LOGISTEED

【TRANSLATION】

Annual Securities Report

The 3rd Business Term
(from April 1, 2024 to March 31, 2025)

*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.

Contents

Cover

Documents Filed	Annual Securities Report
Applicable Law	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	June 27, 2025
Fiscal Year	The 3rd Business Term (from April 1, 2024 to March 31, 2025)
Company Name	ロジスティード株式会社 (LOGISTEED Kabushiki Kaisha)
Company Name in English	LOGISTEED, Ltd.
Name and Title Representative	Yasuo Nakatani, Representative Director, Executive Chairman, President and CEO
Address of the Head Office	2-9-2, Kyobashi, Chuo-ku, Tokyo
Phone Number	+81-3-6263-2800 (switchboard)
Contact Person	Tetsuro Taga, General Manager, Public Relations Department, Corporate Strategy Office
Contact Address	2-9-2, Kyobashi, Chuo-ku, Tokyo
Phone Number	+81-3-6263-2803
Contact Person	Tetsuro Taga, General Manager, Public Relations Department, Corporate Strategy Office
Place Where Available for Public Inspection	Not applicable

Part I: Company Information

I. Overview of the Company

1. Trend in Major Management Indicators, etc.

1) Consolidated Management Indicators, etc.

Fiscal period		International Financial Reporting Standards (IFRS)		
		1st	2nd	3rd
Fiscal year ended		March 31, 2023	March 31, 2024	March 31, 2025
Revenues	(Millions of yen)	256,438	800,243	910,742
Income before income taxes	(Millions of yen)	4,862	8,797	24,015
Net income attributable to stockholders of the parent company	(Millions of yen)	2,177	58,251	30,427
Comprehensive income attributable to stockholders of the parent company	(Millions of yen)	6,348	71,551	29,612
Equity attributable to stockholders of the parent company	(Millions of yen)	430,715	547,474	597,247
Total assets	(Millions of yen)	1,439,289	1,559,976	1,755,000
Equity per share attributable to stockholders of the parent company	(Yen)	8,801.78	11,187.78	12,204.90
Basic EPS attributable to stockholders of the parent company	(Yen)	138.58	1,190.37	621.78
Diluted EPS attributable to stockholders of the parent company	(Yen)	–	–	–
Equity ratio attributable to stockholders of the parent company	(%)	29.9	35.1	34.0
Return on equity attributable to stockholders of the parent company	(%)	0.51	11.91	5.32
Price earnings ratio	(times)	–	–	–
Cash flows from operating activities	(Millions of yen)	77,210	14,600	81,106
Cash flows from investing activities	(Millions of yen)	(312,567)	(62,414)	(46,727)
Cash flows from financing activities	(Millions of yen)	385,705	(62,120)	(15,215)
Cash and cash equivalents at end of year	(Millions of yen)	151,063	43,495	62,531
Number of employees [excluding average number of temporary employees]	(Number of employees)	24,012 [13,133]	24,201 [12,732]	29,427 [13,200]

Notes:
1. LOGISTEED, Ltd. (formerly, HTSK Co., Ltd., renamed LOGISTEED Group, Ltd. on April 1, 2023 and subsequently renamed LOGISTEED, Ltd. on March 1, 2024 (the "Company")) acquired (Note 2) Hitachi Transport System, Ltd. (renamed LOGISTEED, Ltd. on April 1, 2023 and then L-management on March 1, 2024) in 1st period and has prepared consolidated financial statements according to the International Financial Reporting Standards (IFRS) since then.
2. Established on April 21, 2022, the Company acquired 51.11% of the voting rights of L-management through a takeover bid on December 6, 2022. The Company made L-management a wholly owned subsidiary through a reverse stock split effective February 28, 2023 and acquisition of treasury shares held by Hitachi, Ltd. by L-management on March 1, 2023. After acquiring L-management as a wholly owned subsidiary, the Company acquired all of L-management's business through an absorption-type company split effected on March 1, 2024 in which the Company was the succeeding company and L-management was the absorbed company.
3. Because the Company was established on April 21, 2022, the fiscal year for 1st period extends from April 21, 2022 to March 31, 2023.
4. Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.
5. The price earnings ratio is not presented because the Company's shares are unlisted.

2) Management Indicators, etc. of the Company (non-consolidated)

Fiscal period		Japanese GAAP		
		1st	2nd	3rd
Fiscal year ended		March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	0	5,164	72,217
Ordinary profit (loss)	(Millions of yen)	(168)	(4,896)	1,820
Profit (loss)	(Millions of yen)	(169)	(95,844)	18,145
Paid-in capital	(Millions of yen)	0	100	100
Issued shares outstanding	(Thousands of shares)	200,000	200,000	200,000
Net assets	(Millions of yen)	441,420	383,557	416,731
Total assets	(Millions of yen)	539,221	769,105	908,877
Net assets per share	(Yen)	9,020.55	7,838.09	8,516.03
Cash dividends per share (of which, interim dividends per share)	(Yen)	– (–)	– (–)	– (–)
Profit (loss) per share (EPS)	(Yen)	(10.79)	(1,958.61)	370.81
Diluted EPS	(Yen)	–	–	–
Equity ratio	(%)	81.9	49.9	45.9
Return on equity (ROE)	(%)	(0.08)	(23.24)	4.53
Price earnings ratio	(times)	–	–	–
Dividend payout ratio	(%)	–	–	–
Number of employees [excluding average number of temporary employees]	(Number of employees)	– [–]	891 [112]	881 [84]
Total shareholder return	(%)	–	–	–
(Comparable index: TOPIX Net Total Return)	(%)	(–)	(–)	(–)
Stock price high	(Yen)	–	–	–
Stock price low	(Yen)	–	–	–

Notes:
1. Because the Company was established on April 21, 2022, the fiscal year for 1st period extends from April 21, 2022 to March 31, 2023.
2. The cash dividends per share and dividend payout ratio are not presented because dividends have not been declared.
3. Diluted EPS is not presented as there are no dilutive shares.
4. The total shareholder return, comparative indicators, high stock price, and low stock price are not presented because the Company’s shares are unlisted.

2. History

The Company was established on April 21, 2022. Because all business of the Company was assumed from LOGISTEED, Ltd. (after changing the corporate name to L-management on March 1, 2024, LOGISTEED, Ltd. was dissolved on April 18, 2025; hereafter “the former LOGISTEED, Ltd.”), the entire history from the Company’s founding is provided. The Company was founded in 1950 as a logistics subsidiary of Hitachi, Ltd. which handled the cargo transportation business. The Company performed all work on the plant premises and expanded business operations to undertaking transport of ultra-heavy cargo and other operations in Japan and overseas. It took on the task of building a logistics information system early on, expanded to one-stop services handling all logistics operations in companies, and developed a broader record in business from customers other than the Hitachi Group. The Company is currently strengthening provision of comprehensive, high-quality logistics services and is actively expanding sales.

1950 February	Nitto Transport KK. is established and launched special motor truck transportation business
1952 December	Company name changed to Hitachi Express Co., Ltd.
1954 November	Commencement of sea cargo shipping business, under the administrative control of Hitachi, Ltd.
1967 November	Hitachi Express Co., Ltd. merges with Tokyo Monorail Co., Ltd. and another company, changing its name to Hitachi Express & Tokyo Monorail Co., Ltd.
1976 May	First overseas joint subsidiary established (in Singapore)
1981 May	Company separates from Tokyo Monorail Co., Ltd. changing its name to Hitachi Express Co., Ltd.
1984 July	Company expands into the air cargo business
1985 April	Operational launch of "HBNET" a physical distribution value-added network
1985 May	Launch of NVOCC (Non-Vessel Operating Common Carrier)
1985 July	Name changed to Hitachi Transport System, Ltd. on 35th anniversary of establishment
1986 January	System transport operation launched, and sales to customers outside the Hitachi Group undergo full-scale expansion spearheaded by HB-TRINET (a total logistics system covering information, storage and transportation)
1986 April	Air cargo forwarding business launched
1989 January	Company listed on Second Section of Tokyo Stock Exchange
1989 December	International air cargo agency operation launched
1990 September	Company listed on First Section of Tokyo Stock Exchange
1999 November	Launched of collaboration with Fukuyama Transporting Co., Ltd.
2002 February	Company sold all shares in Tokyo Monorail Co., Ltd.
2002 December	Launched of collaboration with Yusen Air & Sea Service Co., Ltd. (currently known as YUSEN LOGISTICS CO., LTD.)
2003 January	Joint subsidiary with Shanghai Airlines began trading
2003 May	Launched of collaboration with Japan Post (currently known as JAPAN POST HOLDINGS Co., Ltd.)
2003 June	Transition made to management structure based on committee system
2007 April	Acquired Shiseido's logistics subsidiary which began operation as Hitachi Collabonext Transport System Co., Ltd. (currently known as LOGISTEED East Japan, Ltd.)
2007 December	Launched of collaboration with Senkon Logistics, Co., Ltd.
2008 February	ESA s.r.o. a Czech logistics company became a consolidated subsidiary
2009 July	Acquired Uchida Yoko's logistics subsidiary which began operation as Hitachi Orientlogi Transport System Co., Ltd. (currently known as LOGISTEED East Japan, Ltd.)
2009 October	J.P. Holding Company, Inc. a U.S.A. logistics company became a consolidated subsidiary
2010 April	Flyjac Logistics, Pvt. Ltd. an India logistics company became a consolidated subsidiary
2010 December	Dahang International Transportation Co., Ltd. (currently known as LOGISTEED China, Ltd.) became a majority – owned subsidiary
2011 January	Acquired DIC's logistics subsidiary, which began operation as Hitachi Finenext Transport System Co., Ltd. (currently known as LOGISTEED Chemical, Ltd.)
2011 February	Acquired Homac's logistics subsidiary, which began operation as Direx Co., Ltd. (currently known as LOGISTEED North Japan, Ltd.)
2011 April	Vantec Corporation became a consolidated subsidiary
2011 July	Joint subsidiary established with Kintetsu World Express, Inc. (currently known as KWE LOGISTEED, Ltd.)
2012 July	Established VANTEC HTS FORWARDING, LTD. (currently known as LOGISTEED Express, Ltd.) to integrate freight forwarding operations in our Group
2013 March	Acquired Hitachi Cable (currently known as Proterial, Ltd.)'s logistics subsidiary, which began operations as Hitachi Frontier Transport System Co., Ltd. (currently known as LOGISTEED East Japan, Ltd.)
2013 October	Mars Logistik Grup Anonim Sirketi a Turkey logistics company became a consolidated subsidiary
2016 March	Concluded a Capital and Business Alliance Agreement with SG Holdings Co., Ltd. and SAGAWA EXPRESS CO., LTD.

2016 May	Became an Affiliated Company accounted for by the equity-method of Hitachi, Ltd. and SG Holdings Co., Ltd. SAGAWA EXPRESS CO., LTD. became an Affiliated Company accounted for by the equity-method
2018 October	Concluded a Capital and Business Alliance Agreement with AIT CORPORATION
2018 December	Concluded a Business Alliance Agreement with Hitachi Capital Corporation (currently known as Mitsubishi HC Capital Inc.)
2019 March	AIT CORPORATION and Nisshin Transportation Co., Ltd. became an Affiliated Company accounted for by the equity-method by share exchange
2019 July	Hitachi Travel Bureau, Ltd. (currently known as HTB-BCD Travel Ltd.) became an Affiliated Company accounted for by the equity-method by partial transfer of shares
2019 August	PALENET CO., LTD., Hitachi Automotive Systems, Ltd. (currently known as Astemo, Ltd.)'s subsidiary, became a consolidated subsidiary
2020 April	Acquired distribution service subsidiary of Hitachi Life Ltd. (currently known as Hitachi Real Estate Partners, Ltd.), which began operation as Hitachi Transport System East Japan Distribution Services Co., Ltd. (currently known as LOGISTEED East Japan Distribution Services, Ltd.)
2020 September	Transferred shares of SAGAWA EXPRESS CO., LTD. due to partial modification of the capital and business alliance agreement with SG Holdings Co., Ltd. and SAGAWA EXPRESS CO., LTD.
2022 April	Transferred to Prime Market from First Section by reorganized the market segments of Tokyo Stock Exchange
2022 April	Established HTSK Co., Ltd. (our company)
2022 December	HTSK Co., Ltd. (our company) and HTSK Holdings Co., Ltd. (currently known as LOGISTEED Holdings, Ltd.) are transferred to the parent company following completion of the tender offer for the Hitachi Transport System, Ltd. (currently known as LOGISTEED Holdings, Ltd.)'s shares by HTSK Co., Ltd.
2023 February	Delisted from Prime Market of Tokyo Stock Exchange
2023 March	Transitioned to a company with Audit & Supervisory Board Member
2023 April	Changed company name to LOGISTEED, Ltd. In addition, the company name of HTSK Co., Ltd. (our company) was changed to LOGISTEED Group Co., Ltd.
2023 August	Van den Bos & van Daalen Materieel B.V. a Dutch Trucking Company became a consolidated subsidiary
2024 March	Transitioned to a company with Audit & Supervisory Committee (As of March 1st of the same year, all of the company's businesses were taken over from the former LOGISTEED, Ltd. and changed the company name from LOGISTEED Group, Ltd. to LOGISTEED, Ltd. on the same date. Therefore, the registered establishment date of our company is April 2022, when HTSK Co., Ltd. is established.)
2024 October	ALPS LOGISTICS CO., LTD. became a consolidated subsidiary

3. Description of Business

The LOGISTEED Group consists of the Company, 109 consolidated subsidiaries, and 12 associates and joint ventures. We provide comprehensive logistics services via land, sea, and air. The principal businesses and principal affiliates are listed below.

Our parent company is LOGISTEED Holdings, Ltd. HTSK Investment L.P., which is indirectly owned and operated by Kohlberg Kravis Roberts & Co. L.P. (hereafter, KKR), holds 90% of the voting rights in LOGISTEED Holdings, Ltd.

(As of March 31, 2025)

Description of principal business	Principal affiliated companies
Domestic Logistics ・Third Party Logistics (3PL) Business (Domestic) (Logistics System Integration, Information Control, Inventory Control, Order Control, Value Added Services, Distribution Center Operation, Factory Logistics, Transportation and Delivery Services) ・Transportation, Installation and Setting of General Cargo, Heavy Machineries and Artworks ・Factory and Office Moving ・Warehousing and Trunk Room Services ・Collection and Transportation of Industrial Waste	**＜Consolidated Subsidiaries＞** LOGISTEED North Japan, Ltd. LOGISTEED East Japan, Ltd. LOGISTEED Central Japan, Ltd. LOGISTEED West Japan, Ltd. LOGISTEED Kyusyu, Ltd. LOGISTEED Collabonext, Ltd. (Note 1) LOGISTEED Chemical, Ltd. ALPS LOGISTICS CO., LTD. VANTEC CORPORATION PALENET CO., LTD. LOGISTEED East Japan Distribution Services, Ltd.
Global Logistics ・Third Party Logistics (3PL) Business (International) (Customs Clearance, International Multimodal Transportation by Surface, Ocean and Air) ・Overseas Logistics ・Air Cargo Sales Agent Business	**＜Consolidated Subsidiaries＞** LOGISTEED Express, Ltd. LOGISTEED America, Inc. J.P. Holding Company, Inc. LOGISTEED Europe B.V. ESA s.r.o. Mars Lojistik Grup Anonim Sirketi Van den Bos & van Daalen Materieel B.V. LOGISTEED Hong Kong, Ltd. LOGISTEED China, Ltd. LOGISTEED Asia-Pacific Pte. Ltd. Flyjac Logistics Pvt. Ltd. **＜Equity-Method Associates＞** AIT CORPORATION (Note 2)
Other Services ・Logistics Consulting ・Logistics System Designing and Development ・Information System Business ・Computer Sales ・Automobile Inspection Service ・Real Estate Agent Business, etc.	**＜Consolidated Subsidiaries＞** LOGISTEED Solutions, Ltd. LOGISTEED Auto Service, Ltd.

Notes:
1. LOGISTEED Collabonext, Ltd. was dissolved on April 1, 2025 through an absorption-type merger in which LOGISTEED East Japan, Ltd. was the surviving company.
2. The Company has a capital and business alliance with AIT CORPORATION.

4. Information on Subsidiaries and Affiliates

Name	Location	Capital or Investment (Millions of yen)	Description of business	Voting rights held (or owned) (%)	Relationship				
					Officer with concurrent position, etc.		Financial assistance	Business transactions	Other
					Concurrent position (number of officers)	Transfer/ Secondment (number of officers)			
(Parent company) LOGISTEED Holdings, Ltd.	Chiyoda-ku, Tokyo	0	Commercial business, all business incidental to commercial business	100.0	None	None	Cash loans		Provided with security guarantee
(Consolidated subsidiaries) LOGISTEED North Japan, Ltd. (Note 4)	Nishi-ku, Sapporo, Hokkaido	100	Domestic logistics	100.0	3 (of which, 2 are employees)	3 transfers	Cash loans	Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED East Japan, Ltd. (Note 4)	Taito-ku, Tokyo	100	Domestic logistics	100.0	5 (of which, 1 is an employee)	8 transfers	Cash loans and debt guarantees	Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED Central Japan, Ltd. (Note 4)	Naka-ku, Nagoya, Aichi	310	Domestic logistics	100.0	8 (of which, 5 are employees)	1 transfer	Cash loans and debt guarantees	Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED West Japan, Ltd. (Note 4)	Konohana-ku, Osaka	100	Domestic logistics	100.0	10 (of which, 6 are employees)	1 transfer	Cash loans and debt guarantees	Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED Kyusyu, Ltd. (Note 4)	Hisayama-machi, Kasuya-gun, Fukuoka	100	Domestic logistics	100.0	6 (of which, 3 are employees)	1 transfer	Cash loans	Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED Collabonext, Ltd. (Note 4) (Note 5)	Taito-ku, Tokyo	255	Domestic logistics	100.0	4 (of which, 2 are employees)	2 transfers		Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	
LOGISTEED Chemical, Ltd. (Note 4)	Taito-ku, Tokyo	300	Domestic logistics	90.0	4 (of which, 2 are employees)	6 transfers	Cash loans	Receives payment for transport, contract work, and sales support services, and royalties	Leasing of warehouses, offices, etc.

Name	Location	Capital or Investment (Millions of yen)	Description of business	Voting rights held (or owned) (%)	Relationship				
					Officer with concurrent position, etc.		Financial assistance	Business transactions	Other
					Concurrent position (number of officers)	Transfer/ Secondment (number of officers)			
ALPS LOGISTICS CO., LTD. (Note 4) (Note 6)	Kohoku-ku, Yokohama, Kanagawa	100	Domestic and global logistics	100.0 (100.0)	4	None		Transport and contract work	
VANTEC CORPORATION (Note 4)	Nishi-ku, Yokohama, Kanagawa	3,874	Domestic and global logistics	100.0	3	1 transfer		Receives payment for services related to transport, contract work, sales support, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED Express, Ltd. (Note 4)	Chuo-ku, Tokyo	1,000	Global logistics	100.0	7 (of which, 1 is an employee)	2 transfers		Receives payment for customs clearance, contract work, and sales support services, royalties, and comprehensive services related to logistics business	Leasing of warehouses, offices, etc.
LOGISTEED Solutions, Ltd. (Note 4)	Chuo-ku, Tokyo	210	Other services	75.0	3 (of which, 1 is an employee)	1 transfer		Receives payment for information processing and sales support services, and royalties	Leasing of offices, etc.
LOGISTEED Auto Service, Ltd. (Note 4)	Taito-ku, Tokyo	100	Other services	60.0	1	3 transfers		Receives payment for vehicle purchasing, contract repair and sales support services, and royalties	Leasing of repair plants, etc.
PALENET CO., LTD. (Note 4)	Kanagawa-ku, Yokohama, Kanagawa	200	Domestic logistics	80.0 (15.0)	2 (of which, 1 is an employee)	1 transfer		Receives payment for purchasing cargo handling materials and equipment, contract work and sales support services, and royalties	
LOGISTEED East Japan Distribution Services, Ltd. (Note 4)	Hitachi, Ibaraki	100	Domestic logistics	100.0	2 (of which, 1 is an employee)	2 transfers		Receives payment for contract packing and packaging work, sales support services, royalties, and comprehensive services related to logistics business	
LOGISTEED America, Inc. (Note 4)	Torrance, U.S.A.	Thousands of USD 3,500	Global logistics	100.0	2	1 secondment	Debt guarantees	Receives royalties	
J.P. Holding Company, Inc. (Note 4)	Anderson, U.S.A.	Thousands of USD 56,252	Global logistics	100.0	4 (of which, 2 are employees)	None	Debt guarantees	Receives royalties	
LOGISTEED Europe B.V. (Note 4)	Waardenburg, The Netherlands	Thousands of EUR 9,441	Global logistics	100.0	2 (of which, 1 is an employee)	2 secondments	Debt guarantees		
ESA s.r.o. (Note 4)	Kladno, Czech Republic	Thousands of CZK 292,911	Global logistics	100.0	3 (of which, 1 is an employee)	None	Cash loans	Receives royalties	
Mars Lojistik Grup Anonim Sirketi (Note 4)	Istanbul, Turkey	Thousands of TRY 1,500	Global logistics	90.0	3 (of which, 1 is an employee)	None			
Van den Bos & van Daalen Materieel B.V.	Maasdijk, The Netherlands	Thousands of EUR 18	Global logistics	100.0	4 (of which, 3 are employees)	None			

Name	Location	Capital or Investment (Millions of yen)	Description of business	Voting rights held (or owned) (%)	Relationship				
					Officer with concurrent position, etc.		Financial assistance	Business transactions	Other
					Concurrent position (number of officers)	Transfer/ Secondment (number of officers)			
LOGISTEED Hong Kong, Ltd. (Note 4)	Hong Kong, China	Thousands of HKD 122,900	Global logistics	100.0	4 (of which, 3 are employees)	None		Receives royalties	
LOGISTEED China, Ltd. (Note 4)	Shanghai, China	Thousands of USD 7,500	Global logistics	100.0 (71.3)	5 (of which, 2 are employees)	None	Debt guarantees	Receives royalties	
LOGISTEED Asia-Pacific Pte. Ltd. (Note 4)	Singapore	Thousands of SGD 94,100	Global logistics	100.0	3 (of which, 2 are employees)	1 secondment		Receives royalties	
Flyjac Logistics Pvt. Ltd. (Note 4)	Mumbai, India	Thousands of INR 2,570,000	Global logistics	100.0 (1.0)	3 (of which, 2 are employees)	2 secondments	Cash loans and debt guarantees	Receives royalties	
Other: 85 companies									
(Equity-Method Associates)									
AIT CORPORATION	Chuo-ku, Osaka	500	Global cargo transport business	20.4	1	None			
Other: 11 companies									

Notes:
1. Names are listed in Segment Information, in the description of business section.
2. One affiliate, AIT CORPORATION, submits an annual securities report.
3. The numbers in parentheses for the percentage of voting rights held shows the percentage of total voting rights held indirectly.
4. Companies indicated are specified subsidiaries.
5. LOGISTEED Collabonext, Ltd. was dissolved on April 1, 2025 through an absorption-type merger in which LOGISTEED East Japan, Ltd. was the surviving company.
6. ALPS LOGISTICS CO., LTD. is a wholly owned subsidiary of LDEC, Ltd., in which the Company holds 80.0% of the voting rights.

5. Employees

1) Consolidated companies

As of March 31, 2025

Segment name	Number of employees
Domestic logistics	12,503 [11,565]
Global logistics	15,154 [1,408]
Other services	882 [130]
Company-wide (shared)	888 [97]
Total	29,427 [13,200]

Notes: 1. The number of employees is the number of regular employees. The number of temporary employees in brackets shows the average number of temporary employees for the year, who are not included in the number of employees.

2. The number of employees increased by 5,226 employees compared to the end of the previous consolidated fiscal year. However, this was mainly due the fact that ALPS LOGISTICS CO., LTD. became a consolidated subsidiary on October 11, 2024.

2) The Company

As of March 31, 2025

Number of employees	Average age (Years old)	Average years of service (Years)	Average annual wages (Thousands of yen)
881 [84]	42.6	19.3	8,466

Notes: 1. The number of employees is the number of regular employees. The number of temporary employees in brackets shows the average number of temporary employees for the year, who are not included in the number of employees.

2. Average annual wages include bonuses and compensation outside established pay standards.

As of March 31, 2025

Segment name	Number of employees
Domestic logistics	154 [17]
Global logistics	13 [-]
Other services	- [-]
Company-wide (shared)	714 [67]
Total	881 [84]

Note The number of employees is the number of regular employees. The number of temporary employees in brackets shows the average number of temporary employees for the year, who are not included in the number of employees.

3) Labor Union

The labor union in the Company is the LOGISTEED Labor Union (830 members in total), and it is a member of the All Japan Federation of Transport Workers' Unions. There is nothing of particular note to report about labor relations.

4) Ratio of Female Employees in Management Positions, Rate of Childcare Leave Taken by Male Employees, and the Employee Gender Pay Gap

(1) The Company

Fiscal year ended March 31, 2025					
Ratio of female employees in management positions (%) (Note 2)	(Reference) Ratio of female assistant managers (%)	Rate of childcare leave taken by male employees (%) (Note 1) (Note 3)	Employee gender pay gap (%) (Note 1) (Note 4)		
			All employees	Regular employees	Part-time and fixed-term employees
6.9	20.6	37.8	75.5	75.6	65.9

(2) Consolidated subsidiaries

Fiscal year ended March 31, 2025						
Name	Ratio of female employees in management positions (%) (Note 2)	(Reference) Ratio of female assistant managers (%)	Rate of childcare leave taken by male employees (%) (Note 1) (Note 3)	Employee gender pay gap (%) (Note 1) (Note 4)		
				All employees	Regular employees	Part-time and fixed-term employees
LOGISTEED North Japan, Ltd.	-	2.9	-	46.9	73.6	60.0
LOGISTEED East Japan, Ltd.	1.9	6.3	48.5	56.9	76.3	77.6
LOGISTEED Central Japan, Ltd.	4.3	11.0	50.0	66.4	75.8	78.7
LOGISTEED West Japan, Ltd.	-	6.5	13.6	65.7	75.8	83.1
LOGISTEED Kyusyu, Ltd.	6.5	5.0	50.0	57.1	83.0	73.6
LOGISTEED Collabonext, Ltd.	10.9	24.6	50.0	50.1	74.0	75.7
LOGISTEED Chemical, Ltd.	11.9	27.8	33.3	77.0	82.7	72.9
VANTEC CORPORATION	7.8	21.3	25.0	75.8	76.5	76.3
LOGISTEED Express, Ltd.	15.7	21.3	66.7	79.2	78.6	81.6
LOGISTEED Solutions, Ltd.	4.7	11.3	46.2	73.4	71.3	81.9
LOGISTEED Auto Service, Ltd.	4.8	17.9	-	78.3	75.5	64.4
LOGISTEED East Japan Distribution Services, Ltd.	-	7.1	300	74.7	81.3	64.3
VANTEC EAST LOGISTICS CORPORATION	5.3	-	33.3	69.4	73.7	81.0
VANTEC CENTRAL LOGISTICS CORPORATION	9.7	6.3	28.6	72.7	79.6	81.3
VANTEC KYUSHU LOGISTICS CORPORATION	11.1	10.7	33.3	82.7	76.6	88.6
ALPS LOGISTICS CO., LTD.	1.4	13.3	52.9	60.9	64.8	66.4
Ryutsu Service Co., Ltd.	3.4	1.8	12.8	46.1	86.8	88.0

Notes:
1. The period covered for the rate of childcare leave taken by male employees and the gender pay gap is the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025).
2. The ratio of female employees in management positions is calculated as specified in Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).
3. The rate of childcare leave taken by male employees is calculated as specified for the rate of childcare leave taken in Article 71-6- (i), Provision 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991), pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991).
4. The gender pay gap is the indexed value of the average wage level of females when the average wage level for males is set at 100. The calculation formula is Average annual wages of female employees ÷ Average annual wages of male employees x 100%. The formula for calculating average annual wages is Total wages (including bonuses and compensation outside of average pay standards) ÷ Number of employees.
   The average annual wages for part-time and fixed-term employees is calculated based on the designed working hours for regular employees, multiplied by a conversion factor of 0.5 for four hours or less.

(3) Supplementary explanation of the gender pay gap

The Group has introduced a compensation system that sets wage levels by job group and grade. When we analyzed the status of male and female wages in each company, we found the following main reasons for the differences.

Regular employees

◆ Low ratio of female employees in management positions
Initiatives implemented to increase the ratio of female employees in management positions, such as raising awareness of the women themselves to encourage them as candidates for assistant manager and other management positions, has resulted in a trend of increase. However, the ratio is still low and the percentage of females tends to decline further, the higher up in the management system.

◆ Low ratio of females eligible for various pay allowances
While the compensation system for the Group does not set different pay levels by gender, there tends to be few women who receive a housing allowance or other allowances paid for heads of households and who are in highly hazardous job types (drivers, forklift operators, etc.).

- ◆ High rate of females using the shorter working hours system for childcare and family caregiving
  We provide all employees with opportunities to learn about the systems for supporting a balance between work and childcare and/or family caregiving and endeavor to promote understanding. However, a high percentage of women continue to use the shorter working hours system for childcare and family caregiving.

<u>Part-time and fixed-term employees</u>

- ◆ High rate of females who work shorter hours
  The ratio of female employees is also high among part-time and fixed-term employees. In addition, many women wish to remain eligible as dependents under the Income Tax Act and social insurance and this results in a high percentage of women who work shorter hours.

II. Business Overview

1. Management Policy, Business Environment, and Issues to Address, etc.

Forward-looking statements are based on determinations made by the LOGISTEED Group as of the end of the consolidated fiscal year under review.

1) Basic Management Policy

Under the corporate philosophy "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," the LOGISTEED Group aims to become the most preferred solution provider for all of our stakeholders, including customers, shareholders, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and under this vision, strives to achieve sustainable growth by solving issues and creating "values" through various "collaborative innovation." In addition, we have organized the role and future direction of the Group as "LOGISTEED WAY" with an aim to embody our Corporate Philosophy and Corporate Vision. "LOGISTEED WAY" is composed of “Corporate Philosophy,” “Corporate Vision,” “Guiding Principles,” and “Success Drivers.”

2) Medium-to-Long-term Management Strategy

Business Environment

The environment surrounding the Group remains uncertain due to impact of policy shifts due to changes in administration in the U.S. and other countries, geopolitical risk associated with the U.S.-China standoff, the Russian invasion of Ukraine, and the Middle East situation, persistently high global inflation and monetary tightening, and ongoing climate change and natural disasters, etc.

Under such circumstances, the Group is required to address changes in business environment, including worsening labor shortages against the backdrop of declining birthrate and aging population in Japan, the 2024 issue in logistics, actualization of geopolitical risk, climate change, rising costs, restructuring of customer supply chain, and intensifying competition beyond industry boundaries, to maintain resilient global supply chains by solving issues through innovation with IoT (*1) / AI (*2), robotics (*3), and DX toward the realization of sustainable society.

(*1) IoT is an abbreviation for Internet of Things. This refers to a system in which the things around us are connected to the Internet.
(*2) AI is an abbreviation for artificial intelligence.
(*3) Robotics refers to "robotics engineering" that involves the design, construction, and control of robots.

Basic Policy

Under the brand slogan "Taking on the Future" and our business concept "Toward New Dimensions LOGISTEED," the Group creates economic value as well as social and environmental values through "pursuit of safety, quality, and productivity" which is a success driver to achieve "LOGISTEED WAY."

And we will aim to become “The Most Preferred Global Supply Chain Solutions Provider" through a strong partnership with Kohlberg Kravis Roberts & Co. L.P. toward our medium-to-long-term vision "LOGISTEED2030."

LOGISTEED	A word that combines LOGISTICS with Exceed, Proceed, Succeed, and Speed. It represents our determination to lead businesses to a new domain beyond the conventional logistics.

Priority Measures

Challenge the global competition by collaborative innovation with partners to enhance capability

1. High value-added solutions to optimize the entire SCM (*4) <Company-wide>
2. Improve customer convenience and efficiency through DX <Company-wide>
3. Enhance overseas value chain with a consistent approach <Mainly Global logistics>
4. Engage in projects to make advance investment <Company-wide>
5. Promote strategic M&As <Company-wide>
6. Solidify position as a platform provider <Company-wide>
7. Solidify ESG management (*5) base <Company-wide>

(*4) SCM is an abbreviation for supply chain management. This refers to management that aims to improve the efficiency of the entire production and distribution process, from the procurement of raw materials to the delivery of products to consumers.

