



Independent Auditor's Report

Japan Transcity Corporation

For the Years ended March 31,
2025 and 2024

KPMG AZSA LLC
July 2025

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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, 2025 and 2024, 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, 2025 and 2024, 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 ¥122,710 million for the year ended March 31, 2025, 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 inquired about the details of the manually prepared sales journal entries that satisfied certain conditions and assessed whether sales revenue was recognized accurately and in a timely manner by cross-checking the entries against supporting documentation, including consulting with the responsible personnel in the head office's administrative department.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 60 million yen and 5 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 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.

Masaki Yamada

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

July 31, 2025

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current assets:			
Cash and cash equivalents (Note 3)	¥ 26,842	¥ 21,508	\$ 180,148
Short-term investments (Notes 3 and 4)	192	486	1,289
Notes and accounts receivable trade and contract assets (Note 3 and 13)	17,336	18,027	116,349
Allowance for doubtful accounts	(81)	(68)	(544)
	17,255	17,959	115,805
Inventories	270	255	1,812
Other current assets	2,266	3,797	15,208
Total current assets	46,825	44,005	314,262
Property and equipment:			
Land	35,120	35,012	235,705
Buildings and structures (Note 5)	93,307	91,520	626,221
Machinery and equipment	11,406	10,750	76,550
Vehicles and vessels	9,467	9,175	63,537
Construction in progress	676	587	4,537
Other	10,005	9,693	67,148
Total property and equipment	159,981	156,737	1,073,698
Less accumulated depreciation	(77,203)	(73,262)	(518,141)
Net property and equipment	82,778	83,475	555,557
Investments and other assets:			
Investment securities (Notes 3 and 4)	16,816	14,744	112,859
Investments in unconsolidated subsidiaries and affiliates (Note 3)	8,551	8,355	57,389
Employee retirement benefit asset (Note 6)	7,222	6,599	48,470
Deferred tax assets (Note 10)	1,022	994	6,859
Other assets	2,208	2,163	14,819
Allowance for doubtful accounts	(10)	(12)	(67)
Total investments and other assets	35,809	32,843	240,329
Total assets	¥ 165,412	¥ 160,323	\$ 1,110,148

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current liabilities:			
Short-term borrowings (Notes 3 and 5)	¥ 100	¥ 2,370	\$ 671
Current maturities of long-term debt (Notes 3 and 5)	1,939	2,251	13,013
Trade payables (Note 3)	10,133	9,654	68,007
Accrued expenses	2,075	2,221	13,926
Income taxes payable	1,515	359	10,168
Other current liabilities (Note 5 and 13)	3,553	2,828	23,846
Total current liabilities	19,315	19,683	129,631
Long-term liabilities:			
Bonds Payable	8,000	8,000	53,691
Long-term debt (Notes 3 and 5)	27,253	29,092	182,906
Employee retirement benefit liability (Note 6)	2,022	2,131	13,571
Guarantee deposits received (Note 3)	1,941	2,032	13,027
Deferred tax liabilities for land revaluation	3,783	3,695	25,389
Deferred tax liabilities (Note 10)	5,824	4,750	39,087
Other long-term liabilities (Note 5)	1,700	1,735	11,410
Total long-term liabilities	50,523	51,435	339,081
Total liabilities	69,838	71,118	468,712
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	56,564
Capital surplus	6,879	6,870	46,167
Retained earnings	67,798	63,195	455,020
Less treasury stock, at cost: 4,635,923 shares in 2025 and 3,597,194 shares in 2024	(2,643)	(1,643)	(17,738)
Total shareholders' equity	80,462	76,850	540,013
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	8,056	6,726	54,067
Revaluation reserve for land	(1,523)	(1,364)	(10,222)
Foreign currency translation adjustments	2,105	1,356	14,128
Retirement benefit adjustment (Note 6)	2,091	1,952	14,034
Total accumulated other comprehensive income	10,729	8,670	72,007
Noncontrolling interests	4,383	3,685	29,416
Total net assets	95,574	89,205	641,436
Total liabilities and net assets	¥ 165,412	¥ 160,323	\$ 1,110,148

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating revenue (Note 13 and 14)	¥ 124,766	¥ 122,555	\$ 837,356
Operating costs and expenses			
(Notes 6 and 9)	116,960	116,314	784,967
Operating income	7,806	6,241	52,389
Other income (expenses):			
Interest and dividend income	558	495	3,745
Interest expenses	(159)	(134)	(1,067)
Interest expenses on bonds	(40)	(32)	(268)
Bond issuance costs	-	(44)	-
Equity in net earnings of unconsolidated subsidiaries and affiliates	412	632	2,765
Gain (loss) on sale or disposal of property and equipment	49	(62)	328
Impairment loss on fixed assets	-	(326)	-
Others, net	354	249	2,376
	1,174	778	7,879
Income before income taxes	8,980	7,019	60,268
Income taxes (Note 10):			
Current	2,332	1,698	15,651
Deferred	211	372	1,416
Total income taxes	2,543	2,070	17,067
Net income	6,437	4,949	43,201
Net income attributable to noncontrolling interests	396	316	2,657
Net income attributable to owners of the Company	¥ 6,041	¥ 4,633	\$ 40,544
	Yen		U.S. dollars
Per share:			
Net income	¥ 95.75	¥ 72.53	\$ 0.64
Cash dividends (Note 7)	39.00	13.00	0.26

