



Consolidated Financial Results
for the Fiscal Year Ended March 31, 2026
(Under Japanese GAAP)

May 8, 2026

Company name: SG Holdings Co., Ltd.

Securities code: 9143

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Scheduled date of the annual general meeting of the shareholders: June 24, 2026

Scheduled date to commence dividend payments: June 8, 2026

Scheduled date to file annual securities report: June 10, 2026

Preparation of supplemental explanatory material for financial results: Yes

Holding of briefing for financial results: Yes

(for analysts and institutional investors)

(Note: Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2026

(from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

Fiscal year ended	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	1,644,762	11.2	90,247	2.7	91,782	3.3	59,066	1.6
March 31, 2025	1,479,239	12.3	87,847	(1.5)	88,867	(2.2)	58,120	(0.3)

(Note) Comprehensive income:

For the fiscal year ended March 31, 2026 73,202 million yen (up 24.0%)

For the fiscal year ended March 31, 2025 59,024 million yen (down 11.1%)

Fiscal year ended	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ratio of ordinary income to total assets	Ratio of operating income to operating revenues
	Yen	Yen	%	%	%
March 31, 2026	98.17	—	10.5	8.1	5.5
March 31, 2025	92.92	—	10.0	9.2	5.9

(Reference) Equity in earnings of associated companies:

For the fiscal year ended March 31, 2026 413 million yen

For the fiscal year ended March 31, 2025 221 million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity ratio	Total equity per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	1,229,017	548,672	44.4	915.31
March 31, 2025	1,040,615	584,589	55.8	927.54

(Reference) Equity (Total equity – non-controlling interests):

As of March 31, 2026 546,197 million yen

As of March 31, 2025 580,146 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	124,824	(216,758)	65,765	92,896
March 31, 2025	118,600	(164,727)	13,994	116,861

2. Cash dividends

	Dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	1Q-end	2Q-end	3Q-end	4Q-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	—	26.00	—	26.00	52.00	32,524	56.0	5.6
Fiscal year ended March 31, 2026	—	26.00	—	27.00	53.00	32,044	54.0	5.8
Fiscal year ending March 31, 2027 (Forecast)	—	27.00	—	27.00	54.00		54.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027
(from April 1, 2026 to March 31, 2027)

(Percentages represent year-on-year changes)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Half year	846,000	8.1	36,000	(6.7)	34,000	(10.9)	20,000	(14.3)	Yen 33.24
Full year	1,740,000	5.8	97,000	7.5	95,000	3.5	60,000	1.6	99.72

(Note) In the fiscal year ended March 31, 2026, the provisional accounting treatment for the business combination was finalized, and the year-on-year changes are compared with the figures for the same quarter of the previous year after the provisional accounting treatment was finalized.

* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly added: 34 companies
(Company names): Morrison Express Worldwide Corporation, Maxyork Investments Ltd,
MEC Labuan Holding Co., Ltd and 31 other companies
Excluded: 14 companies
(Company names): Chilled & Frozen Logistics Holdings Co., Ltd.
Shanghai Runbow Logistics & Technology Co., Ltd. and 12 other companies
- (2) Changes in accounting policies, changes in accounting estimates, and restatements
- | | |
|--|------|
| (i) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| (ii) Changes in accounting policies due to other reasons: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |
- (3) Number of shares issued (common stock)
- | | |
|---|--------------------|
| (i) Number of shares issued at the end of the period (including treasury stock) | |
| As of March 31, 2026 | 640,394,400 shares |
| As of March 31, 2025 | 640,394,400 shares |
| (ii) Number of treasury stock at the end of the period | |
| As of March 31, 2026 | 43,661,197 shares |
| As of March 31, 2025 | 14,924,790 shares |
| (iii) Average number of shares during the period | |
| Fiscal year ended March 31, 2026 | 601,661,833 shares |
| Fiscal year ended March 31, 2025 | 625,468,955 shares |
- The number of treasury stock includes the number of the Company's shares owned by the ESOP trust account (3,875,000 shares at the end of the fiscal year ended March 31, 2026).

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

* Description concerning the appropriate use of earnings forecasts and other remarks

The descriptions concerning earnings forecasts included in this document are based on information currently available to the Company and certain assumptions reasonably judged to be valid. Actual results may differ substantially from these forecasts due to a variety of factors. For the assumptions on which the earnings forecasts were based and the notes for use of the forecasts, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" in the Appendix.

- The Company plans to promptly publish supplemental explanatory material for consolidated financial results on its website following the financial results announcement.
- The Company plans to hold a results presentation briefing for analysts and institutional investors on May 11, 2026.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the fiscal year ended March 31, 2026 (hereinafter “the current fiscal year”), although the Japanese economy was affected by trade policies of various countries, it was supported by government economic measures and an accommodative financial environment, with improvements in employment and income conditions and a recovery trend in corporate capital investment. Meanwhile, there are concerns over the prolongation of geopolitical risks such as turmoil in the Middle East, and the outlook remains uncertain.

In Japan’s logistics industry, although consumer sentiment is showing signs of improvement due to stabilizing price increases and rising wages, the competitive environment remains intense due to factors such as some major e-commerce business operators being seen to make moves to expand their in-house delivery networks. In addition, the business environment continues to be unstable due to factors such as the need for ongoing responses to the limits on the number of overtime hours for delivery drivers that were applied from April 2024 (hereinafter “the 2024 problem”), as well as rising costs in prices, labor etc., and other areas. In the global logistics market, uncertainties remain high concerning trends in marine and air cargo demand and freight charges amid the impact of supply chain disruption brought about by U.S. trade policy and rising transportation risks in the Middle East region.

Under such business conditions, operating revenues for the current fiscal year increased by 11.2% year on year to 1,644,762 million yen, operating income increased by 2.7% to 90,247 million yen, ordinary income increased by 3.3% to 91,782 million yen, and net income attributable to owners of the parent increased by 1.6% to 59,066 million yen. In the third quarter of the current fiscal year, an extraordinary loss from the transfer of equity interest in Shanghai Runbow Logistics & Technology Co., Ltd., was recorded, and in the fourth quarter of the current fiscal year, a gain on the sale of policy shareholdings and compensation related to the eviction of a business site of World Supply Co., Ltd. were recorded as extraordinary income.

Results by segment are explained below.

Taking into consideration the direction of business strategies for realizing our long-term vision and differences in profitability between businesses, we have established the Global Logistics Business as a new reportable segment effective from the fiscal year ended March 31, 2026. The Global Logistics Business includes forwarding business and overseas 3PL business, etc., which were previously included in the Logistics Business.

- Delivery Business

The number of packages handled through the Group’s major services was as follows.

Service name	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Change	Change (%)
Total number of packages handled (million)	1,308	1,360	52	4.0
Hikyaku Express (million)	1,271	1,324	52	4.2
Others (million)	36	36	(0)	(0.6)

(Notes) 1 Due to changes in reportable segments, we have changed the scope of calculation of the number of packages handled in the Delivery Business for the fiscal year ended March 31, 2026. The figures in the table above also reflect the change in the scope of calculation of the number of packages handled for the fiscal year ended March 31, 2025, and the change has been calculated accordingly.

2 The number of packages handled through Hikyaku Express is the number of packages Sagawa Express Co., Ltd. reports to Japan’s Ministry of Land, Infrastructure, Transport and Tourism.

3 The number of packages handled through Others is the number of packages handled through Hikyaku Large Size Express provided by Sagawa Express Co., Ltd.

In the Delivery Business, although consumer sentiment is showing signs of improvement, the competitive environment remains intense due to some major e-commerce business operators making moves to expand their in-house delivery networks. Under such business conditions, the Group has been working to expand revenue in express package delivery services for cross-border e-commerce and low-temperature logistics, which we view as growth markets. As a result, the number of packages handled has remained above the level of the same month of the previous year since June, and for the current fiscal year, both BtoB and BtoC transactions increased year on year. In particular, of BtoC packages, an increase in the number of cross-border e-commerce packages handled contributed to the increase in the overall number of packages handled. Although the average unit price declined year on year due to factors such as the expansion of small package handling accompanying the increase in cross-border e-commerce, the operating income margin for the segment as a whole is maintained even amid rising costs by setting prices in consideration of handling volume and costs for each transaction based on the policy to receive appropriate freight charges. Regarding the solution “TMS (Transportation Management System)” that provides added value for other than express package delivery services, sales increased year on year due to proposal-based sales activities by the cross-functional advanced logistics project team “GOAL (GO Advanced Logistics).” On the cost side, against the backdrop of securing resources for sustainable and stable service provision, the Group has raised outsourcing unit prices for partner companies and implemented base pay increases for employees, and costs centered on personnel expenses and outsourcing expenses continue to trend upward. Furthermore, as a result of a year-on-year increase in the number of packages handled during the current fiscal year, operating expenses increased compared to the previous fiscal year, during which cost controls were implemented due to factors such as a decrease in the number of packages handled. Additionally, costs were incurred for arranging additional vehicles and personnel to resolve the logistics disruption caused by the unexpected increase in the number of packages handled that occurred in late November, and operating expenses for the current fiscal year increased year on year.

