Securities Report

(Report in accordance with Article 24, paragraph 1 of
the Financial Instruments and Exchange Act)

Business year	From April 1, 2022
(50th fiscal year)	To March 31, 2023

AZ-COM MARUWA Holdings Inc.

7-1 Asahi, Yoshikawa-shi, Saitama

(E30443)

Table of Contents

Page

Cover
Part I. Company Information
I. Overview of the Company
1. Key management indicators and trends
2. History
3. Business description
4. Subsidiaries and other affiliated entities
5. Employees
II. Overview of the business
1. Management policy, management environment, and various issues to be addressed
2. Sustainability policy and initiatives
3. Business risks
4. Management analysis of financial position, operating results and cash flows
5. Important operational contracts
6. Research and development activities
III. Information about facilities
1. Overview of capital investment
2. Major facilities
3. Plans for the new construction and disposal of facilities
IV. Information on the reporting company
1. Information on shares, etc.
(1) Number of shares, etc.
(2) Information on share acquisition rights, etc.
(3) Exercise of bonds with share acquisition rights with an exercise price adjustment clause
(4) Trends in total number of shares issued, share capital, etc.
(5) Status by owner
(6) Major shareholders
(7) Voting rights
(8) Details of the officer and employee shareholding plans
2. Status of acquisition of treasury shares, etc.
3. Dividend policy
4. Stock price trends
5. Status of officers
6. Status of corporate governance, etc.
V. Status of accounting
1. Consolidated financial statements and other information
(1) Consolidated financial statements
(2) Others
2. Financial statements and other information
(1) Non-consolidated financial statements
(2) Details of major assets and liabilities
(3) Others
VI. Overview of the stock-related administration of the Company
VII. Reference information on the Company
1. Information on the Company’s parent company
2. Other reference information
Part II. Information on guarantors, etc., of the Company

[Independent Auditor’s Report]

[Cover]

[Document Submitted]	Securities Report
[Article of the Applicable Law Requiring Submission of this Document]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 30, 2023
[Business Year]	50th fiscal year (from April 1, 2022, to March 31, 2023)
[Company Name]	AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.)
[Company Name (in English)]	AZ-COM MARUWA Holdings Inc. (Former Company Name in English: MARUWA UNYU KIKAN CO., LTD.) (Note) The company name and the English company name were changed as above effective from October 1, 2022, by a resolution of the 49th Annual General Meeting of Shareholders held on June 27, 2022.
[Position and Name of Representative]	Masaru Wasami, President & CEO
[Location of Head Office]	7-1 Asahi, Yoshikawa-shi, Saitama
[Phone No.]	+81-48-991-1000
[Contact for Communications]	Masanao Kuzuno, Director and Executive Operating Officer and General Manager of Corporate Management Group
[Nearest Contact]	7-1 Asahi, Yoshikawa-shi, Saitama
[Phone No.]	+81-48-991-1000
[Contact for Communications]	Masanao Kuzuno, Director and Executive Operating Officer and General Manager of Corporate Management Group
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of the Company

1. Key management indicators and trends

(1) Consolidated management indicators

Fiscal year		46th	47th	48th	49th	50th
Year ended		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(million yen)	85,590	98,348	112,113	133,000	177,829
Ordinary profit	(million yen)	6,046	7,392	8,262	9,139	11,949
Profit attributable to owners of parent	(million yen)	3,901	4,818	5,536	6,125	7,780
Comprehensive income	(million yen)	3,504	5,084	6,271	5,624	9,929
Net assets	(million yen)	23,033	26,328	25,708	30,943	38,162
Total assets	(million yen)	45,545	48,423	73,191	88,391	112,028
Net assets per share	(yen)	179.68	206.05	204.54	230.19	285.40
Basic earnings per share	(yen)	30.45	37.58	43.60	48.72	61.86
Diluted earnings per share	(yen)	30.32	37.45	42.37	44.77	57.26
Equity ratio	(%)	50.6	54.4	35.1	32.7	32.1
Return on equity	(%)	17.9	19.5	21.3	22.4	24.0
Price earnings ratio	(times)	31.1	32.5	44.2	23.0	32.2
Cash flows from operating activities	(million yen)	5,533	7,113	7,970	6,087	11,408
Cash flows from investing activities	(million yen)	(1,554)	(3,548)	(4,576)	(5,240)	(14,018)
Cash flows from financing activities	(million yen)	(124)	(3,459)	14,040	799	5,533
Cash and cash equivalents at end of period	(million yen)	8,431	8,536	26,482	29,442	32,365
Number of employees [Separately, average number of temporary employees]	(persons)	2,843 [4,121]	3,031 [4,452]	3,630 [4,832]	4,589 [6,458]	4,815 [6,565]

(Notes) 1. The Company conducted 2-for-1 share splits of common shares with effective dates of October 1, 2019, and January 1, 2021. Accordingly, net assets per share, basic earnings per share and diluted earnings per share were calculated as though the share splits were conducted at the beginning of the 46th fiscal year.

2. The Company's shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP are recorded as treasury shares under net assets. Such shares are included in treasury shares to be deducted from the number of common shares at the end of the fiscal year, which is the basis of calculating net assets per share. In addition, such shares are included in treasury shares to be deducted from the average number of common shares during the fiscal year, which is the basis of calculating basic earnings per share and diluted earnings per share.

3. The number in the square brackets of "Number of employees" column indicates the yearly average number of temporary employees.

4. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the relevant ASBJ regulations were applied from the beginning of the 49th business year and were applied to the key management indicators from the 49th fiscal year and onward.

5. At the end of the 50th fiscal year, the Company finalized the provisional accounting treatment for business combination, and the related key management indicators for the 49th fiscal year are based on the amounts after reflecting the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

(2) Non-consolidated management indicators

Fiscal year		46th	47th	48th	49th	50th
Year ended		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(million yen)	59,184	67,457	76,362	92,313	55,686
Ordinary profit	(million yen)	4,771	5,361	6,428	7,210	4,785
Profit	(million yen)	3,451	3,891	4,921	5,303	3,243
Share capital	(million yen)	2,657	2,660	2,665	2,667	2,670
Total number of shares issued	(shares)	32,138,080	64,326,960	128,797,120	128,848,320	128,952,320
Net assets	(million yen)	18,682	21,050	19,829	22,249	24,692
Total assets	(million yen)	36,455	38,806	61,370	69,889	71,859
Net assets per share	(yen)	145.74	164.75	157.77	176.95	196.20
Dividends per share (Interim dividends per share)	(yen)	36.40 (18.20)	21.90 (10.95)	18.96 (9.48)	19.00 (9.50)	23.50 (11.75)
Basic earnings per share	(yen)	26.94	30.35	38.76	42.18	25.79
Diluted earnings per share	(yen)	26.83	30.25	37.62	38.61	23.19
Equity ratio	(%)	51.2	54.2	32.3	31.8	34.4
Return on equity	(%)	19.5	19.6	24.1	25.2	13.8
Price earnings ratio	(times)	35.2	40.3	49.8	26.6	77.2
Dividend payout ratio	(%)	33.8	36.1	48.9	45.0	91.1
Number of employees [Separately, average number of temporary employees]	(persons)	1,321 [2,696]	1,232 [2,827]	1,464 [3,001]	1,621 [2,909]	57 [-]
Total shareholder return (Benchmark: TOPIX including dividends)	(%) (%)	121.9 (95.0)	158.0 (85.9)	249.7 (122.1)	150.3 (124.6)	262.8 (131.8)
Highest share price	(yen)	4,525	5,620 2,842	4,815 2,406	1,998	2,019
Lowest share price	(yen)	2,404	3,675 1,591	2,334 1,810	950	1,086

(Notes)
1. Effective from October 1, 2022, the Company implemented a company split (absorption-type company split) and transitioned to a pure holding company structure. As a result, the key management indicators for the 50th fiscal year and onward have changed significantly compared to the 49th fiscal year and before.
2. The Company conducted 2-for-1 share splits of common shares with effective dates of October 1, 2019, and January 1, 2021. Accordingly, net assets per share, basic earnings per share and diluted earnings per share were calculated as though the share splits were conducted at the beginning of the 46th fiscal year.
3. The Company’s shares held as investment assets in a stock benefit trust for officers and a stock benefit ESOP are recorded as treasury shares under net assets. Such shares are included in treasury shares to be deducted from the number of common shares at the end of the fiscal year, which is the basis of calculating net assets per share. In addition, such shares are included in treasury shares to be deducted from the average number of common shares during the fiscal year, which is the basis of calculating basic earnings per share and diluted earnings per share.
4. The dividends per share and dividend payout ratio for the 47th and 48th fiscal years were calculated as though the share splits were conducted at the beginning of each fiscal year. The share split for the beginning of the 47th fiscal year was conducted on October 1, 2019, and the share split for the beginning of the 48th fiscal year was conducted on January 1, 2021.
5. Dividends per share of 18.96 yen for the 48th fiscal year include the 50th anniversary commemorative dividends (an interim dividend of 3.75 yen, where actual dividends without considering the share split were 7.5 yen, and a year-end dividend of 3.75 yen).

6. The number in the square brackets of “Number of employees” column indicates the yearly average number of temporary employees.
7. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the relevant ASBJ regulations were applied from the beginning of the 49th business year and were applied to the key management indicators from the 49th fiscal year and onward.
8. For the highest and lowest share prices, those on and after April 4, 2022, refer to those on the Prime Market of the TSE (Tokyo Stock Exchange), and those before that date refer to those on the First Section of the TSE.
9. The share price for the lower column of the 47th fiscal year indicates the share price after the price of right is deducted from the share price due to share split (2-for-1 share split on October 1, 2019).
10. The share price for the lower column of the 48th fiscal year indicates the share price after the rights price is deducted from share price due to the share split (2-for-1 share split on January 1, 2021).

2. History

The history of the Group as a corporate group is as follows.

Date	Summary
August 1973	Established MARUWA UNYU KIKAN, LTD. in Yoshikawa-machi, Kitakatsushika-gun, Saitama Prefecture (currently Yoshikawa-shi, Saitama Prefecture), with the business purpose of conducting a general sector motor truck transportation business
October 1978	Changed the organization form to become MARUWA UNYU KIKAN CO., LTD.
July 1993	Acquired shares of Showa Tsuun Co., Ltd. (currently Maruwa Tsuun Co., Ltd., a consolidated subsidiary)
December 1993	Acquired shares of KANSAI MARUWA SERVICE CO., LTD. (currently KANSAI MARUWA LOGISTICS CO., LTD., a consolidated subsidiary)
August 1997	Established Tohoku Maruwa Service Co., Ltd. (currently TOHOKU MARUWA LOGISTICS CO., LTD., a consolidated subsidiary) in Shiwa-cho, Shiwa-gun, Iwate Prefecture
April 2002	Established SHIKOKU MARUWA LOGISTICS CO., LTD. (currently CHUSHIKOKU MARUWA LOGISTICS CO., LTD., a consolidated subsidiary) in Kochi-shi, Kochi Prefecture
October 2004	Established AZ-COM Data Security Co., Ltd. (currently a consolidated subsidiary) in Yoshikawa-shi, Saitama Prefecture
October 2005	Established KYUSHU MARUWA LOGISTICS CO., LTD. (currently a consolidated subsidiary) in Higashi-ku, Fukuoka-shi, Fukuoka Prefecture
April 2006	MARUWA UNYU KIKAN CO., LTD. relocated its Head Office to 7-1 Asahi, Yoshikawa-shi, Saitama Prefecture
March 2008	Acquired all of the shares of Japan Quick Service Corporation (currently a consolidated subsidiary) by a share exchange and made it a wholly owned subsidiary
	Acquired all of the shares of Japan Taro's Co., Ltd. (currently a non-consolidated subsidiary) by a share exchange and made it a wholly owned subsidiary
	Acquired all of the shares of AZ-COM Business Support (currently a non-consolidated subsidiary) by a share exchange and made it a wholly owned subsidiary
	Acquired all of the shares of HOKKAIDO MARUWA LOGISTICS, CO., LTD. (currently a consolidated subsidiary) and made it a wholly owned subsidiary
August 2010	Acquired all of the shares of Maruwa Tsuun Co., Ltd. and made it a wholly owned subsidiary
April 2014	Listed on the Tokyo Stock Exchange 2nd Section
April 2015	Listed on the Tokyo Stock Exchange 1st Section
March 2018	Acquired the "product individual delivery business" of Kokusai Transportation Service Corporation and KANTO SHIPPING CO, LTD. by a business transfer
May 2018	Established NS MARUWA LOGISTICS CO., LTD. (currently a consolidated subsidiary) in Arakawa-ku, Tokyo
October 2018	TOHOKU MARUWA LOGISTICS CO., LTD. relocated its Head Office to Taihaku-ku, Sendai-shi, Miyagi Prefecture
September 2020	Acquired the shares of Japan Logistics Development Co., Ltd. by a share exchange and made it a wholly owned subsidiary
March 2022	Made PHYZ Holdings Inc. a consolidated subsidiary upon acquiring its shares through a tender offer
April 2022	Transferred from the First Section to the Prime Market due to the revision of the market classifications of the TSE.
	Established a wholly owned subsidiary, MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.) in Yoshikawa City, Saitama Prefecture.
July 2022	Acquired all of the outstanding shares of MK LOGI Co., Ltd. and made it a wholly owned subsidiary.
September 2022	Concluded a capital and business alliance with Kamigumi Co., Ltd.
October 2022	MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha transitioned to a pure holding company structure and changed the company name from MARUWA UNYU KIKAN CO., LTD. to AZ-COM MARUWA Holdings Inc. and transferred the business to MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.)
	Changed the company name from MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha to MARUWA UNYU KIKAN CO., LTD.
	Acquired all of the outstanding shares of K.K. Dragon and made it a wholly owned subsidiary

3. Business description

The Group is made up of a total of 26 companies, of the Company (a pure holding company), its 20 consolidated subsidiaries, and its 5 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 "V. Status of Accounting, 1 Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements, Notes, (segment information, etc.)."

(1) Logistics business

(i) Third-party logistics (3PL)

The Group conducts businesses 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).

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

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

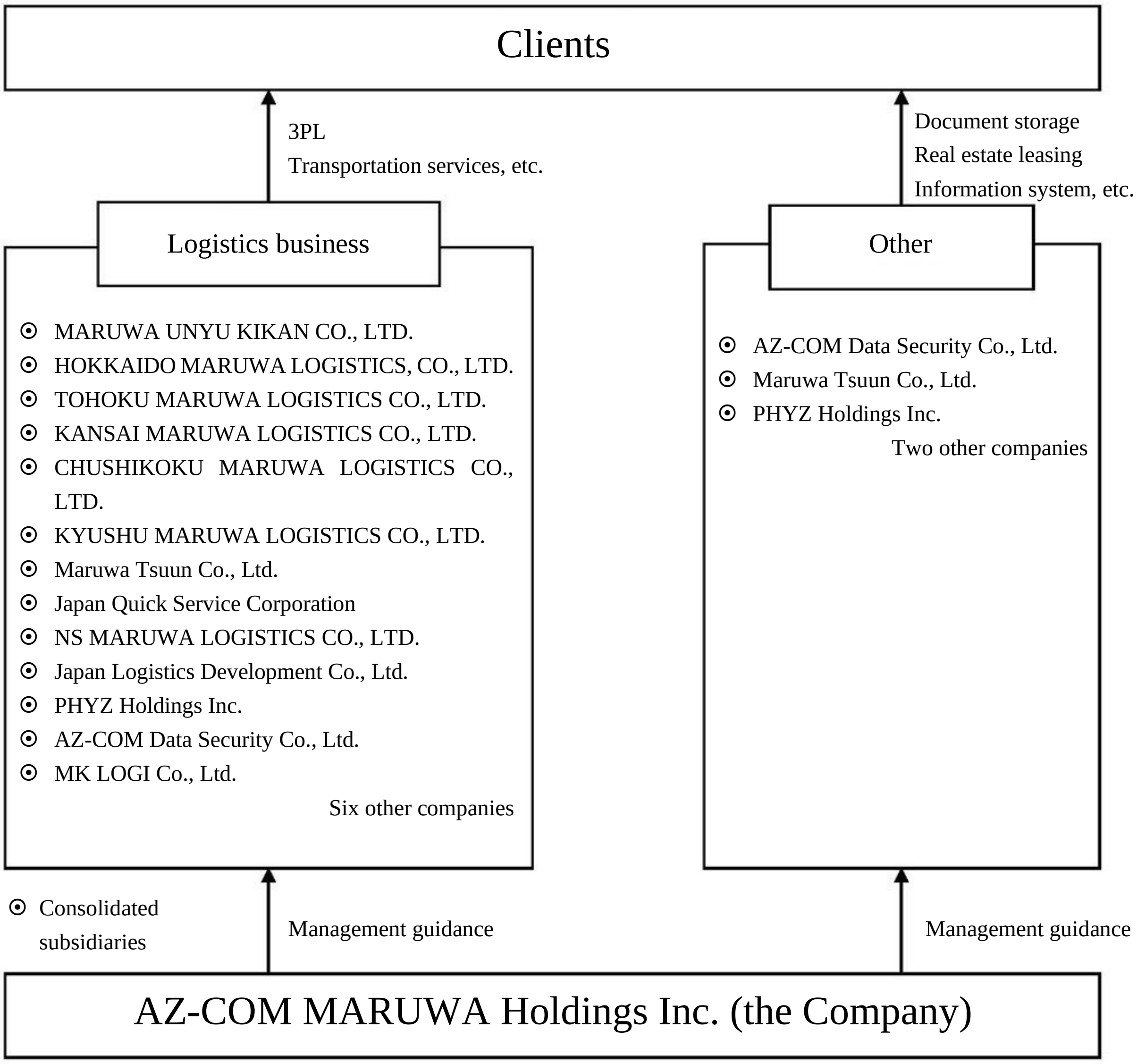
(ii) Real estate leasing

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

(iii) Information systems

This segment provides system consulting services including dispatching IT engineers, developing various information systems, and creating websites.

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



(Notes) 1. The companies shown in the business segments are the Company's consolidated subsidiaries.

2. The "Other" category contains business segments that are not included in the reportable segments.

4. Subsidiaries and other affiliated entities

Name	Location	Share capital (million yen)	Description of principle business	Holding ratio of voting rights (%)	Overview of relationship
(Consolidated subsidiaries) MARUWA UNYU KIKAN CO., LTD. (Note 3, 5, 6)	Yoshikawa-shi, Saitama	350	Logistics business	100.0	Leasing of facilities Receiving of seconded employees 6 officers serving concurrently
HOKKAIDO MARUWA LOGISTICS, CO., LTD. (Note 3)	Ishikari-shi, Hokkaido	46	Logistics business	100.0	Entrusting transportation operations and entrusted transportation operations Leasing of facilities Secondment of employees
TOHOKU MARUWA LOGISTICS CO., LTD. (Note 3)	Taihaku-ku, Sendai-shi, Miyagi Prefecture	30	Logistics business	100.0	Entrusting transportation operations and entrusted transportation operations Entrusting logistics operations and entrusted logistics operations Leasing and renting of facilities Secondment of employees and receiving of seconded employees
KANSAI MARUWA LOGISTICS CO., LTD. (Note 3)	Ayabe-shi, Kyoto Prefecture	81	Logistics business	100.0 (22.8)	Entrusting transportation operations and entrusted transportation operations Entrusting logistics operations and entrusted logistics operations Renting of facilities Secondment of employees
CHUSHIKOKU MARUWA LOGISTICS CO., LTD. (Note 3)	Kochi-shi, Kochi Prefecture	10	Logistics business	100.0	Entrusting transportation operations and entrusted transportation operations Secondment of employees Leasing and renting of facilities 1 officer serving concurrently
KYUSHU MARUWA LOGISTICS CO., LTD. (Note 3)	Higashi-ku, Fukuoka-shi, Fukuoka Prefecture	10	Logistics business	100.0	Entrusting transportation operations Entrusting logistics operations Renting of facilities Secondment of employees 1 officer serving concurrently
Maruwa Tsuun Co., Ltd. (Note 3)	Arakawa-ku, Tokyo	100	Logistics business Other	100.0	Entrusting transportation operations and entrusted transportation operations Renting of facilities Lending of funds Secondment of employees and receiving of seconded employees 1 officer serving concurrently
Japan Quick Service Corporation (Note 3)	Arakawa-ku, Tokyo	10	Logistics business	100.0	Entrusting transportation operations and entrusted transportation operations Entrusting logistics operations Secondment of employees
NS MARUWA LOGISTICS CO., LTD. (Note 3)	Arakawa-ku, Tokyo	50	Logistics business	100.0	Lending of funds Secondment of employees 1 officer serving concurrently
Japan Logistics Development Co., Ltd. (Note 3)	Itabashi-ku, Tokyo	27	Logistics business	100.0	Entrusting transportation operations Lending of funds Renting of facilities Secondment of employees
PHYZ Holdings Inc. (Note 4, 5)	Kita-ku, Osaka-shi, Osaka Prefecture	326	Logistics business	58.4	1 officer serving concurrently

Name	Location	Share capital (million yen)	Description of principle business	Holding ratio of voting rights (%)	Overview of relationship
AZ-COM Data Security Co., Ltd. (Note 3)	Chichibu-shi, Saitama Prefecture	50	Logistics business Other	100.0	Entrusting document storage operations Entrusting transportation operations and entrusted transportation operations Leasing of facilities Secondment of employees and receiving of seconded employees 1 officer serving concurrently
MK LOGI Co., Ltd. (Note 3)	Kasuya-cho, Kasuya-gun, Fukuoka Prefecture	10	Logistics business	100.0	-
7 other companies					

(Notes) 1. In the “Description of principle business” column, the names provided in segment information are stated.

2. The number in the parentheses of “Holding ratio of voting rights” column indicates the ratio of shares indirectly held.

3. For the purpose of promoting the efficiency of fund management, CMS (cash management system) was introduced and the lending and borrowing of funds between the Company and its consolidated subsidiaries is being carried out.

4. This company files a securities report.

5. These companies are classified as specified subsidiaries.

6. Among the above consolidated subsidiaries, net sales (excluding internal sales between consolidated companies) of MARUWA UNYU KIKAN CO., LTD. comprise more than 10% of consolidated net sales.

Key financial data:

(1) Net sales 55,909 million yen
(2) Ordinary profit 4,468 million yen
(3) Profit 3,206 million yen
(4) Net assets 6,738 million yen
(5) Total assets 24,124 million yen

5. Employees

(1) Consolidated

As of March 31, 2023

Name of segment	Number of employees (persons)
Logistics business	4,561 [6,524]
Other	172 [39]
All Group companies (common)	82 [2]
Total	4,815 [6,565]

(Notes) 1. The number of employees excludes employees seconded from the Group to outside of the Group and includes employees seconded from outside of the Group to the Group.
2. The number in the square brackets of "Number of employees" column indicates the yearly average number of temporary employees.
3. The number of temporary employees includes part-time employees and employees under non-regular contracts, and it excludes dispatched employees.
4. The number of employees listed in the "All Group companies (common)" refers to those belonging to a holding company that cannot be classified into a specific segment.
5. There was an increase of 226 employees on the end of the previous fiscal year largely as a result of MK LOGI Co., Ltd. having been made a consolidated subsidiary.

(2) Non-consolidated

As of March 31, 2023

Number of employees (persons)	Average age (years old)	Average years of service (years)	Average annual salary (thousand yen)
57 [-]	45.1	14.2	7,433

Name of segment	Number of employees (persons)
Logistics business	- [-]
Other	- [-]
All Group companies (common)	57 [-]
Total	57 [-]

(Notes) 1. The number of employees includes seconded employees from other companies to the Company (including concurrently seconded employees).
2. The number in the square brackets of "Number of employees" column indicates the yearly average number of temporary employees (excluding dispatched employees).
3. The average years of service includes the number of years of service at the company that dispatched the employee.
4. The average annual salary includes bonuses and non-standard wages.
5. The number of employees decreased by 1,564 from the previous fiscal year, mainly due to the transition to a pure holding company structure as a result of the company split (absorption-type company split) on October 1, 2022.

(3) Labor unions

Maruwa Tsuun Co., Ltd. of the Group has a labor union. As of March 31, 2023, there are 26 union members.

Moreover, both the Company and its consolidated subsidiaries have excellent employee relations.

(4) Ratio of female workers in management positions, ratio of male workers taking childcare leave, and differences in wages between male and female workers

As of March 31, 2023					
Name	Ratio of female workers in management positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
			All workers	Of these, regular workers	Of these, part-time workers and workers with a fixed term
MARUWA UNYU KIKAN CO., LTD.	4.2	26.9	51.4	81.7	139.2
HOKKAIDO MARUWA LOGISTICS, CO., LTD.	-	-	50.0	72.1	76.4
TOHOKU MARUWA LOGISTICS CO., LTD.	-	-	46.9	73.4	76.7
KANSAI MARUWA LOGISTICS CO., LTD.	-	10.4	41.0	77.9	66.6
CHUSHIKOKU MARUWA LOGISTICS CO., LTD.	-	-	42.1	90.3	56.2
KYUSHU MARUWA LOGISTICS CO., LTD.	-	-	51.6	75.0	94.6
Maruwa Tsuun Co., Ltd.	-	66.7	68.6	75.7	14.8
Japan Quick Service Corporation	9.1	100.0	45.7	83.0	91.9
NS MARUWA LOGISTICS CO., LTD.	2.6	12.5	63.4	74.2	108.4
Japan Logistics Development Co., Ltd.	-	-	68.2	75.7	106.1
PHYZ Holdings Inc.	17.7	-	87.1	74.3	98.0

(Notes) 1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015)

2. Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Law No. 76, 1991), calculated as the percentage taking childcare leave, etc., as stipulated in Article 71-4-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991)

II. Overview of the business

1. Management policy, management environment, and various issues to be addressed

Our Group's management policy, management environment, and various issues to be addressed are as follows.

The matters related to the future mentioned in the document are those determined by the Group as of the end of the fiscal year under review.

(1) The Company's Basic Management Policies

In accordance with 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 our 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 the development of human resources, 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 local communities" and to the "creation of a prosperous society."

(2) Target Management Indicators

The Group aims to stably maintain the following indicators for the ongoing improvement of its financial strength and earning capacity, serving as the foundation for management and to providing returns of profits commensurate with improved earnings.

(i) Equity ratio: 45% or higher

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

(iii) Return on equity: 15% or higher

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

In order for the Group to achieve sustainable growth, it needs to address the increasing freight volume in each of its core logistics domains (including EC logistics, low-temperature food logistics, and medicine & medical logistics), to secure and develop human resources capable of driving business expansion in the context of the increasing shortage of human resources and operating vehicles, and to promote and implement DX to progress labor-saving and manpower-saving and to improve productivity. Furthermore, the Group seeks to further promote business expansion through appropriately allocating limited management resources, streamlining business operations by means of concentrated investment in growth businesses and revitalization, and restructuring poorly performing businesses. It is also committed to promoting ESG operations in order to not only maximize economic value, but also to 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

<<EC logistics business>>

We are aiming to further expand our business by establishing a high-quality, highly efficient integrated supply chain (center operations, trunk line transportation, and last one mile) logistics process for existing and new customers.

<<Low-temperature food logistics business>>

We are working to create a procurement network that builds on AZ-COM7PL (AZ-COM Seven Performances Logistics/3PL with the addition of seven management support functions), which is a service menu that puts together logistics know-how for supermarkets, to establish a direct-from-the-farm platform capable of accommodating various transportation modes, and to improving the quality of logistics to ensure compliance with HACCP (a food hygiene control system).

<<Medicine & medical logistics business>>

We are working to optimize our nationwide logistics network and to rebuild our distribution centers using state-of-the-art technologies in line with the business integration of our customers.

(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 the conventional practice of relying heavily on 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 aims to make 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 has been continuously initiated since the previous medium-term management plan, the Group is actively working to introduce DX to enhance operational productivity, including the enhancement of transportation operations by introducing 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 center operations, and the optimization of the supply chain through smart logistics facilitated 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 the optimal reinvestment of management resources acquired through businesses, the Group measures the growth potential and capital efficiency of each business and concentrates management resources into 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 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 based on 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 society.

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

(4) Operational and financial issues to be preferentially addressed

In terms of the business environment surrounding the Group, while there are signs of a gradual economic recovery, such as the easing of restrictions on activities triggered by the COVID-19 outbreak and the subsequent normalization of economic activities and recovery of inbound demand, the future of the economy continues to be uncertain due to rising prices resulting from surging raw material prices against a background of the Russian and Ukrainian issues, the weak yen, and concerns about a global economic recession. In addition, changes in the social structure, such as a decrease in the working population, are also major issues.

Under these circumstances, the Group shifted to a pure holding company structure on October 1, 2022, in view of the urgent need to create a management structure that can respond to changes in the business environment. As a pure holding company, we will strive to optimize the entire management resources to enable the sustainable growth of the Group, as well as to reform our operations and change the awareness and behavior of each employee so that we can meet all of the needs of customers. In addition, we will strive to respond to changes in the labor environment, including the “2024 logistics problem,” and to resolve issues such as the shortage of human resources and vehicles in operation, while strengthening the Group’s recruitment activities and building a structure that can cope with the expansion of the business. The main measures are as follows.

(i) Promotion of Group management following the transition to a pure holding company structure

In order to be able to cope with any changes in the environment, we have shifted to a pure holding company structure. We will achieve sustainable growth by strengthening the function to promote our Group’s management strategy, clarifying responsibilities and authority and accelerating decision-making, and reinforcing Group governance.

(ii) Strengthening of sales

In order to acquire new customers, we will narrow down our sales targets, continue to conduct concentrated sales activities that are focused on customers, and endeavor to develop new customers and expand our business shares of existing customers by quickly gathering information on customer needs and making proposals to improve logistics to meet the changing social environment and customer needs.

(iii) Strengthening of operations

By fully implementing company-wide “daily account management” aimed at controlling detailed expenses and improving business efficiency, such as assignments of personnel and efficient allocations of vehicles by focusing on the day-to-day changes in customers’ freight volume, we will endeavor to create a stable revenue base that is 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 human resources through strengthened coordination with partner companies.

(iv) Business expansion through M&A

The Group is promoting M&As as a management strategy to further expand its businesses as well as to satisfy customer needs. We will implement the plan after comprehensively considering aspects including the calculation of investment effects, the verification of synergies, and the ability to assimilate into our corporate culture. We will also implement an appropriate Process of Management Integration (PMI) in order to generate synergies and strengthen governance.

(v) Strengthening of recruitment activities

In a time when every environment is changing, securing diverse human resources is essential for future business expansion. We will enrich service and benefit programs, develop and strengthen our recruiting system, and promote a "recruitment initiative by all employees" in which everyone from top management to new employees is involved in recruiting activities. Through these efforts, we will aim to secure human resources by hiring talented new graduates and experienced workers who can immediately contribute to the Group.

(vi) 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 to conduct sound corporate management by working to ensure behavior in accordance with corporate ethics.

In response to the 2024 problem in logistics that will arise from the application of the maximum overtime work hours limit for automobile driving operations effective from April 1, 2024, we will work to secure human resources, review personnel-related systems, and further improve the working environment to create a workplace in which all employees can play active roles with a sense of fulfillment.

(vii) Strengthening of safety measures

In order to fulfill our social responsibilities as a logistics company, we have set the goal of zero accidents and are committed to further safety enhancement measures to eliminate accidents through regular rounds of guidance by the division in charge of safety and safe-driving training for drivers that utilizes the information from state-of-the-art digital tachographs and drive recorders. Furthermore, we will also actively engage in initiatives to conserve the environment, such as the promotion of eco-driving and the reduction of the environmental impact of vehicles and facilities.

(viii) Enhancing governance

In order to make our governance system even more effective, we have established a "Nomination and Compensation Committee" that is composed mainly of independent outside directors. Its role is to provide advice and issue reports on the processes for selecting director candidates and determining director compensation. Also, by conducting evaluations of the Board of Director's effectiveness to further improve its function, we are working to ensure management transparency and objectivity with an awareness of diversity while further enhancing corporate governance.

(ix) Promoting Digital Transformation

In order to respond to the rapidly changing business environment and to succeed in fiercely competitive markets, we are promoting 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 technologies. This includes automation of operations through centralization, as well as the development and adoption of AI technologies for vehicle allocation and freight volume forecasting.

(x) Promoting sustainability

In order to fulfill our social responsibility through our business activities by realizing sustainability management, we will identify materiality (key issues) to enhance our corporate value over the medium to long term and achieve sustainable growth, thereby realizing Creating Shared Value (CSV) with society.

2. Sustainability policy and initiatives

(1) Sustainability policy

We recognize the importance of sustainability management and have identified materiality issues in order to fulfill our social responsibilities through our business activities, enhance our corporate value over the medium to long term, and achieve sustainable growth. We have established four materiality themes to address the drastically changing environmental, economic, and social issues in a comprehensive manner. Through these efforts, we are aiming to realize a 21st century management system capable of creating shared value with society.

Materiality themes	Relationship to the SDGs				
In order to be what we should be as a logistics company					
Introduction of an automated vehicle dispatch system and an operation management system and promotion of DX in labor-saving warehouse operations	9	12			
Reduction of CO_2 emissions, introduction of non-polluting vehicles, promotion of a modal shift	11	12	14		
To be a company that is kind to the town and its people					
Reduction of energy use/Introduction of renewable energy	6	7	8	12	
Reduction of paper consumption through promoting paperless/Proposal for the establishment of a recycling center attached to the facility	7	12	15		
The power to create and support the next generation together					
Creating a diverse company	1	4	5	8	10
Creating a safe and secure environment	3	8	11		
Aiming for a partnership that supports Japan					
Development of BCP logistics/Compatibility between securing human life and business continuity/Transportation of fresh food directly from production sites	2	11	13	17	
Providing quality work to AZ-COM Maruwa and supporting network member companies	8	12	16	17	

(2) Sustainability initiatives

(i) Governance

The Company recognizes that addressing matters associated with sustainability constitutes a material issue for management and has accordingly established a governance system centered on the Sustainability Committee and supervised by the Board of Directors.

<<System of supervision by the Board of Directors>>

The Board of Directors monitors issues associated with risks and opportunities relating to sustainability, with respect to which it receives a report once annually from the Sustainability Committee detailing the status of implementing such initiatives and progress made toward achieving such targets. In addition, the Board of Directors also takes on supervision of newly established countermeasures and targets.

<<Management’s role associated with sustainability>>

Matters associated with sustainability are subject to oversight by the President & CEO. In addition, as the chairperson of the Sustainability Committee, the role of the President & CEO involves assessing the impacts of sustainability issues on operations, devising countermeasures, setting targets, and providing oversight in tracking their progress.

<<Sustainability Committee>>

The Sustainability Committee reports to the Board of Directors after deliberating to identify materiality (material issues,) including matters associated with our sustainability issues, and formulating a sustainability strategy and medium-term management plans, including action to be taken regarding ESG (climate change measures, human capital strategy, governance, etc.), DX, and capital cost management.

