Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

Company name:	MARUWA UNYU KIKAN CO., LTD.			
Stock exchange listing:	Tokyo			
Stock code:	9090 URL https://www.momotaro.co.jp/			
Representative:	President	Masaru Wasami		
Inquiries:	Director and Managing Executive Officer	Kazumi Kawada	TEL	048-991-1000

Scheduled date of ordinary general meeting of shareholders:	June 27, 2022	
Scheduled date to file Securities Report:	June 27, 2022	
Scheduled date to commence dividend payments:	June 28, 2022	
Preparation of supplementary material on financial results:	Yes	
Holding of financial results meeting:	Yes	(for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	133,000	18.6	8,649	7.8	9,139	10.6	6,125	10.6
Year ended March 31, 2021	112,113	14.0	8,019	11.5	8,262	11.8	5,536	14.9

Note: Comprehensive income
Fiscal year ended March 31, 2022: 5,624 million yen [(10.3)%]
Fiscal year ended March 31, 2021: 6,271 million yen [23.3%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	48.72	44.77	22.4	11.5	6.5
Year ended March 31, 2021	43.60	42.37	21.3	13.6	7.2

Reference: Share of profit / loss of entities accounted for using equity method
Fiscal year ended March 31, 2022: - million yen
Fiscal year ended March 31, 2021: - million yen

Note: The Company conducted 2-for-1 share splits on January 1, 2021. Accordingly, basic earnings per share and diluted earnings per share were calculated as though the share splits were conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	85,909	29,735	33.7	230.19
As of March 31, 2021	73,191	25,708	35.1	204.54

Reference: Equity
Fiscal year ended March 31, 2022: 28,944 million yen
Fiscal year ended March 31, 2021: 25,708 million yen

Note: The Company conducted 2-for-1 share splits on January 1, 2021. Accordingly, net assets per share were calculated as though the share splits were conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	6,087	(5,240)	799	29,442
Year ended March 31, 2021	7,970	(4,576)	14,040	26,482

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	18.95	–	9.48	–	2,408	43.5	9.2
Year ended March 31, 2022	–	9.50	–	9.50	19.00	2,395	39.0	8.7
Year ending March 31, 2023 (Forecast)	–	11.75	–	11.75	23.50		40.0	

Note: The Company conducted 2-for-1 share split on January 1, 2021. For the end of the second quarter of the fiscal year ended March 2021, the actual amount of dividends before the stock split is stated. In addition, from the end of the fiscal year ended March 2021 onward, the amount of dividends in consideration of the stock split is stated.

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	81,380	36.2	4,720	8.9	4,910	8.0	3,250	(0.3)	25.85
Full year	171,500	28.9	11,130	28.7	11,522	26.1	7,380	20.5	58.69

Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (PHYZ Holdings Inc.)

Excluded: – (–)

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

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

Note: For more information, please refer to “5. Consolidated financial statements and significant notes thereto (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 27 of the Attachment.

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	128,848,320 shares	As of March 31, 2021	128,797,120 shares

Number of treasury shares at the end of the period

As of March 31, 2022	3,105,879 shares	As of March 31, 2021	3,108,388 shares

Average number of shares during the period

Year ended March 31, 2022	125,720,490 shares	Year ended March 31, 2021	126,974,268 shares

Notes: 1. The Company conducted 2-for-1 share splits on January 1, 2021. Accordingly, issued shares were calculated as though the share splits were conducted at the beginning of the previous fiscal year.

2. The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares includes 357,366 Company shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP.

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	92,313	20.9	5,603	11.3	7,210	12.2	5,303	7.8
March 31, 2021	76,362	13.2	5,033	22.2	6,428	19.9	4,921	26.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	42.18	38.61
March 31, 2021	38.76	37.62

Note: The Company conducted 2-for-1 share splits on January 1, 2021. Accordingly, basic earnings per share and diluted earnings per share were calculated as though the share splits were conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	69,889	22,249	31.8	176.95
March 31, 2021	61,370	19,829	32.3	157.77

Reference: Equity
As of March 31, 2022: 22,249 million yen As of March 31, 2021: 19,829 million yen

Note: The Company conducted 2-for-1 share splits on January 1, 2021. Accordingly, net assets per share were calculated as though the share splits were conducted at the beginning of the previous fiscal year.

2. Forecasts of non-consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

The Company decided to omit this information because this type of investment information will have little relevance to it considering that it is scheduled to make a transition to a pure holding company structure starting from October 1, 2022.

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

* **Proper use of earnings forecasts, and other special matters**
  - The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "(1) Analysis of Operating Results (Future outlook) under 1. Overview of Operating Results" on page 3 of the attached materials.
  - The amount of accounts and other matters shown in the Company's consolidated financial statements was previously stated in units of Thousands of yen. From the first quarter consolidated financial period and the first quarter consolidated cumulative period, the description has been changed to Millions of yen.
    To facilitate comparison, the previous consolidated fiscal year is also changed from Thousands of yen to Millions of yen.

  (How to obtain supplementary material on financial results)

  - The Company is scheduled to hold a financial results briefing on Tuesday, May 24, 2022, inviting institutional investors and analysts to attend either in person or via livestream. After the conclusion of the briefing, an overview of the events that took place during the briefing as well as the proceedings of the briefing will be posted on the Company's website along with the supplementary materials on financial results distributed to the attendant on the day of the briefing.

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1. Overview of Operating Results

(1) Analysis of Operating Results

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

The Japanese economy during the consolidated fiscal year under review had to endure the tough situations brought about by COVID-19 restrictions on social and economic activities, with the government declaring or extending a state of emergency every time there was a surge in COVID-19 infection cases. Although the lifting of the state of emergency was followed by some signs of economic recovery, the spread of infection due to a new variant of the virus, along with concerns over both the worsening situations in Russia and Ukraine impacting the world economy and the prolonged inflation due to a sharp rise in the prices of natural resources, cast a long shadow over the future of Japan's economy.

The logistics industry also suffered increasing costs due to labor shortage and soaring oil prices, although there was an increasing trend in the volume of cargo (which consisted mainly of consumer-related goods) being transported. Although, changes in consumer behavior resulted in strong "stay-home" and "home-meal" demand, the demand for all goods and services except essential commodities shrunk, and restrictions on movement of visitors from overseas countries resulted in the loss of sales opportunities. No signs of recovery could be seen in these situations, with the affected businesses still facing a harsh business environment.

In this environment, the Group has been engaged in "securing and developing human resources," "researching and utilizing the latest technologies," and "developing new markets," following the concept of its medium-term management plan, "3PL & Platform Company," which it launched in the previous fiscal year. Moreover, even in the current situation, we continued working on our initial measures and decided to further promote the EC logistics business, the low-temperature food logistics business, medicine & medical logistics business, and the BCP logistics business as core businesses for social infrastructure, looking ahead to the end of the COVID-19 pandemic.

