VALUE BEYOND LOGISTICS

MITSUI-SOKO GROUP

MITSUI-SOKO HOLDINGS Co., Ltd.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2025

August 7, 2024

Event Summary

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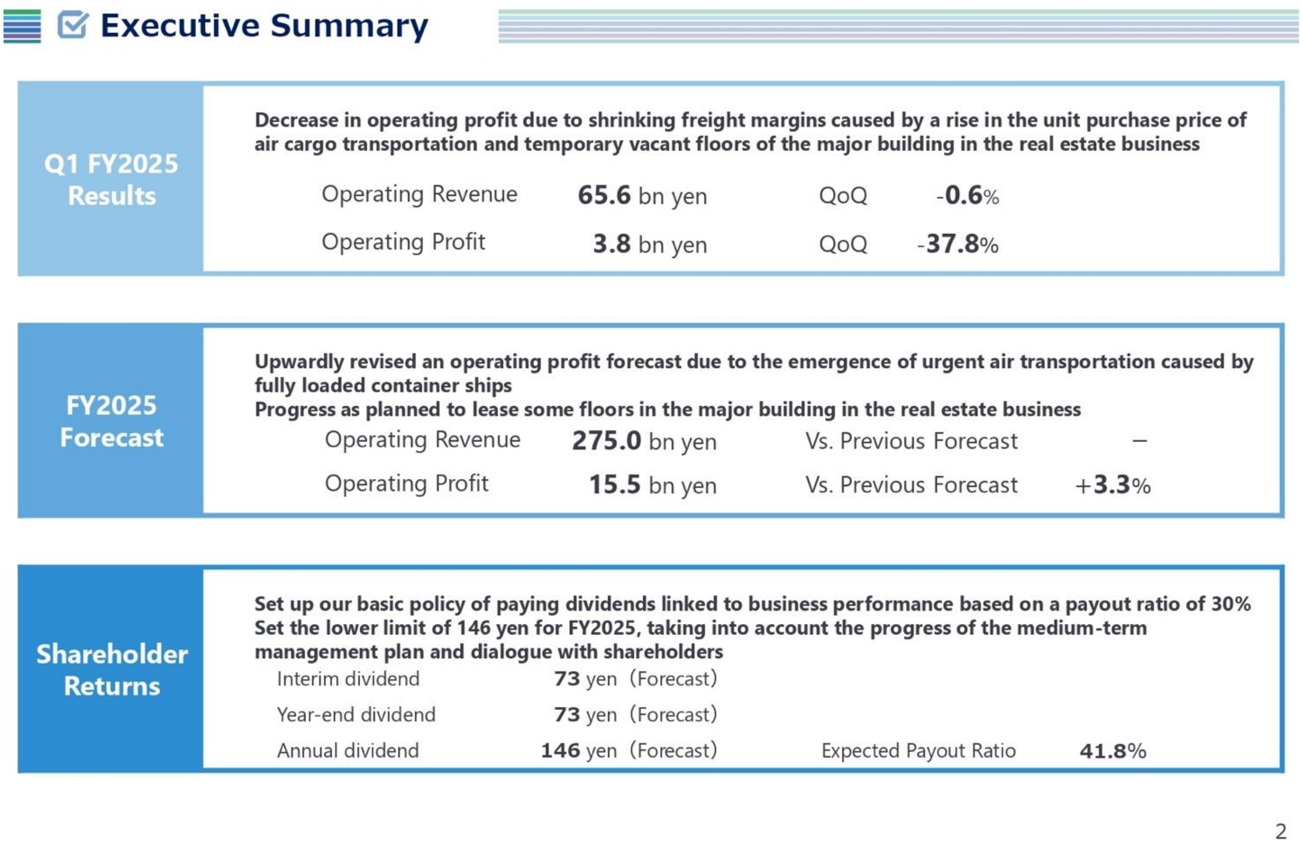
[Participants]	
[Number of Speakers]	1 Nobuo Nakayama — Representative Director, Senior Managing Director

Presentation

Moderator: Ladies and gentlemen, thank you for your very long patience. We would now like to begin a financial results meeting for Q1 of FY2025 of MITSUI-SOKO HOLDINGS Co., Ltd. Today's materials are available on the website of MITSUI-SOKO HOLDINGS. The URL of the materials is also available in the chat box at the bottom of the screen. If you have any questions, please click the Q&A button at the bottom of the screen. Please enter your question and click the submit button.