Furthermore, since June 2025, we have been gradually expanding the service locations of “SAGAWA Hands-Free Travel,” a logistics service for tourists, to meet domestic and overseas customers’ needs. We will continue to strengthen our operational systems to enhance convenience for customers by introducing multilingual support and various payment methods.

As a result, operating revenues from this business segment increased by 4.5% year on year to 1,048,510 million yen and operating income increased by 2.6% to 70,140 million yen.

- Logistics Business

In the Logistics Business, revenues increased due to the impact of Meito Transportation Co., Ltd. (hereinafter referred to as “Meito/Hutech,” former Chilled & Frozen Logistics Holdings, Co., Ltd.), which was included in the scope of consolidation from the third quarter of the fiscal year ended March 31, 2025. Furthermore, even excluding the effect of the consolidation of Meito/Hutech, revenues and income increased due to receiving appropriate fees and improved productivity in existing 3PL in Japan.

As a result, operating revenues from this business segment increased by 41.7% year on year to 202,798 million yen, and operating income increased by 48.5% to 6,278 million yen.

- Global Logistics Business

In the Global Logistics Business, Morrison Express Worldwide Corporation (hereinafter referred to as “Morrison”) has been included in the Group’s consolidated financial results from the second quarter of the current fiscal year. In the existing Expolanka Holdings Limited (hereinafter referred to as “Expolanka”), marine cargo volume was at the same level as the previous year due to factors such as the retention of new customers, but air cargo volume was below the level of the same period of the previous year. Air and ocean freight charges continued to decline due to factors including the impact of U.S. trade policy, with overall market demand remaining weak even after the second quarter, which is typically the peak season.

In such a business environment, operating revenues increased due to the contribution of the effect of consolidation of Morrison. Operating income decreased because the impact of reduced revenue at Expolanka could not be offset despite the contribution of efficiency improvements resulting from the reorganization of locations implemented in the previous fiscal year.

As a result, operating revenues from this business segment increased by 25.4% year on year to 321,596 million yen while operating income decreased by 96.1% to 137 million yen.

- Real Estate Business

In the Real Estate Business, the Group made sales of real estate holdings in the fourth quarter of the current fiscal year. The real estate leasing and management business progressed as planned.

As a result, operating revenues from this business segment decreased by 35.6% year on year to 15,434 million yen and operating income decreased by 1.4% to 10,374 million yen.

- Other Businesses

In Other Businesses, revenue and income increased mainly due to an increase in the sales of new vehicles such as heavy-duty trucks, an increase in system-related projects undertaken and a decrease in expenses.

As a result, operating revenues from this business segment increased by 6.9% year on year to 56,421 million yen and operating income increased by 39.3% to 2,637 million yen.

(2) Overview of Financial Position

Assets and liabilities have increased significantly due to the impact of making Morrison a new consolidated subsidiary during the first quarter of the current fiscal year.

(Assets)

Current assets as of the end of the current fiscal year amounted to 383,486 million yen, an increase of 12,921 million yen from the balance at the end of the previous fiscal year. This was mainly due to increases of 29,346 million yen in trade notes, accounts receivable and contract assets and 4,063 million yen in other current assets resulting from an increase in consumption taxes receivable, which were partially offset by a decrease of 20,155 million yen in cash and deposits. Non-current assets amounted to 845,530 million yen, an increase of 175,480 million yen from the balance at the end of the previous fiscal year. This was mainly due to increases of 80,870 million yen in goodwill, 41,441 million yen in buildings and structures, 33,133 million yen in other intangible assets resulting from an increase in customer-related intangible assets, and 9,737 million yen in land.

As a result, total assets amounted to 1,229,017 million yen, an increase of 188,402 million yen from the balance at the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the current fiscal year amounted to 445,272 million yen, an increase of 222,676 million yen from the balance at the end of the previous fiscal year. The main factor was an increase of 199,882 million yen in short-term bank loans. Long-term liabilities amounted to 235,072 million yen, an increase of 1,642 million yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 680,345 million yen, an increase of 224,318 million yen from the balance at the end of the previous fiscal year.

(Equity)

Total equity at the end of the current fiscal year amounted to 548,672 million yen, a decrease of 35,916 million yen from the balance at the end of the previous fiscal year. The main factors were an increase of 74,999 million yen in purchases of treasury stock (corresponding decrease in equity) and cash dividends of 32,089 million yen, while 59,066 million yen in net income attributable to owners of the parent was recorded.

As a result, equity ratio decreased by 11.3 percentage points from the end of the previous fiscal year to 44.4%.

(3) Overview of Cash Flows

The balance of cash and cash equivalents (hereinafter “net cash”) as of the end of the current fiscal year decreased by 23,965 million yen from the end of the previous fiscal year to 92,896 million yen.

The status of cash flows for the current fiscal year and factors behind them are provided below.

(Cash flows from operating activities)

Net cash provided by operating activities was 124,824 million yen, an increase of 5.2% as compared to the previous fiscal year.

The main factors affecting cash flows were cash inflows of 91,809 million yen in income before income taxes and 47,563 million yen in depreciation and amortization, which were partially offset by cash outflows of 32,800 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 216,758 million yen, an increase of 31.6% as compared to the previous fiscal year.

The main factors affecting cash flows were cash outflows of 133,864 million yen in purchases of investments in subsidiaries with changes in scope of consolidation related to the acquisition of shares, etc. of Morrison and 79,220 million yen in purchases of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 65,765 million yen, an increase of 369.9% as compared to the previous fiscal year.

The main factors affecting cash flows were cash inflows of a net increase of 201,899 million yen in short-term bank loans, which were partially offset by cash outflows of 74,999 million yen in purchases of treasury stock, 32,085 million yen in cash dividends paid, 23,545 million yen in repayments of long-term bank loans, and 10,181 million yen in repayments of lease obligations.

(4) Future Outlook

With regard to the outlook for the Japanese economy, the outlook remains uncertain due to factors such as the impact of trade policies of various countries on the Japanese economy and the protraction of geopolitical risks.

In the logistics industry, passing on rising costs such as prices of goods and personnel expenses to sales prices is progressing. There is also an increase in cooperation between companies in the same and different industries, triggered by the full-scale response to the 2024 problem, and an increase in business closures and business transfers due to difficulties in finding successors against a backdrop of the continuing harshness of the business environment. In addition, there are signs of change in the industry structure, such as moves by some major e-commerce business operators to expand their in-house delivery networks. In such a business environment, from a medium- to long-term perspective, although express package delivery that is a domestic demand-oriented industry is expected to be affected by declining population of Japan, we expect the proportion of e-commerce transactions to the total amount of commercial transactions to increase, and demand for logistics related to e-commerce, such as delivery to end users, to also increase gradually. In the global logistics market, although the situation in the short term remains highly uncertain due to the concerns of the deceleration of the global economy, the impact of trade policies of various countries and the destabilization of the situation in the Middle East, the outlook for world trade volume by major international institutions remains positive. In the medium to long term, the global logistics market is expected to continue its growth trend.

Under these circumstances, based on the Mid-term Management Plan “SGH Story 2027,” formulated in March 2025, the Group has set forth the basic Policy of “more advanced total logistics and the expansion of global logistics infrastructure,” and is promoting (1) expansion of domestic service areas and global logistics infrastructure, (2) expansion of management resources to support growth, and (3) initiatives aimed at sustainable management.

