VALUE BEYOND LOGISTICS
MITSUI-SOKO GROUP

MITSUI-SOKO HOLDINGS Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2024

May 17, 2024

Event Summary

[Company Name]	MITSUI-SOKO HOLDINGS Co., Ltd.
[Company ID]	9302-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2024
[Fiscal Period]	FY2024 Annual
[Date]	May 17, 2024
[Number of Pages]	33
[Time]	10:00 – 10:58 (Total: 58 minutes, Presentation: 36 minutes, Q&A: 22 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	

[Number of Speakers]	3	
	Hirobumi Koga	Representative Director, President & CEO
	Nobuo Nakayama	Representative Director, Senior Managing Director
	Takeshi Nishimura	Managing Executive Officer, General Manager Strategic Planning Division
[Analyst Names]*	Ryo Hamano	SMBC Nikko Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Moderator: Thank you for your patience. We will begin the presentation of the financial results of MITSUI-SOKO HOLDINGS Co., Ltd. for the fiscal year ended March 31, 2024. To begin, I would like to introduce today's attendees. This is Hirobumi Koga, Representative Director, President & CEO.

Koga: My name is Koga.

Moderator: This is Nobuo Nakayama, Representative Director, Senior Managing Director.

Nakayama: My name is Nakayama. Thank you very much for joining us today.

Moderator: This is Takeshi Nishimura, Managing Executive Officer, General Manager Strategic Planning Division.

Nishimura: My name is Nishimura. Thank you.

Moderator: Today, we would like to begin with a greeting from President Koga, followed by an overview of the financial results and outlook for the next fiscal year from Senior Managing Director Nakayama, and an explanation of the progress of the mid-term management plan 2022 from President Koga.

This will be followed by a Question & Answer session, scheduled to end at approximately 11:15 AM. The presentation materials are also available on our website. This briefing is being streamed live. Please note that we may not be able to answer all questions due to time constraints. We would appreciate your understanding. On-demand distribution will be available at a later date.

Now then, President Koga, please begin.

Koga: Hello, everyone. I am Koga, President and Representative Director of MITSUI-SOKO. Thank you very much for taking time out of your busy schedule today to attend the financial results briefing for the fiscal year ended March 31, 2024. Mr. Nakayama, Senior Managing Director, will now give an overview of the financial results and the outlook for the next fiscal year.

Nakayama: My name is Nakayama. Thank you very much for joining us today. I will now explain the details of the financial results and the financial forecast along with the presentation materials.

Executive Summary

FY2024 (Full-year) Results

Decrease in operating revenue and profit due to a reactionary drop in special factors and a fall in ocean and freight rates

Operating Revenue	**¥260.6** billion	YoY	-**13.4**%
Operating Profit	**¥20.8** billion	YoY	-**20.1**%

FY2025 (Full-year) Forecast

Although operating revenue in the logistics business is expected to increase due to a recovery of cargo movement from bottoming out, total consolidated profit is expected to temporarily decrease due to a one-time decline in operating profit in the real estate business.

Operating Revenue	**¥275.0** billion	YoY	+**5.5**%
Operating Profit	**¥15.0** billion	YoY	-**27.7**%

Shareholder Returns

As a result of higher-than-expected earnings, annual dividend of ¥146 per share for FY2024 (Up ¥4 from the previous forecast)
Continue to pay annual dividend of ¥146 for FY2025, taking into account the progress of the medium-term management plan and dialogue with shareholders

FY2024 (Actual)	**146** yen	Payout Ratio	**30.0**%
FY2025 (Forecast)	**146** yen	Expected Payout Ratio	**42.8**%

2

Please see page two of the document. First, I will provide a summary of the results for the fiscal year ended March 31, 2024, and the forecast for the fiscal year ending March 31, 2025.

As we will explain in detail later, the results for the fiscal year ended March 31, 2024, showed a decrease in both revenue and profit due to a reactionary decline from the special factors of the previous fiscal year and lower ocean and air freight rates.

As for the outlook for the fiscal year ending March 31, 2025, we expect cargo movements in the logistics business to bottom out and gradually begin to pick up, and plan to increase revenues. On the other hand, due to a one-time decrease in profit in the real estate business, consolidated total operating income is expected to decrease.

Summary of FY2024 Financial Results

- **Decrease in operating revenue and profit due to a reactionary drop in special factors and a fall in ocean and freight rates**
- **Promoted the operational efficiency and appropriate collection fees in response to increase in cost of sales in Japan amid a difficult business environment with sluggish international cargo movement**

(Unit: 100 mil. yen)

Total Consolidated	FY2023	FY2024	Change	Change(%)
Operating Revenue	3,008	**2,606**	-402	-13.4%
Operating Profit	260	**208**	-52	-20.1%
(Operating profit margin)	8.6%	**8.0%**	-0.6pt	—
Ordinary Profit	265	**210**	-55	-20.8%
Profit attributed to owners of parent	156	**121**	-35	-22.5%

4

See page four. As for the results for the fiscal year ended March 31, 2024, both operating revenue and operating profit decreased from the previous fiscal year, as shown in the materials.

Despite a difficult business environment as cargo movements remained sluggish, the Company steadily promoted initiatives to enhance profitability by improving operational efficiency and optimizing rates received.

Financial Results by Segment

(Unit: 100 mil. yen)

Segment	FY2023	FY2024	Change	Change(%)
Operating Revenue	3,008	2,606	-402	-13.4%
Logistics business	2,920	2,518	-402	-13.8%
Warehousing/Port transportation	1,383	1,229	-154	-11.1%
Airfreight forwarding(FWD)	568	353	-215	-37.9%
3PL/LLP	879	766	-113	-12.8%
Land transportation	279	277	-2	-0.7%
Elimination of intra-group transactions	-189	-107	+82	—
Real estate business	96	96	-0	-0.4%
Eliminate/Corporate	-8	-8	-0	—
Operating Profit	260	208	-52	-20.1%
Logistics business	239	194	-45	-18.8%
Warehousing/Port transportation	89	73	-16	-17.2%
Airfreight forwarding(FWD)	78	47	-31	-40.1%
3PL/LLP	62	61	-1	-1.6%
Land transportation	13	14	+1	+13.9%
Elimination of intra-group transactions	-3	-1	+2	—
Real estate business	59	59	+0	+0.6%
Eliminate/Corporate	-38	-45	-7	—

- In addition to decrease in operating revenue due to lower ocean freight rates, cargo movements slowed down as a result of inventory adjustments
- Decrease in operating revenue and profit due to the absence of emergency transportation in the current fiscal year compared with the previous fiscal year when it had occurred mainly overseas due to supply chain disruptions

- Decrease in operating revenue due to the decline in freight rates per unit for ocean and air transportation of home appliances and precision equipment from producing countries to Japan

- Decrease in operating revenue and profit due to lower air freight rates (including the absence of "special factors" in the previous fiscal year)
- Sluggish cargo movement against a backdrop of inventory adjustment

- Domestic 3PL business remained steady
- Promoted efficiency improvement through introduction of material handling equipment

- Increase in operating profit due to the reduction in vehicle hiring costs by improving loading efficiency, and the promotion of efforts to collect appropriate fees

- Increase in upfront system-related expenses associated with DX investments

5

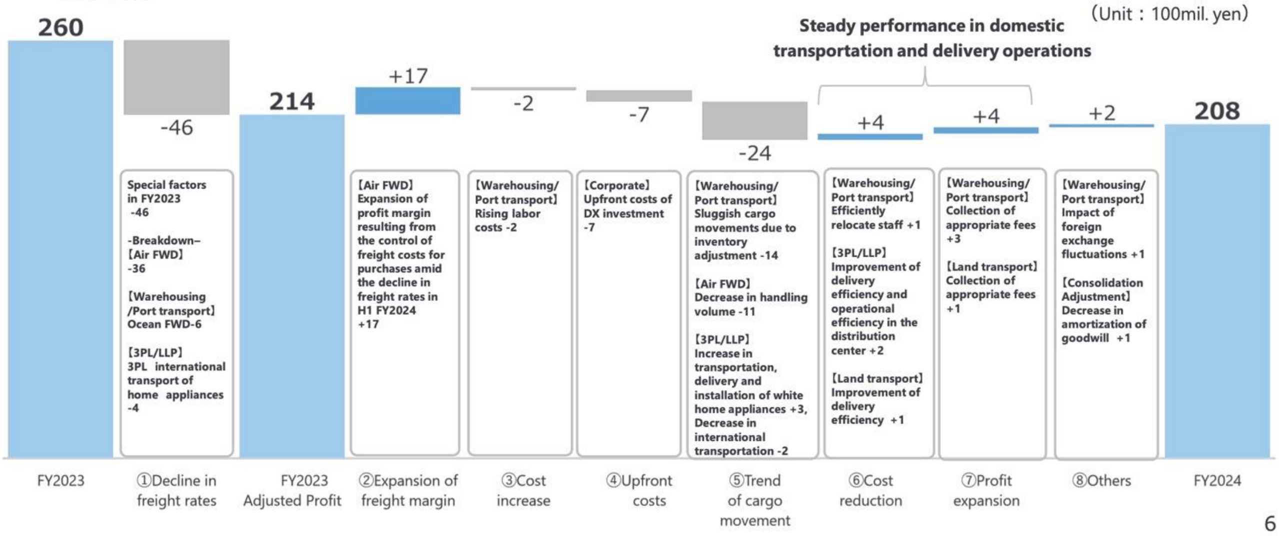
See page five. I will focus on key points regarding performance by segment. See operating profit in the bottom row. As I mentioned earlier, the warehousing/port transportation and the airfreight forwarding reported lower profits due to sluggish international cargo movement.

