Date of commencement of electronic provision measures: March 3, 2025

3rd Ordinary General Meeting of Shareholders Other Matters Subject to the Electronic Provision Measures (Matters for Which Document Delivery Is Omitted)

Business Report

- System for Ensuring Operational Integrity
- Overview of Operational Status of System for Ensuring Operational Integrity

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Non-Consolidated Financial Statements

- Non-Consolidated Statement of Changes in Net Assets
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The matters described in this document are omitted from the paper copy to be delivered to shareholders who made a request for delivery of such copy (a paper copy of the matters subject to electronic provision measures) in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company.

NIPPON EXPRESS HOLDINGS, INC.

System for Ensuring Operational Integrity

The system to ensure that business execution by Directors of NIPPON EXPRESS HOLDINGS, INC. (hereinafter, "NXHD") and the NX Group complies with laws and the Articles of Incorporation and other systems to ensure operational integrity resolved by the Board of Directors, are as follows:

(1) Systems to Ensure That the Execution of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

1) The NXHD Board of Directors consists of Directors, including Outside Directors, and in accordance with laws, regulations, the articles of incorporation, "Board of Directors Regulations," and "Board of Directors Meeting Agenda Standards," makes decisions on important matters that affect the entire group and oversees the execution of business operations. Outside Directors shall be appointed to maintain and strengthen the board's role in overseeing the performance of duties by Directors.
2) NXHD's Representative Director and other Directors shall report to the Board of Directors on the performance of their duties and other important matters in accordance with the provisions of the Board of Directors Regulations and Board of Directors Meeting Agenda Standards.
3) NXHD's Audit and Supervisory Committee shall conduct audits in accordance with the provisions of the "Audit and Supervisory Committee Regulations" and the "Audit and Supervisory Committee Auditing Standards" to ensure that Directors perform their duties properly in accordance with laws, regulations, and the articles of incorporation.
4) NXHD's Directors, corporate officers, and employees (hereinafter referred to as "Executives and Employees") shall act in line with the "Nippon Express Group Charter of Conduct," and perform their duties accordingly. The Nippon Express Group Charter of Conduct serves as a set of standards to ensure compliance with the "Nippon Express Group Corporate Philosophy," which is the common philosophy of the NX Group, as well as laws, regulations, the articles of incorporation, other internal rules, and social norms.
5) In order to ensure thorough compliance by Executives and Employees, the Company shall appoint a Compliance Committee, establish a Compliance Promotion Division, and lay out necessary regulations such as the "Nippon Express Group Compliance Regulations," "Nippon Express Group Anti-Bribery Regulations," and "Nippon Express Group Competition Law Compliance Regulations," thereby implementing a compliance system that supports legitimate and fair corporate activities by the Group as a whole.
6) The Company shall establish the "Nippon Express Group Whistleblowing System 'Nippon Express Speak Up' Regulations" and the "Nippon Express Group Whistleblowing System 'Nippon Express Global Speak Up' Regulations" and establish the internal reporting system for the prevention, early detection, and remedy of violations of laws and regulations, misconduct, and other violations of corporate ethics by Executives and Employees.
7) The Representative Director of NXHD shall be responsible for the establishment and operation of systems to ensure the appropriateness of financial reporting, and shall establish various procedures to ensure the reliability of financial reporting in the form of the "Nippon Express Group Financial Reporting Internal Controls Assessment Regulations" and the "Nippon Express Group Accounting Regulations." In addition, the internal control department, accounting department, etc. shall establish and operate the necessary systems, etc., shall conduct ongoing evaluations to ensure that the establishment and operation of internal controls over financial reporting are functioning effectively and appropriately, and make any necessary improvements.
8) NXHD's internal audit division shall conduct audits as stipulated in the "Nippon Express Group Auditing Regulations" to ensure that Executives and Employees perform their duties properly in accordance with laws, regulations, the articles of incorporation, and other relevant rules.

(2) Basic Policy on Elimination of Antisocial Forces and Current Development Status

1) NXHD and its subsidiaries shall fully recognize that it is the social responsibility of a company to conduct its business operations in a manner that prevents any transactions with antisocial forces and groups, and shall take a firm stance in practicing social justice.
2) The basic policy of blocking all relationships with antisocial forces shall be clearly stated in

the Nippon Express Group Charter of Conduct and the Nippon Express Group Compliance Rules, and an educational system shall be established to ensure that all Executives and Employees comply with the basic policy. In addition, the Company shall set up relevant departments, such as a risk management department and a legal department, to collect information from specialized organizations, etc. on a regular basis, and to raise awareness within the Company on how to deal with antisocial forces in order to eliminate them.

3) In preparation for any problems that arise, we will, in accordance with a firm policy of never providing funds to antisocial forces, establish a system to promptly deal with the problem by closely cooperating with relevant administrative agencies, legal advisors, and other external specialized organizations.

(3) Systems Related to the Retention and Management of Information Pertaining to the Execution of the Duties of a Director

Important documents related to the execution of business operations, such as the minutes of Board of Directors meetings and Board of Executives meetings, and documents and other information (including electromagnetic records) relating to Directors' performance of their duties shall be properly stored, disposed of, and managed in accordance with the "Document Regulations," and NXHD's Directors may inspect these documents as necessary.

(4) Rules and Other Systems Related to Management of the Risk of Loss

1) The Company shall set up a risk management Department to prevent risks that may have a significant impact on the Company's operations and to establish a risk management system that enables prompt and appropriate responses to emergencies that may arise. The Group defines risk management as preventive activities to limit the occurrence of risks and minimize the damage when they occur, and crisis management as measures to deal with risks that have occurred, and will establish a system to manage these in an integrated manner.
2) Regarding risk management, the Company shall establish "Nippon Express Group Risk Management Regulations" and a "Risk Management Committee" in order to identify the risks facing the NX Group and take measures to avoid their effects in advance or minimize them after the fact. The Risk Management Committee identifies risks that may have a significant impact on the Company's operations, designates a department to deal with each risk, investigates potential countermeasures in cooperation with Group companies, and works to prevent risks arising. Reports on the status of risk countermeasures shall be received from group companies and relevant departments and confirmed, and regular reports shall be made to the Board of Directors.
3) Regarding crisis management, the Company shall establish "Nippon Express Group Crisis Management Regulations" and a "Crisis Management Committee" to develop a crisis management system to prepare for the risk of loss and enable prompt and appropriate responses to emergencies. In addition to establishing standards for reporting from Group companies for each type of crisis that may arise, the Company shall establish a meeting body for each important crisis, such as "disaster countermeasures," "infectious disease countermeasures." Even in normal times, the Company shall consider measures necessary for business continuity in the event of an emergency, and shall promptly establish a countermeasures headquarters to respond to crises when they occur.
4) For risks related to information systems, the Company shall establish an information security department and a System Risk Countermeasures Committee to discuss countermeasures against information security risks and to respond to any security incidents in cooperation with the Crisis Management Committee.
5) In order to prevent the risk of loss that may occur in the course of business, NXHD's internal audit division shall, in accordance with the "Nippon Express Group Audit Regulations," audit the status of the risk management system and the crisis management system, as well as providing guidance, advice and recommendations.

(5) Systems to Ensure That the Execution of the Duties of a Director Is Performed Efficiently

1) In accordance with the provisions of the Board of Directors Regulations and Board of Directors Meeting Agenda Standards, the board shall meet to pass resolutions on important management policies and strategies and to oversee Directors' performance of their duties.
2) In order to ensure prompt decision-making and to strengthen the oversight role of the Board of Directors, the Company shall introduce a corporate officer system. Under this system, the

execution of the Company's business is carried out by corporate officers who are appointed by the Board of Directors and assigned duties based on matters resolved by the board, with the board also overseeing their activities.

3) Decisions on important business operations shall be delegated to the President and Representative Director by resolution of the Board of Directors, within the scope specified by laws and regulations and in accordance with the Articles of Incorporation. A "Board of Executives" shall be established as a consultative body for executive divisions to discuss important matters in group management, including important business operations delegated by the Board of Directors, and individual matters regarding the execution of business operations shall be delegated to the executive officers responsible for business execution to the fullest extent possible. Delegated matters shall be clearly defined in the "Regulations on Operational Authority" and the "Approval Authority Table."
4) With respect to key group management issues, the Company shall establish a Sustainability Promotion Committee for sustainability strategies and an Investment Committee for M&A strategies, with these specialized committees holding discussions and making necessary reports. In addition, decisions regarding the establishment of important policies and the implementation of important M&A transactions shall be made by submitting proposals to the NXHD Board of Directors, and their progress shall be reported to the board on a regular basis.
5) Various measures based on management policies and important matters decided by the Board of Directors and the Board of Executives are directed and communicated to individual executive officers and representatives of group companies at meetings of the "Board of Officers" and the Group Management Committee" to facilitate information sharing and advance integrated group management.

