

Financial Results Briefing
for the first quarter of
the fiscal year ended 31st, March 2023

 **MITSUMI-SOKO GROUP**

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- **Full-year contribution of strategic investment projects in FY2023**
- **Steady growth in cargo handling due to capturing transportation needs for customers amid recovering cargo movement**
- **In Q1 FY2023, continued to capture special demand amid the supply chain disruption within the expected range**

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

Total Consolidated	Q1 FY2022 (‘21.4-6)	Q1 FY2023 (‘22.4-6)	Change	Change(%)
Operating Revenue	683	786	+ 103	+ 15.0%
Operating Profit	56	68	+ 12	+ 21.9%
Ordinary Profit	56	71	+ 15	+ 26.9%
Profit attributed to owners of parent	32	48	+ 15	+ 47.5%

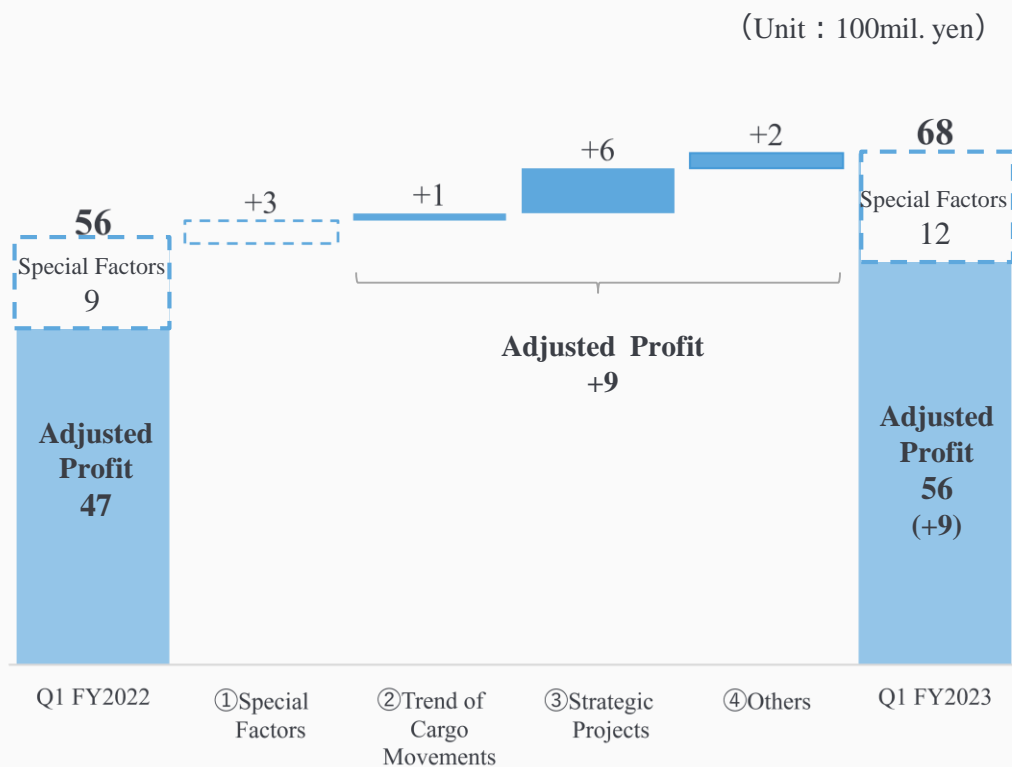
- **Increase in Revenue and Profit QoQ in the logistics business**
- **Stable performance QoQ in the real estate business**

(Unit: 100 mil. yen)

Segment		Q1 FY2022 (‘21.4-6)	Q1 FY2023 (‘22.4-6)	Change	Change(%)
Logistics business	Operating Revenue	664	766	+103	+15.4%
	Operating Profit	51	63	+12	+23.0%
Real estate business	Operating Revenue	21	22	+0	+1.2%
	Operating Profit	12	13	+0	+3.9%
Eliminate/ Corporate	Operating Revenue	-2	-2	-0	—
	Operating Profit	-8	-8	-0	—
Total	Operating Revenue	683	786	+103	+15.0%
Consolidated	Operating Profit	56	68	+12	+21.9%

- In the logistics business, the new logistics facilities launched in the previous fiscal year contributed to profits
- In addition, growth in revenues from forwarding services and overseas logistics

- Increase in Special Factors QoQ
- Full-year contribution in FY2023 of strategic investment projects launched in FY2022



① Special Factors (+3)

- ↑ : Shift to air transport due to a shortage of ocean containers and soaring air freight rates : + 3

② Trend of Cargo Movements (+1)

- ↑ : Increase in steady-state handling of ocean and air freight forwarding services : + 4
- ↑ : Increase in overseas storage and transportation services : + 3
- ↑ : Increase in container handling volume in port transport services : + 1
- ↓ : Decrease in handling volume in logistics related to home appliances (including a backlash from demand for Olympic and Paralympic Games in FY2022, etc.) : - 7

③ Strategic Investment Projects (+6)

- ↑ : Full-year contribution from the warehouse dedicated to healthcare logistics, Elimination of the initial costs : + 2
- ↑ : Full-year contribution from new distribution center : + 4

④ Others (+2)

- ↑ : Positive impact of foreign exchange rates : + 2

- **Financial Profit/Loss maintained at previous-year levels**
- **Non-operating profit (loss) boosted by foreign exchange gains**

(Unit: 100 mil. yen)

Total Consolidated	Q1 FY2022 (‘21.4-6)	Q1 FY2023 (‘22.4-6)	Change
Operating Profit	56	68	+12
Non-operating Profit (Loss)	1	3	+3
Financial Profit/Loss	-0	0	+0
Ordinary Profit	56	71	+15
Extraordinary Gains	—	5	+5
Extraordinary Losses	—	—	—
Profit attributed to owners of parent	32	48	+15

- Non-operating profit (loss) increased by ¥0.1 billion due to foreign exchange gains.
- Interest and dividends received (¥0.2 billion) and interest expense (¥0.2 billion) maintained at previous-year levels, respectively.
- Record on extraordinary gains due to the redemption of a part of retirement benefit trust assets to an employer, the Company.

