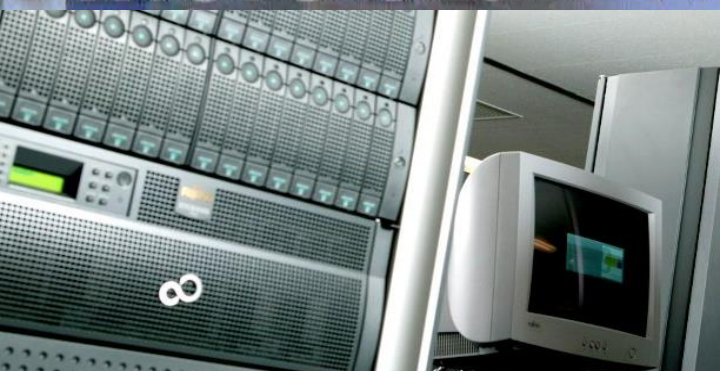


TONAMI

More than Transportation



2017



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I . To Our Shareholders and Investors

The Japanese economy remained on a moderate recovery trend due to continued firmness in corporate earnings. However, owing to concerns about the impact of policy management of the new U.S. administration, U.K.'s departure from the E.U., and the rise in crude oil prices, the future of the Japanese economy remains uncertain.

In the logistics industry, amid concerns about labor demand and supply conditions that are further tightening in Japan, declining transport capacity, rising personnel expenses and fuel costs, and other factors, business strategies to maintain growth and initiatives to enhance corporate value are increasing in importance.

The Group is striving to develop its growth strategy with a view to achieving the performance targets for the final year of the Medium-Term Business Plan “Leading step up 2017 — Aiming for even higher-quality management!” (April 1, 2015 - March 31, 2018).

With the addition of two new Group operating companies last year, the Group has been working toward creating corporate value and striving for the sophistication of transportation services, while pushing forward with initiatives to pursue enhancement of logistics quality and cost improvements in order to meet customers' growing interest in logistics functions and diversifying logistics needs.

In addition, the Group is striving to expand the base for future growth, mainly by “expanding the business areas” in Kanto, Kansai and Tokai through the improvement and enhancement of the utilization rate of storage facilities (four distribution centers) which opened in the previous fiscal year, “strengthening business competitiveness” through the proactive promotion of business and capital alliances and M&As, “improving labor productivity” primarily through the utilization of IT, “conducting appropriate collection and management of freight charges and rates,” and “ensuring a more comfortable work environment.”

Furthermore, in order to meet the trust of customers and society as a social infrastructure, the Group is pushing ahead with developing a work environment where employees can work with peace of mind mainly through working hour management and creation of a new work style for employees by promoting compliance management.

Facing the future, we are focused intently on taking up challenges. I ask all shareholders and investors for their continued support and understanding.

June 2017

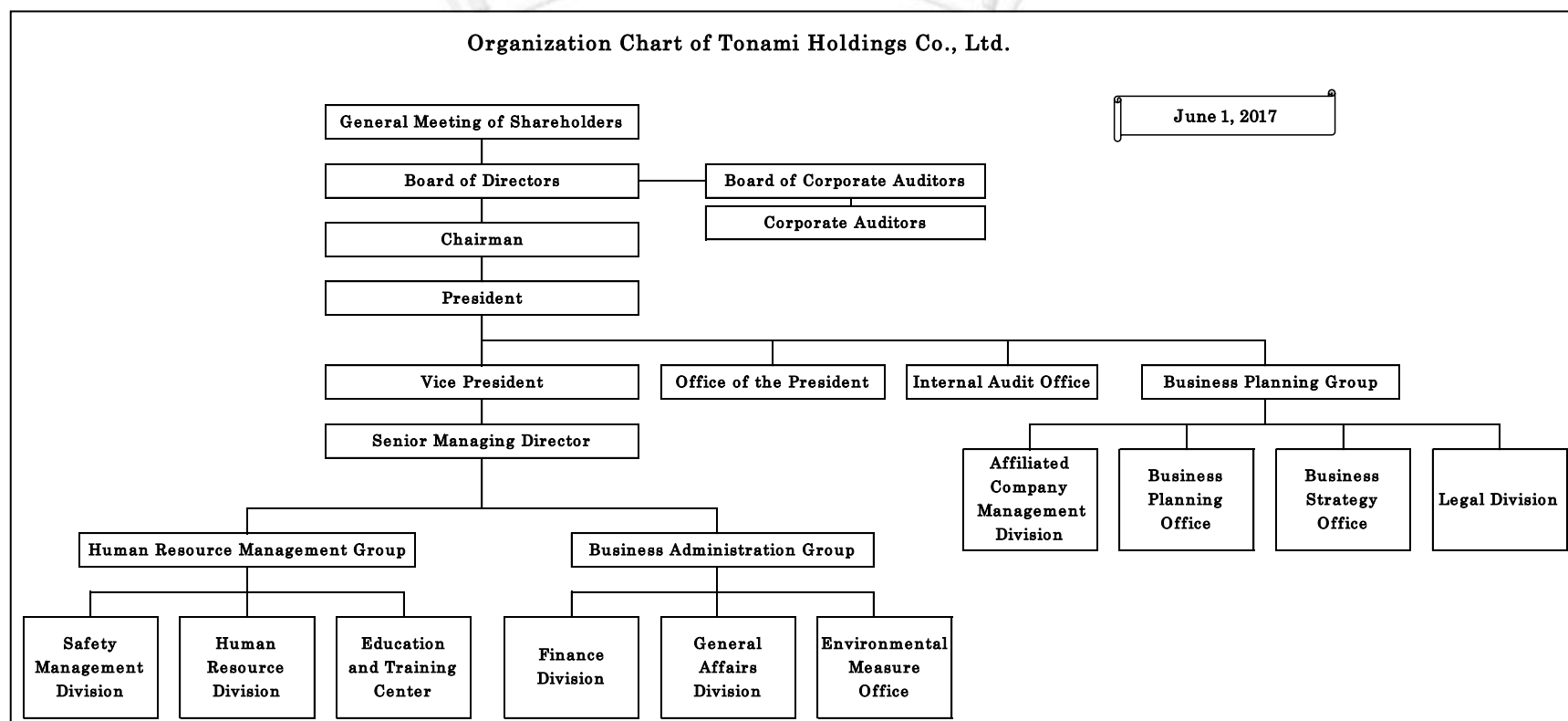
Katsusuke Watanuki
President and Representative Director

II. Organizational Changes

The Tonami Holdings Group, upon entering the final year of the Three-year Medium-Term Business Plan this year, is striving to develop the growth strategy for achieving the performance targets.

