Annual Report 2022

Year Ended March 31,2022

Profile

Seino Holdings Co., Ltd. ("the Company") began business as a trucking company in 1930 and was incorporated in 1946. Based in the city of Ogaki, Gifu Prefecture, we are a leading trucking company, expanding in step with the growth of the Japanese economy and the development of the nation's extensive expressway network.

On October 1, 2005, the Company transferred its transportation business and other operations to a new company—which has taken the original name Seino Transportation Co., Ltd —and was renamed Seino Holdings Co., Ltd adopting a pure holding company structure.

The Seino Group currently consists of the pure holding company Seino Holdings, 82 consolidated subsidiaries and 20 affiliates engaged in transportation services, vehicle sales, merchandise sales, real estate leasing services and other services.

In its mainstay Transportation Services Business, the Company has taken steps to build even more convenient logistics systems, all the while adhering to its "customer-first" principle.

As of March 31, 2022, Seino offers efficient transportation services throughout Japan via its 734 domestic terminals, a fleet of 25,514 trucks and a trucking network that averages 6,000 routes daily.

In recent years, in order to accelerate our evaluation from serving as a special groupcargo motor trucking company to serving as "the logistics company Seino," we have been working on fully utilizing our logistics facilities, as well as boosting our space efficiency and operational efficiency and achieving semi-automation with assistive robots. Furthermore, we have been working on resolving the issues of our customers based on customized proposals making use of the functions of our entire group, and have been striving to expand our revenues through enhancing our logistics infrastructure.

The Seino Group is committed to providing rapid services that deliver total customer satisfaction and will proceed down the "Road to Success" to become a highly profitable company through initiatives to develop a progressive business model that will become the standard for next-generation transportation business.

Forward-looking Statements:
In this annual report, statements other than historical facts are forward-looking statements that reflect the plans and expectations of the Company. These forward-looking statements involve risks, uncertainties and other factors that may cause the Company's actual results and achievements to differ materially from those anticipated in these statements.

Contents

Board of Directors

(As of June 28, 2022)

President	Yoshitaka Taguchi
Representative Director	Takao Taguchi
Directors	Yasuhisa Kotera Hidemi Maruta Nobuyuki Nozu
Outside Directors	Meyumi Yamada Shintaro Takai Yoichiro Ichimaru
Standing Statutory Auditors	Nobuhiko Ito Osamu Katagiri
Outside Statutory Auditors	Eiji Kasamatsu Hiroyuki Masuda

Seino Holdings Co., Ltd.

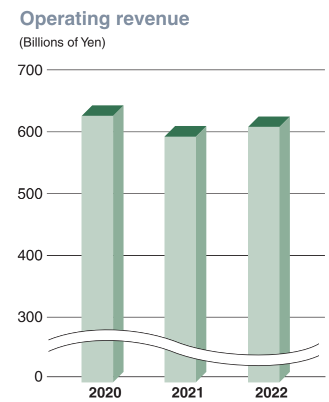
Financial Highlights

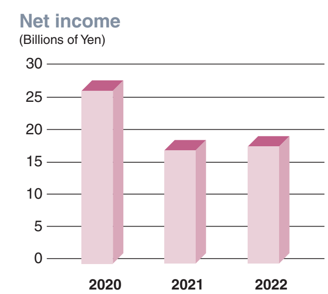
For the Years Ended March 31, 2022, 2021 and 2020

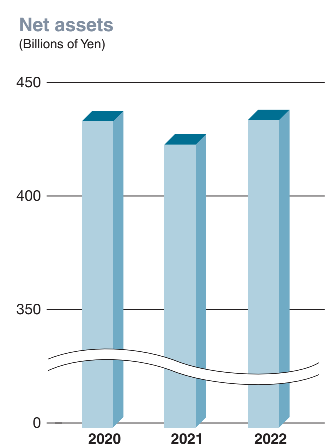
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2022	2021	2020	**2022**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 607,658**	¥ 592,046	¥ 625,627	**$ 4,980,803**
Operating income	**27,546**	24,561	29,697	**225,787**
Profit before income taxes	**28,345**	27,621	39,895	**232,336**
Net income	**17,256**	16,661	25,848	**141,443**
Net income per share (yen)	**94.59**	89.31	128.41	**0.78**

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2022	2021	2020	**2022**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 108,489**	¥ 103,054	¥ 110,054	**$ 889,254**
Property and equipment, net of accumulated depreciation	**341,680**	334,605	315,984	**2,800,656**
Total assets	**685,267**	672,248	654,533	**5,616,943**
Long-term debt and other long-term liabilities	**46,927**	44,478	17,999	**384,648**
Net assets	**433,521**	422,635	432,813	**3,553,451**
Net assets per share (yen)	**2,375.05**	2,297.61	2,175.29	**19.47**

(Note) U.S. dollar amounts are translated at ¥122 = U.S. $1, only for the convenience of readers.







Corporate Data

(As of April 4, 2022)

Company Name	Seino Holdings Co., Ltd.
Head Office	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-82-3881 Fax: 81-584-82-5043
Date of Establishment	November 1, 1946
Paid-in Capital	¥42,482 million
Number of Shares Issued	207,679,783
Stock Listings	Tokyo Stock Exchange, Prime Market (code 9076) Nagoya Stock Exchange, Premier Market (code 9076)
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditors	KPMG AZSA LLC

Message from the Management

To Our Shareholders, Customers and Friends

We would like to take this opportunity to express our appreciation to our stakeholders, including shareholders and other investors, for the consistent support you have shown us over the years. The results for the fiscal year ending March, 2022 (April 1, 2021 to March 31, 2022) are presented herein.

Medium-term Management Plan "Connecting our values - For the Prosperity of our Customers,"2021/4-2023/3

The following is a brief report on the performance of Seino Holdings Co., Ltd. for the fiscal year ended March 31, 2022, our 101th term (from April 1, 2021 to March 31, 2022).

During the fiscal year under review, the economy of Japan had been expected to see a resurgence in economic activity as a result of progress in vaccinations for novel coronavirus disease (COVID-19), but due to the emergence of new variants of the virus, amongst other factors, the outlook remained unclear throughout the period.

In the transportation industry, which is the mainstay business of the Seino Group, there were concerns about the impact on corporate profits of supply constraints, soaring prices for crude oil and raw materials, and other factors, but personal consumption and industrial production entered a moderate recovery trend, and some positive signs were visible with regard to the volume of freight transportation in Japan.

Guided by the concepts of the "Connecting our values - For the Prosperity of our Customers" three-year mediumterm management plan, which was in its second year, the Seino Group responded to these conditions by offering value aimed at resolving the issues faced by customers, and concentrating its investments on growth areas such as logistics, with all employees moving forward as one to enhance its corporate value.

As part of that, the Group prioritized achieving finer granularity within its delivery network for the major conurbations of the Tokyo metropolitan area and the Kinki metropolitan area, which comprise the major sources of consumption. In addition, in preparation for establishing three temperature zone logistics, the Company made subsidiaries of KANTO LOGITEC CO., LTD. (headquartered in Hidaka City, Saitama Prefecture), and MARUKYU UNYU CO., LTD. (headquartered in Ito-gun, Wakayama Prefecture), which have particular strengths in supporting the three temperature zones of frozen, chilled, and dry.

As a result, operating revenue for the fiscal year ended March 31, 2022 was ¥607,658 million (up 2.6% year on year), operating income was ¥27,546 million (up 12.2% year on year), ordinary profit was ¥30,269 million (up 9.1% year on year), and profit attributable to owners of parent was ¥17,256 million (up 3.6% year on year).

Future Outlook

With regard to the outlook for the Japanese economy going forward, the effects of various policies being implemented and improvements in overseas economies are expected to bring about a recovery in business conditions, but the outlook is predicted to remain uncertain due to the impact of such factors as resurgences in infections and soaring prices for raw materials.

In the transportation industry, which is the mainstay business of the Seino Group, there are concerns about rising fuel prices caused by the increase in crude oil prices, and labor shortages, including shortages of long-distance drivers. However, with capital investment expected to accelerate and industrial production projected to be strong, the recovery trend in the volume of freight transportation in Japan, centered on production-related freight, is forecast to become clearer.

Under such conditions, in preparation for the building of an efficient and flexible logistics platform in the Transportation Services Business by the Group as a whole, we will restructure our main route timetables in order to achieve optimal overall operational efficiency.

In order to accelerate our transition from "Less-than-truckload Seino" to "Logistics Seino," we will make full use of distribution facilities while improving spatial and task efficiency, and implementing initiatives for semi-automation through the use of assistive robots. We will also use the functions of the entire Group to create order-made proposals that resolve customer problems.

Moreover, we will further broaden the application of EDI to contribute to the customer's use of information, which will open the way to improved operational efficiency, while also driving transportation reforms by promoting modal shifts, moving to heavier vehicles and taking other labor-saving measures.

In other areas, we will rebuild deteriorating facilities and accelerate the use of cashless operations, seek to strengthen recruitment and improve retention rates by promoting working style reforms and health management, implement measures for a sustainable society, including reductions in our CO_2 emissions in preparation for achieving carbon neutrality, and execute brand strategies to raise awareness of the Company.

Because competition between channels is intensifying as a result of the introduction of Toyota vehicles being sold in parallel with all other models, in the Vehicle Sales Business we are working to become the supplier chosen by customers through the implementation of such measures as ongoing renewal of stores and service workshops, and the introduction of number plate recognition systems to speed up our response to visiting customers. Furthermore, we are moving forward with the optimization of our sales network through a program of establishing new stores and consolidating existing stores, based on analysis of the local trading area. In truck sales, delivery delays for new vehicles are expected to continue, and so we will work to secure earnings through sales of used vehicle and by conducting inspections and maintenance. In other areas, we will strive to enhance ES by introducing advanced maintenance equipment and improving the working environment, which should have a positive effect on the recruitment and retention of mechanics.

In the Merchandise Sales Business, Real Estate Leasing Services Business, and Other Business, we will take steps to expand the business domain and strengthen our existing businesses.

In accordance with the three-year medium-term management plan, the Seino Group will continue to contribute to the prosperity of customers, and to achieve further growth by implementing measures that result in the happiness of people everywhere.

To all shareholders, we sincerely ask for your ongoing encouragement and support into the future.

June 2022

Yoshitaka Taguchi,
President and Chief Executive Officer

Special Feature

Expanding Scope of Operations and Creating New Value

Main Topics for 2022

Acceptance of Ukrainian refugees

Seino Holdings has decided to offer opportunities for housing and employment to Ukrainian refugees. The company will prepare employee dormitories for refugees who have been recognized by the Japanese government, and will consider offering available jobs to those who are seeking them. The company's acceptance of refugees on this occasion is based on its desire to provide "smiles" and "happiness" to all people.

Establishment of dispensing pharmacy inside distribution center

Nohi Seino Transportation (head office: Seki City, Gifu Prefecture; president: Shinji Komori), together with Minacolor (head office: Chiyoda-ku, Tokyo; president: Shinya Kina), has jointly developed a dispensing pharmacy that accommodates online pharmaceutical services, within its distribution center in Hakusan City, Ishikawa Prefecture.

The dispensing pharmacy single-handedly offers drug-administration guidance from pharmacists, and the supply of pharmaceutical products for shipment nationwide.

Dispatched pharmacists. Items ranging from category-1 pharmaceutical products to quasi-pharmaceutical products are handled, and online users can order these from anywhere throughout the country.

First introduction of EV trucks

Seino Transportation has marked a new in-house first by introducing two EV (electric) trucks at its Ichikawa Branch. This is part of a joint project aimed at green distribution together with Schenker Seino (head office: Shinagawa-ku, Tokyo; CEO: Siew-Wei Ong), and starting in April, these trucks will be utilized exclusively for delivering the products of customers who are electronics manufacturers.

Seino Transportation is working on reducing CO_2 emissions in order to realize a decarbonized society.

Marukyu Transport made part of Seino Holdings group

Seino Holdings has made Marukyu Transport (head office: Katsuragi-cho, Wakayama Prefecture) part of its group. Marukyu Transport specializes in the handling of food products and beverages centering on the Hanwa region between Osaka and Wakayama, and this includes offering transportation, warehousing, centers, and processing operations at both normal and low temperatures. In recent years, the company has been expanding its B2B terminal delivery operations for the three temperature zones of "frozen," "chilled," and "dry," with service 24 hours a day, 365 days a year. Making Marukyu Transport part of the group is part of a focused effort to increase the density of delivery networks in Japan's three major metropolitan areas. Based on strengthening networks for deliveries in the abovementioned three temperature zones, and developing synergies with group companies in the Hanwa region, customers will be provided with more stable lead times and lower costs going forward.

Opening of Inzai Distribution Warehouse

With the objectives expanding logistics revenues and strengthening logistics-transportation functions, Seino Transportation has started operating its Inzai Distribution Warehouse as an external warehouse of its Funabashi Branch.

The three stories of the Inzai Distribution Warehouse have a combined warehouse area of 5,840 tsubo (1 tsubo = 3.31 square meters), and since usage is possible starting at the small scale of 500 to 1,000 tsubo, it will be possible to meet the various logistics needs of customers. Furthermore, since the warehouse is a 15-minute drive from the Funabashi Branch, it will be possible to provide comprehensive logistics services that include transportation.

For the Inzai Distribution Warehouse, Seino Transportation has rented the entire building of "Odakyu Real Estate Logistics Center Inzai," the first logistics facility in which Odakyu Real Estate (head office: Shibuya-ku, Tokyo; president: Ichiro Kaneko) has been involved.

Inzai City has excellent access to central Tokyo and Narita Airport, and thus the warehouse is expected to be key for import and export products.

Reopening of Sagamihara Branch

Seino Transportation has relocated its Sagamihara Branch and reopened it on the fifth floor of "GLP ALFALINK Sagamihara 1," which has been constructed by GLP Japan (head office: Minato-ku, Tokyo; president: Yoshiyuki Chosa).

The Sagamihara Branch now has a home-related area more than three times that of its previous location, which was considered to be cramped, and it has newly added the territories of Midori-ku, Sagamihara City and Machida City.

The logistics warehouse has a warehouse area of 2,400 tsubo, and it consists of seven sections that are numbered from "D-1" to "D-7" (255 tsubo to 445 tsubo). The warehouse can be used on a section basis, which is difficult for large warehouses that are used by multiple companies, and thus it is able to provide streamlined warehouse usage that is in accordance with the challenges and needs of customers.

The warehouse is equipped with four vertical transporters, two freight elevators, and four dock levelers.

Start of operation of Kangaroo Liner TF60

The "Kangaroo Liner" is a mixed-block train that Seino Transportation started operating in 2018. As part of initiatives aimed at a "modal shift" from cargo transport by truck to cargo transport by railway, which has a low environmental impact, the Kangaroo Liner has been operating along two routes, with the SS60 operating between Osaka and Sendai, and the NF64 operating between Nagoya and Fukuoka. On this occasion, operation along a third route has been started by the TF60, which operates between Tokyo and Higashi-Fukuyama.

