

# 3PL Business (Domestic)

For logistics operation at any stage of customers' supply chain and its peripheral operations, we provide a comprehensive outsourcing service and excellent IT/technological capabilities to support it to improve service quality and logistics efficiency. As a pioneer of 3PL, we provide the best logistics solution by drawing on our abundant experience and consulting capabilities and comprehensive infrastructure, as well as always lead the industry evolution by continuing to work with customers and partners to promote collaborative innovation through installation of the next-generation logistics technology using the latest technology.

## Major Services

### Procurement logistics:

We provide a comprehensive service from picking up purchased products to acceptance inspection, storage, and supply. Our high value-added services include Vendor Management Inventory (VMI), assembly/painting of parts, and delivering to production lines.

### Production logistics:

We undertake various logistics operations in the manufacturing process including management, packaging, and shipping of materials and products. Our packaging professionals provide optimal packaging solutions according to product features and logistics conditions.

### Distribution logistics:

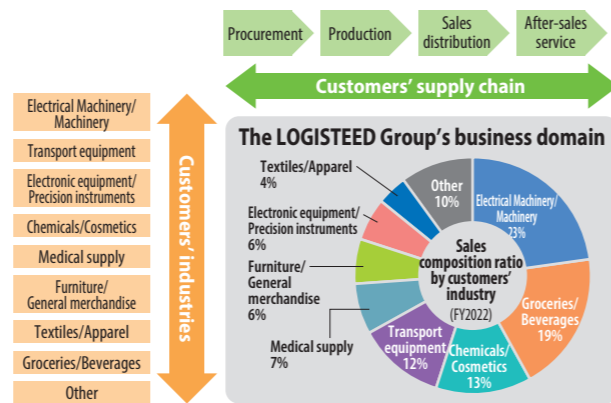
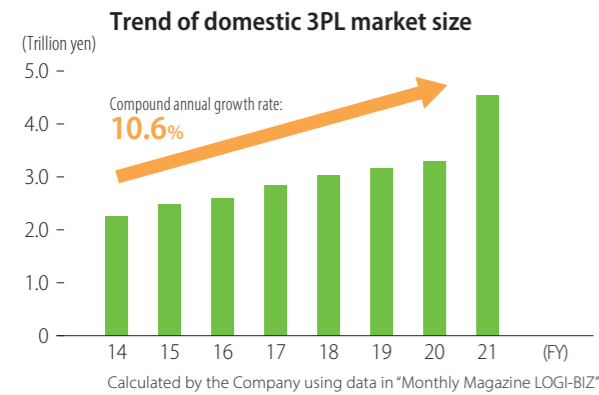
We provide comprehensive support from the supply chain design stage, including a review of site allocation and inventory level. We support customers to expand orders received and sales through high-quality and highly efficient logistics design and operation making full use of the latest technology.

### Solutions:

We provide a number of high value-added solutions such as services integrating logistics and CE\*'s skills for ICT equipment and collaborative logistics services for hazardous/chemical products.

\*1 CE: Stands for customer engineers who configure and perform operation check of ICT equipment

As a pioneer of 3PL providing services in the ever-expanding domestic 3PL market since the 1980's, the Group comprehensively undertakes logistics operations of customers in a wide range of sectors and industries by capitalizing on its proposal capabilities backed by abundant experience and management capabilities with deep customer knowledge. We are facing various changes in business environment including labor shortages amid declining birthrate and aging population as well as intensifying competition beyond industry boundaries. In such an environment, we work to solve customers' issues through innovation with IoT/AI/robotics/DX and aim to realize sustainable society.



## FY2022 Result

### Results (domestic)

#### Revenues:

**¥369.1 billion**  
(YoY +¥3.7 billion)

#### Operating income:

**¥21.48 billion**  
(YoY -0.65 billion)

## FY2022 Topics

- April 2022:** Received Shipping Modal Shift Grand Prize at Eco-Ship Modal Shift Excellent Business Awards 2021
- June 2022:** Selected as "DX Stocks 2022" by METI
- June 2022:** Received "Advanced Technology Award" at the 23rd Logistics Environment Awards
- July/August 2022:** Received both "the 28th Japan MH Grand Prize (Excellence Award)" and "Logistics Award 2022 (Semi Grand Prize)"
- August 2022:** Put ultrafast vehicle assignment simulation using quantum computers into practical application
- September 2022:** Received both "Logistics Award" and "Electric Equipment Packaging Award" at the Japan Packaging Contest 2022
- September 2022:** Registered a patent for "Transport Planning System, Method and Program in Compliance with Laws and Regulations" offered by SSCV
- November 2022:** Received the "Award of Modal Shift Initiative Excellent Business Operator (new development category)" in 2022"
- December 2022:** Received "Green Logistics Partnership Conference Special Award" at Excellent Logistics Partnership Commendation Program 2022

## Message from the officer in charge

Toward our Medium-to-Long-term vision "LOGISTEED2030," we are working to enhance creation of economic/social/environmental values by further strengthening DX, IT, and "Gemba" Power, the strengths of our 3PL business. We will especially enhance value-added services by expanding VMI services and VAS and enhance DX initiatives in warehousing and transportation, in order to further accelerate our efforts to solve customers' supply chain issues, address the 2024 issue, and realize a decarbonized society.

