LOGISTEED

【TRANSLATION】

Financial Section

Integrated Report 2024

Year ended March 31, 2024

Consolidated Financial Statements,
Notes to the Consolidated Financial Statements and
Independent Auditor's Report

*This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

LOGISTEED, Ltd.

Consolidated Financial Statements
Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	**As of March 31, 2024**
Assets			
Current assets			
Cash and cash equivalents (Notes 7 and 29)	**¥ 43,495**	¥ 151,063	**$ 287,266**
Trade receivables and contract assets (Notes 8,9,22,28 and 29)	**140,483**	132,036	**927,832**
Inventories (Note 10)	**1,593**	1, 329	**10,521**
Other financial assets (Notes 7 and 28)	**59,979**	15,099	**396,136**
Other current assets	**16,979**	11,976	**112,139**
Subtotal	**262,529**	311,503	**1,733,895**
Assets held for sale (Note 11)	**7,116**	—	**46,998**
Total current assets	**269,645**	311,503	**1,780,893**
Non-current assets			
Investments accounted for using the equity method (Note 12)	**7,208**	7,319	**47,606**
Property, plant and equipment (Notes 13 and 29)	**184,057**	348,809	**1,215,620**
Right-of-use assets (Note 9)	**440,190**	285,958	**2,907,272**
Goodwill (Note 14)	**298,985**	296,951	**1,974,671**
Intangible assets (Note 14)	**152,049**	149,388	**1,004,220**
Long-term loans receivable (Notes 28 and 31)	**150,871**	76	**996,440**
Deferred tax assets (Note 15)	**26,915**	13,796	**177,762**
Other financial assets (Notes 7 and 28)	**21,209**	17,712	**140,077**
Other non-current assets (Note 18)	**8,847**	7,777	**58,431**
Total non-current assets	**1,290,331**	1,127,786	**8,522,099**
Total assets	**¥ 1,559,976**	¥ 1,439,289	**$ 10,302,992**
Liabilities			
Current liabilities			
Trade payables (Note 16)	**¥ 54,840**	¥ 52,188	**$ 362195**
Short-term debt (Note 28)	**23,037**	36	**152,150**
Current portion of long-term debt (Notes 28 and 29)	**9,875**	830	**65,220**
Lease liabilities (Notes 9 and 28)	**42,957**	33,811	**283,713**
Income tax payable	**2,866**	6,991	**18,929**
Deposits received (Note 26)	**3,028**	46,803	**19,999**
Other financial liabilities (Note 28)	**39,013**	107,606	**257,665**
Other current liabilities (Notes 17 and 22)	**41,720**	41,142	**275,543**
Total current liabilities	**217,336**	289,407	**1,435,414**
Non-current liabilities			
Long-term debt (Notes 28 and 29)	**233,808**	246,467	**1,544,204**
Lease liabilities (Notes 9 and 28)	**396,938**	249,724	**2,621,610**
Retirement and severance benefits (Note 18)	**33,437**	35,964	**220,837**
Deferred tax liabilities (Note 15)	**52,994**	98,944	**350,003**
Other financial liabilities (Note 28)	**54,108**	11,590	**357,361**
Other non-current liabilities (Note 17)	**13,655**	8,522	**90,186**
Total non-current liabilities	**784,940**	651,211	**5,184,202**
Total liabilities	**1,002,276**	940,618	**6,619,616**
Equity			
Equity attributable to stockholders of the parent company			
Common stock (Note 19)	**100**	0	**660**
Capital surplus (Note 19)	**467,628**	424,764	**3,088,488**
Retained earnings (Note 19)	**60,837**	2,137	**401,803**
Accumulated other comprehensive income (Note 20)	**18,909**	3,814	**124,886**
Total equity attributable to stockholders of the parent company	**547,474**	430,715	**3,615,838**
Non-controlling interests	**10,226**	67,956	**67,538**
Total equity	**557,700**	498,671	**3,683,376**
Total liabilities and equity	**¥ 1,559,976**	¥ 1,439,289	**$ 10,302,992**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Profit or Loss

	Millions of yen				Thousands of U.S. dollars	
	2024		2023		2024	
Revenues (Notes 5 and 22)	¥	**800,243**	¥	256,438	$	**5,285,272**
Cost of sales		**(700,118)**		(223,543)		**(4,623,988)**
Gross profit		**100,125**		32,895		**661,284**
Selling, general and administrative expenses		**(66, 206)**		(23,172)		**(437,263)**
Other income (Note 23)		**6,670**		9,138		**44,053**
Other expenses (Note 23)		**(19,751)**		(9,581)		**(130,447)**
Operating income		**20,838**		9,280		**137,626**
Financial income (Note 24)		**118**		174		**779**
Financial expenses (Note 24)		**(2,474)**		(2,242)		**(16,340)**
Share of profits of investments accounted for using the equity method (Note 12)		**635**		186		**4,194**
EBIT (Earnings before interest and taxes)		**19,117**		7,398		**126,260**
Interest income (Note 24)		**2,216**		371		**14,636**
Interest expenses (Notes 9 and 24)		**(12,536)**		(2,907)		**(82,795)**
Income before income taxes		**8,797**		4,862		**58,101**
Income taxes (Note 15)		**51,194**		(2,331)		**338,115**
Net income	¥	**59,991**	¥	2,531	$	**396,216**
Net income attributable to: Stockholders of the parent company		**58,251**		2,177		**384,724**
Non-controlling interests		**1,740**		354		**11,492**

	Yen				U.S. dollars	
	2024		2023		2024	
Earnings per share attributable to stockholders of the parent company						
Basic (Note 25)	¥	**1, 190.37**	¥	138.58	$	**7.86**
Diluted (Note 25)		**-**		-		**-**

Consolidated Statement of Comprehensive Income

	Millions of yen				Thousands of U.S. dollars	
	2024		2023		2024	
Net income	¥	**59,991**	¥	2,531	$	**396,216**
Other comprehensive income (OCI)						
Items not to be reclassified into net income						
Net changes in financial assets measured at fair value through OCI (Note 20)		**196**		12		**1,294**
Remeasurements of defined benefit plans (Note 20)		**1,076**		1,274		**7,107**
Share of OCI of investments accounted for using the equity method (Note 20)		**5**		(1)		**33**
Total items not to be reclassified into net income		**1,277**		1,285		**8,434**
Items that can be reclassified into net income						
Foreign currency translation adjustments (Note 20)		**13,970**		3,273		**92,266**
Share of OCI of investments accounted for using the equity method (Note 20)		**53**		(68)		**350**
Total items that can be reclassified into net income		**14,023**		3,205		**92,616**
Other comprehensive income (OCI)		**15,300**		4,490		**101,050**
Comprehensive income	¥	**75,291**	¥	7,021	$	**497,266**
Attribution of comprehensive income						
Comprehensive income attributable to: Stockholders of the parent company		**71,551**		6,348		**472,565**
Non-controlling interests		**3,740**		673		**24,701**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

	Millions of yen						
	2024						
	Equity attributable to stockholders of the parent company						
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Balance at beginning of year	**¥ 0**	**¥424,764**	**¥2,137**	**¥ 3,814**	**¥430,715**	**¥ 67,956**	**¥498,671**
Changes in equity							
Net income			**58,251**		**58,251**	**1,740**	**59,991**
Other comprehensive income (Note 20)				**13,300**	**13,300**	**2,000**	**15,300**
Dividends (Note 21)		**(10,460)**			**(10,460)**	**(302)**	**(10,762)**
Transfer from capital surplus to common stock	**100**	**(100)**			**-**		**-**
Transfer to retained earnings (Notes 20 and 28)			**23**	**(23)**	**-**		**-**
Change due to business combination (Note 19)		**11,250**		**1,478**	**12,728**	**(60,382)**	**(47,654)**
Acquisition and sales of treasury stock (Notes 19 and 31)		**47,760**			**47,760**		**47,760**
Share-based remuneration transactions (Note 27)		**196**			**196**		**196**
Changes in liabilities for written put options over non-controlling interests (Notes 19, 20 and 28)		**(5,782)**	**426**	**340**	**(5,016)**	**(786)**	**(5,802)**
Total changes in equity	**100**	**42,864**	**58,700**	**15,095**	**116,759**	**(57,730)**	**59,029**
Balance at end of year	**¥ 100**	**¥ 467,628**	**¥ 60,837**	**¥ 18,909**	**¥ 547,474**	**¥ 10,226**	**¥ 557,700**

	Millions of yen						
	2023						
	Equity attributable to stockholders of the parent company						
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Balance at beginning of year	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Changes in equity							
Issuance of new share (Note 19)	0	0			0		0
Net income			2,177		2,177	354	2,531
Other comprehensive income (Note 20)				4,171	4,171	319	4,490
Dividends (Note 21)		(47,760)			(47,760)	(30)	(47,790)
Transfer to retained earnings (Notes 20 and 28)			33	(33)	-		-
Change due to business combination (Note 19)		(10,432)	(3)	(425)	(10,860)	67,475	56,615
Acquisition and sales of treasury stock (Notes 19 and 31)		489,350			489,350		489,350
Share-based remuneration transactions (Note 27)			(70)		(70)		(70)
Changes in liabilities for written put options over non-controlling interests (Notes 19, 20 and 28)		(6,394)		101	(6,293)	(162)	(6,455)
Total changes in equity	0	424,764	2,137	3,814	430,715	67,956	498,671
Balance at end of year	¥ 0	¥ 424,764	¥ 2,137	¥ 3,814	¥ 430,715	¥ 67,956	¥ 498,671

	Thousands of U.S. dollars						
	2024						
	Equity attributable to stockholders of the parent company					Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Total equity attributable to stockholders of the parent company		
Balance at beginning of year	**$0**	**$2,805,389**	**$14,114**	**$25,190**	**$2,844,693**	**$448,821**	**$3,293,514**
Changes in equity							
Net income			**384,724**		**384,724**	**11,492**	**396,216**
Other comprehensive income (Note 20)				**87,841**	**87,841**	**13,209**	**101,050**
Dividends(Note 21)		**(69,084)**			**(69,084)**	**(1,995)**	**(71,079)**
Transfer from capital surplus to common stock	**660**	**(660)**					
Transfer to retained earnings (Notes 20 and 28)			**152**	**(152)**			
Change due to business combination (Note 19)		**74,302**		**9,762**	**84,063**	**(398,798)**	**(314,735)**
Acquisition and sales of treasury stock (Notes 19 and 31)		**315,435**			**315,435**		**315,435**
Share-based remuneration transactions (Note 27)		**1,294**			**1,294**		**1,294**
Changes in liabilities for written put options over non-controlling interests (Notes 19, 20 and 28)		**(38,188)**	**2,814**	**2,246**	**(33,129)**	**(5,191)**	**(38,320)**
Total changes in equity	**660**	**283,099**	**387,689**	**99,696**	**771,145**	**(381,283)**	**389,862**
Balance at end of year	**$ 660**	**$ 3,088,488**	**$ 401,803**	**$ 124,886**	**$ 3,615,838**	**$ 67,538**	**$ 3,683,376**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cash flows from operating activities:			
Net income	**¥ 59,991**	¥ 2,531	**$ 396,216**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	**70,876**	16,933	**468,106**
Impairment losses	**148**	701	**977**
Income taxes	**(51,194)**	2,343	**338,115**
Share of profits of investments accounted for using the equity method	**(635)**	(102)	**(4,194)**
Loss by fire	**3,811**	6,901	**25,170**
Reversal of provision for loss by fire	**(2,306)**	-	**(15,230)**
Insurance proceeds	**(1,756)**	(594)	**(11,598)**
Settlement expense	**1,868**	-	**12,337**
Gains on sale of property, plant and equipment	**(133)**	(8,241)	**(878)**
Interest and dividends income	**(2,311)**	(316)	**(15,263)**
Interest expenses	**12,536**	2,486	**82,795**
(Increase) decrease in trade receivables and contract assets	**(1,152)**	7,470	**(7,608)**
(Increase) decrease in inventories	**(177)**	325	**(11,69)**
(Decrease) increase in trade payables	**(140)**	3,068	**(925)**
(Decrease) increase in deposits received (Note 26)	**(43,775)**	46,803	**(289,116)**
Decrease in retirement and severance benefits	**(2,648)**	(1,615)	**(17,489)**
Changes in other assets and liabilities	**(1,367)**	(1,008)	**(9,028)**
Other	**(1,113)**	2,891	**(7,351)**
Subtotal	**40,523**	80,576	**267,638**
Interest and dividends received	**2,710**	336	**17,898**
Interest paid	**(11,777)**	(1,693)	**(77,782)**
Fire-related payments (Note 23)	**(1,933)**	(1,578)	**(12,767)**
Insurance proceeds received (Note 23)	**1,756**	594	**11,598**
Income taxes paid	**(16,679)**	(1,025)	**(110,158)**
Net cash provided by operating activities	**14,600**	77,210	**96,427**
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	**(42,141)**	(6,697)	**(278,324)**
Proceeds from sale of property, plant and equipment and intangible assets (Note 26)	**202,961**	10,618	**1,340,473**
Payments for loans to the parent company (Note 31)	**(150,800)**	-	**(995,971)**
Proceeds from acquisition of subsidiaries' shares	**338**	-	**2,232**
Purchase of subsidiaries' shares (Note 26)	**(73,967)**	(317,924)	**(488,521)**
Changes in time deposits (Note 28)	**1,961**	1,676	**12,952**
Other	**(766)**	(240)	**(5,059)**
Net cash used in investing activities	**(62,414)**	(312,567)	**(412,218)**
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net (Note 26)	**23,000**	(43)	**151,905**
Proceeds from long-term debt (Note 26)	**19,538**	198,783	**129,040**
Repayments of long-term debt (Note 26)	**(73,019)**	(70,034)	**(482,260)**
Repayments of lease liabilities (Note 26)	**(39,976)**	(9,595)	**(264,025)**
Dividends paid (Note 21)	**(10,460)**	-	**(69,084)**
Payments for acquisition of interests in subsidiaries from non-controlling interests	**(48)**	-	**(317)**
Dividends paid to non-controlling interests	**(302)**	(30)	**(1,995)**
Payments for acquisition of treasury stock by subsidiaries	**-**	(221,989)	**-**
Proceeds from sales of treasury shares (Notes 26 and 31)	**-**	479,350	**-**
Other (Note 26)	**19,147**	9,263	**126,458**
Net cash (used in) provided by financing activities	**(62,120)**	385,705	**(410,277)**
Effect of exchange rate changes on cash and cash equivalents	**2,366**	715	**15,626**
Net (decrease) increase in cash and cash equivalents	**(107,568)**	151,063	**(710,442)**
Cash and cash equivalents at beginning of year	**151,063**	-	**997,708**
Cash and cash equivalents at end of year (Note 7)	**¥ 43,495**	¥ 151,063	**$ 287,266**

See accompanying notes to consolidated financial statements.

1. Nature of Operations

LOGISTEED, Ltd. (formerly, HTSK Co., Ltd., renamed LOGISTEED Group, Ltd. on April 1, 2023 and subsequently LOGISTEED, Ltd. on March 1, 2024 (the "Company")) is a corporation established under the Companies Act of Japan and domiciled in Japan. The addresses of its registered headquarters and major business offices are disclosed on the Company's website (https://www.logisteed.com/en/). The accompanying consolidated financial statements for the year ended March 31, 2024 comprise the Company, its subsidiaries and its interests in associates and joint ventures (the "Group"). The Group is principally engaged in the rendering of comprehensive and high-quality logistics services through domestic logistics, global logistics and other services segments.

The Company was established on April 21, 2022. On December 6, 2022, it acquired 51.11% of voting rights in Hitachi Transport System, Ltd. (renamed LOGISTEED, Ltd. on April 1, 2023, and then L-management on March 1, 2024) through a takeover bid. Through a reverse stock split effective February 28, 2023, and acquisition by L-management on March 1, 2023 of treasury shares held by Hitachi, Ltd., it made L-management a wholly owned subsidiary. Then, effective March 1, 2024, the Company succeeded to all of the businesses of the wholly owned subsidiary L-management through an absorption-type company split in which the Company was the succeeding company and L-management the splitting company.

The Company's ultimate parent company is LOGISTEED Holdings, Ltd. (renamed from HTSK Holdings Co., Ltd. effective April 1, 2023), and its ultimate controlling party is Kohlberg Kravis Roberts & Co. L.P. ("KKR" hereinafter)

2. Basis of Presentation

(a) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). As the Company meets the requirements of a "Specified Company applying the Designated International Accounting Standards" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No.28, 1976), the Company applies the provision of Article 93 of the Ordinance.

The consolidated financial statements were approved by Yasuo Nakatani, the Company's Representative Director, Executive Chairman, President and CEO, and Nobukazu Hayashi, the Company's Executive Vice President and Executive Officer, CTrO and CFO, on July 1, 2024.
With the acquisition of L-management in the year ended March 31, 2023 (from April 21, 2022 through March 31, 2023), the Company began preparing consolidated financial statements in accordance with IFRS from the initial period. Accordingly, no reconciliations are presented with regard to the impact on the Group's financial position, results of operations, or cash flows. Since the Company was established on April 21, 2022, the year ended March 31, 2023 covers the periods from April 21, 2022 through March 31, 2023 and as a result, financial information for the year ended March 31, 2023 is not fully comparable with financial information for the year ended March 31, 2024.

(b) Basis of Measurement

The Group's consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments measured at fair value, financial instruments measured at fair value through profit or loss (FVTPL), financial instruments measured at fair value through other comprehensive income (FVTOCI), liabilities for written put options over non-controlling interests and assets or liabilities associated with defined benefit plans.

(c) Presentation Currency

The consolidated financial statements are presented in Japanese yen, the functional currency of the Company, and rounded to the nearest million yen.

(d) Use of Estimates and Judgments

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies and reporting of assets, liabilities, revenues and expenses in the preparation of these consolidated financial statements. However, actual results could differ from those estimates due to the nature of the estimates.

Estimates and assumptions are continually reviewed. The effect of a review of accounting estimates, if any, is recognized in the reporting period in which the estimates are reviewed and in future periods.

Accounting estimates and judgments that could have a material effect on the amounts recognized in the Group's consolidated financial statements are as follows:

(i) Recognition and measurement of customer-related assets

The main customer-related assets recorded by the Group are recorded as the result of the completion of the December 6, 2022 acquisition of L-management and recognition and measurement of identifiable assets acquired and liabilities assumed as of the date of acquisition (PPA).

The excess revenue method is employed to measure the fair value of customer-related assets resulting from PPA as of the date of acquisition. Main assumptions used in their calculation are the rate of growth in sales and the EBIT margin based on the business plan, the rate of diminution of existing customers, and the discount rate. Since there is a risk that results of calculating fair-market value based on these assumptions could differ markedly due to changes in future business plans, economic conditions, etc., the Group considers these estimates to be important. When the calculation result of the fair value is significantly different, it could have a material impact on amounts of profit or loss recognized on the consolidated financial statements in the following consolidated fiscal year and thereafter.

Details of customer-related assets are described under Note 6. Business Combinations.

(ii) Valuation of goodwill

The Group's goodwill was recognized mainly as a result of the business combination of L-management. The Group performs an impairment test for goodwill by estimating the recoverable amount every year regardless of whether there is any indication of impairment or when any indication of impairment is identified. The impairment test compares the carrying amount and recoverable amount of a cash-generating unit, and any excess of the carrying amount of assets allocated to a cash-generating unit over the recoverable amount is recognized as impairment loss.

In principle, in impairment testing the Company uses as CGUs the business units it uses for internal reporting purposes. The recoverable amount of each CGU is calculated based on value in use, which is mainly calculated by the estimated future cash flows based on business plans approved by management, discounted to their present value at the discount rate derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experience, and generally covers a maximum of five years. Estimated future cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the CGU belongs. The Company did not recognize any impairment losses on goodwill in the year ended March 31, 2024.

The material assumptions used in calculating the recoverable amount are the rate of growth in sales and the EBIT margin based on the business plan, the rate of growth after the business plan, and the discount rate. The result of calculating the recoverable amount may differ significantly depending on future business plans and economic conditions, and therefore the Group considers these estimates to be important. When the calculation result of the recoverable amount is significantly different, impairment loss may be recognized in the consolidated financial statements in the following consolidated fiscal year and beyond.

Please refer to Note 14. Goodwill and Intangible Assets for details regarding goodwill.

(iii) Lease term of right-of-use assets

The Group determines the lease term of right-of-use assets by taking into account the periods covered by an option to extend the lease during the non-cancellable period (the "Extension Option") and an option to terminate the lease (the "Termination Option"). The Extension Option and Termination Option are generally included in the lease contracts related to logistics centers and their fixtures. The lease term is determined based on certain assumptions by comprehensively taking into account the specifications of logistics centers, contractual relationship with customers and business strategies.

As the amount of initial recognition of right-of-use assets and lease liabilities, depreciation of right-of-use assets and interest expense on lease liabilities will vary depending on the estimate of the lease term, the Group considers the estimate to be important. While these assumptions are based on management's best estimate and judgment, lease liabilities will be remeasured if there is a change in the assumptions used to estimate the lease term. When lease liabilities are remeasured, the resulting adjustment is made to the carrying amount of the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

Please refer to Note 9. Leases for notes on lease terms.