We will also conduct a survey today. After the Q&A session, the screen will switch to the survey input screen. Please enter the information on the screen that will appear. Thank you very much for your cooperation. Now, I would like you to begin. Mr. Nakayama, Representative Director, Senior Managing Director, please.

Nakayama: My name is Nakayama from MITSUI-SOKO HOLDINGS. Thank you very much for attending today's meeting. I will now explain the financial results for Q1 of FY2025, along with the materials.



Please see page two. First, I would like to provide a summary of Q1 results and the full-year forecast.

Details will be explained later, but Q1 results showed a decrease in operating profit due to shrinking freight margins caused by a rise in the unit purchase price of air cargo transportation and temporary vacant floors of the major building by the conversion to multi-tenant in the Real estate business.

With regard to the earnings forecast, we have revised upward for H1 forecast, mainly due to the emergence of urgent air transportation caused by fully loaded container ships, which was not incorporated in the initial plan. The full-year forecast has also been revised to reflect only the upward swing in H1.

Summary of Q1 FY2025 Financial Results

- **International cargo movement remained unchanged due to a lull in customers' inventory adjustment**
- **Decrease in operating profit due to not only shrinking freight margins caused by a rise in the unit purchase price of air cargo transportation but also temporary vacant floors of the major building in the real estate business**

(Unit: 100 mil. yen)

Total Consolidated	Q1 FY2024 (3 months)	Q1 FY2025 (3 months)	Change	Change(%)
Operating Revenue	660	**656**	-4	-0.6%
Operating Profit	62	**38**	-24	-37.8%
(Operating profit margin)	9.3%	**5.8%**	-3.5pt	—
Ordinary Profit	65	**40**	-25	-38.8%
Profit attributed to owners of parent	38	**30**	-8	-21.3%

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Please see page four.

As for Q1 results, as shown in the materials, operating revenue was almost unchanged and operating profit decreased from the same period of the previous year. International cargo movement remained unchanged due to a lull in customers' inventory adjustment, but we had a decrease in operating profit due to not only shrinking freight margins, but also a temporary decrease of rent income in the Real estate business.

Financial Results by Segment

(Unit: 100 mil. yen)

Segment	Q1 FY2024 (3 months)	Q1 FY2025 (3 months)	Change	Change(%)
Operating Revenue	660	**656**	-4	-0.6%
Logistics business	640	**645**	+5	+0.7%
Warehousing/Port transportation	307	**320**	+13	+4.1%
Airfreight forwarding(FWD)	105	**90**	-15	-14.0%
3PL/LLP	190	**199**	+9	+4.6%
Land transportation	69	**67**	-2	-4.0%
Elimination of intra-group transactions	-31	**-30**	+1	—
Real estate business	22	**13**	-9	-38.2%
Eliminate/Corporate	-2	**-2**	-0	—
Operating Profit	62	**38**	-24	-37.8%
Logistics business	59	**46**	-13	-21.6%
Warehousing/Port transportation	20	**17**	-3	-13.9%
Airfreight forwarding(FWD)	20	**8**	-12	-61.0%
3PL/LLP	15	**18**	+3	+15.9%
Land transportation	4	**5**	+1	+3.1%
Elimination of intra-group transactions	-1	**-1**	-0	—
Real estate business	13	**4**	-9	-72.8%
Eliminate/Corporate	-11	**-12**	-1	—

- Increase in revenue due to a rise in freight rates, mainly in America and Europe
- Increase in revenue due to the launch of new high-fashion logistics operations and an increase in handling of e-commerce logistics

- Despite rising freight rates on some routes due to a shift from ocean to air caused by fully loaded container ships, handling of automotive-related cargo remained sluggish.

- Launching cost for a new operations base in Europe, etc.

- Shrinking profit margins amid rising freight rates in the current fiscal year compared with expanding profit margins amid falling freight rates in the previous fiscal year

- Increase in handling of semiconductor logistics in the Kyushu region (Southwest Japan)

- Improved loading efficiency, etc.

