Soko Group will centralize its offices in the Nihonbashi Hakozaki Building, where it was originally founded. I look forward to lively discussions about our vision for the Group structure that will evolve through this convergence of MITSUI-SOKO HOLDINGS and its operating companies.

Nakano: The concentration of the Group's offices in the Nihonbashi Hakozaki Building will generate economic benefits through the reduction of common costs. Other benefits are likely to include a sense of cohesion and energized communications.

Hirai: The physical concentration of operations will also be beneficial in terms of sharing tacit knowledge. Information flows will be far more effective compared with information and numbers shared through data devices and online meetings. It will be an excellent opportunity to turn the Group into a single team, to take up the challenge of creating new businesses, and to accelerate co-creation within the Group.

Kikuchi: The project to relocate operations to the Nihonbashi Hakozaki Building is a focus of pride for the entire Group. Ideas put forward by employees are being reflected in office layouts and other aspects of the building. With an area of around 3,000 square meters per floor, this spacious building will provide an environment in which Group companies will be able to work and progress together. Moreover, the building is located in a beautiful environment. It overlooks the Sumida River and is surrounded by green areas and avenues of cherry trees. Like everyone has said, I believe that the building will contribute significantly to the future development of the Group's business.

Revising the Materiality

Nakano: The Company has recently revised its materiality. The most

important feature of the new materiality is that it was formulated by backcasting from 2050 to 2035. Some people say that the future can never be predicted. However, I see great value in thinking about the society of the future and the roles that we will play in that society, regardless of whether our predictions are right or wrong. The old materiality lacked a sense of unity between the solution of social issues and the improvement of corporate value. The new materiality prioritizes the creation of sustainable logistics systems and the resolution of issues affecting customers and society through co-creation with stakeholders and the utilization of the diverse management resources of the Group. Based on the content of the materiality, we can clearly see the linkage between the solution of social issues and the improvement of corporate value, and the direction in which the Group will move.

Kikuchi: The old materiality was categorized into social, the economy, and the environment. The new eight materialities are organized into two broad frameworks: "Creation of Corporate Value and Social Values," and "Maintenance and Reinforcement of the Foundations for Value Creation." While the materiality as a whole may appear to have little that is unique, I believe that it provides an accurate picture of the goals that the Group needs to achieve. I am especially interested in the goal of "advancing human capital management." Many companies have adopted similar goals, but the ways that they manage their efforts to achieve those goals vary, as do the ways that the outcomes are manifested. As part of the service sector, the logistics business must not only provide appropriate answers to customers' needs, but also offer solutions that anticipate future needs. The development of human resources capable of supporting customers with flexibility and new ideas is a vital priority that will define the future of the Group. Progress in this area will need to be monitored closely.

Hirai: I believe that the materiality has two key roles. First, it defines the Group's priorities and policies in terms that can be shared with stakeholders, including investors, employees, and customers. Second, it is a measure of evolution. To evolve, a company needs to ascertain its present situation and measure the gap between that situation and where it wants to be. We ensure that evolution occurs by maintaining PDCA cycles and working to achieve KPIs for each materiality, and by measuring progress.

The fact that this review of the materiality was discussed around a business model based on the concept of backcasting is also a positive. The materiality was identified not only by forecasting changes from the present situation, but also by considering future visions for society and the Group and defining priorities based on the business models needed to realize disruptive changes leading to that future. Admittedly, none of the items are unique. However, there is value in the process that led to the selection of the eight items through intensive debate linked to business.

Tsukioka: Discussion about the revision of the materiality was based on medium- to long-term timelines leading up to 2035 and 2050. There was also a strong focus on the next steps forward from the current situation. I feel that one of the tangible outcomes to emerge from this process was the discovery of a path to the redefinition of the Group's medium- to long-term vision, including its current priorities. What is unique is the fact that the achievement of the operating revenue and operating profit targets in the current Medium-term Management Plan has been used as KPIs for the two materiality under the "Creation of Corporate Value and Social Values" framework. Initiatives targeted toward materiality will be meaningless unless business performance goals are achieved. It is important to maintain a direct linkage with the creation of business value, including top-line growth. This aspect requires careful management to ensure that the revised materiality is tightly linked to the Medium-term Management Plan, and that the Group can pursue growth strategies that are compatible with the materiality.

Nakano: I feel that "promoting digital transformation (DX)" has a particularly important role to play in the context of our eight materialities, from the perspective of achieving top-line growth.

Hirai: The world will be totally different 50 or 100 years from now. The core driver will be science and technology. DX will also play an important role in creating seeds and foundations for the ongoing transformation of the Group's business, and as a driving force for the realization of our other materiality.

Tsukioka: The benefits of DX are difficult to quantify if we just consider the content of minor initiatives. We need to approach DX within a broader framework, starting with ambitious, large-scale initiatives. In relation to DX, AI also seems likely be as influential as the internet as a force for social transformation. AI is expected to change the amount of energy consumed in society and the shape and role of logistics bases. We need to monitor its progress carefully.

Enhancing Corporate Governance

Nakano: There has been considerable improvement of the Board of Directors. The environment at meetings is now very conducive to frank discussions and the exchange of views, while the delegation of authority to the executive side means that we can have more focused agendas.

Outside Director Roundtable Discussion

Going forward, I would like us to focus our discussions toward the enhancement of medium- to long-term corporate value. The acceleration of overseas expansion and the promotion of DX are important, but the real priority in terms of achieving top-line growth is the development of human resources, especially the training of middle management employees and the development of female managers. The Group has an open culture in which middle management employees can freely express their views to officers. In addition to top-down measures, I expect middle management initiatives to become a key driving force for the Company.

Hirai: I feel that there has been an improvement in the clarity of the matters to be determined through deliberations on proposals to the Board of Directors, as well as the background of those proposals. Information about internal deliberations leading up to the submission of proposals is shared, and the documentation provided is also easier to understand. However, there is always a tendency for discussions to center on the proposals. I would recommend the allocation of more time for discussion about the relevance of proposals to the Company's vision and the Medium-term Management Plan, and the significance and benefits of measures. The Board is also considering the establishment of a separate forum for discussions about long-term strategies.

Kikuchi: I believe that the quality of proposals is fine, and that adequate time is provided for deliberations. However, I agree with Mr. Hirai about the tendency for discussions to center on proposals. One of the issues that we need to consider is how we can discuss important matters that are not put forward as proposals. For example, one approach that we could try would be to consider the matters to be discussed by the Board of Directors before the start of each fiscal year, and to reflect the views of outside directors in the selection of themes for discussion. Also significant is the fact that we now receive detailed reports about IR and SR activities, allowing the Board of Directors to function as a forum for sharing investor feedback.

Tsukioka: The Board of Directors should be a forum for sharing information about important issues relating to management policies. I place great importance on visits to frontline operations to obtain direct input as a way to prevent our discussions from being limited just to agenda items. Such visits can be extremely stimulating for us and deepen our awareness of issues. When discussing the Company's strategic direction, views based on knowledge obtained outside of the meeting room are also likely to provide insights for the executive side. There is also a clearly defined PDCA cycle. For example, views put forward by directors and Audit and Supervisory Board members in surveys about the effectiveness of the Board of Directors have resulted in discussions about ways to set up off-site meetings. The effectiveness of the Board of Directors is likely to improve further if this PDCA cycle continues to operate.

Views on the Current Level of the Stock Price and Achieving Greater Recognition

Hirai: The Company's market capitalization has more than doubled since I became an outside director in 2019. The concerted efforts made by management since the Company recorded a major impairment loss have been reflected in the sustained generation of value. However, the level of the PER, which is an indicator of future expectations of the Mitsui-Soko Group, suggests that investors are not fully aware of key aspects of the Group, including its growth potential, strength as a comprehensive logistics company, and the robustness of its foundation. More needs to be done to inform the market about the Group's innovative initiatives in partnering and co-creation with other companies.

Tsukioka: The fact that the PER level is not high can perhaps be explained by the perception that the Company's performance fluctuates according to increases and decreases in demand in its existing business areas. For example, it might be easier for investors to predict performance trends if the Company disclosed information about the benefits that can be expected from business partnerships in their second and the third years. Management needs to help investors to understand the Group's growth strategy by disclosing it in a form that shows how it is linked to the materiality. I believe that the stock market's appraisal will rise naturally if people can see the Group's growth potential.

Kikuchi: I agree. The Group needs to provide investors with specific information from qualitative and quantitative perspectives, including its strategic direction and approach, and its projected earnings in future years, and to commit to its stated goals.

Nakano: Mindsets are changing within the Company, and there have also been changes in the way that it competes in each business area. The key is to gain the understanding of individual and institutional investors about how the Group is changing and evolving. I believe that the Group's specialized capabilities, including its ability to provide integrated logistics solutions, will be an important driver of growth in the number of customers who make the Group their first-call company. Provided that it can accumulate success stories based on its unique capabilities as a comprehensive logistics company, I expect the Group to become a landmark presence in the logistics sector. That is also likely to

transform its presence in the stock market.

Issues from the Perspective of Outside Directors

Kikuchi: Two issues affecting the Group that we have not yet discussed are the status of its overseas businesses, and the utilization of human resources. In many cases, the Group has built overseas businesses in step with overseas expansion by its Japanese corporate clients, and it is good that this approach aligns with its VISION of being "the co-creative logistics solutions partner for every day, emergency, and always will be." However, I feel that more consideration should be given to the continuation of this approach to overseas expansion, and ways to improve returns on investment.
Hirai: The Group's global network has not expanded overseas through top-down initiatives to build a global network and create business models for competing with major overseas firms. Like the business models adopted by global and local operators in overseas markets, it is focused on the achievement of organic growth through the provision of fine-tuned services targeted primarily toward Japanese companies with overseas business operations. This approach has not always been successful, and it is important to use the Group's strengths to build the overseas business up steadily by taking on new challenges when opportunities arise.
Kikuchi: Another priority that is linked to the development of overseas business is the recruitment of overseas talent. At present, most senior managers in overseas offices are Japanese. It should be possible to pursue different business strategies by actively promoting local people. I'm also concerned about the target of raising the ratio of female managers to 15% by the end of March 2031. I've recommended in Board meetings that they should aim for a higher target.
Nakano: The number of female employees tends to be low because of the characteristics of the logistics industry. The development of female executives is still in a transitional phase. Education is obviously important, but the provision of opportunities to gain experience is equally vital. We're told

that positions develop people. People improve when you create situations in which they can use the skills that they've learned. The Group needs to make full use of that approach.

Messages to Stakeholders

Hirai: The Mitsui-Soko Group has made a painful transition from its traditional role as a warehouse operator, resulting in its evolution into an integrated logistics company. The foundations are already in place, and I hope our discussions going forward will focus not on the risks but rather on ways to achieve growth by creating more value. A key word in this context will be "cross-border." The Group will steadily generate value through cross-border business based on collaboration and co-creation within the Group and with other companies. The Group has inherited a culture focused on defense and reliability from its founding business as a warehouse operator. As a result, it has maintained a stance of avoiding risk and prioritizing safety. However, the Group has reached a watershed moment. As an outside director, I feel that I should do whatever I can to accelerate growth by advocating for more aggressive efforts to drive value creation.
Tsukioka: I would like to expand dialogue with investors and shareholders, including not only briefings about the Group's current situation, but also narratives about future initiatives and clear evidence to support those initiatives. Discussions with investors can be a source of ideas and often lead companies to change their strategies. Rather than looking inwards, I intend to turn outwards and keep my antenna constantly tuned, and to work with high perspectives and aspirations to develop a vision for not just the Group, but the entire Japanese logistics industry.
Kikuchi: I have gained new insights and knowledge through this roundtable discussion. My most important duty as an outside director is to improve corporate value, or in other words to increase market capitalization. I will remain fully committed to that role. The Company has a lineup of outside directors with diverse backgrounds. I will continue to work toward sustainable improvement in corporate value while prioritizing objectivity and engaging in constructive discussions with the executive side.
Nakano: As an outside director, I am committed to supporting the Group in its efforts in the fiscal year ending March 31, 2025, to deliver results in the third year of the Medium-term Management Plan and link those achievements to future growth. At the same time, the Group has the resources to compete as a comprehensive logistics company, and I will also focus on ways to bring those resources together and make them stronger. One of the topics discussed today was the centralization of the Group's offices in the Nihonbashi Hakozaki Building. I will work to turn this move into the first step on a path that will align the Group's goals. I hope that all concerned will share my high expectations toward the enormous potential of the Mitsui-Soko Group.

Directors and Audit and Supervisory Board Members

As of July 1, 2024

Directors

Hirobumi Koga

Representative Director,
President and Group CEO
Chairman of the Board of Directors
(Concurrently) Chairman of
MITSUI-SOKO EXPRESS Co., Ltd.

Apr. 1981	Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2013	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
May 2014	Joined the Company
June 2016	Executive Managing Director of the Company
June 2017	Representative Director, President and CEO of the Company (to the present)

Nobuo Nakayama

Representative Director and
Senior Managing Director
Chief Financial Officer
Responsible for Finance Headquarters
(Concurrently) Director of MITSUI-SOKO Co., Ltd.
(Concurrently) Corporate Auditor of
MITSUI-SOKO Supply Chain Solutions, Inc.
(Concurrently) Corporate Auditor of
MITSUI-SOKO TRANSPORT Co., Ltd.

Apr. 1975	Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2007	Joined the Company
June 2015	Executive Managing Director of the Company
June 2017	Representative Director and Senior Managing Director of the Company (to the present)

Takeshi Gohara

Executive Managing Director
Responsible for Compliance,
Legal and General Affairs,
Risk Management
(Concurrently) Director of
MITSUI-SOKO LOGISTICS Co., Ltd.
(Concurrently) Corporate Auditor of
MITSUI-SOKO EXPRESS Co., Ltd.

Apr. 1987	Joined the Company
Apr. 2013	Representative Director and Senior Executive Managing Director of MITSUI-SOKO EXPRESS Co., Ltd.
June 2017	Director, Senior Executive Officer of the Company
June 2022	Executive Managing Director of the Company (to the present)

Yuji Itoi

Director, Senior Executive Officer
Responsible for Information Systems

Apr. 1981	Joined IBM Japan, Ltd.
May 2009	Joined Oracle Corporation Japan
Aug. 2012	Joined the Company
Apr. 2016	Executive Officer of the Company
June 2022	Senior Executive Officer of the Company (to the present)

Tomoaki Kiriyama

Director, Senior Executive Officer
Responsible for Strategic Sales,
Development Administration
(Concurrently) Director of MITSUI-SOKO Co., Ltd.
(Concurrently) Director of
MITSUI-SOKO Supply Chain Solutions, Inc.
(Concurrently) Director of
MITSUI-SOKO TRANSPORT Co., Ltd.

Apr. 1990	Joined the Company
Apr. 2018	Executive Officer of the Company
June 2022	Senior Executive Officer of the Company (to the present)

Audit and Supervisory Board Members

Yukio Ishida

Senior Standing Audit and Supervisory
Board Member
(Concurrently) Corporate Auditor of
MITSUI-SOKO Co., Ltd.

Apr. 1982	Joined the Company
Apr. 2014	Representative Director and President & Chief Executive Officer of MITSUI-SOKO LOGISTICS Co., Ltd.
June 2019	Director, Senior Executive Officer of the Company
June 2021	Senior Standing Audit and Supervisory Board Member of the Company (to the present)

Note: The "Company" as indicated in the career summary column refers to MITSUI-SOKO HOLDINGS Co., Ltd. (The corporate name before the change on October 1, 2014, was MITSUI-SOKO Co., Ltd.)

Hiroshi Kino

Standing Audit and Supervisory Board Member
(Concurrently) Corporate Auditor of
MITSUI-SOKO LOGISTICS Co., Ltd.

Apr. 1984	Joined the Company
Apr. 2015	Director, Senior Executive Officer of MITSUI-SOKO Co., Ltd.
Apr. 2016	Representative Director and President of MITSUI-SOKO BUSINESS TRUST Co., Ltd.
June 2017	Representative Director and President of MITSUI-SOKO Co., Ltd.
June 2021	Executive Managing Director of the Company
June 2024	Standing Audit and Supervisory Board Member of the Company (to the present)

Outside Directors

Taizaburo Nakano

Outside Director

Apr. 1969	Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)
June 1973	Joined Tokyo Coca-Cola Bottling Co., Ltd. (currently Coca-Cola Bottlers Japan Inc.)
Mar. 2003	Representative Director & Vice President of the same company
Nov. 2013	President and CEO of TIEUP Co., Ltd. (to the present)
June 2018	Outside Director of the Company (to the present)

Takashi Hirai

Outside Director

Apr. 1989	Joined Bain & Company Japan, Inc.
July 1997	Joined Dell Japan Inc.
Apr. 2001	Head of Corporate Planning Division/Officer of Starbucks Coffee Japan, Ltd.
Sept. 2003	Executive Officer and Senior Partner of Roland Berger Ltd.
Mar. 2017	Professor of Graduate School of Business Sciences of MBA Program in International Business, University of Tsukuba (to the present)
June 2017	Outside Director of KITO CORPORATION (to the present)
June 2019	Outside Director of the Company (to the present)

Maoko Kikuchi

Outside Director

Apr. 1992	Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor
Mar. 1999	Registered as an attorney at law in Japan and New York State, U.S. Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
Apr. 2004	Joined General Secretariat, Fair Trade Commission
May 2006	Executive Officer and CCO of Vodafone K.K. (currently SoftBank Corp.)
Apr. 2014	Executive Officer of Microsoft Japan Co., Ltd.
June 2016	Standing Outside Audit and Supervisory Board Member of the Company
June 2020	Outside Director of the Company (to the present)
July 2020	Outside Director of Hitachi Construction Machinery Co., Ltd. (to the present)
Nov. 2023	Outside Corporate Auditor of Ryohin Keikaku Co., Ltd. (to the present)

Takashi Tsukioka

Outside Director

Apr. 1975	Joined Idemitsu Kosan Co., Ltd.
June 2009	Director of the above company
June 2013	Representative Director & Chief Executive Officer of the above company
Apr. 2018	Chairman & Representative Director of the above company
June 2020	Special Advisor of the above company
June 2021	Outside Director of Mizuho Financial Group, Inc. (to the present)
July 2022	Honorary Advisor of Idemitsu Kosan Co., Ltd. (to the present)
June 2023	Outside Director of the Company (to the present)

Outside Audit and Supervisory Board Members

Motohide Ozawa

Outside Audit and Supervisory Board Member

Oct. 1977	Joined Coopers & Lybrand Accounting Firm
Aug. 1996	Senior Partner of Chuo Audit Corporation
Sept. 2006	Senior Partner of Arata & Co.
June 2013	Outside Audit and Supervisory Board Member of the Company (to the present)

Hidetaka Miyake

Outside Audit and Supervisory Board Member

Apr. 2000	Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor
June 2004	Registered as an attorney at law Joined Ashurst LLP, Tokyo Office*
Jan. 2010	Joined the Securities and Exchange Surveillance Commission, Financial Services Agency
Jan. 2020	Partner of the above law office (to the present)
June 2023	Outside Audit and Supervisory Board Member of the Company (to the present)

*Currently Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo

Corporate Governance

Building a Governance Structure Aimed at Improving Corporate Value

Under the PURPOSE of "Empower society, encourage progress," MITUSI-SOKO HOLDINGS positions strengthening our governance structure as one materiality that leads to improving our medium- to long-term corporate value. The Company has adopted a holding company structure and introduced an executive officer system to ensure appropriate business management at our subsidiaries and created systems including the establishment of various committees to realize fast and appropriate decision-making. In introducing the executive officer system, by clarifying the responsibilities and authority for business execution by directors and executive officers, the Company has separated business execution and supervision. Furthermore, as a company with an audit and supervisory board, our Audit and Supervisory Board acts as an independent body from the Board of Directors to supervise the individual directors and progress in the execution of duties by the Executive Group.