As part of this effort, the Company made organizational changes in June this year with the aim of strengthening strategic functions and market development functions.

In order to meet the trust of customers and society, the Tonami Holdings Group is intent on striving to develop a work environment where employees can work with peace of mind and trust mainly through working hour management and creation of a new work style for employees by promoting compliance management.



III. Company Summary

- Company name Tonami Holdings Co., Ltd.
- President Katsusuke Watanuki
- Address 2-12, Showa-machi 3-chome Takaoka, Toyama Prefecture
- Establishment June 1943
- Stock exchange Tokyo Stock Exchange 1st section
- Capital ¥14,182 million
- Number of shareholders 5,851 (as of march 31, 2017)
- Number of employees 6,494 (as of march 31, 2017) [Consolidated Company]
- Business description[Group] Trucking business, Forwarding business, Warehousing business, Harbor transport business, Information processing business, Automobile repair business, Direct marketing service business and Consignment sales, General leasing, Tour business, etc.

IV. History

1943 June	Founded Tonami Transportation at Tonami City, Toyama Prefecture
1972 July	Commenced Tonami Total On-line System through introduction of computer
1976 November	Commenced warehousing business
1978 January	Commenced air freight delivery business
1984 September	Listed on the 1 st section of both Tokyo Stock Exchange and Osaka Securities Exchange
1996 August	Acquired Nihon Unyu Kaisha and entered into the harbor transport business
2000 August	Built new computer center (mobile terminals installed)
2000 October	Acquired ISO9002
2003 October	Acquired all the shares of Keishin Warehouse (converted to subsidiary)
2003 October	Acquired ISO14001
2005 July	Nihon Unyu Kaisha changed its trade name to Tonami Global Logistics Co., Ltd.
2007 March	Acquired certification of Information Security Management Systems (ISMS)
2007 April	Introduced a cash management system (CMS) into subsidiaries
2007 June	Concluded a “Commitment Line Agreement” with syndicated financial institutions
2007 November	Purchased all shares of ANAN-TP Co., Ltd. / Nationwide Shirobo JSE Courier (converted to subsidiary)
2008 October	Shifted from prior and existing Tonami Transportation Co., Ltd. to a pure holding company system, utilizing the company spin-off system as prescribed by the Companies Act; changed the trade name to Tonami Holdings Co., Ltd.; and transferred the business to newly formed Tonami Transportation Co., Ltd.
2010 February	Acquired stock in Daiichi Soko Co., Ltd. (converted to subsidiary)
2010 October	Spun off of the Shinetsu and Chugoku region businesses of Tonami Transportation Co., Ltd. into the regional companies, Tonami Transportation Shinetsu Co., Ltd. and Tonami Transportation Chugoku Co., Ltd.
2011 January	Founded Tonami International Logistics (Dalian) Co., Ltd., subsidiary in Dalian, China with our own capital