(iv) Present value of redemption value of liabilities for written put options over non-controlling interests

The Group recognizes written put options over subsidiaries' shares granted to the holders of non-controlling interests as financial liabilities at present value of redemption value calculated by discounting future cash flows and deducts the difference between non-controlling interests from capital surplus or retained earnings, with changes subsequent to initial recognition to be recognized in capital surplus or retained earnings.

The present value of redemption value of liabilities for written put options over non-controlling interests is calculated based on the assumptions about future business plans, etc. of the relevant subsidiaries. While these assumptions are determined based on management's best estimate and judgment, the calculation result of the present value of redemption value could significantly differ depending on the future business plans, etc., and therefore the Group considers such estimate to be important. When the calculation result of the present value of redemption value is significantly different, it will affect mainly capital surplus or retained earnings in the consolidated financial statements in future years.

Please refer to Note 28. Financial Instruments and Related Disclosures for the measurement method of present value of redemption value of liabilities for written put options over non-controlling interests.

(v) Provision for loss by fire

On November 29, 2021, a fire broke out at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd. (renamed from Hitachi Transport System West Japan Co., Ltd. effective April 1, 2023; hereinafter referred to as "LOGISTEED West Japan"), our consolidated subsidiary. In addition, on January 11, 2024, a fire broke out at a logistics center of LOGISTEED East Japan, Ltd. (hereinafter referred to as "LOGISTEED East Japan"), our consolidated subsidiary, in Kanagawa Prefecture.

Provision for loss by fire is recorded to provide for the estimated amount of potential future losses, including costs to repair the facilities burned and payments to customers and other affected parties.

As the scope of the repair work for the affected facilities is currently being assessed, the detail of repair work and other matters were estimated by making certain assumptions. The payments to customers and other affected parties were determined based on assumptions about the extent of payments to be made by the Company in consideration of the legal expert's opinion and the current situation of discussions with the affected parties.

These assumptions were made based on the best estimates and judgment made by the management using the information available at this point. However, it is possible that the extent of repair work and other factors may change, and there are uncertainties over the progress of discussions with and decisions by customers and other affected parties. If it becomes necessary to review accounting estimates and assumptions because of unforeseeable changes in assumptions caused by these uncertainties, it may have an impact on the Company's consolidated financial statements in future years, and therefore, the Group considers these estimates to be important.

Please refer to Note 17. Provisions for details of provisions for loss by fire.

(vi) Provision for settlement costs

Provision for settlement costs is recorded in the estimated amount of possible future losses on damages to customers arising in the businesses of the Company's consolidated subsidiaries. The Company decides on amounts of these provisions based on certain assumptions about matters such as the extent of settlement, reflecting the opinions of legal experts, the current state of negotiations with counterparties, and other factors.

These assumptions were made based on the best estimates and judgment made by the management using the information available at this point. However, there are uncertainties over the future progress of discussions with and decisions by customers and other affected parties. If it becomes necessary to review accounting estimates and assumptions because of unforeseeable changes in assumptions caused by these uncertainties, it may have an impact on the Company's consolidated financial statements in future years, and therefore, the Group considers these estimates to be important.

Please refer to Note 17. Provisions for details of provision for settlement costs.

(e) Changes in Accounting Policies

Not applicable.

(f) Accounting Standards and Interpretations Issued but Not Yet Adopted by the Group

Major new or amended accounting standards and interpretations issued up to the date of the approval of the consolidated financial statements that have not been applied early by the Group as of March 31, 2024, are shown below. The impact of application of these standards and interpretations is currently being evaluated.

Standard	Title	Timing of compulsory application (to fiscal years starting thereafter on or after)	The Company's year of application	Overview of new/revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Year ending March 31, 2028	Revised concerning Presentation and Disclosure of financial performance in the consolidated statement of profit or loss

3. Summary of Material Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is obtained when the Group is exposed, or has rights to variable returns from its involvement with the investee, and the Group has the ability to affect those returns through its power over the investee.

All subsidiaries of the Company are included in the scope of consolidation from the date on which the Group acquires control until the date on which the Group loses control. In preparing the consolidated financial statements, amounts of internal transactions, unrealized profits arising from internal transactions and balances of receivables and payables between consolidated companies are eliminated.

Subsidiaries' financial statements are adjusted, if necessary, when their accounting policies differ from those of the Group.

Changes in the Group's ownership interests in subsidiaries without a loss of control are accounted for as equity transactions.

Changes in ownership interests in subsidiaries with a loss of control are accounted for by derecognizing the assets and liabilities, non-controlling interests and accumulated other comprehensive income attributable to the relevant subsidiaries.

(ii) Associates and joint ventures

Associates are entities over which the Group has the ability to exercise significant influence over their financial and operational policies, but which are not controlled by the Group. If the Group owns more than 20% but less than 50% of the voting rights of other entity, the Group is considered to have significant influence over the entity. In addition, even when the Group only owns less than 20 % of the voting rights of an entity, if the Group is determined to have significant influence because an associate over which the Group has significant influence with more than 20% of voting rights owns more than 50% of the voting rights of such entity, such entity is included as an associate.

Joint ventures are entities jointly controlled by multiple parties, including the Company, and require unanimous agreement of all parties in deciding financial and operational policies of the entity.

Investments in associates and joint ventures are accounted for using the equity method.

The Group's consolidated financial statements include the Group's shares of profit or loss and changes in other comprehensive income (OCI) of these associates and joint ventures from the date on which the Group obtains significant influence or joint control to the date on which it loses significant influence or joint control. The financial statements of the associates and joint ventures are adjusted, if necessary, when their accounting policies differ from those of the Group.

(b) Business Combinations

Business combinations are accounted for using the acquisition method. Consideration is measured as the sum of the fair value of the consideration transferred at the acquisition date and non-controlling interests in the acquired company. The Company determines, on a transaction by transaction basis, whether to measure non-controlling interests in the acquired company at fair value or by the proportionate share of the fair value of net identifiable assets of the acquired company. Acquisition-related costs are expensed as incurred.

(c) Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term investments that are readily convertible to cash and subject to an insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition.

(d) Foreign Currency Translation

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency. Each company in the Group has set its own functional currency and transactions of each company are measured in the relevant functional currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date or a rate that approximates such rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the end of the reporting period. Foreign exchange gains or losses resulting from the currency translation and settlement are recognized in profit or loss, except where foreign exchange gains or losses relating to financial assets measured at FVTOCI and cash flow hedges are recognized in OCI.

(ii) Foreign operations

Assets and liabilities of foreign entities are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the corresponding period. Gains or losses derived from translating foreign entities' financial statements are recognized in OCI. When a foreign entity of the Group is disposed of, cumulative foreign currency translation adjustments relating to such foreign entity are reclassified to profit or loss at the time of disposal.

(e) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognizes trade receivables and other receivables on the date such receivables arise. All other financial assets are initially recognized at the transaction date on which the Group becomes a party to the agreement.

The classification and measurement model of non-derivative financial assets is summarized as follows:

<u>Financial assets measured at amortized cost</u>

Financial assets are measured at amortized cost when they meet all of the following requirements:

・The financial asset is held within a business model the objective of which is to hold the asset to collect contractual cash flows.
・The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). Subsequent to the initial recognition, the carrying amount of financial assets measured at amortized cost is measured using the effective interest method, less impairment losses, if necessary.

Impairment of financial assets measured at amortized cost

The Group performs ongoing evaluation at least on a quarterly basis on allowance for doubtful accounts for expected credit losses related to financial assets measured at amortized cost, trade receivables and other receivables, depending on whether the credit risk has significantly increased since initial recognition.

If the credit risk has significantly increased since initial recognition, allowance for doubtful accounts is measured at expected credit losses that result from all possible default events over the expected life of the financial instrument. If the credit risk has not significantly increased since initial recognition, allowance for doubtful accounts is measured at expected credit losses that result from default events that are possible within the 12 months after the reporting date. However, allowance for doubtful accounts for trade receivables, contract assets and lease receivables are always measured at lifetime expected credit losses.

Whether there has been a significant increase in credit risk is determined based on the change in the risk of default occurring, and the Group defines default as the situation where there is a serious problem in payments of contractual cash flow by a debtor and there is no reasonable expectation that all or part of the financial assets will be recovered. Whether there has been a change in the risk of default occurring is determined taking into consideration mainly external credit rating and past due information.

Expected credit losses are measured as the probability-weighted present value of the difference between all contractual cash flows related to the financial asset that are due to an entity and all the cash flows that the entity expects to receive. In the event of occurrence of one or more of the events including payment delay, extension of due date, negative evaluation by external credit research agencies and deterioration in financial position and operating results including insolvency, the financial assets are individually assessed as impaired financial assets and expected credit losses are measured based mainly on historical credit loss experience and future collectible amount. For the financial assets that are not impaired, the expected credit losses are measured based on the collective assessment using the provision rates adjusted for current and estimated future economic conditions depending on historical credit loss experience.

For the expected credit losses on financial assets measured at amortized cost, trade receivables, and other receivables, allowance for doubtful accounts is recorded instead of directly reducing the carrying amounts. Changes in expected credit losses are recognized in profit or loss as impairment losses and are included in selling, general and administrative expenses in the consolidated statement of profit or loss. For financial assets, after all means of collection have been exhausted and the potential for recovery is considered remote, it is determined that there are no longer any reasonable expectations of recovering all or part of the financial assets and the carrying amounts are directly written off.

FVTOCI financial assets

The Group holds certain equity instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are irrevocably designated as FVTOCI financial assets at initial recognition. They are subsequently measured at fair value, and the subsequent changes in fair value are recognized in OCI. Dividends from FVTOCI financial assets are recognized in profit or loss unless they are clearly considered to be a return of the investment.

FVTPL financial assets

The Group classifies equity instruments not designated as FVTOCI financial assets and debt instruments not classified as financial assets measured at amortized cost as FVTPL financial assets at initial recognition. These instruments are subsequently measured at fair value and the subsequent changes in fair value are recognized in profit or loss.

Derecognition of financial assets

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred and the risks and economic rewards of owning the financial assets are substantially transferred. In transactions where the risks and economic rewards of owning the financial assets are neither substantially transferred nor retained, the Group derecognizes such financial assets when the Group does not hold control over the assets. When FVTOCI financial assets are derecognized, the amount of AOCI is directly reclassified to retained earnings and not recognized in profit or loss.

(ii) Non-derivative financial liabilities

The Group initially recognizes debt instruments on the date of issuance. All other financial liabilities are initially recognized at the transaction date, on which the Group becomes a party to the agreement.

The Group derecognizes financial liabilities when extinguished, such as when its contractual obligation is performed or when the liability is discharged, cancelled or expired.

The Group holds bonds, debts, trade payables and other financial liabilities as non-derivative financial liabilities. They are initially measured at fair value (less direct transaction costs), and subsequently measured at amortized cost using the effective interest method.

The Group recognizes written put options over subsidiary's shares granted to the holders of non-controlling interests as financial liabilities at present value of redemption value calculated by discounting future cash flows and deducts the difference between non-controlling interests from capital surplus or retained earnings, with changes subsequent to initial recognition to be recognized in capital surplus or retained earnings.

(iii) Derivatives and hedge accounting

The Group uses derivative instruments including forward exchange contracts and interest rate swaps in order to hedge foreign currency exchange risks and interest rate risks. All derivatives are measured at fair value irrespective of the objective and intent of holding them.

Cash flow hedge is a hedge of a forecast transaction or the variability of cash flows to be received or paid related to a recognized asset or liability. The changes in fair value of the derivatives designated as cash flow hedges are recognized in OCI to the extent that the hedge is considered effective. This treatment continues until profit or loss is affected by the variability of future cash flows or the unrecognized firm commitment designated as a hedged item, at which point changes in fair value of the derivative are recognized in profit or loss. If non-financial assets or non-financial liabilities are also recognized as a result of a forecast transaction designated as a hedged item, the changes in fair value of the derivatives recorded in OCI are directly included in the carrying amount of the assets or liabilities when the assets or liabilities are recognized.

The Group documents the risk management policy as prescribed by IFRS 9 "Financial Instruments," which includes the objective and strategy for using derivative instruments. In addition, a formal assessment is made at the hedge's inception and subsequently on a periodic basis, as to whether the derivative used in hedging activities is effective in offsetting changes in fair values or future cash flows of the hedged items. Hedge accounting is discontinued if a hedge becomes ineffective, and the ineffective portion is immediately recorded in profit or loss.

(iv) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported at net amounts in the consolidated statement of financial position only when the Group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) Inventories

Inventories are stated at the lower of cost or net realizable value, with changes in the carrying amount due to remeasurement of inventories recognized in cost of sales.

Cost includes purchase, processing and all other costs incurred during the process until the inventories reach their current location and state. Cost is determined generally by the moving average method for merchandise, finished goods, raw materials and supplies and by the specific identification method for work in process.

Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(g) Property, Plant and Equipment

Property, plant and equipment are measured by the cost model and stated at cost less accumulated depreciation and impairment losses. Acquisition cost includes direct costs of acquisition, costs of dismantling, removing and restoration of the assets. Material components that exist in items of property, plant and equipment are recorded as individual items of property, plant and equipment.

Except for non-depreciable assets, such as land, property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	2 to 20 years
Tools, furniture and fixtures	2 to 20 years

The residual value, estimated useful lives and the depreciation method of property, plant and equipment are reviewed at each fiscal year-end, and any changes are applied prospectively as a change in accounting estimate.

(h) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is recognized as the amount of consideration transferred that is measured at fair value at the acquisition date, including the amount of all non-controlling interests of the acquired entity, in excess of the net amount of identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment annually or whenever there is an indication of impairment, and impairment losses are recorded, if necessary.

(ii) Intangible assets

Intangible assets are measured by the cost model and stated at cost less accumulated amortization and impairment losses. Individually acquired intangible assets are measured at cost at initial recognition, and costs of intangible assets acquired in business combinations are measured at fair value at the acquisition date.

Intangible assets with finite useful lives are amortized using the straight-line method over the following estimated useful lives:

Software	2 to 5 years
Customer-related intangible assets	30 to 31 years

The residual value, estimated useful lives and the amortization method of intangible assets are reviewed at each fiscal year-end, and any changes are applied prospectively as a change in accounting estimate.

(i) Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. We deem that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts that are or contain a lease, each lease component in the contract is accounted for separately from non-lease components.

Lease term is determined taking into account the periods covered by the Extension Option (when the Group is reasonably certain to exercise the option) or by the Termination Option (when the Group is reasonably certain not to exercise the option).

(Lease as a lessee)
Right-of-use assets and lease liabilities are recognized at the commencement date.
The cost of right-of-use assets comprises:

- The amount of the initial measurement of lease liability
- Lease payments made at or before the commencement of the lease less any lease incentives received
- Initial direct costs incurred by the lessee
- Estimated cost to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying assets to the condition required by the terms and conditions of the lease

Right-of-use assets are depreciated using the straight-line method over the shorter of the useful life of the right-of-use asset or the lease term, unless the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or the cost of the right-of-use asset reflects that the lessee will exercise a purchase option. The estimated useful life of the right-of-use asset is determined in the same way as property, plant and equipment and ranges from two to 32 years. Lease payments are apportioned between the financial expense and the repayment of the outstanding lease liabilities, and the finance charge is calculated so as to produce a constant periodic rate of interest on the remaining balance of lease liability.

Lease payments of short-term leases with a lease term of 12 months or less are recognized as expenses using the straight-line method over the lease term.

(Lease as a lessor)
A lease as a lessor is classified as finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases.

For finance leases, net investment in the lease at the inception of the lease is recognized as lease receivables. Lease income is apportioned between the financial income and the collection of the outstanding lease receivables, and the financial income is calculated so as to produce a constant periodic rate of interest on the outstanding net investment in the lease.

Operating lease income is recognized as revenue using the straight-line method over the lease term.

(j) Impairment of Non-Financial Assets

For non-financial assets excluding inventories, deferred tax assets, assets held for sale, and net defined benefit assets, the Group reviews the presence of an indication of impairment in each reporting period. When there is an indication of impairment, the recoverable amount of the asset is estimated. Irrespective of any indications of impairment, the Group annually estimates the recoverable amounts of goodwill and intangible assets with indefinite useful lives or that are not yet available for use.

In performing impairment testing, individual assets are grouped into the smallest identifiable group of assets that generates cash flows independently from each other.

The recoverable amount is measured as the higher of the value in use or the fair value less costs to sell. Value in use is calculated by discounting the estimated future cash flows using a discount rate which reflects the time value of money and risks specific to the asset. If the carrying amount of the asset or asset allocated to a cash-generating unit (CGU) exceeds its recoverable amount, the excess is recognized as an impairment loss.

For assets other than goodwill, the Group determines whether there is an indication that impairment losses previously recognized may no longer exist or have decreased. If there is an indication of reversal of impairment losses, and the estimated recoverable amount for the asset or the CGU exceeds the carrying amount, the previously recognized impairment loss is reversed to the extent of the carrying amount that would have been recorded, net of depreciation or amortization, if the impairment had not been recognized.

(k) Assets Held for Sale

Among assets and asset groups not subject to continuous use and for which recovery by sale is expected, those for which there is a very high likelihood of sale within one year and for which immediate sale is possible in their current state are categorized as non-current assets and disposal groups held for purposes of sale if Group management is certain of their sale. No depreciation or amortization is conducted for the non-current assets, and they are measured at the lower of the carrying amount or the fair value after deducting the costs of sale.

(l) Retirement and Severance Benefits

The Company and its certain consolidated subsidiaries have defined benefit pension plans and severance lump-sum payment plans to provide retirement and severance benefits to employees. The present value of defined benefit obligations and retirement benefit costs are calculated by the projected unit credit method.

Differences in remeasurement of the net amount of defined benefit asset or liability are fully recognized in OCI in the year in which they are incurred and are not subsequently reclassified into profit or loss. Any prior service cost is recognized immediately in profit or loss.

The net amount of defined benefit asset or liability is calculated as the present value of defined benefit obligations less the fair value of plan assets, and recognized as assets or liabilities in the consolidated statement of financial position.

Certain consolidated subsidiaries have defined contribution pension plans. A defined contribution pension plan is a retirement benefit plan in which the employer makes a certain amount of contributions to third party entities and does not have legal or constructive obligations for any payment beyond the contributions. Contributions made to defined contribution pension plans are expensed in the period when the employees rendered their services.

(m) Provisions

The Group recognizes provisions when it has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of obligation can be reliably estimated.

In case that the time value of money is material, the amount of a provision is measured by discounting estimated future cash flows using a pretax discount rate reflecting the time value of money and risks specific to the obligation. Unwinding of the discount over time is recognized as financial expenses.

(n) Equity

(i) Common stock and capital surplus

For shares issued by the Company, the issue price is recorded in common stock and capital surplus, and expenses incurred in direct relation to the issuance are deducted from capital surplus.

(ii) Treasury stock

When treasury stock is acquired, the acquisition cost is recognized as a deduction from equity. When treasury stock is sold or disposed of, the difference between the carrying amount and consideration at the time of sale or disposal is recognized in capital surplus or retained earnings.

(o) Revenue Recognition

The Group recognizes revenue in accordance with the following five-step approach.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Group offers comprehensive logistics services to meet its customers' needs, and with respect to contracts with customers, it recognizes that the characteristics inherent in the contract exist and that the economic substance is reflected in the contract, as well as identify goods or services to be transferred to customers under the contract and identify performance obligations to be accounted for individually.

The transaction price is calculated as the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services promised to customers. The contracts with customers do not include material financing components.

The Group does not have contracts that require allocation of the transaction price to each performance obligation. However, in the event the Group enters into such contracts in future, revenue is recognized by allocating goods or services underlying each performance obligation in proportion to the relative stand-alone selling price.

Provided that a performance obligation meets the requirements, revenue is recognized when or as the control of underlying goods or services is transferred to the customer.

(p) Income Taxes

Income taxes consist of current tax expenses and deferred tax expenses which are changes in deferred tax assets and liabilities. They are recognized in profit or loss, except for items recognized directly in equity or OCI and items arising from business combinations.

Current tax expenses are measured at the amount which is expected to be paid to or recovered from the taxation authorities using the tax rates and tax laws that are enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amount and the tax base of assets and liabilities on the reporting date. Deferred tax assets and liabilities are not recognized for future taxable temporary differences arising from initial recognition of goodwill, temporary differences arising from the initial recognition of an asset or liability in a transaction other than a business combination which at the time of transaction affects neither accounting nor taxable profit or loss and involves no differences on future additions or future deductions in the same amount at the time of the transaction, and future taxable temporary differences arising from investments in subsidiaries and associates where the Group is able to control the timing of reversal of the temporary difference while it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss and OCI in the period that includes the enactment date.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses, unused tax credits and future deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of each fiscal year and reduced to the extent that it is no longer probable that the tax benefits will be realized.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off the deferred tax assets and liabilities and income taxes are levied by the same taxation authority on the same taxable entity, or income taxes are levied on different taxable entities but these entities intend to settle the deferred tax assets and liabilities on a net basis or these deferred tax assets and liabilities will be realized simultaneously.

In accordance with IAS 12 "Income Taxes" amended before the date of the approval of the consolidated financial statements, the Company applied the exception regarding recognition and information disclosure to deferred tax assets and liabilities related to income taxes arising from the tax laws enacted or substantially enacted to introduce the OECD pillar two model rules.

(q) Earnings per Share

Basic earnings per share (EPS) for net income attributable to stockholders of the parent company is calculated by dividing net income attributable to stockholders of the parent company by the weighted average number of ordinary shares outstanding adjusted for treasury stock during the period. Diluted EPS for net income attributable to stockholders of the parent company is not calculated as there are no potential dilutive shares.

