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WHAT OTHERS SEND

A registry stub

Name, address, capital. The hard questions left unanswered.

1 PAGE

vs

WHAT WE SEND

A real credit report

Rating · default probability · credit limit · financials · litigation · ESG · sanctions and export-control screening.

20 SECTIONS

INSIDE THIS PACK — TWO ACTUAL DELIVERABLES, DE-IDENTIFIED

SPECIMEN 1 · STANDARD · 28 PAGES

Listed energy distributor, Tokyo

NR5 Very Low Risk | NRPD 0.3–0.8%

WHAT THE REGISTRY DOES NOT SHOW

An AA- rated, effectively debt-free company whose wholly-owned subsidiary was indicted in April 2026 for an alleged price cartel. We flag it as Watchpoint 1, size the exposure against group equity, and list the triggers for review.

Recommended: open account, JPY 15 million per counterparty.

SPECIMEN 2 · SHORT · 3 PAGES

Owner-run used-vehicle exporter, Kanagawa

NR2 Elevated Risk | NRPD 5.0–7.0%

WHAT THE REGISTRY DOES NOT SHOW

No balance sheet, profit disclosed for one year only, turnover reported at the same figure four years running, and a registered office at the director's home address.

Recommended: prepaid or secured terms; open credit capped at JPY 1 million.

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Japanese company name and address

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Naker Rating K.K. (NRating), Kawasaki, Japan. The enclosed reports are de-identified specimens of actual deliverables: company, people, client and identifier details are withheld. Wholesale rates in USD per report.

中村格付研究所
NRating

NR CREDIT REPORT

SUBJECT CO., LTD.

［日本語社名は非開示］

Japan · Tokyo | Distribution of petroleum products, LP gas and electricity; car dealerships; industrial gas (JSIC 533) | TSE Prime XXXX | Report date: 16 October 2026

§1 REFERENCE

NR Reference	NRFY2027XXXXX
Client	[Client name withheld]
Client Reference	[withheld]
Investigation Conducted By	Naker Rating K.K., Kawasaki, Japan — corporate registry particulars and corporate number; statutory disclosure under the Financial Instruments and Exchange Act (Annual Securities Report for the fiscal year ended 31 March 2026, extraordinary report on the 2026 annual general meeting, shelf registration statement of 8 September 2026); stock exchange filings (full-year and first-quarter earnings releases, controlling-shareholder disclosure); market data; credit rating actions; company releases and investor materials; adverse record enquiry; sanctions and export control screening
Co-operation of Subject	Not sought. The subject is a listed company with full statutory disclosure; this report is compiled from public disclosure and open sources.
Subject as Enquired	SUBJECT CO., LTD — Registration No. [withheld] — [address withheld], Chiyoda-ku, Tokyo
Subject Identified	SUBJECT CO., LTD. — Corporate Number [withheld]. The enquired registration number corresponds to the last twelve digits of the corporate number (the leading check digit omitted); the address matches the registered head office. Identity confirmed.
Country / Jurisdiction	Japan — Tokyo Legal Affairs Bureau
Legal Form	Kabushiki kaisha (K.K.) — stock company under the Companies Act of Japan; listed on the Prime Market of the Tokyo Stock Exchange (securities code XXXX)
Industry	Energy trading and distribution: petroleum products, LP gas, electricity and heat; car dealerships and car-related services; asphalt, marine fuel and industrial gas
Fiscal Period Covered	FY2022–FY2026 (fiscal years ended 31 March); consolidated (IFRS) and non-consolidated (Japanese GAAP); first quarter of FY2027 (three months to 30 June 2026)
Date of Order	12 October 2026
Date of Report Completion	16 October 2026
Reference Date of Registry Particulars	16 October 2026

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§2 CREDIT INFORMATION

NRating	NRPD FS Advance (Non-consol.)	NR ESG Grade
NR5	**0.3 – 0.8%**	**Grade B**
Very Low Risk	Low	Good / Some Weaknesses
	NR Credit Limit — Gross	**NR Credit Limit — Net**
	JPY 22,990,400,000	**JPY 15,326,933**
	Model Total (Non-consol.)	Per Payee

◀ HIGH RISK — LOW RISK ▶

Not Rated	NR1	NR2	NR3	NR4	NR5
N/R	High Risk	Elevated	Moderate	Low Risk	**Very Low**

ESG Note: The subject publishes an integrated report, holds ISO 14001 certification, discloses a Scope 1+2 reduction target of 50% by FY2030 against FY2018 (36% achieved) and is a constituent of several ESG indices; four of its eight directors are independent. The weaknesses are governance-related: a wholly-owned subsidiary was indicted in April 2026 for an alleged diesel price cartel, and the representative director was re-elected with 81.58% approval in June 2026 against about 96% for the other directors. Women hold 3.0% of management posts. → See §19 for the full ESG assessment.

NRPD Commentary: The subject is one of Japan's largest independent energy distributors and the core downstream company of the Parent Corporation group, which holds 55.71% of its shares (excluding treasury stock). Five years of audited statements are available on both a consolidated (IFRS) and a non-consolidated (Japanese GAAP) basis, and the NRPD FS Advance v0.1 framework has been applied to both. On the non-consolidated balance sheet at 31 March 2026, equity represents 43.87% of total assets, bank borrowings are JPY 1,640 million against cash and deposits of JPY 15,347 million and deposits placed with the group of JPY 25,430 million, retained earnings equal 31.2% of total assets, and the market value of equity (JPY 256.5 billion at the close of 15 October 2026) is 1.76 times total liabilities. Non-consolidated net profit rose 45.0% to JPY 16,244 million, supported by dividends from subsidiaries.

Both the balance-sheet structure and the combination of profitability, leverage and liquidity place the subject in the lowest probability-of-default band, and the balance sheet shows no build-up of receivables or inventory: trade receivables equal 13% of sales, inventories less than 1%, and working capital is positive. Two qualitative factors are weighed on the upper side. Operating margins are thin (non-consolidated operating profit is 0.72% of sales; consolidated 2.84%), so earnings depend on volume in a domestic fuel market that is contracting by about 2% a year; and the April 2026 indictment of the wholly-owned subsidiary Subsidiary A Co., Ltd. for an alleged diesel price cartel exposes the group to a criminal fine and to reputational and customer risk (→ WP-1). Neither is large enough to move the subject out of the Low band.

Applying the NRPD FS Advance v0.1 framework, NRating sets the non-consolidated NRPD at 0.3–0.8% (Low). The lower bound is supported by the equity ratio of 43.9%, the near absence of bank debt, the JCR long-term issuer rating of AA- (Stable, affirmed 16 September 2026) and the 55.71% shareholding of Parent Corporation; the upper bound reflects the thin margin structure, the structural decline in fuel demand and the pending cartel prosecution. The consolidated NRPD is set slightly higher at 0.5–1.0% (Low), because the consolidated balance sheet carries JPY 54.8 billion of lease liabilities, an equity-method exposure to the loss-making used-car dealer Dealer W, and the Mobility Division, whose profit fell 14.1% in FY2026.

NRPD

Nonconsolidated
Model: NRPD FS Advance v0.1 NRPD: 0.3–0.8% Risk Level: Low
Consolidated
Model: NRPD FS Advance v0.1 NRPD: 0.5–1.0% Risk Level: Low

Third-Party Credit Ratings (public)

The following ratings are published by the agencies named and are reproduced as facts. They are not NRating's assessment, which is shown in the dashboard above and in §16.

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Rated entity	Agency	Rating / Outlook	Date / Note
SUBJECT CO., LTD.	Japan Credit Rating Agency (JCR)	Long-term issuer AA- (Stable); domestic CP J-1+ (programme JPY 30 billion)	Affirmed; rating date 16 Sep 2026, published 24 Sep 2026
Parent Corporation (parent, 55.71%)	Moody's / S&P	A2 (Stable) / A (Stable)	As published by the parent
Parent Corporation (parent, 55.71%)	R&I / JCR	AA (Stable) / AA+ (Stable)	As published by the parent

Note: JCR states that the subject's rating reflects the creditworthiness of the Parent group, citing the parent's high voting stake, the origin of the president and the majority of internal directors in the parent, and the subject's position as the core downstream company of the parent's Energy & Chemicals business. JCR also states that it will monitor the rebuilding of Dealer W and the prosecution of Subsidiary A.

§3 WATCHPOINTS

WP	Level	Item	Description
WP-1	**MEDIUM**	**Subsidiary indicted for alleged diesel price cartel**	On 17 April 2026 the Japan Fair Trade Commission filed a criminal accusation and the Tokyo District Public Prosecutors Office indicted the wholly-owned subsidiary Subsidiary A Co., Ltd., with four other fuel distributors, under the Antimonopoly Act in connection with the sale of diesel to hauliers in Tokyo. Separately, Subsidiary A received a JFTC on-site inspection on 27 May 2025 concerning diesel sales in Kanagawa Prefecture. Subsidiary A recorded FY2026 revenue of JPY 302,608m, net profit JPY 2,857m and net assets JPY 12,529m. Trial date, outcome and any fine have not been published. → See §12.
WP-2	**MEDIUM**	**Three-year decline in revenue; contracting fuel market**	Consolidated revenue fell from JPY 1,012,018m (FY2023) to JPY 851,235m (FY2026), −15.9%, mainly through lower product prices. Mobility Stations fell by 50 to 1,496 in FY2026 and to 1,484 at 30 June 2026; LP gas direct-sale customers fell by about 7,000 to about 568,000. The official outlook projects domestic gasoline demand to fall 2.4% a year to FY2029. → See §10 and §13.
WP-3	**MEDIUM**	**Equity-method exposure to Dealer W (turnaround)**	Since May 2024 the subject has held an interest, through Holding Vehicle 2 G.K. (equity-method affiliate), in Dealer W Co., Ltd., the used-car dealer that took over the business of a predecessor. Management stated that Dealer W was loss-making in FY2025 (year to March 2026) and is behind its original plan. The amount invested is not separately disclosed. → See §8 and §10.
WP-4	**MEDIUM**	**Middle East supply disruption and one-off gains in Q1 FY2027**	Crude supply through the Strait of Hormuz has been severely disrupted since early March 2026; Japan released state and private oil reserves from March 2026. Q1 FY2027 net profit attributable rose 159.5% to JPY 9,478m on revenue up 17.5%, including about JPY 1.8bn of one-off gains from sales of service stations and of an affiliate and LP gas inventory gains; underlying profit was JPY 7.7bn. The full-year forecast (net profit JPY 16,500m) was not revised. → See §14.
WP-5	**LOW**	**Controlling shareholder; low approval of the president**	Parent Corporation holds 62,941 thousand shares (55.71% excluding treasury stock); the president and a non-executive director come from Parent. At the AGM of 17 June 2026 the representative director was re-elected with 81.58% approval, against 95.99%–98.45% for the other seven directors. → See §9.
WP-6	**LOW**	**Lease liabilities and guarantees**	Consolidated borrowings are only JPY 2,226m, but lease liabilities total JPY 54,757m (current JPY 10,073m). Guarantees for third parties total JPY 6,185m (actual exposure JPY 4,179m, mainly borrowings of associates such as Associate Power Co.), with

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WP	Level	Item	Description
			the longest expiring on 31 March 2039. → See §11 and §14.
WP-7	**LOW**	**Car dealership earnings under pressure**	Mobility Division operating profit fell 14.1% to JPY 9,851m in FY2026 as new and used vehicle unit sales and gross profit per unit declined at Dealer Holding Co. (Dealer Sub D). National new-vehicle sales fell 0.9% in FY2025 to 4,533,782 units. → See §10 and §13.

