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Meeting Materials for the 175th Ordinary General Meeting of Shareholders

Items excluded from paper-based documents delivered in response to a request for delivery of documents stating items subject to measures for electronic provision

Notes to the Consolidated Financial Statements
Notes to the Non-Consolidated Financial Statements
(From April 1, 2022 to March 31, 2023)

MITSUI-SOKO HOLDINGS Co., Ltd.

In accordance with the provisions of laws and regulations and Article 15, paragraph 2 of the Company's Articles of Incorporation, the above items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

Notes to the Consolidated Financial Statements

Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 76

Names of major consolidated subsidiaries

MITSUI-SOKO Co., Ltd. (warehousing business, harbor transportation business, and overseas logistics services)

MITSUI-SOKO EXPRESS Co., Ltd. (air cargo transportation business)

MITSUI-SOKO LOGISTICS Co., Ltd. (third-party logistics business)

MITSUI-SOKO Supply Chain Solutions, Inc. (supply chain management support business)

MITSUI-SOKO TRANSPORT Co., Ltd. (land cargo transportation business)

Changes in scope of consolidation

Fujimatsu Unyu Soko Co., Ltd. was excluded from the scope of consolidation for the fiscal year ended March 31, 2023, due to its absorption-type merger into Marukyo Logistics Co., Ltd. (Osaka).

Mitsui-Soko (Europe) s.r.o. was excluded from the scope of consolidation for the fiscal year ended March 31, 2023, due to being merged into PST CLC, a.s. Due to the aforementioned absorption-type merger, PST CLC, a.s. changed its company name to PST CLC Mitsui-Soko, a.s.

Mitsui-Soko NEA, Co., Ltd. was excluded from the scope of consolidation for the fiscal year ended March 31, 2023, due to its liquidation.

Mitsui-Soko Southeast Asia Pte. Ltd. was excluded from the scope of consolidation for the fiscal year ended March 31, 2023, due to its liquidation.

Nantong Sinavico International Logistics Co., Ltd. was included in the scope of consolidation for the fiscal year ended March 31, 2023, due to its new establishment.

(2) Names, etc. of major non-consolidated subsidiaries

Fukumitsu-Shouji Co., Ltd.

The non-consolidated subsidiary is excluded from the scope of consolidation, because it is small in its business scale, and any amount in terms of its 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.

2. Application of equity method

(1) Number of associates accounted for using equity method: 6

Names of major associates accounted for using equity method

Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd., Nantong Sinavico International Logistics Co., Ltd.

(2) Non-consolidated subsidiaries not accounted for using the equity method (Fukumitsu-Shouji Co., Ltd.) and associates not accounted for using the equity method (American Terminal Service Co., Ltd. and two other companies) are excluded from the scope of application of the equity method, because such exclusion has only an immaterial effect on the consolidated financial statements in

terms of each company’s profit or loss (amount corresponding to the Company’s ownership interest) and retained earnings (amount corresponding to the Company’s ownership interest), and they have no significance as a whole.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Of consolidated subsidiaries, 30 companies have fiscal year-ends different from the consolidated balance sheet date, or accounting periods different from the consolidated accounting period. Therefore, they are consolidated based on the financial statements provisionally prepared in accordance with regular year-end closing procedures as of the consolidated balance sheet date. Other consolidated subsidiaries’ fiscal year-end is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

Available-for-sale securities

・Securities other than shares with no market value, etc.

Stated at fair value (valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

・Shares with no market value, etc.

Stated at cost determined by the moving average method

(ii) Derivatives

Stated at fair value

(iii) Inventories

Stated at cost determined by the moving average method (method of lowering book value based on a decline in profitability)

(2) Accounting methods for depreciation of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The declining balance method is applied, while the straight-line method is applied for buildings acquired on or after April 1, 1998, facilities attached to buildings and structures acquired on or after April 1, 2016, and consolidated foreign subsidiaries.

Major useful lives are as follows:

Buildings and structures: 3 to 50 years
Machinery, equipment and vehicles: 2 to 15 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied, while software for internal use is amortized using the straight-line method over its useful life as internally determined (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method applied to non-current assets owned by the Company is applied.

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting methods for significant deferred assets

Bond issuance costs

Bond issuance costs are fully charged to expenses when incurred.

