KONOIKE GROUP

# KONOIKE GROUP Integrated Report 2026



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# HISTORY OF KONOIKE

## Our Roots

## More Than 140 Years of Respect for Humanity and Relationships of Trust in Our DNA

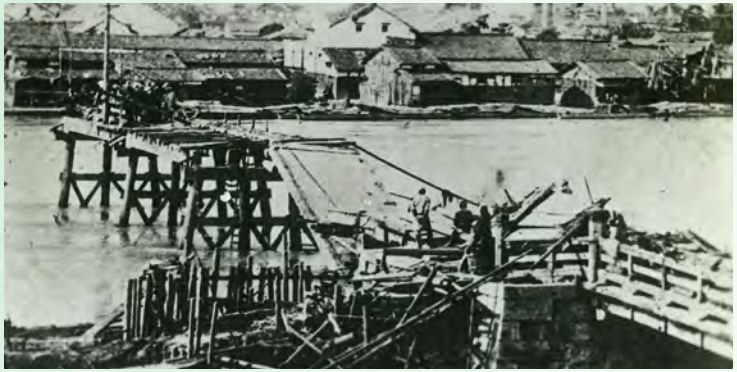
# It all began on the job site...

## *1880*

### The Founding of Konoike Transport

**Respect for Humanity and Relationships of Trust in Our DNA**

In 1880, Chujiro's company began a worker placement business and transport business under the name Konoike Gumi. In Denpo, at the mouth of the Yodogawa River, Konoike Gumi mobilized local residents and pooled their strength to recover from repeated flood damage and overcome the overwhelming challenges. This work in the trenches led to the Konoike approach of getting the job done based on mutual trust between people. A major turning point in our history was the Yodogawa River Improvement Project, which began in 1898. Faced with the challenge of securing a large workforce, Chujiro leveraged his network of contacts and trust built up over many years to bring together a large number of people, taking on a construction project spanning approximately 16 kilometers. Through sincerity and single-minded dedication, the business took on the challenging project and completed the excavation of the Shin-Yodogawa River over the course of five years. Later, Chujiro worked tirelessly on restoration efforts following the great flood of 1917. The leadership needed to bring people together and the sense of responsibility to see things through to the end have been passed down through the generations as the spirit that underpins Konoike today.



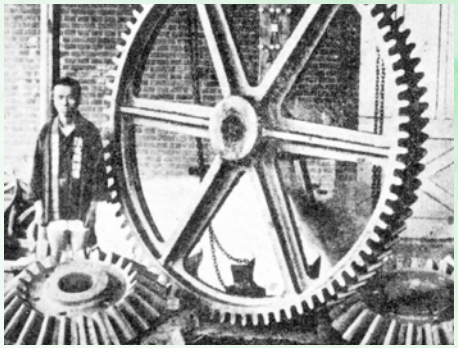
Source: Yodogawa River Office, Ministry of Land, Infrastructure, Transport and Tourism

## *1900*

### Expansion Into the Steel Industry

**The Foundation of the Steel-Related Business, Born Where Konoike Was Founded**

The first-ever privately owned steel foundry was established in Denpo, Osaka, the same district as the founding of the KONOIKE Group. Here, in 1990, Chujiro Konoike received an order to load and unload raw materials, provide on-site transport, and perform other work that became the foundation of our steel business. As the company expanded, including machinery installation and specialized heavy-lift transportation alongside the growth of the steel industry, our commitment to meeting customer expectations on-site became the driving force behind new business opportunities.



## *1945*

### Growing Our Business Base With the Progress of Industrial Development

**Adding Business Domains in the Confusion of Postwar Japan**

Konoike Transport Co., Ltd. was established in 1945. After the war, the company capitalized on the growing demand for reconstruction amid social turmoil and expanded into in-plant transportation and food-related businesses. In 1963, the company began transport services between Osaka and Wakayama, venturing into new business areas and expanding operations in tandem with the rapid economic growth of the postwar period.



# With More Trust Came New Challenges



*1900*
**Steel-Related Business**




*1939*
**Life-Related Business**



*1951*
**Food-Related Business**




*1984*
**International Logistics Business**



*1991*
**Airport-Related Business**



*1994*
**Medical-Related Business**



*2018*
**Engineering-Related Business**

BUSINESS

## Our Businesses

# In Every Corner of Society, Konoike Transport—More Than Just Transportation



### International Logistics

We support our customers as they take on global challenges with our deep insights and networks in forwarding.

### Steel

For over 120 years, we have supported the transformation of production sites by taking charge of operations in the steelworks of major steel manufacturers.

### Engineering

We offer high-quality engineering services based on technologies cultivated in steelworks.

### Airport

We support the gateway to Japan's skies with on-site capabilities that combine hospitality and safety.

### Food

We are responsible for all workflows in the production process for food manufacturers and contribute to their optimization.

### Life

We provide support for a wide variety of manufacturers in the chemical, gas, automotive, housing, and other industries, leveraging our on-site capabilities and technical expertise.

### Domestic Logistics

We design and execute optimal logistics operations at sites in diverse industries.

### Medical

We are at the forefront of the medical supply chain, providing services that are both safe and efficient.

CASE STUDIES

## Our Work

# Finding Solutions, Because We're Closest to the Issues

01

Medical Business

### Going Beyond the Boundaries of the Logistics Industry to Solve Issues for Medical Practitioners



We established an in-hospital logistics system (SPD) by applying the expertise in efficiency cultivated in logistics to the management of hospital supplies. We centralize the management and supply of medical supplies to create environments where healthcare professionals can focus on their core duties. We have expanded the scope of operations to include pharmaceutical-related services, operating room support, endoscope cleaning, and the storage, delivery, and shipment of implants and other products from medical equipment manufacturers. We support the entire healthcare supply chain, connecting hospitals with external partners, and contribute to an improved quality of care and enhanced operational efficiency.

02

Airport Business

### Cross-Disciplinary Services Support Overall Airport Operations



We handle a wide range of operations at airports, from passenger services to ground handling tasks such as aircraft guiding, baggage loading and unloading, and in-flight meal loading. In addition, we offer user-friendly services such as airport counter assistance and multilingual support. More recently, we have become involved in the recruitment and training of international human resources, as well as technical intern trainees and specified skilled foreigners. By integrating a diverse workforce through digital technology, we connect airlines, airport operators, and passengers to support smooth operations across the entire airport.

03

Food Business

### Visualization of On-Site Issues and Improvement Process



We support the stable operation of production lines at beverage manufacturing plants. For example, we identify the causes of equipment downtime by collecting and analyzing operational data. We looked into a facility's structure and control mechanisms to review the control programs and operating conditions, reducing equipment downtime from 0.55% to 0.35%. We also reviewed the idle time and workload that occurred before and after equipment operation, improving productivity and reducing the burden on the production floor. In these ways, we maximize the inherent capacity of the equipment, which supports the construction of a more stable production system.

STRENGTHS

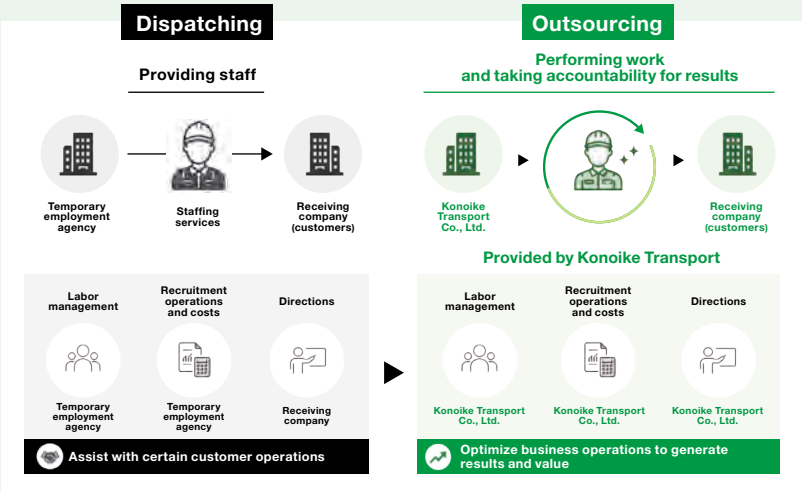
## Our Strengths

# Providing Outsourcing Services On-Site to Solve Problems at Any Time

The core of the KONOIKE Group's business is outsourced operations, in which we penetrate deeply into our customers' value chains and undertake work on their behalf. By accumulating knowledge and expertise amid long-term relationships, we are able to improve operational efficiency and reduce costs, thereby building a deep relationship of trust that goes beyond mere outsourcing.

## Outsourcing vs. Dispatching

Outsourcing and dispatching are two very different practices. Dispatching is solely the provision of staff, and the client company is responsible for on-site direction and management. On the other hand, the outsourcing that Konoike Transport engages in is characterized by handling the work itself and proactively taking responsibility for on-site management and improvements. We take on the leadership of the site ourselves, with total responsibility from work instructions to personnel training, safety management, and quality improvement. Through a series of such front-line-driven initiatives, we are improving day-to-day operations, increasing productivity, and reducing costs.




## Outsourcing Services to Support Total Operational Optimization

The KONOIKE Group provides outsourcing services for all processes in logistics, production, and services, capitalizing on the on-site capabilities and expertise we have cultivated since our founding. For example, we engage with diverse sites regardless of industry or business category, such as material supply and inspection at manufacturing sites, equipment management and cleaning at hospitals, and baggage transportation at airports. We do not just perform work on behalf of our clients, but also take on the challenge of improving the quality of work and creating new value by immediately linking issues noticed on-site to proposals for improvement. We contribute as a partner in business growth by raising the level of our customers' on-site capabilities.

### Example flow in the food field (beverage factory)




We provide outsourcing services for production processes as well as logistics, from receiving ingredients to shipping and delivery of products.

BRAND

# KONOIKE Brand

## KONOIKE Group Brand Structure




**Striving to Go Beyond Expectations**

**We pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust**

KONOIKE 2030 VISION
Form That the KONOIKE Group Aims to Take in 2030

**People, leveraging technology to reach for new heights**

Through the next-generation KONOIKE Spirit that involves the use of cutting-edge technologies, we will evolve concepts on how to approach on-site solutions to the problems facing our customers and society.

| | |
|---|---|
| **Safety** | **We take responsibility for life** |
| **Passion** | **We are dedicated to quality** |
| **Growth** | **We go further than yesterday** |

# TOP MESSAGE



## Paving the Way to the Future Through Technology Respect for Humanity and Relationships of Trust Drive Evolution in the Workplace

Representative Director, Chairman, President and Chief Executive Officer

**Tadahiko Konoike**

### Introduction

I want to express my sincere gratitude to our shareholders and investors for their continued understanding and support.

For over 140 years, the KONOIKE Group has valued respect for humanity and building relationships of trust, working shoulder-to-shoulder with our customers on-site, addressing their challenges, and successfully completing the tasks entrusted to us. Understanding the situation on the ground, identifying challenges, and making continuous improvements. This approach is the source of customer trust and our competitive edge.

At the same time, the business environment surrounding the KONOIKE Group is undergoing significant changes, driven by a shrinking workforce, technological innovation, geopolitical risks, supply chain uncertainties, and more. With all these changes comes the increasing complexity of the challenges faced by our customers. For Japanese companies, in particular, the labor shortage is a structural challenge that affects the sustainability of business. This challenge is not one that can be resolved simply by stepping up hiring efforts. For every employee to generate greater added value, we must improve safety, productivity, and quality, transforming the very way we conduct our operations and structure our business. My priority in management is to clearly distinguish between what should be preserved and what should be changed. What we must preserve is the unique KONOIKE Spirit, by which we create value on the front lines by respecting humanity and building relationships of trust. What we must change is the way KONOIKE puts that on-the-ground capability to work. Rather than resting on our past successes, we will continue to evolve into a company that leverages on-site capabilities in a safer, stronger, and more comprehensive manner.

## Reflections on the First Year of Medium-Term Business Plan 2027

The KONOIKE Group launched Medium-Term Business Plan 2027 in FY3/2026. Our basic policy under this plan is to *maximize employee happiness and corporate value through investments in growth and infrastructure investments in people, technology, and ICT.* We plan to move forward with business strategy, financial and capital policies, and efforts to strengthen our management foundation in an integrated manner. Our targets are to achieve net sales of ¥410,000 million, operating income of ¥26,000 million, an operating income margin of 6.3%, a return on equity (ROE) of 10% or higher, and overseas operating income of ¥3,300 million in FY3/2028.

The first fiscal year of the plan was FY3/2026. It was a year in which the Group felt the impact of a challenging business environment, including the suspension of certain production lines at customer sites and a decline in air cargo volumes. While net sales amounted to ¥355,555 million, which was short of our target, operating income reached ¥22,785 million, which outperformed our initial forecast of ¥22,000 million and established a record high. Operating income performance was mainly due to the consolidation of our subsidiaries in India and Canada, the resumption of international passenger flights in the Airport-Related Business, increased volume across all business segments, and the collection of appropriate unit prices.

We believe that our ability to improve profitability, despite the impact of the external environment, reflects the progress we have made in diversifying our business portfolio, achieving appropriate pricing, and expanding our Overseas Business. For our Overseas Business, in particular, the chilled/frozen warehouse storage business in North and Central America contributed to growth, as did the India Business. The steel slag processing business in India posted results that exceeded expectations thanks to increased production and improved productivity.

## Toward Achieving Medium-Term Business Plan 2027

We forecast operating income for FY3/2027, the second year of the current medium-term business plan, to be ¥21,000 million. In addition to the impact on the Airport-Related Business stemming from the reduction in flights to China, we expect the steel business in India to see a contraction in operations and a decline in unit prices due to changes in ordering procedures resulting from privatization. While operating income is likely to decline temporarily, we view this as a period of transition during which we are directly addressing changes in the external environment to strengthen our future earnings base.

In Airport-Related, we are establishing a staffing structure capable of responding promptly to a recovery in demand. At the same time, we are expanding into new business areas, including routes and airlines other than those serving China, while growing ancillary business areas that are less susceptible to fluctuations in flight frequencies. Instead of simply waiting for demand to recover, we are shifting to a revenue structure that is resilient to changes in the external environment.

The steel slag processing business in India will shift away from reliance on existing state-owned steelworks, extend sales to private steel mills, and expand into the mining sector, all while transferring the technology and expertise we have cultivated in Japan. Although these moves will result in a temporary decline in profits, we plan to introduce structural reforms to expand our customer base and business scale, returning to a path of sustainable growth.

While Airport-Related and steel slag processing in India have entered a lull, we are expanding storage capacity in North and Central America by expanding and building new chilled/frozen warehouse storage facilities. We are also looking to enhance profitability by leveraging our existing customer base and the strengths of local management. Engineering-Related in Japan is looking to expand order intake for large-scale pipe-laying projects outside steelworks, as well as for building systems and energy-related projects. As we move forward in securing prime contractor status, developing human resources, and fostering collaboration both within and outside the Group, we expect to achieve revenue growth and improved profitability. By implementing these measures in order, we will draw closer to achieving the target of ¥26,000 million in operating income for FY3/2028.

## Achieving Our 2030 Vision

Our 2030 Vision is *People, leveraging technology to reach for new heights*. This vision is not merely a slogan about adopting technology. We aim to combine human capabilities and on-site expertise with the effective use of technology to enhance safety, productivity, and quality, thereby improving the value we deliver and our own profitability.

Even when a company has strong on-site capabilities, continuing to rely solely on the experience and intuition of skilled workers and individual abilities will make it impossible to ensure reproducibility when expanding business or replacing personnel. On the other hand, if adopting technology becomes an end in itself, the advancements will not be put to effective use on-site, even if the number of machines and systems increases. Our goal is to make the judgment and skills accumulated on-site visible and capture this asset as standardized data within the organization. This initiative is also aimed at strengthening our intellectual capital and transforming this capital into a competitive advantage to leverage in Japan and overseas.

Transforming our on-site capabilities is not something that can be achieved simply by improving our own skills. Across our history, we have supported individual customer operations and processes through transportation, storage, outsourcing, and other services. Going forward, we will combine these capabilities to identify challenges hidden within logistics and production processes in the overall business operations of our customers, taking end-to-end responsibility for everything from designing solutions to implementing and embedding the same for improved

business results.

Through this transformation, we will not only improve the efficiency of our outsourcing services but also offer many more high-value-added services that solve problems. Specific examples include KOMBO activities, which combine on-site expertise with new technologies, as well as services that integrate AI technology with operational expertise from our work in the logistics field. At the same time, we will share insights and expertise within the Group and develop business models useful to other customers and in other locations. We will enhance the value of our services by focusing on on-site capabilities, building relationships of trust, and improving profit margins and the predictability of growth. It is precisely this transformation of capabilities and business operations that provides the path to converting on-site capabilities into corporate value.

## Human Capital Investment

Our people, who are the source of on-site capabilities and customer value, are our most important management asset. Medium-Term Business Plan 2027 calls for a more than ¥20,000 million increase in human capital investments over the three-year period from FY3/2026 through FY3/2028. We invested a total of ¥3,400 million during FY3/2026, consisting of ¥2,600 million in base pay increases and ¥800 million in training expenses.

These investments improve compensation and benefits to attract and retain talent and enhance education and training to develop personnel capable of adapting to changes in our business. These education and training activities are not only for employees responsible for day-to-day operations, but also for those in management, technology, global operations, and highly specialized fields. It is also essential that we develop personnel in the Overseas Business capable of managing businesses locally, building trusting relationships with partners, and taking responsibility for profitability.

As people grow, on-site reproducibility and proposal capabilities improve, and profits increase. Only through this cycle can we say that investment in human resources has been translated into corporate value.

## Growth Investments

In addition to investments in human resources, Medium-Term Business Plan 2027 includes ¥48,000 million in investments for growth initiatives. We will focus resource allocation on India, North and Central America, and other regions. In terms of business segments, we will focus on airports, healthcare, and engineering. These regions and segments represent areas that we expect will enhance future profitability and cash generation. What matters here is not the size of the investment, but what results the investment produced and how the investment contributed to improving capital efficiency.

As part of these post-investment reviews, we have been working to improve profitability at low-performing locations and make decisions regarding keeping or closing the business. The Business Continuity Committee will be part of future investment decisions, including whether to continue, restructure, or withdraw from businesses, based on metrics that include ROIC, EBITDA, and profits. In this way we will advance the optimal allocation of management resources at a higher level.

We will allocate the profits generated by our investments to future growth and human capital investments, while also ensuring stable and consistent returns to shareholders. To balance growth investments with shareholder returns, rather than focusing on short-term profits, we must build a business structure that is less susceptible to changes in the business environment and enhance our ability to generate cash on a continual basis.

## Conclusion

To advance the KONOIKE Group's on-site capabilities toward our next phase of growth, we intend to combine the experience and expertise cultivated on-site with data and new technologies to build a business foundation capable of responding to changes in society and among our customers. My responsibility is to translate the value generated from this approach into sustainable profits and communicate these developments in terms of corporate value.

The starting point of the KONOIKE Group is a corporate philosophy that states that we pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust. Even as the environment changes and the nature of our business evolves, the course set by this philosophy remains unchanged. We value trust between people, transform those relationships into strength, and create the value that society needs. Through these cumulative efforts, we will achieve sustainable growth in corporate value.

I want to thank our stakeholders for their continued understanding of and support for the KONOIKE Group's efforts.

# Recognizing the Business Environment

We live in an era shaped by globalization and digitalization, where geopolitical risks in one region can affect areas around the globe. Climate change and other such global challenges demand urgent action, and innovative technologies like generative AI spread rapidly. As a result, industrial structures and workstyles are changing quickly, leading to heightened uncertainty. Against this backdrop, customer and societal issues are becoming increasingly complex, and companies are being challenged on how they will contribute to solving customer issues and building a sustainable society.

The most important factor for the KONOIKE Group is the changing business environment surrounding individuals. The working-age population continues to decline in Japan, and labor shortages are expected to intensify. Achieving business growth under these conditions requires Konoike to remain a company chosen by employees and those looking for work, while also continuing to support society despite population decline. To this end, it is important to continue pursuing ways of working that enable individuals to leverage their strengths, while combining our unique technologies with new digital tools to further raise productivity.

Some social issues are global in scale, as seen in the transition to a decarbonized society. Business sustainability relies on social and economic sustainability. Companies are increasingly expected to conduct business activities to fulfill social responsibilities.

In this way, we face numerous challenges in today's highly uncertain environment. The key question is how to allocate limited management resources. For the KONOIKE Group, this means defining materiality.

## Increasing uncertainty amid rapid changes heading toward 2030

- Increased geopolitical risks and resulting impact
- Environmental issues (global warming; transition to a decarbonized society)
- Further progress in technological innovations (AI Agent, etc.)

## Urgent need to improve productivity due to worsening labor shortages

- Changes in industrial structure due to new technologies and technological innovation
- Changes in work styles due to overtime regulations, diversifying values, etc.
- Labor shortages and a shrinking domestic market due to a declining working-age population, etc.

# Materiality

We identified sustainability-related risks and opportunities based on the KONOIKE Group corporate philosophy and the business environment outlined on the previous page. We then specified the material issues (materiality) to be addressed to achieve sustainable growth and enhance corporate value. Materiality involves both risks and opportunities.

For example, maintaining and enhancing safety and quality creates opportunities to expand transactions with customers. Conversely, frequent accidents or troubles that undermine safety and quality pose the risk of eroding customer trust.

We identified and evaluated materiality through the following process.

## STEP 1

### Keyword Extraction

We listed potential keywords for materiality with reference to international guidelines, including the Global Reporting Initiative (GRI) Standards and SASB Standards, as well as evaluation items published by MSCI, FTSE, and other ESG rating agencies.

## STEP 2

### Risk and Opportunity Identification

We recruited three to four project members from each business division and held open discussions in workshops. Members identified sustainability factors, risks, and opportunities important to each division, and assessed the importance of such factors.

## STEP 3

### Materiality Identification

Based on the results of Step 2, the Sustainability Committee and the Board of Directors held multiple discussions to narrow down items in line with our management philosophy and vision, translate them into specific indicators, and identify the materiality.

The Sustainability Committee and the Chairperson and Vice Chairperson's Meeting regularly review the materiality identified in the above process, monitor progress, and deliberate revisions in response to changes in the business environment. The committee and meeting will also report the details of these deliberations to the Board of Directors, which provides oversight and supervision.

# FY3/2026 Results for Materiality Indicators

| Category | Materiality | Main Initiatives | Indicators | FY3/2025 Results | FY3/2026 Results | FY3/2028 Target |
|---|---|---|---|---|---|---|
| Respect for Humanity and Relationships of Trust | Safety and quality | **Building relationships of trust with customers**<br>Continue to improve safety and quality to support stable production, logistics, and services | Lost-time injury frequency rate (cases per 1 million hours) | 0.24 | 0.31 | 0.17 |
| | | | Occupational accident frequency rate (cases per 1 million hours) | 2.22 | 2.84 | 1.37 |
| | | | Vehicle accident rate (cases per 1 million km) | 0.37 | 0.41 | 0.11 |
| | | | No. of awards received from customers | 145 | 98 | - |
| | People (human rights and diversity, human capital development) | **Pursuit of employee and family happiness**<br>Recruit and promote diverse human resources, improve compensation and workplace environments, and provide training and learning opportunities for the people at the foundation of the KONOIKE Group business | Stable hiring of personnel | | | |
| | | | ●No. of new graduates and mid-career hires per year | 107 and 471 people/year | 119 and 499 people/year | 190 and – people/year |
| | | | ●No. of foreign workers (specified skilled) enrolled at the end of the year | 234 | 304 | 600 |
| | | | Improvement in employee compensation (¥ hundred million) | - | 26.2 | 200 (three years) |
| | | | Employee training expenses (¥ hundred million) | 6.6 | 7.7 | 7.1 |
| | | | Employee training hours | 20.2 hours/person | 19.3 hours/person | 20.5 hours/person |
| | | | Percentage of female managers | 4.2% | 4.8% | 5.9% |
| | | | Percent of persons with disabilities hired | 2.60% | 2.52% | 2.75% |
| | | | Percentage of male employees taking parental leave | 70.5% | 96.4% | 100.0% |
| | | | Improvements in well-being[*1] | | | |
| | | | ●Survey score (Satisfactory) | 4.11 | 4.12 | 4.16 |
| | | | ●Survey score (Cautionary) | 3.23 | 3.25 | 3.21 |
| | | | ●Survey score (Morale and organizational status) | 4.31 | 4.29 | 4.75 |
| | | | Human rights due diligence surveys | - | 4.30 | - |
| | Partnerships and coexistence with local communities | **Relationships supporting more than 140 years of history**<br>●Collaborate with customers and business partners, create new value through appropriate business relationships, and continue to build a sustainable service delivery system<br>●Implement community contribution activities | No. of companies visited based on primary subcontractor evaluations | 460 | 522 | - |
| | | | Amount returned to subcontractors as a result of unit price revisions and contract reviews (¥ hundred million) | 15.5 | 23.4 | - |
| | | | Social contribution activities at each business site | | | |
| | | | ●No. of activities (projects) | 288 | 274 | - |
| | | | ●No. of labor hours (labor hours) | 1,192 | 1,678 | - |
| | | | No. of disaster-related agreements with local governments | 15 | 18 | - |
| Pursue Innovation at the Foundations of Our Society That Creates Unique Value | Providing services that help solve social issues | **Innovations in global social infrastructure**<br>●Help solve labor shortages through automation, mechanization, and collaborative efforts with other companies<br>●Contribute to overseas infrastructure development and economic growth by leveraging KONOIKE Group technology and expertise | Overseas business net sales and operating income (¥ hundred million) | 517 | 554 | 780 |
| | | | | 18 | 27 | 33 |
| | | | No. of overseas infrastructure projects participated in | 19 | 23 | - |
| | | | Cumulative no. of participants in global talent development programs | 27 | 69 | 128 |
| | Technology innovation and DX | **Embodying *People, leveraging technology to reach for new heights***<br>●Develop new solutions and services using new technologies<br>●Provide value-added services<br>●Offer education and reduce workload through new technologies | No. of sites implementing the new integrated logistics system | 6/45 | 14/45 | 38/45 |
| | | | No. of business reforms using generative AI | - | 7 | 2 use cases per year |
| | | | No. of new technologies in the field | 24 | 20 | 45 |
| | | | No. of POCs conducted to introduce new technology in the field | 38 | 44 | 68 |
| | | | No. of technology verifications at the Konoike Institute of Technology Innovation Center (TechIC) | 9 | 13 | 18 |
| | | | No. of registrations in the Technical Capital Library | 779 | 959 | - |
| Business Activity Foundation | Climate change | **Transitioning and adapting to a decarbonized and circular society**<br>●Reduce emissions intensity through energy and resource conservation, the introduction of new technologies to reduce $CO_2$ emissions, and improved operational efficiency<br>●Utilize low-carbon transportation and advance modal shifts | $CO_2$ emissions reduction rate (vs. FY3/2019) | 35.2% | 30.7% | 28.0% |
| | Governance and compliance | **Establishing a governance and compliance structure that enhances corporate value**<br>Establish a corporate culture on fairness and equity | Implementation rate for measures supporting improved Board of Directors effectiveness Initiatives (progress management) | | 20% | 100% |
| | | | No. of participants in compliance-related training | 261 | 744 | - |
| | | | No. of participants in KONOIKE Handbook and Management Quality Declaration Kataribа[*2] sessions | - | 7,930 | - |

*1 Improvements in well-being
Score from the well-being survey through Persol Research and Consulting Co., Ltd.
The survey score is the average of KONOIKE scores on a seven-point scale relative to the national average reported by PERSOL.

・Satisfactory: Employee sense of happiness at work *(Higher scores are better)*
・Cautionary: Employee sense of unhappiness at work *(Lower scores are better)*
・Morale: State of KONOIKE (Group morale) *(Higher scores are better)*

*2 KONOIKE Handbook and Management Quality Declaration Kataribа
A term used within the KONOIKE Group for workshops where employees gather in small groups to exchange views with one another.

# Medium-Term Business Plan 2027

The KONOIKE Group formulated Medium-Term Business Plan 2027 (FY3/2026 through FY3/2028) as a specific roadmap to achieve the future as described in the 2030 Vision, *People, leveraging technology to reach for new heights*. The main mission under this plan is to *maximize employee happiness and corporate value through investments in growth and infrastructure investments in people, technology, and ICT*.

We have identified three priorities in implementing this plan: Business Strategy, Finance and Capital Policy, and Building a More Robust Management Foundation. While integrating these elements to enhance the growth potential of our businesses, we are steadily implementing various initiatives aimed at securing our long-term competitiveness and continuously increasing our corporate value.

**Topics**

## Maximize employee happiness and corporate value through investments in growth and infrastructure investments in people, technology, and ICT

| | Overseas Business | Domestic Businesses |
|---|---|---|
| I Business Strategy >P24 | **1 Expand Overseas Business**<br>●Accelerate growth in key regions (India, North and Central America) | **2 Strengthen Businesses in Japan**<br>●Strengthen services (medical and airport)<br>●Adopt strategies for logistics (including integrated solutions) for each of three areas: (1) general, (2) temperature-controlled, and (3) strategic accounts |
| | **3 Reform Business Structure**<br>●Expand repairs and maintenance in existing businesses<br>●Improve productivity and innovate business models through KOMBO* activities<br>●Transform profit structure through business continuity assessments | |
| II Finance and Capital Policy >P47 | **Pursue Financial Stability and Capacity for Growth Investments and Enhance Shareholder Returns** | |
| III Building a More Robust Management Foundation >P49 | **1 Strengthen human resources strategy** | **2 Strengthen technology and ICT strategies** / **3 Strengthen internal controls** |

*KOMBO: KONOIKE advanced proposal by the COMBO of solution Know-how and new technology

(FY3/2028)

| Financial Targets | |
|---|---|
| Net Sales | ¥410,000 Million |
| Operating Income | ¥26,000 Million |
| Operating Income Margin | 6.3% |
| ROE | 10% or Higher |
| Overseas Operating Income*1 | ¥3,300 Million |

| Non-Financial Targets | |
|---|---|
| Environment*2 | $CO_2$ Emissions 28% Reduction (vs. FY3/2019) |
| People | Pursue human resources hiring and development under our management strategy<br>Improve employee well-being |
| Technology | Automate and save labor through technological innovation and DX<br>Pursue safety always by improving work environments |

*1 Overseas operating income = Operating income of overseas offices - Headquarters expenses charged
*2 Scope is Scope 1 and 2 from energy sources used at the non-consolidated parent and consolidated companies in Japan

# Medium-Term Business Plan 2027

## A Review of the First Year of the Plan (FY3/2026)

The first fiscal year under the current plan began amid an uncertain business environment, marked by increased U.S. import tariffs, deteriorating relations between Japan and China, and escalating tensions in the Middle East. Amid these developments, factors such as the consolidation of our Indian subsidiary and an increase in transaction volume in our Businesses in Japan boosted financial performance, resulting in an operating income of ¥22,700 million and an operating income margin of 6.4%, representing a new record high.

In terms of non-financial targets, namely environment, people, and technology, we achieved tangible results with the Sustainability Committee, the Human Resources Strategy Committee, and the Technology Strategy Committee taking the lead in driving initiatives. Going forward, we will continue to enhance the effectiveness of our initiatives through KPI-based progress management and monitoring.

## Specific Initiatives to Achieve the Medium-Term Business Plan

Medium-Term Business Plan 2027 describes three key points of strategy: Expand the Overseas Business, Strengthen Businesses in Japan, and Reform Our Business Structure.
We plan to refine the initiatives implemented in each area based on the results of the first year, moving forward in individual projects and the lateral application of results.

### ❶ Expand Overseas Business > P16-

We will continue to invest in growth, focusing on India, where we expect significant economic growth in the future. We will also invest in North and Central America, where we operate profitable chilled/frozen warehouse storage facilities.

**Overseas Operating Income**

FY3/2026 **¥2,700** Million ➔ FY3/2028 (Plan) **¥3,300** Million

**【India】**

- We are working to increase production and improve productivity in the Indian steel slag processing business.
- To stabilize revenues, we plan to improve the utilization rate of the larger transport capacity achieved through rail container transportation and automobile rail transportation.

**【North and Central America】**

- We will proceed with the expansion and construction of new chilled/frozen warehouse storage facilities to increase storage capacity and expand integrated services.
- We are also working to attract new automotive customers in the Design Packaging Business.

### ❷ Strengthen Businesses in Japan > P38-

Our Medical and Airport-Related businesses are the drivers of growth, as well as businesses for which we expect medium- to long-term expansion. We also aim to optimize management resources in the logistics sector and become a partner in creating value for our customers.

**Services (Medical and Airport) Net Sales**

FY3/2026 **¥45,600** Million ➔ FY3/2028 (Plan) **¥58,000** Million

**【Services】**

- In terms of the Medical Business, we plan to make advances in the sophistication of sterilization services in the hospital-related business and expand the customer base by leveraging the strategic locations of cleaning and logistics centers.
- The airport business will focus on recruiting and training staff, while working to secure new routes, more business, and expanded ancillary services.

**【Logistics】**

- We will proceed with organizational restructuring and the optimization of management resources by dividing operations into three categories: General, Temperature-Controlled, and Strategic Accounts.

### ❸ Reform Business Structure > P29-

We aim to increase the value of existing businesses by strengthening our repair and maintenance functions. In addition to implementing KOMBO activities to improve productivity, we will continue to transform our revenue structure.

**【Repairs and Maintenance】**

- We are expanding into large-scale pipe-laying projects outside steel mills, building systems and energy-related projects, and repair and maintenance work.

**【KOMBO Activities】**

- We aim to create new services by combining our expertise, technology, and ICT capabilities.

**【Business Continuity Assessments】**

- Under the guidance of the Business Continuity Committee, we will make decisions regarding the continuation, restructuring, or closure of low-profit locations and begin optimizing management resources.

Special Feature: India Business

INDIA

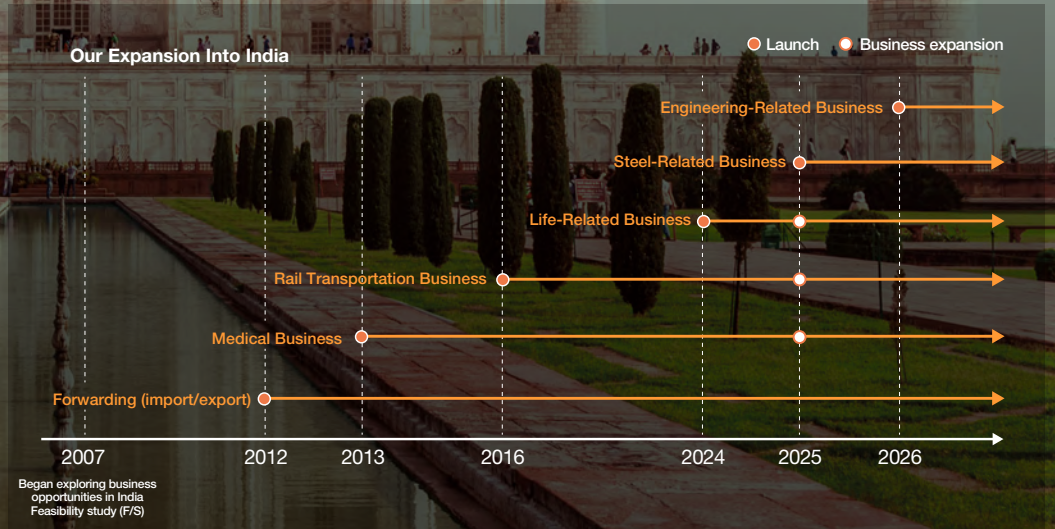
# A Second Beginning in India: The KONOIKE Group Growth Strategy

We regard India, a market experiencing strong growth, as a second beginning for Konoike Transport and a key market for accelerating the growth of our overseas businesses, one of the pillars of our medium-term business plan.
This special feature traces our expansion into India and looks at the current position and future growth potential of each business.

## Phased expansion of our business domains with a focus on local potential

India is the world's most populous country, with a population of more than 1.4 billion. Projections suggest that India will become the world's third-largest economy by GDP in the 2030s. India also ranks among the world's largest producers of crude steel and automobiles and continues to experience growth across various other industries.

Konoike operates a broad range of businesses in the country, including the Medical, Rail Transportation, Steel-Related, and Engineering-Related Businesses. We plan to capitalize on India's economic growth and increase net sales from ¥15,500 million in FY3/2026 to ¥21,000 million in FY3/2028 and ¥30,000 million in FY3/2031.



# INDIA 01 Overview

## Q | How has Konoike Transport expanded into India?

**A |** I was posted to Vietnam in 1993, when Konoike Transport became the first Japanese logistics company to enter the country, and helped spearhead our operations there. Konoike turned to India as our next growth market in 2007, and I helped lay the groundwork for entry. Each of our business divisions has pursued opportunities in India since then, leading to expansion into multiple business areas. The International Business Division launched the forwarding business in 2012, followed by the Medical Division with a medical database business in 2013.

Although India offered significant potential through population and economic growth, we had to navigate a complex business environment shaped by regulations, politics, and infrastructure. One challenge was securing personnel who understood local markets and business practices and could drive business development in India. KIPL* now coordinates our businesses across India and supports local site visits and the launch of new operations. Our Steel-Related, Food and Life Industry-Related, and Engineering-Related business divisions, among others, have already begun developing businesses in India.

*KIPL: Konoike India Pvt. Ltd.



Deputy Executive General Manager, Sales Division
Country Chairman-India, Konoike India Pvt. Ltd.
Managing Director
**Kazuhiro Hasumi**

## Q | What plans do you have for further expansion in India?

**A |** We see India as a second beginning for Konoike. Our aim is to bring the business management technologies and expertise developed in Japan to India and build businesses that can grow independently in the local market. With an *Onward to India* mindset, we also plan to develop businesses in areas where our operations in Japan have not yet expanded into India, including airports and food.

Furthermore, we will provide Japanese-language and skills training and bring trained personnel to Japan as one of our new India-based initiatives across business divisions. Our hope is that the trained personnel will then apply the knowledge and experience gained in Japan at our operations in India. My mission is to build deep roots in local communities through both our businesses and our people, move forward with India as the country continues to grow, and help ensure the well-being of everyone involved.

**Business Models in Japan**

| | | Contracting | Logistics | Engineering and Maintenance |
|---|---|---|---|---|
| Integrated Solutions Business | Steel-Related | ● | ● | ● |
| | Engineering-Related | | | ● |
| | Food and Life Industry-Related (Food) | ● | ● | ● |
| | Food and Life Industry-Related (Life) | ● | ● | ● |
| | Food Products-Related | ● | ● | ● |
| | Medical-Related | ● | ● | |
| | Airport-Related | ● | | ● |
| Domestic Logistics Business | Food and Life Industry-Related (Logistics) | | ● | |
| | Food and Life Industry-Related (Temp-Cntl-Related) | | ● | |
| International Logistics Business | International-Related | ● | ● | ● |

**Plan for Expanding Business Models in India**

- Steel-Related > P18-
- International-Related > P20-
- Engineering-Related / Food and Life Industry-Related (Life) > P22-
- Medical-Related > P23-
- Airport-Related
- Food Products-Related

● Businesses Already Established in India
● Businesses Targeted for Expansion Into India
● Japan Only




INDIA 02 Steel-Related Business



# On-Site Capabilities in Japan Supporting Sustainable Steelmaking

〈 Highlights of the Steel-Related Business 〉

- Industry-leading business platform with operations at eight state-owned steelworks
- Application of safety, quality, and productivity improvement expertise developed in Japan to local operations
- Significant growth potential in private steelworks, mining, and equipment maintenance

### Main Business Activities

## Support for sustainable steelmaking through our central role in resource circulation

The Steel-Related Business recovers and processes blast furnace slag, steelmaking slag, and scrap generated during steelmaking. We recover these materials for use in cement production and steelmaking. These recycling operations make effective use of resources and play an important role in supporting sustainable steelmaking.