Seven watchpoints are raised: four at MEDIUM and three at LOW; none is HIGH or CRITICAL. Watchpoints state facts and where the evidence sits; the credit reasoning that follows from them is set out in §16.

§4 NR CREDIT LIMIT

Item	Amount	Remarks
Applied Model	FS Model (non-consolidated)	Cash and deposits, trade notes and accounts receivable, accounts payable and short-term borrowings (including current lease obligations) disclosed at 31 March 2026
Revenue Basis	Reported non-consolidated revenue: JPY 628,297m (FY2026)	Assumed payees: 1,500 (sales band above JPY 50.1 billion)
Gross Credit Limit (non-consolidated)	JPY 22,990,400,000	Model total
Net Credit Limit (per payee)	JPY 15,326,933	Gross ÷ 1,500 payees
NRating Operating Limit (Recommended)	JPY 15,000,000 per counterparty	Net credit limit, rounded
Reference: consolidated basis	Gross JPY 24,726,600,000 / Net JPY 16,484,400	Consolidated IFRS balance sheet at 31 March 2026; for reference only
Recommended Terms	Open account; standard trade terms of up to 60 days within the Operating Limit	Exposure above the limit to be reviewed case by case

Remarks: the FS model weighs the subject's cash and trade receivables against the claims on them from trade payables and short-term borrowings. On a non-consolidated basis trade receivables (JPY 83,672m) and trade payables (JPY 85,760m) are of almost equal size, as is typical for an energy distributor that buys and sells on similar terms, and bank borrowings are negligible; the gross limit is therefore driven by receivables and cash. The consolidated result is of the same order and confirms the non-consolidated figure.

NRating Operating Limit: JPY 15,000,000 per counterparty, equal to the net credit limit rounded down. The figure is the share of the subject's model credit capacity attributable to a single trade creditor among the large number of suppliers and service providers of a company with more than JPY 600 billion of non-consolidated sales; it is not a ceiling on the subject's ability to pay. The subject's standing — NR5, an AA- issuer rating, near-zero bank debt and the backing of Parent Corporation — supports open-account terms. Exposure above the Operating Limit should be reviewed against the subject's payment record with the creditor and the latest quarterly disclosure; trade insurance or trade credit insurance may be used where a creditor's internal limits require it.

§5 REPORT SUMMARY

KPI	FY2026 ★ / YoY	Remarks
Revenue (consolidated)	JPY 851,235m / −7.9%	Third consecutive decline (FY2023 peak JPY 1,012,018m); lower oil product prices
Gross profit	JPY 90,971m / −3.7%	Gross margin 10.69%
Operating profit (operating activities)	JPY 24,146m / −10.2%	Margin 2.84%; FY2025 included one-off gains on solar power plants

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KPI	FY2026 ★ / YoY	Remarks
Net profit attributable to owners	JPY 16,058m / −6.1%	Plan achieved; ROE 9.07%
Total assets	JPY 452,690m / +2.4%	Shareholders' equity JPY 181,772m; equity ratio 40.15%
Borrowings / lease liabilities	JPY 2,226m / JPY 54,757m	Net DER −0.11 (company-defined; effectively debt-free)
Operating cash flow	JPY 45,071m / +42.1%	Free cash flow JPY 30,149m
Non-consolidated revenue / net profit	JPY 628,297m / JPY 16,244m	Net profit +45.0% on dividends from subsidiaries; equity ratio 43.87%
Q1 FY2027 (Apr–Jun 2026)	Revenue JPY 238,847m / +17.5%	Net profit JPY 9,478m (+159.5%); equity ratio 42.3% at 30 June 2026
Market capitalisation	JPY 256.5 billion	Close JPY 2,272 on 15 October 2026; 52-week range JPY 1,760–2,387
Dividend	JPY 66 (FY2026) / JPY 68 forecast (FY2027)	Progressive dividend; consolidated payout ratio 46.4%
Employees	5,193 consolidated / 421 non-consolidated	As at 31 March 2026; plus 2,278 temporary staff (consolidated average)
Years in business	65 years	Founded 28 January 1961 as Predecessor Co.; listed 1978
Ownership	Parent Corporation 55.71%	Ultimate parent Parent Corporation (TSE Prime XXXX)
External rating	JCR AA- (Stable) / J-1+	Affirmed 16 September 2026
NRating	NR5 (Very Low Risk)	NRPD 0.3–0.8% non-consolidated (Low) / NR ESG Grade B

§6 COMPANY PROFILE

Observations

The present company traces its business to Predecessor Co., Ltd., established on 28 January 1961 when Parent Corporation spun off the petroleum sales business of its subsidiary a group affiliate to market the products of a new refinery built at a western site by a refiner. The legal entity was incorporated on 19 April 1948 as a shell entity, took the Predecessor Co. name in November 1976 and absorbed the operating Predecessor Co. on 1 April 1977 to change the par value of its shares; because the legal entity had carried on no business since April 1951, the operating history is that of Predecessor Co. The company was listed in February 1978, renamed as at present in July 2001 and moved its head office to its present building in February 2019. Over the last two decades it has added LP gas retail, electricity and heat supply (from 2011–2012), car dealerships (Dealer Holding Co., 2014) and, through equity-method affiliates, automotive aftermarket and used-car businesses (Aftermarket Co. N in 2023, Dealer W in 2024).

Registry and Listing Particulars

English name	SUBJECT CO., LTD.
Japanese name	［日本語社名は非開示］
Former names	Shell Entity K.K. (legal entity, to Nov 1976); Predecessor Co., Ltd. (to July 2001)
Legal form	Kabushiki kaisha (stock company) with a board of directors and an Audit & Supervisory Board

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Corporate Number	[withheld]
LEI	[withheld] (issued; next renewal 28 September 2027; ultimate parent Parent Corporation)
Founded	28 January 1961 (operating company); legal entity incorporated 19 April 1948
Registered head office	[address withheld], Chiyoda-ku, Tokyo (office tower, upper floors)
Paid-in capital	JPY 19,877,670,000 (unchanged since October 2008)
Shares	Authorised 387,250,000; issued 116,881,106; treasury 3,967,252 (30 June 2026)
Listing	Tokyo Stock Exchange Prime Market, code XXXX; ISIN [withheld]; listed February 1978
Fiscal year end	31 March
Accounting standards	IFRS (consolidated); Japanese GAAP (non-consolidated)
Auditor	Deloitte Touche Tohmatsu LLC (unqualified opinion, FY2026)
Status	Active

Note: registry particulars are stated as recorded at the reference date of 16 October 2026.

Historical Changes

Date	Item	Former	Changed To
Jun 2026	**Directors**	[name withheld] (outside director)	[name withheld] (outside director), elected at the AGM of 17 June 2026
Jun 2025	**Representative director & president**	[name withheld] (President & CEO)	[name withheld] (from Parent Corporation)
Oct 2024	**Group LP gas companies**	four regional LP gas subsidiaries	Merged into LP Gas Retail Sub Co., Ltd.
Apr 2022	**Market segment**	TSE First Section	TSE Prime Market
Feb 2019	**Head office**	[withheld], Minato-ku, Tokyo	[withheld], Chiyoda-ku, Tokyo
Jan 2014	**Head office**	[withheld], Minato-ku, Tokyo	[withheld], Minato-ku, Tokyo
Oct 2008	**Issued shares / business**	96,356 thousand shares	116,881 thousand shares — shares issued to Parent Corporation and Parent Petroleum on the succession of their petroleum trading and logistics businesses by company split
Jul 2001	**Trade name**	Predecessor Co., Ltd.	SUBJECT CO., LTD.
Nov 1976	**Trade name (legal entity)**	Shell Entity K.K.	Predecessor Co., Ltd.

Note: the former president, [name withheld] (President & CEO), is named as representative in the Annual Securities Report filed on 17 June 2025.

§7 LOCATIONS

Head office	[address withheld], Chiyoda-ku, Tokyo, Japan (leased office; book value of head-office facilities JPY 3,079m; 386 employees)
Telephone	[withheld] (finance and accounting, as given in statutory filings)

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Website	[withheld]
Principal facilities (parent)	Site A oil terminal, Hiroshima (book value JPY 4,343m incl. investment property; land 1 thousand m² owned, 83 thousand m² leased); Site B asphalt base, Chiba (JPY 1,495m)
Asphalt bases and terminals	Nationwide network of asphalt bases and oil terminals supplying road-paving and marine-fuel customers; the two principal parent-owned facilities are shown above
Principal subsidiary facilities	Two energy service plants (electricity and heat supply); regional solar farm and other power plants (Power Gen Sub); district heating centres in Chiba and Tokyo (District Heat Sub)
Retail network	1,484 Mobility Stations (affiliated service stations) at 30 June 2026; LP gas retail through LP Gas Retail Sub and Sub E; car dealerships of Dealer Sub D
Overseas	Overseas Sub (Thailand) Co., Ltd. and Overseas Sub (SE Asia) Co., Ltd., both established in April 2020

The subject is an asset-light trading company at parent level: non-consolidated tangible fixed assets are JPY 27,426m against total assets of JPY 259,568m, and the head office is leased. Physical assets — terminals, asphalt bases, power and heat plants, service stations and dealerships — sit largely in subsidiaries; consolidated property, plant and equipment is JPY 131,285m including right-of-use assets, which explains the JPY 54.8 billion of lease liabilities (→ §14).

§8 SUBSIDIARY & AFFILIATED

The group comprises the subject, its parent company, 36 consolidated subsidiaries and 25 equity-method affiliates (31 March 2026). The principal companies are listed below. Two subsidiaries each account for more than 10% of consolidated revenue: Subsidiary A (FY2026 revenue JPY 302,608m, ordinary profit JPY 4,592m, net profit JPY 2,857m, net assets JPY 12,529m, total assets JPY 54,211m) and Dealer Sub D (revenue JPY 109,540m, ordinary profit JPY 2,454m, net profit JPY 2,449m, net assets JPY 28,331m, total assets JPY 58,512m). The subject lends working and capital funds to several subsidiaries and operates a group finance system through which group companies pool funds; it also places surplus funds with the Parent group (deposits of JPY 25,430m at 31 March 2026).

