COMPANY RESEARCH AND ANALYSIS REPORT

HIGASHI HOLDINGS CO., LTD.

9029

Tokyo Stock Exchange Standard Market

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Summary

FY3/27 forecasts expect record-high sales and profits, and the targets of the medium-term management plan have been revised upward

HIGASHI HOLDINGS CO., LTD. <9029> (hereafter, also “the Company”) is a unique comprehensive logistics company group that has adopted the slogan “Evolution for Customers—Moving Forward, Creating New Value” and is aggressively developing logistics services in peripheral domains and growth domains that differ in character from general logistics businesses 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. Another distinguishing feature is its high degree of recognition and market share in Kansai, where it originated, and the customer base it has built consisting mainly of large-scale leading companies across a wide range of sectors. Apart from its reportable segment categories, the Company has defined its own business domain categories and is advancing initiatives aimed at growth in all business domains. The Company categorizes its businesses by domain into 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; 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). Sales have been trending upward across all business domains, with the 3PL business, office service business, and IT service business expanding significantly in recent years.

2. FY3/26 results saw dramatic increases in sales and profit exceeding the upwardly revised forecasts, reaching record highs

In the FY3/26 consolidated results, net sales increased 20.5% year on year (YoY) to ¥57,972mn, operating profit increased 47.6% to ¥4,044mn, ordinary profit increased 41.4% to ¥4,150mn, and profit attributable to owners of parent increased 44.1% to ¥2,602mn. Sales and profits increased dramatically, exceeding the Company’s forecasts (the upwardly revised forecasts announced on October 24, 2025), to reach new record high levels. Sales increased in all business domains, supported by an increase in handling volume at 3PL centers serving Amazon Japan G.K. in the 3PL business; an increase in orders received, including large-scale projects, in the office service business; orders for ICT equipment replacement projects associated with the NEXT GIGA School Concept promoted by the Ministry of Education, Culture, Sports, Science and Technology and contracted ICT equipment sales in the IT service business; expansion of transportation services for Amazon Japan in the general logistics business; and the effects of M&A. The gross profit margin increased 0.3 percentage points (pp) to 19.1%. In addition to the effect of higher sales, profit growth was supported by an improvement in the profitability of the 3PL business resulting from the stable operation of large-scale 3PL centers serving Amazon Japan. The SG&A expense ratio declined 0.9pp to 12.2%. As a result, operating margin increased 1.3pp to 7.0%, and ordinary profit margin increased 1.1pp to 7.2%.

3. FY3/27 forecasts expect record-high sales and profit, despite adopting a conservative plan in light of the uncertain economic environment, including the situation in the Middle East

In the FY3/27 consolidated results forecast that is based on a conservative outlook reflecting the uncertain economic environment, including the situation in the Middle East, net sales are expected to increase 1.8% YoY to ¥59,000mn, operating profit is to increase 1.4% to ¥4,100mn, ordinary profit is to increase 2.4% to ¥4,250mn, and profit attributable to owners of parent is to increase 3.9% to ¥2,703mn. As the second year of the Medium-Term Management Plan 2028, the Company will promote an aggressive business activity expansion strategy and forecasts record-high sales and profit, although the increases are expected to be modest. On the sales front, factors expected to reduce revenue include the reactionary decline following large-scale projects in the office service business in the previous fiscal year, the completion of ICT equipment sales orders received in the previous fiscal year in the IT service business, and the completion of catalog gift shipping operations for a major customer in the general logistics business. On the other hand, the Company expects further expansion of its 3PL business and transportation services for Amazon Japan, driven by the commencement of operations at the expanded section of Nagareyama LC (May 2026), as well as contributions from the continuing effects of its initiatives to achieve appropriate pricing. On the profit front, although expenses related to human resources, vehicles, and equipment are expected to continue increasing due to growth in investments, profit is also expected to benefit from the effect of higher sales and a decline in expenses associated with investments made ahead of schedule in the previous fiscal year. We at FISCO believe that the Company can achieve strong results if it is able to execute its aggressive business expansion strategy.

