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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: MITSUI-SOKO HOLDINGS Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9302
 URL: <https://www.mitsui-soko.com/en/>
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 Scheduled date to file semi-annual securities report: November 11, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	138,672	5.2	9,459	(20.1)	9,504	(22.1)	5,847	(18.6)
September 30, 2023	131,862	(16.1)	11,843	(13.4)	12,206	(15.5)	7,182	(21.7)

Note: Comprehensive income For the six months ended September 30, 2024: ¥7,435 million [(43.8)%]
 For the six months ended September 30, 2023: ¥13,231 million [(6.7)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	234.62	-
September 30, 2023	288.54	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	279,007	124,613	40.7
March 31, 2024	263,543	120,828	41.7

Reference: Equity capital
 As of September 30, 2024: ¥113,623 million
 As of March 31, 2024: ¥109,908 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	67.00	–	79.00	146.00
Fiscal year ending March 31, 2025	–	73.00			
Fiscal year ending March 31, 2025 (Forecasts)			–	73.00	146.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	280,000	7.4	18,000	(13.3)	17,700	(15.8)	10,000	(17.4)	401.12

Note: Revisions to the earnings forecasts most recently announced: Yes

* **Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company [Company name] MSE China (Beijing) Co., Ltd.

Excluded: –

Note: For details, please refer to “(4) Notes to semi-annual consolidated financial statements, Changes in scope of consolidation or scope of application of the equity method” under “2. Semi-annual consolidated financial statements and significant notes thereto” on page 12 of the attached materials.

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “(4) Notes to semi-annual consolidated financial statements, Notes on changes in accounting policies” under “2. Semi-annual consolidated financial statements and significant notes thereto” on page 12 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	24,984,402 shares
As of March 31, 2024	24,957,602 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	47,691 shares
As of March 31, 2024	46,980 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	24,923,350 shares
Six months ended September 30, 2023	24,892,859 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Figures for the forecasts, outlooks, and targets described in this report that are not historical facts are calculated based on the currently available information and uncertain factors that may have an effect on future performance. The actual results may differ from the forecasts. Regarding earnings forecasts, please refer to “(3) Explanation of earnings forecasts and other forward-looking statements,” under “1. Qualitative information on semi-annual financial results,” on page 4 of the attached materials.

Reference: Non-consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	22,700	(16.3)	4,300	(62.4)	4,000	(63.4)	4,700	(54.2)	188.53

Note: Revisions to the earnings forecasts most recently announced: Yes

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1. Qualitative information on semi-annual financial results

(1) Explanation of operating results

The overview of the financial results for the six months ended September 30, 2024 is as follows.

(Millions of yen)

Consolidated total amount	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year comparison	Changes
Operating revenue	131,862	138,672	6,810	5.2%
Operating profit	11,843	9,459	(2,383)	(20.1)%
Ordinary profit	12,206	9,504	(2,701)	(22.1)%
Profit attributable to owners of parent	7,182	5,847	(1,335)	(18.6)%

- Revenue increased year on year, mainly due to the full-scale contribution to revenue from the start of operations at new logistics bases.
- On the other hand, earnings declined year on year from temporary vacancies due to the conversion of major buildings to multi-tenant facilities in the Real Estate Business.

Operating results by segment are as follows.

(a) Logistics Business

(Millions of yen)

Logistics Business	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year comparison	Changes
Operating revenue	127,616	136,169	8,552	6.7%
Operating profit	11,224	11,166	(58)	(0.5)%

Business environment: The business environment surrounding the Company is as follows.

- The inventory adjustment phase for raw materials, parts, and other materials experienced by companies since the previous fiscal year has run its course, and international transportation cargo movements remain flat.
- As for the shipping market, although freight rates have eased recently, they are still at a high level compared to the same period of the previous fiscal year due to the Red Sea crisis and transit restrictions in the Panama Canal.

Operating situation: The situation regarding the operating activities of the Company is as follows.

- Our high-fashion distribution in the Kanto region, semiconductor distribution in the Kyushu region, and EC distribution in the Kansai region have all been performing well, and handling volumes have increased.
- In airfreight forwarding, despite the use of urgent air transportation due to the shift from sea transportation in response to a shipping capacity shortage, earnings declined year on year due to shrinking freight margins caused by rising freight-in costs.
- In response to the rise in costs, we worked to improve loading efficiency in domestic truck transportation and also optimized collection fees.