The President & CEO serves as the chairperson of the Sustainability Committee, whose members consist of full-time Directors and those nominated by the Director and Executive Vice President. The Committee is in charge of the annual assessment of the impacts of sustainability issues on operations, presenting guidelines for minimizing identified risks and seizing opportunities, reviewing and devising countermeasures, and setting targets. In addition, the Committee also deliberates on the progress made toward achieving the targets, and it then reports such findings to the Board of Directors once per year and accepts its supervision.

<<Department in charge of sustainability>>

The Sustainability Promotion Department engages in tasks that involve taking charge of the Secretariat of the Sustainability Committee; planning, devising and managing the sustainability strategy; promoting Group-wide responses to sustainability related issues; reviewing and devising a sustainability strategy; and making recommendations to the Sustainability Committee.

The following chart depicts the Group’s governance system as it pertains to sustainability.

(ii) Strategy

a. Strategies related to climate change (information disclosure in accordance with the TCFD recommendations)

We identify climate change risks and opportunities that are likely to affect our business activities and subsequently assess the potential financial impact of such risks and opportunities. Based on such findings, we then review measures intended to reduce particularly substantial risks and to seize opportunities.

Category	Type	Conceivable climate change risks and opportunities	Effects on business activities	Time frame	Assessment
Transition risk	Political & regulatory	Imposition of more stringent laws and regulations on greenhouse gas emissions and reduction of such emissions	Higher costs associated with the introduction of a carbon tax and a new tax regime (carbon pricing)	Medium term	High
			Limits imposed on business activities amid introductions of emission regulations, etc., and fewer partner companies (trucks)	Medium term	Medium
	Technology	Capital investment and purchase of consumables taking into account greenhouse gas emissions and their reduction	Introduction of low-carbon vehicles (EV/FCV), investment in incidental facilities (equipment & land), additional installation of emission control devices	Medium term	High
			Higher capital investment associated with introductions of solar power generation facilities, etc.	Medium term	Medium
	Market	Shifting customer and consumer needs	Suspension of business transactions due to customer non-compliance with supplier selection standards associated with climate change (loss of net sales and profits)	Long term	High
		Insufficient and delayed infrastructure development	Scale of business is restricted due to use of low-carbon vehicles (EV/FCV) because of the insufficient development of infrastructure, such as charging and hydrogen stations	Medium term	High
		Rising fuel prices due to geopolitical risks	Higher costs due to rising fuel prices (gasoline, electricity, etc.)	Short term	Medium
	Reputation	Corporate value impaired due to insufficient information disclosure	Share price slumps and corporate value impaired due to insufficient information disclosure regarding measures to address climate change, greenhouse gas emission volumes, etc.	Medium term	High
Physical risk	Acute	Occurrence of catastrophic disaster	Business suspended due to factors that include disruption of distribution networks in the disaster zone (trucks, railroads, vessels, etc.), failure of operating center functions, and employee casualties	Long term	Medium
	Chronic	Rise in average temperatures	Higher construction costs when opening new operating centers due to installation of components such as heat shielding, air circulation and cooling equipment	Short term	Medium
		Changing weather patterns	Meteorological disasters (wind, water and snow damage) give rise to employee casualties, transportation network interruptions, frequent accidents, etc.	Medium term	Medium

Opportunities	Resource streamlining	Greater diversity in means of transport	New business opportunities created by enlisting means of transport featuring low environmental impact (railway containers, RORO vessels, air cargo, articulated trucks, drone transport, etc.)	Long term	High
		Manufacturing and distribution process streamlining	New business opportunities created by streamlining distribution as a result of consolidating facilities and vertically integrating supply chains (SIP smart logistics, stock sharing, joint logistics, combined passenger-cargo transport)	Long term	High
	Products & services	Development of new services	Develop risk-solution products involving services, such as providing vehicles in the event of a disaster, facilitating supply chain recovery, transporting and storing disaster relief supplies, and offering support in drawing up business continuity plans	Medium term	Medium

b. Strategies related to human capital

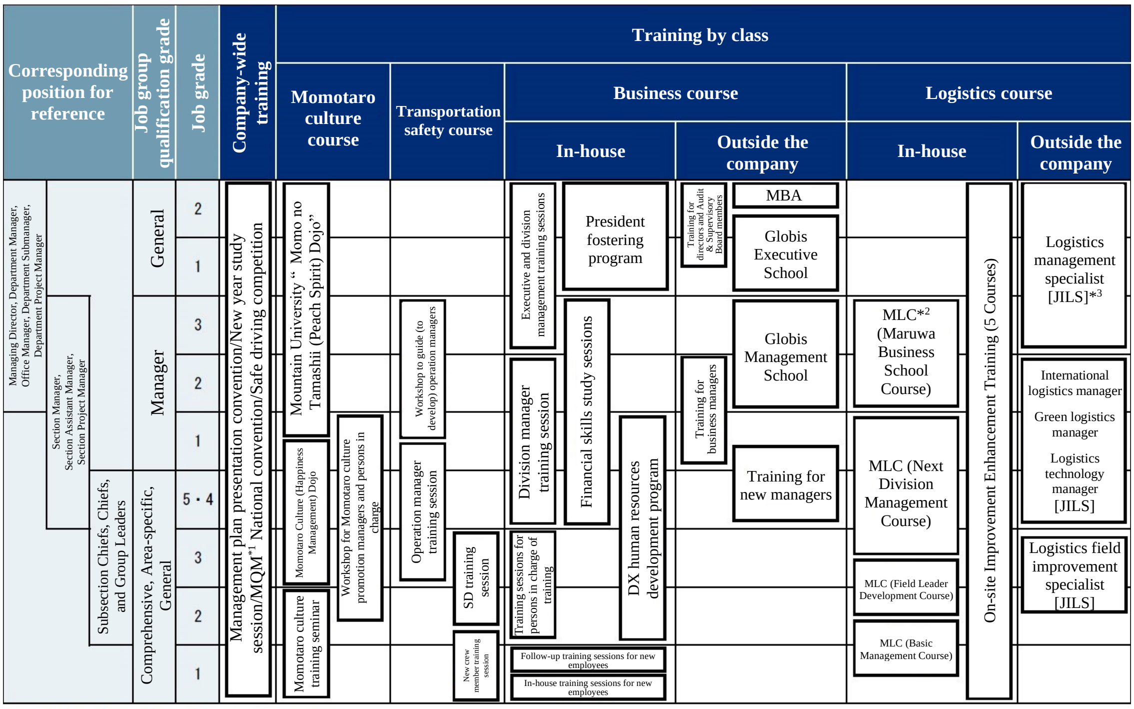
<<Policy on human resources development>>

Since its foundation, the Company has focused on human resource development in particular, based on the philosophy that "the growth of people is the growth of the company." The Company is committed to education that "unites knowledge, virtue, and the body" to foster sincere individuals who can bring happiness to those around them by pursuing the essence of work and working for the benefit of the world and others. The Company has clearly defined the human resource profile it seeks including roles, required competencies and behaviors by job level.

In order to secure and foster such human resources, we are developing and strengthening our recruiting system and promoting a "recruitment initiative by all employees" in which top management and front-line general employees are also involved in recruiting activities. This system enables us to further secure human resources by hiring talented new graduates and mid-career employees who are capable of making an immediate contribution to the Company. In addition, the Company is committed to human resource development through developing a complete training system by class and job category, including the in-house college (Maruwa Logistics College) established in 1997, and by encouraging employees to acquire various qualifications.

In addition, in order to diversify our human resources, we will continue to recruit a variety of human resources, including women, non-Japanese, and those with different work histories, as well as promoting equal access to in-house training without discrimination based on gender or other factors, as part of our efforts to develop human resources with consideration for the creation of diversity, thereby enhancing the creativity of the organization.

The following is a diagram of our Group's educational system for the development of human resources.



* Excluding training conducted by each division and workplace
*1 MQM: Momotaro Quality Management (small group improvement activities)
*2 MLC: Maruwa Logistics College　　*3 JILS: Japan Institute of Logistics Systems

<<Policy on the development of the internal environment>>

The Company is committed to supporting the autonomous career development of its employees and developing an internal environment in which a diverse group of employees can play an active role. As part of these efforts, the Company will promote the digital transformation of human resource development, etc., and work to build a human resource development platform to create an environment and system that will enable all employees to learn independently and to provide appropriate information.

In the evaluation and compensation system, we have clearly defined the job title and qualification grading system and are operating a human resource development management cycle that links the personnel evaluation system (goal setting, practice, and evaluation) with the direction that employees themselves wish to pursue in their growth. Through this system, the Company promotes a variety of career paths and work styles, and at the same time, enhances employees' sense of participation in management, leading to the creation of new businesses and the realization of our management philosophy.

In addition, in order to promote diverse work styles among employees, we will continue to increase the number of annual holidays and create an environment where employees can easily achieve a satisfying work-life balance. At the same time, as part of our support activities for employees involved in childcare, we will strive to increase the rate of employees taking childcare leave by promoting understanding of childcare leave within the Company.

Furthermore, in order to create a comfortable work environment and raise awareness of the obligation to consider safety, we are promoting a project for the prevention of occupational accidents and are working to achieve zero occupational accidents through a collaboration across divisions responsible for on-site operations and administrative divisions. In addition, we will conduct capital investment as appropriate to create safe, secure, and comfortable workplaces.

(iii) Risk management

Chaired by the President & CEO, the Sustainability Committee engages in the management of risks associated with sustainability by identifying and assessing such risks and periodically reporting such matters to the Board of Directors.

<<Processes for identifying and assessing risks related to sustainability>>

The Sustainability Promotion Department is in charge of promoting the sustainability strategy. Accordingly, it provides guidance on discerning risks and opportunities associated with the relevant in-house departments and Group companies, identifies risks, and reports such findings to the Sustainability Committee.

The Sustainability Committee assesses the potential magnitude and scope of identified risks associated with sustainability. After reviewing the countermeasures aligned with the severity of the risk, it sets targets and reports such matters to the Board of Directors.

The Board of Directors provides supervision with respect to the risks associated with sustainability in terms of overseeing the countermeasures, and it set targets in that regard.

<<Process of managing risks associated with sustainability>>

The Sustainability Promotion Department engages in tasks that involve planning, devising and managing the sustainability strategy, addressing risks associated with company-wide sustainability, and reporting the status of implementing such initiatives to the Sustainability Committee. It also reports identified risks associated with sustainability to the Risk Management Committee, pursuant to the rules on risk management.

The Sustainability Committee presents guidelines for minimizing identified and assessed risks and provides guidance on taking action to the relevant in-house departments and Group companies via the Sustainability Promotion Department. It also reports to the Board of Directors on the status of implementing countermeasures and the progress made toward achieving the set targets.

<<Process of organization-wide integration of risk management>>

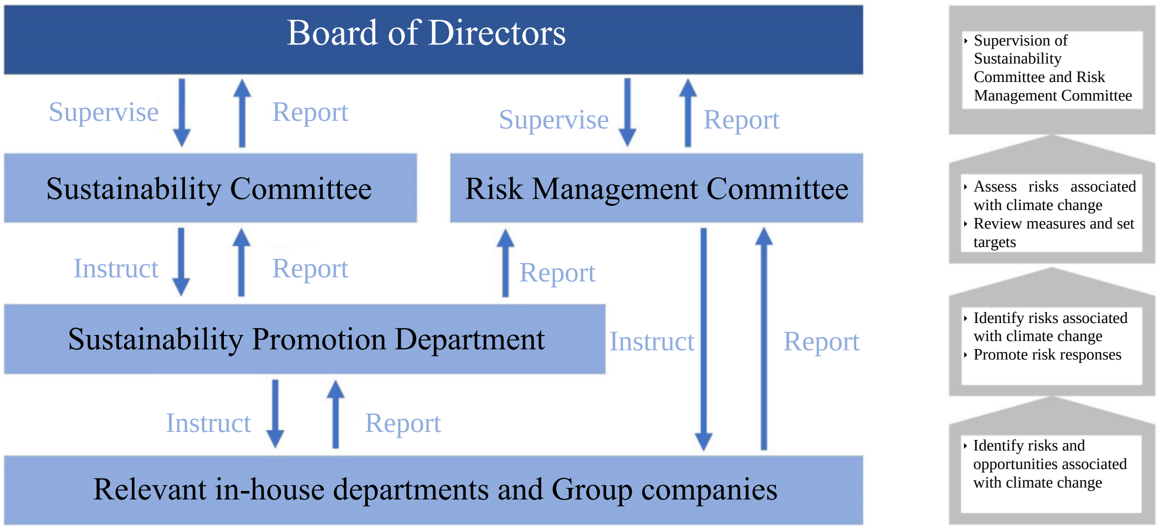
The Risk Management Committee, which meets periodically, assesses the content of reports received from the respective risk management departments, deliberates on matters of identifying and appropriately addressing company-wide risk, and reports to the Board of Directors.

Designated as the department in charge of risks associated with sustainability, the Sustainability Promotion Department receives reports in that regard and makes decisions on appropriately addressing such risks from the perspective of risk management across the entire organization.

The Board of Directors supervises integrated risk management inclusive of risks associated with sustainability, and accordingly it receives reports from the Risk Management Committee regarding developments and actions in that regard.

Institutions & organizations	Functions & roles
Board of Directors	• The Board of Directors supervises the management of risks associated with climate change and accordingly receives reports regarding developments in that regard from the Sustainability Committee and the Risk Management Committee.
Sustainability Committee	• The Sustainability Committee assesses risks associated with climate change, then reviews countermeasures and sets targets in that regard. • The Committee establishes guidelines for minimizing identified risks and provides guidance on addressing such risks. • The Committee reports to the Board of Directors on the status of implementing countermeasures and progress made toward achieving the set targets.
Risk Management Committee	• The Risk Management Committee makes decisions on addressing risk from the perspective of risk management across the entire organization and reports to the Board of Directors.
Sustainability Promotion Department	• The Corporate Department provides guidance to the relevant in-house departments and Group companies on identifying risks associated with climate change. • The Department identifies risks and addresses risks associated with climate change company-wide. • The Department reports on identified risks to the Sustainability Committee and the Risk Management Committee.

The following chart depicts the Group's process of managing risks associated with sustainability.



(iv) Indicators and targets

a. Indicators and targets related to climate change (information disclosure in accordance with the TCFD recommendations)

We have been working to achieve our targets in order to manage climate-related risks and opportunities. To such ends, we have stipulated Scope 1, 2 and 3 metrics for greenhouse gas emissions and have established targets for medium- to long-term reductions in greenhouse gas emissions.

Item	Base year	FY2022 results	Target year	Target value
Scope 1	FY2022	40,467 t-CO2	2030	25% reduction
			2050	75% reduction
Scope 2	FY2022	12,365 t-CO2	2030	25% reduction
			2050	75% reduction
Scope 3	FY2022	365,083 t-CO2	2030	25% reduction
			2050	75% reduction

* The Company transitioned to a pure holding company structure effective from October 1, 2022. The base year was changed to FY2022 due to the change in the calculation target resulting from this transition. However, the percentage of the target value for each target year will remain unchanged and will serve as the target value compared to the actual results for FY2022.
* The Company made PHYZ Holdings Inc. and MK LOGI Co., Ltd. consolidated subsidiaries in March 2022 and July 2022 respectively, and therefore, both companies have been added to the subjects of calculation from FY2022.
* Since the amount of emissions increases or decreases depending on the scale of the Group's business, we will calculate the percentage of achievement of the target by regarding the amount of emissions in FY2022, the base year, proportional to each year's net sales as BAU (business as usual) emissions (if the business grows without any measures being taken).
* The current target value is based on the base year of 2020, which is the base year before the transition, in accordance with the Paris Agreement target of keeping the increase in the global average temperature to well below 2°C above pre-industrial levels. However, going forward we will consider the option of revising the target values, including the Science Based Targets initiative (SBTi) standard (1.5°C target).
* We will provide support in setting voluntary reduction targets to our major suppliers that fall under Category 1 of Scope 3 by FY2035.
* For more information on disclosure based on TCFD recommendations, please visit our website. (https://www.az-com-maruwa-hd.co.jp/sustainability/)

b. Indicators and targets related to human capital

<<Indicators and targets for human resource development>>

Item	Base year	FY2022 results	Target year	Target value
The average number of times attending educational and training courses per person per year	FY2022	1.03 times	2030	1.90 times or more
Number of graduates from Maruwa Logistics College	FY2022	802 persons	2030	1,600 persons
Number of persons holding certifications (1) JILS certifications	FY2022	112 persons	2030	200 persons
Number of persons holding certifications (2) Business career examination	FY2022	824 persons	2030	1,500 persons

* Maruwa Logistics College: In-house college established in 1997 that provides training by class and job category
* JILS certification: certification sponsored by the Japan Institute of Logistics Systems
* Business Career Test: A certification test based on the occupational ability evaluation standards set by the Ministry of Health, Labor and Welfare, sponsored by the Japan Vocational Ability Development Association (JAVADA)

<<Indicators and targets relating to the development of the internal environment>>

Item	Base year	FY2022 results	Target year	Target value
Rate of using LMS	FY2022	49.60%	2030	98% or more
Rate of return to work after childcare leave	FY2022	91.70%	2030	99% or more
Percentage of male workers taking childcare leave	FY2022	19.80%	2030	85% or more
Occupational accident intensity rate	FY2022	0.14	2030	0.06 or less
Rate of taking paid leave	FY2022	72.90%	2030	80% or more

* LMS: Learning Management System A platform for managing and operating human resources education using e-learning provided via the Internet
* The occupational accident intensity rate is calculated by dividing the total number of lost workdays due to occupational accidents during the period by the total number of actual hours worked by all workers during the same period, and multiplying this by 1,000.

<<Indicators and targets for ensuring the diversity of core human resources>>

Item	Base year	FY2022 results	Target year	Target value
Ratio of female workers in management positions	FY2022	7.01%	2030	10% or more
Ratio of female managers to total female employees	FY2022	4.38%	2030	5% or more
Number of foreign national employees	FY2022	36 persons	2030	More than 80 persons
Ratio of foreign national employees among full-time employees	FY2022	0.90%	2030	1.5% or more
Ratio of female employees hired	FY2022	17.13%	2030	25% or more
Ratio of mid-career employees hired	FY2022	60.74%	2030	65% or more

3. Business risks

For risks items in the Group's businesses, etc., which may have a material impact on the decisions of investors, we 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, Vice President and Executive Officer serving as the chairpersons 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 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, it is subject to the application of the Companies Act, Financial Instruments and Exchange Act, and various other acts, regulations, ordinances, etc.

The Group recognizes compliance-oriented management as it most important issue, and it established the "AZ-COM 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 one of the various laws and regulations in the future, the Group may be subject to punishment such as the suspension of vehicle operation by supervisory government agencies, suspension of business, revocation of permit, or a fine. Moreover, in the event that a violation of one 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 damages, and the occurrence of such an event 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 level of dependence on specific clients because its principal business is the bulk consignment of 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 its 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 proceeding with rate negotiations with suppliers for the equivalent increase in transportation costs 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 any of these businesses, serious life-threatening accidents may not only undermine the trust of the Group's customers and its social credibility but also cause the Group to be subject to administrative or even criminal punishment if it is convicted of a violation of the Industrial Safety and Health Act. Therefore, the division in charge of safety plays a central role in actively engaging in the supervision of safe driving, etc., such as ensuring operation management through rounds of guidance, hosting accident prevention study groups, and establishing a safety advice leader who is assigned and appointed in each business location. In addition, the division in charge of labor leads the Industrial Accidents Prevention Project, which is the company-wide initiative 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. A situation such as transportation routes being cut off or logistics systems being stopped due to disasters including 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 if 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, if such an event occurs, it 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 it 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 division in charge of IT 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 losses 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 business expansion. However, if large-scale capital investment is carried out, there is the possibility of expenses arising in advance due to the need for a certain period until full-scale operations.

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

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-shi, Saitama Prefecture where the head office is located, and the site of a new logistic center in Matsubushi-machi located in Kitakatsushika-gun. 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 to conduct capital investment, such as the expansion of logistics centers, and it has primarily allocated loans from financial institutions to this. As a result, interest-bearing debt totaled 42,473 million yen as of March 31, 2023. At the present time, there are no concerns about new financing required because relations with financial institutions are good, but in the event that 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 events 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 those 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 CO_2 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 while 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 the past, present and future business, this may have an impact on the Group's performance and financial condition.

(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 to focus on the cultivation of future management personnel. However, in the event that going forward it becomes difficult 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 these 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 infections, 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. Although the impact of the spread of COVID-19 infections is gradually easing due to the expansion of vaccination programs and other measures, it remains uncertain when COVID-19 infections will be brought under control. 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 the head office functions, which may have an impact on the Group's performance and financial condition. We will continue to take appropriate measures in accordance with government policies and other relevant regulations.

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

(1) Overview of business results

During the consolidated fiscal year under review, the Japanese economy was affected by the spread of the COVID-19 infections, but the economy showed signs of a gradual recovery as socioeconomic activities normalized due to the relaxation of behavioral restrictions and border measures. Nevertheless, the outlook remains uncertain, as consumer prices continue to rise in response to soaring raw material and energy prices.

In the logistics industry, although the consumed cargo volume in Japan is on a recovery trend, the business environment remains challenging due to labor shortages as well as rising fuel costs and other costs.

In such an environment, the Group, based on the new medium-term management plan, will aim to achieve sustainable growth by (a) addressing both the increasing freight volume in each core logistics domain (e.g. 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 the 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. It is actively building a logistics network as a social infrastructure through BCP logistics, in addition to carrying out ESG management and enhancing environmental and social value through business activities.

In the e-commerce logistics business, the Group is working to further expand the business by establishing a high-quality, high-efficiency logistics process that is based on the integrated supply chain (center operation, trunk line transportation, last one mile) to serve both existing and new customers. In the low-temperature food logistics business, the Group is working to create a procurement network that builds on AZ-COM7PL (AZ-COM Seven Performances Logistics/3PL with the addition of seven management support functions), which is a service menu that puts together the logistics know-how for supermarkets, to establish a direct-from-the-farm platform capable of accommodating various transportation modes and to improving the quality of logistics to ensure compliance with HACCP (a food hygiene control system). In the medicine & medical logistics business, we are working to optimize our nationwide logistics network and rebuild our distribution centers using state-of-the-art technologies in line with the business integration of our customers.

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 177,829 million yen (up 33.7% year on year), operating profit of 11,362 million yen (up 31.4% year on year), ordinary profit of 11,949 million yen (up 30.7% year on year) and profit attributable to owners of parent of 7,780 million yen (up 27.0% year on year).

Performance by segment was 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. In addition, we have changed the classification of business domains from the first quarter of the current fiscal year, and the following year-on-year comparisons are based on a comparative analysis using figures that have been reclassified into the new business domain classifications.

(i) Logistics business

<Transportation and delivery business>

(Last One Mile Business)

In the Last One Mile Business, net sales were 35,581 million yen (up 18.2% year on year) due to the increase in new locations and the number of units in operation.

(E-commerce & Ordinary-temperature Transportation Business)

In the E-commerce & Ordinary-temperature Transportation Business, net sales were 56,974 million yen (up 46.0% year on year) due to enhanced nationwide trunk line transportation to meet the ever-growing demand for mail orders.

<3PL Business>

(E-commerce & Ordinary-temperature 3PL Business)

In the E-commerce & Ordinary-temperature 3PL Business, net sales were 42,742 million yen (up 68.3% year on year) due to synergies generated by the consolidation of PHYZ Holdings Inc. and the opening of a new large-scale distribution center.

(Low-temperature Food 3PL Business)

In the Low-temperature Food 3PL Business, net sales were 19,773 million yen (up 8.1% year on year) due to the full-year operation of a distribution center at a new food supermarket, which was achieved through aggressive sales development.

(Medicine & Medical 3PL Business)

In the Medicine & Medical 3PL Business, net sales were 20,361 million yen (up 6.0% year-on-year) due to an increase in the volume of shipments following a recovery in sales at existing customers, including drugstores, which are our major customers.

As a result, net sales in the logistics business increased to 175,434 million yen (up 32.9% year on year).

In terms of profit, costs have increased due to upfront investments for further growth and expansion, in addition to persistently high fuel and utility prices, but the Company has made progress in expanding business through aggressive sales development as well as in charging appropriate fees, which the Company has been promoting on a company-wide basis. We will continue to promote further productivity improvements on a Group-wide basis through daily account settlement management and synergy creation with a newly consolidated subsidiary. As a result, segment profit (operating profit) in the logistics business was 11,177 million yen (up 33.7% year on year).

(ii) Other

In the document storage business, the Company strived to win contracts for business process outsourcing (BPO) projects with existing and new business partners through aggressive sales activities. With the addition of the information systems business and other businesses of PHYZ Holdings Inc., both net sales and segment profit (operating profit) increased to 2,395 million yen (up 145.4% year on year) and 395 million yen (up 36.0% year on year), respectively.

(2) Status of financial position

(Assets)

Current assets increased 5,344 million yen to 54,563 million yen, mainly due to factors such as a 3,172 million yen increase in cash and deposits, a 1,278 million yen increase in notes and accounts receivable-trade, and a 656 million yen increase in consumption taxes receivable.

Non-current assets increased 18,291 million yen to 57,464 million yen due to factors such as a 7,982 million yen increase in land, a 4,814 million yen increase in investment securities, a 1,947 million yen increase in customer-related assets, and a 1,673 million yen increase in goodwill.

(Liabilities)

Current liabilities increased 5,935 million yen to 29,907 million yen due to factors such as a 1,736 million yen increase in the current portion of long-term borrowings, a 1,396 million yen increase in accounts payable-other, a 1,250 million yen increase in income taxes payable, and a 990 million yen increase in notes and accounts payable-trade.

Non-current liabilities increased 10,482 million yen to 43,957 million yen, due to factors such as an 8,410 million yen increase in long-term borrowings and a 1,639 million yen increase in deferred tax liabilities.

(Net assets)

Net assets increased 7,218 million yen to 38,162 million yen due to factors such as a 5,100 million yen increase in retained earnings and a 1,875 million yen increase in valuation difference on available-for-sale securities, resulting in the equity ratio of 32.1%.

(3) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year amounted to 32,365 million yen, up 2,923 million yen on the end of the previous fiscal year. The main factors resulting in changes in cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 11,408 million yen (6,087 million yen provided in the previous fiscal year). This was primarily attributable to an increase of 12,214 million yen in profit before income taxes, despite a decrease in cash due to 3,231 million yen in income taxes paid. The increase of 5,321 million yen from the same period of the previous year was mainly due to an increase in profits brought about by business expansion.

(Cash flows from investing activities)

Net cash used in investing activities was 14,018 million yen (5,240 million yen used in the previous fiscal year). This was primarily attributable to a 8,830 million yen decrease in cash due to the acquisition of property, plant and equipment and a 2,154 million yen decrease in cash due to the purchase of shares of subsidiaries resulting from a change in the scope of consolidation.

The main reasons for the 8,778 million yen decrease from the same period of the previous fiscal year were the acquisition of land and buildings for the distribution center and the acquisition of shares of MK LOGI Co., Ltd.

(Cash flows from financing activities)

Net cash provided by financing activities was 5,533 million yen (799 million yen provided in the previous fiscal year). This was primarily attributable to increases in cash due to 13,074 million yen in proceeds from long-term borrowings and 6,224 million yen in proceeds from short-term borrowings, despite decreases in cash due to 6,434 million yen in repayments of short-term borrowings and 4,369 million yen in repayments of long-term borrowings.

(4) Results of production, orders received and sales

(i) Results of production

This information has been omitted because the Group’s main business is the provision of services centered on the logistics business.

(ii) Results of orders received

This information has been omitted because the Group’s main business is the provision of services centered on the logistics business.

(iii) Results of sales

Sales results for the fiscal year under review are presented below for each segment.

Name of segment	Sales (million yen)	YoY (%)
Logistics business	175,434	+32.9%
Other	2,395	+145.4%
Total	177,829	+33.7%

(Notes) 1. Intersegment transactions have been eliminated.

2. Sales results by major counterparty and proportion of such sales results to total net sales results

Counterparty	Fiscal year ended March 31, 2022 From April 1, 2021 to March 31, 2022		Fiscal year ended March 31, 2023 From April 1, 2022 to March 31, 2023	
	Sales (million yen)	Proportion (%)	Sales (million yen)	Proportion (%)
Amazon Japan G.K.	31,470	23.7	45,752	25.7
Yamato Transport Co., Ltd.	12,692	9.5	26,341	14.8
MatsukiyoCocokara & Co.	14,851	11.2	16,032	9.0

(Note) On October 1, 2021, Matsumotokiyoshi Holdings Co., Ltd. merged operations with cocokara fine Inc. and its trade name was changed to MatsukiyoCocokara & Co. Net sales made to MatsukiyoCocokara & Co. during the fiscal year under review include net sales made to MatsukiyoCocokara & Co.’s subsidiary MCC Management Co., Ltd.

(5) Analysis and considerations from the viewpoint of management regarding the status of operating results, etc.

The matters related to the future mentioned in the document are those determined as of the end of the fiscal year under review.

(i) Significant accounting policies and estimates

The Group’s consolidated financial statements have been prepared in accordance with accounting standards generally accepted as fair and appropriate in Japan. Preparation of the consolidated financial statements has entailed making decisions on the basis of underlying estimates, judgments, and assumptions, made by continually verifying available information and that were deemed reasonable based on past experience and circumstances. Nevertheless, these estimates, judgments, and assumptions may vary from actual results given that they are subject to uncertainty.

Significant accounting policies employed in preparing the consolidated financial statements are described in “V. Status of Accounting, 1 Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements, Notes, (Important items for the preparation of the consolidated financial statements).”

(ii) Factors that significantly affect operating results

As described under "II. Overview of business, 3. Business Risks," the Group recognizes that the Company's operating results may be significantly affected by various risk factors, including legal and regulatory changes, customer trends, securing and developing human resources, and systems failure.

Therefore, the Group appropriately takes action to minimize the occurrence of risks by dispersing risk factors that significantly affect its operating results through initiatives that include instilling awareness of legal and regulatory compliance, addressing customer needs, developing new services, securing and developing talented human resources, and augmenting systems infrastructure.

(iii) Significant accounting estimates and assumptions underpinning such estimates

Among the significant accounting estimates and assumptions underpinning such estimates employed in preparing the consolidated financial statements, those that may significantly affect operating results are described in "V. Status of Accounting, 1. Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements, Notes, (Significant accounting estimates)."

(iv) Sources of capital and liquidity of funds

The Group's demand for working capital is primarily attributable to cost of sales, including vehicle hiring expenses, outsourcing expenses, and personnel expenses, and it is also attributable to operating expenses such as selling, general and administrative expenses. Demand for investment funds is largely attributable to capital investment in new logistics centers, routine upgrades of existing logistics center equipment, and acquisitions of land for logistics center construction.

The Group has adopted a cash management system (CMS) and accordingly facilitates comprehensive management of funds within the Group at each of its companies taking part in the CMS initiative. Meanwhile, the Company provides long-term loans to consolidated subsidiaries that require substantial funds for capital investment and other such purposes.

When it comes to sources of financing, the Group generally uses the Group's funds and borrowings from financial institutions when seeking short-term working capital, and it uses the Group's funds, borrowings from financial institutions, and corporate bonds when seeking funds for capital investment and long-term working capital.

In addition, the Group has concluded overdraft agreements with multiple financial institutions and has also established infrastructure for promptly securing the funds it needs.

(v) Progress made toward achieving objective indicators and other such metrics for assessing the status of achieving business targets

The following section describes the progress made toward achieving the targets of the Medium-term Management Plan 2025 (April 2022 to March 2025) as of the Plan's first fiscal year ended March 31, 2023. In the Group's e-commerce logistics business, we worked to strengthen our supply chain (center operations, trunk line transportation, and last one mile) integrated logistics process to meet the ever-growing demand for mail order. In addition, the Company started operating a new distribution center through aggressive sales development. The results exceeded the target due to the consolidation of PHYZ Holdings Inc., MK LOGI Co., Ltd., etc., as subsidiaries. For profits, although there were temporary costs related to new distribution centers and investments in vehicles, as well as persistently high fuel procurement prices, rising utility costs, and increased costs associated with aggressive hiring to secure labor, profits exceeded the target due to improved productivity through strengthened daily account settlement management, as well as the effects of company-wide measures to promote appropriate charges.

	50th fiscal year Plan for the fiscal year ended March 31, 2023	50th fiscal year Actual results for the fiscal year ended March 31, 2023	Relative to the plan	
			Difference	Difference (%)
Net sales (million yen)	171,500	177,829	6,329	+3.7%
Operating profit (million yen)	11,130	11,362	232	+2.1%
Operating profit margin (%)	6.5	6.4	-0.1	-
Ordinary profit (million yen)	11,522	11,949	427	+3.7%
Ordinary profit margin (%)	6.7	6.7	±0	-

5. Important operational contracts

(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 newly establish MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (the "Split Preparation Company"), which is a wholly owned subsidiary of the Company and to implement a company split (absorption-type company split) with the Company as the splitting company and the Split Preparation Company as the successor company effective as of October 1, 2022 (the "Company Split") to transition to a pure holding company structure. On the same day that the board meeting was held, the Company entered into an absorption-type company split agreement for the Company Split with the Split Preparation Company.

6. Research and development activities

Not applicable.

III. Information about facilities

1. Overview of capital investment

Total capital investment during the fiscal year under review amounts to 9,373 million yen, which includes leased assets.

Major capital investments included 8,252 million yen for land acquisition and construction work for a new food distribution center and a new Tsuchiura center in the logistics business and 339 million yen for new and existing distribution center equipment.

2. Major facilities

(1) Reporting company

As of March 31, 2023

Name of office (Address)	Name of segment	Facilities	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in m^2)	Leased assets	Other	Total	
Head office (Yoshikawa-shi, Saitama)	Common to all group companies	Head office facilities	-	-	7,631 (116,379.45)	-	35	7,666	45 [-]

(Note) The number in the square brackets of “Number of employees” column indicates the yearly average number of temporary employees.