### Strengths of Our Steel-Related Business in India

## 1. A strong business foundation at state-owned steelworks

We handle slag and scrap processing at eight state-owned steelworks across India, supported by an on-site workforce of approximately 2,500. Our long operating track record and strong customer relationships provide a foundation for expanding into new areas of work.

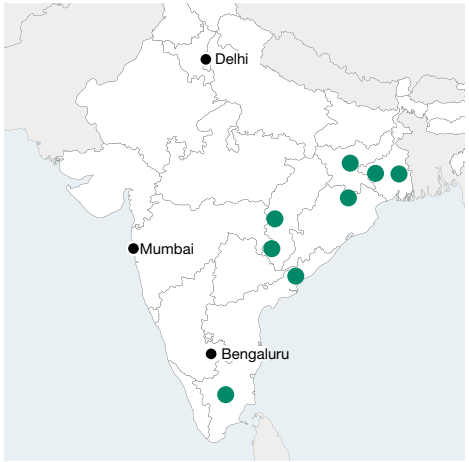
## 2. On-site capabilities in safety and quality developed in Japan

Local operations draw on expertise in safety management, equipment maintenance, and work efficiency developed through our contract operations at steelworks in Japan. We have achieved high-quality, stable operations and improved profitability in India through ongoing capital investment and on-site improvements.

### Expansion of the Steel-Related Business in India

## A strong foundation through the first acquisition of a state-owned enterprise by a Japanese company

In January 2025, we became the first Japanese company to win a privatization tender for FSNL, an Indian state-owned enterprise, and made the company a wholly owned subsidiary. This acquisition gave us access to technologies, talent, and a customer base built over approximately 40 years of supporting the steel industry.




FSNL Major Business Locations

# INDIA 02 Steel-Related Business

TOPICS

## Improved profitability through IT adoption and capital investment

We focused on IT adoption in administrative work during the post-merger integration (PMI) process and established a management framework that enables timely, detailed oversight through monthly financial reporting. Proactive capital investment at worksites also improved work efficiency, and the business achieved financial results for FY3/2026 that significantly exceeded initial plans. Profitability also improved at an early stage following the acquisition.

## Expansion into private steelworks experiencing continued strong growth

The Steel-Related Business is expanding sales to private steelworks that continue to increase production and plan new facilities. We already secured a new project scheduled to begin operations in January 2027. Our aim is to secure new projects in slag and scrap processing, operations and maintenance (O&M), and other areas by leveraging our partnerships with steelmakers in Japan.



### Future Business Strategy

## A central role in a growing market through on-site capabilities in Japan

The state-owned steelworks that Konoike serves account for only about 20% of crude steel production in the Indian market, leaving substantial room for business expansion. We intend to capture this growth by moving beyond a revenue structure dependent on state-owned steelworks and developing our business around three pillars. The first pillar is expansion into private steelworks that are increasing production and planning new facilities. We aim to secure contracts for slag and scrap processing and O&M services by leveraging our established partnerships with steelmakers in Japan. The second pillar is expansion into mining operations, including the sorting, crushing, and transportation of iron ore and coal, as well as equipment maintenance. We will develop these large-scale, highly sustainable mining operations into a new source of stable revenue.

The third pillar is expanding our business with existing state-owned steelworks customers. We will improve work efficiency while expanding our scope into other processes and equipment maintenance.

We will apply the technical expertise and on-site capabilities developed through our outsourcing operations in Japan and build these three pillars in a balanced manner, turning growth in the Indian steel market into sustainable profit growth.

## Combining the Experience of Konoike and FSNL to Deliver Value Beyond Outsourcing Operations

I see the strength of demand and the pace of growth in India firsthand every day. Construction activity is visible throughout the country, and steelworks continue to build new blast furnaces and ramp up the capacity of existing facilities. Against this backdrop, the expansion of steel production is making slag and scrap processing increasingly important.

Local customers are looking for more sophisticated and stable operations, not only in terms of efficiency but also environmental performance and resource recycling. I also see strong interest in the expertise Konoike Transport has developed in Japan in safety management, operations, and resource recovery. Customers at operating sites in India are also looking for greater operational stability and higher metal recovery rates from slag. I believe meeting these expectations will lead to further growth in orders.

FSNL brings nearly 40 years of operating experience in India and a strong customer base, while Konoike Transport brings expertise developed through our operations in Japan. Combining these strengths will enable us to provide value beyond conventional contract operations, and I see significant potential for our business in India to expand over the medium to long term.



Steel Division
**Mr. Kotani**

INDIA 03 Rail Business

# Long-Distance Transport Across India From the First Mile to the Last

〈 Highlights of the Rail Business 〉

- Large-scale transportation network spanning approximately 1,300 km between major west coast ports and northern India
- Integrated transportation system using 21 company-owned freight trainsets and 45 car carriers
- Capture of growing transportation demand in automobiles, domestic freight, and new routes

### Main Business Activities

## End-to-end international multimodal transportation provided within the KONOIKE Group

The rail business operates rail container transportation (as a container train operator) connecting three major west coast ports with the Delhi area and rail transport of finished vehicles (as an automobile freight train operator) from automobile plants to markets across India. We meet demand for long-distance, high-volume transport across India through rail transportation with a lower environmental impact.

### Strengths of Our Rail Business in India

## 1. Strong collaborations leveraging our network

Our joint venture with ACTL has enabled us to build a reliable and stable rail transportation network across India. ACTL operates India's first privately run inland container depot and has strong relationships with Indian Railways and customs authorities.

## 2. Integrated logistics framework combining rail and road transportation

We combine long-distance, high-volume rail transportation with road transportation using 45 company-owned car carriers and other vehicles to cover the entire journey from origin to destination. Our strength lies in our high-quality integrated transport system handled entirely within the KONOIKE Group from the first mile to the last.

### Expansion of the Rail Business in India

## Market entry through a joint venture with a leading local partner

We established JKTI as a joint venture with ACTL, a leading local company, in October 2016. In the following year, we combined ACTL's business platform with our logistics expertise and launched rail container transportation.







# INDIA 03 Rail Business



TOPICS

## Leap in profitability through expansion of our company-owned freight trains

We expanded our company-owned fleet for CTO to 13 trainsets and shifted from joint operations with other companies to independent operation. Connection to the Dedicated Freight Corridor (DFC) and double-stack container operation now allow each train to carry up to 180 TEU. These measures improve transportation efficiency and profitability significantly.



## Expansion of our finished-vehicle transportation network across India

We operate eight company-owned trainsets for finished-vehicle transportation (as an automobile freight train operator). Each train carries 270 to 300 vehicles, with average monthly volume of approximately 9,300 vehicles. We continue to expand the network in response to strong demand from automakers, including long-distance routes linking Delhi in the north with southern and western India. Securing backhaul cargo has also improved profitability.

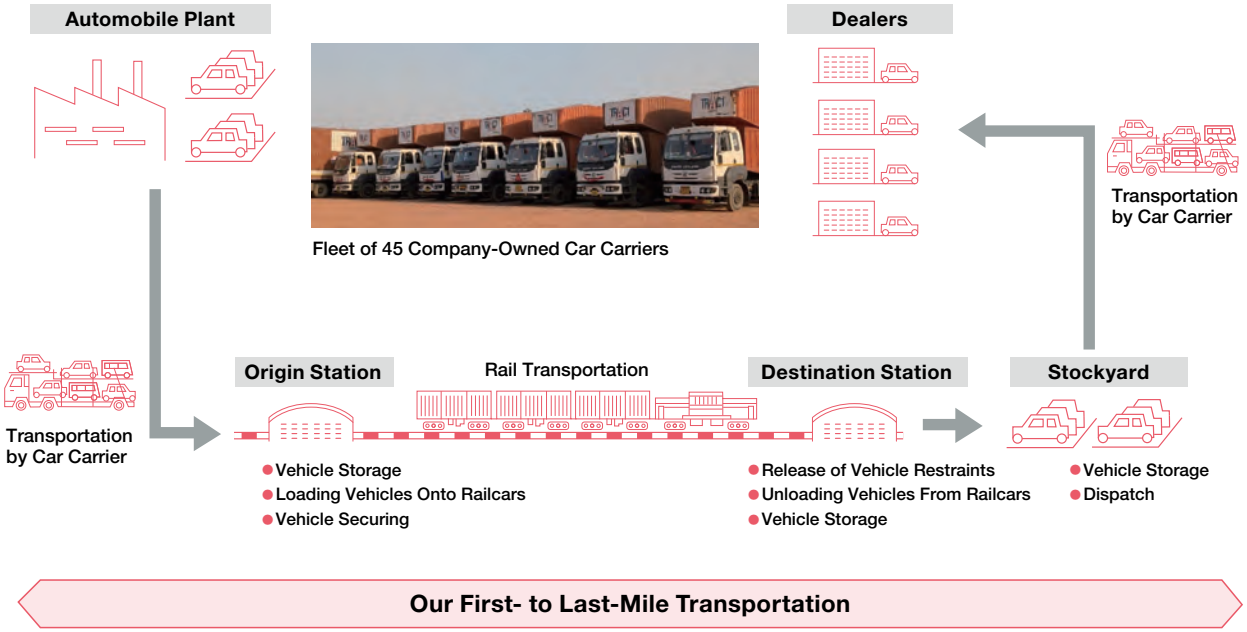


### Future Business Strategy

## Higher profitability through domestic freight and transportation of larger vehicles

We intend to expand the business by leveraging our stronger earnings base, established through recent investment in freight cars. Our focus in CTO will be to secure round-trip transportation of domestic freight within India. We will expand beyond our current focus on import and export cargo and procure empty containers ourselves to support this shift.

We see a growth opportunity in AFTO as rising income levels shift automobile demand from two-wheelers to four-wheelers and from small vehicles to larger passenger vehicles. We will procure high-clearance freight cars that can efficiently carry larger passenger vehicles and establish a market for higher-value transportation of these vehicles. These initiatives will strengthen profitability as we work toward an operating income margin of 8%–10% for FY3/2031.




**Our First- to Last-Mile Transportation**

INDIA 04 City Gas and Engineering Business




# Efforts to Support Addressing Air Pollution in India Through Operations Expertise, Maintenance Expertise, and Construction Capabilities

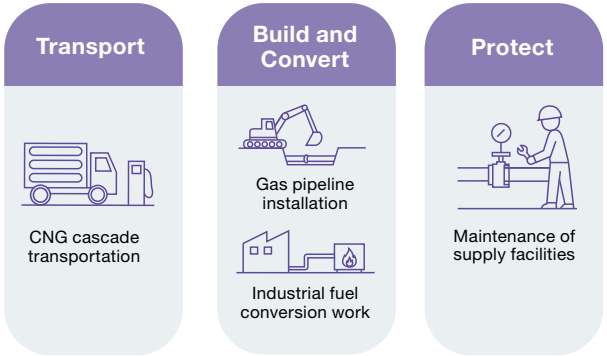
〈 Highlights of the City Gas and Engineering Business 〉

- Early entry into the city gas market amid policy tailwinds
- End-to-end capabilities from design to construction and maintenance through investment in Vertex
- Ongoing orders through a combination of early access to project information and construction capabilities

## Business Activities

### On-site support for the wider adoption of city gas

The Indian government is encouraging a shift from coal and oil to natural gas as part of efforts to address air pollution. In 2024, Konoike joined three other Japanese companies in investing in city gas operator Think Gas, establishing a foundation for the business. We then moved from trials to full-scale cascade transportation for compressed natural gas (CNG) stations, using trucks to transport high-pressure gas cylinders. The wider adoption of city gas continues to generate demand for gas pipeline installation, industrial fuel conversion work, maintenance of supply facilities, and related services. We are working to capture this growing demand.




## Future Business Strategy

### Recurring infrastructure demand and a virtuous cycle from project acquisition to revenue generation

We acquired a 49% stake in Vertex in January 2026, strengthening our construction capabilities in India. Vertex provides services from design through trial operation. Our partnership with Think Gas gives us early access to industrial fuel conversion opportunities, which we aim to turn into orders by combining Vertex's technical capabilities with our quality and safety management. We intend to expand this track record into subsequent piping and equipment installation projects and maintenance work, creating a virtuous cycle from project acquisition to revenue generation and further orders. In the future, we will expand into equipment construction at steelworks and Japanese-affiliated companies and establish a foundation for growth.

Vertex Konoike Engineers Private Limited

INDIA 05 Medical Business

# Supporting Safer Medical Infrastructure in India's Rapidly Growing Medical Market

〈 Highlights of the Medical Business 〉

- Greater market visibility through a proprietary database of medical equipment and materials, hospitals, and physicians
- Sterilization service network covering seven in-hospital facilities and one out-of-hospital facility

## Business Activities and Future Strategy

### Support for a safe medical environment from database development through sterilization services

Demand for medical care is growing rapidly amid population growth and rising incomes in India. Carna provides medical databases and support for companies entering the Indian market. We incorporated SPDI into the KONOIKE Group in 2024 and introduced sterilization expertise developed in Japan. We intend to expand this model to five major cities, centered on an out-of-hospital sterilization center, to support a safer medical environment.

## Building a Safer Future for India Through Group Technical Capabilities and Accumulated Local Expertise

वसुधैव कुटुम्बकम् (The world is one family.) This timeless Indian philosophy beautifully reflects the partnership between KONOIKE and SPD India. Our cultures and traditions may differ, but we share the same commitment to improving the quality of medical care and protecting patients' lives.

The population in India exceeds 1.4 billion, and medical needs are growing rapidly. Awareness of infection prevention in hospitals is also on the rise, and we expect demand for safe, standardized sterilization services to see substantial growth. Our strength lies in combining the trusted relationships with hospitals and on-site capabilities of SPDI with the sterilization technology, quality management, and staff training expertise that the KONOIKE Group has developed in Japan. Our mission extends beyond providing sterilization services. We are committed to building a safer future for India by raising awareness among medical professionals, encouraging the adoption of best practices, and fostering a culture of infection prevention.



SPD India Healthcare Pvt. Ltd.
CEO
**Hitesh Mehta**



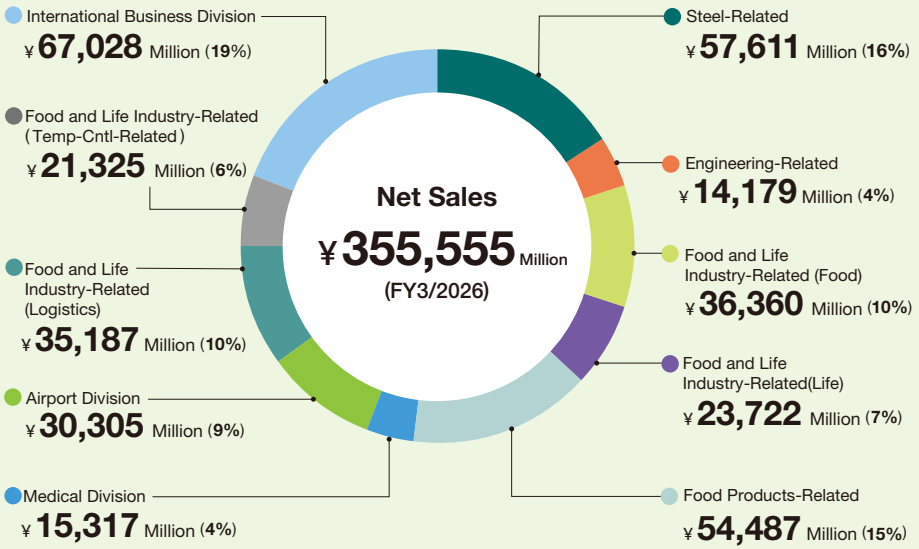


# I. Business Strategy

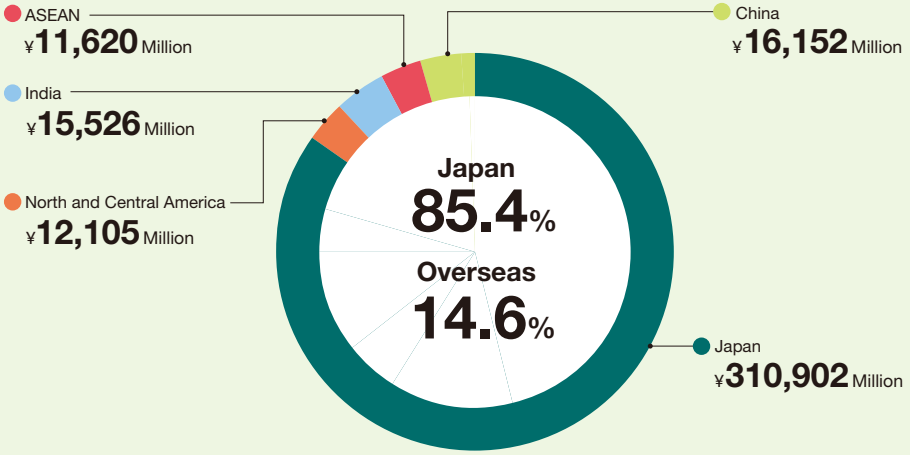
The KONOIKE Group brand promise is Striving to Go Beyond Expectations. This promise reflects our stance that we want to do more than the job immediately at hand. We want to provide our customers and society with new and unique value through our work. Seeing the latent needs of our customers and society through our transportation services to date, we have been pursuing innovation at the foundations of our society, striving to create new, unique value. We will never alter this stance and belief, even when the times and society undergo change.

We will continue to deliver wide-ranging solutions unique to the KONOIKE Group by integrating outsourcing, logistics, and engineering and maintenance services to meet customer needs.

## Sales Composition (by Field)




## Sales Composition (by Region)

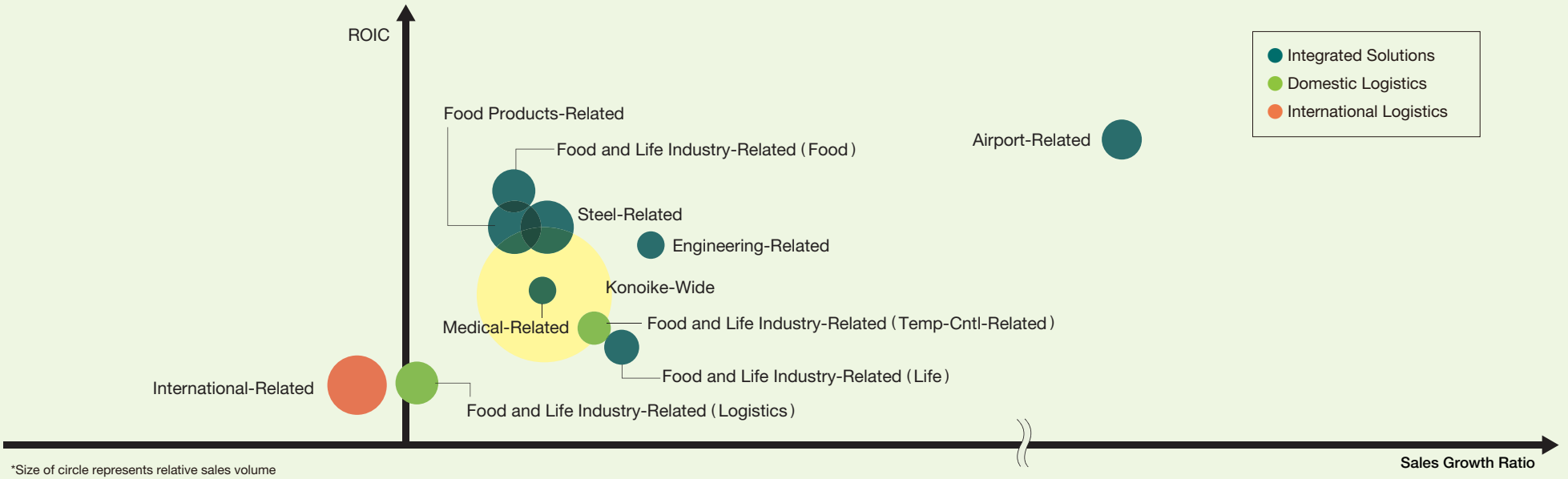



*Region sales figures include adjustments resulting from the elimination of internal transactions and other factors. These adjustments amount to -¥7,094 million in Japan and -¥3,657 million overseas. These adjustments are not shown in this graph.

| Business Fields | | | Business: Outsourcing | Business: Logistics | Business: Engineering/ Maintenance | Business Ratio (Sales) |
|---|---|---|---|---|---|---|
| Integrated Solutions | Steel-Related | > P27 | ● | ● | ● | |
| | Engineering-Related | > P30 | | | ● | |
| | Food and Life Industry-Related (Food) | > P33 | ● | ● | ● | |
| | Food and Life Industry-Related (Life) | > P33 | ● | ● | ● | |
| | Food Products-Related | > P36 | ● | ● | ● | |
| | Medical-Related | > P39 | ● | ● | | |
| | Airport-Related | > P42 | ● | | ● | |
| Domestic Logistics | Food and Life Industry-Related (Logistics) | > P33 | | ● | | |
| | Food and Life Industry-Related (Temp-Cntl-Related) | > P33 | | ● | | |
| International Logistics | International-Related | > P45 | ● | ● | ● | |

Outsourcing / Logistics / Engineering/ Maintenance

## Business Portfolio Status (by Field)




*Size of circle represents relative sales volume
Net sales growth ratio is calculated based on the average of the past three years in question

# Steel Division

**Integrated Solutions Business**
Steel-Related Operations

## Achieving sustainable growth through domestic business transformation and global expansion
## Strengthening competitiveness and addressing human resources challenges through automation and greater value-added initiatives

## Business Model and Strengths

The Steel Division accepts contracts for the entire steel production process, from raw materials processing to product shipment, working at the production sites of major steel manufacturers. Through many years of field-based operations, the division has established a comprehensive support system that contributes to improved production efficiency and quality.

### Steel Supply Chain and Scope of Operations

**Steelworks**

#### Raw Materials Processing



- Organize yards for iron ore, coal, and other raw materials
- Maintain conveying equipment (conveyor belts) and collect overflow material
- Clean equipment and surrounding areas using vacuum trucks and high-pressure washers

Transport raw materials →

#### Iron and Steel Making Process



- Transport raw and molten materials
- Service continuous casting equipment and tundish
- Collect and transport scrap, steel slag, and ingots (metal ingots)
- Inspect, maintain surfaces, and manage shipping of slabs, blooms, and billets

Transport internally →

#### Product Production



- Manage steel products after rolling
- Process steel plates (cutting, grinding, surface inspection, straightening, etc.)
- Operate cranes (overhead crane, etc.)

Ship and Transport →

#### Warehousing and Shipping Processes



- Pack steel sheets (coils)
- Operate cranes
- Load vehicles and vessels
- Transport steel products

### Incidental Operations

**Equipment Maintenance**
- Maintenance work and preventive maintenance of all equipment in the steelworks

**Recycling Operations**
- Recycling of industrial waste generated in the steelworks

### Strengths

1 **Front-line strength in high-quality execution built on more than 100 years of experience in manufacturing**

2 **Agile services provided through a nationwide network**

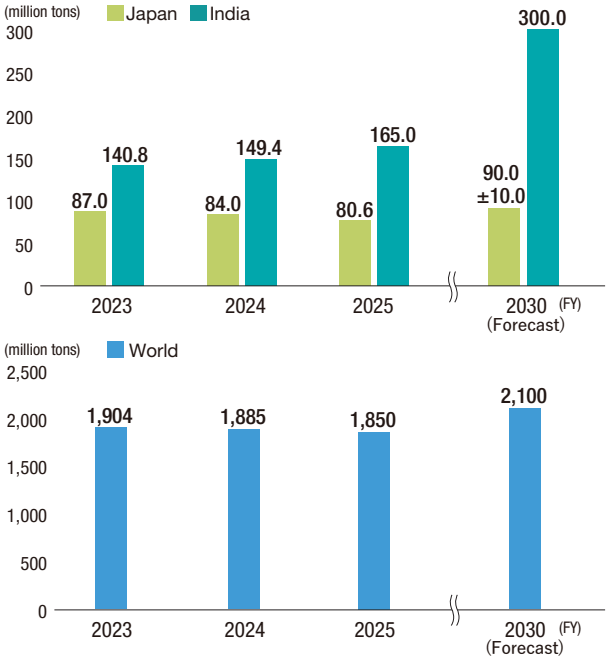
3 **Flexible problem-solving capabilities in response to changing customer needs**

4 **Sustainable value creation through a culture of improvement on the front lines**

# Steel Division

## Market Environment Forecast

### Crude Steel Production in Japan, India, and the World




Sources: World Steel Association website
*Outlook for Energy Supply and Demand in FY2030,* Ministry of Economy, Trade and Industry
*JISF long-term vision for climate change mitigation: A challenge towards carbon neutral steel,* The Japan Iron and Steel Federation

As growth in Japan's crude steel production is unlikely, the industry will shift toward high-value-added products in the future. Addressing this shift will require even greater productivity and work quality. Meanwhile, India continues to experience urbanization, infrastructure investment, and growth in the automotive and construction sectors, supported by an expanding population. With the government targeting crude steel production capacity of 300 million metric tons by 2030, India is expected to offer significant growth opportunities in the future.

## Medium-Term Business Plan 2027

### Strategy

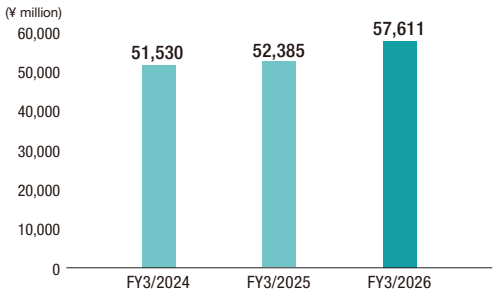
- Establish medium- to long-term earnings base centered on overseas business (India), leveraging domestic market contraction as a turning point
- Address labor shortages and profitability challenges through digital transformation-driven streamlining and higher per capita productivity

### First-Year Initiatives

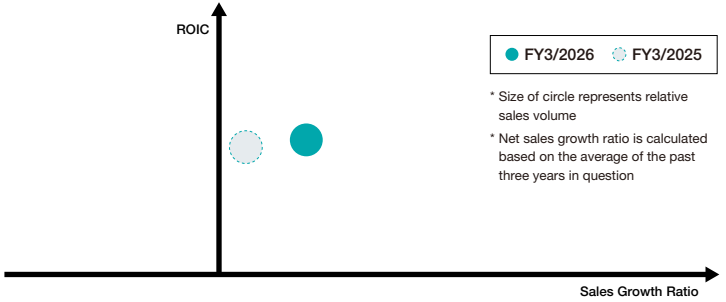
The Steel-Related Business made progress in FY3/2026, strengthening the business foundation in Japan and overseas. In Japan, the business environment remained challenging, reflecting the decline in crude steel production, including the suspension of one steelmaking line in Kashima. Amid this environment, the business endeavored to secure profits through operational improvements and appropriate unit prices. Meanwhile, in India, FSNL Private Ltd. became a consolidated subsidiary, posting growth with increased slag processing volumes and improved productivity. FSNL installed the Steel Buster scrap metal crushing system developed in Japan to improve safety and operational efficiency. Through such initiatives, the Steel-Related Business continues to leverage and deploy the operational expertise and technical capabilities cultivated in Japan across overseas operations. The business will do more to integrate the expertise from Japan and abroad to strengthen a foundation that supports sustainable growth.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Steel Division

TOPICS

Steel Division

## On-Site Surveys and Analysis Conducted by the Tech Team at FSNL Sites



**Tech Team and FSNL members**

Following the acquisition of FSNL Private Ltd. ("FSNL") as a wholly owned subsidiary, the Company established a Tech Team to conduct on-site surveys and analyses across all eight FSNL sites. The team examined detailed work processes and workloads, the deployment of equipment and personnel, operational efficiency, and the specific challenges faced at each site.

The Tech Team consists of three members: Mr. Gunji, who has been involved in resource recycling and slag and scrap processing in Kashima for many years, Mr. Kotani, who has been involved in slag processing in Wakayama, and Mr. Bosare, a native of India with extensive knowledge of Indian industry and manufacturing.

The on-site surveys and analyses conducted by the Tech Team are an important source of information for decision-making in business activities. The true picture of the situation on the ground is never completely clear when based on data alone. Visiting sites, observing operations firsthand, and interviewing the staff in charge foster a clear understanding of the actual situation. While there are challenges arising from language barriers and differences in approaches to work management, not to mention culture and workplace practices, the team continues to actively communicate with FSNL employees and build strong personal relationships.

# Engineering Division

**Integrated Solutions Business**
Engineering Operations

## Strengthening the profitability of existing businesses while expanding into new business areas with our ability to make connections

– Creating new trends with our ability to make connections –

## Business Model and Strengths

The Engineering Division provides a wide range of services, including plant construction, facilities maintenance, electrical instrumentation services, non-destructive testing, and technical personnel dispatching.
In addition, the division has a Japan-wide network of fabrication facilities, enabling us to provide customers with complete outsourcing solutions from design to construction and installation.

### Providing a Wide Range of Services in Plant Construction, Maintenance, and Other Operations

#### Plant-Related Operations
Machinery and equipment installation
General can manufacturing, steel structure fabrication and installation
Plant piping construction
Equipment maintenance
Machine maintenance

#### Electrical Services
Electric and electrical instrumentation design
Engineer dispatch

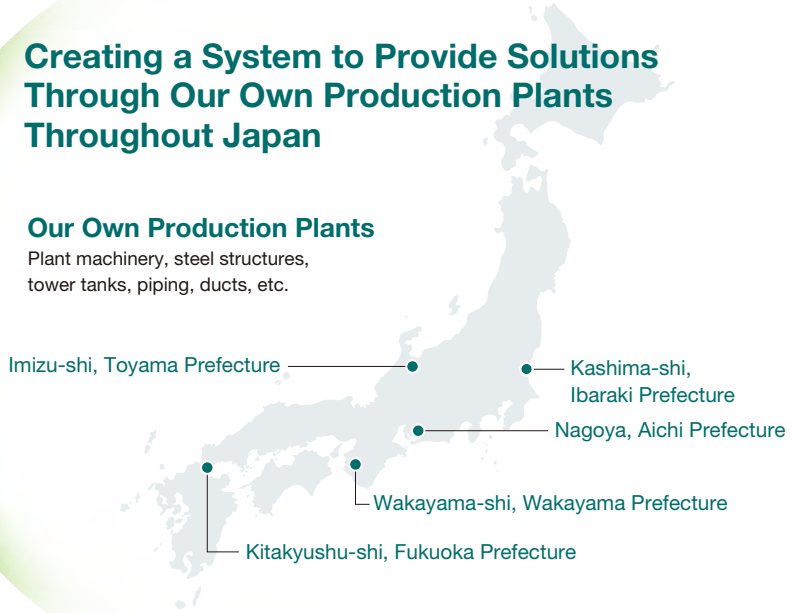
#### Civil Engineering and Construction Work (Certain Areas)
Civil engineering, construction, and repair work
Water and sewerage construction

#### Inspection and Measurement Operations
Non-destructive testing
(RT, UT, MT, PT, Digital X-ray)
Environmental measurement (noise)
Qualified personnel dispatching

#### Remote Monitoring Services
Gas turbine facilities
Water and sewage facilities

### Creating a System to Provide Solutions Through Our Own Production Plants Throughout Japan

#### Our Own Production Plants
Plant machinery, steel structures,
tower tanks, piping, ducts, etc.




### Strengths

1 **The Engineering Division answers a wide variety of needs through a diversely talented workforce ranging from construction management engineers to skilled technicians. The division is committed to quality, safety, and efficiency, proposing the optimal construction methods for each site. With flexibility and proven expertise, the division provides services that exceed customer expectations**

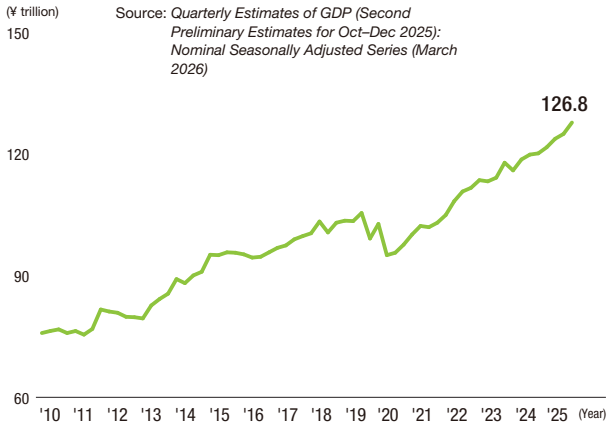
2 **Engineering Division facilities are located throughout Japan, and the division has formed a strong network with numerous partner companies**

3 **The division offers a one-stop service that combines design and construction, as well as post-construction maintenance**

# Engineering Division

## Market Environment Forecast

### Nominal Private-Sector Capital Investments




Source: *Quarterly Estimates of GDP (Second Preliminary Estimates for Oct–Dec 2025): Nominal Seasonally Adjusted Series (March 2026)*

Capital investment in Japan continues to recover, supporting growth in the plant construction and maintenance market, as well as the broader engineering industry. This favorable market environment is a growth opportunity and the division is expanding comprehensive service offerings beyond the maintenance and renewal of existing facilities to include engineering, procurement, and construction (EPC; encompasses turnkey project management and prime contracting). At the same time, the Engineering Division is adding capabilities to address emerging demand in areas such as renewable energy, decarbonization-related projects, and nuclear power facilities. The division is building deeper relationships of trust with existing customers while strengthening proposal capabilities as a prime contractor and enhancing internal collaboration. The division aims to achieve sustainable growth, reinforce competitiveness, and broaden earnings opportunities by continuing to win orders and enhancing internal collaboration.

## Medium-Term Business Plan 2027

### Strategy

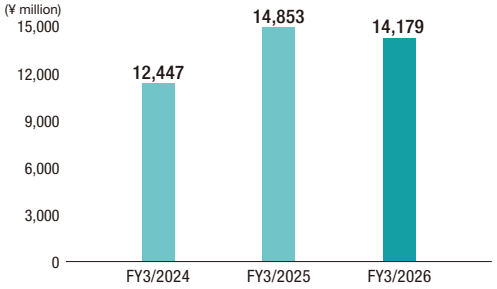
- Enhanced value propositions in existing business fields and expanded service offerings (project management, project expansion, etc.)
- Strengthened relationships with repeat customers and secured ongoing orders (prime contracts, deeper services, internal collaboration, etc.)
- Added resources to strengthen our ability to respond to customers (M&A, expanded the base of new clients and collaboration partners, etc.)

### First-Year Initiatives

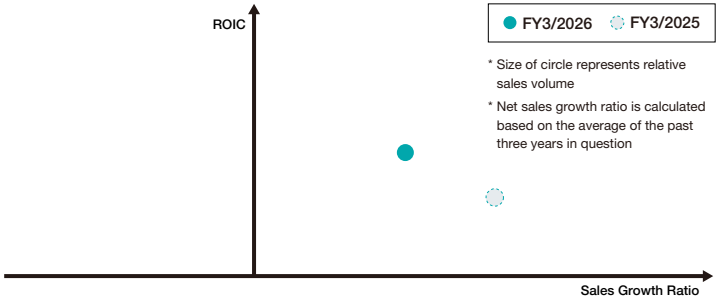
The steelworks-related business saw a decline in sales due to the impact of blast furnace suspensions amid lower crude steel production in Japan. Profit, however, increased, supported by progress toward the division's key objectives: (1) capture engineering fees by expanding prime contracts, and (2) improve management efficiency through larger-scale contracts. On a profit basis, the division is outperforming the targets in the 2030 Vision. Meanwhile, the environment for recruiting engineers is becoming increasingly challenging. Accordingly, the division is pursuing experienced professionals and reskilling internal employees, while also strengthening its organizational structure through M&A.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Engineering Division

TOPICS

Engineering Division

## The Approach to Prime Contracting



**Members of the Yahata sales office**

The Engineering Division has already established a strong track record as a prime contractor at steelworks sites. However, the division's off-site work has consisted primarily of first-tier subcontracting projects, and the Yahata sales office has set a goal to become a prime contractor. The office has been working to expand orders as a prime contractor by developing new customers and strengthening proposal activities. Following the integration with the Business Collaboration Department in April, the office strengthened its sales capabilities and successfully secured a contract as a prime contractor to work on a portion of the construction for a resort development project. Under this structure, detailed design is handled by a specialized engineering department, while construction management is overseen by the Yahata office. Preparations for the project are currently underway, including the development of the construction plan. This project is an important first step toward working as a prime contractor on off-site projects. Building on the insights and track record gained through construction projects, the office endeavors to create new business opportunities and expand the scope of business, and is enhancing the competitiveness of the entire division.

# Food and Life Industry Division

**Integrated Solutions Business** Food-Related Operations, Life-Related Operations
**Domestic Logistics Business** Logistics Operations, Temperature-Controlled Logistics Operations

## Boldly expanding the integrated solutions business to create new value

## Business Model and Strengths

The Food and Life-Related Industry Division provides contract manufacturing, maintenance work, and end-to-end logistics services from procurement to market for customers across a wide range of industries. The HVAC Refurbishing business offers unique services using K-MVS*. In temperature-controlled logistics, we operate a nationwide delivery network to meet customer needs.

*K-MVS (Konoike-Multi Vendor System): A KONOIKE Group proprietary service that integrates HVAC refurbishment technology with logistics

### Universal Business Model




#### HVAC and Energy Services

Commercial HVAC refurbishment, painting, inspection, and parts supply; provision of renewable energy services focused on solar power generation and other PPA businesses



#### Food Products and In-Plant Services

Outsourced manufacturing, materials supply, logistics, and equipment maintenance at food manufacturers and in plants for housing equipment, chemicals, and gas; inspection and servicing at luxury import vehicle centers for new vehicles; mechanic support for manufacturers and dealers



#### Temperature-Controlled Logistics Services

Nationwide temperature-controlled network operated by our company and partners across 16 sites, providing refrigerated and frozen goods delivery services



#### General Logistics and Distribution Services

Operation of mass retail stores and CVS centers; clothing, daily necessities, and miscellaneous goods; and tanker transport of industrial gases



### Strengths

1 **Labor Savings and Efficiency Improvements in HVAC Installation Using K-MVS: Consolidation and pre-processing of components from various manufacturers to reduce the labor required for transportation, unloading, and assembly at construction sites**

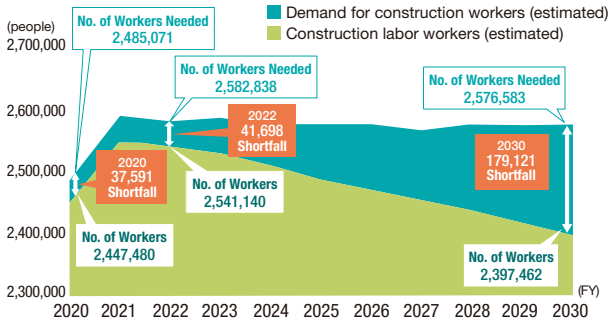
2 **The division's network consists of 11 in-house chilled/frozen centers and 8 additional sites equipped with temperature-controlled delivery vehicles (primarily for dairy products) to expand nationwide joint delivery services related to chilled/frozen food products**

3 **A nationwide fleet of approximately 1,000 vehicles ranges from small trucks to large trucks, trailers, and specialized vehicles (e.g., tankers, cranes, self-loaders) serves customers in Japan. The division provides diverse transportation and delivery services, while also meeting customer needs for installation and setup**

# Food and Life Industry Division

## Market Environment Forecast

### Forecast of Employment by Industry




Source: *Future Forecast for Construction Engineers and Skilled Workers in 2030 (2023 Edition)*, Human Resocia Co., Ltd.