(b) Real Estate Business

(Millions of yen)

Real Estate Business	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year comparison	Changes
Operating revenue	4,655	2,934	(1,721)	(37.0)%
Operating profit	2,820	830	(1,990)	(70.6)%

Business environment: The business environment surrounding the Company is as follows.

- The average vacancy rates for existing office properties in the Tokyo business district decreased, while average rents increased slightly.

Operating situation: The situation regarding the operating activities of the Company is as follows.

- Revenues and earnings declined year on year from temporary vacancies due to the conversion of major buildings to multi-tenant facilities.

(2) Explanation of financial position

(i) Status of changes in financial position

(Millions of yen)

Consolidated total amount	As of March 31, 2024	As of September 30, 2024	Comparison from March 31, 2024	Changes
Equity capital	109,908	113,623	3,715	3.4%
Total assets	263,543	279,007	15,463	5.9%
Equity ratio	41.7%	40.7%	-1.0 pt	(2.3)%
Interest-bearing debt	83,265	85,413	2,148	2.6%
D/E ratio	0.76	0.75	(0.01)	(0.8)%

- The increase in equity capital was mainly due to the recording of profit attributable to owners of parent.
- The increase in total assets was mainly due to an increase in accounts receivable - trade as a result of the start of new operations and an increase in cash and deposits.
- The increase in interest-bearing debt was due to an increase in short-term borrowings for working capital as a result of an increase in accounts receivable - trade.
- The D/E ratio is kept at below the financial discipline target of the 1.0 level in preparation for the implementation of strategic investment in the future.

(ii) Status of cash flows

(Millions of yen)

Consolidated total amount	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year comparison
Cash and cash equivalents at beginning of period	33,417	30,876	–
Net cash provided by (used in) operating activities	15,579	17,835	2,255
Net cash provided by (used in) investing activities	(3,816)	(7,041)	(3,225)
Net cash provided by (used in) financing activities	(9,020)	(2,564)	6,456
Cash and cash equivalents at end of period	37,622	38,562	–

The status of cash flows for the six months ended September 30, 2024 is as follows.

- The main items in cash flows from operating activities are profit before income taxes and an increase in deposits received related to customs duties paid.
- The main items in cash flows from investing activities are payments of construction costs for the conversion of major buildings to multi-tenant facilities in the Real Estate Business.
- The main item in cash flows from financing activities is payments of dividends.

(iii) Changes in cash flow-related indicators

	Fiscal year ended March 31, 2023	Six months ended September 30, 2023	Fiscal year ended March 31, 2024	Six months ended September 30, 2024
Equity ratio (%)	36.1	38.5	41.7	40.7
Equity ratio based on market value (%)	37.7	40.5	44.5	55.5
Interest-bearing debt to cash flow ratio	2.9	2.9	3.6	2.4
Interest coverage ratio	37.1	37.1	29.0	42.7

Notes: Equity ratio: Equity capital/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payments

1. Each of the above indicators is calculated based on consolidated financial figures.
2. Market capitalization is calculated as follows: Final stock price at the end of the period x Total number of issued shares at the end of the period (excluding treasury shares).
3. The figure used for cash flow is “Net cash provided by (used in) operating activities” on the consolidated statement of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid. Furthermore, regarding the interest payments, the figure for “Interest paid” on the consolidated statement of cash flows is used.
4. The ratio of interest-bearing debt to cash flow is calculated at 2 times for the period under review, since cash flow is converted to an annual amount.

(3) Explanation of earnings forecasts and other forward-looking statements

As announced in the “Notice of Differences Between Consolidated Earnings Forecasts and Actual Results for the Six Months Ended September 30, 2024 and Revisions to Consolidated and Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025” released today, the handling of airfreight forwarding exceeded expectations due to the shift from sea transportation to air transportation (a shipping capacity shortage) caused by the Red Sea crisis and an increase in the volume of automobile-related cargo. In addition, results in Japan exceeded expectations due to strong

semiconductor handling in the Kyushu region and progress exceeding initial plans in optimizing collection fees in response to rising costs.

In addition to the differences between the consolidated earnings forecasts and actual results for the first half of the fiscal year, we have revised the full-year consolidated earnings forecasts primarily due to the expected increase in airfreight forwarding in the second half and the fact that leasing of the MSH Nihonbashi Hakozaiki Building in the Real Estate Business is progressing more favorably than initial expectations.

