



President and CEO
Ryoichi Kakui

e-LogiT Co., Ltd. (9327)



Company Information

Exchange	TSE Standard
Industry	Warehousing and transportation-related business
President and CEO	Ryoichi Kakui
HQ Address	Murataya Building 5th floor, 68 Kanda Neribeicho, Chiyoda-ku, Tokyo
Year-end	March
URL	https://www.e-logit.com/

Stock Information

Share Price	Shares Outstanding (Term-end)	Market Cap.	ROE (Act.)	Trading Unit	
¥726	3,4781,800 shares	¥2,527 million	-17.9%	100 shares	
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
TBD	-	¥20.41	-	¥507.61	1.4x

*Stock prices as of the close price on May 26, 2022. Each number is taken from the brief financial report for the term ended March 2022.

Earnings Trends

Fiscal Year	Net Sales	Operating income	Ordinary income	Net income	EPS	DPS
Mar. 2019 (Actual)	7,446	381	389	269	99.89	6.75
Mar. 2020 (Actual)	8,385	84	102	76	28.35	2.00
Mar. 2021 (Actual)	10,696	238	241	151	53.80	3.00
Mar. 2022 (Actual)	12,208	-195	-190	-342	-98.80	0.00
Mar. 2023 (Forecast)	13,342	101	102	71	20.41	TBD

* Unit: million-yen, yen. Estimates calculated by the company.

This Bridge Report introduces e-LogiT Co., Ltd.'s Fiscal Year Ended March 2022 Earnings Results, etc.

Table of Contents

[Key Points](#)

[1. Company Overview](#)

[2. Fiscal Year ended March 2022 Earnings Results](#)

[3. Fiscal Year ending March 2023 Earnings Forecasts](#)

[4. Conclusions](#)

[<Reference: Regarding Corporate Governance>](#)

Key Points

- The company offers all logistical services in one place as fulfillment service, mainly logistics agency service for mail-order companies, including product storage, picking, packing, and delivering. Their strong competitive advantages are the adaptation capability to flexibly respond to any shippers' increase in shipment volume by utilizing Fulfillment Centers (FCs), which deploy a dominant marketing strategy, and mass customization to enhance each product's added value, for example, by sticking to a wrapping material and performing elaborated wrapping for a product customer. The company aims to make omni channel logistics, including physical stores in addition to mail-order logistics and e-commerce, as its business domain.
- In the term ended March 2022, sales increased 14.1% year on year to 12,208 million yen, hitting a record high. Performance was strongly affected by Covid-19 throughout the year, but the shipping volume in the year-end shopping season from November to December 2021 increased mainly for existing customers, and new customer acquisitions and operations progressed healthily. Gross profit dropped 31.9% year on year. Cost of goods sold increased due to the packing and freight charges, rents for new FCs, and headcount increase for new customers. Gross profit margin declined 3.1 points. The company posted an operating loss of 195 million yen. In addition to the decline in gross profit, SG&A such as labour cost and recruiting fees rose 27.7% year on year. A loss was posted, but results were better than the revised forecast announced in November 2021. The company decided to pay no dividends due to the loss, while it had been undecided for the term ended March 2022.
- For the term ending March 2023, sales are expected to increase 9.3% year on year to 13,342 million yen, and operating income is forecast to turn positive, standing at 101 million yen. The company will aim to earn an annual profit by continuing to increase the sales in the EC and mail-order logistics business and strengthening initiatives for profitability improvement. The dividend is still to be determined.
- The company has been working on "V Plan for Recovery" to transform its revenue structure into a lean one by reducing fixed costs, and they said that they have been successful in cutting deficits considerably at their "investment phase" FCs such as Narashino FC and Saitama Soka FC. Sales to new customers account for less than 10 percent of total sales, but its growth rate is as high as 42.0 percent. We will keep watching its growth in the current year as well.

1. Company Overview

The company offers not only logistics agency service that store, pick, pack, and deliver products for mail-order companies, but also operation agency service as a one-stop fulfillment service that provides customer support to help companies by operating their websites, including product photography, order processing, and response to inquiries, in order to meet the needs of mail-order companies and mail-order users (end customers).

The company holds a strong competitive advantage with their ability, which is called “response to surges”, to flexibly respond to increases in shipment volume of shippers by utilizing its FCs (Fulfillment Center) that implement the dominant strategy.

It aims to make omnichannel logistics, including physical stores in addition to mail-order logistics and e-commerce, its business domain.

【1-1 Corporate History】

The company was founded in February 2000 by President Kakui, with the aim of acting as the logistics agency and offering consulting on logistics operations for the internet mail-order companies.

Under the concept of “Strategic Logistics” (improving sales through logistics), the company achieves “sales-earning logistics” that persuades the end-users who purchase products to become repeat customers through its operational efficiency, stemming from various aggressive schemes and its in-house-developed Warehouse Management System (WMS), rather than being contented with being a simple subcontractor. The company’s business has been growing steadily with the enthusiastic support from its clients (shippers), and it was listed on the JASDAQ Market of the Tokyo Stock Exchange in March 2021. The company got listed in the Standard Market in April 2022 upon the TSE market structure reform.

