Translation

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Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 12, 2025

Company name: AZ-COM MARUWA Holdings Inc.

Stock exchange listing: Tokyo

Stock code: 9090 URL https://www.az-com-maruwa-hd.co.jp/

Representative: President Masaru Wasami

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Scheduled date of ordinary general meeting of shareholders: June 25, 2025

Scheduled date to commence dividend payments: June 26, 2025

Scheduled date to file Securities Report: June 24, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	208,370	4.9	10,969	(20.8)	11,645	(19.7)	7,284	(20.1)
Year ended March 31, 2024	198,554	11.7	13,845	21.8	14,498	21.3	9,119	17.2

Note: Comprehensive income Fiscal year ended March 31, 2025 7,434 million yen (25.9)%

Fiscal year ended March 31, 2024 10,030 million yen +1.0%

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	54.06	50.15	12.9	8.5	5.3
Year ended March 31, 2024	70.88	65.88	20.0	11.8	7.0

Reference: Share of profit/loss of entities accounted for using equity method

Fiscal year ended March 31, 2025 - million yen

Fiscal year ended March 31, 2024 - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	138,440	60,440	41.7	429.04
As of March 31, 2024	134,594	57,542	41.0	408.61

Reference: Equity Fiscal year ended March 31, 2025 57,776 million yen

Fiscal year ended March 31, 2024 55,117 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	8,897	(10,606)	(3,035)	41,136
Year ended March 31, 2024	10,798	(5,864)	8,581	45,880

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2024	-	15.00	-	15.00	30.00	3,921	42.3	8.6
Year ended March 31, 2025	-	16.00	-	16.00	32.00	4,327	59.2	7.6
Year ending March 31, 2026 (Forecast)	-	16.00	-	16.00	32.00		59.0	

3. Forecast of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages represent changes from the previous year for full year and from the same quarter of the previous year for each quarter

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	105,000	3.5	4,500	4.0	4,650	0.9	2,850	0.1	21.16
Full year	220,000	5.6	11,900	8.5	12,000	3.0	7,300	0.2	54.21

Notes

(1) Significant changes in the scope of consolidation during the year ended March 31, 2025: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No
(ii) Changes in accounting policies due to other reasons: No
(iii) Changes in accounting estimates: No
(iv) Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of March 31, 2025	137,984,520 shares	As of March 31, 2024	137,984,520 shares
(ii) Number of treasury shares at the end of the period	As of March 31, 2025	3,318,314 shares	As of March 31, 2024	3,094,958 shares
(iii) Average number of shares during the period	Fiscal year ended March 31, 2025	134,743,521 shares	Fiscal year ended March 31, 2024	128,656,589 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares during the period includes 569,365 Company shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP.

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

The Company decided to omit this information because this type of investment information will have little relevance to it considering that it made a transition to a pure holding company structure.

2. Forecasts of non-consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

The Company decided to omit this information because this type of investment information will have little relevance to it considering that it made a transition to a pure holding company structure.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "(1) Analysis of Operating Results (Future outlook) under 1. Overview of Operating Results" on page 3 of the attached materials.

(How to obtain supplementary material on financial results)

The Company plans to post supplementary material on its financial results on its website. Furthermore, an overview of the events that took place during the briefing for institutional investors and analysts, as well as the proceedings of the briefing, will be posted on the Company's website at a later date.

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1. Overview of Operating Results

The matters related to the future mentioned in the document are as determined by the Group as of the end of the fiscal year under review.

(1) Analysis of Operating Results

(Overview of operating results for the fiscal year under review)

During the current fiscal year, the Japanese economy saw a gradual recovery with expansion of inbound demand and improvements in employment and income environments due to wage increases, etc. However, the outlook is becoming increasingly uncertain due to geopolitical risks such as the prolonged Russian invasion of Ukraine and the US-China conflict, together with the situation in the Middle East, in addition to the impact of policy trends under the new US administration.

In the logistics industry, challenges continue with sluggish growth in shipment volumes due to soaring prices, shortages of transport capacity and labor, and the rising of various costs.

In this environment, the Group has been striving to expand business in its core business domains of EC logistics, low-temperature food logistics, and medicine & medical logistics to secure and train human resources that will contribute to business expansion in the face of the worsening shortages of human resources and operating vehicles, and to promote and apply DX technology to save manpower and energy and to enhance productivity. In addition, for further business expansion, the Group will allocate management resources appropriately and improve management efficiency through the concentration of investment in growth businesses and the revitalization and reorganization of low-profit businesses, while actively engaging in ESG management, aiming to simultaneously maximize economic value and create social value.

As a result, the Group's operating results for the current fiscal year saw an increase in sales and a decrease in profit, with net sales of 208,370 million yen (up 4.9% year on year (YoY)), but due to the impact of the business performance information by segment described below, as well as the costs related to the tender offer, operating profit was 10,969 million yen (down 20.8% YoY), ordinary profit was 11,645 million yen (down 19.7% YoY) and profit attributable to owners of parent was 7,284 million yen (down 20.1% YoY).

Performance by segment is as follows.

(i) Logistics business

<Transportation business>

(Last one mile business)

In the last one mile business, area expansion and an increase in the number of vehicles in operation, as well as contributions from the wholly owned subsidiary LUFI. Co., Ltd., contributed to business performance, resulting in net sales of 39,350 million yen (up 2.9% YoY).

(EC ordinary-temperature transportation business)

In the e-commerce & ordinary-temperature transportation business, although new transportation projects were acquired against the backdrop of growing e-commerce demand and notable progress was made in revising rates with clients, the impact of a decrease in transportation volume due to the closure of a large base in the previous consolidated fiscal year resulted in net sales of 53,371 million yen (down 10.3% YoY).

<3PL business>

(EC ordinary-temperature 3PL business)

In the e-commerce & ordinary-temperature 3PL business, the continued opening of new logistics centers, mainly large bases for major online retailers, and an increase in the volume of goods handled by clients contributed to net sales of 64,486 million yen (up 18.2% YoY).

(Low-temperature food 3PL business)

In the low-temperature food 3PL business, the opening of new logistics centers for supermarkets and an increase in the volume of goods handled by clients contributed to net sales of 24,239 million yen (up 9.8% YoY).

(Medicine & medical 3PL business)

In the medicine & medical 3PL business, the opening of new logistics centers to accommodate the business expansion of major client drugstores, along with strong shipment volumes, contributed to net sales of 24,151 million yen (up 12.0% YoY).

Consequently, net sales in the logistics business increased 4.9% YoY to 205,598 million yen.

In terms of profit, aggressive sales development aimed at business expansion led to an increase in the number of distribution centers and operating vehicles, and notable progress was made regarding initiatives to pass on the costs of appropriate freight rates. However, the impact of one-time expenses associated with the opening and consolidation of new bases, along with the rising of various costs, resulted in a decrease in segment profit (operating profit) in the logistics business to 11,330 million yen (down 18.2% YoY).

(ii) Other

As a result of the expansion of the information systems business at PHYZ Holdings Inc. and steady growth in orders received for new project development related to business process outsourcing (BPO) at AZ-COM Data Security Co., Ltd., net sales increased to 2,771 million yen (up 7.2% YoY) and segment profit (operating profit) increased to 418 million yen (up 9.0% YoY).

(Future outlook)

The Group believes that the logistics industry, in which it operates, will see accelerating industry reorganization as well as competition among companies to secure transport capacity due to the truck driver shortages and broader labor force shortages that are occurring against the backdrop of the declining birthrate and aging population. Amid this predicted challenging business environment, the Group has launched the Medium-term Management Plan 2028, which aims to build a high-profit company resilient to environmental changes, and will strive to expand its business operations by adding BCP logistics to its existing domains of e-commerce and ordinary-temperature logistics, low-temperature food logistics, and medicine & medical logistics. Furthermore, the Group will strengthen its transportation platform to maximize group network functions, achieve labor-saving and manpower reductions in the 3PL business through operation standardization and DX implementation, and aim to become the "3PL & Platform Company" chosen by customers.

