

**The financial report  
of the third quarter  
of the fiscal year ended  
31<sup>st</sup>, March 2022 (FY2022)**

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Value beyond Logistics  
Mitsui-Soko group

**February, 16<sup>th</sup> 2022**



- Explanatory materials
  - ▶ Financial Report of the Third Quarter of FY2022
  - Forecast for FY2022



# (1) Summary of Consolidated Financial Results

## Increases in revenue and profits compared to the same quarter of the previous year

- Increase in freight forwarding services, container handling in port transport services, overseas storage and transportation services due to recovery in imports and exports
- Increase in handling volumes in air transportation due to the impact of COVID-19
- Increase in handling volumes in healthcare logistics and solution logistics, which are our focus areas, due to starting operation of the new warehouse and the new logistics center

(Unit: 100 million yen, rounded off to the nearest integer)

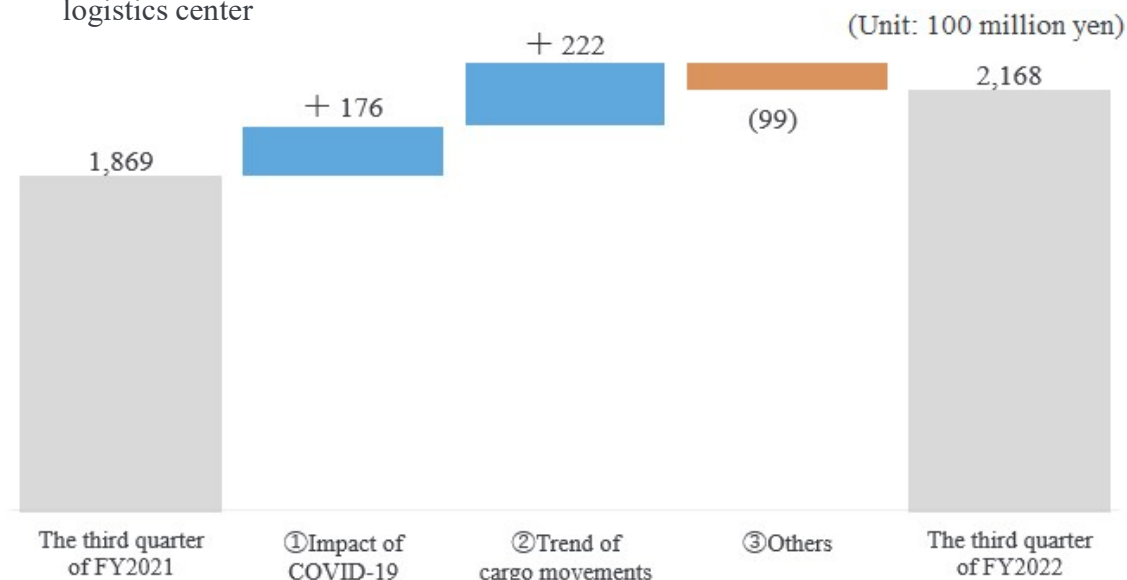
Consolidated total amount	The third quarter of FY2021 (Apr.1, 2020~ Dec.31, 2020)	The third quarter of FY2022 (Apr.1, 2021~ Dec.31, 2021)	Changes	Changes(%)
Operating revenue	1,869	<b>2,168</b>	+299	+16.0%
Operating profit	135	<b>181</b>	+46	+34.4%
Ordinary profit	135	<b>182</b>	+47	+35.1%
Profit attributed to owners of parent	79	<b>103</b>	+24	+30.1%



## (2) Operating revenue

### Increase in operating revenue of 29.9 billion yen compared to the same quarter of the previous year

- Increase in handling volumes in air transportation due to the impact of COVID-19
- Increase in freight forwarding, storage and transportation services due to recovery in imports and exports, and response to temporary increase in raw material and stock component by manufacturers
- Increase in handling volumes in healthcare logistics and solution logistics, which are our focus areas, due to starting operation of the new warehouse and the new logistics center



#### ① Impact of COVID-19 +176

- ↑ : Increase in handling volumes in emergency air transportation to maintain or review production system caused by supply chain disruption : +110
- ↑ : Shift to air transport due to a shortage of ocean containers and soaring air freight rates : +66