- **Operating activity CF increased by ¥5.7 billion**
- **Strategic investments through lease**
- **Enhancement of shareholder returns**

(Unit: 100 mil. yen)

Total Consolidated	Q1 FY2022 ('21.4-6)	Q1 FY2023 ('22.4-6)	Change	
Cash flows from Operating activities	22	80	+ 57	• Increase in Operating activity CF mainly due to an increase in net income
Profit before income taxes	56	76	+20	
Depreciation and Amortization of goodwill	22	25	+2	
Income taxes paid	-59	-49	+10	
Cash flows from Investing activities	-37	-13	+ 24	• Despite a decrease in Investing activity CF, invested in material handling equipment, etc. through lease in Q1 FY2023
Capital / Software investment	-37	-13	+24	
Cash flows from Financing activities	55	4	-50	• Increase in dividend at the end of FY2022, consequently, increase in dividend payment
Change in borrowings and bonds (Net)	69	47	-22	
Dividends paid	-7	-23	-16	
Cash and Cash equivalents	270	306	+ 36	

- **Increase in tangible fixed assets and lease obligations due to the acquisition of material handling equipment**
- **Temporary increase in a D/E ratio due to investment**

(Unit: 100 mil. yen)

Total Consolidated	Balance at March 31, 2022	Balance at June 30, 2022	Change
Total Assets	2,583	2,692	+ 109
Cash and Deposit	231	309	+78
Trade receivables	412	415	+3
Tangibles and Intangibles assets	1,482	1,506	+24
Interest-bearing debt (including Lease obligations)	994	1,067	+ 73
Borrowings and Bonds	940	989	+49
Lease obligations	54	77	+23
Equity Capital	795	842	+ 47
Equity ratio	30.8%	31.3%	+0.5
D/E ratio	1.25	1.27	+0.02

- Increase in tangible fixed assets due to an investment in material handling equipment at distribution centers, etc.
- Increase in lease obligations due to the acquisition of the above mentioned material handling equipment through lease
- Temporary increase in a D/E ratio due to an increase in lease obligations by borrowing of funds required for the settlement of accounts and the execution of new investments

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- Upward revision due to an increase in handling volume in forwarding (FWD) by accurately responding to change of customer needs
- On the other hand, the resolution of special factors in H2 FY2023 is supposed to proceed more quickly than initially expected

(Unit: 100 mil. yen)

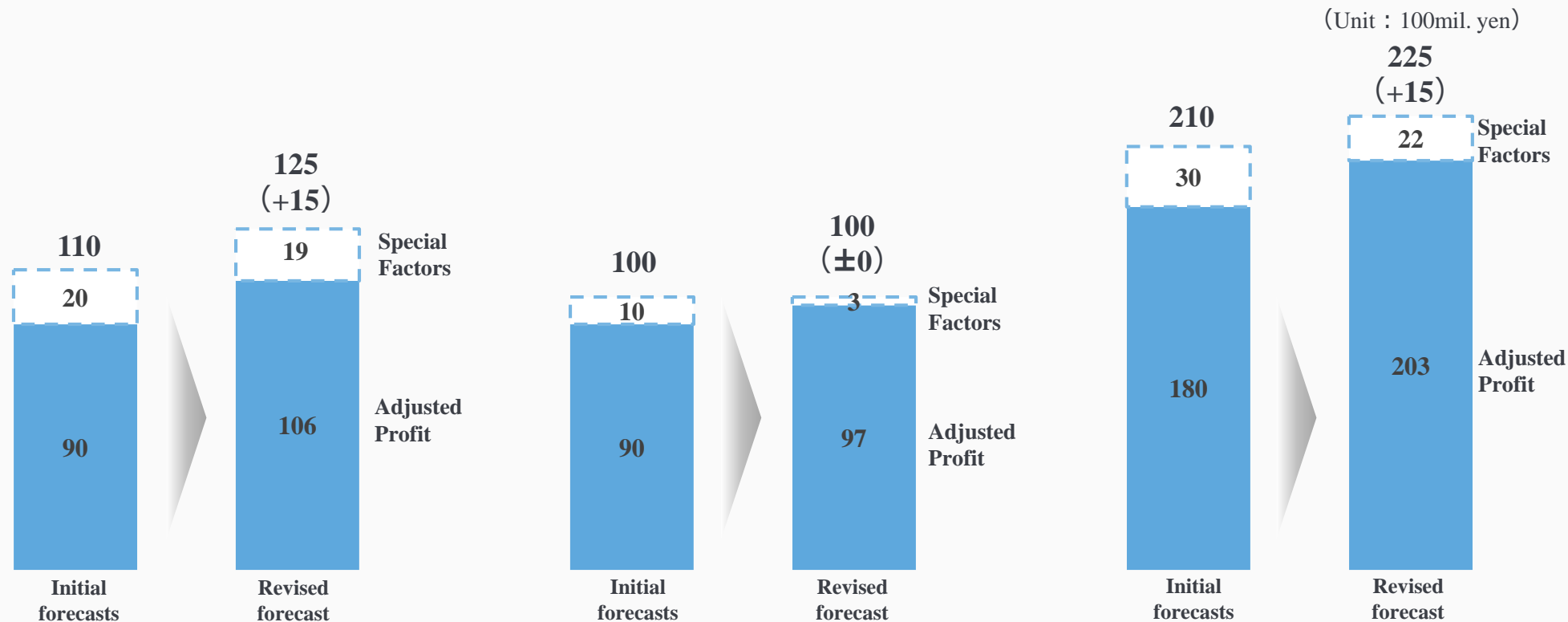
Total Consolidated	H1 FY2023 (‘22.4-9)	Change from the previous forecast	H2 FY2023 (‘22.10-‘23.3)	Change from the previous forecast	FY2023 (‘22.4-‘23.3)	Change from the previous forecast
Operating Revenue	1,570	+ 100	1,430	—	3,000	+ 100
Operating Profit	125	+ 15	100	—	225	+ 15
Ordinary Profit	125	+ 17	95	—	220	+ 17
Profit attributed to owners of parent	80	+ 17	55	—	135	+ 17

- In H1 FY2023, the Company will steadily increase the adjusted profit. In H2 FY2023, a difference between growth of the adjusted profit and an decrease in special factors will be offset.

