

Integrated Report 2025

 **NIKKON Holdings Group**

Nikkon Advances from Nippon
to Global Stage
and on Toward the Future

 **NIKKON Holdings Co., Ltd.**

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<https://www.nikkon-hd.co.jp/en/>

Basic Philosophy

Leading the way in creating joy that we can share, value that we can identify with, and an environment in which we can live together, we will contribute to the prosperity of our customers, shareholders, employees, and society through business logistics based on a global perspective.

Code of Conduct

NIKKON Holdings Co., Ltd. and its subsidiaries adhere to the NIKKON Holdings Group Basic Philosophy and follow sound business practices to fulfill our corporate responsibilities to customers, shareholders, and local communities, contributing to the development of society. To this end, the Company and its subsidiaries have established the following NIKKON Holdings Group Code of Conduct, which all employees collectively uphold.

- 01 We place the highest priority on safety and aim for zero accidents and zero occupational injuries.
- 02 We comply with laws and regulations, social rules, and internal rules, and conduct business activities with the aim of being a company trusted by society.
- 03 We proactively address environmental issues and aim to be a company that is friendly to the global environment.
- 04 We actively disclose information about the Company to shareholders, customers, and local communities in an impartial manner.
- 05 We strive to properly manage and protect personal information and customer data.
- 06 We strive to contribute to society by providing services that benefit society.
- 07 We engage in fair, transparent, and free competition, and aim to be a company that employees and their families can be proud of.
- 08 We stand firm against antisocial forces and groups that threaten social order and safety.
- 09 Should a situation arise that violates the spirit of this Code, we will take swift and strict action to resolve the problem and prevent its recurrence.

Editorial policy

The NIKKON Group has compiled this report to provide various internal and external stakeholders with an understanding of the value creation process through which we contribute to national and local communities in which we operate. The report summarizes key points about our trajectory of growth from our establishment to the present, what sets us apart from other companies, and our growth strategy for the future.

In addition to this report, more detailed information is also available on our website.

Cover page design

The use of the Group's logo and corporate color as design elements conveys our strong message that, united as a group, we will connect society toward the new era to come and further increase the value of our existence, while expressing our vision of a general logistics company.

Companies covered by this report

NIKKON Holdings Co., Ltd. and its 80 subsidiaries
5 affiliated companies
Total: 85 companies

Period of this report

FY2024 (April 1, 2024-March 31, 2025). However, some information from outside of the above period is included in the report.

Referenced guidelines

The International Integrated Reporting Council's (IIRC, now part of IFRS Foundation) "International Integrated Reporting Framework"
The Japan Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"



Tool Map



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Our Website

Website of NIKKON Holdings Co., Ltd.



<https://www.nikkon-hd.co.jp/en/>

The latest information on overall activities of the Group is posted.

IR Information



<https://www.nikkon-hd.co.jp/en/ir/>

Various IR materials including financial results information and management strategies are provided.

Sustainability



<https://www.nikkon-hd.co.jp/en/sustainability/>

In addition to details of the concept and initiatives for sustainability in the entire Group, Integrated Report and ESG data are provided.

Cautionary note regarding forward-looking statements

This report contains forecasts and forward-looking statements regarding NIKKON Holdings Co., Ltd.'s future plans, strategies, and performance. These statements are based on the information available at the time this report was prepared. They involve many risks and uncertainties, including those related to economic conditions, exchange rates, tax and other regulatory systems. For this reason, actual results may differ from our forecasts.

Our Value Creation Journey

Growing while providing services that satisfy our customers' needs Committed to both business feasibility and environmental friendliness

The NIKKON Group is a pioneer in integrated logistics that can provide one-stop services for all logistics-related needs. Centered on the four core businesses of packaging, transportation, warehousing, and testing, we have expanded peripheral businesses, from automotive maintenance to import/export customs clearance, real estate, insurance agency, and consulting services, and progressed together with the development of the Japanese economy while building a solid customer base. We will continue to respond to the needs of customers and society and deliver high-quality, stable logistics services.

History of the NIKKON Group

1950s -

From post-war reconstruction to mass production and mass consumption
Development of logistics infrastructure nationwide
Transportation volume expanded in response to high economic growth

Founding period

Starting point for social contribution through valuable logistics

In 1953, NIPPON KONPO UNPAN CO., LTD. was founded for the purpose of engaging in land parcel forwarding, freight forwarding, and rail freight forwarding, and we began freight transportation with bicycle-drawn carts and three-wheelers. In 1959, we established an integrated system for transportation, storage, and packaging.



1970s -

Collapse of the bubble economy and shift to production of multiple types of products in small quantities
Small-lot deliveries increased and logistics became more diversified

Development period

Toward a high-quality and stable logistics service system

In 1968, the company name was changed to NIPPON KONPO UNYU SOKO CO., LTD. In 1970, the Company was listed on the Second Section of the Tokyo Stock Exchange. In 1987, a subsidiary which was our first overseas base was established in U.S. We developed high-quality and stable logistics services by expanding our business.



2000s -

The e-commerce market expanded and transportation demand increased
Awareness of environmental conservation and measures against climate change spread

Expansion period

Expanding our network of bases overseas and freight handled

We have promoted our overseas business and built a global network that extends to nine countries. We have expanded freight handled, mainly for automotive parts and completed vehicles, to include housing equipment, agricultural machinery, and general consumer goods.



2020s -

Market environment has changed significantly since the COVID-19 pandemic
Further business growth by promoting digital transformation (DX) in logistics

Growth period

Realizing a prosperous future through logistics that meets expectations

Responding to changes of the times, we provide high value-added logistics that contribute to safety and environmental conservation. By capturing the needs of customers and society to meet their expectations, we are realizing a more prosperous future through growth strategies from a long-term perspective.



Becoming a Company Needed by Society

247,890 million yen
19,328 employees

Consolidated net sales

■ NIPPON KONPO UNYU SOKO CO., LTD.
■ Other Group companies
👤 Number of employees

* The number of employees for the fiscal year ended March 31, 2025 is the total number of employees of NIPPON KONPO UNYU SOKO CO., LTD. and other Group companies.

1953/8

Founding and establishment of NIPPON KONPO UNPAN CO., LTD. Founder: Tsuneo Kuroiwa

20 million yen
48 employees

1957

Introduction of double-decker vehicles (Mammoth)
Launch of special vehicle development

1968/10

Company name changed to NIPPON KONPO UNYU SOKO CO., LTD.

18,302 million yen
1,310 employees

1987/12

Establishment of US subsidiary

49,916 million yen
2,228 employees

1994/3

Establishment of Chinese subsidiary

1994/11

Establishment of Thai subsidiary

2000/2

Establishment of Philippine subsidiary

2015/10

Transition to holdings company structure
The company name changed to NIKKON Holdings Co., Ltd.

Establishment of Vietnamese subsidiary

2006/3

Establishment of Mexican subsidiary
Establishment of Indian subsidiary

2015/11

Establishment of Malaysian subsidiary

1954

1960

1970

1980

1990

2000

2010

2020

2025 (year ended March 31)

At a glance

Net sales/CAGR

Net sales **247.8** billion yen
CAGR **4.6** % (last 5 years)

Sales increased 11.5% from the previous fiscal year due to factors such as a recovery in business volume in the automotive industry, acquisition of new customers, and M&A. In the most recent ten years, sales have continued to increase from the previous fiscal year, excluding the fiscal year ended March 31, 2021, which was affected by the COVID-19 pandemic.

Overseas sales ratio



Overseas net sales increased 11.5% year on year due to an expansion of the car carrier transport business in the U.S. and effects of new warehouses in the Asian region. We will aim to increase the overseas sales ratio to 30%, by focusing on the United States and India where growth is continuously expected.

Operating profit/Operating profit ratio

Operating profit **23.1** billion yen
Operating profit ratio **9.3** %

Operating profit increased 9.0% year on year due to the effects of increased sales, improved operational efficiency, and cost reduction, despite pressure on profit from higher labor and energy costs. As a result, the Company has maintained one of the greatest operating profit in the industry.

Percentage of operating profit by business segment



Profit increased in all business segments. In particular, the testing business achieved a profit growth of 19.8% year on year. We have maintained a well-balanced earnings structure for each business by providing one-stop services.

ROE

ROE **6.8** %
Target **8.0** % or over

As part of its capital strategy to increase corporate value, setting a target ROE of 8.0% which is higher than capital cost (7-8%), we will work to further improve capital efficiency.

Growth Investments

23.0 billion yen per year

In the 13th Medium-Term Business Plan, we plan to make capital investments of approx. 23.0 billion yen annually. In the fiscal year ended March 31, 2025, the second year of the plan, we invested 27.5 billion yen in total, including 3.4 billion yen in business vehicles, 17.3 billion yen in land and buildings, and 6.8 billion yen in others.

Since its founding in 1953, the NIKKON Group has broadened the scope of value to offer, responding to changes of the times. In order to respond to a wide variety of needs, we have developed warehousing facilities and special vehicles equipped with advanced functions, and have challenged the sophistication of distribution processing and logistics networks. Looking ahead to the next era, we will create new solutions and contribute to the creation of a sustainable and affluent society.

Number of Domestic and Overseas Business Locations

Japan **51** companies **311** business locations
Overseas **9** countries **34** companies

In the fiscal year ended March 31, 2025, since MITSUBA Logistics Co., Ltd. (NIKKON RYOMO CO., LTD.), SUPREME AUTO TRANSPORT, LLC, and CHUOH PACK INDUSTRY CO., LTD. became our subsidiaries, the number of group companies increased. We are also working to strengthen the platform of sales bases by opening business locations in line with the construction of new warehouses in preparation for providing diversified distribution services.

Number of vehicles owned

Business vehicles **4,921**
Car carrier trailers **617** ; **209**
(including semi-trailers, heavy-duty vehicles, and medium-sized vehicles)
Full trailers **143** sets (Double trailer trucks)

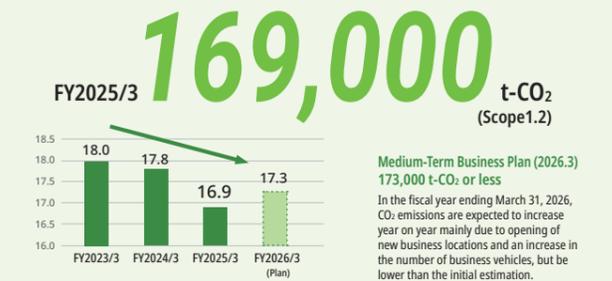
The number of vehicles owned increased by 288 from the fiscal year ended March 31, 2024, owing to increases resulting from business expansion and M&A. We are one of the leading companies in the industry in the possession of double trailer trucks, and have realized highly efficient transportation in long-haul consolidation transport utilizing our own relay bases. With regard to car carrier trailers, we are promoting the development and introduction of vehicles that respond to characteristics associated with the shift to EVs in completed vehicles to be loaded.

Group-owned warehouses

Approx. **2.77** million m²
Equivalent to 59 Tokyo Dome baseball stadiums
(Japan) Group-owned warehouses account for **70** % or more of the total owned area

In order to meet customers' needs, warehousing facilities are composed of in-house facilities that are optimal for handling cargo. As a result, the working environment of operators can be improved, and unique high-quality services can be provided.

CO₂ emissions (Consolidated)



We have set our target to reduce CO₂ emissions in FY2026/3 by 3.7% compared to the FY2023/3 level. In order to achieve the target, we are promoting expansion of modal shift, introduction of environmentally friendly trucks and solar power generation facilities using our own warehouses, and active utilization of non-fossil-fuel energy.

Number of employees (Consolidated)

19,328
(Japan: 12,477; Overseas: 6,851)
Percentage of women in management positions **9.9** %
(Japan: 2.9%; Overseas: 24.7%)

Targets by FY2026/3

Percentage of female employees **26.5** %
Percentage of women in management positions **13.2** %

Number of directly hired drivers (Consolidated)

Male **3,490**
Female **113**

The Group hires a large number of drivers in the form of direct employment in an effort to maintain and stabilize transportation capacity. Presently, we have been focusing on creating an attractive work environment to increase the employment of female crew members.

Value Creation Process

Move goods and move society

■ Design logistics services using expertise we have accumulated

We are continuing to build and strengthen a comprehensive logistics services system that is tailored to customers' supply chains. We construct and expand warehouses according to customers' business plans and growth strategies, and constantly remodel and evolve them, including installing cranes and building workshops. In addition, we have transport trucks with functions and sizes tailored to each customer. We also develop special transport vehicles tailored to customer needs. In this way, we have always worked with customers to consider, devise, and evolve logistics since our founding. This accumulated expertise serves our responsiveness, providing value-added logistics services to our customers.

INPUT

Human capital

Employees **19,328**
Group-owned drivers **3,603**

Manufacturing capital

Number of Group companies **85** companies
Business vehicles **4,921**
Warehouse area **2,770,000** m²

Intellectual capital

- Logistics expertise
- Ability to propose integrated logistics
- Development capabilities
- Responsiveness

Social capital

- NIKKON brand
- Customer base

Financial capital

Long-term credit rating **A**
Equity ratio **56.4** %

BUSINESS MODEL

A logistics partner that supports manufacturers from the pre-production stage to the delivery to users



OUTPUT

Consolidated net sales

247.8 billion yen

Operating profit

23.1 billion yen

ROE

6.8 %



OUTCOME

Contributing to the nation and society through logistics

To Customers

- Safe transport, quality control
- Providing new value in response to societal changes

To Employees

- Employee health and happiness
- Fulfilling workplaces where diverse human resources can contribute actively in various ways
- Human resource development which utilizes the characteristics and strengths of each employee

To Society

- Working together with local communities, from production areas to consumption areas, so as to maintain affluent lifestyles and social infrastructure
- Not interrupting the flow of the supply chain
- Contributing to circular logistics and carbon neutrality

Environmental friendliness

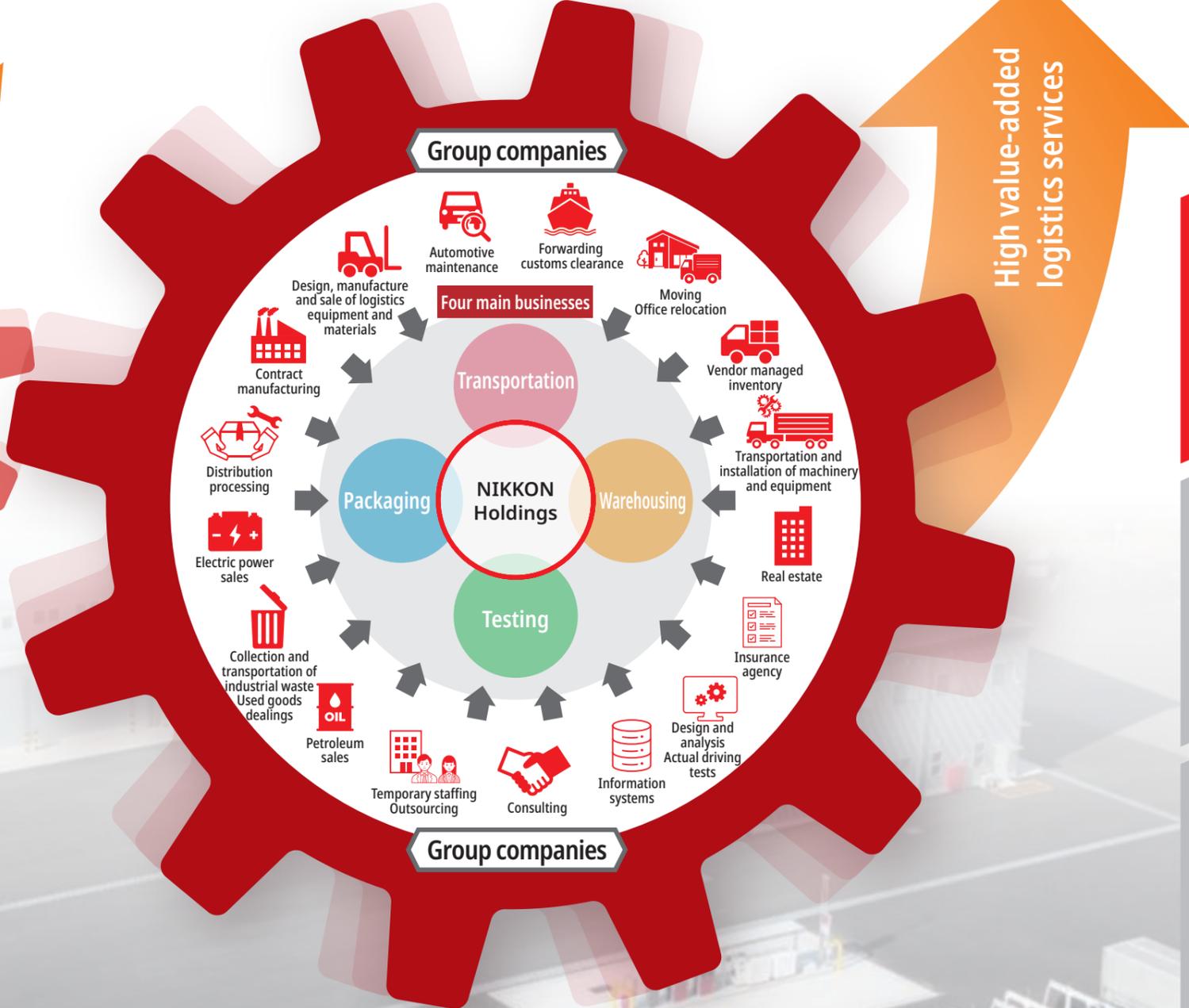
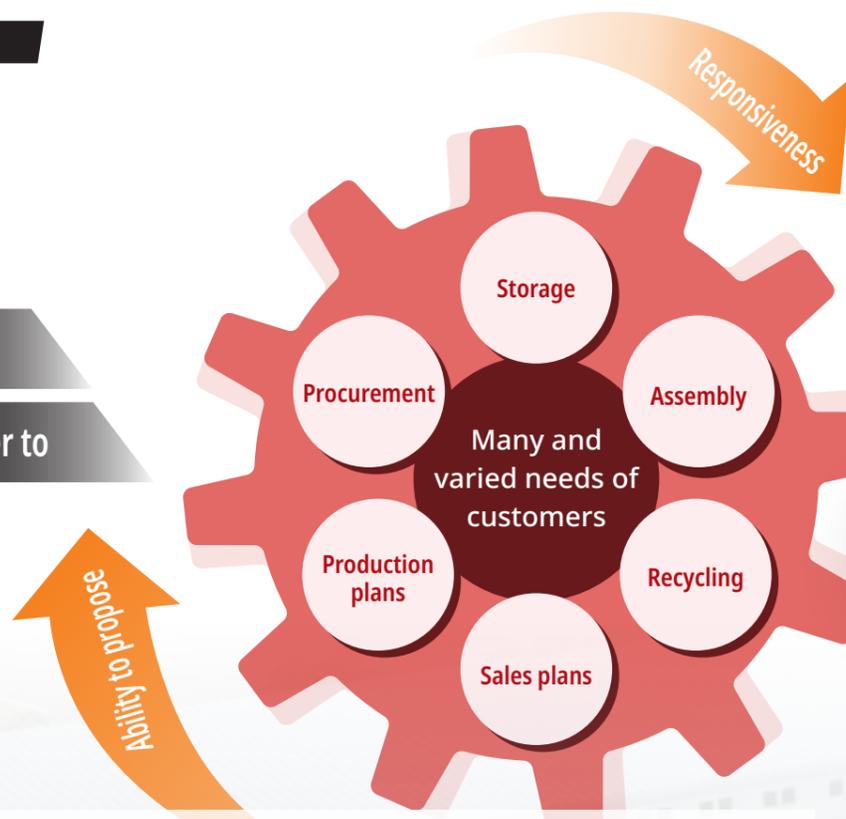
Digitalization

Global development

Growth strategy under the 13th Medium-Term Business Plan: "circulation business," "three-temperature-zone business," and "overseas businesses"

Business Model

We co-create high value-added logistics services with the power to create and connect



Self-Sufficiency Strategy

The Group has adopted a policy of “self-sufficiency strategy,” in which about 70% of its warehousing assets in Japan and about 50% of the drivers and business vehicles it operates are Group-owned. This allows the flexible control of facility operations and operation schedules according to customers’ needs, 24 hours a day, 365 days a year. In particular, in the event of natural disasters and other problems, we have been able to recover quickly by operating our Group-owned facilities at full capacity without time constraints.