In the EC logistics business, during the consolidated fiscal year under review, which constitutes the last fiscal year of the period covered by the medium-term management plan, we built our own last one mile delivery network and developed mechanisms for supporting the launch of "MQA (Momotaro/Quick Ace)" businesses by individual proprietors in the growing markets. In the low-temperature food logistics business, we worked to homogenize logistics quality and enhance its features through our service menu, AZ-COM7PL (AZ-COM Seven Performances Logistics/3PL with the addition of seven management support functions). In particular, we worked to strengthen "direct-from-the-farm" services that emphasize freshness as a selling point to support ordinary profit for supermarkets. Furthermore, we strengthened and developed the BCP logistics business to provide safe, secure, and stable logistics not only under normal circumstances but also during emergencies due to disasters and so forth. At the same time, we strengthened coordination based on mutual aid with partner companies in the "AZ-COM Maruwa Support Network." Through these efforts we contributed to securing lifelines through the logistics business. In our effort to adapt to changing business environments, and taking into consideration a post-COVID-19 scenario, we also promoted the research and adoption of digital transformation (DX) and stepped up our efforts to achieve the "sustainable development goals (SDGs)" defined by the United Nations.

As a result, the Group's operating results for the fiscal year under review saw an increase in both sales and profit, with net sales of 133,000 million yen (up 18.6% year on year), operating profit of 8,649 million yen (up 7.8% year on year), ordinary profit of 9,139 million yen (up 10.6% year on year) and profit attributable to owners of parent of 6,125 million yen (up 10.6% year on year).

Performance by segment is as follows.

Note that net sales by segment is shown as the figures after consolidated eliminations and segment profits is shown as the figures before consolidated eliminations.

(i) Logistics business

- E-commerce and ordinary temperature logistics

E-commerce and ordinary temperature logistics that mainly deal with daily commodities recorded a net sales of 67,297 million yen (up 46.1% year on year), thanks to the expansion of the "EC Last One Mile Same Day Delivery Service" and the provision of logistics services to new clients, which together served as major contributors to good financial results.

- Food logistics

Food logistics that mainly deal with low-temperature food recorded a net sales of 44,423 million yen, which is down 0.8% year on year, due to the partial closedown of logistics centers and the reduction in “stay-home” demand in reaction to the previous year’s hike, although the freight volume of goods delivered to the clients (supermarkets, consumer cooperatives, etc.) remained firm and a new logistics center was opened to serve supermarkets.

- Medicine & medical logistics

Medicine & medical logistics recorded a net sales of 20,303 million yen, which is up 0.1% year on year, thanks to the recovery trend in the sales of the Group’s flagship products such as drugs and cosmetics to the existing clients (including our major clients such as drug stores), which contributed to increased freight volume and thus successful financial results.

Overall, the Group had a net sales in the logistics business totaling 132,024 million yen (up 18.8% year on year) and a segment profit (operating profit) of 8,358 million yen (up 8.0% year on year), as a result of strengthening its sales capabilities to drive aggressive business expansion and improving productivity through daily account management. Notably, this achievement was made despite the increase in the unit prices for fuel procurement and extra costs arising from strengthening the Group’s labor force and transport capabilities, both of which had some impact on the Group’s profit.

(ii) Other

The document storage business recorded a net sales of 976 million yen (up 1.8% year on year) and a segment profit (operating profit) of 290 million yen (up 3.9% year on year), as a result of aggressive sales activities aimed at undertaking projects related to business process outsourcing (BPO) for existing and new clients.

(Future outlook)

Uncertainties about future economic conditions remain with regard to when the COVID-19 pandemic will end. There are also concerns about the worsening situations in Russia and Ukraine impacting the world economy as well as about the prolonged inflation due to a sharp rise in prices of energy and raw materials, both of which cast a long shadow over the economy. However, demand for logistics as an essential business is expected to keep growing for years to come.

Under these circumstances, the Group formulated a medium-term management plan that covers a period from the fiscal year ending March 2023 to the fiscal year ending March 2025. This medium-term management plan is designed to ensure sustainable growth by (a) addressing both the increasing freight volume in each core logistics domain (i.e., EC logistics, low-temperature food logistics, and medicine & medical logistics) and the increasing shortage of human resources and operating vehicles, (b) securing and developing human resources capable of driving business expansion, and (c) promoting and implementing DX to improve productivity.

Furthermore, the Group seeks to maximize economic value by appropriate allocation of management resources with concentrated investment in growth businesses and also by revitalizing/restructuring poorly performing businesses to streamline business operations. It also carries out ESG operations to create social value.

Based on these conditions, during the year ending March 31, 2023, the Group is expected to have net sales of 171,500 million yen (up 28.9% year on year), operating profit of 11,130 million yen (up 28.7% year on year), ordinary profit of 11,522 million yen (up 26.1% year on year) and profit attributable to owners of parent of 7,380 million yen (up 20.5% year on year).

(2) Analysis of Financial Condition

(i) Assets, liabilities and net assets

(Assets)

Current assets increased by 9,215 million yen to 49,219 million yen due to factors such as a 5,857 million yen increase in notes and accounts receivable - trade and a 3,190 million yen increase in cash and deposits.

Non-current assets increased by 3,501 million yen to 36,689 million yen due to factors such as a 3,009 million yen increase in goodwill, a 439 million yen increase in land, and a 411 million yen increase in leased assets, despite a 597 million yen decrease in investment securities.

(Liabilities)

Current liabilities increased by 5,109 million yen to 23,972 million yen due to factors such as a 3,431 million yen increase in notes and accounts payable - trade and a 1,015 million yen increase in current portion of long-term borrowings.

Non-current liabilities increased by 3,581 million yen to 32,201 million yen due to factors such as a 3,077 million yen increase in long-term borrowings and a 360 million yen increase in lease liabilities, despite a 219 million yen decrease in convertible bonds.

(Net assets)

Net assets increased by 4,026 million yen to 29,735 million yen due to factors such as a 3,732 million yen increase in retained earnings and a 790 million yen increase in non-controlling interests, despite a 495 million yen decrease in valuation difference on available-for-sale securities, and the equity ratio was 33.7%.

(ii) Cash Flows

As of the end of the fiscal year under review, cash and cash equivalents (hereinafter referred to as "cash") increased by 1,647 million yen from the end of the previous fiscal year to 29,442 million yen as a result of adding the increase of 1,312 million yen in cash and cash equivalents from newly consolidated subsidiary. The main factors resulting in changes in cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 6,087 million yen (7,970 million yen provided in the previous fiscal year). This was primarily attributable to an increase of 9,139 million yen in profit before income taxes, despite a decrease in cash due to 3,106 million yen in income taxes paid.