On the other hand, in the domestic logistics sector including the 3PL/LLP and the land transportation, profits remained flat despite the decline in revenue, as we promoted the efficiency improvement initiatives mentioned at the beginning of this report.

The real estate business remained flat. As for the eliminate/corporate, an upfront cost associated with the execution of DX investments incurred.

Main Factors of Changes in Operating Profit

- Profit margins temporarily expanded in H1 FY2024 due to the control of freight costs for purchases in situations where ocean and air freight rates were falling.
- International transportation and trade cargo movement remained sluggish against a backdrop of inventory adjustments by companies.
- Higher profit margins and increased profits due to improvement of truck loading rates, efficiency of delivery operations in the distribution center, and collecting appropriate fees in the domestic transport business



6

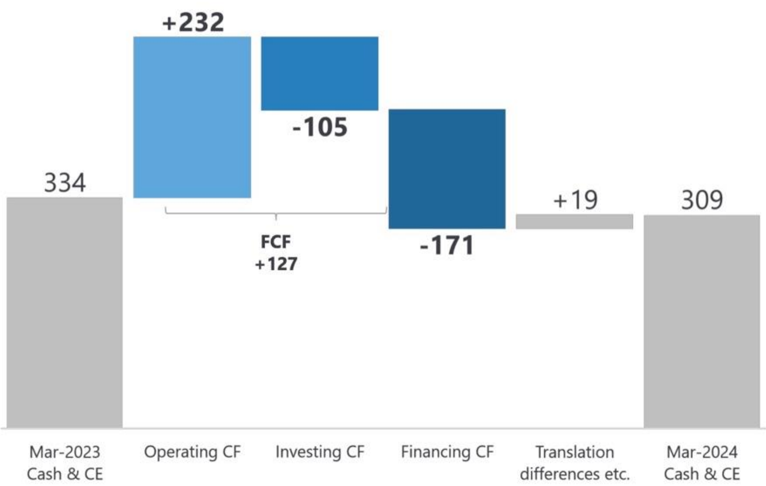
See page six. I will focus on the key factors behind the increase or decrease in operating profit. See the step chart.

The special factor in the previous period as showing in one. Ocean and air freight rates declined from the previous year. The expansion in freight margin in two is due to a temporary increase in margin resulting from flexible procurement up to H1, during the downward trend for freight rate. Three and four are the factors contributing to cost increases. Five is a cargo movement trend, are described in the document. As for six and seven, as I mentioned earlier, domestic logistics have remained relatively strong compared to overseas. We realized an increase in profit through cost reductions achieved by efficiency improvements and various initiatives for appropriate rate adjustments.

Cash Flow Status

- **Operating cash flow (CF) resulted in a net cash inflow of ¥23.2 billion mainly due to net income.**
- **Decided to invest in the multi-tenanting of the Hakozaki Building, software based on DX strategy, and a partner company engaged in the commercialization of trunk route transportation services using self-driving trucks**

（Unit：100mil. yen）



Major Breakdown of Cash Flows		
• Operating CF	:	**+232**
Profit before income taxes	:	+209
Depreciation/Amortization of goodwill	:	+99
Decrease (increase) in trade receivables/ trade payables	:	+15
Income taxes paid	:	-77
• Investing CF	:	**-105**
Capital investment	:	-80
Software investment	:	-35
Payment of investment in capital	:	-5
（Subtotal）Free cash-flow	:	**+127**
• Financing CF	:	**-171**
Change in borrowings and bonds（Net）	:	-85
Dividends paid	:	-46
• Total of Change in Cash and Cash Equivalents	:	**-25**

7

See page seven. I would like to touch briefly about the cash flow situation of capital expenditures. One of the major components of the JPY8 billion in capital expenditures included in the investment cash flow is a partial payment for the Hakozaki Building's multi-tenanting construction.

Balance Sheet Status

- **Improved both equity ratio and D/E ratio due to steady accumulation of net income**
- **Stable balance sheet with sufficient capacity for future strategic investments**

(Unit: 100 mil. yen)

Total Consolidated	Balance as of Mar. 31, 2023	Balance as of Mar. 31, 2024	Change
Total Assets	2,587	**2,635**	+48
Cash and deposits	345	**319**	-26
Trade receivables	323	**303**	-20
Tangible and Intangible assets	1,493	**1,512**	+19
Interest-bearing debt (including Lease obligations)	926	**833**	-93
Borrowings and Bonds	851	**767**	-84
Lease obligations	76	**65**	-11
Equity Capital	933	**1,099**	+166
Equity ratio	36.1%	**41.7%**	+5.6
D/E ratio	0.99	**0.76**	-0.23

- Increase in intangible assets due to software investment based on DX strategy (+¥1.9bln)
- Tangible assets remained unchanged due to the recording of construction in progress, despite the progress of depreciation (-¥0.1bln)

- Reasons for the change in equity capital:
  Net Income +¥12.1bln,
  Dividends -¥4.6bln,
  Exchange differences +¥3.4bln,
  Adjustment to accumulated retirement benefit +¥2.7bln,
  Unrealized gains on securities +¥2.6bln

8

See page nine. I will briefly explain the balance sheet. The D/E ratio improved to 0.76 times due to the accumulation of profits. We are in a situation where we have secured sufficient surplus capacity for future investment execution.

Summary of FY2025 Financial Forecast

- **Expect to increase in revenues of the logistics business due to a gradual recovery of cargo movements derived from them bottomed out**
- **On the other hand, expect to temporarily decrease in total consolidated profits due to a one-time decline in profit in the real estate business**

(Unit: 100 mil. yen)

Total Consolidated	FY2024 Results ('23.4-'24.3)	FY2025 Forecast ('24.4-'25.3)	Change	Change
Operating Revenue	2,606	**2,750**	+144	+5.5%
Operating Profit	208	**150**	-58	-27.7%
Ordinary Profit	210	**142**	-68	-32.4%
Profit attributed to owners of parent	121	**85**	-36	-29.8%

10

See page 10. I would like to continue with an explanation of our business outlook for the fiscal year ending March 31, 2025. As explained in more detail later in this presentation, we expect operating revenues to increase as cargo movements in the logistics business bottom out and gradually begin to pick up.

On the other hand, operating profit is expected to decrease from the previous year, mainly in the real estate business. This is due to a one-time decrease in rent income and an increase in depreciation and other costs associated with the implementation of multi-tenanting construction.

Financial Forecast by Segment

(Unit: 100 mil. yen)

Segment	FY2024 Results ('23.4-'24.3)	FY2025 Forecast ('24.4-'25.3)	Change	Change
Operating Revenue	2,606	**2,750**	+144	+5.5%
Logistics business	2,518	**2,689**	+171	+6.8%
Warehousing/Port transportation	1,229	**1,354**	+125	+10.2%
Airfreight forwarding(FWD)	353	**400**	+47	+13.4%
3PL/LLP	766	**782**	+16	+2.1%
Land transportation	277	**268**	-9	-3.4%
Elimination of intra-group transactions	-107	**-115**	-8	—
Real estate business	96	**66**	-30	-31.2%
Eliminate/Corporate	-8	**-5**	+3	—
Operating Profit	208	**150**	-58	-27.7%
Logistics business	194	**189**	-5	-2.7%
Warehousing/Port transportation	73	**78**	+5	+6.1%
Airfreight forwarding(FWD)	47	**35**	-12	-25.5%
3PL/LLP	61	**63**	+2	+3.9%
Land transportation	14	**15**	+1	+5.0%
Elimination of intra-group transactions	-1	**-2**	-1	—
Real estate business	59	**19**	-40	-68.0%
Eliminate/Corporate	-45	**-58**	-13	—

- Cargo movements, mainly overseas, are expected to bottom out

- Cargo movements are expected to bottom out due to a completion of inventory adjustments
- Revenue is expected to increase due to additional acquisition of shares in a joint venture in China (Affiliate → Consolidated Subsidiary)

- Shrinking margins due to decline in freight costs compared to FY2024
- Freight costs had bottomed out in H2 FY2024

- Profit is expected to increase by promoting some productivity improvements such as streamlining of bases and improvement of transportation and delivery efficiency

- One-time decrease in profit due to the replacement of some tenants as a result of the multi-tenanting of the Hakozaki Building

- Increase in upfront system-related expenses associated with DX investments

11

See page 11. I would like to explain our business outlook by segment. See operating profit in the bottom row. Within the logistics segment, only the airfreight forwarding is expected to see a decrease in profit. Although cargo movements will recover to a certain degree, we expect freight rates, which had soared, to fall to pre-pandemic levels, and margins to shrink to normal levels.

