

Financial Results Briefing for the fiscal year ending March 2022

 **mitsui-soko GROUP**

May, 16th 2022

MITSUI-SOKO HOLDINGS Co., Ltd.

Contents

▶ Financial Results for FY2022

- Summary of Consolidated Financial Results
- Results by Segments
- Key Factors of Change in Operating Profit
- Non-operating profit (loss) • Extraordinary gains/losses
- Status of Cash Flow
- Status of Balance Sheet

■ Financial Results Forecast for FY2023

- Summary of Consolidated Financial Results Forecast
- Results Forecast by Segments
- Key Factors of Change in Operating Profit Forecast
- Non-Operating Profit (Loss) • Extraordinary Gains/Losses Forecast
- Cash Flow Forecast
- Balance Sheet Forecast

■ Shareholder Returns

Operating Revenue and Profit up YoY due to capturing special demand amid supply chain disruptions and recovering cargo movement

- Successfully captured special demand business such as emergency transportation amid the global supply chain disruption through COVID-19 pandemic
- Steady performance of trend in base cargo movement in forwarding (FWD) and port transport services on the back of recovery in imports and exports
- Expanded high-value added solution services such as Commencement of operations at a warehouse dedicated to healthcare logistics and a distribution center for both electronics retailer and e-commerce

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

Total Consolidated	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Operating Revenue	2,536	3,010	+475	+18.7%
Operating Profit	177	259	+82	+46.9%
Ordinary Profit	172	256	+83	+48.2%
Profit attributed to owners of parent	115	145	+30	+25.6%

Operating Revenue and Profit increased in the Logistics Business and were maintained at previous-year levels in the Real Estate Business.

- Operating Revenue and Profit in the Logistics Business up YoY
- Stable performance in the Real Estate Business even through COVID-19 pandemic

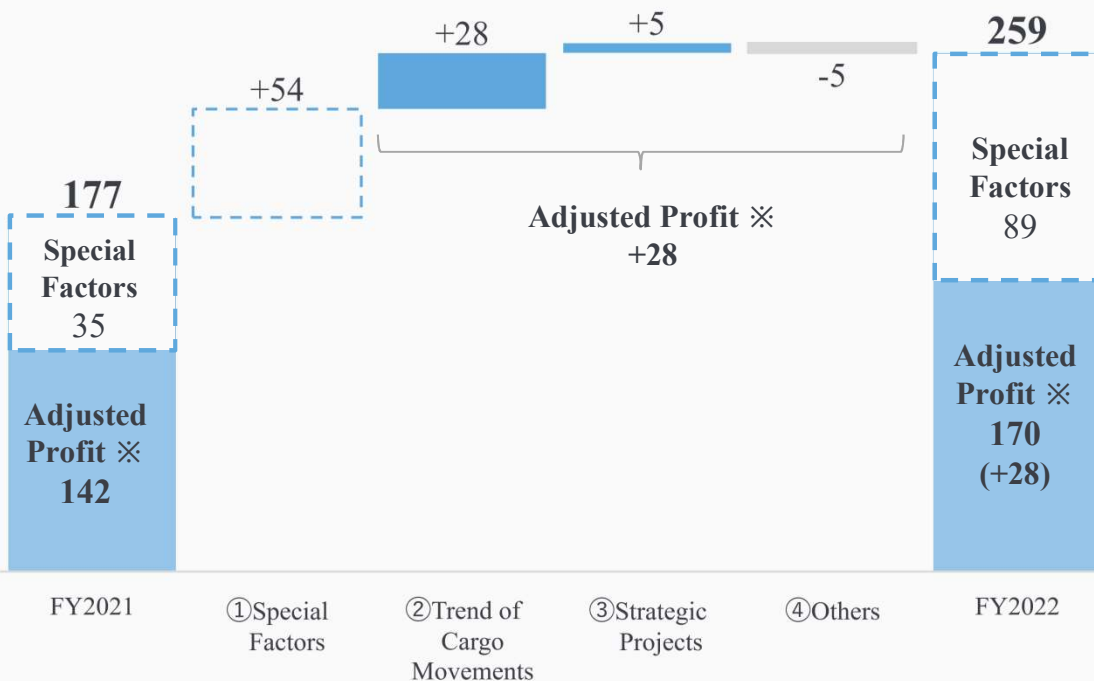
(Unit: 100 million yen)