1st half FY2023

2nd half FY2023

Full year FY2023



Main changes

Strong performance of handling volume in FWD	+10
Positive impact from the depreciation of the yen	+3
Others	+3
Decrease in Air transport (Special Factors)	-1

Main changes

Strong performance of handling volume in FWD	+3
Positive impact from the depreciation of the yen	+4
Others	-
Decrease in Air transport (Special Factors)	-7

Main changes

Strong performance of handling volume in FWD	+13
Positive impact from the depreciation of the yen	+7
Others	+3
Decrease in Air transport (Special Factors)	-8

- **Favorable growth in the adjusted profit though special factors in the logistics business are expected to shrink over H2 FY2023**
- **Performance of the real estate business for FY2023 is expected to remain at a same level as FY2022**

(Unit: 100 mil. yen)

Segment		H1 FY2023 ('22.4-9)	Change from H1 FY2022	H2 FY2023 ('22.10-'23.3)	Change from H2 FY2022	FY2023 ('22.4-'23.3)	Change from FY2022
Logistics business	Operating Revenue	1,527	+169	1,384	-180	2,911	-11
	Operating Profit	116	+11	93	-39	209	-28
Real estate business	Operating Revenue	46	-0	49	-0	95	-1
	Operating Profit	27	-1	30	-0	57	-1
Eliminate/ Corporate	Operating Revenue	-3	+1	-3	+1	-6	+2
	Operating Profit	-18	-2	-23	-4	-41	-5
Total Consolidated	Operating Revenue	1,570	+170	1,430	-180	3,000	-10
	Operating Profit	125	+9	100	-43	225	-34
Breakdown of Operating Profit		H1 FY2023 ('22.4-9)	Change from H1 FY2022	H2 FY2023 ('22.10-'23.3)	Change from H2 FY2022	FY2023 ('22.4-'23.3)	Change from FY2022
Total	Special Factors	19	-3	3	-64	22	-67
Consolidated	Adjusted Profit	106	+12	97	+21	203	+33
	Operating Profit	125	+9	100	-43	225	-34

- Expect a decline in both revenue and profit in H2 FY2023 due to a reduction in special factors
- No change of tenant trends

- Decrease in special factors YoY
- On the other hand, Expansion of the adjusted profit (including positive impact from the depreciation of the yen)

- **Financial Profit/Loss and Non-operating Profit (Loss) for FY2023 are expected to remain at the same level as FY2022**

(Unit: 100 mil. yen)

Total Consolidated	H1 FY2023 ('22.4-9)	Change from H1 FY2022	H2 FY2023 ('22.10-'23.3)	Change from H2 FY2022	FY2023 ('22.4-'23.3)	Change from FY2022
Operating Profit	125	9	100	-43	225	-34
Non-operating Profit (Loss)	—	-1	-5	-0	-5	-1
Financial Profit/Loss	-2	-0	-2	0	-4	+0
Others	2	-1	-3	-1	-1	-1
Ordinary Profit	125	8	95	-43	220	-36
Extraordinary Gains	5	5	—	—	5	+5
Extraordinary Losses	—	—	—	—	—	—
Profit attributed to owners of parent	80	+13	55	-23	135	-10

- No extraordinary gains or losses in Q2 FY2023 or later

- **Operating activity CF in FY2023 will record ¥ 27.5 billion, an increase by ¥4.4 billion YoY.**
- **Cash allocation is expected to be based on a balance between investments for future growth and shareholder returns.**

(Unit: 100 mil. yen)

Total Consolidated	H1 FY2023 ('22.4-9)	Change from H1 FY2022	FY2023 ('22.4-'23.3)	Change from FY2022	
Cash flows from Operating activities	190	+ 105	275	+ 44	• Expect an increase in Operating activity CF in FY2023 due to a decrease in corporate income tax
Depreciation and Amortization of goodwill	51	+ 6	99	+ 5	
Cash flows from Investing activities	-35	+ 14	-90	-20	• Expect an investment in maintenance and renewal of facilities and the systems-related investment
Capital investment	-20	+ 22	-68	-14	
Software investment	-12	- 3	-22	- 3	
Cash flows from Financing activities	-92	-86	-155	+ 17	• Expect an execution of capital investments, including the acquisition of the material handling equipment through lease in FY2023
Change in borrowings and bonds (Net)	-45	-55	-85	+ 56	
Dividends paid	-23	-16	-41	-25	
Cash and Cash equivalents	300	+ 42	270	+ 42	

- From the end of Q1 FY2023, aiming to operate with a D/E ratio of 1x as our financial discipline and expecting total assets to remain flat and interest-bearing debt to decrease

(Unit: 100 mil. yen)

Total Consolidated	Balance at Sep. 30, 2022	Change from Balance at March 31, 2022	Balance at March 31, 2023	Change from Balance at March 31, 2022	
Total Assets	2,690	+ 107	2,685	+ 102	
Cash and Deposit	300	+ 69	270	+ 39	• Increase in tangible fixed assets due to an investment in material handling equipment at distribution centers, etc. in Q1 FY2023, and thereafter supposedly remains flat
Trade receivables	425	+ 13	425	+ 13	
Tangibles and Intangibles assets	1,500	+ 18	1,510	+ 28	
Interest-bearing debt (including Lease obligations)	975	- 19	934	- 60	• Expect a decrease in Interest-bearing debt due to repayment of loans
Borrowings and Bonds	900	- 40	860	- 80	• Increase in lease obligations due to the acquisition of the above mentioned material handling equipment through lease
Lease obligations	75	+ 21	74	+ 20	
Equity Capital	873	+ 78	908	+ 113	
Equity ratio	32.5%	+ 1.7	33.8%	+ 3.1	
D/E ratio	1.12	- 0.13	1.03	- 0.22	• Aiming to operate with a D/E ratio close to 1.0x at the end of FY2023