Another advantage of having Group-owned facilities is the ability to customize our warehouses and vehicles flexibly according to the cargo and goods being handled. In this way, we are working to improve the quality of our services by updating facilities according to the circumstances. This includes installing warehouse cranes, changing to automated warehouses, retrofitting air-conditioning equipment, and developing special-purpose vehicles for specific cargo.

We are working toward the company-wide reduction of costs associated with warehousing facilities and vehicles by appropriately allocating the timing of new capital investments and depreciation. As a result, in the medium to long term, we will be able to operate our Group-owned facilities at a lower cost than the use of leases.

Hands-on Management

Through “hands-on management,” in which we manage the functions of our Group-owned facilities ourselves by identifying various changes on the ground and responding to them meticulously, we provide services that are tailored to customer needs. In the event of a problem, we investigate the cause in detail and take prompt and appropriate measures in a responsible manner. At the same time, we also accumulate expertise to prevent similar problems from happening again. The data accumulated through “hands-on management” allows us to make proposals that are more efficient and effective and that take environmental impact into consideration. Through this “hands-on management,” we will foster a corporate culture of self-reliance, self-motivation, and ingenuity and help to improve service quality, thereby further increasing customer satisfaction.

Depreciation Strategy

We own 70% of our warehousing assets in Japan and about 50% of the drivers and business vehicles we operate, and use the assets carefully over a long period of time while carrying out planned maintenance and repairs. In this way we level and reduce the long-term depreciation burden of the entire Group. In addition, by optimally allocating the timing of new capital investment and depreciation, we are able to control costs and create higher profit ratios over the medium to long term than the use of leases.

Cross-selling along the service axis

By leveraging the benefits of using Group-owned facilities and our strength in providing one-stop packaging, transportation, warehousing, customs and overseas services, we will deploy cross-selling strategies that involve expanding the range of services offered to each customer, such as providing distribution processing services to warehouse customers and storage functions to transportation customers.

Cross-selling along the Group company axis

We will strengthen collaboration among operating companies by sharing sales information and promote sales activities across Group company boundaries and the provision of services on a reciprocal basis. We will make efforts to optimize and maximize Group synergies and to expand opportunities.

Cross-selling along the regional axis

Through collaboration in our network of business locations in Japan and overseas and the provision of seamless services, we will cover areas with sales activity blank spots and implement cross-selling between regions. We will promote the development of new customers in growth industries.



Anticipating changes in society,
we aim to transform ourselves
and solve social issues through logistics

Message from the President

Masakatsu Kuroiwa

President and Representative Director

Q Could you tell us what your aims are for the company as articulated in the Long-term Vision (2030 Vision), and about the company's strengths and challenges for the realization of that aim?

We will use "hands-on management" of the necessary resources to embody our vision of a company that is needed by society

We will anticipate changes in society and take action to change ourselves— Wouldn't you agree that a strong sense of speed and the flexibility to keep taking on challenges without fear of change are the essentials required of corporate management? In light of the history of the NIKKON Group and the dizzying pace of change in global affairs of recent times, my conviction of this has been strengthened anew.

Today, the logistics industry faces numerous challenges, including CO₂ emissions and other environmental issues, risks of supply chain disruptions due to geopolitical risks and natural disasters, and labor shortages resulting from the "2024 problem" of truck drivers' overtime hours being capped by law in 2024. Amid the pressure on the industry to respond to these challenges, the most critical responsibility of companies engaged in logistics is that "logistics must never be allowed to stop."

No matter how deep the divisions in the international community become, for people to live their lives, the flow of goods can never be completely halted. On the other hand, delays in logistics resulting from labor shortages are equally unacceptable. How do we achieve sustained growth of society and the company while also dealing with rising costs such as fuel prices? I believe that what this requires is a mindset of embracing the challenge of "transformation."

The NIKKON Group was founded as a packaging and transportation business, NIPPON KONPO UNPAN CO., LTD., in 1953, and has evolved the means of that transportation ever since. It began by hauling freight with bicycle-drawn carts, before moving on to motorized three-wheelers, and later heavy-duty trucks. In 1957, we introduced Japan's first double-decker motorcycle transport vehicles, and in 2017, we were the first in the industry to adopt 21-meter double trailer trucks, leading to significant improvements in transport efficiency and reductions in environmental impact. These are just two examples of our dual achievements of improving efficiency in logistics and solving social issues.

Today, the Group comprises 85 companies and engages in a wide range of businesses. With packaging and transportation at its core, our operations have expanded to include warehousing, auto parts testing, automotive maintenance, customs clearance, real estate, and insurance agency operations. As a comprehensive, integrated logistics company, instead of merely "hauling goods," we take responsibility for all aspects of the process, from upstream to downstream. With our deeper understanding

of the entire process, we are able to transform in a way that considers the optimization of the whole, including production efficiency and inventory management. This is another of our strengths.

Our competitive advantage is underpinned by our policy of "hands-on management" based on "self-sufficiency." Self-sufficiency refers to each Group company owning the resources and peripheral functions that it needs for the businesses that it conducts. Self-sufficiency makes it possible to understand the upstream and downstream processes, and our provision of agile, flexible services realizes "hands-on management" that meets a wide variety of needs with a one-stop service. The ability to anticipate changes in the market gives us a head start in implementing reforms.

Even amid this self-sufficiency, our greatest strength lies in our people. We have many highly skilled and experienced professionals working on the frontlines of the logistics sector. These people have earned high trust within the industry.

Leveraging these strengths, the NIKKON Group's aim is to become a company that is needed by society, as articulated in our Long-term Vision (2030 Vision).

Of course, "self-sufficiency" is a means of achieving that, and the form of that "self-sufficiency" will change with the changes in logistics (fluctuation of logistics volumes). We also need to emphasize asset efficiency and investment recovery periods. Currently, in response to longer construction periods and higher costs of materials in the construction industry, our priorities in investment allocation are human resources and DX initiatives, rather than physical infrastructure. We are optimizing costs by rebuilding existing warehouses and replacing aging facilities. We also make strategic use of external human resources for spot operations and during peak busy periods. At the same time, we have established a Special Committee that is reexamining our best options for real estate holdings based on a policy of "self-sufficiency."

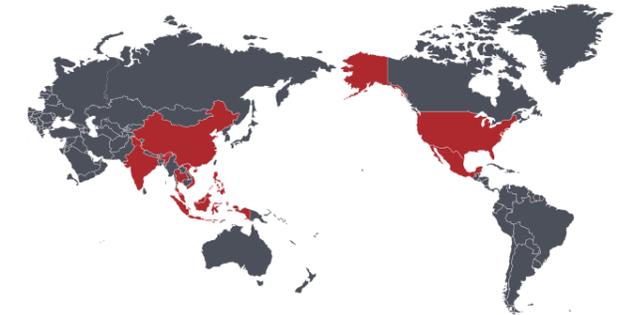
Q What kinds of initiatives are you pursuing to realize the vision for growth toward 2030? In particular, could you talk about how you plan to achieve your target of an overseas sales ratio of 30%?

We will accumulate the measures outlined in the Medium-Term Business Plan and nurture talent to support those efforts

To achieve our declared targets, alongside M&A and other means, I view it as crucial that we steadily accumulate the various measures outlined in the 13th Medium-Term Business Plan that is currently in progress.

When viewed from the perspective of Japan's logistics industry as a whole, NIKKON is still of a limited scale, and we still have plenty of room for growth. Also, while some industries are being phased out due to technological advances and increasingly diverse values, the business of logistics is an essential social infrastructure and will never disappear. On the contrary, it is forecast that, as technological innovations make more information and options available, logistics will be further accelerated.

In our overseas business, we have declared our aim to be a company that can compete on the global stage in our Long-term Vision toward 2030, and we now operate businesses in nine countries.



Although the ratio of overseas sales has been growing every year, the 18% recorded in FY2024 was only on par with the previous fiscal year, with the robust American market compensating for the slump in the Asian market caused by the stagnation of the Chinese economy. However, the Chinese economy is beginning to show signs of improvement, and the U.S. economy is expected to maintain its upward trajectory, despite a temporary slump resulting from U.S. tariff policies. While there may be ups and downs, we will pursue the systematic expansion of our business to reach our target overseas sales ratio of 30%.

To achieve the expansion of our overseas business, it is vital that we nurture talent who will become leaders at our overseas locations. We are also accelerating global personnel exchanges by actively accepting people from overseas and sending Japanese personnel overseas for training.

Q Could you describe the results for the fiscal year ended March 31, 2025 and the progress of the 13th Medium-Term Business Plan?

Three growth-driver businesses are progressing steadily We expect to achieve the targets of the Medium-term plan

In the fiscal year ended March 31, 2025, the second year of the 13th Medium-Term Business Plan ("the Medium-Term Plan"), net sales reached 247,890 million yen (up 11.5% year on year), which was almost on par with the Medium-Term Plan (250 billion yen). Operating profit, at 23,155 million yen, fell short of the Plan due to increases in fuel prices, outsourcing expenses, and M&A-related costs. Nevertheless, our main business is performing steadily. Increases in business volume, the effects of our aggressive M&A strategy, and price revisions prompted by cost increases all contributed to our results.

In the Medium-Term Plan, we set out policies of the streamlining and review of existing businesses (improvement of profitability), establishment of growth drivers, enhancement of corporate value through ESG-oriented management, and establishment of human resource foundations. We positioned the three businesses of "circulation," "three-temperature-zone," and "overseas" as our growth drivers.

When we look back on the progress of these three businesses, in the circulation business, in addition to circulation business initiatives such as the industrial waste intermediate treatment business and the collection and transportation of lithium-ion batteries, we are also proceeding with the intermediate treatment and transportation of PET bottles and other initiatives.

Using a bloodstream analogy, we refer to these kinds of initiatives as “vein logistics.” In this analogy, the products and merchandise transported to the market by the “arteries” are returned as waste products by the “veins” for recycling and reuse. Companies’ attitudes toward recycling have changed significantly due to heightened interest in environmental issues, and we expect a continued increase in demand for circulation logistics.

In the three-temperature-zone business, in addition to our existing food operations, handling of products that require temperature control is expanding. One such product is pharmaceuticals. We are also advancing our entry into the drugstore business, leveraging our warehouses equipped with low-temperature and humidity-controlled facilities, which are in compliance with the Japanese Guideline to Good Distribution Practice for Medicinal Products. To expand our storage of precision equipment, industrial machinery and equipment, and other products, we completed construction of NIPPON KONPO UNYU SOKO’s Kitakami Sales Office and Kanegasaki Warehouse in February. These two facilities are equipped with low-temperature and humidity-controlled facilities.

In the overseas business, in May 2024, we made SUPREME AUTO TRANSPORT, LLC, which engages in car carrier trailer transport in Colorado, USA, a consolidated subsidiary. Through the synergies generated by this move, our car carrier trailer business in the United States is progressing well. In the Indian market, a new rail transport business for completed automobiles has begun, and we are working to reduce environmental impact through rail transport.

Our consolidated results forecasts for the fiscal year ending March 31, 2026, the final year of the Medium-term Plan, are net sales of 280.0 billion yen and operating income of 28.0 billion yen. These are the KPIs set forth in the Plan. This fiscal year, in addition to the recording of a full 12 months of revenue from SUPREME AUTO TRANSPORT, we also expect synergies in Japan from CHUOH PACK INDUSTRY, which joined the Group in March 2025.

CHUOH PACK INDUSTRY produces and sells various types of packaging materials, with a focus on corrugated cardboard products. It possesses world-class packaging

design technologies, which have helped it to win awards in the Japan Packaging Contest every year, among other achievements. With the M&A of this company, which designs packaging materials, we will strengthen the Group’s integrated structure for the design, processing, and sale of packaging materials, with the aim of generating further added value. Also, as a Toyota-affiliated company, CHUOH PACK INDUSTRY is located in Aichi Prefecture, so we anticipate the expansion of regional synergies.

Currently, we have not factored the impact of U.S. tariff policies into our results forecasts for the fiscal year ending March 31, 2026. Although the tariff policies will not impact us directly, we will closely monitor future developments in the tariff policies and tax cut policies, with an eye on the risk of an economic slowdown in the United States due to rising inflation.

Q Could you tell us about your sustainability strategy as a logistics company, including your DX initiatives?

We will focus on “unmoving logistics” and offer new added value

Responding to environmental issues is our social responsibility as a logistics company. It is also the source of our competitiveness. We have set a target of a 30% reduction in CO₂ emissions by FY2030, and we are working on a variety of initiatives toward that goal, including adopting environmentally friendly vehicles, installing solar panels, and implementing modal shift and consolidated freight.

While we expect the commercialization of large EV trucks to be introduced in 2030, the NIKKON Group is actively pursuing initiatives to achieve “unmoving logistics.” As well as reducing unnecessary logistics and reducing our environmental impact through visualization achieved by self-sufficiency, we aim to offer new value to customers such as logistics efficiency improvements and personnel cost reductions.

In terms of DX initiatives, in FY2023, we began the full-scale operation of CIRRUS, a new system developed in-house that expands the three modules of distribution processing, packaging, and procurement, for our warehouse management system. CIRRUS is being progressively adopted by Group companies as a system that realizes paperless operations and labor saving, and with the addition of new features, we have also received



inquiries from corporate customers in a wide range of sectors outside the Group.

We are also progressively introducing robotics-based automation technologies, taking into consideration alignment between return on investment and length of contract periods.

Q Could you tell us your thoughts on the progress being made in diversity, human resources promotion and development, and enhancing engagement, and describe the specific measures and challenges?

We will promote diversity of workstyles, including hours and locations, according to the aptitude of the individual

We are focusing our efforts on providing diverse opportunities, so that people with the motivation to work can participate actively in the workplace, regardless of gender, age, or nationality. In addition to implementing a variety of education and training programs, we are promoting diversity of workstyles, including hours and locations, in accordance with the aptitudes and preferences of individuals. Transfers and secondments between Group companies, which were previously limited mainly to executive-level staff, are now being applied more broadly to employees as well. The fact that we are able to provide such opportunities is another of our unique strengths, resulting from our operation of so many businesses in the Group.

I am involved in promotion interviews, final recruitment interviews, and the like, and I actively try to create opportunities for dialogue with our employees. Whenever I have the opportunity, I tell them, “It doesn’t have to be for the sake of the company. I want you to use the company as the means by which you contribute to society.” From that perspective, I ask them to develop a habit of thinking deeply, with a sense of questioning and curiosity, about trends in work and society, and to ask themselves how their own work benefits society, and why, and indeed, if, a particular task is necessary.

The challenge I am most conscious of in terms of human capital strategies is the development of a management team that has depth. We are currently running the NIKKON Business School with the aim of developing the next generation of management executives, and we are rolling

out initiatives with the next generation in mind. To ensure our sustained growth as a company, we are also envisioning the development of a talent portfolio that looks not just to the next generation but the one after that, in which we will nurture younger cohorts in their 20s and 30s in stages over a 10-year cycle to prepare for generational succession.

Q Could you describe your awareness of the governance challenges and the key points for strengthening governance for the achievement of medium- to long-term growth, including global business expansion, as well as your thoughts about building relationships with stakeholders?

We will aim for greater soundness of management through governance based on “visualization and transparency”

As the number of Group companies increases in line with the expansion of our overseas business, I am also conscious of the challenges concerning the strengthening of governance. Our fundamental approach is to create a framework based on “visualization and transparency.” On the assumption that everyone makes mistakes, the management side will ensure trust through “visible management.” Although this may seem like a harsh approach, I believe that mutual “visualization” is what will lead to sound corporate management.

Also, as a key responsibility in my role as president, I make a point of visiting the frontlines frequently. I often travel to our overseas locations as well. I think it is important to gain an understanding of the actual circumstances, which cannot be understood from reports and numbers alone, and to implement measures that will prepare us for what comes next.

In baseball, a hitter with a 0.300 average is considered outstanding, but in corporate management, we need a strike rate of 60% at the very minimum, and to aim for even 80%, if not 100%. I have tasked myself with actively going out and gathering the information that will serve as our ammunition to achieve that goal.

I approach the building of relationships with shareholders and investors in the same way. Instead of merely disclosing financial results and other numbers, I place importance on communicating our philosophy behind those numbers and the values that we consider key as a company, and engaging in ongoing dialogue.

One of our management philosophies is to “contribute to national and local communities through logistics business.” As part of this vision, in February 2025, we held endowed lectures at the King Mongkut’s University of Technology North Bangkok, located in Bangkok, the capital of Thailand. We will accelerate these kinds of non-operational initiatives, and as a corporate group operating globally, we will strive to contribute to the advancement of logistics and realize the vision set forth in our management philosophy.

I hope that our shareholders, investors, and all our other stakeholders will hold high expectations of our challenge for the transformation of the Group, and that they will extend their guidance and support.

■ Status of M&A initiatives (FY2024 results)

Company name	Location	Timing of acquisition	Business description	Annual net sales	Operating profit
Mitsuba Logistics Co., Ltd. (NIKKON RYOMO CO., LTD.)	Ota City, Gunma Prefecture	April 2024	Logistics subsidiary for automotive component manufacturers	4.9 billion yen	270 million yen
SUPREME AUTO TRANSPORT, LLC	Colorado, USA	May 2024	Completed vehicles transporter with car carrier trailers	8.8 billion yen (9 months)	1.61 billion yen (9 months)
CHUOH PACK INDUSTRY CO., LTD.	Kiyosu City, Aichi Prefecture	March 2025	Production and sale of various packaging materials, mainly corrugated board products	11.9 billion yen	390 million yen

Message from the CFO



While reviewing businesses and assets flexibly, we will aim to achieve the Plan targets through management that is conscious of the balance sheet

Yasunori Matsuda
Representative Director and Managing Executive Officer

Progress of the Medium-term Plan amid an uncertain environment

Confirming the progress of the Medium-term Plan and the strength of our revenue base

FY2024 began in a highly uncertain international environment. In the United States in particular, changes in trade policies stemming from the so-called “Trump tariffs” are being watched closely as a risk with the potential for wide-reaching impact across the entire industry. Because we are not directly involved in import or export activities, we do not incur direct cost burdens from tariffs. However, weaker economic conditions or production cuts by automakers resulting from the tariffs could lead to a slowdown in cargo movements, which would potentially impact our business to a certain extent. In fact, there have been indications in the automotive industry of production adjustments in the fiscal year ending March 31, 2026, and the degree of that impact remains unclear.

On the other hand, if the shift from exports to local production progresses, logistics needs within the United States will increase, which could present us with new business opportunities. My sense is that this situation calls for an approach of flexible responses while keeping a close watch on developments in shippers’ supply chains.

In such an external environment, we have set targets of 280 billion yen in net sales, 28 billion yen in operating profit, an operating profit ratio of 10%, and ROE of 8% or more to achieve our 13th Medium-Term Business Plan (FY2024/3 – FY2026/3). In the fiscal year ended March 31, 2025, the second year of the Plan, cargo movements were comparatively strong both in Japan and overseas. As such, combined with the contribution from the establishment of six new bases and the strengthening of the Group structure through M&A, net sales trended in line with the Plan. However, upfront acquisition costs and the impact of higher costs for fuel and other expenses caused operating profit to fall slightly short of the Plan.

For the fiscal year ending March 31, 2026, we have forecast a total contribution to results of 15 billion yen from the acquired companies, as well as growth of around 5% per year from the commencement of operations of eight newly established bases and cross-selling to existing customers, which we project will result in the achievement of our net sales target. With regard to operating profit as well, we will work on improving efficiency across all our businesses and offering high value-added services in our aim of achieving the target.

