

COMPANY RESEARCH AND ANALYSIS REPORT

HIGASHI HOLDINGS CO., LTD.

9029

Tokyo Stock Exchange Standard Market

25-Jul.-2025

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<https://www.fisco.co.jp>

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

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Contents

Summary	01
1. Distinctive strengths in logistics planning capabilities to meet customer needs and a customer base mainly comprising large-scale leading companies	01
2. FY3/25 results saw dramatic increases in sales and profits exceeding the plan	01
3. FY3/26 sales and profit are expected to increase, reaching new record highs	02
4. Medium-Term Management Plan 2028 is a three-year period to establish the fundamentals required for elevation to the Prime Market	02
5. Focus on potential for growth acceleration	02
Company profile	03
1. Company profile	03
2. History	04
Business overview	06
1. Business overview	06
2. Main customers	08
3. Overview by business domain	09
4. Risk factors/earnings characteristics and issues/countermeasures	10
Results trends	11
1. Overview of FY3/25 results	11
2. Trends by reportable segment	12
3. Trends by business domain	13
4. Financial position	14
Outlook	15
● Overview of FY3/26 forecasts	15
Growth strategy	16
1. Medium-Term Management Plan 2028	16
2. Shareholder return policy	18
3. Sustainability management	19
4. FISCO's view	19

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Summary

FY3/26 forecast for sales and profit growth reaching new record highs, aiming for a listing on the Tokyo Stock Exchange Prime Market

HIGASHI HOLDINGS CO., LTD. <9029> (formerly HIGASHI TWENTY ONE CO., LTD.; hereafter also “the Company”) changed its company name following a transition to a holding company by a corporate split executed on April 1, 2025. It is a unique comprehensive logistics company group that is growing its business scale in its home region of Kansai, expanding its business in the Tokyo metropolitan area, and aggressively developing logistics services in growth domains through measures including M&A.

1. Distinctive strengths in logistics planning capabilities to meet customer needs and a customer base mainly comprising large-scale leading companies

The Company leverages its strengths in logistics planning tailored to individual customer needs to provide various logistics services centered on the transportation and warehousing businesses. It has a high degree of recognition and a large market share in its home region of Kansai, and is also distinguished by having built a customer base that mainly comprises large-scale leading companies in a wide range of sectors. Categorizing its businesses by domain, the Company operates an office service business, which conducts office relocations and other services; a third-party logistics (3PL) business; an IT service business, which handles IT equipment kitting and other services; and a building delivery business, which conducts logistics inside buildings; a nursing care service business, which offers welfare equipment rental to nursing care support providers and other services; and a general logistics business, (covering transportation and related operations outside of the 3PL business domain). Recently, the 3PL business has expanded significantly, and the other businesses are also expanding steadily.

2. FY3/25 results saw dramatic increases in sales and profits exceeding the plan

In the FY3/25 consolidated results, net sales increased 18.4% year on year (YoY) to ¥48,126mn, operating profit increased 25.1% to ¥2,739mn, ordinary profit increased 27.1% to ¥2,935mn, and profit attributable to owners of parent increased 19.9% to ¥1,805mn. Sales and profits increased dramatically, exceeding the plan, to reach new record high levels. On the sales front, all businesses expanded steadily. Large-scale 3PL centers that opened in FY3/24 started full-scale operations, and large-scale 3PL centers that opened in FY3/25 also contributed. In particular, the Company’s transactions with Amazon Japan G.K. and with The Kansai Electric Power <9503> Group expanded. On the profit front, startup expenses associated with the opening of large-scale 3PL centers and M&A-related expenses were absorbed by the effect of higher sales.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Summary

3. FY3/26 sales and profit are expected to increase, reaching new record highs

In the FY3/26 consolidated results forecast, net sales are to increase 6.0% YoY to ¥51,000mn, operating profit is to increase 7.9% to ¥2,956mn, ordinary profit is to increase 5.6% to ¥3,100mn, and profit attributable to owners of parent is to increase 10.8% to ¥2,000mn. As the first year of the Medium-Term Management Plan 2028, the Company expects to increase sales and profits to new record highs by promoting an aggressive business activity expansion strategy. On the sales front, the Company expects a contribution from the Kawanishi Logistics Center (hereafter, "LC"), which opened in August 2024, and the Komaki LC, which opened in February 2025, will be fully operational, and expanding delivery services for large-scale e-commerce companies. On the profit front, the Company expects expenses related to vehicles, equipment, and human resources to increase due to continued growth investments, but is predicting profit growth due to the effect of higher sales as well as profitability increases achieved through initiatives to increase logistics efficiency at large-scale 3PL centers.

4. Medium-Term Management Plan 2028 is a three-year period to establish the fundamentals required for elevation to the Prime Market

Medium-Term Management Plan 2028 (FY3/26 to FY3/28) is the Company's new medium-term management plan, formulated in May 2025. The plan is positioned as a three-year period for establishing the fundamentals required for elevating the Company's listing to the Prime Market, clearly demonstrating the Company's stance of aiming for a new stage of elevation to the Prime Market. In addition to strengthening Group governance by transitioning to a holding company, the Company also aims to accelerate business growth using M&As and to increase its corporate value through measure such as increasing capital efficiency. The main management targets stated in the plan are FY3/28 net sales of ¥55.0bn, ordinary profit of ¥3.5bn, per-share dividend of ¥57.0, ROE of 8.0% or higher, a dividend payout ratio of 30.0% or higher, and an employee headcount of 1,800.

5. Focus on potential for growth acceleration

The Company surpassed the final fiscal year targets of Medium-Term Management Plan 2026 a year early, showing remarkable results of its business activities expansion strategy based on its long-term vision. Furthermore, under Medium-Term Management Plan 2028, the Company has clearly set out a policy of expanding its business scale, achieving high profitability, and working to increase corporate value with the aim of ascending to the Prime Market, which will generate interest in its potential for accelerating growth over the medium to long term.