【1-2 Corporate Philosophy】

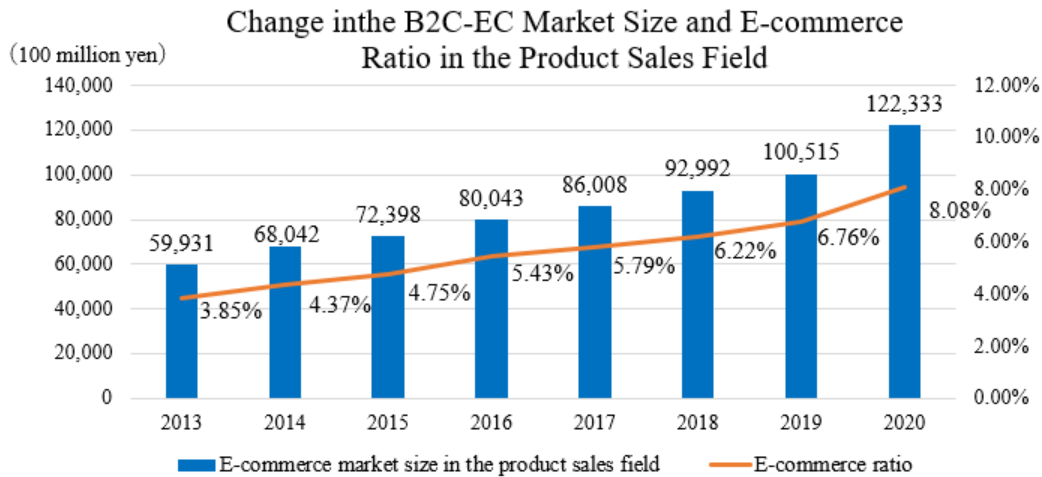
The company set the following vision, mission, and value.

Vision	Staying ahead of changes to keep innovating experiences that move a person’s heart
Mission	<p>Aim to be the No.1 company in “creating heart moving experiences” that realizes high added value through</p> <ul style="list-style-type: none"> -Having a bird’s-eye view of distribution from a global perspective -Exploring solutions that help individual customers above all -Aiming to become a group of mail-order and retail logistics professionals -Utilizing innovative technologies
Value	<ul style="list-style-type: none"> -Always think and act ahead for customers and win their trust -Generate success with our massive proposal-making in collaboration with shippers -Keep learning and improving oneself with fresh eyes -Try it first and try it soon, then finish it with everyone’s effort -Enjoy your work with a humble and honest heart

Although the company’s clients are shippers, the company keeps at the heart of its management to bring the heart moving experiences gained from goods and services to the mail-order users (end customers) who purchase products on mail-order websites by delivering products quickly and carefully, and it believes that increased sales through the end users’ greater satisfaction and repeated purchases will lead to the shippers’ own greater satisfaction.

【1-3 Market Environment】

According to a report by the Ministry of Economy, Trade and Industry, the B2C-EC market size in the field of domestic goods sales was 12.2 trillion yen in 2020, representing the compound annual growth rate (CAGR) of 10.7% from 5,993 billion yen in 2013. In addition, the e-commerce ratio (the ratio of e-commerce market size against the entire commerce market size) continues to grow every year.



(Created by Investment Bridge based on "Market Research on Electronic Commerce (July 2021)" by the Ministry of Economy, Trade and Industry)

As this report and the company's data show, the use of online shopping sites is growing significantly due to the demand from housebound consumers caused by the spread of the COVID-19.

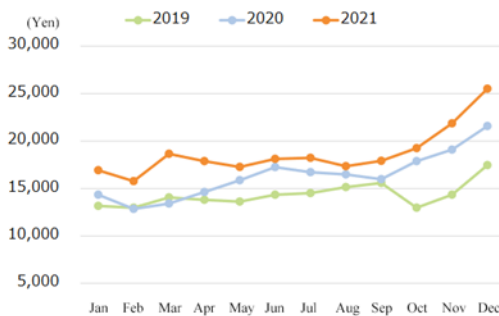
Behavior Change amid the COVID-19 Pandemic



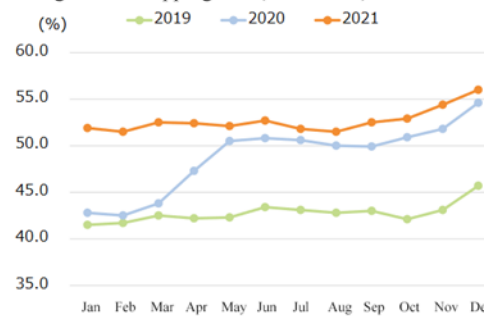
A huge increase in online shopping amid the pandemic

The rate has remained above 50% since the lifting of the emergency declaration, indicating that this is not a transitory consumption behavior.

■ Changes in online shopping spending (2019-2021)



■ Changes in the percentage of households using online shopping site (2019-2021)



(Source: produced by our company based on the "Survey on Household Consumption" by the Ministry of Internal Affairs and Communications)

(Taken from the reference material of the company)

In addition, the percentage of the households using online shopping has remained over 50% even after the first state of emergency in 2020 was lifted, and the increase in online shopping is not a transient consumption behavior.