(*5) ESG management refers to actions that take into consideration environmental, social, and governance themes, along with corporate ethics, with the aim of realizing a sustainable society and increasing corporate value.

(Reference) Focus areas and Positioning of SDGs

The Group has classified key issues into three focus areas and supporting foundation for the focus areas in order to address these key issues through its business activities. The positioning of the SDGs (Sustainable Development Goals) in the focus areas is as follows:

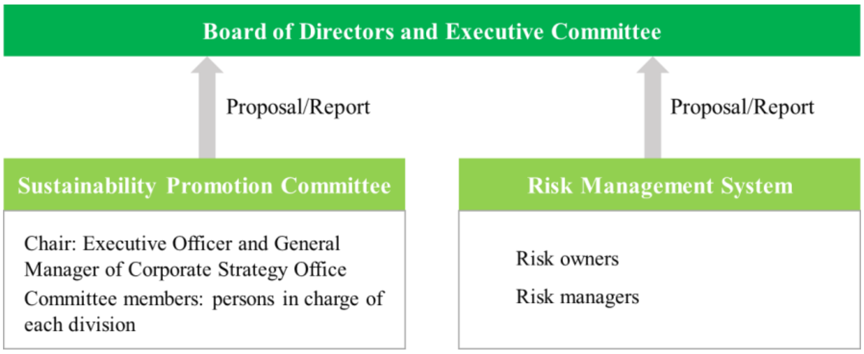
2. Approach to and Initiatives for Sustainability

The LOGISTEED Group's approach to and initiatives for sustainability are as follows:
Furthermore, any forward-looking statements are based on determinations made by the Group as of the end of the consolidated fiscal year under review.

1) Governance and Risk Management for Sustainability

■ Governance

The Group has appointed the Executive Officer and General Manager of Corporate Strategy Office as the person in charge of managing sustainability strategy. In order to promote sustainability throughout the Group, meetings of the Sustainability Promotion Committee chaired by the Executive Officer and General Manager of the Corporate Strategy Office are held regularly. Important matters are discussed as appropriate and the status of sustainability-related initiatives is reported once a year at meetings of the Board of Directors and Executive Committee. In addition, for the fiscal year ended March 31, 2025, the progress of materiality KPIs, including those related to the environment and climate change, engagement surveys, and patents, was discussed and reported at meetings of the Board of Directors and the Executive Committee as appropriate. The Group manages risks, including those related to sustainability, with a system whereby a Risk owner and a Risk manager are appointed for each risk factor, and risk owners or risk managers report the status of relevant risk items to the Executive Committee and also to the Board of Directors and the Audit & Supervisory Committee when necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).



■ Risk Management

The Group strives to enhance the PDCA cycle of risk management to address risks or opportunities, including those related to sustainability, that are difficult to foresee and require company-wide response. This involves identifying risk items (detection), analyzing risks (quantification), assessing risks (prioritization), and considering risk responses (response policies) increase corporate value and achieve sustainable growth. Details of the Group's risk management are described in "II. Business Overview, 3. Risk Factors."

2) Material Sustainability Items

The material sustainability items for the LOGISTEED Group identified through the above governance and risk management are as follows:

- Climate change
- Human capital
- Respect for human rights
- Intellectual properties

The Group's approach to and initiatives for sustainability related to these items are as follows:

(1) Climate Change Initiatives: Disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD)

Basic Policy on Climate Change

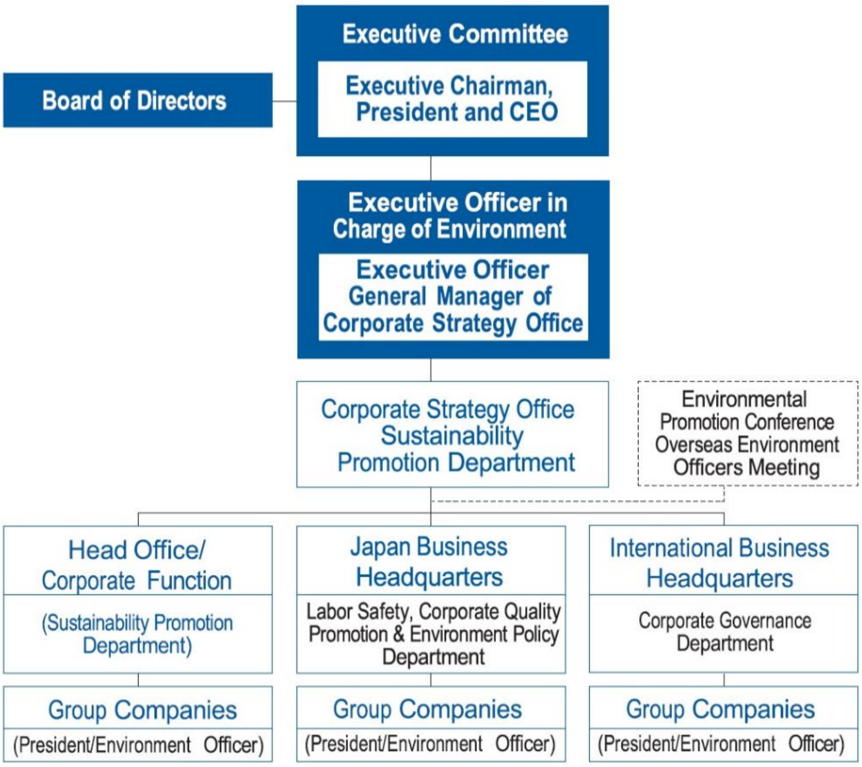
As its corporate philosophy is "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," the Group positions climate change response as one of our highest priority management themes and identifies "Contribute to decarbonized society" as one of the material issues. The Group also defined "Contribute to decarbonized/recycling-oriented society" as one of the business objectives to promote initiatives to address climate-related risks and opportunities and reduce CO_2 emissions. In addition, the Company announced its endorsement of the TCFD recommendations in September 2021. Since then, the Group has been promoting climate change initiatives and information disclosure based on these recommendations.

■ Governance

The Board of Directors provides guidance and supervises climate change initiatives included in the highest priority items of the Group's management such as management strategies and business plans (e.g. target setting and determination of specific climate change responses such as energy-saving investments and budget allocation for greenhouse gas (CO_2) emission reduction) through Executive Chairman, President and CEO who is responsible for climate change initiatives.
The executive officer in charge reports to the Board of Directors the progress of the climate change initiatives annually or as needed.
The Sustainability Promotion Department within the Corporate Strategy Office oversees all aspects of environmental management under the supervision of the Executive Officer responsible for sustainability strategy. The Environmental Promotion Conference comprised of the Group's environment officers including Chief Sustainability Officer is held semiannually to confirm the achievement level of climate change responses including reduction of energy consumption and CO_2 emissions, as well as determine necessary corrective measures and discuss measures to be taken in the future. Based on the decisions at the Environmental Promotion Conference with the Chief Sustainability Officer's approval, the progress of climate change initiatives and the proposed strategy in the future are proposed or reported to the Executive Committee semiannually or as needed.

Meeting Bodies/Departments	Roles
Board of Directors	• Provides guidance and supervises initiatives to address management issues related to climate change • Approves reduction targets/ measures/ budgets
Executive Officers	• Understands the progress of initiatives to address management issues related to climate change, and reports to the Board of Directors
Sustainability Promotion Department	• Oversees overall environmental management work, holds Environmental Promotion Conference, and reports/proposes to the Executive Committee based on decisions at the Conference
Environmental Promotion Conference	• Confirms the achievement level of measures related to climate change, determines corrective measures, and discusses proposed measures

• Environmental management structure



■ Risk Management

In consideration of all management risks identified, Sustainability Promotion Department, Corporate Strategy Office has selected risks and opportunities related to "Contribute to decarbonized society," one of the material issues, and has identified items having large financial impacts as material risks and opportunities. Sustainability Promotion Department is responsible for developing and executing plans to address them with approval of the Executive Committee and supervision by the Board of Directors.

■ Metrics and Targets

- Medium-to-long-term greenhouse gas (CO_2) emissions reduction targets
  In order to respond to climate-related risks and opportunities, the Group has set medium-to-long-term targets for reducing greenhouse gas (CO_2) emissions.

Medium-to-Long-term Environmental Targets

Reduction of CO_2 emissions (Scope 1 and 2 in Japan*1)

FY2030 target (base year: FY2013)	FY2050 target
Aim to reduce CO_2 emissions by 50% compared to the base year	Strive to achieve Net Zero Carbon*2

Furthermore, as the movement toward realizing a decarbonized society accelerates worldwide, the Company submitted a letter of commitment to the Science Based Targets Initiative (SBTi)*3 in March 2025.

*1 Definition of scope
Scope 1: Direct emissions from in-house energy (fuel, etc.) use (e.g. CO_2 released by company vehicles)
Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO_2 released by a third-party power plant due to electricity use in the company's facility)
Scope 3: Indirect emissions by supply chain other than Scope 1 and 2 (total of 15 categories including transportation outsourcing and business trip of employees)
*2 Net Zero Carbon: To balance emissions of CO_2, one of greenhouse gases, and its absorption/removal
*3 SBT Initiative (SBTi): An international initiative jointly run by CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), which independently evaluates the greenhouse gas reduction targets of companies.

- Greenhouse gas (CO_2) emissions
  Trend of the Group's CO_2 emissions

Results and trend of Scope 1 and 2 emissions (total for the Group in Japan) (t-CO_2)

Item	FY2013 (base fiscal year)	FY2021	FY2022	FY2023	FY2024*1
Scope 1	55,127	40,519	40,641	41,267	50,558
Scope 2 (market based)	74,329	70,097	63,316	55,823	49,792
Total for Scopes 1 + 2*2	129,456	110,616 (-14.6%)	103,957 (-19.7%)	97,091 (-25.0%)	100,349 (-22.5%)

(Reference) Results and trend of Scope 1 and 2 emissions (total for the Group overseas) (t-CO_2)

Item	FY2021	FY2022	FY2023	FY2024*1
Scope 1	147,272	174,217	199,777	212,011
Scope 2 (market based)	20,409	19,001	18,641	25,021
Total for Scopes 1 + 2	167,681	193,218	218,418	237,032

(Reference) Results and trend of Scope 1 and 2 emissions (total for the Group in Japan and overseas) (t-CO_2)

Item	FY2021	FY2022	FY2023	FY2024*1
Scope 1	187,791	214,858	241,044	262,568
Scope 2 (market based)	90,506	82,317	74,464	74,813
Total for Scopes 1 + 2	278,297	297,175	315,509	337,381

Results and trend of Scope 3 emissions (total for the Group in Japan) (t-CO_2)

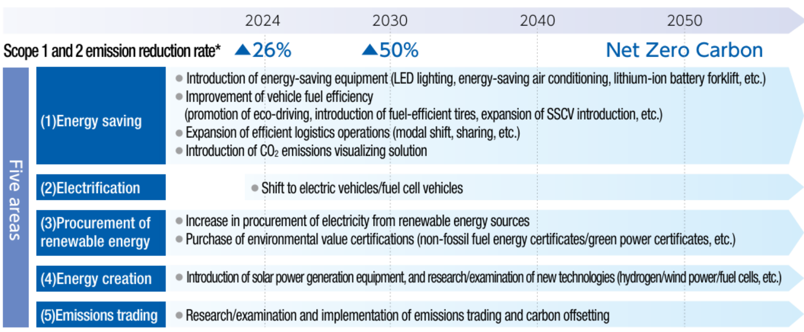
Item/Category		FY2021	FY2022	FY2023	FY2024*1*3
Category 1	Purchased goods and services	373,190	354,268	303,815	329,735
Category 2	Capital goods	35,886	72,468	70,944	78,511
Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	17,517	16,829	15,709	17,018
Category 4	Upstream transportation and distribution	130	222	192	204
Category 5	Waste generated in operations	6,889	6,776	6,783	7,038
Category 6	Business travel	3,429	6,021	5,923	5,770
Category 7	Employee commuting	38,196	40,444	43,848	47,007
Category 8	Upstream leased assets	–	–	–	–
Category 9	Downstream transportation and distribution	–	–	–	–
Category 10	Processing of sold products	–	–	–	–
Category 11	Use of sold products	22,164	74,402	46,277	59,667
Category 12	End-of-life treatment of sold products	12,581	16,901	16,646	13,547
Category 13	Downstream leased assets	3,330	2,187	2,226	2,591
Category 14	Franchises	–	–	–	–
Category 15	Investments	–	–	–	–
	Total	513,312	590,518	512,363	561,088

*1 Scopes 1, 2, and 3 CO_2 emissions in the table above are provisional values at the time of preparing this Annual Securities Report.
*2 Parentheses indicate reduction rate from the base fiscal year (2013).
*3 ALPS LOGISTICS Group's emissions are not included as they have not yet been compiled.

(Reference) Third-party Assurance

The Company has obtained third-party assurance based on ISO 14064-3:2019 from assurance provider LRQA Limited to improve the reliability of emissions data for the Group's Scopes 1, 2, and 3 performances in Japan for the year ended March 31, 2024.

(Reference) Examples of CO_2 Emission Reduction Initiatives



■ Strategy

The Group uses a scenario analysis to identify and assess climate-related risks and opportunities that are expected to affect our medium-to-long-term business activities and also assess resilience and examine response measures.

i. Scenario analysis process (prerequisites for scenario analysis)

The Group conducts scenario analyses following the procedures outlined below. Under the scenario that assumes the goal of the Paris Agreement is achieved (1.5°C/2°C scenario) and the one that assumes that no new policies are implemented but each country's announced policies are achieved (4°C scenario), we have assessed financial impacts of identified climate-related risks and opportunities based on the information such as the trend of key parameters.

* Scenarios referenced:
Transition scenarios (assessment of risks and opportunities associated with the transition to a low-carbon society)

1.5°C Scenario: IEA Net Zero Emissions by 2050 (NZE)
Below 2°C Scenario: IEA Sustainable Development Scenario (SDS)/ IPCC RCP2.6
Physical scenarios (assessment of the physical impacts of rising temperatures)
4°C scenario: IPCC ECP8.5

ii. Climate-related risks and opportunities as well as financial impact assessment (results of scenario analysis)
The Company assessed potential quantitative/qualitative financial impacts for 11 items identified as the Group's material climate-related risks and opportunities using scenario analysis. The Company also examined resilience of the Group's current response measures and future measures.
As it is examining and implementing response measures to reduce risks and seize opportunities that may have significant financial impacts, the Company has confirmed that they are sufficiently resilient at present.

(i) Transition Risks (1.5°C Scenario/Below 2°C Scenario)

Type	Period[*1]	Risk/Opportunity	Business and Financial Impacts[*2]	Measures
Policy and Legal	Medium to long term	• Increasing carbon costs due to climate change regulations and increased demand for carbon offsets	Large (up to ¥5.6 billion)	• Formulation and implementation of environmental strategies for carbon neutrality (1. Introduction of renewable energy, 2. Introduction of EV/FCV, 3. Establishment/operation of internal carbon pricing system ICP)
	Short to medium term	• Higher response costs resulting from insufficient response to disclosure requirements	Medium	• Implementation of emission data collection and management system • Expanded scope of emissions verification by external organizations
Technology	Medium term	• Increased cost of introducing low-carbon vehicles and equipment	Large	• Promotion of environmentally friendly investment through the introduction of internal carbon pricing (ICP) and the introduction of new technologies
		• Business efficiency decreases during the transition period due to changes in business models and operating methods associated with the introduction of new technologies	Large (up to ¥0.8 billion)	• Phased rollout to the entire Group based on the results of trials at pilot sites
Market	Medium term	• Loss of customers and business opportunities due to insufficient or delayed response to decarbonization efforts	Large	• Promotion of decarbonization measures and improved information disclosure (1. Proactive implementation of energy conservation measures by utilizing the decarbonization investment system, 2. Continuous disclosure of information on websites and integrated reports, etc., 3. Strengthening of sustainable marketing and communication)
Reputation	Short to medium term	• Decline in corporate evaluations from investors and customers due to insufficient response to climate change and insufficient information disclosure	Large	

(ii) Physical Risks (4°C Scenario)

Type	Period[*1]	Risk/Opportunity	Business and Financial Impacts[*2]	Measures
Physical - Acute	Short to long term	• Higher risk of business stagnation and weaker sales due to supplier and customer business suspensions caused by intensifying storm and flood damage, or damage to company-operated facilities and infrastructure	Large	• Strengthening of BCP measures against hazard risks (1. Dispersion of bases, 2. Installation of solar power generation and storage batteries, 3. Relocation to low-risk areas, 4. Adjustments to transportation plans, 5. Securing of diverse business partners, and 6. Introduction of returnable packaging materials)
Physical - Chronic	Medium term	• Increase in cost of work environment measures due to rising temperatures	Medium	• Promotion of worker-friendly logistics operations (1. Provision of a comfortable working environment and 2. Promotion of automation, labor-saving, and unmanned operations)

(iii) Opportunities

Type	Period*1	Opportunity	Business and Financial Impacts*2	Measures
Resource Efficiency	Medium term	• Opportunity to reduce energy consumption by vehicles and CO_2 emissions with advancements in decarbonization	Medium	• Reduction of energy costs by promoting decarbonization measures (1. Promotion of energy conservation measures, 2. Greater introduction of renewable energy, 3. Greater introduction of non-fossil fuel vehicles EV/FCV, etc., and 4. Promotion of modal shift and collaborative logistics)
	Short to medium term	• Cost reduction through efficient logistics operations such as Smart Logistics and collaborative logistics	Large	
	Medium to long term	• Establishment and improvement of brand image of an environmentally conscious company by promoting the 3Rs of packaging materials and waste	Large (up to ¥8.0 billion)	• Setting a recycling rate of 99% as a target and continuing to achieve it • Promotion of 3Rs for packaging materials

Type	Period*1	Opportunity	Business and Financial Impacts*2	Measures
Energy	Medium term	• Mitigation of procurement risk through the use of renewable and low-carbon energy	Medium	• Explore efficient and stable implementation schemes for renewable and low-carbon energy
	Short to medium term	• Improved operational efficiency by visualizing and optimizing energy usage using AI, IoT, and big data	Medium	• Expanded in-house deployment of the EcoLogiPortal service for visualizing CO_2 emissions during transportation • Research and consideration for the introduction of EV energy management technology
Products and Services	Short to long term	• Increased demand for climate change response/low-carbon services (opportunities associated with diversifying business activities)	Large (up to ¥5.5 billion)	• Expanded in-house deployment of the EcoLogiPortal service for visualizing CO_2 emissions during transportation • Research and consideration for the introduction of EV energy management technology
Market	Short to medium term	• Generation of revenue in markets related to climate change, such as CO_2 emissions visualization solutions and power equipment	Medium	• Expanded external sales of EcoLogiPortal services and accumulation of know-how on heavy haulage
Resilience	Long-term	• Securing and maintaining of customer trust by promoting BCP	Large	• Provision of resilient operations that ensure logistics that never stop

*1 The time horizons for each period are as follows:
Short term: less than 1 year, medium term: 2 to 5 years, long term: more than 6 years

*2 The impact level is defined as follows:
Large: Significant business and financial impacts, Medium: Some impacts on business and finances, Small: Small impacts on business and finances

iii. Transition Plan to Achieve 1.5℃ target

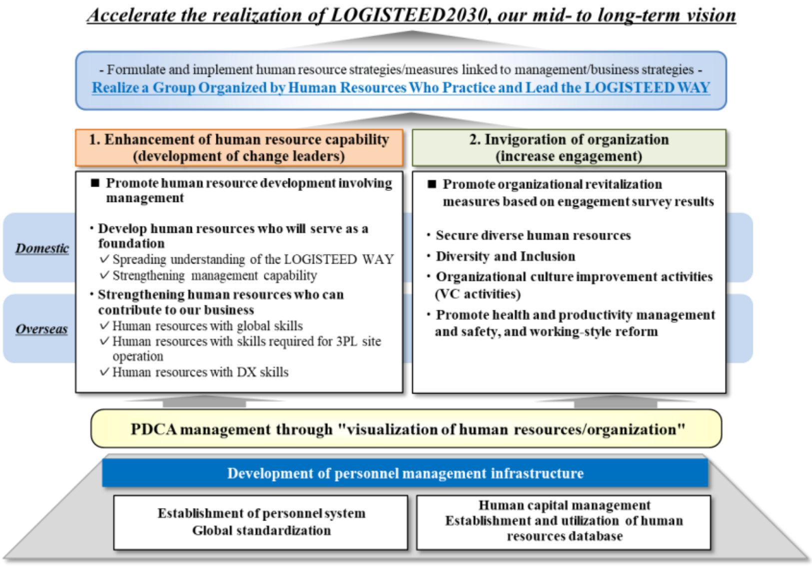
The Group has incorporated the five initiatives toward the realization of the medium-to-long-term environmental targets (energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading) in the priority measures and will promote greenhouse gas (CO_2, etc.) emission reduction measures to limit the temperature increase to 1.5 ℃ above pre-industrial levels.

(2) Initiatives for Human Capital

Response policy on human capital

In order to realize our medium-to-long-term vision, LOGISTEED2030, the Group is working to develop human resources who can put into practice and lead the LOGISTEED WAY and to create an organization that can demonstrate its comprehensive strengths. The Group has created systems for visualizing the status of human resources and organizations, and are implementing various measures for the "enhancement of human resource capability (development of change leaders)" and "invigoration of organization," while also monitoring the effectiveness of these measures and implementing the PDCA cycle to lead to continuous improvement of each.

For details about the LOGISTEED WAY, please refer to "II. Business Overview, 1. Management Policy, Business Environment, and Issues to Address, etc. 1) Basic Management Policy."



■ Governance

Governance regarding human capital is as described in "1) Governance and Risk Management for Sustainability."

i. Establishment of CHRO position

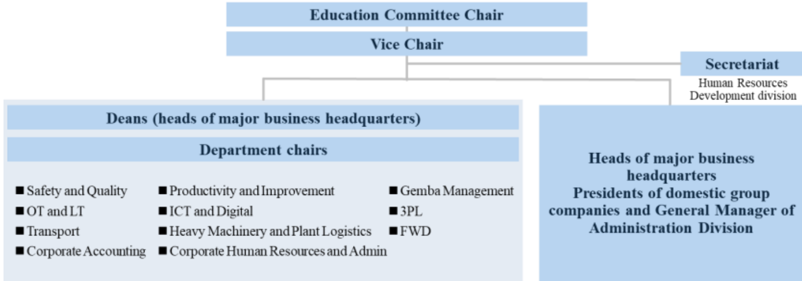
In the year ended March 31, 2025, the Company began appointing a Chief Human Resources Officer (CHRO) to be responsible for formulating and leading a human resources strategy that will realize our management strategy and for implementing and realizing human capital management. Under the leadership of the CHRO, the LOGISTEED Group is promoting human capital initiatives and implementing appropriate risk management.

■ Strategy

i. Enhancement of human resource capability (development of change leaders)

The LOGISTEED Group has established a training system that focuses on "developing human resources who can serve as a foundation" and "who can contribute to our business," and works to enhance human resource capability (development of change leaders). In addition, in order to implement Group-wide human resource development measures, the LOGISTEED Group has established the Education Committee (hereinafter, "the Committee"), chaired by the Executive Officer and General Manager of Corporate Strategy Office (CSO) and vice chaired by the Executive Officer and General Manager of Human Resources & Business Support Office (CHRO), to advance the implementation of human resource development measures that are linked to business strategies. The Committee consists of the heads of major business headquarters/offices, the presidents of domestic Group companies, and the General Manager of the Administration Department. It has established faculties and departments to promote the development of specialized human resources necessary for the operation of major businesses. The Committee meets semi-annually to determine human resource development policies through reviews of Group-wide and specialized education measures, as well as discussions of key business strategy themes.

• Promotion Structure



(i) Develop human resources who will serve as a foundation

As a measure to develop human resources who will serve as a foundation, the Group conducts training aimed at spreading understanding of the LOGISTEED WAY and strengthening management capability.

(1) Spreading understanding of the LOGISTEED WAY

The Group is promoting a deeper understanding of the LOGISTEED WAY, which we have established as the starting point for all of our employees' actions, and encouraging them to embody the LOGISTEED WAY in their day-to-day work. E-learning is implemented for each theme that makes up the LOGISTEED WAY, providing repetitive educational opportunities, and in rank-based education, the Company fosters a mindset through sessions led by executives and direct dialogue with management executives.

(2) Strengthening management capability

Middle management is the main actor of organizational management in each workplace of the Group, and is the starting point for spreading the LOGISTEED WAY into each organization under their supervision and the implementation of business strategies. For newly appointed managerial staff (managers), the Company provides training to help them understand the role of management within the Group and provide them with the skills necessary to run an organization. For existing managerial staff, the Company offers management skills training to support individual issues such as target setting, evaluation and feedback, and coaching. In addition, in years ended March 31, 2024 and March 31, 2025, the Company conducted training to strengthen management for existing managers at domestic Group companies. During the training, participants shared best management examples within the Group as a measure to improve their management skills.

(ii) Strengthening human resources who can contribute to our business

To realize its medium-to-long-term vision, LOGISTEED2030, the Group has three priority measures: fostering diverse human resources with global skills, strengthening human resources with skills required for 3PL site operation, and developing human resources with DX skills.

(1) Fostering human resources with global skills

To develop global human resources both domestically and internationally who can involve diverse people across countries and regions and lead business on a global scale, the Group is working to visualize its human resources globally by formulating successor training plans for key positions, and to provide training programs tailored to areas of expertise and career stages.

In the year ended March 31, 2025, in addition to the traditional one-year overseas business training for young employees in Japan and pre-onboarding education for employees newly assigned overseas, the Group also provides two-week practical training in Japan for foreign engineering staff and a three-country rotation for sales staff excluding Japan, in order to foster the mindset, improve skills, and provide practical experience required of global human resources.

(2) Strengthening human resources with skills required for 3PL site operation

With the aim of solidifying its 3PL business, the Group is creating an educational environment in which employees can acquire the know-how and skills needed for running 3PL business operations. This includes sales development, warehouse operations, transportation, logistics technology (LT), heavy machinery and plant logistics, and freight forwarding. The Group develops programs tailored to the nature of work and skill levels, i.e., training on how to manage income and expenditures at logistics centers, and e-learning on the basics of warehouse operation design and layout design. In this manner, the Group has created an environment where participants can take courses from a variety of work environments.

(3) Developing human resources with DX skills

The Group is working to develop human resources with DX skills in order to expand business domains with new added value. With this in mind, the Group is developing training measures by classifying them into D (digital) elements and X (transformation) elements.

In terms of digital education, the Company offers specialized training for human resources who support the digital business foundation of our logistics services (i.e., logistics data scientist training courses) as well as training for all employees to promote work efficiency in each workplace (i.e., support for using RPA and BI tools). By providing support programs tailored to expected roles and skill levels, the Company is promoting higher levels of digital utilization in business operations.

Transformation education aims to foster the skills and mindset necessary for business transformation. It offers specialized education such as logistics consultant training courses, as well as logical thinking courses and business improvement process support courses through rank-based education and external training.

ii. Invigoration of Organization

In terms of "invigoration of organization," the Group is focusing on secure diverse human resources, diversity and inclusion, value change & creation activities (VC activities) *1, and promote health and productivity management and safety, and working-style reform. The Group is also working on changing organizational culture based on engagement surveys as a key theme. The engagement survey has been conducted annually since the year ended March 31, 2022. It was expanded to 26 overseas Group companies in the year ended March 31, 2025, positioning it as a measure to be promoted throughout the Group.

The Group is carrying out activities to bring about change in its organizational culture by making the state of the organization visible and formulating and implementing measures to address issues on an annual basis. In addition to analyzing the scores obtained from the survey, we are also working on various measures based on an analysis of comments received from employees, such as requests and issues raised. Based on the survey results, each workplace creates and implements an action plan to improve its culture. Actions that could serve as a reference for other workplaces are shared across the entire Group.

*1 VC (Value change & Creation) activities are used to create an organization in which each individual takes responsibility for continuing to improve by sharing information about policy objectives, processes, and targets between companies, organizations, and employees.

(i) Secure diverse human resources

The Group actively hires people with diverse sensibilities and backgrounds, as well as with a wide range of skills and experience that can contribute to management strategy, so that employees can recognize and inspire each other and maximize their abilities. Additionally, the Group is proactively providing part-time and fixed-term workers who have developed experience and skills within the Group with opportunities to become full-time employees, ensuring that they can play an even more active role than before. Through various other initiatives, we are also creating a corporate environment that makes the most of diversity.

(ii) Diversity and inclusion

The Guiding Principles of the LOGISTEED WAY explicitly state diversity and inclusion as "We leverage inclusive diversity for holistic growth." The Group is implementing various initiatives to ensure diversity. Currently, we are focusing on the promotion of women’s participation in the workplace and supporting the balancing of work with childcare and family care responsibilities. To promote women's participation in the workplace, the Company holds career development trainings aimed at fostering awareness of career planning and imparting skills to female employees. It also provides trainings for supervisors to promote understanding. In this way, the Company is supporting the career development of female employees and promoting their systematic appointments to assistant manager and other managerial positions. The Company is also strengthening its efforts by conducting an awareness survey on women's participation in the workplace among employees of Group companies. To support work-life balance, the Company provides information on balancing work and caregiving to all employees, as well as holds e-learning on career planning to help employees to balance childcare and work. The Company publishes a work-life balance support handbook for male employees covering relevant topics.

(iii) Value change & Creation (VC activities)

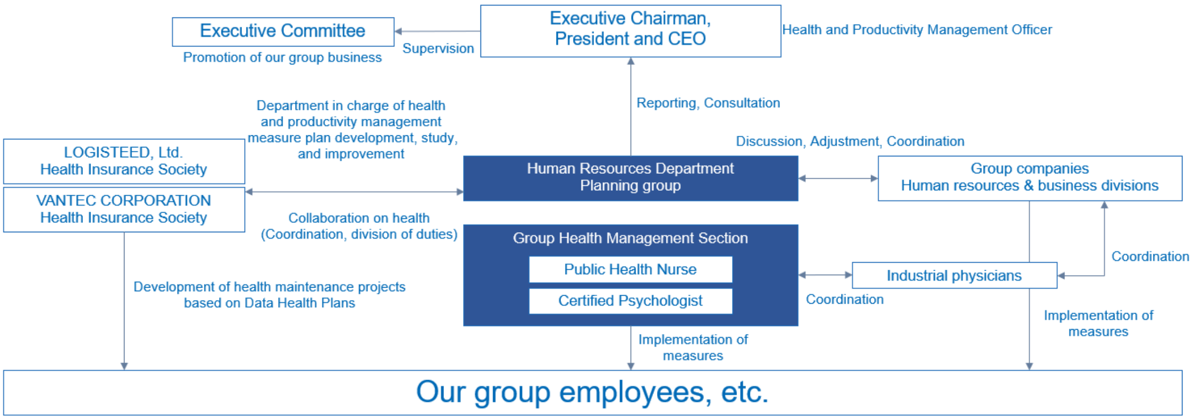
The Group’s original VC activities represent a way of making daily improvements by putting into practice the LOGISTEED WAY. VC activities are improving the organizational culture itself, through efforts to improve safety, quality, and productivity, efforts to invigorate the workplace, and the utilization of digital tools such as RPA, which are leading to working-style reforms.

(iv) Promote health and productivity management and safety, and working-style reform

Traditionally, the Group has been proactive in ensuring the safety and health of employees by taking measures to avoid risks and prevent problems based on the promotion of occupational safety and health and assessments. In August 2022, the Group issued the Health and Productivity Management Declaration. Following the basic policy established for health and productivity management, the Group is re-developing its systems and further working on various measures such as working-style reforms. In March 2025, the Company was named a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry for the third consecutive year.

Health and Productivity Management Declaration
We believe that in order for our workplaces to be full of vitality and for the Group to continue to grow, it is of utmost importance for employees to always "continue to work in good health with a sense of security with motivation." It is our mission to contribute to the creation of a prosperous society through high-quality logistics services, and the foundation for this mission is the physical and mental health of each and every employee. We declare that we regard the health of our employees as one of the management issues that the company should address, and that we will establish a system for promoting corporate health and promote various measures to achieve this goal.

• Promotion Structure



■ Risk Management

Risk management regarding human capital is as described in "1) Governance and Risk Management for Sustainability."