(6) Systems to Ensure the Propriety of Business Activities of NXHD and the Corporate Group Consisting of NXHD and Group Companies

1) NXHD shall establish the Nippon Express Group Corporate Philosophy as a common philosophy for the management of its subsidiaries, the Nippon Express Group Charter of Conduct as a common guideline for all group employees to embody this philosophy, and the Nippon Express Group Business Plan as a business strategy to achieve a long-term vision based on this philosophy. In order to conduct management of subsidiaries in accordance with these business policies, the "Nippon Express Group Governance Regulations" and respective group regulations shall be established to define requirements to be observed by subsidiaries.
2) Directors and representatives of subsidiaries shall, in accordance with the Nippon Express Group Governance Regulations, the "Group Approval Authority Table," and other group rules and regulations established by NXHD, report important matters relating to corporate management to NXHD's department in charge of administrative operations.
3) In order to deal with various risks associated with subsidiaries, NXHD's risk management department shall establish a risk management system for the Group, and subsidiaries shall manage risks in cooperation with the NXHD department in charge of administrative operations. Regarding crisis management, the Company shall establish "Nippon Express Group Crisis Management Regulations" and a "Crisis Management Committee" to develop a crisis management system to prepare for the risk of loss and enable prompt and appropriate responses to emergencies. Even in normal times, the Company shall consider measures necessary for business continuity in the event of an emergency. In such an event, a countermeasures headquarters shall be promptly established, and the departments of NXHD and its subsidiaries involved in the risk of loss will cooperate to respond. For risks related to information security, the Company shall establish an information security department and a System Risk Countermeasures Committee. A risk management system shall be developed in cooperation with subsidiaries' information security departments, and the response to any security incidents shall be conducted in cooperation with the Crisis Management Committee.
4) The business of the NX Group shall be conducted by the subsidiary operating companies, and the President of NXHD shall supervise these group businesses. The President of NXHD shall, within the scope of their mandate from Board of Directors, delegate responsibilities and authority for the execution of business operations to subsidiaries. These shall be set forth in the Nippon Express Group Governance Regulations, the Group Approval Authority Table, and other relevant regulations. Of the Company's subsidiaries, the Company that oversees a specific region or a specific business is designated as the controlling company. The controlling company shall draw up a business plan for the region or business it oversees based

on the Nippon Express Group Business Plan, bring together the subsidiaries under its control, and work to implement the plan. Subsidiaries shall promote their businesses in accordance with these policies and establish a Board of Directors or a meeting body to deliberate important matters in accordance with the laws and regulations of each country, and shall execute their duties in accordance with the regulations for the Board of Directors that clarify the responsibilities and roles of these meeting bodies. NXHD and the controlling company shall oversee the performance of the subsidiaries' duties through part-time Directors dispatched from NXHD to the Board of Directors of subsidiaries and by other means. The representatives of subsidiaries and the Directors responsible for them shall report to the Board of Directors on the progress of business plans and the development of internal control, risk management, and other systems, and shall also regularly report to the President and Representative Director of NXHD and the relevant departments in charge.

5) With respect to the execution of business operations by subsidiaries, NXHD establishes the Nippon Express Group Charter of Conduct as common guidelines for the Group, and subsidiaries' Executives and Employees shall act in line with the charter and perform their duties accordingly. In order to conduct sound, transparent, and fair business activities in accordance with laws, regulations, social norms such as morals and ethics, and internal rules and regulations, NXHD's compliance promotion division shall establish regulations such as the "Nippon Express Group Compliance Regulations," "Nippon Express Group Anti-Bribery Regulations," and "Nippon Express Group Competition Law Compliance Regulations." Subsidiaries' compliance promotion divisions shall follow these regulations to establish effective compliance systems that take into account the business characteristics, regional characteristics, etc. of each subsidiary, and shall perform the necessary inspections and oversight to confirm the effectiveness of such.
6) In order to prevent violations of laws and regulations, misconduct, and other violations of corporate ethics at subsidiaries, or to detect and remedy such violations at an early stage, NXHD has established the "Nippon Express Group Whistleblowing System 'Nippon Express Speak Up' Regulations" and the "Nippon Express Group Whistleblowing System 'Nippon Express Global Speak Up' Regulations" and has developed a system to establish whistleblowing contact points that can be used by the Executives and Employees of subsidiaries, thereby enhancing the effectiveness of compliance.
7) With respect to systems for ensuring the appropriateness of financial reporting by subsidiaries, the representatives of subsidiaries shall be responsible for establishing and operating effective internal controls over financial reporting at the business locations under their control in accordance with the "Nippon Express Group Financial Reporting Assessment Regulations," "Nippon Express Group Accounting Regulations," etc. Ongoing evaluations shall be performed regarding the status of such systems' establishment and operation, and the status of such evaluations shall be reported to the Representative Director of NXHD. In addition, the NXHD internal control department, accounting department, etc. shall conduct ongoing evaluations to ensure that the establishment and operation of internal controls over financial reporting are functioning effectively and appropriately, and issue instructions regarding any necessary improvements.
8) In order to perform their duties regarding a consolidated business perspective and consolidated financial statements, NXHD's Audit and Supervisory Committee shall conduct auditing for the Company's subsidiaries.
9) In order to prevent inappropriate transactions or accounting procedures between NXHD and its subsidiaries, etc., NXHD's Audit and Supervisory Committee shall collaborate with NXHD's internal audit division, and the Audit & Supervisory Board Members and internal audit divisions of the subsidiaries, and strive to conduct efficient audits.
10) NXHD's internal audit division shall conduct audits as stipulated in the Nippon Express Group Auditing Regulations to ensure that the business operations of subsidiaries are properly conducted in accordance with laws, regulations, the articles of incorporation, and other relevant rules, as well as providing guidance, advice, and recommendations.

(7) Matters Related to Directors and Employees Who Assist the Audit and Supervisory Committee in Its Duties and Matters Related to Ensuring the Effectiveness of Instructions to Such Directors and Employees

Regarding matters related to assisting the duties of NXHD's Audit and Supervisory Committee, the "Audit and Supervisory Committee Staff" of the Internal Auditing Division, which is

NXHD's internal audit division, shall follow the instructions of the Audit and Supervisory Committee.

(8) Matters Related to the Independence of the Directors and Employees in the Preceding Item from Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee)
The prior consent of the Audit and Supervisory Committee shall be obtained for the appointment of Audit and Supervisory Committee Staff.

(9) Systems for Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee) and Employees to Report to the Audit and Supervisory Committee, Systems for Directors, Company Auditors, Employees and Staff Executing Operations of the NXHD's Subsidiaries or Persons Who Receive Reports from These Persons to Report to the NXHD's Audit and Supervisory Committee, and Systems to Ensure That Persons Who Make Such Reports Are Not Treated Disadvantageously for Doing So.
NXHD directors (excluding directors who are members of the Audit and Supervisory Committee) and the directors and company auditors, etc. of subsidiaries shall report the following matters to the NXHD's Audit and Supervisory Committee without delay, either directly or via the NXHD department in charge of administrative operations. In addition, laws and regulations shall be observed to ensure that those who make such reports are not treated disadvantageously for doing so;
1) Important business matters and implementation status of internal audits
2) Serious violations of laws, regulations, or the articles of incorporation, or misconduct in connection with the performance of duties
3) Matters that may cause significant damage to the Company

(10) Other Systems to Ensure That Audits by the Audit and Supervisory Committee Are Conducted Effectively
1) In addition to attending meetings of the Board of Directors, NXHD's Audit and Supervisory Committee Members shall attend meetings of the Board of Executives, the Board of Officers and other important company meetings in order to understand important decision-making processes and the status of the execution of business operations. In the event that they are unable to attend such meetings, the Audit and Supervisory Committee Members shall receive explanations of the matters discussed and inspect the relevant materials.
2) NXHD's Audit and Supervisory Committee and its members shall hold regular meetings with the Representative Director to exchange opinions on business policies, issues the Company should address, risks facing the Company, the state of the environment for audit by the Audit and Supervisory Committee, important auditing issues, etc., and strive to deepen mutual recognition and trust.
3) NXHD's Audit and Supervisory Committee shall, in accordance with the rules on "Important Documents to be Distributed to Audit and Supervisory Committee Members," inspect major approval request documents and other important documents relating to the execution of business operations, request explanations from directors (excluding directors who are members of the Audit and Supervisory Committee), executive officers or employees as necessary, and express their opinions.
4) NXHD's Audit and Supervisory Committee shall collaborate with NXHD's Internal Auditing Division and the accounting auditors to improve the effectiveness of audits.
5) In order to ensure that audits by the NXHD Audit and Supervisory Committee are organized and efficient, the appointment and dismissal of the head of NXHD's Internal Auditing Division, which is the Group's internal audit control division, shall be subject to the prior approval of the Audit and Supervisory Committee.
6) The NXHD Audit and Supervisory Committee may receive reports from NXHD's Internal Auditing Division on audit results and other audit-related matters on a regular basis or at any time when necessary, and may give specific instructions to the internal audit division as necessary. In addition, the authority of the Audit and Supervisory Committee to give instructions and orders to the Internal Auditing Division shall be ensured, including the authority to give instructions to the Internal Auditing Division regarding the formulation of internal audit plans and other important audit-related matters, and in the event of any conflict between the instructions of the Audit and Supervisory Committee and those of the President, the instructions of the Audit and Supervisory Committee shall take precedence.

7) NXHD's Audit and Supervisory Committee shall collaborate with the accounting auditors to improve the effectiveness of audits.
8) If deemed necessary, NXHD's Audit and Supervisory Committee may engage attorneys, certified public accountants, consultants, and other outside experts to support the Audit and Supervisory Committee's audits, and the Company shall bear any costs incurred in doing so.