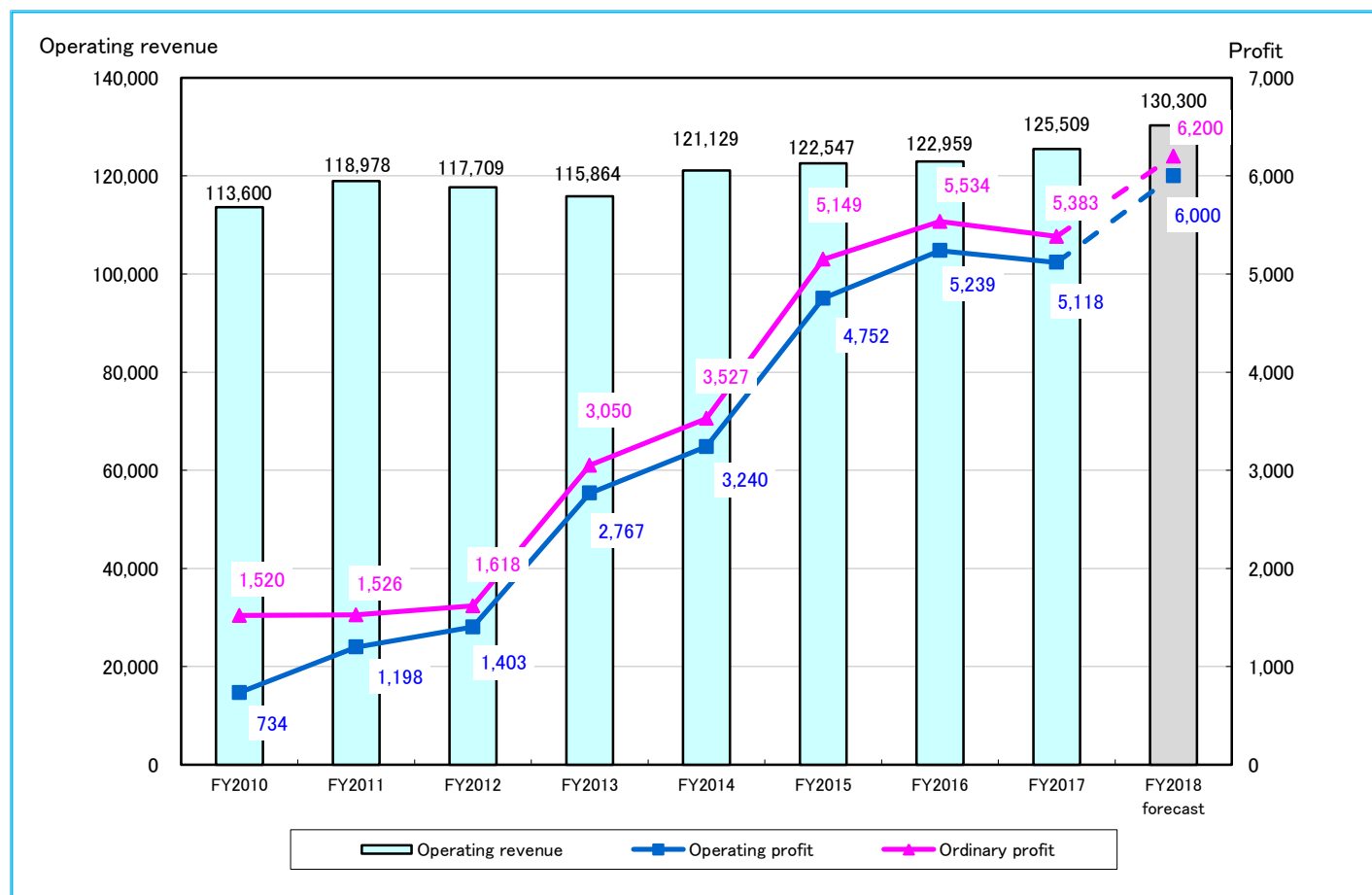
IV. History

2011October	Thai subsidiary, Tonami Thailand Company Limited, concluded a joint venture contract with a local Thai company, MAHAPORN TORANSPORT Co., Ltd., and converted the company into a subsidiary.
2012 April	Founded an affiliate Japan Tranz Line, Inc. under a joint venture between the Company, Daiichi Freight System, Inc. and Kurume Transportation Co., Ltd.
2013 January	Thai subsidiary, Tonami Thailand Company Limited, concluded a joint venture contract with a local Thai company, H&R Forwarding Co., Ltd., and converted the company into a subsidiary.
2013 January	Tonami International Logistics (Dalian) Co., Ltd. acquired a Business License for Land Transportation from the Chinese authorities in three northeastern provinces and changed the trade name to Tonami Logistics (Dalian) Co., Ltd.
2013 April	Conducted absorption-type merger with three consolidated subsidiaries (Osaka Tonami Transportation Co., Ltd., ANAN-TP Co., Ltd., and Toyo Gomu Hokuriku Hanbai Co., Ltd.) as the surviving companies and three regional business subsidiaries (Kansai Tonami Transportation Co., Ltd., Nationwide Shirobo JSE Courier Co., Ltd., and Toyo Tire Toyama shop Co., Ltd.) as the dissolving companies. Osaka Tonami Transportation Co., Ltd. was renamed to Tonami Kinki Logistics Co., Ltd.
2013 April	Acquired stock in Client Focus Corporation (converted to subsidiary)
2014 July	Acquired stock in Ryosei Logistics Co., Ltd. (converted to subsidiary)
2015October	Conducted absorption-type merger with five consolidated subsidiaries (Gosei Tonami Transportation Co., Ltd., Fukui Tonami Transportation Co., Ltd., Chukyo Tonami Transportation Co., Ltd., Kanto Tonami Transportation Co., Ltd., Keishin System Research Co., Ltd.) as the surviving companies and five subsidiaries (Zento Transportation Co., Ltd., Takefu Transportation Co., Ltd., Daiichi Warehouse Co., Ltd., Ibaraki Tonami Transportation Co., Ltd., Client Focus Corporation) as the dissolving companies. The five surviving companies are as follows: Hokuriku Tonami Transportation Co., Ltd. (renamed from Gosei Tonami Transportation Co., Ltd.), Fukui Tonami Transportation Co., Ltd., Tonami Daiichi Warehouse Logistics Co., Ltd. (renamed from Chukyo Tonami Transportation Co., Ltd.), Kanto Tonami Transportation Co., Ltd., and KSR Co., Ltd. (renamed from Keishin System Research Co., Ltd.).
2016June	Ryosei Logistics Co., Ltd changed its trade name to Kitakantou Tonami Transportation Co., Ltd.
2016July	Acquired stock in Chuoreizo Co., Ltd (converted to subsidiary)
2016October	Acquired stock in Teikuwan Co., Ltd (converted to subsidiary)

V. Business Performance

(Trend in Consolidated Operating Revenue, Operating Profit and Ordinary Profit)

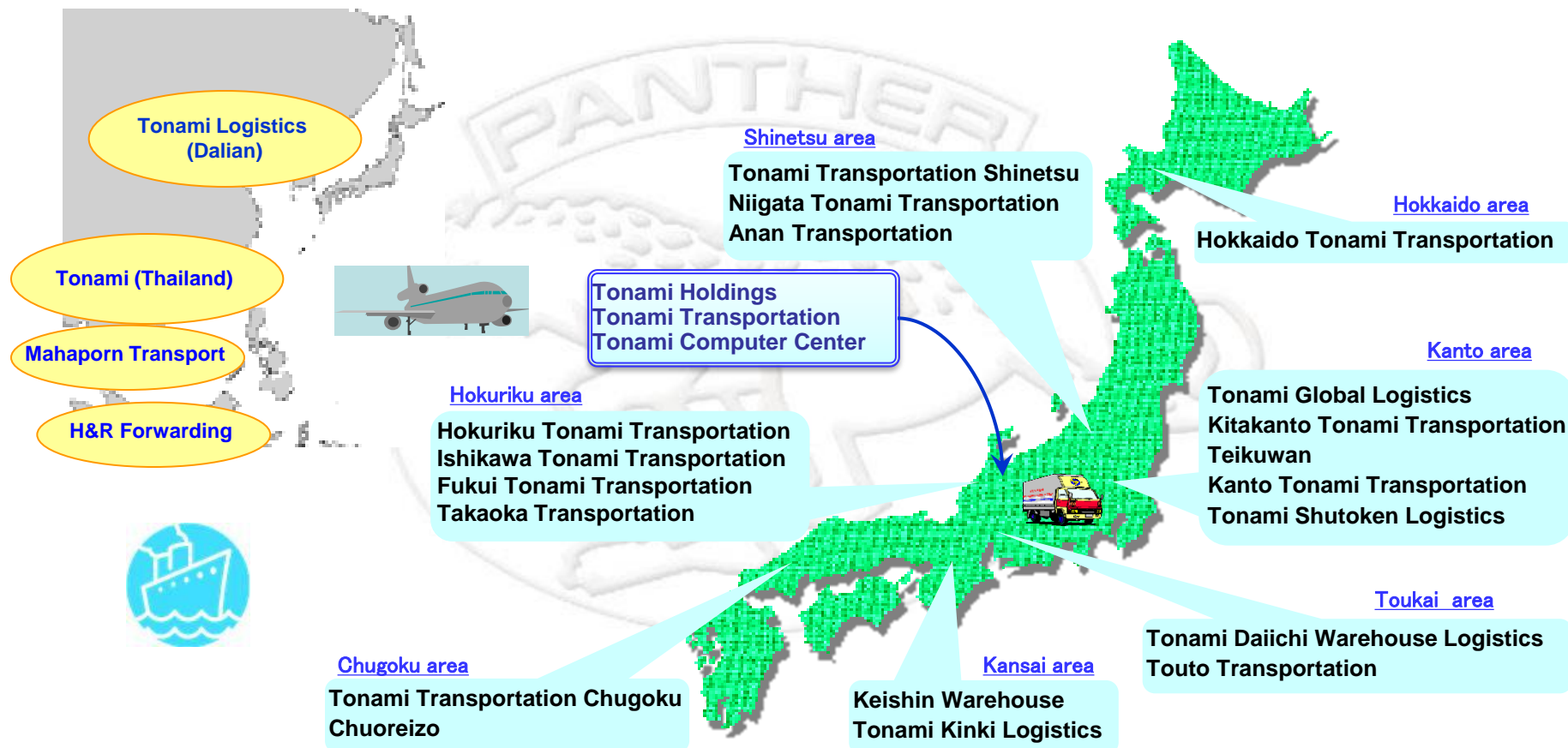
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VI. Group Network