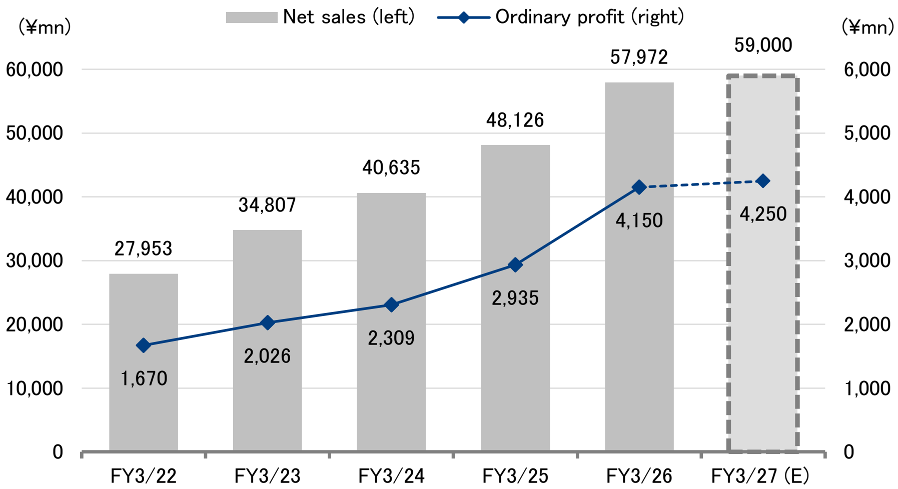
4. Upward revision of the target figures from the Medium-Term Management Plan 2028

The Company positions the Medium-Term Management Plan 2028 (FY3/26–FY3/28), formulated in May 2025, as a three-year period for establishing the fundamentals required for elevating the Company's listing to the Prime Market. The main management targets initially stated in the plan for FY3/28 are net sales of ¥55.0bn, ordinary profit of ¥3.5bn, per-share dividend of ¥57.0, Return on Equity (ROE) of 8.0% or higher, a dividend payout ratio of 30.0% or higher, and an employee headcount of 1,800. However, the Company achieved these targets in the first year of the plan, FY3/26, two years ahead of schedule (excluding the employee headcount target). Accordingly, the Company revised its target figures upward in May 2026, as it expects further growth in business performance driven by investments to promote business growth across each business domain, the full-scale commencement of operations at the expanded section of Nagareyama LC, and the expansion of transportation services accompanying the addition of the Company's own large-scale vehicles. The revised management targets for FY3/28 are net sales of ¥61.0bn, ordinary profit of ¥4.4bn, per-share dividend of ¥66.0, ROE of 8.0% or higher, a dividend payout ratio of 30.0% or higher, and 1,850 employees. The results of the Company's business expansion strategy based on its long-term vision are becoming increasingly evident, and we at FISCO believe that its growth has the potential to accelerate further over the medium to long term through continued growth investments.

Key Points

- Unique comprehensive logistics company aggressively developing logistics services in growth domains
- FY3/26 results saw dramatic increases in sales and profit exceeding the upwardly revised forecasts, reaching record highs
- FY3/27 sales and profit are expected to increase, reaching new record highs
- Upward revision of the target figures from the Medium-Term Management Plan 2028

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—Moving Forward, Creating New Value" 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 that differ in character from general logistics businesses through measures including M&A. On April 1, 2025, the former HIGASHI TWENTY ONE CO., LTD. changed its company name to HIGASHI HOLDINGS CO., LTD. following its transition to a holding company through a corporate split.

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 May 2026, the expanded section of Nagareyama LC commenced operations, making it the largest logistics center in the Group's history, with a total floor area of approximately 29,533 tsubo (approximately 97,600 m^2).

At the end of FY3/26, the Company's total assets stood at ¥36,616mn, with net assets of ¥16,113mn, an equity ratio of 44.0%, and the number of issued shares at 13,264,000 (including 189,025 shares of treasury stock). The Group comprises the Company and 12 consolidated subsidiaries. The consolidated subsidiaries are HIGASHI TWENTY ONE CO., LTD., 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., Neocom Co., Ltd., and Peerless Co., Ltd. (which became a subsidiary in June 2025).

2. History

In December 1944, Osaka Higashi Unso 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 in February 2002, before changing to HIGASHI HOLDINGS upon its transition to a holding company in April 2025. The Company's shares were listed on the Jasdaq Securities Exchange 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 the expansion of businesses that differ in character from general transportation businesses. 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. The Company made YAMASHIN TRANSPORTATION a wholly owned subsidiary in February 2022, followed by TABITO in August of the same year, then Neocompetence and its subsidiary Neocom in June 2024, and Peerless in June 2025.

History

Month Year	Main events
December 1944	Osaka Higashi Unso 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 2026, 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 Jasdaq Securities Exchange, Inc.
April 2010	Shares listed on the Osaka Securities Exchange Jasdaq Market following the merger of Jasdaq 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 in April 2023)
August 2022	Made TABITO CO., LTD. a wholly owned subsidiary
April 2023	Opened Nagareyama LC in Nagareyama City, Chiba Prefecture, Naruohama LC in Nishinomiya City, Hyogo Prefecture, and Kita Osaka LC in Ibaraki City, Osaka Prefecture, in response to the expansion of business for Amazon Japan G.K.
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 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.
June 2025	Made Peerless Co., Ltd. a wholly owned subsidiary
March 2026	Entered into a business alliance with Sumitomo Mitsui Finance and Leasing Co., Ltd. and its subsidiary SMFL Rental Co., Ltd.

