



Independent Auditor's Report

Japan Transcity Corporation

For the Years ended March 31,
2024 and 2023

KPMG AZSA LLC
July 2024

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Independent auditor's report

To the Board of Directors of Japan Transcity Corporation:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Japan Transcity Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's determination of the accounting period in which operating revenue from Integrated Logistics Services was recognized

The key audit matter	How the matter was addressed in our audit
Japan Transcity Corporation (hereinafter, the "Company") and its consolidated subsidiaries (collectively referred to as the "Group") provide various services to customers,	The primary procedures we performed to assess the appropriateness of the accounting period in which operating revenue from the Integrated Logistics Services was recognized included the following:

including storage of goods, cargo handling and logistics processing, as well as stevedoring, domestic transportation and international multimodal transportation. These services are provided to customers as a package and are called the “Integrated Logistics Services.” Operating revenue from the Integrated Logistics Services amounted to ¥120,539 million for the year ended March 31, 2024, representing approximately 98.4% of total operating revenue.

As described in Notes to Consolidated Financial Statements Note 2(l), “Summary of Significant Accounting Policies - Accounting policy for recognition of revenues and expenses,” revenue from the Integrated Logistics Services is recognized primarily over a period of time based on the progress towards complete satisfaction of the related performance obligations.

As operating revenue from the Integrated Logistics Services arises mainly from transactions in which the Group stores and transports goods deposited by customers, processing those transactions is routine in nature and fees are calculated by multiplying the unit selling prices agreed with customers by the transaction volume. Further, as journal entries are basically generated once sales data is automatically transferred from each warehouse/transportation system through the sales management system to the accounting system, there is little room for discretion when journal entries related to operating revenue are generated. Therefore, the risk of incorrect revenue recognition is deemed to be relatively low.

However, the Company also has a process of manually recognizing operating revenue for certain transactions in which services have been rendered but not yet billed to customers as of the end of an accounting period.

We, therefore, determined that our assessment of the appropriateness of the accounting period for operating revenue from the Integrated Logistics Services recognized manually was of most significance in our

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of recognizing operating revenue from the Integrated Logistics Services. In this assessment, we focused our testing on the following controls:

- Controls where manual journal entries for recognizing operating revenue are approved by the superior in each branch or business unit that has recognized the operating revenue and then checked by the administrative division at the headquarters independent of the branch and business unit through comparison with supporting documents.

(2) Assessment of the appropriateness of the accounting period for manually prepared journal entries related to operating revenue

The primary procedures to assess the appropriateness of the accounting period for manually prepared journal entries related to operating revenue included the following:

- ① compared sales data in the accounting system with those in the sales management system and evaluated the consistency of the variance between these two sets of data with the data of manually prepared journal entries; and
- ② made inquiries about the details of the manually prepared journal entries related to operating revenue and assessed whether operating revenue was recognized accurately in the proper accounting period by comparing, for a selection of journal entries that satisfied certain conditions, with internal documents and external evidence we individually obtained.

audit of the consolidated financial statements for the current fiscal year and, accordingly, a key audit matter.	
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Other Information

The other information comprises the information included in the Consolidated Financial Statements, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the Board of Corporate Auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the corporate auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the corporate auditors and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 57 million yen and 8 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kuniyoshi Iwata

Designated Engagement Partner

Certified Public Accountant

Masaki Yamada

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

July 31, 2024

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current assets:			
Cash and cash equivalents (Note 3)	¥ 21,508	¥ 19,515	\$ 142,437
Short-term investments (Notes 3 and 4)	486	299	3,218
Notes and accounts receivable trade and contract assets (Note 3 and 13)	18,027	18,718	119,384
Allowance for doubtful accounts	(68)	(67)	(450)
	17,959	18,651	118,934
Inventories	255	206	1,689
Other current assets	3,797	2,906	25,145
Total current assets	44,005	41,577	291,423
Property and equipment:			
Land	35,012	32,292	231,868
Buildings and structures (Note 5)	91,520	79,064	606,093
Machinery and equipment	10,750	9,212	71,192
Vehicles and vessels	9,175	8,757	60,762
Construction in progress	587	983	3,887
Other	9,693	9,229	64,192
Total property and equipment	156,737	139,537	1,037,994
Less accumulated depreciation	(73,262)	(68,901)	(485,179)
Net property and equipment	83,475	70,636	552,815
Investments and other assets:			
Investment securities (Notes 3 and 4)	14,744	9,619	97,642
Investments in unconsolidated subsidiaries and affiliates (Note 3)	8,355	8,101	55,331
Employee retirement benefit asset (Note 6)	6,599	4,125	43,702
Deferred tax assets (Note 10)	994	914	6,583
Other assets	2,163	2,206	14,324
Allowance for doubtful accounts	(12)	(12)	(79)
Total investments and other assets	32,843	24,953	217,503
Total assets	¥ 160,323	¥ 137,166	\$ 1,061,741

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current liabilities:			
Short-term borrowings (Notes 3 and 5)	¥ 2,370	¥ 2,458	\$ 15,695
Current maturities of long-term debt (Notes 3 and 5)	2,251	5,174	14,907
Trade payables (Note 3)	9,654	10,472	63,934
Accrued expenses	2,221	1,947	14,709
Income taxes payable	359	1,417	2,377
Other current liabilities (Note 5 and 13)	2,828	3,660	18,729
Total current liabilities	19,683	25,128	130,351
Long-term liabilities:			
Bonds Payable	8,000	-	52,980
Long-term debt (Notes 3 and 5)	29,092	20,043	192,662
Employee retirement benefit liability (Note 6)	2,131	2,134	14,113
Guarantee deposits received (Note 3)	2,032	2,075	13,457
Deferred tax liabilities for revaluation	3,695	3,695	24,470
Deferred tax liabilities (Note 10)	4,750	2,155	31,457
Other long-term liabilities (Note 5)	1,735	2,194	11,490
Total long-term liabilities	51,435	32,296	340,629
Total liabilities	71,118	57,424	470,980
Commitments and contingent liabilities (Notes 8 and 9)			
Net assets (Note 7):			
Shareholders' equity:			
Common stock: 240,000,000 shares authorized and 67,142,417 shares issued	8,428	8,428	55,815
Capital surplus	6,870	6,823	45,496
Retained earnings	63,195	59,333	418,510
Less treasury stock, at cost: 3,597,194 shares in 2024 and 2,897,602 shares in 2023	(1,643)	(1,155)	(10,881)
Total shareholders' equity	76,850	73,429	508,940
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	6,726	3,143	44,543
Land revaluation decrement	(1,364)	(1,364)	(9,033)
Foreign currency translation adjustments	1,356	822	8,980
Retirement benefit adjustment (Note 6)	1,952	580	12,927
Total accumulated other comprehensive income	8,670	3,181	57,417
Noncontrolling interests	3,685	3,132	24,404
Total net assets	89,205	79,742	590,761
Total liabilities and net assets	¥ 160,323	¥ 137,166	\$ 1,061,741

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Operating revenue (Note 13 and 14)	¥ 122,555	¥ 134,064	\$ 811,622
Operating costs and expenses			
(Notes 6 and 9)	116,314	126,814	770,291
Operating income	6,241	7,250	41,331
Other income (expenses):			
Interest and dividend income	495	485	3,278
Interest expenses	(134)	(109)	(887)
Interest expenses on bonds	(32)	-	(212)
Bond issuance costs	(44)	-	(291)
Equity in net earnings of unconsolidated subsidiaries and affiliates	632	950	4,185
Gain (loss) on sale or disposal of property and equipment	(62)	(56)	(411)
Impairment loss on fixed assets	(326)	-	(2,159)
Others, net	249	430	1,649
	778	1,700	5,152
Income before income taxes	7,019	8,950	46,483
Income taxes (Note 10):			
Current	1,698	2,518	11,245
Deferred	372	(95)	2,464
Total income taxes	2,070	2,423	13,709
Net income	4,949	6,527	32,774
Net income attributable to noncontrolling interests	316	372	2,092
Net income attributable to owners of the Company	¥ 4,633	¥ 6,155	\$ 30,682
	Yen		U.S. dollars
Per share:			
Net income	¥ 72.53	¥ 95.73	\$ 0.48
Cash dividends (Note 7)	13.0	11.5	0.09