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net income	¥ 6,437	¥ 4,949	\$ 43,201
Other comprehensive income (Note 11):			
Net unrealized gains on available-for-sale securities	1,316	3,599	8,832
Revaluation reserve for land	(110)	-	(738)
Foreign currency translation adjustments	996	713	6,685
Retirement benefit adjustment	139	1,371	933
Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using equity method	83	20	557
Total other comprehensive income	2,424	5,703	16,269
Comprehensive income	<u>¥ 8,861</u>	<u>¥ 10,652</u>	<u>\$ 59,470</u>
Comprehensive income attributable to:			
Owners of the Company	¥ 8,148	¥ 10,123	\$ 54,685
Noncontrolling interests	713	529	4,785

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, 2025 and 2024

For the Years Ended March 31, 2025 and 2024																
	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	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income					
												Millions of yen				
Balance at April 1, 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			
Net income attributable to owners of the Company	-	-	-	6,041	-	6,041	-	-	-	-	-	-	6,041			
Cash dividends	-	-	-	(1,487)	-	(1,487)	-	-	-	-	-	-	(1,487)			
Disposal of treasury stock and fractional shares, net of purchase	-	-	-	-	(1,000)	(1,000)	-	-	-	-	-	-	(1,000)			
Purchase of additional shares of consolidated subsidiaries	-	-	9	-	-	9	-	-	-	-	-	-	9			
Reversal of revaluation reserve for land	-	-	-	49	-	49	-	-	-	-	-	-	49			
Net changes other than changes in shareholders' equity	-	-	-	-	-	-	1,330	(159)	749	139	2,059	698	2,757			
Balance at March 31, 2025	67,142,417	¥ 8,428	¥ 6,879	¥ 67,798	¥ (2,643)	¥ 80,462	¥ 8,056	¥ (1,523)	¥ 2,105	¥ 2,091	¥ 10,729	¥ 4,383	¥ 95,574			
Thousands of U.S. dollars																
Balance at March 31, 2024		\$ 56,564	\$ 46,107	\$ 424,127	\$ (11,027)	\$ 515,771	\$ 45,141	\$ (9,155)	\$ 9,101	\$ 13,101	\$ 58,188	\$ 24,732	\$ 598,691			
Net income attributable to owners of the Company		-	-	40,544	-	40,544	-	-	-	-	-	-	40,544			
Cash dividends		-	-	(9,980)	-	(9,980)	-	-	-	-	-	-	(9,980)			
Disposal of treasury stock and fractional shares, net of purchase		-	-	-	(6,711)	(6,711)	-	-	-	-	-	-	(6,711)			
Purchase of additional shares of consolidated subsidiaries		-	60	-	-	60	-	-	-	-	-	-	60			
Reversal of revaluation reserve for land		-	-	329	-	329	-	-	-	-	-	-	329			
Net changes other than changes in shareholders' equity		-	-	-	-	-	8,926	(1,067)	5,027	933	13,819	4,684	18,503			
Balance at March 31, 2025		\$ 56,564	\$ 46,167	\$ 455,020	\$ (17,738)	\$ 540,013	\$ 54,067	\$ (10,222)	\$ 14,128	\$ 14,034	\$ 72,007	\$ 29,416	\$ 641,436			
See accompanying Notes to Consolidated Financial Statement																

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash flows from operating activities:			
Income before income taxes	¥ 8,980	¥ 7,019	\$ 60,268
Adjustments for:			
Depreciation	5,278	5,098	35,423
Impairment loss on fixed assets	-	326	-
Net change in employee retirement benefit asset/liability	(500)	(515)	(3,356)
Gain (loss) on sale or disposal of property and equipment	(49)	62	(328)
Equity(income) of unconsolidated subsidiaries and affiliates	(412)	(632)	(2,765)
Decrease (increase) in trade receivables	918	1,180	6,161
Decrease (increase) in inventories	(15)	(48)	(101)
Increase (decrease) in trade payables	382	(1,282)	2,564
Changes in consumption taxes payable/consumption taxes refund receivable	1,930	(1,112)	12,953
Others, net	(1,107)	(635)	(7,430)
Subtotal	15,405	9,461	103,389
Interest and dividends received	1,004	920	6,738
Interest paid	(199)	(145)	(1,335)
Income taxes paid	(1,073)	(2,953)	(7,201)
Net cash provided by operating activities	15,137	7,283	101,591
Cash flows from investing activities:			
Increase in property and equipment and intangible assets	(3,720)	(18,010)	(24,967)
Decrease in property and equipment and intangible assets	212	35	1,423
Decrease (increase) in short-term investments	328	(169)	2,201
Others, net	67	109	450
Net cash used in investing activities	(3,113)	(18,035)	(20,893)
Cash flows from financing activities:			
Increase in long-term debt	100	11,300	671
Repayment of long-term debt	(2,251)	(5,174)	(15,107)
Net increase (decrease) in short-term borrowings	(2,270)	-	(15,235)
Proceeds from issuance of bonds	-	7,956	-
Dividends paid	(1,487)	(769)	(9,980)
Decrease (increase) in treasury shares	(1,000)	(565)	(6,711)
Others, net	(522)	(544)	(3,503)
Net cash provided by (used in) financing activities	(7,430)	12,204	(49,865)
Effect of exchange rate changes on cash and cash equivalents	740	527	4,966
Net increase in cash and cash equivalents	5,334	1,979	35,799
Cash and cash equivalents at beginning of year	21,508	19,515	144,349
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	14	-
Cash and cash equivalents at end of year	¥ 26,842	¥ 21,508	\$ 180,148