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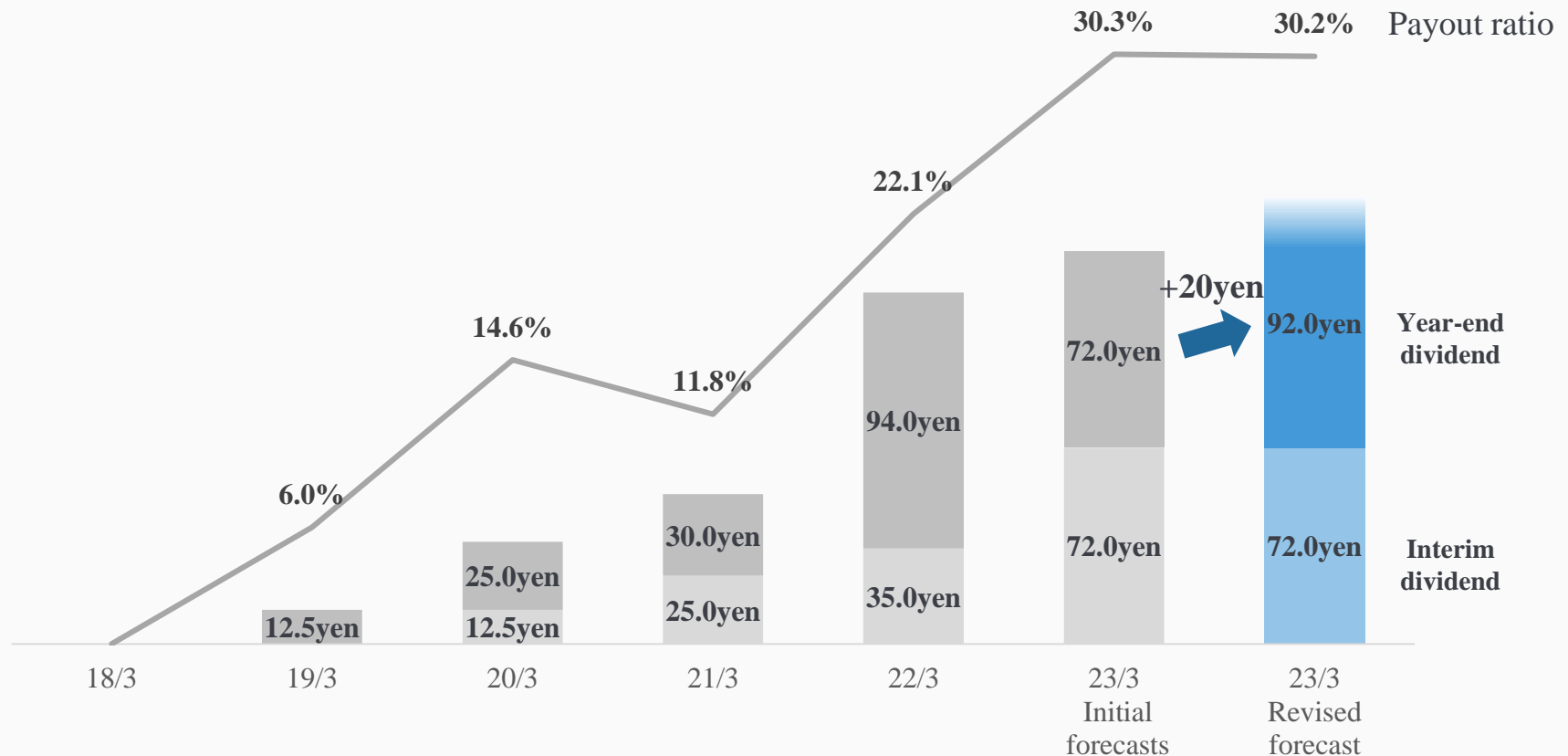
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- **Flexible dividends linked to our performance based on an annual dividend payout ratio of 30%**
- **Reflected on Year-end dividend forecast due to the performance revised upward (increased by +20 yen)**



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PURPOSE

meaning of our existence



「 Empower society, encourage progress 」

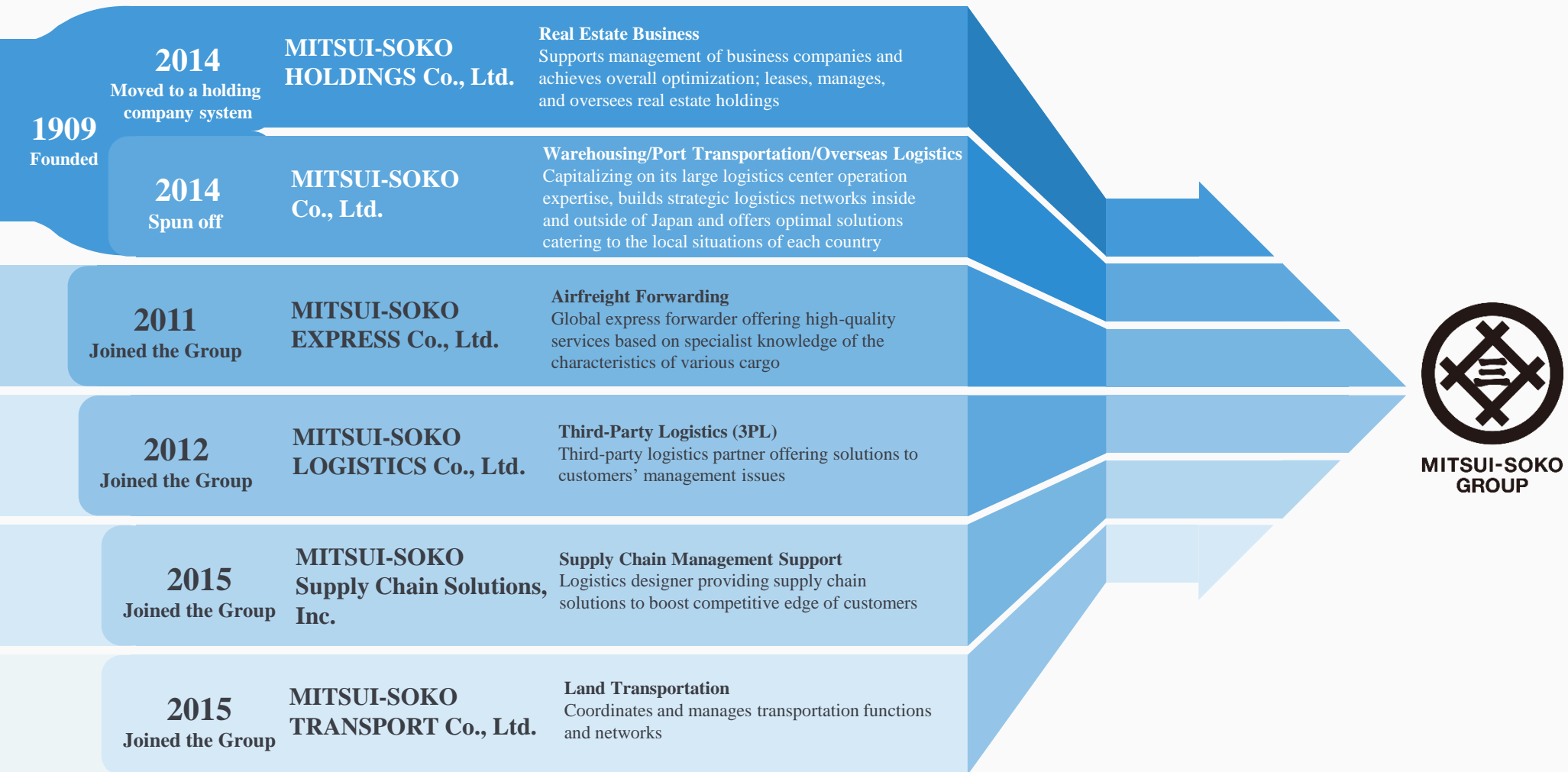
Our recently enacted Purpose— *Empower society, encourage progress* —is the role that the Group should play and embodies our solid belief in the value we create for society.

Logistics plays an important role as a social infrastructure and is the very foundation of modern society, supporting economic activities and people's lives.