Key Points

- Unique comprehensive logistics company aggressively developing logistics services in growth domains
- FY3/25 results saw dramatic increases in sales and profits exceeding the plan
- FY3/26 sales and profit are expected to increase, reaching new record highs
- Achieved the final targets for Medium-Term Management Plan 2026 one year ahead of schedule
- Medium-Term Management Plan 2028 is a three-year period to establish the fundamentals required for elevation to the Prime Market

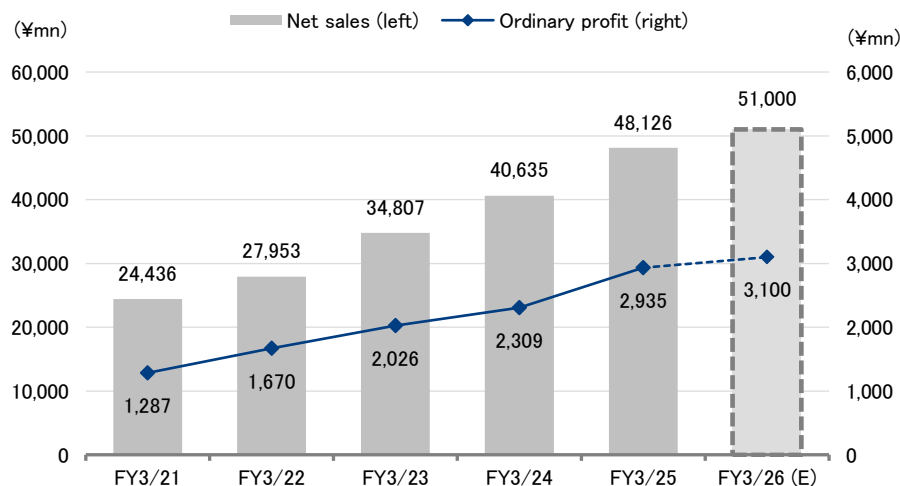
HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Summary

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

A unique comprehensive logistics company group aggressively developing services in growth domains in its home region of Kansai

1. Company profile

The Company's slogan is "Evolution for Customers—Full Speed Evolution to the Future," and it is growing its business scale in its home region of Kansai, expanding its business in the Tokyo metropolitan area, and it is a unique comprehensive logistics company that is aggressively developing logistics services in peripheral domains and growth domains with different characteristics to general logistics businesses through measures including M&A. On April 1, 2025, HIGASHI TWENTY ONE transitioned to a holding company by conducting a corporate split and changed its company name to HIGASHI HOLDINGS CO., Ltd.

With its headquarters in Chuo-ku, Osaka, and its Tokyo headquarters in Minato-ku, Tokyo, the Company has business sites at locations including Ibaraki City, Osaka Prefecture (Ibaraki Comprehensive Logistics Group, Kanden Logistics Group), Nishiyodogawa-ku, Osaka (Hanshin Comprehensive Logistics Group), Itabashi-ku, Tokyo (Tokyo Comprehensive Logistics Group), Yasu City, Shiga Prefecture (Keiji Comprehensive Logistics Group), as well as logistics centers conducting 3PL for Amazon Japan, namely Nagareyama LC, Naruohama LC, Kita Osaka LC, Kobe Nishi LC, and Kawanishi LC. In February 2025, the Company acquired new land in Komaki City, Aichi Prefecture, and completed construction of the Nagoya Loginet Division Komaki LC.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Company profile

At the end of FY3/25, the Company's total assets stood at ¥31,596mn, with net assets of ¥13,509mn, for an equity ratio of 42.8%, and the number of issued shares at 13,264,000 (including 238,025 shares of treasury stock). As of April 1, 2025, the Group comprised the Company and 11 consolidated subsidiaries. The consolidated subsidiaries are HIGASHI TWENTY ONE CO.,LTD. (succeeded to all businesses of the former HIGASHI TWENTY ONE except Group management administration, etc., on April 1, 2025), U-TRANS SYSTEM Inc., ISHIKAWA co., Ltd., FM SUPPORT TWENTY ONE CO., LTD, transport21 Co., Ltd., WORLD CORPORATION Inc., HIGASHI OFFICE SERVICE CO., LTD., YAMASHIN TRANSPORTATION CO., LTD., TABITO CO.,LTD., Neocompetence Co., Ltd., and Neocom Co., Ltd.

2. History

In December 1944, Osaka Higashi Unyu Co., Ltd. was formed as the first licensed transport business operator by the Osaka District Land Transport Bureau through the merger of 13 transportation companies in Higashi-ku (now Chuo-ku) Osaka City, including Osaka Kamotsu Jidosha Unyu Co., Ltd. Subsequently, in November 1947, to strengthen the management foundation, Nippon Life Insurance Company acquired a capital stake in the Company. In August 1985, the Company changed its name to HIGASHI Transport Service Co., Ltd., and then to HIGASHI TWENTY ONE CO., LTD. in February 2002, before changing to HIGASHI HOLDINGS CO., LTD. upon its transition to a holding company in April 2025. The Company's shares were listed on the Nasdaq Securities Exchange, Inc. in March 2005, then on the Second Section of the Tokyo Stock Exchange (hereafter "TSE") in September 2011, before moving to the TSE Standard Market with the reorganization of the TSE market in April 2022.

Since 2016, the Company has made aggressive use of M&As to expand its business, and has been promoting business expansion of a different character from ordinary transportation companies. Specifically, in January 2016, the Company made U-TRANS SYSTEM into a wholly owned subsidiary, followed by an investment in World Corporation in April of the same year (becoming a wholly owned subsidiary in January 2020), the conversion of ISHIKAWA into a wholly owned subsidiary in July 2017, and the establishment of transport21 in September 2017. In April 2018, the Company transferred its building delivery business to FM SUPPORT TWENTY ONE, and in October 2020 it transferred its office relocation and moving business to HIGASHI OFFICE SERVICE. In February 2022, it made YAMASHIN TRANSPORTATION a wholly owned subsidiary, followed in August by TABITO. In June 2024, Neocompetence and its subsidiary Neocom became a wholly owned subsidiary and second-tier subsidiary.

HIGASHI HOLDINGS CO., LTD.