■ Metrics, Targets and Results

The metrics for each policy outlined in the "Strategy" section above, as well as the related targets and results, are as follows:

Strategy		Metrics	Results		Targets	Scope[*1]
			FY2023	FY2024	FY2025	
Enhancement of human resource capability (development of change leaders)						
Overall		Education hours per employee	-[*2]	17.1 hours	18.0 hours	LOGISTEED plus domestic group companies
Develop human resources who will serve as a foundation	**Spreading understanding of the LOGISTEED WAY**	Number of times LOGISTEED WAY Course was held/Number of participants	23 times/558 persons	23 times/546 persons	23 times/550 persons	LOGISTEED plus domestic group companies
	Strengthening management capability	Number of participants in management related training	312 persons (Training for strengthening management)	909 persons (Training for strengthening management)	150 persons (Management training)	LOGISTEED plus domestic group companies
Develop human resources who can contribute to our business	**Fostering human resources with global skills**	Number of employees dispatched for overseas business training	10 persons	13 persons	10 persons	LOGISTEED plus domestic group companies
	Strengthening 3PL Gemba power	Number of participants in HR development programs	2,527 persons	1,824 persons	1,824 persons	LOGISTEED plus domestic group companies
	Developing human resources with DX skills	Number of participants in DX related training	1,425 persons (IT literacy)	14,295 persons (IT literacy)	10,000 persons (IT literacy)	LOGISTEED plus domestic group companies
Invigoration of Organization						
Overall		Score of sustainable engagement in the employee engagement survey[*3]	64	64	-[*4]	LOGISTEED plus domestic group companies
Secure diverse human resources		Hiring of new graduates	217 persons	298 persons	362 persons	LOGISTEED plus domestic group companies
		Ratio of women in hiring of new graduates	36.9%	42.3%	-[*5]	LOGISTEED plus domestic group companies
		Number of mid-career recruits	166 persons	658 persons	647 persons	LOGISTEED plus domestic group companies
		Number of persons promoted to full-time employee (conversion of part-time and fixed-term workers to full-time employee)	231 persons	319 persons	236 persons	LOGISTEED plus domestic group companies
		Ratio of foreign national employees	2.1%	2.3%	2.5%	LOGISTEED
		Ratio of employees with a disability	2.92%	3.07%	3.10%	LOGISTEED plus domestic group companies
		Re-employment rate of retirees	100%	100%	100%	LOGISTEED
Diversity and Inclusion		Ratio of female managers	7.3%	6.9%	8.0%	LOGISTEED
		Ratio of female assistant managers	17.5%	20.6%	-[*6]	LOGISTEED
		Rate of childcare leave taken by female employees	108%	112.5%	100%	LOGISTEED
		Rate of childcare leave taken by male employees	59.0%	37.8%	50%	LOGISTEED
		Ratio of employees returning to work after childcare leave	100%	100%	100%	LOGISTEED
Value change & Creation (VC activities)		Digital fit rate[*7]	1.15%	2.25%	3.35%	LOGISTEED plus domestic group companies
Promote health and productivity management and safety, and working-style reform		Rate of sick leave days taken[*8]	1.08%	1.05%	Less than 1%	LOGISTEED plus domestic group companies
		Frequency rate of occupational injuries	0.80	0.44	-[*9]	LOGISTEED plus domestic group companies
		Severity rate of occupational injuries	0.161	0.018	-[*10]	LOGISTEED plus domestic group companies
		Overtime work	26.3 hours	28.6 hours	25 hours	LOGISTEED
		Rate of annual paid leave taken	67.4%	68.3%	70.0%	LOGISTEED plus domestic group companies

*1 ALPS LOGISTICS Group's figures are not included as they have not yet been compiled.
*2 Although efforts were made, the number of hours of training for the year ended March 31, 2024 has not yet been calculated. As such, data is indicated as "-".
*3 A metric that has a high correlation with corporate growth, measured through questions about motivation to contribute, sense of belonging, etc. The total score of favorable responses is listed.
*4 The target is to improve this indicator, but no specific figures have been set.
*5 The Company aims to increase the proportion of female new graduates it hires, but no specific figures have been set.
*6 In order to promote women's participation in the workplace, the Company aims to increase the proportion of female assistant managers, but no specific figures have been set.
*7 Time saved through digital tools ÷ Total working hours x 100
*8 Number of sick leave days ÷ Total number of scheduled working days of employed workers × 100
*9 The target is to reduce this metric, but no specific figure has been set.
*10 The target is to be below the average for all industries, but no specific figure has been set.

(3) Initiatives on Respect for Human Rights

Response policy on respect for human rights

The Group has identified "establish a responsible supply chain in which human rights are respected" as a material issue. In addition, the Group has positioned "respect for human rights" as the top priority in the LOGISTEED Group Code of Conduct, which sets the standard for our corporate activities. In order to promote efforts to respect human rights throughout the Group, we established the LOGISTEED Group Human Rights Policy in April 2023.

Going forward, we will continue to strive to realize a sustainable supply chain by working to build mechanisms for avoiding, preventing, and mitigating human rights issues for all stakeholders, including customers, shareholders, and employees.

■ Governance

Governance regarding respect for human rights is as described in "1) Governance and Risk Management for Sustainability."

■ Strategy

i. Promoting understanding of respect for human rights

In order to further deepen understanding of respect for human rights, the Group uses the Group Code of Conduct as a manual and also provides training on human rights through e-learning for employees and rank-based training for new recruits, mid-career recruits as well as newly appointed executives, managers, and assistant managers. Regarding executives, in the year ended March 31, 2025, the Group held the human rights training for executives, which all domestic and overseas executives took in the year ended March 31, 2024, for all newly appointed executives. Additionally, during Group Code of Conduct Month in October each year, a message from the president is sent out and compliance training is conducted within workplaces using case studies that also incorporate content related to human rights.

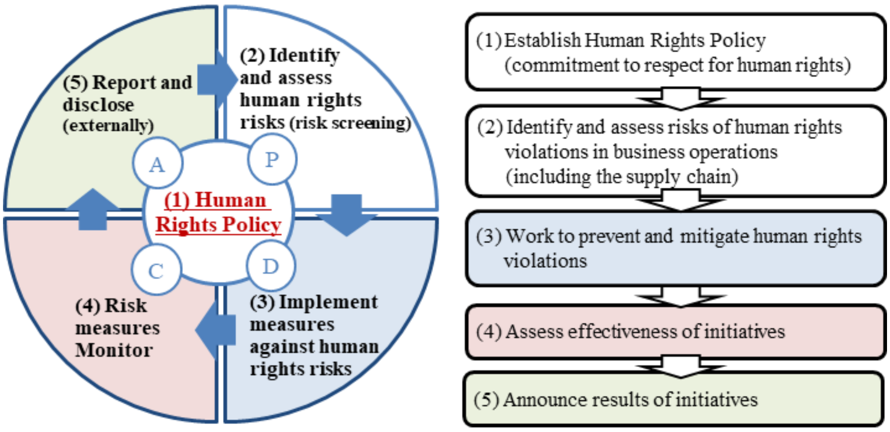
ii. Human rights due diligence

Starting in the year ended March 31, 2023, the Group began conducting human rights due diligence for our domestic and overseas Group companies, identifying and assessing through the PDCA cycle which consists of identifying and assessing the risk of human rights violations in our business, taking measures to prevent and mitigate human rights violations, evaluating their effectiveness, and disclosing them externally in order to ensure continuous improvement. Specifically, we conduct desktop research to identify human rights risks common to all industries and globally in the logistics industry. We also conduct desktop research on domestic and overseas Group companies from five perspectives: geography, products and services, industry, employment type, and laws and regulations. Based on the results of desktop research on each company, the Self-Assessment Questionnaire (SAQ) is administered individually to companies deemed to be at high risk overall, with particular emphasis on geography and product/service aspects. Measures are then taken that are tailored to the risks and challenges each company faces. The effectiveness of initiatives is ensured by continuously monitoring the target companies that have completed the SAQ.

(i) Preventing and mitigating risks of human rights violations

In the year ended March 31, 2025, among the identified risks, activities to reduce risks relating to foreign technical intern trainees were carried out based on the results of detailed confirmations conducted during onsite visits by an NGO. Specifically, the Company expanded multilingual support and confirmed cost burdens. Additionally, the Company implemented measures in accordance with Australia's Modern Slavery Act as a response to human rights policies in other countries. These will be continuously implemented and monitored going forward.

Human rights due diligence cycle



■ Risk Management

Risk management regarding respect for human rights is as described in "1) Governance and Risk Management for Sustainability."

■ Metrics and Targets

The metrics for each item outlined in the "Strategy" section above, as well as the related targets and results, are as follows:

Strategy	Metrics	Results FY2024	Target FY2025	Scope*1
Promoting understanding of respect for human rights	Human rights training for executives	41 persons	All executives	LOGISTEED plus domestic and overseas group companies
	Human rights training for employees: participants	35,437 persons	All employees	LOGISTEED plus domestic group companies
	Human rights training for employees: participation rate	98.5%	100%	LOGISTEED plus domestic group companies
Human rights due diligence	Response to human rights issues	3	–*2	LOGISTEED plus domestic group companies
	Number of cases of whistleblowing on harassment and responses	15	–*2	LOGISTEED plus domestic and overseas group companies

*1 ALPS LOGISTICS Group's figures are not included as they have not yet been compiled.
*2 No specific figures have been set since the aim is to reduce the number of human rights issues.

(4) Initiatives on Intellectual Property Rights

Response policy on intellectual property rights

The Group recognizes that logistics is an important form of infrastructure in society. In order to fulfill its role as a platform underpinning socio-economic activities, the Group actively takes on the challenge of introducing groundbreaking technologies to address various issues and promote innovation. In this context, the Group considers intellectual property to be a source of business competitiveness, and aims to achieve sustainable growth and maintain competitiveness through the acquisition, protection, and management of intellectual property rights. The Group has identified "step up DX" as one of its material issues (materiality). Based on this response policy, the Group is working to improve data-driven decision-making and efficiency, overall business management, and internal control performance, while providing our customers with advanced, high-quality logistics services.

■ Governance

Governance regarding intellectual property is as described in "1) Governance and Risk Management for Sustainability."

■ Strategy

i. Acquisition and protection of intellectual property rights

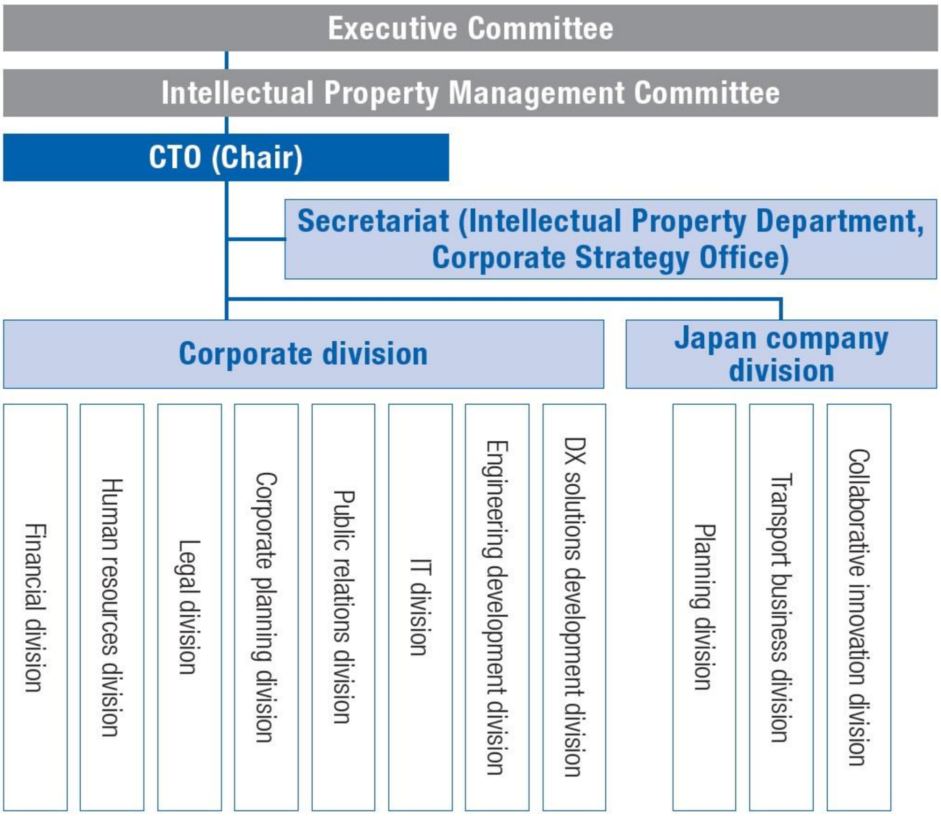
In order to meet the increasingly complex challenges facing our customers, the Group is actively working to improve warehouse and transportation operations, reduce CO_2 emissions, and digitalize each process. Based on intellectual property strategies formulated for each business, the acquisition and protection of intellectual property rights stand at the core of the strategy, and the Company keeps its know-how a secret or applies for and obtains patents. It also positions the number of patents acquired/held, and the number of inventors applying for patents, as important quantitative indicators (KPIs).

The Company is also actively collaborating with business partners to develop new service solutions and unique business models, promoting strategies that will lead to game-changing results.

ii. Managing intellectual property rights

The Group positions "intellectual property" as an important item in the LOGISTEED Group Code of Conduct, which sets the standard for the Group's corporate activities. In accordance with this Code of Conduct, we provide employees with specialized training for each business as well as regular compliance training to ensure that they always act honestly and fairly, based on the proper handling and protection of intellectual property in accordance with laws, regulations, and contracts.

- Promotion Structure



■ Risk Management

Risk management regarding intellectual property is as described in "1) Governance and Risk Management for Sustainability."

■ Metrics and Targets

The metrics for each item outlined in the "Strategy" section above, as well as the related targets and results, are as follows:

Strategy	Metrics	Results	Target	Scope
		FY2024	FY2025	
Acquisition and protection of intellectual property rights	Number of patents acquired	29	30	LOGISTEED plus domestic and overseas group companies
	Number of patents owned	171	201	LOGISTEED plus domestic and overseas group companies
	Number of inventors submitting patent application	29 persons	30 persons	LOGISTEED plus domestic and overseas group companies
Management of intellectual property rights	Number of specialized training and compliance training sessions	Specialized training 2 times In-house lecture 1 time	Specialized training 2 times and compliance training 1 time	LOGISTEED plus domestic and overseas group companies

3. Risk Factors

The LOGISTEED Group strives to enhance the PDCA cycle of risk management to address risks or opportunities that are difficult to foresee and require company-wide response. This involves identifying risk items (detection), analyzing risks (quantification), assessing risks (prioritization), and considering risk responses (response policies) increase corporate value and achieve sustainable growth.

Definition and classification of risks

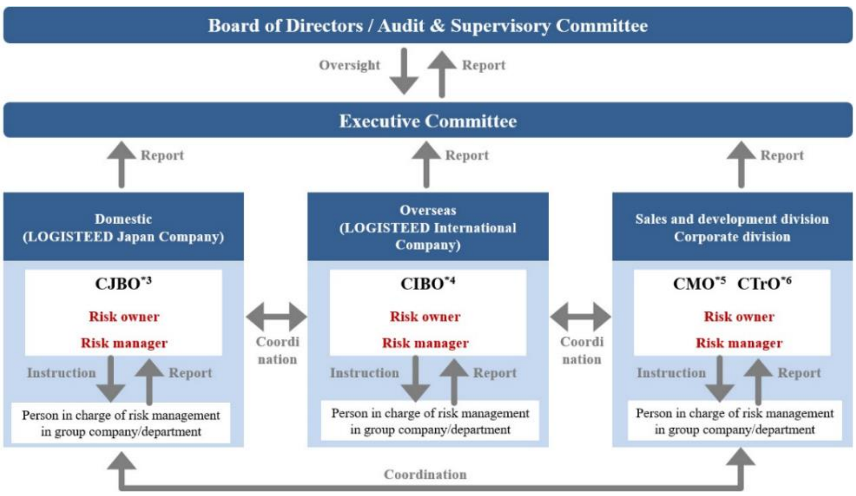
The LOGISTEED Group defines risk as "the influence of uncertainty about our objectives and the possibility to influence the achievement of our strategy and business goals when an event occurs."
We classify recognized risks as follows based on their types (strategic or pure) and factors (internal or external) and quantify them by risk factors based on the probability of occurrence and the degree of impact to select priority risk which exceeds the reference point. We also prioritize risks based on the assessment points and focus on discussing countermeasures against them.

	Internal factors	External factors	Group’s policies
Strategic risks	1) Growth risk Risk factors that may impede implementation of the growth strategy that takes into account customer and business environment (human resources and assets)	2) Environmental change risk Risk factors that result from changes in external environment (politics, economy, laws and regulations, technological innovation, and climate change) and may impede the growth strategy	Aggressively take risks to pursue growth
Pure risks	3) Operational risk Risk factors that result from inadequate or failure of internal process, human resources or systems	4)Hazard risk Risk factors beyond our control that result from external events and may impede business continuity by causing damage or harm	Hedge risks to minimize potential losses
Group’s policies	Prevent risks from occurring	Implement damage control assuming risks may occur	

Risk Management System

The LOGISTEED Group manages risks with a system whereby a Risk owner*1 and a Risk manager*2 are appointed for each risk factor who collaborate across divisions (domestic business, overseas business, sales development division, corporate division). Risk owners or Risk managers report the status of relevant risk items to the Executive Committee and also to the Board of Directors and the Audit & Supervisory Committee when necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).

(Reference) Risk Management Structure



*1. Risk owner: A person in charge of discussing risk responses and monitoring/supervising the implementation of measures.
*2. Risk manager: A person in charge of addressing risks in cooperation with a Risk owner and promptly implementing relevant measures.
*3.CJBO：Chief Japan Business Officer
*4.CIBO：Chief International Business Officer
*5.CMO ：Chief Marketing Officer
*6.CTrO：Chief Transformation Officer

Risk factors and the implementation status of the Group’s measures

Among the matters concerning that status of business operations and financial information described in this Annual Securities Report, the following are matters that may have a significant impact on investors' judgment. However, the risks described below are major ones, and there are other unforeseen risks and risks that require company-wide responses but are not specifically mentioned. Any of these risk factors could have an adverse effect on the Group's financial position and business results.

In addition, the relationship with numbers (1) to (7) of the contents described in "II. Business Overview, 1. Management Policy, Business Environment, and Issues to Address, etc. 2) Medium-to-Long-Term Management Strategy, Priority Measures" is shown in parentheses in the "The Group's measures " column in the table below.

Furthermore, any forward-looking statements are based on determinations made by the Group as of the end of the consolidated fiscal year under review.

1) Growth risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
1) Concentration/ dependence on specific customers and business partners [Priority risk]	＜Risks＞ ・Impact on business results and continued employment by losing projects ・Impact on the Group business of customers’ performance fluctuations and deterioration and business reorganizations ・Impact on the Group business due to the changes in customers’ business environment including drastic changes in the industrial structure and increasing supply chain vulnerability ・Impact on the LOGISTEED Group′s business due to the poor performance of the business partner ＜Opportunities＞ ・Efficient business expansion and able to take advantage of scale	・Sharp drop of revenues and profit due to poor performance or bankruptcy of customers and a significant increase in liabilities due to uncollectible accounts receivable ・Downsizing of the business base	・Account management through enhanced collaboration among group companies and divisions ・Monitor customers’ business condition ・Monitor the movements of peer companies ・Establish and monitor credit limit ・Perform periodic review of customer dependency ・Allocate management resources to non-core businesses ・Develop/provide services beyond conventional logistics domain ・Strengthen sales and marketing activities to existing/new Key Accounts (KA) via the Global Account Program (GAP) ・Supply chain optimization consulting activities utilizing engineering capabilities ([Priority Measures]1, 2)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
2) Securing human resources [Priority risk]	＜Risks＞ ・Labor shortage due to tighter regulation on drivers' overtime work by the Work Style Reform Act ・Difficulty in securing human resources due to aging population combined with a declining birth rate and intensifying competition in the labor market ・Loss of momentum for promotion of diversity management which enables diverse employees to participate in the workplace ＜Opportunities＞ ・Acquisition of new expertise and creation of new businesses	・Stagnation of the business ・Decrease in market competitiveness ・Slowdown in corporate growth	・Expand network of partner companies and secure workforce by enhancing recruitment of in-house drivers (increase personal vehicles) including reviewing drivers' benefit ・Monitor the bankruptcy risk of partner transport companies, and negotiate with partner companies to appropriately pass on labor costs in pricing ・Visualize human resource skills using the HR management system and make full use of skills ・Secure human resources with site management, global, digital, and business management capabilities according to the business strategy (Enhance recruiting and establish a compensation system) ・Enhance in-house training programs to foster and educate human resources ・Perform human resource retention control (Create a pleasant working environment, conduct regular employee surveys) ・Improve work efficiency through implementation of automation and RPA and Generative AI ・Foster human resources proficient in logistics through collaboration with external organizations, including industry-academia partnerships ・Promote recruiting of foreign drivers and employees ([Priority Measures]2, 7)
3) Changes in a business model (technological innovation, etc.) [Priority risk]	＜Risks＞ ・Obsolescence of existing services and business models due to rapid development of IT and other digital technologies ・Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies	・Loss of competitive advantages in the logistics industry ・Decrease in competitiveness due to delayed response to digitalization	・Increase competitiveness by developing new services and unique business models through collaborative innovation with business partners ・Protection through acquiring intellectual property rights, including patents, for new service solutions

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
	･Decrease in market share due to entry of competitors from different industries (e.g. IT, equipment) ＜Opportunities＞ ･Acquisition of growth opportunities and intellectual property through the development of revolutionary technology ･Provision of new services through a combination of new technologies		･Collect information on new business models including new technologies and different industries as well as benchmark other companies ･Promote cooperation among industry, government, and academia as well as open Innovation ･Explore and propose systems and solutions that differentiate us from competitors, such as integrated control systems for reinforcement of IT/DX human resources and labor-saving (WCS, RCS) ･Execute strategic investments in new solutions ([Priority Measures]1, 2)
4) Decrease in new orders received and failure to acquire orders in existing projects [Priority risk]	Decrease in new orders received ＜Risks＞ ･Difficulty in acquiring new orders and slowdown in growth due to intensifying competition and market shrinkage ･Failure to launch a new project ＜Opportunities＞ ･Business expansion with new orders, and acquisition of new expertise	･Decrease in market competitiveness ･Growth slowdown due to a decline in customer trust ･Decline in profit margin due to unprofitable businesses	･Enhance monitoring through wider use and adding check items of the phase-gate process management ･Visualize and share information on orders received and not received ･Set priority targets for new customers ･Enhance sales activities for acquiring new customers (expansion of sales channel and network) ･Expand proposal by strengthening transport business ([Priority Measures]4)
	Failure to acquire orders in existing projects ＜Risks＞ ･Failure to acquire orders in existing projects due to a bidding system, etc. ･Misjudgment of business plan ･Losses incurred due to contractual deficiencies		･Visualize and share customers' risk information ･Understand trend, analyze potential impact on businesses, and develop/implement responsive plans ･Strengthen communications with existing customers/ develop untapped areas requiring business model Innovation ･Implement customer satisfaction surveys ([Priority Measures]4)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
5) Promotion of M&As (including capital and business alliance) [Priority risk]	＜Risks＞ ・Drop in performance of the acquiree, investee or alliance partner ・Fall of governance in the acquiree ＜Opportunities＞ ・Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem	・Decrease in earnings and recognition of impairment loss ・Loss of customers due to scandals or violation of rules (Reference) ・Goodwill for FY2024 of ¥410.6 billion ・Customer-related intangible assets for FY2024 of ¥133.6 billion	・Strengthen due diligence before M&A or alliance ・Develop and implement a PMI plan by the head office and relevant business divisions ・Create synergies through collaboration with existing businesses and integration with existing entities ([Priority Measures]5)
6) Concentration of assets in specific areas	＜Risks＞ ・Changes in economic conditions/ environment in the specific regions ＜Opportunities＞ ・Achievement of economies of scale	・Suffering severer damage when a risk emerges ・Impact on business continuity	・Diversify investment in assets ・Implement phase-gate process management according to the investment decision criteria ・Recognize hazards in the investment area and make decision from a geopolitical perspective

2) Environmental change risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
1) Sharp increase in cost [Priority risk]	＜Risks＞ ・Impact of profit due to increase in procurement costs (fuel, car allocation expenses, labor costs, warehouse rent, and utility costs, etc.) ＜Opportunities＞ ・Decrease in procurement costs ・Improvement in profitability through customer pricing negotiations	・Deterioration in profitability due to failure to collect adequate fee corresponding to the increase in cost ・Negative impact on business continuity due to shortage of human resources and vehicles, etc. (Reference) ・Outsourcing expenses/labor costs for FY2024 ・Outsourcing expenses of ¥413.9 billion ・Labor costs of ¥205.4 billion *Excluding ALPS LOGISTICS Group	・Promote streamlining through relay transport, joint delivery, modal shift and double-trailer truck transport, etc., in addition to building close relationships with partner companies ・Optimize fees and contract form based on the movements of peer companies ・Efficient management by promoting automation, digitalization, in-house manufacturing, and joint procurement ・Reduce impact on business continuity by monitoring management of major partner companies ・Curbing procurement costs by changing and consolidating suppliers, canceling unnecessary contracts, reviewing contract periods, and taking other measures ・Appropriately passing on costs to customers ・Specify in the contract terms. to ensure passing on costs ([Priority Measures]1, 2)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
2) Sharp fluctuation of exchange rates [Priority risk]	＜Risks＞ ・Exchange loss ・Negative impact of translation of business results of overseas subsidiaries into Japanese yen ＜Opportunities＞ ・Exchange gain ・Positive impact of translation of business results of overseas subsidiaries into Japanese yen	・Decrease in profit due to exchange loss (items below EBIT in the income statement) ・Decrease in revenues and profit due to negative impact of translation of business results of overseas subsidiaries into Japanese yen (Reference) Ratio of revenues and adjusted operating income accounted for by the international business in FY2024: Revenues 46%, Adjusted operating income 44%	・Concentrate exchange risks (centralize transactions such as forward exchange contracts and currency options in the head office) ・Enter into hedge transactions including forward exchange contracts with financial institutions ・Maintain a balance of foreign currencies and continue investment in time deposits
3) Climate change [Priority risk]	＜Risks＞ ・Impact on realization of sustainable society ・Increase in carbon credit pricing ・Impact of extreme weather and natural disasters ・Increase in the average temperature ・Decline in productivity and loss of human resources due to a worsening workplace environment ＜Opportunities＞ ・Use of more efficient transportation modes and production and distribution processes ・Ability to diversify business activities ・Alternative/diversified resources	・Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on greenhouse gas emissions ・Stagnation of the logistics business due to intensifying extreme weather	・Establish an environmental management system and promote relevant activities ・Strengthen alliance with collaborative innovation partners to achieve the medium-to-long-term environmental targets (procurement of renewable energy, introduction of advanced eco-friendly vehicles, energy-saving buildings and facilities, and recycling) ・Develop decarbonizing solutions (visualization of CO_2 emissions) and promote green logistics ・Enhance risk management by purchasing appropriate insurance ・Promote BCP measures, and implement enhanced training and education (business continuity, quick recovery) ・Confirmation of environmental burden reduction initiatives at phase gates, confirmation of the status of BCP measures ・Improvement in the workplace environment such as with the introduction of air conditioning ・Consider the introduction of "Internal Carbon Pricing (ICP)" ([Priority Measures]1, 2, 7)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
4) Loss of human resources and diversified working-style [Priority risk]	＜Risks＞ ・Loss of human resources due to a mismatch between the personnel measures and employees’ desire ・Decline in labor productivity and increase in turnover rate due to health concerns and problems ・Loss of human resources due to delayed response to diversified working-style, and difficulty in securing human resources ・Increase in turnover due to the mobilization of human resources ・Interruption in transfer of skills and expertise due to an increase in turnover. Delay in development of new services/business models ＜Opportunities＞ ・Secure diversified human resources including highly-skilled personnel and those from different industries, etc.	・Fall of governance and business operation ability due to loss of human resources ・Decrease in market competitiveness and slowdown of corporate growth due to loss of human resources	・Realize diversity and inclusion and a work-life balance through use of a broad range of human resources ・Appoint human resources and provide career education based on a succession plan ・Promote visualization of employee engagement and mental health countermeasures using the employee engagement survey and stress check ・Improve moral/motivation through periodic interviews at workplace ・Support active participation of female, elderly, or disabled employees in the workplace ・Conduct employee surveys and strengthen employee engagement ・Secure excellent human resources by implementing group common in-house training programs ・Continue to implement teleworking ・Offer opportunities and occasions for growth (talent management and education) ・Implement the rotation of human resources that realize the working-styles and career paths that employees seek. ・Introduce a job-oriented compensation system that reflects “roles/responsibilities” and “achievements” ・Introduce the Stock Option Plan ([Priority Measures]7)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
5) Strengthening of policies and public regulations [Priority risk]	＜Risks＞ ・Response to changes in policies and regulations (such as limits on overtime work, environmental assessment, acquisition of permission/approval, SDGs, etc.) ＜Opportunities＞ ・Improvement of competitive advantage ・Development of new businesses and services	・Additional expenses due to prolonged response efforts ・Loss of business opportunities due to a decline in customer trust ・Decreases in revenues and profit due to partial restriction on our businesses, etc. by public regulations	・Strengthening efforts to set and achieve CO_2 emission reduction targets in medium-to-long-term environmental targets ・Understanding information and establishing/implementing specific measures for compliance with environmental regulations and systems ・Obtaining external certifications and ensuring rigorous management through third-party assessments in businesses and departments closely related to environmental issues ・Practicing ESG management ・Addressing the 2024 issue in logistics (reviewing transport conditions and fees, reducing waiting and handling times) ・Complying with the Subcontract Act, the revised Motor Truck Transportation Business Act and the Act on Advancement of Integration and Streamlining of Distribution Business (including the preparation of actual transportation management records, issuance of documents specifying transportation services and compensation, and correction of multi-layered subcontracting practices) ([Priority Measures]1, 2, 7)
6) Changes in funding environment	＜Risks＞ ・Deterioration in funding environment due to financial market turmoil ・Integration, reorganization or bankruptcy of financial institutions due to increased financial volatility (Increase in interest payments due to interest-rate hike when financing is needed) ＜Opportunities＞ ・Diversification of funding measures (e.g. supply chain finance and crowdfunding)	・Increase in interest payments due to a rise in interest rates at the time of funding (Reference) ・Interest-bearing debt as of the end of FY2024 ¥801.8 billion (Breakdown of interest-bearing debt) ・Bonds + Borrowings ¥338.4 billion ・Lease liabilities ¥463.4 billion	・Optimum capital level (optimize debt/equity finance) ・Adjust the ratio of fixed- and floating-rate borrowings ・Improve cash flow projection, use leases (reduce cash outflow), carefully select investments

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
7) International order moving towards multipolarity	<Risks> ・Stagnation of international cargo transport due to protection or preferential treatment of the domestic industries (e.g. subsidy, tax reduction, and increased tariff on imported goods) <Opportunities> ・Increase in business opportunities within the regions ・Increase in new demand from the reconstruction of supply chains in each country	・Downsizing of businesses in the relevant regions	・Enhance information collection system/ communication with customers and analyze the impacts ・Monitor macroeconomic indicators and security information in major countries where the Group operates ・Review areas with existing business operations following a review of customer manufacturing base and supply networks ・Acquire new customers within the regions ([Priority Measures]3, 4)
8) Retirement benefit obligations	<Risks> ・Decline in rates of return due to unexpected market fluctuations ・Changes in actuarial assumptions including discount rates and mortality rates <Opportunities> ・Increase in rates of return due to unexpected market fluctuations	・Increase in the Company's payments due to increases in contributions and Reserves (Reference) ・Retirement and severance benefits as of the end of FY2024 ¥33.3 billion	・Periodic review of asset management based on the future projections of retirement benefit obligations ・Expand introduction of the defined contribution pension scheme