Overview of Operational Status of System for Ensuring Operational Integrity

The following is an overview of the operational status of the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring operational integrity.

(1) Compliance initiatives
Regarding compliance initiatives, the Compliance Committee, which is chaired by the President and Representative Director, has been established to promote compliance within the NX Group. The Compliance Committee is briefed on all internal reporting received at the contact points established within and outside the Company, and verifies its contents, policies on addressing the issue, and the operational status of the related system, among other matters. The corporate officer in charge reports on the initiatives of the Compliance Committee to the Board of Directors.

(2) Risk management initiatives
For risk management, the NX Group has established a Risk Management Committee, which is chaired by the President and Representative Director, to promote a risk management culture in the NX Group. The Risk Management Committee is responsible for identifying risks at each NX Group company, formulating plans to address those risks, and monitoring the status of implementation of risk countermeasures. In addition, the corporate officer in charge reports on the initiatives of the Risk Management Committee to the Board of Directors.

(3) Internal audit initiatives
With regard to internal audit initiatives, the NX Group has established an Internal Audit Division, which conducts internal audits of domestic and overseas subsidiaries, as well as internal control audits related to financial reporting in accordance with the Financial Instruments and Exchange Act. In accordance with the “NX Group Auditing Regulations,” independent and objective assurance and advisory activities are conducted for the purpose of ensuring the proper execution of business operations, improving management efficiency, and contributing to the efficiency and improvement of business operations. Internal audits overseas have been conducted with an independent auditor under the jurisdiction of the Internal Auditing Division of the Company assigned to the subsidiary that controls each region overseas, and the roles, functions, and reporting lines of the Audit Division have also been organized and strengthened. With regard to internal control audits, the Company audits the development and operation of “internal control over reliability of financial reporting,” evaluates the effectiveness of internal control, and performs procedures in accordance with the internal control reporting system. The director in charge reports to the Board of Directors on the status of internal audits and audit results.

(4) Audit initiatives by Audit and Supervisory Committee Members
The Audit and Supervisory Committee executes its duties in an organized and efficient manner by utilizing the Company’s internal control system, etc. based on the system for cooperation with the internal audit division, etc., the status of the establishment and operation of other internal control systems, and have Audit and Supervisory Committee Members attend important meetings and inspect relevant materials to grasp the procedure for important decision-making and the execution status of business. In addition, in the event there is insufficient information gathered for auditing, full-time Audit and Supervisory Committee Members make efforts to actively collect internal information from Directors and related divisions, taking into account the function of a full-time Audit and Supervisory Committee Member. In addition, the Audit and Supervisory Committee regularly exchanges information and opinions with the Representative Director regarding the reporting system to the Audit and Supervisory Committee, the status of improvements in other environment of auding and other matters, and important issues in auditing, etc., as well as confirming the basic management policies of the Company, issues to be addressed and risks surrounding the Company.

Consolidated Statement of Changes in Equity (January 1, 2024–December 31, 2024)

(Unit: Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Fair value of effective portion of cash flow hedges
Beginning of period	70,175	23,267	634,536	(20,542)	42,014	50,149	(3)
Profit for the year			31,733				
Other comprehensive income					6,562	32,083	(20)
Comprehensive income	–	–	31,733	–	6,562	32,083	(20)
Purchase of treasury shares				(10,540)			
Disposal of treasury shares		(0)		183			
Cancellation of treasury shares		(27,957)		27,957			
Dividends			(26,215)				
Share-based compensation transactions		(75)					
Changes in ownership interests in subsidiaries		(44)	(0)				
Transfer from retained earnings to capital surplus		4,810	(4,810)		–		
Transfer from other components of equity to retained earnings			34,172		(13,588)		
Total transactions with owners	–	(23,267)	3,146	17,600	(13,588)	–	–
Balance at end of the year	70,175	–	669,416	(2,941)	34,989	82,232	(23)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method	Total			
Beginning of period	–	464	92,625	800,062	17,743	817,806
Profit for the year			–	31,733	1,267	33,000
Other comprehensive income	20,583	(364)	58,845	58,845	711	59,557
Comprehensive income	20,583	(364)	58,845	90,578	1,979	92,557
Purchase of treasury shares			–	(10,540)		(10,540)
Disposal of treasury shares			–	183		183
Cancellation of treasury shares				–		–
Dividends			–	(26,215)	(621)	(26,836)
Share-based compensation transactions			–	(75)		(75)
Changes in ownership interests in subsidiaries			–	(44)	(2)	(47)
Transfer from retained earnings to capital surplus				–		–
Transfer from other components of equity to retained earnings	(20,583)		(34,172)	–	–	–
Total transactions with owners	(20,583)	–	(34,172)	(36,692)	(623)	(37,316)
Balance at end of the year	–	100	117,298	853,949	19,099	873,048

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Notes to the Consolidated Financial Statements

(Notes on Significant Matters Underlying the Preparation of Consolidated Financial Statements)

1. Standards for preparation of consolidated financial statements
   The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as stipulated in Article 120, Paragraph 1 of the Regulations on Corporate Accounting. However, pursuant to the provision in the second sentence of the same paragraph, certain disclosures and notes required under IFRS Accounting Standards are omitted.

2. Scope of consolidation
   A. We have 291 subsidiaries.
      Names of major consolidated subsidiaries are listed in "Business Report 1. Status of the Company (6) Significant Subsidiaries."
      In addition, two companies including NX Engineering Co., LTD. have been included in the scope of consolidation due to new establishment and 60 companies including cargo partner GmbH have been included in the scope of consolidation due to acquisition of shares from the fiscal year under review. Meanwhile, 30 companies including Nittsu Matsumoto Unyu K.K. have been excluded from the scope of consolidation due to liquidation, and NX Transport Service Co., Ltd. has been excluded from the scope of consolidation due to a merger.

3. Application of the equity method
   A. Companies accounted for using the equity method
      Associates: 48 companies including Meitetsu Transportation Co., Ltd. (currently Meitetsu NX Transportation Co., Ltd.)

4. Accounting policies
   A. Basis and method for the valuation of significant assets
   (1) Financial instruments
      1) Financial assets (excluding derivatives)
         (i) Initial recognition and measurement
            The Group initially recognizes trade and other receivables on the date incurred. Other financial assets are initially recognized on the transaction date on which the Group became a party to the contract for such financial assets.
            All financial assets are measured at fair value upon initial recognition. However, in cases where they are not categorized as financial assets measured at fair value through profit or loss, they are measured at the amount of the fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.
         (ii) Classification
            (a) Financial assets measured at amortized cost
               Financial instruments are classified into financial assets measured at amortized costs if they satisfy both of the following requirements:
               - The financial assets are held within a business model with the objective to hold financial assets to collect the contractual cash flows; and
               - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal balance on a given date.
            (b) Debt instruments measured at fair value through other comprehensive income
               Financial instruments are classified into debt instruments measured at fair value through other comprehensive income if they satisfy both of the following requirements:
               - The financial assets are held within a business model where objectives are achieved through both collecting contractual cash flows and selling financial assets; and
               - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal balance on a given date.

(c) Equity instruments measured at fair value through other comprehensive income
At initial recognition, equity instruments designated to recognize changes in fair value through other comprehensive income are classified into equity instruments measured at fair value through other comprehensive income.

(d) Financial assets measured at fair value through profit or loss
Financial assets other than the above are classified into financial assets measured at fair value through profit or loss.

(iii) Subsequent measurement

(a) Financial assets measured at amortized cost
The effective interest method is used to measure financial assets measured at amortized cost, and any interest accrued is included in finance income on the consolidated statement of profit or loss.

(b) Financial assets measured at fair value through other comprehensive income

- Debt instruments measured at fair value through other comprehensive income
  Excluding gains or losses on impairment and foreign exchange, changes in fair value of debt instruments measured at fair value through other comprehensive income are recognized as other comprehensive income until the financial assets are derecognized. When the financial assets are derecognized, previously recognized other comprehensive income is transferred to profit and loss.
- Equity instruments measured at fair value through other comprehensive income
  Changes in the fair value of equity assets measured at fair value through other comprehensive income is recognized as other comprehensive income. When the financial assets are derecognized or their fair value drops significantly, previously recognized other comprehensive income is transferred directly to retained earnings. Dividends from the financial assets are recognized in profit or loss.

(c) Financial assets measured at fair value through profit or loss
Financial assets measured at fair value through profit or loss are measured at fair value after initial recognition and any changes are recognized in profit or loss.

(iv) Impairment on financial assets
The Group recognizes an allowance for doubtful accounts of expected credit losses on financial assets measured at amortized costs and debt instruments measured at fair value through other comprehensive income. At the end of each fiscal year, the Group then assesses whether the credit risk associated with these assets significantly increased since their initial recognition.

If the credit risk of the financial instruments does not significantly increase, allowance for doubtful accounts of these instruments is measured at the amount equal to the 12-month expected credit losses. On the other hand, if the credit risk increases significantly, allowance for doubtful accounts of these instruments is measured at the amount equal to the lifetime expected credit losses.

However, allowance for doubtful accounts of trade receivables is invariably measured at an amount equal to the lifetime expected credit losses, regardless of the terms above.

Expected credit losses are estimated to reflect the following:

- An unbiased probability weighted amount measured through evaluating a certain range of possible outcomes
- Time value of money
- Reasonable and supportive information on past events, current conditions, and projected future economic conditions available at the end of the fiscal year, without undue cost or effort.