#### ② Trend of cargo movements +222

- ↑ : Increase in ocean and air freight forwarding services : +85
- ↑ : Increase in overseas storage and transportation services. : +65
- ↑ : Increase in handling volume in logistics related to home appliances (including demand for Olympic and Paralympic Games) : +18
- ↑ : Recovery of container handling in port transport services : +10
- ↑ : Increase in handling volumes in healthcare logistics due to starting operation of the new warehouse : +18
- ↑ : Increase in handling volumes in solution business due to starting operation of the new logistics center : +14
- ↑ : Others : +12

#### ③ Others (99)

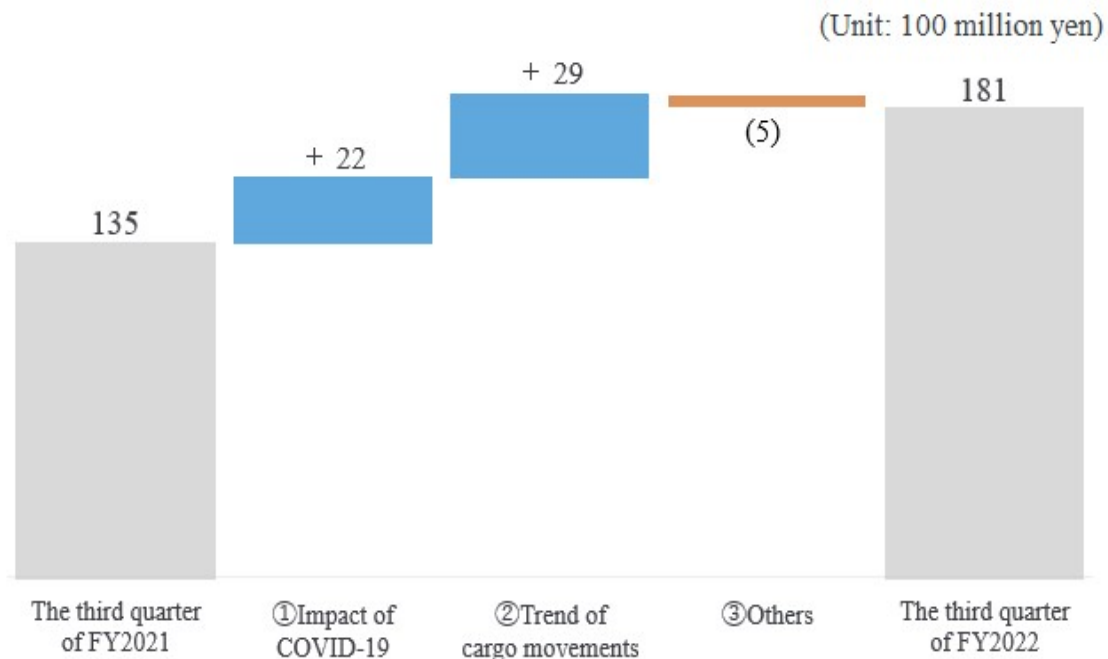
- ↓ : Effect of having excluded Prime Cargo Group from the scope of consolidation : (99)

Segment	The third quarter of FY2021 (Apr.1, 2020~ Dec.31, 2020)	The third quarter of FY2022 (Apr.1, 2021~ Dec.31, 2021)	Changes	Changes(%)
Logistics business	1,802	2,102	+ 300	+ 16.6%
Real estate business	72	71	(1)	(1.0%)
Eliminate/Corporate	(5)	(6)	(0)	—
<b>Total operating revenue</b>	<b>1,869</b>	<b>2,168</b>	<b>+ 299</b>	<b>+ 16.0%</b>



## (3) Operating profit

Increase in operating profit of 4.6 billion yen compared to the same quarter of the previous year, due mainly to the increase in operating revenue



### ① Impact of COVID-19 +22

- ↑ : Increase in handling volumes in emergency air transportation to maintain or review production system caused by supply chain disruption : +13
- ↑ : Shift to air transport due to a shortage of ocean containers and soaring air freight rates : +9

