

## Cover page

[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 30, 2023
[Fiscal year]	The 82nd Fiscal Year (from April 1, 2022 to March 31, 2023)
[Company name]	NIKKON Holdings Kabushiki Kaisha
[Company name in English]	NIKKON Holdings Co., Ltd.
[Title and name of representative]	President and Representative Director, Masakatsu Kuroiwa
[Address of registered headquarter]	6-17 Akashi-cho Chuo-ku, Tokyo
[Telephone number]	03-3541-5330 (main phone number)
[Name of contact person]	Director, Managing Executive Officer, and General Manager of Accounting Department, Yasunori Matsuda
[Nearest place of contact]	6-17 Akashi-cho Chuo-ku, Tokyo
[Telephone number]	03-3541-5330 (main phone number)
[Name of contact person]	Director, Managing Executive Officer, and General Manager of Accounting Department, Yasunori Matsuda
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I. Company Information

### I. Overview of Company

#### 1. Key financial data

(1) Key financial data of group

Fiscal term	78th fiscal year	79th fiscal year	80th fiscal year	81st fiscal year	82nd fiscal year
Period of account	March 2019	March 2020	March 2021	March 2022	March 2023
Net sales (millions of yen)	197,693	199,512	182,536	198,159	212,071
Ordinary profit (millions of yen)	22,019	22,525	20,572	21,584	22,108
Profit attributable to owners of parent (millions of yen)	14,768	16,721	14,544	14,741	15,913
Comprehensive income (millions of yen)	11,806	12,691	19,667	15,710	18,753
Net assets (millions of yen)	186,900	193,296	208,290	219,035	229,399
Total assets (millions of yen)	294,213	297,489	322,139	339,475	360,748
Net assets per share (yen)	2,810.70	2,932.77	3,160.46	3,334.70	3,566.33
Earnings per share (yen)	221.03	254.01	221.26	224.41	246.61
Diluted earnings per share (yen)	220.22	253.11	220.51	223.81	246.03
Equity ratio (%)	63.3	64.8	64.5	64.4	63.4
Return on equity (%)	8.0	8.8	7.3	6.9	7.1
Price-earnings ratio (times)	11.8	8.3	10.0	9.1	10.0
Net cash provided by (used in) operating activities (millions of yen)	25,337	25,901	23,229	28,985	32,547
Net cash provided by (used in) investing activities (millions of yen)	(16,892)	(19,867)	(25,402)	(31,567)	(22,548)
Net cash provided by (used in) financing activities (millions of yen)	(11,659)	(584)	1,473	759	(208)
Cash and cash equivalents at end of period (millions of yen)	25,231	30,820	30,366	29,157	39,460
Number of employees (Average number of part-time employees not included in the above numbers) (persons)	12,361 (3,677)	12,579 (3,428)	12,212 (3,697)	12,669 (3,760)	12,855 (3,301)

(Notes)1. The number of employees shows the number of full-time employees.

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 81st fiscal year, and the key financial data for the 81st and subsequent fiscal years are data to which such accounting standards were applied.

## (2) Key financial data of reporting company

Fiscal term	78th fiscal year	79th fiscal year	80th fiscal year	81st fiscal year	82nd fiscal year
Period of account	March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue (millions of yen)	10,413	11,010	12,197	9,767	10,053
Ordinary profit (millions of yen)	9,444	9,958	10,864	8,843	8,852
Profit (millions of yen)	9,075	10,323	10,693	8,425	8,378
Capital stock (millions of yen)	11,316	11,316	11,316	11,316	11,316
Total number of issued shares (shares)	68,239,892	68,239,892	68,239,892	68,239,892	65,739,892
Net assets (millions of yen)	110,838	111,625	120,947	123,712	124,413
Total assets (millions of yen)	185,870	192,340	209,301	214,252	231,160
Net assets per share (yen)	1,666.52	1,693.28	1,835.10	1,884.78	1,935.33
Dividends per share (yen)	67.00	76.00	67.00	69.00	99.00
(Of the above, interim dividends per share)	(32.00)	(38.00)	(33.00)	(34.00)	(48.00)
Earnings per share (yen)	135.83	156.81	162.69	128.26	129.84
Diluted earnings per share (yen)	135.33	156.26	162.14	127.92	129.53
Equity ratio (%)	59.4	57.9	57.6	57.6	53.7
Return on equity (%)	8.2	9.3	9.2	6.9	6.8
Price-earnings ratio (times)	19.3	13.5	13.7	15.9	19.1
Dividend payout ratio (%)	49.3	48.5	41.2	53.8	76.2
Number of employees (persons)	27	27	31	32	33
(Average number of part-time employees not included in the above numbers)	(3)	(6)	(6)	(7)	(6)
Total shareholder return (%)	96.3	81.0	87.2	83.3	102.3
(Comparison index: TOPIX total return index) (%)	(95.0)	(85.9)	(122.1)	(124.6)	(131.8)
Share-price highs (yen)	3,175	2,801	2,466	2,516	2,647
Share-price lows (yen)	2,386	1,671	1,852	1,959	1,841

(Notes)1. The number of employees shows the number of full-time employees.

2. Share-price highs and lows are those recorded on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022 and on the First Section of the Tokyo Stock Exchange before then.

3. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 81st fiscal year, and the key financial data for the 81st and subsequent fiscal years are data to which such accounting standards were applied.

## 2. History

The Company was founded as NIPPON KONPO UNPAN CO., LTD. on August 27, 1953. On May 25, 1965, the Company was absorbed by TOYO KASEI KOGYO CO., LTD. established on December 7, 1950 (its business operations were suspended in February 1962 and its trade name was changed to NIPPON KONPO UNPAN CO., LTD. in April 1963) through a merger for the purpose of changing its stock face value. On October 1, 1968, the Company changed its trade name to NIPPON KONPO UNYU SOKO CO., LTD. As a result of transitioning to a holdings company structure on October 1, 2015, the Company changed its trade name to NIKKON Holdings Co., Ltd., which has been used until now.

- Establishment On August 27, 1953, the Company established its head office at 1-3 Tsukiji, Chuo-ku, Tokyo and was founded for the purpose of operating small land transportation and freight forwarding business, motor trucking business, railway freight forwarding business, consigned freight packaging and packing, sales of packing materials and non-life insurance agency business.
- 1953 The head office was moved to 2-4, Irifunecho, Chuo-ku, Tokyo.  
Upon obtaining a general compact motor transportation business license, the transportation business was commenced.
- 1955 The head office was moved to 8 Akashi-cho, Chuo-ku, Tokyo (present 6-17 Akashi-cho Chuo-ku, Tokyo due to the new addressing system).
- 1956 Developed a two-floor vehicle and established the company flag and company emblem.
- 1959 Acquired ATSUTA KYUHAI CO., LTD. (consolidated subsidiary) in Nagoya-shi, Aichi, and TOYOTA KAMOTSU JIDOSHA UNSO CO., LTD. (consolidated subsidiary) in Yokkaichi-shi, Mie.
- 1960 ATSUTA KYUHAI CO., LTD. in Nagoya-shi, Aichi changed its trade name to NAGOYA KONPO UNPAN CO., LTD., and TOYOTA KAMOTSU JIDOSHA UNSO CO., LTD. in Yokkaichi-shi, Mie to NIPPON RIKUSO Co., Ltd.
- 1961 The stock was registered over-the-counter in Tokyo.
- 1964 Received a warehousing business license (present NIPPON KONPO UNYU SOKO CO., LTD., Miyoshi Business Office, consolidated subsidiary).
- 1965 Absorbed into NIPPON KONPO UNPAN CO., LTD., a company with a same name, through a merger.
- 1966 Established NIPPON UNYU CO., LTD. (consolidated subsidiary) in Oizumi-machi, Ora-gun, Gunma.
- 1968 The trade name was changed to NIPPON KONPO UNYU SOKO CO., LTD. (present NIKKON Holdings Co., Ltd.).
- 1970 Listed on the Second Section of the Tokyo Stock Exchange.
- 1971 Established AUTO TECHNIC CO., LTD. (consolidated subsidiary) in Asaka-shi, Saitama.
- 1973 After obtaining a permission for customs clearance services, commenced operations at the Yokohama Business Office.
- 1974 Established NICHYU SHOJI CO., LTD. (consolidated subsidiary) in Itabashi-ku, Tokyo.
- 1977 Acquired AZUMA SOKO CO., LTD. (consolidated subsidiary) in Urawa-shi, Saitama (present Saitama-shi).
- 1978 Established TECHNIC SERVICE Co., Ltd. (consolidated subsidiary) in Suzuka-shi, Mie.
- 1981 Acquired NIPPON KONPO UNYU CO., LTD. (present NIKKON LOGISTICS CO., LTD., a consolidated subsidiary) in Tawaramoto-sho, Shiki-gun, Nara.
- 1982 Established Auto Technic Japan Co., Ltd. (consolidated subsidiary) in Haga-machi, Haga-gun, Tochigi.  
Developed a full trailer with three-stage loading.
- 1988 Established COSMO GIKEN CO., LTD. (present Nikkon Kyusyu Co., Ltd., a consolidated subsidiary) in Kikuyo-machi, Kikuchi-gun, Kumamoto.
- 1989 Established NK PARTS INDUSTRIES, INC. (consolidated subsidiary) in Sydney, Ohio, U.S.A. Developed Japan's first vehicle telescopic trailer. Developed a two-stage floor lift-up container for JR specifications.
- 1990 NAGOYA KONPO UNPAN CO., LTD. changed its trade name to MEIKON CO., LTD. Obtained an IATA agency qualification and commenced international air freight agency services.
- 1993 Established NK Engineering Co., Ltd. (consolidated subsidiary) in Sayama-shi, Saitama.
- 1994 Established A.N.I. LOGISTICS, LTD. (consolidated subsidiary) in Uthai District, Ayutthaya, Thailand.  
Established NANJING NIKKON LOGISTICS CO., LTD. (present NIKKON LOGISTICS CHINA CO., LTD., a consolidated subsidiary) in Nanjing, Jiangsu Province, China.
- 1997 Changed the listing to the First Section of the Tokyo Stock Exchange.

- 2000 Established NK AMERICA, INC. (consolidated subsidiary) in Sydney, Ohio, U.S.A. Yokohama Business Office was established in Daikoku Pier (Tsurumi-ku, Yokohama-shi) as a base in the port area (present NIPPON KONPO UNYU SOKO CO., LTD., Daikoku Business Office, consolidated subsidiary). Obtained a permission for special group cargo motor trucking.
- 2004 Obtained ISO14001 Certification in Tochigi Business Office (present NIPPON KONPO UNYU SOKO CO., LTD., consolidated subsidiary). Established NKA TRANSPORTATION, INC. (consolidated subsidiary) and NKA LOGISTICS, INC. (consolidated subsidiary) in Sydney, Ohio, U.S.A.
- 2006 Established NIPPON KONPO VIETNAM CO., LTD. (consolidated subsidiary) in Hanoi, Vietnam. Completed the new headquarters building at 6-17 Akashi-cho Chuo-ku, Tokyo (within the premises of the former headquarters). Acquired Ryoji Unyu Co., Ltd. (consolidated subsidiary) in Itabashi-ku, Tokyo.
- 2008 Established NKA CUSTOMS SERVICE, INC. (consolidated subsidiary) in Sydney, Ohio, U.S.A.
- 2010 Acquired CHUETSUTEC Co., Ltd. (consolidated subsidiary) in Koto-ku, Tokyo. As a result of the acquisition of CHUETSUTEC Co., Ltd., Sapporo Shinbun Yuso Co., Ltd. its subsidiary, became a consolidated subsidiary of the Company.
- 2011 Established A.N.I. TRANSPORT, LTD. (consolidated subsidiary) in Uthai District, Ayutthaya, Thailand. Established NKP MEXICO, S.A. de C.V. (consolidated subsidiary) in El Salto, State of Jalisco, Mexico.
- 2013 Acquired SHINEI SOKO CO., LTD. in Kaisei-machi, Ashigarakami-gun, Kanagawa (a consolidated subsidiary, merged into present NIPPON KONPO UNYU SOKO CO., LTD. in the same year). Established AUTO TECHNIC AMERICAS, INC. (consolidated subsidiary) in Sydney, Ohio, U.S.A.
- 2014 Acquired ITO-EXPRESS CO., LTD. (consolidated subsidiary) in Seto-shi, Aichi. Launched the next-generation environmental full-trailer (21 m) truck operations. Established SAYAMA NIKKON CO., LTD. in Hidaka-shi, Saitama, OGAWA NIKKON CO., LTD. in Ogawa-machi, Hiki-gun, Saitama, FUJISAWA NIKKON CO., LTD. in Fujisawa-shi, Kanagawa, NIIGATA NIKKON CO., LTD. in Niigata-shi, Niigata, MATSUMOTO NIKKON CO., LTD. in Matsumoto-shi, Nagano, SUZUKA NIKKON CO., LTD. in Suzuka-shi, Mie, and GUNMA NIKKON CO., LTD. in Ota-shi, Gunma (all of the above are consolidated subsidiaries).
- 2015 With the transition to a holding company structure, the Company changed its trade name to NIKKON Holdings Co., Ltd., and transferred most of its business to the newly established NIPPON KONPO UNYU SOKO CO., LTD. (consolidated subsidiary), a spin-off from the Company. Established SENDAI NIKKON CO., LTD. in Sendai-shi, Miyagi, CHIBA NIKKON CO., LTD. in Funabashi-shi, Chiba, SIAM AUTO TECHNIC CO., LTD. in Uthai District, Ayutthaya, Thailand, and NIKKON Moving Co., Ltd. and NIKKON Information Systems Co., Ltd. in Chuo-ku, Tokyo (all of the above are consolidated subsidiaries).
- 2016 Established GINZA Consulting Co., Ltd. and NK International Co., Ltd. in Chuo-ku, Tokyo, NIKKON CHONGQING LOGISTICS CO., LTD. in Chongqing, China, KANAZAWA NIKKON CO., LTD. in Hakusan-shi, Ishikawa, and NAGOYA NIKKON CO., LTD. in Nagoya-shi, Aichi (all of the above are consolidated subsidiaries). Higashi Soko Co. Ltd., was merged into NIPPON KONPO UNYU SOKO CO., LTD., which is a consolidated subsidiary.
- 2017 Acquired BANDO SANGYO CO., LTD. in Koto-ku, Tokyo. Thereafter, it was merged into NIPPON KONPO UNYU SOKO CO., LTD., which is a consolidated subsidiary. PT NIPPON KONPO INDONESIA in Jakarta, Indonesia, and NIPPON KONPO INDIA PRIVATE LTD. in Gurugram, Haryana, India were converted to consolidated subsidiaries.
- 2018 Acquired MATSUHISA UNYU CO., LTD. in Sakahogi-cho, Kamo-gun, Gifu and MATSUHISA SOUGOU CO., LTD. in Minokamo-shi, Gifu (both of the above are consolidated subsidiaries).
- 2019 Established NK LOGISTICA MEXICO, S.A. de C.V. (consolidated subsidiary) in Apaseo el Grande, Guanajuato, Mexico. MATSUHISA Unyu Co., Ltd. was merged into MATSUHISA SOUGOU CO., LTD., which is a consolidated subsidiary. CHUGOKU BUTSURYU SERVICE CO., LTD. in Setouchi-shi, Okayama and CHUETSU YUSOU Co, Ltd. in Satsumasendai-shi, Kagoshima, which is a subsidiary of CHUETSUTEC Co, Ltd. (consolidated subsidiary), were converted to consolidated subsidiaries.
- 2021 NICHIIYU SHOJI CO., LTD. was merged into AUTO TECHNIC CO., LTD., which is a consolidated subsidiary.

2022 Acquired Yaskawa Transport Co., Ltd. (consolidated subsidiary) in Kitakyushu-shi, Fukuoka. The trade name was changed to NIKKON KITAKYU CO., LTD.  
Due to the revision of the market segment of the Tokyo Stock Exchange, the Company transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market of the same Exchange.

### 3. Description of business

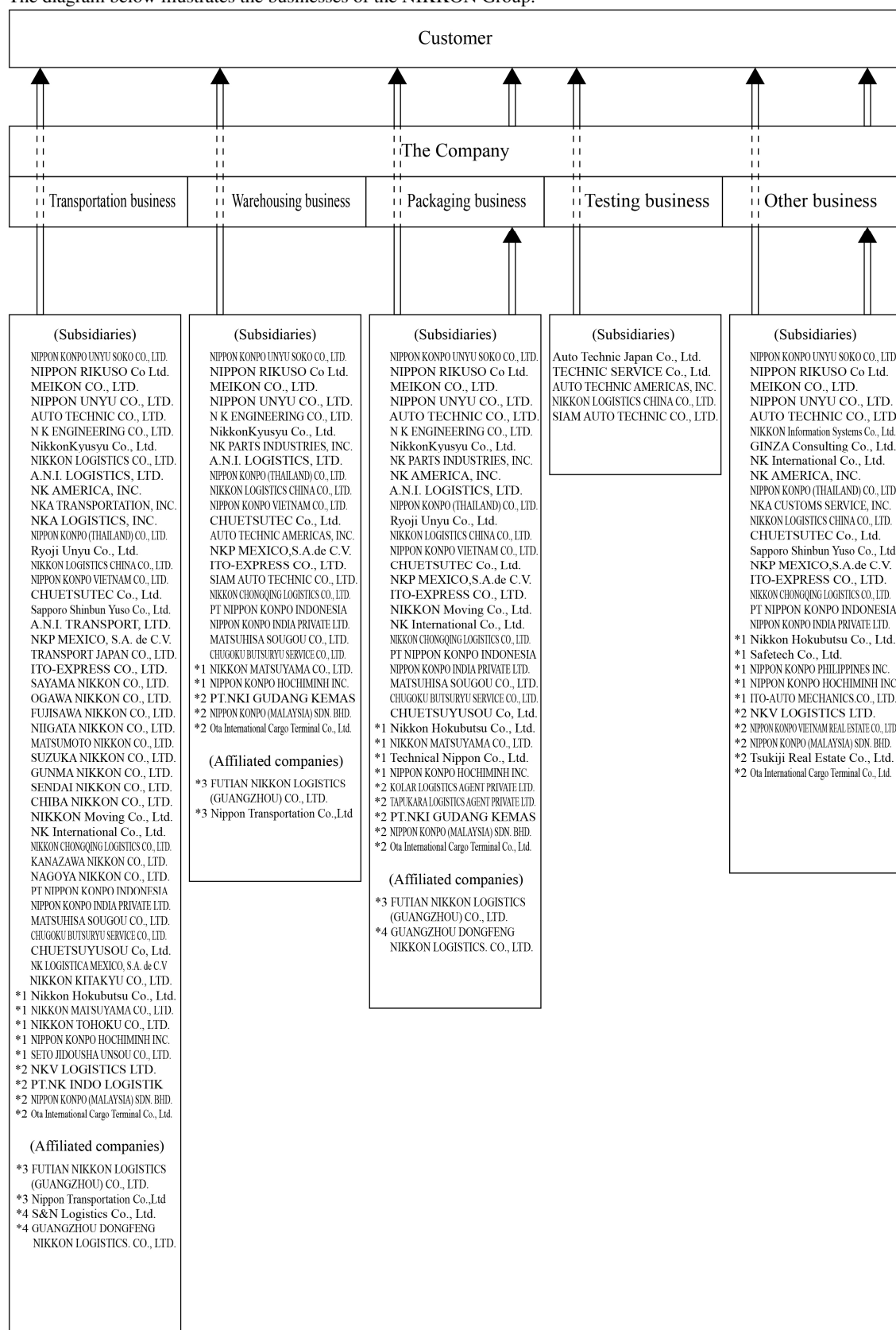
The NIKKON Group consists of the Company and its 74 subsidiaries and affiliated companies, and mainly engages in transportation, warehousing, packaging, and testing businesses, and businesses incidental to them.

The Company is a specified listed company stipulated in Article 49, paragraph (2) of the Cabinet Office Order on Restrictions on Securities Transactions. Accordingly, criteria for considering a material fact to be of minor importance with respect to insider trading regulations are decided based on consolidated figures.

The following is a description of the businesses of the NIKKON Group, which is consistent with business segments.

- Transportation business: engages in the transportation of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others. NIPPON KONPO UNYU SOKO CO., LTD. and other 55 subsidiaries and affiliated companies engage in the transportation business.
- Warehousing business: engages in the storage of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others. NIPPON KONPO UNYU SOKO CO., LTD. and other 27 subsidiaries and affiliated companies engage in the warehousing business.
- Packaging business: engages in processing for distribution, delivery agency of automotive parts and others, export packing and other operations. The Company and NIPPON KONPO UNYU SOKO CO., LTD. as well as other 35 subsidiaries and affiliated companies engage in the packaging business.
- Testing business: engages in testing finished four-wheeled vehicles and motorcycles, automotive parts, agricultural machinery and others. Auto Technic Japan Co., Ltd. and four subsidiaries and affiliated companies engage in the testing business.
- Other businesses: engage in customs clearance services, repairs and maintenance of vehicles, etc., sales of petroleum products, non-life insurance agency business, sales, leasing and intermediary management of real property, disposal and collection of waste, and electric power generation and sales of electricity. The Company and NIPPON KONPO UNYU SOKO CO., LTD. as well as other 28 subsidiaries and affiliated companies engage in other businesses.

The diagram below illustrates the businesses of the NIKKON Group.



(Notes) Companies with no mark: Consolidated subsidiaries

- \*1. Unconsolidated subsidiaries which are entities accounted for using equity method.
- \*2. Unconsolidated subsidiaries which are entities not accounted for using equity method.
- \*3. Affiliated companies accounted for using equity method.
- \*4. Affiliated companies not accounted for using equity method.

#### 4. Subsidiaries and other affiliated entities

Name	Address	Paid-in capital or capital contribution (millions of yen)	Principal business	Ratio of voting rights holding (held) (%)	Relationship
(Consolidated subsidiaries)					
* 4, 5, 6 NIPPON KONPO UNYU SOKO CO., LTD.	Chuo-ku, Tokyo	500	Transportation business and others	100	Partial entrustment or acceptance of entrustment of business Partial lease of land and buildings Two concurrently serving officers Financing and lending of funds
* 5 NIPPON RIKUSO Co., Ltd.	Suzuka-shi, Mie	90	Transportation business and others	100	Financing and lending of funds
* 5 MEIKON CO., LTD.	Komaki-shi, Aichi	48	Transportation business and others	100	Financing and lending of funds
* 5 NIPPON UNYU CO., LTD.	Oizumi-machi, Ora-gun, Gunma	360	Transportation business and others	100	One concurrently serving officer Financing and lending of funds
* 5 AUTO TECHNIC CO., LTD.	Sayama-shi, Saitama	32	Packaging business and others	100	Financing
* 5, 7 Auto Technic Japan Co., Ltd.	Haga-machi, Haga-gun, Tochigi	40	Testing business	100	Partial lease of land and buildings One concurrently serving officer Financing and lending of funds
* 5 NK Engineering Co., Ltd.	Haga-machi, Haga-gun, Tochigi	50	Packaging business and others	100	Partial lease of land and buildings One concurrently serving officer Financing
* 5 Nikkon Kyusyu Co., Ltd.	Otsu-cho, Kikuchi-gun, Kumamoto	10	Transportation business and others	100	Financing
* 5 NIKKON NARA CO., LTD.	Yamatokoriyama-shi, Nara	10	Transportation business	100 (100)	Financing
* 4 NK PARTS INDUSTRIES, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 17,500	Packaging business and others	100	One concurrently serving officer
* 5 TECHNIC SERVICE Co., LTD.	Suzuka-shi, Mie	20	Testing business	100	Financing
* 4 A.N.I. LOGISTICS, LTD.	Uthai District, Ayutthaya, Thailand	Million THB 373	Packaging business and others	99 (50)	One concurrently serving officer Lending of funds
NK AMERICA, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 1,000	Other businesses, etc.	100 (80)	One concurrently serving officer
NKA TRANSPORTATION, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 200	Transportation business	100 (100)	One concurrently serving officer
NKA LOGISTICS, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 5	Transportation business	100 (100)	One concurrently serving officer
NIPPON KONPO (THAILAND) CO.,LTD.	Uthai District, Ayutthaya, Thailand	Million THB 344	Packaging business and others	99 (51)	One concurrently serving officer Lending of funds



Name	Address	Paid-in capital or capital contribution (millions of yen)	Principal business	Ratio of voting rights holding (held) (%)	Relationship
* 5 Ryoji Unyu Co., Ltd.	Kawasaki-shi, Kanagawa	48	Transportation business and others	100	Financing
NKA CUSTOMS SERVICE, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 80	Other businesses	100 (100)	One concurrently serving officer
NIKKON LOGISTICS CHINA CO., LTD.	Nanjing, Jiangsu Province, China	Million CNY 58	Other businesses, etc.	100	One concurrently serving officer
NIPPON KONPO VIETNAM CO.,LTD.	Hanoi, Vietnam	Million VND 64,338	Transportation business and others	100	—
* 5 CHUETSUTEC Co., Ltd.	Koto-ku, Tokyo	96	Transportation business and others	100	One concurrently serving officer Financing and lending of funds
Sapporo Shinbun Yuso Co., Ltd.	Sapporo-shi, Hokkaido	15	Transportation business	94 (94)	—
A.N.I. TRANSPORT, LTD.	Uthai District, Ayutthaya, Thailand	Million THB 1	Transportation business	99 (99)	One concurrently serving officer
* 4 NKP MEXICO, S.A. de C.V.	Apaseo el Grande, Guanajuato, Mexico	Thousand MXN 249,169	Transportation business and others	100 (67)	Lending of funds
AUTO TECHNIC AMERICAS, INC.	Sydney, Ohio, U.S.A.	Thousand U.S. dollars 650	Testing business and others	100 (100)	—
* 5 TRANSPORT JAPAN CO., LTD.	Koto-ku, Tokyo	10	Transportation business	100	Financing
* 5 ITO-EXPRESS CO., LTD.	Seto-shi, Aichi	80	Transportation business and others	100	Financing and lending of funds
* 5 SAYAMA NIKKON CO., LTD.	Hidaka-shi, Saitama	10	Transportation business	100 (100)	Financing
* 5 OGAWA NIKKON CO., LTD.	Ogawa-machi, Hiki-gun, Saitama	10	Transportation business	100 (100)	Financing
* 5 FUJISAWA NIKKON CO., LTD.	Fujisawa-shi, Kanagawa	10	Transportation business	100 (100)	Financing
* 5 NIIGATA NIKKON CO., LTD.	Niigata-shi, Niigata	10	Transportation business	100 (100)	Financing
* 5 MATSUMOTO NIKKON CO., LTD.	Matsumoto-shi, Nagano	10	Transportation business	100 (100)	Financing

Name	Address	Paid-in capital or capital contribution (millions of yen)	Principal business	Ratio of voting rights holding (held) (%)	Relationship
* 5 SUZUKA NIKKON CO., LTD.	Suzuka-shi, Mie	10	Transportation business	100 (100)	Financing
* 5 GUNMA NIKKON CO., LTD.	Ota-shi, Gunma	10	Transportation business	100 (100)	Financing
* 5 SENDAI NIKKON CO., LTD.	Sendai-shi, Miyagi	10	Transportation business	100 (100)	Financing
* 5 CHIBA NIKKON CO., LTD.	Funabashi-shi, Chiba	10	Transportation business	100 (100)	Financing
SIAM AUTO TECHNIC CO., LTD.	Uthai District, Ayutthaya, Thailand	Million THB 30	Testing business and others	99 (99)	One concurrently serving officer
* 5 NIKKON Moving Co., Ltd.	Chuo-ku, Tokyo	50	Packaging business and others	100	One concurrently serving officer Partial lease of buildings Financing and lending of funds
* 5 NIKKON Information Systems Co., Ltd.	Chuo-ku, Tokyo	50	Other businesses	100	Partial lease of buildings Financing
* 5 GINZA Consulting Co., Ltd.	Chuo-ku, Tokyo	30	Other businesses	100	Partial lease of buildings Two concurrently serving officers Financing
* 5 NK International Co., Ltd.	Chuo-ku, Tokyo	40	Other businesses, etc.	100	Partial lease of buildings Two concurrently serving officers Financing and lending of funds
NIKKON CHONGQING LOGISTICS CO., LTD.	Chongqing, China	Million CNY 53	Transportation business and others	100 (49)	One concurrently serving officer Lending of funds
* 5 KANAZAWA NIKKON CO., LTD.	Hakusan-shi, Ishikawa	10	Transportation business	100 (100)	Financing
* 5 NAGOYA NIKKON CO., LTD.	Nagoya-shi, Aichi	10	Transportation business	100 (100)	Financing
* 4 PT. NIPPON KONPO INDONESIA	Jakarta, Indonesia	Thousand U.S. dollars 22,900	Transportation business and others	95 [5]	One concurrently serving officer Lending of funds
NIPPON KONPO INDIA PRIVATE LIMITED	Gurugram, Haryana, India	Thousand INR 440,000	Transportation business and others	100 (2)	Lending of funds
* 5 MATSUHISA SOUGOU CO., LTD.	Minokamo-shi, Gifu	10	Transportation business and others	100	Financing

Name	Address	Paid-in capital or capital contribution (millions of yen)	Principal business	Ratio of voting rights holding (held) (%)	Relationship
NK LOGISTICA MEXICO, S.A. de C.V.	Apaseo el Grande, Guanajuato, Mexico	Thousand MXN 50	Transportation business	- [100]	—
* 5 CHUGOKU BUTSURYU SERVICE CO., LTD.	Setouchi-shi, Okayama	20	Transportation business and others	100	One concurrently serving officer Partial lease of land and buildings Financing
CHUETSU YUSOU Co, Ltd.	Satsumasendai-shi, Kagoshima	16	Transportation business and others	99 (99)	Lending of funds
NIKKON KITAKYU CO., LTD.	Kitakyushu-shi, Fukuoka	30	Transportation business	86	One concurrently serving officer

(Affiliated companies accounted for using equity method)					
FUTIAN NIKKON LOGISTICS (GUANGZHOU) CO., LTD.	Guangzhou, Guangdong Province, China	Million CNY 228	Transportation business and others	30	One concurrently serving officer
Nippon Transportation Co., Ltd.	Ota-shi, Gunma	50	Transportation business	34	—

(Notes) 1. Names of business described under “Principal business” are the same as those stated in the segment information.

2. None of the above companies file Securities Registration Statements or Securities Reports.

3. Figures in parentheses ( ) in the percentage of voting rights column indicate shares attributable to indirect ownership, which are included in our voting rights holding, and figures in square brackets [ ] indicate the percentage of ownership of persons who have a close relationship or persons who have given their consent, which are not included in our voting rights holding.

\*4. It means a specified subsidiary.

\*5. In order to provide financing, a cash management system (CMS) has been introduced with the Company.

\*6. Net sales of NIPPON KONPO UNYU SOKO CO., LTD. (excluding intercompany net sales among consolidated subsidiaries) accounted for more than 10% of the total consolidated net sales.

Key profit/loss information: (1) Net sales 97,151 million yen  
(2) Ordinary profit 8,408 million yen  
(3) Profit 6,103 million yen  
(4) Net assets 116,469 million yen  
(5) Total assets 172,181 million yen

\*7. Net sales of Auto Technic Japan Co., Ltd. (excluding intercompany net sales among consolidated subsidiaries) accounted for more than 10% of the total consolidated net sales. However, key profit/loss information is omitted because the ratio of net sales of testing business to total net sales exceeds 90% of segment information.

## 5. Employees

### (1) Information about group

As of March 31, 2023

Name of business segment	Number of employees (persons)	
Transportation business	3,723	(1,014)
Warehousing business	1,242	(353)
Packaging business	5,072	(1,737)
Testing business	1,947	(47)
Other businesses	195	(14)
Company-wide (shared)	676	(136)
Total	12,855	(3,301)

(Notes) 1. The number of employees shows the number of full-time employees.

2. The figures in parenthesis indicate the average number of temporary employees per year.

3. The number of employees in the company-wide (shared) section is the number of employees of the administration department.

### (2) Information about reporting company

As of March 31, 2023

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (Thousands of yen)
33 (6)	42.5	15.9	5,952

(Notes) 1. Number of employees shows the number of full-time employees including employees loaned from another company to the Company.

