

02 Management Message

Refining the Group's Comprehensive Strengths to Build a Brighter Future for the Logistics Industry

We will further strengthen Group cohesion by integrating headquarter functions for each Group company. By providing an optimal mix of comprehensive logistics functions across land, sea, and air, we will pursue new potential for logistics while enhancing our corporate value.

Hirobumi Koga

Representative Director
President Executive Officer and Group CEO

Message from the President and Group CEO

Returning to Our Roots in Nihonbashi Hakozaki

In May 2025, the Mitsui-Soko Group integrated the headquarter functions of its Group companies, which were previously scattered across Tokyo, into Nihonbashi Hakozaki, a key transportation hub for the Tokyo metropolitan area. The site where the MSH Nihonbashi Hakozaki Building now stands, redeveloped from the former headquarters and warehouse of Mitsui-Soko, is the birthplace of our Company. This marks a return to our roots after an absence of 40 years. This relocation was not simply a physical move. It was both a turning point in our development into a global comprehensive logistics company through dynamic M&A activities, and also a statement of our resolve to embark on a new voyage of transformation as a truly united Group under the "One Mitsui-Soko" banner.

Our new office concept calls for innovation through interaction and stimulation. By bringing headquarter functions together in a single location, we aim to speed up decision-making and foster free and open communication across organizational and business barriers, and elevate Group management to a higher level. The decision to relocate was inspired by the enthusiasm and commitment of the young employees who will one day lead the Mitsui-Soko Group. We heeded and believed them when they told us that this was the right time to unite, and that there would never be another opportunity like this.

The Mitsui-Soko Group encompasses companies with different histories, cultures, strengths, and fields of specialization. By facilitating seamless collaboration among these diverse companies, we will further enhance the integrated potential of the Group. This

collaboration will also be a powerful driving force for our future growth. People with diverse backgrounds, knowledge, and values now meet every day in one place and share their wisdom. I am confident that the resulting chemistry will be the starting point for our evolution toward a brighter future.

Transforming Logistics from a Cost Factor into a Management Strategy that Determines Corporate Competitiveness

Changes in the Mitsui-Soko Group's business environment over the past few years have exceeded all expectations, and the future outlook remains unpredictable due to emerging geopolitical risks, rapid technological advances, and other factors. Recently, developments relating to the tariff policies of the Trump

Administration in the United States have had a major impact on the world economy. The logistics sector is also feeling the effects of these changes. In the longer term, there is a risk of a general slowdown in logistics due to the division of the world economy into blocs as a result of tariff policies. However, this situation could also be a major turning point for our business. In the past, temporary downturns in cargo flows due to tariff policies have triggered new developments, such as increased demand for warehouse storage in Southeast Asia as customer needs shift from logistics to storage.

Business sector thinking about supply chains is starting to change fundamentally in this environment of instability and uncertainty. As a consequence of the COVID-19 pandemic and international conflicts, supply chain disruptions are now widely recognized as a threat to business continuity itself. I find myself

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engaging in direct discussions with the top management of various companies more frequently. It would be no exaggeration to say that logistics is today seen not as a cost item, but as a management strategy element that can affect a company's competitiveness. In this environment, companies need a partner capable of designing stable, robust supply chains that will allow them to continue operating under any circumstances. That requires comprehensive capabilities as a one-stop creator of domestic and international supply chains.

These changes in the business environment and logistics needs will have a positive impact on the Mitsui-Soko Group, because we are well equipped with the expertise and systems needed to meet these changing needs. We have developed storage facilities in Japan and overseas, and we can offer comprehensive logistics functions for land, sea, and air transportation. Our highly qualified personnel can propose solutions backed by frontline knowledge. We aim to achieve further growth in partnership with our customers by leveraging these comprehensive capabilities to provide logistics services that will optimize customers' supply chains. That is our vision for the future of the Mitsui-Soko Group.

- ➔ P.25-26 Management Capital
- ➔ P.27-28 Strengths of the Mitsui-Soko Group

Guided by Our PURPOSE—Empower Society, Encourage Progress—We Will Further Refine Our Course toward Value Creation

The PURPOSE of the Mitsui-Soko Group is expressed in the phrase “Empower society, encourage progress” and is more than merely a slogan. It is a compass that defines our business model. Our mission is to support social infrastructure as a comprehensive logistics company through the provision of seamless logistics services by designing optimal supply chains and executing extensive, high-quality operations, as well as founding new businesses through co-creation that raise the sustainability of the industry and society as a whole, thereby contributing to the evolution of our customers' businesses and society.

Our determination to embody this business model is expressed in the phrase “first-call company.” Businesses cannot readily change their logistics providers because of extensive interweaving of their systems. Customers only really consider changing their logistics partners at major turning points, such as the construction of a new factory, expansion into new countries and regions, or M&A. We aim to be a company that people call first

when they reach these milestones.

As I noted earlier, the Mitsui-Soko Group maintains a one-stop logistics service and can propose integrated logistics solutions for customers' supply chains from the downstream to upstream areas. Because we combine land, sea, and air transportation capabilities and can design total systems encompassing domestic and international transportation, customs clearance, storage, and delivery, we can engage in in-depth dialogue about business strategies with our customers. Our business model is built on our comprehensive strengths, including our ability to propose optimal solutions that help customers to solve management issues when they reach major milestones. We are deeply aware of the importance of maintaining trust and building a track record. That is why we remain alert and constantly enhance our capabilities so that we never miss a business opportunity.