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

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 reportable segments are classified into the Transportation Business (transportation 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 other businesses (such as the worker dispatching business).

Looking at the trends over the past five fiscal years (FY3/22–FY3/26), each business has expanded steadily. Comparing the FY3/22 with FY3/26, net sales in the core Transportation Business increased 1.7 times, from ¥17,234mn to ¥29,529mn, while the Warehousing Business expanded 2.3 times, from ¥7,404mn to ¥17,247mn, due to expanded business with Amazon Japan. The Product Sales Business also grew 3.1 times, from ¥2,169mn to ¥6,711mn, primarily due to expanded procurement of materials for the Kansai Electric Power Group. Operating profit has also remained on an upward trend, absorbing increases in various costs as net sales expanded. Operating profit in the Transportation Business increased 2.1 times, from ¥1,797mn to ¥3,686mn, while operating profit in the Warehousing Business expanded 1.7 times, from ¥1,118mn to ¥1,954mn. It should be noted that profit in the Warehousing Business may fluctuate due to one-off expenses associated with the construction of new large-scale warehouses and other factors.

Trends by reportable segment

(¥mn)

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Net sales	27,953	34,807	40,635	48,126	57,972
Transportation Business	17,234	21,021	22,911	25,481	29,529
Warehousing Business	7,404	7,986	10,693	14,040	17,247
Product Sales Business	2,169	4,009	4,435	5,061	6,711
Welfare Business	938	977	1,066	1,140	1,246
Other Business (Worker dispatching business, etc.)	206	813	1,527	2,401	3,237
Segment profit	1,475	1,908	2,190	2,739	4,044
Transportation Business	1,797	2,337	2,800	3,138	3,686
Warehousing Business	1,118	955	854	1,176	1,954
Product Sales Business	63	190	225	307	344
Welfare Business	138	141	159	181	212
Other Business (Worker dispatching business, etc.)	9	111	304	354	574
Corporate expenses	-1,653	-1,827	-2,155	-2,418	-2,727

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 Amazon Japan, and transportation services for general shippers and others.

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 builds 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.

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 the Kansai Electric Power Group. 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.

b) Document service business

At trunk room facilities certified by the Ministry of Land, Infrastructure, Transport and Tourism, the Company provides 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

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 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 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 consolidated net sales accounted for by the top 30 ranking companies by net sales for the past three fiscal years was 64.7% in FY3/24, 67.8% in FY3/25, and 68.9% in FY3/26. Expansion of business deals with the Kansai Electric Power 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 different from its reportable segment categories, and is pursuing initiatives to achieve growth in all business domains. The Company categorizes its businesses by domain into 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 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 erasure, and disposal, POS terminal and system equipment installation and maintenance, and technical support related to systems including IT engineer dispatching), the building delivery business (in-building logistics, mailroom 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).

Looking at the trends over the past five fiscal years (FY3/22–FY3/26), net sales have been on an upward trend across all business domains. Comparing FY3/22 with FY3/26, net sales in the office service business increased 1.8 times, from ¥4,695mn to ¥8,604mn, due to increased orders; the 3PL business expanded 3.6 times, from ¥5,011mn to ¥18,202mn, driven by the expansion of business for the Kansai Electric Power Group and Amazon Japan; the IT service business grew 3.2 times, from ¥1,443mn to ¥4,556mn, with contributions from TABITO which became a subsidiary; the building delivery business increased 1.7 times, from ¥1,610mn to ¥2,721mn, due to an increase in operating locations; the nursing care service business expanded 1.3 times, from ¥938mn to ¥1,246mn, mainly due to the operating contribution from small-scale locations; and the general logistics business grew 1.6 times, from ¥14,254mn to ¥22,640mn, supported in part by the expansion of transportation services for Amazon Japan.

Net sales by business domain

(¥mn)

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Office service business	4,695	6,051	6,547	6,954	8,604
3PL business	5,011	7,831	10,743	14,621	18,202
IT service business	1,443	2,445	3,563	3,703	4,556
Building delivery business	1,610	1,767	2,008	2,265	2,721
Nursing care service business	938	977	1,066	1,140	1,246
General logistics business	14,254	15,735	16,705	19,440	22,640
Total	27,953	34,807	40,635	48,126	57,972

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 center for the Kansai Electric Power Group and started a transport and delivery, storage, and logistics processing service, and started a materials procurement 3PL service at the center in October 2021. For Amazon Japan, following the commencement of operations in October 2019 and subsequent expansion and reorganization of its logistics centers in line with business growth, the Company currently operates one logistics center in Osaka Prefecture (Kita Osaka LC), three in Hyogo Prefecture (Naruohama LC, Kobe Nishi LC, and Kawanishi LC), and one in Chiba Prefecture (Nagareyama LC). Nagareyama LC was expanded in response to business growth (with the expanded section commencing operations in May 2026), making it the largest 3PL center in the Group. As a result, these large-scale 3PL centers have successively contributed to the rapid expansion of the Company's 3PL business.

