

【TRANSLATION】

Annual Securities Report

The 4th Business Term
(from April 1, 2025 to March 31, 2026)

*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

Annual Securities Report for the 4th Business Term

Cover	1
Part I: Company Information	2
I. Overview of the Company	2
1. Trend in Major Management Indicators, etc.	2
2. History	4
3. Description of Business	6
4. Information on Subsidiaries and Affiliates	7
II. Business Overview	10
1. Management Policy, Business Environment, and Issues to Address, etc.	10
2. Approach to and Initiatives for Sustainability	12
3. Risk Factors	26
4. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows	39
5. Material Contracts, etc.	43
6. Research and Development Activities	43
III. Equipment and Facilities	44
1. Overview of Capital Investment, etc.	44
2. Major Facilities	45
3. Plans for New Construction and Disposal of Facilities, etc.	47
IV. Information on the Company	48
1. Stock, etc.	48
2. Acquisition of Treasury Shares, etc.	51
3. Dividend Policy	51
4. Corporate Governance, etc.	52
5. Employees	62
V. Financial Information	65
1. Consolidated Financial Statements, etc.	66
VI. Overview of Company Stock Administration	157
VII. Reference Information for the Company	158
1. Information on Parent of the Company	158
2. Other Reference Information	158
Part II: Information on the Company's Guarantor, etc.	159
Independent Auditor's Report	
Internal Controls Report	
Confirmation Letter	

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 26, 2026

Fiscal Year

The 4th Business Term (from April 1, 2025 to March 31, 2026)

Company Name

ロジステード株式会社 (LOGISTEED Kabushiki Kaisha)

Company Name in English

LOGISTEED, Ltd.

Name and Title of Representative

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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	4th
Fiscal year ended	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Revenues (Millions of yen)	256,438	800,243	910,742	993,094
Income before income taxes (Millions of yen)	4,862	8,797	23,135	40,997
Net income attributable to stockholders of the parent company (Millions of yen)	2,177	58,251	26,962	40,100
Comprehensive income attributable to stockholders of the parent company (Millions of yen)	6,348	71,551	26,147	58,206
Equity attributable to stockholders of the parent company (Millions of yen)	430,715	547,474	594,354	645,908
Total assets (Millions of yen)	1,439,289	1,559,976	1,773,853	1,601,784
Equity per share attributable to stockholders of the parent company (Yen)	8,801.78	11,187.78	12,145.78	13,199.30
Basic EPS attributable to stockholders of the parent company (Yen)	138.58	1,190.37	550.98	819.45
Diluted EPS attributable to stockholders of the parent company (Yen)	—	—	—	—
Equity ratio attributable to stockholders of the parent company (%)	29.9	35.1	33.5	40.3
Return on equity attributable to stockholders of the parent company (%)	0.51	11.91	4.72	6.47
Price earnings ratio (times)	—	—	—	—
Cash flows from operating activities (Millions of yen)	77,210	14,600	81,106	124,513
Cash flows from investing activities (Millions of yen)	(312,567)	(62,414)	(46,727)	26,210
Cash flows from financing activities (Millions of yen)	385,705	(62,120)	(15,215)	(145,146)
Cash and cash equivalents at end of year (Millions of yen)	151,063	43,495	62,531	75,143
Number of employees [excluding average number of temporary employees] (Number of employees)	24,012 [13,133]	24,201 [12,732]	29,427 [13,200]	29,242 [13,816]

- Notes:
- 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.
 - 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.
 - Because the Company was established on April 21, 2022, the fiscal year for 1st period extends from April 21, 2022 to March 31, 2023.
 - Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.
 - The price earnings ratio is not presented because the Company’s shares are unlisted.
 - During the 4th fiscal period (from April 1, 2025 to March 31, 2026; FY2025), the Company finalized the provisional accounting treatment for business combinations and reflected the details of that finalization in the relevant key performance indicators and other metrics for the 3rd fiscal period (from April 1, 2024 to March 31, 2025; FY2024).

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

Fiscal period	Japanese GAAP			
	1st	2nd	3rd	4th
Fiscal year ended	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales (Millions of yen)	0	5,164	72,217	74,213
Ordinary profit (loss) (Millions of yen)	(168)	(4,896)	1,820	5,387
Profit (loss) (Millions of yen)	(169)	(95,844)	18,145	13,792
Paid-in capital (Millions of yen)	0	100	100	100
Issued shares outstanding (Thousands of shares)	200,000	200,000	200,000	200,000
Net assets (Millions of yen)	441,420	383,557	416,731	431,193
Total assets (Millions of yen)	539,221	769,105	908,877	868,111
Net assets per share (Yen)	9,020.55	7,838.09	8,516.03	8,811.55
Cash dividends per share (of which, interim dividends per share) (Yen)	— (—)	— (—)	— (—)	— (—)
Profit (loss) per share (EPS) (Yen)	(10.79)	(1,958.61)	370.81	281.86
Diluted EPS (Yen)	—	—	—	—
Equity ratio (%)	81.9	49.9	45.9	49.7
Return on equity (ROE) (%)	(0.08)	(23.24)	4.53	3.25
Price earnings ratio (times)	—	—	—	—
Dividend payout ratio (%)	—	—	—	—
Number of employees [excluding average number of temporary employees] (Number of employees)	— [—]	891 [112]	881 [84]	898 [85]
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 (currently known as LOGISTEED Czechia s.r.o.) 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. (currently known as LOGISTEED INDIA PRIVATE LIMITED) 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 logistics subsidiary of Homac (currently known as DCM Co., Ltd.), 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, 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
2025 October	Concluded an agreement of Capital and Business Alliance with JAPAN POST Co., Ltd.

Note: Due to changes in institutional design implemented accompanying the transition to a management structure primarily led by its parent company, LOGISTEED Holdings, Ltd., on April 1, 2026, the Company transitioned to a company with Audit & Supervisory Board members on the same date.

3. Description of Business

The LOGISTEED Group consists of the Company, 102 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. (hereafter, LOGISTEED Holdings). HTSK Investment L.P., which is indirectly owned and operated by Kohlberg Kravis Roberts & Co. L.P. (hereafter, KKR), holds 75% of the voting rights in LOGISTEED Holdings.

(As of March 31, 2026)

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 Chemical, Ltd. ALPS LOGISTICS CO., LTD. VANTEC CORPORATION PALENET CO., LTD. LOGISTEED East Japan Distribution Services, Ltd. (Note 1)
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. LOGISTEED Czechia 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. (currently known as LOGISTEED SINGAPORE PTE. LTD.) (Note 2) LOGISTEED INDIA PRIVATE LIMITED <Equity-Method Associates> AIT CORPORATION (Note 3)
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 East Japan Distribution Services, Ltd. was dissolved on April 1, 2026 through an absorption-type merger in which LOGISTEED East Japan, Ltd. was the surviving company.
 2. The company changed its name effective April 1, 2026.
 3. 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	100	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	310	Domestic logistics	100.0	6 (of which, 1 is an employee)	8 transfers		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	5 (of which, 2 are employees)	4 transfers	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)	Chuo-ku, Osaka	100	Domestic logistics	100.0	6 (of which, 2 are employees)	5 transfers	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		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 Chemical, Ltd. (Note 4)	Taito-ku, Tokyo	300	Domestic logistics	90.0	4 (of which, 2 are employees)	5 transfers	Cash loans	Receives payment for transport, contract work, and sales support services, and royalties	Leasing of warehouses, offices, etc.
ALPS LOGISTICS CO., LTD. (Note 4)	Kohoku-ku, Yokohama, Kanagawa	100	Domestic and global logistics	80.0	4	None		Transport and contract work	Leasing of warehouses, offices, etc.
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.

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 Express, Ltd. (Note 4)	Chuo-ku, Tokyo	1,000	Global logistics	100.0	8	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	6	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]	⁴ (of which, 3 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) (Note 5)	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	³ (of which, 1 is an employee)	None	Cash loans and 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, 1 are employees)	None	Cash loans and debt guarantees	Receives royalties	
LOGISTEED Europe B.V. (Note 4)	Waardenburg, The Netherlands	Thousands of EUR 9,441	Global logistics	100.0	³ (of which, 2 is an employee)	2 secondments	Cash loans and debt guarantees		
LOGISTEED Czechia 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		Receives royalties	
Van den Bos & van Daalen Materieel B.V.	Maasdijk, The Netherlands	Thousands of EUR 18	Global logistics	100.0	³ (of which, 2 are employees)	None	Cash loans	Receives royalties	
LOGISTEED Hong Kong, Ltd. (Note 4)	Hong Kong, China	Thousands of HKD 122,900	Global logistics	100.0	⁶ (of which, 3 are employees)	None	Cash loans	Receives royalties	
LOGISTEED China, Ltd. (Note 4)	Shanghai, China	Thousands of USD 8,891	Global logistics	100.0 [71.3]	⁷ (of which, 3 are employees)	None	Debt guarantees	Receives royalties	
LOGISTEED Asia-Pacific Pte. Ltd. (Note 4) (Note 6)	Singapore	Thousands of SGD 94,100	Global logistics	100.0	³ (of which, 2 are employees)	1 secondment	Cash loans	Receives royalties	
LOGISTEED INDIA PRIVATE LIMITED (Note 4)	Mumbai, India	Thousands of INR 2,570,000	Global logistics	100.0 [1.0]	³ (of which, 1 are employees)	1 secondment	Cash loans and debt guarantees	Receives royalties	
Other: 79 companies (Equity-Method Associates)									

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)			
AIT CORPORATION	Chuo-ku, Osaka	500	Global cargo transport business	20.4	1	None			
Other: 11 companies									

- Notes:
- Names are listed in Segment Information, in the description of business section.
 - One affiliate, AIT CORPORATION, submits an annual securities report.
 - The numbers in parentheses for the percentage of voting rights held shows the percentage of total voting rights held indirectly.
 - Companies indicated are specified subsidiaries.
 - LOGISTEED East Japan Distribution Services, Ltd. was dissolved on April 1, 2026 through an absorption-type merger in which LOGISTEED East Japan, Ltd. was the surviving company.
 - LOGISTEED Asia-Pacific Pte. Ltd changed its company name to LOGISTEED SINGAPORE PTE. LTD. effective April 1, 2026.

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 such factors as growing uncertainty surrounding U.S. tariff policies, geopolitical risks associated with the U.S.-China standoff and the Russian invasion of Ukraine, increasing instability in the Middle East, risks associated with global inflation and fluctuations in financial markets, as well as ongoing climate change and natural disasters, labor shortage for maintaining supply chains, restructuring of customer supply chain, and intensifying competition beyond industry boundaries, etc.

Under these circumstances, the Group, taking into account the structural challenges across the logistics as a whole, strives toward the realization of a sustainable society.

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.
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	It represents our determination to lead businesses to a new domain beyond the conventional logistics.
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Priority Measures

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

1. High value-added solutions to optimize the entire SCM (*1) <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 (*2) base <Company-wide>

(*1) 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.

(*2) 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 headquarters are held regularly. Important matters are discussed as appropriate and the status of sustainability-related initiatives is reported once a year at Executive Committee. In addition, for the fiscal year ended March 31, 2026, 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, 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) to 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

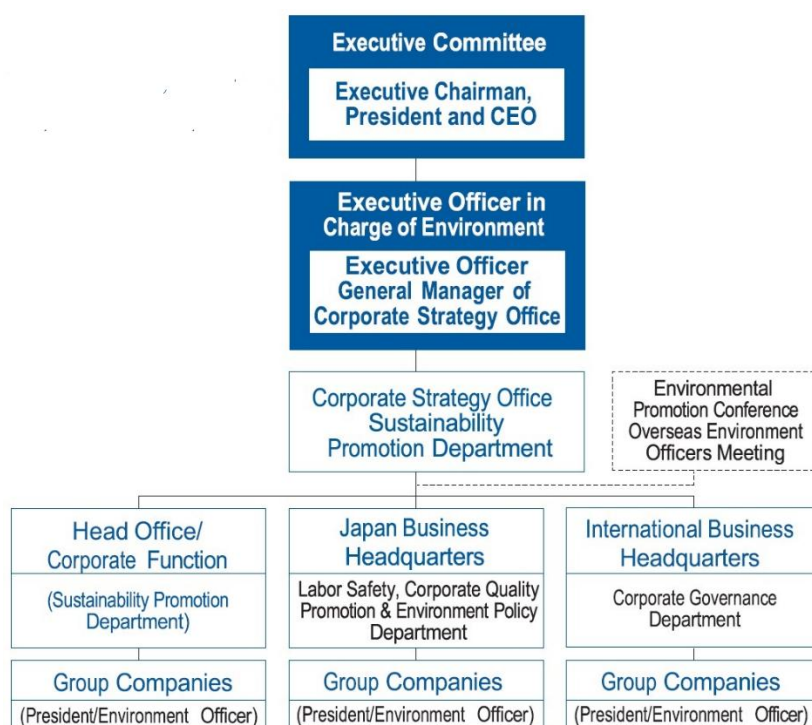
As its corporate philosophy is "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," the Group positions climate change response as one of our highest priority management themes and identifies "Contribute to decarbonized society" as one of the material issues. The Group also defined "Contribute to decarbonized/recycling-oriented society" as one of the focus areas to promote initiatives to address climate-related risks and opportunities and reduce CO₂ 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 Group reports annually to the Board of Directors on its climate change initiatives (actual greenhouse gas [CO₂] emissions, greenhouse gas [CO₂] reduction targets, and climate-related risks and opportunities). Furthermore, in FY2025, the Board of Directors provided guidance and supervision on climate change initiatives included in management strategy and business plans (e.g. target setting for greenhouse gas [CO₂] reduction, determination of specific climate change responses such as energy-saving investments, and budget allocation) through Executive Chairman, President and CEO who is responsible for climate change initiatives, including consistency with management strategy and the Mid-term Management Plan as well as the final decision on key performance indicators (KPIs) and large-scale capital investments.

The Sustainability Promotion Department within the Corporate Strategy headquarters oversees all aspects of environmental management under the supervision of the Executive Officer responsible for sustainability strategy. For approximately 20 years since 2006, the Company has convened (currently held semi-annually) the Environmental Promotion Conference, composed of the Group's environmental officers (including the Chief Sustainability Officer), and the Overseas Environment Officers Meeting. These meeting bodies review actual energy consumption and CO₂ emissions figures as well as progress toward targets; monitor the progress of climate change initiatives; determine necessary corrective measures; and discuss proposals for future initiatives. Based on the resolutions of the Environmental Promotion Conference and the Overseas Environmental Officers Meeting, the Group reports and submits proposals regarding the status of climate change initiatives and future strategic plans to the Executive Officers' Meeting, on a semiannual basis or as necessary, subject to the approval of the Chief Officer responsible for sustainability strategy management.

• Environmental Promotion Structure



■ Risk Management

The Group has designated climate change as a priority risk related to “Contribute to a decarbonized society,” which is one of its material issues. Led by the Sustainability Promotion Department within the Corporate Strategy Office at the head office, the Company conducts assessments in accordance with the TCFD recommendations once a year or as necessary. Based on qualitative and quantitative factors, as well as priority assessed using the time horizon and impact matrix, the Company manages these factors alongside other management risks on a heat map for each company-wide risk factor to ensure alignment with business strategy.

With regard to addressing identified risks and opportunities, the Environmental Promotion Conference and the Overseas Environment Officers Meeting monitor progress, decide on corrective actions, and discuss proposed measures. The Company operates an effective PDCA cycle by reporting on these initiatives to the Board of Directors once a year or as necessary.

■ Metrics and Targets

(a) Medium-to-long-term greenhouse gas (CO₂) 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 (CO₂) emissions.

Medium-to-Long-term Environmental Targets	
Reduction of CO ₂ emissions (Scope 1 and 2 in Japan ^{*1})	
FY2030 target (base year: FY2013) Aim to reduce CO₂ emissions by 50% compared to the base year	FY2050 target 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. CO₂ released by company vehicles)

Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO₂ 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 CO₂, 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.

(b) Greenhouse gas (CO₂) emissions

Trend of the Group's CO₂ emissions

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

(t-CO₂)

Item	FY2013 (base fiscal year)	FY2022	FY2023	FY2024	FY2025 ^{*1}
Scope 1	55,127	40,641	41,267	50,568	58,638
Scope 2 (market based)	74,329	63,316	55,823	49,792	65,699
Total for Scopes 1 + 2 ^{*2}	129,456	103,957 (-19.7%)	97,091 (-25.0%)	100,360 (-22.5%)	124,337 (-4.0%)

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

(t-CO₂)

Item	FY2022	FY2023	FY2024	FY2025 ^{*1}
Scope 1	174,217	199,777	211,955	213,927
Scope 2 (market based)	19,001	18,641	25,192	27,576
Total for Scopes 1 + 2	193,218	218,418	237,147	241,503

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

(t-CO₂)

Item	FY2022	FY2023	FY2024	FY2025 ^{*1}
Scope 1	214,858	241,044	262,523	272,565
Scope 2 (market based)	82,317	74,464	74,984	93,275
Total for Scopes 1 + 2	297,175	315,509	337,507	365,840

(Reference) Results and trend of Scope 3 emissions (total for the Group in Japan)

(t-CO₂)

Item/Category		FY2022	FY2023	FY2024*3	FY2025*1
Category 1	Purchased goods and services	354,268	303,815	329,734	946,759
Category 2	Capital goods	72,468	70,944	78,511	7,793
Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	16,829	15,709	16,190	21,017
Category 4	Upstream transportation and distribution	222	192	204	160
Category 5	Waste generated in operations	6,776	6,783	7,038	8,169
Category 6	Business travel	6,021	5,923	5,770	7,866
Category 7	Employee commuting	40,444	43,848	47,007	44,872
Category 8	Upstream leased assets	—	—	—	121
Category 9	Downstream transportation and distribution	—	—	—	—
Category 10	Processing of sold products	—	—	—	—
Category 11	Use of sold products	74,402	46,277	59,667	62,569
Category 12	End-of-life treatment of sold products	16,901	16,646	13,548	3,483
Category 13	Downstream leased assets	2,187	2,226	2,591	1,941
Category 14	Franchises	—	—	—	—
Category 15	Investments	—	—	—	—
Total		590,518	512,363	560,260	1,104,751

(Reference) Results and trend of Scope 3 emissions (total for the Group overseas)

(t-CO₂)

Item/Category		FY2022*4	FY2023*4	FY2024*4	FY2025*1
Category 1	Purchased goods and services	—	—	—	918,688
Category 2	Capital goods	—	—	—	43,720
Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	—	—	—	1,968
Category 4	Upstream transportation and distribution	—	—	—	59
Category 5	Waste generated in operations	—	—	—	5,330
Category 6	Business travel	—	—	—	3,440
Category 7	Employee commuting	—	—	—	3,453
Category 8	Upstream leased assets	—	—	—	514
Category 9	Downstream transportation and distribution	—	—	—	—
Category 10	Processing of sold products	—	—	—	—
Category 11	Use of sold products	—	—	—	—
Category 12	End-of-life treatment of sold products	—	—	—	—
Category 13	Downstream leased assets	—	—	—	—
Category 14	Franchises	—	—	—	—
Category 15	Investments	—	—	—	51,226
Total		—	—	—	1,028,399

*1 Scopes 1, 2, and 3 CO₂ 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).

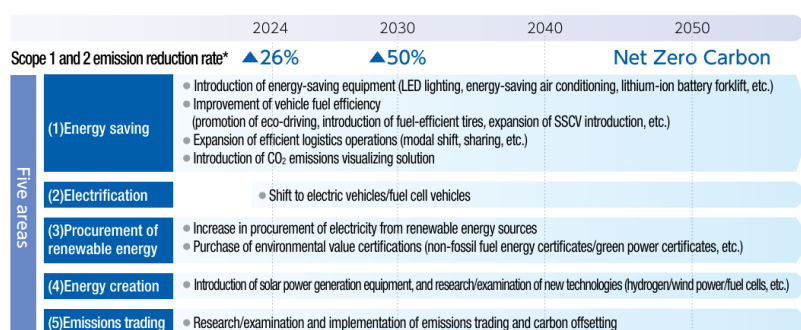
*3 ALPS LOGISTICS Group's emissions are not included as they have not yet been compiled.

*4 The Company began collecting data on Scope 3 (Overseas Group) in FY2025; therefore, data for 2024 and earlier are not included.

(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 Scope 1, Scope 2, and Scope 3 emissions in Japan, as well as Scope 1 and Scope 2 emissions overseas, for fiscal year 2024.

