VALUE BEYOND LOGISTICS
MITSUI-SOKO GROUP

MITSUI-SOKO HOLDINGS Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2025

November 15, 2024

Event Summary

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[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

Presentation

Moderator: Thank you for your patience. We now begin the Q2 FY2025 financial results briefing of MITSUI-SOKO HOLDINGS Co., Ltd.

First of all, I would like to introduce today's speakers. Hirofumi Koga, Representative Director, President & CEO.

Koga: I'm Koga. Hello.

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

Nakayama: My name is Nakayama. Hello.

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

Nishimura: My name is Nishimura. Hello.

Moderator: Today, I would like to begin with a greeting from President Koga, followed by an overview of the financial results and full-year forecasts 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 Q&A session, which is scheduled to end around 11:00 AM. The presentation materials are also available on our website. The briefing is live streamed.

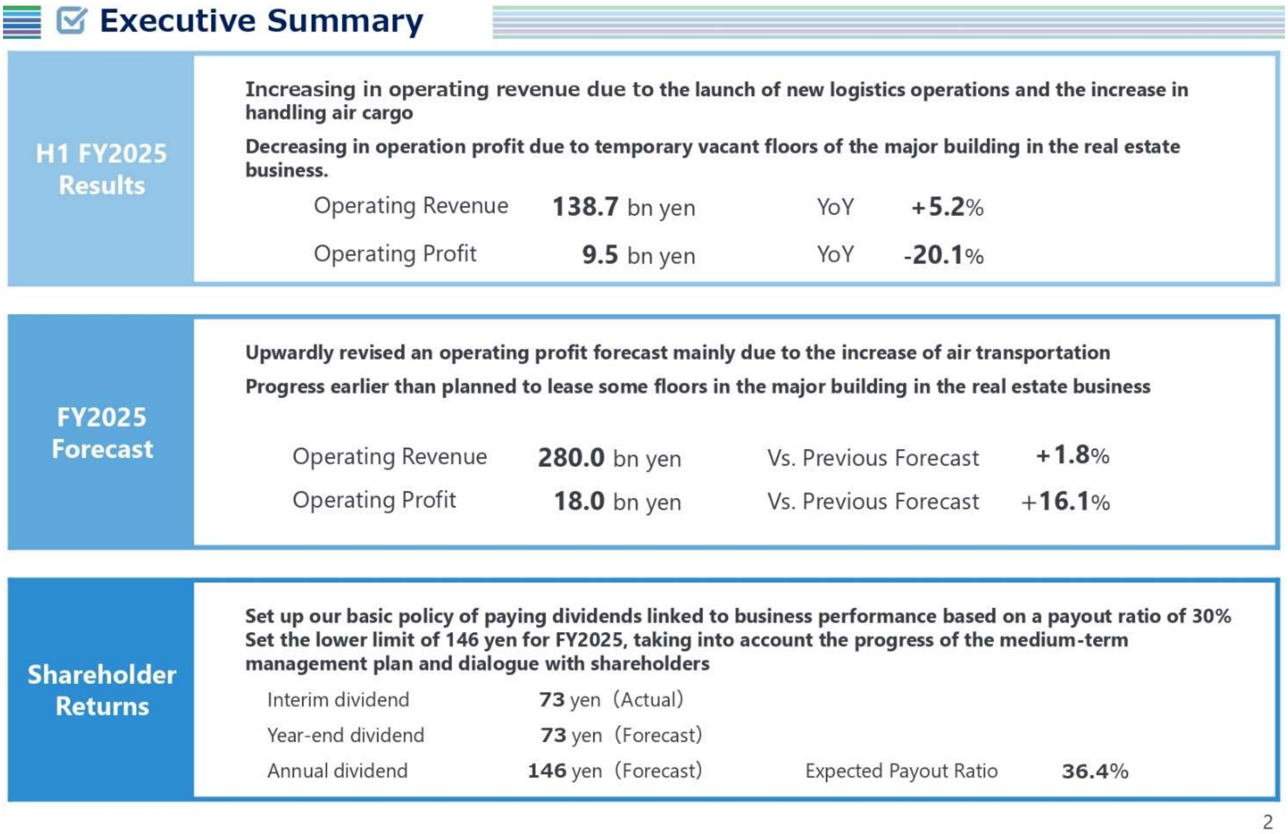
Due to time constraints, we may not be able to answer all of your questions during the Q&A session. Please understand.

On-demand streaming will be available at a later date.

Now President Koga, please start.

Koga: Hello, everyone. I am Koga, Representative Director, President & CEO of MITSUI-SOKO HOLDINGS. Thank you very much for sparing your precious time for our Q2 FY2025 financial results briefing.

Senior Managing Director Nakayama now gives an overview of the financial results and our outlook for FY2025.



Nakayama: This is Nakayama. Thank you very much for your cooperation today.

I will explain the details of our financial results and the FY2025 forecast with the presentation material.

See page two. First, I would like to provide a summary of H1 results and FY2025 forecast.

As we will explain in detail later, H1 results showed an increase in revenue mainly due to the full operation of new bases in the logistics business and an increase in air cargo transportation handling.

On the other hand, operation profit decreased due to temporary vacant floors of the major building in the real estate business.

Regarding our forecast, we have revised FY2025 forecast upward, as air cargo handling increased more than our expectation at the time of the August announcement, while leasing of the Hakozaki Building, the major building in our real estate business, is progressing better than planned.

Summary of H1 FY2025 Financial Results

- **Increase in operating revenue due to the launch of new logistics operations, the increase in handling air cargo and a rise in ocean cargo freight rates**
- **International cargo movement remained unchanged**
- **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**

Total Consolidated	H1 FY2024 (6 months)	H1 FY2025 (6 months)	Change	Change(%)
Operating Revenue	1,319	**1,387**	+68	+5.2%
Operating Profit	118	**95**	-23	-20.1%
(Operating profit margin	9.0%	**6.8%**	-2.2pt	—)
Ordinary Profit	122	**95**	-27	-22.1%
Profit attributed to owners of parent	72	**58**	-14	-18.6%

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See page four. As shown here, H1 saw an increase YoY in revenue but a decrease YoY in profit. Even though cargo movement remained unchanged, as I mentioned at the beginning, we secured an increase in revenue through the full operation of new bases.

The decrease in profit was due to a one-time decrease in rental revenue in the real estate business. This is due to vacancies caused by the conversion of the Hakozaki Building into a multi-tenanting building, but as I mentioned earlier, these vacancies are temporary, and leasing is proceeding smoothly at the moment.

Financial Results by Segment

Segment	H1 FY2024 (6 months)	H1 FY2025 (6 months)	Change	Change(%)
Operating Revenue	1,319	**1,387**	+68	+5.2%
Logistics business	1,276	**1,362**	+86	+6.7%
Warehousing/Port transportation	620	**672**	+52	+8.3%
Airfreight forwarding(FWD)	193	**213**	+20	+10.3%
3PL/LLP	386	**407**	+21	+5.6%
Land transportation	139	**135**	-4	-3.5%
Elimination of intra-group transactions	-62	**-65**	-3	—
Real estate business	47	**29**	-18	-37.0%
Eliminate/Corporate	-4	**-4**	0	—
Operating Profit	118	**95**	-23	-20.1%
Logistics business	112	**112**	0	-0.5%
Warehousing/Port transportation	40	**38**	-2	-4.4%
Airfreight forwarding(FWD)	34	**29**	-5	-14.5%
3PL/LLP	32	**38**	6	+18.1%
Land transportation	8	**9**	1	+12.3%
Elimination of intra-group transactions	-1	**-2**	-1	—
Real estate business	28	**8**	-20	-70.6%
Eliminate/Corporate	-22	**-25**	-3	—

- 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, increase in handling of e-commerce logistics and the launch of new operations base in Europe.

- Rising freight rates on some routes and shift from ocean to air due to disruption of shipping market conditions.

- Sluggish international cargo movement
- Temporary cost for launching new operations base in Europe and Hokuriku region.

- 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.
- The launch of new e-commerce logistics of home appliances

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

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See page five. I would like to explain our financial results by segment.

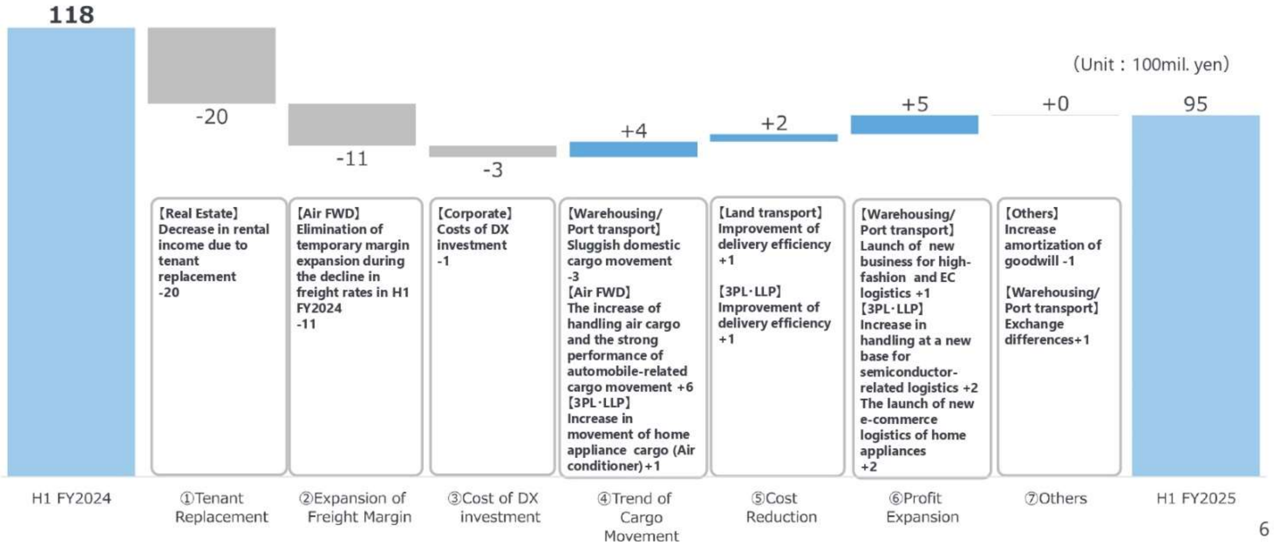
See operating profit in the bottom row. Concerning warehousing/port transportation and land transportation, they remained mostly unchanged. Airfreight forwarding saw an increase in cargo handling, but a YoY decrease mainly due to shrinking margins amid rising freight rates.

As for 3PL/LLP, profit increased due to an increase in handling of semiconductor logistics in the Kyushu region.

As for the real estate business, as mentioned, profit decreased due to temporary vacancies.

