2023
Annual Report
For the year ended March 31, 2023

TONAMI HOLDINGS CO., LTD.

Capitalizing on expertise originally gained in the transportation business, the Tonami Group has long been a trailblazer in logistics.

We were among the first in the industry to introduce computer systems.

In recent years, we have taken systematized distribution services fully utilizing IT to new heights. In particular, our third-party logistics (3PL), offering companies the optimum solutions to their logistics needs, has enabled us to cultivate a loyal and growing customer base.

Tonami Holdings Co., Ltd. is now strengthening the fundamentals of the business as it embarks on a new round of development, bringing its capabilities as a pure holding company into full play. Leveraging the accumulated expertise and business know-how of the Tonami Holdings Group, we are sharpening our responsiveness to customer needs not only in the field of logistics but also in related businesses and new fields.

We strive to offer value-added services that transcend the traditional conception of logistics. As a pioneer with strengths in information processing, we are committed to delivering value a stride ahead.

By deploying IT infrastructure attuned to the increasingly diverse and sophisticated needs of the era, we aim to maximize the corporate value of the Tonami Holdings Group and be an enterprise needed and respected by society.

We are taking a big stride toward realization of our "More Than Transportation" vision.

We Want to Deliver Value a Stride Ahead

Contents

Forward-Looking Statements

This annual report includes forward-looking statements that represent Tonami's assumptions and expectations in light of currently available information. These statements reflect industry trends, clients' situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward-looking statements in accordance with changes in the business environment.

Consolidated Financial Highlights

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2023 and 2022

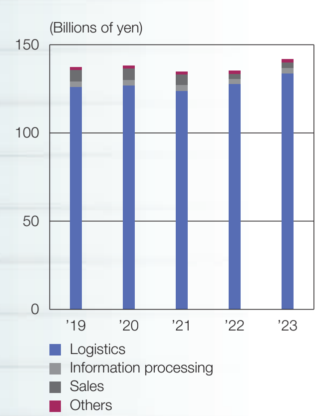
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
FOR THE YEAR:			
Operating revenues:	¥141,920	¥135,361	$1,216,654
Logistics	133,545	127,691	1,000,116
Information processing	3,198	2,733	23,953
Sales	3,145	3,025	23,558
Others	2,030	1,911	15,207
Operating income	7,369	7,369	60,216
Net income	5,391	5,110	41,760
Comprehensive income	8,031	4,659	38,070
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥ 594.99	¥ 563.99	$ 4.4559
Net income, diluted	—	—	—
Cash dividends	140.00	120.00	1.0485
AT YEAR-END:			
Total assets	¥162,511	¥154,263	$1,155,273
Total net assets	87,861	80,920	606,011

Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥133.53 = U.S.$1, prevailing on March 31, 2023, has been used for the translation into U.S. dollar amounts. Such translations should not be construed as indications that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

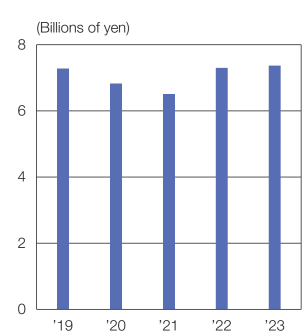
2. The computation of net income per share of common stock is based on the weighted average number of shares outstanding (which represents the number of issued shares less treasury stock) during each fiscal year.

3. Diluted net income per share is not presented for the years ended March 31, 2023 and 2022, since there were no potential securities.

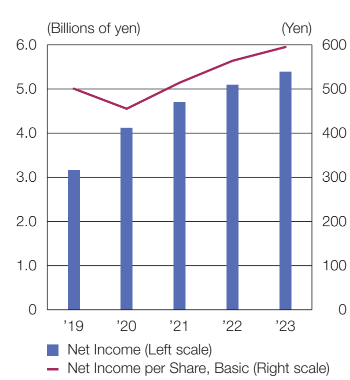
Operating Revenues by Business Segment



Operating Income



Net Income and Net Income per Share, Basic



To Our Shareholders and Investors

I welcome this opportunity to report to our shareholders and investors on the Group's operating environment and business results for the fiscal year ended March 31, 2023.

The Japanese economy was expected to pick up as social and economic activities normalized, but the prolonged situation in Ukraine and the weak yen caused prices for crude oil and raw materials to soar, as well as consumer prices to rise, and the situation remained difficult.

In the logistics industry, domestic freight volume in the fiscal year ended March 31, 2023 was expected to turn negative for the first time in two years due to a decline in transportation of construction-related cargo, despite a pick-up in transportation of food and other daily necessities. In addition, diesel oil prices remained high, which had a serious impact on the operation of trucking companies, and the business environment continued to be difficult, with costs expected to increase due to improvements in the working environment in response to the 2024 problem.

In such circumstances, the Group is pursuing measures in line with its 22nd Medium-Term Business Plan (from April 1, 2021 to March 31, 2024) under the corporate slogan, "TONAMI NEW PLAN 2023." Aiming to transition to a new phase in the operation of our business, we are striving to achieve our highest financial targets ever, while also contributing to sustainable societal development. Our efforts to that end include leveraging digital transformation (DX) to develop our logistics system and engaging proactively in M&A and capital expenditure.

In our logistics-related business, we have endeavored to enhance our management foundation to ensure continued growth over the medium- to long-term by improving productivity through greater operational efficiency, and boosting our ability to propose comprehensive logistics solutions by strengthening the linkages between logistics services and transportation, as well as strengthening our efforts to control costs, most notably by bringing subcontracted operations in-house.

As a result of the above efforts, the Group's operating revenues for the fiscal year under review amounted to ¥141,920 million, an increase of ¥6,558 million or 4.8% from the previous year. With regard to profits, operating income increased by ¥11 million or 0.2% from the previous year to ¥7,381 million as a result of our efforts to strengthen the profitability of 3PL businesses, improve operational efficiency, and strengthen control over costs.

The year-end dividend for the fiscal year under review will be ¥80 per share, with an increase of ¥10 as commemorative dividend to celebrate the Company's 80th anniversary as well as an increase of ¥10 as ordinary dividend. Combined with the interim dividend of ¥60 per share already paid out, total annual dividends will amount to ¥140 per share.

From now on, we will continue striving to be a company that contributes to sustainable societal development within the context of a restructured society, enhancing corporate value by evolving the Group into a next-generation logistics enterprise. Accordingly, we will transform the Group throughout every phase of its development.

In all our endeavors, we will be grateful for your continued support.

Overview of Operations

In the logistics industry, domestic freight volume in the fiscal year ended March 31, 2023 was expected to turn negative for the first time in two years due to a decline in transportation of construction-related cargo, despite a pick-up in transportation of food and other daily necessities.

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Net income attributable to owners of the parent was ¥5,391 million, an increase of ¥280 million or 5.5% from the previous year.

Results by Segment

In the logistics-related business for the fiscal year under review, operating revenues increased by ¥5,854 million or 4.6% from the previous fiscal year to ¥133,545 million, owing to an increase in freight volume and other factors.

Segment income was ¥6,483 million, an increase of ¥28 million or 0.4% from the previous year.

Operating revenues from the information processing business increased by ¥465 million or 17.0% from the previous fiscal year to ¥3,198 million.

Segment income was ¥517 million, an increase of ¥73 million or 16.6% from the previous fiscal year.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥3,145 million, an increase of ¥119 million or 4.0% from the previous fiscal year.

Segment income was ¥286 million, an increase of ¥24 million or 9.5% from the previous fiscal year.

Operating revenues from other businesses, which include automobile repair and other services, amounted to ¥2,030 million, an increase of ¥119 million or 6.2% from the previous fiscal year.

Segment income was ¥294 million, a decrease of ¥109 million or 27.2% from the previous fiscal year.

Outlook for the Year Ending March 31, 2024

The economic outlook is still expected to remain unclear, primarily due to concerns about the prolonged situation in Ukraine, the slowdown in overseas economies, the risk of rising prices putting downward pressure on the economy, and continuously high fuel prices. This is despite expectations that restrictions on economic and social activities caused by the COVID-19 pandemic will be eliminated, and that the economy will move into a post-COVID-19 period where the economy will no longer be affected by the infection situation.

Amid such an environment, the Group is pursuing measures scheduled for the final year of its 22nd Medium-Term Business Plan (from April 1, 2021 to March 31, 2024) under the corporate slogan, “TONAMI NEW PLAN 2023.”

Five Strategic Priorities under the 22nd Medium-Term Business Plan

1) Business growth

➢ Strengthen the linkages between transportation and logistics services, develop new distribution centers, and grow business through M&A and business restructuring

2) Transformation of business foundation

➢ Improve operational efficiency with TDX (Tonami Digital Transformation) and increase the sophistication of logistics transportation

3) Recruit talent

➢ Recruit and retain a diverse workforce, establishing personnel systems that match the business structure and regional characteristics

4) Capital formation

➢ Improve our capital adequacy ratio and implement stable capital policy

5) Improve management quality

➢ Improve management quality (CSR, BCP), growth (ESG) assessment, and social awareness

We are endeavoring to enhance our management foundation to ensure continued growth over the medium- to long-term by improving productivity through greater operational efficiency, and working to improve profitability by boosting our ability to propose comprehensive logistics solutions by strengthening the linkages between logistics services and transportation.

We will continue striving to be a company that contributes to sustainable societal development within the context of a restructured society, enhancing corporate value by evolving the Group into a next-generation logistics enterprise. Accordingly, we will transform the Group throughout every phase of its development.

June 2023

K. Takata

Kazuo Takata
President and Representative Director

Tonami Holdings' Operating Subsidiaries and Affiliates

Tonami Holdings Group (consolidated company)

Subsidiary (logistics companies)

- Tonami Transportation Co.,Ltd. (Core Company)
- Tonami Transportation Shinetsu Co.,Ltd.
- Tonami Transportation Chugoku Co.,Ltd.
- Keishin Warehouse Co.,Ltd.
- Tonami Global Logistics Co.,Ltd.
- Sunrise Transport Co.,Ltd.
- Take One Co.,Ltd.
- KYK Co.,Ltd.
- Kanto Tonami Transportation Co.,Ltd.
- Tonami Shutoken Logistics Co.,Ltd.
- Niigata Tonami Transportation Co.,Ltd.
- Hokuriku Tonami Transportation Co.,Ltd.
- Takaoka Transportation Co., Ltd.
- Ishikawa Tonami Transportation Co.,Ltd.
- Fukui Tonami Transportation Co.,Ltd.
- Anan Transportation Co.,Ltd.
- Tonami Daiichi Warehouse Logistics Co.,Ltd.
- Miyuki Warehouse Co.,Ltd.
- Tonami Kinki Logistics Co.,Ltd.
- Chuo Reizo Co.,Ltd.
- Sinsei Warehouse & Transportatio Co.,Ltd.

Subsidiary

- Tonami Buisiness Service Co.,Ltd.
- Toyo Gomu Hokuriku Hanbai Co.,Ltd.
- Tonami Trading Co.,Ltd.
- Tonami System Solutions Co.,Ltd.

Associates

- Hokkaido Tonami Transportation Co., Ltd.
- Japan Tranz Line, Inc.
- JESSCO Co., Ltd.
- Takaoka Cable Network Co., Ltd.
- Touto Transportation Co., Ltd.

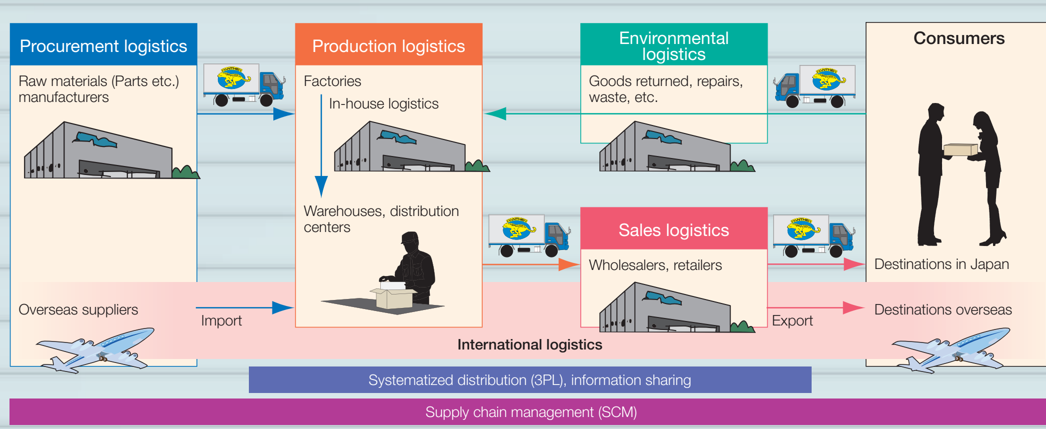
Overseas subsidiaries

- Tonami Logistics (Dalian) Co., Ltd.
- Tonami (Thailand) Co., Ltd.
- Mahaporn Transport Co., Ltd.
- H&R Forwarding Co., Ltd.