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Net income	¥ 4,949	¥ 6,527	\$ 32,774	
Other comprehensive income (Note 11):				
Net unrealized gains on available-for-sale securities	3,599	434	23,834	
Foreign currency translation adjustments	713	688	4,722	
Retirement benefit adjustment	1,371	29	9,080	
Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using equity method	20	28	133	
Total other comprehensive income	5,703	1,179	37,769	
Comprehensive income	<u>¥ 10,652</u>	<u>¥ 7,706</u>	<u>\$ 70,543</u>	
Comprehensive income attributable to:				
Owners of the Company	¥ 10,123	¥ 7,143	\$ 67,040	
Noncontrolling interests	529	563	3,503	

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2024 and 2023

For the Years Ended March 31, 2024 and 2023															
	Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income							Minority interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for- sale securities	Land revaluation decrement	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income				
												Millions of yen			
Balance at April 1, 2022	67,142,417	¥ 8,428	¥ 6,822	¥ 53,884	¥ (1,119)	¥ 68,015	¥ 2,710	¥ (1,364)	¥ 297	¥ 551	¥ 2,194	¥ 2,570	¥ 72,779		
Cumulative effects of changes in accounting policies	-	-	-	1	-	1	-	-	-	-	-	3	4		
Restated balance	-	8,428	6,822	53,885	(1,119)	68,016	2,710	(1,364)	297	551	2,194	2,573	72,783		
Net income attributable to owners of the Company	-	-	-	6,155	-	6,155	-	-	-	-	-	-	6,155		
Cash dividends	-	-	-	(707)	-	(707)	-	-	-	-	-	-	(707)		
Disposal of treasury stock and fractional shares, net of purchase	-	-	-	-	(36)	(36)	-	-	-	-	-	-	(36)		
Purchase of additional shares of consolidated subsidiaries	-	-	1	-	-	1	-	-	-	-	-	-	1		
Net changes other than changes in shareholders' equity	-	-	-	-	-	-	433	-	525	29	987	559	1,546		
Balance at March 31, 2023	67,142,417	¥ 8,428	¥ 6,823	¥ 59,333	¥ (1,155)	¥ 73,429	¥ 3,143	¥ (1,364)	¥ 822	¥ 580	¥ 3,181	¥ 3,132	¥ 79,742		
Net income attributable to owners of the Company	-	-	-	4,633	-	4,633	-	-	-	-	-	-	4,633		
Cash dividends	-	-	-	(769)	-	(769)	-	-	-	-	-	-	(769)		
Change in scope of consolidation	-	-	-	(2)	-	(2)	-	-	-	-	-	28	26		
Disposal of treasury stock and fractional shares, net of purchase	-	-	40	-	(488)	(448)	-	-	-	-	-	-	(448)		
Purchase of additional shares of consolidated subsidiaries	-	-	7	-	-	7	-	-	-	-	-	-	7		
Net changes other than changes in shareholders' equity	-	-	-	-	-	-	3,583	-	534	1,372	5,489	525	6,014		
Balance at March 31, 2024	67,142,417	¥ 8,428	¥ 6,870	¥ 63,195	¥ (1,643)	¥ 76,850	¥ 6,726	¥ (1,364)	¥ 1,356	¥ 1,952	¥ 8,670	¥ 3,685	¥ 89,205		
Thousands of U.S. dollars															
Balance at March 31, 2023		\$ 55,815	\$ 45,185	\$ 392,934	\$ (7,649)	\$ 486,285	\$ 20,814	\$ (9,033)	\$ 5,444	\$ 3,841	\$ 21,066	\$ 20,742	\$ 528,093		
Net income attributable to owners of the Company		-	-	30,682	-	30,682	-	-	-	-	-	-	30,682		
Cash dividends		-	-	(5,093)	-	(5,093)	-	-	-	-	-	-	(5,093)		
Change in scope of consolidation		-	-	(13)	-	(13)	-	-	-	-	-	185	172		
Disposal of treasury stock and fractional shares, net of purchase		-	265	-	(3,232)	(2,967)	-	-	-	-	-	-	(2,967)		
Purchase of additional shares of consolidated subsidiaries		-	46	-	-	46	-	-	-	-	-	-	46		
Net changes other than changes in shareholders' equity		-	-	-	-	-	23,729	-	3,536	9,086	36,351	3,477	39,828		
Balance at March 31, 2024		\$ 55,815	\$ 45,496	\$ 418,510	\$ (10,881)	\$ 508,940	\$ 44,543	\$ (9,033)	\$ 8,980	\$ 12,927	\$ 57,417	\$ 24,404	\$ 590,761		
See accompanying Notes to Consolidated Financial Statement															

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash flows from operating activities:			
Income before income taxes	¥ 7,019	¥ 8,950	\$ 46,483
Adjustments for:			
Depreciation	5,098	5,309	33,762
Impairment loss on fixed assets	326	-	2,159
Net change in employee retirement benefit asset/liability	(515)	(119)	(3,411)
Gain (loss) on sale or disposal of property and equipment	62	56	411
Equity(income) of unconsolidated subsidiaries and affiliates	(632)	(950)	(4,185)
Decrease (increase) in trade receivables	1,180	8	7,814
Decrease (increase) in inventories	(48)	(23)	(318)
Increase (decrease) in trade payables	(1,282)	21	(8,490)
Changes in consumption taxes payable/consumption taxes refund receivable	(1,112)	(245)	(7,364)
Others, net	(635)	(181)	(4,205)
Subtotal	9,461	12,826	62,656
Interest and dividends received	920	1,008	6,093
Interest paid	(145)	(111)	(960)
Income taxes paid	(2,953)	(2,127)	(19,557)
Net cash provided by operating activities	7,283	11,596	48,232
Cash flows from investing activities:			
Increase in property and equipment and intangible assets	(18,010)	(3,526)	(119,272)
Decrease in property and equipment and intangible assets	35	35	232
Decrease (increase) in short-term investments	(169)	610	(1,119)
Others, net	109	(85)	722
Net cash used in investing activities	(18,035)	(2,966)	(119,437)
Cash flows from financing activities:			
Increase in long-term debt	11,300	5,800	74,835
Repayment of long-term debt	(5,174)	(7,894)	(34,265)
Net increase (decrease) in short-term borrowings	-	88	-
Proceeds from issuance of bonds	7,956	-	52,689
Dividends paid	(769)	(707)	(5,093)
Decrease (increase) in treasury shares	(565)	-	(3,742)
Others, net	(544)	(545)	(3,603)
Net cash used in financing activities	12,204	(3,258)	80,821
Effect of exchange rate changes on cash and cash equivalents	527	406	3,490
Net increase in cash and cash equivalents	1,979	5,778	13,106
Cash and cash equivalents at beginning of year	19,515	13,737	129,238
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	14	-	93
Cash and cash equivalents at end of year	¥ 21,508	¥ 19,515	\$ 142,437

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of Japan Transcity Corporation (the “Company”) and its consolidated subsidiaries (together with the Company, the “Japan Transcity Group”) have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

Comparative figures have been reclassified to conform to the current year’s presentation.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was approximately ¥151 to US\$1.00. Such translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in certain unconsolidated subsidiaries and significant affiliates are accounted for using the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for using the equity method are stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of acquisition, are principally deferred as goodwill and amortized over five years or recognized as gain on negative goodwill.

The numbers of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2024 and 2023 were as follows.

	2024	2023
Consolidated subsidiaries:		
Domestic	26	25
Overseas	9	9
Unconsolidated subsidiaries and affiliates accounted for using the equity method	9	9
Unconsolidated subsidiaries stated at cost	8	10
Affiliates stated at cost	8	6

All intercompany accounts and transactions have been eliminated on consolidation.

The accompanying consolidated financial statements include the accounts of the overseas consolidated subsidiaries (nine subsidiaries in 2024 and 2023, respectively). These overseas consolidated subsidiaries close their books at December 31, which is three months earlier than the closing of the books of the Company and its domestic consolidated subsidiaries. The Company consolidated its overseas subsidiaries' financial statements as of their year-end date. Significant transactions for the period between the subsidiaries' year-end date and the Company's year-end date have been adjusted on consolidation.

Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" issued by the Accounting Standards Board of Japan ("ASBJ") (Practical Issues Task Force ("PITF") No. 18) generally requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances be unified for the preparation of the consolidated financial statements. As a tentative measure, however, PITF No. 18 allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles (GAAP). In this case, adjustments for the following five items are required in the consolidation process so that their impact on net income is accounted for in accordance with Japanese GAAP, unless such impact is immaterial.