(r) Government Grants

Government grants are recognized at fair value when the Group meets all requirements incidental to government grants and there is reasonable assurance that the Group will receive the government grants. Government grants for the acquisition of assets are recognized as deferred revenue and regularly recognized in profit or loss over the useful lives of the relevant assets.

(s) Stock Compensation

The Company's parent LOGISTEED Holdings, Ltd. awards stock options to directors, executive officers, operating officers, and trustees of the Company and its subsidiaries, as an equity-settled share-based compensation program. Stock options are measured at the fair value on the date of grant and recognized as expenses over the vesting period from the date of grant with consideration for the expected final number of options, with a corresponding increase recognized in capital surplus.

4. Basis of Translation of the Consolidated Financial Statements

The accompanying consolidated financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥151.41 = U.S.$1.00, the approximate exchange rate prevailing at the Tokyo Foreign Exchange Market as of March 31, 2024. This translation should not be construed as a representation that the amounts shown have been or could be converted into U.S. dollars at such a rate.

5. Segment Information

(a) Reportable Segments

The business segments of the Group are business units for which the Group is able to obtain separate financial information and for which operating performance is evaluated regularly by the Executive Committee of the Company, the highest decision-making authority, to decide the allocation of management resources and assess performance.

The Company's operations are divided into domestic logistics business, global logistics business and other services. Operations are periodically reviewed by the Executive Committee of the Company. Business activities are conducted based on each comprehensive strategy.

Consequently, the Group consists of service-specific business segments based on the Company's businesses mentioned above. The Group's reportable segments have been designated as domestic logistics and global logistics in order to provide appropriate information about the business activities and the business environment, by combining a number of business segments that are similar in terms of economic and service characteristics.

For domestic logistics, the Group provides comprehensive logistics services that include establishment of logistics systems, information control, inventory control, orders control, processing for distribution, distribution center operation, factory logistics, and transportation and delivery. For global logistics, the Group provides comprehensive logistics services that include customs clearance, and international intermodal transportation by land, sea and air.

The accounting policies of the reported business segments are substantially consistent with those of the Group described in Note 3. "Summary of Material Accounting Policies." Profit (loss) in reportable segments is based on adjusted operating income. Intersegment transactions are those that take place between companies and are based on market prices. The Executive Committee of the Company does not use the information on assets and liabilities allocated to business segments.

	Millions of yen						
	Reportable segment						
For the year ended March 31, 2024	Domestic logistics	Global logistics	Subtotal	Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
Revenues							
Revenues from outside customers	**¥427,533**	**¥357,372**	**¥784,905**	**¥15,338**	**¥800,243**	**¥-**	**¥800,243**
Revenues from intersegment transactions or transfers	**-**	**-**	**-**	**12,335**	**12,335**	**(12,335)**	**-**
Total	**¥427,533**	**¥357,372**	**¥784,905**	**¥27,673**	**¥812,578**	**¥(12,335)**	**¥800,243**
Segment profit Adjusted operating income (Note 3)	**¥19,969**	**¥16,746**	**¥36,715**	**¥2,188**	**¥38,903**	**¥ -**	**¥38,903**
(Adjustments)							
Amortization of intangible assets recognized through business combination							**(4,788)**
Share-based remuneration expense (excluding those related to performance-based stock remuneration plan)							**(196)**
Other income							**6,670**
Other expenses							**(19,751)**
Operating income							**20,838**
Financial income							**118**
Financial expenses							**(2,474)**
Share of profits of investments accounted for using the equity method							**635**
Interest income							**2,216**
Interest expenses							**(12,536)**
Income before income taxes							**¥8,797**
Other items							
Depreciation and amortization	**¥45,907**	**¥21,861**	**¥67,768**	**¥3,108**	**¥70,876**	**¥ -**	**¥70,876**
Impairment losses	**¥ 148**	**¥-**	**¥148**	**¥ -**	**¥148**	**¥ -**	**¥148**

Notes: 1. "Other services" includes information system development and sale and maintenance of motor vehicles, which are excluded from the reportable segments.
2. Company-wide expenses which do not belong to any business segments such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.
3. "Adjusted operating income" is calculated by deducting other income from operating income and adding to it other expenses, amortization of intangible assets recognized through business combination, and share-based remuneration expense (excluding those related to performance-based stock remuneration plan).

	Millions of yen						
For the year ended March 31, 2023	Reportable segment			Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	¥138,712	¥112,319	¥251,031	¥5,407	¥256,438	¥-	¥256,438
Revenues from intersegment transactions or transfers	-	-	-	5,466	5,466	(5,466)	-
Total	¥138,712	¥112,319	¥251,031	¥10,873	¥261,904	¥(5,466)	¥256,438
Segment profit Adjusted operating income (Note 3)	¥6,446	¥4,152	¥10,598	¥693	¥11,291	¥ -	¥11,291
(Adjustments)							
Amortization of intangible assets recognized through business combination							(1,568)
Share-based remuneration expense (excluding those related to performance-based stock remuneration plan)							-
Other income							9,138
Other expenses							(9,581)
Operating income							9,280
Financial income							174
Financial expenses							(2,242)
Share of profits of investments accounted for using the equity method							186
Interest income							371
Interest expenses							(2,907)
Income before income taxes							¥4,862
Other items							
Depreciation and amortization	¥10,791	¥5,191	¥15,982	¥951	¥16,933	¥ -	¥16,933
Impairment losses	¥ 691	¥10	¥701	¥ -	¥701	¥ -	¥701

Notes:
1. “Other services” includes information system development and sale and maintenance of motor vehicles, which are excluded from the reportable segments.
2. Company-wide expenses which do not belong to any business segments such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.
3. “Adjusted operating income” is calculated by deducting other income from operating income and adding to it other expenses, amortization of intangible assets recognized through business combination, and share-based remuneration expense (excluding those related to performance-based stock remuneration plan).

	Thousands of U.S. dollars						
For the year ended March 31, 2024	Reportable segment			Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	**$2,823,677**	**$2,360,293**	**$5,183,971**	**$101,301**	**$5,285,272**	**$-**	**$5,285,272**
Revenues from intersegment transactions or transfers	**-**	**-**	**-**	**81,468**	**81,468**	**(81,468)**	**-**
Total	**$2,823,677**	**$2,360,293**	**$5,183,971**	**$182,769**	**$5,366,739**	**$(81,468)**	**$5,285,272**
Segment profit Adjusted operating income (Note 3)	**131,887**	**110,600**	**242,487**	**14,451**	**256,938**	**-**	**256,938**
(Adjustments)							
Amortization of intangible assets recognized through business combination							**(31,623)**
Share-based remuneration expense (excluding those related to performance-based stock remuneration plan)							**(1,294)**
Other income							**44,053**
Other expenses							**(130,447)**
Operating income							**137,626**
Financial income							**779**
Financial expenses							**(16,340)**
Share of profits of investments accounted for using the equity method							**4,194**
Interest income							**14,636**
Interest expenses							**(82,795)**
Income before income taxes							**58,101**
Other items							
Depreciation and amortization	**$303,197**	**$144,383**	**$447,579**	**$20,527**	**$468,106**	**$-**	**$468,106**
Impairment losses	**$977**	**$-**	**$977**	**$-**	**$977**	**$-**	**$977**

Notes:
1. "Other services" includes information system development, sale and maintenance of motor vehicles, which are excluded from the reportable segments.
2. Company-wide expenses which do not belong to any business segments such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.
3. "Adjusted operating income" is calculated by deducting other income from operating income and adding to it other expenses, amortization of intangible assets recognized through business combination, and share-based remuneration expense (excluding those related to performance-based stock remuneration plan).

(b) Geographic Information

The following table shows revenues attributed to geographic areas based on the location of the customers for the years ended March 31, 2024 and 2023.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Japan	**¥477,832**	¥159,397	**$3,155,881**
Europe	**138,623**	38,838	**915,547**
China	**35,850**	10,802	**236,774**
Asia	**56,305**	17,433	**371,871**
North America	**80,994**	26,203	**534,932**
Other areas	**10,639**	3,765	**70,266**
Overseas revenues subtotal	**322,411**	97,041	**2,129,390**
Total consolidated revenues	**¥800,243**	¥256,438	**$5,285,272**

The following table shows the balances of non-current assets for each geographic area as of March 31, 2024 and 2023.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	**As of March 31, 2024**
Japan	**¥947,653**	¥985,382	**$6,258,853**
Europe	**60,083**	39,287	**396,823**
Asia	**32,598**	23,943	**215,296**
North America	**32,039**	28,198	**211,604**
Other areas	**5,535**	6,617	**36,556**
Total	**¥1,077,908**	¥1,083,427	**$7,119,133**

Non-current assets are classified based on the location of the assets and exclude financial instruments, deferred tax assets and net defined benefit assets.

(c) Material Customer Information

Disclosure is omitted as no customer groups account for more than 10% of the Group's revenues in the consolidated statement of profit or loss among revenues from sale to external customers.

6. Business Combinations

Year ended March 31, 2023

The material business combination in the year ended March 31, 2023 is described below.

(Acquisition of L-management)

On December 6, 2022, the Company acquired 51.11% of voting rights in L-management through a takeover bid of L-management's common stock. It made L-management a consolidated subsidiary as a result, L-management's main business is provision of comprehensive, high-quality logistics services.

The Company engaged in this business combination based on its judgment that, together with L-management's officers and employees, it could achieve further growth for L-management and increase its corporate value through promoting organic (based on existing business resources) and inorganic (through means such as alliances and acquisitions) growth strategies leveraging the solid business foundations that L-management has built up through now as well as the Company's global human and capital resources, expertise, and networks.

Through a reverse stock split effective February 28, 2023 and acquisition by L-management on March 1, 2023 of treasury shares held by Hitachi, Ltd., the Company increased its holdings to 100.0% of L-management's voting rights. Since this transaction was a transaction related to acquisition of control through the December 6, 2022 takeover bid, the two transactions are accounted for a single business combination transaction.

The fair values of consideration paid, non-controlling interests, and assets acquired and liabilities assumed as of the date of acquisition are shown below.

(Millions of yen)

	Amount
Fair value of consideration paid	449,101
Current assets	
Cash and cash equivalents	64,155
Trade receivables and contract assets	138,112
Other	29,338
Non-current assets	
Property, plant and equipment	346,497
Right-of-use assets	283,219
Intangible assets	150,508
Other	42,483
Total assets	1,054,312
Current liabilities	
Trade payables	48,502
Other	337,020
Non-current liabilities	
Long-term debt	405,531
Other	102,250
Total liabilities	893,303
Fair value of net identifiable assets of the acquired company	161,009
Non-controlling interests	8,859
Goodwill	296,951

The entire amount of consideration paid was paid in cash. While this includes some amounts payable as of the end of the year ended March 31, 2023, it does not involve any conditional considerations.

Non-controlling interests are measured at the ratio of non-controlling interests to the fair value of identifiable assets of the acquisition.

Goodwill consists of future excess earning ability expected through promotion of future growth strategies. It is allocated to each of the business segments of domestic logistics and global logistics. This goodwill is not included in losses for tax purposes.

Acquisition-related costs of ¥392 million associated with this business combination were recorded under other expenses on the consolidated statement of profit or loss.

(Amounts, breakdowns, and amortization periods allocated to intangible assets other than goodwill)

(Millions of yen)

	Amount	Amortization period (years)
Customer-related assets (customer-related)	140,044	30
Customer-related assets (balance of orders received)	288	8
Total	140,332	

(Results since the date of acquisition)
Results since the date of acquisition of L-management included in the consolidated statement of profit or loss are shown below.

(Millions of yen)

	Amount
Revenues	256,438
Net income	2,700

(Pro forma information)
Pro forma information assuming the business combination with L-management had taken place at the start of the fiscal year (April 21, 2022) is shown below. This pro forma information has not been audited.

(Millions of yen)

	Amount
Revenues	770,474
Net income	18,322

On March 31, 2023, the Company transferred some of its holdings of L-management stock to its parent company LOGISTEED Holdings, Ltd. as in-kind dividends (see Note 21. Dividends). As a result, the Group's share of voting rights in L-management decreased from 100.0% to 90.0%.

Year ended March 31, 2024
The material business combination in the year ended March 31, 2024 is described below.

(Transaction under common control)
On November 15, 2023, the Company decided to succeed to all businesses of L-management through an absorption-type company split with an effective date of February 1, 2024. On the same date, the Company and L-management concluded an absorption-type company split agreement. Later, on December 27, 2023 the Company decided to change the effective date of this absorption-type company split to March 1, 2024 and concluded an agreement on revision of the absorption-type company split agreement on that date.

This absorption-type company split is outlined below.

(1) Purpose of this absorption-type company split
This absorption-type company split was conducted for all businesses of L-management to make the Company the succeeding company and L-management the absorbed company, with the aims of achieving further business growth from a medium- to long-term perspective and facilitating the operations of the Group in order to realize the Group's long-term management strategies.

(2) Method of this absorption-type company split
An absorption-type company split in which the Company is the succeeding company and L-management is the absorbed company.

(3) Effective date of this absorption-type company split
March 1, 2024

(4) Details of allotment in this absorption-type company split
In this absorption-type company split, the Company issued to L-management one share of Company common stock. On the effective date of this absorption-type company split, L-management paid to the Company, its sole shareholder, dividends of surplus funded by all shares of Company common stock issued to it by the Company in this absorption-type company split.

(5) Bases of calculation of details of allotment in this absorption-type company split
Since this absorption-type company split was conducted between the Company and its wholly owned subsidiary L-management, the numbers of shares allotted were determined through negotiation between the two parties.

(6) Summary of accounting treatment
Since this absorption-type company split qualifies as a transaction under common control, it has no impact on profit or loss.

A business combination under common control is one in which all companies or businesses party to the combination are ultimately controlled, on other than a temporary basis, by the same company both before and after the combination. The Group records all business combinations under common control in their carrying amounts on a continual basis.

On the same date as the effective date of this absorption-type company split, the Company consolidated all 34 logistics centers under Group ownership in Japan into L-management and transferred all shares of stock it held in L-management, losing control of L-management as a result (See Note 26. Supplementary Cash Flow Information (2) Increase Due to Loss of Control of Subsidiary). This is intended to transition to an asset-light business model and improve capital efficiency. It also concluded lease contracts on the logistics centers, recording these under right-of-use assets and lease liabilities (see Note 9. Leases).

7. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Cash and cash equivalents	**¥49,806**	¥159,295	**$328,948**
Time deposits with maturities of over 3 months	**(6,311)**	(8,232)	**(41,682)**
Cash and cash equivalents in the consolidated statement of financial position	**¥43,495**	¥151,063	**$287,266**

The balances of “Cash and cash equivalents” in the consolidated statement of financial position as of March 31, 2024 and 2023 are consistent with the balances of “Cash and cash equivalents” in the consolidated statement of cash flows.

8. Trade Receivables and Contract Assets

The components of trade receivables and contract assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Notes receivable and electronically recorded monetary claims	**¥5,009**	¥5,471	**$33,082**
Accounts receivable	**133,283**	124,667	**880,279**
Contract assets	**656**	740	**4,333**
Lease receivables	**2,226**	2,544	**14,702**
Allowance for doubtful accounts	**(691)**	(1,386)	**(4,564)**
Total	**¥140,483**	¥132,036	**$927,832**

Information on credit risk management is provided in Note 28. Financial Instruments and Related Disclosures. Information on lease receivables that are expected to be collected over one year after the reporting period is provided in Note 9. Leases.

9. Leases

(a) Lessee

The Company and its certain consolidated subsidiaries lease buildings and structures and machinery, equipment and vehicles. Amortization of right-of-use assets is included in depreciation expenses.

(i) Lease expenses

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Depreciation of right-of-use assets			
Land, buildings and structures	**¥35,742**	¥10,667	**$236,061**
Machinery, equipment and vehicles	**3,500**	1,088	**23,116**
Tools, furniture and fixtures	**1,438**	452	**9,497**
Total	**40,680**	12,207	**268,674**
Finance charge on lease liabilities	**¥6,894**	¥1,484	**$45,532**
Expenses related to short-term leases	**¥7,716**	¥2,456	**$50,961**
Gain or loss arising from sale and leaseback transactions	**¥908**	¥6,303	**$5,997**

In the year ended March 31, 2024, the Group sold ¥77,558 million ($512,238thousand) in buildings and structures, ¥43 million ($284thousand) in machinery, equipment and vehicles, and ¥122,675 million ($810,217thousand) in land on 34 logistics centers under Group ownership in Japan. At the same time, it leased back these properties. This was intended to transition to an asset-light business model and improve capital efficiency. As a result, it recorded ¥129,725 million ($856,780thousand) in right-of-use assets and ¥129,044 million ($852,282thousand) in lease liabilities. The Company does not hold extension options, cancellation options, or repurchase options on the leased spaces.

This transaction generated ¥222,671 million ($1,470,649thousand) in cash flow, of which ¥201,501 million ($1,330,830thousand) was recorded as sale of property, plant and equipment and intangible assets under cash flow from investing activities and ¥21,170 million ($139,819thousand) as other cash flow from financing activities on the Consolidated Statement of Cash Flows.

(ii) Carrying amount of right-of-use assets

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Right-of-use assets			
Land, buildings and structures	**¥424,752**	¥270,630	**$2,805,310**
Machinery, equipment and vehicles	**11,250**	11,890	**74,302**
Tools, furniture and fixtures	**4,188**	3,438	**27,660**
Total	**¥440,190**	¥285,958	**$2,907,272**

Right-of-use assets increased ¥188,916 million ($1,247,712 thousand) and ¥7,948 million during the years ended March 31, 2024 and 2023, respectively.

(iii) Extension and termination option

Certain lease contracts include an extension option and a termination option. Judgement must be applied in assessing whether the Group is reasonably certain to exercise an extension option or not to exercise a termination option. Accordingly, the Group considers all relevant factors that will create economic incentives for the Group to exercise the extension option or not to exercise the termination option.

The Group reassesses the lease term upon the occurrence of a material event or a material change in circumstances that is within the control of the Group, such as a business decision that directly affects whether or not to exercise the options.

Extension options or termination options are usually included in the Group's lease contracts related to logistics centers and their structures. When the Group is reasonably certain to exercise the extension option of the contract for a logistics center based on the comprehensive consideration of the specifications of the logistics center, contractual relationship with customers and business strategies, the extension period is included in the lease term of such contract up to the useful life of the logistics center.

The period covered by a termination option is included in the lease term only when the Group is reasonably certain not to exercise the option.

(iv) Residual value guarantees

Residual value guarantees are generally included in lease contracts for vehicles and guarantee the residual value of certain vehicles used in the transportation business.

(v) Lease contracts not yet commenced but to which the lessee is committed

The future cash outflows to which the Group is potentially exposed because of lease contracts not yet commenced but to which the Group is committed as of March 31, 2024 and 2023 are ¥10,262 million ($67,776 thousand) and ¥35,549 million, respectively.

Please refer to Note 28. Financial Instruments and Related Disclosures for the maturity analysis of lease liabilities.

(b) Lessor

Certain consolidated subsidiaries of the Company lease buildings and structures and machinery, equipment and vehicles, etc. under finance leases or operating leases.

(i) Finance lease

The maturity analysis of undiscounted lease payments receivable related to finance lease contracts is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Within one year	**¥997**	¥1,496	**$6,585**
Over one year through two years	**650**	862	**4,293**
Over two years through three years	**482**	506	**3,183**
Over three years through four years	**305**	323	**2,014**
Over four years through five years	**154**	142	**1,017**
Over five years	**73**	11	**482**
Total	**¥2,661**	¥3,340	**$17,575**
Unearned financial income	**¥(192)**	¥(197)	**$(1,268)**
Net investment in the lease	**¥2,469**	¥3,143	**$16,307**

(ii) Operating lease

The maturity analysis of undiscounted lease payments related to operating lease contracts is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Within one year	**¥864**	¥761	**$5,706**
Over one year through two years	**541**	558	**3,573**
Over two years through three years	**383**	328	**2,530**
Over three years through four years	**268**	231	**1,770**
Over four years through five years	**250**	122	**1,651**
Over five years	**314**	67	**2,074**
Total	**¥2,620**	¥2,067	**$17,304**

10. Inventories

The components of inventories are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Merchandise and finished goods	**¥727**	¥582	**$4,802**
Work in process	**21**	22	**139**
Raw materials and supplies	**845**	725	**5,581**
Total	**¥1, 593**	¥1, 329	**$10,521**

11. Assets Held for Sale

Details of assets held for sale are shown below.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Assets held for sale			
Property, plant and equipment	¥7,109	-	**$46,952**
Other	7	-	**46**
Total	¥7,116	-	**$46,998**

Assets held for sale in the year ended March 31, 2024 are related to the decision to sell land, buildings, and other properties in the domestic logistics business. The sale will be completed during the following fiscal year, and plans call for leasing back the properties at the same time they are sold.