- Temporary vacant floors due to tenant replacement in the major building

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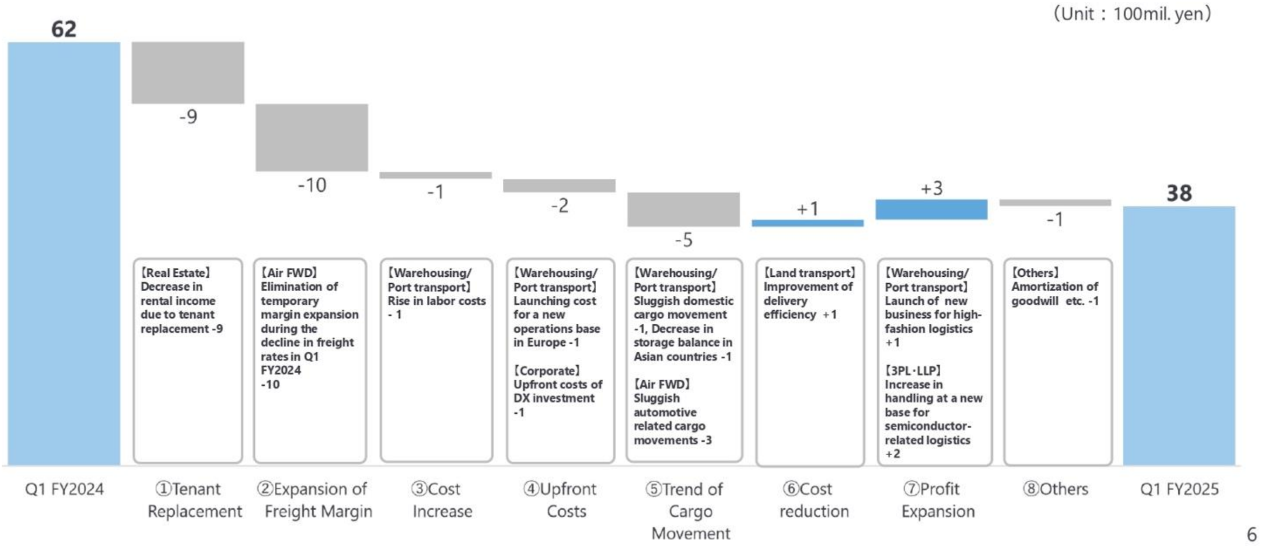
Please see page five. I would like to explain our business performance by segment.

Please see operating profit in the bottom row. In Warehousing/Port transportation, although handling volume was on the increase, because of the launch of new high-fashion logistics operations, etc., profit declined, partly due to launching cost for a new operations base in Europe, etc.

As explained at the beginning, Airfreight forwarding profit decreased mainly due to a contraction of margins. In 3PL/LLP, profit increased due to an increase in the handling of semiconductor logistics in Kyushu region. In the Real estate business, as I mentioned earlier, profit decreased due to the tenant replacement.

Main Factors of Changes in Operating Profit

- One-time decrease in rental revenue due to tenant replacement of the major building in the real estate business
- Import/export and automotive-related cargo movements remained sluggish with temporary margin expansion amid falling freight rates in H1 FY2024 having been eliminated
- Contributed to expand profit in our focused areas due to the launch of new high-fashion logistics operations and an increase in handling of semiconductor-related cargo



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Please see page six. I will now explain the factors of changes in operating profit.

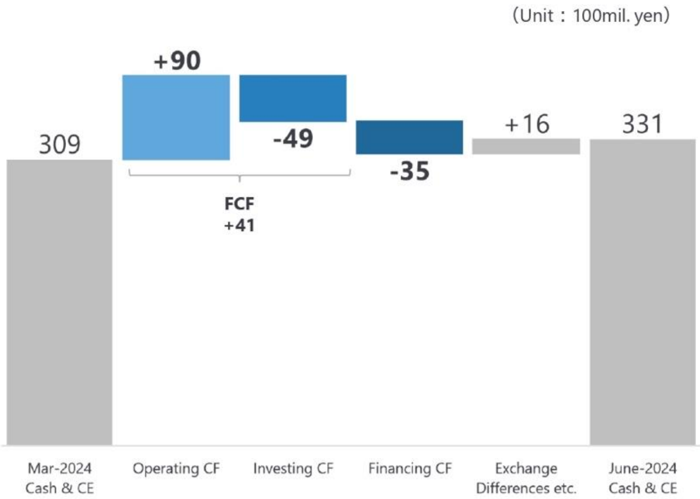
Please see the step chart. (1) and (2) are the decrease in profit due to Real estate and Airfreight forwarding, as I mentioned earlier. Cost factors included (3) an increase in labor costs and (4) launching costs for the new operation base.

