

Informational Materials for the 114th Ordinary General Meeting of Shareholders

Items Not Stated in the Paper-based Documents Delivered

- I “System Necessary to Ensure the Properness of Operations” in the Business Report**
- II “Basic Policy, etc. Regarding the Persons Who Control Decisions on Financial and Management Policies” in the Business Report**
- III “Consolidated Statements of Changes in Equity” in the Consolidated Financial Statements**
- IV “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements**
- V “Non-Consolidated Statements of Changes in Equity” in the Non-Consolidated Financial Statements**
- VI “Notes to the Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements**

Kintetsu Group Holdings Co., Ltd.

I “System Necessary to Ensure the Properness of Operations” in the Business Report

The Company has decided to establish a system to ensure that the execution of duties by the Company’s Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems necessary to ensure the properness of the Company’s operations and those of the corporate group consisting of the Company and its subsidiaries. The outline of the system and its operation during the fiscal year under review are as follows. The system shall be reviewed by the Board of Directors whenever necessary.

1. Outline of the system necessary to ensure the properness of operations

(1) System to ensure that the execution of duties by Directors and employees of the Company complies with laws and regulations and the Articles of Incorporation

In the Corporate Code of Conduct, which acts as the foundation for how officers and employees behave, we shall clearly state our belief that compliance with laws and regulations and corporate ethics is the foundation of management, and formulate the Legal and Ethical Guidelines to serve as concrete indicators and take measures to ensure awareness.

In addition, we shall establish the Legal & Ethical Affairs Committee to promote corporate behavior in accordance with laws and regulations and corporate ethics, place legal and ethical standards managers and persons in charge in each department, and carry out internal training programs systematically. The Company shall also establish a legal and ethical consultation system to handle reports and queries from employees in order to quickly detect and correct infractions of laws and regulations, corporate ethics, and internal regulations.

The Company shall not have any relationship with antisocial forces, and shall take a firm stand against any unreasonable demands, which is clearly stated in the Corporate Code of Conduct and Legal and Ethical Guidelines.

Regarding internal control over financial reporting based on the Financial Instruments and Exchange Law, the Company shall fully recognize the importance of proper financial reporting in accordance with laws and regulations, and shall properly establish and operate the necessary systems, etc.

(2) System for storing and managing information on the execution of duties by the Company’s Directors

In addition to establishing internal regulations for the storage and management of information, such as the Document Handling Regulations, Document Management Regulations, and Information Security Regulations, each department shall appoint a person in charge of document management and a person in charge of information security to properly store and manage information in accordance with these regulations, and shall conduct inspections of storage and management conditions, etc.

(3) Regulations and other systems for managing risk of losses of the Company

In order to properly manage business and other risks, the Company shall formulate the Risk Management Regulations as comprehensive regulations and establish the Risk Management Committee.

The Risk Management Committee shall identify important risks through the identification and evaluation of various risks, and report the status of such risks to the Board of Directors on a regular basis.

In addition, important matters including risks shall be discussed and reported, as necessary, at meetings of the Board of Directors and other meeting bodies such as the Management Committee, Board of Managing Directors and Group Strategy Committee.

Furthermore, for the management of risks deemed particularly important, such as matters related to risk management for accidents, disasters, etc., and compliance with laws and regulations and corporate ethics, in addition to the overall risk management system, the Company shall establish individual management systems by appointing a dedicated person in charge and formulating internal regulations and manuals.

(4) System to ensure the efficient execution of duties by Directors of the Company

Upon resolution of the Board of Directors, the Company shall establish a proper business organization and segregation of duties, and clearly define the responsibilities of Executive Directors and Officers. Under the supervision of the President, who is in charge of business execution, Executive Directors and Officers shall be delegated decision-making authority based on certain standards as necessary, while taking into consideration the perspective of mutual checks and balances.

In addition, in order to ensure information sharing and efficient decision-making among Executive Directors, Officers and major subsidiaries' presidents, the Company shall establish its own meeting bodies, such as the Management Committee, Board of Managing Directors and Group Strategy Committee, and form project teams for each individual management issue.

For daily business processing, internal regulations, manuals, etc., which should serve as standards from the viewpoint of standardization, shall be prepared. Furthermore, the department in charge of internal audits shall conduct internal audits from the perspective of contributing to the promotion of business improvement, enhancement of management efficiency, etc.

(5) System to ensure the properness of operations in the corporate group

a. System for reporting to the Company on matters pertaining to the execution of duties by Directors of subsidiaries

The Company shall establish the Kintetsu Group Management Regulations to be complied with by each Group company, and in accordance with predetermined standards based on this, collect information from each Group company in a timely and proper manner to accurately grasp the actual status of operations and financial position. In addition, in order to review, evaluate and correct the situation, a system shall be established to conduct audits by the Company's Internal Audit Department and other departments.

b. Regulations and other systems for managing risk of losses of subsidiaries

In order to properly manage business and other risks within the Company group (the "Group"), the Risk Management Committee shall identify important risks across the Group through the identification and evaluation of various risks, and report the status of such risks to the Board of Directors on a regular basis. In addition, important matters including risks at each Group company shall be discussed and reported at meetings of the Board of Directors and other meeting bodies as necessary.

c. System to ensure the efficient execution of duties by Directors of subsidiaries

The Company shall stipulate whether or not the Board of Directors of the Company is required to approve the execution of business by each Group company, and establish a system that enables each company to execute its business promptly, except for important matters. From the perspective of enhancing the corporate value of the entire Group, the Company shall coordinate and adjust operations between Group companies as appropriate, and the departments in charge at the Company shall provide support and guidance as necessary for each company's legal and accounting-related operations.

d. System to ensure that the execution of duties by Directors and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation

In addition to the legal and accounting-related operations of each Group company, the departments in charge at the Company shall provide support and guidance as necessary for education and training conducted by each company to ensure compliance with laws and regulations and corporate ethics. In addition, a system shall be established to handle reports and queries from officers and employees of each Group company regarding infractions of laws, regulations, and corporate ethics, etc.

Furthermore, the Internal Audit Department of the Company shall conduct audits of each Group company from time to time in cooperation with the internal audit departments of each company to confirm the status of compliance with laws and regulations and to exchange information with each company.

In addition, in order to ensure the fairness of transactions between the Company and its subsidiaries, the Company shall utilize specially established review procedures for transactions that can be deemed uncommon.

(6) System for audits by Audit & Supervisory Board Members

- a. Matters concerning employees who assist the duties of Audit & Supervisory Board Members of the Company

The Company shall establish the Office of Audit & Supervisory Board Members to deal with tasks related to the Audit & Supervisory Board and its members' audits. The Office shall have a general manager, a manager and other employees as dedicated personnel, as necessary, to assist the duties of the Company's Audit & Supervisory Board Members.

- b. Matters concerning the independence of such employees from the Company's Directors

Employees belonging to the Office of Audit & Supervisory Board Members shall be under the direction of the Audit & Supervisory Board Members, outside the control of the Directors of the Company, and their transfer and evaluation shall be subject to the consent of the full-time Audit & Supervisory Board Members.

- c. Matters related to ensuring the effectiveness of instructions given by the Company's Audit & Supervisory Board Members to such employees

Employees belonging to the Office of Audit & Supervisory Board Members shall receive instructions directly from and report directly to the Company's Audit & Supervisory Board Members without the assistance of the Company's Directors, Officers, or employees under their direction.