Progress of the Medium-Term Business Plan

Medium-Term Business Plan (Final-year KPIs)

Item	FY2026/3
Net sales	280.0 billion yen
Operating profit	28.0 billion yen
Operating profit ratio	10.00%
ROE	8.00%

Roll-out and structure of growth drivers

We will build a new structure in the business divisions and promote the development of growth drivers

- **Circulation business: Realize circulation businesses**
- **Three-temperature-zone business: Pursue logistics that is more closely aligned to people’s lives**
- **Overseas business: Expand overseas business**



Revenue sources and initiatives to reduce cost of sales

Improvements led by the frontlines and asset strategy underpinning profit

Our operating profit ratio is of a relatively high level within the logistics industry. This is not the result of any novel strategies. Rather, we see it as the outcome of the accumulation of steady, ongoing improvements rooted in day-to-day frontline operations.

For example, at our logistics bases, we review available warehouse space on a weekly basis, working to optimize operating rates. With regard to business vehicles as well, we draw up operation plans to keep empty vehicle rates to the barest minimum in our efforts to curb fuel and labor costs. Further, in terms of capital investment, by prioritizing the repair and reuse of aging equipment, we are able to extend their useful lives and curb our investment burden.

These initiatives are not aimed solely at reducing costs, but also at enhancing the operating efficiency of our frontlines as a whole. And the most important point of all is that such activities are not left entirely to the frontlines, but they have been embedded firmly into the consciousness of every single employee. All our people, from drivers to warehouse workers and administrative staff, view the creation of a better workplace as their own responsibility and make improvements on a daily basis. I have a real sense that it is this accumulation of improvements that underpins the strength of our profit margin.

Given the recent rises in the cost of living, there are times when we ask shippers for a revision in prices. In such cases, we emphasize the balance of efforts from both sides. As long as we are asking customers to negotiate prices, we believe that maintaining a stance of persistent cost-cutting efforts on our own part will help preserve and advance relationships of trust.

In addition, from a medium- to long-term perspective, we view the form of warehouse ownership itself as a key factor affecting profitability. As such, we make strategic decisions for each base, identifying the optimal balance between the use of leased properties and ownership of our own buildings. In particular, in areas where stable demand is expected, by switching to company owned properties, we are working to reduce running costs after depreciation and to realize a highly profitable structure.

Going forward, we will strive to further strengthen our earning power while drawing up asset strategies tailored to the characteristics of each site.

The 2024 problem and human resources strategy

We will strengthen our competitiveness with system responses and by securing talent

As a result of the revisions of laws related to workstyle reform that came into force in April 2024, an upper limit was placed on overtime work by truck drivers, and the so-called “2024 problem” that resulted from these revisions has had a

significant impact on the logistics sector as a whole. These legislative revisions have also marked a major turning point for our company.

We have a comparatively large number of in-house drivers, which gives us the advantage of being able to design management frameworks and work arrangements flexibly ourselves. In our responses to institutional changes, we were able to leverage this flexibility to actually demonstrate our competitive advantage in some respects. Specifically, in addition to reviews of employment regulations and compensation, we are introducing flexible shift design and strict management of working hours in our efforts to improve drivers’ operational efficiency.

At the same time, we are focusing on the task of securing personnel from a medium- to long-term perspective. We are continuing with initiatives to communicate the dynamism and social significance of the logistics industries to students through such means as endowed lectures at universities in Japan and abroad and internships on a nationwide scale. In mid-career recruitment as well, in addition to our efforts to create workplaces where women and seniors can work with peace of mind, we are focusing on strengthening our health management framework. Further, going forward, we are considering the option of accepting drivers of foreign nationality, and we are working to develop frameworks for that purpose, including assistance for obtaining qualifications and training programs.

While promoting human resources initiatives in this way, we are also continuing our efforts to make effective use of assets. In particular, the reduction of idle assets and improvements in the utilization of existing facilities are essential initiatives for lowering costs. We monitor the status of vehicle operations and warehouse utilization at each site on a weekly basis and work together with the people on the ground to explore and implement concrete measures for the improvement of profitability.

While we cannot expect overnight results in institutional responses, human resources strategies, and asset utilization, I believe that our job right now is to make both immediate improvements and strategic moves with an eye to the future.

Financial soundness and balance sheet-based management

Financial management that achieves both capital efficiency and stability

We are working toward a well-balanced capital structure in our aim for financial management that meets the expectations of both shareholders and bond investors. Our ability to keep our equity ratio at a high level for so many years is symbolic of our sound financial position and a factor in earning a high degree of trust from the corporate bond market.

On the other hand, from the perspective of cost of capital, there have been occasions when we received feedback from shareholders that we should make use of debt to increase ROE. Certainly, the logistics industry is relatively less sensitive to economic fluctuations and tends to show smaller performance volatility. For this reason, we believe that there is room to utilize financial leveraging to a certain extent.

Therefore, we intend to make active use of debt, including issuing corporate bonds, to finance future growth investments, particularly M&As.

In addition, amid expectations of large-scale investments that factor in ESG, such as the electrification of vehicles and the development of low-environmental-impact infrastructure, instead of being constrained by financial indicators for single fiscal years, there is an even greater need to envision capital allocation that is consistent with our medium- to long-term growth scenarios. Against such a background, we are strengthening our integrated management framework that aligns our financial strategies with our business strategies.

Our business model is based on a philosophy of "self-sufficiency," involving the possession and operation of our own equipment. Structurally speaking, our total asset turnover and ROA tend to be slightly lower than the industry average. However, to compensate for that, we have strived to balance efficiency and profitability by securing ROE through high profit margins.

Key to this will be decisions regarding the possession and operation of warehouses and other fixed assets. For businesses that are expected to generate stable profits, our basic policy is company ownership as a long-term investment decision that takes contribution to profit after depreciation into account. On the other hand, in new businesses where the demand outlook is uncertain, we make use of leased properties, placing importance on asset reduction and cashflow flexibility.

In this kind of optimization of asset composition, the financial division plays a central role in ongoing close dialogues with the individual business divisions and makes decisions according to individual profitability and risk. The level of fixed assets held and our policy on the use of external resources are crucial matters that affect not only capital efficiency but also financial soundness and future investment capacity. We will continue to exercise prudence and flexibility in our decision-making going forward.

Further, we will also work to streamline the balance sheet overall, including reviewing the level of cash and deposits held and reducing investment securities and low-profit assets. We will also review the quality of assets and how they are used

and aim to further enhance corporate value from both profitability and capital efficiency fronts.

Growth strategy and portfolio optimization

We will pursue flexible asset strategies and selective growth

Our growth strategy is not merely about expanding the scale of net sales. It is based on the perspective of how we can achieve lasting, high-quality growth. At the core of this strategy are the acquisition of new customers and the deepening of sales efforts toward existing customers. As well as strengthening proposal-based sales led by frontline personnel, the management team themselves are working to identify shippers' more essential needs through repeated dialogue with shippers' management teams and to strengthen our ability to make proposals that meet those needs.

In addition, the acquisition of logistics subsidiaries through M&A is contributing to the expansion of our growth foundation. We closed three M&A deals in FY2024. With these acquisitions, the Group as a whole is enhancing its service proposal capabilities, while incorporating the respective regional characteristics and industry-specific expertise of the acquired companies. In this way, we are building a framework for the comprehensive support of our customers' entire supply chain.

We are clarifying our position not just as a "transportation business," but as a "comprehensive logistics company" that supports the logistics of manufacturers and other shippers consistently from upstream to downstream. To that end, without limiting ourselves to the streamlining of storage, transportation, and delivery, we are actively investing in areas that will help generate added value, such as logistics design and improvement proposals, and greater sophistication of system coordination.

Balancing self-sufficiency with flexibility will be the key to the development of business infrastructure to support that growth. We have a policy of flexibly adjusting the ratio of

owned and leased properties within a range of 30-70%, making decisions in line with the characteristics of each business. For example, in new businesses with a high risk of earnings fluctuation, we use leased properties to keep initial investment down, and we allocate owned warehouses to businesses that are expected to generate stable earnings, anticipating their high profitability after depreciation has been completed.

We also pay careful attention to realistic constraints when making individual decisions, such as the risks of rising construction costs and intensifying competition for land acquisition if assuming company ownership, and, when using leased properties, the risk that price pass-throughs to shippers will be unable to keep pace with rises in rents in an inflationary environment.

Increasing the accuracy of individual decisions and evolving those decisions will be key to the development of a business infrastructure that supports growth in this way. At the same time, to reexamine these matters from the perspective of assets and capital efficiency, taking into account the perspective of the capital market, and revise them where necessary, we established a Special Committee in June 2025. This Committee is composed of four Independent Outside Directors and also takes the opinions of external experts and authorities into consideration. It re-evaluates the status of ownership, management structure, and operational policies related to real estate owned by the Company from the Group's medium- to long-term perspectives, with the objective of achieving a balance between growth opportunities and financial efficiency. It is our intention that, based on the Committee's recommendations, the business divisions, financial division, and management team will come together to hold more highly transparent discussions on asset utilization policies and investment decisions according to the characteristics of each business.

To further strengthen the management foundation to support growth, it is essential that we conduct ongoing reviews of the way assets are held and the order of priority of investments. While responding flexibly to the changing economic environment, we will continue to conduct flexible and rational asset management and appropriate capital allocation. In doing so, we will aim to achieve sustained enhancement of corporate value.

Shareholder returns and future outlook

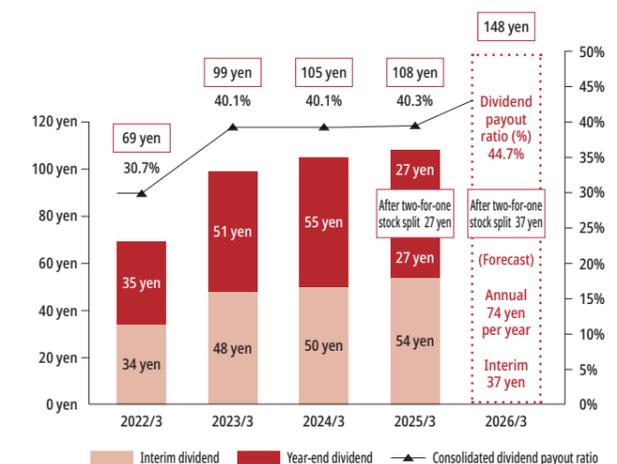
Returns strategy to support stable growth

We place the fulfillment of all stakeholders' expectations through the sustained enhancement of corporate value at the core of our management. Regarding shareholder returns as well, emphasizing both stability and growth potential, we undertook a review of our dividend policy in April 2025.

Specifically, we have replaced our performance-linked indicator of a "dividend payout ratio of 40%" with a new, more stable indicator, namely "dividend on equity ratio (DOE) of approximately 4.0% or more." We are also continuing our policy of progressive dividends. This decision is aimed at realizing stable returns over the medium to long term, without being affected by short-term fluctuations in business performance. We will continue to act with integrity so that our shareholders can hold our shares with confidence over the long term.

Shareholder Returns

Dividends Per Share and Dividend Payout Ratio Trends (Before Stock Split)



Purchases of own shares

(1) Number of shares acquired: 1,632,800; Acquisition price: 3.0 billion yen

(2) Number of shares acquired: 3,615,700; Acquisition price: 7.0 billion yen

*The number of shares acquired shown is the number of shares after the stock split.

Stock split

- (1) Effective date: October 1, 2024
- (2) Method of split: A two-for-one stock split of common stock
- (3) Objective of split: To reduce the trading unit size and enhance liquidity

Change in shareholder return policy announced on April 4, 2025
 From the fiscal year ending March 31, 2026
 Dividend payout ratio of 40% → Dividend on equity ratio (DOE) of 4% or more

In conjunction with this decision, our plan to repurchase a total of 40 billion yen in company shares by March 2029, announced at around the same time, is an initiative that focuses on improving capital efficiency and maximizing corporate value. We are proceeding with agility according to share price level and cash flow status, and we believe that this is an effective measure from the perspective of optimization of the balance sheet.

Dialogue with shareholders and the many diverse stakeholders who support the company serves as an important guide for management decisions. We will continue to listen carefully to their opinions and communicate our strategies and approaches with sincerity. Further, by aligning ourselves with the growth of shippers, we will work together with employees and partner companies to steadily realize the enhancement of corporate value.



13th Medium-Term Business Plan

The Group has been working on its 13th Medium-Term Business Plan since April 2023. The fiscal year ended March 31, 2025 was the second year of the three-year plan. In the fiscal year ended March 31, 2025, net sales were 247.8 billion yen, slightly below the planned 250 billion yen. Operating profit for the fiscal year ended March 31, 2025 was 23.1 billion yen, falling short of the planned 24 billion yen. These results were due to the occurrence of one-off expenses such as M&A costs. When these expenses are excluded, operating profit remained roughly in line with the plan.

In the circulation business, which is a core part of these measures, we will accelerate initiatives such as the development of the industrial waste intermediate treatment business and the collection and transportation of lithium-ion batteries in cooperation with the Japan Auto Recycling Partnership (JARP+), as well as the distribution of wood chips and intermediate treatment and distribution of PET bottles.

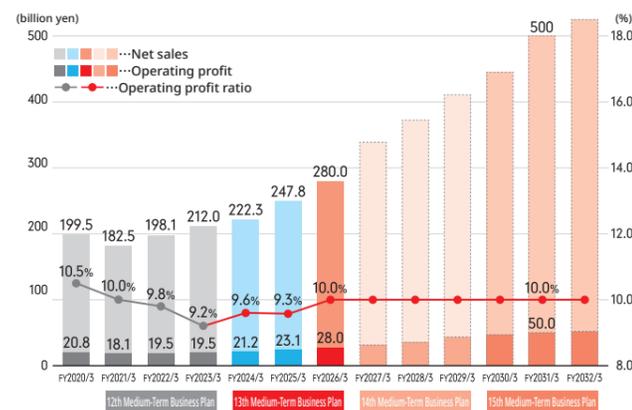
For the expansion of three-temperature-zone control, we will extend the handling of goods that require temperature control beyond food to goods such as chemicals, precision machinery, industrial machinery, and battery storage. In overseas business, we are working to quickly generate synergies with SUPREME AUTO TRANSPORT, LLC, which we acquired in May 2024. In addition, in India, we began a new rail transport business for completed automobiles, and we are working to reduce environmental impact through rail transport.

While there is uncertainty in the economic outlook due to issues such as rising labor costs, challenges in securing drivers, and the impact of U.S. tariffs, we will pursue a hybrid strategy that combines expanding existing businesses through the operation of new facilities and cross-selling with M&A and related initiatives.

Long-term Vision (2030 Vision)

– Becoming a Company Needed by Society –
Aim to be a company that can compete on the global stage.

- Solve the issues society faces through our business activities
- Provide new value to people and society through our traditional enterprising spirit
- Place the company on a sustainable growth trajectory through a stable earnings structure
- Share the joy of social contribution and create a rewarding and ethical workplace

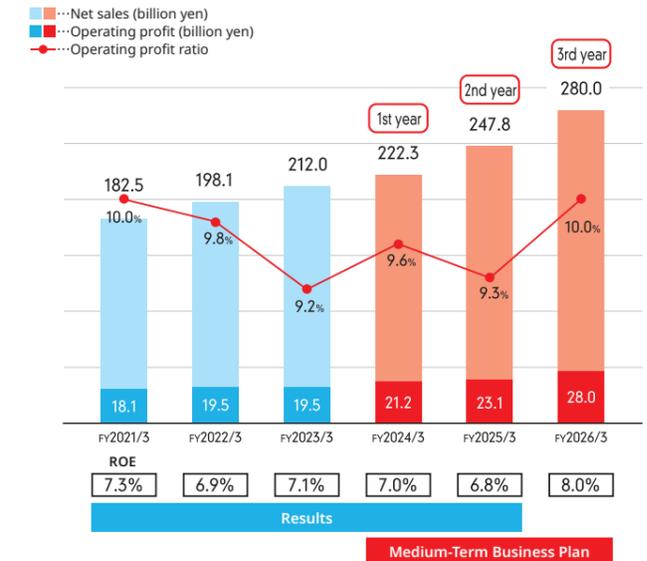


Framework of the 13th Medium-Term Business Plan



Medium-Term Business Plan Financial Targets

Our plan for net sales is to continue stable growth through new customer development and constant capital investment, aiming for a CAGR of 9.7%, or 280.0 billion yen. Given the uncertainty of future cost conditions, such as rising fuel and labor costs, as well as the cost of addressing social issues, we intend to aggressively reduce costs and pass on costs to customers as necessary to achieve an operating profit ratio of 10.0%. We recognize that our current cost of capital is 7-8%, and we aim to achieve an ROE of 8.0%, which exceeds the capital cost. At the same time, we will strive to lower the cost of capital by improving the market liquidity of shares and other means.



	FY2026/3
Net sales	280.0 billion yen
Operating profit	28.0 billion yen
Operating profit ratio	10.0%
ROE	8.0%

13th Medium-Term Business Plan (ESG-based KPIs)

1 CO₂ emissions:

	FY2023/3	FY2024/3	FY2025/3	FY2026/3 (target)	FY2030 (target)	FY2050 (target)
CO ₂ emissions: Scope 1	Results	180,048	148,884	144,733	173,340	126,034
CO ₂ emissions: Scope 2	Results	206,718	28,848	24,580	-3.73%*	-30%*
CO ₂ emissions: Scope 3	Results	206,718	286,007	358,090	—	—

*Reduction from the fiscal year ended March 31, 2023

2 Percentage of women

	FY2023/3	FY2024/3	FY2025/3	FY2026/3 Plan
Percentage of women in management positions	Japan	1.4%	2.0%	2.9%
	Overseas	20.1%	21.2%	24.7%
	Total	7.6%	8.4%	9.9%
Percentage of women in positions of responsibility	Japan	9.9%	11.7%	13.1%
	Overseas	35.1%	40.8%	33.6%
	Total	17.9%	20.9%	19.9%
Percentage of all employees who are women	Japan	18.4%	18.6%	19.0%
	Overseas	38.4%	36.2%	35.9%
	Total	23.9%	23.3%	23.4%

3 Mercury lamp reduction

	FY2023/3	FY2024/3	FY2025/3	FY2026/3 Plan
Number of mercury lamps	5,250	3,131	1,058	0
Reduction	—	-2,119	-2,073	-1,058

Measures for CO₂ emissions reduction

- 2022**
 - Modal shift
 - Double trailer trucks/ Full trailers
 - Fuel-efficiency and eco-driving
 - Energy saving and eco-friendly products
- 2022–**
 - Passenger cars: Introduction of EVs
 - Introduction of hybrid heavy trucks
 - Solar panels for in-house use: Sequential introduction
 - Complete abolition of mercury lamps and shift to LEDs
- 2027–**
 - Introduction of EV/FCV trucks
 - Purchasing of green power
 - Use of carbon credits

Shareholder Return (Dividends/Share Buybacks)

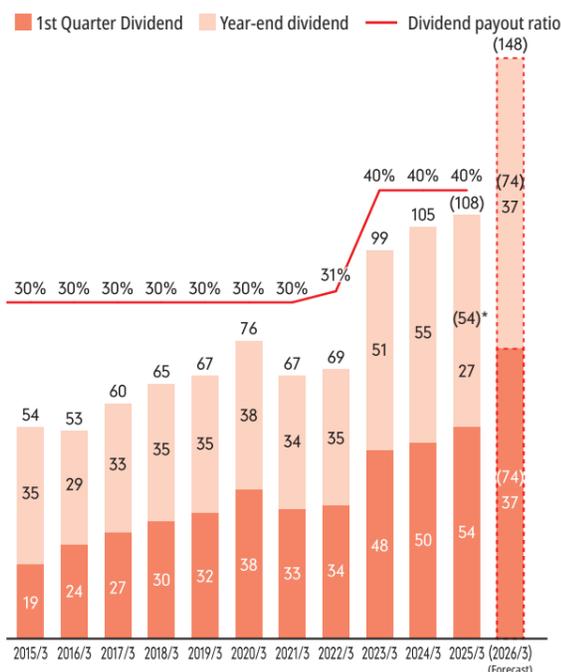
Dividends

From the fiscal year ending March 31, 2026, we have changed our policy from “a dividend payout ratio of approximately 40%” to “DOE (dividend on equity ratio) of 4% or more.” With this change, we will strive to realize more stable shareholder returns and to enhance long-term corporate value. We will continue to maintain our policy of progressive dividends.

