

Message from the President and Group CEO



Hirabumi Koga

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

We will aim to further improve corporate value through co-creation with society.

Value beyond Logistics Our feelings on Mitsui-Soko Group's mission during the COVID-19 pandemic

I would like to express my deepest sympathies to all those affected by COVID-19.

Due to the global pandemic, people's values and working styles have been changing significantly, and it is having an effect on our societies, economies, and lifestyles. Even among companies, it can be said to have been a year that has prompted deep thoughts about what role companies should play and what value they can provide.

Under such circumstances, the pandemic strongly reaffirmed that it is our mission to ensure the safety of our employees and all others involved with the Mitsui-Soko Group and provide stable logistics services under any circumstances, that is, to keep logistics moving with certainty. With this in mind, I would like us to open up a new era as a corporate group that supports logistics, an indispensable form of social infrastructure.

Progress of the Medium-term Management Plan 2017 —After the First Year of the “Sustainable Growth Period”

Under the “Medium-term Management Plan 2017: From Reversal to Sustainable Growth,” which will end in the fiscal year ending March 31, 2022, we have positioned the first three years as the reversal period to focus on improving our business profitability and the remaining two years as the sustainable growth period strategy, and the entire

Group is currently working as one to ensure its success.

In the fourth year of the current medium-term management plan—that is, the fiscal year ended March 31, 2021, the first year of the sustainable growth period after the three-year reversal period—we were able to secure higher sales and profits despite the effects of the COVID-19 pandemic, which resulted in us achieving the highest operating profit at all stages of profitability. Factors contributing to the strong performance include reviews of supply chains due to COVID-19 and increased consumption from staying at home. In addition to increasing earnings power by implementing various measures decided on under the Medium-term Management Plan 2017, I think this performance came as a result of having assembled a business portfolio capable of providing supply chains with extensive support, from upstream to downstream, and having built systems capable of securing stable profits. In an environment of deepening uncertainty, I feel that we achieved a certain response that exceeded our initial expectations for the first year of the sustainable growth period.

Second Year of the Sustainable Growth Period—An Important Year Leading to the Next Medium-term Management Plan

The current fiscal year will be the final year of this medium-term management plan and will be a year of great significance as the launching pad for the new medium-term management plan starting in fiscal 2022 (ending March 31, 2023). The environment surrounding the logistics industry is continuing to



undergo rapid change, as symbolized by the increasing sophistication and decarbonization of the global supply chain and other factors, and the industry is approaching a major turning point.

In view of such a situation, we currently have three priority measures for the sustainable growth period: the construction of overwhelming field capabilities; the construction of end-to-end integrated solution service; and ESG management.

Differentiating Ourselves from Other Companies by “The Construction of Overwhelming Field Capabilities”

Manufacturers work to differentiate themselves by providing value to customers through products that make full use of their technological capabilities, but for us as a logistics company, we believe that the quality of service created on the frontlines is equivalent to this. To provide efficient and high-quality services, we are focusing on the construction of overwhelming field capabilities that combine people's individual capabilities with our technological capabilities.

At the present time in the logistics industry, moves toward ever-greater efficiency and the transformation of the frontlines of logistics are being

advanced by expanding the use of next-generation technologies, such as AI and robotics, and automation through digital transformation (DX), and it is expected that this trend will continue to accelerate in the years to come. As a matter of course, the Group is also actively responding to these changes, but it is not as simple matter of results being obtained automatically if excellent machinery is installed. Also, if the utilization of the latest robots and machines becomes commonplace, it will not lead to differentiation in the true sense of the word. It is at that time that human capabilities will become important. It is people who control robots and machines and operate them, and the quality should become the fork in the road toward differentiation. Based on such an idea, we will be particularly thorough when it comes to the added value created by people. With the Operation Management Division launched in April 2019 serving as the lead, we are working to improve frontline capabilities, not only for each operating company but also for the companies with which we collaborate. As a specific initiative, we began the nationwide expansion of business standardization implemented at model offices in 2020 and are working to raise the overall standard of quality. In April 2020, we established the Operation Inspection Team and carried out enhancements to the systems that check the operational level at each frontline site.

The addition of the word “overwhelming” rather than just “field capabilities” is a sign of our determination. Based on the belief that “field capabilities” are the very source of a logistics company's capabilities, we are determined to develop quality that will overwhelm other companies and win out in the face of intensifying competition.

Strengthening “The Construction of End-to-End Integrated Solution Service” by “One Mitsui-Soko”

By combining the functions that each Group company possesses and the fields in which they excel, the Group is able to provide a wide range of flexible logistics services, from the upstream to the

downstream of the supply chain. By further refining the strengths of the Group in this way, we will promote the “construction of end-to-end integrated solution service” that is integrated within the entire Group as “One Mitsui-Soko.”

To promote Group-wide service development toward One Mitsui-Soko, it will be necessary for each and every employee, from those on the frontline to those in sales and management departments, to understand one another and provide services that leverage the Group’s strengths from a broader perspective. By having worked to close and then strengthen the *gyogiwa* (gaps between businesses) that connect the business boundaries between operating companies during the three years of the reversal period, the intercompany barriers have come down, and employee awareness and behavior are changing, such as proposals for Group-based services from each business.

In the coming years, we will aggressively promote the strengthening of the network, such as reviewing the functions between operating companies and conducting human resource exchanges to expand and deepen the development of end-to-end integrated solution service.

Promoting ESG Management That Realizes Economic, Social, and Environmental Values Simultaneously

For the sustainable growth of a company, it is very important to engage seriously in ESG and to ensure the sustainability of society. Based on this idea, the Mitsui-Soko Group has positioned “creating new value as a company that supports logistics, an indispensable form of social infrastructure” as being the most important factor for the Group. We have identified materiality from the perspectives of economy, society, and environment to resolve issues.




As a management issue that includes ESG issues, materiality was identified to simultaneously increase the corporate value of the Group and achieve the sustainable growth of society and customers, and efforts to address this issue are essential for the growth of the Group. Considering it necessary for the Group as a whole to work together to promote sustainable management, we set KPIs for each of the three material issues in May 2021. Concerning economic KPIs, we established items that will contribute to the sustainable growth of the Group and society through its business; for social KPIs, items that will realize an environment from which employees, who are the source of value creation, can derive job satisfaction; and for environmental KPIs, items that will contribute to reducing environmental impact.

For each KPI, we will promote efforts in each department of each company to achieve the targets and integrate them into the new medium-term management plan that we will launch in 2022. To further accelerate ESG management, we established the ESG Team in April 2021 and are planning the establishment of a Sustainability Committee to work toward further integration with management in October.

Looking ahead, it will be important not only to take measures to solve these issues in the Group, but also to propose sustainable logistics to our customers. Currently, we are constructing the Mitsui-Soko Green Supply Chains Program (provisional

Mitsui-Soko Group’s Materiality

Create new value as a company that supports logistics, an indispensable form of social infrastructure

-  Provision of sustainable, resilient logistics services through co-creation
-  Realization of safe, diverse, and rewarding workers
-  Contribution to a low-carbon, circular economy by actively reducing environmental impact

name) to bring about customer sustainability, including reduction of environmental impact, through the logistics business, and moving to enhance our menu of services. Especially in terms of the environment, there is a need to reduce CO₂ along entire supply chains. With regard to logistics, it is expected that the perspective of plus E (Environment) will be further emphasized in addition to the perspectives of quality, cost, and delivery (QCD), which have been regarded as important up to now. In addition, various social issues are closely related not only to the environment but also to logistics, such as labor shortages and business continuity plan (BCP) compliance. We recognize that providing services that help to solve these problems will lead to the simultaneous realization of economic, social, and environmental value.

Aiming for Further Growth

For the new medium-term management plan from the fiscal year ending March 31, 2023, we are studying specific measures and other initiatives to further improve corporate value. These will be based on the direction we have taken so far of taking advantage of the Group's greatest strengths in providing solution proposal capabilities and high-quality operations while being able to widely handle supply chains in an end-to-end manner, from upstream to downstream.

Other than obviously working to maintain and expand the stable handling of bulk cargo, such as food product materials and paper, that we have mainly been handling in port-area warehouses and which represent the Group's core business, our policy is to further focus on fields where future growth is expected. In particular, we recognize that the medical field is an area of business that is expected to grow in the future. Having completed Building the Kanto P&M Center B, a dedicated logistics base for the healthcare field, in June 2021, we are steadily accumulating results, such as outsourcing the consolidated domestic distribution of healthcare products to a Japanese subsidiary of a foreign-affiliated company.

In addition, various projects are underway in the field of regenerative medicine.

As the coming years are expected to see an acceleration in the rebuilding of the global supply chain, we are also advancing efforts in a variety of areas to build a business model in anticipation of changes in the business environment. These efforts include the construction of a digital platform that can centrally manage entire supply chains, the operation of next-generation distribution centers that utilize robotics and AI, and the development of logistics services through industry-academia collaboration in the life sciences field.

Going forward, I believe that the key points of the next medium-term management plan will be to make innovative proposals and contribute to our customers' supply chains and logistics strategies while promoting DX and making active use of digital and other technologies. This will lead to sustainable growth by developing the core business and businesses in growth fields in a well-balanced manner.

The COVID-19 pandemic has brought about a complete change in the state of society. In a situation where we are being subjected to an unprecedented wave of change, for the Group to grow sustainably it is essential that we change ourselves and evolve our conventional approach with innovative ideas and viewpoints.

Aiming for further growth through the true integration of the Group beyond the boundaries of its operating companies, in April 2021 we changed the president at MITSUI-SOKO Co., Ltd., the operating company that plays a central role in the Group. Mr. Takanobu Kubo, who was formerly with Toyota Motor Corporation and was president of MITSUI-SOKO EXPRESS Co., Ltd. for the past six years, has been appointed president of MITSUI-SOKO Co., Ltd. Having had a long career in Toyota's logistics and procurement divisions, new President Kubo has already been making use of his knowledge and experience. I am expecting that he will firmly drive the development of various solutions for warehouse bases from innovative perspectives and the construction of overwhelming field capabilities by



means of tireless *kaizen* (the improvement practices spearheaded by Toyota).

I also recognize that, in a period of change, it is necessary to develop human resources from a medium- to long-term perspective, and that this is an issue that must be tackled with some urgency. As a comprehensive logistics company, what we need to resolve all of our customers' issues are human resources who can think for themselves and possess multifaceted perspectives other than logistics. We have been engaged in reforming the human resource and training systems, but in the years to come will incorporate more diverse systems and deploy a human resources strategy that is not bound by conventional methods. This strategy will include, for example, the voluntary promotion of in-house personnel mobilization, transfers among group companies, and secondment systems not limited to Group companies, but also to manufacturers, trading companies, and other companies outside the logistics sector.

In this rapidly changing society, the Group will consider strategies and tactics while steadily forming a medium- to long-term vision of what kind of comprehensive logistics company it should be, that will lead to sustainable growth.

To All Our Stakeholders

In an era in which a variety of values that we had previously taken for granted are changing, the Mitsui-Soko Group has completed its Medium-term Management Plan 2017, and the new medium-term management plan will start in 2022. I feel that it is time to reconsider what role logistics companies play in society and what value the Group can provide from among them, and we are currently formulating our purpose (*raison d'être*) in society. I would like for us to build a solid sense of values that will not change even in times of drastic change, and to lay the foundations that will underpin the sustainable growth of the Group.

While envisioning the Mitsui-Soko Group in 30 or 50 years' time, we will steadily implement various measures to become a corporate group that naturally produces short-term results but also creates medium- to long-term value, while aiming to remain a company that is truly needed by society.

We look forward to the continued and unwavering support of all our stakeholders, including our shareholders, in the years ahead.

Creating New Value through Logistics Services, Contributing to the Realization of a Sustainable Society, and Improving Corporate Value

Social Issues

- Climate change
- Labor shortages in Japan
- Increased medical demand due to aging society
- Human rights issues
- Response to digital society
- Restrictions on going out due to COVID-19

INPUT

Manufactured Capital

Logistics facilities

Approx. **400**

Financial Capital

Operating activity CF

¥**21.3** billion

Intellectual Capital

Qualifications

70

Human Capital

Employees

8,502

Social and Relationship Capital

Countries of
developing business

19

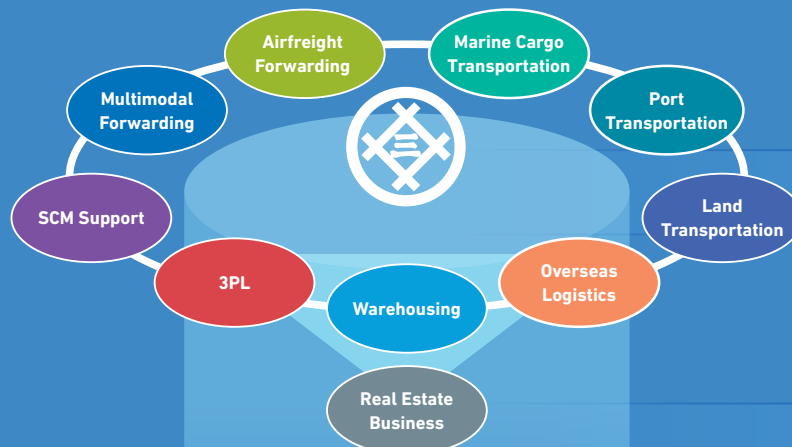
Natural Capital

Amount of energy used
(crude oil equivalent)

28,207 kl

Business Model

Comprehensive Lineup of
Logistics Services through Group Affiliation



Business Foundation

Trust

Excellent customer base

Quality

Know-how accumulated over a
history of more than 100 years

Functions

High expertise of
each Group company

Management Foundation

► P.39-52

Value Proposition

Achieve a sustainable society while improving both the value of client companies and people's quality of life (QOL)

Economy

Improvements in the economic productivity of society and client companies



Social

Improvements in the QOL for employees and their families



Environment

Reductions in the environmental impacts of the value chains of society and client companies



Materiality

Create new value as a company that supports logistics, an indispensable form of social infrastructure

Provision of sustainable, resilient logistics services through co-creation

Realization of safe, diverse, and rewarding workers

Contribution to a low-carbon, circular economy by actively reducing environmental impact

► P.17-34

Value beyond Logistics

OUTPUT

- Sustainable logistics services
- Optimization of supply chain management that underpins customers' businesses
- Partnerships for sustainable logistics