3) Operational risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group’s measures
1) Occurrence of incidents [Priority risk]	＜Risks＞ ・Occurrence of industrial accident, vehicle or product accidents, and fire	・Compensation for losses caused by accidents or fire to products or the affected people, and payment of damage compensation to the affected people ・Decrease in revenues and profit due to decline in customer and social trust	・Enhance disaster prevention/mitigation capabilities by providing education and trainings and installing equipment and systems ・Confirm proper insurance for assets in custody (inventory), and inspection of fire extinguishing equipment ・Strengthen communications with employees, and develop educational materials and experiential training adapted to changes in the work environment, such as an increasing number of older employees and foreign workers ・Establish safety workplaces through the proactive use of technology (such as the Centralized Safety and Quality control Center, SSCV, and security robots ・Develop and implement a facility maintenance plan ・Establish an initial response and reporting system in case of an accident, and conduct drills ・Share lessons, insights, and good examples within the Company ・Conducting safety activities both domestically and internationally, including remote and VR education ・Implement safety and quality caravans, including overseas, comply with fire safety laws through the use of a firefighting visualization system, and conduct fire drills with full employee participation ・Establish and regularly review the LDSK (LOGISTEED Work Standards) ([Priority Measures]2, 7)
2) Compliance violations (violation of the labor law, bribery, infringe mint on human rights, etc.) [Priority risk]	＜Risks＞ ・Violation of overtime regulations, etc. ・Disagreement with the authority on the interpretation of equal pay for equal work ・Violations of laws and regulations such as bribery and competition law ・Information leakage ・Infringement on human rights including harassments, child labor, and low wage labor ・Infringement on intellectual property rights	・Impairment of corporate value due to decline in social trust ・Decrease in revenues and profit due to decline in customer and social trust.	・Establish the LOGISTEED Group Code of Conduct and educate all employees ・Conduct regular internal audits ・Introduce a whistleblowing system ・Conduct investigation and education by legal divisions in each region ・Establish a structure to manage an attendance management system ・Clarify wage calculation method ・Establish a specialized IP division and educate all employees ・Implement due diligence on human rights ([Priority Measures]2, 7)

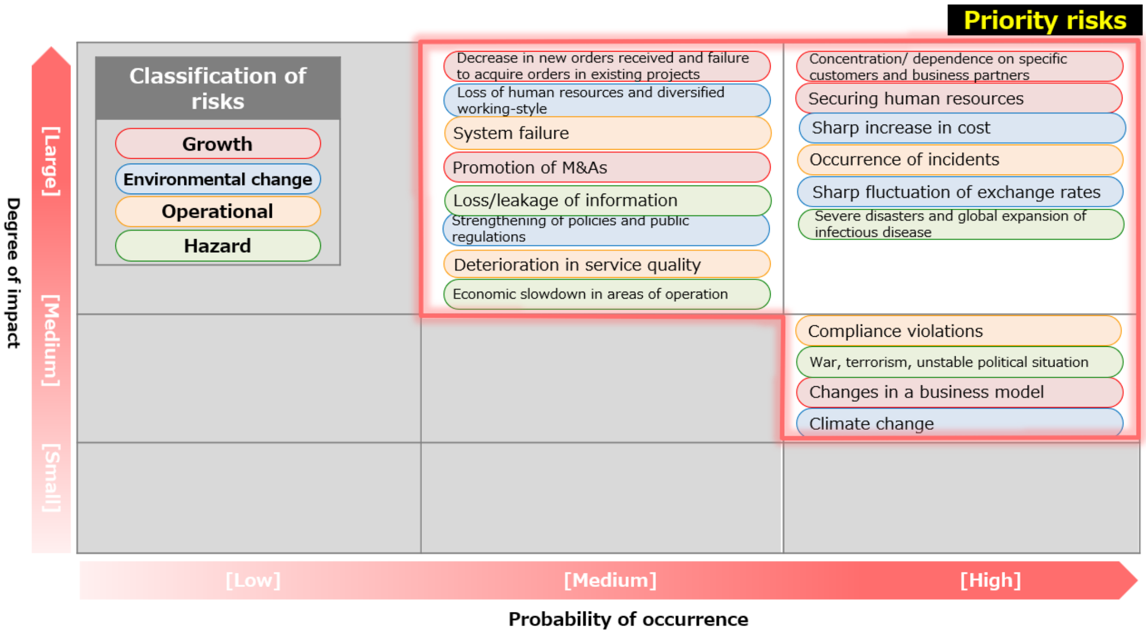
Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
3) Deterioration in service quality [Priority risk]	＜Risks＞ ・Loss of customer trust ・Deterioration in service quality and delays in delivery, etc.	・Decrease in revenues and profit due to decline in customer and social trust. Loss of customers. ・Compensation for losses such as reimbursement due to the incidents	・Manage KPIs by quality control divisions, and implement improvements at a business division ・Quality control through process management ・Conduct monitoring based on the internal control system, perform audit, and enhance support ・Implement quality monitoring by holding regular meetings with customers ・Follow-up on customer requirements as well as logistics service quality ・Share information on causes and measures for quality incident Cases ・Establish a quality culture by cultivating a quality mindset through education and its penetration ([Priority Measures]2, 7)
4) System failure [Priority risk]	＜Risks＞ ・Significant delay in work or suspension of operations due to power outage or system / equipment failure caused by natural disasters ・Significant delay in work or suspension of operations due to system failure at external service providers ・Delay in operations due to deterioration of system / equipment response ・Occurrence of failures caused by system aging	・Compensation or penalty for customers' opportunity loss due to delay in work ・Impairment of corporate value due to decline in social trust ・Decrease in revenues and profit due to decline in customer and social trust ・Expenses related to recovery or renovation	・Introduce redundant system ・Prepare alternative means in case of failure ・Strengthen backup measures for system recovery and conduct onsite training ・Implement measures for each service used and BCP ・Enhance risk management with cybersecurity insurance ・Regular system updates and upgrades ・ Measures to address system issues arising during customer system renewals (address the 2025 digital cliff issue (After 2025, aging systems will hinder corporate DX (Digital Transformation) and obstruct efficient business operations.)) ([Priority Measures]1, 2, 7)

4) Hazard risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
1) Severe disasters and global expansion of infectious disease (pandemic) [Priority risk]	＜Risks＞ ・Damage to employees ・Disruption of logistics network ・Damage to the Group's assets (e.g. buildings and facilities) and customers' products	・Decrease in revenues and profit due to a shutdown, disruption of logistics network or soaring fuel costs ・Restoration cost and impairment of assets	・Assess business interruption risk in each region ・Develop business continuity plan (BCP) for early business recovery (including prior consultation with customers and business partners) ・Establish rules for information collection and work regulations as a global organization in case of pandemic ・Carry out business continuity management (BCM) ・Promote automation/labor- saving ・Execution of operations remotely using online tools ・Introduce a disaster and infection reporting system ([Priority Measures]2, 7)
2) Loss/leakage of information [Priority risk]	＜Risks＞ ・Loss or leakage of data such as customer information due to an information security incident, cyberattack or large-scale system failure	・Impairment of corporate value due to decline in social trust ・Decrease in revenues and profit due to decline in customer and social trust ・Restoration cost ・Claims for compensation damages from customers	・Strengthen the information asset management through internal audit and in-house trainings, etc. ・Establish and disseminate information security rules ・Build a system to deal with cyberattacks and regularly update the technology ・Increase frequency of monitoring including audit ([Priority Measures]2, 7)
3) War, terrorism, unstable political situation (geopolitical risk) [Priority risk]	＜Risks＞ ・Damage to employees ・Impact on business (Disruption of logistics network) ・Damage to the Group's assets (e.g. buildings and facilities) and customers' products	・Decrease in revenues and profit due to a shutdown, disruption of logistics network or soaring fuel costs ・Restoration cost and impairment of assets	・Conduct routine situation analyses and monitoring ・Accelerate decision-making in case of emergency ・Develop BCP ([Priority Measures]7)
4) Economic Stagnation in business regions [Priority risk]	＜Risks＞ ・Slowdown in customers' business due to deterioration of the real economy ・Capital outflow due to weak currency, onset of financial crisis	・Decreases in revenues and profit due to a decline in volume resulting from the deterioration of customers' businesses	・Carefully observe and analyze impacts of changes in the macroenvironment on customers and partners ・Diversify customer portfolio and regional portfolio ・Optimize business scale in economically stagnant countries (regions) (including base closures and workforce adjustments) ([Priority Measures]6)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
5) Threat to capital	<Risks> ・Changes in capital policies of major shareholders ・Change of control as a result of acquisition of large number of the Company's shares by a specific Investor ・Impairment losses on goodwill	・Decline of initiative of the current management ・Impact on corporate value of material changes in capital structure ・Recognition of impairment losses	・Increase corporate value to increase stock value ・Active communication with shareholders ・Invest in growth opportunities ([Priority Measures]1, 2, 3, 4, 5)

(Reference) Heatmap by risk factors (in descending order of priority)



4. Management’s Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows

Forward-looking statements are based on determinations made by the LOGISTEED Group as of the end of the consolidated fiscal year under review.

1) Material Accounting Policies and Estimates

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). In preparing these consolidated financial statements, estimates deemed necessary for selecting and applying accounting policies and calculating the amounts of assets, liabilities, revenues and expenses are made based on reasonable criteria. However, actual results may differ from these estimates due to estimation uncertainties. If estimates are made for matters that are highly uncertain at the time of making accounting estimates, if there are other possible estimates that differ from the estimates adopted by the Group, or if there is a possibility that estimates will change over multiple fiscal years, this may have a significant impact on the Group's financial position and operating results. For details, see "V. Financial Information, 1. Consolidated Financial Statements, etc., 1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 2. Basis of Presentation, 4) Use of Material Estimates and Judgments, 3. Summary of Material Accounting Policies."

2) Financial Position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025	Change
Current assets	269,645	254,630	(15,015)
Non-current assets	1,290,331	1,500,370	210,039
Total assets	1,559,976	1,755,000	195,024
Current liabilities	217,336	249,601	32,265
Non-current liabilities	784,940	862,914	77,974
Total liabilities	1,002,276	1,112,515	110,239
Equity attributable to stockholders of the parent company	547,474	597,247	49,773
Non-controlling interests	10,226	45,238	35,012
Total equity	557,700	642,485	84,785

Total assets as of March 31, 2025 increased by ¥195,024 million compared to March 31, 2024 to ¥1,755,000 million. Current assets decreased by ¥15,015 million due to factors including a decrease in other financial assets of ¥52,260 million and a decrease in assets held for sale of ¥7,116 million, which offset an increase in trade receivables and contract assets of ¥20,651 million and an increase in cash and cash equivalents of ¥19,036 million as described in "4) Cash Flows.” Non-current assets increased by ¥210,039 million, due to increases in goodwill of ¥111,628 million and in property, plant and equipment of ¥47,789 million.

Total liabilities as of March 31, 2025 increased by ¥110,239 million compared to March 31, 2024 to ¥1,112,515 million. Current liabilities increased by ¥32,265 million due to factor such as increases in the current portion of long-term debt of ¥9,941 million, in short-term debt of ¥8,716 million, and in trade payables of ¥8,348 million, compared to a decrease in other financial liabilities of ¥5,314 million. Non-current liabilities increased by ¥77,974 million, due to increases in long-term debt of ¥53,011 million and lease liabilities of ¥17,088 million.

Total equity as of March 31, 2025 increased by ¥84,785 million compared to March 31, 2024 to ¥642,485 million, due to factors such as increases in non-controlling interests of ¥35,012 million, in retained earnings of ¥31,063 million, and in capital surplus of ¥19,647 million.

3) Operating Results

(1) Results Overall and for each Division Listed in Segment Information

In the consolidated fiscal year under review, the Group was striving to become "The Most Preferred Global Supply Chain Solutions Provider" through our strong partnership with Kohlberg Kravis Roberts & Co. L.P., in order to achieve our medium-to-long-term vision, LOGISTEED2030.

As a result of the above efforts, the Group's overall business results are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025	Change	YoY
Revenues	800,243	910,742	110,499	114%
Gross profit	100,125	109,594	9,469	109%
Adjusted Operating Income*1	38,903	48,498	9,595	125%
Operating income	20,838	37,033	16,195	178%
EBIT (Earnings before interest and taxes) *2	19,117	36,434	17,317	191%
Income before income taxes	8,797	24,015	15,218	273%
Net income	59,991	31,952	(28,039)	53%
Net income attributable to stockholders of the parent company	58,251	30,427	(27,824)	52%

*1. "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).

*2. "Earnings before interest and taxes (EBIT)" is calculated by deducting interest income from income before income taxes and adding interest expense.

i. Revenues, Adjusted Operating Income, and Operating Income

Revenues in the consolidated fiscal year under review increased 14% compared to the previous consolidated fiscal year to ¥910,742 million. This was mainly due to the expansion of contracted services, contributions from the operation of new projects, the impact of foreign exchange rates, and the impact of the consolidation of ALPS LOGISTICS CO., LTD. on October 11, 2024. Adjusted operating income increased 25% year-on-year to ¥48,498 million driven by increased revenues, improved productivity, and exchange rates. Operating income increased 78% year-on-year to ¥37,033 million. Although stock compensation expenses were recorded, the main factors for this increase were the recording of insurance proceeds and income from sale and leaseback transactions, as well as the decrease in costs associated with early retirement from the implementation of the second-career support program, loss by fire and acquisition-related costs, each of which were recorded in the previous consolidated fiscal year.

ii. EBIT (Earnings before interest and taxes)

Earnings before interest and taxes (EBIT) in the consolidated fiscal year under review increased 91% year-on-year to ¥36,434 million, attributed to the increase in operating income and other factors.

iii. Income before income taxes

Income before income taxes in the consolidated fiscal year under review increased 173% year-on-year to ¥24,015 million, attributed to the increase in EBIT and other factors.

iv. Net income attributable to stockholders of the parent company

Net income attributable to stockholders of the parent company in the consolidated fiscal year under review decreased 48% year-on-year to ¥30,427 million. This was due to factors including the elimination in the reversal of deferred tax liabilities associated with asset liquidation recorded in the previous consolidated fiscal year, despite an increase in income before income taxes.

Information for each segment is presented below.

i. Domestic logistics

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025	Change	YoY
Revenues	427,533	477,574	50,041	112%
Segment profit (Adjusted Operating Income)	19,969	24,926	4,957	125%

Revenues of domestic logistics business increased by 12% year-on-year to ¥477,574 million mainly due to contributions from expanded operations and new orders received and the impact of the consolidation of ALPS LOGISTICS CO., LTD. on October 11, 2024.

Segment profit increased by 25% year-on-year to ¥24,926 million mainly due to an increase in revenues and improved productivity.

ii. Global logistics

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025	Change	YoY
Revenues	357,372	418,865	61,493	117%
Segment profit (Adjusted Operating Income)	16,746	21,528	4,782	129%

Revenues of global logistics business increased by 17% year-on-year to ¥418,865 million mainly due to contributions from increased volume and new orders received, the effect of foreign exchange rate fluctuations, and the impact of the consolidation of ALPS LOGISTICS CO., LTD. on October 11, 2024.

Segment profit increased by 29% year-on-year to ¥21,528 million mainly due to an increase in revenues and the effect of foreign exchange rate fluctuations.

iii. Other services (logistics related businesses, etc.)

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025	Change	YoY
Revenues	15,338	14,303	(1,035)	93%
Segment profit (Adjusted Operating Income)	2,188	2,044	(144)	93%

Revenues of other services decreased by 7% year-on-year to ¥14,303 million.

Segment profit decreased by 7% year-on-year to ¥2,044 million.

(2) Results of Production, Orders and Revenues

i. Production results

This information is omitted as the Company's main business is providing logistics services.

ii. Order results

This information is omitted as the Company's main business is providing logistics services.

iii. Revenues

Revenues by segment for the consolidated fiscal year under review is as follows:

Segment name	Amount (millions of yen)	YoY
Domestic logistics	477,574	11.7%
Global logistics	418,865	17.2%
Other services	14,303	(6.7)%
Total	910,742	13.8%

Notes: 1. Intersegment transactions have been eliminated.
2. There is no counterparty that accounts for 10% or more of total revenues.

4) Cash Flows

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025	Change
Cash flows from operating activities	14,600	81,106	66,506
Cash flows from investing activities	(62,414)	(46,727)	15,687
Cash flows from financing activities	(62,120)	(15,215)	46,905
Free Cash Flow	(47,814)	34,379	82,193
Effect of exchange rate changes on cash and cash equivalents	2,366	(128)	(2,494)
Net (decrease) increase in cash and cash equivalents	(107,568)	19,036	126,604
Cash and cash equivalents at beginning of period	151,063	43,495	(107,568)
Cash and cash equivalents at end of period	43,495	62,531	19,036

The status of each cash flow and its factors for the year ended March 31, 2025 are as follows:

(1) Cash flows from operating activities

Cash flows from operating activities increased by ¥66,506 million compared to the year ended March 31, 2024, totaling inflows of ¥81,106 million. The main factors for this were increases in funds resulting from depreciation and amortization of ¥82,390 million and from net income of ¥31,952 million, compared to a decrease in funds due to interest paid of ¥15,567 million, etc.

(2) Cash flows from investing activities

Cash flows from investing activities decreased by ¥15,687 million compared to the year ended March 31, 2024, totaling outflows of ¥46,727 million. The main factors for this were increases in funds due to proceeds from the sale of subsidiary shares of ¥47,036 million and proceeds from sale of property, plant and equipment and intangible assets of ¥20,280 million, etc., compared to decreases in funds due to purchase of subsidiaries' shares of ¥83,914 million and purchase of property, plant and equipment and intangible assets of ¥26,649 million.

(3) Cash flows from financing activities

Cash flows from financing activities decreased by ¥46,905 million compared to the year ended March 31, 2024, totaling outflows of ¥15,215 million. The main factors for this were increases in funds due to proceeds from long-term debt of ¥118,511 million and proceeds from sales of treasury shares of ¥15,000 million, etc., compared to decreases in funds due to repayments of long-term debt of ¥61,708 million, repayments of lease liabilities of ¥50,388 million, and payments for the purchase of treasury shares of subsidiaries of ¥40,019 million, etc.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥19,036 million compared to the end of the previous consolidated fiscal year, to ¥62,531 million.
Free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, totaled ¥34,379 million.

5) Capital Resources and Liquidity

The Group considers its main sources of internal funds to be cash flows from operating activities along with cash and cash equivalents. The Company plans to fund business and strategic investments mainly from internal sources, but will raise funds, if necessary, by issuing bonds in the capital markets and borrowing from financial institutions. In addition, in order to facilitate smooth fund raising from the capital markets, the Company has obtained ratings from Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR). As of the date of submission of this report, the Company's issuer rating from Rating and Investment Information, Inc. (R&I) is A- (stable) and the issuer rating from Japan Credit Rating Agency, Ltd. (JCR) is A (stable). The Company strives to maintain and improve its credit rating and to ensure a sufficient level of liquidity. Information regarding significant capital investments and dispositions made between April 1, 2024 and March 31, 2025, as well as information regarding significant capital investments and dispositions currently in progress, is provided in "III. Equipment and Facilities."
Furthermore, through its strong partnership with Kohlberg Kravis Roberts & Co. L.P., the Company will be able to speed up decision-making, obtain investment funds, and bring in external knowledge, thereby improving its competitiveness and profitability and aiming for further business growth and increased corporate value.

5. Material Contracts, etc.

1) Acquisition of ALPS LOGISTICS CO., LTD.

At its meeting held on May 9, 2024, the Company's Board of Directors resolved to launch a tender offer by the Company's consolidated subsidiary LDEC, Ltd. ("LDEC") for the stock of ALPS LOGISTICS CO., LTD. ("ALPS LOGISTICS") pursuant to the Financial Instruments and Exchange Act ("Tender Offer"). LDEC executed the Tender Offer from August 22, 2024 to October 4, 2024, and as a result, the total number of tendered shares on the closing date exceeded the minimum number of shares planed for purchase, and the Tender Offer was successful.

As of October 11, 2024, the commencement date of settlement for the Tender Offer, the Company indirectly owned 45.87% of the voting rights of ALPS LOGISTICS, and based on the contents of the "Basic Transaction Agreement" and other documents concluded between the Company, LDEC and ALPS ALPINE CO., LTD. ("ALPS ALPINE"), the Company determined that it had substantial control over ALPS LOGISTICS as of that date, and therefore made ALPS LOGISTICS a consolidated subsidiary.

In addition, due to the share consolidation that took effect at ALPS LOGISTICS on December 19, 2024 and ALPS LOGISTICS' acquisition of ALPS ALPINE's treasury stock on January 30, 2025, LDEC's voting rights in ALPS LOGISTICS became 100%. LDEC, a consolidated subsidiary of the Company, disposed of its treasury stock by way of a third-party allotment to ALPS ALPINE on January 30, 2025. As a result, the ratio of the Group's voting rights in LDEC were reduced from 100% to 80%.

For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 5. Business Combinations, (Acquisition of ALPS LOGISTICS), (Change in parent company equity interest accompanying the disposal of the treasury shares of the consolidated subsidiary LDEC)."

2) Borrowing of Funds

At its meeting held on September 19, 2024, the Company's Board of Directors resolved to enter into an amendment agreement (hereinafter referred to as the "Agreement") for a syndicated loan with Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, SBI Shinsei Bank, Limited, and The Bank of Yokohama, Ltd., with an additional total borrowing limit of ¥130,000 million, in order to raise funds necessary for investment in and loans, etc., to its consolidated subsidiary LDEC. The Agreement was executed on October 7, 2024.

Based on the Agreement, the Company executed term loans of ¥95,700 million on October 10, 2024 and ¥24,300 million on January 29, 2025. Of the total additional borrowing limit under the Agreement, ¥10,000 million is a commitment line.

The Agreement is a loan agreement with special financial covenants, and the details of the Agreement are as follows:

(1) Execution date
October 7, 2024

(2) Attributes of the counterparties to the loan agreement
City banks

(3) The balance at end of year and due date of the debt related to the loan agreement and the details of the security provided for the debt
・Balance of debt at end of year: ¥120,000 million
・Due date: October 1, 2031
・Details of the security provided for the debt: Shares and monetary claims

(4) Details of financial covenants
This Agreement contains the following financial covenants, and if any of these are violated and a claim is made by the lender, the benefit of the term will be forfeited.
・ Maintain adjusted operating income for each half-year consolidated accounting period at or above a certain level
・ Maintain the total amount of equity recorded in the Consolidated Statement of Financial Position at the end of each half-year at or above a certain level compared to the end of the previous fiscal year.

In addition, for loan agreements concluded before April 1, 2024, the description is omitted pursuant to Article 3, Paragraph 4 of the Supplementary Provisions of the Cabinet Office Ordinance Partially Amending the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. and the Cabinet Office Ordinance on Disclosure of Details of Specified Securities, etc.

6. Research and Development Activities

The Group primarily engages in research and development (R&D) activities for new logistics technologies in collaboration with research institutes and other organizations.

The Group's R&D expenses for the consolidated fiscal year under review totaled ¥93 million. R&D expenses by segment were ¥82 million for Domestic Logistics, ¥10 million for Global Logistics, and ¥1 million for Other Services (logistics related businesses, etc.).

III. Equipment and Facilities

1. Overview of Capital Investment, etc.

The LOGISTEED Group (LOGISTEED and its consolidated subsidiaries) executed targeted investments aimed at expanding logistics locations, in addition to conducting regular renewals of vehicles. In addition, we implemented the liquidation of domestic logistics centers. The breakdown of capital investments for the current consolidated fiscal year (based on the receipt of tangible and intangible assets), is as follows.

(Millions of yen)

Segment name	Fiscal year ended March 31, 2025	YoY
Domestic logistics	53,965	27.1
Global logistics	32,100	97.0
Other services	5,038	124.6
Company-wide (shared)	5,598	93.6
Total	96,701	39.9

The capital investments by segment are as follows:

In domestic logistics, we expanded our logistics network by acquiring the Ogori Logistics Center (Ogori City, Fukuoka Prefecture) as a right-of-use asset. In addition to renewing existing assets, the Company carried out investments focused on operational streamlining and labor-saving initiatives. In addition to the abovementioned capital investments, as part of our efforts to transition to an asset-light business model and enhance capital efficiency, the LOGISTEED Group liquidated three domestic logistics centers. Accordingly, we transferred buildings and structures valued at ¥12,935 million, machinery and equipment of ¥212 million, and land totaling ¥6,656 million, while acquiring right-of-use assets amounting to ¥13,271 million. As a result, capital investments amounted to ¥53,965 million.

In global logistics, we acquired a multifunctional integrated logistics center (Bangkok, Thailand), as a property, plant and equipment investment, and renewed existing assets such as vehicles. As a result, capital investments amounted to ¥32,100 million.

In the other category, we renewed existing assets such as vehicles used in the rental business. As a result, capital investments amounted to ¥5,038 million.

2. Major Facilities

For facilities, the Group (the Company and its consolidated subsidiaries) follows the method of disclosing numbers for facilities by segment as well as the status of main facilities.
The status in the fiscal year ended March 31, 2025 is as follows.

1) Segment Breakdown

Segment name	Carrying amount (Millions of yen)						Number of employees excluded temporary employees
	Buildings and structures	Machinery, equipment and vehicles	Land (Area in m^2)	Right-of-use assets	Other	Total	
Domestic logistics	40,519	9,653	12,522 (633,928)	405,095	3,284	471,073	12,503 [11,565]
Global logistics	29,107	57,498	11,482 (2,194,937)	25,870	7,287	131,244	15,154 [1,408]
Other services	831	10,749	1,140 (27,416)	1,086	111	13,917	882 [130]
Company-wide	22,749	2,120	21,015 (414,271)	25,537	1,779	73,200	888 [97]
Total	93,206	80,020	46,159 (3,270,552)	457,588	12,461	689,434	29,427 [13,200]

Notes: 1. The carrying value for “Other” includes tools, furniture and fixtures, and construction in progress.
2. The numbers in brackets for employees are temporary employees not included in the number of employees.
3. Detailed information on right-of-use assets is provided in V. Financial Information, 1. Consolidated Financial Statements etc., 1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 8. Leases.

2) Information on the Company

Name of Office (Main location)	Segment name	Description of facilities	Carrying amount (Millions of yen)						Number of employees excluded temporary employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in m^2)	Right-of-use assets	Other	Total	
East Japan Area Management Headquarters (Taito-Ku, Tokyo, etc.)	Domestic logistics Global logistics Other services	Logistics center, etc.	10,753	2,887	4,505 (180,416)	98,882	124	117,151	33 [8]
Central Japan Area Headquarters (Naka-Ku, Nagoya, Aichi, etc.)	Domestic logistics Global logistics Other services	Logistics center, etc.	6,385	211	537 (10,289)	14,138	6	21,277	12 [–]
West Japan Area Headquarters (Konohana-Ku, Osaka, etc.)	Domestic logistics Global logistics Other services	Logistics center, etc.	5,535	1,292	1,278 (61,973)	50,750	78	58,933	75 [5]
Head Office, etc. (Chuo-Ku, Tokyo, etc.)	Other services Company-wide	Head office functions, etc.	1,607	36	931 (3,414)	18,068	229	20,871	761 [71]

3) Domestic Subsidiaries

Subsidiary name	Segment name	Description of facilities	Carrying amount (Millions of yen)						Number of employees excluded temporary employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in m²)	Right-of-use assets	Other	Total	
LOGISTEED East Japan, Ltd. (Taito-ku, Tokyo, etc.)	Domestic logistics	Logistics center, etc.	5,832	1,236	687 (126,815)	146,285	997	155,037	3,699 [4,424]
LOGISTEED West Japan, Ltd. (Konohana-ku, Osaka, etc.)	Domestic logistics	Logistics center, etc.	2,230	438	1 (319)	37,798	467	40,934	1,307 [1,183]
ALPS LOGISTICS CO., LTD. (Kohoku-Ku, Yokohama, Kanagawa, etc.)	Domestic logistics Global logistics	Logistics center, etc.	10,873	1,715	16,510 (294,468)	3,557	585	33,240	915 [375]

4) Overseas Subsidiaries

Subsidiary name	Segment name	Description of facilities	Carrying amount (Millions of yen)						Number of employees excluded temporary employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in m²)	Right-of-use assets	Other	Total	
Mars Lojistik Grup Anonim Sirketi (Istanbul, Turkey) (Note 1)	Global logistics	Vehicles, etc.	257	30,581	– (–)	3,672	1,024	35,534	2,840 [21]
J.P. Holding Company, Inc. (Anderson, U.S.A.) (Note 2)	Global logistics	Vehicles, etc.	5,077	19,299	658 (680,062)	2,683	1,695	29,412	1,846 [–]
ETERNITY GRAND LOGISTICS PUBLIC COMPANY LIMITED (Samut Prakan, Thailand) (Note 3)	Global logistics	Logistics center, etc.	3,883	838	4,217 (96,872)	175	2,135	11,248	565 [3]

Notes: 1. Includes the facilities and number of employees in six consolidated subsidiaries of Mars Lojistik Grup Anonim Sirketi.
2. Includes the facilities and number of employees in four consolidated subsidiaries of J.P. Holding Company, Inc.
3. Includes the facilities and number of employees in two consolidated subsidiaries of ETERNITY GRAND LOGISTICS PUBLIC COMPANY LIMITED.

5) Vehicles

(Number)

Company name	Standard-sized vehicles	Compact vehicles	Tractors	Trailers	Forklift	Micro buses	Passenger cars	Specialty vehicles	Other	Total
The Company	(3) –	(–) –	(–) –	(–) –	(3) 1	(–) –	(13) 12	(–) –	(–) 3	(19) 16
Domestic subsidiaries	(2,207) 419	(313) 37	(206) 11	(726) 134	(4,769) 496	(26) –	(713) 56	(4) 3	(144) 135	(9,108) 1,291
Overseas subsidiaries	(140) 308	(3) 75	(70) 2,395	(904) 6,049	(513) 1,111	(-) –	(333) 275	(-) 49	(2) 708	(1,965) 10,970
Total	(2,350) 727	(316) 112	(276) 2,406	(1,630) 6,183	(5,285) 1,608	(26) –	(1,059) 343	(4) 52	(146) 846	(11,092) 12,277

Notes 1. The numbers in parentheses indicate the number of leased vehicles excluded from the total number.
2. Other includes platform trucks, cargo trucks, sub-compact vehicles, and motorcycles.

3. Plans for New Construction and Disposal of Facilities, etc.

1) Construction of Significant New Facilities

Company name	Name of Office (location)	Segment name	Description of facilities	Planned investment amount		Financing method	Date of commencement	Scheduled date of completion
				Total amount (Millions of yen)	Amount already paid (Millions of yen)			
LOGISTEED West Japan, Ltd.	(Kobe, Hyogo)	Domestic logistics	Logistic center lease	7,300	–	Own capital and leasing	2022 April	2026 March

2) Disposal of Significant Facilities, etc.

Not applicable.

IV. Information on the Company

1. Stock, etc.

1) Total Number of Shares, etc.

(1) Total number of shares

Types	Total number of authorized shares
Common stock	2,000,000,000
Total	2,000,000,000

(2) Shares issued

Type	Number of shared issued as of fiscal year-end (March 31, 2025)	Number of shares issued as of report submission date (June 27, 2025)	Name of financial instruments exchange listed on or financial instruments firms association where registrable	Description
Common stock	200,000,000	200,000,000	Unlisted	(Note 1) (Note 2)
Total	200,000,000	200,000,000	–	–

Notes: 1. The share unit system is not used for any shares issued by the Company.
2. The rules on share restrictions are as follows.
The Company specifies the features (restricted stock) of all shares it issues (restricted shares), as specified in Article 107-1-(i) of the Companies Act. Approval of the General Shareholders' Meeting is required for transfer or acquisition of the shares under Article 8 of the Articles of Incorporation.

2) Stock Options, etc.

(1) Description of stock option system

Not applicable.

(2) Description of rights plan

Not applicable.

(3) Other stock options, etc.

Not applicable.

3) Exercise of Convertible Bonds with a Strike Price Adjustment Clause, etc.

Not applicable.

4) Trend in Total Number of Shares Issued, Common Stock, etc.

Date	Change in total number of shares issued	Total number of shares outstanding	Change in common stock (Thousands of yen)	Common stock balance (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Outstanding legal capital surplus (Thousands of yen)
April 21, 2022 (Note 1)	200,000,000	200,000,000	5	5	5	5
February 9, 2024 (Note 2)	–	200,000,000	99,995	100,000	–	5

Notes: 1. The increases in the total number of shares issued, common stock, and legal capital surplus resulted from company establishment.
2. Other capital surplus was incorporated into common stock on February 9, 2024 by resolution of the General Shareholders' Meeting on February 9, 2024, increasing common stock by ¥99,995,000.

5) Shareholding by Type of Shareholder

Common stock

(As of March 31, 2025)

Category	Share Information								Fractional shares (of less than one unit) (shares)
	National and local public organizations	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals/ Other	Total	
					Others besides individuals	Individuals			
Shareholders	–	–	–	1	–	–	1	2	–
Shares held (shares)	–	–	–	48,935,004	–	–	151,064,996	200,000,000	–
Percentage of shares held (%)	–	–	–	24.47	–	–	75.53	100.00	–

Note: 151,064,996 treasury shares are included in "Individuals/Other."

