2021
Annual Report

For the year ended March 31, 2021

TONAMI

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

1 Consolidated Financial Highlights
2 To Our Shareholders and Investors
5 Corporate Governance
10 Corporate Social Responsibility Activities
11 Financial Section
41 Consolidated Subsidiaries
42 Board of Directors and Corporate Auditors
42 Corporate Data

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, 2021 and 2020

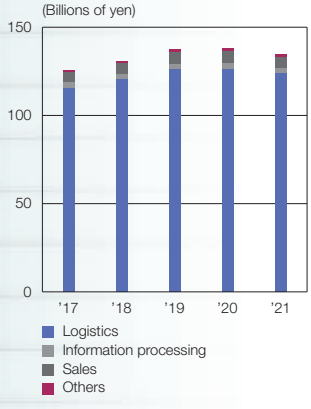
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
FOR THE YEAR:			
Operating revenues:	¥134,695	¥138,167	$1,216,654
Logistics	123,750	126,778	1,117,787
Information processing	3,162	3,064	28,567
Sales	6,048	6,620	54,634
Others	1,734	1,704	15,666
Operating income	6,455	6,824	58,313
Net income	4,660	4,125	42,097
Comprehensive income	6,594	2,387	59,568
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥ 514.23	¥ 455.18	$ 4.6448
Net income, diluted	—	—	—
Cash dividends	100.00	100.00	0.9033
AT YEAR-END:			
Total assets	¥150,777	¥145,531	$1,361,918
Total net assets	77,214	71,225	697,452

Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥110.71 = U.S.$1, prevailing on March 31, 2021, 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.

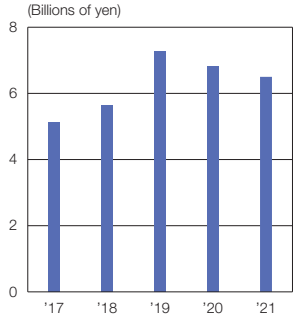
2. The computation of net income per share of common stock is based on the weighted average number of shares outstanding (which represents the number of issued shares less treasury stock) during each fiscal year.

3. Diluted net income per share is not presented for the years ended March 31, 2021 and 2020, since there were no potential securities.

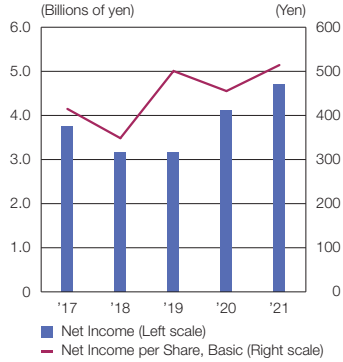
Operating Revenues by Business Segment



Operating Income



Net Income and Net Income per Share, Basic





President,
Katsusuke Watanuki

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, 2021. At the same time, I would like to extend my deepest sympathies to those who are suffering from difficulties caused by the novel coronavirus (COVID-19) pandemic.

In the logistics industry, although domestic freight volume continued to weaken against the backdrop of a stagnant Japanese economy, the warehousing and 3PL businesses performed relatively well despite the COVID-19 pandemic, largely as a result of tightened supply/demand at logistics facilities due to the growth of e-commerce. Meanwhile, in terms of concerns regarding labor shortages, structural issues such as Japan's declining birthrate and graying society remained unresolved. Accordingly, factors such as increases in the personnel costs and other required costs associated with improving the working environment, mean that the challenging management environment has persisted.

The Group continued its efforts to enhance the management foundation for ensuring business continuity in the last year of the 21st Medium-Term Business Plan (from April 1, 2018 to March 31, 2021) under the corporate slogan, "Try & Growth 2020 - Evolving into a continuous growth company!"

Positioning work-style reform at the core of management and in pursuit of a "people-friendly corporate group," the Group has pushed ahead with efforts to "improve productivity per person-hour," "build a safe, secure, and stable work environment," "promote hiring activities," and "promote a mentor program." It has also implemented improvement measures for creating a better working environment in accordance with the work-style reform related laws and regulations, and strengthened its efforts to control costs, most notably by bringing subcontracted operations in-house.

We have worked to further enhance our logistics services, providing proposals to meet the increasingly diversified logistical needs of customers by having our business units share marketing information to offer comprehensive proposals for combining warehousing and transport/delivery. In addition, we made two companies into consolidated subsidiaries: Shinsei Warehouse & Transportation Co., Ltd. on July 31, 2020, and Miyuki Warehouse Co., Ltd. on December 21, 2020, thereby further strengthening the foundation of our logistics business.

Despite the above efforts, the Group's operating revenues amounted to ¥134,695 million, a decrease of ¥3,471 million or 2.5% from the previous year.

With regard to profits, operating income declined by ¥368 million or 5.4% from the previous year to ¥6,455 million due primarily to lower revenues resulting from reduced freight volume, despite our efforts to bring subcontracted transportation operations in-house and use IoT to improve the productivity of administrative work.

Based on comprehensive consideration of operating results, the financial position, future business environment, and other factors, the Company will pay out a year-end dividend of ¥50 per share. Combined with the interim dividend of ¥50 per share already paid out, total annual dividends will amount to ¥100 per share.

In April 2021, the Group launched its 22nd Medium-Term Business Plan (from April 1, 2021 to March 31, 2024). Under the corporate slogan, "TONAMI NEW PLAN 2023," we are pursuing five business strategies: "business growth", "transformation of the business foundation", "recruitment of talent", "capital formation", and "improvement of management quality". This will enable us to continue growing over the medium- to long-term, even within the context of a restructured society.

Against such a backdrop, on April 30, 2021, we also made Takaoka Transportation Co., Ltd. into a newly consolidated subsidiary. We will further boost collaboration throughout the Group as we strive to increase added value by enhancing our management foundation and increasing the scale of our operations.

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

Overview of Operations

In the logistics industry, domestic freight volume declined significantly overall during the first half, reflecting the stagnant Japanese economy, despite benefiting from increased home deliveries boosted by stay-at-home demand. During the second half, the degree of the decline reduced, but domestic freight volume continued to weaken. On the other hand, the warehousing and 3PL businesses performed relatively well despite the COVID-19 pandemic, largely as a result of tightened supply/demand at logistics facilities due to the growth of e-commerce. Meanwhile, in terms of concerns regarding labor shortages, structural issues such as Japan's declining birthrate and graying society, as well as

the increasing frequency and smaller size of deliveries, remained unresolved. Accordingly, factors such as increases in the personnel costs and other required costs associated with improving the working environment, mean that the challenging operating environment has persisted.

The Group continued its efforts to enhance the management foundation for ensuring business continuity in the last year of the 21st Medium-Term Business Plan (from April 1, 2018 to March 31, 2021) under the corporate slogan, "Try & Growth 2020 - Evolving into a continuous growth company!"

Positioning work-style reform at the core of management and in pursuit of a "people-friendly corporate group," the Group has pushed ahead with efforts to "improve productivity per person-hour," "build a safe, secure, and stable work environment," "promote hiring activities," and "promote a mentor program." It has also implemented improvement measures for a better work environment in accordance with the work-style reform related laws and regulations, and strengthened its efforts to control costs, most notably by bringing subcontracted operations in-house.

In our logistics-related business, we strived to expand 3PL and other operations amid a continuing decline in freight volume compared with the previous fiscal year by providing proposals for services to meet the increasingly diversified logistical needs of customers. To that end, our business units shared marketing information to enhance business revenue through acquiring new customers and deepening relationships with existing customers, and to offer comprehensive proposals for combining warehousing and transport/delivery. In addition, we made two companies into consolidated subsidiaries: Shinsei Warehouse & Transportation Co., Ltd. on July 31, 2020, and Miyuki Warehouse Co., Ltd. on December 21, 2020, thereby further strengthening the foundation of our logistics business.

Despite these efforts, the Group's operating revenues amounted to ¥134,695 million, a decrease of ¥3,471 million or 2.5% from the previous year.

With regard to profits, we worked to boost profits by adjusting our workforce in response to the decline in freight volume and developing efficient forms of transportation as a means of enhancing cost control capability. We also focused efforts on bringing transportation operations in-house by promoting workforce sharing and closer collaboration among business units, and on using IoT to improve the productivity of administrative work such as inputting and inquiry processing. Nonetheless, operating income declined by ¥368 million or 5.4% from the previous year to ¥6,455 million.

Net income attributable to owners of the parent was ¥4,660 million, an increase of ¥534 million or 13.0% from the previous year.

Results by Segment

In the logistics-related business for the year under review, operating revenues decreased by ¥3,028 million or 2.4% from the previous year to ¥123,750 million, owing to reduced freight volume and other factors.

