



Tonami Holdings Group

I R Information

TONAMI HOLDINGS CO.,LTD.

June 2021

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1. To Our Shareholders and Investors

We would like to express our heartfelt sympathy to those facing difficulty due to the COVID-19 outbreak, and our sincere respect to all medical personnel.

With our corporate slogan “TONAMI NEW PLAN 2023,” the Group has set the three-year period under the 22nd Medium-Term Business Plan (April 1, 2021 - March 31, 2024) as the starting point of our long-term growth vision to achieve consolidated operating revenue of 200 billion yen and operating profit of 10 billion yen.

We will develop five strategic priorities for promoting the plan to continue to achieve mid- to long-term growth despite the drastic changes in the fabric of society:

1. Strengthen the linkages between our transportation and logistics services, develop new distribution centers, and grow our business through M&A and restructuring
2. Improve operational efficiency and upgrade our logistics and transportation through 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, growth assessment (CSR, BCP, ESG) and social recognition

In addition, we will strive to strengthen our management base by further reinforcing the cooperation of our Group companies and expand the scale of our business to increase added value.

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

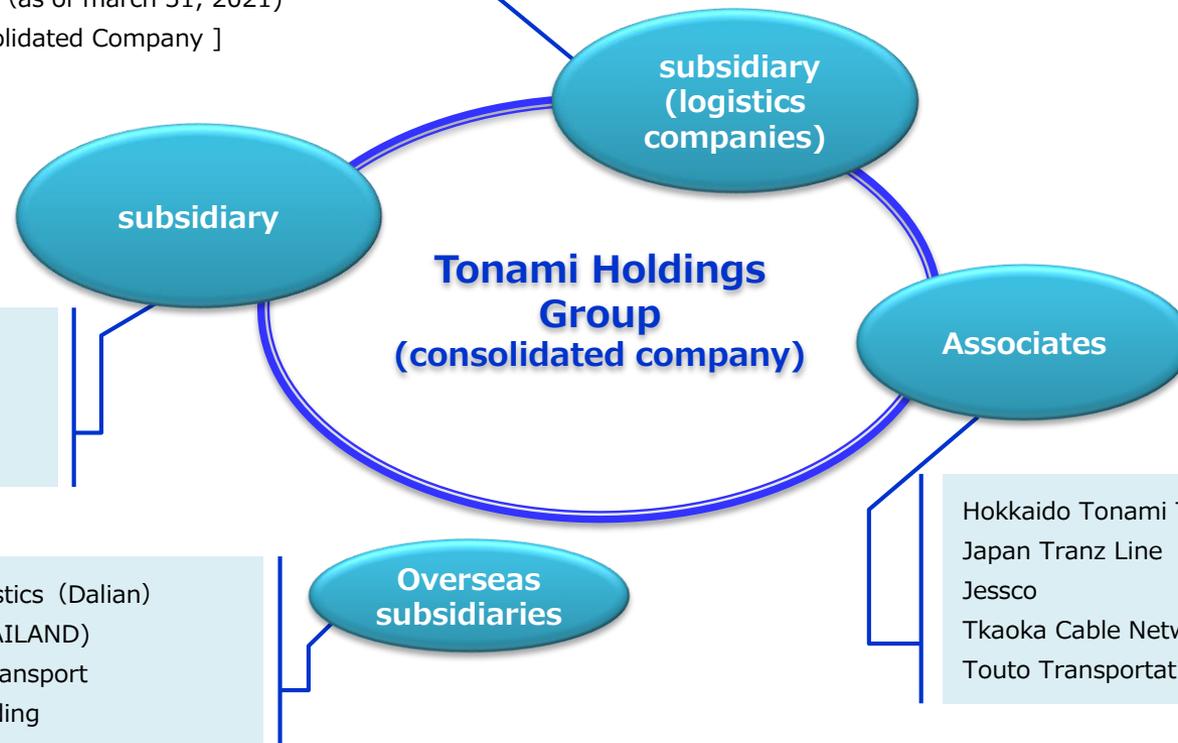
June 2021
Katsusuke Watanuki
President and Representative Director



2. Company Summary

Company name	Tonami Holdings Co., Ltd.
President	Katsusuke Watanuki
Address	2-12, Showa-machi 3-chome Takaoka, Toyama- Prefecture, Japan
Establishment	October 2008 (Founding June 1943)
Stock exchange	Tokyo Stock Exchange 1st section (Stock code 9070)
Capital	¥14,182 million
Number of shareholders	4,537 (as of march 31, 2021)
Number of employees	6,707 (as of march 31, 2021) [Consolidated Company]

- Tonami Transportation(Core)
- Tonami Transportation Shinetsu
- Tonami Transportation Chugoku
- Keishin Warehouse
- Tonami Global Logistics
- Take One
- KYK
- Kanto Tonami Transportation
- Tonami Shutoken Logistics
- Niigata Tonami Transportation
- Hokuriku Tonami Transportation
- Takaoka Transportation
- Ishikawa Tonami Transportation
- Fukui Tonami Transportation
- Anan Transportation
- Tonami Daiichi Warehouse Logistics
- Miyuki Warehouse
- Tonami Kinki Logistics
- Chuo Reizo
- Shinsei Warehouse & Transportation



2. Company Summary

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 1st 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
2011 October	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.