6) Principal Shareholders

(As of March 31, 2025)

Name	Business location	Shares held (shares)	Percentage of shares held, out of the total number of shares issued (excluding treasury shares)
LOGISTEED Holdings, Ltd.	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	48,935,004	100.00
Total	–	48,935,004	100.00

7) Voting Rights

(1) Shares issued

(As of March 31, 2025)

Category	Shares (Number of shares)	Voting rights (Number of voting rights)	Description
Shares without voting rights	–	–	—
Shares with restricted voting rights (treasury shares, etc.)	–	–	—
Shares with restricted voting rights (other)	–	–	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 151,064,996	–	–
Shares with full voting rights (other)	Common stock 48,935,004	48,935,004	–
Fractional shares (of less than one unit)	–	–	–
Total number of shares issued	200,000,000	–	–
Total number of shareholder voting rights	–	48,935,004	–

(2) Treasury shares, etc.

(As of March 31, 2025)

Name of shareholder	Business location	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Percentage of shares held out of total number of shares issued (%)
(Treasury shares) LOGISTEED, Ltd.	2-9-2 Kyobashi, Chuo-ku, Tokyo	151,064,996	–	151,064,996	75.53
Total	–	151,064,996	–	151,064,996	75.53

2. Acquisition of Treasury Shares, etc.

Type of shares
Common stock

1) Acquisition by Resolution of the General Shareholders' Meeting
Not applicable.

2) Acquisition by Resolution of the Board of Directors
Not applicable.

3) Details of Acquisitions Not Based on a Resolution by the General Shareholders' Meeting or the Board of Directors
Not applicable.

4) Disposal and Holding of Acquired Treasury Shares

Category	Fiscal year ended March 31, 2025		Period under review	
	Shares (Number of shares)	Total disposal value (Thousands of yen)	Shares (Number of shares)	Total disposal value (Thousands of yen)
Treasury shares acquired through solicitation of share subscribers	–	–	–	–
Acquired treasury shares cancelled	–	–	–	–
Acquired treasury shares transferred through merger, share exchange, share distribution, and company split	–	–	–	–
Other (Disposal of treasury shares via private placement)	1	15,000,000	–	–
Number of treasury shares held	155,064,996	–	155,064,996	–

3. Dividend Policy

The Company pays dividends from retained earnings, in accordance with the capital policies of LOGISTEED Holdings, Ltd., our sole parent company.
The Articles of Incorporation specify that the Company may declare interim dividends.
The syndicated loan renewal agreement concluded (hereafter, "the Agreement") on October 7, 2024 has a financial covenant pertaining to dividend restrictions on term loans based on the Agreement and loans based on a commitment line under the Agreement.

4. Corporate Governance, etc.

1) Overview of Corporate Governance

The LOGISTEED Group considers corporate governance to be key to realizing even greater management transparency and efficiency, as well as ensuring that our business is carried out with compliance and in accordance with correct corporate ethics. By extension, the crux of corporate governance lies in increasing corporate value and sustainable development.

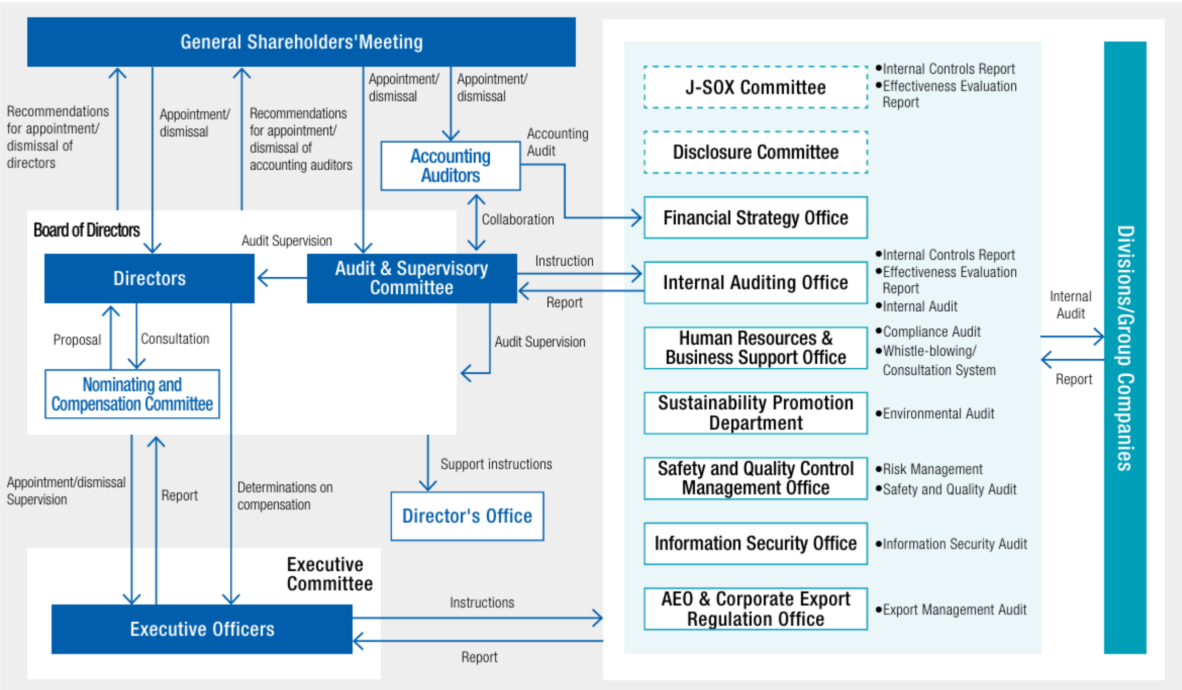
(1) Information concerning the Company

To enhance corporate value through faster decision-making and strengthening and upgrading the Board of Directors' oversight functions, we have adopted the corporate form of a company with an Audit & Supervisory Committee. We have established a Board of Directors, an Audit & Supervisory Committee, and accounting auditors.

The Board of Directors consists of seven directors, including six outside directors, and appoints executive officers after obtaining proposals from the voluntarily established Nominating and Compensation Committee. Each executive officer executes their duties under the direction and supervision of the Representative Director within the scope of their respective authority and responsibility.

The Audit & Supervisory Committee consists of three outside directors who are Audit & Supervisory Committee members. The Audit & Supervisory Committee, which is held once a month in principle, exchanges information and discusses audit implementation status, and receives reports from the accounting auditors and internal audit departments, among others, to exchange opinions. The Audit & Supervisory Committee members receive advance reports from the accounting auditors regarding their audit plans.

Our Corporate Governance System



(2) Maintenance of the internal control system

Under the "Basic Policy for Building an Internal Control System" established on March 21, 2024, the Company strives to develop and appropriately operate a system to ensure the appropriateness of the operations of the corporate group. An overview of system operation after it was established is provided below.

Board of Directors, Audit & Supervisory Committee, and Executive Committee

The Board of Directors consists of seven directors, six of whom are outside directors (of which, three are also Audit & Supervisory Committee members), and supervises the execution of duties by directors.

The Audit & Supervisory Committee consists of three outside directors who are Audit & Supervisory Committee members. The committee systematically audits the executive of duties by directors by confirming the status of audits and evaluations of the internal control system, and through regular opinion exchanges and investigations. Records pertaining to the Board of Directors and Audit & Supervisory Committee are prepared and retained according to the prescribed methods. Deliberation materials on important matters are retained forever.

The Board of Directors appoints executive officers after obtaining proposals from the Nominating and Compensation Committee, which was established voluntarily. Each executive officer executes their duties under the direction and supervision of the Representative Director within the scope of their respective authority and responsibility.

The Executive Committee meets once a month and deliberates on the execution of duties by executive officers and Company employees, according to the criteria for deliberation specified in the Rules of the Executive Committee. Records pertaining to the Executive Committee are retained according to prescribed methods and documentation on decisions concerning important matters is retained forever. In addition, the Criteria for Resolution by Executive Officer were established, and each executive officers executes their duties in accordance with the Criteria. The Company has an environment which allows outside directors to remotely attend important internal meetings, such as the Executive Committee.

Risk management system, internal controls, and internal audits

In regard to the information management system, each responsible department has established rules including Rules on Prevention of Bribery, Basic Policy on Information Security Measures, and Quality Assurance Control Rules for compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc. The Company, together with its subsidiaries, has prepared and distributed manuals for legal compliance, and holds e-learning on a regular basis. In addition, the Executive Committee deliberates and reports on compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc. to understand likelihood of new risks. The Board of Directors also deliberates and reports on important policies and internal rules.
With regard to overall internal control, we have established and operate the internal control system of the Company and group companies, and perform an audit on a regular basis to effectively achieve the internal control goals.
Regarding internal audits, the Internal Auditing Office, other responsible departments, and the relevant departments of our subsidiaries conduct internal audits to verify compliance with laws and regulations and to deter violations of such laws and regulations. The Company has also established the LOGISTEED Group Internal Whistleblowing System. The results of internal audits and the status of whistleblowing reports and consultations on compliance are regularly reported to the Audit & Supervisory Committee.

Structure of group companies

We require our group companies to establish a system according to their size, as well as send directors and Audit & Supervisory Board members to subsidiaries and conduct audits, etc. of each department of subsidiaries on a regular basis. Also, the Company's Board of Directors and Executive Committee deliberate important business matters related to subsidiaries in accordance with the Group Company Management Standards. In addition, we have established basic policies such as the LOGISTEED Group Code of Conduct and share corporate social responsibility with group companies.

Audit & Supervisory Committee members and accounting auditors

The Company has established the Director’s Office to assist outside directors, including those who are Audit & Supervisory Committee members, in performing their duties. Dedicated staff members who do not report to directors who are not Audit & Supervisory committee members are assigned to the office. The Director’s Office is also responsible for payment of expenses incurred by outside directors, including those who are Audit & Supervisory Committee members, in the course of performing their duties, as well as other administrative work. The office monitors the independence of dedicated staff members from directors who are not Audit & Supervisory Committee members through the receipt of advance notification of personnel transfers of dedicated staff members who do not report to directors who are not Audit & Supervisory Committee members.
At Audit & Supervisory Committee meetings convened once a month, in principle, the committee exchanges information and discusses audit implementation status, and receives reports from the accounting auditors and internal audit departments, among others, to exchange opinions as a system for ensuring effective audits by Audit & Supervisory Committee members.
The Audit & Supervisory Committee members receive advance reports from the accounting auditors regarding their audit plans. Audit & Supervisory Committee members also receive advance reports on compensation of accounting auditors and the details of non-audit services requested of the accounting auditors, and agrees to these after determining they are appropriate.

(3) Overview of limited liability agreement provisions

The Company has concluded agreements with each of the six non-executive directors limiting their liability for corporate damages/losses specified in Article 423-(1) of the Companies Act, pursuant to Article 24 of the Articles of Incorporation. The non-executive directors are Miho Aoki, Mitsudo Urano, Hirofumi Hirano, Hideaki Miyauchi, Eiji Yatagawa, and Takeshi Watabe. To summarize the provisions, the liability of these directors shall be limited to the sum of the amounts specified in each provision of Article 425-(1) of the Companies Act.

(4) Overview of liability insurance for officers, etc.

The Company takes out liability insurance for officers etc. (D&O insurance) with directors and employees of the Company and officers and employees of subsidiaries as the insured, pursuant to Article 430-3 of the Companies Act. The Company assumes responsibility for payment of insurance premiums, including special riders, and those insured assume no responsibility for premiums.

The insurance agreement covers damages/losses incurred from the assumption of liability relating to duties performed by officers and other insured, or from claims related to pursuit of such responsibilities. However, steps are taken to ensure that the appropriateness of the execution of duties by officers, etc. is not compromised and certain disclaimers have been inserted, such as no coverage for damages/losses arising from actions taken with the knowledge such action are illegal.

(5) Details of director compensation

The total amount of compensation, etc. paid to directors of the Company in the fiscal year ended March 31, 2025 was 154 million yen (of which, 40 million yen was the total compensation paid to outside directors). Director compensation, etc. includes medium and long-term cash compensation in the expenses for the fiscal year under review and the amount is calculated according to J-GAAP.

(6) Director quorum

The Articles of Incorporation specify eight as the maximum number of directors (excluding those who are Audit & Supervisory Committee members) and three as the maximum number of directors who are Audit & Supervisory Committee members.

(7) Requirements for resolutions on the appointment of directors

The Company's Articles of Incorporation specify that resolutions on the appointment of directors must be approved by a majority of voting rights held by shareholders in attendance the General Shareholders' Meeting who hold one-third or more of exercisable shareholder voting rights, and that no cumulative voting shall be used.

(8) Requirements for special General Shareholders' Meeting resolutions

To ensure smooth operation of General Shareholders' Meetings, the Company's Articles of Incorporation specify that General Shareholders' Meeting resolutions specified in Article 309(2) of the Companies Act shall be passed by two-thirds or more of the voting rights held by shareholders in attendance at the General Shareholders' Meeting who hold one-third or more of exercisable voting rights.

(9) General Shareholders' Meeting resolutions that can be decided by resolution of the Board of Directors

In the Board of Directors regulations, the Company has specified that acquisition and cancellation of treasury shares and company-owned stock options shall be decided by resolution of the Board of Directors.

(10) Activities of the Board of Directors, etc.

In the consolidated fiscal year ended March 31, 2025, The Company's Board of Directors convened 16 times, and the Nominating and Compensation Committee, 6 times. The attendance records of each director and committee member are shown below. The procedure for Board of Directors meetings is to deliberate on specific matters relating to basic policies concerning management, and M&A, financial settlement, corporate governance, and sustainability, and the Board shall strive to continually improve corporate value and common interests of shareholders of the Company. The procedure for Nominating and Compensation Committee meetings is to deliberate on specific matters relating to proposals on the appointment and dismissal of directors to be presented at a General Shareholders' Meeting, receipt of reports on candidates for executive officer and operation officer, the policy on determining the details of individual compensation, etc. of directors, executive officers, and operating officers, and on the details of compensation, etc. based on that policy. The committee engaged in discussions relating to appointment and dismissal of and succession plans for the CEO.

Board of Directors (April 1, 2024 to March 31, 2025)

Job title	Name	Attendance record (attendance rate)
Representative Director	Yasuo Nakatani	16 out of 16 meetings (100%)
Outside Director	Mitsudo Urano	15 out of 16 meetings (94%)
Outside Director	Takashi Nishijima (Note)	15 out of 16 meetings (94%)
Outside Director	Hirofumi Hirano	11 out of 16 meetings (69%)
Outside Director	Kazunobu Morita (Note)	15 out of 16 meetings (94%)
Outside Director, Audit & Supervisory Committee member	Miho Aoki	15 out of 16 meetings (94%)
Outside Director, Audit & Supervisory Committee member	Hideaki Miyauchi	15 out of 16 meetings (94%)
Outside Director, Audit & Supervisory Committee member	Eiji Yatagawa	13 out of 16 meetings (81%)

Nominating and Compensation Committee (April 1, 2024 to March 31, 2025)

Job title	Name	Attendance record (attendance rate)
Nominating and Compensation Committee Chairperson	Hirofumi Hirano	4 out of 6 meetings (67%)
Nominating and Compensation Committee Member	Mitsudo Urano	6 out of 6 meetings (100%)
Nominating and Compensation Committee Member	Yasuo Nakatani	6 out of 6 meetings (100%)
Nominating and Compensation Committee Member	Eiji Yatagawa	6 out of 6 meetings (100%)

Note: Kazunobu Morita resigned from the Board of Directors on March 31, 2025, and Takashi Nishijima retired from the Board of Directors upon conclusion of the General Shareholders' Meeting on June 26, 2025.

2) Directors

(1) List of Directors

6 men and 1 woman (14% of executives are women)

Job Title	Name	Date of Birth	Brief Career History		Term	No. of Shares Held
Representative Director (Executive Chairman, President and CEO)	Yasuo Nakatani	November 12, 1955	April 1978 February 1999 October 2003 October 2004 April 2005 April 2006 April 2007 April 2008 April 2010 April 2012 July 2012 April 2013 June 2013 April 2022 March 2023 March 2024	Joined Hitachi Express & Tokyo Monorail Co., Ltd. Seconded to Hitachi Transport System (America), Inc. (currently LOGISTEED America, Inc.) Division Manager, International Logistics Division II, International Operations Headquarters, Hitachi Transport System, Ltd.*3 Division Manager, International Logistics Division I, International Operations Headquarters, Hitachi Transport System, Ltd.*3 Deputy General Manager, International Operations Headquarters, Hitachi Transport System, Ltd. *3 Executive Officer, Hitachi Transport System, Ltd. General Manager, International Operations Headquarters, Hitachi Transport System, Ltd. *3 General Manager, International Business Headquarters, Hitachi Transport System, Ltd. *3 Deputy General Manager, Global Business Development Headquarters, Hitachi Transport System, Ltd. *3 Chief Executive for North America, Hitachi Transport System, Ltd. *3 President, Hitachi Transport System (America), Inc. (currently LOGISTEED America, Inc.) Vice President and Executive Officer, Hitachi Transport System, Ltd. *3 Senior Vice President and Executive Officer, Hitachi Transport System, Ltd. *3 General Manager, Global Corporate Strategy Office, Hitachi Transport System, Ltd. *3 General Manager, AEO & Corporate Export Regulation Office, Hitachi Transport System, Ltd. *3 Deputy General Manager, UC Project Headquarters, Hitachi Transport System, Ltd. *3 Representative Executive Officer, Executive Vice President, Hitachi Transport System, Ltd. *3 Representative Executive Officer, President and Chief Executive Officer and Director, Hitachi Transport System, Ltd. *3 Executive Chairman and CEO, Hitachi Transport System, Ltd. *3 Representative Director, Hitachi Transport System, Ltd. Executive Chairman and CEO, Hitachi Transport System, Ltd.*3 Representative Director, LOGISTEED, Ltd. (current position) Executive Chairman, President and CEO, LOGISTEED, Ltd. (current position)	*4	-
Outside Director	Mitsudo Urano	March 20, 1948	April 1971 April 1995 June 1999 June 2001 April 2007 June 2007 June 2009 June 2011 June 2013 June 2014 July 2016 March 2024	Joined Nippon Reizo Co., Ltd. (currently NICHIREI CORPORATION) General Manager, Low Temperature Logistics Planning Division, NICHIREI CORPORATION Director and General Manager of Strategic Planning Division, NICHIREI CORPORATION Representative Director and President, NICHIREI CORPORATION Director, Chairman, NICHIREI CORPORATION Representative Director, Chairman, NICHIREI CORPORATION Outside Director, Mitsui Fudosan Co., Ltd. Outside Director, Yokogawa Electric Corporation Advisor, NICHIREI CORPORATION Outside Director, Resona Holdings, Inc. Independent Director, HOYA CORPORATION Outside Director, Hitachi Transport System, Ltd.*3 Independent Non-Executive Director for Public Interest, KPMG AZSA LLC (current position) Outside Director, LOGISTEED, Ltd. (current position)	*4	-

Job Title	Name	Date of Birth	Brief Career History		Term	No. of Shares Held
Outside Director	Hirofumi Hirano	March 14, 1961	April 1983	Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)	*4	-
			October 1998	President, Nikko Europe PLC (currently Citigroup Capital Partners Japan Ltd.)		
				General Manager, Asset Management Department, Nikko Cordial Corporation		
			April 1999	Chairman and CEO, Nikko Principal Investments Ltd.		
			June 2003	Member of Board, Nikko Cordial Corporation		
			April 2008	Joined AlixPartners Asia, LLC		
			January 2010	Representative of Japan, AlixPartners Asia LLC		
			October 2010	Head of Financial Services for Asia, AlixPartners Asia, LLC		
			April 2013	Joined KKR Japan Ltd.		
				Chief Executive Officer, KKR Japan Ltd. (current position)		
			August 2013	Director, Orion Investment Co., Ltd. (currently PHC Holdings Corporation) (current position)		
			March 2015	External Director, Pioneer DJ Corporation (currently AlphaTheta Corporation)		
			May 2017	Director, CK Holdings Corporation (currently Marelli Holdings Co., Ltd.) (current position)		
			October 2017	External Director, Hitachi Koki Co., Ltd. (currently Koki Holdings Co., Ltd.) (current position)		
			June 2019	External Director, Hitachi Kokusai Electric Inc.		
			March 2021	Outside Director, KOKUSAI ELECTRIC CORPORATION		
			April 2022	Director, KJR Management		
			March 2023	Outside Director, Hitachi Transport System, Ltd.*3		
			November 2023	Director, Chairman, KJR Management		
			March 2024	Outside Director, LOGISTEED, Ltd. (current position)		
			February 2025	Director, Chairman, KJRM Holdings (current position)		
Outside Director	Takeshi Watabe	April 9, 1972	April 1995	Joined Showa Ota Audit Corporation (currently Ernst & Young Shinnihon LLC)	*4	-
			July 2001	Joined Goldman Sachs Japan Co., Ltd.		
			April 2004	Joined Morgan Stanley Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)		
			April 2012	Joined Hitachi, Ltd.		
			February 2014	Joined Mitsubishi Hitachi Power Systems, Ltd. (currently Mitsubishi Power, Ltd.)		
			July 2020	Division General Manager, Business Development Office, Strategy Planning Division, Hitachi Ltd.		
			October 2021	Office General Manager, Business Development Office, Strategy Planning Division, Hitachi Ltd. (current position)		
			June 2025	Outside Director, LOGISTEED, Ltd. (current position)		
Outside Director Audit & Supervisory Committee Member	Miho Aoki	April 12, 1961	April 1983	Joined Boston Consulting Group K.K. (currently Boston Consulting Group)	*5	-
			August 1987	Joined Salomon Brothers Inc. (New York head office)		
			January 1990	Manager, Corporate Development Department, Pfizer Inc.		
			September 1995	Manager of President’s Office, Estée Lauder Group of Companies Japan (currently ELC Japan K.K.)		
			June 2001	Vice President, Deloitte Tohmatsu Consulting LLC (currently ABeam Consulting Ltd.)		
			July 2005	Representative Director, Esquel Japan Limited (currently Tessellation Japan Limited)		
			March 2008	Executive Vice President, Amway Japan LLC		
			April 2017	Part-time Lecturer, Department of Food Safety Management, Faculty of Life Sciences and Design (currently Faculty of Food Health Science), Showa Women’s University		
			April 2019	Specially Appointed Associate Professor, Department of Food Safety Management, Faculty of Life Sciences and Design (currently Faculty of Food Health Science), Showa Women’s University		
			April 2020	Associate Professor, Department of Food Safety Management, Faculty of Life Sciences and Design (currently Faculty of Food Health Science), Showa Women’s University		
			June 2020	Outside Director, Toshiba Tec Corporation (current position)		
				Outside Director, Hitachi Transport System, Ltd. *3		
			March 2024	Outside Director, Audit & Supervisory Committee Member, LOGISTEED, Ltd. (current position)		

Job Title	Name	Date of Birth	Brief Career History		Term	No. of Shares Held
Outside Director Audit & Supervisory Committee Member	Hideaki Miyauchi	March 7, 1992	April 2014 May 2017 April 2020 March 2023 June 2023 March 2024 January 2025 February 2025 April 2025	Joined Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Joined KKR Japan Ltd. Outside Auditor, Koki Holdings Co., Ltd. Audit & Supervisory Board Member, Hitachi Transport System, Ltd.*3 Audit & Supervisory Board Member, LOGISTEED, Ltd. Outside Director, Audit & Supervisory Committee Member, LOGISTEED, Ltd. (current position) Statutory Auditor, KJRM Private Solutions (current position) Statutory Auditor, KJR Management (current position) Outside Director, FUJISOFT INCORPORATED (current position)	*5	-
Outside Director Audit & Supervisory Committee Member	Eiji Yatagawa	January 20, 1978	April 2002 August 2006 August 2013 March 2015 June 2015 September 2015 October 2016 June 2017 October 2017 June 2018 August 2019 December 2020 March 2021 March 2021 April 2021 March 2022 March 2022 June 2022 March 2023 March 2024 June 2024 April 2025	Joined Goldman Sachs Japan Co., Ltd. Joined KKR Japan Ltd. External Director, Panasonic Healthcare Holdings Co., Ltd. (currently PHC Holdings Corporation) External Director, Pioneer DJ Corporation (currently AlphaTheta Corporation) Board Director, Transphorm Inc. External Director, Transphorm Japan Inc. Outside Director, CK Holdings Co., Ltd. (currently Marelli Holdings Co., Ltd.) External Director, Transphorm Aizu Inc. External Director, Hitachi Koki Co., Ltd. (currently Koki Holdings Co., Ltd.) (current position) Outside Director, KOKUSAI ELECTRIC CORPORATION External Director, From Scratch Corporation (currently dataX. inc.) (current position) Director, GANOVATION, PTE. LTD. Director, SY Holdings Co., Ltd. Director, Seiyu Holdings Co., Ltd. External Director, NETSTARS Co., Ltd. Outside Director, Yayoi Co., Ltd. (current position) Director, Altoa, Inc. External Director, PHC Holdings Corporation (current position) Outside Director, Hitachi Transport System, Ltd.*3 Outside Director, Audit & Supervisory Committee Member, LOGISTEED, Ltd. (current position) Director, Seiyu Co., Ltd. (current position) Director, FUJISOFT INCORPORATED (current position)	*5	-
Total						-

*1 Of the directors, Mitsudo Urano, Hirofumi Hirano and Takeshi Watabe are outside directors who are not Audit & Supervisory Committee members.

*2 Of the directors, Miho Aoki, Hideaki Miyauchi, and Eiji Yatagawa are outside directors who are Audit & Supervisory Committee members.

*3 Hitachi Transport System, Ltd. changed its company name to LOGISTEED, Ltd. on April 1, 2023, and then, on March 1, 2024, through an absorption-type company split where LOGISTEED, Ltd. became the successor company and the former Hitachi Transport System, Ltd. became the splitting company, all of the former Hitachi Transport System, Ltd.'s business was succeeded to the company, and on the same day, the name was changed to L-management. After that, L-management was liquidated on April 18, 2025.

*4 The term of directors who are not Audit & Supervisory Committee members is to the close of the last ordinary General Meeting of Shareholders for the fiscal year ending within one year from the ordinary General Meeting of Shareholders on June 26, 2025.

*5 The term of directors who are Audit & Supervisory Committee members extends from the annual General Shareholders' Meeting on June 26, 2025 until the conclusion of the last annual General Shareholders' Meeting for the last fiscal year which ends within two years of their election.

(2) Outside officers

Of the four directors who are not Audit & Supervisory Committee members, three are outside directors. All three directors who are Audit & Supervisory Committee members are outside directors. The personal and capital relationships between each outside director and the Company are as described in "(1) List of Directors." Hirofumi Hirano, an outside director who is not an Audit & Supervisory Committee member, and Hideaki Miyauchi and Eiji Yatagawa, outside directors who are Audit & Supervisory Committee members, are affiliated with KKR Japan Ltd., the corporate arm of KKR in Japan. KKR indirectly owns and operates HTSK Investment L.P., which holds 90% of the voting rights in LOGISTEED Holdings, Ltd., the parent company of the Company. Transactions between KKR and the LOGISTEED Group are as described in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 30. Related Party Transactions." Takeshi Watabe, an outside director who is not an Audit & Supervisory Committee member, is affiliated with Hitachi Ltd., which holds 10% of the voting rights in LOGISTEED Holdings, Ltd., the parent company of the Company. Hitachi Ltd. is also a major customer of the Company. In addition, the other two outside directors are not specially interested parties as specified in Article 74-(2)-(iii) of the Regulations for Enforcement of the Companies Act.

3) Audits

(1) Audits by the Audit & Supervisory Committee

a. Organization, Personnel, and Procedure

As of the Annual Securities Report submission date, the Audit & Supervisory Committee consists of three Audit & Supervisory Committee members (Miho Aoki, Hideaki Miyauchi, and Eiji Yatagawa, all of whom are outside directors). Two of these committee members possess considerable knowledge of finance and accounting from their involvement in financial analysis and other areas: Hideaki Miyauchi, at Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and KKR Japan Limited; and Eiji Yatagawa, at Goldman Sachs Japan Co., Ltd. and KKR Japan Limited.
The Audit & Supervisory Committee receives reports on important matters concerning audits, and discusses and makes decisions on them, according to the Rules of the Audit & Supervisory Committee. The Company appoints staff members to assist Audit & Supervisory Committee members in performing their duties and strives to enhance audit operations.

b. Audit Methods and Activities

The Audit & Supervisory Committee audits the execution of duties by directors for legality, appropriateness, and effectiveness, based on the audit policy and action plans the committee has formulated. To ensure the effectiveness of internal audits and seamless sharing of information with the executive side, a double reporting system has been established whereby the Internal Auditing Office reports to both the executive side and the Audit & Supervisory Committee. At the direction of the Audit & Supervisory Committee, the Internal Auditing Office appoints a person responsible for internal coordination and cooperation to make sure that Company information can be provided to the Audit & Supervisory Committee.

(i) Audit & Supervisory Committee meetings in the fiscal year ended March 31, 2025

The Audit & Supervisory Committee convened 14 times in the fiscal year ended March 31, 2025. The attendance records of each Audit & Supervisory Committee member are as follows.

Audit & Supervisory Committee (April 1, 2024 to March 31, 2025)

Job title	Name	Attendance record (attendance rate)
Audit & Supervisory Committee Chairperson	Miho Aoki	14 out of 14 meetings (100%)
Audit & Supervisory Committee Member	Hideaki Miyauchi	14 out of 14 meetings (100%)
Audit & Supervisory Committee Member	Eiji Yatagawa	11 out of 14 meetings (79%)

(ii) Audits by the Audit & Supervisory Committee in the fiscal year ended March 31, 2025

The Audit & Supervisory Committee follows procedures for auditing the execution of duties by directors and executive officers, the maintenance and operation of internal controls, the status of compliance and governance, and risk management, among other areas. Audit & Supervisory Committee members also attended budget meetings and other important internal meetings and stated their opinions as necessary, confirmed the appropriateness of the execution of duties, and shared information with other Audit & Supervisory Committee members. They worked closely with the Internal Auditing Office and the accounting auditors to identify accounting issues and share important matters and other information relating to accounting and confirmed that acceleration and continuance of preparations for digital audits currently being pursued to improve the efficiency of and add depth to auditing operations.
The Audit & Supervisory Committee confirms audit activity reports of each Group company’s auditors and audit reports of the Internal Auditing Office to verify that each company’s Board of Directors is functions effectively, which is essential for governance of 109 Group companies. To maintain and strengthen the Group company governance structure, seven dedicated auditors of principal domestic and overseas subsidiaries each serve as the auditor for multiple companies. These auditors are responsible for governance from the parent company and endeavor to enhance the quality of audit activities. The dedicated auditors also attend three-way audit meetings convened by the Audit & Supervisory Committee and each shares information on initiatives and engages in an exchange of opinions.
The activities described above are ensuring the effectiveness of audits by the Audit & Supervisory Committee.

(iii) Audits in the fiscal year ending March 31, 2026

In preparation for relisting, systematic audit methods will be used to confirm the status of maintenance and building of the governance and compliance structure, progress on the medium-to-long-term strategy aimed at sustainable enhancement of corporate value, and the appropriateness of risk management and disclosure.

- Confirmation of the effectiveness of group company governance
- Confirmation of defensive management
- Confirmation of offensive governance aimed generating sustainable corporate value
- Disclosure and confirmation of ESG-related risks

(2) Key Audit Matters included in audit reports

For Key Audit Matters (KAM), the Audit & Supervisory Committee engages in repeated discussion and examination with the accounting auditors to mutually confirm the appropriateness and consistency of information disclosure needed by investors, and the accounting auditors ultimately determine the particularly important matters to designate as KAM. The introduction of KAM is aimed at increasing audit transparency and encouraging dialogue with management, and is expected to improve audit quality by stimulating mutual communication among the accounting auditors, the Audit & Supervisory Committee, and the executive side, and to raise awareness of the importance of risk management, in order to strengthen corporate governance.

(3) Internal audits

The Company has established an Internal Auditing Office (consisting of 23 dedicated staff members under the supervision of the office manager) to confirm the legality of operating processes and management operations and the effectiveness and appropriateness of internal controls. The office performs internal audits and evaluates internal controls on financial reporting. The Internal Auditing Office works together with the Financial Strategy Office, Human Resources & Business Support Office, Safety and Quality Control Management Office, Information Security Office, and AEO & Corporate Export Regulation Office and specialized personnel participate in onsite audits to perform systematic cross-organizational internal audits and improve effectiveness.

Internal audit implementation plans take business risks, previous audit results, and other factors into consideration, in light of changes in the business environment, the audit cycle, the existence of internal control deficiencies, and other factors in selecting the divisions to be audited. The Internal Auditing Office follows the procedure of proposing the plans to the Audit & Supervisory Committee, and deliberation and subsequent approval by the Audit & Supervisory Committee. In the fiscal year ended March 31, 2025, internal audits were performed on 23 divisions in total: the Company’s head office and head office organizations, four divisions of the head office organizations of domestic Group companies, the Company’s sales departments, and nine business divisions of domestic group companies, and 10 overseas group companies.