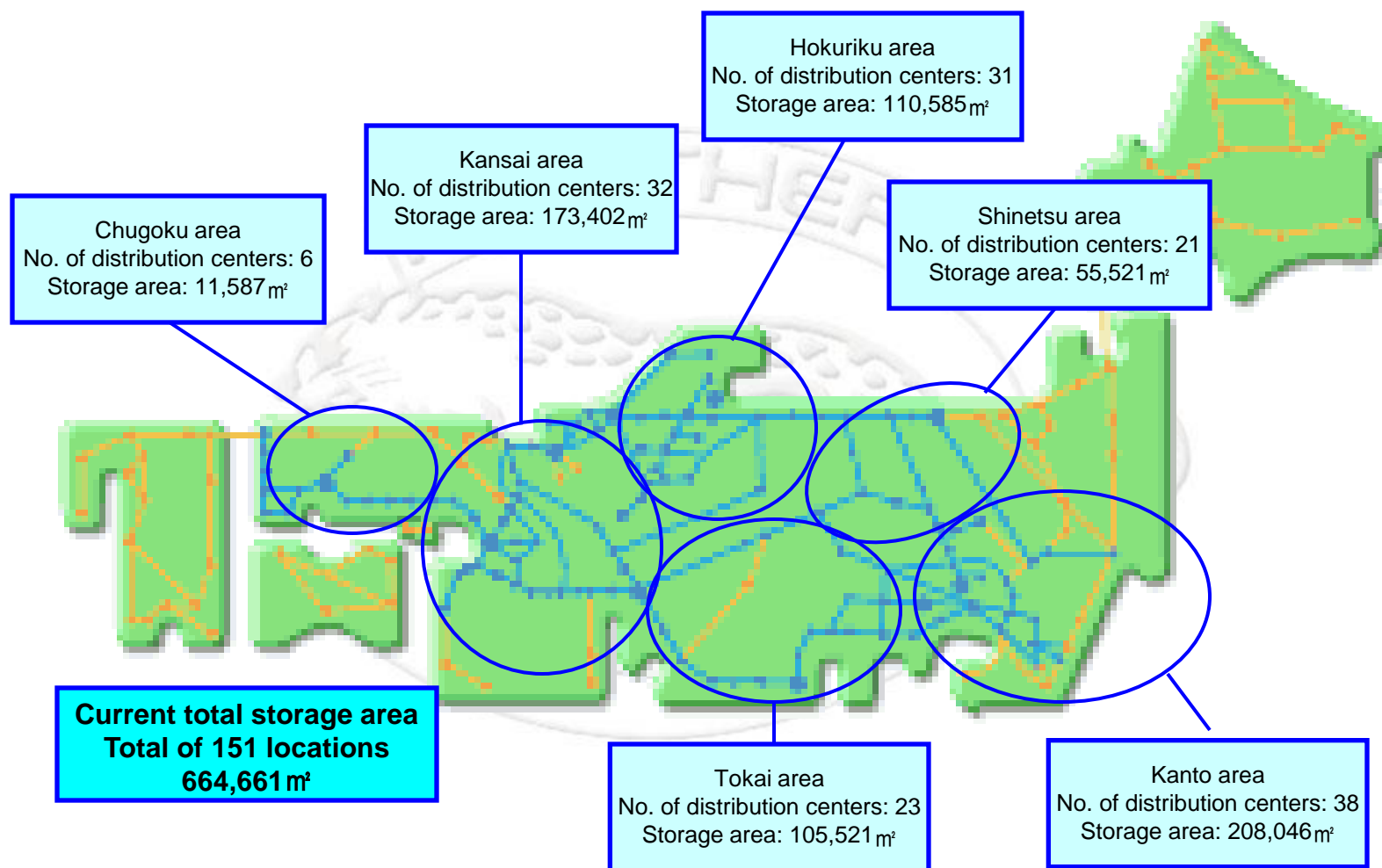
Group companies that support business activities in Asia

Group companies that support domestic business operations



Tonami Business Service, Tonami Trading, Toyo Gomu Hokuriku Hanbai, KSR, Takaoka Cable Network, etc.

VII. Tonami Holdings Group Distribution/Storage Network (as of march 31, 2017)



Blue line: The Group's transportation route

Orange line: Alliances' transportation route

The Group has developed its own transportation routes that link the Hokuriku/Kanto/Kansai/Sanyo regions.