While demand in the construction industry remains strong, the shortage of skilled construction workers is accelerating. Estimates indicate there will be a shortage of approximately 180,000 workers by 2030.
Labor shortages have created supply constraints, resulting in delayed project starts and the postponement of construction work due to more selective order intake.

The number of workers in the construction industry is expected to continue declining, further increasing the need to improve productivity and reduce both labor demands and environmental impact at commercial HVAC installation sites.

To address market challenges, we launched *TechnoLogis® Makuhari* as a key K-MVS hub in February 2024.

This service aims to help HVAC equipment manufacturers, subcontractors, and HVAC distributors by offering construction savings for sites focused on HVAC equipment. The center ensures the timely supply of appropriate materials based on project timelines, along with the storage and transportation of parts. This service has earned high praise from business partners, and the division will continue to adapt to the changing market environment to grow.

## Medium-Term Business Plan 2027

### Strategy

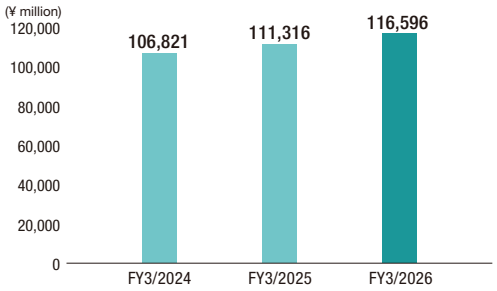
- Providing efficient construction solutions focused on HVAC systems, supplying appropriate materials based on project timelines, and managing the storage and transportation of parts. Leveraging K-MVS to expand business operations with the goal of becoming a leading company in the industry
- Seeking to achieve growth in the steadily expanding temperature-controlled (frozen) market by strengthening warehouse and distribution network infrastructure
- Aiming to expand the outsourcing business through greater DX-driven operational efficiencies and productivity improvements, while also developing new business opportunities
- General Logistics is growing by increasing its fleet of company-owned vehicles and implementing joint transportation arrangements among customers
- Overseas business expansion: Aiming to expand HVAC and gas-related businesses in India and HVAC refurbishing services in ASEAN

### First-Year Initiatives

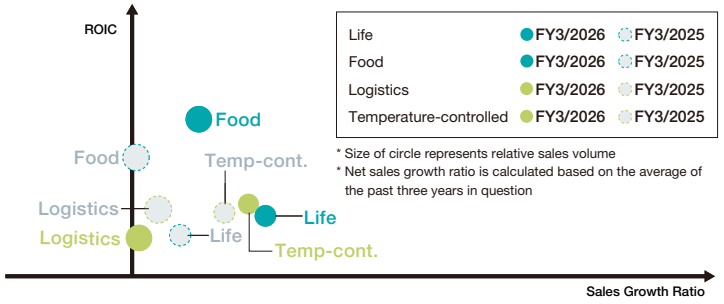
The Food and Life-Related Industry Division made steady progress in the first year of the medium-term business plan. HVAC Energy Services secured more refurbishment projects and increased maintenance work. Food Products and In-Plant Services saw an increase in outsourcing, while Temperature-Controlled Logistics benefited from new business wins and higher volumes of frozen and refrigerated foods. General Logistics and Distribution Services saw an increase in volume for apparel and office supplies. The division also endeavored to ensure appropriate pricing across all services while reducing costs through greater efficiency in warehouse/ delivery operations and optimal workforce allocation.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Food and Life Industry Division

TOPICS

Food and Life Industry Division

## Toward Achieving Medium-Term Business Plan 2027



**Members of the Gunma Fujioka Sales Office**

**Initiatives During the First Year of Medium-Term Business Plan 2027**

In the first year of the new medium-term business plan, the Gunma Fujioka Sales Office established a logistics framework to support the storage and shipment operations of a foreign-affiliated consumer goods manufacturer. Work centered on a warehouse in Fujioka City, Gunma Prefecture, which opened in November 2024, as well as an automated warehouse at the same site, which began operations in March 2025. The warehouse in Fujioka has a storage capacity of approximately 19,835 $m^3$ and 15,000 pallets, while the automated warehouse has a capacity of approximately 25,000 PL. The office has been working to maximize the production capacity of two nearby customer factories and ensure a stable supply to our customers. In addition, the sales office established a supply chain system in collaboration with customers. A total of 12 dedicated trailers operate 24 hours a day, 29 days a month, connecting two factories near our customers' facilities and their respective warehouses. This operation ensures a seamless link between manufacturing and logistics.

**Initiatives During the Second Year of Medium-Term Business Plan 2027**

With a view to expanding shipping business to customers in the Northern Kanto and Shinetsu regions, the Gunma Fujioka Sales Office plans to achieve targets by focusing on the operations to build a foundation of safety and quality. At the same time, the office intends to develop employees and implement on-site improvements, including streamlining operations and increasing productivity.

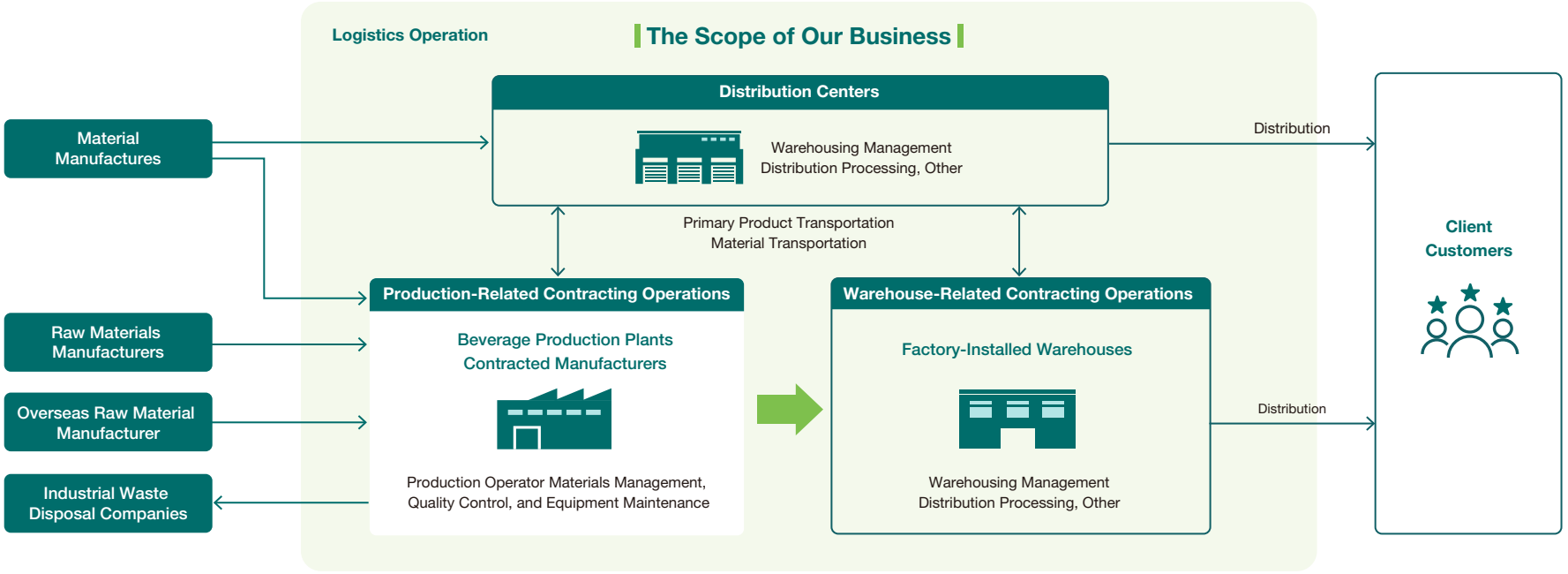
# Food Products Division

**Integrated Solutions Business**
Food Product Operations

## From customer satisfaction to customer excitement
—Transforming from relative value defined by competition to a business division that delivers unique, unmatched value and inspires genuine excitement—

## Business Model and Strengths

The Food Products Division is responsible for the overall logistics related to outsourcing operations such as production process operations at beverage manufacturing plants, equipment maintenance, inspections, and receiving of materials and raw materials. We are also responsible for the overall logistics of factory-installed warehouses and distribution centers, covering storage, cargo handling, and truck transportation of raw materials, supplies, and finished products. We offer these services to enable customers to focus on their core businesses.




### Strengths

1 **Comprehensive, end-to-end contracting and logistics services, helping customers focus on their core businesses**

2 **Multifunctional warehouses nationwide and services tailored to the logistics processes of various industries**

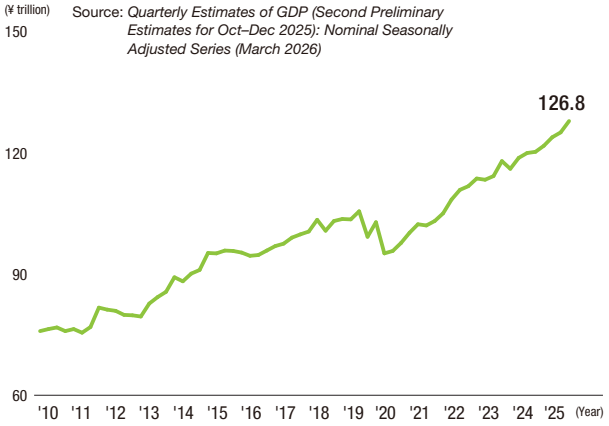
3 **Strong proposal capabilities backed by extensive on-site experience in automation and digital transformation**

4 **High-value-added maintenance services that leverage strengths in equipment maintenance and repair technology**

# Food Products Division

## Market Environment Forecast

### Nominal Private-Sector Capital Investments




Source: *Quarterly Estimates of GDP (Second Preliminary Estimates for Oct–Dec 2025): Nominal Seasonally Adjusted Series (March 2026)*

Capital investment in the manufacturing sector continues to trend upward, recently reaching approximately ¥100 trillion. Demand for equipment maintenance services is expected to increase further going forward. Amid these trends, Konoike will leverage strengths developed through existing operations to pursue new sources of value. We are shifting toward high-value-added maintenance amid advances in automation and labor-saving during customer line upgrades. At the same time, we will expand our factory outsourcing and staffing business by winning factory contracting and dispatch work for other beverage and packaging manufacturers.

## Medium-Term Business Plan 2027

### Strategy

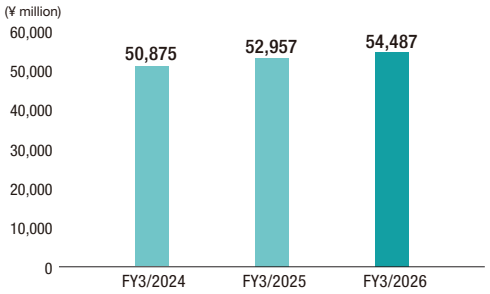
- Improving individual skills and creating a vibrant, positive workplace
- Solidifying core businesses from the perspectives of people, organization (structures), and culture
- Responding to changes in the environment surrounding customers, society, and employees
- Leveraging a wide range of assets, from production to distribution (including people, equipment, and expertise), and new technologies

### First-Year Initiatives

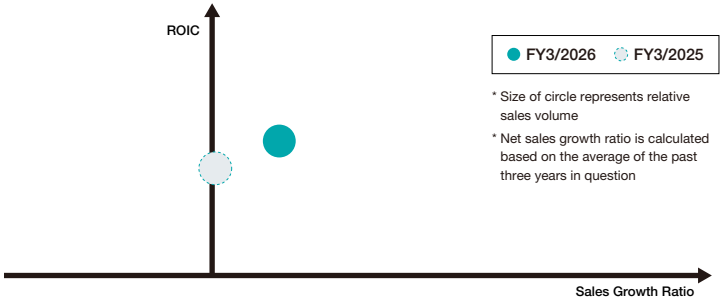
The Food Products Division's outsourcing business leverages the facility maintenance and repair expertise cultivated within the division to provide high-value-added maintenance services. The division has expanded the scope of operations based on the expertise and on-site responsiveness cultivated over more than 70 years of building trusting relationships with major domestic beverage manufacturers. Similarly, the logistics business leverages Konoike strengths by actively proposing solutions for automation, efficiency improvements, and operational enhancements. Through these ongoing efforts, the division has steadily expanded operations while building a solid business foundation and strengthening the ability to respond to changes in the business environment.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Food Products Division

TOPICS

Food Products Division

## High-Value-Added Maintenance Services Leveraging Strengths in Equipment Maintenance and Repair Technologies



**Members of the Sales Innovation Department**

The Food Products Division faces numerous challenges, including a shrinking workforce, the drive for automation and labor-saving measures, and the need to improve working conditions. In response, we created the Sales Innovation Department in the Higashi Nihon and Nishi Nihon branches to drive cross-functional initiatives in the Food Products Division. These initiatives have included the expansion of maintenance operations, employee development, the adoption of new technologies, and sales support. The division is working to expand maintenance operations, introduce and implement new technologies, and acquire new customers.

As part of the initiative to expand maintenance operations, the Sales Innovation Department has been conducting overhaul-related maintenance projects since 2019. The department utilizes the Kunitachi Training Center (KTC), a hub for maintenance personnel development and safety training, to conduct pre-training sessions, assess understanding, and provide on-site orientation. These efforts aim to provide educational support for new participants and improve safety and quality.

The division is expanding external maintenance services by leveraging strengths in equipment maintenance and repair technology. The Food Products Division plans to enhance on-site maintenance capabilities further, using these capabilities to grow the business.

# Medical Division

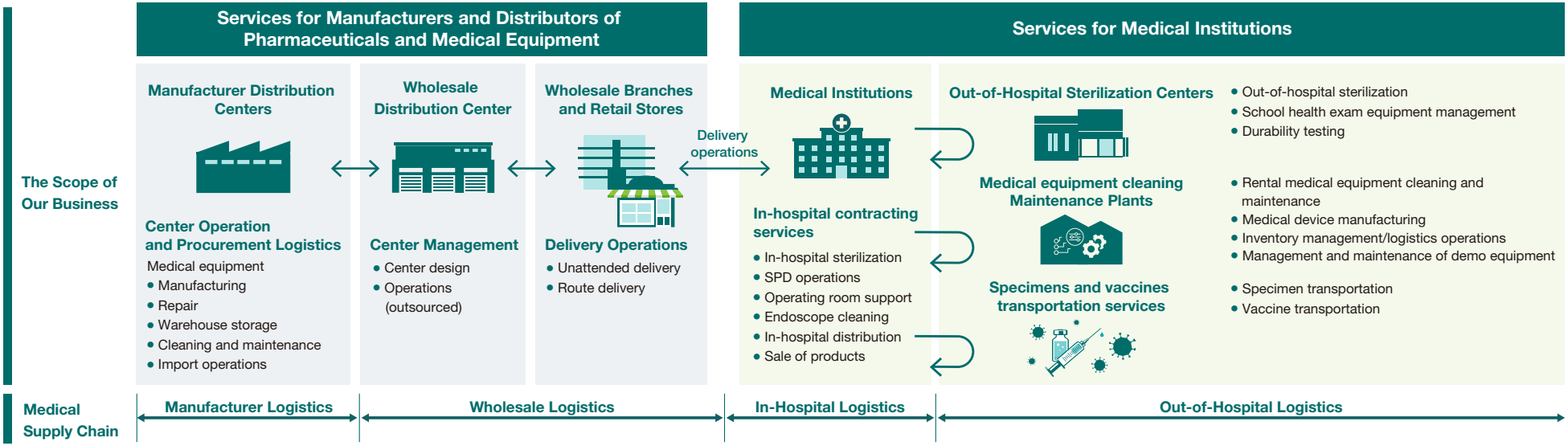
**Integrated Solutions Business**
Medical-Related Operations

## Enhancing healthcare quality and efficiency in Japan and overseas through efforts to strengthen and expand the division's business foundation

## Business Model and Strengths

Across the upstream and midstream segments of the healthcare supply chain, the Medical Division provides outsourced services for manufacturers and wholesalers, including transportation, cleaning and maintenance, and logistics center operations. In the downstream segment, the division offers a range of outsourced services for medical institutions, including in-hospital sterilization and related operations. The division's wide-ranging services meet all needs from transportation, maintenance, distribution center operations, and various in-hospital work for the entire medical supply chain.

### Careers in the Medical Field Hospital Logistics: Providing Services Across the Entire Medical Supply Chain




### Strengths

1 **The Medical Division provides solutions to improve operational efficiency across the entire medical supply chain, from upstream to downstream**

2 **The division reduces the operational burden on medical institutions by utilizing 10 sterilization centers located across Japan**

3 **The division expects the sterilization business for medical equipment and related items to expand as the need for primary cleaning within medical institutions is reduced or eliminated**

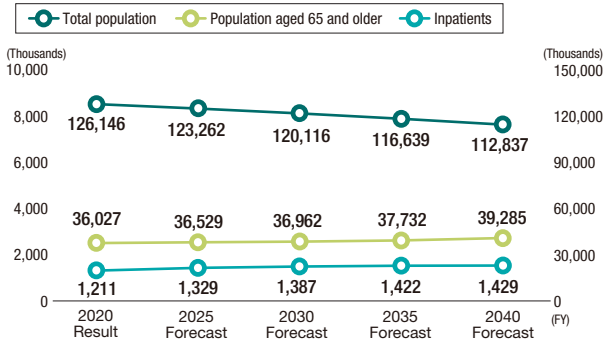
4 **Medical Division equipment cleaning and maintenance facilities offer a wide range of services for orthopedic rental medical devices, artificial joints, and more**

# Medical Division

## Market Environment Forecast

### Projected Changes in the Number of Patients and the Market for Nurses and Other Healthcare-Related Personnel

**Projected Outpatient and Inpatient Patient Trends**




Source: *Patient Survey*, *Population Projections for Japan*, National Institute of Population and Social Security Research, Ministry of Health, Labour and Welfare

**Outlook for the Number of Workers in the Health and Welfare Sector**

| | 2018 | 2025 | | 2040 |
|---|---|---|---|---|
| | Actual (estimate) | Required workers based on actual results and population structure (estimate) | Required workers based on actual results and population structure (estimate) | (Reference) No. of workers when accounting for demand and supply (case considering economic growth and labor participation; (estimate)) |
| No. of workers in the health and welfare sector | 8.26 million | 9.40 million | 10.7 million | 9.74 million |
| Percentage of total workers | 12% | 14-15% | 18-20% | 16% |

Source: *Materials from the 195th Meeting of the Employment Security Subcommittee, Labour Policy Council*, Ministry of Health, Labour and Welfare

Although the total population is declining due to the low birthrate and aging demographics, the number of hospitalized patients is expected to continue to rise in step with the elderly population. Consequently, the demand for healthcare and social welfare workers is also expected to increase. As a company providing operating room peripheral services, we believe that demand for healthcare-related services will grow against the backdrop of an increase in the number of surgeries and the expanding outsourcing of healthcare professional duties. Accordingly, we will strive to expand our business by strengthening our service delivery capabilities and improving productivity.

## Medium-Term Business Plan 2027

### Strategy

**Japan**

- Expanding our presence in Kyushu, Kansai, and Kanto
- Expanding medical logistics (accelerating efforts in medical equipment transportation)
- Making more proposals to improve operational efficiency (center operations and in-hospital operations)
- Expanding the medical institution product sales business
- Pursuing M&A to expand business and take on challenges in new business areas

**Overseas**

- Establishment and expansion of the medical business in India
- Expanded business scope in Carna, India, by securing consulting contracts with Japanese medical device manufacturers and public institutions
- SPDI expanded business coverage to remote locations outside the Delhi metropolitan area

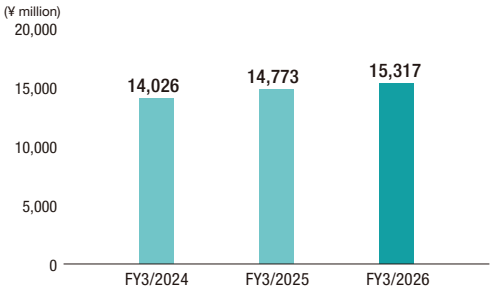
### First-Year Initiatives

Konoike Transport sales offices worked to secure additional Sunday operations and new delivery contracts, while focusing on productivity improvements through initiatives that included multi-skilling employees within the center and optimizing workforce allocation. With the removal of the requirement for primary cleaning before used medical instruments are taken out of medical institutions, Konoike Medical worked to strengthen the organization's operational framework in anticipation of growing demand for off-site sterilization services. In addition, the company worked to increase sales and improve profitability through price revisions, reduced labor costs (converting temporary staff to direct hires), and achieving full-capacity utilization of the warehouse at Tokyo Logistics Center No. 2.

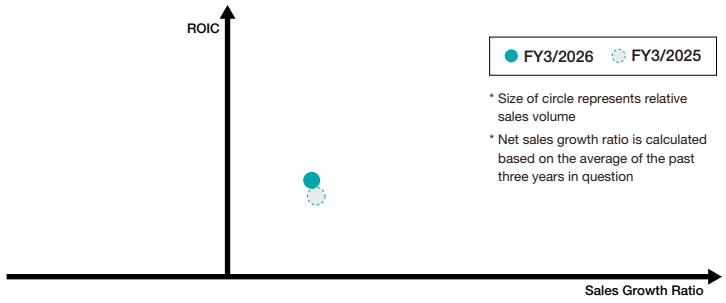
Carna Medical Database, based in India, focused on active participation in trade shows and strengthening business proposals to government agencies, which led to consulting contract wins. SPD India Healthcare has been working to reduce costs through supplier reviews and other means, while also successfully expanding into Assam.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Medical Division

TOPICS

Medical Division

## Strengthening and Expanding the Foundation of the Medical Business in India



**Members of the Carna Medical Database**

Carna Medical Database was established in India in 2013 as a joint venture between Konoike Transport and MEDIUS HOLDINGS Co., Ltd. to provide medical-related services. Since first compiling and creating a nationwide medical database in India, Konoike has built strong relationships with the Japanese and Indian governments, as well as various public organizations and medical institutions. Konoike is assisting Japanese companies in the medical field and food industry as they expand into India. We conduct on-site surveys, provide consulting services, and handle import, export, and sales operations. We are also expanding the scope of our business to include health consultation services that offer peace of mind to expatriate employees and their families.

In 2024, we consolidated SPD India Healthcare, a local sterilization company, into the KONOIKE Group. In the Delhi metropolitan area, we signed service agreements for five in-hospital and approximately 200 out-of-hospital contracts. In 2026, we began in-hospital sterilization for two hospitals in the northeastern state of Assam. We also plan to expand off-site sterilization centers to major cities outside of Delhi.

# Airport Division

**Integrated Solutions Business**
Airport-Related Operations

1 To build an organization that provides the best service to customers through higher levels of all employee satisfaction

2 To solidify our status as an airport ground handling company
(comprehensive services for passenger, ramp, and cargo handling at major domestic airports)

## Business Model and Strengths

The KONOIKE Group offers a wide range of services, from core airport operations to ancillary services for airlines, ground handling companies, air cargo companies, and airport operators. A key strength of KONOIKE Group is our ability to support airport operations from multiple perspectives, combining directly contracted services and services provided in collaboration with partner companies.

### 01 Ramp

Loading and Unloading



Aircraft Guidance



Load Control
(Weight Balance Management)



Passenger Baggage



Cabin Cleaning

In-Flight Meals and Equipment, Other Setup

### 02 Cargo Shed

Cargo Consignment



Export Build-Up



Import Dismantling



Convey






1 Services for Airlines (Direct Contracting)
2 Services for Ground Handling Companies (Collaborative Contracting)
3 Services for Air Freight (Warehouse) Companies
4 Services for Airport Operators

### 03 Passenger Operations

Check-in



Lounge



Flight Operations Services



Arrival and Departure Gate Services



Airport Information Services



### Strengths

1 **Operational quality from an airport-wide perspective**

2 **On-site capabilities to accommodate diverse service delivery models**

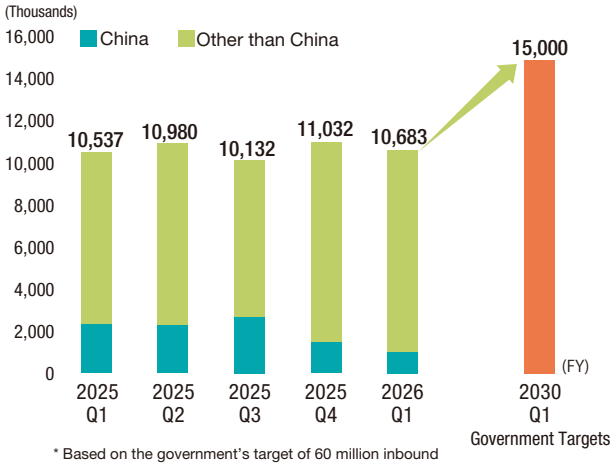
3 **Effective deployment of a multinational workforce and stable service delivery**

4 **Enhanced on-site operations through training and digital transformation**

# Airport Division

## Market Environment Forecast

### Inbound Travelers to Japan




* Based on the government's target of 60 million inbound travelers by 2030, we used 15 million as the equivalent to one quarter of the annual target. The number of inbound visitors to Japan is based on data from the Japan National Tourism Organization (JNTO).

While inbound demand varies by country and region, overall demand remains resilient. While demand from China has recently shown some weakness, visitors from other regions continue to support overall inbound demand. In light of the government's targets, we believe there is still significant room for medium-term growth. The Airport Division is diversifying source markets and service areas while stepping up employee education and training in preparation for the next phase of demand growth.

## Medium-Term Business Plan 2027

### Strategy

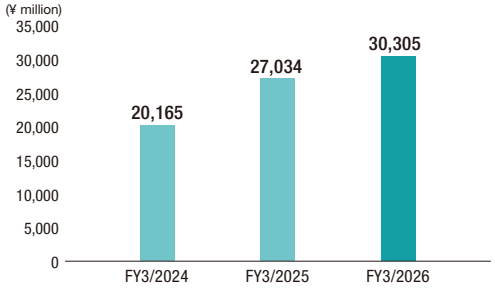
- **Growth of Existing Airport-Related Operations:** Meeting strong air travel demand while ensuring safety, quality, and a skilled workforce
- **Expansion of Business Areas:** Broadening the scope of operations by leveraging group talent, information, and sales capabilities
- **Creating New Airport-Related Businesses:** Expanding into new airports, solving challenges faced by businesses operating within airports

### First-Year Initiatives

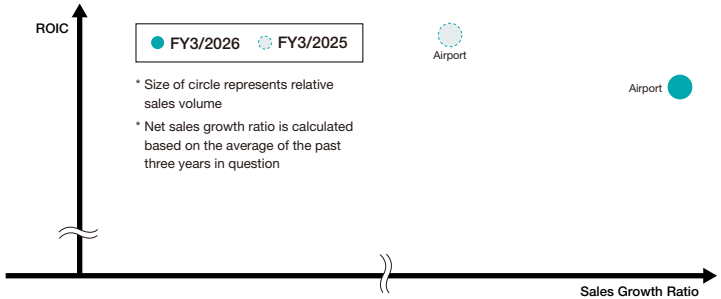
As part of the existing Airport-Related Business, the division began providing ground handling services at Kagoshima Airport in November 2025. In addition to hiring locally, the division ensured a smooth launch and created local jobs by flexibly assigning experienced personnel from other affiliated companies. As part of our efforts to expand into other fields for Airport-Related, the division secured a contract at Narita Airport to provide passenger assistance for automated baggage check-in machines, extending our services to include operations for airport operators. Furthermore, KSKY is in the second year of lounge operations and is growing its presence at Kansai International Airport. Even amid significant changes in the market environment, the division is building an even stronger business foundation through employee training and the integration of a multinational workforce into operations.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# Airport Division

TOPICS

Airport Division

## New Contract for Passenger Assistance Services at the Narita Airport Automated Baggage Check-In




**Airport Terminal Services member**

As self-service options continue to expand at Narita Airport, passengers are increasingly interacting with kiosks to check bags by themselves, a task previously handled by airline staff. Accordingly, the Airport Division has been engaged to provide courteous and easy-to-understand support to help both experienced and inexperienced customers use automated baggage check-in with confidence. The division has introduced a variety of measures at check-in locations, including flexible staffing based on flight schedules, including extra flights, as well as the deployment of multilingual staff to accommodate a variety of flights and passengers of various nationalities. These efforts have resulted in smooth guidance and attentive support, which in turn reduces wait times. The division has found it deeply rewarding to help customers make the most of their time at the airport. The Airport Division will continue to contribute to smooth travel at Narita Airport, and even as airports become increasingly automated, the division will leverage the customer service skills cultivated over the years to provide services that passengers can use with confidence.

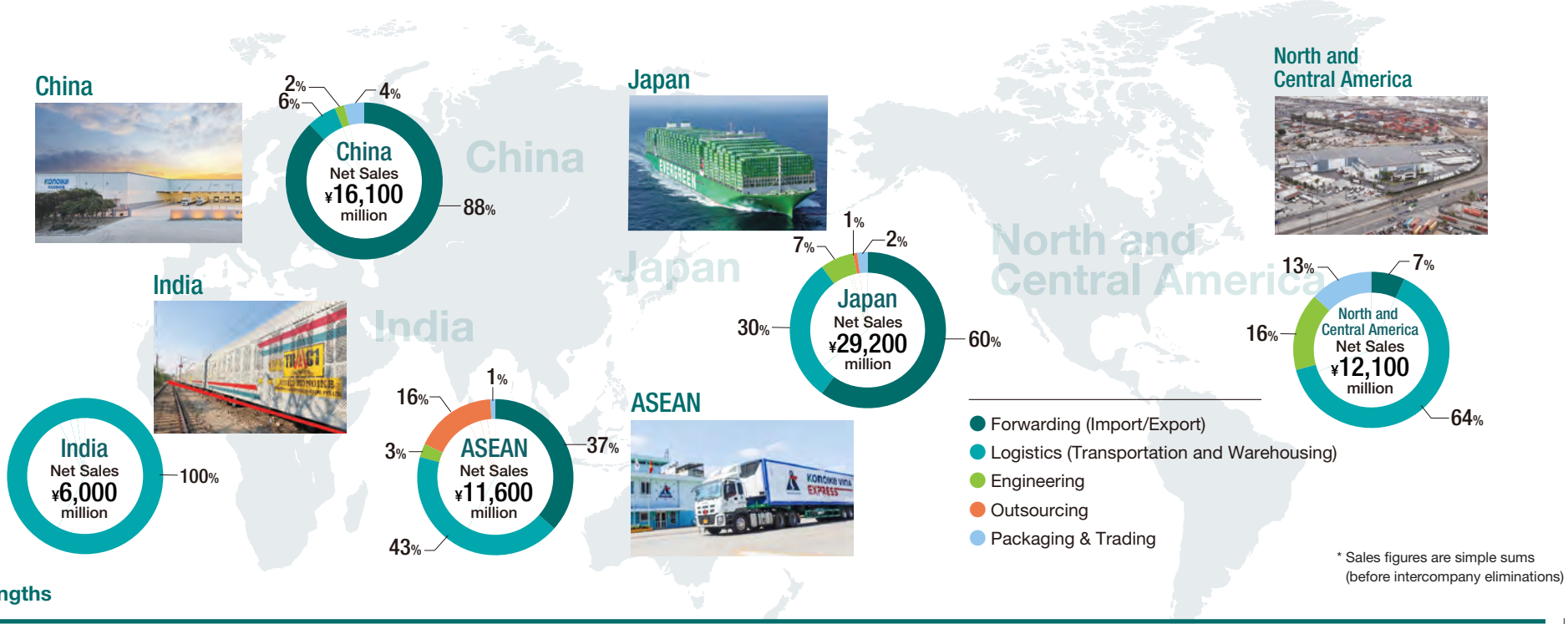
# International Business Division

**International Logistics Business**
International-Related Operations

## We will drive and further our global business based on the pillars of growth, investment, and technology, and provide high added value to our customers

## Business Model and Strengths

The International Business Division consists of five business segments (Forwarding, Logistics, Outsourcing, Engineering, and Packaging & Trading) based on regional characteristics. This approach clarifies the division's business focus and target industries, positioning the division for global growth.




* Sales figures are simple sums (before intercompany eliminations)

### Strengths

1. **High-quality services that combine overseas business expertise cultivated through many years of forwarding operations with owned assets**
2. **Logistics services that leverage the Company's strengths through proactive investment in various countries and regions**
3. **High-value-added services unique to the Konoike network, powered by a next-generation forwarding system**
4. **Individuals with knowledge of customs clearance and AEO, practical international trade expertise, and a wide range of experience gained by working overseas**

# International Business Division

## Market Environment Forecast

### Accelerating Growth in India, North and Central America, and ASEAN

**Indian Rail Freight Transportation Market**

Source: *Indian Rail Freight Transportation Market*, Mordor Intelligence

| (Year) | Market Size |
|---|---|
| 2025 | US$22,500 million |
| 2026 | US$24,300 million |
| 2031 | US$35,600 million |
| CAGR | 8.0% |

**U.S. Temperature-Controlled Freight Market**

Source: *U.S. Temperature-Controlled Freight Market*, Mordor Intelligence

| (Year) | Market Size |
|---|---|
| 2025 | US$52,400 million |
| 2026 | US$55,600 million |
| 2031 | US$73,800 million |
| CAGR | 5.8% |

**Automotive Parts Packaging Market**

Source: *Automotive Parts Packaging Market Size*, Towards Packaging

| (Year) | Market Size |
|---|---|
| 2025 | US$ 9,900 million |
| 2026 | US$10,300 million |
| 2036 | US$16,000 million |
| CAGR | 4.5% |

**ASEAN Cold Chain Logistics Market**

Source: *ASEAN Cold Chain Logistics Market Report*, Mordor Intelligence

| (Year) | Market Size |
|---|---|
| 2025 | US$18,800 million |
| 2026 | US$20,000 million |
| 2031 | US$24,400 million |
| CAGR | 4.9% |

### India (Rail Transportation Business)

With the world's third-largest automotive market and the demographic dividend as a backdrop, the division anticipates strong, sustained growth over the medium to long term. Konoike currently operates 13 trains for container transport and eight trains for automobile transport. The Company will continue to expand into new transport routes and improve transport efficiency.

### North and Central America

Amid steady population growth, demand for food consumed domestically is expected to remain robust, reflecting the essential nature of this resource. Inventory levels for imported foods stored in Konoike temperature-controlled warehouses remained firm. We are moving forward with investment plans to upgrade facilities based on our view that North and Central America is a growth market.

### ASEAN

The expansion of private consumption is supporting growth in the retail market, and further economic growth is expected in the future. To capitalize on growing domestic demand in Vietnam and Thailand, we will continue to invest in the expansion of temperature-controlled warehouses and transportation, working to strengthen our business foundation by expanding our high-quality cold chain services.

## Medium-Term Business Plan 2027

### Strategy

**Accelerated Growth in India, North and Central America, and ASEAN**

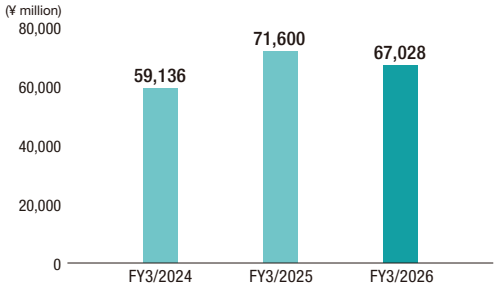
- India — Improved profitability in the rail business (increased transportation capacity by investing in freight trains)
- North and Central America — (1) Expanding the chilled/frozen warehouse storage business (new warehouse under construction) (2) Establishing a model that combines packaging, logistics, and engineering into integrated solutions, with a focus on the automobile industry
- ASEAN — Expanding the regional food cold chain business through warehouse investment and fleet expansion in Vietnam and Thailand

### First-Year Initiatives

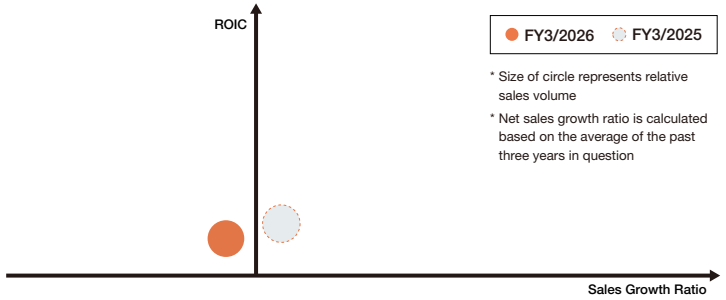
In the first year of the medium-term business plan, the International Business Division pursued growth investments and strengthened business foundations in priority regions: India, North and Central America, and ASEAN. In India, Konoike is expanding rail transport capacity, while in North and Central America, we expanded chilled/frozen warehouse storage operations and rolled out integrated solutions, including design and packaging. In ASEAN, we are expanding our temperature-controlled food logistics network. KONOIKE VINA EXPRESS in Vietnam is handling increasing volume, opening its own temperature-controlled warehouse in Ho Chi Minh City in southern Vietnam in July 2026. Konoike will continue to invest in temperature-controlled logistics infrastructure and work toward establishing a one-stop system that integrates storage and transportation.

## Results (Net Sales and Growth Ratio)

### Net Sales




### ROIC and Net Sales Growth Ratio Trends



# International Business Division

TOPICS

International Business Division

## Expanding Our Temperature-Controlled Trunk Line Transportation in Vietnam (North-South Scheduled Services)




**Members of Konoike Vinatrans Logistics**

The KONOIKE VINA EXPRESS north-south trunk transport service connects the north and south of Vietnam under controlled temperature conditions. This service is one of the core operations underpinning our ASEAN strategy. This highly distinctive service is offered exclusively by Konoike among Japanese logistics providers and represents a key competitive strength. While flexibly adapting to regional differences in business practices, road conditions, and delivery requirements, we strive to offer consistent transport quality and improve transport efficiency. In particular, we have built a high-quality and reliable service framework through rigorous temperature control, GPS-based vehicle tracking, and enhanced information sharing among locations.

To capitalize on growing demand for food in Vietnam, we will strategically expand our network of temperature-controlled warehouses across the country and connect these locations through scheduled north-south trunk transportation services. In this way, we aim to establish a cold chain network that has yet to be fully developed in Vietnam and evolve this network into a logistics platform that serves as essential social infrastructure supporting the country's food distribution system.

# II. Finance and Capital Policy

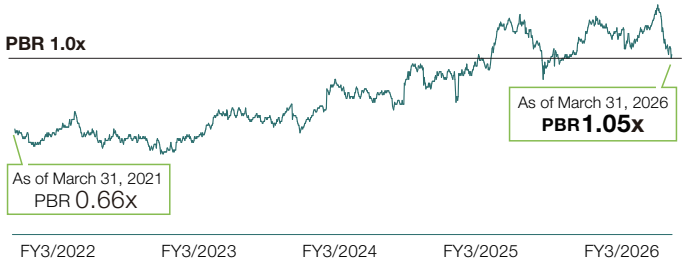
## Cost of Capital

### Assessing the First Year of Our Medium-Term Business Plan

Fiscal 2025 marked the completion of the first year of Medium-Term Business Plan 2027. We posted net sales and operating income growth at ¥355,555 million and ¥22,785 million, respectively. Overseas business expansion and higher volume domestically were two factors driving this performance. Operating income margin rose to 6.4%, demonstrating a steady strengthening in profitability.