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
- Temporary margin expansion amid falling freight rates in H1 FY2024 having been eliminated
- The trend of cargo movement is different by type of cargo. Despite sluggish International cargo such as food row, domestic cargo movement of home appliances progress firmly
- 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



See page six. I now explain the main factors of changes in operating income. See this step chart.

Item one is due to the vacancies in the real estate business, and item two is a decrease in profit due to shrinking margins in the air forwarding business, which I already explained.

Cost factors included the increase in expenses associated with the execution of the DX investment in item three.

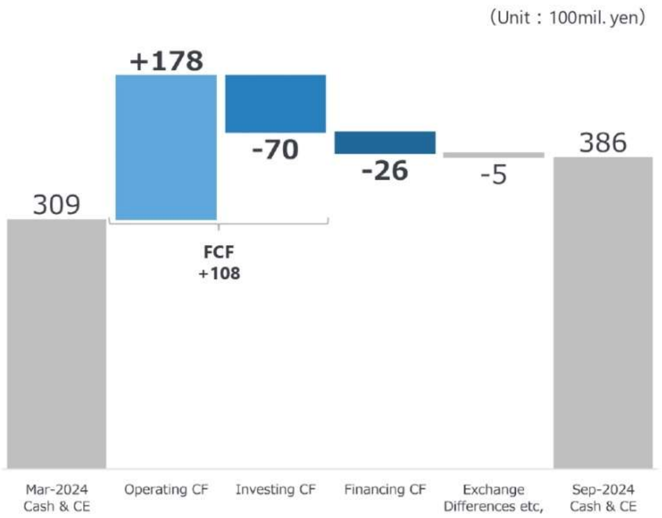
Item four, trend of cargo movement varied by the cargo. Import cargo movements of food raw materials and other remained sluggish, while those of automobile-related air cargo and home appliance-related shipments such as air-conditioning equipment went strong.

In addition to the progress of efficiency improvement efforts such as the improvement of the loading ratio in item five, handling for high-fashion logistics and semiconductor-related logistics in Kyushu, where we newly established a base last year, increased with respect to item six.

Despite the uncertain business environment, we are making steady progress in our efforts to expand earnings in the focused areas.

Cash Flow Status

- **Operating cash flow (CF) resulted in a net cash inflow of 17.8 bn yen mainly due to net income**
- **Investment in both the value-adding construction 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**	**: +178**
Profit before income taxes	: +100
Depreciation/Amortization of goodwill	: +52
Decrease (increase) in trade receivables/ trade payables	: -45
Income taxes paid	: -6
• **Investing CF**	**: -70**
Capital investment	: -57
Software investment	: -12
Stock acquisition	: -4
(Subtotal) Free cash-flow	**: +108**
• **Financing CF**	**: -26**
Change in borrowings and bonds (Net)	: +24
Dividends paid	: -20
• **Total of Change in Cash and Cash Equivalents**	**: +77**

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See page seven. I would like to explain the cash flow status.

Operating cash flow resulted in a net cash inflow of JPY17.8 billion, and investing cash flow saw a cash outflow of JPY7 billion due to the value-adding work at the Hakozaki Building and the acquisition of additional shares in a joint venture in China.

Free cash flow, mainly used for dividend payments, resulted in a financing cash outflow of JPY2.6 billion.

Balance Sheet Status

- **Improved 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 Sep 30, 2024	Change
Total Assets	2,635	**2,790**	+155
Cash and deposits	319	**394**	+75
Trade receivables	303	**348**	+45
Tangible and Intangible assets	1,512	**1,519**	+7
Interest-bearing debt (including Lease obligations)	833	**854**	+21
Borrowings and Bonds	767	**792**	+25
Lease obligations	65	**62**	-3
Equity Capital	1,099	**1,136**	+37
Equity ratio	41.7%	**40.7%**	-1
D/E ratio	0.76	**0.75**	0

- Temporary increase due to seasonal factor (same level as previous fiscal year: 38.5 bn yen)

- Goodwill +1.0 bn yen

- Reasons for the change in equity capital:
  Net Income +6.0 bn yen
  Dividends -2.0 bn yen
  Exchange differences -0.3 bn yen

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See page eight. I will briefly explain the balance sheet status.

D/E ratio improved to 0.75x due to the accumulation of profits. We have secured sufficient capacity for future investments.

Summary of FY2025 Financial Forecast

- Upwardly revised the FY2025 forecast resulting from exceeding the operating profit of H1 FY2025 forecast announced in August（Details to follow）
- Strong performance resulting from the increase in handling air cargo
- Increase in handling of semiconductor-related logistics in the Kyushu region
- Progress of measures for appropriate fee collection and efficiency earlier than expected
- Progress earlier than planned to lease some floors of the Hakozaki Building in the real estate business

(Unit: 100 mil. yen)

Total Consolidated	H1 FY2025 Actual	FY2025 Previous Forecast	Progress	FY2025 Revised Forecast	Vs. Previous Forecast
Operating Revenue	1,387	**2,750**	50.4%	**2,800**	＋50
Operating Profit	95	**155**	61.0%	**180**	＋25
Ordinary Profit	95	**148**	64.2%	**177**	＋29
Profit attributed to owners of parent	58	**87**	67.2%	**100**	＋13

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I would like to explain the FY2025 financial forecast.

See page 10. H1 results exceeded H1 FY2025 forecast announced in August.

We have revised upward FY2025 forecast because we expect firm air cargo handling in H2, and leasing of the Hakozaki Building is progressing better than our initial forecast.

Financial Forecast by Segment

(Unit: 100 mil. yen)

Segment	H1 FY2025 Actual	FY2025 Previous Forecast	Progress	FY2025 Revised Forecast	Vs. Previous Forecast
Operating Revenue	1,387	**2,750**	50.4%	**2,800**	+50
Logistics business	1,362	**2,689**	50.6%	**2,741**	+52
Warehousing/Port transportation	672	**1,354**	49.7%	**1,370**	+16
Airfreight forwarding(FWD)	213	**400**	53.1%	**423**	+23
3PL/LLP	407	**782**	52.1%	**805**	+23
Land transportation	135	**268**	50.2%	**268**	—
Elimination of intra-group transactions	-65	**-115**	—	**-125**	-10
Real estate business	29	**66**	44.5%	**67**	1
Eliminate/Corporate	-4	**-5**	—	**-8**	-3
Operating Profit	95	**155**	61.0%	**180**	+25
Logistics business	112	**194**	57.6%	**217**	+23
Warehousing/Port transportation	38	**79**	48.1%	**81**	+2
Airfreight forwarding(FWD)	29	**37**	78.3%	**52**	+15
3PL/LLP	38	**65**	57.8%	**70**	+5
Land transportation	9	**15**	58.4%	**16**	+1
Elimination of intra-group transactions	-2	**-2**	81.1%	**-2**	—
Real estate business	8	**19**	43.7%	**21**	+2
Eliminate/Corporate	-25	**-58**	43.8%	**-58**	—

- Progress of measures for appropriate fee collection efficiency earlier than expected and controlling the impact of cost increases

- The emergence of shift from ocean to air
- Expect strong performance in Air cargo movement

- Increase in handling of semiconductor logistics
- Progress of measures for appropriate fee collection and efficiency

- Progress earlier than planned to leasing Hakozaki building and reduce the cost such as management fee

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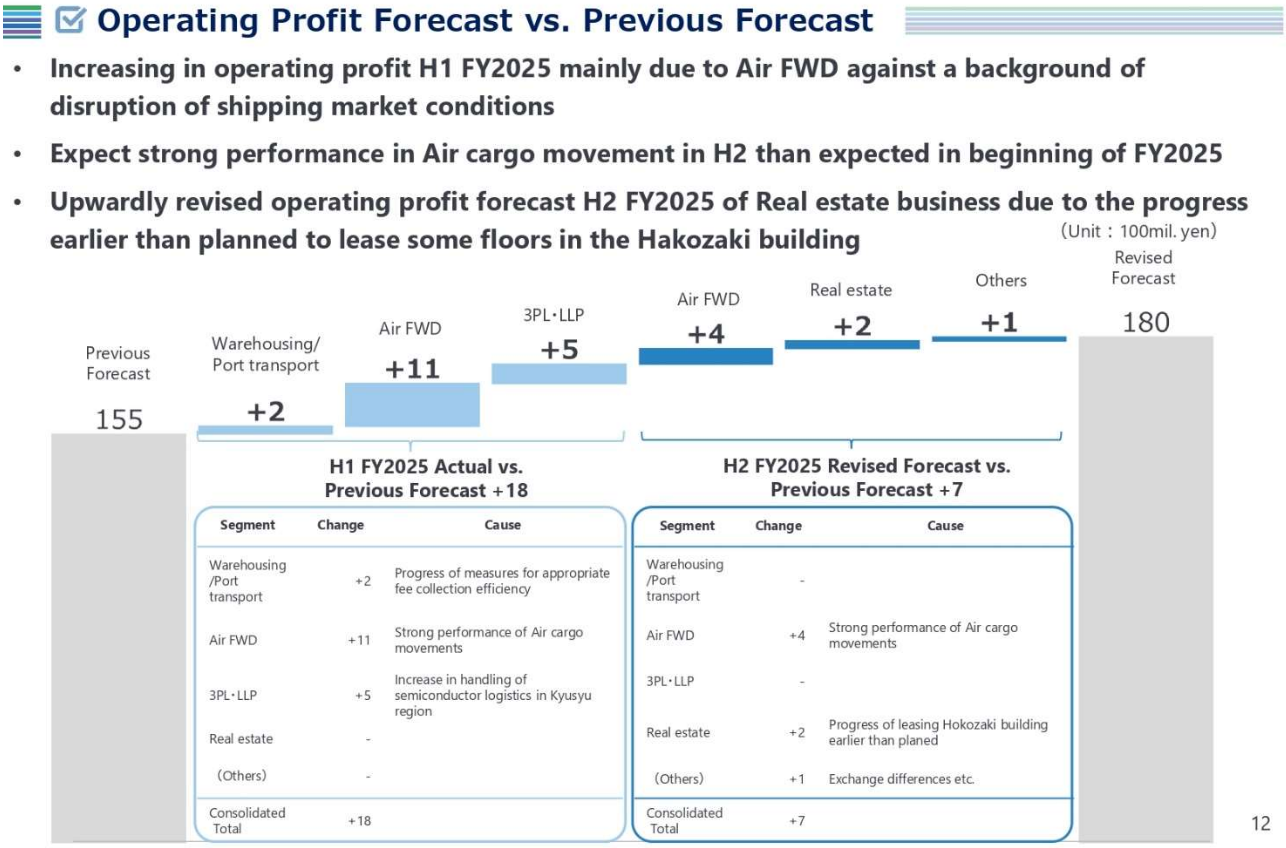
See page 11. We have revised the upward forecast for both logistics and real estate businesses. More details on the changes are provided on the next page.