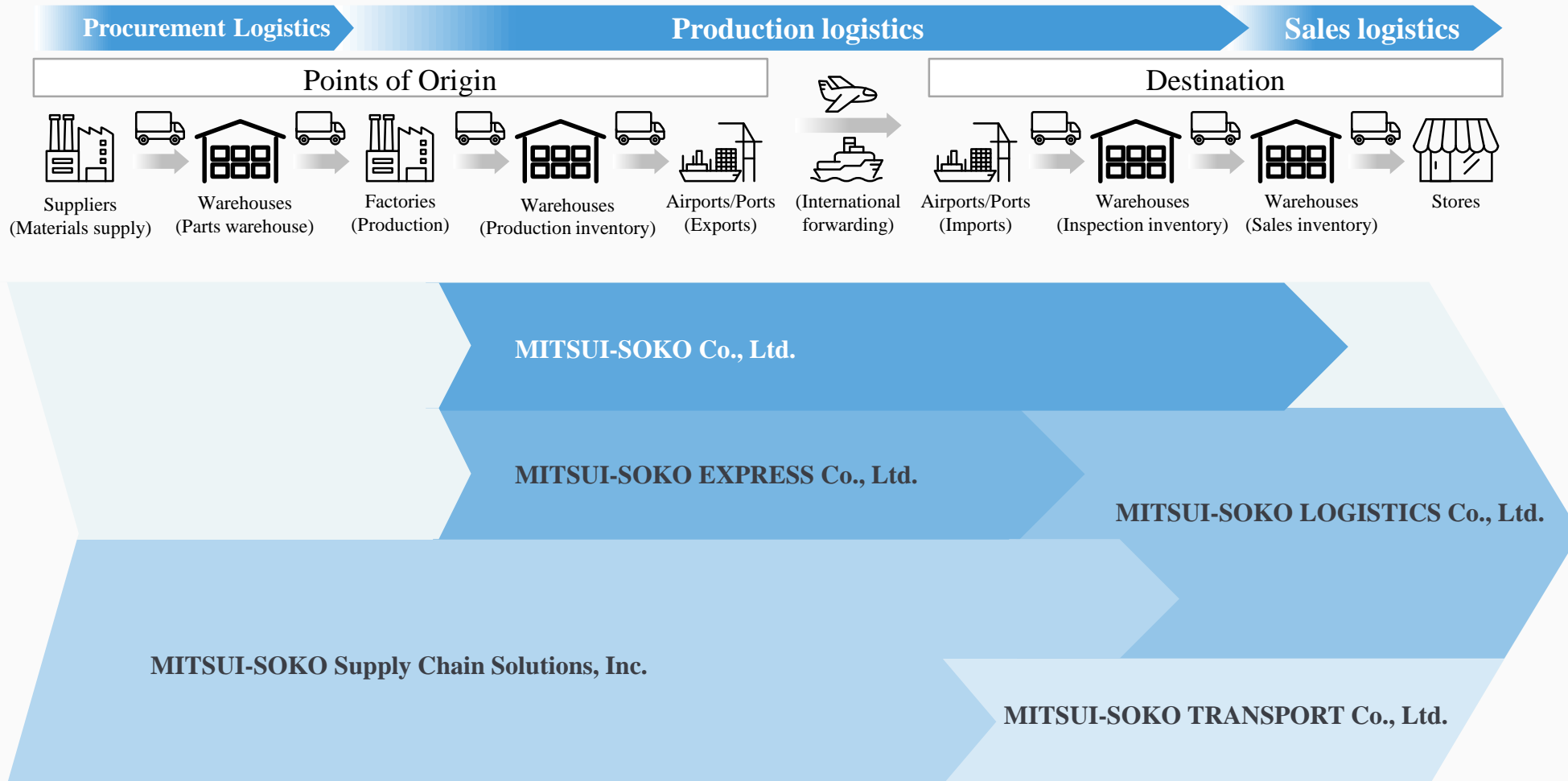
The MITSUI-SOKO Group has been in the logistics business for over 100 years, connecting countries with countries, industries with industries, people with people, and all other subjects in support of the evolution of society. Even in times of rapid change, there is no change in the role played by the Group. By fulfilling this Purpose, we aim to move the world in a better direction and help to realize a mindful and sustainable society.



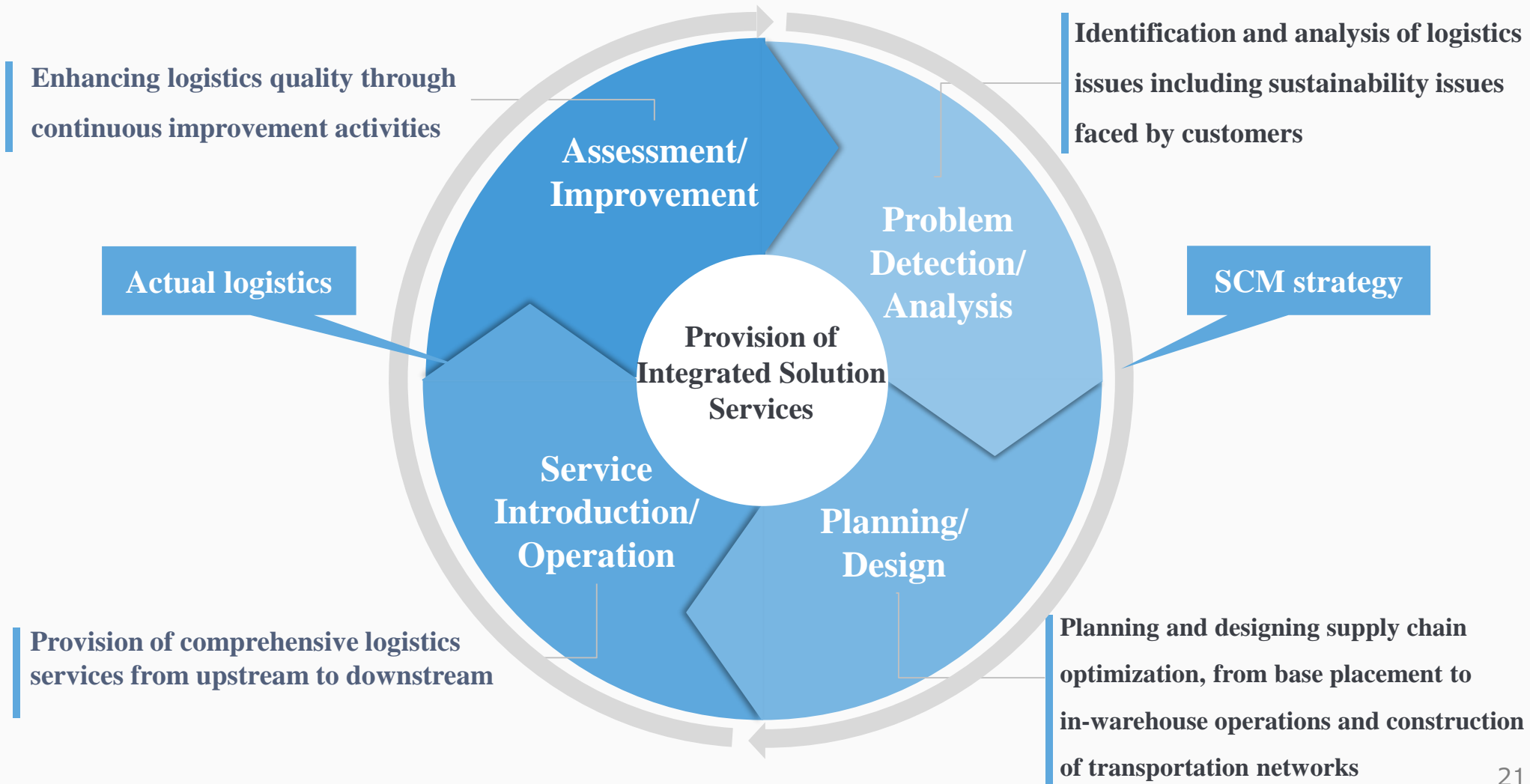
History of the Mitsui-Soko Group from the Warehousing Business to a Comprehensive Logistics Company