Company	Relationship / Interest	Business / Notes
Parent Corporation	Parent — holds 55.71% (voting rights held over the subject 55.8%)	General trading company, TSE Prime XXXX; capital JPY 253,448m; FY2026 net profit attributable JPY 900,283m; four of the subject's officers transferred from the parent and one director holds a concurrent post there
Subsidiary A Co., Ltd.	Subsidiary 100.0% (specified subsidiary)	Mobility: service stations and fuel card sales; Osaka; indicted April 2026 (→ WP-1)
Regional Sub K Co., Ltd.	Subsidiary 100.0%	Mobility; Oita
Dealer Holding Co., Ltd.	Subsidiary 52.6%	Mobility: holding company of brand dealerships; Osaka
Dealer Sub D Co., Ltd.	Subsidiary 52.6% (indirect)	Mobility: brand dealer; Osaka
Industrial Gas Sub Co., Ltd.	Subsidiary 100.0%	Industrial Business: industrial and high-pressure gas; loans from the subject
Power Retail Sub Co., Ltd.	Subsidiary 100.0%	Power & Utility: household electricity retail
Power Gen Sub Co., Ltd.	Subsidiary 100.0%	Power & Utility: power generation and supply; loans from the subject
Power Retail JV Co., Ltd.	Subsidiary 60.0%	Power & Utility: corporate electricity retail (joint venture with partner group)
District Heat Sub Co., Ltd.	Subsidiary 66.6%	Power & Utility: district heating and cooling

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Company	Relationship / Interest	Business / Notes
LP Gas Retail Sub Co., Ltd.	Subsidiary 100.0%	Home-Life: LP gas retail; loans from the subject
Sub E Co., Ltd.	Subsidiary 51.0%	Home-Life: LP gas and city gas; Fukuoka
LPG JV Co., Ltd.	Equity-method affiliate 50.0%	Home-Life: LP gas wholesale and retail (joint venture with a gas utility)
LPG Importer Co., Ltd.	Equity-method affiliate 20.0%	Home-Life: LP gas import and wholesale
Holding Vehicle / Holding Vehicle 2 G.K.	Equity-method affiliates	Vehicles for the interests in Aftermarket Co. N (2023) and Dealer W (2024)
Asset Mgmt Sub Co., Ltd.	Subsidiary	Asset manager of a listed infrastructure fund (TSE infrastructure fund market)
Overseas Sub (TH) Co., Ltd. / Overseas Sub (SEA) Co., Ltd.	Subsidiaries	Overseas trading bases, established April 2020

Note: the subject guarantees borrowings of Associate Power Co. and two other companies (JPY 4,858m at 31 March 2026, non-consolidated). The amount of the subject's own investment in Dealer W is not separately disclosed.

§9 MANAGEMENT & SHAREHOLDERS

Board of Directors (elected at the AGM of 17 June 2026)

Name	Position	Background / approval at AGM
[name withheld]	Representative Director & President	Born 1968; joined Parent 1990; Executive Officer and head of Parent's Chemicals Division; president since June 2025; approval 81.58%
[name withheld]	Director & Managing Executive Officer; head of Mobility Division; officer in charge of Dealer W	Joined the subject 1995; approval 96.03%
[name withheld]	Director & Executive Officer; CFO, CCO, head of Corporate Division	Joined Parent 1988; former Finance Department head of Parent; approval 95.99%
[name withheld]	Director (non-executive)	Senior Officer and head of the Energy & Power Solutions Division, Parent Corporation; approval 96.02%
[name withheld]	Outside Director (independent)	Former Executive Vice President of Co. K; approval 96.04%
[name withheld]	Outside Director (independent)	Author and consultant; outside director of Co. H; approval 96.03%
[name withheld]	Outside Director (independent)	Certified public accountant; former senior partner of a major audit firm; approval 96.03%
[name withheld]	Outside Director (independent)	Newly elected June 2026; approval 98.45%

Audit & Supervisory Board

Name	Position	Background
[name withheld]	Full-time Audit & Supervisory Board Member	Former Parent Energy Division deputy head
[name withheld]	Full-time Audit & Supervisory Board Member	Former Parent Audit Department head; former CFO of the subject
[name withheld]	Outside Audit & Supervisory Board Member	Attorney at law
[name withheld]	Outside Audit & Supervisory Board Member	Former internal audit executive of a listed firm

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Principal Shareholders (31 March 2026)

Shareholder	Shares (thousand)	% of shares excl. treasury
Parent Corporation	62,941	55.71%
The Master Trust Bank of Japan, Ltd. (trust account)	6,862	6.07%
Custody Bank of Japan, Ltd. (trust account)	4,429	3.92%
Subject Business Partners' Shareholding Association	2,829	2.50%
Northern Trust Co. (AVFC) Re Fidelity Funds	2,019	1.79%
Nippon Life Insurance Company	1,542	1.37%
Subject Employee Shareholding Association	1,409	1.25%
State Street Bank and Trust Company 505001	828	0.73%
State Street Bank and Trust Company 505223	827	0.73%
JP Morgan Chase Bank 385781	641	0.57%
Top ten total	**84,326**	**74.64%**

Note: 17,312 shareholders; treasury shares 3,897 thousand at 31 March 2026 (excluded above). By holder type (share units): other corporations 56.67%, individuals and others 17.49% (including treasury shares), foreign corporations and individuals 12.42%, financial institutions 12.37%, securities companies 1.04%.

Management Observations

Control rests with Parent Corporation, which consolidates the subject and positions it as the downstream core of its Energy & Chemicals business; the president, the CFO, a non-executive director and both full-time Audit & Supervisory Board members come from Parent. The subject has disclosed that it is not subject to business restrictions from its parent. Half of the board is independent, and there are two outside Audit & Supervisory Board members. The 81.58% approval of the president at the 2026 AGM — roughly 14 points below the other directors — came two months after the indictment of Subsidiary A; the reasons for the opposing votes are not disclosed. No take-private or change in the parent's holding had been announced as at the report date.

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§10 BUSINESS OPERATION

Principal business	Wholesale and retail distribution of petroleum products (gasoline, kerosene, diesel, fuel oil), LP gas and city gas, electricity and heat; car dealerships, vehicle maintenance and auto auctions; asphalt, marine fuel, industrial gas, AdBlue, renewable and GTL fuels
Business model	Energy trading company without refining assets. Products are purchased from refiners and importers (including through the parent company) and sold through an affiliated network of Mobility Stations, LP gas retailers, corporate fuel-card customers, power customers and industrial users
Segments (FY2026 revenue share)	Mobility 68.7%; Industrial Business 13.8%; Home-Life 9.1%; Power & Utility 8.4%
Mobility Stations	1,496 at 31 March 2026 (−50 in the year); 1,484 at 30 June 2026 — the largest affiliated network among Japanese energy trading companies
LP gas direct-sale customers	About 568,000 households at 31 March 2026 (−7,000); about 567,000 at 30 June 2026
Electricity retail customers	About 318,000 at 31 March 2026 (+7,000); about 331,000 at 30 June 2026
Principal suppliers	Not named in statutory disclosure. The parent Parent Corporation is a counterparty for purchases and sales of petroleum products; LP gas is supplied through the affiliated importer-wholesalers LPG Importer and LPG JV
Principal customers	Highly diversified: affiliated service-station operators, transport companies using fuel cards, industrial and road-paving users of asphalt and fuel oil, shipping companies, households (LP gas and power) and corporate power users. No customer accounts for 10% or more of revenue
Trade cycle (FY2026)	Consolidated: receivables about 48 days of revenue, payables about 57 days of cost of sales, inventories about 15 days. Non-consolidated: receivables about 49 days, payables about 51 days
Capital expenditure (FY2026)	JPY 15,518m (Mobility 3,672; Industrial Business 3,844; Power & Utility 5,032; Home-Life 2,052)
Medium-term plan	MTP2030 (FY2023–FY2030): net profit JPY 20 billion or more, adjusted operating cash flow JPY 45 billion, ROE 9% or more, new and strategic investment JPY 210 billion cumulative. Interim plan MTP2030 '25–'26: net profit JPY 16.0bn (FY2025) and 16.5bn (FY2026), adjusted operating cash flow JPY 38bn a year, ROE about 9%, investment JPY 50bn cumulative; progressive dividend with a payout ratio of 40% or more

Segment Results — FY2026 (consolidated, JPY million)

Segment	Revenue	YoY	Operating profit	YoY	Net profit (owners)	Segment assets
Mobility	584,747	−7.2%	9,851	−14.1%	5,211	182,538
Industrial Business	117,331	−12.8%	6,005	−12.9%	4,827	65,130
Power & Utility	71,383	−8.0%	4,435	−23.7%	2,569	86,185
Home-Life	77,774	−5.5%	2,852	+12.8%	2,903	69,218
Consolidated	**851,235**	**−7.9%**	**24,146**	**−10.2%**	**16,058**	**452,690**

Note: the segment revenue and profit figures are as reported; segment net profit includes equity-method income allocated to the segments, and the consolidated total includes adjustments. From FY2026 equity-method affiliates previously unallocated were moved into Mobility and the prior year was restated.

Business Observations

Mobility (68.7% of revenue) combines fuel sales through the Mobility Station network and Subsidiary A's corporate fuel-card business with the brand dealerships of Dealer Holding Co. Its FY2026 profit fell 14.1% because new and used

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vehicle unit sales and gross profit per unit declined at the dealerships, while fuel volumes also fell. Industrial Business supplies asphalt (volume slightly up on new accounts), marine fuel (volume down on a reduced ocean-going business) and industrial gas (strong); its profit fell 12.9% against a strong FY2025 in supply-and-demand operations. Power & Utility grew its high-voltage customer base but lost the one-off gain on solar plants recorded in FY2025. Home-Life improved operating profit by 12.8% through better margins and lower costs, although LP gas customers continued to decline.

Revenue is recognised on a gross basis for products the subject buys and sells as principal, and it moves with oil and LP gas prices: the 7.9% fall in FY2026 and the 17.5% rise in Q1 FY2027 both mainly reflect prices rather than volume. Gross profit (JPY 90,971m in FY2026) and operating profit are therefore the better measures of the subject's scale and of its trend.

Investments announced in 2026 include a capital and business alliance with the Sapporo car-rental operator Partner R (January), an investment with Parent in Partner T, a developer of image and AI tools for used-car appraisal intended for Dealer W (April), and a 14.5% silent-partnership interest in a 51 MW / 204 MWh grid battery project in Oita (May). The FY2027 plan for new and strategic investment is JPY 39.2 billion, and management has said it will pursue consolidation in LP gas and mobility. The subject also manages the Dealer W rebuilding jointly with Parent: management reported that Dealer W was loss-making in FY2025 and behind its original plan, and expects it to reach profitability before long.

§11 NEGATIVE PAYMENT & BANKING

Payment Record and Tax

No adverse record identified. No payment default, dishonoured bill, tax arrears, attachment or insolvency proceeding was identified against the subject. As a listed company it files audited statements each year; the auditor, Deloitte Touche Tohmatsu LLC, issued an unqualified opinion on the FY2026 consolidated and non-consolidated statements. The subject's own trade payables are settled within about 51 days of cost of sales on a non-consolidated basis and about 57 days on a consolidated basis, consistent with standard energy-trade terms.

Principal Banks

Bank	Relationship
Sumitomo Mitsui Trust Bank, Limited	Principal bank (listed first by the subject)
Sumitomo Mitsui Banking Corporation	Principal bank
Resona Bank, Limited	Principal bank
Mizuho Bank, Ltd.	Principal bank
MUFG Bank, Ltd.	Principal bank

Funding Structure

Borrowings (consolidated, 31 Mar 2026)	Short-term JPY 1,226m; long-term JPY 1,000m; total JPY 2,226m (FY2025: JPY 2,481m)
Borrowings (non-consolidated)	Short-term JPY 640m; long-term JPY 1,000m
Lease liabilities (consolidated)	JPY 54,757m (current JPY 10,073m; non-current JPY 44,684m); repayments JPY 10,476m in FY2026
Commercial paper	Programme JPY 30 billion, rated J-1+ by JCR
Bonds	No bonds outstanding identified. Shelf registration for up to JPY 30 billion of bonds filed 8 September 2026 (effective 16 September 2026 to 15 September 2028); proceeds for capital expenditure, investments and loans, debt repayment and working capital. No issuance under it identified as at the report date
Group finance	Group finance system pooling funds among group companies; surplus funds deposited with the Parent group (non-consolidated deposits JPY 25,430m)

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Liquidity facilities	The subject states that it holds ample cash, sufficient overdraft lines and CP issuance capacity; net DER −0.11 (effectively debt-free)
Guarantees	Consolidated: total JPY 6,185m, actual JPY 4,179m (mainly associates' borrowings; latest expiry 31 March 2039). Non-consolidated: JPY 4,858m for Associate Power Co. and two other companies; JPY 10m lease guarantees for Subsidiary A and three others
Collateral	No pledge of the subject's assets for borrowings identified in the statutory disclosure

Note: the amounts of individual bank facilities are not disclosed.