2. Company Summary

History

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)
2015 October	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.).
2016 June	Ryosei Logistics Co., Ltd changed its trade name to Kitakantou Tonami Transportation Co., Ltd.
2016 July	Acquired stock in Chuoreizo Co., Ltd. (converted to subsidiary)
2016 October	Acquired stock in Take One Co., Ltd. (converted to subsidiary)
2018 June	Acquired stock in KYK Co., Ltd. (converted to subsidiary)
2020 July	Acquired stock in Shinsei Warehouse & Transportation Co., Ltd. (converted to subsidiary)
2020 December	Acquired stock in Miyuki Warehouse Co., Ltd. (converted to subsidiary)
2021 February	Capital and business alliance with DT Holdings, Inc.
2021 April	Conducted absorption-type merger with consolidated subsidiary Kanto Tonami Transportation Co., Ltd. as the surviving company and consolidated subsidiary Kitakanto Tonami Transportation Co., Ltd. as the dissolving company.
2021 April	The consolidated subsidiary Tonami Transportation Co., Ltd.'s main business of information systems business was transferred to another consolidated subsidiary KSR Co., Ltd., which changed its trade name to Tonami System Solutions Co., Ltd.
2021 April	Acquired stock in Takaoka Transportation Co., Ltd. (converted to subsidiary)



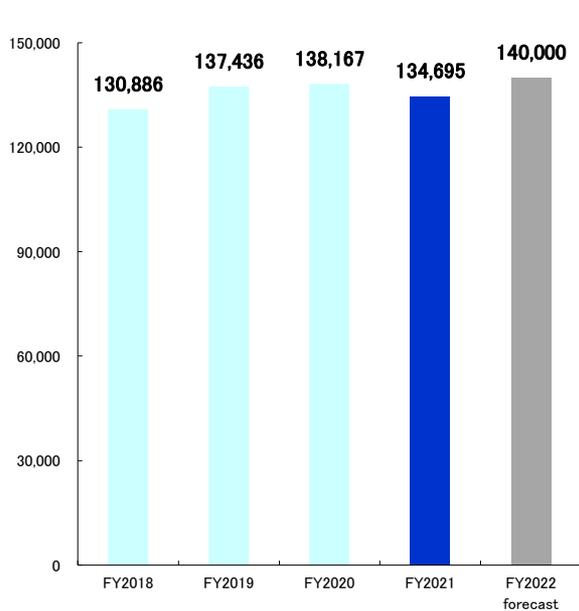
3. Business Performance

Consolidated Business Performance

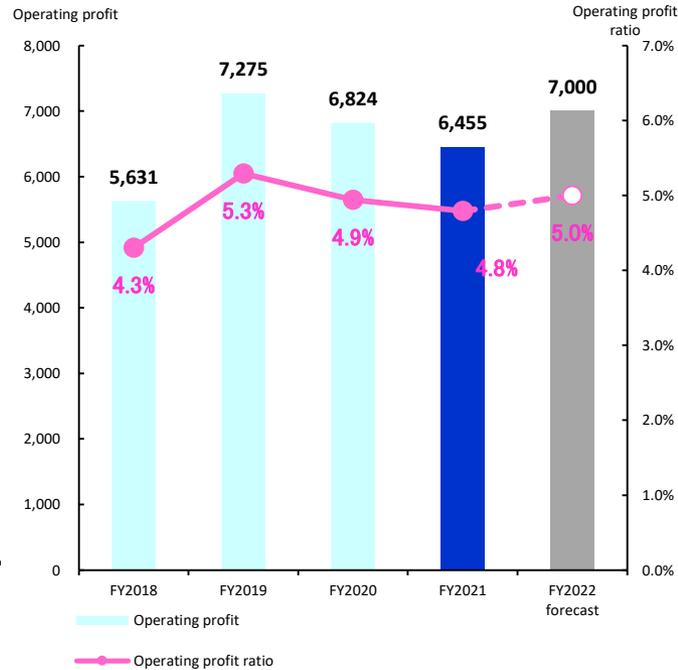


(JPY m)