Acquisition of Treasury Stock

We consider the return of profits to shareholders as a key management issue and conduct share buybacks as part of that process.

Even since 2015, we have acquired more than 4 million treasury shares. We also announced in May 2022 that we would continue to purchase an additional 10 billion yen in company shares in the three years following the announcement. We conducted share buybacks of 3 billion yen in FY2022, 4 billion yen in FY2023, 3 billion yen from July to September 2024, and 7 billion yen in November 2024. Further, in April 2025, we announced that we would conduct share buybacks of approximately 40 billion yen by the fiscal year ending March 31, 2029.



*The dividend per share forecast has been revised in line with the stock split on October 1, 2024.

Growth Strategy

As part of the key strategies of the Medium-Term Business Plan, we will focus our efforts on establishing growth drivers to expand our businesses, while simultaneously creating the next core businesses.

Circulation business
-Realize circulation businesses-

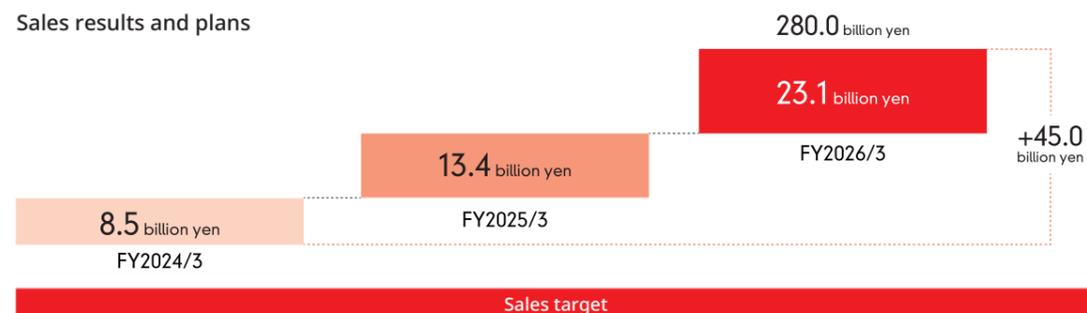
- Storage and transportation of rebuilt engines for passenger cars
- Expand into the intermediate treatment business of industrial waste

Enhance transportation and storage under three-temperature-zone management

- Enter into the fields of medical products and drugstores
- Expansion of storage services for industrial machinery and equipment

Overseas businesses
-Expand overseas businesses-

- Expansion of car carrier trailer transportation in the U.S. Improvement of transportation capacity by increasing the number of vehicles
- Development of new warehouse business in Thailand and Indonesia



Expand Existing Businesses

1. Organic Growth Strategy

(1) Provision of multifaceted services through cross-selling and expansion of business base

The Group provides all manner of logistics services in one stop, including packaging, transportation, warehousing, customs clearance, and overseas services, in Japan and nine other countries, and we support the key functions of our customers' supply chains. By implementing cross-selling across diverse service axes and providing a wide range of added value not only to new customers but also to existing customers, we have secured depth for our businesses and received high commendation for our services.



(2) Expansion of business base through constant capital investment

We plan to make capital investments (excluding M&A) of 23.0 billion yen annually within the scope of operating cash flow. In the fiscal year ended March 31, 2025, we made capital investments of 27.5 billion yen, primarily in the acquisition of business vehicles and the expansion of our own warehouses. We will continue to flexibly increase investment amounts in line with customer needs. As the Group has been conducting capital investments according to demand forecasts mainly based on customers' business plans, our warehouse facilities have high operating rates of 95% or more. As this shows, we are achieving business expansion in line with our capital investment.

2. Inorganic Expansion Strategy: M&A Targets

[Supplementation of areas with blank spots]

- Business enterprises that own land for sales offices and warehouses (5,000 tsubo/approx. 16,500 m²) Kansai Region (Osaka Senshu Area, Higashi Osaka), Chugoku Region (Hiroshima, Mihara, Fukuyama, Asaguchi), Chubu Region (Suzuka Area, Aichi, Gifu)

[Development of new shippers]

- Logistics, warehousing and distribution processing companies whose major shippers (direct contractors) are manufacturers
- Logistics subsidiaries of manufacturers
- Logistics companies whose major customers handle pharmaceuticals, precision equipment, and food products (frozen and refrigerated warehouses)

[Upstream and downstream logistics businesses]

- Packaging businesses, packing materials, and distribution processing companies
- Driving schools (must offer truck training; 7,000 tsubo (approx. 23,100 m²) or more, Kanto Region)
- Industrial waste treatment (intermediate treatment), recycling businesses
- Automotive R&D and testing businesses
- Temporary staffing agencies for industrial work

[Overseas projects]

- Companies that provide comprehensive logistics support to Japanese manufacturers that have already expanded overseas or are planning overseas expansion (any country or region)
- Priority on the United States and India, which have high growth potential
- Businesses with potential for cross-selling, including export/import, customs clearance, warehousing, transportation, and distribution processing (excluding warehousing specialists and transportation specialists)

M&A results (2024–2025)

	Company name	Location	Timing of acquisition	Business description
1	Mitsuba Logistics Co., Ltd. (NIKKON RYOMO CO., LTD.)	Ota City, Gunma Prefecture	April 2024	Logistics subsidiary for automotive component manufacturers
2	SUPREME AUTO TRANSPORT,LLC	Colorado, USA	May 2024	Completed vehicles transporter with car carrier trailers
3	CHUOH PACK INDUSTRY CO., LTD.	Kiyosu City, Aichi Prefecture	March 2025	Production and sale of various packaging materials, mainly corrugated board products

Capital Strategy Aimed at Enhancing Corporate Value Conscious of Cost of Capital

- We aim for ROE that exceeds capital cost (7-8%).
- We will strive to improve capital efficiency and increase profit with the aim of ROIC above WACC (approximately 4.5 to 5.5%).
- We will actively utilize debt for growth investments such as M&A.
- As a general rule, we will cancel treasury shares that we do not plan to use, and we will not hold treasury shares in excess of 5% of net assets.
- We will continue with share buybacks on an ongoing basis.
- Starting in FY2025, we have changed our dividend policy from a dividend payout ratio of 40% to the introduction of the DOE (dividend on equity ratio) index, and we will continue to pay progressive dividends.
- We will achieve a price/book ratio (PBR) of at least 1.
- We will promote disclosure of the status of engagement with investors.

Business Strategies

Transportation

Business description

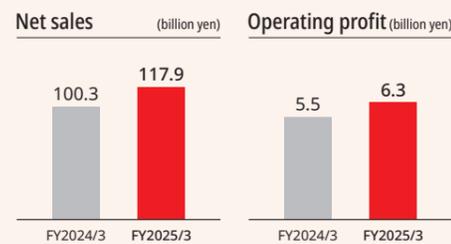
Since our founding, we have provided optimal transportation methods, including vehicles, by developing special vehicles tailored to the characteristics and volume of freight. We provide transportation services for completed motorcycles and automobiles, automotive parts, housing equipment, agricultural machinery, etc. nationwide throughout Japan.

The Group owns approximately 617 car carrier trailers within the Group domestically and 209 overseas, boasting a top-level share in the transportation of completed automobiles in Japan. In addition, we have deployed more than 100 double full trailer trucks for the past 10 years, ahead of other companies, and have built a logistics network for group cargo throughout Japan. At present, by combining a newly developed transportation and delivery management system, TMS, with the long-haul transport of trailers and the collection and delivery network of small vehicles at hub bases nationwide, we provide high-quality transportation services with optimal lead times.



Business Overview and Review of FY2025/3

Net sales were 117,963 million yen (up 17.5% year on year) due mainly to a recovery in freight handled and contributions from M&A. Operating profit was 6,314 million yen (up 13.1% year on year) due to the effect of increased sales and improved transportation efficiency, despite an increase in costs such as fuel unit price.



Warehousing

Business description

In order to respond to many and varied needs of customers, the Group places top priority on installing the necessary facilities where they are needed. In addition to low-floor and high-floor warehouses, we are working to build warehousing facilities that are optimal for handling freight, including the installation of multi-story floors, truck berths, docking berths for marine containers, and vertical conveyors, as well as the setting of high interior warehouse heights according to the characteristics of freight.

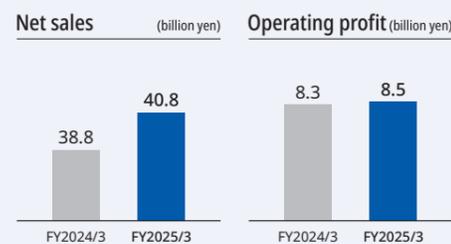
At present, the total floor area of warehouses we own is 2.16 million m² in Japan and 610,000 m² overseas, and we handle storage, product receiving and shipping management for a variety of items ranging from automotive parts, precision machinery, industrial products, housing equipment to food products.

In addition, facilities for general air conditioning and low-temperature air conditioning are installed as appropriate according to the characteristics of the processing operations and stored cargo in the warehouse, creating an environment that is optimal for both people and goods.



Business Overview and Review of FY2025/3

Net sales were 40,881 million yen (up 5.2% year on year) due to an increase in freight stored, partly as a result of ongoing construction and expansion of warehouses in Japan and overseas. Operating profit was 8,558 million yen (up 2.8% year on year) despite an increase in expenses such as labor costs and depreciation.



Packaging

Business description

In addition to packing operations related to product transportation, the Group's packing business includes distribution processing such as assembly and inspection of industrial products, vendor managed inventory to production plants, import and export packaging, design of packaging specifications, development of packaging materials and dedicated carts, and various other operations. In addition, the Group has subsidiaries that specialize in the design, manufacture, and sale of corrugated products, as well as subsidiaries that specialize in the transportation, installation, and dismantling of large machinery facilities and production lines, which also serves as our major strength. Integrating storage, packaging, and transportation within the Group enables us to provide high-quality services.



Business Overview and Review of FY2025/3

Net sales were 57,364 million yen (up 6.6% year on year) due to an increase in automotive-related operations in North America and an increase in industrial machinery and equipment in Japan. Operating profit was 4,248 million yen (up 28.0% year on year) due to the effect of increased sales.



Testing

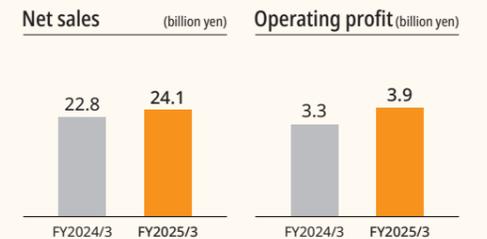
Business description

As part of our important technical assistance to support the research and development of manufacturers' automobiles, motorcycles, and general-purpose equipment, we conduct a wide range of tests, from unit tests of engines, transmissions, and other components, to functional tests of brakes, steering stability, and other functions, as well as driving tests on actual vehicles and exhaust gas and fuel efficiency tests in accordance with laws and regulations. By integrating design, analysis, trial production, processing, and evaluation, including the pursuit of failure causes through teardown analysis and measures to improve quality in the market, we have realized advanced testing technology and the provision of highly reliable data based on our long-standing collaborative business relationships with completed vehicle manufacturers.



Business Overview and Review of FY2025/3

Net sales were 24,152 million yen (up 5.6% year on year) due to an increase in business volume of work related to autonomous driving and electric vehicles, and operating profit was 3,989 million yen (up 19.8% year on year) due to the effect of increased sales.



System for Promoting Sustainability Management

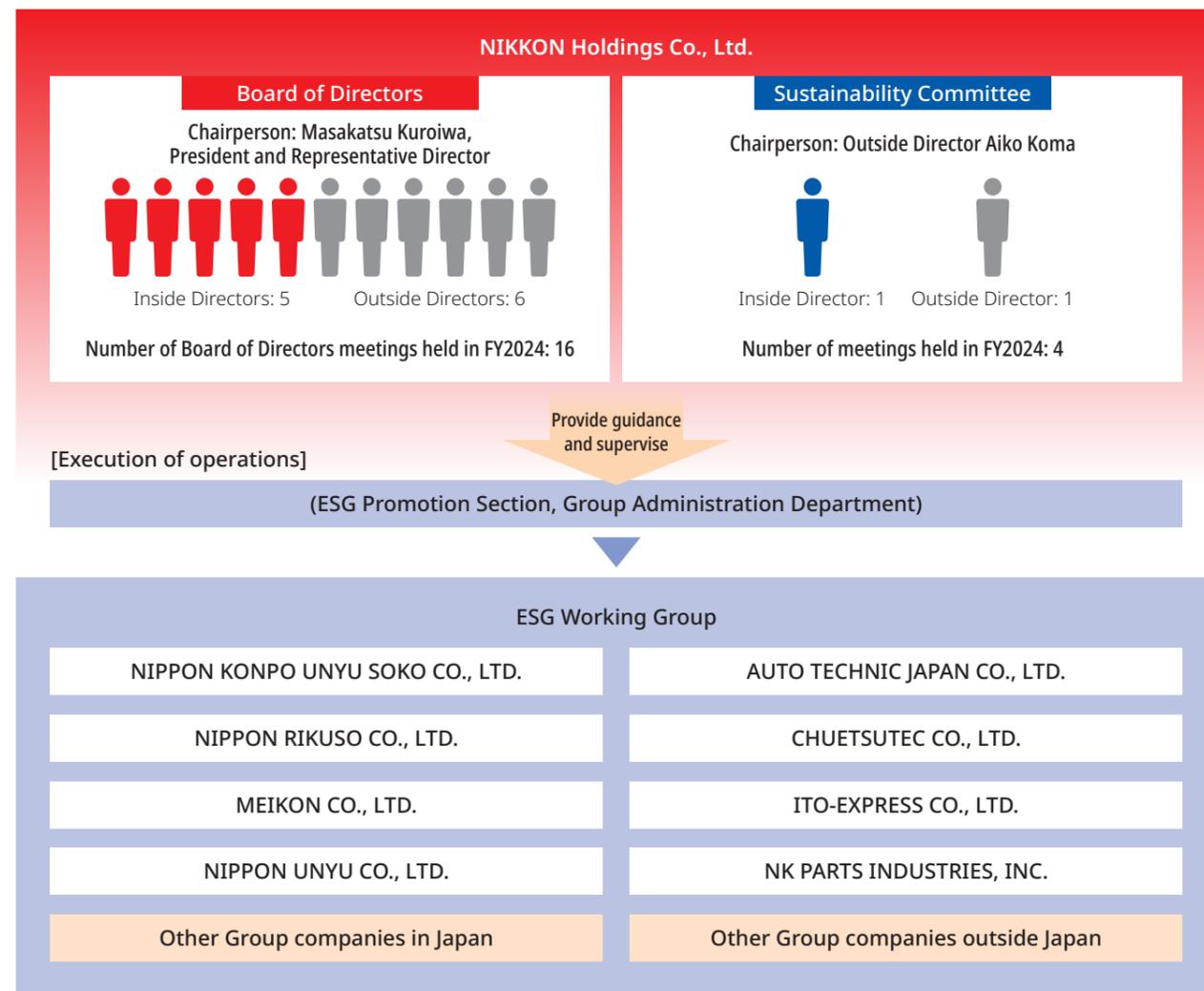
Basic Approach to Sustainability

Society is undergoing rapid changes, as exemplified by environmental issues, the declining birthrate and aging population, and human rights issues. In the midst of these changes, we at the NIKKON Group are determined to contribute to national and local communities by squarely facing the issues at hand and creating new value with all stakeholders through our logistics business, thereby realizing a sustainable society and enhancing our corporate value.

System for Promoting Sustainability Management

The NIKKON Group believes that enhancing systematic measures regarding its environmental, social, and governance (ESG) criteria is one of management's most important tasks. To achieve this, we have established a system in which directors directly supervise ESG activities and quickly formulate policies and provide guidance, so as to promote highly effective ESG activities. In July 2021, we established the ESG Promotion Office (currently ESG Promotion Section) to execute the Group's ESG activities. The department conducts Group-wide, cross-sectional activities led by a working group of members from eight core companies. In addition, the Sustainability Committee we established in October 2021 effectively functions as an organization that oversees ESG activities and reports directly to the directors. The Sustainability Committee is chaired by a female independent outside director who, under the direction of the President and Representative Director, oversees and provides guidance on the execution of all ESG-related matters, including diversity and environmental action, from the perspective of shareholders and other stakeholders.

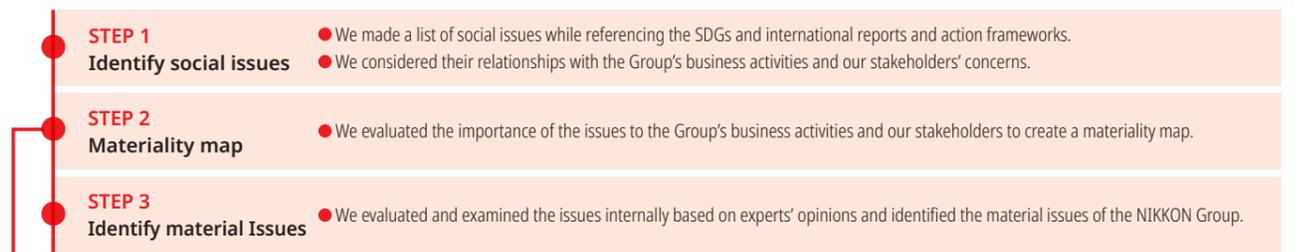
NIKKON Group's organizational framework for sustainability



Material Issues

Material Issue Identification Process

The ESG Promotion Section created a list of social issues, identified their relevance to the Group's business activities and stakeholders' expectations, and ordered them by priority.



[Step 2: Outline of the materiality map]



Priority Themes and Main Initiatives & Targets Based on Material Issues

Material issues	Priority themes	Main initiatives	13th Medium-Term Business Plan FY2026/3 targets	Related SDGs
Improvement of safety and quality → P27	Traffic safety	● Providing education and training on transportation safety	● Number of fatal traffic accidents caused by employees: 0	SDG 3: Good Health and Well-being
	Occupational safety and health	● Improving the work environment ● Strengthening health and safety training ● Early detection and prevention of diseases	● Number of fatal and serious work-related accidents: 0	
	Provision of high-quality services	● Improving safety and quality through small-group activities	● Percentage of employees who took periodic health checkups: 100%	
Promotion of diversity → P29	Realization of diverse workstyles	● Creating comfortable infrastructure and work environments ● Fostering next-generation human resources ● Promoting the active participation of women by formulating career and education plans ● Providing training to transform awareness ● Revising the personnel system ● Employing more people with disabilities	● Percentage of female employees: Japan 22.2%, Overseas 39.4%	SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth
Action on climate change → P31		Achieving carbon neutrality	● CO ₂ emissions reduction target: -3.73% (Compared to 180,048 t-CO ₂ in FY2022) ● CO ₂ emissions: 173,340 t-CO ₂ ● Number of remaining mercury lights: 0	
Strengthening compliance → P35	Ensuring stakeholders' trust	● Increasing the compliance awareness of Group employees through education ● Establishing a hotline and strengthening the system for receiving reports ● Fostering mutual trust through fair deals	● Participation rate of those eligible for harassment training: 100% ● Participation rate of those eligible for information security policy training: 100%	SDG 16: Peace, Justice and Strong Institutions, SDG 17: Partnerships for the Goals

Improvement of Safety and Quality



Basic Approach The NIKKON Holdings Group understands that safety is the most important issue in our business operations. Based on this understanding, we make Group-wide efforts to ensure workplace safety and the healthy lifestyles of our employees, and contribute to the development of national and local communities through logistics services.

Safety & Quality Policies

- 1 Understand that placing the highest priority on safety is a social mission in the management of the Group, ensure that all employees understand its importance, and take actions together.
- 2 Build a safe and secure business environment through the proactive management of occupational health at workplaces and by striving to improve the work environment and promote the good health of employees.
- 3 Understand our role as a social infrastructure, as well as inherit the wealth of experience and technologies accumulated since our founding to create new innovations in logistics.

ANS Committee Activities

We have established the All Nikkon Safety (ANS) Committee, consisting of 12 operating companies in Japan, to share advanced knowledge and information on incidents and system technologies with the aim of increasing safety awareness and preventing traffic accidents. Led by our core operating company NIPPON KONPO UNYU SOKO CO., LTD., the members meet regularly to share information on their efforts to prevent traffic, product, and work-related accidents and to improve the overall level of their efforts.