From October 2025 onwards, AZ-COM Matsubushi EAST (Matsubushi-machi, Kitakatsushika gun, Saitama), the Group's largest proprietary logistics facility, is scheduled to commence operations, aiming to create a base that maximizes the utilization of management resources in the Eastern Saitama area. Additionally, the Group will undertake structural reforms to its existing transportation and 3PL businesses and strive to develop new businesses and services.

For the fiscal year ending March 31, 2026, the Group forecasts consolidated net sales of 220,000 million yen (up 5.6% YoY), operating profit of 11,900 million yen (up 8.5% YoY), ordinary profit of 12,000 million yen (up 3.0% YoY), and profit attributable to owners of parent of 7,300 million yen (up 0.2% YoY).

(2) Analysis of Financial Condition

(i) Assets, liabilities and net assets

(Assets)

Total assets increased by 3,845 million yen to 138,440 million yen.

Current assets decreased by 5,924 million yen to 66,573 million yen due to factors such as decreases in securities of 5,000 million yen and income taxes receivable of 614 million yen.

Non-current assets increased by 9,770 million yen to 71,866 million yen due to factors such as increases in buildings and structures (net) of 1,720 million yen, machinery, equipment and vehicles (net) of 1,624 million yen, tools, furniture and fixtures (net) of 1,000 million yen, construction in progress of 3,577 million yen, and leasehold and guarantee deposits of 1,158 million yen.

(Liabilities)

Total liabilities increased by 947 million yen to 78,000 million yen.

Current liabilities increased by 18,066 million yen to 50,682 million yen due to factors such as a 20,146 million yen increase in the current portion of convertible bonds resulting from the transfer of convertible bonds redeemable within one year from non-current liabilities, despite decreases in income taxes payable of 1,601 million yen and accounts payable - other of 1,240 million yen.

Non-current liabilities decreased by 17,118 million yen to 27,317 million yen due to factors such as increases in long-term borrowings of 2,077 million yen and asset retirement obligations of 653 million yen, despite a decrease in convertible bonds of 20,366 million yen.

(Net assets)

Net assets increased by 2,897 million yen to 60,440 million yen due to factors such as an increase in retained earnings of 3,091 million yen, resulting in an equity ratio of 41.7%.

(ii) Cash flows

As of the end of the current fiscal year, cash and cash equivalents decreased by 4,744 million yen from the end of the previous fiscal year to 41,136 million yen. The main factors resulting in changes in cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased by 1,900 million yen to 8,897 million yen. This was primarily attributable to a 2,604 million yen decrease in profit before income taxes, despite a 586 million yen increase in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities increased by 4,741 million yen to 10,606 million yen. This was primarily attributable to increases in expenditures of 3,668 million yen for purchase of property, plant and equipment and 1,249 million yen for purchase of shares of subsidiaries resulting in a change in the scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was 3,035 million yen (8,581 million yen provided in the previous fiscal year). This was primarily attributable to the absence of income from issuing shares, which amounted to 12,894 million yen in the previous fiscal year due to a capital increase.

Reference: Trends in cash flow-related indicators

	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Equity ratio (%)	32.7	32.1	41.0	41.7
Equity ratio based on market value (%)	159.8	223.6	135.3	119.9
Ratio of interest-bearing debt to cash flow (%)	523.6	372.3	387.1	492.9
Interest coverage ratio (multiple)	415.2	228.4	152.6	67.7

Equity ratio: Equity / total assets

Equity ratio based on market value: Market capitalization / total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / cash flow

Interest coverage ratio: Cash flow / interest payments

Notes: 1. Indicators are calculated on the basis of consolidated figures.

2. Cash flows above refer to cash flows from operating activities.

3. Interest-bearing debt is the total of all liabilities on the consolidated balance sheet on which interest is paid.

(3) Basic Dividend Policy and Dividend Payments for Fiscal Year Under Review and Next Fiscal Year

The Company's basic policy is to pay stable and continuous dividends to shareholders by promoting upfront investments for sustainable growth, striving to improve earning capacity and capital efficiency, and introducing and continuously implementing new progressive dividends. The target consolidated dividend payout ratio is approximately 40%. The Company will also inject its internal reserves into the strengthening of its financial structure, the establishment of internal infrastructure for responding to the expansion of business, the strengthening of existing business and the development of new business.

The Company intends to propose a year-end dividend of 16.00 yen per share at the 52nd Ordinary General Meeting of Shareholders to be held on June 25, 2025. An interim dividend of 16.00 yen per share has been paid.

Dividends of surplus for which the record date is during the fiscal year under review are as follows.

Resolution date	Total amount of dividends (million yen)	Dividends per share (yen)
Resolution of the Board of Directors on November 5, 2024	2,163	16.00
Resolution of the Ordinary General Meeting of Shareholders on June 25, 2025	2,163	16.00

In addition, for the next fiscal year the Company plans to distribute an annual dividend of 32.00 yen (interim dividend of 16.00 yen, year-end dividend of 16.00 yen), with a dividend payout ratio of 59.0%.

(4) Business Risks

The main risks identified by the management that could affect the consolidated financial condition, operating results, and cash flows are as follows.

The Group is appropriately aware of these risks and has established a Risk Management Committee composed of full-time Directors and Executive Officers with the Director and Executive Vice President serving as the chairperson to properly identify and rapidly respond to these risks considering their impact and frequency of occurrence. The Risk Management Committee decides the risk management policies within the Group, the current assessment of the extracted risks, and the measures to provide periodic reports to the Board of Directors.

With sufficient awareness of the occurrence of these risks centered on the Risk Management Committee, the Group will continue to strive to avoid their occurrence as much as possible and respond rapidly and appropriately in the event that they occur.

The matters related to the future mentioned in the document are as determined by the Group as of the end of the fiscal year under review and do not exhaustively cover all risks that may arise in the future.

(i) Compliance related risks

The Group is subject to regulation under various laws and regulations including the Motor Truck Transportation Business Act, and the main permits, etc. related to its various businesses are as follows. At the same time, the Companies Act, Financial Instruments and Exchange Act, and various other acts, regulations, ordinances, etc. are being applied.

The Group recognizes compliance-oriented management as an issue of utmost importance, has established the “AZ-COM Maruwa Group Charter” and “AZ-COM Maruwa Group Code of Conduct” as basic policies, promotes the legal compliance system across the entire Group, implements education and training for officers and employees, and strives to improve corporate ethics and strengthen the compliance system.

At the present time, no licenses have been revoked, but in the event of a violation of various laws and regulations in the future, the Group may be subject to punishments such as the suspension of vehicle operation by supervisory government agencies, suspension of business, revocation of permits, or fines. Moreover, in the event that a violation of the various laws and ordinances occurs in the future, it may adversely affect the Group’s corporate image and result in expenses to pay compensation for damage, and the occurrence of such events may have an impact on the Group’s financial condition, business performance, and cash flows.