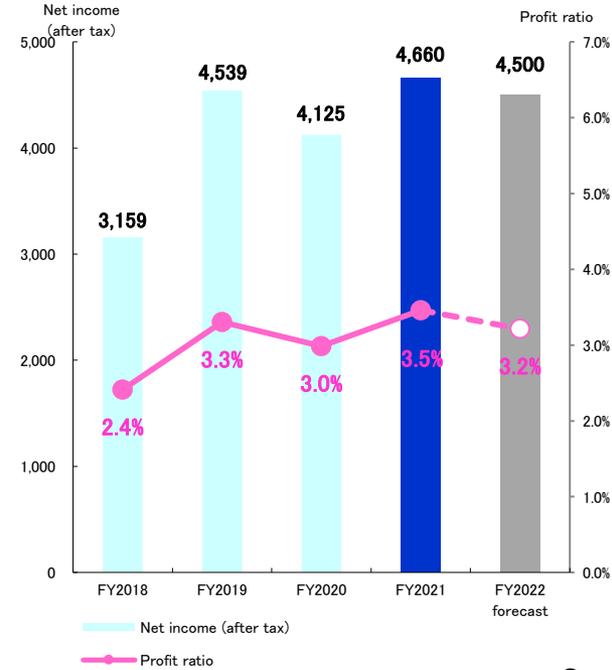
Operating revenue



Operating profit



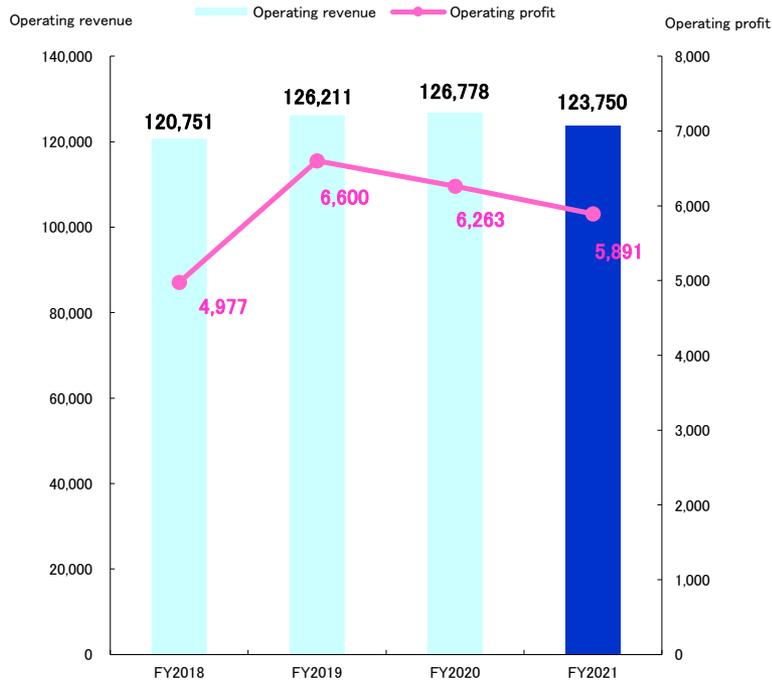
Net income (after tax)



3. Business Performance

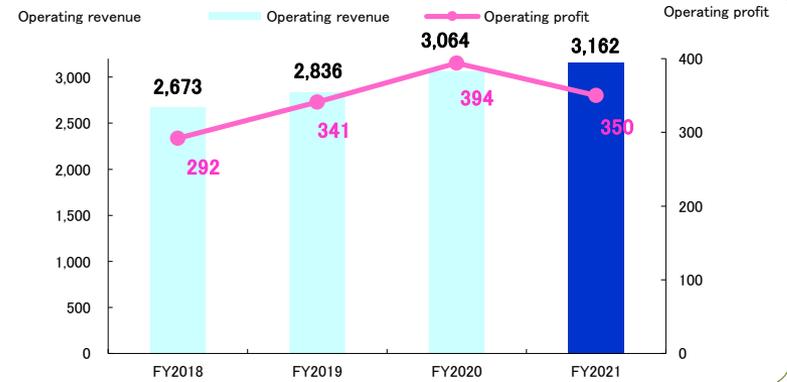
Results by Segment

Logistics

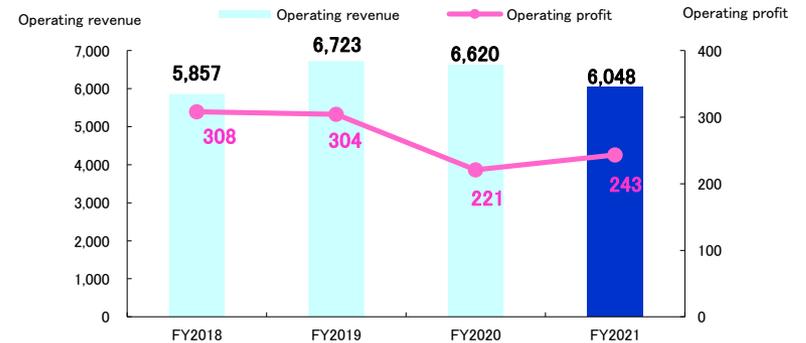


Information processing

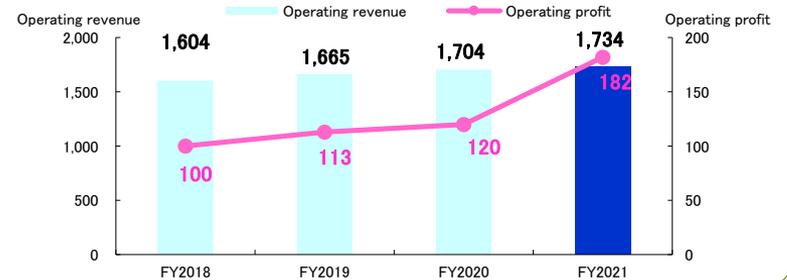
(JPY m)



Sales



Others



3. Business Performance

Full-year Forecast

Consolidated business performance forecast (announced on May 12, 2021)

	Business performance forecast(JPY m)	Percentage point change from the previous year
Operating revenue	140,000	+3.9%
Operating profit	7,000	+8.4%
Ordinary profit	7,300	+2.1%
Net income(after tax)	4,500	-3.4%