(Reference) Examples of CO₂ Emission Reduction Initiatives



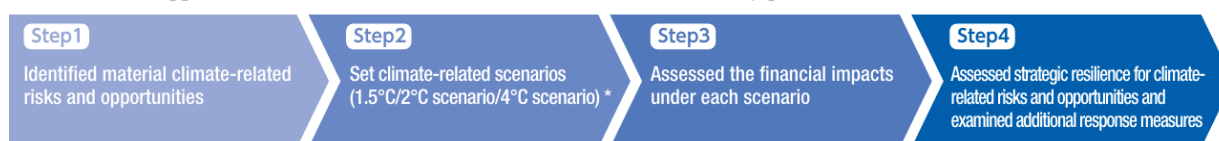
*Reduction rate from the base fiscal year (2013).

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.

(a) 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

(b) Climate-related risks and opportunities as well as financial impact assessment (results of scenario analysis)

For the 11 items identified as significant climate-related risks and opportunities for the Group, the Company quantitatively estimated potential financial impacts using scenario analysis, focusing on priority level assessed using the time horizon and impact matrix. For items where quantitative calculation was not possible, the Company provided a qualitative assessment. For items for which quantification is not feasible, qualitative assessments are conducted and organized accordingly.

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	Priority of Response	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)	Medium	• 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	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	Medium	• 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)	Medium	• 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	Medium	• 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	High	

ii Physical Risks (4°C Scenario)

Type	Period ^{*1}	Risk/Opportunity	Business and Financial Impacts ^{*2}	Priority of Response	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	High	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	Low	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}	Priority of Response	Measures
Resource Efficiency	Medium term	Opportunity to reduce energy consumption by vehicles and CO₂ emissions with advancements in decarbonization	Medium	Low	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	High	
	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)	Medium	- Setting a recycling rate of 99% as a target and continuing to achieve it - Promotion of 3Rs for packaging materials
Energy	Medium term	Mitigation of procurement risk through the use of renewable and low-carbon energy	Medium	Low	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	Medium	- Expanded in-house deployment of the EcoLogiPortal service for visualizing CO₂ 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)	High	Provide low-carbon services using the Company's unique Smart Logistics (1. Smart Warehouses, 2 EcoLogiPortal, 3 SSCV-Safety)
Market	Short to medium term	Generation of revenue in markets related to climate change, such as CO₂ emissions visualization solutions and power equipment	Medium	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	Low	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

(c) Transition Plan to Achieve 1.5°C target

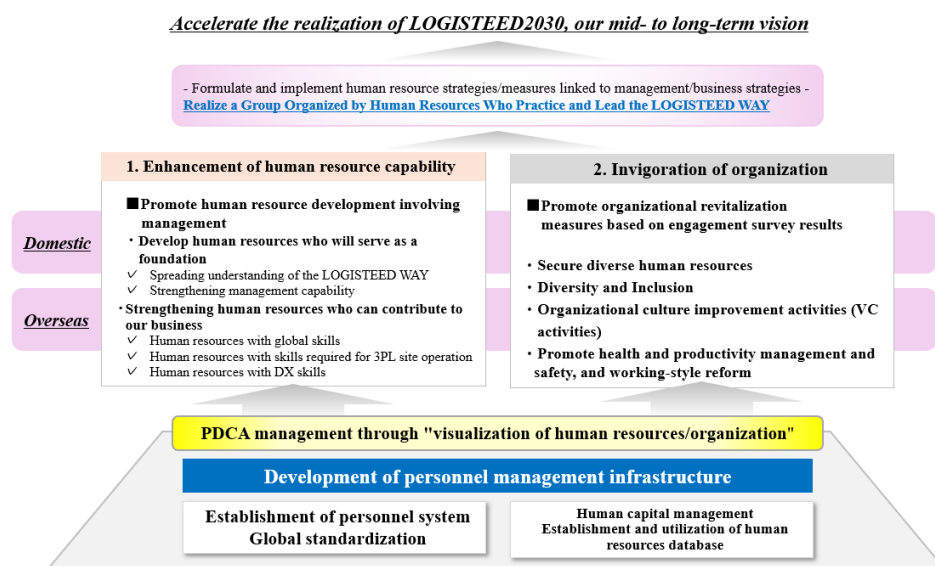
The Group has incorporated the five initiatives toward the realization of the medium-to-long-term environmental targets (energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading) in the priority measures and will promote greenhouse gas (CO₂, etc.) emission reduction measures to limit the temperature increase to 1.5 °C 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" 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."

(a) 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.

■ Risk Management

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

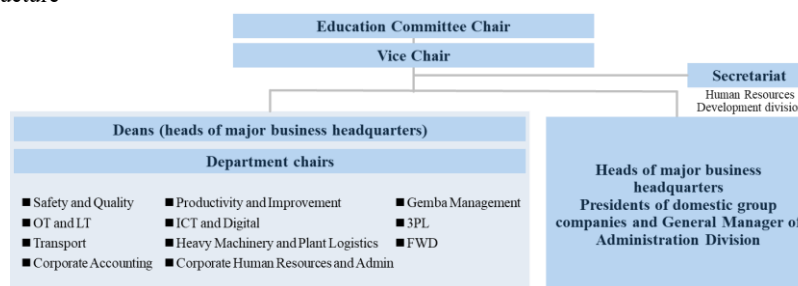
Furthermore, the Group positions risks related to human capital, such as securing talent, talent attrition, and the diversification of work styles, as priority risks and manages them appropriately. In FY2025, the Education Committee, which discusses Group-wide human resources development initiatives, discussed enhancements to middle management. The committee assesses and manages risks and opportunities by examining challenges and human resources development initiatives aimed at strengthening middle management, which serves as the operational backbone of each workplace. In addition, the Company is working to manage the risk of potential talent attrition by continuously conducting engagement surveys and implementing improvement measures based on the results.

■ Strategy

(a) Enhancement of human resource capability

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.

- (i) 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.

In addition, as a key theme for promoting understanding of the LOGISTEED WAY in FY2025, the Company conducted training to enhance legal knowledge for logistics professionals from the perspective of strengthening compliance, as outlined in the Guiding Principles.

- (ii) 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 understanding of 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. During the training, as a measure to improve their management skills. For existing managerial staff, the Company conducts refresher training aimed at improving their understanding of the system and enhancing their operational skills in order to further embed the Group's job-based personnel system. The Company also promotes initiatives primarily focused on strengthening management capabilities—which are key to the effective operation of the personnel system—and fostering employees' career autonomy.

- 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.

- (i) 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.

Specifically, in addition to the two-years overseas business training for young employees in Japan and pre-onboarding education for employees newly assigned overseas, the Group also provides 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.

- (ii) 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. Starting in FY2025, the Company plans and conducts training programs to strengthen account sales capabilities with the aim of deepening relationships with customers.

- (iii) 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.

(b). 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 48 overseas Group companies in the year ended March 31, 2026, 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. In addition, the Company is stepping up its efforts by holding "Sessions to Hear from Senior Employees" exclusively for female employees to strengthen connections among female employees and provide them with opportunities to envision their own career paths as well as conducting a survey on awareness of women's participation in the workplace among employees of its 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.

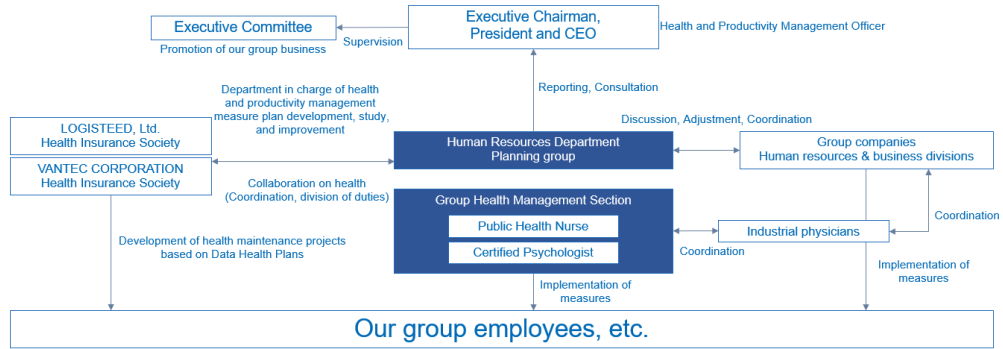
iv. Promote health and productivity management and safety, and working-style reform

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 2026, the Company was named a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry for the fourth 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



■ 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 ^{*2}
			FY2023	FY2024 ^{*1}	FY2025	FY2026	
Enhancement of human resource capability							
Overall		Education hours per employee	— ^{*4}	17.1 hours	17.9 hours ^{*1}	19.0 hours ^{*1}	LOGISTEED and its 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/ 545 persons	23 times/ 550 persons	LOGISTEED and its 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)	1,105 persons (Refresher training on the job-based personnel system)	500 persons (Management training)	LOGISTEED and its 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	5 persons	7 persons	LOGISTEED and its domestic group companies
	Strengthening 3PL Gemba power	Number of participants in HR development programs	2,527 persons	1,824 persons	1,069 persons	1,069 persons	LOGISTEED and its 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)	12,564 persons	10,000 persons	LOGISTEED and its domestic group companies
Invigoration of Organization							
Overall		Score of sustainable engagement in the employee engagement survey ^{*5}	64	64	66 ^{*1}	— ^{*6}	LOGISTEED and its domestic group companies
Secure diverse human resources		Hiring of new graduates	217 persons	298 persons	318 persons	357 persons	LOGISTEED and its domestic group companies
		Ratio of women in hiring of new graduates	36.9%	42.3%	48.4%	— ^{*7}	LOGISTEED and its domestic group companies
		Number of mid-career recruits	166 persons	658 persons	637 persons	699 persons	LOGISTEED and its 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	316 persons	— ^{*8}	LOGISTEED and its domestic group companies
		Ratio of foreign national employees	2.1%	2.3%	2.7%	— ^{*9}	LOGISTEED
		Ratio of employees with a disability	2.92%	3.07%	2.83%*1	2.90%	LOGISTEED and its domestic group companies
		Re-employment rate of retirees	100%	100%	100%	100%	LOGISTEED
Diversity and Inclusion		Ratio of female managers	7.3%	6.9%	7.9%	10%	LOGISTEED
		Ratio of female assistant managers	17.5%	20.6%	23.4%	— ^{*10}	LOGISTEED
		Rate of childcare leave taken by female employees ^{*11}	108%	112.5%	72.7%	100%	LOGISTEED
		Rate of childcare leave taken by male employees	59.0%	37.8%	51.7%	50%	LOGISTEED
		Ratio of employees returning to work after childcare leave	100%	100%	100%	100%	LOGISTEED
Value change & Creation (VC activities)		Digital fit rate ^{*12}	1.15%	2.25%	3.46% ^{*1}	1% ^{*13}	LOGISTEED and its domestic group companies
Promote health and productivity management and safety, and working-style reform		Rate of sick leave days taken ^{*14}	1.08%	1.05%	1.00%*1	Less than 1% ^{*1}	LOGISTEED and its domestic group companies
		Frequency rate of occupational injuries	0.80	0.44	0.80	— ^{*15}	LOGISTEED and its domestic group companies
		Severity rate of occupational injuries	0.161	0.018	0.167	— ^{*16}	LOGISTEED and its domestic group companies
		Overtime work	22.4 hours	22.2 hours	23.2 hours ^{*1}	— ^{*17}	LOGISTEED and its domestic group companies
		Rate of annual paid leave taken	67.4%	68.3%	59.9% ^{*1}	— ^{*17}	LOGISTEED and its domestic group companies

*1 ALPS LOGISTICS Group's figures are not included as they have not yet been compiled.

*2 Overseas Group's figures are not included as they have not yet been compiled.

*3 Domestic Group's figures are not included as they have not yet been compiled.

*4 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 "—".

*5 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.

*6 The target is to improve this indicator, but no specific figures have been set.

- *7 The Company aims to increase the proportion of female new graduates it hires, but no specific figures have been set.
- *8 The Company converts part-time and fixed-term employees, primarily those at its land transport group companies who have gained frontline work experience, to full-time status, but has not set specific targets.
- *9 The Company recruits foreign nationals, but no specific targets have been set.
- *10 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.
- *11 Number of female employees who took childcare leave during the fiscal year ÷ Number of female employees who gave birth during the fiscal year × 100. In FY2025, three female employees who gave birth are currently on maternity leave and plan to take childcare leave in the following fiscal year or later.
- *12 Time saved through digital tools ÷ Total working hours × 100
- *13 Calculated on a single-fiscal-year basis starting in FY2026 (previously calculated on a cumulative basis starting in FY2023).
- *14 Number of sick leave days ÷ Total number of scheduled working days of employed workers × 100
- *15 The target is to reduce this metric, but no specific figure has been set.
- *16 The target is to be below the average for all industries, but no specific figure has been set.
- *17 While uniform targets have not been set due to differences in the business characteristics of each Group company, the Company is working to manage and improve these metrics as key indicators.

(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."

■ Risk Management

Risk management regarding respect for human rights is as described in "1) Governance and Risk Management for Sustainability." Furthermore, the Group positions risks related to respect for human rights, such as compliance violations (e.g., violations of labor laws, bribery, and human rights abuses), as priority risks. Based on its assessment and analysis of these risks, the Group has developed response policies and priority measures, and is advancing various initiatives in accordance with them.

■ Strategy

(a) 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. In FY2025, the Group held human rights training for all executives in Japan and overseas after revamping the curriculum of the previous training conducted up to FY2024. 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.

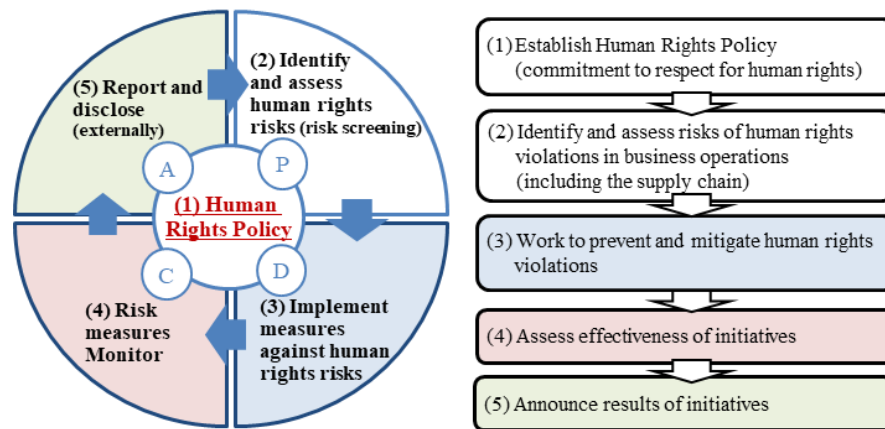
(b) Human rights due diligence

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 FY2025, the Group placed particular emphasis on harassment training in Japan and reminded employees of the reporting channels. In addition, the Company conducted on-site visits in collaboration with NGOs to assess the situation of foreign technical trainees in detail and implement risk mitigation measures. 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



■ 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
		FY2023	FY2024	FY2025	FY2026	
Promoting understanding of respect for human rights	Human rights training for executives	182 persons	41 persons ^{*3}	160 persons	All executives	LOGISTEED plus domestic and overseas group companies
	Human rights training for employees: participants	14,211 persons	35,437 persons	44,341 persons	All employees	LOGISTEED plus domestic group companies ^{*2}
	Human rights training for employees: participation rate	73.5%	98.5%	96.7%	100%	LOGISTEED plus domestic group companies ^{*2}
Human rights due diligence	Response to human rights issues	1	3	1	— ^{*4}	LOGISTEED plus domestic group companies ^{*2}
	Number of cases of whistleblowing on harassment and responses	25	15	23	— ^{*4}	LOGISTEED plus domestic and overseas group companies

*1 ALPS LOGISTICS Group's figures are not included as they have not yet been compiled.

*2 Overseas Group's figures are not included as they have not yet been compiled.

*3 Open only to newly appointed executives.

*4 No specific figures have been set since the aim is to reduce the number of human rights issues.

(4) Initiatives on Intellectual Property Rights

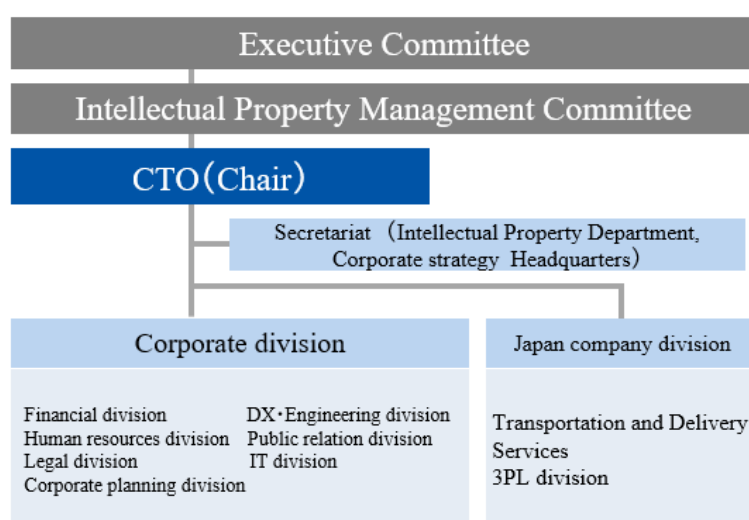
Response policy on intellectual property rights

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." The Company has established the Intellectual Property Management Committee, chaired by the Chief Technology Officer (CTO), as the decision-making body for intellectual property strategy and management, and is advancing initiatives related to intellectual property.

• Promotion Structure



■ Risk Management

Risk management regarding intellectual property is as described in "1) Governance and Risk Management for Sustainability." Furthermore, the Group positions risks related to intellectual property (e.g., changes in business models, including those driven by technological innovation) as priority risks and manages them appropriately. In FY2025, the Intellectual Property Management Committee discussed strategies for addressing intellectual property risks, with a focus on automation and labor-saving technologies. The Group manages these risks by actively filing patent and trademark applications and securing rights with the aim of creating intellectual property that strengthens its business. When releasing new services, products, or other offerings, the Group conducts intellectual property searches during the commercialization process to ensure that it does not infringe on the intellectual property rights of third parties.

■ Strategy

(a) 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 CO₂ 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.

(b) 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.

■ 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
		FY2023	FY2024	FY2025	FY2026	
Acquisition and protection of intellectual property rights	Number of patents acquired	30	29	33	30	LOGISTEED and its domestic and overseas group companies
	Number of patents owned	138	171	207	237	LOGISTEED and its domestic and overseas group companies
	Number of inventors submitting patent application	23 persons	29 persons	20 persons	30 persons	LOGISTEED and its 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 In-house lecture 1 time	Specialized training 3 times In-house lecture 1 time and compliance training 1 time	Specialized training 3 times and compliance training 1 time	LOGISTEED and its 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 on our objectives and the possibility to influence the achievement of our strategy and business goals when an event occurs."