- d. System for reporting to Audit & Supervisory Board Members of the Company

- (a) System for reporting to the Company's Audit & Supervisory Board Members by the Company's Directors and employees

The Company's Directors, Officers and employees shall deliver to the Company's Audit & Supervisory Board Members documents related to the execution of operations and other important documents, and shall promptly report the details of business and other risks, and other important matters, in addition to statutory matters, whenever they become aware of the occurrence of such matters. In addition, the Company shall actively cooperate with the Audit & Supervisory Board Members when they request reports and investigations in the course of their duties. In addition, Executive Directors and Officers shall meet regularly with full-time Audit & Supervisory Board Members to report on their duties.

In addition, the Internal Audit Department of the Company shall regularly report the results of internal audits to the Audit & Supervisory Board Members. When the legal and ethical consultation system receives reports or queries on infractions of laws and regulations, corporate ethics, etc., the details of such reports or queries shall be reported to the Company's Audit & Supervisory Board Members as necessary.

- (b) System for reporting to the Company's Audit & Supervisory Board Members by Directors, Audit & Supervisory Board Members and employees of subsidiaries or those who receive reports from them

Directors, Audit & Supervisory Board Members and employees of subsidiaries shall, upon request from the Company's Audit & Supervisory Board Members, submit reports and conduct investigations regarding their business and actively cooperate with the Company's Audit & Supervisory Board Members, and shall report any important internal control matters in accordance with the Kintetsu Group Management Regulations. In addition, the Company's Directors, Officers and employees shall report to the Company's Audit & Supervisory Board Members as necessary on matters reported by subsidiaries.

- e. System to ensure that persons who report to the Company's Audit & Supervisory Board Members are not subjected to any disadvantageous treatment

The Company shall take necessary measures such as clearly stipulating in the Regulations for Legal and Ethical Consultation System that no disadvantageous treatment shall be accorded to any person for reporting to the Company's Audit & Supervisory Board Members.

- f. Matters concerning the policy for handling expenses and debts incurred for executing duties by the Audit & Supervisory Board Members of the Company

In the event that an Audit & Supervisory Board Member of the Company requests advance payment of expenses, reimbursement of expenses and interest paid, or reimbursement of liabilities incurred in connection with the execution of his/her duties, the Company shall promptly comply with such request, unless it is obvious that such payment is unnecessary for the execution of the Audit & Supervisory Board Member's duties.

- g. Other systems to ensure effective audits by Audit & Supervisory Board Members of the Company

The Company's full-time Audit & Supervisory Board Members may attend and express their opinions at the Company's important meeting bodies such as the Management Committee, Board of Managing Directors and Group Strategy Committee, and the Audit & Supervisory Board may request the attendance of Directors, Officers, employees, Accounting Auditor and other related persons as necessary.

2. Outline of the operation of the system during the fiscal year under review

- (1) System to ensure that the execution of duties by Directors and employees of the Company complies with laws and regulations and the Articles of Incorporation

The Company conducted legal ethics education for employees and promoted awareness of the legal and ethical consultation helpdesk available both inside and outside the Company, and the department in charge investigated and dealt with any cases in which consultation was requested. In addition, the Company reported these efforts in general to the Legal & Ethical Affairs Committee, and reported the status of legal ethics consultation to the Board of Directors.

- (2) System for storing and managing information on the execution of duties by the Company's Directors

In addition to inspecting the status of document management, the Company implemented information security measures such as operating an unauthorized e-mail detection system, and conducted information security management audits of Group companies to strengthen measures against the risk of information leaks.

- (3) Regulations and other systems for managing risk of losses of the Company

The Company made efforts to properly manage business and other risks by deliberating and reporting important matters at meetings of the Board of Directors and other meeting bodies. In addition, the Risk Management Committee monitored the status of risk management of the Group, including the Company, reviewed important risks, and reported the status of risk management to the Board of Directors.

- (4) System to ensure the efficient execution of duties by Directors of the Company

In addition to determining the responsibilities of Executive Directors following the election of new officers, the Company held meetings of the Board of Managing Directors, the Group Strategy Committee and other meeting bodies, reviewed the committee structure, developed internal regulations and manuals, and conducted internal audits.

- (5) System to ensure the properness of operations in the corporate group

The Board of Directors deliberated on important matters concerning Group companies, and the Risk Management Committee monitored the status of risk management of each Group company. The Company also collected information from each Group company and provided support and conducted audits for each company.

- (6) System for audits by Audit & Supervisory Board Members

The Company submitted approval documents to the Audit & Supervisory Board Members, and the Audit Division reported the results of its internal audit. The Audit & Supervisory Board Members conducted interviews with officers, and attended meetings such as the Management Committee and Group Strategy Committee to grasp the status of the execution of duties by the Executive Directors and the business conditions.

II “Basic Policy, etc. Regarding the Persons Who Control Decisions on Financial and Management Policies” in the Business Report

The Company has determined a basic policy regarding the persons who control decisions on the Company’s financial and management policies.

The details of the basic policy, the details of special efforts to realize the basic policy, the details of efforts to prevent decisions on financial and business policies from being controlled by persons deemed inappropriate in light of the basic policy, and the judgment of the Board of Directors of the Company regarding the efforts and the reasons for its judgment are as follows.

1. Basic policy regarding the persons who control decisions on financial and management policies

Under the Kintetsu Group Management Philosophy and management plan, we believe that conducting corporate activities from a long-term perspective, giving due consideration to ensuring safety and public interest in the Group’s core railway business and maintaining trust with various stakeholders, as well as striving to further strengthen our corporate governance system, will contribute to enhancing corporate value and securing the shared interests of shareholders. With respect to a person who conducts or intends to conduct a large-scale purchase of the Company’s shares, the Company has determined that shareholders themselves should decide whether or not to accept such an act from the above viewpoint. However, in instances where shareholders are inadequately informed about such purchase, such purchase is made without sufficient time for consideration, management after purchase compromises the safety or public interest of the railway business, or there is no genuine intention to engage in management, resulting in harm to the Group’s synergistic effects, the Board of Directors believes it is crucial to take appropriate measures, in compliance with laws and regulations, to secure corporate value and the shared interests of shareholders while maintaining objective judgment.

2. Specific details of efforts for the above basic policy

- (1) The Kintetsu Group has set its target direction as “As a Partner of Communities and Toward a New Era,” and engages in corporate activities based on the Kintetsu Group Long-Term Vision 2035, which outlines its ideal vision for 10 years hence, and the Medium-Term Management Plan 2028, which defines mid-term targets and measures. In order to realize the Long-Term Vision “Evolving into a corporate group that continuously creates value by uniting the collective strengths of the Group and boldly taking on new challenges, centered on businesses that support lifestyles and interactions in Japan and overseas,” the Kintetsu Group aims to sustainably enhance engagement with multiple stakeholders and leverage services, information and other means to support society. As priority strategies for realizing this vision, we promote to deepen and revitalize value along railway lines by enhancing the appeal of Abeno, Uehommachi, and Namba, strengthening the brand value of Ise-Shima area, expanding business through the development of the bay area around Yumeshima, and expanding incorporation of inbound tourism demand. Additionally, we work to deepen and expand business away from railway lines and globally by strengthening business infrastructure in non-railway lines and expanding business domains in the Tokyo metropolitan area, etc., and deepening/expanding business and enhancing presence globally. The Medium-Term Management Plan 2028 is positioned the fiscal 2025 to fiscal 2028 term as a period of sowing and growing for the Long-Term Vision 2035. During this period, the Company will steadily execute the above priority strategies and key measures in each segment, and implement management with a stronger focus on capital efficiency, aiming for building a new foundation and achieving steady growth to evolve into a value-creating corporate group.
- (2) The Board of Directors of the Company shall request a person who conducts or intends to conduct a large-scale purchase of the Company’s shares to provide information necessary for shareholders to make a decision, such as the purpose of the purchase and the management policy of the Group after the purchase, and shall disclose such information in a timely and proper manner. In addition, the Board of Directors of the Company shall evaluate and examine the information provided by the purchaser from the perspective of enhancing corporate value and securing the shared interests of shareholders, and shall hold discussions and negotiations with the purchaser as necessary.

