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INFORMATION DISCLOSURE ON THE INTERNET REGARDING THE NOTICE OF THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The information of this document is provided to shareholders pursuant to provisions of laws and regulations as well as Article 15 of the Articles of Incorporation.

Mie Kotsu Group Holdings, Inc.

Necessary Corporate Systems to Ensure the Appropriateness of Business Operations and the Summary of Operational Status of the Systems

1. Necessary Corporate Systems to Ensure the Appropriateness of Business Operations

(1) System to ensure that Directors and employees perform their duties in compliance with laws, regulations, and the Articles of Incorporation

The Company establishes the Group Compliance Code of Conduct to announce that compliance with laws, regulations and corporate ethics and respect for social norms are fundamental to the Mie Kotsu Group's corporate management. The Company also stipulates manuals serving as concrete guidelines and takes measures to raise awareness of the guidelines.

To promote corporate behavior in compliance with laws, regulations and corporate ethics, the Company establishes a Group Compliance Promotion Committee, and appoints responsible persons therefor at the Company and each Group company in an effort to promote compliance. Moreover, striving for early detection and correction of acts in violation of laws, regulations and corporate ethics within the Mie Kotsu Group, the Company sets up a Group Compliance Hotline.

The Company eliminates any relationship with any antisocial force that poses a threat to public order or sound business activities, confronts in a resolute manner the undue demands from them and takes a firm stand against them.

To ensure the reliability of financial reporting based on the Financial Instruments and Exchange Act, the Company establishes Internal Control Rules for Financial Reporting, and appropriately prepares and operates an internal control system for financial reporting.

(2) System to store and manage information related to the execution of duties by Directors

The Company appropriately stores and manages information in accordance with the Document Handling Rules and Rules on the Approval Process, etc., and checks the status of storage and management on a periodic basis. The stored and managed information is available for inspection by Directors and Audit & Supervisory Board Members at any time.

(3) Rules regarding the management of the risk of loss, and other systems

To appropriately manage various risks surrounding the operation of the Mie Kotsu Group companies, the Company establishes the Group Risk Management Rules as comprehensive rules, and raises awareness of them within the Group. Material risks are subject to deliberation individually by the Management Committee, the Board of Directors and other meetings as necessary.

To manage certain risk items, each company has a designated department in charge, and operates individual management systems by establishing internal rules and manuals such as the Personal Information Management Rules, Insider Trading Prevention Regulations, Rules on Emergency and Disaster Countermeasures.

(4) System to ensure that Directors execute their duties efficiently

Appropriate business organizations and division of duties, as well as duties of executive directors are determined by resolution of the Board of Directors. The President oversees the entire business and, when needed, delegates the decision-making authority based on certain criteria with the perspective of a mutual checking balance in mind.

As an advisory body to Representative Directors, a Management Committee is in place, which thoroughly deliberates in advance on important matters related to management strategies and establishes committees and other organizations tailored to each management issue, as necessary.

For the conduct of daily operation, the Company prepares Organizational Rules and other internal rules and manuals that serve as standards.

(5) A system to ensure the appropriateness of business activities of the corporate group consisting of the company, its parent company and subsidiaries

In order for the Mie Kotsu Group to conduct appropriate business activities in an integrated fashion, the Company establishes fundamental principles and management guidelines for the Mie Kotsu Group. In addition, the Company promotes the consolidated management of the Group by establishing the Group Management Guidelines that specify the basic Group management policy and division of responsible authorities of the Company and each Group company. Important management matters of each Group company are reported to or discussed with the Company, as appropriate.

The Company formulates a Group mid-term management plan that incorporates mid-term management plans and annual budget of each Group company. By managing the progress of this plan, the Company effectively promotes the corporate activities of the Group as a whole.

The Company establishes an audit division under the direct control of the President. The division provides or oversees the internal audit of the entire Mie Kotsu Group, in an effort to ensure effectiveness and appropriateness of the internal control over the entire operation of the Group.

Moreover, to promote information exchange among Group companies and Group-wide activities, a Group Representatives Meeting is held on a periodic basis.

(6) A system concerning audits by Audit & Supervisory Board Members (A system of employees to assist Audit & Supervisory Board Members; matters regarding independence of the employees from Directors; a system to ensure effectiveness of orders to the employees; a system regarding the reporting to Audit & Supervisory Board Members; a system to ensure that persons who made a report are not treated unfavorably due to the reporting; matters regarding policies for audit fees, etc.; and other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively)

To assist the duties of audits by the Audit & Supervisory Board and Audit & Supervisory Board Members, the Company establishes an Audit & Supervisory Board Members Office. Employees belonging to the Office are directed by Audit & Supervisory Board Members, and their transfers and evaluations are subject to approval of Full-time Audit & Supervisory Board Members.

Audit & Supervisory Board Members attend the meeting of the Board of Directors, receive report on important items submitted for discussion, and provide opinions as deemed necessary. The Company has in place a system where Audit & Supervisory Board Members check circulated important documents on business execution, and require reporting from Directors and employees, as well as from subsidiaries, as necessary.

Directors and employees of the Company, and Directors, Audit & Supervisory Board Members and employees of the Group companies report on matters regarding business execution and other important matters to Audit & Supervisory Board Members of each company and Full-time Audit & Supervisory Board Members of Mie Kotsu Group Holdings, in accordance with the Group Management Guidelines and Criteria for Reporting to and Approval by Mie Kotsu Group Holdings, etc.