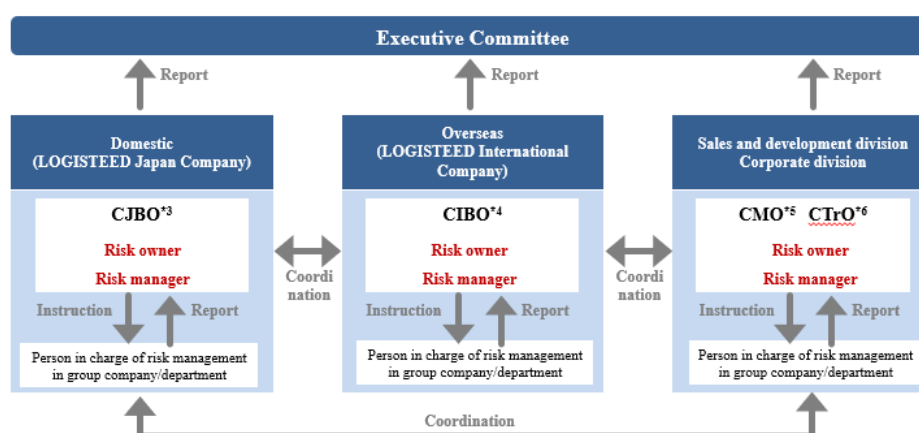
We classify recognized risks as follows based on their types (strategic or pure) and factors (internal or external) and quantify them by risk factors based on the probability of occurrence and the degree of impact to select priority risk which exceeds the reference point. We also prioritize risks based 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 processes, 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, 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 • Enhancement of industry-specific expertise	• 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	[Domestic/Overseas] • Account management through enhanced collaboration among group companies and divisions • Monitoring of the business conditions of partner companies and customers • 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) • Consulting services for supply chain optimization that leverage digital transformation (DX) solutions and engineering expertise ([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	[Domestic/Overseas] • Expand network of partner companies and secure workforce by enhancing recruitment of in-house drivers (increase personal vehicles) including reviewing drivers' benefit • 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) • Promote operational efficiency through automation, RPA, generative AI, and other technologies • Foster human resources proficient in logistics through collaboration with external organizations, including industry-academia partnerships [Domestic] • Recruit foreign drivers under the Specified Skilled Worker Program • Monitor the bankruptcy risk of partner transport companies, and negotiate with partner companies to appropriately pass on labor costs in pricing [Overseas] • Develop management talent for overseas operations from a medium- to long-term perspective ([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	[Domestic/Overseas] • Increase competitiveness by developing new services and unique business models through collaborative innovation with business partners

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 •Protection through acquiring intellectual property rights, including patents, for new service 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	[Domestic/Overseas] •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 •Cross-selling by ALPS Logistics and LOGISTEED •Acquire new customers using DX [Overseas] •Expand sales to non-Japanese customers and in overseas markets through the International Leadership Sales Strategy Meeting •Accelerate collaboration with Japan Post Group in overseas business ([Priority Measures]4)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
	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		[Domestic/Overseas] • 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 • Conduct customer satisfaction surveys and implement improvement measures [Overseas] • Strengthen global collaboration through the expansion of the sales development organization's functions ([Priority Measures]4)
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 FY2025 of ¥365.6 billion • Customer-related intangible assets for FY2025 of ¥191.8 billion	[Domestic/Overseas] • Strengthen due diligence before M&A or alliance • Develop and implement a PMI plan by the head office and relevant business divisions including overseas Group companies • 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	[Domestic/Overseas] • 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 FY2025 • Outsourcing expenses of ¥443.7 billion • Labor costs of ¥248.4 billion	[Domestic/Overseas] • 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 • 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 [Domestic] • Reduce impact on business continuity by monitoring management of major partner companies [Overseas] • Improve operational efficiency through the consolidation of offices and warehouses of overseas Group companies, and reduce costs through the integration of back-office functions ([Priority Measures]1, 2)
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 FY2025: Revenues 45%, Adjusted operating income 39%	[Domestic/Overseas] • 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

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
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	[Domestic/Overseas] • 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 CO₂ 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, foreign nationals, and talent 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	[Domestic/Overseas] • Realize diversity and inclusion and a work-life balance through use of a broad range of human resources • Promote visualization of employee engagement and mental health countermeasures using the employee engagement survey and stress check* *Domestic regulations (compliance with laws and regulations) • 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 • Continue to implement teleworking • Offer opportunities and occasions for growth (talent management and education) [Domestic] • Appoint human resources and provide career education based on a succession plan programs • Implement the rotation of human resources that realize the working-styles and career paths that employees seek. • Improve compensation and introduce a job-oriented compensation system that reflects roles/responsibilities and achievements • Introduce 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	[Domestic/Overseas] • Strengthening efforts to set and achieve CO₂ 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 [Domestic] • Addressing the 2024 issue in logistics (reviewing transport conditions and fees, reducing waiting and handling times) • Complying with Small and Medium-sized Enterprise Contract Transactions Improvement Act (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) • Provide logistics DX consulting services for CLOs ([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 FY2025 ¥548.7 billion (Breakdown of interest-bearing debt) • Bonds + Borrowings ¥254.1 billion • Lease liabilities ¥294.6 billion	[Domestic/Overseas] • 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	[Domestic/Overseas] • 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 FY2025 ¥32.4 billion	[Domestic] • 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	[Domestic/Overseas] • 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 • Establish an initial response and reporting system in case of an accident, and conduct drills • Verification of the effectiveness of accident prevention measures and prevention of recurrence through the sharing of good examples • 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

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			conduct fire drills with full employee participation • Establish safety workplaces through the proactive use of technology (such as the Centralized Safety and Quality control Center, SSCV, and security robots [Domestic] • 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 • Develop and implement a facility maintenance plan • Establish and regularly review the LDSK (LOGISTEED Work Standards) • Train safety team leaders and develop frontline-led safety activities ([Priority Measures]2, 7)
2) Compliance violations (violation of the labor law, bribery, infringement 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, and deviation from social norms • 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.	[Domestic/Overseas] • 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 • Implement due diligence on human rights [Domestic] • Establish a specialized IP division and educate all employees ([Priority Measures]2, 7)
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	[Domestic/Overseas] • 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 • Conduct quality monitoring through regular meetings with customers and follow up on customer requirements • Share information on causes and measures for quality incident cases

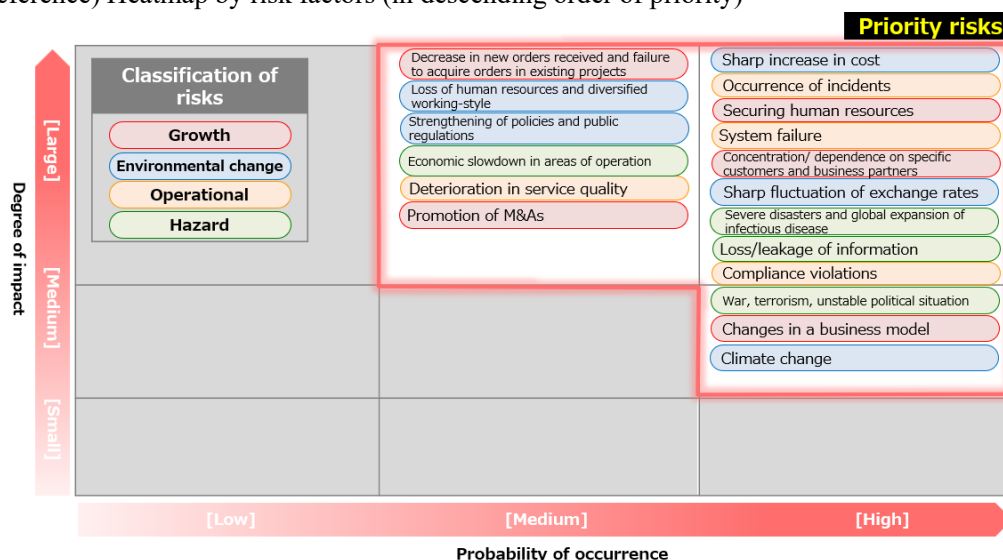
Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			• Establish a quality culture by cultivating a quality mindset through education and its penetration ([Priority Measures]2, 7)
4) System failure [Priority risk]	<Risks> • Significant delay in work or suspension of operations due to power outage or system / equipment failure caused by natural disasters • Significant delay in work or suspension of operations due to cyberattacks or system failures 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	[Domestic/Overseas] • 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 [Domestic] • 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	[Domestic/Overseas] • 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)

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
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	[Domestic/Overseas] • 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 • Risk hedging through liability insurance (cyber insurance) ([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	[Domestic/Overseas] • 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	[Domestic/Overseas] • 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)
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 <Opportunities> • Create new value through capital and business alliances	• Decline of initiative of the current management • Impact on corporate value of material changes in capital structure • Recognition of impairment losses	[Domestic/Overseas] • Increase corporate value to increase stock value • Active communication with shareholders • Invest in growth opportunities • Build a strong relationship as a strategic partner through the capital and business alliance with Japan Post Co. Ltd. ([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

In the fiscal year ended March 31, 2026, the Company finalized provisional accounting treatment related to business combinations. Therefore, for comparisons and analyses with the fiscal year ended March 31, 2025, the revised amounts based on the finalization of the provisional accounting treatment are used.

Furthermore, 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, 2025	As of March 31, 2026	Change
Current assets	254,630	273,952	19,322
Non-current assets	1,519,223	1,327,832	(191,391)
Total assets	1,773,853	1,601,784	(172,069)
Current liabilities	249,601	280,833	31,232
Non-current liabilities	885,383	625,835	(259,548)
Total liabilities	1,134,984	906,668	(228,316)
Equity attributable to stockholders of the parent company	594,354	645,908	51,554
Non-controlling interests	44,515	49,208	4,693
Total equity	638,869	695,116	56,247

Total assets as of March 31, 2026 decreased by ¥172,069 million compared to March 31, 2025 to ¥1,601,784 million. Current assets increased by ¥19,322 million due to increases of ¥12,612 million in cash and cash equivalents as described in "4) Cash Flows" and ¥5,525 million in trade receivables and contract assets. Non-current assets decreased by ¥191,391 million due to decreases of ¥178,976 million in right-of-use assets and ¥18,030 million in property, plant and equipment.

Total liabilities as of March 31, 2026 decreased by ¥228,316 million compared to March 31, 2025 to ¥906,668 million. Current liabilities increased by ¥31,232 million due to increases of ¥28,142 million in other financial liabilities, ¥12,761 million in current portion of long-term debt, ¥8,315 million in other current liabilities, and ¥7,269 million in trade payables despite a decrease of ¥31,753 million in short-term debt. Non-current liabilities decreased by ¥259,548 million due to decreases of ¥174,200 million in lease liabilities, ¥65,254 million in long-term debt, and ¥12,227 million in other financial liabilities.

Total equity as of March 31, 2026 increased by ¥56,247 million compared to March 31, 2025 to ¥695,116 million due to increases of ¥40,649 million in retained earnings and ¥18,782 million in accumulated other comprehensive income.

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, 2025	For the year ended March 31, 2026	Change	YoY
Revenues	910,742	993,094	82,352	109%
Gross profit	108,714	129,481	20,767	119%
Adjusted Operating Income*1	48,498	60,506	12,008	125%
Operating income	36,153	56,330	20,177	156%
EBIT (Earnings before interest and taxes) *2	35,554	55,736	20,182	157%
Income before income taxes	23,135	40,997	17,862	177%
Net income	28,336	44,906	16,570	158%
Net income attributable to stockholders of the parent company	26,962	40,100	13,138	149%

*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.

(a) Revenues, Adjusted Operating Income, and Operating Income

Revenues in the consolidated fiscal year under review increased 9% compared to the previous consolidated fiscal year to ¥993,094 million. This was 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. Adjusted operating income increased 25% year-on-year to ¥60,506 million driven by increased revenues, improved profitability, and exchange rates. Operating income increased 56% year-on-year to ¥56,330 million due to gains on the sale of property, plant and equipment and a decrease in stock compensation expenses and acquisition-related costs recorded in the fiscal year ended March 31, 2025, which offset increases in impairment losses, losses on sale of property, plant and equipment, and amortization of intangible assets recognized through business combinations.

(b) EBIT (Earnings before interest and taxes)

Earnings before interest and taxes (EBIT) in the consolidated fiscal year under review increased 57% year-on-year to ¥55,736 million, attributed to the increase in operating income and other factors.

(c) Income before income taxes

Income before income taxes in the consolidated fiscal year under review increased 77% year-on-year to ¥40,997 million, attributed to the increase in EBIT and other factors.

(d) Net income attributable to stockholders of the parent company

Net income attributable to stockholders of the parent company in the fiscal year under review increased 49% year-on-year to ¥40,100 million. This was due to factors including the increase in income before income taxes, which offset the increase in income taxes due to the absence of the impact of deferred tax assets recorded in the previous fiscal year.

Information for each segment is presented below.

i. Domestic logistics

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026	Change	YoY
Revenues	477,574	529,946	52,372	111%
Segment profit (Adjusted Operating Income)	24,926	34,352	9,426	138%

Revenues of domestic logistics business increased by 11% year-on-year to ¥529,946 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 38% year-on-year to ¥34,352 million mainly due to an increase in revenues and improved profitability.

ii. Global logistics

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026	Change	YoY
Revenues	418,865	449,347	30,482	107%
Segment profit (Adjusted Operating Income)	21,528	23,412	1,884	109%

Revenues of global logistics business increased by 7% year-on-year to ¥449,347 million mainly due to contributions from 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 9% year-on-year to ¥23,412 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, 2025	For the year ended March 31, 2026	Change	YoY
Revenues	14,303	13,801	(502)	96%
Segment profit (Adjusted Operating Income)	2,044	2,742	698	134%

Revenues of other services decreased by 4% year-on-year to ¥13,801 million.

Segment profit increased by 34% year-on-year to ¥2,742 million.

(2) Results of Production, Orders and Revenues

(a) Production results

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

(b) Order results

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

(c) Revenues

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

Segment name	Amount (millions of yen)	YoY
Domestic logistics	529,946	11.0%
Global logistics	449,347	7.3%
Other services	13,801	(3.5)%
Total	993,094	9.0%

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, 2025	For the year ended March 31, 2026	Change
Cash flows from operating activities	81,106	124,513	43,407
Cash flows from investing activities	(46,727)	26,210	72,937
Cash flows from financing activities	(15,215)	(145,146)	(129,931)
Free Cash Flow	34,379	150,723	116,344
Effect of exchange rate changes on cash and cash equivalents	(128)	7,035	7,163
Net (decrease) increase in cash and cash equivalents	19,036	12,612	(6,424)
Cash and cash equivalents at beginning of period	43,495	62,531	19,036
Cash and cash equivalents at end of period	62,531	75,143	12,612

Cash flows for the fiscal year ended March 31, 2026 and the main factors affecting them are as follows:

(1) Cash flows from operating activities

Cash flows from operating activities increased by ¥43,407 million compared to the fiscal year ended March 31, 2025 to ¥124,513 million. The main factors were increases in cash due to depreciation and amortization of ¥91,709 million and net income of ¥44,906 million despite a decrease in cash due to interest paid of ¥19,488 million.

(2) Cash flows from investing activities

Cash flows from investing activities increased by ¥72,937 million compared to the fiscal year ended March 31, 2025 to ¥26,210 million. The main factors were an increase in cash due to proceeds from sale of property, plant and equipment and intangible assets of ¥43,089 million despite a decrease in cash due to purchase of property, plant and equipment and intangible assets of ¥17,250 million.

(3) Cash flows from financing activities

Cash flows from financing activities decreased by ¥129,931 million compared to the fiscal year ended March 31, 2025 to ¥145,146 million. The main factors were decreases in cash due to repayments of lease liabilities of ¥54,736 million, repayments of long-term debt of ¥53,854 million, and changes in short-term debt of ¥31,785 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥12,612 million compared to the end of the previous consolidated fiscal year, to ¥75,143 million.

Free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, totaled ¥150,723 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, 2025 and March 31, 2026, 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) Sale of Shares of ALR Management Co., Ltd.

At the Board of Directors meeting held on June 26, 2025, the Company resolved to transfer all shares of ALPS LOGISTICS CO., LTD. (which changed its trade name to ALR Management Co., Ltd. on July 1, 2025) (hereinafter, "ALR Management") held by the Company's consolidated subsidiary LDEC, Ltd. (which changed its trade name to ALPS LOGISTICS CO., LTD. on July 1, 2025) (hereinafter, "ALPS LOGISTICS") to AGX G.K. The share transfer was completed on July 1, 2025 after the share transfer agreement was concluded on June 27, 2025.

For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 5. Business Combinations, etc. (Sale of shares of ALR Management)."

2) Borrowing of Funds

The Company has entered into a loan agreement with special financial covenants. The details of the agreement are as follows:

(Syndicated loan agreement)

(1) Execution date

February 24, 2023

(2) Attributes of the counterparties to the loan agreement

City banks and regional 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

Due date	March 1, 2030*	October 1, 2031*
Balance of debt at end of year	¥129,009 million	¥86,000 million
Details of assets provided as collateral for the debt	Shares and monetary claims	

*The final due date among the agreed due dates is indicated.

(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.

6. Research and Development Activities

Not applicable

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, etc. 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, 2026	YoY(%)
Domestic logistics	40,245	74.6
Global logistics	29,111	90.7
Other services	4,481	88.9
Company-wide (shared)	2,442	43.6
Total	76,279	78.9

The capital investments by segment are as follows:

In domestic logistics, we expanded our logistics network by acquiring the Nishinomiyakita Logistics Center (Kobe City, Hyogo 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 above-mentioned capital investments, as part of our efforts to transition to an asset-light business model and enhance capital efficiency, the LOGISTEED Group liquidated nine domestic logistics centers, etc. Accordingly, we transferred buildings and structures valued at ¥7,854 million, and land totaling ¥20,382 million, while acquiring right-of-use assets amounting to ¥16,390 million. As a result, capital investments amounted to ¥40,245 million.

In global logistics, we renewed existing assets such as vehicles. As a result, capital investments amounted to ¥29,111 million.

In the other category, we renewed existing assets such as vehicles used in the rental business. As a result, capital investments amounted to ¥4,481 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, 2026 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	47,130	11,290	15,082 (785,054)	241,192	3,219	317,913	12,528 [12,109]
Global logistics	36,970	65,809	13,530 (2,094,183)	34,570	6,158	157,037	14,907 [1,458]
Other services	401	11,455	701 (14,305)	736	99	13,392	879 [148]
Company-wide	831	29	931 (3,413)	2,114	181	4,086	928 [101]
Total	85,332	88,583	30,244 (2,896,955)	278,612	9,657	492,428	29,242 [13,816]

- 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	
Japan Business Headquarters (Chuo-Ku, Tokyo, etc.)	Domestic logistics Global logistics Other services	Logistics center, etc.	20,703	4,232	5,560 (237,845)	141,617	163	172,275	98 [14]
Head Office, etc. (Chuo-Ku, Tokyo, etc.)	Other services Company- wide	Head office functions, etc.	852	31	931 (3,414)	10,033	187	12,034	800 [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 m ²)	Right-of-use assets	Other	Total	
LOGISTEED East Japan, Ltd. (Taito-ku, Tokyo, etc.)	Domestic logistics	Logistics center, etc.	5,505	1,255	690 (127,642)	34,184	888	42,522	3,923 [4,697]
LOGISTEED West Japan, Ltd. (chuo-ku, Osaka, etc.)	Domestic logistics	Logistics center, etc.	1,932	411	1 (319)	18,236	371	20,951	1,417 [1,301]
ALPS LOGISTICS CO., LTD. (Kohoku-Ku, Yokohama, Kanagawa, etc.)	Domestic logistics Global logistics	Logistics center, etc.	9,106	1,593	2,781 (148,798)	18,703	284	32,467	917 [737]

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 m ²)	Right-of-use assets	Other	Total	
Mars Lojistik Grup Anonim Sirketi (Istanbul, Turkey) (Note 1)	Global logistics	Vehicles, etc.	317	37,359	— (—)	6,290	1,195	45,161	2,920 [14]
J.P. Holding Company, Inc. (Anderson, U.S.A.) (Note 2)	Global logistics	Vehicles, etc.	5,230	20,385	703 (680,062)	2,347	1,532	30,197	1,765 [—]
LOGISTEED CONTRACT LOGISTICS (THAILAND) PUBLIC COMPANY LIMITED (Samut Prakan, Thailand) (Note 3)	Global logistics	Logistics center, etc.	5,497	847	4,444 (75,437)	197	699	11,684	622 [2]

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 LOGISTEED CONTRACT LOGISTICS (THAILAND) PUBLIC COMPANY LIMITED.

5) Vehicles

(Number)

Company name	Standard-sized vehicles	Compact vehicles	Tractors	Trailers	Forklifts	Micro buses	Passenger cars	Specialty vehicles	Other	Total
The Company	(3) 1	(-) -	(-) -	(-) -	(3) 3	(-) 1	(12) -	(-) -	(-) -	(18) 5
Domestic subsidiaries	(2,055) 380	(326) 44	(207) 8	(937) 107	(4,779) 442	(26) -	(665) 93	(7) 1	(141) 117	(9,143) 1,192
Overseas subsidiaries	(51) 311	(3) 96	(38) 2,380	(627) 6,753	(568) 1,028	(-) 1	(354) 250	(-) 49	(-) 746	(1,641) 11,614
Total	(2,109) 692	(329) 140	(245) 2,388	(1,564) 6,860	(5,350) 1,473	(26) 2	(1,031) 343	(7) 50	(141) 863	(10,802) 12,811

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.	(Kuse, Kyoto)	Domestic logistics	Logistic center lease	9,900	—	Own capital and leasing	2024 March	2026 August
LOGISTEED East Japan, Ltd.	(Hasuda, Saitama)	Domestic logistics	Logistic center lease	8,200	—	Own capital and leasing	2025 July	2026 December
Mars Lojistik Grup Anonim Sirketi	(Istanbul, Turkey)	Global logistics	Logistic center lease	5,700	—	leasing	2024 January	to be determined
LOGISTEED America, Inc. and another company	(Torrance, U.S.A.)	Global logistics	Logistic center lease	2,200	—	Own capital and leasing	2026 March	2026 April

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 shares issued as of fiscal year-end (March 31, 2026)	Number of shares issued as of report submission date (June 26, 2026)	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, 2026)

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, 2026)

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

Note: LOGISTEED Holdings, Ltd. changed its address to "2-9-2, Kyobashi, Chuo-ku, Tokyo" on April 1, 2026.