In the logistics business segment other than the airfreight forwarding, cargo movement still lacks strength, but has bottomed out and is gradually beginning to pick up. We expect an increase in profit, partly due to efforts to improve efficiency and the initiation of new operations.

In the real estate business, as I mentioned earlier, there is a one-time factor of decrease in profit due to the conversion of the Hakozaki Building into a multi-tenanting building. I will explain in detail later. As for the eliminate/corporate, upfront costs such as depreciation of software associated with DX investment are expected to increase.

Supplement to Operating Performance Forecast in Real Estate Business

- **Decrease in leasable floor area and increase in costs of common space burdened by the Company due to the multi-tenanting of the Hakozaki Building**
- **After the headquarters functions of group companies are consolidated in the Hakozaki Building, the Onarimon Building, the current headquarters, will be leased to gain income**

Change in leasable floor area of each property

Use	Property name	FY2024	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
Office buildings	MSH Nihonbashi Hakozaki Building	Single tenant (including common space)	19.5 floors: Lease		
			2.5 floors: Common space		
			3.0 floors: Internal use		
	MSC Center Building	5 floors: Lease		New customers(2 floors)	
		2 floors: Internal use			
	MSC Onarimon Building	Internal use		New customers	
	Two other buildings	Multi tenant			
Rental apartment buildings	Three Buildings	Multi tenant			

- Temporary increase in the number of floors used by the Company, resulting from a decrease in leasing revenue
- Increase in depreciation due to the construction of multi-tenanting

- After vacancy rates are gradually decreasing, all properties are expected to be fully occupied during FY2027.
- However, the leasable area of the Hakozaki Building, which was leased as a single property including common space, will decrease by the area of the common space compared to FY2024

- Please see Appendix page 43 for the total floor area of each property.

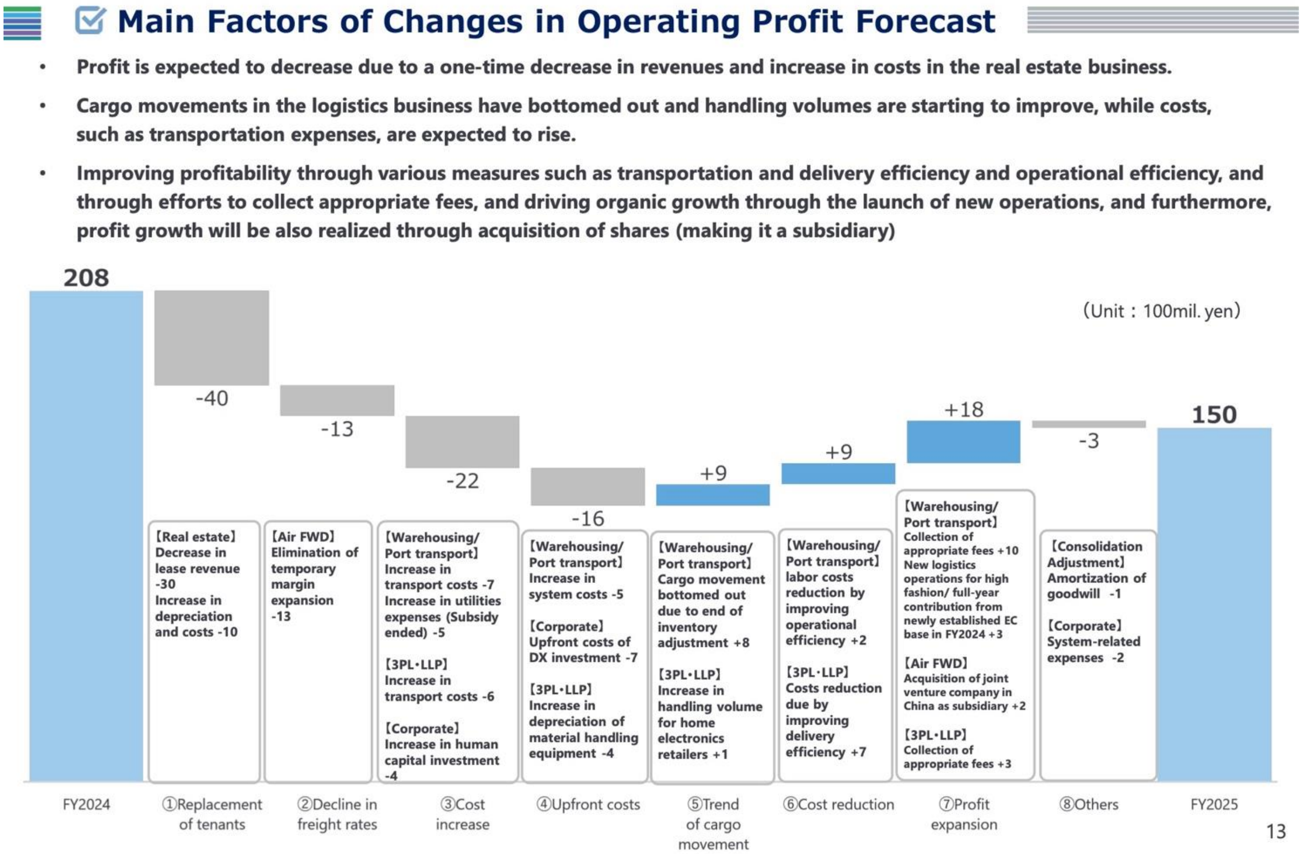
12

See page 12. I would like to add some comments on the forecast for the real estate business. As mentioned earlier in the slide of segment results, the real estate business for the fiscal year ending March 31, 2025, is expected to see a decrease of about JPY4 billion in operating profit. This is mainly due to the expected temporary vacancies resulting from the conversion of the Hakozaki Building into a multi-tenanting building, as well as an increase in depreciation expenses resulting from the implementation of the multi-tenant construction project.

In addition, we had previously leased the entire building, including common areas. However, with the shift to multi-tenant leasing, the leasable area will decrease by the size of the common areas. Therefore, we expect to see higher costs for this portion of the building.

In addition, we have decided to relocate our head office. The President will explain the purpose of this relocation. I will explain its short-term impact on our business performance.

The head office functions of each company will be consolidated into three floors of the Hakozaki Building from the Onarimon Building and the MSC Center Building, which are currently used as the head offices of each group company. This will lead to a temporary overlap of the Company's own floors during the relocation period, resulting in a decrease in external rental income during this time. Starting from the fiscal year ending March 31, 2026, we expect to begin leasing out the floor previously used as the original headquarters to external parties. We anticipate that the performance of the real estate business will gradually improve as leasing activities progress.



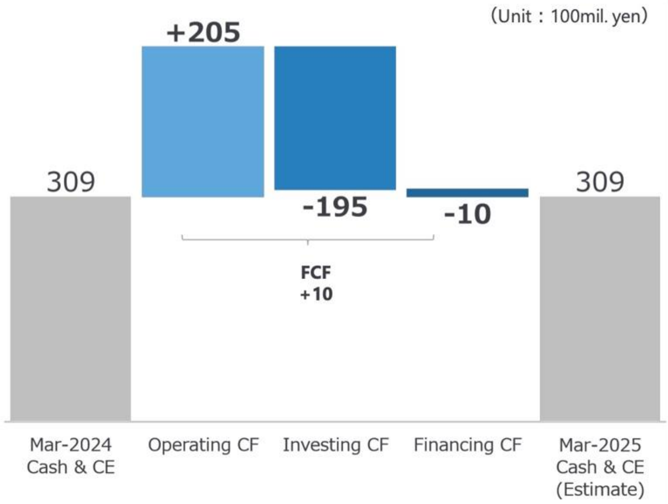
See page 13. I will explain the key factors behind YoY increase or decrease in the operating profit forecast. See the step chart.