(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. In FY3/26, the IT Support Division of HIGASHI TWENTY ONE received an order for ICT equipment kitting services related to the NEXT GIGA School Concept (approximately 229,000 units at the Tokai IT Support Center and approximately 228,000 units at the West Japan IT Support Center).

(4) Building delivery business

The Company provides support in controlling the complex logistics inside high-level multistorey buildings to enable comfortable office management. Services include deliveries inside buildings (in-building logistics), and operation of shops inside buildings. The Company has strengths in ELV and loading area parking management systems. The Company has contracted operations at 17 locations in the Tokyo metropolitan area, 2 in the Chubu region, and 10 in the Kansai region. In FY3/26, it newly commenced operations at a total of eight locations: Akasaka Trust Tower, Hulic Ginza Building, Yaesu Dai Building, and IT tower TOKYO in the Tokyo metropolitan area, and TWIN21 MID Tower, Matsushita IMP Building, Yodoyabashi Gate Tower, and QUARTZ Shinsaibashi in the Kansai region.

(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. Most recently, in June 2025, the Company made Peerless, which provides planning, kitting, and operational support services related to the introduction of ICT equipment for companies in the Tokyo metropolitan area, a wholly owned subsidiary. As a result, the operational capabilities of the IT service business were enhanced.

In March 2026, the Company entered into a business alliance agreement with Sumitomo Mitsui Finance and Leasing Co., Ltd. and its subsidiary SMFL Rental Co., Ltd. To strengthen SMFL Rental's capacity to supply rental PCs in western Japan, the Company will establish a dedicated facility for SMFL Rental to handle PC kitting and related operations, where it will undertake PC kitting and related services under contract from SMFL Rental. Through this business alliance, the Company aims to accelerate the growth of its IT service business. Furthermore, leveraging the extensive and robust customer base and network of the SMFL Group, the Company will also explore opportunities for further collaboration, including improving the efficiency and sophistication of services and developing joint businesses across the business fields of both the Company Group and the SMFL Group.

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.

As for seasonality in earnings, office relocations and office layout changes generally concentrate in February and March, the fiscal year-end period for many companies. As a result, net sales in the Company's office service business tend to be heavily weighted toward the fourth quarter. On the other hand, as businesses with less pronounced seasonality, such as the 3PL business, IT service business, and building delivery business, have expanded, the impact of seasonal factors on both net sales and profit at the consolidated level has diminished.

Results trends

FY3/26 results saw dramatic increases in sales and profit exceeding the upwardly revised forecasts, reaching record highs

1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales increased 20.5% YoY to ¥57,972mn, operating profit increased 47.6% to ¥4,044mn, ordinary profit increased 41.4% to ¥4,150mn, and profit attributable to owners of parent increased 44.1% to ¥2,602mn. Sales and profits increased dramatically, exceeding the Company's forecasts, to reach new record high levels. (The upwardly revised forecast announced on October 24, 2025 was for net sales of ¥54,000mn, operating profit of ¥3,256mn, ordinary profit of ¥3,400mn, and profit attributable to owners of parent of ¥2,176mn.)

Overview of FY3/26 results

(¥mn)

	FY3/25		FY3/26			YoY		Comparison with the Company's forecasts	
	Results	vs. net sales	The Company's forecasts	Results	vs. net sales	Change amount	% change	Achieved amount	Progress rate
Net sales	48,126	-	54,000	57,972	-	9,846	20.5%	3,972	107.4%
Gross profit	9,025	18.8%	-	11,095	19.1%	2,069	22.9%	-	-
SG&A expenses	6,286	13.1%	-	7,050	12.2%	764	12.2%	-	-
Operating profit	2,739	5.7%	3,256	4,044	7.0%	1,304	47.6%	788	124.2%
Ordinary profit	2,935	6.1%	3,400	4,150	7.2%	1,215	41.4%	750	122.1%
Profit attributable to owners of parent	1,805	3.8%	2,176	2,602	4.5%	796	44.1%	426	119.6%

Note: The Company's forecasts refer to the upwardly revised forecasts announced on October 24, 2025.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Net sales increased across all business domains, driven by higher handling volumes at 3PL centers serving Amazon Japan in the 3PL business; increased orders, including large-scale projects, in the office service business; orders for ICT equipment replacement projects under the NEXT GIGA School Concept and contracted ICT equipment sales in the IT service business; expanded transportation services for Amazon Japan in the general logistics business; and the effects of M&A, including the full-year consolidation of Neocompetence and its subsidiary Neocom, as well as the inclusion of Peerless's P/L from the second half of the fiscal year. Gross profit increased 22.9% YoY, and the gross profit margin increased 0.3pp to 19.1%. In addition to the effect of higher net sales, higher profitability in the 3PL business, resulting from the stable operation of the large-scale 3PL center serving Amazon Japan, also contributed to the increase in profit. SG&A expenses increased 12.2%, but the SG&A expense ratio decreased by 0.9pp to 12.2%. As a result, the operating profit margin increased by 1.3pp to 7.0% and the ordinary profit margin increased by 1.1pp to 7.2%.