As for the trend of cargo movement in (5), trade cargo movement in Japan remained sluggish, and overseas, mainly in Southeast Asia, the storage balance remained weak. International transportation of automotive-related cargo also declined compared with the same period of the previous year.

In addition to the progress of cost reduction efforts such as improvement of delivery efficiency in item (6), handling at the high-fashion logistics I mentioned earlier and at the new base for semiconductor-related logistics in Kyushu region, which was newly established last year, increased in item (7). Despite the severe business environment and transient negative factors, efforts to increase profit are steadily progressing in focused areas.

Cash Flow Status

- **Operating cash flow (CF) resulted in a net cash inflow of 9.0 bn yen mainly due to net income**
- **Investment in both the multi-tenanting of the Hakozaki Building and in software based on DX strategy, and acquisition of additional shares in a joint venture in China**



Major Breakdown of Cash Flows

• **Operating CF**	:	**+90**
Profit before income taxes	:	+45
Depreciation/Amortization of goodwill	:	+26
Decrease (increase) in trade receivables/ trade payables	:	-17
Income taxes paid	:	-18
• **Investing CF**	:	**-49**
Capital investment	:	-40
Software investment	:	-7
Stock acquisition	:	-4
(Subtotal) Free cash-flow	:	**+41**
• **Financing CF**	:	**-35**
Change in borrowings and bonds (Net)	:	5
Dividends paid	:	-20
• **Total of Change in Cash and Cash Equivalents**	:	**22**

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Please see page seven. The following is an explanation of the cash flow situation.

Operating cash flow was a net cash inflow of JPY9 billion, as shown here. Investing cash flow was a cash outflow of JPY4.9 billion due to value-increase work on the Hakozaki Building and the acquisition of additional shares in a joint venture in China.

Free cash flow was mainly used to pay dividends, and financing cash flow was a cash outflow of JPY3.5 billion.

Balance Sheet Status

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

(Unit: 100 mil. yen)

Total Consolidated	Balance as of Mar. 31, 2024	Balance as of June 30, 2024	Change
Total Assets	2,635	**2,750**	+115
Cash and deposits	319	**338**	+19
Trade receivables	303	**316**	+13
Tangible and Intangible assets	1,512	**1,532**	+20
Interest-bearing debt (including Lease obligations)	833	**838**	+5
Borrowings and Bonds	767	**773**	+6
Lease obligations	65	**64**	-1
Equity Capital	1,099	**1,143**	+44
Equity ratio	41.7%	**41.6%**	-0.1
D/E ratio	0.76	**0.73**	-0.03

- Goodwill +1.0 bn yen

- Reasons for the change in equity capital:
  Net Income +3.0 bn yen
  Dividends -2.0 bn yen
  Exchange differences +2.4 bn yen
  Unrealized gains on securities +1.0 bn yen

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Please see page eight. I would like to explain the status of our balance sheet.

The D/E ratio improved to 0.73x due to the accumulation of profits and the impact of foreign exchange rates. We have now secured sufficient surplus capacity for future investment execution.