- Safe and rewarding work environments
- Health management
- Realization of diversity

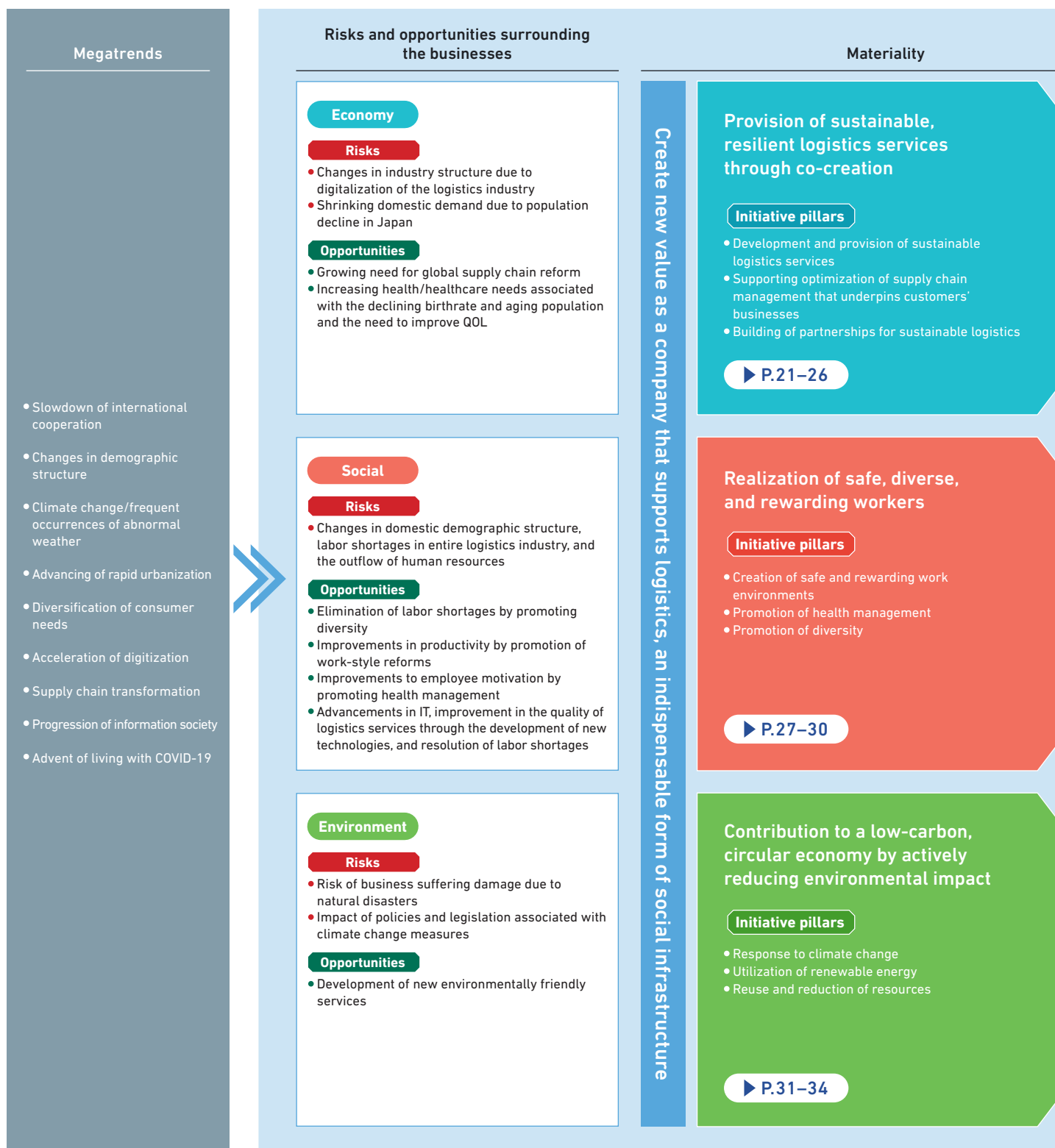
- Response to climate change
- Utilization of renewable energy
- Reuse of resources and reduction of waste

► P.55-64

Mitsui-Soko Group's Materiality

Based on its vision of "Value beyond Logistics," the Mitsui-Soko Group identified Materiality and set KPIs* 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 priority issues and thereby contribute to achieving the goals of the eight SDGs related to our business.

*The scope of the KPIs is MITSUI-SOKO HOLDINGS and logistics business companies.



KPIs

- 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

- 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%*
- Ratio of female managers 15%*

*Achievement deadline is end of March 2026

- Total CO₂ emissions: 1% decrease compared with previous fiscal year
- Volume of waste generated: reduced from the previous fiscal year's level

Achieve a sustainable society while improving both the value of client companies and people's Quality of Life

Value Proposition/Contribution to the 169 Targets of the SDGs

Economic Value

Improvements in the economic productivity of society and client companies

» Contribution to SDGs

- 9.1 Develop sustainable and resilient infrastructure
- 9.4 Increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation in labor-intensive sectors
- 17.16 Enhance the global partnership



Social Value

Improvements in the QOL for employees and their families

» Contribution to SDGs

- 8.5 Achieve full and productive employment and decent work, equal pay for work of equal value
- 8.8 Protect labor rights and promote safe and secure working environments
- 3.6 Halve the number of global deaths and injuries from road traffic accidents
- 3.d Strengthen the capacity for early warning, risk reduction and management of health risks
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership
- 5.b Enhance the use of information and communications technology to promote the empowerment of women



Environmental Value

Reductions in the environmental impacts of the value chains of society and client companies

» Contribution to SDGs

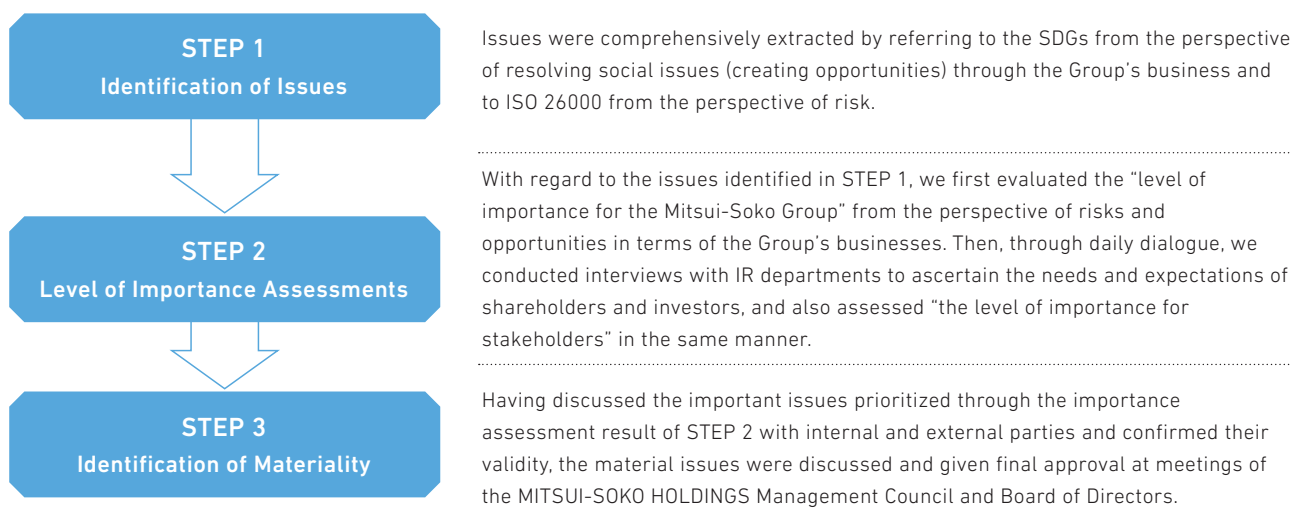
- 13.1 Strengthen resilience and adaptive capacity to climate-related natural disasters
- 13.2 Integrate climate change measures into strategies and planning
- 13.3 Climate change mitigation, adaptation, impact reduction
- 7.2 Increase substantially the share of renewable energy in the global energy mix
- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.5 Substantially reduce waste generation through reduction, recycling and reuse [the 3Rs]



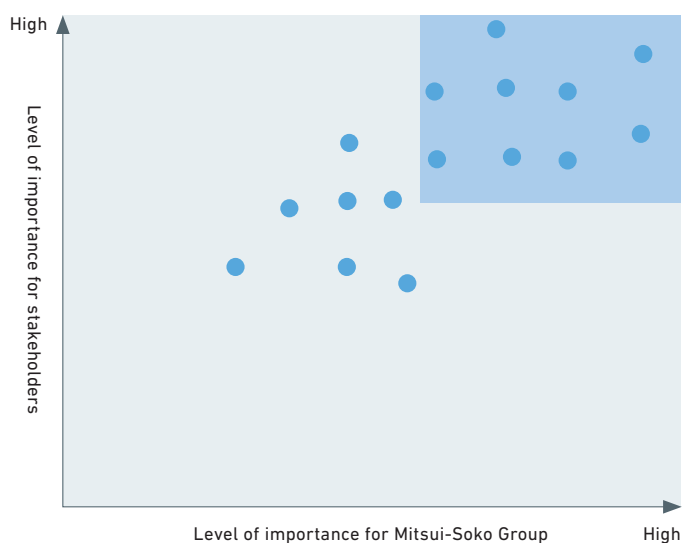
Identification of Materiality

To create medium- to long-term value by resolving social issues through its business in 2020, the Mitsui-Soko Group identified issues that have a major impact on the Group's businesses and are important for stakeholders, especially shareholders and investors, as materiality.

Process for Identifying Materiality



Extracted items and level of importance



Identification of Materiality

Create new value as a company that supports logistics, an indispensable form of social infrastructure

Provision of sustainable, resilient logistics services through co-creation

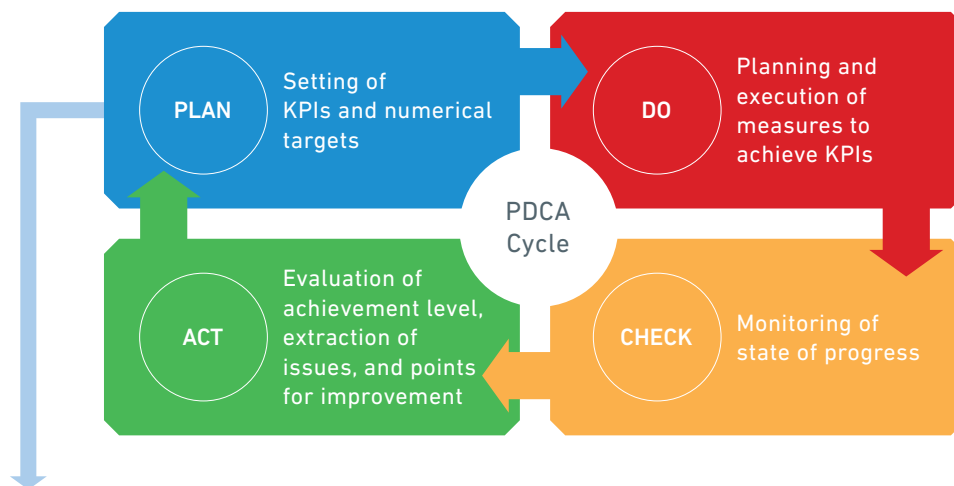
Realization of safe, diverse, and rewarding workers

Contribution to a low-carbon, circular economy by actively reducing environmental impact

Initiatives toward Materiality

Having positioned “create new value as a company that supports logistics, an indispensable form of social infrastructure” as the most important factor in its business operations, to realize economic, social and environmental value at the same time, the

Group identified materiality items for each. Going forward, we will integrate materiality into the next medium-term management plan to further strengthen the implementation of PDCA cycles.



Setting of KPIs

In May 2021, we set the materiality KPIs as management indicators by which to evaluate major initiatives for each identified materiality. Looking ahead, we will formulate and implement measures for the set KPIs and accelerate efforts throughout the Group. With regard to the environmental KPIs, we will implement measures to achieve the KPIs and set medium- to long-term goals for the future achievement of carbon neutrality.

» Instilling in Employees

To promote materiality as a company-wide activity, we believe that it is important for each and every employee to understand the content, which can thus be incorporated naturally into their daily duties.

To promote employee understanding with regard to materiality, we created explanatory materials using Mitsui-Soko Group case studies and uploaded them, accompanied by videos, onto the Group's portal. We also created a questionnaire to confirm the degree by which understanding was being instilled and solicited ideas for Group employees for “the Mitsui-Soko Group of the Future” through materiality. The solicited ideas were made available via the Group's portal.





Our Materiality

01

Economy

Provision of Sustainable, Resilient Logistics Services through Co-Creation

Initiative Pillars

Development and provision of sustainable logistics services

Supporting optimization of supply chain management that underpins customers' businesses

Building of partnerships for sustainable logistics

KPIs

- 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

Basic Policy

Based on its materiality concerning the “provision of sustainable, resilient logistics services through co-creation,” the Mitsui-Soko Group has set three KPIs to help enable the simultaneous achievement of the sustainable growth of society and its client companies and an increase in the corporate value of the Group. Going forward, we will collaborate with various stakeholders, such as customers and business partners, based on the KPIs we have set and create new value through our businesses.