The Company takes appropriate measures to ensure that persons who made an aforementioned report will not be treated unfavorably because of the reporting.

When Audit & Supervisory Board Members request the Company for prepayment or reimbursement of expenses incurred in executing their duties, the Company promptly processes the expenses or obligations, unless these expenses were deemed unnecessary for the execution of duties of Audit & Supervisory Board Members.

Full-time Audit & Supervisory Board Members may attend the Management Committee and other meetings, receive report and provide opinions. Full-time Audit & Supervisory Board Members also participate in on-site audits by the Accounting Auditor at the Company and its subsidiaries, and provide opportunities to exchange information with the Accounting Auditor on a periodic basis.

The Audit & Supervisory Board closely collaborates with Audit & Supervisory Board Members of the Group companies to enhance the auditing function of the Group.

2. The Summary of Operational Status of the Systems to Ensure the Appropriateness of Business Operations

(Status of compliance initiatives)

The status of compliance initiatives during the fiscal year under review included the Group Compliance Promotion Committee meeting that was held twice, at which we discussed and determined basic policies and measures for compliance promotion, and plans and the conduct of compliance-related trainings and seminars, etc. As an awareness-raising program, we held seminars on revisions of labor-related laws, etc. targeted at persons in charge of personnel and labor affairs of the Group companies.

(Status of risk management initiatives)

To appropriately manage various risks surrounding the operation of the Mie Kotsu Group companies, we established a system to promptly take response when a risk has occurred or is likely to occur, in accordance with the Group Risk Management Rules.

The status of risk management initiatives during the fiscal year under review included the conduct of risk evaluation and analysis faced by the Group. We took necessary measures to prevent the occurrence of material risks ascertained.

(Status of initiatives to ensure that Directors execute their duties efficiently)

In accordance with internal rules such as the Board of Directors Rules and Management Committee Rules, we ensure that Directors act in compliance with laws, regulations and the Articles of Incorporation, and to strengthen the supervisory function, several Outside Directors have been appointed.

Division of duties and administrative authorities are set forth in the Organizational Rules, etc., by which we seek to clarify responsibilities and achieve efficient execution of duties.

The status of initiatives to ensure that Directors execute their duties efficiently during the fiscal year under review included the appropriate execution of duties, decision making and supervision provided through the holding of 11 meetings of the Board of Directors and 15 meetings of the Management Committee.

As a training program for Directors, we held a seminar targeted at newly appointed officers on the Roles and Responsibilities required by Corporate Governance Code. After their assumption of office, we provide them with the Group Officers Seminars and other training opportunities deemed necessary, thereby providing them with the information and knowledge regarding our business activities.

(Status of initiatives to ensure the appropriateness of business activities of the corporate group consisting of the Company and its subsidiaries)

The Company executes consolidated group management in accordance with the Group Management Guidelines that specify the basic Group management policy and division of responsible authorities of the Company and each Group company. We have in place a system where important management matters of each Group company are reported to or discussed with the Company, as appropriate, in accordance with the Criteria for Reporting to and Approval by Mie Kotsu Group Holdings, etc.

The Internal Control Office conducts audits on subsidiaries and provides efficient monitoring appropriate to the Group management.

The status of initiatives to ensure the appropriateness of business activities of the corporate group consisting of the Company and its subsidiaries during the fiscal year under review included the progress control on budget that was provided on a monthly basis by the Board of Directors and the Management Committee. We also reviewed the progress of the Mie Kotsu Group Mid-term Management Plan (2019-2022), which was formulated in May 2019. In this way, we ensure the unity of the Group management.

(Status of initiatives to ensure effective audits by Audit & Supervisory Board Members)

Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members attended the Board of Directors meetings, while Full-time Audit & Supervisory Board Members attended important meetings such as the Management Committee meetings. Through attending these meetings, they confirmed the status of the establishment and operation of the internal control system. They also exchange information with Outside Directors, the Accounting Auditor and Internal Control Office on a periodic basis to ascertain the status of the Company's overall internal control system.

To assist the audit-related duties of the Audit & Supervisory Board and Audit & Supervisory Board Members, the Company established the Audit & Supervisory Board Members Office and appointed three employees.

The status of initiatives to ensure effective audits by Audit & Supervisory Board Members during the fiscal year under review included the holding of 11 meetings of the Audit & Supervisory Board comprised of four Audit & Supervisory Board Members, of which two were Outside Audit & Supervisory Board Members. In addition, a liaison meeting attended by Full-time Audit & Supervisory Board Members and Audit & Supervisory Board Members of subsidiaries was held twice to exchange information.

Full-time Audit & Supervisory Board Members attended the Management Committee meetings and other meetings, in addition to the Board of Directors meetings held in the fiscal year under review. They also reviewed the meeting minutes and documents requesting approval.