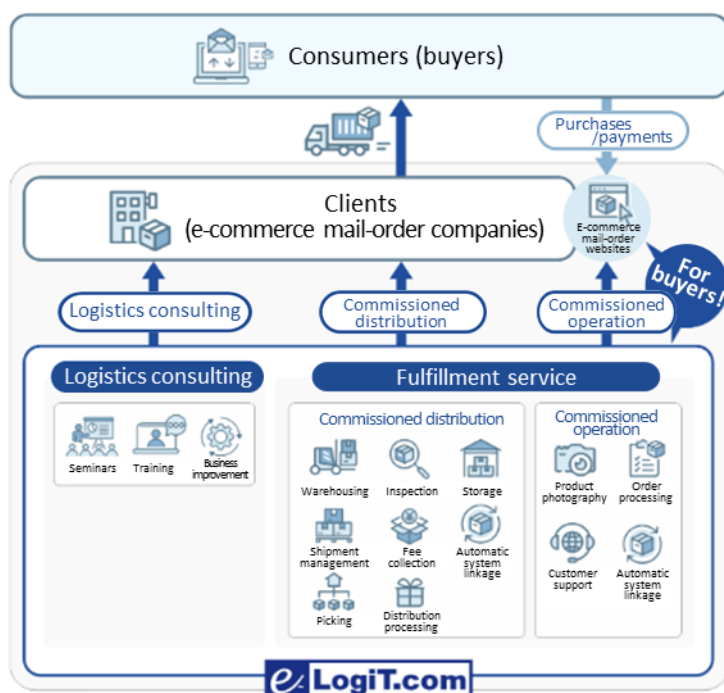
【1-4 Business Description】

(1) Outline of services

For mail-order companies that outsource logistics operations, the company mainly offers logistics agency service and operation agency service as one-stop fulfillment service that meets the needs of mail-order companies and mail-order users (end customers).

It also provides logistics consulting service to companies that operate logistics operations in-house.

The fulfillment service is a service that provides collective agency services related to the operation of mail-order websites, such as site construction, order processing, customer support, product management, logistics, delivery, and payment collection.



(Taken from the reference material of the company)

① Logistics Agency Service

At the request of mail-order companies, the company receives their products and undertakes a series of logistics operations such as product management, picking, distribution processing, packing, delivery, and payment collection.

Services	Outline
Product management	Manages storing, quality, expiration date, quantity, etc. of products entrusted by mail-order companies. By cross-checking the data in the in-house developed e-LogiT WMS with the on-site surveys, it is possible to check the difference in expiration dates and quantities. Each mail-order company is given an account for the above system to continuously share data.
Picking	Picks up the items stored in the FC and transport them to the packing location. By utilizing QR code inspection etc., the company prevents shipment errors in the work process, and improves inspection accuracy to pick up products in a timely and appropriate manner.
Packing	Packs the products divided by delivery unit using packing materials such as cardboard.
Delivery	Delivers packaged goods to buyers through couriers.
Distribution processing	Enhances the added value of products such as repackaging into smaller sizes, packaging of customized products*, and assembling of semi-finished products.
Fee collection	Undertakes the COD payment (fee collected at the point of delivery of goods by couriers) on behalf of the mail-order company. The company signs contracts with couriers to provide this service to mail-order companies.

*Customized products

Products that follow the unique packing instructions (message cards, campaign goods, appendix bundles, etc.) from mail-order companies, instead of being simply packaged and shipped.

Food distribution is steadily expanding among the products the company covers.

Far more advanced quality control is needed for food logistics. It is difficult to control temperature, especially for food products, and some warehouses have limitation of products due to a range of temperature.

The company can deal with three ranges of temperature for room-temperature foods, refrigerated foods, and frozen foods, therefore they can deal with various products.

They can also manage the best-before date and a lot of each product at e-LogiT WMS.

Currently, the company handles frozen foods, liquor (sake, wine, etc.), condiments (miso and soy source), chocolates, ham and sausages.

② Operation Agency Service

At the request of mail-order companies, the company undertakes product photography, product data uploading, order processing, customer support, etc.

◎ Optional services

Services	Outline
Product photography	Takes photos and process images of products for mail-order sites.
Uploading product data	Uploads the images and product information to mail-order sites.
Order processing	Undertakes necessary processes for delivery, such as shipping instructions for orders from mail-order sites.
Customer support	Responds to inquiries from purchasers, prospective buyers, etc. via email and phone calls.

③ Logistics Consulting Service

The company offers consulting services such as seminars, education, and operational improvement, for corporations proprietary running logistics businesses, by utilizing the knowledge accumulated through the experiences of the mail-order distribution business.

(2) Operation of FCs

As of May 2022, the company operates the following seven FCs as its bases for logistics agency service.

FC name	Area (tsubo)	Completion year and month
Tokyo FC (Edogawa-ku, Tokyo)	2,700	October 2010
Saitama FC (Yashio City, Saitama)	8,900	October 2014
Misato FC (Misato City, Saitama)	6,800	November 2017
Osaka FC (Osaka City, Osaka)	7,500	April 2019
Adachi FC (Adachi-ku, Tokyo)	8,400	April 2019
Narashino FC (Narashino City, Chiba)	4,700	January 2021
Saitama Soka FC (Soka City, Saitama)	10,400	June 2021

The second Osaka FC is scheduled to open in the term ending March 2023.