See page 12. I would like to explain factors of changes in operating profit of FY2025 forecast. I will explain H1 and H2 separately.

As mentioned earlier, H1 results exceeded the forecast by JPY1.8 billion. The three main factors for the increase are as follows.

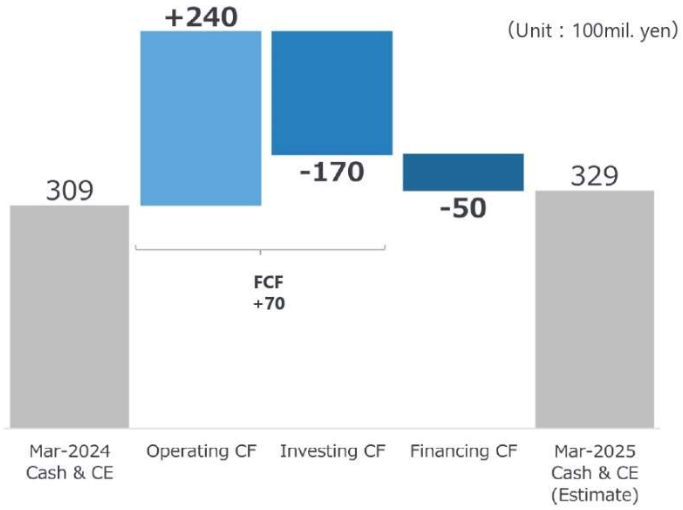
First, although we had expected a certain level of cost increase mainly in warehousing/port transportation, we were able to control the impact of the cost increase through progress in our efforts to optimize fee collection. Second, there was an increase in air cargo handling. Third, the handling of semiconductor-related cargo at the newly established base in Kyushu has been strong. These three factors resulted in H1 increase.

H2 forecast has been revised upward by JPY700 million from the initial plan. The main factors are the continued strong cargo movement expected in H2 in the air cargo forwarding business, and progress in leasing of the Hakozaki Building in the real estate business ahead of schedule.

Cash Flow Forecast

- **Expect Operating cash flow (CF) to be a net cash inflow of 24.0 bn yen**
- **Expect construction costs of new warehouse at Busan New Port, Korea* and construction cost of value-adding for the Hakozaki Building and investment in DX as well**

*･･･ Construction costs of new warehouse at Busan New Port, Korea is scheduled to start in FY2025 and proceed full-scale for investment after FY2026



Major Breakdown of Cash Flows（Forecast）

• **Operating CF**	**:**	**+240**
Profit before income taxes	:	+100
Depreciation/Amortization of goodwill	:	+110
• **Investing CF**	**:**	**-170**
Capital investment	:	-135
Software investment	:	-30
Stock aquition	:	-4
（Subtotal）Free cash-flow	**:**	**+70**
• **Financing CF**	**:**	**-50**
Change in borrowings and bonds（Net）	:	+10
Dividends paid	:	-37
• **Total of Change in Cash and Cash Equivalents**	**:**	**+20**

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See page 13. I would like to explain our cash flow forecast.

Within the forecast for investing cash flow, capital investment of JPY13.5 billion is included. Our president will explain the details later, but we are planning to construct a warehouse at Busan New Port, Korea, and a part of the construction cost is scheduled to be spent in FY2025.

In addition, the Hakozaki Building construction payment is expected in H2.

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**
- **Although ROE is expected to decline temporarily in FY2025 due to temporary decrease of operation profit of real estate, the Company aims to improve profitability to achieve ROE of 12%, that is the medium-term target, in FY2027.**

(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	**2,760**	+125
Interest-bearing debt (including Lease obligations)		833	**840**	+7
Borrowings and Bonds		767	**775**	+8
Lease obligations		65	**65**	0.00
Equity Capital		1,099	**1,160**	+61
Financial Soundness	Equity ratio	41.7%	**42.0%**	+0.3
	D/E ratio	0.76	**0.72**	-0.04
Capital Efficiency	ROE	11.9%	**8.9%**	-3.00

- Expect an increase in tangible assets resulting from construction cost of the Hakozaki Building
- Expect an increase Interest-bearing debt due to Borrowing Capital investment funds
- ROE is expected to decline temporarily in FY2025 due to temporary decrease of operation profit of real estate
- Expect the recovery after FY2026 due to progress of leasing as planed

・D/E ratio＝Interest-bearing debt（including Lease obligations）/ Equity Capital

・ROE＝ Profit before income taxes / Equity Capital （Average of fiscal year beginning and fiscal year end ）

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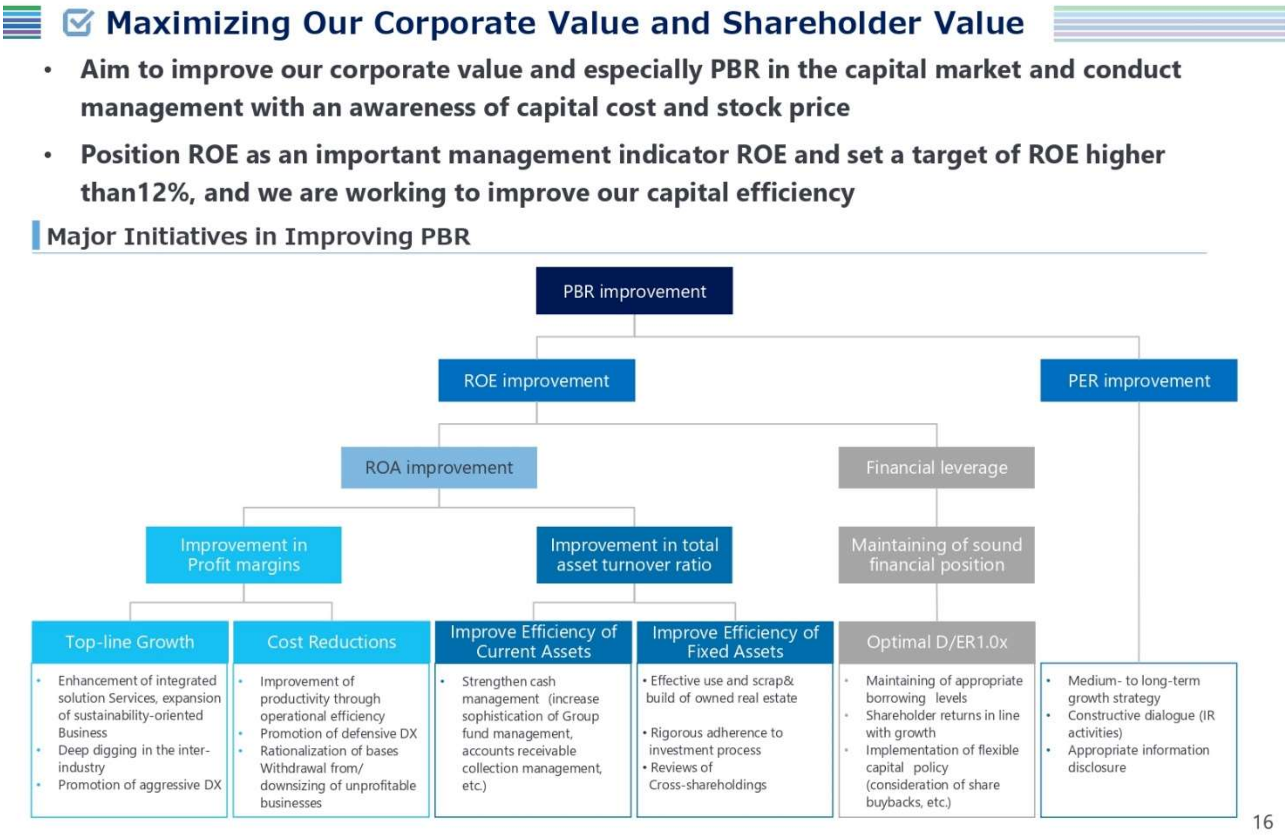
See page 14. I would like to explain the balance sheet forecast.

D/E ratio at the end of FY2025 is expected to be 0.72x, almost unchanged from the end of FY2024.

ROE is expected to decline temporarily due to a one-time decrease in profit in the real estate business but is expected to recover in the next fiscal year and beyond as leasing progresses.

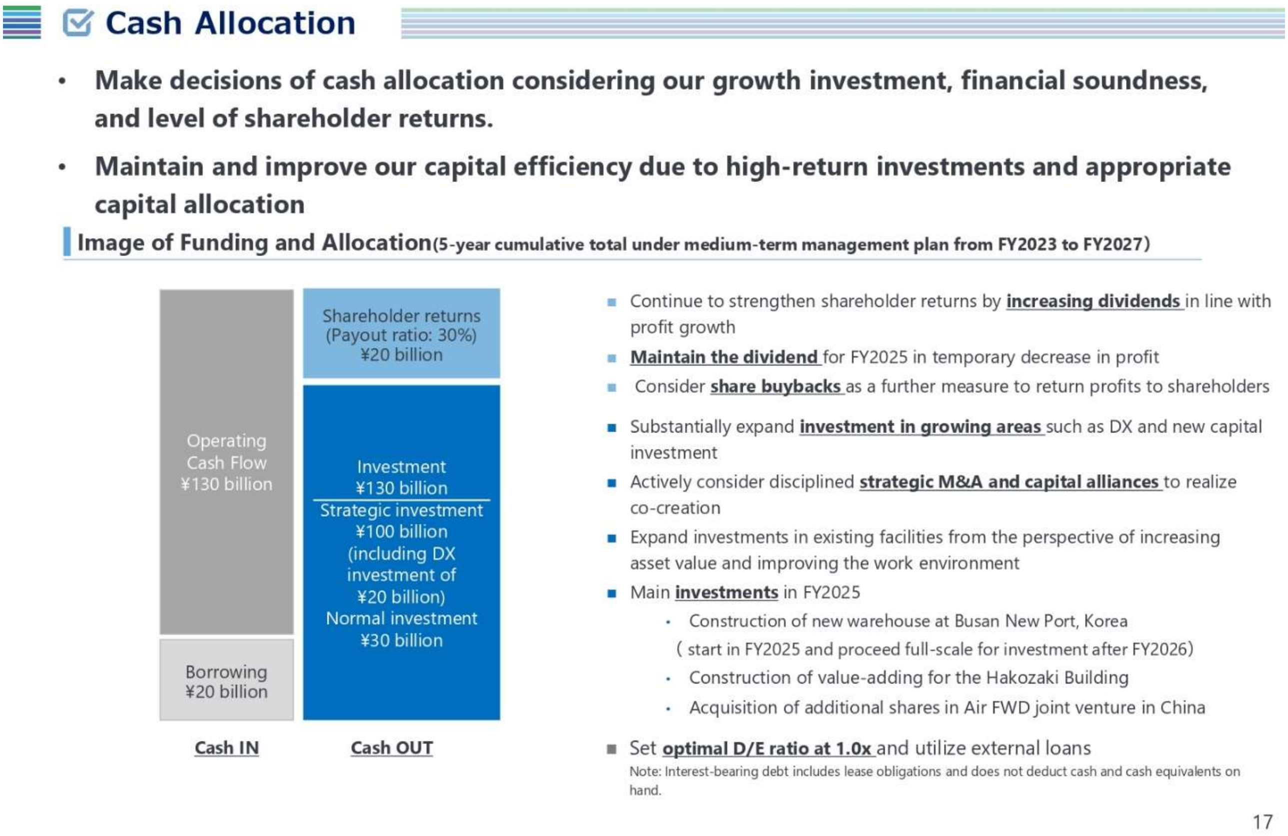
We will continue to control our balance sheet from a medium- to long-term perspective toward the final year of our medium-term management plan, taking into account our plans for future growth investments, shareholder returns, and the balance between financial soundness and capital efficiency.