The tenant replacement in one, is the decrease in profit in the real estate business that I mentioned earlier. The decline in the unit freight cost is shown as two, which is due to the Air FWD. As for the cost increase in three, we expect an increase in transportation costs paid to subcontractors in response to drivers' working hours and related area, and an increase in water, heat and electricity costs due to the termination of government subsidies. Four through six are as described in the document.

As for revenue growth in seven, we expect organic growth. This includes the start of new high-fashion apparel logistics operations and a full-year contribution from a new base for EC logistics launched in the previous fiscal year. Additionally, we anticipate revenue growth from the acquisition of additional shares in a joint venture with a local Chinese company in the Air FWD business, making it a wholly owned subsidiary.

Cash Flow Forecast

- **Expect Operating cash flow (CF) to be a net cash inflow of ¥20.5 billion**
- **In addition to DX investment and investment in maintenance and renewal of logistics facilities, the Company is scheduled to spend construction costs on the multi-tenanting of the Hakozaki Building.**



Major Breakdown of Cash Flows（Forecast）

• **Operating CF**	:	**+205**
Depreciation/Amortization of goodwill	:	+110
• **Investing CF**	:	**-195**
Capital investment	:	-160
Software investment	:	-30
（Subtotal）Free cash-flow	:	**+10**
• **Financing CF**	:	**-10**
Change in borrowings and bonds（Net）	:	+58
Dividends paid	:	-38
Payment of lease obligations and others	:	-30
• **Total of Change in Cash and Cash Equivalents**	:	**±0**

14

See page 14. I would like to comment on capital expenditures only in the cash flow outlook. Within the JPY16 billion forecasted for investment cash flow in capital expenditures, we expect to continue the expenditure for the Hakozaki Building's multi-tenanting construction, as in the previous fiscal year.

Balance Sheet Forecast

- **Despite an increase in interest-bearing debt, the D/E ratio is expected to remain below 1.0x**
- **Maintain sufficient investment capacity in preparation for further strategic investment**

(Unit: 100 mil. yen)

Total Consolidated	Balance as of Mar. 31, 2024 (Results)	Balance as of Mar. 31, 2025 (Forecast)	Change
Total Assets	2,635	**2,740**	+105
Cash and deposits	319	**315**	-4
Trade receivables	303	**305**	+2
Tangible and Intangible assets	1,512	**1,600**	+88
Interest-bearing debt (including Lease obligations)	833	**895**	+62
Borrowings and Bonds	767	**825**	+58
Lease obligations	65	**70**	+5
Equity Capital	1,099	**1,140**	+41
Equity ratio	41.7%	**41.6%**	-0.1
D/E ratio	0.76	**0.79**	+0.03

- Expectation of an increase in tangible assets resulting from spending construction costs on the multi-tenanting of the Hakozaki Building

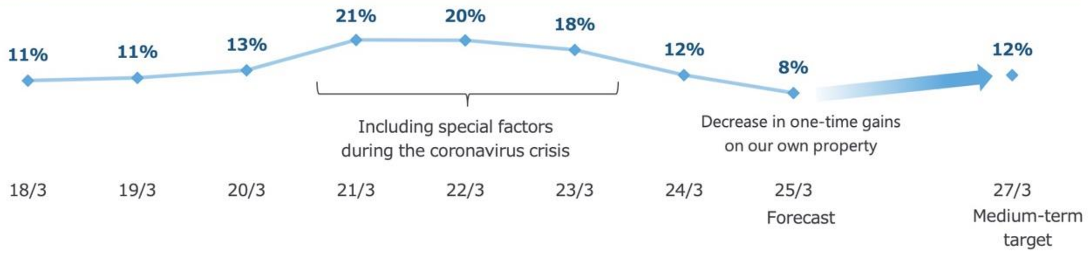
15

See page 15. I would like to explain the forecast for the balance sheet. The D/E ratio at the end of the fiscal year ending March 31, 2025, is expected to remain almost unchanged at 0.79 times. We will continue to control our balance sheet based on a D/E ratio of 1 times for a medium to long-term perspective toward the final year of the medium-term management plan, taking into account the balance of future growth investment plans and shareholder returns.

Concerning Return on Equity (ROE)

- **The Company has positioned ROE as one of the important management indicators in engaging in corporate management that is conscious of capital cost.**
- **Although ROE is expected to decline temporarily in FY2025, the Company aims to improve profitability to achieve ROE of 12%, that is the medium-term target, in FY2027.**

Changes in Capital Profitability（ROE）



Status of dialogue with shareholders/ investors regarding the Company's cost of equity and capital profitability (ROE)

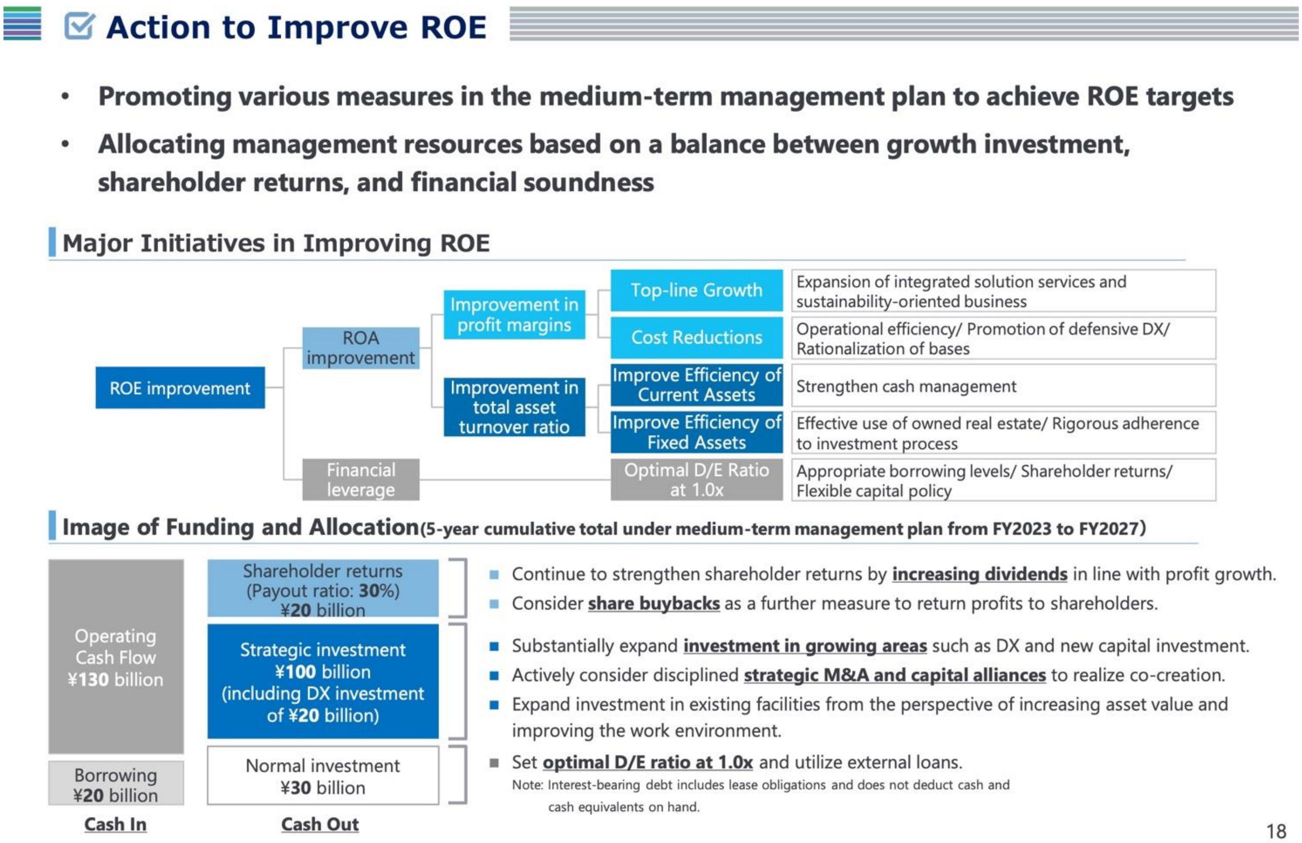
- Considering our most recent dialogue with shareholders and investors, the Company recognizes that ROE of 12%, the medium-term target, exceeds the cost of equity.
- Although each investor with whom the Company had dialogue had some gap in their recognition of expected rate of return, whose average was around 8.5%.
- Aiming to achieve ROE of 12% in FY2027, that is the final-year target of our medium-term management plan, the Company will work on various measures indicated in the medium-term management plan to improve capital profitability

17

See page 17. Finally, I would like to present our current management response to our cost of capital and awareness in stock price.

The Company executes management with an awareness of cost of capital and stock price in order to increase corporate value and considers ROE to be one of the most important management indicators. For the fiscal year ending March 31, 2025, we expect a temporary decline in ROE, but we will work on various measures to achieve the ROE target of 12% for the final year of the current medium-term plan.