Segment income was ¥5,891 million, a decline of ¥372 million or 5.9% from the previous year.

Operating revenues from the information processing business increased by ¥98 million or 3.2% from the previous year to ¥3,162 million.

Segment income was ¥350 million, a decrease of ¥43 million or 11.0% from the previous year.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥6,048 million, a decrease of ¥571 million or 8.6% from the previous year.

Segment income was ¥243 million, an increase of ¥22 million or 10.1% from the previous year.

Operating revenues from other businesses, which include automobile repair and other services, amounted to ¥1,734 million, an increase of ¥30 million or 1.8% from the previous year.

Segment income was ¥182 million, an increase of ¥61 million or 51.4% from the previous year.

Outlook for the Year Ending March 31, 2022

The economic outlook is expected to remain unclear due to persistent uncertainty as to when the COVID-19 pandemic will be contained. This uncertainty reflects the spread of coronavirus variants, among other factors, despite the fact that progress in administering vaccines and improvement in economies outside Japan make continued movement toward recovery likely.

The Tonami Group has designated the three years from April 1, 2021 to March 31, 2024 as "the period for starting to target its long-term growth vision of ¥200 billion in consolidated operating revenues and ¥10 billion in operating income". Accordingly, we formulated our 22nd Medium-Term Business Plan with the corporate slogan, "TONAMI NEW PLAN 2023."

As we pursue this plan, we will implement the five strategic priorities below to continue growing over the medium- to long-term, even within the context of a restructured society.

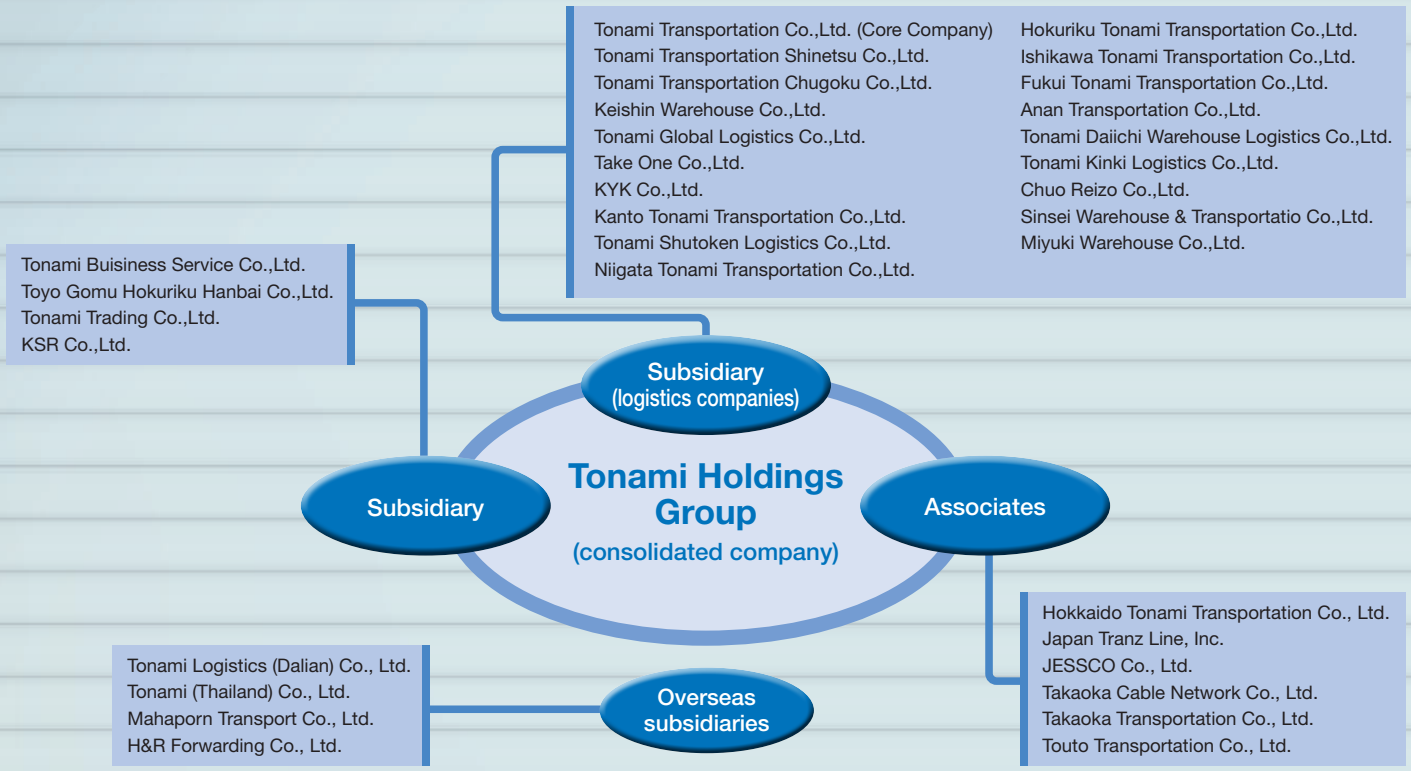
(1) Grow the business by strengthening the linkages between transportation and logistics services, developing new logistics centers, conducting M&A and business restructuring
(2) Improve operational efficiency and boost logistics and transportation with TDX (Tonami Digital Transformation)
(3) Recruit 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

June 2021



Katsusuke Watanuki
President and Representative Director

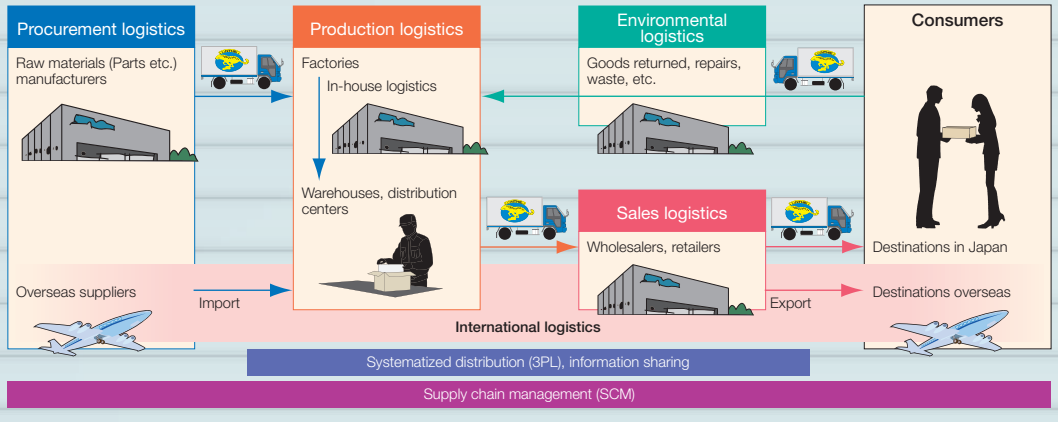
Tonami Holdings' Operating Subsidiaries and Affiliates



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.

The Company's Board of Directors consists of seven directors: Katsusuke Watanuki, Kazuo Takata, Shinichi Izumi, Toyonobu Terahai and Masaaki Sato and Outside Directors Shinichiro Inushima and Nobuya Hayamizu.

The meetings of the Board of Directors, chaired by President and Director Katsusuke Watanuki, are held, in principle, once a month, and as necessary, enabling the directors to 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 Masafumi Takebe, 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.