Segment		FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Logistics business	Operating Revenue	2,446	2,922	+ 476	+ 19.4%
	Operating Profit	150	237	+ 87	+ 58.4%
Real estate business	Operating Revenue	96	96	-1	-0.6%
	Operating Profit	58	58	-0	-0.6%
Eliminate/ Corporate	Operating Revenue	-7	-8	-1	—
	Operating Profit	-32	-36	-4	—
Total Consolidated	Operating Revenue	2,536	3,010	+ 475	+ 18.7%
	Operating Profit	177	259	+ 82	+ 46.9%

Steady Growth in Adjusted Profit in addition to increased Profit due to Special Factors

- Increase in operating profit by 5.4 billion yen due to special factors through COVID-19 pandemic
- Strategic investments in our focus areas were carried out and new business was launched. Adjusted Profit increased by 2.8 billion yen YOY due to steady cargo movement trends.

(Unit : 100mil. Yen)



※ Adjusted Profit : Adjusted Operating Profit excluding Special Factors

① Special Factors (+54)

- ↑ : Increase in handling volumes in emergency air transportation to maintain or review production system caused by supply chain disruption : +33
- ↑ : Shift to air transport due to a shortage of ocean containers and soaring air freight rates : +21

② Trend of Cargo Movements (+28)

- ↑ : Increase in steady-state handling of ocean and air freight forwarding services : +9
- ↑ : Increase in handling volume in logistics related to home appliances (including demand for Olympic and Paralympic Games) : +9
- ↑ : Recovery of container handling in port transport services : +7
- ↑ : Increase in overseas storage and transportation services : +5
- ↓ : Rise in the diesel price : -2

③ Strategic Investment Projects (+5)

- ↑ : Increase in handling volumes in healthcare logistics due to starting operation of the new warehouse : +3
- ↓ : Initial costs of the new warehouse in healthcare logistics : -2
- ↑ : Increase in handling volumes in solution business due to starting operation of the new logistics center : +4

④ Others (-5)

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

Financial Profit/Loss maintained at previous-year levels

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

(Unit: 100 million yen)

Total Consolidated	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Operating Profit	177	259	+ 82	
Non-operating Profit (Loss)	-4	-4	+0	
Financial Profit/Loss	-4	-4	-0	Decrease in interest expenses : +1 Decrease in dividend income and interest income : -1
Ordinary Profit	172	256	+ 83	
Extraordinary Gains	57	—	-57	FY2021 Gain on sale of investment securities and others
Extraordinary Losses	39	—	-39	FY2021 Impairment loss of goodwill, Loss on sale of shares of subsidiaries and associates
Profit attributed to owners of parent	115	145	+ 30	

Increase in Cash flow from Operating activities of 1.9 billion yen

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

Implementation of Strategic Investments and Shareholder Returns

- Partial payment for construction cost of Kanto P&M Center (Building B), a new warehouse for the exclusive use of healthcare logistics, which are one of our focus areas
- Increased dividend : End of the previous fiscal year 30 yen per share (up 5 yen YoY), This interim period 35 yen per share (up 10 yen YoY) (announced on November 4, 2021)

(Unit: 100 million yen)

Total Consolidated	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Cash flows from Operating activities	213	231	+ 19	
Profit before income taxes	190	256	+ 65	
Depreciation and amortization of goodwill	98	94	- 4	
Income taxes paid	-53	-108	-56	Increase in income taxes paid due to gain on sale of securities occurred in FY2021
Cash flows from Investing activities	8	-70	-79	
Capital / Software investment	-81	-74	+ 7	Partial payment for construction cost of a new warehouse for the exclusive use of healthcare logistics and others
Sale of assets	88	1	-87	Sales of cross-shareholdings and shares of subsidiaries in FY2021
Cash flows from Financing activities	-217	-172	+ 45	
Change in interest-bearing debt (Net)	-190	-141	+ 49	
Dividends paid	-12	-16	- 4	Increased dividend for the end of the previous fiscal year and for this interim period
Cash and Cash equivalents	227	228	+ 1	

Reduction of Interest-bearing debt, Improvement of Equity ratio and Completion of Rebuilding our Financial foundation

- Increase in Trade Receivables due to increase in handling volume and soaring air freight rates in the logistics business
- Reduced Interest-bearing debt to less than 100 billion yen due to repayment of debt
- With Equity ratio of 30.8% and Net D/E ratio of 0.89 times, our rebuilding of its financial base targeted in the mid-term management plan has been completed.