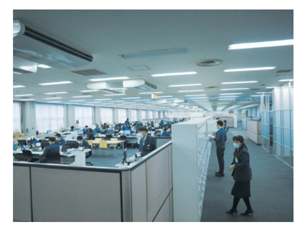
The Kangaroo Liner TF60 is comprised of 20 cars (with 15 belonging to the Seino Group) and carries 30 31-foot containers, and it runs at a top speed of 100 km/h along the approximately 779 km between Tokyo Freight Terminal and Higashi-Fukuyama Station. Operation of the TF60 will result in a decrease in CO_2 emissions of 8,083 tons per year. These efforts by the Seino Group are expected to not only contribute to the achievement of carbon neutrality, but also help with alleviating shortages of truck drivers and reforming ways of working.

Switching to free-address system at Ogaki Head Office

As part of efforts to reform ways of working, Seino Transportation has introduced a "free-address system" (system that allows employees to freely change their workspace) at its Ogaki Head Office. On the second-floor, where the office area is located, a large center table and rows of multiple desks have been set up, and free seating without any barriers between departments has been established. After employees arrive at the company, they can take items such as their computer out of their personal locker, and do work at any seat that they like.

Furthermore, cafeterias and meeting rooms have been made into open "free spaces" that can be used by individuals or groups. Window-facing counter seats, where it is possible to concentrate in solitude, and bench seats, where groups of employees can comfortably hold meetings, have also been made available.

Seino Transportation hopes that the elimination of barriers between departments will enhance interdepartmental collaboration, and lead to the creation of new innovations.



It is hoped that ways of working that are free from preconceived notions will lead to the creation of new innovations.

Recommended logistics operators for Expo 2025 Osaka, Kansai

A joint venture between Seino Holdings and Hankyu Hanshin Express (head office: Kita-ku, Osaka City; president: Kazuhiro Tanimura), as well as Schenker Seino, have been selected as the recommended logistics operators for Expo 2025 Osaka, Kansai, which will be held from April 13 to October 13, 2025.
Seino Holdings and Hankyu Hanshin Express, which have been in a capital and business alliance since 2018, will utilize their respective strengths to comprehensively offer international transport, customs-clearance, and other logistics-related services to expo participants, who will include countries, regions, organizations, and companies.

OSAKA, KANSAI, JAPAN
EXPO
2025

Expanding Our Operations Scope and Creating New Value

Transportation Services Business

In the Transportation Services Business, we based our operations on the Seino Group's nationwide transportation and delivery network, in accordance with the medium-term management plan, while utilizing the logistics resources of other companies. We also began offering the "Ippo" logistics concierge service which introduces and proposes the optimal solution for the customer.

In this service the Company acts as the contact point for distribution, selects one of its partners, and handles everything from communications to inquiries such as tracking. It has been well received as a one-stop solution for resolving the difficulties faced by customers.

At Seino Transportation Co., Ltd., the core company of the Transportation Services Business, we have been seeking to strengthen our sales structures by increasing the number of planners and working to receive reasonable transport fees. In addition, we implemented initiatives to win new customers and raise the percentage of continuing shipments in order to secure higher volumes of cargo handled. These included utilizing the Customer Management System, which centrally manages customer information, and the Seino Yuso Navi Pro service, which proposes the optimal transportation mode for the volume and size of customer cargo.

On the other hand, we have continued our efforts to improve the operational efficiency for regular scheduled routes and the efficiency of sorting and loading, as well as optimizing costs so that they are correlated with the volume of cargo handled, with the aim of ensuring more stable profits. We also took steps to reduce CO_2 emissions, mitigate the shortage of truck drivers, and reform working styles, such as by launching our third round-trip route mixed-block train, "Kangaroo Liner TF60," which operates between Tokyo Freight Terminal and Higashi Fukuyama station.

In terms of expansion efforts, Seino Transportation Co., Ltd. opened the Inzai distribution warehouse (Inzai City, Chiba Prefecture), and the Ryugasaki branch (Inashiki-gun, Ibaraki Prefecture), as well as relocating the Sagamihara branch (Sagamihara City, Kanagawa Prefecture) and the Nagoya-Nishi branch (Ama City, Aichi Prefecture). Seino Super Express Co., Ltd. relocated the Yokaichi sales office (Higashiomi City, Shiga Prefecture), while Nohi Seino Transportation Co., Ltd. opened the Kakamigahara Kawashima distribution center (Kakamigahara City, Gifu Prefecture). In this way we worked to strengthen our logistics infrastructure and expand our earnings.

As a result of the above, operating revenue for this segment was ¥453,253 million (up 2.8% year on year) and operating profit was ¥21,108million (up 14.9% year on year).

Vehicle Sales Business

In the business of passenger car sales in the Vehicle Sales Business, in addition to ongoing store renewals to improve customer satisfaction, we implemented measures such as campaigns to take advantage of new model introduction effects, and proposals for early replacement through the use of residual value installment sales. However, the business was affected by semiconductor shortages, delivery delays caused by constraints on parts supply resulting from the spread of COVID-19 in Southeast Asia, and other problems, leading to volume sales of new vehicles recording a year-on-year decline.

Used vehicle sales also recorded a year-on-year decline in volumes, due to the reduction in traded-in vehicles caused by delivery delays of new vehicles and difficulties in sourcing caused by the rising market. However, the increase in retail prices for new vehicles caused by the delivery delays, and the rise in the auction market, resulted in higher operating revenue and gross profit. In the service division, as well as focusing on initiatives to increase contact with customers by inviting them to bring their vehicles in with the aim of increasing the efficiency of workshop visits, we worked to secure earnings by strengthening proposals for accessory products.

Truck sales were affected by production adjustments resulting from semiconductor and parts shortages in a similar way to passenger vehicle sales, but domestic new vehicle sales recorded a year-on-year increase. In addition to strengthening used vehicle sales, we worked to secure earnings by encouraging customers to visit the workshop for preventive maintenance and working to bring outsourced operations in-house.

In terms of office expansion efforts, Toyota Corolla Gifu Co., Ltd. rebuilt the headquarters and Gifu branch (Gifu City).

As a result of the above, operating revenue for this segment was ¥98,221 million (down 0.1% year on year) and operating profit was ¥4,491 million (down 6.1% year on year).

Merchandise Sales Business

The Merchandise Sales Business engages in the sale of fuel, paper and paper products, and other products. Sales of domestic tissue paper increased, but due to a decline in operating revenue from fuel, amongst other factors, operating revenue for this segment was ¥30,754 million (down 0.9% year on year), although cost reductions and other efforts resulted in operating profit of ¥789 million (up 7.8% year on year).

Real Estate Leasing Services Business

In the Real Estate Leasing Services Business, we mainly work to make maximum use of the potential of real estate by leasing the sites of former truck terminals, stores, and other locations.

As a result of the above, operating revenue for this segment was ¥2,013 million (up 8.0% year on year), and operating profit was ¥1,509 million (up 1.0% year on year).

Other Business

The Other Business segment includes the information services business, the housing sales business, the construction contract business, and the personnel services business.

Operating revenue for this segment was ¥23,417 million (up 18.7% year on year), and operating profit was ¥1,194 million (up 145.8% year on year).

Operating Revenue by Business Segment

(Millions of yen)

	FY Ended March 31, 2022		FY Ended March 31, 2021		
	Results	Composition	Results	Composition	Year-on-Year
Transportation services	453,253	74.6%	441,091	74.5%	2.8%
Vehicle sales	98,221	16.2%	98,334	16.6%	(0.1%)
Merchandise sales	30,754	5.1%	31,034	5.3%	(0.9%)
Real estate leasing services	2,013	0.3%	1,865	0.3%	8.0%
Others	23,417	3.8%	19,722	3.3%	18.7%
Total	607,658	100.0%	592,046	100.0%	2.6%

Operating Income by Business Segment

(Millions of yen)

	FY Ended March 31, 2022		FY Ended March 31, 2021		
	Results	Composition	Results	Composition	Year-on-Year
Transportation services	21,108	76.6%	18,375	74.8%	14.9%
Vehicle sales	4,491	16.3%	4,781	19.4%	(6.1%)
Merchandise sales	789	2.9%	732	3.0%	7.8%
Real estate leasing services	1,509	5.5%	1,495	6.1%	1.0%
Others	1,194	4.3%	486	2.0%	145.8%
Total	29,091	105.6%	25,869	105.3%	12.5%
Elimination	(1,545)	(5.6%)	(1,308)	(5.3%)	—
Consolidated	27,546	100.0%	24,561	100.0%	12.2%

Financial Review

Operating Result

The consolidated sales of Seino Holdings for the fiscal year ended March 2022 amounted to ¥607,658 million (a 2.6% increase from the previous fiscal year). This was mainly due to the fact that in home delivery cargo in the transportation industry, our Group's main business, there were causes for concern, such as the impact of supply constraints and soaring prices of crude oil and raw materials on company revenues. Meanwhile, this was partially offset by recovery trends regarding personal consumption and industrial production, the appearance of positive signs related to domestic cargo volumes, and efforts to expand revenues through increasing logistics infrastructure.

Due to the above-mentioned factors, while sales costs increased to ¥536,079 million, which was a 1.9% increase from the previous fiscal year, the ratio of operating costs to sales stood at 88.2%, a 0.6% decrease from the previous fiscal year.

Sales, general, and administrative expenses came to ¥44,033 million (a 5.8% increase from the previous fiscal year) due to an increase in salaries linked to business performance and a rise in bonuses resulting from an increase in transport volumes, and operating profit came to ¥27,546 million.

Current net income before taxes and other adjustments increased by 2.6% from the previous fiscal year to ¥28,345 million, and current net income rose by 3.6% from the previous fiscal year to ¥17,256 million.

Current net income per share stood at ¥94.59, and return on equity was 4.1%. Annual cash dividend per share rose to ¥29.00, which marked a 7.4% increase from the previous fiscal year, and thus the dividend payout ratio amounted to 30.7%.

Financial Position

Total assets at the end of the current consolidated fiscal year amounted to ¥685,267 million, which marked an increase of ¥13,019 million from the end of the previous consolidated fiscal year. The main factors were an increase in cash and deposits, the acquisition of new land and buildings, and an increase in the market value of marketable securities held. Liabilities totaled ¥251,746 million, which marked a ¥2,133 million increase from the end of the previous consolidated fiscal year. Furthermore, net assets increased by ¥10,886 million from the end of the previous consolidated fiscal year to reach ¥433,521 million due to a rise in retained earnings.

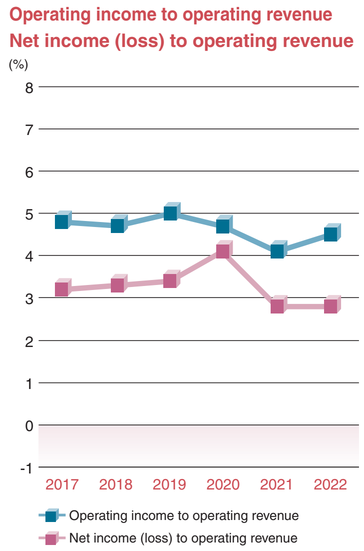
Cash Flows

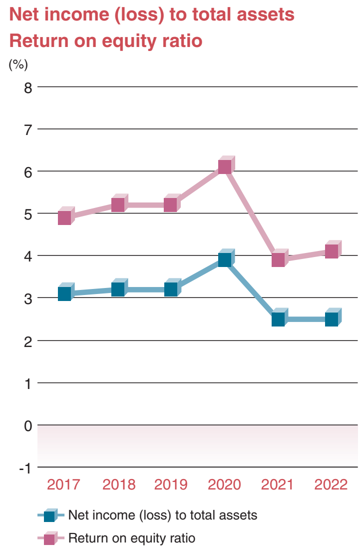
Cash flow from operating activities amounted to ¥45,528 million, marking an increase of ¥6,843 million from the previous consolidated fiscal year, due to factors such as increases in depreciation expenses and the amount of impairment losses.

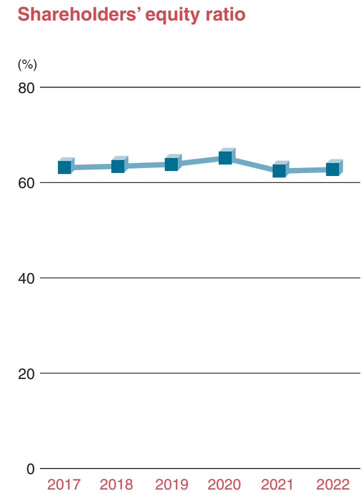
Cash flow from investment activities came to –¥31,794 million, which was a ¥3,828 million increase from the previous consolidated fiscal year. This was the result of factors such as an acquisition of investment securities and an acquisition of a new consolidated subsidiary.

Cash flow from financial activities fell by ¥2,609 million from the previous consolidated fiscal year to ¥7,882 million, and this was the result of factors such as the absence of large-scale acquisitions of treasury stock.

As a result of the above, cash and cash equivalents in the current consolidated fiscal year increased by ¥5,842 million from the previous consolidated fiscal year to ¥99,525 million.