➔ P.31-32 Business Model

• Opening a path to sustainable growth through the pursuit of quality

One of our material issues is offering sustainable and resilient logistics infrastructure. These words express our determination to contribute to the business continuity of our customers by fulfilling our role as a provider of social infrastructure. We prioritize quality as well as quantity as we work to meet this responsibility and achieve sustainable growth in partnership with our customers. Sales growth is a priority for any logistics company. However, companies that focus only on sales will experience attrition and the erosion of their frontline capabilities due to price competition. We see that form of competition as unsustainable from a long-term perspective. Our goal is to build trust by working closely with our customers, and to earn steady profits by providing high-quality services that meet customer needs. Thanks to a management approach based on this philosophy, our operating profit margin for the logistics business has risen from around 2% when I became Group CEO in 2017 to about 8% now.

This strategy of pursuing quality is steadily yielding benefits in each of our business areas. We have positioned mobility, healthcare, and B2B2C as focus areas under Medium-term Management Plan 2022. We have substantially enhanced profitability in all three of these areas by using the unique capabilities of the Mitsui-Soko Group to provide high-value-added logistics services. Each area has its own priority value, such as delivery times in the mobility segment and quality in the healthcare segment. Our customers appreciate our

ability to provide optimal supply chains that match industry characteristics by offering solutions that balance quality, cost, and delivery.

The benefits are especially apparent in the B2B2C area. A particular focus in recent years has been the expansion of our business with the luxury industry. From a quality perspective, logistics services in this segment involve highly complex operations, including the ability to deliver products ranging from apparel to cosmetics to retail outlets and individuals with close attention to security. Because we provide services that meet these stringent requirements, we receive approaches from other customers, leading to the development of new business. I attribute this to our Group-wide focus on quality. We are developing our business in the home center industry into a new revenue stream without relying solely on price competition. We are achieving this by creating synergies, such as the utilization of our existing shared distribution network for home appliances.

In addition, we are using customer relationship management (CRM) to accelerate the provision of high-value-added solutions across the entire Mitsui-Soko Group. In the past, individual companies engaged in sales activities based on their individual systems, which limited our ability to leverage the full potential of our comprehensive strengths through the provision of one-stop services spanning multiple business segments. We introduced CRM in the expectation that we would be able to monitor and utilize customers' transaction histories and communications by integrating information that had previously been scattered across the Group, leading to the creation of new business opportunities. We are still in the process of introducing this system, but we are already seeing an

increase in communication across operating companies and divisions and the provision of new solutions. We regard the introduction of CRM as just the starting point. Going forward, we will build it into a truly useful tool through continuing accumulation of data, while also prioritizing efforts to raise awareness within the Company and embed this new approach.

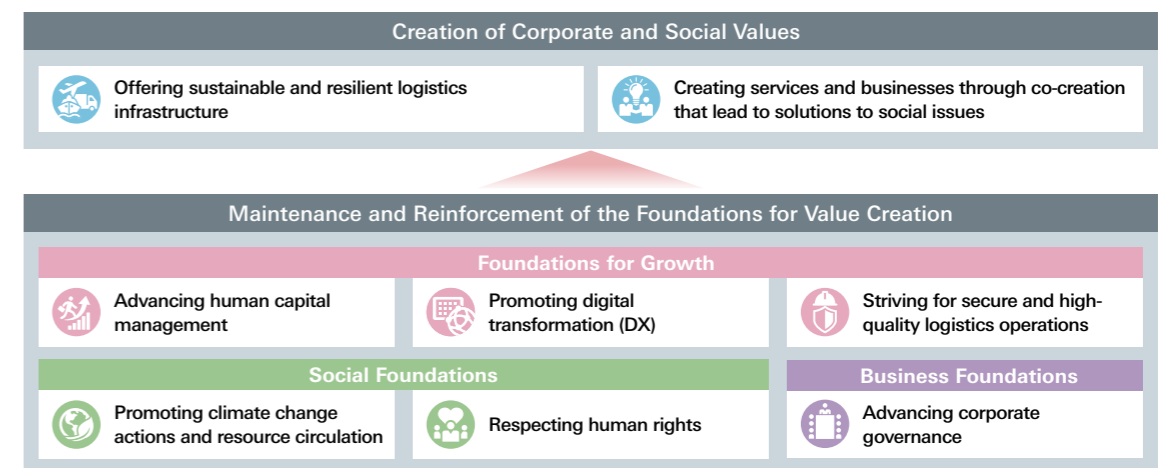
The cumulative effect of these initiatives has brought generally steady progress under Medium-term Management Plan 2022, and our final target of operating profit of ¥23.0 billion is now within range. ROE is expected to be around 9% in the fiscal year ending March 31, 2026 due to the effect of temporary vacancies in key buildings in our real estate business. In the fiscal year ending March 31, 2027, these buildings will be tenanted throughout the year, and temporary costs will be eliminated, and we also anticipate increased profit from our logistics business. We will continue to work toward our ROE target of 12% or higher through management policies that emphasize capital efficiency.