At the same time, ROE stood at 9.3%, falling just short of our 10% target. We will continue to focus on initiatives under the three business strategies described in Medium-Term Business Plan 2027 to achieve our capital efficiency target by the end of the plan term: (1) Expand overseas business, (2) Strengthen businesses in Japan, and (3) Reform business structure.

PBR

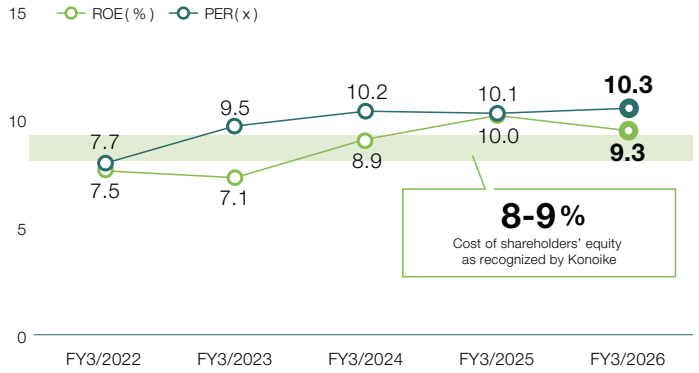



PBR:Calculated as market capitalization (adjusted for treasury stock) / total shareholders' equity, etc. (from the annual securities report of the previous year)

### Initiatives to Achieve an ROE of 10%

We estimate our cost of shareholders' equity to be approximately 9%, and we continue to focus on a consistent ROE of 10% or higher as an important target. To achieve the goals of Medium-Term Business Plan 2027, we intend to make focused investments in India and North and Central America overseas, while strengthening our presence in the medical and airport sectors and expanding our engineering business in Japan. We also plan to enhance profitability and productivity through business continuity assessments and KOMBO activities. In parallel, the Company will engage in disciplined financial management in line with our targets for equity ratio and DE ratio, enhance shareholder returns by maintaining a dividend payout ratio of at least 40%, and strengthen our IR activities further. Through these initiatives, we aim to generate consistent capital efficiency that exceeds our cost of capital.

ROE/PER






**Yoshihito Nakanishi**

Executive Officer and Executive General Manager, Finance/Accounting Division

# Cash Allocation

Medium-Term Business Plan 2027 outlines our cash allocation framework. For FY3/2026, the first year of the plan, we generated ¥24,800 million in operating cash flow, progressing broadly in line with plan. We also used ¥16,200 million in cash flows from investing activities, mainly for the acquisition of property, plant and equipment, executing investments for future growth. In addition, we increased the annual dividend to ¥110 per share, and believe we achieved a well-balanced approach to shareholder returns and growth investments.

We will continue to make systematic growth investments based on the cash allocation plan established under the Medium-Term Business Plan 2027, conducting said investments in a disciplined manner to achieve capital efficiency that exceeds our cost of capital. We are also working to achieve the financial targets described in the business plan: cash and deposits conversion period of approximately 1.2 months, a DE ratio of 0.8 or less, an equity ratio of 40% to 45%, and a credit rating of A or higher. Through these efforts, we will continue to pursue an optimal financial balance that combines financial stability with sufficient capacity for growth investments.

Medium-Term Business Plan 2027

Cash and deposits conversion period
Roughly **1.2** months

DE Ratio
**0.8** or less

Shareholders' Equity Ratio
New lease accounting standard **40-45%**
Current standard: 45% to 50%

Rating
**A** or higher (JCR)

*Calculated assuming we will record ¥55,000 million yen of right-of-use assets (lease assets) and lease liabilities under the application of the new lease accounting standard beginning in April of FY3/2028.

Cash Allocation Results

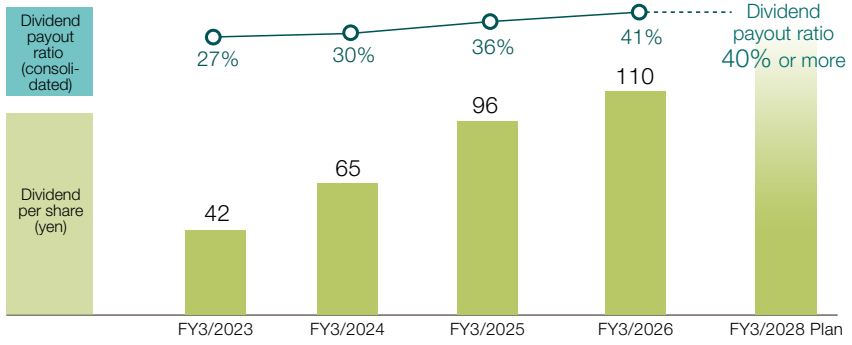
Integrated Solutions / Domestic Logistics / International Logistics / Other

*(¥ million)

| | Item | | Explanation (Main Details) | | FY3/2026 Results | (Ref.) Medium-Term Business Plan 2027 Plan 3-Yr. Cum. |
|---|---|---|---|---|---|---|
| | Operating CF | | | | ¥24,800 | ¥73,000 |
| Cash In | Including Human Cap. Investment | | •Base pay incr.<br>•Training exp. | ¥2,600<br>¥800 | -¥3,400 | -¥20,000 |
| | Lease investments/debt | | KONOIKE Transport Logistics Center<br>KONOIKE Transport Distribution Center | ¥2,100<br>¥1,000 | ¥7,100 | ¥20,000 |
| Cash Out | Maintenance/ enhancement investments | Capital investments | Eco Innovation Buildings, etc.<br>Kyushu Sanko Unyu Vehicles, etc.<br>KONOIKE Transport Systems investments | ¥1,400<br>¥600<br>¥500 | -¥7,100 | -¥24,000 |
| | Growth investments | | North and Central America: Konoike-General Inc. Land, construction in progress | ¥5,100 | -¥6,500 | -¥28,000 |
| | | M&A | Vertex Konoike Engineers Pvt. Ltd.<br>Ehrhardt Konoike Solutions GmbH. | | -¥1,500 | -¥20,000 |
| | Shareholder returns | | •FY3/2025 Year-end<br>•FY3/2026 Interim | ¥61<br>¥55 | -¥6,200 | -¥19,000 |
| | Cash on hand | | •Interest-bearing debt | -¥3,500 | -¥3,500 | ¥18,000 |

# Shareholder Returns

Our basic policy regarding shareholder returns is to build internal reserves and provide continuous, stable dividends that reflect business performance and earnings. We consider comprehensive factors, including performance for the fiscal year in question, the strengthening of our financial position, and medium- to long-term business strategies. Under Medium-Term Business Plan 2027, we raised our target for consolidated dividend payout ratio from 30% or higher to 40% or higher. We paid an annual dividend of ¥110 per share for FY3/2026, and we forecast the same amount for FY3/2027. We will continue to pursue a balanced approach to investment in human capital, growth investments, and shareholder returns with the aim of enhancing corporate value further.



# III. Building a More Robust Management Foundation

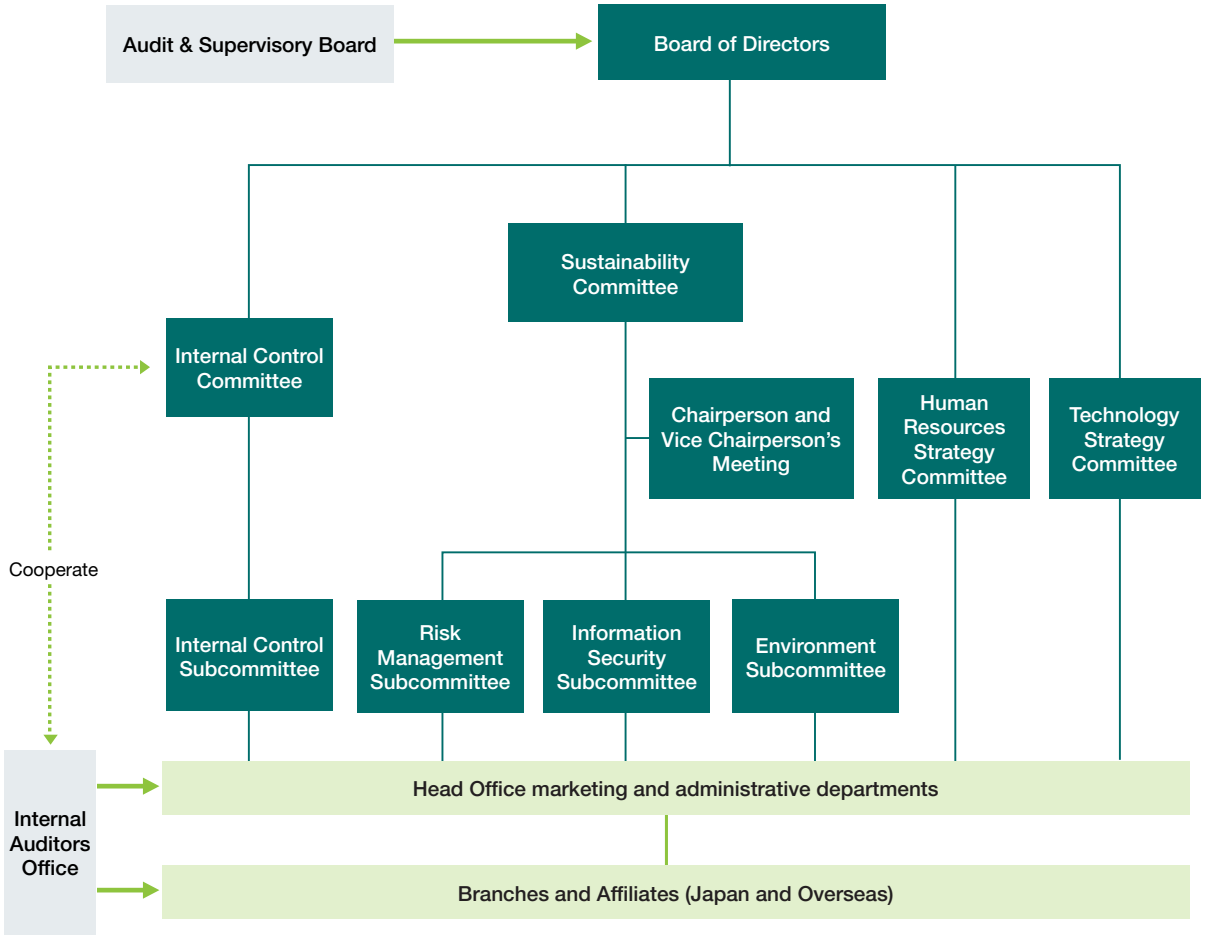
## Sustainability

The mission of the KONOIKE Group is described in our Corporate Philosophy that states, “We pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust.” When addressing the challenges related to sustainability, we strive for the well-being of our diverse stakeholders, including customers, employees, shareholders, and local communities. We also endeavor to create a safe and secure society through the practice of this corporate philosophy. To this end, we established the Sustainability Committee, the Internal Control Committee, the Human Resources Strategy Committee, and the Technology Strategy Committee. In this way, we continue to address challenges related to people and technology from a medium- to long-term perspective, strengthening the management foundation supporting sustainable growth.

## Governance

We consolidated the functions of the Internal Control Subcommittee, Management Quality Council, and other bodies into the Internal Control Committee, providing greater support for management oversight functions. As with the Sustainability Committee, the Internal Control Committee is an advisory body to the Board of Directors. In addition to responding to inquiries from the Board, the committee submits regular reports on its discussions and deliberations. Questions and comments raised during Board meetings are shared with the Internal Control Committee as part of a system to ensure such questions and comments are reflected in future initiatives and activities.

Sustainability and Governance Structure



# Committee Activities

## Sustainability Committee

**(Chair: Officer in charge of Corporate Department/in charge of Sustainability)**

This committee is an advisory body to the Board of Directors for the purpose of addressing issues surrounding sustainability.
The following three subcommittees have been established under this committee.

### Risk Management Subcommittee

**(Chair: Executive General Manager of the General Affairs Division)**

This subcommittee conducts regular risk assessments and selects identified risks to respond to changing operating environments. In addition to determining the departments that have jurisdiction over these risks and setting evaluation targets (control targets), the subcommittee monitors the progress of initiatives and otherwise works to reduce risk.

### Information Security Subcommittee

**(Chair: Executive General Manager of the ICT Promotion Division)**

This subcommittee maintains the Basic Policy on Information Security and related regulations, studies human, physical, and technological measures related to information security in general, monitors the state of information security, takes steps to prevent and detect incidents, and responds to emergency situations. The subcommittee has formed an Information Security Measures Team that establishes and periodically reviews specific measures for improvement. The team also conducts training and manages the (PDCA) cycle to maintain and advance information security.

### Environment Subcommittee

**(Chair: Executive General Manager of the Corporate/Quality Division)**

This subcommittee aims to ensure legal compliance and mitigate environmental impact by evaluating compliance with environment-related laws and regulations. The subcommittee also confirms the status of environmental conservation activities and discusses, drafts, and implements measures for improvement.

## Internal Control Committee

New

**(Chair: Representative Director, Chairman, President and Chief Executive Officer)**

This committee serves as an advisory body to the Board of Directors, dealing with the establishment and operation of KONOIKE Group internal controls, addressing issues related to internal controls, and improving the effectiveness of measures to prevent compliance violations or recurrence through monitoring activities.

## Human Resources Strategy Committee

New

**(Chair: Executive General Manager of the Personnel Development Division)**

This committee serves as an advisory body to the Board of Directors to enhance the corporate value of the KONOIKE Group, assisting in the formulation and execution of medium- to long-term growth strategies from a group-wide and global business perspective.

The following four topics relate to strategies for human resources and initiatives to address over the medium to long term:

- ❶ **Employment:** Response to labor shortages
- ❷ **Development:** Develop human resources in line with business strategy
- ❸ **Assignments:** Create a human resources management structure
- ❹ **Retention:** Create pleasant work environments

## Technology Strategy Committee

New

**(Chair: Executive General Manager of the Technology Innovation Division)**

This committee serves as an advisory body to the Board of Directors to enhance the corporate value of the KONOIKE Group, assisting in the formulation and execution of technical strategies necessary for medium- to long-term growth strategies from an optimum group-wide and global business perspective.

The committee addresses innovative technologies, including AI, IoT, big data, and robotics. Meanwhile, the Technology Innovation Division and ICT Promotion Division collaborate to create a medium- to long-term roadmap for technology overall and to pursue initiatives to resolve issues.

# People

## Basic Philosophy

The KONOIKE Group believes that people are the driving force behind the sustained enhancement of corporate value. To achieve the 2030 Vision, our Medium-Term Business Plan 2027 calls for an increased investment in human capital of ¥20 billion over three years, mainly in improved compensation, education, and training. Along with re-accelerating work-style reform, strengthening recruitment, and reorganizing our human resources systems, we pursue human capital management that maximizes the potential of each individual. In April 2025, we established the Human Resources Strategy Committee as an advisory body to the Board of Directors. The purpose of this committee is to strengthen our base of human resources, which supports robust frontline operations and medium- to long-term growth. Activities to this end include advancing human resources development aligned with business strategy and improving employee well-being, while accelerating efforts to create environments where a diverse workforce can take on new challenges and continue learning with confidence.

## Medium-Term Business Plan KPIs

| | | |
|---|---|---|
| Career-Track Employee Recruitment Plan | New graduates | 50 |
| | Mid-career | 30 |
| Front-Line Employee Recruitment Plan | New graduates | 140 |
| Three-Year Turnover Rate | Career-track | 5.0% |
| | Front-line | 20.2% |
| Percent of Male Employees Taking Childcare Leave | | 40.0% |
| Percent of Female Managers | | 10.0% |
| Percent of Persons With Disabilities Hired | | 2.75% |
| Well-Being Survey Score | Happiness | 4.16 |
| | Concern | 3.21 |
| | Organization/Morale status | 4.75 |
| Cumulative Total of Coaching Participants | | 560 |

## Toward an Investment Increase of ¥20 Billion in Human Capital

3-Year Total

Improved Compensation/Wages ¥16.1 Billion

Education and Training ¥2.4 Billion

Extension of Retirement Age ¥1.8 Billion

People

## Policies for 2030

# Pursue Human Resources Development Under Management Strategy

### Develop business human resources in line with business strategy

We are identifying the human resources needed based on the vision outlined in our 2030 Vision, backcasting from this vision and implementing a human resources strategy aligned with business strategy, including strategies for recruitment and development. We intend to optimize the group-wide human resources portfolio and strengthen the development of future business leaders and specialized professionals.

### Develop highly specialized corporate human resources

The KONOIKE Group seeks to develop highly specialized talent within the corporate department as a means to strengthen internal controls in line with business growth. We utilize job standards that specify the performance levels to be achieved at each level to visualize progress and establish a systematic training framework.

### Develop human resources with strong problem-solving and proposal skills through cross-division collaboration

The KONOIKE Group encourages the sharing of insights and cross-departmental collaboration across the business operations conducted within the group as we develop employees with strong problem-solving and proposal skills. We conduct cross-functional talent development through job rotations and training programs designed to help employees gain experience.

### Strengthen expertise in technological innovation and ICT units and improve literacy throughout the Group

In FY3/2026, we began a training program designed specifically to support digital transformation (DX) across our operations. In addition to measures that improve employee IT literacy, we have also adopted *Glean*, an AI-powered internal search platform. In this way, we aim to boost productivity through technology literacy and internal tools.

# Raise Employee Job Satisfaction

### Instill our corporate philosophy

Internal branding activities to instill the Corporate Philosophy among employees include *Katariba*, which is a forum for open dialogue, as well as reading aloud the KONOIKE PHILOSOPHY, featured in the KONOIKE Handbook, which is distributed to all employees across the group.

### Pursue employee happiness

**Health Management**

Konoike formulated the Declaration of Health Management in February 2023, engaging in priority measures to enhance employee performance and human resource stability and retention. As a result, we have been a Certified KENKO Investment for Health (Large Enterprise Category) for three consecutive years from 2024 to 2026.

**Engagement Survey**

As society and work styles become increasingly diverse, the KONOIKE Group continues to analyze the results of our annual employee survey and implement improvements at each location to ensure the well-being of every employee. We aim to foster a corporate culture where employees find fulfillment in their work and can perform to the best of their abilities.

People

# Pursue Human Resources Development Under Management Strategy

## Develop Business Human Resources in Line With Business Strategy

As we work toward 2030 Vision in the second year of Medium-Term Business Plan 2027, we will first define and clarify our future ideal for each business segment and profile the human resources necessary to achieve that ideal. We have firmly established a talent management system internally. Under this system, we visualize human resources information and build talent pools for each key development priority, including management personnel, technical personnel, global talent, and highly specialized professionals. We are preparing to begin full-scale training programs under our current medium-term business plan to enhance the skills of our employees further. We also plan to invest ¥2,500 million in employee education and training over the next three years. At the same time, rather than simply providing a service that fulfills customer orders as we have done in the past, we aim to offer services that provide even greater value. To this end, we are preparing a program to support the development of human resources capable of transforming Konoike from making things to creating services with the aim of strengthening the creativity, critical thinking, and execution skills necessary to solve social issues through the KONOIKE Group businesses.



Short-term training program overseas (India)

## Develop Highly Specialized Corporate Human Resources

Following our shift to the Tokyo Stock Exchange Prime Market in April 2022, we have continued to develop human resources into professionals with greater expertise and stronger management capabilities. The corporate department, in particular, plays an indispensable role in strengthening internal controls. Within this division we aim to enhance employee skills through job description manuals tailored to each department and organized by job level. At the same time, we have incorporated a training curriculum led by employee instructors from various departments (e.g., finance, accounting, legal, general affairs, and human resources) into a tiered training program, the goal of which is to not only educate our entire workforce, but also improve the skills and quality of departmental employees serving as instructors. In this way, we are building systems that naturally encourage updated skills related to assigned tasks. We also place great importance on the requirement that candidates possess corporate expertise that demonstrates an understanding of KONOIKE Group businesses. In addition to high levels of expertise, we aim to build a corporate department that has a solid understanding of and provides reliable support to the front lines of our businesses. To this end, we continue to develop human resources while implementing appropriate job rotations.

| | |
|---|---|
| Second Year | Consider social issues |
| Fourth Year | Broader perspective on issues |
| Sixth Year | Link issues to the Company's business activities |
| New Assistant Managers | Reframe business opportunities |
| New Office/Department Managers | Develop businesses |
| Fifth-Year Office/Department Managers | Link to horizontal expansion |

People

## Develop Human Resources With Strong Problem-Solving and Proposal Skills Through Cross-Division Collaboration

The KONOIKE Group operates and possesses a wealth of knowledge in a wide range of businesses. To create and deliver unprecedented added value through the services we provide to our customers, we must develop an organization capable of sharing, coordinating, and utilizing this expertise across the KONOIKE Group, while developing employees with strong problem-solving and proposal-making skills. In some cases, other divisions have already achieved improvements or are actively engaged in marketing and information gathering that answers customer concerns or social issues beyond the scope of another division's capabilities. The KONOIKE Group ensures opportunities for inter-division interactions that cannot be achieved completely through daily on-the-job training alone. These opportunities include training programs and other means to foster greater interest in other divisions and cultivate the ability to see our organization from a much broader perspective. Sharing common challenges makes it possible to develop even more sophisticated solutions. We intend to enhance synergies across the KONOIKE Group's diverse businesses through people-to-people exchanges, by which we expect to increase our corporate value even further.



Human Resource Development Center

## Strengthen Expertise in Technological Innovation and ICT Units and Improve Literacy Throughout The Group

We have continued to improve the IT literacy of every employee through company-wide digital training toward our organizational goal of digital transformation (DX) in business operations. In May 2026, we became the first Japanese logistics company to adopt *Glean*, an in-house AI platform. This platform has helped us create an environment supporting cross-functional searches and utilization of the diverse information accumulated within our organization. Glean handles tasks such as information gathering, organization, and document creation, which were performed by human staff in the past. We are also pursuing operational efficiency and productivity improvements throughout the entire company through expanded training programs tailored to AI proficiency levels. This training includes business divisions and KONOIKE Group companies, in addition to the corporate department. We will continue to develop new training curricula and incorporate the insights gained from initiatives aimed at creating new value and services based on on-the-ground challenges and customer needs. In this way, we intend to build a foundation in which human resources development and business creation reinforce one another.


AI training for senior management provided by external company

People

# Raise Employee Job Satisfaction

## Instill Our Corporate Philosophy

Instilling our Corporate Philosophy requires each employee to take ownership and put the philosophy into practice in their daily work. This mindset lays the foundation for the sustainable growth and enhanced corporate value of the KONOIKE Group. We will continue to foster a corporate culture in which every person in the Group works toward a shared direction. To this end, we plan to establish within our employees a deeper understanding of and alignment with our philosophy through ongoing dialogue between management and the front lines, as well as across divisions and generations. To share our philosophy, we will foster a cycle in which employees consider how to put it into practice through concrete actions in their respective workplaces, engage in dialogue, and translate those ideas into action. Through this process, we aim to firmly instill the type of mindset and behaviors that underpin the KONOIKE BRAND. Of course, instilling a philosophy cannot end as a temporary effort. We will continue to provide opportunities to revisit the philosophy in training sessions, workplace meetings, and in daily interactions. By linking the Corporate Philosophy with on-site practices, we expect to enhance the quality of decision-making and actions. This approach will build a workforce and organization that demonstrates the KONOIKE Spirit, even in a changing business environment.



Katariba workshops

## Pursue Employee Happiness

### Health Management

The physical and mental well-being of our employees is essential for improving productivity. Based on this stance, the KONOIKE Group is committed to managing employee health, relying on regular employee health checkups as the cornerstone of our efforts. To ensure that health screening results are useful in maintaining and promoting health, we focus on the early detection of diseases through financial assistance for follow-up tests and in-depth examinations, in addition to follow-up measures and health counseling. In FY3/2025, we introduced a health checkup results management system as part of our efforts to create an environment for timely healthcare through centralized health data management. By encouraging participation in walking events, we support regular exercise habits and foster interaction among employees, which in turn leads to greater awareness of personal health management and behavioral changes. In this way, we put our Corporate Philosophy of respect for humanity and relationships of trust into practice through health management initiatives that are part of our ongoing efforts to foster a workplace where every employee can thrive. We want all employees to have a greater awareness of health and foster a corporate culture that supports employee well-being.

People

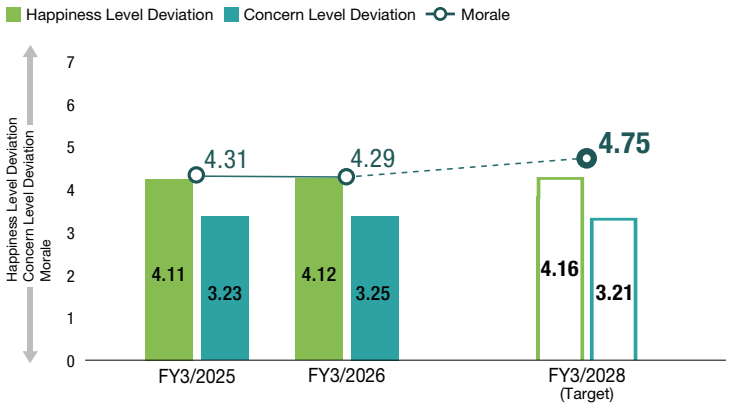
## Engagement Survey

### 1 Purpose

We conduct regular well-being surveys to encourage employee well-being and enhance engagement. Our aim here is to visualize the current status and challenges within each organization and workplace, analyze the results, and provide feedback to senior management and the heads of each location, leading to concrete improvement actions. Furthermore, through feedback workshops, we foster understanding and behavioral change in the workplace. We ask each organization to drive improvements autonomously in our aim to create workplaces where employees find greater fulfillment, enhance organizational capabilities, and improve survey scores.

### 2 Survey Results

| | |
|---|---|
| Question Parts and Survey Objectives | Well-Being:<br>Direct measurement of well-being itself |
| | Morale:<br>A measure of KONOIKE Group employee morale as a prerequisite for well-being |
| Eligible Survey Respondents (FY3/2026) | Front-line employees (supervisors only) and career-track employees: 3,257 |




### 3 Priority Measures

Since 2022, we have conducted a regular groupwide well-being survey to measure three indicators: (1) job satisfaction, (2) job dissatisfaction, and (3) the state of our organization. We hold feedback workshops for senior management based on the results of these surveys. We understand that the use of surveys demands that we not only visualize each organization's current status and challenges, but also consider and implement improvement measures based on the results, driving continuous improvement through the PDCA cycle. Improving survey results requires more than the implementation of individual measures. We must ensure that our entire organization—management included—understands the significance and purpose of our pursuit of well-being. For this reason, we have expanded the scope of the feedback workshops to include managers and office managers in charge of on-site operations, reflecting our efforts to foster understanding and drive behavioral change at the operational level. In addition, we also leverage our talent management system to create an environment that enables each organizational leader to track their team's survey results in a timely manner and take action according to any issues that emerge. In these ways and more, we strive to create systems that enable our organizations to pursue autonomous and continuous improvement.

People

# Human Rights

The corporate philosophy and mission of the KONOIKE Group reads, “We pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust.” We recognize that the human rights of all people affected by our business activities must be respected to achieve this mission. To this end, we established the KONOIKE Group Human Rights Policy in 2023 as a guideline for fulfilling this responsibility. We respect the human rights of all people involved in our business activities and strive to avoid inflicting or encouraging any negative impact on human rights. However, the scope of human rights within the KONOIKE Group is very broad. Accordingly, we address any issues in order based on priorities established through risk analysis. In 2025, we began conducting human rights violation surveys for foreign technical trainees and foreign workers with specified skilled worker status. We will conduct a survey this upcoming fiscal year and on an ongoing basis to minimize the risk of human rights violations and fulfill our social responsibilities.

## Human Rights Due Diligence

The KONOIKE Group complies with the laws and regulations of each country and region in which we operate in accordance with the United Nations Guiding Principles on Business and Human Rights. At the same time, we strive to enhance the effectiveness of our human rights due diligence activities. We raise awareness of human rights and foster a deeper understanding throughout the Group through e-learning programs and surveys. Of course, the KONOIKE Group Human Rights Policy applies to all Group officers and employees, and we require business partners to support and comply with the policy as well. We conduct surveys of foreign technical interns and foreign workers with specific skilled worker status. In addition, we have established a multilingual support desk where foreign employees, including the aforementioned individuals, can seek advice in their native languages. In these ways and more, we strive to uncover potential human rights violations as early as possible. We also leverage our business relationships in our efforts to prevent and mitigate any negative impacts related to our businesses and services. Through these initiatives, we identify challenges, implement improvement measures, and follow the PDCA cycle to verify effective responses. This approach helps us to prevent problems before they occur and address problems promptly when they do, as we strive for continuous improvement across the KONOIKE Group.

| Category | | | Initiatives |
|---|---|---|---|
| Human Rights Policy Development | | | Established the KONOIKE Group Human Rights Policy in April 2023 |
| Human Rights Due Diligence | Human Rights Impact Assessment | | Conducted an initial human rights risk assessment |
| | Implemented preventive and corrective actions | Education and training | Implemented annual and position-specific training on human rights, diversity, harassment, etc. |
| | | Established internal environment and systems | Certified as a Health and Productivity Management Organization 2026 (Large Enterprise Category)<br>Maintained and improved physical and mental health; developed measures to balance work and life |
| | | Supply chain management | Conducted a survey on human rights violations focusing on technical intern trainees and foreign workers with specified skilled worker status |
| | Monitored (conducted follow-up surveys) | | Conducted employee engagement surveys |
| | Disclosed information to external parties | | Disclosed the status of initiatives on the website and in this integrated report, etc. |
| Complaint Handling Mechanism Maintenance | | | Established and maintained the Konoike Reporting Desk (Helpline), an internal reporting desk in Japan<br>Established and maintained a consultation service for foreign employees in their native language |

People

# Diversity

The fundamental philosophy of the KONOIKE Group in promoting diversity is to build an organization where a diverse workforce respects individual differences and each individual fully demonstrates their abilities. Embracing differences in gender, age, nationality, disability status, values, and experiences as unique qualities, while transforming diverse perspectives into organizational strength, is essential for sustainable growth and enhancing corporate value. For this reason, we strive to create environments that balance job satisfaction with a comfortable work experience. At the same time, we endeavor to ensure that everyone has equal access to opportunities to take on challenges and grow. We also place great importance on fostering a workplace culture where everyone feels comfortable expressing their opinions and contributing their best. We create this culture through ongoing dialogue that deepens mutual understanding and respects differences. Diversity is a key foundation of our human resources strategy, and we believe that encouraging a diverse workforce to thrive will lead to the creation of new value and greater organizational flexibility. We will continue working toward building a highly inclusive organization where each individual can thrive on their own terms.

## Initiatives

### Internal Training

Our job title-based training programs provide education tailored to each job level, helping employees view diversity as a matter that affects them personally. We determine topics according to each level, including understanding and applying unconscious bias for new hires, understanding the purpose of and pursuing the employment of people with disabilities for mid-level employees, and understanding and encouraging men to take paternity leave for management-level employees. We foster deeper understanding and behavioral change, not only through lectures, but also through shared experiences and insights in workshops.

### Encouraging the Success of Women

We are implementing an action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and working to achieve a management target of at least 10% women in management positions by FY3/2031. To this end, we established the Encouraging the Success of Women Subcommittee under the Human Resources Strategy Committee, which we established in 2025 as an advisory body to the Board of Directors. The subcommittee addresses various challenges and considers appropriate measures related to the success of women. We strive to create environments in which women can thrive and contribute more fully by sharing challenges and expectations with female career-track employees assigned to sales offices, reviewing workplace culture and systems, and considering new initiatives.

### Technical Interns and Specified Skills Programs

The KONOIKE Group began accepting foreign technical interns in 2006. Since then, nearly 1,800 individuals have participated as interns, learning Japanese logistics management methods. With the addition of the airport ground handling sector in recent years, the scope of industries accepting foreign nationals with specified skilled worker status has expanded to include air transportation, food and beverage manufacturing, industrial goods manufacturing, and the automotive transportation industry. The KONOIKE Group will continue to adapt to changes in the regulatory framework while fostering an environment where human resources from foreign countries can thrive in a wider range of fields, leveraging diversity to drive value creation.

### Hiring People With Disabilities

We endeavor to create workplaces where people with disabilities can be employed as stable and vital members of the workforce across a variety of job sites and offices, and where such individuals can find fulfillment in their work.
We are fostering environments where employees can maximize their potential by identifying their individual characteristics and strengths, assigning tasks that are best suited to the individual. In addition, we require all officers and managers to pass the Universal Manner Certification exam. This certification helps individuals systematically learn and master the mindset and actions necessary for interacting with people from diverse backgrounds.

Special Roundtable Discussion

## Human Capital Management

# Human Resources Strategy and New Challenges on the Front Lines

What is the KONOIKE Group aiming to achieve through human capital management, and what philosophy does the Group use to support employee growth? In this section, we will explore the connection between business strategy and human resources strategy through the perspectives of three individuals who are taking on new challenges.



Kanto & Kita-Nihon Branch

### Ms. Uchida

Since joining the company, she has been working on-site at logistics centers, and she is currently at her second location. She also participates actively in internal projects, including short-term training programs overseas (India) and business creation programs.

Facilitator

### Mr. Kawada

Executive Officer
Executive General Manager, Personnel Development Division/ In Charge of Human Resources Strategy

Medical Division

### Ms. Yasuda

After gaining experience as a nurse in a clinical setting, she joined KONOIKE following a stint in overseas medical aid work and other related roles. She currently works in the Medical Division as a specialist* and is involved in expanding the company's business in the medical field.

**Specialist* refers to persons certified by the Company as possessing advanced knowledge and skills in a specific field

Business Development Division

### Mr. Sunaga

After gaining extensive experience on-site at steelworks in the Steel Division, he now works in the Business Development Division, where he is involved in expanding the mechanisms and systems developed at Company work sites to other industries and overseas markets.



Kawada **For this discussion, we've brought together three people from different backgrounds. First, could you tell us about your career path leading up to your current job?**

Yasuda After working as a nurse at hospitals and airport clinics, I gained experience at a consulting firm that supports the international expansion of the healthcare sector. After that, I joined KONOIKE, and I am currently working in the Medical Division, where I am involved in expanding the medical business and developing systems for human resources development.

Sunaga After joining the company, I was assigned to a steelworks site. Later, I worked under secondment on-site at a customer's facility and then our head office. I am currently working in the Business Development Division, where I am involved in expanding KonoMap, a system developed originally for steel production, to other industries.

Uchida I've been working at a logistics center ever since I joined the company. I am at my second location now, but even among logistics centers, operations vary depending on the products handled and the scale of the facility. We are working to create a more comfortable work environment by incorporating new approaches while making the most of our location's strengths.

Kawada **Everyone seems to have followed their own career path through different experiences. To begin with, what led you to join KONOIKE and pursue your current job?**

Uchida I wasn't originally interested in the logistics industry. I learned about KONOIKE while searching for a company with a sales office in Myanmar, which is a country that had piqued my interest during college. After joining the company, seeing how the people on the front lines approach their work with an artisan spirit and how they saw every task through to the end made me realize that logistics was actually a very cool career. Right now, I'm interested in India in addition to Myanmar, and I'd also like to visit Africa.

Yasuda I was thinking about changing jobs because I wanted to get involved in supporting developing countries and international cooperation. It all started when I was at my previous job, helping companies expand overseas. It was then that I realized I wanted to engage more deeply with local challenges. While searching for a job that would allow me to use my nursing license to contribute to international aid, I came across a job opening at KONOIKE, which is involved in medical aid in India.



Sunaga I was transferred from the field to the head office. Since joining the Business Development Division, I've come to appreciate the excitement of taking on new challenges without being limited to a specific industry. We are preparing to expand a system developed originally to solve challenges in the steel industry into other industries. I feel that this is an environment where I can build on my past experience and take on new challenges.

Kawada **While your starting points and paths have all been different, what you have in common is that you have drawn on past experiences to take on new challenges. What are your thoughts about company initiatives, such as internal projects and HR policies, that have supported your efforts?**



Uchida For me, the most significant experiences were the short-term training program overseas (India) and the business creation program. I volunteered to participate in both. At first, I thought I could manage, as long as I had the desire and drive. However, when I actually tried to turn the concept into a real thing, I realized that this alone was not enough.

Kawada What else did you need, specifically?

Uchida A sense of responsibility and the ability to see tasks through to the end. And then, there's also the ability to communicate your goals to those around you and get them to work with you. During the training program in India, I learned that passion is important, but as I worked on projects within the company, I realized that passion involves not only enthusiasm but also responsibility and perseverance. Rather than trying to do everything on my own, I learned to involve those around me and to make the workplace I'm in charge of a more vibrant environment.

Sunaga I completely understand what Ms. Uchida is saying. Since I moved to a cross-functional role in the Business Development Division, I've had more opportunities to observe various operations on the ground. Seeing the leaders at each site consult with us with such enthusiasm has made me realize once again that logistics is only made possible by the people working on the front lines.

Especially when expanding business overseas, one must move forward step by step while relying on the cooperation of various people. My environment changed significantly after my transfer, and that change has been a major source of motivation. I want to continue to grow in this new environment.

Yasuda Starting this fiscal year, I am taking on the role of a specialist. I feel that my role is closely aligned with the direction in which KONOIKE aims to grow. Although I have experience as a nurse, there's still a lot I need to learn about the healthcare system and the industry as a whole. I'd like to continue growing my knowledge. I hope to create new value by sharing specialized knowledge and experience with others while also applying these skills to our business.

Kawada **I see how internal projects, human resources systems, and other initiatives are helping to support you in taking on new challenges. At the same time, what do you think KONOIKE must do to make it easier for everyone to take on new challenges?**

Sunaga I think it's about the field staff and head office gaining a better understanding of each other's

work. Having someone at the head office who understands the field changes the way challenges are communicated and makes it easier to see how the specialized departments at the head office can provide support. Since I joined the head office, I've received the support of various experts, including legal professionals, who have helped me accomplish things I couldn't have done on my own. It would be great if we could see more connections like this.

Uchida It's true that when you're out in the field, there are times when, to be honest, you don't really know what kind of work people are doing at the head office. But when I work with people from other departments on a project, I can see where a given department plays an important role. I think opportunities like that might also help us gain a deeper understanding of the company.



Yasuda From the perspective of someone who joined the company mid-career, I can say that KONOIKE has a culture that welcomes people with diverse backgrounds. At the same time, I believe there is an even greater need for an environment where women and people from diverse backgrounds can take on new challenges at an early stage. This industry has a lot of male workers, but it would be great if, for example, there were more female office managers and the company could provide them with more support.

Kawada **Thank you. Last, please share a few words about what challenges you'd like to take on next.**

Yasuda As a specialist, I'd like to start by learning more about the front lines of the company. Looking ahead, I also hope to be involved in social contribution initiatives, such as building hospitals and engaging in ODA (Official Development Assistance) projects. These initiatives are something that really only KONOIKE can handle. I want to be involved in work that will help society gain a broader understanding of our company's role and value.