7) Voting Rights
(1) Shares issued

(As of March 31, 2026)

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, 2026)

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, 2026		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	—	—	—	—
Number of treasury shares held	151,064,996	—	151,064,996	—

3. Dividend Policy

The Company pays dividends from retained earnings, in accordance with the capital policies of LOGISTEED Holdings, our sole parent company.

The Articles of Incorporation specify that the Company may declare interim dividends.

The syndicated loan amendment agreement concluded on February 27, 2026 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.

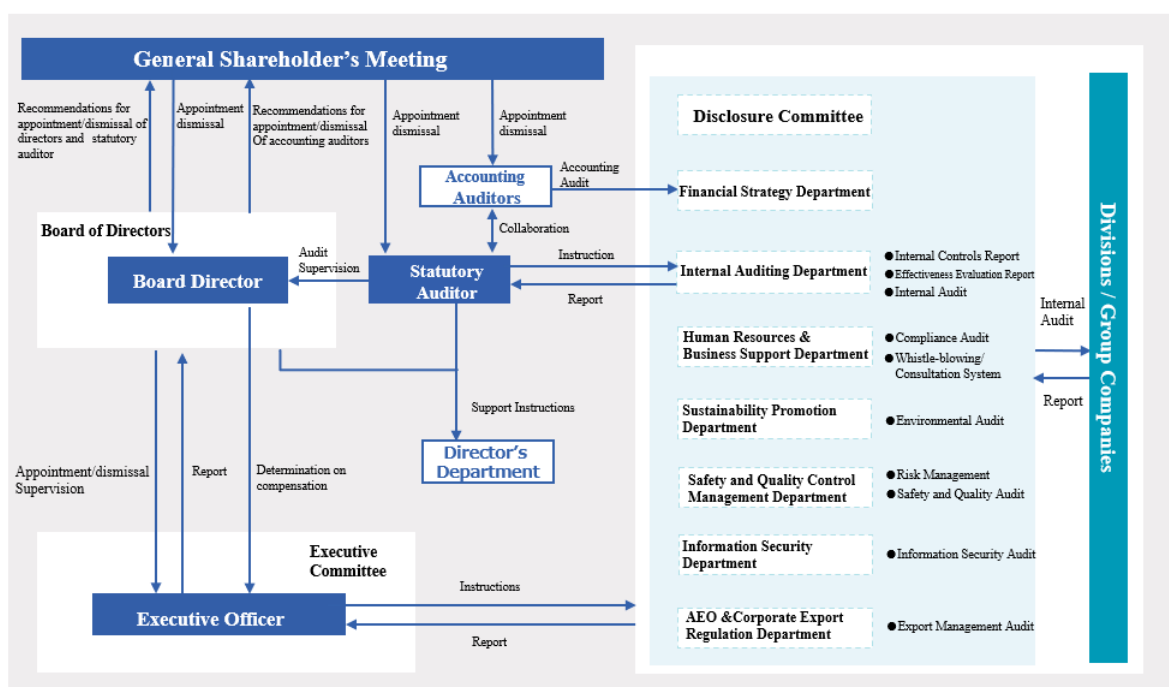
(1) Information concerning the Company

Due to changes in institutional design accompanying the transition to a management structure primarily led by LOGISTEED Holdings on April 1, 2026, the Company transitioned from a company with Audit & Supervisory Committee to a company with Audit & Supervisory Board Members, based on a resolution of the Extraordinary General Shareholders' Meeting effective April 1, 2026, and the Company now has a Board of Directors, Audit & Supervisory Board Member, and Accounting Auditor.

The Board of Directors consists of four directors and is responsible for appointing and dismissing executive officers. Each executive officer executes their duties under the direction and supervision of the Representative Director within the scope of their respective authority and responsibility.

One Audit & Supervisory Board Member attends Board of Directors meetings to understand the important decision-making processes and the status of business execution, and also exchanges opinions on the status of audits based on reports received from the Accounting Auditor and the department in charge of internal audits.

Our Corporate Governance System



(2) Maintenance of the internal control system

Under the "Basic Policy for Building an Internal Control System," 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. Furthermore, due to changes in institutional design accompanying the transition to a management structure primarily led by LOGISTEED Holdings on April 1, 2026, the Company transitioned from a company with Audit & Supervisory Committee to a company with Audit & Supervisory Board Members, based on a resolution of the Extraordinary General Shareholders' Meeting effective April 1, 2026. The following is an overview of the operational status after the transition. A similar structure was in place and in operation even before the transition.

Board of Directors and Executive Committee

The Board of Directors consists of four directors. The Statutory Auditor also attends Board of Directors meetings to ascertain the execution of duties by directors. Records pertaining to the Board of Directors are prepared and retained according to the prescribed methods. Deliberation materials on important matters are retained forever.

Additionally, the Board of Directors is responsible for the appointment and dismissal of executive officers. 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 officer executes their duties in accordance with the Criteria.

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 Rules of the Board of Directors also stipulate that the Board of Directors is to resolve important policies. 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 results of these audits are reported to the Statutory Auditor. Furthermore, the Company has established and operates an internal whistleblowing system called the LOGISTEED Group Internal Whistle-blowing System, in cooperation with its parent company, LOGISTEED Holdings.

Structure of group companies

We require our group companies to establish a system according to their size, as well as send directors and Statutory Auditors 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.

Statutory Auditors and accounting auditors

The Company appoints dedicated staff who do not report to directors to assist the duties of Statutory Auditors. The dedicated staff are responsible for processing the expenses incurred by Statutory Auditors, in the course of performing their duties, as well as other administrative work.

The office monitors the independence of dedicated staff members from directors through the receipt of advance notification of personnel transfers of dedicated staff members who do not report to directors who are not Statutory Auditors.

As a system to ensure that the audits performed by Statutory Auditors are conducted effectively, Statutory Auditors attend Board of Directors meetings to understand important decision-making processes and the status of business execution. They also receive reports on audit implementation status from the accounting auditors and internal audit departments, among others, and exchange opinions.

(3) Overview of limited liability agreement provisions

Pursuant to Article 28 of its Articles of Incorporation, the Company has concluded an agreement with Akira Namatame, a non-executive director, limiting his liability for corporate damages/losses as provided in Article 423-(1) of the Companies Act. To summarize the provisions, the liability of these non-executive 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, Statutory Auditors 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, 2026 was 176 million yen (of which, 27 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 eleven as the maximum number of directors.

(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, 2026, The Company's Board of Directors convened 15 times, and the Nominating and Compensation Committee, 8 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, 2025 to March 31, 2026)

Job title	Name	Attendance record (attendance rate)
Representative Director	Yasuo Nakatani (Note3)	15 out of 15 meetings (100%)
Outside Director	Mitsudo Urano (Note3)	15 out of 15 meetings (100%)
Outside Director	Tsukasa Namiki (Note2・3)	4 out of 4 meetings (100%)
Outside Director	Takashi Nishijima (Note2)	2 out of 2 meetings (100%)
Outside Director	Hirofumi Hirano (Note3)	15 out of 15 meetings (100%)
Outside Director	Takeshi Watabe (Note2・3)	13 out of 13 meetings (100%)
Outside Director, Audit & Supervisory Committee member	Miho Aoki (Note3)	15 out of 15 meetings (100%)
Outside Director, Audit & Supervisory Committee member	Hideaki Miyauchi (Note3)	15 out of 15 meetings (100%)
Outside Director, Audit & Supervisory Committee member	Eiji Yatagawa (Note3)	15 out of 15 meetings (100%)

Nominating and Compensation Committee (April 1, 2025 to March 31, 2026)

Job title	Name	Attendance record (attendance rate)
Nominating and Compensation Committee Chairperson	Hirofumi Hirano (Note3)	7 out of 8 meetings (88%)
Nominating and Compensation Committee Member	Mitsudo Urano (Note3)	8 out of 8 meetings (100%)
Nominating and Compensation Committee Member	Yasuo Nakatani (Note3)	8 out of 8 meetings (100%)
Nominating and Compensation Committee Member	Eiji Yatagawa (Note3)	8 out of 8 meetings (100%)

- Note
- 1: Based on the number of meetings held during the term of office.
 - 2: Takashi Nishijima retired from the Board of Directors upon conclusion of the General Shareholders' Meeting held on June 26, 2025. Takeshi Watabe was appointed as a director on June 26, 2025 and Tsukasa Namiki on February 1, 2026.
 - 3: Due to changes in institutional design accompanying the transition to a management structure primarily led by LOGISTEED Holdings on April 1, 2026, Yasuo Nakatani, Mitsudo Urano, Tsukasa Namiki, Hirofumi Hirano, Takeshi Watabe, Miho Aoki, Hideaki Miyauchi, and Eiji Yatagawa retired from their positions as directors on March 31, 2026 and were appointed to as directors of the parent company, LOGISTEED Holdings, effective April 1, 2026.
 - 4: Due to changes in institutional design accompanying the transition to a management structure primarily led by LOGISTEED Holdings on April 1, 2026, the Company abolished the voluntary Nominating and Compensation Committee on March 31, 2026, following which parent company LOGISTEED Holdings established a voluntary Nominating and Compensation Committee effective April 1, 2026.

2) Directors

(1) List of Directors

Male: 5, Female: 0 (Percentage of Female Officers: 0%)

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 April 2026	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) Representative Director, LOGISTEED Holdings, Ltd. (current position) President and CEO, LOGISTEED Holdings, Ltd. (current position)	*1	-
Board Director (Executive Vice President and Executive Officer (CJBO))	Kazuhiro Nishikawa	October 24, 1961	April 1986 October 2003 April 2009 October 2012 April 2015 April 2016 April 2017 April 2020 April 2022 March 2023 March 2024 April 2024 April 2025 April 2026	Joined Hitachi Transport System, Ltd.*3 Deputy General Manager, Kan-Etsu Sales Department, Greater Tokyo Area Sales Headquarters II, Hitachi Transport System, Ltd.*3 Seconded to Hitachi Transport System (America), Inc. (currently LOGISTEED America, Inc.) Department Manager, Global Corporate Strategy Office, Hitachi Transport System, Ltd.*3 Deputy General Manager, Metropolitan Area Sales Headquarters, East Japan Headquarters, Hitachi Transport System, Ltd.*3 Executive Officer, Hitachi Transport System, Ltd.*3 General Manager, Metropolitan Area Sales Headquarters, East Japan Headquarters, Hitachi Transport System, Ltd.*3 Representative Director and President, Hitachi Transport System Kanto, Ltd. (currently LOGISTEED East Japan, Ltd.) Deputy General Manager, Corporate Strategy Headquarters, Hitachi Transport System, Ltd.*3 Vice President and Executive Officer, Hitachi Transport System, Ltd.*3 General Manager, East Japan Headquarters, Hitachi Transport System, Ltd.*3 General Manager, East Japan Sales Headquarters, East Japan Headquarters, Hitachi Transport System, Ltd.*3 Managing Executive Officer, LOGISTEED, Ltd.*3 Managing Executive Officer, LOGISTEED, Ltd. Executive Vice President and Executive Officer (CJBO and CMO), LOGISTEED, Ltd. President, LOGISTEED Japan Company (current position) Executive Vice President and Executive Officer (CJBO), LOGISTEED, Ltd. (current position) Board Director, LOGISTEED, Ltd. (current position) Executive Vice President and Executive Officer, LOGISTEED Holdings, Ltd. (current position)	*1	-

Job Title	Name	Date of Birth	Brief Career History		Term	No. of Shares Held
Board Director (Executive Vice President and Executive Officer (CTrO))	Nobukazu Hayashi	November 27, 1958	April 1981 August 2002 April 2007 April 2012 April 2015 April 2019 April 2020 August 2022 April 2023 March 2024 April 2024 September 2024 April 2026	Joined Hitachi Express & Tokyo Monorail Co., Ltd. Department Manager, West Japan Sales Headquarters, Hitachi Transport System, Ltd.*3 General Manager, Kyushu Regional Sales Headquarters, West Japan Sales Headquarters, Hitachi Transport System, Ltd.*3 Executive Officer, Hitachi Transport System, Ltd.*3 General Manager, Accounting Department, Hitachi Transport System, Ltd.*3 Vice President and Executive Officer, Hitachi Transport System, Ltd.*3 Senior Vice President and Executive Officer, Hitachi Transport System, Ltd.*3 General Manager, PM Promotion Headquarters, Hitachi Transport System, Ltd.*3 Executive Vice President and Executive Officer (CFO), Hitachi Transport System, Ltd.*3 General Manager, Corporate Strategy Headquarters, Hitachi Transport System, Ltd.*3 Executive Vice President and Executive Officer (CTrO), LOGISTEED, Ltd.*3 General Manager, Corporate Strategy Headquarters, LOGISTEED, Ltd.* Executive Vice President and Executive Officer (CTrO), LOGISTEED, Ltd. General Manager, Corporate Strategy Headquarters, LOGISTEED, Ltd. Executive Vice President and Executive Officer (CTrO and CFO), LOGISTEED, Ltd. In charge of Corporate Function, LOGISTEED, Ltd. (current position) General Manager, Financial Strategy Headquarters, LOGISTEED, Ltd. Executive Vice President and Executive Officer (CTrO), LOGISTEED, Ltd. (current position) Board Director, LOGISTEED, Ltd. (current position) Executive Vice President and Executive Officer, LOGISTEED Holdings, Ltd. (current position)	*1	-
Board Director (Executive Vice President and Executive Officer (CIBO))	Christopher Logan	August 5, 1971	1993 2000 2003 2005 2007 2011 June 2014 July 2019 April 2024 April 2026	Joined Mercer Management Consulting, Inc. (currently Oliver Wyman, LLC.) Principal, Mercer Management Consulting, Inc. Senior Vice President, Marketing, GeoLogistics (currently Agility) Senior Vice President, Marketing and Growth Initiatives, GeoLogistics Chief Strategy and Marketing Officer, GeoLogistics CEO and Co-founder, Silk Road Mining and Development (currently Silk Road Mining) President, Livingston International USA Managing Director, Accenture Executive Vice President and Executive Officer (CIBO), LOGISTEED, Ltd. (current position) President, LOGISTEED International Company (current position) Board Director, LOGISTEED, Ltd. (current position) Executive Vice President and Executive Officer, LOGISTEED Holdings, Ltd. (current position)	*1	-
Statutory Auditor	Akira Namatame	December 7, 1963	April 1988 April 2009 April 2010 April 2012 June 2014 April 2024 April 2026	Joined Hitachi Transport System, Ltd.*3 Department Manager, Accounting Department, Hitachi Transport System, Ltd.*3 Department Manager, Internal Auditing Office, Hitachi Transport System, Ltd.*3 Seconded to Hitachi Travel Bureau, Ltd. (currently HTB-BCD Travel Co., Ltd.) Director, Hitachi Travel Bureau, Ltd. (currently HTB-BCD Travel Co., Ltd.) Director, LOGISTEED East Japan, Ltd. Statutory Auditor, LOGISTEED, Ltd. (current position) Director (Audit & Supervisory Committee Member), LOGISTEED Holdings, Ltd. (current position)	*2	-

*1 The term of office of Board Directors shall expire at the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one year after the Extraordinary General Meeting of Shareholders held on April 1, 2026.

*2 The term of office of the Statutory Auditor shall expire at the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four years after the Extraordinary General Meeting of Shareholders held on April 1, 2026.

*3 Hitachi Transport System, Ltd., referred to in the career summaries above, changed its corporate name to LOGISTEED, Ltd. on April 1, 2023. Effective March 1, 2024, all of its businesses were succeeded by the Company through an absorption-type company split, whereby the Company became the succeeding company and LOGISTEED, Ltd. became the splitting company. On the same date, LOGISTEED, Ltd. changed its name to L Management and was subsequently liquidated on April 18, 2025.

(2) Outside Directors and Outside Statutory Auditors

The Company does not appoint outside Directors or outside Statutory Auditors. Additionally, this is not applicable because the Company is not a listed company.

3) Audits

Due to changes in institutional design accompanying the transition to a management structure primarily led by LOGISTEED Holdings on April 1, 2026, the Company transitioned from a company with Audit & Supervisory Committee to a company with Audit & Supervisory Board Members based on a resolution of the Extraordinary General Shareholders' Meeting on April 1, 2026. For the fiscal year under review, the Audit & Supervisory Committee performed its duties, and from April 2026 onward, the Statutory Auditor performs its respective duties. Furthermore, the functions of the Audit & Supervisory Committee have been transferred to the parent company, LOGISTEED Holdings.

(1) Status of audits by Audit & Supervisory Board members

a. Organization, Personnel and Procedure

The Company has one Statutory Auditor (Akira Namatame), who also serves as an Audit & Supervisory Committee member for the parent company, LOGISTEED Holdings. Akira Namatame has held various positions, including finance officer, at the Company and its Group companies for many years, and possesses considerable knowledge of the Group's business operations, finance, and accounting. The Statutory Auditor receives reports on important matters concerning audits and takes measures, as appropriate, according to the Rules of the Audit & Supervisory Board of the Company. The Company assigns staff members to assist Audit & Supervisory Board members in performing their duties and strives to continuously enhance audit operations.

b. Audit Methods and Activities

In the fiscal year under review, the Audit & Supervisory Committee audited the execution of duties by directors for legality and appropriateness based on the audit policy and action plans the committee has formulated.

To ensure the effectiveness of internal audits and facilitate smooth information sharing with the executive side, a double-reporting system has been established whereby the Internal Auditing Office reports directly to both the executive side and the Audit & Supervisory Committee. In addition, at the direction of the Audit & Supervisory Committee, the Internal Auditing Office appoints personnel responsible for internal coordination and cooperation to ensure that Company information can be provided accurately and appropriately to the Audit & Supervisory Committee.

From April 2026 onward, the Statutory Auditor conducts audits of the legality of the directors' performance of their duties based on an audit plan that takes into account the audit policies and audit plans formulated by the Audit & Supervisory Committee of the parent company, LOGISTEED Holdings.

(i) Audit & Supervisory Committee Meetings in the Fiscal Year Ended March 31, 2026

The Audit & Supervisory Committee convened 13 times during the fiscal year ended March 31, 2026. The attendance records of each member are as follows.

Audit & Supervisory Committee (April 1, 2025 to March 31, 2026)

Job title	Name	Attendance record (attendance rate)
Audit & Supervisory Committee Chairperson	Miho Aoki	13 out of 13 meetings (100%)
Audit & Supervisory Committee Member	Hideaki Miyauchi	13 out of 13 meetings (100%)
Audit & Supervisory Committee Member	Eiji Yatagawa	12 out of 13 meetings (92%)

Note: Due to changes in institutional design effective April 1, 2026, Miho Aoki, Hideaki Miyauchi, and Eiji Yatagawa retired from their positions as Audit & Supervisory Committee members on March 31, 2026. Furthermore, on April 1, 2026, Akira Namatame was appointed as a part-time Audit & Supervisory Board member, and on the same date, Miho Aoki, Hideaki Miyauchi, and Akira Namatame were appointed as Audit & Supervisory Committee members of parent company, LOGISTEED Holdings.

(ii) Audits by the Audit & Supervisory Committee in the Fiscal Year Ended March 31, 2026

The Audit & Supervisory Committee follows procedures for deliberating matters including the execution of duties by directors and executive officers, the status of maintenance and operation of internal controls, compliance and governance, and risk management. Committee members attended budget meetings and other important internal meetings, stated their opinions as necessary, confirmed the appropriateness of business execution, and shared information with other Committee members. The Committee also worked closely with the Internal Auditing Office and the accounting auditors to share awareness of audit issues and important accounting matters and exchange opinions. In addition, it confirmed the further acceleration and continuation of preparations for digital audits that are highly compatible with the introduction of the global common system currently underway and the standardization of business processes. These initiatives are intended to enhance both the efficiency and depth of audit operations as well as establish a framework for international governance operations.