3. Judgment by the Board of Directors of the Company with respect to the efforts described in 2. above and the reasons for such judgment

We believe that our corporate activities based on our Management Plan described in 2. above are in line with the basic policy regarding the persons who control decisions on financial and management policies, and will enhance our corporate value and contribute to securing the shared interests of shareholders.

In addition, the Board of Directors' policy for dealing with persons who conduct or intend to conduct a large-scale purchase of the Company's shares is to request the purchaser, etc. to provide information necessary for shareholders to make a decision and to disclose such information from the perspective of enhancing corporate value and securing the shared interests of shareholders, and is not intended to favor or reject any particular shareholder or investor.

Therefore, the Board of Directors of the Company has determined that the efforts described in 2. above are in line with the basic policy, do not impair the shared interests of shareholders, and are not intended to preserve the position of officers.

III “Consolidated Statements of Changes in Equity” in the Consolidated Financial Statements

Consolidated Statements of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	126,476	54,803	200,437	(1,192)	380,525
Cumulative effects of changes in accounting policies			2,552		2,552
Restated balance	126,476	54,803	202,990	(1,192)	383,077
Changes during period					
Dividends of surplus			(14,285)		(14,285)
Profit attributable to owners of parent			46,716		46,716
Purchase of treasury shares				(54)	(54)
Disposal of treasury shares		(6)		47	41
Reversal of revaluation reserve for land			103		103
Merger of consolidated subsidiaries and non-consolidated subsidiaries		544			544
Change in scope of equity method			(710)		(710)
Change in equity in affiliates accounted for by the equity method				0	0
Purchase of shares of consolidated subsidiaries		(1,219)			(1,219)
Sale of shares of consolidated subsidiaries		611			611
Net changes in items other than shareholders' equity					
Total changes during period	—	(69)	31,823	(6)	31,748
Balance at end of period	126,476	54,734	234,814	(1,199)	414,825

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,069		99,724	12,993	15,909	138,729	63,842	583,097
Cumulative effects of changes in accounting policies								2,552
Restated balance	10,069		99,724	12,993	15,909	138,729	63,842	585,650
Changes during period								
Dividends of surplus								(14,285)
Profit attributable to owners of parent								46,716
Purchase of treasury shares								(54)
Disposal of treasury shares								41
Reversal of revaluation reserve for land								103
Merger of consolidated subsidiaries and non-consolidated subsidiaries								544
Change in scope of equity method								(710)
Change in equity in affiliates accounted for by the equity method								0
Purchase of shares of consolidated subsidiaries								(1,219)
Sale of shares of consolidated subsidiaries								611
Net changes in items other than shareholders' equity	(2,272)	8	(2,602)	2,121	(6,683)	(9,428)	5,754	(3,674)
Total changes during period	(2,272)	8	(2,602)	2,121	(6,683)	(9,428)	5,754	28,073
Balance at end of period	7,797	40	97,122	15,114	9,225	129,300	69,597	613,723

IV “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

(From April 1, 2024 to March 31, 2025)

Notes on significant matters forming the basis for preparation of Consolidated Financial Statements, etc.

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 197

Names of major consolidated subsidiaries:

Kintetsu Department Store Co., Ltd., Kintetsu World Express, Inc., Osaka Aquarium Kaiyukan Co., Ltd., Kintetsu Cable Network Co., Ltd., Kin-Ei Corp., Kintetsu Railway Co., Ltd., Kintetsu Bus Holdings Co., Ltd., Kintetsu Real Estate Co., Ltd., KINTETSU RETAIL HOLDINGS CO., LTD., Kintetsu Miyako Hotels International, Inc., KNT-CT Holdings Co., Ltd., Kintetsu Leisure Create Co., Ltd., SAKAE CO., LTD., KINTETSU ENTERPRISES CO. OF AMERICA

Change in scope of consolidation

Newly included: 1

APL Logistics France, established as a subsidiary, has been included in the scope of consolidation.

(2) Names, etc. of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries: Kintetsu Toubi Taxi Co., Ltd.

Reason for exclusion from the scope of consolidation:

This is because excluding the company from the scope of consolidation would not have a significant effect on the Consolidated Financial Statements in terms of total assets, net sales, profit or loss, retained earnings, etc.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method and names of major companies, etc.

Number of affiliates accounted for by the equity method: 8

Names of major companies, etc.:

The Kinki Sharyo Co., Ltd., Mie Kotsu Group Holdings, Inc.

Change in scope of equity method

Excluded: 3

Global Air Cargo Service Co., Ltd. and one other company, which were liquidated, and Changan Minsheng APLL Logistics Company, Ltd., over which the Company's influence has declined, have been excluded from the scope of application of the equity method.

(2) Names, etc. of non-consolidated subsidiaries and affiliates not accounted for by the equity method

Names of major companies, etc.: Kintetsu Toubi Taxi Co., Ltd.

Reason for not accounted for by the equity method:

This is because excluding the company from the scope of application of the equity method would not have a significant effect on the Consolidated Financial Statements in terms of profit or loss, retained earnings, etc.

3. Accounting policies

(1) Standards and methods for valuation of assets

(i) Standards and methods for valuation of securities

Held-to-maturity bonds	Stated at amortized cost (straight-line method)
Available-for-sale securities	
Securities other than non-marketable shares	Stated at fair value (Valuation differences are directly recorded in net assets, and the cost of sales is computed based on the moving-average method or the gross average method).
Non-marketable shares, etc.	Stated at cost determined by the moving-average method or the gross average method

(ii) Standards and methods for valuation of inventories

Real estate held for sale	Stated at cost determined by the specific identification method
Department store merchandise	Stated at cost determined by the retail method
Carrying amounts on the balance sheets are subject to the book value reduction method based on decreased profitability.	

(iii) Standards and methods for valuation of derivatives Stated at fair value

(2) Depreciation or amortization method for non-current assets

(i) Property, plant and equipment (excluding leased assets)

Replacement assets - railway (including tramway)	Depreciated by the replacement method
Other	Mainly depreciated by the straight-line method, while declining-balance method is applied to some of them.

(ii) Intangible assets (excluding leased assets) Amortized by the straight-line method

Software for internal use is amortized by the straight-line method based on a useful life within the Company (five to ten years). Customer-related intangible assets and trademarks identified through business combinations are amortized by the straight-line method on the period of their effective life (20 years).

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership	Depreciated by the straight-line method assuming the lease periods as useful lives without residual value
--	---

(3) Basis recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on trade receivables, loans receivable, etc., an estimated unrecoverable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of recoverability for specific receivables such as highly doubtful receivables.

For overseas consolidated subsidiaries, the Company records the amount due based on a certain provision rate or by examining the recoverability of receivables.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is provided.

(iii) Provision for loss on exchanging gift certificates

Certain consolidated subsidiaries record the estimated future redemption amounts for unredeemed gift certificates that have been recognized as revenue after a certain consecutive period, based on past performance, in order to prepare for losses that may arise upon future redemption.

(4) Basis for recording revenue and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries (the “Group”) and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(i) Transportation business

In the railway segment, the Group provides passenger transportation services to customers who have purchased tickets and, in principle, recognizes revenue on the date of boarding. For commuter passes, the performance obligations are assumed to be satisfied over the period of validity, and revenue is recognized over the period of validity.