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, 2025, which was approximately ¥149 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, 2025 and 2024 were as follows.

	2025	2024
Consolidated subsidiaries:		
Domestic	26	26
Overseas	9	9
Unconsolidated subsidiaries and affiliates accounted for using the equity method	9	9
Unconsolidated subsidiaries stated at cost	8	8
Affiliates stated at cost	8	8

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 2025 and 2024, 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, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Building	¥ 100	¥ 100	\$ 671
Land	100	100	671

(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, 2025, the Japan Transcity Group recognized impairment loss, as set forth in the table below, for the year ended March 31, 2024. The loss was included in other expenses in the consolidated statements of income.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Buildings and structures	¥ -	¥ 68	\$ -
Other	-	258	-
	¥ -	¥ 326	\$ -

(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, 2025 and 2024, 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 ¥7,632 million (\$51,221 thousand) and ¥7,643 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, 2025 or 2024 due to the lack of any dilutive shares.

(r) Change in accounting policy

Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules

The Japan Transcity Group has applied the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (PITF No. 46, March 22, 2024) 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 .

(s) Accounting standards and guidance not yet adopted

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

- Accounting Standard for Leases (ASBJ Statement No.34, September 13, 2024, ASBJ)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024, ASBJ), Etc.

① Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied to non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is also applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

② Effective date

The accounting standard will begin to be applied from the start of the fiscal year ending March 31, 2028.

③ Effects of application of the standards and guidance

The impact from the application of the Accounting Standard for Leases, etc. on the consolidated financial statements is 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, 2025 and 2024

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, 2025:			
(1) Investment securities:			
Marketable securities			
(*2)	¥ 16,312	¥ 16,312	¥ -
Total assets	¥ 16,312	¥ 16,312	¥ -
(1) Bonds payable	¥ 8,000	¥ 7,784	¥ (216)
(2) Long-term debt (*3)	29,192	28,637	(555)
(3) Guarantee deposits received:			
Deposits for golf courses	1,811	1,377	(434)
Total liabilities	¥ 39,003	¥ 37,798	¥ (1,205)

	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
	Thousands of U.S. dollars		
At March 31, 2025:			
(1) Investment securities:			
Marketable securities			
(*2)	\$ 109,477	\$ 109,477	\$ -
Total assets	\$ 109,477	\$ 109,477	\$ -
(1) Bonds payable	\$ 53,691	\$ 52,241	\$ (1,450)
(2) Long-term debt (*3)	195,919	192,195	(3,724)
(3) Guarantee deposits received:			
Deposits for golf courses	12,155	9,242	(2,913)
Total liabilities	\$ 261,765	\$ 253,678	\$ (8,087)

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

(*2) At March 31, 2025 and 2024, nonmarketable securities (consolidated balance sheet amount: ¥494million (\$3,315 thousand)) and ¥494 million, respectively, stocks of nonconsolidated subsidiaries and affiliates (consolidated balance sheet amount: ¥8,551million (\$57,389 thousand) and ¥8,355 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	
	2025		2024		2025	
Cash and cash equivalents	¥ 26,842	¥ -	¥ 21,508	¥ -	\$ 180,148	\$ -
Short-term investments	192	-	486	-	1,289	-
Notes receivable	375	-	429	-	2,517	-
Trade receivables	16,251	-	16,991	-	109,067	-
Total	¥ 43,660	¥ -	¥ 39,414	¥ -	\$ 293,021	\$ -

(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, 2025:					
(1) Investment securities:					
Marketable securities					
Equity securities	¥ 16,312	¥ -	¥ -	¥	16,312
Total assets	<u>¥ 16,312</u>	<u>¥ -</u>	<u>¥ -</u>	¥	<u>16,312</u>
(1) Bonds payable	¥ -	¥ 7,784	¥ -	¥	7,784
(2) Long-term debt	-	28,637	-		28,637
(3) Guarantee deposits					
received: Deposits					
for golf courses	-	1,377	-		1,377
Total liabilities	<u>¥ -</u>	<u>¥ 37,798</u>	<u>¥ -</u>	¥	<u>37,798</u>

