Annual Report 2024

Year Ended March 31,2024

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, 80 consolidated subsidiaries and 21 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.

In recent years, in order to accelerate our evaluation from serving as a special group cargo motor trucking company to serving as "Logistics 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 June26, 2024)

President	Yoshitaka Taguchi
Representative Director	Takao Taguchi
Directors	Hidemi Maruta Nobuyuki Nozu Satoshi Takahashi
Outside Directors	Meyumi Yamada Yoichiro Ichimaru
Audit and Supervisory Committee Member (Standing Director)	Nobuhiko Ito
Audit and Supervisory Committee Member (Outside Director)	Hiroyuki Masuda Keiko Komatsu

Seino Holdings Co., Ltd.

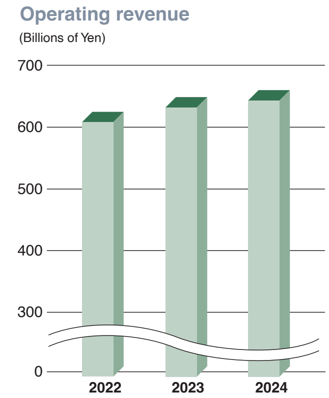
Financial Highlights

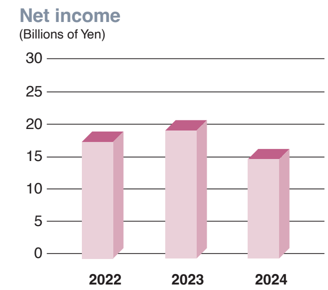
For the Years Ended March 31, 2024, 2023 and 2022

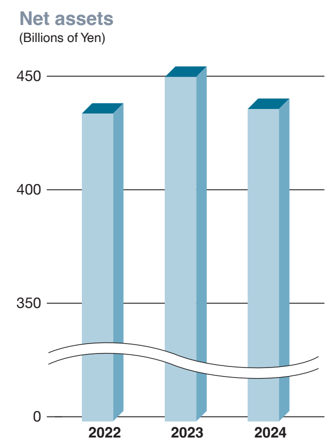
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2024	2023	2022	2024
CONSOLIDATED BASIS:				
Operating revenue	**¥ 642,812**	¥ 631,508	¥ 607,658	**$ 4,257,033**
Operating income	**23,403**	28,502	27,546	**154,987**
Profit before income taxes	**25,617**	31,352	28,345	**169,649**
Net income	**14,562**	19,013	17,256	**96,437**
Net income per share(yen)	**83.72**	104.87	94.59	**0.55**

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2024	2023	2022	2024
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 83,469**	¥ 109,752	¥ 108,489	**$ 552,775**
Property and equipment, net of accumulated depreciation	**345,655**	343,227	341,680	**2,289,106**
Total assets	**689,525**	703,894	685,267	**4,566,391**
Long-term debt and other long-term liabilities	**43,594**	45,392	46,927	**288,701**
Net assets	**435,578**	449,728	433,521	**2,884,623**
Net assets per share (yen)	**2,560.24**	2,449.98	2,375.05	**16.96**

(Note) U.S. dollar amounts are translated at ¥151 = U.S. $1, only for the convenience of readers.







Corporate Data

(As of March 31, 2024)

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	187,679,783
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, 2024 (April 1, 2023 to March 31, 2024) are presented herein.

Medium to Long-term Management Direction - Desired State and Roadmap 2028

The following is a brief report on the performance of Seino Holdings Co., Ltd. for the fiscal year ended March 31, 2024, our 103th term (from April 1, 2023 to March 31, 2024).

During the fiscal year under review, the Japanese economy continued to experience a moderate recovery driven mainly by growth in service consumption and inbound tourism demand amid further advancement in the normalization of social and economic activities, which was in spite of rising uncertainty caused by the increasingly unstable international situation, slowdowns in overseas economies, and persistently high prices of energy and raw materials.

In the transportation industry, which is the mainstay business of the Seino Group, amid weak conditions for construction-related freight and consumer-related freight in particular, the conditions surrounding corporate activities continued to be severe due to soaring prices for crude oil and raw materials and measures taken in response to the “2024 problem.”

Operating under such conditions, the Group formulated “Medium to Long-term Management Direction - Desired State and Roadmap 2028” to aim for an ROE (return on equity) of 8.0% or higher in order to quickly realize a PBR (price book-value ratio) of at least 1.0 times through growth and appropriate capital measures. Based on that, we deployed measures that struck the right balance of growth, profitability, and capital efficiency, through making higher-profit margins integral to our operations by promoting efficiency improvements and striving for stable growth while maintaining our competitive edge in our special mixed freight transportation, and making logistics and chartered transportation, which we consider should be the cornerstone of our total customer service, our growth engine.

As a result, operating revenue for the fiscal year ended March 31, 2024 was ¥642,812 million (up 1.8% year on year), operating profit was ¥23,403 million (down 17.9% year on year), ordinary profit was ¥24,496 million (down 25.1% year on year), and profit attributable to owners of parent was ¥14,562 million (down 23.4% year on year).

Future Outlook

For the future outlook for Japan’s economy, the moderate pace of recovery can be expected to continue taking into account the ongoing improvements in the employment and income environment among other factors such as the effects of various government policies. On the other hand, the outlook is expected to be uncertain with risks that could lead to negative outcomes for the Japanese economy such as a downswing in overseas economic conditions together with causes for concern such as rising prices and the situation in the Middle East.

In the transportation industry, which is the mainstay business of the Seino Group, with the aging of the population, the shrinking of the workforce is accelerating, and together with the “2024 problem,” we can foresee the potential risk of not having the workforce to carry goods.

Operating under such circumstances, in this fiscal year, the second year of Roadmap 2028, the Transportation Services Business will continuously work toward realizing the targets of that roadmap not only by concentrating on optimizing its own company systems, but also through coordinating and cooperating with other companies in the industry as part of the Open Public Platform (O.P.P.). Specifically, we intend to leverage our own company’s strength, namely our overwhelmingly competitive and stable transportation capabilities offered by our nation-wide network for special mixed freight transportation, and engage in O.P.P. with other companies in our industry that have different competitive advantages and also utilize O.P.P. to improve operations in inefficient regions. In this way we seek to improve the convenience of customers and boost efficiency of delivery in the logistics sector.

Additionally, as a way to accelerate our transformation to “Logistics Seino,” while strengthening the charter business, one of our mainstay fields, we will work to cultivate a deeper alliance with HACOBELL INC.

In other areas, in order to expedite and streamline decision making in the business operations related to the last one mile, in April 2024, we established SEINO LAST ONE MILE Co., Ltd. to oversee six operating companies, and in addition to that, we made NICHIYU Co., Ltd. (Yokohama City), which has strengths in the last one mile of parcel delivery in Kanagawa Prefecture, a consolidated subsidiary.

In passenger vehicle sales in the Vehicle Sales Business, we will renew branches and service workshops to improve customer satisfaction and open new business locations based on analysis of commercial area reach. In addition, we will seek to make our operations more efficient by optimizing our branch network through consolidating some branches. Moreover, we will focus on the recruitment and training of service mechanics, to undertake the highly profitable services, by pursuing workstyle reforms and improving the workplace environment.

In truck sales, we will be able to respond to customer needs following the easing of supply constraints and the recommencement of shipments. Therefore, we aim to expand sales, focusing not only on new vehicle sales but also on used vehicle sales, leases, and financial products such as insurance. In addition, we will work to secure earnings by securing a solid number of vehicles by inviting customers to bring their vehicle in early for vehicle inspections and periodic check-ups and through increased sales of parts to repair centers and other businesses. In other areas, we will strive to enhance ES through the introduction of advanced maintenance equipment and other measures, which should have a positive effect on the retention and recruitment of mechanics, as has been the case for passenger vehicle sales.

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.

Under the Seino Group's management philosophy of "developing the company and making employees happy," we aim to create "an attractive company that employees can be proud of." By contributing to the future and happiness of our customers, business partners, society, the environment, and the families of our employees, we will strive for further growth.

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

June 2024

Yoshitaka Taguchi,
President and Chief Executive Officer

Special Feature

Expanding Scope of Operations and Creating New Value

Major 2024 Topics

Driving demonstrations for Japan's first heavy-duty trucks with fuel cells begin

Seino Transportation has begun conducting driving demonstrations of heavy-duty trucks powered by hydrogen fuel cells (hereinafter, "fuel cell trucks"). These fuel cell truck driving demonstrations are being conducted by four companies, including Seino, and are the first of their kind in Japan. On May 17, prior to the driving demonstrations, Seino unveiled the fuel cell trucks at its Nagoya Nishi branch. The company also unveiled light-duty fuel cell trucks being used in Tokyo. The company provided an explanatory overview of fuel cell trucks and the driving demonstrations.

The fuel cell trucks being used for these demonstrations are environmentally friendly vehicles that do not emit greenhouse gases while running, because they are fueled by hydrogen. They are just as practical as commercial vehicles, with a driving range of about 600 km. Seino operates fuel cell trucks on regular routes from the Tokyo branch to the Odawara and Sagamihara branches. The trucks are refueled at a hydrogen station near the Tokyo branch.

Seino Holdings has adopted the slogan "Team Green Logistics" and is working to make its logistics green. The use of fuel cell trucks in actual transportation operations as in these demonstrations will confirm the viability and practicality of hydrogen as a fuel. It will help us achieve sustainable logistics, which includes a reduction in greenhouse gas emissions.

Heavy-duty fuel cell trucks operate on routes from the Tokyo branch to the Odawara and Sagamihara branches.

The Advisory Board is strengthened and expanded to reflect outside views in management

Seino Holdings established an Advisory Board in August 2022. It brings in outside experts with outside knowledge and expert viewpoints to exchange views and discuss strategies.

Going forward, this Advisory Board will be strengthened and expanded with an emphasis on three topics: enhancing corporate value, governance, and sustainability. More than ever, we are incorporating outside views into our management. We are developing policies that balance growth, profitability, and capital efficiency so that we can bring joy and happiness to all people, with the prosperity of customers as our central concern.

Establishment of the Value Chain Innovation Fund

Seino Holdings has launched and begun operating the Value Chain Innovation Fund (VIF), which is our second corporate venture capital* fund. VIF has already invested in four companies, some of which are startups, and it will lead the logistics industry in creating new value through "co-creation" partnerships with companies like these that possess cutting-edge technology and expertise.

Our first corporate venture capital fund addressed social issues related to logistics, such as driver shortages. Its successor, VIF, will also focus on logistics but with a broader investment area that includes upstream and downstream operations. By discovering companies with novel ideas and concepts, we will be able to provide our customers with more comprehensive, high-value-added services in business activities ranging from procurement to production, logistics, sales, and other services.

*Corporate venture capital is an organization in which businesses use their own capital to create funds that invest in and support venture companies.

In the front row, second from the right, is company president Yoshitaka Taguchi. At the end on the right is Shuji Kawai, director of the Open Innovation Promotion Office of Seino Holdings.