(Unit: 100 million yen)

Total Consolidated	Balance at March 31, 2021	Balance at March 31, 2022	Changes	Changes(%)
Total Assets	2,384	2,583	+ 199	
Cash and Cash equivalents	232	231	-1	
Trade receivables	324	412	+ 88	Increase in trade receivables due to increase in handling volume and soaring air freight rates
Tangibles and Intangibles assets	1,445	1,482	+ 36	Establishment of a new warehouse for the exclusive use of healthcare logistics and others
Interest-bearing debt	1,079	940	-139	
Net-debt	847	709	-138	Repayment of debt
Equity Capital	627	795	+ 168	Recording of net income
Equity ratio	26.3%	30.8%	+4.5	
Net D/E ratio	1.35	0.89	-0.46	

Contents

■ Financial Results for FY2022

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- Key Factors of Change in Operating Profit
- Non-Operating Profit (Loss) • Extraordinary Gains/Losses
- Status of Cash Flow
- Status of Balance Sheet

▶ Financial Results Forecast for FY2023

- Summary of Consolidated Financial Results Forecast
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- Key Factors of Change in Operating Profit Forecast
- Non-operating profit (loss) • Extraordinary gains/losses Forecast
- Cash Flow Forecast
- Balance Sheet Forecast

■ Shareholder Returns

Summary of Consolidated Financial Results Forecast (YoY)

Adjusted Profit has been robust. Special factors, such as special demand business due to supply chain disruptions, is expected to return to normal gradually.

- Adjusted Profit is expected to steadily grow, mainly due to the full-year contribution of operations launched in FY2022.
- The impact of soaring air freight rates and others due to supply chain disruptions is expected to gradually return to normal over the full year toward the end of the fiscal year ending March 31, 2023.

(Unit: 100 million yen)

Total Consolidated	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Forecast for FY2023 (Apr.1, 2022~ Mar.31, 2023)	Changes	Changes(%)
Operating Revenue	3,010	2,900	-110	-3.7%
Operating Profit	259	210	-49	-19.0%
Ordinary Profit	256	203	-53	-20.6%
Profit attributed to owners of parent	145	118	-27	-18.6%

Results Forecast by Segments (YoY)

Operating Revenue and Profit is expected to decrease in the Logistics Business due to the reduction of special factors and to maintain at previous-year levels in the Real Estate Business.

- Though special factors in the logistics business are expected to continue for the full year, its scale will gradually shrink and decrease the revenue and profit in FY2023.
- Real estate business is expected to remain stable.
- Corporate / Elimination expenses are expected to increase due to upfront costs for information system.

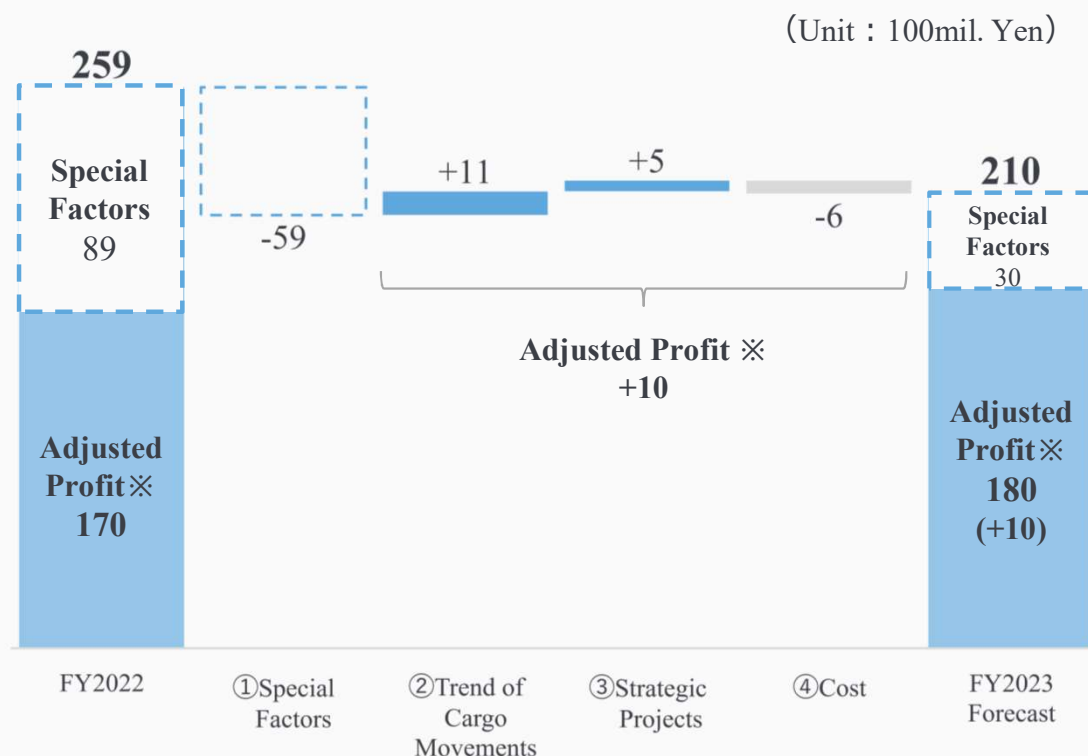
(Unit: 100 million yen)