ANS Driving Skills Competition

We hold the All Nikkon Safety (ANS) Driving Skills Competition every year with the aim of honing driving and operating skills for trucks and forklifts, as well as improving compliance, safety, and quality. The competition is an opportunity to showcase the professional skills of employees of each Group company who have worked hard to hone their skills through their operations and compete with each other in the truck driving, car carrier trailer loading and unloading, and forklift operations categories. At the same time, it is an important opportunity for each and every employee of the NIKKON Holdings Group, whose basic policy is to prioritize safety above anything else, to think about "safety and security." The tenth competition held in FY2025 focused not only on accuracy and speed but also on hazard prediction capabilities and safety technology, in accordance with their respective competition rules and screening standards, and saw the participation of a total of 131 contestants, including 122 winners of preliminary competitions held across Japan, and 9 contestants selected from overseas subsidiaries (India, Vietnam, Thailand, and Indonesia) competing in each competition category. In recent years, female drivers have also been playing an active role, competing in the same field as their male contestants in both truck driving and forklift operations. The NIKKON Holdings Group will strive to respond to the needs of customers and society and provide high-quality, stable logistics services by diligently engaging in safe driving on a daily basis and honing driving skills.



Diverse Education and Training Programs

NIPPON KONPO UNYU SOKO CO., LTD., a core operating company, continues to provide drivers, ranging from beginners to senior ones, with a variety of education and training programs at its Safe Driving Training Centers (in Saitama and Mie). For 21m, 23m, and 25m full trailers (double trailer trucks), which require particularly high levels of driving skills, special safe driving skills training is provided prior to the start of full-time operation to help drivers understand the special characteristics of the structures of such trailers. Only those who have met the in-house standards are allowed to operate. Forklift operators receive training at least once a year at each business location to improve their safety skills. In addition, we hold Safety Training Dojo where workers on the ground can actually experience correct work procedures, such as recognizing the dangers of walking while doing other things, moving heavy items, and using stepladders and workbenches. Each sales office takes the lead in implementing various initiatives to prevent occupational accidents and product-related incidents.



Implementation of QC Circle Activities (AHK Group Convention)

At the NIKKON Holdings Group, as part of our efforts to create a vibrant workplace, we conduct QC circle activities and hold the AHK Group Convention every year to showcase the results of these activities. A total of 20 teams from Japan and overseas, selected from Group companies through preliminary competitions, participated in the Convention held in FY2024. Holding the event on a global scale broadens and energizes these activities, and enhances the Group's sense of unity and awareness of improvement activities. We will continue to hold these activities with the aim of improving safety (*Anzen*), quality (*Hinshitsu*), and efficiency and the environment (*Koritsu* + *Kankyō*) while increasing the number of participating teams.



Initiatives to Prevent Accidents

The quality and safety department of NIPPON KONPO UNYU SOKO CO., LTD. creates original educational videos on selected themes to prevent accidents and increase safety awareness, and utilizes them as teaching materials. By engaging in the creation of such videos on their own and devising their content that is not only easy to understand visually but also focusing on reality, employees increase their knowledge, which leads to improving safety awareness. In addition, at NK ENGINEERING CO., LTD., which dismantles, transports, assembles, and installs machinery, equipment, and other heavy items, the Wet Bulb Globe Temperature (WBGT: heat index) of the working environment is measured and recorded on a regular basis, and an original heatstroke prevention handbook is created and distributed. In this way, the company raises awareness in the entire workplace and thoroughly implements measures for prevention and early response.

Furthermore, AUTO TECHNIC JAPAN CO., LTD., a company that supports research and development of automobiles and mobility, conducts a variety of safe driving training, including classroom lectures and distance learning, based on the idea that driving, the company's product, must never cause injury or damage. As development of advanced driver-assistance systems (ADAS) and autonomous driving (AD) has progressed and entered the phase of test driving on public roads, the company that conducts driver testing based on clear criteria conducts its own tests to check drivers' safe driving skills and knowledge of on-the-road driving in order to ensure the safety.



Automation and Labor Saving Initiatives

The Ota Inter Sales Office of NIPPON UNYU CO., LTD., as the first DX warehouse of the NIKKON Holdings Group, conducts operations and contract manufacturing that integrate arm robots, automated guided vehicles (AGV), projection picking systems, and key carts with customers' production plans, and is strengthening initiatives to improve productivity, save labor, and improve efficiency.

At NIPPON KONPO UNYU SOKO CO., LTD., as an initiative from tangible aspect, mobile warehouse inventory transportation robots are in operation at some warehouses, delivering shelves of products to workers using a system that automatically optimizes shipping frequency through AI analysis. We are also introducing mobile rack systems and automatic

following robots that perform unmanned transportation based on the characteristics of the stored cargo. From intangible aspect, we have launched CIRRUS, an operation system platform developed in-house, and are promoting collaboration between WMS (a warehouse management system that makes a series of operations in warehouses more efficient and centrally manages them) and automation and labor-saving equipment (automated guided forklifts and automated warehouses). In addition, we have begun operation of TMS (a system that makes transportation and delivery operations in logistics more efficient) on CIRRUS within the Group and for some of our customers.



Promotion of Diversity



Basic Approach

The NIKKON Holdings Group respects the diversity of all those who work, including differences in gender, age, nationality, and values, as well as career paths, experience, and workstyles. We aim to improve corporate value over the medium to long term by creating an environment in which diverse human resources can utilize their individual characteristics within the organization and work with enthusiasm, while also contributing to the development of the nation and society through logistics services.

Policies for Promoting Diversity

- 1 We aim to become a company in which employees can have joy and pride in their work by promoting the active participation of women, persons with disabilities, foreign nationals, etc. through diverse workstyles, realizing diversity, equity and inclusion, and implementing human capital management.
- 2 We engage in business activities by respecting human rights of individuals and without infringing on human rights through acts such as unequal or discriminatory treatment.

Main Initiatives

Promoting Women's Participation and Advancement

In our 13th Medium-Term Business Plan, we set a target of increasing the percentage of women among all employees from 23.4% in FY2022 to 26.5% in FY2025.

MEIKON CO., LTD. has introduced a Challenge System in which employees who are about to be in a management position experience a role as a manager during a one year probationary period. Two employees have newly taken up the challenge of becoming female managers. By creating an environment that makes it easier for women to take on challenges, we are promoting the creation of a diverse workplace.

In addition, SETO JIDOUSHA UNSOU. CO., LTD. focuses on creating a comfortable workplace for women, and has begun operating taxis with female drivers for the first time among taxi companies in the Seto and Owariasahi regions, Aichi Prefecture. The company was certified as a company supporting female drivers by the Ministry of Land, Infrastructure, Transport and Tourism as a company working to recruit and retain female drivers. The company has also registered with the Seto City Work-Life Balance Promotion Declaration, and have been officially certified by the City to promote women's participation and advancement. Toward achieving this target, the NIKKON Holdings Group will increase the number of new female graduate hires, and create a safer and friendlier work environment and infrastructure so that we can become a company in which women can see the appeal and potential of the logistics industry.



Enhancing Trainee Program

We launched the trainee program in 2002 with the aim of expanding our overseas businesses. Under this system, ambitious young employees and next-generation leaders are selected from among applicants, and are assigned to a Group company outside Japan, where they work in overseas operations for about one year. In addition to helping trainees acquire operational expertise, this



program aims to develop human resources capable of becoming future executives by allowing them to experience cross-cultural communications, and be equipped with a broad perspective and diverse values through real-life experience overseas.

So far, 54 men and 10 women from the NIKKON Holdings Group have been assigned to Group companies in the United States, Thailand, Vietnam, Indonesia, and China and returned to Japan with experience. Going forward, we will implement a trainee program from Group companies overseas to Japan and spread its effects throughout the Group, thereby producing a large number of human resources who can work globally.

Employment and Participation of Foreign Nationals

At the NIKKON Holdings Group, many foreign nationals work as employees, including those from Vietnam, Brazil, China and other countries. Those with specialized skills are expected to drive innovation, and bring new value to the Group. In addition, different cultures and values bring new perspectives and creativity to organizations. Cultural diversity also leads to new ideas and improved communication skills, which in turn leads to revitalization within organizations.



At AUTO TECHNIC JAPAN CO., LTD., many foreign employees, including those from Vietnam, China, and India, are employed and playing active roles as engineers. After they join the company, they have new employee training (basic and practical) similar to that for Japanese employees, and after assignment, they acquire specialized knowledge and skills necessary for a wide range of development processes mainly through on-the-job training. Furthermore, co-workers and trainers support them in adapting to Japanese culture and customs of daily life, creating an environment in which they can work with peace of mind.

Employment and Participation of People with Disabilities

We are working to promptly fulfill the legally mandated percentage of employees with disabilities at all sales offices that meet the criteria of the Act to Facilitate the Employment of Persons with Disabilities, while keeping an eye on the percentage of employment scheduled to increase in the future. The NIKKON Holdings Group will create a comfortable work environment that enables all employees, including those with disabilities, to work enthusiastically and play an active role without any discrimination. By sharing initiatives of each Group company where people with disabilities work, and analyzing issues, we aim to improve the work environment from both tangible and intangible aspects. A company where everyone has a role and can accept each other, that is what the NIKKON Holdings Group aims to be.



Contributing to Local Communities



Since June 2025, AUTO TECHNIC JAPAN CO., LTD. has conducted a demonstration experiment in Haga-machi, Tochigi Prefecture, with the aim of supporting the mobility of the elderly people. While accidents caused by driving errors among elderly people pose a problem, there is also an issue that returning a driver's license reduces their freedom of going out and quality of life (QOL), potentially affecting life expectancy. In response to these regional issues, we are working to create a sustainable framework that makes it easy for the elderly people to go out, leveraging the technical capabilities we have developed through automobile development. In addition, amid an increase in hybrid vehicles and electric vehicles with quiet engine sound, we developed a prototype of a pedestrian support device for visually impaired persons, in which an Artificial Intelligence (AI) detects the alert sound emitted from vehicles and notifies pedestrians of the approach of vehicles through vibrations. We have held traffic safety classes for students at the Tochigi Prefectural School for the Visually Impaired since 2023, and also at the Fukui Prefectural School for the Visually Impaired since 2025. Going forward, we will continue to promote research and development in order to realize a society where visually impaired people can cross intersections with peace of mind.

Endowed Lectures

We have endowed lectures on logistics management at the Faculty of Commerce and Management, Hitotsubashi University. We began offering endowed lectures in 2021, and this year marked the 5th year of the program. Through these lectures and joint research with the university, we aim to help foster the next generation of human resources who will lead the future of logistics, and support the development of the logistics industry.

In addition, as an initiative to develop high-level logistics human resources who will play a role in the future of logistics, we had endowed lectures at the King Mongkut's University of Technology North Bangkok, located in Bangkok, the capital of Thailand, focusing on two themes of "Differences between Japanese and Thai Logistics" and "Toward the Establishment of Efficient Logistics in Thailand." Going forward, the Group, which globally develops logistics business, will collaborate with universities and public institutions in countries where we have overseas bases. By expanding the scope of such initiatives, we will implement the vision "Contribute to national and local communities through logistics business," set forth in the Basic Philosophy.



Logistics Colloquium

In June 2025, NIPPON KONPO UNYU SOKO CO., LTD. held a lecture at the Colloquium at the Next Stage Logistics Institute of the Comprehensive Research Organization of Waseda University, on the theme of "Our Company's Efforts in the Field of Logistics Services for Automotive Procurement Parts."

On the day of the meeting, we explained, with examples, our actual initiatives for automotive procurement parts logistics, for which we are advancing QCD improvements while addressing workstyle reforms and legal revisions in the changing logistics industry, as well as taking environmental considerations into account, to companies and university faculty members who belong to the Automotive Parts Joint Logistics Research Subcommittee of the Institute, as well as students who belong to related seminars.

We deepened our understanding of the challenges facing the logistics industry, and engaged in active opinion exchanges and discussions aimed at finding solutions.



Action on Climate Change



Basic Policy The NIKKON Holdings Group believes that it has a social responsibility to protect and maintain the global environment through sound business activities. We continuously engage in environmental conservation activities to achieve carbon neutrality by 2050.

- Environmental Policy**
- 1 Reduce environmental impact, prevent environmental pollution, respect biodiversity, and contribute to building a sustainable social infrastructure.
 - 2 Provide services with less environmental impact to realize a decarbonized society through improved transportation efficiency, shifting to renewable energy, and the use of environment-conscious facilities.
 - 3 Expand the circular logistics service business to actively promote the effective utilization of limited resources and the recycling of resources toward the achievement of a sustainable, recycling-oriented society.
 - 4 Enhance the disclosure of information on our environmental initiatives to all stakeholders.

Main Initiatives

Modal Shift (Rail Transport)

NIPPON KONPO UNYU SOKO CO., LTD. has been engaged in container transport since 1967. In 1989, it developed 31-foot containers for the transport of motorcycles by rail and began rail transport between Fukuoka and Tokyo. We have developed unique containers that meet customer needs, such as a double-decker container with a hydraulic upper deck and roof for easy loading and unloading of motorcycles, and a semi-cylindrical container for passenger cars designed to match the shape of tunnels to maximize loading efficiency. Rail transport has a lower environmental impact, reducing CO₂ emissions to one-eleventh of those from truck transport. It also contributes to alleviating road congestion, optimizing truck drivers' working hours, and solving labor shortages. These efforts help us to realize logistics that are friendly to both workers and the environment. In July 2025, NIPPON KONPO UNYU SOKO CO., LTD. received the Encouragement Award at the 26th Logistics Environment Awards sponsored by the Japan Association for Logistics and Transport. This award recognized its contribution to reducing environmental burden by realizing rail transportation with return-trip loads in its transport of tires and other automotive-related items by rail between Miyakonojo city in Miyazaki prefecture and Sendai city in Miyagi prefecture using 31-foot containers, in a unified coordination among the shipper, consignee, and logistics operator to adjust the lead time.



Consolidation Transport by Double Trailer Truck

We were the pioneer in the industry in proactively introducing double trailer trucks (full trailer trucks). In 2018, 21-meter trailers from NIPPON KONPO UNYU SOKO CO., LTD. participated in a demonstrative experiment conducted as part of the Productivity Revolution Project of the Ministry of Land, Infrastructure, Transport and Tourism. As a result of the subsequent deregulation, we now have more than 140 double trailer trucks, including 25-meter trailers. Our double trailer trucks are environmentally friendly trucks that have double the load capacity of heavy-duty trucks and emit approximately 38% less CO₂ than current heavy-duty vehicles. One driver is able to move large volumes of freight, which improves transportation efficiency by saving labor and reduces environmental impact. In addition, the Group uses double trailer trucks for charter and long-haul consolidation transport and will continue to expand their use while optimizing driver working hours through transfer operations at terminal offices.



Switching to LEDs

The NIKKON Holdings Group is actively working to reduce CO₂ emissions by replacing fluorescent and mercury lights in its warehouses and offices with LED lighting. NIPPON KONPO UNYU SOKO CO., LTD. has been using LED lighting in all commercial warehouses completed since 2013. We have set the goal of eliminating mercury lights across the Group by the final year of the 13th Medium-Term Business Plan and are gradually switching to LEDs in our existing warehouses.



Solar Power Generation

Aiming to realize a decarbonized society, the NIKKON Holdings Group has been helping to prevent global warming by supplying clean renewable energy from solar power generation facilities installed at Group locations in Japan. NIPPON KONPO UNYU SOKO CO., LTD. installed solar power generation facilities for in-house use at its Utsunomiya Sales Office in October 2015, at its Kikuyo, Inzai, Kashiwabara, and Suzuka Center Sales Offices in 2023, at its Yorii Satellite Office in March 2025, and at its Ota Sales office in June 2025, with the aim of reducing its CO₂ emissions. These efforts have reduced the amount of fossil fuel-derived electricity used at each location. In 2025 and beyond, we will increase power generation through the installation of these facilities. In 2026, we plan to start a wheeling service for in-house use to supply surplus power to our sales offices in the surrounding areas.



We also introduced demand control systems for air conditioning at the Yorii Satellite Office in August 2023 and at the Suzuka Center Sales Office in March 2025. We contribute to reducing CO₂ emissions by curbing power consumption with the introduction of air-conditioning control equipment, while also maintaining comfortable working environments.

AUTO TECHNIC JAPAN CO., LTD. has switched to green power with zero CO₂ emissions for testing and R&D activities at the Hamamatsu Development Center. By the end of FY2040, the company plans to gradually switch all of its facilities in Japan to this energy source. CHUETSUTECH CO., LTD. is conducting a verification test to improve fuel economy by an average of 5 to 10% by installing solar panels on truck roofs and using solar power to operate electrical components. We will continue to promote initiatives across the Group to lower the consumption of fossil fuel-derived electricity and reduce our CO₂ emissions.

Forest Environment Conservation Activities

NIKKON Holdings Co., Ltd. made a donation to the Forest Culture Association with the aim of conserving the forest environment from the perspective of biodiversity. The donation is used to maintain the forest around Lodge Mizuno Woods in Sayama city in Saitama prefecture, where we work together with members of the local communities to protect the environment.

Forests have the functions such as preventing global warming, conserving biodiversity, preventing disasters, and protecting watershed areas, and are therefore deeply related to SDGs. In addition, the healing and refreshing effects of forests helps in our well-being. We take care of such value of the forests in promoting our business activities.

We also support the spirit of the 30by30 Alliance for Biodiversity led by the Ministry of the Environment, and is registered as its alliance member.



Circular Logistics

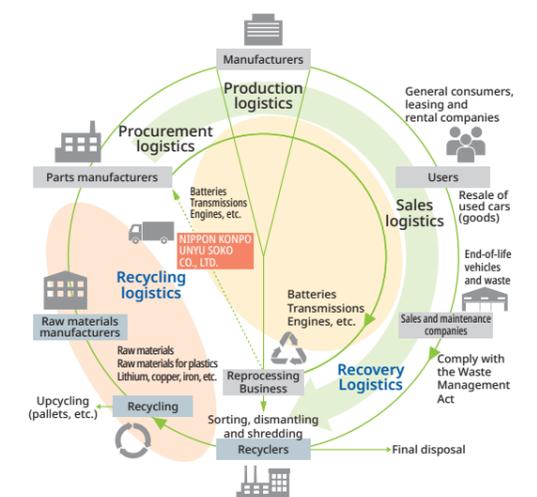
Recovery Logistics

We provide recycling and transportation services for housing-related materials, household storage batteries, automobile batteries (lithium-ion, nickel-hydrogen, and lead), smoke flares, bumpers, etc.

To enhance circular logistics (3Rs: Recycle, Repair, Return), we will expand our operations by implementing a nationwide collection of lithium-ion batteries and venturing into new areas (waste plastics, fluorocarbons, airbags, etc.). At the same time, we will add value by integrating this initiative with our existing consolidated freight transportation network.

Recycling Logistics

As a company involved in logistics infrastructure, it is our responsibility to contribute to a recycling-oriented society. Based on this recognition, the Group is working to recycle auto parts and other materials collected through recovery logistics. With a view to eventually establishing this as an intermediate processing business, we will expand our operations into the areas of "Reuse, Rebuild, and Remanufacture" to realize our circulation business.



Climate-related Financial Disclosures



As global warming impacts the environment and social conditions change rapidly, we face many challenges in our pursuit of a sustainable society. In order to solve various social issues through its business activities and realize a sustainable society together with all stakeholders, the Group remains committed to leading the way in creating joy, value, and an environment that can be shared, as stated in our Basic Philosophy. As part of these efforts, the Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and appropriately discloses information in the four areas of governance, strategy, risk management, and metrics and targets, based on the framework of the recommendations.

Governance

The Group has in place a governance structure built on its recognition that dealing with the environment, mainly climate change, is one of the most important management issues.