- **Providing logistics services that combine logistics functions that covers everything from upstream to downstream operations**

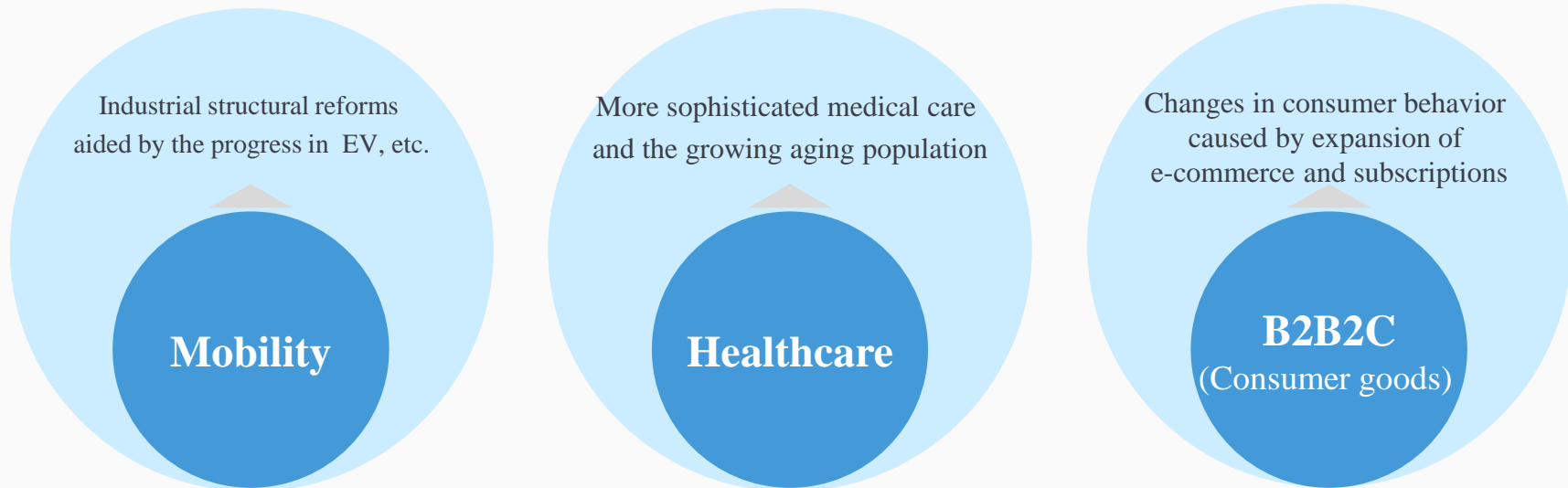


- **Providing integrated solution services that combine both SCM strategies and actual Logistics**



- **Growing importance of supply chains due to rapid changes in environment**
- **Strong need for logistics experts**

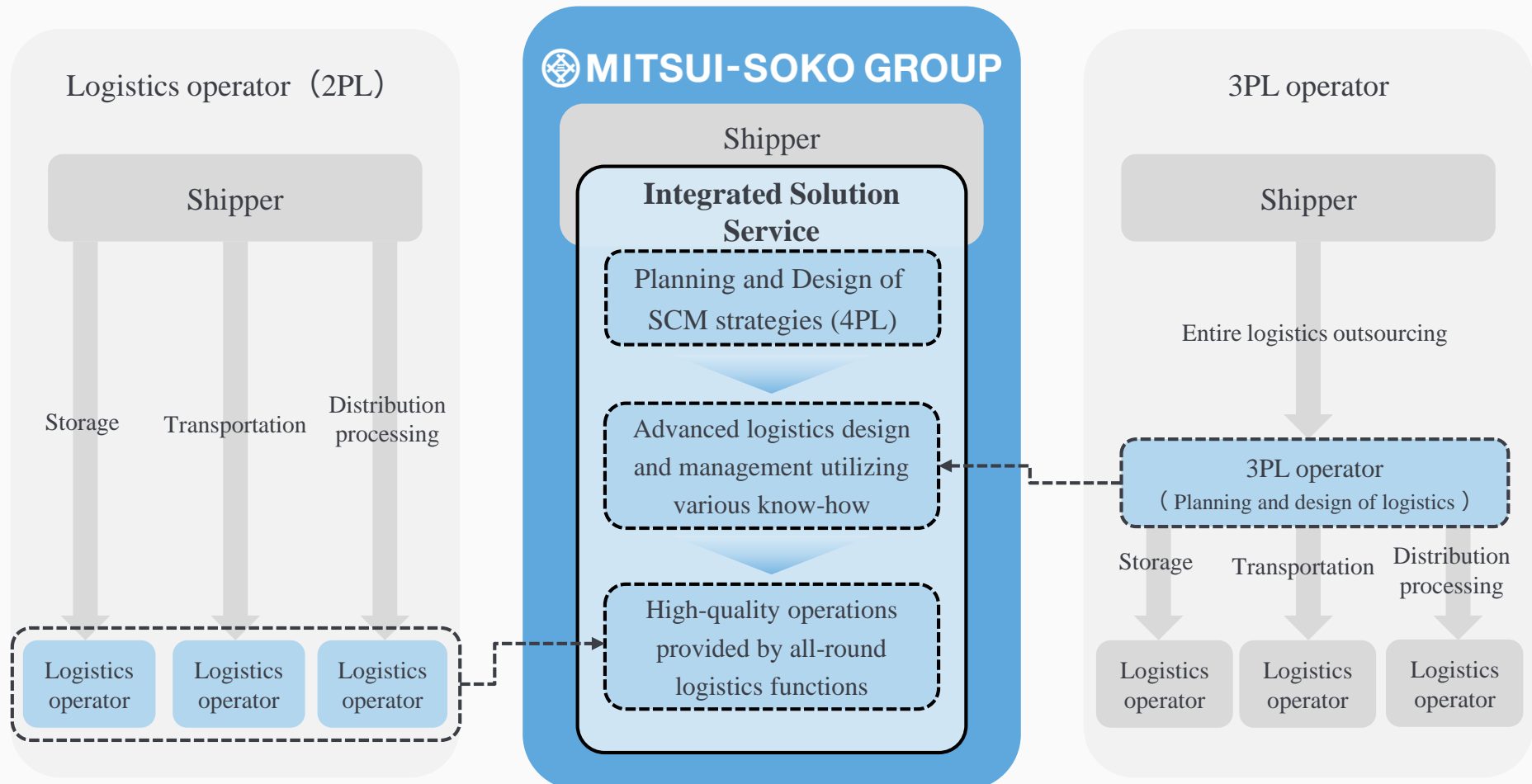
Industries especially with drastic environmental changes : Our area of business focus