- (a) Goodwill not subject to amortization
- (b) Actuarial gains and losses of defined benefit retirement plans recognized outside profit or loss
- (c) Capitalized expenditures for research and development activities
- (d) Fair value measurement of investment properties and revaluation of property and equipment and intangible assets
- (e) Financial Instruments to reclassify amounts equivalent to gains or losses on disposal or losses on impairment of the equity instruments to profit or loss for the period as a reclassification adjustment on consolidation.

For the consolidation purposes of the Company, the accounts of the Company's overseas consolidated subsidiaries have been prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments having been made for the five items specified above as needed.

(b) Cash equivalents

The Japan Transcity Group considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(c) Investments and marketable securities

The Japan Transcity Group classifies certain investments in debt and equity securities as “held-to-maturity,” “trading” or “available-for-sale” securities for the purpose of determining the applicable accounting method as stipulated by the accounting standard for financial instruments. Marketable available-for-sale securities with available market quotations are stated at fair value, and net unrealized gains and losses on these securities, net of applicable income taxes, are reported as accumulated other comprehensive income. Gains and losses on the disposition of investments in securities other than equity securities without market prices are computed using the moving average method. Investments in equity securities without market prices and without available market quotations are carried at cost determined by the moving average method. Adjustments in the carrying values of individual securities are charged to income through write-downs when a decline in value is deemed other than temporary.

(d) Accounting for derivatives

Derivatives are valued at fair value if hedge accounting is not appropriate or when there is no hedging designation, and gains and losses on the derivatives are recognized in current earnings. Under the special treatment permitted by the accounting standard for financial instruments, hedging interest rate swaps are accounted for on an accrual basis and recorded net of interest expenses generated from the hedged borrowings if certain conditions are met.

(e) Inventories

Inventories consist of supplies and others. Inventories are stated at the lower of cost, determined by the moving average method, or net realizable value.

(f) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for certain doubtful or troubled receivables at the aggregate amount of estimated credit losses based on individual financial reviews. For other receivables, a general reserve calculated based on historical loss experience for a certain past period is provided.

(g) Property and equipment, and depreciation, except for leases

Property and equipment, including significant renewals and additions, are stated at cost and depreciated using straight-line method over the estimated useful life of the asset. Expenditures on maintenance and repairs are charged to operating income as incurred. The capital gains directly offset against the acquisition costs of tangible fixed assets to obtain tax benefits at March 31, 2024 and 2023 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Building	¥ 100	¥ 100	\$ 662
Land	100	100	662

(h) Accounting for leases

Assets of finance leases that transfer ownership of the leased property to the lessee are depreciated using the same method used for nonlease property. Assets of finance leases that do not transfer ownership of the leased property to the lessee are capitalized and depreciated over the lease term using the straight-line method with the assumption that the residual value, or guaranteed residual value when set by agreement, is zero.

(i) Accounting standard for impairment of fixed assets

The Company and its domestic consolidated subsidiaries have adopted the “Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Council of Japan and the related practical guidance issued by ASBJ. The standard requires that a fixed asset be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment loss is to be recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, measured at the higher of net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are to be grouped at the lowest level for which there are identifiable cash flows separate from those of other groups of assets. For the purpose of recognition and measurement of impairment loss, fixed assets other than idle or unused property are grouped principally into cash generating units such as regional business divisions.

While no impairment loss was recorded for the year ended March 31, 2023, the Japan Transcity Group recognized impairment loss for mainly for the following properties for the year ended March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Buildings and structures	¥ 68	¥ -	\$ 450
Other	258	-	1,709
	¥ 326	¥ -	\$ 2,159

(j) Revaluation of land

In accordance with the Law Concerning Revaluation of Land (the “Revaluation Law”), the Company elected a one-time revaluation to restate the cost of land used for the Company’s business at values rationally reassessed effective March 31, 2002, reflecting adjustments for land shape and other factors and based on municipal property tax bases. In accordance with the Revaluation Law, an amount equivalent to the tax effect on the difference between the original book value and the reassessed value was recorded as deferred tax liability under the revaluation account. The remaining difference, net of the tax effects, was recorded as a land revaluation decrement account included in accumulated other comprehensive income in the accompanying consolidated balance sheets. At March 31, 2024 and 2023, the differences in the carrying value of land used for the Company’s business after reassessment over the current market value at the fiscal year-end amounted to ¥7,643 million (\$50,616 thousand) and ¥8,455 million, respectively.

(k) Employee retirement benefits

Employees who terminate their service with the Japan Transcity Group are entitled to retirement benefits generally determined by current basic rates of pay, length of service and conditions under which the termination has occurred.

In accordance with the accounting standard for employee retirement benefits, the Japan Transcity Group recognizes retirement benefits for employees, including pension costs and related liabilities, based on the actuarial present value of retirement benefit obligation using the actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end. In calculating retirement benefit obligations, the Company has adopted the benefit formula basis as the method for attributing the expected retirement benefits to accounting periods. Some consolidated subsidiaries provide accrued retirement benefits for their employees mainly at the amounts of the projected benefit obligations calculated using the simplified method as permitted by the accounting standard for retirement benefits.

Actuarial differences arising from changes in the retirement benefit obligation or pension plan assets not anticipated under previous assumptions or from changes in the assumptions themselves that are yet to be recognized are amortized on a straight-line basis over ten years, a period not exceeding the average remaining service period of employees, from the year following the year in which they arise. Past service costs that are yet to be recognized are amortized on a straight-line basis over ten years, a period not exceeding the average remaining service period of the employees, from the year in which such costs arise. Actuarial differences and past service costs that are yet to be recognized in profit or loss have been recognized as retirement benefit adjustment under a component of accumulated other comprehensive income within the net assets section, after adjusting for tax effects, and the difference between retirement benefit obligations and plan assets has been recognized as employee retirement benefit liability or asset, without any adjustments, in the accompanying consolidated balance sheets.

(l) Accounting policy for recognition of revenue and expenses

The Japan Transcity Group recognizes revenue in the amount it expects to receive in exchange for promised goods or services when the control of those goods or services is transferred to customers. The main performance obligations of integrated logistics services, which is our group's main business, are storage and transportation services. Revenue from contracts with customers is recognized primarily over a period of time and according to the progress of the services provided.

(m) Translation of foreign currency accounts

Receivables, payables and securities other than stocks of subsidiaries and certain other securities are translated into Japanese yen at year-end exchange rates. Transactions in foreign currencies are recorded at the prevailing exchange rates on the transaction dates. Resulting translation gains and losses are included in current earnings.

For financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the fiscal year-end. All income and expense accounts are translated at the average rates of exchange prevailing during the fiscal year. Translation differences have been reported as foreign currency translation adjustments under a component of accumulated other comprehensive income and noncontrolling interests in the accompanying consolidated balance sheets.

(n) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

(o) Enterprise taxes

The Japan Transcity Group records enterprise taxes based on the “added value” and “capital” amounts when levied as size based corporate taxes for local government enterprise taxes and includes such taxes in operating costs and expenses.

(p) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the board of directors and/or shareholders.

(q) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the fiscal year. Cash dividends per share for each fiscal year in the accompanying consolidated statements of income represent dividends declared by the Company as applicable to the respective years. Diluted net income per share was not presented as of March 31, 2024 or 2023 due to the lack of any dilutive shares.

(r) Change in accounting policy

Amendments to IAS 12

The Japan Transcity Group has adopted the “Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)” issued on May 7, 2021 from the fiscal year under review. The adoption of this standard does not have a significant impact on the consolidated financial statements of the Japan Transcity Group. As the Amendments to IAS 12 have been adopted retrospectively, the information for the previous fiscal year has been restated.

(s) Accounting standards and guidance not yet adopted

Following accounting standards and guidance are those issued but not yet adopted.

- Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022, ASBJ)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No.25, October 28, 2022, ASBJ)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022, ASBJ)

① Overview

Transfer of JICPA's practical guidelines on tax effect accounting to ASBJ was completed with the issuance of standards and guidance including ASBJ Statement No.28, Partial Amendments to Accounting Standard for Tax Effect Accounting (hereinafter collectively referred to as "ASBJ Statement No.28, etc.") in February 2018. During their deliberations, it had been determined that the following two issues would be further discussed subsequent to the issuance of ASBJ Statement No. 28, etc. The above standards and guidance were issued as a result of the discussions on the two issues below:

- Categories in which income tax expense should be recorded (taxes on other comprehensive income)
- Tax effects associated with sales of shares of subsidiaries, etc. (i.e., shares of subsidiaries or affiliates) when the group taxation regime is applied

② Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

③ Effects of application of the standards and guidance

The effects of application of Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements are currently under evaluation.