During the past year, we have also had discussions with our shareholders and investors about the cost of capital. Our understanding from the dialogue is that the investors expect a rate of return between 7% and 10%, and our target of 12% ROE in the medium-term plan is above the cost of shareholders' equity.

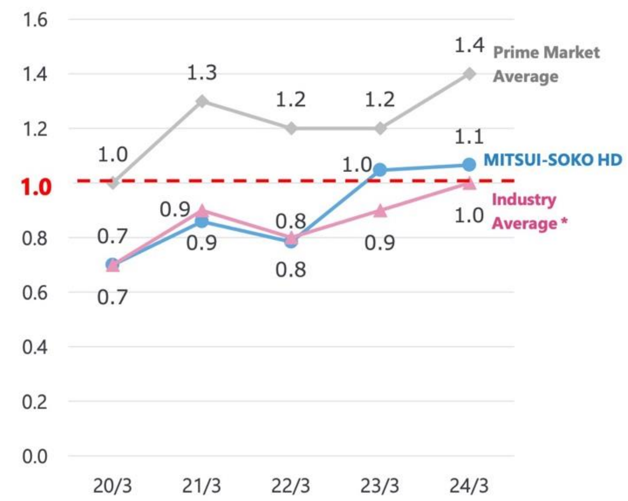


See page 18. The following is a tree of the various measures mentioned in our medium-term management plan, organized to improve ROE. We will not discuss the details of individual specific measures here due to time constraints, but we will work on various measures to improve ROE and aim to increase corporate value through appropriate allocation of management resources based on a balance between investment in growth, shareholder returns, and financial soundness.

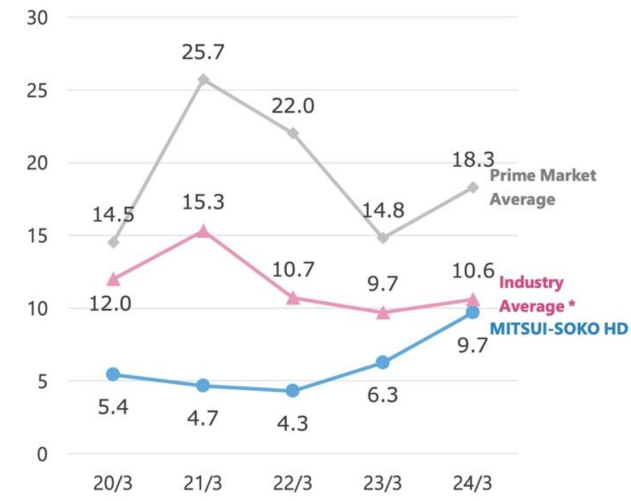
Concerning PBR/PER

- **PBR has been improved over the past five years, progressing at 1.0x or more as of March 31, 2024**
- **Continuing to strengthen dialogue and information disclosure with investors, aiming for evaluation of our mid-and-long-term growth potential and further improvement of PER**

Changes in PBR



Changes in PER



*Average of Warehousing, and Transportation Industries (Prime Market under Tokyo Stock Exchange)

19

See page 19. Although the stock price has been moving a bit soft recently after the earnings announcement, we would like to explain our perception of our stock price over a longer span of time, the last five years.

Over the past five years, the PBR of our stock has been gradually improving, and as of March 31, 2024, the PBR was over 1 times. We believe this is largely due to the fact that the Group has been working to improve profitability and has achieved improved performance in line with the implementation of its growth strategy.

On the other hand, the PER remains low compared to the average of the prime market. We will continue to engage in dialogue with investors and strengthen information disclosure in order to evaluate our medium to long-term growth potential and further improve our PER.

Dialogue with Shareholders and Investors

- **Dialogues on the main themes such as cost of capital, information disclosure, and shareholder returns.**
- **Feedback obtained from the dialogues is shared with the Board of Directors to discuss on how shareholder returns should be achieved.**

Main Topics of Dialogue with Shareholders and Investors

Main Theme	Main Dialogue	Main Action Based on Dialogue
Cost of Equity	• Our cost of equity (expected rate of return to the Company) and the basis for its calculation • Evaluation of ROE of 12%, the final-year target of mid-term plan	• Confirmed that the ROE target of 12% exceeds the rate of return that investors expect from the Company (approximately 7% to 10%) • Continue to promote various measures to achieve targets
Information Disclosure	• Disclosure of Business Results by Segment and Revenue Structure • Medium-Term Management Plan Measures and Future Growth Strategies • Human Capital	• Dialogue has been deepened to more essential content, such as management strategy and profit structure due to disclosure of business performance information as the basis for dialogue • Aggressive disclosure of information to improve evaluation of growth potential in the future
Shareholder Returns	• Volatility of Dividends per Share and Dividend Policy	• Return to shareholders based on feedback from shareholders and investors who do not wish to see volatility in dividend per share • Continuing to consider the balance between growth investment, shareholder returns, and financial soundness
Others	• Macro environment, Investment Plans, Impact of the multi-tenanting of real estate, etc.	

Implementation Status of Dialogue with Shareholders and Investors

Activities	Person in Charge	Number of Times
Financial Results Briefings	CEO, CFO, Each Executive Officer	4 times for a total of 195 companies
Individual IR interviews	CFO, Each Executive Officer, General Manager, Manager, IR and SR Personnel*	A total of 102 interviews
Institutional investors engagement	Each executive officer, general manager, Manager, IR and SR Personnel*	13 companies
Feedback to the Board of Directors	CFO provides feedback to the Board of Directors.	3 times

*Responding to shareholders' and investors' requests and themes of dialogue

20

See page 20. The following is the dialogue with shareholders and investors during the year ended March 31, 2024. The main topics of discussion included the cost of shareholders' equity, information disclosure, including the logistics business results by segments, and shareholder returns. I also report to the Board of Directors on the content of my dialogue with investors. When considering how to return profits to shareholders, we take into account the dialogue with investors.

We will continue to hold dialogues with shareholders and investors as needed. This concludes my explanation. Thank you very much.

Moderator: Next, Mr. Koga, President, will explain the progress of the medium-term plan 2022. President Koga, please.

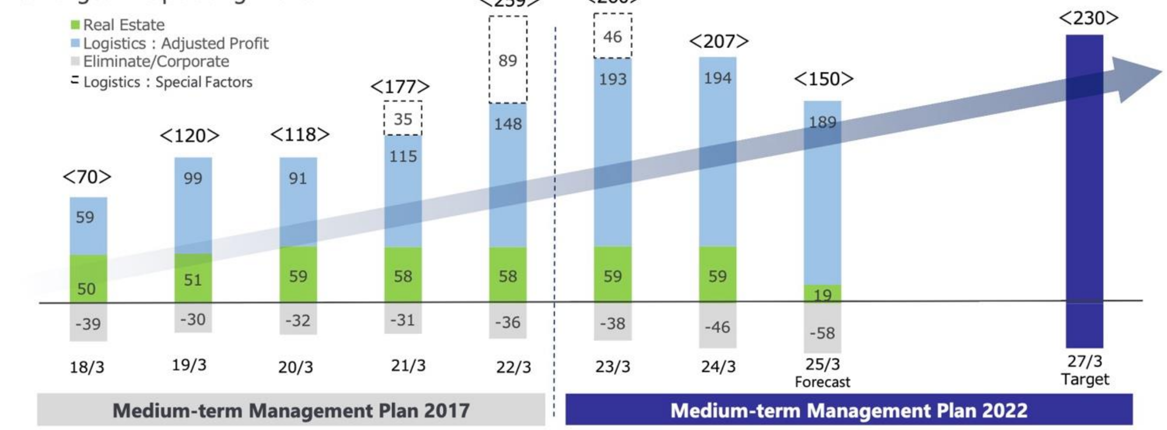
Koga: Hi, this is Koga. Thank you very much for joining us today. I would like to explain the progress of our medium-term management plan 2022, a five-year plan starting in the fiscal year ended March 31, 2023. First, I would like to explain our progress toward achieving our goals.

Medium-Term Management Plan 2022 Progress Status

✓ **Progress toward achieving numerical targets has been made within the expected range, including a one-time decrease in profit due to the replacement of some tenants in the real estate business.**

(Unit：100mil. yen)

<Changes in Operating Profit>



➤ **In FY2025, base earnings will be maintained amid weak cargo movement of customers, but operating profit will a one-time decrease due to the replacement of some tenants in the real estate business.**

➤ **Plan to increase operating profit to 23 billion yen for the final year**

- **Expansion of base earnings in the logistics business, Implementation of strategic investments, Progress in leasing of the real estate business, Elimination of one-time expenses**

Numerical Targets of Medium-Term Management Plan (FY2027)

Operating Revenue	**¥350** billion
Operating Profit	**¥23** billion
Operating CF	**¥30** billion

22

See page 22. As Nakayama explained earlier, we were in a difficult external environment in March 2024, where international logistics cargo movements remained sluggish.