Expansion of Businesses Arising from Social Issues

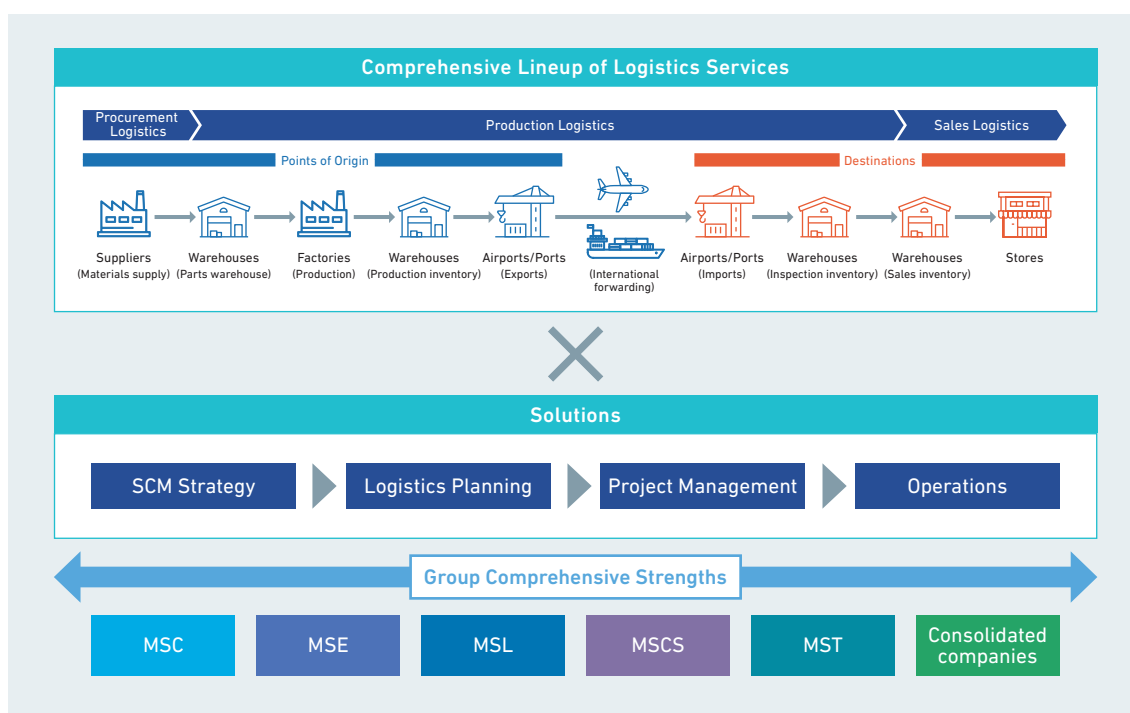
Customer Supply Chain Optimization

In addition to natural disasters caused by climate change in recent years and other factors, global supply chain disruptions are occurring in various parts of the world due to the impact of the COVID-19 pandemic, and ensuring stable distribution networks forms one element of a sustainable society. As a company that supports social infrastructure, the Group provides logistics services that contribute to the optimization of its customers' supply chain management.

Not only building stable logistics networks for its customers, the Group also improves quality, cost, and delivery (QCD) factors, including inventory optimization, by providing logistics solutions that combine logistics functions and Group know-how that covers everything from upstream to downstream operations. Having made manufacturing, distribution, and sales networks seamless operations, we are supporting the construction of optimal total supply chains for our customers by taking into consideration not only logistics but also commercial distribution.

In the years to come, we will continue to devise ways to optimize our customers' supply chains and contribute to the realization of a more comfortable society.

Customer Supply Chain Optimization



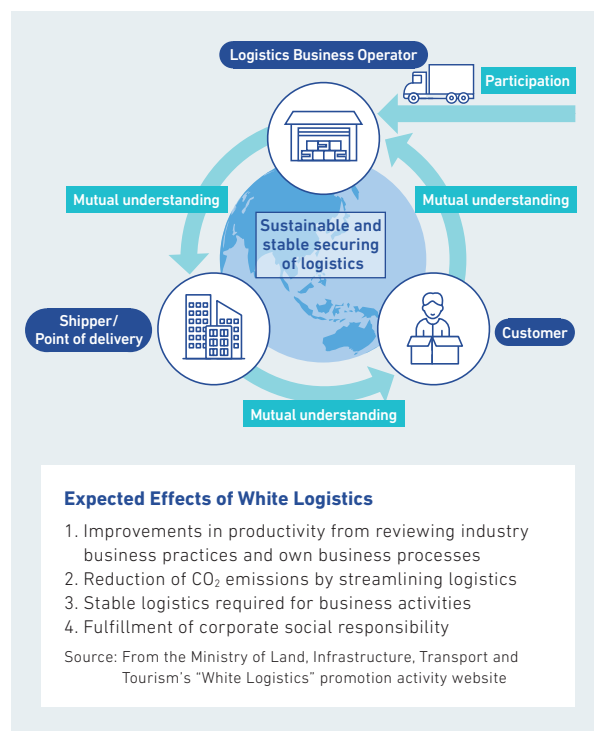
Building Services toward Achievement of Customer SDGs

The Group is building the Mitsui-Soko Green Supply Chains Program (provisional name) to expand its businesses that take a social issue as their starting point. Including environmental impact reduction services that contribute to customers' carbon-neutrality efforts, we will provide logistics services that take the resolving of social issues, such as eliminating human risks caused by labor shortages and building logistics networks that are even resistant to damage from natural disasters, as their starting points.

Initiatives for "White Logistics" Promotion Activity

The labor shortage in the logistics industry is becoming more serious, and the shortage of drivers in particular has become an urgent social issue. All of its 26 companies having endorsed the "White Logistics" promotion activity* advocated by the Ministry of Land, Infrastructure, Transport and Tourism for the purpose of securing sustainable and stable logistics operations, the Mitsui-Soko Group submitted a voluntary action statement. The initiatives contribute to improving the quality of logistics and reducing logistics costs for customers, as well as the resolving of social issues by shortening driver load waiting times and their workload. This will be achieved by promoting, for example, proposals for logistics improvements that will lead to a reduction in unloading and the streamlining of ancillary tasks, order volume equalization operations that take into consideration fluctuations due to the season or day of the week, and the utilization of a truck berth reservation system.

*A movement that aims to create greater logistical efficiency and improve productivity in truck transportation while also looking to realize a less gendered, "white" labor environment in which women and the elderly can also actively participate.



Development and Provision of Healthcare Logistics Services

Against the backdrop of the advent of a super-aging society in Japan and amid growing healthcare needs, the Mitsui-Soko Group is focusing on the development of logistics services in the life sciences field.

In addition to providing storage and transportation services for pharmaceuticals and medical devices at highly functional healthcare facilities that are GMP*¹ and QMS*² compliant, we are utilizing the know-how accumulated through our joint research with universities. In August 2021, we started providing high-quality, GCTP*³-compliant, cryogenically controlled one-package storage and transportation services in the field of regenerative medicine.

Going forward, the Mitsui-Soko Group will continue to support medical care in Japan through its logistics business by realizing optimal supply chain management that meets customer needs in a variety of areas in the medical field.

*1 Good manufacturing practices: standards for the manufacture and quality control of pharmaceuticals and quasi-drug

*2 Quality management system: standards for the manufacture and quality control of medical devices and in vitro diagnostic products

*3 Abbreviation of Good Gene, Cellular, and Tissue-based Products Manufacturing Practice. Standard covering the manufacturing and quality control of products, such as regenerative medicines

Achievement of High Economic Productivity and Efficiency through DX Promotion and Innovation

Promotion of Logistics DX with an Eye toward Customers' DX

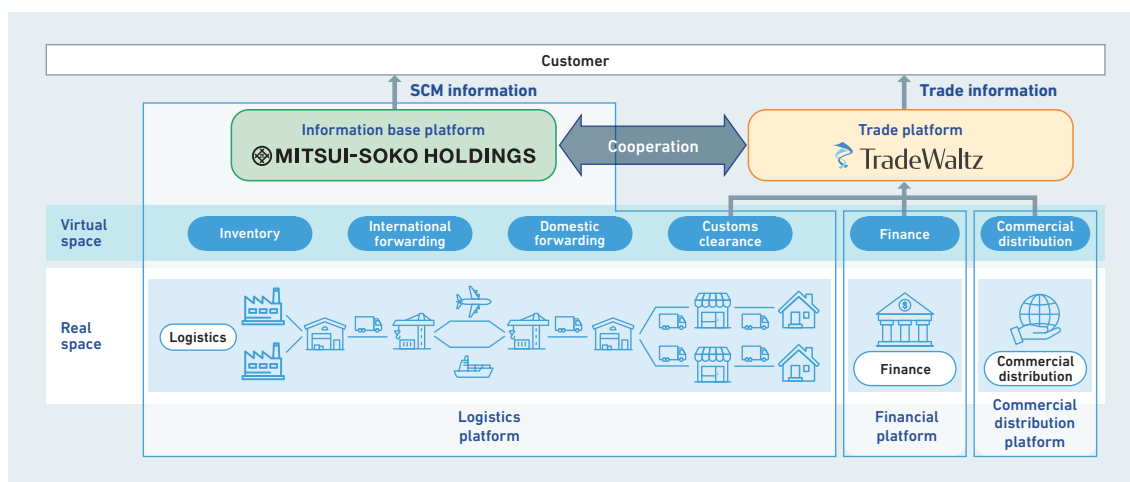
In the Society 5.0 world, in which social change is occurring due to the development of AI, robotics, and IoT, the Mitsui-Soko Group believes that the digital transformation (DX) of logistics is indispensable for the realization of DX for all companies including customers. We will build information base platforms that integrate real space (actual logistics) and virtual space (data). We will then provide SCM optimization and operation streamlining services that will contribute to our customers' DX through continuous transformation that utilizes digital technologies.

As an example, the Mitsui-Soko Group is promoting the realization of trade DX. Demand for Japanese trade is increasing year by year but, contrastingly, the number of personnel engaged in trade business and administration is decreasing, and labor shortages are becoming more acute. Also, as there are many players involved in international trade transactions, it is still common for a variety of information exchanges to be conducted by means of, for example, paper documentation and faxes. As progress with digitization has also been slow, business administration complications do occur. In Japan, where the population continues to decline, improving the productivity of trade business and administration has become an issue. To respond to these issues, it remains essential to strengthen collaborations that transcend the boundaries of organizations, such as industry, academia, government, and the private sector.

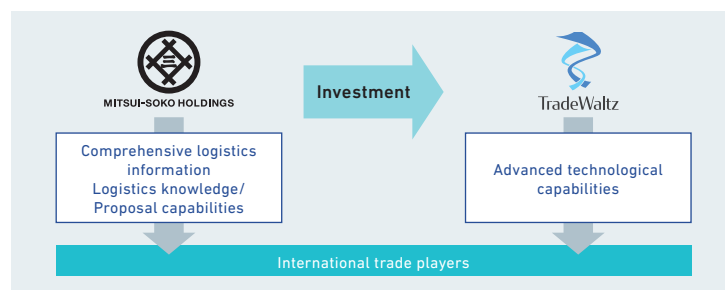
Having invested in TradeWaltz Inc. (TradeWaltz), which, with government support, is promoting the establishment of Japan's standard trading base to tackle these issues, the Mitsui-Soko Group will promote trade DX. Through this collaboration, we will utilize TradeWaltz®, a trade information collaboration platform that uses TradeWaltz's blockchain technology, and Mitsui-Soko Group information base platforms. By combining the advanced technological capabilities of TradeWaltz with the logistics knowledge of the Mitsui-Soko Group, we aim to realize the digitization of documentation and the automation of operations in international trade.

Recognizing that it would be difficult for all companies to realize DX without logistics DX, we will fulfill our role as a company that supports social infrastructure and create new value for the increasingly diversifying world.

Trade DX Process



Collaboration between Mitsui-Soko Group and TradeWaltz Inc.



Jointly Promoting Customer Logistics Reform with Eye toward Next-generation Logistics

Having jointly established a distribution center development project with Joshin Denki Co., Ltd., MITSUI-SOKO LOGISTICS Co., Ltd. is promoting the construction of distribution systems with an eye toward the next generation by making use of our unique know-how centered on our experience in home appliance logistics.

At a time when the synergic effects of real store and EC sales are attracting attention—in addition to the growing demand for EC sales in the consumer electronics industry—MITSUI-SOKO LOGISTICS leased to Joshin Denki all the floors (approx. 116,000 m²) of a large logistics center in Ibaraki City, Osaka Prefecture. The company is preparing a warehouse operation design and a large-scale transportation and delivery network that covers all Joshin Denki stores in the Kansai area and nationwide EC sales.

The company is integrating people and technology while building a center that will be capable of providing high-efficiency logistics services. These are being achieved by planning analyses and new processes for which industrial engineering (IE) methods are utilized and also installing cutting-edge material handling equipment and IT systems, such as DX conversion, for warehouse operations. In terms of transportation, we will optimize the transportation and delivery network and contribute to CO₂ reduction by consolidating the multiple distribution bases in Kansai into one.

We will promote sustainable logistics that take into consideration the decrease in the working population in Japan, the risk from natural disasters, and environmental impact. At the same time, we will provide consumers with attractive shopping opportunities and provide a stable supply of products by supporting our customers' business activities.



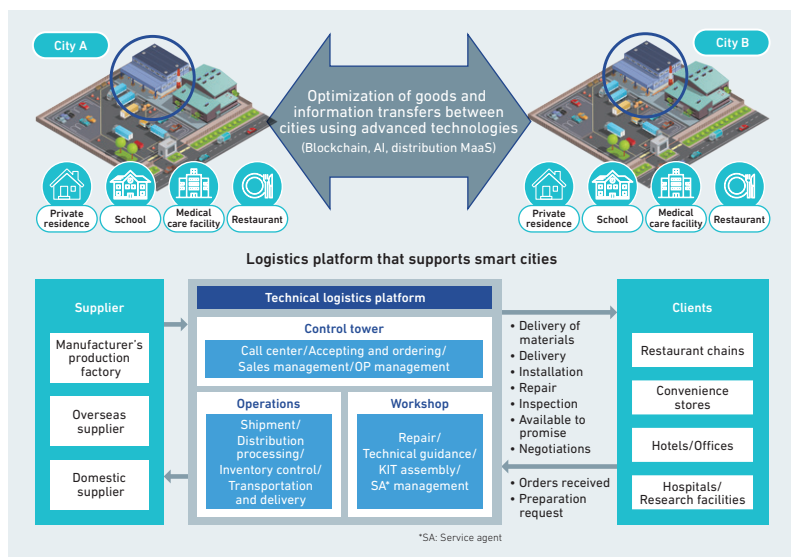
Logistics IoT Services That Support Social Infrastructure

Having deployed an IoT-based technical logistics platform on a nationwide basis, MITSUI-SOKO LOGISTICS Co., Ltd. manages everything, from ordering and sales management to inventory management, maintenance and repairs, from a "control tower." The company has also put in place technical logistics centers between suppliers and customers and is thereby providing one-stop services, such as last-mile delivery and various types of technical services.

The FRANKE commercial coffee systems for which the company is the authorized dealer in Japan provide a good example. In addition to procurement, sales, and menu design, equipping the machines with an IoT function and monitoring them remotely is useful for carrying out preventive maintenance on the equipment and for consumer goods replenishment services, such as the coffee beans.