(Consolidated Earnings Forecasts)

Operating revenues	1,740 billion yen
Operating income	97 billion yen
Ordinary income	95 billion yen
Net income attributable to owners of the parent	60 billion yen

(Segment Forecasts)

(Billions of yen)

	Forecast for the fiscal year ending March 31, 2027	Year-on-year change (%)
Total operating revenues	1,740	5.8
Delivery Business	1,090	4.0
Logistics Business	210	3.6
Global Logistics Business	380	18.2
Real Estate Business	13	(15.8)
Other	47	(16.7)
Total operating income	97	7.5
Delivery Business	76	8.4
Logistics Business	7.5	19.5
Global Logistics Business	4.0	2,817.1
Real Estate Business	6.5	(37.3)
Other	2.0	(24.2)
Reconciliations	1.0	—

(5) Dividend Policy and Plans for the Current and Next Fiscal Years

The Company recognizes returns to shareholders as one of the most important management issues, and aims to deliver returns to shareholders by implementing a progressive dividend policy as a basic principle and flexibly conducting share buybacks, while securing internal reserves necessary for future business development and strengthening of the management structure.

Under this policy, the Mid-term Management Plan sets a target of a total return ratio of 60% or more on a cumulative three-year basis through dividends and share buybacks, with the basic policy of paying dividends twice a year through an interim dividend and a year-end dividend. The Company has stipulated in its Articles of Incorporation that it may distribute dividends from surplus to shareholders, etc. listed or recorded in the final shareholder register of March 31 or September 30 each year. Furthermore, the Articles of Incorporation state that dividends from surplus and other matters stipulated in the Article 459, Paragraph 1 of the Companies Act are to be determined by a resolution of the Board of Directors excluding cases otherwise stipulated by laws and regulations.

The Company plans to pay year-end dividends of 27.0 yen per share for the current fiscal year.

The interim dividend was 26.00 yen per share, and the annual dividend is planned to be 53.00 yen per share (consolidated dividend payout ratio of 54.0%).

For the next fiscal year, the Company plans to pay an interim dividend of 27.00 yen per share and a year-end dividend of 27.00 yen per share, respectively. As a result, the forecast of annual total dividend for the year ending March 31, 2027 is 54.00 yen per share.

2. Management Policy

(1) Basic Policy of Management

Remaining committed to the founding spirit of “Hikyaku no Kokoro” (the spirit of express messenger) to always act with the best of intentions for customers, as its guiding principle, the SG Holdings Group will:

- Earn the trust of customers and society and grow together
- Create new value and contribute to social development
- Always take on the challenges presented to us and pursue all possibilities

The Group has always been committed to improving its services and quality by which the clients and customers can enjoy security, satisfaction and trust. Looking toward the future, the Group will make its utmost efforts to become a business entity of more value to society by promptly responding to changes in society and the needs of customer, in addition to continuing to provide total logistics.

(2) Medium- to Long-Term Management Strategies and Target Management Indicators

The current business environment continues to change at a dizzying pace, and we anticipate that the environment surrounding companies will become increasingly complex over the medium to long term. In particular, the labor shortage is becoming more acute nationwide, necessitating an acceleration of improving the efficiency of our operations assuming rising wages and inflation. We also believe that for sustainable growth, we must take an approach toward expanding our business overseas, which is a growing market.

Based on this awareness of the environment, in March 2022, the Group formulated “Grow the new Story: New logistics, nurturing a new society together.” as its long-term vision “SGH Vision 2030” through the fiscal year ending March 31, 2031. Furthermore, in March 2025, we further refined this long-term vision and defined it more concretely as our aspiration to continue to be “an indispensable presence serving as infrastructure for customers and society,” and also outlined the specifics of our business portfolio strategy, medium- to long-term cash allocation policy, and quantitative targets to realize the long-term vision. The Group will create new value and realize what we want to be by providing more advanced “total logistics” coordinating the entire supply chain for our customers.

(Management Targets for the Fiscal Year Ending March 31, 2031)

Operating revenues	2,200 billion yen
Operating income	140 billion yen
Net income attributable to owners of the parent	98 billion yen
ROE	15%
ROIC	10%

In addition, to realize our long-term vision, we have formulated the Mid-term Management Plan “SGH Story 2027” covering the period from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2028. In the current fiscal year, the first year of the Mid-term Management Plan, although some areas of the Global Logistics Business have fallen behind plan due in part to the impact of trade policies of various countries and geopolitical risks, certain results have been achieved in the Delivery Business, including the ahead-of-schedule achievement of volume targets through the growth of cross-border e-commerce, which was identified as one of the growth areas. We will continue to work to enhance the corporate value of the Group and realize a sustainable society, based on the basic policy of providing more advanced total logistics and expansion of global logistics infrastructure.

(Management strategy in the Mid-term Management Plan)

1. Expansion of domestic service areas and global logistics infrastructure
2. Expansion of management resources to support growth
3. Initiatives aimed at sustainable management

(Management targets for the fiscal year ending March 31, 2028 at the time of formulation of the Mid-term Management Plan)

Operating revenues	1,830 billion yen
Operating income	110 billion yen
Net income attributable to owners of the parent	70 billion yen
ROE	12%
ROIC	8%

(3) Challenges to Be Addressed

We have established the basic policies of “more advanced total logistics and the expansion of global logistics infrastructure” in the Mid-term Management Plan “SGH Story 2027,” and will promote (i) expansion of domestic service areas and global logistics infrastructure, (ii) expansion of management resources to support growth, and (iii) initiatives aimed at sustainable management.

(i) Expansion of domestic service areas and global logistics infrastructure

- Strengthening the revenue foundation by expanding the competitiveness and efficiency of express package delivery services

As for the medium- to long-term outlook for the logistics industry, although factors such as the declining population are expected to have an impact, demand for logistics related to e-commerce, such as deliveries to end users, is expected to increase moderately. Meanwhile, triggered by rising costs such as prices of goods and personnel expenses, and the full-scale response to the 2024 problem, there are signs of changes in the industry structure such as an increase in cooperation between companies in the same and different industries, and the expansion of in-house delivery networks by major e-commerce business operators.

Under such business conditions, the Company will work to expand real commerce and the low-temperature logistics area, which have been identified as growth areas for express package delivery services in the Mid-term Management Plan. In addition, regarding cross-border e-commerce, which was similarly identified as a growth area in the Mid-term Management Plan, strong demand and the results of sales activities have led to the early achievement of the Mid-term Management Plan’s volume targets in the fiscal year ended March 31, 2026, and going forward, we will continue to focus primarily on improving profitability through operational efficiency improvements and efforts to receive appropriate freight charges.

- Building one of the best cold chains in Japan by expanding low-temperature logistics solutions

Against the backdrop of the low-temperature logistics market expanding due to the recent globalization of the food market, diversification of food, declining birthrate and aging population, and other factors, the Group has acquired a foundation in the low-temperature logistics area by consolidating Meito/Hutech. Under the Mid-term Management Plan, we aim to build one of the best cold chains in Japan by maximizing group synergies through expanding domestic low-temperature e-commerce, joint delivery and provision of TMS, as well as through the expansion of overseas low-temperature logistics.

- Increasing the added value of domestic logistics and expanding the TMS business area

In domestic logistics other than low-temperature logistics, we will continue to provide customized logistics solutions tailored to customers’ industries and products, and also seek to expand business scale and improve profitability by investing in material handling equipment that leads to greater efficiency.

- Expanding the customer base and improving profitability of global logistics

In order to realize business expansion overseas, which is a growth market for sustainable growth, we will increase the industries covered and expand logistics areas, starting with Expolanka’s forwarding business. As part of this effort, in May 2025, the Company made Morrison, a global freight forwarder based in Taiwan, a part of the Group. During the current fiscal year, while Morrison progressed in line with its initial planning, Expolanka was affected by U.S. trade policies and other factors, resulting in delays relative to the Mid-term Management Plan.

Going forward, by promoting integrated commercial activities across Expolanka, Morrison, and our domestic international divisions, we will work to improve per-customer sales and wallet share through sharing customer pipelines, joint sales to top customers, and expanding cross-selling, while also reviewing our customer base such as reducing dependence on specific customers, and working to build a revenue structure that is resilient to fluctuations in the market environment.

In addition, we will improve operational efficiency through strengthening procurement via collaboration between the two companies, expanding the lanes covered by joint transportation, consolidating offices and warehouses, and mutually leveraging IT resources. We will also implement reductions in fixed costs at Expolanka and review its operational structure and executive compensation system, advancing cost reduction and optimization of the cost structure. Furthermore, by engaging in business reorganization and structural reforms, including the reorganization of non-core businesses, we will steadily promote measures aimed at improving the profitability of the Global Logistics Business as a whole and achieving the Mid-term Management Plan.