Overview of permits, etc. for principal businesses

Name of permits, etc.	Name of law	Supervisory agency	Effective period	Grounds for revocation
General Motor Truck Transportation Business	Motor Truck Transportation Business Act	Ministry of Land, Infrastructure, Transport and Tourism	No period stipulated	Article 33 of the Act
First Class Consigned Freight Forwarding Business	Consigned Freight Forwarding Business Act	Ministry of Land, Infrastructure, Transport and Tourism	No period stipulated	Article 16 of the Act
Second Class Consigned Freight Forwarding Business	Consigned Freight Forwarding Business Act	Ministry of Land, Infrastructure, Transport and Tourism	No period stipulated	Article 33 of the Act
Warehousing Business	Warehousing Business Act	Ministry of Land, Infrastructure, Transport and Tourism	No period stipulated	Article 21 of the Act
Industrial Waste Disposal Collection and Transportation Business	Waste Management and Public Cleansing Act	Ministry of the Environment	Five years after permit is granted	Article 14-3-2 of the Act
Light Motor Truck Transportation Business	Motor Truck Transportation Business Act	Ministry of Land, Infrastructure, Transport and Tourism	No period stipulated	Article 36, paragraph 2 of the Act

(ii) Risk of fluctuations in major clients

The Group tends to have a high dependence on specific clients because its principal business is bulk consignment to logistics functions (3PL). The Group will aim for stable growth by striving to diversify buyers and build good relationships of trust with these clients.

The Group aims to differentiate itself by providing finely tuned responses to the different needs of each customer and is proceeding with a variety of initiatives aimed at maintaining and strengthening competitiveness in the future. At the present time, relations with major clients are good, but the occurrence of changes in transaction agreements or the dissolution of agreements due to unforeseen circumstances may have an impact on the Group’s financial condition, operating results, and cash flows.

(iii) Risk of rising oil prices

The Group operates a motor truck transportation business. An increase in transportation costs is unavoidable in the event diesel fuel prices rise due to rising global oil prices. Therefore, the Group is maintaining positive relationships with fuel suppliers and advancing rate negotiations with suppliers for the equivalent increase in transportation costs while simultaneously engaging in price negotiations to reduce the procurement costs of diesel fuel. However, if the price negotiations fail or an increase in transportation costs cannot be transferred to the freight charges, this may have an impact on the Group's financial condition, operating results, and cash flows.

(iv) Risk of the occurrence of serious accidents

The Group owns many business vehicles for operating its motor truck transportation business, and transports a wide variety of products. In the logistics business, the Group has many employees working at the logistics centers. In either case, serious life-threatening accidents can not only undermine the trust of the Group's customers and its social credibility but also subject the Group to administrative or even criminal punishment if it is convicted of a violation of the Industrial Safety and Health Act. Therefore, the Safety Department plays a central role in actively engaging in the supervision of safe driving, etc., such as ensuring operation management through rotating instruction, hosting accident prevention study groups, and establishing a safety advice leader who is assigned and appointed in each business location. In addition, the Labor Department leads the Industrial Accidents Prevention Project, which is the company-wide efforts to proactively address the possible risks of industrial accidents. However, in the event that such events occur, they may have an impact on the Group's financial condition, operating results, and cash flows.

(v) Risks pertaining to M&A

The Group actively utilizes M&A to expand both new and existing businesses and strives to enhance corporate value. In implementing M&A, the Group conducts due diligence involving external experts to objectively assess factors such as business growth potential, synergistic effects, and dependency on specific customers. When calculating corporate value, the Group anticipates business fluctuation risks considering the future business environment and shares information with the designated entity to ensure an accurate valuation. In decision-making, the investment committee discusses investment amounts and other matters thoroughly based on internal regulations, and decisions are deliberated on and made by the Board of Directors, which also incorporates impartial insights from external directors. However, significant deviations from the initial plan due to changes in the social and business environments, delays in the post merger integration (PMI) process, or other unexpected circumstances may impact the Group's financial condition, operating results, and cash flows.

(vi) Risk of the occurrence of serious disasters

The Group operates many logistics centers and handles products of client enterprises and information related thereto. The situations such as transportation routes being cut off or logistics systems being stopped due to disasters such as fires, earthquakes and flooding, or the occurrence of power outages may lead to delays in operations. Therefore, as initiatives to prevent disasters in advance and to respond in the event that a disaster occurs, the Group is applying its experiences with past disasters to take action based on the Business Continuity Plans (BCP) formulated by each business location beginning with the head office (alternate functions for the Yoshikawa head office, changing of the logistics center shipment site, etc.) and implementing measures such as the rapid establishment of a "Disaster Risk Management Office" and a "Disaster Preparedness Office" in the event that a disaster occurs. However, in the event that such events occur, they may have an impact on the Group's financial condition, operating results, and cash flows.

(vii) Risks pertaining to information system management

The Group handles confidential and personal information in the course of providing various logistics services and is implementing information management systems in its logistics centers. The Group is striving to strengthen the awareness of security issues and engage in thorough personal information management through internal education based on the "information security policies" centered around the IT Department while also creating security measures (including virus monitoring and firewall protection) and backup center features and implementing system outage measures such as installing emergency generators in the server rooms, etc. However, circumstances such as external leaks of information or loss of data or personal information may result not only in a decline in social confidence in the Group but also expose it to claims for compensation for damages. Moreover, in the event of an unavoidable and prolonged system outage due to a natural disaster, computer virus or hacking, such an incident may have an impact on the Group's financial condition, operating results, and cash flows.

(viii) Risks pertaining to capital investment

Logistics centers are important facilities in the operation of the Group's logistics business, and capital investment such as the establishment and expansion of logistic centers according to the increase in clients and product turnover is necessary in order to sustain the expansion of business. However, if large-scale capital investment is carried out, there is a possibility of expenses arising in advance due to the need for a certain period until full-scale operation.

When investing in large-scale equipment, the Group establishes an investment committee as a verification body to conduct the necessary level of deliberation and examination while simultaneously striving to assess the situation by requiring periodic deliberation reports to the Board of Directors.

Currently, the Group is pre-purchasing the building sites for the logistics centers (some of which are agricultural land) including the expansion of the site at the Higashisaitama Technopolis in Yoshikawa City, Saitama Prefecture where the head office is located, and the site of a new logistic center in Matsubushi Town located in Kitakatsushika County. However, if the capital investment does not proceed as planned due to factors such as delays in the acquisition of permits or negotiations for the purchase of land or if the plan cannot be implemented according to schedule due to the loss of opportunities to receive orders and other factors, this may have an impact on the Group's financial condition, operating results, and cash flows.

(ix) Financing risk

The Group has continued capital investment such as expansion of logistics centers, and has primarily allocated loans from financial institutions to this. Interest-bearing debt as of March 31, 2025 totaled 43,854 million yen. At the present time, there are no concerns about new financing required because relations with financial institutions are good, but in the event financing is impeded by a deterioration in relations with financial institutions in the future and so forth for some reason such as a sudden deterioration in business performance or a significant fluctuation in the social environment and financial conditions, these phenomena may have an impact on the Group's financial condition, operating results, and cash flows. For this reason, the Group strives to reduce these risks by diversifying its financing methods.

(x) Environmental regulatory risk

The Group is subject to a variety of environmental laws and regulations, including regulating air pollution, water contamination, soil and groundwater contamination, the handling and removal of toxic substances, and waste processing, etc. Therefore, because the Group owns many business vehicles, employees engaged in driving attend eco-driving training sessions so that they habitually drive in a manner to improve fuel economy daily, and the Group provides instructions mainly through the operation managers so that the employees try to drive while considering reducing carbon emissions. In addition, for waste processing, the Group entrusts work to highly reliable waste processors in the network of our Industrial Waste Disposal Collection and Transportation Business, and the Group conducts business activities by paying careful attention to laws and regulations. However, if environmental regulations become stricter in the future due to changes in laws and expenses increase or if the Group is subject to liability, etc. for damages in past, present and future business, this may have an impact on the Group's financial condition, operating results, and cash flows.