Operating profit landed at JPY20.8 billion. For the fiscal year ending March 31, 2025, operating profit in the logistics segment is expected to be JPY18.9 billion, unchanged from the previous year. This is due to the loss of profit from a temporary increase in margins resulting from purchase control during the decline in freight rates in the fiscal year ended March 31, 2024, coupled with continued weak cargo movement across the industry.

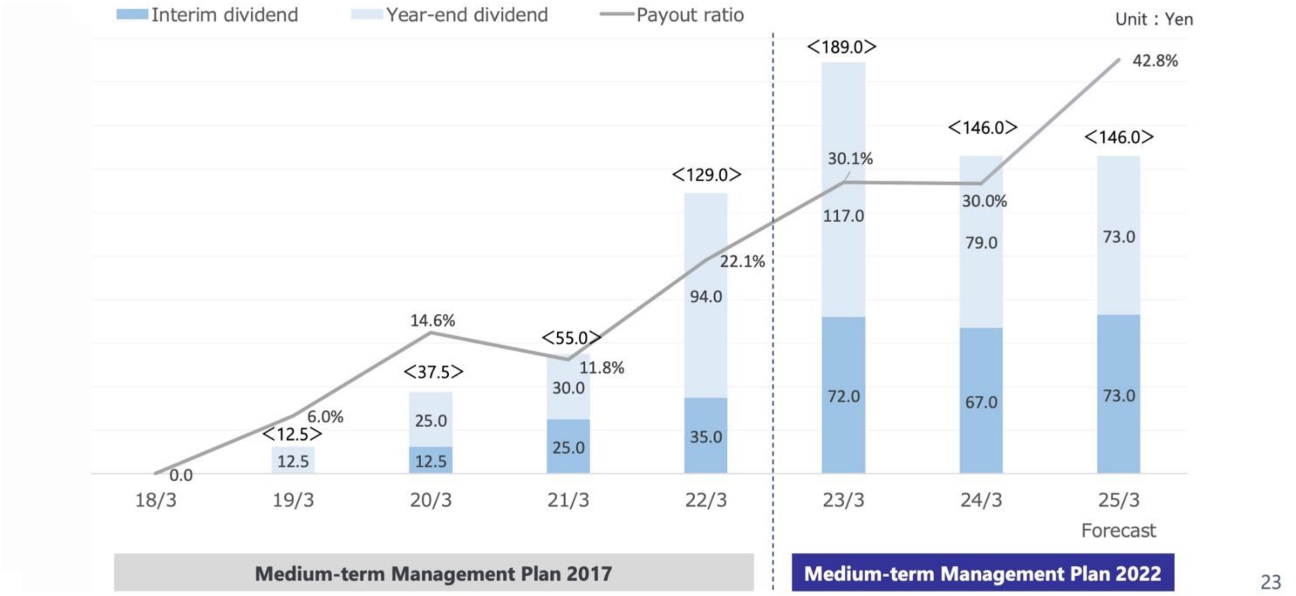
In the real estate business, we expect a one-time decrease of JPY4 billion due to tenant replacement and other factors. For the eliminate/corporate, we expect to incur upfront costs associated with the execution of DX investments.

As a result, overall consolidated profits will decrease by JPY5.8 billion from JPY20.8 billion to JPY15 billion. However, we recognize that we are generally progressing according to the medium-term plan, including temporary decreases in profits and expenses incurred.

Based on this, we will steadily achieve the final year numerical target of JPY23 billion in operating income for the fiscal year ending March 31, 2027, the final year of the plan. This will be accomplished by growing base earnings in the logistics business, implementing strategic investments, making progress in leasing in the real estate business, and eliminating one-time expenses.

Medium-Term Management Plan 2022 Shareholder Returns

- Maintain the dividend for FY2025 at the same level as for FY2024, taking into account the decrease in operating profit in the real estate business due to one-time factors, the progress of the medium-term management plan as a whole, and the viewpoint of stable dividend payment
- No change in dividend policy: Flexible dividends linked to our performance based on an annual dividend payout ratio of 30%



See page 23. I would like to explain our shareholder return policy. For the fiscal year ended March 31, 2024, we will pay a dividend of JPY146 per share for the full year, with a payout ratio of 30%, based on the dividend policy in the medium-term management plan. This is an increase of JPY4 from the dividend forecast at the end of Q3 and an increase of JPY12 from the initial forecast.

The dividend policy of the current medium-term management plan, which links dividends flexibly to business performance, is designed to appropriately return to shareholders the profits accumulated from growth strategies and those generated by special demand due to factors such as the spread of COVID-19 infection. We have no plans to change this dividend policy at this time.

On the other hand, for the fiscal year ending March 31, 2025, we intend to maintain the full-year dividend of JPY146 per share for the fiscal year ended March 31, 2024, taking into account that the decrease in profit is mainly due to transitory factors in the real estate business. We will be making steady progress toward the final year of the medium-term management plan, and also from the view of stable dividends.

As a result, the dividend payout ratio for the year ending March 31, 2025, is expected to be 42.8%.

As we enter the third year of the medium-term management plan 2022, I would like to explain our understanding of the business environment surrounding our company and the logistics industry. See page 24.

As you are all aware, the social environment is changing at a dizzying pace amidst increasing uncertainty, including heightened geopolitical risks, more severe disasters, and labor shortages. The logistics industry is also experiencing significant changes in the external environment. This includes the decentralization of bases and the adoption of multiple lines, accelerated moves toward local production for local consumption, and structural changes, including industry reorganization.

Under such circumstances, many companies are now reaffirming the risk of not being able to transport their products, and the momentum to review supply chains is now growing significantly. The value of just being able to transport goods for less money does not exist anymore. It is now required to play an additional role in responding to BCP, securing labor, reducing CO2 emissions and such. As companies redefine logistics as an important management issue, the social value of logistics is growing every day.

We are proud to say that we have made no mistakes in the direction of our growth strategy from the mid-term business plan 2017 to the current plan, and in our various efforts to date. We view the changes occurring in the supply chain environment as a significant business opportunity. We intend to further enhance our value by steadily implementing the growth strategies outlined in our medium-term management plan 2022.

Medium-Term Management Plan 2022 Specific Measures for FY2024

✓ **Accelerate business expansions in focused areas for top-line growth by mobilizing the Group's collective strengths**

Mobility

➤ **Expansion and development of bases and systems to prepare for changes in the industry structure**

- Acquired additional shares in a local joint venture company into a wholly-owned subsidiary, anticipating the expansion of the EV/HV market in China.
- Acquired new land near Chubu Centrair International Airport(Central Japan) to handle increased volume of automotive parts and prototypes.
- Started a plan to construct a new warehouse in Malaysia in response to an increase in the number of automotive parts-related customers handled overseas.

Healthcare

➤ **Building a new platform and undertaking new business with our strict quality control in the regenerative medicine field.**

- Developed a new service "PRIO PHARMA-QuickCare" to specialize in regenerative medicine products, which was the first time for a Japanese firm, in collaboration with ALL NIPPON AIRWAYS CO., LTD.
- Acquired a license to manufacture regenerative medicine products at the Kansai P&M Center. Services can now be provided at two locations in eastern and western Japan.
- New contract for domestic logistics operations related to an oncolytic adenovirus for cancer immunotherapy developed by Oncolys BioPharma Inc.

B2B2C

➤ **Expanded operations with an increasing demand for e-commerce, New business gained in the field of high fashion**

- Opened a large-scale logistics center integrated Transfer/ Distribution/ E-Commerce for consumer electronics retailers in the eastern Japan besides on the western Japan
- Aggressive investment in material handling systems at EC distribution centers
- Opened a distribution center in the Tokyo metropolitan area due to new business gained in the field of high fashion

25

From here, we will explain specific initiatives based on our growth strategy. See page 25. First, I would like to explain our initiatives for the fiscal year ended March 31, 2024, in the focus areas of the medium-term management plan 2022.

In the mobility field, we will continue to develop systems and storage bases for the expansion of handling both in Japan and overseas, with an eye on the future development of EVs and other factors.

In the healthcare sector, equipped with advanced quality control that adheres to various laws and regulations, we are actively working to acquire new permits and licenses. We are also collaborating with carriers to expand our services and are steadily growing our business in advanced medicine, including regenerative medicine and contracted logistics services for products.

In the B2B2C domain, we have invested in material handling systems and opened new offices, which has led to a steady increase in transaction volumes, supported by rising demand for e-commerce. Additionally, the acquisition of new customers is progressing.