	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			
	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2025:				
(1) Investment securities:				
Marketable securities				
Equity securities	\$ 109,477	\$ -	\$ -	\$ 109,477
Total assets	<u>\$ 109,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,477</u>
(1) Bonds payable	\$ -	\$ 52,241	\$ -	\$ 52,241
(2) Long-term debt	-	192,195	-	192,195
(3) Guarantee deposits				
received: Deposits				
for golf courses	-	9,242	-	9,242
Total liabilities	<u>\$ -</u>	<u>\$ 253,678</u>	<u>\$ -</u>	<u>\$ 253,678</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, 2025 and 2024, derivative transactions to which hedge accounting was not applied comprised a derivative contract related to earthquakes with an outstanding contract amount of ¥400 million (\$2,685 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
	2025	2024	2025
Contract amount (*1)	¥ 2,000	¥ 2,000	\$ 13,423
Contract amount due after one year included in (*1)	2,000	2,000	13,423
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, 2025 and 2024, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2025 and 2024, investment securities consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Marketable securities:			
Equity securities	¥ 16,312	¥ 14,240	\$ 109,477
Other	10	10	67
	16,322	14,250	109,544
Other nonmarketable securities	494	494	3,315
	¥ 16,816	¥ 14,744	\$ 112,859

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, 2025 and 2024, 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, 2025:				
Equity securities	¥ 4,514	¥ 11,858	¥ (60)	¥ 16,312
Other	9	1	-	10
	¥ 4,523	¥ 11,859	¥ (60)	¥ 16,322
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
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
Available-for-sale securities at March 31, 2025:				
Equity securities	\$ 30,296	\$ 79,584	\$ (403)	\$ 109,477
Other	60	7	-	67
	\$ 30,356	\$ 79,591	\$ (403)	\$ 109,544

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

At March 31, 2025 and 2024, short-term borrowings consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unsecured short-term bank loans and bank overdrafts with interest rates 0.896% per annum at March 31, 2025	¥ 100	¥ 2,370	\$ 671

At March 31, 2025 and 2024, long-term debt consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
0.51% bonds payable due June 2028	8,000	8,000	53,691
Unsecured long-term loans from banks and other financial institutions due through 2031 with interest rates ranging from 0.18% to 1.370% per annum at March 31, 2025	29,192	31,343	195,919
	37,192	39,343	249,610
Less portions with current maturities	(1,939)	(2,251)	(13,013)
	¥ 35,253	¥ 37,092	\$ 236,597

The aggregate amounts of long-term debt due annually at March 31, 2025 were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 1,939	\$ 13,013
2027	8,954	60,094
2028	6,422	43,101
2029	11,800	79,195
2030	577	3,872
2031 and thereafter	7,500	50,335
	¥ 37,192	\$ 249,610

At March 31, 2025, 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
2026	¥ 322	\$ 2,161
2027	219	1,470
2028	73	490
2029	15	101
2030	13	87
2031 and thereafter	14	94
	¥ 656	\$ 4,403

At March 31, 2025 and 2024, the following assets were pledged as collateral for current and noncurrent payables.

	Millions of yen		Thousands of
	2025	2024	U.S. dollars
			2025
Buildings	¥ 3,938	¥ 4,195	\$ 26,430

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 and changed them, at March 31, 2025. As a result, retirement benefit obligations decreased by ¥16 million (\$107 thousand) and past service cost was recognized for the same amount. 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, 2025 and 2024.

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Movement in retirement benefit obligations:			
Balance at beginning of year	¥ 7,852	¥ 8,099	\$ 52,698
Service cost	392	408	2,631
Interest cost	64	42	429
Actuarial differences	(611)	(229)	(4,101)
Past service cost	(16)	-	(107)
Benefits paid	(298)	(464)	(2,000)
Other	1	(4)	7
Balance at end of year	¥ 7,384	¥ 7,852	\$ 49,557

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Movement in plan assets:			
Balance at beginning of year	¥ 13,366	¥ 11,113	\$ 89,705
Expected return on plan assets	270	224	1,812
Actuarial differences	(81)	1,893	(544)
Contributions paid by the employer	395	550	2,651
Benefits paid	(252)	(416)	(1,691)
Other	3	2	20
Balance at end of year	¥ 13,701	¥ 13,366	\$ 91,953

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits:			
Funded retirement benefit obligations	¥ 6,483	¥ 6,775	\$ 43,510
Plan assets	(13,701)	(13,366)	(91,953)
	¥ (7,218)	¥ (6,591)	\$ (48,443)
Adjustment by asset ceiling	20	17	134
Unfunded retirement benefit obligations	901	1,077	6,047
Total net liability (asset) for employee retirement benefits at end of year	¥ (6,297)	¥ (5,497)	\$ (42,262)
Employee retirement benefit liability	901	1,078	6,047
Employee retirement benefit asset	(7,198)	(6,575)	(48,309)
Total net liability (asset) for retirement benefits at end of year	¥ (6,297)	¥ (5,497)	\$ (42,262)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit costs:			
Service cost	¥ 392	¥ 408	\$ 2,631
Interest cost	64	42	429
Expected return on plan assets	(270)	(224)	(1,812)
Actuarial differences amortization	(309)	(147)	(2,074)
Past service costs amortization	-	(5)	-
Total retirement benefit costs for the year	¥ (123)	¥ 74	\$ (826)
	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit adjustment, before income taxes and tax effects, included in other comprehensive income:			
Actuarial differences	¥ 219	¥ 1,966	\$ 1,470
Past service costs	16	-	107
Total balance at end of year	¥ 235	¥ 1,966	\$ 1,577
	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit adjustment, before income taxes and tax effects, included in accumulated other comprehensive income:			
Actuarial differences that are yet to be recognized	¥ (3,016)	¥ (2,797)	\$ (20,242)
Past service costs that are yet to be recognized	(16)	-	(107)
Total balance at end of year	¥ (3,032)	¥ (2,797)	\$ (20,349)