While internal audit results are not regularly reported to the Board of Directors, they are reported at Executive Committee and Audit & Supervisory Committee meetings. Audit findings, issues, and other information are shared with the relevant individual executives and the Internal Auditing Office works to ensure that appropriate improvement measures are implemented.

The Internal Auditing Office also works with the accounting auditors to evaluate internal controls on financial reporting, based on the policy established by the Company. Plans and evaluation results are deliberated in the J-SOX Committee chaired by the Chief Internal Control Officer and upon approval, are reported to the Audit & Supervisory Committee and the Executive Committee.

(4) Accounting audits

a. Name of accounting auditors

Ernst & Young ShinNihon LLC

b. Continuous audit period

3 years

c. Certified public accountants who performed the audit

Chiho Muto, Designated Engagement Partner
Ryu Seino, Designated Engagement Partner

d. Principal staff assisting in the audit process
11 certified public accountants and 32 others

e. Policy on and reason for selecting the accounting auditors
The Company considered the following factors in determining selection of the current accounting auditors.

(i) Accounting auditors' status and quality control system
- Overview of the accounting auditors
- No reasons for disqualification
- Accounting auditors' quality control system
- Results of independent reviews and inspections of the audit auditors

(ii) Audit performance system
- Policy and procedures for hand-over from the previous accounting auditors
- Audit team composition and details
- Audit plan details
- Policy on working with the Audit & Supervisory Committee and Internal Auditing Office

(iii) Amount of the estimate for audit compensation
- Level of audit compensation, details on compensation for non-audit services, and appropriateness of the level
- Appropriateness of supporting evidence for calculation of the audit compensation estimate
- Appropriateness of policy on response to changes in audit compensation amount when there are major changes in the audit plans

The policy on dismissal, etc. of the accounting auditors is as follows.

The Audit & Supervisory Committee will dismiss the accounting auditors by unanimous agreement of all Audit & Supervisory Committee members when reasons specified in each provision of Article 340-1 of the Companies Act are deemed applicable and the Audit & Supervisory Committee has determined that prompt dismissal is necessary. In such an instance, an Audit & Supervisory Committee member appointed by the Audit & Supervisory Committee will report the dismissal of the accounting auditors and the reasons for dismissal at the first General Shareholders' Meeting convened after dismissal.
In instances other than that noted above, the Audit & Supervisory Committee will determine the details of a proposed resolution on dismissal or non-reappointment of accounting auditors to be presented at the General Shareholders' Meeting when the committee deems it difficult for the accounting auditors to perform their duties properly, or determines there to be another reason for changing accounting auditors.

f. Evaluation of the accounting auditors by the Audit & Supervisory Committee
The Company's Audit & Supervisory Committee evaluates the accounting auditors. The Committee has evaluated the accounting auditors and determined that the accounting auditors have an appropriate system for performing their duties, based on the following criteria for evaluating accounting auditors.

(i) Accounting auditors' quality control system
(ii) Audit team structure and independence
(iii) Audit fees
(iv) Communication with Audit & Supervisory Committee members
(v) Communication with management and others
(vi) Group audit system
(vii) Evaluation of and response to the risk of fraud

(5) Audit fee details, etc.

a. Details of compensation of certified public accountants, etc.

(Millions of yen)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
The Company	56	–	297	–
Consolidated subsidiaries	171	–	147	–
Total	227	–	444	–

b. Details of fees for the Ernst & Young Group, in the same network as the certified public accountants, etc. (excluding a.)

(Millions of yen)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
The Company	–	31	–	113
Consolidated subsidiaries	254	60	307	22
Total	254	91	307	135

Non-audit services for the Company and consolidated subsidiaries in the previous fiscal year and the fiscal year under review consisted mainly of consulting services relating to tax returns and the transfer pricing system.

c. Details of compensation for other significant audit certification services

Not applicable.

d. Policy on determining audit compensation

The Company determines audit compensation for certified public accountants, etc. performing the audit based on audit time and other factors.

e. Reason why the Audit & Supervisory Committee agreed to the compensation, etc. of the accounting auditors

The Company's Audit & Supervisory Committee confirmed the appropriateness and validity of the accounting auditors' audit plans, audit performance conditions, and evidence for calculation of the estimated fees, and other factors. After carefully examining the audit time, compensation, and other factors, the committee determined them to be commensurate and appropriate, and agreed to the accounting auditors' compensation, etc. pursuant to Article 399-(1) of the Companies Act.

4) Director Compensation, etc.

Not applicable because the company is not a listed company.

Details of officer compensation are provided in 4. Corporate Governance, 1) Overview of Corporate Governance.

5) Shareholdings

Not applicable because the company is not a listed company.

V. Financial Information

1. Consolidated and Non-consolidated Financial Statement Preparation Methods
    1) The consolidated financial statements of the Group have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as specified in Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976; hereafter, "Ordinance on Consolidated Financial Statements").

    2) The non-consolidated financial statements of the Company are prepared according to the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59, 1963; hereafter, Ordinance on Financial Statements, etc.).
    The Company meets the requirements of a "Specified Company applying the Designated International Accounting Standards" and prepares non-consolidated financial statements as specified in Article 127 of the Ordinance on Financial Statements, etc.

2. Audit Certification

    Ernst & Young ShinNihon LLC audited the Group's consolidated financial statements for consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) and non-consolidated financial statements for fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025), pursuant to Article 193-2-(1) of the Financial Instruments and Exchange Act.

3. Maintenance of System for Properly Preparing the Consolidated Financial Statements, etc. Appropriately Based on Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements and the International Financial Reporting Standards (IFRS)

    The Group maintains a system that enables us to prepare the consolidated financial statements, etc. appropriately, based on special efforts to ensure the appropriateness of consolidated financial statements, etc. and the International Financial Reporting Standards (IFRS). A description of the system of provided below.

    1) We are a member of the Financial Accounting Standards Foundation (FASF) and participate in seminars held by the organizations responsible for setting accounting standards. This enables us to maintain a system capable of properly ascertaining accounting standards, etc. and accurately responding to revisions of accounting standards, etc.

    2) We obtain press releases and documents on standards published by the International Accounting Standards Board (IASB) concerning application of the International Financial Reporting Standards (IFRS) to understand the latest standards and analyze the impact. We also prepare manuals on Group accounting policies compliant with the International Financial Reporting Standards (IFRS) to prepare appropriate consolidated financial statements, etc. according to the International Financial Reporting Standards (IFRS) and perform accounting processes according to those policies.

1. Consolidated Financial Statements, etc.

1) Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	6,28	43,495	62,531
Trade receivables and contract assets	7,8, 21,27, 28	140,483	161,134
Inventories	9	1,593	3,448
Other financial assets	6,27	59,979	7,719
Other current assets		16,979	19,798
Sub-total		262,529	254,630
Assets held for sale	10	7,116	–
Total current assets		269,645	254,630
Non-current assets			
Investments accounted for using the equity method	11	7,208	7,491
Property, plant and equipment	12,28	184,057	231,846
Right-of-use assets	8	440,190	457,588
Goodwill	13	298,985	410,613
Intangible assets	13	152,049	152,140
Long-term loans receivable	27,30	150,871	163,180
Deferred tax assets	14	26,915	45,284
Other financial assets	27	21,209	22,801
Other non-current assets	17	8,847	9,427
Total non-current assets		1,290,331	1,500,370
Total assets		1,559,976	1,755,000

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities			
Current liabilities			
Trade payables	15	54,840	63,188
Short-term debt	27,28	23,037	31,753
Current portion of long-term debt	27,28	9,875	19,816
Lease liabilities	8,27	42,957	49,350
Income tax payable		2,866	4,033
Deposits received	25	3,028	2,650
Other financial liabilities	27	39,013	33,699
Other current liabilities	16,21,28	41,720	45,112
Total current liabilities		217,336	249,601
Non-current liabilities			
Long-term debt	27,28	233,808	286,819
Lease liabilities	8,27	396,938	414,026
Retirement and severance benefits liability	17	33,437	33,276
Deferred tax liabilities	14	52,994	56,724
Other financial liabilities	27	54,108	58,328
Other non-current liabilities	16	13,655	13,741
Total non-current liabilities		784,940	862,914
Total liabilities		1,002,276	1,112,515
Equity			
Equity attributable to stockholders of the parent company			
Common stock	18	100	100
Capital surplus	18	467,628	487,275
Retained earnings	18	60,837	91,900
Accumulated other comprehensive income	19	18,909	17,972
Total equity attributable to stockholders of the parent company		547,474	597,247
Non-controlling interests		10,226	45,238
Total equity		557,700	642,485
Total liabilities and equity		1,559,976	1,755,000

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Notes	Year ended March 31, 2024	Year ended March 31, 2025
Revenues	4,21	800,243	910,742
Cost of sales		(700,118)	(801,148)
Gross profit		100,125	109,594
Selling, general and administrative expenses		(66,206)	(71,068)
Other income	22	6,670	6,676
Other expenses	22	(19,751)	(8,169)
Operating income		20,838	37,033
Financial income	23	118	513
Financial expenses	23	(2,474)	(1,704)
Share of profits of investments accounted for using the equity method	11	635	592
EBIT (Earnings before interest and taxes)		19,117	36,434
Interest income	23	2,216	5,237
Interest expenses	8,23	(12,536)	(17,656)
Income before income taxes		8,797	24,015
Income taxes	14	51,194	7,937
Net income		59,991	31,952
Net income attributable to:			
Stockholders of the parent company		58,251	30,427
Non-controlling interests		1,740	1,525

	Notes	Year ended March 31, 2024	Year ended March 31, 2025
Earnings per share attributable to stockholders of the parent company			
Basic	24	1,190.37 Yen	621.78 Yen
Diluted	24	– Yen	– Yen

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Year ended March 31, 2024	Year ended March 31, 2025
Net income		59,991	31,952
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at FVTOCI	19	196	(361)
Remeasurements of defined benefit plans	19	1,076	1,557
Share of OCI of investments accounted for using the equity method	19	5	9
Total for items not to be reclassified into net income		1,277	1,205
Items that can be reclassified into net income			
Foreign currency translation adjustments	19	13,970	(1,811)
Share of OCI of investments accounted for using the equity method	19	53	67
Total for items that can be reclassified into net income		14,023	(1,744)
Other comprehensive income (OCI)		15,300	(539)
Comprehensive income		75,291	31,413
Comprehensive income attributable to:			
Stockholders of the parent company		71,551	29,612
Non-controlling interests		3,740	1,801

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

Year ended March 31, 2024								
	Notes	Paid-in capital	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
OCI	19				13,300	13,300	2,000	15,300
Dividends	20		(10,460)			(10,460)	(302)	(10,762)
Transfer from capital surplus to common stock		100	(100)			–		–
Transfer to retained earnings	19,27			23	(23)	–		–
Change due to business combination	18		11,250		1,478	12,728	(60,382)	(47,654)
Sale of treasury stock	18,30		47,760			47,760		47,760
Share-based remuneration transactions	26		196			196		196
Changes in liabilities for written put options over non-controlling interests	18,19 27		(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)

Year ended March 31, 2025								
	Notes	Paid-in capital	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		100	467,628	60,837	18,909	547,474	10,226	557,700
Changes in equity								
Net income				30,427		30,427	1,525	31,952
OCI	19				(815)	(815)	276	(539)
Dividends						–	(399)	(399)
Transfer to retained earnings	19			(1)	1	–		–
Change due to business combination	5		235		(85)	150	34,284	34,434
Sale of treasury stock	18,30		15,000			15,000		15,000
Share-based remuneration transactions	26		277			277		277
Changes in liabilities for written put options over non-controlling interests	18,19 27		4,135	637	(38)	4,734	(674)	4,060
Total changes in equity		–	19,647	31,063	(937)	49,773	35,012	84,785
Balance at end of year		100	487,275	91,900	17,972	597,247	45,238	642,485

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities			
Net income		59,991	31,952
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		70,876	82,390
Impairment losses		148	568
Income taxes		(51,194)	(7,937)
Share of profits of investments accounted for using the equity method		(635)	(592)
Loss by fire		3,811	783
Reversal of provision for loss by fire		(2,306)	(45)
Insurance proceeds		(1,756)	(2,619)
Settlement costs		1,868	–
Reversal of provision for settlement costs		–	(22)
Gains on sale of property, plant and equipment		(133)	(359)
Interest and dividends income		(2,311)	(5,328)
Interest expenses		12,536	17,656
Increase in trade receivables and contract assets		(1,152)	(2,489)
Increase in inventories		(177)	(138)
Decrease in trade payables		(140)	(1,437)
Decrease in deposits received	25	(43,775)	(621)
Decrease in retirement and severance benefits		(2,648)	(1,773)
Changes in other assets and liabilities	25	(1,367)	(8,192)
Other		(1,113)	3,978
Sub-total		40,523	105,775
Interest and dividends received		2,710	2,811
Interest paid		(11,777)	(15,567)
Fire-related payments	22	(1,933)	(6,988)
Insurance proceeds received	22	1,756	2,619
Income taxes paid		(16,679)	(7,544)
Cash flows from operating activities		14,600	81,106
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets		(42,141)	(26,649)
Proceeds from sale of property, plant and equipment and intangible assets	25	202,961	20,280
Payments for loans to the parent company	30	(150,800)	(9,200)
Proceeds from sale of subsidiaries' shares	25	–	47,036
Proceeds from acquisition of subsidiaries' shares		338	–
Purchase of subsidiaries' shares	25	(73,967)	(83,914)
Changes in time deposits	27	1,961	6,064
Other		(766)	(344)
Cash flows from investing activities		(62,414)	(46,727)

(Millions of yen)

	Notes	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from financing activities			
Increase in short-term debt, net	25	23,000	6,824
Proceeds from long-term debt	25	19,538	118,511
Repayments of long-term debt	25	(73,019)	(61,708)
Repayments of lease liabilities	25	(39,976)	(50,388)
Dividends paid	20	(10,460)	–
Payments for acquisition of interests in subsidiaries from non-controlling interests		(48)	(315)
Dividends paid to non-controlling interests		(302)	(399)
Proceeds from sales of treasury shares	30	–	15,000
Purchase of treasury shares of subsidiaries		–	(40,019)
Other	25	19,147	(2,721)
Cash flows from financing activities		(62,120)	(15,215)
Effect of exchange rate changes on cash and cash equivalents		2,366	(128)
Net (decrease) increase in cash and cash equivalents		(107,568)	19,036
Cash and cash equivalents at beginning of year		151,063	43,495
Cash and cash equivalents at end of year	6	43,495	62,531

Notes to Consolidated Financial Statements

1. Nature of Operations

LOGISTEED, Ltd. (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, 2025 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’s ultimate parent company is LOGISTEED Holdings, Ltd. and its ultimate controlling party is KKR.

2. Basis of Presentation

1) Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Group have been prepared according to the 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-(i) 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 312 of the Ordinance.
The consolidated financial statements were approved by Yasuo Nakatani, the Company’s Representative Director, Executive Chairman, President and CEO, and Hideo Nakamoto, the Company’s Executive Officer and Chief Financial Officer (CFO), on June 27, 2025.

2) 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.

3) Presentation Currency

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

4) Use of Material 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 according to International Financial Reporting Standards (IFRS). 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:

(1) 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 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 significant. 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.
Please refer to Note 13. Goodwill and Intangible Assets for details regarding customer-related assets.

(2) Valuation of goodwill

The Group’s goodwill was recognized mainly as a result of the business combination of L-management and ALPS LOGISTICS CO., LTD., which was made a consolidated subsidiary on October 11, 2024. 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 (CGU), and any excess of the carrying amount of assets allocated to a cash-generating unit over the recoverable amount is recognized as impairment loss.
The Company uses the business units it uses for internal reporting, in principle, as the CGUs for performing impairment testing. 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, 2025.
The significant assumptions used in calculating the recoverable amount are the rate of growth in sales based on 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 future years.
Please refer to Note 13. Goodwill and Intangible Assets for details regarding goodwill.

(3) 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 8. Leases for notes on lease term.

(4) 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 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 27. 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.

(5) Provision for loss by fire

On November 29, 2021, a fire occurred in the Maishima Sales Office logistics center of our consolidated subsidiary, LOGISTEED West Japan, Ltd. (“LOGISTEED West Japan”). On January 11, 2024, a fire also occurred in the logistics center of LOGISTEED East Japan, Ltd. (“LOGISTEED East Japan”) 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 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 16. Provisions for details of provisions for loss by fire.

(6) 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 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. 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 16. Provisions for details of provision for settlement costs.

5) Changes in Accounting Policies

Not applicable.

6) 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, 2025, 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 on the compulsory application date or later)	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	Revisions concerning presentation and disclosure of financial performance in the consolidated statement of profit or loss

3. Summary of Material Accounting Policies

1) Basis of Consolidation

(1) 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.

(2) 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.

2) 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.

3) 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.

4) 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.

(1) 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 currency translation and settlement are recognized in profit or loss for the period. However, foreign exchange gains or losses relating to financial assets measured at FVTOCI and cash flow hedges are recognized in other comprehensive income (OCI).

(2) Foreign currency translation

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.

5) Financial Instruments

(1) 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.

(2) 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 subsidiaries' 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.

(3) 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.

(4) 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.

6) 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.

7) 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.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, except for non-depreciable assets such as land.

The estimated useful lives of the major property, plant and equipment are as follows:

Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	2 to 17 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.

8) Goodwill and Other Intangible Assets

(1) 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.

(2) 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 their estimated useful lives. The estimated useful lives of the major intangible assets are as follows:

Software	2 to 10 years
Customer-related 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.

9) 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 2 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.

10) 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 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.

11) 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 recognized 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.

12) Retirement and Severance Benefits

The Company and some 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 in the net amount of the 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 the 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 an asset or liability in the consolidated statement of financial position.

Some 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.

13) 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 with economic value will be required to settle the obligation, and the amount of obligation can be reliably estimated.

In cases where 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 to reflect the time value of money and risks specific to the obligation. Unwinding of the discount over time is recognized as a financial expense.

14) Equity

(1) 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 directly in relation to the issuance are deducted from capital surplus.

(2) Treasury stock

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

15) 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 each of 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. When concluding contracts with customers, it recognizes that the contract should include certain characteristics and reflect economic substance. The contract also identifies the contracted goods or services to be transferred to customers as well as the performance obligations to be accounted for individually.
The transaction price is calculated as the amount of payment the Company expects to receive in exchange for transferring the goods or services promised to customers. The contracts with customers do not include material financial 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 will be recognized by allocating the 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 the underlying goods or services is transferred to the customer.

16) 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 and there is a high probability that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets and liabilities are measured using the 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 highly 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 offset 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, the Company applies 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 Pillar 2 The Global Anti-Base Erosion Rules (GloBE) of the OECD.

17) Earnings Per Share (EPS)

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.

18) 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 systematically recognized in profit or loss over the useful lives of the relevant assets.

19) Stock Compensation

The Company’s parent, LOGISTEED Holdings, Ltd., awards stock options and stock appreciation rights (“SARs”) to directors, executive officers, operating officers, and trustees of the Company and its subsidiaries, as an equity-settled share-based compensation program. Stock options and SARs are measured at the fair value on the date granted and recognized as expenses over the vesting period from the date granted with a corresponding increase recognized in capital surplus, after considering the expected final number of options and SARs.

4. Segment Information

1) 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 two 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, order 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.

Year ended March 31, 2024

(Millions of yen)

	Reportable segment			Other services (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	Domestic logistics	Global logistics	Total				
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 expenses (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 on a reasonable basis.
3. Adjusted operating income is calculated by deducting other income from operating income and adding other expenses, amortization of intangible assets recognized through business combination, and share-based remuneration expenses (excluding those related to performance-based stock remuneration plans).

Year ended March 31, 2025

(Millions of yen)

	Reportable segment			Other services (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	Domestic logistics	Global logistics	Total				
Revenues							
Revenues from outside customers	477,574	418,865	896,439	14,303	910,742	–	910,742
Revenues from intersegment transactions or transfers	–	–	–	29,991	29,991	(29,991)	–
Total	477,574	418,865	896,439	44,294	940,733	(29,991)	910,742
Segment profit Adjusted operating income (Note 3)	24,926	21,528	46,454	2,044	48,498	–	48,498
(Adjustments)							
Amortization of intangible assets recognized through business combination							(4,851)
Share-based remuneration expenses (excluding those related to performance-based stock remuneration plan)							(5,121)
Other income							6,676
Other expenses							(8,169)
Operating income							37,033
Financial income							513
Financial expenses							(1,704)
Share of profits of investments accounted for using the equity method							592
Interest income							5,237
Interest expenses							(17,656)
Income before income taxes							24,015
Other items							
Depreciation and amortization	55,098	23,993	79,091	3,299	82,390	–	82,390
Impairment losses	488	83	571	(3)	568	–	568

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 on a reasonable basis.
3. Adjusted operating income is calculated by deducting other income from operating income and adding other expenses, amortization of intangible assets recognized through business combination, and share-based remuneration expenses (excluding those related to performance-based stock remuneration plan).

2) 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 2025.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Japan	477,832	530,004
Europe	138,623	158,117
China	35,850	49,864
Asia	56,305	57,720
North America	80,994	101,121
Other areas	10,639	13,916
Overseas revenues subtotal	322,411	380,738
Total consolidated revenues	800,243	910,742

The following table shows the balances of non-current assets for each geographic area as of March 31, 2024 and 2025.

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Japan	947,653	1,100,858
Europe	60,083	65,519
Asia	32,598	42,523
North America	32,039	39,642
Other areas	5,535	6,263
Total	1,077,908	1,254,805

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

3) 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.

5. Business Combinations

For the 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 parties 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 25. Supplementary Cash Flow Information, 2) Increase Due to Loss of Control of Subsidiary). The purpose of this was transition to an asset-light business model and improve capital efficiency. Lease contracts were also concluded on the logistics centers and recorded under right-of-use assets and lease liabilities (See Note 8. Leases).

For the year ended March 31, 2025

The material business combination in the year ended March 31, 2025 is described below.

(Acquisition of ALPS LOGISTICS)

At its meeting held on May 9, 2024, the Company’s Board of Directors resolved to launch a tender offer (the “tender offer”) by the Company's wholly owned subsidiary LDEC for the stock of ALPS LOGISTICS pursuant to the Financial Instruments and Exchange Act. LDEC executed the tender offer from August 22, 2024 to October 4, 2024, and as a result, the total number of tendered shares on the closing date exceeded the minimum number of shares planned for purchase, and the tender offer was successful.

As of October 11, 2024, the commencement date of settlement for the tender offer, the Company indirectly owned 45.87% of the voting rights of ALPS LOGISTICS. The Company determined that it had substantial control over ALPS LOGISTICS as of that date, and therefore made ALPS LOGISTICS a consolidated subsidiary, based on the contents of the Transaction Master Agreement and other documents concluded between the Company, LDEC, and ALPS ALPINE.

LDEC's voting rights in ALPS LOGISTICS increased to 100% due to the share consolidation effectuated at ALPS LOGISTICS on December 19, 2024 and the acquisition of ALPS ALPINE's treasury stock by ALPS LOGISTICS on January 30, 2025. Since this transaction was a transaction related to acquisition of control through the tender offer, the Company accounted for these transactions and the tender offer as a single business combination transaction.

1) Overview of business combination

(1) Overview of acquired company

Name of acquired company: ALPS LOGISTICS CO., LTD.

Description of business: General logistics services and sale of forming materials, packaging materials, and electronic devices

(2) Primary purpose of the business combination

This bid is intended to provide integrated, efficient, high-value-added logistics services from procurement through completed products, secure benefits of scale through growing the customer base and increasing logistics volume, 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.

(3) Acquisition date

October 11, 2024

(4) Method of gaining control over the acquired company

Acquisition of shares and stock options for cash

2) Breakdown of acquisition cost and consideration payment type

Acquisition cost	¥104,924 million
Cash payment	¥104,924 million

3) Fair value of consideration paid, non-controlling interests, assets acquired and liabilities assumed as of the date of acquisition

(Millions of yen)

	Amount
Fair value of consideration paid	104,924
Current assets	
Cash and cash equivalents	21,333
Trade Receivables and Contract Assets	18,992
Other	4,298
Non-current assets	
Property, plant and equipment	45,509
Right-of-use assets	14,839
Intangible assets	3,298
Other	4,452
Total assets	112,721
Current liabilities	
Trade payables	10,073
Other	89,051
Non-current liabilities	
Long-term debt	11,378
Other	5,054
Total liabilities	115,556
Fair value of net identifiable assets of the acquired company	(2,835)
Non-controlling interests	3,883
Goodwill	111,642

As of March 31, 2025, the Company is still in the process of specifying the identifiable assets and liabilities relating to the amount of goodwill generated, the amounts for assets acquired and liabilities assumed, etc. as of the business combination date. The accounting treatment is provisional because allocation of consideration paid is not yet complete.
Other under current liabilities includes ¥70,534 million in financial liabilities associated with the acquisition of treasury stock held by ALPS ALPINE, by ALPS LOGISTICS.
Non-controlling interests are measured by the ratio of non-controlling interests to the fair value of identifiable assets of the acquisition.
Goodwill mainly consists of synergistic benefits with existing businesses and excess revenue the Company expects the acquisition to generate, which do not meet the requirements for individual recognition. This goodwill cannot be included in losses for tax purposes.
Acquisition-related costs of ¥1,193 million associated with this business combination were recorded under other expenses on the consolidated statement of profit or loss. Shares that ALPS LOGISTICS issued based on its restricted stock compensation system were among the ALPS LOGISTICS shares acquired in conjunction with the business combination, and ¥202 million for the acquisition of shares which continued to be restricted stock as of the business combination date are recorded as selling, general and administrative expenses because they constitute transactions relating to compensation for service after the business combination.

4) Results since the date of acquisition

Results of ALPS LOGISTICS since the date of acquisition that are included in the consolidated statement of profit or loss are shown below.

(Millions of yen)

	Amount
Revenues	57,391
Net income	499

5) Pro forma information

Pro forma information assuming the business combination with ALPS LOGISTICS had taken place at the start of the fiscal year is shown below. This pro forma information has not been audited.

(Millions of yen)

	Amount
Revenues	121,692
Net income	2,758

(Change in parent company equity interest accompanying the disposal of the treasury shares of the consolidated subsidiary LDEC)

LDEC, a consolidated subsidiary of the Company, disposed of its treasury stock by way of a third-party allotment to ALPS ALPINE on January 30, 2025. As a result, the percentage of the Group's voting rights in LDEC was reduced from 100% to 80%. The change in equity interest had the following impact on equity attributable to stockholders of the parent company.

(Millions of yen)

	Amount
Consideration for disposal of treasury stock	30,703
Increase in carrying amount of non-controlling interests	30,602
Increase in equity attributable to stockholders of the parent company	101
(Breakdown)	
Decrease in other components of equity	(88)
Increase in capital surplus	189

6. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and cash equivalents	49,806	63,304
Time deposits with maturities of over 3 months	(6,311)	(773)
Cash and cash equivalents in the consolidated statement of financial position	43,495	62,531

The balances of cash and cash equivalents in the consolidated statement of financial position as of March 31, 2024 and 2025 are consistent with the balances of cash and cash equivalents in the consolidated statement of cash flows.

7. Trade Receivables and Contract Assets

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Notes receivable and electronically recorded monetary claims	5,009	5,442
Accounts receivable	133,283	153,111
Contract assets	656	1,145
Lease receivables	2,226	2,220
Allowance for doubtful accounts	(691)	(784)
Total	140,483	161,134

Information on credit risk management is provided in Note 27. 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 8. Leases.

8. Leases

1) Lessee

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

(1) Lease expenses

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Depreciation of right-of-use assets		
Land, buildings and structures	35,742	48,864
Machinery, equipment and vehicles	3,500	3,582
Tools, furniture and fixtures	1,438	1,482
Total	40,680	53,928
Finance charge on lease liabilities	6,894	10,781
Expenses related to short-term leases	7,716	7,688
Gain or loss arising from sale and leaseback transactions	908	1,839

The Company executed sale and leaseback transactions for property, plant and equipment associated with domestic logistics centers the Group owns in the years ended March 31, 2024 and 2025 to transition to an asset-light business model and improve capital efficiency.
In the year ended March 31, 2024, the Company sold and leased back ¥122,675 million in land, ¥77,558 million in buildings and structures, and ¥43 million in machinery, equipment and vehicles of 34 logistics centers in Japan. As a result, it recorded ¥129,725 million in right-of-use assets and ¥129,044 million in lease liabilities. This transaction generated ¥222,671 million in cash flow, of which ¥201,501 million was recorded as sale of property, plant and equipment and intangible assets under cash flow from investing activities and ¥21,170 million as other cash flow from financing activities on the consolidated statement of cash flows.
In the year ended March 31, 2025, the Company sold and leased back ¥6,744 million in land, ¥12,935 million in buildings and structures, and ¥212 million in machinery, equipment and vehicles of three logistics centers in Japan. As a result, it recorded ¥13,271 million in right-of-use assets and ¥14,009 million in lease liabilities. This transaction generated ¥18,741 million in cash flow, of which ¥18,601 million was recorded as sale of property, plant and equipment and intangible assets under cash flow from investing activities and ¥140 million as other cash flow from financing activities on the consolidated statement of cash flows.

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Right-of-use assets		
Land, buildings and structures	424,752	438,069
Machinery, equipment and vehicles	11,250	14,580
Tools, furniture and fixtures	4,188	4,939
Total	440,190	457,588

Right-of-use assets increased ¥188,916 million and ¥49,112 million during the years ended March 31, 2024 and 2025, respectively.

(3) 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.
The extension option and termination option are generally included in the Group's lease contracts related to logistics centers and their fixtures. 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 the 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.

(4) 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.

(5) 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 2025 are ¥10,262 million and ¥6,930 million, respectively.

Please refer to Note 27. Financial Instruments and Related Disclosures for the maturity analysis of lease liabilities.

2) Lessor

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

(1) Finance lease

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	997	823
Over one year through two years	650	658
Over two years through three years	482	514
Over three years through four years	305	313
Over four years through five years	154	172
Over five years	73	53
Total	2,661	2,533
Unearned financial income	(192)	(179)
Net investment in the lease	2,469	2,354

(2) Operating lease

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	864	947
Over one year through two years	541	646
Over two years through three years	383	525
Over three years through four years	268	456
Over four years through five years	250	443
Over five years	314	414
Total	2,620	3,431

9. Inventories

The components of inventories are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Merchandise and finished goods	727	2,552
Work in process	21	16
Raw materials and supplies	845	880
Total	1,593	3,448

Inventories recognized as expenses in the year ended March 31, 2025 are mainly included in cost of sales.

10. Assets Held for Sale

Details of assets held for sale are shown below.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets held for sale		
Property, plant and equipment	7,109	-
Other	7	-
Total	7,116	-

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 sales were completed during the year ended March 31, 2025, and the properties were leased back at the same time they were sold.

11. 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)

	As of March 31, 2024	As of March 31, 2025
Investments in associates	7,162	7,440
Investments in joint ventures	46	51
Carrying amount of the Group's ownership interests	7,208	7,491

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)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Financial information on associates		
Net income	632	587
Other comprehensive income (OCI)	58	76
Total comprehensive income	690	663
Financial information on joint ventures		
Net income	3	5
Total comprehensive income	3	5
Total		
Net income	635	592
Other comprehensive income (OCI)	58	76
Total comprehensive income	693	668

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)

	As of March 31, 2024	As of March 31, 2025
Unrecognized share of losses of associates and joint ventures (current period)	5	(151)
Unrecognized share of losses of associates and joint ventures (cumulative total)	295	144

12. Property, Plant and Equipment

The three tables below show the following for property, plant and equipment: 1) change in carrying amount, 2) acquisition cost. and 3) accumulated depreciation and accumulated impairment losses.