§12 LITIGATION

The subject states in its Annual Securities Report that no litigation, arbitration or other legal proceeding is currently pending that could materially affect the group's financial position or results. One criminal prosecution involving a wholly-owned subsidiary is pending and is disclosed by the subject as a contingent matter.

Subsidiary A Co., Ltd. — Antimonopoly Act prosecution

Subsidiary A Co., Ltd. (Osaka; capital JPY 100 million; 100% owned) sells fuel through service stations and fuel cards to transport companies. On 27 May 2025 the Japan Fair Trade Commission (JFTC) conducted an on-site inspection of Subsidiary A on suspicion of an Antimonopoly Act violation in diesel sales to transport companies in Kanagawa Prefecture. In a separate case concerning diesel sold to transport companies with offices in Tokyo, the JFTC and the Special Investigation Department of the Tokyo District Public Prosecutors Office investigated eight companies from September 2025, searched them in March 2026, and on 17 April 2026 the JFTC filed a criminal accusation and the prosecutors indicted five companies, including Subsidiary A. According to the JFTC, the companies agreed at meetings held from October to December 2024 to raise the price of diesel sold through fuel cards by JPY 2.0–2.5 per litre. No individual was charged. The Antimonopoly Act provides for a criminal fine of up to JPY 500 million per company; an administrative surcharge may also follow. The subject issued an apology on the day of the indictment, stated that Subsidiary A had cooperated fully with the investigation, and its Audit & Supervisory Board reports that group-wide compliance and recurrence-prevention measures are being implemented.

Item	Result
Civil litigation (material)	None pending, per the Annual Securities Report (16 June 2026)
Criminal proceedings	Subsidiary A Co., Ltd. indicted 17 April 2026 (Antimonopoly Act, diesel price cartel, Tokyo); trial date and outcome not published
Administrative investigations	JFTC on-site inspection of Subsidiary A, 27 May 2025 (diesel sales, Kanagawa); outcome not published
Bankruptcy / rehabilitation filings	None identified
Regulatory sanctions against the subject	None identified
Environmental or safety enforcement	None identified (high-pressure gas, LP gas and fire-safety regulation searched)
Adverse media	Coverage of the Subsidiary A prosecution (April 2026); no other adverse media identified

Note: searches were made in Japanese and English under the subject's name and those of its principal subsidiaries. The amount of any fine or surcharge, and whether bid-participation suspensions by public bodies will follow, cannot be estimated from public information.

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§13 INDUSTRY INFORMATION

Japanese Downstream Energy Distribution

The subject operates in the distribution of petroleum products, LP gas and electricity in Japan, a market in structural decline in volume but undergoing consolidation. Domestic fuel-oil demand fell 3.9% in FY2024 to about 136.5 million kL, and the government's official demand outlook (April 2025) projects a further average decline of 2.2% a year to FY2029, led by gasoline (−2.4% a year) and kerosene (−2.9%), with diesel falling more slowly (−1.0%). The number of service stations has more than halved from the FY1994 peak of 60,421 to 27,009 at March 2025, and 381 municipalities (22.2%) have three or fewer stations. There were 144 exits of service-station operators in January–August 2026 (19 bankruptcies and 125 voluntary closures), about 10% more than a year earlier and the highest in ten years.

2026 has been dominated by the Middle East conflict. From early March, crude shipments through the Strait of Hormuz were severely disrupted; IEA members agreed a coordinated stock release, Japan lowered the mandatory private stockholding requirement from 70 to 55 days and released state reserves from late March. Domestic petroleum sales fell for a seventh consecutive month in August 2026 (−3.2% year on year), while the Middle East share of crude imports fell by 35 points as imports from the United States rose sharply. Retail prices are being held down by a government subsidy that caps regular gasoline at about JPY 170 per litre; the provisional gasoline tax rate (JPY 25.1 per litre) was abolished on 31 December 2025 and the diesel provisional rate was cut from 1 April 2026. For distributors, the main effects are volatile procurement costs and inventory valuations rather than physical shortage; JCR expects the impact on the subject's procurement to be limited and price increases to be passed on.

Key Market Indicators

Indicator	Value	Source / date
Domestic fuel-oil demand outlook FY2024–FY2029	−2.2% a year (gasoline −2.4%, kerosene −2.9%, diesel −1.0%)	METI demand outlook, April 2025
Service stations (end FY2024)	27,009 (peak 60,421 in FY1994)	Agency for Natural Resources and Energy, July 2025
LP gas demand outlook FY2025–FY2030	−1.4% a year; 11.02 million t by FY2030 (FY2024 11.91 million t)	LP gas demand outlook 2026–2030
LP gas user households	About 22 million	Industry estimate, July 2026
Retail gasoline / diesel price	JPY 170.2 / JPY 159.5 per litre	Government survey, 28 September 2026
New-vehicle sales FY2025	4,533,782 units (−0.9%)	Japan Automobile Dealers Association, April 2026
New-vehicle sales Apr–Sep 2026	About 2.29 million units (+5.1%)	Industry data, October 2026
Bank of Japan policy rate	1.25% (raised 18 September 2026)	Bank of Japan

Key Industry Trends

Trend	Detail
Volume decline	Population decline, fuel-efficient and electrified vehicles and energy conservation reduce demand for gasoline and kerosene by 2–3% a year; distributors compete for share and exit marginal sites.
Consolidation	Service-station operator exits are at a ten-year high; larger distributors acquire stations, LP gas retailers and fuel-card businesses. The subject has named LP gas peers and mobility businesses as acquisition targets.

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Trend	Detail
Regulation of trade practice	The April 2024 amendment of the LP gas ordinance banned excessive sales inducements and cost recovery through gas bills and requires price disclosure; three-part pricing applies to new contracts from April 2025. The diesel price cartel prosecution of April 2026 has raised antitrust scrutiny of fuel-card pricing.
Tax and subsidy	Abolition of the provisional gasoline tax rate (31 December 2025) and the diesel provisional rate cut (April 2026); a price-cap subsidy since March 2026 funded from reserves. Policy changes alter pump prices, demand timing and working capital.
Decarbonisation	E10 bioethanol blending from 2028 and E20 by 2040; growth of renewable power, battery storage and synthetic and bio fuels. Distributors invest in power, batteries and mobility services to replace fuel margins.
Electricity retail	New entrants held 17.3% of retail sales volume in March 2024; volatile wholesale prices have caused exits of smaller retailers. Procurement cost rises compressed the subject's power margin in Q1 FY2027.
Mobility	New-vehicle sales recovered in April–September 2026 after the abolition of the environmental performance tax; used-car registrations were −0.8% in January–September 2026.

Principal Competitors (fiscal years ended March 2026)

Company	Profile	Revenue
ENEOS Holdings, Inc.	Largest refiner and fuel retailer (ENEOS brand)	JPY 11.8 trillion
Idemitsu Kosan Co., Ltd.	Refiner; apollostation brand	JPY 8.1 trillion
Cosmo Energy Holdings Co., Ltd.	Refiner; Cosmo brand	JPY 2.7 trillion
Iwatani Corporation	LP gas, industrial gas and hydrogen	JPY 908.5 billion
SUBJECT CO., LTD. (subject)	Energy trading and distribution; car dealerships	JPY 851.2 billion
San-Ai Obbli Co., Ltd.	Fuel distribution and aviation fuel	JPY 611.6 billion
Sinanen Holdings Co., Ltd.	LP gas, fuel and power distribution	JPY 298.8 billion
Nippon Gas Co., Ltd.	LP gas, city gas and power retail	JPY 208.5 billion

Note: competitor revenue as published by each company for its fiscal year ended March 2026, rounded. Mitsubishi Corporation Energy, a trading-company-affiliated distributor comparable to the subject, is unlisted and does not publish results.

Subject Company in Context

Among non-refining distributors the subject is the largest by revenue and has the largest affiliated service-station network. Its scale, the breadth of its customer base (households, transport companies, industry and shipping) and its access to supply through the Parent group give it a stronger position than most distributors in a contracting market, and its near-absence of debt allows it to buy stations and LP gas customers from exiting operators. The structural decline in fuel volumes and the shift of profit growth towards dealerships, power and mobility — where competition is more intense and returns less proven — are the main constraints. The cartel prosecution of its fuel-card subsidiary is a reminder that profitability in a declining market cannot rely on price coordination; its effect on Subsidiary A's corporate customer relationships is the item to watch.

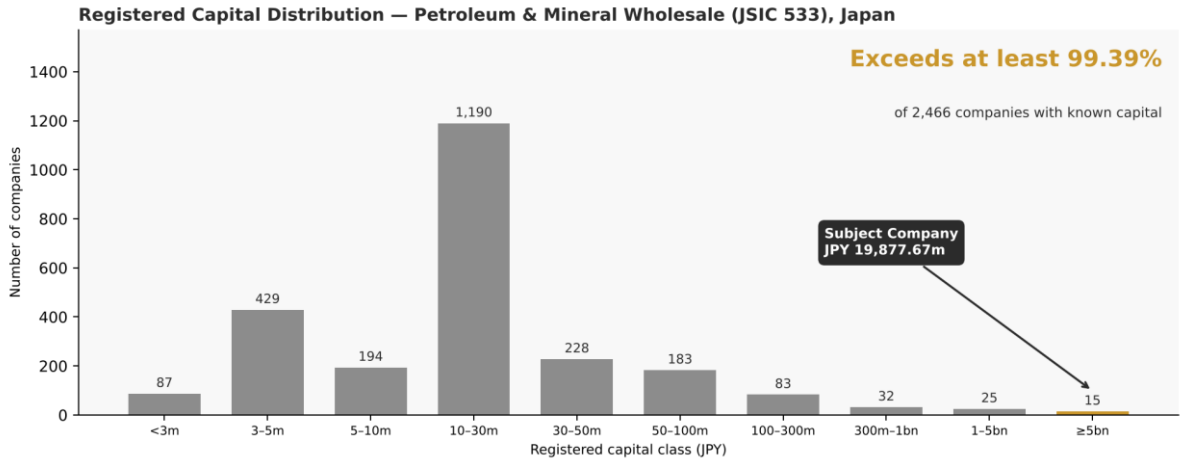
Industry Position Analysis (registered capital and employees)

The Subject's registered capital of JPY 19,877.7 million exceeds that of at least an estimated 99.39% of the 2,466 incorporated companies in Japan's petroleum and mineral wholesale sector (JSIC 533) whose capital is known.

With 421 employees, the subject is larger than an estimated 98.44% of the 2,491 incorporated companies in the same sector.