Plan assets:

	2025	2024
(1) Plan assets:		
Bonds	19%	19%
Equity securities	38%	43%
General account	2%	3%
Commingled funds	23%	19%
Other	18%	16%
Total	100%	100%

At March 31, 2025 and 2024, assets under the retirement benefit trust set up for corporate pension plans accounted for 32% and 35% of the total plan assets, respectively.

Commingled funds consisted of bonds (63%) and equity securities (37%) at March 31, 2025 and consisted of bonds (60%) and equity securities (40%) at March 31, 2024.

(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, 2025 and 2024 expressed as weighted averages.

	2025	2024
Discount rate	1.7%	0.8%
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
	2025	2024	2025
Movement in liability for retirement benefits:			
Balance at beginning of year	¥ 1,029	¥ 1,016	\$ 6,906
Retirement benefit costs	249	205	1,671
Benefits paid	(75)	(91)	(503)
Contributions paid by the employer	(110)	(104)	(738)
Other	4	3	27
Balance at end of year	¥ 1,097	¥ 1,029	\$ 7,363

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits:			
Funded retirement benefit obligations	¥ 2,629	¥ 2,451	\$ 17,644
Plan assets	(1,808)	(1,685)	(12,134)
	¥ 821	¥ 766	\$ 5,510
Unfunded retirement benefit obligations	276	263	1,853
Total net liability (asset) for employee retirement benefits at end of year	¥ 1,097	¥ 1,029	\$ 7,363
Employee retirement benefit liability	1,121	1,053	7,524
Employee retirement benefit asset	(24)	(24)	(161)
Total net liability (asset) for retirement benefit at end of year	¥ 1,097	¥ 1,029	\$ 7,363

Total retirement benefit costs for the fiscal years ended March 31, 2025 and 2024 based on the simplified method were as follows:

Millions of yen		Thousands of U.S. dollars
2025	2024	2025
¥ 249	¥ 205	\$ 1,671

Defined contribution plan:

For the years ended March 31, 2025 and 2024, the required contribution of the consolidated subsidiaries to the defined contribution plan amounted to ¥48 million (\$322 thousand) and ¥50 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, 2025 and 2024, 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 (\$8,054 thousand) at both March 31, 2025 and 2024.

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, 2025, the Company paid interim dividends of ¥16.5 per share amounting to ¥1,043 million (\$7,000 thousand). In addition, at the annual shareholders' meeting held on June 27, 2025, the shareholders approved cash dividends of ¥22.5 per share amounting to ¥1,406 million (\$9,436 thousand). These appropriations had not been accrued in the consolidated financial statements as of March 31, 2025 as such appropriations are recognized in the period in which they are approved by the shareholders.

8. Contingent Liabilities

At March 31, 2024, the Japan Transcity Group was contingently liable for reserved guarantees of indebtedness of a certain unconsolidated subsidiary in the amount of ¥11 million.

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, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating leases:			
Due within one year	¥ 1,391	¥ 1,812	\$ 9,336
Due after one year	1,708	2,344	11,463
	<u>¥ 3,099</u>	<u>¥ 4,156</u>	<u>\$ 20,799</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, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Enterprise tax accruals	¥ 90	¥ 39	\$ 604
Accrued bonuses to employees	403	396	2,705
Employee retirement benefit liability	373	343	2,503
Intercompany capital gains	281	280	1,886
Tax loss carryforwards (Note 1)	90	103	604
Impairment loss on fixed assets	24	106	161
Asset retirement obligations	167	214	1,121
Others	657	623	4,409
Subtotal	2,085	2,104	13,993
Valuation allowance for tax loss carryforwards (Note 1)	(90)	(103)	(604)
Valuation allowance for deductible temporary differences	(94)	(185)	(631)
Less valuation allowance	(184)	(288)	(1,235)
Deferred tax assets	1,901	1,816	12,758
Deferred tax liabilities:			
Employee retirement benefit asset	(1,291)	(1,050)	(8,664)
Deferred capital gain	(540)	(524)	(3,624)
Unrealized gains on available-for-sale securities	(3,682)	(2,964)	(24,711)
Others	(1,190)	(1,034)	(7,987)
Deferred tax liabilities	(6,703)	(5,572)	(44,986)
Net deferred tax liabilities	¥ (4,802)	¥ (3,756)	\$ (32,228)