See page 16. Finally, I would like to briefly introduce our current situation regarding our management with an awareness of capital cost and stock price and our communication with our shareholders and investors.

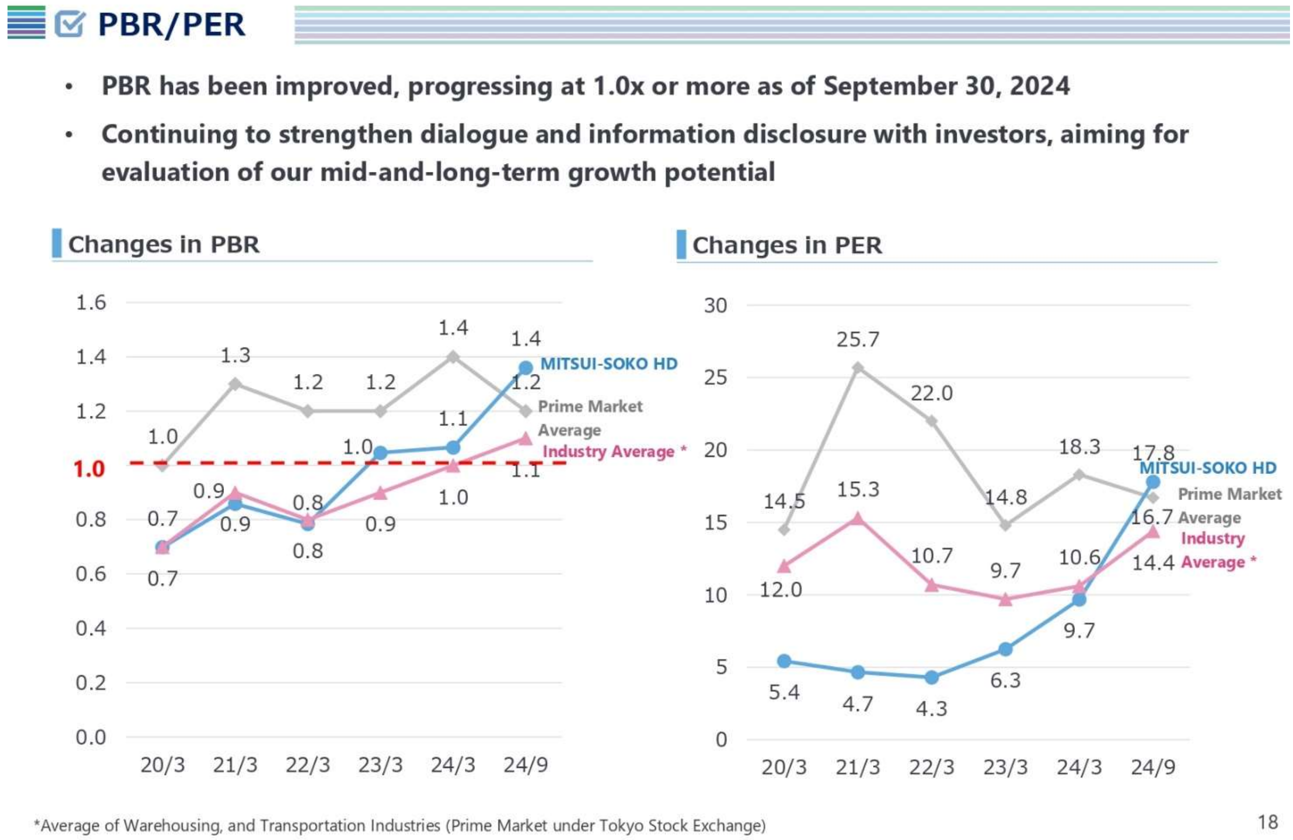
We conduct management with an awareness of capital cost and stock price, with the aim of improving corporate value and in the capital market, especially PBR.

We will not go into a detailed explanation of individual initiatives, but this slide shows a tree of the various initiatives we are undertaking in our medium-term management plan to improve PBR. We will look to increase our corporate value by improving ROE through the implementation of various policies in the mid-term plan and by improving PER through the promotion of proactive IR activities.



See page 17. This slide shows rough idea on five-year cumulative total cash allocation under the medium-term management plan.

In addition to proactive investments, we aim to maintain and improve capital efficiency by achieving appropriate capital allocation through flexible shareholder returns.



See page 18. I would like to explain our perception of our stock price as of the end of September.

Over the past five years, the PBR of our stock has been gradually improving, and as of the end of September, it was above the prime market average. We believe this is largely due to the fact that our group has been working to improve profitability and has achieved improved performance in line with the implementation of its growth strategy.

In addition, we believe that investors have gradually come to understand the results of our group's performance improvement through more active information disclosure and communication through IR activities.

We will continue to focus on enhancing dialogue and information disclosure with investors to improve their evaluation of the Group's medium- to long-term growth potential.

Dialogue with Shareholders and Investors

- **Placed dialogues with analyst and fund managers in H1 FY2025**
  Dialogues on the main themes such as shareholder returns, business environment, real estate business, progress of strategic investments
- **Engagement with institutional investors scheduled to be implemented in H2 FY2025**

Main Topics of Dialogue with Shareholders and Investors

Main Theme	Main Dialogue
Shareholder Returns	• Evaluation of Maintaining the dividend for FY2025 at the same level as for FY2024 • Aimed capital structure
Business Environment	• Shipping Market Conditions • Air Cargo Market Conditions
Real estate Business	• Progress in Leasing of Hakozaki Building • Progress in Leasing of Onarimon Building and Shibaura Building
Strategic Investments	• Progress in the launch new logistics operation which were invested FY2024 and FY2025 (Semiconductor logistics base, e-commerce logistics base and new base in Europe) • Further plan of investments

Implementation Status of Dialogue with Shareholders and Investors（For Six months from Apr to Sep 2024）

Activities	Person in Charge	Number of Times
Financial Results Briefings	CEO, CFO, Each Executive Officer	2 times for a total of 103 companies
Individual IR interviews	CFO, Each Executive Officer, General Manager, Manager, IR and SR Personnel*	A total of 49 interviews
Institutional investors engagement	Scheduled to be implemented in H2 FY 2025	

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

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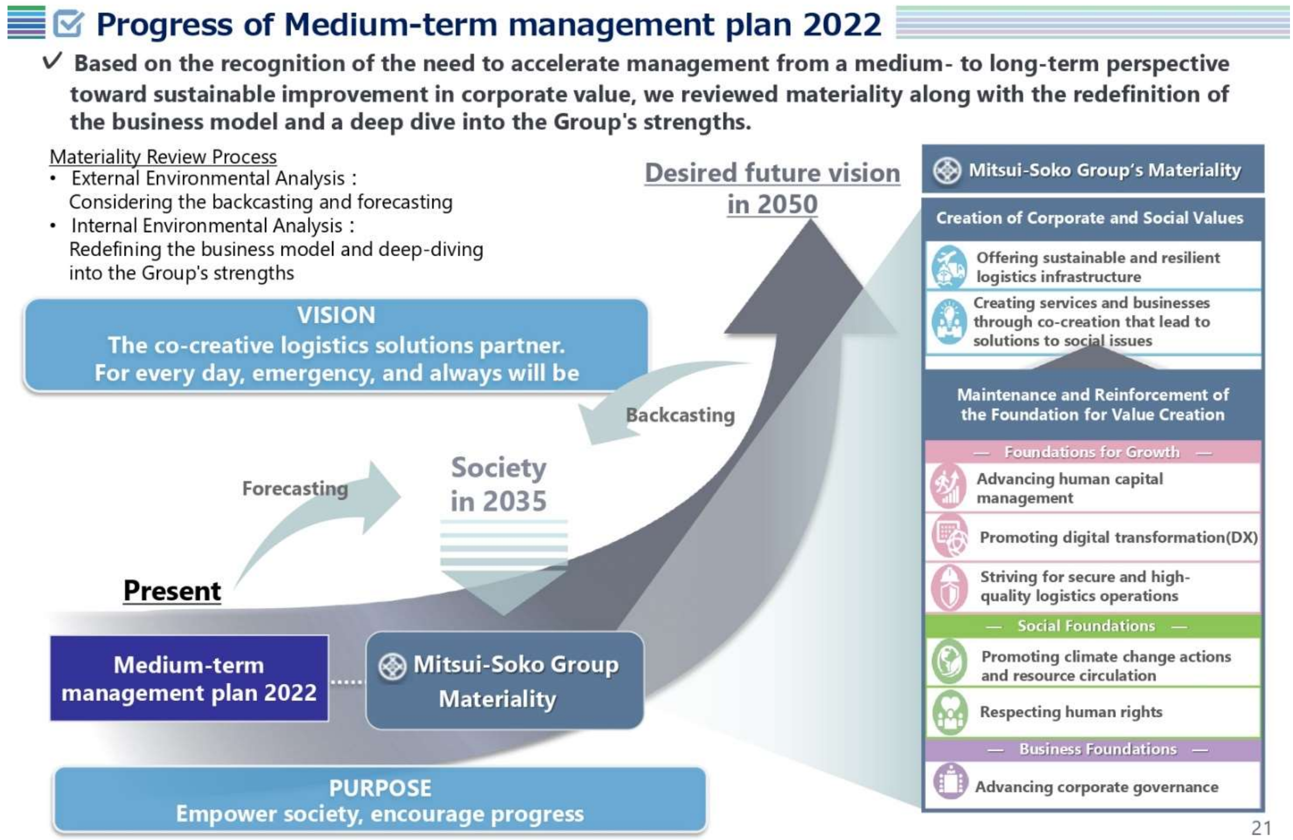
See page 19. This slide shows the status of dialogue with shareholders and investors conducted during H1 FY2025.