Seino launches joint transportation and delivery of products to Shimokita District in Aomori Prefecture at the northern tip of Honshu

Seino Transportation and Sagawa Express (headquarters: Minami-ku, Kyoto; president: Masahide Motomura) have launched joint operations transporting goods via trunk line to destinations in Shimokita District, Aomori Prefecture at the northern tip of Honshu, where the population continues to decline, in order to build and maintain a transportation network that will be sustainable into the future. On July 25, the companies received certification from the

Tohoku District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism for their comprehensive efficiency improvement plan, which is based on Act on Advancement of Integration and Streamlining of Distribution Business[*1] to promote labor savings and environmental impact reduction in the logistics industry. Company officials attended the certification notification delivery ceremony at the Tohoku District Transport Bureau in Sendai on August 4.

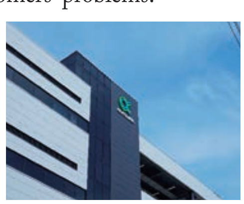
At Seino Transportation, our goal is to deliver joy and happiness to all people, so in order to solve various kinds of customer problems, the company has a policy of cooperating with not only Group companies but other companies as well, without limiting itself to its own transportation network. Additionally, the company is developing green logistics — an initiative for rebuilding sustainable logistics networks in order to address societal issues related to the logistics industry, such as global climate change, the low birthrate, the aging population, and the 2024 problem. Partnering with Sagawa Express on delivery will improve truck loading efficiency, reduce the number of trucks in operation, reduce labor, and protect the environment.

*1. This law contains provisions for integrating transportation, storage, and cargo handling, and for streamlining and improving efficiency through consolidation and joint operation of transportation networks. It also contains provisions for approving plans and related support measures for projects that reduce environmental impact and save labor in business operations.

A Sagawa Express truck arrives at Seino Transportation's Morioka branch to pick up goods bound for Shimokita District, Aomori Prefecture.

Our first medical device manufacturing license

Seino Transportation's Matsudo branch (in Nagareyama, Chiba Prefecture) became the first Seino Transportation branch to obtain a business license for manufacturing medical devices. Under this business license, the company is able to provide a centralized logistics service for medical devices that encompasses container filling, inspection, storage, temperature control, release, and transportation. This development will help us solve our customers' problems.



We are developing logistics solutions based on our expertise in medical devices.

Attending the international participants meeting for the Osaka-Kansai Expo

Seino Holdings and Hankyu Hanshin Express (headquarters: Kita-ku, Osaka; president: Kazuhiro Tanimura) attended the international participants meeting for the Osaka-Kansai Expo. The embassies and other representatives of participating countries provided individual consultations related to pavilion construction and operation as well as logistics and other matters.

Meeting with the embassy of the Republic of Sudan

Both companies have been selected as recommended logistics providers.

Launching joint transportation and delivery operations with Tonami Transportation

Seino Transportation and Tonami Transportation (based in Takaoka, Toyama Prefecture; president: Kazuo Takata) launched joint transportation and delivery operations in order to provide sustainable logistics services. Tonami Transportation brings cargo to the Okazaki branch in the morning and delivers it together with Seino Transportation's cargo. Tonami Transportation also handles delivery operations under contract at the Kanazawa branch.

Tonami Transportation has been accepting orders at the Fukagawa branch since April.

Forming a capital and business partnership with Timee

Seino Holdings signed a deal with Timee (headquarters: Minato-ku, Tokyo; president: Ryo Ogawa), an employment agency for part-time work, to form a capital and business partnership. The company hopes to find fundamental solutions to human resource in the logistics industry through stronger cooperation related to employment for light work, cargo handling, and driver support personnel in the logistics industry.

Going forward, we will jointly work on providing skills training and long-term employment for gig workers.

Segment Information

Transportation Services Business

In the Transportation Services Business, we are working to achieve growth and improve profitability in our mainstay special mixed freight transportation as set forth in Roadmap 2028. In addition to enhancing our network, which already has national coverage, we will utilize our numerous branches and scale of personnel, which we identify as strengths, and work on receiving reasonable transport fees, concentrating on the long-distance and heavy-load categories. We will also secure higher volumes of cargo handled through actively expanding our base of shippers.

Seino Transportation Co., Ltd., the core company of the Transportation Services Business group, underwent an absorption-type merger with the group companies, Kanto Seino Transportation Co., Ltd., Nohi Seino Transportation Co., Ltd., and Tokai Seino Transportation Co., Ltd. on April 1, 2023 to accelerate the efficiency of freight service runs, reorganize the network of relay points and consolidation points, eliminate small loads and innovatively shift to transportation structures that correlate to the volumes of cargo handled. Furthermore, we verified cost management correlated with revenue and volumes of cargo handled at short intervals with successful outcomes. In other areas, aiming to realize Green logistics, we actively deployed O.P.P. (Open Public Platform) Kangaroo service runs and started sharing package deliveries with Tonami Transportation Co., Ltd. in Kanazawa City, Ishikawa Prefecture and Okazaki City in Aichi Prefecture. Moreover, we started a demonstration trial of Japan's first implementation of large trucks running on hydrogen fuel cells (FC), and introduced hydrogen fuel cell (FC) small trucks and electric (EV) small trucks into our operations.

In terms of expansion efforts, Seino Transportation Co., Ltd. relocated the Matsudo branch (Nagareyama City, Chiba Prefecture) and Kyoto branch (Fushimi-ku, Kyoto City), opened the Shinkiba distribution warehouse (Koto-ku, Tokyo), Atsugi distribution warehouse (Aiko-gun, Kanagawa Prefecture), Gifu-Hashima Logistics Center (Hashima City, Gifu Prefecture), and the Kita-Osaka Hub (Ibaraki City, Osaka Prefecture), a dedicated office for relay transportation destined for Kyushu. In addition, Seino Super Express Co., Ltd. relocated the Toyama sales office (Toyama City). In this way we worked to strengthen our logistics infrastructure and improve the efficiency of our relay operations to expand our earnings.

As a result of the above, operating revenue for this segment was ¥470,237 million (down 0.9% year on year) and operating profit was ¥15,274 million (down 30.2% year on year).

Vehicle Sales Business

In passenger vehicle sales of the Vehicle Sales Business, the new vehicle sales volume grew for the first nine months due to vehicle production showing a trend of recovery from the supply constraints associated with the semiconductor shortage, and although the sales volume switched to a decline in the fourth quarter owing to the impact of the issue regarding the misconduct of manufacturers concerning certification, the new vehicle sales volume significantly surpassed the previous fiscal year on a full-year basis. The used vehicle sales volume also significantly surpassed the previous fiscal year due to an increase in trade-ins accompanying the increase of new vehicle sales as well as strong wholesale sales. We also focused efforts on after-sales services including vehicle inspections, check-ups, maintenance and repairs. In addition to the increase in customer satisfaction, we are also investing to improve employee satisfaction (ES), which has a positive effect on the retention and recruitment of sales staff and service mechanics.

In truck sales, despite the impact of the suspension of vehicle shipments as a result of the issue regarding the misconduct of manufacturers concerning engine certification, there was a recommencement of shipments for some vehicle types and sales of large and medium sized vehicles were strong. As a result, new vehicle sales recorded a year-on-year increase. Moreover, in used vehicle sales, the number of vehicles sold was higher than that of the previous fiscal year.

In terms of office expansion efforts, TOYOTA COROLLA NETZ GIFU CO., LTD. Kagashima branch (Gifu City) was merged, and efficiency of the store network was improved.

As a result of the above, operating revenue for this segment was ¥108,664 million (up 15.3% year on year) and operating profit was ¥5,809 million (up 23.3% 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 papers in particular were firm and there was a rise in sales unit prices for fuel sales. As a result, operating revenue for this segment was ¥35,747 million (up 6.7% year on year) and operating profit was ¥948 million (up 18.5 % year on year).

Real Estate Leasing Services Business

In the Real Estate Leasing Services Business, we are working to utilize our holdings of land and former sites to maximize their potential and transform this business into one that is valuable for the local region.

As a result of the above, operating revenue for this segment was ¥2,246 million (up 2.5% year on year), and operating profit was ¥1,648 million (up 2.1% 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 ¥25,918 million (down 3.6% year on year), and operating profit was ¥1,395 million (up 18.8% year on year).

Operating Revenue by Business Segment

(Millions of yen)

	FY Ended March 31, 2024		FY Ended March 31, 2023		
	Results	Composition	Results	Composition	Year-on-Year
Transportation services	470,237	73.2%	474,702	75.2%	(0.9%)
Vehicle sales	108,664	16.9%	94,209	14.9%	15.3%
Merchandise sales	35,747	5.6%	33,518	5.3%	6.7%
Real estate leasing services	2,246	0.3%	2,192	0.3%	2.5%
Others	25,918	4.0%	26,887	4.3%	(3.6%)
Total	642,812	100.0%	631,508	100.0%	1.8%

Operating Income by Business Segment

(Millions of yen)

	FY Ended March 31, 2024		FY Ended March 31, 2023		
	Results	Composition	Results	Composition	Year-on-Year
Transportation services	15,274	65.3%	21,870	76.7%	(30.2%)
Vehicle sales	5,809	24.8%	4,709	16.5%	23.3%
Merchandise sales	948	4.1%	800	2.8%	18.5%
Real estate leasing services	1,648	7.0%	1,615	5.7%	2.1%
Others	1,395	6.0%	1,174	4.1%	18.8%
Total	25,074	107.1%	30,168	105.8%	(16.9%)
Elimination	(1,671)	(7.1%)	(1,666)	(5.8%)	—
Consolidated	23,403	100.0%	28,502	100.0%	(17.9%)

Financial Review

Operating Results

The consolidated sales of Seino Holdings for the fiscal year ended March 31, 2024 amounted to ¥642,812 million (a 1.8% increase from the previous fiscal year). This was due to a recovery in sales volume in our vehicle sales business, despite a decrease in sales volume in our transportation business.

Meanwhile, because of the sharp increase in raw material prices and energy prices due to the impact of the Ukraine invasion and Mid-East conflicts and ongoing high material prices due to the large disparity in American and Japanese interest rates, sales costs rose to ¥569,214 million, a 2.6% increase from the previous fiscal year, and the ratio of operating costs to sales stood at 88.6%, a 0.7% increase from the previous fiscal year.

Selling, general and administrative expenses came to ¥50,195 million (a 4.6% increase from the previous fiscal year) due to an increase in salaries that include higher base pay, and an increase in rental and leasing costs. Operating profit came to ¥23,403 million.

Current net income before tasks and other adjustments decreased by 18.3% from the previous fiscal year to ¥25,617 million, and current net income fell by 23.4% from the previous fiscal year to ¥14,562 million.

Current net income per share stood at ¥83.72, and return on equity was 3.3%. The annual cash dividend per share rose to ¥100.00, which marked a 78.6% increase from the previous fiscal year. This is because our dividend policy is to aim for a dividend on equity (DOE) ratio of at least 4.0%.