### ② Trend of cargo movements +29

- ↑ : Increase in ocean and air freight forwarding services : +6
- ↑ : Increase in overseas storage and transportation services : +6
- ↑ : Increase in handling volume in logistics related to home appliances (including demand for Olympic and Paralympic Games) : +9
- ↑ : Recovery of container handling in port transport services : +6
- ↑ : Increase in handling volumes in healthcare logistics due to starting operation of the new warehouse : +2
- ↓ : Initial costs of the new warehouse in healthcare logistics : (1)
- ↑ : Increase in handling volumes in solution business due to starting operation of the new logistics center : +2
- ↓ : Rise in the diesel price : (1)

### ③ Others (5)

- ↑ : Decrease in goodwill amortization : +3
- ↓ : System costs to digitalize our business processes : (4)
- ↓ : Effect of having excluded Prime Cargo Group from the scope of consolidation : (4)

(Unit: 100 million yen)

Segment	The third quarter of FY2021 (Apr.1, 2020~ Dec.31, 2020)	The third quarter of FY2022 (Apr.1, 2021~ Dec.31, 2021)	Changes	Changes(%)
Logistics business	114	164	+ 50	+ 44.1%
Real estate business	43	43	(0)	(0.9%)
Eliminate/Corporate	(22)	(25)	(3)	—
<b>Total operating profit</b>	<b>135</b>	<b>181</b>	<b>+ 46</b>	<b>+ 34.4%</b>



## (4) Non-operating profit (loss) • Extraordinary gains/losses

### Financial profit/loss and Non-operating profit (loss) at about the same level as the same period of FY2021

- Though interest expenses decreased due to reduction of interest-bearing debt, dividend income decreased due to sales of cross-shareholdings in FY2021.
- No extraordinary gains and losses occurred.

(Unit: 100 million yen)

Consolidated total amount	The third quarter of FY2021 (Apr.1, 2020~ Dec.31, 2020)	The third quarter of FY2022 (Apr.1, 2021~ Dec.31, 2021)	Changes	Reason for changes
Operating profit	135	<b>181</b>	+ 46	
Non-operating profit (loss)	(0)	<b>1</b>	+ 1	Decrease in financial profit/loss : (0.4) Foreign exchange gains/losses : +1.8 Others : (0.5)
( Financial profit/loss	(2)	<b>(3)</b>	(0)	Decrease in interest expenses : +0.9 Decrease in dividend income and interest income : (1.3)
Ordinary profit	135	<b>182</b>	+ 47	
Extraordinary gains	3	—	(3)	FY2021 Gain on sale of investment securities and others
Extraordinary losses	5	—	(5)	FY2021 Loss on sale of shares of subsidiaries and associates
Profit attributed to owners of parent	79	<b>103</b>	+ 24	



## (5) Status of Cash flow

### Cash flow from operating activities at about the same level as the same period of FY2021

- Though our profits significantly increased, the payment of corporate taxes increased due to a gain on sales of investment securities in FY2021.

### Implementation of strategic investments and returns to shareholders

- Partial payment for construction cost of Kanto P&M Center (Building B), a new warehouse for the exclusive use of healthcare logistics, which are one of our focus areas
- Increased dividend : End of the previous fiscal year 30 yen per share (up 5 yen YoY), This interim period 35 yen per share (up 10 yen YoY)

(announced on November 4, 2021)

(Unit: 100 million yen)

Consolidated total amount	The third quarter of FY2021 (Apr.1, 2020~ Dec.31, 2020)	The third quarter of FY2022 (Apr.1, 2021~ Dec.31, 2021)	Changes	Reason for changes
Cash flows from operating activities	138	<b>136</b>	(2)	
Profit before income taxes	133	<b>182</b>	+ 49	
Depreciation and amortization of goodwill	74	<b>69</b>	(5)	
Income taxes paid	(46)	<b>(96)</b>	(50)	Increase in Income taxes paid due to Gain on sale of securities occurred in FY2021
Cash flows from investing activities	(38)	<b>(59)</b>	(21)	
Capital investment and acquisition of shares	(55)	<b>(62)</b>	(7)	Partial payment for construction cost of a new warehouse for the exclusive use of healthcare logistics and others
Sale of assets	17	<b>1</b>	(16)	Sales of cross-shareholdings and shares of subsidiaries in FY2021
Cash flows from financing activities	(90)	<b>(55)</b>	+ 35	
Change in interest-bearing debt (Net)	(65)	<b>(29)</b>	+ 36	
Dividends paid	(12)	<b>(16)</b>	(4)	Increased dividend for the end of the previous fiscal year and for this interim period
Cash and cash equivalents	228	<b>250</b>	+ 22	