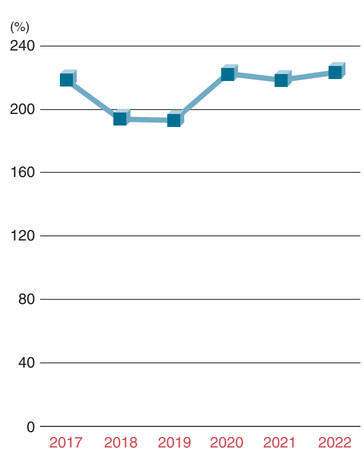
SEINO HOLDINGS CO., LTD. and Consolidated Subsidiaries

Six-year Summary

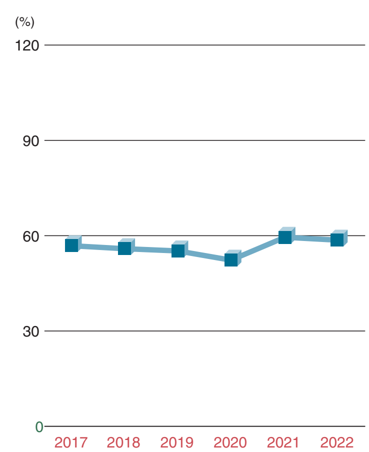
For the Years Ended March 31, 2022, 2021, 2020, 2019, 2018 and 2017

	Millions of Yen					
	2022	2021	2020	2019	2018	2017
For the year:						
Operating revenue:	¥ 607,658	¥ 592,046	¥ 625,627	¥ 617,162	¥ 596,130	¥ 567,539
Transportation services	453,253	441,091	466,473	462,459	443,168	422,870
Vehicle sales	98,221	98,334	103,165	100,960	103,342	100,237
Merchandise sales	30,754	31,034	32,868	33,518	31,575	27,749
Real estate leasing services	2,013	1,865	1,732	1,651	1,599	1,543
Other	23,417	19,722	21,389	18,574	16,446	15,140
Operating costs	536,079	525,852	553,541	545,253	529,196	502,639
Selling, general and administrative expenses	44,033	41,633	42,389	40,713	39,055	37,783
Operating income	27,546	24,561	29,697	31,196	27,879	27,117
Net income (loss)	17,256	16,661	25,848	21,208	20,047	18,206
At year-end:						
Current assets	245,578	242,711	248,332	251,683	243,883	232,792
Total assets	685,267	672,248	654,533	657,983	628,728	594,264
Current liabilities	109,980	110,993	111,582	130,357	125,871	106,479
Short-term borrowings	3,241	4,471	4,130	5,470	3,610	2,704
Long-term debt, including current maturities	46,927	44,478	17,999	19,905	21,776	26,468
Net assets	433,521	422,635	432,813	428,934	405,739	381,299
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 94.59	¥ 89.31	¥ 128.41	¥ 104.81	¥ 101.88	¥ 92.09
Cash dividends	29.00	27.00	39.00	32.00	30.00	27.00
	Thousands					
Number of shares issued	207,679	207,679	207,679	207,679	207,679	207,679
	Percent					
Ratios:						
Operating income to operating revenue	4.5	4.1	4.7	5.0	4.7	4.8
Net income (loss) to operating revenue	2.8	2.8	4.1	3.4	3.3	3.2
Net income (loss) to total assets	2.5	2.5	3.9	3.2	3.2	3.1
Return on equity ratio	4.1	3.9	6.1	5.2	5.2	4.9
Shareholders' equity ratio	62.7	62.4	65.1	63.8	63.4	63.1
Current ratio	223.3	218.7	222.6	193.1	193.8	218.6
Debt equity ratio	58.6	59.5	52.0	55.2	55.9	56.8
Payout ratio	30.7	30.2	30.4	30.5	29.4	29.3

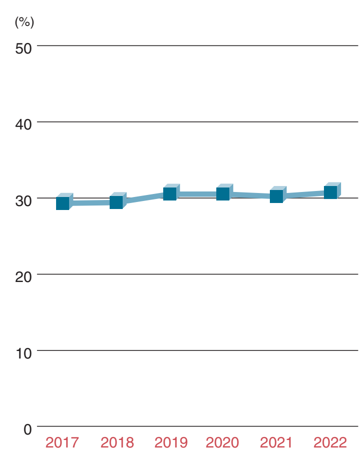
Current ratio



Debt equity ratio



Payout ratio



SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 99,525	¥ 93,683	$ 815,779
Short-term investments (Notes 3 and 5)	8,964	9,371	73,475
Trade receivables (Note 3)	118,649	120,402	972,533
Contract assets	1,051	—	8,615
Inventories (Note 4)	11,237	13,544	92,106
Other current assets	6,498	5,924	53,262
Allowance for doubtful accounts	(346)	(213)	(2,836)
Total current assets	245,578	242,711	2,012,934
Property and equipment (Notes 6, 7 and 9):			
At cost	680,129	661,221	5,574,828
Accumulated depreciation	(338,449)	(326,616)	(2,774,172)
Net property and equipment	341,680	334,605	2,800,656
Investments and other assets:			
Investment securities (Notes 3 and 5)	40,137	41,074	328,992
Investments in and long-term loans to affiliates and nonconsolidated subsidiaries (Note 5)	20,631	17,865	169,107
Goodwill	11,126	11,480	91,197
Deferred tax assets (Note 17)	14,783	13,938	121,172
Other assets	11,332	10,575	92,885
Total investments and other assets	98,009	94,932	803,353
Total assets	¥ 685,267	¥ 672,248	$ 5,616,943
Current liabilities:			
Short-term borrowings (Notes 3, 9, 10 and 11)	¥ 3,241	¥ 4,471	$ 26,565
Current portion of long-term debt (Notes 3, 9 and 11)	2,603	2,187	21,336
Trade payables (Note 3)	48,915	48,641	400,943
Accrued expenses	15,972	15,895	130,918
Income taxes payable	5,489	3,827	44,992
Contract liabilities	3,631	—	29,762
Other current liabilities	30,129	35,972	246,959
Total current liabilities	109,980	110,993	901,475
Long-term debt (Notes 3, 9 and 11)	44,324	42,291	363,312
Employee retirement benefit liability (Note 12)	82,328	81,439	674,820
Asset retirement obligations (Note 8)	3,707	3,628	30,385
Accrued severance indemnities for directors and corporate auditors	1,611	1,570	13,205
Provision for share-based remuneration	5,242	5,448	42,967
Provision for directors' stock payments	198	143	1,623
Deferred tax liabilities (Note 17)	3,000	3,023	24,590
Other long-term liabilities	1,356	1,078	11,115
Total liabilities	251,746	249,613	2,063,492
Commitments and contingent liabilities (Notes 13 and 14)			
Net assets:			
Shareholders' equity (Note 15):			
Common stock: 794,524,668 shares authorized and 207,679,783 shares issued	42,482	42,482	348,213
Capital surplus	80,940	81,626	663,443
Retained earnings	332,861	321,179	2,728,369
Less treasury stock at cost: 26,677,070 shares in 2022 and 25,203,489 shares in 2021	(37,139)	(35,498)	(304,418)
Total shareholders' equity	419,144	409,789	3,435,607
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities	14,620	15,344	119,836
Land revaluation decrement	(122)	(122)	(1,000)
Retirement benefit adjustment	(3,542)	(4,890)	(29,033)
Foreign currency translation adjustments	(208)	(860)	(1,705)
Total accumulated other comprehensive income	10,748	9,472	88,098
Noncontrolling interests	3,629	3,374	29,746
Total net assets	433,521	422,635	3,553,451
Total liabilities and net assets	¥ 685,267	¥ 672,248	$ 5,616,943

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Operating revenue (Note 20)	**¥ 607,658**	¥ 592,046	¥ 625,627	**$ 4,980,803**
Operating costs and expenses (Note 12):				
Operating costs	**536,079**	525,852	553,541	**4,394,090**
Selling, general and administrative expenses	**44,033**	41,633	42,389	**360,926**
	580,112	567,485	595,930	**4,755,016**
Operating income	**27,546**	24,561	29,697	**225,787**
Other income (expenses):				
Interest and dividend income	**859**	1,350	788	**7,041**
Interest expense	**(435)**	(408)	(458)	**(3,566)**
(Loss) gain on investments in partnerships	**(229)**	189	(40)	**(1,877)**
Commission for purchase of treasury shares	**—**	(90)	(5)	**—**
Subsidy income	**6**	310	516	**49**
Subsidies for employment adjustment	**97**	597	12	**795**
(Loss) gain on sale or disposal of property and equipment	**(671)**	(652)	15,457	**(5,500)**
Gain on sale of investment securities	**31**	1,011	26	**254**
Share of profit (loss) of entities accounted for using equity method	**1,560**	443	(26)	**12,787**
Impairment loss on fixed assets (Notes 2(i) and 20)	**(1,141)**	(54)	(542)	**(9,352)**
Loss on valuation of shares of subsidiaries and associates	**—**	(383)	—	**—**
Provision for share-based remuneration	**—**	—	(5,634)	**—**
Miscellaneous, net	**722**	747	104	**5,918**
	799	3,060	10,198	**6,549**
Profit before income taxes	**28,345**	27,621	39,895	**232,336**
Income taxes (Note 17):				
Current	**11,813**	11,272	13,222	**96,828**
Deferred	**(1,115)**	(496)	965	**(9,140)**
Total income taxes	**10,698**	10,776	14,187	**87,688**
Profit	**17,647**	16,845	25,708	**144,648**
Profit (Loss) attributable to noncontrolling interests	**391**	184	(140)	**3,205**
Profit attributable to owners of parent	**¥ 17,256**	¥ 16,661	¥ 25,848	**$ 141,443**

	Yen			U.S. dollars
Per share:				
Profit attributable to owners of parent				
-Basic	**¥ 94.59**	¥ 89.31	¥ 128.41	**$ 0.78**
-Diluted	**88.78**	89.29	—	**0.73**
Cash dividends	**29.00**	27.00	39.00	**0.23**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Profit	¥ **17,647**	¥ 16,845	¥ 25,708	$ **144,648**
Other comprehensive income (Note 18):				
Net unrealized gains on available-for-sale securities	**(669)**	5,383	(2,794)	**(5,484)**
Remeasurements of defined benefit plans, net of tax	**1,345**	627	(1,178)	**11,024**
Foreign currency translation adjustments	**49**	(51)	45	**402**
Share of other comprehensive income of affiliates accounted for using equity method	**554**	(58)	(92)	**4,541**
Total other comprehensive income	**1,279**	5,901	(4,019)	**10,483**
Comprehensive income	¥ **18,926**	¥ 22,746	¥ 21,689	$ **155,131**
Comprehensive income attributable to:				
Owners of the parent	¥ **18,531**	¥ 22,560	¥ 21,797	$ **151,893**
Noncontrolling interests	**395**	186	(108)	**3,238**

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2022, 2021 and 2020

		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation decrement	Retirement benefit adjustment	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non controlling interests	Total net assets
		Millions of yen											
Balance at March 31, 2019	207,679,783	¥ 42,482	¥ 83,748	¥ 292,883	¥ (4,452)	¥ 414,661	¥ 12,708	¥ (114)	¥ (4,397)	¥ (579)	¥ 7,618	¥ 6,655	¥ 428,934
Profit attributable to owners of parent	—	—	—	25,848	—	25,848	—	—	—	—	—	—	25,848
Cash dividends	—	—	—	(6,524)	—	(6,524)	—	—	—	—	—	—	(6,524)
Reversal of land revaluation decrement	—	—	—	(5)	—	(5)	—	—	—	—	—	—	(5)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(11,385)	(11,385)	—	—	—	—	—	—	(11,385)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders	—	—	(4)	—	—	(4)	—	—	—	—	—	—	(4)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(2,810)	5	(1,216)	(24)	(4,045)	(6)	(4,051)
Balance at March 31, 2020	207,679,783	42,482	83,744	312,202	(15,837)	422,591	9,898	(109)	(5,613)	(603)	3,573	6,649	432,813
Profit attributable to owners of parent	—	—	—	16,661	—	16,661	—	—	—	—	—	—	16,661
Cash dividends	—	—	—	(7,684)	—	(7,684)	—	—	—	—	—	—	(7,684)
Purchases of treasury stock and fractional shares, net	—	—	3	—	(19,661)	(19,658)	—	—	—	—	—	—	(19,658)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders	—	—	(2,121)	—	—	(2,121)	—	—	—	—	—	—	(2,121)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	5,446	(13)	723	(257)	5,899	(3,275)	2,624
Balance at March 31, 2021	207,679,783	42,482	81,626	321,179	(35,498)	409,789	15,344	(122)	(4,890)	(860)	9,472	3,374	422,635
Cumulative effects of changes in accounting policies	—	—	—	(517)	—	(517)	—	—	—	—	—	2	(515)
Restated balance at March 31, 2021	207,679,783	42,482	81,626	320,662	(35,498)	409,272	15,344	(122)	(4,890)	(860)	9,472	3,376	422,120
Profit attributable to owners of parent	—	—	—	17,256	—	17,256	—	—	—	—	—	—	17,256
Cash dividends	—	—	—	(5,057)	—	(5,057)	—	—	—	—	—	—	(5,057)
Purchases of treasury stock and fractional shares, net	—	—	(8)	—	(1,641)	(1,649)	—	—	—	—	—	—	(1,649)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders	—	—	(678)	—	—	(678)	—	—	—	—	—	—	(678)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(724)	—	1,348	652	1,276	253	1,529
Balance at March 31, 2022	207,679,783	¥ 42,482	¥ 80,940	¥ 332,861	¥ (37,139)	¥ 419,144	¥ 14,620	¥ (122)	¥ (3,542)	¥ (208)	¥ 10,748	¥ 3,629	¥ 433,521
		Thousands of U.S. dollars											
Balance at March 31, 2021		$ 348,213	$ 669,066	$2,632,615	$(290,967)	$3,358,927	$ 125,770	$ (1,000)	$ (40,082)	$ (7,049)	$ 77,639	$ 27,655	$ 3,464,221
Cumulative effects of changes in accounting policies		—	—	(4,238)	—	(4,238)	—	—	—	—	—	17	(4,221)
Restated balance at March 31, 2021		348,213	669,066	2,628,377	(290,967)	3,354,689	125,770	(1,000)	(40,082)	(7,049)	77,639	27,672	3,460,000
Profit attributable to owners of parent		—	—	141,443	—	141,443	—	—	—	—	—	—	141,443
Cash dividends		—	—	(41,451)	—	(41,451)	—	—	—	—	—	—	(41,451)
Purchases of treasury stock and fractional shares, net		—	(66)	—	(13,451)	(13,517)	—	—	—	—	—	—	(13,517)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders		—	(5,557)	—	—	(5,557)	—	—	—	—	—	—	(5,557)
Net changes in items other than shareholders' equity		—	—	—	—	—	(5,934)	—	11,049	5,344	10,459	2,074	12,533
Balance at March 31, 2022		$ 348,213	$ 663,443	$2,728,369	$(304,418)	$3,435,607	$ 119,836	$ (1,000)	$ (29,033)	$ (1,705)	$ 88,098	$ 29,746	$ 3,553,451