(Millions of yen)

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2023 (beginning of the previous fiscal year)	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
As of March 31, 2024	63,776	72,732	8,329	27,450	11,770	184,057
Increase from business combination	21,883	2,209	758	20,098	561	45,509
Decrease due to loss of control	(1,677)	-	-	-	-	(1,677)
Additions	6,007	14,895	3,014	3,844	10,105	37,865
Sales or disposals	(179)	(2,084)	(134)	(136)	(82)	(2,615)
Depreciation	(5,980)	(10,236)	(2,218)	-	-	(18,434)
Impairment losses	-	-	-	-	(488)	(488)
Transfers from construction in progress	16,827	2,500	66	209	(19,602)	-
Foreign currency translation adjustments	(335)	(439)	(47)	172	(167)	(816)
Recording of asset retirement obligations	443	-	-	-	-	443
Decrease arising from sale and leaseback transactions	(7,274)	-	-	(5,421)	-	(12,695)
Other	(285)	443	64	(57)	532	697
As of March 31, 2025	93,206	80,020	9,832	46,159	2,629	231,846

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2023 (beginning of the previous fiscal year)	247,383	104,047	19,869	139,220	2,095	512,614
As of March 31, 2024	135,907	129,778	22,579	27,450	11,782	327,496
As of March 31, 2025	190,649	147,160	28,512	46,159	2,629	415,109

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2023 (beginning of the previous fiscal year)	(105,807)	(45,630)	(12,368)	-	-	(163,805)
As of March 31, 2024	(72,131)	(57,046)	(14,250)	-	(12)	(143,439)
As of March 31, 2025	(97,443)	(67,140)	(18,680)	-	-	(183,263)

Depreciation recognized for the years ended March 31, 2024 and 2025 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 2025 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 2025 are ¥8,583 million and ¥2,393 million, respectively.

13. Goodwill and Intangible Assets

1) Changes

The three tables below show the following for goodwill and intangible assets: 1) change in carrying amount, 2) acquisition cost. and 3) accumulated amortization and accumulated impairment losses.

(Millions of yen)

Carrying amount	Goodwill	Intangible assets			
		Customer-related assets	Software	Other	Total
As of April 1, 2023 (beginning of the previous fiscal year)	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
As of March 31, 2024	298,985	138,514	12,841	694	152,049
Increase from business combination	111,642	-	3,253	45	3,298
Internal developments	-	-	5,321	-	5,321
Purchases	-	-	1,270	8	1,278
Amortization	-	(4,851)	(4,260)	(17)	(9,128)
Disposals	-	-	(260)	(323)	(583)
Foreign currency translation adjustments	(14)	(31)	27	6	2
Other	-	-	(38)	(59)	(97)
As of March 31, 2025	410,613	133,632	18,154	354	152,140

(Millions of yen)

Acquisition cost	Goodwill	Intangible assets			
		Customer-related assets	Software	Other	Total
As of April 1, 2023 (beginning of the previous fiscal year)	296,951	140,332	30,219	877	171,428
As of March 31, 2024	298,985	144,871	35,384	957	181,212
As of March 31, 2025	410,613	144,838	49,147	495	194,480

(Millions of yen)

Accumulated amortization and impairment losses	Goodwill	Intangible assets			
		Customer-related assets	Software	Other	Total
As of April 1, 2023 (beginning of the previous fiscal year)	-	(1,568)	(20,242)	(230)	(22,040)
As of March 31, 2024	-	(6,357)	(22,543)	(263)	(29,163)
As of March 31, 2025	-	(11,206)	(30,993)	(141)	(42,340)

The carrying amount of intangible assets under finance leases as of March 31, 2024 and 2025 is ¥116 million and ¥126 million, respectively, and is included in software.

Amortization expenses recognized for the years ended March 31, 2024 and 2025 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 2025 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 2025.

The carrying amount of internally generated intangible assets as of March 31, 2024 and 2025 amounted to ¥9,832 million and ¥12,414 million, respectively, and is included in software.

Research and development expenses recognized for the years ended March 31, 2024 and 2025 are ¥164 million and ¥93 million, respectively, and are included in selling, general and administrative expenses in the consolidated statement of profit or loss.

2) 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 of each CGU is measured based on value-in-use, which is mainly calculated by the estimated future cash flows based on business plans approved by management, and 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 an estimated growth rate not exceeding the long-term average growth rate of the market to which the CGU belongs.
Material goodwill of the Group is as follows:

(Millions of yen)

Group of CGUs	As of March 31, 2024	As of March 31, 2025	Growth rate	Discount rate
Domestic logistics business	228,928	320,663	1.0%	5.3%
Global logistics business	70,057	89,950	2.1%	10.5%

Significant goodwill in the Group was recognized for L-management and due to the business combination of ALPS LOGISTICS as a consolidated subsidiary on October 11, 2024. They are grouped into the CGUs for the business segments, domestic logistics business and global logistics business. The ¥111,642 million in goodwill recognized due to the business combination of ALPS LOGISTICS is in the process of being examined to specify the identifiable assets and liabilities in the business combination. The accounting treatment is provisional because allocation of the amount paid is not yet complete.
The significant assumptions used in calculating the recoverable amount are the rate of growth in sales based on 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 significant. When the calculation result of the recoverable amount is significantly different, impairment losses may be recognized in the consolidated financial statements in subsequent fiscal years.
Impairment losses were not recognized because the total discounted future cash flows received from the CGU groups exceeded the carrying amount. The Company views it as unlikely that the recoverable amount will drop below the carrying amount even if there are reasonable changes in the significant assumptions used in impairment tests. If the discount rate, which is a significant assumption in impairment tests, were to increase by 0.7 point and 3.0 points for the domestic logistics business and global logistics business, respectively, impairment losses could arise.

14. 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)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Income taxes		
Current tax expenses	10,700	7,741
Deferred tax expenses		
Temporary differences originated and reversed	(62,971)	(1,660)
Changes in realizability of deferred tax assets	1,077	(14,018)
Total deferred tax expense	(61,894)	(15,678)
Total	(51,194)	(7,937)
Deferred taxes recognized in OCI		
Net changes in financial assets measured at fair value through OCI	195	(164)
Remeasurements of defined benefit plans	546	804
Foreign currency translation adjustments	110	53
Total	851	693

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, 2025 and 2024 is 34.6%. Overseas subsidiaries of the Company are subject to corporate taxes and other taxes in their locations.

Japan, where the Company is incorporated, has established a corporation tax corresponding to global minimum taxation through revisions of its tax system in fiscal year 2023. 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” hereafter) was enacted. The Group evaluates potential exposure to income taxes because it falls within the scope of the enacted global minimum tax system or substantively enacted laws. This evaluation showed that the effective tax rate exceeds 15% in nearly all jurisdictions where the Group conducts business activities, and jurisdictions where it is under 15% were judged to be insignificant to income taxes based on the tax rate and expected income.

The table of adjustments in the combined statutory income tax rate and the average effective tax rate for fiscal years ended March 31, 2024 and 2025 is shown below.

	For the year ended March 31, 2024	For the year ended March 31, 2025
Combined statutory income tax rate	34.6%	34.6%
Non-deductible expenses for tax purposes	407.6	5.8
Adjustments due to changes in tax rates	(411.2)	2.4
Changes in realizability of deferred tax assets	12.2	(58.4)
Differences in tax rates applied to overseas subsidiaries	(12.7)	(8.4)
Adjustments from business combination	(586.6)	-
Other, net	(25.8)	(10.2)
Average effective income tax rate	(581.9)%	(34.2)%

The Act on Partial Amendment of the Income Tax Act and other Acts (Act No. 13 of 2025) was passed by the National Diet on March 31, 2025 and a special corporate tax to boost defense will be assessed in the consolidated fiscal year beginning on April 1, 2026 and subsequent fiscal years.
Along with this, the Group has changed the combined statutory income tax rate from 34.6% to 35.4% and is using the new rate to calculate deferred tax assets and deferred tax liabilities which are expected to be reversed in the consolidated fiscal year beginning on April 1, 2026 or in subsequent fiscal years.

Changes in deferred tax assets and liabilities are as follows:

(Millions of yen)

	As of April 1, 2023 (beginning of the previous fiscal year)	Recognized in profit or loss	Recognized in OCI	As of March 31, 2024
Deferred tax assets				
Lease liabilities (Note 1)	83,792	98,850	-	182,642
Accrued bonuses	3,441	(156)	-	3,285
Retirement and severance benefit liability	10,270	304	(567)	10,007
Depreciation	1,617	(709)	-	908
Net operating loss carryforwards	-	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 1)	(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: 1. Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (See Note 8. Leases).

(Millions of yen)

	As of March 31, 2024	Recognized in profit or loss	Recognized in OCI	As of March 31, 2025
Deferred tax assets				
Lease liabilities (Note 1)	182,642	80	-	182,722
Accrued bonuses	3,285	107	-	3,392
Retirement and severance benefit liability	10,007	1,204	(978)	10,233
Depreciation	908	(41)	-	867
Net operating loss carryforwards	11,067	15,445	-	26,512
Other	7,022	326	12	7,360
Total deferred tax assets	214,931	17,121	(966)	231,086
Deferred tax liabilities				
Right-of-use assets (Note 1)	(176,557)	1,412	-	(175,145)
Deferred profit on sale of properties	(3,335)	139	-	(3,196)
Valuation differences due to business combinations	(5,368)	(2,170)	7	(7,531)
Customer-related assets	(47,461)	91	-	(47,370)
Net defined benefit assets	(2,065)	406	(171)	(1,830)
FVTOCI financial assets	(192)	-	163	(29)
Depreciation	(5,903)	(1,169)	-	(7,072)
Other	(129)	(152)	(72)	(353)
Total deferred tax liabilities	(241,010)	(1,443)	(73)	(242,526)
Net deferred tax assets	(26,079)	15,678	(1,039)	(11,440)

Note: 1. Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (See Note 8. 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 and ¥65,941 million for the years ended March 31, 2024 and 2025, 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)

	As of March 31, 2024	As of March 31, 2025
Future deductible temporary differences	21,920	32,474
Net operating loss carryforwards	104,047	89,289
Tax credit carryforwards	12	85
Total	125,979	121,848

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within five years	-	235
Over five years through ten years	103,872	88,885
Over ten years	175	169
Total	104,047	89,289

15. Trade Payables

The components of trade payables are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Notes payable	422	473
Accounts payable	54,418	62,715
Total	54,840	63,188

16. 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, 2025 are as follows:

(Millions of yen)

	Provision for loss by fire	Asset retirement obligations	Provision for settlement costs
Balance at beginning of year (April 1, 2024)	6,889	8,765	1,868
Increase from business combination	-	213	-
Additions	600	450	-
Decrease due to intended use	(1,952)	(765)	(67)
Reclassification to other payables	(775)	-	-
Decrease from reversal	(45)	-	(22)
Interest expense on discounted amounts	-	114	-
Impact of foreign currency translation	-	-	-
Other	-	(1)	-
Balance at end of year (March 31, 2025)	4,717	8,776	1,779
Current liabilities	699	20	1,779
Non-current liabilities	4,018	8,756	-

(1) Provision for loss by fire

For the year ended March 31, 2025, 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, 2026 and thereafter.

(2) Asset retirement obligations

For the year ended March 31, 2025, 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, 2025, however, the expected amount or timing may change due to factors including future business plans.

(3) Provision for settlement costs

Provision for settlement costs in the year ended March 31, 2025 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.

17. Employee Benefits

1) Retirement and Severance Benefits

The Company and some 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.
Main defined benefit pension plans are managed by the LOGISTEED Group pension plan. The Company and some 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.
Some 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 2025 are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Defined benefit obligations at beginning of year	48,317	44,285
Service cost	3,140	3,162
Interest cost	601	691
Actuarial gains or losses	50	(2,867)
Benefits paid	(8,037)	(3,554)
Increase from business combination	-	4,430
Other	214	(114)
Defined benefit obligations at end of year	44,285	46,033

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Fair value of plan assets at beginning of year	17,020	17,065
Interest income	191	238
Return on plan assets (excluding interest income)	1,672	(504)
Employers' contributions	539	546
Benefits paid	(2,614)	(703)
Increase from business combination	-	2,813
Other	257	64
Fair value of plan assets at end of year	17,065	19,519

The components of actuarial gains or losses are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Arising from changes in financial assumptions	(760)	(2,834)
Arising from changes in demographic assumptions	27	(76)
Other	783	43

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Present value of funded defined benefit obligations	10,928	14,047
Fair value of plan assets	(17,065)	(19,519)
Subtotal	(6,137)	(5,472)
Present value of unfunded defined benefit obligations	33,357	31,986
Net asset or liability in the consolidated statement of financial position	27,220	26,514
Net defined benefit assets (other non-current assets)	(6,217)	(6,762)
Retirement and severance benefit liability	33,437	33,276

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:

	As of March 31, 2024	As of March 31, 2025
Discount rate	1.3%	1.9%

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
0.5% increase	(2,078)	(1,949)
0.5% decrease	2,193	2,053

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:

	As of March 31, 2024	As of March 31, 2025
Duration	11.9 years	10.3 years

For the year ending March 31, 2026, the Company and some consolidated subsidiaries expect to make a contribution of ¥609 million to the defined benefit pension plan.

The fair value of plan assets as of March 31, 2024 and 2025 is as follows:

(Millions of yen)

	As of March 31, 2024		
	Quoted market price in an active market		Total
	With	Without	
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)

	As of March 31, 2025		
	Quoted market price in an active market		Total
	With	Without	
Life insurance general accounts	-	11,040	11,040
Commingled funds	-	8,259	8,259
Other	214	6	220
Total	214	19,305	19,519

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 were allocated to 26% in listed stocks, 71% in bonds and 3% in other assets. As of March 31, 2025, commingled funds are allocated to 22% in listed stocks, 62% in bonds and 16% in other assets.

The Group's management policy for plan assets is to secure stable returns in the medium-to-long-term for ensuring future payments of defined benefit obligations pursuant to internal rules. The target rate of return and the investment ratio by investment asset are established within the acceptable risk range every fiscal year, and plan assets are managed according to these. 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 some consolidated subsidiaries for the years ended March 31, 2024 and 2025 were ¥1,729 million and ¥2,273 million, respectively.

2) 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 2025 were ¥198,141 million and ¥219,852 million, respectively.

18. Equity

1) Capital

(1) Common stock

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

	For the year ended March 31, 2024	For the year ended March 31, 2025
Total number of authorized shares	2,000,000,000	2,000,000,000
Total number of shares issued		
Balance at beginning of year	200,000,000	200,000,000
Issuance of new shares	-	-
Balance at end of year	200,000,000	200,000,000

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

2) Surplus

(1) 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, 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.

In the year ended March 31, 2025, one share of treasury stock was sold to LOGISTEED Holdings, Ltd., a parent company of LOGISTEED, Ltd., on January 29, 2025, increasing the capital surplus by ¥15,000 million.

(2) 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.

(3) Written put options over noncontrolling 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 the 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 27. Financial Instruments and Related Disclosures.

3) Treasury stock

The following table shows changes in treasury stock during the years ended March 31, 2024 and 2025.

	For the year ended March 31, 2024	For the year ended March 31, 2025
Balance at beginning of year	151,064,998	151,064,997
Sale of treasury stock	(1)	(1)
Balance at end of year	151,064,997	151,064,996

Sale of treasury stock

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.

Treasury stock sold during the year ended March 31, 2025 consists of one share sold on January 29, 2025 to the Company's parent LOGISTEED Holdings, Ltd.

As a result, the number of shares of treasury stock as of March 31, 2024 and 2025 are 151,064,997 shares and 151,064,996 shares, respectively.

19. 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 2025 are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net changes in financial assets measured at FVTOCI		
Balance at beginning of year	(19)	125
OCI	160	(364)
Transfer to non-controlling interests	7	(3)
Reclassified to retained earnings	(24)	-
Changes in liabilities for written put options over non-controlling interests	1	2
Balance at end of year	125	(240)
Remeasurements of defined benefit plans		
Balance at beginning of year	1,085	2,221
OCI	1,015	1,472
Transfer to non-controlling interests	121	3
Reclassified to retained earnings	-	2
Balance at end of year	2,221	3,698
Foreign currency translation adjustments		
Balance at beginning of year	2,817	16,573
OCI	12,067	(1,999)
Transfer to non-controlling interests	1,350	(85)
Changes in liabilities for written put options over non-controlling interests	339	(40)
Balance at end of year	16,573	14,449
Share of OCI of investments accounted for using the equity method		
Balance at beginning of year	(69)	(10)
OCI	58	76
Reclassified to retained earnings	1	(1)
Balance at end of year	(10)	65
Total accumulated other comprehensive income		
Balance at beginning of year	3,814	18,909
OCI	13,300	(815)
Transfer to non-controlling interests	1,478	(85)
Reclassified to retained earnings	(23)	1
Changes in liabilities for written put options over non-controlling interests	340	(38)
Balance at end of year	18,909	17,972

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 2025.

(Millions of yen)

	For the year ended March 31, 2024		
	Before tax effect	Tax effect	After tax effect
Other comprehensive income (OCI)			
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 fair value through OCI (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)

	For the year ended March 31, 2025		
	Before tax effect	Tax effect	After tax effect
Other comprehensive income (OCI)			
Net changes in financial assets measured at FVTOCI	(525)	164	(361)
Remeasurements of defined benefit plans	2,361	(804)	1,557
Foreign currency translation adjustments	(1,566)	(53)	(1,619)
Share of OCI of investments accounted for using the equity method	76	-	76
Total	346	(693)	(347)
Reconciliation of OCI to profit or loss			
Foreign currency translation adjustments	(192)	-	(192)
Share of OCI of investments accounted for using the equity method	-	-	-
Total	(192)	-	(192)
OCI			
Net changes in financial assets measured at FVTOCI	(525)	164	(361)
Remeasurements of defined benefit plans	2,361	(804)	1,557
Foreign currency translation adjustments	(1,758)	(53)	(1,811)
Share of OCI of investments accounted for using the equity method	76	-	76
Total	154	(693)	(539)
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Financial assets measured at fair value through OCI (FVTOCI)			3
Remeasurements of defined benefit plans			85
Foreign currency translation adjustments			188
Total			276
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			(364)
Remeasurements of defined benefit plans			1,472
Foreign currency translation adjustments			(1,999)
Share of OCI of investments accounted for using the equity method			76
Total			(815)

20. Dividends

Dividends paid for the years ended March 31, 2024 and 2025 are as follows:

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

There are no dividends whose record date falls in the year ended March 31, 2025 but the effective date falls in the next fiscal year.

21. Revenue

1) Disaggregation of Revenue

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

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Japan	482,872	535,703
North America	83,973	99,500
Europe	145,605	168,487
Asia	54,125	62,538
China	36,017	46,775
Oceania and other	3,538	5,238
Adjustment	(5,887)	(7,499)
Total	800,243	910,742

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. This results in a difference between the figures in disaggregation of revenue and those in Note 4. Segment Information 2) 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. 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 deferred 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 deferred 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 deferred payments, etc.

2) Information on Outstanding Contract Balances

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

(Millions of yen)

	As of March 31, 2024		As of March 31, 2025	
	Balance at beginning of year	Balance at end of year	Balance at beginning of year	Balance at end of year
Receivables arising from contracts with customers	131,296	139,827	139,827	159,989
Contract assets	740	656	656	1,145
Total	132,036	140,483	140,483	161,134
Contract liabilities	1,736	2,251	2,251	3,167

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, 2025 which was included in the opening balance of contract liabilities is immaterial. Furthermore, the amount of revenue recognized during the year ended March 31, 2025 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.

3) 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.

22. Other Income and Expenses

1) Other Income

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Gain on sale of property, plant and equipment	515	449
Insurance proceeds	1,756	2,619
Reversal of provision for loss by fire	2,306	45
Restructuring gains	908	-
Profit arising from sale and leaseback transactions	-	1,854
Other	1,185	1,709
Total	6,670	6,676

(1) 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 some consolidated subsidiaries mainly to improve asset efficiency.

(2) Insurance proceeds

In the years ended March 31, 2024 and 2025, insurance proceeds received mainly in relation to fires at our consolidated subsidiaries were ¥1,702 million and ¥2,533 million, respectively.

(3) 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.

(4) Restructuring gains

To transition to an asset-light business model and improve capital efficiency, the Group consolidated 34 domestic logistics centers under Group ownership into L-management, transferred all shares of stock it held in L-management, and leased back the logistics centers in the year ended March 31, 2024. Gains of ¥908 million recognized from this reorganization were recorded as restructuring gains.

(5) Profit arising from sale and leaseback transactions

To transition to an asset-light business model and improve capital efficiency, the Group sold two domestic logistics centers under Group ownership and recognized gains from leasing back the logistics centers.

2) Other Expenses

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Loss on sale of property, plant and equipment	(170)	(84)
Loss on disposal of property, plant and equipment	(1,570)	(1,249)
Impairment losses	(148)	(568)
Cost associated with early retirement	(5,976)	-
Business structural reform expenses	(492)	(525)
Loss by fire	(3,811)	(783)
Acquisition-related costs	(3,859)	(1,195)
Settlement costs	(1,868)	-
Other	(1,857)	(3,765)
Total	(19,751)	(8,169)

(1) 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.

(2) Cost associated with early retirement

In the year ended March 31, 2024, the cost associated with early retirement represented special retirement bonuses, re-employment support costs, etc. arising in connection with implementation by the Company of a second-career support program.

(3) Business structural reform expenses

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

(4) 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.

(5) Acquisition-related costs

In the year ended March 31, 2024, acquisition-related costs mainly consisted of ¥3,315 million in expenses associated with the acquisition of shares of L-management by the Company. In the year ended March 31, 2025, acquisition-related costs mainly consisted of ¥1,193 million in expenses associated with the acquisition of shares of ALPS LOGISTICS by a consolidated subsidiary of the Company.

(6) Settlement costs

Settlement costs in the year ended March 31, 2024 were recorded in the estimated amount of possible future losses on damages to customers arising in the businesses of the Company's consolidated subsidiaries.

23. Financial Income and Financial Expenses

Interest income and expenses for the years ended March 31, 2024 and 2025 are mostly related to financial assets and liabilities measured at amortized cost. Please refer to Note 8. Leases for interest costs related to lease liabilities included in interest expenses for the years ended March 31, 2024 and 2025.

The main components of financial income and financial expenses excluding interest income and expenses for the years ended March 31, 2024 and 2025 are as follows:

1) Financial Income

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Dividends income	95	91
Other	23	422
Total	118	513

2) Financial Expenses

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Exchange loss	(969)	(783)
Loss from revision of conditions on financial liabilities	(605)	-
Expenses related to commitment line	(344)	(538)
Other	(556)	(383)
Total	(2,474)	(1,704)

(1) Expenses related to commitment line

Expenses related to the commitment line were mainly structuring expenses and fees associated with conclusion of commitment line agreement.

(Change in presentation method)

The expenses related to commitment line recorded in other in the year ended March 31, 2024 increased in significance in the year ended March 31, 2025 and were therefore recorded as a separate account category in the year ended March 31, 2025. The Notes to Consolidated Financial Statements for the year ended March 31, 2024 were reclassified to reflect this change in presentation method.

As a result, the ¥900 million presented for other in the Notes to Consolidated Financial Statements for the year ended March 31, 2024 was restated to ¥344 million in expenses related to commitment line and ¥556 million in other.

24. Earnings Per Share (EPS)

The basis for calculation of basic EPS attributable to stockholders of the parent company for the years ended March 31, 2024 and 2025 is as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net income attributable to stockholders of the parent company (Millions of yen)	58,251	30,427
Weighted average number of common stock (Thousands of shares)	48,935	48,935
Basic EPS attributable to stockholders of the parent company (Yen)	1,190.37	621.78

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

25. Supplementary Cash Flow Information

1) Purchase of Subsidiaries' Shares

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).
Purchase of subsidiaries' shares in cash flows from investing activities for the year ended March 31, 2025 represents changes in cash and cash equivalents as a result of obtaining control of ALPS LOGISTICS CO., LTD.

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Consideration paid (Note)	(74,493)	(104,951)
Consideration paid in cash and cash equivalents (Note)	(74,493)	(104,951)
Cash and cash equivalents of subsidiaries over which control was obtained	526	21,037
Changes in cash and cash equivalents associated with obtaining control	(73,967)	(83,914)

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.

2) 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.
Proceeds from sale of subsidiaries' shares in cash flows from investing activities for the year ended March 31, 2025 represents changes in cash and cash equivalents as a result of losing control over LOGISTEED Tianjin, Ltd.
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)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Consideration received	222,671	2,164
Consideration received in cash and cash equivalents	222,671	2,164
Cash and cash equivalents of subsidiaries over which control was lost	–	(674)
Changes in cash and cash equivalents associated with loss of control	222,671	1,490
Of which, sale of property, plant and equipment and intangible assets	201,501	–
Of which, proceeds from sale of subsidiaries' shares	–	1,490
Of which, other (cash flow from financing activities)	21,170	–

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Assets		
Current assets	—	55
Non-current assets (Note)	247,036	1,981
Liabilities		
Current liabilities	—	8
Non-current liabilities	—	—

Note: Non-current assets of ¥247,036 million in the year ended March 31, 2024 include ¥46,761 million in loans to the Company.

In addition to the above, the Company liquidated the receivables and payables between the Group and L-management and received additional compensation for the loss of control over L-management in the year ended March 31, 2025, in relation to the loss of control over L-management which occurred in the year ended March 31, 2024. This resulted in an increase of ¥709 million in cash and cash equivalents for the Group as shown below.

(Millions of yen)

Item	Amount
Repayments of long-term debt (Cash flows from financing activities)	(46,518)
Changes in other assets and liabilities (Cash flows from operating activities)	1,681
Proceeds from sale of subsidiaries’ shares (Cash flows from investing activities)	45,546
Total	709

3) Changes in Liabilities Arising From Financing Activities

Changes in liabilities arising from financing activities during the years ended March 31, 2024 and 2025 are as follows:

(Millions of yen)

	Short-term debt	Bonds (Note)	Long-term debt (Note)	Lease liabilities	Liabilities for written put options over non-controlling interests	Total
As of April 1, 2023 (beginning of the previous fiscal year)	36	48,218	199,079	283,535	19,119	549,987
Changes arising from cash flows	23,000	—	(53,481)	(39,976)	—	(70,457)
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	—	59,872
Remeasurement of lease liabilities	—	—	—	8,240	—	8,240
Cancellation of lease contracts	—	—	—	(2,512)	—	(2,512)
Remeasurements of put options over non-controlling interests	—	—	—	—	3,514	3,514
Other	1	229	1,025	1,692	2,207	5,154
March 31, 2024	23,037	48,447	195,236	439,895	24,840	731,455
Changes arising from cash flows	6,824	—	56,803	(50,388)	(159)	13,080
Non-cash changes						
Increase from business combination	1,902	—	5,100	14,986	463	22,451
Newly recognized lease liabilities	—	—	—	49,851	—	49,851
Remeasurement of lease liabilities	—	—	—	12,988	—	12,988
Cancellation of lease contracts	—	—	—	(3,504)	—	(3,504)
Remeasurements of put options over non-controlling interests	—	—	—	—	(4,028)	(4,028)
Other	(10)	218	831	(452)	(92)	495
March 31, 2025	31,753	48,665	257,970	463,376	21,024	822,788

Note: Including current portion.

4) Other

Decrease in deposits received in cash flows from operating activities during the year ended March 31, 2024 includes income taxes withheld in relation to the acquisition of treasury stock from a non-controlling interest in a subsidiary of ¥45,329 million.

5) Material Non-cash Transactions

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

For the year ended March 31, 2024

- Payment received of ¥47,760 million in subsidiary shares as in-kind investments associated with disposal of treasury stock.
- Increases of ¥129,725 million in right-of-use assets, ¥129,044 million in lease liabilities, and ¥21,170 million in other financial liabilities, in connection with a sale and leaseback transaction.

For the year ended March 31, 2025

- Payment of ¥30,703 million in claims to ALPS LOGISTICS was received by LDEC as in-kind investments associated with disposal of LDEC’s treasury stock to ALPS ALPINE.

26. Stock Compensation

The Group has adopted a stock-option plan and stock appreciation right (SAR) system as stock compensation. In addition, during the year ended March 31, 2025, the Company carried out a transaction to pay in cash an amount based on the value of stock acquisition rights issued by LOGISTEED Holdings, Ltd.

1) Stock Option Plan

(1) Outline of Stock Option Plan

In order to increase the motivation and morale of the eligible persons in improving the business performance and corporate value of the Group, as well as to secure talented human resources, the parent company, LOGISTEED Holdings, Ltd., awards stock options to directors, executive officers, operating officers, and trustees of the Company and its subsidiaries. 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

	Fourth Class A Stock Options	Fourth Class B Stock Options
Categories and numbers of persons eligible for granting	Six executive officers of the Company Five operating officers of the Company Six trustees of the Company One director of a subsidiary	Six executive officers of the Company Five operating officers of the Company Six trustees of the Company One director of a subsidiary
Number of stock options by class of shares	117,800 shares of common stock in the Company's parent	117,800 shares of common stock in the Company's parent
Allocation date	November 29, 2024	November 29, 2024
Conditions on exercise	(Note 1)	(Note 2)
Deadline for exercise	March 31, 2033	March 31, 2028
Settlement method	Equity settlement	Equity settlement

Notes: 1. The stock options may be exercised in any of the following cases outlined in (a) to (c) 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" hereafter).

(b) When, prior to the Listing, HTSK Investment L.P. ("Controlling Shareholder" hereafter) (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" hereafter] 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” hereafter) 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.)

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. Furthermore, the conditions on exercise include the following:

- The price of LOGISTEED Holdings, Ltd.'s shares does not fall below a specified price for a specified period (knock-out clause).
- The rights holder holds the position of officer or employee (including a contract employee) of the issuing company, etc. at the time of exercising the right. Notwithstanding, however, if the Board of Directors of the issuing company determines that there is a legitimate reason.

2. The stock options may be exercised in any of the following cases outlined in (a) and (b) 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” hereafter).

(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” hereafter) 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.)

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. Furthermore, the conditions on exercise include the following:

- The price of LOGISTEED Holdings, Ltd.'s shares does not fall below a specified price for a specified period (knock-out clause).
- The rights holder holds the position of officer or employee (including a contract employee) of the issuing company, etc. at the time of exercising the right. Notwithstanding, however, if the Board of Directors of the issuing company determines that there is a legitimate reason.

(2) 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 1)	%	29.56	28.52	28.87	28.84
Stock price on the grant date	Yen	10,000	10,000	10,436	10,436
Expected dividend yield	%	0	0	0	0
Risk-free interest rate	%	0.849	0.316	0.622	0.271

		Fourth Class A Stock Options	Fourth Class B Stock Options
Fair value on the grant date	Yen	1,000	650
Exercise price	Yen	13,346	13,346
Expected remaining period	Year	8.34	3.34
Expected volatility (Note 1)	%	27.63	23.06
Stock price on the grant date	Yen	13,346	13,346
Expected dividend yield	%	0	0
Risk-free interest rate	%	0.883	0.619

Note: 1. 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 remaining period is calculated based on actual share prices of stock in similar companies.

(3) Numbers and Weighted Average Exercise Prices of Stock Options

The number of stock options awarded and the weighted-average exercise prices are as follows: The number of stock options is stated in terms of the number of shares.

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Shares	Weighted average Exercise price (Yen)	Shares	Weighted average Exercise price (Yen)
Outstanding at April 1	-	-	1,203,100	10,069
Granted	1,203,100	10,069	235,600	13,346
Exercised	-	-	-	-
Expired or abandoned	-	-	111,705	10,000
Purchased	-	-	350,116	10,080
Outstanding at March 31	1,203,100	10,069	976,879	10,863
Exercisable at March 31	-	-	-	-

The exercise prices of the outstanding stock options ranged from ¥10,000 to ¥10,436 in the year ended March 31, 2024 to ¥10,000 to ¥13,346 in the year ended March 31, 2025. The weighted average remaining contract life was 5.7 years as of March 31, 2024 and 5.4 years as of March 31, 2025.

(4) Stock Compensation Expense

Stock compensation expense under the Plan amounted to ¥175 million for the year ended March 31, 2024 and ¥264 million for the year ended March 31, 2025 and is included in selling, general and administrative expenses in the consolidated statement of profit or loss.

2) SAR System

(1) Outline of SAR System

In order to increase the motivation and morale of the eligible persons in improving the business performance and corporate value of the Group, as well as to secure talented human resources, the parent company, LOGISTEED Holdings, Ltd., awards SARs to directors, executive officers, operating officers, officers and trustees of the Company and its subsidiaries, which are treated economically as if they had acquired the stock acquisition rights described in 1) Stock Option Plan, even though they do not own the stock acquisition rights. Main details of SAR are shown below.