12. Investments Accounted for Using the Equity Method

The carrying amount of the Group's ownership interests in associates and joint ventures accounted for using the equity method that are not individually material is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Investments in associates	**¥7,162**	¥7,276	**$47,302**
Investments in joint ventures	**46**	43	**304**
Carrying amount of the Group's ownership interests	**¥7,208**	¥7,319	**$47,606**

Financial information on associates and joint ventures accounted for using the equity method that are not individually material is as follows. These amounts represent the Group's share of ownership interests.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Financial information on associates			
Net income	**¥632**	¥186	**$4,174**
OCI	**58**	(69)	**383**
Total comprehensive income	**¥690**	¥117	**$4,557**
Financial information on joint ventures			
Net income	**¥3**	¥0	**$20**
Total comprehensive income	**¥3**	¥0	**$20**
Total			
Net income	**¥635**	¥186	**$4,194**
OCI	**58**	(69)	**383**
Total comprehensive income	**¥693**	¥117	**$4,577**

The share of losses of associates and joint ventures accounted for using the equity method not recognized as the Group has discontinued recognition of its share of losses is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Unrecognized share of losses of associates and joint ventures (current period)	**¥5**	¥13	**$33**
Unrecognized share of losses of associates and joint ventures (cumulative total)	**295**	290	**1,948**

13. Property, Plant and Equipment

The following tables show changes in net carrying amount, gross carrying amount and accumulated depreciation and impairment losses of property, plant and equipment.

Net carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
	Millions of yen					
April 21, 2022	¥-	¥-	¥-	¥-	¥-	¥-
Increase from business combination	142,968	53,129	7,197	141,290	1,913	346,497
Additions	867	4,932	691	-	1,571	8,061
Sales or disposals	(67)	(74)	(20)	(2,189)	-	(2,350)
Depreciation	(2,518)	(1,765)	(419)	-	-	(4,702)
Impairment losses	(370)	(9)	(5)	-	-	(384)
Transfers from construction in progress	74	1,302	48	-	(1,424)	-
Foreign currency translation adjustments	611	860	54	124	22	1,671
Other	11	42	(45)	(5)	13	16
March 31, 2023	¥141,576	¥58,417	¥7,501	¥139,220	¥2,095	¥348,809
Increase from business combination	-	1,977	57	-	-	2,034
Additions	3,334	12,908	2, 324	6,235	20,494	45,295
Sales or disposals	(200)	(1,350)	(131)	-	(10)	(1,691)
Depreciation	(8,736)	(7,887)	(1, 911)	-	-	(18,534)
Impairment losses	(2)	(20)	-	-	(12)	(34)
Transfers from construction in progress	2,346	3,375	74	5,290	(11,085)	-
Foreign currency translation adjustments	2,020	4,504	443	749	231	7,947
Recording of asset retirement obligations	6,005	88	-	-	-	6,093
Decrease arising from sale and leaseback transactions	(77,558)	(43)	-	(122,675)	-	(200,276)
Transfer to assets held for sale	(5,661)	(212)	(1)	(1,235)	-	(7,109)
Other	652	975	(27)	(134)	57	1,523
March 31, 2024	**¥63,776**	**¥72,732**	**¥8,329**	**¥27,450**	**¥11,770**	**¥184,057**

Net carrying amount	Thousands of U.S. dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2023	$935,051	$385,820	$49,541	$919,490	$13,837	$2,303,738
Increase from business combination	-	13,057	376	-	-	13,434
Additions	22,020	85,252	15,349	41,180	135,354	299,155
Sales or disposals	(1,321)	(8,916)	(865)	-	(66)	(11,168)
Depreciation	(57,698)	(52,090)	(12,621)	-	-	(122,409)
Impairment losses	(13)	(132)	-	-	(79)	(225)
Transfers from construction in progress	15,494	22,290	489	34,938	(73,212)	-
Foreign currency translation adjustments	13,341	29,747	2,926	4,947	1,526	52,487
Recording of asset retirement obligations	39,661	581	-	-	-	40,242
Decrease arising from sale and leaseback transactions	(512,238)	(284)	-	(810,217)	-	(1,322,740)
Transfer to assets held for sale	(37,389)	(1,400)	(7)	(8,157)	-	(46,952)
Other	4,306	6,439	(178)	(885)	376	10,059
March 31, 2024	$421,214	$480,365	$55,010	$181,296	$77,736	$1,215,620

Gross carrying amount	Millions of yen					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 21, 2022	¥-	¥-	¥-	¥-	¥-	¥-
March 31, 2023	247,383	104,047	19,869	139,220	2,095	512,614
March 31, 2024	**¥135,907**	**¥129,778**	**¥22,579**	**¥27,450**	**¥11,782**	**¥327,496**

Gross carrying amount	Thousands of U.S. dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2024	$897,609	$857,130	$149,125	$181,296	$77,815	$2,162,975

Accumulated depreciation and impairment losses	Millions of yen					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 21, 2022	¥-	¥-	¥-	¥-	¥-	¥-
March 31, 2023	(105,807)	(45,630)	(12,368)	-	-	(163,805)
March 31, 2024	**¥(72,131)**	**¥(57,046)**	**¥(14,250)**	**¥-**	**¥(12)**	**¥(143,439)**

Accumulated depreciation and impairment losses	Thousands of U.S. dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2024	$(476,395)	$(376,765)	$(94,115)	$-	$(79)	$(947,355)

Depreciation recognized for the years ended March 31, 2024 and 2023 is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment losses recognized for the years ended March 31, 2024 and 2023 are included in “Other expenses” in the consolidated statement of profit or loss.

Expenditures related to items of property, plant and equipment under construction are included in construction in progress in the above tables.

The amounts of acquisition of property, plant and equipment that have been committed but not executed as of March 31, 2024 and 2023 are ¥8,583 million ($56,687thousand) and ¥10,810 million, respectively.

14. Goodwill and Intangible Assets

(a) Changes

The following tables show changes in net carrying amount, gross carrying amount, and accumulated amortization and impairment losses of goodwill and intangible assets.

	Millions of yen				
		Intangible assets			
Net carrying amount	Goodwill	Customer-related intangible assets	Software	Other	Total
April 21, 2022	¥-	¥-	¥-	¥-	¥-
Increase from business combination	296,951	140,332	9,572	604	150,508
Internal development	-	-	1,118	-	1,118
Amortization	-	(1,568)	(687)	(23)	(2,278)
Disposals	-	-	(44)	(1)	(45)
Other	-	-	18	67	85
March 31, 2023	¥296,951	¥138,764	¥9,977	¥647	¥149,388
Increase from business combination	2,034	4,393	-	-	4,393
Internal developments	-	-	4,795	-	4,795
Purchases	-	-	1,180	3	1,183
Amortization	-	(4,788)	(3,135)	(50)	(7,973)
Disposals	-	-	(106)	(3)	(109)
Foreign currency translation adjustments	-	145	41	57	243
Other	-	-	89	40	129
March 31, 2024	**¥298,985**	**¥138,514**	**¥12,841**	**¥694**	**¥152,049**

	Thousands of U.S. dollars				
		Intangible assets			
Net carrying amount	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2023	$1,961,238	$916,478	$65,894	$4,273	$986,646
Increase from business combination	13,434	29,014	-	-	29,014
Internal developments	-	-	31,669	-	31,669
Purchases	-	-	7,793	20	7,813
Amortization	-	(31,623)	(20,705)	(330)	(52,658)
Disposals	-	-	(700)	(20)	(720)
Foreign currency translation adjustments	-	958	271	376	1,605
Other	-	-	588	264	852
March 31, 2024	**$1,974,671**	**$914,827**	**$84,809**	**$4,584**	**$1,004,220**

Gross carrying amount	Millions of yen				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
April 21, 2022	¥-	¥-	¥-	¥	¥-
March 31, 2023	296,951	140,332	30,219	877	171,428
March 31, 2024	**¥298,985**	**¥144,871**	**¥35,384**	**¥957**	**¥181,212**

Gross carrying amount	Thousands of U.S. dollars				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2024	**$1,974,671**	**$956,813**	**$233,697**	**$6,321**	**$1,196,830**

Accumulated amortization and impairment losses	Millions of yen				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
April 21, 2022	-	-	-	-	-
March 31, 2023	-	(1,568)	(20,242)	(230)	(22,040)
March 31, 2024	**-**	**¥(6,357)**	**¥(22,543)**	**¥(263)**	**¥(29,163)**

Accumulated amortization and impairment losses	Thousands of U.S. dollars				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2024	**$-**	**$(41,985)**	**$(148,887)**	**$(1,737)**	**$(192,609)**

The net carrying amount of intangible assets under finance lease as of March 31, 2024 and 2023 is ¥116 million and ¥11 million, respectively, and included in software.

Amortization expenses recognized for the years ended March 31, 2024 and 2023 are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment losses recognized for the years ended March 31, 2024 and 2023 are included in “Other expenses” in the consolidated statement of profit or loss. There are no reversals of impairment losses for the years ended March 31, 2024 and 2023.

The net carrying amount of internally generated intangible assets as of March 31, 2024 and 2023 amounted to ¥9,832 million ($64.936thousand) and ¥6,715 million, respectively, and is included in software.

Research and development expenses recognized for the years ended March 31, 2024 and 2023 are ¥164 million ($1,083thousand) and ¥176 million, respectively, and included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

(b) Impairment Test on Goodwill

As a general rule, the Group considers a CGU to be a business unit that is managed for internal reporting purposes.

The recoverable amount per CGU is calculated based on value in use. Value in use is mainly calculated by the estimated future cash flows based on business plans approved by management, discounted at the discount rate which is derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experiences, and generally covers a maximum of five years. Estimated future cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-tern average growth rate of the market to which the CGU belongs.

Material goodwill of the Group is as follows:

	Millions of yen		Thousands of U.S. dollars		
Group of CGUs	**As of March 31, 2024**	As of March 31, 2023	**As of March 31, 2024**	Growth rate	Discount rate
LOGISTEED, Ltd. domestic logistics operations	**¥228,928**	¥228,928	**$1,511,974**	1.0%	4.0%
LOGISTEED, Ltd. international logistics operations	**¥70,057**	¥68,023	**$462,697**	1. 9%	7.9%

Material goodwill in the Group was recognized from the business combination of Hitachi Transport System, Ltd. (renamed LOGISTEED, Ltd. on April 1, 2023 and then L-management on March 1, 2024) and is allocated to the groups of CGUs of the business segments of domestic logistics and global logistics.

The material assumptions used in estimating the value in use are the estimated future cash flows based on the business plan, the terminal growth rate and the discount rate. Also, the business plan is affected mainly by the number of orders, handling volume and market growth rates. Especially, the number of orders and handling volume are affected mainly by changes in customers' supply chains such as demand for product portfolio, procurement methods, and manufacturing sites of major customers.

The Company did not recognize impairment losses as the total discounted future cash flows to be generated from this group of CGUs exceeded the carrying amount but may recognize impairment loss if the discount rate, which is a major assumption used for the impairment test, rises by 0.2% in domestic logistics or 0.9% in global logistics.

As described in Note 6. Business Combinations, in the year ended March 31, 2024 the Company succeeded to all businesses of L-management through an absorption-type company split in which the Company was the succeeding company and L-management was the absorbed company.

On the same date as the effective date of this absorption-type company split, the Company consolidated all 34 logistics centers under Group ownership in Japan into L-management and transferred all shares of stock it held in L-management. This is intended to transition to an asset-light business model and improve capital efficiency. As a result of this transaction, L-management no longer is a Group subsidiary. However, goodwill arising from the business combination with L-management continues to be recognized on the Group's consolidated financial statements because it concerns the businesses to which the Company succeeded from L-management.

15. Deferred Taxes and Income Taxes

The components of income taxes recognized in the consolidated statement of profit or loss and deferred taxes recognized in the consolidated statement of comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Income taxes			
Current tax expense	**¥10,700**	¥5,101	**$70,669**
Deferred tax expense			
Temporary differences originated and reversed	**(62,971)**	(2,770)	**(415,897)**
Changes in realizability of deferred tax assets	**1,077**	-	**7,113**
Total deferred tax expense	**(61,894)**	(2,770)	**(408,784)**
Total	**¥(51,194)**	¥2,331	**$(338,115)**
Deferred taxes recognized in OCI			
Net changes in financial assets measured at fair value through OCI	**195**	¥9	**1,288**
Remeasurements of defined benefit plans	**546**	558	**3,606**
Foreign currency translation adjustments	**110**	(12)	**727**
Net changes in cash flow hedges	**-**	-	**-**
Total	**¥851**	¥555	**$5,621**

The Company and its domestic subsidiaries are principally subject to national corporate tax, inhabitant tax and business tax, and the combined statutory income tax rate calculated based on them for the years ended March 31, 2024 and 2023 is 34.6%. Overseas subsidiaries of the Company are subject to corporate taxes and other taxes in their locations.

As certain domestic subsidiaries have transitioned from the group tax sharing system to the non-consolidated taxation system from the year ending March 31, 2024, they have applied accounting treatments since the year ended March 31, 2023 assuming the application of the non-consolidated taxation system.

Japan, where the Company is incorporated, has established a corporation tax corresponding to global minimum taxation through revisions of its tax system in FY2023. The amended tax law (the Act on Partial Amendment of the Income Tax Act and other Acts, Act No. 3 of 2023) including this system and related rules (“global minimum tax system” hereinafter) was enacted on March 28, 2023. While the global minimum tax system applies to the Group effective from the fiscal year began on April 1, 2024, assessment of the Group’s potential tax exposure within the extent of laws established or effectively established shows that the impact on the Group’s consolidated financial statements is expected to be negligible.

Reconciliations between the combined statutory income tax rate and the average effective income tax rate for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023
Combined statutory income tax rate	**34.6%**	34.6%
Non-deductible expenses for tax purposes	**407.6**	8.3
Adjustments due to changes in tax rates	**(411.2)**	-
Changes in realizability of deferred tax assets	**12.2**	3.4
Differences in tax rates applied to overseas subsidiaries	**(12.7)**	-
Adjustments from business combination	**(586.6)**	-
Other, net	**(25.8)**	1.6
Average effective income tax rate	**(581.9)%**	47.9%

Changes in deferred tax assets and liabilities are as follows:

	Millions of yen			
	March 31, 2023	Recognized in profit or loss	Recognized in OCI	**March 31, 2024**
Deferred tax assets				
Lease liabilities (Note)	¥83,792	¥98,850	¥ -	**¥182,642**
Accrued bonuses	3,441	(156)	-	**3,285**
Retirement and severance benefits	10,270	304	(567)	**10,007**
Depreciation	1,617	(709)	-	**908**
Loss carried forward	-	11,067	-	**11,067**
Other	6,835	1,023	(836)	**7,022**
Total deferred tax assets	¥105,955	¥110,379	¥(1,403)	**¥214,931**
Deferred tax liabilities				
Right-of-use assets (Note)	¥(83,424)	¥(93,133)	¥ -	**¥(176,557)**
Deferred profit on sale of properties	(7,142)	3,807	-	**(3,335)**
Valuation differences due to business combinations	(49,595)	44,094	134	**(5,368)**
Customer-related assets	(42,503)	(3,860)	(1,098)	**(47,461)**
Net defined benefit assets	(1,433)	(1,187)	555	**(2,065)**
FVTOCI financial assets	(769)	-	577	**(192)**
Depreciation	(5,567)	(336)	-	**(5,903)**
Other	(670)	2,130	(1,589)	**(129)**
Total deferred tax liabilities	¥(191,103)	¥(48,485)	¥(1,421)	**¥(241,010)**
Net deferred tax assets	¥(85,148)	¥61,894	¥(2,825)	**¥(26,079)**

Note: Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (see Note 9. Leases).

	Millions of yen				
	April 21, 2022	Increase from business combination (Note 2)	Recognized in profit or loss	Recognized in OCI	March 31, 2023
Deferred tax assets					
Lease liabilities (Note 1)	-	¥84,082	¥ (290)	-	¥83,792
Accrued bonuses	-	3,441	-	-	3,441
Retirement and severance benefits	-	10,270	-	-	10,270
Depreciation	-	1,617	-	-	1,617
Other	-	6,223	1,252	(640)	6,835
Total deferred tax assets	-	¥105,633	¥962	¥(640)	¥105,955
Deferred tax liabilities					
Right-of-use assets (Note 1)	-	(83,714)	¥290	-	¥(83,424)
Deferred profit on sale of properties	-	(7,142)	-	-	(7,142)
Valuation differences due to business combinations	-	(50,647)	1,052	-	(49,595)
Customer-related assets	-	(42,970)	467	-	(42,503)
Net defined benefit assets	-	(1,433)	-	-	(1,433)
FVTOCI financial assets	-	(753)	-	(16)	(769)
Depreciation	-	(5,567)	-	-	(5,567)
Other	-	(670)	-	-	(670)
Total deferred tax liabilities	-	¥(192,895)	¥1,808	¥(16)	¥(191,103)
Net deferred tax assets	-	(87,262)	¥2,770	¥(656)	¥(85,148)

Notes: 1. Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (see Note 9. Leases).
2. The increase from business combinations due to the acquisition of L. Management (see Note 6. Business Combinations).

	Thousands of U.S. dollars			
	March 31, 2023	Recognized in profit or loss	Recognized in OCI (Note)	**March 31, 2024**
Deferred tax assets				
Lease liabilities (Note)	$553,411	$652,863	$-	**$1,206,274**
Accrued bonuses	22,726	(1,030)	-	**21,696**
Retirement and severance benefits	67,829	2,008	(3,745)	**66,092**
Depreciation	10,680	(4,683)	-	**5,997**
Loss carried forward	-	73,093	-	**73,093**
Other	45,142	6,756	(5,521)	**46,377**
Total deferred tax assets	$699,789	$729,007	$(9,266)	**$1,419,530**
Deferred tax liabilities				
Right-of-use assets (Note)	$(550,981)	$(615,105)	$-	**$(1,166,085)**
Deferred profit on sale of properties	(47,170)	25,144	-	**(22,026)**
Valuation differences due to business combinations	(327,554)	291,223	885	**(35,453)**
Customer-related assets	(280,715)	(25,494)	(7,252)	**(313,460)**
Net defined benefit assets	(9,464)	(7,840)	3,666	**(13,638)**
FVTOCI financial assets	(5,079)	-	3,811	**(1,268)**
Depreciation	(36,768)	(2,219)	-	**(38,987)**
Other	(4,425)	14,068	(10,495)	**(852)**
Total deferred tax liabilities	$(1,262,156)	$(320,223)	$(9,385)	**$(1,591,771)**
Net deferred tax assets	$(562,367)	$408,784	$(18,658)	**$(172,241)**

Note: Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (see Note 9. Leases).

Deferred tax liabilities are not recognized for temporary differences where the Group is able to control the timing of reversal of the temporary differences and it is unlikely that the temporary difference will reverse in the foreseeable future. Temporary differences related to investments in subsidiaries and associates for which deferred tax liabilities are not recognized totaled ¥88,865 million ($586,916thousand) and ¥63,868 million for the years ended March 31, 2024 and 2023, respectively. Unrecognized deferred tax liabilities are not calculated because it is impracticable.

In assessing the realizability of deferred tax assets, the Group considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning. As a result of the assessment, the Group has not recorded deferred tax assets for certain future deductible temporary differences and net operating loss carryforwards.

Future deductible temporary differences and net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Future deductible temporary differences	**¥21,920**	¥3, 022	**$144,772**
Net operating loss carryforwards	**104,047**	1, 639	**687,187**
Tax credit carryforwards	**12**	91	**79**
Total	**¥125,979**	¥4, 752	**$832,039**

Net operating loss carryforwards for which deferred tax assets are not recognized will expire as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Within five years	**¥ -**	¥-	**$ -**
Over five years through ten years	**103,872**	1, 639	**686,031**
Over ten years	**175**	-	**1,156**
Total	**¥104,047**	¥1, 639	**$687,187**

16. Trade Payables

The components of trade payables are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Notes payable and electronically recorded monetary obligations	**¥422**	¥429	**$2,787**
Accounts payable	**54,418**	51,759	**359,408**
Total	**¥54,840**	¥52,188	**$362,195**

17. Provisions

The components and changes in the balance of provisions included in "Other current liabilities" and "Other non-current liabilities" for the year ended March 31, 2024 are as follows:

	Millions of yen		
	Provision for loss by fire	Asset retirement obligations	Provision for settlement costs
April 1, 2023	¥11,221	¥2,666	¥-
Additions	2,321	6,281	1,868
Utilized for intended purpose	(1,463)	(163)	-
Transfer to other payables	(3,371)	-	-
Decrease from reversal	(1,819)	-	-
Unwinding of discounts	-	40	-
Impact of foreign currency translation	-	4	-
Others	-	(63)	-
March 31, 2024	**¥6,889**	**¥8,765**	**¥1,868**
Current liabilities	**¥2,847**	**¥17**	**¥1,868**
Non-current liabilities	**¥4,042**	**¥8,748**	**¥-**

	Thousands of U.S. dollars		
	Provision for loss by fire	Asset retirement obligations	Provision for settlement costs
April 1, 2023	$74,110	$17,608	$-
Additions	15,329	41,483	12,337
Utilized for intended purpose	(9,663)	(1,077)	-
Transfer to other payables	(22,264)	-	-
Decrease from reversal	(12,014)	-	-
Unwinding of discounts	-	264	-
Impact of foreign currency translation	-	26	-
Others	-	(416)	-
March 31, 2024	**$45,499**	**$57,889**	**$12,337**
Current liabilities	**$18,803**	**$112**	**$12,337**
Non-current liabilities	**$26,696**	**$57,777**	$-

(a) Provision for loss by fire

For the year ended March 31, 2024, the Group recognized provision for loss by fire in the amount of estimated potential future losses to prepare for losses related to restoration of facilities burned in fires which occurred at our consolidated subsidiaries, and the payments to customers and other affected parties. While part of the losses is expected to be covered by insurance, it is not yet known how much of and when insurance proceeds will be received for the year ending March 31, 2025 and thereafter.