Board of Directors (Chair: Hirobumi Koga, President)

No. of times held in '24/3: 16
Director attendance rate: 100.0%

The Board of Directors makes decisions on basic management policies, management strategies, and other important business executions in accordance with regulations stipulated by law, the Articles of Incorporation, and internal rules, while overseeing the status of execution by executive directors.

Main Agenda Items for the Fiscal Year Ended March 31, 2024

- Projects for Medium-term Management Plan 2022 growth strategy
- Evaluation of the effectiveness of the Board of Directors
- Verification of the significance of holding strategic stockholdings
- Dialogues with shareholders and evaluation of the Group by the market
- Formulation of the profile of human resources we seek
- Materiality review

Audit and Supervisory Board

No. of times held in '24/3: 16
Audit and Supervisory Board member attendance rate: 100.0%

Striving to enhance audits, members of the Audit and Supervisory Board attend Board of Directors' meetings, the Officers' Council, and other important meetings while overseeing the directors in the execution of their duties.

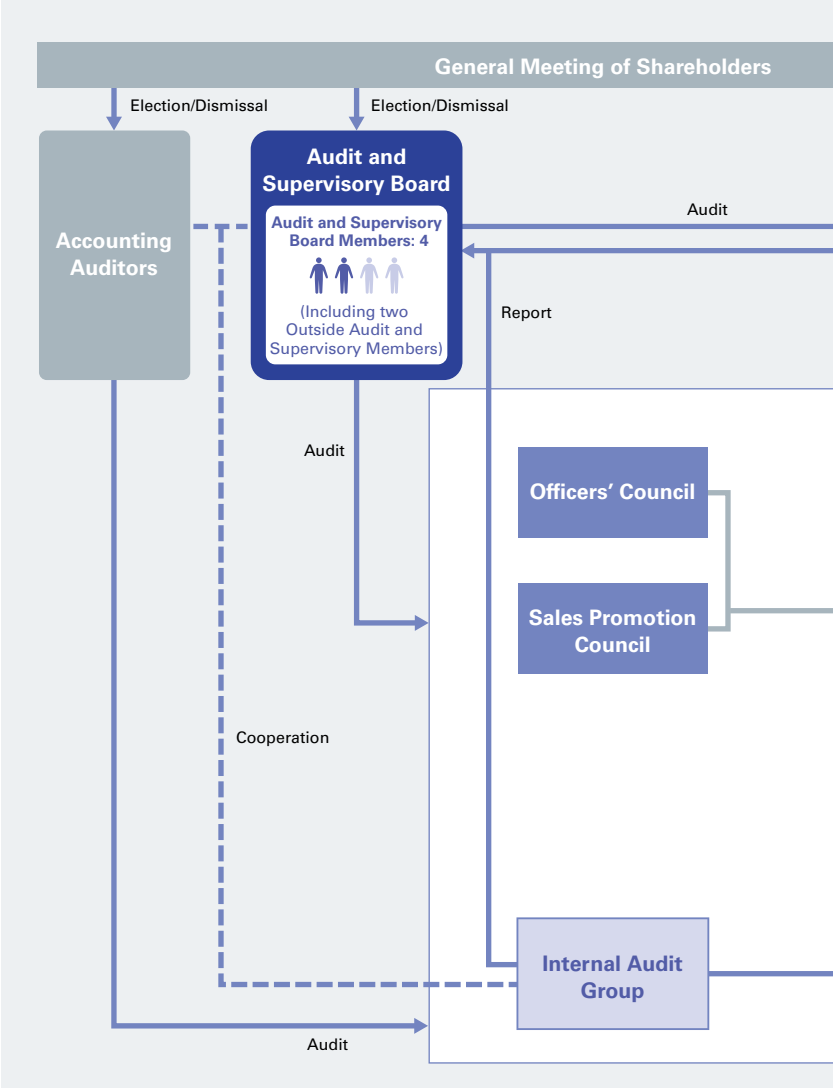
Compliance Committee

(Chair: Hirobumi Koga, President)

No. of times held in '24/3: Four
Committee member attendance rate: 100.0%

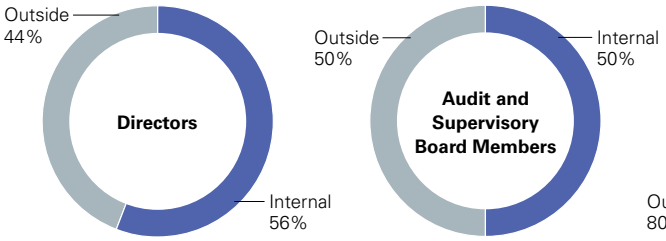
The Committee discusses compliance violations and other issues affecting the Group's management and ways of responding, establishes corporate codes of conduct that should serve as behavioral standards for officers and employees, and develops a compliance system to promote compliance and to prevent compliance violations.

Corporate Governance System (As of July 1, 2024)

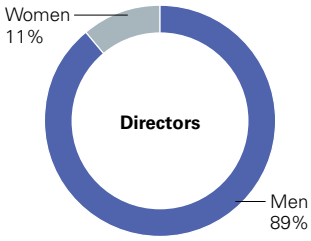


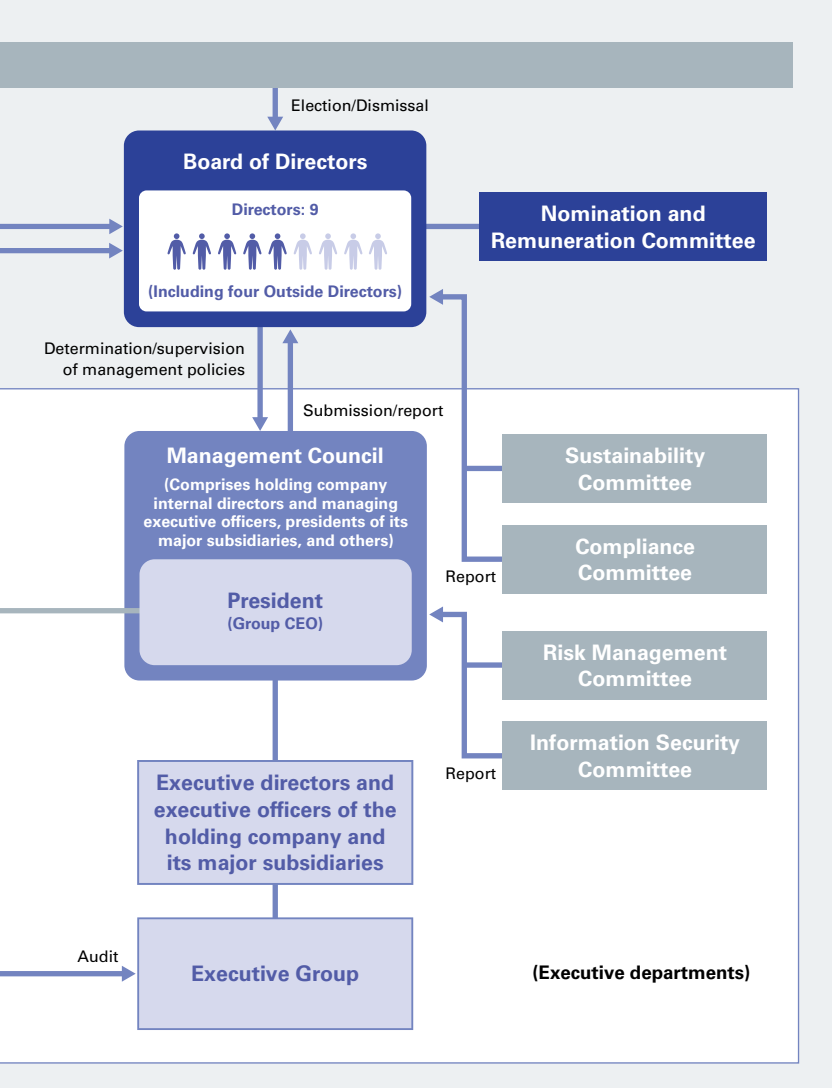
Composition of Directors and Audit and Supervisory Board Members (As of July 1, 2024)

Ratio of outside officers



Ratio by gender





Nomination and Remuneration Committee

(Chair: Taizaburo Nakano, Outside Director)

No. of times held in '24/3: Three
Committee member attendance rate: 100.0%

The Committee deliberates on the nomination of directors and Audit and Supervisory Board members, the determination of remuneration for directors and executive officers (standard amount of remuneration for officers, individual evaluation of each director, and verification of the adequacy and appropriateness of performance-linked remuneration amounts), and the formulation and review of the officer remuneration system (including non-monetary remuneration such as stock-based remuneration) to enhance the objectivity, fairness, and transparency of each item.

Management Council

(Chair: Hirobumi Koga, President)

No. of times held in '24/3: 27
Council member attendance rate: 98.9%
(MSC President Kubo was absent twice and MSCS President Sekitori was absent once)

With the aim of maximizing the corporate value of the Group, the Management Council discusses, or resolves matters to be submitted to the Board of Directors, important matters related to overall management, and matters delegated to the Management Council by the Board.

Sustainability Committee

(Chair: Hirobumi Koga, President)

No. of times held in '24/3: Two
Committee member attendance rate: 96.2%
(MSC Executive Managing Director Mr. Wakano was absent once)

The Committee works to improve the Group's corporate value through discussions on sustainability-related strategies and policies of the Group, and implementation and management of initiatives to address the materiality and target KPIs.

MSC: MITSUI-SOKO Co., Ltd.
MSCS: MITSUI-SOKO Supply Chain Solutions, Inc.

Corporate Governance

Changes in Initiatives to Strengthen Corporate Governance

	2004–	2006–	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Separation of management and execution	2004 • Introduction of executive officer system	2006 • Establishment of Remuneration Committee			2016 • Reorganization of Remuneration Committee into Nomination and Remuneration Committee								
Total no. of directors	9–12							8	9			10	9
Outside directors		1–2						2	3 (1 female)			4 (1 female)	
Outside Audit and Supervisory Board members	2–3							3	2				
Officer remuneration		2006 • Start of a performance-linked officer remuneration system									2022 • Introduction of stock-based remuneration system		
Evaluation of Board of Directors' effectiveness					2016 • Start of evaluation of Board of Directors' effectiveness (interviews and questionnaires)								
Other			2014 • Transition to a holding company							2021 • Set up of Sustainability Committee	2022 • Establishment of Group Philosophy		

Skills Matrix

Founded on our three growth strategies of "top-line growth by mobilizing the Group's collective strength," "reinforcement of operational competitiveness," and "building management foundation to support the deepening," we aim to achieve greater success and to drive the sustainable growth of the Group. To realize this goal, we have defined the following nine skill and experience items that are especially required to balance diversity and the appropriate organizational scale to maintain the appropriate balance of knowledge, experience, and capabilities. We select directors and Audit and Supervisory Board members who possess these skills and experience.

Name	Position	Corporate manage-ment	Sales/ Marketing	Global business	DX/IT	Operation	ESG	Financial accounting/ Finance	Human resource develop-ment/ Personnel	Law/Risk manage-ment
Hirobumi Koga	Representative Director, President and Group CEO, Chairman of the Board of Directors	●	●	●			●	●	●	●
Nobuo Nakayama	Representative Director, Senior Managing Director, Responsible for Finance Headquarters	●		●			●	●		●
Takeshi Gohara	Executive Managing Director, Responsible for Compliance, Legal and General Affairs, Risk Management	●	●			●				●
Yuji Ito	Director, Senior Executive Officer, Responsible for Information Systems				●					
Tomoaki Kiriyama	Director, Senior Executive Officer, Responsible for Strategic Sales, Development Administration		●			●				
Taizaburo Nakano	Outside Director	●	●	●						
Takashi Hirai	Outside Director		●	●	●					
Maoko Kikuchi	Outside Director			●			●			●
Takashi Tsukioka	Outside Director	●					●		●	
Yukio Ishida	Senior Standing Audit and Supervisory Board Member	●	●							
Hiroshi Kino	Standing Audit and Supervisory Board Member	●			●	●			●	
Motohide Ozawa	Outside Audit and Supervisory Board Member							●		
Hidetaka Miyake	Outside Audit and Supervisory Board Member									●

Note: The above list does not represent all the knowledge and experience possessed by the directors and Audit and Supervisory Board members.

Initiatives Geared toward Enhanced Management of Board of Directors

To improve our corporate value, we make sure there is time at Board of Directors' meetings to discuss medium- to long-term management issues and matters that have a major impact on management. To enable the holding of meaningful and lively discussions, we are implementing the following initiatives:

Ensuring sufficient discussion time

- Drawing up of plans with regard to annual schedule of and agenda items for Board of Directors' meetings
- Advance explanation of matters to be discussed at Board of Directors' meetings
- Clarification of progress of discussions leading up to Board of Directors' meetings
- Authority regarding business operations to be delegated to the Management Council, managing officers, and operating companies

Providing information and support to outside directors

- Providing prior briefings on important matters and individual explanations of urgent matters
- Regular briefings on operations and business strategies from directors in charge of each holding company and representatives of operating companies
- Conducting group visits of various facilities

Conducting of On-Site Inspection Tours for Outside Directors and Audit and Supervisory Board Members

In May and October of 2023, we held tours of our business locations to promote an understanding of our businesses and front lines among our outside officers. The outside officers toured the sales logistics hubs of a home appliance manufacturer, a logistics center that handles healthcare products, the terminal at the Port of Tokyo, and trunk room office to gain a deeper understanding of our business.

Evaluation of Board of Directors' Effectiveness

To work on the enhancement of the Board of Directors' functions and thereby improve corporate value over the medium to long term, we evaluate the effectiveness of the Board of Directors by means of questionnaires between directors and Audit and Supervisory Board members, and discuss the results at Board of Directors' meetings.

Effectiveness Evaluation Process

May: Questionnaires distributed to directors and Audit and Supervisory Board members

Early June: Results from questionnaire collated

Late June: Report made at Board of Directors' meeting
Sharing of future issues and direction

Issues Raised in the '23/3 Effectiveness Evaluation and Response Status

Issues	Response status
• Monitoring of the Board of Directors' involvement in and management of the DX strategy • Promotion of sustainability strategy • Enhancement of communication with shareholders, investors, and other stakeholders	• Progress check of reports on the execution of duties • Progress reports on DX investment projects • Continuation of the Sustainability Committee meeting twice a year • Discussions on the revision of materiality • Implementation of dialogues with investors and feedback to Board of Directors

Evaluation of Board of Directors' Effectiveness for '24/3

Questionnaire topics	Issues identified	Issue response policy
• Composition, operation, and agenda of the Board of Directors • Election and dismissal of directors • DX, sustainability, and human capital • IR and SR • Monitoring system for medium-term management plans	• Board of Directors' composition ratio • Improving the details of agenda items • Discussion on management-level candidates • Reviewing strategies and deepening discussions • Sharing information on specific comments from analysists and on IR activities	• Modifying officer composition to streamline the management system • Further reviews of the delegation of authority • Deepen discussion on strengthening the development of the future management • Monitor progress on materiality and KPIs • Hold dialogues with investors and provide ongoing feedback at Board of Directors' meetings

Corporate Governance

Officer Remuneration

Officer Remuneration Basic Policy

The Company's officer remuneration is set at levels that allow us to secure excellent human resources capable of realizing the Group Philosophy. The officer remuneration system has been designed based on the premise of ensuring transparency, fairness, and rationality from the standpoint of accountability to our stakeholders, including our shareholders.

Officer Remuneration Decision Process

The Board of Directors has adopted a decision-making policy for determining remuneration details of each director. To further ensure the appropriateness of individual remuneration amounts and the transparency of the decision process, remuneration amounts are decided at a Nomination and Remuneration Committee meeting, which is chaired by an outside director and comprises other outside directors and the President and Group CEO. The Board of Directors entrusts the Nomination and Remuneration Committee with those decisions.

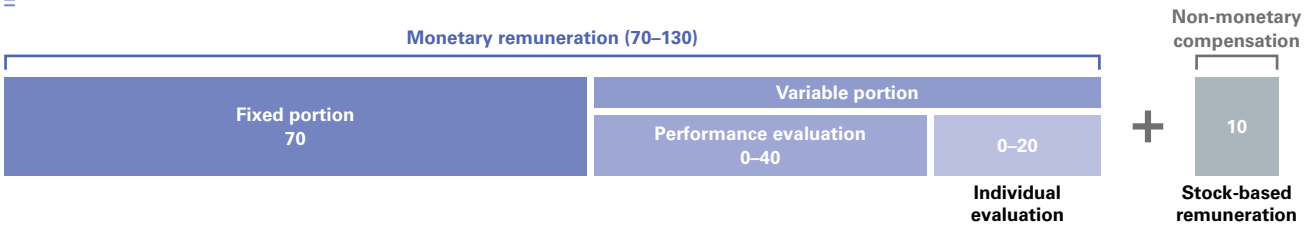
Composition of Officer Remuneration

The remuneration system for directors consists of monetary remuneration (fixed portion and variable portion) and non-monetary remuneration (stock-based remuneration) for each position. Outside directors and Audit and Supervisory Board members receive fixed remuneration but are ineligible for stock-based remuneration.