We intend to continue to pursue our growth strategy initiatives and increase our presence in these focused areas.

Medium-Term Management Plan 2022 Specific Measures for FY2024

✓ **Promoting both expansion of sustainability-oriented business and establishment of a sustainable logistics system**

➤ **Expansion of sustainability-oriented business**

- Launched the world's first service for measuring corporate GHG/CO2 emissions per component in the international distribution of automotive parts, jointly with Toyota Tsusho Corporation.
- Four Companies Jointly Receive "Special Award" for Green Logistics Partnership by achieving reduced logistics CO2 emissions and the drivers' hours of duty due to changes to an international intermodal scheme

➤ **Acceleration of co-creation efforts to build next-generation logistics**

- Trunk line transportation services using self-driving trucks × T2
- Demonstration experiment of main line broadcast transport service "SLOC" × DENSO etc.
- Operation verification on the platform of joint transportation and delivery × NEC/Kao etc.
- Development of technology to improve port terminal operations efficiency × Hitachi / MITSUI E&S

➤ **Building overwhelming field capabilities**

- DX × GEMBA KAIZEN(Improve the front lines) : Installation of reception/reservation system, progress in systematization/standardization efforts
- Action on 2024 problem : Visualization of waiting to be loaded/ handling time and measures against truck G-men* have already been done.
- Addressing the policy package for logistics innovation : Promoted collection of appropriate fees and revision of two logistics-related laws throughout the Group

*Team established under the Ministry of Land, Infrastructure, Transport and Tourism in Japan to oversee freight owners and subcontractors to improve the working conditions for truck drivers.

26

I will continue with an explanation of our efforts to build sustainable logistics. See page 26. For our corporate clients, we were among the first one to develop a sustainability-responsive specialized service called SustainaLink.

In the fiscal year ended March 31, 2024, we will proactively support our customers in establishing stable supply chains, such as by launching a joint service with Toyota Tsusho Corporation to visualize GHG emissions. Also, four companies jointly won the Special Award for Green Logistics Partnership. We respond to ever-increasing CO2 reduction needs to acquire actual logistics.

In addition, the Group is pursuing various initiatives aimed at building a platform that will help solve social issues, such as the 2024 problem.

Specific examples for the fiscal year ended March 2024 include investing in T2, which aims to implement trunk line services using automated driving technology; participating in demonstration experiments to enhance the efficiency of relay transportation using swap-body containers and joint transportation and delivery using digital technology; and technological development to enhance port terminal operations. We are working to standardize the logistics industry and create new logistics services by collaborating with companies from other industries, leveraging our expertise.

In terms of enhancing our field capabilities, we are actively pursuing standardization and efficiency initiatives led by a specialized department. This is in line with our policy of improving field quality by combining human expertise and technological power.

We have already completed our response to the current regulations regarding the 2024 issue, and we will continue to improve the logistics labor environment and enhance quality with a dual focus.

I will continue with the progress of the value-up and multi-tenanting conversion of the MSH Nihonbashi Hakozaki Building in order to strengthen the earnings base of the real estate business. See page 27.

As for the Hakozaki Building, IBM has already signed a multi-year lease agreement for 10 floors, or approximately 40%, and they will continue to use the building as our core tenant. IBM continues to position this building as their main base in the Tokyo area and is optimizing the office layout, including renovations, to realize a variety of work styles.

We are taking advantage of this opportunity and proceeding with value-up work and multi-tenanting of the entire building and plans to invest approximately JPY10 billion in total. In addition, we have decided to relocate and consolidate the Tokyo area group offices on the three floors in the buildings as part of our efforts to unify the Group and reform our organizational culture.

In addition, we have already received many inquiries for 9.5 of new leasing floors, and we will continue to aim for full occupancy as soon as possible.

In conjunction with the relocation of our group office, we intend to newly lease the MSC Onarimon Building and the MSC Center Building in Shibaura, which are currently being used as our own buildings.

Medium-Term Management Plan 2022　Promotion of the Group's Integration

✓ **Group offices to be consolidated at MSH Nihonbashi Hakozaki Building, "the place of foundation"**

- The Tokyo offices of five companies, including the holding company, MITSUI-SOKO HOLDINGS Co., Ltd., will be relocated to three floors of the Hakozaki Building. The relocation is scheduled for May 2025.

➤ Implementing various measures for the top line growth by promoting the Group's integration and corporate culture reforms

- Based on the concept of “**an office that encourages interaction and generates stimulation**,” an office space will be created with full of stimulation and interaction.
- Strive to transform our corporate culture into one in which the Group employees with diverse DNA can interact across organizational and business boundaries, and in which vigorous communication occurs spontaneously
- Accelerate co-creation efforts within the group to further expand new business development and integrated solution services

28

Please continue to page 28. As reported earlier, we will consolidate the Group's offices in Nihonbashi Hakozaki, the site of our founding. We are currently exploring ways to adapt to the diversification of work styles and methods and to create a system that will facilitate internal co-creation. The relocation is scheduled for May 2025.

We plan to further unify the Group and reform the organizational culture. By consolidating employees with diverse DNAs who have joined the Group through M&A into a single office, we aim to foster more active communication. We expect this to enhance joint sales efforts and new business development among operating companies, leading to further expansion of the top line.

I will continue with an explanation of our efforts to enhance value for the various stakeholders involved in our group. See page 29. Since management which responses to various stakeholders, including investors, is essential for enhancing future corporate value, we are actively promoting information disclosure. This includes the Integrated Report, which we see as a prerequisite for such dialogue.

Our integrated report and corporate website are updated and improved annually. The impact of this enhanced disclosure has been highly recognized by external entities, including investment management institutions, as evidenced by our inclusion in the new index.

In addition, we are actively engaged in PR activities, such as expanding YouTube content and broadcasting a radio program planned and produced by the Company on TOKYO FM, in order to raise the Group's recognition as a comprehensive logistics company.

We will continue to enhance our information disclosure to help our stakeholders understand the value that our group has to offer, and we hope that you will take a look at them. In addition, we position human resources as a source of value creation. In the fiscal year ended March 31, 2024, we actively worked to strengthen our human capital by improving employee engagement, for example, by receiving certification as a Health & Productivity Management Outstanding Organization 2024 and expanding our internal awards system.

As mentioned above, the current logistics business environment is unpredictable, marked by rising costs and stagnant cargo movement since H2 of last year, along with the temporary impact of tenant replacement in the real estate business. Despite these challenges, the overall medium-term plan is generally progressing within the scope of the original expectations, including the anticipation that profit levels will bottom out this fiscal year.

As I mentioned at the beginning of this report, by the fiscal year ending March 31, 2027, which is the final year of the plan, we aim to steadily achieve our end-year profit target of JPY23 billion. We plan to do this by growing base earnings in the logistics business, executing strategic investments including digital transformation, making progress in leasing within the real estate business, and eliminating temporary cost increases.

With pride and responsibility as a part of social infrastructure, we are committed to not only maintaining uninterrupted logistics operations but also to continually refining our logistics to keep pace with the ever-changing times. We aim to drive and create change ourselves. By doing so, we will achieve sustainable growth of our group and meet the expectations of our shareholders, investors, customers, and society.

That is all from me. We would like to thank our investors once again for your support and look forward to your continued support. Thank you very much for your attention.

Question & Answer

Moderator [M]: Before we move on to the Question & Answer session, I would like to begin with questions that we are frequently asked following financial result briefings.

Participant [Q]: How long do you expect the inventory adjustment to last? Thank you.

Nakayama [A]: As you indicated, during the period of inventory adjustment, many business corporations had a large inventory on hand, including for response to BCP. At the time we were formulating the budget for the last fiscal year last March, we thought that the inventory adjustment would run its course around September of last year. However, this did not go as smoothly as we had hoped, and it is entering the current fiscal year.

However, based on recent trends and insights from customer interviews, we are observing signs of recovery in some cargo movements, although it naturally varies by region and cargo type. Consequently, we have developed our plan based on the assumption that this recovery will progress in H2 of this fiscal year. Therefore, in terms of sales and profits in H1 and H2, we have changed our view slightly from the previous pattern. We now expect that H2 of the fiscal year will be slightly thicker.

However, in the context of domestic logistics, cargo movements have been very active in a semiconductor manufacturer in Kyushu we have an agreement with, for example. We are concentrating on expanding storage space and increasing the top line to ensure we do not miss business opportunities. That is all.

Participant [Q]: Next question. Is it correct to understand that the dividend forecast of JPY146 for the fiscal year ending March 31, 2025, is the lower limit?