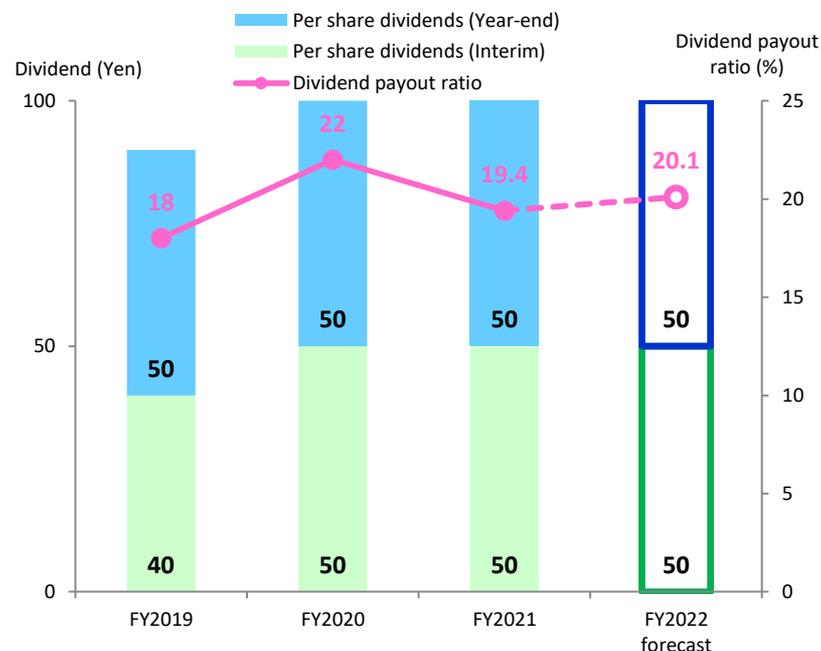
(Note) The business performance forecasts are deemed to be reasonable, based on the information available on the date of the announcement. Actual business performance may differ from forecast values.



Basic Policy Regarding Return of Profits

The Company recognizes the return of profits to shareholders as one of our key management issues. Our basic policy is to return profits to shareholders, while paying attention to cash flow levels and other factors based on the premise of maintaining financial soundness and also securing resources for growth investments in preparation for the future business development.

Under this policy, we will work to achieve continuous growth and increase our corporate value by investing management resources in business fields where future growth is expected from a medium- to long-term perspective, with a comprehensive consideration of factors such as business performance and financial condition for the current fiscal year, as well as the future business environment. By so doing, we intend to return profits to shareholders.



(Note) On October 1, 2017, the Company conducted a reverse stock split, at a ratio of one share per ten shares of common stock. The graph above has been redrawn by taking into account the effect of the reverse stock split, and indicates the dividend per share.



4. Strategy

(1) 『the 21st Medium-Term Business Plan(FY2019 to FY2021)』 – The Final Year –

In July 2020, Shinsei Warehouse & Transportation Co., Ltd. and In December 2020, Miyuki Warehouse Co., Ltd. Converted to Subsidiary

In July 2020, the Company acquired 67% of the outstanding shares of Shinsei Warehouse & Transportation Co., Ltd. in Hiroshima, Hiroshima Prefecture, and in December 2020, the Company acquired all the shares of Miyuki Soko, K.K., in Kasugai, Aichi Prefecture, making both into Group's business subsidiaries.

We will work to further increase our corporate value by expanding productivity through collaboration of management resources with these new subsidiaries, such as by leveraging the Group's infrastructure, and sharing of information systems.



Company Summary

Trade name	Shinsei Warehouse & Transportation Co., Ltd.
Address of head office	3-26, Nishikaniya 3-Chome Minamiku, Hiroshima-shi, Hiroshima-Prefecture
President	Munetora Myo
Business description	Warehousing, General motor truck transportation business
Main area	Chugoku area (Hiroshima・Okayama・Yamaguchi)
Capital	¥ 12million
Establishment	November 1947



Okayama Distribution Center



Hiroshima Tobu Branch

Company Summary

Trade name	Miyuki Warehouse Co., Ltd.
Address of head office	5-2, Miyukicyo 2-Chome Kasugai-shi, Aichi-Prefecture
President	Etsuyuki Osamura
Business description	Warehousing, motor truck transportation business, assembly
Main area	Chubu area
Capital	¥ 59.5million
Establishment	December 1962



4. Strategy

(2) Overview of the 22st Medium-Term Business Plan (FY2022 to FY2024)

Slogan

TONAMI New Plan 2023

Amid a changing societal structure, in addition to setting record high performance targets, we will contribute to society's sustainable development by aiming for a new stage in management as the Tonami Group. Our endeavors will include the deployment of logistics systems that leverage DX (digital transformation), M&A, and a ramp-up in capital investment.

4. Strategy

(2) Overview of the 22st Medium-Term Business Plan (FY2022 to FY2024)