The following three steps will be followed in order to generate profits in relation to any FC opening.

Investment Phase (Year 1)	Start from deficit, as the preparation period for full-scale operations	Narashino FC and Saitama Soka FC
Monetization Phase (Year 2)	Profit breakeven as a storage center. To form a shipping team and establish a foundation for mail-order distribution.	Osaka FC
Collection Phase (Years 3-4 onward)	To develop shipping teams rapidly and increase the shipping volume. To grow sales per tsubo (≒ 3.3 m ²) to over 20,000 yen per month per tsubo To secure an operating income margin of 6% or higher.	Tokyo FC, Saitama FC, Misato FC, and Adachi FC

The negative impact of upfront investments on profits will be mitigated as the ratio of new FCs to existing FCs decreases.

【1-5 Characteristics and Strengths】

The company entrusted with outsourcing logistics operations boasts the following strengths and advantages.

(1) Domination with large distribution centers

When opening a FC, the company aims for a floor area of about 5,000 tsubo (1 tsubo = approximately 3.3 square meters). This is much larger than those of other companies' mail-order distribution centers, which tends to be in the 1,000-2,000 tsubo range.

In the Kanto area, the company is going forward with its dominant strategy by keeping the FCs within 20 km of each other when opening a new one.

◎ **Dominant Strategy: the source of the company's largest competitive advantage, the capability to respond to surges**
 Through the domination with large-scale FCs, it is possible to respond to the sudden surge in sales of e-commerce mail-order companies.

The company terms this as the **"response to surges."**

For example, if the shipper X conducts promotional campaigns and product shipment volume increases rapidly, the company will mostly respond in the following three ways:

① Moves shipments within FC

Temporarily moves and stores shipper X's goods to other shipper's work area with enough room within the same FC.

② Moves shipments to nearby FCs

If there are no room in other shippers' work areas, move the shipper X's goods to the nearby FC and continue working there. A typical response to cases such as the year-end calendar shipments.

③ Personnel support from nearby FCs

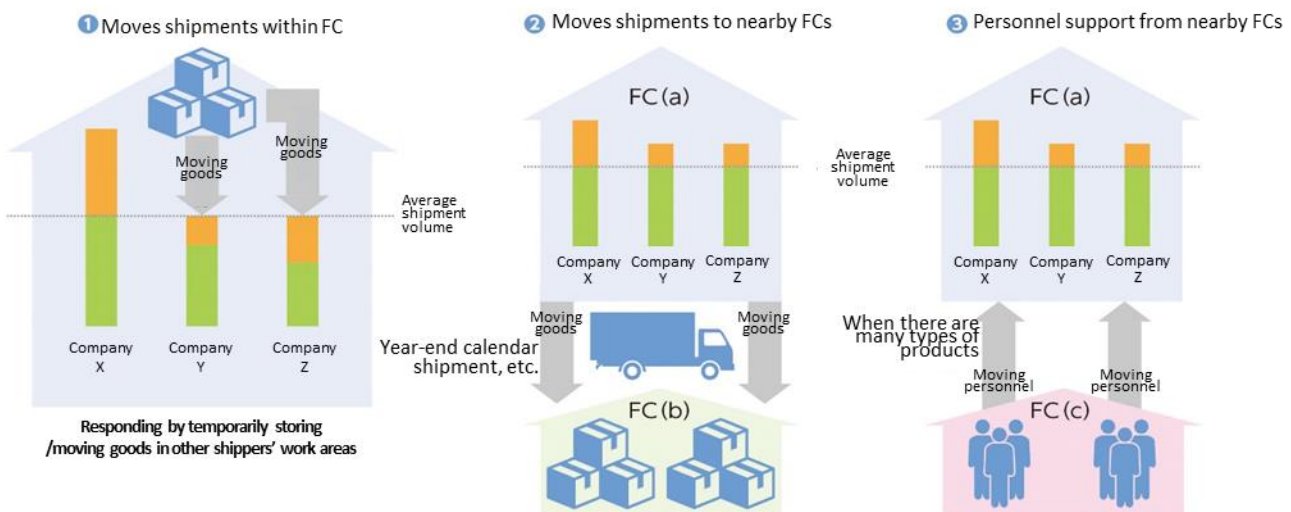
When dealing with many types of products at once, it may not be efficient to move the products, so staff from nearby FCs would be called in to support them.

Since increase in shipment volume can manifest itself in many different ways, the company will take appropriate measures according to the situation each time, but response ① is able because of their large-scale FC, and responses ② and ③ are able because of their domination which keeps the distances between FCs at 20 km or less.

While securing sales by shipping goods as requested by shippers, the company also achieves reductions in delivery costs and shortens lead times, and this **"response to surges"** is the company's biggest competitive advantage and the company plans to further brush up this asset in the future.

By deploying dominant large-scale FCs, it is possible to respond to sudden sales increases of e-commerce mail-order companies (response to surges)

Ex.) Shipper X implements promotional campaign and the shipment volume of products increases



Taken from the reference material of the company)

(2) Mass-customization

In each step of logistics — arrival of goods, storage, packing, wrapping, and shipping — other companies in the same industry, especially major operators that use platformers and robotics for efficiency improvement, tend to apply the same operation to all shippers.