The main topics of dialogue included shareholder returns, the business environment, including trends in the shipping and air cargo markets, and progress in leasing the Hakozaki Building in the real estate business. In particular, we considered our approach to the dividends for FY2025 based on dialogue with our shareholders, and we recognize that this approach has received a certain level of positive feedback.

We will continue to hold dialogues with shareholders and investors as needed.

This concludes my explanation. Thank you very much.

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



Koga: I'm Koga. Thank you very much for your cooperation today.

I would like to explain the progress of our Five-Year Plan, mid-term management plan 2022, which ends in FY2027.

See page 21. Before I discuss our medium-term management plan, I would like to talk a little about our group philosophy and materiality, which are the top-level concepts of our group's management strategy, including our medium-term management plan from the perspective of sustainability management.

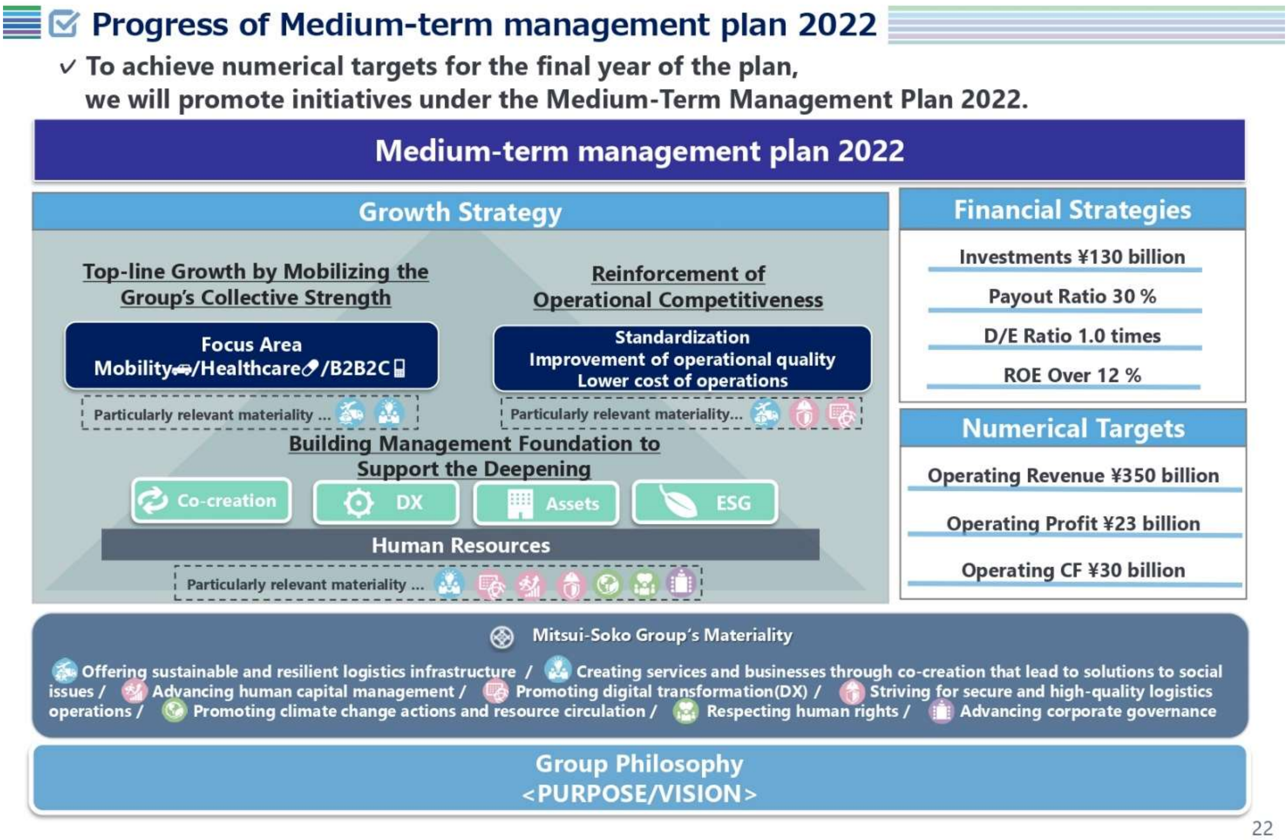
As you are all aware, the social environment is changing dramatically amidst heightened geopolitical risks, more intense disasters, labor shortages, and other uncertainties.

In the logistics industry, the external environment is also undergoing significant changes, including the decentralization of bases, multiple lines, accelerated moves toward local production for local consumption, and structural changes, including industry restructuring.

In this business environment, we have reviewed the materiality identified for 2020. We analyzed the external environment from the perspective of both backcasting from the desired future image in 2050 and forecasting to solve the current issues, and also analyzed the internal environment by reorganizing the existing business model and clarifying our unique strengths. We have re-identified these issues as key challenges to be addressed by 2035.

The revised materiality consists of eight items: six items based on maintaining and strengthening the foundation for value creation, and two items to realize the creation of corporate and social value through the materiality.

Under this new materiality, Purpose: "Empower society, encourage progress" will be materialized. To realize Vision, "The co-creative logistics solutions partner. For every day, emergency, and always will be," we will implement the strategies in the medium-term management plan 2022, which we are currently working on.



See page 22. The relation of our medium-term management plan with the eight items of materiality I just explained is shown here. We are proceeding with various initiatives in line with our growth strategy to achieve the numerical target of JPY23 billion in operating profit in FY2027, the final year of the medium-term management plan.

We are building a strong management foundation by accelerating initiatives such as co-creation and digital transformation, while aggressively pursuing various top-line expansion measures.

I would like to explain our efforts and progress in FY2025 based on this growth strategy.

See page 23. The new warehouse construction project in the Busan New Port, Korea was launched, with an investment of approximately JPY5 billion.

In the Busan area, container handling volume has been increasing in recent years due to the development of the Busan New Port and other factors. We already have a warehouse base, but in light of the strong storage and transshipment needs, we are planning to expand our storage space by adding a new warehouse.

We are in the process of promoting our collection service utilizing our extensive customer base, and we expect it to be in full operation in FY2026.

The second topic is the opening of an office in Slovakia.

In Europe, we operate storage, transportation, customs clearance, and forwarding services, etc., from its main bases in the Czech Republic and Hungary. In last year 2023, we opened a new office in Rotterdam, the Netherlands, and we have expanded our sales area in Europe by opening an office in Slovakia. By opening an office in Slovakia, located between the Czech Republic and Hungary, we will expand our network.

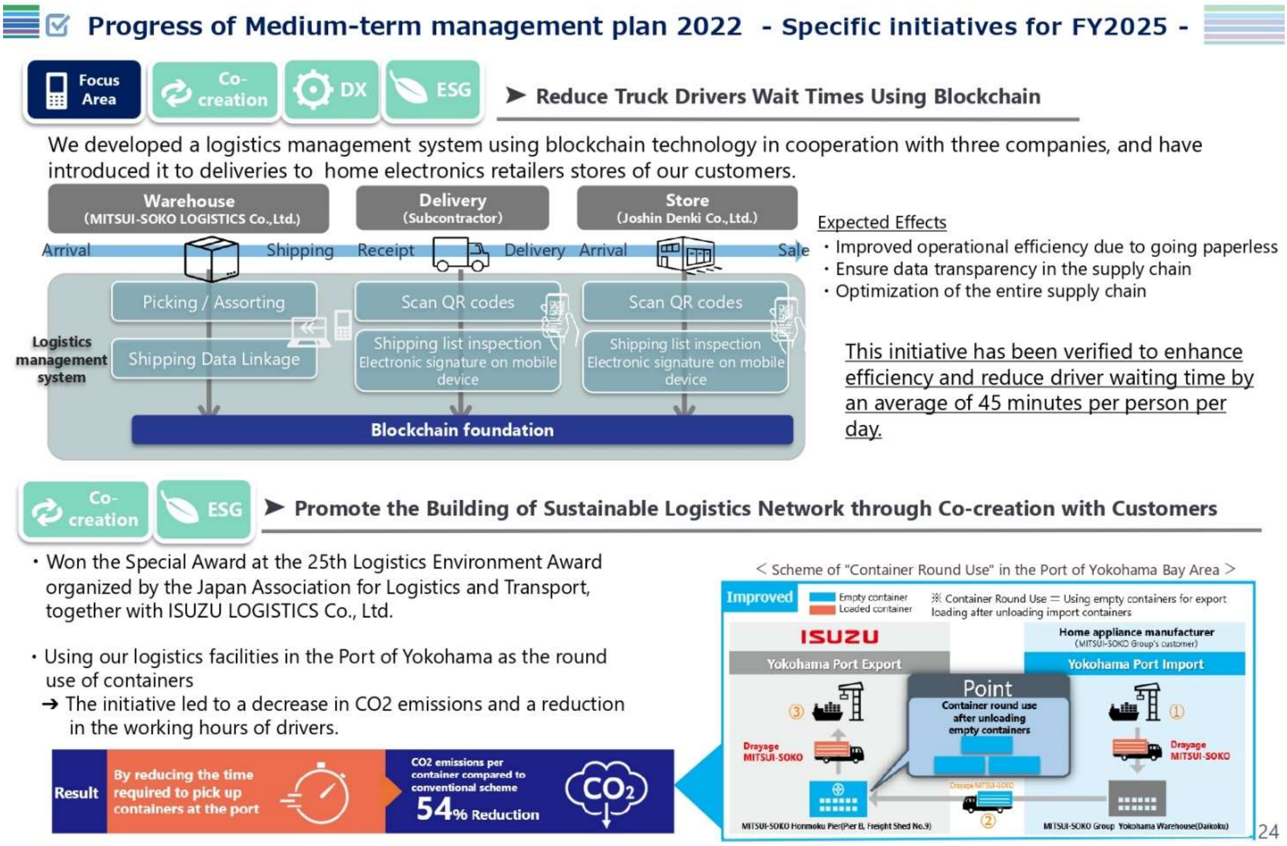
We will provide a variety of logistics services by expanding transportation services to Central and Eastern Europe by taking advantage of our superior location, and by utilizing the logistics management system developed in-house at our European base.

The third topic is an initiative on CEIV Lithium Batteries.

We have decided to participate in the community organized by Narita International Airport to obtain the air transportation quality certification for lithium-ion batteries established by IATA.

We have been accumulating experience in international transportation services for lithium-ion batteries, but as the supply chain becomes more complex, we are strengthening our safety and quality control systems to meet global standards, training staff, and creating procedure manuals in order to achieve safer operations and further improvements in transportation quality.