Tonami Logistics Solutions

Physical distribution consulting functions

Physical distribution network functions



Information system development functions

Operational functions

At a meeting of the Board of Directors held on October 1, 2008, the Company passed a resolution concerning a basic policy for the corporate governance. The Company, with the Internal Control Committee in a central role, is implementing sound internal control systems in accordance with the policy, aiming to increase the corporate value of the Tonami Holdings Group.

(1) Overview of the Corporate Governance System and Reason for Adopting the System

1) Overview of the Corporate Governance System

The Board of Directors of the Company is the organization responsible for important matters concerning business policy and business strategy. The Board of Directors meets in accordance with the Board of Directors Regulations.

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The meetings of the Board of Directors are chaired by the President and Director, and held, in principle, once a month, and as necessary, enabling the directors to make important decisions regarding business execution, attain mutual understanding, and engage in mutual supervision of the execution of business. The Board of Directors utilizes the services of outside experts as necessary to prevent violations of the law or the Articles of Incorporation.

The Company employs a corporate auditor system as part of its internal control framework. The Board of Corporate Auditors consists of four corporate auditors: Standing Corporate Auditors Yasuhiro Saegusa and Mitsuharu Wadachi and Outside Corporate Auditors Atsuki Matsumura and Toshiyuki Oda.

The Board of Corporate Auditors, led by Standing Corporate Auditor Mitsuharu Wadachi, who chairs the board, audits the execution of business by the directors and its legality in accordance with the auditing policy and task assignments decided by the Board of Corporate Auditors, by attending meetings of the Board of Directors and other important meetings, expressing their opinions, and other means.

The progress of their audits is reported to and confirmed at periodic meetings of the Board of Corporate Auditors.

In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the corporate auditors and the Board of Directors and a remedy will be sought. The Company has an internal auditing unit, the Internal Audit Office, which is an organization independent of the business units.

Moreover, the Company has established the Tonami Group Employee Code of Conduct as the foundation of the Group's compliance system and the Internal Control Committee, chaired by President and Director Kazuo Takata, as the decision-making body. The Company's effort to enhance its internal control systems is led by an officer responsible for internal control.

The Compliance Committee is a compliance control organization, and the Internal Control Team within the Internal Audit Office performs control, operation and training in order to maintain and enhance internal control systems.

To ensure the propriety of business operations of the Group's operating subsidiaries, the Company applies the Tonami Group Employee Code of Conduct and the Group Operation Regulations to all operating subsidiaries of the Group, and each of the Group's operating subsidiaries has established its own regulations based on them. With regard to administration of operating subsidiaries, the Group Company Administration Procedures specify matters requiring approval by the headquarters and those to be reported.

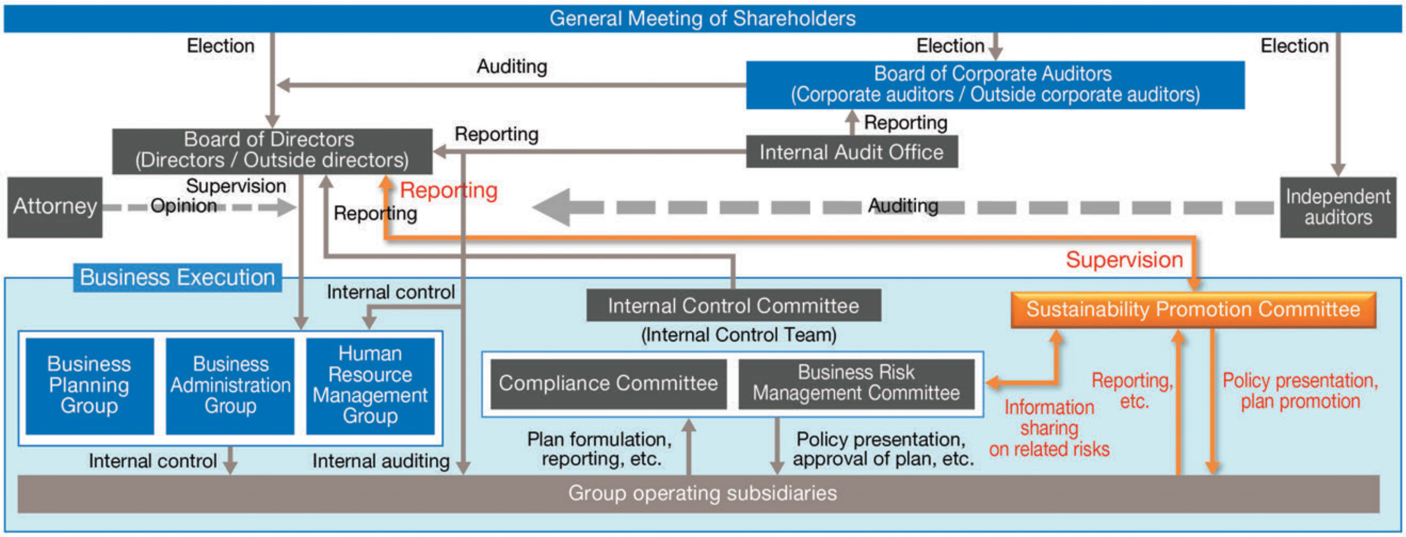
Periodic meetings of the Company's Board of Directors were held 12 times during the fiscal year under review, and the attendance status of individual Directors is as follows.

Name	Position	Number of meetings held	Number of meetings attended
Katsusuke Watanuki	President and Director (Note 1)	9	9
Kazuo Takata	President and Director (Note 2)	12	12
Shinichi Izumi	Senior Managing Director	12	12
Toyonobu Terahai	Managing Director	12	12
Masaaki Sato	Director	12	12
Shinichiro Inushima	Outside Director	12	12
Chiaki Kasai	Outside Director (Note 3)	9	9
Yasuhiro Saegusa	Standing Corporate Auditor	12	12
Mitsuharu Wadachi	Standing Corporate Auditor	12	12
Atsuki Matsumura	Outside Corporate Auditor	12	12
Toshiyuki Oda	Outside Corporate Auditor	12	12

(Notes) 1. Katsusuke Watanuki retired as a director due to his death on December 23, 2022. The number of Board of Directors meetings held and attended before his retirement are listed.
2. Kazuo Takata was appointed as President and Director on January 5, 2023, and has chaired the Board of Directors meetings held since his appointment.
3. Chiaki Kasai was elected as an outside director at the 102nd Ordinary General Meeting of Shareholders held on June 29, 2022, and the number of Board of Directors meetings held and attended since his appointment are listed.

In addition, the Company established a Sustainability Promotion Committee in February 2023 with the aim of formulating and implementing specific measures related to company-wide sustainability, such as response to climate change. We have established a system in which the Sustainability Promotion Committee reports to the Board of Directors as necessary regarding the risks and opportunities that climate change poses to our business, and the Board of Directors supervises and provides guidance on sustainability-related initiatives.

The Relationship between the Management Organization and Internal Control



2) Reason for Adopting the System

In order to make decisions swiftly and accurately in response to the rapidly changing business environment, the Company needs to have human resources well versed in the characteristics of the logistics business. The Board of Directors includes outside directors who are specialists in their fields and have objective viewpoints, in addition to other directors with a wealth of experience and insight, which secures management transparency and soundness. Corporate auditors audit the decision-making at the Board of Directors and the directors' performance of duties. The effectiveness of the monitoring function is ensured by appointment of independent outside corporate auditors. Thus, it is judged that necessary systems are put in place for the Group to further enhance corporate value.

3) State of Internal Auditing and Auditing by Corporate Auditors

Internal auditing at the Company is led by the Internal Audit Office, which is independent of the business units, and its staff assists with the work of the corporate auditors. The Internal Audit Office's independence from the Board of Directors is ensured since decisions of the Board of Directors on Internal Audit Office staff changes require approval of the Board of Corporate Auditors. The Internal Audit Office conducts periodic and unscheduled internal audits of the Company's business, reports to the Board of Corporate Auditors and the Board of Directors, and requests improvements.

The Company's corporate auditors exchange information with the independent auditors, cooperate with the Internal Audit Office, conduct appropriate audits, and hold periodic meetings of the Board of Corporate Auditors.

One standing corporate auditor and two outside corporate auditors possess significant expertise concerning financial and accounting matters gained through their experience over many years. In addition, one substitute corporate auditor has been elected under Article 329, Paragraph 3 of the Companies Act to prepare for any situation in which the number of corporate auditors falls below the number prescribed by laws and regulations.

4) Relationships between Outside Directors and Outside Corporate Auditors

The Company has appointed two outside directors. Directors Mr. Shinichiro Inushima and Mr. Ichiro Tanaka have no capital or business relationships with the Company or other interests in the Company.

The Company considers individuals who have no personal, capital, or business relationships with the Company or other interests in the Company, possess expertise, and are capable of overseeing the Company's overall management based on excellent insight to be suitable for election as outside directors.

Neither of the two outside directors have any of the above-mentioned relationships with the Company. The Company appointed one of the outside directors as an independent officer as required by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly.

In accordance with the provision of the Companies Act (Article 335, Paragraph 3), the Company has appointed four corporate auditors, including standing and part-time corporate auditors, of whom two are outside corporate auditors who are working to strengthen the audit function from a third-party stance without being involved in business execution of the Company.

Currently, regarding the supervisory function, which is the principal function of the Board of Directors, outside corporate auditors are working to strengthen the audit function from a third-party stance without being involved in business execution of the Company.

The Company has appointed two outside corporate auditors. Although Corporate Auditor Mr. Yohji Ishiguro owns shares of the Company, the capital relationship between him and the Company is negligible and he has no business relationships with the Company or other interests in the Company. Corporate Auditor Mr. Atsuki Matsumura has no capital or business relationships with the Company or other interests in the Company.

The Company considers individuals who have no personal, capital, or business relationships with the Company or other interests in the Company, possess expertise, and are capable of overseeing management based on excellent insight to be suitable for election as outside corporate auditors.

Neither of the two outside corporate auditors have any of the above-mentioned relationships with the Company. The Company appointed one of the outside corporate auditors as an independent officer as required by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly.

The Company has selected one candidate for substitute corporate auditor as provided for in Article 329, Paragraph 3 of the Companies Act in case the number of outside corporate auditors falls below the number prescribed by laws and regulations.

Linkage among auditing by corporate auditors, including outside corporate auditors, internal auditing, and accounting auditing as well as relationships with the internal control unit are described in 4) State of Internal Auditing and Auditing by Corporate Auditors. Through reporting and exchange of opinions at meetings of the Board of Directors, the Company strives to strengthen collaboration among supervision by the outside directors, auditing by corporate auditors, internal auditing, and accounting auditing and establish fruitful relationships between the outside directors and the internal control unit.

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts with the outside directors and outside corporate auditors that limit their liability under Article 423, Paragraph 1 of the said Act. The liability for damages pursuant to these contracts is limited to the liability amount prescribed by laws and regulations. The limitation of liability stated above is only applicable if the outside director or outside corporate auditor is without knowledge and is not grossly negligent in performing his duties causing such liability.

(2) State of Development of the Risk Management Structure

In accordance with the Tonami Group Business Risk Management Regulations, the president serves as the Chief Risk Management Officer, risk management officers are appointed for each type of risk, and a risk management structure is established.

In the event of unforeseen circumstances, in accordance with the Tonami Group Large-scale Disaster Response Regulations and the Tonami Group Emergency Response Regulations, the Company will establish an Emergency Response Headquarters, which will be headed by the president. The Company will mount a rapid and appropriate response in accordance with the regulations and put in place a structure to prevent the spread of damage and minimize damage.

The status of operation of systems for ensuring appropriateness of business operations of the Company in the fiscal year ended March 31, 2017 is as follows. Periodic meetings of the Company's Board of Directors were held 11 times during the year under review. In addition to regular reporting and confirmation of matters, the Board of Directors deliberated and made decisions on important matters stipulated in the Board of Directors Regulations. Also, the results of monitoring of the statuses of directors' performance of duties were reported to the Board of Directors.

The Compliance Committee consisting of the president, directors in charge of compliance, and other members met every month and reported the statuses of compliance and operational risk management to subsidiaries' boards of directors and the Company's Board of Directors. Regarding retention and management of information concerning directors' performance of duties, documents pertaining to the Board of Directors meetings and other documents concerning directors' performance of duties were retained in chronological order in accordance with the Document Handling Regulations and the Document Retention Regulations.

To manage risks of loss, the Company received periodic reporting on major risks to which the Group's operating subsidiaries are exposed from the president of each operating subsidiary or its officer in charge via the Compliance Committee and checked the statuses of risk management.

To ensure the propriety of business operations of the Group's operating subsidiaries, the Company has established the Tonami Group Employee Code of Conduct, consisting of action guidelines, and the Group's operating subsidiaries have established regulations based on the code of conduct.