(ii) Real Estate business

In the real estate sales segment, detached homes and condominiums are sold to general customers, and revenue is recognized when the properties are delivered to the buyers. In the real estate leasing segment, the Group leases office buildings and commercial facilities it owns. In accordance with accounting standards for lease accounting, rental income from such properties is recognized as “revenues from other sources” over the lease contract period.

(iii) International Logistics business

The air and sea freight, and logistics segments provide comprehensive international logistics services and other services utilizing air and sea transportation. In the air and sea freight segment, the performance obligations are satisfied over a certain period of time up to the delivery of the transported cargo, and revenue is mainly recognized based on progress according to the period of time until the destination. In the case of short-term transportation, the Group recognizes revenue at the point of shipment, delivery, etc. of the transported cargo. In the logistics segment, in cases where, based on the provisions of the contract, the performance obligations are deemed to be satisfied at a point in time through the delivery of items in custody, etc., the Group recognizes revenue at the time of completion of work and delivery of items in custody, etc. In cases where the performance obligations are satisfied over a certain period of time until delivery of transported cargo, the Group recognizes revenue in consideration of the elapsed period.

(iv) Merchandise Sales business

In the department stores segment and stores and restaurants segment, the Group sells merchandise, such as clothing and food, to customers visiting its stores, and recognizes revenue when the merchandise is delivered to the customer. For sales of merchandise where the Group determines that it is acting as an agent, taking into consideration factors such as not bearing the actual inventory risk, etc., the Group recognizes as revenue the net amount of total sales of merchandise less payments to suppliers. In addition, transaction prices for certain consolidated subsidiaries in the department stores segment are calculated by deducting rebates and other items from the consideration specified in contracts with customers.

(v) Hotel and Leisure business

In the hotels segment, the Group provides accommodation services to customers visiting hotels and inns, and in principle recognizes revenue based on the length of the stay. In addition, in the travel agency segment, the Group sells packaged tour products to customers and undertake business operations, and recognizes revenue when the obligation is fulfilled during the travel period or contract period.

(5) Other significant matters forming the basis for preparation of Consolidated Financial Statements

(i) Accounting methods for hedging

The Group uses interest rate swaps and interest rate and currency swaps to hedge future interest rate fluctuation risks for interest payments on borrowings with floating interest rates, and forward exchange contracts, interest rate and currency swaps and currency options to hedge exchange rate fluctuation risks for payments of trade payables denominated in foreign currencies and future transactions denominated in foreign currencies, and in principle, the deferral hedge accounting is applied. Designated exceptional accounting (*tokurei-shori*) is applied to interest rate swaps qualifying for such exceptional accounting, designated hedge accounting using the forward contracted rate (*furiate-shori*) is applied to forward exchange contracts qualifying for such designation, and integration accounting (*ittai-shori*) is applied to interest rate and currency swaps qualifying for such integration accounting (*tokurei-shori* and *furiate-shori*).

(ii) Accounting methods for retirement benefits

To prepare for payment of employees' retirement benefits, the amount equal to the amount of retirement benefit obligations after deduction of the amount of plan assets based on estimated amounts at the end of the fiscal year under review is recorded as retirement benefit liability. When the amount of plan assets exceeds the amount of retirement benefit obligations, it is recorded as retirement benefit asset. When calculating retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a straight-line basis (on a benefit formula basis for certain consolidated subsidiaries). Past service cost is amortized using the straight-line method over a certain number of years (primarily five years) within the average remaining service years of employees at the time of accrual. Actuarial gains and losses are recorded as expenses by the straight-line method over a certain number of years (primarily ten years) within the average remaining service years of employees at the time of accrual, commencing in the fiscal year following the year of accrual.

(iii) Accounting for contribution for construction

In conducting elevated railway construction and widening construction of railway crossings in the railway business, the Group receives contribution for construction from local governments and other entities as part of construction costs. When non-current assets are acquired with contribution for construction, the acquisition price of non-current assets shall be the acquisition cost directly reduced by the amount equivalent to contribution for construction. Contribution received for construction is recorded as extraordinary income, and the amount directly deducted from the acquisition cost is recorded as tax purpose reduction entry of contribution for construction under extraordinary losses.

(iv) Period and method for amortization of goodwill

Goodwill is mainly amortized using the straight-line method over a period of 20 years.

(v) Application of the group tax sharing system

The Company and some of its domestic consolidated subsidiaries have applied the group tax sharing system.

(vi) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and translation differences are accounted for as profit or loss. Assets and liabilities of certain overseas consolidated subsidiaries are

translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date of such overseas consolidated subsidiaries, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences, etc. are included in foreign currency translation adjustment and non-controlling interests under net assets.

Note on changes in accounting policies

Application of the “Accounting Standard for Current Income Taxes,” etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”).

These changes in accounting policies have no impact on the Consolidated Financial Statements.

In addition, for changes related to the revised treatment in Consolidated Financial Statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year under review. For the treatment of tax effects when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, if a deferred tax assets or deferred tax liabilities are recorded for temporary differences related to such gain or loss on sale in the financial statements of the entity that sold such shares of subsidiaries, etc., the Company did not previously adjust the amount of deferred tax assets or deferred tax liabilities related to such temporary differences in the Consolidated Financial Statements. However, the Company has decided to reverse the deferred tax assets or deferred tax liabilities related to such temporary differences.

These changes in accounting policies are applied retrospectively and the cumulative effect was reflected in net assets at the beginning of the fiscal year under review, resulting in an increase of ¥2,552 million in retained earnings at the beginning of the fiscal year under review.

Notes on accounting estimates

1. Recoverability of deferred tax assets

- (1) Amount recorded in the Consolidated Financial Statements for the fiscal year under review
¥8,528 million

- (2) Other information concerning accounting estimates that contributes to the understanding of users of the Consolidated Financial Statements

In accordance with the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26), deferred tax assets are recorded based on future taxable income, etc. estimated in accordance with the Medium-Term Management Plan.

- (3) Impact on the Consolidated Financial Statements for the following fiscal year

The timing and amount of taxable income may be affected by changes in unpredictable future economic conditions and other factors, and if the actual timing and amount of taxable income differ from estimates, this could significantly impact the amount of deferred tax assets in the Consolidated Financial Statements for the following fiscal year.

2. Impairment losses on non-current assets

- (1) Amount recorded in the Consolidated Financial Statements for the fiscal year under review
¥2,918 million

- (2) Other information concerning accounting estimates that contributes to the understanding of users of the Consolidated Financial Statements

Calculation method for amount recorded in the Consolidated Financial Statements for the fiscal year under review

The Group classifies assets by business segment or by property or store based on managerial accounting categories. If any indication of impairment exists, the Group assesses whether to recognize an impairment loss by comparing the total undiscounted future cash flows generated from the asset group to the carrying amount. If the results of the assessment indicate that the total undiscounted future cash flows are lower than the carrying amount and an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount (the higher of value in use and fair value less costs to sell) and the reduction in the carrying amount is recorded as an impairment loss. During the fiscal year under review, the Group determined that an indication of impairment existed, as the fair value of certain asset groups had significantly declined and operating profit remained negative. Consequently, the Group assessed whether to recognize an impairment loss. As a result, for certain assets requiring impairment loss recognition, the carrying amount was reduced to the recoverable value and the reduction in the carrying amount was recorded as an impairment loss. The fair value less costs to sell was calculated based on real estate appraisal value, etc. determined by external experts.

Major assumptions used for the calculation of amount recorded in the Consolidated Financial Statements for the fiscal year under review

The amount of future cash flows is estimated based on future earnings forecasts, etc., in accordance with the Medium-Term Management Plan.