(xi) Risk of securing and developing human resources

The Group urgently needs to continue securing and developing personnel, both new graduates and mid-career hires, through active recruitment to further expand its business in the future. Especially for new graduates, the Group is striving to secure talented human resources through internships and active recruitment based on a recruitment initiative by all employees while also implementing periodic interviews and personnel transfers and improving the internal training systems to promote the development of a fulfilling workplace environment and focus on the cultivation of future management personnel. However, in the event that it becomes difficult going forward to secure personnel as planned due to an increase in job offerings, etc., associated with the competition for highly-skilled human resources, or if there is an outflow of current employees, this may have an impact on the Group's performance and management structure.

(xii) Risks of securing and developing management

Group officers play important roles in the business fields that they are in charge of. In the event that these officers become unable to execute their duties or the Group becomes unable in the future to secure the human resources capable of fulfilling the important roles, it may have an impact on the Group's performance and management structure. Therefore, the Group is implementing the "CEO Succession Program" to cultivate the next generation of managers while also selecting part-time officers for subsidiaries from among the candidates for executive positions and implementing measures to enable them to gain experience to cultivate successors.

(xiii) Risk due to the spread of infectious diseases

The Group has taken various measures to prevent the spread of infectious diseases, including conducting body temperature checks, and implementing mask wearing and hand sanitizing. The Group has also utilized Internet-based conferencing, limited participant numbers in training, refrained from business trips, banned lunch meetings with large groups, and introduced staggered shift times and working from home. At present, COVID-19 has been reclassified to a lower category of infectious disease, reducing its impact on social life. However, if new infectious diseases emerge causing cluster infections at the Group's logistics centers or head office facilities, it might be necessary to suspend distribution to customer companies and head office functions, which may have an impact on the Group's financial condition, operating results, and cash flows.

2. Overview of the Corporate Group

The Group is made up of a total of 25 companies, including the Company (pure holding company) and its 20 consolidated subsidiaries and four non-consolidated subsidiaries (of which one is a dormant company). Its operations are focused on logistics businesses that encompass third-party logistics (3PL) and transportation services.

The Group's business are as follows.

The business categories are the same as the categories in the segment information shown in "(5) Notes to Consolidated Financial Statements (Segment Information)."

The Company is designated as a Specified Listed Company under Article 49, Paragraph 2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. As a result, the materiality thresholds for insider trading regulations are determined based on consolidated figures.

(1) Logistics business

(i) Third-party logistics (3PL)

The Group conducts business centered on comprehensive third-party logistics (3PL) in which it provides logistics consulting to customers to ascertain their logistics needs and wants, draft logistics strategies and build logistics systems.

Specifically, it selects logistics center candidates based on customers sales locations and transportation routes, and proposes aspects such as the design of centers and the establishment of management procedures for tasks within centers (from product sourcing, supply and storage to distribution processing, picking, packaging, sorting and shipment inspections) and diagrams of transportation, and reverse logistics (logistics for returns).

Of these, it continually proposes logistics reforms to customers in the key 3PL categories of e-commerce and ordinary-temperature logistics, food logistics, and medicine & medical logistics in an effort to expand its business.

(ii) Transportation services

The Group provides transportation services according to the application such as general freight transportation, light freight transportation (same-day delivery, Internet supermarkets, etc.), special mixed freight transportation, transportation using rail, and collection and transportation of industrial waste.

(2) Other

(i) Document storage

This provides an optimal comprehensive management service for documents by offering comprehensive support from the occurrence of documents to their destruction, including thorough management of originals such as storage and transportation of the originals of important documents such as application forms and agreements, real-time document searching and viewing of electronic data using Web applications, and conversion of documents into electronic data using information technology.

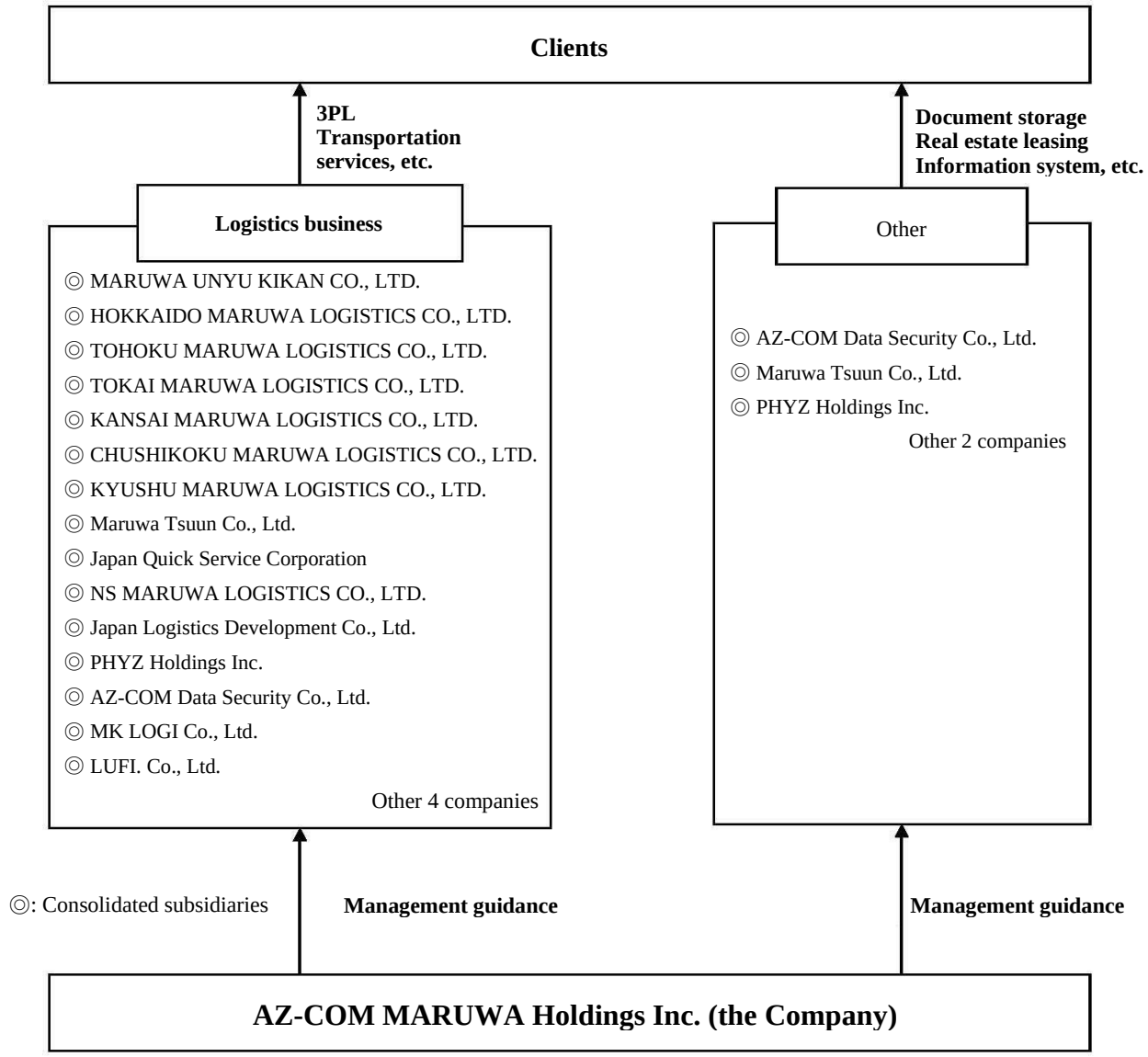
(ii) Real estate leasing

Leasing management operations of buildings and parking areas, etc. are carried out mainly in the Tokyo metropolitan area.