With regard to administration of the Group's operating subsidiaries, matters requiring approval by the headquarters and those to be reported are specified in the Group Company Administration Procedures and management of operations is in accordance with the Group Operation Regulations.

In the event that a director discovers a violation of the law or any other important matter related to compliance in an operating subsidiary of the Group, the director is required to report the matter to a corporate auditor. In the event that an operating subsidiary of the Group finds that the administration by the Company or management instructions issued by the Company violate the law or becomes aware of any other compliance-related problem, the subsidiary is required to report the matter to the Internal Audit Office. In such a case, the Internal Audit Office promptly reports the matter to a corporate auditor and the corporate auditor receiving the report may express an opinion and request improvement measures.

The Company has established the Tonami Group Internal Reporting Regulations and operates an internal reporting system concerning violations of the law and other matters related to compliance covering the entire Tonami Holdings Group.

The Company prohibits disadvantageous treatment of the Company's directors or employees who made such reports to the Group's corporate auditors on the grounds that they made such reports and ensures that the Group's directors and employees are thoroughly aware of this policy.

The Company will have no relationships with antisocial forces. The Company will take resolute action against any undue claims or actions by antisocial forces on the basis of cross-organizational cooperation in close collaboration with the police and other external specialist organizations and will never provide any benefit to antisocial forces.

Corporate Social Responsibility Activities

Basic Policy on Corporate Social Responsibility

Having positioned management that emphasizes fulfillment of the social responsibility required of a compliance-based company as an essential element of its Three-year Medium-Term Business Plan, the Tonami Holdings Group aspires to contribute to society continuously from an increasingly global perspective.

Amid rapid change in the environment in which the logistics industry operates, the Legal Division is leading the Group's efforts to strengthen appropriate and flexible responses to legal and contractual risks.

Adhering to the Tonami Group Employee Code of Conduct, and with the action principle "Ensure compliance throughout business activities," the Tonami Holdings Group endeavors to create further value through its business and fulfill its corporate social responsibility (CSR).

In addition, we are working to bolster systems to ensure compliance based on appropriate operation of business processes by inspecting premises and issuing guidance to them through the business process improvement projects and periodic auditing of business processes by the Internal Audit Office.

As a logistics enterprise, we must ensure transportation safety, accord consideration to the environment, ensure legal compliance and compliance with other rules, respect human rights, and contribute to local communities. We are committed to further strengthening corporate governance and promoting compliance management.

Mindful that transportation is an aspect of social infrastructure and based on the concept of building a safe society, we are striving to protect the environment by promoting environmentally friendly business activities involving minimal waste of energy through our initiatives to improve logistics efficiency, encourage fuel-efficient driving by using digital tachographs, and promote joint transportation and delivery.

In view of the frequent occurrence of unprecedented disasters, we are working to compile business continuity plans (BCP) based on the Large-scale Disaster Response Regulations in order to swiftly obtain information on core business processes and fulfill our role as a logistics enterprise in the event of a disaster.

With an eye to the prosperity and quality of life of future generations, the Group endeavors to achieve sustainable growth of the business while minimizing environmental impacts. In this way, we are striving to fulfill our social responsibility far into the future.

Principal CSR Initiatives and State of Implementation

Corporate Social Responsibility Report

Environmental Protection Activities

Recognizing that environmental protection is a crucially important theme that concerns the maintenance of the ecosystem, adhering to our principle—"Contribute to society through transportation and strive to protect the environment"—we will act in accordance with the following policies.

Introduce environmentally friendly vehicles

1. We will do the following to mitigate environmental pollution associated with transportation services:
   (a) We will introduce environmentally friendly vehicles.
   (b) We will practice environmentally friendly driving.
   (c) We will create eco-friendly distribution systems through more efficient distribution.
   (d) We will establish a recycling system to contribute to establishment of a recycling-based society.
   (e) We will promote development and provision of environmentally friendly products.
   (f) We will make continuous efforts to save resources and energy and to achieve improvements every day.
2. We will ensure compliance with environment-related laws and regulations at the national and municipal levels and other requirements that the Company undertakes to fulfill in its efforts to protect the environment.
3. We will set specific environmental objectives and environmental goals, conduct periodic reviews, and work to achieve continuous improvement of environmental management systems.
4. We will communicate these policies to all employees through internal environmental education and awareness-raising initiatives, and we will disclose these policies to the public. We will also vigorously participate in environmental protection activities in local communities.


Encouraging local people to take up badminton

Social Contributions

The Tonami Holdings Group is contributing to society through involvement in various community activities, including providing support to welfare facilities and fostering of the next generation.

Our social contribution activities include participation in voluntary clean-up campaigns, such as "neighborhood adoption" programs promoted by local government, and the donation of vehicles to social welfare facilities through the General Incorporated Association "Tonami Holdings Shozyukai."

When natural disasters occur, we contribute financially by making disaster relief donations. In addition, we promote local sports by providing staff and players to the Takaoka Badminton Association's junior club.


The donation of vehicles to social welfare facilities

Financial Section

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2019	2020	2021	2022	2023	2023
RESULTS OF OPERATIONS:						
Operating revenues	¥137,436	¥138,167	¥134,695	¥135,361	¥141,920	$1,062,834
Operating cost	122,932	124,097	121,068	120,533	126,980	950,951
Selling, general and administrative expenses	7,228	7,245	7,171	7,458	7,558	56,601
Operating income	7,275	6,824	6,455	7,369	7,381	55,281
Net income	4,539	4,125	4,660	5,110	5,391	40,376
Depreciation expenses	5,134	5,191	4,972	4,894	4,994	37,399
PER SHARE (yen and U.S. dollars):						
Net income	¥ 500.74	¥ 455.18	¥ 514.23	¥ 563.99	¥ 594.99	$ 4.4559
Cash dividends	90.00	100.00	100.00	120.00	140.00	1.0485
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 45,871	¥ 58,480	¥ 54,174	¥ 57,818	¥ 62,144	$ 465,398
Net property and equipment	71,421	69,781	76,075	76,730	76,180	570,509
Total assets	136,759	145,531	150,777	154,263	162,511	1,217,040
Total current liabilities	39,632	38,193	36,392	34,252	35,347	264,718
Long-term liabilities, excluding of current portion thereof	27,372	36,112	37,170	39,090	39,302	294,331
Total net assets	69,754	71,225	77,214	80,920	87,861	657,991
OTHER YEAR-END DATA:						
Number of employees	6,436	6,510	6,707	6,742	6,654	

Note: 1. The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017. Accordingly, net income per share was calculated under the assumption that the said reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2019.

2. Effective from the beginning of the fiscal year ended March 31, 2022, the Company applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and another standard. Figures presented for key performance indicators, etc. for the fiscal year ended March 31, 2022 are after retrospective application of the said accounting standards.

Forward-looking statements in the discussion below represent the best judgment of the Tonami Holdings Group as of the end of the fiscal year under review.

Significant Accounting Policies and Estimates

The Group's consolidated financial statements are prepared in accordance with corporate accounting standards generally accepted in Japan. When preparing the consolidated financial statements, estimates that have an impact on the values reported for assets and liabilities as of the closing date, and the values reported for revenues and costs during the reporting period, mainly comprise valuation of non-current assets, valuation of investment in securities, deferred tax assets, allowance for doubtful accounts, net defined benefit liability, provision for loss on guarantees, and income taxes. These are rationally evaluated on a continuous basis.

Estimates, judgments, and valuations are based on assumptions considered reasonable in light of past results and financial position, but due to the uncertainties inherent in estimates, actual results may sometimes differ.

Analysis of Consolidated Operating Results

Operating Revenues

Operating revenues increase by ¥6,558 million or 4.8% from the previous year to ¥141,920 million, owing to reduced freight volume and other factors in the logistics-related business.

Composition of Operating Revenues

	Composition	Percentage point change from the previous year
Logistics:	94.1%	+4.6%
Road haulage operations and freight forwarding operations	65.8	+3.7
Warehousing operations	24.3	+3.7
Harbor transport operations	4.0	+29.9
Information processing business	2.3	+17.0
Sales businesses	2.2	+4.0
Other businesses	1.4	+6.2

Operating income

With regard to profits, operating income was ¥7,381 million, an increase of 0.2% or ¥11 million from the previous year, as a result of our efforts to improve productivity through greater operational efficiency and strengthen our efforts to control costs, most notably by bringing subcontracted operations in-house.

Net income attributable to owners of the parent

Net income attributable to owners of the parent was ¥5,391 million, an increase of 5.5% or ¥280 million from the previous year.

Analysis of the Financial Position

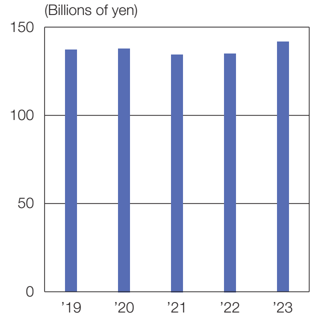
Assets

Total assets amounted to ¥162,511 million, an increase of 5.3% or ¥8,247 million from the previous fiscal year-end.

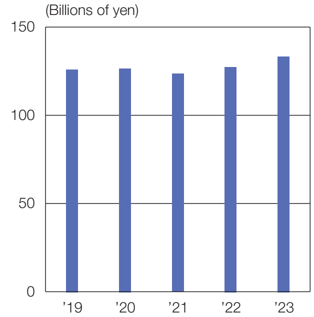
Current assets were ¥62,144 million, an increase of 7.5% or ¥4,325 million from the previous fiscal year-end. The main contributing factor was an increase of ¥4,379 million in cash and deposits.

Non-current assets amounted to ¥100,366 million, an increase of 4.1% or ¥3,921 million from the previous fiscal year-end. The main contributing factors were an increase of ¥577 million in construction in progress and an increase in investments and other assets of ¥4,253 million for investment in securities, combined with

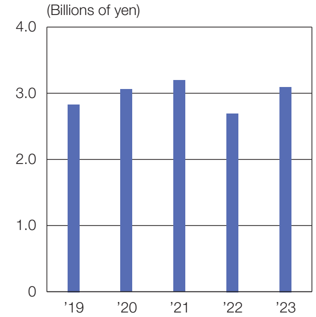
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



decreases of ¥548 million in buildings and structures and ¥266 million in machinery and vehicles.

Liabilities

Current liabilities were ¥35,347 million, an increase of 3.2% or ¥1,095 million from the previous fiscal year-end. The main contributing factors were increases of ¥569 million in trade accounts payable, and ¥415 million in accrued consumption taxes.

Long-term liabilities were ¥39,302 million, an increase of 0.5% or ¥211 million from the previous fiscal year-end. The main contributing factors were an increase of ¥1,121 million in deferred tax liabilities, combined with decreases of ¥607 million in long-term debt and ¥284 million in lease obligations.

Net assets

Net assets amounted to ¥87,861 million, an increase of 8.6% or ¥6,940 million from the previous fiscal year-end. This was mainly attributable to an increase in retained earnings of ¥4,381 million and an increase of ¥2,765 million in unrealized gain on other securities, reflecting the recording of ¥5,391 million in net income attributable to owners of the parent.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the fiscal year under review increased by ¥4,349 million from the previous year to ¥34,325 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥11,578 million. The principal items were income before income taxes amounting to ¥8,050 million and income taxes paid amounting to ¥2,529 million, resulting in an increase in net cash provided of ¥1,751 million from the previous year.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,539 million. The principal items were the payment of ¥2,317 million for the purchase of property and equipment, combined with proceeds from sales of property and equipment of ¥331 million, resulting in a decrease in net cash used of ¥510 million from the previous year.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥4,691 million (compared with net cash used in financing activities of ¥4,328 million for the previous year). The principal items were dividends paid of ¥1,087 million and repayments of lease obligations amounting to ¥2,838 million, resulting in an increase in net cash used of ¥362 million from the previous year.

Risk Factors

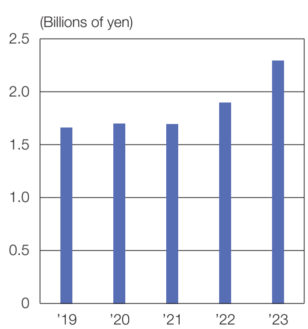
The principal business of the Tonami Holdings Group is the logistics-related business centering on road haulage operations and freight forwarding operations. The Group's business is subject to impacts of fluctuation of the Japanese economy and the world economy, customers' streamlining of logistics, restructuring, and deterioration of business results, and suspension of business transactions with customers. The business environment in which the Group operates entails the risk of difficulty in absorbing cost increases due to such factors as sharp increases in the price of crude oil and interest rate increases that exceed expectations.

In the event of the occurrence of a major disaster, such as an earthquake, in the regions where the Group operates, there is a risk that damage to facilities may greatly affect the Group's business operations.