In addition, since the dividend income from subsidiaries and associates is expected to exceed the initial plan, as well as because the removal cost of non-current assets and other non-operating expenses, which were originally expected to be incurred in the current fiscal year, are expected to be incurred in the following fiscal year and beyond, the full-year non-consolidated earnings forecasts below operating revenue have been revised. Please note that the dividend income from the relevant subsidiaries and associates will be eliminated on a consolidated basis, so there will be no impact on consolidated earnings.

[Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)]

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
(i) Previously announced forecasts	Millions of yen 275,000	Millions of yen 15,500	Millions of yen 14,800	Millions of yen 8,700	Yen 348.98
(ii) Revised forecasts	280,000	18,000	17,700	10,000	401.12
(iii) Changes (ii) – (i)	5,000	2,500	2,900	1,300	–
(iv) Percentage changes (iii)/(i)	1.8%	16.1%	19.6%	14.9%	–
Reference: Results for the same period of the previous fiscal year (Fiscal year ended March 31, 2024)	260,593	20,754	21,010	12,107	486.21

[Non-consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)]

	Operating revenue	Operating profit	Ordinary profit	Profit	Basic earnings per share
(i) Previously announced forecasts	Millions of yen 22,200	Millions of yen 3,600	Millions of yen 2,700	Millions of yen 3,800	Yen 152.60
(ii) Revised forecasts	22,700	4,300	4,000	4,700	188.53
(iii) Changes (ii) – (i)	500	700	1,300	900	–
(iv) Percentage changes (iii)/(i)	2.3%	19.4%	48.1%	23.7%	–
Reference: Results for the same period of the previous fiscal year (Fiscal year ended March 31, 2024)	27,125	11,438	10,924	10,260	412.04

Overview of difference between full-year earnings forecasts and current revision for consolidated operating profit (Billions of yen)

Full-year earnings forecast announced on August 2, 2024		15.5
	Increase in airfreight forwarding	+1.1
	Strong semiconductor handling in the Kyushu region	+0.2
	Optimization of collection fees	+0.2
	Cost reduction (improving efficiency)	+0.1
	Impact of exchange rates	+0.1
	Other	+0.1
	Total change in the first half	+1.8
	Increase in airfreight forwarding	+0.4
	Strong leasing in the Real Estate Business	+0.2
	Other	+0.1
	Total change in the second half	+0.7
Revised forecast amount		18.0

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	31,870	39,364
Notes and operation accounts receivable trade, and contract assets	30,262	34,803
Inventories	1,987	1,789
Other	9,496	11,112
Allowance for doubtful accounts	(56)	(45)
Total current assets	73,560	87,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,374	67,437
Land	57,718	57,746
Other, net	12,692	13,055
Total property, plant and equipment	138,785	138,239
Intangible assets		
Goodwill	1,587	2,475
Other	10,823	11,225
Total intangible assets	12,411	13,701
Investments and other assets		
Investment securities	15,393	15,947
Other	23,780	24,484
Allowance for doubtful accounts	(387)	(389)
Total investments and other assets	38,785	40,041
Total non-current assets	189,983	191,981
Total assets	263,543	279,007

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	16,031	15,895
Current portion of bonds payable	14,000	14,000
Short-term borrowings	716	5,770
Current portion of long-term borrowings	5,091	4,615
Income taxes payable	2,118	2,584
Provision for bonuses	3,713	4,001
Other	19,480	28,194
Total current liabilities	61,152	75,061
Non-current liabilities		
Bonds payable	11,000	11,000
Long-term borrowings	45,929	43,852
Retirement benefit liability	6,458	6,527
Other	18,174	17,951
Total non-current liabilities	81,562	79,331
Total liabilities	142,715	154,393
Net assets		
Shareholders' equity		
Share capital	11,219	11,282
Capital surplus	5,666	5,730
Retained earnings	71,772	75,651
Treasury shares	(104)	(104)
Total shareholders' equity	88,554	92,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,931	7,367
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	9,975	9,468
Remeasurements of defined benefit plans	4,446	4,227
Total accumulated other comprehensive income	21,353	21,063
Non-controlling interests	10,920	10,989
Total net assets	120,828	124,613
Total liabilities and net assets	263,543	279,007