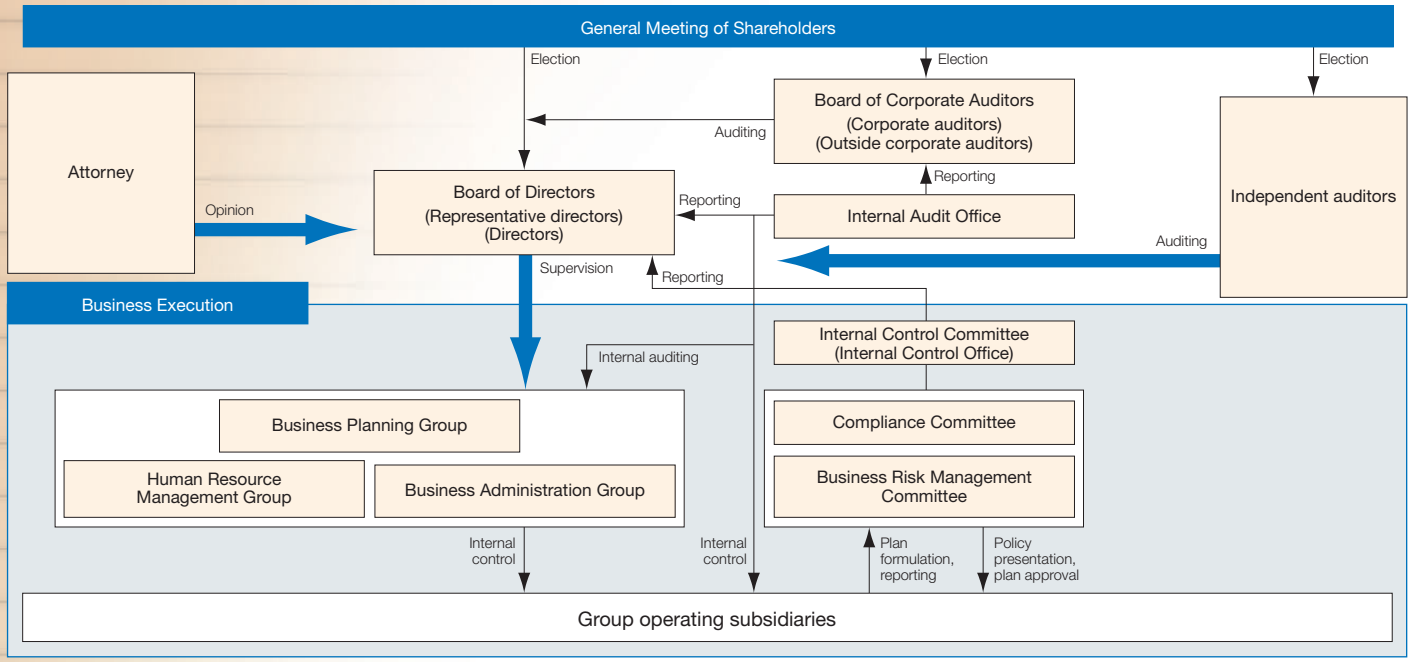
In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the corporate auditors and the Board of Directors and a remedy will be sought. The Company has an internal auditing 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 Katsusuke Watanuki, 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.

2) The Relationship between the Management Organization and Internal Control



3) 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.

4) 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.

5) 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.

Basic Policy on Corporate Social Responsibility

Having positioned management that emphasizes fulfillment of social responsibility based on compliance 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.

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.



Introduce environmentally friendly vehicles


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."

We transport relief supplies when natural disasters occur. The Tonami Transportation Badminton Club offers badminton coaching as a local sports promotion activity.


The donation of vehicles to social welfare facilities

Financial Section

12 Consolidated Five-Year Summary

13 Consolidated Financial Review

16 Consolidated Balance Sheets

18 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

19 Consolidated Statements of Changes in Net Assets

20 Consolidated Statements of Cash Flows

21 Notes to the Consolidated Financial Statements

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2017	2018	2019	2020	2021	2021
RESULTS OF OPERATIONS:						
Operating revenues	¥125,509	¥130,886	¥137,436	¥138,167	¥134,695	$1,216,654
Operating cost	113,674	118,141	122,932	124,097	121,068	1,093,564
Selling, general and administrative expenses	6,716	7,113	7,228	7,245	7,171	64,776
Operating income	5,118	5,631	7,275	6,824	6,455	58,313
Net income	3,762	3,159	4,539	4,125	4,660	42,097
Depreciation expenses	4,939	5,089	5,134	5,191	4,972	44,917
PER SHARE (yen and U.S. dollars):						
Net income	¥ 414.83	¥ 348.47	¥ 500.74	¥ 455.18	¥ 514.23	$ 4.6448
Cash dividends	7.50	44.00	90.00	100.00	100.00	0.9033
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 40,352	¥ 42,644	¥ 45,871	¥ 58,480	¥ 54,174	$ 489,341
Net property and equipment	71,465	70,669	71,421	69,781	76,075	687,158
Total assets	126,769	128,953	136,759	145,531	150,777	1,361,918
Total current liabilities	34,209	34,612	39,632	38,193	36,392	328,715
Long-term liabilities, excluding of current portion thereof	31,407	30,083	27,372	36,112	37,170	335,751
Total net assets	61,152	64,257	69,754	71,225	77,214	697,452
OTHER YEAR-END DATA:						
Number of employees	6,494	6,440	6,436	6,510	6,707	

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, 2015.

2. Effective from the beginning of the fiscal year ending March 31, 2020, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards. Figures presented for key performance indicators, etc. for the fiscal year ended March 31, 2019 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 decreased by ¥3,471 million or 2.5% from the previous year to ¥134,695 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:	91.9%	−2.4%
Road haulage operations and freight forwarding operations	66.2	−5.3
Warehousing operations	22.3	+8.1
Harbor transport operations	3.4	−6.8
Information processing business	2.3	+3.2
Sales businesses	4.5	−8.6
Other businesses	1.3	+1.8

Operating income

With regard to profits, we worked to boost profits by adjusting our workforce in response to the decline in freight volume and developing efficient forms of transportation as a means of enhancing cost control capability. We also focused efforts on bringing transportation operations in-house by promoting workforce sharing and closer collaboration among business units, and on using IoT to improve the productivity of administrative work such as inputting and inquiry processing. Nonetheless, operating income declined by ¥368 million or 5.4% from the previous year to ¥6,455 million.

Net income attributable to owners of the parent

Net income attributable to owners of the parent was ¥4,660 million, an increase of ¥534 million or 13.0% from the previous year.

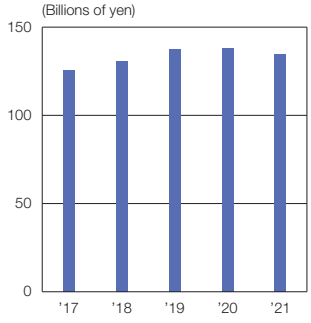
Analysis of the Financial Position

Assets

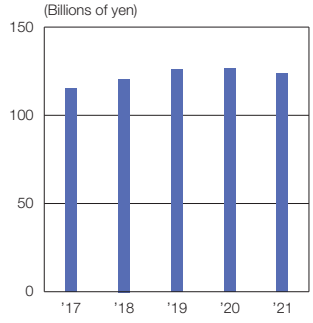
Total assets amounted to ¥150,777 million, an increase of 3.6% or ¥5,246 million from the previous fiscal year-end.

Current assets were ¥54,174 million, a decrease of 7.4% or ¥4,305 million from the previous fiscal year-end. The main contributing factors were a decrease of ¥4,869 million in cash and deposits and an increase of ¥932 million in trade accounts receivable.

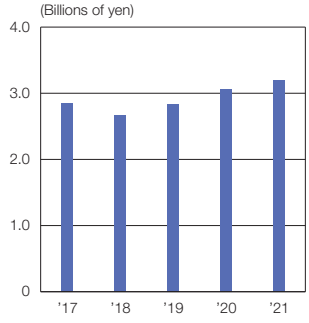
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



Non-current assets amounted to ¥96,602 million, an increase of 11.0% or ¥9,551 million from the previous fiscal year-end. The main contributing factors were increases in property and equipment of ¥3,378 million for land and ¥1,862 million for construction in progress, and an increase in investments and other assets of ¥3,107 million for investment in securities, combined with a decrease in property and equipment of ¥465 million for buildings and structures.

Liabilities

Total liabilities amounted to ¥73,563 million, a decrease of 1.0% or ¥743 million from the previous fiscal year-end.

Current liabilities were ¥36,392 million, a decrease of 4.7% or ¥1,801 million from the previous fiscal year-end. The main contributing factors were a decline of ¥5,000 million in current portion of corporate bonds, combined with increases of ¥260 million in short-term debt, ¥2,449 million in current portion of long-term debt, and ¥119 million in income taxes payable.

Long-term liabilities were ¥37,170 million, an increase of 2.9% or ¥1,058 million from the previous fiscal year-end. The main contributing factors were an increase of ¥1,712 million in deferred tax liabilities, combined with a decrease of ¥762 million in long-term debt.

Net assets

Net assets amounted to ¥77,214 million, an increase of 8.4% or ¥5,989 million from the previous fiscal year-end. This was mainly attributable to a ¥3,756 million increase in retained earnings as a result of recording ¥4,660 million in net income attributable to owners of the parent, as well as a ¥1,766 million increase in unrealized gain on other securities.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the year under review decreased by ¥5,082 million from the previous year to ¥27,526 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥9,581 million. The principal items were income before income taxes amounting to ¥7,228 million and income taxes paid amounting to ¥2,095 million, resulting in a decrease in net cash provided of ¥476 million from the previous year.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥5,435 million. The principal items were the payment of ¥4,516 million for the purchase of property and equipment and ¥624 million for the purchase of investments in securities, resulting in an increase in net cash used of ¥2,919 million from the previous year.