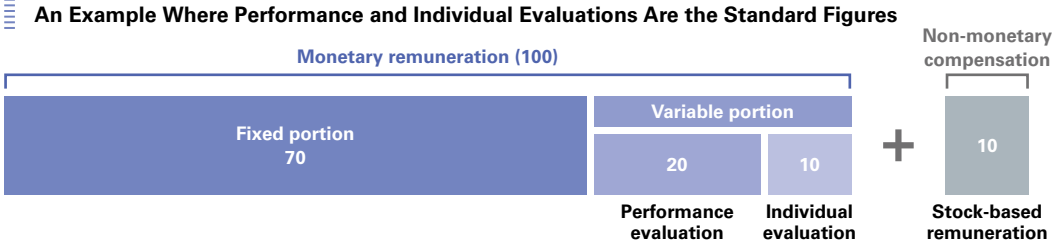
Officer Remuneration

Monetary remuneration		The base amount of a position is determined in accordance with the officer's position.
	Fixed portion	70% of the base amount of a position is paid as monetary remuneration that is not linked to performance indicators.
	Variable portion	Performance-linked evaluations are provided to motivate an increase of corporate value through the improvement of business performance, and monetary remuneration is paid that varies according to individual performance-linked evaluation. The indicators for the performance-linked evaluation include consolidated operating profit, which reflects business performance, and consolidated profit before income taxes, which reflects the results of investments, loans, etc. In terms of the payment amount, the system is designed so that the performance evaluation payment ranges from 0% to 40% of the base amount for a position and individual evaluation is 0% to 20% of the base amount for a position.
Non-monetary remuneration		Restricted stock equivalent to 10% of the base amount of a position is paid as non-monetary remuneration to share the benefits and risks of stock price fluctuations with shareholders and motivate them to contribute to increasing the stock price and enhancing corporate value.

Visualization of Officer Remuneration



An Example Where Performance and Individual Evaluations Are the Standard Figures



Total Amount of Remuneration, etc., for Each Officer Category, Total Amount by Remuneration Type, and Number of Eligible Officers

Officer category	Total amount (Millions of yen)	Total amount by remuneration type, etc. (Millions of yen)			No. of officers paid (Persons)
		Fixed portion	Variable portion	Stock-based remuneration	
Directors (excluding outside directors)	356	212	114	29	6
Audit and Supervisory Board members (excluding outside Audit and Supervisory Board members)	64	64	—	—	2
Outside officers	55	55	—	—	7

Note: The number of eligible officers is the total for the fiscal year. The figures in parentheses are included in the total amount.

Succession Plan

From the standpoint of increasing the effectiveness of management, the Nomination and Remuneration Committee holds discussions on personnel who are candidates for president and director as part of the process of identifying the most suitable personnel from a broad internal and external candidate pool based both on our management philosophy and management plan. Particularly for those being promoted internally, we conduct performance reviews including both the employee's job skills and their performance evaluation. We have them accumulate the broadest experience possible, and by assigning them the management or leadership of important tasks related to Group operations as an executive officer, we provide candidates management-related opportunities. We also develop capabilities by providing officer training and holding discussions on case studies.

Audit and Supervisory Board Members and Audit and Supervisory Board

To prevent business-related risks from occurring and to promptly identify and resolve problems points, the Audit and Supervisory Board members, accounting auditors, and Internal Audit Division have a system in place to coordinate closely and to provide regular auditing from each perspective.

As an organization that is independent from the Board of Directors, the Audit and Supervisory Board formulates the Group's auditing policy and auditing plan based on our Articles of Incorporation and audits both the individual directors and the execution of duties by the Executive Group. To do so, the Audit and Supervisory Board members regularly attend important meetings starting with Board of Directors' meetings, conduct hearings and field audits, and express opinions on the state of operations at Group companies. Job duties are divided among two Standing Audit and Supervisory Board members and two Non-Standing Audit and Supervisory Board members.

Audit and Supervisory Board Member Message

Senior Standing Audit and Supervisory Board Member

Yukio Ishida

I believe that the role of Audit and Supervisory Board members is to ensure the sound and sustainable growth of the Company and to help establish a high-quality governance structure that is trusted by society through the independent position granted to them by the shareholders. As a Standing Audit and Supervisory Board member, by attending important meetings such as meetings of the Management Council and Compliance Committee and by reading important documents, I will be focused on auditing the execution of duties by directors.

The most unique characteristic of the Company's Audit and Supervisory Board is the establishment and steadfast implementation of our policy, "for the selection of accounting auditors, every seven years following their appointment, we will ensure that new candidates for accounting auditor are recruited from a large pool and that current accounting auditors are reviewed." I believe that there are still very few companies that perform this kind of review at set periods, and that our Audit and Supervisory Board initiatives are leading the way in Japan.

One key auditing theme in the previous fiscal year was the question, "are systems in place and being properly operated to contribute to strengthening human capital?" We also challenged ourselves with new initiatives including questionnaires and interviews with the non-management employees, working to hear as many real opinions as possible from the members of our Group.

To continue to improve the Group's corporate value, I would like to properly fulfill my role as an Audit and Supervisory Board member.

Group Governance

Having established a policy relating to Group governance, the Company has clarified the responsibilities and authorities that each company in the Group should have. Specifically, we have established the consolidated subsidiaries managed by each of our major subsidiaries, partially transferred authority based on the scale of investment and the nature of the project, and separated projects for which our subsidiaries have authority and those for which the Company has authority.

In addition to discussing and resolving matters to be submitted to the Board of Directors, the Management Council meets twice a month to discuss and report on important matters relating to the management of each company, including business plans, large-scale investment projects, and the internal controls, and thus the Company has in place a system to share information appropriately throughout the Group.

Corporate Governance

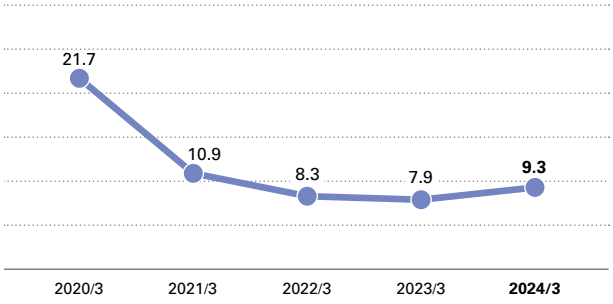
Stockholdings

The Company maintains a policy of holding strategic stockholdings when these are considered effective in improving corporate value over the medium to long term by comprehensively considering the Group's business strategies and relationships with its business partners.

For verification of stockholdings, we individually qualitatively and quantitatively verify them from the perspectives that include the purpose of the holding and capital cost, and we promote efforts to reduce holdings as appropriate. We also report regularly to the Board of Directors every year.

While assessing the management policy of the investee company, we exercise voting rights related to strategic stockholdings in an appropriate manner based on whether they will contribute to the improvement of corporate value over the medium to long term.

Net Asset Ratio of Stockholdings* (%)

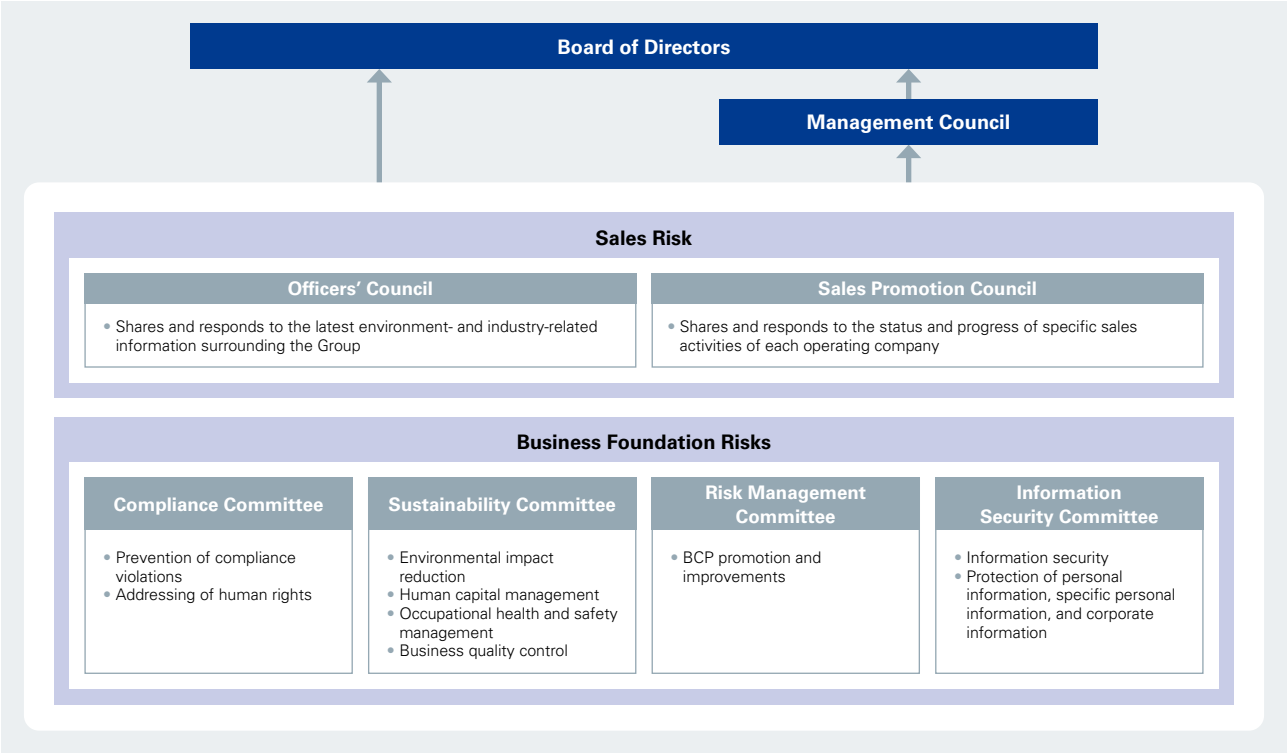


*Ratio of consolidated net assets accounted for by market value of stockholdings held

Risk Management

Basic facts pertaining to the recognition of risks and their management in the Mitsui-Soko Group's business activities are defined in its Risk Management Regulations, and the Risk Management Committee convenes quarterly to improve and strengthen risk management. The Risk Management Committee also deliberates the status of risk management for the Group as a whole and establishes basic response items and policies. The department in charge of risk management for each Group company establishes rules and guidelines, conducts training programs, and creates and distributes manuals about individual risks, such as those related to compliance, human rights, the environment, natural disasters, quality, finance, accounting, and information security. The Risk Management Department of MITSUI-SOKO HOLDINGS is responsible for promoting Group-wide risk assessments and responses. Furthermore, each Group committee grasps the situation of each risk and reports them to the Management Council or the Board of Directors.

Risk Management Framework



Business and Other Risks

The Group develops logistics business mainly in Japan, North America, Europe, Northeast Asia, and Southeast Asia, as well as a real estate business in Japan. Core matters that may have a significant influence on investors' investment decisions are shown below.

Risk	Risk overview	Response/Initiatives	Responsible organization
Changes in economic environment	Logistics business • Fluctuations in cargo movement due to national economic trends and the destabilization of social conditions • Reduced inventory due to economic downturns and shrinking demand, reduced regional and international transportation • Reduced collection fees in markets with intense price competition Real estate business • Impact of the supply-and-demand balance and market trends in the Tokyo region rental office market	Logistics business • Building diverse customer portfolios unbiased toward specific industries and regions • Providing peripheral services and creating added-value services that are not limited to storage and transportation logistics operations • Monitoring market trends including cargo volume Real estate business • Strengthening the revenue base by converting buildings to multi-tenant buildings • Continuously implementing value-enhancement work • Monitoring market trends including rental costs	Management Council, Officers' Council, Sales Promotion Council
Changes in public regulations	• Increasing costs of responding to changes in national-level legal regulations including business and investment permits, storage, operations, transportation, commerce, anti-monopoly, taxation, foreign exchange management, climate change, the environment, and safety management regulations	• Collecting information through regular communication with outside experts • Building relationships of trust with customers and collecting the appropriate fees • Aggressively hiring personnel with specialized knowledge for full-time positions	Management Council, Officers' Council, Sales Promotion Council
Changes in industry structure	• More serious shortages of human resources driven by Japan's shrinking working population • Market participation into different industries from lower barriers to entry driven by progressing digitization and equipment industrialization	• To build "overwhelming field capabilities," improving the quality of our service processes through visualization and standardization and improving their efficiency by raising standards • Labor and personnel saving using next-generation technologies such as IoT, AI, and robotics • Proposing solutions aimed at resolving issues in customers' supply chain by strengthening Group coordination	Management Council, Officers' Council, Sales Promotion Council, Sustainability Committee
Increasing importance of ESG	• Delayed response and insufficient disclosure regarding respect for human rights, including both the Company and our supply chain • Delayed response and insufficient disclosure regarding the response to climate change • Reputational damage and removal from investment consideration due to the above delays and insufficient disclosure	• Understanding global trends and advancing policies through the establishment of the Sustainability Committee and the ESG Team • Quick response to our disclosure framework	Sustainability Committee, Compliance Committee
Occurrence of disasters and damage to social infrastructure	• Halting operations due to the occurrence of disasters including earthquakes and floods • Information system shutdowns caused by malfunctions such as power outages and dead communication lines	• To minimize damage perform regular inspections and maintenance, create and update disaster response manuals, and provide disaster training	Risk Management Committee
Potential risks from international activities and overseas expansion	In areas where we have overseas sales hubs • Unpredictable changes in laws and regulations • Political and economic factors that are disadvantageous to our business activities • Impact from insufficient social infrastructure • Changes in the tax system • Social disorder caused by war, terrorism, infectious disease, and other factors	• Cooperating with trusted local partner companies • Regular information collection on economic conditions and laws and regulations by local staff • Creating and sharing information about emergency response manuals and building a communication and reporting system between our local subsidiaries and Japan	Management Council, Officers' Council, Sales Promotion Council
Risks related to systems	• Information system shutdowns caused by cyberattacks	• Established the Information Systems Division at our holding company as a dedicated organization responsible for system operations and management throughout the entire Group to prevent system malfunctions from occurring • We are building a comprehensive, multifaceted system operations framework to promptly recover our systems and to minimize the impact of malfunctions when they do occur	Information Security Committee
Risks related to information leaks	• Claims for compensation for damage, the incurrence of fines and penalties, and reputational damage caused by the improper external leaking of information	• Established the Information Security Committee to implement Company-wide policies to prevent information leaks and unauthorized access by external networks • Conducting regular, Group-wide inspections of all systems and implementing policies to prevent information leaks	Information Security Committee

For other items that are closely related to our financial statements such as fluctuations in exchange rates and interest rates and changes in the market value of retirement benefit obligations and owned assets, please refer to our securities reports.

Compliance

We have established the Compliance Committee, which convenes every quarter, to strengthen our compliance systems, including legal compliance. In addition, we place importance on compliance-related training and implement a compliance awareness survey every year to raise awareness at each Group company. We also investigate the status of legal compliance in an ongoing, comprehensive manner by striving to improve our legal compliance system by verifying the results of the activities and building a system to help prevent the risk of compliance violations for the next year. For internal reporting, to prevent or quickly detect major violations, such as legal noncompliance, malpractice, or harassment, we have established rules for its handling, and the Mitsui-Soko Group Compliance Hotline has also been established for Group employees and others. An external point of contact in Japan has been outsourced to a third-party organization, which further strengthens the anonymity of whistleblowers and also allows reports to be dealt with in English and Chinese, preventing the potential for risks such as scandals.

Corporate Governance

Stakeholder Engagement

The Mitsui-Soko Group, for over 110 years since its founding, has conducted business activities in connection with various regions and people around the world. Further, to build mutual trust with these diverse stakeholders, we place importance on active information disclosure and ongoing dialogue. By co-creating with our stakeholders, we aim to enhance our corporate value and realize a sustainable society.

Stakeholder	Overview of relationship	Stakeholder expectations/interests	Means of communication
Shareholders/ Investors	Recognizing that shareholders and investors, as financial capital providers, are important partners who support the Group's sustainable growth, conduct appropriate dialogues with them.	• Sustainable improvement of corporate value • Increasing share price • Timely and appropriate information disclosure • Appropriate market evaluation • Favorable communication	• General Meeting of Shareholders • Financial results briefings • Dissemination of information to investors and shareholders (Value reports, sustainability data book, shareholder reports, annual securities reports, etc.) • Small meetings, individual IR/SR interviews • Shareholder surveys
Customers	To continue to pursue highly satisfactory services that are trusted by our customers, and to realize a secure and comfortable society for people around the world through our logistics business.	• QCD and sustainability • Offering sustainable and resilient logistics infrastructure • Logistics foundation that supports customer evolution • Supply chain management	• Daily sales and service activities, information on website (in Japanese and English) • Online and phone consultation services • Series of logistics articles • Business introduction videos on official YouTube channel • Provision of corporate activity information using digital signage displays • Participation in large-scale exhibitions and implementation of online seminars
Employees	Respect each employee's human rights and promote communication and measures that provide job satisfaction and growth opportunities.	• Respecting human rights • System and evaluation that allow employees to feel rewarded in their work • Safe and healthy work environments • Provision of growth opportunities • Diversity and inclusion • Work–life management	• Employee engagement surveys • Establishment of human rights policy and implementation of due diligence • Enhancement of training programs • Creation of comfortable working environments • Awards and contests • Fair assessment system • Promotion of occupational health and safety and "KENKO Investment for Health" • Stress checks • Dissemination of information on the Company intranet, community activities, and in-house newsletters • Compliance Hotline (multilingual support) • Exchange of views with labor unions
Business partners	To achieve stable and high-quality logistics services by building deep relationships of mutual trust and strengthening cooperation through sound transactions based on fairness and honesty, and coexistence and co-prosperity.	• Fair business transactions • Mutual growth • Cooperation during disasters	• Formulation and disclosure of basic policy on sustainable and responsible procurement • Fair, open, and transparent transactions • Cooperation in the event of a disaster • Quality improvement initiatives • Response to phone and e-mail inquiries
Government/ Administration	To co-create a better future for the logistics industry through dialogue and cooperation with government and industry groups, as well as conduct fair corporate activities in compliance with laws, regulations, and social norms.	• Fair corporate activities • Collaboration and support for the execution of policies and initiatives	• Legal and regulatory compliance • Dialogue and collaboration with business and industry groups (Ministry of Land, Infrastructure, Transport and Tourism, The Japan Warehousing Association Inc., etc.)
Communities/ Society	To build good relationships with local communities, operate constructive businesses as a trusted company, and aim to create a society in which diverse people can coexist in harmony.	• Coexistence and co-prosperity with communities • Creation of job opportunities • Reduction of environmental impact • Traffic/road safety	• Approval of community initiatives • Donation activities (medical, artistic, research fields, etc.) • Lectures at universities • Contribution to communities and society through volunteer activities • Response to surveys and questionnaires • Information dissemination through website, etc.