9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Company profile

History

Date	Main event
December 1944	Osaka Higashi Unyu Co., Ltd. was formed as the first licensed transport business operator by the Osaka District Land Transport Bureau through the merger of 13 transportation companies in Higashi-ku (now Chuo-ku) Osaka City
November 1947	To strengthen the management foundation, Nippon Life Insurance Company acquired a capital stake in the Company
May 1959	Acquired Nikka Unso Ltd. to expand the business in the Chubu Region (company name changed to Chubu Higashi Transport Co., Ltd. in August 1964, absorbed by merger in October 2003)
November 1968	Obtained warehousing business license and started the warehousing business
August 1977	Started car park business (motor pool)
April 1979	Opened the Tokyo sales office
November 1982	Started light motor truck transportation business
March 1984	Obtained post transport license as a designated operator of the Ministry of Posts and Telecommunications (currently the Ministry of Internal Affairs and Communications), started post collection and large-scale transportation services
August 1985	Changed name to HIGASHI Transport Service Co., Ltd.
July 1988	Established HIGASHI Trunk Room in Toda City, Saitama Prefecture, and launched document services
April 1989	Obtained license for industrial waste collection and transportation business in Sakai City, Osaka Prefecture (as of June 2024, holds licenses for 46 municipalities)
May 1994	Built new headquarters building in Chuo-ku, Osaka City (current headquarters)
December 1994	Large-scale warehouse in the Shiga sales office obtained bonded warehouse license from Osaka Customs and started customs brokerage operations
August 1995	HIGASHI Trunk Room in Toda City, Saitama Prefecture, obtained designation from the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism)
February 2002	Changed company name to HIGASHI TWENTY ONE CO., LTD.
April 2003	Opened Roppongi sales office (building-internal logistics delivery center and business support store) in Roppongi Hills, Minato-ku, Tokyo Established new business company (PC Erase Center) sales office in Nishiyodogawa-ku, Osaka City
July 2003	Started welfare equipment rental and sales business for nursing care support providers (welfare equipment rental providers)
October 2004	Opened Tokyo IT Center in Chuo-ku, Tokyo
March 2005	Shares listed on the Nasdaq Securities Exchange, Inc.
April 2010	Shares listed on the Osaka Securities Exchange Nasdaq Market following the merger of Nasdaq Securities Exchange, Inc. and Osaka Securities Exchange, Co., Ltd.
September 2011	Shares listed on the Second Section of the Tokyo Stock Exchange
January 2016	Made U-TRANS SYSTEM Inc. into a wholly owned subsidiary
April 2016	Invested in WORLD CORPORATION Inc. (made a wholly owned subsidiary in January 2020)
July 2017	Made ISHIKAWA co., Ltd. into a wholly owned subsidiary
September 2017	Established transport21 Co., Ltd.
April 2018	Transferred the building delivery business to FM SUPPORT TWENTY ONE CO., LTD (established in May 2017 as a preparatory company for a corporate split)
October 2019	Started services for Amazon Japan G.K., established Higashi Osaka LC in Higashi Osaka City, Osaka Prefecture (merged with Kawanishi LC in August 2024)
July 2020	Established Kadoma LC in Kadoma City, Osaka Prefecture (transferred to Kita Osaka LC in September 2024)
October 2020	Transferred the office relocation and moving business to HIGASHI OFFICE SERVICE CO., LTD. (established in April 2020 as a preparatory company for a corporate split)
February 2022	Made YAMASHIN TRANSPORTATION CO., LTD. a wholly owned subsidiary
April 2022	Transferred to Standard Market following the reorganization of the Tokyo Stock Exchange markets Opened Misato LC in Misato City, Saitama Prefecture (merged with Nagareyama LC)
August 2022	Made TABITO CO., LTD. a wholly owned subsidiary
September 2022	Opened Naruohama LC to serve Amazon Japan G.K. in Nishinomiya City, Hyogo Prefecture
April 2023	Opened Kita Osaka LC in Ibaraki City, Osaka Prefecture, and Nagareyama LC in Nagareyama City, Chiba Prefecture
March 2024	Opened Kobe Nishi LC in Kobe City, Hyogo Prefecture
June 2024	Made Neocompetence Co., Ltd. and its subsidiary Neocom Co., Ltd. a wholly-owned subsidiary and second-tier subsidiary
August 2024	Opened Kawanishi LC, the Group's largest site, in Kawanishi City, Hyogo Prefecture
April 2025	Transitioned to a holding company by conducting a corporate split and changed company name to HIGASHI HOLDINGS Co., Ltd.

Source: Prepared by FISCO from the Company's annual securities report and press releases

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

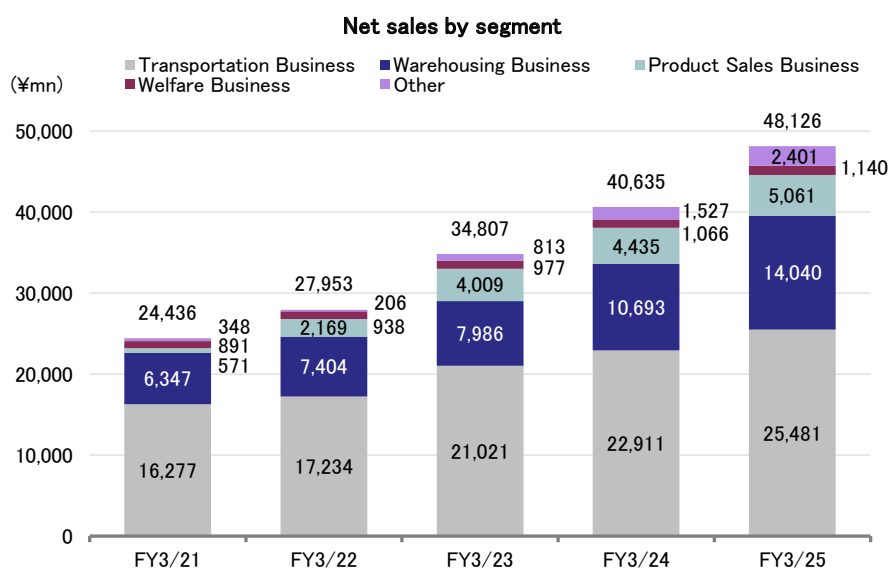
25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Business overview

Providing logistics services centered on transport business and warehousing business

1. Business overview

The Company leverages its strengths in logistics planning tailored to individual customer needs to provide various logistics services centered on the transportation and warehousing businesses. Its reporting segments are classified into the Transportation Business (transport service business, office service (office relocations and moving) business, the reverse logistics business, building delivery business, mail service business, IT related business, and precision equipment transportation service business); the Warehousing Business (storage service business, document service business, logistics and distribution processing service business); the Product Sales Business, the Welfare Business, and the Other Business. Net sales by segment over the past five years (FY3/21 to FY3/25) have been expanding steadily in each business, centered on the Transportation Business and the Warehousing Business. Net sales expanded dramatically in the Warehousing Business through transactions with Amazon Japan, and in the Product Sales Business through procurement of materials for The Kansai Electric Power Company Group.



Source: Prepared by FISCO from the Company's financial results

(1) Transportation Business

a) Transportation service business

The Company conducts newspaper deliveries in the Kinki District, deliveries in central and south Osaka for beer manufacturers and beverage manufacturers, delivery services of non-ferrous metals for steel mills, inter-site transportation for major e-commerce companies, and transportation services for general shippers and others.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Business overview

b) Office service business

The Company undertakes office relocation services for companies. A project team conducts planning to suit the scale of the relocation to ensure that customers' operations are not hindered. It also offers support for administrative procedures with various government authorities and for both pre- and post-relocation matters, such as local community coordination.

c) Reverse logistics business

The Company has formed a network of intermediate treatment operators and industrial waste collection and transportation operators throughout Japan to create a system that can handle collection and recycling of precision equipment and office automation equipment, among others. Furthermore, in providing paper processing of confidential office documents and so forth, the Company partners with select paper companies and transport operators throughout Japan to conduct dissolution processing of confidential documents placed in cardboard boxes without exposing them to third parties. With a total logistics system from collection to completion of recycling processing, the Company provides services that help to alleviate environmental impact, such as reuse of resources.