Next, I will introduce examples of initiatives aimed at solving social issues such as the 2024 problem and environmental problems through co-creation.



See page 24. The first is about the use of blockchain to reduce truck driver wait times.

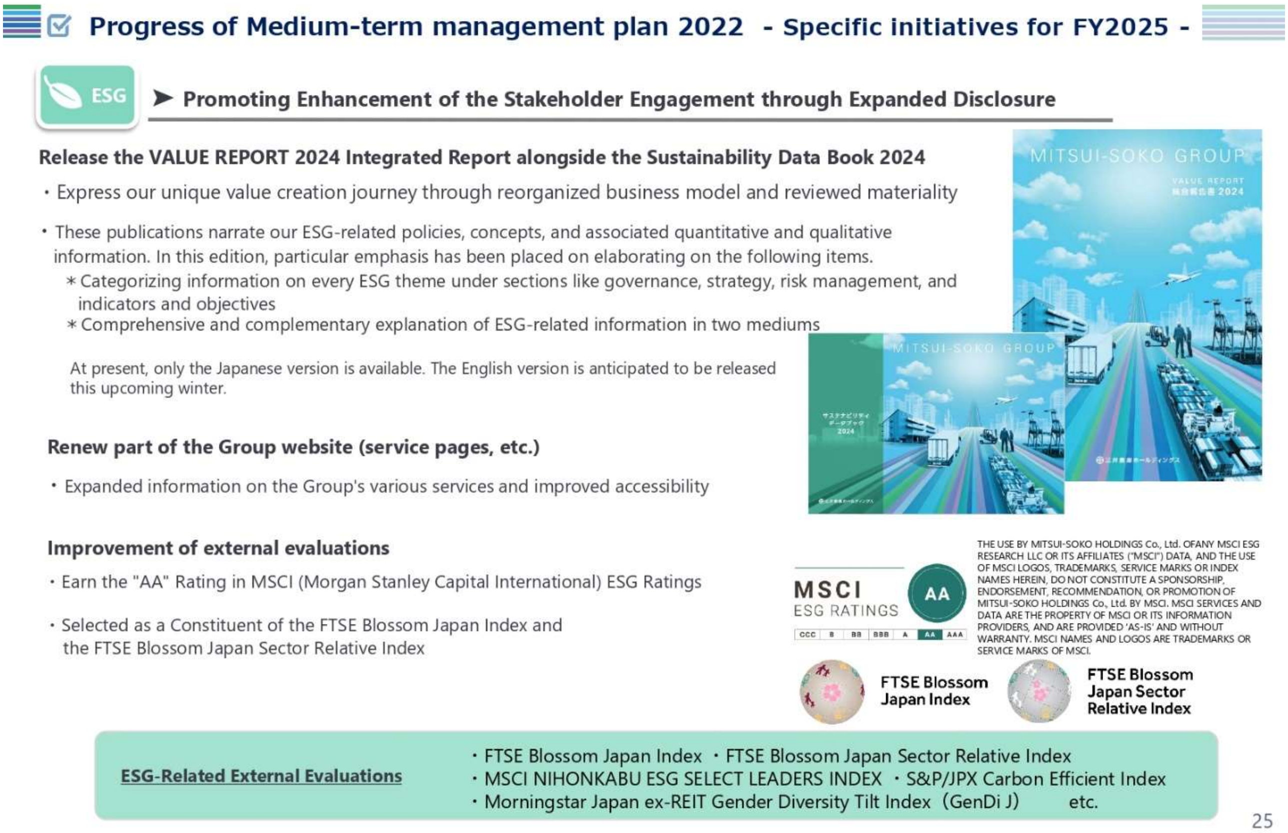
A four-company collaboration, including a startup company, built a logistics management system that utilizes blockchain technology and introduced it to store delivery operations for one of our major customers, Joshin Denki, a major home electronics retailer.

Utilization of this system is expected to reduce the burden on drivers through paperless operations, information management, and transparency, as well as to ensure the optimization of the entire supply chain.

The second example is a project that won the special award at the 25th Logistics Environment Awards.

In collaboration with ISUZU LOGISTICS, we conducted the round use of containers using our logistics facilities in the Port of Yokohama as a container depot. It received high marks for reducing CO2 emissions and shortening the working hours of drivers by establishing an efficient workflow line.

We will continue to co-create a new value with various companies and build a sustainable logistics network.



See page 25. I would like to explain the expansion of disclosure to stakeholders. Management based on dialogue with investors is indispensable for improving corporate value, and we have been making various efforts as a prerequisite for such dialogue.

As part of this effort, we published the VALUE REPORT 2024 and the Sustainability Data Book 2024, October this year. We are reorganizing the business model in conjunction with the materiality revision explained at earlier, and we introduce our group's unique value creation stories centered on these activities, as well as various financial and non-financial information, so please take a look.

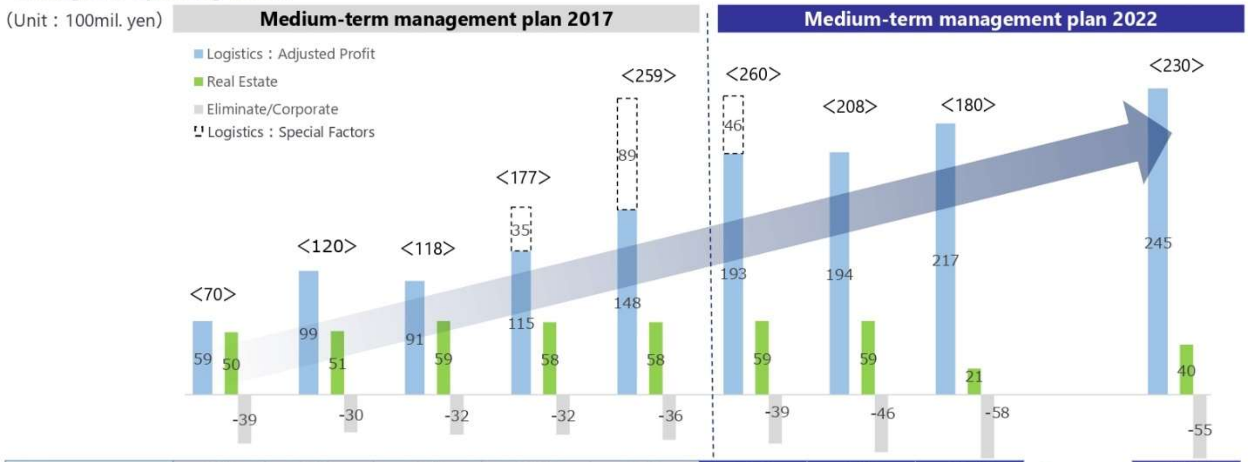
Partly due to the effectiveness of these expanded disclosures, we are selected as indexes and have been highly evaluated by external parties, including investment management institutions. We will continue to expand our information disclosure to ensure that our stakeholders understand the value that our group has to offer.

Progress of Medium-term management plan 2022 - Earnings Trends -

✔ **Progressing steadily as expected toward achieving the numerical targets in both logistics and real estate businesses**

<Changes in Operating Profit >

(Unit : 100mil. yen)



	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3		27/3
Logistics : Adjusted Profit	59	99	91	115	148	193	194	217	Logistics +28	245
Real Estate	50	51	59	58	58	59	59	21	Real Estate +19	40
Eliminate/ Corporate	-39	-30	-32	-32	-36	-39	-46	-58	Corporate +3	-55
Special factors	**70**	**120**	**118**	**141**	**170**	**214**	**208**	**180**	**Total +50**	**230**
Logistics : Special Factors	-	-	-	35	89	46	-	-		-
Consolidated total (including special factors)	70	120	118	177	259	260	208	180		230

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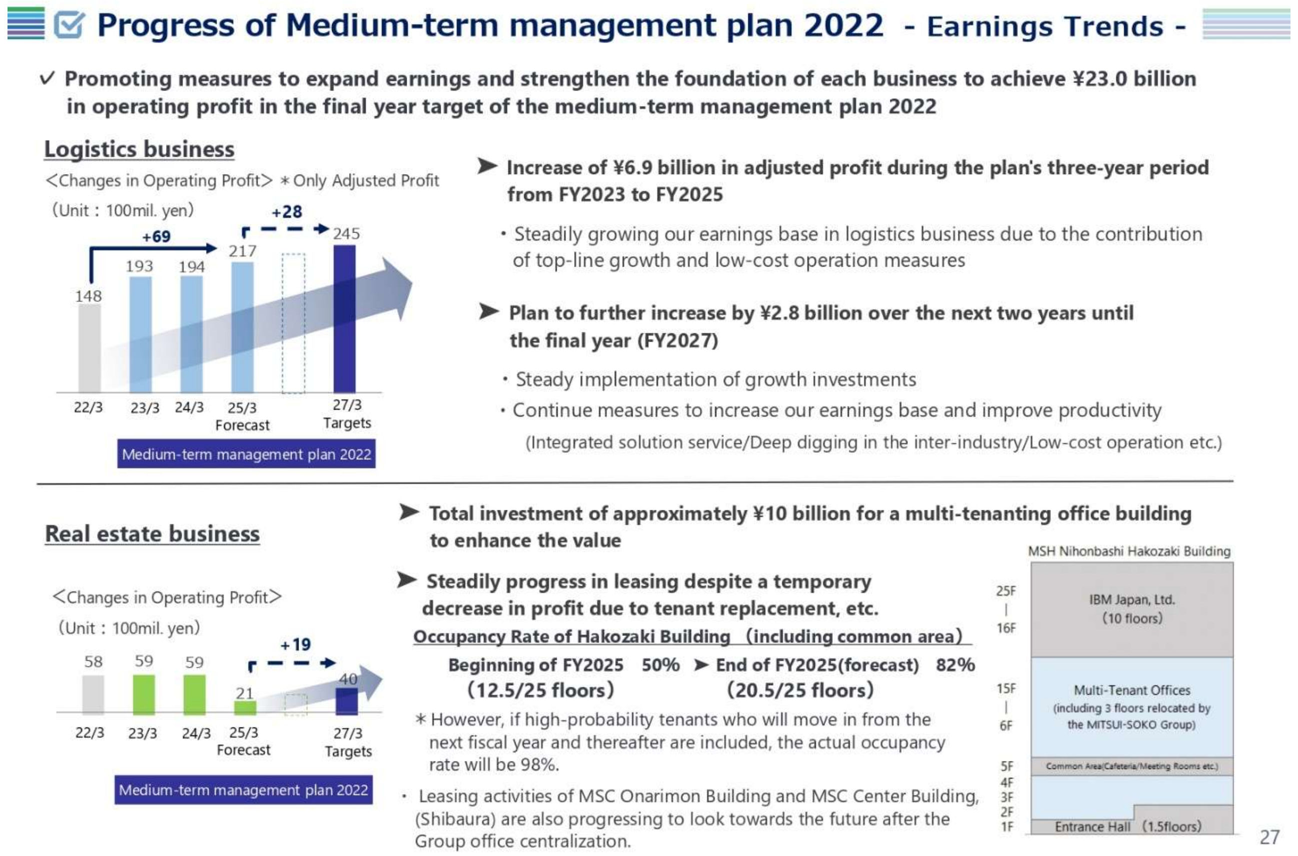
See page 26. Next, I will explain our progress toward achieving the numerical targets of the medium-term management plan 2022.