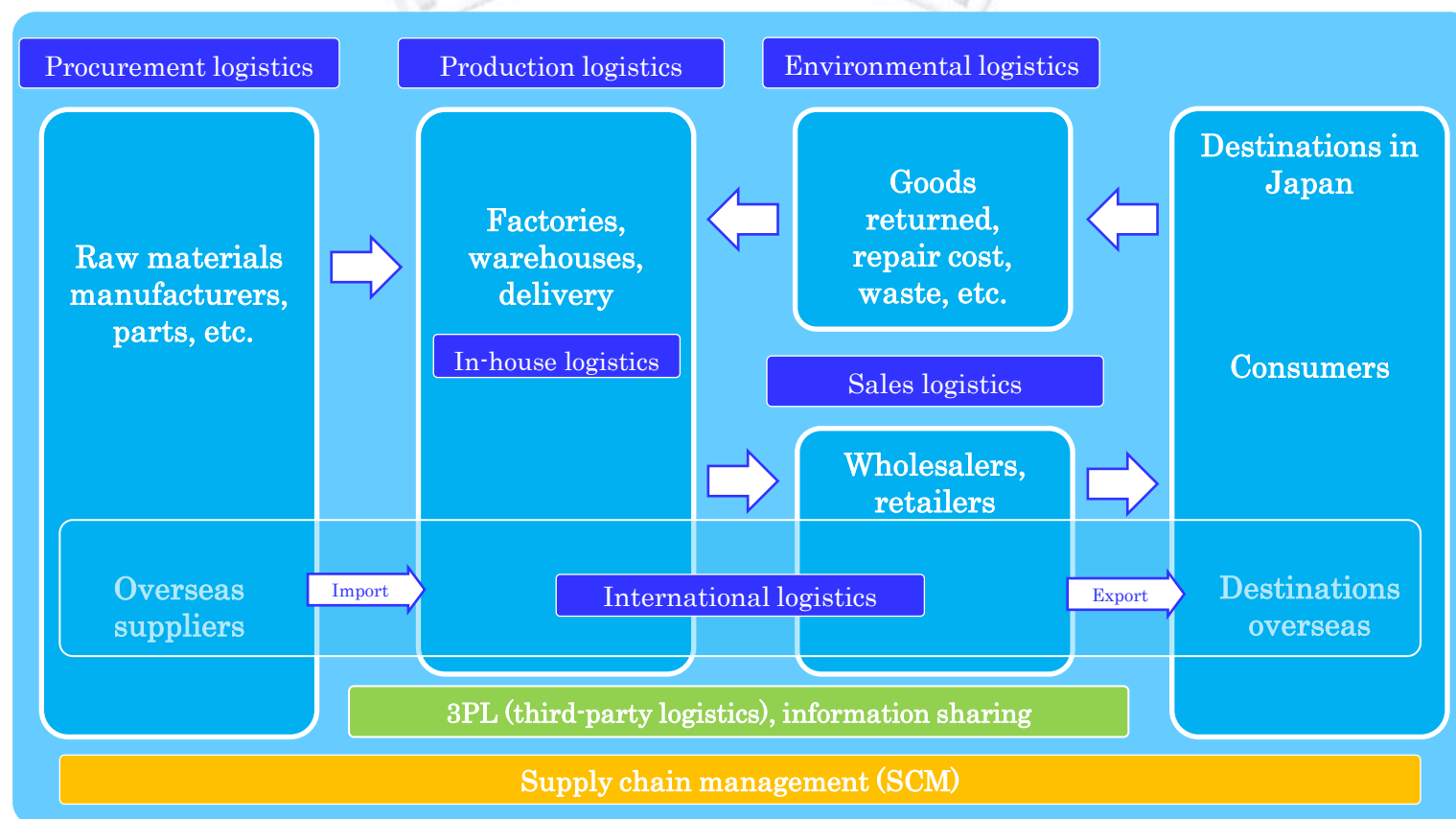
The company has also established alliances with local LTL trucking companies to create a network that allows national coverage.

VIII. Logistics Solutions Division

(1) Outline of Logistics Management Division (3PL business)

The 3PL of Tonami Transportation builds systems that suit customers' business operations, covering demand forecast to transportation, storage, distribution processing and production management, by utilizing cutting-edge logistics and information systems. 3PL enables supply chain management (SCM) including inventory reduction, expediting of supply, and streamlining of logistics operations, among others.

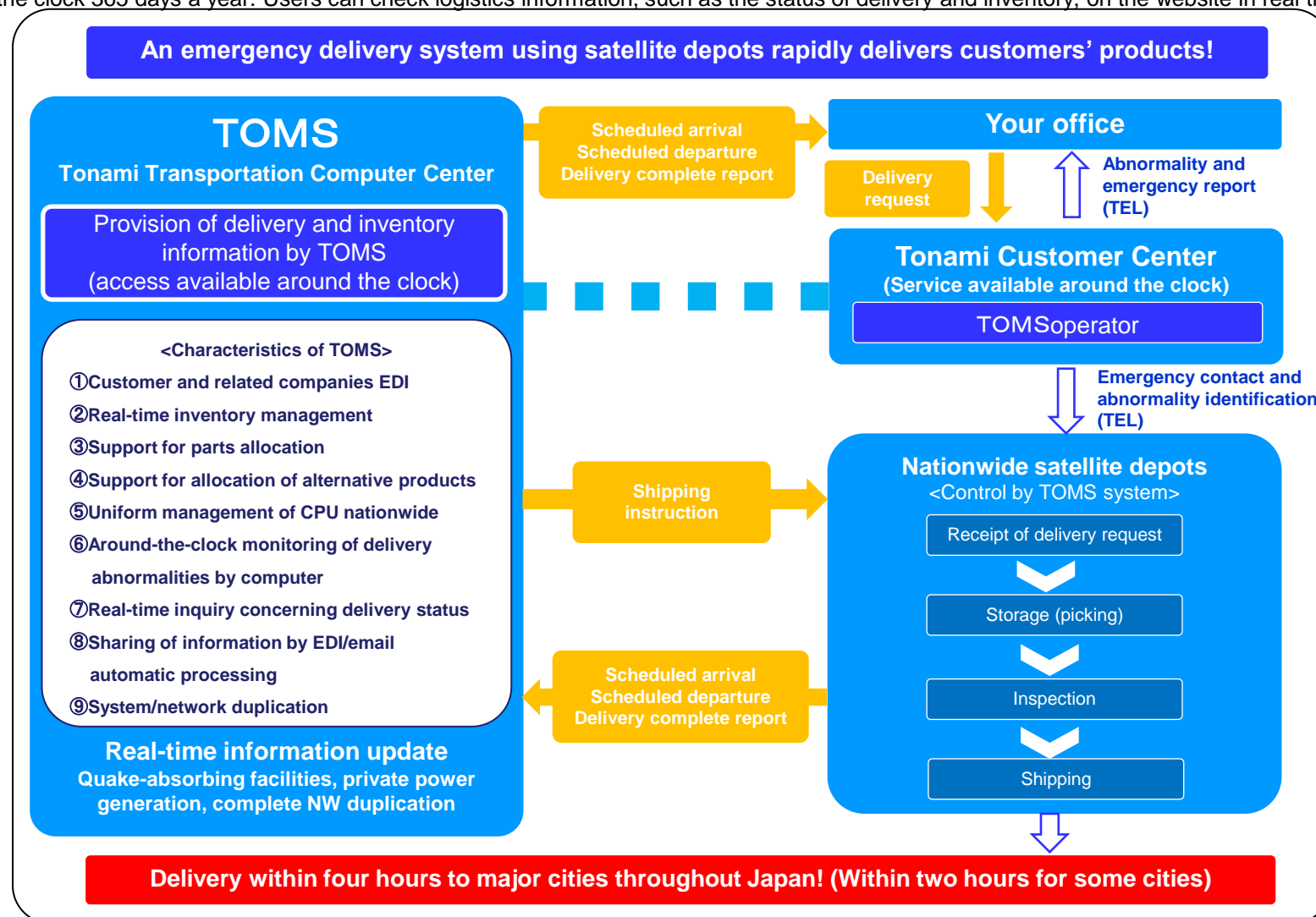
Tonami Transportation proposes optimal logistics to suit the ever-changing business environment of the customer through advanced logistics streamlining and establishment of SCM as a pioneer of 3PL.