Financial Position

Total assets at the end of the current consolidated fiscal year amounted to ¥689,525 million, which marked a decrease of ¥14,369 million from the end of the previous consolidated fiscal year. The main factors were the acquisition and amortization of treasury stock and a decrease in deferred tax assets. Liabilities totaled ¥253,947 million, which marked a ¥219 million decrease from the end of the previous consolidated fiscal year. Furthermore, net assets decreased by ¥14,150 million from the end of the previous consolidated fiscal year to reach ¥435,578 million due to a decrease in retained earnings.

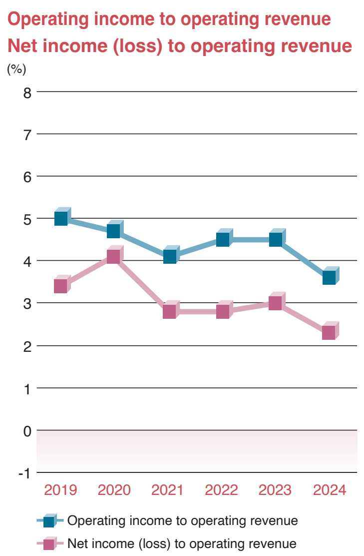
Cash Flows

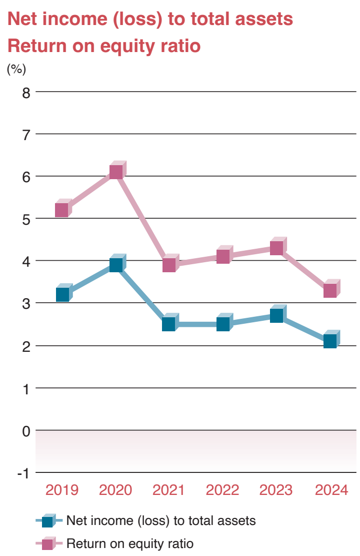
Cash flow from operating activities amounted to ¥48,441 million, marking an increase of ¥9,167 million from the previous consolidated fiscal year, due to factors such as an increase in trade receivables and larger equity method investment losses.

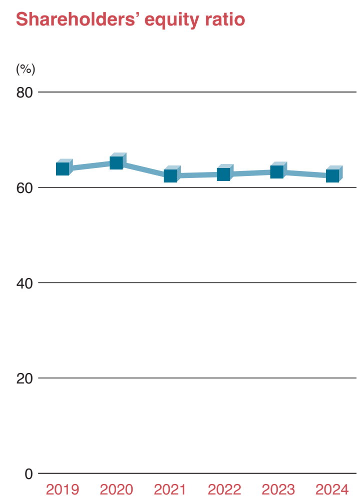
Cash flow from investment activities came to −¥25,509 million, which was a ¥4,080 million decrease from the previous consolidated fiscal year. This was the result of factors such as decreases in expenditures for acquiring tangible and intangible fixed assets and decreases in expenditures on investment securities.

Cash flow from financial activities rose by ¥40,474 million from the previous consolidated fiscal year to −¥48,646 million. This was the result of factors such as an increase in dividends paid and the purchase of treasury stock.

As a result of the above, cash and cash equivalents in the current consolidated fiscal year decreased by ¥25,687 million from the previous consolidated fiscal year to ¥75,378 million.







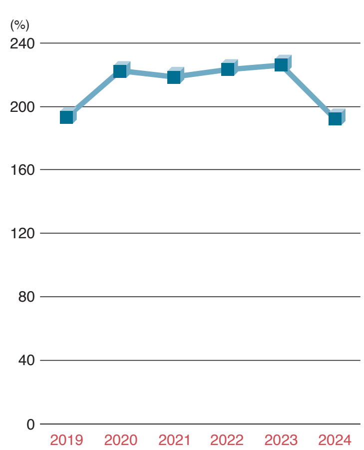
SEINO HOLDINGS CO., LTD. and Consolidated Subsidiaries

Six-year Summary

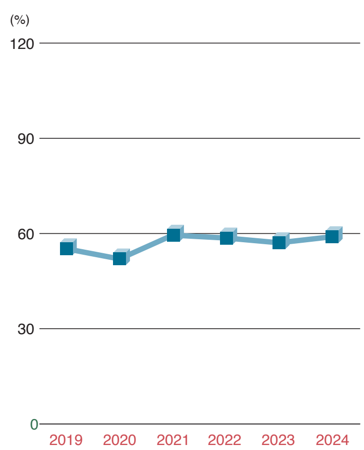
For the Years Ended March 31, 2024, 2023, 2022, 2021, 2020 and 2019

	Millions of Yen					
	2024	2023	2022	2021	2020	2019
For the year:						
Operating revenue:	¥ 642,812	¥ 631,508	¥ 607,658	¥ 592,046	¥ 625,627	¥ 617,162
Transportation services	470,237	474,702	453,253	441,091	466,473	462,459
Vehicle sales	108,664	94,209	98,221	98,334	103,165	100,960
Merchandise sales	35,747	33,518	30,754	31,034	32,868	33,518
Real estate leasing services	2,246	2,192	2,013	1,865	1,732	1,651
Other	25,918	26,887	23,417	19,722	21,389	18,574
Operating costs	569,214	554,998	536,079	525,852	553,541	545,253
Selling, general and administrative expenses	50,195	48,008	44,033	41,633	42,389	40,713
Operating income	23,403	28,502	27,546	24,561	29,697	31,196
Net income (loss)	14,562	19,013	17,256	16,661	25,848	21,208
At year end:						
Current assets	230,369	255,432	245,578	242,711	248,332	251,683
Total assets	689,525	703,894	685,267	672,248	654,533	657,983
Current liabilities	119,838	112,967	109,980	110,993	111,582	130,357
Short-term borrowings	3,749	4,760	3,241	4,471	4,130	5,470
Long-term debt, including current maturities	43,594	45,392	46,927	44,478	17,999	19,905
Net asset	435,578	449,728	433,521	422,635	432,813	428,934
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 83.72	¥ 104.87	¥ 94.59	¥ 89.31	¥ 128.41	¥ 104.81
Cash dividends	100.00	56.00	29.00	27.00	39.00	32.00
	Thousands					
Number of shares issued	187,679	207,679	207,679	207,679	207,679	207,679
	Percent					
Ratios:						
Operating income to operation revenue	3.6	4.5	4.5	4.1	4.7	5.0
Net income (loss) to operating revenue	2.3	3.0	2.8	2.8	4.1	3.4
Net income (loss) to total assets	2.1	2.7	2.5	2.5	3.9	3.2
Return on equity ratio	3.3	4.3	4.1	3.9	6.1	5.2
Shareholders' equity ratio	62.4	63.2	62.7	62.4	65.1	63.8
Current ratio	192.2	226.1	223.3	218.7	222.6	193.1
Dept equity ratio	59.0	57.1	58.6	59.5	52.0	55.2
Payout ratio	119.4	53.4	30.7	30.2	30.4	30.5

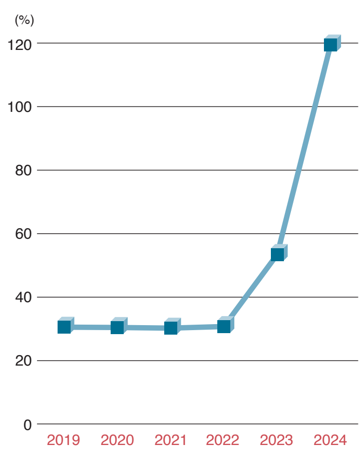
Current ratio



Debt equity ratio



Payout ratio



SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	¥ **75,378**	¥ 101,065	$ **499,192**
Short-term investments (Notes 3 and 5)	**8,091**	8,687	**53,583**
Trade receivables (Note 3)	**114,446**	119,242	**757,921**
Contract assets	**1,131**	1,289	**7,490**
Inventories (Note 4)	**20,615**	16,388	**136,523**
Other current assets	**11,056**	9,206	**73,219**
Allowance for doubtful accounts	**(348)**	(445)	**(2,305)**
Total current assets	**230,369**	255,432	**1,525,623**
Property and equipment (Notes 6, 7 and 9):			
At cost	**702,625**	692,238	**4,653,146**
Accumulated depreciation	**(356,970)**	(349,011)	**(2,364,040)**
Net property and equipment	**345,655**	343,227	**2,289,106**
Investments and other assets:			
Investment securities (Notes 3 and 5)	**52,412**	38,747	**347,099**
Investments in and long-term loans to affiliates and nonconsolidated subsidiaries (Note 5)	**29,119**	26,544	**192,841**
Goodwill	**9,468**	11,603	**62,702**
Deferred tax assets (Note 18)	**9,002**	15,650	**59,616**
Employee retirement benefit asset (Note 12)	**215**	—	**1,424**
Other assets	**13,285**	12,691	**87,980**
Total investments and other assets	**113,501**	105,235	**751,662**
Total assets	¥ **689,525**	¥ 703,894	$ **4,566,391**
Current liabilities:			
Short-term borrowings (Notes 3, 9, 10 and 11)	¥ **3,749**	¥ 4,760	$ **24,828**
Current portion of long-term debt (Notes 3, 9 and 11)	**3,093**	2,490	**20,483**
Trade payables (Note 3)	**58,963**	49,875	**390,484**
Accrued expenses	**16,446**	16,109	**108,914**
Income taxes payable	**4,970**	6,691	**32,914**
Contract liabilities	**3,647**	3,873	**24,152**
Other current liabilities	**28,970**	29,169	**191,854**
Total current liabilities	**119,838**	112,967	**793,629**
Long-term debt (Notes 3, 9 and 11)	**40,501**	42,902	**268,218**
Employee retirement benefit liability (Note 12)	**77,392**	83,138	**512,530**
Asset retirement obligations (Note 8)	**3,984**	3,839	**26,384**
Accrued severance indemnities for directors and corporate auditors	**1,561**	1,833	**10,338**
Provision for share-based remuneration	**4,806**	5,054	**31,828**
Provision for directors' stock payments	**219**	180	**1,450**
Deferred tax liabilities (Note 18)	**2,652**	2,960	**17,563**
Other long-term liabilities	**2,994**	1,293	**19,828**
Total liabilities	**253,947**	254,166	**1,681,768**
Commitments and contingent liabilities (Notes 13 and 14)			
Net assets:			
Shareholders' equity (Note 15):			
Common stock: 794,524,668 shares authorized and 187,679,783 shares issued	**42,482**	42,482	**281,338**
Capital surplus	**77,175**	80,874	**511,093**
Retained earnings	**321,349**	346,416	**2,128,139**
Less treasury stock at cost: 19,578,573 shares in 2024 and 26,109,781 shares in 2023	**(37,586)**	(36,422)	**(248,914)**
Total shareholders' equity	**403,420**	433,350	**2,671,656**
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities	**23,851**	13,763	**157,954**
Land revaluation decrement	**(101)**	(97)	**(669)**
Retirement benefit adjustment	**1,670**	(2,849)	**11,059**
Foreign currency translation adjustments	**1,540**	677	**10,199**
Total accumulated other comprehensive income	**26,960**	11,494	**178,543**
Share acquisition rights	**3**	3	**20**
Noncontrolling interests	**5,195**	4,881	**34,404**
Total net assets	**435,578**	449,728	**2,884,623**
Total liabilities and net assets	¥ **689,525**	¥ 703,894	$ **4,566,391**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Operating revenue (Note 24)	**¥ 642,812**	¥ 631,508	¥ 607,658	**$ 4,257,033**
Operating costs and expenses (Note 12):				
Operating costs	**569,214**	554,998	536,079	**3,769,629**
Selling, general and administrative expenses	**50,195**	48,008	44,033	**332,417**
	619,409	603,006	580,112	**4,102,046**
Operating income	**23,403**	28,502	27,546	**154,987**
Other income (expenses):				
Interest and dividend income	**974**	978	859	**6,450**
Interest expense	**(412)**	(424)	(435)	**(2,728)**
Loss on investments in partnerships	**(303)**	(348)	(229)	**(2,007)**
Commission for purchase of treasury shares	**(125)**	—	—	**(828)**
Loss on sale or disposal of property and equipment	**(410)**	(1,088)	(671)	**(2,715)**
Gain on sale of investment securities	**548**	147	31	**3,629**
Share of (loss) profit of entities accounted for using equity method	**(229)**	2,446	1,560	**(1,516)**
Impairment loss on fixed assets (Notes 2(i) and 24)	**(493)**	(787)	(1,141)	**(3,265)**
Loss on valuation of shares of subsidiaries and associates	**—**	(18)	—	**—**
Compensation income	**1,640**	—	—	**10,861**
Compensation received for the exercise of eminent domain	**—**	584	—	**—**
Miscellaneous, net	**1,024**	1,360	825	**6,781**
	2,214	2,850	799	**14,662**
Profit before income taxes	**25,617**	31,352	28,345	**169,649**
Income taxes (Note 18):				
Current	**10,943**	12,628	11,813	**72,470**
Deferred	**206**	(736)	(1,115)	**1,364**
Total income taxes	**11,149**	11,892	10,698	**73,834**
Profit	**14,468**	19,460	17,647	**95,815**
(Loss) profit attributable to noncontrolling interests	**(94)**	447	391	**(622)**
Profit attributable to owners of parent	**¥ 14,562**	¥ 19,013	¥ 17,256	**$ 96,437**