Cash Flows from Financing Activities

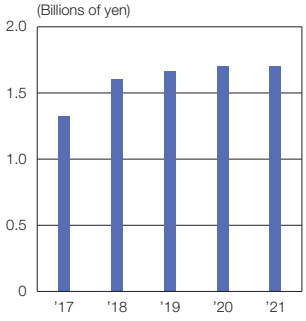
Net cash used in financing activities totaled ¥9,227 million (compared with net cash provided by financing activities of ¥5,797 million for the previous year). The principal items were repayment of long-term debt amounting to ¥1,710 million, redemption of bonds amounting to ¥5,000 million, and dividends paid of ¥906 million.

Risk Factors

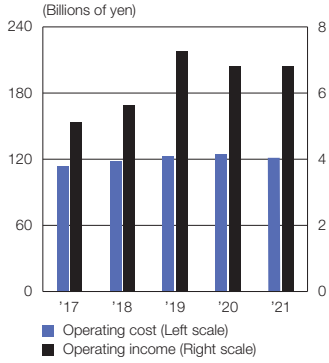
The principal business of the Tonami Holdings Group is the logistics-related business centering on road haulage operations and freight forwarding operations. The Group's business is subject to impacts of fluctuation of the Japanese economy and the world economy, customers' streamlining of logistics, 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.

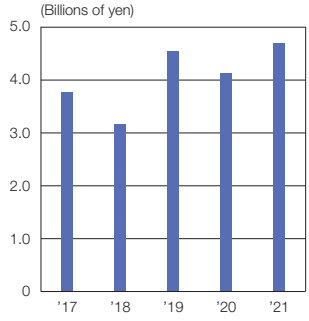
Sales of Other Business



Operating Cost and Operating Income



Net Income



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 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.

Since the beginning of 2020, the COVID-19 pandemic has prompted operational adjustments among domestic manufacturing companies, while the declarations of a state of emergency have caused domestic consumption to stagnate, resulting in a shrinkage of demand for logistics services and a fall in domestic freight volume.

Looking ahead, on the economic front there is movement toward recovery in certain quarters, and progress in administering vaccines raises hopes that the situation should take a turn for the better. However, developments such as the declaration of two further states of emergency since the beginning of 2021 mean it remains unclear when the pandemic will be contained, and thus it is difficult to predict its impact on our business environment at the moment.

Moreover, in the event that a COVID-19 cluster occurs within the Group, there is a risk of business operations being hindered, having an adverse impact on the Group's financial results.

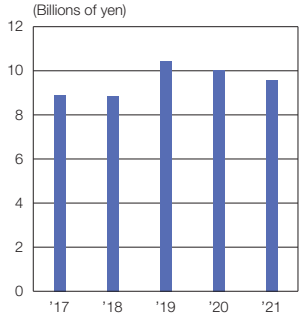
Strategic Position and Outlook

The economic outlook is expected to remain unclear due to persistent uncertainty as to when the COVID-19 pandemic will be contained. This uncertainty reflects the spread of coronavirus variants, among other factors, despite progress in administering vaccines and improvement in economies outside Japan raising hopes of continued movement toward recovery. The logistics industry is also expected to remain in a challenging situation, primarily due to the fact that domestic freight volume is unlikely to recover to levels seen before the pandemic.

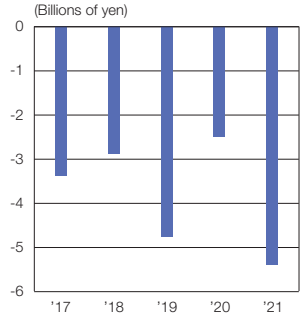
Under such circumstances, we are steadily advancing our 22nd Medium-Term Business Plan, which focuses on the five strategic priorities below, to continue growing over the medium- to long-term and contribute to sustainable societal development, even within the context of a restructured society.

(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

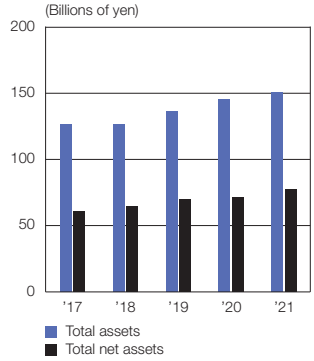
Net Cash Provided by Operating Activities



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, 2021 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current assets:			
Cash and time deposits (Notes 10 and 12)	¥ 27,785	¥ 32,655	$ 250,977
Trade receivables:			
Notes and accounts (Notes 5 and 12)	22,997	22,228	207,724
Less: allowance for doubtful accounts	(169)	(123)	(1,529)
Investments in lease assets	20	20	187
Inventories	699	788	6,321
Income taxes receivable	393	561	3,550
Other current assets	2,447	2,349	22,111
Total current assets	54,174	58,480	489,341
Property and equipment (Notes 3 and 6):			
Land	44,237	40,859	399,583
Buildings and structures	18,884	19,350	170,577
Machinery and vehicles	3,705	2,459	33,472
Leased assets (Note 11)	6,576	6,257	59,402
Construction in progress	1,877	14	16,956
Other	793	840	7,167
Total property and equipment	76,075	69,781	687,158
Investments and other assets:			
Investments in securities (Note 13)	13,988	10,881	126,353
Deferred tax assets (Note 17)	776	765	7,013
Goodwill	303	349	2,738
Other	5,459	5,273	49,314
Total investments and other assets	20,527	17,269	185,418
Total assets	¥150,777	¥145,531	$1,361,918

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current liabilities:			
Short-term bank loans (Notes 4, 7 and 12)	¥ 8,570	¥ 8,310	$ 77,409
Current portion of long-term debt (Notes 4, 7, 12 and 14)	2,762	313	24,952
Current portion of corporate bonds(Notes 4)	—	5,000	—
Trade notes and accounts payable (Notes 12)	13,157	13,073	118,848
Lease obligations (Note 12)	2,319	2,369	20,950
Income taxes payable	1,500	1,381	13,558
Other current liabilities	8,081	7,744	72,998
Total current liabilities	36,392	38,193	328,715
Long-term liabilities:			
Long-term debt, less current portion thereof (Notes 4, 7, 12 and 14)	16,696	17,458	150,808
Lease obligations (Note 12)	5,142	4,701	46,446
Deferred tax liability (Note 17)	3,808	2,095	34,396
Deferred tax liabilities from revaluation reserve for land (Note 6)	3,522	3,523	31,822
Retirement benefits for directors and corporate auditors	214	170	1,934
Net defined benefit liability (Note 15)	7,133	7,369	64,433
Provision for loss on guarantees	99	57	899
Other long-term liabilities	554	735	5,012
Total long-term liabilities	37,170	36,112	335,751
Total liabilities	73,563	74,306	664,466
Net assets			
Shareholders' equity (Note 16):			
Common stock:			
Authorized: 29,920,000 shares in 2021 29,920,000 shares in 2020 Issued: 9,761,011 shares in 2021 9,761,011 shares in 2020	14,182	14,182	128,106
Capital surplus	11,705	11,699	105,730
Retained earnings	42,050	38,294	379,827
Treasury stock, at cost: 698,290 shares in 2021 697,273 shares in 2020	(2,072)	(2,066)	(18,716)
Total shareholders' equity	65,866	62,109	594,947
Other comprehensive income			
Unrealized gain on other securities	5,008	3,241	45,239
Revaluation reserve for land (Note 6)	5,859	5,862	52,929
Remeasurements of defined benefit plans (Note 15)	121	(43)	1,099
Accumulated other comprehensive income (Note 9)	10,989	9,060	99,268
Minority interests:			
Minority interests	358	54	3,237
Total net assets	77,214	71,225	697,452
Total liabilities and net assets	¥150,777	¥145,531	$1,361,918