- Accounting and Disclosure Treatment of Corporate Tax, etc. Related to the Global Minimum Taxation System" (Practical Response Report No. 46, March 22, 2024, Accounting Standards Board of Japan)

① Overview

The standards and guidance were published by the Accounting Standards Board of Japan with the aim of clarifying the accounting and disclosure treatment of corporate and local corporate taxes related to the global minimum taxation system.

② Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

③ Effects of application of the standards and guidance

The effects of application of Accounting and Disclosure Treatment of Corporate Tax, etc. Related to the Global Minimum Taxation System on the consolidated financial statements are currently under evaluation.

3. Fair Values of Financial Instruments

(a) Qualitative information on financial instruments

① Policies for using financial instruments

The Company limits the use of excess funds to short-term deposits and raises funds through bank loans and bond issuances. Derivative instruments are used mainly to hedge against variable interest rate risk and to compensate loss when an earthquake occurs and are not used for speculative purposes.

② Details of financial instruments, risks and risk management system

Trade notes and accounts receivable carry the credit risk of the Company's trading partners. To manage such risk and pursuant to internal regulations of the Company, the due dates and balances of the receivables are managed for each counterparty, and the credit risks of the Company's main trading partners are identified every half year.

Although investments in securities are exposed to market price fluctuation risk, the Company monitors the fair values of the shares of companies with which the Company has business relationships.

Trade notes and accounts payable are due within one year.

Loans payable and short-term borrowings are used mainly to fund operating activities, and long-term debt is used to fund capital investment.

Loans with variable interest rates involve the risk of interest rate fluctuation. For hedging purposes, the Japan Transcity Group is a party to derivative instruments, such as interest rate swap contracts, in the normal course of business to reduce its exposure to fluctuations in interest rates. Evaluating hedge effectiveness has not been required because of the exceptional treatment of interest rate swaps. The Company enters into derivative contracts with financial institutions of high creditworthiness to reduce credit risk.

Guarantee deposits received consist mainly of deposit money for golf club memberships.

The Japan Transcity Group controls liquidity risk associated with operating payables and loans by its cash management systems, which control the funds of the Japan Transcity Group as a whole.

③ Supplemental information on fair values

The contract amounts of derivative instruments under Note 3, "Fair Values of Financial Instruments," do not necessarily represent the market risk of the derivatives themselves.

(b) Fair values of financial instruments at March 31, 2024 and 2023

Carrying amounts, fair values and differences between carrying amounts and fair values of relevant items are as follows:

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2024:			
(1) Investment securities:			
Marketable securities			
(*2)	¥ 14,250	¥ 14,250	¥ -
Total assets	¥ 14,250	¥ 14,250	¥ -
(1) Bonds payable	¥ 8,000	¥ 7,904	¥ (96)
(2) Long-term debt (*3)	31,343	31,109	(234)
(3) Guarantee deposits received:			
Deposits for golf courses	1,899	1,458	(441)
Total liabilities	¥ 41,242	¥ 40,471	¥ (771)

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2023:			
(1) Investment securities:			
Marketable securities			
(*2)	¥ 9,052	¥ 9,052	¥ -
Total assets	¥ 9,052	¥ 9,052	¥ -
(1) Long-term debt (*3)	¥ 25,217	¥ 25,110	¥ (107)
(2) Guarantee deposits received:			
Deposits for golf courses	1,971	1,580	(391)
Total liabilities	¥ 27,188	¥ 26,690	¥ (498)

	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
At March 31, 2024:			
(1) Investment securities:			
Marketable securities			
(*2)	\$ 94,371	\$ 94,371	\$ -
Total assets	\$ 94,371	\$ 94,371	\$ -
(1) Bonds payable	\$ 52,980	\$ 52,344	\$ (636)
(2) Long-term debt (*3)	207,569	206,020	(1,549)
(3) Guarantee deposits received:			
Deposits for golf courses	12,576	9,655	(2,921)
Total liabilities	\$ 273,125	\$ 268,019	\$ (5,106)

(*1) Deposits and short-term receivables and payables are omitted because their fair values approximate their book values.

(*2) At March 31, 2024 and 2023, nonmarketable securities (consolidated balance sheet amount: ¥494million (\$3,271 thousand)) and ¥567 million, respectively, stocks of nonconsolidated subsidiaries and affiliates (consolidated balance sheet amount: ¥8,355million (\$55,331 thousand) and ¥8,101 million, respectively) are not included in "(1) Investment securities: Marketable securities".

(*3) The fair value of Interest-rate swaps under exceptional accounting treatment is included in the fair value of the corresponding long-term debt hedged by the derivative transactions.

Note 1. Scheduled redemption amounts after the fiscal year-end date for monetary claims and securities with maturity periods:

	Due in one year or less	Due after one year	Due in one year or less	Due after one year	Due in one year or less	Due after one year
	Millions of yen				Thousands of U.S. dollars	
	2024		2023		2024	
Cash and cash equivalents	¥ 21,508	¥ -	¥ 19,515	¥ -	\$ 142,437	\$ -
Short-term investments	486	-	299	-	3,218	-
Notes receivable	429	-	388	-	2,841	-
Trade receivables	16,991	-	17,083	-	112,523	-
Total	¥ 39,414	¥ -	¥ 37,285	¥ -	\$ 261,019	\$ -

(c) Fair value information for financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information for financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: fair value measured using observable inputs other than Level 1.

Level 3 fair value: fair value measured using unobservable inputs.

When multiple inputs from different levels are used in measuring fair value, the Company and its subsidiaries classify the fair values at the lowest level from which inputs are used.

	Fair value				
	Millions of yen				
	Level 1	Level 2	Level 3	Total	
At March 31, 2024:					
(1) Investment securities:					
Marketable securities					
Equity securities	¥ 14,240	¥ -	¥ -	¥	14,240
Total assets	¥ 14,240	¥ -	¥ -	¥	14,240
(1) Bonds payable	¥ -	¥ 7,904	¥ -	¥	7,904
(2) Long-term debt	-	31,109	-		31,109
(3) Guarantee deposits					
received: Deposits					
for golf courses	-	1,458	-		1,458
Total liabilities	¥ -	¥ 40,471	¥ -	¥	40,471

	Fair value				
	Millions of yen				
	Level 1	Level 2	Level 3	Total	
At March 31, 2023:					
(1) Investment securities:					
Marketable securities					
Equity securities	¥ 9,042	¥ -	¥ -	¥	9,042
Total assets	¥ 9,042	¥ -	¥ -	¥	9,042
(1) Long-term debt	¥ -	¥ 25,110	¥ -	¥	25,110
(2) Guarantee deposits received: Deposits for golf courses	-	1,580	-		1,580
Total liabilities	¥ -	¥ 26,690	¥ -	¥	26,690

	Fair value			
	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2024:				
(1) Investment securities:				
Marketable securities				
Equity securities	\$ 94,305	\$ -	\$ -	\$ 94,305
Total assets	<u>\$ 94,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,305</u>
(1) Bonds payable	\$ -	\$ 52,344	\$ -	\$ 52,344
(2) Long-term debt	-	206,020	-	206,020
(3) Guarantee deposits				
received: Deposits				
for golf courses	-	9,655	-	9,655
Total liabilities	<u>\$ -</u>	<u>\$ 268,019</u>	<u>\$ -</u>	<u>\$ 268,019</u>

(Note) Valuation techniques and inputs used in measuring fair values

Bonds payable

The total amount of the principal and interest is calculated using the discounted cash flows method based on the interest rate, with credit risk added, in accordance with the remaining period of the bonds payable, and is classified as Level 2 fair value.

Long-term debt

The total amount of principal and interest is calculated by the discounted present value method based on the interest rate, with credit risk added, in accordance with the remaining period of the debt, and is classified as Level 2 fair value. Long-term loans payable with floating interest rates are subject to the special treatment of interest rate swaps and are calculated using the total amount of principal and interest processed together with the interest rate swaps.

Deposits for golf courses

Deposits for golf courses are calculated using the discounted present value method based on future cash flows calculated based on an assumed repayment period and interest rates that take credit risk into account and are classified as Level 2 fair value.