Consolidated Statement of Changes in Net Assets

(April 1, 2021 - March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	10,377,716	26,652,158	(712,244)	39,317,629
Changes during period					
Dividends of surplus			(697,197)		(697,197)
Profit attributable to owners of parent			2,210,198		2,210,198
Purchase of treasury shares				(196)	(196)
Disposal of treasury shares		44,588		15,814	60,403
Net changes in items other than shareholders' equity					
Total changes during period	－	44,588	1,513,001	15,618	1,573,208
Balance at end of period	3,000,000	10,422,305	28,165,160	(696,626)	40,890,838

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,506,996	3,338,085	313,195	8,158,277	274,959	47,750,867
Changes during period						
Dividends of surplus						(697,197)
Profit attributable to owners of parent						2,210,198
Purchase of treasury shares						(196)
Disposal of treasury shares						60,403
Net changes in items other than shareholders' equity	(768,924)	－	(179,005)	(947,929)	18,663	(929,265)
Total changes during period	(768,924)	－	(179,005)	(947,929)	18,663	643,943
Balance at end of period	3,738,072	3,338,085	134,189	7,210,347	293,623	48,394,810

Note: Figures presented are rounded down to the nearest thousand yen.

Notes to the Consolidated Financial Statements

1. Notes to the Basis for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

Number and names of consolidated subsidiaries

Number of consolidated subsidiaries	22
Names of consolidated subsidiaries	Mie Kotsu Co., Ltd., Sanco Real Estate Co., Ltd., Mie Isuzu Motor Co., Ltd., Gozaisho Ropeway Co., Ltd., Mie Kotsu Shoji Co., Ltd., Mie Country Club Co., Ltd., Meihankintetsu Bus Co., Ltd., Sanco Taxi Co., Ltd., Mie Kyuko Jidosha Co., Ltd., Sanco Creative Life Co., Ltd., Sanco Community Co., Ltd., Sanco Iseshima Kotsu Co., Ltd., Sanco CL 2 Co., Ltd., Sanco Cogyo Co., Ltd., Happu Bus Co., Ltd., Midori Service Co., Ltd., Meihankintetsu Travel Co., Ltd., Sanco Real Estate Appraisal Co., Ltd., Toba Seaside Hotel Co., Ltd., Sanco Inn Co., Ltd., Sanco Driving school Co., Ltd., Sanco Welfare Co., Ltd.

(2) Application of the equity method

1) Number and names of equity-method affiliates

Number of equity-method affiliates	2
Names of equity-method affiliates	Mieken Kanko Kaihatsu Co., Ltd., Matsusaka Country Club Co., Ltd.

2) Name of affiliate not subject to the equity method

Name of company	MSP Co., Ltd.
Reason for not applying the equity method	The affiliate not subject to the equity method is excluded from application of the equity method because the impact on profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), etc., is negligible, and neither is material as a whole.

(3) Fiscal years, etc. of consolidated subsidiaries

The closing dates of consolidated subsidiaries are the same as the consolidated closing date.

(4) Matters concerning accounting procedures

1) Standards and methods for valuation of assets

A. Standards and methods for valuation of securities

・ Available-for-sale securities

Securities other than stocks, etc. without market quotations	Stated at fair value. (Any valuation differences are directly charged or credited to net assets, and cost of securities sold is calculated by the moving average method.)
Stocks, etc. without market quotations	Stated at cost using the moving-average method.

B. Standards and methods for valuation of inventories

・Merchandise and finished goods	Mainly stated at cost using the retail method. (The figures shown in the consolidated balance sheet have been calculated by writing them down based on decline in profitability.)
・Real estate for sale	Stated at cost using the individual method. (The figures shown in the consolidated balance sheet have been calculated by writing them down based on decline in profitability.)
・Work in process	Stated at cost using the individual method. (The figures shown in the consolidated balance sheet have been calculated by writing them down based on decline in profitability.)
・Raw materials and supplies	Mainly stated at cost using the moving-average method. (The figures shown in the consolidated

balance sheet have been calculated by writing them down based on decline in profitability.)

2) Depreciation method for non-current assets

A. Property, plant and equipment (excluding leased assets)	The declining-balance method is applied. However, the straight-line method is applied for assets for lease, assets related to solar power generation, buses included in vehicles, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016. Useful lives and residual values are mainly estimated in accordance with the same standard as stipulated in the Corporation Tax Act.
B. Intangible assets (excluding leased assets)	The straight-line method is applied. Useful lives are mainly estimated in accordance with the same standard as stipulated in the Corporation Tax Act. However, computer software for internal use is amortized over the estimated internal useful life (five years).
C. Leased assets	For finance leases that are not deemed to transfer the ownership of the leased assets to the lessee, the straight-line method with no residual value is applied, regarding the lease term as useful life.

3) Standards of accounting for reserves

A. Allowance for doubtful accounts	Allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
B. Provision for product warranties	To provide for payment of after-sales service expenses, etc. for land and buildings for sale in lots, estimated future repair costs, etc. are provided based on the past payment record.
C. Provision for bonuses	To prepare for payment of employee bonuses, provision for bonuses is provided in the amount for the fiscal year under review based on the estimated amount of payment.
D. Provision for redemption of gift certificates of travel	To provide for the future use of the unused portion of issued gift certificates of travel that have been recorded as revenue after a certain period of time, an estimated amount is provided based on the past redemption rate.
E. Provision for repairs	To provide for the expenditure of periodic repair costs of power generation facilities in the environmental energy business, estimated expenditures based on repair plans are provided at amounts considered to have accrued in the fiscal year under review.

4) Other notes to the basis for preparation of Consolidated Financial Statements

A. Standards of accounting for revenue and expense

・ Standard for revenue recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Revenue from sales of merchandise is recognized when merchandise is delivered to customers. Revenue from provision of services is recognized upon complete provision of services as performance obligations are deemed to be satisfied at that point in time.