d) Building delivery business

The Company build logistics systems that centrally manage the conveyance of items inside buildings, transporting them together to control the flow of items in order to preserve a comfortable environment inside large city buildings and keep items flowing smoothly. The Company's track record in service contracts in the Tokyo metropolitan area includes Tokyo Opera City, Roppongi Hills, Omotesando Hills, ARK Hills Sengokuyama Mori Tower, WATERRAS TOWER, Nihon Seimei Marunouchi Building, STEC Information Building, Jingumae Tower Building, Hareza Tower, Kamiyacho Trust Tower, Akasaka Green Cross, Akasaka Trust Tower, and Toranomom Alcea Tower. In the Chubu region, it includes Global Gate, and in the Kansai region, it includes GRAND FRONT OSAKA South Building, Nissei Shin-Osaka Building, DOJIMA AVANZA, Shin-Daibiru Building, GRAND GREEN OSAKA, and TWIN 21 Towers.

e) Mail service business

The Company provides an agency service that includes procedures such as enclosing and sealing of direct mail, catalogs and pamphlets, and transport to the post office for processing.

f) IT-related business

The Company provides customization services for PC and smartphones. It offers total support using the Group's logistics infrastructure, from device procurement, kitting, and on-site set up to maintenance.

g) Precision equipment transportation service business

The Company conducts transportation of precision equipment, mainly financial terminals such as bank ATMs, currency handling machines, and POS registers. The Company also provides ancillary services to transportation, such as installation, with services to cover all operations from transportation to installation.

(2) Warehousing Business

a) Storage service business

The Company provides storage and management services appropriate for the goods of individual customers, including large-scale logistics centers for Amazon Japan, steel mills, and household appliance manufacturers. It also provides a full range of general information systems covering inventory management to logistics processing and delivery, providing the function of a logistics base for customers.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Business overview

b) Document service business

At trunk room facilities certified by the Ministry of Land, Infrastructure, Transport and Tourism, we provide storage of confidential corporate documents and data that require special security. With security systems that include vein authentication systems and 24-hour monitoring by video cameras, the facilities provide both convenience and safety. The Company provides services that enable effective utilization of office space through the use of complete systems that dispose of (recycle) documents whose storage period has elapsed, and so forth. In addition, it also operates a digital solutions business for converting documents and drawings stored on paper into data form.

c) Logistics and distribution processing service business

The Company conducts storage, packaging, enclosure, dispatch, and management of printed documents such as forms. The service responds flexibly to customer needs, in line with each customer's characteristics.

(3) Product Sales Business

This business derives from the Warehousing Business. Using its logistics infrastructure, the Company conducts sales of items such as various types of packaging materials and office automation equipment. In the 3PL materials purchasing business for The Kansai Electric Power Company Group, the Company increases the efficiency of materials delivery and contract processing for manufacturers and construction companies by directly purchasing materials from electric power materials suppliers and manufacturers and on-selling them to construction companies.

(4) Welfare Business

The Company rents and sells welfare equipment (beds, wheelchairs, etc.) to nursing care support providers.

(5) Other Business

In the car park business, the Company operates multi-level car park facilities suited to the local area in major cities including Osaka, Tokyo, and Nagoya. As peripheral businesses, in the enterprise support business, the Company also operates the support office Hills 21 inside Roppongi Hills; in the PC erase business, it provides confidential data erasure, physical destruction, and sales and recycling of used PCs; in the digital solutions business, it provides scanning and data saving of large quantities of documents and drawings; and in the worker dispatching business, it offers human resource dispatch services related to logistics.

Customer base mainly comprising large-scale leading companies

2. Main customers

The Company has a high degree of recognition and a large market share in its home region of Kansai, and has also built a customer base that mainly comprises large-scale leading companies in a wide range of sectors, which provide a stable resource of earnings. Its main customers include the Nippon Life Insurance Group, The Kansai Electric Power Company Group, and The Mainichi Newspapers Co., Ltd. Group; in addition, other customers ranking among the top in terms of net sales are Amazon Japan, after the Company launched services for e-commerce in the Kansai region, a major steel mill group, after making YAMASHIN TRANSPORTATION CO.,LTD. into a wholly owned subsidiary in February 2022, and a major POS terminal manufacturer after making TABITO a wholly owned subsidiary in August 2022. Furthermore, the ratio of net consolidated net sales accounted for by the top 30 ranking companies by net sales for the past three fiscal years was 59.6% in FY3/23, 66.2% in FY3/24, and 67.3% in FY3/25. Expansion of business deals with The Kansai Electric Power Company Group and Amazon Japan has been driving an increase in the ratio of net sales of the top 30 companies.

Promoting initiatives for growth in all business domains

3. Overview by business domain

The Company has established independent business domain categories that differ from its reportable segment categories, and is pursuing initiatives to achieve growth in all business domains. The business domain categories are the office service business (office relocations, office layout changes, and bulk corporate relocation services, etc.), the 3PL business (procurement, storage, materials processing and dispatch, etc. of materials for The Kansai Electric Power Company Group, and receiving, storage, shipping, delivery, etc. of products for Amazon Japan), the IT service business (full-line services including IT equipment kitting, maintenance, data reassurance, and disposal, POS terminal and system equipment installation and maintenance, and technical support related to systems such as IT engineer dispatch), the building delivery business (building-internal logistics, mail room services, general agency services for building tenants, etc.), the nursing care service business (welfare equipment rental and sales to nursing care support providers, etc.), the general logistics business (transportation, delivery and warehousing services, logistics processing, industrial waste management, storage of confidential documents and other transport and delivery-related services outside of the 3PL business domain). Net sales by business domain over the past five fiscal years (FY3/21 to FY3/25) have shown a dramatic increase in the 3PL business, with the other businesses also expanding steadily.

Net sales by business domain

	(¥mn)				
	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Office service business	4,156	4,695	6,051	6,547	6,954
3PL business	2,723	5,011	7,831	10,743	14,621
IT service business	1,349	1,443	2,445	3,563	3,703
Building delivery business	1,617	1,610	1,767	2,008	2,265
Nursing care service business	891	938	977	1,066	1,140
General logistics business	13,697	14,254	15,735	16,705	19,440
Total	24,436	27,953	34,807	40,635	48,126

Source: Prepared by FISCO from the Company's results briefing materials

(1) Office service business

The Company provides a wide range of solutions from large-scale office relocations to buying and disposing of fixtures and equipment that have been made obsolete due to office floor layout changes or relocation, relocations due to company assignment or personal relocations. Robust security using the Company's authentication and tracking systems is also a strength.

(2) 3PL business

The Company provides total support and management for building optimal supply chains. With a wide range of operations including transport and delivery, logistics center operation, warehousing and storage, logistic processing, and industrial waste management, the Company's strengths include many years of experience and expertise and a network of more than 800 cooperating companies. In February 2019, the Company opened a new center for The Kansai Electric Power Company (currently Kansai Transmission and Distribution, Inc.) and started transport and delivery, storage, and logistics processing service, and started a new materials procurement 3PL service at the center in October 2021. For Amazon Japan, the Company has expanded its business rapidly, steadily opening facilities including the Higashi Osaka LC in October 2019 (merged with the Kawanishi LC in August 2024), the Kadoma LC in July 2020 (transferred to the Kita Osaka LC in September 2024), the Misato LC in April 2022 (merged with Nagareyama LC), the Naruohama LC in September 2022, the Kita Osaka LC and the Nagareyama LC in April 2023, the Kobe Nishi LC in March 2024, and the Group's largest facility, the Kawanishi LC, in August 2024.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Business overview

(3) IT service business

The Company provides total support, from IT equipment installation (kitting and on-site setup) to servicing and maintenance, data erasure, and system division back-up. Furthermore, the Group company TABITO conducts installation, servicing, and maintenance of system equipment such as POS terminals, as well as IT engineer dispatch.