- ➔ P.37-44 Medium-term Management Plan 2022
- ➔ P.45 Materiality—Offering Sustainable and Resilient Logistics Infrastructure

• We will encourage progress by using our co-creation ability to address social issues

I am constantly aware that in addition to its role as the infrastructure connecting society, logistics is also a driving force for social progress. To fulfill this mission, we need to find solutions for various challenges in the logistics sector, and to address serious issues affecting society as a whole. The Group has identified “creating services and businesses through co-creation that lead to

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solutions to social issues” as one of its materiality. We aim to address social issues through business while achieving sustainable growth for the Group, our customers, and society. However, there are issues that cannot be overcome solely through initiatives within the Group, and we are determined to lead social progress by working with our various partners to create new value through co-creation.

Guided by this approach, we are accelerating our commitment to initiatives in new areas through co-creation. For example, the Group was among the first to respond to the need for logistics in the field of regenerative medicine, especially iPS cells. Health and healthcare are vital social issues in Japan and globally, and regenerative medicine is an important focus for efforts to find solutions to health issues. We have participated in industry-academia collaboration with Kyoto University and Okayama University on projects that include biobank research and the development of special transportation containers. We have also built systems to support cryogenic storage and transportation that comply with stringent quality control requirements based on the GCTP standards. Under our business continuity plan (BCP), we have acquired licenses to manufacture products for regenerative medicine and other areas in both the Kanto and Kansai regions, establishing an east-west dual-hub system that ensures continuity of operations even in the event of a disaster. Quality is an absolute priority in this business area. We will leverage the strengths of the Mitsui-Soko Group to achieve further business expansion.

The logistics sector also faces urgent social issues, including a shortage of drivers due to the “2024 problem” resulting from tighter overtime restrictions, as well as climate change. The Group is addressing these issues through the rollout of logistics services based on its proprietary SustainaLink. Through SustainaLink, we identify logistics risks from the perspectives of the environment, labor force, and disasters. We then create solutions and services to enable our customers to build sustainable supply chains through the three steps of “Know,” “Visualize,” and “Improve.” In addition to contributing to the reduction of CO₂ emissions, which is an important social issue, this approach is also the starting point for the provision of services based on our comprehensive capabilities as a logistics group. We can find many clues about paths to business sustainability and growth in data provided by customers for use in calculating (“Visualize”) CO₂ emissions from customers’ logistics operations. In addition to advice about reducing emissions, we also explore the potential for further efficiency improvements. This process, which culminates

in proposals indicating that customers can reduce both CO₂ emissions and costs by entrusting their logistics requirements to us, is an important source of new business. We created the Supply Chain Sustainability Sales Division within MITSUI-SOKO HOLDINGS as a specialist unit responsible for sustainability-related sales across the entire Group. The establishment of a dedicated sustainability sales division is an unusual step for a logistics company, but we made the decision to create this division based on our belief that we cannot achieve sustainable growth without addressing social issues. Our customers have reacted positively to our ability to use our sustainability knowledge to offer solutions that lead to the optimization of entire logistics supply chains.

Our approach to the solution of social issues begins with our business infrastructure. We are participating in initiatives that will transform the future of the entire logistics sector. To overcome the serious social issues caused by the driver shortage, we invested in T2 Inc. (T2), which aims to realize line-haul transportation services using self-driving trucks. We acquired an additional shareholding in August 2025. When self-driving vehicles become common, we aim to provide operational expertise for relay hubs located near highway interchanges. Since July 2025, the Group has been operating Japan’s first commercial line-haul transportation using Level 2* self-driving trucks introduced by T2. This initiative marks the first step toward the real-world introduction of self-driving technology and will open up a new future for the logistics industry.

The Group will continue to improve its corporate value and enhance its business models by actively addressing social issues and taking up new challenges. However, there is a limit to what can be achieved by a single business group, and we therefore aim to enhance the value of our logistics services through flexible strategies, including M&A and alliances, and co-creation. Our corporate value is closely interwoven with our social value, and the realization of our mission will require a focus on both.

* With Level 2 self-driving technology, a trained driver rides in the vehicle without holding the steering wheel.

➔ P.46 **Materiality—Creating Services and Businesses through Co-Creation that Lead to Solutions to Social Issues**

Frontline Capabilities: The Base of Potential, Power, and Progress

One of the core values guiding the Group’s actions and

We aim to enhance the value of our logistics services through co-creation and are exploring flexible strategies, including M&A and alliances.



mindset as we work to realize our PURPOSE and VISION is GEMBA, or frontline operations. This foundational philosophy underpins our focus on “advancing human capital management,” “promoting digital transformation (DX),” and “striving for secure and high-quality logistics operations,” which form part of our materiality.

The front line is the starting point for our activities. I consistently remind our employees—and remain deeply conscious myself—that our business only exists because of the dedication and excellence of those working on the front line. We can continue to enhance our logistics hubs and develop advanced IT systems and expansive networks, but ultimately it is the potential of individual frontline workers that delivers value to our customers. Logistics is a labor-intensive industry. Our unrivaled competitiveness in this business area is ultimately attributable to our commitment to the continual enhancement of our frontline capabilities. Moreover, given the current challenge of labor shortages, it is no exaggeration to say that future success in the logistics sector will be determined by the frontline capabilities. Continuous improvement in the potential of individual frontline workers is vital to the Group’s pursuit of high-quality logistics.