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Cash flows from operating activities:				
Profit before income taxes	¥ **28,345**	¥ 27,621	¥ 39,895	$ **232,336**
Adjustments for:				
Depreciation	**21,490**	20,352	20,198	**176,147**
Impairment loss on fixed assets	**1,141**	54	542	**9,352**
Amortization of goodwill	**1,789**	1,639	1,636	**14,664**
Net increase in employee retirement benefit liability	**2,918**	2,611	2,501	**23,918**
Loss (gain) on sale or disposal of property and equipment	**671**	652	(15,457)	**5,500**
Share of (profit) of entities accounted for using equity method	**(1,560)**	(443)	26	**(12,787)**
Loss (profit) on investments in partnerships	**229**	(189)	40	**1,877**
Gain on sale of investment securities	**(31)**	(1,011)	(26)	**(254)**
Loss on valuation of shares of subsidiaries and associates	**—**	383	—	**—**
Net provision for accrued severance indemnities for directors and corporate auditors	**41**	62	52	**336**
(Decrease) increase in provision for share-based remuneration	**(206)**	(185)	5,634	**(1,689)**
Net provision for directors' stock payments	**55**	46	56	**451**
(Increase) decrease in trade receivables	**(1,151)**	(767)	2,414	**(9,434)**
Decrease (increase) in inventories	**1,808**	214	(691)	**14,820**
Increase (decrease) in trade payables	**1,434**	(451)	(6,185)	**11,754**
Other, net	**(1,989)**	(447)	(666)	**(16,303)**
Subtotal	**54,984**	50,141	49,969	**450,688**
Interest and dividends received	**1,063**	1,258	1,204	**8,713**
Interest paid	**(417)**	(389)	(445)	**(3,418)**
Income taxes paid	**(10,102)**	(12,325)	(15,764)	**(82,803)**
Net cash provided by operating activities	**45,528**	38,685	34,964	**373,180**
Cash flows from investing activities:				
Increase in property and equipment	**(29,383)**	(35,453)	(34,693)	**(240,844)**
Increase in long-term investments and loans	**(1,760)**	(1,000)	(3,937)	**(14,426)**
Decrease in property and long-term investments	**433**	1,652	23,641	**3,549**
Decrease (increase) in short-term investments	**468**	7,093	(2,916)	**3,836**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 16)	**(1,631)**	(258)	(148)	**(13,369)**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	**79**	—	—	**648**
Net cash used in investing activities	**(31,794)**	(27,966)	(18,053)	**(260,606)**
Cash flows from financing activities:				
Increase in long-term debt	**11,036**	25,389	200	**90,459**
Repayment of long-term debt	**(9,588)**	(1,039)	(1,815)	**(78,590)**
Net decrease in short-term borrowings	**(480)**	(422)	(1,138)	**(3,934)**
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	**(781)**	(5,518)	—	**(6,402)**
Proceeds from share issuance to noncontrolling shareholders	**4**	—	21	**33**
Dividends paid to shareholders	**(4,928)**	(7,492)	(6,524)	**(40,393)**
Dividends paid to noncontrolling interests	**(84)**	(71)	(52)	**(689)**
Purchases of treasury stock, net of disposals	**(1,813)**	(19,998)	(11,385)	**(14,861)**
Other, net	**(1,248)**	(1,340)	(1,229)	**(10,230)**
Net cash used in financing activities	**(7,882)**	(10,491)	(21,922)	**(64,607)**
Effect of exchange rate changes on cash and cash equivalents	**(10)**	(27)	31	**(82)**
Net increase (decrease) in cash and cash equivalents	**5,842**	201	(4,980)	**47,885**
Cash and cash equivalents at beginning of year	**93,683**	93,482	98,462	**767,894**
Cash and cash equivalents at end of year	¥ **99,525**	¥ 93,683	¥ 93,482	$ **815,779**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of SEINO HOLDINGS CO., LTD. (the "Company") and its subsidiaries (together with the Company, the "Seino Group") have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the approximate exchange rate prevailing at March 31, 2022, which was ¥122 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in significant affiliates are accounted for by the equity method. Investments in affiliates not accounted for by the equity method are stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of the acquisition, are deferred as goodwill and amortized over the estimated useful life, 5-15 years, on a straight-line basis. All intercompany transactions and accounts have been eliminated on consolidation.

Under accounting standards for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise and is a majority (more than 50%) owned enterprise or a 40% to 50% owned enterprise that meets certain criteria. An affiliated company is defined as an enterprise in which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or a 15% to less than 20% owned enterprise that meets certain criteria. For each of the years ended March 31, 2022, 2021 and 2020, there were six companies that were not a more than 50% owned enterprise but were nevertheless classified as subsidiaries based on the judgment of the Company in accordance with the applicable accounting standards.

The number of subsidiaries and affiliates for the years ended March 31, 2022, 2021 and 2020 was as follows:

	2022	2021	2020
Subsidiaries:			
Domestic	76	76	76
Overseas	6	6	5
Affiliates accounted for by the equity method	6	6	6
Nonconsolidated subsidiaries	1	1	2
Affiliates stated at cost	13	14	15

The Company and most of its subsidiaries have a fiscal year that ends on March 31. The overseas subsidiary closes its books on December 31. Futaba Kogyosho Co., Ltd., the Company's subsidiary, changed its fiscal year ended on June 30 to March 31. Significant transactions for the period between the subsidiary's year-end and the Company's year-end are adjusted for on consolidation.

Nonconsolidated subsidiaries are excluded from the scope of consolidation because they are all small in scale, and any total amount in terms of their total assets, operating revenue and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others does not significantly affect the consolidated financial statements.

The consolidated financial statements include the accounts of the overseas subsidiary prepared under IFRS in accordance with Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," issued by the Accounting Standards Board of Japan ("ASBJ").

(b) Cash and cash equivalents

The Seino Group considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(c) Investments and marketable securities

The Seino Group classifies certain investments in debt and equity securities as "held-to-maturity," "trading" or "available-for-sale." The classification determines the respective accounting method applied as stipulated by the accounting standard for financial instruments. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value, and net unrealized gains and losses on these securities are reported as accumulated other comprehensive income in net assets, net of applicable income taxes. Gains and losses on the disposition of available-for-sale securities are computed based on the moving average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving average method. Adjustments in carrying values of individual securities are charged to income through write-downs when a decline in value is deemed other than temporary. Investments in partnerships are stated at the amount of net assets attributed to the ownership percentage of the Company.

(d) Accounting for derivatives

Derivative transactions are omitted due to their insignificance to the operation of the Seino Group's business.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for at the aggregate amount of estimated credit loss based on an individual financial review of certain doubtful or troubled receivables and a general reserve for other receivables based on the historical loss experience for a certain past period.

(f) Inventories

Inventories for merchandise, products, raw materials and supplies are stated principally at the lower of moving average cost or net realizable value, and inventories for vehicles and work-in-process are stated principally at the lower of specific identification cost or net realizable value.

(g) Property and equipment and depreciation

Property and equipment, including significant renewals and additions, are stated at cost. Property and equipment of the Company and certain subsidiaries are depreciated by the straight-line method for buildings and vehicles and by the declining balance method for other property.

Property and equipment of other subsidiaries have been depreciated principally by the declining balance method, except for buildings acquired on and after April 1, 1998, property held for lease and facilities attached to buildings and structures acquired on and after April 1, 2016. Buildings acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 by the domestic subsidiaries are depreciated by the straight-line method. Some of the subsidiaries capitalize property for which the cost was not less than ¥100,000 but below ¥200,000 and depreciate it over three years on a straight-line basis.

The Seino Group, as lessee, capitalizes assets used under finance leases, except for certain immaterial or short-term finance leases accounted for as operating leases. Depreciation of leased assets capitalized in finance lease transactions as lessee is computed by the straight-line method over the lease term as the useful life with the assumption of no residual value. The leased property of a certain subsidiary engaged in leasing operations as lessor is recorded at cost in property and equipment in the accompanying consolidated balance sheets under operating lease accounting and is depreciated over the term of the lease contract by the straight-line method to the amount equal to the estimated disposal value at the lease termination date.

Expenditures on maintenance and repairs are charged to operating income as incurred. Upon the disposal of the property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded as income or expense.

(h) Intangible assets

Intangible assets are amortized on a straight-line basis. Software, which is included in intangible assets, is amortized using the straight-line method over the estimated useful life of five years.

(i) Accounting standard for impairment of fixed assets

The Company and its domestic subsidiaries have adopted the "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is to be recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, to be measured as the higher of the asset's net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are to be grouped at the lowest level for which there are identifiable cash flows distinguishable from other groups of assets. For the purpose of recognition and measurement of impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches other than idle or unused property. The method used to group assets to measure impairment of fixed assets in the transportation services segment, excluding some consolidated subsidiaries, is a method that groups assets by the entire segment. At March 31, 2022, 2021 and 2020, recoverable amounts of assets were measured based on value in use using discounted future cash flows at interest rates principally of 3.5%, 4.8% and 8.7%, respectively, or net selling prices using primarily appraisal valuations. As a result, the Seino Group recognized impairment loss as follows:

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Property subject to impairment:	8 business branches and 2 idle properties	1 business branch	6 business branches and 1 idle property	
Impairment loss recorded for:				
land	¥ 371	¥ 54	¥ 359	$ 3,041
buildings and structures	549	—	129	4,500
other property	221	—	54	1,811
	¥ 1,141	¥ 54	¥ 542	$ 9,352

Accumulated impairment loss has been directly deducted from the applicable assets.

(j) Employee retirement benefits

Employees who terminate their service with the Seino Group are entitled to retirement benefits determined generally by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

The Seino Group has recognized retirement benefits for employees, including pension cost and related liability, based on the actuarial present value of retirement benefit obligation using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the fiscal year-end. In the calculation of the retirement benefit obligation, the expected retirement benefits are attributed to the period up to the end of the respective fiscal year based on the straight-line method. Actuarial differences arising from changes in the retirement benefit obligation or the value of pension plan assets resulting from actual outcomes different from that which were assumed and from changes in the assumptions themselves are amortized on a straight-line basis over principally ten years, a period within the average remaining service years of employees, from the year following the year in which they arise. Past service cost is amortized using the straight-line method over principally ten years, a period within the average remaining service years of employees, from the year in which it occurs.

(k) Severance indemnities for directors and corporate auditors

The Seino Group pays severance indemnities to directors and corporate auditors subject to the approval of the shareholders. Certain subsidiaries provide for accrued severance indemnities for directors and corporate auditors at the amount that would have been payable if the directors and corporate auditors had retired at the end of the fiscal year based on internal rules, in accordance with the Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Committee Report No. 42, "Treatment for Auditing of Reserve Under Special Taxation Measures Law, Reserve Under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors."

(l) Provision for share-based remuneration

To provide for the delivery of the Company's shares to employees in accordance with the regulations on the delivery of shares, the estimated amount of share-based remuneration to be paid at the end of the current fiscal year is recorded.

(m) Provision for directors' stock payments

Provision for directors' stock payments has been provided for stock award debt based on regulations for awarding stock, which is prepared for future awards of the company shares to its directors, excluding outside directors.

(n) Accounting for revenue and expenses recognition

The Seino Group has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021). In relation to recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Seino Group and the typical timing of the satisfaction of those performance obligations (i.e., typical timing of revenue recognition) are as follows:

The Seino Group divides the business segment by products and services based on the main businesses of each subsidiary into "Transportation Services Business," "Vehicle Sales Business," "Merchandise Sales Business" and "Real Estate Leasing Services Business".

The Transportation Services Business is the motor truck transportation business, home delivery service, house moving service and charter service mainly for small-lot commercial cargo. In addition, this business includes the consigned freight forwarding business, and delivery to cargo by using the various mode of transportation such as airlines, railways, ocean freight, etc. The Seino Group provides mainly domestic transportation services. Transportation revenue is recognized as the related performance obligations are satisfied, as the control of the promised services is continuously transferred to the customer.

The Vehicle Sales Business focuses mainly on sales and repair services for passenger cars and trucks. The performance obligations are satisfied at the time the related vehicles are registered and owned by the customers. Regarding new and used vehicles sales, the performance obligations are satisfied at the time the car is registered, and revenue is recognized as the performance obligations are satisfied. For installment sales, transaction prices are based on the contract with the customer that distinguishes between financial components and other. Interest equivalent, a financial component method, is recognized as revenue based on the contract period with the customer, and other transaction prices are recognized as revenue at the time of inspection. In regard to repair services, the performance obligations are satisfied at the time of completion of the repair work.

The Merchandise Sales Business sells fuel and paper products. With the sales of products, the time from dispatching the goods until the inspection process at the customer side is not long. Therefore, the revenue will be recognized at the time the goods are shipped. In fuel sales, transactions of light oil and delivery tax as agent, the transaction price is calculated based on the net amount after deducting the amount to be paid to the other party from the amount of consideration received from the customer.

The Real Estate Leasing Services Business focuses mainly on leasing car parking, mansions and land used as truck terminals and branches in the past. We recognize revenue according to the agreement with the customers.

Generally, payment is received within approximately one month from the time the performance obligation is satisfied. In the installment sales in the Vehicle Sales Business, however, payment is generally received within a range of three to five years depending on the agreement.

(o) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(p) Enterprise taxes

The Seino Group records local corporate enterprise taxes based on the “added value” and “capital” amounts when levied as size-based corporate taxes for local government enterprise taxes, which are included in selling, general and administrative expenses.

(q) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year during which a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders.

(r) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries, are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains and losses are included in current earnings.

In respect to the financial statement items of overseas subsidiaries, all asset, liability, income and expense accounts are translated into yen by applying the exchange rates in effect at the fiscal year-end. Translation differences, after allocations of portions attributable to noncontrolling interests, are reported as foreign currency translation adjustments in a component of net assets on the accompanying consolidated balance sheets.

(s) Per share data

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year, retroactively adjusted for stock splits. Unless there is an anti-dilutive effect, diluted net income per share is calculated to reflect the potential dilution assuming that all convertible bonds are converted at the time of issue.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

(t) Adoption of consolidated taxation system

The Company and some of its subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company.

Additional information

The Company and some of its domestic consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system from the year ending March 31, 2023. Having regard to Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020), however, the Company and its domestic consolidated subsidiaries do not follow Paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) but apply provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system. Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021), which sets out accounting and disclosure of corporation and local taxes and tax effect accounting under the group tax sharing system, will be applied from the beginning of the year ending March 31, 2023.

(u) Changes in accounting policy

Application of Accounting Standards, etc. for Revenue Recognition

The Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on 31 March 2020, hereinafter referred to as “Revenue recognition accounting standards”) will be applied from the beginning of the current fiscal year.

We decided to recognize revenue when the promised goods or services are transferred to the customer and recognize as revenue the amount expected to be received at the time of completing the transfer of the promised goods or service. In the Transportation business, we have recognized revenue when we received the freight from customer, but for satisfying the performance obligations, we decided to change the revenue recognition. Certain subsidiaries have recognized the total sum received from the customers as revenue. However, we considered the duties related to providing the goods and the services to the customer and changed from recognizing the total sum received from the customer to the net value after deducting the amount which we have to pay to the third party as an agent.

The application of revenue recognition accounting standards, etc., is in accordance with the transitional treatment stipulated in Paragraph 84 of the revenue recognition accounting standards.

As a result, on the consolidated statements of income and comprehensive income for the fiscal year ended March 31, 2022, “Operating revenue” decreased by ¥15,001 million, “Operating costs” decreased by ¥15,396 million, both “Operating income” and “Income before income taxes” increased by ¥395 million and “Retained earnings at the beginning balance” decreased by ¥516 million, “Basic net income per share” increased by ¥1.43 and “Diluted net income per share” increased by ¥1.35 compared with the amounts that would have been reported without the change.

In the consolidated balance sheet for the previous fiscal year, “Trade receivables,” which were shown in “Current assets,” will be changed from “Trade receivables” and “Contract assets” from the fiscal year ended March 31, 2022. “Other current liabilities,” which was presented in “Current liabilities,” is now included in “Contract liabilities” and “Other current liabilities” from the current fiscal year. However, in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been applied for the previous fiscal year in accordance with the new presentation method. The impact on segment information is described in the related section.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes on “Revenue Recognition” related to the previous fiscal year are not included.