In addition, external experts calculate real estate appraisal value, etc., using appropriate indicators and assumptions for each use to properly evaluate the value of the subject non-current assets.

(3) Impact on the Consolidated Financial Statements for the following fiscal year

Future cash flows may be affected by changes in unpredictable future economic conditions and market value, and other factors, and if actual results deviate from estimates, this could significantly impact the amount of non-current assets in the Consolidated Financial Statements for the following fiscal year.

3. Valuation of non-current assets including goodwill

(1) Amount recorded in the Consolidated Financial Statements for the fiscal year under review

The carrying amount of non-current assets (including goodwill of ¥3,534 million, trademarks of ¥8,589 million and customer-related intangible assets of ¥25,444 million) of APL Logistics Ltd Group (“APLL Group”), a wholly owned subsidiary of Kintetsu World Express, Inc., is ¥68,159 million.

(2) Other information concerning accounting estimates that contributes to the understanding of users of the Consolidated Financial Statements

Calculation method for amount recorded in the Consolidated Financial Statements for the fiscal year under review

For non-current assets related to APLL Group (including goodwill, trademarks and customer-related intangible assets), the Group determined that an indication of impairment existed in light of the fact that actual results deviated from the business plan at the time of the acquisition, and assessed whether to recognize an impairment loss.

As a result, the Group determined that recording an impairment loss was unnecessary, as undiscounted future cash flows exceeded the carrying amount of non-current assets. Consequently, no impairment loss has been recorded.

Major assumptions used for the calculation of amount recorded in the Consolidated Financial Statements for the fiscal year under review

Estimates of undiscounted future cash flows include operating revenue growth rate, operating gross profit margin, estimated selling, general and administrative expenses, economic indicators and other

factors. Among these factors, operating revenue growth rate and estimated selling, general and administrative expenses serve as major assumptions.

(3) Impact on the Consolidated Financial Statements for the following fiscal year

Future cash flows may be affected by changes in unpredictable future economic conditions and market value, and other factors, and if actual results deviate from estimates, this could significantly impact the amount of non-current assets in the Consolidated Financial Statements for the following fiscal year.

Notes on the Consolidated Balance Sheets

1. Amounts have been rounded down to the nearest million yen.

2. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Notes and accounts receivable - trade, and contract assets	¥1,187 million
Buildings and structures	¥260,216 million
Machinery, equipment and vehicles	¥34,162 million
Land	¥373,110 million
Intangible assets	¥6,268 million
Investment securities	¥415 million
Other	¥6,088 million
Total	¥681,451 million

(2) Secured liabilities (Long-term borrowings include current portion)

Short-term borrowings	¥925 million
Long-term borrowings	¥115,242 million
Other	¥7 million
Total	¥116,174 million

3. Accumulated depreciation of property, plant and equipment ¥1,330,846 million

Note: The above figures do not include accumulated depreciation of right-of-use assets.

4. Contingent liabilities

Guarantee obligations (including guarantee booking) ¥352 million

5. Cumulative amount of tax purpose reduction entry of contribution for construction ¥262,220 million

6. Revaluation of land

In accordance with the Act on Revaluation of Land, land used for business operations of the Company and some of its consolidated subsidiaries is revalued, and the tax effect equivalent amount related to valuation difference is recorded as deferred tax liabilities for land revaluation under liabilities. Of the amount after deducting this, the amount equivalent to the share is recorded as revaluation reserve for land under net assets. At certain affiliates accounted for by the equity method, of revaluation reserve for land recorded as a result of the revaluation of land used for business operations, the amount equivalent to the share is recorded as revaluation reserve for land under net assets.

Revaluation method

The land is revalued using the method of calculating based on the assessed value of non-current assets specified in Article 2, paragraph (3) of the Order for Enforcement of the Act on Revaluation of Land, the method of calculating based on the valuation by road rating specified in Article 2, paragraph (4) of the same Order for Enforcement, and the method of calculating based on the appraisal value determined by licensed real estate appraiser specified in Article 2, paragraph (5) of the same Order for Enforcement.

Revaluation date:

March 31, 2000, December 31, 2001, March 31, 2002

Notes on the Consolidated Statements of Income

Amounts have been rounded down to the nearest million yen.

Notes on the Consolidated Statements of Changes in Equity

1. Amounts have been rounded down to the nearest million yen.
2. Types and total number of issued shares as of the end of the fiscal year under review
Common shares 190,662,061 shares

3. Dividends

- (1) Dividends with an effective date falling in the fiscal year under review

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 21, 2024 Ordinary General Meeting of Shareholders	Common shares	9,523	50	March 31, 2024	June 24, 2024
November 14, 2024 Meeting of the Board of Directors	Common shares	4,761	25	September 30, 2024	December 6, 2024

- (2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the fiscal year under review

The Company plans to submit a proposal regarding dividends on common shares at the Ordinary General Meeting of Shareholders scheduled to be held on June 20, 2025.

- | | |
|-------------------------------|-------------------|
| (i) Total amount of dividends | ¥4,761 million |
| (ii) Resource of dividends | Retained earnings |
| (iii) Dividends per share | ¥25 |
| (iv) Record date | March 31, 2025 |
| (v) Effective date | June 23, 2025 |

Notes on financial instruments

1. Status of financial instruments

- (1) Policy on financial instruments

The Group invests temporary surplus funds only in short-term deposits, etc. Funds are primarily raised through borrowings from banks and other financial institutions, as well as the issuance of bonds and other securities. The Group utilizes derivatives to hedge risks and abides by a policy of not using them for speculative purposes.

- (2) Details and risks of financial instruments

Notes and accounts receivable - trade arise in the ordinary course of business and are subject to credit risk of customers, etc.

Investment securities constitute mainly shares of companies with which the Group has business relationships and are subject to market price fluctuation risks.

Notes and accounts payable - trade and accounts payable - other are settled in a short period of time, and those denominated in foreign currencies are subject to exchange rate fluctuation risks, which are hedged by using foreign exchange forward contracts and currency options.

Borrowings, bonds payable, etc. constitute working capital and capital investment funds for operating activities. Borrowings with floating interest rates (including those denominated in foreign currencies) are subject to fluctuation risks in interest rates payable and exchange rates, which are hedged by using interest rate swaps, currency swaps and interest rate and currency swaps.

(3) Risk management framework for financial instruments

In order to reduce credit risks of customers related to notes and accounts receivable - trade, each operating division periodically monitors the status of customers and manages due dates and outstanding balances by customer.

In order to reduce market price fluctuation risks related to investment securities, the accounting departments of the Company and its consolidated subsidiaries take measures such as periodically monitoring market prices.

In order to reduce exchange rate fluctuation risks related to receivables and payables denominated in foreign currencies and future transactions denominated in foreign currencies, the accounting departments of consolidated subsidiaries use forward exchange contracts, currency swaps, interest rate and currency swaps and currency options to fix the amount payable.

In order to reduce fluctuation risks in interest rates payable on borrowings, the accounting departments of the Company and its consolidated subsidiaries use interest rate swaps and interest rate and currency swaps to fix interest expenses.

The execution and management of derivative transactions are centralized in the accounting departments of the Company and its consolidated subsidiaries in accordance with internal management regulations, etc. In particular, interest rate swaps transactions, currency swap transactions and interest rate and currency swaps transactions are executed with the approval of the Board of Directors of each company.

The counterparties to these derivative transactions are all highly creditworthy financial institutions, and the Company has therefore determined that the risk of counterparty default is negligible.

(4) Supplementary explanation of fair value, etc. of financial instruments

The fair value of financial instruments includes value based on market prices and, when market prices are not available, reasonably calculated value. Since the calculation of such value takes into account variable factors, the value may fluctuate depending on the assumptions and other factors used.