Our strength

- **Expertise in handling Automobile / Electronic components / Home appliance**
- **Achievements of handling healthcare cargo and its quality with licenses and knowledge of advanced and regenerative medicine**
- **Achievements of technical logistics including operation at home appliance distribution center, joint delivery, last one-mile delivery/ installation/ maintenance/ repair**

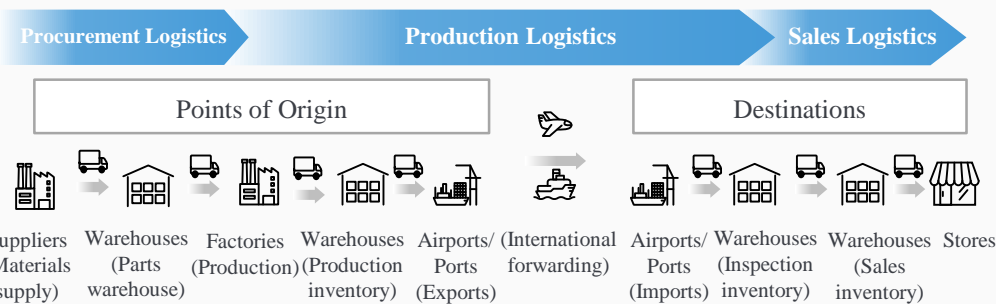
- **Differentiating strategy to realize optimization of not only the logistics but also the overall supply chain by working together with shippers**



- **Response to social changes and customer needs by leveraging the Group's collective strength and High-quality logistics know-how**

1 All-round logistics functions

- Comprehensive lineup of land, sea, and air logistics functions
- Covering the entire supply chain from procurement and production processes to sales, a system capable of providing diversified customer needs



2 Global network

- Boasting of global network with about 260 offices in Japan and about 400 offices all over the world and the operational floor area of about 2.2 million square meters
- Expanding overseas business to 20 countries, mainly in Asia, and now growing about 25% of the operating revenue

North/South America	Europe, Africa, Middle East	South Asia, Southeast Asia
Number of business sites 17	Number of business sites 31	Number of business sites 40
Operational floor area 46,817m ²	Operational floor area 64,814m ²	Operational floor area 364,899m ²
Employees 115	Employees 471	Employees 2,145
Northeast Asia	Japan	Total
Number of business sites 43	Number of business sites 266	Number of business sites 397
Operational floor area 145,875m ²	Operational floor area 1,574,416m ²	Operational floor area 2,198,822m ²
Employees 545	Employees 5,226	Employees 8,502

The figures are as of March 31, 2021.

3 Diverse human resources (Expertise · Skills)

- Expertise and skills in a wide range of cargo handling, from raw materials to finished products, from confidential information to pharmaceutical devices and investigational drugs
- Diversified expertise and skills from different backgrounds and cultures that joined the Group through M&A

4 Logistics design and operation know-how

- SCM strategy and logistics design know-how cultivated through 4PL from manufacturers' perspectives
- High-quality and high-efficiency operations that have supported the logistics of the Toyota and the Sony Group for many years

- **Deepening the Integrated Solution Services**
- **Proactive investment, enhanced shareholder returns, and maintenance of a high level of capital efficiency**

Summary of 「 Medium-Term Management Plan 2022 」 (FY2023 to FY2027)

• For details, please refer to the "Notice of Establishment of New Group Philosophy and Medium-term Management Plan 2022" released on May 10, 2022.

Growth Strategies

- Top-line Growth by Mobilizing the Group's Collective Strength
 - ① **Enhancement of integrated solution service**
 - ② **Expansion of sustainability-oriented business**
 - ③ **Deep digging in the inter-industry**
- Reinforcement of Operational Competitiveness

《 **Company-wide penetration of standardization, Improvement of operational quality, Lower cost** 》
- Building Management Foundation to Support the Deepening