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income**Semi-annual consolidated statement of income**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Operating revenue		
Warehousing fee income	19,149	19,735
Stevedoring income	16,375	18,876
Port terminal fee income	8,572	8,313
Transportation income	61,781	65,819
Real estate income	4,245	2,503
Other	21,737	23,424
Total operating revenue	131,862	138,672
Operating costs		
Direct operation expenses	57,614	62,928
Rent expenses	10,506	11,360
Depreciation	3,945	4,063
Salaries and allowances	19,239	19,926
Other	19,083	20,162
Total operating costs	110,388	118,441
Operating gross profit	21,473	20,231
Selling, general and administrative expenses	9,630	10,771
Operating profit	11,843	9,459
Non-operating income		
Interest income	258	298
Dividend income	214	251
Foreign exchange gains	265	49
Share of profit of entities accounted for using equity method	82	48
Other	278	211
Total non-operating income	1,100	860
Non-operating expenses		
Interest expenses	407	400
Commission expenses	46	46
Loss on retirement of non-current assets	64	69
Other	216	298
Total non-operating expenses	736	814
Ordinary profit	12,206	9,504
Extraordinary income		
Gain on reversal of asset retirement obligations	139	–
Gain on step acquisitions	–	509
Total extraordinary income	139	509
Profit before income taxes	12,346	10,014
Income taxes	3,739	2,571
Profit	8,606	7,443
Profit attributable to non-controlling interests	1,424	1,596
Profit attributable to owners of parent	7,182	5,847

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	8,606	7,443
Other comprehensive income		
Valuation difference on available-for-sale securities	1,314	436
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	3,089	(73)
Remeasurements of defined benefit plans, net of tax	(78)	(222)
Share of other comprehensive income of entities accounted for using equity method	299	(147)
Total other comprehensive income	4,624	(8)
Comprehensive income	13,231	7,435
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,417	5,557
Comprehensive income attributable to non-controlling interests	1,813	1,878

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	12,346	10,014
Depreciation	4,792	5,099
Amortization of goodwill	75	122
Gain on reversal of asset retirement obligations	(139)	–
Loss (gain) on step acquisitions	–	(509)
Increase (decrease) in allowance for doubtful accounts	(26)	(10)
Increase (decrease) in provision for bonuses	46	282
Increase (decrease) in retirement benefit liability	(8)	45
Interest and dividend income	(473)	(550)
Interest expenses	407	400
Share of loss (profit) of entities accounted for using equity method	(82)	(48)
Loss (gain) on sale of property, plant and equipment	(15)	(34)
Loss on retirement of non-current assets	64	69
Decrease (increase) in accounts receivable - trade, and contract assets	2,219	(4,237)
Increase (decrease) in trade payables	(797)	(300)
Other, net	1,315	7,918
Subtotal	19,724	18,262
Interest and dividends received	669	596
Interest paid	(419)	(418)
Income taxes paid	(4,395)	(606)
Net cash provided by (used in) operating activities	15,579	17,835
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,470)	(3,854)
Proceeds from sale of property, plant and equipment	468	70
Purchase of intangible assets	(1,666)	(1,220)
Proceeds from sale of intangible assets	140	2
Purchase of investment securities	(512)	(13)
Loan advances	(8)	(12)
Proceeds from collection of loans receivable	8	16
Payments into time deposits	(384)	(573)
Proceeds from withdrawal of time deposits	607	787
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(440)
Other, net	–	(1,802)
Net cash provided by (used in) investing activities	(3,816)	(7,041)
Cash flows from financing activities		
Proceeds from short-term borrowings	23,603	36,342
Repayments of short-term borrowings	(23,600)	(31,300)
Repayments of long-term borrowings	(2,693)	(2,672)
Dividends paid	(2,910)	(1,967)
Dividends paid to non-controlling interests	(2,763)	(2,525)
Other, net	(656)	(440)
Net cash provided by (used in) financing activities	(9,020)	(2,564)
Effect of exchange rate change on cash and cash equivalents	1,463	(543)
Net increase (decrease) in cash and cash equivalents	4,205	7,686
Cash and cash equivalents at beginning of period	33,417	30,876
Cash and cash equivalents at end of period	37,622	38,562

(4) Notes to semi-annual consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Changes in scope of consolidation or scope of application of the equity method**(1) Significant changes in the scope of consolidation**

For the six months ended September 30, 2024, MSE China (Beijing) Co., Ltd. was included in the scope of consolidation due to additional acquisition of interests.