VIII. Logistics Solutions Division

(2) Outline of Tonami Supply Maintenance Business (TSM)

Serving as the customer's eyes and ears 24 hours a day, we monitor and supervise logistics to provide high-quality delivery. Using depots located throughout Japan and a system developed by the Company (TOMS), we provide emergency maintenance parts delivery service around the clock 365 days a year. Users can check logistics information, such as the status of delivery and inventory, on the website in real time.



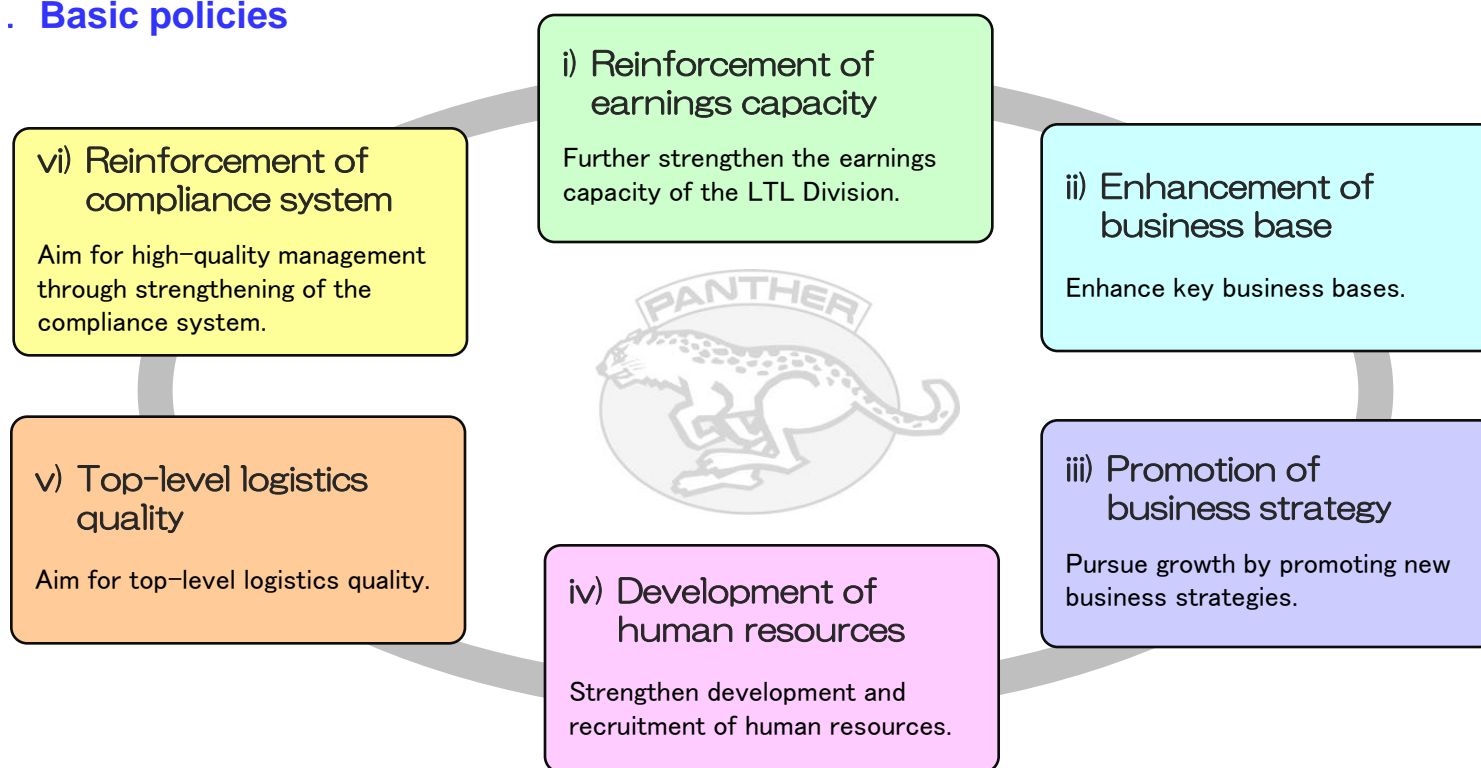
IX. The 20th Three-year Medium-Term Business Plan (April 1, 2015 - March 31, 2018) ,Final Year Initiatives

Positioning the 20th Three-year Medium-Term Business Plan as a three-year period to implement further business expansion built on the cornerstone of structural reform, we will improve the quality and comprehensive strength of the entire Group, with the aim of establishing a new Group structure based on even higher-quality management.

We will work toward realizing high-quality management that is both “No. 1” and “the only one” in order to achieve our performance targets for the final year (FY2018).

“Leading step up 2017” Aiming for even higher-quality management!