Summary of FY2025 Financial Forecast

- Upwardly revised the H1 FY2025 forecast resulting from exceeding the operating profit forecast announced in May (Revised full-year forecast reflects only the higher-than-expected profit in H1 FY2025)
- Strong performance resulting from a rise in freight rates on some routes due to a shift from ocean to air caused by fully loaded container ships
- Increase in handling of semiconductor-related logistics in the Kyushu region (Southwest Japan)
- Progress of measures for appropriate fee collection and efficiency earlier than expected
- Progress as planned to lease some floors of the Hakozaki Building in the real estate business

(Unit: 100 mil. yen)

Total Consolidated	Q1 FY2025 Actual	H1 FY2025 Previous Forecast	Progress	H1 FY2025 Revised Forecast	Vs. Previous Forecast	FY2025 Revised Forecast	Vs. Previous Forecast
Operating Revenue	656	**1,350**	48.6%	**1,350**	—	**2,750**	—
Operating Profit	38	**72**	53.2%	**77**	+5	**155**	+5
Ordinary Profit	40	**67**	59.6%	**73**	+6	**148**	+6
Profit attributed to owners of parent	30	**44**	67.6%	**46**	+2	**87**	+2

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I will now explain FY2025 financial forecast. Please see page 10 of the material.

Current performance has exceeded expectations of H1 forecast announced in May. As a result, we have made an upward revision on our H1 forecasts. As explained at the beginning, this is mainly due to the emergence of urgent air transportation demand caused by fully loaded container ships on some routes. The full-year forecast has been revised to reflect only the upward swing in H1, leaving H2 forecast unchanged.

Financial Forecast by Segment

(Unit: 100 mil. yen)

Segment	Q1 FY2025 Actual	H1 FY2025 Previous Forecast	Progress	H1 FY2025 Revised Forecast	Vs. Previous Forecast	FY2025 Revised Forecast	Vs. Previous Forecast
Operating Revenue	656	1,350	48.6%	1,350	—	2,750	—
Logistics business	645	1,322	48.8%	1,322	—	2,689	—
Warehousing/Port transportation	320	662	48.3%	662	—	1,354	—
Airfreight forwarding(FWD)	90	191	47.1%	191	—	400	—
3PL/LLP	199	390	50.9%	390	—	782	—
Land transportation	67	135	49.4%	135	—	268	—
Elimination of intra-group transactions	-30	-56	—	-56	—	-115	—
Real estate business	13	30	44.8%	30	—	66	—
Eliminate/Corporate	-2	-2	—	-2	—	-5	—
Operating Profit	38	72	53.2%	77	+5	155	+5
Logistics business	46	89	52.2%	94	+5	194	+5
Warehousing/Port transportation	17	35	48.6%	36	+1	79	+1
Airfreight forwarding(FWD)	8	16	49.8%	18	+2	37	+2
3PL/LLP	18	31	57.2%	33	+2	65	+2
Land transportation	5	8	57.3%	8	—	15	—
Elimination of intra-group transactions	-1	-1	85.9%	-1	—	-2	—
Real estate business	4	8	43.9%	8	—	19	—
Eliminate/Corporate	-12	-25	46.6%	-25	—	-58	—

- Curb the impact on cost increases due to the progress of appropriate fee collection earlier than expected
- Shift from ocean to air transportation (caused by fully loaded container ships)
- Increase in handling of semiconductor logistics
- Progress of our efforts of efficiency improvement
- Tenant replacement in the Hakozaki Building progressing as planned toward an occupancy rate of about 75% at the end of the fiscal year ending March 2025

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Please see page 11. I would like to explain the forecast by segment.

Please look at the operating profit in the bottom row. By segment, we raised our profit forecasts for Warehousing/Port transportation, Airfreight forwarding, and 3PL/LLP in the Logistics business.

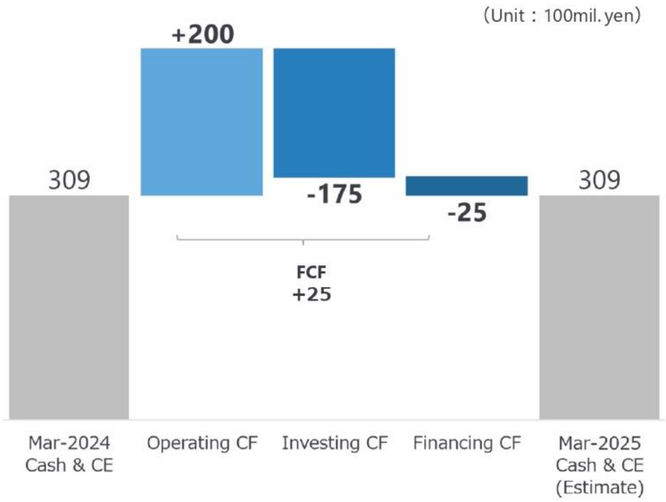
In Warehousing/Port transportation, we had anticipated a certain degree of cost increase impact in the initial forecast, but efforts to optimize rates received from customers progressed ahead of schedule, and the impact of cost increase was less than expected.