	Yen			U.S. dollars
Per share:				
Profit attributable to owners of parent				
-Basic	**¥ 83.72**	¥ 104.87	¥ 94.59	**$ 0.55**
-Diluted	**78.16**	98.40	88.78	**0.52**
Cash dividends	**100.00**	56.00	29.00	**0.66**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Profit	**¥ 14,468**	¥ 19,460	¥ 17,647	**$ 95,815**
Other comprehensive income (Note 19):				
Net unrealized gains on available-for-sale securities	**10,062**	(859)	(669)	**66,636**
Land revaluation decrement	**(4)**	—	—	**(27)**
Remeasurements of defined benefit plans, net of tax	**4,358**	744	1,345	**28,861**
Foreign currency translation adjustments	**105**	124	49	**695**
Share of other comprehensive income of affiliates accounted for using equity method	**1,002**	756	554	**6,636**
Total other comprehensive income	**15,523**	765	1,279	**102,801**
Comprehensive income	**¥ 29,991**	¥ 20,225	¥ 18,926	**$ 198,616**
Comprehensive income attributable to:				
Owners of the parent	**¥ 30,028**	¥ 19,734	¥ 18,531	**$ 198,861**
Noncontrolling interests	**(37)**	491	395	**(245)**

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2024, 2023 and 2022

		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	Share acquisition rights	Noncontrolling interests	Total net assets
		Millions of yen												
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
Profit attributable to owners of parent	—	—	—	19,013	—	19,013	—	—	—	—	—	—	—	19,013
Cash dividends	—	—	—	(5,432)	—	(5,432)	—	—	—	—	—	—	—	(5,432)
Reversal of land revaluation decrement	—	—	—	(26)	—	(26)	—	—	—	—	—	—	—	(26)
Purchases of treasury stock and fractional shares, net	—	—	(58)	—	717	659	—	—	—	—	—	—	—	659
Change in treasury shares of parent arising from transactions with noncontrolling shareholders	—	—	(8)	—	—	(8)	—	—	—	—	—	—	—	(8)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(857)	25	693	885	746	3	1,252	2,001
Balance at March 31, 2023	207,679,783	42,482	80,874	346,416	(36,422)	433,350	13,763	(97)	(2,849)	677	11,494	3	4,881	449,728
Profit attributable to owners of parent	—	—	—	14,562	—	14,562	—	—	—	—	—	—	—	14,562
Cash dividends	—	—	—	(16,083)	—	(16,083)	—	—	—	—	—	—	—	(16,083)
Purchases of treasury stock and fractional shares, net	—	—	188	—	(29,122)	(28,934)	—	—	—	—	—	—	—	(28,934)
Cancellation of treasury shares	(20,000,000)	—	(4,412)	(23,546)	27,958	—	—	—	—	—	—	—	—	—
Change in treasury shares of parent arising from transactions with noncontrolling shareholders	—	—	525	—	—	525	—	—	—	—	—	—	—	525
Net changes in items other than shareholders' equity	—	—	—	—	—	—	10,088	(4)	4,519	863	15,466	—	314	15,780
Balance at March 31, 2024	187,679,783	¥ 42,482	¥ 77,175	¥ 321,349	¥ (37,586)	¥ 403,420	¥ 23,851	¥ (101)	¥ 1,670	¥ 1,540	¥ 26,960	¥ 3	¥ 5,195	¥ 435,578
		Thousands of U.S. dollars												
Balance at March 31, 2023		$ 281,338	$ 535,589	$ 2,294,146	$ (241,205)	$ 2,869,868	$ 91,146	$ (642)	$ (18,868)	$ 4,483	$ 76,119	$ 20	$ 32,324	$ 2,978,331
Profit attributable to owners of parent		—	—	96,437	—	96,437	—	—	—	—	—	—	—	96,437
Cash dividends		—	—	(106,510)	—	(106,510)	—	—	—	—	—	—	—	(106,510)
Purchases of treasury stock and fractional shares, net		—	1,245	—	(192,861)	(191,616)	—	—	—	—	—	—	—	(191,616)
Cancellation of treasury shares		—	(29,218)	(155,934)	185,152	—	—	—	—	—	—	—	—	—
Change in treasury shares of parent arising from transactions with noncontrolling shareholders		—	3,477	—	—	3,477	—	—	—	—	—	—	—	3,477
Net changes in items other than shareholders' equity		—	—	—	—	—	66,808	(27)	29,927	5,716	102,424	—	2,080	104,504
Balance at March 31, 2024		$ 281,338	$ 511,093	$ 2,128,139	$ (248,914)	$ 2,671,656	$ 157,954	$ (669)	$ 11,059	$ 10,199	$ 178,543	$ 20	$ 34,404	$ 2,884,623

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Cash flows from operating activities:				
Profit before income taxes	¥ **25,617**	¥ 31,352	¥ 28,345	$ **169,649**
Adjustments for:				
Depreciation	**21,691**	21,555	21,490	**143,649**
Impairment loss on fixed assets	**493**	787	1,141	**3,265**
Amortization of goodwill	**2,135**	2,193	1,789	**14,139**
Net increase in employee retirement benefit liability	**517**	1,809	2,918	**3,424**
Loss on sale or disposal of property and equipment	**410**	1,088	671	**2,715**
Share of loss (profit) of entities accounted for using equity method	**229**	(2,446)	(1,560)	**1,516**
Loss on investments in partnerships	**303**	348	229	**2,007**
Gain on sale of investment securities	**(548)**	(147)	(31)	**(3,629)**
Loss on valuation of shares of subsidiaries and associates	**—**	18	—	**—**
Net provision for accrued severance indemnities for directors and corporate auditors	**(272)**	149	41	**(1,801)**
Decrease in provision for share-based remuneration	**(248)**	(188)	(206)	**(1,642)**
Net provision for directors' stock payments	**39**	(18)	55	**258**
Decrease (increase) in trade receivables	**4,939**	1,447	(1,151)	**32,709**
(Increase) decrease in inventories	**(3,888)**	(5,030)	1,808	**(25,748)**
Increase (decrease) in trade payables	**9,032**	(134)	1,434	**59,814**
Other, net	**161**	(1,015)	(1,989)	**1,066**
Subtotal	**60,610**	51,768	54,984	**401,391**
Interest and dividends received	**1,456**	1,414	1,063	**9,642**
Interest paid	**(430)**	(446)	(417)	**(2,848)**
Income taxes paid	**(13,195)**	(13,462)	(10,102)	**(87,384)**
Net cash provided by operating activities	**48,441**	39,274	45,528	**320,801**
Cash flows from investing activities:				
Increase in property and equipment	**(23,401)**	(24,931)	(29,383)	**(154,973)**
Increase in long-term investments and loans	**(4,072)**	(4,781)	(1,760)	**(26,967)**
Decrease in property and long-term investments	**1,234**	60	433	**8,172**
Decrease in short-term investments	**730**	272	468	**4,834**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 16)	**—**	(685)	(1,631)	**—**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	**—**	476	79	**—**
Net cash used in investing activities	**(25,509)**	(29,589)	(31,794)	**(168,934)**
Cash flows from financing activities:				
Increase in long-term debt	**—**	630	11,036	**—**
Repayment of long-term debt	**(2,071)**	(2,031)	(9,588)	**(13,715)**
Net decrease in short-term borrowings	**(1,011)**	(482)	(480)	**(6,695)**
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	**—**	(15)	(781)	**—**
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	**157**	—	—	**1,040**
Proceeds from share issuance to noncontrolling shareholders	**1,001**	—	4	**6,629**
Dividends paid to shareholders	**(15,571)**	(5,252)	(4,928)	**(103,119)**
Dividends paid to noncontrolling interests	**(282)**	(144)	(84)	**(1,868)**
Purchases of treasury stock, net of disposals	**(29,382)**	527	(1,813)	**(194,583)**
Other, net	**(1,487)**	(1,405)	(1,248)	**(9,848)**
Net cash used in financing activities	**(48,646)**	(8,172)	(7,882)	**(322,159)**
Effect of exchange rate changes on cash and cash equivalents	**27**	27	(10)	**179**
Net decrease(increase) in cash and cash equivalents	**(25,687)**	1,540	5,842	**(170,113)**
Cash and cash equivalents at beginning of year	**101,065**	99,525	93,683	**669,305**
Cash and cash equivalents at end of year	¥ **75,378**	¥ 101,065	¥ 99,525	$ **499,192**

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, 2024, which was ¥151 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, 2024, 2023 and 2022, 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, 2024, 2023 and 2022 was as follows:

	2024	2023	2022
Subsidiaries:			
Domestic	74	76	76
Overseas	6	6	6
Affiliates accounted for by the equity method	7	6	6
Nonconsolidated subsidiaries	2	1	1
Affiliates stated at cost	12	13	13

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. Significant transactions for the period between the subsidiaries' 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, 2024, 2023 and 2022, recoverable amounts of assets were measured based on value in use using discounted future cash flows at interest rates principally of 7.9%, 4.7% and 3.5%, 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
	2024	2023	2022	**2024**
Property subject to impairment:	10 business branches and 1 idle property	10 business branches and 2 idle properties	8 business branches and 2 idle properties	
Impairment loss recorded for:				
land	¥ 392	¥ 275	¥ 371	$ 2,596
buildings and structures	97	505	549	642
other property	4	7	221	27
	¥ 493	¥ 787	¥ 1,141	$ 3,265

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 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 "Leasing for Real Estate 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 Leasing for Real Estate 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) 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 March 31, 2020, hereinafter referred to as "Revenue recognition accounting standards") will be applied from the beginning of the fiscal year ended March 31, 2022.