As the breakdown of the final year operating profit target of JPY23 billion, we expect JPY24.5 billion for logistics, JPY4 billion for real estate, and JPY5.5 billion for corporate.

We expect JPY18 billion for FY2025. So, we are on track to make another JPY5 billion in the remaining two years to reach JPY23 billion.

In particular, the logistics business has been steadily increasing its profit, even if we exclude the special demand caused by the pandemic.



See page 27. I will explain the progress of the medium-term management plan by segment.

First, for logistics business in the upper row, thanks to the implementation of investments and the results of various initiatives, we have steadily expanded earnings base for the three years from FY2023 to FY2025, the launch pad of the medium-term management plan, and accumulated approximately JPY6.9 billion in operating profit in adjusted profit.

To achieve the target until the final year, we need to further increase by JPY2.8 billion in logistics. Given the pace of profit growth of JPY6.9 billion over the previous three years, I believe that we can more clearly see the achievement of our final target of JPY24.5 billion in logistics business by further accelerating investment for growth and implementing our growth strategy over the next two years.

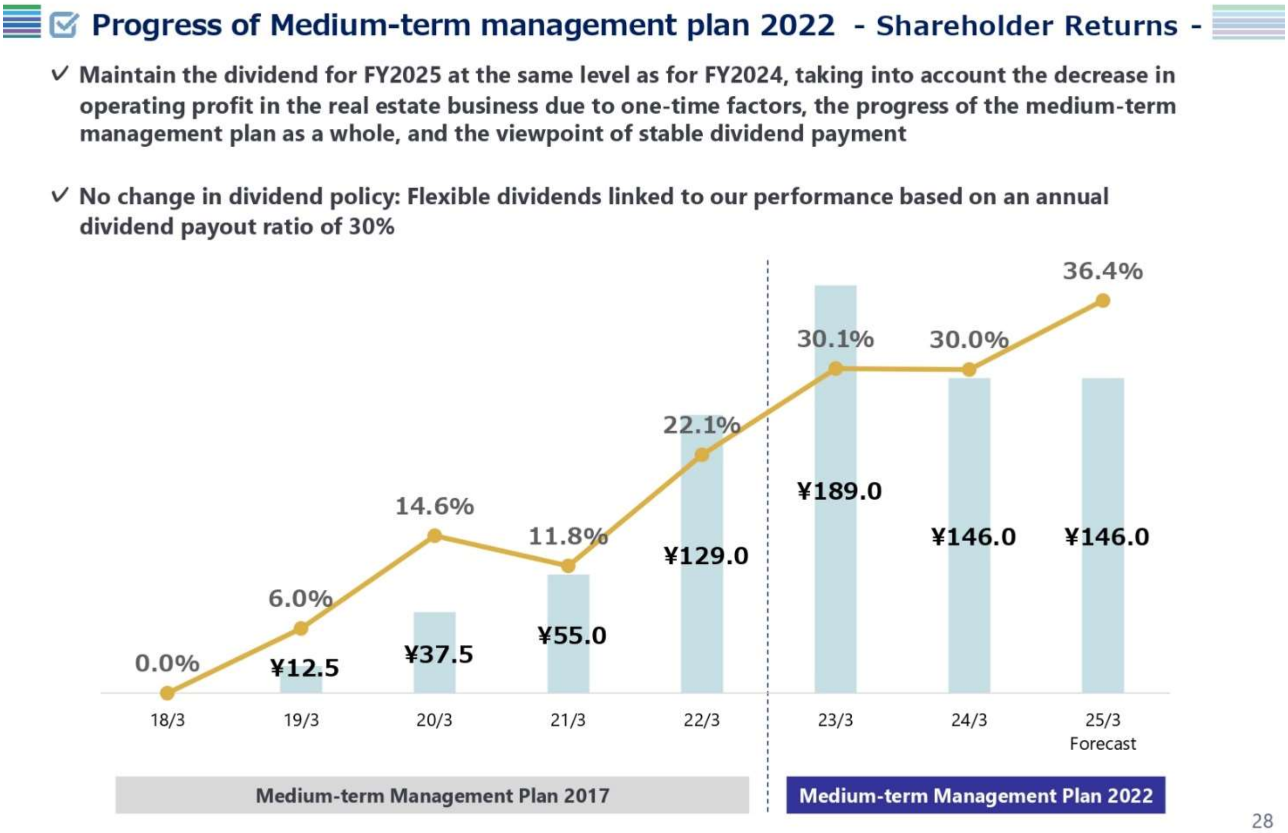
In real estate business, we continue to invest in value-adding and multi-tenanting of the Hakozaki Building and leasing activities to strengthen its earnings base. Leasing is progressing smoothly, with the goal of achieving 100% occupancy by the end of FY2026. At this point, we are almost certain that 82% of the building will be occupied by the end of FY2025, and we already have several other high-probability tenant candidates who will not actually move in until the next fiscal year or later. Including them, the occupancy rate will be 98%.

As a result, operating profit in the real estate business in the final year of our medium-term management plan is expected to be around JPY4 billion.

As part of efforts to unify the Group and reform the organizational climate, we have decided to relocate and consolidate the Tokyo area and group offices on three floors of the Hakozaki Building, with the relocation scheduled for May 2025.

Leasing of Onarimon and part of Shibaura Buildings is also progressing smoothly.

As mentioned, we will steadily achieve the numerical target of JPY23 billion for the final year of the medium-term management plan by accumulating a total of JPY5 billion over the remaining two years, JPY3 billion in the logistics business and JPY2 billion in the real estate business.



See page 28. Finally, I would like to explain our shareholder return policy.

For FY2025, we have set a minimum dividend of JPY146 per share for the full year, taking into account that the decrease in profit is mainly due to one-time factors in the real estate business, while making steady progress toward the final year of the medium-term management plan, and also from the perspective of stable dividends. The dividend payout ratio in the current forecast is expected to be 36.4%.

On the other hand, there is no change in our policy to flexibly pay dividends linked to business performance, based on a payout ratio of 30%, as stated in our mid-term management plan 2022. We will continue to strengthen shareholder returns by increasing dividends in line with profit growth.

That's it. Even in a rapidly changing environment, we will continue management from a medium- to long-term perspective, implement various strategies based on our materiality, pursue Purpose, "Empower society, encourage progress", and create new value through our business activities to achieve sustainable growth of our Group and society.

That is all from me. We would like to thank our investors once again for their 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 Q&A session, I would like to start with a question that we often receive after financial results briefings.

Participant [Q]: Previously, I thought you said that the recovery of cargo movement would appear in H2.

Moderator [M]: Please.

Nakayama [A]: Well, I will answer. The recovery of cargo movement has varied by cargo and the region, but we recognize that it is on a recovery track, albeit not as strong as it should be.

In addition, airfreight forwarding and other air cargo transportation services are expected to remain strong in H2.

In addition, we expect that domestic semiconductor, high-fashion, and e-commerce logistics, on which we are focusing our efforts, will continue to be strong in H2, as they were in H1. That is all.

Moderator [M]: Next question.

Participant [Q]: Is the dividend forecast of JPY146 for FY2025 a lower limit? Also, what is your policy for the next fiscal year and beyond?

Koga [A]: Then, I will answer. Please understand that the dividend forecast of JPY146 for FY2025 is the lower limit. Since profit for FY2025 will decrease only due to one-time factors in the real estate business, we have set the dividend of JPY146 per share, the same amount as in FY2024, from the viewpoint of stable dividend payment.

As I explained earlier, there is no change in our dividend payout ratio of 30%, but since we are currently making steady progress toward achieving the numerical targets of our medium-term management plan, we intend to actively return profits to shareholders while also being conscious of stable dividends, in the form of flexible dividends linked to business performance for the next fiscal year and beyond. That is all.

Moderator [M]: Next question.

Participant [Q]: Regarding the appropriate fee collection and the strong performance of the Kyushu semiconductors, are they not a factor for an increase in H2?

Nakayama [A]: I will answer. We will continue to focus on the optimization of fee collection in H2, but since there is a possibility that various costs will increase, the impact on the forecast for H2 is expected to remain flat.

Regarding your question about whether or not the semiconductor business will be an upward factor in H2, we currently believe that H2 will be within our expectations, and in that sense, we have not included it in as an upward factor. That is all.

Moderator [M]: Next question.

Participant [Q]: I would like to know the progress of leasing the Hakozaki Building and the timing of its contribution to your revenue.

Koga [A]: I will answer. Leasing operations are underway with the goal of achieving 100% occupancy by the end of FY2026 and are currently making steady progress.

At present, it is almost certain that 82% of the building will be occupied by the end of FY2025. Although tenants will not move in until the next fiscal year, the actual occupancy rate will be 98% if we include potential tenants who are highly probable, and almost all floors will have tenants.

Depending on the timing of moving in, the rent revenue will be gradually generated in FY2026, but it will make a full contribution to earnings in FY2027, the final year of the medium-term management plan. It is expected to increase by JPY2 billion from FY2025 forecast. That is all.

Moderator [M]: I will now move on to the question-and-answer session. If you are in the audience and have questions, please raise your hand. As the moderator, I will choose a participant. Please mention your company name and your name when asking questions. Please ask one question at a time. If you are attending online, please enter your question using the Q&A button at the bottom of your screen.

Now, how about questions from anyone in the audience? Please let us know by raising your hand. I will bring the microphone now. Please tell us your name and company name.

Yasuda [Q]: Thank you very much for your time today. My name is Yasuda of Toyo Securities Co. I am not that familiar with your company. So, I was wondering if you could give me an idea of the portfolio of goods handled in your airfreight forwarding in H1.

Nakayama [A]: I will answer. The most common items handled in airfreight forwarding are automobile parts, some electronics products, and chemicals. Please understand that the largest number of these products are finished automobiles and automobile parts.

Yasuda [Q]: I understand. Your presentation material states that logistics in H1 saw a shift from ocean transportation to air cargo. May I understand that this is due to the fact that the Suez Canal is no longer available?