Profit for Airfreight forwarding, as I mentioned earlier, has increased due to the impact of fully loaded container ships. In 3PL/LLP, handling of semiconductor-related logistics was stronger than planned.

Finally, I would like to explain the leasing progress of the Hakozaki Building in the Real estate business after its conversion to a multi-tenant building. We plan to have an occupancy rate of approximately 75% at the end of FY2025. To date, leasing activities are progressing smoothly in line with this plan, and we expect full-year results to be in line with our previously announced forecasts.

Cash Flow Forecast

- **Expect Operating cash flow (CF) to be a net cash inflow of 20.0 bn yen**
- **Expect construction costs on the multi-tenanting of the Hakozaki Building as well as investment in DX and in logistics facilities for newly expanded establishment or maintenance/ renewal**



Major Breakdown of Cash Flows（Forecast）

• **Operating CF**	:	**+200**
Depreciation/Amortization of goodwill	:	+110
• **Investing CF**	:	**-175**
Capital investment	:	-140
Software investment	:	-30
Stock acquisition	:	-5
（Subtotal）Free cash-flow	:	**+25**
• **Financing CF**	:	**-25**
Change in borrowings and bonds（Net）	:	+40
Dividends paid	:	-38
Payment of lease obligations and others	:	-27
• **Total of Change in Cash and Cash Equivalents**	:	**±0**

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Please see page 12. I would like to explain our cash flow forecast.

Within the forecast for investing cash flow, we included capital investment of JPY14 billion. In addition to the DX investment, the Company expects to incur expenditures through investment in new and expanded logistics facilities and implementation of value-increase work at the Hakozaki Building.

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 (Actual)	Balance as of Mar. 31, 2025 (Forecast)	Change
Total Assets	2,635	**2,790**	+155
Cash and deposits	319	**330**	+11
Trade receivables	303	**315**	+12
Tangible and Intangible assets	1,512	**1,570**	+58
Interest-bearing debt (including Lease obligations)	833	**870**	+37
Borrowings and Bonds	767	**805**	+38
Lease obligations	65	**65**	-0
Equity Capital	1,099	**1,180**	+81
Equity ratio	41.7%	**42.3%**	+0.6
D/E ratio	0.76	**0.74**	-0.02

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

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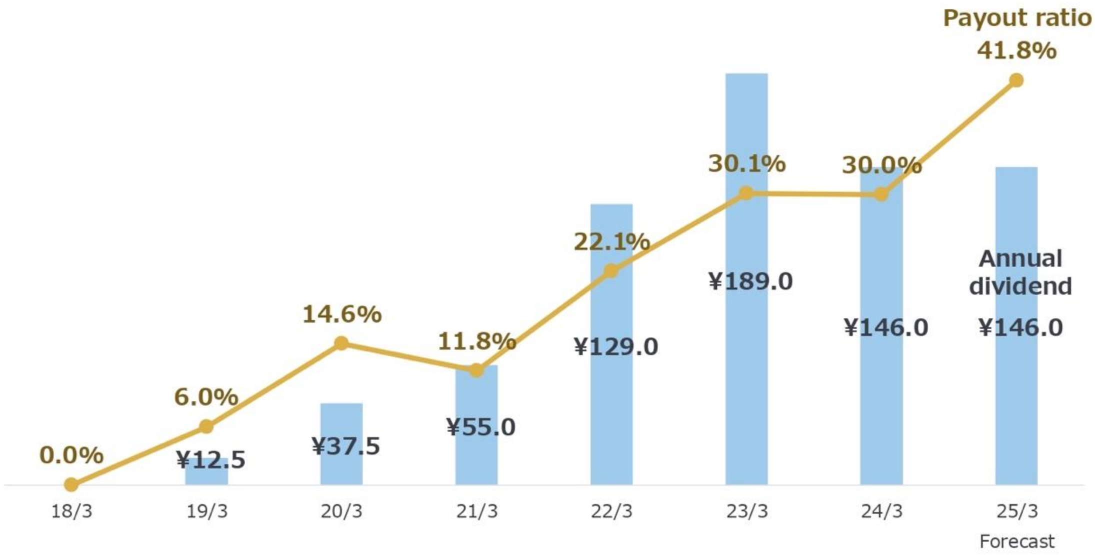
Please see page 13. I would like to explain the forecast for the balance sheet.