These days, we are told that most frontline challenges can be solved through DX. The reality is not that simple. Even if we deploy the latest robots, we are unlikely to achieve the anticipated outcomes without the human wisdom and ingenuity needed to optimize entire operations by linking robots to robots and robots to humans. Worse still, if the anticipated benefits in terms of automation and efficiency fail to materialize, we will instead face not only confusion but also cost pressure due to increased depreciation. We were once approached by a retail client who wanted to launch a full-scale e-commerce operation. In preparation for the introduction of robots in their distribution centers, we

spent about 18 months in in-depth discussions with the customer in order to determine which tasks should be handled by robots, which by human hands, and to what extent the efficiency of manual processes could be optimized. All decisions were made with a clear focus on returns on investment. As a result, we were able to accumulate valuable know-how and deliver an efficiency model that satisfied the client.

As illustrated by this example, we believe that people’s individual capabilities, rather than technology alone, will be the key differentiator going forward. That is why we pursue “overwhelming field capabilities” that enable us to offer a level of quality, cost-efficiency, and speed that competitors cannot replicate, and to continuously create value for society and our customers. One of the ways in which we build overwhelming field capabilities is through a long-standing practice of seconding employees to our joint venture partner, Toyota Motor Corporation. After intensively studying the Toyota Production System for two years, these people bring that expertise back to our logistics sites and apply it through improvement activities designed to eliminate waste through the analysis of individual actions, such as by timing of forklift movements with stopwatches.

We are also working to standardize frontline operations, which have traditionally relied heavily on individual know-how. We are carefully analyzing each customer’s diverse requirements and compiling manuals based on the findings. This initiative goes beyond simply leveling service quality. By using time saved through standardization to develop higher-value services, we are building systems that both elevate the overall quality of logistics and enhance our high-value-added services. Through these steady efforts, we enhance team agility and drive performance improvements across our entire organization. By fully embedding this approach throughout the Group, we believe that we can build

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unmatched potential within the logistics industry.

Another highly significant development is the emergence of generative AI, which has evolved into a key strategic technology with the potential to shape corporate competitiveness. This technology is likely to drive significant transformations in the logistics sector over the coming years. AI technology offers opportunities to enhance efficiency and rethink the very structure of industry operations. However, companies that fail to adapt risk losing their competitive edge. We view the practical application of AI in frontline operations as an urgent priority, and in October 2025, we established an AI Team within our holdings company. This office will drive fundamental efficiency improvements in existing businesses and foster the creation of new services. In addition to introducing AI as a tool, we are also committed to raising the AI literacy of individual employees across the entire Group. AI is ultimately used by people. That's why we believe that every employee needs to develop the ability to understand and effectively utilize AI.

➔ P.47-56 Materiality—Foundations for Growth

Governance Optimization through Continuous Transformation

To achieve sustainable growth, we also need to strengthen our management base. We have long worked to build and reinforce the governance system of the Group, and we have made "advancing corporate governance" part of our materiality. A major recent development was the reevaluation of the role of our Board of Directors. The aim of this process was to transform the Board from a forum primarily focused on resolutions relating to business execution into a space for the discussion of foundational management principles. Decisions on individual projects are increasingly made at the Management Council, while the Board focuses on ways to leverage our Group's strengths to enhance corporate value, and on broader themes that shape the future of society and logistics, such as our vision for the Group 10 or 20 years into the future. We have also revised our executive role structure to clarify the distinction between execution and supervision. In addition, we have updated our officer remuneration system to incorporate indicators linked to medium- to long-term corporate value, such as ROE and ESG performance. Moreover, we have increased the percentage of outside directors to a majority in order to strengthen diversity of perspective and enhance objective supervisory functions. These measures reflect

our management's commitment to aligning perspectives with shareholders and pursuing sustainable growth.

Under our new system, we have initiated discussions in preparation for the formulation of the next medium-term management plan. Thanks to our ongoing efforts to strengthen governance, we now have a solid foundation for robust, substantive discussions in Board meetings. We see the next medium-term management plan not as a set of management targets for the next few years, but as a roadmap for securing sustainable growth from a medium- to long-term perspective. We will engage in in-depth strategic discussions leading to the formulation of a plan that will enable us to build a brighter future for the Group while meeting the expectations of investors and society.

➔ P.63-80 Materiality—Advancing Corporate Governance

We Will Continue to Take Up the Challenge of Achieving Sustainable Growth for Society and the Mitsui-Soko Group

People are the foundation of our Company, and it is people who are the driving force for our transformation. I encourage all employees to expand their circles of business friends as the foundation for survival and success in this era of growing uncertainty. Personally, I aim to build fifty new friendships each year, not just as a networking exercise, but as a way to spark fresh ideas unconstrained by conventional thinking by engaging in dialogue not only with logistics departments of client companies, but also with personnel in charge of back-office and procurement departments, as well as experts from entirely different industries. We all need to remain open-minded and maintain a sense of curiosity as we interact with people both inside and outside the Company. Through these connections, we draw our work closer to our PURPOSE: "Empower society, encourage progress," reflect on what we can personally contribute, and turn those reflections into action. I believe that these day-to-day efforts will build momentum as a major force for enhancing the comprehensive strength of the Group. The pace of change continues to accelerate, and the future remains difficult to predict. Yet as long as there are goods to be moved, the logistics industry will survive. From our founding site in Nihonbashi Hakozaiki, we will continue to take on new challenges in pursuit of sustainable growth for society and the Mitsui-Soko Group. We are sincerely grateful for the continuing support of our stakeholders, and we look forward to working with you in the future.