Application of Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the current fiscal year and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc., in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This application has had and is expected to have no significant effect on the consolidated financial statements. However, in accordance with the transitional treatment provided in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous fiscal year are not presented.

Change in revenue recognition for the sale of vehicles

Toyota Corolla Gifu Co., Ltd. and Netz Toyota Gifu Co., Ltd., subsidiaries of the Company, have changed their methods of revenue recognition for new and used vehicles from an installment sales method to a more principle sales basis. This change has been effective from the fiscal year ended March 31, 2021. The catalyst for the change in accounting policy was the strengthening of installment sales being positioned as an important measure in the formulation of The New Medium-term Management Policy, which started from the fiscal year ended March 31, 2021, against a background of intensifying sales competition with other companies induced by the beginning of the handling of all models on all four channels of Toyota dealers. For vehicle sales, installment sales are becoming increasingly important because the option to purchase vehicles with installment payments will lead to the acquisition of new customers by offering purchasing methods that flexibility respond to customer requirements, such as residual value type installment payments and deferred payments. It will also provide an incentive for those customers to purchase from us when it is time for them to replace their vehicles. The risk of bad debts in the advance payment method and the collection guarantee method, which are currently the main methods handled, is extremely low, and represents an improvement in business management systems and system structure. Thus, adopting this sales standard will more accurately reflect the profit and loss situation.

As a result, compared with the figures prior to the retroactive application of the revised revenue recognition method, the following changes have been made. On the consolidated statements of income and comprehensive income for the fiscal year ended March 31, 2020, "Operating revenue" decreased by ¥1,499 million, "Operating costs" decreased by ¥1,757 million, both "Operating income" and "Income before income taxes" increased by ¥258 million, "Income taxes deferred" increased by ¥87 million, "Profit attributable to owners of parent" increased by ¥171 million and "Basic net income per share" increased by ¥0.85. The impact on segment information is described in the related sections.

(v) Accounting policies issued but not yet adopted

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(i) Outline

With regard to the June 17, 2021 revision to the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31), as of the ASBJ announcement on July 4, 2019, consideration regarding the calculation of fair value of investment trusts was expected to require a certain period of time for discussions with stakeholders, etc., and notes regarding the fair value of investments in partnerships, etc., was regarded as requiring a certain amount of consideration. Therefore, this implementation guidance that was to take around one year to consider after the announcement of the Accounting Standard for Fair Value Measurement was revised and announced accordingly.

(ii) Scheduled date of application

Scheduled to be applied from the start of the fiscal year ending March 31, 2023.

(iii) Effect of application

The Company is currently evaluating the effect of applying the Implementation Guidance on the Accounting Standard for Fair Value Measurement on its consolidated financial statements.

(w) Changes in presentation methods

Consolidated Statements of Income

Effective from the fiscal year ended March 31, 2021, "Subsidies for employment adjustment" and "Commission for purchase of treasury shares," which had been included in "Miscellaneous, net" for the fiscal year ended March 31, 2020, have been presented separately because of their increased importance. In addition, "Compensation received for the exercise of eminent domain" has been included in "Miscellaneous, net" because of its decreased importance. The Consolidated Statements of Income for the fiscal years ended March 31, 2020 were reclassified to conform to the change in presentation. As a result, ¥15 million and ¥96 million recorded in "Miscellaneous, net" and "Compensation received for the exercise of eminent domain," respectively for the fiscal year ended March 31, 2020 were reclassified to "Subsidies for employment adjustment" of ¥12 million, "Commission for purchase of treasury shares" of negative ¥5 million and "Miscellaneous, net" of ¥104 million.

(x) Additional information

(i) Stock Compensation for Directors

The Company has introduced a Board Benefit Trust ("BBT") for the Company's directors, excluding outside directors, (the "Eligible Directors"). The objective of the plan is to focus the Eligible Directors' mindset towards enhancing the medium- to long-term corporate value of the Company by clarifying the link between the compensation of the Eligible Directors and the Company's share value so that Eligible Directors share with the shareholders not only the benefits of rising share prices, but also the risks associated with falling shares. The Plan is a stock compensation plan whereby the Company's shares are acquired through a trust (the trust set up based on the Plan is hereinafter referred to as the "Trust") using funds contributed by the Company as capital, and the acquired shares and money in the amount equivalent to the value of the Company's shares converted at market value (the "Company's Shares, Etc.") are granted to Eligible Directors through the Trust according to their positions or the like, pursuant to the predetermined Rules on Stock Benefits for Directors. In principle, the Company's Shares, etc. are provided to Eligible Directors at the time of retirement from a position of Eligible Director of the Company.

The shares of the Company held by the Trust were accounted for as treasury stock under net assets. The assets, liabilities, income and expenses of the Trust were consolidated in the accompanying consolidated financial statements. The book value and number of shares held by the Trust at March 31, 2022 and 2021 were ¥171 million ($1,401 thousand) and 87 thousand shares and ¥171 million and 87 thousand shares, respectively.

(ii) The Stock Benefit Trust (J-ESOP)

In the Company and some of its subsidiaries, for the purpose of enhancing the motivation for rising share prices, the Employee Stock Ownership Plan (J-ESOP) for employees who meet the prescribed requirements has been introduced.

The Stock Benefit Trust (J-ESOP) is an incentive plan that grants the Company's shares to employees of some companies in the group that satisfy the requirements of the Policy on Stock Compensation prescribed in advance by the Company. These companies will award points to Eligible Employees based on their length of service and individual degree of contribution and the like and will grant the number of Company's shares equivalent to the awarded points when the terms and conditions are met and vested rights are granted. The shares granted to Eligible Employees, including future shares, will be acquired using cash funds contributed in advance to the trust account established trust & Custody Services Bank, Ltd., and will be managed separately as trust assets.

In addition, ¥5,634 million was recorded in "Provision for share-based remuneration" for the fiscal year ended March 31, 2020 because there was the cost for the points awarded based on length of service completed by the fiscal year ended March 31, 2019.

The shares of the Company held by the Trust were accounted for as treasury stock under net assets. The assets, liabilities, income and expenses of the Trust were consolidated in the accompanying consolidated financial statements. The book value and number of shares held by the Trust at March 31, 2022 and 2021 were ¥6,649 million ($54,500 thousand) and 4,611 thousand shares and ¥6,822 million and 4,731 thousand shares, respectively.

(iii) Employee Shareholding Incentive Plan (E-Ship®)

The Company has introduced an Employee Shareholding Incentive Plan (E-Ship®) for the welfare of its employees. The plan is an incentive plan that covers all employees participating in the Shareholding Association.

Under the plan, the Company, as the trustor, entered into a specified trust cash funding agreement (the "E-Ship Agreement") with a trust bank as trustee to set up the trust (the "E-Ship Trust"). The E-Ship Trust purchases the number of shares of the Company that the Shareholding Association expects to purchase over the next four years and subsequently sells them periodically over a four-year period to the Shareholding Association in accordance with certain conditions and methods stipulated in the E-Ship Agreement. At the end of the trust period, the E-Ship Trust's retained earnings, the accumulation of net gain on sales of its shares, are distributed to the eligible employees in accordance with the E-Ship Agreement. For its part, the Company guarantees any retained loss and the accumulation of net loss on the sales of its shares and will pay off any amount of outstanding debt at the end of the trust period as it guarantees the debt of E-Ship Trust.

The shares of the Company held by the E-Ship Trust are accounted for as treasury stock under net assets. The assets, liabilities, income and expenses of the E-Ship Trust were consolidated in the accompanying consolidated financial statements. The book value and number of shares held by the E-Ship Trust at March 31, 2022 was ¥1,813 million ($14,861 thousand) and 1,590 thousand shares. The book value of bank loans of the E-Ship Trust recorded in the consolidated balance sheet as of March 31, 2022 was ¥1,821 million ($14,926 thousand).

3. Financial Instruments

(a) Qualitative information on financial instruments

(i) Policies on financial instruments

The Seino Group has implemented a Cash Management System for effective investments and funding. Pursuant to this system, the Company invests in short-term, low-risk instruments in accordance with its internal fund management rules. The Company procures funds mainly through financing such as bank loans and the issuance of convertible bonds for investments in facilities, taking immediate liquidity into consideration.

(ii) Details of financial instruments and Risks

Trade receivables are exposed to the credit risk of customers. Some of the subsidiaries have receivables in foreign currency and are exposed to foreign currency fluctuation risk.

Marketable and investment securities, which consist of held-to-maturity securities and equity securities of business entities with which the Seino Group has business relationships, are exposed to stock market fluctuation risk.

Trade payables have general terms and conditions and are mostly due within one year. However, some of the subsidiaries have trade payables denominated in foreign currency, which exposes them to foreign currency fluctuation risk.

Some bank loans and convertible bonds are used principally for capital investments and are partially exposed to interest rate fluctuation risk.

(iii) Risk Management for Financial Instruments

Monitoring of credit risk

In accordance with internal policies for credit risk management, each subsidiary monitors the creditworthiness of its customers and manages the terms and conditions of payment, due dates and remaining balances to reduce credit risk. With held-to-maturity securities, the Company invests in bonds that have been highly rated by credit rating agencies in accordance with its internal fund management rules. As a result, the risk is insignificant.

Monitoring market risk

The Board of the Directors regularly monitors market risk using management methods which comply with internal market risk management rules. For marketable securities, the Seino Group monitors market prices every quarter and reviews the market conditions and the financial position of and business relationship with the issuers.

Monitoring liquidity risk

The Company has a Cash Management System with its subsidiaries and becomes the paying agent for the subsidiaries under the system. The subsidiaries report their cash flow projections to the Company. The Company has sufficient bank credit lines, including credit lines with overdraft facilities, enabling the Seino Group to manage liquidity risk.

(iv) Supplemental information on fair values

The fair value of financial instruments reflects variable factors and is, therefore, subject to change depending on different assumptions used.

(b) Fair values of financial instruments

The fair and carrying values of the financial instruments included in the consolidated balance sheets at March 31, 2022 and 2021 other than those for which the fair value was extremely difficult to determine, are set forth in the table below.

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2022:(*2)			
Short-term investments	¥ 8,964	¥ 8,964	¥ —
Investment securities	36,609	36,609	—
Total assets	¥ 45,573	¥ 45,573	¥ —
Convertible bonds	¥ 25,200	¥ 24,775	¥ (425)
Long-term bank loans	9,821	9,716	(105)
Total liabilities	¥ 35,021	¥ 34,491	¥ (530)

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2021: (*3)			
Short-term investments	¥ 9,371	¥ 9,371	¥ —
Investment securities	37,548	37,548	—
Total assets	¥ 46,919	¥ 46,919	¥ —
Convertible bonds	¥ 25,250	¥ 25,775	¥ 525
Long-term bank loans	8,280	8,156	(124)
Total liabilities	¥ 33,530	¥ 33,931	¥ 401

	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
At March 31, 2022: (*2)			
Short-term investments	$ 73,475	$ 73,475	$ —
Investment securities	300,074	300,074	—
Total assets	$ 373,549	$ 373,549	$ —
Convertible bonds	$ 206,557	$ 203,074	$ (3,483)
Long-term bank loans	80,500	79,639	(861)
Total liabilities	$ 287,057	$ 282,713	$ (4,344)

Note 1: Cash and cash equivalents, trade receivables, short-term borrowings, trade payables and the current portion of long-term bank loans are omitted because they are stated at the carrying amount as these are settled in the short term and with fair values approximately equal to the carrying amount.

Note 2: Unlisted equity securities and investments in partnerships stated at the amount of net assets attributed to the ownership percentage are not included in the table above for the year ended March 31, 2022.

Note 3: Investments that's fair values were extremely difficult to determine are not included in the table above for the year ended March 31, 2021.

(i) The following were unlisted equity securities and investments in partnerships stated at the amount of net assets attributed to the ownership percentage:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Carrying value:			
Unlisted equity securities, other than those of affiliates	**¥ 1,766**	¥ 1,672	**$ 14,475**
Investments in partnerships	**1,762**	1,854	**14,443**
	¥ 3,528	¥ 3,526	**$ 28,918**

(ii) The redemption schedule for financial assets with maturities at March 31, 2022 was as follows:

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	Millions of yen			
At March 31, 2022:				
Cash and cash equivalents	¥ 99,525	¥ —	¥ —	¥ —
Short-term investments	8,964	—	—	—
Trade receivables	88,342	29,668	639	—
Investment securities – bonds and other	—	128	—	—
	¥ 196,831	¥ 29,796	¥ 639	¥ —

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	Millions of yen			
At March 31, 2021:				
Cash and cash equivalents	¥ 93,683	¥ —	¥ —	¥ —
Short-term investments	9,371	—	—	—
Trade receivables	88,961	30,687	754	—
Investment securities – bonds and other	—	116	—	—
	¥ 192,015	¥ 30,803	¥ 754	¥ —

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	Thousands of U.S. dollars			
At March 31, 2022:				
Cash and cash equivalents	$ 815,779	$ —	$ —	$ —
Short-term investments	73,475	—	—	—
Trade receivables	724,115	243,180	5,238	—
Investment securities – bonds and other	—	1,049	—	—
	$ 1,613,369	$ 244,229	$ 5,238	$ —

(iii) For the repayment schedule for long-term bank loans at March 31, 2022, see Note 9, "Short-term Borrowings and Long-term Debt."

(c) Classification and breakdown of the fair value of financial instruments

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate the fair value.

Level 1: Fair value based on observable (unadjusted) quoted market prices in active markets for identical assets or liabilities.
Level 2: Fair value calculated using inputs other than Level 1 inputs that are directly or indirectly observable.
Level 3: Fair value calculated using significant unobservable inputs

When multiple inputs that have a significant effect on the fair value calculation are used, the fair value is classified into the lowest level from which significant inputs were used.

(i) Financial instruments recorded on the consolidated balance sheet at fair value

	Millions of yen			
	Level 1	Level 2	Level 3	Total
At March 31, 2022:				
Investment securities				
Equity securities	¥ 36,416	¥ —	¥ —	¥ 36,416
Bonds	—	3,119	—	3,119
Other	—	11,000	—	11,000
Total assets	¥ 36,416	¥ 14,119	¥ —	¥ 50,535

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2022:				
Investment securities				
Equity securities	$ 298,492	$ —	$ —	$ 298,492
Bonds	—	25,566	—	25,566
Other	—	90,164	—	90,164
Total assets	$ 298,492	$ 115,730	$ —	$ 414,222

Investment trusts were not included in the table above. The amount of the investment trusts reported in the consolidated balance sheet was ¥74 million ($607 thousand) in financial assets.