The D/E ratio at the end of FY2025 is expected to be 0.74x, almost unchanged from the end of the previous fiscal year. We will continue to control our balance sheet based on a D/E ratio of 1.0x from a medium-term perspective toward the final year of the medium-term management plan, taking into account plans for future growth investments and the balance of shareholder returns and other factors.

Shareholder Returns

- **Continue to strengthen shareholder returns by increasing dividends in line with profit growth**
  Dividend policy: Flexible dividends linked to our performance based on a payout ratio of 30%
- **Set a minimum annual dividend of 146 yen per share in terms of a stable dividend, although an one-time decrease in profit is expected in FY2025 due to the multi-tenanting of owned real estate**



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Please see page 15. I would like to explain our shareholder return policy.

The Company pays dividends flexibly linked to business performance, based on an annual dividend payout ratio of 30%. This is intended to provide shareholders with a flexible return of profit growth associated with the implementation of the Company's growth strategy. For FY2025, although a one-time decrease in profit is expected, the Company has set a minimum dividend of JPY146 per share from the viewpoint of stable dividends, based on dialogue with shareholders.

This concludes my explanation. Thank you for your attention.

Question & Answer

Moderator [M]: Before we move on to the Q&A session, I would like to first introduce questions that we often receive after the announcement of financial results. Here is the first question.

Participant [Q]: The upward revision has been made this time, but does it reflect only the upward revision of Q1 results? Does this include the upward revision of Q2 forecast?

Nakayama [A]: Okay, I will answer. The majority of this revision reflects the upward revision of Q1 results. We have not factored in the revisions for Q2 and beyond, including H2 of the fiscal year, as there are many uncertainties in these revisions.

For the current outlook for fully loaded container ships, as you know, global marine and air transportation depend on how the situation of the Suez Canal or the Panama Canal will change in the future, what the future of port labor negotiations in Canada, the US, and the East Coast will look like, what will happen to the supply and demand for empty containers, or the future of the supply-demand relationship for how new container vessels will be deployed. More basically, many shippers have built up a large amount of inventory in the COVID-19 pandemic. In these circumstances, there is a possibility that some parts and materials may not be available in time for changes in sales and production.

Looking at July, we received a number of inquiries from customers regarding whether or not we would be able to provide emergency air transportation in such cases, or how we would respond to the situation.

We expect to have a better outlook on this point at the end of Q2, when we close H1 of the fiscal year, and we would like to share this information with you at that time. That is all.

Participant [Q]: Next question. Regarding the Real estate business, how is the leasing situation for the Hakozaki Building?

Nakayama [A]: Okay, I will answer. First, with regard to the leasing situation of office buildings in central Tokyo, the vacancy rate has fallen slightly. Rents are rising slightly, which means tailwind for us from our leasing sales perspective. In this context, we have been strongly developing leasing activities.

We currently plan to fill approximately 75% of the leasable area of the Hakozaki Building by the end of FY2025, and based on the progress to date, we will be able to achieve it. The progress is on track. We intend to disclose information on this situation as it becomes available. That is all.

Moderator [M]: I will now move on to the Q&A session. If you have any questions, please click the Q&A button. Please enter your question and click the submit button. Please note that we may not be able to answer all questions due to time constraints. We appreciate your understanding. Here is the first question.

Participant [Q]: What is your outlook for Q2 and beyond in terms of overall cargo movement and the progress of price revisions?

Nakayama [A]: I will answer. As for cargo movements, when we prepared the budget for this fiscal year in March, we expected a recovery to start at the end of H1, around September. Accordingly, the budget for H2 was made to have higher figures than that for H1.

Looking at domestic and international cargo movements in Q1, there were variations by region, but we feel that they were bottomed out. However, we believe that we still need time to determine how active it is and if it is sustainable.