The Committee verifies that the Boards of Directors of Group companies, which are critical to the governance of 114 Group companies, function effectively by reviewing reports on audit activities submitted by auditors of Group companies and reports issued by the Internal Auditing Office. To maintain and strengthen the Group company governance structure, Statutory Auditors including dedicated ones in some cases, are assigned to principal domestic and overseas subsidiaries. These Statutory Auditors are responsible for governance from the parent company and endeavor to enhance the quality of audit activities. They 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.

Through these activities, the effectiveness of audits conducted by the Audit & Supervisory Committee has been ensured.

(iii) Audits in the fiscal year ending March 31, 2027

The Statutory Auditor attends meetings such as the Executive Committee and the Board of Directors meetings to confirm the status of important decision-making processes and business execution with regard to the status of maintaining and building governance and compliance structures, the progress of medium- to long-term growth strategies aimed at the sustainable enhancement of corporate value, and risk management. They also provide opinions as necessary to confirm appropriateness of these matters.

- 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

With respect to KAMs (Key Audit Matters), the Audit & Supervisory Committee repeatedly discussed and examined matters together with the accounting auditors and mutually confirmed the appropriateness and consistency of disclosures necessary for investors. Matters determined by the accounting auditors to be of particular importance were ultimately designated as KAMs. 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 (Statutory Auditor in April 2026 onward), 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 27 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 relating to financial reporting.

The Internal Auditing Office works in cooperation with the Financial Strategy Headquarters, Human Resources & General Affairs Headquarters, Safety and Quality Control Management Headquarters, Information Security Headquarters and other relevant organizations. During onsite audits, specialists from these functions participate in cross-organizational audits to enhance effectiveness.

In the fiscal year under review, the divisions subject to internal audit were selected based on business risks, previous audit results, and other relevant factors, taking into account changes in the business environment, the audit cycle, and the status of internal control deficiencies. Based on this selection, the internal audit implementation plan was formulated and submitted to the Audit & Supervisory Committee for deliberation and approval.

In fiscal year 2025, internal audits were conducted at 24 organizations, consisting of the Company's head office and headquarters organizations, seven departments of domestic Group company headquarters organizations, the Company's sales departments and 12 business divisions of domestic Group companies, and five overseas Group companies.

The results of internal audits are not regularly reported to the Board of Directors but are reported at Executive Officer meetings and Audit & Supervisory Committee meetings. Findings and issues are also shared individually with relevant executives and managers to ensure that appropriate corrective actions are implemented.

Internal control evaluations relating to financial reporting are conducted in cooperation with the accounting auditors in accordance with policies established by the Company. Audit plans and evaluation results are deliberated and approved by the

J-SOX Committee chaired by the officer responsible for internal controls and then reported to the Audit & Supervisory Committee and Executive Officer meetings.

From April 2026 onward, the implementation plan and results of internal audits, as well as the plan and evaluation results of internal controls over financial reporting, continue to be reported to the Company's Executive Committee and Audit & Supervisory Board Member.

(4) Accounting audits

a. Name of accounting auditors

Ernst & Young ShinNihon LLC

b. Continuous audit period

4 years

c. Certified public accountants who performed the audit

Yoshiyuki Sakuma, Designated Engagement Partner

Ryu Seino, Designated Engagement Partner

d. Principal staff assisting in the audit process

6 certified public accountants and 20 others

e. Policy on and reason for selecting the accounting auditors

The Company comprehensively evaluates and determines whether to reappoint the current accounting auditors, taking the following factors into consideration.

(i) Status of the accounting auditor 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 coordination with the Statutory Auditor and internal audit division

(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

Furthermore, the following policy has been established regarding decisions on the dismissal, etc., of accounting auditors and the Statutory Auditor will evaluate and determine its appropriateness.

If the Statutory Auditor determines that the accounting auditor falls under any of the grounds set forth in each item of Article 340, Paragraph 1 of the Companies Act and that prompt dismissal is necessary, the Statutory Auditor shall dismiss the accounting auditor. In such case, the Statutory Auditor shall report the dismissal of the accounting auditor and the reasons therefor at the first General Meeting of Shareholders convened after the dismissal.

In cases other than the above, where it is determined that the accounting auditor is unable to perform its duties properly or where it is otherwise deemed necessary to change the accounting auditor, the Statutory Auditor shall determine the content of a proposal concerning the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

f. Evaluation of the Accounting Auditor by the Statutory Auditor

The Company evaluates the accounting auditor based on the following evaluation criteria and has determined that the accounting auditor has established an appropriate system for the proper execution of its duties:

- (i) Accounting auditors' quality control system
- (ii) Audit team structure and independence
- (iii) Audit fees
- (iv) Communication with the Statutory Auditor
- (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, 2025		Fiscal year ended March 31, 2026	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
The Company	297	–	249	–
Consolidated subsidiaries	147	–	180	–
Total	444	–	429	–

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, 2025		Fiscal year ended March 31, 2026	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
The Company	–	113	–	96
Consolidated subsidiaries	307	22	330	46
Total	307	135	330	142

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

During the fiscal year under review, the Audit & Supervisory Committee confirmed the appropriateness and validity of the accounting auditor's audit plan, audit performance, and the basis for calculating estimated fees, and carefully examined audit hours, fee amounts, and other relevant factors. As a result, the Committee confirmed that the compensation, etc. was reasonable and appropriate, and gave its consent to the compensation, etc. of the accounting auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

4) Director and Statutory Auditor 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.

5. Employees, etc.

1) Basic Policy on Human Resources Strategy, etc.

(1) Basic Policy on Human Resources Strategy

The Group's human resources strategy is as described in “2. Approach to and Initiatives for Sustainability, 2) Material Sustainability Items, (2) Initiatives for Human Capital.”

(2) Policy on the Determination of the Amount and Content of Employee Salaries and Other Benefits

The Company determines the amount and content of employee salaries and other benefits by taking into consideration the nature and level of responsibility of each job, the degree of contribution to performance, and individual abilities and achievements, etc. The Company's basic policy is to maintain a fair and competitive salary level based on external labor market standards and the Company's performance. Additionally, the bonus system is designed to reflect company performance and the results of individual performance evaluations, etc. Other allowances and benefits are paid in accordance with laws and regulations as well as internal regulations.

2) Employees

(1) Consolidated Companies

As of March 31, 2026

Segment name	Number of employees
Domestic logistics	12,528 [12,109]
Global logistics	14,907 [1,458]
Other services	879 [148]
Company-wide (shared)	928 [101]
Total	29,242 [13,816]

Notes: 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 Company

As of March 31, 2026

Number of employees	Average age (Years old)	Average years of service (Years)	Average annual wages (Thousands of yen)	Rate of change in average annual wages compared to the previous fiscal period (%)
898 [85]	42.7	19.3	8,816	4.1

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, 2026

Segment name	Number of employees
Domestic logistics	98 [14]
Global logistics	31 [1]
Other services	- [-]
Company-wide (shared)	769 [70]
Total	898 [85]

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 (828 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

(a) The Company

Fiscal year ended March 31, 2026					
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
7.9	23.4	51.7	75.9	76.3	55.3

(b) Consolidated subsidiaries

Fiscal year ended March 31, 2026						
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.	-	6.3	-	48.4	74.6	61.3
LOGISTEED East Japan, Ltd.	4.0	8.7	51.4	57.9	77.2	77.4
LOGISTEED Central Japan, Ltd.	3.0	11.3	35.7	67.0	76.4	79.4
LOGISTEED West Japan, Ltd.	1.2	8.8	47.1	63.9	76.9	82.0
LOGISTEED Kyusyu, Ltd.	10.0	1.8	25.0	58.4	77.4	76.8
LOGISTEED Chemical, Ltd.	14.3	29.1	37.5	77.1	79.3	70.0
VANTEC CORPORATION	7.4	30.0	50.0	72.7	73.6	74.0
LOGISTEED Express, Ltd.	19.1	24.4	50.0	78.3	78.2	76.7
LOGISTEED Solutions, Ltd.	5.3	14.2	40.0	74.8	72.2	92.2
LOGISTEED Auto Service, Ltd.	4.5	18.8	66.7	76.7	72.5	55.1
LOGISTEED East Japan Distribution Services, Ltd.	-	6.3	50.0	72.5	80.1	66.6
VANTEC EAST LOGISTICS CORPORATION	5.6	3.6	50.0	71.1	75.0	81.3
VANTEC CENTRAL LOGISTICS CORPORATION	11.5	5.3	25.0	73.8	78.8	82.6
VANTEC KYUSHU LOGISTICS CORPORATION	9.1	11.5	-	83.4	76.2	91.4
ALPS LOGISTICS CO., LTD.	1.4	13.3	38.5	61.3	64.1	69.1
Ryutsu Service Co., Ltd.	3.7	0.9	35.4	51.0	85.2	91.8

- 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, 2026 (April 1, 2025 to March 31, 2026).
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.

(c) 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.

Part-time and fixed-term employees

- 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.

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, 2026 (April 1, 2025 to March 31, 2026) and non-consolidated financial statements for fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026), 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)

Category	Notes	As of March 31, 2025	As of March 31, 2026
Assets			
Current assets			
Cash and cash equivalents	6	62,531	75,143
Trade receivables and contract assets	7,8, 20,26, 27	161,134	166,659
Inventories	9	3,448	4,552
Other financial assets	6,26	7,719	9,580
Other current assets		19,798	18,018
Total current assets		254,630	273,952
Non-current assets			
Investments accounted for using the equity method	10	7,491	8,831
Property, plant and equipment	11,27	231,846	213,816
Right-of-use assets	8	457,588	278,612
Goodwill	12	365,223	365,612
Intangible assets	12	216,383	209,862
Long-term loans receivable	26,29	163,180	165,875
Deferred tax assets	13	45,284	50,931
Other financial assets	26	22,801	23,913
Other non-current assets	16	9,427	10,380
Total non-current assets		1,519,223	1,327,832
Total assets		1,773,853	1,601,784

(Millions of yen)

Category	Notes	As of March 31, 2025	As of March 31, 2026
Liabilities			
Current liabilities			
Trade payables	14	63,188	70,457
Short-term debt	26,27	31,753	—
Current portion of long-term debt	26,27	19,816	32,577
Lease liabilities	8,26	49,350	54,769
Income tax payable		4,033	5,188
Deposits received		2,650	2,574
Other financial liabilities	26	33,699	61,841
Other current liabilities	15,20, 27	45,112	53,427
Total current liabilities		249,601	280,833
Non-current liabilities			
Long-term debt	26,27	286,819	221,565
Lease liabilities	8,26	414,026	239,826
Retirement and severance benefits liability	16	33,276	32,357
Deferred tax liabilities	13	79,193	72,594
Other financial liabilities	26	58,328	46,101
Other non-current liabilities	15	13,741	13,392
Total non-current liabilities		885,383	625,835
Total liabilities		1,134,984	906,668
Equity			
Equity attributable to stockholders of the parent company			
Common stock	17	100	100
Capital surplus	17	487,847	479,970
Retained earnings	17	88,435	129,084
Accumulated other comprehensive income	18	17,972	36,754
Total equity attributable to stockholders of the parent company		594,354	645,908
Non-controlling interests		44,515	49,208
Total equity		638,869	695,116
Total liabilities and equity		1,773,853	1,601,784

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

Consolidated Statement of Profit or Loss

(Millions of yen)

Category	Notes	Year ended March 31, 2025	Year ended March 31, 2026
Revenues	4,20	910,742	993,094
Cost of sales		(802,028)	(863,613)
Gross profit		108,714	129,481
Selling, general and administrative expenses		(71,068)	(77,825)
Other income	21	6,676	13,558
Other expenses	21	(8,169)	(8,884)
Operating income		36,153	56,330
Financial income	22	513	1,182
Financial expenses	22	(1,704)	(2,602)
Share of profits of investments accounted for using the equity method	10	592	826
EBIT (Earnings before interest and taxes)		35,554	55,736
Interest income	22	5,237	5,438
Interest expenses	8,22	(17,656)	(20,177)
Income before income taxes		23,135	40,997
Income taxes	13	5,201	3,909
Net income		28,336	44,906
Net income attributable to:			
Stockholders of the parent company		26,962	40,100
Non-controlling interests		1,374	4,806

Category	Notes	Year ended March 31, 2025	Year ended March 31, 2026
Earnings per share attributable to stockholders of the parent company			
Basic	23	550.98 Yen	819.45 Yen
Diluted	23	— Yen	— Yen

Consolidated Statement of Comprehensive Income

(Millions of yen)

Category	Notes	Year ended March 31, 2025	Year ended March 31, 2026
Net income		28,336	44,906
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at FVTOCI	18	(361)	595
Remeasurements of defined benefit plans	18	1,557	1,886
Share of OCI of investments accounted for using the equity method	18	9	17
Total for items not to be reclassified into net income		1,205	2,498
Items that can be reclassified into net income			
Foreign currency translation adjustments	18	(1,811)	18,116
Share of OCI of investments accounted for using the equity method	18	67	43
Total for items that can be reclassified into net income		(1,744)	18,159
Other comprehensive income (OCI)		(539)	20,657
Comprehensive income		27,797	65,563
Comprehensive income attributable to:			
Stockholders of the parent company		26,147	58,206
Non-controlling interests		1,650	7,357

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

Year ended March 31, 2025								
	Notes					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
		Paid-in capital	Capital surplus	Retained earnings	Accumulated other comprehensive income			
Balance at beginning of year		100	467,628	60,837	18,909	547,474	10,226	557,700
Changes in equity								
Net income				26,962		26,962	1,374	28,336
OCI	18				(815)	(815)	276	(539)
Dividends						—	(399)	(399)
Transfer to retained earnings	18			(1)	1	—		—
Change due to business combination	5		807		(85)	722	33,712	34,434
Sale of treasury stock	17,29		15,000			15,000		15,000
Share-based remuneration transactions	25		277			277		277
Changes in liabilities for written put options over non-controlling interests	17,18 26		4,135	637	(38)	4,734	(674)	4,060
Total changes in equity		—	20,219	27,598	(937)	46,880	34,289	81,169
Balance at end of year		100	487,847	88,435	17,972	594,354	44,515	638,869

(Millions of yen)

Year ended March 31, 2026								
	Notes					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
		Paid-in capital	Capital surplus	Retained earnings	Accumulated other comprehensive income			
Balance at beginning of year		100	487,847	88,435	17,972	594,354	44,515	638,869
Changes in equity								
Net income				40,100		40,100	4,806	44,906
OCI	18				18,106	18,106	2,551	20,657
Dividends						—	(1,136)	(1,136)
Transfer to retained earnings	18			60	(60)	—		—
Change due to business combination	5		245		18	263	(318)	(55)
Share-based remuneration transactions	25		1,608			1,608		1,608
Changes in liabilities for written put options over non-controlling interests	17,18 26		(9,730)	489	718	(8,523)	(1,210)	(9,733)
Total changes in equity		—	(7,877)	40,649	18,782	51,554	4,693	56,247
Balance at end of year		100	479,970	129,084	36,754	645,908	49,208	695,116

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Category	Notes	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities			
Net income		28,336	44,906
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		83,270	91,709
Impairment losses		568	2,655
Income taxes		(5,201)	(3,909)
Share of profits of investments accounted for using the equity method		(592)	(826)
Loss by fire		783	17
Reversal of provision for loss by fire		(45)	(653)
Insurance proceeds		(2,619)	(1,706)
Reversal of provision for settlement costs		(22)	—
Gains on sale of property, plant and equipment		(359)	(5,505)
Interest and dividends income		(5,328)	(5,532)
Interest expenses		17,656	20,177
(Increase) decrease in trade receivables and contract assets		(2,489)	1,035
Increase in inventories		(138)	(1,021)
(Decrease) increase in trade payables		(1,437)	3,715
Decrease in retirement and severance benefits		(1,773)	(1,063)
Changes in other assets and liabilities	24	(8,813)	1,169
Other		3,978	2,571
Sub-total		105,775	147,739
Interest and dividends received		2,811	2,651
Interest paid		(15,567)	(19,488)
Fire-related payments	21	(6,988)	(1,395)
Insurance proceeds received	21	2,619	1,706
Income taxes paid		(7,544)	(6,700)
Cash flows from operating activities		81,106	124,513
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets		(26,649)	(17,250)
Proceeds from sale of property, plant and equipment and intangible assets	24	20,280	43,089
Proceeds from the collection of loans receivable from the parent company	29	—	663
Payments for loans to the parent company	29	(9,200)	—
Proceeds from the sale of subsidiaries' shares	24	47,036	—
Purchase of investment in subsidiaries	24	(83,914)	—
Decrease in time deposits	26	6,064	253
Other		(344)	(545)
Cash flows from investing activities		(46,727)	26,210

(Millions of yen)

Category	Notes	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from financing activities			
(Decrease) increase in short-term debt, net	24	6,824	(31,785)
Proceeds from long-term debt	24	118,511	—
Repayments of long-term debt	24	(61,708)	(53,854)
Repayments of lease liabilities	24	(50,388)	(54,736)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(315)	(57)
Dividends paid to non-controlling interests		(399)	(1,136)
Proceeds from sales of treasury shares	29	15,000	—
Purchase for acquisition of treasury stock by subsidiaries		(40,019)	—
Other	24	(2,721)	(3,578)
Cash flows from financing activities		(15,215)	(145,146)
Effect of exchange rate changes on cash and cash equivalents		(128)	7,035
Net increase in cash and cash equivalents		19,036	12,612
Cash and cash equivalents at beginning of year		43,495	62,531
Cash and cash equivalents at end of year	6	62,531	75,143

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, 2026 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, 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 26, 2026.

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 acquisition of primarily L-management and, ALPS LOGISTICS CO., LTD., which changed its trade name to ALR Management Co., Ltd. effective July 1, 2025, followed by the completion of the 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 12. 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 ALR Management Co., Ltd. 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, 2026.

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 12. 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.

(Change in Accounting Estimates)

For certain logistics centers for which the Group had previously concluded that the exercise of lease extension options was reasonably certain, the Group assessed the exercising of such options following the revision of investment evaluation criteria under its investment rules, etc., effective March 2026, in order to improve capital efficiency. As a result, the Group remeasured lease liabilities due to a change in the estimated lease term and adjusted the carrying amount of the related right-of-use assets.

Following changes in these estimates, right-of-use assets decreased and lease liabilities decreased by ¥160,852 million and ¥160,924 million, respectively, as of the end of the fiscal year under review. The remaining remeasurement amount of ¥72 million was recorded as other income.

(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 the non-controlling interests and such financial liabilities 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 26. 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 15. 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 15. Provisions for details of provision for settlement costs.

5) Changes in Accounting Policies

Not applicable.

6) Changes in Presentation Method

In the previous fiscal year, “Decrease in deposits received” was presented as a separate line item in “Cash flows from operating activities.” However, due to its immaterial monetary value, it is now presented in “Changes in other assets and liabilities” starting from the fiscal year under review. The Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2025 were reclassified to reflect this change in presentation method.

As a result, the “Changes in other assets and liabilities” of (¥8,192) million and the “Decrease in deposits received” of (¥621 million), which were previously presented in “Cash flows from operating activities” in the Consolidated Statement of Cash Flows for the previous fiscal year, have been reclassified as “Changes in other assets and liabilities” of (¥8,813) million.

7) 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, 2026, 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	Introduces three new requirements designed to improve the reporting of entities' financial performance and provide investors with a better basis for analyzing and comparing entities.

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:

Financial assets measured at amortized cost

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 the non-controlling interests and such financial liabilities 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 40 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 37 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 1 to 31 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 and investments accounted for using the equity method

For non-financial assets excluding inventories, deferred tax assets, assets held for sale, and net defined benefit assets, and investments accounted for using the equity method, 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.

Goodwill, which constitutes part of the carrying amount of investments accounted for using the equity method, is not recognized separately; instead, investments accounted for using the equity method are treated as a single asset subject to impairment.

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, awards stock options and stock appreciation rights ("SARs") to directors, executive officers, operating officers, officers, and trustees of the Company and its subsidiaries, as a share-based remuneration plan. 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.

The Company grants its employees and those of subsidiaries points that can be exchanged for stock options of the parent company, LOGISTEED Holdings, as share-based remuneration.

Since neither the Company nor its subsidiaries are obligated to settle these share-based remuneration transactions, in principle, the Company accounts for them as equity-settled share-based remuneration transactions. The fair value of the equity instruments granted on the grant date is recognized as an expense over the vesting period, taking into account the number of equity instruments expected to ultimately reach vesting, and the same amount is recognized as an increase in capital surplus.

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.