(2) Significant changes in the scope of application of the equity method

For the six months ended September 30, 2024, since MSE China (Beijing) Co., Ltd. was included in the scope of consolidation due to additional acquisition of interests, it was excluded from the scope of application of the equity method.

Notes on changes in accounting policies**Application of Accounting Standard for Current Income Taxes**

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first six months of the fiscal year ending March 31, 2025.

Previously, calculated amounts of corporate taxes, inhabitants taxes and enterprise taxes on earnings, etc. ("current income taxes") were recorded in profit or loss in accordance with laws and regulations. Moving forward, current income taxes on earnings will be recorded in profit or loss, shareholders' equity, or other comprehensive income according to the transaction, etc. from which those taxes were incurred. Concerning current income taxes recorded in accumulated other comprehensive income, when a transaction, etc., which is the reason for said current income taxes to be applied, is recorded in profit or loss, the corresponding amount of tax will be recorded in profit or loss. Additionally, if the transaction, etc. subject to taxation is related to shareholders' equity or other comprehensive income in addition to profit or loss, and it is difficult to calculate the amount of current income taxes to be applied to shareholders' equity or other comprehensive income, the amount of such taxes will be recorded in profit or loss.

Furthermore, regarding the temporary difference inherent in the consolidated financial statements associated with the monetary differences caused by changes in the parent company's equity stake, where a capital surplus is recorded as deferred tax assets or deferred tax liabilities as a partner account, for the reversal of the deferred tax assets or deferred tax liabilities when the temporary difference is eliminated through the sale of the investment in the subsidiary in question, etc., the corresponding amount had previously been recorded as income taxes - deferred, but here the capital surplus has been reversed as a partner account.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022, and these revisions have no impact on our semi-annual consolidated financial statements.

Furthermore, regarding the handling of the tax impact where the gain or loss on sales resulting from sales of shares of the Company's subsidiaries among consolidated companies is deferred for tax purposes, in the financial statements of the company selling shares of the subsidiaries in question,

where deferred tax assets or deferred tax liabilities are recorded on the temporary difference associated with the gain or loss on sale in question, in the past the Company has not revised the amount of the deferred tax assets or deferred tax liabilities associated with the temporary difference in question in the consolidated accounting procedures, however here the deferred tax assets or deferred tax liabilities associated with the temporary difference in question have been reversed.

Regarding the amendments related to revisions of the handling in the consolidated financial statements where the gain or loss on sales resulting from sales of shares of the Company's subsidiaries among consolidated companies is deferred for tax purposes, the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) has been applied from the beginning of the first six months of the fiscal year ending March 31, 2025, and the impact of these revisions on our semi-annual consolidated financial statements is minimal.

Notes on segment information, etc.

[Segment information]

I Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on amounts of operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment		Total	Adjustment (Note 1)	Amount recorded in the semi-annual consolidated statement of income (Note 2)
	Logistics Business	Real Estate Business			
Operating revenue					
(1) Operating revenue from external customers	127,616	4,245	131,862	–	131,862
(2) Intersegment revenue or transfers	–	409	409	(409)	–
Total	127,616	4,655	132,272	(409)	131,862
Segment operating profit	11,224	2,820	14,045	(2,202)	11,843

Notes: 1. Segment profit adjustment of ¥(2,202) million is expenses associated with the administrative department of the Company.

2. Segment operating profit is adjusted to operating profit in the semi-annual consolidated statement of income.

II Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on amounts of operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment		Total	Adjustment (Note 1)	Amount recorded in the semi-annual consolidated statement of income (Note 2)
	Logistics Business	Real Estate Business			
Operating revenue					
(1) Operating revenue from external customers	136,169	2,503	138,672	–	138,672
(2) Intersegment revenue or transfers	–	430	430	(430)	–
Total	136,169	2,934	139,103	(430)	138,672
Segment operating profit	11,166	830	11,996	(2,537)	9,459

- Notes: 1. Segment profit adjustment of ¥(2,537) million is expenses associated with the administrative department of the Company.
2. Segment operating profit is adjusted to operating profit in the semi-annual consolidated statement of income.

Business combinations

Business combination by acquisition

The Company's consolidated subsidiary MITSUI-SOKO EXPRESS Co., Ltd. acquired an additional stake in equity method affiliated MSE China (Beijing) Co., Ltd., making it a consolidated subsidiary.

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company: MSE China (Beijing) Co., Ltd.

Description of business: Logistics business

(2) Main reason for business combination

We are working to further expand our air transportation business foundation in China to maximize Group profits.