(ii) Financial instruments other than those recorded on the consolidated balance sheets at fair value

	Millions of yen			
	Level 1	Level 2	Level 3	Total
At March 31, 2022:				
Convertible bonds	¥ —	¥ 24,775	¥ —	¥ 24,775
Long-term bank loans	—	9,716	—	9,716
Total liabilities	¥ —	¥ 34,491	¥ —	¥ 34,491

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2022:				
Convertible bonds	$ —	$ 203,074	$ —	$ 203,074
Long-term bank loans	—	79,639	—	79,639
Total liabilities	$ —	$ 282,713	$ —	$ 282,713

Note: Valuation Techniques and Inputs Used in Calculating Fair Value

Investment securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. Bonds and other are classified as Level 2 fair value because they are traded infrequently, and there prices are not considered quoted prices in an active market.

Convertible bonds

Convertible bonds are based on prices quoted by correspondent financial institutions and are classified as Level 2 fair value because they are traded infrequently, and there prices are not considered quoted prices in an active market.

Long-term bank loans

The fair value of long-term debt is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of comparable maturity and is classified as Level 2 fair value.

4. Inventories

Inventories at March 31, 2022 and 2021 were as follows:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Merchandise and finished products	¥ 9,760	¥ 11,335	$ 80,000
Work in process	681	1,492	5,582
Raw materials and supplies	796	717	6,524
	¥ 11,237	¥ 13,544	$ 92,106

5. Investments

At March 31, 2022 and 2021, short-term investments consisted of the following:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Marketable securities:			
Bonds and other	¥ —	¥ 600	$ —
Total marketable securities	—	600	—
Time deposits with an original maturity of more than three months	8,964	8,771	73,475
	¥ 8,964	¥ 9,371	$ 73,475

At March 31, 2022 and 2021, investment securities consisted of the following:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Marketable securities:			
Equity securities	¥ 36,416	¥ 37,367	$ 298,492
Bonds	118	112	967
Other	75	70	615
Total marketable securities	36,609	37,549	300,074
Other non-marketable securities	3,528	3,525	28,918
	¥ 40,137	¥ 41,074	$ 328,992

Marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within the net assets account until realized. At March 31, 2022 and 2021, gross unrealized gains and losses for marketable securities classified as available-for-sale were as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
At March 31, 2022:				
Equity securities	¥ 15,065	¥ 21,866	¥ (515)	¥ 36,416
Bonds	109	9	—	118
Other	27	48	—	75
	¥ 15,201	¥ 21,923	¥ (515)	¥ 36,609
At March 31, 2021:				
Equity securities	¥ 15,041	¥ 22,561	¥ (235)	¥ 37,367
Bonds	109	3	—	112
Other	627	43	—	670
	¥ 15,777	¥ 22,607	¥ (235)	¥ 38,149
	Thousands of U.S. dollars			
At March 31, 2022:				
Equity securities	$ 123,483	$ 179,230	$ (4,221)	$ 298,492
Bonds	893	74	—	967
Other	222	393	—	615
	$ 124,598	$ 179,697	$ (4,221)	$ 300,074

At March 31, 2022 and 2021 investments in and long-term loans to affiliates and nonconsolidated subsidiaries consisted of the following:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Equity securities of affiliates and nonconsolidated subsidiaries	¥ 17,001	¥ 15,127	$ 139,353
Investments in partnerships of nonconsolidated subsidiaries	3,630	2,738	29,754
	¥ 20,631	¥ 17,865	$ 169,107

6. Property and Equipment

At March 31, 2022 and 2021, property and equipment consisted of the following:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Property and equipment, at cost:			
Land	¥ 185,077	¥ 184,672	$ 1,517,025
Buildings and structures	310,519	297,141	2,545,238
Vehicles	114,468	111,823	938,262
Machinery and equipment	50,352	47,726	412,721
Construction in progress	4,623	6,205	37,893
Other	15,090	13,654	123,689
	680,129	661,221	5,574,828
Less accumulated depreciation	(338,449)	(326,616)	(2,774,172)
Total property and equipment	¥ 341,680	¥ 334,605	$ 2,800,656

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for business operations at values reassessed on March 31, 2002, reflecting adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land. According to the law, the excess of the original book value over the reassessed value, net of the tax effect and minority interest portions, is recorded in net assets as land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2022 and 2021, the difference between the carrying values of land used for business operations after revaluation over the current market values of the land at the fiscal year-end amounted to ¥1,851 million ($15,172 thousand) and ¥2,099 million, respectively.

7. Real Estate for Rent

Some of the Company's subsidiaries own land and facilities for rent at locations where the business branches were closed or redeployed branches used to be. The carrying values in the consolidated balance sheets, changes during the years ended March 31, 2022 and 2021 and the fair values of the rental properties were as follows:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Carrying value at the beginning of year	¥ 18,242	¥ 17,057	$ 149,524
Net changes during the year	1,422	1,185	11,656
Carrying value at the end of year	¥ 19,664	¥ 18,242	$ 161,180
Fair value at the end of year *	¥ 27,569	¥ 26,155	$ 225,975

*Note: * Fair value was measured at the estimated value based principally on a real estate appraisal or property tax bases.*

Profit and loss recorded for rental properties for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars 2022
Operating revenue	¥ 2,013	¥ 1,865	$ 16,500
Operating costs	512	378	4,197
Income from rental operations	1,501	1,487	12,303
Loss on disposal of rental property and other	¥ (402)	¥ —	$ (3,295)

8. Asset Retirement Obligations

Asset retirement obligations are based upon estimated future restoration obligations pursuant to real estate lease agreements and land leasehold rights agreements mainly for logistics terminals. The asset retirement obligations are calculated based upon the useful life designated by law or the estimated useful life period and are discounted by the yield rate of government bonds.

Asset retirement obligations for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
At the beginning of year	**¥ 3,628**	¥ 3,589	**$ 29,738**
New consolidations	**8**	1	**65**
New obligations	**44**	44	**360**
Changes in estimated obligations and accretion	**44**	43	**361**
Settlement payments	**(7)**	(38)	**(57)**
Other	**—**	(11)	**—**
At the end of year	**¥ 3,717**	¥ 3,628	**$ 30,467**

9. Short-term Borrowings and Long-term Debt

At March 31, 2022 and 2021, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Unsecured bank overdrafts with interest rates ranging from 0.257% to 0.975% per annum at March 31, 2022	**¥ 430**	¥ 430	**$ 3,524**
Secured bank overdrafts with interest rates 0.900% per annum at March 31, 2022	**50**	100	**410**
Short-term bank loans, unsecured with interest rates ranging from 0.175% to 2.950% per annum at March 31, 2022	**2,761**	3,941	**22,631**
	¥ 3,241	¥ 4,471	**$ 26,565**

At March 31, 2022, the Company and certain subsidiaries had unsecured overdraft agreements with 12 banks. Under the agreements, the Company and the subsidiaries were entitled to withdraw up to ¥37,380 million ($306,393 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of the overdraft facilities.

At March 31, 2022 and 2021, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Zero coupon convertible bonds due March 2026, including unamortized premiums (¥200 million ($1,639 thousand) at March 31, 2022)	**¥ 25,200**	¥ 25,250	**$ 206,557**
Loans from government agencies and banks, repayable through 2035, with interest rates ranging from 0.210% to 2.448% per annum at March 31, 2022:			
Secured	**580**	8,478	**4,754**
Unsecured	**10,462**	768	**85,755**
Capitalized lease obligations	**10,685**	9,982	**87,582**
	46,927	44,478	**384,648**
Less current portion	**(2,603)**	(2,187)	**(21,336)**
	¥ 44,324	¥ 42,291	**$ 363,312**

At March 31, 2022 and 2021, respectively, the following assets were pledged as collateral for certain long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Land	**¥ 1,117**	¥ 3,261	**$ 9,156**
Buildings and structures	**413**	1,007	**3,385**
Cash and deposits	**—**	1,355	**—**
Shares of subsidiaries and associates	**—**	1,133	**—**
Long-term loans receivable from subsidiaries and associates	**—**	350	**—**

The aggregate annual maturities of long-term debt as of March 31, 2022 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥ 2,603	$ 21,336
2024	2,290	18,771
2025	2,000	16,393
2026	28,662	234,934
2027	1,724	14,131
Thereafter	9,448	77,443
	¥ 46,727	$ 383,008

10. Commitment Line Agreement

Consolidated subsidiary Kanto Transportation Co., Ltd. had a commitment line agreement of ¥1,000 million as of March 31, 2021 to ensure its access to financing. The Company also had a commitment line agreement of ¥50,000 million as of March 31, 2021. These commitment line agreements had been canceled and terminated, respectively, as of the fiscal year ended March 31, 2022.

11. Financial Covenants

Consolidated subsidiary Kanto Transportation Co., Ltd. was a party to a syndicated loan agreement and commitment line agreement that included the following financial covenants.

1. The operating loss on a consolidated basis of Kanto Transportation Co., Ltd. before amortization of goodwill is allowed on the profit and loss statement for the two consecutive years as of the previous fiscal year at March 31, 2017 or later.
2. The amount of equity (except subscription rights to shares, noncontrolling interests and deferred gains and losses on hedges) on the balance sheets on a consolidated basis of Kanto Transportation Co., Ltd. is required to be equal to or greater than 80% of equity on the balance sheet as of the previous fiscal year at March 31, 2017 or later.

Remaining balances of debt were as follows:

	Millions of yen
	2021
Current portion of long-term debt	**¥ 800**
Long-term debt	**7,500**
	¥ 8,300

12. Employee Retirement Benefits

The Company and its subsidiaries have mainly unfunded defined benefit plans with rules and regulations determined by the Company and each subsidiary. In addition, some subsidiaries have Smaller Enterprise Retirement Allowance Mutual Aid or Specific Retirement Allowance Mutual Aid. Also, the Company and certain subsidiaries have defined contribution plans.

Other subsidiaries have funded defined benefit plans. One company belongs to a comprehensive employee pension fund for the defined benefit corporate pension plan. One company has established a retirement benefit payment trust. Some of the consolidated subsidiaries have joined a multi-employer welfare pension fund plan. Those for which it is impossible to calculate in a rational manner the amount of the pension assets which corresponds to the amount of the contributions are accounted for in the same way as the defined contribution pension plan. The retirement benefit obligation of certain subsidiaries was calculated using the simplified method as permitted by the accounting standard for employee retirement benefits.

As of and for the year ended March 31, 2022 and 2021, defined benefit plans, including plans applying the simplified method were as follows:

(a) Movements in retirement benefit obligation:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
At the beginning of year	¥ 85,852	¥ 84,213	$ 703,705
Service cost	4,310	4,347	35,328
Interest cost	196	193	1,607
Actuarial differences	(70)	537	(574)
Benefits paid	(2,866)	(3,382)	(23,492)
Past service cost	(650)	(52)	(5,328)
Others	20	(4)	164
At the end of year	¥ 86,792	¥ 85,852	$ 711,410

(b) Movements in plan assets:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
At the beginning of year	¥ 4,413	¥ 4,429	$ 36,172
Actuarial differences	179	103	1,467
Contributions paid by the employer	2	2	16
Benefits paid	(130)	(121)	(1,065)
At the end of year	¥ 4,464	¥ 4,413	$ 36,590

(c) Reconciliation from retirement benefit obligation and plan assets to employee retirement benefit asset or liability:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded retirement benefit obligation	¥ 7,737	¥ 7,853	$ 63,418
Plan assets	(4,464)	(4,413)	(36,590)
	3,273	3,440	26,828
Unfunded retirement benefit obligation	79,055	77,999	647,992
Net employee retirement benefit liability	¥ 82,328	¥ 81,439	$ 674,820
Employee retirement benefit liability	82,328	81,439	674,820
Employee retirement benefit asset	—	—	—
Net employee retirement benefit liability	¥ 82,328	¥ 81,439	$ 674,820

(d) Net periodic retirement benefit expenses, including plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥ 4,310	¥ 4,347	$ 35,328
Interest cost	196	193	1,607
Amortization of actuarial differences	1,237	1,406	10,139
Amortization of past service cost	(86)	(71)	(705)
Net periodic retirement benefit expenses	¥ 5,657	¥ 5,875	$ 46,369

(e) Retirement benefit adjustment included in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Past service cost	¥ (564)	¥ 19	$ (4,623)
Actual differences	(1,485)	(972)	(12,172)
Total balance	¥ (2,049)	¥ (953)	$ (16,795)

(f) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Past service cost yet to be recognized	¥ (1,006)	¥ (442)	$ (8,246)
Actuarial differences yet to be recognized	6,002	7,488	49,197
Total balance	¥ 4,996	¥ 7,046	$ 40,951

(g) Plan assets

(i) Plan assets comprise:

	Percent	
	2022	2021
Cash and cash equivalents	10%	12%
Bonds	1%	1%
Equity securities	89%	87%
Total*	100%	100%

*Note: * For the fiscal years ended March 31, 2022 and 2021, the assets of the retirement benefit payment trust constituted 98% of total plan assets.*

(ii) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principal actuarial assumptions (expressed as weighted averages):

	2022	2021
Discount rate	(mainly) 0.1%	(mainly) 0.1%
Long-term expected rate of return	0.0%	0.0%

(i) Defined contribution plan

Required contributions to the contribution plans of the Company and certain consolidated subsidiaries were ¥359 million ($2,943 thousand) and ¥312 million for the years ended March 31, 2022 and 2021, respectively.

13. Contingent Liabilities

At March 31, 2022 and 2021, the Seino Group was contingently liable for trade notes and discount notes endorsed to affiliates and third parties and for guarantees, including substantial guarantees, principally of indebtedness of third parties in the aggregate amount of ¥1,100 million ($9,016 thousand) and ¥1,002 million, respectively.

14. Lease Commitments

As lessee, the Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses that are generally cancelable with a few months advance notice, except for certain operating lease agreements. The aggregate minimum future lease payments for such noncancelable operating lease agreements, including the imputed interest portion, as lessee at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Operating leases:			
Due within one year	**¥ 1,594**	¥ 1,032	**$ 13,066**
Due after one year	**12,323**	8,388	**101,008**
	¥ 13,917	¥ 9,420	**$ 114,074**

A certain subsidiary engaged in leasing operations as lessor enters into various lease agreements with third parties principally for vehicles. The leases are categorized as operating leases. At March 31, 2022 and 2021, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Operating leases:			
Due within one year	**¥ 402**	¥ 393	**$ 3,295**
Due after one year	**2,584**	2,754	**21,180**
	¥ 2,986	¥ 3,147	**$ 24,475**

15. Net Assets

Under the Japanese Corporate Law (the "Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At March 31, 2022 and 2021, capital surplus consisted principally of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥4,262 million ($34,934 thousand) at March 31, 2022 and 2021.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

During the year ended March 31, 2022, the Company paid interim dividends of ¥11 per share, amounting to ¥2,060 million ($16,885 thousand). In addition, at the annual shareholders' meeting held on June 28, 2022, the shareholders approved cash dividends of ¥18 per share, amounting to ¥3,371 million ($27,631 thousand). The appropriation had not been accrued in the consolidated financial statements as of March 31, 2022 as such appropriations are recognized in the period in which they are approved by the shareholders.