Basic Policy

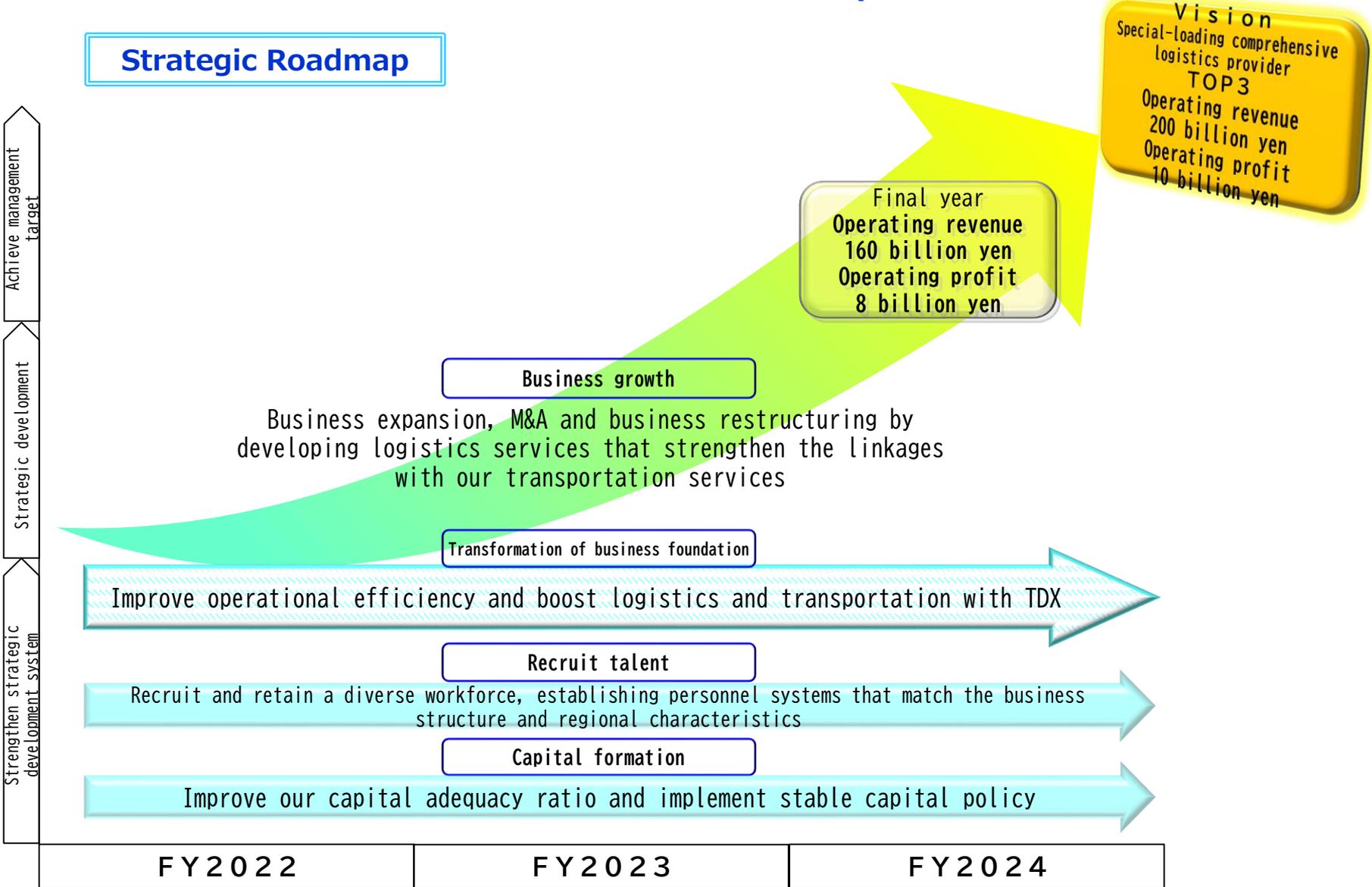
Continue to achieve medium- to long-term growth in the new societal structure by further promoting operational efficiency through DX, increasing productivity and strengthening the linkages between our logistics services and transportation business.

Strategic Priorities

- ❑ Grow the logistics business through strategic development of special loading motor truck transportation as a complex business
- ❑ Improve operational efficiency and boost logistics and transportation with TDX
- ❑ Recruit and retain a diverse workforce, establishing personnel systems that match the business structure and regional characteristics
- ❑ Improve our capital adequacy ratio and implement stable capital policy
- ❑ Improve management quality (CSR, BCP), growth (ESG) assessment, and social awareness

4. Strategy

(2) Overview of the 22st Medium-Term Business Plan (FY2022 to FY2024)



4. Strategy

(2) Overview of the 22st Medium-Term Business Plan (FY2022 to FY2024)

Performance targets

(JPY m)

	The 21st Medium-Term Business Plan (Final year)	The 22st Medium-Term Business Plan (Final year)	
	FY2021	FY2024 targets	Against FY2021
Operating revenue	134,695	160,000	118.8%
Operating profit	6,455	8,000	123.9%
Operating profit ratio	4.8%	5.0%	—
Ordinary profit	7,146	8,300	116.2%
Ordinary profit ratio	5.3%	5.2%	—
Net income (after tax)	4,660	5,200	111.6%
Profit ratio	3.5%	3.3%	—

4. Strategy

(2) 『the 22st Medium-Term Business Plan(FY2022 to FY2024)』 – The First Year –

Business growth

Business expansion, M&A and business restructuring by developing logistics services that strengthen the linkages with our transportation services

Scheduled to open in September 2021
Keishin Warehouse Co., Ltd.
Minoo Branch Warehouse (Minoo-shi, Osaka-prefecture)



Scheduled to open in Autumn 2021
Tonami Transportation Co., Ltd.
Kasukabe Distribution Center*
(Kasukabe-shi, Saitama-Prefecture) ※Tentative name



4. Strategy

(2) 『the 22st Medium-Term Business Plan(FY2022 to FY2024)』 – The First Year –

Transformation of business foundation

Improve operational efficiency and boost logistics and transportation with TDX

April 2021 From KSR Co., Ltd. to Tonami System Solutions Co., Ltd.

Strengthen the Group' s Information Strategy System

We have made significant changes to the information systems business in the Tonami Group and strengthened our information strategy structure. The development and external sales functions of the information systems business of Tonami Transportation Co., Ltd. were transferred to KSR Co., Ltd. and reorganized as a new company, Tonami System Solutions Co., Ltd. We have also established the System Support Center, a section maintaining and operating information system, in the Corporate Planning Headquarters of Tonami Transportation Co., Ltd.