(b) Asset retirement obligations

For the year ended March 31, 2024, the Group recognized asset retirement obligations in the amount of expected future expenditures based on the third party estimates to prepare for its obligations to restore logistics centers and other facilities used by the Group to their original states. The timing of outflow of economic benefits is principally expected to be later than one year from March 31, 2024, however, the expected amount or timing may change due to factors including future business plans.

(c) Provision for settlement costs

Provision for settlement costs in the year ended March 31, 2024 was recorded in the estimated amount of potential future losses, to be prepared for costs such as compensation for damage to customers at the Company's consolidated subsidiaries.

18. Employee Benefits

(a) *Retirement and Severance Benefits*

The Company and its certain consolidated subsidiaries have funded defined benefit corporate pension plans and unfunded severance lump-sum payment plans as the defined benefit plans.

The benefits of the defined benefit corporate pension plans and unfunded severance lump-sum payment plans are calculated based on factors such as employees' salary levels, service years and points corresponding to job positions and groups. Additional termination benefits may be paid to employees in case of their early retirement.

The main defined benefit corporate pension plans are managed by the LOGISTEED Group Corporate Pension Fund. The Company and its certain consolidated subsidiaries make contributions to the LOGISTEED Group Corporate Pension Fund to provide for expenses to operate business related to benefit payments. The bylaws of the LOGISTEED Group Corporate Pension Fund stipulates that the amount of contributions shall be recalculated every five years with the end of the relevant fiscal year as a record date in accordance with provisions of the Japanese Defined Benefit Corporate Pension Plan Act in order to maintain the fiscal balance into the future. The contributions are reviewed taking into account basic assumptions for the Fund's finance, including expected interest rates, mortality rates, and withdrawal rate. The operation of pension plans such as payments of contributions and management of pension funds are managed by trust banks and insurance companies, etc.

Certain consolidated subsidiaries have adopted defined contribution pension plans and have enrolled in the Smaller Enterprise Retirement Allowance Mutual Aid System.

Changes in the present value of defined benefit obligations and the fair value of plan assets for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Defined benefit obligations at beginning of year	**¥48,317**	¥-	**$319,114**
Service cost	**3, 140**	892	**20,738**
Interest cost	**601**	107	**3,969**
Actuarial gains or losses	**50**	(2,500)	**330**
Benefits paid	**(8,037)**	(1,543)	**(53,081)**
Increase from business combination	**-**	51,266	**-**
Other	**214**	95	**1,413**
Defined benefit obligations at end of year	**¥44,285**	¥48,317	**$292,484**

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Fair value of plan assets at beginning of year	**¥17,020**	¥-	**$112,410**
Interest income	**191**	42	**1,261**
Return on plan assets (excluding interest income)	**1,672**	(668)	**11,043**
Employers' contributions	**539**	134	**3,560**
Benefits paid	**(2,614)**	(254)	**(17,264)**
Increase from business combination	**-**	17,704	**-**
Other	**257**	62	**1,697**
Fair value of plan assets at end of year	**¥17, 065**	¥17,020	**$112,707**

The components of actuarial gains or losses are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Arising from changes in financial assumptions	**¥(760)**	¥(2,746)	**$(5,019)**
Arising from changes in demographic assumptions	**27**	(219)	**178**
Other	**783**	465	**5,171**

The amounts related to the defined benefit plan recognized in the consolidated statement of financial position are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Present value of funded defined benefit obligations	**¥10,928**	¥12,401	**$72,175**
Fair value of plan assets	**(17, 065)**	(17,020)	**(112,707)**
Sub-total	**(6,137)**	(4,619)	**(40,532)**
Present value of unfunded defined benefit obligations	**33,357**	35,916	**220,309**
Net asset or liability in the consolidated statement of financial position	**27,220**	31,297	**179,777**
Net defined benefit assets (other non-current assets)	**(6,217)**	(4,667)	**(41,061)**
Retirement and severance benefits	**¥33,437**	¥35,964	**$220,837**

The Company and all consolidated subsidiaries measure defined benefit obligations and plan assets at the end of the fiscal year. Major assumptions used in the actuarial calculations (weighted average) are as follows:

	March 31, 2024	March 31, 2023
Discount rate	**1. 3%**	1.1%

An increase or decrease of 0.5% in the discount rate would have affected defined benefit obligations as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2023**
0.5% increase	**¥(2, 078)**	¥(2,316)	**$(13,724)**
0.5% decrease	**¥ 2, 193**	¥2, 417	**$14,484**

The sensitivity analysis is based on an assumption that all other variables are held constant, but in reality, changes in other assumptions may impact the outcome of the analysis.

The weighted average duration (expected average maturity) of defined benefit obligations is as follows:

	March 31, 2024	March 31, 2023
Duration	**11. 9 Years**	11.4 Years

For the year ending March 31, 2025, the Company and its certain consolidated subsidiaries expect to make a contribution of ¥517 million ($3,415thousand) to the defined benefit pension plan.

The fair value of plan assets as of March 31, 2024 and 2023 is as follows:

	Millions of yen		
	March 31, 2024		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	**¥ -**	**¥10,989**	**¥10,989**
Commingled funds	**-**	**5,985**	**5,985**
Other	**61**	**30**	**91**
Total	**¥61**	**¥17,004**	**¥17,065**

	Millions of yen		
	March 31, 2023		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	¥-	¥11,236	¥11,236
Commingled funds	-	5,713	5,713
Other	42	29	71
Total	¥42	¥16,978	¥17,020

	Thousands of U.S. dollars		
	March 31, 2024		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	**$ -**	**$72,578**	**$72,578**
Commingled funds	**-**	**39,528**	**39,528**
Other	**403**	**198**	**601**
Total	**$403**	**$112,304**	**$112,707**

For life insurance general accounts, insurance companies provide guarantees for certain expected interest rates and principals.

Commingled funds represent pooled institutional investments. As of March 31, 2024, commingled funds are allocated to 26% in listed stocks, 71% in bonds and 3% in other assets. As of March 31, 2023, commingled funds were allocated to 23% in listed stocks, 67% in bonds and 10% in other assets.

The Group's management policy for plan assets is to secure stable returns in the mid to long-term for ensuring future payments of defined benefit obligations pursuant to internal regulations. The target rate of returns and the investment ratio by investment assets are established within the acceptable risk range every fiscal year, and plan assets are managed according to such ratio. When the investment ratio is reviewed, the Group considers introducing plan assets that are closely related to changes in defined benefit obligations.

In the event an unexpected situation arises in the market environment, temporary weight adjustments of risk assets are allowed in accordance with the internal regulations.

Contributions to defined contribution pension plans recognized as an expense by certain consolidated subsidiaries for the years ended March 31, 2024 and 2023 were ¥1,729 million ($11,419thousand) and ¥437 million, respectively.

(b) Employee Benefit Expenses

The aggregated amounts of employee benefit expenses recognized in the consolidated statement of profit or loss for the years ended March 31, 2024 and 2023 were ¥198,141 million ($1,308,639thousand) and ¥58,586 million, respectively.

19. Equity

(a) Common Stock

(i) Ordinary shares

The following table shows changes in the total number of authorized shares and issued shares outstanding of the Company during the year:

	Number of shares (shares)	
	2024	2023
Total number of authorized shares	**2,000,000,000**	2,000,000,000
Issued shares outstanding		
Balance at beginning of year	**200,000,000**	-
Issuance of new shares	—	200,000,000
Balance at end of year	**200,000,000**	200,000,000

All shares issued by the Company are non-par value ordinary shares and fully paid up.

(b) Surplus

(i) Capital surplus

The Companies Act of Japan (the "Companies Act") requires that one half or more of the amount paid or contributed for a share issue be recorded as common stock with the remainder to be recorded as capital reserves. Capital reserves may be appropriated to common stock based on a resolution at the shareholders' meeting.

In the year ended March 31, 2023, retained earnings decreased by ¥10,432 million as a result of processing of changes in equity arising from the transfer of some shares of stock in L-management to LOGISTEED Holdings, Ltd., a parent company of LOGISTEED, Ltd. as in-kind dividends (see Note 21. Dividends).

In the year ended March 31, 2024, on August 31, 2023 one share of treasury stock was sold to LOGISTEED Holdings, Ltd., a parent company of LOGISTEED, Ltd., in exchange for shares of stock in L-management. Capital surplus increased by ¥11,071 million as a result of processing the resulting change in equity as an increase in capital surplus.

(ii) Retained earnings

The Companies Act requires that ten percent of retained earnings appropriated for dividends be retained until the total amount of capital reserve and earned reserves included in retained earnings reaches a quarter of the nominal value of common stock. Earned reserves may be reduced by a resolution at the shareholders' meeting.

The amount available for dividends by the Company under the Companies Act is calculated based on the amount of retained earnings, etc. in the Company's accounting books prepared in accordance with generally accepted accounting principles in Japan.

(iii)Written put options over non-controlling interests

The Group recognizes written put options over subsidiary's shares granted to holders of non-controlling interests as financial liabilities at present value of redemption value calculated by discounting future cash flows and deducts the difference between non-controlling interests from capital surplus or retained earnings, with changes subsequent to initial recognition to be recognized in capital surplus or retained earnings.

The present value of redemption value of financial liabilities is disclosed in Note 28. Financial Instruments and Related Disclosures.

(c) Treasury stock

The following table shows changes in treasury stock during the years ended March 31, 2024 and 2023.

	Number of shares (shares)	
	2024	2023
Balance at beginning of year	**151,064,998**	-
Acquisition of treasury stock	**-**	199,999,999
Sale of treasury stock	**(1)**	(48,935,001)
Balance at end of year	**151,064,997**	151,064,998

(i) Acquisition of treasury stock

Treasury stock acquired gratis during the year ended March 31, 2023 consists of 199,999,999 shares acquired from the Company's parent LOGISTEED Holdings, Ltd. on April 27, 2022.

(ii) Sale of treasury stock

Treasury stock sold during the year ended March 31, 2023 consists of 45,817,802 shares sold on December 2, 2022, 2,117,199 shares sold on February 22, 2023, and 1,000,000 shares sold on March 1, 2023 to the Company's parent LOGISTEED Holdings, Ltd.

Treasury stock sold during the year ended March 31, 2024 consists of one share sold on August 31, 2023 to the Company's parent LOGISTEED Holdings, Ltd.

As a result, the number of shares of treasury stock as of March 31, 2024 and 2023 are 151,064,997 shares and 151,064,998 shares, respectively.

20. Accumulated Other Comprehensive Income (AOCI) and Other Comprehensive Income (OCI)

Components of AOCI, net of related tax effects, presented in the consolidated statement of changes in equity for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Net changes in financial assets measured at FVTOCI			
Balance at beginning of year	**¥(19)**	-	**$(125)**
OCI	**160**	12	**1,057**
Transfer to non-controlling interests	**7**	2	**46**
Reclassified to retained earnings	**(24)**	(33)	**(159)**
Changes in liabilities for written put options over non-controlling interests	**1**	-	**7**
Balance at end of year	**¥125**	¥(19)	**$826**
Remeasurements of defined benefit plans			
Balance at beginning of year	**¥1, 085**	¥-	**$7,166**
OCI	**1, 015**	1,206	**6,704**
Transfer to non-controlling interests	**121**	(121)	**799**
Balance at end of year	**¥2,221**	¥ 1,085	**$14,669**
Foreign currency translation adjustments			
Balance at beginning of year	**¥2,817**	¥-	**$18,605**
OCI	**12,067**	3,022	**79,698**
Transfer to non-controlling interests	**1,350**	(306)	**8,916**
Changes in liabilities for written put options over non-controlling interests	**339**	101	**2,239**
Balance at end of year	**¥16,573**	¥2,817	**$109,458**
Share of OCI of investments accounted for using the equity method			
Balance at beginning of year	**¥(69)**	¥-	**$(456)**
OCI	**58**	(69)	**383**
Reclassified to retained earnings	**1**	—	**7**
Balance at end of year	**¥(10)**	¥(69)	**$(66)**
Total accumulated other comprehensive income			
Balance at beginning of year	**¥3,814**	¥-	**$25,190**
OCI	**13,300**	4,171	**87,841**
Transfer to non-controlling interests	**1,478**	(425)	**9,762**
Reclassified to retained earnings	**(23)**	(33)	**(152)**
Changes in liabilities for written put options over non-controlling interests	**340**	101	**2,246**
Balance at end of year	**¥18,909**	¥3,814	**$124,886**

The following shows a reconciliation of OCI, including non-controlling interests, to profit or loss items and deferred tax effect on each component of OCI for the years ended March 31, 2024 and 2023.

	Millions of yen		
	2024		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	¥391	¥(195)	¥196
Remeasurements of defined benefit plans	1,622	(546)	1,076
Foreign currency translation adjustments	14,049	(110)	13,939
Share of OCI of investments accounted for using the equity method	67	-	67
Total	¥16,129	¥(851)	¥15,278
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	¥31	-	¥31
Share of OCI of investments accounted for using the equity method	(9)	-	(9)
Total	¥22	-	¥22
OCI, net of reclassification adjustments:			
Net changes in financial assets measured at FVTOCI	¥391	¥(195)	¥196
Remeasurements of defined benefit plans	1,622	(546)	1,076
Foreign currency translation adjustments	14,080	(110)	13,970
Share of OCI of investments accounted for using the equity method	58	-	58
Total	¥16,151	¥(851)	¥15,300
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Financial assets measured at FVTOCI			36
Remeasurements of defined benefit plans			61
Foreign currency translation adjustments			1,903
Total			¥2,000
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			¥160
Remeasurements of defined benefit plans			1,015
Foreign currency translation adjustments			12,067
Share of OCI of investments accounted for using the equity method			58
Total			¥13,300

	Millions of yen		
	2023		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	¥21	¥(9)	¥12
Remeasurements of defined benefit plans	1,832	(558)	1,274
Foreign currency translation adjustments	3,261	12	3,273
Share of OCI of investments accounted for using the equity method	(69)	-	(69)
Total	¥5,045	¥(555)	¥4,490
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Remeasurements of defined benefit plans			68
Foreign currency translation adjustments			251
Total			¥319
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			¥12
Remeasurements of defined benefit plans			1,206
Foreign currency translation adjustments			3,022
Share of OCI of investments accounted for using the equity method			(69)
Total			¥4,171

	Thousands of U.S. dollars		
	2024		
	Before tax	**Tax effect**	**After tax**
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	**$2,582**	**$(1,288)**	**$1,294**
Remeasurements of defined benefit plans	**10,713**	**(3,606)**	**7,107**
Foreign currency translation adjustments	**92,788**	**(727)**	**92,061**
Share of OCI of investments accounted for using the equity method	**443**		**443**
Total	**$106,525**	**$(5,621)**	**$100,905**
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	**$205**	**-**	**205**
Share of OCI of investments accounted for using the equity method	**(59)**	**-**	**(59)**
Total	**$145**	**$-**	**$145**
OCI, net of reclassification adjustments:			
Net changes in financial assets measured at FVTOCI	**$2,582**	**$(1,288)**	**$1,294**
Remeasurements of defined benefit plans	**10,713**	**(3,606)**	**7,107**
Foreign currency translation adjustments	**92,993**	**(727)**	**92,266**
Share of OCI of investments accounted for using the equity method	**383**	**-**	**383**
Total	**$106,671**	**$(5,621)**	**$101,050**
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Financial assets measured at FVTOCI			**238**
Remeasurements of defined benefit plans			**403**
Foreign currency translation adjustments			**12,569**
Total			**$13,209**
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			**$1,057**
Remeasurements of defined benefit plans			**6,704**
Foreign currency translation adjustments			**79,698**
Share of OCI of investments accounted for using the equity method			**383**
Total			**$87,841**

21. Dividends

Dividends paid for the years ended March 31, 2024 and 2023 are as follows:

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Extraordinary Shareholders' Meeting on May 29, 2023	Ordinary shares	¥10	¥0.20	May 29, 2023	May 29, 2023
Extraordinary Shareholders' Meeting on August 31, 2023	Ordinary shares	¥10,450	¥213.55	August 31, 2023	August 31, 2023

Resolution	Type of shares	Cash dividends (Thousands of U.S. dollars)	Cash dividends per share (U.S. dollars)	Record date	Effective date
Extraordinary Shareholders' Meeting on August 31, 2023	Ordinary shares	$ 69,018	$ 1.41	August 31, 2023	August 31, 2023

There are no dividends whose record date falls in the year ended March 31, 2024 but the effective date falls in the next fiscal year.

Separately from the dividends of surplus shown above, under a resolution of the Extraordinary Shareholders' Meeting held on March 31, 2023 the Group paid in-kind dividends of one share of common stock in L-management with an effective date of March 31, 2023.

22. Revenue

(a) Disaggregation of Revenue

Revenue of the Group is generated mainly from contracts with customers and the details of revenue disaggregated by location are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Japan	**¥482,872**	¥159,254	**$3,189,168**
North America	**83,973**	26,147	**554,607**
Europe	**145,605**	40,527	**961,660**
Asia	**54,125**	17,923	**357,473**
China	**36,017**	12,849	**237,877**
Oceania and other	**3,538**	1,399	**23,367**
Adjustment	**(5,887)**	(1,661)	**(38,881)**
Total	**¥800,243**	¥256,438	**$5,285,272**

As major transactions in each region are contained within the region, the location of revenue and the destination are same. However, some transactions in the forwarding business of global logistics have a different location of revenues from the destination because the business offers comprehensive logistics services such as international intermodal transportation, resulting in a difference between the figures in disaggregation of revenue and those in Note 5. Segment Information (b) Geographic Information.

The Group operates logistics businesses with main focuses on the 3PL business, forwarding business and automobile business in each location.

In the 3PL business, the Group provides comprehensive logistics services, including establishment of domestic logistics systems, information control, inventory control, orders control, processing for distribution, distribution center operation, factory logistics, and transportation and delivery. If the contract stipulates that a performance obligation is satisfied at a point in time when stored goods are delivered, etc., the Group recognizes revenue when the work is completed and stored goods are delivered. If the contract stipulates provision of service over a certain period, the Group recognizes revenue based on the time elapsed. The 3PL business operates in all locations. The payment conditions are those applied in arm's length transactions primarily within one year, and there are no material transactions with installment payments, etc.

In the forwarding business, the Group provides comprehensive logistics services, including international intermodal transportation by land, sea and air. As it can be determined that, in this business, another entity would not need to substantially re-perform the work that we have completed to date, revenue from sea transportation is recognized based on the calculation based on the progress in terms of distance to the destination and term. Revenue from international trading service is recognized upon completion of service as the performance obligation is satisfied at a point in time when provision of services is completed. Forwarding business operates in all locations. The payment conditions are those applied in arm's length transactions primarily within one year, and there are no material transactions with installment payments, etc.

In the Automobile business, the Group provides supply chain management in the automobile parts logistics such as transportation between multiple companies, storage, factory logistics, information control and inventory control. If the contract stipulates that a performance obligation is satisfied at a point in time when stored goods are delivered, etc., the Group recognizes revenue when the work is completed and stored goods are delivered. If the contract stipulates provision of service over a certain period, the Group recognizes revenue based on the time elapsed. The Automobile business operates in all locations except Oceania and other. The payment conditions are those applied in arm's length transactions primarily within one year, and there are no material transactions with installment payments, etc.

(b) Information on Outstanding Contract Balances

The details of outstanding contract balances arising from contracts with customers are as follows:

	Millions of yen			
	2024		2023	
	April 1	**March 31**	April 1	March 31
Receivables arising from contracts with customers	**¥131,296**	**¥139,827**	-	¥131,296
Contract assets	**740**	**656**	-	740
Total	**¥132,036**	**¥140,483**	-	¥132,036
Contract liabilities	**¥1,736**	**¥2,251**	-	¥1,736

	Thousands of U.S. dollars	
	2024	
	April 1	**March 31**
Receivables arising from contracts with customers	**$867,155**	**$923,499**
Contract assets	**4,887**	**4,333**
Total	**$872,043**	**$927,832**
Contract liabilities	**$11,466**	**$14,867**

Contract assets mainly in the 3PL business represent the Group's conditional right to consideration related to performance obligation which is partly satisfied at the reporting date. Contract assets are reclassified to receivables when the conditions are satisfied.

Contract liabilities mainly in the 3PL business represent the Group's obligation to transfer services to customers based on contracts with the customers for which the Group has received consideration. Contract liabilities are derecognized when the performance obligations under the contracts are satisfied.

The amount of revenue recognized during the year ended March 31, 2024 which was included in the opening balance of contract liabilities is immaterial. Furthermore, the amount of revenue recognized during the year ended March 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

Receivables arising from contracts with customers and contract assets are included in "Trade receivables and contract assets," and contract liabilities are included in "Other current liabilities" in the consolidated statement of financial position.

(c) Transaction Price Allocated to the Remaining Performance Obligations

In the 3PL business, the Group generally issues invoices to customers on a monthly basis for the amount incurred consisting of the fixed amount and the variable amount determined by multiplying handling volume by the unit price provided in the contract. They correspond directly to the value of logistics service transferred to customers. Therefore, in the 3PL business, the Group is entitled to receive consideration from customers at an amount directly corresponding to the logistics services provided and recognizes revenue for the amount it is entitled to bill. Accordingly, the Group applied the practical expedient and omitted the disclosure of the information on the remaining performance obligations.