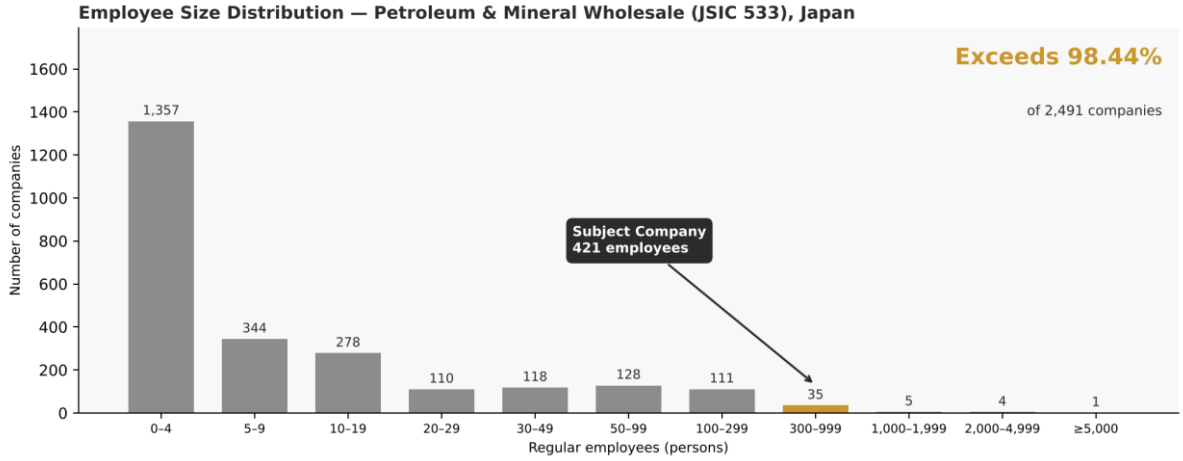
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Source: MIC & METI, 2021 Economic Census for Business Activity, Table 3-3 (incorporated companies, JSIC 533). Position estimated by NRating (linear interpolation within class).

Figure 13-1. Registered capital distribution — petroleum and mineral wholesale (JSIC 533), Japan



Source: MIC & METI, 2021 Economic Census for Business Activity, Table 3-3 (incorporated companies, JSIC 533). Position estimated by NRating (linear interpolation within class).

Figure 13-2. Employee size distribution — petroleum and mineral wholesale (JSIC 533), Japan

Note: the subject's capital falls in the highest class (JPY 5 billion or more), which has no upper bound; the capital position is therefore counted conservatively on the lower classes only. Employees are the non-consolidated headcount at 31 March 2026 (excluding staff seconded out); the group employs 5,193 people. Because many large Japanese companies keep their capital low for tax reasons, capital alone does not measure size; revenue and headcount confirm the subject's position at the top of its sector.

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§14 FINANCIAL DATA

Financial Overview

The subject is listed and audited; consolidated statements are prepared under IFRS and non-consolidated statements under Japanese GAAP, each for fiscal years ending 31 March (FY2026 = the year ended 31 March 2026). Full statements are available at the company's IR site .

Revenue: consolidated revenue has fallen for three consecutive years, from JPY 1,012,018m in FY2023 to JPY 851,235m in FY2026 (−7.9% in FY2026), mainly because of lower prices of oil products and LP gas. Gross profit has been more stable (JPY 83,591m in FY2022 to JPY 90,971m in FY2026). Profit: operating profit (profit from operating activities) rose from JPY 20,929m in FY2022 to a peak of JPY 26,896m in FY2025, which included one-off gains on solar power plants, and fell 10.2% to JPY 24,146m in FY2026; net profit attributable to owners was JPY 16,058m (−6.1%), achieving the plan. Margins are thin but steady: operating margin 2.11%–2.91% over five years.

Financial position: shareholders' equity has grown every year, from JPY 144,297m (equity ratio 32.28%) in FY2022 to JPY 181,772m (40.15%) in FY2026, and reached JPY 187,113m (42.3%) at 30 June 2026. Borrowings are only JPY 2,226m against cash of JPY 21,924m and other short-term financial assets of JPY 42,423m, so the group is effectively debt-free; the main financial liabilities are leases (JPY 54,757m) and trade payables. Operating cash flow was JPY 45,071m in FY2026 (adjusted for working capital, JPY 37,704m), covering capital expenditure and dividends with a free cash flow of JPY 30,149m. Outlook: the FY2027 forecast is operating profit of JPY 24,500m (+1.5%) and net profit of JPY 16,500m (+2.8%); Q1 FY2027 net profit was JPY 9,478m, of which about JPY 1.8bn was one-off.

Five-Year Summary — Consolidated (IFRS, JPY million)

Item (JPY m)	FYE 31 Mar 2026 ★	FYE 31 Mar 2025	FYE 31 Mar 2024	FYE 31 Mar 2023	FYE 31 Mar 2022
Revenue	**851,235**	**924,481**	**963,302**	**1,012,018**	**936,306**
Gross profit	90,971	94,423	88,612	89,556	83,591
Operating profit (operating activities)	24,146	26,896	23,587	21,368	20,929
Profit before tax	26,015	28,173	24,687	23,036	22,241
Net profit attributable to owners	**16,058**	**17,102**	**13,887**	**13,832**	**13,194**
Total assets	452,690	442,150	444,304	433,024	447,017
Shareholders' equity	**181,772**	**172,285**	**162,543**	**152,961**	**144,297**
Equity ratio (%)	40.15	38.97	36.58	35.32	32.28
ROE (%)	9.07	10.22	8.80	9.31	9.41
Operating cash flow	45,071	31,709	34,538	34,799	39,955
Investing cash flow	−14,922	−28,334	−6,603	−3,190	−19,113
Financing cash flow	−22,188	−19,431	−29,916	−37,747	−17,625
Cash and cash equivalents	21,924	13,931	30,103	32,013	38,145
Basic EPS (JPY)	142.28	151.63	123.03	122.54	116.89
Employees (consolidated)	5,193	5,191	5,365	5,461	5,641

Balance Sheet — Consolidated (IFRS, JPY million)

Item (JPY m)	31 Mar 2026 ★	31 Mar 2025
Cash and cash equivalents	21,924	13,931
Trade receivables	112,813	117,000
Other short-term financial assets	42,423	35,441

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Item (JPY m)	31 Mar 2026 ★	31 Mar 2025
Inventories	30,895	31,296
Other current assets	2,432	2,751
Total current assets	**210,487**	**200,419**
Equity-method investments	45,599	43,772
Property, plant and equipment	131,285	129,771
Investment property	11,885	13,502
Goodwill and intangible assets	22,721	23,225
Other non-current assets	30,713	31,461
Total non-current assets	**242,203**	**241,731**
Total assets	**452,690**	**442,150**
Borrowings (short-term)	1,226	1,481
Trade payables	119,110	117,423
Lease liabilities (current)	10,073	9,678
Other current liabilities	37,352	35,412
Total current liabilities	**167,761**	**163,994**
Borrowings (long-term)	1,000	1,000
Lease liabilities (non-current)	44,684	44,495
Other non-current liabilities	28,710	29,914
Total non-current liabilities	**74,394**	**75,409**
Total liabilities	**242,155**	**239,403**
Share capital	19,878	19,878
Retained earnings	143,917	134,916
Shareholders' equity	**181,772**	**172,285**
Non-controlling interests	28,763	30,462
Total equity	**210,535**	**202,747**

Income Statement and Cash Flow — Consolidated (IFRS, JPY million)

Item (JPY m)	FY2026 ★	FY2025
Revenue	**851,235**	**924,481**
Cost of sales	−760,264	−830,058
Gross profit	**90,971**	**94,423**
Selling, general and administrative expenses	−69,351	−70,647
Gains / losses on fixed assets	1,390	−882
Other income and expenses	1,136	4,002
Operating profit (operating activities)	**24,146**	**26,896**
Net finance costs	−523	−502
Share of profit of equity-method investments	2,392	1,779

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Item (JPY m)	FY2026 ★	FY2025
Profit before tax	**26,015**	**28,173**
Income tax	−7,672	−7,928
Net profit	18,343	20,245
attributable to owners	**16,058**	**17,102**
attributable to non-controlling interests	2,285	3,143
Depreciation and amortisation	21,791	n/d
Operating cash flow	**45,071**	**31,709**
Adjusted operating cash flow (excl. working capital)	37,704	42,096
Investing cash flow	−14,922	−28,334
Free cash flow	**30,149**	**3,375**
Financing cash flow (lease repayment −10,476; dividends −7,344; NCI dividends −3,304 in FY2026)	−22,188	−19,431

Note: n/d = not disclosed in the materials reviewed for the comparative year. Other current liabilities include other short-term financial liabilities, income taxes payable, advances received and other items; other non-current liabilities include other long-term financial liabilities, retirement benefit liabilities, deferred tax liabilities and provisions.

Five-Year Summary — Non-consolidated (Japanese GAAP, JPY million)

Item (JPY m)	FYE 31 Mar 2026 ★	FYE 31 Mar 2025	FYE 31 Mar 2024	FYE 31 Mar 2023	FYE 31 Mar 2022
Revenue	**628,297**	**686,279**	**745,216**	**811,692**	**772,276**
Ordinary profit	18,043	15,125	11,734	12,653	5,867
Net profit	**16,244**	**11,205**	**9,243**	**9,674**	**5,071**
Net assets	113,877	104,507	100,840	96,712	92,915
Total assets	259,568	248,447	254,902	241,109	260,250
Equity ratio (%)	43.87	42.06	39.56	40.11	35.70
ROE (%)	14.88	10.91	9.36	10.20	5.43
Dividend per share (JPY)	66.00	62.00	54.00	50.00	48.00
Employees	421	449	505	490	564

Balance Sheet and Income Statement — Non-consolidated (Japanese GAAP, JPY million)

Item (JPY m)	31 Mar 2026 ★	31 Mar 2025
Cash and deposits	15,347	8,144
Notes and accounts receivable	83,672	87,670
Merchandise	5,008	6,797
Short-term loans (mainly to group companies)	6,463	8,395
Deposits placed with the group	25,430	22,955
Other current assets	11,566	7,862
Total current assets	**147,486**	**141,823**
Tangible and intangible fixed assets	34,294	33,246
Investments in subsidiaries and affiliates	51,805	50,162

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Item (JPY m)	31 Mar 2026 ★	31 Mar 2025
Other investments and long-term loans	25,983	23,216
Total assets	**259,568**	**248,447**
Accounts payable	85,760	85,601
Short-term borrowings	640	972
Deposits received (group finance)	19,997	21,726
Other current liabilities	18,357	14,472
Total current liabilities	**124,754**	**122,771**
Long-term borrowings	1,000	1,000
Guarantee deposits received	13,186	13,083
Other fixed liabilities	6,751	7,086
Total liabilities	**145,691**	**143,940**
Net assets	**113,877**	**104,507**
Revenue	**628,297**	**686,279**
Gross profit	19,524	20,984
Operating profit	4,548	5,431
Interest and dividend income	12,644	8,316
Ordinary profit	**18,043**	**15,125**
Extraordinary items (net)	101	−1,817
Net profit	**16,244**	**11,205**

Key Ratios

Ratio	FY2026 ★	FY2025	Basis
Current ratio (x)	1.25	1.22	Consolidated
Current ratio (x)	1.18	1.16	Non-consolidated
Equity ratio (%)	40.15	38.97	Consolidated
Borrowings / shareholders' equity (x)	0.01	0.01	Consolidated
Borrowings and leases / shareholders' equity (x)	0.31	0.33	Consolidated
Gross margin (%)	10.69	10.21	Consolidated
Operating margin (%)	2.84	2.91	Consolidated
Net margin, owners (%)	1.89	1.85	Consolidated
ROA, owners' profit / average total assets (%)	3.59	3.86	Consolidated
Operating profit / interest expense (x)	26.1	33.7	Consolidated
Receivable days	48	46	Consolidated
Payable days (on cost of sales)	57	52	Consolidated
Inventory days (on cost of sales)	15	14	Consolidated

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Q1 FY2027 (three months to 30 June 2026, consolidated)

Item	Q1 FY2027	Q1 FY2026	YoY
Revenue (JPY m)	238,847	203,200	+17.5%
Operating profit (JPY m)	11,696	5,967	+96.0%
Profit before tax (JPY m)	13,991	5,993	+133.5%
Net profit attributable to owners (JPY m)	9,478	3,653	+159.5%
Total assets / shareholders' equity at 30 June 2026 (JPY m)	442,519 / 187,113	—	Equity ratio 42.3%

Note: Q1 FY2027 net profit includes about JPY 1.8 billion of one-off gains (sales of service stations and of an affiliate) and LP gas inventory gains at subsidiaries and equity-method affiliates; the subject puts underlying profit at JPY 7.7 billion. The quarterly statements were reviewed by the auditor on a voluntary basis.