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, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Operating revenues (Note 20):			
Operating revenues	¥134,695	¥138,167	$1,216,654
	134,695	138,167	1,216,654
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 18)	121,068	124,097	1,093,564
Selling, general and administrative expenses (Note 18)	7,171	7,245	64,776
	128,239	131,342	1,158,340
Operating income (Note 20)	6,455	6,824	58,313
Other income and expenses:			
Interest and dividend income	390	389	3,523
Equity in earnings of unconsolidated subsidiaries and affiliates	128	107	1,162
Loss on sale of property and equipment, net	58	123	526
Interest expenses	(247)	(227)	(2,233)
Gain on negative goodwill	682	—	6,166
Impairment losses (Note 8)	(357)	(1,129)	(3,227)
Other	118	354	1,066
	773	(383)	6,982
Income before income taxes and minority interests	7,228	6,441	65,295
Income taxes (Note 17):			
Current	2,411	2,379	21,780
Deferred	154	(84)	1,395
	2,565	2,295	23,176
Net income before minority interests	4,663	4,146	42,120
Minority interests	2	20	22
Net income	¥ 4,660	¥ 4,125	$ 42,097
Minority interests	2	20	22
Net income before minority interests	4,663	4,146	42,120
Other comprehensive income (Note 9):			
Valuation difference on other securities	1,764	(1,452)	15,940
Revaluation reserve for land	—	—	—
Remeasurement of defined benefit plans	164	(302)	1,488
Share of other comprehensive income (loss) of associates accounting for using the equity method	2	(3)	20
Total other comprehensive income	1,931	(1,758)	17,448
Total comprehensive income for the year	¥ 6,594	¥ 2,387	$ 59,568
Total comprehensive income attributable to:			
Owners of the parent	¥ 6,592	¥ 2,366	$ 59,546
Minority interests	2	20	22

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, 2021 and 2020

		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, 2019	9,761	¥14,182	¥11,699	¥34,583	¥(2,063)	¥58,402	¥4,697	¥6,352	¥259	¥11,310	¥42	¥69,754
Cash dividends applicable to the year (¥100 per share)				(906)		(906)						(906)
Net income				4,125		4,125						4,125
Change in ownership interests of the parent arising from transactions with non-controlling shareholders				(4)		(4)						(4)
Reversal of Revaluation reserve for land				5		5						5
Change of scope of equity method				490		490						490
Treasury stock					(2)	(2)						(2)
Net changes in items other than shareholders' equity						—	(1,456)	(490)	(302)	(2,249)	12	(2,237)
Balance as at March 31, 2020	9,761	¥14,182	¥11,699	¥38,294	¥(2,066)	¥62,109	¥3,241	¥5,862	¥(43)	¥9,060	¥54	¥71,225
Balance as at April 1, 2020	9,761	¥14,182	¥11,699	¥38,294	¥(2,066)	¥62,109	¥3,241	¥5,862	¥(43)	¥ 9,060	¥54	¥71,225
Cash dividends applicable to the year (¥100 per share)				(906)		(906)						(906)
Net income				4,660		4,660						4,660
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			6			6						6
Change of scope of equity method				2		2						2
Treasury stock					(5)	(5)						(5)
Net changes in items other than shareholders' equity						—	1,766	(2)	164	1,929	303	2,232
Balance as at March 31, 2021	9,761	¥14,182	¥11,705	¥42,050	¥(2,072)	¥65,866	¥5,008	¥5,859	¥121	¥10,989	¥358	¥77,214

	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, 2020	$128,106	$105,674	$345,897	$(18,663)	$561,015	$29,279	$52,950	$(389)	$81,840	$497	$643,351
Cash dividends applicable to the year ($0.9033 per share)			(8,188)		(8,188)						(8,188)
Net income			42,097		42,097						42,097
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		55			55						55
Change of scope of equity method			21		21						21
Treasury stock				(53)	(53)						(53)
Net changes in items other than shareholders' equity					—	15,961	(21)	1,488	17,428	2,740	20,168
Balance as at March 31, 2021	$128,106	$105,730	$379,827	$(18,716)	$594,947	$45,239	$52,929	$1,099	$99,268	$3,237	$697,452

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, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 7,228	¥ 6,441	$ 65,295
Depreciation and amortization	4,972	5,191	44,917
Impairment losses	357	1,129	3,227
Gain on disposal of property and equipment	(58)	(123)	(526)
Gain on sales of investment in securities	(4)	0	(39)
Loss on devaluation of investments in securities	282	3	2,548
Loss on devaluation of golf club memberships	—	1	—
Amortization of goodwill	79	74	722
Gain on negative goodwill	(682)	—	(6,166)
Equity in earnings of unconsolidated subsidiaries and affiliates	(128)	(107)	(1,162)
(Decrease) increase in allowance for doubtful accounts	30	19	273
Increase (decrease) in provision for loss on guarantees	42	—	383
Decrease in net defined benefit liability	(45)	(190)	(412)
Increase (decrease) in directors' and corporate auditors' retirement benefits	17	(16)	161
Increase in accrued bonuses to employees	(9)	(50)	(87)
Interest and dividend income	(390)	(389)	(3,523)
Interest expenses	247	227	2,233
Decrease (increase) in trade receivables	(92)	655	(833)
Decrease (increase) in inventories	93	(99)	844
(Decrease) increase in accounts payable	(143)	(670)	(1,295)
Increase in accrued consumption taxes	(215)	525	(1,942)
Other, net	(61)	229	(554)
Subtotal	11,521	12,853	104,066
Interest and dividends received	407	410	3,679
Interest paid	(252)	(211)	(2,276)
Income taxes paid	(2,095)	(2,995)	(18,927)
Net cash provided by operating activities	9,581	10,057	86,541
Cash flows from investing activities:			
Purchase of time deposits	(31)	(35)	(285)
Proceeds from redemption of time deposits	57	133	515
Purchase of property and equipment	(4,516)	(2,851)	(40,798)
Proceeds from sales of property and equipment	162	325	1,465
Purchase of investments in securities	(624)	(28)	5,638
Proceeds from redemption of investments in securities	29	0	265
(Payment for) proceeds from purchase of investments in consolidated subsidiaries	(404)	—	(3,654)
Investments in loans receivable	(572)	(365)	(5,169)
Proceeds from collection of loans receivable	548	404	4,954
Other, net	(83)	(99)	(750)
Net cash used in investing activities	(5,435)	(2,516)	(49,097)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(440)	(1,440)	(3,974)
Proceeds from long-term debt	1,600	5,000	14,452
Repayment of long-term debt	(1,710)	(4,017)	(15,543)
Proceeds from issuance of corporate bonds	—	10,000	—
Redemption of bonds	(5,000)	—	(45,163)
Repayments of lease obligations	(2,695)	(2,827)	(24,351)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(56)	—	(514)
Purchase of treasury stock	(5)	(2)	(53)
Dividends paid	(906)	(906)	(8,188)
Dividends paid to minority interests	(11)	(7)	(104)
Net cash used in financing activities	(9,227)	5,797	(83,349)
Net increase (decrease) in cash and cash equivalents	(5,082)	13,338	(45,904)
Cash and cash equivalents at beginning of year	32,608	19,262	294,538
Increase in cash and cashequivalents resulting from merger with unconsolidated subsidiaries	—	7	—
Cash and cash equivalents at end of year (Note 10)	¥ 27,526	¥ 32,608	$248,634

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 ¥110.71 to U.S.$1, the approximate rate of exchange at March 31, 2021. 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, 2021 include the accounts of the Company and its 24 (22 in 2020) consolidated subsidiaries and 6 (6 in 2020) 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 5 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

Securities, except for investments in unconsolidated subsidiaries and affiliates, are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes.

Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

Cost of securities sold is determined principally by 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) Derivatives

Derivative financial instruments are stated at fair value.

Interest-rate swaps which meet specific matching criteria and qualify for hedge accounting treatment are not re-measured at market value; however, the differentials paid or received under the respective swap agreements are recognized and included as interest expense or income.

(e) 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.

(f) 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.

(g) Provision for bonuses

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(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 ¥776 million (US$7,013 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.

Additional Information

(Impact of the COVID-19 pandemic on accounting)

In terms of the impact of the COVID-19 pandemic, the Group performed accounting estimates related to determination of impairment for non-current assets and recoverability of deferred tax assets based on the assumption that it would take approximately one year from the start of the fiscal year under review for freight volume to recover to the pre-COVID-19 level. During the first quarter of the fiscal year under review, lower capacity utilization by customers resulted in reduced freight volume, causing a downturn in profitability, but from the second quarter the situation gradually recovered. Current circumstances make it difficult to predict when the COVID-19 pandemic will be contained, but as the impact on the consolidated financial statements for the fiscal year under review was negligible, we judge that the impact on the consolidated financial statements for the following fiscal year and thereafter will remain negligible, and are performing accounting estimates on that basis.

However, if the COVID-19 pandemic causes major change in the economic environment, the financial condition, operational performance and cash flow status concerned with the Group could be even more affected.