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. The impact on segment information is described in the relevant sections.

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 fiscal year ended March 31, 2022 are not included.

Application of Accounting Standards for Fair Value Measurement

The Company and its subsidiaries apply "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) since the year ended March 31, 2023 and prospectively apply the new accounting policies under ASBJ Guidance No. 31 in accordance with the transitional provisions set out in Paragraph 27-2 of ASBJ Guidance No. 31.

Within the notes of "Financial Instruments," where disclosure is made by level of fair values of financial instruments, information on investment funds relevant to the year ended March 31, 2022 is not provided in accordance with Paragraph 27-3 of the ASBJ Guidance No. 31.

(u) Accounting policies issued but not yet adopted

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, ASBJ)

Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022, ASBJ)

Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

(1) Overview

The transfer of JICPA's practical guidelines on tax effect accounting to ASBJ was completed with the issuance of standards and guidance including ASBJ Statement No. 28, Partial Amendments to Accounting Standard for Tax Effect Accounting (hereinafter collectively referred to as "ASBJ Statement No. 28, etc.") in February 2018. During their deliberations, it had been determined that the following two issues would be further discussed subsequent to the issuance of ASBJ Statement No. 28. The above standards and guidance were issued as a result of the discussions on the two issues below:

Categories in which income tax expense should be recorded (taxes on other comprehensive income)

Tax effects associated with sales of shares of subsidiaries, etc. (i.e., shares of subsidiaries or affiliates) when the group taxation regime is applied

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the standards and guidance

The effects of the application of Accounting Standard for Current Income Taxes, etc., on the consolidated financial statements are currently under evaluation.

Practical Solution on Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ PITF No. 46, March 22, 2024, ASBJ)

(1) Overview

Accounting for and disclosure of current taxes related to the Global Minimum Tax Rules

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the standards and guidance

The effects of the application on the consolidated financial statements are currently under evaluation.

(v) Changes in presentation methods

Consolidated Statements of Income

Effective from the fiscal year under review, "Subsidy income" and "Subsidies for employment adjustment" have been included in "Miscellaneous, net" because of their decreased significance. The Consolidated Statements of Income for the fiscal years ended March 31, 2023 and 2022 were reclassified to conform to this change in presentation. As a result, ¥32 million and ¥25 million recorded as "Subsidy income" and "Subsidies for employment adjustment" for the fiscal year ended March 31, 2023 were reclassified to "Miscellaneous, net". In addition, ¥6 million and ¥97 million recorded as "Subsidy income" and "Subsidies for employment adjustment" for the fiscal year ended March 31, 2022 were reclassified to "Miscellaneous, net."

(w) 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, 2024 and 2023 were ¥234 million ($1,550 thousand) and 151 thousand shares and ¥234 million and 151 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.

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, 2024 and 2023 were ¥6,257 million ($41,437 thousand) and 4,339 thousand shares and ¥6,482 million and 4,495 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, 2024 and 2023 were ¥956 million ($6,331 thousand) and 839 thousand shares and ¥1,299 million and 1,140 thousand shares, respectively. The book value of bank loans of the E-Ship Trust recorded in the consolidated balance sheet as of March 31, 2024 and 2023 were ¥552 million ($3,656 thousand) and ¥1,258 million, respectively.

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, 2024 and 2023 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, 2024: (*2)			
Short-term investments	¥ 8,091	¥ 8,091	¥ —
Investment securities	48,423	48,423	—
Total assets	¥ 56,514	¥ 56,514	¥ —
Convertible bonds	¥ 25,100	¥ 27,875	¥ 2,775
Long-term bank loans	6,927	6,763	(164)
Total liabilities	¥ 32,027	¥ 34,638	¥ 2,611

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2023: (*2)			
Short-term investments	¥ 8,687	¥ 8,687	¥ —
Investment securities	34,968	34,968	—
Total assets	¥ 43,655	¥ 43,655	¥ —
Convertible bonds	¥ 25,150	¥ 24,962	¥ (188)
Long-term bank loans	9,388	9,223	(165)
Total liabilities	¥ 34,538	¥ 34,185	¥ (353)

	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
At March 31, 2024: (*2)			
Short-term investments	$ 53,583	$ 53,583	$ —
Investment securities	320,682	320,682	—
Total assets	$ 374,265	$ 374,265	$ —
Convertible bonds	$ 166,225	$ 184,603	$ 18,378
Long-term bank loans	45,874	44,788	(1,086)
Total liabilities	$ 212,099	$ 229,391	$ 17,292

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.

(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
	2024	2023	**2024**
Carrying value:			
Unlisted equity securities, other than those of affiliates	**¥ 1,959**	¥ 1,863	**$ 12,973**
Investments in partnerships	**2,030**	1,916	**13,444**
	¥ 3,989	¥ 3,779	**$ 26,417**

(ii) The redemption schedule for financial assets with maturities at March 31, 2024 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, 2024:				
Cash and cash equivalents	¥ 75,378	¥ —	¥ —	¥ —
Short-term investments	8,099	—	—	—
Trade receivables	88,528	25,682	236	—
	¥ 172,005	¥ 25,682	¥ 236	¥ —

	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, 2023:				
Cash and cash equivalents	¥ 101,065	¥ —	¥ —	¥ —
Short-term investments	8,687	—	—	—
Trade receivables	89,920	28,713	609	—
Investment securities – bonds and other	—	140	—	—
	¥ 199,672	¥ 28,853	¥ 609	¥ —

	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, 2024:				
Cash and cash equivalents	$ 499,192	$ —	$ —	$ —
Short-term investments	53,635	—	—	—
Trade receivables	586,279	170,079	1,563	—
	$ 1,136,106	$ 170,079	$ 1,563	$ —

(iii) For the repayment schedule for long-term bank loans at March 31, 2024, 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, 2024:				
Securities and investment securities				
Equity securities	¥ 48,397	¥ —	¥ —	¥ 48,397
Bonds	—	3,159	—	3,159
Other	—	55	—	55
Total assets	¥ 34,816	¥ 3,214	¥ —	¥ 51,611

	Millions of yen			
	Level 1	Level 2	Level 3	Total
At March 31, 2023:				
Securities and investment securities				
Equity securities	¥ 34,816	¥ —	¥ —	¥ 34,816
Bonds	—	3,137	—	3,137
Other	—	15	—	15
Total assets	¥ 34,816	¥ 3,152	¥ —	¥ 37,968

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2024:				
Securities and investment securities				
Equity securities	$ 320,510	$ —	$ —	$ 320,510
Bonds	—	20,921	—	20,921
Other	—	364	—	364
Total assets	$ 320,510	$ 21,285	$ —	$ 341,795

(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, 2024:				
Convertible bonds	¥ —	¥ 27,875	¥ —	¥ 27,875
Long-term bank loans	—	6,763	—	6,763
Total liabilities	¥ —	¥ 34,638	¥ —	¥ 34,638

	Millions of yen			
	Level 1	Level 2	Level 3	Total
At March 31, 2023:				
Convertible bonds	¥ —	¥ 24,962	¥ —	¥ 24,962
Long-term bank loans	—	9,223	—	9,223
Total liabilities	¥ —	¥ 34,185	¥ —	¥ 34,185

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
At March 31, 2024:				
Convertible bonds	$ —	$ 184,603	$ —	$ 184,603
Long-term bank loans	—	44,788	—	44,788
Total liabilities	$ —	$ 229,391	$ —	$ 229,391

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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Merchandise and finished products	**¥ 18,662**	¥ 14,502	**$ 123,589**
Work in process	**1,050**	974	**6,954**
Raw materials and supplies	**903**	912	**5,980**
	¥ 20,615	¥ 16,388	**$ 136,523**

5. Investments

At March 31, 2024 and 2023, short-term investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Marketable securities:			
Bonds and other	**¥ 149**	¥ —	**$ 987**
Total marketable securities	**149**	—	**987**
Time deposits with an original maturity of more than three months	**7,942**	8,687	**52,596**
	¥ 8,091	¥ 8,687	**$ 53,583**

At March 31, 2024 and 2023, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Marketable securities:			
Equity securities	**¥ 48,397**	¥ 34,816	**$ 320,510**
Bonds	**10**	137	**66**
Other	**16**	15	**106**
Total marketable securities	**48,423**	34,968	**320,682**
Other non-marketable securities	**3,989**	3,779	**26,417**
	¥ 52,412	¥ 38,747	**$ 347,099**

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, 2024 and 2023, 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, 2024:				
Equity securities	**¥ 14,607**	**¥ 33,804**	**¥ (14)**	**¥ 48,397**
Bonds	**119**	**40**	**—**	**159**
Other	**12**	**4**	**—**	**16**
	¥ 14,738	**¥ 33,848**	**¥ (14)**	**¥ 48,572**
At March 31, 2023:				
Equity securities	¥ 14,753	¥ 20,557	¥ (494)	¥ 34,816
Bonds	119	18	—	137
Other	13	2	—	15
	¥ 14,885	¥ 20,577	¥ (494)	¥ 34,968
	Thousands of U.S. dollars			
At March 31, 2024:				
Equity securities	**$ 96,735**	**$ 223,868**	**$ (93)**	**$ 320,510**
Bonds	**788**	**265**	**—**	**1,053**
Other	**80**	**26**	**—**	**106**
	$ 97,603	**$ 224,159**	**$ (93)**	**$ 321,669**

At March 31, 2024 and 2023 investments in and long-term loans to affiliates and nonconsolidated subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Equity securities of affiliates	**¥ 22,640**	¥ 21,892	**$ 149,934**
Investments in partnerships of nonconsolidated subsidiaries	**6,479**	4,652	**42,907**
	¥ 29,119	¥ 26,544	**$ 192,841**

6. Property and Equipment

At March 31, 2024 and 2023, property and equipment consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Property and equipment, at cost:			
Land	**¥ 189,255**	¥ 187,960	**$ 1,253,344**
Buildings and structures	**322,092**	320,726	**2,133,060**
Vehicles	**116,805**	114,751	**773,543**
Machinery and equipment	**54,577**	51,445	**361,437**
Construction in progress	**5,637**	2,672	**37,331**
Other	**14,259**	14,684	**94,431**
	702,625	692,238	**4,653,146**
Less accumulated depreciation	**(356,970)**	(349,011)	**(2,364,040)**
Total property and equipment	**¥ 345,655**	¥ 343,227	**$ 2,289,106**