Derivatives

- ① At March 31, 2024 and 2023, derivative transactions to which hedge accounting was not applied comprised a derivative contract related to earthquakes with an outstanding contract amount of ¥400 million (\$2,649 thousand) and ¥400 million, respectively. As the fair value for the contract was not considered determinable, the contract was not accounted for at fair value.
- ② Derivative transactions to which hedge accounting was applied and for which the contract amounts or amounts equivalent to the principal set forth in the contracts as of the fiscal year-end date were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Contract amount (*1)	¥ 2,000	¥ 2,000	\$ 13,245
Contract amount due after one year included in (*1)	2,000	2,000	13,245
Fair value	(*2)	(*2)	(*2)
(*1) Method of hedge accounting applied: exceptional treatment for interest rate swaps Type of derivative transaction: interest rate swap (fixed rate payment, floating rate receipt) Hedged item: long-term debt			
(*2) The fair value of interest rate swaps accounted for under exceptional accounting treatment is included in the fair value of the hedged item because the interest rate swaps are accounted for as an integral part of the hedged item.			

4. Investments

At March 31, 2024 and 2023, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2024 and 2023, investment securities consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Marketable securities:			
Equity securities	¥ 14,240	¥ 9,042	\$ 94,305
Other	10	10	66
	14,250	9,052	94,371
Other nonmarketable securities	494	567	3,271
	¥ 14,744	¥ 9,619	\$ 97,642

Marketable investment securities classified as available-for-sale securities are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within net assets until realized. At March 31, 2024 and 2023, gross unrealized gains and losses for marketable securities classified as available-for-sale securities were as follows.

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
Available-for-sale securities at March 31, 2024:				
Equity securities	¥ 4,480	¥ 9,813	¥ (53)	¥ 14,240
Other	8	2	-	10
	¥ 4,488	¥ 9,815	¥ (53)	¥ 14,250
Available-for-sale securities at March 31, 2023:				
Equity securities	¥ 4,435	¥ 4,712	¥ (105)	¥ 9,042
Other	9	1	-	10
	¥ 4,444	¥ 4,713	¥ (105)	¥ 9,052
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
Available-for-sale securities at March 31, 2024:				
Equity securities	\$ 29,669	\$ 64,987	\$ (351)	\$ 94,305
Other	53	13	-	66
	\$ 29,722	\$ 65,000	\$ (351)	\$ 94,371

5. Short-term Borrowings, Long-term Debt and Collateral

At March 31, 2024 and 2023, short-term borrowings consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unsecured short-term bank loans and bank overdrafts with interest rates ranging from 0.24% to 0.44% per annum at March 31, 2024	¥ 2,370	¥ 2,458	\$ 15,695

At March 31, 2024 and 2023, long-term debt consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
0.51% bonds payable due June 2028	8,000	-	52,980
Unsecured long-term loans from banks and other financial institutions due through 2031 with interest rates ranging from 0.18% to 2.375% per annum at March 31, 2024	31,343	25,217	207,569
	39,343	25,217	260,549
Less portions with current maturities	(2,251)	(5,174)	(14,907)
	¥ 37,092	¥ 20,043	\$ 245,642

The aggregate amounts of long-term debt due annually at March 31, 2024 were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 2,251	\$ 14,907
2026	1,939	12,841
2027	8,954	59,298
2028	6,422	42,530
2029	11,800	78,145
2030 and thereafter	7,977	52,828
	¥ 39,343	\$ 260,549

At March 31, 2024, aggregate amounts of long-term lease obligations included in other current liabilities and other long-term liabilities due annually were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 345	\$ 2,285
2026	134	887
2027	41	272
2028	13	86
2029	10	66
2030 and thereafter	12	79
	¥ 555	\$ 3,675

At March 31, 2024 and 2023, the following assets were pledged as collateral for current and noncurrent payables.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Buildings	¥ 4,195	¥ 4,452	\$ 27,781

As is customary in Japan, substantially all loans from banks, including short-term loans, are made under general agreements which provide that at the request of the relevant bank the Japan Transcity Group is required to provide collateral or guarantees or additional collateral or guarantees as appropriate with respect to loans and that all assets pledged as collateral under such agreements will be used as collateral for all present and future indebtedness to the bank concerned. The Japan Transcity Group has not received any such request. The general agreements further provide that the banks have the right, as indebtedness matures or becomes due prematurely by reason of default, to offset any deposits at the banks against any indebtedness due.

6. Employee Retirement Benefits

The Company has defined benefit retirement plans. Some of the consolidated subsidiaries have defined benefit plans to which the simplified method is applied. In addition, some consolidated subsidiaries have defined contribution pension plans under certain pension funds organized by third parties.

The following tables reconcile the retirement benefit liability (asset) and retirement benefit costs as of and for the years ended March 31, 2024 and 2023.

Defined benefit plans except those to which the simplified method has been applied:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Movement in retirement benefit obligations:			
Balance at beginning of year	¥ 8,099	¥ 8,259	\$ 53,636
Service cost	408	417	2,702
Interest cost	42	19	278
Actuarial differences	(229)	(188)	(1,517)
Benefits paid	(464)	(410)	(3,073)
Other	(4)	2	(26)
Balance at end of year	¥ 7,852	¥ 8,099	\$ 52,000
	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Movement in plan assets:			
Balance at beginning of year	¥ 11,113	¥ 11,092	\$ 73,596
Expected return on plan assets	224	223	1,484
Actuarial differences	1,893	(4)	12,536
Contributions paid by the employer	550	158	3,643
Benefits paid	(416)	(356)	(2,755)
Other	2	-	13
Balance at end of year	¥ 13,366	¥ 11,113	\$ 88,517
	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits:			
Funded retirement benefit obligations	¥ 6,775	¥ 7,006	\$ 44,868
Plan assets	(13,366)	(11,113)	(88,517)
	¥ (6,591)	¥ (4,107)	\$ (43,649)
Adjustment by asset ceiling	17	7	113
Unfunded retirement benefit obligations	1,077	1,093	7,132
Total net liability (asset) for employee retirement benefits at end of year	¥ (5,497)	¥ (3,007)	\$ (36,404)
Employee retirement benefit liability	1,078	1,094	7,139
Employee retirement benefit asset	(6,575)	(4,101)	(43,543)
Total net liability (asset) for retirement benefits at end of year	¥ (5,497)	¥ (3,007)	\$ (36,404)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Retirement benefit costs:			
Service cost	¥ 408	¥ 417	\$ 2,702
Interest cost	42	19	278
Expected return on plan assets	(224)	(223)	(1,484)
Actuarial differences amortization	(147)	(134)	(973)
Past service costs amortization	(5)	(1)	(33)
Total retirement benefit costs for the year	¥ 74	¥ 78	\$ 490

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Retirement benefit adjustment, before taxes, included in other comprehensive income:			
Actuarial differences	¥ 1,966	¥ 43	\$ 13,020
Total balance at end of year	¥ 1,966	¥ 43	\$ 13,020

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Retirement benefit adjustment, before taxes, included in accumulated other comprehensive income:			
Actuarial differences that are yet to be recognized	¥ (2,797)	¥ (831)	\$ (18,523)
Total balance at end of year	¥ (2,797)	¥ (831)	\$ (18,523)

Plan assets:

	2024	2023
(1) Plan assets:		
Bonds	19%	23%
Equity securities	43%	37%
General account	3%	3%
Commingled funds	19%	21%
Other	16%	16%
Total	100%	100%

At March 31, 2024 and 2023, assets under the retirement benefit trust set up for corporate pension plans accounted for 35% and 31% of the total plan assets, respectively.

Commingled funds consisted of bonds (60%) and equity securities (40%) at March 31, 2024 and consisted of bonds (62%) and equity securities (38%) at March 31, 2023.

(2) Long-term expected rate of return:

Current and target asset allocations and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

Principal actuarial assumptions at March 31, 2024 and 2023 expressed as weighted averages.

	2024	2023
Discount rate	0.8%	0.5%
Long-term expected rate of return	2.0%	2.0%

Defined benefit plans to which the simplified method has been applied:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Movement in liability for retirement benefits:			
Balance at beginning of year	¥ 1,016	¥ 1,000	\$ 6,729
Retirement benefit costs	205	225	1,358
Benefits paid	(91)	(108)	(603)
Contributions paid by the employer	(104)	(103)	(689)
Other	3	2	20
Balance at end of year	¥ 1,029	¥ 1,016	\$ 6,815

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits:			
Funded retirement benefit obligations	¥ 2,451	¥ 2,409	\$ 16,232
Plan assets	(1,685)	(1,644)	(11,159)
	¥ 766	¥ 765	\$ 5,073
Unfunded retirement benefit obligations	263	251	1,742
Total net liability (asset) for employee retirement benefits at end of year	¥ 1,029	¥ 1,016	\$ 6,815
Employee retirement benefit liability	1,053	1,040	6,974
Employee retirement benefit asset	(24)	(24)	(159)
Total net liability (asset) for retirement benefit at end of year	¥ 1,029	¥ 1,016	\$ 6,815

Total retirement benefit costs for the fiscal years ended March 31, 2024 and 2023 based on the simplified method were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
	¥ 205	¥ 225	\$ 1,358

Defined contribution plan:

For the years ended March 31, 2024 and 2023, the required contribution of the consolidated subsidiaries to the defined contribution plan amounted to ¥50 million (\$331 thousand) and ¥44 million, respectively.