A decrease of 1,883 million yen compared to the previous fiscal year was primarily attributable to the increase in trade receivables due to the acquisition of new customers.

(Cash flows from investing activities)

Net cash used in investing activities was 5,240 million yen (4,576 million yen used in the previous fiscal year). This was primarily attributable to a 4,197 million yen decrease in cash due to purchase of shares of subsidiaries resulting in change in scope of consolidation. A decrease of 663 million yen compared to the previous fiscal year was primarily attributable to the acquisition of shares of PHYZ Holdings Inc.

(Cash flows from financing activities)

Net cash provided by financing activities was 799 million yen (14,040 million yen provided in the previous fiscal year). This was primarily attributable to increases in cash due to 5,500 million yen in proceeds from long-term borrowings and 3,300 million yen in proceeds from short-term borrowings, despite decreases in cash due to 3,300 million yen in repayments of short-term borrowings and 2,199 million yen in repayments of long-term borrowings. A decrease of 13,240 million yen compared to the previous fiscal year was primarily attributable to the issuance of "euro-yen denominated convertible corporate bonds with share acquisition rights due in 2025" in the previous consolidated fiscal year.

Reference: Trends in cash flow-related indicators

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity ratio (%)	50.6	54.4	35.1	33.7
Equity ratio based on market value (%)	266.7	322.6	331.3	164.4
Ratio of interest-bearing debt to cash flow (%)	127.6	78.2	345.0	523.6
Interest coverage ratio (multiple)	257.5	367.0	384.8	415.2

Equity ratio: Equity / total assets
Equity ratio based on market value: Market capitalization / total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt / cash flow
Interest coverage ratio: Cash flow / interest payments
Notes:

1. Indicators are calculated on the basis of consolidated figures.
2. Cash flows above refer to cash flows from operating activities.
3. Interest-bearing debt is the total of all liabilities on the consolidated balance sheet on which interest is paid.
4. Only balance sheets are consolidated for PHYZ Holdings Inc. and its six subsidiaries. Cash flows for these companies are not included.

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

The Company considers it one of the management top priorities to return profit to its shareholders and it maintains a basic policy to pay stable and continuous dividends. The Company will also inject its internal reserves into the strengthening of its financial structure, the establishment of internal infrastructure for responding to the expansion of business, the strengthening of existing business and the development of new business.

The Company intends to propose a year-end dividend of 9.50 yen per share at the 49th Ordinary General Meeting of Shareholders to be held on June 27, 2022. An interim dividend of 9.50 yen per share has been paid.

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

Resolution date	Total amount of dividends (million yen)	Dividends per share (yen)
Resolution of the Board of Directors on November 1, 2021	1,197	9.50
Resolution of the Ordinary General Meeting of Shareholders on June 27, 2022	1,197	9.50

In addition, for the next fiscal year the Company plans to increase the annual dividend payment to 23.50 yen (interim dividend of 11.75 yen, year-end dividend of 11.75 yen), with a dividend payout ratio of 40.0%.

(4) Business Risks

Risks items in the Group's businesses, etc. which may have a material impact on the decisions of investors consider the importance and urgency of the risks, establish a priority ranking, and include the following risks in particular.

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

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

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

(i) Compliance related risks

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

The Group recognizes compliance-oriented management as the most important issue, established the "Maruwa Group Code of Conduct" and "Conduct Rules" as basic policies, promotes the legal compliance system across the entire Group, implements education and training for officers and employees, and strives to improve corporate ethics and strengthen the compliance system.

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

Overview of permits, etc. for principal businesses

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

(ii) Risk of fluctuations in major clients

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

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

(iii) Risk of rising oil prices

The Group operates a motor truck transportation business. An increase in transportation costs is unavoidable in the event diesel fuel prices rise due to rising global oil prices. Therefore, the Group is maintaining positive relationships with fuel suppliers and gradually promoting the installation of in-tank equipment across the country while simultaneously engaging in price negotiations to reduce the procurement costs of diesel fuel. However, if the price negotiations fail or an increase in transportation costs cannot be transferred to the freight charges, this may have an impact on the Group’s performance and financial condition.

(iv) Risk of the occurrence of serious accidents

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

(v) Risk of the occurrence of serious disasters

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

(vi) Risks pertaining to information system management

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

(vii) Risks pertaining to capital investment

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

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

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

(viii) Financing risk

The Group has continued capital investment such as expansion of logistics centers, and has primarily allocated loans from financial institutions to this. As a result, interest-bearing debt totaled 31,872 million yen as of March 31, 2022. At the present time, there are no concerns about new financing required because relations with financial institutions are good, but in the event financing is impeded by a deterioration in relations with financial institutions in the future and so forth for some reason such as a sudden deterioration in business performance or a significant fluctuation in the social environment and financial conditions, these phenomena may have an impact on the Group’s performance and financial condition. For this reason, the Group strives to reduce these risks by diversifying its financing methods.

(ix) Environmental regulatory risk

The Group is subject to a variety of environmental laws and regulations, including regulating air pollution, water contamination, soil and groundwater contamination, the handling and removal of toxic substances, and waste processing, etc. Therefore, because the Group owns many business vehicles, employees engaged in driving attend eco-driving training sessions so that they habitually drive in a manner to improve fuel economy daily, and the Group provides instructions mainly through the operation managers so that the employees try to drive while considering reducing $CO2$ emissions. In addition, for waste processing, the Group entrusts work to highly reliable waste processors in the network of our Industrial Waste Disposal Collection and Transportation Business, and the Group conducts business activities by paying careful attention to laws and regulations. However, if environmental regulations become stricter in the future due to changes in laws and expenses increase or if the Group is subject to liability, etc. for damages in past, present and future business, this may have an impact on the Group’s performance and financial condition.

In January, 2022, the Group declared its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD). Based on TCFD recommendations, the Group is committed to making active efforts to disclose information pertaining to the four thematic areas, i.e., “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.”

(x) Risk of securing and developing human resources

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

(xi) Risks of securing and developing management

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

(xii) Risk due to the spread of COVID-19 infections

The Group has taken various measures to prevent the spread of COVID-19, including establishing a COVID-19 Response Headquarters, conducting body temperature checks, and implementing mask wearing and hand sanitizing. We have also utilized Internet-based conferencing, limited participant numbers in training, refrained from business trips, banned lunch meetings with large groups, and introduced staggered shift times and working from home. Nevertheless, it remains unclear when the pandemic might end, and in the event that a cluster infection was to be confirmed at the Company’s logistics centers or head office facilities, it might be necessary to suspend distribution to customer companies and head office functions, which may have an impact on the Group’s performance and financial condition.