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 ¥73,559 million ($664,432 thousand) and ¥66,893 million on March 31, 2021 and 2020, 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 ($1,627 thousand) and ¥180 million on March 31, 2021 and 2020, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2021 and 2020 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Secured	¥ —	¥ 1,380	$ —
Unsecured	8,570	6,930	77,409

Interest rates range from 0.38% to 1.26%.

(b) Long-term debt

Long-term debt as at March 31, 2021 and 2020 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
0.48% ¥5.0 billion unsecured straight bonds due 2021	¥ —	¥ 5,000	$ —
0.40% ¥10.0 billion unsecured straight bonds due 2029	10,000	10,000	90,326
0.15%-1.50% loans from financial institutions due 2022 to 2027 and thereafter:			
Secured	2,030	58	18,343
Unsecured	7,427	7,713	67,092
Total	19,458	22,771	175,761
Less: amount due within one year	2,762	5,313	24,952
	¥16,696	¥17,458	$150,808

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, 2021 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥ 2,762	$ 24,952
2023	659	5,959
2024	559	5,052
2025	2,320	20,956
2026	381	3,444
2027	12,775	115,397

(c) Pledged assets

Property and equipment having a net value of ¥4,028 million ($36,392 thousand) and deposits having a net value of ¥5 million ($47 thousand) were pledged as collateral for short-term bank loans and long-term debt as at March 31, 2021.

5 Contingent liabilities

As at March 31, 2021, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 3	$ 28
Others	¥1,105	$9,985

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	¥7,354	$66,428

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, 2021, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥3,000	$27,098
Used credit	—	—
Total	¥3,000	$27,098

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, 2020

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.

With regard to an asset group for which the Company recognized impairment loss, the future cash flow is expected to be insufficient due to factors such as increases in personnel expenses, fuel costs, and subcontractor fees. Accordingly, the book value of the asset group was reduced to the recoverable amount and ¥1,129 million ($10,381 thousand) was recognized as an impairment loss.

The breakdown is as follows: ¥367 million (US$3,378 thousand) for land, ¥105 million (US$970 thousand) for leasehold, ¥105 million (US$966 thousand) for buildings, and ¥28 million (US$266 thousand) for structures regarding freight forwarding facilities (Amagasaki-shi, Hyogo Prefecture, etc.); ¥447 million (US$4,110 thousand) for land, ¥75 million (US$690 thousand) for buildings, ¥0 million (US$1 thousand) for structures and ¥0 million (US$0 thousand) for tools, furniture and fixtures regarding company housing facilities (Yachiyo-shi, Chiba Prefecture, etc.).

The recoverable amounts of the impaired asset group 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, 2021

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 ¥70,859 million (US$640,042 thousand) and intangible assets amounted to ¥411 million (US$3,715 thousand). However, signs of impairment occurred at multiple business sites. At business sites where signs of impairment had occurred, property and equipment amounted to ¥13,213 million (US$119,351 thousand), and intangible assets amounted to ¥105 million (US$951 thousand). As changes in the business environment resulting from the COVID-19 pandemic and other factors caused persistently low earning capacity for the asset groups for which impairment loss was recorded, the book values of such asset groups were reduced to the recoverable amounts.

The breakdown is as follows: ¥87 million (US$792 thousand) for land, ¥104 million (US$942 thousand) for leasehold, ¥61 million (US$560 thousand) for buildings, ¥14 million (US$135 thousand) for structures, ¥58 million (US$528 thousand) for tools, furniture and fixtures, and ¥29 million (US$271 thousand) for machinery 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.

9 Consolidated statement of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Valuation difference on other securities:			
Amount arising during the year	¥ 2,269	¥ (2,084)	$ 20,504
Reclassification adjustment	272	(0)	2,459
Before tax-effect adjustment	2,542	(2,084)	22,963
Tax effect	(777)	631	(7,022)
Valuation difference on other securities	1,764	(1,452)	15,940
Revaluation reserve for land:			
Tax effect	—	—	—
Remeasurements of defined benefit plans:			
Amount arising during the year	321	(336)	2,903
Reclassification adjustment	(77)	(98)	(703)
Before tax-effect adjustment	243	(434)	2,200
Tax effect	(78)	132	(712)
Remeasurements of defined benefit plans	164	(302)	1,488
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the year	2	(3)	20
Total other comprehensive income	1,931	(1,758)	17,448

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, 2021 and 2020 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and time deposits	¥27,785	¥32,655	$250,977
Time deposits with maturities exceeding three months	(259)	(47)	(2,343)
Cash and cash equivalents	¥27,526	¥32,608	$248,634

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, 2021 and 2020 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Acquisition costs:			
Buildings	¥ 2,316	¥ 2,316	$ 20,928
	¥ 2,316	¥ 2,316	$ 20,928
Accumulated depreciation:			
Buildings	¥ 1,446	¥ 1,388	$ 13,064
	¥ 1,446	¥ 1,388	$ 13,064
Accumulated impairment losses:			
Buildings	¥ 756	¥ 756	$ 6,830
	¥ 756	¥ 756	$ 6,830
Net book value:			
Buildings	¥ 114	¥ 172	$ 1,034
	¥ 114	¥ 172	$ 1,034

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2021 and 2020 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Depreciation expense	¥58	¥58	$525
Interest expense	12	16	116

Lease payments relating to finance leases accounted for as operating leases amounted to ¥187 million ($1,697 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, 2021 and 2020, respectively.

In the year ended March 31, 2021, 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, 2021 and 2020, amounted to ¥42 million ($379 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, 2021 and 2020 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year	¥119	¥115	$1,080
Due over one year	185	305	1,679
Total	¥305	¥421	$2,759
Impairment losses on leased assets	¥84	¥126	$ 759

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year	¥ 2,508	¥ 2,726	$ 22,661
Due over one year	10,149	9,380	91,678
Total	¥12,658	¥12,106	$114,339

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, 2021 and 2020 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, 2021	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥27,785	¥27,785	¥ —
Trade receivables – notes	2,821	2,821	—
Trade receivables – accounts	20,175	20,175	—
Investments in securities (other securities)	11,098	11,098	—
Total asset	¥61,881	¥61,881	¥ —
Liabilities:			
Trade notes payable	¥ 970	¥ 970	¥ —
Trade accounts payable	12,186	12,186	—
Short-term bank loans	8,570	8,570	—
Bonds	10,000	10,081	81
Long-term debt	9,458	9,498	40
Lease obligations	7,461	7,680	219
Total liabilities	¥48,647	¥48,988	¥ 341
Derivatives:	—	—	—

For the year ended March 31, 2020	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥32,655	¥32,655	¥ —
Trade receivables – notes	2,985	2,985	—
Trade receivables – accounts	19,242	19,242	—
Investments in securities (other securities)	8,202	8,202	—
Total asset	¥63,086	¥63,086	¥ —
Liabilities:			
Trade notes payable	¥ 1,058	¥ 1,058	¥ —
Trade accounts payable	12,016	12,016	—
Short-term bank loans	8,310	8,310	—
Bonds	15,000	14,768	(231)
Long-term debt	7,771	7,887	115
Lease obligations	7,071	7,326	254
Total liabilities	¥51,227	¥51,366	¥139
Derivatives:	—	—	—

For the year ended March 31, 2021	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	$250,977	$250,977	$ —
Trade receivables – notes	25,488	25,488	—
Trade receivables – accounts	182,236	182,236	—
Investments in securities (other securities)	100,250	100,250	—
Total asset	$558,951	$558,951	$ —
Liabilities:			
Trade notes payable	$ 8,770	$ 8,770	$ —
Trade accounts payable	110,078	110,078	—
Short-term bank loans	77,409	77,409	—
Bonds	90,326	91,065	739
Long-term debt	85,435	85,798	364
Lease obligations	67,395	69,376	1,981
Total liabilities	$439,414	$442,497	$ 3,083
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 ¥2,889 million ($26,103 thousand) are not included in the above table. The unlisted equity securities were restated at fair value and related loss on impairment amounting to ¥5 million ($51 thousand) was charged to income for the year ended March 31, 2021.