07 Business Strategy

Possessing a large number of warehouses in Japan and overseas as well as a comprehensive lineup of logistics functions that cater to land, sea, and air, we are developing services in a variety of areas. To lead to top-line growth by mobilizing the Group's collective strength, Group companies are promoting their strategies that leverage each company's strengths.

Business Overview

The Mitsui-Soko Group consists of MITSUI-SOKO HOLDINGS Co., Ltd., 72 consolidated subsidiaries, and 5 affiliates. The Group operates a logistics business, providing clients with various logistics services in an organic and efficient manner, and a real estate business centered on building leases. (As of March 31, 2024)

Logistics Business

The logistics business is composed of warehousing and port transportation, airfreight forwarding, 3PL/LLP, and land transportation. We have a large number of warehouses in Japan and overseas and a comprehensive lineup of logistics functions that cater to land, sea, and air forwarding. By combining these various warehousing locations and logistics functions, we optimize our customers' supply chains. We handle cargo from various industries, including raw materials, pharmaceuticals, and home appliances, and offer a wide range of flexible logistics services from upstream to downstream in procurement, production, and sales logistics. As a result, we have built a stable revenue base that does not rely on specific fields or areas.

Mitsui-Soko Group's Major Logistics Areas

Industry / Value Chain	Raw materials/Materials/Parts			Finished goods			Distribution	
	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics
Healthcare			■	■	■	■		■
Automotive	■	■	■	■	■			
Home appliances	■	■	■	■	■	■	■	■
Precision equipment/ Machinery	■	■	■	■	■	■		
Consumer goods	■	■	■	■	■	■	■	■
Housing/Interior						■	■	■
Food & beverage	■	■	■	■		■	■	■
Apparel				■		■	■	■
Paper/Pulp	■		■			■		
Chemicals	■	■	■					

Real Estate Business

Our real estate business operates and manages office buildings as well as rental condominiums. For assets that are no longer suitable for logistics use due to changes in the surrounding environment, we are taking profitability into consideration and converting them into real estate business. With a business management policy that ensures long-term, stable profits, the real estate business is working to secure quality tenants and maintain high occupancy rates by carrying out renewal work in response to aging deterioration, and value-enhancement work to meet the needs of the times.

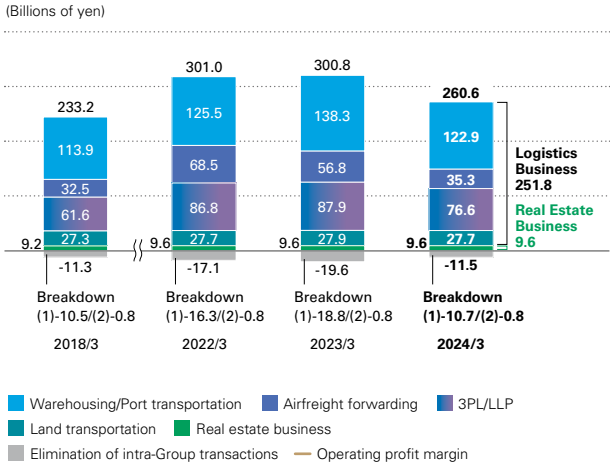
Logistics Business				Real Estate Business
Logistics/ Port Transportation	Airfreight Forwarding	3PL/LLP	Land Transportation	
MITSUI-SOKO	MITSUI-SOKO EXPRESS	MITSUI-SOKO LOGISTICS MITSUI-SOKO Supply Chain Solutions	MITSUI-SOKO TRANSPORT	MITSUI-SOKO HOLDINGS

Business Portfolio

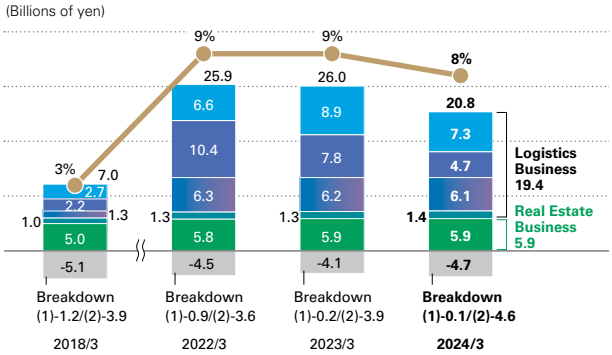
Aiming to grow as a comprehensive logistics company capable of providing various logistics services, the Group has worked to expand our business areas through M&A and to strengthen our business portfolio.

We now have a well-balanced business portfolio composed of our real estate business to secure stable revenue, our stock-type business from warehouse operations in our logistics business, and our flow-type business from our transportation business. Regarding our logistics business, in addition to increasing profit levels in each segment driven by our measures to strengthen profitability that have been ongoing since the previous Medium-term Management Plan, we are increasing Group-wide profitability by providing services using the Group's collective strengths.

Operating Revenue by Business Segment

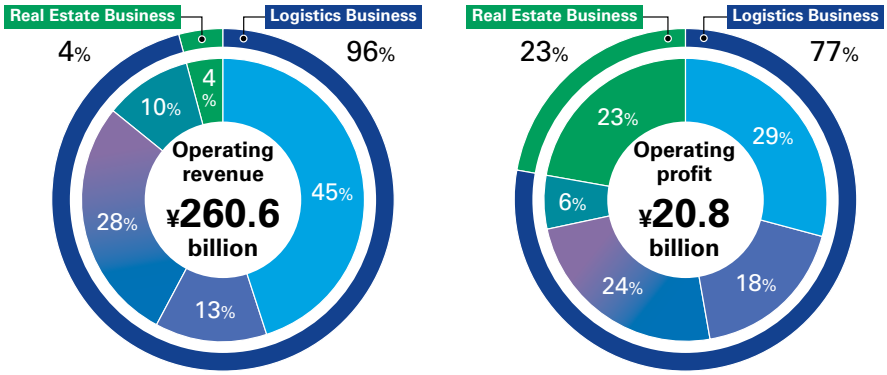


Operating Profit by Business Segment and Operating Profit Margin



Notes: 1. Elimination of intra-Group transactions: operating revenue indicates intersegment revenue and transfers, and operating profit indicates adjustments for expenses associated with the administrative department. The breakdown of the details is as follows.
(1) The amount of intra-Group transactions has been eliminated, and 1) the value for the logistics business has been offset by the total value.
(2) The consolidated value for the logistics business after being offset and the total value for the real estate business results in the amount being eliminated.
2. Amounts listed are rounded to the nearest ¥100 million.

Highlights for the Fiscal Year Ended March 31, 2024



Notes: 1. Composition ratios are rounded to the nearest whole number.
2. Operating revenue includes intersegment revenue or transfers, and operating profit is the figure before adjustment for expenses associated with the administrative department.

In the logistics business, both operating revenue and operating profit decreased, as operating revenue fell to ¥251,817 million (declining by ¥40,205 million from the previous fiscal year) and operating profit fell to ¥19,422 million (declining ¥4,500 million from the previous fiscal year) due mainly to the impact of lower unit costs for marine freight rates and airfares. Due to stagnant cargo movement in international transportation, marine freight rates declined in warehousing and port transportation, while cargo movement slowed against the backdrop of inventory adjustments. The decline in revenue and profit is also due to the disappearance of the urgent demand for transportation services caused by the disruptions in overseas supply chains that occurred last year. Regarding airfreight forwarding, in addition to slowed cargo movement, revenue and profit declined due to a drop in marine freight rates (including the elimination of special factors in the previous fiscal year). In terms of 3PL and LLP, although revenue declined due to the decrease in freight rates for imported cargo, 3PL service transactions trended strongly overall, and profits were flat due to the promotion of streamlining through the introduction of material handling equipment. In land transportation, we maintained steady profit levels despite decreased revenue due to reductions in leased vehicle expenses from higher loading rates and the optimization of collection fees.

In the real estate business, there were no major changes in vacancy rates or rent levels for office properties, with operating revenue totaling ¥9,592 million (declining ¥36 million from the previous fiscal year), and operating profit totaling ¥5,942 million (increasing ¥33 million from the previous fiscal year), both mostly unchanged.

MITSUI-SOKO Co., Ltd.

Operating revenue ratio 45%

Logistics/ Port Transportation	Airfreight Forwarding	3PL/LLP	Land Transportation	Real Estate Business

Domestic Logistics

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/msc

Hiroshi Torii
President
MITSUI-SOKO Co., Ltd.

MITSUI-SOKO is composed of three business divisions: domestic warehousing, overseas warehousing, and port transportation, which are the founding businesses of our Group. By proposing integrated solutions based on a high-quality and diverse menu, we will continue to provide logistics services that delight customers.

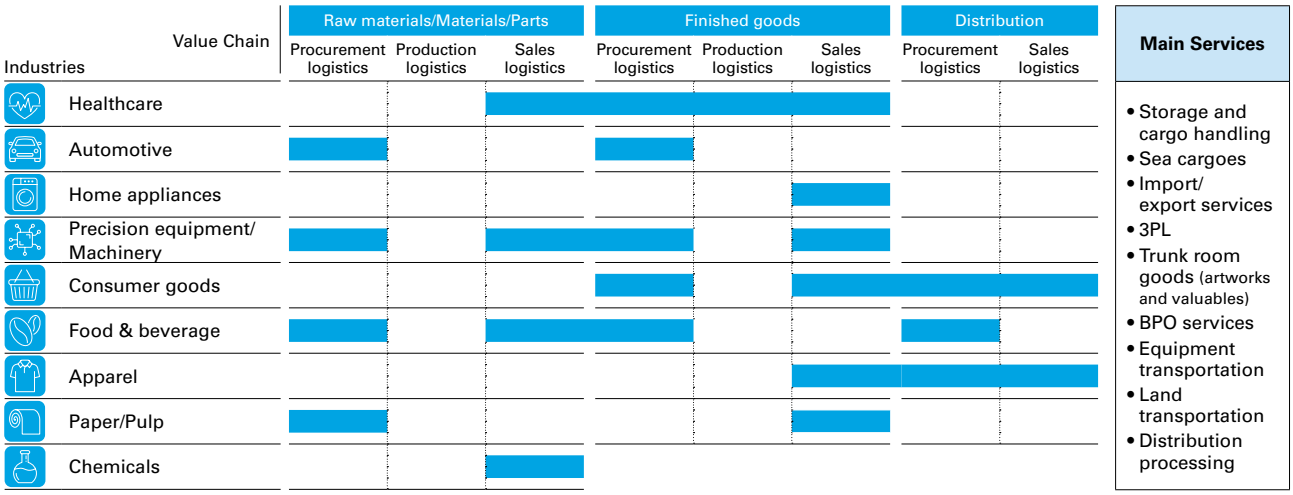
Business Details	
Main products handled	Food and raw materials, chemicals, pharmaceuticals and medical devices, artworks and valuables
Region	Japan
Major clients	General trading companies, food manufacturers, chemical manufacturers, machinery manufacturers, pharmaceutical and medical device manufacturers

In the domestic logistics business division, we provide a wide range of supply chain services that include warehouse storage, cargo handling, transportation, and a variety of other distribution services. We have over 100 years of experience in the fields of warehousing and cargo handling business and own warehouse facilities across the country. From customs clearance services to customer delivery, we customize suitable services for each customer's requirements and the commodities we handle.

Strengths and Environmental Awareness

Strengths	▶ Asset-type distribution network that utilizes multifunctional logistics facilities and nationwide base network ▶ Professional knowledge and experience in warehouse storage, cargo handling, and import/export customs clearance services applicable to various cargo types and business industries ▶ Diverse and high-quality client base	Our strengths lie in the Company's history of having been in the warehousing business for more than 100 years and our expertise from having provided logistics services to customers in a wide range of industries. We possess deep knowledge of import/export services and storage and cargo handling expertise based on the characteristics of various types of cargo. In recent years, we have accumulated storage and delivery know-how with professional expertise in, for example, the healthcare area and highly functional materials.
Environmental awareness	**Opportunities and Risks (External environment)** • Growing storage needs caused by uncertainties in world affairs and disruptions in distribution networks • Growing logistics needs that require advanced expertise, such as strict regulations and temperature control • New entrants from different industries due to the progression of equipment industrialization **Challenges (Internal environment)** • Strengthening of revenue base in port warehousing • Increase in the pace of growth in inland warehousing	Due to distribution network disruptions, there are opportunities for business expansion owing to the need for storage as a BCP measure and the optimization of SCM logistics that starts from warehouses. Logistics needs that require advanced expertise, such as strict regulations and temperature control, are also increasing. In the meantime, responding to the industrialization of logistics equipment due to technological advances, such as AI and robotics, has become an issue.

Main Logistics Areas



We handle various cargo, and provide storage/cargo handling services as well as import/export services, etc., according to cargo characteristics. For healthcare, in pharmaceuticals, medical devices, and investigational new drugs, we have obtained various approvals, including in the drug manufacturing and wholesale businesses, enabling us to provide a one-stop procurement, production, and sales logistics service.

Medium-term Management Plan 2022

Goal — **Realization of complex logistics services that start from warehouses**

	Basic Strategy 1	Basic Strategy 2	Basic Strategy 3
	Securing of stable revenues by leveraging warehouse assets	Creation of growth opportunities by developing highly functional services that start from warehouses	Realization of overwhelming field capabilities
Basic Strategies	• Secure stable revenues by realizing SCM logistics, such as consolidated cargo transport to overseas local subsidiaries and door-to-door integrated transportation services, starting from port warehousing • Expand our handling in the automotive and electronic components fields by providing SCM logistics in collaboration with Group companies • Maintenance and renewal of aging facilities toward the realization of sustainable logistics	• Establish ourselves in the healthcare area as a "one-stop logistics player," handling everything from international logistics to storage and delivery • Use our nationwide logistics facilities and logistics expertise in a wide range of industries to create high-value-added growth businesses such as EC logistics and SustainaLink	• Harmonization of services and establishment of a culture of continuous improvement by turning logistics know-how into explicit knowledge through defining procedures and standardization • Through the introduction of IT systems, work to accumulate logistics technologies and streamline services, while building a service system that contributes fully to understanding customer needs and implementing SCM logistics
Initiatives up to '24/3	• Visualizing CO_2 emissions of individual automobile parts in international logistics on a per-part basis • Real logistics proposals driven by CO_2 emission calculations using SustainaLink • Acquisition of new customers in the healthcare area through in-Group collaboration • Acquisition of new projects in the luxury brand field		• Visualizing current manuals to transition to more appropriate procedures • Visualizing work instructions by standardizing work processes at model offices
Future Initiatives	• Acquire new customers through coordination with the MSH Strategic Sales Division and the Supply Chain Sustainability Sales Division • Launch operations for new shippers in the luxury brand field • Maintenance and renewal of existing facilities		• Standardize the support provided and burden placed on different regions through the shift to paperless operations • Horizontal expansion of initiatives at model offices • Standardize workloads through DX

MITSUI-SOKO Co., Ltd.

Logistics/ Port Transportation	Airfreight Forwarding	3PL/LLP	Land Transportation	Real Estate Business

Overseas Logistics

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/msc

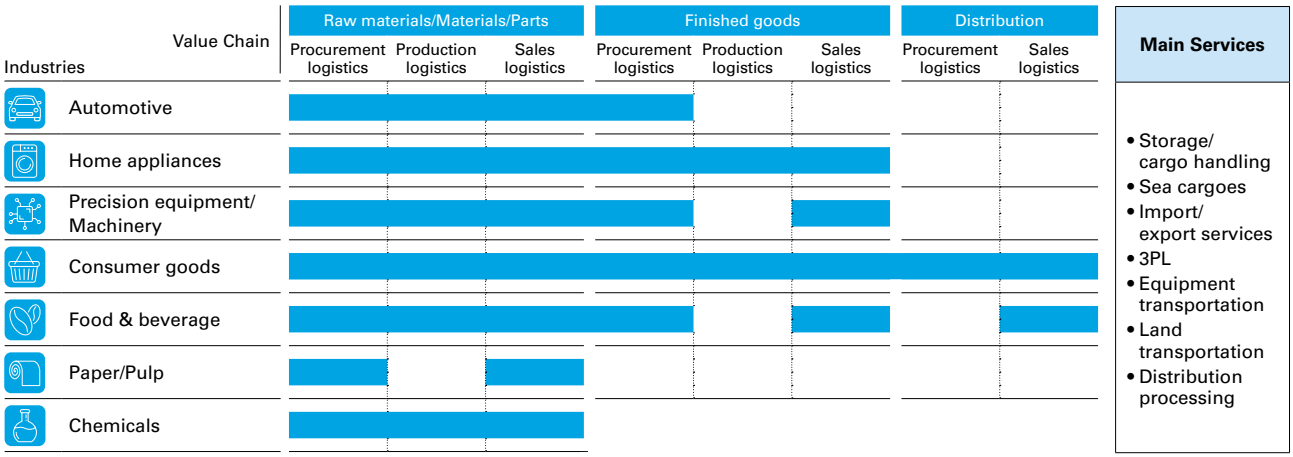
Business Details	
Main products handled	Chemicals, food raw materials, consumer goods
Region	Northeast Asia, Southeast Asia, Europe, Americas, Middle East
Major clients	Chemical manufacturers, machinery manufacturers, consumer goods manufacturers, general trading companies

In the overseas logistics business division, we are providing the same high-quality logistics services as in Japan, such as storage/cargo handling, transportation, and a variety of other distribution services, to support the supply chains of our customers who are expanding globally. We will provide optimal solutions that match the local conditions of each country and contribute to our customers' global business based on the overseas network that we have developed in 14 countries and regions around the world since our establishment in the United States in 1971.