2. Average annual salary includes bonuses and any non-standard wages.

3. The figures in parenthesis indicate the average number of temporary employees per year.

4. The reporting company's employees belong to the packaging business, other business segments and the administration department.

### (3) Labor unions

The Company's employees mainly consist of employees loaned from NIPPON KONPO UNYU SOKO CO., LTD., and no labor union has been formed.

Among the consolidated subsidiaries, NIPPON KONPO UNYU SOKO CO., LTD. formed the Nippon Konpo Unyu Soko Labor Union as a single company in June 1960, and the union is a member of the Japan Federation of Transport Workers' Union. As of March 31, 2023, 12 of the consolidated subsidiaries are also members of the Nippon Konpo Unyu Soko Labor Union, which has 2,988 members. At Auto Technic Japan Co., Ltd., the Auto Technic Japan Labor Union has been formed, which has been a member of All Honda Workers Union and has 1,758 members as of March 31, 2023. At Ryoji Unyu Co., Ltd., the Ryoji Unyu Labor Union has been formed, which has been a member of Federation of Mitsubishi Motors Workers' Unions and has 78 members as of March 31, 2023. At NIKKON KITAKYU CO., LTD., the NIKKON KITAKYU Labor Union has been formed. It belongs to a council of workers' unions related to YASKAWA Electric Corporation and has 55 members as of March 31, 2023. The Chuetsutec Unso Labor Union has been formed at CHUETSUTEK Co., Ltd., and Ito-Express Labor Union has been formed at ITO-EXPRESS CO., LTD., both of which have been members of the All Japan Federation of Transport Workers' Unions. As of March 31, 2023, these unions have 66 and 146 members, respectively. Moreover, the four companies, NIPPON RIKUSO Co., Ltd., MEIKON CO., LTD., NIPPON UNYU CO., LTD., and CHUETSU YUSOU Co, Ltd. have formed independent labor unions as a single company respectively. The numbers of members as of March 31, 2023 are as follows: the Nippon Rikuso Labor Union has 378 members, the Meikon Labor Union has 127 members, the Nippon Unyu Labor Union has 391 members, and the Chuetsuyusou Labor Union has 11 members. All of the above companies and unions have continued to have a sound path of solidarity with labor and management, and the relationship between labor and management is stable.

There are no other special issues to report.

(4) Proportion of female workers in managerial posts, percentage of male workers who took parental leave, and wage difference between male workers and female workers

1) Reporting company

The reporting company is not subject to the provisions set forth in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and 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 of 1991); therefore, the information is not provided.

2) Consolidated subsidiaries

Fiscal year ended March 31, 2023						Supplemental remarks
Name	Proportion of female workers in managerial posts (%) (Notes) 1	Percentage of male workers who took childcare leave (%) (Notes) 2	Wage difference between male and female workers (%) (Notes) 3			
			All workers	Regular employees	Non-regular employees	
NIPPON KONPO UNYU SOKO CO., LTD.	2.1	15.2	67.0	69.0	73.6	—
NIPPON RIKUSO Co., Ltd.	3.1	12.5	67.2	66.1	66.8	
NIPPON UNYU CO., LTD.	4.5	100.0	68.9	67.2	74.5	
Auto Technic Japan Co., Ltd.	1.1	93.8	69.3	70.5	60.8	
CHUETSUTEC Co., Ltd.	0.0	—	89.7	71.6	108.3	
ITO-EXPRESS CO., LTD.	8.6	—	63.7	66.3	91.4	
MEIKON CO., LTD.	(Note) 4	100.0	(Note) 4	(Note) 4	(Note) 4	
TECHNIC SERVICE Co., LTD.	0.0	100.0	(Note) 4	(Note) 4	(Note) 4	

(Notes) 1. The column shows figures calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The column shows the percentages of male workers who took childcare leave as stipulated in Article 71-4, item (i), 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 of 1991), in accordance with the provisions of 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 of 1991).

3. The wage difference between male and female workers is indicated by the percentage of the wage level of female workers to the wage level of male workers. It should be noted that, as there are no differences in wages for equal work, the differences are due to different gender compositions of the respective job types.

4. The figure is not provided because this company does not disclose the information stipulated in the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

5. The consolidated subsidiaries other than the above subsidiaries are not subject to the disclosure obligation under the provisions set forth in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and 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 of 1991); therefore, the information is not provided.

3) Domestic consolidated companies

Fiscal year ended March 31, 2023					Supplemental remarks
Proportion of female workers in managerial posts (%) (Notes) 1	Percentage of male workers who took childcare leave (%) (Notes) 2	Wage difference between male and female workers (%) (Notes) 1			
		All workers	Regular employees	Non-regular employees	
2.3	57.8	65.1	66.8	73.7	(Notes) 3

- (Notes) 1. The column provides metrics for the domestic consolidated companies calculated in accordance with the definition and the calculation method as stipulated in the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The metrics for the Group companies inside and outside Japan is 8.15%.
2. The column shows the percentages of male workers who took childcare leave calculated in accordance with Article 71-4, item (i), 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 of 1991), based on the provisions of 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 of 1991).
3. With regard to the wage difference between male and female workers, one of the factors for the average wage of female workers being lower than that of male workers is that the number of female workers is relatively small in the whole workforce. This influences the calculation because it reflects differences between male and female workers in compositions on respective job types, employment forms, labor hours and lengths of service. The average age of employees of the NIKKON Holdings Group in Japan are 41.3 years old for males and 34.2 years old for females, and the average lengths of service is 13.0 years for males and 8.3 years for females. In addition, the proportion of females in driving jobs, the wages for which are relatively high, is 2.7%, and the proportion of females in managerial posts is 2.5%. The wage difference is attributable to these factors. Going forward, the Group will promote the employment of females by providing opportunities that allow employees to balance their work and individual life events and grow further from a long-term view.

## II. Overview of Business

### 1. Management policy, business environment, issues to address, etc.

The NIKKON Group's basic philosophy is "to contribute to the prosperity of our customers, shareholders, employees, and society by leading the way in creating joy, value, and an environment that can be shared through business logistics based on a global perspective." Based on this philosophy, and through sound business activities, we will fulfill our corporate responsibility to our customers, shareholders and local communities and contribute to the development of the nation and local communities.

During the fiscal year ended March 31, 2023, economic activities in Japan began to return to normal after the responses to COVID-19 reached a turning point. However, the economic outlook remained persistently uncertain as energy prices soared, the inflation rate increased, and the yen remained weak.

In the logistics industry, the business environment is expected to be further severer with the application of restrictions on overtime working hours, which is scheduled to start from April 2024, in addition to a chronic labor shortage and rising fuel prices.

The Medium-term Business Plan "Challenge 12," the final year of which was the fiscal year ended March 31, 2023, ended with its progress about a year behind schedule as a result of the stagnation of the logistics business due to adverse conditions such as the COVID-19 pandemic and a shortage of semiconductors. Furthermore, upheavals caused by factors such as the US-China decoupling and the conflict between Russia and Ukraine have been greatly affecting current economic activities, adding further uncertainty to the economic environment surrounding Japan.

Under these circumstances, the Company have steadily made capital investments in line with future business plans of major business partners. We have made ourselves ready to respond to the post-COVID-19 recovery of business by, for example, opening six new business offices and 22 new warehouses, and thus have been slowly but steadily advancing our business performance in response to the recovery of demands.

For our further growth in the future, we will take advantage of our strength, the capability to provide a wide range of logistic services on a one-stop basis nationwide, and make maximum use of cross-selling with three axes: services, the Group companies, and regions.

As for ESG efforts, we will continue to address challenges such as human capital management, a shortage of drivers, and CO<sub>2</sub> reduction by, for example, empowering females, implementing the modal shift and introducing environmentally-conscious vehicles, installing solar panels for our own consumption, and promoting systemization and robotization for manpower reduction.

The forward-looking statements contained in this document are based on judgments of the NIKKON Group that were made as of the end of the fiscal year ended March 31, 2023.

## 2. Perspectives and efforts toward sustainability

The Group's perspectives and efforts toward sustainability are as follows.

The forward-looking statements contained in this document are based on judgments of the NIKKON Group that were made as of the end of the fiscal year ended March 31, 2023.

### (1) Governance

Believing that the creation of a sustainable society is our number-one priority, the Group has constructed a governance system to address a range of social issues including global environmental problems caused by climate change, and has the Board of Directors supervise the system.

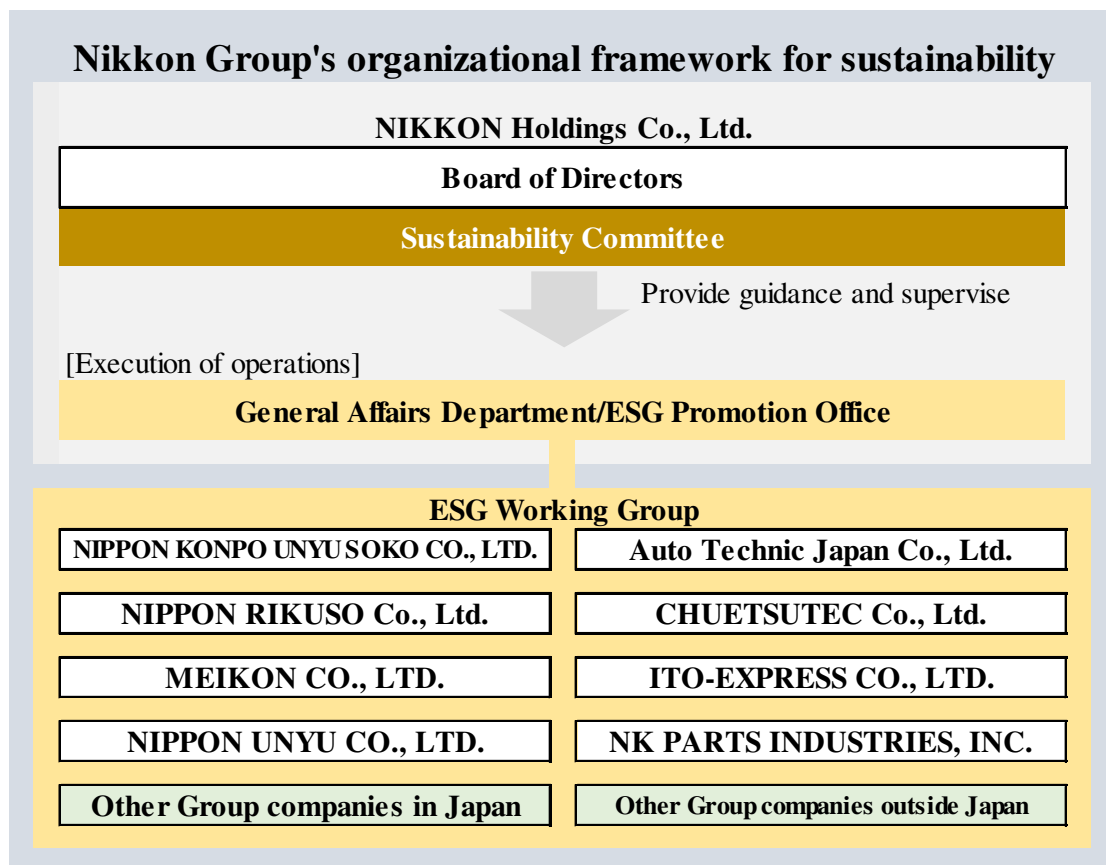
#### 1) Efforts to address climate change

To strengthen our organizational efforts, the Group promotes highly effective ESG activities by constructing a system where the Board of Directors directly supervises such activities and speedily establishes policies and provides directions. Furthermore, it strives for collaboration with a wide range of stakeholders, proactive information disclosure, and transparency enhancement.

#### 2) Supervisory system involving the Board of Directors

The Group established the Sustainability Committee, chaired by an Outside Director, as an advisory body to the Board of Directors. The Committee regularly reports on matters related to sustainability including climate-related issues, conducts multifaceted discussions in meetings attended by Directors about highly important topics, and works on speedy policy establishment and even more highly effective activities in response to directions from the Board of Directors for improvement of the Group's corporate value.

Separately, the ESG Promotion Office serving to promote practical ESG activities is responsible for group-wide ESG-related strategy planning in collaboration with each department and Group company. It discusses and drafts sustainability strategies including measures against climate change, and proposes such strategies to the Sustainability Committee. In addition, it identifies themes that should be practiced through corporate activities as well as important issues, and promotes specific efforts to address climate change and improve our human rights handling.





(2) Strategies

The Group will identify risks and opportunities brought about by climate change and examine countermeasures that can be taken to reduce risks or seize opportunities.

Category	Class	Expected risks and opportunities	Impacts on businesses	Main actions
Transition risks	Policy/law and regulations	Exhaust gas regulations	Increased cost due to adoption of environmentally-friendly vehicles	Charging reasonable fees
	Technology	Delay in technology development	Delay in adoption of low-carbon heavy trucks due to automakers' delay in development of such trucks	Collecting information on development statuses in automakers
	Market	Changes in customer needs	Reduced share due to delayed CO <sub>2</sub> emission reduction	Establishment and promotion of medium- to long-term decarbonization plan
	Reputation	Impacts on fund procurement and stock price	Difficulty in fund procurement from financial institutions, and stock price declines with investors' interest lost, as a result of being assessed as making insufficient efforts for CO <sub>2</sub> emission reduction	Ensuring thorough information disclosure
Physical risks	Acute	Occurrence of a natural disaster	Disruption of logistic services due to the consequences of a natural disaster such as severed roads or flooded warehouses	Driving forward Business Continuity Plan (BCP) measures based on such information as hazard maps
	Chronic	Temperature increase	Deteriorated work environment due to increase in average temperature	Improving work environment
Opportunities	Resource efficiency	Transportation efficiency improvement and CO <sub>2</sub> emission reduction	Reduced costs for energy, etc.	Promoting trunk line transportation utilizing tandem trailer trucks
	Products/Services	Development of services	New business opportunities created through development of transportation services that would result in CO <sub>2</sub> emission reduction	Driving forward proposals for modal shift, cooperative delivery, and transportation jigs

In the 13th Medium-term Business Plan for three years from April 1, 2023, the NIKKON Group has set forth its management policy: “to conduct business activities that can contribute to creation and sustainable development of an affluent society where people truly feel happy.” Under this policy, the Group will reduce risks and gain opportunities in response to various social problems including global environmental problems, thus proactively making efforts to increase its corporate value through ESG-based management.

Furthermore, the NIKKON Group is advancing efforts to accomplish the policy regarding human resource development including ensuring its diversity, and the policy regarding the enhancement of corporate environments. The central axis of these policies is at “constructing next-generation logistics.”

In December 2022, the Group established “HR (Human Resource) Supervisory Department” directly under the President of the Company, thus setting up a structure that enables us to carry out human capital management that pertains to the entire Group.

The logistics industry is expected to suffer the “2024 problem.” As it draws near, now is the time for the industry to transform from conventional logistics to new logistics. The industry needs to thus transform without delay. Among others, it is essential to inject high-level logistics human resources into the industry.

Against this backdrop, the NIKKON Group has set forth policies regarding human resource development, including ensuring its diversity, and regarding the enhancement of corporate environments as follows.

#### 1. Safety first

Logistics is an indispensable function that supports all the basic needs for human living: food, shelter and clothing. Accordingly, our mission is to stably provide sustainable services. Under this social mission, safety-related requirements, which form the foundation that supports logistic services, are the most important subject to address. All the Group companies are thus striving for safety with the safety-first principle.

#### 2. Construction of next-generation logistics

The Company focuses its efforts on developing next-generation logistics so that the importance of logistics may be handed down to younger generations. Since 2021, the Company has been endowing lectures on logistics management at Hitotsubashi University. We have students visit our offices as well as take lectures, thus helping develop the next generation of human resources who will lead the development of the logistics industry in the future. In addition, the Company loans employees to outside logistics research institutions for research on the latest development of logistics.

#### 3. Reinforcement of efforts for employees’ sustainable growth

The NIKKON Group is working to construct measures and environments whereby every employee can utilize programs that enable them to balance their work and individual life events and can develop his or her capabilities by equally receiving education, training, and feedback. We will bring in diverse human resources regardless of age and nationality, develop environments by promoting the acquisition of qualifications under the systems of various countries, and specifically plan to institute a sustainable human resource development system from medium- to long-term perspectives.

The Company recognizes the following five critical challenges. Specific actions to be taken to address these challenges are also given below.

##### 1) Constructing next-generation logistics

- Actively recruiting high-level logistics human resources and global human resources
- Newly establishing a research and development department that develops new services
- Endowing lectures at Hitotsubashi University to help develop the next generation of human resources who will lead the development of the logistics industry in the future
- Making joint efforts with research institutions and universities to participate in new technology development and adopt new technologies

##### 2) Developing next-generation human resources and succession planning

- Running Nikkon Business School aimed at developing and training employees into management and high-ranking positions
- Running an overseas trainee program to have relatively young employees participate in OJT training at Group companies outside Japan
- Conducting recruitment activities that lead to empowerment of females, implementing work style reform that can encourage employees to continue to work, and offering diverse career paths

##### 3) Promoting diversification of human resources

- Running a trainee program to train employees of operating companies outside Japan at operating companies in Japan
- Expanding acceptance of foreign technical intern trainees
- Expanding employment of people with disabilities

##### 4) Developing environments to secure excellent human resources

- Driving forward the adoption of the White-Collar Exemption System
- Promote obtainment of certifications under national certification programs, such as Employee-Friendly Workplace Certification, the Certified Health & Productivity Management Outstanding Organizations Recognition Program and Eruboshi Certification System as well as action according to the White Logistics campaign

##### 5) Expanding and developing human resources

- Enhancing human resource training and development systems at Group companies inside and outside Japan to solidify the human resource base
- Making talent management and upskilling plans more transparent to enhance employee engagement

### (3) Risk management

The NIKKON Group has the Sustainability Committee in place to address risks associated with future climate change, thus having a system to report critical risks to the Board of Directors and disseminate it to all companies in the Group as well.

#### 1) Process for identifying and assessing climate-related risks

The Sustainability Committee requests the ESG Promotion Office, an organization to actually carry out ESG activities, to identify and assess climate-related risks and opportunities and receives reports from the ESG Promotion Office. The ESG Promotion Office identifies and assesses climate-related risks and opportunities by holding a series of discussions with ESG Working Group, which has been formed jointly with eight core subsidiaries. The discussions are made to enumerate social challenges, identify how they relate to the Group's business activities, as well as what stakeholders anticipate, and determine the priority.

#### 2) Process for managing climate-related risks

The ESG Promotion Office is responsible for planning strategies for the entire Group related to ESG including climate change risks. It drives forward actions within the Group against risks associated with climate change, and reports the progresses of such actions to the Sustainability Committee. The Sustainability Committee convenes regularly once a quarter in principle, and on an ad hoc basis as necessary. It submits reports and proposals to the Board of Directors and provides guidance to individual divisions.

### (4) Metrics and targets

Seeking to achieve carbon neutrality, the NIKKON Group has set targets for reducing the Scope 1 and Scope 2 greenhouse gas emissions. The Group is committed to meeting the targets by reducing energy consumption and moving forward with such actions as switching to clean energy.

#### [CO<sub>2</sub> emissions (Scopes 1 and 2 combined)]

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2030	Fiscal year ending March 31, 2050
CO <sub>2</sub> emission reduction target	—	(3)%	(30)%	(100)%
CO <sub>2</sub> emissions (tons)	160,000	155,200	112,000	0

Metrics and targets regarding the human capital are as follows.

#### [Proportion of female employees]

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2026
Percentage of female employees to all employees	24%	30%

### 3. Business and other risks

Risks that could affect the NIKKON Group's operating results and financial position are as follows.

The forward-looking statements contained in this document are based on judgments of the NIKKON Group that were made as of the end of the fiscal year ended March 31, 2023.

#### (1) Fluctuations in fuel costs

The fuel costs of transport vehicles used by the NIKKON Group are affected by fluctuations in crude oil prices and exchange rates. If these costs increase, the NIKKON Group will seek to receive reasonable charges through consultation with customer companies. However, in the event of a rapid increase in fuel prices or a failure to receive reasonable charges, it could affect the NIKKON Group's operating results and financial position.

#### (2) Legal regulations, etc.

Regarding the businesses that the NIKKON Group operates, part of the transportation business (including the motor track transportation business and consigned freight forwarding business) is regulated by the Act Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides from Automobiles in Specified Areas (Automobile NOx and PM Act) and the Ordinance to Ensure Living Environment, etc.

In response to these legal regulations, etc., the cost impact is minimized by effectively and efficiently replacing vehicles and installing emission reduction devices. However, if there are any changes, etc. in the content of regulations in the future, additional costs are likely to be incurred.

#### (3) Possibility of serious accidents

In compliance with laws and regulations, the NIKKON Group conducts its business activities with social responsibility as its top priority. However, in the event of a serious traffic accident, etc., the trust of society and customers may deteriorate, and we may be subject to administrative disposition such as the suspension of operation at business offices, and the rescission of business license.

#### (4) Impairment of non-current assets

The NIKKON Group owns a large amount of non-current assets, mainly in its warehousing, packaging and testing businesses. If the return of the investment cannot be expected due to changes in the management environment or a decrease in profitability, impairment loss needs to be recorded, thereby possibly affecting the operating results and financial position of the NIKKON Group.

#### (5) Natural disasters, etc.

If transportation routes are blocked due to earthquakes, storms and floods, etc., if damage to the facilities of the business sites or system disruption occur due to power outages in the areas where the NIKKON Group operates, the NIKKON Group's operating results and financial position may be affected.

#### (6) Trends in customer companies

The automotive industry accounts for more than 50% of the consolidated net sales of the NIKKON Group. If production adjustments or decrease in demand for logistics, etc. occur at major customer companies, the NIKKON Group's operating results and financial position may be affected.

#### 4. Management analysis of financial position, operating results and cash flows

##### (1) Overview of operating results, etc.

An overview of the financial position, operating results, and cash flows (hereinafter referred to as “operating results, etc.”) of the NIKKON Group (the Company and its consolidated subsidiaries and entities accounted for using equity method) during the fiscal year ended March 31, 2023 is as follows.

The forward-looking statements contained in this document are based on judgments of the NIKKON Group that were made as of the end of the fiscal year ended March 31, 2023.

##### 1) Financial position and operating results

During the fiscal year under review, the NIKKON Group established or expanded warehouses in Kitakami-shi, Iwate, Iwanuma-shi, Miyagi, Astugi-shi, Kanagawa, Ora-machi, Gunma, Hino-cho, Shiga, Suzuka-shi, Mie, and Shime-machi, Fukuoka, and acquired business sites in Kanegasaki-cho, Iwate, Sendai-shi, Miyagi, Haga-machi, Tochigi, Astugi-shi, Kanagawa, and Shime-machi, Fukuoka. Thus, we have conducted aggressive capital investments and operating activities.

As a result, consolidated sales for the fiscal year ended March 31, 2023 were 212,071 million yen, up 7.0% year-on-year, mainly due to a recovery in business volume. Operating profit was 19,580 million yen, up 0.3% year-on-year, mainly due to the effect of higher sales. Ordinary profit was 22,108 million yen, up 2.4% year-on-year. Profit attributable to owners of parent was 15,913 million yen, up 7.9% year-on-year.

Operating results by segment are as follows.

##### Transportation business

Sales were 96,744 million yen, up 7.1% year-on-year, mainly due to a recovery in the volume of cargo handled. Operating profit was 5,062 million yen, up 12.5% year-on-year, due to the effect of higher sales although fuel prices soared.

##### Warehousing business

Sales were 37,729 million yen, up 9.0% year-on-year, due to an increase in the volume of cargo stored, which is the result of our ongoing efforts in Japan and overseas to establish or expand warehouses. Operating profit was 8,422 million yen, up 4.6% year-on-year, mainly due to the effect of higher sales.

##### Packaging business

Sales were 49,591 million yen, up 11.8% year-on-year, mainly due to a recovery in the volume handled. Operating profit was 3,008 million yen, up 27.8% year-on-year, mainly due to the effect of higher sales.

##### Testing business

Sales were 20,942 million yen, down 4.2% year-on-year, due to cancellations and delays of testing services. Operating profit was 2,223 million yen, down 40.5% year-on-year, mainly due to the effects of higher personnel expenses and outsourcing expenses.

## 2) Cash flows

Cash and cash equivalents (hereafter referred to as “cash”) at the end of the fiscal year under review were 39,460 million yen, an increase of 10,302 million yen from the end of the previous fiscal year.

The following is the status and factors of each of the cash flow categories during the fiscal year under review.

### (Cash flows from operating activities)

Net cash inflow from operating activities was 32,547 million yen, an increase of 3,562 million yen from the previous fiscal year. The main increasing factors were a cash inflow due to 2,657 million yen in decrease in trade receivables, increases of 1,139 million yen in profit before income taxes and 1,069 million yen in depreciation, and decreases of 3,285 million yen in gain on cancellation of leases and 1,057 million yen in income taxes paid. The main decreasing factors were decreases of 3,261 million yen in loss on retirement of non-current assets and 2,231 million yen in cash flow from increase in trade payables.

### (Cash flows from investing activities)

Net cash used in investing activities totaled 22,548 million yen, a decrease of 9,018 million yen from the previous fiscal year. This was primarily due to a decrease of 10,008 million yen in purchase of sale of property plant and equipment.

### (Cash flows from financing activities)

Net cash used in financing activities totaled 208 million yen, a decrease in net cash flow of 967 million yen from net cash provided by financing activities of the previous fiscal year. Main decreasing factors were a decrease of 10,000 million yen in proceeds from issuance of bonds, an increase of 2,427 million yen in purchase of treasury shares, and an increase of 909 million yen in dividends paid. Main increasing factors were an increase of 10,000 million yen in proceeds from long-term borrowings and a decrease of 2,020 million yen in Repayments of long-term borrowings.

## 3) Sales results

Sales results by segment during the fiscal year ended March 31, 2023 are as follows.

Name of business segment	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)		
	Amount (millions of yen)	Composition ratio (%)	Increase (decrease) from previous fiscal year (%)
Transportation business	96,744	45.6	7.1
Warehousing business	37,729	17.8	9.0
Packaging business	49,591	23.4	11.8
Testing business	20,942	9.9	(4.2)
Other businesses	7,063	3.3	1.0
Total	212,071	100.0	7.0

(Notes) 1. Intersegment transactions have been eliminated.

2. Transactions with major business partners in the recent two consolidated fiscal years and the ratio of the sales results to total sales results are as shown below.

Business partner	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	
	Amount (millions of yen)	Proportion (%)	Amount (millions of yen)	Proportion (%)
Honda Motor Co., Ltd.	29,159	14.7	30,736	14.5

(2) Details of analysis and discussion of operating results, etc. from management's perspective

Details of the recognition, analysis and discussion of the operating results, etc. of the NIKKON Group from management's perspective are as follows.

1) Details of the recognition, analysis and discussion of the operating results, etc. for the fiscal year ended March 31, 2023

The NIKKON Group's operating results, etc. for the fiscal year ended March 31, 2023 are as follows.

a) Financial position

(Assets)

Current assets at the end of the fiscal year under review totaled 83,026 million yen, an increase of 8,371 million yen from the end of the previous fiscal year. The increase mainly came from an increase of 9,994 million yen in cash and deposits despite a decrease of 1,702 million yen in notes and accounts receivable - trade. Non-current assets totaled 277,721 million yen, an increase of 12,901 million yen from the end of the previous fiscal year. The increase mainly came from an increase of 10,343 million yen in property, plant and equipment due to purchase of warehouses and other facilities in Kitakami-shi, Iwate, Iwanuma-shi, Miyagi, Ora-machi, Gunma, Astugi-shi, Kanagawa, Hino-cho, Shiga, Suzuka-shi, Mie, and Shime-machi, Fukuoka, and business sites in Kanegasaki-cho, Iwate, Sendai-shi, Miyagi, Haga-machi, Tochigi, Astugi-shi, Kanagawa, and Shime-machi, Fukuoka.

As a result, total assets were 360,748 million yen, an increase of 21,273 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the fiscal year under review totaled 58,358 million yen, an increase of 13,991 million yen from the end of the previous fiscal year. This increase mainly came from an increase of 11,328 million yen in short-term borrowings due to transfer from long-term borrowings, and an increase of 821 million yen in income taxes payable. Non-current liabilities totaled 72,990 million yen, a decrease of 3,082 million yen from the end of the previous fiscal year. This decrease mainly came from a decrease of 3,151 million yen in long-term borrowings due to transfer to short-term borrowings while new borrowings of 10,000 million were made.

As a result, total liabilities were 131,349 million yen, an increase of 10,909 million yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the fiscal year under review were 229,399 million yen, an increase of 10,363 million yen from the end of the previous fiscal year. This increase mainly came from an increase of 4,533 million yen in retained earnings, an increase of 1,683 million yen in foreign currency translation adjustment, and a decrease of 3,012 million yen in treasury shares.

As a result, the equity ratio at the end of the fiscal year under review was 63.4% (64.4% at the end of the previous fiscal year).

b) Operating results

(Net sales)

Consolidated net sales for the fiscal year ended March 31, 2023 were 212,071 million yen, up 7.0% year-on-year. This increase was attributable to the recovery in volume of cargo handled, as well as an increase in volume of cargo handled due to successive establishment and expansion of our facilities such as warehouses. Net sales by segment are stated in (1) Overview of operating results, etc., 1) Financial position and operating results.

(Operating profit)

Operating profit for the fiscal year ended March 31, 2023 was 19,580 million yen, up 0.3% year-on-year. The Group's operating profit increased, but only slightly, due to increases in costs such as fuel prices, and factors that reduced operational efficiency. Operating profit by segment are stated in (1) Overview of operating results, etc., 1) Financial position and operating results.

(Ordinary profit)

Non-operating income for the fiscal year ended March 31, 2023 was 2,853 million yen, up 19.3% year-on-year. This is mainly due to an occurrence of compensation income of 219 million yen resulting from the revision of warehouse contracts and an increase of 179 million yen in share of profit of entities accounted for using equity method, despite a decrease of

198 million yen in foreign exchange gains.

As a result, ordinary profit was 22,108 million yen, up 2.4% year-on-year.

(Profit attributable to owners of parent)

Extraordinary income for the fiscal year ended March 31, 2023 was 957 million yen, a decrease of 2,463 million yen from the previous fiscal year. This is mainly due to a decrease of 3,285 million yen in gain on cancellation of leases that occurred in the previous fiscal year despite an occurrence of compensation for expropriation of 842million yen. Extraordinary losses totaled 289 million yen, a decrease of 3,078 million yen from the previous fiscal year. This mainly came from a decrease of 3,272 million yen in loss on retirement of non-current assets that occurred in the previous fiscal year as a result of purchase of leased assets.

As a result, profit attributable to owners of parent was 15,913 million yen, up 7.9% year-on-year.

c) Analysis of cash flows

Analysis of cash flows for the fiscal year ended March 31, 2023 are stated in (1) Overview of operating results, etc., 2) Cash flows.

d) Analysis of capital financing and liquidity

The demand for funds for the NIKKON Group's business activities includes working capital as operating expenses, such as expenses for running business, and general and administrative expenses, and capital funds for the purchase of non-current assets, such as warehouses, workplaces, and business vehicles.

The NIKKON Group's working capital is basically financed by internal funds, commercial papers and borrowings from financial institutions as needed, and its capital funds are financed by internal funds, as well as straight bonds with fixed interest rates and borrowings from financial institutions as needed. As of the end of the fiscal year ended March 31, 2023, the balance of straight bonds was 50 billion yen, and the balance of borrowings was 23,210 million yen.

e) Management policies, management strategies, and objective financial data, etc. to determine the achievement status of the management targets

The NIKKON Group launched the 12th Medium-term Business Plan (Challenge 12) for three years from April 1, 2020, and set targets for the fiscal year ended March 31, 2023 as follows: 230 billion yen for net sales, 23 billion yen for operating profit, 10.0% for ratio of operating profit to net sales, and 8.0% for rate of return on equity (ROE).