We aim to become "the co-creative logistics solutions partner. For every day, emergency, and always will be."
We will implement a financial strategy that emphasizes capital efficiency while achieving further improvements in corporate value and sustainable growth.

Aiming to Improve Corporate Value through "Dialogue and Co-creation"

Amid growing uncertainties due to changes in the external environment, I am strongly aware of the need for dialogue and co-creation for the Group to achieve sustainable growth. Dialogue and co-creation with stakeholders from diverse perspectives is essential to the growth of our Group, and it goes without saying that dialogue with capital markets is extremely important. In recent years, we have been expanding our IR and SR activities to accurately respond to the needs and expectations of the stock market, deepening our dialogue with shareholders and investors, and working to understand and accommodate diverse opinions.

Speaking of dialogue and co-creation, we also place particular emphasis on dialogue with our employees. The key to achieving our Medium-term Management Plan 2022, which we have been working on since 2022, is whether each employee understands and links improving ROE to their own work and can act accordingly. In my capacity as the Group's CFO, I believe it is my responsibility to ensure that management with an awareness of ROE is implemented. With regard to the details of initiatives such as the enhancement of the integrated solution service and the operational efficiencies being implemented in

accordance with the policies of this medium-term management plan, we are holding dialogues linking these initiatives to numerical data and promoting their translation into measures that can be understood and put into practice on our front line. Having also been working to strengthen communication with our operating companies, we proactively hold regular dialogues with the management of each operating company with regard to financial matters. Responsible for gathering reactions and opinions from the market, the holding company will accurately communicate these to the management of the operating companies. The management of each operating company then uses their own words to implement initiatives that heighten motivation on the front lines. This kind of communication flow is becoming established, and I feel reassured by the fact that the autonomy of our operating companies is improving.

Achieving the Goals of the Medium-term Management Plan 2022 through a Financial Strategy Integrated with Business Strategy

In the current medium-term management plan, we have set a target ROE of 12% or higher, and we are working to improve our capital efficiency through top-line growth, costs reductions, and improving the asset turnover ratio. The average value of our

Message from the CFO

shareholder capital cost, as recognized through dialogue with investors and analysts, is 8.5%. By targeting an ROE of over 12%, exceeding this level, we will meet everyone's expectations and continue to increase our corporate value. Linked to achieving the ROE target is the operating profit target of ¥23 billion for the final year of the medium-term management plan (the fiscal year ending March 31, 2027). In the fiscal year ended March 31, 2025, profits decreased due to temporary vacancies in major buildings in the real estate business. In the fiscal year ending March 31, 2026, however, we expect operating revenue to increase to ¥294 billion and operating profit to increase to ¥21 billion because of an increase in handling volume and expansion of new business in the logistics business due to a recovery in cargo movement, and new tenants moving into major properties in the real estate business. Going forward, in addition to those major properties in the real estate business becoming fully operational, I believe it will be possible for us to achieve the operating profit target for the final fiscal year by

endeavoring to further increase profits in the logistics business.

I would like to explain the specific initiatives for each business.

In the logistics business, we are steadily expanding profits by demonstrating the Group's strengths in mobility, healthcare, and B2B2C, which form our focus areas, attracting new customers, and providing high-value-added services. In the mobility field, our strengths lie in our ability to respond quickly and at a high level to our clients' total needs—thanks to the know-how we have been cultivating through many years of dealings with major automobile manufacturers and automotive components manufacturers—our ability to gather information, and our ability to respond with urgency and confidentiality. For example, the logistics of automobile components are carried out to extremely tight schedules. In such cases, we create value that is unique to our Group by proposing and implementing high-quality logistics solutions with an emphasis on punctuality. In response to growing demand in the fields of polymer medicine and



business by making proposals to customers conducting global business with a pledge to “keep logistics moving,” even during natural disasters and the COVID-19 pandemic. Based on past experience, my confidence in our resilience remains high, and I also firmly believe that we can achieve sustainable growth even in these rapidly changing times by leveraging the collective strengths of the Group.

Implementing Growth Investments Geared toward Top-Line Expansion

Over the five years of this medium-term management plan, we intend to invest ¥130 billion, of which ¥100 billion will be allocated to growth investments. Over the past three years, with an eye toward expanding our competitive mobility and B2B2C businesses, we have invested in warehouse facilities and the introduction of robotics. Going forward, we are planning to build new healthcare warehouses in the Kanto and Kansai regions as well as a new warehouse in Busan, South Korea, with the total investment in the current fiscal year expected to be approximately ¥15 billion.

In addition, the value-enhancement work carried out on the MSH Nihonbashi Hakozaiki Building, which cost a total of approximately ¥8 billion, realized an environmentally friendly office building, the funds for which were raised via green financing. Having heard from the financial institutions that participated in the scheme that they intend to continue to be actively involved in sustainable finance in the years to come, I would like to utilize that form of financing for investments in logistics facilities and other areas, thereby contributing to sustainability.