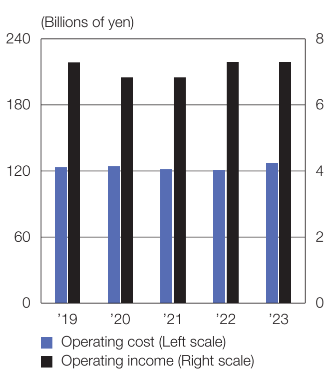
In the event that the retention, development and recruitment of human resources indispensable for business expansion do not progress as envisaged in the plan, strategic tie-ups including acquisitions and capital partnerships do not develop as planned, or that social risks materialize with respect to the Group's overseas business expansion, there may be an adverse impact on the Group's business activities and business results.

The Group handles a huge amount of customer information and strives to appropriately manage such information. However, in the event of leakage of information owing to trouble concerning safekeeping, the credibility

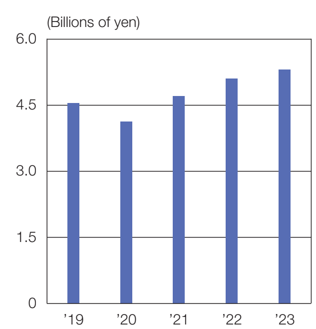
Sales of Other Business



Operating Cost and Operating Income



Net Income



of the Group may be undermined and claims may be made for damages against the Group. In the event of trouble concerning IT systems caused by a natural disaster, computer virus infection, etc., there may be an adverse impact on the Group's business results and financial condition.

There is also a possibility of cost increases due to the strengthening of environmental regulations and for ensuring compliance with stricter safety regulations, and the increased burden may have an adverse impact on the Group's business results and financial condition.

In the event of the occurrence of a serious problem, such as a vehicle accident, there is a risk of loss of customer confidence and public trust that could have an adverse impact on the Group's business results and financial position.

In the event that impairment becomes necessary in accordance with the impairment accounting applicable to fixed assets for business use or there is a great change in the estimates of future taxable income and reversal of deferred tax assets is required, there may be an adverse impact on the Group's business results and financial position.

The Group may launch a new business or invest in or acquire other companies in order to further expand the growth field. Such investment may not have the expected impact, a joint-venture company may not be operated in a manner the Company considers appropriate, the Company may bear an economic burden, and operations of the investing companies other than the Company may deteriorate or they may withdraw from the business.

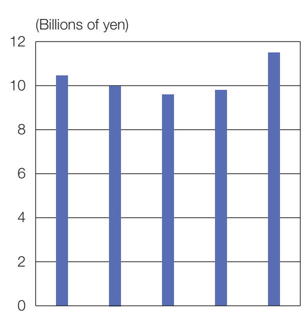
Strategic Position and Outlook

The economic outlook is still expected to remain unclear, primarily due to concerns about the prolonged situation in Ukraine, the slowdown in overseas economies, the risk of rising prices putting downward pressure on the economy, and continuously high fuel prices. This is despite expectations that restrictions on economic and social activities caused by the COVID-19 pandemic will be eliminated, and that the economy will move into a post-COVID-19 period where the economy will no longer be affected by the infection situation.

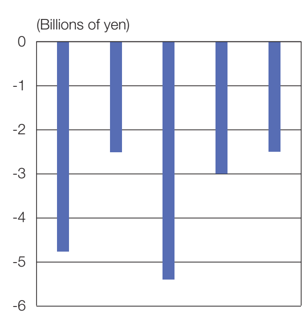
In the logistics industry, domestic freight volume is predicted to show slight year-on-year growth during the fiscal year ending March 31, 2023 due to an increase in transportation of food and other daily necessities; however, it is still expected to fall short of the pre-COVID level. In addition, the management environment is expected to be even more challenging than hitherto, reflecting an increased societal burden of costs for tackling environmental and safety issues, and persistent escalation in fuel prices.

(1) Grow the business by strengthening the linkages between transportation and logistics services, developing new logistics centers, conducting M&A, and business restructuring
(2) Improve operational efficiency and boost logistics and transportation with TDX (Tonami Digital Transformation)
(3) Recruit and retain a diverse workforce, establishing personnel systems that match the business structure and regional characteristics
(4) Improve our capital adequacy ratio and implement stable capital policy
(5) Improve management quality (CSR, BCP), growth (ESG) assessment, and social awareness

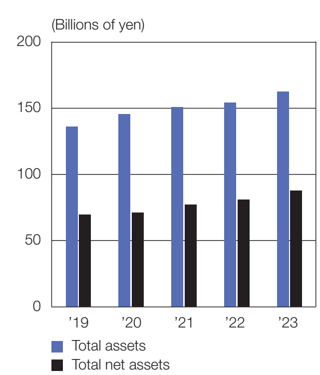
Net Cash Provided by Operating Activities



Net Cash Used in Investing Activities



Total Assets and Total Net Assets



Consolidated Balance Sheets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2023 and 2022

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Current assets:			
Cash and time deposits (Notes 10)	¥ 34,775	¥ 30,395	$ 260,433
Trade receivables:			
Notes receivable - trade (Notes 5 and 12)	1,786	1,968	13,380
Trade accounts receivable and contract assets (Notes 12)	21,533	21,535	161,260
Less: allowance for doubtful accounts	(136)	(139)	(1,019)
Investments in lease assets	5	24	43
Inventories	804	761	6,027
Income taxes receivable	561	605	4,207
Other current assets	2,812	2,667	21,065
Total current assets	62,144	57,818	465,398
Property and equipment (Notes 3 and 6):			
Land	44,433	44,593	332,757
Buildings and structures	19,989	20,537	149,696
Machinery and vehicles	3,245	3,512	24,305
Leased assets (Note 11)	6,845	7,070	51,266
Construction in progress	756	178	5,668
Other	910	837	6,815
Total property and equipment	76,180	76,730	570,509
Investments and other assets:			
Investments in securities (Note 12 and 13)	17,592	13,339	131,751
Deferred tax assets (Note 17)	801	812	6,004
Goodwill	116	151	870
Other	5,675	5,412	42,505
Total investments and other assets	24,186	19,714	181,132
Total assets	¥162,511	¥154,263	$1,217,040

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2023	2022	Thousands of U.S. dollars (Note 1) 2023
Current liabilities:			
Short-term bank loans (Notes 4, 7 and 12)	¥ 8,470	¥ 8,520	$ 63,431
Current portion of long-term debt (Notes 4, 7, 12 and 14)	607	711	4,547
Current portion of corporate bonds(Notes 4)	—	—	—
Trade notes and accounts payable (Notes 12)	14,070	13,333	105,370
Lease obligations (Note 12)	2,556	2,526	19,142
Income taxes payable	1,597	1,608	11,961
Other current liabilities	8,047	7,552	60,265
Total current liabilities	35,347	34,252	264,718
Long-term liabilities:			
Long-term debt, less current portion thereof (Notes 4, 7, 12 and 14)	17,520	18,127	131,209
Lease obligations (Note 12)	5,221	5,506	39,105
Deferred tax liability (Note 17)	4,817	3,695	36,074
Deferred tax liabilities from revaluation reserve for land (Note 6)	3,489	3,522	26,129
Retirement benefits for directors and corporate auditors	219	235	1,643
Net defined benefit liability (Note 15)	7,375	7,216	55,233
Provision for loss on guarantees	63	112	477
Other long-term liabilities	595	673	4,457
Total long-term liabilities	39,302	39,090	291,331
Total liabilities	74,649	73,342	559,049
Net assets			
Shareholders' equity (Note 16):			
Common stock:			
Authorized: 29,920,000 shares in 2023			
29,920,000 shares in 2022			
Issued: 9,761,011 shares in 2023			
9,761,011 shares in 2022	14,182	14,182	106,213
Capital surplus	11,708	11,708	87,681
Retained earnings	50,549	46,167	378,560
Treasury stock, at cost: 700,010 shares in 2023			
699,227 shares in 2022	(2,079)	(2,076)	(15,571)
Total shareholders' equity	74,360	69,982	556,883
Other comprehensive income			
Unrealized gain on other securities	7,347	4,582	55,026
Revaluation reserve for land (Note 6)	5,782	5,859	43,304
Remeasurements of defined benefit plans (Note 15)	(191)	14	(1,437)
Accumulated other comprehensive income (Note 9)	12,938	10,456	96,893
Minority interests:			
Minority interests	562	481	4,214
Total net assets	87,861	80,920	657,991
Total liabilities and net assets	¥162,511	¥154,263	$1,217,040

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Operating revenues (Note 20):			
Operating revenues	¥141,920	¥135,361	$1,062,834
	141,920	135,361	1,062,834
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 18)	126,980	120,533	950,951
Selling, general and administrative expenses (Note 18)	7,558	7,458	56,602
	134,538	127,991	1,007,553
Operating income (Note 20)	7,381	7,369	55,281
Other income and expenses:			
Interest and dividend income	491	442	3,680
Equity in earnings of unconsolidated subsidiaries and affiliates	151	98	1,137
Loss on sale of property and equipment, net	34	82	256
Interest expenses	(234)	(232)	(1,758)
Gain on negative goodwill	0	85	0
Impairment losses (Note 8)	(51)	(55)	(387)
Impairment of goodwill	0	(192)	0
Other	264	95	1,978
	655	323	4,906
Income before income taxes and minority interests	8,050	7,693	60,287
Income taxes (Note 17):			
Current	2,560	2,490	19,178
Deferred	17	9	129
	2,578	2,500	19,307
Net income before minority interests	5,472	5,193	40,980
Minority interests	80	82	604
Net income	¥ 5,391	¥ 5,110	$ 40,376
Minority interests	80	82	604
Net income before minority interests	5,472	5,193	40,980
Other comprehensive income (Note 9):			
Valuation difference on other securities	2,766	(425)	20,714
Revaluation reserve for land	—	—	—
Remeasurement of defined benefit plans	(206)	(107)	(1,547)
Share of other comprehensive income (loss) of associates accounting for using the equity method	0	(0)	1
Total other comprehensive income	2,559	(533)	19,169
Total comprehensive income for the year	¥ 8,031	¥ 4,659	$ 60,149
Total comprehensive income attributable to:			
Owners of the parent	¥ 7,950	¥ 4,577	$ 59,541
Minority interests	81	81	609

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023 and 2022

		Millions of yen										
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Minority interests	Total net assets
Balance as at April 1, 2021	9,761	¥14,182	¥11,705	¥42,050	¥(2,072)	¥65,866	¥5,008	¥5,859	¥121	¥10,989	¥358	¥77,214
Cumulative effects of changes in accounting policies				11		11						11
Restated balance as of April 1, 2021		14,182	11,705	42,062	(2,072)	65,877	5,008	5,859	121	10,989	358	77,226
Cash dividends applicable to the year (¥110 per share)				(997)		(997)						(997)
Net income				5,110		5,110						5,110
Change in ownership interests of the parent arising from transactions with non-controlling shareholders				(8)		(8)						(8)
Reversal of Revaluation reserve for land			2			2						2
Change of scope of equity method				0		0						0
Treasury stock					(4)	(4)						(4)
Net changes in items other than shareholders' equity						—	(426)	0	(107)	(533)	123	(409)
Balance as at March 31, 2022	9,761	¥14,182	¥11,708	¥46,167	¥(2,076)	¥69,982	¥4,582	¥5,859	¥14	¥10,456	¥481	¥80,920
Balance as at April 1, 2022	9,761	¥14,182	¥11,708	¥46,167	¥(2,076)	¥69,982	¥4,582	¥5,859	¥14	¥10,456	¥481	¥80,920
Cumulative effects of changes in accounting policies				0		0						0
Restated balance as of April 1, 2022		14,182	11,708	46,167	(2,076)	69,982	4,582	5,859	14	10,456	481	80,920
Cash dividends applicable to the year (¥120 per share)				(1,087)		(1,087)						(1,087)
Net income				5,391		5,391						5,391
Change in ownership interests of the parent arising from transactions with non-controlling shareholders												
Reversal of Revaluation reserve for land												
Increase (decrease) of equity in consolidated subsidiaries												
Change of scope of equity method				77		77		(77)		(77)		—
Treasury stock					(2)	(2)						(2)
Net changes in items other than shareholders' equity						—	2,765	—	(206)	2,558	80	2,639
Balance as at March 31, 2023	9,761	¥14,182	¥11,708	¥50,549	¥(2,079)	¥74,360	¥7,347	¥5,782	¥(191)	¥12,938	¥562	¥87,861