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, 2024 and 2023, 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 ¥2,096 million ($13,881 thousand) and ¥2,084 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, 2024 and 2023 and the fair values of the rental properties were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Carrying value at the beginning of year	**¥ 20,127**	¥ 19,664	**$ 133,291**
Net changes during the year	**118**	463	**782**
Carrying value at the end of year	**¥ 20,245**	¥ 20,127	**$ 134,073**
Fair value at the end of year *	**¥ 32,374**	¥ 30,193	**$ 214,397**

*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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Operating revenue	**¥ 2,246**	¥ 2,192	**$ 14,874**
Operating costs	**604**	583	**4,000**
Income from rental operations	**1,642**	1,609	**10,874**
Gain(loss) on disposal of rental property and other	**¥ 3**	¥ (20)	**$ 20**

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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
At the beginning of year	**¥ 3,839**	¥ 3,717	**$ 25,424**
New consolidations	**—**	8	**—**
New obligations	**103**	116	**682**
Changes in estimated obligations and accretion	**42**	43	**278**
Settlement payments	**—**	(48)	**—**
Other	**3**	3	**20**
At the end of year	**¥ 3,987**	¥ 3,839	**$ 26,404**

9. Short-term Borrowings and Long-term Debt

At March 31, 2024 and 2023, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Unsecured bank overdrafts with interest rates ranging from 0.270% to 6.500% per annum at March 31, 2024	**¥ 874**	¥ 1,130	**$ 5,788**
Secured bank overdrafts with interest rates 0.900% per annum at March 31, 2024	**50**	50	**331**
Short-term bank loans, unsecured with interest rates ranging from 0.145% to 0.940% per annum at March 31, 2024	**2,825**	3,580	**18,709**
	¥ 3,749	¥ 4,760	**$ 24,828**

At March 31, 2024, 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 ¥37,110 million ($245,762 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of the overdraft facilities.

At March 31, 2024 and 2023, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Zero coupon convertible bonds due March 2026, including unamortized premiums (¥100 million ($662 thousand) at March 31, 2024)	**¥ 25,100**	¥ 25,150	**$ 166,225**
Loans from government agencies and banks, repayable through 2047, with interest rates ranging from 0.230% to 3.750% per annum at March 31, 2024:			
Secured	**445**	505	**2,947**
Unsecured	**8,048**	10,058	**53,297**
Capitalized lease obligations	**10,001**	9,679	**66,232**
	43,594	45,392	**288,701**
Less current portion	**(3,093)**	(2,490)	**(20,483)**
	¥ 40,501	¥ 42,902	**$ 268,218**

At March 31, 2024 and 2023, respectively, the following assets were pledged as collateral for certain long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Land	¥ 1,227	¥ 1,227	$ 8,126
Buildings and structures	371	396	2,457

The aggregate annual maturities of long-term debt as of March 31, 2024 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 3,093	$ 20,483
2026	28,018	185,550
2027	2,274	15,060
2028	1,926	12,755
2029	1,765	11,689
Thereafter	6,418	42,503
	¥ 43,494	$ 288,040

10. Commitment Line Agreement

Consolidated subsidiary Tikutakubin Co., Ltd. (Nerima Ward, Tokyo) had a facility agreement in the amount of ¥2,000 million ($13,245 thousand) as of March 31, 2024 to ensure its access to financing. In addition, Tikutakubin Co., Ltd.'s outstanding balance of borrowings under the agreement was ¥1,000 million ($6,623 thousand) on March 31, 2024.

11. Financial Covenants

Consolidated subsidiary Tikutakubin Co., Ltd. (Nerima Ward, Tokyo) is a party to a syndicated loan agreement that included the following financial covenants.

1. The amount of equity on the balance sheets of Tikutakubin Co., Ltd. (Nerima Ward, Tokyo) is required to be equal to or greater than 75% of equity on the balance sheet as of the fiscal year ended March 31, 2019 and the previous fiscal year ended March 31, 2020 or later.
2. An ordinary loss on the profit and loss statement of Tikutakubin Co., Ltd. (Nerima Ward, Tokyo) is not allowed for the two consecutive years as of the fiscal year ended March 31, 2020 or later.

Remaining balances of debt were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Short-term borrowings	¥ 1,000	¥ 2,000	$ 6,623
Current portion of long-term debt	489	85	3,238
Long-term debt	—	489	—
	¥ 1,489	¥ 2,574	$ 9,861

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, 2024 and 2023, 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
	2024	2023	2024
At the beginning of year	¥ 87,667	¥ 86,792	$ 580,576
Service cost	4,328	4,342	28,662
Interest cost	497	199	3,292
Actuarial differences	(2,499)	284	(16,550)
Benefits paid	(4,909)	(4,078)	(32,510)
Past service cost	—	—	—
Others	9	128	60
At the end of year	¥ 85,093	¥ 87,667	$ 563,530

(b) Movements in plan assets:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
At the beginning of year	¥ 4,529	¥ 4,464	$ 29,993
Actuarial differences	3,386	343	22,424
Contributions paid by the employer	2	2	13
Benefits paid	(1)	(280)	(6)
At the end of year	¥ 7,916	¥ 4,529	$ 52,424

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligation	¥ 8,017	¥ 7,844	$ 53,093
Plan assets	(7,916)	(4,529)	(52,424)
	101	3,315	669
Unfunded retirement benefit obligation	77,076	79,823	510,437
Net employee retirement benefit liability	¥ 77,177	¥ 83,138	$ 511,106
Employee retirement benefit liability	77,392	83,138	512,530
Employee retirement benefit asset	(215)	—	(1,424)
Net employee retirement benefit liability	¥ 77,177	¥ 83,138	$ 511,106

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥ 4,328	¥ 4,342	$ 28,662
Interest cost	497	199	3,292
Amortization of actuarial differences	739	1,164	4,894
Amortization of past service cost	(137)	(91)	(907)
Net periodic retirement benefit expenses	¥ 5,427	¥ 5,614	$ 35,941

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Past service cost	**¥ 137**	¥ 91	**$ 907**
Actual differences	**(6,623)**	(1,223)	**(43,861)**
Total balance	**¥ (6,486)**	¥ (1,132)	**$ (42,954)**

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Past service cost yet to be recognized	**¥ (776)**	¥ (914)	**$ (5,139)**
Actuarial differences yet to be recognized	**(1,846)**	4,779	**(12,225)**
Total balance	**¥ (2,622)**	¥ 3,865	**$ (17,364)**

(g) Plan assets

(i) Plan assets comprise:

	Percent	
	2024	2023
Cash and cash equivalents	**3%**	5%
Bonds	**1%**	1%
Equity securities	**96%**	94%
Total*	**100%**	100%

Note: * *For the fiscal years ended March 31, 2024 and 2023, the assets of the retirement benefit payment trust constituted 99% and 98% of total plan assets, respectively.*

(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):

	2024	2023
Discount rate	**(mainly) 0.7%**	(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 ¥370 million ($2,450 thousand) and ¥369 million for the years ended March 31, 2024 and 2023, respectively.

13. Contingent Liabilities

At March 31, 2024 and 2023, 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 ¥60 million ($397 thousand) and ¥221 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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Operating leases:			
Due within one year	**¥ 5,404**	¥ 2,768	**$ 35,788**
Due after one year	**23,127**	14,266	**153,159**
	¥ 28,531	¥ 17,034	**$ 188,947**

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, 2024 and 2023, 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
	2024	2023	**2024**
Operating leases:			
Due within one year	**¥ 391**	¥ 411	**$ 2,589**
Due after one year	**2,578**	2,513	**17,073**
	¥ 2,969	¥ 2,924	**$ 19,662**

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, 2024 and 2023, 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 ($28,225 thousand) at March 31, 2024 and 2023.

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, 2024, the Company paid interim dividends of ¥43 per share, amounting to ¥7,652 million ($50,675 thousand). In addition, at the annual shareholders' meeting held on June 26, 2024, the shareholders approved cash dividends of ¥57 per share, amounting to ¥9,886 million ($65,470 thousand). The appropriation had not been accrued in the consolidated financial statements as of March 31, 2024 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
	2024	2023	**2024**
Receivables from contracts with customers beginning balance	**¥ 119,242**	¥ 118,650	**$ 789,682**
Receivables from contracts with customers ending balance	**114,446**	119,242	**757,921**
Contract assets beginning balance	**1,289**	1,051	**8,536**
Contract assets ending balance	**1,131**	1,289	**7,490**
Contract liabilities beginning balance	**3,873**	3,631	**25,649**
Contract liabilities ending balance	**3,647**	3,873	**24,152**

The amount of revenue recognized in the current period from performance obligations that were satisfied in prior periods was ¥3,279 million ($21,715 thousand) and ¥2,554 million for the years ended March 31, 2024 and 2023, respectively.

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

Year ending March 31,	Millions of yen 2024	Thousands of U.S. dollars 2024
2025	¥ 1,345	$ 8,907
2026	412	2,729
2027	174	1,152
Thereafter	—	—
Total	¥ 1,931	$ 12,788

Year ending March 31,	Millions of yen 2023
2024	¥ 1,701
2025	402
2026	174
Thereafter	9
Total	¥ 2,286

The total transaction price allocated to unsatisfied performance obligations 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 by 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. Stock Options

1. Expenses related to stock options and gain on reversal of stock acquisition rights
Not applicable

2. Details of stock options

(1) Stock options that existed in the year ended March 31, 2024 were as follows:

	Stock Option #1	Stock Option #2
Company (Subsidiaries)	Hacobell Inc.	Hacobell Inc.
Title and number of grantees (Subsidiaries)	1 director and 29 officers	1 director and 2 officers
Number of stock options	7,461 common shares	3,349 common shares
Grant date	March 28, 2023	March 28, 2023
Conditions for vesting	*1	*1
Requisite service period	No provisions	No provisions
Exercise period	From March 28, 2023 to March 27, 2033	From March 28, 2023 to March 27, 2033

*Note:*1 Conditions for vesting are as follows:*

(a) When exercising stock acquisition rights, the person who holds the stock acquisition rights or stock acquisition rights to exercise (hereinafter referred to as the "Rights Holder") subject to the condition that the acquisition events specified in each item of conditions' have not occurred, the exercise of the stock acquisition rights for which an acquisition event has occurred shall not be permitted. However, this does not apply if Hacobell Inc. specifically approves the exercise.

(b) The Rights Holder shall not be able to exercise the stock acquisition rights until Hacobell Inc. shares are listed on any financial instruments exchange. However, this does not apply if Hacobell Inc. specifically approves the exercise.
(c) Stock acquisition rights shall be exercised in units of one stock acquisition right, and the partial exercise of each stock acquisition right shall not be permitted.

(2) Stock option activity during the year ended March 31, 2024 was as follows:

	Shares	
	Stock Option #1	Stock Option #2
Company (Subsidiaries)	Hacobell Inc.	Hacobell Inc.
Before vested		
As of March 31, 2023	7,461	3,349
Granted	—	—
Forfeited	(782)	—
Vested	—	—
Outstanding	6,679	3,349
After vested		
As of March 31, 2023	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding	—	—

(3) Price information is as follows:

	Yen	
	Stock Option #1	Stock Option #2
Company (Subsidiaries)	Hacobell Inc.	Hacobell Inc.
Exercise price	35,000	35,000
Average stock price at exercise	—	—
Fair value at the grant date	—	—

3. Assumptions used to measure fair value of stock options

Because Hacobell Inc. was an unlisted company, the stock options were measured based on their intrinsic value instead of their market value. The intrinsic value of each stock option is estimated based on comparable multiple valuation methods.