Financial Trend Chart

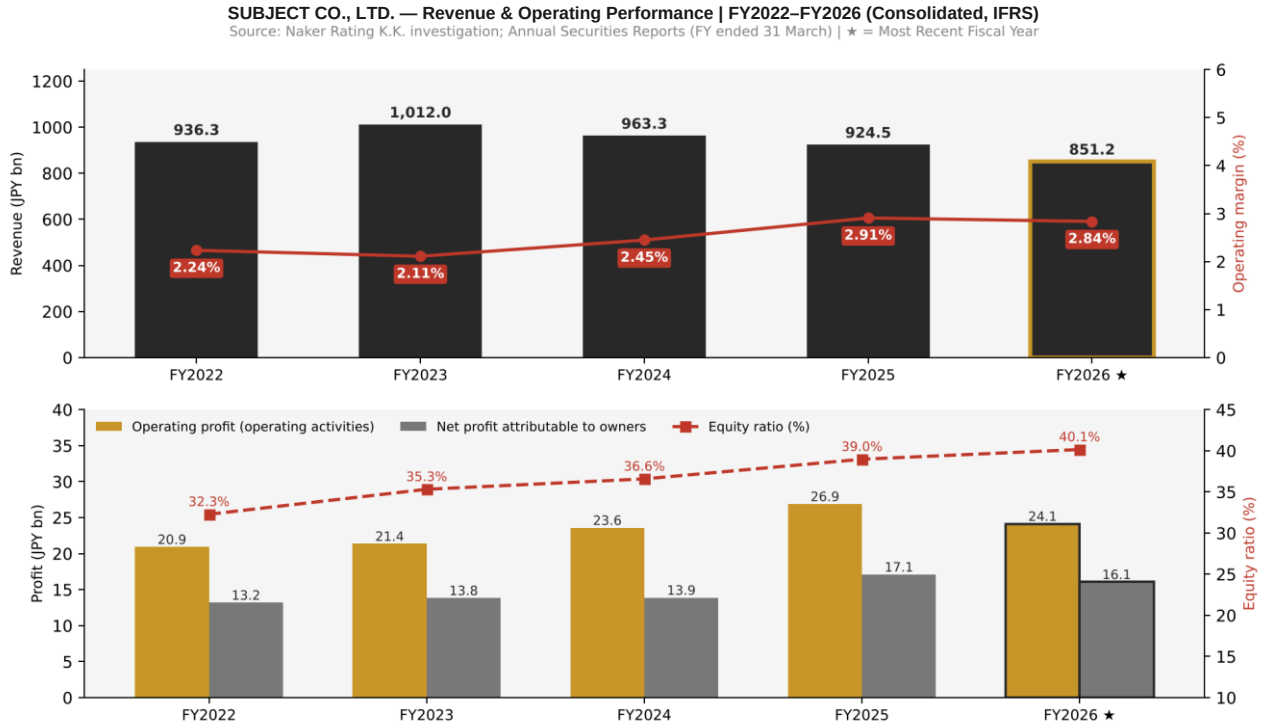


Figure 14-1. Revenue, operating profit, net profit attributable to owners, operating margin and equity ratio — FY2022–FY2026 (consolidated, IFRS)

Note: all figures above are reported figures from audited statutory filings and stock exchange releases; no modelled figures are used in this report.

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§15 COUNTRY RISK

Four-Agency Comparison — Japan

Agency	Assessment	Basis of assessment	Comment
Coface	A2	Average probability of B2B payment default by companies of the country	Business climate assessed separately at A1. Strengths: trade position through RCEP and CPTPP, high domestic savings, excellent corporate payment behaviour. Weaknesses: ageing workforce, high public debt and rising SME insolvencies driven by labour and interest costs.
Allianz Trade	A1	Non-payment risk, combining political and commercial factors	Political risk Level 1, financing risk Level 1; economic, business-environment and commercial risk Level 2. Growth of around +1.4% expected in 2026; inflation moderating; public debt around 225–230% of GDP.
Atradius	STAR: Low	Sovereign transfer and arbitrary-action risk	Risk Map published 22 April 2026 on data to the end of the first quarter of 2026. No transfer or convertibility restriction applies to the yen.
NEXI / OECD	Category A	Political risk category used for official export credit	Japan is country code 192 in Category A, the most favourable category, on the NEXI country category table. The OECD country risk classification does not review or classify Japan, as a high-income OECD member; NEXI assigns its own category on the basis of the OECD framework. The two positions are consistent.

Sovereign rating	Rating / Outlook
Moody's	A1 / Stable (last action 27 October 2025)
S&P Global Ratings	A+ / A-1, Stable (affirmed 30 March 2026)
Fitch Ratings	A / Stable (as last published)
Rating and Investment Information (R&I)	AA+ / Stable (26 September 2025)
Japan Credit Rating Agency (JCR)	AAA / Stable (30 January 2026)

Macroeconomic Baseline

The Bank of Japan raised its policy rate by 25 basis points to 1.25% at its meeting of 18 September 2026, on a 7–2 vote, and did not rule out further increases. Core consumer price inflation was +1.7% year on year in August 2026, and the yen traded around JPY 158 to the US dollar in mid-October. The Middle East conflict since March 2026 raised crude prices (WTI above USD 100 per barrel in September before easing to about USD 92 in early October) and disrupted crude supply through the Strait of Hormuz; the government responded with reserve releases and a gasoline price-cap subsidy. For the subject, higher and more volatile energy prices raise revenue and working capital needs and create inventory gains and losses, while higher interest rates matter little because the group carries almost no borrowings.

Foreign Exchange & Transfer Risk

The yen is fully convertible and freely transferable. Japan applies no exchange control to ordinary trade settlement or to the repatriation of receivables, and none of the four agencies signals a transfer or convertibility restriction. A foreign creditor of the subject faces no transfer risk; any exchange-rate exposure arises only from the currency in which a contract is written.

Political & Institutional Risk

The governing coalition substantially enlarged its majority at the general election of 8 February 2026 and has pursued an expansionary fiscal policy, including a stimulus package of about JPY 21.3 trillion and energy price subsidies funded from reserves. Institutional quality, contract enforcement and the integrity of the commercial registry, statutory disclosure

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and the courts are high. Energy policy is an active area — fuel taxes, subsidies, LP gas trade-practice rules and decarbonisation targets all changed in 2024–2026 — and competition enforcement in fuel distribution has tightened, as the April 2026 diesel cartel prosecution shows.

Structural Risk Factors

Japan's structural constraints are demographic and fiscal: a shrinking population, public debt of around 225–230% of GDP and dependence on imported energy, with about 95% of crude oil imports sourced from the Middle East before the 2026 disruption. Corporate insolvencies are rising: about 10,300 cases in calendar 2025 (+2.9%), 5,346 in January–June 2026 (+7.1%), and 5,373 in April–September 2026 (+3.8%) with liabilities of JPY 856.2 billion (+23.5%); bankruptcies attributed to price increases (436) and to labour shortages (240, a record) were prominent. September 2026 recorded 831 cases (−4.8%). In the subject's own sector, exits of service-station operators reached a ten-year high in January–August 2026.

Trade Credit Practical Guidance

Japan sits in the most favourable band of every framework consulted, and open-account terms of 30 to 60 days are normal for Japanese counterparties of this standing. In this case country risk and counterparty risk point in the same direction: the subject is a large, listed, effectively debt-free company rated AA- and controlled by Parent Corporation. The risks specific to the debtor — thin margins in a contracting fuel market, the pending cartel prosecution of a subsidiary and the Dealer W exposure — bear on earnings and reputation rather than on the subject's ability to pay trade creditors in the near term. Open account within the Operating Limit in §4 is appropriate; larger exposures should be reviewed against the subject's quarterly disclosure and payment record.

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§16 NR CREDIT COMMENTARY

§16-1 Business Overview and Positioning

The Subject is the core downstream energy company of the Parent group and the largest non-refining fuel distributor in Japan, with consolidated revenue of JPY 851 billion, 1,484 affiliated service stations, about 567,000 LP gas households and about 331,000 power customers. It buys from refiners and importers and sells to a highly diversified base of station operators, transport companies, industry, shipping and households; no customer accounts for 10% of revenue. Over the last decade it has used the cash flow of its fuel business to build electricity and heat supply, car dealerships and, with Parent, used-car and aftermarket businesses. Its 65-year operating history, its affiliation with Parent (55.71%) and its role as supplier of energy infrastructure (asphalt, marine fuel, district heating, LP gas in areas without city gas) make it a structurally important company in Japan's energy distribution.

§16-2 Financial Assessment

The financial profile is strong. Shareholders' equity has risen every year to JPY 181.8 billion (equity ratio 40.15% consolidated; 43.87% non-consolidated), borrowings are JPY 2.2 billion, and cash and other short-term financial assets total JPY 64.3 billion; the company itself reports a net debt-equity ratio of −0.11. Operating cash flow has ranged from JPY 31.7 billion to JPY 45.1 billion in each of the last five years and covers capital expenditure, investment and dividends. Profitability is the weaker element: an operating margin of 2.84% and ROE of 9.07% reflect the low-margin nature of fuel distribution, and revenue has fallen for three years as prices declined. Applying the NRPD FS Advance v0.1 framework, NRating sets the NRPD at 0.3–0.8% (Low) on a non-consolidated basis and 0.5–1.0% (Low) on a consolidated basis; the balance-sheet structure and the combination of profitability, leverage and liquidity both point to the lowest default band, and the margin structure, the contracting fuel market and the pending prosecution are taken on the upper side.