In cooperation with the Information Strategy Office, established in June 2020, these new organizations will push forward the transformation of the business foundation and the Group' s information system control through TDX.



4. Strategy

(2) Business Development of the Group

Special Loading Forwarding Business

Tonami Holdings Group Network

- Approved major transportation routes
- Provider's transportation routes



Tonami Transportation chugoku Okayama Branch
Okayama distribution Center

Implement one-way container transportation through a modal shift from Tonami Transportation's Kasai Branch to Tonami Transportation Chugoku's Hiroshima Branch



Tonami Transportation Toyama Branch
Toyama distribution Center



Anan Transportation Matsumoto Branch



Hokkaido Tonami Transportation Ebetsu Branch



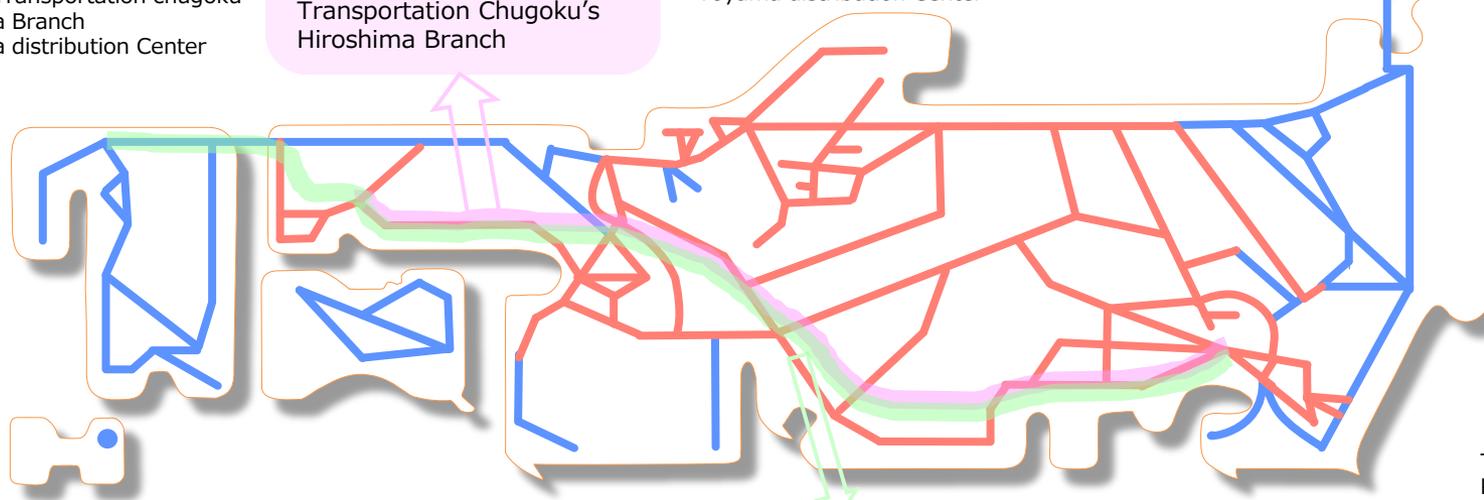
Tonami Shutoken Logistics Keno Branch·Shonan Branch



Keishin Warehouse Ryutsu Kakou Branch



Tonami Daiichi Warehouse Logistics Okuchi Dai2 Branch



The four companies, consisting of Tonami Transportation Co., Ltd., Daiichi Freight System, Inc., Kurume Transportation Co., Ltd., and Japan Tranz Line, Inc.*, implemented a modal shift to rail transport via a 31 ft. rail container between Tokyo Freight Terminal Station and Fukuoka Freight Terminal Station, for cargo between Tokyo and Kyushu.

*In April 2012, Tonami Transportation established Japan Tranz Line, Inc. as a joint venture with Daiichi Freight System, Inc. and Kurume Transportation Co., Ltd., with the aim of providing quality service and improving operational efficiency. This joint venture has pushed forward with partial joint main-line transportation.