In the forwarding business and the automobile business, there are no individual transactions with an expected contract period exceeding one year, and therefore the Group applied the practical expedient and omitted the disclosure of the information on the remaining performance obligations.

There is no material consideration from contracts with customers that is not included in the transaction price.

23. Other Income and Expenses

(a) Other Income

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Gain on sale of property, plant and equipment	**¥515**	¥8,361	**$3,401**
Insurance proceeds	**1,756**	594	**11,598**
Reversal of provision for loss by fire	**2,306**	-	**15,230**
Restructuring gains	**908**	-	**5,997**
Other	**1,185**	183	**7,826**
Total	**¥6,670**	¥9,138	**$44,053**

(i) Gain on sale of property, plant and equipment

Gain on sale of property, plant and equipment represents a gain recognized from sale of vehicles etc. by the Company and its certain consolidated subsidiaries mainly to improve asset efficiency.

(ii) Insurance proceeds

Insurance proceeds received in relation to fires at our consolidated subsidiaries were ¥1,702 million ($11,241thousand).

Since construction was completed and amounts finalized, the difference in amounts was recorded as a reversal to provision for loss by fire recorded to be prepared for demolition and removal of burned buildings.

(iii) Reversal of provision for loss by fire

Since construction was completed and the amount finalized for provisions recorded to be prepared for demolition and removal of burned buildings, the difference from the final amount was recorded as "Reversal of provision for loss by fire."

(iv) Restructuring gains

To transition to an asset-light business model and improve capital efficiency, the Company consolidated 34 logistics centers under Group ownership in Japan into L-management, transferred all shares of stock it held in L-management, and leased back the logistics centers. Gains of ¥908 million ($5,997thousand) recognized from this reorganization were recorded as restructuring gains.

(b) Other Expenses

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Loss on sale of property, plant and equipment	**¥(170)**	¥(20)	**$(1,123)**
Loss on disposal of property, plant and equipment	**(1,570)**	(393)	**(10,369)**
Impairment losses	**(148)**	(701)	**(977)**
Cost associated with early retirement	**(5,976)**	-	**(39,469)**
Business structural reform expenses	**(492)**	(161)	**(3,249)**
Loss by fire	**(3,811)**	(6,901)	**(25,170)**
Acquisition-related costs	**(3,859)**	-	**(25,487)**
Settlement costs	**(1,868)**	-	**(12,337)**
Other	**(1,857)**	(1,405)	**(12,265)**
Total	**¥(19,751)**	¥(9,581)	**$(130,447)**

(i) Loss on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment represents losses recognized from disposal of obsolete buildings, vehicles, etc. mainly by the Company and certain consolidated subsidiaries.

(ii) Cost associated with early retirement

Cost associated with early retirement represents special retirement bonuses, re-employment support costs, etc. arising in connection with implementation by the Company of a second-career support program.

(iii) Business structural reform expenses

Business structural reform expenses represent costs associated with reorganization mainly by the Company and certain consolidated subsidiaries.

(iv) Loss by fire

Loss by fire mainly consists of loss on restoration of facilities destroyed by fire at our consolidated subsidiaries and the payments to customers and other affected parties.

Loss on restoration of facilities destroyed by fire and the payments to customers and other affected parties include the amount reasonably estimated as provision for loss by fire.

(v) Acquisition-related costs

Acquisition-related costs consist mainly of ¥3,315 million ($21,894thousand) in costs associated with the Company's acquisition of stock in L-management.

(vi) Settlement costs

Settlement costs are recorded in the estimated amount of possible future losses on damages to customers arising in the businesses of the Company's consolidated subsidiaries.

24. Financial Income and Financial Expenses

Interest income and expenses for the years ended March 31, 2024 and 2023 are mostly related to financial assets and liabilities measured at amortized cost. Please refer to Note 9. Leases for interest cost related to lease liabilities included in interest expenses for the years ended March 31, 2024 and 2023.

The main components of financial income and financial expenses excluding interest income and expenses for the years ended March 31, 2024 and 2023 are as follows:

(a) Financial Income

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Dividends income	**¥95**	¥-	**$627**
Other	**23**	174	**152**
Total	**¥118**	¥174	**$779**

(b) Financial Expenses

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Exchange loss	**¥ (969)**	¥(1,986)	**$(6,400)**
Loss from revision of conditions on financial liabilities	**(605)**	-	**(3,996)**
Other	**(900)**	(256)	**(5,944)**
Total	**¥(2,474)**	¥(2,242)	**$(16,340)**

25. Earnings Per Share (EPS)

The basis for computations of basic EPS attributable to stockholders of the parent company for the years ended March 31, 2024 and 2023is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Net income attributable to stockholders of the parent company	**¥58,251**	¥2,177	**$384,724**

	Number of shares (thousand shares)	
	2024	2023
Weighted average number of ordinary shares	**48,935**	15,709

	Yen		U.S. dollars
	2024	2023	**2024**
Basic EPS attributable to stockholders of the parent company	**¥1,190.37**	¥138.58	**$7.86**

Note: Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.

26. Supplementary Cash Flow Information

(a) *Purchase of Subsidiaries' Shares*

"Purchase of subsidiaries' shares" in cash flows from investing activities for the year ended March 31, 2023 represents changes in cash and cash equivalents as a result of obtaining control of L-management.

"Purchase of subsidiaries' shares" in cash flows from investing activities for the year ended March 31, 2024 represents changes in cash and cash equivalents as a result of obtaining control of L-management in the year ended March 31, 2023 (those unpaid at the end of the year ended March 31, 2023).

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Consideration paid (Note)	**¥(74,493)**	¥ (449,101)	**$(491,995)**
Consideration paid in cash and cash equivalents (Note)	**(74,493)**	(382,079)	**(491,995)**
Cash and cash equivalents of subsidiaries over which control was obtained	**526**	64,155	**3,474**
Changes in cash and cash equivalents associated with obtaining control	**¥(73,967)**	¥ (317,924)	**$(488,521)**

Note: The amount of ¥74,493 million in the year ended March 31, 2024 includes ¥67,022 million of the consideration paid to obtain control of L-management in the year ended March 31, 2023 that remained unpaid at the end of the year ended March 31, 2023.

(b) *Increase Due to Loss of Control of Subsidiary*

Sale of property, plant and equipment and intangible assets under cash flow from investing activities and other cash flow from financing activities for the year ended March 31, 2024 include changes in cash and cash equivalents associated with loss of control over L-management.

Changes in cash and cash equivalents associated with loss of control and the main details of assets and liabilities on the date of loss of control are shown below.
¥908 million in gains recognized in association with loss of control over L-management was recorded under other income on the consolidated statement of profit or loss for the year ended March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Consideration received	**¥222,671**	-	**$1,470,649**
Consideration received in cash and cash equivalents	**222,671**	-	**1,470,649**
Cash and cash equivalents of subsidiaries over which control was lost	**-**	-	**-**
Changes in cash and cash equivalents associated with loss of control	**222,671**	-	**1,470,649**
Of which, sale of property, plant and equipment and intangible assets	**201,501**	-	**1,330,830**
Of which, other (cash flow from financing activities)	**21,170**	-	**139,819**

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Assets			**$**
Current assets	-	-	**-**
Non-current assets (Note)	247,036	-	**1,631,570**
Liabilities			
Current liabilities	-	-	**-**
Non-current liabilities	-	-	**-**

Note: Non-current assets of ¥247,036 million ($1,631,570thousand) in the year ended March 31, 2024 include ¥46,761 million ($308,836thousand) in loans to the Company.

(c) Changes in Liabilities Arising From Financing Activities

Changes in liabilities arising from financing activities during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen					
	Short-term debt	Bonds	Long-term debt (Note)	Lease liabilities	Liabilities for written put options over non-controlling interests	Total
April 21, 2022	¥-	¥-	¥	¥-	¥-	¥-
Changes arising from cash flows	(43)	-	128,749	(9,595)	-	121,453
Non-cash changes						
Increase from business combination	79	48,166	70,701	279,863	13,149	411,958
Newly recognized lease liabilities	-	-	-	7,948	-	6,672
Remeasurement of lease liabilities	-	-	-	3,923	-	3,544
Cancellation of lease contracts	-	-	-	(340)	-	(340)
Changes in fair value	-	-	-	-	5,464	5,464
Other	-	52	(371)	1,736	506	1,236
March 31, 2023	¥36	¥48,218	¥199,079	¥283,535	¥19,119	¥549,987
Changes arising from cash flows	23,000	-	(53,481)	(39,976)	-	(66,318)
Non-cash changes						
Increase from business combination	-	-	1,057	-	-	1,057
Increase from loss of control of subsidiary	-	-	47,556	129,044		176,600
Newly recognized lease liabilities	-	-	-	59,872	-	55,303
Remeasurement of lease liabilities	-	-	-	8,240	-	8,686
Cancellation of lease contracts	-	-	-	(2,512)	-	(2, 512)
Changes in fair value	-	-	-	-	3,514	3,514
Other	1	229	1,025	1,692	2,207	5,138
March 31, 2024	**¥23,037**	**¥48,447**	**¥195,236**	**¥439,895**	**¥24,840**	**¥731,455**

Note: Including current portion.

	Thousands of U.S. dollars					
	Short-term debt	Bonds	Long-term debt (Note)	Lease liabilities	Liabilities for written put options over non-controlling interests	Total
March 31, 2023	$238	$318,460	$1,314,834	$1,872,631	$126,273	$3,632,435
Changes arising from cash flows	151,905	-	(353,220)	(264,025)	-	(438,003)
Non-cash changes						
Increase from business combination	-	-	6,981	-	-	6,981
Increase from loss of control of subsidiary	-	-	314,088	852,282	-	1,166,369
Newly recognized lease liabilities	-	-	-	395,430	-	365,253
Remeasurement of lease liabilities	-	-	-	54,422	-	57,367
Cancellation of lease contracts	-	-	-	(16,591)	-	(16,591)
Changes in fair value	-	-	-	-	23,209	23,209
Other	7	1,512	6,770	11,175	14,576	33,934
March 31, 2024	**$152,150**	**$319,972**	**$1,289,452**	**$2,905,323**	**$164,058**	**$4,830,956**

Note: Including current potion.

(d) Other

"Increase (decrease) in deposits received" in cash flows from operating activities during the year ended March 31, 2023 includes income taxes withheld in relation to the acquisition of treasury stock from a noncontrolling interest in a subsidiary of ¥45,329 million.

(e) Material non-cash transactions

Material non-cash transactions (investment and finance transactions not involving use of cash and cash equivalents) are described below.

Year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

- Payment received of ¥47,760 million ($315,435thousand) in subsidiary shares as in-kind investments associated with disposal of treasury stock
- Increases of ¥129,725 million ($856,780thousand) in right-of-use assets, ¥129,044 million ($852,282thousand) in lease liabilities, and ¥21,170 million ($139,819thousand) in other financial liabilities, in connection with a sale and leaseback transaction.

Year ended March 31, 2023 (April 21, 2022 - March 31, 2023)

- Payment received of ¥10,000 million in claims as in-kind investments associated with disposal of treasury stock
- Dividends of ¥47,760 million paid in kind (shares in a subsidiary)

27. Stock Compensation

The Group has adopted a stock-option plan as stock compensation

(a) Outline of Stock Option Plan

In the year ended March 31, 2024, the Company's parent LOGISTEED Holdings, Ltd. awards stock options to directors, executive officers, operating officers, and trustees of the Company and its subsidiaries. This program is intended to motivate and reward eligible parties with regard to contributions to improving the Group's business results and corporate value and to secure capable human resources. Shares granted through exercise of the stock options are shares of stock in LOGISTEED Holdings, Ltd.. Main details of the stock options are shown below.

	First Class A Stock Options	First Class B Stock Options	Third Class A Stock Options	Third Class B Stock Options
Categories and numbers of persons eligible for granting	One director of the Company Nine executive officers of the Company Eight operating officers of the Company 18 trustees of the Company	One director of the Company Nine executive officers of the Company Eight operating officers of the Company 18 trustees of the Company	One trustee of the Company 11 directors of subsidiaries	One trustee of the Company 11 directors of subsidiaries
Number of stock options by class of shares	338,000 shares of common stock in the Company's parent	676,000 shares of common stock in the Company's parent	65,100 shares of common stock in the Company's parent	124,000 shares of common stock in the Company's parent
Allocation date	October 27, 2023	October 27, 2023	February 29, 2024	February 29, 2024
Conditions on exercise	Note 1	Note 2	Note 1	Note 2
Deadline for exercise	March 31, 2033	March 31, 2028	March 31, 2033	March 31, 2028
Settlement method	Equity settlement	Equity settlement	Equity settlement	Equity settlement

Notes: 1 The stock options may be exercised in any of the following cases only:

(a) When shares of common stock in LOGISTEED Holdings, Ltd. are listed on a financial instruments exchange in Japan or a securities exchange outside of Japan ("Listing" hereinafter).

(b) When, prior to the Listing, HTSK Investment L.P. ("Controlling Shareholder" hereinafter) (however, if a parent, subsidiary, or affiliate of the Controlling Shareholder or a business entity directly or indirectly controlled by KKR [not including LOGISTEED Holdings, Ltd.; referred to collectively as "Parties Related to the Controlling Shareholder" hereinafter] holds voting rights in LOGISTEED Holdings, Ltd., then the number of such voting rights shall be totaled with those on shares of LOGISTEED Holdings, Ltd. held by the Controlling Shareholder) attempts to transfer to a third party (not including Parties Related to the Controlling Shareholder; LOGISTEED Holdings, Ltd. shall be included among third parties) its shares in LOGISTEED Holdings, Ltd. and as a result they no longer would account for more than 50% of the voting rights of all shareholders (not including case (c) below when it arise prior to exercise of the Stock Options under (b) below).

(c) When, prior to the Listing, the rights holder loses the status of an officer etc. (this refers collectively to directors, executive officers, operating officers, trustees, and others recognized as having the status of officers under the internal rules of the issuing company) or employee (including a contracted employee) of LOGISTEED Holdings, Ltd. or its subsidiaries (referred to collectively as "issuing companies" hereinafter) for a valid reason. (Loss of the status of an officer etc. or employee of the issuing company etc. is referred to as "resignation or retirement." However, cases in which the rights holder is re-employed or reappointed by the issuing company etc. promptly after resignation or retirement do not qualify as resignation or retirement except as resolved separately by the Board of Directors of LOGISTEED Holdings, Ltd.)

(d) Other conditions on exercise of the stock options shall be as provided for in stock option allocation agreements concluded between the issuing company and the grantee of the stock options.

2 The stock options may be exercised in any of the following cases only:
(a) When shares of common stock in LOGISTEED Holdings, Ltd. are listed on a financial instruments exchange in Japan or a securities exchange outside of Japan ("Listing" hereinafter).
(b) When, prior to the Listing, the rights holder loses the status of an officer etc. (this refers collectively to directors, executive officers, operating officers, trustees, and others recognized as having the status of officers under the internal rules of the issuing company) or employee (including a contracted employee) of LOGISTEED Holdings, Ltd. or its subsidiaries (referred to collectively as "issuing companies" hereinafter) for a valid reason. (Loss of the status of an officer etc. or employee of the issuing company etc. is referred to as "resignation or retirement." However, cases in which the rights holder is re-employed or reappointed by the issuing company etc. promptly after resignation or retirement do not qualify as resignation or retirement except as resolved separately by the Board of Directors of LOGISTEED Holdings, Ltd.)
(c) Other conditions on exercise of the stock options shall be as provided for in stock option allocation agreements concluded between the issuing company and the grantee of the stock options.

(b) Measurement Basis of Fair Value and Fair Value

The fair value of the stock options is calculated using the binomial model based on the main base figures and estimation methods below. Stock market conditions (knock-out provisions) are incorporated into the measurement of fair value.

		First Class A Stock Options	First Class B Stock Options	Third Class A Stock Options	Third Class B Stock Options
Fair value on the grant date	Yen	920	750	960	800
Exercise price	Yen	10,000	10,000	10,436	10,436
Expected remaining period	Year	9.44	4.43	9.09	4.09
Expected volatility (Note)	%	29.56%	28.52	28.87	28.84
Expected dividend yield	%	0%	0	0	0
Risk-free interest rate	%	0.849%	0.316	0.622	0.271

		First Class A Stock Options	First Class B Stock Options	Third Class A Stock Options	Third Class B Stock Options
Stock price on the grant date	Yen	10,000	10,000	10,436	10,436

Note: Since the shares awarded through exercise of the stock options are shares of stock in LOGISTEED Holdings, Ltd., which is not publicly traded, the expected residual period is calculated based on actual share prices of stock in similar companies.

(c) Numbers and weighted average exercise prices of stock options

The numbers and weighted average exercise prices of stock options granted are shown below. Numbers of stock options shown have been converted to numbers of shares.

	Points	
	2024	
	Weighted average exercise price, Yen	Shares
Outstanding at April 1	**-**	-
Granted	**10,069**	1,203,100
Exercised	**-**	-
Expired	**-**	-
Outstanding at March 31	**10,069**	1,203,100
Exercisable at March 31	**-**	-

The range of the exercise price on unexercised stock options at the end of the year ended March 31, 2024 was ¥10,000 - 10,436, and the weighted average remaining contract period was 5.7 years.

(d) Stock Compensation Expense

Stock compensation expense under the Plan amounted to ¥196 million ($1,294thousand) for the year ended March 31, 2024 and is included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

As described in Note 6. Business Combinations, in the year ended March 31, 2023 the Company made L-management a consolidated subsidiary.

As a result, the consolidated financial statements for the year ended March 31, 2023 include the impact of the stock compensation program employed by L-management (discontinued in the year ended March 31, 2023).

28. Financial Instruments and Related Disclosures

(a) Capital Management

The Group manages its capital under the basic policy of optimizing capital efficiency in the business activities with the objectives of realizing sustainable growth and maximizing corporate value.

In its capital management, the Group sets a goal to maintain its net assets at above a certain level stipulated in the financial covenant and monitors when necessary.

The Company is not subject to material capital requirements except for the general rules such as the Companies Act of Japan.

(b) Financial Risks

The Group is engaged in business activities world-wide, and exposed to various risks such as interest rate risk, currency exchange risk and credit risk. The Group carries out risk management in accordance with certain policies to avoid or mitigate these risks.

(i) Market risks

The Group carries out risk management to mitigate market risks arising in the ordinary course of business. In managing risks, the Group strives to avoid risks by preventing incidence from the underlying cause of such risks and makes efforts to mitigate them in case the risks cannot be avoided. The Group may use derivative transactions to avoid risks described below. Stocks included in investments in securities mainly consist of stocks of the Group's business partners and are exposed to fluctuation risk of market prices.

a. Interest rate risk

The Group raises funds through interest bearing liabilities (borrowings and bonds). Interest bearing liabilities with floating interest rates are exposed to fluctuation risk of interest rate.

Sensitivity analysis for interest rate
The sensitivity analysis for interest rate for the years ended March 31, 2024 and 2023 shown below indicates the impact on income before income taxes in the consolidated statement of profit or loss of a 1% increase in the interest rates on financial instruments (floating-rate financial assets and liabilities measured at amortized cost) held by the Group as of March 31, 2024 and 2023 while all other variables are held constant.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Impact on income before income taxes	**¥(316)**	¥(777)	**$(2,087)**

b. Currency exchange risk

The Group is engaged in global logistics services and exposed to currency exchange risk for foreign currency-denominated transactions. In order to hedge fluctuation risks of foreign currencies, the Group uses forward exchange contracts.

Sensitivity analysis for currency exchange rate
The sensitivity analysis for major currency exchange rates for the years ended March 31, 2024 and 2023 shows the impact on income before income taxes in the consolidated statement of profit or loss of a 1% appreciation of currencies other than the functional currency against the functional currency regarding the foreign currency-denominated financial instruments held by the Group as of March 31, 2024 and 2023.

The impact is calculated assuming all other variables are held constant, and the impact of translating financial instruments denominated in the functional currency and assets, liabilities, income, and expenses of foreign operations into Japanese yen is not included.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Impact on income before income taxes	**¥95**	¥198	**$627**

(ii) Credit risk

The Group extends credit to customers mainly as trade and other receivables and is exposed to credit risk that the Group may incur a loss due to customers' default on contractual obligations. For the management of credit risk of customers, the Group conducts periodic credit checks of customers including the customers' financial conditions and credit ratings by third party rating agencies, and establishes credit limits according to the credit risk. No exposure of significant concentration of credit risk is present in a single customer or customer group as the Group's trade and other receivables consist of receivables with a number of customers in diverse industries and regions. In addition, credit risk arising from financial activities such as deposits, currency transactions and other financial instruments is limited as the Group mainly trades with internationally-recognized financial institutions.

Changes in allowance for doubtful accounts for trade receivables and contract assets and other receivables during the years ended March 31, 2024 and 2023 are as follows. Other receivables include mainly financial assets measured at amortized cost such as other accounts receivable.

	Millions of yen					
	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
April 1, 2023	¥88	¥1,298	¥1,386	¥-	¥9	¥9
Increase (provision)	47	200	247	-	60	60
Decrease (write off)	(20)	(813)	(833)	-	-	-
Other (Note)	(81)	(18)	(99)	-	52	52
March 31, 2024	**34**	**667**	**701**	**-**	**121**	**121**

Note: Other includes exchange differences.