4. Estimation of the number of vested stock options

Because it is difficult to reasonably estimate the number of stock options that will expire in the future, the actual number of forfeited stock options is used.

5. Total intrinsic value of stock options

(1) The total intrinsic value of the stock options as of March 31, 2024 was zero.

(2) The total intrinsic value of the stock options exercised during the year ended March 31, 2024 was not applicable.

18. Income Taxes

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 24,828**	¥ 28,769	**$ 164,424**
Enterprise tax accruals	**459**	618	**3,040**
Accrued bonuses	**4,061**	4,013	**26,894**
Intercompany capital gains	**1,249**	1,231	**8,271**
Operating loss carryforwards	**1,731**	1,033	**11,464**
Loss on assets transferred	**1,785**	2,062	**11,821**
Impairment loss on fixed assets	**10,992**	12,331	**72,795**
Allowance for doubtful accounts	**306**	298	**2,026**
Other	**6,984**	6,682	**46,252**
	52,395	57,037	**346,987**
Less valuation allowance	**(15,532)**	(15,884)	**(102,861)**
	36,863	41,153	**244,126**
Deferred tax liabilities:			
Deferred capital gains	**6,806**	8,104	**45,073**
Unrealized gains on available-for-sale securities	**9,779**	5,774	**64,761**
Valuation adjustments for consolidation	**10,033**	11,222	**66,444**
Other	**3,895**	3,363	**25,795**
	30,513	28,463	**202,073**
Net deferred tax assets	**¥ 6,350**	¥ 12,690	**$ 42,053**

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, 2024 and 2023, 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, 2024 and 2023 was as follows:

	Percentage of pretax income	
	2024	2023
Japanese statutory tax rate	**29.9%**	29.9%
Increase (decrease) due to:		
Permanently nondeductible expenses	**0.4**	0.3
Tax exempt income	**(0.3)**	(0.2)
Local minimum taxes - per capita levy	**2.8**	2.4
Amortization of goodwill	**2.6**	2.2
Equity in net income of affiliates	**0.3**	(2.3)
Changes in valuation allowance	**(0.1)**	1.8
Reduction of deferred tax assets due to a change in the income tax rate	**4.2**	—
Different tax rates applied to the consolidated subsidiaries	**4.7**	4.1
Tax credit for salary growth	**(1.1)**	(0.2)
Other	**0.1**	(0.1)
Effective income tax rate	**43.5%**	37.9%

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2023. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed in accordance with Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No. 42, August 12, 2021).

On March 30, 2024, "Act for Partial Amendment to the Local Tax Act" were promulgated, some of the Company's domestic consolidated subsidiaries became subject to the size-based business tax from the years beginning on and after April 1, 2026. Accordingly, the statutory tax rates used to measure deferred tax assets and liabilities were revised for temporary differences expected to be reversed in the years beginning on and after April 1, 2026.

The effect of this change in statutory tax rate is immaterial.

19. 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, 2024, 2023 and 2022 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Net unrealized gains on available-for-sale securities:				
Increase (decrease) during the year	**¥ 14,578**	¥ (1,417)	¥ (854)	**$ 96,543**
Reclassification adjustments	**(511)**	92	(22)	**(3,384)**
Subtotal, before tax	**14,067**	(1,325)	(876)	**93,159**
Tax effect	**(4,005)**	466	207	**(26,523)**
Subtotal, net of tax	**10,062**	(859)	(669)	**66,636**
Land revaluation decrement:				
Increase (decrease) during the year	**—**	—	—	**—**
Reclassification adjustments	**—**	—	—	**—**
Subtotal, before tax	**—**	—	—	**—**
Tax effect	**(4)**	—	—	**(27)**
Subtotal, net of tax	**(4)**	—	—	**(27)**
Foreign currency translation adjustments:				
Increase during the year	**105**	124	49	**695**
Reclassification adjustments	**—**	—	—	**—**
Subtotal, before tax	**105**	124	49	**695**
Tax effect	**—**	—	—	**—**
Subtotal, net of tax	**105**	124	49	**695**

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Retirement benefit adjustment:				
Increase during the year	**5,884**	59	899	**38,967**
Reclassification adjustments	**602**	1,073	1,150	**3,987**
Subtotal, before tax	**6,486**	1,132	2,049	**42,954**
Tax effect	**(2,128)**	(388)	(704)	**(14,093)**
Subtotal, net of tax	**4,358**	744	1,345	**28,861**
Shares of other comprehensive income of affiliates accounted for using equity method:				
Increase during the year	**1,017**	754	608	**6,735**
Reclassification adjustments	**(15)**	2	(54)	**(99)**
Subtotal	**1,002**	756	554	**6,636**
Total other comprehensive income	**¥ 15,523**	¥ 765	¥ 1,279	**$ 102,801**

20. Consolidated Statements of Cash Flows

The amounts of important non-financial transactions for the years ended March 31, 2024 and 2023, 2022 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	**2024**
Cancellation of treasury stock	**¥ 27,958**	¥ —	¥ —	**$ 185,152**

21. Business Combinations

(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. and 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 was the execution date of contract.

(3) Date of Business Combination
April 1, 2023

(4) Name of the company after Business Combination
Seino Transportation Co., Ltd.

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

2. Overview of accounting treatment
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 was treated as a transaction under common control.

In addition, at the meeting of the Board of Directors held on April 4, 2022, the Company resolved to conduct an absorption type merger with Netz Toyota Gifu Co., Ltd. as the surviving company and Toyota Corolla Gifu Co., Ltd. as the absorbed company.

1. Overview of the transaction

(1) Names and businesses of the combining Companies
Name of the surviving Company: Netz Toyota Gifu Co., Ltd.
Business: Vehicle dealership
Name of the absorbed Company: Toyota Corolla Gifu Co., Ltd.
Business: Vehicle dealership

(2) Date of Business Combination
January 1, 2023

(3) Name of the company after business combination
Toyota Corolla Netz Gifu Co., Ltd.

2. Overview of accounting treatment
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 was treated as a transaction under common control.

22. Subsequent Events

(Business combination through acquisition)

The Company and Mitsubishi Electric Corporation have concluded a stock purchase agreement under which the Company will acquire 66.6 percent of the common shares of Mitsubishi Electric Logistics Corporation currently held by Mitsubishi Electric Corporation, and a shareholder agreement governing arrangements among shareholders regarding the business operations of the logistics company after the transaction. In addition, this stock purchase agreement is determined at the Board of Directors meeting held June 18, 2024.

1. Name of the acquired company and its business

(1) Name: Mitsubishi Electric Logistics Corporation

(2) Business: Logistics, transportation and delivery, relocation/moving for factories, offices, etc., warehousing, logistics office operations (delivery centers, etc.), international logistics

(3) Common stock: ¥1,735 million

(4) Total assets: ¥68,066 million

(5) Total net assets: ¥51,482 million

(6) Business performance over past three years:

	Millions of yen (ended March)		
	2024	2023	2022
Revenue	**¥ 106,282**	¥ 136,624	¥ 113,268
Operating profit	**3,075**	5,553	6,216
Ordinary profit	**4,607**	6,135	6,783
Net profit	**3,386**	4,264	4,765

2. Main reasons to the business combination
The importance of building a sustainable logistics supply chain is growing in Japan, where labor shortages are weakening long-distance transportation capabilities, and emergencies such as pandemics and disasters have disrupted supply chains. Other pressures include the increasing diversity of goods being transported and the growing complexity of transportation due to the globalization of production bases and sales channels.
Under such circumstances, the Company has been promoting initiatives to streamline its entire logistics operations, such as through the establishment of new domestic bases and the expansion of logistics functions in various areas, under its strategy focusing on transitioning from a "LTL trucking company" to a "logistics company". In Seino's "Medium to Long-term Management Direction - Desired State and Roadmap 2028" formulated in June 2023, the Company has positioned its Electronics Solutions Division, Automotive Battery Logistics Division, and Healthcare Solutions Division as the "three focus areas" in its logistics operations, supporting the optimization of global companies' supply chains by enhancing industry-specific solutions through improved compatibility with the Company's overseas networks.
This transaction will enable the Company to strengthen its logistics capabilities for electronics and help streamline customer supply chains through Mitsubishi Electric Logistics' expertise in the transportation of large equipment and facilities, semiconductors and precision machinery as well as the new subsidiary's existing logistics centers and other assets, significantly strengthening the Company's transition to a logistics company.

3. Date of Business Combination
October 1, 2024 (Plan)

4. Legal form of business combination
Cash acquisition of shares

5. Shares to be acquired and the status of owned shares before/after the transaction

(1) Number of shares owned before change: - share
(Percentage of voting rights owned: -%)

(2) Number of shares to be transferred: 14,652,000 shares
(Price is ¥57,276 million)
The final price is expected to be the amount adjusted for value as stipulated in the share transfer agreement.

(3) Number of shares to be owned after change: 14,652,000 shares (Percentage of voting rights to be owned: 66.6%)

6. Method of funding and payment
The funds will be appropriated from cash on hand.

23. Related Party Transactions

Principal transactions between the Company's consolidated subsidiaries and their related parties for the year ended March 31, 2024 are summarized as follows:

Name	Title	Transaction	Millions of Yen	Thousands of U.S. dollars
Yoshitaka Taguchi	President	Sales of housing	49	325

24. 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, 2024, 2023 and 2022 is summarized as follows:

For the year 2024:	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other *(*4)*	Total	Adjustments *(*1)*	Consolidated
	Millions of yen							
Operating revenue:								
Revenue from contracts with customers	**¥ 468,979**	**¥ 106,328**	**¥ 35,747**	**¥ —**	**¥ 25,534**	**¥ 636,588**	**¥ —**	**¥ 636,588**
Other revenue	**1,258**	**2,336**	**—**	**2,246**	**384**	**6,224**	**—**	**6,224**
External customers	**470,237**	**108,664**	**35,747**	**2,246**	**25,918**	**642,812**	**—**	**642,812**
Intersegment sales and transfers	**2,238**	**8,980**	**15,196**	**—**	**10,076**	**36,490**	**(36,490)**	**—**
Total operating revenue	**472,475**	**117,644**	**50,943**	**2,246**	**35,994**	**679,302**	**(36,490)**	**642,812**
Segment income *(*2)*	**¥ 15,274**	**¥ 5,809**	**¥ 948**	**¥ 1,648**	**¥ 1,395**	**¥ 25,074**	**¥ (1,671)**	**¥ 23,403**
Segment assets *(*3)*	**¥ 551,581**	**¥ 126,821**	**¥ 18,112**	**¥ 20,078**	**¥ 57,217**	**¥ 773,809**	**¥ (84,284)**	**¥ 689,525**
Depreciation	**18,917**	**2,224**	**60**	**226**	**648**	**22,075**	**(384)**	**21,691**
Amortization of goodwill	**2,070**	**—**	**—**	**—**	**65**	**2,135**	**—**	**2,135**
Investments in affiliates accounted for using the equity method	**22,451**	**94**	**—**	**—**	**—**	**22,545**	**(3)**	**22,542**
Increase in tangible and intangible fixed assets	**21,809**	**3,475**	**91**	**74**	**762**	**26,211**	**(438)**	**25,773**