The governance structure provides a system in which the Directors directly supervise such activities so that they can formulate policies and give instructions in a speedy manner. This enables us to not only conduct highly effective activities but also strive to cooperate with a wide range of stakeholders, proactively disclose information, and ensure transparency. In terms of supervisory structure, the Company has established the Sustainability Committee, chaired by an Outside Director, as an advisory body to the Board of Directors. The Sustainability Committee regularly reports on matters related to climate change and other sustainability issues, and the Board of Directors resolves on issues of high importance. Through these and other measures, the Company is working to quickly formulate policies and implement highly effective activities toward improving corporate value over the long term.

Strategy

The Group recognizes that climate change-related risks and opportunities will affect its business activities over the medium to long term. We identify transition and physical risks and opportunities arising from the changes in external environments surrounding the Group brought about by climate change and other circumstances, and consider measures to reduce each risk and seize opportunities based on the impact of these risks on the business.

Category	Subcategory	Risks/opportunities identified	Degree of impact	Time horizon	Impacts	Response measures
Transition risks	Policy and legal	Shift to low-carbon vehicles	Large	Medium-term	Increased purchase costs due to replacement of low-carbon vehicles such as EVs and FCVs	<ul style="list-style-type: none"> Promoting highly efficient transportation methods, such as joint transportation and full trailer transport Implementing a modal shift
	Policy and legal	Introduction of a carbon tax	Large	Medium-term	Increased payment costs resulting from the introduction of a carbon tax on GHG emissions	<ul style="list-style-type: none"> Replacing with low-emission vehicles Switching to renewable energy
	Technology	Delays in automakers' development of low-carbon heavy-duty vehicles	Large	Medium-term	A delay in our emissions reduction plan due to the slow adoption of low-carbon heavy-duty vehicles	<ul style="list-style-type: none"> Collecting information about automakers' development progress
	Market	Changes in customer needs	Large	Medium-term	Loss of business and reduced sales due to increased awareness of environmental conservation among customers	<ul style="list-style-type: none"> Visualizing GHG emissions Reducing GHG emissions as planned
	Reputation	Impact on funding and share price	Medium	Medium-term	Difficulty in procuring funds from financial institutions and a decline of the share price due to the loss of investors resulting from the evaluation that our initiatives to reduce GHG emissions are insufficient	<ul style="list-style-type: none"> Improving information disclosure Reducing GHG emissions as planned
Physical risks	Acute	Occurrence of a natural disaster	Medium	Long-term	Increased repair and compensation costs due to damage to warehouses, other facilities, and consigned cargo from more frequent wind and flood damage caused by rising temperatures. Suspension of logistics services	<ul style="list-style-type: none"> Decentralizing bases Promoting BCP measures
	Chronic	Temperature rise	Medium	Long-term	Lower productivity due to a deteriorating work environment caused by rising temperatures. Increased air conditioning costs	<ul style="list-style-type: none"> Introducing heat insulation structure to warehouses Improving efficiency and saving labor through DX promotion
Opportunities	Resources and efficiency	Reduced fuel costs through improved vehicle fuel efficiency	Large	Medium-term	Reduced fuel costs through the introduction of fuel-efficient vehicles such as EVs and FCVs	<ul style="list-style-type: none"> Replacing with low-emission vehicles
	Market	Introduction of new environment-friendly services	Medium	Medium-term	Creation of new business opportunities by developing and providing environment-friendly services	<ul style="list-style-type: none"> Shifting to transportation modes with lower environmental impact
	Market	Expansion of transactions through new business development opportunities in EV and FCV	Medium	Medium-term	Increased sales by developing new markets for EV and FCV-related businesses	<ul style="list-style-type: none"> Handling EV-related parts on consignment Storing and transporting other environment-conscious products on consignment
	Market	Increased demand for temperature control driven by rising temperatures	Medium	Medium-term	Creation of new business opportunities by developing and providing constant temperature management services	<ul style="list-style-type: none"> Identifying market needs Installing facilities such as temperature-controlled warehouses

Risk Management

Process for identifying and assessing climate-related risks

The ESG Promotion Section, which promotes sustainability strategies including climate change, regularly holds discussions at the ESG Working Group, which consists of the Company and its eight core subsidiaries, to identify risks and opportunities related to Group companies and report to the Sustainability Committee. The Sustainability Committee assesses the potential magnitude and scope of the risks and opportunities identified, considers response measures according to their importance, sets targets, and reports to the Board of Directors.

Process for managing climate-related risks

The ESG Promotion Section is responsible for planning and formulating strategies related to sustainability including climate change, implements initiatives for addressing these risks, and reports their progress to the Sustainability Committee. The Sustainability Committee submits reports and proposals to the Board of Directors and provides guidance to individual divisions as necessary.

Metrics and Targets

Metrics

The Group has set reduction targets using CO₂ emissions (Scope 1 + 2) and the number of mercury lamps as metrics. These were drafted by the ESG Promotion Section under the guidance of the Sustainability Committee and resolved by the Board of Directors.

Targets

CO₂ emissions (Scope 1 + 2 combined)

	FY2023/3	FY2026/3	2030	2050
CO ₂ emissions reduction targets compared to FY2023/3	—	-3.7%	-30%	-100%
CO ₂ emissions (t-CO ₂)	180,048	173,340	126,034	0

Mercury lamp reduction

	FY2022	FY2023	FY2024	FY2025
	Results	Results	Results	Plan
Number of mercury lamps	5,250	3,131	1,058	0
Number of planned reductions	—	-2,119	-2,073	-1,058

Initiatives based on the Taskforce on Nature-related Financial Disclosures (TNFD)

The Group recognizes its responsibility to pass on a rich global environment to the next generation, and believes that contributing to the conservation of nature, including biodiversity, is essential for sustainable corporate management. In order to create a society in harmony with nature, it is necessary to identify priority areas for biodiversity conservation and make efforts while tracking progress toward the set targets. Through the Sustainability Committee, the Group will formulate basic policies, set key targets, and manage progress. With a view to disclosing information related to nature capital based on the TNFD, the Group will begin assessing and analyzing risks and opportunities and initiate discussions.

Strengthening Compliance



Basic Policy The NIKKON Holdings Group practices highly transparent management by strengthening governance, with each and every employee acting with integrity and maintaining compliance and high ethical standards.

Governance Policies

- 1 Develop and strengthen our governance structure by positioning compliance as a management priority, and strive to ensure the effectiveness of the execution of management strategies.
- 2 Appropriately address all risks associated with business execution, ensure sound and appropriate business operations throughout the Group, and secure stable earnings.
- 3 Instill compliance with laws and regulations, internal rules, and corporate ethics through employee education and other means, promote sensible behavior as a member of society, and aim to become a company trusted by all stakeholders.
- 4 Ensure the transparency of our management through the timely and appropriate disclosure of information related to our corporate activities, including the risks associated with our business and the creation of new business opportunities, and promote understanding of our business through engagement with investors.
- 5 Foster mutual trust in our business activities, and establish a system to ensure fair and impartial transactions.
- 6 Refrain from forming any relationships, including business relationships, with antisocial forces and organizations, such as organized crime groups, that threaten the order and safety of society and hinder economic activities.

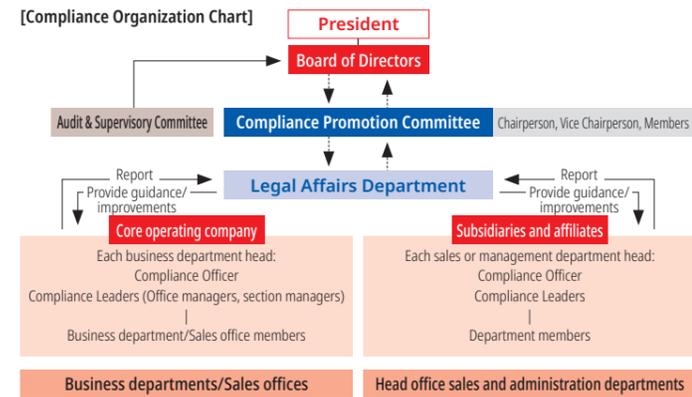
Main Initiatives

Compliance Promotion Committee

The committee establishes basic matters such as guidelines and policies related to compliance initiatives, formulates plans for the following three items, and oversees the implementation of these initiatives.

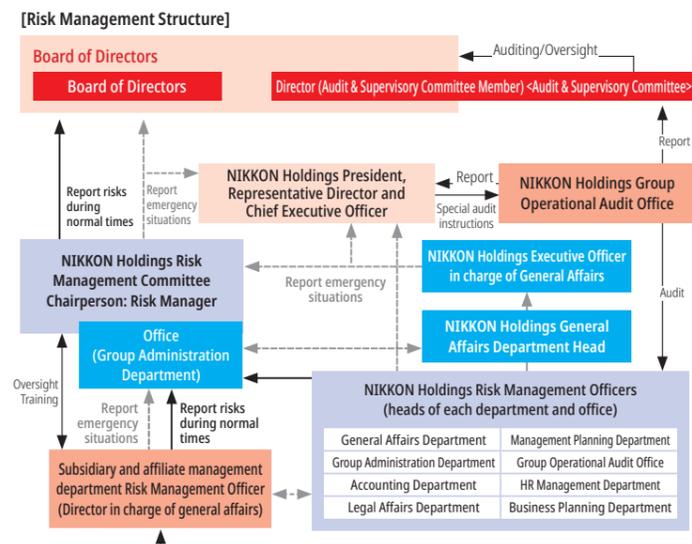
- (1) Establish an organizational structure for effective operation
- (2) Develop various measures and mechanisms to ensure effectiveness
- (3) Raise awareness of the necessity and importance of compliance, and foster a legal mindset

The committee reports on its initiatives to the Board of Directors four times a year and functions as an advisory body to the Board of Directors. In addition, the committee assigns compliance officers and compliance leaders to all Group companies and distributes compliance handbooks to all employees and officers to familiarize them with our compliance policies (Code of Conduct) and raise their awareness.



Risk Management Committee

The NIKKON Holdings Group positions risk management as a top management priority and has established the Risk Management Regulations to ensure sound and appropriate business operations. The Risk Management Committee, chaired by a director, analyzes and evaluates potential disaster, accident, management, financial, information, and social risks for each Group company in accordance with the Regulations, and takes countermeasures in line with our management strategies. The committee reports the status of risks to the Board of Directors every three months for oversight purposes, and establishes systems to prepare for future risks.



Compliance Education

The Compliance Promotion Committee has established compliance-related rules to be observed by all officers and employees of the Group, formulated the Compliance Program to ensure that these rules are firmly embedded and implemented within the Company, and provided education based on this program.

We are taking measures to spread the understanding of Group policies, including the Basic Philosophy and Code of Conduct, and other important compliance matters, such as preparing and distributing a Compliance Handbook, raising awareness of compliance issues using internal portal site and by displaying posters, as well as devoting a large amount of time to compliance training, which is the most important topic in our training for new employees and newly appointed managers. In addition, we provide individualized training on specific themes, such as preventing insider trading and workplace harassment. These are part of the system we have established to ensure that the Group lives up to the trust and expectations of society. We also launched a new portal site to disseminate to Group employees the Group's policies, such as the Basic Philosophy and Code of Conduct, and other important compliance matters.



Internal Reporting System (Compliance Hotline)

The NIKKON Holdings Group has established an internal reporting system for the purpose of early detection, correction, and prevention of misconduct. We have a reporting desk (compliance hotline) to appropriately respond to reports and consultations regarding misconduct. Some of our subsidiaries have anti-harassment initiatives in place, with harassment counselors serving as a point of contact for employee consultations.

Compliance in Relationship with Business Partners

The Group fosters mutual trust through sound transactions in its business activities. We practice fair and impartial transactions under the system we have established to ensure such transactions.

In 2024, 19 subsidiaries, including NIPPON KONPO UNYU SOKO CO., LTD., released a Declaration of Partnership Building each in its own name, aiming to build new partnerships with business partners in their supply chains and business entities with which they work to create value, by actively promoting cooperation and mutual prosperity.

Information Security

The NIKKON Holdings Group regards information leaks and cybersecurity threats as important risks and conducts annual training for all employees on our information security policy.

Through the training, employees recognize the importance of information risk management and learn how to protect their information assets from threats such as unauthorized access, information leaks, and system failures. We have also formulated an Information Security Policy as our basic policy for information security, and are working to establish an organized and systematic information security management system through its implementation.

AUTO TECHNIC JAPAN CO., LTD. has formulated an Information Security Policy as its basic policy for information security and established the Information Security Committee aimed at strengthening security. Through regular information security education and training, we are working to improve and strengthen the security awareness of each and every employee.



Business Continuity Plan (BCP) Measures

In replacing its core system, NIPPON KONPO UNYU SOKO CO., LTD. shifted its server management from in-house to two dedicated data centers that are available 24/7, enhancing its preparedness for large-scale disasters and prolonged power outages. As emergency measures, we also share sales office hazard map lists and details within our groupware. For our employees, we have introduced a safety confirmation system and conduct periodic disaster drills to prepare for unforeseen circumstances. Every year at each business base, we conduct rescue education and rescue drills and confirm and disseminate emergency shelter locations, in our effort to reduce damage after disasters.

This year, we plan to conduct a role-playing drill simulating a Nankai Trough Earthquake at the Company Headquarters. We will formulate a more concrete action plan for each department and strengthen our BCP.

Corporate Governance

Directors and Officers

Masakatsu Kuroiwa | President and Representative Director
Chief Executive Officer

Reasons for Appointment

Since joining the Company, Mr. Masakatsu Kuroiwa has accumulated a wealth of business experience, including overseas assignments. After assuming the office of President and Representative Director, he has utilized this experience to appropriately direct and supervise management. In light of the fact that he has led business growth and contributed to the improvement of corporate value through management based on the Basic Philosophy, the Company has appointed him, judging that he is an appropriate person to lead realization of the long-term vision.

Seiji Ooka | Representative Director and Senior Executive Officer

Reasons for Appointment

After having accumulated a wealth of business experience through engaging in the logistics business and the customs clearance business at the Group for many years, Mr. Seiji Ooka has been engaged in management utilizing such experience as President and Representative Director of a business company. Based on the above, the Company has appointed him, judging that he can significantly contribute to the Group's sustainable growth and improvement of corporate value.

Yasunori Matsuda | Representative Director and Managing Executive Officer

Reasons for Appointment

Since joining the Company, Mr. Yasunori Matsuda has been engaged in finance and accounting-related operations for many years, and held posts of General Manager of Accounting Department, General Manager of Affiliated Companies Management Department, General Manager of Legal Affairs Department, and General Manager of Overseas Business Department. Like this, he has cultivated broad knowledge regarding administration and operation, accumulating extensive experience. Based on the above, the Company has appointed him, judging that he is a necessary person for the Group to achieve a sustainable growth and improve its corporate value.

Hidehiro Motohashi | Director and Executive Officer

Reasons for Appointment

Mr. Hidehiro Motohashi has been involved primarily in operations related to personnel affairs and information management in the Company's administration departments, and held many posts involved in human capital. Through many years of the business experience, he has cultivated professional knowledge on human resources development, administration and operations. Based on the above, the Company has appointed him, judging that he is a necessary person for the Group to achieve a sustainable growth and improve its corporate value.

Aiko Koma | Director

Reasons for Appointment Outside Independent

Ms. Aiko Koma has been engaged in corporate legal affairs as an attorney-at-law for many years. At the Company, she has provided accurate advice on corporate governance and diversity, and supervised the execution of duties by Directors, based on her specialized knowledge. Therefore, the Company has appointed her as an Independent Officer, judging that she can contribute to improving the effectiveness of the Board of Directors and strengthening supervisory function.

Ryutaro Ozeki | Director

Reasons for Appointment Outside Independent

Mr. Ryutaro Ozeki has served as a president and representative director of a trading company specializing in chemicals and electronic components for more than 20 years. Based on such abundant experience and broad insight, he has provided effective advice on overall management of the Company. As he has monitored management from an objective perspective without being constrained by the Company's logic, the Company has appointed him as an Independent Officer, judging that he can contribute to improving the effectiveness of the Board of Directors and strengthening the supervisory function.

Ichinari Koda | Director

Reasons for Appointment New Outside Independent

Mr. Ichinari Koda has held important managerial positions at financial institutions in Japan for many years, and is a specialist versed in financial fields. He has a wealth of experience regarding fund-raising strategies associated with M&As and growth investments. The Company has appointed him as an Independent Officer, judging that he will draw on his knowledge to appropriately manage cost of capital of the Company and contribute to the sustained enhancement of its corporate value.

Clark Graninger | Director

Reasons for Appointment New Outside Independent

Mr. Clark Graninger has held important positions at financial institutions in Japan and is experienced in corporate management. In addition, he has served as an outside director of other listed company, fulfilling a leading role in engagement with investors, including foreign institutional investors, and other activities. The Company has appointed him as an Independent Officer, judging that his wealth of experience at financial institutions and knowledge will contribute to enhancement of the Company's corporate value through implementing and considering an improvement of capital efficiency.

Tetsuya Okuda | Director (Audit & Supervisory Committee Member)

Reasons for Appointment Outside Independent

Mr. Tetsuya Okuda was engaged in transportation administration for 35 years, and has a wide range of knowledge and experience mainly in the field of logistics. He has provided accurate advice on the Company's management from an outside viewpoint, and audited and supervised execution of duties by Directors. Therefore, the Company has appointed him as Independent Officer and Audit & Supervisory Committee Member, judging that he can contribute to improving the effectiveness of the Board of Directors and strengthening the supervisory function.

Hideki Kawasaki | Director (Full-time Audit & Supervisory Committee Member) (Selected Audit & Supervisory Committee Member)

Reasons for Appointment

Mr. Hideki Kawasaki has been involved primarily in operations related to general affairs and audit at the Group's business companies, and held posts such as General Manager of General Affairs Department, General Manager of Information Management Department, General Manager of Legal Affairs Department, and General Manager of Operational Audit Office. As he has abundant business experience and knowledge on management and auditing, the Company has appointed him as Full-time Audit & Supervisory Committee Member, judging that he is an appropriate person to audit and supervise the execution of duties by Directors of the Company.

Kanako Takeda | Director (Audit & Supervisory Committee Member)

Reasons for Appointment Outside Independent

Ms. Kanako Takeda has a wealth of experience and expertise as a tax accountant. The Company expects her to provide accurate and effective advice primarily on finance, accounting and tax affairs, and appropriately audit and supervise the execution of duties by Directors. Based on the above, the Company has appointed her as an Independent Officer and Audit & Supervisory Committee Member, judging that she can contribute to improving the effectiveness of the Board of Directors and strengthening the supervisory function.

Director Skill Matrix

Skills that the Board of Directors should possess in order to properly fulfill its decision-making and management oversight responsibilities, in light of our medium- to long-term management direction and business strategy, and reasons for selecting these skills, as well as skills possessed by each Director, are as follows.

Skill item	Reasons for selection of skills
Corporate Management	As a listed company engaged in a wide range of logistic-related businesses in Japan and overseas, the Board of Directors is required to have corporate management skills to manage a business portfolio that contributes to sustainable growth in order to meet expectations of various stakeholders.
Legal Affairs	At the Company, which has systematically established a corporate governance system and is committed to active management in compliance with laws and regulations, the Board of Directors is required to have legal skills to determine its policies and conduct supervision.
Accounting	At the Company, which flexibly and proactively makes growth investments such as new business investments and M&A, aiming to increase corporate value and shareholders' value over the long term, the Board of Directors is required to have finance and accounting skills to examine appropriateness of capital policies and financial strategies.
Finance	This skill represents the ability to understand the financial statements of corporations and analyze their profitability, capital efficiency and financial soundness. The Board of Directors is required to leverage the knowledge about financing and risk management and contribute to a sustainable improvement of the corporate value.
Investment	The Board of Directors is required to have knowledge regarding investment decisions and capital allocation in line with the growth strategy, and have the skill of leading such knowledge to improvement of the corporate value in a medium- and long-term perspective, through evaluation of investment projects, risk analysis, operational support after integration, etc. related to M&As, investment in new businesses, capital investment, etc.
Safety	As a logistics company, we place the highest priority on traffic safety and improvement of working environment. Therefore, the Board of Directors is required to have skills to evaluate and consider workplace safety, prevention of traffic accidents, and provision of high-quality services.
Internationality	Since the Company positions the expansion of overseas business as a growth driver in the Medium-Term Business Plan, the Board of Directors is required to have skills related to internationality in order to make important decisions on management.
Personnel Affairs/Human Resources Development	The Group's policies for human resources development, ensuring diversity, and developing an internal environment, need to be established specifically from a medium- to long-term perspective. Therefore, the Board of Directors is required to have skills to make important decisions related to personnel affairs and human resources development.
IT-DX	Since the Company aims to create shared value with customers and society through logistics services that utilize digital tools, AI, and IoT technologies, the Board of Directors is required to have skills related to IT and digital in deciding its policies.
ESG	Regarding Environment, Social, and Governance, the Board of Directors is required to have the skill to balance the sustainability of corporations with their social responsibility especially from the perspective of response to changing climate, respect for human rights, promotion of diversity, information disclosure, enhancement of governance, etc.