§16-3 Risk and Stability

Four risks are relevant. First, Subsidiary A, a wholly-owned subsidiary with JPY 302.6 billion of revenue, was indicted in April 2026 for an alleged diesel price cartel and also faces a JFTC investigation in Kanagawa. A criminal fine is capped at JPY 500 million per company, small against the group's equity; the larger risks are an administrative surcharge, bid-participation suspensions by public bodies, and the loss of transport-company customers. Second, the Dealer W investment ties the subject to the turnaround of a used-car dealer that remained loss-making in FY2025 and whose predecessor's reputation was badly damaged; further losses would be absorbed through equity-method results and possibly an impairment. Third, fuel volumes are declining by about 2% a year, so earnings growth depends on acquisitions and newer businesses. Fourth, energy price volatility, highlighted by the 2026 Middle East crisis, produces inventory gains and losses and swings in working capital. None of these threatens the subject's liquidity: the effectively debt-free balance sheet, CP and bond capacity (J-1+, JPY 30 billion shelf), the group finance system and the Parent affiliation provide ample cover.

§16-4 Industry and External Environment

Japan's downstream energy market is mature and contracting, and consolidation is accelerating as small station operators exit at a ten-year high. Policy is unusually active — the abolition of the provisional gasoline tax, subsidies capping pump prices, LP gas trade-practice reform and decarbonisation targets — and competition enforcement has tightened. Large, well-capitalised distributors are the natural consolidators in this environment, and the subject's balance sheet and network place it among them. Country risk is minimal (Coface A2, Allianz Trade A1, Atradius STAR Low, NEXI Category A) and imposes no transfer constraint.

§16-5 Credit Rating and Conclusion

NRating assigns NR5 (Very Low Risk). The rating rests on four facts: an effectively debt-free balance sheet with an equity ratio above 40% that has strengthened every year for five years; consistent operating cash flow of JPY 30–45 billion a year; a long-term issuer rating of AA- (Stable) affirmed by JCR on 16 September 2026; and control by Parent Corporation (55.71%), for which the subject is the core downstream energy business and which places its president and both full-time auditors. The share price (JPY 2,272 on 15 October 2026, near the top of its 52-week range) gives a market value of JPY 256.5 billion, 1.4 times book equity.

The cartel prosecution of Subsidiary A, the Dealer W exposure and the declining fuel market were weighed and do not justify a lower grade. The maximum criminal fine is less than 0.3% of shareholders' equity, Subsidiary A's net assets are JPY 12.5 billion, and the matter has not affected the subject's access to funding or its JCR rating; the Dealer W exposure

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is held through an equity-method affiliate and shared with Parent; and the volume decline has been offset by stable gross profit and rising equity. These factors bear on earnings and governance, not on the subject's capacity to pay trade creditors within a one-year horizon.

NRating Operating Limit: JPY 15,000,000 per counterparty on open-account terms (→ §4). Information to obtain before extending exposure above the limit: the outcome of the Subsidiary A trial and any surcharge or bid-suspension orders; the H1 FY2027 results due on 30 October 2026, in particular the Dealer W contribution and any impairment; and any change in Parent's shareholding or in the JCR rating.

Review Trigger

Within twelve months, or immediately on any of the following: a JCR downgrade or a negative outlook; a change in Parent's shareholding, a tender offer or a delisting; a conviction, fine, surcharge or bid suspension in the Subsidiary A case, or any further antitrust proceeding against the group; an impairment of the Dealer W investment; a downward revision of the full-year forecast; the issuance of bonds under the shelf registration materially above the current borrowing level; or an equity ratio below 35%.

§17 NR MATRIX

Axis	Rating	Basis
Business Scale	★★★★★ 5/5 · Strong	Consolidated revenue JPY 851.2 billion; 5,193 employees; 1,484 affiliated service stations, about 567,000 LP gas households and 331,000 power customers; largest non-refining fuel distributor in Japan.
Profitability	★★★☆☆ 3/5 · Adequate	Operating margin 2.11%–2.91% over five years (2.84% in FY2026); ROE 9.07%. Profit stable but thin and dependent on volume; revenue down three years running on prices.
Liquidity	★★★★☆ 4/5 · Strong	Current ratio 1.25x consolidated; cash JPY 21.9bn plus other short-term financial assets JPY 42.4bn; CP rated J-1+; group finance and deposits with the Parent group. Trade receivables and payables balanced.
Leverage	★★★★★ 5/5 · Strong	Borrowings JPY 2.2bn against equity JPY 181.8bn; net DER −0.11; equity ratio 40.15% and rising. Lease liabilities JPY 54.8bn are the main financial obligation.
CF Stability	★★★★☆ 4/5 · Strong	Operating cash flow JPY 31.7–45.1bn in each of FY2022–FY2026; free cash flow JPY 30.1bn in FY2026; dividends raised every year.
External Risk	★★★☆☆ 3/5 · Moderate	Japan in the most favourable band of all four country frameworks, but structural decline in fuel demand, energy-price volatility from the 2026 Middle East crisis, active energy policy and the pending cartel prosecution of a subsidiary.

Note: ★ = 5-point relative scale (more ★ = stronger / lower risk). For the External Risk axis, fewer ★ = higher risk.

§18 INFORMATION SOURCE

Layer	Provider / Source	Data Obtained
NRating Investigation	Naker Rating K.K.	Corporate identification and registry particulars (corporate number, trade name history, head office, capital and shares, officers); identification of the subject against the enquiry details; group structure, parent relationship and principal subsidiaries; shareholders; banking panel and funding structure; business operations and operating indicators; five-year consolidated and non-consolidated financial statements and Q1 FY2027 results; adverse record enquiry (litigation, prosecution, administrative action, negative media) in Japanese and English. Reference date 16 October 2026.

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Layer	Provider / Source	Data Obtained
Official / Public	Public and official records consulted independently of the above	Annual Securities Reports for FY2023–FY2026 and extraordinary report of 18 June 2026 (EDINET); shelf registration statement of 8 September 2026; full-year and Q1 earnings releases and investor materials (Tokyo Stock Exchange); controlling-shareholder disclosure of 17 June 2026; company releases including that of 17 April 2026; Japan Fair Trade Commission release of 17 April 2026; JCR rating release [ref. withheld] (24 September 2026); Parent Corporation investor-relations disclosures; GLEIF LEI record; market prices (Tokyo Stock Exchange, to 16 October 2026); METI and Agency for Natural Resources and Energy demand outlooks and statistics; LP gas demand outlook 2026–2030; Japan Automobile Dealers Association; 2021 Economic Census for Business Activity (MIC & METI); Bank of Japan; Coface, Allianz Trade, Atradius and NEXI country assessments; sovereign ratings of Moody's, S&P, Fitch, R&I and JCR.
Naker Overlay	Naker Rating K.K., Kawasaki	NRPD determination and commentary (NRPD FS Advance, non-consolidated and consolidated); NRating; credit limit determination and NRating Operating Limit; watchpoints; credit commentary; NR Matrix; industry position analysis; NR ESG Assessment Track ① Standard (public record and web search basis, assessment date 16 October 2026); Sanctions & Export Control Screening (primary-list basis, subject company and representative, screening date 16 October 2026).

This report is the product of an investigation conducted by Naker Rating K.K. The findings set out under the first layer above were established by that investigation; the second layer records the official and public sources consulted independently of it; the third layer records the analysis, models and judgements that are NRating's own.

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§19 NR ESG ASSESSMENT

Track: ① Standard (listed company — integrated report and sustainability disclosure) | Assessment Date: 16 October 2026

Cat.	Item	Score	Basis
E-1	**Environmental policy disclosed**	10	Sustainability policy and materiality published; climate disclosure in the Annual Securities Report; ISO 14001 certified; integrated report (2026 edition) published 30 September 2026.
E-2	**Decarbonisation / renewable initiatives**	7	Targets: Scope 1+2 −50% by FY2030 against FY2018, carbon neutral by 2050. Emissions 894 → 576 thousand t-CO2e (−36%; FY2025 slightly above FY2024). Investment in renewable power, grid batteries and renewable fuels. No SBTi validation identified.
E-3	**Environmental violations (negative check)**	10	Searched in Japanese and English across the subject and its principal subsidiaries. No environmental violation, penalty or order identified.
S-4	**Harassment policy / whistleblower system**	9	Internal and external whistleblowing hotlines with protection rules; compliance programme disclosed.
S-5	**Diversity initiatives**	5	Women hold 3.0% of management posts (FY2024 and FY2025) against targets of 10% by 2030 and 30% by 2035; women are 25% of directors and auditors. Progress on management diversity is limited.
S-6	**Labour disputes / worker issues (negative check)**	9	No labour dispute or labour-standards action identified; enterprise union of 335 members with relations described as harmonious; average tenure 15.7 years.
G-7	**Independent directors**	8	Four of eight directors are independent outside directors and two of four Audit & Supervisory Board members are outside members. Controlled by a 55.71% parent; the president was re-elected with 81.58% approval in June 2026.
G-8	**Compliance / code of conduct**	6	Code of conduct, compliance and risk-management systems disclosed; however, the April 2026 indictment of a wholly-owned subsidiary for an alleged price cartel indicates a failure of group compliance controls. Recurrence-prevention measures are reported by the Audit & Supervisory Board.
G-9	**Fraud / scandal (negative check)**	5	Subsidiary A Co., Ltd. indicted on 17 April 2026 under the Antimonopoly Act (diesel price cartel); JFTC inspection in Kanagawa (May 2025). The case is pending and not adjudicated; scored as a concern rather than an established violation. No accounting irregularity or antisocial-forces issue identified.
	TOTAL	**69/90**	

ESG Score Calculation: all nine items are assessable (no N/S): E-1 (10) + E-2 (7) + E-3 (10) + S-4 (9) + S-5 (5) + S-6 (9) + G-7 (8) + G-8 (6) + G-9 (5) = 69 points. Valid denominator: 9 items × 10 = 90. Standardised score: 69/90 = 76.7%.

Total Score (valid items)	Standardised Score	ESG Grade
69 / 90	**76.7%**	**Grade B — Good / Some Weaknesses**

Note: the subject's environmental and social disclosure is that of a large listed company, and its environmental record is clean. The grade is held at B by governance — the pending cartel prosecution of a subsidiary and the low approval of the president — and by limited progress on gender diversity in management. The ESG grade is an independent indicator and is not used to adjust the NRating.

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§20 ECONOMIC SECURITY SCREENING (Sanctions & Export Control)

Screening Date: 16 October 2026 | Lists Screened: 7 | Entities Screened: 2 (subject company and representative)

List screened	Result	Remarks
OFAC Specially Designated Nationals List	**No record found**	Primary file retrieved 16 October 2026 (names and aliases). Partial token matches recorded and cleared — see below.
OFAC Non-SDN Consolidated List (incl. NS-CMIC)	**No record found**	Primary file retrieved 16 October 2026 (481 entries with aliases). No hit.
BIS Entity List (15 CFR Part 744, Supplement No. 4)	**No record found**	Current text retrieved 16 October 2026. The country heading for Japan lists four entities, none related to the subject.
DoD 1260H List (Chinese Military Companies)	**No record found**	List published by Federal Register notice 2026-11571 (10 June 2026). No Japanese entity and no hit.
METI End User List	**Structurally out of scope**	The list covers end users of concern in designated countries and regions; Japan is not a covered jurisdiction, so a Japanese company cannot appear on it.
EU Consolidated Financial Sanctions List	**No record found**	File generated 15 October 2026; all name and alias fields searched. Partial token matches recorded and cleared — see below.
UN Security Council Consolidated List	**No record found**	File generated 15 October 2026 (23:00 UTC): 736 individuals and 274 entities. Partial token match recorded and cleared — see below.