Nakayama [A]: I will answer. It is true that the problem of the closure of the Suez Canal, reflecting the situation in the Red Sea, or the precipitation, or the reduced number of vessels passing through the Panama Canal, have had a significant impact on the supply and demand of international shipping.

On the other hand, whether cargo is transported by sea or by air depends on the characteristics of the cargo. First, heavy items are usually transported by sea, as a matter of course. On the other hand, items that do not weigh much, such as semiconductors and image sensors, are generally transported by air.

There are a variety of factors that contribute to the switch to air transportation of goods originally transported by ship. As I mentioned earlier, the Suez Canal and the Panama Canal have restrictions, but for customers whose supply chains operate globally, it is more economically rational for them to use ocean cargoes if there is enough time to procure parts from numerous suppliers and to verify the quality of those parts. However, there is a matter of urgency. Air cargo was an option to respond to such changes.

The premise is that our customers' cargo movements are active, and then the supply chain is under pressure due to the emergence of geopolitical or pandemic risks, which increases the urgency, and our air transportation will come into play. Please understand that this is also a business that is built on the basis of daily relationships with our customers, who, after all, are the first to call us.

Yasuda [Q]: Thank you very much. I understand that your company has a large automobile business, but I think that the forecast of automobile production has dropped in H2, and the urgency of production has dropped. May I understand that it will not affect your cargo movement?

Nakayama [A]: I think what you just said about is automobiles production volume in the area of mass production. As I mentioned earlier, ocean transportation is essential for automobiles. However, global supply chains, our customers produce about 10 million units and sell them in many countries, and there are various problems such as the catch-up system of parts manufacturers, the temporary shortage of semiconductors, and the port strike on the West Coast of the United States. If such a situation arises, it will be difficult to maintain their production.

In such cases, air transportation will become more important as an option for change point response, which does not necessarily mean that the mass production volume in the automobile market itself will have a direct impact on our forwarding business. Please understand that the keyword is change point response.

Yasuda [Q]: I understand. Lastly, since the semiconductor plants in Kyushu will continue to increase production, can we expect continued growth in the medium term in terms of contribution to your company's business performance?

Koga [A]: I will answer. We are talking about semiconductors in Kyushu, and we are storing and transporting semiconductors from TSMC and Sony Semiconductor, for example, and storing silicon wafers for them.

We expect the volume to increase in the medium- to long term as the semiconductor business grows.

However, since there will not be a sudden increase from H1 to H2 or FY2025 to FY2026, we expect the volume to be about the same as in H1. As all depends on our customers, it may further increase. That is all.

Yasuda [Q]: Thank you very much. We expect their plants to increase production at a significant pace. So, we look forward to it. Thank you very much.

Moderator [M]: Any other questions? Any questions? Now, here are some questions asked online.

Participant [Q]: The progress of leasing the Hakozaki Building seems to be moving ahead of schedule, but are rents also in line with expectations? You also mentioned that Onarimon and Shibaura Buildings will be leased to outside parties as a result of the consolidation of your group. I would like to know its impact on your revenue.

Moderator [M]: Please.

Koga [A]: I will answer your question. As for Hakozaki, as I explained earlier, progress is being made smoothly. The rent is a little more than JPY20,000 per tsubo that we expected. This is current progress on the rent. We are making progress at around JPY20,000, although we cannot discuss this in detail because we have customers. I have also learned that, nowadays, new buildings are being constructed in Marunouchi and Toranomon, for example, and the rent for a new building is usually around JPY50,000 or even higher for some buildings.

However, not everyone wishes to move in, paying such high rent. For example, some of them pay high rent but do not want to pay such high rent for their back-office space. Hakozaki is close to the city center and attracts such tenants, and we see demand increase now.

We will occupy three floors. Our headquarters will be relocated to the Hakozaki Building in March 2025 to work as One MITSUI-SOKO. Onarimon and Shibaura Buildings you mentioned will be leased, but this is basically included in our current medium-term plan and in the figures we have just announced. So, this additional JPY2 billion is included.

However, our head office is also located in Onarimon, along Hibiya-dori Street, which is a very good location, and the building is new, so we are receiving a lot of inquiries. However, we will move out in May 2025. We will move next May. In terms of restoration work and interior work by tenants, the earliest we can expect to welcome tenants is from the fall of 2025 to the beginning of 2026. We are hoping that we can find a good tenant with good conditions for the Onarimon Building.

As for the Shibaura Building, we have received quite a few requests to move in, and the tenants are almost confirmed. Of course, I can't tell who, because it depends on the other party, but at least concerning the Hakozaki, Onarimon, and Shibaura buildings, I would like to say that all of them will be occupied before the final year of the medium-term management plan. This is our assumption. That is all.

Moderator [M]: I will now introduce a question asked online.

Participant [Q]: Ocean freight rates dropped considerably from July to September. I would like to know the reason you see that airfreight forwarding will remain strong in H2 in your forecast.

Nakayama [A]: I will answer this question. This is an increase in air cargo handling, which means that customer needs continue to be strong.

However, there are various uncertain factors, and we included currently certain factors only in the disclosed upward revision. Please understand that handling will increase.

Moderator [M]: Next question.

Participant [Q]: You mentioned that semiconductor-related logistics are increasing. Please tell us about the specific products you handle, the volume, the nature of business, and the factors behind the upward revision in your semiconductor-related logistics in Kyushu.

Koga [A]: I will answer. As I have been explaining, we have a base in Kyushu and are now starting the distribution of semiconductors. As I explained earlier, the main areas are semiconductors, including Sony's, for example. This has a large share of the portfolio. Specifically, although we cannot disclose the scale of this semiconductor business, it is a semiconductor with a large share of the global market, such as Sony's image sensors, which are used in, for example, cell phone cameras, automatic car driving, and the lenses of the cars we drive today. It is used for such things.

In terms of this, I think we will see more and more of such things in the future. We believe that the number of EVs will continue to increase, and we will respond by establishing a logistics system that can properly handle them. That is all.

Moderator [M]: Next question.

Participant [Q]: Air cargo movement seems to be steady at other companies, but some of them have not been able to pass on higher procuring costs to their selling prices, and their margins are actually deteriorating. This did not occur at your company. Do you expect that it will not occur in the future?

Nakayama [A]: I will answer this question. As I recall, a similar question was asked in the chat during the briefing in August. One factor in the shrinkage of margins is the time lag between market conditions and actual pricing with customers.

The other is that air cargo, like ocean cargo, has a fixed price with major shippers. For example, we have a fixed rate for our main routes such as Los Angeles from Narita for the next six months. For the rest, a certain portion will be procured on a spot basis. In such a case, how will the forwarder who offers fixed rates see the future? How much will they propose to get business? Factors such as prospects in this area, positioning, marketing policies, and many others will result in shrinking margins or expanding margins. This can happen in our industry.

We are not, nor do we intend to be, engaged in pricing that ignores procurement costs in order to increase the volume we handle, and we are firmly committed to this matter. What is important for this is to anticipate the needs of our customers, secure space quickly, and offer it at a reasonable price. Such relationship-based and flexible responses are essential for securing margins, and we will continue to do so in H2. That is all.

Moderator [M]: Next question.

Participant [Q]: In an environment where the recovery in cargo movement has not been strong, are there any categories or regions among your existing customers where you are concerned about a decline in the volume of goods?

Koga [A]: I will answer this question. As for cargo movements, there was a significant decrease from the end of last year through January, February, and March this year. In our business, we saw the largest decrease in cargo movement in Southeast Asia. Southeast Asia, again, saw a decrease in cargo movement. This is probably due to the fact that manufacturers increased production and increased local inventories because they did not want to run out of stock during the pandemic. The process of bringing it back to the normal level led to a decrease in cargo movement.

In addition, as the weak yen made trading companies hold back purchasing food raw materials in Japan, we saw a decline in cargo movements. However, the recovery was made in April sooner than we expected.

However, this does not mean that it will be smooth sailing or that we will continue to do well. There is a risk that our business in China may be slightly affected if domestic demand in China shrinks due to, for example, a slight recession in the country. Or late harvest due to poor weather conditions may delay arrival of food ingredients in Japan.

However, in terms of food, people will eat food anyway regardless of poor harvest. So, even if it drops to some extent, a line will be drawn there, and we think that to some extent the decrease in cargo movement will be offset. That is all.

Moderator [M]: Next question.

Participant [Q]: Do you think that air freight is not significantly affected by ocean freight rates this term?

Nakayama [A]: I will answer this question. Among the factors of changes, an increase in air cargo handling has a certain impact, as we have indicated in the presentation material. So, please understand that the increase in air cargo handling has an impact on earnings.

Moderator [M]: If anyone in the audience has any questions, please raise your hand. Any questions? I will bring the microphone now.

Shioda [Q]: My name is Shioda from Iwai. I have two questions, please. Firstly, concerning the profit margin, it decreased YoY in H1. Please tell us the reason and your forecast for profit margin.

Secondly, regarding the breakdown of investments, my impression is that there are basically a large number of overseas projects among the various types of investments. Do you continue investments mainly in overseas in next years? Please let us know about your thoughts and additional information.

Nakayama [A]: I understand that you are asking about YoY decline in the operating profit margin and the background in H1. I will answer your question. First, H1 saw a decrease in space of the Hakozaki Building leased for the main tenant. This is the reason for the decrease in revenue and profit in the real estate business, and this decrease in profit is the major factor in the overall YoY decrease in operating profit margin.

As for the logistics business, as I mentioned in my explanation, air cargo margins improved significantly in H1 FY2024. This was because we offered our customers a conservatively high rate. The customers had learned their lesson during the pandemic, so they also secured. In fact, it went down at the procurement. As a result, the margin became larger, and that particular factor has disappeared FY2025. These two factors are the reasons for the YoY decline in operating profit margin in H1.

As for the future, we do not expect such a large margin expansion for air cargo. It means making a solid profit by increasing the volume of goods. And as for the real estate business, as our president mentioned, as leasing progresses, real estate operating revenue and profit will rise, and as a result, the operating margin will also rise. We believe that this will lead to a recovery in ROE. That is all.

Koga [A]: And I will answer your question about our investment. It is the new warehouse in Busan, Korea that I explained earlier. We announced that this is about JPY5 billion. We cannot speak specifically about future investments as they have not yet been announced, but we are not making a distinction between overseas and domestic investments in particular. We are, of course, looking at the domestic market, but we are also looking at overseas markets.

One more thing, building a warehouse is not necessarily the only investment, but investments in such as robotics, installation of robots, and so on. We are also putting a great deal of effort into investments using lease like operating lease, and we would like to make appropriate investments and earn a return on our investment, including such investments. That is all.

Moderator [M]: It is time for us to end the question-and-answer session at this point.

This concludes our Q2 FY2025 financial results briefing. Thank you very much for your participation.

[END]

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Document Notes

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