From now on, in the home appliance field, where the number of products equipped with an IoT function is increasing and

it is expected that there will be changes in after-sales service response, we would like to contribute to the creation of a comfortable and sustainable society. While continuing to seamlessly provide logistics services from sales to after-sales, this would be achieved by also providing high-value-added services based on the technical logistics platforms in the fields of education, where information and communications technology (ICT) is being utilized, and in the fields of medical care and nursing care, where the technology is evolving.

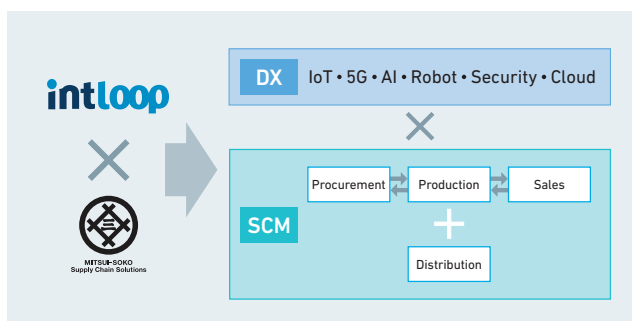


Expansion of Partnerships toward Sustainable Logistics

Development of Logistics/SCM Consulting Business in the DX Domain

In partnership with INTLOOP Inc., which provides consulting business and productivity improvement support for companies, MITSUI-SOKO Supply Chain Solutions Co., Ltd. is supporting company-wide reforms that create a foundation for the further growth of companies through DX and the optimization of logistics/SCM.

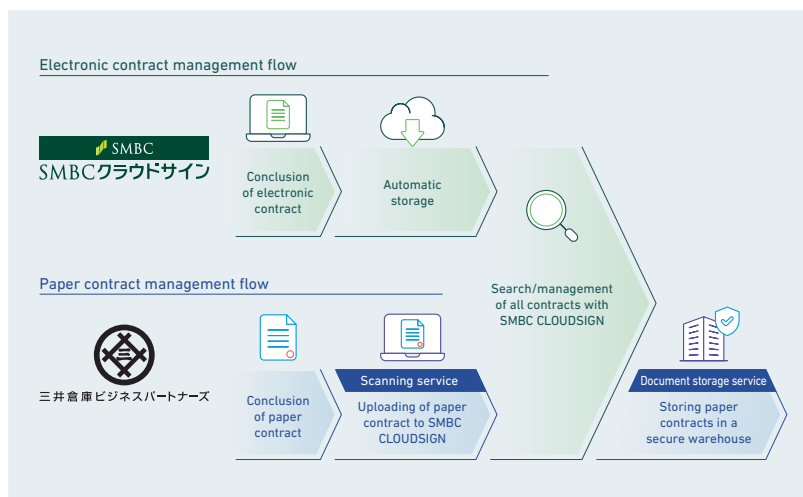
Due to the effects of COVID-19, the business environment in which companies operate is changing rapidly, and the pandemic is also having a major impact on the manufacturing industry. To respond to rapid changes, we are promoting the creation of new businesses for our customers and the transformation of their business structures. Targeting customers in the manufacturing industry that have not made much progress in developing digital technology utilization platforms to optimize DX and logistics/SCM, we begin by providing planning concept support for business reform and have realized cost reductions and operational simplification and efficiency by optimizing the flow from production to sales. By means of the collaboration between INTLOOP, which possesses know-how in digital management reform support, and our company, which has a track record of having professionally proposed logistics and supply chains and has accumulated knowledge and know-how, we will continue to provide more effective company-wide reform support for our customers.



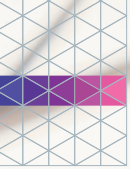
Promotion of Digitization for Customer Contract Operations

Mitsui-Soko Business Partners Co., Ltd. has commenced collaboration with SMBC CLOUDSIGN, Inc. (SMBCCS), a subsidiary of Sumitomo Mitsui Financial Group, Inc. for the purpose of "centralized management of paper and electronic contracts."

Associated with work-style reforms and the COVID-19 pandemic, teleworking and remote work are increasing, and the utilization of electronic contracts is rapidly advancing. On the other hand, in the transitional period of the spread of electronic contracts, our business partners sometimes ask us to conclude a paper contract. It is expected that both paper and electronic contracts will continue to coexist for a while, and thus there is a growing need for the efficient and centralized management of both. By linking services between our company and SMBCCS, customers will be able to digitize paper contracts through our company by scanning and combine them with electronic contracts concluded by SMBCCS to centrally manage them in the cloud. Storing original paper contracts in the Mitsui-Soko Business Partners



high-security warehouse will also lead to the more effective use of office space. We will further accelerate and promote the digitization of contract operations in Japan by resolving management issues that will occur during the transitional period when electronic contracts gain in popularity and during the period when paper and electronic contracts coexist.



Our Materiality

02

Social

Realization of Safe, Diverse and Rewarding Workers

Initiative Pillars

Creation of safe and
rewarding work
environments

Promotion of
health management

Promotion of
diversity

KPIs

- 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%*
- Ratio of female managers 15%*

*Achievement deadline is end of March 2026

Basic Policy

Employees are the source of value creation in the Mitsui-Soko Group. Based on the materiality of the “realization of safe, diverse, and rewarding work environments,” we are aiming to become a corporate group in which each employee can utilize his or her strengths and maximize their abilities, and we set seven KPIs in May 2021. Going forward, we will strengthen activities throughout the Group and promote the creation of environments in which we can continue to create new value to achieve these KPIs.

Creation of Safe and Rewarding Work Environments

The Mitsui-Soko Group is promoting the creation of safe and rewarding work environments so that the Company and its employees can grow together.

Human Resource Development

The Group is engaging in human resource development by positioning capability development and increasing the motivation of each and every employee as the driving force of value creation.

Cross-Group Programs

The Group considers its competitive advantage to stem from its ability to provide customers with a seamless aggregation of the strengths of each of its constituent companies. We therefore encourage the sharing of know-how and good practice case studies among all the companies, which leads to raising the level of the Group's comprehensive capabilities.

Group Seminars

For the purposes of information sharing, knowledge improvement, human resource interaction, and improvement in the sense of unity across the Group, we hold group seminars in which Group employees serve as instructors and conduct lectures. In addition to introducing the business content of each Group company and giving lectures geared toward the lateral development of logistics know-how, these seminars also serve as forums for the acquisition of knowledge needed for business, such as accounting and legal knowledge.

Internal Competitions for Excellence

The Group holds Group-wide contests every year to recognize outstanding business practices. We have established contests in two categories, including business improvement and sales solutions, and are deploying them on a global basis. We are working to share knowledge throughout the Group, and are promoting the creation of environments in which we can provide high-value-added services from the starting point of our employees' perspectives.

Development of Global Human Resources

Targeted at young employees, the Group has put in place an overseas deployment system covering, for example, the United States, China, and Southeast Asia. By having participants engage in tasks with local staff, we are developing global human resources who can learn unique overseas business practices and customs as well as work on problem solving from multiple perspectives.

Career Development

Each Group company implements training systems tailored to career stages, such as leadership and team building, so that employees and the Company can grow together while pursuing duties and roles defined by rank.

Promotion of Occupational Safety

Based on the thinking that logistics quality, which is based on safety and security, is one source of corporate value, the Group strives to create workplaces where accidents do not occur.

Based on our safety system, we hold safety management study sessions and review measures taken after past incidents at each Group company as part of continuing to improve the quality of our business operations. The Group holds regular meetings at each of its transportation companies, as well as promoting activities such as the establishment of uniform standards for safe driving that transcend the boundaries of each company to address vehicle accident prevention as a Group.

Every year, the entire Group conducts a Business Improvement Contest. By commending good practice within the Group and laterally disseminating information, we are building a corporate structure by which the entire Group continues to evolve.



Business Improvement Contest participants

Promotion of Work-Style Reform

The Group is advancing the creation of work environments that match individual values and lifestyles, so that employees can demonstrate their abilities to the maximum extent.

As individual initiatives of each Group company, we have introduced a system that enables various work styles, such as the introduction of a flextime system, remote work, and staggered working hours, and are promoting measures with regard to encouraging the taking of paid leave and reducing long working hours. Going forward, we will further strengthen collaboration between the Group's human resource departments and promote cross-departmental efforts.

In the workplace, fixed seating has been abolished in each department since April 2019, and we have been promoting activity-based working (ABW), in which employees can freely choose, for example, their locations and desks, while also working to encourage interdepartmental exchanges and improve productivity. The entire Onarimon Building, where MITSUI-SOKO HOLDINGS and several Group companies are located, and other branch offices have implemented the process to adopt ABW.



Office set up for ABW

Promotion of Health Management

The Group promotes health management and is facilitating the creation of workplaces that enable each and every employee to work in a positive and energetic manner.

Health Management

- Creating a system for managing the health of the entire Group
- Recommended health checkup and follow-up after diagnosis
- Implementation of e-learning on disease prevention

Mental Healthcare

- Implementation of stress checks
- Enhancement of training system, including self-development
- Establishment of consultation desks at third-party organizations

Measures to Combat Infectious Diseases/Heatstroke

- Availability of hand sanitizers, etc.
- Ventilation of workplaces and taking of environmental measurements in warehouses
- Wearing of cooling bands and air-conditioned clothing, etc.

Promotion of Diversity

The Mitsui-Soko Group believes that enhancing diversity based on its Diversity & Inclusion Policy will not only lead to greater employee job satisfaction, but will also be a source of competitiveness that enables us to better meet the diverse needs of our customers. Based on the idea that the participation of diverse human resources in decision making will be indispensable for promoting diversity in the years to come, the Group will work as one—in particular, with a view to increasing the proportion of female managers—so that diverse human resources will be able to demonstrate their abilities to the full.

Promoting the Active Participation of Women, Non-Japanese Nationals, and People with Disabilities

Each Group company is implementing a variety of efforts to promote the active participation of women. Having conducted initiatives such as diversity management training, manager training aimed at empowering women, and a system under which men are able to take childcare leave, we have obtained a variety of certifications, including the three-star Eruboshi certification awarded by the Japanese government in recognition of efforts to encourage the advancement of women in the workplace.



We also hire non-Japanese nationals and people with disabilities, accept technical intern trainees from overseas, and are working to create an environment that respects diversity regardless of gender, nationality, or disability.

Improvement of Employee Engagement

In a corporate group where diverse individuals gather, creating environments that simultaneously give each and every employee a sense of satisfaction and assist in realizing the growth of the company are important in continuously improving corporate value. The Group has set the improvement of employee engagement as a KPI for the realization of safe, diverse, and rewarding work environments. From now on, we will conduct engagement surveys covering the Group as a whole, recognize engagement issues by producing the survey results in visual form, and create a virtuous cycle that will lead to the mutual growth of employees and the Company by considering more clearly defined action plans.

Work Environment Principal Data

	FY2018	FY2019	FY2020	FY2021
Number of employees (men, women/temporary workers included)	1,827	1,825	1,823	1,893
Total of new graduate hires (men/women)	43	43	62	50
Ratio of female managers	7.36%	7.81%	7.65%	7.77%
Employment rate for persons with disabilities	1.15%	1.72%	1.96%	2.19%
Ratio of employee overtime work	17.82%	17.41%	16.99%	16.35%
Ratio of paid leave taken	47.54%	50.99%	59.50%	52.67%
Ratio of employees taking childcare leave (men)	00.00%	1.89%	6.12%	13.89%
Ratio of employees taking childcare leave (women)	100.00%	100.00%	100.00%	100.00%
Ratio of employees returning to work after taking childcare leave	100.00%	92.86%	96.67%	100.00%
Absentee rate	0.38%	0.29%	0.38%	0.37%
Health checkup take-up rate	89.02%	90.92%	90.84%	92.20%
Number of occupational accidents	1	1	1	4
Lost time injury frequency rate	1.22	0.00	0.00	1.26
Occupational accident severity rate	0.04	0.03	0.00	0.01

Note: The scope of the principal data of the working environment is MITSUI-SOKO HOLDINGS, MITSUI-SOKO, MITSUI-SOKO EXPRESS, MITSUI-SOKO LOGISTICS, MITSUI-SOKO Supply Chain Solutions, and MITSUI-SOKO TRANSPORT.

Note: The ratio of employees taking childcare leave (men and women) is based on the standard provided by the "Basic Survey of Gender Equality in Employment Management in FY2020" conducted by the Employment Environment and Equal Employment Bureau of the Ministry of Health, Labour and Welfare. The figures represent the values after applying this new standard retroactively from FY2017.



Our Materiality

03

Environment

Contribution to a Low-Carbon, Circular Economy by Actively Reducing Environmental Impact

Initiative Pillars

Response to
climate change

Utilization of
renewable energy

Reuse and reduction
of resources

KPIs

- Total CO₂ emissions: 1% decrease compared with previous fiscal year
- Volume of waste generated: reduced from the previous fiscal year's level

Basic Policy

Based on its materiality of making a “contribution to a low-carbon, circular economy by actively reducing environmental impact,” the Mitsui-Soko Group is promoting efforts to reduce environmental impact through logistics. On the basis of its environmental policy, the Group will conduct initiatives in response to climate change and those designed to reduce waste and at the same time contribute to a reduction in its impact on the environmental impact from the value chains of society and client companies.

From now on, we will also work with a view to setting medium- to long-term CO₂ reduction targets toward attaining carbon neutrality.

Response to Climate Change

Efforts to Reduce Environmental Impact in Warehouses and Other Facilities

The Mitsui-Soko Group is reducing power consumption and promoting energy conservation by replacing the lighting fixtures in domestic warehouse facilities and offices with LED lighting. With the goal of completing the switch to LED lighting at all domestic facilities by the end of March 2025, we are planning the renewal work one project at a time. As of March 31, 2021, the introduction of LED lighting has been completed in approximately 55% (floor area ratio) of the logistics facilities owned by MITSUI-SOKO HOLDINGS and MITSUI-SOKO.

Efforts to Reduce Environmental Impact during Transport Operations

The Group is contributing to the reduction of CO₂ emissions by switching to fuel-efficient, low-emission models when replacing vehicles and implementing driving techniques that show consideration for the environment. In April 2021, we introduced EV trucks at IM Express Co., Ltd., a Mitsui-Soko Group company, and to Marukyo Logistics Co., Ltd. in August. In addition to realizing zero-emission transportation, which does not emit CO₂ or pollutants, EV trucks also contribute to reducing driver fatigue due to low vehicle vibration levels and to the resolution of noise pollution problems.