Koga [A]: Okay, I, Koga, will answer. As I explained earlier, we believe that the fiscal year ending March 31, 2025, will probably be the bottom of this medium-term plan in terms of profit. In this sense, we have not set a minimum limit for dividends, but we would like you to understand that, in principle, the minimum limit is JPY146, unless there are major changes in business assumptions, including in this medium-term plan. That is all.

Participant [Q]: Next question. Operation income of eliminate/corporate have ballooned to negative of JPY5.8 billion in the fiscal year ending March 31, 2025. Can you tell us whether they are expected to improve in the future?

Nakayama [A]: Okay, I, Nakayama will answer. The increase in the eliminate/corporate was mainly due to DX investments of JPY1.1 billion and expansion of human capital of JPY0.4 billion. While we intend to make these investments for future growth, we believe that the current fiscal year is the peak year in the current mid-term plan. This will gradually improve in the future. That is all.

Participant [Q]: Next question. What is the impact of the head office relocation on your business performance? Thank you.

Koga [A]: As I explained earlier, our group is planning to relocate our headquarters in May 2025, next year. Currently, of course, it is in the planning stage, and its impact on business performance will not be felt until the next fiscal year or later. Since this is a head office relocation and does not entail constructing a new building or similar activities, we do not expect it to have a significant impact on our business performance. If we have more detail, we would like to disclose it. That is all.

Moderator [M]: I would like to continue with questions we have received in advance.

Participant [Q]: In the real estate business, are there any changes in the business environment since the medium-term business plan was formulated, or has inflation made any impact? Thank you.

Koga [A]: I will answer your question. In the current real estate market, our observations indicate that the vacancy rate of large buildings is gradually declining. Regarding average rent in the market, we anticipate that rents will be about 10% higher than originally projected in the medium-term plan. This is due to a decrease in vacancy rates and rising construction costs, construction prices, and management costs driven by inflation.

In light of these factors, the leasing of our largest real estate property, the Nihonbashi Hakozaki Building, is progressing well. We are aiming for full occupancy at an appropriately early date, considering the rents in the surrounding market and other factors. That is all.

Moderator [M]: I will now move on to the Question & Answer session. Please provide your company name and your name when asking questions. Please ask your questions in one question-and-answer style. Now, does anyone in the audience have any questions? Person in the front row, I will bring the microphone to you. Please provide your affiliation and name.

Hamano [Q]: Thank you for your explanation. My name is Hamano from SMBC Nikko Securities. First of all, I would like to ask you about your real estate business plan for the current term. How do you factor in the assumed re-leasing of 9.5 floors for multi-tenants into the JPY3 billion decrease in income from the JPY4 billion decrease in income planned for the current term? I understand that you are making good progress with the re-leashing, but I would appreciate it if you could tell us how you are incorporating this into your plan for this fiscal year.

Koga [A]: There is a brief explanation about the tenants in the Hakozaki building. First of all, to your question, IBM is now re-renting for 10 floors starting this April. However, progress is also being made in other areas, and once agreements are finalized, tenants will begin their interior construction before moving in. Therefore, we expect the first contract to likely be signed in the fall or towards the end of the year.

In this context, of the current special factors totaling JPY4 billion, JPY3 billion is attributed to the building's negative performance. However, we anticipate a positive movement in the current fiscal year from retaining tenants, which is expected to contribute about JPY500 million this fiscal year. That is all.

Hamano [Q]: Thank you very much. The next question also about the real estate business. You mentioned that the total amount for renovation work over the next few years is projected to be about JPY10 billion. I would like to inquire about the risk that current inflation could increase construction costs, subsequently raising depreciation expenses and widening the profit loss margin. Could you discuss the potential risk of an increase in the investment amount?

Koga [A]: We have already contracted with a general contractor or equipment supplier for the JPY10 billion for renewal and restoration construction works. In this sense, for example, a new building takes quite a long time to build, but renewal work does not take that long. So, we do not expect any further increase in investment or depreciation due to such work. That is all.

Hamano [Q]: Thank you very much. One last question. Amid various industry restructuring moves, you have mentioned your investment in T2 and the additional acquisition of shares in a joint venture in China during this fiscal year. Could you provide an update on the current status and progress of additional investments in M&A and other areas?

Koga [A]: This is about M&A. We are always considering M&A strategies from various perspectives, regardless of business type, and we are currently receiving various inquiries. However, since this is M&A transactions, I cannot give specific details, but of course, we would like to continue to pursue M&A without narrowing the scope of our business. One thing to consider is that although there are a variety of areas in the logistics industry, I don't think that there are many synergies in the warehousing industry through M&A.

This means that neighboring warehouses cannot be made into one even if they are together, right? In short, sales would be cut in half. In this sense, we are considering M&A, including capital and business alliances with other logistics companies.

However, we have made a considerable number of M&A transactions over the past 10 years, and our specifications have been filled out considerably. Going forward, we aim to focus on increasing sales and profits as a comprehensive logistics company with our current specifications, while we will continue to pursue M&A without hesitation if it proves beneficial for us. That is all.

Hamano [M]: I understand very well. Thank you very much.

Moderator [M]: Does anyone have any other questions? Anyone? Now let us take some questions from online participants. The first question.

Participant [Q]: What is the progress of the JPY100 billion strategic investment execution? Thank you.

Koga [A]: Koga will explain about the investment. To review, we plan to invest JPY130 billion in total over the five-year period of this medium-term plan 2022. This means JPY100 billion for growth investment and JPY30 billion for maintenance and renewal costs.

As for the current progress, the first year of this medium-term plan to the end of the current fiscal year, March 2023, we expect to realize investments of approximately JPY69 billion. The breakdown is JPY36 billion for growth investment and JPY30 billion for maintenance and renewal investment. The portion of the balance sheet appropriation, which is about JPY44 billion, will be posted to the balance sheet. Growth investments amounted to JPY25.5 billion, stock acquisitions to JPY1 billion, DX to JPY13 billion, and so on.

Of that amount, we are also planning about JPY25 billion for operating leases. This is not shown on the B/S, but when we start distribution centers or other projects, acquiring facilities will be an option. However, we also have another option of strategic leasing of external warehouse which is JPY25 billion. Therefore, we believe that investment of JPY69 billion as of the end of March 2025 out of JPYJPY130 billion is progressing well so far. That is all.

Participant [Q]: Next question. Once the consolidation of the head office is completed, including the multi-tenanting and leasing of Hakozaki, will the profit of the real estate business increase compare to previous levels, taking into account the efficiency gains from the consolidation?

Koga [A]: The rent level in Hakozaki is not that much lower than what we leased to IBM in the past. However, up until now, the entire Hakozaki building had been leased to IBM, so for example, all the common areas and such were also leased.

If some of the space is designated for multi-tenant use, for instance, although the first floor may not be rented out, if a cafeteria for employees is established on the fifth floor, this area would become a common space where rent is not charged. Additionally, areas like the elevator floor, which previously generated rental income, will no longer do so as it becomes a shared space. Therefore, we expect the profit from real estate sales to be slightly lower than what has been achieved to date. Based on our previous estimates, we believe that it will be a downsizing of about JPY1 billion to JPY2 billion, but we believe that this can be fully absorbed in our growth strategy and we are making steady progress as planned. That is all.

Participant [Q]: Next question. The potential share buybacks is also incorporated in a policy of the current medium-term plan, but is there more room to consider share buybacks in a way that corresponds to the release of cross-shareholdings?

Koga [A]: Share buybacks are also an option, and we are currently considering it in light of our cash allocation and other factors. On the other hand, there is a growing trend to dissolve cross-shareholdings, especially those of financial institutions and non-life insurance companies. We would like to consider such a move in a flexible manner, without ruling out the possibility of combining it with a share buyback. That is all.

Participant [Q]: Next question. Am I correct in understanding that the increase and decrease in air cargo revenues and profits in your plan is due to the delay in passing on the increased freight rates? If so, is there a normal level of time lag in the transfer, or is the transfer delayed beyond normal? Thank you.

Nakayama [A]: Okay, I, Nakayama will answer. The current issue is the time lag in the actual market for applicable airfare tariffs, which is certainly a factor. On the other hand, we believe that in reality there is a significant impact on competitive conditions, although it depends on the route.

After all, when many players concentrate their pricing on a certain route, for example, with bids, they offer aggressive rates to secure business. On the other hand, when the market price rises to reflect the relationship between supply and demand, this kind of situation usually occurs. In such cases, being overly aggressive can lead to reduced or negatively impacted margins. However, by closely monitoring competitive conditions and market fluctuations which can be nerve-wrecking, we are attempting to maintain or maximize margins through meticulous operations. That is all.

Moderator [M]: Are there any other questions? Does anyone have more questions from the venue? How about from online? I will now conclude the Question & Answer session. This concludes the presentation of financial results for the fiscal year ended March 31, 2024. Thank you very much for your participation.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.