Increase in sales and profits across all segments

2. Trends by reportable segment

In the Transportation Business, net sales increased 15.9% YoY to ¥29,529mn, and segment profit (operating profit before corporate expense adjustments) increased 17.5% to ¥3,686mn. Growth was driven by a substantial increase in orders in the office service business, including large-scale projects; the expansion of delivery services for Amazon Japan; orders for kitting services associated with ICT equipment replacement under the NEXT GIGA School Concept; and an increase in orders resulting from the opening of new locations in the building delivery business. In the Warehousing Business, net sales increased 22.8% to ¥17,247mn, and segment profit increased 66.1% to ¥1,954mn. On the sales front, handling volumes for Amazon Japan in the 3PL business increased more than expected. On the profit front, in addition to higher utilization rates at the Group's large-scale 3PL centers of Nagareyama LC, Kobe Nishi LC, and Kawanishi LC, work efficiency also improved at the Group's other existing centers. In the Product Sales Business, net sales increased 32.6% to ¥6,711mn, and segment profit increased 12.1% to ¥344mn. The main growth drivers were higher sales volumes of materials for the Kansai Electric Power Group and contracted sales of ICT equipment related to orders for kitting services. In the Welfare Business, net sales increased 9.3% to ¥1,246mn, and segment profit increased 17.5% to ¥212mn. Rental and sales of welfare equipment increased, supported by the effect of the small-scale operating locations established in the previous fiscal year to enhance proximity to customers. In the Other Business, net sales increased 34.8% to ¥3,237mn, and segment profit increased 61.9% to ¥574mn. This was supported by the full-year consolidation of Neocompetence and its subsidiary Neocom (which were consolidated from the third quarter in the previous fiscal year).

FY3/26 overview by reportable segment

(¥mn)

Net sales	FY3/25		FY3/26		YoY	
	Results	Composition ratio	Results	Composition ratio	Change amount	% change
Transportation Business	25,481	52.9%	29,529	50.9%	4,048	15.9%
Warehousing Business	14,040	29.2%	17,247	29.8%	3,206	22.8%
Product Sales Business	5,061	10.5%	6,711	11.6%	1,649	32.6%
Welfare Business	1,140	2.4%	1,246	2.2%	106	9.3%
Other Business	2,401	5.0%	3,237	5.6%	835	34.8%
Total	48,126	-	57,972	-	9,846	20.5%

Segment profit	FY3/25		FY3/26		YoY	
	Results	Profit margin	Results	Profit margin	Change amount	% change
Transportation Business	3,138	12.3%	3,686	12.5%	547	17.5%
Warehousing Business	1,176	8.4%	1,954	11.3%	777	66.1%
Product Sales Business	307	6.1%	344	5.1%	37	12.1%
Welfare Business	181	15.9%	212	17.1%	31	17.5%
Other Business	354	14.8%	574	17.7%	219	61.9%
Total	5,157	-	6,772	-	-	-
Corporate expenses	-2,418	-	-2,727	-	-	-
Consolidated operating profit	2,739	5.7%	4,044	7.0%	1,304	47.6%

Notes 1: Net sales represent sales to external customers, and the composition ratio represents the percentage of consolidated net sales.
2: Segment profit refers to operating profit before corporate expense adjustments, and the profit margin represents the operating profit margin of each segment.
Source: Prepared by FISCO from the Company's financial results

Substantial increases in net sales driven mainly by the office service business and the 3PL business

3. Trends by business domain

In the office service business, net sales grew 23.7% YoY to ¥8,604mn due to an increase in orders, including large-scale projects. In the 3PL business, net sales increased 24.5% to ¥18,202mn due to the increase in handling volumes at the 3PL centers for Amazon Japan. In the IT service business, net sales increased 23.0% to ¥4,556mn. Orders for ICT equipment replacement projects under the NEXT GIGA School Concept increased, while also benefitting from the fact that product sales were carried out together with the GIGA projects as a condition for receiving outsourced work. Kitting services for the Nippon Life Insurance Group also increased. Net sales in the building delivery business increased 20.1% to ¥2,721mn, supported by the opening of new building delivery locations. Net sales in the nursing care service business increased 9.3% to ¥1,246mn, reflecting the contribution of the small-scale operating locations opened in the previous fiscal year. Net sales in the general logistics business increased 16.5% to ¥22,640mn, driven by the expansion of transportation services for Amazon Japan.