(Note 1) Details of deferred tax assets for tax loss carryforwards by respective expiration periods at March 31, 2025 and 2024 were as follows:

	2026	2027	2028	2029	2030	2031 and thereafter	Total
For the year ended March 31, 2025:							
	Millions of yen						
Tax loss carryforwards (*1)	¥1	¥3	¥14	¥8	¥16	¥48	¥90
Valuation allowance	(1)	(3)	(14)	(8)	(16)	(48)	(90)
Net deferred tax assets	-	-	-	-	-	-	-
	Thousands of U.S. dollars						
Tax loss carryforwards (*1)	\$7	\$20	\$94	\$54	\$107	\$322	\$604
Valuation allowance	(7)	(20)	(94)	(54)	(107)	(322)	(604)
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.

	2025	2026	2027	2028	2029	2030 and thereafter	Total
For the year ended March 31, 2024:							
	Millions of yen						
Tax loss carryforwards (*2)	-	¥1	¥2	¥17	¥18	¥65	¥103
Valuation allowance	-	(1)	(2)	(17)	(18)	(65)	(103)
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, 2025 and 2024, 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, 2025 were as follows.

	2025	2024
Japanese statutory tax rate	30.2%	30.2%
Increase (decrease) due to:		
Permanently nondeductible expenses	0.7	-
Tax exempt income	(1.8)	-
Local minimum taxes per capita levy	0.4	-
Effect of elimination of dividend income from subsidiaries for consolidation purpose	1.6	-
Equity in net earnings of unconsolidated subsidiaries and affiliates	(1.4)	-
Valuation allowance	(1.1)	-
Retained earnings of subsidiaries	1.4	-
Tax rate differences with foreign subsidiaries	(1.7)	-
Others	0.0	-
Effective income tax rate	28.3	-

Adjustment of deferred tax assets and liabilities due to change in income tax rate:

Following the enactment of the "Act for Partial Revision of Income Tax Act" on March 31, 2025, the statutory tax rate used to measure deferred tax assets and liabilities (to be settled or realized on or after April 1, 2026) in the consolidated fiscal year was changed from the previous consolidated fiscal year's rate of 30.2% to 31.1%. As a result of the change, deferred tax liabilities, net of deferred tax assets, increased by ¥154 million (\$1,033 thousand), and retirement benefit adjustment decreased by ¥25 million (\$168 thousand), and net unrealized gains on available-for-sale securities decreased by ¥106 million (\$711 thousand), at March 31, 2025 as compared with the amounts that would have been reported without the change.

Deferred income taxes for the year ended March 31, 2025 increased by ¥23 million (\$154 thousand) as compared with the amount that would have been reported without the change. Deferred tax liabilities for revaluation increased by ¥109 million (\$732 thousand) and land revaluation decreased by the same amount at March 31, 2025 as compared with the amounts that would have been reported without the change.

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, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount accrued during the year	¥ 2,158	¥ 5,206	\$ 14,483
Reclassification adjustments	(124)	(51)	(832)
Subtotal, before income taxes and tax effects	2,034	5,155	13,651
Income taxes and tax effects	(718)	(1,556)	(4,819)
Subtotal, net of income taxes and tax effects	1,316	3,599	8,832
Revaluation reserve for land:			
Income taxes and tax effects	(110)	-	(738)
Foreign currency translation adjustments:			
Amount accrued during the year	996	713	6,685
Remeasurements of defined benefit plans:			
Amount accrued during the year	544	2,113	3,651
Reclassification adjustments to profit or loss	(309)	(147)	(2,074)
Subtotal, before income taxes and tax effects	235	1,966	1,577
Income taxes and tax effects	(96)	(595)	(644)
Subtotal, net of income taxes and tax effects	139	1,371	933
Share of other comprehensive income of entities accounted for using equity method:			
Amount accrued during the year	83	20	557
Total other comprehensive income	¥ 2,424	¥ 5,703	\$ 16,269

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, 2025 and 2024, related party transactions were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Officers of the Company and their relatives (Equipment renovation work)			
Transaction amounts	¥ 35	¥ 43	\$ 235
Balance at end of period	¥ 33	¥ 10	\$ 221

There were no material affiliates for the year ended March 31, 2025 and 2024.

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, 2025:									
Revenue from contracts with customers	¥	51,894	¥ 20,882	¥ 19,790	¥ 28,512	¥ 1,633	¥ 122,711	¥ 1,103	¥ 123,814
Other revenue		-	-	-	-	-	-	952	952
Revenue to external customers	¥	51,894	¥ 20,882	¥ 19,790	¥ 28,512	¥ 1,633	¥ 122,711	¥ 2,055	¥ 124,766
		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
		Thousands of U.S. dollars							
At March 31, 2025:									
Revenue from contracts with customers	\$	348,282	\$ 140,147	\$ 132,819	\$ 191,356	\$ 10,960	\$ 823,564	\$ 7,403	\$ 830,967
Other revenue		-	-	-	-	-	-	6,389	6,389
Revenue to external customers	\$	348,282	\$ 140,147	\$ 132,819	\$ 191,356	\$ 10,960	\$ 823,564	\$ 13,792	\$ 837,356

(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, 2023:			
Trade receivables from contracts with customers	¥ 17,471		
Contract assets	1,247		
Contract liabilities	<u>639</u>		
At March 31, 2024:			
Trade receivables from contracts with customers	¥ 17,420		
Contract assets	607		
Contract liabilities	<u>435</u>		
At April 1, 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>	
At March 31, 2025:			
Trade receivables from contracts with customers	¥ 16,626	\$ 111,584	
Contract assets	710	4,765	
Contract liabilities	<u>474</u>	<u>3,181</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, 2025 and 2024 is as follows.