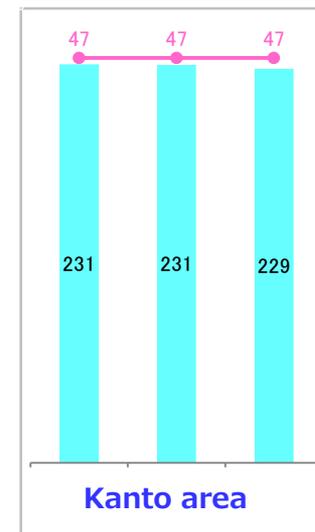
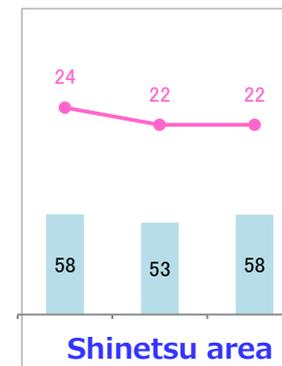
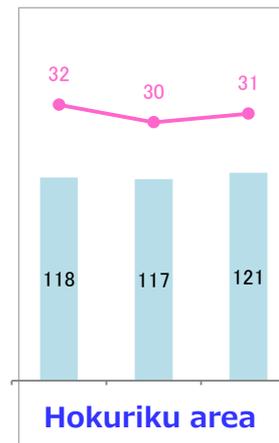
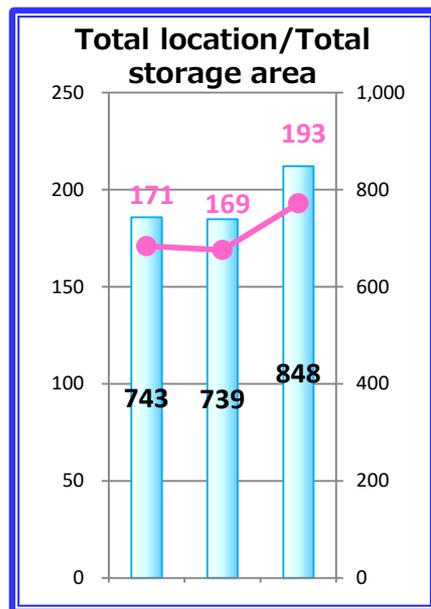
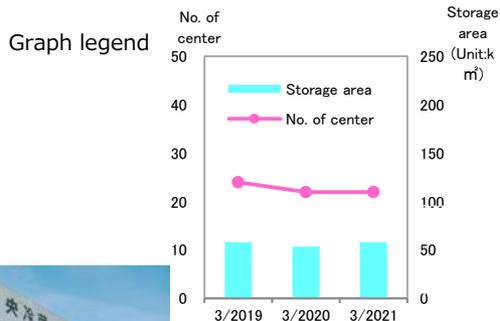
4. Strategy

(2) Business Development of the Group

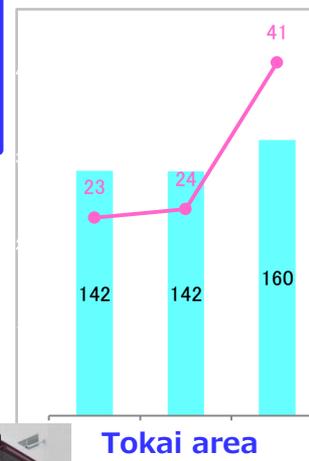
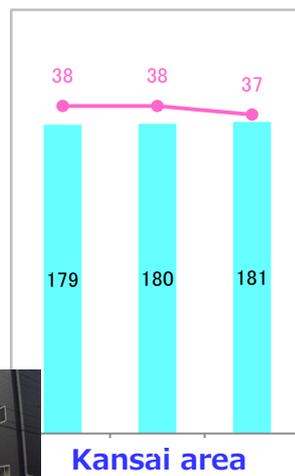
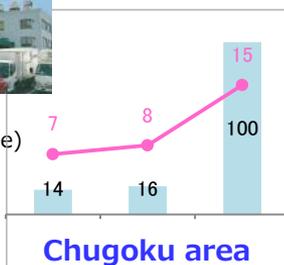
3PL Business

No. of distribution center/Storage area

The total number of distribution centers of the Group stands at 193, with a total storage area of 848,000 m². We are working on linking our management resources, such as by leveraging the Group's infrastructure.



Chuo Reizo (Refrigerated warehouse)



Open December 2016
Tonami Transportation
Minamiosaka Dai2 Distribution Center



Open July 2016
Tonami Transportation
Kansai Center



Open March 2017
Tonami Transportation
Kiyosu Distribution Center



Expansion February 2019
(The existing building is at the back.)
Tonami Transportation
Kuki Distribution Center



Open June 2016
Tonami Transportation
Hiratsuka Distribution Center



4. Strategy

(2) Business Development of the Group

Logistics Support Business

We monitor and supervise logistics 24/7 to provide high-quality delivery.

① Delivery can be made 24/7 through satellite depots located nationwide and computer systems.

③ Various reporting features are available for all processes, including the delivery process and the entry and dispatch process.

② Customers can obtain and confirm necessary logistics information on a real-time basis with a dedicated system.

④ Real-time data updates and queries are possible.

Emergency Delivery Satellite Depot System

Satellite depots at 23 locations nationwide and over 100 sub-satellite depots respond to a variety of needs.

- Contents of service
- ① Support 24/7
 - ② Emergency delivery (dispatch)
 - ③ Product inventory management
 - ④ Collective management via a single contact point
 - ⑤ Special tasks conducted at a uniform level on a nationwide basis



International Air Freight Business

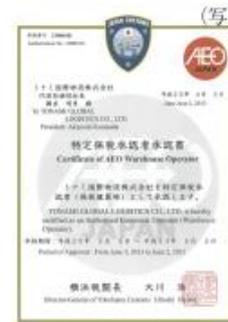
We make reliable deliveries using our extensive domestic and international transportation network for land, sea, and air transportation.

Regarding domestic air transportation, same-day delivery to domestic locations can be made as a result of synergy between our air network and our truck-based land transportation for transportation of samples and perishable goods, which require speed.

International branches that specialize in handling international freight provide optimal transportation services through alliances with leading forwarders, including customs business services in marine transportation and at airports.

Tonami Global Logistics Co., Ltd., which mainly handles marine freight, has obtained certification as an AEO operator* (Authorized Customs Broker and Authorized Warehouse Operator), thereby securing a high level of reliability and stability.

*The AEO (Authorized Economic Operator) program is designed to combine assured security with trade facilitation, and provides less strict, simplified customs procedures to operators with established systems for freight management that are in accordance with global standards, and in compliance with laws and regulations.