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, 2021 and 2020 were as follows:

For the year ended March 31, 2021	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	¥27,764	¥—	¥—	¥—
Trade notes receivable	2,821	—	—	—
Trade accounts receivable	20,175	—	—	—
Investments in securities (other securities with maturities)	—	—	36	—
Total	¥50,761	¥—	¥36	¥—

For the year ended March 31, 2020	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	¥32,633	¥—	¥—	¥—
Trade notes receivable	2,985	—	—	—
Trade accounts receivable	19,242	—	30	—
Investments in securities (other securities with maturities)	—	—	—	—
Total	¥54,862	¥—	¥30	¥—

For the year ended March 31, 2021	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	$250,784	$—	$—	$—
Trade notes receivable	25,488	—	—	—
Trade accounts receivable	182,236	—	—	—
Investments in securities (other securities with maturities)	—	—	325	—
Total	$458,508	$—	$325	$—

Annual maturities of bonds, long-term debt, lease obligations, and other interest-bearing debts as of March 31, 2021 and 2020 are as follows:

For the year ended March 31, 2021	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	¥ 8,570	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	10,000
Long-term debt	2,762	659	559	2,320	381	2,775
Lease obligations	2,319	1,937	1,509	1,039	472	183
Total	¥13,651	¥2,597	¥2,069	¥3,359	¥ 853	¥12,958

For the year ended March 31, 2020	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	¥ 8,310	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	5,000	—	—	—	—	10,000
Long-term debt	313	2,282	210	165	1,965	2,833
Lease obligations	2,369	1,764	1,363	935	434	203
Total	¥15,992	¥4,046	¥1,574	¥1,101	¥2,400	¥13,037

For the year ended March 31, 2021	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	$ 77,409	$ —	$ —	$ —	$ —	$ —
Bonds	—	—	—	—	—	90,326
Long-term debt	24,952	5,959	5,052	20,956	3,444	25,071
Lease obligations	20,950	17,500	13,637	9,390	4,265	1,653
Total	$123,311	$23,459	$18,690	$30,346	$ 7,709	$117,050

13 Marketable securities and investments in securities

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2021 and 2020 are summarized as follows:—

At March 31, 2021	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥10,712	¥3,411	¥7,300
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	349	487	(137)
Bonds	36	37	(1)
Other	—	—	—
Total	¥11,098	¥3,937	¥7,161

At March 31, 2020	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 6,649	¥1,581	¥5,068
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	1,515	1,977	(462)
Bonds	37	37	(0)
Other			—
Total	¥ 8,202	¥3,597	¥4,605

At March 31, 2021	Thousands of U.S. dollars		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	$ 96,762	$30,816	$65,946
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	3,157	4,402	(1,245)
Bonds	331	343	(12)
Other	—	—	—
Total	$100,250	$35,561	$64,688

In the fiscal year ended March 31, 2020, an impairment of shares of other investment securities was recognized in an amount of ¥0 million.

In the fiscal year ended March 31, 2021, an impairment of shares of other investment securities was recognized in an amount of ¥276 million (US$2,497 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
	2021	2020	2021
Retirement benefit obligation at beginning of year	¥12,460	¥12,490	$112,553
Cumulative effects of changes in accounting policies	—	—	—
Restated balance at beginning of year	12,460	12,490	112,553
Service cost	635	639	5,737
Interest cost	99	99	900
Actuarial gain or loss	126	67	1,142
Payment of retirement benefits	(758)	(836)	(6,855)
Retirement benefit obligation at end of year	¥12,563	¥12,460	$113,477

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
	2021	2020	2021
Plan assets at beginning of year	¥6,082	¥6,380	$54,943
Expected return on plan assets	152	159	1,374
Actuarial gain or loss	447	(268)	4,045
Contributions by the Company	77	77	697
Employee contributions	62	62	565
Payment of retirement benefits	(333)	(328)	(3,010)
Plan assets at end of year	¥6,489	¥6,082	$58,613

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
	2021	2020	2021
Net defined benefit liability at beginning of year	¥991	¥986	$8,953
Retirement benefit costs	136	116	1,230
Payment of retirement benefits	(81)	(87)	(736)
Contributions to the plan	(40)	(23)	(369)
Increase resulting from change in scope of consolidation	—	—	—
	(4)	(0)	(42)
Net defined benefit liability at end of year	¥1,000	¥991	$9,035

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
	2021	2020	2021
Funded retirement benefit obligation	¥ 8,204	¥ 7,745	$ 74,110
Plan assets	(7,064)	(6,233)	(63,814)
	1,139	1,512	10,296
Unfunded retirement benefit obligation	5,934	5,856	53,604
Net amount of liability (asset) on the consolidated balance sheets	7,074	7,369	63,900
Net defined benefit liability	7,133	7,369	64,433
Net defined benefit asset	(59)	—	(533)
Net amount of liability (asset) on the consolidated balance sheets	¥ 7,074	¥ 7,369	$ 63,900

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

Retirement benefit costs and breakdown

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost (Note 1)	¥ 572	¥ 577	$ 5,172
Interest cost	99	99	900
Expected return on plan assets	(152)	(159)	(1,374)
Amortization of actuarial gain or loss	(77)	(98)	(703)
Retirement benefit costs calculated by the simplified method	136	116	1,230
Retirement benefit costs for defined benefit plans	¥ 578	¥ 535	$ 5,226

(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
	2021	2020	2021
Actuarial gain or loss	¥243	¥(434)	$2,200

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
	2021	2020	2021
Unrecognized actuarial gain or loss	¥(196)	¥47	$(1,772)

Plan assets

Plan asset components as a percentage of total plan assets

	2021	2020
Bonds	51.4%	52.9%
Stocks	24.7%	14.2%
Insurance company general accounts	11.0%	11.8%
Cash and time deposits	1.6%	8.8%
Other	11.3%	12.3%
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

	2021	2020
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
	2021	2020	2021
Required contributions to the defined contribution pension plan	¥318	¥302	$2,879

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, 2020	Increase	Decrease	At March 31, 2021
Common stock (shares)	697,273	1,017	—	698,290

Reason for the change:

Breakdown of the increase:

Increase attributable to purchase of shares constituting less than one unit 1.017 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	
	2021	2020	2021	2020
Deferred tax assets:				
Provision for bonuses	¥ 535	¥ 515	$ 4,840	$ 4,735
Net defined benefit liability	2,211	2,160	19,975	19,855
Allowance for doubtful accounts in excess of deductible limit	172	167	1,557	1,538
Depreciation and amortization in excess of deductible limit	104	115	945	1,061
Accounts payable upon transfer to defined contribution pension plan	55	126	505	1,161
Accumulated loss on impairment of property and equipment	2,545	2,496	22,988	22,936
Accumulated loss on impairment of leased assets	25	38	231	353
Accrued enterprise tax	129	143	1,167	1,319
Market value valuation difference on consolidated subsidiaries	444	—	4,016	—
Other	884	566	7,993	5,202
Gross deferred tax assets	7,109	6,329	64,217	58,159
Valuation allowance	(3,322)	(2,716)	(30,014)	(24,964)
Total deferred tax assets	3,786	3,612	34,203	33,195
Deferred tax liabilities:				
Unrealized gain on other securities	(2,144)	(1,358)	(19,371)	
Reserve for advanced depreciation of non-current assets	(3,229)	(3,408)	(29,171)	
Undistributed earnings	(190)	(175)	(1,725)	
Market value valuation difference on consolidated subsidiaries	(1,232)	—	(11,136)	
Other	(20)	—	(183)	
Total deferred tax liabilities	(6,818)	(4,942)	(61,586)	
Net deferred tax assets	¥(3,031)	¥(1,330)	$(27,383)	

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, 2021 and 2020 were as follows:—

	2021	2020
Statutory tax rate:	30.45%	30.45%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	0.43	0.67
Nontaxable income including dividends received deduction, etc.	(6.91)	(12.01)
Elimination of dividends received from consolidated subsidiaries, etc.	6.74	11.86
Per capita portion of inhabitant taxes	3.31	3.59
With drawal of land revaluation difference	(0.01)	(3.75)
Equity in earnings of affiliates	(0.54)	(0.51)
Gain on negative goodwill	(2.88)	—
Amortization of goodwill	0.34	0.35
Change in valuation allowance related to deferred tax assets	3.49	5.18
Other	1.07	(0.20)
Effective tax rate	35.49%	35.63%

18 Supplementary income information

Supplementary income information for the years ended March 31, 2021 and 2020 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Depreciation expenses	¥4,972	¥5,191	$44,917
Lease and rental	7,222	7,051	65,240

19 Amounts per share

Amounts per share of common stock for the years ended March 31, 2021 and 2020 were as follows:—

	Yen		U.S. dollars
	2021	2020	2021
Net income per share:			
Basic	¥ 514.23	¥ 455.18	$ 4.6448
Diluted	—	—	—
Cash dividends	100.00	100.00	0.9033
Net assets per share	¥8,480.52	¥7,852.22	$76.6012

Basis for the calculation of net assets per share for the years ended March 31, 2021 and 2020 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Total net assets as reported on the consolidated balance sheets	¥77,214	¥71,225	$697,452
Deduction from total net assets:	358	54	3,237
Non-controlling interests	358	54	3,237
Adjusted net assets allocated in common stock	76,856	71,170	694,215
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	9,062,721	9,063,738	