Sunaga I want to keep an eye on what's happening overseas and think about what's needed in those regions. Solving challenges faced by businesses and society ultimately leads to increased sales. I'd like to make viable businesses in that way and create a system that delivers value on a sustainable basis.

Uchida I've long wanted to take on a role working overseas, so I'd like to make that happen early in my career. At the same time, balancing work and family life is also one of my goals. I think there are many people who feel the same way, so I hope I can serve as a role model for them.

Kawada The KONOIKE Group is committed to human capital management with the goal of becoming the company of choice for all stakeholders. I hope that through this roundtable discussion, we can convey—even if only a little—that we are creating an environment where people from all walks of life can take on new challenges and continue learning with confidence.

And I'd be happy if, just like all of you, people saw how each of us brings our own experiences and strengths to our work with enthusiasm, not to mention seeing KONOIKE as a cool and interesting organization.

On behalf of the Human Resources Division, I want to say that we hope to build on the thoughts and

# Technology

## Basic Philosophy

Strengthening the technology of our field and people, which are the lifelines for solving the issues facing our customers and society, the KONOIKE Group views technology as an intangible asset that includes the expertise and safety-related skills of individual employees and work sites, rather than simply new and digital technologies, as generally defined. Strengthening this technology and enhancing our on-site capabilities will lead to sustainable growth by adding value to the services we provide to our customers and expanding our business. Accordingly, related divisions such as the Technology Innovation Division, ICT Promotion Division, Corporate/Quality Division, and the Sales Management Division work together to strengthen technology.

## Technology Strategy Committee

Under the previous medium-term business plan, the Technological Capital Working Group, overseen by the Sustainability Committee, incorporated the business knowledge accumulated from KONOIKE Group front-line locations into a technical capital library and database, encouraging on-site improvements and the adoption of new technologies.

Going forward, the Technology Strategy Committee will actively pursue technology- and system-related initiatives based on this database, including research into cutting-edge technologies and the standardization of technologies for on-site implementation. As we pursue these efforts, we will ensure alignment with our group-wide strategies.

Step 1 Previous Medium-Term Management Plan

### Technological Capital Working Group

- Take up technology lying dormant in the field
- Determine KPIs for intangible assets

Step 2 Medium-Term Business Plan 2027

### Technology Strategy Committee

Implement technology-related projects and system investments in line with our company-wide strategy, in line with on-site needs, and in cooperation with relevant departments

## Technology

Initiative

Field



Technology Innovation Division

ICT Promotion Division, Etc.



1 Technical Capital Library (Database)

2 On-site × Technology Innovation Division/ ICT Promotion Division initiatives, etc.

3 TechIC proof-of-concept tests

4 System implementation (new integrated WMS, etc.)

Technology Strategy Committee

Deploy technologies and systems efficiently and rapidly

Categories Under Study

- Common technologies expected to be deployed horizontally
- Selected automation technology, experimental equipment at TechIC
- Selected systems, Etc

Business Divisions

Collaborate with selected warehouses and large investment projects from a technical and systems perspective

# Technical Capital Library

The KONOIKE Group established a database to share the automation and labor-saving initiatives implemented at each site across the organization. Users can search for examples of initiatives from various aspects, such as solutions, improvement projects, and improvement outcomes. This database also enables information exchange among personnel in charge of such initiatives. Currently, the site receives approximately 1,000 accesses per month, demonstrating the degree of active use.



Technology

# Technology Innovation

The KONOIKE Group's business competitiveness depends on providing more attractive services, and we recognize the importance of innovation in the field to achieve greater heights in response to the recent and various changes in the logistics and warehousing industry. To this end, we opened the Konoike Institute of Technology Innovation Center (Giken IC) in March 2021, which has been at the forefront of accelerating technological innovation. We achieve this through three functions: (1) conducting experiments and proof-of-concept tests to confirm the effectiveness of new technologies and post-introduction operations by recreating various KONOIKE Group work sites at the Giken IC; (2) accelerating open innovation in which customers and vendors of new technologies gather at the Giken IC to discuss and observe the recreated sites and new technologies, and (3) engaging in technological development with customers that meets with their future vision as part of our sales activities. In addition to these initiatives, we conducted literacy training to foster a company-wide culture of technological innovation and industrial engineering training to accelerate the implementation of on-site improvement activities. In this way, efforts toward improvement we have taken together with field teams have gradually borne fruit. Going forward, we will continue to promote technological innovations directly related to the strengthening of field capabilities.

**Our Initiatives 1**

## Evaluating Safe Forklift Operations Using Simulation Technology

Our use of simulations in the past has focused on improving productivity and verifying layouts. Recently, we have expanded the use of simulations to enhance safety as well. By simulating pallet transport by forklifts and the behavior of loads during turns, we evaluated sway and the risk of tipping under varying conditions to visualize the factors that affect stability, including load configuration, height, and turning speed. We intend to apply the insights we have gained to improve work methods and operating conditions, which will lead to enhanced safety measures.

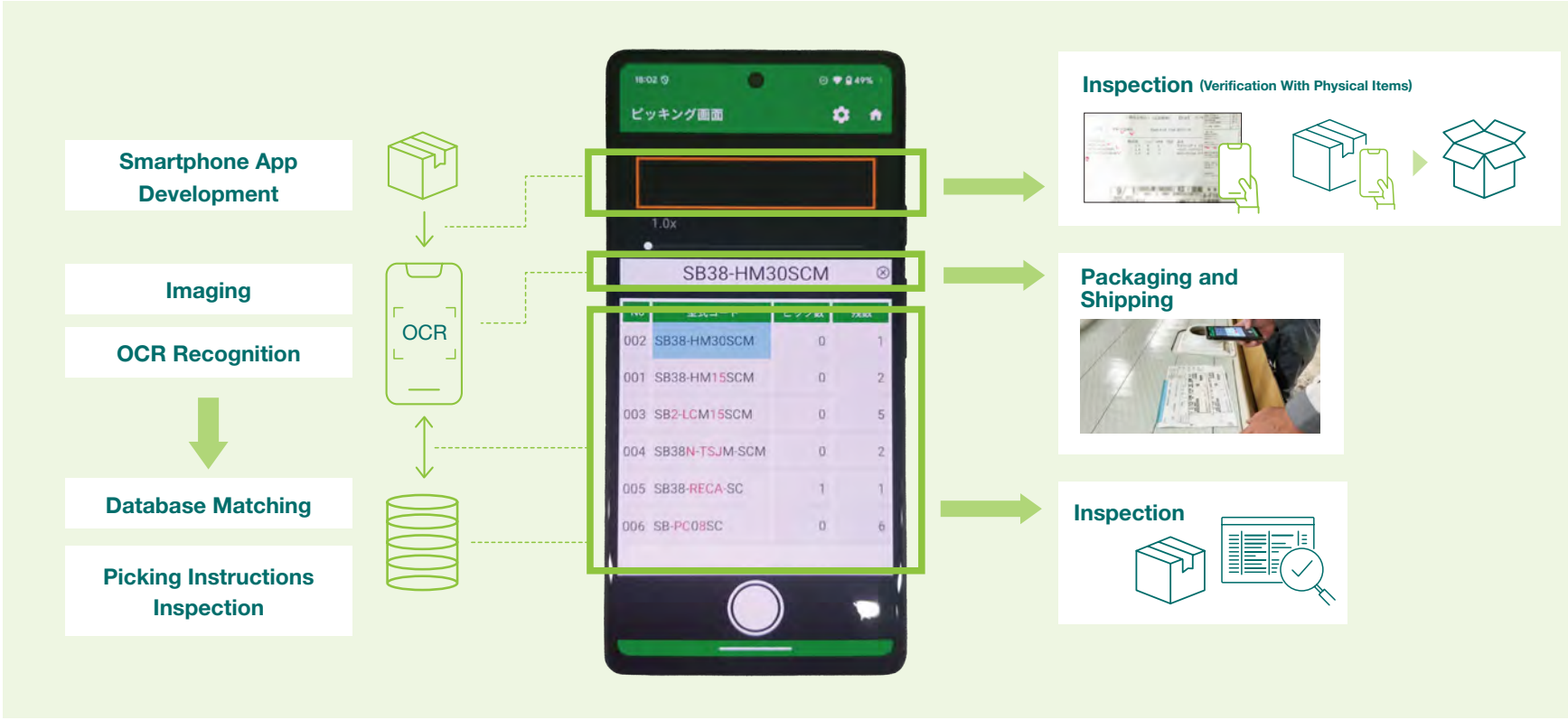


Technology

**Our Initiatives 2**

# Using AI-OCR to Support and Improve Picking and Inspection Technologies

Not all cargo is labeled with identifiers such as barcodes in our logistics operations. Since it is difficult to apply barcodes uniformly on-site, there remains a significant amount of work involving the visual inspection and verification of actual items and documents. In response, we developed a system that provides end-to-end support, from image capture and character recognition using AI-OCR to verification and decision-making, solving the conditions specific to logistics and making use of information from existing labels and forms. We continue to improve and standardize functions through on-site implementation. By rolling out site-specific solutions to other sites and business units, we drive greater efficiency across a wide range of operations.



Technology

# ICT/DX

**Our Initiatives 1**

## Using Generative AI to Achieve Business Transformation and Talent Development: "AI Is Everywhere"

To drive business transformation and create new value, Konoike has launched a full-scale, cross-organizational Generative AI Utilization Project. This project consists of four key areas: infrastructure development, AI talent development, use case creation, and governance framework development. On the infrastructure front, we introduced an AI platform for cross-organizational searches of internal knowledge and established a company-wide AI infrastructure that can be utilized safely and with scalability. In addition, both the business and corporate divisions are developing in-house, field-driven business use cases toward concrete operational transformations, including the automation of routine tasks and faster decision-making. In terms of talent development, we have designed level-specific training programs for all employees, from executive management to frontline staff. We are also training AI Ambassadors to lead the implementation of these programs in each department. As we improve AI literacy group-wide, we are also expanding the pool of talent capable of solving challenges within their own assigned departments. In terms of governance, we are establishing a framework for safe and secure use by developing user guidelines and joining the AI Governance Association.

Moving forward under the motto, *AI Is Everywhere—Bringing the Power of AI to Every Workplace*, we will work to redesign business processes using AI as a core element and create new value, aiming to strengthen our long-term competitiveness and improve employee well-being.



Technology

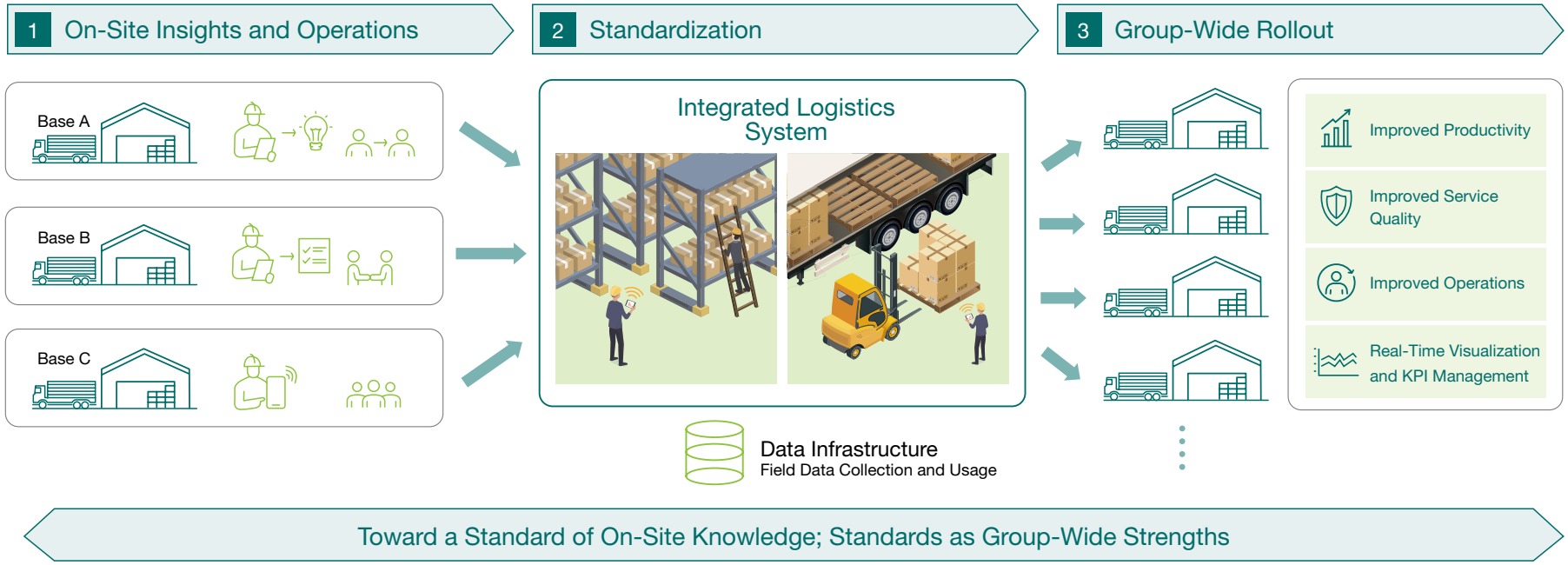
**Our Initiatives 2**

# Turning On-Site Insights Into Group-Wide Value:

## New Integrated Logistics System for Standardization and Data Usage

One of our greatest strengths is the knowledge and expertise we accumulate on-site. The ICT Promotion Division continues to extend the capabilities of our new integrated logistics system to ensure that our strengths are not limited to individual locations, but are also leveraged to enhance the group's competitiveness overall. During FY3/2026, we incorporated operational insights and practices developed in the field as standard features and continued to build a platform to be used across all locations. Through this initiative, we pursue the standardization of operational procedures while striving to improve productivity and service quality across our entire logistics warehouse network.

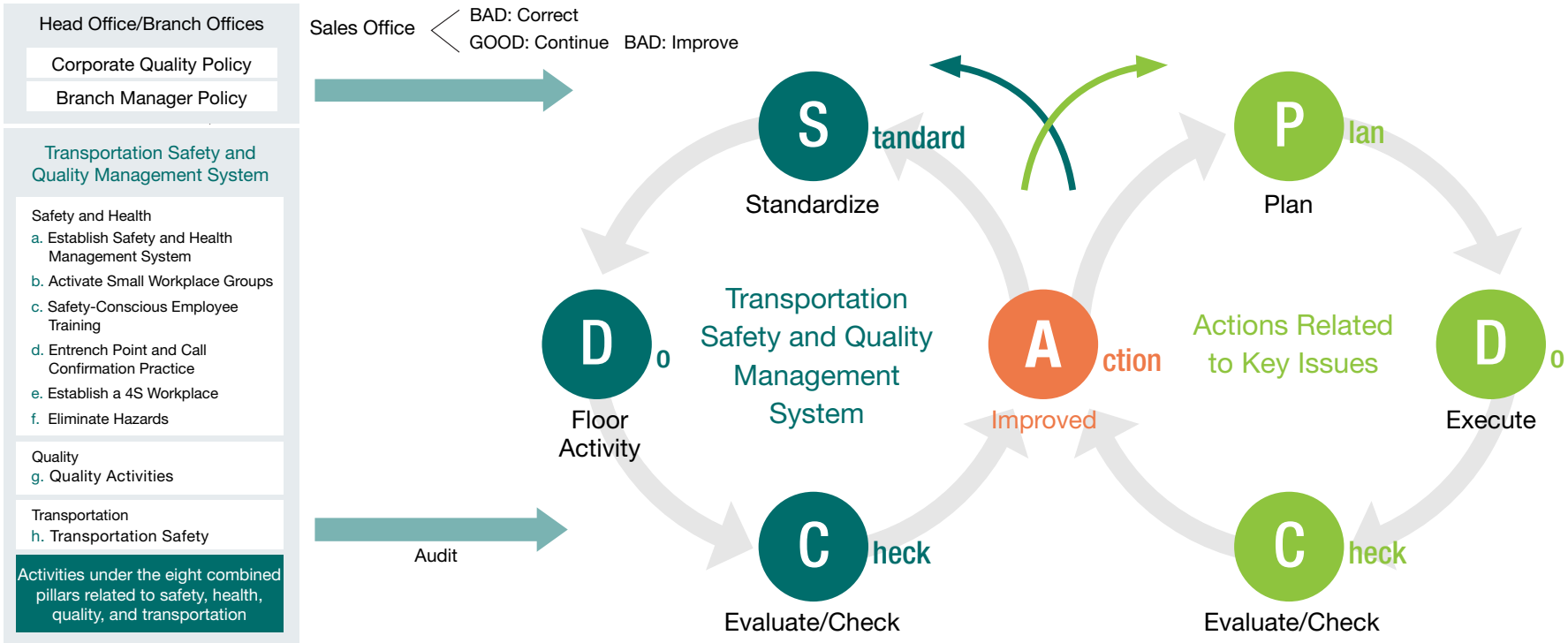
In addition, we use system data related to incoming/outgoing shipments and inventory, as well as the data obtained from handheld terminals, to monitor on-site operations and task progress in real time, as well as to identify issues and drive analysis-based improvements. In this way, we work from an operational approach that allows every on-site employee, regardless of experience level, to accurately assess the situation based on standard metrics, make independent judgments, and drive improvements. At the same time, this system creates an environment that facilitates more precise decision-making. Going forward, we will continue to enhance integration with peripheral systems to establish an environment where necessary data can be accessed and utilized when needed. Through these efforts, KONOIKE is building a company-wide culture of data utilization and enhancing corporate value through greater productivity and logistics operations quality.



Technology

# Safety and Quality Activity System

We conduct safety and quality activities based on the Corporate Quality Policy announced at the beginning of the year. Based on the Corporate Quality Policy of the Head Office, each sales office incorporates activities for the year into their operating plans, after which they proceed with the activities through the SDCA cycle. Once these improved methods are standardized into SDCA, the offices return to the SDCA cycle. In addition to the abovementioned daily safety activities, the Head Office Safety/Quality Department and each corporate quality specialist and individual in charge work together to tackle individual issues each year. In FY3/2026, we continued our efforts from the previous year, working to reinvigorate initiatives concerning near-accidents. Each corporate quality specialist or individual in charge selected a location under their jurisdiction for 4M5E analysis of factors interfering with near-accident initiatives. Each specialist and individual in charge worked together with the Head Office Safety/Quality Department via web conference to check progress, including progress on items noted in the work process chart. In principle, safety and quality activities are carried out under the direction of each general manager, the branch manager and the sales office manager in order. However, each corporate quality specialist or other individual in charge assigned to a branch or affiliate receives individual support from the Corporate/Quality Division and provides support for the activities at each sales office.



Technology

# Safety Initiatives

## Safety Experience Education

In FY3/2020, we began providing safety experience education for the purpose of raising individual safety awareness. In this education, people (safely) experience being pinched by real machines, learn to prevent mistakes by using the pointing and calling method, experience tip-over accidents in virtual reality, and experience a simulation of getting hit by a forklift. The virtual reality training was implemented for the purpose of raising awareness through realistic experiences, especially for inexperienced young employees and elderly employees who tend to experience accidents at higher rates. In addition, we take equipment out into the field to conduct on-site experience-based training for employees too busy with their own work.

## Initiatives to Prevent Automobile Accidents

We began conducting hazard prediction training in FY3/2024 to further raise awareness of safety and personal responsibility. This prediction training analyzes video footage of actual incidents. Training materials include videos of near-miss incidents experienced by our employees while driving, regardless of whether they were the cause or the victim. These videos allow each participant to understand the potential dangers in various situations and consider response measures. With drive recorders already installed in all vehicles, we now have access to over 400 videos and endeavor to prevent traffic incidents through this training.

## Driver Contest

We hold the KONOIKE Group Truck Driver Contest every year at the Chubu Truck Training Center. Representative drivers from each office are divided into medium-duty, heavy-duty, and trailer truck categories, and compete for ranking based on point totals obtained from exams, inspections, energy-efficient driving, and practical skills competitions. Training sessions are also held on the day of the event in line with each contest thanks to the cooperation of the dealers and the Aichi Trucking Association.



Technology

# Quality Initiatives

## Initiatives for Customer Satisfaction

Quality is a very important factor in building relationships of trust with customers. Accordingly, we have been pursuing K-QMS (KONOIKE Quality Management System) activities.

By listening during customer visits and through customer communications, we identify customer needs, set goals at the beginning of the year, and confirm progress in our Transportation Safety and Quality Management System. After taking corrective measures and measures against recurrence for problems that arise at an operating location, we share information about the incident throughout the Company via corporate intranet to prevent recurrence of similar issues.

## Developing Internal Auditors

Under our K-QMS program, sales offices conduct internal audits on each other. The purpose of internal audits is to confirm operating conditions. For example, audits determine whether the established K-QMS conforms to customer requirements, laws, and regulations and whether it is effective. The Head Office Safety/Quality Department organizes internal auditor development trainings about once a year as it is crucial to provide internal auditors with the knowledge needed to conduct these audits.

# Building Relationships With Business Partners

It is essential that we collaborate with our partners in carrying out our work. We engage in active communication with our partners to align our approaches regarding safety and quality improvements. Each sales office holds meetings with partner companies, conducting safety activities along the same topics and otherwise striving to perform activities through coordinated efforts. Each year, sales office representatives also visit partner companies to share information about safety activities, quality activities, and the status of legal compliance. In this way, we ensure that both the KONOIKE Group and our partners continue to improve. During these visits, representatives confirm the management policy, business plan, transport management, driver and vehicle management status, and safety activities for each trucking company based on the Partner Management System Evaluation Table. For partner companies working with us as on-site contractors or dispatchers, we also check their legal documents, insurance coverage, employment contracts, and health and safety activities. Visits were made to 591 partner companies in FY3/2026.

Technology

# Internal Award System

## Konoike Grand Prize

Each year, on the day in May set aside to commemorate KONOIKE's founding, we award the Konoike Grand Prize to offices and individuals that have made outstanding contributions to transportation safety and quality, as well as offices that have demonstrated excellence in their activities. We awarded 187 offices and individuals in FY3/2026. These awards include 16 offices and individuals in the safety category, 49 in the transportation category, 21 in the quality category, 26 in the distinguished service category, 67 in the excellence activities category, and 8 in the presentation of safety and quality activities category.

## Awards and Recognitions

## Reduce Production Line Stoppages and Product Rejections While Improving Safety, Quality, and Ease of Work

**Details**

Some products are manufactured only once a month and in small lots. Because the impact on overall operations is limited, there had been a tendency to simply accept problems related to these small-lot runs when they occur. We have introduced an improvement initiative to change that mindset at the Yamaguchi Office with a clear message that the status quo just isn't good enough. We closely observed equipment operation, noted any irregularities we observed on-site, and verified each issue in conjunction with our customer.

### STEP 01 Refusing to Accept the Status Quo

Putting up with the inconvenience, since the product isn't manufactured very often. That way of looking at things had become the norm. However, the frequent shutdowns and exclusion procedures are certainly placing a burden on the operators. First, we started by questioning the status quo.

### STEP 02 Tracking the Irregularity to the Source

Upon observing the equipment in operation, we noticed that labels were shifting during transport. It appeared that some labels were not properly attached or were tilted. A label that is too short doesn't cover the entire adhesive area. The compressed air* was not functioning where it was needed. Instead of noting the symptoms and moving on, we investigated the root cause of this issue.

* Labels are made of extremely thin plastic. The shrink sleeve labeler uses compressed air to assist with label placement through blowing and suction

### STEP 03 Let's Fix it Ourselves

We came up with the idea to add an auxiliary air line and reuse parts left over from previous modifications. We presented the proposal to our client, obtained permission to test on half of the heads in the equipment, and handled everything from machining to replacement on our own. Even though there was no guarantee it would work, we tried doing what we could, one step at a time.



The Yamaguchi Office won the Grand Prize in the Safety and Quality Activities Presentation category

**Improvement Results**

- **Shrink-wrap labeling equipment:** Equipment utilization rate 95.13% → 99.46% Improvement / Equipment downtime 163 minutes → 23 minutes Reduction
- **Product rejection rate:** 0.20% → 0.04% Reduction / Also reduced the workload associated with handling rejected products
- **Time freed for more effective use** Approximately 1,320 minutes/year of mold changeover time Reduction

# Environment

## Basic Philosophy

**While our business activities contribute to the economy and society, they also put a burden on the global environment.**

**The KONOIKE Group strives to solve global environmental issues for sustainable development. Greenhouse gas emissions are an inevitable part of our business. We must make efforts to reduce these emissions at all KONOIKE Group business sites. When the Kyoto Protocol came into effect in 2005, we established our Basic Environmental Policy. Based on these guidelines, we set environmental targets at each business site and strive to achieve them. In addition, we are taking environmental issues in society head-on based on the nature of our businesses. Examples include reverse logistics and recycling businesses, which play a role in the recycling-oriented society.**

## Disclosure in Accordance With the TCFD

The KONOIKE Group recognizes that climate change is an important issue affecting the global environment, humanity, and corporate activities, and is actively promoting activities to mitigate global warming in order to contribute to the realization of a sustainable and prosperous society. The Group announced its endorsement of the TCFD recommendations in June 2022. The TCFD recommendations suggest four items for disclosure: Governance, Strategy, Risk Management, and Metrics and Targets. The Group will continue to make efforts in line with these items and further enhance the disclosure of information.



Environment

# Governance

The Sustainability Committee has been established as an advisory body to the Board of Directors to discuss individual sustainability issues, including matters related to climate change, under the supervision of the Board.

The Board of Directors reviews evaluation results from the Sustainability Committee to set non-financial environmental targets in line with the KONOIKE Group 2030 Vision and Medium-Term Business Plan, and monitors progress toward those goals.

The Environment Subcommittee operates under the Sustainability Committee and shares information on the status of environmental initiatives at each divisions based on environmental data from these divisions every quarter. The subcommittee then discusses specific solutions for each issue, including those for climate change. The subcommittee ensures fairness and objectivity by inviting an outside expert, among other measures.




# Strategy

We identified risks and opportunities in our business resulting from the progression of climate change and developed a medium- to long-term strategy. Identified risks and opportunities are outlined in the table below.

| Category | | | Impact | Timeline | Action Policy |
|---|---|---|---|---|---|
| Risk | Transition | Policies and regulations | Possibility of worsening business performance due to increased tax burden associated with the introduction of carbon tax, etc. | Medium-term | We finished switching all contracted electricity for our facilities to $CO_2$-free electricity by the end of FY3/2025. In addition, we will continue efforts to reduce per-unit emissions by improving operational efficiency and introducing low-carbon technologies |
| | | Technology | Policy changes and stricter laws and regulations may increase the need to introduce new technologies that contribute to low-carbon emissions and/or increase the cost of replacing or installing new facilities | Short/medium-term | • Strive for the timely introduction of low-carbon technologies that have reached the diffusion phase, funded through productivity improvements and solar panel installation at company facilities<br>• Partially receive replacement cost due to rate revision |
| | Physical | Acute | Increasing number of disasters caused by climate change, such as typhoons and river flooding, could damage our locations and jeopardize business continuity | Long-term | We are evolving our business continuity plan (BCP: construction for disaster response, relocation, power and water outage countermeasures, etc.) |
| | | Chronic | Potential deterioration in productivity and hiring difficulty due to hot working environments caused by rising temperatures | Long-term | Taking measures to reduce workload in hot environments (e.g., cool air blowers, neck coolers) to maintain occupational health and at the same time promoting labor savings through the introduction of technology and DX |
| Opportunity | Resource efficiency | | Potential to expand business opportunities through better pitching to customers by strengthening environmental measures such as $CO_2$ emission reductions (conversely, the potential of losing business opportunities if we fail to adapt well) | Short/medium-term | Improving operational efficiency and productivity in manufacturing and service provision processes, promoting modal shifts and joint delivery, etc. |
| | New markets | | Potential to enter business domains and areas where market expansion is foreseeable in a society where $CO_2$ emissions reduction efforts are progressing | Short/medium-term | We will work to identify growth areas in each industry and gather information and expand management resources to capture opportunities |

(Note) Time Horizon Definitions Short-term: 1 year; Medium-term: 3 years; Long-term: 4 years or more

## Environment

We estimated the potential financial impact of the carbon tax effect, one of the risk and opportunity items identified above, by referencing the International Energy Agency's World Energy Outlook 2024. This analysis was conducted as a preliminary exercise based on what is currently feasible, and the results are intended only as an approximate indication.

| Case Considered | 2030 | 2050 |
|---|---|---|
| | Impact Amount | Impact Amount |
| No efforts taken (BAU) | ¥(4.1) billion | ¥(5.8) billion – ¥(9.1) billion |
| Company goals achieved | ¥(2.7) billion | No impact |

* These figures were calculated based on the following assumptions by multiplying expected $CO_2$ emissions for each year by the carbon prices in Reference 2.

**Reference 2 Assumptions Regarding the Price of Carbon (Unit: yen/t-$CO_2$)**

| Assumptions | 2030 | 2040 | 2050 |
|---|---|---|---|
| STEPS*1 | 21,000 | 22,350 | 23,700 |
| NZE*2 | 21,000 | 30,750 | 37,500 |

*1 Stated Policies Scenario: Scenarios that incorporate the current plans of national governments (including policy initiatives already announced and implemented globally) as outlined in the WEO 2024

*2 Net Zero Emissions by 2050 Scenario: A scenario in which temperatures rise no more than 1.5℃ from before the industrial revolution, as set in WEO2024

* Carbon prices were converted at ¥150.00 to $1 USD, using EU values for STEPS and values for advanced economies with net zero targets for NZE.

**Reference 1 Explanation of Each Case**

| Case Considered | Details |
|---|---|
| No efforts taken (BAU) | A scenario in which 2030 and 2050 emissions intensity remains roughly at the level recorded in FY3/2024 |
| Company goals achieved | Cases in which the company's goals were achieved (35% reduction by 2030 compared to FY3/2019; carbon neutrality by 2050) |

**Reference 3 2030/2050 Results and $CO_2$ Emission Assumptions**

- We calculated the projected FY3/2031 $CO_2$ emissions for the KONOIKE Group under the assumption that we achieve the 2030 Vision. These calculations were based on the $CO_2$ emissions and emission intensity of each business segment in FY3/2024. We also estimated sales in 2050 on the assumption that the Group grows in line with Japan's overall growth rate (CAGR 1%) from 2030 to 2050.
- 2030 and 2050 $CO_2$ emissions were calculated based on the assumptions for each case in Reference 1.

# Risk Management

Information on Group-wide risks is obtained and managed by the Environment Subcommittee for climate-related risks, and by the Risk Management Subcommittee (chaired by the officer in charge of Group-wide risk management) for other risks by consolidating information from the various subcommittees.

The Group identifies and assesses climate-related risks and opportunities in two stages. First, the administrative departments (environment, corporate planning, general affairs, finance, and accounting) review the opportunities deeply relevant to the KONOIKE Group and assess the timeline, impact level, and likelihood. Next, the Environment Promotion Subcommittee, which operates under the Environment Subcommittee, identifies likely opportunities for each business unit and evaluates the identified items using the same criteria. The administrative departments consolidated such results, grouped and organized the items, and compiled the findings into the table above.

The Environment Promotion Subcommittee, under the Environment Subcommittee, manages climate-related risks and opportunities, and receives regular reports from each business unit on progress in addressing risks and capturing opportunities. The Environment Promotion Subcommittee continually reviews and updates risk and opportunity items based on these reports. The same information is then reported to the Environment Subcommittee and subsequently to the Risk Management Subcommittee.



Environment

# Metrics and Targets

Medium-Term Business Plan 2027 includes a target for a 28% reduction in $CO_2$ emissions (vs. FY3/2019) toward the goal of KONOIKE Group carbon neutrality by 2050.

During FY3/2026, we worked to increase the use of 100% $CO_2$-free electricity under our own power contracts, while continuing to replace our fleet with environmentally friendly vehicles, introducing three EV trucks and one FCEV truck, while also expanding the use of biodiesel fuel. As a result, we have cut $CO_2$ emissions by 30.7%, and we are on track to meet the reduction targets established in Medium-Term Business Plan 2027.

We will continue and expand these initiatives in FY3/2027, while also adding five FCEV heavy-duty trucks and participating in proof-of-concept projects for trunk line transportation, among other advanced efforts to develop and promote FCEVs. We also intend to put the KONOECO Activities into full operation. KONOECO is a group-wide environmental awareness campaign and part of our efforts to further advance decarbonization efforts from both hardware and software perspectives through energy conservation in four key areas: fuel-efficient vehicle operation, electricity conservation, water conservation, and paperless operations.

Actual $CO_2$ Emissions (Unit: t-$CO_2$e)

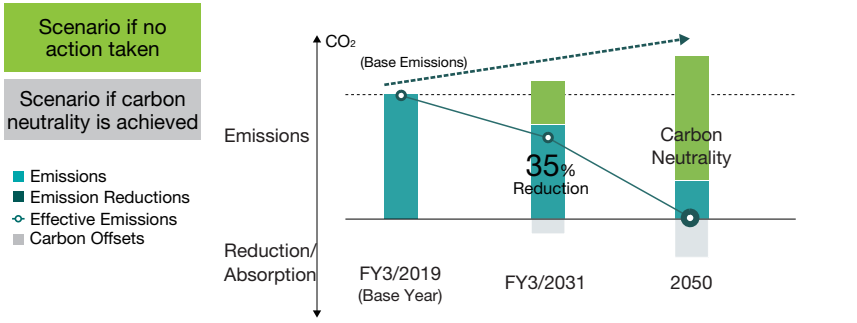
| FY3/2026 | Scope | Achievement Against Goals |
|---|---|---|
| 117,002t-$CO_2$e | Scope 1 | 30.7% reduction compared with FY3/2019 levels |
| 17,641t-$CO_2$e | Scope 2 | |

*1 Calculated in line with the GHG protocol
*2 Scope 2 uses the market-based method

$CO_2$ Emission Reduction Targets

| Date | Target | Eligible Entities | Scope |
|---|---|---|---|
| FY3/2028 | 28% reduction (vs. FY3/2019) | Konoike Transport Co., Ltd. and domestic consolidated subsidiaries | Scope1・2 |
| FY3/2031 | 35% reduction (vs. FY3/2019) | | |
| 2050 | Targeting carbon neutrality | | |

Overview of $CO_2$ Emissions Reduction




| | |
|---|---|
| Renewable Energy | • Switching to net-zero $CO_2$ electricity<br>• Biodiesel fuel, etc. |
| Conserving Energy | • Improve loading efficiency<br>• Introduce 18PL trucks<br>• Switch to LEDs, etc. |
| Introduce New Technologies | • EV trucks, FCV trucks<br>• Hydrogen engines<br>• Alternative fuels to diesel oil, etc. |
| Carbon Offsets | • Via carbon credits<br>• Forest protection activities, tree planting<br>• Eelgrass seedling cultivation, etc. |

The KONOIKE Group also participated in a survey conducted by CDP, an international NGO.
The FY3/2026 survey was a questionnaire on climate change and water security.

Environment

# Achieving Carbon Neutrality




## Renewable Energy

The KONOIKE Group continues to expand the use of renewable energy. We switched the electricity supply for the equipment at all 135 company sites to net-zero $CO_2$ electricity over the four years between FY3/2022 and FY3/2025. The result has been an annual emissions reduction of approximately 23,800 t-$CO_2$e.

We introduced biodiesel fuel derived from waste cooking oil. Trucks at seven domestic sites use B5 biodiesel, while airport service vehicles at airport facilities run on B30 fuel. The use of these fuels reduced $CO_2$ emissions by 69 t-$CO_2$e in FY3/2026. We also collect waste cooking oil from employees' homes and recycle it into fuel.

We will continue to reduce $CO_2$ emissions through the greater use of renewable energy.

## Conserving Energy

KONOIKE operates 25-meter double-trailer trucks as one of our energy-saving initiatives in transportation services. We introduced four units in partnership with NEXT Logistics Japan Co., Ltd. Each truck can carry the same load as two standard large trucks with a single driver, helping address the driver shortage, while also reducing $CO_2$ emissions by an estimated 35% annually compared with operating two separate trucks.

We are implementing modal shifts from trucks to rail and marine transport, which produce lower $CO_2$ emissions. In Japan, we carry out these shifts at 24 sites, centered on the Tokyo Rail Gate Sales Office located within JR Freight's Tokyo Freight Terminal Station. Overseas, we operate an inland container depot (ICD) between three major ports in western India and the Delhi area in northern India. We also run automobile freight train operator (AFTO) services, transporting finished automobiles by rail with dedicated auto carrier railcars. These efforts reduced $CO_2$ emissions by approximately 89,500 t-$CO_2$ in FY3/2026.



Environment

## Introducing New Technologies

As part of our efforts to reduce $CO_2$ emissions, we have partnered with Ezaki Glico Co., Ltd. to introduce the dairy industry's first fuel cell truck (FCEV)* equipped with refrigeration capabilities, beginning operations of these vehicles on January 20, 2026. These vehicles deliver milk for school lunches, produced at the Gifu Plant, to local elementary schools. Compared to conventional diesel trucks, we expect to reduce carbon dioxide ($CO_2$) emissions by approximately 29.9 metric tons per year.

*FCEV stands for fuel cell electric vehicle. These vehicles generate electricity through a chemical reaction between hydrogen and oxygen and use that electricity to power the motor. The only emission from an FCEV is water; no harmful substances such as $CO_2$ or NOx are emitted.




## Carbon Offsets

As an organization founded originally in Osaka, the KONOIKE Group had been participating in the activities of an environmental conservation NPO to preserve the ecosystem of Osaka Bay since 2013 by transplanting eelgrass. Eelgrass is a type of seagrass found in coastal areas and is recognized as a source of blue carbon for $CO_2$ absorption. The development of coastal areas has reduced the area of eelgrass beds in recent years. In response, we began raising eelgrass seeds collected from Osaka Bay at our group offices and employees' homes and transplanting them back into the bay every year. The program began at the Osaka Head Office and has since expanded to 15 sites across Japan. We have transplanted 292 seedlings to date, which we estimate absorb 305 kilograms of $CO_2e$ per year.


Raising Eelgrass Seedlings


Transplanting Eelgrass

# Supply Chain Initiatives

As part of our supplier engagement, the KONOIKE Group has held briefings and surveys since FY3/2023 for primary transport and work subcontractors at each business site. These sessions share information on environmental initiatives and wider social trends.

During FY3/2026, we conducted a survey of a total of 190 companies, gathering information on whether the companies had established environmental regulations, policies, and targets. We also asked whether the respondents calculated energy consumption and $CO_2$ emissions.

We will continue to maintain regular communication with our business partners and strengthen our engagement activities.