(2) Subsidiaries in Japan

As of March 31, 2023

Company name	Name of office (Address)	Name of segment	Facilities	Book value (million yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (Area in m^2)	Leased assets	Other	Total	
MARUWA UNYU KIKAN CO., LTD.	Head office (Yoshikawa-shi, Saitama)	Logistics business	Head office facilities	760	9	- (-)	3	416	1,189	171 [6]
	AZ-COM Kita-Kanto MK Distribution Center (Ashikaga-shi, Tochigi)	Logistics business	Logistics center facilities & vehicles	187	662	- (-) [30,864.71]	-	83	933	48 [273]
	AZ-COM Kuki Distribution Center (Kuki-shi, Saitama)	Logistics business	Logistics center facilities & vehicles	336	1	1,307 (28,882.97)	-	13	1,657	60 [12]
	AZ-COM Yoshikawa MK Distribution Center (Yoshikawa-shi, Saitama)	Logistics business	Logistics center facilities	1,305	-	2,112 (21,556.23) [6,108.06]	-	104	3,522	75 [560]
	Yoshikawa Sales Office (Yoshikawa-shi, Saitama)	Logistics business	Delivery facilities & vehicles	11	1	178 (3,899.00) [18,873.05]	-	13	204	361 [57]
	DL Management Office (Misato City, Saitama)	Logistics business	Logistics center facilities & vehicles	0	0	- (-) [3046.80]	-	12	13	62 [40]
	Tokorozawa Sales Office (Tokorozawa-shi, Saitama)	Logistics business	Logistics center facilities & vehicles	6	-	- (-) [13,327.18]	1	17	25	89 [57]
	AZ-COM Nagareyama Logistics Center (Nagareyama-shi, Chiba)	Logistics business	Logistics center facilities & vehicles	28	0	- (-) [25,949.53]	-	14	42	27 [162]
	EC Last One Mile Business Department (Arakawa-ku, Tokyo)	Logistics business	Delivery facilities & vehicles	15	8	- (-) [74,256.82]	-	17	41	152 [96]
	AZ-COM Kanagawa MK Distribution Center (Chuo-ku, Sagamihara-shi, Kanagawa)	Logistics business	Logistics center facilities & vehicles	42	2	- (-) [29,059.65]	-	25	71	34 [181]
	Osaka MK Center (Sakai-shi, Osaka)	Logistics business	Logistics center facilities	204	404	- (-) [30,584.42]	-	46	654	29 [229]
HOKKAIDO MARUWA LOGISTICS, CO., LTD.	Ishikari Sales Office (Ishikari-shi, Hokkaido)	Logistics business	Head office, logistics center facilities, and vehicles	200	0	- (-) [44,249.03]	-	6	206	49 [58]
Maruwa Tsuun Co., Ltd.	Head office (Arakawa-ku, Tokyo)	Logistics business	Head office facilities	31	-	233 (645.49)	411	25	701	19 [-]
KANSAI MARUWA LOGISTICS CO., LTD.	AZ-COM Logistics Ayabe (Ayabe-shi, Kyoto)	Logistics business	Logistics center facilities	275	11	275 (9,073.62) [19,675.66]	-	11	574	55 [108]
	AZ-COM Logistics Shiga (Omihachiman-shi, Shiga)	Logistics business	Logistics center facilities & vehicles	418	746	- (-) [34,719.38]	-	53	1,217	87 [227]
	Kakogawa Food Center (Kakogawa-shi, Hyogo)	Logistics business	Logistics center facilities & vehicles	-	-	- (-)	-	33	33	39 [108]
	AZ-COM Logistics Kyoto (Yawata-shi, Kyoto)	Logistics business	Logistics center equipment & vehicles	895	126	38 (452.04) [38,134.28]	-	81	1,141	129 [98]

Company name	Name of office (Address)	Name of segment	Facilities	Book value (million yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (Area in m²)	Leased assets	Other	Total	
KYUSHU MARUWA LOGISTICS CO., LTD.	Head office & AZ-COM Fukuoka (Higashi-ku, Fukuoka-shi, Fukuoka)	Logistics business	Logistics center facilities & vehicles	4	0	- (-) [13,035.56]	2	24	31	41 [111]
AZ-COM Data Security Co., Ltd.	Head office (Chichibu-shi, Saitama)	Other	Document storage facilities & vehicles	1,334	0	- (-) [30,173.43]	45	41	1,421	23 [21]

(Notes) 1. There are no major facilities currently out of service.

2. Within the book value, the "Other" column under mainly consists of leasehold interests in land, software, furniture and fixtures and does not include amounts of construction in progress.

3. The numbers in the square brackets in the "Land" column indicate the area of land leased from companies other than consolidated companies.

4. The number in the square brackets of "Number of employees" column indicates the yearly average number of temporary employees.

5. The buildings, structures and land associated with the head office and Ishikari Sales Office of HOKKAIDO MARUWA LOGISTICS, CO., LTD. are leased from the Company.

6. Some of the buildings, structures and land of MARUWA UNYU KIKAN CO., LTD. are leased from its consolidated subsidiary, Maruwa Tsuun Co., Ltd.
In addition, buildings and structures, land and parking lots of AZ-COM Kuki Distribution Center, AZ-COM Yoshikawa MK Distribution Center and Yoshikawa Sales Office are leased from the Reporting company.

7. The buildings and structures associated with the head office of AZ-COM Data Security Co., Ltd. are leased from the Company.

8. In addition to the aforementioned, facilities leased from companies other than the consolidated companies are as follows.

Company name	Name of office (Address)	Name of segment	Facilities	Annual rent (million yen)
MARUWA UNYU KIKAN CO., LTD.	AZ-COM Kita-Kanto MK Distribution Center (Ashikaga-shi, Tochigi)	Logistics business	Land & building	271
	AZ-COM Yoshikawa MK Distribution Center (Yoshikawa-shi, Saitama)	Logistics business	Land	12
	Yoshikawa Sales Office (Yoshikawa-shi, Saitama)	Logistics business	Land & building	27
	DL Management Office (Misato City, Saitama)	Logistics business	Land & building	4
	Tokorozawa Sales Office (Tokorozawa-shi, Saitama)	Logistics business	Land & building	101
	AZ-COM Nagareyama Logistics Center (Nagareyama-shi, Chiba)	Logistics business	Land & building	243
	EC Last One Mile Business Department (Arakawa-ku, Tokyo)	Logistics business	Land & building	456
	AZ-COM Kanagawa MK Distribution Center (Chuo-ku, Sagamihara-shi, Kanagawa)	Logistics business	Land & building	347
	Osaka MK Center (Sakai-shi, Osaka)	Logistics business	Land & building	421
KANSAI MARUWA LOGISTICS CO., LTD.	AZ-COM Logistics Shiga (Omihachiman-shi, Shiga)	Logistics business	Land & building	124
	AZ-COM Logistics Ayabe (Ayabe-shi, Kyoto)	Logistics business	Land & building	8
	AZ-COM Logistics Kyoto (Yawata-shi, Kyoto)	Logistics business	Land & building	498
KYUSHU MARUWA LOGISTICS CO., LTD.	Head office & AZ-COM Fukuoka (Higashi-ku, Fukuoka-shi, Fukuoka)	Logistics business	Land & building	123
AZ-COM Data Security Co., Ltd.	Head office (Chichibu-shi, Saitama)	Other	Land	9

(Note) Due to the change in the lease contract following the conversion to a pure holding company, the lease term for the land of AZ-COM Yoshikawa MK Distribution Center of MARUWA UNYU KIKAN CO., LTD. is six months, from April 1, 2022 to September 30, 2022. Therefore, the annual rent is stated as a six-month amount. The Submitting Company, which is the contracted party, has been leasing the property since October 2022.

Company name	Name of office (Address)	Name of segment	Facilities	Annual lease fee (million yen)	Lease agreement balance (million yen)
MARUWA UNYU KIKAN CO., LTD.	AZ-COM Kuki Distribution Center (Kuki-shi, Saitama)	Logistics business	Vehicles	39	54
	Yoshikawa Sales Office (Yoshikawa-shi, Saitama)	Logistics business	Vehicles	276	604
	DL Management Office (Misato City, Saitama)	Logistics business	Vehicles	13	16
	Tokorozawa Sales Office (Tokorozawa-shi, Saitama)	Logistics business	Vehicles	63	112
	AZ-COM Nagareyama Logistics Center (Nagareyama-shi, Chiba)	Logistics business	Vehicles	3	2
HOKKAIDO MARUWA LOGISTICS, CO., LTD.	Ishikari Sales Office (Ishikari-shi, Hokkaido)	Logistics business	Vehicles	2	3
KANSAI MARUWA LOGISTICS CO., LTD.	AZ-COM Logistics Ayabe (Ayabe-shi, Kyoto)	Logistics business	Vehicles	16	18
	AZ-COM Logistics Shiga (Omihachiman-shi, Shiga)	Logistics business	Vehicles	0	0
	Kakogawa Food Center (Kakogawa-shi, Hyogo)	Logistics business	Vehicles	7	2
	AZ-COM Logistics Kyoto (Yawata-shi, Kyoto)	Logistics business	Vehicles	10	30
KYUSHU MARUWA LOGISTICS CO., LTD.	Head office & AZ-COM Fukuoka (Higashi-ku, Fukuoka-shi, Fukuoka)	Logistics business	Vehicles	3	3
AZ-COM Data Security Co., Ltd.	Head office (Chichibu-shi, Saitama)	Other	Vehicles	0	0

(3) Subsidiaries overseas

Not applicable.

3. Plans for the new construction and disposal of facilities

(1) New construction of important facilities

As of March 31, 2023

Company name	Name of office (Address)	Name of segment	Facilities	Planned investment		Financing method	Start date	Scheduled completion date	Increase in capacity upon completion
				Total (million yen)	Amount already paid (million yen)				
Reporting company	AZ-COM Matsubushi (tentative name) (Matsubushi-machi, Kitakatsushika-gun, Saitama)	Logistics business	Logistics center equipment	7,665	7,665	Convertible bonds, borrowings and own funds	October 2020	TBD	Increased logistical capacity
Japan Logistics Development Co., Ltd.	New Tsuchiura Center (tentative name) (Tsuchiura-shi, Ibaraki)	Logistics business	Logistics center equipment	2,950	1,899	Convertible bonds, borrowings and own funds	February 2022	June 2023	Increased logistical capacity
MARUWA UNYU KIKAN CO., LTD.	Shin-Tokai Distribution Center (tentative name) (Nagoya-shi, Aichi)	Logistics business	Logistics center equipment	2,621	-	Borrowings and own funds	October 2023	January 2024	Increased logistical capacity

(Note) The facility of the reporting company is in the planning phase and its scheduled date of completion is yet to be determined. In addition, the amount already paid includes the cost of purchasing land and other expenses. The total amount of the planned investment does not include the amount of the investment plan for the construction of the Center, which was approved by the Board of Directors Meeting held on April 21, 2023. Details are described in "V. Status of Accounting, 1. Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements, Notes, (Significant subsequent events)."

(2) Disposal of important facilities

There are no plans for the disposal of important facilities.

IV. Information on the reporting company

1. Information on shares, etc.

(1) Number of shares, etc.

(i) Number of shares

Type	Number of authorized shares
Common shares	192,000,000
Total	192,000,000

(ii) Number of shares issued

Type	Number of shares issued as of the end of the fiscal year (March 31, 2023)	Number of shares issued as of the filing date (June 30, 2023)	Name of listed financial instruments exchange or name of registered financial instruments business association	Details
Common shares	128,952,320	128,952,320	TSE Prime Market	There are 100 shares per trading unit.
Total	128,952,320	128,952,320	-	-

(Note) The figures under “Number of shares issued as of the filing date” do not include the number of shares issued upon the exercise of share acquisition rights between June 1, 2023, and the filing date of this Annual Securities Report.

(2) Information on share acquisition rights, etc.

(i) Details of stock option system

Not applicable.

In the current fiscal year, the exercise period of all stock acquisition rights expired and the rights lapsed. Details are described in "V. Status of Accounting, 1. Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements, Notes, (Stock options, etc.)."

(ii) Rights Plan

Not applicable.

(iii) Other information on share acquisition rights, etc.

The Company has issued bonds with share acquisition rights in accordance with the Companies Act as follows.

Euro-yen convertible bonds with share acquisition rights included therein due 2025

Resolution date	December 1, 2020
Number of share acquisition rights*	2,000
Class, details, and number of shares underlying the share acquisition rights*	Common shares: 7,407,407 (Note 1)
Amount to be paid upon exercise of share acquisition rights*	2,700 yen per share (Note 2)
Exercise period of share acquisition rights*	(Note 3)
Share issue price and amount incorporated into capital if shares are issued upon exercise of share acquisition rights*	Issue price: 2,700 yen Capital incorporation: 1,350 yen (Note 4)
Conditions for exercise of share acquisition rights*	Share acquisition rights may not be exercised in part.
Matters regarding the transfer of share acquisition rights*	-
Matters regarding the issuance of share acquisition rights accompanying a reorganization*	(Note 5)
Details and amount of assets to be contributed upon the exercise of share acquisition rights	(Note 6)
Among all share acquisition rights, number of treasury share acquisition rights*	-
Balance of bonds with share acquisition rights (million yen)*	20,000

* The information is as of the end of the current fiscal year (March 31, 2023). Because the information at the end of the month preceding the filing date (May 31, 2023) is the same as that of the end of the current fiscal year, it has been omitted.

(Notes) 1. The number of common shares of the Company issued by the Company through the exercise of the share acquisition rights shall be the number obtained by dividing the face value of the corporate bonds pertaining to the exercise request by the conversion price, as described in 2 below. However, resulting fractions of less than one share shall be omitted and no cash adjustment shall be made. Additionally, in the event that shares of less than one unit arise as a result of the exercise of share acquisition rights, these shares will be issued to the holders of bonds with share acquisition rights in the same manner as the shares constituting the trading unit. The Company will not offer a cash settlement for shares of less than one unit.

2. (i) Upon the exercise of each of the share acquisition rights, the corporate bonds pertaining to the share acquisition rights shall be contributed and the price for the corporate bonds shall be their face value.

(ii) The conversion price will initially be 5,400 yen.

(iii) After issuing the bonds with share acquisition rights, the conversion price will be adjusted by the following formula in the event that the Company issues common shares at a price lower than the fair value or disposes of the Company's common shares after the issuance of the bonds with share acquisition rights. In the formula below, "Number of shares already issued" refers to the total number of common shares issued by the Company (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price prior to adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount to be paid per share}}{\text{Fair value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}$$

The conversion price shall be adjusted appropriately in the event of a stock split or reverse stock split of the Company's common shares, the payment of certain dividends of surplus, the issuance of share acquisition rights (including those attached to bonds with share acquisition rights) that allow the Company to claim issuance of common shares at a price below fair value, and in certain other situations.

3. Period of exercise of share acquisition rights shall be from January 4, 2021, to December 3, 2025 (local time where the corporate bonds were deposited for the exercise of share acquisition rights). However: (i) in the event of early redemption by the Company, until three business days prior to the redemption date in Tokyo (however, this excludes share acquisition rights pertaining to bonds for which early redemption was not selected); (ii) in the event that early redemption is selected by the holders of bonds with share acquisition rights, until the time when the redemption notice is deposited with the fiscal agent; (iii) in the event of the cancellation of the corporate bonds by purchase, upon which the period shall end when the corporate bonds are canceled; (iv) in the event of the loss of the benefit of term regarding bonds, in which case the period shall be until the loss of the benefit of term. In any of the above cases, the share acquisition rights may not be exercised after December 3, 2025 (local time where the corporate bonds were deposited for the exercise of share acquisition rights).
   Regardless of the above, should the Company reasonably judge it to be necessary in order to conduct an organizational restructuring as set forth in the terms and conditions of the bonds with share acquisition rights, the share acquisition rights will not be able to be exercised during a period of up to 30 days specified by the Company, which will end within 14 days from the day following the effective date of the organizational restructuring.
   Moreover, the share acquisition rights cannot be exercised in the event that the calendar date in Japan on which the exercise of the share acquisition rights takes effect (or on the following business day in Tokyo in the event that the effective date is not a business day in Tokyo), corresponds to the reference date stipulated by the Company or the period from two business days in Tokyo before another date (or three business days in Tokyo before in the event that the corresponding shareholder confirmation date is not a business day in Tokyo, including the same day), stipulated in order to confirm a shareholder in relation to Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter referred to as the "Shareholder Confirmation Date," in conjunction with the record date set by the Company), to the corresponding Shareholder Confirmation Date (or on the following business day in Tokyo in the event that the corresponding Shareholder Confirmation Date is not a business day in Tokyo, including the same day). However, in the event that Japanese laws and regulations or customs concerning the issuance of shares pertaining to the exercise of the share acquisition rights through the book-entry transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares are changed, the Company may modify the restrictions on the period in which the share acquisition rights can be exercised under this paragraph to reflect the corresponding changes.
4. The amount by which share capital will be increased upon the issuance of shares by the exercise of share acquisition rights shall be one half of the maximum amount of the share capital increase, calculated in accordance with Article 17 of the Companies Accounting Regulations. Resulting fractions of less than one yen will be rounded up.
5. (i) In the case of an organizational restructuring, the Company shall designate the Successor Company (defined below), have that company inherit the position of principal debtor of the bonds with share acquisition rights according to the primary terms of the bonds with share acquisition rights and do its utmost to issue new share acquisition rights in place of said share acquisition rights. However, regarding the succession and issuance, the prerequisites are (i) they must be executable under current applicable laws and regulations, (ii) the required structure must already be built or be possible to build, and (iii) the Company or Successor Company must be able to execute them without incurring any expenses (including taxes) that the Company judges unreasonable when viewed from the entirety of the organizational restructuring. In such cases, the Company shall do its utmost to have the Successor Company remain a publicly traded company in Japan on the effective date of organizational restructuring. The Company's obligation to make the effort described in (i) of this section shall not apply if the Company delivers a certificate to a fiscal agent. The Successor Company is the other party in the organizational restructuring and is the company which takes over the bonds with share acquisition rights and/or the Company's obligations pertaining to the share acquisition rights.
   (ii) The details of the share acquisition rights of the Successor Company that are issued according to the stipulations of (i) above are as follows.
      a. Number of share acquisition rights
         The number shall be the same as the number of the share acquisition rights pertaining to the bonds with share acquisition rights remaining immediately prior to the effective date of the organizational restructuring.
      b. Type of shares to be issued upon exercise of share acquisition rights
         Common shares of the Successor Company will be issued.
      c. Number of shares underlying the share acquisition rights

The number of common shares of the Successor Company issued through the exercise of its share acquisition rights shall be determined by said company in consideration of the conditions of the organizational restructuring and in reference to the primary terms of the bonds with share acquisition rights as well as in accordance with (i) and (ii) below. Furthermore, the conversion value shall be subject to the same adjustments as in item 2 (iii) above.

(i) In the event of certain mergers, exchanges of shares, or share transfers, the conversion value shall be determined so that holders of common shares in the Company in the number to be obtained if the share acquisition rights are exercised immediately prior to the effective date of the organizational restructuring, can receive the number of common shares in the Company to be received in the said organizational restructuring at the time when the share acquisition rights of the Successor Company are exercised immediately after the effective date of the organizational restructuring. When securities other than common shares or other assets of the Successor Company are issued at the time of organizational restructuring, the Successor Company shall make it possible to also receive a number of common shares of the Successor Company that is equal to the number obtained by dividing the value of the securities or assets by the fair value of the common shares of the Successor Company.

(ii) In the event of an organizational restructuring other than that described above, the conversion value shall be determined such that the economic benefit, which is equivalent to that obtained by the holder of the bonds with share acquisition rights in the event that the share acquisition rights are exercised immediately before the effective date of organizational restructuring, can be received when the share acquisition rights of the Successor Company are exercised immediately after the effective date of organizational restructuring.

d. Details and value of the assets invested when exercising the share acquisition rights

At the time when the share acquisition rights of the Successor Company are exercised, the succeeding corporate bonds shall be invested and the value of the corporate bonds shall be an amount equivalent to the face value of the succeeding corporate bonds.

e. Period during which share acquisition rights can be exercised

The period shall extend from the effective date of the organizational restructuring (or a subsequent date within 14 days according to circumstances) to the date of expiration of the exercise period of the share acquisition rights stipulated in 3 above.

f. Other conditions for the exercise of share acquisition rights

Partial exercise of the respective share acquisition rights of the Successor Company shall not be allowed.

g. Share capital and legal capital surplus that will increase in the event that shares are issued through the exercise of share acquisition rights

The amount by which share capital will increase upon the issuance of shares by the exercise of the Successor Company’s share acquisition rights shall be one half of the maximum amount of the share capital increase, calculated in accordance with Article 17 of the Companies Accounting Regulations. Resulting fractions of less than one yen will be rounded up. The amount that the legal capital surplus will increase shall be the amount obtained by subtracting the share capital increase from the share capital increase amount limit.

h. In the event of organizational restructuring

In the event of organization restructuring, with respect to the Successor Company, it shall be handled in the same manner as the bonds with share acquisition rights.

i. Others

However, resulting fractions of less than one share occurring due to the exercise of share acquisition rights of the Successor Company shall be omitted and no cash adjustment shall be made.

The share acquisition rights of the Successor Company cannot be transferred separately from the succeeding corporate bonds.

(iii) In the event that the Company has the Successor Company take over or succeed its obligations based on the corporate bonds in accordance with the stipulations under (i) above, the Company shall comply with the primary terms of the bonds with share acquisition rights in addition to providing a guarantee for certain cases as stipulated in the primary terms of the bonds with share acquisition rights.

6. Not applicable. However, upon the exercise of each of the share acquisition rights, the corporate bonds pertaining to said share acquisition rights shall be contributed and the price of the corporate bonds shall be their face value.

(3) Exercise of bonds with share acquisition rights with an exercise price adjustment clause

Not applicable.

(4) Trends in total number of shares issued, share capital, etc.

Date	Change in total number of shares issued	Balance of total number of shares issued	Change in share capital (million yen)	Balance of share capital (million yen)	Change in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
April 1, 2018 to March 31, 2019 (Note 1)	25,000	32,138,080	3	2,657	3	2,171
October 1, 2019 (Note 2)	32,153,080	64,291,160	-	2,657	-	2,171
April 1, 2019 to March 31, 2020 (Note 1)	35,800	64,326,960	3	2,660	3	2,175
January 1, 2021 (Note 3)	64,372,560	128,699,520	-	2,660	-	2,175
April 1, 2020 to March 31, 2021 (Note 1)	97,600	128,797,120	4	2,665	4	2,180
April 1, 2021 to March 31, 2022 (Note 1)	51,200	128,848,320	1	2,667	1	2,181
April 1, 2022 to March 31, 2023 (Note 1)	104,000	128,952,320	3	2,670	3	2,185

(Notes) 1. This is an increase due to the exercise of share acquisition rights.

2. The Company conducted a 2-for-1 split of common shares by a resolution of the Board of Directors on August 26, 2019, with an effective date of October 1, 2019.

3. The Company conducted a 2-for-1 split of common shares by a resolution of the Board of Directors on November 2, 2020, with an effective date of January 1, 2021.

(5) Status by owner

As of March 31, 2023

Category	General stock information (100 shares constitutes one unit)								Fractional shares
	Government and local public entities	Financial institutions	Financial instruments operators	Other domestic corporations	Foreign corporations / entities		Individuals / others	Total	
					Non-individual	Individual			
Number of shareholders (people)	-	14	25	62	167	6	6,555	6,829	-
Number of shares held (units)	-	101,167	9,142	569,548	54,284	1,961	552,749	1,288,851	67,220
Ratio of shares held (%)	-	7.85	0.71	44.19	4.21	0.15	42.89	100.00	-

(Note) Among the treasury stock of 2,748,556 shares, 27,485 units are included with “Individuals / others” and 56 shares with “Fractional shares.”

(6) Major shareholders

As of March 31, 2023

Name or title	Location	Number of shares held (thousand shares)	Ratio of shares held to total number of shares issued (excluding treasury stock) (%)
WASAMI Co., Ltd.	3-3-20 Kishicho, Urawa-ku, Saitama-shi, Saitama Prefecture	43,200	34.23
Masaru Wasami	Urawa-ku, Saitama-shi, Saitama	30,434	24.12
The Master Trust Bank of Japan, Ltd. (Trust accounts)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	5,718	4.53
MatsukiyoCocokara & Co.	9-1 Shinmatsudo-higashi, Matsudo-shi, Chiba	5,038	3.99
AZ-COM MARUWA Holdings Group Employee Shareholding Association	7-1 Asahi, Yoshikawa-shi, Saitama	2,544	2.02
TOYO KANETSU K.K.	2-11-1 Minamisuna, Koto-ku, Tokyo	1,828	1.45
Duskin Co., Ltd.	1-33 Toyotsucho, Suita-shi, Osaka	1,600	1.27
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,469	1.16
Saitama Resona Bank, Limited	7-4-1 Tokiwa, Urawa-ku, Saitama-shi, Saitama	1,287	1.02
Kamigumi Co., Ltd.	4-1-11 Hamabedori, Chuo-ku, Kobe-shi, Hyogo	1,243	0.98
Total	-	94,363	74.77

(Notes) 1. The number of shares held in connection with the trust business and included in the above figures is as follows.
Custody Bank of Japan, Ltd. (Trust account) 354,223 shares
2. The Company owns 2,748,556 treasury shares, which are excluded from the figures of the main shareholders mentioned above.
3. Shareholding ratio is calculated excluding treasury stock.
4. MARUWA UNYU KIKAN Employee Shareholding Association changed its name to AZ-COM MARUWA Holdings Group Employee Shareholding Association as of March 1, 2023.

(7) Voting rights

(i) Number of shares issued

As of March 31, 2023

Category	Number of shares	Number of voting rights	Details
Nonvoting shares	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common shares 2,748,500	-	-
Shares with full voting rights (others)	Common shares 126,136,600	1,261,366	There are 100 shares per trading unit. The shares have full voting rights and are the Company's standard shares with no restrictions on rights.
Fractional shares	Common shares 67,220	-	-
Total number of shares issued	128,952,320	-	-
Voting rights of all shareholders	-	1,261,366	-

(Notes) 1. Common shares in the "Shares with full voting rights (others)" column include 354,223 Company shares (3,542 voting rights) held as a board benefit trust for Officers and Employee Stock Ownership Plan (ESOP) trust.

2. The common shares in the "Fractional shares" column include 56 Company held treasury shares.

(ii) Treasury shares

As of March 31, 2023

Name or title of owner	Address of owner	Number of shares held in own name	Number of shares held in name of others	Total number of shares held	Ratio of shares held to total number of shares issued (%)
AZ-COM MARUWA Holdings Inc.	7-1 Asahi, Yoshikawa-shi, Saitama	2,748,500	-	2,748,500	2.13
Total	-	2,748,500	-	2,748,500	2.13

(Notes) 1. The number of shares indicated above does not include the 56 fractional shares.

2. Company shares held as a board benefit trust for the Officers and Employee Stock Ownership Plan (ESOP) trust are not included in the above treasury shares.

(8) Details of the officer and employee shareholding plans

Performance-based stock compensation plan

(i) Overview of the performance-based stock compensation plan

In the 43rd Ordinary General Meeting of Shareholders held on June 29, 2016, and the Board of Directors meeting held on August 19, 2016, it was resolved to introduce a "performance-based stock compensation plan" (hereinafter referred to as "Plan") that is a highly transparent and objective compensation plan linked to the Company's performance for the purpose of raising the awareness of contribution to the enhancement of performance and the increase of corporate value with a medium-to long-term view for Directors (excluding Outside Directors; hereinafter referred to as the "Directors, etc.") of the Company and its subsidiaries (hereinafter referred to as the "target companies").

This is a performance-linked stock-based compensation plan under which the Company contributes money to the trust, the trust uses the money as the source of funds to acquire the Company's shares, and through the trust, the Directors, etc., receive the Company's shares in accordance with the degree of achievement of their performance targets, etc., in accordance with the Rules on Stock Benefit for Directors pertaining to remuneration for Directors (and other officers) established by the target company. In principle, the time when the Directors, etc., receive the Company's shares is at the time of their retirement.

(ii) Number of shares to be acquired by the Directors, etc.

225,276 shares

(iii) Scope of persons able to receive beneficiary rights and other rights under the Plan

The Directors, etc., who satisfy the beneficiary requirements in accordance with the Rules on Stock Benefit for Directors

ESOP Stock Benefit Trust

(i) Overview of ESOP Stock Benefit Trust

In a resolution passed by the Board of Directors at a meeting held on August 19, 2016, the Company introduced a stock-based ESOP (hereinafter referred to as "Plan") as a benefit plan for employees (below, "employees, etc.") of the Company and its subsidiaries (below, "target companies"), with the aim of enhancing the linkage between the Company's stock price and performance and the treatment of employees, etc., and to share the economic benefits with shareholders, thereby increasing the motivation and morale of employees, etc., to improve the Company's stock price and performance.

This is a performance-linked stock-based compensation plan under which the Company contributes money to the trust, the trust uses the money as the source of funds to acquire the Company's shares, and through the trust, the target employees, etc., receive the Company's shares in accordance with the degree of achievement of their performance, etc., in accordance with the Rules on Stock Benefit established by the target company. In principle, the time when target employees receive the Company's shares is at the time of their retirement.

(ii) Number of shares to be acquired by employees, etc.

128,947 shares

(iii) Scope of persons able to receive beneficiary rights and other rights under the Plan

Employees, etc., who satisfy the beneficiary requirements in accordance with the Rules on Stock Benefit

2. Status of acquisition of treasury shares, etc.

Type of shares, etc.: Acquisition of common shares falling under Article 155, Item 7 of the Companies Act

(1) Status of acquisition by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of acquisition by a resolution of the Board of Directors

Not applicable.

(3) Details of matters not based on a resolution of the General Meeting of Shareholders or a resolution of the Board of Directors

Category	Number of shares	Total value (million yen)
Treasury shares acquired in the fiscal year under review	43	0
Treasury shares acquired in the period under review	-	-

(Note) The number of treasury shares acquired in the period under review does not include the number of shares acquired due to purchases of fractional shares from June 1, 2023, until the filing date of this Annual Securities Report.

(4) Status of disposal and status of holding of acquired treasury shares

Category	As of March 31, 2023		Current period	
	Number of shares	Total amount disposed of (million yen)	Number of shares	Total amount disposed of (million yen)
Acquired treasury shares offered to subscribers	-	-	-	-
Acquired treasury shares disposed of by cancellation	-	-	-	-
Treasury shares acquired through transfer associated with merger, share exchange, share delivery or company split	-	-	-	-
Other (-)	-	-	-	-
Number of treasury shares held	2,748,556	-	2,748,556	-

(Notes) 1. The number of treasury shares held in the period under review does not include the number of shares acquired due to purchases of fractional shares from June 1, 2023, until the filing date of this Annual Securities Report.

2. The number of treasury shares held does not include the Company’s shares held as a board benefit trust for Officers and Employee Stock Ownership Plan (ESOP) trust (354,223 shares as of the end of the fiscal year under review).

3. Dividend policy

The Company considers it one of management’s 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 an internal infrastructure for responding to business expansion, the strengthening of existing businesses and the development of new businesses.

Furthermore, the Company has not established a specific policy on the number of dividends, but the Articles of Incorporation stipulate that interim dividends can be paid by a resolution of the Board of Directors pursuant to Article 454, paragraph 5 of the Companies Act.

The year-end dividend for the period under review was 11.75 yen per share. An interim dividend of 11.75 yen per share has been paid.

(Note) 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)
October 31, 2022 Resolution of the Board of Directors	1,482	11.75
June 27, 2023 Resolution of the Ordinary General Meeting of Shareholders	1,482	11.75

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Basic approach on corporate governance

The Company has established the management philosophy to become a leader in the third-party logistics (3PL) industry, always placing customers' interests first and contributing to the wellbeing of all its allies and to the creation of a prosperous society. We aim to develop with stakeholders, including customers and local communities.

In order to realize the management philosophy, it is necessary to ensure transparency and efficiency of management for stakeholders, and to conduct business activities based on the execution of compliance management and corporate ethics. To that end, the Company has sought transparency of management and established a corporate governance system enabling management supervisory functions to be executed, in addition to establishing corporate governance guidelines that constitute its basic policy in the pursuit of effective corporate governance.

(ii) Corporate governance system

(a) Basic explanation of the Company's organs

The Company is a company with an Audit & Supervisory Board and has established a General Meeting of Shareholders, a Board of Directors, an Audit & Supervisory Board and Financial Auditors as company's organs. The organs related to the Company's management decision-making, execution and supervision are as follows.

a. Board of Directors

The Company's Board of Directors, chaired by President Masaru Wasami is composed with consideration for an overall balance and diversity of specialized knowledge, experience, and capabilities to contribute to effectively achieving sustained growth of the Group and enhancing its corporate value over the medium- to long-term as a pure holding company. The regular meeting of the Board of Directors is held once a month to make decisions on business execution in the Group and to mutually supervise the execution of duties among Directors. In addition, an extraordinary meeting of the Board of Directors is held flexibly as needed. Audit & Supervisory Board Members attend each meeting of the Board of Directors and supervise the status of execution of duties of the Board of Directors. During the fiscal year ended March 31, 2023, the Board of Directors' meeting was held 21 times to comprehensively discuss business execution and the status of execution by each Director, including decisions on matters required by law and important investment projects such as M&A, progress in the Medium-term Management Plan, ROIC analysis and business portfolio reports by business segment, and verification of the effectiveness of the Board of Directors. The number of Directors on the Board of Directors is stipulated as being within 13 in the Articles of Incorporation. Candidates for Director are elected by the Board of Directors after receiving advice and a report from the Nomination and Remuneration Committee with consideration for the overall composition of the Board of Directors within this scope.

The composition of the Board of Directors as of the date of submission is as follows.

Name	Category	Attendance at Board of Directors' meetings during the fiscal year ended March 31, 2023 (21 meetings in total)	Attendance at Nomination and Remuneration Committee meetings during the fiscal year ended March 31, 2023 (6 meetings in total)
Masaru Wasami	Full-time Directors	21 meetings	6 meetings
Teruaki Yamamoto	Full-time Directors	21 meetings	6 meetings
Masanao Kuzuno	Full-time Directors	21 meetings	-
Tsutomu Fujita	Full-time Directors	21 meetings	-
Katsunobu Motohashi	Full-time Directors	21 meetings	6 meetings
Akinori Iwasaki	Full-time Directors	21 meetings	-
Tomoki Ogura	Full-time Directors	21 meetings	-
Yukio Yamakawa	Outside Director	21 meetings	6 meetings
Itsushi Tachi	Outside Director	21 meetings	6 meetings
Masami Saigo	Outside Director	-	-

Miwako Funamoto	Outside Director	-	-

(Note) Masami Saigo and Miwako Funamoto are newly appointed Directors.

b. Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board consists of four members, including one Audit & Supervisory Board Member, Shigeru Tanaka, and three Outside Audit & Supervisory Board Members, Akira Iwasaki, Hiroshi Miura, and Masato Monguchi. It monitors governance and the status of operations, and it supervises everyday activities including the Directors execution of their duties. Audit & Supervisory Board Members attend meetings of the Board of Directors and important meetings such as internal meetings, and they engage in effective monitoring.

c. Internal Audit Office

The Company's Internal Audit Office is made up of nine members including Kiyoshi Wasami, General Manager of the Internal Audit Office. The Internal Audit Office provides guidance on compliance with laws, regulations and the Company's regulations based on the Internal Audit Regulations, has authority on implementing internal audits, and provides instruction and guidance not only on legality, but also on appropriateness and improving efficiency.

d. Risk Management Committee

The Group considers compliance, such as following laws, regulations and corporate ethics, to one of its most important management issues. A "Compliance Manual" outlining this governance policy, system and a code of conduct has been established, and meetings of the Risk Management Committee chaired by Director Teruaki Yamamoto and with 4 of the Company's Directors, 2 Audit & Supervisory Board Members, 13 presidents of affiliates and 25 other employees as members are held as needed to consider a variety of compliance issues. The Risk Management Committee evaluates reports from each department supervising risks and has the authority to decide on company-wide risk management policies, specific measures for maintaining the management system, measures to prevent the recurrence of risks when they occur, and recommendations regarding problems. The Committee reports its deliberations to the Board of Directors.