(ii) Expansion of management resources to support growth

- Maintaining and strengthening service infrastructure, including strengthening partnerships with partner companies

To maintain and strengthen sustainable transportation and delivery infrastructure, we will continue efforts to receive appropriate freight charges, while also working on improving efficiency through the consolidation of transportation and distribution sites, and expanding support for partner companies. Regarding transportation and distribution sites, during the current Mid-term Management Plan period, we plan to commence operations at large-scale transfer centers in the Tokyo, Kansai, and Kyushu areas. Through this, we anticipate an increase in annual capacity for the number of packages handled and efficiency gains from the consolidation of sites.

In addition, for partner companies, we are regularly holding “meetings to promote appropriate transactions” as a forum for dialogue including the review of outsourcing unit prices, rolling out the SAGAWA Partner Program, and establishing business succession contact points.

- Maximizing corporate value through investment in human capital

Amid the continuing shortage of human resources and inflationary conditions, we position human resources as a critical management resource and will make proactive investments in human capital to achieve sustainable growth. From the perspective of retaining and securing talent, we will continue to implement ongoing base pay increases. From the perspective of talent development, we will conduct global logistics training and DX training to cultivate highly specialized personnel.

- Improving business competitiveness through investment in DX, R&D, and the latest technology

We will continue to invest in DX and the latest technologies, including R&D and open innovation activities, to improve service quality and the efficiency of our operations. This will expand the competitiveness of services chosen by customers and improve the Group’s profitability.

(iii) Initiatives aimed at sustainable management

- Addressing social and environmental issues such as decarbonization

In order to realize a decarbonized society, as a logistics group, the Group will work to reduce its own greenhouse gas emissions based on the Group’s decarbonization vision with the goal of being carbon neutral by 2050, and we will also contribute to the reduction of greenhouse gas emissions by society as a whole by providing services that help our customers reduce their environmental impact and by proposing optimal logistics solutions to customers. The Group’s decarbonization vision is being reviewed in light of the expansion of the Group’s scope of consolidation through M&A and the announcement of the “7th Strategic Energy Plan” by the Japanese government, and we are proceeding with the formulation of measures to achieve a better balance between the environment and economy than before (scheduled for publication around the summer of 2026).

- Enhancing governance to increase corporate value

To enhance corporate value, it is important to strengthen the commitment of Directors and other management executives along with management personnel, and to enhance the governance structure. To this end, the chairperson of the Nomination and Compensation Advisory Committee was changed from the Representative Director to an independent Outside Director, and we established an executive share ownership association and introduced an employees share-based remuneration program. In addition, we are working to develop and strengthen our governance structure in line with our global logistics strategy, and from the perspective of management control, we will promote capital efficiency-conscious management through our business portfolio strategy. Furthermore, we will further expand opportunities for dialogue with stakeholders and appropriately reflect the content of such dialogue in our management strategy, thereby aiming to create a virtuous cycle for enhancing corporate value.

3. Basic Approach to Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with accounting principles generally accepted in Japan.

The adoption of International Financial Reporting Standards (IFRS) is being considered, but the timing of the adoption is yet to be determined.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year 2024 (As of March 31, 2025)	Fiscal Year 2025 (As of March 31, 2026)
Assets		
Current assets		
Cash and deposits	116,861	96,706
Trade notes, accounts receivable and contract assets	199,449	228,796
Real estate for sale	24,374	21,354
Merchandise and finished goods	629	605
Work in process	254	3,050
Raw materials and supplies	2,397	3,004
Other	28,655	32,719
Allowance for doubtful accounts	(2,057)	(2,749)
Total current assets	370,565	383,486
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	125,762	167,204
Machinery and equipment, net	40,161	38,335
Vehicles, net	63,174	68,392
Land	182,887	192,625
Lease assets, net	16,729	17,150
Construction in progress	34,437	32,496
Other, net	25,375	28,186
Total property, plant and equipment	488,528	544,391
Intangible assets		
Goodwill	64,691	145,562
Software	15,390	13,707
Lease assets	73	84
Other	24,704	57,838
Total intangible assets	104,861	217,192
Investments and other assets		
Investment securities	28,009	25,645
Deferred tax assets	16,997	23,224
Other	33,436	36,980
Allowance for doubtful accounts	(1,784)	(1,904)
Total investments and other assets	76,660	83,946
Total non-current assets	670,050	845,530
Total	1,040,615	1,229,017

	(Millions of yen)	
	Fiscal Year 2024 (As of March 31, 2025)	Fiscal Year 2025 (As of March 31, 2026)
Liabilities		
Current liabilities		
Trade notes and accounts payable	87,607	101,296
Short-term bank loans	4,905	204,787
Current portion of long-term bank loans	24,200	19,140
Lease obligations	7,786	9,662
Income taxes payable	18,231	22,811
Deposits received	26,173	25,586
Accrued bonuses	17,407	20,161
Accrued bonuses to directors	156	107
Other	36,127	41,717
Total current liabilities	222,596	445,272
Long-term liabilities		
Long-term bank loans	139,119	126,020
Lease obligations	29,363	34,815
Other provisions	639	443
Liabilities for employees' retirement benefits	42,878	42,179
Provision for share awards	—	331
Asset retirement obligations	10,163	10,164
Other	11,265	21,116
Total long-term liabilities	233,429	235,072
Total liabilities	456,026	680,345
Equity		
Shareholders' equity		
Capital stock	11,882	11,882
Retained earnings	570,268	567,367
Treasury stock - at cost	(21,131)	(66,149)
Total shareholders' equity	561,019	513,101
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	8,124	7,174
Deferred gains or losses on hedges	617	(209)
Foreign currency translation adjustments	10,783	26,035
Defined retirement benefit plans	(398)	95
Total accumulated other comprehensive income	19,126	33,096
Non-controlling interests	4,442	2,474
Total equity	584,589	548,672
Total	1,040,615	1,229,017

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

	(Millions of yen)	
	Fiscal Year 2024 (April 1, 2024 to March 31, 2025)	Fiscal Year 2025 (April 1, 2025 to March 31, 2026)
Operating revenues	1,479,239	1,644,762
Operating costs	1,318,809	1,454,871
Operating gross profit	160,430	189,891
Selling, general and administrative expenses	72,582	99,643
Operating income	87,847	90,247
Non-operating income		
Interest income	1,047	1,141
Dividend income	348	531
Equity in earnings of associated companies	221	413
Foreign exchange gains	—	916
Commission received	220	221
Subsidies received	587	1,103
Insurance received	1,239	978
Other	1,091	1,923
Total non-operating income	4,756	7,230
Non-operating expenses		
Interest expense	2,559	5,139
Foreign exchange losses	511	—
Other	664	555
Total non-operating expenses	3,736	5,695
Ordinary income	88,867	91,782
Extraordinary income		
Gain on sales of long-lived assets	570	767
Gain on sale of investment securities	—	3,625
Removal indemnity	—	*1 1,178
Total extraordinary income	570	5,572
Extraordinary losses		
Loss on sales of long-lived assets	218	629
Loss on disposal of long-lived assets	234	93
Loss on impairment of long-lived assets	*2 556	*2 1,652
Loss on sale of shares of subsidiaries and associates	—	*3 3,170
Total extraordinary losses	1,010	5,545
Income before income taxes	88,427	91,809
Income taxes-current	30,580	35,847
Income taxes-deferred	(466)	(3,574)
Total income taxes	30,114	32,273
Net income	58,313	59,536
Net income attributable to non-controlling interests	193	469
Net income attributable to owners of the parent	58,120	59,066

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal Year 2024 (April 1, 2024 to March 31, 2025)	Fiscal Year 2025 (April 1, 2025 to March 31, 2026)
Net income	58,313	59,536
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	827	(949)
Deferred gains or losses on hedges	617	(826)
Foreign currency translation adjustments	(737)	14,826
Defined retirement benefit plans	38	493
Share of other comprehensive income (loss) in associates	(34)	121
Total other comprehensive income (loss)	711	13,665
Comprehensive income	59,024	73,202
Total comprehensive income attributable to:		
Owners of the parent	58,874	73,036
Non-controlling interests	150	165

(3) Consolidated Statement of Changes in Equity
Fiscal Year 2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	11,882	16	568,372	(21,134)	559,138
Changes during the year					
Cash dividends			(31,898)		(31,898)
Net income attributable to owners of the parent			58,120		58,120
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		2	3
Change in ownership interest of parent due to transactions with non-controlling interests		(24,342)			(24,342)
Transfer from retained earnings to capital surplus		24,325	(24,325)		—
Net changes during the year of items other than shareholders' equity					
Total changes during the year	—	(16)	1,895	2	1,881
Balance at the end of the year	11,882	—	570,268	(21,131)	561,019