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Minority interests	Total net assets
Balance as at April 1, 2022	$106,213	$87,681	$345,750	$(15,550)	$524,094	$34,316	$43,884	$109	$78,309	$3,608	$606,011
Cumulative effects of changes in accounting policies			0		—						—
Restated balance as of April 1, 2022	106,213	87,681	345,750	(15,550)	524,094	34,316	43,884	109	78,309	3,608	606,011
Cash dividends applicable to the year ($0.8987 per share)			(8,145)		(8,145)						(8,145)
Net income			40,376		40,376						40,376
Change in ownership interests of the parent arising from transactions with non-controlling shareholders											
Reversal of Revaluation reserve for land											
Increase (decrease) of equity in consolidated subsidiaries											
Change of scope of equity method			579		579		(579)		(579)		—
Treasury stock				(22)	(22)						(22)
Net changes in items other than shareholders' equity					—	20,711	—	(1,547)	19,164	606	19,771
Balance as at March 31, 2023	$106,213	$87,681	$378,561	$(15,572)	$556,883	$55,027	$43,304	$(1,438)	$96,894	$4,214	$657,991

1. The accompanying Notes are an integral part of these statements.

Consolidated Statements of Cash Flows

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 8,050	¥ 7,693	$ 60,287
Depreciation and amortization	4,994	4,894	37,403
Impairment losses	51	55	387
Impairment of goodwill	—	192	—
Gain on disposal of property and equipment	(34)	(82)	(256)
Gain on sales of investment in securities	(8)	13	(60)
Loss on devaluation of investments in securities	60	60	454
Amortization of goodwill	34	82	261
Gain on negative goodwill	—	(85)	—
Equity in earnings of unconsolidated subsidiaries and affiliates	(151)	(98)	(1,137)
(Decrease) increase in allowance for doubtful accounts	31	(57)	235
Increase (decrease) in provision for loss on guarantees	(49)	13	(368)
Decrease in net defined benefit liability	(115)	(92)	(863)
Increase (decrease) in directors' and corporate auditors' retirement benefits	(16)	2	(121)
Decrease (increase) in retirement benefit asset	6	(40)	47
Increase in accrued bonuses to employees	(4)	18	(35)
Interest and dividend income	(491)	(442)	(3,680)
Interest expenses	234	232	1,758
Decrease (increase) in trade receivables	183	(47)	1,377
Decrease (increase) in inventories	(43)	(196)	(328)
(Decrease) increase in accounts payable	751	(15)	5,630
Increase in accrued consumption taxes	415	(228)	3,111
Other, net	(70)	334	(528)
Subtotal	13,830	12,207	103,573
Interest and dividends received	512	463	3,838
Interest paid	(234)	(232)	(1,759)
Income taxes paid	(2,529)	(2,612)	(18,941)
Net cash provided by operating activities	11,578	9,826	86,711
Cash flows from investing activities:			
Purchase of time deposits	(216)	(41)	(1,618)
Proceeds from redemption of time deposits	186	104	1,394
Purchase of property and equipment	(2,317)	(2,900)	(17,354)
Proceeds from sales of property and equipment	331	206	2,486
Purchase of investments in securities	(248)	(23)	(1,862)
Proceeds from redemption of investments in securities	12	6	90
(Payment for) proceeds from purchase of investments in consolidated subsidiaries	—	(347)	—
Investments in loans receivable	(455)	(358)	(3,410)
Proceeds from collection of loans receivable	366	336	2,744
Other, net	(199)	(33)	(1,491)
Net cash used in investing activities	(2,539)	(3,050)	(19,021)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(50)	(50)	(374)
Proceeds from long-term debt	—	2,100	—
Repayment of long-term debt	(711)	(2,762)	(5,331)
Repayments of lease obligations	(2,838)	(2,605)	(21,257)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(8)	—
Purchase of treasury stock	(2)	(4)	(22)
Dividends paid	(1,087)	(997)	(8,145)
Dividends paid to minority interests	(0)	—	(2)
Net cash used in financing activities	(4,691)	(4,328)	(35,131)
Net increase (decrease) in cash and cash equivalents	4,347	2,447	32,559
Cash and cash equivalents at beginning of year	29,975	27,526	224,488
Increase in cash and cashequivalents resulting from merger with unconsolidated subsidiaries	2	1	17
Cash and cash equivalents at end of year (Note 10)	¥ 34,325	¥ 29,975	$257,063

The accompanying Notes are an integral part of these statements.

1 Basis of presenting financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Tonami Holdings Co., Ltd. (the "Company") and consolidated subsidiaries in accordance with accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.53 to U.S.$1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of significant accounting policies

(a) Consolidation

The accompanying consolidated financial statements as of March 31, 2023 include the accounts of the Company and its 25 (25 in 2022) consolidated subsidiaries and 5 (5 in 2022) affiliates accounted for by the equity method.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Four subsidiaries and one affiliate considered insignificant in view of total assets, operating revenues, net income and retained earnings are excluded from the scope of consolidation and not accounted for by the equity method.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is being equally amortized over a period of 10 years after incurred. However, if the amount is immaterial, it is fully charged to income at the date of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Marketable securities and investments in securities

Items other than stocks, etc. with no market price

Valued using the mark-to-market method based on market prices, etc. as of the end of the current fiscal year (total net unrealized gains are booked directly in net assets, with the costs of securities sold determined by the moving-average method).

Stocks with no market price

Valued at cost using the moving-average method.

(c) Inventories

Inventories are stated at the lower of cost, determined principally by the last purchase price method or partially by the specific identification method, or net selling value.

(d) Property and equipment and intangible assets

Property and equipment are stated at cost. However, under Japanese tax law, capital gains arisen from disposals and other similar transactions are deducted from the cost of the property and equipment acquired in substitution.

Depreciation of property and equipment, except for leased assets, is computed by the declining balance method over the useful life of the assets as determined by law, However, buildings and structures as well as solar power generation facilities are depreciated by the straight-line method.

The ranges of useful lives of principal property and equipment are as follows:

Buildings and structures	2–67 years
Machinery and vehicles	2–20 years

Leased assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

(e) Allowance for doubtful accounts
Allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. Said amount is computed by applying the rate of actual losses on collection experienced in the past with respect to general trade receivables and by individually reviewing their collectibility with respect to certain doubtful receivables.

(f) Provision for bonuses
Provision for bonuses is provided based on the estimated amount payable.

(g) Retirement benefits for directors and corporate auditors
Some consolidated subsidiaries provide necessary payments to directors and corporate auditors at the end of the fiscal year determined according to internal company rules to a reserve for retirement benefits for directors and corporate auditors.

(h) Provision for loss on guarantees
Provision for loss on guarantees is provided in an amount sufficient to cover a possible loss on guarantees, taking into consideration the financial condition of the parties to which guarantees have been provided.

(i) Accounting method for retirement benefits
Full-time employees of the Company and its consolidated subsidiaries are entitled to a lump-sum payment upon retirement or severance of employment. In order to provide for the employees' severance and retirement benefits, the Company and its consolidated subsidiaries record a net defined benefit liability, which is included in the liability section of the consolidated balance sheet, based on the estimated amounts of projected benefit obligation and plan assets at the balance sheet dates. In calculating the retirement benefit obligations, the benefit formula basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the current fiscal year.

Actuarial gains and losses are recognized in expenses using the straight-line method over 9 years (a period not exceeding the employees' average remaining service years) commencing with the year following their occurrence.

Certain consolidated subsidiaries use the simplified method whereby the amount that would be required to be paid if all their eligible employees voluntarily terminated their employment as of the balance sheet date is treated as projected benefit obligation for the calculation of net defined benefit liability and retirement benefit cost.

(j) Foreign currency translation
All monetary assets and liabilities denominated in foreign currencies are translated into yen at the current exchange rates at the balance sheet date, and any gain or loss on translation is credited or charged to income.

(k) Recognition criteria for significant revenue and expenses
i. Logistics-related business
The principal services through which revenue is obtained from customers are road haulage, freight forwarding, warehousing, and harbor transport.

Contracts with customers in the logistics-related business focus primarily on delivery services, whereby the Group forwards cargo entrusted to it to delivery destinations. The Group also undertakes associated warehousing, distribution processing services, and procedures relating to importing and exporting. Its performance obligation is usually regarded as fulfilled when delivery of cargo or provision of a service is complete, and revenue is recognized at that point.

Furthermore, a portion of revenue relates to contracts with customers in which the agreed consideration is discounted; for such contracts, the amount recognized and recorded as revenue is the amount of the consideration minus the discount.

ii. Information processing business
The principal services through which revenue is obtained from customers are IT systems development and sale of PCs and other electronic devices.

For contracts relating to IT systems development and other services in which the Group takes on a commitment to hand over deliverables, revenue is recognized according to the degree of completion of each contract or project. The degree of completion is measured based on the ratio between person-hours completed at the end of the fiscal year and total estimated person-hours, and these hours are regularly monitored and adjusted.

With regard to revenue from sale of PCs and other electronic devices, the Group's performance obligation is regarded as fulfilled at the point of handover, when control of the device is transferred to a customer, and revenue is recognized at that point.

iii. Sales business

The principal services through which revenue is obtained from customers are merchandising, consignment sales, and non-life insurance agency services.

For merchandising, the Group's performance obligation is regarded as fulfilled at the point of handover, when control of the product is transferred to a customer, and revenue is recognized at that point.

For transactions in which the Group is deemed to act as an agent, the amount recognized as revenue is the net amount following subtraction of the payment to the supplier from the total consideration received from the customer.

For non-life insurance agency services, the amount recorded as revenue is the net amount following subtraction of the payment to the underwriting insurance company from the total consideration received from the customer. The amounts in question are calculated according to the insurance agency consignment contract and other agreements made with the underwriting insurance company.

(l) Income taxes

Income taxes consist of corporate income tax, inhabitant taxes and enterprise tax.

The Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting.

(m) Cash equivalents

Cash equivalents include deposits placed with banks on demand and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(n) Net income per share

Basic income per share is computed using the weighted-average number of shares of common stock outstanding, which represents the number of issued shares less treasury stock, during each year.

Significant accounting estimates

(Impairment of non-current assets)

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

The amount is the same as the figure stated under Note 8 "Impairment losses" in the notes to the consolidated financial statements.

(2) Information regarding significant accounting estimates relating to items identified

(i) Calculation methods

Impairment of non-current assets is performed by grouping assets according to business sites, and when signs of impairment are identified in an asset group, such as continuously negative operating profit and loss, recognition of impairment loss is determined using undiscounted future cash flows. When this results in impairment loss being recognized for an asset group, the recoverable amount is measured using the higher of the value in use or the net sales value to calculate the amount of impairment loss.

Future cash flows used to determine recognition of impairment loss are estimated based on the Company's growth rate for the following fiscal year and beyond. This is estimated in line with the Company's operating income forecast for the following fiscal year (based on its planned budget and amended in light of the most recent results) and the predicted long-term average growth rate for GDP. In addition, of the recoverable amounts used to measure impairment loss, value in use is calculated as the discounted present value of future cash flows used to determine recognition of impairment loss, and net sales value is generally estimated using the assessed value based on real estate appraisal standards.

(ii) Key assumptions

The key assumptions made during impairment of non-current assets are the operating income forecast for the following fiscal year and the Company's growth rate for the following fiscal year and beyond used as the premises for estimating future cash flows, the discount rate used when estimating value in use, and the basis for real estate appraisals used when estimating net sales value.

(iii) Impacts on consolidated financial statements in the following fiscal year

The above key assumptions are all based on highly uncertain estimates. If factors such as further reductions in freight volume cause significant variation in the Group's business environment, the initially predicted future cash flows or recoverable amounts may change, resulting in impairment loss being recorded.

(Impairment of non-current assets)

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

The value of deferred tax assets is ¥801 million (US$6,004 thousand), as stated in the consolidated balance sheets within the consolidated financial statements.

(2) Information regarding significant accounting estimates relating to items identified

(i) Calculation methods

Deferred tax assets are calculated by determining recoverability using estimates of taxable income based on future business plans and scheduling of temporary differences, etc.

(ii) Key assumption

The key assumption made when determining recoverability of deferred tax assets is the predicted freight volume used as the premise for estimating future taxable income.

(iii) Impacts on consolidated financial statements in the following fiscal year

The above key assumption is based on an highly uncertain estimate. Factors including significant variation in economic conditions may cause the estimate of future taxable income to change, which could have a significant impact on the determination of deferred tax assets' recoverability.

(Changes in Accounting Policies)

(Application of the "Accounting Standard for Fair Value Measurement")

Effective from the beginning of the fiscal year under review, the Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; the "Fair Value Measurement Guidance"). It will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This has no impact on the consolidated financial statements.

The Company does not present notes pertaining to the previous period on investment trusts in fair value information by level within the fair value hierarchy in the notes on financial instruments in accordance with Paragraph 27-3 of the Fair Value Measurement Guidance.

3 Property and equipment

Property and equipment are stated at the net book value in the consolidated balance sheets.

The amounts of accumulated depreciation were ¥76,030 million ($569,435 thousand) and ¥75,318 million on March 31, 2023 and 2022, respectively. Capital gains resulting from disposals and other similar transactions are deducted from the cost of property and equipment acquired in substitution.

The amounts deducted from the cost of property and equipment were ¥180 million ($1,349 thousand) and ¥180 million on March 31, 2023 and 2022, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2022 and 2021 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Secured	¥ —	¥ —	$ —
Unsecured	8,470	8,520	63,431

Interest rates range from 0.38% to 1.26%.