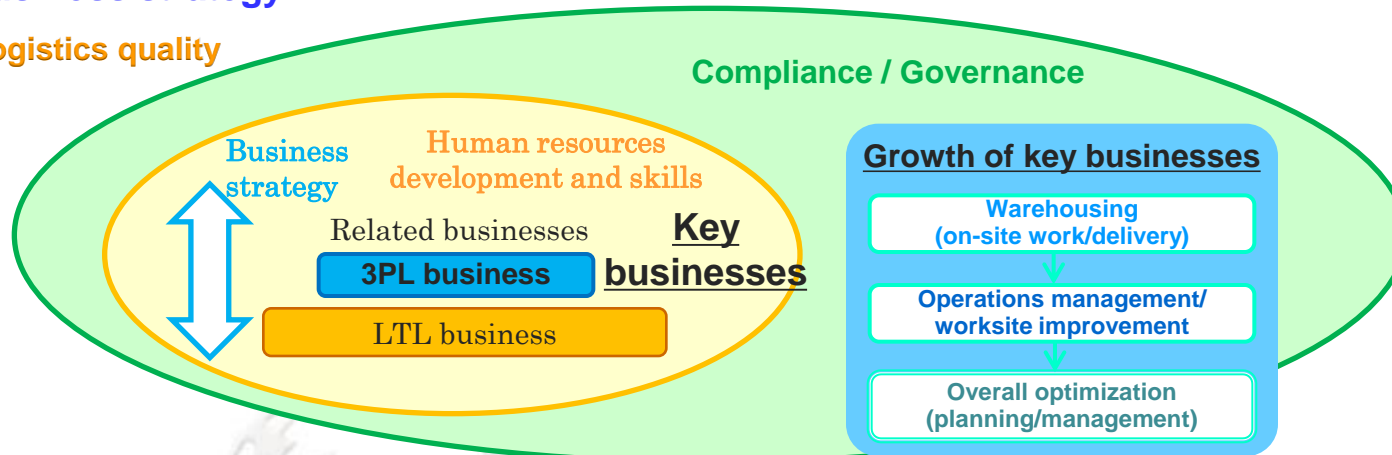
I . Basic policies



II. Business strategy

Logistics quality

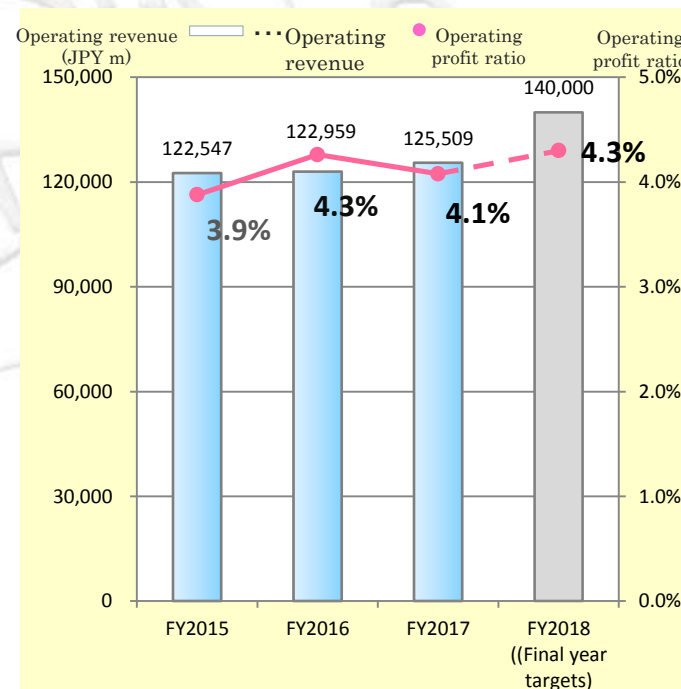
Compliance / Governance



III. Consolidated performance targets

	FY2015	FY2016	FY2017	FY2018 (Final year targets)
Operating revenue*	122,547	122,959	125,509	140,000
Logistics-related business	112,720	112,777	115,592	129,030
Information processing business	3,015	2,897	2,853	3,650
Marketing business	6,105	6,624	5,734	12,050
Others	705	659	1,328	1,640
Operating profit	4,752	5,239	5,118	6,000
Operating profit ratio	3.9%	4.3%	4.1%	4.3%
Ordinary profit	5,149	5,534	5,383	6,200
Ordinary profit ratio	4.2%	4.5%	4.3%	4.4%
Net income	3,238	3,526	3,762	4,400
Profit ratio	2.6%	2.9%	3.0%	3.1%
Return on assets (ROA)	2.7%	2.9%	3.0%	3.4%
Return on equity (ROE)	6.2%	6.3%	6.4%	7.0%
Pursue investment in growth and increase distribution to shareholders by improving capital efficiency.				

* Includes intersegment eliminations.



X. Top Interview

(1)Please tell us about the progress of the 20th Three-year Medium-Term Business Plan (April 1, 2015 – March 31, 2018).

- Amid the expected increase in the burden of personnel costs, including the rise in subcontractor fees reflecting a serious shortage of manpower, although we expect that profit targets are achievable through initiatives such as appropriate collection of freight charges and rates, we foresee difficulty in expanding operating revenue. Nevertheless, the Company will push ahead with steady strategic development for the purpose of achieving the target of record-high profit for the final year.

(2)Please tell us about Tonami's KPI (key performance indicators).

- We are striving to realize a solid management base for the purpose of developing sustainable growth strategies based on the enhancement of profitability and asset efficiency, with an emphasis on improving ROE (return on equity) and ROA (return on assets).

(3)Please explain your market strategy.

- Based on the principle of leveraging the economic benefits of capital investment by appropriately capturing the logistics market trends and carefully selecting the areas, we will promote our market strategy while also considering immediate synergy through M&A.

(4)Please give us your ideas on M&As and capital alliances.

- We will enhance cross-departmental marketing activities and proposal capabilities by effectively utilizing Group resources in order to “strengthen business competitiveness” through the proactive promotion of business and capital alliances and M&As. These efforts will enhance Tonami’s “quality and comprehensive strength” as a logistics partner with the aim of “establishing a new Group structure based on high-quality management.”

(5) Please tell us about the initiatives for reforming the work style.

- The supply of truck drivers are expected to fall short of demand by around 100,000 persons in FY2021 due to the low birth rate and an aging population, combined with the retirement of the elderly and a decrease in new workers. We anticipate these trends to fuel competition for securing human resources.
- In the logistics industry, it has become imperative to reduce working hours, improve the work environment, and conduct appropriate collection of freight charges and rates, among other issues. It is essential that we take on the role and function of infrastructure to facilitate economic activities.
- Amid these circumstances, we will promote the reforms required to enhance productivity by improving “idle time, ancillary tasks, cargo handling, loading efficiency, etc.” in logistics tasks in an effort to “strengthen recruitment and retention of human resources, promote training activities, and achieve stability in transport capacity.” We aim to build on these efforts to “realize a more comfortable work environment” and strive to expand the future growth base by “building a relationship of trust with shippers” through the “provision of safe and secure transportation quality” and promoting initiatives for the “appropriate collection of freight charges and rates.”

(6) Please give us the details of the Company's policy on returning profits to shareholders.

- Recognizing that capital adequacy and appropriate future investment are both key elements of sustained long-term development, we regard the return of profits to shareholders as an important management issue. Our basic policy on profit distribution is to pay a performance-related dividend, with overall consideration of the trends in consolidated business results and the business conditions within which the Group is operating, while ensuring the maintenance of the financial health of the Company and the availability of internal reserves necessary to strengthen the management platform of the Company and develop its business operations.

* Reference 1 Main Logistic Centers

Tonami Holdings Group takes full advantage of its distribution centers that spread out across Honshu from the Kanto, Shinetsu to Chugoku area. The network that is extended throughout Japan and abroad links distribution centers and routes efficiently.