2. Overview of the Corporate Group

The Group is made up of a total of 23 companies, including the Company and its 17 consolidated subsidiaries and five non-consolidated subsidiaries (of which one is a dormant company). Its operations are focused on logistics businesses that encompass third-party logistics (3PL) and transportation services.

The Group's business are as follows.

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

(1) Logistics Business

(i) Third-party logistics (3PL)

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

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

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

(ii) Transportation services

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

(2) Other

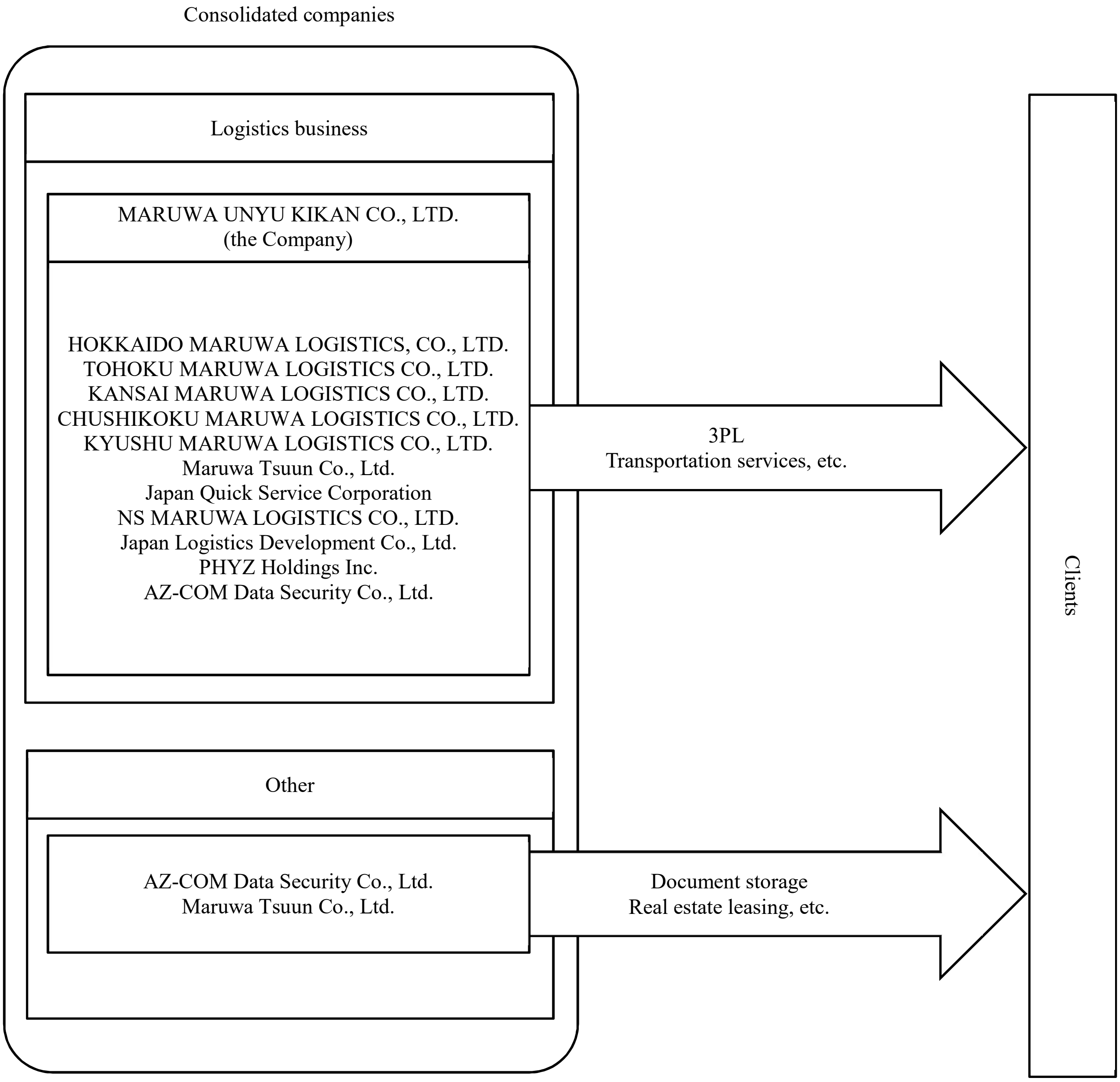
(i) Document storage

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

(ii) Real estate leasing

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

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



Notes: 1. The companies shown in business segments are the Company's consolidated subsidiaries.
2. The "Other" category contains business segments that are not included in reportable segments.

3. Management Policies

(1) The Company's Basic Management Policies

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

(2) Target Management Indicators

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

(i) Equity ratio: 45% or higher

(ii) Ordinary profit to net sales ratio: 8% or higher

(iii) ROE: 15% or higher

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

In order for the Group to achieve sustained growth, it needs to address the increasing freight volume in each of its core logistics domain (i.e., EC logistics, low-temperature food logistics, and medicine & medical logistics), secure and develop human resources capable of driving business expansion in the face of an increasing shortage of human resources and operating vehicles, and promote and implement DX to promote labor-saving and manpower-saving and improve productivity. Furthermore, the Group seeks to further promote business expansion through appropriate allocation of limited management resources, streamlining business operations by means of concentrated investment in growth businesses and revitalization/restructuring of poorly performing businesses. It is also committed to promoting ESG operations in its attempt to not only maximize economic value but also create social value. The medium-term priority measures are as follows.

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

<u>EC logistics business</u>

By establishing a high-quality, high-efficiency logistics process that is based on the integrated supply chain (center operation, trunk transport service, last one mile) to serve both existing and new customers, the Group seeks to satisfy the needs of its customers while promoting further business expansion in the rapidly growing e-commerce market.

<u>Low-temperature food logistics business</u>

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

<u>Medicine & medical logistics business</u>

With many of its customers merging with another business, the Group is optimizing its logistic network across the country and rebuilding its logistics centers to reflect all the latest technological innovations and prepare itself to not only deal with the customers who have grown larger in scale as a result of a merger but also respond to a possible increase in demand in a post-COVID-19 market.

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

To secure and train the human resources necessary to drive future business expansion, the Group is committed to diversifying its employment channels to enable mid-career hiring of industry-ready recruits instead of relying heavily on the conventional practice of hiring new graduates, to promoting strategic human resources development that takes into consideration the skills and manpower required to drive business expansion, and to ensuring the proper allocation of human resources and the prevention of employee turnover by using the Talent Management scheme that is aimed at making the best use of human resources.