Furthermore, the Company has established a help line (contact for reporting and consultation) for all Group officers and employees based on the "Whistleblowing System Regulations" from the perspective of collecting risk information, and it endeavors to quickly detect risk factors.

e. Estimate and Contract Screening Committee

The Company's Estimate and Contract Screening Committee is chaired by President Masaru Wasami and its members are the Vice President and Executive Officer and the Director and Executive Operating Officer. Personnel nominated by the chairperson or the Director and Executive Operating Officer are assembled as needed to decide or deliberate on the appropriateness of matters related to undertaking logistics operations for large-scale projects and report to the Board of Directors.

f. Investment Committee

The Company's Investment Committee is chaired by President Masaru Wasami and its members are the Vice President and Executive Officer and the Director and Executive Operating Officer. Personnel nominated by the chairperson or the Director and Executive Operating Officer are assembled as needed to ensure the soundness of large-scale investments and to decide or deliberate on the security and profitability of investments and report to the Board of Directors.

g. Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee is chaired by President Masaru Wasami and its members are the Director and Executive Operating Officer and independent outside Directors. In response to consultations with the Board of Directors, the Committee deliberates on matters related to the election of Directors and Executive Officers, etc., and the determination of remuneration, matters related to succession plans, and other important matters related to nominations and remuneration of Directors and Executive Officers, and presents its findings to the Board of Directors.

h. Sustainability Committee

The Sustainability Committee is chaired by Masaru Wasami, President and includes full-time Directors as well as other executives appointed by the Director and Executive Vice President as necessary. The Sustainability Committee identifies materiality issues, including matters related to the Company's sustainability, and deliberates on the sustainability strategy including ESG (climate change measures, human capital strategy, governance, etc.), DX (digital transformation), and responses to the cost of capital management, as well as the development of the Medium-term Management Plan, which it reports to the Board of Directors.

i. Special Committee

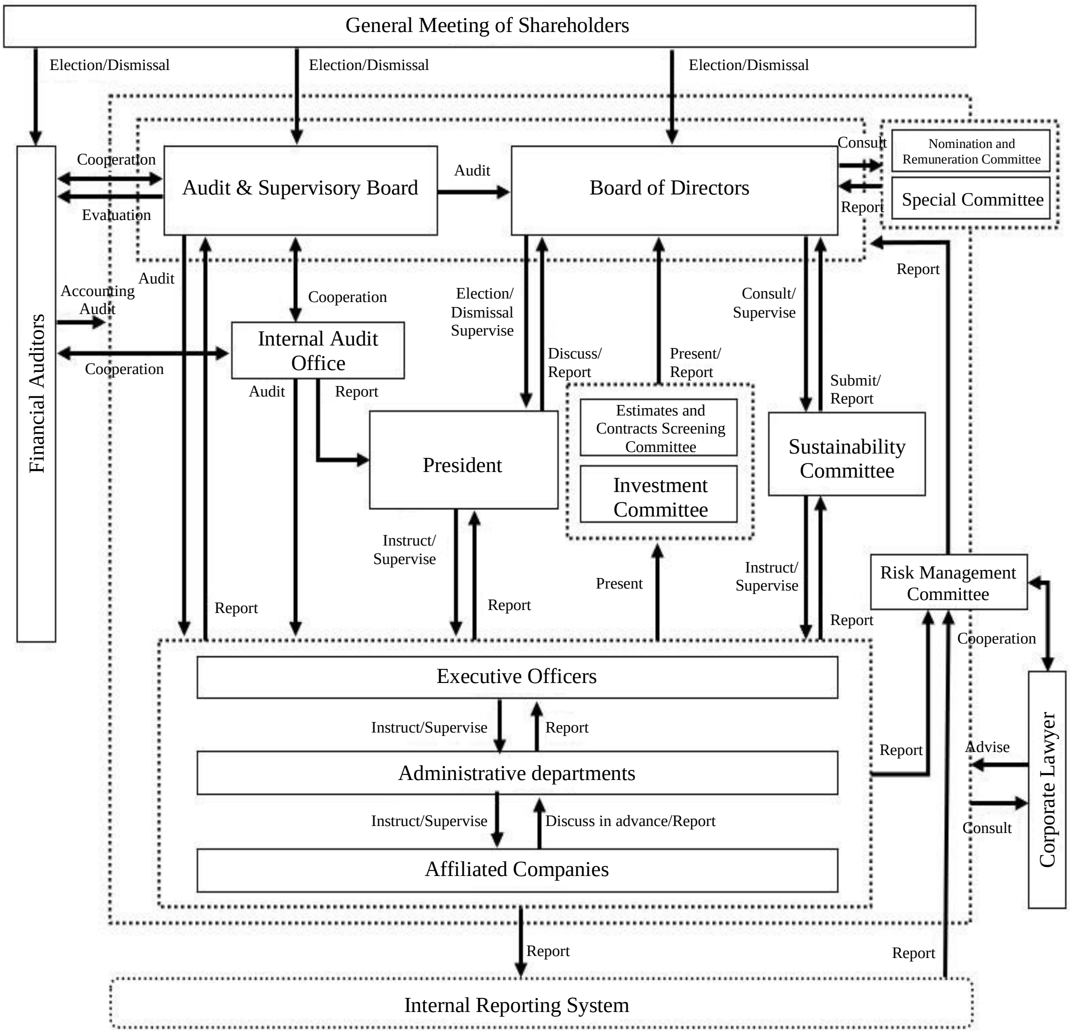
The Company's Special Committee is made up of all independent Outside Directors who elect the chairperson from among themselves. The Committee deliberates on the necessity, rationality and appropriateness of transactions and actions that may have a conflict of interests between the Group and its controlling shareholders and Directors, and it presents its findings to the Board of Directors.

j. Financial Auditors

The Financial Auditors are as stated in "IV. Information on the Reporting Company, 4. Status of corporate governance, etc. (3) Status of audits, (ii) Status of financial audit."

(b) The Company's organs and internal controls

The Company's organs and internal controls as of the filing date are as stated below.



(c) Reasons for adopting a corporate governance system

The Company has adopted an Audit & Supervisory Board system, and the current system is adopted based on the determination that it would be reasonable to strengthen the functions of the Board of Directors and to further enhance the supervisory functions over management by electing Outside Directors, alongside the functions of the Audit & Supervisory Board.

(d) Status of establishment of internal control systems

The Group's "system for ensuring that the execution of duties by Directors complies with laws, regulations and the Articles of Incorporation, and other systems for ensuring proper operations" are as follows.

a. System for ensuring the execution of duties by Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation

1) The Group has established the "AZ-COM Maruwa Group Code of Conduct" as the basis for its compliance system, and it has established and is working to thoroughly disseminate the "AZ-COM Maruwa Group Conduct Rules" as norms of conduct that all officers and all employees should adhere to. Furthermore, in order to establish systems related to compliance, the Group has formulated the AZ-COM Maruwa Group Compliance Manual, which stipulates that Directors and employees should conduct themselves in compliance with laws, regulations and the articles of incorporation, and efforts are made to instill this through training.
2) The Group has established a whistleblowing system enabling consultation and reporting in the event that an employee discovers a compliance violation or an act suspected of this within the Company, and it investigates the content of reports and takes action as needed.
3) The Internal Audit Office that is independent from divisions executing operations implements internal audits of the status of the Group's compliance with laws, regulations and internal regulations.
4) In order to ensure the reliability of financial reporting, a "Basic Policy on Financial Reporting" has been established in accordance with the provisions of the Financial Instruments and Exchange Act and relevant rules, etc., and the Group conducts appropriate business operations based on this.

b. Systems for the retention and management of information on the execution of duties by Directors

1) In order to ensure the retention and management of information pertaining to the execution of duties by Directors are carried out appropriately, the Board of Directors' Regulations, Approval Regulations and Document Management Regulations stipulate the matters related to the methods of retention and management of information, and storage and management are appropriately carried out.
2) The Company establishes systems enabling Directors and Audit & Supervisory Board Members to view this information at all times.

c. Regulations and other systems related to management of the risk of losses in the Company and the Company's subsidiaries

1) The Group has formulated the "Risk Management Regulations" to establish a risk management system, and it works to reduce risk by effectively implementing them.
2) To ensure implementation of compliance in the Group, the Company has established the "Risk Management Committee," which determines systems and policies related to risk management, evaluates the risk management systems of each department, and makes necessary improvements.
3) The "Estimate and Contract Screening Committee" and the "Investment Committee" ascertain risks and deliberate countermeasures with regard to risks related to important transactions.
4) The Internal Audit Office that is independent from divisions executing operations implements internal audits of the status of establishment and operation of risk management systems.

d. System for ensuring the efficient execution of duties by Directors of the Company and its subsidiaries

1) To ensure that Directors execute their duties efficiently, meetings of the Board of Directors are held once a month to make decisions on important matters and to supervise the status of the execution of duties of Directors.
2) The Company has adopted an executive officer system from the perspective of separating management decision making from business execution, and also for swift decision-making and the clarification of authorities and responsibilities. The President, some Directors in charge of operations, and personnel chosen from among the heads of each division execute business as the Executive Officers.
3) The Group formulates medium-term management plans based on the future business environment, drafts budgets each fiscal year in each division, and drafts and executes specific measures aimed at their achievement. Furthermore, to conduct performance management in relation to budgets, meetings are held once a month to analyze the difference between budget and results and to discuss measures to address this, tracking the progress of management indicators of each division and determining appropriate measures.

e. Matters related to reporting to the Company pertaining to the execution of duties by the Company's subsidiaries

Important management matters in subsidiaries need to be reported to or approved by the Company based on the "Affiliate Management Regulations" and the "Regulations on Duties and Authority," and important matters are approved by the Company's Board of Directors. Furthermore, minutes of the General Meeting of Shareholders and the Board of Directors, etc., the content of monthly operations and other important matters are reported to the Company.

f. Matters related to employees supporting the duties of Audit & Supervisory Board Members

1) With regard to the assignment of employees supporting the duties of Audit & Supervisory Board Members, they will be assigned to a reasonable extent after consulting with Audit & Supervisory Board Members if requested by an Audit & Supervisory Board Member. Furthermore, decisions on the personnel authority over the appointment, transfer, etc., of these employees is conditioned upon the prior consent of Audit & Supervisory Board Members to ensure their independence from Directors.
2) Employees assisting the duties of Audit & Supervisory Board Members belong to the Audit & Supervisory Board, and the chain of command is that they are under Audit & Supervisory Board Members.

g. System for reporting to Audit & Supervisory Board Members and system for ensuring audits are conducted effectively

1) The Group's officers and employees immediately report to the Company's Audit & Supervisory Board Members in the event that they learn of facts that may cause significant harm to the Company, a misconduct such as a legal violation, or other similar facts. Furthermore, persons who receive similar reports from officers or employees of the Company's subsidiaries immediately report to the Company's Audit & Supervisory Board Members.
2) The Group prohibits the disadvantageous treatment of officers and employees who make the above reports on the grounds of making such reports.

h. Matters related to procedures for the advance payment and redemption of expenses arising for the execution of duties of Audit & Supervisory Board Members, and other policies on processing expenses or liabilities arising concerning the execution of such duties

When an Audit & Supervisory Board Member makes a request for the advance payment of expenses for the execution of duties, the expenses or liabilities are swiftly processed except in cases where it is proven that the requested expenses or liabilities are not required for the execution of the Audit & Supervisory Board Member's duties.

i. Other systems for ensuring audits are conducted effectively by Audit & Supervisory Board Members

1) Audit & Supervisory Board Members conduct duties by coordinating and exchanging information with the Internal Audit Office as needed.
2) In order to understand the process of important decision-making and the state of business execution, Audit & Supervisory Board Members attend meetings of the Board of Directors and other meetings deemed to be necessary, view major approval documents and other important documents related to business execution, and request explanations from Directors or employees, etc., as needed.
3) Audit & Supervisory Board Members hold regular meetings with the President and the Financial Auditors to exchange opinions on important issues.

j. System for excluding antisocial forces

The Company declares that it will comply with the "AZ-COM Maruwa Group Code of Conduct" and the "AZ-COM Maruwa Group Conduct Rules," and that it will not have any relationships with antisocial forces and groups that threaten the order and safety of local communities. The Company will coordinate with attorneys and the police, etc., to systematically respond to unreasonable demands with a resolute attitude.

(e) Status of establishment of a risk management system

The Company considers ensuring stable revenues and the establishment of a sound management base by appropriately managing all risks related to business execution to be important management issues, and the status of the establishment of the risk management system is as stated in "(d) Status of establishment of internal control systems, c. Regulations and other systems related to management of the risk of losses in the Company and the Company's subsidiaries."

(iii) Overview of content of agreements limiting liability

The Company has entered into agreements limiting liability with outside Directors and Audit & Supervisory Board Members pursuant to the provision of Article 427, paragraph 1 of the Companies Act to limit their liability for damages under Article 423, paragraph 1 of the same Act. The limit on liability for damages pursuant to the agreements is the amount specified by laws and regulations.

(iv) Overview of content of Directors and officers liability insurance policy

The Company plans to enter into a Directors and officers liability insurance policy as provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The policy will cover losses incurred in cases where an insured party receives a claim for damages from shareholders or a third party during the term of the policy arising due to actions or misconduct carried out during the performance of their duties as an officer of the Company.

The insured parties in this policy are Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, and the full amount of the insurance premiums for all insured parties are borne by the Company.

(v) Number of Directors

The Company stipulates in its Articles of Incorporation that there will be 13 or fewer Directors.

(vi) Requirements for resolutions on the election of Directors

The Company stipulates in its Articles of Incorporation that resolutions to elect Directors are made by a resolution by a majority of voting rights in which shareholders holding one third or more of the voting rights of shareholders eligible to exercise voting rights are in attendance, and that cumulative voting will not be used.

(vii) Matters to be resolved by the General Meeting of Shareholders that may be resolved by the Board of Directors

(a) Dividends of surplus, etc.

The Company stipulates in its Articles of Incorporation that matters specified in the items of Article 459, paragraph 1 of the Companies Act, such as dividends of surplus, may be specified by a resolution of the Board of Directors without a resolution of the General Meeting of Shareholders to flexibly provide returns to shareholders, expect when otherwise provided for by laws and regulations.

(b) Interim dividends

The Company stipulates in its Articles of Incorporation that it may pay an interim dividend with September 30 every year as the record date by a resolution of the Board of Directors pursuant to the provision of Article 454, paragraph 5 of the Companies Act to flexibly provide returns to shareholders.

(c) Exemption of Directors and Audit & Supervisory Board Members from liability

The Company stipulates in its Articles of Incorporation that it may exempt Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for damages due to failure to perform duties to the extent of laws and regulations by a resolution of the Board of Directors pursuant to the provision of Article 426, paragraph 1 of the Companies Act to enable Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) to adequately perform their expected roles. Furthermore, the Company also stipulates in its Articles of Incorporation that it may enter into agreements limiting liability for damages due to failure to perform duties by Directors (excluding Executive Directors) and Audit & Supervisory Board Members pursuant to the provision of Article 427, paragraph 1 of the Companies Act, and it has entered into such agreements. The limit on liability for damages pursuant to the agreements is the amount of the liability amount specified in Article 425, Paragraph 1 of the same Act. The limitation of liability is restricted to cases when the execution of the duties causing liability was in good faith without gross negligence.

(viii) Requirements for special resolutions of the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that the requirement for special resolutions of the General Meeting of Shareholders specified in Article 309, paragraph 2 of the Companies Act is two thirds or more of voting rights in attendance where shareholders holding one third or more of the voting rights of shareholders eligible to exercise voting rights are in attendance. The purpose of this stipulation is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions in the General Meeting of Shareholders.

(2) Status of Officers

(i) List of Officers

Male: 14 Female: 1 (Percentage of female officers: 6.7%)

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
President Chief Executive Officer (CEO)	Masaru Wasami	May 23, 1945	Aug. 1973	Established MARUWA UNYU KIKAN, LTD. (currently the Company)	(Note 3)	30,434
			Sept. 1973	President		
			Feb. 1988	President of Kanto Maruwa Service Co., Ltd. (currently Japan Quick Service Corporation)		
			Aug. 1993	President of Showa Tsuun Co., Ltd. (currently Maruwa Tsuun Co., Ltd.)		
			Nov. 1995	President of Kansai Maruwa Service Co., Ltd. (currently KANSAI MARUWA LOGISTICS CO., LTD.)		
			Aug. 1997	President of Tohoku Maruwa Service Co., Ltd. (currently TOHOKU MARUWA LOGISTICS CO., LTD.)		
			Apr. 2002	President of SHIKOKU MARUWA LOGISTICS CO., LTD. (currently CHUSHIKOKU MARUWA LOGISTICS CO., LTD.)		
			Oct. 2005	President of KYUSHU MARUWA LOGISTICS CO., LTD.		
			June 2009	President & CEO of the Company (current position)		
			Oct. 2016	Representative Director of AZ-COM Maruwa Support Network (current position)		
			May 2017	Representative Director of The Japan Third Party Logistics Association (current position)		
			Apr. 2019	Director of General Incorporated Foundation Maruwa Foundation (Currently: Public Interest Incorporated Foundation Wasami Maruwa Foundation) (current position)		
			June 2019	Director of Maruwa Tsuun Co., Ltd. (current position)		
			Apr. 2022	President and Chief Executive Officer (CEO) of MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (Currently: MARUWA UNYU KIKAN CO., LTD.) (current position)		

Director Vice President and Executive Officer	Teruaki Yamamoto	November 24, 1948	Apr. 1971 Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited) June 2002 Representative Statutory Executive Officer, Senior Managing Executive Officer, Head of Institutional Banking Group, and General Manager of IB Business Division June 2005 Representative Director and President (CEO) of APLUS Co., Ltd. (currently APLUS FINANCIAL Co., Ltd.) Director of SBI Shinsei Bank, Limited Mar. 2006 Chairman of the Board of ZEN-NICHI SHINPAN CO., LTD. Mar. 2007 Vice Chairman of the Board of APLUS Co., Ltd. Director of SBI Shinsei Bank, Limited June 2008 Representative Director and Chairman of the Board of Shinsei Trust & Banking Co., Ltd. Mar. 2011 Advisor of the Company June 2011 Director and Managing Executive Officer and Chief General Manager of Administrative Division June 2012 Director and Executive Operating Officer and Chief General Manager of Administrative Division June 2015 Director and Executive Operating Officer Oct. 2016 Director of AZ-COM Maruwa Support Network (current position) Dec. 2019 Director, Executive Operating Officer, Chief General Manager of 3PL Food Logistics Division, and General Manager of 3PL Food Logistics Division June 2020 Director, Vice President and Executive Officer, Chief General Manager of 3PL Food Logistics Division, and General Manager of 3PL Food Logistics Division Feb. 2021 Director, Vice President and Executive Officer, Chief General Manager of 3PL Food Logistics Division Oct. 2022 Director and Executive Vice President (current position) Director, Vice President and Executive Officer, Chief General Manager of 3PL Food Logistics Division of MARUWA UNYU KIKAN CO., LTD. Jan. 2023 Director, Vice President and Executive Officer of MARUWA UNYU KIKAN CO., LTD.	(Note 3)	124

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director Executive Operating Officer General Manager of Corporate Management Group	Masanao Kuzuno	September 29, 1962	Apr. 1985 June 2010 June 2011 Apr. 2012 Apr. 2013 Apr. 2014 Apr. 2016 Apr. 2019 June 2019 June 2020 June 2021 Apr. 2022 Oct. 2022	Joined The Saitama Bank, Ltd. (currently Saitama Resona Bank, Limited) Director and Executive Officer, General Manager and in charge of Corporate Administration Division Director and Executive Officer, in charge of Corporate Administration Division and Compliance Division Executive Officer, General Manager of Credit Risk Management Division, and vise in charge of Risk Management Division of Resona Holdings, Inc. Executive Officer, vise in charge of Risk Management Division and Trust Services Administration Division of Resona Bank, Limited Executive Officer, in charge of Pension Trust Division and Trust Services Administration Division Executive Officer, in charge of Pension Trust Division and Trust Services Administration Division, and vise in charge of Trust Business Division Senior Managing Director of Resona Card Co., Ltd. Advisor of the Company Director and Managing Executive Officer and Chief General Manager of Administrative Division Director and Executive Operating Officer and Chief General Manager of Administrative Division Director and Executive Operating Officer and Chief General Manager of Administrative Division and Chief General Manager of Recruitment Division Director of MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.) Director and Executive Operating Officer and General Manager of Corporate Management Group (current position) Director and Executive Operating Officer and Chief General Manager of Administrative Division and Chief General Manager of Recruitment Division of MARUWA UNYU KIKAN CO., LTD. (current position)	(Note 3)	4

Director Executive Operating Officer General Manager of Management Strategy Group	Tsutomu Fujita	June 21, 1952	Apr. 1984 May 2006 Apr. 2008 June 2012 June 2014 July 2014 June 2015 June 2016 June 2021 Oct. 2022 June 2023	Joined New Japan Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.) Managing Executive Officer Director and Executive Operating Officer of Shinko Research Institute Co., Ltd. (currently Japan Investor Relations and Investor Support, Inc.) Advisor of the Company Director Representative Director and President of AZ-COM Data Security Co., Ltd. Director of AZ-COM Data Security Co., Ltd. (current position) Director and Managing Executive Officer and General Manager of Corporate Strategy Office Director and Managing Executive Officer and Chief General Manager of Corporate Strategy Division Director and Managing Executive Officer, Chief General Manager of Corporate Strategy Division and Chief of Corporate Strategy Department Director and Executive Operating Officer and Chief General Manager of Corporate Strategy Division Director and Executive Operating Officer and General Manager of Business Planning Group (current position) Director and Executive Operating Officer and General Manager of Management Strategy Group (current position)	(Note 3)	93
Director Executive Operating Officer General Manager of Corporate Planning Group	Katsunobu Motohashi	November 11, 1957	Apr. 1980 Apr. 2005 Apr. 2009 Apr. 2010 Apr. 2016 June 2019 Apr. 2020 Apr. 2021 June 2021 June 2023	Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.) General Manager of General Secretariat Executive Officer and General Manager of Treasury Division Managing Executive Officer and General Manager of Investment Unit Senior Managing Executive Officer and Head of Asset Management Company of Mizuho Financial Group, Inc. President & CEO of Mizuho Trust Operations Co., Ltd. President & CEO of Urban Research Institute Corporation Director of Mizuho Financial Group, Inc. Director of Joban Kosan, Ltd. (current position) Outside Director Director and Executive Operating Officer and General Manager of Corporate Planning Group (current position)	(Note 3)	0

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director Managing Executive Officer General Manager of Business Promotion Group	Akinori Iwasaki	July 3, 1974	Apr. 1993 June 2015 Aug. 2016 June 2017 July 2017 Apr. 2018 June 2018 July 2018 Apr. 2020 Apr. 2022 June 2022 Oct. 2022 Apr. 2023	Joined the Company Chief of Ordinary Temperature Logistics Department Executive Officer and Chief of Ordinary Temperature Logistics Department Executive Officer, Chief General Manager of EC Ordinary Temperature Logistics Division and Chief of EC Ordinary Temperature Logistics Department Executive Officer, Chief General Manager of EC Ordinary Temperature Logistics Management Division, and Chief of Ordinary Temperature Logistics Department Executive Officer and Chief General Manager of EC Logistics Division Director and Executive Officer and Chief General Manager of EC Logistics Division Director and Executive Officer, Chief General Manager of EC Last One Mile Business Division, and Chief of EC Last One Mile MQA Development Department Director and Executive Officer and Chief General Manager of EC Business Division Director of MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.) Director of PHYZ Holdings Inc. (current position) Director and Managing Executive Officer and Chief General Manager of EC Business Division Director and Managing Executive Officer and General Manager of Business Promotion Group (current position) Director and Managing Executive Officer and Chief General Manager of EC Business Division of MARUWA UNYU KIKAN CO., LTD. Director and Managing Executive Officer and Chief General Manager of EC Business Management Division and EC Business Division of MARUWA UNYU KIKAN CO., LTD. (current position)	(Note 3)	27

Director Managing Executive Officer General Manager of Business Promotion Group	Tomoki Ogura	March 22, 1970	Apr. 1988 July 2005 June 2010 Apr. 2011 Apr. 2012 Apr. 2013 June 2015 June 2019 Apr. 2022 Oct. 2022 June 2023	Joined the Company Chief of System Transportation Business Department Director and Executive Officer, Chief General Manager of Operational System Business Division, and Chief of Operational System Business Department Director and Executive Officer, Assistant to Deputy Chief General Manager of Business Administrative Division, Chief General Manager of Operational System Business Division, and Chief of Operational System Business Department Director and Executive Officer, Chief General Manager of Ordinary Temperature Business Division, and Chief of Operational Business Department Director and Executive Officer, Chief General Manager of Ordinary Temperature Logistics Management Division, and Chief of Operational System Management Department Director and Executive Officer and Chief General Manager of 3PL Logistics Division Director and Executive Officer, Chief General Manager of 3PL Logistics Division, and Chief of BCP Logistics Support Planning Department Director of MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.) Director and Executive Officer and General Manager Business Planning Group Director and Executive Officer, Chief General Manager of 3PL Logistics Division, and Chief of BCP Logistics Support Planning Department of MARUWA UNYU KIKAN CO., LTD. Director and Managing Executive Officer and General Manager of Business Promotion Group (current position) Director and Managing Executive Officer, Chief General Manager of 3PL Logistics Division, and Chief of BCP Logistics Support Planning Department of MARUWA UNYU KIKAN CO., LTD. (current position)	(Note 3)	102
Director	Yukio Yamakawa	April 22, 1944	Apr. 1969 June 1997 June 1998 June 2002 June 2008 Mar. 2010 June 2010 Sept. 2013 Sept. 2015 June 2016	Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.) Director of The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) Director and President of The Diamond Home Credit Company Limited Director and Vice President of The Resolution and Collection Corporation Representative Director and Executive Vice President of SEIBU RAILWAY Co., Ltd. Statutory Auditor of ONO SOKKI Co., Ltd. Audit & Supervisory Board Member of The Hyakugo Bank, Ltd. Director Responsible for Compliance of JOYFUL HONDA CO., LTD. Director Responsible for Compliance and Special Matters of JOYFUL HONDA CO., LTD. Outside Director (current position)	(Note 3)	4

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Itsushi Tachi	March 13, 1959	Apr. 1981	Joined Economic Planning Agency	(Note 3)	-
			Apr. 1991	First Secretary of Embassy of Japan in Thailand		
			Aug. 1995	Head of Price Structure Policy Office, Price Policy Bureau, Economic Planning Agency		
			Mar. 2003	Counsellor, Office of Public Relations, Cabinet Office		
			Mar. 2005	Cabinet Secretariat and Counsellor, Office for the Promotion of Special Zones for Structural Reform and Regional Revitalization, Cabinet Office		
			July 2010	Secretary General of Supervisory Commission for Public-Private and Private-Private Competitive Tendering Councilor for Policy Planning (Economic Social Systems), Cabinet Office Executive Research Fellow, Economic and Social Research Institute		
			July 2014	Deputy Director-General of Land Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism		
			July 2016	Director-General for Policy Planning, Ministry of Land, Infrastructure, Transport and Tourism and Councilor, Cabinet Secretariat		
			Mar. 2018	Director of Ohowa Planning, Co., Ltd.		
			Apr. 2020	Director of Association for promotion of remote islands and regional revitalization (current position)		
			June 2021	Outside Director (current position)		
Director	Masami Saigo	May 12, 1961	Apr. 1984	Joined National Police Agency	(Note 3)	-
			Sept. 1994	Head of Police Administration Department, Toyama Prefectural Police Headquarters		
			Aug. 1996	Head of Security Department, Kyoto Prefectural Police Headquarters		
			Aug. 1998	Commissioner of Education Department, National Police Agency		
			Apr. 2001	Head of the General Affairs Section, National Research Institute of Police Science		
			Mar. 2002	Head of Security Department, Imperial Guard Headquarters		
			Sept. 2003	Head of Police Administration Department, Okayama Prefectural Police Headquarters		
			Aug. 2007	Submanager of Audit Department, Central Nippon Expressway Company Limited		
			Mar. 2009	Chief of Yamanashi Prefectural Police Headquarters		
			Feb. 2012	Chief of Kumamoto Prefectural Police Headquarters		
			Apr. 2014	Vice president of National Research Institute of Police Science		
			Mar. 2016	Chief of Okayama Prefectural Police Headquarters		
			Jan. 2018	Director of Kanto Regional Police Bureau		
			Nov. 2018	Advisor of Nisshin Fire & Marine Insurance Co., Ltd.		
			June 2019	Outside Corporate Auditors of Tsukamoto Corporation Co., Ltd. (current position)		
			Apr. 2022	Auditor of Police Officers' Cooperative Association		
			June 2023	Outside Director (current position)		

Director	Miwako Funamoto	July 30, 1979	Feb. 2014 Apr. 2015 June 2019 Jan. 2020 Feb. 2022 Apr. 2022 Mar. 2023 June 2023	Registered as an attorney at law with Tokyo Bar Association Joined Risolute Law Office Member of Special Committee on Tax Matters, Tokyo Bar Association (current position) Outside Director of ASANUMA CORPORATION (current position) Joined Toranomon Daiichi Law Office Partner, Toranomon Daiichi Law Office (current position) Permanent member of the Tokyo Bar Association Delegate of Japan Federation of Bar Associations Outside Audit & Supervisory Board Members of CARSEVEN DIGIFIELD CO., LTD. (current position) Outside Director (current position)	(Note 3)	-

Position	Name	Date of birth	Career summary	Term of office	Number of shares held (thousand shares)
Audit & Supervisory Board Member (Full-time)	Shigeru Tanaka	October 14, 1952	Apr. 1976 Joined Daiei-jyutaku Co., Ltd. Jan. 1977 Joined Kahma Co., Ltd. (currently DCM Kahma Co., Ltd.) May 2006 Audit & Supervisory Board Member of NICHIRIN Co., Ltd. Oct. 2007 Joined Yamachu Co.Ltd. Mar. 2009 Joined the Company June 2010 General Manager of Corporate Planning Department June 2012 Audit & Supervisory Board Member (current position) Apr. 2022 Audit & Supervisory Board Member of MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha (currently MARUWA UNYU KIKAN CO., LTD.) (current position)	(Note 4)	19
Audit & Supervisory Board Member	Akira Iwasaki	August 27, 1949	Mar. 1973 Joined Creative Management Center Co., Ltd. Apr. 1989 Director and General Manager of OA Consulting Business Department May 1997 Representative Director and President of Sokei Hinet Corporation June 2010 Audit & Supervisory Board Member of the Company Aug. 2011 Outside Audit & Supervisory Board Members (current position) May 2016 Advisor of Sokei Hinet Corporation (current position)	(Note 4)	1
Audit & Supervisory Board Member	Hiroshi Miura	April 16, 1959	Apr. 1985 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC) Aug. 1989 Registered as a certified public accountant Feb. 1992 Assignment to New York Office of Arthur Andersen June 2006 Representative Partner of KPMG AZSA & Co. (currently KPMG AZSA LLC) July 2009 Assignment to KPMG London Office Oct. 2013 Executive Board Member of KPMG AZSA LLC June 2021 Outside Audit & Supervisory Board Members (current position) Nov. 2021 Executive Officer of ORIX JREIT Inc. (current position) Mar. 2022 Director of MonotaRO Co., Ltd. (current position) June 2022 Audit & Supervisory Board Member of TOYOTA BOSHOKU CORPORATION (current position)	(Note 4)	-

Audit & Supervisory Board Member	Masato Monguchi	March 1, 1960	April, 1982 Apr. 2002 Dec. 2004 Apr. 2008 Apr. 2009 Feb. 2010 Apr. 2012 Apr. 2014 Apr. 2016 June 2017 Apr. 2021 June 2021 June 2023	Joined Dai-Ichi Kangyo Bank, Ltd. (currently, Mizuho Bank, Ltd.) Head of Trust Agency Office, General Planning Department, Mizuho Trust & Banking Co., Ltd. General Manager, Investment Finance Department, Mizuho Trust & Banking Co., Ltd. General Manager of Head Office Sales Department, Mizuho Trust & Banking Co., Ltd. Executive Officer and General Manager of Head Office Sales Department, Mizuho Trust & Banking Co., Ltd. Executive Officer and General Manager of Business Audit Department, Mizuho Trust & Banking Co., Ltd. Managing Executive Officer, Head of Risk Management Group, Head of Compliance Management Group and Officer in charge of Examination Department, Mizuho Trust & Banking Co., Ltd. Managing Executive Officer, Deputy Officer in Charge of Compliance Control Group, Mizuho Financial Group, Inc. Managing Director and General Manager of Compliance Management Group, Mizuho Trust & Banking Co., Ltd. Full-time Corporate Auditor of Mizuho Trust & Banking Co., Ltd. Corporate Auditor of Trust & Custody Services Bank, Ltd. (Currently, Custody Bank of Japan, Ltd.) Director (Audit Committee Member), Mizuho Trust & Banking Co., Ltd. Director of Mizuho Trust & Banking Co., Ltd. Full-time Corporate Auditor of Chuo-Nittochi Group Co., Ltd. (current position) Corporate Auditor of Chuo-Nittochi Co., Ltd. (current position) Corporate Auditor of Chuo-Nittochi Solutions Co., Ltd. (current position) Corporate Auditor of Chuo-Nittochi Asset Management Co., Ltd. (current position) Outside Audit & Supervisory Board Members (current position)	(Note 5)	-
Total						30,812

(Notes) 1. Directors Yukio Yamakawa, Itsushi Tachi, Masami Saigo and Miwako Funamoto are Outside Directors.

2. Audit & Supervisory Board Members Akira Iwasaki, Hiroshi Miura, and Masato Monguchi are Outside Audit & Supervisory Board Members.
3. The term of office of Directors is from the time of the conclusion of the Ordinary General Meeting of Shareholders held in June 2023 until the Ordinary General Meeting of Shareholders to be held in June 2024.
4. The term of office of Audit & Supervisory Board Members is from the time of the conclusion of the Ordinary General Meeting of Shareholders held in June 2021 until the Ordinary General Meeting of Shareholders to be held in June 2025.
5. The term of office of the additionally elected Audit & Supervisory Board Member, Masato Monguchi, is from the time of the conclusion of the Ordinary General Meeting of Shareholders held in June 2023 until the Ordinary General Meeting of Shareholders to be held in June 2027.
6. The Company has appointed one substitute Audit & Supervisory Board Member specified in Article 329, paragraph 3 of the Companies Act in case of a vacancy in the number of Audit & Supervisory Board Members provided for by laws and regulations. The career summary of the substitute Audit & Supervisory Board Member is as follows.