	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							(5,731)
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							36,153
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							23,135
Other items							
Depreciation and amortization	55,821	24,150	79,971	3,299	83,270	—	83,270
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 plans).
4. In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

Year ended March 31, 2026

(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	529,946	449,347	979,293	13,801	993,094	—	993,094
Revenues from intersegment transactions or transfers	—	—	—	27,051	27,051	(27,051)	—
Total	529,946	449,347	979,293	40,852	1,020,145	(27,051)	993,094
Segment profit							
Adjusted operating income (Note 3)	34,352	23,412	57,764	2,742	60,506	—	60,506
(Adjustments)							
Amortization of intangible assets recognized through business combination							(6,621)
Share-based remuneration expenses (excluding those related to performance-based stock remuneration plan)							(2,229)
Other income							13,558
Other expenses							(8,884)
Operating income							56,330
Financial income							1,182
Financial expenses							(2,602)
Share of profits of investments accounted for using the equity method							826
Interest income							5,438
Interest expenses							(20,177)
Income before income taxes							40,997
Other items							
Depreciation and amortization	58,619	28,926	87,545	4,164	91,709	—	91,709
Impairment losses	1,864	791	2,655	—	2,655	—	2,655

- 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, 2025 and 2026.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Japan	530,004	572,212
Europe	158,117	183,791
China	49,864	55,994
Asia	57,720	65,201
North America	101,121	101,490
Other areas	13,916	14,406
Overseas revenues subtotal	380,738	420,882
Total consolidated revenues	910,742	993,094

The following table shows the balances of non-current assets for each geographic area as of March 31, 2025 and 2026.

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Japan	1,119,711	903,242
Europe	65,519	78,516
Asia	42,523	42,440
North America	39,642	39,831
Other areas	6,263	6,180
Total	1,273,658	1,070,209

- Notes:
1. Non-current assets are classified based on the location of the assets and exclude financial instruments, deferred tax assets and net defined benefit assets.
 2. In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

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, 2025

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

(Acquisition of ALR Management Co., Ltd.)

At a meeting of the Board of Directors held on May 9, 2024, the Company resolved that LDEC Corporation (renamed ALPS LOGISTICS CO., LTD. on July 1, 2025), a consolidated subsidiary of the Company (hereinafter referred to as “ALPS LOGISTICS”), would acquire shares and other securities of ALR Management through a tender offer conducted in accordance with the Financial Instruments and Exchange Act (the “Tender Offer”).

As a result of the Tender Offer conducted by ALPS LOGISTICS from August 22, 2024 to October 4, 2024, the total number of shares tendered as of the expiration date exceeded the minimum number of shares to be purchased, and therefore the Tender Offer was successfully completed.

On October 11, 2024, the commencement date of settlement of the Tender Offer, the Company indirectly held 45.87% of the voting rights of ALR Management. Taking into consideration the terms and conditions of the Basic Transaction Agreement and other agreements entered into among the Company, ALPS LOGISTICS and Alps Alpine Co., Ltd. (“Alps Alpine”), the Company concluded that it had obtained de facto control over ALR Management as of that date. Accordingly, ALR Management was included in the scope of consolidation as a consolidated subsidiary.

Subsequently, as a result of the share consolidation that became effective on December 19, 2024 and ALR Management’s acquisition of its own shares held by Alps Alpine on January 30, 2025, ALPS LOGISTICS obtained 100% of the voting rights of ALR Management. Since these transactions were related to the acquisition of control through the Tender Offer, the Company has accounted for them together with the acquisition of control through 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. (which changed its corporate name to ALR Management Co., Ltd. on July 1, 2025)

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	68,421
Other	4,452
Total assets	177,844
Current liabilities	
Trade payables	10,073
Other	89,051
Non-current liabilities	
Long-term debt	11,378
Other	24,787
Total liabilities	135,289
Fair value of net identifiable assets of the acquired company	42,555
Non-controlling interests	3,883
Goodwill	66,252

In the previous fiscal year, the allocation of consideration had not been completed; therefore, provisional accounting treatment was used. In the fiscal year under review, the allocation of consideration was completed. As a result, the Consolidated Financial Statements for the previous fiscal year have been retrospectively revised.

The impact of these retrospective adjustments on the Consolidated Statement of Financial Position for the previous fiscal year was as follows: goodwill decreased by ¥45,390 million, intangible assets (customer-related intangible assets) increased by ¥64,243 million, deferred tax liabilities increased by ¥22,469 million, capital surplus increased by ¥572 million, retained earnings decreased by ¥3,465 million, and non-controlling interests decreased by ¥723 million.

The finalized amount is reflected in the fair value mentioned above.

Other in current liabilities include financial liabilities of ¥70,534 million related to the acquisition of treasury shares of Alps Alpine held by ALR Management.

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 ALR Management issued based on its restricted stock compensation system were among the ALR Management 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) Amounts, breakdowns, and amortization periods allocated to intangible assets other than goodwill

	Amount	Amortization Period (Years)
Customer-related assets	65,123	37

5) Results since the date of acquisition

Results of ALR Management 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	(3,117)

6) Pro forma information

Pro forma information assuming the business combination with ALR Management 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	(858)

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

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 ALPS LOGISTICS 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	30,030
Increase in equity attributable to stockholders of the parent company	673
(Breakdown)	
Decrease in other components of equity	(88)
Increase in capital surplus	761

For the year ended March 31, 2026

The material business combination in the year ended March 31, 2026 is described below.

(Sale of Shares of ALR Management)

At the Board of Directors meeting held on June 26, 2025, the Company resolved to transfer all shares of ALR Management held by the Company's consolidated subsidiary ALPS LOGISTICS CO., LTD. to AGX GK. The share transfer was completed on July 1, 2025 after the share transfer agreement was concluded on June 27, 2025. As result, the Company lost control over ALR Management. In addition, on July 1, 2025, ALPS LOGISTICS entered into lease agreements as lessee with respect to the domestic logistics centers and other properties that were subject to the securitization transaction described in "(1) Purpose of the Share Transfer" below.

1) Purpose of the Share Transfer

The transfer was effected to securitize logistics centers, etc., in Japan held by ALR Management 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 executed an absorption-type split on July 1, 2025 for all business of ALR Management, excluding part of the domestic logistics centers subject to the securitization transaction, with ALPS LOGISTICS as the successor company and ALR Management as the absorbed company. All of the shares of ALR Management were transferred after the absorption-type split was effected.

2) Effective Date of the Share Transfer

July 1, 2025

3) Company Subject to the Share Transfer

Name: ALPS LOGISTICS CO., LTD. (renamed ALR Management Co., Ltd. effective July 1, 2025)

4) Transferee

Name: AGX GK

5) Gain on loss of control

The restructuring gains of ¥562 million, recognized as a result of the loss of control of ALR Management and the leaseback of domestic logistics centers and other assets subject to the securitization transaction, are recorded in "Other income" in the Consolidated Statement of Profit or Loss for the fiscal year under review.

6) Changes in cash and cash equivalents associated with loss of control

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, 2026 include changes in cash and cash equivalents associated with loss of control over ALR Management.

(Millions of yen)

	Amount
Consideration received	30,332
Consideration received in cash and cash equivalents	30,332
Cash and cash equivalents of subsidiaries over which control was lost	-
Changes in cash and cash equivalents associated with loss of control	30,332
Of which, sale of property, plant and equipment and intangible assets	28,312
Of which, other (cash flow from financing activities)	2,020

7) Main components of assets and liabilities on the date of loss of control

(Millions of yen)

	Amount
Assets	
Current assets	68
Non-current assets	21,652
Liabilities	
Current liabilities	436
Non-current liabilities	-

6. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	63,304	75,643
Time deposits with maturities of over 3 months	(773)	(500)
Cash and cash equivalents in the consolidated statement of financial position	62,531	75,143

The balances of cash and cash equivalents in the consolidated statement of financial position as of March 31, 2025 and 2026 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, 2025	As of March 31, 2026
Notes receivable and electronically recorded monetary claims	5,442	4,005
Accounts receivable	153,111	160,248
Contract assets	1,145	1,125
Lease receivables	2,220	2,053
Allowance for doubtful accounts	(784)	(772)
Total	161,134	166,659

Information on credit risk management is provided in Note 26. 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, 2025	For the year ended March 31, 2026
Depreciation of right-of-use assets		
Land, buildings and structures	48,864	53,311
Machinery, equipment and vehicles	3,582	3,575
Tools, furniture and fixtures	1,482	1,526
Total	53,928	58,412
Finance charge on lease liabilities	10,781	11,619
Expenses related to short-term leases	7,688	7,409
Gain or loss arising from sale and leaseback transactions	1,839	1,358

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, 2025 and 2026 to transition to an asset-light business model and improve capital efficiency.

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.

In the fiscal year ended March 31, 2026, the Company sold and leased back ¥20,382 million in land and ¥7,854 million in buildings and structures, which had been used as nine domestic logistics centers in Japan. As a result, it recorded ¥16,390 million in right-of-use assets and ¥22,619 million in lease liabilities. This transaction generated ¥32,487 million in cash flow, of which ¥26 million was recorded as “Changes in other assets and liabilities” under “Cash flows from operating activities,” ¥30,441 million as “Sale of property, plant and equipment and intangible assets under “Cash flow from investing activities,” and ¥2,020 million as “Other” under “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, 2025	As of March 31, 2026
Right-of-use assets		
Land, buildings and structures	438,069	259,116
Machinery, equipment and vehicles	14,580	13,948
Tools, furniture and fixtures	4,939	5,548
Total	457,588	278,612

Right-of-use assets increased ¥49,112 million and ¥47,414 million during the years ended March 31, 2025 and 2026, respectively.

(3) Extension and termination option

Some lease agreements include extension and termination options, which may be exercised depending on the investment decision. 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.

(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, 2025 and 2026 are ¥6,930 million and ¥17,138 million, respectively.

Please refer to Note 26. 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, 2025	As of March 31, 2026
Within one year	823	767
Over one year through two years	658	623
Over two years through three years	514	428
Over three years through four years	313	295
Over four years through five years	172	161
Over five years	53	37
Total	2,533	2,311
Unearned financial income	(179)	(156)
Net investment in the lease	2,354	2,155

(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, 2025	As of March 31, 2026
Within one year	947	961
Over one year through two years	646	701
Over two years through three years	525	600
Over three years through four years	456	578
Over four years through five years	443	386
Over five years	414	342
Total	3,431	3,568

9. Inventories

The components of inventories are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Merchandise and finished goods	2,552	3,437
Work in process	16	26
Raw materials and supplies	880	1,089
Total	3,448	4,552

Inventories recognized as expenses in the year ended March 31, 2026 are mainly included in cost of sales.

10. 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, 2025	As of March 31, 2026
Investments in associates	7,440	8,772
Investments in joint ventures	51	59
Carrying amount of the Group's ownership interests	7,491	8,831

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, 2025	For the year ended March 31, 2026
Financial information on associates		
Net income	587	818
Other comprehensive income (OCI)	76	60
Total comprehensive income	663	878
Financial information on joint ventures		
Net income	5	8
Total comprehensive income	5	8
Total		
Net income	592	826
Other comprehensive income (OCI)	76	60
Total comprehensive income	668	886

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, 2025	As of March 31, 2026
Unrecognized share of losses of associates and joint ventures (current period)	(151)	(121)
Unrecognized share of losses of associates and joint ventures (cumulative total)	144	23

11. 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, 2024 (beginning of the previous fiscal year)	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
Additions	2,187	16,481	1,456	6,720	4,454	31,298
Sales or disposals	(1,162)	(5,439)	(129)	(3,197)	(91)	(10,018)
Depreciation	(6,826)	(12,062)	(2,514)	—	—	(21,402)
Impairment losses	(1,086)	(809)	(13)	(33)	—	(1,941)
Transfers from construction in progress	2,227	2,281	56	—	(4,564)	—
Foreign currency translation adjustments	2,644	8,083	488	974	(1,761)	10,428
Recording of asset retirement obligations	1,743	13	—	—	—	1,756
Decrease arising from sale and leaseback transactions	(7,960)	—	—	(20,382)	—	(28,342)
Other	359	15	(127)	3	(59)	191
As of March 31, 2026	85,332	88,583	9,049	30,244	608	213,816

(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, 2024 (beginning of the previous fiscal year)	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
As of March 31, 2026	189,340	163,251	29,646	30,277	608	413,122

(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, 2024 (beginning of the previous fiscal year)	(72,131)	(57,046)	(14,250)	—	(12)	(143,439)
As of March 31, 2025	(97,443)	(67,140)	(18,680)	—	—	(183,263)
As of March 31, 2026	(104,008)	(74,668)	(20,597)	(33)	—	(199,306)

Depreciation recognized for the years ended March 31, 2025 and 2026 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, 2025 and 2026 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, 2025 and 2026 are ¥2,393 million and ¥1,976 million, respectively.

12. 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, 2024 (beginning of the previous fiscal year)	298,985	138,514	12,841	694	152,049
Increase from business combination	66,252	65,123	3,253	45	68,421
Internal developments	—	—	5,321	—	5,321
Purchases	—	—	1,270	8	1,278
Amortization	—	(5,731)	(4,260)	(17)	(10,008)
Disposals	—	—	(260)	(323)	(583)
Foreign currency translation adjustments	(14)	(31)	27	6	2
Other	—	—	(38)	(59)	(97)
As of March 31, 2025	365,223	197,875	18,154	354	216,383
Internal developments	—	—	2,843	—	2,843
Purchases	—	—	1,855	26	1,881
Amortization	—	(6,621)	(5,243)	(3)	(11,867)
Impairment loss	—	—	(78)	—	(78)
Disposals	—	—	(106)	(27)	(133)
Foreign currency translation adjustments	389	556	83	15	654
Other	—	—	181	(2)	179
As of March 31, 2026	365,612	191,810	17,689	363	209,862

(Millions of yen)

Acquisition cost	Goodwill	Intangible assets			
		Customer-related assets	Software	Other	Total
As of April 1, 2024 (beginning of the previous fiscal year)	298,985	144,871	35,384	957	181,212
As of March 31, 2025	365,223	209,961	49,147	495	259,603
As of March 31, 2026	365,612	210,555	54,205	705	265,465

(Millions of yen)

Accumulated amortization and impairment losses	Goodwill	Intangible assets			
		Customer-related assets	Software	Other	Total
As of April 1, 2024 (beginning of the previous fiscal year)	-	(6,357)	(22,543)	(263)	(29,163)
As of March 31, 2025	-	(12,086)	(30,993)	(141)	(43,220)
As of March 31, 2026	-	(18,745)	(36,516)	(342)	(55,603)

The carrying amount of intangible assets under finance leases as of March 31, 2025 and 2026 is ¥126 million and ¥169 million, respectively, and is included in software.

Amortization expenses recognized for the years ended March 31, 2025 and 2026 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, 2025 and 2026 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, 2025 and 2026.

The carrying amount of internally generated intangible assets as of March 31, 2025 and 2026 amounted to ¥12,414 million and ¥11,375 million, respectively, and is included in software.

Research and development expenses recognized for the years ended March 31, 2025 is ¥93 million, respectively, and are included in selling, general and administrative expenses in the consolidated statement of profit or loss. The Company did not recognize any research and development expenses in the year ended March 31, 2026.

In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

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, 2025	As of March 31, 2026	Growth rate	Discount rate
Domestic logistics business	283,352	283,352	1.5%	5.4%
Global logistics business	81,871	82,260	2.2%	10.7%

Significant goodwill in the Group was recognized due to the business combinations of L-management and ALR Management. They are grouped into the CGUs for the business segments, domestic logistics business and global logistics business. Regarding the goodwill recognized as a result of the business combination of ALR Management, provisional accounting treatment was applied in the previous fiscal year because the allocation of consideration had not yet been completed. However, the allocation of consideration was completed in the fiscal year under review. As a result, the Consolidated Financial Statements for the previous fiscal year have been retrospectively revised. The business combination involving ALR Management is described in Note 5, "Business Combinations."

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 Group 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 2.3 points and 3.8 points for the domestic logistics business and global logistics business, respectively, impairment losses could arise.

13. 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, 2025	For the year ended March 31, 2026
Income taxes		
Current tax expenses	7,741	10,973
Deferred tax expenses		
Temporary differences originated and reversed	1,076	3,019
Changes in realizability of deferred tax assets	(14,018)	(17,901)
Total deferred tax expense	(12,942)	(14,882)
Total	(5,201)	(3,909)
Deferred taxes recognized in OCI		
Net changes in financial assets measured at fair value through OCI	(164)	298
Remeasurements of defined benefit plans	804	914
Foreign currency translation adjustments	53	88
Total	693	1,300

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 2026 is 34.6%. Overseas subsidiaries of the Company are subject to corporate taxes and other taxes in their locations.

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.

In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

The table of adjustments in the combined statutory income tax rate and the average effective tax rate for fiscal years ended March 31, 2025 and 2026 is shown below.

	For the year ended March 31, 2025	For the year ended March 31, 2026
Combined statutory income tax rate	34.6%	34.6%
Non-deductible expenses for tax purposes	6.0	5.9
Adjustments due to changes in tax rates	15.6	—
Changes in realizability of deferred tax assets	(60.6)	(43.7)
Differences in tax rates applied to overseas subsidiaries	(8.7)	(1.2)
Other, net	(9.4)	(5.1)
Average effective income tax rate	(22.5)%	(9.5)%

Changes in deferred tax assets and liabilities are as follows:

(Millions of yen)

	As of April 1, 2024 (beginning of the previous fiscal year)	Increase due to business combinations (Note 2)	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)	(19,733)	(2,645)	—	(69,839)
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)	(19,733)	(4,179)	(73)	(264,995)
Net deferred tax assets	(26,079)	(19,733)	12,942	(1,039)	(33,909)

- Notes: 1. Includes deferred tax assets and deferred tax liabilities arising from sale and leaseback transactions (See Note 8. Leases).
2. The increase due to business combination is attributed to the acquisition of ALR Management (see “5. Business Combinations”).
3. In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

(Millions of yen)

	As of March 31, 2025	Recognized in profit or loss	Recognized in OCI	As of March 31, 2026
Deferred tax assets				
Lease liabilities (Note 1)	182,722	(50,290)	—	132,432
Accrued bonuses	3,392	199	—	3,591
Retirement and severance benefit liability	10,233	(185)	(833)	9,215
Depreciation	867	186	—	1,053
Net operating loss carryforwards	26,512	5,156	—	31,668
Other	7,360	2,983	34	10,377
Total deferred tax assets	231,086	(41,951)	(799)	188,336
Deferred tax liabilities				
Right-of-use assets (Note 1)	(175,145)	50,636	—	(124,509)
Deferred profit on sale of properties	(3,196)	117	—	(3,079)
Valuation differences due to business combinations	(7,531)	3,305	—	(4,226)
Customer-related assets	(69,839)	2,351	—	(67,488)
Net defined benefit assets	(1,830)	181	(24)	(1,673)
FVTOCI financial assets	(29)	—	(218)	(247)
Depreciation	(7,072)	(1,705)	—	(8,777)
Other	(353)	1,948	(1,595)	(0)
Total deferred tax liabilities	(264,995)	56,833	(1,837)	(209,999)
Net deferred tax assets	(33,909)	14,882	(2,636)	(21,663)

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 ¥65,941 million and ¥113,917 million for the years ended March 31, 2025 and 2026, 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, 2025	As of March 31, 2026
Future deductible temporary differences	32,474	35,830
Net operating loss carryforwards	89,289	113,461
Tax credit carryforwards	85	76
Total	121,848	149,367

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Within five years	235	569
Over five years through ten years	88,885	112,832
Over ten years	169	60
Total	89,289	113,461

14. Trade Payables

The components of trade payables are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Notes payable	473	531
Accounts payable	62,715	69,926
Total	63,188	70,457

15. 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, 2026 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, 2025)	4,717	8,776	1,779
Additions	—	1,858	—
Decrease due to intended use	(928)	(115)	—
Reclassification to other payables	(18)	—	—
Decrease from reversal	(653)	—	—
Interest expense on discounted amounts	—	144	—
Impact of foreign currency translation	—	6	—
Other	—	(54)	—
Balance at end of year (March 31, 2026)	3,118	10,615	1,779
Current liabilities	526	478	1,779
Non-current liabilities	2,592	10,137	—

(1) Provision for loss by fire

For the year ended March 31, 2026, 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, 2027 and thereafter.

(2) Asset retirement obligations

For the year ended March 31, 2026, 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, 2026, 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, 2026 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.