2. Fair value, etc. of financial instruments

The amount recorded in the Consolidated Balance Sheets, fair value, and the difference between them as of March 31, 2025 (the consolidated fiscal year-end date for the fiscal year under review) are as follows.

(Millions of yen)

	Amount recorded in the Consolidated Balance Sheets	Fair value	Difference
(1) Securities and investment securities	29,414	29,413	(0)
Total assets	29,414	29,413	(0)
(2) Bonds payable (including current portion)	358,917	342,444	(16,472)
(3) Long-term borrowings (including current portion)	775,752	753,394	(22,357)
Total liabilities	1,134,669	1,095,839	(38,830)
Derivatives	533	533	—

Note 1: “Cash and deposits” are omitted, given that they comprise cash, and deposits are short-term instruments whose carrying amount approximates their fair value.

Note 2: “Notes and accounts receivable - trade, and contract assets,” “notes and accounts payable - trade,” “short-term borrowings” and “accounts payable - other” are omitted, given that they comprise short-term instruments whose carrying amount approximates their fair value.

Note 3: “(1) Securities and investment securities” in the above table includes investment securities on deposit (amount recorded on the Consolidated Balance Sheets: ¥249 million), which are included in “Other” under “Investments and other assets” of non-current assets.

Note 4: Non-marketable shares, etc. are not included in the above table. Investments in partnerships, etc. are not included in the above table in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31).” The amount of these financial instruments recorded in the Consolidated Balance Sheets is as follows.

(Millions of yen)	
Category	Amount recorded in the Consolidated Balance Sheets
Unlisted shares	8,508
Investments in partnerships, etc.	9,018

Note 5: Shares of affiliates are not included in “(1) Securities and investment securities” in the above table.

Note 6: Net receivables and payables arising from derivatives are presented on a net basis, and value of a net payable after totaling of receivables and payables is shown in parentheses.

Note 7: Lease liabilities recognized in accordance with IFRS 16 and U.S. accounting standards ASC Topic 842, etc. are not included in the above table.

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1 fair value: Fair values measured using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be measured

Level 2 fair value: Fair values measured using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair values measured using unobservable inputs

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

(1) Financial instruments carried on the Consolidated Balance Sheets at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Listed shares	22,365	—	—	22,365
Government bonds, local government bonds, etc.	—	—	—	—
Corporate bonds	—	6,799	—	6,799
Total assets	22,365	6,799	—	29,165
Derivatives				
Currency-related transactions	—	534	—	534
Interest rate transactions	—	(0)	—	(0)
Total derivatives	—	533	—	533

(2) Financial instruments apart from those carried on the Consolidated Balance Sheets at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Government bonds, local government bonds, etc.	248	—	—	248
Total assets	248	—	—	248
Bonds payable				
(including current portion)	—	342,444	—	342,444
Long-term borrowings				
(including current portion)	—	753,394	—	753,394
Total liabilities	—	1,095,839	—	1,095,839

Note: Explanation of the valuation techniques and inputs used to calculate fair value

Assets

Securities and investment securities

Listed shares, government bonds and local government bonds, etc. and corporate bonds are valued using market prices. Since listed shares and government bonds are traded in active markets, their fair value is classified as Level 1. Meanwhile, as local government bonds, etc. and corporate bonds are not traded in markets frequently, and are not deemed to have market prices in active markets, their fair value is classified as Level 2.

Liabilities

Bonds payable

For those with market prices (reference statistical prices, etc.), their fair value is valued based on market prices. For those without market prices, their fair value is classified as Level 2, as the sum of principal and interest is calculated by discounting using an interest rate that takes into account the remaining maturities and credit risk of the relevant bonds payable.

Long-term borrowings

The fair value is classified as Level 2, as it is calculated using the discounted present value method based on the sum of principal and interest, and an interest rate that takes into account the remaining maturities and credit risk of the relevant borrowings. For long-term borrowings with floating interest rates (including those denominated in foreign currencies) for which interest rate swaps qualifying for designated exceptional accounting (*tokurei-shori*), and interest rate and currency swaps qualifying for integration accounting (*tokurei-shori* and *furiate-shori*) are used, the fair value is calculated using the discounted present value method based on the sum of principal and interest that is treated together with such interest rate swaps and interest rate and currency swaps, and an interest rate that takes into account the remaining maturities and credit risk of the relevant borrowings. However, for long-term borrowings with floating interest rates for which interest rate swaps are not used, the carrying amount is used as fair value because the interest rate is subject to change at regular intervals and the fair value approximates the carrying amount.

Derivatives

The fair value is calculated using the discounted present value method based on observable inputs, such as interest rates and exchange rates, and is classified as Level 2.

Notes on rental and other investment properties

1. Status of rental and other investment properties

Certain consolidated subsidiaries own rental office buildings, rental commercial facilities and other properties in Osaka and other areas.

2. Fair values of rental and other investment properties

Amount recorded in the Consolidated Balance Sheets	¥197,200 million
Fair value	¥242,879 million

Note 1: The amount recorded in the Consolidated Balance Sheets is the acquisition price less accumulated depreciation.

Note 2: The fair value at the end of the fiscal year under review is the amount calculated by each company based on the “Japan Real Estate Appraisal Standards” for main domestic properties (including those adjusted using indicators, etc.). For other properties, since certain appraisal values, etc. are considered to appropriately reflect market prices, the relevant appraisal value or the amount recorded in the Consolidated Balance Sheets is used as fair value.

Notes on per share information

Net assets per share	¥2,861.25
Basic earnings per share	¥245.65

Notes on revenue recognition

1. Breakdown of revenue from contracts with customers

(Millions of yen)

Reportable segment	Business	Amount
Transportation	Railways	154,699
	Bus services	28,876
	Taxi services	9,852
	Maintenance of railway facilities	7,392
	Other transportation-related	6,747
	Revenue from contracts with customers Total	207,568
	Other revenue	6,895
	Transportation Total	214,464
Real Estate	Real estate sales	81,571
	Real estate leasing	5,244
	Real estate management	34,328
	Revenue from contracts with customers Total	121,145
	Other revenue	18,155
	Real Estate Total	139,301
International Logistics	Air freight	276,364
	Sea freight	246,545
	Logistics	224,892
	Other	47,955
	Revenue from contracts with customers Total	795,758
	Other revenue	1,019
	International Logistics Total	796,778
Merchandise Sales	Department stores	107,142
	Stores and restaurants	97,782
	Revenue from contracts with customers Total	204,925
	Other revenue	8,345
	Merchandise Sales Total	213,270
Hotel and Leisure	Hotels	44,884
	Travel agency	273,356
	Cinema	1,930
	Aquarium	9,802
	Travel facilities	9,202
	Revenue from contracts with customers Total	339,175
	Other revenue	3,486
	Hotel and Leisure Total	342,662
Other and adjustments	Revenue from contracts with customers	35,268
	Other revenue	41
	Other and adjustments Total	35,310
Revenue from contracts with customers Total		1,703,842
Other revenue Total		37,945
Sales to external customers Total		1,741,787

2. Information that provides a basis for understanding revenue from contracts with customers

Information that provides a basis for understanding revenue from contracts with customers is as stated in “3. Accounting policies (4) Basis for recording revenue and expenses” in the Notes on significant matters forming the basis for preparation of Consolidated Financial Statements, etc.