To keep pace with next-generation logistics, we are focusing on venture investments and alliances, and would like to make investments that will contribute to the deepening of our Group's business model. At the same time, in areas such as robots and labor-saving tools, which are constantly evolving, it is my belief that as users it would be good if we were able to benefit from access to new technologies at the appropriate time. One example is our capital participation in T2 Inc., which aims to commercialize line-haul services using self-driving trucks. T2 launched Japan's first Level 2 commercial operation in July 2025, and is making steady progress toward realizing a next-generation logistics platform, which led to this additional investment. By means of co-creation with a wide variety of partners, we will provide unique value and create business models that contribute to the evolution of society.

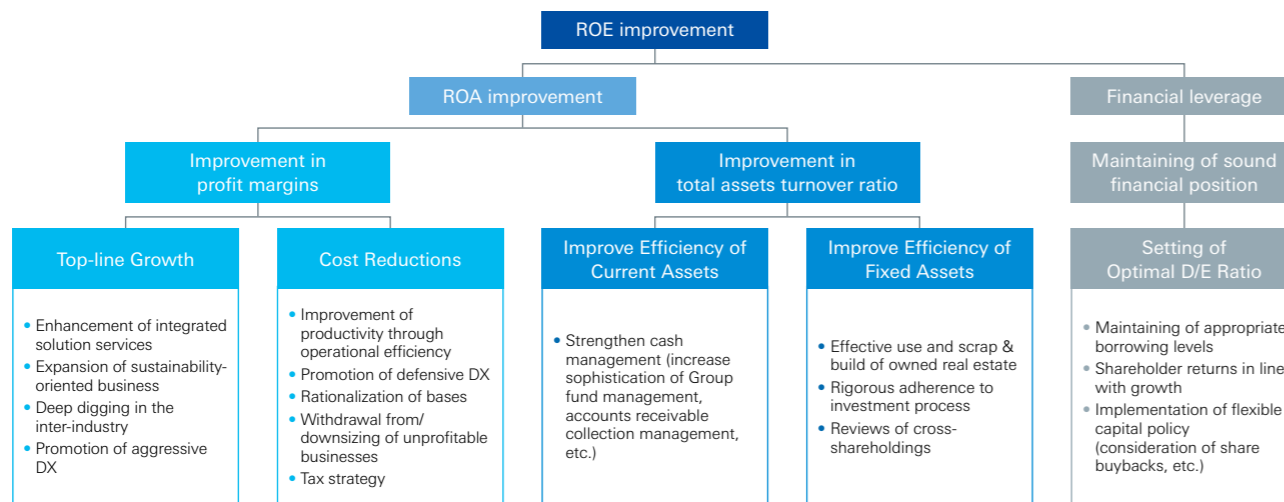
Under this medium-term management plan, our vision is for inorganic growth, in the achievement of which we will consider M&A. Through M&A over the past 10 years, our Group already possesses a comprehensive lineup of logistics functions. Going forward, while maintaining an awareness of cost of capital, we will thus give consideration to M&A that will

regenerative medicine, in the healthcare area we are strengthening our logistics system, including quality control and security, by increasing the number of pharmacists and staff who possess advanced and specialized knowledge. As we steadily accumulate specialized know-how, we are seeing an expansion of our customer base to include pharmaceutical companies that are capitalized outside Japan. In the B2B2C field, which started as a business for home appliance retailers, we are expanding our range of products to include high-end brands and pet health supplements. In recent years, an increasing number of companies have also begun to restructure their logistics systems and seek new partners, prompted by a reassessment of e-commerce and in consideration of developing their own e-commerce businesses. To meet such needs, we are not only providing consulting services such as logistics design support, but also leveraging our strengths in carrying out actual logistics, which has led to us acquiring new customers.

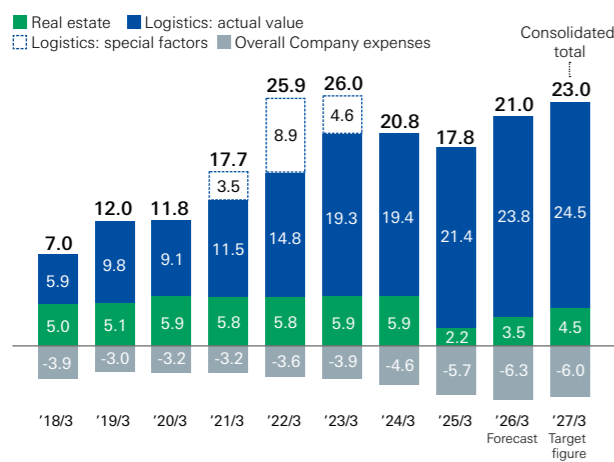
In the real estate business, although depreciation expenses increased due to value-enhancement work at the MSH Nihonbashi Hakozaiki Building, where we were in the process of converting the property to a multi-tenant facility, we made steady progress in attracting tenants and leasing was completed. It is expected that the investment will contribute fully to the Company's performance from the fiscal year ending March 31, 2027.