Segment		FY2022 (Apr.1, 2021~ Mar.31, 2022)	Forecast for FY2023 (Apr.1, 2022~ Mar.31, 2023)	Changes	Changes(%)
Logistics business	Operating Revenue	2,922	2,809	-113	-3.9%
	Operating Profit	237	197	-40	-17.0%
Real estate business	Operating Revenue	96	95	-1	-0.7%
	Operating Profit	58	56	-2	-3.4%
Eliminate/ Corporate	Operating Revenue	-8	-4	+4	—
	Operating Profit	-36	-43	-7	—
Total Consolidated	Operating Revenue	3,010	2,900	-110	-3.7%
	Operating Profit	259	210	-49	-19.0%

Key Factors of Change in Operating Profit Forecast (YoY)

Though special factors are gradually return to normal, Adjusted Profit is expected to be robust due to the full-year contribution of operations launched in FY2022.

- Special factors, such as special demand business due to supply chain disruptions, is expected to return to normal gradually and to decrease to approximately 1/3 of the previous year's results.
- Adjusted Profit is expected to steadily grow, mainly due to the full-year contribution of operations launched in FY2022.
- Upfront costs for information system associated with DX investments is expected to arise.



① Special Factors (-59)

↓ : Shift to air transport due to supply chain disruption and decrease in impact of soaring air freight rates : - 59

② Trend of Cargo Movements (+ 11)

↑ : Increase in steady-state handling of ocean and air freight forwarding services : + 8
 ↑ : Increase in steady-state handling of land transportation : + 2
 ↑ : Increase in steady-state handling of overseas logistics : + 1

③ Strategic Investment Projects (+ 5)

↑ : Full-year contribution to the new logistics center : + 3
 ↑ : Full-year contribution to the new warehouse in healthcare logistics, Elimination of start-up costs : + 2

④ Cost (-6)

↑ : Decrease in goodwill amortization : + 4
 ↓ : Upfront costs for information system associated with DX investments : - 7
 ↓ : Cost increases in labor, transportation and others (including fuel) : - 3

※ Adjusted Profit : Adjusted Operating Profit excluding Special Factors

Financial Profit/Loss will maintain at previous-year levels, and extraordinary gains are expected to arise due to partial redemption of retirement benefit trust assets.

(Unit: 100 million yen)

Total Consolidated	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Forecast for FY2023 (Apr.1, 2022~ Mar.31, 2023)	Changes	Changes(%)
Operating Profit	259	210	-49	
Non-operating Profit (Loss)	-4	-7	-3	
Financial Profit/Loss	-4	-4	+0	
Others	0	-3	-3	Decrease in the COVID-19-related subsidy
Ordinary Profit	256	203	-53	
Extraordinary Gains	—	4	+4	Redemption of retirement benefit trust assets
Extraordinary Losses	—	—	—	
Profit attributed to owners of parent	145	118	-27	

Cash Flow Forecast (YoY)

Cash flows from operating activities is expected to be 26 billion yen, 2.9 billion yen up YoY

Expect cash allocation maintaining a balance between growth investment and shareholder returns

- Cash flows from investing activities is expected to be an outflow of 11.0 billion yen mainly due to maintenance and renewal investment, information system-related investment based on DX strategy.
- Decided to increase dividends under the policy of a payout ratio of 30%

(Unit: 100 million yen)