3. Information for understanding the amount of revenue for the fiscal year under review and subsequent fiscal years

The total transaction prices allocated to remaining performance obligations at the end of the fiscal year under review were ¥35,465 million. The Company expects that approximately 31% of such performance obligations will be recognized as revenue in the first year after the end of the period, approximately 9% in the second year, and the remaining 60% in the third year and thereafter. The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to remaining performance obligations. Contracts with an original expected duration of one year or less are not included in the notes.

V “Non-Consolidated Statements of Changes in Equity” in the Non-Consolidated Financial Statements

Non-Consolidated Statements of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Retained earnings brought forward		
Balance at beginning of period	126,476	59,014	1,225	60,240	84,629	(759)	270,587
Changes during period							
Dividends of surplus					(14,285)		(14,285)
Profit					25,319		25,319
Purchase of treasury shares						(54)	(54)
Disposal of treasury shares			(6)	(6)		47	41
Net changes in items other than shareholders' equity							
Total changes during period	—	—	(6)	(6)	11,034	(6)	11,021
Balance at end of period	126,476	59,014	1,219	60,234	95,663	(766)	281,608

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	2,518	1,449	3,967	274,555
Changes during period				
Dividends of surplus				(14,285)
Profit				25,319
Purchase of treasury shares				(54)
Disposal of treasury shares				41
Net changes in items other than shareholders' equity	(2,037)	(36)	(2,073)	(2,073)
Total changes during period	(2,037)	(36)	(2,073)	8,947
Balance at end of period	480	1,413	1,894	283,502

VI “Notes to the Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

(From April 1, 2024 to March 31, 2025)

Notes to important accounting policies

1. Standards and methods for valuation of assets

(1) Standards and methods for valuation of securities

Shares of subsidiaries and affiliates	Stated at cost determined by the moving-average method
---------------------------------------	--

Available-for-sale securities

Securities other than non-marketable shares	Stated at fair value
---	----------------------

(Valuation differences are directly recorded in net assets, and the cost of sales is computed based on the moving-average method).

Non-marketable shares, etc.	Stated at cost determined by the moving-average method
-----------------------------	--

(2) Standards and methods for valuation of inventories

Supplies	Stated at cost determined by the moving-average method
----------	--

Carrying amounts on the balance sheets are subject to the book value reduction method based on decreased profitability.

2. Depreciation or amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Buildings	Depreciated by the straight-line method
-----------	---

Structures	Depreciated by the straight-line method
------------	---

Other	Depreciated by the declining-balance method
-------	---

(2) Intangible assets (excluding leased assets) Amortized by the straight-line method

Software for internal use is amortized by the straight-line method based on a useful life within the Company (five years).

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership	Depreciated by the straight-line method assuming the lease periods as useful lives without residual value
--	---

3. Basis for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on loans receivable, etc., an estimated unrecoverable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of recoverability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is provided.

(3) Provision for retirement benefits

To prepare for payment of employees' retirement benefits, the amount recognized as accruing at the end of the fiscal year under review is recorded based on estimated amounts of retirement benefit obligations and plan assets at the end of the fiscal year under review. When calculating retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a straight-line basis. Past service cost is amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees at the time of accrual. Actuarial gains and losses are recorded as expenses by the straight-line method over a certain number of years (ten years) within the average remaining service years of employees at the time of accrual, commencing in the fiscal year following the year of accrual. As of the end of the fiscal year under review, since plan assets exceeded the amount of retirement benefit obligations after adjusting for unrecognized past service cost and unrecognized actuarial gains and losses, the excess amount of ¥3,077 million is included in "Other" under "Investments and other assets."

4. Basis for recognizing significant revenue and expenses

The primary revenue for the Company is group management contributions and dividend income from subsidiaries. The Company's basic role is to carry out management and evaluate the performance of its Group companies and to promote cooperation and support the operations of each Group company. The Company identifies this as performance obligations and receives group management contributions as consideration. Since such performance obligations are satisfied over time, revenue is recognized evenly over the contract period. Dividend income is recognized as revenue on the effective date of the dividends.

5. Other significant matters forming the basis for preparation of Non-Consolidated Financial Statements

(1) Accounting methods for deferred assets

Bond issuance costs are amortized using the straight-line method over the bond redemption period.

(2) Accounting methods for hedging

The Company uses interest rate swaps to hedge future interest rate fluctuation risks for interest payments on borrowings with floating interest rates, and designated exceptional accounting (*tokurei-shori*) is applied.

(3) Application of the group tax sharing system

The Company, as the parent company for the group tax sharing tax payment, has applied the group tax sharing system.

Notes on accounting estimates

Valuation of shares of subsidiaries and affiliates

(1) Amount recorded in the Non-Consolidated Financial Statements for the fiscal year under review

¥726,090 million

(2) Other information concerning accounting estimates that contributes to the understanding of users of the Non-Consolidated Financial Statements

For shares of subsidiaries and affiliates without market prices, the acquisition cost is used as carrying amounts on the balance sheets. However, when the actual value of such shares declines significantly due to deterioration in the financial position of the issuing company, a loss on valuation should be recognized, unless the possibility of recovery is supported by sufficient evidence. In addition to regular monitoring of the issuing company's financial position, the Company evaluates such shares after a thorough review of the issuing company's future business plans within the Company. In the future business plans, sustainable

growth is expected in each business through initiatives such as increasing the capture of inbound tourism demand.

The above assumptions are subject to uncertainty and could significantly impact the valuation of shares of subsidiaries and affiliates.

Notes on the Non-Consolidated Balance Sheets

1. Amounts have been rounded down to the nearest million yen.

2. Assets pledged as collateral

Investment securities	¥412 million
-----------------------	--------------

3. Accumulated depreciation of property, plant and equipment	¥6,291 million
--	----------------

4. Contingent liabilities

Guarantee obligations	¥2,429 million
-----------------------	----------------

Joint and several obligations from the cumulative assumption of debts	¥14,028 million
---	-----------------

5. Possibility of being requested to acquire Class B shares, etc.

KNT-CT Holdings Co., Ltd., a consolidated subsidiary of the Company, issued ¥25,000 million of Class B shares to Akari LLC and Matsukaze LLC (collectively the “Allottees”) on June 30, 2021, through a third-party allotment. In the event of certain circumstances, the Allottees may exercise their right to request acquisition of all or part of such shares by the Company.

In the event that such right is exercised, the Company is obligated to pay up to an additional ¥2,312 million as adjusted cumulative dividends payable in addition to the above.

6. Monetary claims and obligations with subsidiaries and affiliates

Short-term monetary claims with subsidiaries and affiliates	¥130,988 million
---	------------------

Long-term monetary claims with subsidiaries and affiliates	¥742,515 million
--	------------------

Short-term monetary obligations with subsidiaries and affiliates	¥158,570 million
--	------------------

7. Revaluation of land

In accordance with the Act on Revaluation of Land, land used for business operations is revalued, and the tax effect equivalent amount related to valuation difference is recorded as deferred tax liabilities for land revaluation under liabilities. The amount after deducting this is recorded as revaluation reserve for land under net assets.

Revaluation method

The land is revalued using the method of calculating based on the valuation by road rating specified in Article 2, paragraph (4) of the Order for Enforcement of the Act on Revaluation of Land.

Revaluation date:	March 31, 2002
-------------------	----------------

Notes on the Non-Consolidated Statements of Income

1. Amounts have been rounded down to the nearest million yen.
2. Transactions with subsidiaries and affiliates

Amount of operating transactions

Operating revenue	¥39,577 million
-------------------	-----------------

Operating expenses	¥3,928 million
--------------------	----------------

Transactions from non-operating transactions	¥10,842 million
--	-----------------

Notes on the Non-Consolidated Statements of Changes in Equity

1. Amounts have been rounded down to the nearest million yen.
2. Type and number of shares of treasury shares at the end of the fiscal year under review

Common shares	190,576 shares
---------------	----------------

Notes to tax effect accounting

Major causes of deferred tax assets and deferred tax liabilities

Deferred tax liabilities arise mainly from gain on valuation of securities.