(iii) Information system

The Group provides system consulting services such as dispatching IT engineers, developing various information systems, and creating websites.

A chart of the Group's businesses is shown below.



Notes: 1. The companies shown in business segments are the Group's consolidated subsidiaries.

2. The "Other" category contains business segments that are not included in reportable segments.

3. Management Policies

(1) The Company's Basic Management Policies

Following its management philosophy to "become a leader in the third-party logistics (3PL) industry, always putting customers' interests first and contributing to the wellbeing of all the allies and to the creation of a prosperous society," the Group undertakes 3PL operations that mainly takes place at logistic centers, focusing exclusively on EC logistics (mainly for the retail industry), low-temperature food logistics, medicine & medical logistics, and specialized BCP logistics. As a group of logistics professionals capable of providing a comprehensive solution to its customers' operational needs by enhancing human resources development, acquiring the latest knowledge and skills, designing original logistics solutions that enable the optimization of logistics, and investing in DX research and development, the Group is committed to contributing to the "development of the community" and to the "creation of a prosperous society."

(2) Target Management Indicators

The Group will aim to stably maintain the following indicators as indicators for ongoing improvement of financial strength and earning capacity serving as the foundation for management and for providing returns of profits commensurate with improvements in profits.

(i) Equity ratio: 45% or higher
(ii) Ordinary profit to net sales ratio: 8% or higher
(iii) ROE: 15% or higher

(3) The Company's Medium- to Long-term Management Strategy

In order for the Group to achieve sustained growth, the Group is expanding business in the core domains of EC logistics, low-temperature food logistics, and medicine & medical logistics, securing and training personnel to support business expansion in the face of severe shortages of personnel and operational vehicles, and driving labor-saving and productivity improvements through DX. In addition, for further business expansion, the Group will allocate management resources appropriately and improve management efficiency through the concentration of investment in growth businesses and the revitalization and reorganization of low-profit businesses, while actively engaging in ESG management, aiming to simultaneously maximize economic value and create social value. The medium-term priority measures are as follows.

(i) Expansion and development of core businesses to respond to increasing logistics demand in growing markets

EC logistics business

The Group has been working on further business expansion by establishing a high-quality, high-efficiency logistics process that is based on the integrated supply chain (center operation, trunk transport service, last one mile) to serve both existing and new customers.

Low-temperature food logistics business

The Group has been working on creating a procurement network that builds on AZ-COM7PL (AZ-COM Seven Performances Logistics/3PL with the addition of seven management support functions) which is a service menu that puts together the logistics know-how for supermarkets, establishing a direct-from-the-farm platform capable of accommodating various transportation modes, and improving the quality of logistics to ensure compliance with HACCP (a food hygiene control system).

Medicine & medical logistics business

The Group has been optimizing its logistics network across the country and rebuilding its logistics centers in line with the client companies' business strategies using cutting-edge technology.

(ii) Securing a more diverse pool of talent as the Group grows larger in scale, and ensuring the optimum allocation and training of human resources

To secure and train the human resources necessary to drive future business expansion, the Group is committed to diversifying its employment channels to enable mid-career hiring of industry-ready recruits in addition to strengthening hiring of new graduates. The Company is also committed to promoting strategic human resources development that takes into consideration the skills and manpower required to drive business expansion, and to ensuring the proper allocation of human resources and the prevention of employee turnover by using the Talent Management scheme that aims to maximize human resources.

(iii) Building a sustainable logistics model by promoting DX

In response to social issues such as labor shortages and rising transportation costs, the Group will shift to "Data-Driven Management" to build a sustainable logistics model. The Group will analyze data collected and accumulated using IT tools and strive to create a data-driven business information infrastructure that enables appropriate and rapid decision-making.

(iv) Concentrated investment of management resources in businesses that have growth potential and high capital efficiency, and revitalization/restructuring of businesses

To optimally reinvest management resources, the Group measures the growth potential and capital efficiency of each business and concentrates management resources in core businesses, thereby accelerating business growth. Furthermore, it uses the return on invested capital (ROIC) tree to identify business-specific improvement drivers that can help revitalize poorly performing businesses and restructure unprofitable businesses.

(v) Creating shared value with the society through business activities and implementing corporate governance reform

To fulfill its responsibility as a logistics company listed on the Tokyo Stock Exchange Prime Market, the Group is committed to not only reducing its greenhouse gas (GHG) emissions but also improving environmental/social value through its business activities. It also promotes the "AZ-COM Network," through which it collaborates with its partners on the basis of relationships of mutual support, and utilizes the "AZ-COM BCP Network" to provide safe, secure, and stable logistics even in times of emergencies and to create a robust logistics network. These efforts signify the Group's determination to carry out its duties as a public instrument that serves the society.

Looking ahead to the next generation, the Group is also implementing corporate governance reform to achieve enduring success.

(4) Issues to be Addressed by the Company

The business environment surrounding the Group has become increasingly uncertain due to geopolitical risks such as the prolonged Russian invasion of Ukraine and the US-China conflict, together with the situation in the Middle East, in addition to the impact of policy trends under the new US administration. Domestically, conditions remain challenging, with personal consumption continuing to be sluggish due to rising prices and various costs remaining high.

Under such conditions, the Group will engage in business reforms and the transformation of awareness and behavior of every employee in order to be able to meet all the needs of customers by optimizing overall management resources to enable sustainable growth. The Group is also addressing changes in the labor environment and solving issues such as shortages of human resources and vehicles in operation, aiming to build a system that can handle business expansion. The main measures are as follows.

(i) Promotion of group management under the pure holding company scheme

The Group will strive to maximize the corporate value of the entire Group by strengthening the function of promoting group management strategy, clarifying responsibility and authority and accelerating decision-making, and strengthening group governance.

(ii) Strengthening of sales

In order to acquire new customers, the Group will focus the sights of our sales team, continue to conduct concentrated sales activities closely associated with customers, and endeavor to develop new customers and expand our share of business of existing customers by quickly gathering information on customers' needs and making proposals to improve logistics to meet continuously changing social environment and customer needs.

(iii) Strengthening of operations

By fully implementing company-wide "daily account management" aimed at control of details expenses and improvement of business efficiency such as assignment of personnel and efficient allocation of vehicles by focusing on the day-to-day changes in customers' freight volume, the Group will endeavor to create a stable earnings base able to immediately respond to all changes in the environment.

In order to overcome various problems, such as the emerging shortage of human resources and operating vehicles, the Group will strive to expand AZ-COM Network membership and continue to engage in the creation of a stable transportation system and the securing of human resources through strengthened coordination with partner companies.

(iv) Business expansion through M&A

The Group has promoted M&A as a management strategy to further expand its business as well as to satisfy customer needs. Before executing M&A, the Group will take into account a comprehensive range of factors, including the calculation of investment effects, verification of synergies, and the possibility of integrating with its corporate culture. The Group will also implement appropriate PMI (Post Merger Integration) to create synergies and strengthen governance.

(v) Strengthening of recruitment activities

Amid all types of changes in the business environment, securing various human resources in each business area is essential for future business expansion. To achieve this goal, the Group will secure talented personnel by enhancing benefit packages, strengthening our recruiting system such as promoting a company-wide all-recruiting system in which everyone from top

management to new employees is involved in recruiting activities, and recruiting talented new graduates and skilled experienced workers.

(vi) Strengthening of management

In order to build a company that has the confidence and trust of society, the Group will endeavor to ensure not only compliance with laws and regulations, but also to strengthen the internal control system and risk management system, and conduct sound corporate management by endeavoring to ensure behavior in accordance with corporate ethics.