In contrast, the company is supporting the uniqueness of each shipper, while the underlying workflow is unified company wide.

This enables the company to help express the unique worldview and values of the clients’ brands by using delivery methods, specific wrapping, and materials according to the shipper’s request. Since the workflow is unified company-wide, efficiency is maintained.

The company also uses white carton boxes, rather than general brown ones, for packing with which any dirt stands out, in order to express their quality and carefulness.

These are the unique initiatives of the company aiming to be **No.1 in “creating heart moving experiences”** as seen in its Mission.

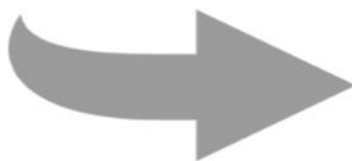
Competitors apply the same operation to all companies

※ Companies with platformers and robotics

	Arrival of goods	Storage	Packing	Wrapping	Shipping
For company X	○	◇	□	☆	▽
For company Y	○	◇	□	☆	▽
For company Z	○	◇	□	☆	▽



While supporting the uniqueness of each company, the in-house workflow is unified company-wide



	Arrival of goods	Storage	Packing	Wrapping	Shipping
For company X	○	◇	□	☆	▽
For company Y	◎	◇	■	☆	▽
For company Z	○	◆	□■	◎	▽

(Taken from the reference material of the company)

(3) IT × Logistics

The company has developed its own WMS (Warehouse Management System) software that manages product information in the warehouse such as the storage location, expiration date, arrival and shipment of goods, and quantity.

By linking with the mail-order cart systems, that is aligned with the specifications of the mail-order sites of multiple e-commerce mail-order companies (shippers), the complicated inventory management is performed by the system.

In addition, since it is manufactured in-house by the company’s system department, it can be flexibly linked with the system environment of the e-commerce mail-order companies, and a smooth start-up is possible. The company is also active in introducing new services, and is rigorously pursuing improvements in logistics services as well as quality services by utilizing IT.

(4) Specializing in mail-order logistics to hone knowledge

In the 21 years since its establishment, the company gradually developed its services centered on mail-order logistics agency service, learnt how to deal with the high-mix low-volume logistics, which is considered difficult, and has been accumulating experiences and knowledge with diverse items such as car supplies, apparel, supplements, cosmetics, and wine. In addition, the company has honed its knowledge through on-site practice and logistics consulting.

The accumulation of such trust, credibility, and knowledge are highly valued, and the customer base continues to widen as the existing customers brings in many new customers.

Its accumulated knowledge and strong customer base should be evaluated as the company’s invisible assets.

(5) Emphasis on the front line

At every FC, all staff members are always aware of quality and improvement.

The company realizes and maintains high quality by thoroughly sticking with accomplishing each normal task perfectly. When a problem such as a shipment error occurs, the company thoroughly investigates the cause, makes improvements, and makes sure to share the findings with all staff members. In addition, the company actively takes up the improvement proposals from on-site staff involved in various processes, and the number of improvement proposals exceeds 7,200 annually. The company also trains and educates logistics personnel who offer their services both inside and outside the company. It also hosts courses to help its employees to pass the business and career certification exams sponsored by the Ministry of Health, Labor and Welfare, and for this reason, many of its employees hold these qualifications.

【1-6 Growth Strategy】

The company aims to increase sales and profits by strengthening the three pillars below for meeting customer needs.

(1) Value-chain development

To build up structures to support existing customers in marketing

The value-chain covers the front-end, web marketing, and the back end, repurchase promotion, processes of fulfillment, and improves the customer journey* that the mail-order companies are conscious of, which in turn offers solutions that lead prospective customers to their actual customers.

*Customer journey

A series of experiences that a customer follows — from the encounter with a product or service to actually purchasing/using it with the intention to purchase/use it — is perceived as a “journey.”

For a mail-order company to turn prospective customers into actual customers and fans of its products, it is necessary to manage the customer experience throughout the “journey” that the customer follows. To manage the customer experience efficiently and to take appropriate marketing measures, it is necessary to create a customer journey map that visualizes and captures its pathway.