Provisions of allowance for doubtful accounts on financial assets and reversals of allowance for doubtful accounts in cases where the allowance is reduced are recognized in profit or loss.

If the financial assets are determined to be uncollectible, their carrying amounts are directly reduced by offsetting them with the allowance for doubtful accounts.

(v) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to cash flows from financial assets are extinguished, or when the Group transfers financial assets and substantially all risks and economic values associated with ownership.

2) Financial liabilities (excluding derivatives)

(i) Initial recognition and measurement

The financial liabilities of the Group are classified into to those measured at amortized cost and those measured at fair value through profit or loss at initial recognition. All financial liabilities are initially measured at fair value, while those measured at amortized cost are measured at the amount less directly attributable transaction costs.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured as follows based on their classification.

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are remeasured using the effective interest method. Gains and losses arising from amortization using the effective interest method and from derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value are remeasured at fair value, with changes in fair value recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized if contractual obligations are discharged, canceled, or expire.

3) Derivatives and hedge accounting

The Group utilizes forward contracts, interest rate swaps, and other methods to hedge both foreign exchange fluctuation and interest rate risks, respectively.

At the inception of the hedge, the Group designates and documents the relationship between the hedged item and the hedging instrument, as well as the risk management objectives and strategies of the hedge. The document includes hedging relationships, risk management objectives and strategies on executing hedges, as well as assessment of hedge effectiveness.

These hedges are expected to be highly effective in offsetting fluctuations in fair value and cash flows. Nevertheless, the Group evaluates the hedge effectiveness on an ongoing basis to determine if they have actually been highly effective over the hedge period.

Derivatives are initially recognized at fair value. After initial recognition, they are measured at fair value and any changes in fair value are accounted for as follows.

(i) Cash flow hedges

The Group recognizes changes in fair value as other comprehensive income for portions of gains and losses on the hedging instrument that are effectively hedged. When hedged cash flows affect profit or loss, they are recognized in profit or loss together with the hedged item.

Changes in the fair value of the ineffective portions of the hedge are recognized in profit or loss.

Hedge accounting is derecognized when hedging instruments expire, are sold, terminated, or exercised, the hedging relationship no longer satisfies eligibility requirements, or the hedge designation is canceled.

In the case of derecognition, the Group continues to account for the balance of other comprehensive income from the cash flow hedge that was recognized up to the time of discontinuation, until scheduled transactions affect profit or loss.

If a forecast transaction is no longer expected to occur, the other comprehensive income balance related to the cash flow hedge is immediately recognized in profit or loss.

(ii) Derivatives not designated as hedges

Changes in the fair value of derivatives are recognized in profit or loss.

4) Offsetting of financial assets and financial liabilities

The Group offsets financial assets and liabilities and records them on the consolidated statement of financial position at net value when the Group has a legally enforceable right to do so and intend to either settle at net value or realize assets and settle liabilities simultaneously.

5) Fair value of financial instruments
The fair value of financial instruments traded in an active financial market at the end of the fiscal year is measured by referencing quoted market prices or dealer prices. For financial instruments not belonging to an active market, the fair value is measured using appropriate valuation techniques.

6) Finance income and finance costs
Finance income includes interest income, dividend income, and gains on derivatives (excluding gains related to hedging instruments recognized as other comprehensive income). Interest income is recognized using the effective interest method at the time incurred.

Finance costs include interest expenses and loss on derivatives (excluding losses related to hedging instruments recognized as other comprehensive income).

(2) Inventories
Inventories are calculated using the average method and measured at the lower of cost and net realizable value.

The cost of inventories is primarily the costs of purchase, while net realizable value is calculated by deducting estimated costs and estimated costs necessary to make the sale from the estimated selling price in the ordinary course of business.

(3) Goodwill
In business combinations, goodwill is measured and recognized as the excess of consideration transferred over the net of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized and recorded at the cost less accumulated impairment losses. In addition, the Group performs impairment tests at least annually or whenever there is any indication of impairment.

(4) Impairment of non-financial assets
The Group assesses non-financial assets for indications of impairment at the end of the fiscal year and estimates the recoverable amount of an asset if such indications exist (or if annual impairment tests are required). This assessment excludes inventories, deferred tax assets, non-current assets held for sale, and assets arising from employee benefits. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of each cash-generating unit to which the asset belongs. The cash generating unit is then treated as the smallest asset group generating cash inflows independent of those of other assets or asset groups.

For goodwill and intangible assets with indefinite useful lives, impairment tests are carried out at the same time every year, regardless of whether there are any signs of impairment. If there are further signs of impairment, an impairment test is carried out each time. For goodwill acquired through business combinations, impairment tests are carried out with the goodwill allocated to the cash generating units or cash generating unit groups that are expected to gain benefit from the business combination.

The recoverable amount is the higher of an asset's, cash generating unit's, or cash generating unit group's fair value less costs of disposal and its value in use. When the carrying amount of an asset, cash generating unit, or cash generating unit group exceeds its recoverable amount, the Group recognizes impairment on the asset, cash generating unit, or cash generating unit group and reduces the carrying amount to its recoverable amount.

Estimated future cash flows in measuring value in use are discounted to present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is measured by using appropriate valuation models, supported by indications of fair value available to the Group.

For assets other than goodwill, the Group assesses whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, due, for example, to changes in assumptions used to calculate the recoverable amount of an asset. When such indications exist, the Group estimates the recoverable amount of an asset or a cash-generating unit. When the recoverable amount exceeds the carrying amount of an asset or a cash-generating unit, impairment losses are reversed to the lower of its recoverable amount or the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods.

B. Methods for the depreciation/amortization of significant depreciable/amortizable assets

(1) Property, plant and equipment

The Group adopts a cost model to measure items of property, plant and equipment and records them at cost less accumulated depreciation and accumulated impairment losses. The cost includes any costs directly attributable to acquisition of the asset as well as the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation of items of property, plant and equipment, excluding land and construction in progress is recorded using the straight-line method over their individual estimated useful lives.

The estimated useful lives of principal items of property, plant and equipment are as follows.

Vehicles:	4 to 9 years
Buildings and structures:	3 to 50 years
Machinery and equipment; tools, furniture and fixtures; and vessels:	2 to 20 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of the fiscal year. If changes are detected, they are applied prospectively as changes in accounting estimates.

(2) Investment property

An investment property is a property held to earn rentals or for capital appreciation or both.

Investment properties are measured based on the cost model as in the case for property, plant and equipment and stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of assets other than land are calculated using the straight-line method over their estimated useful lives, which are equivalent to those of corresponding items of property, plant and equipment.

An entire property is treated as an investment property when it is impossible to distinguish the investment property from the rest and only if the self-use portion is of low importance.

(3) Intangible assets

Intangible assets are measured using the cost model and recorded at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill and measured at fair value on the date of acquisition. All expenditures of internally generated intangible assets are recognized as an expense in the period in which they are incurred, except development costs that qualify for capitalization.

Intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of principal intangible assets are as follows:

Software:	5 to 10 years

Estimated useful lives and amortization methods are reviewed at the end of each fiscal year, and any changes are applied prospectively as changes in accounting estimates.

(4) Right-of-use assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease, and determines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term by taking into account any extension option (if it is reasonably certain to exercise it) and any termination option (if it is reasonably certain not to exercise it).

C. Basis for the recognition of significant provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation at the end of the fiscal year. Where the effect of the time value of money is material, the amount of a provision is measured at present value of the expenditures expected to be required to settle the obligation.

D. Criteria for recording revenue and expenses

(1) Criteria for recording revenue

1) Method for recognizing revenue (the five-step approach)

The Group recognizes revenue based on the following five-step approach:
Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as performance obligations are satisfied.

The Group identifies a distinct good or service stated in the contract with customers, and then identifies the performance obligation based on such a good or service considered as a transaction unit.

In identifying the performance obligations, the Group determines whether it is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, it is a principal and therefore presents the gross amount of consideration as revenue on the consolidated statement of profit or loss. On the other hand, if the Group's performance obligation is to arrange for the provision of the specified good or service by another party, it is an agent and therefore presents the amount of any fee or commission, or the net amount of consideration, as revenue on the consolidated statement of profit or loss.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts the Group collected on behalf of third parties. In addition, the amount of consideration for transactions received from customers does not contain a significant financing component as the Group receives the consideration largely within one year from the transfer of goods or services to customers.

2) Recognition of revenue in major transactions

- Revenue recognition at a point in time (applicable for the Logistics Support business)
  The Group engages in sale of petroleum and other goods in the Logistics Support business, in which revenue is recognized based on an understanding that customers obtain control of goods at the point of delivery, whereby the Group's performance obligations (delivery of goods) are satisfied. In a sale of goods in which the Group acts as an agent, revenue is recognized based on an understanding that customers obtain control of goods at the point of delivery, whereby the Group's performance obligations (arrangement of delivery of goods) are satisfied.
- Revenue recognition over time (applicable for all the other segments)
  The Group engages in the Logistics business comprising railway utilization transportation, chartered truck services, air freight forwarding, marine and harbor transportation; the Security Transportation business; and the Heavy Haulage & Construction business involving construction contracts. In the Logistics business and the Security Transportation business, revenue is recognized according to the degree of progress made during the transportation period based on an understanding that performance obligations are satisfied over time, as customers benefit from the transportation of cargos as the cargos move from the place of departure to the place of destination over the course of transportation period. In the Heavy Haulage & Construction business, revenue is recognized using the method of measuring the progress toward complete satisfaction of performance obligations at the proportion of the actual cost incurred by the end of the fiscal year against the estimated total cost of the construction project, based on an understanding that performance obligations are satisfied over time.