# Governance

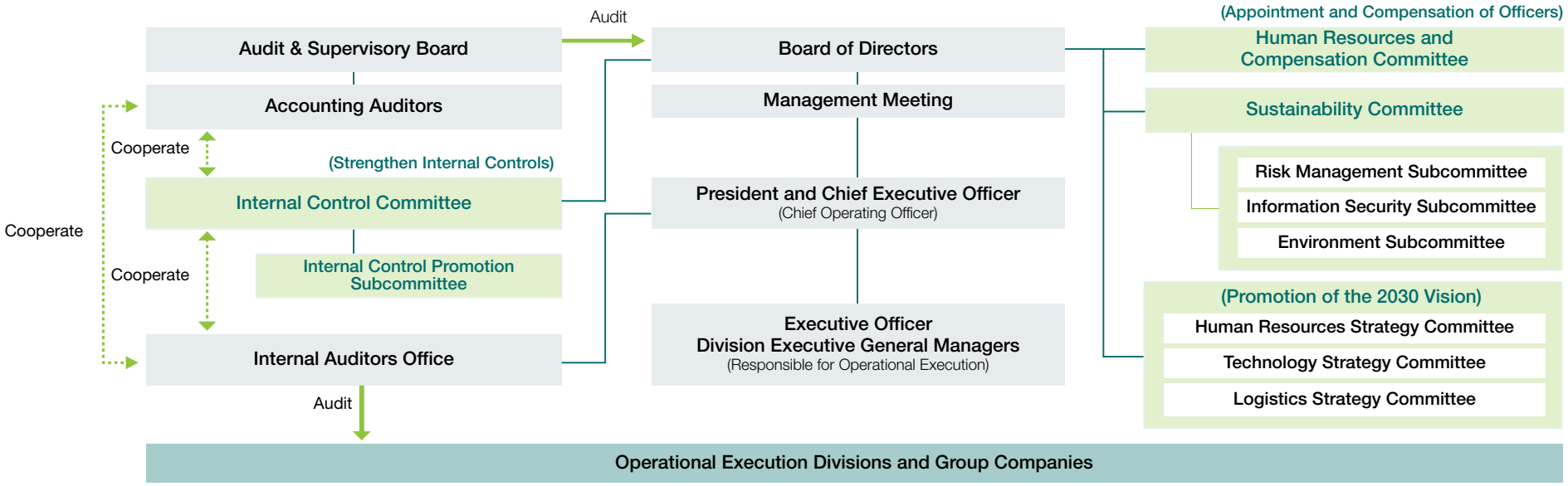
## Basic Philosophy

We believe that meeting our social responsibility is an important part of our mission. We strive to build corporate value as we build relationships of trust with society in the practice of our corporate philosophy and to pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust.

Driven by this philosophy, we use our business activities to build positive relationships with our stakeholders as we engage in responsive, efficient, sound, fair, and transparent business practices. To this end, we continue to strengthen our supervisory functions and provide information disclosure, introducing new measures as necessary.

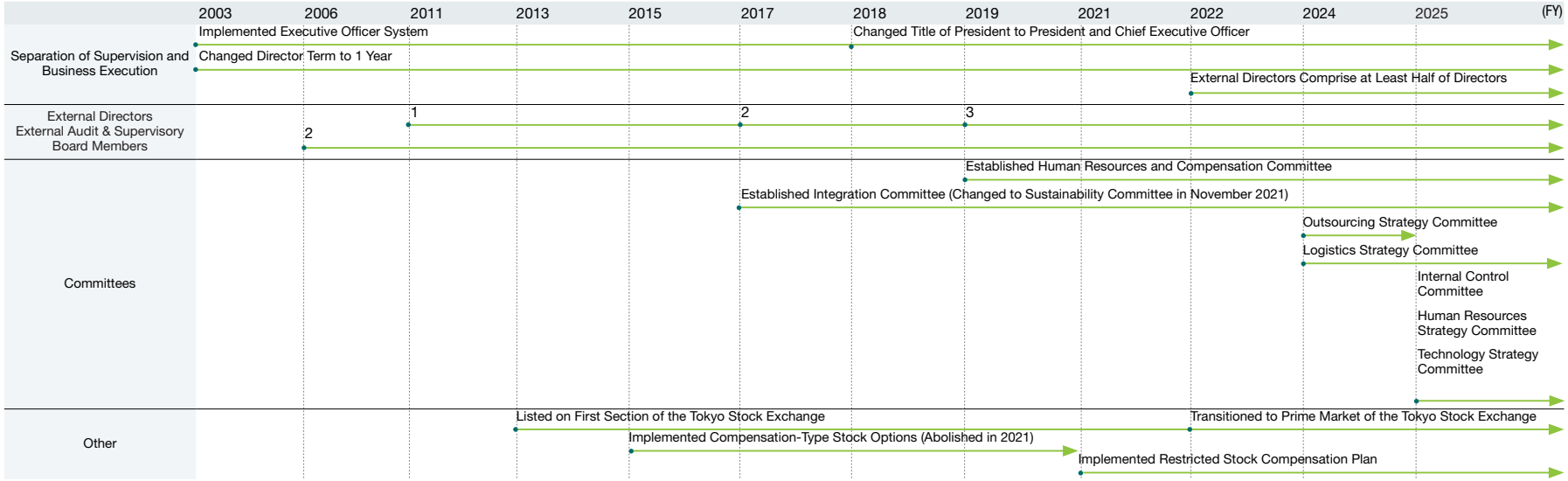
# Corporate Governance

## Structure



Governance

# Corporate Governance Improvement Timeline



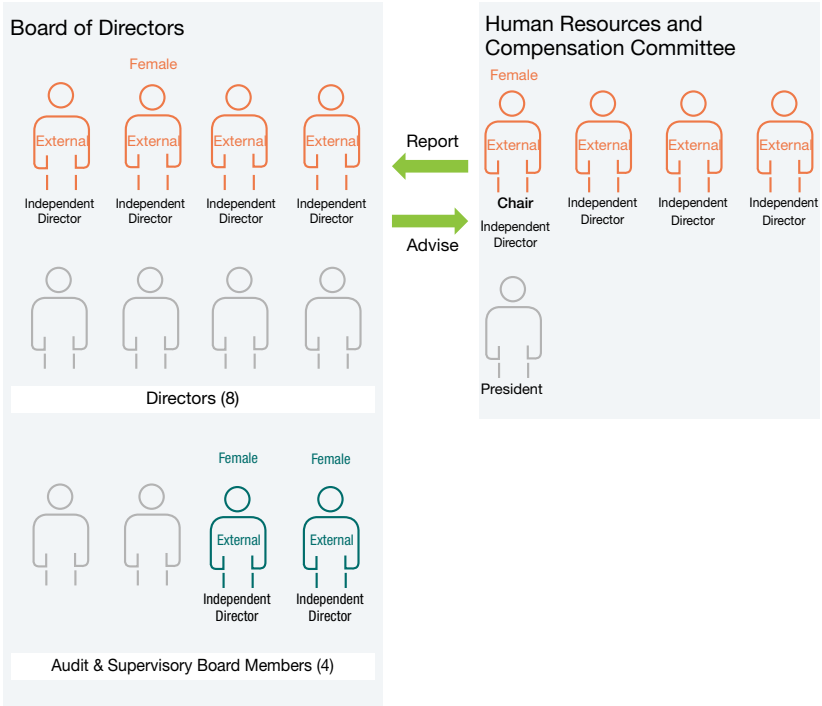

# Composition of the Board of Directors

To distinguish clearly between management oversight and business execution, four of the eight members of the Board of Directors are external directors, while two of the four members of the Audit & Supervisory Board are external members (as of June 23, 2026). The Board of Directors includes six external directors. We have registered all six as independent directors as defined by the Tokyo Stock Exchange. In June 2019, we established the Human Resources and Compensation Committee, an advisory committee to the Board of Directors, and we will continue to work toward the further strengthening of our corporate governance.

## Meeting Attendance in FY3/2026

| Title(s) | Name | Meetings Held | Meetings Attended |
|---|---|---|---|
| Representative Director, Chairman, President and Chief Executive Officer (Chair) | Tadahiko Konoike | 17 | 17 |
| Director and Senior Managing Executive Officer | Tadatsugu Konoike | 17 | 17 |
| External Directors | Yoshihito Ota | 17 | 16 |
| | Mika Masuyama | 17 | 17 |
| | Taisuke Fujita* | 17 | 17 |

*Resigned as a director on June 23, 2026



Governance

# Human Resources and Compensation Committee

The Human Resources and Compensation Committee serves as an advisory body to the Board of Directors. In accordance with our corporate bylaws, the committee consists of a majority of external directors, and the chairperson of the committee is also an external director. Through this structure, we ensure and enhance independence and objectivity in Board of Directors decision-making processes regarding the nomination of directors, members of the Audit & Supervisory Board, and executive officers, as well as the determination of compensation for directors and executive officers.

Effective June 23, 2026, we transitioned to a five-member committee consisting of four independent external directors and one internal director. This shift has strengthened the committee's composition, ensuring that independent external directors constitute the majority. As a result, we believe we have enhanced the committee's independence and objectivity further, leading to a stronger governance structure that emphasizes transparency and accountability.

### Meeting Attendance in FY3/2026

| Title(s) | Name | Meetings Held | Meetings Attended |
|---|---|---|---|
| External Director (Chair) | Mika Masuyama | 13 | 13 |
| External Directors | Yoshihito Ota | 13 | 13 |
| | Taisuke Fujita* | 13 | 13 |
| Representative Director, Chairman, President and Chief Executive Officer | Tadahiko Konoike | 13 | 13 |

*Resigned as a director on June 23, 2026

# Officer Compensation System

At a meeting of the Board of Directors held on February 12, 2021, the Company resolved a policy for determining the content of individual director compensation, etc. Subsequently, in conjunction with the start of Medium-Term Business Plan 2027, the Board of Directors, at a meeting held on June 18, 2025, resolved to partially revise said policy and the officer compensation system. The Board of Directors consults the Human Resources and Compensation Committee, which has external directors as more than half of its members and is chaired by an external director, for advice on the resolutions to be adopted, and receives reports.

The basic policy and method of determining the compensation, etc. of each individual director and executive officer of the Company (executive officers who do not concurrently serve as directors; the same applies below) are as follows.

## 1 Basic Policy

We have established the accompanying basic policy to ensure our compensation system for directors and executive officers supports Konoike's Corporate Philosophy (Our Mission), which reads, "We pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust."

1. The director compensation system must contribute to realizing the Corporate Philosophy (Our Mission).
2. The director compensation system must aid in recruiting and retaining a talented management team intent on achieving our 2030 Vision.
3. The director compensation system must encourage a constant spirit of ambition to go beyond expectations.
4. The director compensation system must be designed to link compensation closely to earnings.
5. The director compensation system must incorporate compensation linked to share prices as an incentive to improve corporate value over the medium to long term.
6. The director compensation system must be designed to guarantee fairness and transparency, ensuring that officers are accountable to employees, shareholders, and other stakeholders.

Governance

## 2 Compensation Structure and Overview

Compensation for directors consists of monthly monetary compensation (basic compensation and performance-linked compensation) and nonmonetary compensation (restricted stock compensation). The amount of compensation is determined in accordance with each director's position and responsibilities, taking into comprehensive consideration the Company's business environment, performance, employee salary levels, and the levels of other companies.

| Compensation Type | | | Overview |
|---|---|---|---|
| Monetary Compensation | Monthly Compensation | Basic Compensation | Paid monthly as fixed compensation in accordance with position and responsibilities. |
| | | Performance-Linked Compensation | In order to dynamically reflect the performance of each fiscal year in compensation, the amount is calculated and paid monthly based on the degree of achievement of the Company's performance (Company-wide performance and divisional performance) in the previous fiscal year and the individual performance based on the evaluation of individual results and contribution to management in accordance with the medium-term plan. Evaluation indicators and their values, etc., that form the basis for calculating compensation shall be reviewed as necessary in response to changes in the surrounding environment and based on the report of the Human Resources and Compensation Committee. |
| Non-Monetary Compensation | Restricted Stock Compensation | | Restricted stock, the transfer restrictions of which will be lifted upon retirement as a director, is paid as medium- to long-term incentive compensation based on position and responsibility to directors, excluding external directors, during a certain period each year. |

Similarly, the compensation system for executive officers consists of monetary compensation (basic compensation and performance-linked compensation) and non-monetary compensation (restricted stock compensation). The amount of compensation is determined in accordance with each executive officer's position and responsibilities, taking into comprehensive consideration the Company's business environment, performance, and other factors.

## 3 Ratio of Compensation Payment by Type

The ratio of compensation paid to executive directors and executive officers by type of compensation is based on benchmark compensation levels at companies of similar business size and in related industries and business categories to that of the Company. The basic compensation, performance-linked compensation, and restricted stock compensation ratios are set at 5:3:2 as a guideline, and the structure will be such that the weights of performance-linked compensation and restricted stock compensation increase for higher-level positions. This will be reviewed by the Human Resources and Compensation Committee.

The Board of Directors, respecting the content of the committee's report, decides compensation details, etc. for each individual director within the range of the percentage of compensation by type indicated in said report. In light of their role to provide objective opinions and advice as well as supervision and guidance from an external standpoint, independent of the Company's performance, external directors receive only basic compensation.

## 4 Policy Related to Performance-Linked Compensation and Non-Monetary Compensation

### 1 Performance-Linked Compensation

We began operating under Medium-Term Business Plan 2027 in FY3/2026. With the launch of the new business plan, we revised the performance metrics used to calculate performance-linked compensation. We have decided to incorporate return on equity (ROE) in place of net sales, which is a legacy indicator stimulating pursuit of business scale, for the purpose of practicing management more conscious of the sustainable improvement of corporate profitability and corporate value, as well as capital efficiency, in consideration of the link between ROE and achievement of management targets.

Governance

The specific evaluation indicators and the method of determining compensation amounts are as follows.

## Performance-Linked Compensation Evaluation Indicators

| Evaluation Items | Evaluation Indicators (FY3/2026 - ) | Approach to Indicator Selection |
|---|---|---|
| Company-Wide Performance | Operating Income | Evaluate achievement level of consolidated operating income for the entire Company, indicating the results delivered by Company-wide business activities |
| | ROE | Evaluate the degree of efficient profit earning relative to capital |
| | Market Capitalization Improvement Rate | Evaluate the degree of improvement in corporate value as evaluated by shareholders and investors in relation to our business activities*<br>* Relative evaluation of the Company's market capitalization (stock price) vs. average TOPIX volatility during the fiscal year |
| Divisional Performance | Operating Income | Evaluate achievement level versus the target of consolidated operating income for the division in question, indicating the results delivered by the responsible division |
| Individual Performance | Performance by Individual (Assessment) | Qualitatively evaluate individual efforts toward the medium-term business plan and achievements versus individual goals, including the degree of contribution to management |

As part of the evaluation process for individual performance, the President and Chief Executive Officer conducts interviews at the beginning and end of each fiscal year with the officer in question to set goals and evaluate the results (in cases where a director or executive officer in a lower position conducts the interview with the officer in question, a secondary evaluation is conducted for goal-setting confirmation and based on the primary evaluation by the subordinate interviewer).

To ensure the validity and transparency of this evaluation, the results of the evaluation are reported to the Human Resources and Compensation Committee for its opinion. In addition, the Human Resources and Compensation Committee will directly evaluate the Representative Director, President and Chief Executive Officer.

## Method for Determining Performance-Linked Compensation Amount

The base amount is determined according to the position and responsibility of each director and executive officer, and the amount to be paid is determined within the range of 0% to 200% of the base amount, depending on the status of each evaluation item for each fiscal year. The weights for each specific evaluation item are as follows.

| Evaluation Items | | Director, President, and Chief Executive Officer | Director, Vice President, and Executive Officer | Director and Senior Managing Executive Officer | Senior Managing Executive Officer | Managing Executive Officer/ Executive Officer | |
|---|---|---|---|---|---|---|---|
| | | | | | | Corporate Officers | Business Officers |
| Company-Wide Performance | Operating income, ROE, and market capitalization improvement | 80% | 70% | 70% | 70% | 60% | 30% |
| Division Performance | Operating Income | – | – | – | – | – | 30% |
| Individual Performance | Performance by Individual (Assessment) | 20% | 30% | 30% | 30% | 40% | 40% |

### 2 Non-Monetary Compensation

With respect to restricted stock compensation granted each fiscal year as medium- to long-term incentive compensation, the total amount of monetary compensation to be paid for the purpose of granting restricted stock to directors, excluding external directors, shall not exceed ¥100 million per year, and the total number of shares of the Company's common stock to be issued or disposed of as restricted stock shall not exceed 100,000 shares per year. For directors and executive officers for whom the granting of restricted stock is difficult or inappropriate due to their status as non-residents (i.e., residents outside Japan) or other circumstances, the Company may provide monetary compensation or other forms of compensation in lieu of restricted stock.

## 5 Matters Relating to Delegation of Determination of Compensation

The amount of compensation for each individual director is to be resolved by the Board of Directors based on the report of the Human Resources and Compensation Committee. However, the Board of Directors may delegate the specifics of determining the amount of compensation to the President and Chief Executive Officer, and the President and Chief Executive Officer must respect the report of the Human Resources and Compensation Committee when making a decision.

**(Reference: Amounts of Compensation for Directors and Audit & Supervisory Board Members (FY3/2026))**

| Officer Category | Total Compensation (Millions of Yen) | Total Compensation Amount by Type (Millions of Yen) | | | Number of Eligible Officers |
|---|---|---|---|---|---|
| | | Monetary Compensation | | Non-Monetary Compensation | |
| | | Monthly Compensation | | | |
| | | Basic Compensation | Performance-Linked Compensation | Restricted Stock Compensation | |
| Directors (Excluding External Directors) | 141 | 76 | 48 | 16 | 2 |
| Audit & Supervisory Board Members (Excluding External Members) | 48 | 48 | – | – | 3 |
| External Officers | 62 | 62 | – | – | 5 |
| Total | 253 | 187 | 48 | 16 | 10 |

Governance

# Evaluating the Effectiveness of the Board of Directors

Since FY3/2016, our board of directors has conducted an annual evaluation of the composition and operation of the board, board deliberation content, and support systems. We have worked to strengthen the functions of the board to ensure a sustained increase in corporate value for the KONOIKE Group.

## Overview of Evaluation

| | |
|---|---|
| Evaluator | Self-Evaluation by Board of Directors/Audit & Supervisory Board Members |
| Evaluation Method | Questionnaire |
| Response Format | Anonymous |
| Evaluation Items | • State of the Board of Directors<br>• Composition of the Board of Directors<br>• Operation of the Board of Directors<br>• Discussions at Board Meetings<br>• Monitoring Function of the Board of Directors<br>• Performance of Internal Directors<br>• Performance of External Directors<br>• Support System for Directors and Audit & Supervisory Board Members<br>• Officer Training<br>• Dialogue With Shareholders and Investors<br>• Own Initiatives<br>• Board of Directors' Advisory Committees |

## Evaluation Process

1. Consideration of Evaluation Methods
2. Conducting Questionnaires With Directors and Audit & Supervisory Board Members
3. Data Compiled by a Third Party
4. Exploration Based on Evaluation Results

## Evaluation Results

In order to incorporate a more objective perspective into our evaluation of the effectiveness of the Board of Directors, we conducted a third-party questionnaire survey (self-assessment) with all directors and corporate auditors.

As a result, we have assessed that our Board of Directors is effective overall. In particular, we confirmed that a stable and high standard is being maintained in operational aspects (such as secretariat functions, the conduct of deliberations, and information-sharing systems).

At the same time, we recognized that there is room for further improvement in the discussion and monitoring of strategic areas that contribute to enhancing corporate value over the medium to long term (such as digital transformation, human resources strategy, business portfolio, and cost of capital).

We will strive to optimize the quality of discussions and the allocation of time by revising the format for regular reports and other measures. We will also strengthen ongoing discussions on priority topics and the review of important matters, aiming to enhance the oversight function of the Board of Directors.

Governance

# Activities in FY3/2026

**Major Agenda Items**

The board of directors met 17 times in FY3/2026. The following are items on the agendas at meetings.

1. Establishing, amending, and abolishing various rules
2. Organizational changes
3. Important business plans
4. Matters related to M&A
5. Matters related to the general meeting of shareholders (e.g., deciding what matters to discuss during general meetings of shareholders)
6. Matters related to stock
7. Disclosures (public announcements of company information)
8. Purchasing, leasing, and other means of securing buildings, nonbuilding structures, and land (e.g., in relation to establishing new bases of operations)
9. Appointments of executive officers
10. Matters related to finance (e.g., matters related to loans payable)
11. Matters related to affiliates
12. Other important matters related to management

**Details of Key Activities**

The Board of Directors met in May 2025 and discussed the results of a questionnaire regarding their own effectiveness as a board. At that meeting, items were set for discussion at future Board meetings on important management issues.

## Medium-Term Business Plan 2027 Progress

The Board engaged in lively discussions regarding growth investments (by country, region, industry, etc.) and foundational investments (in people, technology, and ICT) as part of efforts to oversee progress toward achieving Medium-Term Business Plan 2027 (FY3/2026-FY3/2028). Discussions also addressed employee well-being and the maximization of corporate value. The Board also engaged in detailed discussions regarding M&A as part of the Company's growth investments.

Governance

## Discussion on Capital Policy

We analyzed in detail the recognition of current issues regarding capital policy, which is the foundation for increasing corporate value, and discussed the direction of our financial strategy under Medium-Term Business Plan 2027. Specifically, we discussed the rationale for setting financial quantitative targets, cash allocation optimization policy, and quantitative targets for our shareholder return policy, all with awareness of the cost of capital.

The optimal balance between investment in growth and shareholder returns was examined from multiple perspectives, including the investment efficiency of growth investments and the appropriateness of the dividend payout ratio, based on the assumption that operating cash flow would be allocated. The results of these discussions are reflected in the capital policy of Medium-Term Business Plan 2027.

## Discussion on Sustainability

Based on ESG evaluations of the Group by the relevant evaluating institutions, there was a lively discussion on future strategies for the non-financial targets of environment, people, and technology.

Through the identification of materiality, we will promote measures that lead to sustainability, and by communicating with diverse stakeholders, we will strengthen our efforts to enhance our corporate value over the medium to long term.

## Discussions on Engagement With Shareholders and Investors

The KONOIKE Group receives and discusses IR feedback on an ongoing basis as part of our PDCA cycle for IR activities. The results of this feedback are regularly discussed at Board of Directors meetings. Investor feedback obtained through IR activities confirmed that there is a need for further clarification of the growth strategy to achieve the 2030 Vision and for more specific explanations on how shareholder returns, including dividend policy, should be provided.

By reflecting the valuable insights gained through dialogue with shareholders and investors in our management strategies, we will accelerate the transformation of our Group and strengthen our efforts to realize sustainable corporate value enhancement.

## Oversight of Occupational Safety and Health

The Executive General Manager of the Corporate/Quality Division reports to the Board of Directors on a regular basis regarding workplace accidents, traffic accidents, and quality incidents. The report includes information on accidents and incidents, key issues, and progress on measures to prevent recurrence and preempt problems.

Based on these reports, the Board of Directors reviews the status of efforts to address these issues and their effectiveness, and oversees efforts to improve safety and quality on an ongoing basis.

Governance

# Strategic Shareholdings

## 1 Basic Policy

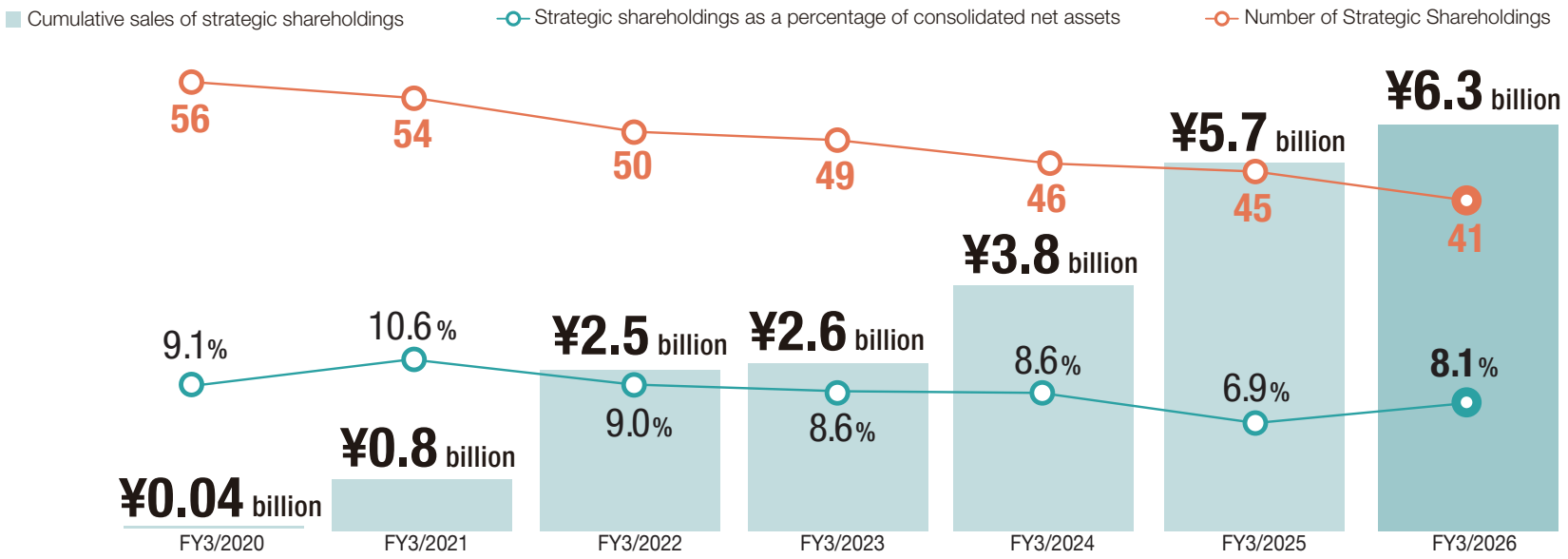
Konoike Transport Co., Ltd. may hold stock for strategic purposes to enhance corporate value over the medium to long term. We engage in strategic shareholdings to sustain and strengthen trade relationships with the customers who are so vital to our business, as partnerships are key to Konoike Transport Co., Ltd. business activities across a range of areas.

The Board of Directors conducts an annual review of each individual strategic shareholding to assess the appropriateness of holding the particular stock, taking into account both quantitative and qualitative factors (e.g., whether the benefits and risks are commensurate with the cost of capital). Strategic shareholdings are sold when appropriate to reduce the portfolio of such holdings.

## 2 Standards for the Exercise of Voting Rights

Konoike Transport Co., Ltd. does not make uniform decisions on policies when exercising voting rights for strategically held stocks. Rather, we consider and decide each case separately from perspectives that include sustainable growth and improvement in medium- to long-term value of the Company in question. We never approve resolutions that would be harmful to shareholder value.

### Reducing Strategic Shareholdings



Governance

# Management Structure

(As of June 23, 2026)

## Directors



### Tadahiko Konoike

Representative Director, Chairman, President and Chief Executive Officer
ICT Manager

| | |
|---|---|
| Apr 1976 | Joined Konoike Construction Co., Ltd. |
| Apr 1981 | Joined the Company |
| Dec 1983 | Managing Director |
| Dec 1987 | Senior Managing Director |
| Dec 1989 | Representive Director and Vice President |
| Jun 2003 | Representive Director and President |
| Apr 2018 | Representative Director, President, and Chief Executive Officer |
| Apr 2021 | Representative Director, President, and Chief Executive Officer |
| Jun 2021 | Representative Director, Chairman, President and Chief Executive Officer |
| Apr 2026 | Representative Director, Chairman, President and Chief Executive Officer, ICT Manager (current position) |



### Tadatsugu Konoike

Representative Director, Vice President, and Executive Officer
Manager, Overseas Business, Technology, and Business Transformation/Executive General Manager,
Business Transformation Division

| | |
|---|---|
| Apr 2006 | Joined Sumitomo Mitsui Banking Corporation |
| Apr 2013 | Joined the Company |
| Jul 2014 | General Manager of Corporate Planning Division |
| Apr 2016 | Executive Officer |
| Apr 2017 | Managing Executive Officer |
| Jun 2017 | Director and Managing Executive Officer |
| Apr 2018 | Director and Senior Managing Executive Officer |
| Apr 2019 | Director and Senior Managing Executive Officer, New Business Development Administrator, Executive General Manager, New Business Development Division |
| Apr 2021 | Director and Senior Managing Executive Officer, Chief International Officer and Chief Technology Innovation Officer |
| Apr 2022 | Director and Senior Managing Executive Officer, In Charge of International Business /In Charge of Technology Innovation |
| Apr 2025 | Director and Senior Managing Executive Officer, In Charge of Overseas Business, In Charge of Technology Innovation |
| Jun 2026 | Representative Director, Vice President, and Executive Officer<br>Manager, Overseas Business, Technology, and Business Transformation<br>Executive General Manager, Business Transformation Division (current position) |



### Hiroshi Tsuga

Director, Vice President, and Executive Officer
Manager, Corporate Department
In Charge of Sustainability

| | |
|---|---|
| Apr 1986 | Joined Sumitomo Metal Industries, Ltd. (now Nippon Steel Corporation) |
| Oct 2012 | Nippon Steel & Sumitomo Metal Corporation (now Nippon Steel Corporation)<br>General Manager, General Affairs, Wakayama Steel Works |
| Apr 2014 | General Manager, General Affairs, Oita Steel Works |
| Apr 2016 | General Manager, Group Companies Planning Division |
| Apr 2019 | Executive Officer, Nippon Steel Corporation |
| Apr 2021 | Managing Executive Officer (President, Osaka Branch) |
| Apr 2024 | Joined the Company<br>Senior Managing Executive Officer, In Charge of Corporate Department and In Charge of Sustainability |
| Apr 2026 | Vice President and Executive Officer, Manager, Corporate Department and In Charge of Sustainability |
| Jun 2026 | Director, Vice President, and Executive Officer<br>Manager, Corporate Department and<br>In Charge of Sustainability (current position) |



### Shigeki Tanabe

Director, Vice President, and Executive Officer
Manager, Domestic Business and Executive General Manager, Sales Management Division

| | |
|---|---|
| Apr 1987 | Joined the Company |
| Apr 2015 | Branch Manager, Kanto Chuo Branch |
| Apr 2017 | Deputy Executive General Manager, Corporate/Quality Division |
| Apr 2021 | Executive Officer, Executive General Manager, Corporate Planning Division |
| Apr 2024 | Managing Executive Officer, Executive General Manager, Corporate Planning Division |
| Apr 2025 | Senior Managing Executive Officer, In Charge of Domestic Business and Executive General Manager, Sales Management Division |
| Apr 2026 | Vice President and Executive Officer, Manager, Domestic Business and Executive General Manager, Sales Management Division |
| Jun 2026 | Director, Vice President, and Executive Officer, Manager, Domestic Business and Executive General Manager, Sales Management Division (current position) |

## Governance



### Yoshihito Ota

External Director (Independent)

| | |
|---|---|
| Apr 1978 | Joined KYOCERA Corporation |
| Jun 2003 | Executive Officer of KYOCERA Corporation |
| Jun 2010 | Director and Managing Executive Officer of KYOCERA Corporation |
| Dec 2010 | Senior Managing Executive Officer of Japan Airlines Co., Ltd. |
| Dec 2015 | Chairman of KYOCERA Communication Systems Co., Ltd. |
| Apr 2017 | Executive Advisor |
| Jun 2018 | External Director of the Company (current position) |
| Sep 2019 | Chairman of MTG Co., Ltd. |
| Dec 2019 | Director and Chairman of MTG Co., Ltd. |
| Dec 2023 | Senior Advisor of MTG Co., Ltd. |
| Mar 2025 | Director and Chairman of Kobayashi Pharmaceutical Co., Ltd. (current position) |



### Mika Masuyama

External Director (Independent)

| | |
|---|---|
| Apr 1985 | Joined the Bank of Japan |
| Sep 1991 | International Marketing Director of Cap Gemini Sogeti |
| Nov 1992 | Senior Consultant of Gemini Consulting Japan |
| Jun 1997 | Joined Egon Zehnder |
| Jan 2004 | Partner (Egon Zehnder) |
| Oct 2016 | President and Representative Partner of Masuyama & Company LLC (current position) |
| Mar 2017 | Outside Director, Member of the Audit and Supervisory Committee of Suntory Beverage & Food Limited (current position) |
| Mar 2019 | Outside Director of KOKUYO Co., Ltd. |
| Jun 2019 | External Director of the Company (current position) |
| Jun 2024 | External Director of USHIO INC. (current position) |



### Tomonari Kimura

External Director (Independent)

| | |
|---|---|
| Apr 1984 | Joined The Sumitomo Bank, Limited (now Sumitomo Mitsui Banking Corporation) |
| Mar 2011 | Executive Officer, Nikko Cordial Securities Inc. (now SMBC Nikko Securities Inc.) |
| Jun 2014 | Left Sumitomo Mitsui Banking Corporation |
| Mar 2018 | Managing Executive Officer, SMBC Nikko Securities Inc. |
| Mar 2021 | Executive Advisor, SMBC Nikko Securities Inc. |
| Jul 2021 | Senior Advisor, YAMADA Consulting Group Co., Ltd. (current position) |
| Jun 2024 | External Audit & Supervisory Board Member of the Company |
| Jun 2026 | External Director (current position) |



### Shinichi Muramoto

External Director (Independent)

| | |
|---|---|
| Apr 1983 | Joined KYOCERA Corporation |
| Oct 2010 | Executive Officer, KDDI Corporation |
| Jun 2016 | Director and Managing Executive Officer of KDDI Corporation |
| Jun 2018 | Director and Senior Managing Executive Officer of KDDI Corporation<br>Executive General Manager, Corporate Management Division and CFO |
| Jun 2020 | Representative Director, Executive Officer, and Executive Vice President; Executive General Manager, Corporate Management Division and CFO |
| Jun 2023 | Executive Advisor |
| Jun 2025 | Outside Director of Meiwa Corporation (Audit and Supervisory Committee Member) (current position) |
| Jun 2026 | External Director of the Company (current position) |

Governance

# Member of Audit & Supervisory Board



## Shunichi Tanaka

Full-Time Audit & Supervisory Board Member

| | |
|---|---|
| Apr 1986 | Joined the Company |
| Apr 2017 | Branch Manager, Chugoku-Kyushu Branch |
| Apr 2020 | Branch Manager, Tokai Branch |
| Apr 2023 | General Manager, Food Division |
| Apr 2024 | Executive Advisor |
| Jun 2024 | Audit & Supervisory Board Member of the Company (current position) |



## Kazuya Takahashi

Full-Time Audit & Supervisory Board Member

| | |
|---|---|
| Apr 1990 | Joined the Company |
| Apr 2021 | Shizuoka Branch Manager |
| Apr 2023 | General Manager of Auditing Office |
| Apr 2025 | Executive Advisor |
| Jun 2025 | Audit & Supervisory Board Member (current position) |



## Chie Hoshi

External Audit & Supervisory Board Member (Independent)

| | |
|---|---|
| Apr 1998 | Admitted to the Bar |
| Sep 2004 | Joined Tanabe & Partners |
| Apr 2006 | Partner, Tanabe & Partners (current position) |
| Apr 2014 | Member, Ministry of Defense Procurement Council |
| Jun 2021 | External Audit & Supervisory Board Member of the Company (current position) |
| Mar 2022 | External Audit & Supervisory Board Member of Base, Inc. |
| Jun 2023 | External Director, Sumiken Mitsui Road Co., Ltd. |
| Jun 2024 | External Director, Audit and Supervisory Committee Member, Sumiken Mitsui Road Co., Ltd. (current position) |



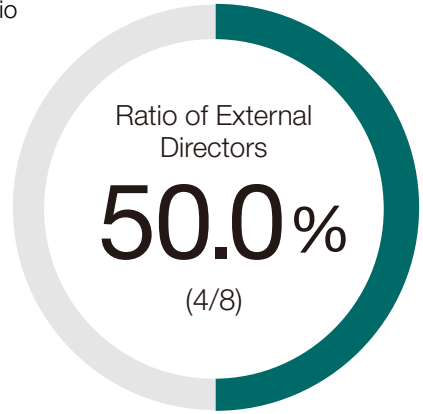
## Aki Miyaguchi

External Audit & Supervisory Board Member (Independent)

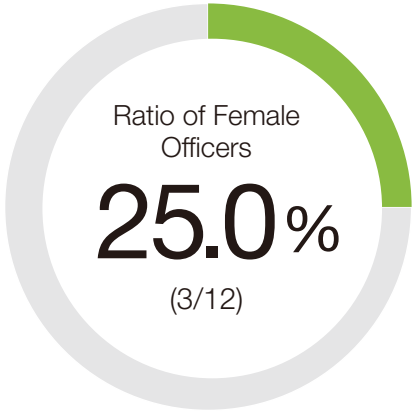
| | |
|---|---|
| Oct 1989 | Joined Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC) |
| Mar 1993 | Registered as a certified public accountant |
| Apr 2024 | Managing Partner, Aki Miyaguchi Certified Public Accountant Firm (current position) |
| Jun 2024 | External Director of Ichinen Holdings Co., Ltd. (current position) |
| Jun 2024 | Outside Director, Member of the Audit and Supervisory Committee of Sanyo Special Steel Co., Ltd. (current position) |
| Jun 2025 | Outside Director of Takara Holdings Co., Ltd. (current position) |
| Jun 2026 | External Audit & Supervisory Board Member of the Company (current position) |

# Governance

## Composition Ratio




* Ratio of independent external directors: 50.0% (4/8)




* Female Directors (1/8)
Female Audit & Supervisory Board Members (2/4)

## Skills Matrix

| Directors | Gender | Title Within the Company | Corporate Management and Business Experience | International Experience | Sustainability | HR and Employee Development | New Business/ M&A | Technology, DX, and R&D | Finance and Accounting | Legal and Risk Management | Capital Markets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tadahiko Konoike | Male | Representative Director, Chairman, President and Chief Executive Officer | ● | | ● | | | ● | | | |
| Tadatsugu Konoike | Male | Representative Director, Vice President, and Executive Officer | ● | ● | | | ● | ● | | | |
| Hiroshi Tsuga | Male | Director, Vice President, and Executive Officer | ● | | ● | ● | | | | ● | |
| Shigeki Tanabe | Male | Director, Vice President, and Executive Officer | ● | | | ● | ● | | | | |
| Yoshihito Ota | Male | External Director (Independent) | ● | | | ● | ● | | | | |
| Mika Masuyama | Female | External Director (Independent) | | ● | ● | ● | | | | | |
| Tomonari Kimura | Male | External Director (Independent) | | | ● | | ● | | ● | | ● |
| Shinichi Muramoto | Male | External Director (Independent) | ● | | | ● | | | ● | | ● |
| Shunichi Tanaka | Male | Full-Time Audit & Supervisory Board Member | ● | | | ● | | | | | |
| Kazuya Takahashi | Male | Full-Time Audit & Supervisory Board Member | ● | | | ● | | | | | |
| Chie Hoshi | Female | External Audit & Supervisory Board Member (Independent) | | | | | | | | ● | |
| Aki Miyaguchi | Female | External Audit & Supervisory Board Member (Independent) | | | | | | | ● | | |

* The list above does not represent all the knowledge, experience, etc., possessed by directors and members of the Audit & Supervisory Board.

Governance

# Message From External Directors



## Yoshihito Ota

External Director (Independent)

We had hoped that once the COVID-19 pandemic ended, society would return to normal. However, the business environment has remained unstable due to conflicts in Ukraine and the Middle East, among other factors. Even in this environment, the KONOIKE Group continues to grow and develop by adhering to the 2030 Vision, *People, leveraging technology to reach for new heights,* a fundamental policy based on the Corporate Philosophy that states, *We pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust*. There is no doubt that these results are due to the strong sense of unity forged over the Group's long history and the tireless efforts of employees, including the management team. However, I hope that the Group will not rest on its traditional strengths, but continue to take on new challenges, both organizationally and technologically, to achieve even greater growth.

As an external director, rather than simply offering critical commentary, my goal is to gain as accurate an understanding as possible of what is happening on the ground and provide forward-looking advice that will be useful to management and employees. I am committed to doing my utmost to ensure that the KONOIKE Group continues to grow and meets the expectations of its shareholders and stakeholders.