Major distribution centers by area include the following:



**Sagami Distribution Center
(Kanagawa)**

Distribution storage area:
15,400m²



**Kuki Distribution Center
(Saitama)**

Distribution storage area:
9,100m²



**Kosugi Distribution Center
(Toyama)**

Distribution storage area:
16,400m²



**Toyama Distribution Center
(Toyama)**

Distribution storage area:
7,700m²



**Kiyosu Distribution Center
(Aichi)**

Distribution storage area:
6,300m²



**Minami-Osaka Distribution
Center (Osaka)**

Distribution storage area:
10,200m²

* Reference 2 Chuoreizo Co., Ltd. and Teikuwan Co., Ltd. joined the Group

Chuoreizo Co., Ltd. became the Group's operating subsidiary

Tonami Holdings Co., Ltd. acquired all the shares of Chuoreizo Co., Ltd. and converted it to the Group's operating subsidiary on July 1, 2016.

Leveraging the know-how of Chuoreizo Co., Ltd. in the operating refrigerated warehousing business and food distribution business, etc., its principal businesses, we aim to create new corporate value, enhance the sophistication of transportation services, and expand operations in sales and procurement by strengthening the Group's three temperature zone (dry, chilled, frozen) service business.

【Company Summary】

Trade name	Chuoreizo Co., Ltd.
Address of head office	1-7-7, Kusatsuko, Nishi-ku, Hiroshima-shi, Hiroshima Prefecture
Base	Fukuyama ice making factory
Representative	Takashi Yamaguchi, President and Representative Director
Capital	¥24 million
Establishment	9-Mar-53

Business description

- ◆ Refrigerated warehousing business
[Operating refrigerated warehousing (storage, cargo handling, delivery agency), ice making and wholesale, purchase, storage and wholesale of cut vegetables in Japan and overseas]
- ◆ Forwarding business
- ◆ Customs business and others



Fukuyama ice making factory

Teikuwan Co., Ltd. became the Group's operating subsidiary

Tonami Holdings Co., Ltd. acquired all the shares of Teikuwan Co., Ltd. and converted it to the Group's operating subsidiary on October 3, 2016.

Teikuwan Co., Ltd. has expertise in areas such as the delivery and installation of household appliances and mail-order products. To meet increasingly diversified customer needs, we will utilize the company's technology and the Group's actual forwarding capabilities and know-how in region-based delivery services, and aim to expand operations through further reinforcement of our market competitiveness.

【Company Summary】

Trade name	Teikuwan Co., Ltd.
Address of head office	988 Niihori, Kawaguchi-shi, Saitama Prefecture
Base	Delivery base (Kawaguchi, Niiza, Yokohama, Chiba)
Representative	Keiichi Fujii, President and Representative Director
Capital	¥50 million
Establishment	18-Dec-78

Business description

- ◆ Delivery and installation of household appliances and mail-order products in general, air-conditioning work, electrical construction, telecommunications construction
- ◆ General trucking business
- ◆ Collection and transport of industrial waste and others



Head office in Kawaguchi

* Reference 3 Tonami Transportation Co., Ltd., the core of the Group, expanded operations by establishing a new 3PL facility

Kiyosu Distribution Center opened in the Tokai area following the opening of three centers in the Kanto and Kansai areas

Tonami Transportation Co., Ltd., the core of the Tonami Holdings Group, opened Kiyosu Distribution Center as a redevelopment business for the existing facility in Kiyosu-shi, Aichi Prefecture on March 21, 2017.

Kiyosu Distribution Center is located in a site suited for delivery to consumers within a radius of 10km from the center of Nagoya, enabling delivery services through major expressways such as Tomeihan Expressway and Nagoya Expressway and also meets logistics needs using the Port of Nagoya and Chubu Centrair International Airport.

Tonami Transportation Co., Ltd. opened Hiratsuka Distribution Center (Hiratsuka-shi, Kanagawa Prefecture) in June 2016, Kansai Center (Nishiyodogawa-ku, Osaka) in July 2016, and Minami-Osaka Distribution Center No. 2 (Sakai-ku, Sakai-shi) in November 2016.

With the recent opening of Kiyosu Distribution Center, we aim to further improve customer service in the Tokai area through the strengthening of the logistics function of the Kanto, Tokai and Kansai areas and the enhancement of services capitalizing on dry and refrigerated logistics functions.

Going forward, we will strive to further expand and strengthen our 3PL business by responding to the diversifying needs of customers.



Kiyosu Distribution Center



【Facility Summary】

Name	Kiyosu Distribution Center
Address	23 Haruhitatsukuri, Kiyosu-shi, Aichi Prefecture
Total floor area	6,307 m ² (approx. 1,900 tsubo)
Building structure	Steel structure, two stories above the ground (1F: dry and refrigerated, 2F: dry)

* Reference 4 [Japan Association for Logistics and Transport] Winner of the FY2017 Excellent Business Entities Working on Modal Shift (Grand Prize)

Winner Four companies

(Photo From left are the persons in charge of each company)

Daiichi Freight System, Inc.

Kurume Transportation Co., Ltd.

(Vice-Minister for Land, Infrastructure and Transport)

Tonami Transportation Co., Ltd.

Japan Tranz Line, Inc.※

Reason for award

Joint operation of 31 feet container between Tokyo and Kyushu
(Joint project of four companies)

Tonami Transportation Co., Ltd., the core of the Company, Daiichi Freight System, Inc. and Kurume Transportation Co., Ltd. established Japan Tranz Line, Inc., a joint venture between the three companies, in April 2012 with a view to improving service and operational efficiency in main-line transportation between Kanto and Kansai. The new company aims to facilitate businesses such as joint main-line transportation and the sharing of facilities.

In November 2015, we made a modal shift to rail transport by means of a 31 feet rail container between Tokyo Freight Terminal Station and Fukuoka Freight Terminal Station for cargo departing Tokyo and bound for Kyushu, with a view to further enhancing the efficiency of transport.

We are working to build an efficient mode of transport that achieves full container load by consolidating the cargo of three companies.

From August 2016, main-line transportation by rail commenced for cargo departing Kyushu and bound for Tohoku as the return trip for the 31 feet rail container.

The mode of joint transport of the three companies, featuring consolidation of cargo from nearby offices of each company, joint main-line transportation, and efficient consolidation of return cargo, among others, was praised as an efficient means of transport, which is the aim of the Revised Act on Advancement of Streamlining of Distribution Business.

Going forward, we will continue to strive to advance businesses with high production efficiency.

※Joint venture formed through investment from Tonami Holdings Co., Ltd., Daiichi Freight System, Inc. and Kurume Transportation Co., Ltd.



Award ceremony held on November 4, 2016



TONAMI HOLDINGS CO.,LTD.