Notes to transactions with related parties

Cat- ego- ry	Name	Percentage of voting rights held	Relationship with related parties	Detail of transactions	Transaction amount	Item	Balance at end of period
Subsidiaries					(Millions of yen)		(Millions of yen)
	Kintetsu Railway Co., Ltd.	Directly held 100.0%	Lending and borrowing of funds, etc.	Lending of funds (Note 1)	133,000	Short-term loans receivable	75,774
				Receipt of interest income (Note 1)	4,858	Long-term loans receivable	447,395
				Receipt of dividends (Note 2)	16,797	Accrued interest	29
				Receipt of group management contributions (Note 2)	5,821	—	—
				Guarantee of debt (Note 3)	1,177,666	—	—
				Acceptance of collateral (Note 4)	676,561	—	—
	Kintetsu Real Estate Co., Ltd.	Directly held 100.0%	Lending and borrowing of funds, etc.	Lending of funds (Note 1)	115,600	Short-term loans receivable	34,750
				Receipt of interest income (Note 1)	2,644	Long-term loans receivable	250,873
	Kintetsu World Express, Inc.	Directly held 100.0%	Lending and borrowing of funds, etc.			Accrued interest	5
				Lending of funds (Note 1)	35,000	Short-term loans receivable	5,000
				Receipt of dividends (Note 2)	9,000	Long-term loans receivable	30,000
	KNT-CT Holdings Co., Ltd.	Directly held 53.7% Indirectly held 13.3%	Lending and borrowing of funds, etc.	Borrowings through cash management system (Note 5)	21,100	—	—
						Short-term borrowings	13,041
				Borrowings through cash management system (Note 5)	78,159	Short-term borrowings	76,200
	Kintetsu Information System Co., Ltd.	Directly held 100.0%	Consignment of operations, etc.	Possibility of being requested to acquire Class B shares, etc. (Note 6)	27,312	—	—
				Payment of consignment management fees, etc. (Note 7)	835	—	—
	Kintetsu Leisure Create Co., Ltd.	Directly held 100.0%	Consignment of operations, etc.	Payment of consignment management fees, etc. (Note 7)	1,428	—	—

1. The percentage of voting rights held is calculated including the number of shares contributed to the retirement benefit trust by Kintetsu Railway Co., Ltd.
2. Conditions of transactions and the policy for their establishment

Note 1: This is part of the consolidation of financing within the Group, and interest rates are determined based on financing costs.

Note 2: They are determined in accordance with the Management Regulations, etc. established by the Company as the holding company.

Note 3: The Company provides guarantees for bonds payable and borrowings from financial institutions. The Company does not pay guarantee fees.

Note 4: Certain assets of Kintetsu Railway Co., Ltd. are provided as collateral for borrowings from financial institutions.

Note 5: The Company determines the interest rate for borrowings through cash management system reasonably, taking into account market interest rates. Since the transactions are repetitive, the transaction amount represents the average balance during the period.

Note 6: As stated in “5. Possibility of being requested to acquire Class B shares, etc.” in the Notes on the Non-Consolidated Balance Sheets.

Note 7: Consignment management fees are determined based on actual operating costs upon concluding a consignment agreement.

Notes on per share information

Net assets per share	¥1,488.43
Basic earnings per share	¥132.93

Notes on revenue recognition

Information that provides a basis for understanding revenue from contracts with customers

As stated in “4. Basis for recording significant revenue and expenses” in the Notes to important accounting policies.

Notes on transactions under common control, etc.

At a meeting of the Board of Directors held on February 14, 2025, the Company resolved to enter into an absorption-type company split agreement (the “Absorption-type Split Agreement”) with Kintetsu World Express, Inc., a wholly owned subsidiary of the Company, whereby the obligations pertaining to bonds of Kintetsu World Express, Inc. (including related contracts and other rights and obligations) and cash equivalent to the amount of such obligations (the “Succeeded Rights and Obligations”) will be transferred to the Company through a company split, effective as of March 28, 2025 (the “Absorption-type Split”), and entered into the Absorption-type Split Agreement.

1. Purpose of the absorption-type company split

The Absorption-type Split is intended to enhance the Company’s position as an issuing company in the bond market and strengthen its group finance function through the centralization of bond issuance and management operations within the Group. It is also intended to reduce the practical burden arising from holding bonds at Kintetsu World Express, Inc.

2. Outline of the Absorption-type Split

(1) Schedule of the Absorption-type Split

Date of resolution at a meeting of the Board of Directors regarding the conclusion of the Absorption-type Split Agreement: February 14, 2025

Date of conclusion of the Absorption-type Split Agreement: February 14, 2025

Effective date of the Absorption-type Split: March 28, 2025

(2) Method of the Absorption-type Split

This is an absorption-type company split conducted by Kintetsu World Express, Inc. as the splitting company and the Company as the succeeding company.

(3) Description of the allotment upon the Absorption-type Split

Upon the Absorption-type Split, the Company shall not allocate any shares or cash, etc. to Kintetsu World Express, Inc.

(4) Treatment of share acquisition rights and bonds with share acquisition rights upon the Absorption-type Split

Not applicable.

(5) Increase or decrease in share capital due to the Absorption-type Split

There is no increase or decrease in the Company's share capital due to the Absorption-type Split.

(6) Rights and obligations to be succeeded by the succeeding company

Upon the Absorption-type Split, the Company shall succeed to the Succeeded Rights and Obligations specified in the Absorption-type Split Agreement from Kintetsu World Express, Inc. Furthermore, the succession of obligations by the Company shall be by the assumption of obligation releasing an old obligor.

(7) Prospect for fulfillment of obligations

The Company has determined that there are no issues regarding the prospect of fulfilling the obligations to be borne by the Company after the effective date of the Absorption-type Split.

3. Outline of the companies involved in the Absorption-type Split

	Kintetsu World Express, Inc. (splitting company)	The Company (succeeding company)
(1) Name	Kintetsu World Express, Inc.	Kintetsu Group Holdings Co., Ltd.
(2) Location	2-15-1, Konan, Minato-ku, Tokyo, Japan	6-1-55, Uehommachi, Tennoji-ku, Osaka-shi, Osaka, Japan
(3) Name and title of representative	Nobutoshi Torii, Representative Director, President and Chief Executive Officer	Takashi Tsuji, President
(4) Business	Freight forwarding, logistics, etc.	Own shares or equity as a holding company to control and manage business activities of the relevant business

4. Outline of the business division to be succeeded

(1) Business of the business division to be succeeded

The "Succeeded Rights and Obligations" stated in "2. Outline of the Absorption-type Split, (6) Rights and obligations to be succeeded by the succeeding company."

- (2) Operating results of the business division to be succeeded (for the fiscal year ended March 31, 2025)

There are no matters to be stated regarding operating results.

- (3) Items and amounts of assets and liabilities to be succeeded

Assets	Liabilities
¥35.0 billion	¥35.0 billion

In addition to the above assets and liabilities, this includes accrued interest expenses and the cash equivalent thereto accrued up to the effective date, with respect to the principal obligations on the bonds that the Company succeed from Kintetsu World Express, Inc. upon the Absorption-type Split.

5. Status after the Absorption-type Split

There are no changes to the Company's name, location, name and title of representative, business, share capital, or fiscal year end as a result of the Absorption-type Split.

6. Outline of accounting procedures performed

This transaction was accounted for as a transaction under common control, etc. in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).