For the fiscal year ended March 31, 2023, which is the last year of the said business plan, net sales were 212,071 million yen, operating profit was 19,580 million yen, ratio of operating profit to net sales was 9.2%, and ROE was 7.1% due to the prolonged effects of the COVID-19 pandemic, supply chain disruptions, the steep rise in fuel prices, etc. The Group thus failed to meet any of these targets for the last year of the Medium-term Business Plan.

The NIKKON Group has subsequently launched the 13th Medium-term Business Plan (Challenge 13) for three years from April 1, 2023, and has set targets for the fiscal year ending March 31, 2026 as follows: 280 billion yen for net sales, 28 billion yen for operating profit, 10.0% for ratio of operating profit to net sales, and 8.0% for ROE.



## 2) Significant accounting estimates and assumptions used for the estimates

The consolidated financial statements of the NIKKON Group are prepared on the basis of accounting principles generally accepted in Japan. In preparing these consolidated financial statements, the NIKKON Group used estimates and assumptions that have an impact on the reported amounts of assets, liabilities, revenue and expenses. However, the figures based on these estimates and assumptions may differ from the actual results.

Significant accounting estimates and assumptions used when preparing the consolidated financial statements are as follows.

### a) Future cash flows in impairment accounting

Details are as stated in V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, [Notes], (Significant accounting estimates).

### b) Calculation of retirement benefit liability

Some companies in the NIKKON Group have adopted defined benefit plans. The retirement benefit liability under defined benefit plans and related service costs are calculated by estimating the projected retirement benefit amount based on assumptions used in actuarial calculations and discounting them. Assumptions used in actuarial calculations include various computational foundations, such as discount rates, and expected rate of return on plan assets.

If the above estimates and assumptions need to be revised due to changes in uncertain economic conditions in the future, etc., it may have a material impact on the amount of retirement benefit liability and retirement benefit expenses to be recognized in the consolidated financial statements for the next fiscal year and thereafter.

In the calculation of retirement benefit liability and retirement benefit expenses, the following are the sensitivity to changes in the major assumptions given to retirement benefit liability and retirement benefit expenses as of the end of the fiscal year ended March 31, 2023. Negative figures (in parenthesis) represent a decrease in retirement benefit liability and positive figures represent an increase in retirement benefit liability. Sensitivity analysis assumes that all assumptions used in actuarial calculations are constant except for the assumptions used in actuarial calculations subject to the analysis.

As of the end of the fiscal year ended March 31, 2023:

	Changes in assumptions used in actuarial calculations	Impact on retirement benefit liability (millions of yen)
Discount rates	0.5% increase	(927)
	0.5% decrease	989
	Changes in assumptions used in actuarial calculations	Impact on retirement benefit expenses (millions of yen)
Expected rate of return on plan assets	0.5% increase	(54)
	0.5% decrease	54

The main assumptions used in actuarial calculations used to calculate retirement benefit liability as of the end of the fiscal year ended March 31, 2023 are as stated in V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, [Notes], (Retirement benefits), (8) Matters related to the assumptions of actuarial calculations.

## 5. Material contracts, etc.

There are no applicable matters to be reported.

## 6. Research and development activities

There are no applicable matters to be reported.

### III. Information about Facilities

#### 1. Overview of capital expenditures

Capital expenditures for the fiscal year ended March 31, 2023 was 22,226 million yen, mainly due to the acquisition of commercial vehicles and the expansion of our own warehouses. Capital expenditures by segment are as follows.

##### (1) Transportation business

We have made capital investments of 4,106 million yen for new acquisition, or remodeling, of land for the transportation business use and 126 commercial vehicles.

##### (2) Warehousing business

We have made capital investments of 12,389 million yen, including those for acquiring land for the warehousing business use and for acquiring warehouses in Kitakami-shi, Iwate, Iwanuma-shi, Miyagi, Ora-machi, Gunma, Astugi-shi, Kanagawa, Hino-cho, Shiga, Suzuka-shi, Mie, and Shime-machi, Fukuoka.

##### (3) Packaging business

We have made capital investments of 1,884 million yen for newly acquiring land for the packaging business use, forklifts for on-premises work, etc.

##### (4) Testing business

Capital expenditures for the testing business was 773 million yen, mainly due to the acquisition of test equipment in Haga-machi, Tochigi.

##### (5) Other businesses

The amount of capital expenditures in other businesses was 3,072 million yen, mainly due to the acquisition of land for the use of real estate business for lease, etc. in Haga-machi, Tochigi.

There was no major equipment disposal or sale in any segment.

#### 2. Major Facilities

##### (1) Reporting company

As of March 31, 2023

Business place (Location)	Name of business segment	Details of facilities and equipment	Book value (millions of yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land		Leased assets	Total	
						Area (thousand m <sup>2</sup> )	Amount			
Headquarters and others (Chuo-ku, Tokyo)	Other businesses Company- wide	Office and others	346	0	2	1	1,468	—	1,818	25
Real Estate Business Department (Haga-machi, Tochigi and other locations)	Other businesses	Leased land and buildings, and others	7,670	41	8	279	22,239	—	29,960	8

## (2) Domestic subsidiaries

As of March 31, 2023

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Book value (millions of yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land		Leased assets	Total	
							Area (thousand m <sup>2</sup> )	Amount			
NIPPON KONPO UNYU SOKO CO., LTD.	Headquarters (Chuo-ku, Tokyo) 73 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Refueling facility Office and others	66,787	2,593	370	2,815 (266)	65,795	0	135,546	3,366
NIPPON RIKUSO Co., Ltd.	Headquarters (Suzuka-shi, Mie) 13 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Refueling facility Office and others	7,309	400	76	328 (103)	5,541	22	13,350	434
MEIKON CO., LTD.	Headquarters (Komaki-shi, Aichi) 8 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Refueling facility Office and others	5,890	405	62	274 (43)	6,110	—	12,470	170
NIPPON UNYU CO., LTD.	Headquarters (Oizumi-machi, Gunma) 14 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Refueling facility Office and others	6,724	216	79	336 (177)	6,122	5	13,148	424
Auto Technic Japan Co., Ltd.	Headquarters (Haga-machi, Tochigi) 4 other business places	Testing business	Testing facility Office and others	3,330	2,147	423	18 (64)	508	6	6,416	1,893

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Book value (millions of yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land		Leased assets	Total	
							Area (thousand m <sup>2</sup> )	Amount			
CHUETS UTEC Co., Ltd.	Headquarters (Koto-ku, Tokyo) 15 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Office and others	1,422	154	55	62 (20)	2,054	—	3,686	376
ITO-EXPRESS CO., LTD.	Headquarters (Seto-shi, Aichi) 13 other business places	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Office and others	1,822	148	16	149 (21)	2,780	42	4,811	585

## (3) Overseas subsidiaries

As of March 31, 2023

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Book value (millions of yen)						Number of employees (persons)	
				Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land		Leased assets		Total
							Area (thousand m <sup>2</sup> )	Amount			
NK PARTS INDUSTRIES, INC.	Headquarters (Sydney, Ohio, U.S.A.) 1 other business place	Transportation business Warehousing business Packaging business Other businesses Company-wide	Commercial vehicle Warehouse Workshop Office and others	1,681	221	379	707 (-)	297	-	2,579	760

(Notes) 1. The amount of capital invested is the book value of property, plant and equipment and does not include the amount of construction in progress.

2. Figures in parenthesis are on lease.

3. Details of major facilities, which are on lease from companies other than consolidated companies are as follows.

## 1) Reporting company

There are no major facilities on lease.

## 2) Domestic subsidiaries

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Annual leasing fee (millions of yen)
NIPPON KONPO UNYU SOKO CO., LTD.	Hidaka Business Office (Hidaka-shi, Saitama) 20 other business places	Transportation business Warehousing business Packaging business	Land and buildings	1,132
NIPPON RIKUSO Co., Ltd.	Kanto Business Office (Kawagoe-shi, Saitama) 1 other business place	Warehousing business Packaging business	Land and buildings	123
MEIKON CO., LTD.	Head Business Office (Komaki-shi, Aichi) 1 other business place	Warehousing business	Land and buildings	689
NIPPON UNYU CO., LTD.	Isesaki Business Office (Isesaki-shi, Gunma) 6 other business places	Warehousing business Packaging business	Land and buildings	713

## 3) Overseas subsidiaries

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Annual leasing fee (millions of yen)
NIPPON KONPO (THAILAND) CO.,LTD.	Bang Na Business Office (Samut Prakan, Thailand)	Warehousing business	Land and buildings	126

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Annual leasing fee (millions of yen)
NIPPON KONPO VIETNAM CO., LTD.	Binh Duong Warehouse (Binh Duong Province, Vietnam) 1 other business place	Transportation business Warehousing business Packaging business	Land and buildings	192

### 3. Planned addition, retirement, and other changes of facilities

#### (1) Construction of major facilities, etc.

##### 1) Reporting company

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Planned investment amount (millions of yen)		Funds procurement method	Date of commencement	Date of scheduled completion	Increased capacity after completion
				Total amount	Amount already paid				
NIKKON Holdings Co., Ltd.	TBD (Utsunomiya-shi, Tochigi)	Other businesses	Construction of building for lease	6,484	1,432	Internal cash flow and borrowing	October 2022	October 2024	Area 43,000 m <sup>2</sup>

##### 2) Domestic subsidiaries

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Planned investment amount (millions of yen)		Funds procurement method	Date of commencement	Date of scheduled completion	Increased capacity after completion
				Total amount	Amount already paid				
NIPPON KONPO UNYU SOKO CO., LTD.	Miyoshi Business Office (Miyoshi-machi, Saitama)	Transportation business Warehousing business Packaging business	Warehouse extension	5,620	2,613	Internal cash flow and borrowing from the reporting company	April 2022	October 2023	Area 29,000 m <sup>2</sup>
NIPPON KONPO UNYU SOKO CO., LTD.	Sanwa Business Office (Koga-shi, Ibaraki)	Transportation business Warehousing business Packaging business	Construction of warehouse	3,701	1,296	Internal cash flow and borrowing from the reporting company	August 2022	October 2023	Area 23,000 m <sup>2</sup>

(Note) The above amounts do not include consumption taxes, etc.

##### 3) Overseas subsidiaries

Company name	Business place (Location)	Name of business segment	Details of facilities and equipment	Planned investment amount (millions of yen)		Funds procurement method	Date of commencement	Date of scheduled completion	Increased capacity after completion
				Total amount	Amount already paid				
PT NIPPON KONPO INDONESIA	TBD (Kabupaten Bekasi, Jawa Barat)	Transportation business Warehousing business Packaging business	Acquisition of land for business place	1,253	—	Internal cash flow and borrowing from the reporting company	March 2023	October 2023	Area 47,000 m <sup>2</sup>

(Note) The above amounts do not include consumption taxes, etc.

#### (2) Disposal of major facilities, etc.

No disposal of major facilities, etc. is planned.

#### IV. Information about Reporting Company

##### 1. Company's shares, etc.

###### (1) Total number of shares, etc.

###### 1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common shares	152,000,000
Total	152,000,000

###### 2) Issued shares

Class	Shares issued as of the end of the fiscal year (shares) (March 31, 2023)	Shares issued as of the filing date (shares) (June 30, 2023)	Exchanges on which stock is listed /Certified associations of financial instruments dealers to which the Company is affiliated	Description
Common shares	65,739,892	65,739,892	Prime Market of the Tokyo Stock Exchange	Share unit 100 shares
Total	65,739,892	65,739,892	—	—



(2) Share acquisition rights

1) Employee share option plans

Share acquisition rights issued in accordance with the Companies Act are as follows.

Date of resolution	June 29, 2011
Category and number of grantees (persons)	7 Directors of the Company 10 Executive Officers of the Company
Number of share acquisition rights *	341 [238]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 34,100 [23,800]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 20, 2011 to July 19, 2046
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 771 Amount to be incorporated into the stated capital: 386
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed

with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that,

as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

Date of resolution	July 13, 2012
Category and number of grantees (persons)	7 Directors of the Company 13 Executive Officers of the Company
Number of share acquisition rights *	278 [201]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 27,800 [20,100]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 31, 2012 to July 30, 2047
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 827 Amount to be incorporated into the stated capital: 414
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to

Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

Date of resolution	June 27, 2013
Category and number of grantees (persons)	7 Directors of the Company 14 Executive Officers of the Company
Number of share acquisition rights *	189 [138]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 18,900 [13,800]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 23, 2013 to July 22, 2048
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 1,480 Amount to be incorporated into the stated capital: 740
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to

Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

Date of resolution	June 27, 2014
Category and number of grantees (persons)	7 Directors of the Company 13 Executive Officers of the Company
Number of share acquisition rights *	165 [120]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 16,500 [12,000]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 23, 2014 to July 22, 2049
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 1,582 Amount to be incorporated into the stated capital: 791
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to



Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

Date of resolution	June 29, 2015
Category and number of grantees (persons)	7 Directors of the Company 14 Executive Officers of the Company
Number of share acquisition rights *	126 [92]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 12,600 [9,200]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 28, 2015 to July 27, 2050
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 1,856 Amount to be incorporated into the stated capital: 928
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to

Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

Date of resolution	June 29, 2016
Category and number of grantees (persons)	7 Directors of the Company 6 Executive Officers of the Company
Number of share acquisition rights *	156 [129]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 15,600 [12,900]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 22, 2016 to July 21, 2051
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 1,830 Amount to be incorporated into the stated capital: 915
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no further changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236,

paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the

general meeting of shareholders.

Date of resolution	June 29, 2017
Category and number of grantees (persons)	7 Directors of the Company 6 Executive Officers of the Company
Number of share acquisition rights *	123 [102]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 12,300 [10,200]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 22, 2017 to July 21, 2052
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 2,229 Amount to be incorporated into the stated capital: 1,115
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to

Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.



Date of resolution	June 28, 2018
Category and number of grantees (persons)	7 Directors of the Company 5 Executive Officers of the Company
Number of share acquisition rights *	110 [92]
Class, description and number of shares subject to share acquisition rights (shares) *	Common shares: 11,000 [9,200]
Amount payable on the exercise of share acquisition rights (yen) *	1 per share (Notes) 1
Period of exercise of share acquisition rights *	From July 21, 2018 to July 20, 2053
Issuance price and amount to be incorporated into the stated capital per share on the exercise of share acquisition rights (yen) *	Issuance price: 2,541 Amount to be incorporated into the stated capital: 1,271
Conditions on the exercise of share acquisition rights *	1) Holders of share acquisition rights may, in principle, exercise share acquisition rights only within 10 days from the day following the date of loss of their positions both as a Director and executive officer of the Company (or the following business day if the 10th day falls on a holiday). 2) Other conditions shall be governed by the “Share Acquisition Right Allotment Agreement” to be concluded between the Company and the holders of share acquisition rights.
Matters concerning the transfer of share acquisition rights *	Approval of the Company’s Board of Directors is required for the acquisition of any share acquisition rights by means of transfer.
Matters concerning the issuance of share acquisition rights as a result of reorganization *	(Notes) 2

\* Description denotes information as of the end of the fiscal year under review (March 31, 2023). For any changes in description that occurred during the period from March 31, 2023 to the end of the month preceding the filing date (May 31, 2023), descriptions as of May 31, 2023 are stated in brackets [ ]. There were no other changes in description from March 31, 2023.

(Notes) 1. The class of shares underlying share acquisition rights shall be the Company’s common shares, and the number of shares underlying each of the share acquisition rights shall be 100 shares.

In the case of performing a share split (including the allotment of shares of the Company’s common shares without contribution; the same applies hereinafter to the description of the share split) or share consolidation of the Company’s common shares, the number of shares to be granted shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made with respect to the number of shares underlying share acquisition rights that have not been exercised at the time of such adjustment, and any fractional figure less than one share generated as a result of such adjustment shall be rounded off.

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of share split or consolidation

Moreover, in the case where the Company carries out a merger, company split or share exchange, and in any other equivalent case where an adjustment of the number of shares granted is required, the Company may adjust the number of shares granted as deemed necessary by the Board of Directors of the Company.

2. In the case where the Company carries out a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes a split company, respectively), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary, respectively) (hereinafter collectively referred to as the “Reorganization”), the Company shall issue to the holders of share acquisition rights holding the remaining share acquisition rights immediately prior to the effective date of the Reorganization (meaning the day on which the absorption-type merger takes effect with respect to the absorption-type merger, the day on which the stock company established by the consolidation-type merger is formed with respect to the consolidation-type merger, the day on which the absorption-type company split takes effect with respect to the absorption-type company split, the day on which the stock company incorporated in the incorporation-type company split is formed with respect to the incorporation-type company split, the day on which the share exchange takes effect with respect to the share exchange, and the day on which the wholly-owning parent company formed by share transfer is formed with respect to the share transfer; the same applies hereinafter) (such remaining share acquisition rights hereinafter referred to as the “Residual Share Acquisition Rights”) the share acquisition rights of the stock companies listed in Article 236, paragraph 1, item (viii), (a) through (e) of the Companies Act (hereinafter referred to as the “Company Subject to

Reorganization”) in the respective cases.

Provided, however, that the issuance of share acquisition rights of the Company Subject to Reorganization in accordance with the following items shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, and the incorporation-type company split plan, share exchange agreement or share transfer plan.

- 1) The number of share acquisition rights of the Company Subject to Reorganization to be issued  
The share acquisition rights of the Company Subject to Reorganization shall be issued in the same number as the number of Residual Share Acquisition Rights held by the holders of share acquisition rights.
- 2) Class of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be common shares of the Company Subject to Reorganization.
- 3) The total number of shares of the Company Subject to Reorganization underlying share acquisition rights  
It shall be the number of shares underlying share acquisition rights, for which reasonable adjustments have been made, taking into consideration the conditions of the Reorganization, etc. Provided, however, that any fractional figure less than one share generated as a result of such adjustment shall be rounded off.
- 4) The value of the property to be contributed at the time of exercise of share acquisition rights  
The value of the property to be contributed at the time of exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the post-reorganization exercise price set below by the number of shares of the Company Subject to Reorganization underlying the relevant each share acquisition right to be determined pursuant to the above item 3). The post-reorganization exercise price shall be one yen per share of the Company Subject to Reorganization that can be received by exercising each share acquisition right to be issued.
- 5) The period during which share acquisition rights can be exercised  
It shall be from the start date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights or the effective date of the Reorganization, whichever comes later, to the expiration date of the period during which the share acquisition rights can be exercised as specified in the above period of exercise of share acquisition rights.
- 6) Matters concerning the capital and capital reserves that will be increased in cases where shares are issued as a result of the exercise of share acquisition rights  
To be determined in accordance with the issuance price and amount to be incorporated into the stated capita per share in cases where shares are issued as a result of the above exercise of share acquisition rights.
- 7) Restriction on purchase of share acquisition rights by transfer  
Approval of the Board of Directors of the Company Subject to Reorganization shall be required for the acquisition of any share acquisition rights by means of transfer.
- 8) Conditions on the exercise of share acquisition rights  
To be determined in accordance with the above conditions on the exercise of share acquisition rights.
- 9) Provisions for acquisition of share acquisition rights  
If any of the following proposals (a), (b), (c), (d) or (e) is approved at the general meeting of shareholders of the Company (in case a resolution of the general meeting of shareholders is not required, if a resolution of the Board of Directors of the Company or a decision of executive officers delegated pursuant to the provisions of Article 416, paragraph 4 of the Companies Act is made), the Company may acquire the share acquisition rights without contribution on a date separately specified by the Board of Directors of the Company:
  - (a) a proposal for approval of a merger agreement in which the Company ceases to exist;
  - (b) a proposal for approval of a company split agreement or a company split plan in which the Company becomes a split company;
  - (c) a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary;
  - (d) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer; and
  - (e) a proposal for approval of amendments to the articles of incorporation which establishes a provision to the effect that, as the features of the class shares underlying share acquisition rights, the approval of the Company is required for the acquisition of such class shares by transfer, or that the Company acquires all of such class shares by a resolution of the general meeting of shareholders.

2) Rights plans

There are no applicable matters to be reported.

3) Share acquisition rights for other uses

There are no applicable matters to be reported.

(3) Exercises of moving strike convertible bonds, etc.

There are no applicable matters to be reported.

(4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in share capital (millions of yen)	Balance of share capital (millions of yen)	Changes in legal capital reserve (millions of yen)	Balance of legal capital reserve (millions of yen)
May 31, 2022 (Note)	(2,500,000)	65,739,892	—	11,316	—	11,582

(Note) The decrease is due to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2023

Category	Status of shares (the number of shares constituting one unit is 100 shares)								Status of Shares below unit (shares)
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, others	Total	
					Other than individuals	Individuals			
Numbers of shareholders (persons)	—	32	23	122	177	3	3,902	4,259	—
Number of shares held (units)	—	171,927	9,083	115,467	240,447	7	119,998	656,929	46,992
Ratio of shares held (%)	—	26.17	1.38	17.58	36.60	0.00	18.27	100.00	—

(Notes) 1. Of 1,536,691 treasury shares, 15,366 units are included in the “Individuals, others” and 91 shares are included in the “Status of shares below unit.”

2. The “Financial institutions” includes 26,900 shares (269 units) of the Company held by a trust whose beneficiaries are Directors.

## (6) Major shareholders

As of March 31, 2023

Name	Address	Number of shares held (thousands of shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
Master Trust Bank of Japan, Ltd. (trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	8,506	13.25
NORTHERN TRUST CO. (AVFC)RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing Proxy: HSBC Tokyo)	50 BANK STREET CANARY WHARF LONDON E14 5 NT, UK	5,887	9.17
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	2,872	4.47
General Incorporated Association Kuroiwa-Kai	192-1 Makinoji, Koga-shi, Ibaraki	2,560	3.98
NORTHERN TRUST CO. (AVFC)RE U.S. TAX EXEMPTED PENSION FUNDS (Standing Proxy: HSBC Tokyo)	50 BANK STREET CANARY WHARF LONDON E14 5 NT, UK	2,557	3.98
Honda Motor Co., Ltd.	2-1-1 Minamiaoyama, Minato-ku, Tokyo	2,449	3.81
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT (Standing Proxy: HSBC Tokyo)	50 BANK STREET CANARY WHARF LONDON E14 5 NT, UK	2,078	3.23
Isuzu Motors Limited	6-26-1 Minamioi, Shinagawa-ku, Tokyo	1,692	2.63
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing Proxy: HSBC Tokyo)	50 BANK STREET CANARY WHARF LONDON E14 5 NT, UK	1,504	2.34
Hino Motors, Ltd.	3-1-1 Hinodai, Hino-shi, Tokyo	1,494	2.32
Total	—	31,604	49.23

(Notes) 1. Out of the number of shares held above, the number of shares pertaining to trust business is as follows.

Master Trust Bank of Japan, Ltd. 8,506 thousand shares

Custody Bank of Japan, Ltd. 2,872 thousand shares

2. Out of the number of shares held by Custody Bank of Japan, Ltd. above, 26 thousand shares are the Company's shares held by a trust whose beneficiaries are Directors.

3. The Large Shareholding Report made available to the public as of March 7, 2019, contained the information listed below regarding shares held by Kiltearn Partners LLP as of February 28, 2019. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review, this company was omitted from the list of major shareholders.

The content of the Large Shareholding Report is as follows.

Name	Address	Number of shares held (shares)	Shareholding as a proportion of total shares outstanding (%)
Kiltearn Partners LLP	3 Exchange Place, Semple Street, Edinburgh, Midlothian, EH3 8BL, Scotland, United Kingdom	2,710,400	3.97

4. The Large Shareholding Report made available to the public as of February 24, 2023, contained the information listed below regarding shares held by Silchester International Investors LLP as of February 22, 2023. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review, this company was omitted from the list of major shareholders.

The content of the Large Shareholding Report is as follows.

Name	Address	Number of shares held (shares)	Shareholding as a proportion of total shares outstanding (%)
Silchester International Investors LLP	5th floor, Time & Life Building, 1 Bruton Street, London, W1J 6TL, United Kingdom	12,593,500	19.16

## (7) Voting rights

## 1) Issued shares

As of March 31, 2023

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury shares, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,536,600	—	—
Shares with full voting rights (others)	Common shares 64,156,300	641,563	—
Shares below one unit	Common shares 46,992	—	—
Total number of issued shares	65,739,892	—	—
Total voting rights held by all shareholders	—	641,563	—

(Notes) 1. The number of shares and voting rights in the “Shares with full voting rights (others)” box includes 26,900 shares (voting rights 269 units) of the Company held by a trust whose beneficiaries are Directors.

2. The number of common shares in the “Shares below one unit” box includes 91 treasury shares held by the Company.

## 2) Treasury shares, etc.

As of March 31, 2023

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Percentage of shares held to the total number of issued shares (%)
NIKKON Holdings Co. Ltd.	6-17 Akashi-cho Chuo-ku, Tokyo	1,536,600	—	1,536,600	2.34
Total	—	1,536,600	—	1,536,600	2.34

(Note) The number of treasury shares does not include 26,900 shares (voting rights 269 units) of the Company held by a trust whose beneficiaries are Directors.

## (8) Share ownership plan for Directors (and other Officers) and employees

## 1) Overview of share ownership plan for Directors

At the 80th Annual General Meeting of Shareholders held on June 29, 2021, the Company's shareholders approved of the introduction of the share-based remuneration plan applicable to the Company's Directors (excluding the Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as the “Director”) in order to further clarify the link between the remuneration of Directors and the performance and stock value of the Company and for Directors to share the profits and risks caused by stock price fluctuations with shareholders, thereby raising awareness of contribution to the improvement of medium-to long-term business performance and the increase of corporate value. Details are as stated in IV. Information about Reporting Company, 4. Corporate governance, (4) Remuneration for Directors (and other officers).

## 2. Acquisition and disposal of treasury shares

[Class of shares, etc.] Acquisition of common shares pursuant to Article 155, Item 3 of the Companies Act and acquisition of common shares pursuant to Article 155, Item 7 of the Companies Act

### (1) Acquisition by resolution of shareholders meeting

There are no applicable matters to be reported.

### (2) Acquisition by resolution of Board of Directors meeting

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at a Board of Directors meeting (May 13, 2022) (Acquisition period: From May 16, 2022, to December 28, 2022)	1,400,000	3,000,000,000
Treasury shares acquired before the fiscal year under review	—	—
Treasury shares acquired during the fiscal year under review	1,352,000	2,999,976,700
Total number and amount of remaining shares to be acquired by resolution	48,000	23,300
Ratio of unexercised shares to the number resolved as of the end of the fiscal year under review (%)	3.4	0.0
Treasury shares acquired during the current term	—	—
Ratio of unexercised shares to the number resolved as of the filing date (%)	3.4	0.0

### (3) Acquisition not based on resolution of Shareholders Meeting or Board of Directors meeting

Category	Number of shares (shares)	Total amount (yen)
Treasury shares acquired during the fiscal year under review	513	1,202,374
Treasury shares acquired during the current term	50	127,950

(Note) “Treasury shares acquired during the current term” does not include the number of shares purchased during the period from June 1, 2023, to the filing date of this annual securities report.

### (4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year under review		Current term	
	Number of shares (shares)	Total amount disposed (yen)	Number of shares (shares)	Total amount disposed (yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares retired	2,500,000	5,986,375,000	—	—
Acquired treasury shares transferred due to merger, stock exchange, stock delivery, or company split	—	—	—	—
Others (Note 3)	12,200	27,690,950	37,600	86,387,504
Number of treasury shares held	1,563,591	—	1,526,041	—

(Notes) 1. The number of treasury shares disposed during the current term does not include the number of shares below one unit sold during the period from June 1, 2023 to the filing date of this annual securities report.

2. The number of treasury shares held during the current term does not include the number of shares below one unit purchased or delivered during the period from June 1, 2023, to the filing date of this annual securities report.
3. Disposal of treasury shares during the fiscal year under review and the current term is due to the exercise of share acquisition rights.
4. The numbers of treasury shares held during the fiscal year under review and the current term each include shares of the Company held by a trust whose beneficiaries are Directors (26,900 shares).



### 3. Dividend policy

Our basic policy of profit distribution is to target a dividend payout ratio of 40% and to pay dividends after comprehensively taking into account such factors as future earnings forecasts, reinforcement of our corporate structure, and dividend payout ratio. Our basic policy is to make dividend payments from surplus twice a year as an interim dividend and a year-end dividend.

The Company amended its Articles of Incorporation at the Annual General Meeting of Shareholders held on June 29, 2006, to allow dividends of surplus by a resolution of the Board of Directors, so that profit returns can be done flexibly.

Based on the policy above, we decided to pay a dividend of 99 yen per share (including an interim dividend of 48 yen) for the fiscal year under review.

As a result, the dividend payout ratio for the fiscal year under review is 76.2% (with a consolidated dividend payout ratio of 40.1% for the fiscal year under review).

We will utilize internal reserves to make capital investments in pursuit of greater competitiveness of each business and to strengthen our financial structure, thereby increasing the Group's corporate value.

Our Articles of Incorporation stipulates that the Company may pay interim dividends.

(Note) Dividends whose record date falls in the current fiscal year are as follows:

Date of resolution	Total cash dividends (millions of yen)	Dividend per share (yen)
November 4, 2022      Resolution at a Board of Directors meeting	3,088	48
May 12, 2023        Resolution at a Board of Directors meeting	3,274	51

## 4 Corporate governance

### (1) Overview of corporate governance

#### 1) Basic approach to corporate governance

As a general logistics firm with an integrated logistics system, the Company believes that it is important to be constantly aware of the soundness, lawfulness and speed of management, to build relationships of trust with stakeholders including shareholders, investors, and business partners as a listed company, and to maintain growth and enhance corporate value in the long term. Accordingly, the Company is developing and strengthening the organizational structure and endeavoring to ensure the transparency of corporate activities to develop the environment for a framework governing corporate activities (corporate governance) and to ensure that this framework functions effectively.

As measures to ensure that internal control mechanisms maintain the corporate soundness, the Company has enacted Conduct Guidelines and is developing a compliance structure and risk management structure.

By engaging in such business activities, the Company intends to fulfil its corporate responsibilities to customers, shareholders, and other stakeholders and contribute to the development of society.

#### 2) Overview of corporate governance structure and reasons for employing the said structure

The Company became a company with an Audit & Supervisory Committee by a resolution of the Annual General Meeting of Shareholders held on June 28, 2018, in order to further enhance the Board of Directors' supervisory functions, enable swift decision-making, further enhance the corporate governance code, and add to the corporate value.

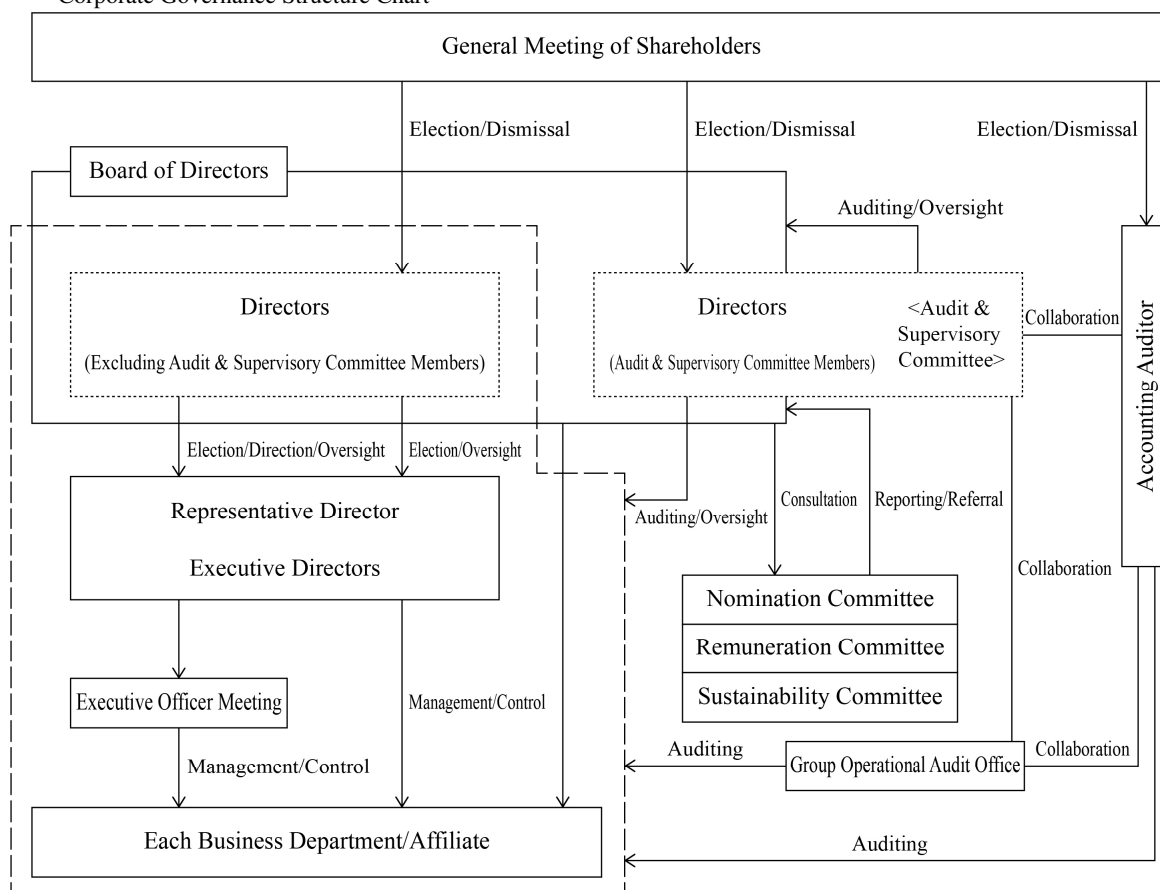
The Company has installed a Board of Directors, an Audit & Supervisory Committee, and an accounting auditor as management control organs.