## Mika Masuyama

External Director (Independent)

I believe that KONOIKE's strength lies in sincerely addressing and solving the challenges customers face across the Group's diverse business operations. Since the company's founding in 1880, the on-site skills and expertise cultivated and passed down through the years, along with the trust built with customers, have become KONOIKE's most valuable assets.

At Board of Directors meetings, the Board focuses on how to leverage these strengths to drive future growth, while discussing the progress of the medium-term business plan, capital efficiency, and ways to enhance corporate value. At a time when AI is evolving rapidly, the Group faces a positive challenge offering significant potential: How to create new value by building on the front-line capabilities cultivated over many years and incorporating AI and digital technologies into Group services and operations.

In addition, KONOIKE continues to take on a variety of challenges overseas, including business in India and other parts of Asia, as well as in the United States and Europe. It is important that the Group cultivates human resources that will drive growth both domestically and internationally by passing down the skills of master artisans, even while adapting to different markets and cultures.

As an external director and chair of the Human Resources and Compensation Committee, I intend to support these efforts while emphasizing the insights and questions that can only be raised from the independent perspective I provide. We will continue to engage in frank and constructive discussions to ensure that KONOIKE transforms strengths into value for the next generation.

## Governance



### Tomonari Kimura

External Director (Independent)

During my two years as an External Audit & Supervisory Board Member, I visited and inspected more than 20 domestic locations with the aim of ensuring the prevention of misconduct and strengthening internal controls. I witnessed firsthand the operational capabilities of the KONOIKE Group across its wide range of business areas.

Since the establishment of the Internal Control Committee last April, in particular, I have come to realize that the KONOIKE Philosophy is taking root on the front lines through measures such as the regularization of on-site inspections by executives under the direct leadership of President Konoike and the revitalization of Katariba activities on the part of the employees. Ensuring the psychological safety of employees and raising their awareness of accident prevention and compliance have served to strengthen the foundation of the KONOIKE Group, which places a high priority on safety and discipline. As a director, I am committed to closely monitoring the progress of these initiatives to ensure that they become firmly entrenched within the organization.

As an organization, the KONOIKE Group pursues the 2030 Vision, *People, leveraging technology to reach for new heights*. To help the Group achieve this vision, the Board performs monitoring functions by supporting targeted investment in human resources, new investments focused on growth and strategic areas, and decisive research and development. In this way, we will support the enhancement of corporate value over the medium to long term and contribute to sustainable growth by fulfilling our monitoring role, strengthening the PDCA action framework for unprofitable businesses, and contributing to the exercise of more robust oversight and checks-and-balances functions.



### Shinichi Muramoto

External Director (Independent)

I was appointed as an external director of Konoike Transport at the General Meeting of Shareholders held in June 2026.

My first impression upon taking office was that the KONOIKE Group goes beyond the transportation business to integrate itself into the customer value chain and develop unique business models across a wide range of fields. The Integrated Solutions Business, for example, has become a core part of the Group's operations. In this business, employees think independently across a variety of settings to create new value that helps solve customer challenges, building on the relationships of trust with customers that the organization has cultivated over many years.

The unique business concept of *integrated innovation* is underpinned by the expertise, creativity, and personal qualities of every employee. There is no doubt that these traits are the KONOIKE Group’s greatest strengths. As reflected in the vision, *People, leveraging technology to reach for new heights*, investing in human capital will continue to be a key management priority.

Furthermore, Medium-Term Business Plan 2027 calls for ¥48,000 million in growth investments, including ¥20,000 million for M&A. The success or failure of these investments will be key to achieving the goals of the medium-term plan, and, ultimately, to the Group's sustainable growth.

During my time at KDDI, where I was previously employed, I served as CFO and was involved in various M&A transactions and growth investments, as well as initiatives to innovate the company's human resources strategy. I intend to leverage these experiences to help enhance the corporate value of the KONOIKE Group.

Governance

# Compliance

## Internal Control Committee

### Role

The Internal Control Committee is responsible for internal control matters, including planning of internal control, evaluation of maintenance and operation status and response to issues, as well as monitoring the performance of the Konoike Reporting Desk and responding to cases that require Company-wide action and to cases involving compliance risks reported by each department. For matters of particular urgency or importance, we promptly coordinate with individual directors to handle each case. In addition, the Internal Control Promotion Subcommittee, consisting of branch managers and affiliate representatives, is a subordinate body designed to accurately disseminate the matters discussed by the Internal Control Committee to business units, and leads internal control and compliance activities for the entire Group.

### Composition

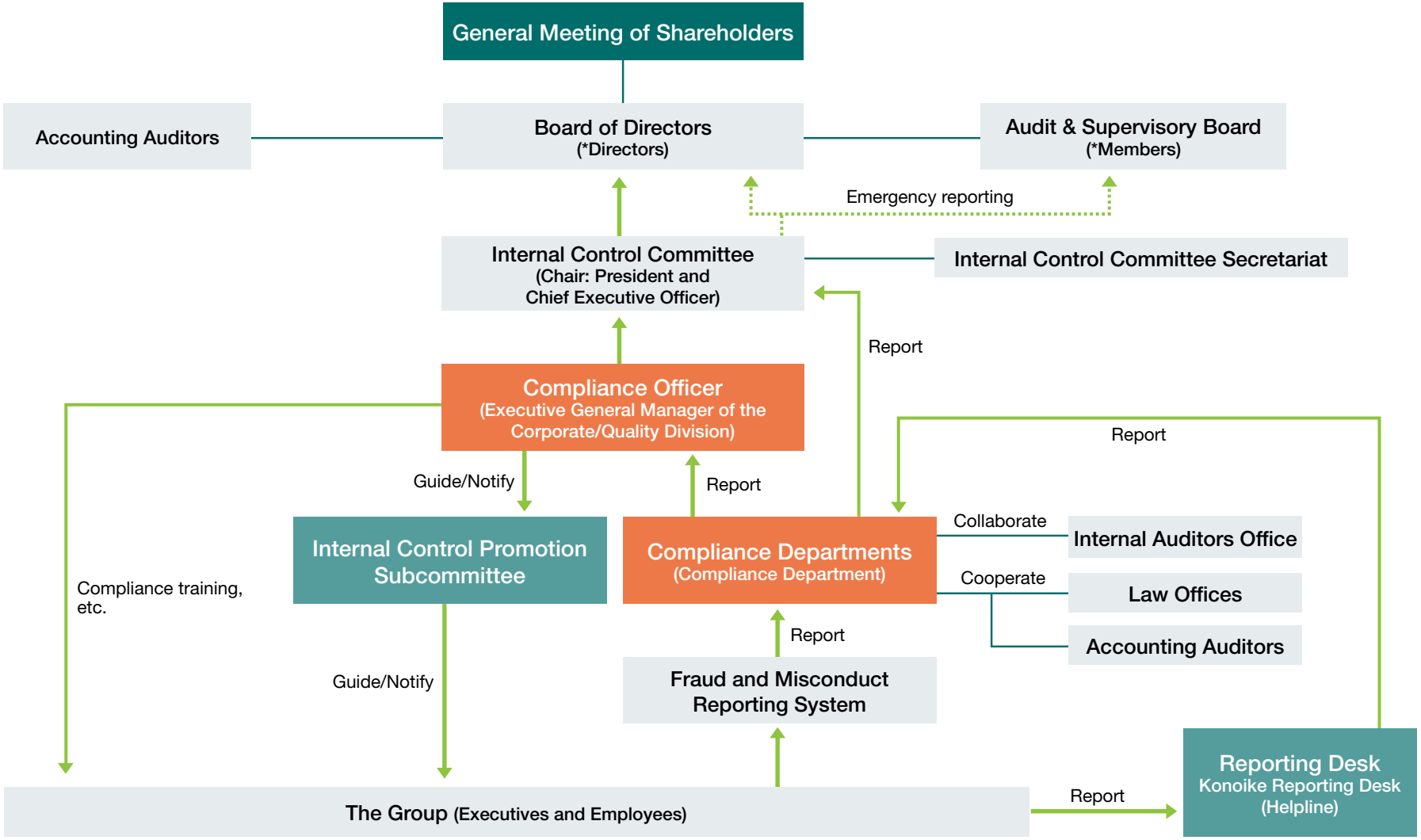
| | |
|---|---|
| Chair | Representative Director, Chairman, President and Chief Executive Officer |
| Vice-Chair | Vice President and Executive Officer in charge of Corporate Department |
| Members | Vice President and Executive Officer, all Executive General Managers, all full-time Audit & Supervisory Board Members, General Manager of the Internal Auditors Office |
| Outside members | One attorney and one certified public accountant |

### FY3/2026 Initiatives

In the past, the activities of the Internal Control Subcommittee, headed by the executive general managers of the Finance/Accounting Division and the Corporate/Quality Division, were limited to information sharing on internal control deficiencies that occurred in the course of business operations and horizontal deployment. As a result, a case of misconduct occurred in 2023, and since April 2024, the Management Quality Council, headed by the President and Chief Executive Officer, has been working on measures to prevent recurrence. In the course of these efforts to prevent recurrence, we determined that there was insufficient involvement in compliance by senior management. In April 2025, we reorganized the Internal Control Committee, chaired by the President and Chief Executive Officer and composed of all division executive general managers, and positioned it as an advisory body to the Board of Directors. In addition to the maintenance, operation, evaluation, and response to issues related to our internal control system, the committee also shares the details of reports to the Konoike Reporting Desk and promptly reports those of high importance and urgency to directors, thereby avoiding potential compliance risks.

## Governance

### Organizational Chart for Compliance Initiatives



Governance

# Compliance Initiatives

To put our Corporate Philosophy into practice and be a company trusted and loved by customers and society, the KONOIKE Group must comply with laws, ordinances, and social norms, as well as conduct business fairly and transparently. To this end, we established a Corporate Ethics Code. Under this code, we further defined a Compliance Code and Operational Regulations on the Konoike Reporting Desk (Helpline), which we use to ensure compliance with and practical application of the Corporate Ethics Code. At the same time, we have created the KONOIKE Handbook to foster a shared understanding of the appropriate attitude to hold as individuals, and so on. These measures guide our efforts to raise compliance awareness throughout the Group.

In addition, on May 30, 2025, we announced our Management Quality Declaration, which, in addition to returning to our founding philosophy, communicates our commitment to compliance with an eye toward the future for the next 50 to 100 years.

## Internal Compliance Training

Compliance education is provided to employees in career-track positions during their annual training and employment-grade-specific training. During each training, we reiterate our Basic Philosophy, explain case studies of wrongdoing and misconduct within and outside the Group, discuss observations made by government agencies, and work to raise employee awareness of compliance. Our goal is to be a good corporate citizen, acting with integrity toward all stakeholders in a way that is ethical and in accordance with accepted social values and norms. In addition, the scope of e-learning has been expanded to include front-line employees and Group company employees, and compliance-related courses have been offered to raise Group compliance awareness.

## Initiatives for Overseas Subsidiaries

We must promote the KONOIKE Group's philosophies to overseas subsidiaries, where business practices differ from those in Japan. In addition to providing compliance education through e-learning, we measure the workplace climate and employee attachment at each local subsidiary. This is done by conducting surveys to gauge compliance awareness and employee engagement at each location. We also work to improve engagement through various initiatives, an example of which is Katariba. We also hold study meetings on our corporate ethics code for managers and promote the thorough enforcement of the Basic Philosophies of maintaining safe and pleasant workplaces, contributing as a good corporate citizen, caring for the environment, and engaging in fair trade.

## Internal Reporting System

The KONOIKE Group offers the Konoike Reporting Desk (Helpline) as an internal reporting system. In addition to this internal helpline, we also offer access to a law firm as an external reporting point for employees who may be nervous about filing an internal report. Depending on the nature of the case, a member of the Audit & Supervisory Board may receive a report. In this event, the member will contact the department in charge to investigate the matter. To encourage use of the helpline, we have made efforts to raise awareness, including providing contact information in the KONOIKE Handbook distributed to employees, and the number of users is increasing steadily. Though report contents are submitted to the Board of Directors via the Internal Control Committee, the Internal Control Committee promptly reports to individual directors on particularly important or urgent matters for action.

Governance

# Risk Management

The KONOIKE Group established the Risk Management Regulations and Crisis Management Standards as the basic policies of the Group to reduce risks that may have a significant impact on corporate management. Through these policies, we also aim to establish a crisis management system that can respond quickly and appropriately in the event of an emergency.

## Risk Management System

Based on the aforementioned Risk Management Regulations, the KONOIKE Group identifies risks with the potential to harm corporate value and defines them as follows.

1. The risk of poor strategic decision-making that could interfere with KONOIKE Group efforts to grow, resolve sustainability issues, and enhance our corporate value in the future
2. The risk of insufficient legal compliance, inadequate initiatives on management issues, or other matters that could interfere with the sound development of existing business activities or operations, or which could damage current corporate value

Our approach to managing these risks is based on prevention and containment. We work to maintain our current corporate value and enhance corporate value in the future by preventing incidents or issues and fulfilling our social responsibility.

The Risk Management Subcommittee, chaired by the executive general manager of the General Affairs Division, meets quarterly to check on risk countermeasures and monitor the status of initiatives that focus on priority risks selected based on a risk map. The subcommittee also conducts other activities aimed at risk reduction. Further, each branch and affiliated company collaborates through the offices of the Risk Management Promotion Subcommittee, coordinating to prevent risk across the KONOIKE Group.

Governance

# Crisis Management System

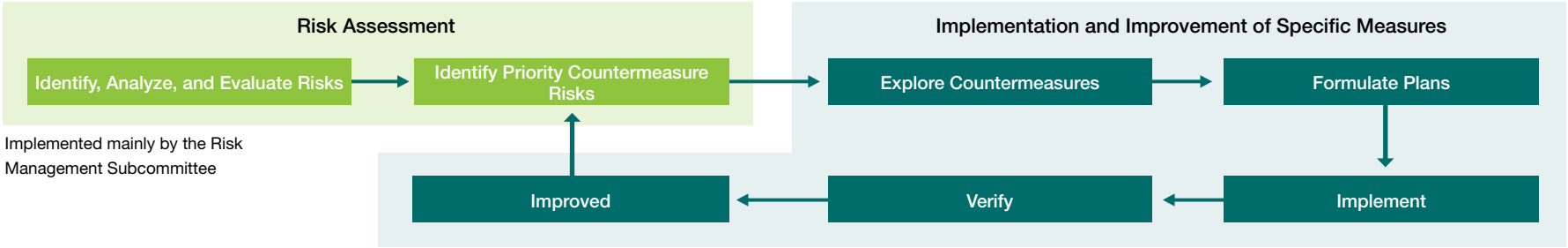
We define a crisis as any situation that threatens the survival or business continuity of the KONOIKE Group, whether such a situation is caused by internal or external factors, arises suddenly, or is a result of poor management. We define crisis management as an emergency response, recovery activities, or business continuity activities in response to a crisis. We have built a system capable of responding appropriately and rapidly to events, one example of which is the aforementioned Crisis Management Standards. We prepare various manuals for ready use in case of a natural disaster. In the event of a crisis that could have a significant impact on the business continuity of the KONOIKE Group, including a major earthquake or system failure, the President and Chief Executive Officer, Vice President and Executive Officer, and Executive General Manager of the General Affairs Division immediately consult with one another, taking into account the severity of the situation and the scope of impact. These officers then promptly determine the appropriate crisis response organization, whether the Crisis Management Committee, a command center, a response team, or on-site response, taking the necessary action to address the crisis. In addition to the system establishment, we also conduct disaster-preparedness drills for setting up a task force, safety and confirmation drills, and other exercises. These drills enable us to sharpen our ability to respond to emergencies and minimize damage. The KONOIKE Group has also accumulated experience in emergency response to natural disasters such as earthquakes and typhoons through our history of providing emergency support for social infrastructure through logistics, medical care, and airport operations. We intend to leverage our knowledge to actively contribute to the support of disaster-stricken areas in the event of a disaster.

# KONOIKE Group Risk Assessment

Risk assessment is our first step in the risk management process. In risk management, the KONOIKE Group focuses on analysis and evaluation to determine the current status of risks.

These efforts are an important process in risk management, aiming to collect basic data for decision-making, such as the exploration and prioritization of countermeasures. Risk assessments are conducted by the Risk Management Subcommittee under the supervision of the Sustainability Committee. For priority countermeasure risks identified in the risk assessment, we appoint a division responsible for leading specific countermeasure implementation and improvements.

The Risk Management Subcommittee is responsible for monitoring the status of initiatives in these divisions.



Governance

# Evaluation in Risk Assessment

## Impact Assessment

| Level | Analysis Standards | Analysis Indicators | | |
|---|---|---|---|---|
| | | Profit | Human Life | Reputation |
| 4 | Extreme impact on company management | Extreme reduction | Multiple deaths | • Significant loss of credibility<br>• No prospect of restoring trust or business relations |
| 3 | Significant impact on company management | Substantial reduction | One fatality or numerous injured | • Major loss of credibility<br>• Certain impact on current transactions |
| 2 | Moderate impact on company management | Slight reduction | Injuries (more than 4 days lost from work) | • Loss of credibility<br>• Slight impact on current transactions |
| 1 | Minor impact on company management | Slight decrease | Minor injuries | • Minimal impact on credibility<br>• Minimal impact on current transactions |

## Assessment of Likelihood of Occurrence

| Level | Analysis Indicators |
|---|---|
| 4 | • Risks likely to occur within six months<br>• Risk has occurred in the past, and there is a high risk of recurrence |
| 3 | • Risks likely to occur within 12 months |
| 2 | • Risks likely to occur within 3-5 years |
| 1 | • Risks not likely to occur in the next 10 years |

Governance

# Shareholders/Investors

The KONOIKE Group values constructive dialogue with shareholders and investors to achieve sustainable growth and enhance corporate value over the medium to long term. We reflect the feedback and expectations received through dialogues into management decisions and enhance our disclosure practices. In this way, we strive to deepen an understanding of the KONOIKE Group and strengthen relationships of trust with the capital markets. We also place great importance on carefully communicating a value creation narrative that is consistent with our corporate philosophy, our 2030 Vision, and our medium-term management plan. In addition, we strive to enhance the quality of dialogue by providing clear explanations regarding changes in the business environment, management challenges, our approach to growth investments, capital policy, and sustainability initiatives. We approach these explanations from financial and non-financial perspectives.

## Specific Initiatives for Constructive Dialogue With Shareholders and Investors

### Dialogue Structure

The Executive General Manager of the Corporate Planning Division (executive officer) is designated as the officer in charge of IR, and top management and senior management (directors, executive officers, etc.) respond to each dialogue. Through this structure, we aim to conduct constructive dialogues with shareholders and investors. Depending on the speaker's request or subject matter of the dialogue, an outside director or division manager may also be available to interview.

#### Key Activity

| Activities | Items | Key Presenters | Implementation Status | FY3/2026 Meetings |
|---|---|---|---|---|
| For Institutional Investors | Earnings presentations | Representative directors, directors, corporate officers, executive general manager of the Finance/Accounting Division | Full year & 2nd quarter | 2 |
| | Other Information Sessions | Same representatives as earnings presentations, general manager of the business division, etc. | As necessary | 1 |
| | Individual interviews in Japan and abroad | Same as above | As necessary | 228 |
| | Overseas IR | Same as above | Regularly | 2 countries |
| | Overseas conferences sponsored by securities firms | Corporate officers; executive general manager of the Finance/ Accounting Division; and executive general manager of Corporate Planning Division | Irregular | — |
| | On-site tours | Executive general manager of Corporate Planning Division and other relevant office directors, etc. | Regularly | 2 |
| For Individual Investors | Individual investor presentations | Corporate officers; executive general manager of Corporate Planning Division | Regularly | — |

## Main Topics of Discussion

The main topics of these discussions in these dialogues include the characteristics of the KONOIKE Group business model, initiatives to improve profitability, growth opportunities in focus businesses, management focused on ROIC, capital policy, and sustainability initiatives. Recently, in particular, we have noted a great deal of interest in how we intend to grow our overseas operations as a driver of future growth, how to strengthen our competitive advantage and pricing power, and in what direction we plan to evolve our future business portfolio.

### Key Dialogue Topics and Concerns

- KONOIKE Group business model features
- Future direction of the Airport Business
- Finance and capital policy
- Feasibility of growth strategies, including Overseas Business
- Specific measures and progress toward improving profitability
- Directions for business portfolio management based on ROIC
- How do human resources strategies and digital transformation (DX) strategies contribute to medium- to long-term growth?
- Effectiveness of governance, including external officers
- The link between sustainability initiatives and enhancing corporate value

In light of these concerns, rather than simply listing initiatives, we are working to enhance explanations by clearly demonstrating how each initiative contributes to future growth and improved profitability.

## Incorporating Feedback Into Management

We regularly provide feedback to senior management on the opinions and requests gathered through these dialogues. Management, in turn, incorporates this feedback into improvements to business strategy, disclosure practices, and investor relations activities. In addition, we recognize the need to go beyond simply introducing our initiatives with regard to non-financial themes such as sustainability, human capital, and digital transformation (DX), in particular. Instead, we strive to demonstrate more specifically how initiatives relate to our medium- to long-term growth strategies and contribute to our business performance. While assessing the current status of improvements in capital efficiency and revisions to the business portfolio is important, we also highlight the direction in which the Group will move forward as a result of these changes. The Group plans to continue to incorporate the insights gained through dialogue into management practices and strengthen our efforts to enhance corporate value further.

## Enhancing Information Disclosure and Ensuring Proper Information Management

The KONOIKE Group is also committed to enhancing information disclosure, which serves as the foundation for dialogue with shareholders and investors. We strive to provide investors with timely and appropriate information through earnings releases, financial results presentation materials, integrated reports, and other publications. We are also working to improve our disclosures in English to enhance the information we provide to overseas investors. We use the official corporate website to clearly communicate corporate information, business activities, investor relations information, and sustainability information.

At the same time, we strictly manage insider information during these discussions. By establishing quiet periods and refining internal policies, we provide highly transparent dialogue while ensuring fairness and appropriateness.

Governance

## Status of Efforts to Revitalize Shareholders' Meetings and Facilitate the Exercise of Voting Rights

The Company aims to send out notices of convocation of general meetings of shareholders at least three weeks before each meeting to facilitate constructive dialogue with shareholders. At the same time, we will post the content of the notices on financial instrument exchange and Company websites as early as possible prior to the date of notification to ensure shareholders have sufficient time to consider how to exercise their voting rights.

We disclosed the notice of the 86th Annual General Meeting of Shareholders on financial instrument exchange and Company websites three weeks in advance of the meeting and prior to the dispatch of the written notice.

In addition to an electronic voting platform, we also introduced methods for voting on the Internet and through other means for the convenience of all our shareholders, including domestic and foreign institutional investors. Furthermore, the Company prepares an English translation of the notice of convocation to ensure that foreign national shareholders can exercise their voting rights appropriately. The English translations are disclosed on our website, electronic voting platform, and other mediums. We also post business reports and presentations from the meeting on our website for shareholders unable to attend in-person.

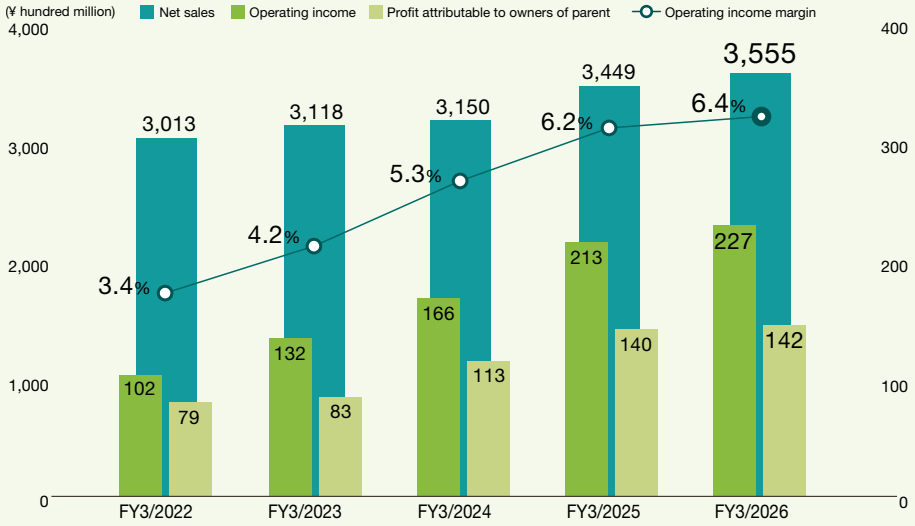
| Initiatives | Supplementary Details |
|---|---|
| 1 Early dispatch of notices of convocation for general meetings of shareholders | Policy dictates that notices are to be sent around three weeks prior to the date of the meeting.<br>Notice of the 86th Annual General Meeting of Shareholders held on June 23, 2026 was sent on June 2, 2026. |
| 2 Disclosure of notice of convocation of general meeting of shareholders prior to dispatch | Disclose the notices of convocation prior to their dispatch through the company website, etc.<br>The general meeting of shareholders was announced on May 29, 2026, prior to the dispatch of notices, as per our policy of announcing the meeting as early as possible. |
| 3 Scheduling shareholder meetings to avoid concentrated days | Avoid convening on concentrated days to enable more shareholders to attend the general meeting of shareholders.<br>The general meeting of shareholders was held June 23, 2026. |
| 4 Exercise of voting rights by electronic means | Adopt an electronic voting system to allow members to exercise their voting rights via the Internet (PC, smartphone, or cell phone). |
| 5 Participation in the electronic voting platform | Participate in the ICJ, Inc. electronic voting platform for institutional investors to improve the environment for institutional investors to exercise their voting rights. |
| 6 Provision of English notices of convocation (summary) | Posted the English summary of the notice of convocation for the general meeting of shareholders on the Company website and through other mediums in tandem with the Japanese version (May 29, 2026). |

# Financial Highlights

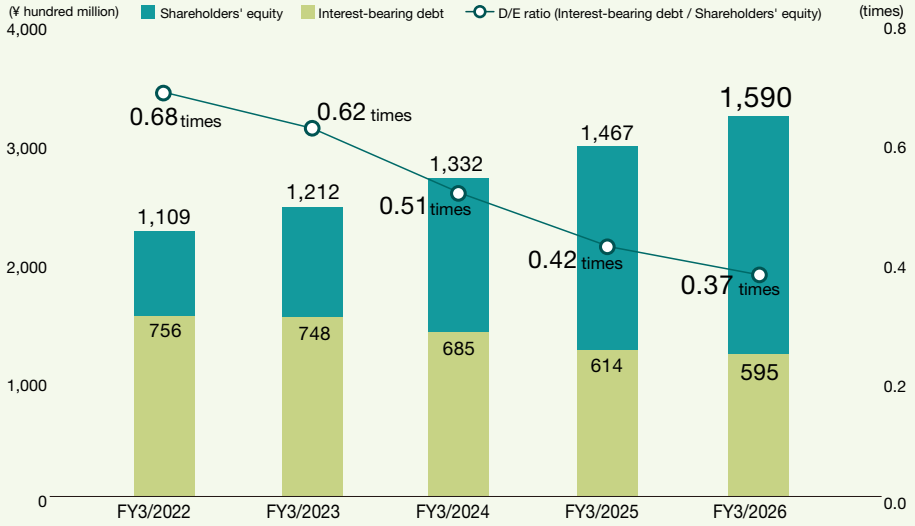
(¥ hundred million)

| Profit and Loss | FY3/2017 | FY3/2018 | FY3/2019 | FY3/2020 | FY3/2021 | FY3/2022 | FY3/2023 | FY3/2024 | FY3/2025 | FY3/2026 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 2,583 | 2,767 | 2,941 | 3,108 | 2,923 | 3,013 | 3,118 | 3,150 | 3,449 | 3,555 |
| Operating income | 102 | 110 | 109 | 96 | 39 | 102 | 132 | 166 | 213 | 227 |
| (Profit margin) | 4.0% | 4.0% | 3.7% | 3.1% | 1.4% | 3.4% | 4.2% | 5.3% | 6.2% | 6.4% |
| Ordinary income | 107 | 115 | 113 | 95 | 93 | 118 | 142 | 170 | 212 | 225 |
| Profit attributable to owners of parent | 73 | 70 | 62 | 45 | 48 | 79 | 83 | 113 | 140 | 142 |
| **Financial Condition** | | | | | | | | | | |
| Total assets | 2,046 | 2,118 | 2,132 | 2,234 | 2,587 | 2,577 | 2,660 | 2,770 | 2,897 | 2,997 |
| Shareholders' equity | 919 | 978 | 982 | 961 | 1,015 | 1,109 | 1,212 | 1,332 | 1,467 | 1,590 |
| Interest-bearing debt | 466 | 427 | 450 | 551 | 892 | 756 | 748 | 685 | 614 | 595 |
| Equity ratio (Shareholders' equity / Total assets) | 44.9% | 46.2% | 46.1% | 43.0% | 39.2% | 43.0% | 45.6% | 48.1% | 50.7% | 53.1% |
| D/E ratio (Interest-bearing debt / Shareholders' equity) | 0.51 times | 0.44 times | 0.46 times | 0.57 times | 0.88 times | 0.68 times | 0.62 times | 0.51 times | 0.42 times | 0.37 times |
| **Cash Flows** | | | | | | | | | | |
| Cash flows from operating activities | 165 | 143 | 58 | 183 | 144 | 167 | 187 | 176 | 234 | 248 |
| Cash flows from investing activities | (62) | (99) | (86) | (165) | (109) | (64) | (58) | (78) | (169) | (162) |
| Cash flows from financing activities | 14 | (64) | (38) | 35 | 311 | (154) | (35) | (98) | (128) | (104) |
| Free cash flows (Op. CF + Inv. CF) | 102 | 43 | (28) | 18 | 35 | 103 | 129 | 98 | 65 | 86 |
| Cash and cash equivalents at end of period | 313 | 291 | 222 | 276 | 622 | 576 | 675 | 681 | 627 | 609 |
| **Major Indicators** | | | | | | | | | | |
| Return on equity ratio (ROE) | 8.2% | 7.4% | 6.4% | 4.7% | 4.9% | 7.5% | 7.1% | 8.9% | 10.0% | 9.3% |
| Return on invested capital (ROIC) | 4.6% | 4.7% | 4.6% | 3.9% | 1.4% | 3.4% | 4.3% | 5.2% | 6.5% | 6.8% |
| Net operating profit after taxes (NOPAT) | 70 | 76 | 76 | 67 | 27 | 71 | 91 | 115 | 148 | 156 |

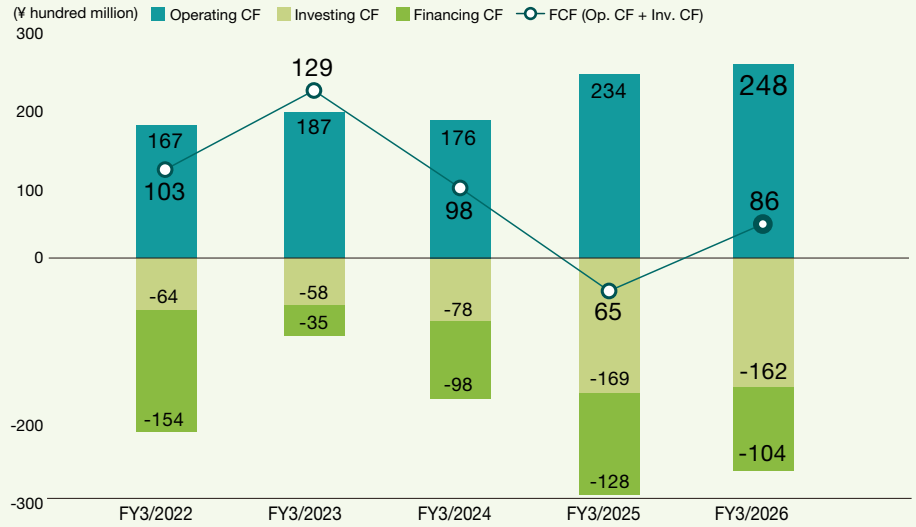
## Consolidated Profit Performance (5 Years)



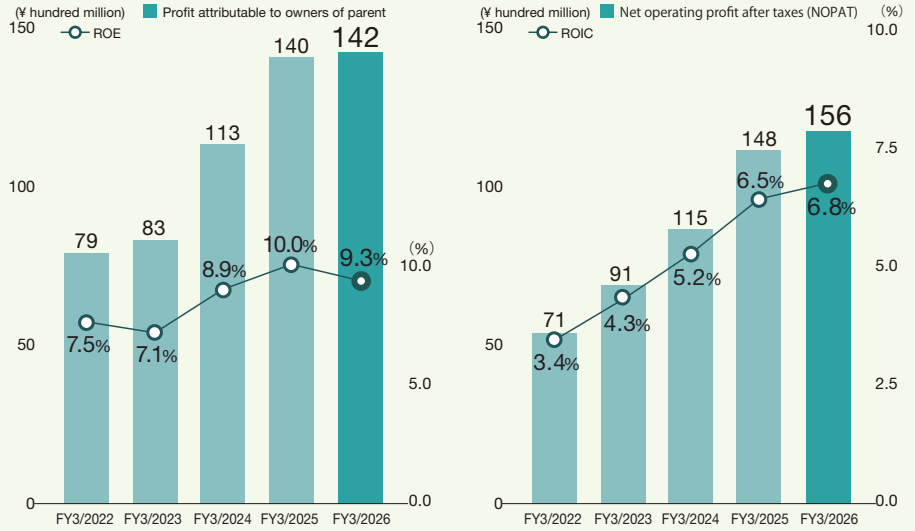

## Consolidated Balance Sheet Performance (5 Years)




## Consolidated Cash Flow Performance (5 Years)




## ROE/ROIC (5 Years)



# Analysis of Business Status/Corporate Performance, Etc.

## Corporate Performance and Business Status

In FY3/2026, the Japanese economy saw inbound demand remain at high levels while large companies in particular moved to raise wages. On the other hand, the economic situation remained uncertain due to the continuous rise in prices caused by a persistently weak yen and chronic labor shortage, sluggish personal consumption, higher U.S. import tariffs, deteriorating Japan-China relations, and heightened tensions in the Middle East.

The KONOIKE Group launched Medium-Term Business Plan 2027, which runs through FY3/2028, amid this business environment. Our basic policy under this plan is to *maximize employee happiness and corporate value through investments in growth and infrastructure investments in people, technology, and ICT.* Guided by this basic policy, we have steadily invested in human resources and pursued strategic talent development, viewing people as the source of value creation. We are also strengthening our management foundation to respond to change with agility and precision through technological innovation, the use of ICT, and stronger internal controls. Further, we are making progress in expanding our overseas business, one of the three pillars of our business strategy, despite the impact of U.S. import tariffs. We are building a stable earnings base at FSNL Private Ltd., which became a consolidated subsidiary last fiscal year, while meeting high levels of demand through increased handling volumes, improved efficiency, and progress in PMI. We will continue pursuing further growth in our overseas business by enhancing operations and expanding into new areas. In Businesses in Japan, the Airport-Related Business began to feel the impact of reduced flight frequencies on China routes in December 2025 amid worsening Japan-China relations. Reductions in flight frequency increased through March 2026, but recent trends show signs of bottoming out. Although we are uncertain when the situation will stabilize, we will continue to monitor developments, secure more orders in related areas, and optimize workforce deployment. Since March 2026, heightened tensions in the Middle East and the resulting rise in fuel prices have raised concerns about logistics costs. We strive to minimize the impact of higher fuel prices by reviewing transaction terms as appropriate and improving our cost structure.

Net sales for FY3/2026 amounted to ¥355,555 million, an increase of 3.1% year on year. This result reflected our efforts under Medium-Term Business Plan 2027, launched in April 2025, to expand overseas business and accelerate growth in Businesses in Japan. Positive factors included the effects of consolidating subsidiaries in India and Canada and higher volumes in the Airport-Related Business following the resumption of international passenger flights. These factors outweighed lower sales resulting from the suspension of certain production lines among our customers and lower air cargo handling volumes.

As for profits, operating income amounted to ¥22,785 million (up 6.5% year on year), ordinary income was ¥22,585 million (up 6.1%), and profit attributable to owners of parent was ¥14,268 million (up 1.5%). These results also reflected our efforts under Medium-Term Business Plan 2027 to expand overseas business and accelerate growth in Businesses in Japan.

Performance by segment is as follows. Note that segment income is operating income before deducting corporate expenses such as general and administrative expenses.

### Integrated Solutions Business

Net sales amounted to ¥231,985 million (up 6.7% year on year), despite suspended operations at certain production lines among our customers in Steel-Related. Contributing factors included the consolidation of a steel subsidiary in India, the recovery of international passenger flights in Airport-Related, the operation of a new facility and higher volume in Food and Life Industry-Related (Life), and higher volume and the receipt of appropriate unit prices in Food Products-Related.

Profit amounted to ¥23,864 million (up 14.8%) with the new consolidation and increased volumes, in addition to our ongoing efforts to receive appropriate unit prices.

### Domestic Logistics Business

Net sales amounted to ¥56,513 million (up 1.2% year on year) due to increased volumes and the receipt of appropriate unit prices in Food and Life Industry-Related (Life), as well as new business wins.

Profit amounted to ¥3,448 million (down 4.6%), as higher sales could not offset the decline in profit resulting from the withdrawal of certain clients from business.

### International Logistics Business

Net sales amounted to ¥67,028 million (down 6.4% year on year) due to lower air cargo volumes. This decline outweighed positive factors, including orders for large-scale projects, higher volumes at overseas operations, and the impact of the consolidation of a Canadian subsidiary.

Profit amounted to ¥3,973 million (down 15.9%) as other factors could not offset the decline in profit caused by lower air cargo volumes.

# Management Performance and Financial Condition

## Total assets

As of the end of FY3/2026, total assets amounted to ¥299,726 million, an increase of ¥10,023 million compared to FY3/2025.

## Current assets

As of the end of FY3/2026, current assets amounted to ¥143,362 million, an increase of ¥3,233 million compared to FY3/2025. This result was mainly due to an increase of ¥3,279 million in notes and accounts receivable trade, and contract assets.

## Non-current assets

As of the end of FY3/2026, non-current assets amounted to ¥156,363 million, an increase of ¥6,790 million compared to FY3/2025. This result was mainly due to an increase of ¥3,877 million in investment securities, an increase of ¥2,659 million in land, and a decrease of ¥1,116 million in deferred tax assets.

## Total liabilities

As of the end of FY3/2026, total liabilities amounted to ¥136,475 million, a decrease of ¥2,803 million compared to FY3/2025.

## Current liabilities

As of the end of FY3/2026, current liabilities amounted to ¥72,781 million, an increase of ¥8,849 million compared to FY3/2025. This result was mainly due to an increase of ¥5,000 million in the current portion of bonds payable, an increase of ¥2,003 million in other current liabilities, an increase of ¥1,261 million in short-term borrowings, an increase of ¥1,100 million in provision for litigation losses, and a decrease of ¥1,663 million in notes payable-trade, accounts payable-trade.

## Non-current liabilities

As of the end of FY3/2026, non-current liabilities amounted to ¥63,693 million, a decrease of ¥11,652 million compared to FY3/2025. This result was mainly due to a decrease of ¥10,000 million in bonds payable, a decrease of ¥2,864 million in retirement benefit liability, and an increase of ¥1,224 million in long-term borrowings.