・ Standards for recording revenue and expenses for financial lease transactions

Operating revenue and cost of sales are recognized upon receipt of lease income.

B. Accounting treatment of retirement benefits

To prepare for payment of employee retirement benefits, an amount equal to the amount of retirement benefit obligation after deduction of the amount of pension assets based on estimated amounts at the end of the fiscal year under review is provided.

In calculation of retirement benefit obligation, the method for the estimated amount of retirement benefits to be attributed to a period by the fiscal year under review-end is based on the straight-line attribution.

The past service costs are recorded as expenses by using the straight-line method amortized over a certain period (9-11 years), which is less than the average remaining length of employees' service at the time when such liabilities are incurred.

Actuarial difference is recorded as expenses by the straight-line method amortized over a certain period (8-11 years), which is less than the average remaining length of employees' service at the time of its occurrence in each fiscal year, and such recording of expenses is commenced in the following fiscal year of respective occurrence.

Unrecognized past service costs and unrecognized actuarial difference are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in the Net Assets section upon tax effects adjustment.

Some consolidated subsidiaries apply the simplified method where the amount of retirement benefits payable at the end of the fiscal year for voluntary resignations is the retirement benefit obligation.

C. Interest expenses included in cost

Interest expenses are recorded as expenses during the period.

However, interest expenses such as those on borrowings for certain large-scale development projects are included in the acquisition cost.

There are no interest expenses that were included in the acquisition cost during the fiscal year under review.

D. Treatment of hedge accounting

A. Hedge accounting method	The exceptional accounting is applied to interest rate swaps that satisfy the requirements for the exceptional accounting.
B. Hedge instruments and hedge items	(Hedge instrument) (Hedge items) Interest rate swaps Borrowings
C. Hedge policies	The purpose is to hedge the risk of interest rate fluctuations and no speculative transactions are allowed.

D. Method of assessing hedge effectiveness	As interest rate swaps satisfy the requirements for the exceptional accounting, the assessment of hedge effectiveness is omitted.

E. Accounting treatment of consumption taxes that are not tax-deductible

Consumption taxes and local consumption tax that are not tax-deductible are expensed in the fiscal year under review.

F. Application of the consolidated taxation system

The Company and some consolidated subsidiaries apply the consolidated taxation system.

G. Application of tax effect accounting for transition from the consolidated taxation system to the group tax sharing system

The Company and some of its consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system in the next fiscal year. However, they recognize the amounts of deferred tax assets and deferred tax liabilities in accordance with the stipulations of the Income Tax Act prior to revisions to said Act based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020) instead of applying the provision in Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) regarding the transition to the group tax sharing system established under the "Act for Partial Revision of the Income Tax Act and Other Acts" (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been revised in line with the transition to the group tax sharing system.

From the beginning of the next fiscal year, the Company intends to apply "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), which sets forth the practical solutions on the accounting and disclosure of corporation tax, local corporation tax and tax effect accounting under the group tax sharing system.

2. Changes in Accounting Policies

(Application of the Accounting Standard for Revenue Recognition and other standards)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services

Accordingly, with regard to revenue from certain businesses, we determined our role (whether we are a principal or an agent) in the provision of goods or services to customers. As a result, if the Company is deemed to be a principal, revenue is recognized in the total amount, and if the Company is deemed to be an agent, revenue is recognized at the net amount.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance.

As a result, operating revenue and cost of sales for the fiscal year under review each increased by 366,629 thousand yen. There is no impact on the beginning balance of retained earnings.

(Application of the Accounting Standard for Fair Value Measurement and other standards)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the fiscal year under review, and prospectively applies the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the consolidated financial statements.

3. Changes in Presentation Method

(Consolidated Balance Sheet)

"Investments in leases" (939,163 thousand yen in the fiscal year under review), which was presented as a separate item in the previous fiscal year, is now included in "Other" under "Current liabilities" in the fiscal year under review due to its decreased monetary importance.

(Consolidated Statement of Income)

"Compensation for forced relocation" (266 thousand yen in the fiscal year under review), which was presented as a separate item in the previous fiscal year, is now included in "Other" under "Extraordinary income" in the fiscal year under review due to its decreased monetary importance.

4. Notes to Accounting Estimates

Impairment of non-current assets

1) Amounts posted in the financial statements for the fiscal year under review

Property, plant and equipment and intangible assets: 104,251,942 thousand yen

Impairment losses: 471,507 thousand yen

2) Information that would enable users of financial statements to understand the details of accounting estimates

The Group groups the business assets and assets for lease by unit which is acknowledged as generating cash flow independently based on managerial accounting categories, and the idle assets by individual property unit.

With regard to an asset or asset group deemed as indicating impairment, the Group compares the sum of the undiscounted future cash flows expected to result from the asset or asset group against its book value to determine if it is necessary to recognize an impairment loss. If it is determined that an impairment loss should be recognized, the book value of the non-current asset is written down to the recoverable amount (a net realizable value or value in use, whichever is higher), and such written down amount is posted as an impairment loss.

Business plans are based on information available as of the end of the fiscal year under review, however, in the event of deterioration of market conditions or changes in demand, etc., consolidated financial statements for the next and subsequent fiscal years may be significantly affected.

5. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral and liabilities relating to collateral

(Road transport enterprise foundation)

	(Thousands of yen)
Buildings and structures	382,333
Machinery, equipment and vehicles	9,739
Land	1,366,979
Total	1,759,051

Liabilities secured by the above assets are current portion of long-term borrowings of 89,600 thousand yen and long-term borrowings of 557,700 thousand yen.

(Other)

	(Thousands of yen)
Cash and deposits	2,050,003
Merchandise and finished goods	109,700
Real estate for sale	1,796,095
Buildings and structures	6,212,582
Land	17,150,856
Investment securities	6,474,567
(of which, shares of subsidiaries and associates)	(4,343,045)
Total	33,793,805

Liabilities secured by the above assets are notes and accounts payable – trade of 309,700 thousand yen, short-term borrowings of 3,230,000 thousand yen, current portion of long-term borrowings of 16,204,024 thousand yen, other current liabilities of 441,753 thousand yen, long-term borrowings of 35,374,924 thousand yen and long-term guarantee deposits of 3,947,783 thousand yen.

(2) Accumulated depreciation of property, plant and equipment: 91,748,608 thousand yen

(3) Guarantee liabilities

Guarantee is provided for borrowings made by the companies other than the consolidated companies from financial institutions, etc.

	(Thousands of yen)
General customers (housing loans, etc.)	547,400
Other	2,148
Total	549,548

(4) Revaluation of land

The Company revaluated land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998) and the revised said Act (Act No. 24, promulgated on March 31, 1999), and recorded the amount corresponding to taxes on the amount of the relevant land revaluation difference in “Deferred tax liabilities for revaluation” as a part of the Liabilities, and the remaining amount in “Revaluation reserve for land” as a part of the Net Assets.

(Method of revaluation)

Based on appraisal by real estate appraisers as provided for by Article 2, Item 5 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998).

(Date of revaluation) March 31, 2000.

(The amount of difference between the total fair value as of the end of fiscal year under review of the land for business use revaluated in accordance with Article 10 of the said Act and the total book value after such revaluation of the land for business use)

As the fair value of the revaluated land exceeds the book value after the revaluation, the amount of difference is not provided.

(5) Commitment line contracts

To prepare for contingent expenditures, the Company has entered into commitment line contracts with two banks with which it has transaction. The borrowing limit is 10,000,000 thousand yen and there was no borrowing balance.

6. Notes to Consolidated Statement of Income

(1) Revenue from contracts with customers

The amount of revenue from contracts with customers is as described in “11. Notes to Revenue Recognition (1) Disaggregation of revenue from contracts with customers” in the Notes to the Consolidated Financial Statements.

(2) Impairment losses

The Group posted impairment losses from the following asset groups for the fiscal year under review.

Usage	Location	Type	Impairment losses (thousands of yen)
Business assets: 4	Kuwana-shi, Mie Prefecture, etc.	Buildings, etc.	164,718
Assets for lease: 4	Nabari-shi, Mie Prefecture	Land and buildings, etc.	296,837
Idle assets: 4	Nabari-shi, Mie Prefecture, etc.	Land and buildings, etc.	9,950

The Group groups the business assets and assets for lease by unit which is acknowledged as generating cash flow independently based on managerial accounting categories, and the idle assets by individual property unit.

As to business assets and assets for lease whose operating activities are posting losses, and those with declining market value of land, as well as idle assets with no projection for use at this time and with declining market value of land, their book values were reduced to the recoverable amounts and such reduced amounts were posted as impairment losses (471,507 thousand yen) under Extraordinary losses. Impairment losses consist of land of 244,784 thousand yen, buildings of 136,315 thousand yen and other of 90,406 thousand yen.

The recoverable amounts of these asset groups were computed based on net realizable values, and net realizable values were computed reasonably based on real estate appraisal value, etc.

(3) Amount reduced based on decline in profitability of inventories

Cost of goods sold includes the reduction of book value by 88,137 thousand yen as a result of decline in profitability of real estate for sale.

7. Notes to Consolidated Statement of Changes in Net Assets

(1) Types and total number of outstanding shares as of the fiscal year-end

1) Common stock 107,301 thousand shares

2) Matters related to the number of treasury shares

(Thousand shares)

Type of stock	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock (*1, 2)	7,800	0	173	7,628

(*1) Increase in the number of treasury shares is due to purchase of fractional shares.
(*2) Decrease in the number of treasury shares is due to disposal of treasury shares as restricted stock compensation.

(2) Dividends

1) Dividend amount

Resolution	Type of stock	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2021	Common stock	298,502	3.0	March 31, 2021	June 24, 2021
Board of Directors meeting on October 22, 2021	Common stock	398,695	4.0	September 30, 2021	November 19, 2021

2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

Planned resolution	Type of stock	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2022	Common stock	398,693	4.0	March 31, 2022	June 24, 2022

Note: Dividends will be paid from retained earnings.

8. Notes on Financial Instruments

(1) Status of Financial Instruments

The Group limits its fund management to short-term deposits and the like, and procures funds through borrowings from banks and other financial institutions.

Credit risks of the customers pertaining to notes and accounts receivable – trade are mitigated in accordance with the policies for credit controls. Investment securities are stocks. Fair values of listed stocks are checked on a quarterly basis.

The rate of interest payable of some long-term borrowings with fluctuation risk of interest rate is fixed by using the interest rate swap transactions. Derivative transactions are conducted only in the scope of practical purposes according to the internal control rules.