The Board of Directors consists of 10 members and is chaired by Masakatsu Kuroiwa, President and Representative Director. The other members are Directors Seiji Ooka, Yasunori Matsuda, Hidehiro Motohashi, Kioi Yamada, Aiko Koma, Ryutaro Ozeki, Hideki Miyata, Hiroshi Sakairi, and Tetsuya Okuda. They include four Outside Directors: Aiko Koma, Ryutaro Ozeki, Hideki Miyata, and Tetsuya Okuda. The Company holds monthly ordinary Board of Directors' meetings for the purpose of approving material matters and extraordinary Board of Directors' meetings whenever necessary. It also holds monthly Management Strategy Council meetings for the purpose of speeding up material decision-making, and monthly Executive Officer meetings mainly for the purpose of reporting and exchanging information, thereby adopting a structure which enables strengthening of the oversight function, expansion of matters deliberated and reported, and flexible decision-making. In addition, the Company has adopted the Executive Officer System to separate the business execution function from the management decision-making and oversight function, speed up decision-making and clarify responsibility for business execution, and increase management efficiency, and also to strengthen corporate governance.

The Audit & Supervisory Committee consists of three members: Audit & Supervisory Committee Member Hideki Miyata, who chairs the committee, and Audit & Supervisory Committee Members Hiroshi Sakairi and Tetsuya Okuda. They include two Outside Directors: Hideki Miyata and Tetsuya Okuda. The Company holds Audit & Supervisory Committee meetings and meetings of Audit & Supervisory Committee Members and seeks to strengthen their independence and functions, thereby adopting an audit structure in accordance with the Audit & Supervisory Committee Rules, the Audit & Supervisory Committee Audit Standards, and the Audit & Supervisory Committee Auditing Standards for Internal Control System. The Company also adopts a structure which allows Audit & Supervisory Committee Members to adequately monitor Directors' performance of duties through attendance at Board of Directors' meetings and other important meetings, individual interviews with Directors, division managers and other relevant persons, and business audits and reports of business sites in Japan and overseas.

The Company has four Outside Directors who monitor and supervise us from the perspective of external checking. Accordingly, we believe that the objectivity and neutrality of the management supervisory function as well as effective corporate governance are ensured as of now.

Corporate Governance Structure Chart



3) Other corporate governance-related matters

Under its internal control systems, the Company has established a Basic Policy on Establishment of Internal Control Systems as set out below based on the Companies Act and Ordinance for Enforcement of the Companies Act to ensure appropriate business operations at the Company and its subsidiaries, and shall seek to develop and endeavor to maintain the structure necessary to establish such systems.

a. Matters regarding employees assisting with the duties of the Audit and Supervisory Committee (Article 110-4, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)

I The Company shall assign the employees ("assisting employees") which the Audit & Supervisory Committee needs to execute its duties.

b. Matters regarding the independence of assisting employees from Directors (who are not Audit & Supervisory Committee Members) (Item 2 of the same paragraph)

I Assisting employees shall, insofar as they are assisting the duties of the Audit & Supervisory Committee, be under the command of Directors who are Audit & Supervisory Committee Members.

II The Company shall obtain the prior consent of the Audit & Supervisory Committee regarding personnel changes, personnel evaluations and disciplinary action concerning assisting employees.

c. Matters concerning securing the effectiveness of instructions to employees assisting the Audit & Supervisory Committee (Item 3 of the same paragraph)

I Directors (who are not Audit & Supervisory Committee Members) shall not unfairly restrict the command of Directors who are Audit & Supervisory Committee Members over assisting employees.

d. System for reporting by Directors (who are not Audit & Supervisory Committee Members), employees and others to Directors who are Audit & Supervisory Committee Members and other systems concerning reporting to the Audit and Supervisory Committee (Item 4 of the same paragraph)

I Directors who are Audit & Supervisory Committee Members may attend meetings of the Management Strategy Council and other important council or committee meetings or report meetings in addition to Board of Directors' meetings to hear about and gain an understanding of the process for making material decisions and the status of

- business execution, and may ask for explanations or view relevant materials where necessary.
- II Matters to be reported on a regular basis to Directors who are Audit & Supervisory Committee Members (includes Group companies)
- i. Management and business execution status and financial status
  - ii. Results of internal audits conducted by the internal audit division (includes the status of the internal control system)
  - iii. Status of risks and risk management
  - iv. Compliance status (accidents, fraudulent conduct, complaints, troubles) and other matters
- III Matters to be reported on an ad hoc basis to Directors who are Audit & Supervisory Committee Members (includes Group companies)
- i. Facts which might cause serious detriment or damage to the company, undermine trust in the company or affect its business results
  - ii. Fraudulent conduct or serious violations of laws or regulations or the Articles of Incorporation in connection with the performance of duties by Directors (who are not Audit & Supervisory Committee Members)
  - iii. Facts reported under the whistleblowing system
  - iv. Results of inspection by regulatory authority or external audit
  - v. Administrative disposition imposed by regulatory authority
  - vi. Change in significant accounting policies, enactment (amendment or abolishment) of accounting standard, etc.
  - vii. Information contained in announcements of business results or business result forecasts or other important disclosures, etc.
  - viii. Serious violations of internal rules, regulations, standards, etc.
  - ix. Other matters on which Directors who are Audit & Supervisory Committee Members and Audit & Supervisory Committee Members request reports as necessary
- e. System for preventing the party submitting the report in the preceding section from being unfairly treated because of the report (Item 5 of the same paragraph)
- I The Company shall obtain the prior consent of the Audit & Supervisory Committee in connection with personnel changes, personnel evaluations and disciplinary action concerning Directors and employees of NIKKON Holdings Group who submitted reports provided for in the preceding section to the Audit & Supervisory Committee. (Item 5 of the same paragraph)
- f. Matters regarding policy on handling advance payment or reimbursement of expenses resulting from execution of duties by Directors (only expenses related to the execution of duties of the Audit & Supervisory Committee) or other expenses or debts arising from said execution of duties (Item 6 of the same paragraph)
- I The Company shall make prompt payment upon request for the advance payment or reimbursement of expenses resulting from execution of duties by the Audit & Supervisory Committee.
- g. Other systems to ensure effective auditing by Directors who are Audit & Supervisory Committee Members (Item 7 of the same paragraph)
- I The Representative Director shall have meetings with Directors who are Audit & Supervisory Committee Members on a regular basis to explain the Company's management policies and shall also exchange opinions with them on the issues the company needs to address and the risks surrounding the company as well as the status of development of the environment for audits by Directors who are Audit & Supervisory Committee Members and major audit-related issues, endeavoring to increase mutual understanding and trust between the Representative Directors and the Audit & Supervisory Committee.
- II Directors (who are not Audit & Supervisory Committee Members) shall develop an internal audit division structure and environment to ensure that, when inspecting the status of company business and property and conducting other audit operations, Directors who are Audit & Supervisory Committee Members can have a close relationship with internal audit divisions and conduct efficient audits.
- III Directors (who are not Audit & Supervisory Committee Members) shall develop a structure and environment to ensure that Directors who are Audit & Supervisory Committee Members can hold regular meetings with the accounting auditor and can also liaise closely with the accounting auditor, including attending site visits by the accounting auditor, and conduct efficient audits.
- IV Directors (who are not Audit & Supervisory Committee Members) shall develop a structure and environment to

ensure that Directors who are Audit & Supervisory Committee Members can use outside experts (lawyers, certified public accountants, tax accountants, consultants and others) if necessary when conducting audits.

h. System to ensure that Directors perform their duties in compliance with laws, regulations and the articles of incorporation (Article 399-13, Paragraph 1, first sentence of Item 1 (c) of the Companies Act)

I Directors shall adhere to the NIKKON Holdings Group Basic Philosophy and the NIKKON Holdings Group Conduct Guidelines established by the Board of Directors and comply with laws, regulations and the articles of incorporation, and shall also focus on setting a good example and raising compliance awareness among employees to create a corporate culture for the conduct of business activities with a high level of ethics.

II The Company shall position compliance and the fulfilment of its social responsibility as top management priorities and, with the Legal Department responsible for all compliance-related measures, shall conduct activities to develop and implement the compliance structure and internal control and seek to ensure compliance.

III The Board of Directors, the Compliance Promotion Committee, the Group Management Unit and the persons responsible for each division shall play a central role in operating the Company's compliance structure.

IV The Compliance Promotion Committee shall deliberate on material problems relating to compliance across the NIKKON Holdings Group and shall also seek to maintain and enhance the compliance structure, raise awareness and provide training in accordance with the internal regulations on compliance. In addition, the Compliance Promotion Committee shall report to and advise the Board of Directors where necessary.

V The Legal Department shall serve as the secretariat of the Compliance Promotion Committee and shall also be in charge of planning and implementation in relation to the compliance structure.

i. System for storing and managing information about the Directors' performance of their duties (Article 110-4, Paragraph 2, Item 1 of the Ordinance for Enforcement of the Companies Act)

I The minutes of Board of Directors' meetings and other meetings, approval documents and other information relating to Directors' performance of their duties shall be appropriately stored and managed in accordance with established internal regulations (regulations on the storage and management of documents and information).

II The above internal regulations shall cover clarification of the information to be stored and managed, the storage period and management method, the establishment of an information security policy, the establishment of an organization for storing and managing information, and the granting of the necessary authority, and the establishment of methods for responding in the event of leak, destruction or loss of information.

j. Regulations concerning management of the risk of loss and other relevant systems (Item 2, Item 5 (b) of the same paragraph)

I The Company shall establish the Risk Management Regulations to systematically conduct risk management across the NIKKON Holdings Group.

II On applying the regulations, the Company shall, upon establishment of a Risk Management Committee, appoint a person responsible for risk management, establish the division of duties, and grant the necessary authority.

III The Risk Management Committee engages in activities such as the identification, analysis and evaluation of risks predicted across the NIKKON Holdings Group, risk management which is consistent with corporate strategies and can adapt to changes in the management environment, the formulation of specific risk management plans, verification of the efficacy of the risk management structure, and clarification of matters to be reported to the Board of Directors regarding risk management.

IV The person responsible for risk management in the NIKKON Holdings Group shall report the risk management status to the Company's Risk Management Committee in accordance with the Company's Risk Management Regulations.

V The Risk Management Committee shall report matters relating to the risk management of the NIKKON Holdings Group to the Board of Directors on a regular basis.

k. System to ensure efficient execution of duties by Directors (Item 3 of the same paragraph)

I The Company shall make decisions at meetings of the Board of Directors which are convened regularly once a month and also convened as appropriate on an ad hoc basis.

II The Board of Directors shall determine management policies, matters stipulated by laws and regulations and other material matters related to management, and shall regularly monitor the state of progress and implementation status of management plans, the business plans of each division and other plans.

III The NIKKON Holdings Group shall ensure the efficient execution of duties by Directors through clarification of the

division of duties of Directors and the division of responsibilities of each division, and the granting of authority.

l. System to ensure that the execution of duties by the Directors and employees conforms to laws, regulations and the Articles of Incorporation (Item 4, Item 5 of the same paragraph)

I The NIKKON Holdings Group shall fulfil its corporate responsibility in relation to customers, shareholders and communities and contribute to the development of society through sound business activities. To achieve this goal, the NIKKON Holdings Group's employees will all practice the NIKKON Holdings Group Conduct Guidelines enacted in October 2007.

II The Company shall establish a Compliance Hotline (system for submitting reports from inside or outside the company) for reporting compliance-related information. The Compliance Promotion Committee shall deliberate on matters reported via the hotline and take appropriate action.

III Internal audit divisions shall develop the compliance structure and verify its efficacy.

m. System for ensuring the appropriateness of the operations of the corporate group which consists of the Company and its subsidiaries (Item 5 of the same paragraph)

I The Company shall establish a dedicated section for managing subsidiaries and, upon appointing a person responsible, shall adopt a structure for managing the operations of subsidiaries, etc. in accordance with the Affiliated Company Regulations.

II Directors, etc. of subsidiaries shall regularly report the status of business and operations at subsidiaries to Directors of the Company.

III Subsidiaries shall be audited by the Company's internal audit division and Directors who are Audit & Supervisory Committee Members.

IV The Company shall develop a structure under which the Company, which is the parent company, monitors subsidiaries to ensure that they do not engage in inappropriate acts and a structure under which subsidiaries do not have to obey when the parent company instructs them to engage in inappropriate acts.

V The Company shall develop and operate the necessary internal control structure to ensure the reliability of financial reporting and help maintain and improve public trust.

n. Basic views on and status of efforts for eliminating antisocial forces

I Basic views on eliminating antisocial forces

The NIKKON Holdings Group shall develop a system for blocking any relationship with organized crime groups and other antisocial forces that threaten the order or safety of civil society and disturb economic activities, and the Group shall take a resolute stance as a unified organization toward antisocial forces and have no relationship, including business relation, with them.

II Status of efforts for eliminating anti-social forces

The NIKKON Holdings Group shall make each general affairs division responsible for actions to eliminate antisocial forces and shall establish close relationships with outside parties such as the police force and lawyers and seek to strengthen cooperation with them through the exchange of information, participation in various types of training and other means.

#### 4) Limited liability agreement

The Company has entered into an agreement with Outside Directors in accordance with the provision of Article 427, Paragraph 1 of the Companies Act to limit their liabilities for damages under Article 423, Paragraph 1 of the same act. The maximum amount of their liabilities under the agreement will be the amount stipulated in the law. However, this limit of liabilities will be applicable only when the performance of their duties giving rise to such liabilities is recognized to have been carried out in good faith and with no gross negligence.

Moreover, the Company has entered into an agreement with the accounting auditor to limit its liabilities under Article 423, Paragraph 1 of the Companies Act to the extent stipulated in Article 425, Paragraph 1 of the same act.

#### 5) Number of Directors

The Articles of Incorporation prescribe that the number of the Company's Directors (who are not Audit & Supervisory Committee Members) shall be three to eleven, and the number of Directors who are Audit & Supervisory Committee Members shall be four or less (the majority of which shall be Outside Directors).

6) Matters set forth to be resolved by a Board of Directors meeting in lieu of resolutions at a General Meeting of Shareholders

a. Acquisition of treasury shares

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Articles of Incorporation prescribe a clause allowing acquisition of its own shares by a Board of Directors resolution. Such inclusion was made to enable the implementation of flexible capital policies according to the changing economic situation.

b. Dividends of surplus

The Articles of Incorporation prescribe that matters stipulated in the respective items of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be decided by a Board of Directors' resolution, unless otherwise stipulated by law, in order to allow for flexible profit returns to shareholders.

7) Resolution requirement for election of Directors

The Articles of Incorporation stipulates that resolution to elect Board of Directors shall be made by a majority of the shareholders present at a meeting where shareholders representing at least one-third of voting rights of all shareholders entitled to exercise voting rights are present, and that the cumulative voting shall not be permitted for such resolution.

8) Special resolutions at the General Meeting of Shareholders

For purpose of maintaining smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the meeting, the Articles of Incorporation stipulates that special resolutions pursuant to Article 309, Paragraph 2 of the Companies Act, shall be passed with two-thirds or more of the voting rights held by shareholders present at a meeting where shareholders representing at least one-third of voting rights of all shareholders entitled to exercise voting rights are present.

9) Status of activities of the Board of Directors

According to the Regulations of the Board of Directors, the Board of Directors makes resolutions for basic policies and plans on the Company's management, matters regarding important business execution, as well as matters stipulated in laws, regulations and the articles of incorporation., and receives reports regarding matters stipulated in laws and regulations and the statuses of execution of important operations. The Company holds monthly ordinary Board of Directors' meetings and extraordinary Board of Directors' meetings whenever necessary and held 14 Board of Directors' meetings during the fiscal year under review.

Status of attendance of individual Directors during the fiscal year under review is detailed below.

Name	Full-time/Outside	Number of meetings held	Number of meetings attended
Masakatsu Kuroiwa	Full-time	14	14
Seiji Ooka	Full-time	14	13
Yasunori Matsuda	Full-time	14	14
Hidehiro Motohashi	Full-time	14	14
Kioi Yamada	Full-time	14	14
Aiko Koma	Outside	14	14
Ryutaro Ozeki	Outside	10	10
Hideki Miyata	Outside	14	14
Hiroshi Sakairi	Full-time	10	10
Tetsuya Okuda	Outside	10	10

(Note) Ryutaro Ozeki, Hiroshi Sakairi, and Tetsuya Okuda attended 10 meetings during the fiscal year under review

because they are Directors newly elected at the 81st Annual General Meeting of Shareholders held on June 29, 2022.

The subjects deliberated, and the numbers of discussions made and reports submitted for these topics in the Board of Directors during the fiscal year under review were as follows.

Deliberated subjects	Number of discussions	Number of reports
Management strategies, governance, and sustainability	12	6
Risks, compliance, and internal control	2	6
Personnel affairs	11	8
Financial reporting and finance	15	5
Capital expenditures	14	21
Other particular matters	11	7
Total	65	53

10) Status of activities of the Nomination Committee

The Company resolved to establish the Nomination Committee as a voluntary advisory body to the Board of Directors at a Board of Directors meeting held on December 6, 2019. As of the end of the fiscal year ended March 31, 2023, the Committee consists of three members: Outside Director Ryutaro Ozeki, who chairs the Committee; Outside Director (Audit & Supervisory Committee Member) Tetsuya Okuda; and Representative Director Masakatsu Kuroiwa. The Committee convened once during the fiscal year under review, attended by all the members.

Specifically, the Nomination Committee convenes to confirm and assess competencies in terms of age, knowledge, capabilities, and health status in the process of determining candidates for Directors, Representative Directors, and Executive Directors for the next period.

11) Status of activities of the Remuneration Committee

The Company resolved to establish the Remuneration Committee as a voluntary advisory body to the Board of Directors at a Board of Directors meeting held on January 10, 2020. As of the end of the fiscal year ended March 31, 2023, the Committee consists of three members: Outside Director Aiko Koma, who chairs the Committee; Outside Director (Audit & Supervisory Committee Member) Hideki Miyata; and Representative Director Masakatsu Kuroiwa. The Committee convened once during the fiscal year under review, attended by all the members.

Specifically, the Remuneration Committee convenes to objectively assess the appropriateness of the process for determining bonuses based on financial reporting and monthly remuneration that are received by Directors, and confirm that the amount of bonuses and remuneration for each Director is appropriate in the light of his or her role, responsibilities, and performance.



## (2) Directors (and other Officers)

## 1) List of Directors (and other Officers)

Male: 9, Female: 1 (Ratio of females to Directors (and other officers): 10%)

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (thousands of shares)
President, Representative Director and Chief Executive Officer	Masakatsu Kuroiwa	February 2, 1951	<p>March 1973      Joined the Company</p> <p>September 1981      General Manager of Suzuka Center</p> <p>June 1986      Director</p> <p>June 1989      Managing Director</p> <p>November 1994      President, A.N.I. LOGISTICS, LTD.</p> <p>June 1999      Senior Managing Director, the Company</p> <p>January 2003      Chairman and President, NK PARTS INDUSTRIES, INC.</p> <p>April 2009      General Manager of Sales Headquarters, the Company</p> <p>June 2009      President and Representative Director</p> <p>June 2011      President, Representative Director and Executive Officer</p> <p>October 2015      President, Representative Director and Chief Executive Officer (current position)</p>	(Note) 3	160
Representative Director and Senior Executive Officer	Seiji Ooka	June 30, 1960	<p>March 1983      Joined the Company</p> <p>October 1992      Manager of Sales Office of Sayama Packaging Center</p> <p>August 1998      Seconded to A.N.I. LOGISTICS, LTD.</p> <p>June 2007      General Manager of Sales Office of KD Packaging, the Company</p> <p>July 2009      General Manager of Packaging Sales Department and General Manager of Sales Office of KD Packaging</p> <p>April 2011      General Manager of Packaging Sales Department and General Manager of Tokyo Business Department</p> <p>June 2011      Executive Officer</p> <p>January 2014      General Manager of Packaging Sales Department, General Manager of Tokyo Business Department, and General Manager of the Fifth Sales Department</p> <p>September 2015      Resigned as Executive Officer</p> <p>October 2015      Executive Officer, NIPPON KONPO UNYU SOKO CO., LTD.</p> <p>April 2016      Executive Officer, the Company</p> <p>June 2016      Director and Executive Officer</p> <p>July 2016      General Manager of Domestic Business Department (current position)</p> <p>June 2017      Representative Director, President and Executive Officer, NIPPON KONPO UNYU SOKO CO., LTD.</p> <p>April 2021      Director and Senior Executive Officer, the Company</p> <p>April 2021      President and Representative Director, NIPPON KONPO UNYU SOKO CO., LTD. (current position)</p> <p>June 2021      Representative Director and Senior Executive Officer, the Company (current position)</p>	(Note) 3	19

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (thousands of shares)
Director and Managing Executive Officer	Yasunori Matsuda	March 9, 1959	<p>March 1982    Joined the Company</p> <p>November 1997    Assistant Manager of Accounting Department</p> <p>June 2000    Seconded to NK PARTS INDUSTRIES, INC.</p> <p>June 2007    General Manager of Accounting Department, the Company (current position)</p> <p>October 2009    General Manager of Affiliated Companies Management Department</p> <p>April 2012    Executive Officer</p> <p>June 2012    Director and Executive Officer</p> <p>April 2019    General Manager of Legal Affairs Department</p> <p>April 2021    Director and Managing Executive Officer (current position)</p> <p>April 2023    General Manager of Overseas Business Department (current position)</p>	(Note) 3	29
Director and Executive Officer	Hidehiro Motohashi	January 14, 1965	<p>March 1988    Joined the Company</p> <p>July 2010    General Manager of Okayama Sales Office</p> <p>June 2014    General Manager of Personnel Department and General Manager of Information Management Department</p> <p>April 2015    Executive Officer</p> <p>April 2015    General Manager of Labor Department and General Manager of Health Development Center</p> <p>September 2015    Resigned as Executive Officer</p> <p>October 2015    Executive Officer, NIPPON KONPO UNYU SOKO CO., LTD.</p> <p>April 2020    Executive Officer, the Company</p> <p>June 2021    Director and Executive Officer (current position)</p> <p>July 2021    General Manager of Group Administration Department (current position)</p> <p>December 2022    General Manager of HR Supervisory Department (current position)</p>	(Note) 3	12
Director and Executive Officer	Kioi Yamada	May 6, 1956	<p>April 1980    Joined Mitsubishi Corporation</p> <p>April 2001    President, MC Metal Service Asia (Thailand) Co., Ltd.</p> <p>November 2009    Deputy President, Solutions Usiminas</p> <p>April 2016    Managing Executive Officer, Metal One Corporation and President, Metal One Holdings America, Inc.</p> <p>April 2017    Senior Executive Vice President, Metal One Corporation and President, Metal One Holdings America, Inc.</p> <p>May 2019    Joined the Company, General Manager of Sales Planning Office (current position)</p> <p>April 2020    Executive Officer</p> <p>June 2021    Director and Executive Officer (current position)</p>	(Note) 3	3

Title and position	Name	Date of Birth	Career summary	Term	Number of shares held (thousands of shares)
Director	Aiko Koma	January 17, 1980	December 2007 Registered as a lawyer (Tokyo Bar Association) January 2019 Joined RENAISS Law Office June 2021 Partner, RENAISS Law Office (current position) Outside Director, the Company (current position)	(Note) 3	0
Director	Ryutaro Ozeki	August 8, 1959	April 1982 Joined Toyota Motor Sales Co., Ltd. (current Toyota Motor Corporation) April 1996 Resigned from Toyota Motor Corporation May 1996 Joined Ozeki Co., Ltd., Director and General Manager of Corporate Planning Office December 2000 Representative Director, Senior Managing Director and General Manager of Sales Department December 2002 Representative Director and President (current position) September 2003 Corporate Auditor (part-time), View Planning Co., Ltd. February 2008 Corporate Auditor (part-time), Yamato Metal Co., Ltd. December 2009 Director (part-time) (current position) May 2010 Director (part-time), View Planning Co., Ltd. July 2019 Delegate, Tokyo Pharmaceutical Corporate Pension Fund Association (current position) June 2022 Outside Director, the Company (current position)	(Note) 3	0
Director (Audit & Supervisory Committee Member)	Hideki Miyata	March 27, 1968	April 1990 Joined Daiwa Land & Building Co., LTD. September 1993 Joined Ochanomizu General Office (now Ochanomizu Tax and Accounting Inc.) December 1996 Passed the CPTA examination April 1997 Representative, Hideki Miyata CPTA Office (current position) November 1999 Auditor, Ichiju Kai (current position) April 2002 Director, Institute for Capital Management Ltd. (current position) June 2014 Certified as an Organization for Supporting Business Innovation by Ministry of Economy, Trade and Industry (Certification given to Hideki Miyata) June 2016 Outside Corporate Auditor, the Company June 2018 Outside Director (Audit & Supervisory Committee Member) (current position), the Company	(Note) 4	8

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (thousands of shares)
Director (Audit & Supervisory Committee Member)	Hiroschi Sakairi	December 10, 1957	March 1981    Joined the Company April 1990    General Manager of Wako Sales Office April 1996    Seconded to A.N.I. LOGISTICS, LTD. June 2007    General Manager of KD Sales Department, the Company April 2009    President, NK PARTS INDUSTRIES, INC. June 2016    General Manager of Group Operational Audit Office, the Company July 2016    General Manager of General Affairs Department June 2018    Corporate Auditor, NIPPON KONPO UNYU SOKO CO., LTD. June 2022    Director (Audit & Supervisory Committee Member), the Company (current position)	(Note) 4	7

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (thousands of shares)	
Director (Audit & Supervisory Committee Member)	Tetsuya Okuda	September 2, 1961	April 1984	Joined the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism)	(Note) 4	0
			July 2002	Head of Policy Planning Office, General Affairs Division, Maritime Bureau, the Ministry of Land, Infrastructure and Transport		
			September 2003	Private Secretary to the Minister of Land, Infrastructure and Transport		
			September 2004	Minister's Secretariat, Director for General Affairs Division		
			August 2005	Director, Transport Consumer Policy Division, Policy Bureau		
			July 2006	General Manager, London Office, Japan National Tourism Organization		
			July 2008	Director, Passenger Transport Division, Road Transport Bureau, the Ministry of Land, Infrastructure, Transport and Tourism		
			July 2009	Director, Airport Planning, Airport Department, Civil Aviation Bureau		
			October 2009	Director, Capital Area Airports Division, Airport Department, Civil Aviation Bureau		
			October 2011	Minister's Secretariat and Director, Personnel Division		
			August 2013	Director, Aviation Network Department, Civil Aviation Bureau		
			July 2014	Deputy Vice-Minister for Policy Coordination, Minister's Secretariat		
			June 2016	Director-General, Railway Bureau		
			July 2017	Director-General, Road Transport Bureau		
			July 2019	Retired		
November 2019	President, Japan Transport and Tourism Research Institute (current position)					
June 2022	Outside Director (Audit & Supervisory Committee Member) (current position), the Company					
Total					243	

(Notes) 1. Among the Directors, Aiko Koma, Ryutaro Ozeki, Hideki Miyata, and Tetsuya Okuda are Outside Directors.

2. The structure of the Company's Audit and Supervisory Committee is as follows:

Hideki Miyata (Chair), Hiroshi Sakairi (Member), and Tetsuya Okuda (Member)

3. The term of office for Directors (who are not Audit & Supervisory Committee Members) is from the end of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.

4. The term of office for Directors who are Audit & Supervisory Committee Members is from the end of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2022, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.

5. The Company has adopted the Executive Officer System to separate the business execution function from the management decision-making and oversight function, speed up decision-making and clarify responsibility for business execution, and increase management efficiency, and also to strengthen corporate governance.

The number of Executive Officers is 16, of which five concurrently serve as Directors.

Title	Name	Position
Chief Executive Officer	Masakatsu Kuroiwa	Chairman and Representative Director, NIPPON KONPO UNYU SOKO CO., LTD.; Chairman and Director, A.N.I. LOGISTICS, LTD.; Chairman and Director, NIPPON KONPO (THAILAND) CO., LTD.; Chairman and Director, A.N.I. TRANSPORT, LTD.; and Chairman and Director, SIAM AUTO TECHNIC CO., LTD.
Senior Executive Officer	Seiji Ooka	President and Representative Director, NIPPON KONPO UNYU SOKO CO., LTD.; Chairman, NIKKON LOGISTICS CHINA CO., LTD.; and Chairman, NIKKON CHONGQING LOGISTICS CO., LTD.
Managing Executive Officer	Yasunori Matsuda	General Manager of Accounting Department; and General Manager of Overseas Business Department
Executive Officer	Hidehiro Motohashi	General Manager of Group Administration Department; and General Manager of HR Supervisory Department
	Kioi Yamada	General Manager of Sales Planning Office; Representative Director and President, GINZA Consulting Co., Ltd.; and Representative Director and President, NK International Co., Ltd.
	Takashi Abe	General Manager of Domestic Business Department; Vice President and Representative Director, NIPPON KONPO UNYU SOKO CO., LTD.; Chairman and Representative Director, Auto Technic Japan Co., Ltd. President, NK Engineering Co., Ltd.; and President and Representative Director, Nikkon Kyusyu Co., Ltd.
	Masahiko Masui	President and Representative Director, CHUETSUTEC Co, Ltd; President and Representative Director, Sapporo Shinbun Yuso Co, Ltd; President and Representative Director, TRANSPORT JAPAN CO., LTD.; and President and Representative Director, CHUETSU YUSOU Co, Ltd.
	Yasuyuki Mizumachi	Chairman and Director, NKP MEXICO, S.A. de C.V.; President, NK PARTS INDUSTRIES, INC.; President, NK AMERICA, INC.; President, NKA TRANSPORTATION, INC.; President, NKA LOGISTICS, INC.; President, NKA CUSTOMS SERVICE, INC.; and President, AUTO TECHNIC AMERICAS, INC.
	Takayuki Matsushima	President and Director, A.N.I. LOGISTICS, LTD.; President and Director, NIPPON KONPO (THAILAND) CO., LTD.; President and Director, A.N.I. TRANSPORT, LTD.; and President and Director, SIAM AUTO TECHNIC CO., LTD.
	Katsuya Unno	General Manager of Group Operational Audit Office; General Manager of Legal Affairs Department; and President and Representative Director, Nikkon Information Systems Co., Ltd.
	Atsushi Kayamoto	
	Takashi Shibayama	President and Representative Director, ITO-EXPRESS CO., LTD
	Toshihisa Nishimura	President and Representative Director, NIPPON RIKUSO Co., Ltd.; and President and Representative Director, TECHNIC SERVICE Co., Ltd.
	Sakyo Horii	President and Representative Director, MEIKON CO., LTD.; and President and Representative Director, MATSUHISA SOUGOU CO., LTD.
	Sumito Hashimoto	President and Representative Director, NIPPON UNYU CO., LTD.
	Satoshi Mizukami	President and Representative Director, Auto Technic Japan Co., Ltd.