Strengths and Environmental Awareness

Strengths	▶ Global network of approximately 100 business sites in 14 countries and regions ▶ Flexibility in adapting to local laws and regulations and adapting to regional characteristics ▶ Excellent client portfolio that mainly consists of major Japanese companies	Having been in the overseas logistics business for more than 50 years, we provide the same high-quality logistics services as in Japan by using our global network that has been expanded to countries around the world and our responsiveness backed by experience.
Environmental awareness	**Opportunities and Risks (External environment)** • Impact on the global supply chain due to uncertainties in world affairs • Changes in each country's national policies, regulations, and logistics conditions • Increase in business needs toward domestic demand in each country due to an increasing world population • Normalization of increase in labor costs **Challenges (Internal environment)** • Cargo portfolio "biased toward raw materials, resources, etc." • Provision of logistics services limited to individual functions, such as storage and transportation	In overseas logistics, transformational needs are being anticipated in global supply chains due to the destabilizing effects of global affairs and the increased intensity and frequency of natural disasters. At the present time, the main focus is on logistics services for individual functions, such as storage and transportation, but we recognize the need to evolve into SCM logistics going forward.

Main Logistics Areas



Handling large amounts of raw materials and materials, we are developing storage/cargo handling as well as import/export services at our overseas bases. We also handle yard operations for home appliances and consumer goods, and specialize in transporting equipment such as large machinery.

Medium-term Management Plan 2022

Goal: **Rebuild each base's network while providing logistics network services worldwide**

Basic Strategies

Basic Strategy 1

Strengthen revenue base by expanding distribution services for existing customers

- Expand our service range to integrated logistics and SCM logistics through the promotion of proposal-based sales that efficiently combine the Group's logistics functions
- Develop new logistics menus that incorporate elements that anticipate customer needs, such as DX and sustainability, to acquire inter-industry services from existing customers, implement horizontal expansion to new customers, and strengthen our revenue base

Basic Strategy 2

Realization of SCM logistics focusing on automotive and electronic components

- Designate automotive and electronic components fields as important areas for SCM logistics sales, since this is where there is a need for supply chain transformations and where Japanese companies are actively expanding overseas
- Expand business through approaches tailored to the characteristics of each area

Basic Strategy 3

Rebuilding of IT systems base

- Continue to promote service standardization and efficiency as well as operation cost reductions at each site
- Review the functions of existing systems and build systems that contribute to the provision of high-value-added logistics services to customers

Initiatives up to '24/3

- Accelerating in-Group collaboration and contracting operations in new sectors
- Expanding transactions through SustainaLink logistics proposals including CO_2 emission calculations and BCP response
- United States: Acquiring new NVO/FWD customers through collaboration with Japan and enhancing service between El Paso and the West Coast to build an east-west logistics network
- Europe: Newly establishing a Rotterdam branch office and generating new business
- Asia: Carrying out a modal shift using local ports and continuing to support our customers' SCM by responding to disruptions in marine transport

- Promoting labor-saving using IT and optimizing personnel allocation
- Evaluating system rebuilding to streamline operations and improve service quality by integrating different operating systems

Future Initiatives

- Accelerate joint Group sales initiatives and acquire pre- and post-operations with NVO as the starting point
- Promote high-value-added proposal sales driven by the key words of sustainability and SCM
- Promote overseas local demand logistics initiatives to prepare for economic downturns and strengthen our system to handle transactions with non-Japanese companies

- Expand transactions by opening a branch office in Slovakia
- Provide container collection services for highly specialized cargo including fixed-temperature, low-temperature, and hazardous goods

- Continue to capture overseas demand with an eye on the expanding mobility market
- Promote SCM proposals for the overall components and materials markets

- Continue to evaluate systems integration
- Streamline through higher frontline cost awareness by visualizing the use of frontline systems and through the standardization of operations

MITSUI-SOKO Co., Ltd.

Logistics/ Port Transportation	Airfreight Forwarding	3PL/LLP	Land Transportation	Real Estate Business

Port Transportation

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/msc

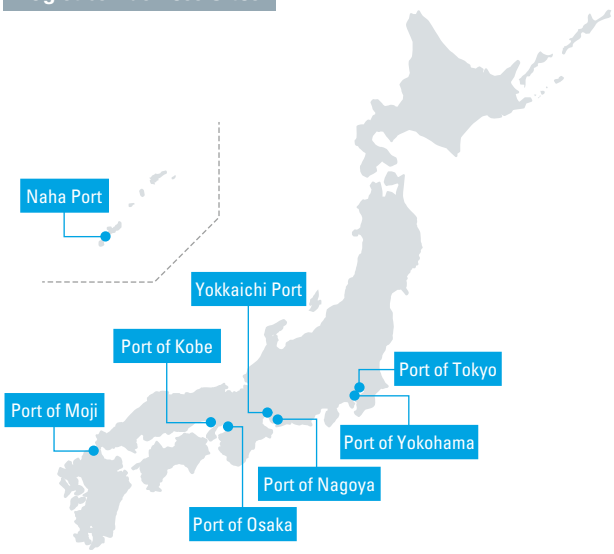
Business Details	
Main products handled	Operation of container terminals, conventional shipping, shipping agency services
Region	Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, Moji, Naha
Major clients	Shipping companies

The port transportation business is one of the Mitsui-Soko Group's founding businesses, and manages container terminal operations, which play a vital role in connecting sea and inland logistics, and wharf operations in major domestic ports. We also provide a wide range of services, including cargo handling operations for conventional and roll-on/roll-off ships, collection of import/export cargo, and shipping agency services, such as arranging shipping arrival/departure applications and issuing bills of lading, serving as an important form of infrastructure that supports people's lives and livelihoods.

Strengths and Environmental Awareness

Strengths	▶ Licensed container terminal operator at major domestic ports ▶ Know-how in standardizing and consolidating operations cultivated in terminal and agency operations ▶ Strategic container sales capabilities mainly targeted at Japan, China, and nearby coastal regions	Operating container terminal facilities at major ports in Japan, we bring together a wide variety of cargo handling equipment, advanced systems, and many years of accumulated know-how in developing streamlined operations that integrate sequences of operations.
Environmental awareness	**Opportunities and Risks (External environment)** • Relative decline of Japanese ports due to expansion of port capacity in neighboring countries such as China • Worsening shortage of domestic dockworkers • Strengthening of environmental regulations through the Carbon Neutral Port (CNP) concept, etc. • Progress of digitalization through the establishment of a comprehensive information system **Challenges (Internal environment)** • Strengthening of facility and equipment management • Streamlining of container terminal operation methods • Business area expansion	The volume of container handing is recovering. On one side, there is an urgent need to improve and review container terminal operation methods due to the aging of facilities and cargo handling equipment. In addition, our challenge is to develop and foster new core business by strengthening cooperation with Group companies.

Logistics Business Sites



Container terminal operations

In the container terminal facilities of each domestic port, we utilize advanced systems to efficiently provide a series of operations, such as loading and unloading of container cargo onto and off ships, container loading and unloading, and inventory management.

Conventional shipping services

For heavy cargoes such as large vehicles or construction equipment that cannot fit in a container, we offer crating proposals that take into account the cargo's characteristics and stowage planning for conventional ships and perform high-quality cargo handling operations based on many years of accumulated experience.

Shipping agency services

As a contact point in Japan for mainly overseas shipping companies, we undertake documentation-related services for ship port arrival and departure applications and issuances of bills of landing. Also, we conduct safe and stable container collection services.

Medium-term Management Plan 2022

Goal: **Expansion of business by integrating container terminal operations ("hard" aspect) and know-how ("soft" aspect), including peripheral services**

	Basic Strategy 1 Establishment of operational foundation for container terminals that generate stable profits	Basic Strategy 2 Commercialization of services by clarifying and improving business know-how	Basic Strategy 3 Expansion of service areas utilizing port functions, development of new bases
Basic Strategies	• Efforts to collect appropriate fees and improve revenues by putting into effect low-cost operations • Build bases that capitalize on the characteristics of each port by analyzing and verifying modes and appropriate scales of operation • Expansion of peripheral services that will utilize our facilities through the sharing of information between bases and horizontal expansion of measures	• Collaborate with administrative bodies and different industries through active participation in demonstration projects, etc. • Develop streamlining tools for shipping companies and port administrators using operational know-how • Consulting for container terminal operations	• Attract non-container shipping services by means of collaboration within the Group, etc. • Develop new services related to contributing to the SDGs and acquire work • Expansion of our Okinawa business and entry into wharf operations at new regional ports
Initiatives up to '24/3	• Creating new routes for existing shipping companies and attracting new shipping companies to expand into Japan • Implementing low-cost operations by enhancing support for the management and operations of affiliates • Creating new hubs and using existing hubs to handle hazardous goods through cooperation with tank container operators	• Contracting research and development operations from the Ministry of Land, Infrastructure, Transport and Tourism related to "optimizing container warehousing plans using AI" jointly with Hitachi, Ltd. and MITSUI E&S Co., Ltd (with the Company providing the operational know-how and testing sites and accumulating and providing the necessary data for technological development)	• Strengthening sales by concluding cargo booking agency contracts with conventional shipping companies • Expanding the volume of goods handled using the services of existing conventional shipping companies • Building a transport service network in Okinawa Prefecture based in Naha Port to shift from goods entering and leaving to goods being imported and exported, and to provide warehousing
Future Initiatives	• Continue to create new routes for existing shipping companies and to attract new shipping companies to expand into Japan • Update terminal operating systems (TOS)	• Continue "optimizing container warehousing plans using AI" contracted by the Ministry of Land, Infrastructure, Transport and Tourism • Establish unique services by digitizing and standardizing container logistics procedures	• Continue attracting non-container ships • Develop new transportation services to reduce CO_2 emissions using inland vessels and barges

MITSUI-SOKO EXPRESS Co., Ltd.

Operating revenue ratio 13%

Logistics/ Port Transportation | **Airfreight Forwarding** | 3PL/LLP | Land Transportation | Real Estate Business

Airfreight Forwarding

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/mse

Hisanari Ichiryu
President
MITSUI-SOKO EXPRESS Co., Ltd.

In a drastically changing business environment surrounding customers, MITSUI-SOKO EXPRESS provides sustainable, high-quality logistics services through timely proposals that meet customer needs. We are aiming to remain a first-choice forwarding company and have our customers say, "Let's use MSE again next time."

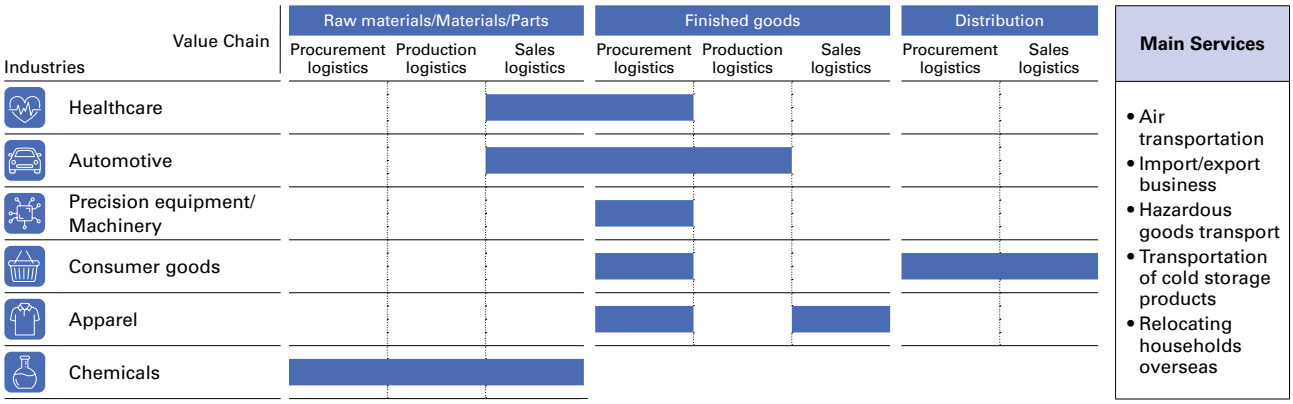
Business Details	
Main products handled	Automotive parts, chemicals, pharmaceuticals, electronic components
Regions	Japan, Northeast Asia, Southeast Asia, South Asia, Europe, Americas, Africa, Middle East
Major clients	Automobile manufacturers, automotive components manufacturers, chemical manufacturers, consumer goods manufacturers, general trading companies, pharmaceutical manufacturers

MITSUI-SOKO EXPRESS was formed as a joint venture between MITSUI-SOKO HOLDINGS and Toyota Motor Corporation in July 2012. We handle a wide range of products and services, such as automotive components, chemicals, pharmaceuticals, apparel, and household relocation services. By leveraging our advanced and specialized knowledge and experience in international transportation, we provide high-quality, comprehensive forwarding services by combining the knowledge and experience with our global network of bases.

Strengths and Environmental Awareness

Strengths	▶ High-quality, comprehensive forwarding services cultivated in the automotive and electronic component industries ▶ Flexible and speedy response capability in the event of emergency transportation ▶ Optimal logistics design and construction capabilities using the functions and air cargo of Mitsui-Soko Group companies	Our strengths lie in the high quality of logistics that have supported Toyota's logistics, and our ability to respond steadily to customer needs even during the supply chain disruptions caused by COVID-19. Also, by possessing bases all over the world, we can work in tandem with the functions of Mitsui-Soko Group companies in providing global SCM logistics.
Environmental awareness	**Opportunities and Risks (External environment)** • Impact on global supply chain caused by uncertainties in world affairs • Intensification of competition, normalization of price competition in the air cargo market • Changes in market conditions in automotive and electronic component industries **Challenges (Internal environment)** • Response to changes in airline market • Response to changes in automotive industry	In addition to the difficulty of forecasting demand in an uncertain global situation, air transportation is a business that is highly susceptible to economic fluctuations. Furthermore, with regard to the automotive industry, which accounts for most of our logistics services, changes in the structure of the industry, such as the shift to EVs, are expected in the years to come.

Main Logistics Areas



Mainly providing air transportation services, we handle large volumes of automotive cargo. For consumer goods we provide some EC logistics services, and for apparel we handle select shops and branded products. We also provide transportation services for cargo that require specialist know-how, such as hazardous goods or cold storage products, the regulations for which differ for each country, airline company, and item.

Medium-term Management Plan 2022

Goal: **To remain a first-choice forwarding company that works closely with customers and aims for efficient and sustainable growth**

	Basic Strategy 1	Basic Strategy 2	Basic Strategy 3
	Expand revenue by increasing cargo collection volumes in existing businesses	Nurturing new customers to improve the customer portfolio	Strengthen resource management to respond to fluctuations in demand
Basic Strategies	• Secure orders for the transportation of key components of EVs that requires legal compliance by leveraging achievements in our specialist area of hazardous goods transportation • Improve profitability by grasping changes in industry trends, conducting proposals in anticipation of customer needs, and promoting the overseas expansion of the services we provide in Japan	• Acquire inter-industry sales by deepening cooperation within the Mitsui-Soko Group • Strengthen sales expansion to customer groups that requires expertise in functional chemicals (e.g., semiconductor materials), pharmaceuticals, etc. • Development of services that anticipate measures oriented toward sustainability and industry trends	• Build a system that can adapt to changes in situation, such as sudden mass transportation projects with short delivery times, and improve operational efficiency • Enhance human resource development
Initiatives up to '24/3	• Expanding our scope of operations with an eye on the transition to EV Forming internal working groups, gauging industry trends and customer needs, continuously studying relevant laws and regulations, and receiving orders for EV-related products • Strengthening our business foundation to enhance sales by expanding yard operations in Japan and through additional investment in the northern region of China	• Acquiring new customers through Group collaboration • Building an international shipping platform between Japan and the U.S. for regenerative medical products through co-creation with external parties and receiving orders for new projects • Making proposals to reduce CO_2 emissions and logistics costs through changes to shipping routes and the use of cold-storage packaging materials developed by the Company	• Achieving stable service operations through our intra-base support system to handle fluctuations in business volume • Providing educational programs to our management in Japan and overseas using our "*dojo*" training system to improve the safety and quality of operations
Future Initiatives	• Strengthening relationships with mega-suppliers and general trading companies • Through collaboration both in Japan and overseas, expand the scope of our operations to provide one-stop services not limited to transportation but also including pre- and post- processes	• Further promoting Group collaboration • By establishing new, dedicated sales divisions, we are accelerating new customer development in the semiconductors and pharmaceuticals fields • Developing new cold-storage packaging that is highly effective in reducing our environmental burden, collaborating with carriers to introduce sustainable aviation fuel, and making proposals to clients	• Streamlining operations using DX to further improve the accuracy of personnel allocation and to promote greater productivity in providing intra-base support • Strengthening the development of future overseas management by improving management capabilities using the knowledge gained at the "*dojo*" on the front lines and by updating our overseas training system

MITSUI-SOKO LOGISTICS CO., LTD.

Operating revenue ratio 28%

Logistics/ Port Transportation | Airfreight Forwarding | **3PL/LLP** | Land Transportation | Real Estate Business

3PL/LLP (Distribution/Sales logistics)

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/msl

Teruo Ishikawa
President & Chief Executive Officer
MITSUI-SOKO LOGISTICS Co., Ltd.

In addition to logistics technologies cultivated so far, MITSUI-SOKO LOGISTICS will continue to evolve and grow based on its track record in mechanization, systemization, and DX. We are always brainstorming and adapting to customer wishes through our originality.