	First Class A SAR (Note 1)	First Class B SAR (Note 2)	Second Class A SAR (Note 3)	Second Class B SAR (Note 4)
Categories and numbers of persons eligible for granting	Three operating officers of the Company Two trustees of the Company	Three operating officers of the Company Two trustees of the Company	Two trustees of the Company	Two trustees of the Company
Number of SAR awarded	32,500 units	65,000 units	10,000 units	10,000 units
Award date	November 6, 7, 2023	November 6, 7, 2023	November 29, 2024	November 29, 2024
Conditions on exercise	(Note 1)	(Note 2)	(Note 3)	(Note 4)
Deadline for exercise	March 31, 2033	March 31, 2028	March 31, 2033	March 31, 2028
Settlement method	Equity settlement (Note 7)	Equity settlement (Note 7)	Equity settlement (Note 7)	Equity settlement (Note 7)

	Third Class A SAR (Note 5)	Third Class B SAR (Note 6)
Categories and numbers of persons eligible for granting	One executive officer of the Company One operating officer of the Company 13 directors of subsidiaries 11 officers of subsidiaries	One executive officer of the Company One operating officer of the Company 13 directors of subsidiaries 11 officers of subsidiaries
Number of SAR awarded	288,750 units	240,000 units
Award date	March 31, 2025	March 31, 2025
Conditions on exercise	(Note 5)	(Note 6)
Deadline for exercise	March 31, 2033	March 31, 2028
Settlement method	Equity settlement (Note 7)	Equity settlement (Note 7)

Notes 1: SARs are treated economically as if they had been acquired as the First Class A Stock Options, and the conditions on exercise are the same as those of the First Class A Stock Options.

2: SARs are treated economically as if they had been acquired as the First Class B Stock Options, and the conditions on exercise are the same as those of the First Class B Stock Options.

3: SARs are treated economically as if they had been acquired as the Fourth Class A Stock Options, and the conditions on exercise are the same as those of the Fourth Class A Stock Options.

4: SARs are treated economically as if they had been acquired as the Fourth Class B Stock Options, and the conditions on exercise are the same as those of the Fourth Class B Stock Options.

5: SARs are treated economically as if they had been acquired as the First Class A Stock Options, and the conditions on exercise are mainly the same as those of the First Class A Stock Options.
The number of SARs that may be exercised after the conditions on exercise are satisfied will be determined based on (a) the length of time that has elapsed since the award date, or (b) the achievement of performance targets related to specified profit amounts during a specified period after the award date.

6: SARs are treated economically as if they had been acquired as the First Class B Stock Options, and the conditions on exercise are mainly the same as those of the First Class B Stock Options.

7: The amount to be settled primarily in cash will be the amount obtained by subtracting the exercise price of the corresponding stock options from the price of LOGISTEED Holdings, Ltd.'s shares at the time of exercise (however, if the amount is negative, the amount will be set at zero). However, since the settlement obligation (payment obligation) lies with LOGISTEED Holdings, Ltd., the transaction is accounted for as an equity settlement, share-based remuneration transaction.

(2) Measurement Basis of Fair Value and Fair Value

The fair value of the SARs 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.

<table>
<tr><th></th><th></th><th>First
Class A SAR</th><th>First
Class B SAR</th><th>Second
Class A SAR</th><th>Second
Class B SAR</th></tr>
<tr><td>Fair value on the grant date</td><td>Yen</td><td rowspan="7" colspan="4">Since SARs, which are treated economically as if they had been acquired as the stock options described in 1) Stock Option Plan, are awarded at approximately the same time as the corresponding stock options, the measurement basis of fair value and fair value of the corresponding stock options are used.</td></tr>
<tr><td>Exercise price</td><td>Yen</td></tr>
<tr><td>Expected remaining period</td><td>Year</td></tr>
<tr><td>Expected volatility (Note 1)</td><td>%</td></tr>
<tr><td>Stock price on the grant date</td><td>Yen</td></tr>
<tr><td>Expected dividend yield</td><td>%</td></tr>
<tr><td>Risk-free interest rate</td><td>%</td></tr>
</table>

		Third Class A SAR	Third Class B SAR
Fair value on the grant date	Yen	4,755	6,630
Exercise price	Yen	10,000	6,954
Expected remaining period	Year	8.00	3.00
Expected volatility (Note 1)	%	27.51	21.64
Stock price on the grant date	Yen	13,404	13,404
Expected dividend yield	%	0	0
Risk-free interest rate	%	1.349	0.937

Note: 1. Since the shares for the SAR are shares of stock in LOGISTEED Holdings, Ltd., which is not publicly traded, the expected remaining period is calculated based on the actual share prices of stock in similar companies.

(3) Number of SARs and Weighted Average Exercise Price

The number of SARs awarded and the weighted-average exercise prices are as follows: The number of SARs is stated in terms of the number of shares.

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Shares	Weighted average Exercise price (Yen)	Shares	Weighted average Exercise price (Yen)
Outstanding at April 1	—	—	97,500	10,000
Granted	97,500	10,000	548,750	8,790
Exercised	—	—	—	—
Expired or abandoned	—	—	29,606	10,000
Purchased	—	—	—	—
Outstanding at March 31	97,500	10,000	616,644	8,923
Exercisable at March 31	—	—	—	—

The exercise prices of the outstanding SARs ranged from ¥10,000 in the previous fiscal year to ¥6,954 to ¥13,346 in the current fiscal year. The weighted average remaining contract life was 5.7 years as of March 31, 2024 and 5.7 years as of March 31, 2025.

(4) Stock Compensation Expense

Stock compensation expense based on SARs amounted to ¥21 million for the year ended March 31, 2024 and ¥13 million for the year ended March 31, 2025 and is included in selling, general and administrative expenses in the consolidated statement of profit or loss.

3) Payment of Cash based on the Value of the Stock Options

In order to increase the motivation and morale of the eligible persons in improving the business performance and corporate value of the Group, during the year ended March 31, 2025, the Company conducted a transaction to pay cash to officers and employees of the Company and its subsidiaries (total of 1,971 persons) in an amount based on the value of the Second Class B Stock Options issued by LOGISTEED Holdings, Ltd., the parent company of the Company.

This cash payment transaction was mainly carried out by LOGISTEED Holdings, Ltd. awarding the Second Class B Stock Options to the eligible persons via a trust, and the Group acquired the Second Class B Stock Options from the eligible persons and paid cash to the eligible persons. The eligible persons received cash payments mainly on completing their service with the Group over a specified period.

The Group accounts for this cash payment transaction as a cash settlement, share-based remuneration transaction. As all procedures from the establishment of the stock-based remuneration agreement to settlement (cash payment) were carried out during the year ended March 31, 2025, no related liabilities were recorded in the consolidated statements of financial position as of the end of the year ended March 31, 2024 and the end of the year ended March 31, 2025. In addition, the actual cash payment of ¥4,642 million (¥4,934 per the Second Class B Stock Options) has been recorded as remuneration expenses for the year ended March 31, 2025 in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

Furthermore, the Group has waived all of the Second Class B Stock Options acquired in connection with this cash payment transaction during the year ended March 31, 2025. The Group initially recognized financial assets upon acquisition of the Second Class B Stock Options and subsequently derecognized all of these financial assets upon abandonment. These acquisitions and abandonments did not involve the payment or receipt of any consideration, and ultimately had no impact on consolidated net income for the year ended March 31, 2025.

27. Financial Instruments and Related Disclosures

1) 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 regulations such as the Companies Act of Japan.

2) 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.

(1) 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.

Analysis of interest rate sensitivity

The analysis of interest rate sensitivity for the years ended March 31, 2024 and 2025 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 2025 while all other variables are held constant.

(Millions of yen)

	March 31, 2024	March 31, 2025
Impact on income before income taxes	(316)	(1,330)

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.

Analysis of currency exchange rate sensitivity

The analysis of sensitivity to changes in major currency exchange rates for the years ended March 31, 2024 and 2025 shows the impact on income before income taxes in the consolidated statement of profit or loss of a 1% appreciation in currencies other than the functional currency against the functional currency for foreign currency-denominated financial instruments held by the Group as of March 31, 2024 and 2025.

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)

	March 31, 2024	March 31, 2025
Impact on income before income taxes	95	77

(2) 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 the allowance for doubtful accounts for trade receivables and contract assets and other receivables during the years ended March 31, 2024 and 2025 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 1, 2024	34	667	701	—	121	121
Increase from business combination	18	16	34	—	1	1
Increase (provision)	38	266	304	—	4	4
Decrease (write off)	(10)	(104)	(114)	—	(2)	(2)
Other (Note)	(10)	(131)	(141)	—	11	11
March 31, 2025	70	714	784	—	135	135

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 1, 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
March 31, 2025	161,159	759	161,918	5,853	153	6,006

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.

(3) 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, 2025				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	31,753	31,776	31,776	—	—
Long-term debt					
Bonds	48,665	52,014	10,260	20,810	20,944
Long-term debt (Note)	257,970	290,917	15,666	169,631	105,620
Lease liabilities	463,376	557,816	59,236	161,331	337,249
Other financial liabilities					
Liabilities for written put options over non-controlling interests	21,024	21,248	3,399	17,849	—
Financial liabilities related to leaseback transactions	20,233	25,658	1,507	5,977	18,174
Installment payables	26,981	28,798	6,956	18,299	3,543

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, 2025 are 1.6%, 2.4% and 3.8%, respectively, with maturities ranging from 2025 to 2037.

The details on each bond issued are provided below.

(Millions of yen)

Issuer	Bond issued	Issue date	March 31, 2024	March 31, 2025	Interest rate (%)	Security	Maturity
The Company	Unsecured Bond #4	September 28, 2016	9,909	9,946	0.330	Unsecured	September 28, 2026
The Company	Unsecured Bond #5	September 28, 2016	9,723	9,759	0.750	Unsecured	September 26, 2031
The Company	Unsecured Bond #6	September 4, 2018	9,954	9,987	0.250	Unsecured	September 4, 2025
The Company	Unsecured Bond #7	September 4, 2018	9,751	9,807	0.405	Unsecured	September 4, 2028
The Company	Unsecured Bond #8	September 4, 2018	9,110	9,166	0.980	Unsecured	September 3, 2038

Borrowings as of March 31, 2024 and 2025 include a modified syndicated loan agreement concluded on October 7, 2024 (“Agreement” hereafter). Of the total credit line under this Agreement, ¥60,000 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)

	March 31, 2024	March 31, 2025
Maximum amount under commitment line	50,000	60,000
Outstanding balance of borrowing	23,000	31,000
Balance (undrawn commitment)	27,000	29,000

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, 2025.

3) Fair Value of Financial Instruments

(1) 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 (3) Financial instruments measured at fair value in the 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.

(2) 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)

	March 31, 2024		March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Trade receivables				
Accounts receivable	132,596	132,596	152,336	152,336
Lease receivables	2,222	2,263	2,211	2,236
Other financial assets				
Lease receivables	243	244	134	134
Other accounts receivable	51,665	51,665	5,889	5,889
Long-term loans receivable	150,871	150,518	163,180	159,081
Guarantee deposits	14,856	14,856	16,772	16,059
Liabilities				
Long-term debt (Note)				
Bonds	48,447	48,523	48,665	47,035
Long-term debt	195,236	196,689	257,970	258,533
Other financial liabilities				
Installment payables	15,988	16,947	26,981	27,901

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

(3) 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 reporting period.

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

(Millions of yen)

	March 31, 2024			
	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

(Millions of yen)

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Other financial assets	–	–	145	145
FVTOCI financial assets				
Equity securities	3,379	–	2,128	5,507
Liabilities				
FVTPL financial liabilities				
Derivative liabilities	–	70	–	70

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 2025.

(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 of ¥24,488 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 ¥6,104 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 ¥26,707 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 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.

(Millions of yen)

	FVTPL financial assets	FVTOCI financial assets	Total
Balance at April 1, 2024	6,266	2,747	9,013
Purchases (Note 1)	6,207	—	6,207
Sales/redemption (Note 2)	(12,335)	(3)	(12,338)
Profit or loss			
Net profit/loss (Note 3)	(18)	—	(18)
OCI (Note 4)	—	(637)	(637)
Increase from business combination	—	20	20
Other (Note 5)	25	1	26
Balance at March 31, 2025	145	2,128	2,273

Notes:
1. Purchases of FVTPL financial assets mostly consist of ¥6,147 million in deposits into 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.
2. Sales/redemption of FVTPL financial assets mostly consist of ¥11,994 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 and 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 April 1, 2023 and March 31, 2024 was ¥19,119 million and ¥24,840 million, respectively.
The balance of liabilities for written put options over non-controlling interests as of April 1, 2024 and March 31, 2025 was ¥24,840 million and ¥21,024 million, respectively.
Liabilities for written put options over non-controlling interests are not included on the preceding page or in the table above.

(4) Fair value of FVTOCI financial assets by issue

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

(Millions of yen)

March 31, 2024	
Major FVTOCI financial assets	Fair value
WORLD TRADE CENTER BUILDING, INC.	1,206
FUKUYAMA TRANSPORTING CO., LTD.	726
AEON CO., LTD.	719
SENKON LOGISTICS CO., LTD.	433
YABUKI KAIUN KAISHA, LTD.	360
AEON Financial Service Co., Ltd.	333
LOGICOM CO., LTD.	289
OKAMURA CORPORATION	272
Nuclear Fuel Transport Company, Ltd.	199
Canon Marketing Japan Inc.	155
TAKACHIHO KOHEKI CO., LTD.	137
Sawai Pharmaceutical Co., Ltd.	121

(Millions of yen)

March 31, 2025	
Major FVTOCI financial assets	Fair value
AEON CO., LTD.	750
FUKUYAMA TRANSPORTING CO., LTD.	724
SENKON LOGISTICS CO., LTD.	507
WORLD TRADE CENTER BUILDING, INC.	487
YABUKI KAIUN KAISHA, LTD.	382
TAKACHIHO KOHEKI CO., LTD.	337
AEON Financial Service Co., Ltd.	313
LOGICOM CO., LTD.	297
OKAMURA CORPORATION	236
Nuclear Fuel Transport Company, Ltd.	204
Canon Marketing Japan Inc.	176
Sawai Pharmaceutical Co., Ltd.	119
KEIAISHA CO., LTD.	110

(5) 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, net of taxes, was reclassified during the year ended March 31, 2024 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 2025 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Fair value at the time of derecognition	82	3
Accumulated gains/losses at the time of derecognition	29	—

(6) Dividend income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Investments derecognized during the year	6	—
Investments held as of the end of the year	89	91
Total	95	91

28. Pledged Assets

Assets pledged as collateral and secured liabilities are shown below.

1. Assets pledged as collateral

(Millions of yen)

Assets pledged as collateral	March 31, 2024	March 31, 2025
Cash and cash equivalents	429	—
Trade receivables and contract assets	1,331	1,377
Property, plant and equipment	2,398	2,880
Total	4,158	4,257

Note: In the year ended March 31, 2025, ¥207,785 million in subsidiaries' shares and ¥29,140 million in loans receivable and accrued interest, which were offset/eliminated in the consolidated statement of financial position, were pledged as collateral, in addition to the assets noted above.

(Millions of yen)

Corresponding debts	March 31, 2024	March 31, 2025
Short-term debt	—	31,000
Current portion of long-term debt	299	9,802
Other current liabilities	—	18
Long-term debt	606	248,125
Total	905	288,945

29. Principal Subsidiaries

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

As of March 31, 2025

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	Domestic logistics	100.0
LOGISTEED Kyusyu, Ltd.	Hisayama-machi, Kasuya-gun, Fukuoka	Domestic logistics	100.0
LOGISTEED Collabonext, Ltd.	Taito-ku, Tokyo	Domestic logistics	100.0
LOGISTEED Chemical, Ltd.	Taito-ku, Tokyo	Domestic logistics	90.0
ALPS LOGISTICS CO., LTD. (Note)	Kohoku-ku, Yokohama, Kanagawa	Domestic logistics and global logistics	80.0
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.	Chuo-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 85 subsidiaries			

Note: LDEC, Ltd., in which the Company holds 80.0% equity interest, owns 100.0% of ALPS LOGISTICS CO., LTD.

30. Related Party Transactions

1) 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	–	–

Notes: 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 20. Dividends.

For the year ended March 31, 2025

(Millions of yen)

Type	Name	Description of transactions	Transaction amount	Account	Ending balance
Ultimate controlling party	KKR	Management guidance fees (Note 1)	654	Other current liabilities	162
Parent company	LOGISTEED Holdings, Ltd.	Loans receivable (Note 2)	12,301	Long-term loans receivable	163,101
		Interest received (Note 2)	3,020	–	–
		Sale of treasury stock (Note 3)	15,000	–	–
		Provision of shares as collateral for the Company's bank loans (Note 4)	288,077	–	–

Notes: 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. The Company sold one share of its treasury stock via third-party allotment on January 29, 2025.
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.

2) Directors' Compensation

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Short-term employee benefits	976	669
Stock compensation	196	108
Medium-to-long-term compensation as incentive	–	51
Total	1,172	828

3) Parent Company

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

31. Contingencies

Not applicable.

32. Subsequent Events

(Sale of ALPS LOGISTICS CO., LTD. shares)

At the Board of Directors meeting held on June 26, 2025, the Company resolved to transfer all shares of ALPS LOGISTICS held by LDEC, a consolidated subsidiary of the Company, to AGX G.K., and concluded a share transfer agreement on June 27, 2025. The outline of this share transfer are as follows. The impact of this share transfer on the Group is currently under review.

1) Purpose of the Share Transfer

The transfer was effected to securitize real estate held by ALPS LOGISTICS to facilitate smooth Group operation while also striving for future growth from a medium-to-long-term perspective aimed at realizing the Group's long-term management strategy. As one part of implementing the transaction, the Company plans to execute an absorption-type split on July 1, 2025 for all business of ALPS LOGISTICS, excluding part of the real estate subject to the securitization transaction, with LDEC as the successor company and ALPS LOGISTICS as the absorbed company. The shares of ALPS LOGISTICS will be transferred after the absorption-type split has been effected.

2) Effective Date of the Share Transfer (Plan)

July 1, 2025

3) Company Whose Shares Will Be Transferred

Name: ALPS LOGISTICS CO., LTD.

4) Company to Whom the Shares Will Be Transferred

Name: AGX G.K.

(Conclusion of lease agreement)

At the Board of Directors meeting held on June 26, 2025, the Company approved the conclusion of a trust establishment agreement between ALPS LOGISTICS and Mizuho Trust & Banking Co., Ltd. on July 1, 2025 regarding the real estate subject to the securitization transactions noted above. At the Board of Directors meeting held on the same date, the Company approved the conclusion of lease agreement between LDEC (to be renamed ALPS LOGISTICS when the absorption-type split noted above is effected) and Mizuho Trust & Banking Co., Ltd., with Mizuho Trust & Banking Co., Ltd. as the lessor and LDEC as the lessee. This agreement will be concluded on July 1, 2025, the trust commencement date for the real estate in question. The impact of this lease agreement on the Group is currently under review.

(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, 2025 was ¥4,544 million and included payments to customers and other affected parties that can be reasonably estimated. Changes in provision for loss by fire included in other current liabilities and other non-current liabilities and other payables included in other financial liabilities during the year ended March 31, 2025 are shown in the table below.

(Millions of yen)

	Provision for loss by fire	Other payables
Balance at April 1, 2024	5,068	3,430
Decrease due to intended use	(491)	(3,463)
Reclassification to other payables	(33)	33
Balance at March 31, 2025	4,544	—
Current liabilities	526	—
Non-current liabilities	4,018	—

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, 2025 was ¥173 million 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 included in other current liabilities and other payables included in other financial liabilities during the year ended March 31, 2025 are shown in the table below.

(Millions of yen)

	Provision for loss by fire	Other payables
Balance at April 1, 2024	1,821	1,080
Increase during the period	600	137
Decrease due to intended use	(1,461)	(1,526)
Decrease due to reversal	(45)	—
Reclassification to other payables	(742)	742
Balance at March 31, 2025	173	433
Current liabilities	173	433
Non-current liabilities	—	—

In addition, during the year ended March 31, 2025, the Company recorded ¥783 million in additional recognition of 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 to losses relating to recovery of damaged equipment and for payments to customers affected, the difference from the final amount was recorded as ¥45 million in reversal of provision for loss by fire under other income. An insurance payment related to the fire whose amount is fixed of ¥2,533 million 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, 2026 or thereafter.

(2) Other

1. Events after fiscal-year end

   Not applicable.

2. Semiannual information for the year ended March 31, 2025

		First six months ended September 30, 2024	Fiscal year ended March 31, 2025
Revenues	(Millions of yen)	425,192	910,742
Income before income taxes	(Millions of yen)	16,220	24,015
Net income attributable to stockholders of the parent company	(Millions of yen)	28,165	30,427
Basic EPS attributable to stockholders of the parent company	(Yen)	575.56	621.78

3. Significant litigation

   Not applicable.

VI. Overview of Company Stock Administration

Fiscal year	From April 1 to March 31
Annual General Shareholders' Meeting	June
Record date	March 31
Class of shares	Common shares: 48,935,003 shares; Common shares: 1 share certificate
Record date for dividends from retained earnings	September 30 March 31
Number of shares in one unit	Not applicable
Registration of transfer of shares Transfer office Shareholder registry administrator Agent Fee for registration of transfer New certificate issuance fee	 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited – – –
Purchase/Additional purchase of fractional shares (of less than one unit)	Not applicable
Public notification placement method	The Company provides public notification via electronic notification. However, the Company will publish public notification in the Nihon Keizai Shimbun when public notification cannot be provided via electronic notification due to accidents or other unavoidable circumstances. Electronic public notifications are posted on the Company's website at the URL below: https://www.logisteed.com
Shareholder benefits	Not applicable

Note: Article 8 of the Company's Articles of Incorporation specifies restrictions on transfer, and approval of the General Shareholders' Meeting is necessary for transfer or acquisition of shares.

VII. Reference Information for the Company

1. Information on Parent of the Company

Article 24-7-(1) of the Financial Instruments and Exchange Act is not applicable because the Company is an unlisted company.

2. Other Reference Information

The following documentation was submitted during the period extending from the first day of the fiscal year under review to the date on which the Annual Securities Report was submitted.

1) Annual Securities Report, Attachments, and Certification Letter

Fiscal year: The 2nd Business Term (April 1, 2023 to March 31, 2024)
Submitted to the Director-General of the Kanto Local Finance Bureau: July 1, 2024

2) Internal Controls Report and Attachments

Fiscal year: The 2nd Business Term (April 1, 2023 to March 31, 2024)
Submitted to the Director-General of the Kanto Local Finance Bureau: July 1, 2024

3) Semi-annual Report and Certification Letter

During The 3rd Business Term (April 1, 2024 to September 30, 2024)
Submitted to the Director-General of the Kanto Local Finance Bureau : November 13, 2024

4) Extraordinary Reports

Extraordinary report specified in Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-(2)-(iii) (Change in Specified Subsidiary Company) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.
Submitted to the Director-General of the Kanto Local Finance Bureau : September 27, 2024
Extraordinary report specified in Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-(2)-(iii) (Change in Specified Subsidiary Company) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.
Submitted to the Director-General of the Kanto Local Finance Bureau : October 7, 2024
Extraordinary report specified in Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-(2)-(iii) (Change in Specified Subsidiary Company) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.
Submitted to the Director-General of the Kanto Local Finance Bureau : November 1, 2024
Extraordinary report specified in Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-(2)-(iii) (Change in Specified Subsidiary Company) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.
Submitted to the Director-General of the Kanto Local Finance Bureau : January 6, 2025
Extraordinary report specified in Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-(2)-(ii) (Securities acquired via private placement, etc.) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.
Submitted to the Director-General of the Kanto Local Finance Bureau : January 24, 2025

Part II: Information on the Company's Guarantor, etc.

Not applicable.

[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

June 27, 2025

LOGISTEED, Ltd.
The Board of Directors

Ernst & Young ShinNihon LLC

Tokyo, Japan

Designated Engagement Partner	Certified Public Accountant	Chiho Muto
Designated Engagement Partner	Certified Public Accountant	Ryu Seino

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of LOGISTEED, Ltd. for the consolidated fiscal year which began on April 1, 2024 and ended on March 31, 2025, described under “Financial Information,” which comprise the consolidated statements of financial position and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows, and notes to the consolidated financial statements, 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 LOGISTEED, Ltd. and its consolidated subsidiaries (the “Group”) as of March 31, 2025 and its consolidated financial performance and its consolidated cash flows as of the same date in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 312 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 for the consolidated fiscal year ended March 31, 2025. 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.

<table>
<tr><td colspan="2">Valuation of goodwill</td></tr>
<tr><td>Description of Key Audit Matters</td><td>Auditor’s response</td></tr>
<tr><td>As described in Note 13 Goodwill and Intangible Assets, to the consolidated financial statements, of the total of ¥410,613 million in goodwill, the Company allocated ¥320,663 million to the domestic logistics group of cash-generating units (CGUs) and ¥89,950 million to the global logistics group of CGUs. Each of these amounts accounts for 18% and 5% of total assets, respectively. The Company’s goodwill was recognized mainly as a result of the business combination of L-management and ALPS LOGISTICS CO., 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 an 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 based on 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 Company considers these estimates to be important. When the calculation result of the recoverable amount is significantly different, impairment losses may be recognized in the consolidated financial statements in future years.

We have identified auditing the 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 and discount rate in calculation of value in use are complex matters that involve specialized expertise and require professional judgment.</td><td>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 performed the following procedures to assess the efficacy of the business-plan formulation process and to assess the appropriateness of 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, 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 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.</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 is 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 International Financial Reporting Standards (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 International Financial Reporting Standards (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.

– 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 International Financial Reporting Standards (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.
– Plan and perform an audit to obtain sufficient and appropriate audit evidence regarding the financial information of the Group to provide the basis for an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review 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, 2025 as the key audit matters and describe them in our auditor's report unless laws or regulations preclude 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.

Audit of Internal Controls

Opinion

We audited the internal controls report of LOGISTEED, Ltd. as of March 31, 2025 in order to provide an audit certification pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.
In our opinion, the internal controls report noted above, which stated that the internal controls on financial reporting of LOGISTEED, Ltd. as of March 31, 2025 are effective and present fairly, in all material respects, the results of the evaluation of internal controls on financial reporting, in accordance with the standards for evaluation of internal controls on financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of internal controls in accordance with auditing standards for internal controls on financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Controls 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.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Controls Report

The responsibilities of management are to maintain and operate internal controls on financial reporting, and prepare and properly present an internal controls report in accordance with the standards for evaluation of internal controls on financial reporting generally accepted in Japan.
The responsibilities of the Audit & Supervisory Committee are to supervise and verify the status of maintenance and operation of internal controls on financial reporting.
It is possible that the internal controls on financial reporting may not completely prevent or detect misrepresentations in financial reporting.

Auditor's Responsibilities for the Audit of Internal Controls

Our responsibilities are to obtain reasonable assurance about whether the internal controls report is free from material misstatement, and to express an opinion on the internal controls report from an independent standpoint in an audit report on internal controls, based on our audit of internal controls.
As part of an audit in accordance with auditing standards for internal controls on financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

– Perform audit procedures to obtain audit evidence regarding the results of the evaluation of internal controls on financial reporting in the internal controls report. We select and apply audit procedures in our audit of internal controls based on our judgment of the significance of the impact on the reliability of financial reporting.
– Consider the overall presentation of the internal controls report, including the representations of management regarding the scope of the evaluation of internal controls on financial reporting, evaluation procedures, and evaluation results.
– Plan and perform an audit of internal controls to obtain sufficient and appropriate audit evidence on the results of the evaluation of internal controls on financial reporting in the internal controls report. We are responsible for the direction, supervision, and review of the audit of the internal controls report. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, the planned scope and timing of the audit of internal controls, significant internal control audit findings, including any significant deficiencies that should be disclosed, the results of correction of those deficiencies, and other matters required by the auditing standards for internal controls.
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.

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) Audits” under “Corporate Governance, ” included in “Information on the Company. ”

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.

---

*1 The Company (the company that submitted the Annual Securities Report) separately retains an original copy of the above Independent Auditor’s Report.

*2 XBRL data is not subject to audit.

Cover

Documents Filed	Internal Controls Report
Applicable Law	Article 24-4-4, Paragraph 2 of the Financial Instruments and Exchange Act of Japan
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	June 27, 2025
Company Name	ロジスティード株式会社 (LOGISTEED Kabushiki Kaisha)
Company Name in English	LOGISTEED, Ltd.
Name and Title of Representative	Yasuo Nakatani, Representative Director, Executive Chairman, President and CEO
Name and Title of Chief Financial Officer	Hideo Nakamoto, Executive Officer, CFO
Address of Head Office	2-9-2 Kyobashi, Chuo-ku, Tokyo
Place Where Available for Public Inspection	Not applicable

1. Matters Relating to the Basic Framework for Internal Control Over Financial Reporting

Yasuo Nakatani, Representative Director, Executive Chairman, President and CEO and Hideo Nakamoto, Executive Officer, CFO are responsible for the maintenance and operation of internal controls on financial reporting. Internal controls on financial reporting are maintained and operated in accordance with the basic framework for internal controls described in the "Opinion Concerning Revisions to the Standards and Implementation Guidance for the Evaluation and Audit of Internal Controls over Financial Reporting" published by the Business Accounting Council.

Moreover, the internal controls function as one cohesive system in which each basic element of the internal controls is organically connected. This is aimed at accomplishing the purpose to a reasonable extent. For this reason, it is possible that the internal controls on financial reporting may not completely prevent or detect misrepresentations in financial reporting.

2. Matters Relating to the Scope of Assessment, the Basis Date of Assessment and the Assessment Procedure

The evaluation of internal controls on financial reporting was performed with March 31, 2025, the final day of the fiscal year under review as the reference date. The evaluation was performed in accordance with the criteria for evaluation of internal controls on financial reports that are generally accepted as fair and appropriate.

In this evaluation, the Company evaluated internal controls that significantly affect financial reporting as a whole on a consolidated basis (company-wide internal controls), then selected operating processes to evaluate based on the results of that evaluation. During evaluation of these operating processes, the selected operating processes were analyzed to identify the key control points that significantly affect the reliability of financial reporting, and determined from the evaluation of the key control points that the internal controls are being effectively maintained and operated.

The scope of the evaluation of internal controls on financial reporting was determined to be the scope necessary from the perspective of how significant the effect on the reliability of financial reporting was in regard to the Company and its consolidated subsidiaries and associates accounted for using the equity method. The significance of the effect on the reliability of financial reporting is determined by taking into consideration the significance in terms of the monetary and qualitative impact as well as the probability of occurrence. The Company determined the scope of the evaluation of internal controls on operating processes to be reasonable, based on the results of the evaluation of company-wide internal controls performed for the Company and all consolidated subsidiaries, in principle.

The twelve associates accounted for using the equity method were determined to be of minor significance from the perspective of the monetary and qualitative significance and were therefore not included in the scope of the evaluation of company-wide internal controls.

The scope of evaluation of internal controls on operating processes covered eleven business locations which comprise around two-thirds of consolidated net sales after elimination of intra-company transactions, as an indicator, and were therefore determined to be "significant business locations." The evaluation covered operating processes leading to net sales, accounts receivable, and cost of sales (outsourcing costs) as accounts that are highly related to corporate business objectives. In addition, in the process of determining the scope of evaluation at the beginning of the fiscal year, the Company examined the need to change accounts that are closely related to the Group's business objectives. Business processes related to identified errors and fraud along with business processes related to important accounts such as goodwill that involve estimates and forecasts were also added to the scope of evaluation, taking into account their impact on financial reporting. We also considered the impact on financial reporting of significant changes in information systems and significant business acquisitions and other changes in the business environment during the period, and added these to the scope of evaluation.

3. Matters Relating to the Results of Assessment

As a result of the evaluation described above, the Company has determined the internal controls on financial reporting of the Company to be effective as of the end of the fiscal year under review.

4. Supplementary Notes

Not applicable.

5. Special Notes

Not applicable.

Cover

Documents Filed	Confirmation Letter
Applicable Law	Article 24-4-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	June 27, 2025
Company Name	ロジスティード株式会社 (LOGISTEED Kabushiki Kaisha)
Company Name in English	LOGISTEED, Ltd.
Name and Title of Representative	Yasuo Nakatani, Representative Director, Executive Chairman, President and CEO
Name and Title of Chief Financial Officer	Hideo Nakamoto, Executive Officer, CFO
Address of Head Office	2-9-2, Kyobashi, Chuo-ku, Tokyo
Place Where Available for Public Inspection	Not applicable

1. Matters Relating to Adequacy of Statements contained in the Annual Securities Report

   Yasuo Nakatani, Representative Director, Executive Chairman, President and CEO of the Company and Hideo Nakamoto, Executive Officer, CFO of the Company confirmed that statements contained in the Annual Securities Report for the 3rd Business Term (April 1, 2024 to March 31, 2025) are represented appropriately, pursuant to the Financial Instruments and Exchange Act.

2. Special Notes

   Not applicable.