7. Net Assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporate Law, in cases in which a dividend distribution of surplus is made, the smaller of the amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in

capital or legal earnings reserve. The legal earnings reserve has been included in retained earnings in the accompanying consolidated balance sheets.

Under the Corporate Law, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders' meeting. The additional paid-in capital or legal earnings reserve may not be distributed as dividends. All additional paid-in-capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

At both March 31, 2024 and 2023, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included the legal earnings reserve of the Company in the amount of ¥1,200 million (\$7,947 thousand) at both March 31, 2024 and 2023.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

During the year ended March 31, 2024, the Company paid interim dividends of ¥6.0 per share amounting to ¥384 million (\$2,543 thousand). In addition, at the annual shareholders' meeting held on June 27, 2024, the shareholders approved cash dividends of ¥7.0 per share amounting to ¥445 million (\$2,947 thousand). These appropriations had not been accrued in the consolidated financial statements as of March 31, 2024 as such appropriations are recognized in the period in which they are approved by the shareholders.

8. Contingent Liabilities

At March 31, 2024 and 2023, the Japan Transcity Group was contingently liable for reserved guarantees of indebtedness of a certain unconsolidated subsidiary in the amount of ¥11 million (\$73 thousand) and ¥38 million, respectively.

9. Lease Commitments

As lessee the Japan Transcity Group leases land and buildings to be used for office spaces and warehouses principally under long-term cancelable and noncancelable operating lease agreements. The Japan Transcity Group also leases computer equipment, other equipment and vehicles under leases which are generally noncancelable.

The aggregate future minimum payments for noncancelable operating leases at March 31, 2024 and 2023 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Operating leases:			
Due within one year	¥ 1,812	¥ 1,617	\$ 12,000
Due after one year	2,344	2,010	15,523
	<u>¥ 4,156</u>	<u>¥ 3,627</u>	<u>\$ 27,523</u>

The company has applied "Leases" (IFRS 16 and ASC 842), assets and liabilities recorded on the balance sheet for which the "Lease" has been applied are not included.

10. Income Taxes

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Enterprise tax accruals	¥ 39	¥ 78	\$ 258
Accrued bonuses to employees	396	379	2,623
Employee retirement benefit liability	343	340	2,272
Intercompany capital gains	280	251	1,854
Tax loss carryforwards (Note 1)	103	58	682
Impairment loss on fixed assets	106	-	702
Asset retirement obligations	214	251	1,417
Others	623	534	4,126
Subtotal	2,104	1,891	13,934
Valuation allowance for tax loss carryforwards (Note 1)	(103)	(58)	(682)
Valuation allowance for deductible temporary differences	(185)	(92)	(1,225)
Less valuation allowance	(288)	(150)	(1,907)
Deferred tax assets	1,816	1,741	12,027
Deferred tax liabilities:			
Employee retirement benefit asset	(1,050)	(185)	(6,954)
Deferred capital gain	(524)	(524)	(3,470)
Unrealized gains on available-for-sale securities	(2,964)	(1,407)	(19,629)
Others	(1,034)	(867)	(6,848)
Deferred tax liabilities	(5,572)	(2,983)	(36,901)
Net deferred tax liabilities	¥ (3,756)	¥ (1,242)	\$ (24,874)

(Note 1) Details of deferred tax assets for tax loss carryforwards by respective expiration periods at March 31, 2024 and 2023 were as follows:

	2025	2026	2027	2028	2029	2030 and thereafter	Total
For the year ended March 31, 2024:							
	Millions of yen						
Tax loss carryforwards (*1)	-	¥1	¥2	¥17	¥18	¥65	¥103
Valuation allowance	-	(1)	(2)	(17)	(18)	(65)	(103)
Net deferred tax assets	-	-	-	-	-	-	-
	Thousands of U.S. dollars						
Tax loss carryforwards (*1)	-	\$7	\$13	\$113	\$119	\$430	\$682
Valuation allowance	-	(7)	(13)	(113)	(119)	(430)	(682)
Net deferred tax assets	-	-	-	-	-	-	-

(*1) Tax loss carryforwards shown in the table above represent the amount of deferred tax assets after multiplying the statutory tax rate.

	2024	2025	2026	2027	2028	2029 and thereafter	Total
For the year ended March 31, 2023:							
	Millions of yen						
Tax loss carryforwards (*2)	-	-	¥1	¥3	¥17	¥37	¥58
Valuation allowance	-	-	(1)	(3)	(17)	(37)	(58)
Net deferred tax assets	-	-	-	-	-	-	-

(*2) Tax loss carryforwards shown in the table above represent the amount of deferred tax assets after multiplying the statutory tax rate.

In assessing the realizability of deferred tax assets, management of the Japan Transcity Group considers whether part or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2024 and 2023, a valuation reserve was provided to reduce the deferred tax assets to amounts management believed would be realizable.

Reconciliation of the difference between the Japanese statutory tax rate and the effective income tax rate on pretax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2023 were as follows.

	2024	2023
Japanese statutory tax rate	30.2%	30.2%
Increase (decrease) due to:		
Permanently nondeductible expenses	-	1.0
Tax exempt income	-	(2.1)
Local minimum taxes per capita levy	-	0.4
Effect of elimination of dividend income from subsidiaries for consolidation purpose	-	1.8
Equity in net earnings of unconsolidated subsidiaries and affiliates	-	(3.2)
Valuation allowance	-	(0.2)
Retained earnings of subsidiaries	-	1.0
Tax rate differences with foreign subsidiaries	-	(1.7)
Others	-	(0.2)
Effective income tax rate	-	27.0%

11. Comprehensive Income

The amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2024 and 2023 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net unrealized gains on available-for-sale securities:			
Increase during the year	¥ 5,206	¥ 633	\$ 34,477
Reclassification adjustments to profit or loss	(51)	(9)	(338)
Subtotal, before tax	5,155	624	34,139
Tax expense	(1,556)	(190)	(10,305)
Subtotal, net of tax	3,599	434	23,834
Foreign currency translation adjustments:			
Increase during the year	713	688	4,722
Retirement benefit adjustment:			
Increase during the year	2,113	177	13,993
Reclassification adjustments to profit or loss	(147)	(134)	(973)
Subtotal, before tax	1,966	43	13,020
Tax expense	(595)	(14)	(3,940)
Subtotal, net of tax	1,371	29	9,080
Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using equity method:			
Increase during the year	20	28	133
Total other comprehensive income	¥ 5,703	¥ 1,179	\$ 37,769

12. Related Party Transactions

There were related party transactions in connection with TAIYU KENSETSU CO., LTD. The transaction prices were determined by negotiation based on estimated amounts of transactions with other companies. At March 31, 2024 and 2023, related party transactions were as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Officers of the Company and their relatives (Equipment renovation work)			
Transaction amounts	¥ 43	¥ 35	\$ 285
Balance at end of period	¥ 10	¥ -	\$ 66

There were no material affiliates for the year ended March 31, 2024 and 2023.