Regarding the areas where cargo movements are strong in Japan, as you know, consumption and purchasing have not recovered well due to rising prices, but among consumer goods, air conditioners, for example, have been performing very well although they normally stop moving around this time in August. We feel that this movement will continue with the extremely hot summer.

In the field of semiconductors, new investment in Kyushu and Hokkaido regions is progressing rapidly, and production at existing facilities is also very strong, so our business in Kyushu has been solid as well.

Then, looking overseas, Europe is not bad. The US consumer market is still strong, to say the least. I think one key point is whether the economy will sustain itself amid discussions of interest rate cuts, etc. in the future.

In China, the government has been working to restore the real estate slump, and although the consumer goods sector has been a bit weak, there are signs of a partial recovery from around July. However, China itself is trying to boost its economy through an export, and is putting a great deal of effort into exports to Europe, the US, and Asia.

We are a little concerned about Southeast Asia, as we think the region is a little slow on a global scale. However, as you know, while the foreign exchange and financial markets are in a state of confusion and turbulence, we will continue to execute management while keeping a close eye on how it will impact consumption and production.

On the other hand, with regard to cost increases, labor costs have steadily risen both in Japan and overseas, and our vendors have asked us to revise their fees in light of these increases, and we have responded to some of their requests. It means that we also ask our customers to accept on cost increase on our side.

However, simply passing on the higher costs as they are will not work well in this world, so vendors and we will work together to improve efficiency. We and our customers will work together to improve efficiency. In this context, I think the pace of fee revisions has somewhat picked up in the current fiscal year.

We will not relax these efforts after Q2, and we believe that costs will not fall, so we will continue our efforts to improve efficiency and negotiate price revisions. That is all.

Participant [Q]: Next question. Do you feel that your business opportunities are expanding as a result of manufacturers' logistics reformations?

Nakayama [A]: I will answer. As I may have mentioned before, during the COVID-19 period, many manufacturers were faced with distortions and suspension in their global supply chains, and were unable to deliver or produce goods. While they responded to the situation in various ways, I believe that there has been considerable progress in reviewing the importance of logistics.

However, as I mentioned earlier in the section on fully loaded container ships, the market environment surrounding global logistics is changing very rapidly, and it is difficult to find the perfect response to these changes.

This is where the know-how and wisdom of logistics companies can be utilized, and we not only consult with customers on response to fully loaded container ships, but also review domestic logistics and the underlying commercial distribution system. We are aware that new business opportunities have emerged for our proposal-based sales. We understand how capturing the opportunities will greatly affect our business performance, and we are working on it as a whole.

I am not sure if I have answered your question, but that is all.

Participant [Q]: Next question. Are you the only company to capture the demand caused by fully loaded container ships? Or is it happening in the air cargo market as a whole?

Nakayama [A]: Okay, I will answer. In the past, major players in airfreight forwarding have dealt with the demand by fully loaded container ships. However, as for the current situation, manufacturers have increased their inventories, including distribution inventories, local production material inventories, and product inventories to some extent, so there is not yet a large demand by fully loaded container ships.

It's very hard to forecast how much of this will occur in the future, but one thing to note is whether the customer has a large amount of inventory on hand for all the materials. For example, a chemical manufacturer told us that local stocks of some of the catalysts needed for production were running low and that products would not be able to meet the delivery target by ship, so we were consulted and we flew them out.

In the end, it all depends on how our customers respond to changes, so we are working, using our past experience, to obtain information quickly and to speed up and diversify our procurement process so that we can help our customers respond to change and meet all their needs.

It is difficult to see what the future holds, but if there is such a need, we will certainly work on it. That is all.

Moderator [M]: If you have any questions, please use the Q&A button at the bottom of the screen. Please enter your question and click the submit button.

We have no more questions. Senior Managing Director Nakayama, please.

Nakayama [M]: Yes. Well, thank you very much for your time today.

Moderator [M]: Finally, we would like to ask for your cooperation in filling out the survey. The screen will switch to the survey entry screen after the briefing. Please fill in the form on the screen that appears. This concludes the presentation of the financial results for Q1 of FY2025 for MITSUI-SOKO HOLDINGS. Thank you for joining us today.

[END]

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Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
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