16. Revenue Recognition

(a) Disaggregating revenue from contracts with customers

The disaggregation of revenue from contracts with customers is described in the segment section.

(b) Basis for understanding revenue arising from contracts with customers

The Seino Group recognizes revenue by applying the following five-step approach.

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Basic information in understanding revenue is as stated in Note 2(n), "Accounting for revenue and expense recognition."

(c) The satisfaction of performance obligations based on the contracts with customers and cashflows arising from such contracts and the amount and timing of revenue arising from contracts with customers existing at the end of the current fiscal year expected to be recognized in and after the following fiscal year

(i) Contract asset and contract liability balances

	Millions of yen	Thousands of U.S. dollars
	2022	**2022**
Receivables from contracts with customers beginning balance	**¥ 118,038**	**$ 967,525**
Receivables from contracts with customers ending balance	**118,650**	**972,541**
Contract assets beginning balance	**366**	**3,000**
Contract assets ending balance	**1,051**	**8,615**
Contract liabilities beginning balance	**4,371**	**35,828**
Contract liabilities ending balance	**3,631**	**29,762**

The amount of revenue recognized in the current period from performance obligations that were satisfied in prior periods was ¥3,396 million ($27,836 thousand).

Contract assets consist mainly of unbilled work-in-progress receivables related to revenue recognized based on the progress in the software and construction business. In addition, Contract assets are increased by the recognition of revenue and decreased by the transfer to receivables arising from contracts with customers when the Companies' rights to the consideration become unconditional upon invoicing or delivery. Contract liabilities consist primarily of advances received from customers on car sales and repair services. Contract liabilities are increased by the receipt of advances from customers and decreased by the reversal of such advances upon the recognition of revenue.

(ii) Transaction price allocated to remaining performance obligations

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,	2022	2022
2023	¥ 2,204	$ 18,066
2024	506	4,148
2025	170	1,393
Thereafter	2	16
Total	¥ 2,882	$ 23,623

At the end of the current fiscal year, the total transaction price allocated to unsatisfied performance obligations was ¥2,882 million ($23,623 thousand). The transaction price was mainly for car repair service contracts in the Vehicle Sales Business, in which revenue is expected to be recognized at each six-month legally mandated inspection. The initial contract period is for three years, followed two-year periods.

The Company and its consolidated subsidiaries apply the practical expedient to transaction prices allocated to the remaining performance obligations of one year or less and long-term contracts of the Transportation Services Business and have the right to receive amounts of consideration that correspond to the value to the customer for the portion of performance completed to date.

Therefore, pursuant to Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the amount the companies are entitled to claim and is not presented. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction prices.

17. Income Taxes

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 28,608**	¥ 28,356	**$ 234,492**
Enterprise tax accruals	**570**	394	**4,672**
Accrued bonuses	**4,045**	4,039	**33,156**
Intercompany capital gains	**1,314**	1,301	**10,771**
Operating loss carryforwards	**854**	811	**7,000**
Loss on assets transferred	**1,957**	1,807	**16,041**
Impairment loss on fixed assets	**12,343**	12,208	**101,172**
Allowance for doubtful accounts	**231**	202	**1,893**
Other	**6,656**	6,854	**54,557**
	56,578	55,972	**463,754**
Less valuation allowance	**(15,241)**	(15,096)	**(124,926)**
	41,337	40,876	**338,828**
Deferred tax liabilities:			
Deferred capital gains	**8,540**	8,599	**70,000**
Unrealized gains on available-for-sale securities	**6,240**	6,447	**51,148**
Valuation adjustments for consolidation	**11,221**	11,214	**91,975**
Other	**3,553**	3,701	**29,123**
	29,554	29,961	**242,246**
Net deferred tax assets	**¥ 11,783**	¥ 10,915	**$ 96,582**

In assessing the realizability of deferred tax assets, management of the Seino Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible. At March 31, 2022 and 2021, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the amount of the deferred tax assets was not realizable.

The reconciliation of the statutory tax rate and the effective tax rate for the years ended March 31, 2022 and 2021 was as follows:

	Percentage of pretax income	
	2022	2021
Japanese statutory tax rate	**29.9%**	29.9%
Increase (decrease) due to:		
Permanently nondeductible expenses	**0.2**	0.2
Tax exempt income	**(0.2)**	(0.5)
Local minimum taxes - per capita levy	**2.5**	2.6
Amortization of goodwill	**2.0**	1.9
Equity in net income of affiliates	**(1.6)**	(0.5)
Changes in valuation allowance	**0.3**	1.3
Different tax rates applied to the consolidated subsidiaries	**4.2**	4.2
Other	**0.4**	(0.1)
Effective income tax rate	**37.7%**	39.0%

18. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2022, 2021 and 2020 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Net unrealized gains on available-for-sale securities:				
(Decrease) increase during the year	**¥ (854)**	¥ 8,453	¥ (4,090)	**$ (7,000)**
Reclassification adjustments	**(22)**	(1,034)	300	**(180)**
Subtotal, before tax	**(876)**	7,419	(3,790)	**(7,180)**
Tax effect	**207**	(2,036)	996	**1,696**
Subtotal, net of tax	**(669)**	5,383	(2,794)	**(5,484)**
Foreign currency translation adjustments:				
Increase (decrease) during the year	**49**	(51)	45	**402**
Reclassification adjustments	**—**	—	—	**—**
Subtotal, before tax	**49**	(51)	45	**402**
Tax effect	**—**	—	—	**—**
Subtotal, net of tax	**49**	(51)	45	**402**

	Millions of yen			Thousands of U.S. dollars
	2022	2021	2020	**2022**
Retirement benefit adjustment:				
Increase (decrease) during the year	**899**	(382)	(3,122)	**7,369**
Reclassification adjustments	**1,150**	1,335	1,315	**9,426**
Subtotal, before tax	**2,049**	953	(1,807)	**16,795**
Tax effect	**(704)**	(326)	629	**(5,771)**
Subtotal, net of tax	**1,345**	627	(1,178)	**11,024**
Shares of other comprehensive income of affiliates accounted for using equity method:				
Increase (decrease) during the year	**608**	(73)	(88)	**4,984**
Reclassification adjustments	**(54)**	15	(4)	**(443)**
Subtotal	**554**	(58)	(92)	**4,541**
Total other comprehensive income	**¥ 1,279**	¥ 5,901	¥ (4,019)	**$ 10,483**

19. Business Combinations

Acquisition of equity interest in subsidiary

The Board of Directors meeting held August 7, 2020 determined that the Company Group purchase all of the shares of Kanto Transportation Co., Ltd. from Karita Kanto limited partnership, etc., because the joint holding period had expired.

1. Overview of transaction

(1) Name and business description of acquired company
Name of acquired company: Kanto Transportation Co., Ltd.
Description of business: Transportation services

(2) Date on which business combinations was effect
August 27, 2020

(3) Legal form of equity combination
Acquisition of equity interest from noncontrolling shareholders

(4) Name of company after business combination
Kanto Transportation Co., Ltd.

(5) Other matters with regard to transaction
The voting right ratio will be 100% by acquiring additional shares with a voting right ratio of 50%.

2. Overview of accounting treatment
The acquisition will be accounted for as a transaction with noncontrolling shareholders under common control, based on ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," issued on September 13, 2013.

3. Details to be reported in the acquisition of equity interest in subsidiary
The acquisition price is not disclosed due to the confidentiality obligation of the contract.

4. Details about change in shareholders' equity by transaction with noncontrolling shareholders

(1) Main reason for change in capital surplus
Acquisition of equity interest in subsidiary

(2) Amount of decrease in capital surplus due to transaction with noncontrolling shareholders ¥2,124 million

20. Subsequent Events

(Merger among consolidated subsidiaries)

At the meeting of the Board of Directors held on April 1, 2022, Seino Transportation Co., Ltd. resolved to conduct an absorption type merger, with Seino Transportation Co., Ltd. as the surviving company and Kanto Seino Transportation Co., Ltd. Nohi Seino Transportation Co., Ltd. and Tokai Seino Transportation Co., Ltd., as the absorbed companies.

1. Overview of the transaction

(1) Names and businesses of the combining Companies
Name of the surviving Company: Seino Transportation Co., Ltd.
Business: Transportation services
Names of the absorbed Companies: Kanto Seino Transportation Co., Ltd., Nohi Seino Transportation Co., Ltd., Tokai Seino Transportation Co., Ltd.
Business: Transportation services

(2) Schedule
April 1, 2022 resolution date of Board of Directors regarding the merger and the companies concerned in the absorption-type merger.
April 1, 2022 is the execution date of contract.

(3) Date of Business Combination
April 1, 2023 is the planned business combination date.

(4) Name of the company after Business Combination
Seino Transportation Co., Ltd. will be the name of the company after the business combination.

(5) Other matters related to the transaction
The Company owns all the shares of the surviving company and the absorbed companies. Therefore, the Company will neither issue new shares nor allot outstanding shares in this business combination.

2. Overview of accounting treatment
The purpose of this merger is the optimization of transportation efficiency by restructuring the trunk line diagram.
Pursuant to the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on January 16, 2019 and the Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, issued on January 16, 2019), the absorption-type merger will be treated as a transaction under common control.

21. Segment Information

(a) General information about reportable segments

The reportable segments are constituent business units of the Seino Group for which separate financial information is obtained and examined regularly by the Board of Directors to evaluate business performance. The Seino Group has established the "Business Promotion Department" as a holding company. Each subsidiary plans and operates each business under its control. In addition, some of the subsidiaries engage in real estate leasing services to make good use of their facilities. Therefore, the Seino Group consists of business segments that are based on the business conducted by each subsidiary. The Seino Group's reportable segments are "transportation services," "vehicle sales," "merchandise sales" and "real estate leasing services."

(b) Basis of measurement about reportable segment profit or loss, segment assets and other material items

The principles of segment accounting are basically the same as those described in Note 2, "Summary of Significant Accounting Policies." Intersegment sales and transfer amounts are based on market prices.

(c) Information about reportable segment profit or loss, segment assets and other material items and information about the disaggregation of revenue from contracts with customers

Information about reportable segment for the years ended March 31, 2022, 2021 and 2020 is summarized as follows:

	Transportation services *(*6)*	Vehicle sales *(*5)*	Merchandise sales *(*6)*	Real estate leasing services	Other *(*4, 6)*	Total	Adjustments *(*1)*	Consolidated
	Millions of yen							
For the year 2022:								
Operating revenue:								
Revenue from contracts with customers	**¥ 452,453**	**¥ 96,907**	**¥ 30,754**	**¥ —**	**¥ 23,111**	**¥ 603,225**	**¥ —**	**¥ 603,225**
Other revenue	**800**	**1,314**	**—**	**2,013**	**306**	**4,433**	**—**	**4,433**
External customers	**453,253**	**98,221**	**30,754**	**2,013**	**23,417**	**607,658**	**—**	**607,658**
Intersegment sales and transfers	**1,978**	**10,918**	**13,527**	**—**	**9,402**	**35,825**	**(35,825)**	**—**
Total operating revenue	**455,231**	**109,139**	**44,281**	**2,013**	**32,819**	**643,483**	**(35,825)**	**607,658**
Segment income *(*2)*	**¥ 21,108**	**¥ 4,491**	**¥ 789**	**¥ 1,509**	**¥ 1,194**	**¥ 29,091**	**¥ (1,545)**	**¥ 27,546**
Segment assets *(*3)*	**¥ 528,218**	**¥ 119,782**	**¥ 17,120**	**¥ 19,631**	**¥ 50,760**	**¥ 735,511**	**¥ (50,244)**	**¥ 685,267**
Depreciation	**18,978**	**2,038**	**62**	**182**	**663**	**21,923**	**(433)**	**21,490**
Amortization of goodwill	**1,559**	**1**	**—**	**—**	**229**	**1,789**	**—**	**1,789**
Investments in affiliates accounted for using the equity method	**16,691**	**81**	**—**	**—**	**—**	**16,772**	**(2)**	**16,770**
Increase in tangible and intangible fixed assets	**28,685**	**4,005**	**46**	**931**	**728**	**34,395**	**(627)**	**33,768**
For the year 2021:								
Operating revenue:								
External customers	¥ 441,091	¥ 98,334	¥ 31,034	¥ 1,865	¥ 19,722	¥ 592,046	¥ —	¥ 592,046
Intersegment sales and transfers	1,852	10,025	14,647	—	8,918	35,442	(35,442)	—
Total operating revenue	442,943	108,359	45,681	1,865	28,640	627,488	(35,442)	592,046
Segment income *(*2)*	¥ 18,375	¥ 4,781	¥ 732	¥ 1,495	¥ 486	¥ 25,869	¥ (1,308)	¥ 24,561
Segment assets *(*3)*	¥ 513,548	¥ 121,051	¥ 15,772	¥ 19,083	¥ 50,396	¥ 719,850	¥ (47,602)	¥ 672,248
Depreciation	17,973	1,939	64	99	702	20,777	(425)	20,352
Amortization of goodwill	1,409	1	—	—	229	1,639	—	1,639
Investments in affiliates accounted for using the equity method	14,785	78	—	—	—	14,863	(1)	14,862
Increase in tangible and intangible fixed assets	34,811	3,945	69	1,749	641	41,215	(634)	40,581
For the year 2020:								
Operating revenue:								
External customers	¥ 466,473	¥ 103,165	¥ 32,868	¥ 1,732	¥ 21,389	¥ 625,627	¥ —	¥ 625,627
Intersegment sales and transfers	2,458	10,488	18,790	—	16,251	47,987	(47,987)	—
Total operating revenue	468,931	113,653	51,658	1,732	37,640	673,614	(47,987)	625,627
Segment income *(*2)*	¥ 23,339	¥ 4,611	¥ 871	¥ 1,383	¥ 688	¥ 30,892	¥ (1,195)	¥ 29,697
Segment assets *(*3)*	¥ 509,749	¥ 117,624	¥ 15,498	¥ 17,305	¥ 49,270	¥ 709,446	¥ (54,913)	¥ 654,533
Depreciation	17,890	1,873	60	83	698	20,604	(406)	20,198
Amortization of goodwill	1,407	1	—	—	228	1,636	—	1,636
Investments in affiliates accounted for using the equity method	14,521	43	—	—	—	14,564	(2)	14,562
Increase in tangible and intangible fixed assets	26,602	4,581	130	3,496	1,281	36,090	(573)	35,517