13. Revenue Recognition

(a) Revenue from contracts with customers

		Integrated Logistics Services							
		Warehousing	Stevedoring	Domestic transportation	International multimodal transportation	Others	Sub total	Other services	Total
		Millions of yen							
At March 31, 2024:									
Revenue from contracts with customers		¥ 48,446	¥ 21,245	¥ 18,366	¥ 30,811	¥ 1,671	¥ 120,539	¥ 1,090	¥ 121,629
Other revenue		-	-	-	-	-	-	926	926
Revenue to external customers		¥ 48,446	¥ 21,245	¥ 18,366	¥ 30,811	¥ 1,671	¥ 120,539	¥ 2,016	¥ 122,555
		Integrated Logistics Services							
		Warehousing	Stevedoring	Domestic transportation	International multimodal transportation	Others	Sub total	Other services	Total
		Millions of yen							
At March 31, 2023:									
Revenue from contracts with customers		¥ 43,670	¥ 22,688	¥ 18,245	¥ 45,781	¥ 1,750	¥ 132,134	¥ 1,055	¥ 133,189
Other revenue		-	-	-	-	-	-	875	875
Revenue to external customers		¥ 43,670	¥ 22,688	¥ 18,245	¥ 45,781	¥ 1,750	¥ 132,134	¥ 1,930	¥ 134,064
		Integrated Logistics Services							
		Warehousing	Stevedoring	Domestic transportation	International multimodal transportation	Others	Sub total	Other services	Total
		Thousands of U.S. dollars							
At March 31, 2024:									
Revenue from contracts with customers		\$ 320,835	\$ 140,695	\$ 121,629	\$ 204,046	\$ 11,066	\$ 798,271	\$ 7,219	\$ 805,490
Other revenue		-	-	-	-	-	-	6,132	6,132
Revenue to external customers		\$ 320,835	\$ 140,695	\$ 121,629	\$ 204,046	\$ 11,066	\$ 798,271	\$ 13,351	\$ 811,622

(b) Basic information for understanding revenue from contracts with customers

The Japan Transcity Group provides mainly integrated logistics services, including warehousing, stevedoring, domestic transportation and international multimodal transportation. The details of these main performance obligations and the timing of revenue recognition are as follows.

① Warehousing

In the warehousing business, goods deposited by customers are stored in warehouses and storage fees are received as compensation. In addition, the Japan Transcity Group carries out warehousing, delivery and value-added services of deposited goods in connection with its storage operations and receives cargo handling charges, delivery charges and value-added service charges as compensation.

With respect to storage operations, revenue is recognized over the period of time from when the contract is concluded to the satisfaction of the performance obligations and transfer of services to the customer.

With respect to performance obligations related to operations other than storage operations, if the contract provides for the provision of services over a certain period of time, revenue is recognized in accordance with the period over which the service is provided. If the contract provides for service compensation in accordance with the amount of goods, revenue is recognized in accordance with the amount of goods in accordance with the progress of the provision of services

② Stevedoring

The stevedoring business connects marine transportation and land transportation at ports and harbors. In the Japan Transcity Group, we conduct cargo loading and unloading operations and cargo handling operations that require licenses from the Ministry of Land, Infrastructure, Transport and Tourism, as well as related businesses.

These operations represent performance obligations related to work involving the movement of customers' goods into and out of Japan, and revenue is recognized in proportion to the volume of work handled under contracts to transfer services to customers as work progresses.

③ Domestic transportation and international multimodal transportation

In the domestic transportation business, vehicles and railways are used to transport goods in Japan. In addition, in the international multimodal transport business, import and export cargo is transported from the designated place of the consignor to the designated place of the consignee using the most appropriate means of transportation with the responsibility maintained throughout the transportation.

Revenue is recognized over a period of time as under contracts to transfer services to a customer as the performance obligations are satisfied, and the method of estimating the rate of progress in satisfying the performance obligations is based mainly on the estimated number of days of transportation. Revenue is recognized at a certain point in time for shipments for which the period from the start of service provision to the fulfillment of the performance obligations is significantly short.

The transaction price is measured in terms of the amount expected to be received in exchange for the promised goods or services when control of those goods or services is transferred to the customer. Consideration for the transaction is received within one year of the fulfillment of the performance obligations and does not include significant financial factors. The Japan Transcity Group does not have contracts that require the allocation of transaction prices because it determines prices by providing customers with estimates corresponding to each performance obligation.

(c) Balance of contract assets and contract liabilities

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
At April 1, 2022:			
Trade receivables from contracts with customers	¥ 16,910		
Contract assets	1,216		
Contract liabilities	<u>627</u>		
At March 31, 2023:			
Trade receivables from contracts with customers	¥ 17,471		
Contract assets	1,247		
Contract liabilities	<u>639</u>		
At April 1, 2023:			
Trade receivables from contracts with customers	¥ 17,471	\$ 131,361	
Contract assets	1,247	9,376	
Contract liabilities	<u>639</u>	<u>4,805</u>	
At March 31, 2024:			
Trade receivables from contracts with customers	¥ 17,420	\$ 115,364	
Contract assets	607	4,020	
Contract liabilities	<u>435</u>	<u>2,881</u>	

In the Japan Transcity Group, there were no significant transactions with an initial contract period of more than one year.

14. Segment Information

1. General information about reportable segments

The reportable segments are constituent business units of the Japan Transcity Group for which separate financial information is obtained and examined regularly by the Board of Directors to evaluate business performance. The Japan Transcity Group provides mainly integrated logistics services that consist of warehousing, stevedoring, domestic transportation and international multimodal transportation. Therefore, the Japan Transcity Group's reported segment is "Integrated Logistics Services."

2. Basis of measurement about reported segment profit, segment assets and other material items

The accounting for the segment is presented on an operating income basis. Intersegment operating revenues or transfer amounts are based on market price.

3. Information about reportable segment profit, segment assets and other material items

Information by segment as of and for the years ended March 31, 2024 and 2023 is as follows.

	Integrated Logistics Services	Other Services	Total	Adjustment	Consolidated
	Millions of yen				
For the year ended March 31, 2024:					
Operating revenue:					
External customers	¥ 120,539	¥ 2,016	¥ 122,555	¥ -	¥ 122,555
Intersegment sales	1	3,036	3,037	(3,037)	-
Total operating revenue	120,540	5,052	125,592	(3,037)	122,555
Operating income	¥ 5,681	¥ 682	¥ 6,363	¥ (122)	¥ 6,241
Identifiable assets	¥ 155,013	¥ 9,132	¥ 164,145	¥ (3,822)	¥ 160,323
Depreciation	4,952	146	5,098	-	5,098
Investments in unconsolidated subsidiaries and affiliates accounted for using the equity method	8,065	-	8,065	-	8,065
Impairment loss on fixed assets	273	68	341	(15)	326
Capital expenditures	17,575	717	18,292	-	18,292
For the year ended March 31, 2023:					
Operating revenue:					
External customers	¥ 132,134	¥ 1,930	¥ 134,064	¥ -	¥ 134,064
Intersegment sales	-	1,383	1,383	(1,383)	-
Total operating revenue	132,134	3,313	135,447	(1,383)	134,064
Operating income	¥ 6,698	¥ 591	¥ 7,289	¥ (39)	¥ 7,250
Identifiable assets	¥ 133,439	¥ 8,660	¥ 142,099	¥ (4,934)	¥ 137,165
Depreciation	5,227	82	5,309	-	5,309
Investments in unconsolidated subsidiaries and affiliates accounted for using the equity method	7,839	-	7,839	-	7,839
Capital expenditures	5,073	416	5,489	-	5,489

	Integrated Logistics Services	Other Services	Total	Adjustment	Consolidated
	Thousands of U.S. dollars				
For the year ended March 31, 2024:					
Operating revenue:					
External customers	\$ 798,271	\$ 13,351	\$ 811,622	\$ -	\$ 811,622
Intersegment sales	7	20,106	20,113	(20,113)	-
Total operating revenue	<u>798,278</u>	<u>33,457</u>	<u>831,735</u>	<u>(20,113)</u>	<u>811,622</u>
Operating income	<u>\$ 37,622</u>	<u>\$ 4,517</u>	<u>\$ 42,139</u>	<u>\$ (808)</u>	<u>\$ 41,331</u>
Identifiable assets	\$ 1,026,575	\$ 60,477	\$ 1,087,052	\$ (25,311)	\$ 1,061,741
Depreciation	32,795	967	33,762	-	33,762
Investments in unconsolidated subsidiaries and affiliates accounted for using the equity method	53,411	-	53,411	-	53,411
Impairment loss on fixed assets	1,808	450	2,258	(99)	2,159
Capital expenditures	<u>116,391</u>	<u>4,748</u>	<u>121,139</u>	<u>-</u>	<u>121,139</u>

(Related information)

1. Information about products and services of “Integrated Logistic Services”

	Warehousing	Stevedoring	Domestic transportation	International multimodal transportation	Others	Total
	Millions of yen					
Operating revenue to external customers:						
For the year ended March 31, 2024	¥ 48,446	¥ 21,245	¥ 18,366	¥ 30,811	¥ 1,671	¥ 120,539
For the year ended March 31, 2023	43,670	22,688	18,245	45,781	1,750	132,134
	Thousands of U.S. dollars					
Operating revenue to external customers:						
For the year ended March 31, 2024	\$ 320,835	\$ 140,695	\$ 121,629	\$ 204,046	\$ 11,066	\$ 798,271

2. Information about geographic areas

(1) Operating revenue

For the year ended March 31, 2024 and 2023, operating revenue by geographic area is as follows.