For the year 2023:	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other *(*4)*	Total	Adjustments *(*1)*	Consolidated
Operating revenue:								
Revenue from contracts with customers	¥ 473,340	¥ 92,444	¥ 33,518	¥ —	¥ 26,522	¥ 625,824	¥ —	¥ 625,824
Other revenue	1,362	1,765	—	2,192	365	5,684	—	5,684
External customers	474,702	94,209	33,518	2,192	26,887	631,508	—	631,508
Intersegment sales and transfers	2,468	6,265	14,310	—	8,664	31,707	(31,707)	—
Total operating revenue	477,170	100,474	47,828	2,192	35,551	663,215	(31,707)	631,508
Segment income *(*2)*	¥ 21,870	¥ 4,709	¥ 800	¥ 1,615	¥ 1,174	¥ 30,168	¥ (1,666)	¥ 28,502
Segment assets *(*3)*	¥ 551,653	¥ 116,607	¥ 17,406	¥ 19,927	¥ 51,097	¥ 756,690	¥ (52,796)	¥ 703,894
Depreciation	18,977	2,097	61	228	625	21,988	(433)	21,555
Amortization of goodwill	1,978	—	—	—	215	2,193	—	2,193
Investments in affiliates accounted for using the equity method	21,593	87	—	—	—	21,680	(2)	21,678
Increase in tangible and intangible fixed assets	23,752	3,681	41	158	670	28,302	(324)	27,978

For the year 2022:	Transportation services *(*5)*	Vehicle sales	Merchandise sales *(*5)*	Real estate leasing services	Other *(*4, 5)*	Total	Adjustments *(*1)*	Consolidated
	Millions of yen							
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 2024:	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other *(*4)*	Total	Adjustments *(*1)*	Consolidated
	Thousands of U.S. dollars							
Operating revenue:								
Revenue from contracts with customers	**$ 3,105,821**	**$ 704,159**	**$ 236,735**	**$ —**	**$ 169,100**	**$ 4,215,815**	**$ —**	**$ 4,215,815**
Other revenue	**8,331**	**15,470**	**—**	**14,874**	**2,543**	**41,218**	**—**	**41,218**
External customers	**3,114,152**	**719,629**	**236,735**	**14,874**	**171,643**	**4,257,033**	**—**	**4,257,033**
Intersegment sales and transfers	**14,822**	**59,470**	**100,636**	**—**	**66,728**	**241,656**	**(241,656)**	**—**
Total operating revenue	**3,128,974**	**779,099**	**337,371**	**14,874**	**238,371**	**4,498,689**	**(241,656)**	**4,257,033**
Segment income *(*2)*	**$ 101,153**	**$ 38,470**	**$ 6,278**	**$ 10,914**	**$ 9,238**	**$ 166,053**	**$ (11,066)**	**$ 154,987**
Segment assets *(*3)*	**$ 3,652,854**	**$ 839,874**	**$ 119,947**	**$ 132,967**	**$ 378,921**	**$ 5,124,563**	**$ (558,172)**	**$ 4,566,391**
Depreciation	**125,278**	**14,729**	**397**	**1,497**	**4,291**	**146,192**	**(2,543)**	**143,649**
Amortization of goodwill	**13,709**	**—**	**—**	**—**	**430**	**14,139**	**—**	**14,139**
Investments in affiliates accounted for using the equity method	**148,682**	**623**	**—**	**—**	**—**	**149,305**	**(20)**	**149,285**
Increase in tangible and intangible fixed assets	**144,431**	**23,013**	**603**	**490**	**5,046**	**173,583**	**(2,901)**	**170,682**

*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(t), "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 previous 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 for the year ended March 31, 2022. In Merchandise sales, "External customers" decreased by ¥3,790 million for the year ended March 31, 2022. In Other, "External customers" increased by ¥1,272 million , and "Segment income" increased by ¥436 million for the year ended March 31, 2022.

(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 2024	¥ 363	¥ 105	¥ —	¥ 25	¥ —	¥ 493
For the year 2023	392	395	—	—	—	787
For the year 2022	110	207	—	291	533	1,141
	Thousands of U.S. dollars					
Impairment loss:						
For the year 2024	$ 2,404	$ 695	$ —	$ 166	$ —	$ 3,265

(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 2024						
Amortization of goodwill	¥ 2,070	¥ —	¥ —	¥ —	¥ 65	¥ 2,135
As of March 31, 2024						
Balance of goodwill	9,468	—	—	—	—	9,468
For the year 2023						
Amortization of goodwill	¥ 1,978	¥ —	¥ —	¥ —	¥ 215	¥ 2,193
As of March 31, 2023						
Balance of goodwill	11,537	—	—	—	66	11,603
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

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
For the year 2024						
Amortization of goodwill	$ 13,709	$ —	$ —	$ —	$ 430	$ 14,139
As of March 31, 2024						
Balance of goodwill	62,702	—	—	—	—	62,702

(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 2024	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
For the year 2023	—	—	—	—	—	—
For the year 2022	12	—	—	—	—	12

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
Gain on negative goodwill:						
For the year 2024	$ —	$ —	$ —	$ —	$ —	$ —

Report of Independent Auditors

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, 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.

Emphasis of Matters

We draw attention to Note 22 "Subsequent Events" of the consolidated financial statements, which describes that at the Board of Directors meeting held on June 18, 2024, the Company resolved to conclude with Mitsubishi Electric Corporation a stock purchase agreement under which the Company would acquire 66.6% of the common shares of Mitsubishi Electric Logistics Corporation currently held by Mitsubishi Electric Corporation, and a shareholder agreement governing arrangements among shareholders regarding the business operations of the logistics company after the transaction. These agreements were signed on the same date.

Our opinion is not modified in respect of this matter.

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 24, "Segment Information" to the financial statements, operating revenue from transportation services provided to external customers for the current fiscal year was ¥470,237 million. The motor truck transportation revenue of Seino Transportation Co., Ltd., the core company of the Transportation Services Business group, accounted for 61% of the operating revenue. Based on transportation contracts, the motor truck transportation revenue is recognized as the related performance obligations are satisfied. 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 truck 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.	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: • 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, actions taken to eliminate threats or safeguards applied.

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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non- audit services provided to the Company and its subsidiaries for the current year are 152 million yen and 2 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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.

Shigeki Kondo
Designated Engagement Partner
Certified Public Accountant

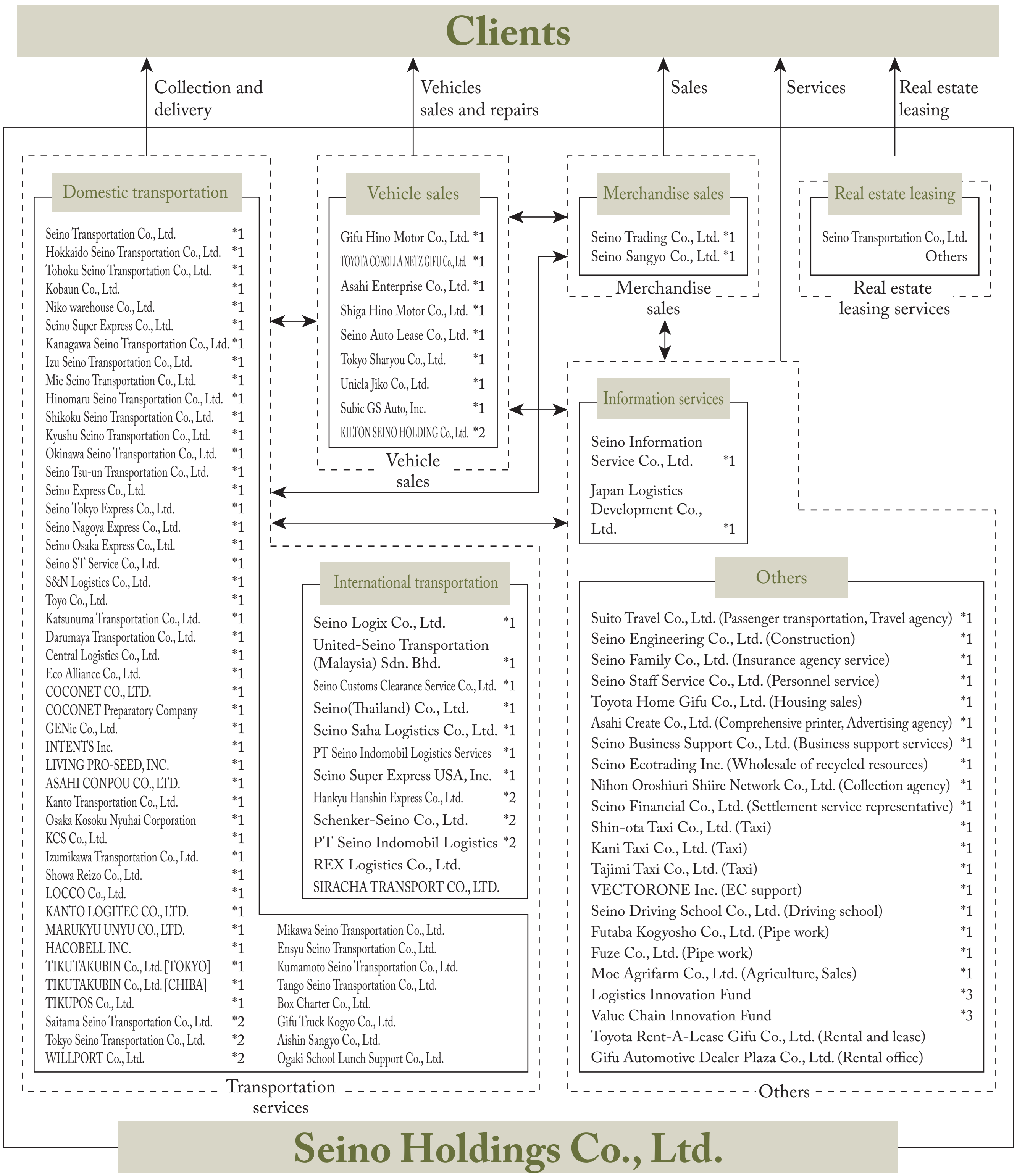
Hideki Saito
Designated Engagement Partner
Certified Public Accountant

Masaki Yamada
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
September 30, 2024

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 80 consolidated subsidiaries, 2 nonconsolidated subsidiaries, 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.



Note	*1: Consolidated subsidiaries	80
	*2: Affiliates (under the equity method)	7
	*3: Nonconsolidated subsidiaries	2
	Companies except those mentioned above are equity method-applied affliates.	12

Seino Holdings Co., Ltd.
1, Taguchi-cho, Ogaki, Gifu 503-8501 , Japan