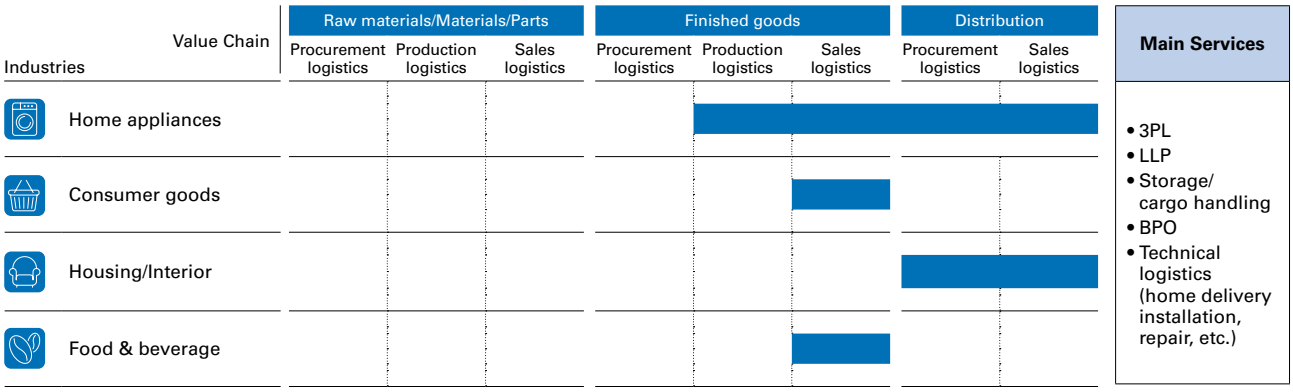
Business Details	
Main products handled	Home appliances, consumer goods, interiors, medical devices, food & beverage
Region	Japan
Major clients	Home appliance mass retailers and manufacturers

Having started out as a company providing the logistics functions for home appliance manufacturers, MITSUI-SOKO LOGISTICS focuses on providing 3PL for home appliance mass retailers and manufacturers, as well as handling a wide variety of other products, such as apparel, miscellaneous goods, food, and commercial coffee systems. We are also strengthening technical service businesses, such as in delivery, construction, and installation, as well as in repair, maintenance, and inspection for home appliances and furniture to provide logistics solutions that resolve customer issues.

Strengths and Environmental Awareness

Strengths	▶ Extensive nationwide logistics network in the home appliance field ▶ Provision of high-value-added solution services (business analysis, operation design, robotics, package solutions)	We provide "consumer electronics retail center management" and "consumer electronics manufacturer logistics" based on our outstanding logistics technology cultivated during our days as a logistics function company for consumer electronics manufacturers. In addition, we provide "technical logistics" including delivery, installation, construction, maintenance, and repair of coffee machines and other products. Our strength lies in our ability to combine these menus and propose solutions that resolve our customers' needs and issues.
Environmental awareness	**Opportunities and Risks (External environment)** • Market changes in home appliance industry • Changes in business customs and logistics characteristics due to e-commerce expansion • New entrants from different industries due to the progression of equipment industrialization **Challenges (Internal environment)** • High degree of dependence on home appliance logistics • Further strengthening of human resources in response to increased demand	Home appliance logistics account for the majority of the Company's logistics services and are therefore affected by the market conditions in the home appliance industry. One trend is home appliance mass retailers expanding services beyond their current store operations by, for example, handling products other than home appliances and developing e-commerce.

Main Logistics Areas



We mainly handle home appliances and provide a one-stop logistics service connecting home appliance manufacturers and mass retailers. We are responsible for the downstream logistics areas and, in addition to providing LLP services from logistics strategy planning to operation, also provide technical logistics services, such as home delivery installation and repair for home appliances. For apparel, we operate e-commerce mall logistics, and for housing and interiors, we also provide services such as furniture installation.

Medium-term Management Plan 2022

Goal — **Assist our customers through our outstanding logistics technologies**

	Basic Strategy 1	Basic Strategy 2	Basic Strategy 3	Basic Strategy 4
	Deepen and stabilize the home appliance logistics business	Pursue new business development and solutions businesses	Promotion of mechanization, systemization, and DX	Initiatives for sustainability and development of comfortable working environments
Basic Strategies	• Aim to become a platformer for the home appliance logistics business by expanding the handling of furniture and daily necessities related to living, including home appliance products, and strengthen the logistics functions in the EC field related to these products • Address labor shortages and the improvement of working environments by optimizing the days of operation at centers and frequency of deliveries	• Propose logistics strategies that optimize customers' whole supply chains, establish a competitive advantage by combining logistics menus, such as technical logistics, to promote the acquisition of new businesses and the expansion of existing ones • Consideration of the construction of our own warehouse for the purpose of co-creation with our customers and nurturing the next generation of logistics talent	• Robust promotion of mechanization, systemization, and DX to help address labor shortages, improve the quality of work, and reduce workloads associated with cargo handling • Operational reforms through redefinition and standardization of operations • Actively adopt new technologies and new systems that are always evolving, such as the introduction of AGVs*1, packing machines, and sorting machines *1 Automated Guided Vehicle: Unmanned transport vehicles/robots.	• Reduce CO_2 emissions throughout the supply chain by promoting LED lighting, introducing environment-friendly packing materials, and joint delivery • Reduce truck waiting times through the introduction of a berth reservation system and create comfortable working environments by streamlining operations utilizing DX
Initiatives up to '24/3	• Expanding business with new home appliance manufacturer customers • Gateway center (GWC)*2 business expansion *2 Joint logistics platform that provides cargo handling and storage of home appliance manufacturer inventory at home appliance mass retailer logistics centers	• Receiving orders for consulting projects from existing customers • Receiving orders for LLP services from new customers (home centers, supermarkets, etc.)	• Introducing a transportation and delivery management system • Rollout of bases with AGV and DAS*3 *3 Digital assort system: automatic sorting system using digital technology	• Verification experiments using the SLOC trunk relay transport service • Investing in companies aiming to commercialize logistics with self-driving trucks using self-driving technology • Reducing electricity use and CO_2 emissions through the transition to LED lighting
Future Initiatives	• Reducing shipping base costs by revising delivery days	• Carrying out operations for consulting projects for existing customers • Strengthening LLP solution sales	• Introducing sorting robots and automated packaging machines that can accommodate different sized goods • Expanding bases with AGV and DAS • Introducing BI tools and CRM*4 tools • Promoting paperless operations *4 Customer relationship management	• Considering the installation of solar panels at the Company's warehouses • Expanding sales channels into the circular economy field • Renovating break rooms to improve employee engagement

MITSUI-SOKO Supply Chain Solutions, Inc.

Operating revenue ratio 28%

Logistics/ Port Transportation | Airfreight Forwarding | **3PL/LLP** | Land Transportation | Real Estate Business

3PL/LLP (Procurement/ Production Logistics)

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/mscs

Takayuki Sekitori
President
MITSUI-SOKO Supply Chain Solutions, Inc.

We consider and execute projects together with our customers and society based on a deep understanding of their needs, allowing us to grow together. These relationships and processes that we have cultivated are also reflected in the vision represented in our company name, "supply chains and solutions."

Business Details	
Main products handled	Precision equipment, home appliances
Region	Japan, Southeast Asia
Major clients	Electrical manufacturers, machinery manufacturers

MITSUI-SOKO Supply Chain Solutions, Inc. was established in April 2015 as a joint venture with Sony Corporation. Operating a logistics network in Japan, Thailand, and Malaysia, we provide a wide range of services such as procurement logistics, factory logistics, sales logistics, and repair parts logistics. By combining these logistics functions, we support the optimization of our customers' supply chains.

Strengths and Environmental Awareness

Strengths	▶ Knowledge, experience, and human resources that play roles in global supply chains ▶ On-site capabilities and improvement capabilities cultivated through manufacturer logistics ▶ Supply chain proposal capabilities from being well-versed in both planning and actual logistics based on the manufacturer's perspective	In addition to wide-ranging services in actual logistics, including services overseas, our strength lies in our ability to propose logistics plans that contribute to our customers' business strategies. Leveraging the experience and knowledge gained in supporting Sony's logistics, we provide end-to-end logistics services by means of our ability to build and execute total supply chains that can respond globally and from the upstream to the downstream.
Environmental awareness	**Opportunities and Risks (External environment)** • Impact from the uncertainty of the international situation on global supply chains • Growing need for outsourcing of logistics by environment change acceleration in each industry • Changes in market conditions and the environment of the electronics industry **Challenges (Internal environment)** • Ability to respond to market changes in the electronics industry • Acquisition and expansion of new business	Due to the uncertain global situation and dramatic changes in the environment, such as with COVID-19, the electronics industry is also reviewing its products, production areas, and supply chains at an accelerated pace. Our logistics services are also greatly influenced by those of our customers, so we need to further strengthen our ability to respond to market changes in the electronics industry, as well as acquire and expand new businesses.

Main Logistics Areas

Industries \ Value Chain	Raw materials/Materials/Parts			Finished goods			Distribution	
	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics
Home appliances				■	■	■		
Precision equipment/ Machinery	■	■	■	■	■	■	■	■

Main Services

- 3PL
- LLP
- Storage/cargo handling
- Import/export services
- International transportation
- Moving/office relocations

We are responsible for supply chain logistics mainly for manufacturers of precision equipment, machinery, and home appliances. We provide global LLP services from the manufacturer's perspective, from logistics planning that contributes to our customers' business strategies to actual logistics, such as factory logistics and sales logistics.

Medium-term Management Plan 2022

Goal: The pursuit of supply chains and solutions, as represented in our Company name

	Basic Strategy 1	Basic Strategy 2	Basic Strategy 3
	Response to change: Expansion and deepening of existing businesses	Expansion and growth of new business: Unique new business development	Strengthen foundation: Continuous evolution of human resources and operational quality
Basic Strategies	• As a supply chain partner of the Sony Group, one of our major clients, promote both global logistics planning and high-quality actual logistics operation services that align with customer needs • Contribute to building optimal total supply chains in coordination with logistics DX initiatives	• Armed with our strength to construct a total supply chain from a global manufacturer's perspective with a wealth of experience and know-how, develop a sales strategy that emphasizes "selection and concentration" • Promote growth and expansion through new customer development and new business acquisition	• To form a high level of expertise and planning ability, enhance talent recruitment and implement systemic training programs, and promote the creation of comfortable working environments • Persistent improvement and enhancement of our service quality by thoroughly implementing quality improvement activities and PDCA cycle management methods
Initiatives up to '24/3	• Acquiring services through logistics planning and strengthening actual logistics coordination	• Expanding our handling of home appliances in Thailand and Malaysia using our experiences and knowledge in handling manufacturer logistics, one of our strengths, and in the electronics area • Expanding the provision of services to build and improve logistics together with our customers as a partner by combining SCM improvements and actual logistics operations	• Continuously implementing various engagement policies starting with training to promote male employees taking childcare leave • Reducing the waiting and work time of our drivers and employees by acquiring results in loading and unloading cargo and automatically measuring work time by introducing systems through co-creation with our customers • Continuing quality improvement projects at each of our frontline offices
Future Initiatives	• Strengthen relationships of trust by incorporating more BPO services	• Accelerate the acquisition of new customers with LLP proposals by strengthening our business development system • Build a new warehouse in Malaysia to respond to increased volume in the mobility field, one of our focus areas	• Accelerate project activities to improve base costs and quality • Promote human resource development and networking within the Group with an eye on the next generation of employees • Continue engagement improvement policies
	• Expand semiconductor storage bases in Kyushu, respond to the existing increase in the volume of materials, and capture new demand		

MITSUI-SOKO TRANSPORT Co., Ltd

Operating revenue ratio 10%

Logistics/ Port Transportation | Airfreight Forwarding | 3PL/LLP | **Land Transportation** | Real Estate Business

Land Transportation

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/company/group/mst

Atsushi Shigemura
President
MITSUI-SOKO
TRANSPORT Co., Ltd

To achieve the numerical targets in our Medium-term Management Plan 2022, we are focusing on responding to changes in social conditions and the management environment and strengthening our specialist services. We aim to build high-quality logistics services in Japan by organically connecting the core transportation functions of Marukyo Transportation Group and the diverse logistics functions of the Mitsui-Soko Group.

Business Details	
Main products handled	Consumer goods, beverages, interior/housing materials, non-prescription pharmaceuticals, paper products
Region	Japan
Major clients	Consumer goods manufacturers and wholesalers, drugstores, beverage manufacturers

MITSUI-SOKO TRANSPORT Co., Ltd. operates and manages a transport network that has at its core Marukyo Logistics, providing logistics services centered on its transportation business. Marukyo Logistics, which owns approximately 1,000 vehicles and uses 2,000 chartered trucks, provides highly efficient logistics by developing high-volume/long-distance hauling, fine-tuned regional joint delivery services, and asset-type 3PL.

Strengths and Environmental Awareness

Strengths	▶ Asset-type operation owning approx. 1,000 vehicles and using about 2,000 leased vehicles at 60 locations nationwide ▶ Completely in-house delivery network and joint delivery system covering the Chugoku and Shikoku areas ▶ Low-cost operation	Leveraging our nationwide transportation network, especially in the Kansai, Chugoku, and Shikoku regions, we provide a one-stop logistics service that meets the needs of our customers. We achieve this by having developed business extensively, and combining asset-type 3PL, joint delivery, independent transportation and delivery, trunk route transportation, and other services.
Environmental awareness	**Opportunities and Risks (External environment)** • Tighter regulations stemming from 2024 problem and environmental concerns • Soaring fuel costs and increased labor costs due to shortage of drivers • Growing need for combined deliveries/joint logistics **Challenges (Internal environment)** • Responding to labor shortages • Contributing to ESG management	The transportation industry is facing a difficult business environment due to a shortage of truck drivers and an aging labor force, as well as expected increases in costs due to the recent surge in fuel prices. We believe that joint delivery is a service that contributes to social demands for sustainability and customer cost reductions, and that demand will increase in the years to come.

Main Logistics Areas

Industries \ Value Chain	Raw materials/Materials/Parts			Finished goods			Distribution	
	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics
Healthcare								■
Home appliances			■			■		
Precision equipment/ Machinery			■			■		
Consumer goods		■			■	■		■
Housing/Interior						■		
Food & beverage				■		■		■
Paper/Pulp						■		

Main Services

- Land transportation
- 3PL
- Storage/cargo handling

Mainly providing land transportation services, we are responsible for sales distribution from upstream to downstream. With regard to beverages, we also transport ingredients and concentrates between bases, while in the case of daily consumer goods, we provide a service that integrates not only transportation, but also storage services.

Medium-term Management Plan 2022

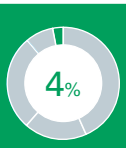
Goal

Provide new value to our customers by integrating base logistics and transportation network logistics

	Basic Strategy 1	Basic Strategy 2	Basic Strategy 3
	Expansion of transportation network in western Japan	Improvements in income and expenditure through visualization of joint delivery operations	Improving service quality and reinforcing transportation safety management system
Basic Strategies	• Focusing on products destined for drugstores, build a transportation network across western Japan by enhancing and extending the joint delivery network, which is a strength of this business, in the Chugoku and Kyushu areas	• In joint delivery operations, where it is difficult to ascertain the actual costs for each customer due to the mixed loading of products from multiple customers, improve income and expenditure by promoting the visualization of services carried out for each customer and thoroughly managing income and expenditure	• Improve working quality through the standardization of services via DX promotion and the development of human resources who are capable of improving KPI management and frontline services • Increase employee engagement through ongoing work-style reforms • Strengthen transportation safety management system by leading Group-wide initiatives, including the unification of transportation safety standards
Initiatives up to '24/3	• Expanding logistics center operations in line with store expansion by our drugstore customers • Attracting vendor hubs to the logistics centers of our drugstore customers and realizing shared warehousing	• Optimization of collection fees • Introducing a framework to manage budgets on an individual base level and visualizing revenue	• Enhancing efficient worker allocation based on KPI analysis at the Marukyo Ehime location • Ensuring safe transportation management systems, including our response to the 2024 problem (reducing total hours spent working) and collaborating with the Safety Subcommittee of the Sustainability Committee • Researching the introduction of voice-driven picking systems and machine-operated pallet rack systems
Future Initiatives	• Establish a vendor center in the Chugoku and Shikoku regions for our beverage wholesaler and drugstore customers	• Continue to optimize collection fees • Identify unprofitable transportation services through management accounting on an individual base level and make fundamental improvements to revenue	• Horizontal development of warehouse operations streamlining based on KPI analysis • Further strengthen operations management systems • Evaluate the introduction of tools to streamline warehouse operations • Trial introduction of RPA aimed at streamlining performance management • Apply heat-shielding paint to the roofs of two facilities as a measure to combat extreme heat and improve work environments and expand the measure to other facilities

MITSUI-SOKO HOLDINGS Co., Ltd.

Operating revenue ratio



Logistics/ Port Transportation | Airfreight Forwarding | 3PL/LLP | Land Transportation | **Real Estate Business**

Holding Company and the Real Estate Business

For more details on business areas, please visit:
https://www.mitsui-soko.com/en/

Hirobumi Koga
President & CEO
MITSUI-SOKO HOLDINGS Co., Ltd.

As a holding company with the two important roles of providing Group management functions and running the real estate business, MITSUI-SOKO HOLDINGS Co., Ltd. will steadily implement the strategies laid out in our Medium-term Management Plan 2022. Aiming to be a co-creative logistics solutions partner, we will work to realize the medium- to long-term sustainable growth of the Mitsui-Soko Group.

Business Details

Group Management Strategy Formulation and Management

Under our PURPOSE of "Empower society, encourage progress," we will implement management strategies including sustainability and DX promotion, as well as medium-term management plans, to enhance the Group's corporate value and achieve sustainable growth for society and our customers. Under Medium-term Management Plan 2022, the three growth strategy pillars—Top-line Growth by Mobilizing the Group's Collective Strength, Reinforcement of Operational Competitiveness, and Building Management Foundations to Support the Deepening—will steadily take effect, in order to realize the Group's VISION of becoming "The co-creative logistics solutions partner. For every day, emergency, and always will be."

Real Estate Business

Our real estate business operates and manages office buildings, including the MSH Nihonbashi Hakozaki Building, MSC Center Building, and MSC Onarimon Building, as well as rental condominiums. Each building has many tenant companies and produces stable revenue, but to further enhance corporate value through effective use of owned assets, we will promote corporate real estate measures, provide management and operational support for the Group's logistics real estate, and focus on capital investment with market competitiveness in mind.