(2) Expanding target customers/areas

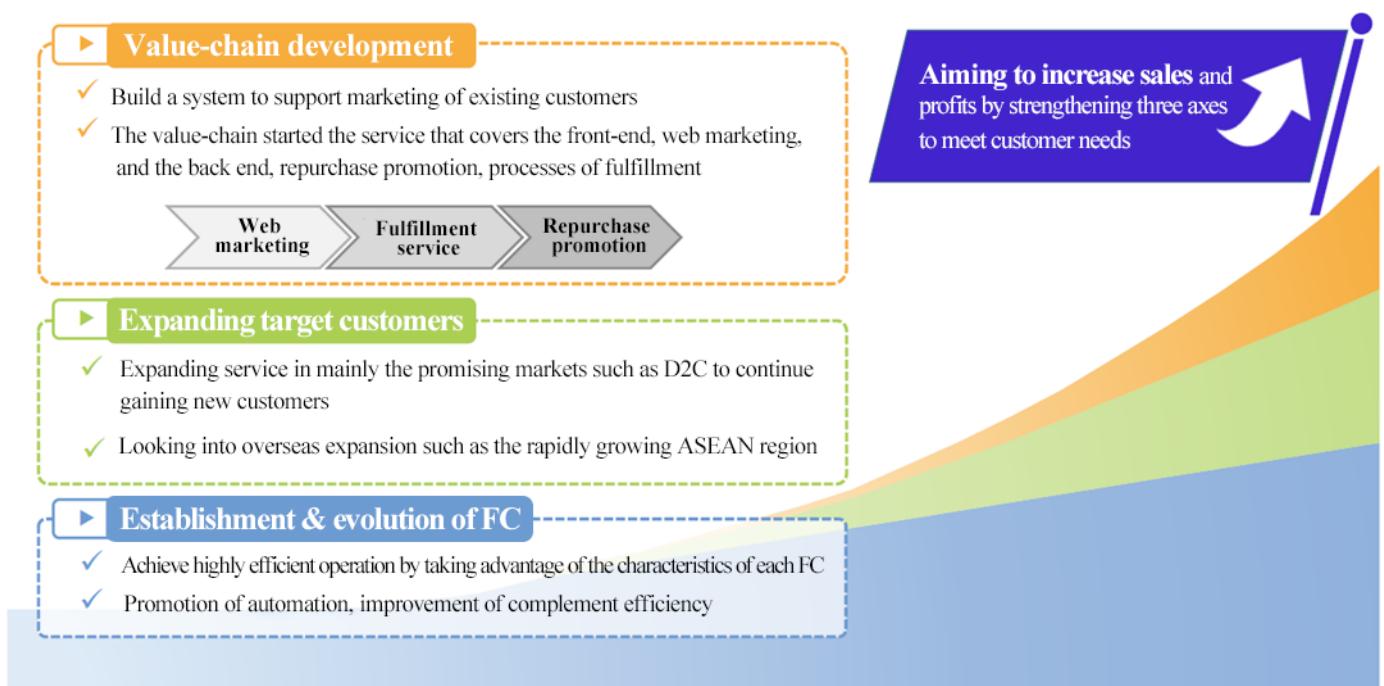
The company will expand services for manufacturers aiming for D2C, etc. to acquire new customers.

It will also launch bases with affiliated investors overseas in ASEAN region, etc. where EC is rapidly growing, in order to support Japanese enterprises in business expansion.

(3) Establishment & evolution of FC

To achieve highly efficient operations by utilizing each FC’s characteristics

To promote automation and enhance storage efficiency



(Taken from the reference material of the company)

In addition to the conventional mail-order logistics and e-commerce, the company intends to make the omnichannel market including actual stores its business domain and is working to secure management resources for that purpose.

【1-7 Shareholder Return】

The company recognizes that shareholder return is an important management issue. However, being currently in the process of growth and in need of making upfront investments such as leasing new FCs and purchasing equipment to expand its business scale, it also recognizes the necessity to keep enhancing its internal reserve.

Therefore, the company will take into consideration of the economic trends, business results, financial conditions, etc. comprehensively, and aims to continue with its shareholder return policy to pay stable dividends with a dividend payout ratio of 30%.

2. Fiscal Year ended March 2022 Earnings Results

(1) Overview of business results (Non-consolidated)

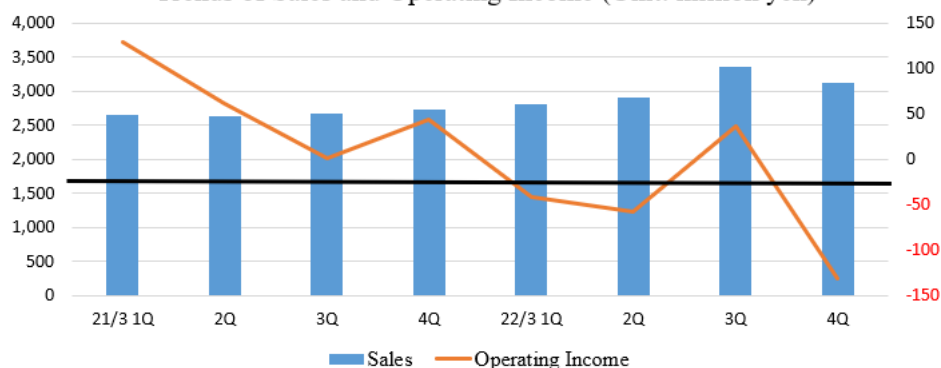
	FY 3/21	Ratio to sales	FY 3/22	Ratio to sales	YoY	Compared to the revised forecast
Sales	10,696	100.0%	12,208	100.0%	+14.1%	+488
Gross profit	838	7.8%	571	4.7%	-31.9%	-
SG&A	600	5.6%	766	6.3%	+27.7%	-
Operating Income	238	2.2%	-195	-	-	+97
Ordinary Income	241	2.3%	-190	-	-	+96
Net Income	151	1.4%	-342	-	-	+26

* Unit: million yen. Revised forecasts are changes from the forecasts announced in November 2009.