	Integrated Logistics Services	Other Services	Total	Adjustment	Consolidated
	Millions of yen				
For the year ended March 31, 2025:					
Operating revenue:					
External customers	¥ 122,711	¥ 2,055	¥ 124,766	¥ -	¥ 124,766
Intersegment sales	1	1,703	1,704	(1,704)	-
Total operating revenue	122,712	3,758	126,470	(1,704)	124,766
Operating income	¥ 7,261	¥ 576	¥ 7,837	¥ (31)	¥ 7,806
Identifiable assets	¥ 160,247	¥ 8,812	¥ 169,059	¥ (3,647)	¥ 165,412
Depreciation	5,104	174	5,278	-	5,278
Investments in unconsolidated subsidiaries and affiliates accounted for using the equity method	8,260	-	8,260	-	8,260
Impairment loss on fixed assets	-	-	-	-	-
Capital expenditures	4,630	40	4,670	-	4,670

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

Integrated Logistics Services	Other Services	Total	Adjustment	Consolidated
Thousands of U.S. dollars				

For the year ended March 31, 2025:

Operating revenue:

External customers	\$	823,564	\$	13,792	\$	837,356	\$	-	\$	837,356
Intersegment sales		7		11,429		11,436		(11,436)		-
Total operating revenue		823,571		25,221		848,792		(11,436)		837,356
Operating income	\$	48,732	\$	3,865	\$	52,597	\$	(208)	\$	52,389

Identifiable assets	\$	1,075,483	\$	59,141	\$	1,134,624	\$	(24,476)	\$	1,110,148
Depreciation		34,255		1,168		35,423		-		35,423
Investments in unconsolidated subsidiaries and affiliates accounted for using the equity method		55,436		-		55,436		-		55,436
Impairment loss on fixed assets		-		-		-		-		-
Capital expenditures		31,074		268		31,342		-		31,342

(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, 2025	¥	51,894	¥	20,882	¥	19,790	¥	28,512	¥	1,633	¥	122,711
For the year ended March 31, 2024		48,446		21,245		18,366		30,811		1,671		120,539
	Thousands of U.S. dollars											
Operating revenue to external customers:												
For the year ended March 31, 2025	\$	348,282	\$	140,147	\$	132,819	\$	191,356	\$	10,960	\$	823,564

2. Information about geographic areas

(1) Operating revenue

For the year ended March 31, 2025 and 2024, operating revenue by geographic area is as follows.

	Japan		Other		Total
	Millions of yen				
For the year ended March 31, 2025:					
Operating revenue	¥	105,426	¥	19,340	¥ 124,766
For the year ended March 31, 2024:					
Operating revenue		99,861		22,694	122,555
	Thousands of U.S. dollars				
For the year ended March 31, 2025:					
Operating revenue	\$	707,557	\$	129,799	\$ 837,356

Changes in presentation

Geographic area "America" was separately presented in the previous consolidated fiscal year. However, it has been included in "Other" from the current consolidated fiscal year, due to decreased significance. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to accurately reflect this change in presentation.

As a result, operating revenue of ¥15,484 million presented under geographic area "America" in the previous consolidated fiscal year, has been included in "Other" in the current consolidated fiscal year.

(2) Property and equipment

Both at March 31, 2025 and 2024, 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, 2025 and 2024, the information about major customers were as follows.

	<u>Operating revenue</u> Millions of yen	Segment
Sumitomo wiring systems, Ltd.		
For the year ended March 31, 2025:	¥ 14,317	Integrated Logistics Services
For the year ended March 31, 2024:	13,501	Integrated Logistics Services
	<u>Operating revenue</u> Thousands of U.S. dollars	Segment
For the year ended March 31, 2025:		
Sumitomo wiring systems, Ltd.	\$ 96,087	Integrated Logistics Services

15. 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
	2025	2024	2025
Current assets:			
Cash and cash equivalents	¥ 17,074	¥ 13,632	\$ 114,591
Short-term investments	5	5	33
Trade receivables, net of allowance for doubtful accounts	14,734	15,883	98,886
Inventories	65	58	436
Other current assets	1,886	3,374	12,658
Total current assets	33,764	32,952	226,604
Property and equipment, at cost	123,755	121,630	830,570
Less accumulated depreciation	(54,993)	(51,950)	(369,080)
Net property and equipment	68,762	69,680	461,490
Investments and other assets:			
Investment securities	15,760	13,544	105,772
Investments in and long-term loans to subsidiaries and affiliates	4,415	4,530	29,631
Prepaid pension cost	4,413	3,827	29,617
Other assets	2,004	1,907	13,449
Allowance for doubtful accounts	(6)	(6)	(40)
Total investments and other assets	26,586	23,802	178,429
Total assets	¥ 129,112	¥ 126,434	\$ 866,523