Major Properties under Management

Purpose	Region	Name	Total floor area
Office	Tokyo	MSH Nihonbashi Hakozaki Building	135,887m²
		MSC Center Building	32,507m²
		MSC Onarimon Building	10,516m²
		MSC Fukagawa Building	14,199m²
		MSC Fukagawa Building No.2	22,046m²
Total		Five properties	215,155m²

Purpose	Region	Name	Rental units
Residence	Tokyo	Hakozaki River & Tower	99 units
		Park Axis Onarimon	52 units
	Osaka	Port Villa Utsubo Park	108 units
Total		Three properties	259 units

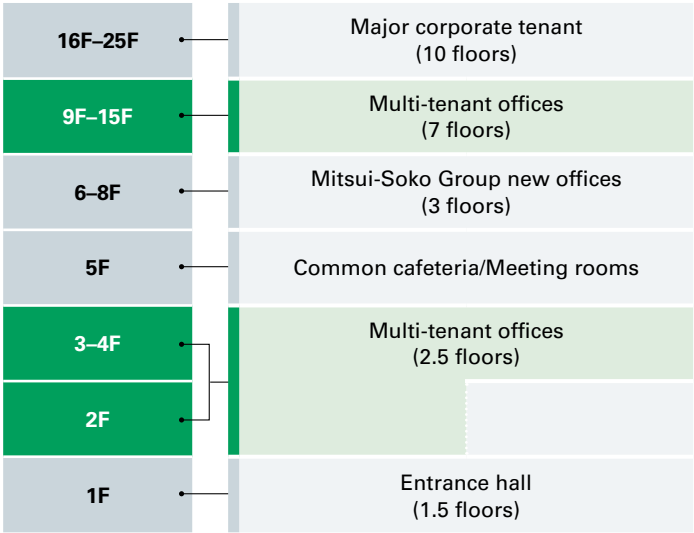
Medium-term Management Plan 2022

Goal

Strengthening our business revenue platform with an awareness of tenant mix by promoting the transition to multi-tenant buildings in our owned real estate

	Basic Strategy 1 Promotion of corporate real estate measures	Basic Strategy 2 Management and support of the Group's logistics real estate
Basic Strategies	• From the standpoint of the effective use of our owned assets, we will broadly consider new investments in our real estate business • Through construction to increase the value of our MSH Nihonbashi Hakozaki Building ("the building"), we will transition to a multi-tenant office building and strengthen the revenue base of our real estate business • We will transform the building into an environment-friendly office building to promote productivity and contribute to achieving sustainability for our tenants	• Broadly consider investment in logistics facilities, including reshuffling our asset portfolio • Manage high-value-added logistics facilities, such as designing those capable of handling cutting-edge medical products in the healthcare field, in addition to handling maintenance and renewal of aging facilities • Evaluate energy-saving measures including converting to LED lighting, upgrading climate control equipment, and installing solar power generation equipment to build sustainable logistics facilities, including reducing CO_2 emissions
Initiatives up to '24/3	• In the MSH Nihonbashi Hakozaki Building, one of our main office buildings, we extended a contract with our main tenant company by concluding a multi-year fixed-term lease that started in May 2024 for 10 floors of the building	• Implementing energy-saving measures through planned upgrades to LED lighting and climate control equipment, and performing energy-saving diagnostics • Evaluating installing solar power generation equipment at Group companies
Future Initiatives	• Promote leasing at the MSH Nihonbashi Hakozaki Building, aiming for full occupancy by the final year of the Medium-term Management Plan • Consolidate the offices of our Group companies at the MSH Nihonbashi Hakozaki Building • Carry out leasing at the MSC Onarimon Building and the MSC Center Building	• Continue to implement energy-saving measures through planned upgrades to LED lighting and climate control equipment • Evaluate and carry on the installation of solar power generation equipment at Group companies

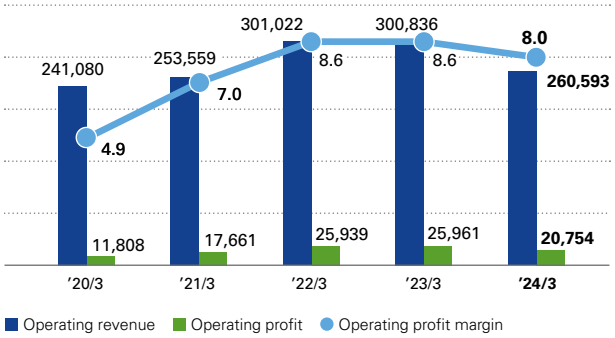
Illustration of Multi-Tenant MSH Nihonbashi Hakozaki Building



Financial/Non-Financial Data Highlights

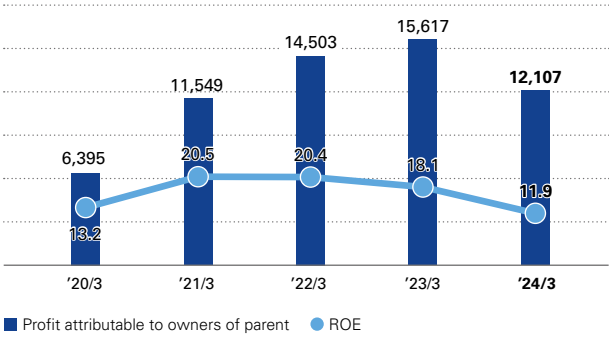
Financial Data

Operating Revenue (Millions of yen)/Operating profit (Millions of yen)/ Operating Profit Margin (%)



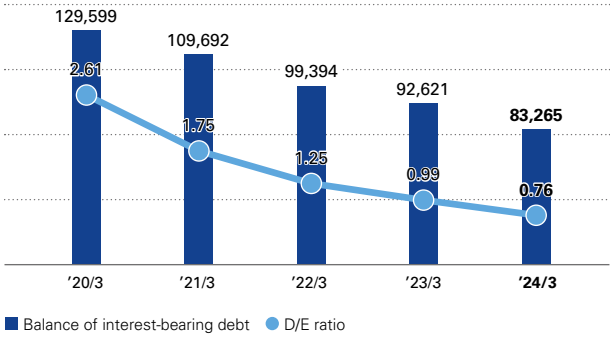
Cargo movement has been sluggish, resulting in a decrease in operating revenue and profit compared to the previous year. However, profits have remained steady due to promotion of initiatives to strengthen profitability such as operational efficiency and appropriate fee collection.

Profit Attributable to Owners of Parent (Millions of yen)/ROE (%)



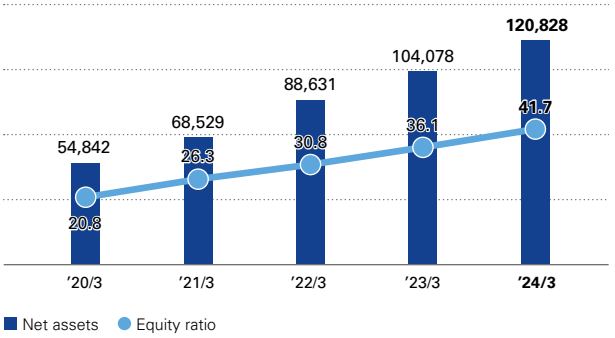
We are implementing management with an awareness of capital cost and stock price, positioning ROE as an important management indicator. We are steadily promoting the initiatives adopted in Medium-term Management Plan 2022 to ensure a high level of ROE.

Balance of Interest-Bearing Debt (Millions of yen)/D/E Ratio (Times)



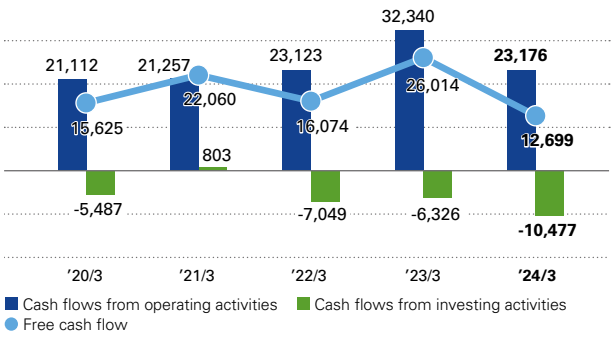
We improved the D/E ratio to 0.76 times due to steady accumulation of profit, and are realizing a stable balance sheet with sufficient capacity to execute future strategic investments.

Net Assets (Millions of yen)/Equity Ratio (%)



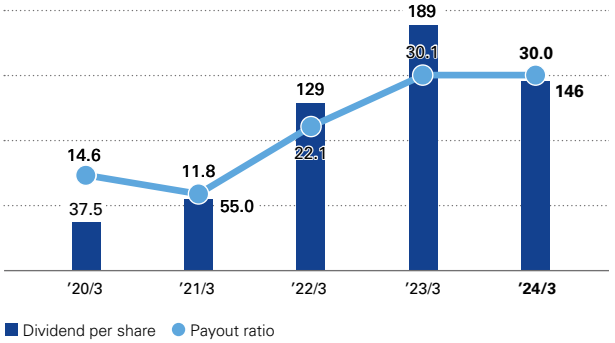
The equity ratio improved as a result of the steady accumulation of profit, and we are realizing a stable balance sheet.

CF from Operating Activities (Millions of yen)/ CF from Investing Activities (Millions of yen)/FCF (Millions of yen)



CF from investing activities in the fiscal year ended March 31, 2024, is due to investing in the multi-tenanting of the MSH Nihonbashi Hakozaki Building, software based on the DX strategy, and a partner company.

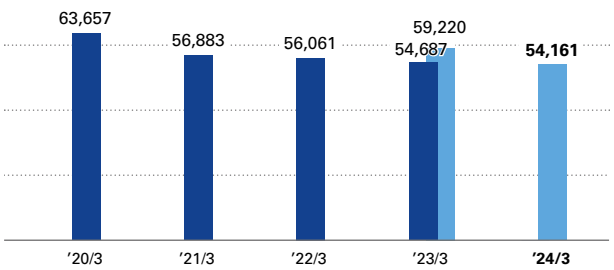
Dividend per Share (Yen)/Payout Ratio (%)



We have implemented a policy that pays flexible dividends linked to performance based on an annual dividend payout ratio of 30%. We paid an annual dividend payout ratio of 30% for the fiscal year ended March 31, 2024, and a dividend of ¥146 for the full year.

Non-Financial Data

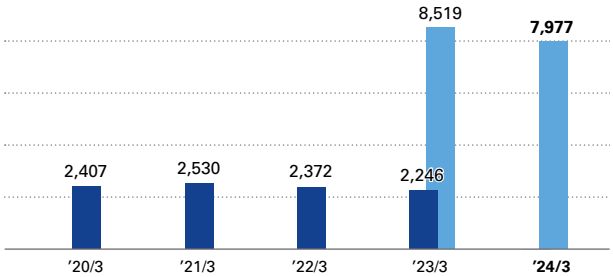
CO_2 Emissions (Scope 1 + 2) (t-CO_2)



■ Scope of periodic reports under the Energy Conservation Law (Data for MSH, MSC, MSL, Marukyo Logistics Co., Ltd. [Osaka], and Marukyo Logistics Co., Ltd. [Ehime]).
■ From the fiscal year ended March 31, 2023, the scope of coverage has been expanded to include MSH, MSC, MSE, MSL, MSCS, MST, Marukyo Logistics Co., Ltd. (Osaka), and Marukyo Logistics Co., Ltd. (Ehime).

In the fiscal year ended March 31, 2024, we reduced CO_2 emissions through the operation of solar power generation systems, the utilization of renewable energy electricity, and the purchase of non-fossil certificates for renewable energy.

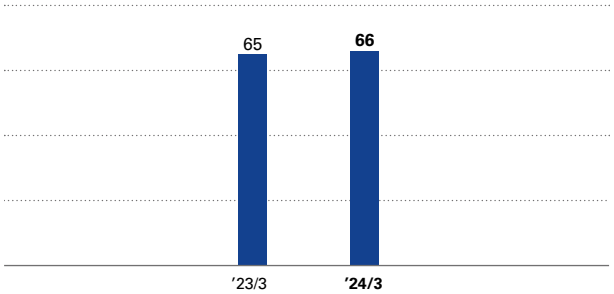
Waste Emissions (t)



■ MSC bases that have obtained green management certification
■ From the fiscal year ended March 31, 2023, the scope of coverage has been expanded to include MSH, MSC, MSE, MSL, MSCS, MST, Marukyo Logistics Co., Ltd. (Osaka), and Marukyo Logistics Co., Ltd. (Ehime).

In the fiscal year ended March 31, 2024, we reduced waste emissions through the promotion of paperless initiatives, etc. We are also promoting the recycling of packing materials, etc., in order to improve recycling rates.

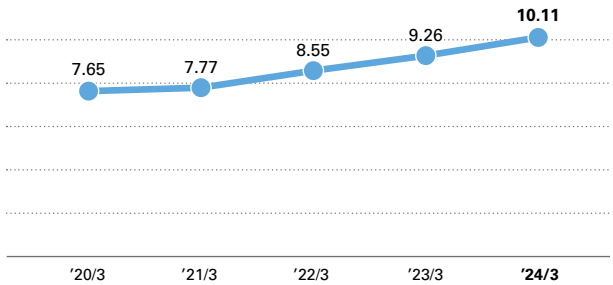
Employee Engagement Score (Points)



We are conducting engagement surveys with the aim of improving employee engagement, which is connected to enhancing corporate value. In the fiscal year ended March 31, 2024, we improved the employee engagement score by one point through management training focused on our philosophy and implementation of one-on-one meetings at every company.

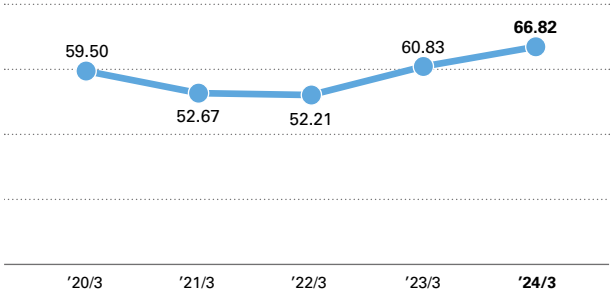
Note: Started from the fiscal year ended March 31, 2023

Ratio of Female Managers (%)



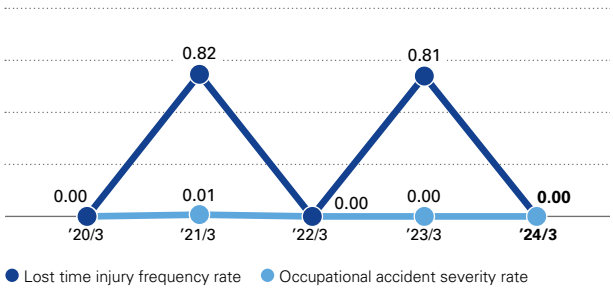
We are aiming to increase the ratio of female managers to build a resilient organization where diverse talent can play active roles. We are promoting training programs for female managers and initiatives to create comfortable working environments for both men and women.

Ratio of Paid Leave Taken (%)



We are advancing health management with the aim of raising the ratio of paid leave taken so that employees can work in good mental and physical health.

Lost Time Injury Frequency Rate/ Occupational Accident Severity Rate



Ensuring safety leads to rewarding work environments and improvements in logistics quality. We have established a Safety Subcommittee, a Group-wide organization, to promote unified Group initiatives.

11-Year Consolidated Financial Data

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries

		2014/3	2015/3	2016/3
Operating Results	Operating revenue	161,535	170,486	212,971
	Logistics business	154,243	160,564	203,872
	Real estate business	11,050	10,477	9,614
	Intersegment transaction eliminations	(3,758)	(556)	(515)
	Operating cost	141,703	150,232	187,816
	Operating gross profit	19,832	20,253	25,155
	Selling, general and administrative expenses	14,337	14,140	21,867
	Operating profit	5,494	6,112	3,287
	Profit (loss) before income taxes	8,076	4,376	2,814
	Profit (loss) attributable to owners of parent	4,491	1,212	211
	ROE (%)	7.7	1.9	0.3
Financial Position	Net assets	65,936	72,980	66,681
	Total assets	220,728	245,213	285,939
	Balance of interest-bearing debt	111,564	126,396	163,035
	D/E ratio (times)	1.78	1.85	2.64
	Equity ratio (%)	28.4	27.8	21.6
Cash Flows	Cash flows from operating activities	13,639	8,047	11,101
	Cash flows from investing activities	(5,339)	(14,809)	(36,019)
	Free cash flow	8,300	(6,762)	(24,918)
	Cash flows from financing activities	(24,012)	12,835	28,826
Per Share Information	Net income (loss) (yen)	180.84	48.81	8.52
	Net assets (yen)	2,521.09	2,747.65	2,483.15
	Dividend (yen)	45.0	47.5	50.0
	Payout ratio (%)	25.0	97.3	588.2
Stock Price-Related Information	Price/earnings ratio (times)	11.4	41.4	176.1

Notes:
1. Operating revenue does not include consumption tax.
2. The intersegment transaction eliminations in the fiscal year ended March 31, 2014, were calculated using a different calculation method than the figures from the fiscal year ended March 31, 2015, and later.
3. Effective from the first quarter of the fiscal year ended March 31, 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 31, 2020). The consolidated financial data for the fiscal year ended March 31, 2022, and thereafter are indicators after retroactive application of the said accounting standard.
4. Interest-bearing debt figures include lease liabilities.
5. On October 1, 2018, the Company conducted a reverse stock split at a ratio of five shares to one share of common stock. Net income per share, net assets per share, and dividend per share were calculated on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2014.