(vii) Strengthening of safety measures

In order to fulfill our social responsibility as a logistics company, the Group will set a goal of zero accidents and are committed to further safety enhancement measures to eliminate accidents through regular safety inspection by the Safety Department and driver safety education using the latest digital tachograph and drive recorder information. Furthermore, the Group will also actively engage in conservation of the environment such as the promotion of eco-driving and the reduction of the environmental impact of vehicles and facilities.

(viii) Enhancing governance

In order to make our governance system even more effective, the Group has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. The Nomination and Compensation Committee, with a majority of independent outside directors to ensure independence and objectivity, provides advice and issues reports on the processes for selecting director candidates and determining director compensation. By also conducting evaluations of Board of Director effectiveness to further improve its function, the Group is working to ensure management transparency and objectivity with an awareness of diversity while further enhancing corporate governance.

(ix) Promoting Digital Transformation

In order to address the rapidly changing business environment and succeed in a fiercely competitive market, the Group has promoted Digital Transformation (DX). The aim is to further accelerate the transformation of our logistics business as a new social infrastructure. DX will improve the efficiency of operations and the quality of our logistics services using advanced technology. This includes automation of operations through centralization, as well as development and adoption of AI technology for vehicle allocation and freight volume forecasting.

(x) Promoting sustainability

The Group will identify materiality (key issues) and work to achieve CSV (Creating Shared Value: value shared with society) in order to enhance corporate value and achieve sustainable growth over the medium to long term, thereby fulfilling our social responsibility through our business activities by realizing sustainability management.

(xi) Realizing management conscious of the cost of capital and stock price

Based on an accurate assessment of the cost of capital, the Group indicates basic policies for earnings plans and capital policy while also setting targets related to earning capacity, capital efficiency, etc., and promotes initiatives such as business portfolio reviews to achieve these targets. Through this, the Group aims to appropriately allocate management resources and optimize the cost of capital with the goal of realizing increased corporate value.

(5) Other Matters Material to the Management of the Company

Not applicable.

4. Basic Approach to Selection of Accounting Standards

The Group currently utilizes Japanese standards because foreign investors only account for a small percentage of investors. However, the Group intends to consider the adoption of International Financial Reporting Standards (IFRS) depending on its future business developments or how its circumstances (including the percentage of foreign investors, the needs of investors, etc.) may change in the future.

5. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	41,156	41,395
Notes and accounts receivable - trade	22,242	22,952
Supplies	89	90
Securities	5,000	—
Prepaid expenses	1,342	1,883
Income taxes receivable	629	14
Other	2,040	240
Allowance for doubtful accounts	(2)	(2)
Total current assets	72,498	66,573
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,972	25,576
Accumulated depreciation	(12,378)	(13,261)
Buildings and structures, net	10,593	12,314
Machinery, equipment and vehicles	4,972	6,775
Accumulated depreciation	(2,799)	(2,978)
Machinery, equipment and vehicles, net	2,173	3,797
Tools, furniture and fixtures	2,937	4,347
Accumulated depreciation	(1,621)	(2,031)
Tools, furniture and fixtures, net	1,315	2,315
Land	15,020	15,020
Leased assets	1,851	2,422
Accumulated depreciation	(850)	(1,111)
Leased assets, net	1,001	1,311
Construction in progress	3,812	7,389
Other	44	44
Total property, plant and equipment	33,960	42,193
Intangible assets		
Goodwill	3,399	4,205
Software	541	883
Customer-related assets	5,917	5,461
Other	383	379
Total intangible assets	10,241	10,929
Investments and other assets		
Investment securities	11,318	10,935
Long-term loans receivable	169	149
Deferred tax assets	874	1,011
Retirement benefit asset	691	658
Leasehold and guarantee deposits	4,181	5,340
Other	673	712
Allowance for doubtful accounts	(14)	(62)
Total investments and other assets	17,893	18,744
Total non-current assets	62,096	71,866
Total assets	134,594	138,440

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,669	12,977
Short-term borrowings	15	11
Current portion of convertible bonds	-	20,146
Current portion of long-term borrowings	5,069	4,984
Lease liabilities	280	349
Income taxes payable	3,635	2,034
Provision for bonuses	897	1,069
Accounts payable - other	7,832	6,592
Accrued expenses	1,456	1,880
Other	758	635
Total current liabilities	32,615	50,682
Non-current liabilities		
Bonds payable	35	15
Convertible bonds	20,366	-
Long-term borrowings	15,237	17,315
Lease liabilities	771	1,011
Deferred tax liabilities	4,000	4,000
Retirement benefit liability	1,156	1,477
Asset retirement obligations	844	1,497
Provision for share awards for directors	49	47
Provision for share-based remuneration for employees	67	169
Provision for retirement benefits for directors (and other officers)	62	70
Other	1,844	1,713
Total non-current liabilities	44,436	27,317
Total liabilities	77,052	78,000
Net assets		
Shareholders' equity		
Share capital	9,117	9,117
Capital surplus	8,800	8,801
Retained earnings	39,525	42,617
Treasury shares	(5,755)	(5,987)
Total shareholders' equity	51,688	54,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,587	3,608
Remeasurements of defined benefit plans	(158)	(381)
Total accumulated other comprehensive income	3,428	3,227
Non-controlling interests	2,425	2,663
Total net assets	57,542	60,440
Total liabilities and net assets	134,594	138,440

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	198,554	208,370
Cost of sales	175,259	186,957
Gross profit	23,295	21,413
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	736	750
Salary allowance	2,394	2,472
Outsourcing expenses	647	1,370
Retirement benefit expenses	33	33
Provision of allowance for doubtful accounts	3	18
Provision for bonuses	113	142
Provision for share awards for directors	10	(0)
Provision for share-based remuneration for employees	15	108
Other	5,496	5,547
Total selling, general and administrative expenses	9,449	10,443
Operating profit	13,845	10,969
Non-operating income		
Interest income	222	233
Dividend income	197	237
Gain on sales of non-current assets	67	47
Settlement income	100	-
Grant income	106	167
Other	296	190
Total non-operating income	992	875
Non-operating expenses		
Interest expenses	71	137
Commission for syndicated loans	209	10
Other	58	50
Total non-operating expenses	339	199
Ordinary profit	14,498	11,645
Extraordinary income		
Gain on sales of non-current assets	58	-
Gain on sale of investment securities	-	314
Total extraordinary income	58	314
Extraordinary losses		
Loss on sales of non-current assets	6	-
Loss on valuation of investments in capital	-	15
Total extraordinary losses	6	15
Profit before income taxes	14,549	11,944
Income taxes - current	5,052	4,408
Income taxes - deferred	22	(98)
Total income taxes	5,074	4,310
Profit	9,474	7,634
Profit attributable to non-controlling interests	355	350
Profit attributable to owners of parent	9,119	7,284

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	9,474	7,634
Other comprehensive income		
Valuation difference on available-for-sale securities	505	22
Remeasurements of defined benefit plans, net of tax	50	(222)
Total other comprehensive income	555	(200)
Comprehensive income	10,030	7,434
(Breakdown)		
Comprehensive income attributable to owners of parent	9,674	7,083
Comprehensive income attributable to non-controlling interests	356	351

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,670	2,348	33,781	(5,757)	33,044
Changes during period					
Issuance of new shares	6,447	6,447			12,894
Purchase of shares of consolidated subsidiaries		5			5
Dividends of surplus			(3,375)		(3,375)
Profit attributable to owners of parent			9,119		9,119
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				2	2
Purchase of treasury shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	6,447	6,452	5,743	1	18,644
Balance at end of period	9,117	8,800	39,525	(5,755)	51,688