## 2) Outside Directors (and other Officers)

### a. Number of Outside Directors and their human, capital or transactional relationship or any other interest relationship with the Company

The Company has elected four Outside Directors.

Outside Director Aiko Koma is a lawyer. There existed no transactional relationship between the Company and her in

the past, with her independence being ensured. Thus, we believe that there will be no potential conflict of interest with ordinary shareholders. She has been engaged in practical operations of corporate legal affairs for many years as a lawyer, and the Company has elected her as an Outside Director as it deems that she will provide good advice on strengthening corporate governance and diversity of the Company and supervise execution of duties by Directors from an independent standpoint by utilizing her expertise and a wide range of knowledge and experience, leading to greater transparency and stronger supervisory function of the Board of Directors. She holds 901 issued shares of the Company.

There exists no transactional relationship between Ozeki Co., Ltd., to which Outside Director Ryutaro Ozeki belongs, and the Company. Thus, we believe that there will be no potential conflict of interest with ordinary shareholders. The Company has elected him as an Outside Director as it deems that he will provide good advice and guidance on management of the Company based on his wealth of experience and broad insight as a corporate manager and supervise execution of duties by Directors from an independent standpoint, leading to greater transparency and stronger supervisory function of the Board of Directors. He holds 333 issued shares of the Company.

Outside Director Hideki Miyata is a certified public tax accountant. There existed no transactional relationship between the Company and him in the past, with his independence being ensured. Thus, we believe that there will be no potential conflict of interest with ordinary shareholders. He has professional expertise and a wealth of experience as a certified public tax accountant and is acquainted with business accounting practices. The Company has elected him as an Outside Director as it deems that he is an appropriate person for strengthening the corporate system of the Company including the audit system based on his experience. He holds 8,606 issued shares of the Company.

There exists no transactional relationship between the Japan Transport and Tourism Research Institute, to which Outside Director Tetsuya Okuda belongs, and the Company. Thus, we believe that there will be no potential conflict of interest with ordinary shareholders. The Company has elected him as an Outside Director as it deems that he has experience and insight acquired from his engagement in transport administration for many years, and that he will provide good advice primarily on logistics and audit and supervise execution of duties by Directors from an independent standpoint, leading to greater transparency and stronger supervisory function of the Board of Directors. He holds 333 issued shares of the Company.

There exists no human, capital or transactional relationship or any other interest relationship between Outside Directors and the Company except for the above.

b. Criteria or policy on independence for election of Outside Directors

The Company believes that it can further strengthen its management structure by giving officers who meet the independence criteria stipulated by the Tokyo Stock Exchange a full understanding of the Group's business and management environment and corporate philosophy and receiving from them impartial, fair and appropriate guidance and advice on the Company's management based on their honest character and broad insight and experience and it judges an officer who does not fall under any of the following as independent.

1. An executive of a major business partner (note) of the Group or an executive of a company for which the Group is a major business partner
2. An executive of a lender of the Group whose loan amount to the Company exceeds 2% of the Company's consolidated total assets as of the end of the most recent fiscal year
3. A major shareholder of the Company who holds a stake in the Company of 10% or more or an executive of a major shareholder or investor (ranked in the top 10), either currently or at any point in the most recent three fiscal years
4. A consultant, accounting specialist or legal specialist who during the most recent three fiscal years received from the Company average annual compensation exceeding 10 million yen
5. Any person who has fallen under any of the categories 1. to 4. above in the last five years
6. A spouse or relative within two degrees of kinship of a Director, etc. of the Company or a consolidated subsidiary
7. A person whose total period of employment at the Company exceeds eight years

(Note) The term "major business partner" refers to a business partner of the Group whereby the annual transactions between such business partner and the Group during the most recent three fiscal years amount to more than 2% of the consolidated net sales of the Company or the consolidated net sales of the business partner.

c. Views on functions and roles of Outside Directors as well as election of Outside Directors who are Audit & Supervisory Committee Members

The Company has elected two Outside Directors (who are not Audit & Supervisory Committee Members) in order to enhance the transparency and supervisory function of the Board of Directors. In addition, it has elected two Outside Directors who are Audit & Supervisory Committee Members, forming the three-member Audit & Supervisory Committee including the said two Outside Directors who are Audit & Supervisory Committee Members. Thus, we have established a system that enables the committee to serve as a supervisory body independent from the Company.

3) Mutual collaboration between supervisions and audits by Outside Directors and internal audits, audits by the Audit & Supervisory Committee and accounting audits, as well as relationships with the Internal Control Division

Outside Directors who are Audit & Supervisory Committee Members endeavor to actively obtain information necessary for audits in order to further enhance the independence and neutrality of the structure of audits. The full-time Audit & Supervisory Committee Member conveys information obtained in important internal meetings and information from the Group Operational Audit Office as the internal audit division, including internal audit reports, as well as the status of audits by the accounting auditor and the status of internal controls in the meetings of Audit & Supervisory Committee, and shares it with all Audit & Supervisory Committee Members. In addition, they ask candid questions or state opinions to the Board of Directors.

Outside Directors (who are not Audit & Supervisory Committee Members) obtain information on audits by the Audit & Supervisory Committee, internal audits, accounting audits, and internal controls through the Board of Directors meetings, and strive to strengthen the supervisory function of the Board of Directors by exchanging views as necessary.



### (3) Audits

#### 1) Status of audits by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee consists of one full-time Audit & Supervisory Committee Member and two Outside Audit & Supervisory Committee Members. In audits by the Audit & Supervisory Committee, the committee performs its duties systematically and effectively, by designating the supervision and verification of the operation of the internal control system, such as compliance and risk management, as priority items, receiving reports from the internal control division, etc. on audit results on a regular and as-needed basis, requesting the internal control division to conduct investigations as necessary, and examining its findings, in accordance with audit policies and plans.

The career and other information of each Audit & Supervisory Committee Members is as follows.

Title and position	Name	Career, etc.
Outside Audit & Supervisory Committee Member	Hideki Miyata	He has extensive knowledge on financial, accounting and tax affairs based mainly on a wealth of experience and professional expertise as a certified public tax accountant.
Full-time Audit & Supervisory Committee Member	Hiroshi Sakairi	He has been engaged primarily in operations related to sales and auditing and has assumed various positions such as President of an overseas subsidiary and General Manager of Group Operational Audit Office, thus having a wealth of operational experience within the Company and knowledge regarding management and auditing.
Outside Audit & Supervisory Committee Member	Tetsuya Okuda	He has broad experience and insight acquired from his engagement in transport administration for many years.

The Audit & Supervisory Committee convenes regularly once a month, with 14 meetings held for the fiscal year under review, including extraordinary meetings. Attendance of individual Audit & Supervisory Committee Members is detailed below.

Name	Number of meetings held	Number of meetings attended
Kazutaka Kaneko	4	4
Yoshiyuki Ajioka	4	4
Hideki Miyata	14	14
Hiroshi Sakairi	10	10
Tetsuya Okuda	10	10

(Notes) 1. The number of meetings attended by Kazutaka Kaneko and Yoshiyuki Ajioka was four during the fiscal year under review because they resigned at the conclusion of the 81st Annual General Meeting of Shareholders held on June 29, 2022.

(Notes) 2. The number of meetings attended by Hiroshi Sakairi and Tetsuya Okuda was 10 during the fiscal year under review because they are Outside Audit & Supervisory Committee Members newly elected at the 81st Annual General Meeting of Shareholders held on June 29, 2022.

Main subjects discussed by the Audit & Supervisory Committee are formulation of audit policies and plans, evaluation of the accounting auditor and assessment of the reasonableness of its reelection, decision on and approval for remuneration for audits by the accounting auditor, opinions on election of Directors (who are not Audit & Supervisory Committee Members), and decision on the content of audit reports by the Audit & Supervisory Committee.

Details of activities of the full-time Audit & Supervisory Committee Member are as follows:

- Attending important meetings, including the Board of Directors meetings, the Management Strategy Council, Executive Officer meetings, the Risk Management Committee, and the Compliance Promotion Committee
- Holding meetings with the Representative Director for the purpose of examining and exchanging views on recent events, issues to be addressed, management policies, and other matters (once a month, approximately for an hour).
- Reviewing important final decision documents, including minutes of Board of Directors meetings, approval documents, and contracts.
- Attending regular meetings with the accounting auditor (approximately 10 times a year) for the purpose of reporting audit results and exchanging views.

- Attending quarterly hearings with headquarters divisions of core business subsidiaries to examine the status of businesses and assets.
- Attending business reporting meetings of other subsidiaries (twice a year) for the purpose of examining the status of businesses and assets, compliance status, lawsuits, and other matters.
- Attending liaison meetings with corporate auditors of subsidiaries (twice a year) for the purpose of examining the status of audit records and exchanging views.
- Holding information exchange meetings with the internal audit division for the purpose of examining the status of internal control assessments and responses.

## 2) Status of internal audits

Two employees of Group Operational Audit Office are in charge of conducting internal audits, and inspect and assess whether organizational operations and business across all divisions of the Company and its subsidiaries are being conducted appropriately and efficiently in accordance with laws and regulations, company policies, standards and procedures. Such inspections are onsite inspections, in principle; however, they also include remote inspections due to the COVID-19 pandemic, and relevant departments are also asked for their opinions where necessary. Group Operational Audit Office also conducts follow-up activities to confirm whether improvements have been made to address any issues identified and endeavors to conduct proper internal audits.

Group Operational Audit Office and Audit & Supervisory Committee Members make efforts to ensure close collaboration by exchanging information regularly and holding regular meetings with the audit corporation being the accounting auditor to exchange information on the details and results of audits.

Group Operational Audit Office has been responsible for reporting the audit results as needed in multiple meeting bodies attended by Directors. In addition, in order to enhance the effectiveness of internal audits, it began reporting the results in Board of Directors meetings on a quarterly basis from the fiscal year starting from April 1, 2023.

## 3) Status of accounting audits

### a. Name of the audit corporation

KPMG AZSA LLC

### b. Continuous audit period

Since the fiscal year ended March 31, 1996

### c. Names of Certified Public Accountants (CPAs) who audited the Company's accounts

Designated Limited Liability Partners, Engagement Partners: Yoshiaki Uesaka and Mako Tasaka

### d. Assistants for accounting audits

Five CPAs, five persons who passed the CPA Examination, and 13 other workers.

### e. Policies and reasons for selecting the audit corporation

In selecting the accounting auditor, the Company conducts a comprehensive evaluation on such factors as the implementation structure of audits, audit plans, and reasonableness of an estimated audit remuneration, the global network of the audit corporation, and past audit records.

The Audit & Supervisory Committee makes a comprehensive evaluation of the auditing quality, independence, execution of duties, and other factors. If the committee determines that it cannot verify the appropriateness and reliability of audits, the committee shall resolve the content of a proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor. In addition, the Audit & Supervisory Committee shall dismiss the accounting auditor conditional upon its unanimous approval, if it determines that the accounting auditor falls under the provisions specified in each item of Article 340, Paragraph 1, of the Companies Act. In such case, an Audit & Supervisory Committee Member designated by the committee shall report the said dismissal and the reasons thereof at the first General Meeting of Shareholders following the dismissal.

### f. Evaluation of the audit corporation by the Audit & Supervisory Committee

The Audit & Supervisory Committee evaluated the audit corporation and verified that the said audit corporation had maintained its independent standpoint and conducted accounting audits properly.

The committee also made a resolution confirming the reelection of the accounting auditor and in doing so, conducted

a comprehensive evaluation in accordance with the "Practical Guidelines for the Assessment of Accounting Auditors and the Formulation of Assessment Criteria", published by Japan Audit & Supervisory Board Members Association.

4) Details of audit remuneration

a. Details of remuneration for Certified Public Accountants

Category	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Remuneration for audit certification (millions of yen)	Remuneration for non-audit certification (millions of yen)	Remuneration for audit certification (millions of yen)	Remuneration for non-audit certification (millions of yen)
Reporting company	57	2	59	—
Consolidated subsidiaries	19	—	19	—
Total	76	2	78	—

Remuneration for non-audit certification for the fiscal year ended March 31, 2022 was paid for the preparation of a comfort letter in relation to the issuance of bonds.

b. Details of remuneration (excluding a.) for the same network as the auditing Certified Public Accountants (KPMG)

There are no applicable matters to be reported.

c. Details of remuneration for other important audit certification

For the fiscal years ended March 31, 2022 and March 31, 2023, no significant amount of remuneration for audit certification services was paid by consolidated subsidiaries of the Company to Certified Public Accountants who belong to networks other than the one to which auditing CPAs of the Company belong.

d. Policies concerning audit remuneration

Audit remuneration to the auditing Certified Public Accountants auditing the Company is determined with prior approval by the Audit and Supervisory Committee, following the consultation between the Company and the accounting auditor based on audit plans we receive from the auditing Certified Public Accountants, maintenance and improvement of auditing quality, and efficient implementation of audits.

e. Reasons for the agreement by the Audit & Supervisory Committee on the remuneration for the accounting auditor

The Audit and Supervisory Committee agreed to the amount of remuneration for the accounting auditor after examining past audit hours by item of auditing by the accounting auditor and history of actual audit remuneration as well as audit plans and records in the past years, and analyzing and considering audit plans and the reasonableness of an estimated audit remuneration for the fiscal year under review.

#### (4) Remuneration for Directors (and other Officers)

##### 1) Matters concerning the Policy for the Decision on the Amounts of Remuneration for Directors (and Other Officers) or the Calculation Method Thereof

The remuneration for Directors of the Company consists of fixed remuneration as well as bonuses for Directors and other officers and stock-based remuneration, which are performance-linked remunerations. However, the remuneration for Outside Directors and Directors who are Audit and Supervisory Committee Members consists of fixed remuneration only.

Fixed remuneration is composed of monthly remuneration, and details of payments and allocation of amount are clearly determined by full-time or part-time status. Monthly fixed remuneration is determined in consideration of the inflation rate, for Directors (excluding Outside Directors) upon passage of two years since the previous revision.

The indicator related to bonuses for Directors and other officers, which are performance-linked remuneration, is "Profit attributable to owners of parent," which is an indicator of future investments and the source of shareholder returns, and a certain targeted percentage of the profit is paid after the conclusion of the General Meeting of Shareholders.

As non-monetary remunerations, the Company provides performance-linked stock-based remuneration using a board benefit trust. Under the scheme, shares, etc. are granted at the time of retirement from office, corresponding to points calculated based on the position, the achievement level of numerical targets for the "Profit attributable to owners of parent" for each fiscal year in our Medium-term Business Plan, which are determined by the Board of Directors. The scheme is intended to raise awareness to contribute to medium- to long-term improvement of performance and enhancement of corporate value.

The proportion of the remuneration by type for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is determined by benchmarking the remuneration levels of peer companies in related industries and segments with similar business scale, and the higher the position is, the greater the proportion of performance-linked and stock-based remunerations is.

At the 77th Annual General Meeting of Shareholders held on June 28, 2018, it was resolved that the remuneration for Directors (who are not Audit & Supervisory Committee Members) per year shall be no more than 300 million yen (with the portion of Outside Directors being no more than 24 million yen per year; including performance-linked remuneration and excluding the portion of employee's salary for Directors who concurrently serve as employees).

In addition, at the 80th Annual General Meeting of Shareholders held on June 29, 2021, it was resolved that, in addition to the remuneration above, a performance-linked stock-based remuneration plan using a benefit board trust shall be introduced for Directors (excluding Outside Directors, and Directors who are Audit and Supervisory Committee Members), with the respective upper limits of no more than 27,000 points (one share per point) and no more than 40 million yen per fiscal year. Details of the scheme are as follows.

##### [Type of Assets to be Delivered]

Those eligible for the scheme shall receive the Company's shares or cash in lieu of shares.

##### [Number of the Company's Shares to be delivered]

The number of the Company's shares to be delivered to each recipient with beneficiary rights of the trust is the one calculated as one share of the Company per one point for points awarded to the said recipient.

However, cash in lieu of the Company's shares may be delivered as described below.

- For shares corresponding to the figure calculated by deducting the number of the Company's shares to be delivered to those eligible for the scheme multiplied by 0.7 (the number of shares is rounded up to the nearest trading unit), cash equivalent to the fair value of that calculated number of shares of the Company shall be delivered instead of the Company's shares, for the purpose of the Company withholding funds for the payment of withholding income tax and other taxes.
- In cases that it is difficult for those eligible for the scheme to open a share transfer account in a securities firm designated by the Company or to transfer shares to an account opened for the transfer thereof on reasonable grounds, cash equivalent to the fair value of 100 percent of the number of shares of the Company to be delivered shall be delivered, instead of the Company's shares.
- In cases that bereaved family members of those eligible for the scheme inherit beneficiary rights of the trust on their death, the said bereaved family members shall be delivered the Company's shares of the number calculated as one share per one point for the points awarded to the said eligible individuals. However, for shares corresponding to the figure calculated by deducting the number of the said Company's shares multiplied by 0.7 (the number of shares is rounded up to the nearest trading unit), cash equivalent to the fair value of that calculated number of shares of the Company shall be delivered, instead of the Company's shares.

[Formula to calculate points to be awarded as the remuneration for the evaluation period (Note 1)]

Awarded Points = Fixed awarded points + Performance-linked awarded points

(Note 1) The evaluation period is a period of each fiscal year (starting on April 1 and ending on March 31 of the following year. However, the initial evaluation period is a period between April 1, 2021, to March 31, 2022).

(1) Fixed awarded points

Fixed awarded points (rounded up to the nearest integer) = total of monthly calculation basic points I (Note 2) in each calendar month during the evaluation period (Note 3)

(Note 2) Monthly calculation basic points I = basic amount by position I (Note 4) / 12 / the average acquisition price of the Company's shares at the time of awarding the points.

(Note 3) However, for the initial evaluation period, April, May, and June 2021 are excluded.

(Note 4) Basic amount by position I depends on the position held in each calendar month as described in the table below. If an individual is in office for even a day of a calendar month, his or her basic amount by position I for the said calendar month is based on the table below. However, the amount for the month when he or she assumed office is zero yen, while the amount for the month when his or her position changed is based on that for the previous position.

Position	Basic amount by position I (yen)
President, Representative Director and Chief Executive Officer	12,000,000
Representative Director and Deputy Chief Executive Officer	6,300,000
Representative Director and Senior Executive Officer	5,600,000
Representative Director and Executive Officer	4,680,000
Representative Director	4,420,000
Director and Senior Executive Officer	5,000,000
Director and Managing Executive Officer	4,000,000
Director and Executive Officer	2,700,000
Director	2,400,000

(2) Performance-linked awarded points

Performance-linked awarded points (rounded up to the nearest integer) = total of monthly calculation basic points II (Note 5) in each calendar month during the evaluation period (Note 3) x performance-linked coefficient (Note 6)

(Note 5) Monthly calculation basic points II = basic amount by position II (Note 7) / 12 / the average acquisition price of the Company's shares at the time of awarding the points

(Note 6) Performance-linked coefficient shall be one if the "Profit attributable to owners of parent" ("Profit attributable to owners of parent" as described in the Company's annual securities report. The same applies hereafter.) for a fiscal year corresponding to the evaluation period reaches numerical targets of the Company (numerical targets for the "Profit attributable to owners of parent" for each fiscal year in our Medium-term Business Plan, which are determined by the Board of Directors), while it shall be zero if the "Profit attributable to owners of parent" fails to reach the said targets. The targets for the "Profit attributable to owners of parent" of the Medium-term Business Plan that newly started from the fiscal year ending March 31, 2024 are as follows: 16.0 billion yen for the first year, the fiscal year ending March 31, 2024; 17.0 billion yen for the second year, the fiscal year ending March 31, 2025; and 20.0 billion yen for the final year, the fiscal year ending March 31, 2026.

(Note 7) Basic amount by position II depends on the position held in each calendar month as described in the table below. If an individual is in office for even a day of a calendar month, his or her basic amount by position II for the said calendar month is based on the table below. However, the amount for the month when he or she assumed office is zero yen, while the amount for the month when his or her position changed is based on that

for the previous position.

Position	Basic amount by position II (yen)
President, Representative Director and Chief Executive Officer	1,200,000
Representative Director and Deputy Chief Executive Officer	630,000
Representative Director and Senior Executive Officer	560,000
Representative Director and Executive Officer	468,000
Representative Director	442,000
Director and Senior Executive Officer	500,000
Director and Managing Executive Officer	400,000
Director and Executive Officer	270,000
Director	240,000

At the 77th Annual General Meeting of Shareholders held on June 28, 2018, it was resolved that the remuneration for Directors who are Audit & Supervisory Committee Members per year shall be no more than 72 million yen, and the remuneration for each Director who is an Audit & Supervisory Committee Member is determined based on the consultation among Audit & Supervisory Committee Members.

The Company resolved to establish a Remuneration Committee as a voluntary advisory body to the Board of Directors at a Board of Directors meeting held on January 10, 2020. The Remuneration Committee is chaired by an Independent Outside Director and consists of three or more members, the majority of which are Independent Outside Directors. Starting in the fiscal year beginning April 1, 2020, the individual remuneration for Directors of the Company is determined by a resolution of the Board of Directors, following the consultation in the voluntary Remuneration Committee based on the request for advice from the Board of Directors.

2) Total amount of remunerations by category of Directors and other officers, total amount of remunerations by type, and the number of paid directors and other Officers

Category of Directors and other officers	Total amount of remunerations (millions of yen)	Total amount of remunerations by type (millions of yen)			Number of eligible Directors and other officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration, etc. included therein	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	174	93	80	27	5
Audit & Supervisory Committee Members (excluding Outside Directors)	13	13	—	—	2
Outside Directors and other officers	19	19	—	—	6

(Note) The Company resolved to abolish a share option scheme at a Board of Directors meeting held on April 5, 2019.

3) Total amount of remunerations of officers who receive aggregated remunerations of 100 million yen or more  
There are no applicable matters to be reported.

(5) Shareholdings

1) Criteria for and approach to classification of shares for investment

The Company classifies shares for investment into two categories: shares for investment and cross-shareholdings. Shares for investment are those that are held for pure investment purposes to make profits from changes in the value of shares or dividends received. Cross-shareholdings refer to shares that are recognized as contributing to our continuous growth and enhancement of our corporate values in the mid-to-long term while serving the purposes of building smooth long-term relationships with our business partners or of maintaining or reinforcing collaborative business relationships with our partners.

The Company has the following policy on the exercise of voting rights of stocks for investment. The content of each proposal shall be considered based on the management policies and business plans, etc., of the investee, and deliberation shall be conducted on a case-by-case basis while comprehensively considering from the following perspectives: whether or not the proposal contributes to enhance corporate value of the investee or mutual benefit of the shareholders; the impact that the proposal may have on corporate value of the Company in terms of creation of business opportunities between the investee and the Company, and building, maintaining and strengthening of business and collaborative relationship with the investee; and the status of the investee in terms of commitment to social justice and compliance.

2) Shares for investment held for non-pure investment purposes

a. Policy for shareholdings and the method for verifying the rationality of shareholdings, as well as the verification by the Board of Directors, etc. regarding the adequacy of individual securities held

The Company finds long-term partners indispensable to stably maintaining logistics business. For cross-shareholdings, we make it a rule to focus on the shares of partner companies that lead to our enhanced corporate values through heightened mutual corporate alliance by maintaining/reinforcing trading relationships or forming a business partnership.

The Board of Directors reviews cross-shareholdings in terms of profit and loss or risk associated with shares held, and cost of capital every year to curtail shares that no longer meet the purposes of cross-shareholdings as mentioned above as appropriate and properly.

The reasons for holding shares of Honda Motor Co., Ltd. included in the issues listed as specified investment shares are as follows.

Honda Motor Co., Ltd. is a Japanese leading global manufacturer of motorcycles and automobiles. The Company has been a supplier of services such as transportation, storage and processing to Honda Motor Co., Ltd. for 70 years since the establishment of the Company to contribute to construction of efficient supply chains in line with its production plans. Thus, Honda Motor Co., Ltd. is a vitally important business partner that forms our backbone, including the testing business and international businesses. In addition, Honda Motor Co., Ltd. provides us with its human capital as senior management staff of the Company, thus continuing to contribute to our growth and corporate value enhancement.

b. The number of issues and the book value on the balance sheet

	The number of issues (issues)	Total book value on the balance sheet (millions of yen)
Unlisted shares	1	23
Shares other than the unlisted shares	14	18,720

(Issues whose number of shares increased in the fiscal year under review)

	The number of issues (issues)	Total acquisition costs related to the increase in the number of shares (millions of yen)	Reason for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than the unlisted shares	1	7	Shares acquired through the business partners' shareholding association

(Issues whose number of shares decreased in the fiscal year under review)

There are no applicable matters to be reported.

c. Information on the number of shares by issue of specified investment shares and deemed shareholdings, with their book value on the balance sheet

Specified investment shares

Issue	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Purpose of shareholding, outline of the business alliance, quantitative effect of shareholding and reason for increase in the number of shares	Whether the issuer holds shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Total book value on the balance sheet (millions of yen)	Total book value on the balance sheet (millions of yen)		
Honda Motor Co., Ltd.	3,503,179	3,500,966	Refer to "a." above with regard to the purpose of shareholding. We participate in the business partner's shareholding association of the company concerned and acquired 2,213 shares in the fiscal year under review.	Yes
	12,296	12,207		
Hirata Corporation	272,400	272,400	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	1,865	1,470		
Seino Holdings Co., Ltd.	921,000	921,000	The Company holds the shares of the company concerned as the Company believes that it will contribute to our grown strategy and enhancement of our corporate values through our business partnership with it.	Yes
	1,344	1,025		
Aica Kogyo Company, Limited	412,000	412,000	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	1,250	1,231		
Mitsubishi UFJ Financial Group, Inc.	507,617	507,617	The Company holds the shares of the company concerned for smooth financial transactions.	No Note 2
	430	385		
ISEKI & CO., LTD.	341,700	341,700	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	406	444		
NITTO KOGYO CORPORATION	150,400	150,400	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	397	237		
MITSUBA Corporation	461,000	461,000	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	240	170		
SENKON LOGISTICS CO., LTD.	275,700	275,700	The Company holds the shares of the company concerned to expand our business in the Tohoku region.	Yes
	217	215		



Issue	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Purpose of shareholding, outline of the business alliance, quantitative effect of shareholding and reason for increase in the number of shares	Whether the issuer holds shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Total book value on the balance sheet (millions of yen)	Total book value on the balance sheet (millions of yen)		
Eidai Co., Ltd.	704,000	704,000	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	157	204		
OSAKI ELECTRIC CO., LTD.	118,000	118,000	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	62	55		
Mizuho Financial Group, Inc.	18,130	18,130	The Company holds the shares of the company concerned for smooth financial transactions.	No Note 3
	34	28		
Sompo Holdings, Inc.	2,000	2,000	The Company holds the shares of the company concerned to maintain and reinforce its relationship with the company concerned in insurance business.	No Note 4
	10	10		
Sumitomo Rubber Industries, Ltd.	4,200	4,200	The Company deals with the company concerned mainly in logistics business. We own the shares of the company concerned to maintain and reinforce business transactions with it.	Yes
	5	4		

(Notes) 1. The Company describes the method for verifying the rationality of shareholdings as it finds it difficult to state quantitative effects of specified investment shares. The Company verifies the significance of holding individual shares at the Board of Directors meetings, and has confirmed that shares currently held all conform to our holding policy.

2. The Company's shares are held by Mitsubishi UFJ Financial Group, Inc.'s subsidiaries, including MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

3 The Company's shares are held by Mizuho Financial Group, Inc.'s subsidiary, Mizuho Securities Co., Ltd.

4.The Company's shares are held by Sompo Holdings, Inc.'s subsidiary, Sompo Japan Insurance Inc.

3) Shares for investment held for pure investment purposes

There are no applicable matters to be reported.

## V. Financial Information

### 1. Methods for preparing the consolidated financial statements and financial statements

(1) The Company prepares its consolidated financial statements based on the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of October 30, 1976).

(2) The Company prepares its financial statements based on the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of November 27, 1963; hereinafter the “Financial Statements Regulations”).

Being a special company submitting financial statements, the Company prepares its financial statements in accordance with the provisions of Article 127 of the Financial Statements Regulations.

### 2. Audit certification

According to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, KPMG AZSA LLC audited the Company’s consolidated financial statements for the consolidated fiscal year (from April 1, 2022 to March 31, 2023) and financial statements for the fiscal year (from April 1, 2022 to March 31, 2023).

### 3. Special efforts to ensure the adequacy of consolidated financial statements, etc.

The Company makes a special effort to ensure the adequacy of consolidated financial statements, etc. More specifically, it participates in the Financial Accounting Standards Foundation to properly understand accounting standards and construct a system enabling us to accurately respond to changes in accounting standards.