《 **DX, Co-creation, Business Assets, ESG** 》

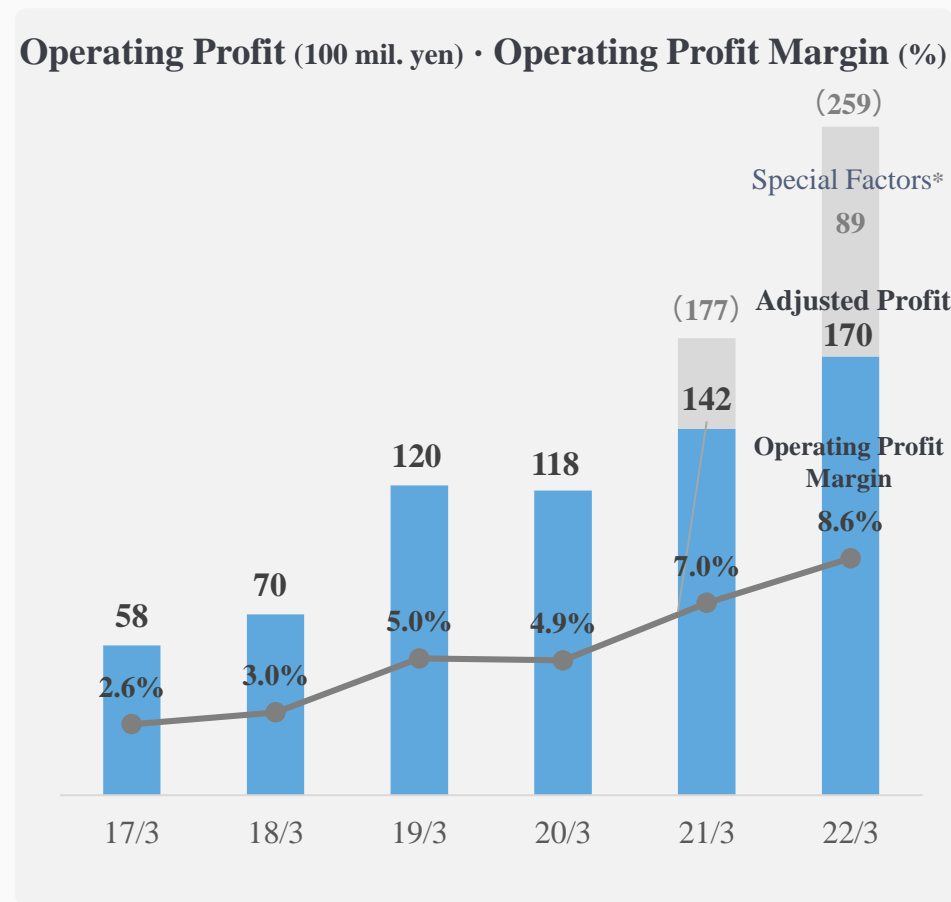
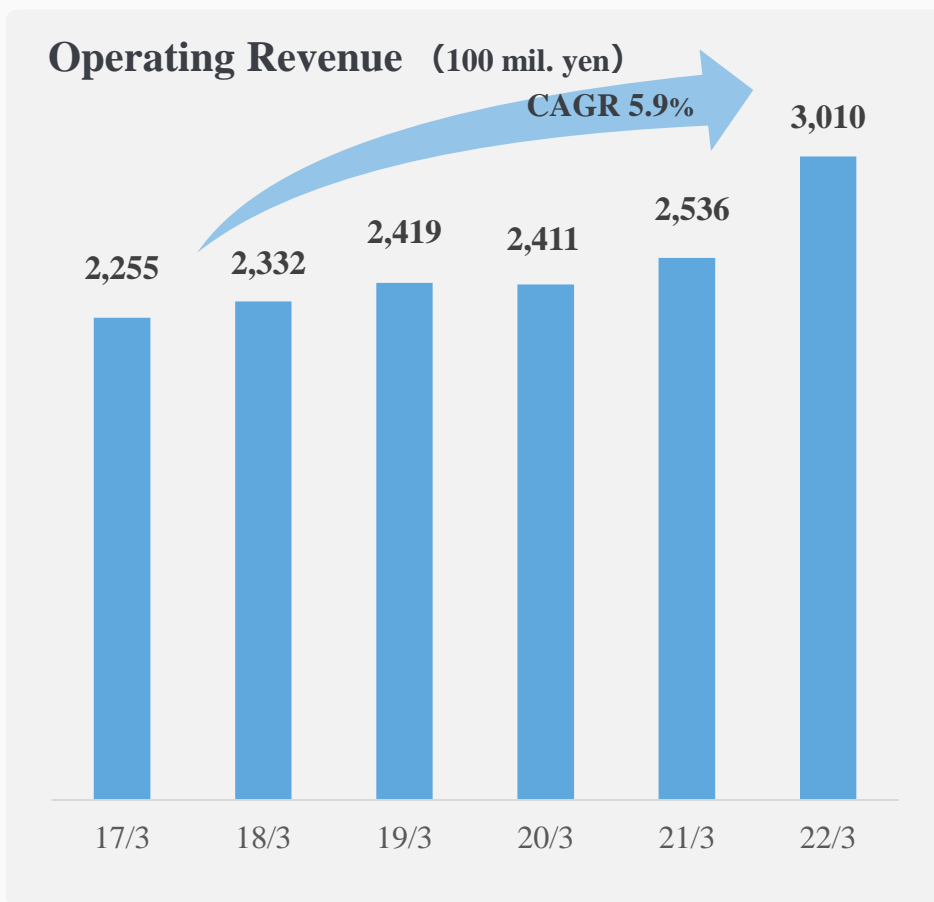
Numerical Targets

FY2027	Operating Revenue	Operating Profit	Operating Cash Flow
Numerical Targets (Billions of yen)	350.0	23.0	30.0

Financial Strategies

- Investments : **5-year cumulative total of ¥130 billion**
 - Strategic investments **¥100 billion**
 - DX investment
 - New capital investment
 - M&A, etc.
 - Normal investment (maintaining existing facilities / renewal investment): **¥30 billion**
- Shareholder returns : **Payout ratio of 30%**
- Financial discipline : **Optimal D/E ratio of 1.0**
- Capital efficiency : **ROE of over 12%**

- **Operating Revenue** **5.9% growth/year**
- **Operating Profit Margin** **FY2017: 2.6% ⇒ FY2022: 8.6%**



- **We have obtained various external evaluations and have been selected as a constituent of the ESG Investment Index.**

MSCI ESG RATINGS



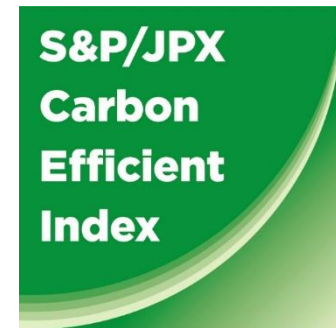
CCC	B	BB	BBB	A	AA	AAA
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We have obtained an "A" rating on the MSCI ESG rating scale (7 levels of AAA-CCC) As of 2021.



FTSE Blossom Japan Sector Relative Index

We have been selected as a constituent of the "FTSE Blossom Japan Sector Relative Index" developed by FTSE Russell, Inc. The index reflects the performance of Japanese companies that excel in aspects of environment, society, and governance (ESG), and has become one of the leading indexes for ESG investment, with the Japan Pension Fund Investment Fund (GPIF) adopting it as an ESG index.



We have been selected as a constituent of the S&P/JPX Carbon Efficient Index. Focusing on disclosure status of environmental information and carbon efficiency (Carbon emissions per Sales), the index determines the weighting of constituent stocks. In this index, we are ranked in "2," the second-highest carbon efficiency out of classification of 10 deciles based on carbon efficiency by the S&P Global Carbon Standard.

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