(iii) Active efforts to introduce DX to enhance operational productivity in each business domain and the back office

Based on the findings from the proof-of-concept phase that was initiated through the previous medium-term management plan and is still continuing now, the Group makes active efforts to introduce DX to enhance operational productivity, including the enhancement of transportation operations by introducing the AI-based technologies such as the automated vehicle dispatch service and the freight/vehicle request system, the establishment of an e-commerce platform, the optimization of the back office operations through system integration, the introduction of robotics in the center operations, and the optimization of the supply chain through smart logistics enabled by the Cross-ministerial Strategic Innovation Promotion Program (SIP) initiated by the Cabinet Office.

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

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

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

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

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

(4) Issues to be Addressed by the Company

The business environment surrounding the Group has been affected by the global spread of novel coronavirus infection, concerns about the political and economic conditions in Japan and abroad cannot be dispelled, and the future outlook will continue to remain uncertain. The decline of the workforce due to the declining birthrate and aging of society is also a significant issue.

Under such conditions, the Company will seek to improve efficiency and further reduction of costs through the concentration of management resources, and engage in business reforms and the transformation of awareness and behavior of every employee in order to be able to meet all of the needs of customers. Additionally, we will endeavor to overcome problems such as the shortage of human resources and operating vehicles, and continue to strengthen recruitment activities of the Group to secure personnel able to handle the expansion of our business. The main measures are as follows.

(i) Strengthening of sales

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

(ii) Strengthening of operations

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

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

(iii) Strengthening of recruitment activities

As the working population declines, securing human resources in each business area is essential for future business expansion. Therefore, to achieve this we will secure talented personnel by promoting a Group-wide system of recruitment by employees, strengthening communication with career advisors at universities and high schools nationwide, and increasing the number of employees responsible for recruitment.

(iv) Strengthening of management

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

Furthermore, we will form a “Work Style Reform Promotion Committee” against the backdrop of the “work style reforms” being promoted by the government, and engage in the creation of a vibrant workplace that is fulfilling for all employees by making improvements to the working environment such as limiting long working hours, correcting employment disparity and improving labor productivity. In order to build a company that has the confidence and trust of society, we will endeavor to ensure not only compliance with laws and regulations, but also to strengthen the internal control system and risk management system, and conduct sound corporate management by endeavoring to ensure behavior in accordance with corporate ethics.

(v) Strengthening of safety measures

In order to fulfill our social responsibility as a logistics company, we will introduce cutting-edge transportation management systems (TMS) including digital tachographs and dashboard cameras while also undertaking additional safety improvement measures such as ensuring work safety and preventing traffic accidents. Furthermore, we will also actively engage in conservation of the environment such as the promotion of eco-driving and the reduction of the environmental impact of vehicles and facilities.

(vi) Enhancing governance

In order to make our governance system even more effective, we have established a “Nomination and Compensation Committee” that includes independent outside directors. Its role is to provide advice and issue reports on the processes for selecting director candidates and determining director compensation. By also conducting evaluations of Board of Director effectiveness to further improve its function, we are working to ensure management transparency and objectivity while further enhancing corporate governance.

(vii) Promoting Digital Transformation

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

(viii) Promoting sustainability

Our management philosophy is “Contributing to the development of local communities and helping to create a more prosperous society.” In order to realize this philosophy and solve environmental and social issues through our business activities, we will work to build a logistics network to serve as a social infrastructure, while ensuring critical infrastructure for the realization of a sustainable society.

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

Not applicable.

4. Basic Approach to Selection of Accounting Standards

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

5. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	26,488	29,679
Notes and accounts receivable - trade	12,339	18,196
Supplies	51	93
Prepaid expenses	921	1,030
Other	205	234
Allowance for doubtful accounts	(1)	(14)
Total current assets	40,004	49,219
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,756	20,183
Accumulated depreciation	(10,830)	(11,497)
Buildings and structures, net	8,926	8,686
Machinery, equipment and vehicles	5,030	5,224
Accumulated depreciation	(2,424)	(2,857)
Machinery, equipment and vehicles, net	2,606	2,366
Tools, furniture and fixtures	1,769	2,122
Accumulated depreciation	(863)	(1,146)
Tools, furniture and fixtures, net	906	976
Land	6,582	7,022
Leased assets	887	1,074
Accumulated depreciation	(517)	(293)
Leased assets, net	369	781
Construction in progress	2,435	2,560
Other	44	44
Total property, plant and equipment	21,871	22,438
Intangible assets		
Goodwill	672	3,681
Leased assets	1	0
Software	821	757
Other	501	576
Total intangible assets	1,997	5,015
Investments and other assets		
Investment securities	6,222	5,624
Long-term loans receivable	111	114
Deferred tax assets	307	437
Retirement benefit asset	351	405
Leasehold and guarantee deposits	1,949	1,995
Other	423	695
Allowance for doubtful accounts	(47)	(36)
Total investments and other assets	9,319	9,235
Total non-current assets	33,187	36,689
Total assets	73,191	85,909

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,856	11,287
Short-term borrowings	100	145
Current portion of long-term borrowings	2,118	3,134
Lease liabilities	86	172
Income taxes payable	1,693	1,652
Provision for bonuses	960	835
Provision for loss on litigation	17	1
Accounts payable - other	4,894	4,789
Accrued expenses	478	1,160
Other	657	793
Total current liabilities	18,862	23,972
Non-current liabilities		
Bonds payable	-	5
Convertible bonds	21,026	20,806
Long-term borrowings	3,882	6,960
Lease liabilities	282	642
Deferred tax liabilities	590	610
Retirement benefit liability	878	955
Asset retirement obligations	776	786
Provision for share awards for directors (and other officers)	21	31
Provision for share-based remuneration for employees	25	39
Provision for retirement benefits for directors (and other officers)	-	55
Other	1,137	1,308
Total non-current liabilities	28,620	32,201
Total liabilities	47,483	56,173
Net assets		
Shareholders' equity		
Share capital	2,665	2,667
Capital surplus	2,341	2,343
Retained earnings	24,948	28,681
Treasury shares	(5,758)	(5,758)
Total shareholders' equity	24,197	27,933
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,702	1,207
Remeasurements of defined benefit plans	(191)	(196)
Total accumulated other comprehensive income	1,511	1,010
Non-controlling interests	-	790
Total net assets	25,708	29,735
Total liabilities and net assets	73,191	85,909