# 1. Consolidated Financial Statements, etc.

## (1) Consolidated Financial Statements

### 1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	30,227	40,221
Notes and accounts receivable - trade	*1 35,110	*1 33,408
Electronically recorded monetary claims - operating	3,545	3,647
Securities	456	265
Raw materials and supplies	531	562
Other	4,797	4,935
Allowance for doubtful accounts	(12)	(14)
<b>Total current assets</b>	<b>74,655</b>	<b>83,026</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	215,176	229,447
Accumulated depreciation	(111,952)	(119,126)
<b>Buildings and structures, net</b>	<b>103,224</b>	<b>110,320</b>
Machinery, equipment and vehicles	54,924	56,125
Accumulated depreciation	(46,099)	(48,579)
<b>Machinery, equipment and vehicles, net</b>	<b>8,825</b>	<b>7,545</b>
Tools, furniture and fixtures	9,353	10,311
Accumulated depreciation	(8,030)	(8,539)
<b>Tools, furniture and fixtures, net</b>	<b>1,323</b>	<b>1,771</b>
Land	110,792	116,849
Leased assets	541	389
Accumulated depreciation	(361)	(243)
<b>Leased assets, net</b>	<b>180</b>	<b>146</b>
Construction in progress	7,981	6,037
<b>Total property, plant and equipment</b>	<b>232,328</b>	<b>242,671</b>
Intangible assets	2,173	2,368
<b>Investments and other assets</b>		
Investment securities	*2 20,911	*2 22,248
Long-term loans receivable	559	388
Deferred tax assets	3,485	3,603
Other	*3 5,390	*3 6,469
Allowance for doubtful accounts	(29)	(28)
<b>Total investments and other assets</b>	<b>30,317</b>	<b>32,681</b>
<b>Total non-current assets</b>	<b>264,819</b>	<b>277,721</b>
<b>Total assets</b>	<b>339,475</b>	<b>360,748</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,537	11,240
Electronically recorded obligations - operating	6,200	6,682
Short-term borrowings	1,823	13,151
Lease liabilities	85	60
Income taxes payable	3,645	4,467
Provision for bonuses	3,977	3,930
Provision for bonuses for directors (and other officers)	196	213
Notes payable - facilities	489	99
Electronically recorded obligations - non-operating	3,929	4,299
Other	12,482	14,215
Total current liabilities	44,367	58,358
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	13,210	10,059
Lease liabilities	88	81
Deferred tax liabilities	5,138	5,481
Retirement benefit liability	5,696	5,399
Provision for retirement benefits for directors (and other officers)	435	454
Other provisions	—	13
Other	1,502	1,501
Total non-current liabilities	76,072	72,990
Total liabilities	120,440	131,349
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,316	11,316
Capital surplus	12,332	12,332
Retained earnings	190,340	194,873
Treasury shares	(6,609)	(3,596)
Total shareholders' equity	207,380	214,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,621	10,423
Foreign currency translation adjustment	1,807	3,490
Remeasurements of defined benefit plans	(330)	32
Total accumulated other comprehensive income	11,098	13,947
Share acquisition rights	227	210
Non-controlling interests	328	314
Total net assets	219,035	229,399
Total liabilities and net assets	339,475	360,748

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Transportation income	90,338	96,744
Warehouse income	34,600	37,729
Packaging income	44,363	49,591
Other revenue	28,856	28,005
Total net sales	*1 198,159	*1 212,071
Cost of sales		
Transportation cost	81,220	86,394
Warehouse cost	24,727	27,340
Packaging cost	39,490	43,693
Other costs	23,226	24,073
Total cost of sales	168,665	181,502
Gross profit	29,493	30,569
Selling, general and administrative expenses		
Personnel expenses	6,038	6,386
Provision for bonuses	395	393
Provision for bonuses for directors (and other officers)	192	213
Retirement benefit expenses	106	134
Provision for retirement benefits for directors (and other officers)	96	80
Depreciation	527	551
Taxes and dues	1,325	1,462
Travel and transportation expenses	208	274
Provision of allowance for doubtful accounts	(1)	1
Other	1,882	2,311
Total selling, general and administrative expenses	9,980	10,988
Operating profit	19,512	19,580
Non-operating income		
Interest income	68	113
Dividend income	613	692
Rental income	75	74
Share of profit of entities accounted for using equity method	460	640
Foreign exchange gains	532	333
Subsidy income	130	321
Compensation income	17	219
Miscellaneous income	494	456
Total non-operating income	2,392	2,853
Non-operating expenses		
Interest expenses	210	229
Bond issuance costs	50	—
Miscellaneous expenses	59	95
Total non-operating expenses	320	325
Ordinary profit	21,584	22,108

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Extraordinary income</b>		
Gain on sale of non-current assets	*2 114	*2 95
Gain on sale of investment securities	3	1
Compensation for expropriation	17	860
Gain on cancellation of leases	3,285	—
Total extraordinary income	3,421	957
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	*3 20	*3 17
Loss on retirement of non-current assets	*4 3,339	*4 272
Loss on valuation of investment securities	4	—
Loss on sale of investment securities	4	—
Total extraordinary losses	3,368	289
Profit before income taxes	21,637	22,776
Income taxes - current	6,850	7,184
Income taxes - deferred	34	(303)
Total income taxes	6,884	6,881
Profit	14,752	15,895
Profit (loss) attributable to non-controlling interests	11	(17)
Profit attributable to owners of parent	14,741	15,913

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	14,752	15,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(674)	802
Foreign currency translation adjustment	1,894	1,663
Remeasurements of defined benefit plans, net of tax	(376)	363
Share of other comprehensive income of entities accounted for using equity method	114	29
Total other comprehensive income	* 958	* 2,857
Comprehensive income	15,710	18,753
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,685	18,762
Comprehensive income attributable to non-controlling interests	25	(8)

3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,316	12,332	180,131	(6,187)	197,593
Changes during period					
Dividends of surplus			(4,472)		(4,472)
Profit attributable to owners of parent			14,741		14,741
Purchase of treasury shares				(639)	(639)
Disposal of treasury shares			(59)	217	158
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	10,209	(422)	9,786
Balance at end of period	11,316	12,332	190,340	(6,609)	207,380

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	10,295	(187)	46	10,154	320	222	208,290
Changes during period							
Dividends of surplus							(4,472)
Profit attributable to owners of parent							14,741
Purchase of treasury shares							(639)
Disposal of treasury shares							158
Net changes in items other than shareholders' equity	(674)	1,995	(376)	943	(92)	106	957
Total changes during period	(674)	1,995	(376)	943	(92)	106	10,744
Balance at end of period	9,621	1,807	(330)	11,098	227	328	219,035



Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,316	12,332	190,340	(6,609)	207,380
Changes during period					
Dividends of surplus			(5,382)		(5,382)
Profit attributable to owners of parent			15,913		15,913
Purchase of treasury shares				(3,001)	(3,001)
Disposal of treasury shares			(10)	27	17
Cancellation of treasury shares			(5,986)	5,986	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	4,533	3,012	7,546
Balance at end of period	11,316	12,332	194,873	(3,596)	214,926

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	9,621	1,807	(330)	11,098	227	328	219,035
Changes during period							
Dividends of surplus							(5,382)
Profit attributable to owners of parent							15,913
Purchase of treasury shares							(3,001)
Disposal of treasury shares							17
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	802	1,683	363	2,848	(17)	(14)	2,817
Total changes during period	802	1,683	363	2,848	(17)	(14)	10,363
Balance at end of period	10,423	3,490	32	13,947	210	314	229,399

## 4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	21,637	22,776
Depreciation	11,237	12,307
Increase (decrease) in provision for bonuses	164	(59)
Increase (decrease) in provision for bonuses for directors (and other officers)	9	16
Increase (decrease) in allowance for doubtful accounts	(47)	1
Increase (decrease) in retirement benefit liability	104	101
Increase (decrease) in provision for retirement benefits for directors (and other officers)	39	18
Interest and dividend income	(681)	(806)
Interest expenses	210	229
Share of loss (profit) of entities accounted for using equity method	(460)	(640)
Loss (gain) on sale of non-current assets	(96)	(78)
Loss on retirement of non-current assets	3,273	12
Gain on cancellation of leases	(3,285)	—
Loss (gain) on sale of investment securities	0	(1)
Decrease (increase) in trade receivables	(718)	1,939
Decrease (increase) in other assets	814	1,291
Increase (decrease) in trade payables	2,416	185
Increase (decrease) in other liabilities	985	685
Other, net	(186)	196
<b>Subtotal</b>	<b>35,419</b>	<b>38,176</b>
Interest and dividends received	1,176	938
Interest paid	(209)	(223)
Income taxes paid	(7,401)	(6,344)
<b>Net cash provided by (used in) operating activities</b>	<b>28,985</b>	<b>32,547</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,081)	(1,362)
Proceeds from withdrawal of time deposits	1,162	1,718
Purchase of securities	(225)	(286)
Proceeds from sale and redemption of securities	1,066	510
Purchase of property, plant and equipment	(32,240)	(22,232)
Proceeds from sale of property, plant and equipment	160	244
Purchase of intangible assets	(382)	(514)
Purchase of investment securities	(140)	(30)
Proceeds from sale of investment securities	95	9
Loan advances	(125)	(8)
Proceeds from collection of loans receivable	220	211
Payments for investments in capital of subsidiaries and associates	—	(495)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(263)	—
Other, net	187	(312)
<b>Net cash provided by (used in) investing activities</b>	<b>(31,567)</b>	<b>(22,548)</b>

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	—	10,000
Repayments of long-term borrowings	(3,843)	(1,823)
Purchase of treasury shares	(573)	(3,001)
Proceeds from sale of treasury shares	0	0
Proceeds from issuance of bonds	10,000	—
Dividends paid	(4,472)	(5,382)
Dividends paid to non-controlling interests	(6)	(5)
Other, net	(344)	4
Net cash provided by (used in) financing activities	759	(208)
Effect of exchange rate change on cash and cash equivalents	613	511
Net increase (decrease) in cash and cash equivalents	(1,208)	10,302
Cash and cash equivalents at beginning of period	30,366	29,157
Cash and cash equivalents at end of period	*1 29,157	*1 39,460

[Notes]

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) The Company has 51 consolidated subsidiaries, of which key companies are as follows:

NIPPON KONPO UNYU SOKO CO., LTD.

NIPPON RIKUSO Co., Ltd.

MEIKON CO., LTD.

NIPPON UNYU CO., LTD.

Auto Technic Japan Co., Ltd.

CHUETSUTEC Co., Ltd.

ITO-EXPRESS CO., LTD.

NK PARTS INDUSTRIES, INC.

(2) The Company has 19 non-consolidated subsidiaries, including Safetech Co., Ltd.

The non-consolidated subsidiaries have been excluded from the scope of consolidation as each of them is small in scale in terms of their total assets, net sales, profit (loss) (amount commensurate with our stake) and retained earnings (amount commensurate with our stake) individually, and they have no material impact on our consolidated financial statements in total as well.

2. Disclosure about application of equity method

The Company applies the equity method to investments in its nine non-consolidated subsidiaries, and its affiliated companies, FUTIAN NIKKON LOGISTICS (GUANGZHOU) CO., LTD. and Nippon Transportation Co., Ltd.

The Company has not applied the equity method to its non-consolidated subsidiaries NKV LOGISTICS LTD., KOLAR LOGISTICS AGENT PRIVATE LTD., TAPUKARA LOGISTICS AGENT PRIVATE LTD., NIPPON KONPO VIETNAM REAL ESTATE CO., LTD., PT. NK INDO LOGISTIK, PT. NKI GUDANG KEMAS, NIPPON KONPO (MALAYSIA) SDN.BHD, NKM LOGISTICS SDN. BHD., Tsukiji-Real Estate Co., Ltd., Ota International Cargo Terminal Co., Ltd., and its affiliated companies S&N Logistics, Co., Ltd., GUANGZHOU DONGFENG NIKKON LOGISTICS. CO., LTD., as each of them is small in scale in terms of their profit (loss) (amount commensurate with our stake) and retained earnings (amount commensurate with our stake) individually, and they have no material impact on our consolidated financial statements in total as well.

3. Matters related to consolidated subsidiaries' fiscal years

Of our consolidated subsidiaries, the following companies close the book on December 31: NIKKON LOGISTICS CHINA CO., LTD., NIKKON CHONGQING LOGISTICS CO., LTD., NKP MEXICO, S.A. de C.V. and NK LOGISTICA MEXICO, S.A. de C.V. For these companies, the Company uses their financial statements based on provisional settlements of accounts as of the consolidated closing date when preparing its consolidated financial statements. NIKKON KITAKYU CO., LTD. previously closed its book on February 28. However, in order to collect management information that better reflects actual situations, its closing date was changed to March 31 from the fiscal year under review. As a result, the financial statements of NIKKON KITAKYU CO., LTD. for the period covering from March 1, 2022 to March 31, 2023 were consolidated into these consolidated financial statements. Closing dates of the other consolidated subsidiaries are same as the last day of the consolidated fiscal year.

4. Disclosure of accounting policies

(1) Evaluation standards and methods for significant assets

1) Securities

a. Held-to-maturity bonds...the amortized cost method (straight-line method)

b. Available-for-sale securities

Securities other than equities without market price...the fair value method based on quoted market prices as of the end of the fiscal year (valuation differences are directly booked into net assets and costs of securities sold are determined by the moving average method).

Equities without market price..... mainly the moving average cost method

2) Derivatives

Fair value method

3) Money held in trust for investment purposes

Fair value method

#### 4) Inventories

Raw materials...mainly the cost method based on the first-in first-out method (balance sheet values reflect write-downs for decreased profitability)

Supplies.....mainly the cost method based on the last purchase cost method (balance sheet values reflect write-downs for decreased profitability)

#### (2) Depreciation methods for significant depreciable assets

##### 1) Property, plant, and equipment (excluding leased assets)

The Company mainly uses the declining balance method.

However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 or later and facilities attached to buildings and structures acquired on April 1, 2016 or later. They use the straight-line method to depreciate immaterial depreciable assets whose acquisition cost is 100,000 yen or more but less than 200,000 yen for three years.

Principal useful lives are as follows:

Buildings and structures	10 - 50 years
Machinery, equipment and vehicles	4 - 17 years
Tools, furniture and fixtures	4 - 10 years

##### 2) Intangible assets (excluding leased assets)

The Company uses the straight-line method.

The Company and its consolidated subsidiaries use the straight-line method for software (for internal use) based on internal usable period (chiefly five years).

##### 3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The Company uses the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

#### (3) Accounting standards for significant allowances and provisions

##### 1) Allowance for doubtful accounts

To prepare for potential losses from uncollectable notes and accounts receivables, a provision is made on general receivables based on historical rates. For specific receivables such as doubtful receivables, collectability is considered individually to record an estimated uncollectable amount.

##### 2) Provision for bonuses

To prepare for the payment of bonuses for its employees, the Company records estimated payments.

##### 3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the Company recorded the amount attributable to fiscal year ended March 31, 2023 based on estimated payments in the fiscal year.

##### 4) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits for directors (and other officers), some of our consolidated subsidiaries recorded the amount required at the end of the term in accordance with their internal regulations on retirement benefits for directors (and other officers).

#### (4) Accounting standards for recording significant revenues and expenses

Details of main performance obligations and regular timing for revenue recognition in major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries are as follows:

##### 1) Transportation business

In our transportation business we identify conducting cargo transportation based on the customer's request as our performance obligation. We recognize revenue, assuming obligation is fulfilled by providing cargo transportation service from start of cargo transportation to arrival of cargo, or to inspection of delivered goods by addressees.

##### 2) Warehousing business

In our warehousing business we identify provision of storage and loading/unloading services based on the customer's request as our performance obligation. We recognize revenue, assuming obligation is fulfilled at the time the service as requested by the customer has been completed in terms of storage service and loading/unloading of the stored cargo as stipulated by the contract.

##### 3) Packaging business

In our packaging business we identify packaging cargo and providing services in the logistics sites as our performance

obligation. We recognize revenue, assuming obligation is fulfilled by completing the work requested by the customer based on their instruction.

4) Testing business

In our testing business we chiefly provide testing services for transportation equipment and identify provision of the result output through operation for a certain period as our performance obligation. Since the project received runs for a certain period, we recognize revenue over a specified period, assuming that obligation is fulfilled based on operational progress.

In each of the aforementioned businesses, consideration for our performance obligation is collected generally within three months after the obligation is fulfilled according to the payment terms separately determined, and does not involve any material financial element.

(5) Accounting methods for retirement benefits

1) Periodic attribution for projected retirement benefits

In calculating retirement benefit liability, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial differences and past service costs

Actuarial differences are amortized on a straight-line basis over a fixed period (five years) within the average remaining service period of employees at the time of incurrence in each fiscal year, starting from the fiscal year following the year of incurrence.

Past service costs are recognized as expenses as incurred in each consolidated fiscal year.

(6) Significant hedge accounting methods

1) Hedge accounting methods

The Company in principle uses deferred hedge accounting. Designated hedge accounting is applied to the forward exchange contracts that meet the requirements for designated hedge accounting, while exceptional accounting treatment is applied to interest-rate swaps that meet the requirements for exceptional accounting treatment.

2) Hedging instruments and hedged items

Hedging instruments.....Interest-rate swaps and forward exchange contracts

Hedged items.....Borrowings and accounts receivable - trade

3) Hedging policy

The Company does this only for the purpose of hedging against interest rate risks and foreign exchange risks.

4) Evaluation of the effectiveness of hedging

During the period between the start of a hedge and the time of judging its effectiveness, the Company compares cumulative market fluctuations of the hedging instrument and the hedged item to judge hedging effectiveness based on their changes in amount. When concluding a forward exchange contract, the Company allocates it to each with the same maturity date and the same amount in foreign currency according to its risk management policy, enabling it to fully secure the correlation regardless of subsequent fluctuations in foreign exchange. The Company therefore omits the evaluation of the effectiveness of forward exchange contracts on the closing date.

(7) Cash and cash equivalents in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments maturing within three months from the date of acquisition that are highly liquid and carry only a minor risk of price volatility.

(Significant accounting estimates)

Below are items whose amounts were recorded on the consolidated financial statements for the fiscal year ended March 31, 2023 according to accounting estimates and which may significantly affect the consolidated financial statements for the fiscal year ending March 31, 2024.

Impairment of non-current assets

(1) The amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2023

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Property, plant and equipment*	232,328	242,671
Intangible assets*	2,173	2,368

\* In both the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023, a sign of impairment was recognized in some of our key business sites for warehousing, packaging, and testing businesses, as operating loss was continuously incurred or market prices significantly dropped. Thus, we calculated total undiscounted future cash flows that were expected to be generated by the continuous usage of the assets concerned and the disposal thereof after their use, results of which exceeded the book value in each business site. We therefore did not recognize impairment loss.

(2) Information on details of the significant accounting estimates pertaining to the identified items

The Group's non-current assets owned by each business site are grouped by the smallest unit that generates cash flow largely independent of the cash flows of other assets or asset groups.

We determine whether any sign of impairment can be detected on every closing date. If a sign of impairment is recognized, we compare the total undiscounted future cash flows generated from the asset group with its book value to judge whether we need to recognize impairment loss. If the judgment results in the need to recognize impairment loss, we reduce the book value to the recoverable amount and the reduced amount of the book value is recognized as impairment loss.

Based on the budget of the fiscal year ending March 31, 2024 and the business plans, future cash flows are estimated on certain assumptions about an increase in net sales, including new orders that we expect to receive. If these assumptions require revision as uncertain future economic conditions fluctuates, they may affect the estimated future cash flows significantly.

(Changes in accounting policies)

There are no applicable matters to be reported.

(New accounting standards not yet applied)

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)

- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)

- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

(1) Overview

In February 2018, the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28), etc. (hereinafter "ASBJ Statement No. 28, etc.") were published and the transfer of responsibilities for providing practical guidance on tax effect accounting from The Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan was completed. In the process of the relevant deliberation, it had been determined that the following two points should be reviewed after the announcement of the ASBJ Statement No. 28, etc., which has now been deliberated and announced:

- Accounting classification of tax expenses (taxation on other comprehensive income)

- Tax effect in relation to the sale of shares of subsidiaries, etc. (shares of subsidiaries or those of affiliated companies)

provided the group taxation regime is applied

(2) Schedule of application

Planned to be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of application of accounting standards, etc. concerned

We are currently assessing the effect of applying the Accounting Standard for Current Income Taxes, etc. on the

consolidated financial statements.



(Changes in presentation)

(Consolidated Statement of Income)

“Compensation income” included in “Extraordinary income” in the fiscal year ended March 31, 2022 has been changed to “Compensation for expropriation” from the fiscal year under review to make the presentation of the line item more appropriate one for the actual situation. To reflect the changes in presentation, reclassification has been made in the consolidated financial statements for the fiscal year ended March 31, 2022.

As a result, 17 million yen of “Compensation income” presented under “Extraordinary income” in the consolidated statement of income for the fiscal year ended March 31, 2022 has been reclassified to 17 million yen of “Compensation for expropriation.”

(Additional information)

(Implementation of the share-based remuneration plan for Directors)

It was resolved at the 80th ordinary general meeting of shareholders held on June 29, 2021 that the Company would implement a share-based remuneration plan using a trust (hereinafter “the Plan”) for its Directors (excluding Directors who are Audit and Supervisory Committee Members, and Outside Directors; hereinafter the “Directors”).

#### 1. Overview of the transaction

The Plan is a share-based remuneration plan, in which the trust the Company establishes by contributing money (hereinafter the “Trust”) acquires shares of the Company, and a number of shares of the Company equivalent to the number of points the Company gives to each Director will be granted to each Director through the Trust. The Plan consists of both a fixed part in which fixed points are granted every fiscal year and a performance-linked part in which points are granted according to the extent to which performance goals of the Medium-term Business Plan are achieved in each fiscal year of the Business Plan period.

The time when a Director receives the shares of the Company shall be at the time when the Director resigns, in principle.

It was resolved at the Board of Directors meeting dated June 2, 2023 that the trust period of the Plan would be extended to the end of August 2026.

#### 2. The Company’s shares remaining in the Trust

The Company records its shares remaining in the Trust as treasury shares in net assets according to the book value in the Trust (excluding the amount of incidental expenses). The book value of the treasury shares concerned amounted to 65 million yen with the number of shares being 26,000 as of the end of the fiscal year ended March 31, 2023.

(Consolidated balance sheet)

\*1. Amount of receivables generated from the contracts with customers included in notes and accounts receivable - trade is as follows:

	As of March 31, 2022	As of March 31, 2023
Notes receivable - trade	812 million yen	678 million yen
Accounts receivable - trade	34,298 million yen	32,730 million yen

\*2. Shares of non-consolidated subsidiaries and affiliated companies are as follows:

	As of March 31, 2022	As of March 31, 2023
Investment securities (equities)	2,585 million yen	2,735 million yen

\*3. Investments in capital of non-consolidated subsidiaries and affiliated companies are as follows:

	As of March 31, 2022	As of March 31, 2023
Other	3,615 million yen	4,554 million yen

4. Transfer of liquidated accounts receivable

	As of March 31, 2022	As of March 31, 2023
Transfer of accounts receivable	614 million yen	1,949 million yen

(Consolidated statement of income)

\*1. Revenue from contracts with customers

For net sales we do not distinguish revenue from contracts with customers from other revenues in the consolidated statement of income. The amount of revenue from contracts with customers is stated in 3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment and information on disaggregation of revenue in [Notes] (Segment information, etc.) on the consolidated financial statements.

\*2. Details of gain on sale of non-current assets are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Machinery, equipment and vehicles	109 million yen	82 million yen
Tools, furniture and fixtures	2	1
Land	2	11
Other	0	0
Total	114	95

\*3. Details of loss on sale of non-current assets are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Buildings and structures	6 million yen	0 million yen
Machinery, equipment and vehicles	4	4
Tools, furniture and fixtures	0	8
Land	10	4
Other	0	—
Total	20	17

\*4. Details of loss on retirement of non-current assets are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Buildings and structures	65 million yen	190 million yen
Machinery, equipment and vehicles	0	8
Tools, furniture and fixtures	0	12
Leased assets	3,272	—
Other	0	61
Total	3,339	272

(Consolidated statement of comprehensive income)

\* Reclassification adjustments and tax effects related to other comprehensive income

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities:		
Gains (losses) recognized during the fiscal year	(972) million yen	1,164 million yen
Reclassification adjustments	(0)	(1)
Amount before income tax effect	(973)	1,163
Income tax effect	298	(360)
Valuation difference on available-for-sale securities	(674)	802
Foreign currency translation adjustment:		
Gains (losses) recognized during the fiscal year	1,894	1,663
Foreign currency translation adjustment	1,894	1,663
Remeasurements of defined benefit plans:		
Gains (losses) recognized during the fiscal year	(610)	388
Reclassification adjustments	37	141
Amount before income tax effect	(573)	530
Income tax effect	196	(166)
Remeasurements of defined benefit plans, net of tax	(376)	363
Share of other comprehensive income of entities accounted for using equity method:		
Gains (losses) recognized during the fiscal year	114	29
Share of other comprehensive income of entities accounted for using equity method	114	29
Total other comprehensive income	958	2,857

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2022

1. Matters related to issued shares

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares (shares)	68,239,892	—	—	68,239,892

2. Matters related to treasury shares

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares (shares)	2,506,469	278,009	61,200	2,723,278

Note: The number of treasury shares as of March 31, 2022 include shares of the Company held by a trust whose beneficiaries are Directors (26,900 shares).

(Major cause of change)

Breakdown of increase in shares is as follows:

Increase due to purchase of treasury shares based on the resolution of the Board of Directors 277,800 shares

Increase due to purchase of treasury shares of less than one unit 209 shares

Breakdown of decrease in shares is as follows:

Decrease due to the exercise of share acquisition rights 61,200 shares

### 3. Matters related to share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares subject to share acquisition rights	The number of shares subject to share acquisition rights (shares)				Balance as of March 31, 2022 (millions of yen)
			As of April 1, 2021	Increase	Decrease	As of March 31, 2022	
Reporting company (Parent company)	Share acquisition rights as share options	—	—	—	—	—	227
Total		—	—	—	—	—	227

### 4. Matters related to dividends

#### (1) Dividends paid

Resolution	Class of shares	Total cash dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
May 12, 2021 Board of Directors	Common shares	2,234	34	March 31, 2021	June 8, 2021
November 5, 2021 Board of Directors	Common shares	2,237	34	September 30, 2021	December 7, 2021

Note: Total dividends based on the resolution of the Board of Directors meeting dated November 5, 2021 include dividends of 0 million yen on the Company's shares owned by a trust whose beneficiaries are Directors.

(2) Of the dividends whose record date belongs to the fiscal year concerned, the dividend whose effective date falls in the following fiscal year

Resolution	Class of shares	Total cash dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
May 13, 2022 Board of Directors	Common shares	2,294	Retained earnings	35	March 31, 2022	June 8, 2022

Note: Total dividends based on the resolution of the Board of Directors meeting dated May 13, 2022 include dividends of 0 million yen on the Company's shares owned by a trust whose beneficiaries are Directors.

### Fiscal year ended March 31, 2023

#### 1. Matters related to issued shares

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	68,239,892	—	2,500,000	65,739,892

#### 2. Matters related to treasury shares

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	2,723,278	1,352,513	2,512,200	1,563,591

Note: The number of treasury shares as of March 31, 2023 include shares of the Company held by a trust whose beneficiaries are Directors (26,900 shares).

(Major cause of change)

Breakdown of increase in shares is as follows:

Increase due to purchase of treasury shares based on the resolution of the Board of Directors 1,352,000 shares

Increase due to purchase of treasury shares of less than one unit 513 shares

Breakdown of decrease in shares is as follows:

Decrease due to the exercise of share acquisition rights 12,200 shares

Decrease due to the cancellation of treasury shares 2,500,000 shares

### 3. Matters related to share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares subject to share acquisition rights	The number of shares subject to share acquisition rights (shares)				Balance as of March 31, 2023 (millions of yen)
			As of April 1, 2022	Increase	Decrease	As of March 31, 2023	
Reporting company (Parent company)	Share acquisition rights as share options	—	—	—	—	—	210
Total		—	—	—	—	—	210

### 4. Matters related to dividends

#### (1) Dividends paid

Resolution	Class of shares	Total cash dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
May 13, 2022 Board of Directors	Common shares	2,294	35	March 31, 2022	June 8, 2022
November 4, 2022 Board of Directors	Common shares	3,088	48	September 30, 2022	December 6, 2022

Note: Total dividends based on the resolution of the Board of Directors meeting dated May 13, 2022 include dividends of 0 million yen on the Company's shares owned by a trust whose beneficiaries are Directors and total dividends based on the resolution of the Board of Directors meeting dated November 4, 2022 include dividends of 1 million yen on the Company's shares owned by a trust whose beneficiaries are Directors.

(2) Of the dividends whose record date belongs to the fiscal year concerned, the dividend whose effective date falls in the following fiscal year

Resolution	Class of shares	Total cash dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
May 12, 2023 Board of Directors	Common shares	3,274	Retained earnings	51	March 31, 2023	June 8, 2023

Note: Total dividends based on the resolution of the Board of Directors meeting dated May 12, 2023 include dividends of 1 million yen on the Company's shares owned by a trust whose beneficiaries are Directors.

(Consolidated statement of cash flows)

\*1. The relationship between cash and cash equivalents at end of period and amounts of items on the consolidated balance sheet

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	30,227 million yen	40,221 million yen
Time deposits of over three months	(1,069)	(761)
Cash and cash equivalents	29,157	39,460

2. The major breakdown of assets and liabilities of companies that newly became a consolidated subsidiary due to acquisition of their shares by the Company

Fiscal year ended March 31, 2022

Details are omitted because of its insignificance.

Fiscal year ended March 31, 2023

There are no applicable matters to be reported.

(Leases)

Details are omitted because of its insignificance.

(Financial instruments)

1. Matters related to status of financial instruments

(1) Approach to financial instruments

The Group raises required funds mainly by bank borrowings or issuing corporate bonds in light of the capital expenditure plan. We manage temporary surplus funds by using highly safe financial instruments and raises short-term working capital by bank borrowings. We use derivatives to hedge against risks of future changes in foreign exchange and interest rate, and we do not use them for speculative purposes as a policy.

(2) Details of financial instruments and associated risks

Operating receivables, including notes and accounts receivables - trade, and electronically recorded monetary claims - operating are exposed to the credit risk of each customer. Operating receivables in foreign currency are also exposed to the risk of foreign exchange fluctuations.

Securities and investment securities are mainly composed of held-to-maturity bonds and shares of the companies with which the Company has business relationships, and exposed to the risk of market price fluctuations.

Most of notes and accounts payable - trade, and electronically recorded obligations - operating, which are operating payables, are due within four months. Although operating payables denominated in foreign currencies are exposed to the risk of foreign exchange fluctuations, they are within the scope of the balance of operating receivables in the same foreign currencies.

Most of notes payables - facilities and electronically recorded obligations - non-operating, which are non-operating payables, are due within six months.

Borrowings and bonds are chiefly intended for procurement of funds required for capital investment, and the ones with longest maturity will be due in 10 years after the closing date.

Of derivative transactions, the Company uses forward exchange contracts to hedge against the risk of foreign exchange fluctuations for operating payables in foreign currency, and interest rate swap agreements to hedge against the risk of fluctuations in interest payments for its borrowings and corporate bonds. For hedging accounting, such as hedging instruments, hedged items, hedging policy, and methods for evaluating hedging effectiveness, please refer to (6) Significant hedge accounting methods of 4. Disclosure of accounting policies.

(3) Risk management system for financial instruments

1) Credit risk (the risk of the counterparty default) management

For operating receivables, the Sales Department monitors main business partners' status and the Business Department and Sales Offices manage due dates and balances by business partner. The Company thus seeks to capture collectability concerns as a result of worsening financial situation early and mitigate their risks. Our consolidated subsidiaries have similar management systems to ours.

Since held-to-maturity bonds includes only those with high ratings in accordance with the Fund Management Rules, their credit risks are insignificant.

The Company makes derivative transactions only with issuers with high ratings to mitigate credit risk.

2) Market risk (the risk of fluctuations in foreign exchange or interest rate) management

The Company captures the risk of foreign exchange fluctuations for operating receivables/payables denominated in foreign currency by currency and by month and uses forward exchange contracts to hedge against the risk as appropriate.

The Company regularly checks market prices and issuers' financial situations for securities and investment securities while it continuously reviews holdings of those other than held-to-maturity bonds, taking into account the relationship with business partners.

Departments in charge make derivative transactions upon approval of the Board of Directors in accordance with the Management Rules. Monthly transaction results are reported to the Board of Directors.

3) Management of liquidity risk on financing (the risk of failing to make payment on due date)

Each of our Group companies creates and updates a financing plan when necessary, and the Group manages its liquidity risk by maintaining liquidity on hand.

(4) Supplementary explanation on matters related to fair values of financial instruments

As fair value measurements of financial instruments incorporate variable factors, values may change under different assumptions.

## 2. Matters related to fair values of financial instruments

Book values on consolidated balance sheet and fair values of financial instruments, as well as the differences between them are as follows:

As of March 31, 2022

	Book value on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Securities and investment securities	18,715	18,711	(3)
Total assets	18,715	18,711	(3)
(2) Bonds payable	50,000	50,031	31
(3) Long-term borrowings	13,210	13,196	(13)
Total liabilities	63,210	63,228	18

As of March 31, 2023

	Book value on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Securities and investment securities	19,715	19,714	(1)
Total assets	19,715	19,714	(1)
(2) Bonds payable	50,000	50,034	34
(3) Long-term borrowings	10,059	10,069	10
Total liabilities	60,059	60,104	45

### (Notes) 1. Matters related to methods for measuring fair values of financial instruments, as well as securities

Notes to cash and deposits, notes and accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, income taxes payable, notes payable - facilities, electronically recorded obligations - non-operating are omitted, because it is cash (in case of cash), or otherwise their fair values approximate book values since they are settled in a short term.