For the year 2022	Transportation services *(*6)*	Vehicle sales *(*5)*	Merchandise sales *(*6)*	Real estate leasing services	Other *(*4, 6)*	Total	Adjustments *(*1)*	Consolidated
	Thousands of U.S. dollars							
Operating revenue:								
Revenue from contracts with customers	**$ 3,708,631**	**$ 794,320**	**$ 252,082**	**$ —**	**$ 189,434**	**$ 4,944,467**	**$ —**	**$ 4,944,467**
Other revenue	**6,557**	**10,770**	**—**	**16,500**	**2,509**	**36,336**	**—**	**36,336**
External customers	**3,715,188**	**805,090**	**252,082**	**16,500**	**191,943**	**4,980,803**	**—**	**4,980,803**
Intersegment sales and transfers	**16,213**	**89,492**	**110,877**	**—**	**77,066**	**293,648**	**(293,648)**	**—**
Total operating revenue	**3,731,401**	**894,582**	**362,959**	**16,500**	**269,009**	**5,274,451**	**(293,648)**	**4,980,803**
Segment income *(*2)*	**$ 173,016**	**$ 36,812**	**$ 6,467**	**$ 12,369**	**$ 9,787**	**$ 238,451**	**$ (12,664)**	**$ 225,787**
Segment assets *(*3)*	**$ 4,329,656**	**$ 981,820**	**$ 140,328**	**$ 160,910**	**$ 416,065**	**$ 6,028,779**	**$ (411,836)**	**$ 5,616,943**
Depreciation	**155,557**	**16,705**	**508**	**1,492**	**5,434**	**179,696**	**(3,549)**	**176,147**
Amortization of goodwill	**12,779**	**8**	**—**	**—**	**1,877**	**14,664**	**—**	**14,664**
Investments in affiliates accounted for using the equity method	**136,811**	**664**	**—**	**—**	**—**	**137,475**	**(16)**	**137,459**
Increase in tangible and intangible fixed assets	**235,123**	**32,828**	**377**	**7,631**	**5,967**	**281,926**	**(5,139)**	**276,787**

*Note: *1) The adjustments column in the table above represents principally the elimination of intersegment transactions and balances, except for (*2) and (*3).*
**2) Segment income is reconciled to operating income in the accompanying consolidated statements of income. Segment income in the adjustments column represents unallocated general corporate expenses which were not assigned to specific reportable segments, net of intersegment transactions.*
**3) Segment assets in the adjustments column represent unallocated general corporate items which were not assigned to specific reportable segments, including items such as cash and short-term and long-term investments in securities, net of intersegment balances.*
**4) Other segment represents the business segment not included in the reportable segments and includes the information services business, the housing sales business, the passenger transportation business and other business.*

5) As described in Note 2(u), "Summary of Significant Accounting Policies – Changes in accounting policy", consolidated subsidiaries Toyota Corolla Gifu Co., Ltd. and Netz Toyota Gifu Co., Ltd. previously recognized revenue primarily by an installment sales method. Effective from fiscal year end March 31, 2021, the revenue recognition method was changed to a more principle sales basis. As a result of this change, compared with figures prior to the retroactive application, net sales and segment income (loss) for the fiscal year end March 31, 2020, changed as follows: in Vehicle sales, "Operating revenue External customers" decreased by ¥1,499 million, and "Segment income" increased by ¥258 million. In addition, "Segment assets" decreased by ¥2,120 million.

6) As described in Note 2(u), "Summary of Significant Accounting Policies – Changes in accounting policy", the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review and changed the accounting treatment for revenue recognition. According to those changes, compared with the amounts that would have been reported with previous accounting treatment, in the Transportation business, "External customers" decreased by ¥12,482 million and "Segment income" decreased by ¥40 million. In Merchandise sales, " External customers" decreased by ¥3,790 million. In Other, "External customers" increased by ¥1,272 million , and "Segment income" increased by ¥436 million.

(d) Related Information

(i) Information about products and services

The Company has not disclosed information about products and services here because the Company has disclosed the same information above.

(ii) Information about geographic areas

Operating revenue

The Company has omitted the disclosure of operating revenue by geographic area because operating revenue to external customers in Japan accounts for more than 90% of the amount of operating revenue reported in the consolidated statements of income.

Property and equipment

The Company has omitted the disclosure of property and equipment by geographic area because property and equipment in Japan account for more than 90% of the amount of property and equipment reported in the consolidated balance sheets.

(iii) Information about major customers

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenue in the consolidated statements of income.

(iv) Information on impairment loss by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
			Millions of yen			
Impairment loss:						
For the year 2022	¥ 110	¥ 207	¥ —	¥ 291	¥ 533	¥ 1,141
For the year 2021	—	54	—	—	—	54
For the year 2020	129	80	—	66	267	542
			Thousands of U.S. dollars			
Impairment loss:						
For the year 2022	$ 901	$ 1,697	$ —	$ 2,385	$ 4,369	$ 9,352

(v) Information on goodwill by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
			Millions of yen			
For the year 2022						
Amortization of goodwill	¥ 1,559	¥ 1	¥ —	¥ —	¥ 229	¥ 1,789
As of March 31, 2022						
Balance of goodwill	10,846	—	—	—	280	11,126
For the year 2021						
Amortization of goodwill	¥ 1,410	¥ 1	¥ —	¥ —	¥ 228	¥ 1,639
As of March 31, 2021						
Balance of goodwill	10,971	1	—	—	508	11,480
For the year 2020						
Amortization of goodwill	¥ 1,407	¥ 1	¥ —	¥ —	¥ 228	¥ 1,636
As of March 31, 2020						
Balance of goodwill	12,355	2	—	—	737	13,094

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
			Thousands of U.S. dollars			
For the year 2022						
Amortization of goodwill	$ 12,779	$ 8	$ —	$ —	$ 1,877	$ 14,664
As of March 31, 2022						
Balance of goodwill	88,902	—	—	—	2,295	91,197

(iv) Information on gain on negative goodwill by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
			Millions of yen			
Gain on negative goodwill:						
For the year 2022	¥ 12	¥ —	¥ —	¥ —	¥ —	¥ 12
For the year 2021	—	—	—	—	—	—
For the year 2020	—	—	—	—	—	—

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
			Thousands of U.S. dollars			
Gain on negative goodwill:						
For the year 2022	$ 98	$ —	$ —	$ —	$ —	$ 98

Report of Independent Auditors

IIndependent Auditor's Report

To the Board of Directors of
SEINO HOLDINGS CO., LTD.:

Opinion

We have audited the accompanying consolidated financial statements of SEINO HOLDINGS CO., LTD. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2022 and 2021, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2022, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Testing of the effectiveness of IT controls relevant to recognizing the motor truck transportation revenue	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 21, "Segment Information" to the financial statements, operating revenue from transportation services provided to external customers for the current fiscal year was ¥453,253 million. The motor truck transportation revenue of Seino Transportation Co., Ltd., the core company of the Transportation Services Business group, accounted for 49% of the operating revenue. Based on transportation contracts, the motor truck transportation revenue is recognized as the related performance obligations are satisfied.	For a series of data, we obtained an understanding of the information flow, data processing and automated internal controls within the IT system from the beginning of a transaction to the recognition of the motor truck transportation revenue with the assistance of IT specialists within our firm. In addition, we tested the effectiveness of certain internal controls required for stable operation of the IT system. Furthermore, we performed the procedures set forth below by involving IT specialists within our firm to test the operating effectiveness of certain significant internal controls:

While each transportation transaction amount is small in the motor truck transportation business, a large volume is traded every day, and the motor truck transportation revenue, which is the consideration of those transactions, is recognized based on the data processed and recorded by the system. In calculating freight charges, which provided the basis for the motor truck transportation revenue, detailed conditions are determined for each customer by distance or direction, or by weight, and then complicated calculations are performed based on the conditions. As described above, recognition of the motor freight transportation revenue is highly dependent on the IT system and may have a significant effect on financial reporting if there are defects or failures in the system, or data is not processed as expected. We, therefore, determined that our testing of the effectiveness of IT controls relevant to recognizing the motor truck transportation revenue was of most significance in our audit of the financial statements for the current fiscal year, and accordingly, a key audit matter.	• We tested the operating effectiveness of certain internal controls to prevent unintended changes or falsification of programs and data within the system; • In order to test the operating effectiveness of application controls for the automatic calculation of freight charges, we recalculated the freight charges for a sample of transactions by distance or direction, or by weight, and assessed the accuracy of data processing through the IT system; and • In order to test the operating effectiveness of application controls relevant to the automatic calculation of the total amount of daily freight charges by store location and automatic recognition of the motor truck transportation revenue, we recalculated a sample of journal entries that were recorded automatically and assessed the accuracy of data processing through the IT system.

Other Information

The other information comprises the information included in the Annual Report but does not include the consolidated financial statements, the financial statements, and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report. Management is responsible for the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kuniyoshi Iwata
Designated Engagement Partner
Certified Public Accountant

Kondo Shigeki

Shigeki Kondo
Designated Engagement Partner
Certified Public Accountant

Hideki Saito

Hideki Saito
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
September 30, 2022

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 82 consolidated subsidiaries, 1 nonconsolidated subsidiary, and 19 affiliates. The Seino Group operates in five business segments: transportation services, vehicle sales, merchandise sales, real estate leasing services and other services. The business relationship in the Seino Group is as follows.

Clients

Collection and delivery

Vehicles sales and repairs

Sales

Services

Real estate leasing

Transportation services

Domestic transportation

Company	
Seino Transportation Co., Ltd.	*1
Hokkaido Seino Transportation Co., Ltd.	*1
Tohoku Seino Transportation Co., Ltd.	*1
Kobaun Co., Ltd.	*1
Niko warehouse Co., Ltd.	*1
Kanto Seino Transportation Co., Ltd.	*1
Seino Super Express Co., Ltd.	*1
Kanagawa Seino Transportation Co., Ltd.	*1
Izu Seino Transportation Co., Ltd.	*1
Nohi Seino Transportation Co., Ltd.	*1
Tokai Seino Transportation Co., Ltd.	*1
Mie Seino Transportation Co., Ltd.	*1
Hinomaru Seino Transportation Co., Ltd.	*1
Shikoku Seino Transportation Co., Ltd.	*1
Kyushu Seino Transportation Co., Ltd.	*1
Okinawa Seino Transportation Co., Ltd.	*1
Seino Tsu-un Transportation Co., Ltd.	*1
Seino Express Co., Ltd.	*1
Seino Hikkoshi Co., Ltd.	*1
Seino Tokyo Express Co., Ltd.	*1
Seino Hokuriku Express Co., Ltd.	*1
Seino Nagoya Express Co., Ltd.	*1
Seino Osaka Express Co., Ltd.	*1
Seino ST Service Co., Ltd.	*1
S&N Logistics Co., Ltd.	*1
Toyo Co., Ltd.	*1
Katsunuma Transportation Co., Ltd.	*1
Darumaya Transportation Co., Ltd.	*1
Central Logistics Co., Ltd.	*1
Eco Alliance Co., Ltd.	*1
COCONET CO., LTD.	*1
GENie Co., Ltd.	*1
INTENTS Inc.	*1
LIVING PRO-SEED, INC.	*1
ASAHI CONPOU CO., LTD.	*1
Kanto Transportation Co., Ltd.	*1
Osaka Kosoku Nyuhai Corporation	*1
KCS Co., Ltd.	*1
Izumikawa Transportation Co., Ltd.	*1
Showa Reizo Co., Ltd.	*1
LOCCO Co., Ltd.	*1
KANTO LOGITEC CO., LTD.	*1
MARUKYU UNYU CO., LTD.	*1
Saitama Seino Transportation Co., Ltd.	*2
Tokyo Seino Transportation Co., Ltd.	*2
Mikawa Seino Transportation Co., Ltd.	
Ensyu Seino Transportation Co., Ltd.	
Kumamoto Seino Transportation Co., Ltd.	
Tango Seino Transportation Co., Ltd.	
Box Charter Co., Ltd.	
Gifu Truck Kogyo Co., Ltd.	
Aishin Sangyo Co., Ltd.	
Ogaki School Lunch Support Co., Ltd.	

International transportation

Company	
Seino Logix Co., Ltd.	*1
United-Seino Transportation (Malaysia) Sdn. Bhd.	*1
Seino Customs Clearance Service Co., Ltd.	*1
Seino(Thailand) Co., Ltd.	*1
Seino Saha Logistics Co., Ltd.	*1
PT Seino Indomobil Logistics Services	*1
Hankyu Hanshin Express Co., Ltd.	*2
Schenker-Seino Co., Ltd.	*2
PT Seino Indomobil Logistics	*2
REX Logistics Co., Ltd.	*3
SIRACHA TRANSPORT CO., LTD.	

Vehicle sales

Vehicle sales

Company	
Toyota Corolla Gifu Co., Ltd.	*1
Gifu Hino Motor Co., Ltd.	*1
Netz Toyota Gifu Co., Ltd.	*1
Asahi Enterprise Co., Ltd.	*1
Shiga Hino Motor Co., Ltd.	*1
Seino Auto Service Kanto Co., Ltd.	*1
Seino Auto Lease Co., Ltd.	*1
Tokyo Sharyou Co., Ltd.	*1
Unicla Jiko Co., Ltd.	*1
Subic GS Auto, Inc.	*1
KILTON SEINO HOLDING Co., Ltd.	*2

Marchandise sales

Merchandise sales

Company	
Seino Trading Co., Ltd.	*1
Seino Sangyo Co., Ltd.	*1

Real estate leasing services

Real estate leasing

Seino Transportation Co., Ltd.
Others

Others

Information services

Company	
Seino Information Service Co., Ltd.	*1
Japan Logistics Development Co., Ltd.	*1

Others

Company	
Suito Travel Co., Ltd. (Passenger transportation, Travel agency)	*1
Seino Engineering Co., Ltd. (Construction)	*1
Seino Family Co., Ltd. (Insurance agency service)	*1
Seino Staff Service Co., Ltd. (Personnel service)	*1
Toyota Home Gifu Co., Ltd. (Housing sales)	*1
Asahi Create Co., Ltd. (Comprehensive printer), Advertising agency	*1
Seino Business Support Co., Ltd. (Business support services)	*1
Seino Ecotrading Inc. (Wholesale of recycled resources)	*1
Nihon Oroshiuri Shiire Network Co., Ltd. (Collection agency)	*1
Seino Financial Co., Ltd. (Settlement service representative)	*1
Shin-ota Taxi Co., Ltd. (Taxi)	*1
Kani Taxi Co., Ltd. (Taxi)	*1
Tajimi Taxi Co., Ltd. (Taxi)	*1
VECTORONE Inc. (EC support)	*1
Seino Driving School Co., Ltd. (Driving school)	*1
Futaba Kogyosho Co., Ltd. (Pipe work)	*1
Fuze Co., Ltd. (Pipe work)	*1
Moe Agrifarm Co., Ltd. (Agriculture, Sales)	*1
Logistics Innovation Fund	*3
Toyota Rent-A-Lease Gifu Co., Ltd. (Rental and lease)	
Gifu Automotive Dealer Plaza Co., Ltd. (Rental office)	
Eparksweets Inc. (EC support)	

Seino Holdings Co., Ltd.

Note	*1: Consolidated subsidiaries	82
	*2: Affiliates (under the equity method)	6
	*3: Nonconsolidated subsidiaries	1
	Companies except those mentioned above are affiliates under the cost method.	13

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