## (6) Status of Balance sheet

### Reduction of Interest-bearing debt and improvement of Equity ratio

- Increase in Trade receivables due to increase in handling volume and soaring air freight rates
- Decrease in Interest-bearing debt due to the repayment of debt
- Increase in Equity capital due to the recording of net income

(Unit: 100 million yen)

Consolidated total amount	Balance at March 31, 2021	Balance at Dec. 31, 2021	Changes	Reason for changes
Total assets	2,384	<b>2,520</b>	+ 136	
Cash and cash equivalents	232	<b>253</b>	+ 21	
Trade receivables	324	<b>367</b>	+ 43	Increase in trade receivables due to increase in handling volume and soaring air freight rates
Tangibles and Intangibles assets	1,445	<b>1,452</b>	+ 7	Establishment of a new warehouse for the exclusive use of healthcare logistics and others
Interest-bearing debt	1,079	<b>1,050</b>	(29)	
Net-debt	847	<b>797</b>	(50)	Repayment of debt
Equity capital	627	<b>725</b>	+ 98	Recording of net income
Equity ratio	26.3%	<b>28.8%</b>	+ 2.5	
Net D/E ratio	1.35	<b>1.10</b>	(0.25)	





- Explanatory materials

- Financial Report of the Third Quarter of FY2022

- ▶ Forecast for FY2022



## Upward Revision of our full-year earnings forecast

Results for the third quarter in FY2022 exceeded the earnings forecast announced on November 4, 2021

• <Breakdown of upward revision of operating profit by 1.5 billion yen>

+0.9 bn yen: Increase in air transportation (shift from ocean transportation and increase in emergency transportation of components, etc.)

+0.4 bn yen: Increase in freight forwarding, storage and transportation services (temporary increase in inventory of raw materials and stock component for manufacturers, etc.)

+0.2 bn yen: Others

(Unit: 100 million yen)

Consolidated total amount	Previous forecast	FY2022 (Apr.1, 2021~ Mar. 31, 2022)	Changes	Changes(%)	(ref.) FY2021 (Apr.1, 2020~ Mar. 31, 2021)
Operating revenue	2,750	<b>2,850</b>	+ 100	+ 3.6%	2,536
Operating Profit	205	<b>220</b>	+ 15	+ 7.3%	177
Ordinary Profit	201	<b>218</b>	+ 17	+ 8.5%	172
Profit attributed to owners of parent	117	<b>120</b>	+ 3	+ 2.6%	115



## (2) Operating revenue and profit forecast by reportable segment (Compared to the previous period)

Both operating revenue and profit in the logistics business are expected to increase, while those in the real estate business are expected to be maintained at previous-year levels.

### [Operating revenue]

(Unit: 100 million yen)

Segment	FY2021 (Apr. 1, 2020~ Mar. 31, 2021)	FY2022 (Apr. 1, 2021~ Mar. 31, 2022)	Changes	Changes(%)
Logistics business	2,446	2,760	+ 314	+ 12.8%
Real estate business	96	95	(1)	(1.3%)
Eliminate/Corporate	(7)	(5)	+ 2	—
Total operating revenue	2,536	2,850	+ 314	+ 12.4%