Name	Date of birth	Career summary		Number of shares held (thousand shares)
Hiroki Sakuraba	December 25, 1976	Oct. 2002 Apr. 2007 Apr. 2009	Assistant Judge (55th term) Civil Division of the Sendai District Court Criminal Division of the Tokyo District Court Registered as an attorney at law with Tokyo Bar Association Joined Okuno & Partners (current position)	-

7. The Company has introduced an executive officer system in order to clarify roles and responsibilities and to strengthen functions by separating management decision-making and supervisory functions and business execution functions. Executive Officers who do not concurrently serve as Directors are as follows.
   Executive Officer and Chief of Human Resources Department (in charge of education): Hideo Hashimoto
   Executive Officer and Chief of Finance & Accounting Department (in charge of finance): Hiroshi Tanaka
   Executive Officer and Chief of Business Promotion Department (in charge of transportation business): Toshiro Akimoto
   Executive Officer and Chief of General Affairs Department: Takashi Hachiya
   Executive Officer and Chief of IT Management Department (in charge of general management): Manabu Chisuwa
   Executive Officer and Chief of Business Planning Department: Satoru Oana
   Executive Officer and Chief of DX Strategy Department: Daisuke Ogane
   Executive Officer and Deputy General Manager of Business Planning Group: Koichi Mori
   Executive Officer and Chief of Business Promotion Department (in charge of low temperature food business): Yoshinori Mizuguchi

(ii) Status of Outside Officers

(a) Personal relationships, capital relationships, business relationships and other interests of Outside Directors and Outside Audit & Supervisory Board Members and the Company

The Company has appointed four Outside Directors and three Outside Audit & Supervisory Board Members.

Outside Director Yukio Yamakawa holds 4,300 shares in the Company, but it has been determined that this is immaterial because he is not a major shareholder. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Director Itsushi Tachi does not hold any shares in the Company. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Director Masami Saigo does not hold any shares in the Company. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Director Miwako Funamoto does not hold any shares in the Company. Furthermore, she has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Audit & Supervisory Board Member Akira Iwasaki holds 1,000 shares in the Company, but it has been determined that this is immaterial because he is not a major shareholder. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Audit & Supervisory Board Member Hiroshi Miura does not hold any shares in the Company. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

Outside Audit & Supervisory Board Member Masato Monguchi does not hold any shares in the Company. Furthermore, he has never been an Executive Director, etc., of the Company or its subsidiaries and has no personal relationship, capital relationship, business relationship or other interest with the Company.

The status of ownership of the Company's shares by Outside Directors and Outside Audit & Supervisory Board Members is as stated in "IV. Information on the Reporting Company, 4. Status of corporate governance, etc., (2) Status of Officers, (i) List of Officers."

(b) Approach to functions and roles of Outside Directors and Outside Audit & Supervisory Board Members in corporate governance and status of appointment

It is considered important to strengthen objective and impartial management supervision functions from outside in corporate governance and that management supervision from outside functions adequately through the implementation of audits by the three Outside Audit & Supervisory Board Members, in addition to having four Outside Directors.

Outside Director Yukio Yamakawa was appointed as Outside Director due to the determination that he is able to provide advice and suggestions aimed at enhancing corporate value based on the abundant insights he has gained into corporate management through experience such as serving as an officer at a major bank and a major retailer. Furthermore, the Company has submitted a notification to the Tokyo Stock Exchange that he has been designated as an independent officer because he is an Outside Director with no risk of a conflict of interests with the general shareholders of the Company.

Outside Director Itsushi Tachi was appointed as Outside Director due to the expectation that his abundant insights into economic and fiscal policy gained by serving in key posts such as the Councilor of Cabinet Secretariat and the Director-General for Policy Planning in the Ministry of Land, Infrastructure, Transport and Tourism can be utilized in the Group's medium- to long-term growth strategy. Furthermore, the Company has submitted a notification to the Tokyo Stock Exchange that he has been designated as an independent officer because he is an Outside Director with no risk of a conflict of interests with the general shareholders of the Company.

Outside Director Masami Saigo has served as the Head of the Kanto Regional Police Bureau and Chief of several police headquarters, and he has a wealth of experience and broad insights. He was appointed as an Outside Director with the expectation that he will provide supervision and advice on the execution of duties by directors from the perspective of strengthening risk management and compliance. Furthermore, the Company has submitted a notification to the Tokyo Stock Exchange that he has been designated as an independent officer because he is an Outside Director with no risk of a conflict of interests with the general shareholders of the Company.

Outside Director Miwako Funamoto was appointed as an Outside Director in the expectation that she will use her expertise as a lawyer and her wealth of experience in corporate legal affairs to supervise and provide advice on the execution of duties by Directors to enhance the corporate value of the Group. Furthermore, the Company has submitted a notification to the Tokyo Stock Exchange that she has been designated as an independent officer because she is an Outside Director with no risk of a conflict of interests with the general shareholders of the Company.

Outside Audit & Supervisory Board Member Akira Iwasaki was appointed as Audit & Supervisory Board Member to receive his advice and suggestions on topics such as changes in the management environment and medium- to long-term management strategy based on his experience and insights on management consulting and management strategy consulting. Furthermore, the Company has submitted a notification to the TSE (Tokyo Stock Exchange) that he has been designated as an independent officer because he is an Outside Audit & Supervisory Board Member with no risk of a conflict of interests with the general shareholders of the Company.

Outside Audit & Supervisory Board Member Hiroshi Miura was appointed as Outside Audit & Supervisory Board Member due to the determination that he can execute supervisory operations over management in general with his extensive insights on accounting, auditing and governance gained through many years of experience in auditing operations and management advisory operations at an international audit corporation. Furthermore, the Company has submitted a notification to the TSE (Tokyo Stock Exchange) that he has been designated as an independent officer because he is an Outside Audit & Supervisory Board Member with no risk of a conflict of interests with the general shareholders of the Company.

Outside Audit & Supervisory Board Member Masato Monguchi was appointed as Outside Audit & Supervisory Board Member because we believe that he is well versed in financial and accounting operations through his many years of work experience at financial institutions and has extensive experience and knowledge in auditing operations, and that he is capable of appropriately performing the duties of a corporate auditor based on his experience. Furthermore, the Company has submitted a notification to the TSE (Tokyo Stock Exchange) that he has been designated as an independent officer because he is an Outside Audit & Supervisory Board Member with no risk of a conflict of interests with the general shareholders of the Company.

(c) Standard or policy on independence for appointment of Outside Directors and Outside Audit & Supervisory Board Members

The requirements for outside officers established by the Company stipulate that candidates must satisfy the outside requirements specified in the Companies Act and the independence criteria specified by the TSE (Tokyo Stock Exchange), and that they must not be in a position where a conflict of interests may arise with general shareholders, be able to contribute to meetings of the Board of Directors, etc., in a frank and proactive manner, and be able to contribute to the sustained growth of the Company and the improvement of its corporate value over the medium to long term.

(iii) Supervision and audits by Outside Directors or Outside Audit & Supervisory Board Members, mutual coordination between audits by Audit & Supervisory Board Members and financial audits, and relationship with the Internal Control Division

Outside Directors share information by receiving reports on important matters pertaining to internal control and compliance, in addition to conducting supervision of business execution from a variety of angles, and expressing opinions as necessary, such as exchanging appropriate information, in meetings of the Board of Directors. Outside Audit & Supervisory Board Members fulfill their supervisory role over the Internal Control Division through the Audit & Supervisory Board by coordinating with the full-time Audit & Supervisory Board Member and providing appropriate advice on internal control in meetings of the Audit & Supervisory Board. Furthermore, efforts are made to mutually coordinate with the Internal Audit Office and the Financial Auditor to improve internal audits by sharing information in meetings with the Internal Audit Office. In addition, Outside Directors and Audit & Supervisory Board Members work to strengthen management supervisory functions by sharing information with each other.

(3) Status of audits

(i) Status of audits by Audit & Supervisory Board Members and internal audits

With regard to audits by Audit & Supervisory Board Members, one full-time Audit & Supervisory Board Member and three part-time Audit & Supervisory Board Members attend meetings of the Board of Directors and other internal meetings and actively exchange opinions with top management according to their respective roles, and they also view approval documents as needed and audit the execution of duties of Directors through investigations on the conditions of the company's operations and properties. Furthermore, the Financial Auditor and Audit & Supervisory Board Members consult when stating Key Audit Matters (KAM) on the audit report of the Financial Auditor pursuant to the Financial Instruments And Exchange Act.

The Audit & Supervisory Board holds regular meetings with consideration for factors such as the dates of meetings of the Board of Directors and the possibility of each Audit & Supervisory Board Member being able to attend.

The status of activities of each Audit & Supervisory Board Member during the current fiscal year is as follows.

Position	Name	Main activities
Audit & Supervisory Board Member (Full-time)	Shigeru Tanaka	As a full-time Audit & Supervisory Board Member, he endeavored to establish the audit environment and gather information from within the Company, conducting routine monitoring of the status of operations of internal control systems and working to share information obtained in the course of his duties with other Audit & Supervisory Board Members. Furthermore, he attended all 21 meetings of the Board of Directors held during the current fiscal year and provided advice and suggestions to ensure the validity and appropriateness of decisions of the Board of Directors as needed. He attended all 14 meetings of the Audit & Supervisory Board, exchanged opinions on audit results and discussed important matters related to auditing.
Audit & Supervisory Board Member	Akira Iwasaki	He attended all 21 meetings of the Board of Directors held during the current fiscal year and also attended all 14 meetings of the Audit & Supervisory Board, adequately fulfilling his duties as an Audit & Supervisory Board Member, such as providing advice and suggestions on changes in the management environment and medium- to long-term management strategy and discussing important matters related to auditing based on his experience and insights into management consulting and management strategy consulting.
Audit & Supervisory Board Member	Hiroshi Miura	He attended 20 of the 21 meetings of the Board of Directors held during the current fiscal year and provided advice and suggestions to ensure the validity and appropriateness of decision-making of the Board of Directors as needed. He also attended all 14 meetings of the Audit & Supervisory Board, adequately fulfilling his duties as an Audit & Supervisory Board Member, such as providing advice and suggestions on strengthening of governance of management in general and discussing important matters related to auditing based on his many years of auditing experience in an international audit corporation and extensive experience and insights into management consulting.

The Internal Audit Office is in charge of internal audits and coordinates with Audit & Supervisory Board Members to implement audits of the Group. The results of internal audits and audit opinions are reported to the President as well as to the Board of Directors and Audit & Supervisory Board Member on a regular basis to ensure the effectiveness of internal audits.

In addition, Audit & Supervisory Board Members regularly exchange information and opinions with the Financial Auditors, including receiving reports on annual audit plans and audit results, and they maintain close mutual cooperation.

Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), the Audit Office and the Financial Auditor receive reports and materials, etc., submitted by the Internal Control Division in each audit and they also request explanations as necessary, and the Internal Control Division cooperates to ensure the appropriate implementation of these audits.

(ii) Status of financial audit

(a) Certified public accountants, etc., for auditing of the reporting company

Ernst & Young ShinNihon LLC has been appointed as the Financial Auditor due to being deemed to be qualified on comprehensively considering its ability to perform its duties, such as independence, expertise, quality management systems, auditing experience and audit scale that the Company requires of the Financial Auditor. The two certified public accountants who executed the financial audit of the Company are Shigeki Hiki and Yuichi Matsumoto. The assistants for the financial audit of the Company are 6 certified public accountants and 12 other personnel. The audit by the audit firm in the Company's financial reports has continued since the fiscal year ended March 31, 2010.

(b) Policy on determining the dismissal or refusal of reappointment of the Financial Auditor

If deemed necessary, such as in the event of a problem with the execution of duties by the Financial Auditor, the Audit & Supervisory Board determines content of a proposal concerning the dismissal or refusal of reappointment of the Financial Auditor to be submitted to the General Meeting of Shareholders, and the Board of Directors submits the proposal to the General Meeting of Shareholders based on that determination.

Furthermore, if the Financial Auditor is found to fall under an item specified in the items of Article 340, paragraph 1 of the Companies Act, the Financial Auditor shall be dismissed based on the consent of all Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board reports the fact of dismissal of the Financial Auditor and the reason for dismissal in the first General Meeting of Shareholders convened after the dismissal.

(c) Evaluations of the Financial Auditor by Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members and the Audit & Supervisory Board monitor and verify that the Financial Auditor maintains an independent position and implements the audits appropriately. Furthermore, a notification that the "systems for ensuring that the performance of the duties of Financial Auditor is being carried out correctly" (Article 131 of the Regulations on Corporate Accounting) have been established in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005) has been received from the Financial Auditor, and it has been deemed that there are no problems with the execution of duties of the Financial Auditor.

(d) Content of audit remuneration, etc.

a. Remuneration for certified public accountants, etc., for auditing

Category	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Remuneration based on audit certifications (million yen)	Remuneration based on non-auditing services (million yen)	Remuneration based on audit certifications (million yen)	Remuneration based on non-auditing services (million yen)
Reporting company	47	-	67	-
Consolidated subsidiaries	39	-	34	-
Total	86	-	101	-

b. Remuneration for organizations within the same network as the certified public accountants, etc., for auditing (excluding a.)

Category	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Remuneration based on audit certifications (million yen)	Remuneration based on non-auditing services (million yen)	Remuneration based on audit certifications (million yen)	Remuneration based on non-auditing services (million yen)
Reporting company	-	21	-	-
Consolidated subsidiaries	-	-	-	-
Total	-	21	-	-

(Fiscal year ended March 31, 2022)

The details of non-auditing services in the Company are financial and tax due diligence services associated with M&A.

(Fiscal year ended March 31, 2023)

Not applicable.

c. Details of remuneration based on other important audit certifications

Not applicable.

d. Policy on determination of audit remuneration

Audit remuneration for certified public accountants, etc., for auditing of the Company is specified in the Articles of Incorporation as being specified by the Representative Director with the consent of the Audit & Supervisory Board.

e. Reason for the Audit & Supervisory Board consenting to the remuneration, etc., of the Financial Auditor

The Company's Audit & Supervisory Board has confirmed and examined the status of implementation of audits by the Financial Auditor and the appropriateness, etc., of the audit plans and remuneration estimates based on the "Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, and as a result, it gave consent to the remuneration of the Financial Auditor under Article 399, paragraph 1 of the Companies Act.

(4) Remuneration, etc., of Officers

(i) Overview of basic policy

a. Basic policy

The basic policy for remuneration, etc., of the Company's Directors is to use a remuneration system linked to the interests of shareholders to adequately function as an incentive for the sustained enhancement of corporate value and to be at an appropriate level based on the responsibilities of individual Directors when determining their remuneration, etc.

b. Composition of remuneration, etc.

Remuneration, etc., of Executive Directors is made up of basic remuneration, which is fixed remuneration, and also performance-based stock compensation. The ratio of basic remuneration and performance-based stock compensation for Executive Directors is mainly basic remuneration, with performance-based stock compensation being determined by Directors to be an appropriate incentive for contributing to the medium- to long-term growth of corporate value.

The remuneration of Outside Directors who also perform supervisory roles is only made up of basic remuneration, in light of their duties.

The amount of remuneration of Audit & Supervisory Board Members is determined though consultation among Audit & Supervisory Board Members through the Audit & Supervisory Board within the extent of the total amount of remuneration approved by the General Meeting of Shareholders.

(a) Performance-based stock compensation

a. Indicators for performance-based compensation and reason for selection of the indicator

Performance-based stock compensation is a plan that grants points to eligible Directors of the Group according to their level of achievement of performance targets within the range of the limit on remuneration determined by the General Meeting of Shareholders separately from basic remuneration, and in principle, it delivers the Company's shares to the eligible personnel when they leave their position as Director. In the event an eligible person dies and a surviving family member of the eligible person indicates the intent to receive survivor benefits, the Company's shares to be delivered to the eligible party are delivered to the surviving family member.

Furthermore, the policy to be applied to performance-based stock compensation shall be based on the level of achievement of consolidated and individual companies' ordinary profit, which are indicators in the Company's management accounting, and evaluation of the level of contribution of each Director to the areas for which they are responsible. The Company uses ordinary profit as a key performance indicator in management accounting for the purpose of evaluating performance more in line with business activities, and this is applied as an indicator for performance-based stock compensation. In addition, an evaluation of the level of contribution of each Director is set to add their level of contribution to the Group that cannot be measured through financial performance alone to the evaluation standard.

b. Method of determination of the amount of performance-based compensation

1) Eligible personnel

Personnel eligible for performance-based stock compensation are those listed in the table below as of March 31 each year (hereinafter referred to as "record date").

Company	Position
The Company	President; Director and Executive Vice President; Director and Executive Operating Officer; Director and Managing Executive Officer; Director and Executive Officer
Group companies	President; Director and Executive Vice President; Director and Executive Operating Officer; Senior Managing Director; Director and Managing Executive Officer; Managing Director; Director and Executive Officer; Director

(Notes) 1. Directors of Group companies are required to be full-time.

2. In the event of a person concurrently service in eligible positions, points for the eligible position with the most points granted as a result of a calculation based on the method of calculation of granted points will be granted, and there will be no duplicate granting of points.

2) Method of calculation of points granted

Points for performance-based stock compensation are granted every year to eligible personnel on the "record date" of the previous fiscal year using the following formula no later than June 31 after the finalization of performance for the previous fiscal year.

(Formula)

Points granted = Base points by position × performance-based coefficient (1) (Consolidated companies) × performance-based coefficient (2) (Reporting company) × performance-based coefficient (3) (By company)

(Base points by position)

The base points by position are determined as follows according to the company to which the eligible person belongs and his/her position on the base date.

Note that the target amounts below are the management accounting budgets by company in each year.

Company	Position	Base points by position
Group A Target net sales of 100 billion yen or more and target ordinary profit of 5 billion yen or more	President	880
	Director and Executive Vice President	440
	Director and Executive Operating Officer	330
	Director and Managing Executive Officer	220
	Director and Executive Officer	165
Group B Target net sales of 10 billion yen or more and target ordinary profit of 500 million yen or more	President	165
	Senior Managing Director	110
	Managing Director	90
	Director (full-time)	80
Group C Target net sales of 3 billion yen or more and target ordinary profit of 300 million yen or more	President	130
	Senior Managing Director	90
	Managing Director	70
	Director (full-time)	60
Group D Target net sales of 1 billion yen or more and target ordinary profit of 100 million yen or more	President	110
	Senior Managing Director	70
	Managing Director	60
	Director (full-time)	50
Group E Other than the above	President	80
	Senior Managing Director	60
	Managing Director	50
	Director (full-time)	40

(Note) AZ-COM MARUWA Holdings Inc. is Group A because it is a pure holding company.

(Performance-based coefficients)

Level of achievement of consolidated and individual company performance

<table>
<tr><td colspan="2">Performance-based</td><td colspan="2">Level of achievement of ordinary profit (consolidated) (Note)</td></tr>
<tr><td colspan="2">Coefficient (1)
Coefficient (2)</td><td>Less than 100%</td><td>100% or more</td></tr>
<tr><td rowspan="9">Level of achievement of ordinary profit (reporting company) (Note)</td><td>120% or more</td><td rowspan="9">0.00</td><td>1.20</td></tr>
<tr><td>115% or more but less than 120%</td><td>1.15</td></tr>
<tr><td>110% or more but less than 115%</td><td>1.10</td></tr>
<tr><td>105% or more but less than 110%</td><td>1.05</td></tr>
<tr><td>100% or more but less than 105%</td><td>1.00</td></tr>
<tr><td>95% or more but less than 100%</td><td>0.70</td></tr>
<tr><td>90% or more but less than 95%</td><td>0.50</td></tr>
<tr><td>80% or more but less than 90%</td><td>0.30</td></tr>
<tr><td>Less than 80%</td><td></td></tr>
</table>

(Notes) 1. The level of achievement of ordinary profit in the Company's management accounting (amount of profit for the purpose of performing performance evaluation more in line with business activities) is used.

2. Since AZ-COM MARUWA Holdings Inc. is a pure holding company, the coefficient (2) is 1.00 regardless of the level of budget achievement.

Evaluation of level of contribution of each Director to the achievement of targets of each company based on their respective responsibilities

Assessment	Details	Performance-based coefficient (3)
S	Achieved results far exceeding targets	1.20
A	Achieved results significantly exceeding targets	1.15
AB	Achieved results exceeding targets	1.10
B	Achieved results on target	1.00
BC	Fail to achieve targets	0.90
C	Unable to achieve most targets	0.70
D	Serious defect even if not warranting a reprimand	0.00

(Note) Evaluations of contribution of each Director for their respective responsibilities are considered and determined by the Company's Board of Directors.

3) Reasons for granting target shares

The target shares are granted for the following reasons.

(1) The eligible person leaves the position of officer of the Group

(2) The plan ends

(3) The eligible person dies while in office

4) Granting of target shares

The points granted in the performance-based stock compensation are converted at one share per point.

(Notes) 1. In the event of a stock split or a reverse stock split during the trust period, the conversion ratio will be reasonably adjusted according to the ratio of the split, etc. The conversion ratio as of March 31, 2023, is 8.00, making the conversion eight shares per point.

2. Fractions of less than one share are rounded down in the calculation of the number of shares granted.

(ii) Details of remuneration for Directors (fiscal year ended March 31, 2023)

(a) Total amount of remuneration, etc., by officer classification, total amount of remuneration by type, and number of eligible officers

Officer classification	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc., by type (million yen)				Number of eligible officers (persons)
		Fixed remuneration	Performance-based stock compensation	Retirement benefits	Other	
Directors (excluding Outside Directors)	168	161	6	-	-	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	6	6	-	-	-	1
Outside officers	30	30	-	-	-	6

(Note) The above amount of remuneration, etc., includes the amount of expenses recorded for the current fiscal year due to performance-based stock compensation for Directors.

(b) Total amount of consolidated remuneration, etc., for each officer of the reporting company

Name	Total amount of remuneration, etc. (million yen)	Officer classification	Company classification	Amount of remuneration, etc., by type (million yen)	
				Fixed remuneration	Performance-based compensation
Masaru Wasami	101	Directors	Reporting company	99	2

(Note) Only stated for persons whose total amount of consolidated remuneration, etc., is 100 million yen or more.

(c) Significant wages of employees who concurrently serve as employees and officers

Not applicable.

(d) Target indicators and results

Targets and results for the 50th fiscal year (year ended March 31, 2023) are as follows.

Item	Target (million yen)	Result (million yen)	Achievement level (%)
Ordinary profit (consolidated)	11,501	11,508	100.1

(iii) Matters related to resolutions of the General Meeting of Shareholders concerning remuneration of Directors and Audit & Supervisory Board Members

The limit on remuneration for the Company's Directors is 500 million yen per year, which was resolved in the 36th Ordinary General Meeting of Shareholders held on June 26, 2009. The number of Directors at the time of the conclusion of that Ordinary General Meeting of Shareholders was five. Furthermore, performance-based stock compensation was resolved on in the 43rd Ordinary General Meeting of Shareholders held on June 28, 2016, as a separate framework to the aforementioned limit on remuneration. The number of Directors (excluding Outside Directors) at the time of the conclusion of that Ordinary General Meeting of Shareholders was nine.

The limit on remuneration for the Company's Audit & Supervisory Board Members is 50 million yen per year, which was resolved in the 42nd Ordinary General Meeting of Shareholders held on June 26, 2015. The number of Audit & Supervisory Board Members at the time of the conclusion of that Ordinary General Meeting of Shareholders was three.

(iv) Policy on the decisions pertaining to the content of individual remuneration, etc., of Directors and Audit & Supervisory Board Members

The policy on the decisions pertaining to the content of individual remuneration, etc., of Directors was resolved on as follows in the meeting of the Board of Directors held on March 29, 2021.

(a) Policy on determination of remuneration, etc., of Directors

a. Basic remuneration

The basic remuneration of the Company's Directors is fixed monthly remuneration, which is determined on comprehensively considering performance and the level of contribution of the individual within the range of total remuneration approved by the General Meeting of Shareholders.

b. Performance-based stock compensation

The purpose of performance-based stock compensation of the Company's Directors is to increase their motivation to contribute to the enhancement of corporate value by sharing the connection between enhancement of performance and share value among everyone with a medium- to long-term perspective, and it provides the Company's shares according to the level of achievement of performance targets within the range approved by a resolution of the General Meeting of Shareholders. In principle, the time when Directors receive the Company's shares is at the time of their retirement. However, in the event that the Company finds that a departing Director has performed certain misconduct during the term of office as Director, the Director will not be able to obtain the right to receive the provision of the target shares.

(b) Policy on determination of the amount or number of remuneration, etc., of each Director

a. Basic remuneration

The amount of basic remuneration of each individual is determined by a resolution of the Board of Directors. The Board of Directors receives recommendations from the Nomination and Remuneration Committee on drafts of proposals when passing such resolutions, and it determines the amount of individual basic remuneration with respect for the content of such recommendations.

b. Performance-based stock compensation

The amount of individual remuneration through performance-based stock compensation is determined in accordance with the Rules on Stock Benefit for Directors resolved by the Board of Directors, and the indicators are the level of achievement of ordinary profit in consolidated management accounting and the individual company and an evaluation of the individual contribution of each Director. The Board of Directors receives recommendations from the Nomination and Remuneration Committee on drafts of proposals when determining such evaluations, and it determines the level of contribution by individuals with respect for the content of such recommendations.

In the current fiscal year, the Nomination and Remuneration Committee was consulted by the Board of Directors on the specific details of the amount of individual remuneration of Directors in the meeting held on June 17, 2022, and the recommendations were resolved on in the meeting of the Board of Directors held on June 27, 2022. The details of the consultation were that it was determined that the level of contribution of each individual is based on the amounts of basic remuneration of each Director and their performance in the business in each area under their responsibility thereof, and the Company determined that it was in line with the policy on such decisions. The remuneration of Outside Directors who also perform supervisory roles is only made up of basic remuneration, in light of their duties.

Remuneration of Audit & Supervisory Board Members is determined though consultation among the Audit & Supervisory Board Members on the Audit & Supervisory Board within the extent of the total amount of remuneration approved by the General Meeting of Shareholders.

(5) Status of holding of stocks

(i) Standard and approach to classification of investment stocks, and holding policy

Investment stocks held purely for the purpose of investment are stocks for the purpose of receiving gains through fluctuation in stock price or dividends for stocks, and the Company's policy is not to hold investment stocks purely for investment purposes. With regard to investment stocks held for purposes other than pure investment, stocks deemed to be required for enhancing the Company's corporate value or whose holding has meaning are acquired and held to realize sustained growth and medium- to long-term business strategy or to promote smooth business with business partners.

(ii) Investments in equity securities held for purposes other than pure investment

a. Method of verifying rationality of holding and details of verification of the appropriateness of holding individual issues in the Board of Directors, etc.

Stocks held by the Company, including stocks held for business strategy purposes, are verified every year in the Board of Directors as to the significance of acquisition and holding of each individual issue for stocks of listed companies, and whether they match the benefit and risk of holding and the profit rate (lower limit of capital cost) sought by the Company, and negotiations on improving profitability are conducted with companies that fall below the criteria for alliance effects and results of verification, with holdings of stocks being reduced in the event it is determined that an improvement is difficult.

b. Standard for exercising voting rights for strategically held stocks

The exercise of voting rights for strategically held stocks is determined using the standard of whether it will harm shareholder value and have an impact on the Company. Furthermore, “Standards for Exercising Voting Rights” based on this have been established and votes are exercised appropriately in light of specific individual proposals.

c. Number of issues and carrying amount on consolidated balance sheet

	Number of issues	Total carrying amount on consolidated balance sheet (million yen)
Unlisted stocks	6	125
Stocks other than unlisted stocks	7	10,064

(Issues with an increase in the number of stocks in the current fiscal year)

	Number of issues	Total amount of acquisition value pertaining to the increase in the number of stocks (million yen)	Reason for increase in the number of stocks
Unlisted stocks	1	98	Purchased shares of Nihon BCP K.K. to further strengthen the cooperative relationship in the BCP business
Stocks other than unlisted stocks	3	2,031	We purchased shares of Kamigumi Co., Ltd. , our capital and business alliance partner, as disclosed in September. We also purchased shares through ongoing contributions and dividends from the shareholding associations of the two companies' business partners.

(Issues with a reduced number of stocks in the current fiscal year)

	Number of issues	Total amount of sales value pertaining to the reduction in the number of stocks (million yen)
Unlisted stocks	-	-
Stocks other than unlisted stocks	-	-

d. Information on the number of stocks and carrying amount on consolidated balance sheet for specified equity securities and deemed holdings of equity securities

Specified equity securities

Issue	Fiscal year ended March 31, 2023 Number of shares Carrying amount on consolidated balance sheet (million yen)	Fiscal year ended March 31, 2022 Number of shares Carrying amount on consolidated balance sheet (million yen)	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares (Note 1)	Holding of the Company's shares
MatsukiyoCocokara & Co.	920,913 6,455	918,852 3,983	It is a major customer of the Company and shares in this company and shares in the business partner stock ownership plan are held for the purpose of maintaining and strengthening the business relationship. Furthermore, additional purchases of shares were made through the business partner stock ownership plan due to the determination that they would contribute to the enhancement of the medium- to long-term corporate value of the Company on considering the significance of holding the shares and the relationship in business operations.	Yes
Kamigumi Co., Ltd.	729,400 2,027	- -	The Company and Kamigumi Co., Ltd. are working together to build a unique new position through an alliance that leverages our strengths in the domestic 3PL (logistics outsourcing) business and this company's advantages in overseas business development. In order to enhance the effectiveness of the alliance, the Company holds shares of Kamigumi Co., Ltd.	Yes
Duskin Co., Ltd.	303,537 968	299,798 806	It is a major customer of the Company and shares in this company and shares in the business partner stock ownership plan are held for the purpose of maintaining and strengthening the business relationship. Furthermore, additional purchases of shares were made through the business partner stock ownership plan due to the determination that they would contribute to the enhancement of the medium- to long-term corporate value of the Company on considering the significance of holding the shares and the relationship in business operations.	Yes
TRANCOM CO., LTD.	67,500 499	67,500 475	Shares are held because it was determined that strengthening the business relationship though a strategic capital and business alliance would contribute to the enhancement of the Company's medium- to long-term corporate value.	Yes
Resona Holdings, Inc.	100,000	100,000		Yes

	63	52	The Company's main financial institution from which it has received stably and flexible support through funding according to the Company's management strategy. Its shares are held for the purpose of maintaining and strengthening financial transactions.	(Note 2)
Chilled & Frozen Logistics Holdings Co., Ltd.	24,296	24,296	Shares are held in this company to follow industry trends because it has a low-temperature logistics network related to low-temperature food logistics that is the Company's main business domain.	No
	30	29		
THE PACK CORPORATION	6,200	6,200	It is a customer in the ordinary temperature logistics business, which is a major business domain. Shares in this company are held for the purpose of maintaining and strengthening the business relationship.	No
	18	15		

(Notes) 1. It is difficult for the Company to state the quantitative effect of holding specified equity securities, but the appropriateness of the share holdings was verified for each individual issue in the meeting of the Board of Directors held on February 17, 2023 using the method stated in "IV. Information on the Reporting Company, 4. Status of corporate governance, etc. (5) Status of holding of stocks, (ii) Investments in equity securities held for purposes other than pure investment, a. Method of verifying rationality of holding and details of verification of the appropriateness of holding individual issues in the Board of Directors, etc.," and a comprehensive determination was made on maintaining these holdings.

2. Resona Holdings, Inc. does not hold the Company's shares, but its group company Saitama Resona Bank, Limited holds the Company's shares.

(iii) Investments in equity securities held for pure investment

Not applicable.

V. Status of accounting

1. Method of Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The Company's consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).

(2) The Company's non-consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as "Regulation on Financial Statements").

However, the Company is a special company submitting financial statements, and it prepares non-consolidated financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

2. Audit Certification

The Company's consolidated financial statements for the fiscal year (from April 1, 2022, to March 31, 2023) and non-consolidated financial statements for the fiscal year (from April 1, 2022, to March 31, 2023) have been audited by Ernst & Young ShinNihon LLC pursuant to the provision of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Initiatives for Ensuring Appropriateness of Consolidated Financial Statements, etc.

The Company takes special initiatives to ensure the appropriateness of consolidated financial statements, etc. The Company participates in accounting seminars held by audit corporations and printing companies to appropriately understand the content of accounting standards, etc., in order to gather information on the latest accounting standards, etc. Furthermore the content of accounting standards, etc., it learns about is shared within the Company to make decisions on accounting policies and to hold discussions on important matters.