### Kazuhiro Nishikawa

Managing Executive Officer  
Executive, Higashinippon Area  
Management Headquarters  
Executive, Higashinippon Area  
Headquarters, Higashinippon Area  
Management Headquarters



# Examples of LOGISTEED2024 Priority Measures

## Expansion of Value-Added Service (VAS)

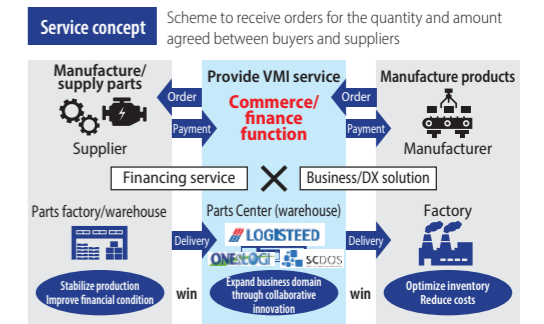
With an aim to "expand business domains with new added value" as set forth in priority measures in the Mid-term Management Plan, we are working to further increase business value by expanding domains. We will focus on enhancement of value creation in the boundary domain between manufacturing and logistics using experience and expertise in factory logistics gained through many years of our services for manufacturing customers including the Hitachi Group and transport equipment manufacturers. Going forward, we will provide VMI services that combine logistics operations and finance services as well as data utilization services associated with SCDOS in order to expand our business domains through new added value. Through these initiatives, we will further enhance value creation beyond logistics as a partner throughout the customers' supply chain strategy.

### Examples of VAS for manufacturing customers

Procurement logistics/VMI	Manufacturing support	Packaging solution
Placement of raw materials/parts orders, VMI warehouse operation, proposal of materials, pickup/milkrun, and JIT delivery*2	Inspection, equipment maintenance, assembly, packing mode change, painting, product disassembly for transport, repair, and process management	Development of special packaging material, packaging test, and packaging material procurement management

\*2 Jus-in-Time (JIT) delivery: a method to deliver what customers need when they need in the quantities they need

## Concept of VMI service incorporating commerce and finance

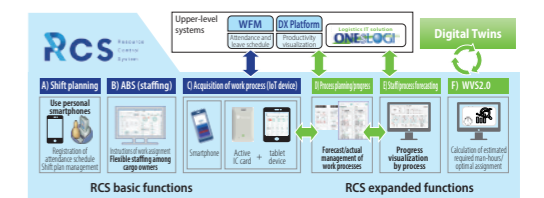


## "Pursuit of Safety, Quality, and Productivity" Through Warehouse DX

With an aim to "evolve Smart Logistics" as set forth in the priority measures in the Mid-term Management Plan, we are striving to enhance warehouse business by introducing more automated equipment as well as improving and visualizing safety, quality, and productivity. For example, we are promoting total optimization with a digital twin by linking automated equipment and data of Warehouse Management System (WMS)\*3 using Resource Control System (RCS). We will also use RCS to standardize work processes and visualize productivity to expand the functions in order to enable optimal personnel allocation. We will realize a digital twin by integrating physical and digital aspects of on-site operations.

\*3 Warehouse Management System

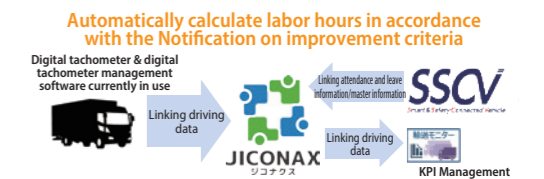
## Achieve optimal staffing by expanding RCS



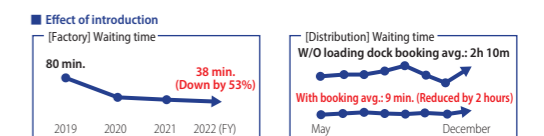
## Enhance Transport Capability and Improve Overall Efficiency Through Transportation DX

The Group aims to enhance transport capability and enhance resilience of transport business through SSCV solutions in the priority measures in the Mid-term Management Plan in order to realize customers' transportation needs and address the 2024 issue. For an example, we added the "Digital Labor Management" function that supports drivers' labor management to a safety operation management solution "SSCV-Safety." It links up to "JICONAX"\*4, a labor hour/safety management system and obtains driving records from digital tachometers to automatically calculate accurate labor hours and visualize alerts issued for exceeding the criteria stipulated in the Notification on improvement criteria\*5 by displaying a list of alerts. In addition, we endorse the "White Logistics" movement and are working to introduce our original "truck loading dock booking management system"\*6 linked to Warehouse Management System (WMS), etc., with the number of sites installing the system expected to further increase. By further enhancing the transport business, we will promote initiatives to enhance creation of environmental and social values.

## Added a labor management function to a safety operation management solution "SSCV-Safety"



## Effects of introducing truck loading dock booking management system



\*4 Labor hour/safety management system for transport/passenger business operators offered by Fullback Co., Ltd.

\*5 "Criteria for the improvement of vehicle drivers' working hours, etc." (Notification by the Minister of Health, Labour and Welfare)

\*6 Truck loading dock booking management system: Booking and allocating loading dock for truck loading at our logistics center can reduce waiting time and traffic congestion and also improve drivers' working conditions and truck usage efficiency and reduce CO<sub>2</sub> emissions.