	Japan	America	Other	Total
	Millions of yen			
For the year ended March 31, 2024:				
Operating revenue	¥ 99,861	¥ 15,484	¥ 7,210	¥ 122,555
For the year ended March 31, 2023:				
Operating revenue	102,308	22,061	9,695	134,064
	Thousands of U.S. dollars			
For the year ended March 31, 2024:				
Operating revenue	\$ 661,331	\$ 102,543	\$ 47,748	\$ 811,622

(2) Property and equipment

Both at March 31, 2024 and 2023, the Company omitted the disclosure of property and equipment because property and equipment in Japan accounted for more than 90% of the amounts of property and equipment reported in the consolidated balance sheets.

3. Information about major customers

At March 31 2023, the Company omitted the disclosure of information about major customers because no customer contributed 10% or more to operating revenue in the consolidated statements of income. The information about major customers as of March 31, 2024 were as follows.

	<div>Operating revenue</div>	Segment
	Millions of yen	
For the year ended March 31, 2024:		
Sumitomo wiring systems, Ltd.	¥ 13,501	Integrated Logistics Services
	<div>Operating revenue</div>	Segment
	Thousands of U.S. dollars	
For the year ended March 31, 2024:		
Sumitomo wiring systems, Ltd.	\$ 89,411	Integrated Logistics Services

15. Subsequent Events

Repurchase of treasury stock

On May 13, 2024, the Board of Directors of the Company resolved to repurchase its own shares pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Article 165, Paragraph 3 of the Companies Act.

Overview

- (a) Reasons to share repurchase
To enhance shareholder's return and to optimize capital structure
- (b) Type of shares to be repurchased
Common stock
- (c) Total number of shares to be repurchased
Up to 1,600,000 shares
- (d) Total repurchase amount
Up to 1,000 million yen (6,622 thousand U.S. dollars)
- (e) Repurchase period
July 1, 2024 to March 31, 2025

16. Condensed Financial Statements of Japan Transcity Corporation (Parent)

Presented below are the condensed Nonconsolidated Balance Sheets, Nonconsolidated Statements of income and Changes in Net Assets of Japan Transcity Corporation, the parent company.

Nonconsolidated Balance Sheets (Unaudited) Japan Transcity Corporation (Parent)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current assets:			
Cash and cash equivalents	¥ 13,632	¥ 13,343	\$ 90,278
Short-term investments	5	71	33
Trade receivables, net of allowance for doubtful accounts	15,883	15,185	105,186
Inventories	58	92	384
Other current assets	3,374	2,907	22,344
Total current assets	32,952	31,598	218,225
Property and equipment, at cost	121,630	105,281	805,497
Less accumulated depreciation	(51,950)	(49,177)	(344,040)
Net property and equipment	69,680	56,104	461,457
Investments and other assets:			
Investment securities	13,544	8,706	89,695
Investments in and long-term loans to subsidiaries and affiliates	4,530	4,560	30,000
Prepaid pension cost	3,827	3,283	25,345
Other assets	1,907	1,944	12,629
Allowance for doubtful accounts	(6)	(6)	(40)
Total investments and other assets	23,802	18,487	157,629
Total assets	¥ 126,434	¥ 106,189	\$ 837,311

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current liabilities:			
Short-term borrowings	¥ 13,734	¥ 13,368	\$ 90,954
Current maturities of long-term debt	1,976	4,899	13,086
Trade payables	6,882	6,670	45,576
Accrued expenses	988	930	6,543
Income taxes payable	102	1,224	676
Other current liabilities	1,372	1,995	9,086
Total current liabilities	25,054	29,086	165,921
Long-term liabilities:			
Bonds payable	8,000	-	52,980
Long-term debt	25,479	16,155	168,735
Employee retirement benefit liability	1,139	1,108	7,543
Deferred tax liabilities for revaluation	3,695	3,695	24,470
Deferred tax liabilities	3,170	1,348	20,993
Asset retirement obligations	597	778	3,954
Other long-term liabilities	244	203	1,616
Total long-term liabilities	42,324	23,287	280,291
Total liabilities	67,378	52,373	446,212
Net assets:			
Shareholders' equity:			
Common stock	8,428	8,428	55,815
Capital surplus	6,834	6,794	45,258
Retained earnings	40,466	38,150	267,986
Less treasury stock, at cost	(1,643)	(1,155)	(10,881)
Total shareholders' equity	54,085	52,217	358,178
Accumulated gains (losses) from valuation adjustment:			
Net unrealized gains on available-for-sale securities	6,335	2,963	41,954
Land revaluation decrement	(1,364)	(1,364)	(9,033)
Total accumulated gains from valuation adjustment	4,971	1,599	32,921
Total net assets	59,056	53,816	391,099
Total liabilities and net assets	¥ 126,434	¥ 106,189	\$ 837,311

Nonconsolidated Statements of Income (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Operating revenue	¥ 96,892	¥ 107,602	\$ 641,669
Operating costs and expenses	93,083	102,963	616,444
Operating income	3,809	4,639	25,225
Other income (expenses):			
Interest and dividend income	897	1,016	5,941
Interest expenses	(166)	(105)	(1,099)
Interest expenses on bonds	(32)	-	(212)
Bond issuance costs	(44)	-	(292)
Gain (loss) on sale or disposal of property and equipment	(38)	(51)	(252)
Impairment loss on fixed assets	(274)	-	(1,815)
Others, net	284	383	1,881
	627	1,243	4,152
Income before income taxes	4,436	5,882	29,377
Income taxes:			
Current	988	1,823	6,543
Deferred	363	(155)	2,404
Total income taxes	1,351	1,668	8,947
Net income	¥ 3,085	¥ 4,214	\$ 20,430
	Yen		U.S. dollars
Per share:			
Net income	¥ 48.30	¥ 65.53	\$ 0.32
Cash dividends	13.00	11.50	0.09

Nonconsolidated Statements of Changes in Net Assets (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2024 and 2023

	Shareholders' equity					Accumulated gains (losses) from valuation adjustment					Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for- sale securities	Land revaluation decrement	Total accumulated gains from valuation adjustment			
Millions of yen											
Balance at April 1, 2022	¥ 8,428	¥ 6,794	¥ 34,643	¥ (1,119)	¥ 48,746	¥ 2,545	¥ (1,364)	¥ 1,181	¥ 49,927		
Net income for the year	-	-	4,214	-	4,214	-	-	-	4,214		
Cash dividends	-	-	(707)	-	(707)	-	-	-	(707)		
Disposal of treasury stock and fractional shares, net of purchase	-	-	-	(36)	(36)	-	-	-	(36)		
Net changes other than shareholders' equity	-	-	-	-	-	418	-	418	418		
Balance at March 31, 2023	¥ 8,428	¥ 6,794	¥ 38,150	¥ (1,155)	¥ 52,217	¥ 2,963	¥ (1,364)	¥ 1,599	¥ 53,816		
Net income for the year	-	-	3,085	-	3,085	-	-	-	3,085		
Cash dividends	-	-	(769)	-	(769)	-	-	-	(769)		
Disposal of treasury stock and fractional shares, net of purchase	-	40	-	(488)	(448)	-	-	-	(448)		
Net changes other than changes in shareholders' equity	-	-	-	-	-	3,372	-	3,372	3,372		
Balance at March 31, 2024	¥ 8,428	¥ 6,834	¥ 40,466	¥ (1,643)	¥ 54,085	¥ 6,335	¥ (1,364)	¥ 4,971	¥ 59,056		
Thousands of U.S. dollars											
Balance at March 31, 2023	\$ 55,815	\$ 44,993	\$ 252,649	\$ (7,649)	\$ 345,808	\$ 19,623	\$ (9,033)	\$ 10,590	\$ 356,398		
Net income for the year	-	-	20,430	-	20,430	-	-	-	20,430		
Cash dividends	-	-	(5,093)	-	(5,093)	-	-	-	(5,093)		
Disposal of treasury stock and fractional shares, net of purchase	-	265	-	(3,232)	(2,967)	-	-	-	(2,967)		
Net changes other than changes in shareholders' equity	-	-	-	-	-	22,331	-	22,331	22,331		
Balance at March 31, 2024	\$ 55,815	\$ 45,258	\$ 267,986	\$ (10,881)	\$ 358,178	\$ 41,954	\$ (9,033)	\$ 32,921	\$ 391,099		