(4) Building delivery business

The Company provide support in controlling the complex logistics inside high-level multistorey buildings to enable comfortable office management. Services include deliveries inside buildings (building-internal logistics), and operating of shops inside buildings. The Company has strengths in ELV and loading area parking management systems.

(5) Nursing care service business

The Company provides rental and sales of welfare equipment for nursing care support providers. It offers a full-range of services from product delivery to on-site assembly, maintenance and repair at the Company's proprietary disinfection and maintenance facilities, and removal of unneeded items.

(6) General logistics business

This business supports the Company's earnings base domains related to transport and delivery outside of the 3PL business domain, such as general transport and delivery, warehousing and storage, logistics processing, industrial waste management, and storage of confidential documents.

When conducting M&As, the Company aims not only to expand its sales, but focuses on alignment with its medium- to long-term strategy for enhancing the Group's comprehensive capabilities. In addition to domains that will secure the Group's growth, it also aims to expand Group synergies, including new business domains where it can leverage its transportation and delivery capabilities, logistics planning capabilities, and service capabilities utilizing IT, among others. In June 2024, the Company made a wholly-owned subsidiary and second-tier subsidiary of Neocompetence and its subsidiary Neocom, which operate a logistics-related human resource dispatch business, mainly in Saitama Prefecture. With this M&A, the Company is able to stable secure human resources in the 3PL business, office service business, and building delivery business, among others, that it operates in the Tokyo metropolitan area.

Customers including multiple large-scale leading companies provide stable earnings sources that keep the risk of earnings fluctuations low

4. Risk factors/earnings characteristics and issues/countermeasures

In the logistics industry, general risk factors that impact earnings include changes in business conditions, price fluctuations due to intensifying competition, legal and environmental regulations, driver shortages, increasing outsourcing and fuel expenses, and accidents and disasters. The Company has a stable earnings base in the form of multiple large-scale leading companies, and the risks of dependence on particular customers and earnings fluctuations are small. In addition, as a seasonal factor, corporate relocations and layout changes are concentrated around the fiscal year-end in March, meaning that 4Q has a higher ratio of sales.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Results trends

FY3/25 results saw dramatic increases in sales and profits to new record highs

1. Overview of FY3/25 results

In the FY3/25 consolidated results, net sales increased 18.4% YoY to ¥48,126mn, operating profit increased 25.1% to ¥2,739mn, ordinary profit increased 27.1% to ¥2,935mn, and profit attributable to owners of parent increased 19.9% to ¥1,805mn. Sales and profits increased dramatically, exceeding the plan, to reach new record high levels (the initial forecast published on May 10, 2024 was for net sales of ¥42,500mn, operating profit of ¥2,450mn, ordinary profit of ¥2,600mn, and profit attributable to owners of parent of ¥1,640mn).

Overview of FY3/25 results

(¥mn)

	FY3/24		FY3/25						
	Results		Results		YoY		Initial forecast amount	vs. initial forecast	
	Amount	vs. net sales	Amount	vs. net sales	Change amount	% change		Achieved amount	Progress rate
Net sales	40,635	100.0%	48,126	100.0%	7,490	18.4%	42,500	5,626	113.2%
Gross profit	7,777	19.1%	9,025	18.8%	1,248	16.1%	-	-	-
SG&A expenses	5,587	13.7%	6,286	13.1%	698	12.5%	-	-	-
Operating profit	2,190	5.4%	2,739	5.7%	549	25.1%	2,450	289	111.8%
Ordinary profit	2,309	5.7%	2,935	6.1%	625	27.1%	2,600	335	112.9%
Profit attributable to owners of parent	1,506	3.7%	1,805	3.8%	299	19.9%	1,640	165	110.1%

Source: Prepared by FISCO from the Company's financial results

On the sales front, all businesses expanded steadily. Large-scale 3PL centers that opened in FY3/24 (Kita Osaka LC, Nagareyama LC, Naruohama LC) started full-scale operations, and large-scale 3PL centers that opened in FY3/25 (Kobe Nishi LC, Kawanishi LC) also contributed. In particular, the Company's transactions with Amazon Japan and with The Kansai Electric Power Company Group expanded. On the profit front, initial expenses associated with the opening of large-scale 3PL centers and one-time expenses for the associated warehouse reorganization and M&A-related expenses were absorbed by the effect of higher sales. Gross profit increased 16.1% YoY, but the gross profit margin decreased by 0.3 percentage points (pp) to 18.8%. SG&A expenses increased 12.5%, but the SG&A expense ratio decreased by 0.6pp to 13.1%. As a result, the operating profit margin increased by 0.3pp to 5.7% and the ordinary profit margin increased by 0.4pp to 6.1%.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Results trends

Increase in sales and profits across all segments

2. Trends by reportable segment

Net sales of the Transport Business increased 11.2% YoY to ¥25,481mn, and segment profit (operating profit before adjustment for corporate expenses, etc.) increased 12.1% to ¥3,138mn. The result was driven mainly by an increase in delivery services for a large-scale e-commerce operator, an increase in precision equipment delivery and installation services associated with the issuance of new paper currency, and a contract for catalog dispatch services from a major customer. In the Warehousing Business, net sales increased 31.3% to ¥14,040mn, and segment profit increased 37.6% to ¥1,176mn. Transactions with Amazon Japan expanded with the full-scale operation of large-scale 3PL centers opened in FY3/24, which absorbed start-up expenses for the large-scale 3PL centers opened in FY3/25. In the Product Sales Business, net sales increased 14.1% to ¥5,061mn, and segment profit increased 36.2% to ¥307mn. The increase in sales and profits was due to a dramatic increase in the sales volume of materials for The Kansai Electric Power Company Group. In the Welfare Business, net sales increased 7.0% to ¥1,140mn, and segment profit increased 13.7% to ¥181mn. The increase in sales and profits was due to an increase in new rentals of welfare equipment. In the Other Business, net sales increased 57.2% to ¥2,401mn, and segment profit increased 16.4% to ¥354mn, partly reflecting a contribution from the new consolidation of Neocompetence from 2H.