Losses recorded despite increased revenues, unable to cover cost increases

Sales increased 14.1% year on year to 12,208 million yen, hitting a record high. Performance was strongly affected by Covid-19 throughout the year, but the shipping volume in the year-end shopping season from November to December 2021 increased mainly for existing customers, and new customer acquisitions and operations progressed healthily. Gross profit dropped 31.9% year on year. Cost of goods sold increased due to the packing and freight charges, rents for new FCs, and headcount increase for new customers. Gross profit margin declined 3.1 points. The company posted an operating loss of 195 million yen. In addition to the decline in gross profit, SG&A such as labour cost and recruiting fees rose 27.7% year on year. A loss was posted, but results were better than the revised forecast announced in November 2021. The company decided to pay no dividends due to the loss, while it had been undecided for the term ended March 2022.

Trends of Sales and Operating Income (Unit: million yen)



(2) Financial position and cash flow

◎ Main Balance Sheet

	End of Mar. 2021	End of Mar. 2022	Increase/decrease		End of Mar. 2021	End of Mar. 2022	Increase/decrease
Current Assets	3,459	3,519	+60	Current Liabilities	2,314	2,762	+447
Cash and Deposits	2,249	2,070	-179	Trade Payables	726	862	+136

BRIDGE REPORT



Trade Receivables	981	1,151	+169	ST Interest-Bearing Debts	93	191	+98
Prepaid Expenses	207	235	+28	Arrears	1,073	1,446	+373
Noncurrent Assets	1,557	1,720	+162	Noncurrent Liabilities	645	709	+64
Tangible Assets	470	379	-91	LT Interest-Bearing Debts	471	525	+54
Investment, Other Assets	1,074	1,324	+250	Total Liabilities	2,959	3,472	+512
Guarantee Money Deposited	990	1,203	+212	Net Assets	2,057	1,767	-289
Total Assets	5,016	5,239	+222	Total Liabilities and Net Assets	5,016	5,239	+222

* Unit: million yen.

Total assets increased by 222 million yen from the end of the previous term to 5,239 million yen due to a decrease in cash and deposits and increase in guaranteed money deposited.

Total liabilities increased 512 million yen from the end of the previous term to 3,472 million yen due to mainly increases in arrears and long-term and short-term loans payable.

Net assets decreased by 289 million yen to 1,767 million yen due to decreases in retained earnings

Equity ratio decreased by 7.3 points from the end of the previous term to 33.7%.

◎ Cash Flow

	FY 3/21	FY 3/22	Increase/ decrease
Operating CF	830	-27	-858
Investing CF	-265	-352	-87
Free CF	565	-380	-946
Financing CF	806	201	-605
Cash and equivalents	2,249	2,070	-179

* Unit: million yen.

Free cash flow turned negative, as the company recorded a net loss before taxes and increased purchase of property, plant and equipment.

The cash position lowered.

3. Fiscal Year ending March 2023 Earnings Forecasts

【3-1 Earnings Forecasts】

	FY 3/22	Ratio to sales	FY 3/23 Est.	Ratio to sales	YoY
Sales	12,208	100.0%	13,342	100.0%	+9.3%
Operating Income	-195	-	101	0.8%	-
Ordinary Income	-190	-	102	0.8%	-
Net Income	-342	-	71	0.5%	-

* Unit: million-yen. Estimates are calculated by the company.

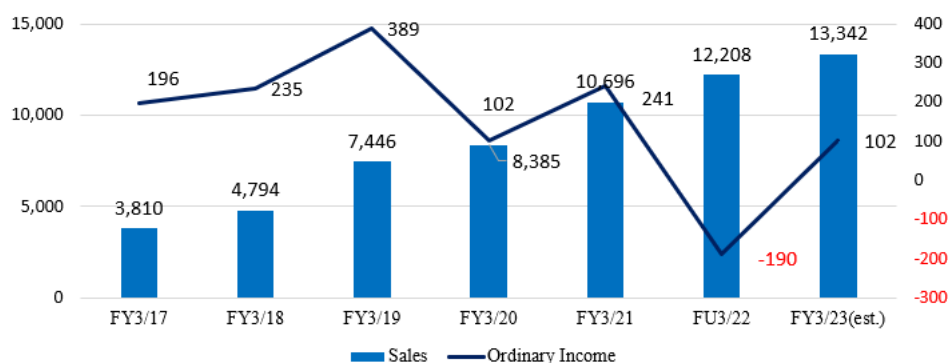
Projected increase in revenue and return to profitability

Sales are expected to increase 9.3% year on year to 13,342 million yen, and operating income is forecast to turn positive, standing at 101 million yen. The company will aim to earn an annual profit by continuing to increase the sales in the EC and mail-order logistics business and strengthening initiatives for profitability improvement. The dividend is still to be determined.

BRIDGE REPORT



Trends of Sales and Ordinary Income (Unit: million yen)



(Created by Investment Bridge based on materials of the company)

【3-2 Main measures in this term】

(1) To improve selling capabilities

The company will establish the marketing division and develop a structure to support existing customers in marketing. The company will further strengthen their core competence: “expanding the sales of the EC mail order company” and “providing services the customers would like to use repeatedly” with the aim of expanding sales and shipping volume.

(2) To strengthen FC Operations

* To utilize the characteristics of each FC

* To improve leader’s management capabilities

(3) To continue V Plan

By reducing fixed costs, the company aims to reform its revenue structure and become more efficient and resilient. Specifically, the following three measures will be promoted as the Recovery V Plan continuing from the last fiscal year in this one.