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

(i) Consolidated balance sheets

(million yen)

		As of March 31, 2022		As of March 31, 2023
Assets				
Current assets				
Cash and deposits		29,679	*2	32,851
Notes and accounts receivable—trade		18,196		19,474
Supplies		93		115
Prepaid expenses		1,030		1,115
Other		234		1,011
Allowance for doubtful accounts		(14)		(4)
Total current assets		49,219		54,563
Non-current assets				
Property, plant and equipment				
Buildings and structures		20,183		20,071
Accumulated depreciation/ amortisation	*3	(11,497)	*3	(11,849)
Buildings and structures, net		8,686		8,221
Machinery, equipment and vehicles		5,224		4,994
Accumulated depreciation/ amortisation	*3	(2,857)	*3	(2,708)
Machinery, equipment and vehicles, net		2,366		2,285
Tools, furniture and fixtures		2,122		2,394
Accumulated depreciation/ amortisation	*3	(1,146)	*3	(1,359)
Tools, furniture and fixtures, net		976		1,034
Land		7,022		15,004
Leased assets		1,074		2,017
Accumulated depreciation/ amortisation	*3	(293)	*3	(805)
Leased assets, net		781		1,212
Construction in progress		2,560		2,930
Other		44		44
Total property, plant and equipment		22,438		30,734
Intangible assets				
Goodwill		1,983		3,656
Leased assets		0		-
Software		757		610
Customer-related assets		4,425		6,373
Other		331		361
Total intangible assets		7,498		11,002
Investments and other assets				
Investment securities	*1	5,624	*1	10,439
Long-term loans receivable		114		214
Deferred tax assets		437		663
Retirement benefit assets		405		502
Leasehold and guarantee deposits		1,995		3,178
Other		695		769
Allowance for doubtful accounts		(36)		(41)
Total investments and other assets		9,235		15,727
Total non-current assets		39,172		57,464
Total assets		88,391		112,028

(million yen)

	As of March 31, 2022		As of March 31, 2023
Liabilities			
Current liabilities			
Notes and accounts payable—trade	11,287		12,278
Short-term borrowings	145	*2	315
Current portion of long-term borrowings	3,134		4,870
Lease liabilities	172		295
Income taxes payable	1,652		2,902
Allowance for bonuses	835		922
Provision for loss on litigation	1		-
Accounts payable—other	4,789		6,185
Accrued expenses	1,160		1,191
Other	793		945
Total current liabilities	23,972		29,907
Non-current liabilities			
Bonds payable	5		30
Convertible bonds	20,806		20,586
Long-term borrowings	6,960		15,370
Lease liabilities	642		989
Deferred tax liabilities	1,883		3,523
Retirement benefit liabilities	955		1,077
Asset retirement obligations	786		798
Provision for share awards for directors	31		39
Provision for share awards for employees	39		53
Provision for retirement benefits for directors (and other officers)	55		54
Other	1,308		1,432
Total non-current liabilities	33,475		43,957
Total liabilities	57,447		73,865
Net assets			
Shareholders’ equity			
Share capital	2,667		2,670
Capital surplus	2,343		2,348
Retained earnings	28,681		33,781
Treasury shares	(5,758)		(5,757)
Total shareholders’ equity	27,933		33,044
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,207		3,082
Remeasurements of defined benefit plans	(196)		(208)
Total accumulated other comprehensive income	1,010		2,873
Non-controlling interests	1,999		2,244
Total net assets	30,943		38,162
Total liabilities and net assets	88,391		112,028

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

Consolidated statements of income

(million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	133,000	177,829
Cost of sales	118,590	158,131
Gross profit	14,410	19,698
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	487	714
A salary allowance	1,640	2,152
Outsourcing expenses	636	695
Retirement benefit expenses	31	36
Provision of allowance for bonuses	96	106
Provision for share awards for directors	10	8
Provision for share-based remuneration for employees	14	14
Other	2,844	4,608
Total selling, general and administrative expenses	5,761	8,335
Operating profit	8,649	11,362
Non-operating income		
Interest income	221	221
Dividend income	122	112
Gain on sale of non-current assets	21	81
Subsidy income	27	80
Other	136	213
Total non-operating income	529	710
Non-operating expenses		
Interest expenses	14	49
Loss on retirement of non-current assets	16	21
Commission for syndicated loans	-	23
Loss on cancellation of leases	4	-
Other	3	30
Total non-operating expenses	39	123
Ordinary profit	9,139	11,949
Extraordinary income		
Gain on bargain purchase	-	349
Total extraordinary income	-	349
Extraordinary losses		
Impairment losses	-	3
Investments in capital	-	80
Total extraordinary losses	-	84
Profit before income taxes	9,139	12,214
Income taxes—current	2,990	4,296
Income taxes—deferred	24	(148)
Total income taxes	3,014	4,148
Profit	6,125	8,066
Profit attributable to non-controlling interests	-	285
Profit attributable to owners of parent	6,125	7,780

Consolidated statements of comprehensive income

(million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	6,125	8,066
Other comprehensive income		
Valuation difference on available-for-sale securities	(495)	1,875
Remeasurements of defined benefit plans, net of tax	(5)	(12)
Total other comprehensive income	*1 (500)	*1 1,863
Comprehensive income	5,624	9,929
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,624	9,642
Comprehensive income attributable to non-controlling interests	-	286

(iii) Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(million 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	Accumulated other comprehensive income Total		
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				1,999	1,999
Net changes in items other than shareholders' equity	(495)	(5)	(500)	-	(500)
Total changes during period	(495)	(5)	(500)	1,999	5,235
Balance at end of period	1,207	(196)	1,010	1,999	30,943

Fiscal year ended March 31, 2023

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,667	2,343	28,681	(5,758)	27,933
Changes during period					
Issuance of new shares—exercise of share acquisition rights	3	3			7
Purchase of shares of consolidated subsidiaries		3			3
Dividends of surplus			(2,680)		(2,680)
Profit attributable to owners of parent			7,780		7,780
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				0	0
Disposal of treasury shares of consolidated subsidiaries		(1)			(1)
Net changes in items other than shareholders' equity					
Total changes during period	3	5	5,100	0	5,110
Balance at end of period	2,670	2,348	33,781	(5,757)	33,044

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Accumulated other comprehensive income Total		
Balance at beginning of period	1,207	(196)	1,010	1,999	30,943
Changes during period					
Issuance of new shares—exercise of share acquisition rights					7
Purchase of shares of consolidated subsidiaries					3
Dividends of surplus					(2,680)
Profit attributable to owners of parent					7,780
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Disposal of treasury shares of consolidated subsidiaries					(1)
Net changes in items other than shareholders' equity	1,875	(12)	1,863	245	2,108
Total changes during period	1,875	(12)	1,863	245	7,218
Balance at end of period	3,082	(208)	2,873	2,244	38,162

(iv) Consolidated statements of cash flows

(million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	9,139	12,214
Depreciation	1,597	2,211
Amortisation of goodwill	125	299
Increase (decrease) in allowance for doubtful accounts	(11)	(8)
Increase (decrease) in provision for bonuses	(174)	65
Increase (decrease) in allowance for other	9	20
Increase (decrease) in retirement benefit liability	87	106
Interest and dividend income	(343)	(334)
Interest expenses	14	49
Loss (gain) on sale and retirement of property, plant and equipment	(5)	(58)
Gain on bargain purchase	-	(349)
Impairment losses	-	3
Investments in capital	-	80
Decrease (increase) in trade receivables	(3,197)	(406)
Increase (decrease) in trade payables	2,354	221
Increase (decrease) in accounts payable—other	(346)	(22)
Increase (decrease) in accrued consumption taxes	(276)	276
Other	109	207
Subtotal	9,084	14,576
Interest and dividends received	124	114
Interest paid	(14)	(49)
Income taxes paid	(3,106)	(3,231)
Cash flows from operating activities	6,087	11,408
Cash flows from investing activities		
Purchase of property, plant and equipment	(834)	(8,830)
Proceeds from sale of property, plant and equipment	22	119
Purchase of intangible assets	(193)	(187)
Purchase of investment securities	(47)	(2,136)
Loan advances	(30)	(138)
Proceeds from collection of loans receivable	28	36
Payments of leasehold and guarantee deposits	(105)	(898)
Proceeds from refund of leasehold and guarantee deposits	158	112
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (4,197)	*2 (2,154)
Other	(40)	59
Cash flows from investing activities	(5,240)	(14,018)

(million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	3,300	6,224
Repayments of short-term borrowings	(3,300)	(6,434)
Repayments of lease liabilities	(111)	(243)
Proceeds from long-term borrowings	5,500	13,074
Repayments of long-term borrowings	(2,199)	(4,369)
Dividends paid	(2,393)	(2,679)
Proceeds from exercise of employee share options	3	7
Other	(0)	(45)
Cash flows from financing activities	799	5,533
Net increase (decrease) in cash and cash equivalents	1,647	2,923
Cash and cash equivalents at beginning of period	26,482	29,442
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,312	-
Cash and cash equivalents at end of period	*1 29,442	*1 32,365

[Notes]

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

1. Matters Related to the Scope of Consolidation

(1) Number of consolidated subsidiaries: 20

Names of principal consolidated subsidiaries

MARUWA UNYU KIKAN CO., LTD.
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.
MK LOGI Co., Ltd.
AZ-COM Data Security Co., Ltd.

Significant Changes in Scope of Consolidation

The newly established MARUWA UNYU KIKAN CO., LTD. (former company name: MARUWA UNYU KIKAN Bunkatsu Junbi Kabushiki Kaisha) was included in the scope of consolidation from the current consolidated fiscal year. In addition, MK LOGI Co., Ltd. was included in the scope of consolidation due to the acquisition of its shares.

(2) Principal non-consolidated subsidiaries

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

Reasons for exclusion from the scope of consolidation

The five non-consolidated subsidiaries are all small companies and their combined total assets, net sales, profits (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 the equity method does not apply

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

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 profits (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 the 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 (5 years) and to customer-related assets over their useful lives (5 to 17 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) 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

To appropriate funds for the benefits of the Company’s stocks to the Directors under the Rules on Stock Benefit for Directors, a 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, a 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.

(4) 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 amortised 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.

(5) 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 the 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).

(6) Method and amortisation period of amortisation of goodwill

Goodwill is amortised over a 6- to 17-year period on a straight-line basis.

(7) 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 have little risk of value fluctuations.

(Significant accounting estimates)

Impairment of non-current assets (including goodwill and intangible assets)

(1) Amounts reported in the consolidated financial statements for the current fiscal year

Impairment losses 3 million yen, non-current assets 41,736 million yen

(including 3,656 million yen in goodwill, and 6,373 million yen in customer-related assets included in intangible assets)

Amounts reported in the consolidated financial statements for the previous fiscal year

Impairment losses —million yen, non-current assets 27,454 million yen

(including 3,681 million yen in goodwill, and 244 million yen in customer-related assets included in intangible assets)

(2) Other information that contributes to the understanding of consolidated financial statement users

(i) Calculation method

In the event there are indications that the carrying amount of assets or asset groups held may be not recoverable, the Company calculates the non-current assets by performing an impairment determination.

(Indications of impairment)

Asset groups as the smallest unit generating independent cash flow are based on divisions. The asset groups of goodwill and common assets are larger units adding goodwill or common assets to multiple relevant assets or asset groups.

The Group recognizes indications of impairment when the following events apply to assets or asset groups.

- Assets or asset groups that have or are expected to have an operating loss for two consecutive periods and are also expected to have a loss in the next period
- Assets or asset groups that have or are expected to have a significant decrease or change in the recoverable amount
- Assets or asset groups that have had or are expected to have a significant deterioration in the economic environment
- Assets or asset groups that has a significant decrease (decrease of 50% or more) in market value (market price)

(Recognition and measurement of impairment)

The carrying amount and the total undiscounted future cash flows are compared for assets or asset groups determined to have indications of impairment, and impairment is recognized and the loss is measured if the carrying amount is larger. The undiscounted future cash flows are calculated with consideration for the growth rate over the remaining useful life of the major assets in the asset group based on the medium-term management plan and business plan approved by the Board of Directors. The amount obtained by subtracting the recoverable amount from the carrying amount of impaired assets or asset groups is used to measure impairment losses.

The recoverable amount is measured using the true cash value or the value in use. The true cash value uses the appraisal value by a licensed real estate appraiser. Furthermore, value in use is calculated by discounting future cash flows.

(ii) Key assumptions

The main asset group for which a determination of indications of impairment was performed in the current fiscal year was 4,743 million yen in non-current assets pertaining to MK LOGI Co., Ltd. (including 1,883 million yen in goodwill, and 2,238 million yen in customer-related assets included in intangible assets).

The key assumption used in the calculation of undiscounted future cash flows of this asset group was the growth rate of sales. The growth rate of sales was assumed to be 3.7% based on factors such as the market growth rate and past performance of the businesses to which the customers of the assets or asset group belong.

It was assumed that the impact of the Ukraine-Russia problem would have a limited impact on the asset group.

(iii) Impact on the consolidated financial statements for the following fiscal year

The estimation of the growth rate of sales, which is one of the key assumptions, is uncertain due to fluctuations in external factors, mainly market conditions, and there is a risk of fluctuation due to the prolonged period of estimation of future cash flows. The growth rate of sales may fall below 3.1% due to the risk of impairment losses arising in the event future cash flows fall below the carrying amount of the asset group.

(Change in presentation)

(Consolidated balance sheet)

“Customer-related assets,” which were included in “Other” within intangible assets in the previous fiscal year, are separately presented in the current fiscal year as their monetary importance has increased due to the finalization of the provisional accounting procedure for business combinations at the end of the current fiscal year.

As a result, 576 million yen presented in “Other” within intangible assets in the consolidated balance sheet for the previous fiscal year has been reclassified as “Customer-related assets” of 4,425 million yen and “Other” of 331 million yen, reflecting a significant revision of the initial allocation of acquisition costs due to the finalization of a provisional accounting treatment.

(Consolidated statement of income)

“Gain on sale of non-current assets,” which was included in “Other” within non-operating income in the previous fiscal year, is presented as a separate line item from the current fiscal year because it has become significant in terms of amount.

“Gain on sales of investment securities” within non-operating income, which was separately presented in the previous fiscal year, is included in “Other” in the current fiscal year because it has become insignificant in terms of amount.

As a result, 156 million yen included in “Other” within non-operating income in the consolidated statement of income for the previous fiscal year has been reclassified as “Gain on sale of non-current assets” of 21 million yen and “Other” of 136 million yen.

(Consolidated statements of cash flows)

“Loss (gain) on sale of investment securities” within cash flows from operating activities, “Proceeds from sale of investment securities” within cash flows from investing activities, and “Purchase of treasury shares” within cash flows from financing activities, which were separately presented in the previous fiscal year, are included in “Other” from this fiscal year because they became insignificant in terms of amounts.

In addition, “Proceeds from refund of leasehold and guarantee deposits,” which was included in “Other” within cash flows from investing activities, has become significant in terms of amount and is therefore presented as a separate line item from the current fiscal year.

As a result, (2) million yen presented as “Loss (gain) on sale of investment securities” in net cash provided by (used in) operating activities in the consolidated statements of cash flows for the previous fiscal year has been reclassified as “Other 109 million yen,” 6 million yen presented as “Proceeds from sales of investment securities” in net cash provided by (used in) investing activities has been reclassified as “Other (40) million yen,” and (0) million yen presented as “Purchase of treasury stock” in net cash provided by (used in) financing activities has been reclassified as “Other (0) million yen. “

111 million yen included in “Other” in net cash provided by (used in) investing activities was reclassified as “Proceeds from refund of leasehold and guarantee deposits” of 158 million yen and “Other (40) million yen.”

(Additional information)

(Performance-based stock compensation plan for directors)

The Company has introduced a “performance-based stock compensation plan” (hereinafter referred to as the “Plan”) that is a highly transparent and objective compensation plan linked to the Company’s performance for the purpose of raising the awareness of contributing to the enhancement of performance and the increase of corporate value with a medium- to long-term view for Directors (excluding Outside Directors; hereinafter referred to as the “Directors, etc.”) of the Company and its subsidiaries (hereinafter referred to as “eligible companies”).

(1) Outline of the transaction

This is a performance-linked stock-based compensation plan under which the Company contributes money to the trust, the trust uses the money as the source of funds to acquire the Company’s shares, and through the trust, the Directors, etc., receive the Company’s shares in accordance with the degree of achievement of their performance targets, etc., in accordance with the Rules on Stock Benefit for Directors pertaining to remuneration for Directors (and other officers) established by the target company. In principle, the time when the Directors, etc., receive the Company’s shares is at the time of their retirement.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets based on their book value in the trust (excluding the amount of incidental expenses).

Book value and number of treasury shares

Current fiscal year: 65 million yen, 225,276 shares

(Transactions under which the Company’s shares are issued to employees, etc., through a trust)

The Company has introduced a stock-based ESOP (hereinafter referred to as “the Plan”) as a benefit plan for employees (hereinafter referred to as “employees, etc.”) of the Company and its subsidiaries (hereinafter referred to as “target companies”), with the aim of enhancing the linkage between the Company’s stock price and performance and the treatment of employees, etc., and to share the economic benefits with shareholders, thereby increasing motivation and morale of employees, etc., to improve the Company’s stock price and performance.

(1) Outline of the transaction

This is a performance-linked stock-based compensation plan under which the Company contributes money to the trust, the trust uses the money as the source of funds to acquire the Company’s shares, and through the trust, the target employees, etc., receive the Company’s shares in accordance with the degree of achievement of their performance targets, etc., in accordance with the Rules on Stock Benefit established by the target company. In principle, the time when target employees receive the Company’s shares is at the time of their retirement.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets based on their book value in the trust (excluding the amount of incidental expenses).

Book value and number of treasury shares

Current fiscal year: 35 million yen, 128,947 shares

(Consolidated balance sheet)

*1 Items related to non-consolidated subsidiaries and affiliates are as follows.

	As of March 31, 2022	As of March 31, 2023
Investment securities	134 million yen	128 million yen

*2 Pledged assets and secured liabilities

Assets pledged as collateral and liabilities secured by collateral are as follows.

Assets pledged as collateral

	As of March 31, 2022	As of March 31, 2023
Cash and deposits	—million yen	50 million yen
Total		

Liabilities secured by collateral

	As of March 31, 2022	As of March 31, 2023
Short-term borrowings	—million yen	200 million yen
Total		

*3 Accumulated depreciation on property, plant and equipment

Accumulated depreciation includes accumulated impairment.

*4 Notes receivable—trade endorsed

	As of March 31, 2022	As of March 31, 2023
Notes receivable—trade endorsed	5 million yen	4 million yen

(Consolidated statement of comprehensive income)

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

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities		
Amount accrued in the current period	(707) million yen	2,675 million yen
Reclassification adjustments	—million yen	—million yen
Before tax effect adjustment	(707) million yen	2,675 million yen
Tax effect	211 million yen	(800) million yen
Valuation difference on available-for-sale securities	(495) million yen	1,875 million yen
Remeasurements of defined benefit plans, net of tax		
Amount accrued in the current period	(73) million yen	(84) million yen
Reclassification adjustments	65 million yen	66 million yen
Before tax effect adjustment	(7) million yen	(17) million yen
Tax effect	2 million yen	5 million yen
Remeasurements of defined benefit plans, net of tax	(5) million yen	(12) million yen
Total other comprehensive income	(500) million yen	1,863 million yen

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2022

1. Matters related to issued shares

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	128,797,120	51,200	-	128,848,320

(Note) (Summary of reasons for changes)

Increase due to exercise of share acquisition rights (stock options): 51,200 shares

2. Matters related to treasury shares

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	3,108,388	35	2,544	3,105,879

(Note) 1. The number of common shares that are treasury shares includes the Company's shares held by the trust (359,910 shares at the beginning of the current fiscal year and 357,366 shares at the end of the current fiscal year).

2. (Summary of reasons for changes)

Increase due to purchase of odd-lot shares: 35 shares

Decrease due to ESOP Stock Benefit Trust: 2,544 shares

3. Matters related to share acquisition rights, etc.

Not applicable.

4. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2021	Common shares	1,194	9.48	March 31, 2021	June 29, 2021
Board of Directors on November 1, 2021	Common shares	1,197	9.50	September 30, 2021	December 3, 2021

(Notes) 1. The total amount of dividends resolved on at the Ordinary General Meeting of Shareholders on June 28, 2021, includes a dividend of 3 million yen for the Company's shares held by the trust.

2. The total amount of dividends resolved on at the Board of Directors on November 1, 2021 includes a dividend of 3 million yen for the Company's shares held by the trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2022	Common shares	Retained earnings	1,197	9.50	March 31, 2022	June 28, 2022

(Note) The total amount of dividends resolved on at the Ordinary General Meeting of Shareholders on June 27, 2022 includes a dividend of 3 million yen for the Company's shares held by the trust.

Fiscal year ended March 31, 2023

1. Matters related to issued shares

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	128,848,320	104,000	-	128,952,320

(Note) (Summary of reasons for changes)

Increase due to exercise of share acquisition rights (stock options): 104,000 shares

2. Matters related to treasury shares

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	3,105,879	43	3,143	3,102,779

(Note) 1. The number of common shares that are treasury shares includes the Company’s shares held by the trust (357,366 shares at the beginning of the current fiscal year and 354,223 shares at the end of the current fiscal year).

2. (Summary of reasons for changes)
Increase due to purchase of odd-lot shares: 43 shares
Decrease due to ESOP Stock Benefit Trust: 3,143 shares

3. Matters related to share acquisition rights, etc.

Not applicable.

4. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2022	Common shares	1,197	9.50	March 31, 2022	June 28, 2022
Board of Directors on October 31, 2022	Common shares	1,482	11.75	September 30, 2022	December 2, 2022

(Notes) 1. The total amount of dividends resolved on at the Ordinary General Meeting of Shareholders on June 27, 2022, includes a dividend of 3 million yen for the Company’s shares held by the trust.

2. The total amount of dividends resolved on at the Board of Directors on October 31, 2022, includes a dividend of 4 million yen for the Company’s shares held by the trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 27, 2023 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	1,482	11.75	March 31, 2023	June 28, 2023

(Note) The total amount of dividends resolved on at the Ordinary General Meeting of Shareholders on June 27, 2023 includes a dividend of 4 million yen for the Company’s shares held by the trust.

(Consolidated statement of cash flows)

*1 The relationship of cash and cash equivalents at the end of the fiscal year to the accounts reported in the consolidated balance sheets is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	29,679 million yen	32,851 million yen
Time deposits with maturities longer than three months	(237) million yen	(486) million yen
Cash and cash equivalents	29,442 million yen	32,365 million yen

*2 Major breakdown of assets and liabilities of a company that became a newly consolidated subsidiary in the current fiscal year due to the acquisition of shares

Breakdown of assets and liabilities at the time of consolidation of MK LOGI Co., Ltd. and K.K. Dragon through acquisitions of their shares, and the relationship between the acquisition price of their shares and the expenditure for acquiring them (net amount), are as follows.

Current assets	3,594 million yen
Non-current assets	3,731 million yen
Goodwill	1,972 million yen
Current liabilities	(2,208) million yen
Non-current liabilities	(2,324) million yen
Negative goodwill	(349) million yen
Acquisition price of shares	4,416 million yen
Cash and cash equivalents	(2,262) million yen
Difference: Expenditures for the acquisition	2,154 million yen

(Lease transactions)

1. Finance lease transactions

(Lessee)

Finance lease transactions not transferring ownership

(i) Details of leased assets

• Property, plant and equipment

Mainly business vehicles (machinery, equipment and vehicles) in the logistics business.

(ii) Depreciation method of leased assets

As stated in “4 Matters Related to Accounting Policies, (2) Methods of depreciation of material depreciable assets” in “Important items for the preparation of the consolidated financial statements” section.

2. Operating lease transactions

(Lessee)

Future minimum lease payments under non-cancelable operating leases

	As of March 31, 2022	As of March 31, 2023
Within 1 year	5,014 million yen	6,602 million yen
Over 1 year	15,987 million yen	20,697 million yen
Total	21,001 million yen	27,299 million yen

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group limits fund management to short-term deposits, etc., and raises funds through borrowings from banks and other financial institutions.

(2) Description of financial instruments and their risks

Notes and accounts receivable—trade are exposed to customer credit risk.

Investment securities are mainly equity securities held for the purpose of strengthening business relationships with client companies and are exposed to the risk of market price fluctuations.

Notes and accounts payable—trade and accounts payable—other, which are operating payables, are all due within one year.

Long-term borrowings are mainly for the purpose of financing capital investment.

Some long-term borrowings have floating interest rates and are exposed to the risk of interest rate fluctuations.

Convertible bonds are mainly for the purpose of procuring funds necessary for capital investment, etc., but are exposed to liquidity risk.

(3) Risk management system for financial instruments

(i) Management of credit risks (risks related to nonperformance of contract by counterparties, etc.)

With respect to trade receivables, the Company regularly monitors the status of major customers in accordance with its credit management rules and manages due dates and outstanding balances for each customer, and it works to quickly identify and reduce concerns about collection due to a deterioration of financial conditions and other factors.

(ii) Management of liquidity risks (risks of being unable to make payments on due dates) related to fund procurement

In order to control liquidity risk of trade payables and borrowings, the Company monitors the balance of Group funds through a cash management system (CMS), flexibly responds to such risks through overdraft agreements with financial institutions, and manages cash flows on a monthly basis.

(4) Supplementary explanation of fair value of financial instruments

The fair values of financial instruments include values based on market prices and reasonably calculated values in cases where market prices are not available. Because variable factors are incorporated in the calculation of such values, such values may vary due to the adoption of different assumptions, etc.

2. Matters related to fair value, etc., of financial instruments

Consolidated balance sheet amounts, fair values, and their differences are as follows.

As of March 31, 2022

	Carrying amount on consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Investment securities	5,446	5,446	-
Total assets	5,446	5,446	-
(1) Long-term borrowings	10,094	10,082	(11)
(2) Convertible bonds	20,806	19,766	(1,039)
Total liabilities	30,900	29,849	(1,051)

As of March 31, 2023

	Carrying amount on consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Investment securities	10,164	10,164	-
Total assets	10,164	10,164	-
(1) Long-term borrowings	20,241	20,248	6
(2) Convertible bonds	20,586	20,100	(486)
Total liabilities	40,827	40,348	(479)

*1 “Cash and deposits,” “Notes and accounts receivable—trade,” “Notes and accounts payable—trade” and “Accounts payable—other” are omitted because they are cash and their fair value approximates their book value due to their short maturities.

*2 Shares, etc., for which no market price is available are not included in “(1) Investment securities.” The consolidated balance sheet amounts of such financial instruments are as follows.

Category	As of March 31, 2022 (million yen)	As of March 31, 2023 (million yen)
Unlisted stocks	178	275

(Note) 1. Scheduled redemption amount of monetary claims after the consolidated balance sheet date

As of March 31, 2022

	Due within one year (million yen)	Due after one year to within five years (million yen)	Due after five years to within ten years (million yen)	Due over 10 years (million yen)
Cash and deposits	29,679	-	-	-
Notes and accounts receivable—trade	18,196	-	-	-
Total	47,876	-	-	-

As of March 31, 2023

	Due within one year (million yen)	Due after one year to within five years (million yen)	Due after five years to within ten years (million yen)	Due over 10 years (million yen)
Cash and deposits	32,851	-	-	-
Notes and accounts receivable—trade	19,474	-	-	-
Total	52,326	-	-	-

(Note) 2. Scheduled repayment amounts of bonds payable, long-term borrowings, and other interest-bearing liabilities after the consolidated balance sheet date

As of March 31, 2022

	Due within one year (million yen)	Due after one year to within two years (million yen)	Due after two year to within three years (million yen)	Due after three year to within four years (million yen)	Due after four year to within five years (million yen)	Due over five years (million yen)
Long-term borrowings	3,134	2,618	2,020	1,339	970	10
Convertible bonds	-	-	-	20,806	-	-
Total	3,134	2,618	2,020	22,146	970	10

As of March 31, 2023

	Due within one year (million yen)	Due after one year to within two years (million yen)	Due after two year to within three years (million yen)	Due after three year to within four years (million yen)	Due after four year to within five years (million yen)	Due over five years (million yen)
Long-term borrowings	4,870	4,353	3,569	3,064	1,446	2,936
Convertible bonds	-	-	20,586	-	-	-
Total	4,870	4,353	24,155	3,064	1,446	2,936

3. Matters related to the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on quoted market prices for assets or liabilities for which such fair value is calculated that are formed in an active market among the inputs for the calculation of observable fair value

Level 2 fair value: Fair value calculated using inputs related to the calculation of observable fair value other than level 1 input

Level 3 fair value: Fair value calculated using inputs related to the calculation of non-observable fair value

When multiple inputs that have a significant effect on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

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

As of March 31, 2022

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	5,446	-	-	5,446
Total assets	5,446	-	-	5,446

As of March 31, 2023

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	10,164	-	-	10,164
Total assets	10,164	-	-	10,164

(2) Financial instruments other than those carried on the consolidated balance sheets at fair value

As of March 31, 2022

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Convertible bonds	-	19,766	-	19,766
Long-term borrowings	-	10,082	-	10,082
Total liabilities	-	29,849	-	29,849

As of March 31, 2023

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Convertible bonds	-	20,100	-	20,100
Long-term borrowings	-	20,248	-	20,248
Total liabilities	-	40,348	-	40,348

(Note) Explanation of valuation techniques used to calculate fair value and inputs related to the calculation of fair value

Investment securities

Listed stocks are valued using quoted market prices. Because listed stocks are traded in active markets, their fair value is classified as level 1 fair value.

Convertible bonds

The fair value of convertible bonds issued by the Company is determined based on quoted market prices. The fair value of the convertible bonds is classified as level 2 fair value because the bonds have quoted market prices but are not traded in an active market.

Long-term borrowings

The fair value of long-term borrowings is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt and credit risk, and their fair value is classified as level 2 fair value.

(Securities)

1. Other securities

As of March 31, 2022

Category	Carrying amount on consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose reported amounts in the consolidated balance sheet exceed acquisition cost			
Stocks	4,909	3,158	1,750
Subtotal	4,909	3,158	1,750
Securities whose reported amounts in the consolidated balance sheet do not exceed acquisition cost			
Stocks	536	561	(24)
Subtotal	536	561	(24)
Total	5,446	3,719	1,726

(Note) Unlisted stocks (consolidated balance sheet amount: 49 million yen) are not included in "Other securities" in the above table because no market price is available.

As of March 31, 2023

Category	Carrying amount on consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose reported amounts in the consolidated balance sheet exceed acquisition cost			
Stocks	9,626	5,217	4,408
Subtotal	9,626	5,217	4,408
Securities whose reported amounts in the consolidated balance sheet do not exceed acquisition cost			
Stocks	538	541	(3)
Subtotal	538	541	(3)
Total	10,164	5,759	4,404

(Note) Unlisted stocks (consolidated balance sheet amount: 146 million yen) are not included in "Other securities" in the above table because no market price is available.

2. Other securities sold during the consolidated fiscal year

Fiscal year ended March 31, 2022

Type	Selling price (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	0	0	-
Other	5	1	-
Total	5	1	-

Fiscal year ended March 31, 2023

Type	Selling price (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	-	-	-
Other	-	-	-
Total	-	-	-

3. Impairment losses on securities

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

Not applicable.

(Retirement benefits)

1. Outline of retirement benefit plans adopted

The Company and its consolidated subsidiaries have defined benefit plans, either funded, unfunded, or both, to provide for the payment of retirement benefits to employees.

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 liabilities and retirement benefit expenses.

2. Defined benefit plans (excluding plans to which the simplified method is applied)

(1) Reconciliation of the beginning and ending balance of retirement benefit obligations

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Beginning balance of retirement benefit obligations	1,604 million yen	1,768 million yen
Service cost	154 million yen	167 million yen
Interest expense	9 million yen	10 million yen
Actuarial gain or loss	71 million yen	85 million yen
Payment of retirement benefits	(70) million yen	(75) million yen
Ending balance of retirement benefit obligations	1,768 million yen	1,957 million yen

(2) Reconciliation of the beginning and ending balance of pension assets

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Beginning balance of pension assets	1,133 million yen	1,251 million yen
Expected investment return	17 million yen	18 million yen
Actuarial gain or loss	(2) million yen	1 million yen
Contributions from employer	148 million yen	167 million yen
Payment of retirement benefits	(39) million yen	(47) million yen
Other	(5) million yen	(6) million yen
Ending balance of pension assets	1,251 million yen	1,384 million yen

(3) Reconciliation of balance of retirement benefit obligations and pension assets at the end of the fiscal year, and of retirement benefit liabilities and retirement benefit assets recorded in the consolidated balance sheets

	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations of funded plans	981 million yen	1,071 million yen
Pension assets	(1,251) million yen	(1,384) million yen
	(269) million yen	(313) million yen
Retirement benefit obligations of non-funded plans	787 million yen	885 million yen
Net liabilities and assets recognized in the consolidated balance sheets	517 million yen	572 million yen
Retirement benefit liabilities	787 million yen	885 million yen
Retirement benefit assets	(269) million yen	(313) million yen
Net liabilities and assets recognized in the consolidated balance sheets	517 million yen	572 million yen

(4) Retirement benefit expenses and the amount of their breakdown items

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	154 million yen	167 million yen
Interest expense	9 million yen	10 million yen
Expected investment return	(17) million yen	(18) million yen
Amortisation of actuarial gains or losses for the current period	65 million yen	66 million yen
Retirement benefit expenses related to defined benefit plans	212 million yen	225 million yen

(5) Remeasurements of defined benefit plans, net of tax

Breakdown of items recorded as remeasurements of defined benefit plans, net of tax (before tax effect deductions) are as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Actuarial gain or loss	(7) million yen	(17) million yen
Total	(7) million yen	(17) million yen

(6) Remeasurements of defined benefit plans

Breakdown of items recorded as remeasurements of defined benefit plans (before tax effect deductions) are as follows.

	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial gain or loss	292 million yen	309 million yen
Total	292 million yen	309 million yen

(7) Matters related to pension assets

(i) Major breakdown of pension assets

The ratios of major categories of pension assets to total pension assets are as follows.

	As of March 31, 2022	As of March 31, 2023
Stocks	3%	4%
Debentures	4%	3%
General account	93%	93%
Other	0%	0%
Total	100%	100%

(ii) Method of setting the expected long-term rate of investment return

To determine the expected long-term rate of investment return on pension assets, the Company considers the current and projected allocation of pension assets and the current and expected long-term rates of return from the various assets comprising the pension assets.

(8) Matters related to actuarial calculation basis

Principal actuarial calculation basis

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Discount rate	0.3%–0.8%	0.3%–0.8%
Expected long-term rate of investment return	1.5%	1.5%
Expected rate of salary increase	0.8%–1.7%	0.8%–1.7%

3. Defined benefit plans to which the simplified method is applied

(1) Reconciliation of the beginning and ending balances of retirement benefit liabilities for plans using the simplified method

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Beginning balance of retirement benefit liabilities	56 million yen	32 million yen
Retirement benefit expenses	52 million yen	68 million yen
Payment of retirement benefits	(12) million yen	(10) million yen
Contributions to the plan	(68) million yen	(90) million yen
Other	5 million yen	2 million yen
Ending balance of retirement benefit liabilities	32 million yen	2 million yen

(2) Reconciliation of balance of retirement benefit obligations and pension assets at the end of the fiscal year, and of retirement benefit liabilities and retirement benefit assets recorded in the consolidated balance sheets

	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations of funded plans	235 million yen	370 million yen
Pension assets	(338) million yen	(556) million yen
	(103) million yen	(186) million yen
Retirement benefit obligations of non-funded plans	136 million yen	189 million yen
Net liabilities and assets recognized in the consolidated balance sheets	32 million yen	2 million yen
Retirement benefit liabilities	168 million yen	192 million yen
Retirement benefit assets	(135) million yen	(189) million yen
Net liabilities and assets recognized in the consolidated balance sheets	32 million yen	2 million yen

(3) Retirement benefit expenses

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Retirement benefit expenses calculated by the simplified method	52 million yen	68 million yen

(Stock options, etc.)

1. Amounts and titles of expenses

Not applicable.

2. Details of, scale of, and changes in stock options

(1) Details of stock options

a. Reporting company

	MARUWA UNYU KIKAN CO., LTD. 1st share acquisition rights	MARUWA UNYU KIKAN CO., LTD. 2nd share acquisition rights
Classification and number of persons to whom rights are granted	Director 8 Audit & Supervisory Board Member of the Company 2 Executive Officers of the Company 8 Employees of the Company 67 Directors of subsidiaries 15 Employees of subsidiaries 27	Director 4 Executive Officers of the Company 8 Employees of the Company 67 Directors of subsidiaries 2 Executive Officers of subsidiaries 1 Employees of subsidiaries 14
Type and number of shares granted (Note 1)	Common shares 1,484,800 shares	Common shares 528,000 shares
Grant date	November 19, 2012	March 28, 2013
Vesting conditions (Note 2)	The allottee must maintain the position of Director, Audit & Supervisory Board Member, or employee of the Company or its subsidiary at the time of exercising the share acquisition rights. In the event of the death of an allottee of share acquisition rights, his or her heir may not exercise the rights.	The allottee must maintain the position of Director, Audit & Supervisory Board Member, or employee of the Company or its subsidiary at the time of exercising the share acquisition rights. In the event of the death of an allottee of share acquisition rights, his or her heir may not exercise the rights.
Eligible service period	There is no stipulation on the eligible service period.	There is no stipulation on the eligible service period.
Rights exercise period	November 18, 2014 November 17, 2022	March 28, 2015 March 27, 2023

(Notes) 1. Has been converted into the number of shares. On October 1, 2014, October 1, 2015, October 1, 2017, October 1, 2019, and January 1, 2021, the Company conducted 2-for-1 splits of its common shares. The above figures are based on the number of shares after the stock split.