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current liabilities:			
Short-term borrowings	¥ 12,293	¥ 13,734	\$ 82,503
Current maturities of long-term debt	1,676	1,976	11,248
Trade payables	7,111	6,882	47,725
Accrued expenses	961	988	6,450
Income taxes payable	1,198	102	8,040
Other current liabilities	1,909	1,372	12,812
Total current liabilities	25,148	25,054	168,778
Long-term liabilities:			
Bonds payable	8,000	8,000	53,691
Long-term debt	23,903	25,479	160,423
Employee retirement benefit liability	1,166	1,139	7,826
Deferred tax liabilities for revaluation	3,783	3,695	25,389
Deferred tax liabilities	4,067	3,170	27,295
Asset retirement obligations	425	597	2,853
Other long-term liabilities	235	244	1,577
Total long-term liabilities	41,579	42,324	279,054
Total liabilities	66,727	67,378	447,832
Net assets:			
Shareholders' equity:			
Common stock	8,428	8,428	56,564
Capital surplus	6,834	6,834	45,865
Retained earnings	43,520	40,466	292,081
Less treasury stock, at cost	(2,643)	(1,643)	(17,738)
Total shareholders' equity	56,139	54,085	376,772
Accumulated gains (losses) from valuation adjustment:			
Net unrealized gains on available-for-sale securities	7,769	6,335	52,141
Land revaluation decrement	(1,523)	(1,364)	(10,222)
Total accumulated gains from valuation adjustment	6,246	4,971	41,919
Total net assets	62,385	59,056	418,691
Total liabilities and net assets	¥ 129,112	¥ 126,434	\$ 866,523

Nonconsolidated Statements of Income (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating revenue	¥ 101,447	¥ 96,892	\$ 680,852
Operating costs and expenses	96,128	93,083	645,154
Operating income	5,319	3,809	35,698
Other income (expenses):			
Interest and dividend income	950	897	6,376
Interest expenses	(216)	(166)	(1,450)
Interest expenses on bonds	(40)	(32)	(268)
Bond issuance costs	-	(44)	-
Gain (loss) on sale or disposal of property and equipment	(7)	(38)	(47)
Impairment loss on fixed assets	-	(274)	-
Others, net	192	284	1,288
	879	627	5,899
Income before income taxes	6,198	4,436	41,597
Income taxes:			
Current	1,595	988	10,704
Deferred	111	363	745
Total income taxes	1,706	1,351	11,449
Net income	¥ 4,492	¥ 3,085	\$ 30,148
	Yen		U.S. dollars
Per share:			
Net income	¥ 71.20	¥ 48.30	\$ 0.48
Cash dividends	39.00	13.00	0.26

Nonconsolidated Statements of Changes in Net Assets (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2025 and 2024

	Shareholders' equity					Accumulated gains (losses) from valuation adjustment				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Revaluation reserve for land	Total accumulated gains from valuation adjustment	Total net assets	
	Millions of yen									
Balance at April 1, 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 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	
Net income for the year	-	-	4,492	-	4,492	-	-	-	4,492	
Cash dividends	-	-	(1,487)	-	(1,487)	-	-	-	(1,487)	
Disposal of treasury stock and fractional shares, net of purchase	-	-	-	(1,000)	(1,000)	-	-	-	(1,000)	
Reversal of revaluation reserve for land	-	-	49	-	49	-	-	-	49	
Net changes other than changes in shareholders' equity	-	-	-	-	-	1,434	(159)	1,275	1,275	
Balance at March 31, 2025	¥ 8,428	¥ 6,834	¥ 43,520	¥ (2,643)	¥ 56,139	¥ 7,769	¥ (1,523)	¥ 6,246	¥ 62,385	
	Thousands of U.S. dollars									
Balance at March 31, 2024	\$ 56,564	\$ 45,865	\$ 271,584	\$ (11,027)	\$ 362,986	\$ 42,517	\$ (9,155)	\$ 33,362	\$ 396,348	
Net income for the year	-	-	30,148	-	30,148	-	-	-	30,148	
Cash dividends	-	-	(9,980)	-	(9,980)	-	-	-	(9,980)	
Disposal of treasury stock and fractional shares, net of purchase	-	-	-	(6,711)	(6,711)	-	-	-	(6,711)	
Reversal of revaluation reserve for land	-	-	329	-	329	-	-	-	329	
Net changes other than changes in shareholders' equity	-	-	-	-	-	9,624	(1,067)	8,557	8,557	
Balance at March 31, 2025	\$ 56,564	\$ 45,865	\$ 292,081	\$ (17,738)	\$ 376,772	\$ 52,141	\$ (10,222)	\$ 41,919	\$ 418,691	