① Providing high value-added services

To provide high value-added services such as an operation agency service.

② Improvement of productivity

Optimal staff assignment via productivity improvement through installation of automated equipment.

③ Increasing rental rate

To utilize Nestainers (steel storage shelves and racks), etc., and utilize the resulting vacant space for subleasing, etc., to improve space efficiency.

4. Conclusions

The company has been working on “V Plan for Recovery” to transform its revenue structure into a lean one by reducing fixed costs, and they said that they have been successful in cutting deficits considerably at their “investment phase” FCs such as Narashino FC and Saitama Soka FC. Sales to new customers account for less than 10 percent of total sales, but its growth rate is as high as 42.0 percent. We will keep watching its growth in the current year as well.

<Reference: Regarding Corporate Governance>

◎ Organization Type and the Composition of Directors and Auditors

Organization type	Company with corporate auditor(s)
Directors	4 directors, including 2 outside ones
Auditors	3 auditors, including 3 outside ones

◎ Corporate Governance Report

Last updated on Nov. 26, 2021.

<Basic Policy>

The Company aims to maximize its corporate value by achieving sustainable business growth based on the following vision, mission and values.

◆ Vision

To anticipate change and continue to evolve emotional experience of people.

◆ Mission

- To grasp distribution from a global perspective
- To seek solutions useful to future customers before anyone else
- To become a professional group of mail order/retail logistics
- To become the No. 1 company in "creating excitement" by achieving high added value using innovative technology

◆ Value

- To constantly think and act for the benefit of the future customers, and become a trusted figure
- To create success together with shippers through overwhelming proposal capabilities
- To continuously learn and make self-improvement with new viewpoints
- To act quickly, try first, and work together to complete each task
- To enjoy work with a humble and honest heart

Based on this vision, mission, and values, we will strive to select, improve, and strengthen the most appropriate business management system in order to respond quickly to changes in the business environment, build a highly transparent corporate governance system that includes thorough compliance and appropriate information disclosure, and fulfill our corporate social responsibility.

By implementing these measures, we will earn the trust of all our stakeholders, including customers, business partners, shareholders, investors, employees, and local communities, and build good relationships with them.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code >

Principles	Reasons for not implementing the principles
【Principle 2-4: Ensuring diversity within the company, including the promotion of women's activities】 Supplementary Principle 2-4 ①	We recognize the importance of ensuring diversity in the appointment of core personnel, and our basic policy is to develop human resources and promote them to management positions based on fair and impartial evaluations without distinguishing between women, non-Japanese, and mid-career hires, and to assign the right personnel to the right positions as necessary. For this reason, we have not set targets for specific genders or races. We will continue to review the medium-and long-term human resource development policy and internal environment improvement policy.
【Principle 4-2: Roles and Responsibilities of the Board of Directors (2)】 Supplementary Principle 4-2 ②	Based on our Vision, Mission, and Values, our basic policy is to respect dialogue with all stakeholders, including customers, business partners, shareholders, investors, employees, and local communities, and to play an active role in building a sustainable society while striving to enhance our corporate value. Investment in human capital and intellectual property, etc. is as described in the Supplementary Principle 3-1 ③. Supervision of the allocation of these and other management resources and the implementation of strategies related to the business portfolio will be discussed in the future in conjunction with the medium-term

	management plan and other plans.
--	----------------------------------

<Disclosure Based on the Principles of the Corporate Governance Code >

Principles	Reasons for not implementing the principles
[Principle 1-4 Strategically held shares]	Our company currently does not hold any strategically held shares and has no plans to do so in the future, so we have not established a policy.
[Principle 5-1 Policy on constructive dialogue with shareholders]	<p>To contribute to sustainable growth and the enhancement of corporate value over the medium to long term, our company will engage in constructive dialogue with shareholders at the General Meeting of Shareholders and at various other opportunities.</p> <p>-We will strive to enhance our IR activities to gain a better understanding of our management philosophy, management strategies, and business performance.</p> <p>-The President oversees the overall dialogue, which is conducted in consultation with senior management as needed.</p> <p>-The department in charge of IR handles individual meetings with shareholders. In addition, after confirming the requests of the shareholders and the purpose of the meeting, the senior management will meet with shareholders as necessary and take appropriate action within reasonable limits.</p> <p>-To promote constructive dialogue with shareholders, the IR department and related departments exchange opinions and share information on a regular basis, and work in close cooperation.</p> <p>-Our company provides feedback to the Board of Directors, etc. on useful opinions and requests obtained through dialogue with shareholders as appropriate.</p> <p>-We will conduct periodic surveys of our shareholder composition, and based on the results, we will strive to enhance communication in an appropriate manner tailored to our shareholders.</p> <p>-In dialogue with shareholders, we will comply with laws, regulations, and related rules, and strive to prevent the leakage of insider information.</p>

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

Copyright(C) Investment Bridge Co., Ltd. All Rights Reserved.

You can see back numbers of Bridge Reports on e-LogiT Co., Ltd. (9327) and IR related seminars of Bridge Salon, etc. at www.bridge-salon.jp/.