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	7,296	—	11,512	(437)	18,372	12,751	590,261
Changes during the year							
Cash dividends							(31,898)
Net income attributable to owners of the parent							58,120
Purchase of treasury stock							(0)
Disposal of treasury stock							3
Change in ownership interest of parent due to transactions with non-controlling interests							(24,342)
Transfer from retained earnings to capital surplus							—
Net changes during the year of items other than shareholders' equity	827	617	(729)	38	754	(8,308)	(7,554)
Total changes during the year	827	617	(729)	38	754	(8,308)	(5,672)
Balance at the end of the year	8,124	617	10,783	(398)	19,126	4,442	584,589

Fiscal Year 2025 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	11,882	—	570,268	(21,131)	561,019
Changes during the year					
Cash dividends			(32,089)		(32,089)
Net income attributable to owners of the parent			59,066		59,066
Purchase of treasury stock				(74,999)	(74,999)
Disposal of treasury stock		(30,018)		30,059	41
Purchase of treasury stock through stock benefit trust				(5,865)	(5,865)
Disposal of treasury stock for stock benefit trust		83		5,788	5,871
Change in ownership interest of parent due to transactions with non-controlling interests		56			56
Transfer from retained earnings to capital surplus		29,878	(29,878)		—
Net changes during the year of items other than shareholders' equity					
Total changes during the year	—	—	(2,901)	(45,017)	(47,918)
Balance at the end of the year	11,882	—	567,367	(66,149)	513,101

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	8,124	617	10,783	(398)	19,126	4,442	584,589
Changes during the year							
Cash dividends							(32,089)
Net income attributable to owners of the parent							59,066
Purchase of treasury stock							(74,999)
Disposal of treasury stock							41
Purchase of treasury stock through stock benefit trust							(5,865)
Disposal of treasury stock for stock benefit trust							5,871
Change in ownership interest of parent due to transactions with non-controlling interests							56
Transfer from retained earnings to capital surplus							—
Net changes during the year of items other than shareholders' equity	(949)	(826)	15,251	493	13,969	(1,967)	12,001
Total changes during the year	(949)	(826)	15,251	493	13,969	(1,967)	(35,916)
Balance at the end of the year	7,174	(209)	26,035	95	33,096	2,474	548,672

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal Year 2024 (April 1, 2024 to March 31, 2025)	Fiscal Year 2025 (April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Income before income taxes	88,427	91,809
Depreciation and amortization	40,129	47,563
Loss on impairment of long-lived assets	556	1,652
Amortization of goodwill	3,461	8,175
Net changes in accrued bonuses	(3,409)	1,551
Net changes in allowance for doubtful accounts	175	399
Net changes in other provisions	137	(244)
Net changes in liabilities for employees' retirement benefits	53	40
Increase (decrease) in provisions for employee share awards	—	331
Interest and dividend income	(1,395)	(1,673)
Interest expense	2,559	5,139
Loss (gain) on sale of investment securities	—	(3,625)
Foreign exchange losses (gains)	1,517	(1,275)
Equity in losses (earnings) of associated companies	(221)	(413)
Loss (gain) on sales of long-lived assets	(352)	(138)
Loss on disposal of long-lived assets	234	93
Loss on sale of shares of subsidiaries and associates	—	3,170
Removal indemnity	—	(1,178)
Net changes in trade notes and accounts receivable	(679)	(1,091)
Net changes in inventories	10,477	(505)
Net changes in trade notes and accounts payable	4,873	6,337
Net changes in deposits received	(5,923)	(350)
Other, net	(6,226)	3,206
Subtotal	134,395	158,974
Interest and dividend received	1,411	1,812
Interest paid	(1,933)	(4,461)
Income taxes refund (paid)	(15,272)	(32,800)
Compensation received	—	1,300
Net cash provided by (used in) operating activities	118,600	124,824
Cash flows from investing activities		
Purchases of property, plant and equipment	(48,770)	(79,220)
Proceeds from sales of property, plant and equipment	1,875	1,953
Purchases of intangible assets	(4,432)	(4,673)
Purchases of investment securities	(18)	(537)
Proceeds from sales of investment securities	34	3,229
Purchases of investments in subsidiaries with changes in scope of consolidation	(112,011)	(133,864)
Proceeds from sales of investments in subsidiaries with changes in scope of consolidation	62	431
Payments for guarantee deposits	(1,838)	(1,994)
Collections of guarantee deposits	541	581
Other, net	(170)	(2,665)
Net cash provided by (used in) investing activities	(164,727)	(216,758)

	(Millions of yen)	
	Fiscal Year 2024 (April 1, 2024 to March 31, 2025)	Fiscal Year 2025 (April 1, 2025 to March 31, 2026)
Cash flows from financing activities		
Net changes in short-term bank loans	(11,490)	201,899
Proceeds from long-term bank loans	130,000	—
Repayments of long-term bank loans	(31,627)	(23,545)
Repayments of lease obligations	(8,665)	(10,181)
Proceeds from sale and leaseback transactions	1,987	4,977
Purchase of treasury shares	(0)	(74,999)
Cash dividends paid	(31,895)	(32,085)
Dividends paid to non-controlling interests	(289)	(308)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(34,024)	(17)
Other, net	(0)	26
Net cash provided by (used in) financing activities	13,994	65,765
Effect of foreign currency translation adjustments on cash and cash equivalents	1,727	2,203
Net increase (decrease) in cash and cash equivalents	(30,404)	(23,965)
Cash and cash equivalents at the beginning of the year	147,266	116,861
Cash and cash equivalents at the end of the year	116,861	92,896

- (5) Notes to Consolidated Financial Statements
 (Notes to Going Concern Assumptions)
 Not applicable.

(Basis of Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 201

Names of principal consolidated subsidiaries:

Sagawa Express Co., Ltd.	Sagawa Humony Co., Ltd.
SG Moving Co., Ltd.	Sagawa Global Logistics Co., Ltd.
World Supply Co., Ltd.	Meito Transportation Co., Ltd.
Hutech norin Co., Ltd.	SGH Global Japan Co., Ltd.
SG Realty Co., Ltd.	Sagawa Advance Co., Ltd.
SG Motors Co., Ltd.	SG Systems Co., Ltd.
SG Fielder Co., Ltd.	SG Holdings Global Pte. Ltd.
Sagawa Express International Logistics (Shenzhen) Co., Ltd.	SG Sagawa Vietnam Co., Ltd.
SG Sagawa Ameroid Pte. Ltd.	SG Sagawa USA, Inc.
Expolanka Holdings Limited	EFL Global Logistics (Pte.) Ltd.
EFL Global LLC	EFL Container Lines, LLC
Expolanka Freight (Vietnam) Ltd	Expo Freight Private Limited
Locher Evers International Inc	Expo Freight (Shanghai) Limited
Expolanka Freight Ltd	PT EFL Global Indonesia
Expofreight (Hong Kong) Limited	Expolanka Freight (Private) Limited
Expofreight (Shenzhen) Limited	Expolanka Freight Dubai (L.L.C)
Expolanka Freight (Cambodia) Limited	EFL Hub (Pvt) Ltd
Expolanka Freight (Philippines) Inc.	EFL Malaysia Sdn. Bhd.
Morrison Express Worldwide Corporation	Maxyork Investments Ltd
MEC Labuan Holding Co., Ltd	

Chilled & Frozen Logistics Holdings Co., Ltd. was excluded from the scope of consolidation as it ceased to exist due to an absorption-type merger with Meito Transportation Co., Ltd. as the surviving company.

Expolanka Holdings Limited newly established four subsidiaries, which were included in the scope of consolidation.

Following the acquisition of shares of Morrison Express Worldwide Corporation by SG Holdings Global Pte. Ltd., Morrison Express Worldwide Corporation, Maxyork Investments Ltd, MEC Labuan Holding Co., Ltd, and 31 other companies have been included in the scope of consolidation.

SD Transline Co., Ltd. has been included in the scope of consolidation due to being newly established.

Due to Sagawa Global Logistics Co., Ltd. transferring all of its equity interest in Shanghai Runbow Logistics & Technology Co., Ltd., Shanghai Runbow Logistics & Technology Co., Ltd. and 12 other companies have been excluded from the scope of consolidation.

Following the acquisition of shares of D-Line Co., Ltd. and its six group companies by SD Transline Co., Ltd., D-Line Co., Ltd. and six other companies have been included in the scope of consolidation.

(2) Name of unconsolidated subsidiaries

Unconsolidated subsidiaries

Cooperative Dainichi Group

(Reason for exclusion from the scope of consolidation)

The unconsolidated subsidiary is excluded from the scope of consolidation because it is small in scale, and its total assets, net sales, net income (loss) (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material impact on the consolidated financial statements.