FY3/25 results by reporting segment

	FY3/24		FY3/25				(¥mn)
	Results	Composition ratio	Results	Composition ratio	YoY		
					Change amount	% change	
Net sales	40,635	100%	48,126	100%	7,490	18.4%	
Transportation Business	22,911	56.4%	25,481	52.9%	2,569	11.2%	
Warehousing Business	10,693	26.3%	14,040	29.2%	3,347	31.3%	
Product Sales Business	4,435	10.9%	5,061	10.5%	625	14.1%	
Welfare Business	1,066	2.6%	1,140	2.4%	74	7.0%	
Other Business	1,527	3.8%	2,401	5.0%	873	57.2%	

	FY3/24		FY3/25				
	Results	Profit margin	Results	Profit margin	YoY		
					Change amount	% change	
Segment profit	4,345	10.7%	5,157	10.7%	812	18.7%	
Transportation Business	2,800	12.2%	3,138	12.3%	338	12.1%	
Warehousing Business	854	8.0%	1,176	8.4%	321	37.6%	
Product Sales Business	225	5.1%	307	6.1%	81	36.2%	
Welfare Business	159	14.9%	181	15.9%	21	13.7%	
Other Business	304	19.9%	354	14.8%	49	16.4%	

Source: Prepared by FISCO from the Company's financial results

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

Results trends

Dramatic increase in sales of the 3PL business

3. Trends by business domain

In the office service business, net sales grew 6.2% YoY to ¥6,954mn. In 1H, sales decreased due to a fallback after a large-scale relocation project in the previous fiscal year, but increased over the full year due to the result of aggressive sales activities. In the 3PL business, net sales increased 36.1% to ¥14,621mn. Sales increased dramatically due to full-scale operation of large-scale 3PL centers opened in FY3/24, as well as an increase in transactions with Amazon Japan and The Kansai Electric Power Company Group. In the IT service business, net sales increased 3.9% to ¥3,703mn. Sale increased modestly with a contribution from the effect of price revisions at TABITO, despite a fallback after a large-scale kitting service project in the previous fiscal year. In the building delivery business, net sales increased 12.8% to ¥2,265mn. The sharp increase in sales was due to growth in transactions with tenant companies in existing building delivery locations and orders for spot projects in sales of disaster supplies. In the nursing care service business, net sales increased 7.0% to ¥1,140mn. Sales increased steadily due to an increase in welfare equipment rental. In the general logistics business, net sales increased 16.4% to ¥19,440mn. Sales increased substantially due to expansion of delivery services for a major e-commerce company, expansion in precision equipment delivery and installation services associated with the issuance of new paper currency, and the new consolidation of Neocompetence.

FY3/25 results by business domain

(¥mn)

	FY3/24		FY3/25			
	Results		Results		YoY	
	Amount	Composition ratio	Amount	Composition ratio	Change amount	% change
Net sales	40,635	100.0%	48,126	100.0%	7,490	18.4%
Office service business	6,547	16.1%	6,954	14.4%	407	6.2%
3PL business	10,743	26.4%	14,621	30.4%	3,877	36.1%
IT service business	3,563	8.8%	3,703	7.7%	139	3.9%
Building delivery business	2,008	5.0%	2,265	4.7%	257	12.8%
Nursing care service business	1,066	2.6%	1,140	2.4%	74	7.0%
General logistics business	16,705	41.1%	19,440	40.4%	2,734	16.4%

Source: Prepared by FISCO from the Company's results briefing materials

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Results trends

Maintained a sound financial position and increased capital efficiency

4. Financial position

Looking at the Company's financial position, total assets at the end of FY3/25 stood at ¥31,596mn, up 6,061mn from the previous fiscal year-end. The primary factors were increases of ¥616mn in cash and deposits, ¥1,329mn in trade accounts receivable and contract assets, ¥3,420mn in buildings, net due to the construction of a new warehouse, and ¥569mn in goodwill. Total liabilities stood at ¥18,087mn, up ¥4,863mn from the previous fiscal year-end. Trade accounts payable increased ¥378mn, accounts payable – other increased ¥398mn, while the total of long-term and short-term borrowings increased ¥3,695mn to ¥8,888mn, mainly due to capital investments. Total net assets stood at 13,509mn, an increase of ¥1,197mn from the previous fiscal year-end. Retained earnings increased ¥1,331mn, while treasury shares (a deduction) increased ¥220mn. As a result, the equity ratio stood at 42.8%, a decrease of 5.4pp; however, the main factor in this was an increase in assets associated with expanding business operations, and with cash flows from operating activities continuing to remain positive, FISCO considers that the Company's financial soundness continues to be good. Moreover, Return on Equity (ROE) increased 1.0pp to 14.0%. It therefore appears to us that the Company is making progress on increasing its capital efficiency in addition to maintaining a sound financial position.

Balance sheets and management indicator

	End of FY3/21	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	Change
	(¥mn)					
Total assets	15,811	18,140	21,226	25,535	31,596	6,061
Current assets	8,052	9,147	10,927	11,737	14,017	2,279
Non-current assets	7,758	8,993	10,298	13,797	17,579	3,781
Total liabilities	6,897	8,276	10,355	13,223	18,087	4,863
Current liabilities	5,338	5,980	7,474	8,517	12,320	3,803
Non-current liabilities	1,559	2,296	2,880	4,706	5,766	1,060
Total net assets	8,913	9,863	10,870	12,311	13,509	1,197
Shareholders' equity	8,896	9,816	10,785	11,949	13,096	1,147
Equity ratio	56.4%	54.4%	51.2%	48.2%	42.8%	-5.4pp
ROE	7.7%	11.9%	12.2%	13.0%	14.0%	1.0pp

Source: Prepared by FISCO from the Company's financial results

Cash flow statement

Item	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
	(¥mn)				
Cash flows from operating activities	508	1,484	665	3,026	2,367
Cash flows from investing activities	-534	-1,001	-1,335	-3,270	-4,533
Cash flows from financing activities	-101	-107	714	818	2,750
Cash and cash equivalents at end of period	3,068	3,443	3,487	4,062	4,647

Source: Prepared by FISCO from the Company's financial results

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025
<https://www.e-higashi.co.jp/irinfo/top.html>

■ Outlook

FY3/26 forecast for sales and profit growth reaching new record highs

● Overview of FY3/26 forecasts

In the consolidated operating forecast for the FY3/26, net sales are forecast to increase 6.0% YoY to ¥51,000mn, operating profit to increase 7.9% to ¥2,956mn, ordinary profit to increase 5.6% to ¥3,100mn, and profit attributable to owners of the parent to increase 10.8% to ¥2,000mn. For 1H, the Company forecasts net sales of ¥24,500mn, operating profit of ¥1,427mn, ordinary profit of ¥1,490mn, and profit attributable to owners of parent of ¥960mn; and for 2H, net sales of ¥26,500mn, operating profit of ¥1,529mn, ordinary profit of ¥1,610mn, and profit attributable to owners of parent of ¥1,040mn. The sales ratio for 4Q tends to be higher due to factors such as corporate office relocation demand.