FY3/26 overview of net sales by business domain

(¥mn)

	FY3/25		FY3/26		YoY	
	Results	Composition ratio	Results	Composition ratio	Change amount	% change
Net sales	48,126	-	57,972	-	9,846	20.5%
Office service business	6,954	14.4%	8,604	14.8%	1,650	23.7%
3PL business	14,621	30.4%	18,202	31.4%	3,581	24.5%
IT service business	3,703	7.7%	4,556	7.9%	853	23.0%
Building delivery business	2,265	4.7%	2,721	4.7%	456	20.1%
Nursing care service business	1,140	2.4%	1,246	2.1%	106	9.3%
General logistics business	19,440	40.4%	22,640	39.1%	3,200	16.5%

Note: Net sales represent sales to external customers.
Source: Prepared by FISCO from the Company's results briefing materials

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 FY3/26 stood at ¥36,616mn, up ¥5,019mn from the previous fiscal year-end. The increase was mainly attributable to increases of ¥4,460mn in cash and deposits, ¥309mn in trade accounts receivable and contract assets, and ¥616mn in investment securities. Total liabilities stood at ¥20,503mn, up ¥2,415mn from the previous fiscal year-end. The increase was mainly due to increases of ¥521mn in trade accounts payable and ¥769mn in accrued consumption taxes. In addition, the combined balance of long-term and short-term borrowings increased ¥882mn to ¥9,771mn. Total net assets stood at ¥16,113mn, an increase of ¥2,603mn from the previous fiscal year-end. This was mostly due to increases of ¥2,055mn in retained earnings and ¥391mn in valuation difference on available-for-sale securities. As a result, the equity ratio rose 1.2pp to 44.0%. Moreover, ROE increased 3.6pp to 17.6%. We at FISCO also view positively the fact that there are no particular concerns regarding the Company's cash flow position, that it has maintained financial soundness, and that progress has been made in improving capital efficiency.

Balance sheets and management indicators (summary)

(¥mn)

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26	Change
Total assets	18,140	21,226	25,535	31,596	36,616	5,019
Current assets	9,147	10,927	11,737	14,017	18,901	4,883
Non-current assets	8,993	10,298	13,797	17,579	17,715	136
Total liabilities	8,276	10,355	13,223	18,087	20,503	2,415
Current liabilities	5,980	7,474	8,517	12,320	15,595	3,275
Non-current liabilities	2,296	2,880	4,706	5,766	4,907	-859
Total net assets	9,863	10,870	12,311	13,509	16,113	2,603
Shareholders' equity	9,816	10,785	11,949	13,096	15,228	2,131
Equity ratio	54.4%	51.2%	48.2%	42.8%	44.0%	1.2pp
ROE	11.9%	12.2%	13.0%	14.0%	17.6%	3.6pp

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

Cash flow statement (summary)

(¥mn)

Item	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Cash flows from operating activities	1,484	665	3,026	2,367	4,989
Cash flows from investing activities	-1,001	-1,335	-3,270	-4,533	-668
Cash flows from financing activities	-107	714	818	2,750	172
Cash and cash equivalents at end of period	3,443	3,487	4,062	4,647	9,140

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

Outlook

FY3/27 forecasts expect record-high sales and profit, despite adopting a conservative plan in light of the uncertain economic environment, including the situation in the Middle East

● Overview of FY3/27 forecasts

In the consolidated operating forecast for the FY3/27, net sales are expected to increase 1.8% YoY to ¥59,000mn, operating profit to increase 1.4% to ¥4,100mn, ordinary profit to increase 2.4% to ¥4,250mn, and profit attributable to owners of parent to increase 3.9% to ¥2,703mn. On a half-year basis, the Company forecasts first-half net sales of ¥29,171mn, operating profit of ¥2,036mn, ordinary profit of ¥2,136mn, and profit attributable to owners of parent of ¥1,358mn. For the second half, it forecasts net sales of ¥29,829mn, operating profit of ¥2,064mn, ordinary profit of ¥2,114mn, and profit attributable to owners of parent of ¥1,345mn.

As the second year of the Medium-Term Management Plan 2028, the Company will continue to pursue an aggressive business expansion strategy and forecasts record-high results, with modest increases in both net sales and profit. On the sales front, decreases are expected due to the absence of the large-scale projects recorded in the previous fiscal year in the office service business, the completion of ICT equipment sales ordered in the previous fiscal year in the IT service business, and the completion of catalog gift shipping operations for a major customer in the general logistics business. On the other hand, the 3PL business and transportation services for Amazon Japan are expected to expand further with the commencement of operations at the expanded section of Nagareyama LC (May 2026), while the continued effects of the Company's initiatives to achieve appropriate pricing are also expected to contribute. On the profit front, expenses related to human resources, vehicles, and equipment are expected to continue increasing due to ongoing growth investments. However, in addition to the effect of higher net sales, lower expenses associated with investments made in advance in the previous fiscal year are also expected to contribute. It should also be noted that fuel costs accounted for only approximately 0.4% of net sales in FY3/26. Given this cost structure, the Company expects the direct impact of higher fuel prices on its business performance to be limited. Although the Company's forecasts are conservative in light of the uncertain economic environment, including the situation in the Middle East, we at FISCO believe the Company has the potential to deliver strong results if it is able to execute its business expansion strategy aggressively.