(2) Market value, etc., of financial instruments

The amounts posted on the consolidated balance sheet, the market values, and the differences thereof as of March 31, 2022 (closing date of the fiscal year under review) are as follows. The following table does not include stocks, etc. without market quotations (see (Note) below). Description of notes on cash has been omitted. Description of notes on deposits, notes and accounts receivable-trade, notes and accounts payable-trade and short-term borrowings has been also omitted as the settlement periods for the foregoing are short, and their market values approximate their book values.

(Thousands of yen)

	Consolidated balance sheet amount	Fair value	Difference
1) Investment securities Other securities	8,950,647	8,950,647	−
Total assets	8,950,647	8,950,647	
2) Long-term borrowings (*)	71,645,684	71,515,480	(130,203)
2) Long-term guarantee deposits	8,742,529	8,723,740	(18,788)
Total liabilities	80,388,213	80,239,220	(148,992)

(*) Includes current portion of long-term borrowings.

(Note) Stocks, etc. without market quotations

Category	Consolidated balance sheet amount (Thousands of yen)
Unlisted stock	1,359,683

Not included in 1) above.

(3) Fair value information by appropriate category within the fair value hierarchy

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

Level 1 fair value: Fair value measured using observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 fair value: Fair value measured using significant unobservable inputs for the asset or liability

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial assets and financial liabilities recorded in the Consolidated Balance Sheet at fair value

Category	Fair value (In thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities Other securities	8,950,647	−	−	8,950,647
Assets total	8,950,647	−	−	8,950,647

2) Financial assets and financial liabilities not recorded in the Consolidated Balance Sheet at fair value

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	−	71,515,480	−	71,515,480
Long-term guarantee deposits	−	8,723,740	−	8,723,740
Liabilities total	−	80,239,220	−	80,239,220

(Note) A description of the valuation technique(s) and inputs used in the fair value measurements

・Investment securities:

Listed stocks are valued using quoted prices. As listed stocks are traded in active markets, their fair value is classified as Level 1.

・Long-term borrowings:

The fair value of long-term borrowings is measured using the discounted cash flow method based on the sum of principal and interest using a presumable rate used for similar new borrowings, and is classified as Level 2.

・Long-term guarantee deposits:

The fair value of long-term guarantee deposits is determined at present value calculated by discounting the estimated amount of refund at a risk free rate corresponding to a substantial contract period, and is classified as Level 2.

9. Notes to Real Estate for Rent, etc.

(1) Status of real estate for rent, etc.

Some consolidated subsidiaries own office buildings and commercial facilities (including land) for rent in Mie Prefecture and other places.

(2) Market value of real estate for rent, etc.

(Thousands of yen)

Consolidated balance sheet amount	Market value
46,263,843	58,571,808

(Notes) 1. Consolidated balance sheet amount is shown in acquisition cost, less accumulated depreciation.

2. Market value at the fiscal year under review-end is an amount calculated mainly based on “real estate appraisal standards” (including those adjusted using indices, etc.).

10. Notes to Per Share Information

(1) Net assets per share 482.59 yen

(2) Profit per share 22.19 yen

11. Notes to Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

(Thousands of yen)

	Reportable segments				Total
	Transportation	Real estate	Distribution	Leisure services	
General transit passenger transportation business	9,841,098	–	–	–	9,841,098
General charter passenger transportation business	3,189,653	–	–	–	3,189,653
Passenger transportation commission business	3,593,874	–	–	–	3,593,874
Condominium and housing sale business	–	11,463,781	–	–	11,463,781
Leasing business	–	1,374,900	–	–	1,374,900
Construction business	–	4,919,228	–	–	4,919,228
Environmental energy business	–	5,257,744	–	–	5,257,744
Petroleum products sales business	–	–	9,678,273	–	9,678,273
Household goods sales business	–	–	6,256,661	–	6,256,661
Automobile sales business	–	–	10,856,724	–	10,856,724
Business hotel business	–	–	–	2,705,007	2,705,007
Other	1,905,086	2,609,073	–	4,532,425	9,046,585
Revenue from contracts with customers	18,529,713	25,624,729	26,791,659	7,237,432	78,183,534
Other revenue	–	6,168,105	–	–	6,168,105
Revenue with external customers	18,529,713	31,792,835	26,791,659	7,237,432	84,351,640

(2) Useful information in understanding revenue

1) Revenue from provision of services

Revenue from provision of services primarily consists of passenger transportation fee by bus and taxi, commission for real estate management and brokerage, hotel and inn charges, and commission for travel brokerage and arrangement. Performance obligations for these transactions are deemed to be satisfied at the time when contractual conditions have been fulfilled, and revenue is recognized at that point in time.

2) Revenue from sales of products

Revenue from sales of products primarily consists of housing sale, electricity sale, wholesale of petroleum products, and sale of household goods and vehicles, etc. In these transactions, customers obtain control of these products and performance obligations are deemed to be satisfied when they are transferred to customers. Revenue is therefore recognized at that point in time.

3) Revenue from construction contracts

Revenue from construction contracts primarily consists of consigned construction works of detached houses, etc. Revenue is recognized over time as a performance obligation is satisfied. Estimation of the outcome of a performance obligation is calculated using the input methods based on the incurred costs.