2. In addition to the above, details are set forth in the “Stock Acquisition Rights Allotment Agreement” or “Terms and Conditions of Issuance of Stock Acquisition Rights” concluded between the Company and the allottee.

3. The rights exercise period of the first share acquisition rights of MARUWA UNYU KIKAN CO., LTD. expired on November 17, 2022, and the rights were extinguished.

4. The rights exercise period of the second share acquisition rights of MARUWA UNYU KIKAN CO., LTD. expired on March 27, 2023, and the rights were extinguished.

b. Consolidated subsidiaries

	PHYZ Holdings Inc. 1st share acquisition rights
Classification and number of persons to whom rights are granted	Directors of the company 3 Employees of the company 82
Type and number of shares granted (Note)	Common shares 800,000 shares
Grant date	March 31, 2016
Vesting conditions	A person who has received an allotment of share acquisition rights (hereinafter referred to as "share acquisition rights holder") is required to be a Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company at the time of the exercise of share acquisition rights. However, this shall not apply when a Director or Audit & Supervisory Board Member retires due to the expiration of his or her term of office, when an employee retires due to mandatory retirement age, or when there are other justifiable reasons. Share acquisition rights holders may exercise their share acquisition rights only if the common shares of the company underlying the share acquisition rights are listed on a securities exchange in Japan at the time of exercise. In the event of the death of an allottee of share acquisition rights, his or her heir may not exercise the rights. Other conditions for the exercise of rights shall be as set forth in the "Share Acquisition Rights Allotment Agreement" to be concluded between the company and the share acquisition right holders.
Eligible service period	There is no stipulation on the eligible service period.
Rights exercise period	March 18, 2018 March 16, 2026

(Note) Has been converted into the number of shares. The Company conducted a 200-for-1 stock split of common shares on November 25, 2016, a 2-for-1 stock split of common shares on October 1, 2017, and a 2-for-1 stock split of common shares on October 1, 2018, and the above figures reflect the stock split.

(2) Scale of and changes in stock options

Stock options that existed during the current fiscal year are included, and the number of stock options is converted into the number of shares.

(i) Number of stock options

a. Reporting company

	MARUWA UNYU KIKAN CO., LTD. 1st share acquisition rights	MARUWA UNYU KIKAN CO., LTD. 2nd share acquisition rights
Before vesting		
End of previous fiscal year (shares)	-	-
Granted (shares)	-	-
Lapsed (shares)	-	-
Vested (shares)	-	-
Remaining unvested (shares)	-	-
After vesting		
End of previous fiscal year (shares)	139,200	83,200
Vested (shares)		
Exercised (shares)	40,000	64,000
Lapsed (shares)	99,200	19,200
Remaining unvested (shares)	-	-

(Notes) 1. On October 1, 2014, October 1, 2015, October 1, 2017, October 1, 2019, and January 1, 2021, the Company conducted 2-for-1 splits of its common shares. The above figures are based on the number of shares after the stock split.

2. The rights exercise period of the first share acquisition rights of MARUWA UNYU KIKAN CO., LTD. expired on November 17, 2022, and there is no unexercised balance.

3. The rights exercise period of the 2nd share acquisition rights of MARUWA UNYU KIKAN CO., LTD. expired on March 27, 2023, and there is no unexercised balance.

b. Consolidated subsidiaries

	PHYZ Holdings Inc. 1st share acquisition rights
Before vesting	
End of previous fiscal year (shares)	-
Granted (shares)	-
Lapsed (shares)	-
Vested (shares)	-
Remaining unvested (shares)	-
After vesting	
End of previous fiscal year (shares)	24,000
Vested (shares)	-
Exercised (shares)	6,400
Lapsed (shares)	-
Remaining unvested (shares)	17,600

(Note) The Company conducted a 200-for-1 stock split of common shares on November 25, 2016, a 2-for-1 stock split of common shares on October 1, 2017, and a 2-for-1 stock split of common shares on October 1, 2018, and the above figures reflect the stock split.

(ii) Unit price information

a. Reporting company

	MARUWA UNYU KIKAN CO., LTD. 1st share acquisition rights	MARUWA UNYU KIKAN CO., LTD. 2nd share acquisition rights
Exercise price (yen)	68	68
Average share price at the time of exercise (yen)	1,549	1,722
Fair valuation unit price at the grant date (yen)	-	-

(Note) On October 1, 2014, October 1, 2015, October 1, 2017, October 1, 2019, and January 1, 2021, the Company conducted 2-for-1 splits of its common shares. The above figures have been converted to post-split prices.

b. Consolidated subsidiaries

	PHYZ Holdings Inc. 1st share acquisition rights
Exercise price (yen)	13
Average share price at the time of exercise (yen)	927
Fair valuation unit price at the grant date (yen)	-

3. Estimation method of fair valuation unit price of stock options granted in the current fiscal year

Not applicable.

4. Estimation method of the number of stock options vested

Basically, because it is difficult to reasonably estimate the number of lapsed options in the future, a method that reflects only the actual number of lapsed options is adopted.

5. Total intrinsic value of stock options in the current fiscal year and total intrinsic value at the time of exercise of stock options that have been exercised in the case where the calculation is based on the intrinsic value of stock options

a. Reporting company

(1) Total amount of intrinsic value during the current fiscal year: —million yen

(2) Total amount of intrinsic value of stock options exercised during the current fiscal year: 165 million yen

b. Consolidated subsidiary (PHYZ Holdings Inc.)

(1) Total amount of intrinsic value during the current fiscal year: 24 million yen

(2) Total amount of intrinsic value of stock options exercised during the current fiscal year: 5 million yen

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Allowance for bonuses	263 million yen	327 million yen
Retirement benefit liabilities	402 million yen	424 million yen
Allowance for doubtful accounts	14 million yen	14 million yen
Accrued enterprise tax	134 million yen	200 million yen
Excess depreciation	95 million yen	88 million yen
Asset retirement obligations	259 million yen	281 million yen
Acquisition-related expenses	60 million yen	90 million yen
Other	326 million yen	484 million yen
Subtotal of deferred tax assets	1,555 million yen	1,910 million yen
Valuation allowance	(255) million yen	(573) million yen
Total deferred tax assets	1,299 million yen	1,337 million yen
Deferred tax liabilities		
Pension assets	(209) million yen	(241) million yen
Guarantee deposits	(11) million yen	(0) million yen
Asset retirement expenses	(167) million yen	(156) million yen
Valuation difference on available-for-sale securities	(524) million yen	(1,326) million yen
Reserve for tax purpose reduction entry of non-current assets	(251) million yen	(251) million yen
Customer-related assets	(1,273) million yen	(1,963) million yen
Other	(308) million yen	(257) million yen
Total deferred tax liabilities	(2,746) million yen	(4,197) million yen
Net deferred tax assets (liabilities)	(1,446) million yen	(2,859) million yen

(Change in presentation)

308 million yen included in “Other” within deferred tax liabilities in the previous fiscal year has been reclassified as” Customer-related assets” of 1,273 million yen and “Other” of 308 million yen, reflecting a significant revision of the initial allocation of acquisition costs due to the finalization of provisional accounting treatment.

As a result, “Customer-related assets,” which was included in “Other” within deferred tax liabilities in the previous fiscal year, is presented as a separate line item from the current fiscal year because it has become significant in terms of amount. To reflect this change in presentation, the notes for the previous fiscal year have been reclassified.

2. Breakdown of the difference between the statutory effective tax rate and the effective tax rate after the application of tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate	29.9%	29.9%
(Adjusted)		
Entertainment expenses and other items not permanently deductible for tax purposes	0.2%	0.3%
Permanently deductible items such as dividend income, etc.	(0.2)%	(0.3)%
Per capita inhabitant tax, etc.	0.8%	0.6%
Retained earnings tax	0.5%	0.0%
Increase/decrease in valuation allowance	0.2%	1.8%
Tax rate difference from parent company	1.6%	1.7%
Amortisation of goodwill	0.3%	0.7%
Other	(0.4)%	(0.7)%
Effective tax rate after application of tax effect accounting	33.0%	34.0%

(Business combinations, etc.)

(Determination of provisional accounting treatment for business combinations)

The business combination with PHYZ Holdings Inc. on March 29, 2022 was accounted for tentatively in the previous fiscal year, but was finalized in the current fiscal year.

With the finalization of this provisional accounting treatment, a significant revision is reflected in the initial allocation of acquisition costs at the beginning of the current fiscal year. As a result, the tentatively calculated goodwill amount of 2,996 million yen decreased by 1,560 million yen to 1,436 million yen due to the finalization of accounting treatment. The decrease in the amount of goodwill was due to increases of 4,293 million yen in intangible assets (customer-related assets), 1,273 million yen in deferred tax liabilities, and 1,110 million yen in non-controlling interests, and a decrease of 349 million yen in other non-current assets. Goodwill is amortised over 17 years and customer-related assets allocated to intangible assets other than goodwill are amortised over the period when their effects are recognized (17 years).

(Transactions under common control, etc.)

1. Outline of the transaction

(1) Name and description of the subject business

Logistics business (third-party logistics, transportation services)

(2) Date of business combination

October 1, 2022

(3) Legal form of business combination

Absorption-type demerger in which the Company will be the demerged company and MARUWA UNYU KIKAN CO., LTD. will be the successor company

(4) Name of company after combination

Splitting Company: AZ-COM MARUWA Holdings Inc.

The successor company: MARUWA UNYU KIKAN CO., LTD.

(5) Matters related to outline of other transactions

Under the “3PL & Platform Company” concept, the Group is actively working to promote “securing and developing human resources,” “researching and utilizing the latest technologies,” and “developing new markets,” and also to 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 also occurring in the logistics industry, including industry restructuring due to M&A and business alliances 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 transition to a pure holding company structure that will enable it to achieve sustained growth by clarifying the responsibilities and authorities of the pure holding company that plans the Group’s strategy from a medium- to long-term perspective and of each operating company, and separating those of operating companies into these companies that can make decisions more speedily and execute operations flexibly. The specific details are as follows.

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

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

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

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

(iii) Strengthening Group governance

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

2. Outline of accounting procedures implemented

In accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” the transaction was treated as a transaction under common control.

(Acquisition of MK LOGI Co., Ltd.)

1. Outline of the business combination

(1) Name of acquired company and its business

Name of acquired company: MK LOGI Co., Ltd.

Description of business: Warehousing, logistics outsourcing, and logistics consulting business

(2) Main reason for business combination

The Company has decided on the Share Acquisition as it believes that it will allow for the strengthening of functions in the Group's EC logistics business and the realization of increased corporate value for both companies, as a highly synergistic effect will be demonstrated by MK LOGI Co., Ltd. being added to the Group, because MK LOGI Co., Ltd. expands the provision of third-party logistics (3PL) services for D2C (Direct-to-consumer transactions: Transactions in which products are sold directly to customers through a company's proprietary e-commerce website without going through an intermediate distributor) operators as its main business, and it possesses "high productivity demonstrated through high quality facilities," "human resources who support the sites" and "3PL know-how for D2C operators who have hidden potential for a high level of growth."

(3) Date of business combination

July 29, 2022 (Deemed acquisition date: September 30, 2022)

(4) Legal form of business combination

Share acquisition with cash consideration

(5) Name of company after combination

No change.

(6) Percentage of voting rights acquired

Ratio of voting rights after acquisition: 100%

(7) Main basis for determining the acquiring company

The Company acquired shares of MK LOGI Co., Ltd. through a cash consideration.

2. Period of performance of the acquired company included in the consolidated financial statements

From October 1, 2022 to March 31, 2023

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition cash and deposits: 4,044 million yen

Acquisition cost: 4,044 million yen

4. Description and amount of major acquisition-related expenses

Advisory fee: 77 million yen

5. Amount of goodwill incurred, reason for incurrence, amortisation method and amortisation period

(1) Amount of goodwill incurred

1,972 million yen

Although provisional accounting treatment was applied in the second quarter of the current fiscal year, the allocation of acquisition cost was completed at the end of the current fiscal year, and the amount of goodwill was determined.

(2) Reason for occurrence

Mainly due to excess earning power expected from future business development.

(3) Amortisation method and period

Equal amortisation over 11 years

6. Amount of assets acquired and liabilities assumed on the date of business combination and their breakdown

Current assets: 2,684 million yen

Non-current assets: 3,432 million yen

Total assets: 6,117 million yen

Current liabilities: 1,786 million yen

Non-current liabilities: 2,258 million yen

Total liabilities: 4,045 million yen

7. Amount allocated to intangible assets other than goodwill, their main category and amortisation period of such intangible assets

Category	Amount	Amortisation period
Customer-related assets	2,321 million yen	14 years

8. Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the current fiscal year, assuming that the business combination was completed on the first day of the fiscal year

Net sales	4,817 million yen
Operating profit	173 million yen
Ordinary profit	249 million yen
Profit before income taxes	177 million yen
Profit attributable to owners of parent	107 million yen
Basic earnings per share	62.71 yen

(Method of calculation of estimated amount)

The difference between the net sales and profit/loss information calculated as if the business combination had been completed as of the beginning of the current fiscal year and the net sales and profit/loss information in the consolidated statements of income of the acquired company are the estimated amounts of impact. The notes have not been audited.

(Acquisition of K.K. Dragon)

1. Outline of the business combination

(1) Name of acquired company and its business

Name of acquired company: K.K. Dragon

Business description: General Motor Truck Transportation Business, Freight forwarding business, etc.

(2) Main reason for business combination

K.K. Dragon, which has many high quality drivers, has been developing its business in the Tokai area since its establishment in 1919, focusing on the general cargo trucking business. We decided to acquire its shares because we believe that having it join our Group will enable us to further strengthen our ability to handle business in the Tokai region and to realize synergies through collaboration with consolidated subsidiaries within the Group, thereby increasing the corporate value of both companies.

(3) Date of business combination

October 4, 2022 (Deemed acquisition date: December 31, 2022)

(4) Legal form of business combination

Share acquisition with cash consideration

(5) Name of company after combination

No change.

(6) Percentage of voting rights acquired

Ratio of voting rights after acquisition: 100%

(7) Main basis for determining the acquiring company

The Company acquired shares of K.K. Dragon for cash consideration.

2. Period of performance of the acquired company included in the consolidated financial statements

From January 1, 2023 to March 31, 2023

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition cash and deposits: 372 million yen

Acquisition cost: 372 million yen

4. Description and amount of major acquisition-related expenses

Advisory fee: 21 million yen

5. Amount and cause of gain on bargain purchase

(1) Amount of gain on bargain purchase

349 million yen

The above amounts are tentatively accounted for based on reasonable information available at the time of preparation of the consolidated financial statements, because the identification of identifiable assets and liabilities as of the date of the business combination and the calculation of fair value had not been completed and the allocation of acquisition costs had not been completed as of the end of the current fiscal year.

(2) Reason for occurrence

Since the fair value of the net assets of the acquired company at the time of business combination exceeded the acquisition cost, the difference is recognized as a gain on bargain purchase

6. Amount of assets acquired and liabilities assumed on the date of business combination and their breakdown

Current assets: 910 million yen
Non-current assets: 298 million yen
Total assets: 1,209 million yen
Current liabilities: 421 million yen
Non-current liabilities: 65 million yen
Total liabilities: 487 million yen

7. Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the current fiscal year, assuming that the business combination was completed on the first day of the fiscal year

The description is omitted as it is immaterial.

(Asset retirement obligations)

This information is omitted because the total amount of asset retirement obligations is immaterial.

(Rental and other real estate)

This information is omitted because the total amount of rental and other real estate is immaterial.

(Revenue recognition)

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

Fiscal year ended March 31, 2022

(million yen)

	Reportable segment	Other	Total
	Logistics business		
Last One Mile Business	30,103	-	30,103
E-commerce & Ordinary-temperature Transportation Business	38,749	-	38,749
E-commerce & Ordinary-temperature 3PL Business	24,953	-	24,953
Low-temperature Food 3PL Business	18,217	-	18,217
Medicine & Medical 3PL Business	19,188	-	19,188
Other business	-	445	445
Revenues arising from contracts signed with the customers	131,211	445	131,657
Other revenues	812	530	1,343
Net sales to external customers	132,024	976	133,000

Fiscal year ended March 31, 2023

(million yen)

	Reportable segment	Other	Total
	Logistics business		
Last One Mile Business	35,578	-	35,578
E-commerce & Ordinary-temperature Transportation Business	56,613	-	56,613
E-commerce & Ordinary-temperature 3PL Business	42,310	-	42,310
Low-temperature Food 3PL Business	19,691	-	19,691
Medicine & Medical 3PL Business	20,347	-	20,347
Other business	-	1,878	1,878
Revenues arising from contracts signed with the customers	174,541	1,878	176,420
Other revenues	893	516	1,409
Net sales to external customers	175,434	2,395	177,829

2. Information that provides a basis for understanding revenue from contracts signed with customers

The Company and its consolidated subsidiaries have adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., and the Company and its consolidated subsidiaries recognize revenue based on the following five-step approach.

Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Calculate the transaction amount
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: The entity recognizes revenue when the performance obligation is satisfied

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 the 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).

In calculating the transaction price, the Company measures the transaction price by the amount of consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to the customer, and there is no significant variable consideration. The consideration for contracts with customers is received within a short period of time after satisfaction of the performance obligation and does not include a significant financial component.

The Group does not have any contracts that require the allocation of transaction prices to individual performance obligations.

3. Information for understanding the amount of revenue for the current and subsequent periods

(1) Balance of contract assets and contract liabilities, etc.

The Company and its consolidated subsidiaries have omitted a description of contract assets and contract liabilities because the balances are immaterial and no significant changes have occurred. In addition, revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the convenience method of accounting in practice and omit the description of transaction prices allocated to remaining performance obligations because there are no material contracts with an initial expected term of more than one year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in transaction prices.

(Segment information, etc.)

[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 the 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 that 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 operations and a 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 the 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

Fiscal year ended March 31, 2022

(million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment and eliminations	Amount recorded on consolidated financial statements (Note 2)
	Logistics business				
Net sales					
(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 the allocation of resources and assessing performance.

Fiscal year ended March 31, 2023

(million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment and eliminations (Note 2)	Amount recorded on consolidated financial statements (Note 3)
	Logistics business				
Net sales					
(1) Net sales to external customers	175,434	2,395	177,829	-	177,829
(2) Internal sales and transfers between segments	180	407	587	(587)	-
Total	175,614	2,802	178,417	(587)	177,829
Segment profit	11,177	395	11,572	(209)	11,362
Other items					
Depreciation	1,934	155	2,090	120	2,211
Amortisation of goodwill	299	-	299	-	299
Gain on bargain purchase	349	-	349	-	349

(Notes) 1. The "Other" category contains business segments that are not included in reportable segments and includes the document storage warehouse leasing business, the real estate leasing business, and information system business.

2. Adjustment and eliminations to Segment profit and Depreciation represent profit/loss and expenses related to the holding company that do not belong to any segment.

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 the allocation of resources and assessing performance.

[Related information]

Fiscal year ended March 31, 2022

1. Information by product and service

This information is omitted because this information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable because there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable because the Company has no property, plant and equipment located outside of Japan.

3. Information by major customer

(million yen)

Name or title of customer	Net sales	Name of related segment
Amazon Japan G.K.	31,470	Logistics business
MatsukiyoCocokara & Co.	14,851	Logistics business and other

* Matsumotokiyoshi Holdings Co., Ltd. merged with cocokara fine Inc. and changed its name to MatsukiyoCocokara & Co. on October 1, 2021. Net sales made to MatsukiyoCocokara & Co. during the fiscal year under review include net sales made to MatsukiyoCocokara & Co.'s subsidiary MCC Management Co., Ltd.

Fiscal year ended March 31, 2023

1. Information by product and service

This information is omitted because this information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable because there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable because the Company has no property, plant and equipment located outside of Japan.

3. Information by major customer

(million yen)

Name or title of customer	Net sales	Name of related segment
Amazon Japan G.K.	45,752	Logistics business
Yamato Transport Co., Ltd.	26,341	Logistics business

[Information on impairment losses on non-current assets by reporting segment]

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

(million yen)

	Logistics business	Other	Total
Impairment losses	3	-	3

[Information on amortisation and unamortised balance of goodwill by reporting segment]

Fiscal year ended March 31, 2022

(million yen)

	Logistics business	Other	Total
Amortisation for the fiscal year	125	-	125
Balance at end of period	1,983	-	1,983

(Note) At the end of the current fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the values for the previous fiscal year are based on the amounts after reflecting the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

Fiscal year ended March 31, 2023

(million yen)

	Logistics business	Other	Total
Amortisation for the fiscal year	299	-	299
Balance at end of period	3,656	-	3,656

[Information on gain on bargain purchase by reporting segment]

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

In the logistics segment, a gain on bargain purchase was recognized since the Company had acquired shares of K.K. Dragon to make it a consolidated subsidiary. The amount of the gain on bargain purchase resulting from this event was 349 million yen for the current fiscal year. The gain on bargain purchase is not included in segment profit as it is an extraordinary gain.

[Related party information]

There are no significant transactions with related parties to be disclosed.

(Per share information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	230.19 yen	285.40 yen
Basic earnings per share	48.72 yen	61.86 yen
Diluted earnings per share	44.77 yen	57.26 yen

(Note 1) The basis for the calculation of earnings per share and diluted earnings per share is shown below.

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (million yen)	6,125	7,780
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent pertaining to common shares (million yen)	6,125	7,780
Average number of common shares during the period (shares)	125,720,490	125,778,583
Diluted earnings per share		
Adjusted profit attributable to owners of parent (million yen)	(154)	(154)
(After-tax interest income included therein) (million yen)	((154))	((154))
(Gains and losses on changes in equity interests related to subscription rights to shares issued by a consolidated subsidiary included therein) (million yen)	(-)	((0))
Increase in common shares (shares)	7,639,257	7,407,407
(Convertible bonds with share acquisition rights included therein) (shares)	(7,407,407)	(7,407,407)
(Share acquisition rights included therein) (shares)	(231,850)	(-)
Overview of dilutive shares not included in the calculation of diluted earnings per share because they have no dilutive effect	-	-

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

Item	As of March 31, 2022	As of March 31, 2023
Total amount of net assets (million yen)	30,943	38,162
Amount deducted from total amount of net assets (million yen)	1,999	2,244
(Share acquisition rights included therein)	(-)	(-)
(Non-controlling interests included therein)	(1,999)	(2,244)
Net assets at end of period pertaining to common shares (million yen)	28,944	35,917
Number of common shares at end of period used in calculation of net assets per share (shares)	125,742,441	125,849,541

3. 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. (358,000 shares in the previous fiscal year and 355,000 shares in the current fiscal year) Furthermore, they are included in the treasury shares deducted from the total number of shares issued and outstanding at year-end in the calculation of net assets per share. (357,000 shares in the previous fiscal year and 354,000 shares in the current fiscal year)
4. At the end of the current fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the values for the previous fiscal year are based on the amounts reflecting the finalization of the provisional accounting treatment.

(Significant subsequent events)

Significant capital expenditures and borrowing of large amounts of funds

The Company's Board of Directors resolved at a meeting held on April 21, 2023 to construct a new food distribution center announced in the "Notice Concerning Land Acquisition for New Food Distribution Center Construction" dated March 10, 2020, and to conclude a term loan agreement with a commitment period through a syndication method.

1. Reason and purpose of capital investment

In addition to achieving sustainable growth by responding to the increasing volume in our core businesses of e-commerce logistics, low-temperature food logistics, and medicine & medical logistics, the Group is actively building a logistics network as a social infrastructure through BCP logistics as planned in the medium-term management plan. To realize this goal, we will construct a new food distribution center with state-of-the-art facilities in the Matsubushi Tajima Industrial Park.

The new food distribution center will be constructed with a seismic isolation structure and equipped with large-scale freezing and cooling facilities. Taking advantage of its location within a 25-kilometer radius of central Tokyo, the plan is for the center to serve as a comprehensive food logistics platform that can also serve as a BCP logistics base to supply food and other items in the event of a large-scale disaster in the Tokyo metropolitan area.

In particular, against the backdrop of the growing interest in SDGs, we will work to solve the food loss problem as a cold chain distribution hub that directly connects the production sites across Japan with a variety of transportation modes (rail, aviation, and ship), and also aim to solve various issues in food distribution through this project.

(1) Responding to the "2024 problem"—Pursuing the preservation of freshness by streamlining logistics

We will solve the delivery delays that are becoming a concern due to the worsening driver shortage by improving logistics efficiency through the use of low-temperature truck transportation, cool containers in rail transportation, air transportation, and ship transportation, thereby realizing sustainable logistics.

(2) Protecting the food supply chain—Responding to natural disasters, etc.

We will achieve sustainable food distribution by realizing appropriate distribution inventory management that collectively manages inventory from multiple production sites and manufacturers, and avoid supply chain disruptions in the event of a contingency.

(3) Implementing SIP Smart Logistics—Improve productivity and address environmental issues with our unique technologies

We will lead the industry in realizing sustainable and environmentally friendly logistics through the early implementation of the "Smart Logistics Service" of the Strategic Innovation Program (SIP), a national project.

2. Facilities

Name: AZ-COM Matsubushi Building A (tentative name)

Location: 1-1 Tajima-minami, Matsubushi-cho, Kitakatsushika-gun, Saitama

Site area: 116,379.45 m^2 (35,204.78 tsubo / acquired in July 2022)

Total floor area: 83,041.01 m^2 (25,117.78 tsubo)

Structure, etc.: 5 floors above ground, seismic isolated structure

Refrigeration on first floor, freezer/refrigeration on second floor, dry storage on third to fifth floors, and BCP warehouse and cafeteria on fifth floor

Total investment amount: approximately 23,000 million yen

3. Schedule for installation of equipment

Construction period, Start of construction: June 2023, Completion: January 2025 (scheduled)

Start of operation: April 2025 (scheduled)

4. Reason and purpose of borrowing

The Company will conclude a syndicated term loan agreement with a commitment period to partially fund the cost of constructing the new food distribution center, and it will maintain flexible and agile fundraising and a stable financial base.

5. Details of borrowing

Borrowing Limit: 10,000 million yen

Date of conclusion of agreement: April 21, 2023

Commitment Period: June 1, 2023–July 30, 2025

Term loan repayment Principal repayment in equal installments every three months (after the commitment period)

Method and date of maturity, Date of maturity: July 31, 2045 (20-year term)

Collateral, Yes
Arranger: Saitama Resona Bank, Limited, Resona Bank, Limited
Agent: Resona Bank, Limited
Participating Financial Institutions: Saitama Resona Bank, Limited, Resona Bank, Limited, Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation

6. Material impact of the facility on business activities

Since the construction of the distribution center is scheduled to be completed in January 2025 and to start operations around April of the same year, it is expected to have a negligible impact on the consolidated business results of our Group for the fiscal year ending March 31, 2024, but it will make a significant contribution to the business results for the fiscal year ending March 31, 2026. If any matters that should be disclosed arise in the future, they will be promptly disclosed.

7. Others

- The construction of the distribution center is scheduled to be divided into two phases, the first phase and the second phase. The investment described above is an overview of the first phase, and we will carefully consider the second phase of construction, taking into account the impact of soaring construction costs, while keeping a close eye on the investment environment.
- The property is adjacent to East Saitama Road, which is scheduled to be completed in the spring of 2025, and access to the expressway (The Tokyo Gaikan Expressway) is expected to be improved dramatically after the road opens. Furthermore, with a dedicated section (elevated) to be opened in the future, a network that can avoid the expected inundation zone due to river flooding will be formed, which is expected to greatly contribute to support activities and the transportation of goods in the event of a disaster.

(v) Consolidated supplementary schedules

[Bonds payable schedule]

Company name	Issue	Date of issue	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Interest rate (%)	Collateral	Redemption date
Nippon System Create Co., Ltd.	1st unsecured bonds (Note 1)	Date July 25, 2018	15 (10)	5 (5)	0.4	None	Date July 25, 2023
AZ-COM MARUWA Holdings Inc.	Euro-yen convertible bonds with share acquisition rights included therein due 2025 (Note 3)	December 17, 2020	20,806	20,586	-	None	December 17, 2025
MK LOGI Co., Ltd.	2nd unsecured bonds (Note 1, 2)	March 29, 2022	-	40 (10)	0.5	None	March 29, 2027
Total	-	-	20,821 (10)	20,631 (15)	-	-	-

(Notes) 1. The amount in parentheses is the current portion of the scheduled redemption amount.

2. Because MK LOGI Co., Ltd. became a consolidated subsidiary from the current fiscal year, the balance at the beginning of the current period is not stated.

3. Information on bonds with share acquisition rights is as follows.

Issue	Euro-yen convertible bonds with share acquisition rights included therein due 2025
Shares to be issued	Common shares
Issue price of share acquisition rights (yen)	Free of charge
Issue price of shares (yen)	2,700
Total issue price of shares (million yen)	21,100
Total issue price of shares issued upon exercise of share acquisition rights (million yen)	-
Percentage of share acquisition rights granted (%)	100
Exercise period of share acquisition rights	From January 4, 2021 To December 3, 2025

(Note) When a person who intends to exercise the share acquisition rights makes a request, it shall be deemed that a payment of the full amount to be paid upon exercise of the share acquisition rights has been made in lieu of redemption of the entire amount of the bonds to which the share acquisition rights are attached. When the share acquisition rights are exercised, such request shall be deemed to have been made.

4. The scheduled redemption amount for the five years after the consolidated balance sheet date is as follows.

Due within one year (million yen)	Due after one year to within two years (million yen)	Due after two years to within three years (million yen)	Due after three years to within four years (million yen)	Due after four years to within five years (million yen)
15	10	20,596	10	-

[Borrowings schedule]

Category	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Repayment date
Short-term borrowings	145	315	-	-
Current portion of long-term borrowings	3,134	4,870	0.12	-
Current portion of lease liabilities	172	295	0.99	-
Long-term borrowings (excluding current portion)	6,960	15,370	0.13	April 1, 2024 to May 1, 2033
Lease liabilities (excluding current portion)	642	989	1.09	April 1, 2024 to April 1, 2032
Total	11,054	21,841	-	-

(Notes) 1. “Average interest rate” is the weighted average interest rate for the balance of borrowings, etc., at the end of the fiscal year.

2. Total amount of long-term debt and lease obligations (excluding current portion) due within one year within five years of the consolidated balance sheet date

Category	Due after one year to within two years (million yen)	Due after two years to within three years (million yen)	Due after three years to within four years (million yen)	Due after four years to within five years (million yen)
Long-term borrowings	4,353	3,569	3,064	1,446
Lease liabilities	267	244	192	143

[Asset retirement obligations schedule]

Category	Balance at beginning of period (million yen)	Increase (million yen)	Decrease (million yen)	Balance at end of period (million yen)
Obligation to restore land to its original condition based on a land lease contract, etc.	786	12	-	798

(2) Others

Quarterly information, etc., for the current fiscal year

(Cumulative period)		Three months ended June 30, 2022	Six months ended September 30, 2022	Nine months ended December 31, 2022	Fiscal year ended March 31, 2023
Net sales	(million yen)	40,950	84,330	133,291	177,829
Profit before income taxes	(million yen)	2,589	5,331	9,353	12,214
Profit attributable to owners of parent	(million yen)	1,731	3,579	6,274	7,780
Earnings per share	(yen)	13.77	28.47	49.89	61.86

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share	(yen)	13.77	14.70	21.43	11.97

(Note) At the end of the current fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the values indicated in the quarterly information related to the first through third quarters of the year are the amounts after reflecting the significant revision of the initial allocation of acquisition cost due to the finalization of the provisional accounting treatment.

2. Financial Statements and Other Information

(1) Financial Statements

(i) Balance sheets

(million yen)

		As of March 31, 2022		As of March 31, 2023
Assets				
Current assets				
Cash and deposits		27,321		26,554
Electronically recorded monetary claims—operating	*1	145		-
Accounts receivable—trade		10,893		11
Supplies		62		13
Prepaid expenses		564		15
Other	*1	2,734	*1	1,724
Total current assets		41,722		28,319
Non-current assets				
Property, plant and equipment				
Buildings		4,279		3,070
Structures		108		60
Machinery and equipment		834		-
Vehicles		6		-
Tools, furniture and fixtures		576		38
Land		4,144		11,628
Leased assets		10		-
Construction in progress		2,515		1,123
Total property, plant and equipment		12,476		15,921
Intangible assets				
Trademark rights		0		0
Leased assets		0		-
Software		496		-
Software in progress		-		32
Telephone subscription rights		31		31
Right to use water facilities		0		0
Total intangible assets		528		63
Investments and other assets				
Investment securities		5,390		10,189
Shares of subsidiaries and associates		6,823		14,786
Investments in capital		37		4
Long-term loans receivable	*1	1,083	*1	2,420
Distressed receivables		0		-
Long-term prepaid expenses		43		-
Deferred tax assets		114		-
Other		1,672		157
Allowance for doubtful accounts		(3)		(3)
Total investments and other assets		15,161		27,554
Total non-current assets		28,166		43,539
Total assets		69,889		71,859

(million yen)

		As of March 31, 2022		As of March 31, 2023
Liabilities				
Current liabilities				
Accounts payable—trade	*1	10,239	*1	3
Short-term borrowings		3,005		7,581
Current portion of long-term borrowings		2,277		3,870
Lease liabilities		5		-
Accounts payable—other	*1	2,263	*1	197
Accrued expenses	*1	126	*1	1
Income taxes payable		1,083		-
Deposits received		126		5
Unearned revenue		84		-
Allowance for bonuses		501		8
Other		83		15
Total current liabilities		19,798		11,685
Non-current liabilities				
Convertible bonds		20,806		20,586
Long-term borrowings		5,679		13,399
Lease liabilities		5		-
Asset retirement obligations		460		375
Deferred tax liabilities		-		1,096
Provision for retirement benefits		439		-
Provision for share awards for directors		22		24
Provision for share awards for employees		30		-
Other		396		-
Total non-current liabilities		27,840		35,481
Total liabilities		47,639		47,167
Net assets				
Shareholders' equity				
Share capital		2,667		2,670
Capital surplus				
Legal capital surplus		2,181		2,185
Other capital surplus		161		161
Total capital surplus		2,343		2,346
Retained earnings				
Legal retained earnings		18		18
Other retained earnings				
General reserve		912		912
Retained earnings brought forward		20,860		21,423
Total retained earnings		21,790		22,353
Treasury shares		(5,758)		(5,757)
Total shareholders' equity		21,043		21,614
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		1,206		3,077
Total valuation and translation adjustments		1,206		3,077
Total net assets		22,249		24,692
Total liabilities and net assets		69,889		71,859

(ii) Statements of income

(million yen)

		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023
Net sales	*2	92,313	*2	55,686
Cost of sales	*2	83,886	*2	48,690
Gross profit		8,426		6,995
Selling, general and administrative expenses	*1	2,823	*1	2,546
Operating profit		5,603		4,448
Non-operating income				
Interest income	*2	232	*2	234
Dividend income	*2	1,317	*2	110
Other	*2	88	*2	47
Total non-operating income		1,638		391
Non-operating expenses				
Interest expenses		13		30
Commission for syndicated loans		-		23
Other		17		1
Total non-operating expenses		31		54
Ordinary profit		7,210		4,785
Extraordinary losses				
Impairment losses		-		147
Total extraordinary losses		-		147
Profit before income taxes		7,210		4,637
Income taxes—current		1,919		982
Income taxes—deferred		(12)		412
Total income taxes		1,906		1,394
Profit		5,303		3,243

[Cost of sales schedule]

Category	Note number	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
		Amount (million yen)	Composition rate (%)	Amount (million yen)	Composition rate (%)
I. Outsourcing expenses		59,382	70.8	34,736	71.3
II. Labor expenses		14,802	17.6	8,257	17.0
III. Expenses					
Depreciation		593		460	
Facility expenses		4,562		2,501	
Other		4,546		2,733	
Expenses		9,701	11.6	5,695	11.7
Cost of sales		83,886	100.0	48,690	100.0

(Note) The following provisions for allowances, etc., are included in cost of sales.