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	112,113	133,000
Cost of sales	98,749	118,590
Gross profit	13,364	14,410
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	428	487
A salary allowance	1,492	1,640
Outsourcing expenses	262	636
Retirement benefit expenses	28	31
Provision for bonuses	110	96
Provision of allowance for doubtful accounts	-	0
Provision for share awards for directors (and other officers)	12	10
Provision for share-based remuneration for employees	14	14
Other	2,994	2,843
Total selling, general and administrative expenses	5,344	5,761
Operating profit	8,019	8,649
Non-operating income		
Interest income	74	221
Dividend income	87	122
Gain on sale of investment securities	-	2
Subsidy income	38	27
Other	148	156
Total non-operating income	349	529
Non-operating expenses		
Interest expenses	20	14
Bond issuance costs	55	-
Loss on retirement of non-current assets	5	16
Loss on cancellation of leases	2	4
Provision for loss on litigation	10	-
Provision of allowance for doubtful accounts	3	-
Other	9	3
Total non-operating expenses	106	39
Ordinary profit	8,262	9,139
Extraordinary income		
Gain on sale of investment securities	0	-
Total extraordinary income	0	-
Profit before income taxes	8,262	9,139
Income taxes - current	2,923	2,990
Income taxes - deferred	(197)	24
Total income taxes	2,725	3,014
Profit	5,536	6,125
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	5,536	6,125

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	5,536	6,125
Other comprehensive income		
Valuation difference on available-for-sale securities	747	(495)
Remeasurements of defined benefit plans, net of tax	(12)	(5)
Total other comprehensive income	735	(500)
Comprehensive income	6,271	5,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,271	5,624
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,660	2,175	21,327	(611)	25,551
Changes during period					
Issuance of new shares - exercise of share acquisition rights	4	4			9
Dividends of surplus			(1,915)		(1,915)
Profit attributable to owners of parent			5,536		5,536
Purchase of treasury shares				(5,316)	(5,316)
Disposal of treasury shares				0	0
Increase by share exchanges		161		168	330
Net changes in items other than shareholders' equity					
Total changes during period	4	166	3,621	(5,146)	(1,354)
Balance at end of period	2,665	2,341	24,948	(5,758)	24,197

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	954	(178)	776	26,328
Changes during period				
Issuance of new shares - exercise of share acquisition rights				9
Dividends of surplus				(1,915)
Profit attributable to owners of parent				5,536
Purchase of treasury shares				(5,316)
Disposal of treasury shares				0
Increase by share exchanges				330
Net changes in items other than shareholders' equity	747	(12)	735	735
Total changes during period	747	(12)	735	(619)
Balance at end of period	1,702	(191)	1,511	25,708

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,665	2,341	24,948	(5,758)	24,197
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1	1			3
Dividends of surplus			(2,392)		(2,392)
Profit attributable to owners of parent			6,125		6,125
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				0	0
Increase in consolidated subsidiaries - non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	1	1	3,732	0	3,736
Balance at end of period	2,667	2,343	28,681	(5,758)	27,933

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,702	(191)	1,511	–	25,708
Changes during period					
Issuance of new shares - exercise of share acquisition rights					3
Dividends of surplus					(2,392)
Profit attributable to owners of parent					6,125
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Increase in consolidated subsidiaries - non-controlling interests				790	790
Net changes in items other than shareholders' equity	(495)	(5)	(500)		(500)
Total changes during period	(495)	(5)	(500)	790	4,026
Balance at end of period	1,207	(196)	1,010	790	29,735

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,262	9,139
Depreciation	1,559	1,597
Amortization of goodwill	77	125
Increase (decrease) in allowance for doubtful accounts	(3)	(11)
Increase (decrease) in provision for bonuses	352	(174)
Increase (decrease) in allowance for other	25	9
Increase (decrease) in retirement benefit liability	32	87
Interest and dividend income	(162)	(343)
Interest expenses	20	14
Loss (gain) on sale and retirement of property, plant and equipment	(12)	(5)
Loss (gain) on sale of investment securities	(0)	(2)
Decrease (increase) in trade receivables	(862)	(3,197)
Increase (decrease) in trade payables	403	2,354
Increase (decrease) in accounts payable - other	874	(346)
Increase (decrease) in accrued consumption taxes	51	(276)
Other, net	159	111
Subtotal	10,778	9,084
Interest and dividends received	88	124
Interest paid	(20)	(14)
Income taxes paid	(2,875)	(3,106)
Net cash provided by (used in) operating activities	7,970	6,087
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,184)	(834)
Proceeds from sale of property, plant and equipment	30	22
Purchase of intangible assets	(205)	(193)
Purchase of investment securities	(379)	(47)
Proceeds from sale of investment securities	4	6
Loan advances	(53)	(30)
Proceeds from collection of loans receivable	80	28
Payments of leasehold and guarantee deposits	(571)	(105)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(323)	(4,197)
Other, net	25	111
Net cash provided by (used in) investing activities	(4,576)	(5,240)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	8,000	3,300
Repayments of short-term borrowings	(8,200)	(3,300)
Repayments of lease liabilities	(189)	(111)
Proceeds from long-term borrowings	4,050	5,500
Repayments of long-term borrowings	(3,372)	(2,199)
Proceeds from issuance of bonds	21,100	–
Redemption of bonds	(126)	–
Dividends paid	(1,914)	(2,393)
Purchase of treasury shares	(5,316)	(0)
Proceeds from exercise of employee share options	9	3
Net cash provided by (used in) financing activities	14,040	799
Net increase (decrease) in cash and cash equivalents	17,434	1,647
Cash and cash equivalents at beginning of period	8,536	26,482
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	511	1,312
Cash and cash equivalents at end of period	26,482	29,442

(5) Notes to Consolidated Financial Statements

(Notes related to the going concern assumption)

Not applicable.

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

1. Matters Related to the Scope of Consolidation

(1) Number of consolidated subsidiaries: 17

Names of principal consolidated subsidiaries

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

Significant Changes in Scope of Consolidation

As from the consolidated fiscal year under review, PHYZ Holdings Inc. and its six subsidiaries are accounted for in the consolidated financial statements, as a result of the Group’s acquisition of shares of PHYZ Holdings Inc.

(2) Principal non-consolidated subsidiaries

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

Reasons for exclusion from the scope of consolidation

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

2. Matters Related to Application of the Equity Method

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

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

Reasons for not applying the equity method

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

3. Matters Related to the Business Years of Consolidated Subsidiaries

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

4. Matters Related to Accounting Policies

(1) Valuation standards and valuation methods for material assets

Securities

Other securities

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

Market value method

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

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

Stated at cost using the moving average method

(2) Methods of depreciation of material depreciable assets

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

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

The main useful lives are as follows.

Buildings and structures	2 to 65 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

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

(iii) Leased assets

Leased assets pertaining to finance lease transactions transferring ownership

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

Leased assets pertaining to finance lease transactions not transferring ownership

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

(3) Method of accounting for deferred assets

Bond issuance costs

All the bond issuance costs are accounted for as expenses at the time of spending.

(4) Accounting standards for significant provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(iii) Provision for loss on litigation

To protect against potential losses pertaining to litigation of claims for compensation of damages, a provision is made for the expected amount of losses based on conditions such as the proceedings.