16. 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, 2025 and 2026 are as follows:

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Defined benefit obligations at beginning of year	44,285	46,033
Service cost	3,162	3,278
Interest cost	691	989
Actuarial gains or losses	(2,867)	(2,782)
Benefits paid	(3,554)	(3,128)
Increase from business combination	4,430	—
Other	(114)	40
Defined benefit obligations at end of year	46,033	44,430

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Fair value of plan assets at beginning of year	17,065	19,519
Interest income	238	443
Return on plan assets (excluding interest income)	(504)	57
Employers' contributions	546	600
Benefits paid	(703)	(722)
Increase from business combination	2,813	—
Other	64	57
Fair value of plan assets at end of year	19,519	19,954

The components of actuarial gains or losses are as follows:

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Arising from changes in financial assumptions	(2,834)	(3,926)
Arising from changes in demographic assumptions	(76)	(43)
Other	43	1,187

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, 2025	As of March 31, 2026
Present value of funded defined benefit obligations	14,047	13,585
Fair value of plan assets	(19,519)	(19,954)
Subtotal	(5,472)	(6,369)
Present value of unfunded defined benefit obligations	31,986	30,845
Net asset or liability in the consolidated statement of financial position	26,514	24,476
Net defined benefit assets (other non-current assets)	(6,762)	(7,881)
Retirement and severance benefit liability	33,276	32,357

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, 2025	As of March 31, 2026
Discount rate	1.9%	2.8%

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, 2025	As of March 31, 2026
0.5% increase	(1,949)	(1,731)
0.5% decrease	2,053	1,822

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, 2025	As of March 31, 2026
Duration	10.3 years	10.3 years

For the year ending March 31, 2027, the Company and some consolidated subsidiaries expect to make a contribution of ¥488 million to the defined benefit pension plan.

The fair value of plan assets as of March 31, 2025 and 2026 is as follows:

(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

(Millions of yen)

	As of March 31, 2026		
	Quoted market price in an active market		Total
	With	Without	
Life insurance general accounts	—	11,009	11,009
Commingled funds	—	8,640	8,640
Other	276	29	305
Total	276	19,678	19,954

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, 2025, commingled funds were allocated to 22% in listed stocks, 62% in bonds and 16% in other assets. As of March 31, 2026, commingled funds are allocated to 23% in listed stocks, 68% in bonds and 9% 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, 2025 and 2026 were ¥2,273 million and ¥2,381 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, 2025 and 2026 were ¥219,852 million and ¥248,122 million, respectively.

17. 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, 2025	For the year ended March 31, 2026
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, 2025, one share of treasury stock was sold to LOGISTEED Holdings, 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 the non-controlling interests and such financial liabilities 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 26. Financial Instruments and Related Disclosures.

3) Treasury stock

The following table shows changes in treasury stock during the years ended March 31, 2025 and 2026.

	For the year ended March 31, 2025	For the year ended March 31, 2026
Balance at beginning of year	151,064,997	151,064,996
Sale of treasury stock	(1)	-
Balance at end of year	151,064,996	151,064,996

Sale of treasury stock

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.

18. 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, 2025 and 2026 are as follows:

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Net changes in financial assets measured at FVTOCI		
Balance at beginning of year	125	(240)
OCI	(364)	586
Transfer to non-controlling interests	(3)	—
Reclassified to retained earnings	—	(60)
Changes in liabilities for written put options over non-controlling interests	2	8
Balance at end of year	(240)	294
Remeasurements of defined benefit plans		
Balance at beginning of year	2,221	3,698
OCI	1,472	1,831
Transfer to non-controlling interests	3	—
Reclassified to retained earnings	2	—
Balance at end of year	3,698	5,529
Foreign currency translation adjustments		
Balance at beginning of year	16,573	14,449
OCI	(1,999)	15,629
Transfer to non-controlling interests	(85)	18
Changes in liabilities for written put options over non-controlling interests	(40)	710
Balance at end of year	14,449	30,806
Share of OCI of investments accounted for using the equity method		
Balance at beginning of year	(10)	65
OCI	76	60
Reclassified to retained earnings	(1)	—
Balance at end of year	65	125
Total accumulated other comprehensive income		
Balance at beginning of year	18,909	17,972
OCI	(815)	18,106
Transfer to non-controlling interests	(85)	18
Reclassified to retained earnings	1	(60)
Changes in liabilities for written put options over non-controlling interests	(38)	718
Balance at end of year	17,972	36,754

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, 2025 and 2026.

(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 of reclassification adjustments:			
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)

(Millions of yen)

	For the year ended March 31, 2026		
	Before tax effect	Tax effect	After tax effect
Other comprehensive income (OCI)			
Net changes in financial assets measured at FVTOCI	893	(298)	595
Remeasurements of defined benefit plans	2,800	(914)	1,886
Foreign currency translation adjustments	18,471	(88)	18,383
Share of OCI of investments accounted for using the equity method	60	—	60
Total	22,224	(1,300)	20,924
Reconciliation of OCI to profit or loss			
Foreign currency translation adjustments	(267)	—	(267)
Share of OCI of investments accounted for using the equity method	—	—	—
Total	(267)	—	(267)
OCI			
Net changes in financial assets measured at FVTOCI	893	(298)	595
Remeasurements of defined benefit plans	2,800	(914)	1,886
Foreign currency translation adjustments	18,204	(88)	18,116
Share of OCI of investments accounted for using the equity method	60	—	60
Total	21,957	(1,300)	20,657
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Financial assets measured at fair value through OCI (FVTOCI)			9
Remeasurements of defined benefit plans			55
Foreign currency translation adjustments			2,487
Total			2,551
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			586
Remeasurements of defined benefit plans			1,831
Foreign currency translation adjustments			15,629
Share of OCI of investments accounted for using the equity method			60
Total			18,106

19. Dividends

There were no dividends paid for the years ended March 31, 2025 and 2026.

There are no dividends whose record date falls in the year ended March 31, 2026 but the effective date falls in the next fiscal year.

20. Revenue

1) Disaggregation of Revenue

Revenues of the Group are recognized 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, 2025	For the year ended March 31, 2026
Japan	535,703	589,333
North America	99,500	98,941
Europe	168,487	187,509
Asia	62,538	63,787
China	46,775	58,399
Oceania and other	5,238	6,030
Adjustment	(7,499)	(10,905)
Total	910,742	993,094

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, 2025		As of March 31, 2026	
	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	139,827	159,989	159,989	165,534
Contract assets	656	1,145	1,145	1,125
Total	140,483	161,134	161,134	166,659
Contract liabilities	2,251	3,167	3,167	3,840

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, 2026 which was included in the opening balance of contract liabilities is immaterial. Furthermore, the amount of revenue recognized during the year ended March 31, 2026 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 material 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.

21. Other Income and Expenses

1) Other Income

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Gain on sale of property, plant and equipment	449	7,222
Insurance proceeds	2,619	1,710
Reversal of provision for loss by fire	45	653
Restructuring gains	—	562
Gain on sale and leaseback transactions	1,854	796
Other	1,709	2,615
Total	6,676	13,558

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

Gain on sale of property, plant and equipment represents gains recognized from the sale of land, vehicles, and buildings of the Company and some consolidated subsidiaries mainly to improve asset efficiency.

(2) Insurance proceeds

In the years ended March 31, 2025 and 2026, insurance proceeds received mainly in relation to fires at the Company and some consolidated subsidiaries were ¥2,533 million and ¥1,484 million, respectively.

(3) Reversal of provision for loss by fire

Reversal of provision for loss by fire is recorded as the difference between the finalized amount and the amount of the provision that was set aside to cover losses related to the restoration of facilities destroyed and payments to customers, etc., now that the amount has been finalized.

(4) Restructuring gains

In order to ensure future growth from a medium- to long-term perspective and to facilitate the smooth operation of the Group, the Company consolidated eight domestic logistics centers owned by the ALR Management Group into ALR Management, transferred all of its ALPS LOGISTICS' shares in ALR Management, and leased back these logistics centers. Gains of ¥562 million recognized from this reorganization were recorded as restructuring gains for the year ended March 31, 2026.

(5) Gain on sale and leaseback transactions

Gains on sale-and-leaseback transactions were recognized as a result of the Group's sale and leaseback of domestic logistics centers and related facilities owned by the Group in order to transition to an asset-light business model and improve capital efficiency.

2) Other Expenses

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Loss on sale of property, plant and equipment	(84)	(1,717)
Loss on disposal of property, plant and equipment	(1,249)	(1,236)
Impairment losses	(568)	(2,655)
Business structural reform expenses	(525)	(557)
Loss by fire	(783)	(17)
Acquisition-related costs	(1,195)	—
Other	(3,765)	(2,702)
Total	(8,169)	(8,884)

(1) Loss on sale of property, plant and equipment

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

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

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

(3) Impairment losses

Impairment losses primarily relate to tangible property, plant and equipment and right-of-use assets for which individual disposal decisions have been made, as well as whose net cash flow or operating profit from use has deteriorated significantly.

(4) Business structural reform expenses

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

(5) 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.

(6) Acquisition-related costs

Acquisition-related costs in the year ended March 31, 2025 mainly consisted of ¥1,193 million in expenses associated with the acquisition of shares of ALR Management by a consolidated subsidiary of the Company.

22. Financial Income and Financial Expenses

Interest income and expenses for the years ended March 31, 2025 and 2026 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, 2025 and 2026.

The main components of financial income and financial expenses excluding interest income and expenses for the years ended March 31, 2025 and 2026 are as follows:

1) Financial Income

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Dividends income	91	94
Gain on valuation of derivatives	116	709
Other	306	379
Total	513	1,182

(Change in presentation method)

The gain on valuation of derivatives recorded in other in the year ended March 31, 2025 increased in significance in the year ended March 31, 2026 and was therefore recorded as a separate account category in the year ended March 31, 2026. The Notes to Consolidated Financial Statements for the year ended March 31, 2025 were reclassified to reflect this change in presentation method.

As a result, the ¥422 million presented in “Other” in the Notes to Consolidated Financial Statements for the year ended March 31, 2025 was restated to ¥116 million in “Gain on valuation of derivatives” and ¥306 million in “Other.”

2) Financial Expenses

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Exchange loss	(783)	(1,434)
Expenses related to commitment line	(538)	(560)
Other	(383)	(608)
Total	(1,704)	(2,602)

(1) Expenses related to commitment line

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

23. Earnings Per Share (EPS)

The basis for calculation of basic EPS attributable to stockholders of the parent company for the years ended March 31, 2025 and 2026 is as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
Net income attributable to stockholders of the parent company (Millions of yen)	26,962	40,100
Weighted average number of common stock (Thousands of shares)	48,935	48,935
Basic EPS attributable to stockholders of the parent company (Yen)	550.98	819.45

Notes: 1. Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.

2. In the fiscal year under review, the Company finalized provisional accounting treatment related to business combinations. Figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

24. 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, 2025 represents changes in cash and cash equivalents as a result of obtaining control of ALR Management.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Consideration paid	(104,951)	—
Consideration paid in cash and cash equivalents	(104,951)	—
Cash and cash equivalents of subsidiaries over which control was obtained	21,037	—
Changes in cash and cash equivalents associated with obtaining control	(83,914)	—

2) Increase Due to Loss of Control of Subsidiary

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.

Proceeds from sale of subsidiaries' shares in cash flows from investing activities for the year ended March 31, 2026 represents changes in cash and cash equivalents as a result of losing control over ALR Management.

Changes in cash and cash equivalents associated with loss of control and the main details of assets and liabilities on the date of loss of control are shown below.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Consideration received	2,164	30,332
Consideration received in cash and cash equivalents	2,164	30,332
Cash and cash equivalents of subsidiaries over which control was lost	(674)	—
Changes in cash and cash equivalents associated with loss of control	1,490	30,332
Of which, sale of property, plant and equipment and intangible assets	—	28,312
Of which, proceeds from sale of subsidiaries' shares	1,490	—
Of which, other (cash flow from financing activities)	—	2,020

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Assets		
Current assets	55	68
Non-current assets	1,981	21,652
Liabilities		
Current liabilities	8	436
Non-current liabilities	—	—

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 in the year ended March 31, 2025 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, 2025 and 2026 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, 2024 (beginning of the previous fiscal year)	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)
Remeasurement of put options granted to 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
Changes arising from cash flows	(31,785)	(10,000)	(43,854)	(54,736)	—	(140,375)
Non-cash changes						
Newly recognized lease liabilities	—	—	—	49,573	—	49,573
Remeasurement of lease liabilities	—	—	—	(154,522)	—	(154,522)
Cancellation of lease contracts	—	—	—	(10,461)	—	(10,461)
Remeasurement of put options granted to non-controlling interests	—	—	—	—	7,285	7,285
Other	32	199	1,162	1,365	2,446	5,204
March 31, 2026	—	38,864	215,278	294,595	30,755	579,492

Note: Including current portion.

4) 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, 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.

For the year ended March 31, 2026

Not applicable

25. 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.

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, 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. 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	Fifth Class A Stock Options	Fifth 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	Two executive officers of the Company Two operating officers of the Company Two trustees of the Company Five directors of a subsidiary Five executive officers of a subsidiary	Two executive officers of the Company Two operating officers of the Company Two trustees of the Company Five directors of a subsidiary Five executive officers 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	80,008 shares of common stock in the Company's parent	80,008 shares of common stock in the Company's parent
Allocation date	November 29, 2024	November 29, 2024	May 30, 2025	May 30, 2025
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

	Sixth Class A Stock Options	Sixth Class B Stock Options
Categories and numbers of persons eligible for granting	One trustee of the Company	One trustee of the Company
Number of stock options by class of shares	3,000 shares of common stock in the Company's parent	3,000 shares of common stock in the Company's parent
Allocation date	December 26, 2025	December 26, 2025
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 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; referred to collectively as "Parties Related to the Controlling Shareholder" hereafter] holds voting rights in LOGISTEED Holdings, then the number of such voting rights shall be totaled with those on shares of LOGISTEED Holdings held by the Controlling Shareholder) attempts to transfer to a third party (not including Parties Related to the Controlling Shareholder; LOGISTEED Holdings shall be included among third parties) its shares in LOGISTEED Holdings 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 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.)

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 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) or (b) only:
- (a) When shares of common stock in LOGISTEED Holdings 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 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.)

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' 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 as of the measurement 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	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	Fifth Class A Stock Options	Fifth Class B Stock Options
Fair value as of the measurement date	Yen	1,000	650	1,050	630
Exercise price	Yen	13,346	13,346	13,830	13,830
Expected remaining period	Year	8.34	3.34	7.84	2.84
Expected volatility (Note 1)	%	27.63	23.06	25.67	20.51
Stock price	Yen	13,346	13,346	13,830	13,830
Expected dividend yield	%	0	0	0	0
Risk-free interest rate	%	0.883	0.619	1.261	0.815

		Sixth Class A Stock Options	Sixth Class B Stock Options
Fair value as of the measurement date	Yen	1,160	650
Exercise price	Yen	14,016	14,016
Expected remaining period	Year	7.27	2.26
Expected volatility (Note 1)	%	25.04	20.64
Stock price	Yen	14,016	14,016
Expected dividend yield	%	0	0
Risk-free interest rate	%	1.762	1.144

Note: 1. Since the shares awarded through exercise of the stock options are shares of stock in LOGISTEED Holdings, 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, 2025		Fiscal year ended March 31, 2026	
	Shares	Weighted average Exercise price (Yen)	Shares	Weighted average Exercise price (Yen)
Outstanding at April 1	1,203,100	10,069	976,879	10,863
Granted	235,600	13,346	166,016	13,837
Exercised	—	—	—	—
Expired or abandoned	111,705	10,000	—	—
Purchased	350,116	10,080	34,970	10,080
Outstanding at March 31	976,879	10,863	1,107,925	11,333
Exercisable at March 31	—	—	—	—

The exercise prices of the outstanding stock options ranged from ¥10,000 to ¥13,346 in the year ended March 31, 2025 to ¥10,000 to ¥14,016 in the year ended March 31, 2026. The weighted average remaining contract life was 5.4 years as of March 31, 2025 and 4.4 years as of March 31, 2026.

(4) Stock Compensation Expense

Stock compensation expense under the Plan amounted to ¥264 million for the year ended March 31, 2025 and ¥182 million for the year ended March 31, 2026 and is included in selling, general and administrative expenses in the consolidated statement of profit or loss.

2) Points-Based Stock Option Plan

(1) Overview of the Points-Based 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, awards points that can be exchanged for stock options to employees of the Company and its subsidiaries. Shares granted through exercise of the stock options exchanged with points are shares of stock in LOGISTEED Holdings.

While the number of stock options that can be exchanged for one point is generally planned to be one stock option, this has not been finalized, and it is difficult for the eligible persons to accurately estimate this. For these reasons, as of the end of the fiscal year under review, the Company has determined that the understanding and agreement regarding the terms of the “share-based remuneration agreement” with the eligible persons has not been completed, and therefore the “grant date” under IFRS 2 has not yet arrived.

However, since points are actually granted after providing a certain level of explanation regarding the contract terms, etc., it was determined that a certain degree of shared understanding and agreement had been achieved. Therefore, the provision of work services by eligible persons corresponding to the points granted under this plan has already begun, and the recognition of expenses, etc., corresponding to the received work services began from the date the points were granted.

In recognizing the expenses, etc., the Company has determined that the best estimate at the end of the fiscal year under review is to use the fair value per stock option at the end of the fiscal year under review as the fair value per stock option at the future “grant date” under IFRS 2.

To the extent that understanding and agreement have been reached with the eligible persons as of the end of the fiscal year under review, the main contents of the points are as follows.

	Grants for the fiscal year ended March 31, 2026
Categories and numbers of persons eligible for granting	652 employees and others of the Company 1,591 employees and others of the Company’s subsidiaries
Number of points granted	385,778 points
Grant date of points	July 23, 2025
Exercise conditions of stock options that can be exchanged for points	(Note 1)
Deadline for exercise of stock options that can be exchanged for points	March 31, 2033
Settlement method	Equity settlement

Note: 1. Points that can be exchanged for stock options that can be exercised if the shares of LOGISTEED Holdings are listed on a stock exchange. However, these stock options cannot be exercised if the eligible person has already resigned for personal reasons. The exercising of one stock option will grant the eligible person one share of LOGISTEED Holdings stock.

(2) Measurement Basis of Fair Value and Fair Value

As stated above, at the end of the fiscal year under review, the best estimate for the fair value per point at the future “grant date” under IFRS 2 is the fair value per stock option at the end of the fiscal year under review, and expenses, etc., have been recognized accordingly. The fair value of the stock options is calculated using the binomial model based on the main base figures and estimation methods below.

		Grants for the fiscal year ended March 31, 2026
Fair value as of the measurement date	Yen	6,485
Exercise price	Yen	10,436
Expected remaining period	Year	7.01
Expected volatility (Note 1)	%	24.75%
Stock price	Yen	14,601
Expected dividend yield	%	0
Risk-free interest rate	%	2.014

Note: 1. Since the shares awarded through exercise of the stock options exchanged for points are shares of stock in LOGISTEED Holdings, which is not publicly traded, the expected remaining period is calculated based on actual share prices of stock in similar companies.

(3) Number of points and weighted average exercise price

The number of points granted and the weighted-average exercise prices are as follows: The weighted average exercise price is calculated assuming that one stock option is exchanged for one point.

	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Number of points (points)	Weighted Average Exercise Price (yen)	Number of points (points)	Weighted Average Exercise Price (yen)
Outstanding at April 1	—	—	—	—
Granted	—	—	385,778	10,436
Exercised	—	—	—	—
Expired or abandoned	—	—	4,817	10,436
Purchased	—	—	—	—
Outstanding at March 31	—	—	380,961	10,436
Exercisable at March 31	—	—	—	—

The exercise price for the outstanding stock options is ¥10,436 for the fiscal year under review, and the weighted average remaining contract life is seven years as of the end of the fiscal year under review.