No.	Name	Position	Committees	Independent Outside	Insight, Expertise, Experience										Gender		
					Corporate Management	Legal Affairs	Finance/Accounting			Safety	Internationality	Personnel Affairs Human Resources Development	IT DX	ESG			
1	Masakatsu Kuroiwa	President and Representative Director Chief Executive Officer	Nomination Committee member Remuneration Committee member		●	●	●	●	●	●	●	●	●	●	●	●	Male
2	Seiji Ooka	Representative Director Senior Executive Officer	Risk Management Committee member ★		●	●				●	●	●	●	●	●	●	Male
3	Yasunori Matsuda	Representative Director Managing Executive Officer	Compliance Promotion Committee member ★ Sustainability Committee member		●	●	●	●	●		●					●	Male
4	Hidehiro Motohashi	Director Executive Officer	Risk Management Committee member ★		●					●		●	●				Male
5	Aiko Koma	Outside Director	Remuneration Committee member ★ Special Committee member Sustainability Committee member ★	●		●										●	Female
6	Ryutaro Ozeki	Outside Director	Nomination Committee member ★ Special Committee member	●	●	●											Male
7	Ichinari Koda	Outside Director	Special Committee member	●			●	●	●								Male
8	Clark Graninger	Outside Director	Special Committee member	●	●			●	●		●						Male
9	Tetsuya Okuda	Outside Director Audit & Supervisory Committee Member	Audit & Supervisory Committee Member ★ Nomination Committee member	●		●				●	●		●				Male
10	Hideki Kawasaki	Director Full-time Audit & Supervisory Committee Member Selected Audit & Supervisory Committee Member	Audit & Supervisory Committee Member		●	●						●			●		Male
11	Kanako Takeda	Outside Director Audit & Supervisory Committee Member	Remuneration Committee member Audit & Supervisory Committee Member	●			●										Female

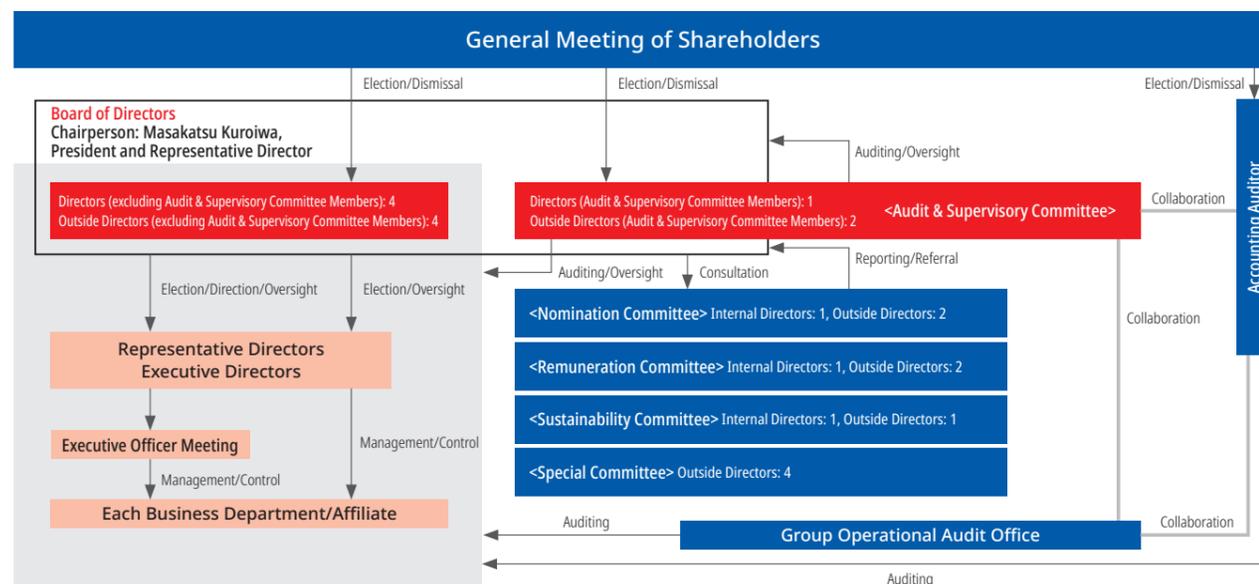
★ Chairperson ☆ Vice Chairperson

Basic Approach to Corporate Governance

The Company seeks enhancement of corporate value over the medium to long term based on the NIKKON Holdings Group Basic Philosophy.

Basic Philosophy: We will 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. To ensure corporate governance functions effectively for the realization of this philosophy, the Company is developing and strengthening the organizational structure and endeavoring to ensure the transparency of corporate activities, and it intends to fulfill its corporate responsibilities to all stakeholders including customers and shareholders, and contribute to the development of society.

Governance Structure Chart



Directors and Board of Directors

The Board of Directors is composed of 11 Directors (including six Independent Outside Directors). We hold monthly ordinary Board of Directors' meetings to approve material matters, monthly Management Strategy Council meetings to speed up material decision-making, and monthly Executive Officer meetings mainly for the purpose of reporting and exchanging information. This structure enables us to strengthen the oversight function, expand the scope of matters deliberated on and reported, and make flexible decisions.

Committees

We have established a Compliance Promotion Committee, Risk Management Committee, and Sustainability Committee to deal with material management issues, thereby building a structure for increasing expertise and flexibility. As a rule, each committee convenes regularly once a quarter, and additionally as necessary. Committees report and make proposals to the Board of Directors and also provide guidance to each division.

Special Committee

The Special Committee is composed of four Independent Outside Directors. The committee re-examines the status of ownership, management structure, and operational policies related to the real estate owned by the Company from the perspective of assets and capital efficiency, taking into account the perspective of the capital market, and makes recommendations to the Company's Board of Directors to review the policies as necessary.

Audit & Supervisory Committee and Its Members

The Audit & Supervisory Committee is composed of three Audit & Supervisory Board Members (including two Outside Directors). We hold Audit & Supervisory Committee meetings and meetings of Audit & Supervisory Committee Members and seek to strengthen their independence and functions by 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.

We have also adopted 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 on business locations in Japan and overseas.

Voluntary Nomination Committee and Remuneration Committee

We have established a voluntary Nomination Committee and Remuneration Committee, the majority of which comprises Outside Directors, to serve as advisory bodies to the Board of Directors. These committees serve the functions to enhance the objectivity and transparency of the decision-making processes concerning the personnel matters of senior management, who play a role in the Company's sustainable growth and in building trust, and Directors' remuneration, and to further enhance and strengthen the management and governance structure.

Progress in Strengthening Governance

Initiatives to Strengthen Corporate Governance



Evaluating the Effectiveness of the Board of Directors

Each fiscal year, we conduct an evaluation of the effectiveness of the Board of Directors as a whole, aiming to confirm how the Board currently functions and improve its effectiveness. For the fiscal year ended March 31, 2025, the Directors conducted a self-evaluation in the form of a questionnaire with 30 questions on a five-point scale and a free response section. In addition, to ensure the objectivity of the evaluation process, a third-party organization was used to analyze the results of their responses.

Evaluation Results

Based on a comprehensive analysis and assessment of the results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2025, we were able to confirm that, overall, the Board of Directors is generally effective. Areas receiving a high evaluation included verifications for reducing cross-shareholdings, control of conflicts of interest risks, and establishment and supervision of the Code of Conduct. On the other hand, the results revealed that in order to further improve the Board's effectiveness, further work was needed concerning discussing succession planning, promoting the utilization of DX, responding to issues identified in the evaluation of effectiveness, providing information to Outside Directors, and providing information necessary for the deliberation of strategies.

Issues identified in the evaluation results	Directions for improvement
Clarification of succession plan Cultivation of candidates in line with plans	<ul style="list-style-type: none"> ▶ Management should review succession plans, and the roles of the Nomination Committee should be discussed. ▶ The annual agenda of Nomination Committee and Remuneration Committee should be shared with the Board of Directors, and reports on the content of deliberations should be improved.
Improvement of tools for promoting DX	<ul style="list-style-type: none"> ▶ Opportunities to discuss DX strategies should be improved. ▶ In-house data should be digitized.
Response to issues identified in the evaluation of effectiveness	<ul style="list-style-type: none"> ▶ A person should be selected from among the members of the Board of Directors to be responsible for leading the determination of specific measures. ▶ The status of progress in the implementation of response measures should be monitored.
Providing information to Outside Directors	<ul style="list-style-type: none"> ▶ Opportunities for Outside Directors and the management team to exchange opinions should be improved. ▶ Systems for Outside Directors to access information should be developed.
Provision of information necessary for the deliberation of strategies	<ul style="list-style-type: none"> ▶ Efforts should be made to improve the quality of information that is necessary for the deliberation of strategies. ▶ The creation of opportunities to deliberate strategies should be considered from a medium- to long-term perspective.

"Overview of the Evaluation Results of the Effectiveness of Our Board of Directors" released on June 27, 2025

■ Policies and Procedures for Determining Remuneration for Directors

The Company has established a voluntary Remuneration Committee as an advisory body to the Board of Directors, to ensure transparency and fairness in the process of making decisions on officers' remuneration. The Remuneration Committee is chaired by an Outside Director and deliberates and makes proposals to the Board of Directors on remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration. Remuneration for Directors is determined within a maximum amount of remuneration resolved at the Company's Annual General Meeting of Shareholders. In addition, remuneration for Directors is determined by the Board of Directors based on the opinion of the Remuneration Committee, which is chaired by an Outside Director.

■ Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Basic policy

The basic policy is that remuneration for the Company's Directors shall be the kind of remuneration system that fully functions as an incentive for the sustained enhancement of the corporate value and shall be set at an appropriate level in light of the job responsibilities of individual Directors when determining remuneration for them.

Remuneration for the Company's Directors consists of fixed remuneration and officers' bonuses and stock-based remuneration, which are performance-linked remuneration. However, Outside Directors and Directors who are Audit & Supervisory Committee Members receive only fixed remuneration.

2. Policy for determining the amount of fixed remuneration (monetary remuneration) for individual Directors (including the policy for determining the time or conditions for giving remuneration, etc.)

- (1) Fixed remuneration for Directors of the Company consists of monthly remuneration.
- (2) Salary details and allocation of amounts are clarified based on full-time or part-time status.
- (3) Monthly fixed remuneration for Directors (excluding Outside Directors) whose monthly fixed remuneration has not been revised for more than two years is determined, taking the inflation rate into consideration.

3. Policy for determining details and amounts of performance-linked remuneration and non-cash remuneration and determining their calculation methods (including the policy for determining the time or conditions for giving remuneration)

The Company uses profit attributable to owners of parent, which will be used to fund future investments and shareholder returns, as the indicator for officers' bonuses, which are performance-linked remuneration. Bonus allocations are made after the conclusion of the General Meeting of Shareholders, using a certain percentage as a rough guide.

The Company has established a performance-linked stock-based remuneration scheme using a Board Benefit Trust as non-monetary remuneration. Under the scheme, the Company grants, upon retirement, shares equivalent to points calculated according to factors such as position and the extent of achievement of the Medium-Term Business Plan target for profit attributable to owners of parent each fiscal year as determined by the Board of Directors. The purpose of the scheme is to raise awareness of the need to contribute to improving performance and increasing corporate value over the medium to long term.

4. Policy for determining the ratio of the amount of cash compensation, performance-linked remuneration or non-cash remuneration to the amount of remuneration for individual Directors

The percentages of each type of remuneration for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) are determined by benchmarking companies that are of a comparable size or belong to the same industry/business, and the remuneration of more senior executives is weighted towards performance-linked remuneration and share-based remuneration.

5. Matters concerning decisions on the details of the remuneration paid individually to Directors

At the 84th Annual General Meeting of Shareholders held on June 27, 2025, it was resolved to set the maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) at 400 million yen per year (including the maximum amount for Outside Directors of 60 million yen per year; this includes performance-linked remuneration and excludes the employee salary portion paid to Directors who serve concurrently as employees).

In addition, at the 80th Annual General Meeting of Shareholders held on June 29, 2021, it was resolved to introduce a performance-linked stock-based remuneration scheme using a Board Benefit Trust for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members), with 27,000 points (1 point = 1 share) and 40 million yen per fiscal year set as the upper limits respectively, outside the framework of the abovementioned amounts.

At the 77th Annual General Meeting of Shareholders held on June 28, 2018, it was resolved to set the maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members at 72 million yen per year, and the amount of remuneration for individual Directors who are Audit & Supervisory Committee Members is decided through discussion among Audit & Supervisory Committee Members.

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

■ Cross-Shareholdings

(1) Policy for cross-shareholdings

The Company believes that long-term partnerships are essential for the stable continuation of the logistics business. The Company has a basic policy of holding shares of other companies as cross-shareholdings if they will help enhance its corporate value through stronger mutual cooperation including the maintenance and strengthening of business alliances and transactions.

(2) Verifying the appropriateness of cross-shareholdings

The Company reviews cross-shareholdings at meetings of the Board of Directors, taking into consideration their effectiveness in enhancing corporate value, and will reduce in an appropriate and timely manner any cross-shareholdings that are not deemed to contribute to the Company's sustainable growth or enhancement of its corporate value in the medium and long term. As of the end of March 2025, the Company and its subsidiaries held a total of 42 stocks as cross-held shares, a reduction of three stocks from a year before.

Of the total market value of cross-shareholdings of 23.7 billion yen, Honda Motor Co., Ltd., which has been a strategic partner since the Company's foundation, accounts for 14.1 billion yen. However, these cross-held shares are considered differently from other cross-held shares; Honda Motor Co., Ltd., to which the Company has been providing transportation, storage, processing, and other services for many years since its founding, is an extremely important business partner that is essential to the Company, including to its testing business and international operations, and has been constantly contributing to the Company's growth and corporate value building.

The market value of the Company's cross-shareholdings in net assets was 23.7 billion yen, which accounts for 9.5% of the Company's consolidated total net assets.

(3) Standards for the exercise of voting rights related to cross-shareholdings

Taking into account the significance of holding listed shares, the Company exercises its voting rights based on whether a proposal will contribute to sustainable growth and improvement of corporate value in the medium to long term for both the Company and the investee company and based on consideration of other factors such as the status of compliance, including corporate fraud, and the status of ESG initiatives. The Company pays particular attention in cases where, for example, there are serious concerns in relation to corporate governance, business performance has been poor for a long time, damaging shareholder value, or shareholder value could otherwise be seriously damaged, and the Company makes judgments through careful consideration on a case-by-case basis. The Company also has a system of monitoring the status of the exercise of voting rights.

■ Policy for Constructive Dialogue with Shareholders

(1) As for management policies and initiatives for sustainable growth and enhancement of corporate value in the medium and long term, the Company's basic policy is to provide appropriate information in a timely manner and to engage in constructive dialogue with stakeholders through the reflection of shareholder feedback in management, etc.

(2) The Company's President and Representative Director, the Director in charge of finance, the Executive Officer in charge of IR, etc. engage in constructive dialogue to build trust-based relationships with shareholders.

(3) The Company holds a financial result and ESG briefing for shareholders and investors semi-annually to contribute to the Company's sustainable growth and enhancement of its corporate value in the medium and long term, and it also organizes an office visit once a year and briefings for individual investors on an irregular basis.

(4) In addition to establishing and complying with its own Insider Trading Prevention Regulations, the Company also has a quiet period starting from the day after the closing date of each quarter and ending on the day it announces its results and enforces this among its officers and employees.

Round-table Discussion with Outside Directors

As Outside Directors, we will supervise and make recommendations for strengthening human capital and optimizing capital costs to contribute to the enhancement of corporate value



Four Independent Outside Directors of the NIKKON Group, whose roles include enhancing the effectiveness of the Board of Directors and monitoring and supervising management and business strategies, spoke about their evaluation of corporate governance and related issues, as well as their recommendations for human capital management. In addition, the two new Outside Directors also provided messages about their intentions for their roles going forward.

Effectiveness will be enhanced by bringing new energy to discussions in the Board of Directors and implementing reforms to expand diversity

—What is your assessment of the efforts that have been made so far to increase diversity in the Board of Directors, enhance the Board's effectiveness, and reinvigorate discussion in Board meetings?

Ozeki This is my third year as an Outside Director. My assessment is that the various reforms in response to the rapidly changing business environment and market demands of recent years have further enhanced the effectiveness of the Board of Directors.

With regard to the operation of the Board, the heads of the major consolidated subsidiaries of the Group who are involved in agenda items had been attending Board meetings as Executive Officers. My impression is that the meetings have been run properly, even when there are many items on the agenda and matters to be reported. On the other hand, as time constraints have become an issue in enhancing discussions on medium- and long-term management plans, from this fiscal year, the Board has moved to a framework in which only members of the Board of Directors participate in principle. I expect that the smaller meetings will foster an atmosphere conducive to expressing opinions, as well as allowing us to exchange views on key agenda items at a deeper level.

Takeda With regard to the provision of information to the Board of Directors, I consider it a significant step forward that prior briefings are now being held as requested by the Outside Directors. The new structure also means that there is more time to spare for the operation of the Audit & Supervisory Committee. As I begin my second term as an Outside Director, I will strive to actively make recommendations.



Koma As a further new initiative, a Special (corporate value enhancement) Committee, composed entirely of Outside Directors, was established. I would like to deepen discussions, focusing primarily on recommendations for the effective use of owned real estate, while also receiving opinions from external advisors.

Okuda With regard to the enhancement of the effectiveness of the Board of Directors, my impression is that a variety of initiatives aimed at eliminating the asymmetry of information between the internal members of the Board of Directors and us, the Outside Directors, have been strengthened. In FY2025, we were joined by two new Outside Directors who have knowledge of management and finance, which further enhanced the Board's diversity. I also view the fact that the majority of Board members are Independent Outside Directors as major progress. Going forward, I hope that consideration will also be given to narrowing down the agenda items to be discussed and, with respect to the provision of information in advance, sharing the minutes of the Executive Committee, which is composed of Executive Officers.

Koma The supervision function has been strengthened with the increase in the number of Outside Directors. On the other hand, as improvement of earning power has recently been raised as a management issue, taking risks in line with

the business strategy is also essential. With respect to new investment projects and similar initiatives, I intend to emphasize the perspective of appropriate monitoring after first gaining a clear understanding of the underlying purposes of such initiatives.

Okuda As we strengthen the transition from a management board to one focused on monitoring, further reinforcement of its checks-and-balances functions concerning nomination and remuneration will also be required. Under the current management structure, approval of proposals from the executive is a significant part of the Board's role. However, if we are to strengthen its supervision function, the operational structure of the individual committees will need to be reviewed.

Takeda With regard to the Remuneration Committee, as it already meets relatively infrequently, I would like to review its future implementation plans and make it more active.

Promotion of women's participation and advancement and the development of leaders are challenges for the strengthening of human capital

—In view of issues such as the 2024 problem and labor shortages, could you give your assessment and opinions regarding the status of the Group's human capital management initiatives?

Koma In December 2022, the Group established the HR Management Department under the direct control of the President to address the personnel shortages and foster high-level talent who will lead the transformation of logistics. Since then, the Group has been working as one to advance human capital management. I think it is highly commendable that the President has personally recognized the urgency of this challenge and is moving forward with the establishment of the personnel system.