As the first year of the Medium-Term Management Plan 2028, the Company expects to increase sales and profits to new record high levels by promoting an aggressive business activity expansion strategy. On the sales front, the Company expects a contribution from the Kawanishi LC, which opened in August 2024, and the Komaki LC, which opened in February 2025, as these will be fully operational, and from expanding delivery services for large-scale e-commerce companies and the full-year consolidation of Neocompetence. On the profit front, the Company expects expenses related to vehicles, equipment, and human resources to increase due to continued growth investments, but is predicting profit growth due to the effect of higher sales as well as profitability increases achieved through initiatives to increase logistics efficiency at large-scale 3PL centers. Favorable business results can be expected due to the Company's aggressive business development.

FY3/26 forecasts

(¥mn)

	FY3/25		FY3/26					
	Results		Forecast		YoY		1H forecast Amount	2H forecast Amount
	Amount	vs. net sales	Amount	vs. net sales	Change amount	% change		
Net sales	48,126	100.0%	51,000	100.0%	2,873	6.0%	24,500	26,500
Operating profit	2,739	5.7%	2,956	5.8%	216	7.9%	1,427	1,529
Ordinary profit	2,935	6.1%	3,100	6.1%	164	5.6%	1,490	1,610
Profit attributable to owners of parent	1,805	3.8%	2,000	3.9%	194	10.8%	960	1,040

Source: Prepared by FISCO from the Company's financial results

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Growth strategy

Formulation of Medium-Term Management Plan 2028 and aim to achieve elevation to the Prime Market

1. Medium-Term Management Plan 2028

The Company formulated its long-term management vision, HIGASHI HOLDINGS Group VISION 2030, in July 2020, which sets out the Company's ideal form as "a company that continuously evolves to deliver the best services to customers." Furthermore, under the previous medium-term management plan, Medium-Term Management Plan 2026 (FY3/24 to FY3/26), the Company accelerated its business growth through measures including aggressive opening of large-scale 3PL centers and M&As, and exceeded its main management targets one year ahead of schedule.

Medium-Term Management Plan 2028 (FY3/26 to FY3/28), formulated in May 2025, is positioned as a three-year period for establishing the fundamentals required for elevating the Company's listing to the Prime Market, clearly demonstrating the Company's stance of aiming for a new stage of elevation to the Prime Market. In addition to strengthening Group governance by transitioning to a holding company, the Company also aims to accelerate business growth using M&As and to increase its corporate value through measure such as increasing capital efficiency. The main management targets stated in the plan are FY3/28 net sales of ¥55.0bn, ordinary profit of ¥3.5bn, per-share dividend of ¥57.0, ROE of 8.0% or higher, a dividend payout ratio of 30.0% of higher, and an employee headcount of 1,800.

Management targets for Medium-Term Management Plan 2028

	FY3/25 Results	FY3/26 Medium-Term Management Plan 2026 targets	FY3/26 Forecast	FY3/28 Medium-Term Management Plan 2028 targets
Net sales	¥48.1bn	¥45.0bn	¥51.0bn	¥55.0bn
Ordinary profit	¥2.9bn	¥2.8bn	¥3.1bn	¥3.5bn
Dividend per share	¥42.0	¥40.0	¥46.0	¥57.0
ROE	14.0%	8% or more	8% or more	8% or more
Dividend payout ratio	30.7%	30% or more	30.1%	30% or more
Number of employees	1,603	1,700	1,700	1,800

Source: Prepared by FISCO from the Company's results briefing materials

The Company's main strategies are to pursue elevation to the Prime Market by working to promote further growth in Group net sales through growth in all business domains, pursuit of growth investments (in the e-commerce domain, including new warehousing facilities, standardization of operations in warehouses, operational streamlining of delivery vehicles, and new M&As), the building of a robust group management foundation (enhancement of Group governance and strengthening of optimal reallocation function of management assets, etc. with a view to achieving elevation to the Prime market,), and sustainability management (disclosure of information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), steps to achieve CO₂ emissions reduction targets, enhancement of human capital value through training for human resources and recruitment strategies, setting of targets for transport safety and implementation of safety measures, and social contribution activities centered on the Himawari Project).

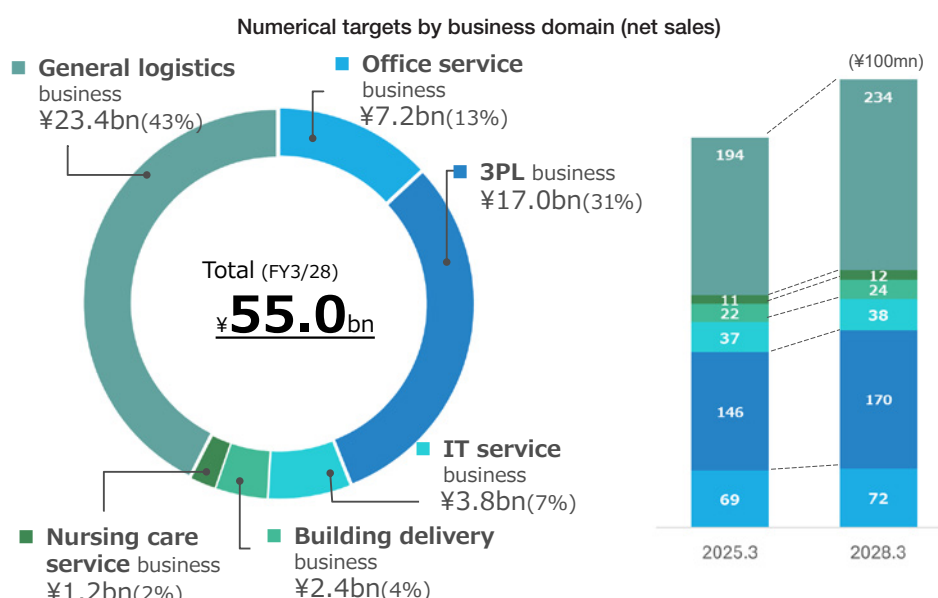
HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

Growth strategy

The Company's net sales plan of ¥55.0bn in FY3/28 can be broken down by operating domain into ¥7.2bn from office services, ¥17.0bn from the 3PL business, ¥3.8bn for the IT service business, ¥2.4bn from the building delivery business, ¥1.2bn from the nursing care service business, and ¥23.4bn from the general logistics business (transport and delivery-related services outside the 3PL business domain).