(4) Stock Compensation Expense

The stock-base remuneration expenses for the point-based plan amounted to ¥874 million for the year ended March 31, 2026 and is included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

3) 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 Company 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.” Main details of the SAR Plan 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 9)	Equity settlement (Note 9)	Equity settlement (Note 9)	Equity settlement (Note 9)

	Third Class A SAR (Note 5)	Third Class B SAR (Note 6)	Fourth Class A SAR (Note 7)	Fourth Class B SAR (Note 8)
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	One officer of subsidiary	One officer of subsidiary
Number of SAR awarded	288,750 units	240,000 units	3,567 units	2,854 units
Award date	March 31, 2025	March 31, 2025	December 26, 2025	December 26, 2025
Conditions on exercise	(Note 5)	(Note 6)	(Note 7)	(Note 8)
Deadline for exercise	March 31, 2033	March 31, 2028	March 31, 2033	March 31, 2028
Settlement method	Cash settlement (Note 10)	Equity settlement (Note 9)	Cash settlement (Note 11)	Equity settlement (Note 9)

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

- 8: SARs are treated economically as if they had been acquired as the Sixth Class B Stock Options, and the conditions on exercise are mainly the same as those of the Sixth Class B Stock Options.
- 9: The amount to be settled primarily in cash will be the amount obtained by subtracting the exercise price of the corresponding stock acquisition rights from the price of LOGISTEED Holdings' 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, the transaction is accounted for as an equity-settled share-based payment transaction.
- 10: 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' shares at the time of exercise (however, if the amount is negative, the amount will be set at zero).
The settlement obligation (payment obligation) was initially borne by LOGISTEED Holdings, but due to a partial amendment to the contract terms, it has been borne by the Group since July 1, 2025.
Therefore, until June 30, 2025, the settlement obligation was accounted for as an equity-settlement, share-based remuneration transaction, but from July 1, 2025 onwards, it is accounted for as a cash-settlement, share-based remuneration transaction.
As a result of this change in accounting treatment, as of July 1, 2025, the amount previously recognized as capital (credit) based on the fair value of ¥4,755 at the time of grant is recognized as capital (debit), and a liability is recognized based on the fair value of ¥6,350 at that time, with the difference between the two recognized as capital (debit).
As of July 1, 2025, the fair value of the equity-settlement, share-based remuneration transaction before the change and the fair value of the cash-settlement, share-based remuneration transaction after the change were the same amount .
- 11: 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' shares at the time of exercise (however, if the amount is negative, the amount will be set at zero). Since the settlement obligation (payment obligation) lies with the Group, the transaction is accounted for as a cash-settlement, share-based remuneration transaction.

(2) Basis of Fair Value Measurement 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.

		First Class A SAR	First Class B SAR	Second Class A SAR	Second Class B SAR
Fair value as of the measurement date	Yen	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.			
Exercise price	Yen				
Expected remaining period	Year				
Expected volatility (Note 1)	%				
Stock price	Yen				
Expected dividend yield	%				
Risk-free interest rate	%				

		Third Class A SAR	Third Class B SAR	Fourth Class A SAR	Fourth Class B SAR
Fair value as of the measurement date	Yen	6,540	6,630	1,160	650
Exercise price	Yen	10,000	6,954	14,016	14,016
Expected remaining period	Year	7.01	3.00	7.27	2.27
Expected volatility (Note 1)	%	24.75	21.64	25.04	20.64
Stock price	Yen	14,601	13,404	14,016	14,016
Expected dividend yield	%	0	0	0	0
Risk-free interest rate	%	2.014	0.937	1.762	1.144

Note: 1. Since the shares for the SAR are shares of stock in LOGISTEED Holdings, 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, 2025		Fiscal year ended March 31, 2026	
	Shares	Weighted average Exercise price (Yen)	Shares	Weighted average Exercise price (Yen)
Outstanding at April 1	97,500	10,000	616,644	8,923
Granted	548,750	8,790	6,421	14,016
Exercised	—	—	—	—
Expired or abandoned	29,606	10,000	42,126	9,422
Purchased	—	—	—	—
Outstanding at March 31	616,644	8,923	580,939	8,943
Exercisable at March 31	—	—	—	—

The exercise prices of the outstanding SARs ranged from ¥6,954 to ¥13,346 in the year ended March 31, 2025 to ¥6,954 to ¥14,016 in the year ended March 31, 2026. The weighted average remaining contract life was 5.7 years as of March 31, 2025 and 4.7 years as of March 31, 2026.

(4) Stock Compensation Expense

Stock compensation expense based on SARs amounted to ¥13 million for the year ended March 31, 2025 and ¥37 million for the year ended March 31, 2026 and is included in selling, general and administrative expenses in the consolidated statement of profit or loss.

(5) Carrying amounts of liabilities and other items

The carrying amount of the liabilities of SARs, which are accounted for as cash-settlement, share-based remuneration transactions, was none as of the end of the previous fiscal year and is ¥606 million as of the end of the fiscal year under review. No counterparty rights to the cash have been established by the end of the fiscal year under review.

26. 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, 2025 and 2026 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, 2025 and 2026 while all other variables are held constant.

(Millions of yen)

	March 31, 2025	March 31, 2026
Impact on income before income taxes	(1,330)	(519)

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, 2025 and 2026 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, 2025 and 2026.

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, 2025	March 31, 2026
Impact on income before income taxes	77	209

(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, 2025 and 2026 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, 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.

(Millions of yen)

	Trade receivables and contract assets			Other receivables		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
April 1, 2025	70	714	784	—	135	135
Increase (provision)	60	279	339	—	5	5
Decrease (write off)	(3)	(167)	(170)	—	(11)	(11)
Other (Note)	(30)	(151)	(181)	—	23	23
March 31, 2026	97	675	772	—	152	152

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, 2024	140,483	691	141,174	3,681	171	3,852
March 31, 2025	161,159	759	161,918	5,853	153	6,006
March 31, 2026	166,692	739	167,431	8,545	132	8,677

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, 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.

(Millions of yen)

	March 31, 2026				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Long-term debt					
Bonds	38,864	41,755	10,231	10,752	20,772
Long-term debt (Note)	215,278	237,987	27,933	148,377	61,677
Lease liabilities	294,595	340,074	61,682	129,503	148,889
Other financial liabilities					
Liabilities for written put options over non-controlling interests	30,755	30,857	30,857	—	—
Financial liabilities related to leaseback transactions	19,200	23,590	1,479	5,842	16,269
Installment payables	25,325	26,660	6,621	19,865	174

Note: Including current portion.

The weighted average interest rates for long-term debt and installment payables for the year ended March 31, 2026 are 2.5% and 3.6%, respectively, with maturities ranging from 2026 to 2033.

The details on each bond issued are provided below.

(Millions of yen)

Issuer	Bond issued	Issue date	March 31, 2025	March 31, 2026	Interest rate (%)	Security	Maturity
The Company	Unsecured Bond #4	September 28, 2016	9,946	9,983	0.330	Unsecured	September 28, 2026
The Company	Unsecured Bond #5	September 28, 2016	9,759	9,795	0.750	Unsecured	September 26, 2031
The Company	Unsecured Bond #6	September 4, 2018	9,987	-	0.250	Unsecured	September 4, 2025
The Company	Unsecured Bond #7	September 4, 2018	9,807	9,864	0.405	Unsecured	September 4, 2028
The Company	Unsecured Bond #8	September 4, 2018	9,166	9,222	0.980	Unsecured	September 3, 2038

Borrowings as of March 31, 2025 include borrowings under a modified syndicated loan agreement concluded on October 7, 2024. Borrowings as of March 31, 2026 include borrowings under the amended syndicated loan agreement concluded on February 27, 2026. Of the total credit line under the amended syndicated loan agreements concluded on October 7, 2024 and February 27, 2026, ¥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, 2025	March 31, 2026
Maximum amount under commitment line	60,000	60,000
Outstanding balance of borrowing	31,000	-
Balance (undrawn commitment)	29,000	60,000

The amended syndicated loan agreements are 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 these financial covenants as of March 31, 2026.

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, 2025		March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Trade receivables				
Accounts receivable	152,336	152,336	159,479	159,479
Lease receivables	2,211	2,236	2,050	2,062
Other financial assets				
Lease receivables	134	134	102	102
Other accounts receivable	5,889	5,889	7,813	7,813
Long-term loans receivable	163,180	159,081	165,875	158,857
Guarantee deposits	16,772	16,059	17,411	15,600
Liabilities				
Long-term debt (Note)				
Bonds	48,665	47,035	38,864	36,218
Long-term debt	257,970	258,533	215,278	213,004
Other financial liabilities				
Installment payables	26,981	27,901	25,325	25,910

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, 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

(Millions of yen)

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Derivative assets	—	208	—	208
Other financial assets	—	—	192	192
FVTOCI financial assets				
Equity securities	4,238	—	1,989	6,227
Liabilities				
FVTPL financial liabilities				
Derivative liabilities	—	8	—	8

The following tables present changes in Level 3 financial instruments measured at fair value on a recurring basis for the years ended March 31, 2025 and 2026.

(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.

(Millions of yen)

	FVTPL financial assets	FVTOCI financial assets	Total
Balance at April 1, 2025	145	2,128	2,273
Purchases	67	—	67
Profit or loss			
Net profit/loss (Note 1)	(20)	—	(20)
OCI (Note 2)	—	(140)	(140)
Other	—	1	1
Balance at March 31, 2026	192	1,989	2,181

Notes: 1. Included in “Finance income” and “Finance costs” in the consolidated statement of profit or loss.

2. Included in “Net change in fair value of financial assets measured through other comprehensive income” in the consolidated statement of comprehensive income.

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.

The balance of liabilities for written put options over non-controlling interests as of April 1, 2025 and March 31, 2026 was ¥21,024 million and ¥30,755 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, 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

(Millions of yen)

March 31, 2026	
Major FVTOCI financial assets	Fair value
AEON CO., LTD.	1,131
FUKUYAMA TRANSPORTING CO., LTD.	1,063
SENKON LOGISTICS CO., LTD.	590
YABUKI KAIUN KAISHA, LTD.	397
AEON Financial Service Co., Ltd.	369
LOGICOM CO., LTD.	357
TAKACHIHO KOHEKI CO., LTD.	347
WORLD TRADE CENTER BUILDING, INC.	303
OKAMURA CORPORATION	296
Canon Marketing Japan Inc.	238
Nuclear Fuel Transport Company, Ltd.	204
Sawai Pharmaceutical Co., Ltd.	133
Hitachi Futo Co., Ltd.	114

(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 ¥71 million, net of taxes, was reclassified during the year ended March 31, 2026 mainly due to sales of shares as a result of reviewing business relations.

The fair value and accumulated gains/losses of the securities categorized as FVTOCI financial assets that were derecognized during the years ended March 31, 2025 and 2026 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Fair value at the time of derecognition	3	179
Accumulated gains/losses at the time of derecognition	-	101

(6) Dividend income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Investments derecognized during the year	—	1
Investments held as of the end of the year	91	93
Total	91	94

27. 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, 2025	March 31, 2026
Trade receivables and contract assets	1,377	1,566
Property, plant and equipment	2,880	3,337
Total	4,257	4,903

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.

In the year ended March 31, 2026, ¥122,811 million in subsidiaries' shares, 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, 2025	March 31, 2026
Short-term debt	31,000	—
Current portion of long-term debt	9,802	22,692
Other current liabilities	18	24
Long-term debt	248,125	193,220
Total	288,945	215,936

28. Principal Subsidiaries

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

As of March 31, 2026

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.	Chuo-ku, Osaka	Domestic logistics	100.0
LOGISTEED Kyusyu, Ltd.	Hisayama-machi, Kasuya-gun, Fukuoka	Domestic logistics	100.0
LOGISTEED Chemical, Ltd.	Taito-ku, Tokyo	Domestic logistics	90.0
ALPS LOGISTICS CO., LTD.	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
LOGISTEED Czechia 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
LOGISTEED INDIA PRIVATE LIMITED	Mumbai, India	Global logistics	100.0
Other 79 subsidiaries			

29. 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, 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 are provided as collateral to a financial institution for borrowings under the loan agreement entered into by the Company.

For the year ended March 31, 2026

(Millions of yen)

Type	Name	Description of transactions	Transaction amount	Account	Ending balance
Ultimate controlling party	KKR	Management guidance fees (Note 1)	658	Other current liabilities	162
Parent company	LOGISTEED Holdings, Ltd.	Loans receivable (Note 2)	3,304	Long-term loans receivable	165,472
		Collection of loans receivable (Note 2)	663		
		Interest received (Note 2)	3,304		
		Provision of shares as collateral for the Company's bank loans (Note 3)	214,600	—	—

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. The collection of loans receivable of ¥663 million represents a partial prepayment of the loans. In addition, ¥3,304 million of "Other financial assets (accrued interest)" under "Non-current assets" has been capitalized into the loan principal.
3. LOGISTEED Holdings has provided all of the Company's shares it owns as collateral to financial institutions as security for borrowings under the loan agreements entered into by the Company.

2) Directors' Compensation

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Short-term employee benefits	669	744
Stock compensation	108	217
Medium-to-long-term compensation as incentive	51	68
Total	828	1,029

3) Parent Company

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

30. Contingencies

Not applicable.

31. Subsequent Events

(Conclusion of absorption-type company split agreement)

At a meeting of the Board of Directors held on April 28, 2026, the Company resolved to enter into an agreement to transfer its status as an issuer of bonds and all related rights and obligations to the parent company, LOGISTEED Holdings, through a company split in which the Company will be the absorbed company, effective October 1, 2026. On May 7, 2026, the Company entered into an absorption-type company split agreement with LOGISTEED Holdings.

This absorption-type company split is outlined below.

1) Purpose of this absorption-type company split

Effective April 1, 2026, the LOGISTEED Group transitioned to a management structure primarily led by LOGISTEED Holdings in order to enhance the autonomy of its operating companies, including the Company, to further strengthen the Group's overall strategy and governance, and to promote management with a view to global markets. As part of this transition, the Company has decided to implement this absorption-type company split, which transferred the Company's status as an issuer of bonds and all related rights and obligations to LOGISTEED Holdings.

2) Method of this absorption-type company split

An absorption-type company split in which LOGISTEED Holdings is the succeeding company and the Company is the absorbed company.

3) Effective date of this absorption-type company split

October 1, 2026

4) Details of allotment in this absorption-type company split

Upon this absorption-type company split, LOGISTEED Holdings will not provide the Company with any monetary or other payment in lieu of the rights and obligations to be transferred.

5) Rights and obligations assumed by LOGISTEED Holdings as a result of this absorption-type company split

- (1) Long-term loan receivable to LOGISTEED Holdings of the Company, in an amount equivalent to the total amount of bonds, etc. described in (2) below.
- (2) Bonds and other debt securities outstanding immediately before the effective date of the absorption-type company split
- (3) The contractual status of the Company with respect to the contracts it has entered into with respect to the bonds, and all rights and obligations arising therefrom.

(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. In addition, on January 11, 2024, a fire broke out at a logistics center in Kanagawa Prefecture operated by LOGISTEED East Japan, Ltd., one of our consolidated subsidiaries.

The balance of provision for loss by fire as of March 31, 2026 was ¥3,118 million and included losses related to the restoration of damaged facilities and compensation 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, 2026 are shown in the table below.

(Millions of yen)

	Provision for loss by fire	Other payables
Balance at April 1, 2025	4,717	433
Decrease due to intended use	(928)	(451)
Decrease due to reversal	(653)	—
Reclassification to other payables	(18)	18
Balance at March 31, 2026	3,118	—
Current liabilities	526	—
Non-current liabilities	2,592	—

In addition, during the year ended March 31, 2026, the Company recorded ¥17 million in expenses related to the fire as loss by fire in other expenses. In addition, since the amounts of provisions recorded to cover losses relating to the restoration of damaged facilities and payments to customers affected were finalized, the difference from the final amounts was recorded as ¥653 million in reversal of provision for loss by fire under other income.

An insurance payment related to the fire whose amount is fixed of ¥1,484 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 future periods is yet to be determined at this point.

The Company is now discussing compensation 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 year ending March 31, 2027 or thereafter.

(2) Other

1. Events after fiscal-year end

Not applicable.

2. Semiannual information for the year ended March 31, 2026

	First six months ended September 30, 2025	Fiscal year ended March 31, 2026
Revenues (Millions of yen)	485,483	993,094
Income before income taxes (Millions of yen)	17,984	40,997
Net income attributable to stockholders of the parent company (Millions of yen)	18,342	40,100
Basic EPS attributable to stockholders of the parent company (Yen)	374.82	819.45

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

Submitted to the Director-General of the Kanto Local Finance Bureau: June 27, 2025

2) Internal Controls Report and Attachments

Fiscal year: The 3rd Business Term (April 1, 2024 to March 31, 2025)

Submitted to the Director-General of the Kanto Local Finance Bureau: June 27, 2025

3) Semi-annual Report and Certification Letter

During The 4th Business Term (April 1, 2025 to September 30, 2025)

Submitted to the Director-General of the Kanto Local Finance Bureau : November 12, 2025

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 : July 1, 2025

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 24, 2025

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 : December 18, 2025

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 8, 2026

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 26, 2026

LOGISTEED, Ltd.
The Board of Directors

Ernst & Young ShinNihon LLC

Tokyo, Japan

Designated
Engagement Partner

Certified Public
Accountant

Yoshiyuki Sakuma

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, 2025 and ended on March 31, 2026, 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, 2026 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 Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including provisions applicable to audits of financial statements of entities with a high social impact), 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, 2026. 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.

Valuation of goodwill	
Description of Key Audit Matters	Auditor's response
As described in Note 12, Goodwill and Intangible Assets, to the consolidated financial statements, of the total of ¥365,612 million in goodwill, the Company allocated ¥283,352 million to the domestic logistics business group of cash-generating units (CGUs) and ¥82,260 million to the global logistics business 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 combinations of L-management Co., Ltd. and ALR Management 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 whenever 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 discounting estimated future cash flows based on business plans approved by management to their present value at a discount rate derived from the weighted average cost of capital. The business plans used are based on external information, reflect historical experience, and generally cover a maximum of five years. Estimated future cash flows beyond the period covered by the business plans 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 year ended March 31, 2026. The significant assumptions used in calculating the recoverable amount are the sales growth rate in the business plans and the discount rate. The result of calculating the recoverable amount may differ significantly depending on changes in future business plans and economic conditions, and therefore the Company considers these estimates to be important. If the result of the calculation of the recoverable amount differs significantly, impairment losses may be recognized in the consolidated financial statements for the year ending March 31, 2027 or thereafter. We have identified auditing the valuation of goodwill as a key audit matter because consideration of management's subjective judgments on key assumptions used in calculating the recoverable amount, as well as the valuation method and discount rate used in calculating value in use, are complex matters that involve specialized expertise and require professional judgment.	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.

Other Information

Other Information is information contained in the annual securities report other than the consolidated financial statements, financial statements and the auditor's reports thereon. Management is responsible for the preparation and disclosure of Other Information. In addition, the Audit & Supervisory Board Members are 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 Statutory Auditors 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 responsibility of the Statutory Auditors is to oversee the execution of duties by directors in designing and operating the 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 & Supervisory Board Members 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 Statutory Auditors with a statement that we have complied with the professional ethical requirements regarding independence in Japan and communicate with them matters that may reasonably be thought to bear on our independence, and, where applicable, the details of actions taken to eliminate threats to independence or safeguards applied to reduce such threats to an

acceptable level.

Among the matters communicated with the Statutory Auditors, we determine those matters that are of particular significance in the audit of the consolidated financial statements for the year ended March 31, 2026 as key audit matters and describe them in our auditor's report unless laws or regulations preclude public disclosure about the matter or, 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, 2026 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, 2026 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 over 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 Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including provisions applicable to audits of financial statements of entities with a high social impact), 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 Statutory Auditors for the Internal Controls Report

The responsibilities of management are to maintain and operate internal controls over financial reporting, and prepare and properly present an internal controls report in accordance with the standards for evaluation of internal controls over financial reporting generally accepted in Japan.

The responsibilities of the Statutory Auditors are to supervise and verify the status of maintenance and operation of internal controls over financial reporting.

It is possible that internal controls over financial reporting may not completely prevent or detect misstatements 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 Statutory Auditors regarding the planned scope and timing of the audit of internal controls, the results of the audit of internal controls, any significant deficiencies in internal control that should be disclosed and the results of corrective actions taken with respect thereto, and other matters required by the auditing standards for internal controls.

We also provide the Statutory Auditors with a statement that we have complied with the professional ethical requirements regarding independence in Japan and communicate with them matters that may reasonably be thought to bear on our independence, and, where applicable, the details of actions taken to eliminate threats to independence or safeguards applied to reduce such threats to an acceptable level.

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, etc.” 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 26, 2026
Company Name	ロジステード株式会社 (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 Controls 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 over financial reporting. Internal controls over 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 over 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 over financial reporting was performed with March 31, 2026, 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 reporting 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 over 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 12 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 10 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 over 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 26, 2026
Company Name	ロジステード株式会社 (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 4th Business Term (April 1, 2025 to March 31, 2026) are represented appropriately, pursuant to the Financial Instruments and Exchange Act.

2. Special Notes

Not applicable.