(Millions of yen)

2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	**2024/3**
225,503	233,243	241,852	241,080	253,559	301,022	300,836	**260,593**
216,757	224,842	233,404	231,982	244,645	292,213	292,022	**251,817**
9,407	9,155	9,170	9,833	9,621	9,574	9,629	**9,592**
(660)	(755)	(721)	(736)	(706)	(765)	(815)	**(816)**
198,694	206,071	211,513	211,058	218,094	256,743	256,142	**220,266**
26,809	27,171	30,339	30,022	35,465	44,278	44,694	**40,327**
20,986	20,175	18,352	18,213	17,804	18,338	18,732	**19,572**
5,823	6,996	11,986	11,808	17,661	25,939	25,961	**20,754**
(21,697)	8,142	9,848	10,973	19,040	25,553	27,029	**20,939**
(23,427)	4,406	5,190	6,395	11,549	14,503	15,617	**12,107**
(47.1)	10.7	11.4	13.2	20.5	20.4	18.1	**11.9**
41,820	48,396	52,243	54,842	68,529	88,631	104,078	**120,828**
267,677	263,155	252,078	239,309	238,371	258,297	258,679	**263,543**
171,022	159,214	144,197	129,599	109,692	99,394	92,621	**83,265**
4.54	3.62	3.04	2.61	1.75	1.25	0.99	**0.76**
14.1	16.7	18.8	20.8	26.3	30.8	36.1	**41.7**
12,526	12,207	18,498	21,112	21,257	23,123	32,340	**23,176**
(12,872)	(5,806)	(4,043)	(5,487)	803	(7,049)	(6,326)	**(10,477)**
(346)	6,401	14,455	15,625	22,060	16,074	26,014	**12,699**
6,042	(12,180)	(16,618)	(16,746)	(21,683)	(17,218)	(16,053)	**(17,068)**
(943.26)	177.42	208.99	257.50	465.01	583.98	628.08	**486.21**
1,518.30	1,772.28	1,908.68	2,001.34	2,524.44	3,199.28	3,750.18	**4,412.10**
25.0	—	12.5	37.5	55.0	129.0	189.0	**146.0**
—	0.0	6.0	14.6	11.8	22.1	30.1	**30.0**
—	9.5	8.7	5.4	4.7	4.3	6.2	**9.7**

Five-Year Non-Financial Data

Main Environmental Data

	2020/3	2021/3	2022/3	2023/3	**2024/3**
Total energy usage (GJ)	1,180,755	1,093,309	1,079,887	1,156,362	**1,009,168**
Electricity (1,000 kWh)	73,881	69,317	69,513	77,327	**72,581**
In-house renewable energy usage	—	—	416	2,714	**11,041**
Gasoline (kl)	175	151	124	171	**171**
Heavy oil (kl)	2	12	3	2	**13**
Kerosene (kl)	0	0	0	0	**0**
Light oil (kl)	10,161	9,472	9,229	9,315	**8,970**
Petroleum gas (kl)	94	68	52	33	**31**
City gas (1,000 m^3)	418	333	341	343	**329**
Hot water (GJ)	1,829	1,710	3,898	1,734	**1,946**
Cold water (GJ)	47,826	32,946	29,072	30,768	**28,638**
CO_2 emissions (Scope 1 + 2) (t-CO_2)	63,657	56,883	56,061	59,220	**54,161**
CO_2 emissions (Scope 1)	27,930	25,857	25,048	25,321	**24,446**
CO_2 emissions (Scope 2)	35,727	31,026	31,013	33,899	**29,714**
CO_2 emissions (Scope 3) (t-CO_2)	—	—	1,188,920	1,275,057	**560,858**
Water usage (m^3)	249,159	162,859	173,869	166,823	**138,220**
Water discharge (m^3)	—	—	—	145,553	**134,418**
Waste emissions (t)	2,407	2,530	2,372	8,519	**7,977**
Recycled (in-house)	—	—	—	4,788	**4,251**
Non-recycled (in-house)	—	—	—	3,731	**3,726**

Notes: 1. From the fiscal year ended March 31, 2023, the scope of coverage for each data set has been expanded to include MSH, MSC, MSE, MSL, MSCS, MST, Marukyo Logistics Co., Ltd. (Osaka), and Marukyo Logistics Co., Ltd. (Ehime).
2. The scope of coverage for figures up to the fiscal year ended March 31, 2022, is as follows:
Total energy usage and CO_2 emissions: Companies that submit periodic reports under the Energy Conservation Law; Water usage: MSH and MSC; Waste emissions: MSC bases that have obtained green management certification.
3. The amount of renewable energy usage in the fiscal year ending March 2024 includes figures that take into account the ratio of renewable energy usage by each power company.
4. Scope 3: Data for the fiscal year ending March 2023 and earlier has been recalculated due to a review of the calculation method. For the fiscal year ending March 2024, some data in Category 1 has been refined (from monetary method to ton-kilometer method).
5. With the exception of sewage systems, there are no outlets for wastewater discharge.

Main Social Data

	2020/3	2021/3	2022/3	2023/3	**2024/3**
Employee engagement score (Points)	—	—	—	65	**66**
Number of employees (Number of temporary workers included) (Persons)	1,823	1,893	1,842	1,875	**1,933**
Total of new graduate hires (Persons)	62	50	49	52	**68**
Ratio of female managers (%)	7.65	7.77	8.55	9.26	**10.11**
Employment rate for persons with disabilities (%)	1.96	2.19	1.83	2.43	**2.21**
Ratio of employee overtime work (%)	16.99	16.35	18.31	17.36	**16.86**
Ratio of paid leave taken (%)	59.50	52.67	52.21	60.83	**66.82**
Ratio of employees taking childcare leave (Men) (%)	6.12	13.89	51.28	93.33	**78.05**
Ratio of employees taking childcare leave (Women) (%)	100.00	100.00	96.77	100.00	**96.00**
Ratio of employees returning to work after taking childcare leave (%)	96.67	100.00	97.56	100.00	**100.00**
Absentee rate (%)	0.38	0.37	0.13	0.17	**0.15**
Health checkup take-up rate (%)	90.84	92.2	96.20	99.44	**99.58**
Number of occupational accidents	1	4	1	3	**0**
Lost time injury frequency rate	0.00	0.82	0.00	0.81	**0.00**
Occupational accident severity rate	0.00	0.01	0.00	0.00	**0.00**

Notes: 1. The scope of the main data of the working environment is MSH, MSC, MSE, MSL, MSCS, and MST.
2. The employee engagement score is the overall score from the engagement survey "Wevox" provided by Atrae, Inc.
3. The number of occupational accidents, lost time injury frequency rate, and occupational accident severity rate exclude commuting accidents.

MSH: MITSUI-SOKO HOLDINGS, MSC: MITSUI-SOKO, MSE: MITSUI-SOKO EXPRESS, MSL: MITSUI-SOKO LOGISTICS,
MSCS: MITSUI-SOKO Supply Chain Solutions, MST: MITSUI-SOKO TRANSPORT

Group Network

As of July 31, 2024

MITSUI-SOKO Co., Ltd. ····· Tokyo — Domestic and Overseas Logistics/Port Transportation

Mitsui-Soko Kyushu Co., Ltd. ····· Fukuoka
Mitsui-Soko Business Partners Co., Ltd. ····· Tokyo
IM Express Co., Ltd. ····· Tokyo
Sanso K.K. ····· Tokyo
Toko Maruraku Transportation Co., Ltd. ····· Kanagawa
Sanso Kouun Co., Ltd. ····· Aichi
Sanko Trucking Co., Ltd. ····· Aichi
Sanei K.K. ····· Mie
Mitsunori Corporation ····· Fukui
Mitsui Warehouse Terminal Service Co., Ltd. ····· Osaka
Sanyu Service Co., Ltd. ····· Osaka
Kobe Sunso Koun Co., Ltd. ····· Hyogo
Sun Transport Co., Ltd. ····· Hyogo
MK Services Co., Ltd. ····· Hyogo
Seiyu Koun Co., Ltd. ····· Fukuoka
Hakata Sanso-Butsuryu Co., Ltd. ····· Fukuoka
Naha International Container Terminal, Inc. ····· Okinawa
Mitsui-Soko (China) Investment Co., Ltd. ····· China
Mitex Logistics (Shanghai) Co., Ltd. ····· China
MSC Trading (Shanghai) Co., Ltd. ····· China
Mitex Shenzhen Logistics Co., Ltd. ····· China
Nantong Sinavico International Logistics Co., Ltd. ····· China
Shanghai Marukyo Transportation Co., Ltd. ····· China
Zhangjiagang Bonded Area Marukyo Transportation & Trade Co., Ltd. ····· China
Mitex International (Hong Kong) Ltd. ····· Hong Kong
Mitsui-Soko (Taiwan) Co., Ltd. ····· Taiwan
Mitsui-Soko (Korea) Co., Ltd. ····· Korea
Mitsui-Soko International Pte. Ltd. ····· Singapore
Mitsui-Soko (Singapore) Pte. Ltd. ····· Singapore
Mitsui-Soko Vietnam Co., Ltd. ····· Vietnam
Mitsui-Soko (Thailand) Co., Ltd. ····· Thailand
Mitsui-Soko (Chiangmai) Co., Ltd. ····· Thailand
Mits Logistics (Thailand) Co., Ltd. ····· Thailand
Mits Transport (Thailand) Co., Ltd. ····· Thailand
MS North Star Logistics Co., Ltd. ····· Thailand
Mitsui-Soko (Malaysia) Sdn. Bhd. ····· Malaysia
Mitsui-Soko Agencies (Malaysia) Sdn. Bhd. ····· Malaysia
Integrated Mits Sdn. Bhd. ····· Malaysia
PT Mitsui-Soko Indonesia ····· Indonesia
Mitsui-Soko (U.S.A.) Inc. ····· U.S.A.
Mitsui-Soko (Americas) Inc. ····· U.S.A.
Mitsui-Soko Mexico S.A. de C.V. ····· Mexico
PST CLC Mitsui-Soko, a.s. ····· Czech Republic
PST Hungary Kft. ····· Hungary
Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd.* ····· China
AW Rostamani Logistics LLC* ····· U.A.E

MITSUI-SOKO EXPRESS Co., Ltd. ····· Tokyo — Airfreight Forwarding

MSE CHINA (GUANGZHOU) CO., LTD. ····· China
MSE CHINA (BEIJING) CO., LTD. ····· China
MSE EXPRESS AMERICA, INC. ····· U.S.A.
MSE EXPRESS MEXICO, S.A. DE C.V. ····· Mexico
MSE do Brasil Logistica Ltda. ····· Brazil
MSE EXPRESS (THAILAND) CO., LTD. ····· Thailand
N.V. MSE EUROPE S.A. ····· Belgium
MSE EUROPE TASIMACILIK, ORGANIZASYON, LOJISTIK LIMITED SIRKETI ····· Turkey
MS EXPRESS SOUTH AFRICA (PTY) LTD. ····· South Africa
PT. PUNINAR MSE INDONESIA* ····· Indonesia
MSE FORWARDERS INDIA PVT. LTD.* ····· India

MITSUI-SOKO LOGISTICS Co., Ltd. ····· Tokyo — 3PL/LLP (Distribution/Sales logistics)

Hokkaimitsui-Soko Logistics Co., Ltd. ····· Hokkaido
MS Logitech Service Co., Ltd. ····· Osaka
Co-next Inc. ····· Tokyo

MITSUI-SOKO Supply Chain Solutions, Inc. ····· Tokyo — 3PL/LLP (Procurement/Production logistics)

Logistics Operation Service Co., Ltd. ····· Tokyo
MS Supply Chain Solutions (Thailand) Ltd. ····· Thailand
MS Supply Chain Solutions (Malaysia) Sdn. Bhd ····· Malaysia

MITSUI-SOKO TRANSPORT Co., Ltd. ····· Osaka — Land Transportation

Marukyo Logistics Co., Ltd. (Osaka) ····· Osaka
Marukyo Logistics Co., Ltd. (Ehime) ····· Ehime
AMT Co., Ltd. ····· Ehime
Marukyo Logistics Co., Ltd. (Kyushu) ····· Fukuoka
Marukyo Group Cooperative ····· Osaka
Swallow Logistics Co., Ltd. ····· Wakayama
Marukyo Shokusan Co., Ltd. ····· Osaka
Kiwa General Service Co., Ltd. ····· Wakayama

MITSUI-SOKO HOLDINGS Co., Ltd. ····· Tokyo — Holding Company, Real Estate Business

MITSUI-SOKO BIZPORT Co., Ltd. ····· Tokyo

*Companies accounted for using equity method

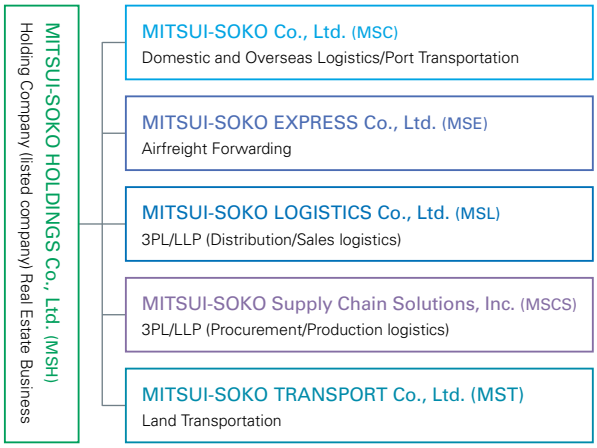
Company Information/Investor Information

As of March 31, 2024

Company Information

■ Company name	MITSUI-SOKO HOLDINGS Co., Ltd.
■ Date of establishment	October 11, 1909
■ Head office	3-20-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-0003, Japan
■ Paid-in capital	¥11,219,525,474
■ Accounting period	From April 1 every year to March 31 the following year
■ Accounting auditors	KPMG AZSA LLC
■ Main business areas	Logistics business, real estate business
■ Companies for consolidated financial statements	Consolidated subsidiaries: 72 Companies accounted for using equity method: 5
■ Number of employees	7,882 (non-consolidated 974)
■ Websites	Corporate website https://www.mitsui-soko.com/en Investor Relations https://www.mitsui-soko.com/en/ir/

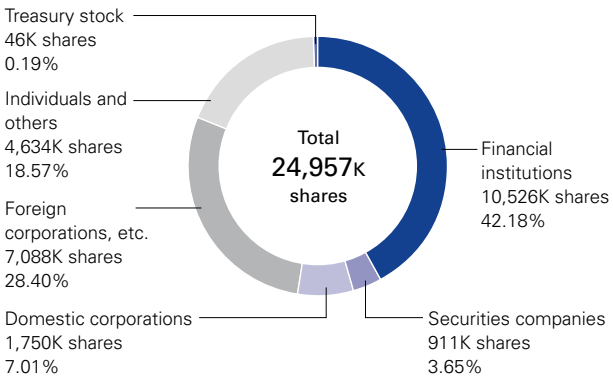
■ Group structure



Stock Information

■ Common stock authorized	80,000,000 shares
■ Common stock issued	24,957,602 shares
■ Number of shareholders	12,735
■ Number of shares	100 shares per trading unit
■ Stock exchange listing	Tokyo Stock Exchange
■ Securities code	9302
■ Shareholder register agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

■ Breakdown of shareholders



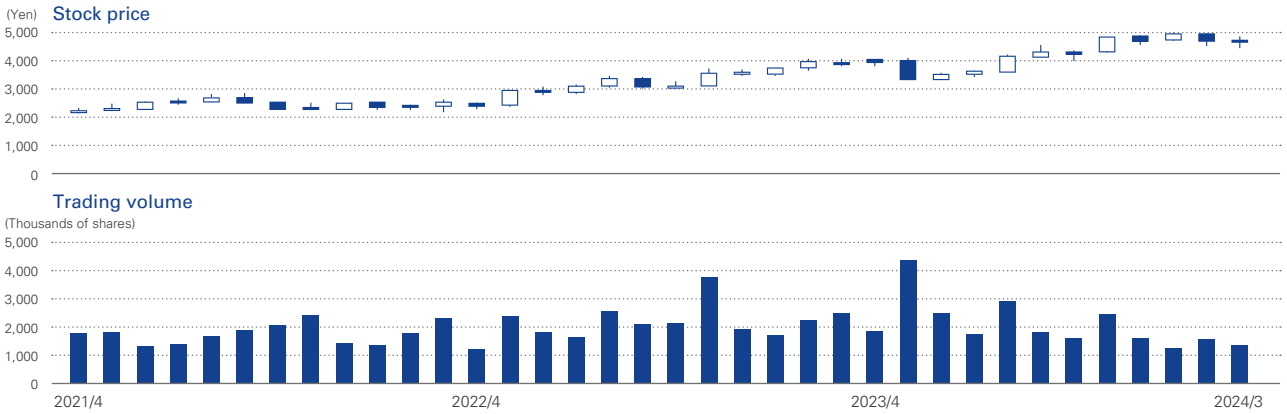
Note: The number of shares has been rounded down to the nearest thousand, while the ratio of the number of shares is rounded to the second decimal place.

■ Major shareholders

Name	Number of shares held (in thousands)	Percentage of total shares held
The Master Trust Bank of Japan, Ltd. (Trust accounts)	2,901	11.64
Custody Bank of Japan, Ltd. (Trust accounts)	1,569	6.30
TAIJU LIFE INSURANCE Co., Ltd.	1,569	6.29
Mitsui Sumitomo Insurance Co., Ltd.	1,401	5.62
Sumitomo Mitsui Banking Corporation	696	2.79
GOLDMAN SACHS INTERNATIONAL	586	2.35
Mizuho Securities Co., Ltd.	519	2.08
Mitsui-Soko Group Employee Shareholders	509	2.04
Takenaka Corporation	496	1.99
STATE STREET BANK AND TRUST COMPANY 505223	478	1.92

Note: The number of shares held has been rounded down to the nearest thousand. The percentage of total shares held is calculated by rounding to the second decimal place and subtracting treasury stock (46,980 shares).

Stock Price and Trading Volume



Total Shareholder Return (TSR)

	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Year-end stock price (Yen)	1,821	1,399	2,168	2,511	3,925	**4,705**
Dividend per share (Yen)	—	37.5	55	129	189	**146**
Cumulative dividend per share (Yen)	—	37.5	92.5	221.5	410.5	**556.5**
TSR	—	78.9%	124.1%	150.1%	238.1%	**288.9%**
(Comparative index)	—	82.9%	110.6%	122.2%	146.8%	**188.8%**

Notes: 1. TSR is the value at the end of the fiscal year ended March 31, 2020, and later, when the investment was made at the closing price at the end of the fiscal year ended March 31, 2019.
2. The comparative index for TSR is the Tokyo Stock Price Index (TOPIX) warehousing and transportation industry-related sector indices (including dividends).

Ratings Information (As of August 31, 2024)

Rating organization	Long-term rating
Rating & Investment Information, Inc. (R&I)	A- (Positive)
Japan Credit Rating Agency (JCR)	A+ (Stable)

ESG-Related External Evaluations (As of August 31, 2024)

FTSE Blossom Japan Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

MSCI Nihonkabu ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

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Morningstar Japan ex-REIT Gender Diversity Tilt Index

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