2. Application of the Equity Method

(1) Number of associated companies accounted for by the equity method: 7

Name of principal companies

Choku-han delivery Co., Ltd.

Due to the transfer of equity interest in Shanghai Runbow Logistics & Technology Co., Ltd., Guodian Golmud Photovoltaic Power Generation Co., Ltd. has been excluded from the scope of application of the equity method.

(3) Name of unconsolidated subsidiaries and affiliates which are not accounted for by the equity method

Unconsolidated subsidiaries

Cooperative Dainichi Group

Affiliates

Meito Tateshina Sanso K.K.

(Reason for not applying the equity method)

The unconsolidated subsidiaries and affiliates which are not accounted for by the equity method are excluded from the scope of application of the equity method since its impact on net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. is immaterial and is not significant overall in terms of its total value.

(2) Remarks on application of the equity method

Not applicable.

3. Accounting Periods of Consolidated Subsidiaries

51 of the consolidated subsidiaries including Sagawa Express International Logistics (Shenzhen) Co., Ltd. have a fiscal year-end of December 31. Their financial statements based on a provisional settlement of accounts as of March 31 were used when preparing the consolidated financial statements.

Furthermore, MEITO VIETNAM COMPANY LIMITED and T&M Transportation COMPANY LIMITED have a fiscal year-end of December 31. Their financial statements as of their fiscal year-end were used when preparing the consolidated financial statements. Necessary consolidation adjustments have been made for important transactions that occurred between that date and the consolidated fiscal year-end.

4. Accounting Policies

(1) Valuation standards and methods for significant assets

a. Securities

All investment securities are classified as available-for-sale securities.

Marketable available-for-sale securities are measured at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Cost of securities sold is determined by moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

b. Derivatives

Derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income.

c. Inventories

Real estate for sale, merchandise, finished goods, and work in process are principally stated at the lower of cost, determined by the specific identification method, or net selling value.

Raw materials are principally stated at the lower of cost, determined by the average cost method, or net selling value.

Supplies are principally stated at the lower of cost, determined by the first-in, first-out method, or net selling value.

- (2) Depreciation and amortization methods for significant property, plant and equipment and intangible assets
- a. Property, plant and equipment (excluding lease assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the straight-line method based on the estimated useful lives of the assets.
 - b. Intangible assets (excluding lease assets)

Intangible assets are carried at cost less accumulated amortization, which is computed by the straight-line method over the estimated useful lives of the assets.

Software for internal use is amortized by the straight-line method over 5 years, the estimated useful life.
 - c. Lease assets

Finance lease transactions as a lessee are capitalized by recognizing the lease asset and lease obligations in the consolidated balance sheet. The accounting treatment of finance leases that were deemed to transfer ownership of the leased property to the lessee are the same as property, plant and equipment.

Finance leases that were not deemed to transfer ownership of the leased property to the lessee are depreciated to a residual value of zero over the lease term.
- (3) Accounting treatments for allowance for doubtful accounts, accrued bonuses, accrued bonuses to directors, provision for share awards and other provisions
- a. Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate primarily based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding. In the case of specific receivables that are considered to be at risk of becoming irrecoverable, the amount of the allowance is that which is deemed unlikely to be recovered following an assessment of the individual receivables in question.
 - b. Accrued bonuses

Employees' bonuses are accrued at the end of the fiscal year to which such bonuses are attributable.
 - c. Accrued bonuses to directors

Bonuses to directors are accrued at the end of the fiscal year end to which such bonuses are attributable.
 - d. Provision for share awards

In accordance with internal rules on the delivery of the Company's shares through an ESOP trust, the estimated amount of share-based remuneration obligation based on the points allocated to the Group's employees at the end of the fiscal year is recognized.
 - e. Other provisions
 - Provision for directors' stock benefit

In accordance with internal rules on the provision of share-based remuneration for directors and executive officers, the estimated amount of share-based remuneration obligation at the end of the fiscal year is recognized.
- (4) Accounting for retirement benefits
- a. Method of attributing the expected retirement benefits to periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected retirement benefit to respective service period.
 - b. Accounting treatment for actuarial gains and losses and past service costs

Actuarial gains and losses are amortized in the following year in which the gains or losses are mainly recognized by the straight-line method over certain years, which are shorter than the average remaining service period. Past service costs are mainly charged to income as they are incurred.
 - c. Adoption of the simplified method for small companies, etc.

Some consolidated subsidiaries apply the simplified method of calculating liabilities for employees' retirement benefits and retirement benefit expenses, using the amount payable upon resignation at the end of the fiscal year as the liability for retirement benefits.

(5) Accounting for important hedging activities

a. Accounting for hedging activities

For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market price but the differential paid or received under the swap agreements is recognized and included in interest expense (“Special treatment”). Foreign exchange forward contracts which meet certain criteria are accounted for by the allocation method.

b. Hedging instruments and hedged items

Hedging instruments: Interest rate swaps and foreign exchange forward contracts

Hedged items: Borrowings, Interest on borrowings, monetary payables denominated in foreign currencies, and forward transactions denominated in foreign currencies

c. Hedging policy

The Group engages in hedging based on internal regulations to mitigate interest rate fluctuation risk, foreign exchange fluctuation risk, and market price fluctuation risk.

d. Evaluation of hedge effectiveness

The Group evaluates the effectiveness of hedges by comparing the fluctuation of quotations of hedging instruments and hedged items or the fluctuation of cash flow starting from the beginning of the hedge transaction to the time when its effectiveness is evaluated.

However, an evaluation of hedge effectiveness is omitted for interest rate swaps that are subject to special treatment and forward exchange contracts that qualify for the allocation method.

(6) Amortization method and amortization period of goodwill

Goodwill, which is the excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 5 to 20 years on a straight-line basis. However, when the amount of goodwill is immaterial, the goodwill is recorded as an expense in the year it arises.

(7) Definitions of cash and cash equivalents used in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to insignificant risk of changes in value.

(8) Other accounting policies for the preparation of the consolidated financial statements

Not applicable.

(Change in Presentation Method)

(Consolidated Statement of Changes in Equity)

“Transfer from retained earnings to capital surplus,” which was included in “Change in ownership interest of parent due to transactions with non-controlling interests” in the previous fiscal year, is presented separately in the current fiscal year in order to enhance the clarity of the consolidated statement of changes in equity. In order to reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 24,325 million yen presented as “Change in ownership interest of parent due to transactions with non-controlling interests” in the consolidated statement of changes in equity for the previous fiscal year was reclassified as “Transfer from retained earnings to capital surplus.”

(Notes to Consolidated Statement of Income)

*1 Removal indemnity

This represents compensation received in connection with the eviction from the headquarters of World Supply Co., Ltd.

*2 Loss on impairment of long-lived assets

I. Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

The Group has recorded loss on impairment of long-lived assets on the following asset groups.

(Millions of yen)

Location	Use	Type	Amount
Toyohashi, Aichi	Assets to be disposed of	Buildings and structures	532
Sapporo, Hokkaido	Assets for business use	Buildings, other	20
Sendai, Miyagi	Assets for business use	Buildings, other	3
Total			556

In principle, the Group classifies business assets and goodwill based on business segments or business locations, and groups disposals and idle real estate, etc. by property.

During the fiscal year ended March 31, 2025, the book value of assets for which disposal is planned in the next fiscal year or later and assets for which gains or losses arising from operating activities are expected to continue to be negative have been reduced to their recoverable amounts. The resulting decrease of 556 million yen has been recognized as loss on impairment of long-lived assets and recorded as an extraordinary loss. The breakdown is 538 million yen in buildings and structures and 18 million yen in other.

For assets to be disposed of, the recoverable amount is calculated based on the net sale price, and for business assets, it is measured by the use value, but since future cash flow is not expected in both cases, the recoverable amount is valued as zero.

II. Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

The Group has recorded loss on impairment of long-lived assets on the following asset groups.

(Millions of yen)

Location	Use	Type	Amount
Singapore	Other	Goodwill	1,456
Higashiosaka, Osaka	Assets to be disposed of	Buildings and structures, other	163
Funabashi, Chiba	Assets for business use	Buildings, other	21
Koto-ku, Tokyo	Assets for business use	Buildings	11
Total			1,652

In principle, the Group classifies business assets and goodwill based on business segments or business locations, and groups disposals and idle real estate, etc. by property.