### [Operating profit]

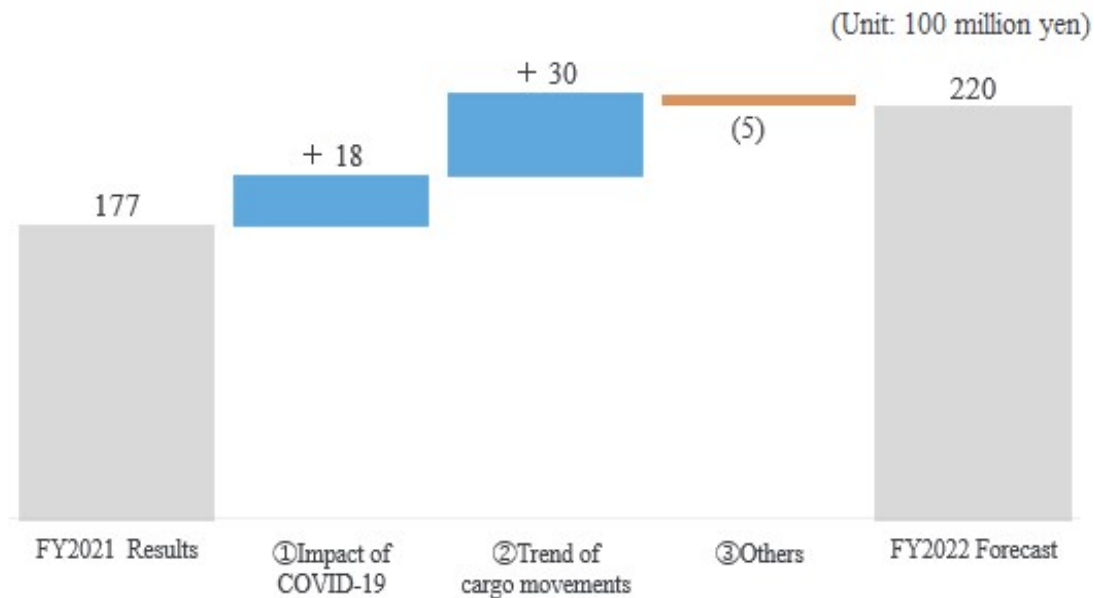
Segment	FY2021 (Apr. 1, 2020~ Mar. 31, 2021)	FY2022 (Apr. 1, 2021~ Mar. 31, 2022)	Changes	Changes(%)
Logistics business	150	199	+ 49	+ 32.8%
Real estate business	58	57	(1)	(2.3%)
Eliminate/Corporate	(32)	(36)	(4)	—
Total operating profit	177	220	+ 43	+ 24.6%



## (3) Operating profit for FY2022 (Compared to the previous period)

### Expected increase in operating profit of 4.3 billion yen compared to the previous period

- Increase in handling volumes in air transportation due to the impact of COVID-19 +1.8 bn yen
- Increase in freight forwarding, storage and transportation services due to recovery in imports and exports +3.0 bn yen



#### ① Impact of COVID-19 +18

- ↑ : Increase in handling volumes in emergency air transportation to maintain or review production system caused by supply chain disruption : +13
- ↑ : Shift to air transport due to a shortage of ocean containers and soaring air freight rates : +5

#### ② Trend of cargo movements +30

- ↑ : Increase in ocean and air freight forwarding services : +7
- ↑ : Increase in overseas storage and transportation services : +6
- ↑ : Increase in handling volume in logistics related to home appliances (including demand for Olympic and Paralympic Games) : +9
- ↑ : Recovery of container handling in port transport services : +7
- ↑ : Increase in handling volumes in healthcare logistics due to starting operation of the new warehouse : +2
- ↓ : Initial costs of the new warehouse in healthcare logistics : (1)
- ↑ : Increase in handling volumes in solution business due to starting operation of the new logistics center : +3
- ↓ : Initial costs due to starting operation of the new logistics center : (2)
- ↓ : Rise in the diesel price : (1)

#### ③ Others (5)

- ↑ : Decrease in goodwill amortization : +4
- ↓ : System costs to digitalize our business processes : (5)
- ↓ : Effect of having excluded Prime Cargo Group from the scope of consolidation : (4)

(Unit: 100 million yen)

Segment	FY2021 (Apr. 1, 2020~ Mar. 31, 2021)	FY2022 (Apr. 1, 2021~ Mar. 31, 2022)	Changes	Changes(%)
Logistics business	150	199	+ 49	+ 32.8%
Real estate business	58	57	(1)	(2.3%)
Eliminate/Corporate	(32)	(36)	(4)	—
<b>Total operating profit</b>	<b>177</b>	<b>220</b>	<b>+ 43</b>	<b>+ 24.6%</b>



(4) Non-operating profit (loss) • Extraordinary gains/losses forecast for FY2022  
(Compared to the previous period)

12

Neither fluctuations in non-operating profit (loss) nor extraordinary gains/losses are assumed.