### 2. (1) Securities and investment securities does not include equities without market value. Book values of these financial instruments on consolidated balance sheet are as follows:

(Millions of yen)

Category	As of March 31, 2022	As of March 31, 2023
Unlisted shares	2,652	2,797



3. Redemption schedule for monetary claims and securities with maturities after the closing date

As of March 31, 2022

	Within 1 year (Millions of yen)	Over 1 year through 5 years (Millions of yen)	Over 5 years through 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	30,227	—	—	—
Notes and accounts receivable - trade	35,110	—	—	—
Electronically recorded monetary claims - operating	3,545	—	—	—
Securities and investment securities				
Held-to-maturity bonds				
(1) Commercial paper	—	—	—	—
(2) Certificate of deposit	—	—	—	—
(3) Other	456	—	—	—
Total	69,339	—	—	—

As of March 31, 2023

	Within 1 year (Millions of yen)	Over 1 year through 5 years (Millions of yen)	Over 5 years through 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	40,221	—	—	—
Notes and accounts receivable - trade	33,408	—	—	—
Electronically recorded monetary claims - operating	3,647	—	—	—
Securities and investment securities				
Held-to-maturity bonds				
(1) Commercial paper	—	—	—	—
(2) Certificate of deposit	—	—	—	—
(3) Other	265	—	—	—
Total	77,543	—	—	—

4. Repayment schedule for bonds and long-term borrowings after the closing date

As of March 31, 2022

	Within 1 year (Millions of yen)	Over 1 year through 2 years (Millions of yen)	Over 2 years through 3 years (Millions of yen)	Over 3 years through 4 years (Millions of yen)	Over 4 years through 5 years (Millions of yen)	Over 5 years (Millions of yen)
Bonds payable	—	—	10,000	10,000	10,000	20,000
Long-term borrowings	1,823	13,151	25	20	13	—
Total	1,823	13,151	10,025	10,020	10,013	20,000

As of March 31, 2023

	Within 1 year (Millions of yen)	Over 1 year through 2 years (Millions of yen)	Over 2 years through 3 years (Millions of yen)	Over 3 years through 4 years (Millions of yen)	Over 4 years through 5 years (Millions of yen)	Over 5 years (Millions of yen)
Bonds payable	—	10,000	10,000	10,000	—	20,000
Long-term borrowings	13,151	25	20	13	10,000	—
Total	13,151	10,025	10,020	10,013	10,000	20,000

5. Matters related to the breakdown by level of fair values of financial instruments

The Company classifies fair values of financial instruments into the following three levels according to the observability and significance of inputs for fair value measurement.

Level 1 fair value: Fair values calculated using, out of the observable inputs for fair value measurement, the quoted prices in active markets for the target assets or liabilities of the fair value measurements.

Level 2 fair value: Fair values calculated using the observable inputs for fair value measurements other than those in level 1.

Level 3 fair value: Fair values calculated using unobservable inputs for fair value measurements.

When several types of inputs that have a significant impact on the calculation of fair values are used, those fair values are classified at the level that is the least prioritized in calculating them, among the respective levels of these inputs.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

As of March 31, 2022

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Equities	18,259	—	—	18,259
Bonds payable	—	452	—	452
Total assets	18,259	452	—	18,711

As of March 31, 2023

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Equities	19,450	—	—	19,450
Bonds payable	—	263	—	263
Total assets	19,450	263	—	19,714

## (2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

As of March 31, 2022

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	50,031	—	50,031
Long-term borrowings	—	13,196	—	13,196
Total liabilities	—	62,228	—	62,228

As of March 31, 2023

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	50,034	—	50,034
Long-term borrowings	—	10,069	—	10,069
Total liabilities	—	60,104	—	60,104

(Note) Description of the evaluation technic used for fair value measurements and inputs for fair value measurements

## Securities and investment securities

Fair values of listed equities are classified as level 1 fair value because they are measured based on the quoted prices and are traded in active markets. Bonds held by the Company are measured based on prices on exchanges or those quoted by financial institutions, which however are infrequently traded in markets and hence cannot be regarded as quoted prices in active markets. Therefore, fair values of such bonds are classified as level 2 fair value.

## Bonds payable

Fair values of bonds issued by the Company are classified as level 2 fair value because they are measured at the present value of total principal and interest discounted at the rate that takes into account their issuable period and credit risk.

## Long-term borrowings

Fair values of long-term borrowings are classified as level 2 fair value because we use the discounted present value method to measure their fair values based on the interest rate that takes into account total principal and interest, the remaining period of the liability, and credit risk.

## (Securities)

## 1. Held-to-maturity bonds

As of March 31, 2022

Category	Book value on consolidated balance sheet (millions of yen)	Fair value as of March 31, 2022 (millions of yen)	Difference (millions of yen)
Those with fair value exceeding book value on consolidated balance sheet	—	—	—
Those with fair value not exceeding book value on consolidated balance sheet	456	452	(3)
Total	456	452	(3)

As of March 31, 2023

Category	Book value on consolidated balance sheet (millions of yen)	Fair value as of March 31, 2023 (millions of yen)	Difference (millions of yen)
Those with fair value exceeding book value on consolidated balance sheet	—	—	—
Those with fair value not exceeding book value on consolidated balance sheet	265	263	(1)
Total	265	263	(1)

2. Available-for-sale securities

As of March 31, 2022

Category	Book value on consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Those with book value on consolidated balance sheet exceeding acquisition cost			
Equities	17,749	3,637	14,112
Other	23	8	14
Subtotal	17,772	3,645	14,127
Those with book value on consolidated balance sheet not exceeding acquisition cost			
Equities	486	626	(140)
Other	—	—	—
Subtotal	486	626	(140)
Total	18,259	4,272	13,986

(Note) The table above on available-for-sale securities does not include unlisted equities (with book value on consolidated balance sheet of 67 million yen), because they have no quoted market prices.

As of March 31, 2023

Category	Book value on consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Those with book value on consolidated balance sheet exceeding acquisition cost			
Equities	19,124	3,903	15,221
Other	23	8	14
Subtotal	19,147	3,911	15,235
Those with book value on consolidated balance sheet not exceeding acquisition cost			
Equities	303	374	(71)
Other	—	—	—
Subtotal	303	374	(71)
Total	19,450	4,286	15,164

(Note) The table above on available-for-sale securities does not include unlisted equities (with book value on consolidated balance sheet of 61 million yen), because they have no quoted market prices.

### 3. Available-for-securities sold

Fiscal year ended March 31, 2022

Class	Proceeds from sale (millions of yen)	Total gains on sale (millions of yen)	Total losses on sale (millions of yen)
Equities	95	3	4
Other	—	—	—
Total	95	3	4

Fiscal year ended March 31, 2023

Class	Proceeds from sale (millions of yen)	Total gains on sale (millions of yen)	Total losses on sale (millions of yen)
Equities	9	1	—
Other	—	—	—
Total	9	1	—

(Derivatives)

Derivative transactions not subject to hedge accounting

Currency-related derivatives

As of March 31, 2022

Category	Transaction type	Contract amount (millions of yen)	Contract amount due after 1 year (millions of yen)	Fair value (millions of yen)	Valuation profit or loss (millions of yen)
Non-market transactions	Currency-swap transactions Received in yen and paid in Thai baht	108	29	(31)	(31)
	Currency-swap transactions Received in USD and paid in Indian rupee	74	24	11	11
Total		182	54	(19)	(19)

(Note) Fair value measurement method

Fair values are measured at prices quoted by partner financial institutions.

As of March 31, 2023

Category	Transaction type	Contract amount (millions of yen)	Contract amount due after 1 year (millions of yen)	Fair value (millions of yen)	Valuation profit or loss (millions of yen)
Non-market transactions	Currency-swap transactions Received in yen and paid in Thai baht	29	—	(10)	(10)
	Currency-swap transactions Received in USD and paid in Indian rupee	27	—	6	6
Total		56	—	(3)	(3)

(Note) Fair value measurement method

Fair values are measured at prices quoted by partner financial institutions.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have set both a defined benefit corporate pension plan and a lump-sum retirement benefit plan as their defined benefit-type plans. The Company and some of its consolidated subsidiaries have set defined contribution pension plans as a defined contribution-type plan.

Some consolidated subsidiaries use the simplified method to calculate retirement benefit liability and expenses for their defined benefit corporate pension plan and lump-sum retirement benefit plan.

In addition, some consolidated subsidiaries changed their retirement benefit plan due to the extension of retirement age from 60 to 65, which was introduced in April 2023. As a result of this change, retirement benefit liability decreased by 25 million yen with the same amount of past service costs recognized.

All of the related past service costs are recognized in the fiscal year under review.

2. Defined benefit plans

(1) Reconciliation between the opening balance and the closing balance of retirement benefit liability

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
The opening balance of retirement benefit liability	15,630 million yen	16,917 million yen
Service cost	1,185	1,216
Interest expense	34	54
Actuarial differences generated	432	(797)
Past service cost	-	(25)
Retirement benefits paid	(655)	(724)
Increase due to the acquisition of new consolidated subsidiary	274	-
Other	25	6
The closing balance of retirement benefit liability	16,917	16,648

(2) Reconciliation between the opening balance and closing balance of plan assets

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
The opening balance of plan assets	10,605 million yen	11,227 million yen
Expected return on plan assets	265	279
Actuarial differences generated	(178)	(433)
Contribution from the employer	551	566
Retirement benefits paid	(297)	(386)
Increase due to the acquisition of new consolidated subsidiary	280	-
The closing balance of plan assets	11,227	11,251

(3) Reconciliation between the closing balances of retirement benefit liability and plan assets, and retirement benefit liability and retirement benefit assets on the consolidated balance sheet

	As of March 31, 2022	As of March 31, 2023
Funded retirement benefit liability	14,155 million yen	13,918 million yen
Plan assets	(11,227)	(11,251)
	2,928	2,666
Unfunded retirement benefit liability	2,762	2,730
Net amount of assets and liabilities recorded on the consolidated balance sheet	5,690	5,396
Retirement benefit liability	5,696	5,399
Retirement benefit assets	(6)	(2)
Net amount of assets and liabilities recorded on the consolidated balance sheet	5,690	5,396

(Note) The table includes plans that use the simplified method.

(4) Breakdown of retirement benefit expenses

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	1,185 million yen	1,216 million yen
Interest expense	34	54
Expected return on plan assets	(265)	(279)
Recognized actuarial difference	37	166
Amortization of past service cost	-	(25)
Retirement benefit expenses on defined benefit plans	992	1,133

(5) Remeasurements of defined benefit plans

Breakdown of the items recorded as remeasurements of defined benefit plans (before tax effects) is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Actuarial difference	573 million yen	(530) million yen
Total	573	(530)

(6) Accumulated remeasurements of defined benefit plans

Breakdown of the item recorded as accumulated remeasurements of defined benefit plans (before tax effects) is as follows:

	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial difference	477 million yen	(52) million yen
Total	477	(52)

(7) Plan assets

1) The major breakdown of plan assets

The ratio of each major category to total plan assets is as follows.

	As of March 31, 2022	As of March 31, 2023
Bonds	28.0%	27.3%
Equities	1.8	1.7
General account	51.1	52.7
Other	19.0	18.4
Total	100.0	100.0

2) Method for determining long-term expected return on plan assets

To determine the long-term expected return on plan assets, we take into account the following factors: current and projected allocations of plan assets; and current and long-term expected returns on diverse assets that compose the plan assets.

(8) Matters related to assumptions of actuarial calculations

Assumptions of key actuarial calculations

	As of March 31, 2022	As of March 31, 2023
Discount rates	0.08% - 0.39%	0.31% - 0.72%
Long-term expected return on plan assets	2.5%	2.5%
Projected rate of salary increase	1.15% - 1.7%	1.15% - 1.71%

3. Defined contribution plan

The required employer contributions of the Company and its consolidated subsidiaries were 315 million yen in the fiscal year ended March 31, 2022 and 323 million yen in the fiscal year ended March 31, 2023.



(Share options, etc.)

1. Details of share options and changes in their volume

(1) Details of share options

	2011 share acquisition rights	2012 share acquisition rights	2013 share acquisition rights
Category and number of grantees	7 Directors of the Company 10 Executive Officers of the Company	7 Directors of the Company 13 Executive Officers of the Company	7 Directors of the Company 14 Executive Officers of the Company
Number of share options by class of shares (note)	Common shares: 82,600	Common shares: 68,600	Common shares: 50,200
Grant date	July 19, 2011	July 30, 2012	July 22, 2013
Vesting condition	No vesting condition is provided.	No vesting condition is provided.	No vesting condition is provided.
Service period	Not specified.	Not specified.	Not specified.
Exercise period	July 20, 2011 - July 19, 2046	July 31, 2012 - July 30, 2047	July 23, 2013 - July 22, 2048

	2014 share acquisition rights	2015 share acquisition rights	2016 share acquisition rights
Category and number of grantees	7 Directors of the Company 13 Executive Officers of the Company	7 Directors of the Company 14 Executive Officers of the Company	7 Directors of the Company 6 Executive Officers of the Company
Number of share options by class of shares (note)	Common shares: 42,900	Common shares: 37,000	Common shares: 31,900
Grant date	July 22, 2014	July 27, 2015	July 21, 2016
Vesting condition	No vesting condition is provided.	No vesting condition is provided.	No vesting condition is provided.
Service period	Not specified.	Not specified.	Not specified.
Exercise period	July 23, 2014 - July 22, 2049	July 28, 2015 - July 27, 2050	July 22, 2016 - July 21, 2051

	2017 share acquisition rights	2018 share acquisition rights
Category and number of grantees	7 Directors of the Company 6 Executive Officers of the Company	7 Directors of the Company 5 Executive Officers of the Company
Number of share options by class of shares (note)	Common shares: 22,800	Common shares: 18,100
Grant date	July 21, 2017	July 20, 2018
Vesting condition	No vesting condition is provided.	No vesting condition is provided.
Service period	Not specified.	Not specified.
Exercise period	July 22, 2017 - July 21, 2052	July 21, 2018 - July 20, 2053

(Note) Translated into the number of shares.

(2) Volume of share options and changes thereof

The following information covers share options that existed in the fiscal year ended March 31, 2023 and the numbers of share options were translated into the numbers of shares.

1) The number of share options

	2011 share acquisition rights	2012 share acquisition rights	2013 share acquisition rights	2014 share acquisition rights
Before vesting (shares)				
As of March 31, 2022	—	—	—	—
Granted	—	—	—	—
Expired	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
After vesting (shares)				
As of March 31, 2022	37,400	29,600	20,500	17,900
Vested	—	—	—	—
Exercised	3,300	1,800	1,600	1,400
Expired	—	—	—	—
Outstanding	34,100	27,800	18,900	16,500

	2015 share acquisition rights	2016 share acquisition rights	2017 share acquisition rights	2018 share acquisition rights
Before vesting (shares)				
As of March 31, 2022	—	—	—	—
Granted	—	—	—	—
Expired	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
After vesting (shares)				
As of March 31, 2022	13,700	16,800	13,300	11,800
Vested	—	—	—	—
Exercised	1,100	1,200	1,000	800
Expired	—	—	—	—
Outstanding	12,600	15,600	12,300	11,000

2) Per share prices

	2011 share acquisition rights	2012 share acquisition rights	2013 share acquisition rights	2014 share acquisition rights
Exercise price (yen)	1	1	1	1
Average share price upon exercise (yen)	2,366	2,366	2,366	2,366
Fair value per share on grant date (yen)	771	827	1,480	1,582

	2015 share acquisition rights	2016 share acquisition rights	2017 share acquisition rights	2018 share acquisition rights
Exercise price (yen)	1	1	1	1
Average share price upon exercise (yen)	2,366	2,366	2,366	2,366
Fair value per share on grant date (yen)	1,856	1,830	2,229	2,541

2. Method for estimating the number of vested share options

We use the method that only reflects the number of share options that actually expired because it is difficult to reasonably estimate the number of share options that will expire in future.

(Tax effect accounting)

1. Breakdown of major factors that caused deferred tax assets and liabilities

	As of March 31, 2022	As of March 31, 2023
(Deferred tax assets)		
Provision for bonuses	1,227 million yen	1,241 million yen
Enterprise tax payable	326	351
Provision for bonuses and legal welfare expenses	183	186
Retirement benefit liability	2,110	2,155
Unrealized gains on non-current assets	565	591
Impairment loss	227	225
Remeasurements of defined benefit plans	153	51
Share acquisition rights	69	64
Provision for retirement benefits for directors (and other officers)	142	148
Valuation difference on available-for-sale securities	42	21
Depreciation	361	440
Other	584	604
Deferred tax assets (subtotal)	<u>5,994</u>	<u>6,084</u>
Valuation allowance	<u>(448)</u>	<u>(365)</u>
Offset with deferred tax liabilities	<u>(2,061)</u>	<u>(2,115)</u>
Total deferred tax assets	<u>3,485</u>	<u>3,603</u>
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(4,326)	(4,666)
Reserve for tax purpose reduction entry of non-current assets	(757)	(746)
Retained earnings of overseas subsidiaries	(1,149)	(1,177)
Other	(965)	(1,006)
Deferred tax liabilities (subtotal)	<u>(7,199)</u>	<u>(7,596)</u>
Offset with deferred tax assets	<u>2,061</u>	<u>2,115</u>
Total deferred tax liabilities	<u>(5,138)</u>	<u>(5,481)</u>
Net deferred tax liabilities	<u>(1,652)</u>	<u>(1,877)</u>

2. The breakdown of any major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

This note has been omitted because the difference between the statutory tax rate and the effective tax rate after applying tax effect accounting was 5% or less in both the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023.

(Asset retirement obligations)

This note is omitted because of its insignificance.

(Real estate for lease, etc.)

The Company and some of its consolidated subsidiaries own logistics facilities for lease, commercial facilities for lease, and office buildings for lease in Tokyo and other areas for the purpose of earning rental income. Used by the Company and some of its subsidiaries, some domestic office buildings are stated as real estate, part of which is used as real estate for lease, etc.

The book values on the consolidated balance sheets, changes during the period, and fair values of the real estate for lease, etc. and real estate, part of which is used as real estate for lease, etc. are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Real estate for lease, etc.		
Book value on consolidated balance sheet		
Balance at beginning of period	20,155	17,913
Changes during the period	(2,243)	33
Balance at end of period	17,913	17,946
Fair value at fiscal year-end	22,240	22,556
Real estate, part of which is used as real estate for lease, etc.		
Book value on consolidated balance sheet		
Balance at beginning of period	2,923	7,665
Changes during the period	4,741	(67)
Balance at end of period	7,665	7,598
Fair value at fiscal year-end	8,121	8,080

(Notes) 1. Book value on the consolidated balance sheet is equal to the acquisition cost less cumulative depreciations and cumulative impairment losses.

2. Of changes during the period for real estate for lease, etc., the major decreases in the fiscal year ended March 31, 2022 included transfer to real estate, part of which is used as real estate for lease, etc. (by 4,813 million yen) and depreciation (by 191 million yen), whereas major increases included acquisition cost of real estate (by 2,782 million yen). For the fiscal year ended March 31, 2023, major decreases included depreciation (by 213 million yen) and the sale of real estate (by 9 million yen), whereas major increases included the acquisition of real estate (by 64 million yen) and transfer from real estate for internal use (by 194 million yen).

3. Of changes during the period for real estate, part of which is used as real estate for lease, etc., the major decreases in the fiscal year ended March 31, 2022 included depreciation (by 74 million yen), whereas major increases included transfer from real estate for lease, etc. (by 4,813 million yen). For the fiscal year ended March 31, 2023, major decreases included depreciation (by 73 million yen) and major increases included the acquisition of real estate (by 6 million yen)

4. The fair values of major properties at fiscal year-ends are based on real estate appraisal reports by an external real estate appraiser while those of other properties were calculated by the Company according to the Real Estate Appraisal Standards.

Gains (losses) on real estate for lease, etc. and real estate, part of which is used as real estate for lease, etc. are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Real estate for lease, etc.		
Rental income	1,483	1,595
Rental expenses	733	766
Difference	750	828
Real estate, part of which is used as real estate for lease, etc.		
Rental income	218	196
Rental expenses	181	177
Difference	36	19

(Note) Real estate, part of which is used as real estate for lease, etc. includes portion used by the Company and some of its

subsidiaries to provide services and for business management. Therefore, rental income for such portion is not recorded. However, expenses on such real estate (e.g. depreciation, taxes and dues, repair expenses, insurance expenses) are included in rental expenses.

(Revenue recognition)

1. Information on the breakdown of revenue from contracts with customers

For information on the breakdown of revenue from contracts with customers, please refer to [Notes] (Segment information, etc.)

2. Information that forms the basis of understanding revenue from contracts with customers

For information that forms the basis of understanding revenue, please refer to (Significant accounting policies for preparation of consolidated financial statements), 4. Disclosure of accounting policies, (4) Accounting standards for recording significant revenue and expenses.

3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from such contracts, as well as on how much and when the Company expects to recognize revenue from the contracts with customers existing as of March 31, 2023 in the next fiscal year onward

This information is omitted because the Company and its consolidated subsidiaries have no contract assets or liabilities, and have very few contracts whose terms are initially expected to exceed one year, which therefore are deemed insignificant.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

Depending on the type of service to provide, the Company has four reportable segments, Transportation, Warehousing, Packaging and Testing.

The Transportation segment engages in the transportation of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others. The Warehousing segment engages in the storage of finished four-wheeled vehicles and motorcycles, automotive parts, housing equipment, agricultural machinery and others.

The Packaging segment engages in processing for distribution, delivery agency of automotive parts and others, export packing and other operations.

The Testing segment engages in testing finished four-wheeled vehicles and motorcycles, automotive parts, agricultural machinery and others.

2. Methods of calculating amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Methods of accounting procedures for the reportable segments are generally identical to those described in "Significant accounting policies for preparation of consolidated financial statements." Profits in the reportable segments are figures based on operating profit. Transactions between the reportable segments are based on market prices.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment and information on disaggregation of revenue

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Others (Note 1)	Total
	Transportation business	Warehousing business	Packaging business	Testing business	Total		
Net sales							
Automobiles	24,801	8,689	17,668	21,189	72,348	972	73,321
Automotive parts	21,232	9,509	9,309	556	40,609	1,673	42,282
Housing	15,547	3,030	7,837	—	26,414	156	26,571
Agricultural machinery	4,625	1,520	924	20	7,091	126	7,217
Food and beverages	1,459	2,170	617	—	4,248	55	4,303
Newspapers and publications	4,614	0	0	—	4,615	—	4,615
Others	18,057	9,069	8,005	97	35,229	2,947	38,177
Revenue from contracts with customers	90,338	33,990	44,363	21,863	190,556	5,933	196,490
Other revenue	—	609	—	—	609	1,059	1,669
Sales to external customers	90,338	34,600	44,363	21,863	191,166	6,993	198,159
Intersegment sales or transfers	313	285	403	26	1,028	2,603	3,632
Total	90,652	34,886	44,766	21,890	192,195	9,596	201,791
Segment profit	4,498	8,050	2,354	3,739	18,643	1,035	19,678
Segment assets	101,054	115,758	56,432	18,170	291,415	46,905	338,321
Others							
Depreciation (Note 2)	2,880	5,412	1,033	1,235	10,561	676	11,237
Investment in equity method affiliates	1,536	—	135	—	1,672	1,049	2,722
Increase in property, plant and equipment and intangible assets (Note 2)	5,154	13,826	2,802	1,477	23,261	5,019	28,280

(Notes) 1. The “Others” category consists of businesses that are not included in reportable segments. It includes customs clearance business and automobile repair business, etc.

2. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Others (Note 1)	Total
	Transportation business	Warehousing business	Packaging business	Testing business	Total		
Net sales							
Automobiles	26,891	9,387	21,216	20,171	77,666	608	78,275
Automotive parts	22,513	9,925	9,814	495	42,748	2,012	44,761
Housing	15,920	3,450	8,126	—	27,497	212	27,710
Agricultural machinery	4,690	1,611	938	35	7,275	106	7,382
Food and beverages	1,760	2,336	740	—	4,838	61	4,899
Newspapers and publications	4,659	0	0	—	4,660	—	4,660
Others	20,308	10,408	8,755	240	39,711	2,914	42,625
Revenue from contracts with customers	96,744	37,121	49,591	20,942	204,399	5,915	210,314
Other revenue	—	608	—	—	608	1,147	1,756
Sales to external customers	96,744	37,729	49,591	20,942	205,007	7,063	212,071
Intersegment sales or transfers	426	287	302	19	1,035	3,230	4,265
Total	97,170	38,017	49,893	20,961	206,043	10,293	216,337
Segment profit	5,062	8,422	3,008	2,223	18,717	1,103	19,820
Segment assets	105,863	125,429	61,084	17,626	310,003	49,899	359,903
Others							
Depreciation (Note 2)	2,883	6,346	1,178	1,200	11,608	698	12,307
Investment in equity method affiliates	2,512	—	162	—	2,674	1,099	3,773
Increase in property, plant and equipment and intangible assets (Note 2)	4,106	12,389	1,884	773	19,153	3,072	22,226

(Notes) 1. The “Others” category consists of businesses that are not included in reportable segments. It includes customs clearance business and automobile repair business, etc.

2. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.



4. Difference between total reportable segments and the amounts on consolidated financial statements, as well as details of the difference (matters related to difference adjustment)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total reportable segments	192,195	206,043
Net sales in Others	9,596	10,293
Elimination of intersegment transactions	(3,632)	(4,265)
Net sales on the consolidated financial statements	198,159	212,071

(Millions of yen)

Profit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total reportable segments	18,643	18,717
Profit in Others	1,035	1,103
Other adjustments (Note)	(165)	(239)
Operating profit on the consolidated financial statements	19,512	19,580

(Note) Other adjustments include the difference resulting from the elimination of operating and non-operating transactions.

(Millions of yen)

Assets	As of March 31, 2022	As of March 31, 2023
Total reportable segments	291,415	310,003
Assets in Others	46,905	49,899
Corporate assets (Note)	1,153	845
Total assets on the consolidated financial statements	339,475	360,748

(Note) Corporate assets primarily include surplus operating funds (time deposits, etc.) and long-term investment assets (investment securities).

(Millions of yen)

Others	Total reportable segments		Others		Adjustments		Amount on consolidated financial statements	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Depreciation	10,561	11,608	676	698	—	—	11,237	12,307
Investment in equity method affiliates	1,672	2,674	1,049	1,099	—	—	2,722	3,773
Increase in property, plant and equipment and intangible assets	23,261	19,153	5,019	3,072	—	—	28,280	22,226

[Related information]

Fiscal year ended March 31, 2022

1. Information by product and service

(Millions of yen)

	Transportation business	Warehousing business	Packaging business	Testing business	Other businesses	Total
Sales to external customers	90,338	34,600	44,363	21,863	6,993	198,159

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America	Asia	Total
171,496	8,977	17,686	198,159

(Note) Net sales are classified by country or region based on customers' locations.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as the amount of property, plant and equipment located in Japan accounts for 90% or more of the amount of property, plant and equipment on consolidated balance sheet.

3. Information by key customer

(Millions of yen)

Customer's name	Net sales	Related segment
Honda Motor Co., Ltd.	29,159	Transportation, warehousing, packaging, testing, and other businesses

Fiscal year ended March 31, 2023

1. Information by product and service

(Millions of yen)

	Transportation business	Warehousing business	Packaging business	Testing business	Other businesses	Total
Sales to external customers	96,744	37,729	49,591	20,942	7,063	212,071

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America	Asia	Total
180,469	12,767	18,834	212,071

(Note) Net sales are classified by country or region based on customers' locations.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as the amount of property, plant and equipment located in Japan accounts for 90% or more of the amount of property, plant and equipment on consolidated balance sheet.

3. Information by key customer

(Millions of yen)

Customer's name	Net sales	Related segment
Honda Motor Co., Ltd.	30,736	Transportation, warehousing, packaging, testing, and other businesses

[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2022

There are no applicable matters to be reported.

Fiscal year ended March 31, 2023

There are no applicable matters to be reported.

[Information on amortized goodwill and unamortized goodwill outstanding by reportable segment]

Fiscal year ended March 31, 2022

Details are omitted because of its insignificance.

Fiscal year ended March 31, 2023

Details are omitted because of its insignificance.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2022

There are no applicable matters to be reported.

Fiscal year ended March 31, 2023

There are no applicable matters to be reported.

[Related parties]

Transactions with related parties

(1) Transactions between the reporting company of the consolidated financial statements and related parties

Fiscal year ended March 31, 2022

There are no applicable matters to be reported.

Fiscal year ended March 31, 2023

There are no applicable matters to be reported.

(2) Transactions between the reporting company's consolidated subsidiaries and related parties

Fiscal year ended March 31, 2022

There are no applicable matters to be reported.

Fiscal year ended March 31, 2023

There are no applicable matters to be reported.

## (Per share information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	3,334.70 yen	3,566.33 yen
Earnings per share	224.41 yen	246.61 yen
Earnings per share after adjustment for the effects of dilutive potential shares	223.81 yen	246.03 yen

(Notes) 1. When calculating earnings per share, the Company includes its shares remaining in the trust, which it reports as treasury shares in shareholders' equity, into the treasury shares which it deducts from the calculation of the average number of shares during the period. When calculating net assets per share, it also includes them into the treasury shares deducted from the total number of issued shares at the end of the period.

The average number of the treasury shares during the period deducted from the calculation of earnings per share was 17,000 shares in the fiscal year ended March 31, 2022 and 26,000 shares in the fiscal year ended March 31, 2023, while the number of the treasury shares deducted from the calculation of net assets per share was 26,000 shares in both the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023.

2. The basis for calculating earnings per share and earnings per share after adjustment for the effects of dilutive potential shares during the period is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
(1) Earnings per share		
Profit attributable to owners of parent (millions of yen)	14,741	15,913
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent on common stock (millions of yen)	14,741	15,913
Average number of common shares during the period (thousand shares)	65,689	64,527
(2) Earnings per share after adjustment for the effects of dilutive potential shares		
Adjusted profit attributable to owners of parent (millions of yen)	—	—
Increase in the number of common shares (thousand shares)	174	153
[Subscription rights to shares] (thousand shares)	[174]	[153]
Overview of potential shares not included in the calculation of earnings per share after adjustment for the effects of dilutive potential shares because of having no dilutive effect	—	—

## (Subsequent events)

There are no applicable matters to be reported.

5) [Annexed consolidated detailed schedules]

[Annexed consolidated detailed schedule of corporate bonds]

Company name	Issue	Issue date	Balance at beginning of the fiscal year under review (millions of yen)	Balance at end of the fiscal year under review (millions of yen)	Interest rate (%)	Collateral	Redemption date
NIKKON Holdings Co., Ltd.	The sixth issuance of unsecured straight bonds	December 18, 2018	10,000 (-)	10,000 (-)	0.320 per annum	Unsecured	December 18, 2025
NIKKON Holdings Co., Ltd.	The seventh issuance of unsecured straight bonds	October 11, 2019	10,000 (-)	10,000 (-)	0.280 per annum	Unsecured	October 11, 2029
NIKKON Holdings Co., Ltd.	The eighth issuance of unsecured straight bonds	September 18, 2020	10,000 (-)	10,000 (-)	0.230 per annum	Unsecured	September 18, 2024
NIKKON Holdings Co., Ltd.	The ninth issuance of unsecured straight bonds	September 18, 2020	10,000 (-)	10,000 (-)	0.420 per annum	Unsecured	September 18, 2030
NIKKON Holdings Co., Ltd.	The tenth issuance of unsecured straight bonds	March 10, 2022	10,000 (-)	10,000 (-)	0.320 per annum	Unsecured	March 10, 2027
Total	-	-	50,000 (-)	50,000 (-)	-	-	-

(Notes) 1. Parenthesized values refer to those redeemable within one year.

2. Below is the annual redemption schedule within five years from the closing date.

Within 1 year (Millions of yen)	Over 1 year through 2 years (Millions of yen)	Over 2 years through 3 years (Millions of yen)	Over 3 years through 4 years (Millions of yen)	Over 4 years through 5 years (Millions of yen)
-	10,000	10,000	10,000	-

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of the fiscal year under review (millions of yen)	Balance at end of the fiscal year under review (millions of yen)	Average interest rate (%)	Due date
Long-term borrowings due within 1 year	1,823	13,151	0.2	-
Lease liabilities due within 1 year	85	60	-	-
Long-term borrowings (excluding those due within 1 year)	13,210	10,059	0.3	From April 2024 through September 2027
Lease liabilities (excluding those due within 1 year)	88	81	-	From April 2024 through July 2028
Other interest-bearing debts Deposits received (due within 1 year)	606	737	0.1	-
Total	15,814	24,088	-	-

(Notes) 1. The average interest rate is stated as the weighted average interest rate on the balance of borrowings at end of period.

2. The Company does not state the average interest rate for lease liabilities because it records lease liabilities inclusive of amounts equivalent to interest payments included in total lease expenses on the consolidated balance sheet.