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		YoY		1H forecast	2H forecast
	Results	vs. net sales	Forecast	vs. net sales	Change amount	% change	Amount	Amount
Net sales	57,972	-	59,000	-	1,027	1.8%	29,171	29,829
Operating profit	4,044	7.0%	4,100	6.9%	55	1.4%	2,036	2,064
Ordinary profit	4,150	7.2%	4,250	7.2%	99	2.4%	2,136	2,114
Profit attributable to owners of parent	2,602	4.5%	2,703	4.6%	100	3.9%	1,358	1,345

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

Growth strategy

Upward revision of the targets in the Medium-Term Management Plan 2028

1. Medium-Term Management Plan 2028

The Company formulated its long-term management vision, HIGASHI 21 Group VISION 2030, in July 2020, which sets out the Company's ideal form as "a company that continues to transform to deliver the best services to our customers." In its Medium-Term Management Plan 2028 (FY3/26–FY3/28), formulated in May 2025, the Company positioned the three-year period as "three years to establish the fundamentals required for an upgrade to the Prime Market," clearly demonstrating its commitment to advancing to the next stage through an upgrade to the Prime Market. In addition, the Company aims to strengthen Group governance by transitioning to a holding company, to increase its corporate value through measures such as accelerating business growth using M&As and improving capital efficiency.

The Company's initial key management targets for FY3/28 were 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 1,800 employees. However, it achieved these targets in the first year of the plan, FY3/26, two fiscal years ahead of schedule (excluding the employee target). Accordingly, in May 2026, the Company revised its targets upward, as it expects further growth in business performance through investments to drive growth across each business domain, the full-scale commencement of operations at the expanded section of Nagareyama LC, the expansion of transportation services following the addition of large vehicles to its fleet, and other initiatives. The revised key management targets for FY3/28 are net sales of ¥61.0bn, ordinary profit of ¥4.4bn, per-share dividend of ¥66.0, ROE of 8.0% or higher, a dividend payout ratio of 30.0% or higher, and 1,850 employees.

Revised targets under the Medium-Term Management Plan 2028

(¥mn)

	FY3/25 Results	FY3/26 Results	FY3/28		Initial plan comparison Change
			Initial plan	Revised plan	
Consolidated net sales	48,126	57,972	55,000	61,000	6,000
Office service business	6,954	8,604	7,200	7,300	100
3PL business	14,621	18,202	17,000	20,600	3,600
IT service business	3,703	4,556	3,800	5,000	1,200
Building delivery business	2,265	2,721	2,400	2,900	500
Nursing care service business	1,140	1,246	1,200	1,400	200
General logistics business	19,440	22,640	23,400	23,800	400
Ordinary profit	2,935	4,150	3,500	4,400	900
Dividend per share (¥)	42.0	60.0	57.0	66.0	9.0
ROE	14.0%	17.6%	8.0% or higher	8.0% or higher	-
Dividend payout ratio	30.7%	30.1%	30.0% or higher	30.0% or higher	-
Number of employees (people)	1,603	1,744	1,800	1,850	50

Notes 1: The initial FY3/28 plan was announced on May 9, 2025, and the revised plan was announced on May 8, 2026.
2: Net sales represent sales to external customers.
Source: Prepared by FISCO from the Company's results briefing materials

With respect to the net sales plan by business domain, the office service business target increased ¥100mn from the initial plan to ¥7,300mn; the 3PL business up ¥3,600mn to ¥20,600mn; the IT service business up ¥1,200mn to ¥5,000mn; the building delivery business up ¥500mn to ¥2,900mn; the nursing care service business up ¥200mn to ¥1,400mn; and the general logistics business up ¥400mn to ¥23,800mn.

The office service business target was raised only modestly, reflecting the absence of the large-scale projects recorded in FY3/26 and the expected decline in the supply of large-scale office buildings going forward. However, the Company will continue to strengthen its ability to provide one-stop services covering adjacent business areas and aims to continue winning new projects, particularly in the Tokyo metropolitan area. In the 3PL business, in addition to the contribution from the full-scale commencement of operations at the expanded section of Nagareyama LC, the Company expects further business expansion by promoting the expansion of its 3PL business in the Nagoya area through the utilization of Komaki LC and by developing new customers through its logistics consulting capabilities. In the IT service business, the Company aims to drive growth by continuing to undertake projects under the NEXT GIGA School Concept, creating Group synergies, and winning new projects through its business alliance with SMFL Rental. The building delivery business aims to achieve further growth by developing the Company's proprietary services, opening new building delivery locations, and expanding business with tenant companies in the buildings it serves. The nursing care service business will continue working to maintain and improve service levels in order to expand net sales. The general logistics business will continue to pursue business expansion through the addition of vehicles to its fleet and the expansion of refrigerated and frozen transportation services.