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,082	(208)	2,873	2,244	38,162
Changes during period					
Issuance of new shares					12,894
Purchase of shares of consolidated subsidiaries					5
Dividends of surplus					(3,375)
Profit attributable to owners of parent					9,119
Purchase of treasury shares					(0)
Disposal of treasury shares					2
Purchase of treasury shares of consolidated subsidiaries					(0)
Net changes in items other than shareholders' equity	504	50	554	180	735
Total changes during period	504	50	554	180	19,380
Balance at end of period	3,587	(158)	3,428	2,425	57,542

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,117	8,800	39,525	(5,755)	51,688
Changes during period					
Dividends of surplus			(4,192)		(4,192)
Profit attributable to owners of parent			7,284		7,284
Purchase of treasury shares				(240)	(240)
Disposal of treasury shares				8	8
Disposal of shares of consolidated subsidiaries		0			0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	3,091	(231)	2,860
Balance at end of period	9,117	8,801	42,617	(5,987)	54,548

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,587	(158)	3,428	2,425	57,542
Changes during period					
Dividends of surplus					(4,192)
Profit attributable to owners of parent					7,284
Purchase of treasury shares					(240)
Disposal of treasury shares					8
Disposal of shares of consolidated subsidiaries					0
Net changes in items other than shareholders' equity	21	(222)	(200)	238	37
Total changes during period	21	(222)	(200)	238	2,897
Balance at end of period	3,608	(381)	3,227	2,663	60,440

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	14,549	11,944
Depreciation	2,550	2,923
Amortization of goodwill	390	450
Increase (decrease) in allowance for doubtful accounts	(29)	29
Increase (decrease) in provision for bonuses	(25)	172
Increase (decrease) in allowance for other	31	115
Increase (decrease) in retirement benefit liability	156	75
Interest and dividend income	(420)	(470)
Interest expenses	71	137
Loss (gain) on sale and retirement of property, plant and equipment	(94)	(25)
Loss (gain) on sale of investment securities	-	(314)
Loss on valuation of investments in capital	-	15
Decrease (increase) in trade receivables	(2,716)	(337)
Increase (decrease) in trade payables	390	15
Increase (decrease) in accounts payable - other	888	(765)
Increase (decrease) in accrued consumption taxes	(166)	(116)
Other, net	(72)	350
Subtotal	15,504	14,201
Interest and dividends received	198	249
Interest paid	(70)	(131)
Income taxes paid	(4,835)	(5,421)
Net cash provided by operating activities	10,798	8,897
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,043)	(8,712)
Proceeds from sale of property, plant and equipment	306	101
Purchase of intangible assets	(338)	(448)
Purchase of investment securities	(204)	(34)
Proceeds from sale of investment securities	(71)	835
Loan advances	(9)	(8)
Proceeds from collection of loans receivable	57	34
Payments of leasehold and guarantee deposits	(1,181)	(1,756)
Proceeds from collection of leasehold and guarantee deposits	198	597
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,249)
Proceeds from the purchase of shares of subsidiaries resulting in change in scope of consolidation	9	-
Other, net	269	34
Net cash provided by investing activities	(5,864)	(10,606)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	-	448
Repayments of short-term borrowings	(300)	(451)
Repayments of lease liabilities	(297)	(356)
Proceeds from long-term borrowings	5,100	7,600
Repayments of long-term borrowings	(5,247)	(5,708)
Dividends paid	(3,375)	(4,192)
Dividends paid to non-controlling interests	(155)	(113)
Purchase of treasury shares	-	(240)
Income from issuing shares	12,894	-
Other, net	(35)	(21)
Net cash provided by financing activities	8,581	(3,035)
Net increase (decrease) in cash and cash equivalents	13,515	(4,744)
Cash and cash equivalents at beginning of period	32,365	45,880
Cash and cash equivalents at end of period	45,880	41,136

(5) Notes to Consolidated Financial Statements

(Notes related to the going concern assumption)

Not applicable.

(Important items for the preparation of the consolidated financial statements)

1. Matters Related to the Scope of Consolidation

(1) Number of consolidated subsidiaries: 20

Names of principal consolidated subsidiaries

MARUWA UNYU KIKAN CO., LTD.
HOKKAIDO MARUWA LOGISTICS CO., LTD.
TOHOKU MARUWA LOGISTICS CO., LTD.
TOKAI MARUWA LOGISTICS CO., LTD.
KANSAI MARUWA LOGISTICS CO., LTD.
CHUSHIKOKU MARUWA LOGISTICS CO., LTD.
KYUSHU MARUWA LOGISTICS CO., LTD.
Maruwa Tsuun Co., Ltd.
Japan Quick Service Corporation
NS MARUWA LOGISTICS CO., LTD.
Japan Logistics Development Co., Ltd.
PHYZ Holdings Inc.
MK LOGI Co., Ltd.
LUFI. Co., Ltd.
AZ-COM Data Security Co., Ltd.

Changes in the scope of consolidation

LUFI. Co., Ltd. is included in the scope of consolidation from the current fiscal year due to the acquisition of its shares.

(2) Principal non-consolidated subsidiaries

Japan Logistics Institute Co., Ltd.
Japan Taro's Co., Ltd.
AZ-COM Business Support, Inc.
Noumu Co., Ltd.

Reasons for exclusion from the scope of consolidation

The four non-consolidated subsidiaries are all small companies, and their combined total assets, net sales, profit (amount corresponding to equity holding) and retained earnings (amount corresponding to equity holding), etc. do not have a significant impact on the consolidated financial statements.

2. Matters Related to Application of the Equity Method

Name of non-consolidated subsidiaries to which equity method does not apply

Japan Logistics Institute Co., Ltd.
Japan Taro's Co., Ltd.
AZ-COM Business Support, Inc.
Noumu Co., Ltd.

Reasons for not applying the equity method

The companies to which the equity method does not apply are excluded from the scope of application of the equity method because the impact of their profit (amount corresponding to equity holding) and retained earnings (amount corresponding to equity holding), etc. is minor and they are not significant overall.

3. Matters Related to the Business Years of Consolidated Subsidiaries

The end of the fiscal year of consolidated subsidiaries is the same as the end of the consolidated fiscal year.

4. Matters Related to Accounting Policies

(1) Valuation standards and valuation methods for material assets

Securities

Other securities

Securities other than shares, etc., for which no market price is available

Market value method

(Valuation differences are directly charged or credited to net assets, and cost of securities sold is calculated by the moving average method)

Shares, etc., for which no market price is available

Stated at cost using the moving average method

(2) Methods of depreciation of material depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is applied. However, the declining-balance method is applied to buildings acquired on or before March 31, 1998 (excluding facilities attached to buildings), to facilities attached to buildings and structures acquired on or before March 31, 2016, and to vehicles, tools, furniture and fixtures belonging to some of the consolidated subsidiaries.

The main useful lives are as follows.

Buildings and structures: 2 to 65 years

Machinery, equipment and vehicles: 2 to 17 years

Tools, furniture and fixtures: 2 to 20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

The straight-line method is applied to software (used within the Company) over the period for which it can be used within the Company (five years) and to customer-related assets over their useful lives (5 to 17 years).

(iii) Leased assets

Leased assets pertaining to finance lease transactions transferring ownership

The same method as the method of depreciation applicable to non-current assets owned by the Company is used.

Leased assets pertaining to finance lease transactions not transferring ownership

The straight-line method is applied with the lease period as the useful life and zero residual value.

(3) Accounting standards for significant provisions

(i) Allowance for doubtful accounts

To protect against potential losses from uncollectable notes and accounts receivable, a provision is made on general receivables based on historical rates, and an amount anticipated to be unrecoverable is recorded after individually considering the recoverability of specific cases such as doubtful receivables.