In addition, for the creation of new services with high added value, it is essential to bring together the strengths of diverse members. The Group is also focusing on the promotion of women's participation and advancement. However, if I may be permitted to take a critical view as the chair of the Sustainability Committee, results have not yet caught up with those efforts. To achieve the target of 7.7% of women in management positions in Japan in FY2025, the

final year of the 13th Medium-term Business Plan ("the current Medium-Term Plan"), in addition to providing career support and training for female employees, it will be crucial to strengthen follow-up arrangements to dispel the anxiety of women who aspire to management positions. I also believe that it is important to conduct training for male supervisors aimed at eliminating unconscious gender bias. As chair of the committee, I also hope to advance the development of such measures.

Takeda As a fundamental prerequisite, I believe it is important to increase the ratio of female employees. The current Medium-Term Plan contains a target of women accounting for 26.5% of all employees. As of the end of March 2025, however, that ratio was only 23.4%. I would like to see the recruitment of women accelerated to keep the burden from being concentrated on a limited number of female employees.

Okuda I have heard that a growing number of female employees in the Group have achieved outstanding results in national forklift operation skills competitions and driver contests. I would certainly like to consider specific measures, such as the visualization and diversification of the types of employment in which women can play these kinds of active roles, as well as the proactive communication of the presence of successful female employees.

Koma There has been much emphasis of late on the links between management strategy and human resources strategy. In this respect, I think there are still aspects that do not mesh. While working to strengthen human resources investment, we must ask ourselves what kind of human resources will be needed in the future from longer-term perspectives and how do we support the career plans of



each individual? My view is that there is a growing need to establish a long-term human resources investment plan.

Ozeki We also need to advance the preparations for generational change from the perspectives of consideration of successor plans and cultivation of candidates in line with those plans for the strengthening of human capital, which has become a key issue in the evaluation of effectiveness. The strengthening of human capital is crucial to the strengthening of governance. What image should we have for our next leaders, looking five to ten years ahead? I hope to see progress made in deliberations with an eye toward the next generation of Board members.

Reviewing the optimal capital structure from a long-term perspective is crucial

—In connection with the strengthening of human capital investment, could you describe your views on consistency with “self-sufficiency” and “hands-on management,” which are features of our business model, and what shape optimal capitalization should take, in the implementation of management that is conscious of cost of capital and share price, as required by the Tokyo Stock Exchange?

Takeda To ensure sustainable growth as a company, it is essential not only to increase profits but also to consider cost of capital and capital profitability that will meet the expectations of investors. Various indicators are used to evaluate such management. One of these is ROE of 8%, as set forth in the current Medium-Term Plan. However, as of the end of March 2025, at 6.8%, ROE was still well short of that target. While the Special Committee and other bodies are also considering share buybacks and the divestment of real estate, allocation of funds for growth-oriented investments, including human capital, will also be crucial to ensure the enhancement of corporate value from a long-term perspective. Regarding “self-sufficiency” as well, I believe paying attention to balance is vital.

Ozeki “Self-sufficiency” is no more than a means, and its appropriate form will change with the changes in logistics (fluctuation of logistics volumes). In that respect, I appreciate that asset efficiency and investment recovery periods have also been emphasized when making allocations. With regard to future investment plans, as outside members of the Board, we intend to be firm in our supervision and make recommendations aimed at achieving optimal steering of the company.

Okuda There is no common correct answer regarding cost of capital. The appropriate figure varies depending on industry, company, and growth phase. In the future, I hope to offer appropriate advice for realizing the business model that we



should aim for and the appropriate numbers, exchanging opinions with the executive members along the way.

There is ample room for future growth. We will contribute to the creation of new value

—What are your expectations for the future growth of the Group and how do you hope to contribute to that growth as Outside Directors?

Ozeki In an era of major transformation for the logistics industry, when it is facing various demands from shareholders and the market, the trend of demanding greater capital efficiency from companies that have large real estate holdings, like the NIKKON Group, is expected to accelerate even further. I hope to listen sincerely to the voices of such stakeholders, demonstrate my supervision functions, and make appropriate recommendations for enhancing corporate value based on medium- to long-term growth strategies.

Koma Business performance is strong, and with its many outstanding personnel and abundance of assets, I believe that the Group has considerable room for growth. For the enhancement of corporate value, which needs to be the focus of our efforts, I have expectations of transformation through the strengthening of investment in human capital, which is the driver of such improvement. To that end, I will actively engage in activities as an Outside Director and as the chair of the Sustainability Committee.

Takeda The business environment has changed in the year since I became an Outside Director, and I believe that, as a company, we are in a transitional period of transformation toward further growth. Going forward, as we enter a period of business expansion, the promotion of human resources will become an even greater challenge. As an Outside Director, I intend to concentrate my efforts on making appropriate recommendations for the strengthening of human capital. In addition, as an Audit & Supervisory Committee Member, I hope to further improve my skills and contribute to the Company in various areas.

Okuda The logistics industry is currently supported by strong demand, but from a long-term perspective, market contraction is expected in line with the decreasing population. I believe that the diversification of business leveraging the company's own capital, including real estate, will also be on the table. For the expansion of the overseas business, which is one of the company's priority strategies, empowering frontline staff, including local hires, will become an issue. As an Audit & Supervisory Committee Member, I will contribute to the sustainable growth of the Company, not only by auditing the appropriateness and validity of the execution of duties by Directors, but also by actively making recommendations for future growth.

Message from the New Directors



Leveraging frontline capabilities and strategic flexibility to gain a competitive advantage, and expecting digitalization, globalization, and the evolution of human resources strategies

When I toured the Group's frontlines, I gained the impression that the Group was rolling out extremely flexible and agile services. The Group provides meticulous responses through the combination of services such as transportation, warehousing, and packaging in response to the needs of our business partners. This gives me a very real sense of the strength of its frontline capabilities. Progress is also being made in automation initiatives, and I sensed the progressiveness of the Company in its pursuit of both efficiency and quality.

Through my own experience in the areas of finance, technology, and governance, I believe that, to achieve sustainable corporate growth, it is essential to balance on-site strengths with strategic flexibility. The Company's business model embodies both of these axes, and I am confident that it will gain a significant competitive advantage as it deploys that model further in Japan and overseas.

The Board of Directors engages in frank and constructive discussions, and I do feel that a sound governance environment has been established. As an Outside Director, I will help to bring new energy to discussions and to raise the quality of decision-making by providing international examples, while taking diverse perspectives into consideration.

As part of its overseas strategy, NIKKON has set a target of achieving an overseas sales ratio of 30% by FY2030. This is a very challenging target, but I appreciate that it accurately captures growth opportunities in the global market. In terms of development through M&A, cultural and operational integration with the acquired companies and the establishment of local governance systems are our key challenges. With regard to management that is conscious of cost of capital, I will evaluate investments based on indicators such as ROIC and make recommendations for improving capital efficiency.

My impression is that NIKKON will need to evolve further in terms of digitalization, globalization, and human resources strategies as it responds to changes in the logistics industry. As an Outside Director, I will serve as a bridge between management and the frontlines and help to strengthen governance that contributes to the enhancement of corporate value.



Expectations of further strengthening of human capital by leveraging the solid financial base and business model

After many years working in key management positions at financial institutions, I took up the position as Outside Director here at NIKKON in June 2025. As a finance specialist, I appreciate that the Company has a strong financial structure and has built a highly competitive business model under the strong leadership of the President, Masakatsu Kuroiwa.

Based on the experience gained through involvement in financing of M&A projects and growth investments, in terms of M&A, which is one of the growth strategies in the current Medium-Term Plan, I have the impression that the company carefully assesses synergies with its existing businesses before implementing M&As, and that this is leading to results.

My assessment is that, by leveraging these strengths, the company has abundant potential to implement various growth strategies with an awareness of ROIC. On the other hand, given the company's strong financing capacity, as well as its abundance of cash on hand, I believe it is necessary to scrutinize each investment closely to determine whether the cost of equity is being considered. Through the activities of the Special Committee established in FY2025, we plan to clarify the results of such scrutiny and promote discussions so that they can be reflected in future management.

While there are no concerns on the funding front, the challenge for the future will be the strengthening of human capital. In the logistics industry in particular, given the external environment where the 2024 problem and personnel shortages are growing in severity, it is vital to strengthen measures to secure personnel, ensure capacity development, and above all, increase employee satisfaction, if we are to respond accurately to customer needs. In other words, I believe that the development of appropriate human resources strategies based on management strategy will be essential to the continuous enhancement of corporate value.

With this awareness of the issues, I will monitor businesses and promote dialogue with management from an objective standpoint, providing strategic advice based on economic trends in Japan and overseas. In this way, I will contribute to the sustained growth of the Company.



Financial and Non-financial Highlights (Fiscal year ended March 31, 2015 - Fiscal year ended March 31, 2025)

	FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Financial data												
Net sales (million yen)	170,076	174,031	179,312	187,819		197,693	199,512	182,536	198,159	212,071	222,324	247,890
Operating profit (million yen)	15,200	17,511	18,130	19,009		20,028	20,890	18,191	19,512	19,580	21,235	23,155
Profit before income taxes (million yen)	18,484	18,247	20,027	21,259		21,730	24,401	21,397	21,637	22,776	23,634	24,140
Profit attributable to owners of parent (million yen)	12,312	11,875	13,468	14,545		14,768	16,721	14,544	14,741	15,913	16,608	16,550
Total assets (million yen)	243,457	254,298	280,079	286,559		294,213	297,489	322,139	339,475	360,748	388,446	428,759
Equity (million yen)	155,842	159,179	170,910	182,101		186,338	192,780	207,747	218,478	228,873	245,939	241,627
Depreciation expense (million yen)	7,044	8,216	9,351	9,461		9,712	10,413	10,630	11,237	12,307	12,483	14,926
Total capital investment (million yen)	18,984	33,087	23,216	15,213		25,914	16,548	28,344	28,280	22,226	23,139	27,556
Cash flows from operating activities (million yen)	17,994	19,111	22,757	24,309		25,337	25,901	23,229	28,985	32,547	31,107	27,642
Cash flows from investing activities (million yen)	-5,430	-28,334	-20,984	-22,884		-16,892	-19,867	-25,402	-31,567	-22,548	-24,340	-53,978
Cash flows from financing activities (million yen)	-3,296	1,621	6,987	-8,330		-11,659	-584	1,473	759	-208	-4,408	19,076
Equity ratio (%)	64.0	62.6	61.0	63.5		63.3	64.8	64.5	64.4	63.4	63.3	56.4
Operating profit ratio (%)	8.9	10.1	10.1	10.1		10.1	10.5	10.0	9.8	9.2	9.6	9.3
ROA (%)	5.2	4.8	5.0	5.1		5.1	5.7	4.7	4.5	4.5	4.4	4.1
ROE (%)	8.1	7.5	8.2	8.2		8.0	8.8	7.3	6.9	7.1	7.0	6.8
Annual dividend per share (yen)	54	53	60	65		67	76	67	69	99	105	54*
Earnings per share (EPS) (yen)	179.67	175.73	199.22	215.30		221.03	254.01	221.26	224.41	246.61	260.99	133.99*
Book value per share (BPS) (yen)	2,306.28	2,355.31	2,529.33	2,702.46		2,810.70	2,932.77	3,160.46	3,334.70	3,566.33	3,899.85	1,998.82*
Dividend payout ratio (%)	30.1	30.2	30.1	30.2		30.3	29.9	30.3	30.7	40.1	40.1	40.3

* Effective October 1, 2024, we conducted a two-for-one stock split of our common stock. Annual dividend per share, EPS and BPS for the fiscal year ended March 31, 2025 are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

Non-financial data

Number of Group employees	—	18,373	19,965	20,163		20,333	20,465	20,205	20,582	20,243	19,221	19,328
	Male	—	9,143	9,322	9,425		9,645	9,605	9,493	9,498	9,511	9,686
	Overseas	—	5,355	6,299	6,033		5,781	5,944	5,865	6,085	5,760	4,509
	Female	—	1,593	1,714	1,805		1,936	2,017	2,057	2,132	2,187	2,437
	Overseas	—	2,282	2,630	2,900		2,971	2,899	2,790	2,867	2,785	2,342
Number of vehicles owned by the Group	Japan	—	3,575	3,630	3,658		3,661	3,695	3,750	3,858	3,789	4,009
	Overseas	—	758	703	688		782	757	756	773	760	912
Group warehouse area (m ²)	Japan	—	1,524,592.12	1,661,321.89	1,654,463.78		1,775,386.65	1,810,474.18	1,877,006.74	1,940,010.60	2,012,078.22	2,049,361.92
	Overseas	—	320,924.00	373,859.00	395,482.65		432,690.25	469,169.90	474,877.34	492,840.74	492,840.74	595,243.54
CO ₂ emissions (Scope 1 + 2 combined) (t-CO ₂)	—	—	—	—		—	—	—	—	180,048	177,732	169,313

Group Companies

Outline of Domestic and Overseas Business Locations (as of March 31, 2025)

JAPAN Business bases | **51** subsidiaries and affiliates

General logistics

- NIPPON KONPO UNYU SOKO CO., LTD.
- Subsidiaries**
 - NIKKON HOKUBUTSU CO., LTD.
 - NIKKON MATSUYAMA CO., LTD.
 - SAYAMA NIKKON CO., LTD.
 - FUJISAWA NIKKON CO., LTD.
 - MATSUMOTO NIKKON CO., LTD.
 - GUNMA NIKKON CO., LTD.
 - CHIBA NIKKON CO., LTD.
 - NAGOYA NIKKON CO., LTD.
- NIPPON RIKUSO CO., LTD.
- NIPPON UNYU CO., LTD.
- Subsidiaries**
 - OTA INTERNATIONAL CARGO TERMINAL CO., LTD. (OICT) (Air and sea freight forwarding business)
- MEIKON CO., LTD.
- ITO-EXPRESS CO., LTD.
- Subsidiaries**
 - ITO-AUTO MECHANICS CO., LTD
 - SETO JIDOUSHA UNSOU CO., LTD
- CHUETSUTECH CO., LTD.
- Subsidiaries**
 - SAPPORO SHINBUN YUSO CO., LTD.
 - CHUETSU YUSOU CO., LTD.
- NIKKON KYUSHU CO., LTD.
- CHUGOKU BUTSURYU SERVICE CO., LTD.
- MATSUHISA SOUGOU CO., LTD
- NIKKON RYOMO CO., LTD.

- RYOJI UNYU CO., LTD.
- NIKKON KITAKYU CO., LTD.

- NIKKON LOGISTICS CO., LTD.
- NIKKON TOHOKU CO., LTD.
- OGAWA NIKKON CO., LTD.
- NIIGATA NIKKON CO., LTD.
- SUZUKA NIKKON CO., LTD.
- SENDAI NIKKON CO., LTD.
- KANAZAWA NIKKON CO., LTD.

- NIKKON MOVING CO., LTD. (Moving/Office relocation)
- NIKKON INFORMATION SYSTEMS CO., LTD. (System development)
- GINZA CONSULTING CO., LTD. (Consulting)
- TSUKIJI REAL ESTATE CO., LTD. (Real estate brokerage/Real estate consultant)
- MP CO., LTD. (Production and sale of corrugated board products)
- KOGA KANKYO SERVICE CO., LTD. (Public garbage collection services/Collection and transportation of general and industrial wastes)
- CHUOH PACK INDUSTRY CO., LTD. (Production and sale of corrugated board products)
- Subsidiaries**
 - CHUOH KOSAN CO., LTD.
 - CHUOH CONTAINER CO., LTD.

Shipping

TRANSPORT JAPAN CO., LTD (First Class Consigned Freight Forwarding Business)

Testing

- AUTO TECHNIC JAPAN CO., LTD.
- TECHNIC SERVICE CO., LTD.

GLOBAL Business bases | **34** subsidiaries and affiliates in **9** countries

United States

- NK PARTS INDUSTRIES, INC.
- NK AMERICA, INC.
- NKA TRANSPORTATION, INC.
- NKA LOGISTICS, INC.
- NKA CUSTOMS SERVICE, INC.
- AUTO TECHNIC AMERICAS, INC.
- NK NORTH AMERICA INC.
- SUPREME AUTO TRANSPORT, LLC
- SUPREME EQUIPMENT COMPANY, LLC

Mexico

- NKP MEXICO, S.A. DE C.V.
- NK LOGISTICA MEXICO, S.A. DE C.V.

Thailand

- A.N.I. LOGISTICS, LTD.
- A.N.I. TRANSPORT, LTD.
- NIPPON KONPO (THAILAND) CO., LTD.
- SIAM AUTO TECHNIC CO., LTD.

Vietnam

- NIPPON KONPO VIETNAM CO., LTD.
- NIPPON KONPO HOCHIMINH INC.
- NKV LOGISTICS LTD.
- NIPPON KONPO VIETNAM REAL ESTATE CO., LTD.

Indonesia

- PT.NIPPON KONPO INDONESIA
- PT.NK INDO LOGISTIK
- PT.NKI GUDANG KEMAS

Philippines

- NIPPON KONPO PHILIPPINES, INC.

China

- NIKKON LOGISTICS CHINA CO., LTD.
- NIKKON CHONGQING LOGISTICS CO., LTD.
- FUTIAN NIKKON LOGISTICS (GUANGZHOU) CO., LTD.
- GUANGZHOU DONGFENG NIKKON LOGISTICS CO., LTD.

India

- NIPPON KONPO INDIA PRIVATE LTD.
- KOLAR LOGISTICS AGENT PRIVATE LTD.
- TAPUKARA LOGISTICS AGENT PRIVATE LTD.

Malaysia

- NIPPON KONPO (MALAYSIA) SDN. BHD.
- NKM LOGISTICS SDN. BHD.
- CHUOH PACK (MALAYSIA) SDN.BHD.
- MC PACK (MALAYSIA) SDN.BHD.

Company Profile and Stock Information

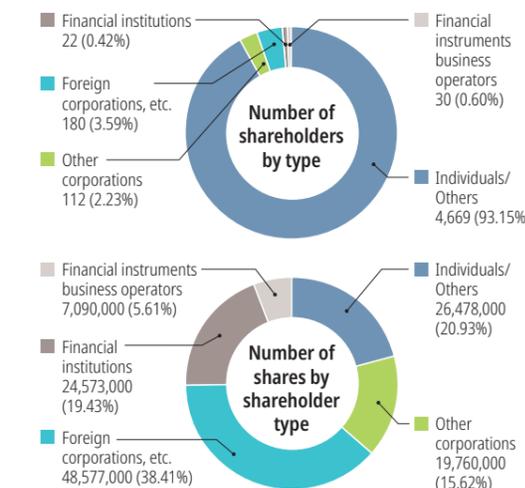
Company Profile (as of March 31, 2025)

Company name	NIKKON Holdings Co., Ltd.
Established	August 27, 1953
Capital stock	11,316 million yen
Website	https://www.nikkon-hd.co.jp/en/
Number of Group companies	85 (80 subsidiaries and 5 affiliates)

Stock Information (as of March 31, 2025)

Shares status	Total number of authorized shares	304,000,000
	Total number of issued shares	126,479,784
	Trading unit	100
	Number of shareholders	5,013

Distribution of shareholders



(Note) The treasury shares are included in the category "Individuals and Others."

Reflecting Our Thoughts in the Logo



Shareholder	No. of shares held (thousand)	Shareholding ratio (%)
GOLDMAN, SACHS & CO.REG	20,994	17.35
The Master Trust Bank of Japan, Ltd. (trust account)	12,819	10.59
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	6,280	5.19
General Incorporated Association Kuroiwa-kai	5,120	4.23
Honda Motor Co., Ltd.	4,898	4.04
Panicum Funding Ltd.	4,000	3.30
Isuzu Motors Limited	3,385	2.79
JPMorgan Securities Japan Co., Ltd.	3,277	2.70
NIKKON Holdings Employees' Shareholding Association	2,561	2.11
Nippon Life Insurance Company	2,542	2.10

(Notes) 1. The treasury shares are excluded from the calculation of shareholding ratios.
2. NIKKON Holdings Co., Ltd. implements a stock remuneration program. The treasury shares do not include 98,400 shares of NIKKON Holdings held by the Custody Bank of Japan, Ltd. (trust account) as assets in trust for this program.