E. Employee benefits

(1) Post-employment benefits

The Group operates both defined benefit plans and defined contribution plans as post-employment benefit plans for its employees.

1) Defined benefit plan

The Group separately calculate the present value of defined benefit obligations and related current service cost and past service cost for each plan using the projected unit credit method. Discount rates are calculated based on the market yields of high quality corporate bonds at the end of the fiscal year corresponding to the period up to the expected date of future benefit payments. The present value of defined benefit obligations, net of the fair value of plan assets, is recorded as a liability or an asset. However, if the defined benefit plan is overfunded, a net defined benefit asset is limited to the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Their current service cost and net interest on the net defined benefit liability (asset) of defined benefit plans are recognized in profit and loss. The remeasurements of defined benefit plans are recognized in a lump sum in other comprehensive income in the period they are incurred and transferred immediately to retained earnings. The past service cost is recognized in profit or loss as incurred.

2) Defined contribution plan

Retirement benefit expenses under the defined contribution plan are recognized as expenses as incurred.

(2) Short-term employee benefits

Short-term employee benefits are not subject to discount and are recognized in profit or loss whenever relevant services have been provided. Bonuses and the cost of paid absences are recognized as liabilities in the amount estimated to be paid under those plans when the Group has legal or constructive obligations to pay them, and where reliable estimates can be made.

(3) Other long-term employee benefits

Obligations to the reward system are calculated by discounting estimated future benefits earned by employees for services rendered in prior and current years to the present value.

F. Foreign currency translation

(1) Translation of foreign currency transactions

The financial statements of each company in the Group are prepared in the functional currency of the company. Transactions in currencies other than the functional currency (foreign currencies) are translated using the exchange rate at the date of the transaction.

Foreign currency monetary items are translated into the functional currency using the closing rate. Non-monetary items that are measured at cost in a foreign currency are translated into the functional currency using the exchange rate at the date of the transaction, while those measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was measured.

Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured through other comprehensive income and cash flow hedges are recognized as other comprehensive income.

(2) Translation of a foreign operation

Assets and liabilities of a foreign operation are translated into Japanese yen at the closing rate. Income and expenses are translated into Japanese yen using the average rate for the period. Financial statements of a foreign operation in a hyperinflationary economy reflect the effects of inflation, and income and expenses are translated into Japanese yen at the closing rate.

Exchange differences arising from translating the financial statements of a foreign operation are recognized as other comprehensive income. If a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation are recognized in profit or loss in the period of disposal.

G. Treatment of Global Minimum Tax Rules

The FY2023 tax reform established the corporate tax corresponding to the global minimum taxation, and the tax reform act (the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 3 of 2023)) containing the provisions pertaining to the said corporate income taxes (hereinafter the “Global Minimum Tax Rules”) was enacted on March 28, 2023. The Global Minimum Tax Rules are effective for fiscal years beginning on or after January 1, 2024. Under these tax rules, top-up taxes will be imposed on the earnings of subsidiaries with an effective tax rate of less than 15%, but this will not have a significant impact on the Company.

In addition, the Company did not recognize and disclose deferred tax assets and liabilities related to the Global Minimum Tax Rules in accordance with the exception in IAS 12.

(Notes on Accounting Estimates)

1. Impairment of non-financial assets

Of the items recorded in the consolidated financial statements for the fiscal year under review by using accounting estimates, those that are likely to have material impact on the financial position and business performance of the Group in the next fiscal year are as follows:

(Unit: Millions of yen)

	Fiscal year under review
Property, plant and equipment	538,682
Goodwill and intangible assets	186,206
Right-of-use assets	398,712
Impairment losses	9,747

Goodwill and intangible assets include goodwill of ¥81,462 million and intangible assets of ¥25,057 million arising from the acquisition of the consolidated subsidiary cargo-partner. As a result of the impairment test conducted on the cash-generating unit or cash-generating unit group, including the goodwill, it was determined that the value in use exceeds the carrying amount, and therefore, recognition of impairment is not necessary.

Impairment losses include ¥12,475 million of business assets (comprising ¥890 million of property, plant and equipment and ¥11,585 million of right-of-use assets) and ¥2,938 million of impairment losses in the pharmaceuticals and medical business at the consolidated subsidiary Nippon Express Co., Ltd. (hereinafter referred to as "Nippon Express"). The Group has determined that there were indications of impairment at this business because of facts such as continued losses arising from its operating activities and accordingly tested the business for impairment. As a result of the impairment test, the recoverable amount of the business assets in the business based on fair value less costs of disposal was less than the carrying amount, and therefore impairment losses were recorded.

Furthermore, the figures also include an impairment loss of ¥6,482 million resulting from the integration of the consolidated subsidiary Nippon Express's Special Combined Delivery Services Business and Nippon Express's subsidiary NX Transport Service Co., Ltd. and Meitetsu Transportation Co., Ltd. (currently Meitetsu NX Transportation Co., Ltd.; hereafter referred to as "Meitetsu Transportation"). Under IFRS Accounting Standards, assets related to business transfers are classified as assets held for sale, and an impairment test is required to be conducted immediately before classification. The Company therefore conducted an impairment test for the business in the first quarter (the first quarter of the fiscal year under review) after the conclusion of the definitive agreement with Nagoya Railroad Co., Ltd., the parent company of Meitetsu Transportation. As a result of the impairment test, the Company recorded an impairment loss because the recoverable amount of the consideration for the transfer of the business was less than the net asset value.

For the valuation of these non-financial assets and the method used to determine estimates of impairment, please refer to "(Notes on Significant Matters Underlying the Preparation of Consolidated Financial Statements), 4. Accounting policies, A. Basis and method for the valuation of significant assets, (4) Impairment of non-financial assets."

Recoverable amounts are estimated based on a number of assumptions and data related to such variables as future cash flows, discount rates, perpetual growth rates and fair values. The Group believes that these accounting estimates are reasonable. However, if unforeseeable changes in the economic condition and other contingencies in the future force us to review the assumptions, data and other factors, resultant additional recordings of impairment losses in the consolidated financial statements for the next fiscal year may have a significant impact on the financial position and business performance of the Group.

(Notes to the Consolidated Statement of Financial Position)

1. Pledged assets

    Property, plant and equipment: ¥1,340 million

    Other than the above, ¥309 million of other financial assets are pledged as real security.

2. Secured liabilities

    Bonds and borrowings (current): ¥36 million

    Bonds and borrowings (non-current): ¥165 million

3. Allowance for doubtful accounts deducted directly from assets: ¥6,989 million

4. Accumulated depreciation/amortization and accumulated impairment losses of

    Property, plant and equipment: ¥766,575 million

    Investment property: ¥72,867 million

    Intangible assets: ¥97,451 million

    Right-of-use assets: ¥289,110 million

5. Guarantee obligations: ¥675 million

(Notes to the Consolidated Statement of Changes in Equity)

1. Matters related to the class and the total number of issued shares

    Total number of issued shares at the end of the fiscal year under review:

    Common stocks: 87,000,000 shares

    Note: The Company implemented a 3-for-1 stock split of its common stock effective January 1, 2025. The total number of issued shares at the end of the fiscal year under review specified above is based on the number of shares before the stock split.

2. Dividends

    A. Dividend amount

Resolution	Class of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on March 1, 2024	Common stock	13,205	150.00	December 31, 2023	March 12, 2024
Board of Directors meeting on August 9, 2024	Common stock	13,009	150.00	June 30, 2024	September 6, 2024

Notes: 1. "Total amount of dividend" resolved at the Board of Directors meeting on March 1, 2024 includes ¥14 million of dividends paid to the shares of the Company held by the executive compensation BIP trust.

2. "Total amount of dividend" resolved at the Board of Directors meeting on August 9, 2024 includes ¥19 million of dividends paid to the shares of the Company held by the executive compensation BIP trust.

    B. Dividends whose record date is during fiscal year under review, but whose effective date is after the end of the fiscal year under review

Resolution	Class of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on March 3, 2025	Common stock	13,009	150.00	December 31, 2024	March 13, 2025

Note: 1. The Company implemented a 3-for-1 stock split of its common stock effective January 1, 2025. The dividend amount per share resolved at the Board of Directors meeting on March 3, 2025 represents the amount before the stock split.

2. "Total amount of dividend" includes ¥19 million of dividends paid to the shares of the Company held by the executive compensation BIP trust.

(Notes on Revenue Recognition)

1. Disaggregation of revenue
   The Group engages in the Logistics business, Security Transportation business, Heavy Haulage & Construction business and Logistics Support business, and the Group's revenues are disaggregated into each business as follows:

(Unit: Millions of yen)

	Logistics	Security Transportation	Heavy Haulage & Construction	Logistics Support
Goods transferred at a point in time (Note)	–	–	–	288,247
Services transferred over time	2,123,399	67,651	49,769	11,624
Revenue recognized from contracts with customers	2,123,399	67,651	49,769	299,871
Revenue recognized from other sources	31,349	200	252	5,148
Total	2,154,749	67,851	50,021	305,020

Note: "Goods transferred at a point in time" includes revenue from sale of petroleum, etc.