Entities Screened

Entity screened	Relationship	Result
SUBJECT CO., LTD. / ［日本語社名は非開示］ **(also as enquired: SUBJECT CO., LTD)**	Subject	No record found
[name withheld]	Representative Director & President	No record found

Proximity Matches Recorded and Cleared

The token “[xxxx]” appears within the name, website and e-mail address of an Iranian digital-currency exchange designated on the OFAC SDN List (“[name]”) and within a digital-currency address in the same entry; it is part of a different word and refers to an unrelated Iranian entity. The family name “[surname]” appears as a second family name of a Venezuelan individual on the OFAC SDN List, whose given names differ from the representative's, and as a substring of the Iranian family name “[longer surname]” on the OFAC, EU and UN lists. None of these corresponds to the subject or to its representative in name or location; all are false positives and are recorded so that they need not be re-examined on the next review.

Industry & Jurisdiction Risk Note

The subject trades energy products principally within Japan and imports and exports petroleum products through its Industrial Business; it has small trading subsidiaries in Thailand. Petroleum products and LP gas are not dual-use items in themselves, but energy trading is a sector in which sanctions risk arises through the origin of cargoes (Russian-origin oil products under the G7 price cap and EU restrictions, Iranian or Venezuelan-origin cargoes under US sanctions) and through shipping counterparties in marine-fuel supply. No record linking the subject or its representative to such trades was identified, and the 2026 shift of Japanese crude sourcing away from the Middle East towards the United States reduces rather than increases this exposure.

Two further points are recorded. First, being a Japanese company does not place an entity outside US export controls:

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the Entity List carries a Japan country heading with four companies, among them an entity in Marunouchi, Chiyoda-ku — the same ward as the subject's head office. A clean result here is a finding of this screening, not a presumption. Second, the subject's parent, Parent Corporation, was not screened (it is outside the scope of this screening by design), and no public report of its inclusion on any of the seven lists was identified in the course of this investigation. Re-screening is recommended at each review and before any transaction involving imported petroleum products or marine fuel.

Screening limitations: This screening is not a substitute for a commercial compliance platform. It covers the subject company and its representative only; shareholders, subsidiaries and trading counterparties were not screened. Sanctions lists are amended several times each month and the results above are accurate as at the screening date of 16 October 2026 only. Classification of goods or technology under any control list is outside the scope of this screening. Final responsibility for sanctions compliance rests with the client's own legal and compliance function.

End of NRating report.

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NR CREDIT REPORT — SHORT

Subject Co., Ltd.

Private Company | Kanagawa, Japan | Used Motor Vehicle Wholesaler / Exporter | NR2 – Elevated Risk

1. REFERENCE & SUBJECT

NR Reference	NRFY2027XXXXX
Client	[Client name withheld]
Client Reference	[withheld]
Date of Delivery	30 July 2026
Subject	Subject Co., Ltd.
Corporate Number	[withheld]
Country / Jurisdiction	Japan / Kanagawa Prefecture
Investigation Conducted By	Naker Rating K.K. (NRating)
Type of Order	NR Japan Short Report. Prepared without the subject's direct participation, from official registry data, reported turnover, direct enquiry and open-source verification. The subject does not publish statutory financial statements; no balance sheet is disclosed and net profit is available for one fiscal year only.

2. NR ASSESSMENT

NRATING GRADE	NRPD (NON-CONSOL.)	NR OPERATING LIMIT (PER PAYEE)
NR2	**5.0 – 7.0%**	**JPY 1,000,000**
Elevated Risk	**Risk Level: Elevated**	non-FS model minimum
	Consolidated: N/A	

Verdict: The Subject is a small Kanagawa-based wholesaler and exporter of Japanese used motor vehicles, incorporated in 2013 and now in its thirteenth year of trading. It buys through domestic used-car dealer channels and from private sellers, and sells principally to overseas vehicle importers — understood to be concentrated on Bangladesh — as well as to domestic dealers and private buyers. Reported turnover rose from JPY 60 million (FY2020) to JPY 130 million (FY2022) and has been reported at that same level in each of the four years since; net profit is disclosed for FY2022 only, at JPY 2.0 million. Against this, no balance sheet is published, profit is available for a single year, paid-in capital is JPY 5 million, headcount appears minimal, the registered office is the representative's own address and the shareholding is not on public record. On balance the subject is assessed at NR2 (Elevated Risk). Trade is best conducted on prepaid or otherwise secured terms; open trade credit should be confined to small amounts and supported by updated financial evidence.

3. WATCHPOINTS

WP-1 No balance sheet published and profit disclosed for one year only. Net profit is reported only for the year to December 2022 (JPY 2.0 million on turnover of JPY 130 million, a net margin of approximately 1.5%). No balance sheet is published for any year, so net worth, equity ratio, gearing and liquidity cannot be independently verified.

WP-2 Turnover reported at an identical figure for four consecutive years. Reported turnover rose from JPY 60 million (FY2020) to JPY 90 million (FY2021) and JPY 130 million (FY2022), and has then been reported at JPY 130 million for FY2023, FY2024 and FY2025. A figure repeated without variation over four years is more consistent with a carried-forward or estimated amount than with independently verified annual accounts.

WP-3 Very small operating scale and thin capitalisation. Paid-in capital is JPY 5 million. Public workplace social-insurance data indicates approximately one insured employee, and the company ranks 1,130th of 1,903 companies nationally, and 71st of 100 within Kanagawa Prefecture, by turnover in its sector.

WP-4 Registered office is the representative's own address; ownership not on public record. The principal address, [address withheld], is a residential-district address identical to the

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representative director's registered address. No corporate website or published landline telephone number was identified in open sources, and no shareholder information is disclosed on public record.

4. COMPANY PROFILE

Trading Name	Subject Co., Ltd. The registered corporate name is written in Roman letters; “Subject Co., Ltd.” is the English rendering.
Legal Form / Status	Kabushiki Kaisha (joint-stock company) — active
Corporate Number / Invoice Reg.	[withheld] / registered qualified-invoice issuer [withheld] (registered 1 October 2023)
Established	2013 (approx. 13-year operating history)
Principal Address	[address withheld], Kanagawa Prefecture, Japan
Contact	No corporate website or published landline telephone number identified in open sources.
Capital	JPY 5 million (JPY 5,000 thousand)
Line of Business	Wholesale of used motor vehicles. Vehicles are purchased in Japan and resold to overseas vehicle importers — understood to be principally in Bangladesh — and to domestic used-car dealers and private buyers.
Employees	Not disclosed. Public workplace social-insurance data indicates approximately one insured employee; the business appears to be operated by the representative.
Representative	[name withheld], Representative Director (date of birth withheld). Registered address identical to the company’s principal address.
Officers	No officers other than the representative director are recorded in public sources.
Owner / UBO	Not disclosed on public record. On the information available the representative director is understood to hold 100% of the issued shares. Ultimate beneficial owner (understood): [name withheld].
Bankers	Bank of Yokohama; MUFG Bank; Kiraboshi Bank (branches withheld).

5. FINANCIAL SNAPSHOT

JPY thousands	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Fiscal year-end	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025
Turnover (reported)	60,000	90,000	130,000	130,000	130,000	130,000
Net profit	not disclosed	not disclosed	2,000	not disclosed	not disclosed	not disclosed
Balance sheet / net worth	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed

The subject does not publish statutory financial statements. Turnover is reported for the six fiscal years shown and net profit for the year to December 2022 only; balance-sheet items and net worth are not disclosed for any year. Figures are non-consolidated, in thousands of yen, and unaudited. Because turnover is reported, no modeled revenue estimate has been applied.

6. BUSINESS & TRADE PARTNERS

Business Model	Asset-light trading in used motor vehicles. Vehicles are sourced in Japan through used-car dealer channels and from private sellers, then resold for export to overseas vehicle importers — reported to be principally in Bangladesh — and domestically to used-car dealers and private buyers. No manufacturing or vehicle-repair operations are recorded.
Main Suppliers	Used-car dealer channels; private individuals. No single named supplier is recorded; purchase shares and payment terms are not disclosed.
Main Customers	Overseas vehicle importers (understood to be principally in Bangladesh); domestic used-car dealers; private individuals. Sales shares and payment terms are not disclosed.
Bankers	As listed in the Company Profile above.

7. NR CREDIT COMMENTARY

Business position. The Subject is a Kanagawa wholesaler of used motor vehicles, incorporated in 2013 and so with an operating history of some 13 years. The model is asset-light trading: vehicles are acquired through domestic used-car dealer channels and from private sellers, and resold to overseas vehicle importers — understood to be principally in Bangladesh — as well as to domestic dealers and private buyers. Reported turnover more than doubled between FY2020 (JPY 60 million) and FY2022 (JPY 130 million) and has

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since been reported flat at that level. Demand in South Asian markets for Japanese used vehicles remains firm and the weakness of the yen is supportive of export realisations, so the binding constraint on this business is the stability of its domestic sourcing pipeline rather than its ability to find buyers. Scale, however, is very small — paid-in capital of JPY 5 million, minimal headcount and a sector ranking of 1,130th of 1,903 companies nationally by turnover — which places a clear ceiling on its growth potential.

Risk and stability. Disclosure is limited. Net profit is available for FY2022 alone (JPY 2.0 million on turnover of JPY 130 million, a net margin of roughly 1.5%), and no balance sheet, net worth or equity ratio is published, so gearing, liquidity and working-capital adequacy cannot be independently tested. Turnover reported at an unchanged JPY 130 million for four consecutive years further limits the evidential weight that can be placed on the trading record. The business is effectively a one-person operation conducted from the representative's registered address in a residential district, with no corporate website or published landline identified, and the shareholding is not disclosed on public record; on the information available the representative director is understood to hold the whole of the issued capital, so the company is fully exposed to key-person risk. Used-vehicle export trading also carries inherent exposure to buyer-country foreign-currency availability, import licensing and shipping risk. No sanctions, litigation or other adverse information was identified, and the company is a registered qualified-invoice issuer, which is consistent with continuing active trading.

Rating conclusion. On the NRPD (Non-FS) basis the subject is assessed at 5.0–7.0% (Elevated), consistent with an overall grade of NR2 (Elevated Risk); a consolidated view is not applicable as no group accounts exist. The NR Operating Limit is set at JPY 1,000,000 per payee (non-FS model minimum), reflecting the very small scale, the single-year profit disclosure and the absence of any published balance sheet. Trade is best conducted on prepayment, letter of credit or other secured terms, with open credit confined to small amounts within the stated limit. A higher, bespoke limit could be modeled if itemised financial statements — in particular cash, trade receivables, trade payables and short-term borrowings — are provided. The assessment should be revisited on disclosure of financial statements, on confirmation of the shareholding, or on any material change in trading pattern, counterparty mix or adverse news.

8. INFORMATION SOURCE & DISCLAIMER

Investigation Conducted By	Naker Rating K.K. (NRating)
Information Basis	Official public registry, direct enquiry, official tax-administration publications and open-source verification (mapping and public-record checks).
Economic Security Screening	No matches identified for the subject or its representative against applicable sanctions and export-control lists (screening date: 30 July 2026).

This report reflects NRating's independent credit opinion as of the date of delivery and is provided for the client's internal credit-decision purposes only. It is not a recommendation to extend or withhold credit. Assessments may change without notice as new information becomes available.

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