However, for construction works of which period between the date of commencement of the transaction and the point in time when the performance obligation is expected to be fully satisfied under the contract is very short, revenue is recognized upon completion of the construction work, instead of recognizing it over time, as the performance obligations is deemed to be satisfied at the time of completion.

(3) Useful information in understanding the amount of revenue for the fiscal year under review and next and subsequent fiscal years

1) Balance of contract assets and contract liabilities

(Thousands of yen)

	Fiscal year under review
Receivables from contracts with customers (beginning balance)	
Notes receivable – trade	152,192
Accounts receivable – trade	6,440,352
	6,592,544
Receivables from contracts with customers (ending balance)	
Notes receivable – trade	172,619
Accounts receivable – trade	6,593,204
	6,765,824
Contract liabilities (beginning balance)	1,298,211
Contract liabilities (ending balance)	1,689,269

Contract liabilities primarily consist of advances received from customers, such as deposits in the condominium and housing sale business. Contract liabilities are reversed upon recognition of revenue.

2) Transaction price allocated to remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. The performance obligations that are unsatisfied (or partially unsatisfied) amounted to 3,626,306 thousand yen as of the end of the fiscal year under review. The performance obligation mainly relates to the condominium sales in the real estate sales business. The Company expects to recognize this revenue within two years from the end of the fiscal year under review.

12. Other Notes

(Notes to asset retirement obligations)

(1) Amount of asset retirement obligations recorded in the consolidated balance sheet

1) Overview of the asset retirement obligations

They are mainly obligations to restore properties to their original state pertaining to real estate lease agreements of offices, etc. and power generation facilities for the environmental energy business.

2) Calculation method of the asset retirement obligations

Asset retirement obligations are calculated based on the expected period of use of 10 - 31 years according to each contractual period and at a discount rate of 0.018 - 2.165%.

3) Changes in total asset retirement obligations during the fiscal year under review

	(Thousands of yen)
Balance at beginning of period	1,760,498
Increase due to acquisition	19,082
Adjustment due to passage of time	14,117
Decrease due to performance of asset retirement obligations	(7,040)
Other	(19,969)
Balance at end of period	1,766,688

(2) Asset retirement obligations other than those recorded in the consolidated balance sheet

Some offices, etc. used by consolidated subsidiaries are bound by real estate lease agreements with obligations to restore them to the original state at the time of business termination or vacation of properties; however, as the periods of use of the rental properties pertaining to the obligations are uncertain, and no relocation is scheduled at this time, asset retirement obligations cannot be reasonably estimated. In addition, some buildings assume obligations for asbestos elimination expenses at the time of demolition; however, as the time of buildings demolition pertaining to the obligations are uncertain, and no demolition is scheduled, asset retirement obligations cannot be reasonably estimated. Therefore, asset retirement obligations corresponding to these obligations have not been recorded.

(Other notes to additional information)

The Group made accounting estimates such as recoverability of deferred tax assets and determination of impairment losses, etc., based on the assumption that although the impact of COVID-19 would remain on the Group’s operation for a certain period of time in next and subsequent consolidated fiscal years, the situation would gradually recover going forward.

There are many uncertainties about the impact of COVID-19, which may have an impact on the financial position and operating results of the Group.

In the notes to the consolidated financial statements, figures presented are rounded down to the nearest thousand yen, and numbers of shares are rounded down to the nearest thousand shares.

Statement of Changes in Net Assets

(April 1, 2021 - March 31, 2022)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	3,000,000	750,000	11,564,481	12,314,481
Changes during period				
Dividends of surplus				–
Profit				–
Purchase of treasury shares				–
Disposal of treasury shares			33,412	33,412
Total changes during period	–	–	33,412	33,412
Balance at end of period	3,000,000	750,000	11,597,893	12,347,893

	Shareholders' equity				Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	
	Other retained earnings	Total retained earnings			
	Retained earnings brought forward				
Balance at beginning of period	8,711,585	8,711,585	(1,215,615)	22,810,451	22,810,451
Changes during period					
Dividends of surplus	(697,197)	(697,197)		(697,197)	(697,197)
Profit	1,187,815	1,187,815		1,187,815	1,187,815
Purchase of treasury shares		–	(196)	(196)	(196)
Disposal of treasury shares		–	26,990	60,403	60,403
Total changes during period	490,617	490,617	26,794	550,825	550,825
Balance at end of period	9,202,203	9,202,203	(1,188,820)	23,361,276	23,361,276

Note: Figures presented are rounded down to the nearest thousand yen.

Notes to the Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Standards and methods of valuation of assets

1) Standards and methods of valuation of securities

・Stocks of subsidiaries and affiliates	Stated at cost using the moving-average method.

2) Standards and methods of valuation of inventories

・Raw materials and supplies	Stated at cost using the moving-average method. (The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

(2) Standards of accounting for reserves

Provision for bonuses:

To prepare for payment of employee bonuses, provision for bonuses is provided in the amount for the fiscal year under review based on the estimated amount of payment.

(3) Standards of accounting for revenue and expenses

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Revenue of the Company consists of dividend income received from subsidiaries and affiliates and commissions from subsidiaries and associates. Dividend income received from subsidiaries and affiliates is recognized as of the effective date of the dividend payment. Performance obligations for commissions from subsidiaries and associates are to render entrusted works and services to subsidiaries according to the contracts with subsidiaries. As the Company's performance obligations are satisfied at the time when the entrusted works and services are rendered, revenue is recognized at that point in time.