During the fiscal year ended March 31, 2026, the book value of assets for which disposal is planned in the next fiscal year or later, assets for which gains or losses arising from operating activities are expected to continue to be negative and goodwill attributable to SG Sagawa Ameroid Pte. Ltd., for which the excess earning power expected at the time of the share acquisition is no longer recognized have been reduced to their recoverable amounts. The resulting decrease has been recognized as loss on impairment of long-lived assets and recorded as an extraordinary loss. The breakdown is 1,456 million yen in goodwill, 175 million yen in buildings and structures and 20 million yen in other.

For assets to be disposed of, the recoverable amount is calculated based on the net sale price, and for business assets, it is measured by the use value, but since future cash flow is not expected in both cases, the recoverable amount is valued as zero. In addition, for goodwill, the recoverable amount is measured by the use value, and it is calculated by discounting future cash flow at 7.0%.

*3 Loss on sale of shares of subsidiaries and associates

This loss resulted from the transfer of equity interest in Shanghai Runbow Logistics & Technology Co., Ltd.

(Notes to Business Combinations, etc.)

(Absorption-type Merger between Consolidated Subsidiaries)

At the extraordinary meeting of the Board of Directors held on February 21, 2025, the Company resolved to conduct an absorption-type merger, with the Company's consolidated subsidiary Meito Transportation Co., Ltd. (hereinafter "Meito Transportation") as the surviving company and the Company's consolidated subsidiary Chilled & Frozen Logistics Holdings Co., Ltd. (hereinafter "Chilled & Frozen") as the dissolving company, effective as of April 1, 2025.

1. Overview of Transaction

(1) Name and business description of the parties involved in the business combination

(i) Combining company (surviving company)

Name of company Meito Transportation Co., Ltd.

Business description Freight transportation business, warehousing business, etc.

(ii) Combined company (dissolving company)

Name of company Chilled & Frozen Logistics Holdings, Co., Ltd.

Business description Business management of the subsidiaries and entire group engaging in cargo transportation, warehousing business, and related services, other incidental businesses

(2) Business combination date

April 1, 2025

(3) Legal form of business combination

Absorption-type merger with Meito Transportation as the surviving company and Chilled & Frozen as the dissolving company

(4) Name of company after business combination

Meito Transportation Co., Ltd.

(5) Allotment of shares in relation to the merger

All shares of Meito Transportation were delivered to the Company, a 100% shareholder of Chilled & Frozen, as consideration for the merger resulting from the dissolution of Chilled & Frozen.

(6) Other matters related to the transaction overview

The purpose is to respond to the reduction in functions required of a holding company as a result of the delisting of Chilled & Frozen due to its inclusion in the Group, and to establish a structure that will enable faster decision-making in order to quickly generate and maximize synergies.

2. Overview of Accounting Treatment Applied

The Company treated this as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued on January 16, 2019).

(Business Combination through Acquisition)

The Company agreed with Morrison Express Holdings Corporation (hereinafter, the “Seller”) to acquire all shares (hereinafter, the “Transaction”) of Global freight forwarder Morrison Express Worldwide Corporation (hereinafter, the “Morrison”), which is headquartered in Taiwan, through our subsidiary, SG HOLDINGS GLOBAL PTE. LTD., resolved to enter into a share purchase agreement at the Board of Directors meeting of the Company held on February 7, 2025, and subsequently executed the Transaction on May 20, 2025.

1. Overview of Business Combination

(1) Name and business description of the acquired company

Name of acquired company	Morrison Express Worldwide Corporation
Description of main businesses	A pure holding company that owns shares of the group’s logistics subsidiaries that conduct global freight forwarding business (freight forwarding, transportation, customs clearance services, etc.)

(2) Reason for business combination

The Morrison Group is a comprehensive global freight forwarder with world-class handling results in the air freight forwarding business, and is expected to have a complementary relationship with marine freight forwarding business operated by Expolanka Holdings Limited Group.

With Morrison joining the Group, we believe that it will be possible to expand our business in the air freight industry and strengthen our global logistics network centered on Asia, which will contribute to enhancing the corporate value of the Group.

(3) Business combination date

May 20, 2025 (deemed acquisition date: June 30, 2025)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of company after business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Main grounds for determining the acquirer

Due to acquisition of shares in exchange for cash

2. Period of the Acquired Company’s Results to Be Included in the Consolidated Statement of Income From July 1, 2025 to March 31, 2026

3. Acquisition Cost of Acquired Company and Breakdown by Type of Consideration

Consideration for acquisition	Cash and deposits	USD 1,003 million
Acquisition cost		USD 1,003 million

4. Details and Amounts of Major Expenses Related to the Acquisition

Advisory fees, etc. 1,751 million yen

5. Amount of Goodwill Recognized, Reason for Recognition, Amortization Method and Amortization Period

(1) Amount of goodwill recognized

81,792 million yen

Although provisional accounting procedures were applied at the end of the first quarter, the interim period and third quarter, the allocation of acquisition costs was finalized at the end of the current fiscal year.

As a result, the amount of goodwill at the time of the merger decreased by 27,041 million yen.

- (2) Reason for recognition
This is mainly the excess profitability expected in the future due to future business development.
- (3) Amortization method and amortization period
Goodwill will be amortized by the straight-line method over the period in which the investment effect is expected to be realized (20 years or less).

6. Amount of Assets Acquired and Liabilities Assumed on the Date of Business Combination, and the Main Breakdown Thereof

Current assets	47,641 million yen
Non-current assets	43,658 million yen
<u>Total assets</u>	<u>91,300 million yen</u>
Current liabilities	18,708 million yen
Long-term liabilities	9,004 million yen
<u>Total liabilities</u>	<u>27,713 million yen</u>

7. Amount Allocated to Intangible Assets Other Than Goodwill and Breakdown by Major Types, as well as Weighted Average Amortization Periods for the Whole and Major Types

- (1) Amount allocated to intangible assets and breakdown by major types
Customer-related intangible assets 33,016 million yen
- (2) Weighted average amortization periods for the whole and major types
Customer-related intangible assets 26 years

8. Estimated Amount and Calculation Method of the Effect on the Consolidated Statement of Income for the Current Fiscal Year as If the Business Combination Had Been Completed at the Beginning of the Fiscal Year

Operating revenues	32,096 million yen
Operating income	350 million yen

(Method of calculating estimated amounts)

The difference between the operating revenues and profit or loss information calculated assuming that the business combination was completed at the beginning of the fiscal year and the operating revenues and profit or loss information in the consolidated statement of income of the acquired company is treated as the estimated amount of impact. In addition, the amortization amount of goodwill and intangible assets recognized at the time of the business combination is calculated as if they had arisen at the beginning of the fiscal year ended March 31, 2026 and included in the estimated amount.

(Business Combination through Acquisition)

The Company resolved at the Board of Directors' meeting held on March 29, 2025 to acquire all shares of D-Line Co., Ltd. and its six group companies (hereinafter, the "Target Company") through our subsidiary, SD Transline Co., Ltd. (hereinafter, "SDT"), and executed the transaction on November 7, 2025.

1. Overview of Business Combination

(1) Name and business description of the acquired company

Name of acquired company	D-Line Co., Ltd. and its 6 group companies
Description of main businesses	General freight transportation, consigned freight forwarding, and associated operations

(2) Reason for business combination

By promoting communication with partner companies, the Company's subsidiary, SDT, aims to provide optimal solutions for both sides to address issues such as business succession of partner companies and greater stability and efficiency of transportation and delivery networks.

The Target Company is a major business partner for the long-haul transportation operations in the express package delivery services business of Sagawa Express Co., Ltd. (hereinafter "SGW"), which is a subsidiary of the Company, and SGW is a major customer of the Target Company, accounting for over 50% of its sales. In light of the fact that both sides are important business partners for each other, in the process of discussions including the Company about the future management structure, it was determined that the share acquisition would contribute to the business continuity of both companies and the maintenance and stabilization of service infrastructure.

(3) Business combination date

November 7, 2025 (deemed acquisition date: December 31, 2025)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of company after business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Main grounds for determining the acquirer

Due to acquisition of shares in exchange for cash

2. Period of the Acquired Company's Results to Be Included in the Consolidated Statement of Income From January 1, 2026 to March 31, 2026

3. Acquisition Cost of Acquired Company and Breakdown by Type of Consideration

Consideration for acquisition	Cash and deposits	10,000 million yen
Acquisition cost		10,000 million yen

4. Details and Amounts of Major Expenses Related to the Acquisition

Advisory fees, etc. 10 million yen

5. Amount of and Reason for Gain on Bargain Purchase Arising from Acquisition

(1) Amount of gain on bargain purchase
591 million yen

(2) Reason for gain on bargain purchase

The market value of net assets at the time of the corporate merger exceeded the acquisition cost, and that difference is therefore being recorded as gain on bargain purchase.