Total Consolidated	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Forecast for FY2023 (Apr.1, 2022~ Mar.31, 2023)	Changes	Changes(%)
Cash flows from Operating activities	231	260	+ 29	Decrease in the payment of income taxes and others
Depreciation and amortization of goodwill	94	99	+ 5	
Cash flows from Investing activities	-70	-110	-40	
Capital investment	-54	-81	-27	
Software investment	-19	-29	-10	
Cash flows from Financing activities	-172	-145	+ 27	
Change in interest-bearing debt (Net)	-141	-78	+ 63	
Dividends paid	-16	-41	-25	Increased dividend for the end of the previous fiscal year and for this interim
Cash and Cash equivalents	228	230	+ 2	

Balance Sheet Forecast (YoY)

Total assets are expected to remain almost unchanged

- Fixed assets are expected to increase mainly due to the acquisition of material handling equipment for the distribution center

Maintain Financial Discipline by targeting Net D/E ratio of 1.0 times

- Implement the return of profits to shareholders within net income and maintain financial discipline by targeting Net D/E ratio of 1.0 times

(Unit: 100 million yen)

Total Consolidated	Balance at March 31, 2022	Forecast Balance at March 31, 2023	Changes	Changes(%)
Total Assets	2,583	2,575	-8	
Cash and Cash equivalents	231	230	-1	
Trade receivables	412	395	-17	
Tangibles and Intangibles assets	1,482	1,525	+43	Acquisition of material handling equipment for new distribution center
Interest-bearing debt (including Lease obligations)	994	934	-60	Repayment of debt
Lease obligations	54	74	+20	Procurement of material handling equipment for new distribution center
Equity Capital	795	872	+77	Recording of net income
Equity ratio	30.8%	33.9%	+3.1	
Net D/E ratio	1.25	1.07	-0.17	

The KPI for financial balance has been changed from net D/E ratio (= net debt / shareholders' equity) to D/E ratio (interest-bearing debt (including lease obligations) / shareholders' equity) since the period of the medium-term management plan in the first year of FY2023.

Contents

■ Financial Results for FY2022

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- Results by Segments
- Key Factors of Change in Operating Profit
- Non-Operating Profit (Loss) • Extraordinary Gains/Losses
- Status of Cash Flow
- Status of Balance Sheet

■ Financial Results Forecast for FY2023

- Summary of Consolidated Financial Results Forecast
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▶ Shareholder Returns

Increased the year-end dividend for FY2022 in order to achieve a payout ratio of 30% for the second half of FY2022

- Increased FY2022 year-end dividend to 94 yen per share to achieve a payout ratio of 30% for the six month period from October 2021 to March 2022

We will implement flexible dividends of redistributing profits by considering consolidated business results based on an annual dividend payout ratio of 30% from FY2023 onward.

- During the period of the medium-term management plan from FY2023 to FY2027, we are to implement flexible dividends of redistributing profits by considering consolidated business results based on an annual dividend payout ratio of 30%.
- The annual dividend of 144 yen per share, consisting of an interim dividend of 72 yen and a year-end dividend of 72 yen per share (planned) (Annual Dividend Payout Ratio of 30%, up 15 yen YoY)

Fiscal Period	(Unit)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)			Forecast for FY2023 (Apr.1, 2022~ Mar.31, 2023)		
		Full year	Full year	1st half	2nd half	Full year	1st half	2nd half
Net Income	100mil. Yen	115	145	67	78	118	63	55
Net Income Per Share	Yen	465.0	584.0	271.2	312.8	475.1	253.7	221.4
Dividend Per Share	Yen	55.0	129.0	35.0	94.0	144.0	72.0	72.0
(YoY)	(Yen)	(+17.5)	(+74.0)	(+10.0)	(+64.0)	(+15.0)	(+37.0)	(-22.0)
Dividend Payout Ratio	%	12%	22%	13%	30%	30%	28%	33%

 **MITSUMI-SOKO GROUP****MITSUMI-SOKO HOLDINGS CO., LTD.****Finance and Accounting Division (in charge of IR)**

- Various inquiries, Application for IR interviews

E-mail : msh_ir_cacp@mitsui-soko.co.jp

WEB form : <https://www.mitsui-soko.com/en/contact/>

- Various IR materials and Video distribution of financial results briefings (planned)

WEB : <https://msh.mitsui-soko.com/en/ir/>

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We distribute video content such as various services of the Group and introduction of the Company.