2. Information serving as a basis for understanding revenue
   As stated in "(Notes on Significant Matters Underlying the Preparation of Consolidated Financial Statements), 4. Accounting policies, D. Criteria for recording revenue and expenses, (1) Criteria for recording revenue."

3. Information for understanding the amounts of revenue in the fiscal year under review and subsequent fiscal years
   A. Contract balances
      Balances of receivables, contract assets and contract liabilities that arose from contracts with customers are as follows:

(Unit: Millions of yen)

	End of the fiscal year under review
Receivables from contracts with customers	446,465
Contract assets	22,062
Contract liabilities	10,491

In the consolidated statement of financial position, receivables arising from contracts with customers and contract assets are included in "trade and other receivables," while contract liabilities are included in "other current liabilities." ¥4,533 million of contract liabilities at the beginning of the fiscal year have been recorded as revenue in the fiscal year under review.

   B. Transaction price allocated to the remaining performance obligations
      The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the fiscal year under review, and the breakdown of such aggregate amount by expected duration up to the satisfaction in the future are as follows. These are largely for the transaction price related to the unsatisfied performance obligations associated with construction projects in the Heavy Haulage & Construction business.
      Transactions with one year or less expected individual contract period are excluded.

(Unit: Millions of yen)

	End of the fiscal year under review
Within one year	3,511
Over one year	670
Total	4,181

(Notes on Financial Instruments)

1. Status of financial instruments

A. Capital management

The basic policy of the Group is to balance investment in growth and stable shareholder returns while maintaining a sound financial base to maximize corporate value.

The Group defines equity as the amount of equity attributable to owners of parent.

The Group is not subject to any significant capital regulations.

B. Financial risk management

The Group is exposed to financial risks (e.g., credit risks, liquidity risks and market risks) when conducting its business activities. To avoid or mitigate such risks, the Group execute risk management by establishing certain management policies. The Group uses derivatives to hedge these risks and do not engage in speculative transactions.

(1) Credit risks

A credit risk is the risk of financial loss to the Group arising when the counterparty to the financial assets held by the Group is unable to fulfill its obligations. The Group periodically monitors the status of partner company in respect to trade receivables, manages due dates and outstanding balances for each partner, and also works to quickly identify and mitigate concerns on collection due to deterioration of financial conditions. In the event that the Group is unable to collect all or a part of the amount due, or if collection is deemed extremely difficult, the debt will be considered default. In addition, the Group only enters into transactions with highly credited financial institutions to reduce counterparty risk in derivative transactions.

The carrying amount of financial assets after impairment presented in the consolidated statement of financial position represents the maximum exposure of financial assets of the Group to credit risk.

The credit risk exposure of the Group in trade and other receivables is as follows. For trade and other receivables, allowance for doubtful accounts is recorded by taking recoverability and significant increases in credit risk into account and measuring expected future credit losses. Significant increases in credit risk are assessed by changes in the risk of default occurrence. The Group therefore determines by taking the financial condition of the counterparty, past bad debt loss recorded, and past due date information into account. The allowance for doubtful accounts for trade and other receivables is always measured at an amount equal to the lifetime expected credit losses and may be measured individually or collectively for same period, depending on the nature and size of the transaction. Expected credit losses are measured for each individual credit as a credit-impaired trade receivable if one or more of the following events have occurred, adversely affecting the estimated future cash flows of the trade receivable. The Group does not have a concentration of credit risks with any particular partner company.

- Significant financial difficulties of the debtor
- Breach of contract, such as default or lapse of due date
- Increased likelihood of bankruptcy or other financial restructuring of the debtor

(2) Liquidity risks

A liquidity risk is a risk that the Group will be unable to meet its obligations to repay due financial liabilities.

Significant policies in financing activities include maintaining an adequate level of liquidity for current and future business activities and securing funds in a flexible and efficient manner. In order to optimize capital efficiency in its business activities, the Group works to centralize the management of funds within the Group to the Company.

(3) Market risks

1) Foreign exchange fluctuation risks

The Group expands business globally and conducts foreign currency transactions. As a result, receivables and payables denominated in foreign currencies arising from such transactions are exposed to foreign exchange fluctuation risks.

In order to reduce foreign exchange fluctuation risks identified by currency, the Group mainly uses forward exchange contract for hedging in accordance with the handling procedure for derivatives in the fund administration procedure rules.

2) Interest rate fluctuation risks

The Group has borrowings with variable interest rates and is exposed to the risk that future cash flows may fluctuate due to changes in interest rates.

3) Risk of equity instrument price volatility

The Group holds listed stocks of companies with which it has business relationships and is exposed to risks of price fluctuation of equity instruments.

The Group periodically assesses the fair value and the financial condition of the issuer (partner company) of listed stocks, and reviews its holdings, considering any relationship with the partner company.

2. Fair value, etc. of financial instruments

The carrying amounts, the fair values, and the differences between them as of December 31, 2024 (the end of the fiscal year under review) are as follows. Cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables, bonds and borrowings (current, excluding current portion of long-term borrowings), and other financial liabilities (current) are omitted as they are financial instruments that are settled in short periods with inherent proximity between their fair value and carrying amount.

(Unit: Millions of yen)

	Carrying amount (Note)	Fair value (Note)	Difference
A. Bonds	(129.812)	(126,960)	(2,852)
B. Long-term borrowings	(128,702)	(126,659)	(2,042)

Note: Items recorded as liabilities are shown in parenthesis.

A. Bonds

The fair value of bonds issued by the Company is measured based on the market price (reference statistical prices) and classified as Level 2 fair value. Bonds stated above include the current portion of bonds.

B. Long-term borrowings

The fair value of long-term borrowings is measured based on the present value of future cash flows of the relevant long-term borrowings, which is classified according to certain periods of time, discounted by the market interest rate in consideration of the Company's spread, and is classified as Level 2 fair value. Long-term borrowings stated above includes the current portion of long-term borrowings.

3. Fair value information by level within the fair value hierarchy

A. Fair value hierarchy

The fair value hierarchy of financial instruments is as follows.

Level 1: Fair value measured at quoted prices in active markets

Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1

Level 3: Fair value measured using valuation techniques that include unobservable inputs

B. Financial instruments measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows.

Transfers between levels of the fair value hierarchy are recognized at the end of each fiscal year. There were no significant financial instruments transferred between Levels 1, 2 and 3 in the fiscal year under review.

End of the fiscal year under review (as of December 31, 2024)

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	End of the fiscal year under review
Financial assets:				
Stock	35,581	364	31,953	67,899
Investments	–	19	2,998	3,018
Derivative assets	–	16	–	16
Total	35,581	401	34,952	70,934
Financial liabilities:				
Derivative liabilities	–	78	–	78
Contingent consideration	–	–	2,902	2,902
Total	–	78	2,902	2,981

The following is a reconciliation of Level 3 financial instruments from the beginning balance to the ending balance.

(Unit: Millions of yen)

	Fiscal year under review (January 1, 2024 to December 31, 2024)
Beginning balance	31,690
Gains and losses:	
Profit or loss	45
Other comprehensive income (Note 1)	2,003
Purchase	1,910
Sale and disposal	(796)
Other	98
Ending balance	34,952

Notes: 1. Gains and losses included in other comprehensive income are related to equity instruments measured at fair value through other comprehensive income at the reporting date.

2. The above table does not include contingent consideration related to business combinations. For details on contingent consideration, refer to the "Notes on Business Combination."

(Notes on Investment Property)

1. Changes in investment property

The following table provides a breakdown of the cost, accumulated depreciation and accumulated impairment losses, and carrying amount of investment properties.

(Unit: Millions of yen)

	End of the fiscal year under review (as of December 31, 2024)
Cost	139,803
Accumulated depreciation and accumulated impairment losses	(72,867)
Carrying amount	66,935

Changes in investment properties during the period are as follows.

(Unit: Millions of yen)

Carrying amount	Fiscal year under review (January 1, 2024 to December 31, 2024)
Beginning balance	68,529
Acquisition	581
Acquisition through business combination	20
Transfer	6,595
Depreciation and amortization	(8,011)
Disposals	(808)
Exchange difference on foreign operation	12
Other	16
Ending balance	66,935

Transfers are mainly to and from inventories and self-use real estate.

2. Fair value

The fair values of investment properties are as follows.

(Unit: Millions of yen)

	End of the fiscal year under review (as of December 31, 2024)
Fair value	283,307

Fair values of primary investment properties are based on real estate valuations conducted by independent real estate appraisers.

The fair value hierarchy of investment properties is Level 3.

3. Investment property revenues and expenses

Rental revenues from investment properties and their associated direct operating expenses are as follows.

(Unit: Millions of yen)

	Fiscal year under review (January 1, 2024 to December 31, 2024)
Rental revenue	23,473
Direct operating expenses arising from investment properties that generated rental revenue	11,932
Direct operating expenses arising from investment properties that did not generate rental revenue	18

Rental revenue is included in the revenue of the consolidated statement of profit or loss.

Direct operating expenses are direct costs incurred in conjunction with rental revenues and are included in the cost of sales and the selling, general and administrative expenses of the consolidated statement of profit or loss.