(3) Date of business combination

April 1, 2024

(4) Legal form of business combination

Acquisition of interests in consideration for cash

(5) Name of company after business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights before acquisition: 50.0%

Ratio of voting rights additionally acquired: 50.0%

Ratio of voting rights after acquisition: 100.0%

(7) Main reason for deciding the acquiring enterprise

The Company is the acquiring enterprise as its consolidated subsidiary acquired the interests in consideration for cash.

2. Period of results of the acquired company included in the semi-annual consolidated statement of income

From April 1, 2024 to September 30, 2024

3. Acquisition cost for the acquired enterprise and breakdown by type of consideration

Consideration for acquisition	Fair value of the stake owned in the company being acquired immediately prior to acquisition on the date of the business combination	¥633 million
	Cash consideration of the stake in the company being acquired that was additionally acquired on the date of business combination	¥633 million
Acquisition cost		¥1,266 million

4. Difference between acquisition cost of acquired company and total acquisition cost of individual transactions leading to acquisition

Gain on step acquisitions ¥509 million

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

¥944 million

(2) Reason for recognition

Because the acquisition cost exceeded the net amount allocated to the acquired assets and assumed debts, the portion in excess has been recorded as goodwill.

(3) Method and period of amortization

Straight-line method over ten years

3. Supplemental information

Reference materials on the financial results for the six months ended September 30, 2024

1. Overview of operating results (Consolidated) (Millions of yen)

	Six-month period (from April 1 to September 30)				Full year (from April 1 to March 31)			
	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025	Changes		Results for the fiscal year ended March 31, 2024	Forecasts for the fiscal year ending March 31, 2025	Changes	
			Monetary amount	Percentage (%)			Monetary amount	Percentage (%)
Operating revenue	131,862	138,672	6,810	5.2	260,593	280,000	19,406	7.4
Operating profit	11,843	9,459	(2,383)	(20.1)	20,754	18,000	(2,754)	(13.3)
Ordinary profit	12,206	9,504	(2,701)	(22.1)	21,010	17,700	(3,310)	(15.8)
Profit attributable to owners of parent	7,182	5,847	(1,335)	(18.6)	12,107	10,000	(2,107)	(17.4)

2. Financial position (Consolidated) (Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Changes	
			Monetary amount and others	Percentage (%)
Equity capital	109,908	113,623	3,715	3.4
Total assets	263,543	279,007	15,463	5.9
Equity ratio	41.7%	40.7%	-1.0 pt	(2.3)
D/E ratio	0.76	0.75	(0.01)	(0.8)

3. Status of depreciation (Consolidated) (Millions of yen)

	Same period of the previous fiscal year	Six months ended September 30, 2024	Changes	Fiscal year ended March 31, 2024
Depreciation	4,792	5,099	307	9,707

4. Balance of interest-bearing debt (Consolidated) (Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Changes
Bonds payable	25,000	25,000	—
Borrowings	51,738	54,237	2,499
Lease liabilities	6,526	6,176	(350)
Total	83,265	85,413	2,148

5. Segment information (Consolidated)

<Operating revenue> (Millions of yen)

	Results for the same period of the previous fiscal year	Results for the six months ended September 30, 2024	Forecasts for the fiscal year ending March 31, 2025	Results for the fiscal year ended March 31, 2024
Logistics Business	127,616	136,169	274,100	251,817
Real Estate Business	4,655	2,934	6,700	9,592
Total	132,272	139,103	280,800	261,410
Adjustment	(409)	(430)	(800)	(816)
Amount recorded in the consolidated statement of income	131,862	138,672	280,000	260,593

<Operating profit> (Millions of yen)

	Results for the same period of the previous fiscal year	Results for the six months ended September 30, 2024	Forecasts for the fiscal year ending March 31, 2025	Results for the fiscal year ended March 31, 2024
Logistics Business	11,224	11,166	21,700	19,422
Real Estate Business	2,820	830	2,100	5,942
Total	14,045	11,996	23,800	25,365
Adjustment	(2,202)	(2,537)	(5,800)	(4,610)
Amount recorded in the consolidated statement of income	11,843	9,459	18,000	20,754

A breakdown of performance in the Logistics Business by business category is presented in the Fact Sheet on the Company's IR website.

The Company's IR website URL: <https://www.mitsui-soko.com/en/ir/library/information> (in English)