(b) Long-term debt

Long-term debt as at March 31, 2023 and 2022 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
0.40% ¥10.0 billion unsecured straight bonds due 2029	¥10,000	¥10,000	$ 74,890
0.15%-1.50% loans from financial institutions due 2022 to 2027 and thereafter:			
Secured	1,111	1,531	8,322
Unsecured	7,016	7,307	52,546
Total	18,127	18,839	135,758
Less: amount due within one year	607	711	4,548
	¥17,520	¥18,127	$131,210

The unsecured corporate bonds of ¥10.0 billion at the coupon rate of 0.40% issued in October 2019 is scheduled to be redeemed on October 18, 2029.

The annual maturities of long-term debt outstanding as at March 31, 2023 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2024	¥ 607	$ 4,548
2025	2,358	17,661
2026	384	2,879
2027	3,152	23,611
2028	50	374
2029	11,575	86,685

(c) Pledged assets

Property and equipment having a net value of ¥3,967 million ($29,714 thousand) and deposits having a net value of ¥5 million ($39 thousand) were pledged as collateral for short-term bank loans and long-term debt as at March 31, 2023.

5 Contingent liabilities

As at March 31, 2023, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 0	$ 0
Others	¥1,037	$7,768

6 Revaluation reserve for land

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the Company has revaluated its owned land used for business operations as at March 31, 2000 and reported a revaluation reserve for land under "Net assets."

The revaluated book value of land was determined based on the value of land registered on the cadastres or their supplementary records, which are provided by the Local Tax Law under the Law Concerning Revaluation of Land, after making reasonable adjustments.

	Millions of yen	Thousands of U.S. dollars
Difference between the fair market value of revalued land at March 31, 2018 and the revalued book value	¥6,715	$50,292

7 Restrictive financial covenants

(1) The Company has entered into overdraft facility and credit line commitment agreements (term of contract of three years) with ten banks for the purpose of efficient procurement of working capital.

Outstanding balance of unused credit concerning overdraft facility and credit line commitment agreements at March 31, 2023, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥3,000	$22,467
Used credit	—	—
Total	¥3,000	$22,467

The agreements include restrictive financial covenants requiring net assets as of the fiscal year end to exceed predetermined amount.

8 Impairment losses

The Group recorded impairment losses on the asset groups stated below.

Fiscal year ended March 31, 2022

As a comprehensive logistics enterprise, the Group employs management accounting at offices that belong to road haulage business or other business groups.

The Group's business sites nationwide are the Group's bases for offering services as a comprehensive logistics enterprise to customers and, in many cases, offices of two or more business groups are located at a business site to respond to customers.

Offices of business groups complement one another and a business site is a unit that generates cash flows. Thus, the aggregate of assets of business groups' offices located at a business site constitutes an asset group.

In the logistics-related business segment during the fiscal year under review, property and equipment amounted to ¥72,018 million (US$588,432 thousand) and intangible assets amounted to ¥291 million (US$2,382 thousand). However, signs of impairment occurred at multiple business sites. At such business sites, property and equipment amounted to ¥18,326 million (US$149,742 thousand), and intangible assets amounted to ¥9 million (US$74 thousand). For the asset groups for which impairment loss was recorded, the book values of such asset groups were reduced to the recoverable amounts on account of their persistently low earning capacity due to higher personnel costs and increased costs paid to subcontractors, etc.

The breakdown is as follows: ¥0 million (US$4 thousand) for land, ¥28 million (US$234 thousand) for buildings, ¥11 million (US$98 thousand) for structures, ¥6 million (US$50 thousand) for tools, furniture and fixtures, ¥6 million (US$52 thousand) for machinery and ¥2 million (US$18 thousand) for software regarding freight forwarding facilities (Fukui-shi, Fukui Prefecture, etc.).

The recoverable amounts for the asset group in question are measured by net sales value. Net sales value is assessed principally based on the appraisal value quoted by a real-estate appraiser.

Fiscal year ended March 31, 2023

As a comprehensive logistics enterprise, the Group employs management accounting at offices that belong to road haulage business or other business groups.

The Group's business sites nationwide are the Group's bases for offering services as a comprehensive logistics enterprise to customers and, in many cases, offices of two or more business groups are located at a business site to respond to customers.

Offices of business groups complement one another and a business site is a unit that generates cash flows. Thus, the aggregate of assets of business groups' offices located at a business site constitutes an asset group.

In the logistics-related business segment during the fiscal year under review, property and equipment amounted to ¥70,392 million (US$527,165 thousand) and intangible assets amounted to ¥282 million (US$2,114 thousand). However, signs of impairment occurred at multiple business sites. At such business sites, property and equipment amounted to ¥17,232 million (US$129,050 thousand), and intangible assets amounted to ¥33 million (US$249 thousand). For the asset groups for which impairment loss was recorded, the book values of such asset groups were reduced to the recoverable amounts on account of their persistently low earning capacity due to higher personnel costs and increased costs paid to subcontractors, etc.

The breakdown is as follows: ¥1 million (US$14 thousand) for land, ¥25 million (US$191 thousand) for buildings, ¥0 million (US$2 thousand) for structures, ¥3 million (US$25 thousand) for tools, furniture and fixtures, ¥17 million (US$128 thousand) for machinery and ¥3 million (US$26 thousand) for software regarding freight forwarding facilities (Hakui-gun, Ishikawa Prefecture, etc.).

The recoverable amounts for the asset group in question are measured by net sales value. Net sales value is assessed principally based on the appraisal value quoted by a real-estate appraiser.

9 Consolidated statement of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Valuation difference on other securities:			
Amount arising during the year	¥3,937	¥(622)	$29,487
Reclassification adjustment	0	41	4
Before tax-effect adjustment	3,937	(581)	29,491
Tax effect	(1,171)	155	(8,776)
Valuation difference on other securities	2,766	(425)	20,714
Revaluation reserve for land:			
Tax effect	—	—	—
Remeasurements of defined benefit plans:			
Amount arising during the year	(222)	(29)	(1,667)
Reclassification adjustment	(74)	(124)	(558)
Before tax-effect adjustment	(297)	(154)	(2,225)
Tax effect	90	47	678
Remeasurements of defined benefit plans	(206)	(107)	(1,547)
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the year	0	(0)	1
Total other comprehensive income	2,559	(533)	19,169

10 Cash flow statements

Reconciliation of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as at March 31, 2023 and 2022 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Cash and time deposits	¥34,775	¥30,395	$260,433
Time deposits with maturities exceeding three months	(449)	(420)	(3,370)
Cash and cash equivalents	¥34,325	¥29,975	$257,063

11 Leases

(a) Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee
- Contents of leased assets: Tangible fixed assets (mainly, machinery, equipment and vehicles for distribution-related business)
- Depreciation method: Leased assets are depreciated by the straight-line method over the respective lease periods without residual values. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

(b) Finance lease transactions which commenced prior to April 1, 2008 and do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions as before.

The following are pro forma amounts of the acquisition costs, accumulated depreciation, accumulated impairment losses and net book value of leased property if they were capitalized as of March 31, 2023 and 2022 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Acquisition costs:			
Buildings	¥ 2,316	¥ 2,316	$ 17,352
	¥ 2,316	¥ 2,316	$ 17,352
Accumulated depreciation:			
Buildings	¥ 1,554	¥ 1,504	$ 11,641
	¥ 1,554	¥ 1,504	$ 11,641
Accumulated impairment losses:			
Buildings	¥ 756	¥ 756	$ 5,663
	¥ 756	¥ 756	$ 5,663
Net book value:			
Buildings	¥ 6	¥ 56	$ 47
	¥ 6	¥ 56	$ 47

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2023 and 2022 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Depreciation expense	¥50	¥58	$475
Interest expense	4	8	73

Lease payments relating to finance leases accounted for as operating leases amounted to ¥183 million ($1,376 thousand) and ¥187 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2023 and 2022, respectively.

In the year ended March 31, 2023, impairment losses on leased assets amounting to ¥756 million were recorded. Since these leased assets are off-balance-sheet, the equivalent amount is included in "Other long-term liabilities."

Impairment losses on leased assets are realized over the lease term. Reversal of impairment losses on leased assets recorded in the fiscal years ended March 31, 2023 and 2022, amounted to ¥42 million ($315 thousand) and ¥42 million, respectively.

Future minimum lease payments (including the interest portion thereon) and the balance of impairment losses on leased assets as at March 31, 2023 and 2022 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Due within one year	¥66	¥119	$498
Due over one year	—	66	—
Total	¥66	¥185	$498
Impairment losses on leased assets	—	¥ 42	—

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Due within one year	¥ 2,937	¥ 3,062	$21,998
Due over one year	8,535	10,727	63,921
Total	¥11,472	¥13,789	$85,919

12 Financial instruments and related disclosures

(a) Financial instruments

The Group invests cash surplus, if any, in low risk financial assets and raises funds for short-term working capital by bank borrowings. For capital investment, the Group raises necessary funds in light of the capital investment plan by bank borrowings or issuance of corporate bonds. Derivatives are employed to mitigate the risk of fluctuations in interest rates, and not used for speculative purposes.

Trade receivables such as notes and accounts are exposed to customer credit risk. For such credit risk, the Group has established the risk management system to monitor and control payment term and balances of customers.

Investments in securities such as equity securities are exposed to the market risk of fluctuation in market prices, but major components are equity securities issued by the business partners and their fair values are periodically reported to the directors responsible.

Almost all the trade payables such as notes and accounts payable are due within one year.

Of borrowings, short-term bank loans are used mainly to procure funds for operating transactions and long-term debt and corporate bonds are used to procure funds for capital investment.

The Company executes and manages derivative transactions in accordance with internal rules that specify transaction authority, and since large borrowings are subject to the decision of the board of directors, the board of directors also decides whether to enter into corresponding swap agreements. Moreover, the Company enters into derivative transactions only with financial institutions with high credit ratings to mitigate counterparty default risk.

Trade payables and loans are exposed to the liquidity risk, but the Group controls such liquidity risk by the monthly cash management plans prepared by each company.

(b) Fair value of financial instruments

The carrying amount, fair value and the related difference of the financial instruments as of March 31, 2023 and 2022 were as indicated below. Financial instruments whose fair values are extremely difficult to determine are not included in the following tables.

For the year ended March 31, 2023	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Trade receivables – notes	¥ 1,786	¥ 1,786	¥ —
Trade receivables – accounts	21,533	21,533	—
Investments in securities (other securities)	14,479	14,479	—
Total asset	¥37,799	¥37,799	¥ —
Liabilities:			
Trade notes payable	¥ 1,116	¥ 1,116	¥ —
Trade accounts payable	12,953	12,953	—
Short-term bank loans	8,470	8,470	—
Bonds	10,000	9,331	(668)
Long-term debt	8,127	8,149	21
Lease obligations	7,777	7,949	171
Total liabilities	¥48,445	¥47,970	¥(475)
Derivatives:	—	—	—

For the year ended March 31, 2022	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Trade receivables – notes	¥ 1,968	¥ 1,968	¥ —
Trade receivables – accounts	21,535	21,535	—
Investments in securities (other securities)	10,516	10,516	—
Total asset	¥34,019	¥34,019	¥ —
Liabilities:			
Trade notes payable	¥ 949	¥ 949	¥ —
Trade accounts payable	12,383	12,383	—
Short-term bank loans	8,520	8,520	—
Bonds	10,000	9,904	(95)
Long-term debt	8,839	8,902	63
Lease obligations	8,032	8,257	224
Total liabilities	¥48,725	¥48,918	¥192
Derivatives:	—	—	—

For the year ended March 31, 2023	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
Trade receivables – notes	$ 13,380	$ 13,380	$ —
Trade receivables – accounts	161,260	161,260	—
Investments in securities (other securities)	108,440	108,440	—
Total asset	$283,080	$283,080	$ —
Liabilities:			
Trade notes payable	$ 8,361	$ 8,361	$ —
Trade accounts payable	97,010	97,010	—
Short-term bank loans	63,431	63,431	—
Bonds	74,890	69,882	(5,008)
Long-term debt	60,868	61,031	163
Lease obligations	58,548	59,534	1,286
Total liabilities	$362,808	$359,249	$(3,559)
Derivatives:	—	—	—

For cash and time deposits, trade notes receivable and trade accounts receivable, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because of the short maturity of these instruments.

For investments in securities, the fair value of equity securities is determined using the quoted prices of the stock exchanges. Unlisted equity securities whose fair value is extremely difficult to identify in the carrying amount of ¥3,112 million ($23,312 thousand) are not included in the above table. The unlisted equity securities were restated at fair value and related loss on impairment amounting to ¥60 million ($449 thousand) was charged to income for the year ended March 31, 2023.

For trade notes payable, trade accounts payable and short-term bank loans, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because of the short maturity of these instruments.