(Unit: 100 million yen)

Consolidated total amount	FY2021 (Apr.1, 2020~ Mar. 31, 2021)	FY2022 (Apr.1, 2021~ Mar. 31, 2022)	Changes	Reason for changes
Operating profit	177	<b>220</b>	+43	
Non-operating profit (loss)	(4)	<b>(2)</b>	+2	
Financial profit/loss	(4)	<b>(5)</b>	(1)	
Ordinary profit	172	<b>218</b>	+46	
Extraordinary gains	57	—	(57)	FY2021 Gain on sale of investment securities and others
Extraordinary losses	39	—	(39)	FY2021 Impairment loss and loss on sale of shares of subsidiaries and associates
Profit attributed to owners of parent	115	<b>120</b>	+5	



## (5) Cash flow forecast for FY2022 (Compared to the previous period)

13

Cash flows from operating activities is expected to be 23.5 billion yen, a 2.2 billion yen increase from the previous fiscal year.

### Implementation of strategic investments and returns to shareholders

- Cash flows from investing activities is expected to be an outflow of 8.0 billion yen, a 8.8 billion increase from the previous fiscal year, due to partial payment for construction cost of Kanto P&M Center (Building B), a new warehouse for the exclusive use of healthcare logistics compared to FY2021 when cross-stockholdings had been sold.
- Cash flows from financing activities is expected to be an outflow of 14.5 billion yen due to dividends and repayment of interest-bearing debt.

(Unit: 100 million yen)

Consolidated total amount	FY2021 (Apr.1, 2020~ Mar. 31, 2021)	FY2022 (Apr.1, 2021~ Mar. 31, 2022)	Changes	Reason for changes
Cash flows from operating activities	213	235	+ 22	
Depreciation and amortization of goodwill	98	92	(6)	
Cash flows from investing activities	8	(80)	(88)	
Capital investment and acquisition of shares	(81)	(80)	+ 1	
Sale of assets	88	1	(87)	FY2021 Sales of cross-shareholdings and shares of subsidiaries
Cash flows from financing activities	(217)	(145)	+ 72	
Change in interest-bearing debt (Net)	(190)	(120)	+ 70	
Dividends paid	(12)	(16)	(4)	Increased dividend for the end of the previous fiscal year and for this interim period
Cash and cash equivalents	227	240	+ 13	



## (6) Balance sheet forecast at end of period (Compared to the end of the previous fiscal year)

14

### Increase in total assets due to the execution of investments

- Increase in fixed assets due to the acquisition of both a new warehouse for the exclusive use of healthcare logistics and material handling equipment for a new distribution center

### Decrease in interest-bearing debt

- Balance of interest-bearing debt as of March 31, 2022 is expected to be 96.0 billion yen due to the repayment of debt, and equity capital is expected to be 74.3 billion yen due to the posting of net income.

(Unit: 100 million yen)

Consolidated total amount	Balance at March 31, 2021	Balance at March 31, 2022	Changes	Reason for changes
Total assets	2,384	<b>2,500</b>	+ 116	
Cash and cash equivalents	232	<b>240</b>	+ 8	
Trade receivables	324	<b>350</b>	+ 26	
Tangibles and Intangibles assets	1,445	<b>1,460</b>	+ 15	
Interest-bearing debt	1,079	<b>960</b>	(119)	Repayment of debt
Net-debt	847	<b>720</b>	(127)	
Equity capital	627	<b>743</b>	+ 116	Recording of net income
Equity ratio	26.3%	<b>29.7%</b>	+ 3.4	
Net D/E ratio	1.35	<b>0.97</b>	(0.38)	