(Notes on Business Combination)

(cargo-partner)

The Company has, in accordance with the share transfer agreement concluded on May 12, 2023 with cargo-partner Group Holding AG and its subsidiaries Multi Transport und Logistik Holding AG, Safer Overseas Transport Holding GmbH, cargo-partner GND GmbH, and CARGO-PARTNER US HOLDINGS INC. (hereinafter collectively referred to as the "Sellers"), acquired all shares of several subsidiaries of the Sellers based mainly in Central and Eastern Europe that provide logistics services worldwide (hereinafter referred to as "cargo-partner") on January 4, 2024 (Austria time) through a special purpose company that is a wholly-owned subsidiary of NIPPON EXPRESS EUROPE GmbH, which itself is a European holding subsidiary of the Company.

1. Name and business of the acquired companies and percentage of acquired equity interests with voting rights

   The acquired companies consist of 59 companies (including companies that are not wholly owned subsidiaries of the Sellers). The following are the names and businesses of the main acquired companies and percentage of acquired equity interests with voting rights in those companies.

Names	Description of major business	Percentage of acquired equity interests with voting rights
cargo-partner Logistics Limited	Freight forwarding	100.0%
Cargo Partner International Logistics (China) Co., Ltd.	Same as above	100.0%
cargo-partner GmbH	Same as above	100.0%
cargo-partner Hungária Fuvarszervezési Korlátolt Felelősségű Társaság	Same as above	100.0%
cargo-partner Spedycja Sp. z o.o.	Same as above	100.0%
cargo-partner SR, s.r.o.	Same as above	100.0%
cargo-partner, d.o.o.	Same as above	100.0%
cargo-partner ČR s.r.o.	Same as above	100.0%
cargo-partner Expeditii s.r.l	Same as above	100.0%
Cargo Partner Network Inc.	Same as above	100.0%
CARGO PARTNER LOGISTICS INDIA PVT LTD.	Same as above	100.0%

2. Main reasons for the business combination

   Headquartered in Austria, cargo-partner has a robust logistics business base in Central and Eastern Europe, a region that is increasingly attracting attention as an industrial cluster in Europe. It is a highly reputable corporate group focused principally on air and ocean freight forwarding in Europe, Asia, and North America that also offers rail and truck transport and contract logistics services.

   The subsidiarization of cargo-partner will complement the NX Group's logistics infrastructure in Central and Eastern Europe, expected to see significant future growth as a production base within the European region, and will enable the NX Group to further expand its global network and enhance the services it provides in the European region.

   The resultant expansion in the volume of air and ocean freight handled will also strengthen the Group's competitiveness in the global market, enable it to respond to the diverse demands of its global customers, enhance its ability to meet logistics demand between Asia and Europe and elsewhere, and bolster its global account structure.

Since the NX Group and cargo-partner have differing customer bases and differing strengths in specific countries and regions, they will seek to create synergies in their logistics operations through mutual complementation, thereby accelerating the expansion and development of their global businesses.

3. Date of the acquisition
   January 4, 2024

4. Acquisition-related costs
   The acquisition-related costs for the relevant business combination were ¥4,063 million. The acquisition-related costs recorded in the previous fiscal year were ¥3,072 million, and were recorded in “Other expenses” in the consolidated statement of income.

5. Fair value of consideration payable, identifiable assets and liabilities assumed on the acquisition date

(Unit: Millions of yen)

	Amount	
Fair value of consideration payable		
Cash	127,226	
Contingent consideration	2,755	
Total	129,982	
Fair value of identifiable assets and liabilities assumed		
Current assets	53,396	
Non-current assets	53,738	
Current liabilities	(28,269)	
Non-current liabilities	(26,223)	
Non-controlling interests	(6)	
Fair value of identifiable assets and liabilities assumed, net	52,635	
Goodwill	77,347	(Note)
Total	129,982	

Note: The goodwill is generated mainly from a rational estimate of expected future excess earning power, and there is no amount expected to be included as a tax loss for the relevant goodwill.

6. Contingent consideration
   The contingent consideration is a consideration to be paid to the Sellers, subject to cargo-partner achieving certain financial targets (earn-out) over a two-year period from the acquisition date, and is calculated taking into account the likelihood of achieving these targets and the time value of money. The maximum amount payable is €555 million. The fair value hierarchy of the contingent consideration is Level 3, which is a fair value calculated using a valuation technique that includes inputs that are not based on observable market data.

7. Impact on the Group

Since the acquisition date, cargo-partner has generated revenue of ¥274,695 million and profit of ¥986 million. The revenue and profit calculated assuming that the business combination took place at the beginning of the fiscal year under review are not stated here, as the acquisition date was close to the beginning of the fiscal year under review and the impact is not significant.

(Tramo SA)

At the end of the previous fiscal year, since the identification of identifiable assets and liabilities and the calculation of fair value as of the acquisition date had not been completed, and the allocation of acquisition costs had not been finalized, provisional accounting treatment was carried out based on reasonable information available at the end of the previous fiscal year. In the fiscal year under review, the amount of goodwill generated has been revised as follows based on the finalized allocation of acquisition costs.

Fair value of assets acquired and liabilities assumed as of the acquisition date (October 31, 2023)

(Unit: Millions of yen)

Adjusted item	Adjusted goodwill amount
Goodwill (before adjustment)	80
Other financial assets	1
Property, plant and equipment	7
Intangible assets	54
Deferred tax liabilities	(13)
Total adjusted amount	49
Goodwill (after adjustment)	30

In conjunction, the consolidated statement of financial position for the previous fiscal year has been retrospectively adjusted. As a result, other financial assets (current assets) have increased by ¥235 million, goodwill and intangible assets have increased by ¥788 million, property, plant and equipment have increased by ¥1,110 million, and deferred tax liabilities have increased by ¥2,135 million.

The impact of the finalization of this provisional accounting treatment on profit and loss is immaterial.

(Notes on Per Share Information)

1. Equity per share attributable to owners of parent: ¥3,286.96
2. Basic earnings per share: ¥121.47

Note: 1. The Company implemented a 3-for-1 stock split of its common stock effective January 1, 2025. Equity per share attributable to owners of parent and basic earnings per share are calculated assuming the split occurred at the beginning of the fiscal year under review.

2. Shares of the Company held by the executive compensation BIP trust are excluded from the total number of issued shares at end of the period when calculating equity per share attributable to owners of parent, and included in the treasury stock in the calculation of the average number of shares during the period when calculating basic earnings per share. The number of treasury stock at the end of the fiscal year deducted for the calculation of equity per share attributable to owners of parent was 390,000 shares, and the average number of treasury stock during the period deducted for the calculation of basic earnings per share and diluted earnings per share was 335,000 shares.

(Notes on Significant Subsequent Events)

(Stock split and partial amendment to the articles of incorporation in conjunction with the split)

Based on the resolution of the Board of Directors meeting on August 9, 2024, the Company implemented a stock split and made partial amendment to the articles of incorporation in connection with the stock split, effective on January 1, 2025.

1. Purpose of the stock split

The purpose of this stock split is to create an environment that is easier to invest in by reducing the amount per investment unit, improving the liquidity of the Company's stock and expanding its investor base.

2. Overview of the stock split

(i) Method of the split

The record date was Tuesday, December 31, 2024 (effectively Monday, December 30, 2024 due to the register's office being closed on that date), and the split was conducted at a ratio of three shares for each share of common stock held by shareholders listed or recorded in the final shareholders' register on that date.

(ii) Number of shares to be increased by the split

Total number of issued shares before the split (Note)	87,000,000 shares
Number of shares to be increased by the split	174,000,000 shares
Total number of issued shares after the split	261,000,000 shares
Total number of authorized shares after the split	950,000,000 shares

Note: This is the total number of shares issued after the cancellation of treasury stock, which was approved at the meeting of the Board of Directors on August 9, 2024.

(iii) Schedule for the split

Date of public notice of the record date:	Monday, December 16, 2024
Record Date:	Tuesday, December 31, 2024
Effective Date:	Wednesday, January 1, 2025

3. Partial amendment to the articles of incorporation

The details of the amendment to the articles of incorporation are as follows.

(The underlined parts indicate the amendments.)

Before amendment	After amendment
Article 5 Total number of authorized shares The total number of shares authorized to be issued by the Company shall be <u>340,000,000 shares</u>.	Article 5 Total number of authorized shares The total number of shares authorized to be issued by the Company shall be <u>950,000,000 shares</u>.

4. Effect on per share information

The following are the per-share figures based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Unit: yen)

	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Equity per share attributable to owners of parent	3,032.62	3,286.96
Basic earnings per share	139.53	121.47

(Share buyback)

At a meeting held on February 14, 2025, the Company's Board of Directors passed a resolution concerning the share buyback as described below in accordance with the provisions of the articles of incorporation pursuant to Article 459, Paragraph 1 of the Companies Act.

1. Reasons for the share buyback

- As one of the key strategies of the NX Group Business Plan 2028 Dynamic Growth 2.0 — Accelerating Sustainable Growth started in January 2024, we have set "Initiatives to Improve Corporate Value." As part of such initiatives, we will buy back own shares worth up to ¥50.0 billion in order to optimize our capital structure, improve capital efficiency, and provide returns to shareholders, as we work to further strengthen our balance sheet management. All of the shares acquired will be cancelled.
- We will continue to flexibly buy back own shares while taking into account the optimization of our capital structure and investment for sustainable growth.