Item	Fiscal year ended March 31, 2022 (million yen)	Fiscal year ended March 31, 2023 (million yen)
Provision of allowance for bonuses	431	-
Retirement benefit expenses	81	42

(iii) Statements of changes in equity

Fiscal year ended March 31, 2022

(million yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward
Balance at beginning of period	2,665	2,180	161	2,341	18	912	17,949
Changes during period							
Issuance of new shares—exercise of share acquisition rights	1	1		1			
Dividends of surplus							(2,392)
Profit							5,303
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	1	1	-	1	-	-	2,910
Balance at end of period	2,667	2,181	161	2,343	18	912	20,860

	Shareholders' equity			Valuation and translation adjustments		
	Retained earnings					
	Total retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	18,879	(5,758)	18,128	1,701	1,701	19,829
Changes during period						
Issuance of new shares—exercise of share acquisition rights			3			3
Dividends of surplus	(2,392)		(2,392)			(2,392)
Profit	5,303		5,303			5,303
Purchase of treasury shares		(0)	(0)			(0)
Disposal of treasury shares		0	0			0
Net changes in items other than shareholders' equity				(495)	(495)	(495)
Total changes during period	2,910	0	2,914	(495)	(495)	2,419
Balance at end of period	21,790	(5,758)	21,043	1,206	1,206	22,249

Fiscal year ended March 31, 2023

(million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at beginning of period	2,667	2,181	161	2,343	18	912	20,860
Changes during period							
Issuance of new shares—exercise of share acquisition rights	3	3		3			
Dividends of surplus							(2,680)
Profit							3,243
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	3	3	-	3	-	-	563
Balance at end of period	2,670	2,185	161	2,346	18	912	21,423

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	21,790	(5,758)	21,043	1,206	1,206	22,249
Changes during period						
Issuance of new shares—exercise of share acquisition rights			7			7
Dividends of surplus	(2,680)		(2,680)			(2,680)
Profit	3,243		3,243			3,243
Purchase of treasury shares		(0)	(0)			(0)
Disposal of treasury shares		0	0			0
Net changes in items other than shareholders' equity				1,871	1,871	1,871
Total changes during period	563	0	571	1,871	1,871	2,442
Balance at end of period	22,353	(5,757)	21,614	3,077	3,077	24,692

[Notes]

(Significant accounting policies)

1. Valuation standards and valuation methods for material assets

Valuation standards and valuation methods for securities

(1) Shares of subsidiaries

Stated at cost using the moving average method

(2) 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 the 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. Depreciation method of non-current assets

(1) 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) and to facilities attached to buildings and buildings acquired on or before March 31, 2016.

The main useful lives are as follows.

Buildings: 3 to 31 years

Structures: 7 to 40 years

Tools, furniture and fixtures: 3 to 10 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied.

(3) 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. Accounting standards for significant provisions

(1) 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.

(2) Allowance for bonuses

To appropriate funds for the payment of bonuses to employees, a provision is made for the expected amount of the payment for employees for the fiscal year under review.

(3) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, the Company records an estimated reserve based on the projected benefit obligations and pension assets at the end of the current fiscal year.

(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 amortised using the straight-line method over the average remaining number of years of service from the fiscal year following their occurrence.

(iii) Adoption of the simplified method

The Company's retirement benefit plan adopts a simplified method for the calculation of the provision for retirement benefits and retirement benefit expenses, using the amount payable for personal convenience at the end of the fiscal year as the retirement benefit obligation.

(4) Provision for share awards for directors

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

(5) 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, a provision is made for the expected amount of stock benefit obligations at the end of the fiscal year under review.

4. Accounting standards for 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 the Company 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 mainly engages in two logistics businesses: (1) third-party logistics (3PL) whereby it undertake a series of operations ranging from receipt, storage, shipment, and delivery of goods to providing logistics services to its customers, and (2) transportation services whereby it collects and delivers products to its 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).

5. Other important items for the preparation of the consolidated financial statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial differences related to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(Significant accounting estimates)

Valuation of shares of subsidiaries and associates

(1) Amounts reported in the financial statements for the current fiscal year

Loss on valuation of shares of subsidiaries and associates: —million yen, shares of subsidiaries and associates: 14,786 million yen

(Of which, MK LOGI Co., Ltd., 4,122 million yen)

Amounts reported in the financial statements for the previous fiscal year

Loss on valuation of shares of subsidiaries and associates: —million yen, shares of subsidiaries and associates: 6,823 million yen

(2) Other information that contributes to the understanding of financial statement users

(i) Calculation method

For shares of subsidiaries and associates for which no market price is available, the Company impairs the stocks when the real value of the stocks declines significantly due to a deterioration in the financial condition of the company. Normally, the real value is calculated based on the net asset value per share multiplied by the number of shares held. However, for acquired shares of subsidiaries and associates, because the acquisition price reflects excess earning power, the acquisition price and the real value reflecting excess earning power are compared to determine the impairment. The excess earning power is reflected in the real value of the asset at the appropriate book value in accordance with the calculation method described in "Notes: (Significant accounting estimates) Impairment of fixed assets (including goodwill and intangible assets)" in the Notes to Consolidated Financial Statements.

(ii) Key assumptions

Shares of subsidiaries and associates that show a significant decline when comparing their acquisition cost to their actual value (before reflecting excess earnings power) consist of 4,122 million yen for MK LOGI Co., Ltd. In recognizing the impairment of MK LOGI Co., Ltd., the excess earnings power was added to the net asset value as the actual value. The key assumptions used in evaluating such excess earning capacity are described in "Notes: (Significant accounting estimates) Impairment of fixed assets (including goodwill and intangible assets)" in the Notes to Consolidated Financial Statements.

(iii) Impact on financial statements for the following fiscal year

In the event of impairment of excess earning capacity, there is a risk of a valuation loss on such shares. Impairment of excess earning capacity is described in "Notes: (Significant accounting estimates) Impairment of fixed assets (including goodwill and intangible assets)" in the Notes to Consolidated Financial Statements.

(Change in presentation)

Loss on retirement of non-current assets, which was independently presented in the previous fiscal year, is included in "Other" in the current fiscal year because it has become insignificant in terms of amount.

As a result, "Loss on retirement of non-current assets" of 15 million yen, which was presented in non-operating expenses in the income statement for the previous consolidated fiscal year, has been reclassified as "Other" of 17 million yen.

(Additional information)

(Performance-based stock compensation plan for directors)

Notes regarding the performance-based stock compensation plan for directors are omitted since the same information is presented in "Notes: (Additional information)" to the consolidated financial statements.

(Transactions under which the Company's shares are issued to employees, etc., through a trust)

Notes regarding transactions to deliver the Company's shares to employees, etc., through the trust are omitted since the same information is presented in "Notes: (Additional information)" to the consolidated financial statements.

(Balance sheet)

*1 Receivables from and payables to subsidiaries and associates

Receivables from and payables to subsidiaries and associates are as follows.

	As of March 31, 2022	As of March 31, 2023
Short-term receivables	2,713 million yen	957 million yen
Long-term receivables	1,023 million yen	2,420 million yen
Short-term payables	6,556 million yen	7,557 million yen

(Statement of income)

*1 Major items and amounts of selling, general and administrative expenses and their approximate proportions are as follows

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Remuneration for directors (and other officers)	252 million yen	198 million yen
Payroll and allowances	870 million yen	648 million yen
Outsourcing expenses	460 million yen	607 million yen
Depreciation	202 million yen	112 million yen
Taxes and dues	340 million yen	202 million yen

(Change in presentation)

“Provision of allowance for bonuses” and “Retirement benefit expenses,” which were presented as major expense items in the previous fiscal year, are not presented in the current fiscal year because they have become immaterial in terms of amount. In the previous fiscal year, “Provision of allowance for bonuses” and “Retirement benefit expenses” amounted to 70 million yen and 19 million yen, respectively.

Approximate percentage		
Selling expenses	10%	6%
General and administrative expenses	90%	94%

*2 Transactions with subsidiaries and associates are as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Transactions by operating transactions		
Net sales	461 million yen	2,487 million yen
Purchases	20,014 million yen	10,529 million yen
Non-operating transactions	1,243 million yen	24 million yen

(Securities)

Shares of subsidiaries

As of March 31, 2022

Category	Carrying amount on consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Shares of subsidiaries	4,350	4,228	(121)

As of March 31, 2023

Category	Carrying amount on consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Shares of subsidiaries	4,350	8,851	4,501

(Note) Carrying amount of shares, etc., for which no market price is available not included in the above

Category	As of March 31, 2022 (million yen)	As of March 31, 2023 (million yen)
Shares of subsidiaries	2,472	10,435

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Allowance for bonuses	150 million yen	2 million yen
Provision for retirement benefits	131 million yen	—million yen
Allowance for doubtful accounts	1 million yen	1 million yen
Accrued enterprise tax	83 million yen	14 million yen
Excess depreciation	57 million yen	55 million yen
Loss on valuation of shares of subsidiaries and associates	62 million yen	62 million yen
Asset retirement obligations	137 million yen	112 million yen
Adjustment of book value of investments	64 million yen	64 million yen
Shares of subsidiaries and associates following corporate separation	—million yen	224 million yen
Other	79 million yen	69 million yen
Subtotal of deferred tax assets	768 million yen	607 million yen
Valuation allowance	—million yen	(346) million yen
Total deferred tax assets	768 million yen	260 million yen
Deferred tax liabilities		
Pension assets	(59) million yen	—million yen
Guarantee deposits	(10) million yen	—million yen
Asset retirement expenses	(68) million yen	(42) million yen
Valuation difference on available-for-sale securities	(515) million yen	(1,313) million yen
Total deferred tax liabilities	(653) million yen	(1,356) million yen
Net deferred tax assets (liabilities)	(114) million yen	(1,096) million yen

2. Breakdown of the difference between the statutory effective tax rate and the effective tax rate after the application of tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate	29.9%	29.9%
(Adjusted)		
Entertainment expenses and other items not permanently deductible for tax purposes	0.2%	0.2%
Permanently deductible items such as dividend income, etc.	(5.2)%	(8.2)%
Per capita inhabitant tax, etc.	0.8%	0.4%
Retained earnings tax	0.5%	-%
Increase/decrease in valuation allowance	0.0%	7.5%
Other	(0.3)%	-%
Effective tax rate after application of tax effect accounting	26.5%	30.1%

(Business combinations, etc.)

Notes are omitted because the same information is presented in “Notes: (Business combinations, etc.)” in the consolidated financial statements.

(Revenue recognition)

The information that forms the basis for understanding revenues arising from contracts signed with the customers is identical to that presented in the “Notes (Revenue recognition),” and therefore, notes have been omitted.

(Significant subsequent events)

The same information is presented in “Notes (Significant subsequent events)” of the consolidated financial statements, and thus has been omitted.

(iv) Supplementary schedules

[Property, plant and equipment schedule]

(million yen)

Category	Types of assets	Balance at beginning of period	Increase	Decrease	Amortisation for the fiscal year	Balance at end of period	Accumulated depreciation/ amortisation
Property, plant and equipment	Buildings	10,511	369	3,307	284	7,573	4,503
	Structures	844	8	395	11	457	396
	Machinery and equipment	1,112	471	1,584	80	-	-
	Vehicles	401	11	413	3	-	-
	Tools, furniture and fixtures	1,210	116	1,266	86	61	23
	Land	4,144	7,631	147 (147)	-	11,628	-
	Leased assets	33	-	33	2	-	-
	Construction in progress	2,515	120	1,512	-	1,123	-
	Total	20,775	8,729	8,660 (147)	468	20,844	4,923
Intangible assets	Trademark rights	1	-	-	0	1	1
	Leased assets	4	-	4	0	-	-
	Software	1,169	44	1,214	104	-	-
	Telephone subscription rights	31	-	-	-	31	-
	Software in progress	-	37	5	-	32	-
	Right to use water facilities	0	-	-	0	0	0
	Total	1,206	82	1,229	104	65	1

(Notes) 1. Figures in parentheses in the decrease in the current fiscal year indicate the amount of impairment losses recorded.

2. Major items in the increase in the current fiscal year are as follows.

Land	Site for new food distribution center	7,631 million yen

3. Major items in the decrease in the current fiscal year are as follows.

Buildings	Succession by company split	3,106 million yen
Machinery and equipment	Succession by company split	1,584 million yen
Tools, furniture and fixtures	Succession by company split	1,246 million yen
Construction in progress	Site for new food distribution center	1,512 million yen
Software	Succession by company split	436 million yen

4. The balances at the beginning and end of the current fiscal year are stated based on the acquisition cost.

[Provisions schedule]

(million yen)

Item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	3	1	1	3
Allowance for bonuses	501	8	501	8
Provision for share awards for directors	22	6	4	24
Provision for share awards for employees	30	-	30	-

(2) Details of major assets and liabilities

Omitted because consolidated financial statements are prepared.

(3) Other

Not applicable.

VI. Overview of the stock-related administration of the Company

Business year	Every year from April 1 to March 31 of the subsequent calendar year
Ordinary General Meeting of Shareholders	Every year in June
Record date	Every year on March 31
Record date for dividends of surplus	Record date for year-end dividend: Every year on March 31 Record date for interim dividend: Every year on September 30 The Company may set record dates and pay dividends of surplus in addition to the aforementioned.
Number of shares per unit	100 shares
Repurchase of shares less than one unit	
Handling office	(Special account) Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department of the Head Office 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register manager	(Special account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Forwarding address	-
Fees for repurchase	Free of charge
Method of public notice	The Company's method of public notice is electronic public notice. However, public notice shall be made by publication in The Nihon Keizai Shimbun in the event that electronic public notice is not possible due to an accident or unavoidable circumstances otherwise. The URL for public notice of the Company is as follows. https://www.az-com-maruwa-hd.co.jp
Special benefits for shareholders	Not applicable.

(Note) Shareholders of the Company are not entitled to exercise their rights pertaining to any shareholdings constituting less than one share unit, aside from the following rights.

(1) The rights provided for in each item of Article 189, paragraph (2) of the Companies Act

(2) The right to make a request provided for in the provision of Article 166, paragraph (1) of the Companies Act

(3) The rights to receive allotment of shares for subscription and allotment of subscription rights to shares based on the number of shares held by the shareholder

VII. Reference information on the Company

1. Information on the Company's parent company

The Company does not have a parent company as defined in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

The Company filed the following documents during the period extending from the start date of the current business year until the filing date of the Securities Report.

(1) Securities Report and accompanying attachments and confirmation letter

The 49th business year (from April 1, 2021 to March 31, 2022): Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

(2) Internal Control Report and accompanying attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

(3) Quarterly Reports and confirmation letters

The first quarter of the 50th fiscal year (from April 1, 2022 to June 30, 2022): Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2022

The second quarter of the 50th fiscal year (from July 1, 2022 to September 30, 2022): Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2022

The third quarter of the 50th fiscal year (from October 1, 2022 to December 31, 2022): Filed with the Director-General of the Kanto Local Finance Bureau on February 10, 2023

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

The Extraordinary Report is based on Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act and Article 19, paragraph (2), item (ix)-2 (Results of Exercise of Voting Rights at General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Part II. Information on guarantors, etc., of the Company

Not applicable.

Independent Auditor's Report and Internal Control Audit Report

June 30, 2023

AZ-COM MARUWA Holdings Inc.
To: Board of Directors

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Shigeki Hiki
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichi Matsumoto

[Audit of financial statements]

Audit Opinion

We have audited the accompanying consolidated financial statements of AZ-COM MARUWA Holdings Inc. (the former company name: MARUWA UNYU KIKAN CO., LTD.) listed in the "Status of Accounting" section from April 1, 2022 to March 31, 2023; namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, significant items serving as the basis for preparation of consolidated financial statements, other notes, and consolidated supplementary schedules, for the purpose of providing audit certification in accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AZ-COM MARUWA Holdings Inc. (the former company name: MARUWA UNYU KIKAN CO., LTD.) and its consolidated subsidiaries as of March 31, 2023, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

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

Key Audit Considerations

Key audit considerations are those matters that, in the auditor's professional judgment, are particularly important in the context of an audit of the consolidated financial statements for the current fiscal year. Major audit considerations are matters that were addressed in the course of performing the audit of the consolidated financial statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

<table>
<tr><td colspan="2">Accounting for the business combination (MK LOGI Co., Ltd.)</td></tr>
<tr><td>Description of major audit considerations and reasons for decisions</td><td>Audit responses</td></tr>
<tr><td>As described in the Notes (Business combinations, etc.), the Company acquired the shares of MK LOGI Co., Ltd. (hereinafter referred to as “MK”) on July 29, 2022, making MK and its one subsidiary consolidated subsidiary. The consideration for the acquisition was 4,044 million yen, and the business combination resulted in goodwill of 1,972 million yen and intangible assets of 2,321 million yen.
The Company conducts valuations of intangible assets by outside experts as high expertise is required in the determination of valuation methods and calculation of discount rates, which are used as the basis for the determination of the valuation amount.
Goodwill and intangible assets that arose from the acquisition of MK shares are important for the users of the non-consolidated financial statements to understand our financial situation, but accounting for business combinations through acquisition is not an ordinarily occurring accounting event, and it is necessary to comprehensively understand available information, requiring a complex consideration of accounting such as the method of calculation and allocation of the acquisition cost.
Based on the above, we believe that accounting for the business combination of MK is particularly important in auditing the consolidated financial statements for the current fiscal year, and we determined that it is a key audit consideration.</td><td>We primarily conducted the following audit procedures when considering accounting for the business combination of MK.
- We questioned management and viewed relevant minutes and agreements, etc., to understand the purpose of the transaction, the business lines of the acquired company and the business environment, and consider the accuracy of the acquisition cost.
- By reviewing the minutes of the board of Directors meetings, questions to management, and analysis of trends based on past performance, we understood how MK’s business plan as of the date of the business combination was prepared, and evaluated the assumptions used by the management.
- With regard to the sales growth rate, which is a key assumption underlying the business plan, we compared the sales growth rate adopted in the business plan with the most recent available external data related to the market forecast and analyzed trends from past performance to examine the assessment of future uncertainties made by the management.

Furthermore, we involved evaluation specialists from our network firms to perform the following audit procedures.
- We evaluated the qualifications, competence, and objectivity of the external experts used by the management.
- We reviewed the share price valuation report prepared by the external experts used by the management and evaluated the valuation methodologies and assumptions applied.
- We reviewed the intangible asset valuation reports prepared by the external experts used by the management and evaluated the valuation methodologies and assumptions applied to the customer-related assets.</td></tr>
</table>

<table>
<tr><td colspan="2">Evaluation of goodwill and intangible assets pertaining to MK LOGI Co., Ltd.</td></tr>
<tr><td>Description of major audit considerations and reasons for decisions</td><td>Audit responses</td></tr>
<tr><td>The non-current assets of 41,736 million yen (37% of total assets) recorded on the Company's consolidated balance sheet at the end of the current fiscal year includes non-current assets of 4,743 million yen (including 1,883 million yen in goodwill, and 2,238 million yen in customer-related assets included in intangible assets) of MK LOGI Co., Ltd. (hereinafter referred to as "MK") acquired in July 2022 for the purpose of strengthening functions in the EC logistics business.
As stated in Notes: (Significant accounting estimates) Impairment of non-current assets (including goodwill and intangible assets), in the event there are indications that the carrying amount of asset groups including goodwill recorded due to the acquisition may not be recoverable, the undiscounted future free cash flows of the asset group are calculated to determine recognition of impairment losses.
Undiscounted future free cash flows are prepared based on the business plan approved by the Board of Directors. The key assumption in the formulation of the business plan is the growth rate of sales of the market to which customers considered to be uncertain in future belong.
The undiscounted future free cash flows estimated considering this assumption fluctuate due to external factors chiefly including market conditions, and the degree of uncertainty and subjective judgment of management increase due to the prolonged period of estimation.
Based on the above, we believe that evaluation of goodwill and intangible assets recorded due to the acquisition of MK is particularly important in auditing the consolidated financial statements for the current fiscal year, and we determined that it is a key audit consideration.</td><td>We primarily performed the following audit procedures to consider evaluation of goodwill and intangible assets pertaining to MK.
- In order to evaluate the assumptions of estimates by management, we considered the status of achievement of the business plan at the time of acquisition of MK and whether there were any changes in the business environment by viewing relevant materials such as internal materials on determination of indications of impairment and minutes of the Board of Directors.
- We examined the determination by management as to whether there were indications of impairment by performing comparative analysis of the future business plan at the time of acquisition and the most recent performance.
- In order to examine the assumptions used in determining the recognition of impairment losses, we compared the total undiscounted future cash flows to the carrying amount.

As for the estimated future cash flows, we mainly performed the following procedures.
- We reviewed whether the future cash flows were estimated based on the understanding of the budget assumptions for the next fiscal year as well as the understanding of the situation by location and customers' situation (e.g., the status of transactions with major customers and negotiations with them).
- We conducted sensitivity analysis considering the risk of future fluctuations to evaluate the impact of the key assumption on the non-consolidated financial statements.</td></tr>
</table>

Other Information

Other information is the information contained in the Annual Securities report that is information other than the consolidated financial statements, the non-consolidated financial statements and the audit reports for these. Management has the responsibility to prepare and disclose other information. Furthermore, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for other information.

Our audit opinion on the consolidated financial statements does not include other information, and we do not express an opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the process of reading through, consider whether there are any material differences between the other information and the consolidated financial statements or knowledge we gain in the auditing process, and to pay attention to whether there are any indications of material errors in the other information other than such material differences.

In the event we determine that there is a material error in the other information based on the work performed, we are required to report that fact.

We have nothing to report concerning other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management has the responsibility to prepare and appropriately represent the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal controls deemed to be necessary by management for preparing and appropriately representing the consolidated financial statements without material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following.

- Identify and assess the risk of material misstatement due to fraud or error. Also, plan and perform audit procedures that address the risks of material misstatement. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.
Of the matters discussed with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we have decided matters determined to be particularly important in the auditing of the consolidated financial statements for the current fiscal year as key audit considerations, and state these in the audit report. However, these matters are not stated in cases where the public announcement of the matters is prohibited by laws and regulations, etc., and in cases we deem that they should not be reported because, although very limited, the detriment arising from reporting in the audit report es reasonably expected to exceed the public interest.

<Internal control audit>
Audit Opinion

We have audited the internal control report as of March 31, 2023 of AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.) for the purpose of providing audit certification in accordance with the provisions of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act.
In our opinion, the above internal control report in which AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.) represents that the internal controls on financial reporting are valid as of March 31, 2023 conforms with standards for evaluation of internal controls on financial reporting generally accepted in Japan, and that the results of evaluation of internal controls on financial reporting are presented fairly, in all material respects.

Basis for Audit Opinion
We conducted our internal control audit in accordance with auditing standards for internal controls on financial reporting generally accepted in Japan. Our responsibilities under the standards for auditing of internal controls on financial reporting are further described in the Auditor’s Responsibilities for the Internal Control Audit section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report
Management has the responsibility to establish and operate internal controls on financial reporting, and prepare and appropriately represent the internal control report in accordance with standards for evaluation of internal controls on financial reporting generally accepted in Japan
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and verifying the status of establishment and operation of internal controls on financial reporting.
It is possible that false statements in financial reporting may not be completely prevented or discovered through internal controls on financial reporting.
Auditor’s Responsibilities for the Internal Control Audit
Our responsibilities are to obtain reasonable assurance about whether the internal control report free from material misstatement based on our internal control audit, and to issue an internal control auditor’s report that includes our opinion on the internal control report based on our audit from an independent point of view.
In accordance with auditing standards for internal controls on financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following.

- Perform audit procedures for obtaining audit evidence on results of evaluation of internal controls on financial reporting in the internal control report. The audit procedures of the internal control audit are selected and applied at our discretion based on the significance of the impact on reliability of financial reporting.
- Consider the representation of the internal control report as a whole including the scope of evaluation of internal controls on financial reporting, and the statements by management on evaluation procedures and evaluation results.
- Obtain adequate and appropriate audit evidence on results of evaluation of internal controls on financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, the results of the internal control audit, significant deficiencies in internal controls that should be disclosed that are identify during our audit, the results of rectification thereof and other matters required by standards for auditing of internal control.
We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest
Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

End

(Notes) 1. The original of the above auditor's report is stored separately by the Company (company filing the Annual Securities Report).

2. XBRL data is not included in the scope of the audit.

Independent Auditor's Report

June 30, 2023

AZ-COM MARUWA Holdings Inc.
To: Board of Directors

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Shigeki Hiki
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichi Matsumoto

Audit Opinion

We have audited the accompanying non-consolidated financial statements of AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.) listed in the "Status of Accounting" section for the purpose of providing audit certification in accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act stated in "Status of accounting" for the 50th fiscal year from April 1, 2022 to March 31, 2023; namely, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies, other notes, and non-consolidated supplementary schedules.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.) as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

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

Key Audit Considerations

Key audit considerations are those matters that, in the auditor's professional judgment, are particularly important in the context of an audit of the non-consolidated financial statements for the current fiscal year. Major audit considerations are matters that were addressed in the course of performing the audit of the non-consolidated financial statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

<table>
<tr><td colspan="2">Evaluation of stock of MK LOGI Co., Ltd.</td></tr>
<tr><td>Description of major audit considerations and reasons for decisions</td><td>Audit responses</td></tr>
<tr><td>The 14,801 million yen (20% of total assets) in shares of subsidiaries and associates recorded on the non-consolidated balance sheet at the end of the current fiscal year includes the 4,122 million yen investment in MK LOGI Co., Ltd. (hereinafter referred to as “MK”), which is an unlisted subsidiary acquired in July 2022 for the purpose of strengthening functions in the EC logistics business.
As stated in Note (Significant Accounting Estimates) Valuation of Shares of Affiliates, when the real value of shares of an affiliate for which no market price is available declines significantly due to deterioration in the financial condition of the company, the shares must be written down.
The acquisition price of MK shares reflects excess earning power. When considering whether or not impairment is necessary, the acquisition cost and real value with excess earning power added are compared, and the excess earning power included in the real value is evaluated based on the business plan formulated by the Board of Directors. The key assumption in the formulation of the business plan is the growth rate of sales of the market to which customers considered to be uncertain in future belong.
The real value estimated considering this assumption fluctuate due to external factors chiefly including market conditions, and the degree of uncertainty and subjective judgment of management increase due to the prolonged period of estimation.
Based on the above, we believe that evaluation of MK shares is particularly important in auditing the consolidated financial statements for the current fiscal year, and we determined that it is a key audit consideration.</td><td>We primarily conducted the following audit procedures when considering the evaluation of MK shares.
- In order to evaluate the assumptions of estimates by management related to the excess earning power included in the acquisition value of MK shares, we considered the status of achievement of the business plan at the time of acquisition of MK and whether there were any changes in the business environment by viewing relevant materials such as internal materials on determination of indications of impairment and minutes of the Board of Directors.
- We examined the decision-making process by management as to whether there were indications of impairment by performing comparative analysis of the future business plan at the time of acquisition and the most recent performance.
- In order to examine the decision-making process in recognizing impairment losses, we compared the total undiscounted future cash flows to the carrying amount.

As for the estimated future cash flows, we mainly performed the following procedures.
- We reviewed whether the future cash flows were estimated based on the understanding of the budget assumptions for the next fiscal year as well as the understanding of the situation by location and customers’ situation (e.g., the status of transactions with major customers and negotiations with them).
- We conducted sensitivity analysis considering the risk of future fluctuations to evaluate the impact of the key assumption on the non-consolidated financial statements.</td></tr>
</table>

Other Information

Other information is the information contained in the Annual Securities report that is information other than the consolidated financial statements, the non-consolidated financial statements and the audit reports for these. Management has the responsibility to prepare and disclose other information. Furthermore, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of duties within the maintenance and operation of the reporting process for other information.

Our audit opinion on the non-consolidated financial statements does not include other information, and we do not express an opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements is to read through the other information and, in the process of reading through, consider whether there are any material differences between the other information and the non-consolidated financial statements or knowledge we gain in the auditing process, and to pay attention to whether there are any indications of material errors in the other information other than such material differences.

In the event we determine that there is a material error in the other information based on the work performed, we are required to report that fact.

We have nothing to report concerning other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management has the responsibility to prepare and appropriately represent the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal controls deemed to be necessary by management for preparing and appropriately representing the non-consolidated financial statements without material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following.

- Identify and assess the risk of material misstatement due to fraud or error. Also, plan and perform audit procedures that address the risks of material misstatement. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly represent the underlying transactions and accounting events.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.
Of the matters discussed with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we have decided matters determined to be particularly important in the auditing of the non-consolidated financial statements for the current fiscal year as key audit considerations, and state these in the audit report. However, these matters are not stated in cases where the public announcement of the matters is prohibited by laws and regulations, etc., and in cases we deem that they should not be reported because, although very limited, the detriment arising from reporting in the audit report es reasonably expected to exceed the public interest.

Conflicts of Interest
Our firm and the designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

End

(Notes) 1. The original of the above auditor's report is stored separately by the Company (company filing the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.

[Cover]

[Document Submitted]	Internal Control Report
[Article of the Applicable Law Requiring Submission of this Document]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 30, 2023
[Company Name]	AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.)
[Company Name (in English)]	AZ-COM MARUWA Holdings Inc. (Former Company Name in English: MARUWA UNYU KIKAN CO., LTD.) (Note) The company name and the English company name were changed as above effective from October 1, 2022, by a resolution of the 49th Annual General Meeting of Shareholders held on June 27, 2022.
[Position and Name of Representative]	Masaru Wasami, President & CEO
[Position and Name of the Chief Financial Officer]	Not applicable.
[Location of Head Office]	7-1 Asahi, Yoshikawa-shi, Saitama
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

1 [Matters concerning the basic framework for internal control regarding financial reporting]

Masaru Wasami, President & CEO, is responsible for the establishment and operation of internal control over financial reporting of the Company and has established and is operating internal control over financial reporting in accordance with the basic framework for internal control indicated in the "Standards for Assessment and Audit of Internal Control Over Financial Reporting and Establishment of Practice Standards for Assessment and Audit of Internal Control Over Financial Reporting (Opinion)" issued by the Business Accounting Council.

Since internal control attempts to achieve its objectives to a reasonable extent by organically linking and integrally functioning each basic element of internal control, it may be impossible to completely prevent or detect misstatements in financial reporting through internal control over financial reporting.

2 [Matters related to the scope of evaluation, base date and evaluation procedures]

The base date for the evaluation of internal control over financial reporting was March 31, 2023, the end of the current fiscal year, and the evaluation was made in accordance with generally accepted standards for the evaluation of internal control over financial reporting. In this evaluation, we evaluated internal controls that have a significant impact on the overall financial reporting on a consolidated basis (company-wide internal controls), and selected business processes to be evaluated based on the results of that evaluation. As for the evaluation of the business process, we analyzed the selected business process, identified key control points that have a significant impact on the reliability of financial reporting, and assessed the status of maintenance and operation of those control points, which led to the evaluation of the effectiveness of internal control.

For the listed subsidiary, PHYZ Holdings Inc., and the subsidiaries of the listed subsidiary, we used the evaluation results of the internal control over financial reporting of the listed subsidiary.

With respect to the Company and its 20 consolidated subsidiaries, the extent to which the evaluation of internal control over financial reporting was necessary was determined from the perspective of the materiality of its impact on the reliability of financial reporting. The materiality of the impact on the reliability of financial reporting was based on the materiality of the monetary and qualitative impact, and the evaluation scope of internal control over business processes was reasonably determined considering the results of the evaluation of company-wide internal control.

Three consolidated subsidiaries are not included in the scope of evaluation of company-wide internal control as they are deemed to be immaterial in terms of monetary and qualitative importance.

The scope of evaluation of internal control over business processes was determined by adding up the sales (after elimination of inter-company transactions) of the Company and its consolidated subsidiaries (in the case of listed subsidiaries, the corporate group including subsidiaries of such listed subsidiaries) for the consolidated fiscal year, beginning with the business location with the highest sales (after elimination of inter-company transactions). Four business locations (three companies and one corporate group) that contributed approximately 2/3 of the total sales were designated as "important business locations." With respect to the selected significant business locations, the business processes leading to net sales, Accounts receivable—trade, chartered vehicle fees out of Cost of sales, Accounts payable—trade, and Non-current assets were subject to evaluation, as these accounts are significantly related to the business objectives of the Company. In addition, business processes related to important accounts that involve estimates and forecasts with a high likelihood of material misstatement, and business processes related to businesses or operations that engage in high-risk transactions are added to the scope of evaluation as material business processes in consideration of their impact on financial reporting.

3 [Matters related to evaluation results]

Based on the results of the above evaluation, we concluded that the Company's internal control over financial reporting as of March 31, 2023 was effective.

4 [Appendix]

Not applicable.

5 [Notes]

Not applicable.

[Cover]

[Document Submitted]	Certificate of Confirmation
[Article of the Applicable Law Requiring Submission of this Document]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	June 30, 2023
[Company Name]	AZ-COM MARUWA Holdings Inc. (Former Company Name: MARUWA UNYU KIKAN CO., LTD.)
[Company Name (in English)]	AZ-COM MARUWA Holdings Inc. (Former Company Name in English: MARUWA UNYU KIKAN CO., LTD.) (Note) The company name and the English company name were changed as above effective from October 1, 2022, by a resolution of the 49th Annual General Meeting of Shareholders held on June 27, 2022.
[Position and Name of Representative]	Masaru Wasami, President & CEO
[Position and Name of the Chief Financial Officer]	Not applicable.
[Location of Head Office]	7-1 Asahi, Yoshikawa-shi, Saitama
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

1 [Matters Concerning the Appropriateness of the Information Provided in the Annual Securities Report]

Masaru Wasami, President & CEO of the Company, has confirmed that the information in the Company's Annual Securities Report for the 50th fiscal year (from April 1, 2022 to March 31, 2023) are properly provided in accordance with the Financial Instruments and Exchange Act.

2 [Notes]

There are no special items to be noted upon confirmation.