EV truck



View of EV being charged

Promotion of Shared Warehousing/Joint Delivery

By collaborating with shippers and carriers in collection and delivery, the Mitsui-Soko Group promotes shared warehousing and joint delivery to reduce the number of transportation and delivery vehicles while decreasing CO₂ emissions and air pollution. In reducing distribution costs by improving efficiency and enabling the delivery of a wide variety of small-lot products, this initiative is at the same time also resolving customers' logistics issues.

Modal Shift Initiatives

Proactively proposing the promotion of a modal shift in land transportation and initiatives for alternative transportation to broaden its customers' choice of transportation modes, the Group is contributing to a reduction of its environmental impact and the resolution of the shortage of truck drivers.

Utilization of Renewable Energy

Promoting Spread of Renewable Energy by Installing Solar Power Generation Systems

Having installed solar power generation systems at its domestic logistics facilities, the Group is promoting the spread of renewable energy. Annual power generation is expected to be 1.21million kWh and the CO₂ reduction effect 484tons. (Jan. to Dec. 2021 results)



Amounts of Renewable Energy (Solar Power) Generated

Facility Name	Output	Power Generation	CO ₂ Reduction Effect
Tobishima Office	286kW	270,034kWh	108t/year
Kansai P&M Center A	206kW	239,496kWh	96t/year
Kansai P&M Center B	307kW	334,278kWh	134t/year
Kanto P&M Center A	360kW	368,948kWh	147t/year

Note: Actual amounts generated in 2021 (January to December)

Reuse and Reduced Use of Resources

Initiatives toward Paperless Offices

The Group is promoting paperless offices due to its having switched to office activity-based working (ABW)¹. We are also recommending the use of Forest Stewardship Council (FSC)-certified copy paper.

¹ A work style in which employees can choose their locations and desks according to the nature of their work.

TOPICS

Kanto P&M Center Building B Completed

In June 2021, we completed the Kanto P&M Center Building B, a facility dedicated to the healthcare business. This logistics facility is highly environmentally compliant, being equipped with private solar power generation equipment and having LED lighting (compatible with a wireless dimming system) that also controls motion sensors installed throughout the building. The Company issued a green bond in 2020 to fund the construction of this facility. Japan Credit Rating Agency, Ltd. (JCR) gave the green bond its highest Green 1 rating under its JCR Green Bond Evaluation.



Kanto P&M Center B Overview

Name	Kanto P&M Center B	
Location	Kazo City, Saitama Prefecture	
Scale of Facility	Four floors above ground (warehousing on three levels), total floor space 23,133m ²	
CASBEE	CASBEE Saitama Prefecture A rank	
Main Facilities	Environmentally compliant	Rooftop solar power generation, LED lighting in whole building, etc.
	BCP-compliant	Seismic isolation devices, private power generation systems (72 hours), etc.

Utilization of Environmentally Friendly Packaging

To contribute to the creation of a recycling-based society, the Group promotes initiatives to effectively utilize limited resources and increase economic productivity.

Specifically, we are developing and utilizing Environmentally friendly logistics packages from a 6R (Reduce, Reuse, Recycle, Refuse, Repair, Remix) perspective, such as apparel storage boxes and packaging for traffic light clusters that are material recyclable and were designed with durability in mind. These also help to optimize the transportation of customers' packages and reduce logistics costs.

Promotion of Environmental Management

Obtaining of Green Management Certification

The Group has obtained Green Management Certification from the Foundation for Promoting Personal Mobility and Ecological Transportation at 11 locations in its trucking business and at 40 locations in its warehousing business. We have also received permanent registration business awards for business locations that have been certified and registered for 10 consecutive years from the initial registration date, comprising 10 locations in the trucking business and 32 locations in the warehousing business (as of March 31, 2021).



Truck transportation



Port transportation & warehousing

Obtaining Comprehensive Assessment System for Built Environment Efficiency (CASBEE) A Rank

As of August 31, 2021, the Mitsui-Soko Group had obtained A rank* evaluations that were considered high-level sustainable buildings at the time of their construction. This ranking indicates that the quality of the building displays high overall environmental performance in terms of saving energy and the use of low environmental impact equipment and materials and that it also takes into account comfort inside the building and consideration for the surrounding landscape.

*CASBEE labels buildings with one of five overall environmental performance assessment ratings, ranging from C (poor) through B- (fairly poor), B+ (good), A (very good), and S (excellent).

Facilities with A Rank, Comprehensive Assessment System for Built Environment Efficiency (CASBEE)

Facility Name	Year of Completion	CASBEE Building Label	Obtained Rank
Ibaraki Record Center	2010	CASBEE Osaka	A
Kanto P&M Center A	2015	CASBEE Saitama Prefecture	A
Minamihonmoku Warehouse	2017	CASBEE Yokohama	A
Kanto P&M Center B	2021	CASBEE Saitama Prefecture	A

Principal Environmental Data

	Unit	FY2018	FY2019	FY2020	FY2021
Amount of energy used (crude oil equivalent)	kl	30,089	30,611	30,463	28,207
Amount of CO ₂ emissions (Scope 1+2)	t-CO ₂	63,312	64,221	63,657	56,883
Amount of renewable energy generated	kWh	1,324,099	1,339,688	1,291,841	1,212,756
Amount of water usage	m ³	262,669	245,408	249,159	162,859
Volume of waste generated	t	2,596	2,481	2,407	2,530

Note: Energy usage and CO₂ emissions are based on the figures in the periodic reports published by MITSUI-SOKO HOLDINGS Co., Ltd., MITSUI-SOKO Co., Ltd., MITSUI-SOKO LOGISTICS CO., Ltd., Marukyo Logistics Co., Ltd.(Osaka), Marukyo Logistics Co., Ltd.(Ehime) under the Energy Conservation Law.

Note: Amount of renewable energy generated covers the Mitsui-Soko Group, and the power generation period is from January to December.

Note: The figures for the amount of water used cover MITSUI-SOKO HOLDINGS and MITSUI-SOKO Co., Ltd., and the amount of waste discharged covers the bases of MITSUI-SOKO CO., Ltd. that have obtained green management certification.

Medium-term Management Plan 2017: From Reversal to Sustainable Growth

Basic Guidelines for Business Operations

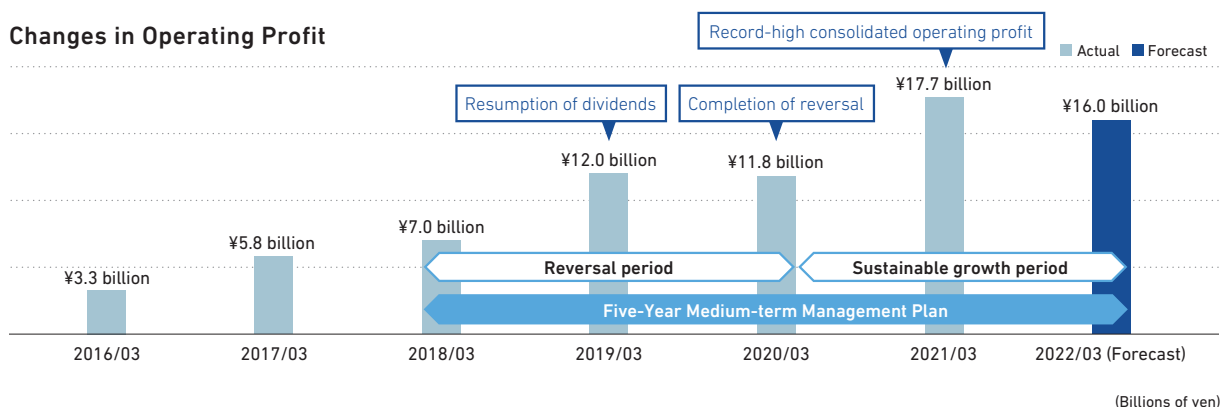
- Reinforcement of the fundamental earnings power of our businesses
- Rebuilding of our financial base
- Development of comprehensive solution services based on customers by strengthening Group management

Numerical Targets (2022/03)

Operating profit	¥10.0 billion
Balance of interest-bearing debt	¥130.0 billion
Net D/E ratio	2.0 times or less
ROE	More than 9.0%

Progress with Medium-term Management Plan 2017

Changes in Operating Profit



	Reference (2017/03)	1st Year (2018/03)	2nd Year (2019/03)	3rd Year (2020/03)	4th year (2021/03)	Target year (2022/03)
Balance of interest-bearing debt	168.9	157.6	142.5	127.1	107.9	104.5
Net D/E ratio	3.6 times	3.0 times	2.5 times	2.1 times	1.4 times	1.2 times
ROE	—	10.7%	11.4%	13.2%	20.5%	11.6%

Looking Back on the Fourth Year

In addition to having increased the Group's underlying profitability, in the fiscal year ended March 31, 2021, we achieved all the numerical targets adopted the Medium-term Management Plan 2017 by implementing a raft of measures related to the drastic strengthening of business profitability stipulated in the Plan. These achievements came as the result of building a business portfolio that can support a wide range of supply chains, from upstream to downstream, by utilizing the functions of all the Group's companies, each of which possesses different strengths. The final fiscal year is an important year that will form the basis of the following fiscal year's new medium-term management plan, for which we will engage in the three important measures of the construction of overwhelming field capabilities, the construction of end-to-end integrated solution service, and ESG management.

Important Measures Measures for Sustainable Growth

01 | Construction of Overwhelming Field Capabilities

Providing low-cost and high-quality services that combine human and technological capabilities at a high level

02 | Construction of End-to-End Integrated Solution Service

Accelerating service proposals as a Group by proactively promoting functional reviews and network strengthening between operating companies

03 | ESG Management

Development of logistics schemes that contribute to a sustainable society and the improvement of the Group's corporate value and promotion of various materiality measures

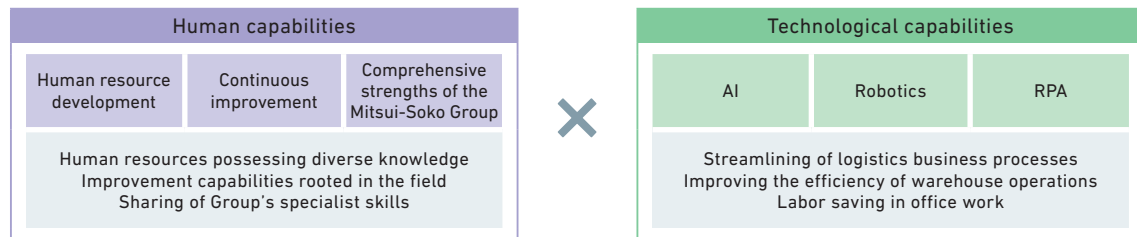
Important Measures

Measures for Sustainable Growth

01 | Construction of Overwhelming Field Capabilities

Due to the advances being made in digitization and the industrialization of equipment against the background of labor shortages, and amid the increasing risks involved in entering different industries from now on, the Group will the construction of overwhelming field capabilities to differentiate itself from other companies. We are aiming to remain a company that can bring about improvements in productivity and provide high-quality services by combining human capabilities—built up by the strengths of each Group company over our more than 100-year history—with technologies, such as AI and robotics, and by working to make operations more efficient.

Construction of Overwhelming Field Capabilities



02 | Construction of End-to-End Integrated Solution Service

To strengthen our integrated solution services as a group, we are working on reviewing the functions between operating companies and strengthening the Group network.

We established a Strategic Sales Division at MITSUI-SOKO HOLDINGS Co., Ltd. to provide an integrated solution services that combine the expertise of highly specialized operating companies.

Specifically, we are making use of the Group's comprehensive logistics functions to make proposals to bridge *gyogiwa* (gaps between businesses) and to propose new transportation services in unexplored fields. We are striving to build businesses that will become pillars of the Group from a medium- to long-term perspective, not just short-term results.



03 | ESG Management

We are promoting ESG management to contribute to resolving social issues by creating new value through our businesses and to realize sustainable growth as a company. In April 2021, the ESG Team was newly established to revise policies relating to sustainability and to set materiality-related KPIs. [▶P.55–56](#)

Message from the CFO



We aim to increase corporate value even more by further strengthening our financial base, establishing investment decision criteria for ESG management, and financial strategies for sustainable growth.

Nobuo Nakayama

Representative Director and
Senior Managing Director
Chief Financial Officer

Fiscal 2021 Results and Outlook for Fiscal 2022

In fiscal 2021, despite the impact of the COVID-19 pandemic, we were able to record a consolidated operating revenue of ¥253.6 billion and consolidated operating profit of ¥17.7 billion—both of which marked the achievement of all-time highs—by expanding the handling of solution logistics related to integrated solution services, on which we have been focusing for some time. There was a significant expansion in handling volumes for consumer electronics manufacturers as a result of increased consumption from staying at home. Additional factors were the increased handling volumes in air cargo and the impact of steep rises in air fares due to the supply chain disruption brought about by COVID-19.

With regard to the business results for fiscal 2022, the tight supply and demand situation accompanying the supply chain disruption will continue to improve. Due to ongoing increases in air transportation handling volumes being expected, and the fact that the handling volumes of logistics for consumer electronics manufacturers and mass retailers will increase against a backdrop of changes in consumption trends and other factors, we are expecting consolidated operating revenue of ¥257.0 billion, a year-on-year increase. We are forecasting consolidated operating income of ¥16.0 billion, as a

levelling off of previously soaring airfares is expected.

Financial Strategies in Medium-term Management Plan 2017

The Group started initiatives for the current medium-term management plan (until March 2022) from the latter half of 2017, when there had been no other choice than to significantly impair goodwill. As of the end of March 2017, the equity ratio was 14.1% and the net D/E ratio 3.63 times, and our capacity to return profits to shareholders was weak. Under those circumstances, my mission as CFO was to rebuild our financial base and resume returns to shareholders.

In conjunction with carrying out thorough income and expenditure management by project and strengthening profitability through full-scale cost reduction measures that left no stone unturned, we worked on the increased sophistication of the Group's fund management on a global basis while improving fund efficiency. We also curbed nonessential and non-urgent investments, promoted reviews of inefficient assets and the early recovery of capital, while advancing the sale of non-core businesses and the concentration of management resources in core businesses in line with the changing business environment. As a result of these

efforts, over the past four years, ROE has improved, and interest-bearing debt has been reduced by ¥60 billion, associated with improved profitability and efficiency. As of the end of March 2021, we have a definite prospect of rebuilding our financial base with an equity ratio of 26.3% and a net D/E ratio of 1.35 times.