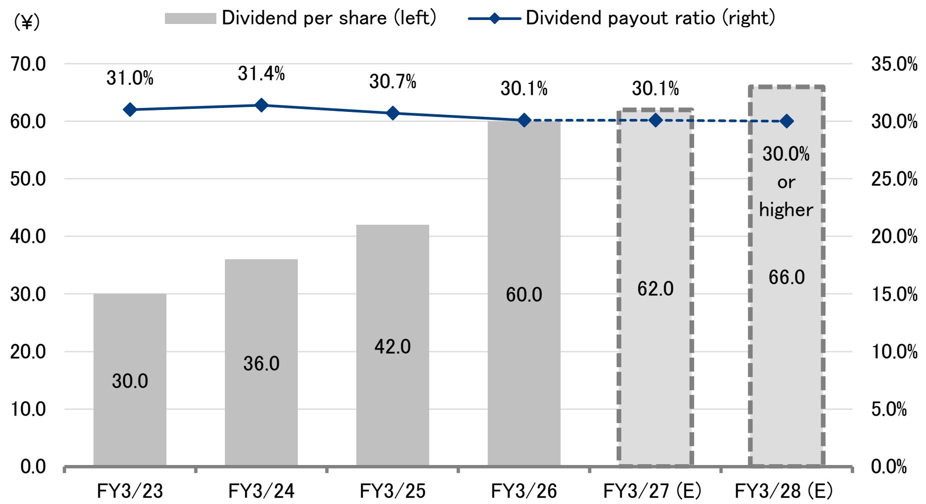
In addition, with a view to an upgrade to the Prime Market, the Company will work to achieve further growth in Group net sales through growth across all business domains; pursue of growth investments, including the establishment of new warehouses in the e-commerce domain, the standardization of operations in warehouses, operational efficiency improvements, and new M&A; build a robust group management foundation by enhancing Group governance in preparation for an upgrade to the Prime Market and strengthening its capability to optimally reallocate management assets; and promote sustainability management through information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), steps to achieve its CO_2 emissions reduction targets, enhancement of human capital value through training for human resources and recruitment strategies, the establishment of targets for transport safety and implementation of safety measures, and social contribution activities centered on the Himawari Project.

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 increased its dividend for FY3/26 (raising the year-end dividend ¥4.0 on October 24, 2025, and by a further ¥10.0 on May 8, 2026) ¥18.0 YoY to ¥60.0 per share (year-end dividend only). This will be a fifth consecutive year of dividend increases, for a dividend payout ratio of 30.1%. The dividend forecast for FY3/27 is for an increase of ¥2.0 to ¥62.0 (year-end dividend only). This will be a sixth consecutive year of dividend increases, for a forecast dividend payout ratio of 30.1%. Under its Medium-Term Management Plan 2028, the Company has declared a dividend target of ¥66.0 for FY3/28. FISCO considers that further enhancement of shareholder returns can be expected as profit continues to grow.

Dividend per share and dividend payout ratio



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

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.

With respect to climate change-related metrics and targets, the Company provides disclosures based on the recommendations of the TCFD and has established a target of reducing CO_2 emissions by 20% over the seven-year period through FY3/31, using FY3/24 as the base year. 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 regards to increasing 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 of becoming "a company that continues to transform to deliver the best services to our 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 (Driver Workplace Environment Certification Program), appointing female managers, and conducting engagement surveys.

The Company's safety-related initiatives include positioning 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 enhancements to its corporate governance framework with a view to ascending to the Prime Market through initiatives such as transitioning to a Company with a Nominating Committee, etc. in June 2019, and transitioning to a holding company in April 2025.

Focus on potential for further growth acceleration in the medium to long term

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. We at FISCO view the success of the Company's business expansion strategy based on its long-term vision has become increasingly apparent, as evidenced by its surpassing of the FY3/28 targets under the Medium-Term Management Plan 2028 in FY3/26, two fiscal years ahead of schedule. Furthermore, the Company has clearly set out a policy of pursuing an upgrade to the Prime Market through business expansion supported by M&A, the achievement of high profitability above the average for the land transportation industry, and working to increase corporate value. We at FISCO believe the potential for further growth acceleration in the Company's medium to long-term growth through continued growth investments will generate interest.

FISCO

Disclaimer

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