(ii) Provision for bonuses

To appropriate funds for the payment of bonuses to employees (including the portion for employees who concurrently serve as employees and officers), a provision is made for the expected amount of the payment for employees for the fiscal year under review.

(iii) Provision for share awards for directors

To appropriate funds for the benefits of the Company’s stocks to the directors under the Rules on Stock Benefit for Directors, the provision is made for the expected amount of stock benefit obligations at the end of the fiscal year under review.

(iv) Provision for share awards for employees

To appropriate funds for the benefits of the Company’s stocks to employees under the Rules on the ESOP Stock Benefit Trust, the provision is made for the expected amount of stock benefit obligations at the end of the fiscal year under review.

(v) Provision for retirement benefits for directors (and other officers)

To appropriate funds for payment of retirement benefits to directors, some of the consolidated subsidiaries post the amount of payment required at the year-end as mandated by the Rules on Retirement Benefits for Directors.

(4) Methods of accounting for retirement benefits

(i) Method of attribution of period of expected amount of retirement benefits

When calculating retirement benefit obligations, a benefit calculation formula standard is used as the method of attribution of the expected amount of retirement benefits until the end of the fiscal year under review.

(ii) Method of accounting for the expense of actuarial differences and past service expenses

The entire amount of past service expenses is accounted for in the year of occurrence thereof.

Actuarial differences are amortized using the straight-line method over the average remaining number of years of service from the period following their occurrence.

(iii) Adoption of simplified method in small companies

Certain consolidated subsidiaries of the Company adopt a simplified method using the amount required at the year-end for voluntary retirement as the retirement benefit obligations in the calculation of retirement benefit liability and retirement benefit expenses.

(5) Accounting standards for significant revenues and expenses

Details about the main obligations that need to be fulfilled with regard to revenues arising from contracts signed with the customers of either the Company or its consolidated subsidiaries and the usual time points at which those obligations are to be fulfilled (or those revenues are to be recognized) are provided in the following paragraphs.

The Company and its consolidated subsidiaries mainly engage in two logistics businesses: (1) third-party logistics (3PL) whereby they undertake a series of operations ranging from receipt, storage, shipment, and delivery of goods to provide logistics services to their customers, and (2) transportation services whereby they collect and deliver products to their customers.

A series of services they promise to deliver to their customers as per the service agreement are recognized as a single obligation to be fulfilled. In principle, this obligation is fulfilled over a certain period of time, which is usually short in duration, and revenue is recognized when the obligation is deemed fulfilled (when goods are shipped in the case of 3PL and when products are delivered to the customers in the case of transportation services).

(6) Method and amortization period of amortization of goodwill

Goodwill is amortized over a 6 to 17 years period on a straight-line basis.

(7) Scope of cash in consolidated statement of cash flows

Cash on hand, demand deposits and short-term investments that have high liquidity due to being redeemable within three months after acquisition, are easily convertible to cash and are risk averse to value fluctuations.

(Notes to segment information)

[Segment information]

1. Overview of reportable segments

(1) Method for determining reportable segments

The Company's reportable segments are those units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about allocation of resources and assessing performance.

In addition to the "Logistics Business" centered on logistics center operation and freight transportation, the Company provides services such as a document storage warehouse leasing business and a real estate leasing business, and conducts business activities by drafting comprehensive strategies for each service. Furthermore, actual services are provided through sales offices and subsidiaries, and the economic characteristics of the sales offices and subsidiaries providing the same services are generally similar.

Therefore, the Company is made up of segments which aggregate centers and subsidiaries by service, and the "Logistics Business" is a reportable segment.

(2) Types of products and services in each reportable segment

The "Logistics Business" primarily conducts center operation, general freight transportation and warehousing business.

2. Methods of calculation of the amounts of net sales, profit or loss, assets, liabilities and other items in each segment

The accounting methods for the business segments reported are generally same as those shown in "Important items for the preparation of the consolidated financial statements."

Profit of reportable segments are figures based on operating profit. Internal sales and transfers between segments are based on actual market prices.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items in each segment

Previous Fiscal Year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	195,969	2,585	198,554	-	198,554
(2) Internal sales and transfers between segments	46	408	455	(455)	-
Total	196,016	2,993	199,010	(455)	198,554
Segment profit	13,849	383	14,233	(387)	13,845
Other items					
Depreciation	2,156	156	2,313	237	2,550
Amortization of goodwill	390	-	390	-	390

Notes: 1. The “Other” category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.

2. Adjustments to segment profit and depreciation represent income (loss) and expenses related to the holding company that do not belong to any segment.

3. Segment profit has been adjusted with operating profit from the consolidated statement of income.

4. The amounts of segment assets and liabilities are not shown because they are not subject to regular review for the purpose of making decisions about allocation of resources and assessing performance.

Current Fiscal Year (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Logistics business				
Net sales					
(1) Net sales to external customers	205,598	2,771	208,370	-	208,370
(2) Internal sales and transfers between segments	50	446	497	(497)	-
Total	205,648	3,218	208,867	(497)	208,370
Segment profit	11,330	418	11,749	(779)	10,969
Other items					
Depreciation	2,535	149	2,685	238	2,923
Amortization of goodwill	450	-	450	-	450

Notes: 1. The “Other” category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business, the real estate leasing business and the information system business.

2. Adjustments to segment profit and depreciation represent income (loss) and expenses related to the holding company that do not belong to any segment.

3. Segment profit has been adjusted with operating profit from the consolidated statement of income.

4. The amounts of segment assets and liabilities are not shown because they are not subject to regular review for the purpose of making decisions about allocation of resources and assessing performance.

(Per share information)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Current Fiscal Year (April 1, 2024 to March 31, 2025)
Net assets per share	408.61 yen	429.04 yen
Earnings per share	70.88 yen	54.06 yen
Diluted earnings per share	65.88 yen	50.15 yen

Note 1: The basis for the calculation of earnings per share and diluted earnings per share is shown below.

Item	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Current Fiscal Year (April 1, 2024 to March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	9,119	7,284
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent pertaining to common shares (millions of yen)	9,119	7,284
Average number of common shares during the period (shares)	128,656,589	134,743,521
Diluted earnings per share		
Adjusted profit attributable to owners of parent (millions of yen)	(154)	(154)
[After-tax interest income included therein] (millions of yen)	[(154)]	[(154)]
[Equity adjustments related to share acquisition rights issued by consolidated subsidiaries included therein] (millions of yen)	[(0)]	[(0)]
Increase in common shares (shares)	7,407,407	7,407,407
[Convertible bonds with share acquisition rights included therein] (shares)	[7,407,407]	[7,407,407]
Overview of dilutive shares not included in the calculation of diluted earnings per share because they have no dilutive effect	-	-

2. The basis for the calculation of net assets per share is shown below.

Item	End of Previous Fiscal Year (March 31, 2024)	End of Current Fiscal Year (March 31, 2025)
Total amount of net assets (millions of yen)	57,542	60,440
Amount deducted from total amount of net assets (millions of yen)	2,425	2,663
[Non-controlling interests included therein]	[2,425]	[2,663]
Net assets at end of period pertaining to common shares (millions of yen)	55,117	57,776
Number of common shares at end of period used in calculation of net assets per share (shares)	134,889,562	134,666,206

3. The Company's shares that remain in a trust recorded as treasury shares under shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares when calculating earnings per share and diluted earnings per share (349 thousand shares in the previous fiscal year, 492 thousand shares in the current fiscal year). Furthermore, they are included in the treasury shares deduced from the total number of shares issued and outstanding at year-end in the calculation of net assets per share (346 thousand shares in the previous fiscal year, 569 thousand shares in the current fiscal year).

(Significant subsequent events)

Not applicable.