Source: HIGASHI HOLDINGS Medium-Term Management Plan 2028

In strategies by business domain, in the office service business, the Company will expand the scale of the relocation business in the Tokyo metropolitan area market, while the strengthening its structure for comprehensively undertaking work in peripheral domains, such as office layout proposals, sales of fixtures, interior construction, and wiring construction. In the 3PL business, the Company will promote measures including increasing profitability through stable operation and operational efficiency improvements at the existing LC for Amazon Japan, business expansion through an increase in the items handled in 3PL operations for The Kansai Electric Power Company Group, expansion of 3PL operations in the Nagoya region using the newly opened Komaki LC, and development of new customers through the use of logistics consulting. In the IT service business, the Company will leverage the respective strengths of ISHIKAWA in dispatching system engineers, HIGASHI TEWENTY ONE in IT equipment kitting, and TABITO in call center operations, as well as enhancing Group synergies to expand IT services. In the building delivery business, the Company will promote the creation of proprietary services by expanding locations for building delivery by capturing opportunities in large-scale urban redevelopment and diversifying and increasing the level of services in the mail room domain. In the nursing care service business, the Company will expand its business by deploying a differentiation strategy based on increasing its response capabilities and quality. In the general logistics business, the Company will work on initiative such as expanding transport operations between bases for Amazon Japan and expanding transportation and delivery services in the Tokyo metropolitan area, as well as making a full-scale entry into chilled and frozen delivery services for major supermarkets in the Kansai region from a medium to long-term perspective.

HIGASHI HOLDINGS CO., LTD.
9029 Tokyo Stock Exchange Standard Market

25-Jul.-2025

<https://www.e-higashi.co.jp/irinfo/top.html>

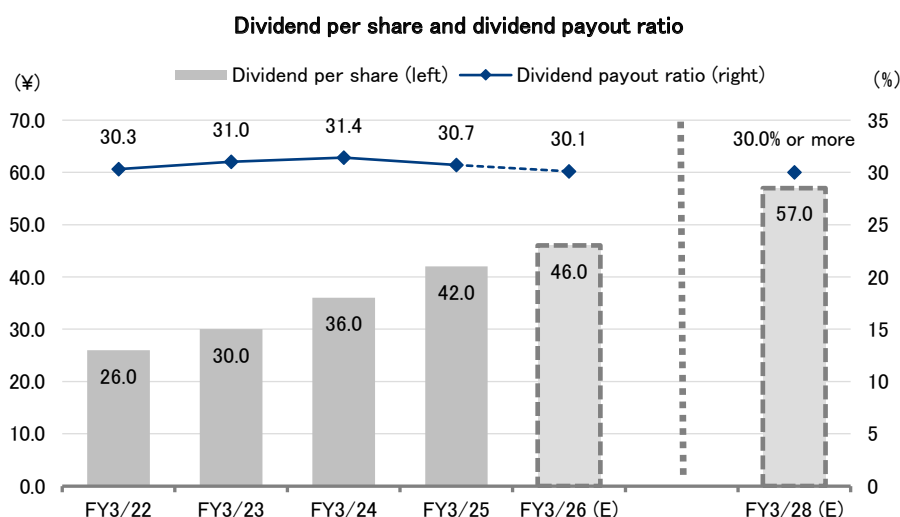
Growth strategy

Regarding the plan for ordinary profit of ¥3.5bn in FY3/28, through measures such as providing high added value logistics services, the Company aims to secure an ordinary profit margin in land transportation of 6% or higher, surpassing the median for the industry of 4.5% (FY3/24, research by the Company). For the ROE plan of 8.0% or higher, the Company aims to surpass the median ROE for land transportation of 7.0% (FY3/24, research by the Company), despite the downward pressure on ROE due to the impact of investment expenses associated with business expansion. Regarding the planned employee headcount of 1,800 (1,603 as of the end of FY3/25), the Company intends to increase frontline managers following the expansion of the relocation business, increase warehouse managers with the expansion of the 3PL business, and secure and add drivers and warehouse operation staff, who are the foundation of its on-site logistics capability.

Aiming for profit return with a consolidated dividend payout ratio of 30% or higher

2. Shareholder return policy

The Company's basic policy with regard to shareholder returns is to strengthen its financial position, which is the foundation of long-term business development, and maintain stable dividends, while returning profits acquired through growth with a consolidated dividend payout ratio of 30% or higher. Based on this policy, the Company will pay a dividend for FY3/25 of ¥42.0 (one-time year-end dividend), an increase of ¥6.0 from the previous fiscal year. The dividend payout ratio is 30.7%. The dividend forecast for FY3/26 is for an increase of ¥4.0 YoY to ¥46.0 (one-time year-end dividend). This will be a fifth consecutive year of dividend increases, for a forecast dividend payout ratio of 30.1%. Under Medium-Term Management Plan 2028, the Company has declared a dividend target of ¥57.0 for FY3/28. FISCO considers that further enhancement of shareholder returns can be expected in line with profit growth over the medium to long term.



Source: Prepared by FISCO from the Company's financial results

Aggressive promotion of sustainability management

3. Sustainability management

The Company formulated a Basic Policy on Sustainability in December 2021, and is promoting various measures, but its policy is to proactively engage in sustainability management under Medium-Term Management Plan 2028 as well.

The Company's metrics and targets related to climate change include a target of reducing CO2 emissions by 20% over the seven years to FY2030, with FY2023 as the reference fiscal year, conducting disclosure based on the TCFD recommendations. Specific initiatives that the Company will promote include eco-drive, expanding the introduction of low-pollution vehicles, switching to electricity from renewable energy sources, purchasing non-fossil fuel certificates, and converting offices and warehouses to LED illumination.

In measures to increase human capital value, the Company aims to develop human resources capable of taking action to realize the ideal form articulated in the Company's long-term management vision, "a company that continuously evolves to deliver the best services to customers." It will promote specific initiatives for securing human resources including continuation of a recruitment plan for 25 personnel (total for new graduates and second new graduates) per fiscal year, for developing human resources by strengthening various types of training (level-specific training, training to promote active participation by women, etc.), and to prepare working environments by acquiring two star certification under the Ministry of Land, Infrastructure, Transport and Tourism's Comfortable Workplace Certification Program (official name: Good Driver Workplace Environment Certification Program), appointing female managers, and conducting engagement surveys.

The Company's safety-related initiatives include making safe transportation a top priority, aiming to achieve a ratio of 2% or less for the number of accidents to the number of vehicles owned by the entire Group, and maintaining zero major accidents and incidents of driving under the influence of alcohol or excessive load violations.

With regard to corporate governance, the Company is promoting further advancement of Group governance with a view to ascending to the Prime Market through initiatives such as transitioning to a Company with Nominating Committee, etc. in June 2019, and transitioning to a holding company in April 2025.

Focus on potential for growth acceleration

4. FISCO's view

The Company is a unique comprehensive logistics company group offering high value added logistics services and aggressively developing logistics services in growth domains. It surpassed the final fiscal year targets of Medium-Term Management Plan 2026 by a significant margin, a year early, showing remarkable results of its business activities expansion strategy based on its long-term vision. Furthermore, under the new Medium-Term Plan 2028, the Company has clearly set out a policy of expanding its business scale, including through the use of M&A, achieving high profitability above the average for the land transportation industry, and working to increase corporate value with the aim of ascending to the Prime Market, which will generate interest in its potential for accelerating growth over the medium to long term.

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