In recent years, the business environment surrounding the Group has been changing dramatically. Due to factors that include the increasing geopolitical risks in Eastern Europe and the Middle East and the tariff measures being carried out by the Trump administration in the United States, the future of the international community is in many ways uncertain. If trade volume were to decrease as a result of these various influences, it would have a negative impact on our business. In contrast, changes may also prompt customers who are shippers to review their logistics systems, which could create business opportunities. In the past, our Group expanded its

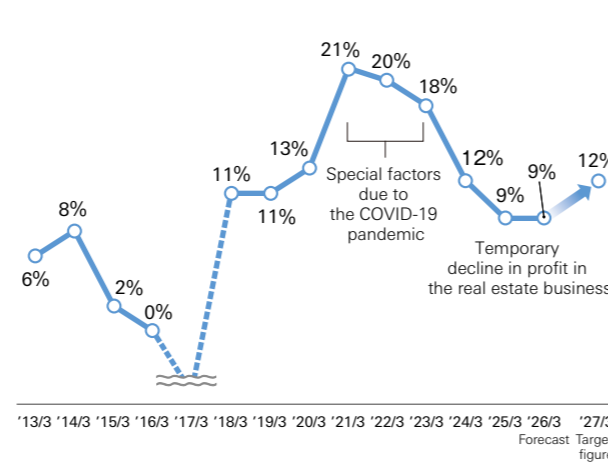
Initiatives to Improve ROE



Operating Profit (Loss) Trend (Billions of yen)



ROE Levels



Message from the CFO

increase our corporate value, focusing on whether we can expand our customer base and realize Group synergies by deepening our existing functions and know-how.

Regardless of whether through M&A or alliances, I believe the most important thing is how well we can utilize the capabilities of each human resource. Naturally, we would pursue business synergies, but as a major asset for a logistics company it would also be important to increase the number of personnel capable of supporting our customers in the new challenges they are facing. By organically combining our Group's comprehensive capabilities with diverse human resources and mixing in various insights, the added value of the services we provide will undoubtedly increase. Expanding our collaborations will not only create business synergies but also have significant implications for brushing up the skills of our greatest asset, our human resources, and is an initiative on which we will continue to focus on in the years to come to achieve further growth and evolution.

Taking into account the level of investment required for growth, the level of returns expected from shareholders, and capital efficiency, the Company has also set an optimal D/E ratio of 1.0 as the desired level of financial soundness. The D/E ratio as of the end of the fiscal year ended March 31, 2025, was 0.75, which I believe provides ample scope for future investments.

Toward Management with an Awareness of Capital Efficiency

To maintain high capital efficiency that exceeds our cost of capital, we are also focusing on the following three initiatives.

The first is liquidity and fixed asset efficiency. When building a new warehouse, we comprehensively consider factors such as the specifications, location, and cargo fluctuations and, based on the client's requests, choose on a case-by-case basis whether to own or develop a property, or to utilize a REIT

property. Rather than handling the financial aspects entirely by borrowing, we also utilize operating leases. When considering these investments, we calculate the internal rate of return based on the payback period to determine whether we can secure a return that exceeds the cost of capital. For example, the previously mentioned new healthcare warehouses require high specifications to enable them to handle pharmaceuticals and other products, and after carefully considering the return on investment based on the specialized knowledge that our Group has cultivated, we decided to own them ourselves.

The second initiative involves reviews of unprofitable businesses and divisions. In particular, in the area of overseas logistics, we will liquidate businesses where geopolitical risks have materialized or where synergies cannot be created. In the meantime, we have been implementing appropriate reviews, such as making our Chinese joint venture that handles mobility, a focus field in a focus area, a wholly owned subsidiary.

The third initiative involves the reduction of strategic stockholdings. From the perspectives of strengthening corporate governance and improving capital efficiency, we have been working to significantly reduce strategic stockholdings since the fiscal year ended March 31, 2017. Our policy for holding shares is to continue holding them if doing so would be effective in increasing our corporate value in the medium to long term, taking into consideration our business strategies and business relationships with business partners in a comprehensive manner. Conducting reviews of the significance of holding such shares on an annual basis, the Board of Directors intends to reduce shares that are deemed to have little significance going forward and will respond flexibly to the situation at hand.

Shareholder Returns

Our basic policy for shareholder returns is to maintain a 30% consolidated payout ratio. We make decisions on share

Full-Year Dividend Amount and Dividend Payout Ratio Trends (Reflecting the stock split implemented in May 2025)