In terms of shareholder returns, we were able to resume dividends to shareholders in the fiscal year ended March 31, 2019, which was the second year of the Medium-term Management Plan, and improved our base profitability. Also, as we are steadily evolving into a business structure capable of steadily securing profits, even in a business environment where uncertainties such as COVID-19 are increasing, due to the strengthening of Group management, we have increased dividends for two consecutive years, at the end of March 2020 and the end of March 2021. From the end of March 2021, we raised the annual dividend level to ¥60 per share, which exceeds the level prior to the non-payment of dividends (end of March 2017: 50 yen/share per year), and we have set the goal of continuing stable dividends with ¥60 per share as the lower limit.

Concerning Efforts for Sustainable Growth and Enhancement of Corporate Value

Fiscal 2021 is also the final year of the Medium-term Management Plan. In addition to further strengthening our financial base, I consider it to be my important role to accelerate efforts toward the sustainable growth of the Mitsui-Soko Group from the perspective of promoting ESG management and digitalization measures.

In June 2021, the Kanto P&M Center Building B, a logistics facility dedicated to healthcare, was

completed in Kazo City, Saitama Prefecture. This facility was the fourth property in the Group to acquire CASBEE A-rank* assessment, and its construction funds were procured in March 2020 by the issue of a green bond, marking the first time in Japan for a logistics company to issue a green bond to fund the construction of a logistics facility. The facility also formed part of the Group's ESG management and sustainability initiatives. We are also investing in state-of-the-art material handling equipment and IT systems at our large-scale base for a consumer electronics mass retailer, which also started operations in June 2021, and are also focusing on investment in the digital field.

To further accelerate the sustainable growth of the Group, it is important to raise the autonomy level of each and every employee, and I see it as my role to serve as a bridge bringing senior management and frontline employees together. So that staff members who support the frontlines would benefit from deepening their understanding of aspects of the Group's various calculations and KPIs and reflect their new-found understanding in their work, we held study sessions and briefing sessions for more than 500 employees in 2020. I would like these efforts to continue.

Going forward, while promoting the further strengthening of the financial base, the allocation of funds for growth investment based on the promotion of ESG management and digitization measures, and the building of financial strategies that take into consideration the balance of shareholder returns, the Group will work together as one in aiming to further improve corporate value.

*Comprehensive Assessment System for Built Environment Efficiency (CASBEE) A rank: Assessed as very good as a sustainable building with high environmental performance.

Reinforcement of the fundamental earnings power of our businesses

	ROE	=	ROA (net income for term)	×	Financial leverage
'18/3	10.7%		1.7%	×	6.5
'19/3	11.4%		2.0%	×	5.6
'20/3	13.2%		2.6%	×	5.1
'21/3	20.5%		4.8%	×	4.2

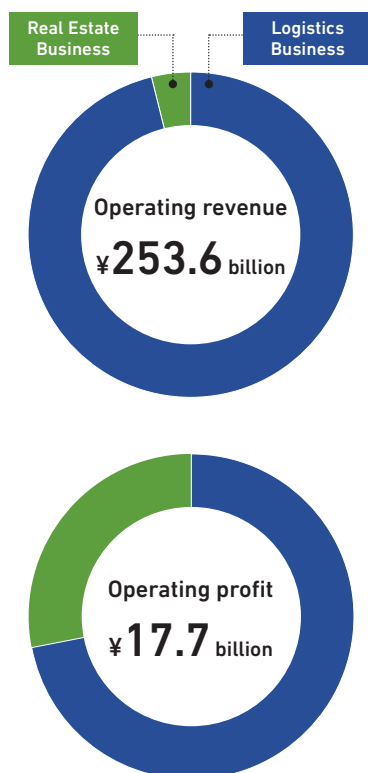
Reference indicator		
	Operating profit margin	ROA (Operating profit)
'18/3	3.0%	2.6%
'19/3	5.0%	4.7%
'20/3	4.9%	4.8%
'21/3	7.0%	7.4%

Reconstruction of financial base

Balance sheet			
Assets	Liabilities	Assets	Liabilities
¥267.2 billion	¥225.4 billion	¥238.4 billion	¥169.8 billion
	Interest-bearing debt ¥168.9 billion (Net ¥137.1 billion) (Net D/E ratio 3.63)		Interest-bearing debt ¥107.9 billion (Net ¥84.7 billion) (Net D/E ratio 1.35)
Net assets ¥41.8 billion	Equity capital ¥37.7 billion (Equity ratio 14.1%)	Net assets ¥68.5 billion	Equity capital ¥62.7 billion (Equity ratio 26.3%)
2017/03		2021/03	

Business Overview

The Mitsui-Soko Group consists of MITSUI-SOKO HOLDINGS Co., Ltd., 80 subsidiaries, and 6 affiliates. The Group operates a logistics business, providing clients with various logistics services in an organic and efficient manner, the operations of which include warehousing and cargo handling, port-related work and operations to shipping companies, overseas logistics services, multimodal forwarding, third-party logistics (3PL), supply chain management support services, and land transportation. The Group's real estate business is centered on building leases.

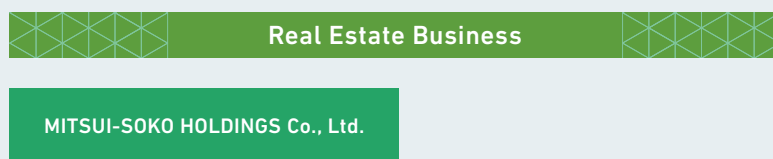
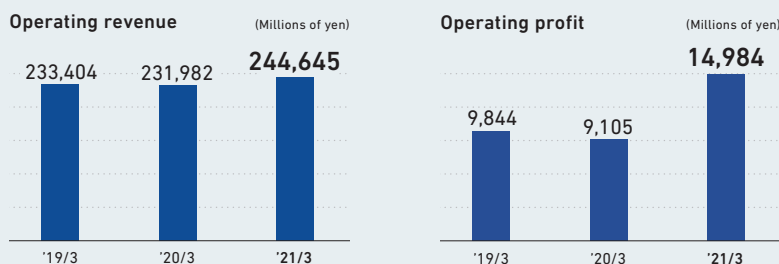


Fiscal 2021 Highlights



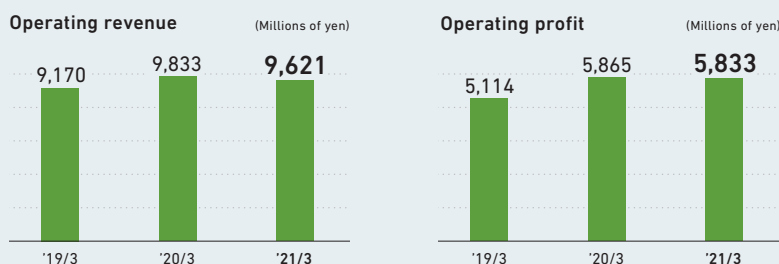
Increased Sales and Revenue despite Impact of COVID-19 Pandemic

The impact of the COVID-19 pandemic resulted in a decrease in the handling volumes in ocean forwarding and other businesses due to a drop in the import and export trade. In contrast, the pandemic expanded distribution for consumer electronics manufacturers as a result of increased consumption from staying at home. Expanded handling volumes were also seen in a variety of raw materials, due to the procurement and distribution that accompanied customers resuming or recovering their production activities, and in air cargo handling volumes caused by customers reviewing supply chains and moves to switch from sea cargoes due to a shortage of marine containers. There were decreases in all kinds of SG&A expenses due to factors that included steep rises in airfares brought about by a tight supply and demand situation in air transportation and restrictions on economic activities. In addition to these factors, the integrated solution logistics business and the healthcare logistics business performed well. Operating revenue increased ¥12,662 million year on year to ¥244,645 million, and operating profit increased ¥5,879 million to ¥14,984 million.



Decrease in Sales and Revenue due to Decrease in Rent Income

Due to the decrease in rent income, operating revenue decreased ¥212 million year on year to ¥9,621 million, and operating profit decreased ¥31 million year on year to ¥5,833 million.



Notes:
 1. Operating revenue includes intersegment revenue or transfers, and operating profit is the figure before adjustment for expenses associated with the administrative department.
 2. Figures are shown rounded down to the nearest million yen.



MITSUI-SOKO HOLDINGS

Holding Company and Real Estate Business



For more details of business areas please visit:
<https://msh.mitsui-soko.com/en/>



By integrating the services of each Group company, we will support the important social infrastructure that is logistics.

Business Areas

MITSUI-SOKO HOLDINGS Co., Ltd. is a holding company that provides guidelines for the entire Mitsui-Soko Group, and management support and overall optimization for its operating companies. MITSUI-SOKO HOLDINGS works on appropriate Group management by offering support and advice based on the business strategy of each Group company, reallocating management resources, and conducting the efficient management of Group common functions. We lease, operate, and manage the real estate we own.

Business Overview and Future Development

Due to the effects of the COVID-19 pandemic, the changes to and reviews of global supply chains of many companies are accelerating, and the environment surrounding the logistics industry is changing at an increasing pace. In such an environment, we established Group-wide policies, such as the promotion of DX and the strengthening of Group networks, while engaging in the three important measures related to the Medium-term Management Plan: construction of overwhelming field capabilities, construction of end-to-end integrated solution service; and ESG management. In the real estate business, we will continue to operate with a focus on securing long-term and stable earnings.

Hirobumi Koga

Representative Director, President
MITSUI-SOKO HOLDINGS Co., Ltd.



STRATEGIC FOCUS

» ESG Team Newly Established

In April 2021, we established an ESG Team to further strengthen our ESG management and sustainability initiatives. In addition to promoting the Group's sustainability, including achieving the materiality KPIs, the team will establish the Mitsui-Soko Green Supply Chain Program (provisional name) and examine enhancements and upgrades to the service menu, including the realization of carbon neutrality for our customers. As a company that supports important social infrastructure, the Group has been working to resolve social issues through the provision of logistics services and we will further strengthen its efforts in the years to come.

Contributes
to SDGs





MITSUI-SOKO



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



By providing logistics services that start from warehouses, which serve as the intersection of logistics, we will realize the optimization of our customers' logistics.

Takanobu Kubo

President
MITSUI-SOKO Co., Ltd.



Business Areas

MITSUI-SOKO Co., Ltd. comprises three business divisions: domestic logistics, port transportation, and overseas logistics business, all of which are the core businesses that has established our group business. As for the domestic logistics business, we provide a wide range of supply chain services that include warehouse storage, transportation, and 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 import/export custom clearance service to customer delivery, we customize suitable services for each customer's requirements and the commodities we handle.

The port transportation business manages the operations at container terminals of major ports such as Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, and Moji, which play a vital role in connecting sea and inland logistics. Other services include ship agency services such as arranging shipping arrival/departure applications, issuing bills of lading, and handling container shipping for various items that require professional cargo handling.

Our overseas logistics business will support our client's global business and supply chain management by providing solutions based on regional and local conditions throughout our global network.

Business Overview and Future Development

Despite the decrease in import/export cargo and the handling volume of warehouse work and port work being lower than expected due to the effects of COVID-19, in the fiscal year ended March 31, 2021 (fiscal 2021), the storage balance in domestic warehouses remained at a high level. Overseas, cargo freight movements slowed due to the impact of lockdowns, but business performance was firm due to cost reduction effects centered on SG&A expenses.

In the current fiscal year, the domestic logistics business put into operation its Kanto P&M Center Building B, which is a dedicated facility in the growth area of healthcare logistics, and we are anticipating an increase in cargo handling. In the port transportation business, we are anticipating an increase in container terminal handling volume, which fell in the fiscal year under review. In the overseas logistics business, we will strengthen services that make full use of our networks around the world to contribute to the optimization of our customers' supply chains.

Going forward, for those customers who are reviewing their global supply chains, we will support their supply chain optimization by proposing comprehensive solution services that leverage the functions of domestic and overseas networks and of all Mitsui-Soko Group companies. We will also focus on the standardization, improvement, and digitization of operations, including office administrative and business tasks, to improve the service level by the construction of overwhelming field capabilities.



Domestic Logistics

Risks and Opportunities

- Increasing warehouse storage needs as BCP measure
- Growing logistics needs that require advanced expertise, such as strict regulations and temperature control
- Expansion of business process outsourcing (BPO) projects due to work-style reforms

Strengths

- Establishment of asset-type distribution network that utilizes multifunctional logistics facilities and nationwide network base
- Professional knowledge and experience in warehouse storage and cargo handling applicable to various cargo types and business industries
- Excellent client base

Basic Strategies

- ▶ Promotion of *gyogiwa* sales by proposing one-stop logistics services to existing clients
- ▶ Focus on high value-added operations that require specialized know-how

Individual Measures

- Strengthening of sales capabilities by sales department reorganization
- Further expansion of healthcare business by newly establishing dedicated healthcare facilities
- Export sales promotion for heavy machinery transportation projects
- Improvements to frontline capabilities by promoting business standardization and digitization

Results of Medium-term Management Plan Initiatives

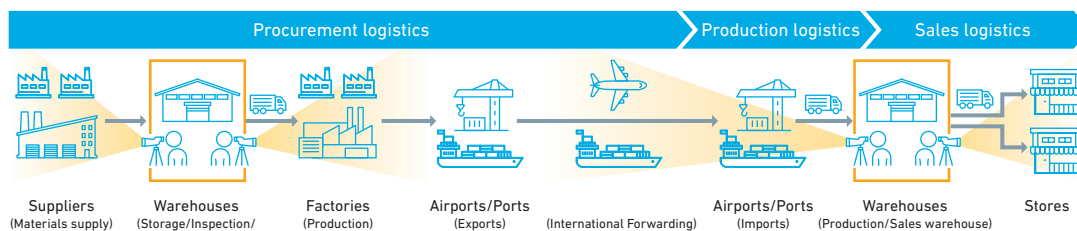
- Strengthened our ability to make proposals to customers by integrating domestic and overseas sales functions and non-vessel operating common carrier (NVOCC) service functions
- Completion of Kanto P&M Center Building B, a facility dedicated to healthcare
- Achieved reduction of CO₂ emissions and improvement of transportation efficiency by improving raw material transportation load factors as a result of utilizing just-in-time (JIT) logistics centers located near product manufacturing plants and reducing the number of trucks.