(2) Details of acquisition-related matters

i) Class of shares to be acquired:	Common stock of the Company
ii) Total number of shares to be acquired:	30,000,000 shares (maximum)
iii) Total acquisition cost of shares:	¥50.0 billion (maximum)
iv) Period of acquisition:	February 17, 2025 through November 28, 2025
v) Method of acquisition:	Market purchase on the Tokyo Stock Exchange

Non-Consolidated Statement of Changes in Net Assets (January 1, 2024 - December 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
					Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Beginning of period	70,175	26,908	250,235	277,143	83,488	83,488	(20,542)	410,264
Changes during the year								
Cash dividends				–	(26,215)	(26,215)		(26,215)
Profit				–	37,413	37,413		37,413
Increase in treasury shares				–		–	(10,540)	(10,540)
Decrease in treasury shares				–	(0)	(0)	183	183
Cancellation of treasury shares			(27,957)	(27,957)		–	27,957	–
Net changes in items other than shareholders' equity				–		–		–
Total changes during the year	–	–	(27,957)	(27,957)	11,197	11,197	17,600	840
Balance at end of the year	70,175	26,908	222,277	249,185	94,686	94,686	(2,941)	411,105

	Valuation and translation adjustments		
	Valuation differences on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Beginning of period	25,803	25,803	436,068
Changes during the year			
Cash dividends		–	(26,215)
Profit		–	37,413
Increase in treasury shares		–	(10,540)
Decrease in treasury shares		–	183
Cancellation of treasury shares		–	–
Net changes in items other than shareholders' equity	(8,286)	(8,286)	(8,286)
Total changes during the year	(8,286)	(8,286)	(7,446)
Balance at end of the year	17,516	17,516	428,622

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Notes to the Non-Consolidated Financial Statements

(Notes on Significant Accounting Policies)

1. Basis and method for the valuation of assets
   Basis and method for the valuation of securities
   A. Shares of subsidiaries and shares of associates
      Stated at cost by using the moving-average methods
   B. Available-for-sale securities
      (1) Securities other than shares that do not have market price
          Stated at fair value based on the quoted market price at year-end with the valuation differences being recorded directly into net assets and costs of securities sold being calculated by using the moving-average method
      (2) Shares that do not have a market value
          Stated at cost by using the moving-average methods
2. Method for the depreciation/amortization of non-current assets
   A. Tangible fixed assets
      Stated by using the straight-line method
   B. Intangible assets
      Stated by using the straight-line method, while software for in-house use is amortized by using the straight-line method over the stipulated internal usable period (five years).
3. Basis for the recognition of provisions
   A. Provision for bonuses
      To provide for the payment of bonuses to employees, expected accrued amount of bonus payment is recognized.
   B. Provision for share awards for directors (and other officers)
      To provide for the delivery, etc. of shares of the Company to Directors, etc. of the Company in accordance with the share delivery rules under the performance-based stock compensation plan, the estimated amount of share-based compensation at the end of the fiscal year under review is recognized.
4. Basis for the recognition of revenue and expenses
   The Company, as a pure holding company, records revenues comprising primarily group management fees, brand royalty and dividends from subsidiaries. Group management fees relate to the management services and guidance provided to subsidiaries based on the management services agreement therewith, while brand royalty relates to the licensing to use the “NX” brand that contributes to maximizing the sense of cohesion as the Group as well as its collective corporate value, based on the licensing agreement with subsidiaries. As these services, guidance and benefits are provided on a constant and continuous basis over the contract period, the Company recognizes revenues according to the satisfaction of its performance obligations measured by the passage of time. As for dividends, the Company recognizes revenue at the effective date of dividends.
5. Other significant matters underlying the preparation of non-consolidated financial statements
   A. Accounting treatment of consumption taxes
      Consumption tax and local consumption tax are accounted for based on the tax exclusion method; provided, however, that non-recoverable consumption taxes on asset transactions are treated as expenses incurred during the fiscal year it accrued.

(Notes on Changes in Presentation)

1. Non-consolidated statement of income
   A. Interest income
      "Interest income" was included in "Miscellaneous income" under non-operating income for the previous fiscal year, but is separately presented because it exceeded 10/100 of non-operating income for the fiscal year under review. Interest income included in "Miscellaneous income" under non-operating income for the previous fiscal year was 6,897,000 yen.

(Notes to the Non-Consolidated Balance Sheet)

1. Guarantee obligations: ¥6,060 million
2. Monetary claims and obligations in connection with subsidiaries and associates (excluding those separately presented)

Short-term monetary claims	¥7,380 million
Short-term monetary obligations	¥2,734 million

(Notes to the Non-Consolidated Statement of Income)

Amounts of transactions with subsidiaries and associates

Operating revenue	¥51,122 million
Selling, general and administrative expenses	¥3,207 million
Non-operating transactions	¥3,082 million

(Notes to the Non-Consolidated Statement of Changes in Net Assets)

Total number of treasury stock at the end of the fiscal year under review 400,264 shares

Note: The above number of shares includes 130,323 shares of the Company held by the executive compensation BIP trust.

(Notes on Financial Instruments)

Notes are omitted as identical information is stated in the notes to the consolidated financial statements.

(Notes on Tax Effect Accounting)

1. Deferred tax assets

(Unit: Millions of yen)

Provision for bonuses	75
Accrued enterprise tax	118
Loss on valuation of investment securities	357
Loss on valuation of shares of subsidiaries and associates	3,621
Adjustments to the carrying amount of investments in shares in subsidiaries	920
Others	1,708
Sub-total deferred tax assets	6,799
Valuation allowance	(5,822)
Total deferred tax assets	977

2. Deferred tax liabilities

(Unit: Millions of yen)

Valuation differences on available-for-sale securities	(7,310)
Total deferred tax liabilities	(7,310)
Deferred tax assets	977
Deferred tax liabilities	(7,310)
Net deferred tax liabilities	(6,333)

3. Accounting treatments of the corporation income tax and the local corporation income tax, as well as their tax effect accounting
   The Company has adopted the group tax sharing system from FY2023. In addition, the accounting treatments and disclosures of the corporation income tax and the local corporation income tax, as

well as their tax effect accounting, are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Notes on Transactions with Related Parties)

Subsidiaries and associates, etc.

(Unit: Millions of yen)

Category	Name	Voting rights ownership ratio	Relation with related party	Transaction	Transaction amount (Note 1)	Item	Ending balance (Note 1)
Subsidiary	Nippon Express Co., Ltd.	Direct: 100%	Business management Concurrent service by executives	Receipt of management fees (Note 2)	5,038	Trade accounts receivable	1,441
				Receipt of brand royalty (Note 3)	7,956	Trade accounts receivable	2,143
				Payment of outsourcing fees	116	Other payables	9
				Payment of personnel expenses for seconded employees (Note 4)	3,963	Other payables	613
Subsidiary	NX Capital Co., Ltd.	Direct: 100%	Lending of funds Borrowing of funds	Lending of funds Borrowing of funds (Note 5)	82	Short-term loans receivable from subsidiaries and associates	–
					9,442	Short-term loans payable to subsidiaries and associates	31,482
					–	Long-term loans payable to subsidiaries and associates	60,000
Subsidiary	Cargo-Partner Holdings GmbH	Indirect: 100%	Lending of funds Receiving of interest	Lending of funds (Note 6)	10,200	Short-term loans receivable from subsidiaries and associates	10,719
				Receiving of interest (Note 7)	643	Interest income	643

Transaction terms and policy on determination of transaction terms

Notes: 1. Transaction amount does not include consumption taxes. Ending balance includes consumption taxes.

2. Management fees are determined by multiplying external sales and net assets after elimination of intra-group transactions by certain rate.
3. Brand royalty is determined by multiplying external sales after elimination of intra-group transactions by certain rate.
4. Personnel expenses for seconded employees are reasonably determined upon consultation.
5. The transaction relates to CMS (cash management system) transactions for greater intra-group capital efficiency. The transaction amount of short-term loans receivable from and short-term loans payable to subsidiaries and associates represents the average balance during the period since the fund borrowing/lending is carried out on a daily basis with NX Capital Co., Ltd. Interest rates are determined rationally in consideration of market interest rates.
6. This is a short-term loan of working capital to a subsidiary.
7. Interest rates are determined rationally in consideration of market interest rates.

(Notes on Per Share Information)

1. Net assets per share: ¥1,649.81
2. Basic earnings per share: ¥143.20

Notes: 1. The Company implemented a 3-for-1 stock split of its common stock effective January 1, 2025. Per share information is calculated assuming the split occurred at the beginning of the fiscal year under review.

2. Shares of the Company held by the executive compensation BIP trust are excluded from the total number of issued shares at end of period when calculating net assets per share and included in the treasury stock in the calculation of the average number of shares during the period when calculating basic earnings per share.
The number of treasury stock at the end of the fiscal year deducted for the calculation of net assets per share was 390,000 shares, and the average number of treasury stock during the period deducted for the calculation of basic earnings per share and diluted earnings per share was 335,000 shares.

(Notes on Significant Subsequent Events)

1. Stock split and partial amendment to the articles of incorporation in conjunction with the split
   Notes are omitted as identical information is stated in the notes to the consolidated financial statements.
2. Share buyback
   Notes are omitted as identical information is stated in the notes to the consolidated financial statements.