For bonds, lease obligations and long-term debt, the fair value is determined using the present value of aggregated principal and interest discounted at a rate assumed if the new loans or lease arrangements were made.

For derivatives, please see Note 14 “Derivative transactions”.

(c) Information about maturities of financial instruments

Annual maturities of monetary receivables and other securities with contractual maturities as of March 31, 2023 and 2022 were as follows:

For the year ended March 31, 2023	Millions of yen			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	¥34,753	¥—	¥—	¥—
Trade notes receivable	1,786	—	—	—
Trade accounts receivable	21,533	—	—	—
Investments in securities (other securities with maturities)	—	—	36	—
Total	¥58,073	¥—	¥36	¥—

For the year ended March 31, 2022	Millions of yen			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	¥30,374	¥—	¥—	¥—
Trade notes receivable	1,968	—	—	—
Trade accounts receivable	21,535	—	—	—
Investments in securities (other securities with maturities)	—	—	36	—
Total	¥53,878	¥—	¥36	¥—

For the year ended March 31, 2023	Thousands of U.S. dollars			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	$260,267	$—	$ —	$—
Trade notes receivable	13,380	—	—	—
Trade accounts receivable	161,260	—	—	—
Investments in securities (other securities with maturities)	—	—	269	—
Total	$434,907	$—	$269	$—

Annual maturities of bonds, long-term debt, lease obligations, and other interest-bearing debts as of March 31, 2023 and 2022 are as follows:

For the year ended March 31, 2023	Millions of yen					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	¥ 8,470	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	10,000
Long-term debt	607	2,358	384	3,152	50	1,575
Lease obligations	2,556	2,129	1,575	1,015	359	141
Total	¥11,633	¥4,487	¥1,959	¥4,168	¥ 409	¥11,716

For the year ended March 31, 2022	Millions of yen					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	¥ 8,520	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	10,000
Long-term debt	711	607	2,358	384	3,152	1,625
Lease obligations	2,526	2,107	1,639	1,087	507	163
Total	¥11,758	¥2,715	¥3,997	¥1,471	¥3,660	¥11,788

For the year ended March 31, 2023	Thousands of U.S. dollars					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	$ 63,431	$ —	$ —	$ —	$ —	$ —
Bonds	—	—	—	—	—	74,890
Long-term debt	4,548	17,661	2,879	23,611	374	11,795
Lease obligations	19,142	15,947	11,797	7,606	2,693	1,063
Total	$ 87,122	$ 33,608	$ 14,676	$ 31,217	$ 3,067	$ 87,747

13 Marketable securities and investments in securities

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2023 and 2022 are summarized as follows:—

At March 31, 2023	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥13,594	¥2,939	¥10,654
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	849	972	(123)
Bonds	29	30	(0)
Other	6	7	(1)
Total	¥14,479	¥3,950	¥10,529

At March 31, 2022	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 9,946	¥3,225	¥6,720
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	533	660	(126)
Bonds	29	30	(0)
Other	6	7	(1)
Total	¥10,516	¥3,924	¥6,591

At March 31, 2023	Thousands of U.S. dollars		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	$101,807	$22,014	$79,794
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	6,363	7,286	(923)
Bonds	225	225	(0)
Other	45	60	(15)
Total	$108,440	$29,584	$78,856

In the fiscal year ended March 31, 2022, an impairment of shares of other investment securities was recognized in an amount of ¥51 million.

In the fiscal year ended March 31, 2023, an impairment of shares of other investment securities was recognized in an amount of ¥0 million (US$5 thousand).

Equity securities whose fair value is 50% or less than the acquisition cost are necessarily restated at fair value and those whose fair value is between 50% and 30% of the acquisition cost are restated at fair value, if they are judged to be unrecoverable considering the trend of the market value for a past certain period and performances of the issuers.

14 Derivative transactions

(a) Derivative transactions to which hedge accounting is not applied

There is no applicable transaction.

(b) Derivative transactions to which hedge accounting is applied

There is no applicable transaction.

15 Employees' severance and retirement benefits

(a) Outline of retirement benefit plans

In order to provide for the employees' severance and retirement benefits, the Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans.

Under the defined benefit corporate pension plans (all of which are funded plans), a lump sum or a pension based on the salary and the service years is paid. However, the Company and certain consolidated subsidiaries have introduced cash balance plans for the defined benefit corporate pension plans. In these plans, hypothetical individual employee accounts correspond to the funded amount and the principal of the pension amount for each participant. In each hypothetical individual employee account, the contributions based on the salary standard and interest amount based principally on the market interest rates are accumulated.

Under the lump-sum payment plans (all of which are unfunded plans), a lump sum based on the salary and service years are is paid as retirement benefits. The Company and certain consolidated subsidiaries transferred part of the lump-sum payment plans to the defined contribution pension plans.

In the defined benefit corporate pension plans and lump-sum payment plans of certain consolidated subsidiaries, net defined benefit liability and retirement benefit cost are calculated by the simplified method.

(b) Defined benefit plans

Reconciliation of beginning and ending balances of retirement benefit obligation (excluding the plan for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Retirement benefit obligation at beginning of year	¥12,692	¥12,563	$95,051
Cumulative effects of changes in accounting policies	—	—	—
Restated balance at beginning of year	12,692	12,563	95,051
Service cost	632	687	4,738
Interest cost	101	100	762
Actuarial gain or loss	28	157	213
Payment of retirement benefits	(845)	(817)	(6,329)
Retirement benefit obligation at end of year	¥12,609	¥12,692	$94,435

Reconciliation of beginning and ending balances of plan assets (excluding the plan for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Plan assets at beginning of year	¥6,584	¥6,489	$49,309
Expected return on plan assets	164	162	1,233
Actuarial gain or loss	(194)	128	(1,454)
Contributions by the Company	77	77	580
Employee contributions	62	63	472
Payment of retirement benefits	(374)	(335)	(2,805)
Plan assets at end of year	¥6,320	¥6,584	$47,335

Reconciliation of beginning and ending balances of net defined benefit liability for which the simplified method is applied

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Net defined benefit liability at beginning of year	¥1,008	¥1,000	$7,549
Retirement benefit costs	154	116	1,156
Payment of retirement benefits	(122)	(82)	(915)
Contributions to the plan	(48)	(47)	(361)
	—	21	—
Net defined benefit liability at end of year	¥ 992	¥1,008	$7,430

Reconciliation of ending balances of retirement benefit obligation and plan assets and net defined benefit liability/asset on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Funded retirement benefit obligation	¥ 8,329	¥ 8,412	$ 62,377
Plan assets	(6,943)	(7,221)	(52,003)
	1,385	1,190	10,374
Unfunded retirement benefit obligation	5,896	5,925	44,156
Net amount of liability (asset) on the consolidated balance sheets	7,281	7,115	54,530
Net defined benefit liability	7,375	7,216	55,233
Net defined benefit asset	(93)	(100)	(704)
Net amount of liability (asset) on the consolidated balance sheets	¥ 7,281	¥ 7,115	$ 54,530

Note: Including the plans for which the simplified method is applied

Retirement benefit costs and breakdown

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Service cost (Note 1)	¥ 569	¥ 624	$ 4,266
Interest cost	101	100	762
Expected return on plan assets	(164)	(162)	(1,233)
Amortization of actuarial gain or loss	(74)	(124)	(558)
Retirement benefit costs calculated by the simplified method	154	116	1,156
Retirement benefit costs for defined benefit plans	¥ 586	¥ 554	$ 4,393

(Note 1) Employee contributions to the corporate pension fund are not included in the amounts shown.

Items recorded in other comprehensive income

Breakdown of items recorded in remeasurements of defined benefit plans (before tax effect deduction)

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Actuarial gain or loss	¥(297)	¥(154)	$(2,225)

Items recorded in accumulated other comprehensive income

Breakdown of items recorded in remeasurements of defined benefit plans (before tax effect deduction)

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unrecognized actuarial gain or loss	¥255	¥(41)	$1,912

Plan assets

Plan asset components as a percentage of total plan assets

	2023	2022
Bonds	35.0%	48.0%
Stocks	45.7%	32.5%
Insurance company general accounts	9.7%	9.1%
Cash and time deposits	2.0%	9.2%
Other	7.6%	1.2%
Total	100.0%	100.0%

Long-term expected rate of return on plan assets is determined considering the pension asset allocation and long-term expected return on plan assets composed of various types of assets, at the present and in the future.

Basis of actuarial calculation

	2023	2022
Discount rate	0.8%	0.8%
Long-term expected return on plan assets	2.5%	2.5%

(c) Defined contribution plan

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Required contributions to the defined contribution pension plan	¥308	¥314	$2,311

16 Net assets

The Companies Act provides that an amount equal to at least 10% of the aggregate amount to be distributed as cash dividends or cash appropriations must be transferred to capital surplus, which is part of the capital surplus account, or retained earnings, which is part of the retained earnings account, until the aggregate amount of capital surplus and retained earnings equals 25% of the common stock account.

Transfers from the retained earnings to common stock, capital surplus, retained earnings, other capital surplus, and other retained earnings may be made by resolution of the shareholders.

Under the Companies Act, distributions of surplus to shareholders may be made at any time by resolution of the shareholders.

The Company's Articles of Incorporation also provide that the Company may make distributions to shareholders based on a resolution of the Board of Directors, provided that such distributions are limited to once per fiscal year.

Information concerning changes in net assets

Treasury stock

Class of shares	At March 31, 2022	Increase	Decrease	At March 31, 2022
Common stock (shares)	699,227	783	—	700,010

Reason for the change:

Breakdown of the increase:

Increase attributable to purchase of shares constituting less than one unit 783 shares

17 Income taxes

As described in Note 2(j), the Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting.

Significant components of deferred tax assets and liabilities were as follows:—

	Millions of yen		Thousands of U.S. dollars	
	2023	2022	2023	2022
Deferred tax assets:				
Provision for bonuses	¥ 548	¥ 554	$ 4,108	$ 4,530
Net defined benefit liability	2,274	2,231	17,035	18,237
Allowance for doubtful accounts in excess of deductible limit	170	162	1,276	1,327
Depreciation and amortization in excess of deductible limit	91	93	689	768
Accounts payable upon transfer to defined contribution pension plan	—	—	—	—
Accumulated loss on impairment of property and equipment	2,386	2,484	17,874	20,301
Accumulated loss on impairment of leased assets	—	12	—	105
Accrued enterprise tax	160	159	1,200	1,303
Market value valuation difference on consolidated subsidiaries	392	428	2,937	3,503
Other	769	889	5,759	7,267
Gross deferred tax assets	6,793	7,017	50,877	57,340
Valuation allowance	(2,987)	(3,246)	(22,372)	(26,522)
Total deferred tax assets	3,806	3,771	28,505	30,818
Deferred tax liabilities:				
Unrealized gain on other securities	(3,164)	(1,989)	(23,702)	
Reserve for advanced depreciation of non-current assets	(3,138)	(3,166)	(23,501)	
Undistributed earnings	(212)	(190)	(1,594)	
Market value valuation difference on consolidated subsidiaries	(1,272)	(1,273)	(9,528)	
Other	(33)	(35)	(250)	
Total deferred tax liabilities	(7,821)	(6,654)	(58,576)	
Net deferred tax assets	¥ (4,015)	¥(2,882)	$(30,071)	

Income taxes applicable to the Company consist of corporate income tax, inhabitant taxes and enterprise tax.

Significant differences between the statutory tax rate and the Company's effective tax rate after applying the deferred tax accounting for the years ended March 31, 2023 and 2022 were as follows:—

	2023	2022
Statutory tax rate:	30.45%	30.45%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	0.51	0.42
Nontaxable income including dividends received deduction, etc.	(9.98)	(11.00)
Elimination of dividends received from consolidated subsidiaries, etc.	9.78	10.82
Per capita portion of inhabitant taxes	2.95	3.09
With drawal of land revaluation difference	—	—
Equity in earnings of affiliates	(0.57)	(0.39)
Gain on negative goodwill	—	(0.34)
Amortization of goodwill	0.13	0.33
Change in valuation allowance related to deferred tax assets	(2.48)	(2.27)
Other	1.23	1.39
Effective tax rate	32.02%	32.50%

18 Supplementary income information

Supplementary income information for the years ended March 31, 2023 and 2022 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Depreciation expenses	¥4,994	¥4,894	$37,403
Lease and rental	7,988	7,574	59,826

19 Amounts per share

Amounts per share of common stock for the years ended March 31, 2023 and 2022 were as follows:—

	Yen		U.S. dollars
	2023	2022	2023
Net income per share:			
Basic	¥ 594.99	¥ 563.99	$ 4.4559
Diluted	—	—	—
Cash dividends	140.00	120.00	1.0485
Net assets per share	¥9,634.57	¥8,876.71	$72.1528

Basis for the calculation of net assets per share for the years ended March 31, 2023 and 2022 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total net assets as reported on the consolidated balance sheets	¥87,861	¥80,920	$657,991
Deduction from total net assets:	562	481	4,214
Non-controlling interests	562	481	4,214
Adjusted net assets allocated in common stock	87,298	80,438	653,777
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	9,061,001	9,061,784	

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2023 and 2022 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Net income attributable to owners of the parent	¥5,391	¥5,110	$40,376
Amounts not attributable to shareholders of common stock	—	—	—
Net income attributable to common shareholders of the parent	5,391	5,110	40,376
Weighted-average number of shares of common stock outstanding (shares)	9,061,497	9,062,263	

20 Segment information

(1) Overview of reportable segments

The Company's segments are the Group's components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's board of directors to make decisions on the allocation of resources to the segments and to assess their performance.