(iv) Provision for share awards for directors (and other officers)

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

(v) Provision for share awards for employees

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

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

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

(5) Methods of accounting for retirement benefits

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

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

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

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

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

(iii) Adoption of simplified method in small companies

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

(6) Accounting standards for significant revenues and expenses

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

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

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

(7) Method and amortization period of amortization of goodwill

Goodwill is amortized over a five- to ten-year period on a straight-line basis.

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

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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

This, however, has only a minor impact on the net sales, operating profit, ordinary profit, and profit before income taxes of the consolidated fiscal year under review. It has no impact on the balance of retained earnings at the beginning of the period.

Furthermore, information on disaggregation of revenues arising from contracts signed with the customers during the previous consolidated fiscal year is not provided, because the provision of such information is subject to the transitional treatment stipulated in paragraph 89-3 of the Accounting Standard for Revenue Recognition.
Information on disaggregation of revenue

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Segment information)

1. Overview of reportable segments

(1) Method for determining reportable segments

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

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

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

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

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

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

The accounting methods for the business segments reported are generally same as those shown in "Important Items for the Preparation of the Consolidated Financial Statements."

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

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

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

(Units: millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Logistics business				
Net sales					
Net sales to external customers	111,154	959	112,113	–	112,113
Internal sales and transfers between segments	181	383	564	(564)	–
Total	111,336	1,342	112,678	(564)	112,113
Segment profit	7,739	279	8,019	0	8,019
Other items					
Depreciation	1,429	130	1,559	–	1,559

Notes:
1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business and the real estate leasing business.
2. The segment profit adjustment represents the elimination of transactions between segments.
3. Segment profit has been adjusted with operating profit from the consolidated statement of income.
4. The amounts of segment assets and liabilities are not shown because they are not subject to regular review for the purpose of making decisions about allocation of resources and assessing performance.

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(Units: millions of yen)

	Reportable segment	Other (Note) 1	Total	Adjustment and eliminations	Amount recorded on consolidated financial statements (Note) 2
	Logistics business				
Net sales					
Revenues arising from contracts signed with the customers	131,211	445	131,657	–	131,657
Other revenues	812	530	1,343	–	1,343
(1) Net sales to external customers	132,024	976	133,000	–	133,000
(2) Internal sales and transfers between segments	181	385	567	(567)	–
Total	132,206	1,362	133,568	(567)	133,000
Segment profit	8,358	290	8,649	–	8,649
Other items					
Depreciation	1,460	136	1,597	–	1,597

Notes:
1. The "Other" category contains business segments that are not included in reportable segments, and includes the document storage warehouse leasing business and the real estate leasing business.
2. Segment profit has been adjusted with operating profit from the consolidated statement of income.
3. The amounts of segment assets and liabilities are not shown because they are not subject to regular review for the purpose of making decisions about allocation of resources and assessing performance.

(Per share information)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Net assets per share	204.54 yen	230.19 yen
Earnings per share	43.60 yen	48.72 yen
Diluted earnings per share	42.37 yen	44.77 yen

Notes: 1. The Company conducted 2-for-1 splits of common shares with effective dates of January 1, 2021. In association with this, net assets per share, earnings per share and diluted earnings per share are calculated based on the assumption that the split was carried out at the start of the previous fiscal year.

2. The basis for the calculation of earnings per share and diluted earnings per share is shown below.

Item	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	5,536	6,125
Amount not attributable to common shareholders millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (millions of yen)	5,536	6,125
Average number of common shares during the period (shares)	126,974,268	125,720,490
Diluted earnings per share		
Adjusted profit attributable to owners of parent (millions of yen)	(51)	(154)
[After-tax interest income included therein] (millions of yen)	[(51)]	[(154)]
Increase in common shares (shares)	2,471,458	7,639,257
[Convertible bonds with share acquisition rights included therein] (shares)	[2,130,898]	[7,407,407]
[Share acquisition rights included therein] (shares)	[340,560]	[231,850]
Overview of dilutive shares not included in the calculation of diluted earnings per share because they have no dilutive effect	–	–

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

Item	End of Previous Fiscal Year (March 31, 2021)	End of Current Fiscal Year (March 31, 2022)
Total amount of net assets (millions of yen)	25,708	29,735
Amount deducted from total amount of net assets (millions of yen)	–	790
[Share acquisition rights included therein]	[–]	[–]
[Non-controlling interests included therein]	[–]	[790]
Net assets at end of period pertaining to common shares (millions of yen)	25,708	28,944
Number of common shares at end of period used in calculation of net assets per share (shares)	125,688,732	125,742,441

4. The Company's shares that remain in a trust recorded as treasury shares under shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares when calculating earnings per share and diluted earnings per share. (360,548 shares in the previous fiscal year and 358,765 shares in the current fiscal year) Furthermore, they are included in the treasury shares deduced from the total number of shares issued and outstanding at year-end in the calculation of net assets per share. (359,910 shares in the previous fiscal year and 357,366 shares in the current fiscal year)

(Significant subsequent events)

(Transition to a pure holding company structure through the absorption-type company split)

During the board meeting held on April 22, 2022, a decision was made to make a transition to a pure holding company structure. To this end, MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (the "Split Preparation Company") will be founded, which will be a 100%-owned subsidiary of the Company. The effective date is set at October 1, 2022 (planned), at which time the absorption-type company split (hereafter the "company split") will be carried out, with the Company as the split company and the Split Preparation Company as the successor company. On the same day the board meeting was held, the Company signed an absorption-type company split agreement pertaining to the company split with the Split Preparation Company.

The transition to a pure holding company structure by means of company split will be carried out provided that the relevant resolution is approved at the 49th Ordinary General Meeting of Shareholders to be held on June 27, 2022 and that the permission of the relevant public offices is obtained as necessary.

1. Purpose of transition to a pure holding company structure

Under the "3PL & Platform Company" concept, the Group is working actively to promote "securing and developing human resources," "researching and utilizing the latest technologies," and "developing new markets," and also strengthen and expand the BCP logistics business that contributes to securing lifelines in the event of a disaster, in addition to each of e-commerce and ordinary temperature, food, and medicine and medical logistics businesses, which are its core businesses.

However, as the social environment has been changing drastically, unprecedented changes are occurring also in the logistics industry, including industry restructuring due to M&A and business alliance. Therefore, considering that the Group also urgently needs to establish a management structure that can respond to such environmental changes, the Group has decided to make a transition to a pure holding company structure which enables it to achieve sustained growth by clarifying responsibilities and authority of the pure holding company that plans a Group strategy from a medium- to long-term perspective and each operating company, and separating those of operating companies into these companies which make decisions more speedily and execute operations flexibly. The specific details are as follows.