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2021 and 2020 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net income attributable to owners of the parent	¥4,660	¥4,125	$42,097
Amounts not attributable to shareholders of common stock	—	—	—
Net income attributable to common shareholders of the parent	4,660	4,125	42,097
Weighted-average number of shares of common stock outstanding (shares)	9,063,352	9,064,036	

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, 2021

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	¥123,750	¥ 3,162	¥ 6,048	¥132,961	¥ 1,734	¥134,695	¥ —	¥134,695
Intersegment revenues or transfers	40	378	3,619	4,038	122	4,161	(4,161)	—
Total	123,790	3,541	9,667	136,999	1,857	138,857	(4,161)	134,695
Segment income	¥ 5,891	¥ 350	¥ 243	¥ 6,485	¥ 182	¥ 6,667	¥ (211)	¥ 6,455
Segment assets	¥121,193	¥ 2,150	¥10,526	¥133,870	¥12,122	¥145,993	¥ 4,784	¥150,777
Other items:								
Depreciation	¥ 4,589	¥ 306	¥ 45	¥ 4,941	¥ 20	¥ 4,961	¥ 11	¥ 4,972
Amortization of goodwill	¥ 68	¥ —	¥ —	¥ 68	¥ 11	¥ 79	¥ —	¥ 79
Gain on negative goodwill	¥ 682	¥ —	¥ —	¥ 682	¥ —	¥ 682	¥ —	¥ 682
Impairment losses	¥ 357	¥ —	¥ —	¥ 357	¥ —	¥ 357	¥ —	¥ 357
Increases in property and equipment and intangible fixed assets	¥ 7,517	¥ 228	¥ 15	¥ 7,761	¥ 9	¥ 7,771	¥ (12)	¥ 7,759

For the year ended March 31, 2020

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	¥126,778	¥ 3,064	¥ 6,620	¥136,463	¥ 1,704	¥138,167	¥ —	¥138,167
Intersegment revenues or transfers	35	448	4,079	4,562	116	4,679	(4,679)	—
Total	126,814	3,512	10,699	141,026	1,820	142,846	(4,679)	138,167
Segment income	¥ 6,263	¥ 394	¥ 221	¥ 6,879	¥ 120	¥ 6,999	¥ (175)	¥ 6,824
Segment assets	¥112,499	¥ 2,228	¥10,212	¥124,940	¥12,498	¥137,438	¥ 8,092	¥145,531
Other items:								
Depreciation	¥ 4,640	¥ 471	¥ 41	¥ 5,153	¥ 23	¥ 5,177	¥ 13	¥ 5,191
Amortization of goodwill	¥ 63	¥ —	¥ —	¥ 63	¥ 11	¥ 74	¥ —	¥ 74
Gain on negative goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Impairment losses	¥ 1,129	¥ —	¥ —	¥ 1,129	¥ —	¥ 1,129	¥ —	¥ 1,129
Increases in property and equipment and intangible fixed assets	¥ 4,367	¥ 267	¥ 202	¥ 4,837	¥ 12	¥ 4,850	¥ (25)	¥ 4,825

For the year ended March 31, 2021 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	$1,117,787	$28,567	$54,634	$1,200,988	$ 15,666	$1,216,654	$ —	$1,216,654
Intersegment revenues or transfers	364	3,422	32,691	36,478	1,110	37,588	(37,588)	—
Total	1,118,152	31,989	87,325	1,237,465	16,776	1,254,242	(37,588)	1,216,654
Segment income	$ 53,212	$ 3,169	$ 2,200	$ 58,581	$ 1,646	$ 60,227	$ (1,913)	$ 58,313
Segment assets	$1,094,697	$19,422	$95,080	$1,209,199	$109,499	$1,318,698	$ 43,219	$1,361,918
Other items:								
Depreciation	$ 41,454	$ 2,766	$ 414	$ 44,634	$ 181	$ 44,815	$ 102	$ 44,917
Amortization of goodwill	$ 617	$ —	$ —	$ 617	$ 105	$ 722	$ —	$ 722
Market value valuation difference on consolidated subsidiaries	$ 6,166	$ —	$ —	$ 6,166	$ —	$ 6,166	$ —	$ 6,166
Impairment losses	$ 3,227	$ —	$ —	$ 3,227	$ —	$ 3,227	$ —	$ 3,227
Increases in property and equipment and intangible fixed assets	$ 67,904	$ 2,063	$ 143	$ 70,111	$ 90	$ 70,201	$ (116)	$ 70,085

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, 2021 and 2020, adjustments of segment income amounted to ¥(211) million ($(1,913) thousand) and ¥(175) million ($(1,612) thousand), respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.
   For the fiscal years ended March 31, 2021 and 2020, the above-mentioned intersegment eliminations amounted to ¥801 million ($7,244 thousand) and ¥789 million ($7,250 thousand), respectively, and corporate expenses not allocated to any reportable segments amounted to ¥(1,013) million ($(9,157) thousand) and ¥(964) million ($(8,862) 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, 2021 and 2020, adjustments of segment assets amounted to ¥4,784 million ($43,219 thousand) and ¥8,092 million ($74,362 thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2021 and 2020, the above-mentioned intersegment eliminations amounted to ¥(34,946) million ($(315,657) thousand) and ¥(33,839) million ($(310,988) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥39,731 million ($358,877 thousand) and ¥41,932 million ($385,300 thousand), respectively. Corporate assets are mainly cash and time deposits and investments in securities of the head office that do not belong to any reportable segments.
   (3) Adjustments of increases in property and equipment and intangible fixed assets
   For the fiscal years ended March 31, 2021 and 2020, adjustments of increases in property and equipment and intangible fixed assets amounted to ¥(12) million ($(116) thousand) and ¥(25) million ($(230) thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2021 and 2020, the above-mentioned intersegment eliminations amounted to ¥(16) million ($(150) thousand) and ¥(28) million ($(259) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥3 million ($34 thousand) and ¥3 million ($28 thousand), respectively.
3. Segment income is adjusted to operating income in the consolidated financial statements.

(4) Related information

For the year ended March 31, 2021

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, 2020

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, 2021

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, 2020

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, 2021

Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 68	¥ —	¥ —	¥ 68	¥ 11	¥ —	¥ 79
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥300	¥ —	¥ —	¥300	¥ 2	¥ —	¥303
Negative goodwill							
Amortization for the year under review	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2020

Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 63	¥ —	¥ —	¥ 63	¥ 11	¥ —	¥ 74
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥334	¥ —	¥ —	¥334	¥ 14	¥ —	¥349
Negative goodwill							
Amortization for the year under review	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2021

Thousands of U.S. dollars

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	$ 617	$ —	$ —	$ 617	$105	$ —	$ 722
Impairment losses	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Balance at end of year	$ 2,712	$ —	$ —	$ 2,712	$ 26	$ —	$ 2,738
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, 2021

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 ¥682 million ($6,166 thousand) for the fiscal year under review.

For the year ended March 31, 2020

Not applicable

21 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 29, 2021, duly approved the payment of dividends as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥50.00 per share)	¥453	$4,094

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
Kitakanto Tonami Transportation Co., Ltd.	Road haulage
Take One Co., Ltd.	Road haulage
KYK CO., Ltd.	Road haulage
Sinsei Warehouse & Transportation Co., Ltd.	Warehousing
Miyuki Warehouse Co., Ltd.	Warehousing

Information Processing and Others

Company Name	Business Line
Tonami Trading Co., Ltd.	Trading Company
Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
KSR 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
Katsusuke Watanuki

Senior Managing Directors
Kazuo Takata
Shinichi Izumi

Managing Directors
Toyonobu Terahai

Directors
Masaaki Sato
Shinichiro Inushima
Nobuya Hayamizu

Standing Corporate Auditors
Yasuhiro Saegusa
Mitsuharu Wadachi

Corporate Auditors
Atsuki Matsumura
Toshiyuki Oda

(As of June 29, 2021)

Corporate Data

Head Office
2-12, Showa-machi 3-chome, Takaoka,
Toyama Prefecture 933-8788, Japan
Phone: (0766) 32-1073
Fax: (0766) 32-1077

Tokyo Office
8-4, Nihonbashihoridome-cho 2-chome, Chuo-ku,
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
4,537

Employees
79

(As of March 31, 2021)



TONAMI

TONAMI HOLDINGS CO., LTD.
URL: http://www.tonamiholdings.co.jp/

Printed in Japan on recycled paper