The Group, in doing business, classifies business models of operating companies, which are under the Company (pure holding company), according to the nature of services and formulates comprehensive strategies for individual business models.

Therefore, the Group consists of segments according to services based on these business models and the Group's reportable segments are: Logistics, Information Processing, and Sales.

Principal services of the Logistics segment are road haulage, freight forwarding, warehousing, and harbor transport. The principal service of the Information Processing segment is information processing. Principal services of the Sales segment are merchandising, consignment sales, and a non-life insurance agency.

(2) *Methods of calculating operating revenues, income/loss, assets/liabilities, and other items by reportable segment*

Accounting procedures applied to the reported operating segments are the same as those described in the "Basis of Presenting Consolidated Financial Statements." Income of reportable segments is on an operating income basis. Intersegment revenues and transfers are based on market prices.

(3) *Information on operating revenues, income/loss, assets/liabilities, and other items by reportable segment*

For the year ended March 31, 2023 — Millions of yen

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥133,545	¥3,198	¥ 3,145	¥139,889	¥ 2,030	¥141,920	¥ —	¥141,920
Intersegment revenues or transfers	62	372	314	749	77	826	(826)	—
Total	133,607	3,570	3,460	140,639	2,107	142,747	(826)	141,920
Segment income	¥ 6,483	¥ 517	¥ 286	¥ 7,287	¥ 294	¥ 7,581	¥ (200)	¥ 7,381
Segment assets	¥124,542	¥2,776	¥10,027	¥137,346	¥13,713	¥151,060	¥11,451	¥162,511
Other items:								
Depreciation	¥ 4,573	¥ 289	¥ 38	¥ 4,900	¥ 85	¥ 4,986	¥ 8	¥ 4,994
Amortization of goodwill	¥ 34	¥ —	¥ —	¥ 34	¥ —	¥ 34	¥ —	¥ 34
Gain on negative goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Impairment losses	¥ 51	¥ —	¥ —	¥ 51	¥ —	¥ 51	¥ —	¥ 51
	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Increases in property and equipment and intangible fixed assets	¥ 4,742	¥ 259	¥ 17	¥ 5,019	¥ 32	¥ 5,052	¥ (5)	¥ 5,047

For the year ended March 31, 2022 — Millions of yen

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥127,691	¥2,733	¥ 3,025	¥133,450	¥ 1,911	¥135,361	¥ —	¥135,361
Intersegment revenues or transfers	60	375	215	651	118	769	(769)	—
Total	127,751	3,108	3,241	134,101	2,029	136,130	(769)	135,361
Segment income	¥ 6,455	¥ 444	¥ 261	¥ 7,160	¥ 404	¥ 7,564	¥ (195)	¥ 7,369
Segment assets	¥124,029	¥2,735	¥10,495	¥137,260	¥12,220	¥149,481	¥4,782	¥154,263
Other items:								
Depreciation	¥ 4,559	¥ 265	¥ 40	¥ 4,865	¥ 19	¥ 4,885	¥ 9	¥ 4,894
Amortization of goodwill	¥ 79	¥ —	¥ —	¥ 79	¥ 2	¥ 82	¥ —	¥ 82
Gain on negative goodwill	¥ 85	¥ —	¥ —	¥ 85	¥ —	¥ 85	¥ —	¥ 85
Impairment losses	¥ 55	¥ —	¥ —	¥ 55	¥ —	¥ 55	¥ —	¥ 55
Increases in property and equipment and intangible fixed assets	¥ 5,012	¥ 749	¥ 15	¥ 5,777	¥ 15	¥ 5,792	¥ (8)	¥ 5,784

For the year ended March 31, 2023 Thousands of U.S. dollars

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	$1,000,116	$23,953	$23,558	$1,047,627	$ 15,207	$1,062,834	$ —	$1,062,834
Intersegment revenues or transfers	465	2,789	2,358	5,612	579	6,191	(6,191)	—
Total	1,000,581	26,742	25,916	1,053,239	15,786	1,069,026	(6,191)	1,062,834
Segment income	$ 48,555	$ 3,876	$ 2,145	$ 54,576	$ 2,204	$ 56,781	$ (1,499)	$ 55,281
Segment assets	$ 932,695	$20,794	$75,092	$1,028,581	$102,702	$1,131,283	$ 85,757	$1,217,041
Other items:								
Depreciation	$ 34,248	$ 2,168	$ 286	$ 36,703	$ 638	$ 37,340	$ 63	$ 37,403
Amortization of goodwill	$ 261	$ —	$ —	$ 261	$ —	$ 261	$ —	$ 261
Market value valuation difference on consolidated subsidiaries	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Impairment losses	$ 387	$ —	$ —	$ 387	$ —	$ 387	$ —	$ 387
	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Increases in property and equipment and intangible fixed assets	$ 35,520	$ 1,944	$ 129	$ 37,593	$ 245	$ 37,838	$ (41)	$ 37,797

Notes:

1. "Others" corresponds to operating segments that are not included in the reported operating segments and includes automobile repair and direct mail service.
2. Adjustments are as follows:
   (1) Adjustments of segment income
   For the fiscal years ended March 31, 2023 and 2022, adjustments of segment income amounted to ¥(200) million (US$(1,499) thousand) and ¥(195) million (US$(1,593) thousand), respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.
   For the fiscal years ended March 31, 2023 and 2022, the above-mentioned intersegment eliminations amounted to ¥790 million (US$5,923 thousand) and ¥808 million (US$6,604 thousand), respectively, and corporate expenses not allocated to any reportable segments amounted to ¥(991) million (US$(7,422) thousand) and ¥(1,003) million (US$(8,197) thousand), respectively. Corporate expenses are mainly expenses of the Company's operations that do not belong to any reportable segments.
   (2) Adjustments of segment assets
   For the fiscal years ended March 31, 2023 and 2022, adjustments of segment assets amounted to ¥11,451 million (US$85,757 thousand) and ¥4,782 million (US$39,032 thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2023 and 2022, the above-mentioned intersegment eliminations amounted to ¥(40,229) million (US$(301,277) thousand) and ¥(37,916) million (US$(309,798) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥51,680 million (US$387,043 thousand) and ¥42,698 million (US$348,869 thousand), respectively. Corporate assets are mainly cash and time deposits and investments in securities of the head office that do not belong to any reportable segments.
   (3) Adjustments of increases in property and equipment and intangible fixed assets
   For the fiscal years ended March 31, 2023 and 2022, adjustments of increases in property and equipment and intangible fixed assets amounted to ¥(5) million (US$(41) thousand) and ¥(8) million (US$(69) thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2023 and 2022, the above-mentioned intersegment eliminations amounted to ¥(31) million (US$(235) thousand) and ¥(13) million (US$(107) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥25 million (US$194 thousand) and ¥4 million (US$38 thousand), respectively.
3. Segment income is adjusted to operating income in the consolidated financial statements.

(4) Related information

For the year ended March 31, 2023

1) Information by product and service

Information by product and service is omitted because similar information is presented in the segment information.

2) Information by geographical area

Information about operating revenues by geographical area is omitted because operating revenues from outside customers in Japan exceeded 90% of operating revenues in the consolidated financial statements.

Not applicable for property and equipment because there is no property and equipment located in places other than Japan.

3) Information by major customer

Not applicable because, concerning operating revenues from outside customers, no outside customer accounts for 10% or more of operating revenues in the consolidated financial statements.

For the year ended March 31, 2022

1) Information by product and service

Information by product and service is omitted because similar information is presented in the segment information.

2) Information by geographical area

Information about operating revenues by geographical area is omitted because operating revenues from outside customers in Japan exceeded 90% of operating revenues in the consolidated financial statements.

Not applicable for property and equipment because there is no property and equipment located in places other than Japan.

3) Information by major customer

Not applicable because, concerning operating revenues from outside customers, no outside customer accounts for 10% or more of operating revenues in the consolidated financial statements.

(5) Information on fixed asset impairment losses by reportable segment

For the year ended March 31, 2023

Information on fixed asset impairment losses by reportable segment is omitted because similar information is presented in the segment information.

For the year ended March 31, 2022

Information on fixed asset impairment losses by reportable segment is omitted because similar information is presented in the segment information.

(6) Information on amortization of goodwill and unamortized balance by reportable segment

For the year ended March 31, 2023 — Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 34	¥ —	¥ —	¥ 34	¥ —	¥ —	¥ 34
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥116	¥ —	¥ —	¥116	¥ —	¥ —	¥116
Negative goodwill							
Amortization for the year under review	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2022 — Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 79	¥ —	¥ —	¥ 79	¥ 2	¥ —	¥ 82
Impairment losses	¥192	¥ —	¥ —	¥192	¥ —	¥ —	¥192
Balance at end of year	¥151	¥ —	¥ —	¥151	¥ —	¥ —	¥151
Negative goodwill							
Amortization for the year under review	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2023 — Thousands of U.S. dollars

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	$261	$ —	$ —	$261	$ —	$ —	$261
Impairment losses	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Balance at end of year	$871	$ —	$ —	$871	$ —	$ —	$871
Negative goodwill							
Amortization for the year under review	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Balance at end of year	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(7) Information on gain on negative goodwill by reportable segment

For the year ended March 31, 2022

In the logistics-related business segment, we made Shinsei Warehouse & Transportation Co., Ltd. into a newly consolidated subsidiary. As a result of this consolidation, we recorded gain on negative goodwill of ¥85 million ($698 thousand) for the fiscal year under review.

21 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 29, 2023, duly approved the payment of dividends as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥80.00 per share)	¥725	$5,430

Consolidated Subsidiaries

Logistics

Company Name	Business Line
Tonami Transportation Co., Ltd.	Road haulage
Tonami Transportation Shinetsu Co., Ltd.	Road haulage
Tonami Transportation Chugoku Co., Ltd.	Road haulage
Kanto Tonami Transportation Co., Ltd.	Road haulage
Hokuriku Tonami Transportation Co., Ltd.	Road haulage
Tonami Shutoken Logistics Co., Ltd.	Road haulage
Tonami Kinki Logistics Co., Ltd.	Road haulage
Ishikawa Tonami Transportation Co., Ltd.	Road haulage
Tonami Daiichi Warehouse Logistics Co., Ltd.	Road haulage / Warehousing
Fukui Tonami Transportation Co., Ltd.	Road haulage
Niigata Tonami Transportation Co., Ltd.	Road haulage
Anan Transportation Co., Ltd.	Road haulage
Tonami Global Logistics Co., Ltd.	Harbor transport service
Keishin Warehouse Co., Ltd.	Warehousing
Take One Co., Ltd.	Road haulage
KYK CO., Ltd.	Road haulage
Sinsei Warehouse & Transportation Co., Ltd.	Warehousing
Miyuki Warehouse Co., Ltd.	Warehousing
Takaoka Transportation Co., Ltd.	Road haulage
Sunrise Transport Co., Ltd.	Road haulage

Information Processing and Others

Company Name	Business Line
Tonami Trading Co., Ltd.	Trading Company
Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
Tonami System Solutions Co., Ltd.	Development and sale of software
Chuo Reizo Co., Ltd.	Other
Tonami Business Service Co., Ltd.	Financial service

Board of Directors and Corporate Auditors

President and Representative Director
Kazuo Takata

Directors
Kazuya Takata
Masaaki Sato
Tetsuya Ojima
Koji Takayanagi
Shinichiro Inushima
Nobuya Hayamizu
Chiaki Kasai

Standing Corporate Auditors
Yasuhiro Saegusa
Mitsuharu Wadachi

Part-time Corporate Auditors
Atsuki Matsumura
Toshiyuki Oda

(As of June 29, 2023)

Corporate Data

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Toyama Prefecture 933-8788, Japan
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Fax: (0766) 32-1077

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Tokyo 103-0012, Japan
Phone: (03) 3664-5403
Fax: (03) 3664-5405

Date of Established
June 1943

Common Stock
¥14,182 million

Issued and Outstanding Shares
9,761,011 shares

Shareholders
4,891

Employees
74

(As of March 31, 2023)

TONAMI

TONAMI HOLDINGS CO., LTD.

URL: http://www.tonamiholdings.co.jp/

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