6. Amount of Assets Acquired and Liabilities Assumed on the Date of Business Combination, and the Main Breakdown Thereof

Current assets	6,160 million yen
Non-current assets	7,503 million yen
<u>Total assets</u>	<u>13,663 million yen</u>
Current liabilities	2,578 million yen
Long-term liabilities	493 million yen
<u>Total liabilities</u>	<u>3,072 million yen</u>

7. Estimated Amount and Calculation Method of the Effect on the Consolidated Statement of Income for the Current Fiscal Year as If the Business Combination Had Been Completed at the Beginning of the Fiscal Year

Information about this estimated amount is omitted as the amount is insignificant.

(Segment Information)

1. Overview of Reportable Segments

The reportable segments of the Group are components for which separate financial information is available and which are regularly reviewed by the Board of Directors to make decisions about management resource allocation and to assess performance.

The Group is composed of business segments based on the nature of products provided and services rendered, and has four reportable segments, namely, “Delivery Business,” “Logistics Business,” “Global Logistics Business,” and “Real Estate Business.”

Main products and services of each reportable segment are as follows:

Reportable segment	Major products and services
Delivery Business	Express package delivery services (Hikyaku Express, Hikyaku Large Size Express, Hikyaku Cool Express, specified correspondence delivery), Mail Express (Hikyaku Yu Mail Express, Hikyaku Yu-Packet), TMS (Hikyaku Global Express, moving transportation, route delivery service, charter transportation, installation transportation, art transportation, food delivery service)
Logistics Business	Logistics processing, development of logistics systems, control of inventory and management of unloading and loading, management of distribution centers, TMS (route delivery, charter transportation), intra-facility deliveries, delivery agency service, facility management, low-temperature logistics (sorting, storage, transportation, etc. in chilled and frozen foods)
Global Logistics Business	International air and marine transportation, international delivery service, customs clearance agency, warehouse storage, inspection and needle detection, logistics processing, e-commerce logistics
Real Estate Business	Real estate leasing and management, real estate development, asset management and investment, renewable energy supply

(Matters Concerning Changes in Reportable Segments)

From the three months ended June 30, 2025, we have established a new reportable segment and made the following changes, taking into account the direction of business strategies for realizing our long-term vision and differences in profitability between businesses.

The domestic logistics business and low-temperature logistics business, which were previously included in the Logistics Business, have been split into the Logistics Business, and the forwarding business and overseas 3PL business have been split into the Global Logistics Business. In addition, World Supply Co., Ltd., which operates delivery services and facility deliveries included in the Delivery Business, has been changed to the Logistics Business.

The segment information for the previous fiscal year has been reclassified according to the new segment classification.

2. Methods of Measurement for the Amounts of Operating Revenues, Profit (Loss), Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in “Basis of Preparation of Consolidated Financial Statements.”

Segment profit is stated on an operating income basis. Intersegment operating revenues and transfers are determined based upon arm’s-length transactions.

3. Information about Operating Revenues, Profit (Loss), Assets, and Other Items for Each Reportable Segment
Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Delivery Business	Logistics Business	Global Logistics Business	Real Estate Business	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Operating revenues								
Operating revenues from external customers	1,003,005	143,089	256,382	23,976	52,786	1,479,239	—	1,479,239
Intersegment operating revenues and transfers	41,556	16,699	4,759	2,563	48,731	114,310	(114,310)	—
Total	1,044,561	159,789	261,141	26,539	101,518	1,593,549	(114,310)	1,479,239
Segment profit	68,349	4,227	3,536	10,518	1,894	88,526	(679)	87,847
Segment assets	642,720	267,834	122,953	63,794	80,075	1,177,377	(136,762)	1,040,615
Other:								
Depreciation and amortization	23,818	7,722	4,957	1,438	1,414	39,351	778	40,129
Investment in associated companies accounted for by the equity method	—	2,707	607	—	—	3,314	—	3,314
Increase in property, plant and equipment and intangible assets	43,279	161,066	6,264	117	1,704	212,433	(172)	212,260

- (Notes) 1. “Other” includes product sales, insurance agents, fuel sales, automobile services and sales, system sales and maintenance, e-collect services, and temporary staffing services and providing staffing services under contract.
2. Reconciliations are as follows:
- (1) The reconciliations of segment profit of (679) million yen included the elimination of intersegment transactions of 9,414 million yen and corporate general expenses of (10,094) million yen which were not allocated to the reportable segments. Corporate general expenses primarily consisted of operating costs of the Company.
 - (2) The reconciliations of segment assets of (136,762) million yen included the elimination of intersegment balances of (203,454) million yen and corporate assets of 66,692 million yen which were not allocated to the reportable segments. Corporate assets primarily consisted of surplus funds of the Company and long-term investments for funds, such as cash and deposits and investment securities.
 - (3) The reconciliations of depreciation and amortization of 778 million yen primarily consisted of depreciation and amortization of corporate assets which were not allocated to the reportable segments.
 - (4) The reconciliations of the increase in property, plant and equipment and intangible assets of (172) million yen included the elimination or transfer of intersegment balances of (889) million yen and capital investments in corporate assets of 717 million yen which were not allocated to the reportable segments.
3. Certain reconciliations were made between segment profit and operating income in the consolidated statement of income.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Delivery Business	Logistics Business	Global Logistics Business	Real Estate Business	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Operating revenues								
Operating revenues from external customers	1,048,510	202,798	321,596	15,434	56,421	1,644,762	—	1,644,762
Intersegment operating revenues and transfers	44,748	20,164	6,350	2,583	47,686	121,533	(121,533)	—
Total	1,093,259	222,962	327,947	18,018	104,107	1,766,296	(121,533)	1,644,762
Segment profit	70,140	6,278	137	10,374	2,637	89,569	678	90,247
Segment assets	708,115	259,235	308,877	68,479	85,079	1,429,787	(200,770)	1,229,017
Other:								
Depreciation and amortization	25,466	10,294	9,072	1,112	1,109	47,054	508	47,563
Investment in associated companies accounted for by the equity method	—	1,543	1,081	—	—	2,625	—	2,625
Increase in property, plant and equipment and intangible assets	81,751	22,176	128,184	2,954	3,260	238,328	80	238,409

- (Notes) 1. “Other” includes product sales, insurance agents, fuel sales, automobile services and sales, system sales and maintenance, e-collect services, and temporary staffing services and providing staffing services under contract.
2. Reconciliations are as follows:
- (1) The reconciliations of segment profit of 678 million yen included the elimination of intersegment transactions of 10,285 million yen and corporate general expenses of (9,607) million yen which were not allocated to the reportable segments. Corporate general expenses primarily consisted of operating costs of the Company.
 - (2) The reconciliations of segment assets of (200,770) million yen included the elimination of intersegment balances of (223,479) million yen and corporate assets of 22,708 million yen which were not allocated to the reportable segments. Corporate assets primarily consisted of surplus funds of the Company and long-term investments for funds, such as cash and deposits and investment securities.
 - (3) The reconciliations of depreciation and amortization of 508 million yen primarily consisted of depreciation and amortization of corporate assets which were not allocated to the reportable segments.
 - (4) The reconciliations of the increase in property, plant and equipment and intangible assets of 80 million yen included the elimination or transfer of intersegment balances of (839) million yen and capital investments in corporate assets of 920 million yen which were not allocated to the reportable segments.
3. Certain reconciliations were made between segment profit and operating income in the consolidated statement of income.

(Per Share Information)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Total equity per share	927.54 yen	915.31 yen
Basic net income per share	92.92 yen	98.17 yen

- (Notes) 1. Information on diluted net income per share is omitted since there were no potentially dilutive shares outstanding.
2. In calculating the average number of shares during the period on which the calculation of basic net income per share is based, the number of the Company's shares owned by the ESOP trust account are included in the treasury stock deducted from the calculation. (3,875,000 shares for the fiscal year ended March 31, 2026)
3. The basis for calculation of basic net income per share are as follows:

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Net income attributable to owners of the parent (millions of yen)	58,120	59,066
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of the parent pertaining to common stock (millions of yen)	58,120	59,066
Average number of common stock during the fiscal period (thousand shares)	625,468	601,661

(Significant Subsequent Events)

Not applicable.