## Net assets

As of the end of FY3/2026, net assets amounted to ¥163,251 million, an increase of ¥12,827 million compared to FY3/2025. This result was mainly due to an increase of ¥8,126 million in retained earnings, an increase of ¥2,290 million in remeasurements of defined benefit plans, and an increase of ¥1,884 million in valuation difference on available-for-sale securities.

## Cash flows

### Cash flows from operating activities

Net cash provided by operating activities for FY3/2026 amounted to ¥24,862 million, an increase of ¥1,394 million year on year. This result was mainly due to profit before income taxes of ¥22,154 million, depreciation of ¥9,987 million, and income taxes paid of ¥7,109 million.

### Cash flows from investing activities

Net cash used in investing activities for FY3/2026 amounted to ¥16,234 million, a decrease of ¥725 million year on year. This result was mainly due to ¥12,570 million in purchase of property, plant and equipment, ¥1,493 million in purchase of investments accounted for using the equity method, an increase of ¥1,331 million in time deposits, and ¥1,094 million in purchase of intangible assets.

### Cash flows from financing activities

Net cash used in financing activities for FY3/2026 amounted to ¥10,476 million, a decrease of ¥2,408 million year on year. This result was mainly due to ¥6,157 million in dividends paid, ¥5,000 million for redemption of bonds, and ¥2,738 million in proceeds from long-term borrowings.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 66,398 | 65,866 |
| Notes and accounts receivable-trade, and contract assets | 67,072 | 70,352 |
| Costs on uncompleted works | 22 | 53 |
| Supplies | 2,243 | 2,265 |
| Other | 5,511 | 5,885 |
| Allowance for doubtful accounts | (1,119) | (1,060) |
| Total current assets | 140,129 | 143,362 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 129,599 | 131,523 |
| Accumulated depreciation | (84,169) | (87,304) |
| Buildings and structures, net | 45,429 | 44,219 |
| Machinery, equipment and vehicles | 62,033 | 63,163 |
| Accumulated depreciation | (47,007) | (48,013) |
| Machinery, equipment and vehicles, net | 15,025 | 15,149 |
| Land | 44,043 | 46,702 |
| Leased assets | 6,159 | 6,533 |
| Accumulated depreciation | (3,194) | (2,978) |
| Leased assets, net | 2,965 | 3,555 |
| Construction in progress | 1,339 | 3,114 |
| Other | 12,546 | 13,081 |
| Accumulated depreciation | (9,053) | (9,821) |
| Other, net | 3,493 | 3,259 |
| Total property, plant and equipment | 112,296 | 116,000 |
| Intangible assets | | |
| Goodwill | 2,595 | 2,206 |
| Other | 4,250 | 4,399 |
| Total intangible assets | 6,846 | 6,605 |
| Investments and other assets | | |
| Investment securities | 13,005 | 16,883 |
| Long-term loans receivable | 231 | 214 |
| Deferred tax assets | 5,845 | 4,728 |
| Retirement benefit asset | 639 | 852 |
| Other | 10,903 | 11,254 |
| Allowance for doubtful accounts | (195) | (175) |
| Total investments and other assets | 30,429 | 33,757 |
| Total non-current assets | 149,573 | 156,363 |
| Total assets | 289,702 | 299,726 |

(Millions of yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 16,247 | 14,584 |
| Short-term borrowings | 6,190 | 7,452 |
| Current portion of bonds | 5,000 | 10,000 |
| Current portion of long-term borrowings | 2,093 | 2,215 |
| Provision for director bonuses | 414 | 364 |
| Accrued expenses | 15,133 | 15,361 |
| Income taxes payable | 3,262 | 4,110 |
| Provision for litigation losses | - | 1,100 |
| Other | 15,589 | 17,592 |
| Total current liabilities | 63,932 | 72,781 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 30,000 |
| Long-term borrowings | 4,115 | 5,340 |
| Lease obligations | 2,473 | 2,633 |
| Deferred tax liabilities | 668 | 757 |
| Deferred tax liabilities for land revaluation | 1,118 | 1,111 |
| Retirement benefit liability | 20,604 | 17,739 |
| Retirement allowance for directors | 91 | 93 |
| Long-term accounts payable - other | 625 | 618 |
| Asset retirement obligations | 3,207 | 3,294 |
| Other | 2,441 | 2,105 |
| Total non-current liabilities | 75,346 | 63,693 |
| Total liabilities | 139,278 | 136,475 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,723 | 1,723 |
| Capital surplus | 1,937 | 1,978 |
| Retained earnings | 140,453 | 148,579 |
| Treasury shares | (6,342) | (6,298) |
| Total shareholders' equity | 137,772 | 145,982 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,662 | 6,547 |
| Revaluation reserve for land | (5,502) | (5,518) |
| Foreign currency translation adjustment | 8,274 | 8,205 |
| Remeasurements of defined benefit plans | 1,568 | 3,859 |
| Total accumulated other comprehensive income | 9,003 | 13,093 |
| Non-controlling interests | 3,648 | 4,175 |
| Total net assets | 150,424 | 163,251 |
| Total liabilities and net assets | 289,702 | 299,726 |

## Consolidated Statements of Income

(Millions of yen)

| | FY3/2025 | FY3/2026 |
|---|---|---|
| Net sales | 344,987 | 355,555 |
| Cost of sales | 304,659 | 312,227 |
| Gross profit | 40,328 | 43,328 |
| Selling, general and administrative expenses | 18,942 | 20,542 |
| Operating income | 21,385 | 22,785 |
| Non-operating income | | |
| Interest income | 245 | 574 |
| Dividend income | 418 | 444 |
| Reversal of allowance for doubtful accounts | 59 | 7 |
| Gain on reversal of loss on valuation of investment securities | 0 | 0 |
| Other | 410 | 567 |
| Total non-operating income | 1,133 | 1,595 |
| Non-operating expenses | | |
| Interest expenses | 373 | 583 |
| Equity in losses of affiliates | 155 | 385 |
| Foreign exchange losses | 312 | 258 |
| Allowance for doubtful accounts | 214 | 144 |
| Other | 167 | 423 |
| Total non-operating expenses | 1,223 | 1,795 |
| Ordinary profit | 21,295 | 22,585 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 30 | 75 |
| Gain on sales of investment securities | 1,917 | 419 |
| Insurance claim income | - | 284 |
| Other | 46 | - |
| Total extraordinary income | 1,995 | 779 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 118 | 78 |
| Loss on valuation of investment securities | 4 | - |
| Provision for litigation losses | - | 1,100 |
| Impairment loss | 1,494 | 31 |
| Loss due to fire | 614 | - |
| Other | 200 | - |
| Total extraordinary losses | 2,432 | 1,210 |
| Profit before income taxes | 20,858 | 22,154 |
| Income taxes – current | 6,727 | 7,903 |
| Income taxes – deferred | (459) | (620) |
| Total income taxes | 6,267 | 7,283 |
| Profit | 14,590 | 14,871 |
| Profit attributable to non-controlling interests | 539 | 602 |
| Profit attributable to owners of parent | 14,050 | 14,268 |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

| | FY3/2025 | FY3/2026 |
|---|---|---|
| Profit | 14,590 | 14,871 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (463) | 1,877 |
| Foreign currency translation adjustment | 2,326 | (106) |
| Remeasurements of defined benefit plans, net of tax | 1,197 | 2,269 |
| Share of other comprehensive income of entities accounted for using equity method | 115 | 35 |
| Land revaluation reserve | (31) | - |
| Total other comprehensive income | 3,144 | 4,076 |
| Comprehensive income | 17,734 | 18,948 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 17,169 | 18,373 |
| Comprehensive income attributable to non-controlling interests | 564 | 574 |

# Consolidated Statements of Shareholders' Equity

(Millions of yen)

FY3/2026

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,723 | 1,937 | 140,453 | (6,342) | 137,772 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (6,157) | | (6,157) |
| Profit attributable to owners of parent | | | 14,268 | | 14,268 |
| Increase in retained earnings due to an increase in consolidated subsidiaries | | | | | - |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 40 | | 43 | 84 |
| Reversal of revaluation reserve for land | | | 15 | | 15 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 0 | | | 0 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | 40 | 8,126 | 43 | 8,210 |
| Balance at end of current period | 1,723 | 1,978 | 148,579 | (6,298) | 145,982 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 4,662 | (5,502) | 8,274 | 1,568 | 9,003 | 3,648 | 150,424 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (6,157) |
| Profit attributable to owners of parent | | | | | | | 14,268 |
| Increase in retained earnings due to an increase in consolidated subsidiaries | | | | | | | - |
| Purchase of treasury shares | | | | | | | (0) |
| Disposal of treasury shares | | | | | | | 84 |
| Reversal of revaluation reserve for land | | | | | | | 15 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 0 |
| Net changes of items other than shareholders' equity | 1,884 | (15) | (69) | 2,290 | 4,089 | 527 | 4,616 |
| Total changes of items during period | 1,884 | (15) | (69) | 2,290 | 4,089 | 527 | 12,827 |
| Balance at end of current period | 6,547 | (5,518) | 8,205 | 3,859 | 13,093 | 4,175 | 163,251 |

(Millions of yen)

FY3/2025

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,723 | 1,908 | 130,161 | (6,400) | 127,393 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (4,032) | | (4,032) |
| Profit attributable to owners of parent | | | 14,050 | | 14,050 |
| Increase in retained earnings due to an increase in consolidated subsidiaries | | | 284 | | 284 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 28 | | 58 | 87 |
| Reversal of revaluation reserve for land | | | (11) | | (11) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | - |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | | 28 | 10,291 | 58 | 10,378 |
| Balance at end of current period | 1,723 | 1,937 | 140,453 | (6,342) | 137,772 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 5,116 | (5,482) | 5,882 | 357 | 5,873 | 2,814 | 136,081 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (4,032) |
| Profit attributable to owners of parent | | | | | | | 14,050 |
| Increase in retained earnings due to an increase in consolidated subsidiaries | | | | | | | 284 |
| Purchase of treasury shares | | | | | | | (0) |
| Disposal of treasury shares | | | | | | | 87 |
| Reversal of revaluation reserve for land | | | | | | | (11) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | - |
| Net changes of items other than shareholders' equity | (453) | (20) | 2,392 | 1,211 | 3,130 | 833 | 3,964 |
| Total changes of items during period | (453) | (20) | 2,392 | 1,211 | 3,130 | 833 | 14,342 |
| Balance at end of current period | 4,662 | (5,502) | 8,274 | 1,568 | 9,003 | 3,648 | 150,424 |

# Consolidated Statements of Cash Flows

(Millions of yen)

| | FY3/2025 | FY3/2026 |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Profit before income taxes | 20,858 | 22,154 |
| Depreciation | 8,788 | 9,987 |
| Impairment loss | 1,494 | 31 |
| Amortization of goodwill | 308 | 428 |
| Increase (decrease) in allowance for doubtful accounts | 100 | (73) |
| Increase (decrease) in provision for litigation losses | - | 1,100 |
| Increase (decrease) in retirement benefit liability | 135 | 592 |
| Increase (decrease) in provision for directors' retirement benefits | 9 | 1 |
| Interest and dividend income | (663) | (1,019) |
| Loss on valuation of investment securities | 4 | - |
| Gain on reversal of loss on valuation of investment securities | (0) | (0) |
| Insurance claim income | - | (284) |
| Interest expenses | 373 | 583 |
| Foreign exchange losses (gains) | 188 | 48 |
| Share of (profit) loss of entities accounted for using equity method | 155 | 385 |
| Gain on sales of non-current assets | (30) | (75) |
| Loss (gain) on sales of investment securities | (1,917) | (419) |
| Loss on sales and retirement of non-current assets | 118 | 78 |
| Loss due to fire | 614 | - |
| Decrease (increase) in trade receivables | (536) | (3,340) |
| Decrease (increase) in inventories | 112 | (42) |
| Decrease (increase) in other assets | 19 | (456) |
| Increase (decrease) in trade payables | (74) | 1,207 |
| Increase (decrease) in other liabilities | 364 | 156 |
| Other | (59) | 245 |
| Subtotal | 30,365 | 31,289 |
| Interest and dividends received | 653 | 918 |
| Proceeds from insurance income | - | 284 |
| Interest paid | (336) | (519) |
| Payments for loss due to fire | (356) | - |
| Income taxes paid | (6,857) | (7,109) |
| Net cash provided by (used in) operating activities | 23,468 | 24,862 |

(Millions of yen)

| | FY3/2025 | FY3/2026 |
|---|---|---|
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 105 | (1,331) |
| Net decrease (increase) in short-term loans receivable | (39) | 35 |
| Purchase of property, plant and equipment | (9,164) | (12,570) |
| Proceeds from sales of property, plant and equipment | 255 | 273 |
| Purchase of intangible assets | (760) | (1,094) |
| Purchase of investment securities | (25) | (238) |
| Proceeds from sales of investment securities | 1,918 | 699 |
| Long-term loan advances | (3) | (11) |
| Collection of long-term loans receivable | 7 | 7 |
| Purchase of investments accounted for using the equity method | - | (1,493) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (6,808) | - |
| Purchase of investments in affiliates not resulting in change in scope of consolidation | (368) | - |
| Other | (2,078) | (509) |
| Net cash provided by (used in) investing activities | (16,960) | (16,234) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 726 | 1,197 |
| Redemption of bonds | (10,000) | (5,000) |
| Proceeds from long-term borrowings | 1,736 | 2,738 |
| Repayments of long-term borrowings | (242) | (1,487) |
| Dividends paid | (4,032) | (6,157) |
| Dividends paid to non-controlling interests | (51) | (54) |
| Repayments of finance lease obligations | (800) | (992) |
| Proceeds from share issuance to non-controlling shareholders | 307 | 21 |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | - | (13) |
| Other | (529) | (728) |
| Net cash provided by (used in) financing activities | (12,885) | (10,476) |
| Effect of exchange rate change on cash and cash equivalents | 614 | 81 |
| Net increase (decrease) in cash and cash equivalents | (5,761) | (1,766) |
| Cash and cash equivalents at beginning of period | 68,114 | 62,704 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 351 | - |
| Cash and cash equivalents at end of period | 62,704 | 60,937 |

# Sustainability Data

| Category | | Indicators | Units | FY3/2024 | FY3/2025 | FY3/2026 |
|---|---|---|---|---|---|---|
| Environment | Solar Power Generated[*1] | Total Power Generated | kWh | 13,091,501 | 14,758,226 | 15,663,327 |
| | Total Energy Input Volume[*2] | Electric Power | Thousand kWh | 96,000 | 98,480 | 95,784 |
| | | Town Gas | $km^3$ | 398 | 435 | 379 |
| | | Natural Gas | $km^3$ | 94 | 85 | 57 |
| | | Propane Gas | t | 51 | 42 | 31 |
| | | Gasoline | kℓ | 809 | 842 | 829 |
| | | Kerosene | kℓ | 59 | 62 | 58 |
| | | Diesel | kℓ | 24,979 | 25,541 | 24,913 |
| | | A Fuel Oil | kℓ | 507 | 554 | 516 |
| | | BC Fuel Oil | kℓ | 1,825 | 1,807 | 1,649 |
| | | Coal Coke | t | 6,446 | 5,518 | 11,932 |
| | | Anthracite | t | 952 | 854 | 0 |
| | | Coke Oven Gas | $km^3$ | 6,809 | 6,154 | 5,184 |
| | | Industrial Steam | GJ | 4,649 | 5,390 | 5,797 |
| | | Steam | GJ | 978 | 975 | 975 |
| | | Biodiesel Fuel[*4] | kℓ | 98 | 163 | 277 |
| | Energy-Derived $CO_2$ Emissions[*2] | Scope 1 | t-$CO_2$e | 103,426 | 102,040 | 117,213 |
| | | Scope 2 | t-$CO_2$e | 38,330 | 25,097 | 16,267 |
| | | Scope 3 | t-$CO_2$e | 596,154 | 591,773 | 567,052 |
| | Details of $CO_2$ Emissions[*2] (Scope 1 and 2) | Electric Power | t-$CO_2$e | 37,995 | 24,693 | 15,836 |
| | | Town Gas | t-$CO_2$e | 886 | 893 | 778 |
| | | Natural Gas | t-$CO_2$e | 209 | 166 | 112 |
| | | Propane Gas | t-$CO_2$e | 153 | 125 | 92 |
| | | Gasoline | t-$CO_2$e | 1,877 | 1,929 | 1,902 |
| | | Kerosene | t-$CO_2$e | 147 | 155 | 145 |
| | | Diesel | t-$CO_2$e | 64,445 | 66,920 | 65,244 |
| | | A Fuel Oil | t-$CO_2$e | 1,375 | 1,523 | 1,419 |
| | | BC Fuel Oil | t-$CO_2$e | 5,475 | 5,603 | 5,110 |
| | | Coal Coke | t-$CO_2$e | 20,434 | 17,547 | 37,944 |
| | | Anthracite | t-$CO_2$e | 2,399 | 2,255 | 0 |
| | | Coke Oven Gas | t-$CO_2$e | 5,788 | 4,523 | 3,810 |
| | | Industrial Steam | t-$CO_2$e | 278 | 352 | 379 |
| | | Steam | t-$CO_2$e | 56 | 52 | 52 |
| | | Biodiesel Fuel[*4] | t-$CO_2$e | - | - | 656 |

| Category | | Indicators | Units | FY3/2024 | FY3/2025 | FY3/2026 |
|---|---|---|---|---|---|---|
| Environment | Scope 3[*2] Breakdown by Scope 3 Category[*2] | Category 1 | t-$CO_2e$ | - | 454,713 | 428,654 |
| | | Category 2 | t-$CO_2e$ | - | 27,709 | 27,392 |
| | | Category 3 | t-$CO_2e$ | - | 23,130 | 27,959 |
| | | Category 4 | t-$CO_2e$ | - | - | - |
| | | Category 5 | t-$CO_2e$ | - | 1,270 | 1,391 |
| | | Category 6 | t-$CO_2e$ | - | 1,787 | 1,809 |
| | | Category 7 | t-$CO_2e$ | - | 27,242 | 28,589 |
| | | Category 8 | t-$CO_2e$ | - | - | - |
| | | Category 9 | t-$CO_2e$ | - | - | - |
| | | Category 10 | t-$CO_2e$ | - | - | - |
| | | Category 11 | t-$CO_2e$ | - | 55,921 | 51,257 |
| | | Category 12 | t-$CO_2e$ | - | 1 | 1 |
| | | Category 13 | t-$CO_2e$ | - | - | - |
| | | Category 14 | t-$CO_2e$ | - | - | - |
| | | Category 15 | t-$CO_2e$ | - | - | - |
| | Non-Energy-Derived $CO_2$ Emissions[*2] | Calculated Leakage of Chlorofluorocarbons (CFCs) | t-$CO_2e$ | 807 | 828 | 2,264 |
| | | Waste Derived[*5] | t-$CO_2e$ | 87,661 | 88,006 | 50,386 |
| | | Biofuel Derived | t-$CO_2e$ | 13 | 25 | 68 |
| | Effects of $CO_2$ Emission Reduction | $CO_2$ Emissions Reduction Due to Solar Power Generation[*1, 6] | t-$CO_2e$ | 6,640 | 6,242 | 6,625 |
| | | Reduction in $CO_2$ Emissions from Modal Shift (t-$CO_2$)[*2] | t-$CO_2e$ | 8,427 | 73,478 | 89,451 |
| | Low-Emission Vehicles[*3] | Post-Post-New Long-Term Regulation-Compliant Vehicles | Vehicles | 378 | 449 | 512 |
| | | Post-New Long-Term Regulation-Compliant Vehicles | Vehicles | 424 | 392 | 342 |
| | | New Long-Term Regulation-Compliant Vehicles | Vehicles | 92 | 65 | 56 |
| | | Hybrid Vehicles | Vehicles | 53 | 62 | 69 |
| | | Electric Vehicles | Vehicles | 13 | 17 | 13 |
| | | CNG Vehicles | Vehicles | 14 | 9 | 4 |
| | | LPG Vehicles | Vehicles | 1 | 1 | 0 |
| | Transportation Ton-Kilometers[*3] | Transportation Ton-Kilometers[*7] | 10,000 t-km | 17,055 | 17,416 | 18,429 |
| | | $CO_2$ Emissions | t-$CO_2e$ | 25,196 | 26,214 | 25,305 |
| | | Output Level[*8] | | 0.554 | 0.572 | 0.515 |
| | Water Consumption[*1] | Water and Sewer Consumption | Thousand $m^3$ | 348 | 419 | 435 |

| Category | | Indicators | Units | FY3/2024 | FY3/2025 | FY3/2026 |
|---|---|---|---|---|---|---|
| People | Work Hours and Days of Paid Leave Taken[*3] | Annual Work Hours (Front-Line Workers) | Hours | 2,248.7 | 2,241.7 | 2,223.9 |
| | | Annual Work Hours (Career-Track) | Hours | 2,131.0 | 2,141.6 | 1,993.2 |
| | | Days of Paid Leave Taken (Front-Line Workers) | Days | 15.5 | 13.1 | 12.9 |
| | | Days of Paid Leave Taken (Career-Track) | Days | 9.4 | 8.7 | 8.7 |
| | Human Resources[*3] | Number of Employees (Front-Line Workers) | People | 8,336 | 8,308 | 8,305 |
| | | Percent of Female Employees | % | 10.0 | 10.5 | 11.1 |
| | | Number of Employees (Career-Track) | People | 927 | 956 | 981 |
| | | Percent of Female Employees | % | 17.0 | 18.4 | 20.0 |
| | | New Graduates Hired (Front-Line Workers) | People | 65 | 60 | 67 |
| | | New Graduates Hired (Career-Track) | People | 47 | 47 | 49 |
| | | Mid-Career Hires (Front-Line Workers) | People | 458 | 427 | 456 |
| | | Mid-Career Hires (Career Track) | People | 22 | 44 | 65 |
| | | Percentage of Male Employees Taking Parental Leave | % | 42.0 | 70.5 | 96.4 |
| | | Percentage of Female Managers | % | 3.4 | 4.2 | 4.8 |
| | | Percentage of Disabled Persons Hired | % | 2.6 | 2.6 | 2.5 |
| | Training[*3] | Training Expenses | ¥ hundred million | 5.3 | 6.6 | 7.7 |
| | | Training Hours | Hours per person | 19.9 | 20.2 | 19.3 |
| | | Cumulative Number of Coaching Participants | People | 98 | 263 | 371 |
| | Well-Being Surveys[*3] | Happiness (Higher Is Preferable) | | 4.15 | 4.11 | 4.12 |
| | | Concern (Lower Is Preferable) | | 3.15 | 3.23 | 3.25 |
| | | Organizational and Morale Status (7-Point Scale) | | 4.36 | 4.31 | 4.29 |
| Technology | Technological Innovation[*3] | Technologies Introduced to the Field | Cases | 25 | 24 | 20 |
| | | POCs Conducted for Introducing New Technologies to the Field | Cases | 45 | 38 | 44 |
| | | Technology Tests at the Giken IC | Cases | 9 | 9 | 13 |
| | ICT and DX[*3] | New Integrated Warehouse Management System (WMS) Installations | Cases | 2 | 6 | 14 |
| | | Use Cases of Generative | Cases | - | - | 7 |
| | Safety and Quality[*1] | Workplace Accidents | Incidents | 111 | 124 | 153 |
| | | Automobile Incidents | Incidents | 28 | 45 | 57 |
| | | Quality Incidents | Incidents | 23 | 31 | 80 |
| | | Rate of Incidents | | 2.1 | 2.22 | 2.84 |
| | | Rate of Lost Worktime Incidents | | 0.28 | 0.24 | 0.31 |

| Category | | Indicators | Units | FY3/2024 | FY3/2025 | FY3/2026 |
|---|---|---|---|---|---|---|
| Governance | Composition of the Board of Directors*3 | Directors | People | 5 | 5 | 8 |
| | | Including Outside Directors | People | 3 | 3 | 4 |
| | | Including Female Directors | People | 1 | 1 | 1 |
| | | Audit & Supervisory Board Members | People | 4 | 4 | 4 |
| | | Including External Audit & Supervisory Board Members | People | 2 | 2 | 2 |
| | | Including Female Audit & Supervisory Board Members | People | 1 | 1 | 1 |
| | Board of Directors*3 | No. of Board Meetings Held | Times | 18 | 17 | 17 |

*1 Applies to Konoike Transport Co., Ltd. and consolidated subsidiaries in Japan and overseas
*2 Applies to Konoike Transport Co., Ltd. and domestic consolidated subsidiaries
*3 Applies to Konoike Transport Co., Ltd.
*4 Biodiesel fuel includes B5 and B30 fuel
*5 Waste Derived is used as a substitute to fossil fuels in the recycling business of Eco Innovation Inc.
*6 Includes electricity sold under the Feed-in Tariff (FIT) System
*7 Total weight of cargo transported (in tons) multiplied by the respective transport distance (in kilometers)
*8 Energy consumption (crude oil-converted KL) divided by transportation ton-kilometers (10,000s of ton-kilometers)

## Third-Party Assurance of Environment-Related Data

The KONOIKE Group has obtained third-party assurance for our GHG emissions in FY3/2025 (Scope 1, Scope 2, and Scope 3 Categories 1, 2, 3, 5, 6, 7, 11, and 12[*1]), total energy input, and total in-house solar power generation[*2]. This assurance was conducted by LRQA Limited, based on ISO 14064-3:2019 (GHG) and the revised ISAE3000 (non-GHG). We will continue to ensure the reliability of our calculations by obtaining third-party assurance and expanding the scope of our guarantees.

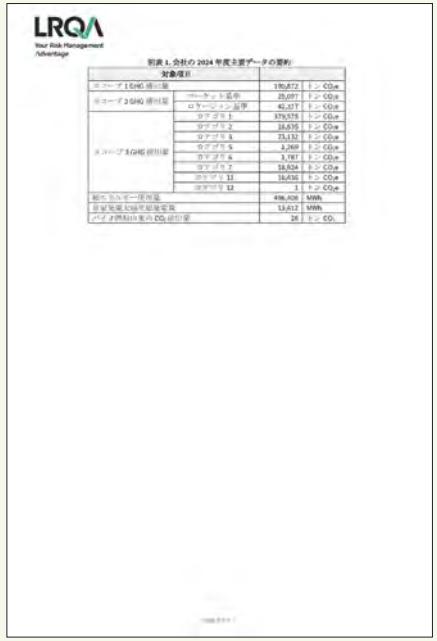
*1 Scope 3 Categories 1, 2, 7, 11, and 12 apply to Konoike Transport Co., Ltd.
*2 Applies to Konoike Transport Co., Ltd. and domestic consolidated subsidiaries


LRQA

LRQA独立保証声明書

鴻池運輸株式会社の 2024 年度環境データに関する保証


LRQA


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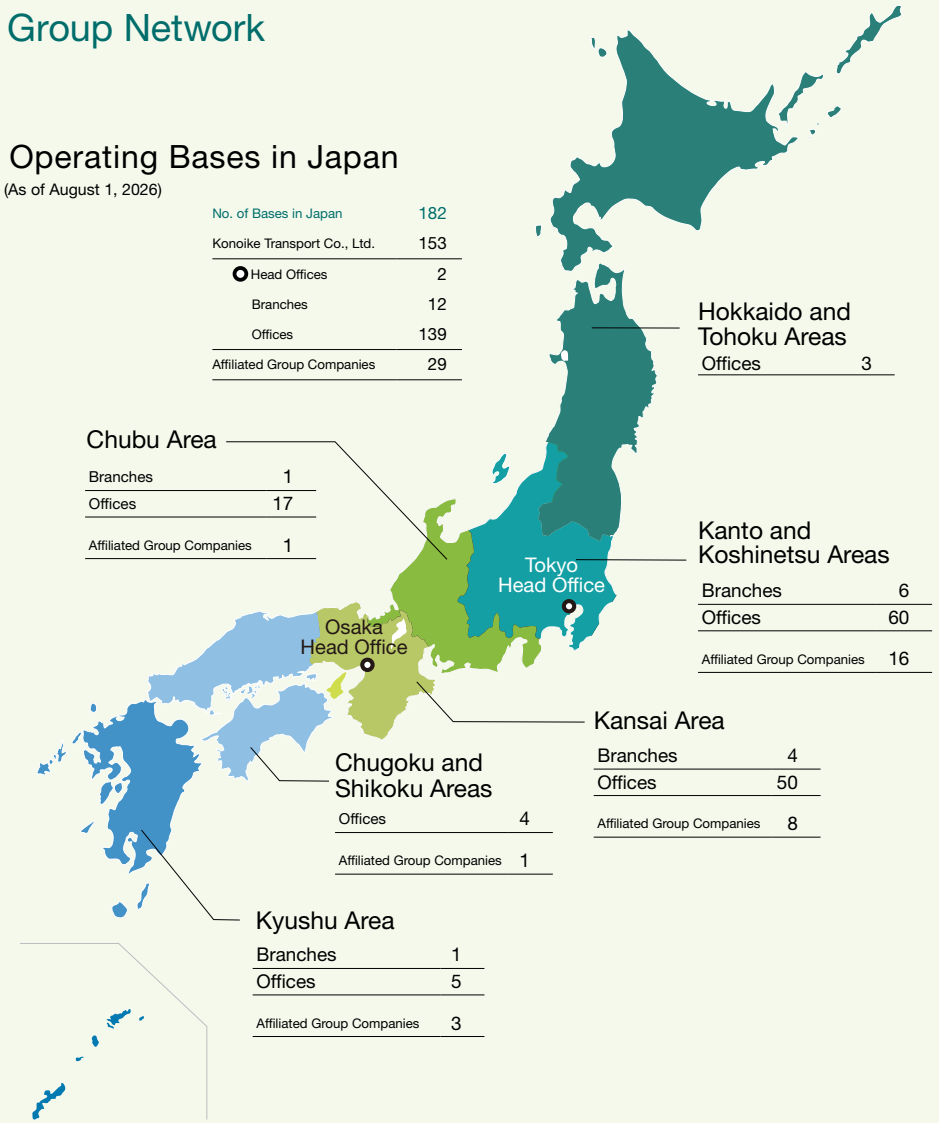
# Company Data

## Group Network

### Operating Bases in Japan

(As of August 1, 2026)

| | |
|---|---|
| No. of Bases in Japan | 182 |
| Konoike Transport Co., Ltd. | 153 |
| Head Offices | 2 |
| Branches | 12 |
| Offices | 139 |
| Affiliated Group Companies | 29 |




### Operating Bases Overseas

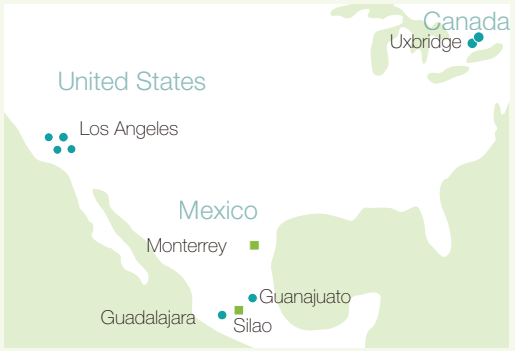
(As of August 1, 2026)

| | |
|---|---|
| No. of Bases Overseas (13 Countries) | 38 |
| Affiliates | 37 |
| (Branches and Warehouses of Affiliates) | |
| Rep. Offices | 1 |

#### Bases in Asia




#### Bases in North and Central America




#### Bases in Europe



# Group Network (As of August 1, 2026)

| Division System | Japanese Subsidiaries | Overseas Subsidiaries | |
|---|---|---|---|
| Steel Division | Eco Innovation Inc.<br>ASR Recycling Kashima Co., Ltd.<br>Konoike Express Co., Ltd.<br>Otori Tech Co., Ltd. | FSNL Private Ltd. | |
| Engineering Division | Chuden Sangyo Co., Ltd.<br>NBS Inc.<br>Chiyoda Inspection Industries Co., Ltd. | Vertex Konoike Engineers Pvt. Ltd. | |
| Food and Life Industry Division | Kyushu Sanko Unyu Co., Ltd.<br>Kanriku Co., Ltd.<br>Japan Airways Co., Ltd.<br>Konohana Transport Co., Ltd.<br>Konoike Corporate Service Co., Ltd. | Konoike Philippines Corporation | |
| Medical Division | Konoike Medical Co., Ltd. | SPD India Healthcare Pvt. Ltd. | Carna Medical Database Pvt. Ltd. |
| Airport Division | Konoike Air Holding Co., Ltd.<br>Konoike Air Port Service Co., Ltd.<br>Konoike Sky Support Co., Ltd.<br>K Sky Co., Ltd.<br>K Ground Service Co., Ltd.<br>K Ground Expert Co., Ltd.<br>Japan Airport Service Co., Ltd.<br>Airport Terminal Service Co., Ltd.<br>NAB Corporation<br>J Friendly, Inc.<br>Air Express, Inc. | MacroAsia Airport Services Corporation | |
| International Business Division | Sano Unyu Co., Ltd.<br>Konoike Shipping Co., Ltd.<br>Nichiun Co., Ltd. | Konoike Kanepackage Holding Co., Ltd.<br>Pine Valley Packaging Group Inc.<br>Pine Valley Packaging Mexico S.A. de C.V.<br>Konoike-Pacific California, Inc.<br>Konoike-General, Inc.<br>Konoike-E Street, Inc.<br>Konoike Transport & Engineering (USA), Inc.<br>Konoike Mexico S.A. de C.V.<br>Konoike Transport & Engineering (H.K.) Ltd.<br>Konoike Logistics (Shenzhen) Co., Ltd.<br>Konoike Logistics (Shanghai) Co., Ltd.<br>Konoike Asia (Jiangsu) Co., Ltd.<br>BEL International Logistics Ltd.<br>BEL International Logistics Ltd. (Shanghai)<br>BEL Supply Chain Solutions Ltd. | PKI Manufacturing & Technology, Inc.<br>PT. Konoike Transport Indonesia<br>Konoike Vinatrans Logistics Co., Ltd.<br>Anpha-AG Joint Stock Company<br>BEL International Logistics Vietnam Company Ltd.<br>Vinako Forwarding Co., Ltd.<br>Konoike Transport & Engineering (S) Pte Ltd.<br>Konoike Asia (Thailand) Co., Ltd.<br>Konoike Cool Logistics (Thailand) Co., Ltd.<br>Konoike-Sotus Venture Co., Ltd.<br>Konoike Express (Thailand) Co., Ltd.<br>Konoike Myanmar Co., Ltd.<br>Konoike-EURO Logistics (Bangladesh) Ltd.<br>Joshi Konoike Transport & Infrastructure Pvt. Ltd.<br>Konoike India Pvt. Ltd. |
| ICT Promotion Division | SHINE Co., Ltd.<br>Konoike IT Solutions Co., LTD | | |
| Business Development Division | | Ehrhardt Konoike Solutions GmbH | |

# Company Overview (As of August 1, 2026)

| | |
|---|---|
| Corporate Name | Konoike Transport Co., Ltd. |
| Osaka Head Office | 4-3-9 Fushimimachi, Chuo-ku, Osaka 541-0044, Japan |
| Tokyo Head Office | 6-10-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan |
| Founded | May 1880 |
| Incorporated | May 30, 1945 |
| Representative | Tadahiko Konoike<br>Representative Director, Chairman, President and Chief Executive Officer |
| Share Capital | ¥1,723 million |
| Employees | Group: Approx. 25,000<br>Konoike Transport alone: Approx. 14,000<br>*Including temporary employees |

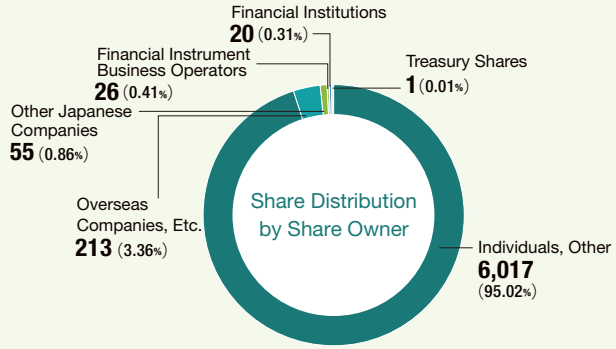
# Stock Information (As of June 30, 2026)

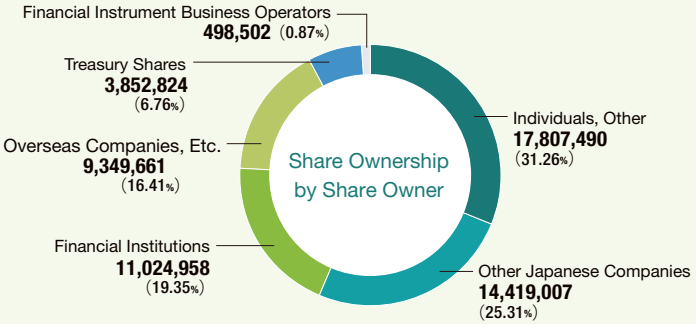
| | |
|---|---|
| Number of Shares Authorized | 227,596,808 shares |
| Number of Shares Issued | 56,952,442 shares<br>(Including 3,852,824 treasury shares) |
| Number of Shareholders | 6,332 |
| Listed Stock Exchange | Prime Market, Tokyo Stock Exchange |
| Security Code Number | 9025 |

## Major Shareholders (Top 10)

| Name of Individual or Company | No. of Shares Held (Shares) | Shareholding ratio (%) |
|---|---|---|
| Enokojimashoji Co. | 5,040,888 | 9.49 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4,448,700 | 8.37 |
| Konoike Transport Employee Stock Ownership Plan | 3,848,792 | 7.24 |
| Ginsen Co., Ltd. | 3,598,274 | 6.77 |
| Tadahiko Konoike | 2,846,878 | 5.36 |
| Sumitomo Mitsui Banking Corporation | 2,480,022 | 4.67 |
| Osaka Gas Co., Ltd. | 2,248,912 | 4.23 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,893,600 | 3.56 |
| Tadatsugu Konoike | 1,623,444 | 3.05 |
| Nippon Steel Corporation | 1,591,118 | 2.99 |

Notes: 1. Konoike Transport owns 3,852,824 shares of treasury stock, which has been excluded from the list above.
2. Ownership ratios have been calculated exclusive of treasury stock.




# Shareholder Reference

| | |
|---|---|
| Date of record for dividend | Year-end: March 31 |
| Ordinary general meeting of shareholders | June each year |
| Record date | Annual general meeting: March 31<br>Year-end dividend: March 31<br>Interim dividend: September 30<br>Other date as published when necessary |
| Administrator of shareholder registry and special-account managing institution | 1-4-1, Marunouchi, Chiyoda-ku, Tokyo<br>Sumitomo Mitsui Trust Bank, Limited |
| Special-account managing institution | 4-5-33, Kitahama, Chuo-ku, Osaka |
| Administrator | Sumitomo Mitsui Trust Bank, Limited Stock |
| Mailing address | 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan Sumitomo Mitsui Trust Bank Limited Stock Transfer Agency Department |
| Telephone inquiries | 0120-782-031 (toll-free in Japan)<br>Business Hours 9:00 to 17:00<br>(excluding weekends and holidays) |
| Website URL | https://www.smtb.jp/personal/procedure/agency/ |
| Frequently asked questions (FAQ) | https://faq-agency.smtb.jp/?site_domain=personal<br>Procedures and answers to frequently asked questions can be found on the FAQ website above. |
| Method of public notice | Public notices will be posted on our website (https://www.konoike.net/en/); provided, however, that in the event of an accident or any other unavoidable reason, the public notices may be given in "The Nikkei" newspaper. |