STRATEGIC FOCUS

Optimal Support for SCM by Minimizing Logistics Unit Requirement (M6)*

In addition to our conventional high-quality warehousing services, we are providing a service that minimizes the logistics unit requirement (M6) as a new solution technique. Specifically, from the perspective of a logistics carrier, we break down the total inventory composition of a customer's supply chain management (SCM) into elements, streamline the customer's logistics and production lots by shortening lead times, reduce total inventory, and consequently support improvements in financial strength. By means of providing this support, we will meet our customers' post-COVID needs (responding to fluctuations in demand and minimizing the impact of location changes) and sustainability needs, such as reductions of CO₂ emissions and less waste of resources, and create benefits in three areas: our customers, our company, and the environment.

Supply Chain (Image)



* Logistics unit requirement (M6) = M3 (cargo volume in m³) × Meter (distance) × Minute (lead time) + Man (manpower)

Contributes to SDGs





Port Transportation

Risks and Opportunities

- Disruption in the international transportation market due to shortage of empty shipping containers, insufficient space in ships and other factors.
- Realignments and alliances of shipping companies and route reorganization
- Customer departures from Japan as it loses international competitiveness in terms of port functions among those of neighboring countries
- Industry structure of port areas greatly influenced by policies and regulations, setting high barriers to entry for new businesses

Strengths

- Licensed container terminal operator at multiple domestic ports
- Excellent human resource which include experienced professional staff to handle container terminal management and information system installation and operation
- Strategic container sales capabilities mainly targeted at Japan, China, and nearby coastal regions

Basic Strategies

- ▶ Strengthening container terminal infrastructure
- ▶ Promotion of operational efficiency through business consolidation and digitization

Individual Measures

- Establishment of stable business operation system for the newly opened Y2 container terminal
- Sales expansion by the acquisition of new shipping company businesses
- Promotion of joint research to improve supply chain efficiency by RPA installation and AI utilization

Results of Medium-term Management Plan Initiatives

- Established stable business operation system by opening high-standard Tokyo Port Container Terminal Y2 for large vessel cargo handling
- Newly acquired an overseas shipping company business
- Promotion of business efficiency and paperless offices through business consolidation and digitalization

STRATEGIC FOCUS

Initiatives for Cyber Port Concept

By conducting verification projects, commissioned survey services, and other tasks, MITSUI-SOKO is participating in the Cyber Port concept being promoted by the Ministry of Land, Infrastructure, Transport and Tourism, which aims to improve the productivity of port logistics by digitalizing port logistics procedures. In the fiscal year under review, we participated in the verification of coordination with a port-related data link platform, which plays a central role in the Cyber Port concept. In the current fiscal year, we are applying to participate in the Cyber Port Utilization Promotion/Operational Efficiency Verification Project, a collaborative plan covering the information issued by delivery orders. Focusing on applications of new technology, we are working with national research institutes and technology vendors in developing a mechanism that will enable information systems to accurately support manual work covering the checks for damage to inbound and outbound ocean containers, for which port personnel are forced to work in a harsh environment. In the years to come, we will continue to make full use of our knowledge and experience to contribute to improving the productivity of port logistics.

Note: Artist's impression of the Cyber Port concept created by MITSUI-SOKO HOLDINGS with reference to the Ministry of Land, Infrastructure, Transport and Tourism website: <https://www.cyber-port.net/ja/about#cyberport> (Japanese only)

Contributes to SDGs





Overseas Logistics

Risks and Opportunities

- Impact on the global supply chain due to uncertainties in world affairs and geopolitical risk
- 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

Strengths

- Global network: Presence in 16 countries worldwide
- Flexibility in dealing with local laws and regulations and adapting to regional characteristics
- Excellent client portfolio that mainly consists of major Japanese companies

Basic Strategies

- ▶ To support our customers' SCM optimization by understanding their entire global commercial distribution network
- ▶ Provision of Japanese-quality logistics services that empowers the Mitsui-Soko Group's global network to meet burgeoning domestic demand

Individual Measures

- Enhancing *gyogiwa* sales activities at each base and strengthening the coordination between related parties
- Multifunctional logistics services that capture domestic demand

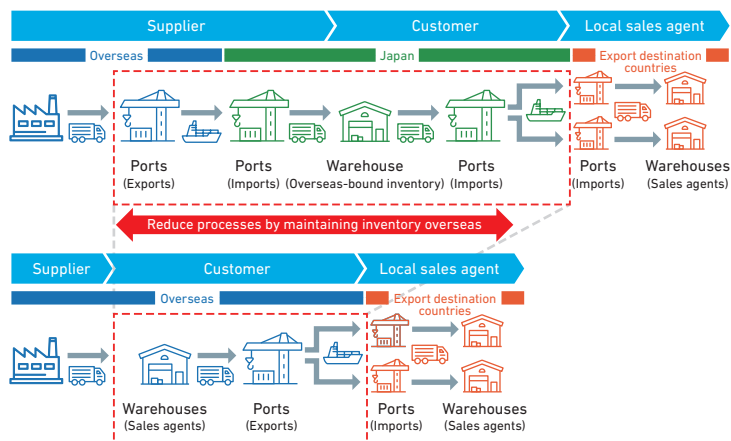
Results of Medium-term Management Plan Initiatives

- In each of the regions of Asia, Europe, and the United States, carried out proactive proposal-based sales that exceeded customer requests and filled in *gyogiwa* business interface operations
- Due to the effects of COVID-19, proposed logistics services in response to supply chain reviews for bases, transportation networks, etc.
- Strengthened our ability to respond to changes in the external environment and customer requests by means of our multifunctional distribution menu centered on the Asia region

STRATEGIC FOCUS

Providing Logistics Schemes by the Utilization of Non-Resident Inventory

In the overseas logistics business, we are contributing to reduced customer costs and improved lead times by the utilization of non-resident inventory. When in the process of importing from overseas suppliers and exporting to overseas sales destinations, we usually conduct exports to each country via Japan, but the utilization of overseas non-resident inventory enables direct shipment from overseas import destinations to overseas export destinations. At the same time, we have achieved reductions in costs (purchase prices that have been passed on to warehouse costs, ocean freight charges, and distribution costs) and shortened lead times.



Contributes to SDGs





MITSUI-SOKO EXPRESS



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



The outcome of our professional work will lead to the voice of customer “Always with MSE”.

Naonari Ichiyonagi

President
 MITSUI-SOKO EXPRESS Co., Ltd.



Business Areas

MITSUI-SOKO EXPRESS Co., Ltd. was formed as a joint venture between MITSUI-SOKO HOLDINGS Co., Ltd. and Toyota Motor Corporation in July 2012. Specifically, it began by merging MITSUI-SOKO Co., Ltd.'s air forwarding business, with JTB Air Cargo Co., Ltd., an airfreight subsidiary of JTB Corporation, and TAS Express Co., Ltd., an air transportation subsidiary of the Toyota Motor Corporation.

We provide high-quality, comprehensive forwarding services by both air and sea by combining the knowledge and experience cultivated in international logistics through a wide range of industries, such as automobiles, chemicals, apparel, hazardous goods, cold storage products, pharmaceuticals, and household relocation services, with our worldwide based network.

We propose transportation plans that are optimal in meeting our customers' diverse needs and cargo requirements, which change on a daily basis, and thereby assist in strengthening our customers' competitiveness and business development.

Business Overview and Future Development

Amid the disastrous situation brought about by the COVID-19 pandemic, in fiscal 2021 we were able to secure higher profits than the previous fiscal year. This was because the supply and demand balance for air transportation changed and airfares soared caused by the reduced availability of air cargo space, itself due to the reduction of international passenger flights, and the substitute demand for air transportation brought about by a decrease in the amount of space for shipments by sea.

In the current fiscal year, it is expected that major changes and reviews of production and sales bases will accelerate toward the normalization of the supply chain. We will thus continue to respond flexibly and speedily to such customer needs and strive to further expand our handling services.

In the years to come, we will work to enhance our own know-how and maximize our strengths as the Mitsui-Soko Group—not only high-quality forwarding services but also in response to customers' requests for supply chain optimization and other services—so that we can always propose the best solution.



Airfreight Forwarding

Risks and Opportunities

- 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 automobile and electronic component industries

Strengths

- High-quality, comprehensive forwarding services cultivated in the automobile and electronic component industries
- Proposal capabilities that meet customer needs for reducing logistics costs and avoiding inventory risks
- Optimal logistics design and construction capabilities in air cargo linked to warehousing function

Basic Strategies

- ▶ Promote end-to-end integrated solutions through Group collaboration
- ▶ Expansion of the international forwarding services to meet customer quality, cost, delivery (QCD) improvement requirements

Individual Measures

- Expansion of healthcare business and construction of SCM services through Group collaboration
- Development of new business for existing clients and roll out to new customers by development of new logistics services
- Promotion of business efficiency through business standardization and systemization

Results of Medium-term Management Plan Initiatives

- Through close cooperation with Mitsui-Soko Group companies in each country, provided large number of solutions to built entire supply chains, centered on air transportation but including land transportation and sea cargoes
- Constructed a scheme that utilizes air transportation to balance reductions in inventory and avoid inventory shortages
- Amid tight airfreight transportation demand during the COVID-19 pandemic, secured stable air cargo space and steadily provided services to meet the urgent demands of our customers

STRATEGIC FOCUS

Contributing to Improved Customer Logistics Efficiency with Best Mix Transportation Modes

In collaboration with Mitsui-Soko Group companies, we are building the best mix of transportation modes, centered on air transportation but including land transportation and sea cargoes, and contributing to improvements in our customers' logistics quality, cost, and delivery (QCD) by proposing a transport network that meets their priorities.

In the event of supply chain disruptions or other emergencies, we are paying close attention to both lead time and cost in making proposals that combine air transportation with sea cargo using alternative routes to minimize the impact on our customers' production and sales activities.

Through our strengths in proposing and putting into practice sustainable optimal logistics plans, we will support our customers' stable business activities by providing robust logistics services that are not limited by the external environment.

Contributes to SDGs



Example of transportation route (Japan → United States)



MITSUI-SOKO LOGISTICS



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



We are aiming to remain a Sales & Operations Planning company that supports customer's services and solves issues.

Hiroshi Torii

President
 MITSUI-SOKO LOGISTICS Co., Ltd.



Business Areas

MITSUI-SOKO LOGISTICS Co., Ltd. joined the Mitsui-Soko Group in April 2012 to propose not only client logistics operations and logistics management, but also supply chain management reform, from the planning and strategic levels.

Having started out as a company providing the logistics functions for a consumer electronics maker, the company has been developing the third-party logistics (3PL) business for a variety of consumer electronics manufacturers and major mass retailers based on its deep knowledge of consumer electronics and logistics. Currently, we are developing business not only in the field of consumer electronics, but also in a variety of other fields, such as apparel, miscellaneous goods, and food, while providing the full array of solutions through our supply chains, from customer manufacturing planning to procurement, production, sales, after-sales, and merchandising. We offer the best solutions for our customers by providing a manufacturing/distribution/sales collaboration logistics platform that seamlessly optimizes the logistics and inventory of both manufacturers and retailers, and a technical logistics platform that enables integrated services from last-mile delivery to various technical services such as installation, repair and maintenance.

Business Overview and Future Development

In fiscal 2021, there were increases in consumption from staying at home due to the impact of COVID-19 and, as a result, an increase in the handling of logistics distribution for consumer electronics manufacturers, which is an existing business. To promote distribution reform in collaboration with major mass retailers, we also launched a development project for distribution centers.

In the fiscal year ending March 31, 2022, we anticipate that demand from people staying at home will abate and that the handling of distribution for consumer electronics manufacturers will decrease. We will, however, strive to increase revenue by promoting the above-mentioned project, improving operational levels by systemization and the introduction of robotics, and moving ahead with human resource development.

In the years to come, digitalization will enable the delivery of information between manufacturers and mass retailers in real time. By building solutions that optimize inventory, harmonize logistics, and increase efficiency, we will work to further expand and upgrade our collaborative manufacturing and distribution platforms. At the same time, we will deploy high-value-added solution services that cross these areas of expertise with fields other than consumer electronics. In addition, we will contribute to resolving social issues, including environmental impact reduction and the shortage of drivers, by working not only on joint distribution with companies in the same industry but also on the construction of joint distribution schemes through associations with different industries.



Third-Party Logistics (3PL)

Risks and Opportunities

- Growing need for outsourcing logistics in accordance with the increasing pace of changes in the environment of each industry
- Changes in business customs and logistics characteristics due to EC expansion
- Market changes in consumer electronics industry

Strengths

- Established platforms in the consumer electronics field, possesses a nationwide network
- Provision of high value-added solution services (business analysis, operation design, robotics, package solutions)

Basic Strategies

- ▶ Boldly facing challenges in many fields based on collaborative manufacturing and distribution platforms, connecting manufacturers with mass retailers
- ▶ Expanding our technical platform service menu, a one-stop provision of various services that transcend the boundaries of logistics

Individual Measures

- Provide solutions, such as business analysis, operation design, support for introduction of robotics and package solutions, thoroughly tap into existing fields and boldly confront challenges in new fields
- Expanded handling of products other than consumer electronics, realization of collaborative manufacturing and distribution platforms in many fields
- One-stop provision of solutions to expand technical services and support store operations

Results of Medium-term Management Plan Initiatives

- Opened a large-scale logistics center in which we installed state-of-the-art material handling equipment, including robotics, and established ourselves in the top position in terms of logistics platforms for consumer electronics
- Developed business in a wide range of industries by providing high-value-added solution services, such as business analysis, operation design, and package solutions
- Developed store management support solutions that provide one-stop services, from the delivery, construction, and installation of commercial equipment used in stores and offices to its repair, inspection, disposal, and recycling

STRATEGIC FOCUS

Consulting Support for Logistics Platforms

Actively deploying a lead logistics partner (LLP) business model, we are underpinning our customers' supply chains and logistics from the strategic and planning levels while supporting their reform and improvement activities.

In addition to the utilization of industrial engineering (IE) in the visualization of current operational status, we provide consistent, design-to-operation support for next-generation logistics that brings people and technology together by installing the latest warehouse and material handling equipment as well as robotics. Also, while maintaining our awareness of ESG management, we also provide support for a variety of packaging-related solutions that play a major role in supply chains and EC businesses and for the building of optimal networks. The latter are based on analyses and verification of the operation and maintenance of transportation and delivery networks, in which driver shortages are becoming more acute.

Contributes to SDGs





MITSUI-SOKO Supply Chain Solutions



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



We consider and execute projects together with our customers through supply chains and solutions, which form part of our company name.