	Millions of yen					
	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
April 21, 2022	-	-	-	-	-	-
Increase from business combination	92	1,299	1,391	-	10	10
Increase (provision)	28	35	63	-	-	-
Decrease (write off)	-	(35)	(35)	-	-	-
Other (Note)	¥(32)	¥(1)	¥(33)	¥-	¥(1)	¥(1)
March 31, 2023	**88**	**1,298**	**1,386**	**-**	**9**	**9**

Note: Other includes exchange differences.

	Thousands of U.S. dollars					
	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
April 1, 2023	**$581**	**$8,573**	**$9,154**	$-	**$59**	**$59**
Increase (provision)	**310**	**1,321**	**1,631**	-	**396**	**396**
Decrease (write off)	**(132)**	**(5,370)**	**(5,502)**	-	-	-
Other (Note)	**(535)**	**(119)**	**(654)**	-	**343**	**343**
March 31, 2024	**$225**	**$4,405**	**$4,630**	**$-**	**$799**	**$799**

Note: Other includes exchange differences.

The total of the carrying amount of trade receivables and contract assets and other receivables, subject to recognition of allowance for doubtful accounts, is as follows.

	Millions of yen					
	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
April 21, 2022	-	-	-	-	-	-
March 31, 2023	¥132,023	¥1,399	¥133,422	¥4,316	¥16	¥4,332
March 31, 2024	**¥140,483**	**¥691**	**¥141,174**	**¥3,681**	**¥171**	**¥3,852**

	Thousands of U.S. dollars					
	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
March 31, 2024	**$927,832**	**$4,564**	**$932,395**	**$24,311**	**$1,129**	**$25,441**

Except for guarantee obligations, the Group's maximum exposure to the credit risk without considering collateral held equals the carrying amount of the financial assets, net of impairment, in the consolidated statement of financial position.

(iii) Liquidity risk

The Group's financial liabilities including trade payables and long-term debt are exposed to liquidity risk. The Group's key policy on financing activities is to maintain liquidity at the appropriate level to conduct current and future business activities and secure funding flexibly and efficiently. In order to optimize capital efficiency, the Group promotes a centralized cash management system.

The following tables present the maturities of non-derivative financial liabilities held by the Group.

Trade payables and deposits received are not included in the tables since their carrying amount agrees with their contractual cash flows and they all mature in less than one year.

	Millions of yen				
	March 31, 2024				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	**¥23,037**	**¥23,051**	**¥23,051**	**¥ -**	**¥ -**
Long-term debt					
Bonds	**48,447**	**52,286**	**272**	**30,895**	**21,119**
Long-term debt (Note)	**195,236**	**211,667**	**12,667**	**126,135**	**72,865**
Lease liabilities	**439,895**	**536,608**	**52,063**	**142,476**	**342,069**
Other financial liabilities					
Liabilities for written put options over non-controlling interests	**24,840**	**25,129**	**3,187**	**21,942**	**-**
Financial liabilities related to leaseback transactions	**21,089**	**26,871**	**1,461**	**5,841**	**19,569**
Installment payables	**¥15,988**	**¥17,092**	**¥5,117**	**¥11,969**	**¥6**

Note: Including current portion.

	Millions of yen				
	March 31, 2023				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	¥36	¥38	¥38	¥ -	¥ -
Long-term debt					
Bonds	48,218	52,558	272	20,975	31,311
Long-term debt (Note)	199,079	221,418	4,461	72,748	144,209
Lease liabilities	283,535	341,944	39, 830	103,274	198,840
Other financial liabilities					
Financial liabilities related to purchase of shares in less than minimum unit arising from reverse stock split	67,117	67,143	67,143	-	-
Liabilities for written put options over non-controlling interests	19,119	19,125	17,882	1,243	-
Installment payables	¥12,711	¥13,418	¥4,464	¥8,451	¥ 503

Note: Including current portion.

	Thousands of U.S. dollars				
	March 31, 2024				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	**$152,150**	**$152,242**	**$152,242**	**$ -**	**$ -**
Long-term debt					
Bonds	**319,972**	**345,327**	**1,796**	**204,049**	**139,482**
Long-term debt (Note)	**1,289,452**	**1,397,972**	**83,660**	**833,069**	**481,243**
Lease liabilities	**2,905,323**	**3,544,072**	**343,854**	**940,995**	**2,259,223**
Other financial liabilities					
Liabilities for written put options over non-controlling interests	**164,058**	**165,967**	**21,049**	**144,918**	**-**
Financial liabilities related to leaseback transactions	**139,284**	**177,472**	**9,649**	**38,577**	**129,245**
Installment payables	**$105,594**	**$112,886**	**$33,796**	**$79,050**	**$40**

Note: Including current portion.

The weighted average interest rates for short-term debt, long-term debt and installment payables for the year ended March 31, 2024 are 1.2%, 1.9% and 3.0%, respectively, with maturities ranging from 2024 to 2030.

The details on each bond issued are provided below.

Issuer	Name of bond	Issue date	Millions of yen		Thousands of U.S. dollars	Interest rate (%)	Security	Maturity
			March 31, 2024	March 31, 2023	**March 31, 2024**			
The Company	Unsecured Bond #4	September 28, 2016	**¥9,909**	¥9,868	**$65,445**	0.330	Unsecured	September 28, 2026
The Company	Unsecured Bond #5	September 28, 2016	**9,723**	9,685	**64,216**	0.750	Unsecured	September 26, 2031
The Company	Unsecured Bond #6	September 4, 2018	**9,954**	9,918	**65,742**	0.250	Unsecured	September 4, 2025
The Company	Unsecured Bond #7	September 4, 2018	**9,751**	9,693	**64,401**	0.405	Unsecured	September 4, 2028
The Company	Unsecured Bond #8	September 4, 2018	**¥ 9,110**	¥9,054	**$60,168**	0.980	Unsecured	September 3, 2038

Debts at the end of the years ended March 31, 2024 and March 31, 2023 include a syndicated loan agreement concluded February 24, 2023 ("Agreement" hereinafter). Of the total credit line under this Agreement, ¥50,000 million is a commitment line of credit, and the unexecuted balance under this commitment line at the end of each consolidated fiscal year is shown below.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	**March 31, 2024**
Maximum amount under commitment line	50,000	50,000	330,229
Outstanding balance of borrowing	23,000	-	151,905
Balance (undrawn commitment)	27,000	50,000	178,324

The agreement is subject to financial covenants concerning maintaining profit, net assets, etc., and in case of a violation of any of the covenants, the Company may forfeit the benefit of time, which may affect the Company's funding. The Company is in compliance with the financial covenants as of March 31, 2024.

(c) Fair Value of Financial Instruments

(i) Fair value measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities. Information on the classification based on the fair value hierarchy is set forth in "(iii) Financial instruments measured at fair value in consolidated statement of financial position."

Cash and cash equivalents, Short-term debt, Trade payables and Deposits received

The carrying amount approximates the fair value because of the short maturity of these instruments.

Trade receivables

For accounts receivable, notes receivable and electronically recorded monetary claims that are settled in short term, the carrying amount approximates their fair value.

The fair value of lease receivables is calculated by discounting future cash flows of receivables classified by certain period by an interest rate adjusted for the period up to maturity and the credit risk, and is classified as Level 2.

Other financial assets

Derivative assets are measured at fair value based on non-distressed quoted prices, prices in inactive markets, or models using observable interest rates and yield curves and forward and spot rates for foreign currencies and commodities, and they are classified as Level 2.

The fair value of lease receivables is calculated by discounting future cash flows by an interest rate adjusted for credit risk and is classified as Level 2.

The carrying amount of other accounts receivable approximates the fair value because they are settled in the short term.

The fair value of long-term loans receivable is calculated by discounting future cash flows at the market interest rates applicable to the similar contractual terms and is classified as Level 2.

The fair value of marketable securities is estimated using the quoted stock prices and classified as Level 1.

In the absence of an active market for investments in securities, quoted prices for similar investment in securities, non distressed quoted prices for identical or similar investment in securities or other relevant information including observable interest rates, yield curves, credit spreads or default rates are used to determine fair value, and they are classified as Level 2. If significant inputs for fair value measurement are unobservable, the Group uses price information provided by financial institutions to evaluate such investments and classifies them as Level 3. The information provided is verified with the income approach using the Group's own valuation model or the market approach using comparisons with prices of similar securities.

The fair value of guarantee deposits is calculated by contract based on the present value of future cash flows discounted at the rate reflecting the credit risk according to the contract period and is classified as Level 3.

Long-term debt

The fair value of long-term debt is calculated based on its quoted market prices or present value of future cash flows discounted at the market interest rates applicable to the similar contractual terms and is classified as Level 2.

The carrying amount of long-term debt with floating interest rates approximates the fair value because the market interest rates are reflected in floating interest rates within a short period of time. Long-term debt with floating interest rates is classified as Level 2.

Other financial liabilities

Derivative liabilities are measured at fair value based on non-distressed quoted prices, prices in inactive markets, or models using observable interest rates and yield curves, forward and spot rates for foreign currencies and commodities, and they are classified as Level 2.

The fair value of installment payables is calculated for liabilities grouped by a certain period of the installment term to maturity using the present value of future cash flows discounted at the rate reflecting the time to maturity and credit risk. Installment payables are classified as Level 2.

The present value of redemption value of liabilities for written put options over non-controlling interests is calculated by discounting future cash flows by an interest rate adjusted for the period until the exercise of the option and the credit risk, and is classified as Level 3.

(ii) Financial instruments measured at amortized cost

The carrying amount and fair value of the financial assets and liabilities measured at amortized cost are as follows:

	Millions of yen				Thousands of U.S. dollars	
	March 31, 2024		March 31, 2023		**March 31, 2024**	
	Carrying amount	**Fair value**	Carrying amount	Fair value	**Carrying amount**	**Fair value**
Assets						
Trade receivables						
Accounts receivable	**¥132,596**	**¥132,596**	¥123,290	¥123,290	**$875,741**	**$875,741**
Lease receivables	2,222	2,263	2,517	2,555	14,675	14,946
Other financial assets						
Lease receivables	243	244	617	633	1,605	1,612
Other accounts receivable	51,665	51,665	4,330	4,330	341,226	341,226
Long-term loans receivable	150,871	150,518	76	76	996,440	994,109
Guarantee deposits	14,856	14,856	11,508	11,508	98,118	98,118
Liabilities						
Long-term debt (Note)						
Bonds	**¥48,447**	**¥48,523**	¥48,218	¥48,841	**$319,972**	**$320,474**
Long-term debt	195,236	196,689	199,079	201,567	1,289,452	1,299,049
Other financial liabilities						
Installment payables	**¥15,988**	**¥16,947**	¥12,711	¥13,351	**$105,594**	**$111,928**

Note: Long-term debt is included in Current portion of long-term debt and Long-term debt in the consolidated statement of financial position.

(iii) Financial instruments measured at fair value in the consolidated statement of financial position

The following shows the classification based on the fair value hierarchy, and fair values are classified into the following three levels based on the inputs used in measurement:

Level 1: Fair value measured by quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1
Level 3: Fair value measured using material unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the lowest level input that is significant to the entire measurement.

Transfers between fair value hierarchy levels are deemed to have occurred at the beginning of each quarter.

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis is as follows:

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Derivative assets	**¥ -**	**¥22**	**¥ -**	**¥22**
Other financial assets	**-**	**-**	**6,266**	**6,266**
FVTOCI financial assets:				
Equity securities	**¥2,996**	**¥-**	**¥2,747**	**¥5,743**

March 31, 2023	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Other financial assets	-	-	7,963	7,963
FVTOCI financial assets:				
Equity securities	¥2,448	¥-	¥3,008	¥5,456

March 31, 2024	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Derivative assets	**$**	**$145**	**$-**	**$145**
Other financial assets	**-**	**-**	**41,384**	**41,384**
FVTOCI financial assets:				
Equity securities	**$19,787**	**$-**	**$18,143**	**$37,930**

The following tables present changes in Level 3 financial instruments measured at fair value on a recurring basis for the years ended March 31, 2024 and 2023.

2024	Millions of yen		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at April 1, 2023	**¥7,963**	**¥3,008**	**¥10,971**
Purchases (Note 1)	**24,744**	**-**	**24,744**
Sales/redemption (Note 2)	**(26,708)**	**(112)**	**(26,820)**
Profit or loss			
Net profit/loss (Note 3)	**(230)**	**-**	**(230)**
OCI (Note 4)	**-**	**(151)**	**(151)**
Other (Note 5)	**497**	**2**	**499**
Balance at March 31, 2024	**¥6,266**	**¥2,747**	**¥9,013**

Notes: 1. Purchases of FVTPL financial assets mostly consist of ¥24,488 million ($161,733thousand) of payments into exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi, whose ending balance is ¥6,104 million ($40,314thousand). This amount is included in “Changes in time deposits” in the consolidated statement of cash flows.

2. Sales/redemption of FVTPL financial assets mostly consist of ¥ 26,707 million ($176,389thousand) of maturity proceeds of exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi. This amount is included in “Changes in time deposits” in the consolidated statement of cash flows.

3. Included in “Financial expenses” in the consolidated statement of profit or loss.

4. Included in “Net changes in financial assets measured at fair value through OCI” in the consolidated statement of comprehensive income.

5. “Other” mainly consists of translation differences related to financial instruments denominated in foreign currencies.

2023	Millions of yen		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at April 21, 2022	-	-	-
Purchases (Note 1)	7,129	-	7,129
Sales/redemption (Note 2)	(7,064)	(59)	(7,123)
Profit or loss			
Net profit/loss (Note 3)	159	-	159
OCI (Note 4)	-	-	-
Increase from business combination	7,526	3,067	10,593
Other (Note 5)	213	-	213
Balance at March 31, 2023	¥7,963	¥3, 008	¥10,971

Notes: 1. Purchases of FVTPL financial assets of ¥7,129 million represent payments into exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi for valuation gains on foreign currency-denominated assets. The ending balance of this financial asset is ¥7,821 million. This amount is included in "Changes in time deposits" in the consolidated statement of cash flows.

2. Sales/redemption of FVTPL financial assets mostly consist of ¥ 7,064 million of maturity proceeds of exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi. This amount is included in "Changes in time deposits" in the consolidated statement of cash flows.
3. Included in "Financial income" on the consolidated statement of profit or loss.
4. Included in "Net changes in financial assets measured at fair value through OCI" in the consolidated statement of comprehensive income.
5. "Other" includes foreign-currency transaction differences, related mainly to foreign-currency financial instruments.

2024	Thousands of U.S. dollars		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at April 1, 2023	**$52,592**	**$19,867**	**$72,459**
Purchases (Note 1)	**163,424**	**-**	**163,424**
Sales/redemption (Note 2)	**(176,395)**	**(740)**	**(177,135)**
Profit or loss			
Net profit/loss (Note 3)	**(1,519)**	**-**	**(1,519)**
OCI (Note 4)	**-**	**(997)**	**(997)**
Other (Note 5)	**3,282**	**13**	**3,296**
Balance at March 31, 2024	**$41,384**	**$18,143**	**$59,527**

Notes:
1. Purchases of FVTPL financial assets mostly consist of ¥24,488 million ($161,733thousand) of payments into exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi, whose ending balance is ¥6,104 million ($40,314thousand). This amount is included in “Changes in time deposits” in the consolidated statement of cash flows.
2. Sales/redemption of FVTPL financial assets mostly consist of ¥ 26,707 million ($176,389thousand) of maturity proceeds of exchange-rate-protected Turkish lira time deposits by our Turkish subsidiary Mars Lojistik Grup Anonim Sirketi. This amount is included in “Changes in time deposits” in the consolidated statement of cash flows.
3. Included in “Financial expenses” in the consolidated statement of profit or loss.
4. Included in “Net changes in financial assets measured at fair value through OCI” in the consolidated statement of comprehensive income.
5. “Other” mainly consists of translation differences related to financial instruments denominated in foreign currencies.

The balance of liabilities for written put options over non-controlling interests as of March 31, 2023 was ¥19,119 million.
The balance of liabilities for written put options over non-controlling interests as of April 1, 2024 and March 31, 2023 was ¥24,840 million ($164,058thousand) and ¥19,119 million, respectively.

Liabilities for written put options over non-controlling interests are not included on the preceding page or in the table above.

(iv) Fair value of FVTOCI financial assets by issue

The fair value of major equity instruments designated as FVTOCI is as follows.

	Millions of yen	Thousands of U.S. dollars
	March 31, 2024	
Major FVTOCI financial assets	Fair value	
WORLD TRADE CENTER BUILDING, INC.	**¥1,206**	**$7,965**
FUKUYAMA TRANSPORTING CO., LTD.	**726**	**4,795**
AEON CO., LTD.	**719**	**4,749**
SENKON LOGISTICS CO., LTD.	**433**	**2,860**
YABUKI KAIUN KAISHA, LTD.	**360**	**2,378**
AEON Financial Service Co., Ltd.	**333**	**2,199**
LOGICOM CO., LTD.	**289**	**1,909**
OKAMURA CORPORATION	**272**	**1,796**
Nuclear Fuel Transport Company, Ltd.	**199**	**1,314**
Canon Marketing Japan Inc.	**155**	**1,024**
TAKACHIHO KOHEKI CO., LTD.	**137**	**905**
Sawai Pharmaceutical Co., Ltd.	**121**	**799**

	Millions of yen
	March 31, 2023
Major FVTOCI financial assets	Fair value
WORLD TRADE CENTER BUILDING, INC.	¥1,470
FUKUYAMA TRANSPORTING CO., LTD.	719
AEON CO., LTD.	513
SENKON LOGISTICS CO., LTD.	395
YABUKI KAIUN KAISHA, LTD.	333
AEON Financial Service Co., Ltd.	292
LOGICOM CO., LTD.	288
Nuclear Fuel Transport Company, Ltd.	187
OKAMURA CORPORATION	164
Canon Marketing Japan Inc.	109

(v) Derecognition of FVTOCI financial assets

Accumulated gains and losses on valuation of investments in securities classified as FVTOCI financial assets are reclassified into retained earnings when the relevant assets are derecognized during the fiscal year.

Net gain of ¥24 million ($159thousand) and ¥33 million, net of taxes, was reclassified during the years ended March 31, 2024 and March 31, 2023, respectively, mainly due to sales of shares as a result of reviewing business relations.

The details of FVTOCI financial assets that were derecognized during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Fair value at the time of derecognition	**¥82**	¥60	**$542**
Accumulated gains/losses at the time of derecognition	**¥29**	¥33	**$192**

(vi) Dividend income

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Investments derecognized during the year	**¥6**	¥ -	**$40**
Investments held as of the end of the year	**89**	-	**588**
Total	**¥95**	¥-	**$627**

29. Pledged Assets

Assets pledged as collateral and secured liabilities are shown below.

	Millions of yen		Thousands of U.S. dollars
Assets pledged as collateral	**March 31, 2024**	March 31, 2023	**March 31, 2024**
Cash and cash equivalents	**429**	-	**$ 2,833**
Trade receivables and contract assets	**1,331**	-	**8,791**
Property, plant and equipment	**2,398**	-	**15,838**
Total	**4,158**	-	**27,462**

Note: Subsidiaries for which balances were extinguished through offsetting of investments and capital on the consolidated financial statements in the year ended March 31, 2023 pledged ¥471,911 million of stock as security.

	Millions of yen		Thousands of U.S. dollar
Corresponding debts	**March 31, 2024**	March 31, 2023	**March 31, 2024**
Current portion of long-term debt	**299**	-	**1,975**
Long-term debt	**606**	198,249	**4,002**
Total	**905**	198,249	**5,977**

30. Principal Subsidiaries

The Company's consolidated financial statements include the following subsidiaries listed below.

As of March 31, 2024			
Name of subsidiary	Business location	Description of principal business	Ownership ratio (%)
LOGISTEED North Japan, Ltd.	Nishi-ku, Sapporo, Hokkaido	Domestic logistics	100.0
LOGISTEED East Japan, Ltd.	Taito-ku, Tokyo	Domestic logistics	100.0
LOGISTEED Central Japan, Ltd.	Naka-ku, Nagoya, Aichi	Domestic logistics	100.0
LOGISTEED West Japan, Ltd.	Konohana-ku, Osaka, Osaka	Domestic logistics	100.0
LOGISTEED Kyusyu, Ltd.	Hisayama-machi, Kasuya-gun, Fukuoka	Domestic logistics	100.0
LOGISTEED Collabonext, Ltd.	Taito-ku, Tokyo	Domestic logistics	95.0
LOGISTEED Chemical, Ltd.	Taito-ku, Tokyo	Domestic logistics	90.0
VANTEC CORPORATION	Nishi-ku, Yokohama, Kanagawa	Domestic logistics and global logistics	100.0
LOGISTEED Express, Ltd.	Chuo-ku, Tokyo	Global logistics	100.0
LOGISTEED Solutions, Ltd.	Koto-ku, Tokyo	Information system development	75.0
LOGISTEED Auto Service, Ltd.	Taito-ku, Tokyo	Automobile sale and inspection service	60.0
PALENET CO., LTD.	Kanagawa-ku, Yokohama, Kanagawa	Development, manufacturing, sale and rental business of cargo handling materials and equipment	80.0
LOGISTEED East Japan Distribution Services, Ltd.	Hitachi, Ibaraki	Packing, trading of wood, and processing and sale of wood products	100.0
LOGISTEED America, Inc.	Torrance, U.S.A.	Global logistics	100.0
J.P. Holding Company, Inc.	Anderson, U.S.A.	Global logistics	100.0
LOGISTEED Europe B.V.	Waardenburg, The Netherlands	Global logistics	100.0
ESA s.r.o.	Kladno, Czech Republic	Global logistics	100.0
Mars Lojistik Grup Anonim Sirketi	Istanbul, Turkey	Global logistics	90.0
Van den Bos & van Daalen Materieel B.V.	Maasdijk, The Netherlands	Global logistics	100.0
LOGISTEED Hong Kong, Ltd.	Hong Kong, China	Global logistics	100.0
LOGISTEED China, Ltd.	Shanghai, China	Global logistics	100.0
LOGISTEED Asia-Pacific Pte. Ltd.	Singapore	Global logistics	100.0
Flyjac Logistics Pvt. Ltd.	Mumbai, India	Global logistics	100.0
Other 58 subsidiaries			

Changes in the percentage of voting rights in L-management held by the Group are described below.