(4) Other notes to the basis for preparation of non-consolidated financial statements

1) Accounting treatment of consumption taxes that are not tax-deductible	Consumption taxes and local consumption tax that are not tax-deductible are expensed in the fiscal year under review.
2) Application of the consolidated taxation system	The Company applies the consolidated taxation system.
3) Application of tax effect accounting for transition from the consolidated taxation system to the group tax sharing system	The Company will transition from the consolidated taxation system to the group tax sharing system from the next fiscal year. However, it recognizes the amount of deferred tax assets in accordance with the stipulations of the Income Tax Act prior to revisions to said Act based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020) instead of applying the provision in Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) regarding the transition to the group tax sharing system established under the "Act for Partial Revision of the Income Tax Act and Other Acts" (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been revised in line with the transition to the group tax sharing system. From the beginning of the next fiscal year, the Company intends to apply "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No.42, August 12, 2021), which sets forth the practical solutions on the accounting and disclosure of corporation tax, local corporation tax and tax effect accounting under the group tax sharing system.

2. Changes in Accounting Policies due to Revisions, etc. in Accounting Standards, etc.

Application of the “Accounting Standard for Revenue Recognition” and other standards

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

This change in the accounting policy has no impact on the non-consolidated financial statements.

3. Notes to Non-Consolidated Balance Sheet

Monetary receivables from and payables to affiliates

1) Short-term monetary receivables	7,163,348 thousand yen
2) Long-term monetary receivables	7,008 thousand yen
3) Short-term monetary payables	805,012 thousand yen

4. Notes to Non-Consolidated Statement of Income

(1) Transactions with affiliates

1) Operating revenue	2,519,072 thousand yen
2) Operating expenses	412,421 thousand yen
3) Transactions other than operating transactions	4,649 thousand yen

(2) Loss on valuation of shares of subsidiaries and associates

We recorded impairment losses with regard to shares in Sanco Taxi Co., Ltd. and Sanco Inn Co., Ltd., which are consolidated subsidiaries of the Company, because their net assets at the fiscal year-end were significantly lower than the book value at the Company.

The “loss on valuation of shares of subsidiaries and associates” is offset in consolidated accounting and therefore has no impact on the consolidated financial statements.

5. Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury shares as of the fiscal year-end

(Thousand shares)

Type of stock	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock (*1, 2)	7,800	0	173	7,628

(*1) Increase in the number of treasury shares is due to purchase of fractional shares.

(*2) Decrease in the number of treasury shares is due to disposal of treasury shares as restricted stock compensation.

6. Notes to Tax Effect Accounting

The main contributing factors to the deferred tax assets are provision for bonuses and enterprise tax payable, etc.

7. Notes to Transactions with Related Parties

Subsidiaries and affiliates, etc. (Thousands of yen)

Type	Name of company, etc.	Percentage of voting rights, etc., held (or held of the Company)	Relationship with related parties	Transaction details	Transaction amount (*7)	Description	Fiscal year-end balance
Subsidiary	Mie Kotsu Co., Ltd.	Directly holds 100%	Loan of funds Officer with concurrent positions	Receipt of management fee (*1)	237,268	—	—
				Receipt of equipment usage fee (*2)	2,796	—	—
				Outsourcing fee (*3)	203,325	—	—
				Lease of facilities (*4)	91,072	—	—
				Advertising fee (*5)	50,110	—	—
				Deposit of funds through CMS (*6)	4,856,859	Deposit	5,275,248
				Receipt of interest (*6)	4,589	Other current assets	4
Subsidiary	Sanco Real Estate Co., Ltd.	Directly holds 100%	Officer with concurrent positions	Receipt of management fee (*1)	488,364	—	—
				Receipt of equipment usage fee (*2)	4,260	—	—
				Amount to be received in connection with consolidated tax payments	1,541,277	Accounts receivable - other	1,541,277
Subsidiary	Sanco Inn Co., Ltd.	Directly holds 100%	Officer with concurrent positions	Amount to be paid in connection with consolidated tax payments	331,751	Accounts payable - other	331,751

Transaction terms and policies regarding determination of transaction terms

(*1) Management fee is determined by calculating the composition ratio of the companies based on the averages of operating revenue, operating expenses, ordinary profit and total assets in the past three fiscal years.

(*2) Equipment usage fee is determined by calculating the composition ratio of the companies based on the usage condition of the equipment.

(*3) Outsourcing fee presented by Mie Kotsu Co., Ltd. is reviewed every fiscal year to determine the price.

(*4) Leasing fee presented by Mie Kotsu Co., Ltd. is reviewed every fiscal year to determine the price.

(*5) Advertising fee is determined after negotiation on the price presented by Mie Kotsu Co., Ltd.

(*6) The Company participates in the cash management system (CMS) introduced by Mie Kotsu Co., Ltd. The interest accrues on the CMS. Transaction amount is shown in the average of deposit balance. Interest rate is determined based on the market interest rates.

(*7) Transaction amount is exclusive of consumption tax, etc.

8. Notes to Per Share Information

(1) Net assets per share	234.38 yen
(2) Profit per share	11.93 yen

(Note) In the notes to non-consolidated financial statements, figures presented are rounded down to the nearest thousand yen, and numbers of shares are rounded down to the nearest thousand shares.