Takayuki Sekitori

President
 MITSUI-SOKO Supply Chain Solutions, Inc.



Business Areas

MITSUI-SOKO Supply Chain Solutions, Inc. was established in April 2015 as a joint venture with Sony Corporation. Positioning supply chain solutions as the company's differentiating value, we make proposals for building integrated logistics systems from which our clients build competitive advantages.

Having a logistics network based in Japan, Thailand, and Malaysia, the company is responsible for various logistics operations. These operations include: procurement logistics for the efficient procurement of raw materials and manufacturing parts; factory logistics, such as in-factory cargo handling and inter-process transportation that contribute to improved factory productivity; sales logistics, which uses highly efficient transportation to connect product centers and dealers with timely and appropriate volumes; and repair parts logistics, which handles the huge number of items required for repairs.

Using supply chain management (SCM) know-how and experience developed in the electronics industry, we provide optimal logistics solutions which cover the upstream to the downstream of the supply chain, and always from the customer's point of view.

Business Overview and Future Development

In fiscal 2021, business operations were conducted at a time when the movement of people and goods was largely suppressed due to the effects of COVID-19. Nevertheless, in domestic logistics the handling of consumer electronics such as TVs expanded significantly due to increased consumption from staying at home, and in international logistics we also responded swiftly and accurately to distortions in supply and demand in the supply chain, and business performance remained firm.

In the current fiscal year, intensifying competition in international logistics, including in air transportation, and a decrease in handling volume due to a review of the production systems of major customers in Malaysia will become timely issues. Amid the ongoing unpredictability and uncertainty surrounding the COVID-19 pandemic, however, we will consider responding to changes in the environment as a business opportunity and work to develop new businesses.

Going forward, we will take advantage of the fact that reviewing and restructuring complex and diversified supply chains is becoming an important issue for society as a whole. We aim to acquire new business by making proposals from the customer's perspective, looking at entire supply chains from procurement to sales, and by providing high-quality logistics services that will bring these proposals to fruition. We will also devise ways to expand the areas covered by existing business contracts by encouraging the building of relationships that are deeply embedded with our customers, as we have formed a new business alliance in the field of logistics planning with a major customer.



Supply Chain Management (SCM) Support

Risks and Opportunities

- Impact from the uncertainty of the world 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

Strengths

- Knowledge, experience, and human resources that play roles in the global supply chains of our major customers
- On-site capabilities, improvement capabilities, and proposal capabilities cultivated through manufacturer logistics
- Comprehensive strength from being well-versed in both planning and actual logistics

Basic Strategies

- ▶ Expanding and deepening supply chain solution services for the manufacturing industry
- ▶ Acquiring and expanding new businesses by leveraging proposal capabilities from the customer's perspective

Individual Measures

- Promotion of SCM optimization participated in maker's manufacturing and distribution planning
- Rebuilding of sales strategies by selection and concentration that closely focus on customer business trends
- Improvement of on-site and operational capabilities, including promotion of digitization, and human resource development

Results of Medium-term Management Plan Initiatives

- Transferred and integrated the logistics planning function on the customer side to our company to quickly respond to their logistics optimization and aim to realize a stronger supply chain
- Reviewed staffing and organizational structure and formed business alliances in the area of DX to cultivate customers to whom we can continuously provide high-value-added services by utilizing advanced knowledge of logistics
- Expanded the scope of certification under ISO 9001, the international quality assurance standard, to 15 business locations

STRATEGIC FOCUS

Further Integration in the Field of SONY Logistics Planning

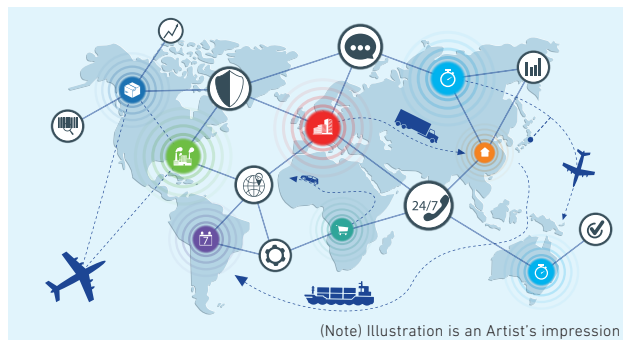
Contributes to SDGs



The company agreed with Sony Corporation to form a new business alliance in the field of Sony logistics planning.

Together with increasing expertise by the further integration of the logistics planning functions of two companies and strengthening cooperation with logistics operations, the purpose of this new business alliance is to promptly respond to the optimization of the SONY Group's logistics/SCM—even in a business environment that will be undergoing drastic change from now on—while building a more robust supply chain.

The SONY Group transferred support functions to the company, and operations commenced on April 1, 2021. Specifically, the functions pertained to global logistics management administration and logistics planning support as well as the international transportation planning functions responsible for bidding administration of air and sea transportation and partner management.



(Note) Illustration is an Artist's impression



MITSUI-SOKO TRANSPORT



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



Placing safety and quality first, we will provide competitive, customer-oriented logistics services.

Takayoshi Masuda

President
MITSUI-SOKO TRANSPORT Co., Ltd.



Business Areas

MITSUI-SOKO TRANSPORT Co., Ltd. operates and manages a transport network that has at its core the Marukyo Logistics Group, which joined the Mitsui-Soko Group in December 2015 and provides logistics services centered on its transportation business.

The Marukyo Logistics Group, which owns approximately 1,000 vehicles and also uses 2,000 leased vehicles, provides highly efficient regional joint delivery services, including the high-volume, long-distance hauling of consumer products. Handling a wide variety of cargo—from consumer goods, such as food and consumer electronics, to industrial goods, such as building materials and resins—Marukyo Logistics leverages a network that has been built nationwide, but especially in the Kansai, Chugoku, and Shikoku areas, to provide optimal transportation services to its clients, taking into consideration conditions such as cargo characteristics, lead times, and costs.

By acting as a bridge between the Mitsui-Soko Group and the Marukyo Logistics Group, MITSUI-SOKO TRANSPORT will contribute to the growth of the latter as a whole. At the same time, we will build a high-quality domestic logistics service by organically linking the transportation function that lies at the core of the Marukyo Logistics Group with the various logistics functions of the Mitsui-Soko Group.

Business Overview and Future Development

Amid the variety of impacts that the COVID-19 pandemic had on customers' industries in fiscal 2021, the volume handled by charter trucks was sluggish as a whole. Nevertheless, we acquired a new regional 3PL business, and business performance was strong due, for example, to our taking advantage of the strength of owning our own vehicles and reducing the transportation costs of privately owned vehicles.

In the current fiscal year, uncertainty still surrounds the impact of COVID-19, but we will leverage the strengths of our asset-based operations, which own more than 1,000 trucks at 50 locations nationwide. While continuing to provide stable transportation services, we will work to cultivate transactions with existing customers and acquire new business.

In the years to come, as a response to the labor shortages that have become a social issue, we will promote the creation of comfortable working environments by improving work conditions and consider labor saving by the introduction of robotics. We will also encourage inter-Group collaboration by expanding our know-how of safe operation standards within the Group.



Land Transportation

Risks and Opportunities

- Rising fuel costs and increased labor costs due to shortage of drivers
- Blunted profitability due to more stringent environmental regulations, etc.
- Increase in combined deliveries/joint logistics

Strengths

- Asset-type operation owning approx. 1,000 trucks and using about 2,000 leased vehicles at 50 locations nationwide
- Only completely in-house delivery network in Chugoku and Shikoku areas
- Low-cost operation

Basic Strategies

- ▶ Expanding base network services with transportation services as starting point
- ▶ Expanding combined deliveries
- ▶ Strengthen cooperation with Mitsui-Soko Group companies based on transportation network

Individual Measures

- Expansion of healthcare-related logistics and initiatives toward venous logistics
- Support for promoting the handling of transportation operations and strengthening the safe transportation systems of Mitsui-Soko Group companies
- Securing and training human resources by improving working environments and enhancing the in-house education system

Results of Medium-term Management Plan Initiatives

- Expanded scale of logistics for healthcare-related customers such as drug stores
- Developed and expanded in scale 3PL businesses (inventory storage + delivery service, including in-house co-distribution network) for specific customers
- Created safe operation standards and commenced their deployment within the Group

STRATEGIC FOCUS

Contribution to Environmental Impact Reduction by Introducing Electric Vehicle (EV) Trucks

Marukyo Logistics Co., Ltd. introduced into service the first EV truck in the Kinki region in central Japan in August 2021 as a delivery vehicle for customer Kao Logistics. In addition to zero-emission transportation that does not emit CO₂ or pollutants while running, EV trucks contribute to resolving urban noise problems and reducing the burden on drivers due to their low vibration levels, thus making them vehicles that assist in resolving not only environmental issues but also social issues. Having been deploying eco-driving by means of automatic engine start-stop systems and other techniques and 4R* principles for logistics for some time, we will now be making further contributions to reducing environmental impact through the use of EV vehicles.

*4R Refuse: Reduction of unneeded inventory by shared warehousing
 Reduce: Milk runs to reduce number of trucks in operation
 Reuse: Reduction in number of vehicles returning to base empty by utilizing return legs
 Recycle: Category joint delivery

Contributes to SDGs



Response to COVID-19 Pandemic

Basic Policy

- ▶ While prioritizing the safety of our customers, business partners, employees, and their families, provide stable logistics services as a corporate group that supports the indispensable form of social infrastructure called logistics.
- ▶ Make timely and appropriate disclosures to stakeholders.

Employee Safety



Issues

- Strengthening of office infrastructure to enable flexible working styles, typified by teleworking
- Promotion of business process digitization for the purpose of preventing the spread of infection
- Ensuring a back-up health and safety system for times of emergency, such as stockpiling of masks and sanitizers



Initiatives

- System development on assumption of teleworking
- Expansion of in-house approval system that eliminates any need for seals and helps to make paperless administrative tasks a reality
- Improvement of work environments by, for example, installing acrylic partitions and securing sufficient space for people in offices

Keep Logistics Moving



Issues

- Building of a flexible human/physical business execution system that takes BCP into account
- Promotion of digitization to build a stable logistics service system
- Review of BCP measures assuming complex disasters (infectious disease combined with the occurrence of an earthquake or typhoon, etc.)



Initiatives

- Mitsui-Soko Group business continuity plan (BCP)-related documents revised, BCP system upgraded
- Streamlining and stabilizing of operations by introduction of a truck berth reservation system and robotic process automation (RPA)

For Society



Issues

- Strengthening of communication with local communities
- Examination of timely and appropriate ways and means of disclosure to stakeholders in an emergency



Initiatives

- Financial results briefings conducted online
- Recommendation that voting rights be exercised online prior to General Meeting of Shareholders, and for thorough infection prevention measures during meetings

» TOPICS

01 | Treatment of COVID-19 Vaccinations as Work Attendance

As part of measures to prevent the spread of COVID-19 infections, the Group treated the attendance of employees*¹ and their families at the time of their vaccinations as attendance at work. In addition, it was possible to take special paid leave if it proved difficult to work due to poor physical condition as a result of any vaccine side effects. We put a system in place so that employees and their families who wished to be vaccinated could spend their time with peace of mind and have a flexible working style.

*¹ Full- and part-time employees, contract employees, part-time workers, casual workers of MITSUI-SOKO HOLDINGS Co., Ltd., 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., and their families.

02 | Revision of BCP-related Regulations

The Group has revised its BCP-related regulations to strengthen the establishment of a system that can respond to large-scale disasters, such as supply chain disruption in the COVID-19 pandemic. In the revisions, we have expanded the scope of assumed disasters, reviewed them in consideration of new work styles such as teleworking, and formulated BCP-related regulations according to the business characteristics of the Group and of each company. From now on, we will carry out training based on the revised manuals and BCP book and, on the basis of those training sessions, will implement PDCA cycles that will include reviews of the regulations as appropriate that will improve their effectiveness.

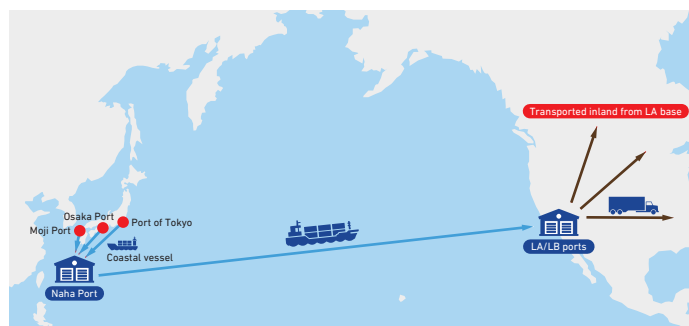
	Names of Regulations	Content
Regulations Covering Mitsui-Soko Group	Mitsui-Soko Group Basic Guidelines for Large-scale Disaster Countermeasures	Group Basic Guidelines
	Mitsui-Soko Group Basic Regulations for Large-scale Disaster Countermeasures	Clarify basic matters, such as clarification of relevant departments
	Mitsui-Soko Group Large-scale Disaster Response Manual	Standards for establishing headquarters and organizational roles

	Names of Regulations	Content
Regulations of Mitsui-Soko Group Companies	Large-scale Disaster Response Implementation Manual (Advance Preparation Volume)	Measures to be implemented in advance
	Large-scale Disaster Response Implementation Manual (Disaster Response Volume)	Response in times of disaster
	Business Continuity Plan Book	Recovery support

03 | Keep Logistics Moving: Building of Integrated Transportation Scheme

Amid the global port congestion and delays in maritime transportation that occurred due to the spread of COVID-19 infections, the Group built an integrated transportation scheme from Okinawa to the West Coast of North America, at the same time curbing increases in logistics costs and having secured stable logistics for our customers due to alternative transportation. This scheme was specifically needed in the LA/LB*² ports on routes to North America, where the inability to read lead-times due to waiting for port arrivals and delays in railway connections were causing problems.

We therefore provided integrated transportation services ((1) Connected the ports in Tokyo, Osaka, and Moji (Kitakyushu) to Naha Port by coastal vessels, (2) maritime transportation via a shipping company that has a dedicated terminal at the Port of Los Angeles, and (3) a transload service*³ from the Company's base in LA). This contributed to the realization of stable logistics for our customers.



*² Los Angeles/Long Beach

*³ Intermodal services that combine inland forwarding and transshipment of ocean freight containers to domestic tractor trailers at a warehouse.