Year ended March 31, 2023 (April 21, 2022 - March 31, 2023)
On December 6, 2022, the Company acquired 51.11% of voting rights in L-management through a takeover bid of common stock.
Through a reverse stock split effective February 28, 2023 and acquisition by L-management on March 1, 2023 of treasury shares held by Hitachi, Ltd., the Group increased its holdings from 51.11% to 100.0% of L-management's voting rights.
On March 31, 2023, the Company transferred some of its holdings of L-management stock to its parent company LOGISTEED Holdings, Ltd. as in-kind dividends. As a result, the Group's share of voting rights in L-management decreased from 100.0% to 90.0%.

Year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
On May 1, 2023, the Company purchased shares in less than the minimum trading unit arising from the reverse stock split effective February 28, 2023, and on August 31, 2023 it sold one share of treasury stock to the parent company LOGISTEED Holdings, Ltd. in exchange for shares of stock in L-management. As a result, the Group's share of voting rights in L-management increased from 90.0% to 100.0%.
Through an absorption-type company split effective March 1, 2024 in which the Company was the succeeding company and L-management was the absorbed company, the Company succeeded to all businesses of L-management. On the same date as the effective date of this absorption-type company split, the Company consolidated 34 logistics centers under Group ownership in Japan into L-management and transferred all shares of stock it held in L-management. This was intended to transition to an asset-light business model and to improve capital efficiency. As a result of this transaction, the Group's share of voting rights in L-management decreased from 100.0% to 0.0% and L-management no longer is a Group subsidiary.

31. Related Party Transactions

(a) Related Party Transactions

The material transactions between the Group and its related parties are as follows.

For the year ended March 31, 2024		Millions of yen			
Type	Name	Description of transactions	Transaction amount	Account	Ending balance
Ultimate controlling party	KKR	Management guidance fees (Note 1)	**¥649**	Other current liabilities	**¥162**
Parent company	LOGISTEED Holdings, Ltd.	Loans receivable (Note 2)	**150,800**	Long-term loans receivable	**150,800**
		Interest received (Note 2)	**81**	-	-
		Sale of treasury stock (Note 3)	**47,760**	-	-
		Provision of shares as collateral for the Company's bank loans (Note 4)	**171,100**	-	-
		Dividends paid (Note 5)	**10,460**	-	-

Note: Transaction terms and policies to determine transaction terms

1. Management guidance fees are determined through negotiation, with consideration for business details.
2. The interest rate for loans receivable is determined reasonably in consideration of market interest rates.
3. Effective August 31, 2023, the Company sold one share of treasury stock in exchange for one share of common stock in L-management.
4. All of the Company's shares owned by LOGISTEED Holdings, Ltd. are provided as collateral to a financial institution for borrowings under the loan agreement entered into by the Company.
5. See 21. Dividends.

For the year ended March 31, 2023		Millions of yen			
Type	Name	Description of transactions	Transaction amount	Account	Ending balance
Ultimate controlling party	KKR	Management guidance fees (Note 1)	¥54	Other current liabilities	¥54
Parent company	LOGISTEED Holdings, Ltd.	Issuance of new shares (Note 2)	0	-	-
		Gratis acquisition of treasury stock (Note 3)	-	-	-
		Sale of treasury (Note 4)	489,350	-	-
		In-kind dividend of stock in subsidiary (Note 5)	47,760	-	-

Note: Transaction terms and policies to determine transaction terms

1. Management guidance fees are determined through negotiation, with consideration for business details.
2. 200,000,000 shares of common stock were issued April 21, 2022.
3. The Company acquired 199,999,999 shares of treasury stock gratis on April 27, 2022.
4. The Company sold 45,817,802 shares, 2,117,199 shares, and 1,000,000 shares of treasury stock at ¥10,000/share on December 2, 2022, February 22, 2023, and March 1, 2023, respectively.
5. See 21. Dividends.

For the year ended March 31, 2024		Thousands of U.S. dollars			
Type	Name	Description of transactions	Transaction amount	Account	Ending balance
Ultimate controlling party	KKR	Management guidance fees (Note 1)	**$4,286**	Other current liabilities	**$1,070**
Parent company	LOGISTEED Holdings, Ltd.	Loans receivable (Note 2)	**995,971**	Long-term loans receivable	**995,971**
		Interest received (Note 2)	**535**	-	-
		Sale of treasury stock (Note 3)	**315,435**	-	-
		Provision of shares as collateral for the Company's bank loans (Note 4)	**1,130,044**	-	-
		Dividends paid (Note 5)	**69,084**	-	-

Note: Transaction terms and policies to determine transaction terms
1. Management guidance fees are determined through negotiation, with consideration for business details.
2. The interest rate for loans receivable is determined reasonably in consideration of market interest rates.
3. Effective August 31, 2023, the Company sold one share of treasury stock in exchange for one share of common stock in L-management.
4. All of the Company's shares owned by LOGISTEED Holdings, Ltd. are provided as collateral to a financial institution for borrowings under the loan agreement entered into by the Company.
5. See 21. Dividends.

(b) Directors' Compensation

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Short-term employee benefits	**¥976**	¥295	**$6,446**
Stock compensation	**196**	234	**1,294**
Total	**¥1, 172**	¥529	**$7,741**

(c) Parent company

The Company's immediate parent company is LOGISTEED Holdings, Ltd. and its ultimate controlling party is KKR.

32. Contingencies

Not applicable.

33. Subsequent Events

(Takeover bid for ALPS LOGISTICS CO., LTD.)

In its meeting held on May 9, 2024, the Company Board of Directors resolved to launch a takeover bid by the Company's wholly owned subsidiary LDEC, Ltd. ("Offering Company") for the stock of ALPS LOGISTICS CO., LTD. ("Takeover Target") pursuant to the Financial Instruments and Exchange Act ("Takeover Bid").

(1) Purpose of Takeover Bid

This bid is intended to provide integrated, efficiency, high-value-added logistics services from procurement through completed products and secure benefits of scale through growing the customer base and increasing logistics volumes and to realize more advanced system development, through synergies with the Group's logistics networks, expertise in semiconductors and distribution, domestic and international forwarding networks, and operational excellence as a 3PL pioneer in Japan.

(2) Overview of Takeover Target

1)	Name	ALPS LOGISTICS CO., LTD.	
2)	Address	1756 Nippa-cho, Kohoku-ku, Yokohama-shi, Kanagawa Prefecture	
3)	Names and titles of representatives	Masaru Usui, Representative Director, Executive Chairman Hideaki Terasaki, Representative Director, President	
4)	Business description	General logistics services and sale of forming materials, packaging materials, and electronic devices	
5)	Capital	¥2,353 million (as of December 31, 2023)	
6)	Established	July 2, 1964	
7)	Major shareholders and percentages of shares held (as of September 30, 2023)	ALPS ALPINE CO., LTD.	46.6%
		TDK Corporation	7.9%
		BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing proxy MUFG Bank, Ltd.)	6.4%
		The Master Trust Bank of Japan, Ltd. (trust account)	5.3%
		Alpine CO, LTD.	2.2%
		AVI JAPAN OPPORTUNITY TRUST PLC (Standing proxy Settlement Division of Mizuho Bank, Ltd)	1.4%
		STATE STREET BANK AND TRUST COMPANY 505012 (Standing proxy Tokyo Branch of the Hongkong and Shanghai Banking Corporation Ltd.)	1.4%
		Custody Bank of Japan, Ltd. (trust account)	1.4%
		Tachibana Securities Co., Ltd.	1.1%
		BBH FOR FIDELITY GROUP TRUST BENEFIT (PRINCIPAL ALL SECTOR SUB PORTFOLIO) (Standing proxy MUFG Bank, Ltd.)	1.1%
8)	Relationships between the Offering Company and the Takeover Target		
	Capital relationships	Not applicable.	
	Personal relationships	Not applicable.	
	Transaction relationships	Not applicable.	
	Interested party status	Not applicable.	

Note: "7) Major shareholders and percentages of shares held (as of September 30, 2023)" above is an excerpt from "Major shareholders" in the financial report for the second quarter of the 60th fiscal period issued by the Takeover Target on November 9, 2023.

(3) Timing of Takeover Bid etc.
The Takeover Bid is expected to commence around mid-August 2024.

(4) Offer Price
1) ¥5,774 per share of common stock
2) Stock options
A) Stock options issued based on a resolution of the Board of Directors meeting held June 18, 2014
¥1,154,600/share (exercise period July 24, 2014 through July 23, 2054)
B) Stock options issued based on a resolution of the Board of Directors meeting held June 17, 2015
¥1,154,600/share (exercise period July 23, 2015 through July 22, 2055)
C) Stock options issued based on a resolution of the Board of Directors meeting held June 21, 2016
¥577,300/share (exercise period July 16, 2016 through July 15, 2056)
D) Stock options issued based on a resolution of the Board of Directors meeting held June 21, 2017
¥577,300/share (exercise period July 20, 2017 through July 19, 2057)
E) Stock options issued based on a resolution of the Board of Directors meeting held June 20, 2018
¥577,300/share (exercise period July 21, 2018 through July 20 2058)

(5) Number of shares etc. planned for purchase

Class of shares etc.	Number planned for purchase	Minimum number planned for purchase	Maximum number planned for purchase
Common stock	18,211,672 (shares)	6,368,200 (shares)	- (shares)
Total	18,211,672 (shares)	6,368,200 (shares)	- (shares)

(Additional Information)

1. Fire at our consolidated subsidiary

On November 29, 2021, a fire broke out at a logistics center at Maishima Sales Office of LOGISTEED West Japan, Ltd., one of our consolidated subsidiaries, and was extinguished on December 4, 2021.

The balance of provision for loss by fire as of March 31, 2024 was ¥5,068 million ($33,472thousand) and included payments to customers and other affected parties that can be reasonably estimated. Changes in “Provision for loss by fire” and “Other payables” included in “Other current liabilities” and “Other non-current liabilities” during the year ended March 31, 2024 are shown in the table below.

	Millions of yen		Thousands of U.S. dollars	
	Provision for loss by fire	**Other payables**	**Provision for loss by fire**	**Other payables**
Balance at April 1, 2023	**¥11,221**	**¥120**	**$74,110**	**$793**
Increase during the period	**500**	**186**	**3,302**	**1,228**
Decrease due to intended use	**(1,463)**	**(247)**	**(9,663)**	**(1,631)**
Decrease due to reversal	**(1,819)**	**-**	**(12,014)**	**-**
Reclassified to other payables	**(3,371)**	**3,371**	**(22,264)**	**22,264**
Balance at March 31, 2024	**¥5,068**	**¥3,430**	**$33,472**	**$22,654**
Current liabilities	**¥1,026**	**¥3,430**	**$6,776**	**$22,654**
Non-current liabilities	**4,042**	**-**	**26,696**	**-**

On January 11, 2024, a fire broke out at a logistics center of LOGISTEED East Japan, Ltd., our consolidated subsidiary, in Kanagawa Prefecture, and was extinguished on January 12, 2024.

The balance of provision for loss by fire as of March 31, 2024 was ¥1,821 million ($12,027thousand)and included losses related to restoration of damaged facilities and payments to customers and other affected parties that can be reasonably estimated. Changes in “Provision for loss by fire” and “Other payables” included in “Other current liabilities” during the year ended March 31, 2024 are shown in the table below.

	Millions of yen		Thousands of U.S. dollars	
	Provision for loss by fire	**Other payables**	**Provision for loss by fire**	**Other payables**
Balance at April 1, 2023	-	-	-	-
Increase during the period	¥1,821	¥1,080	12,027	7,133
Balance at March 31, 2024	1,821	1,080	12,027	7,133
Current liabilities	1,821	1,080	12,027	7,133
Non-current liabilities	-	-	-	-

In addition, during the year ended March 31, 2024, the Company recorded ¥3,811 million ($25,170thousand) of additional recognition of provision for loss by fire as “Loss by fire” in other expenses. In addition, since construction was completed and the amount finalized for provisions recorded to be prepared for demolition and removal of burned buildings, the difference from the final amount was recorded as ¥2,306 million ($15,230thousand) in "Reversal of provision for loss by fire" An insurance payment related to the fire whose amount is fixed of ¥1,702 million ($11,241thousand) was recorded as “Insurance proceeds” in other income, but the impact of any additional insurance payment on the Company’s consolidated financial statements in the future periods is yet to be determined at this point.

The Company is now discussing the payments, etc. related to the fire with the relevant parties, and because some of the effects stated above were calculated based on the best estimate using the information available to us at this point, in the event it becomes necessary to review the accounting estimates as the discussion progresses, it may have an impact on the Company’s consolidated financial statements for the fiscal year ending March 31, 2025 or thereafter.

[TRANSLATION]
This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Independent Auditor's Report

The Board of Directors
LOGISTEED, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of LOGISTEED, Ltd. (formerly LOGISTEED Group, Ltd.) and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of March 31, 2024 and March 31, 2023 and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows, and notes to the consolidated financial statements, for the two consolidated fiscal years then ended, as described under "Accounting," to obtain audit certification pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and March 31, 2023 and its consolidated financial performance and its consolidated cash flows for each of the years then ended in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the consolidated fiscal year ended March 31, 2024. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in the audit of the consolidated financial statements for the consolidated fiscal year ended March 31, 2024

Valuation of goodwill	
Description of Key Audit Matter	Auditor's response
As described in Note 14, "Goodwill and Intangible Assets," to the consolidated financial statements, of the total of ¥298,985 million in goodwill, the Company allocated ¥228,928 million to the domestic logistics group of cash-generating units (CGUs) and ¥70,057 million to the global logistics group of CGUs. Each of these amounts accounts for 15% and 4% of total assets, respectively. The Company's goodwill was recognized mainly as a result of the business combination of L-management, Ltd. The Company performs an impairment test for goodwill by estimating the recoverable amount every year, regardless of whether there is any indication of impairment, or when any indication of impairment is identified. The impairment test compares the carrying amount and recoverable amount of a cash-generating unit, and any excess of the carrying amount of assets allocated to a cash-generating unit over the recoverable amount is recognized as impairment loss. In principle, in impairment testing the Company uses as CGUs the business units it uses for internal reporting purposes. The recoverable amount of each CGU is calculated based on value in use, which is mainly calculated by the estimated future cash flows based on business plans approved by management, discounted to their present value at the discount rate derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experience, and generally covers a maximum of five years. Estimated future cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the CGU belongs. The Company did not recognize any impairment losses on goodwill in the consolidated fiscal year under review. The significant assumptions used in calculating the recoverable amount are the rate of growth in sales and the EBIT margin based on the business plan, the rate of growth after the business plan, and the discount rate. The result of calculating the recoverable amount may differ significantly	To assess the valuation of goodwill, we performed the following audit procedures, among others: (1) Evaluation of internal controls ・With respect to the valuation process for the goodwill impairment test, we evaluated the design and operating effectiveness of internal controls over internal review and approval of business plans used in the goodwill valuation. (2) Evaluation and verification of Company estimates We conducted the following procedures to assess the efficacy of the business-plan formulation process and to assess the significant assumptions used in calculating the recoverable amount: ・We compared the Company's business plans in prior years with actual results and business plans at the time of impairment testing. ・Regarding the rate of growth in sales and the EBIT margin, we questioned management about the state of receipt of orders and measures to achieve business plans and compared them with available external data. ・In considering the rate of growth after the business plan and the discount rate, we engaged valuation specialists of firms in our network to verify whether the valuation method etc. used by the Company are consistent with general valuation practices. ・We considered the impact of significant assumptions on the recoverable amount through sensitivity analysis assuming reasonable changes.

depending on future business plans and economic conditions, and therefore the Company considers these estimates to be important. When the calculation result of the recoverable amount is significantly different, impairment loss may be recognized in the consolidated financial statements in future years. We have identified auditing of valuation of goodwill as a key audit matter because consideration of management’s objective judgments on key assumptions in calculation of the recoverable amount as well as the valuation method, growth rate, and discount rate in calculation of value in use are complex matters that involve specialized expertise and require professional judgment.	

<table>
<tr><td colspan="2">Valuation of the estimate of the provision for loss by fire related to the fire that occurred at the Maishima Sales Office</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's response</th></tr>
<tr><td>As described in "(d) Use of Estimates and Judgments: (v) Provision for loss by Fire" of "Note 2. Basis of Presentation to the consolidated financial statements" and "Note 16. Provisions" and "(Additional Information) 1. (Fire at Our Consolidated Subsidiary)," on November 29, 2021, a fire occurred at a logistics center of the Maishima Sales Office of LOGISTEED West Japan, Ltd. (renamed from Hitachi Transport System West Japan Co., Ltd. effective April 1, 2023; hereinafter referred to as "LOGISTEED West Japan, Ltd."). As of March 31, 2024, the Company had recorded ¥ 5,068 million as provision for loss by fire to provide for possible future loss on payments to customers and other affected parties. This amount is included in other current liabilities and other non-current liabilities in the consolidated statement of financial position as of March 31, 2024.

The Company estimated the payments to customers and other affected parties based on assumptions about the extent of payments to be made by the Company in consideration of legal experts' opinions and the current situation of discussions with the affected parties.

These assumptions were made based on the best estimates and judgment made by management using the information available at this point. However, there are uncertainties regarding the progress of discussions with and decisions by customers and other affected parties.

The key assumptions used in estimating the provision for loss by fire related to the fire that occurred at Maishima Sales Office have a high degree of uncertainty involving subjective judgments by management and require professional judgment. Therefore, we determined this matter to be a key audit matter.</td>
<td>To assess the valuation of the estimate for provision for loss by fire related to the fire that occurred at a logistics center of Maishima Sales Office of LOGISTEED West Japan, we primarily conducted the following procedures.

(1) Evaluation of internal controls
・With respect to the valuation process related to the estimate of provision for loss by fire, we evaluated the design and operating effectiveness of internal controls over internal review and approval of the estimate of provision for loss by fire.

(2) Valuation of the estimate of provision for loss by fire
・To evaluate the effectiveness of management's estimation process, we compared estimates with actual results in prior years.
・To evaluate the completeness of the estimate of payments, etc. to customers and other affected parties, we inquired of management and the Company's chief negotiator and legal counsel on the legal basis for possible future loss, reviewed contracts and minutes of meetings with customers and other affected parties, and compared them for consistency with information known to the Company.</td></tr>
</table>

Other Information

Other Information is information contained in the annual securities report other than the consolidated financial statements, financial statements and the auditor's report on these financial statements. Management is responsible for the preparation and disclosure of Other Information. In addition, the Audit and Supervisory Committee is responsible for overseeing the execution of duties by directors in designing and operating the reporting process for Other Information.

The scope of our audit opinion on the consolidated financial statements does not include any Other Information, and we express no opinion on Other Information.

Our responsibility in the audit of the consolidated financial statements is to read through the Other Information and, in the course of reading, to consider whether there are material differences between the Other Information and the consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there are any indication of material errors in the Other Information in addition to such material differences.

If we determine that there are material errors in Other Information based on the work we have performed, we are required to report those facts.

We have nothing to report regarding Other Information.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on a going concern basis and disclosing, as applicable, matters related to going concern in accordance with IFRS.

The Audit and Supervisory Committee is responsible for overseeing the execution of duties by directors in designing and operating the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, select and apply audit procedures based on our judgment, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies adopted by management and how they are applied, the reasonableness of accounting estimates made by management, and the adequacy of the related notes.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes in the consolidated financial statements or, if such notes are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and notes in the consolidated financial statements are in accordance with IFRS, and whether the overall presentation, structure and content of the consolidated financial statements, including the related notes, and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair

presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the professional ethical requirements regarding independence in Japan and will communicate with them matters that may reasonably be thought to bear on our independence, and, where applicable, the details of safeguards in place to eliminate obstacles or to reduce them to tolerable levels.

Among the matters communicated with the Audit and Supervisory Committee, we determine those that are of particular significance in the audit of the consolidated financial statements for the consolidated fiscal year ended March 31, 2024 as the key audit matters and describe them in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Remuneration information

Amounts of remuneration paid to our firm and members of its network as remuneration for audit and non-audit services for the Company and its subsidiaries are described under "(3) Auditing" under "Corporate Governance," included in "Submitting Company" in the Company's Japanese-language Yukashoken Hokokusho.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 1, 2024

/s/ Chiho Muto

Chiho Muto
Designated Engagement Partner
Certified Public Accountant

/s/ Ryu Seino

Ryu Seino
Designated Engagement Partner
Certified Public Accountant

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