3. The repayment schedule of long-term borrowings and lease liabilities (excluding those due within one year) within five years after the closing date is as follows:

Category	Over 1 year through 2 years (millions of yen)	Over 2 years through 3 years (millions of yen)	Over 3 years through 4 years (millions of yen)	Over 4 years through 5 years (millions of yen)
Long-term borrowings	25	20	13	10,000
Lease liabilities	44	14	13	7

[Annexed consolidated detailed schedule of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not larger than 1% of the total liabilities and net assets at the beginning and the end of the fiscal year under review. Therefore, the schedule of asset retirement obligations is not disclosed in accordance with Article 92-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other information

1) Quarterly information in the fiscal year ended March 31, 2023

(Cumulative period)	The first quarter	The second quarter	The third quarter	Fiscal year ended March 31, 2023
Net sales (millions of yen)	50,578	103,751	158,822	212,071
Profit before income taxes (millions of yen)	4,775	10,229	16,482	22,776
Profit attributable to owners of parent (millions of yen)	3,201	7,010	11,393	15,913
Earnings per share (yen)	49.06	108.06	176.25	246.61

(Accounting period)	The first quarter	The second quarter	The third quarter	The fourth quarter
Earnings per share (yen)	49.06	59.05	68.30	70.42

2) Status after the closing date

There are no applicable matters to be reported.

3) Significant lawsuits

There are no applicable matters to be reported.

## 2. Non-consolidated Financial Statements, etc.

### (1) Non-consolidated Financial Statements

#### 1) Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	18,970	25,886
Accounts receivable - trade	*1 121	*1 111
Securities	456	265
Short-term loans receivable	*1 10,032	*1 10,052
Other	*1 1,099	*1 1,127
Allowance for doubtful accounts	(45)	(22)
<b>Total current assets</b>	<b>30,634</b>	<b>37,420</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	8,076	7,753
Structures	254	263
Machinery and equipment	67	41
Vehicles	0	0
Tools, furniture and fixtures	15	11
Land	22,487	23,708
Construction in progress	23	1,591
<b>Total property, plant and equipment</b>	<b>30,924</b>	<b>33,370</b>
Intangible assets	2	1
<b>Investments and other assets</b>		
Investment securities	17,740	18,766
Shares of subsidiaries and associates	100,728	100,728
Investments in capital of subsidiaries and associates	3,292	3,787
Long-term loans receivable	*1 30,911	*1 37,072
Other	*1 18	*1 16
Allowance for doubtful accounts	(3)	(3)
<b>Total investments and other assets</b>	<b>152,689</b>	<b>160,368</b>
<b>Total non-current assets</b>	<b>183,617</b>	<b>193,740</b>
<b>Total assets</b>	<b>214,252</b>	<b>231,160</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	0	5
Electronically recorded obligations - operating	8	28
Current portion of long-term borrowings	1,800	13,000
Accounts payable - other	*1 155	*1 341
Income taxes payable	130	124
Deposits received	*1 20,960	*1 27,751
Notes payable - facilities	75	—
Electronically recorded obligations - non-operating	4	813
Provision for bonuses	35	35
Provision for bonuses for directors (and other officers)	47	52
Other	138	122
<b>Total current liabilities</b>	<b>23,356</b>	<b>42,277</b>
<b>Non-current liabilities</b>		
Bonds payable	50,000	50,000
Long-term borrowings	13,000	10,000
Deferred tax liabilities	3,633	3,948
Provision for retirement benefits for executive officers	—	13
Other	550	*1 507
<b>Total non-current liabilities</b>	<b>67,183</b>	<b>64,469</b>
<b>Total liabilities</b>	<b>90,540</b>	<b>106,747</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,316	11,316
<b>Capital surplus</b>		
Legal capital surplus	11,582	11,582
<b>Total capital surplus</b>	<b>11,582</b>	<b>11,582</b>
<b>Retained earnings</b>		
Legal retained earnings	1,426	1,426
<b>Other retained earnings</b>		
Reserve for dividends	50	50
Reserve for tax purpose reduction entry of non-current assets	15	15
General reserve	87,000	92,000
Retained earnings brought forward	9,107	1,106
<b>Total retained earnings</b>	<b>97,599</b>	<b>94,598</b>
Treasury shares	(6,609)	(3,596)
<b>Total shareholders' equity</b>	<b>113,889</b>	<b>113,901</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	9,594	10,301
<b>Total valuation and translation adjustments</b>	<b>9,594</b>	<b>10,301</b>
Share acquisition rights	227	210
<b>Total net assets</b>	<b>123,712</b>	<b>124,413</b>
<b>Total liabilities and net assets</b>	<b>214,252</b>	<b>231,160</b>



## 2) Non-consolidated Statement of Income

(Millions of yen)

Fiscal year ended March 31, 2022 Fiscal year ended March 31, 2023

Operating revenue	*19,767	*110,053
Operating costs	*1,919	*11,049
Operating gross profit	8,847	9,003
Selling, general and administrative expenses	*2,746	*2,877
Operating profit	8,101	8,126
Non-operating income		
Interest income	0	0
Interest on securities	6	4
Dividend income	522	587
Foreign exchange gains	409	312
Miscellaneous income	25	31
Total non-operating income	963	936
Non-operating expenses		
Interest expenses	41	48
Interest on bonds	126	157
Bond issuance costs	50	—
Miscellaneous expenses	2	5
Total non-operating expenses	221	210
Ordinary profit	8,843	8,852
Extraordinary income		
Gain on sale of investment securities	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on sale of non-current assets	—	*34
Loss on retirement of non-current assets	*41	*42
Loss on sale of investment securities	4	—
Total extraordinary losses	5	7
Profit before income taxes	8,841	8,845
Income taxes - current	494	464
Income taxes - deferred	(79)	3
Total income taxes	415	467
Profit	8,425	8,378

Operating cost statement

Category	Note No.	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
		Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)
I. Personnel expenses		58	6.4	60	5.8
(Provision for bonuses)		(5)		(5)	
II. Other expenses					
1. Repair expenses		144		145	
2. Depreciation		441		464	
3. Insurance expenses		17		19	
4. Facility expenses		3		4	
5. Taxes and dues		171		188	
6. Travel and transportation expenses		0		0	
7. Others		82		166	
Total other expenses		860	93.6	989	94.2
Total operating costs		919	100.0	1,049	100.0

3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Legal retained earnings	Other retained earnings			
				Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	11,316	11,582	1,426	50	16	82,000	10,213
Changes during period							
Dividends of surplus							(4,472)
Profit							8,425
Provision for general reserve						5,000	(5,000)
Purchase of treasury shares							
Disposal of treasury shares							(59)
Reversal of reserve for tax purpose reduction entry of non-current assets					(0)		0
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	(0)	5,000	(1,106)
Balance at end of period	11,316	11,582	1,426	50	15	87,000	9,107

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(6,187)	110,418	10,208	10,208	320	120,947
Changes during period						
Dividends of surplus		(4,472)				(4,472)
Profit		8,425				8,425
Provision for general reserve		—				—
Purchase of treasury shares	(639)	(639)				(639)
Disposal of treasury shares	217	158				158
Reversal of reserve for tax purpose reduction entry of non-current assets		—				—
Net changes in items other than shareholders' equity		—	(614)	(614)	(92)	(706)
Total changes during period	(422)	3,471	(614)	(614)	(92)	2,764
Balance at end of period	(6,609)	113,889	9,594	9,594	227	123,712

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Legal retained earnings	Other retained earnings			
				Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	11,316	11,582	1,426	50	15	87,000	9,107
Changes during period							
Dividends of surplus							(5,382)
Profit							8,378
Provision for general reserve						5,000	(5,000)
Purchase of treasury shares							
Disposal of treasury shares							(10)
Cancellation of treasury shares							(5,986)
Reversal of reserve for tax purpose reduction entry of non-current assets					(0)		0
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	(0)	5,000	(8,001)
Balance at end of period	11,316	11,582	1,426	50	15	92,000	1,106

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(6,609)	113,889	9,594	9,594	227	123,712
Changes during period						
Dividends of surplus		(5,382)				(5,382)
Profit		8,378				8,378
Provision for general reserve		—				—
Purchase of treasury shares	(3,001)	(3,001)				(3,001)
Disposal of treasury shares	27	17				17
Cancellation of treasury shares	5,986	—				—
Reversal of reserve for tax purpose reduction entry of non-current assets		—				—
Net changes in items other than shareholders' equity			706	706	(17)	689
Total changes during period	3,012	11	706	706	(17)	701
Balance at end of period	(3,596)	113,901	10,301	10,301	210	124,413

[Notes]

(Significant accounting policies)

1. Evaluation standards and methods for assets

(1) Securities

- a. Held-to-maturity bonds...the amortized cost method (straight-line method)
- b. Shares of subsidiaries and affiliated companies...the moving average cost method
- c. Available-for-sale securities

Securities other than equities without market price...the fair value method based on quoted market prices as of the end of the fiscal year (valuation differences are directly booked into net assets and costs of securities sold are determined by the moving average method).

Equities without market value..... the moving average cost method

(2) Derivatives

Fair value method

(3) Money held in trust for investment purposes

Fair value method

2. Depreciation method of non-current assets

(1) Property, plant and equipment

The Company uses the declining balance method.

However, the Company uses the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 or later and facilities attached to buildings and structures acquired on April 1, 2016 or later. It uses the straight-line-method to depreciate immaterial depreciable assets whose acquisition cost is over 100,000 yen through 200,000 yen for three years.

Principal useful lives are as follows:

Buildings	8 - 50 years
Structures	10 - 20 years
Machinery and equipment	7 - 12 years
Vehicles	6 years
Tools, furniture and fixtures	5 - 15 years

(2) Intangible assets

The Company uses the straight-line method.

The Company uses the straight-line method for its software (for internal use) based on internal usable period (five years).

3. Standards for recording allowances and provisions

(1) Allowance for doubtful accounts..... To prepare for potential losses from uncollectable notes and accounts receivables, a provision is made on general receivables based on historical rates. For specific receivables such as doubtful receivables, collectability is considered individually to record an estimated uncollectable amount.

(2) Provision for bonuses..... To prepare for the payment of bonuses for its employees, the Company records estimated payments.

(3) Provision for bonuses for directors  
(and other officers)..... To prepare for the payment of bonuses to directors (and other officers), the Company recorded the amount attributable to fiscal year ended March 31, 2023 based on estimated payments in the fiscal year.

(4) Provision for retirement benefits for  
executive officers..... To prepare for the payment of retirement benefits for executive officers, the Company recorded the amount required at the end of the period in accordance with its internal regulations on retirement benefits for executive officers.

#### 4. Standards for recording revenues and expenses

Details of main performance obligations and regular timing for revenue recognition in major businesses related to revenue from contracts with the customers of the Company are as follows:

##### (1) Real estate rental business

As real estate rental business, we use properties owned by the Company to rent commercial spaces and acquire business land mainly for logistics-related business. We recognize revenue from our real estate rental business over the rental period according to the accounting standard for lease transactions.

Consideration for our performance obligation is collected generally within three months after the obligation is fulfilled according to the payment terms separately determined, and does not involve a material financial element.

#### 5. Other significant matters providing the basis for the preparation of non-consolidated financial statements

##### (1) Treatment of hedge accounting

###### a. Hedge accounting methods

The Company in principle uses deferred hedge accounting. Designated hedge accounting is applied to the forward exchange contracts that meet the requirements for designated hedge accounting, while exceptional accounting treatment is applied to interest-rate swaps that meet the requirements for exceptional accounting treatment.

###### b. Hedging instruments and hedged items

Hedging instruments.....Interest-rate swaps and forward exchange contracts

Hedged items.....Borrowings and accounts receivable - trade

###### c. Hedging policy

The Company does this only for the purpose of hedging against interest rate risks and foreign exchange risks.

###### d. Evaluating hedging effectiveness

During the period between the start of a hedge and the time of judging its effectiveness, the Company compares cumulative market fluctuations of the hedging instrument and the hedged item to judge hedging effectiveness based on their changes in amount. When concluding a forward exchange contract, the Company allocates it to each with the same maturity date and the same amount in foreign currency according to its risk management policy, enabling it to fully secure the correlation regardless of subsequent fluctuations in foreign exchange. The Company therefore omits the evaluation of the effectiveness of forward exchange contracts on the closing date.

(Changes in presentation)

##### (Non-consolidated balance sheet)

During the fiscal year ended March 31, 2022, “Electronically recorded obligations - non-operating” was included in “Electronically recorded obligations - operating.” It is stated independently from the fiscal year ended March 31, 2023, as it has become more important in value terms. To reflect the changes in presentation, reclassification is made in the non-consolidated financial statements in the fiscal year ended March 31, 2022.

As a result, 12 million yen of “Electronically recorded obligations - operating” in the non-consolidated balance sheet for the fiscal year ended March 31, 2022, has been reclassified as 8 million yen of “Electronically recorded obligations - operating” and 4 million yen of “Electronically recorded obligations - non-operating.”

(Additional information)

##### (Implementation of the share-based remuneration plan for Directors)

The Company has implemented a share-based remuneration plan using a trust (hereafter “the Plan”) for its Directors (excluding the members of the Audit and Supervisory Committee and the Outside Directors). The purpose and outline of the Plan are as stated in “[Notes] (additional information)” under “V. Financial Information, 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements.”

(Non-consolidated balance sheet)

\*1. Items on subsidiaries and affiliated companies

Monetary claims and obligations on subsidiaries and affiliated companies

	As of March 31, 2022	As of March 31, 2023
Short-term monetary claims	10,201 million yen	10,244 million yen
Long-term monetary claims	30,911	37,072
Short-term monetary obligations	20,970	27,767
Long-term monetary obligations	—	30

2. The Company guarantees loans from financial institutions and payment of toll road usage fees for the following subsidiaries and affiliated companies.

	As of March 31, 2022	As of March 31, 2023
NIPPON KONPO INDIA PRIVATE LIMITED	74 million yen	27 million yen
NIPPON KONPO (MALAYSIA) SDN. BHD.	31	—
NKM LOGISTICS SDN. BHD.	63	69
A.N.I. LOGISTICS, LTD.	33	10
NIPPON KONPO (THAILAND) CO., LTD.	74	19
SAYAMA NIKKON CO., LTD.	36	—
SUZUKA NIKKON CO., LTD.	39	—
FUJISAWA NIKKON CO., LTD.	26	—
OGAWA NIKKON CO., LTD.	30	—
Total	411	126

3. Transfer of liquidated accounts receivable

	As of March 31, 2022	As of March 31, 2023
Transfer of liquidated accounts receivable	614 million yen	1,949 million yen

(Non-consolidated statement of income)

\*1. The following transactions with affiliated companies are included.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating transaction volume		
Operating revenue	8,746 million yen	8,951 million yen
Operating costs	52	41
Non-operating transaction volume	1	0

\*2. Expenses included in selling expenses accounted for roughly 6% in the fiscal year ended March 31, 2022 and 3% in the fiscal year ended March 31, 2023 while expenses included in general and administrative expenses accounted for approximately 94% in the fiscal year ended March 31, 2022 and 97% in the fiscal year ended March 31, 2023.

Below are major items and amounts of selling, general and administrative expenses.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Personnel expenses	503 million yen	509 million yen
Provision for bonuses	29	30
Provision for bonuses for directors (and other officers)	46	54
Retirement benefit expenses	17	16
Depreciation	3	3
Taxes and dues	88	88
Travel and transportation expenses	12	20
Provision of allowance for doubtful accounts	(36)	(22)
Other	174	277
Total	746	877

\*3. Details of loss on sale of non-current assets are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Land	— million yen	4 million yen
Total	—	4

\*4. Details of loss on retirement of non-current assets are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Buildings	1 million yen	2 million yen
Total	1	2

(Securities)

Our subsidiaries' and affiliated companies' shares are not stated as they have no quoted market prices (the amount on balance sheet of the subsidiaries' shares was 100,716 million yen and that of the affiliated companies' shares was 12 million yen in the fiscal year ended March 31, 2023; the amount on balance sheet of the subsidiaries' shares was 100,716 million yen and that of the affiliated companies' was 12 million yen in the fiscal year ended March 31, 2022).



(Tax effect accounting)

1. Breakdown of major factors that caused deferred tax assets and liabilities

	As of March 31, 2022	As of March 31, 2023
(Deferred tax assets)		
Provision for bonuses	10 million yen	10 million yen
Enterprise tax payable	20	18
Impairment loss	23	23
Long-term accounts payable - other	54	34
Loss on valuation of shares of subsidiaries	423	423
Share acquisition rights	69	64
Subsidiaries' shares arising from divestiture	745	745
Valuation difference on available-for-sale securities	37	16
Adjustment on gain (loss) on transfer	135	131
Other	55	83
Deferred tax assets (subtotal)	1,576	1,552
Valuation allowance	(601)	(603)
Offset with deferred tax liabilities	(974)	(949)
Total deferred tax assets	—	—
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(4,272)	(4,563)
Adjustment on gain (loss) on transfer	(328)	(328)
Other	(7)	(6)
Deferred tax liabilities (subtotal)	(4,608)	(4,898)
Offset with deferred tax assets	974	949
Total deferred tax liabilities	(3,633)	(3,948)
Net deferred tax liabilities	(3,633)	(3,948)

2. The breakdown of any major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Non-deductible expenses such as entertainment expenses	0.2	0.2
Non-taxable income such as dividend income	(25.7)	(25.4)
Per capita inhabitant tax	0.0	0.0
Changes in valuation allowance	(1.3)	0.0
Other	0.9	(0.2)
Effective tax rate after applying tax effect accounting	4.7	5.3

(Revenue recognition)

Information that forms the basis of understanding revenue from contracts with customers

For information that forms the basis of understanding revenue, please refer to “[Notes] (significant accounting policies),

4. Accounting standards for recording significant revenues and expenses” of non-consolidated financial statements.

4) Annexed detailed schedules

[Annexed detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of asset	Balance at beginning of current period	Increase during the period	Decrease during the period	Balance at end of current period	Accumulated depreciation or amortization at end of current period	Depreciation or amortization during the period	Balance at end of current period, net
Property, plant and equipment							
Buildings	11,560	318	45	11,833	4,079	394	7,753
Structures	834	48	0	882	619	38	263
Machinery and equipment	256	—	24	232	190	25	41
Vehicles	3	—	—	3	3	0	0
Tools, furniture and fixtures	172	4	—	177	165	6	11
Land	22,487	1,230	9	23,708	—	—	23,708
Construction in progress	23	1,857	289	1,591	—	—	1,591
Total property, plant and equipment	35,338	3,461	369	38,429	5,059	465	33,370
Intangible assets	16	0	—	16	14	1	1

(Notes) 1. Balance at beginning of current period and balance at end of current period are stated at acquisition cost.

2. Major items of increase during the period are as follows:

Land	Acquired at 4676-1, Shimotakanezawa, Oaza, Haga-machi, Haga-gun, Tochigi Prefecture	1,043million yen
Construction in progress	Construction fees for planned Utsunomiya Yui-no-mori Warehouse in Tochigi Prefecture	1,545million yen

[Annexed detailed schedule of provisions]

(Millions of yen)

Category	Balance at beginning of current period	Increase during the period	Decrease during the period	Balance at end of current period
Allowance for doubtful accounts	48	26	48	26
Provision for bonuses	35	33	33	35
Provision for bonuses for directors (and other officers)	47	54	48	52
Provision for retirement benefits for executive officers	—	13	—	13

(2) Components of major assets and liabilities

This information is omitted as the Company prepares the consolidated financial statements.

(3) Other information

1) Status after the closing date

There are no applicable matters to be reported.

2) Significant lawsuits

No such events occurred.

## VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	June
Record date	March 31
Record dates for dividends of surplus	September 30 and March 31
The number of shares per unit	100 shares
Purchase or additional purchase of treasury shares of less than one unit	
Handling office	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Administrator of the register of shareholders	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Transfer office	—
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	Electronic public notice. However, if the public notice is not possible due to an accident or through other compelling reasons, then the public notice shall be posted on Nihon Keizai Shimbun published in Tokyo.
Shareholders' privileges	None.

(Note) 1. The Company's shareholders (including the substantial shareholders) shall not exercise rights other than those listed below on shares less than one unit they own.

Rights as specified by each item of Article 189, Paragraph 2 of the Companies Act.

Rights to receive dividends of surplus.

Rights to make a claim as set forth by Article 166, Paragraph 1 of the Companies Act.

Rights to receive allotment of shares for subscription or share acquisition rights for subscription according to the number of shares owned by the shareholder.

## VII. Reference Information of Reporting Company

### 1. Information about parent of reporting company

The Company has no parent company as stipulated by Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other reference information

The Company filed the following documents during the period between the start date of the fiscal year ended March 31, 2023 and the filing date of the Annual Securities Report.

(1) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

For the 81st fiscal year (From April 1, 2021, to March 31, 2022), filed to the Director-General of the Kanto Local Finance Bureau on June 30, 2022.

(2) Internal Control Report and documents attached thereto

Filed to the Director-General of the Kanto Local Finance Bureau on June 30, 2022.

(3) Quarterly Securities Reports and Confirmation Letters thereof

First quarter of the 82nd fiscal year (from April 1, 2022 to June 30, 2022): filed to the Director-General of the Kanto Local Finance Bureau on August 10, 2022.

Second quarter of the 82nd fiscal year (from July 1, 2022 to September 30, 2022): filed to the Director-General of the Kanto Local Finance Bureau on November 11, 2022.

Third quarter of the 82nd fiscal year (from October 1, 2022 to December 31, 2022): filed to the Director-General of the Kanto Local Finance Bureau on February 13, 2023.

(4) Current Reports

Filed to the Director-General of the Kanto Local Finance Bureau on July 4, 2022.

The Current Report was based on the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the general meeting of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs.

(5) Share Buyback Reports

Filed to the Director-General of the Kanto Local Finance Bureau on June 2, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on July 1, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on August 1, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on September 1, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on October 3, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on November 1, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on December 1, 2022.

Filed to the Director-General of the Kanto Local Finance Bureau on January 6, 2023.

(6) Amended Reports on Repurchase

Filed to the Director-General of the Kanto Local Finance Bureau on October 7, 2022.

(7) Amended Shelf Registration Statement

Filed to the Director-General of the Kanto Local Finance Bureau on July 5, 2022.

## Part II Information about Reporting Company's Guarantor, etc.

There are no applicable matters to be reported.

Independent Auditor's Report on the Consolidated  
Financial Statements and Internal Control

---

June 30, 2023

To the Border of Directors of  
NIKKON Holdings Co., Ltd.

KPMG AZSA LLC  
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yoshiaki Uesaka
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Mako Tasaka

<Audits of Financial Statements>

Audit opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, we have audited the consolidated financial statements of NIKKON Holdings Co., Ltd. provided in the "Financial Information" section for the fiscal year from April 1, 2022 to March 31, 2023, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows, significant accounting policies for preparation of consolidated financial statements, other notes and annexed consolidated detailed schedules.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NIKKON Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2023, and their financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements" section of this report. We are independent of the Company and its consolidated subsidiaries in accordance with provisions related to professional ethics in Japan, and we are fulfilling our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. Key audit matters are the matters addressed in the process of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the judgement regarding the necessity of recognizing impairment loss of non-current assets	
Key audit matter description and reasons for determination thereof	How the key audit matter was addressed in the audit
<p>The Company and its consolidated subsidiaries have numerous business bases in Japan and abroad, operate a variety of businesses, including the transportation, warehousing, packaging, and testing businesses, and possesses considerable non-current assets. In the consolidated balance sheets as of March 31, 2023, property, plant and equipment worth 242,671 million yen and intangible assets worth 2,368 million yen were posted, which accounted for 67.9% of total assets.</p> <p>These non-current assets are amortized regularly; however, if a sign of impairment is recognized, it is necessary to compare the total undiscounted future cash flows from the asset group with the book value to judge whether the recognition of impairment loss is required. If the judgment results in the need to recognize impairment loss, the book value is reduced up to the recoverable amount and the reduced amount of the book value is recognized as impairment loss.</p> <p>As described in the notes to the consolidated financial statements (significant accounting estimates), for the fiscal year ended March 31, 2023, a sign of impairment was recognized, as operating loss was continuously incurred or the market prices of asset groups significantly dropped in some of the Company's key business sites for warehousing, packaging, and testing businesses. Thus, the Company calculated total undiscounted future cash flows that were expected to be generated by the continuous usage of the assets concerned and the disposal thereof after their use, results of which exceeded the book value in each business site. The Company therefore did not recognize impairment loss.</p> <p>Future cash flow estimates in each business site are made based on the budget of the fiscal year ending March 31, 2024 and business plans developed by management. In particular, an increase in net sales, including projected new orders, is based on highly uncertain assumptions. Management's judgment on these will have significant impact on future cash flow estimates.</p> <p>As such, we determined that the appropriateness of the judgement regarding the necessity of recognizing impairment loss of non-current assets was of most significance in the audit of the consolidated financial statements of the current fiscal year and was therefore the key audit matter.</p>	<p>In examining the appropriateness of the judgement regarding the necessity of recognizing impairment loss of non-current assets in some major business sites in the warehousing, packaging, and testing businesses recognized to have signs of impairment, we took primarily the following audit procedures:</p> <p>(1) Assessment of internal controls</p> <p>We evaluated the effectiveness of development and operation status of the internal control system of the Company regarding the judgement of the necessity of recognizing impairment loss. In doing so, we especially focused on controls to examine whether appropriate assumptions are adopted, in particular for future cash flow estimates.</p> <p>(2) Assessment of the appropriateness of estimates of future cash flows</p> <p>In order to assess the appropriateness of key assumptions included in the budget of the fiscal year ending March 31, 2024 and business plans, which are the basis for estimating future cash flows, we questioned those responsible for each business site about grounds for those assumptions and primarily conducted the following procedures:</p> <ul style="list-style-type: none"> <li>- In relation to the assumptions about net sales which provide a basis for the budget and estimates in business plans, we asked those responsible for each business site about the probability of an estimated increase in net sales, including new orders, and reviewed related materials.</li> <li>- We performed trend analysis on future cash flows based on past performance and reviewed related materials. Furthermore, we assessed the accuracy of estimates by management by comparing budgets in the past years and business plans with actual performance in each business site.</li> <li>- We reviewed the assumption about net sales by comparing it with business plans published by the key customers of the Company as well as market forecast data obtained from external organization in relation to those key customers.</li> </ul>

#### Other Information

Other information comprises the information included in the annual securities report, other than the consolidated financial statements, non-consolidated financial statements, and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties related to designing and operating the reporting process of other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not provide any opinions thereon.

Our responsibilities in the audit of the consolidated financial statements are to read through the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the process of audit, and watch out for any signs of material misstatements in the other information other than such inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

There is nothing we should report with respect to the other information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes design and operation of such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 in accordance with the premise of going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Auditor's responsibility is 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 the 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 the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment in the audit process and performs the following while maintaining professional skepticism:

- Identify and assess the risks of material misstatement, whether due to fraud or error, as well as design and perform audit procedures to address the risks of material misstatement. The audit procedures are selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty regarding the premise of going concern, the auditor is required to draw attention in its report to the notes to the consolidated financial statements or, if the notes pertaining to the significant uncertainty are inadequate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of its audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the overall presentation, structure, and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, significant audit findings, including any significant deficiencies in internal control, identified during the audit, and other matters required under the auditing standards.

The auditor also reports to the Audit & Supervisory Committee regarding its observance of provisions relevant to professional ethics on independence in Japan and matters that may reasonably be thought to bear on its independence, and any safeguards that are in place



in order to eliminate or reduce obstacles.

From the matters communicated with the Audit & Supervisory Committee, the auditor determines those matters that were of most significance in the audit of the consolidated financial statements of the fiscal year under review and are therefore the key audit matters. The auditor describes these matters in its auditor's reports unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in its report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### <Internal Control Audit>

##### Audit opinion

We also have audited the accompanying internal control report of NIKKON Holdings Co., Ltd. as of March 31, 2023, in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the internal control report referred to above, in which NIKKON Holdings Co., Ltd. states that internal control over financial reporting was effective as of March 31, 2023, presents fairly, in all material respects, the assessment results of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

##### Basis for the Opinion

We conducted our internal control audit in accordance with audit standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under the standards for internal control audit are further described in "Auditor's Responsibility for the Internal Control Audit" section in this report. We are independent of the Company and its consolidated subsidiaries in accordance with provisions related to professional ethics in Japan, and we are fulfilling our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

##### Auditor's Responsibility for the Internal Control Audit

Auditor's responsibility is to obtain reasonable assurance about whether the internal control report is free from material misstatement, based on the internal control audit it conducted, and to express an opinion on the internal control report from an independent standpoint in an audit report on internal control.

In accordance with audit standards for internal control over financial reporting generally accepted in Japan, the auditor exercises professional judgment through the audit process and performs the following while maintaining professional skepticism:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the internal control audit are selected and applied as determined by the auditor based on the significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the scope, procedures, and results of the assessments of internal control over financial reporting that management described.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The auditor is responsible for instructing, supervising and implementing the audit of the internal control report. The auditor is solely responsible for its audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit of internal control, the results of internal control audits, any identified significant deficiencies in internal control that should be disclosed, the results of corrections therefor and other matters required under the auditing standards for internal control.

The auditor also reports to the Audit & Supervisory Committee regarding its observance of provisions relevant to professional ethics on independence in Japan and matters that may reasonably be thought to bear on its independence, and any safeguards that are in place in order to eliminate or reduce obstacles.

##### Conflicts of Interest

There are no special interests between the Company or its consolidated subsidiaries and the audit firm/engagement partners which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

---

Notes 1. The original of the Auditor's Report above is maintained by the Company (the reporting company of the annual securities report).

2. XBRL data are not included in the subject of the audit.

Independent Auditor's  
Report

June 30, 2023

To the Border of Directors of  
NIKKON Holdings Co., Ltd.

KPMG AZSA LLC  
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yoshiaki Uesaka
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Mako Tasaka

**Audit opinion**

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, we have audited the non-consolidated financial statements of NIKKON Holdings Co., Ltd. provided in the "Financial Information" section for the 82nd fiscal year from April 1, 2022 to March 31, 2023, which comprise the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statements of changes in equity, significant accounting policies, other notes and annexed detailed schedules.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of NIKKON Holdings Co., Ltd. as of March 31, 2023, and their financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are further described in the "Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements" section of this report. We are independent of the Company in accordance with provisions related to professional ethics in Japan, and we are fulfilling our other ethical responsibilities as an auditor. 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 non-consolidated financial statements of the fiscal year under review. Key audit matters are the matters addressed in the process of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We determine that there are no key audit matters to report in our audit report.

**Other Information**

Other information comprises the information included in the annual securities report, other than the consolidated financial statements, non-consolidated financial statements, and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties related to designing and operating the reporting process of other information.

Our opinion on the non-consolidated financial statements does not cover the other information, and we do not provide an opinion thereon.

Our responsibilities in the audit of the non-consolidated financial statements are to read through the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the process of audit, and watch out for any signs of material misstatements in the other information other than such

inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

There is nothing we should report with respect to the other information.

#### Responsibilities of Management and the Audit & Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes design and operation of such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements in accordance with the premise of going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements

Auditor's responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements from an independent standpoint in an audit report based on the 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 the non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment in the audit process and performs the following while maintaining professional skepticism:

- Identify and assess the risks of material misstatement, whether due to fraud or error, as well as design and perform audit procedures to address the risks of material misstatement. The audit procedures are selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the objective of the audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty regarding the premise of going concern, the auditor is required to draw attention in its report to the notes to the non-consolidated financial statements or, if the notes pertaining to the significant uncertainty are inadequate, issue a modified opinion on the non-consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of its audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the overall presentation, structure, and content of the non-consolidated financial statements, including related notes, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, significant audit findings, including any significant deficiencies in internal control, identified during the audit, and other matters required under the auditing standards.

The auditor also reports to the Audit & Supervisory Committee regarding its observance of provisions relevant to professional ethics on independence in Japan and matters that may reasonably be thought to bear on its independence, and any safeguards that are in place in order to eliminate or reduce obstacles.

From the matters communicated with the Audit & Supervisory Committee, the auditor determines those matters that were of most significance in the audit of the non-consolidated financial statements of the current fiscal year and are therefore the key audit matters. The auditor describes these matters in its auditor's reports unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in its report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Conflicts of Interest

There are no special interests between the Company and the audit firm/engagement partners which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

- 
- Notes 1. The original of the Auditor's Report above is maintained by the Company (the reporting company of the annual securities report).
2. XBRL data are not included in the subject of the audit.