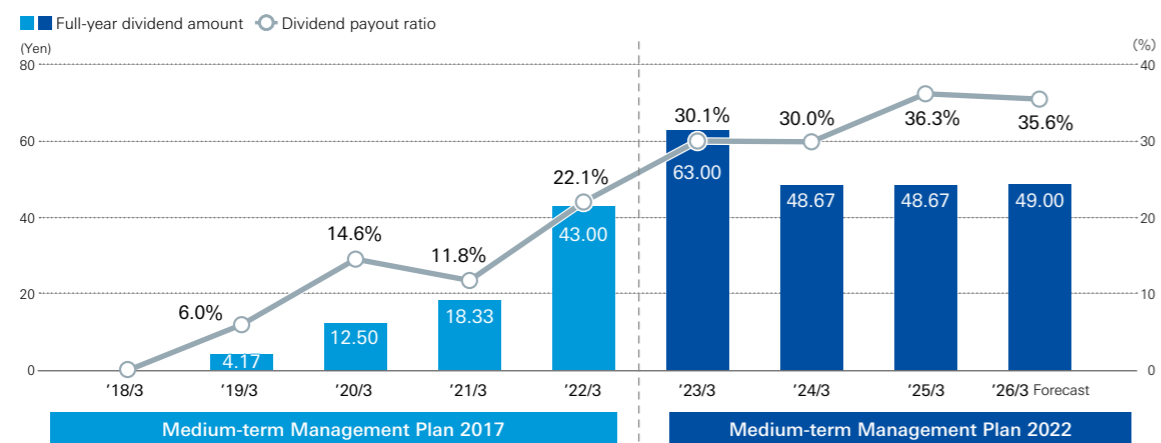
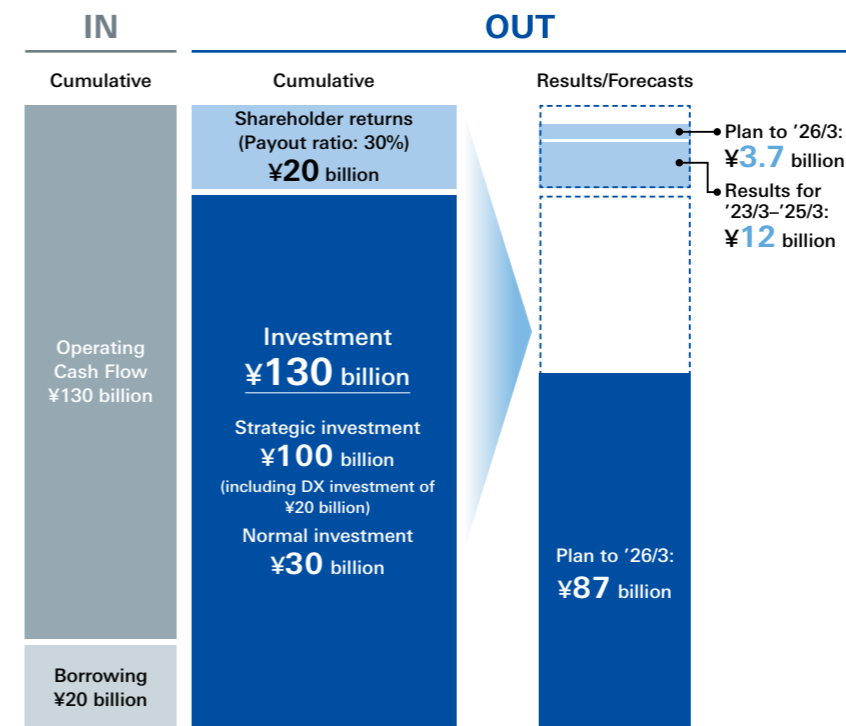


Image of Funding and Allocation (5-Year Cumulative Total under Medium-term Management Plan 2022 from 2023/3 to 2027/3)



Shareholder returns

- Continue to strengthen shareholder returns by increasing dividends in line with profit growth
- Consider share buybacks as a further measure to return profits to shareholders

Investments

- Substantially expand investment in growing areas such as DX and new capital investment
- Actively consider disciplined strategic M&A and capital alliances to realize co-creation
- Expand investments in existing facilities from the perspective of increasing asset value and improving the work environment

Borrowing

- Set optimal D/E ratio at 1.0x and utilize external loans

Notes: 1. Interest-bearing debt includes lease obligations and does not deduct cash and cash equivalents on hand.
2. Investment results include investments that are recorded as expenses on the P&L, such as operating leases.

buybacks considering our growth investment, financial soundness, and level of shareholder returns. Our policy is to prioritize the allocation of cash to growth investment, and where we believe that financial soundness has been sufficiently secured, we consider share buybacks as one option in our comprehensive decision-making. We have also heard from institutional investors that they place importance on total shareholder return (TSR), and we recognize the importance of considering shareholder returns from the perspective of income gains such as dividends. The Group's TSR has remained high over the past few years, and we will continue to implement highly effective financial strategies to achieve TSR that exceeds shareholder expectations.

With regard to dividends for the current fiscal year, despite the ongoing temporary decline in profits in the real estate business, from the perspective of stable dividends, we plan to maintain the same level of ¥49 per share as the fiscal year under review. To create a more investor-friendly environment and expand investment opportunities, the Company also conducted a 3-for-1 stock split in May 2025.

Messages to Stakeholders

To increase corporate value over the medium to long term, it is essential to achieve a return on capital that exceeds the cost of capital, and to have our growth potential recognized by

shareholders and investors alike. Through our IR and SR activities, we aim to gain your understanding, trust, and fair evaluation of, for example, our Group's management strategies and financial situation. At the same time, we will sincerely consider the diverse opinions we receive and intend to utilize them to achieve sustainable growth for the Group and improve our corporate value over the medium to long term.

This year marks the 116th year since the founding of our Group, and all of our executives and employees go about their daily work with a deep sense of responsibility from being part of a company that has existed for more than a century. The warehousing industry is a long-term business that assumes that facilities will be utilized for 50 years, and there are warehouses in Kobe that remain robust and in operation even after having been struck by the Great Hanshin Earthquake of 1995. We are proud of the fact that we have devoted ourselves to storing our customers' valuable goods and have evolved into a comprehensive logistics company that supports society while adapting to changes in the times. Our next goal is to become a 200-year-old company. Keeping this ambition constantly in mind, we will build a corporate structure that can adapt to any change and achieve sustainable growth, so that we can maximize value for our investors and other stakeholders.