Certificate of Approval as an Authorized Warehouse Operator



Certificate of Authorized Customs Broker

Transportation Business

Reducing CO2 emissions through global environment-friendly container transportation

The Tonami Holdings Group is promoting a modal shift of JR container transportation that combines the large volume and high speed of rail transportation with the mobility of truck transportation. This shift has led to less environmental impact through a reduction in truck transportation, while also making contributions in preventing traffic accidents and improving efficiency, primarily for long-distance operations.



5. Social Responsibility

(1) Initiatives Concerning the Safety Management System, the Environment and the Health Management

Safety Management System



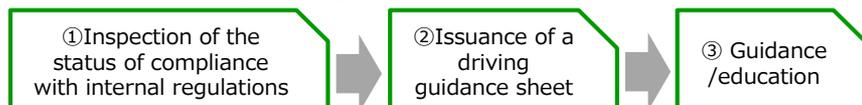
Safety Management System

The logistics operating subsidiaries of the Tonami Holdings Group have set up an accident prevention, safety, and health committee organization at each company, with the aim of preventing traffic accidents and occupational accidents. Through this organization, these subsidiaries work to enhance health and safety, while continuously discussing a variety of issues.

We are introducing digital tachographs, driver recorders, and rear cameras to support safe driving by our drivers, with the aim of contributing to a safer society.

System for Strengthening Safety Management

In order to enhance accident prevention measures, we are promoting a System for Strengthening Safety Management that evaluates each crew member on a three-point scale and provides guidance based on the results of the evaluation.



Promoting Health Management

2021 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

Tonami Transportation was recognized under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category), selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Based on our belief that “health is the most important management challenge,” we will continue to make every effort to maintain and improve the physical and mental health of our employees and their families.



【The Certified Health & Productivity Management Outstanding Organizations Recognition Program】
Under the recognition program, large enterprises, SMEs and other organizations engaging in initiatives for overcoming health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi are examined, and organizations engaging in outstanding efforts for health and productivity management are recognized.

Environment



Towards reducing CO2 emissions

Tonami Transportation, Tonami Transportation Shinetsu, and Tonami Transportation Chugoku are engaged in initiatives to reduce the environmental load, such as through the implementation of eco-driving, and the introduction of low-emission vehicles and energy saving facilities.

In addition, as specified freight carriers under the Act on the Rational Use of Energy (Energy Saving Act), the companies are also pushing forward with initiatives with the target of reducing the total CO2 emissions discharged from the fuel used for freight transportation by 5.5%, compared to FY2017 by FY2022.

CO2 emissions All business offices and all vehicles (including lifts) of Tonami Transportation, Tonami Transportation Shinetsu, and Tonami Transportation Chugoku are covered.

(Unit: t-CO2)	FY2018	FY2019	FY2020	Against FY2017
Total emission	102,232	100,765	96,513	93.9%
Emissions from transportation	82,500	81,400	79,980	96.7%

Joining the Japan Hydrogen Association

In March 2021, Tonami Transportation joined the Japan Hydrogen Association, a new organization that promotes global collaboration in the field of hydrogen and the development of a hydrogen supply chain in order to realize a hydrogen society in the near future. Tonami Transportation has been promoting initiatives related to hydrogen for the past 15 years, and by participating in the framework, we will continue to accelerate our efforts as a logistics provider through the use of hydrogen energy and other initiatives to decarbonize logistics.



Overview of the Japan Hydrogen Association

Name: The Japan Hydrogen Association
Purpose: To speed up the establishment of a hydrogen society through social implementation projects as an open, cross-industry organization that oversees the entire supply chain
Established: December 7, 2020

5. Social Responsibility

(2) Social Contribution Activities

Activities Supporting Sports

Tonami Transportation's Badminton Club

Tonami Transportation's Badminton Club, which was established in February 1990, has a history that spans a quarter of a century. As part of our social contribution initiatives, we are continuing to carry out activities for both "the development of the top domestic players and team, and the improvement and vitalization of the Tonami Holdings Group's corporate image."

In domestic tournaments, the club has grown into a team that is consistently capable of aiming to become the champion, and has also produced Olympic athletes.

The club will continue to strive for further achievements at domestic and international tournaments.



2019 S/J League Champion

Badminton Workshop

Tonami Transportation's Badminton Club also dispatches players to badminton workshops and other events throughout Japan upon request, and is actively engaged in regional contribution activities.



Lecture meeting for junior badminton players in Tonami city, Toyama Pref., in March 2019



Welfare Support Activities

"FY2021 Business Activities" Tonami Holdings Shoujukai donates four welfare vehicles

In March 1994, Tonami Holdings Shoujukai established a foundation as a project to commemorate the 50th Anniversary of the founding of Tonami Transportation Co., Ltd. (presently Tonami Holdings Co., Ltd.), and has since donated welfare vehicles and made donations to social welfare and child welfare organizations.

In FY2021, we donated welfare vehicles to four welfare business operators, donated to the "Disaster Relief Fund for Torrential Rains in July 2020" through Toyama Prefecture Kyodo Bokinkai, and gave subsidies to ten organizations operating a "children's cafeteria" offering free or low-price food. We also produced cloth masks this fiscal year at a time when masks were hard to come by due to the spread of COVID-19, donating them to 23 organizations.

Going forward, we will continue to play a role in contributing to society through participation in social welfare activities.



Commemorative photo



A donated vehicle