(1) Strengthening the function of promoting the Group management strategy

The pure holding company will strengthen planning and promotion of the Group management strategy toward expansion into growth areas and enhancement of businesses from a medium- to long-term perspective.

(2) Clarifying authority and responsibilities, and accelerating decision-making

Operating companies will concentrate on performing businesses and make decisions speedily on their own responsibilities and authority that are more clarified in order to enhance competitiveness and achieve self-sustaining growth.

(3) Strengthening group governance

The pure holding company will focus on supervision of the Group and planning and decision-making on the Group strategy and strive to further strengthen group governance by enhancing the corporate function.

2. Overview of the Company Split

(1) Schedule of the Company Split

April 22, 2022	Board of Directors meeting approving establishment of a Split Preparation Company
April 22, 2022	Establishment of the Split Preparation Company
April 22, 2022	Board of Directors meeting approving an absorption-type company split agreement
April 22, 2022	Conclusion of the absorption-type company split agreement
June 27, 2022 (planned)	Annual General Meeting of Shareholders approving the absorption-type company split agreement

October 1, 2022 (planned)	Effective date of the absorption-type company split

(2) Method of the Company Split

The Company Split will be implemented by means of an absorption-type company split with the Company as the splitting company (the "Splitting Company") and the Split Preparation Company as the successor company (the "Successor Company") whereby the Successor Company will succeed to the logistics business that is being operated by the Company and any and all businesses incidental thereto (the "Target Businesses").

(3) Details of allotment related to the Company Split

Upon the Company Split, the Successor Company will issue 6,400 common shares and all of those shares will be allotted and delivered to the Company.

(4) Handling of share acquisition rights and bonds with share acquisition rights in association with the Company Split

As for handling of the Company's share acquisition rights and bonds with share acquisition rights, there will be no change as a result of the Company Split.

(5) Stated capital that increases or decreases through the Company Split

There will be no increase or decrease in stated capital of the Company through the Company Split.

(6) Rights and obligations assumed by the Successor Company

The Successor Company will assume assets, liabilities, employment contracts, and any other rights and obligations related to the Target Businesses to the extent provided in the absorption-type company split agreement from the Splitting Company on the effective date. The assumption by the Successor Company from the Splitting Company will be effected in the form of a concomitant assumption of liabilities.

(7) Prospect for performance of liabilities

In the Company Split, when the amount of assets and the amount of liabilities transferred by the Splitting Company to the Successor Company are compared, the former is expected to exceed the latter, and the occurrence of any events that would cause an impediment to the performance of liabilities to be assumed is also not anticipated in the earnings condition of the Successor Company after the Company Split. For these reasons, the Group has judged that the likelihood that the Successor will perform the liabilities is sufficiently secured.

3. Overview of the parties to the Company Split

(1) Overview of the parties

	Splitting Company as of March 31, 2022		Successor Company as of the time of establishment on April 22, 2022	
(1) Name	MARUWA UNYU KIKAN CO., LTD.		MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha	
(2) Address	7-1 Asahi, Yoshikawa-shi, Saitama		7-1 Asahi, Yoshikawa-shi, Saitama	
(3) Title and name of representative	Masaru Wasami, President		Masaru Wasami, President	
(4) Business description	Logistics business (third-party logistics, transportation services)		Logistics business (third-party logistics, transportation services)	
(5) Stated capital	¥2,667,424,550		¥30,000,000	
(6) Date of establishment	August 3, 1973		April 22, 2022	
(7) Number of issued shares	128,848,320 shares		600 shares	
(8) End of fiscal year	Last day of March		Last day of March	
(9) Major shareholders and percentage of shareholding	Kabushiki GaishaWASAMI	34.26%	The Company	100%
	Masaru Wasami	25.13%		
	The Master Trust Bank of Japan, Ltd. (Trust accounts)	4.07%		
	MatsukiyoCocokara & Co.	4.00%		
	MARUWA UNYU KIKAN Employee Shareholding Association	2.06%		
	Custody Bank of Japan, Ltd.	1.58%		
	TOYO KANETSU K.K.	1.45%		
	DUSKIN CO., LTD.	1.27%		
	Saitama Resona Bank, Limited	1.02%		
	Hino Motors, Ltd.	0.86%		
(10) Relationships between the parties	Capital relationship		The Splitting Company holds 100% of issued shares of the Successor Company.	
	Human relationship		The Splitting Company has sent out six Directors and one Audit & Supervisory Board Member to the Successor Company.	
	Business relationship		Since the Successor Company has not started its business, the Successor Company has no business relationship with the Splitting Company at the present time.	

(11) Financial condition and operating results for the immediately preceding fiscal year (fiscal year ended March 31, 2022)

Because there is no immediately preceding fiscal year for the Split Preparation Company, only items stated in the balance sheet as of the establishment date have been provided.

	MARUWA UNYU KIKAN CO., LTD. (Splitting Company) (consolidated)	MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (Successor Company) (non-consolidated)
Net assets	¥29,735 million	¥30 million
Total assets	¥85,909 million	¥30 million
Net assets per share	¥230.19	¥50,000
Net sales	¥133,000 million	–
Operating profit	¥8,649 million	–
Ordinary profit	¥9,139 million	–
Profit attributable to owners of parent	¥6,125 million	–
Earnings per share	¥48.72	–

4. Overview of business divisions subject to the Company Split

Logistics business that is being operated by the Company and any and all businesses incidental thereto

5. Status of the parties after the Company Split (as of October 1, 2022 (planned))

	Splitting Company	Successor Company
(1) Trade name	AZ-COM MARUWA Holdings Inc. (The trade name will be changed from "MARUWA UNYU KIKAN CO., LTD." as of October 1, 2022.)	MARUWA UNYU KIKAN CO., LTD. (The trade name will be changed from "MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha" as of October 1, 2022.)
(2) Address	7-1 Asahi, Yoshikawa-shi, Saitama	7-1 Asahi, Yoshikawa-shi, Saitama
(3) Title and name of representative	Masaru Wasami, President	Masaru Wasami, President
(4) Description of major businesses	Management administration of group companies	Logistics business (third-party logistics, transportation services)
(5) Stated capital	¥2,667,424,550	¥350,000,000
(6) End of fiscal year	Last day of March	Last day of March

(Note) For the changes of the trade names, resolution of the Board of Directors is to be adopted in May 2022.

6. Future outlook

Because the Successor Company is a wholly owned subsidiary of the Company, the impact on consolidated operating results is minor.

Since the Company will be a pure holding company after the Company Split, its revenue will be dividends, management guidance fees, rents on real estate, interest on loans receivable and others from its subsidiaries, affiliates, etc., whereas the main items of expenses will be costs associated to the function as a pure holding company, costs associated with the corporate function, interest on loans payable, and others.