(4) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid in the future, the amount estimated to cover the bonus payment for services rendered by employees with respect to the relevant fiscal year is provided.

(5) Accounting methods for retirement benefits

To prepare for payment of retirement benefits payable to employees, projected retirement benefit obligations and plan assets at the end of the relevant fiscal year are recorded based on deemed either accrued or realized amount at the end of the fiscal year.

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized using the straight-line method over the average remaining service years (three to 15 years) of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

Past service cost is amortized using the straight-line method over the average remaining service years (11 years) of employees when incurred.

(6) Accounting policy for significant revenues and expenses

The Group recognizes revenue based on the following five step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to separate performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group provides comprehensive logistics services, such as warehousing, cargo handling, port-related work, inland transport and international transport, and real estate leasing services centered on building leases. In determining a contract with a customer, the Group recognizes that existence of characteristics that contracts should have and economic substance are reflected in the contract, and at the same time, identifies goods or services promised to be transferred to the customer under the contract as well as performance obligations to be accounted for individually.

In calculating a transaction price, the Group measures it at an amount of consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to the customer. Contracts with customers do not include any significant financial component.

For contracts of which the transaction price needs to be allocated to each performance obligation, revenue is recognized by allocating goods or services constituting each performance obligation based on the proportion of the standalone selling price.

As for revenue recognition, control over the underlying goods or services is recognized at a point in time or over a certain period of time, only if performance obligations meet the qualifications.

(7) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and their revenues and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(8) Accounting method and period for amortization of goodwill

Goodwill is amortized in equal amounts over the period in which its effects will be realized within 20 years.

(9) Accounting methods for hedging

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

(10) Methods for recognizing impairment of securities

For listed shares, impairment is recognized if the share price at the end of the fiscal year has decreased by 30% or more against the historical cost. For unlisted shares, impairment is recognized if the net asset value of the issuer has decreased by 50% or more against the historical cost and the recovery cannot be expected.

Accounting Estimates

Impairment of non-current assets

In the consolidated balance sheet as of March 31, 2023, property, plant and equipment of ¥138,730 million and intangible assets of ¥10,521 million were recorded.

The Group classifies assets or groups of assets by cash generating unit for management accounting whose receipts and disbursements are monitored on an ongoing basis and which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When there is any indication of impairment due to a fall in fair value of non-current assets, a decline in profitability, etc., the Group is required to determine whether or not an impairment loss needs to be recognized, by comparing the total amount of undiscounted future cash flows gained from the asset group with the book value. If an impairment loss needs to be recognized as a result of the determination, the Group is to reduce the book value to the recoverable amount and record the reduction of the book value as an impairment loss.

Major assumptions used to calculate undiscounted future cash flows are forecasts of operating revenue and expenses, which incorporate data on past results, status of businesses, trends of major customers and others. Forecasts of operating revenue and expenses over remaining economic useful lives are determined in consideration of budget approved by the Board of Directors, and growth for a period beyond the period for which the budget has been developed. The forecasts are based on the assumption that the effects of COVID-19 will gradually move toward normalization, and no significant impact is expected on the estimates.

There are uncertainties in the above estimates and assumptions. If any change is made to conditions or assumptions that serve as the premises for the estimates due to changes in the status of businesses of each asset or asset group, consolidated financial statements for the following fiscal years may be significantly affected.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Buildings and structures	¥2,377 million
Land	¥0 million
Total	¥2,378 million

The maximum amount of revolving mortgages on the above assets was ¥3,000 million.

(2) Secured liabilities

Short-term borrowings	¥– million
Current portion of long-term borrowings	¥176 million
Long-term borrowings	¥2,328 million
Total	¥2,504 million

2. Accumulated depreciation of property, plant and equipment ¥182,211 million

Accumulated depreciation includes accumulated impairment losses.

3. Contingent liabilities (Guarantee obligations)

(1) Guarantee obligations for bank borrowings by other companies, etc. ¥– million

(2) Guarantee obligations for housing loans of employees ¥16 million

4. Notes receivable endorsed and transferred ¥18 million

Notes to Consolidated Statement of Changes in Equity

1. Class and total number of issued shares at the end of the fiscal year

Common shares 24,921,802 shares

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividend per share	Record date	Effective date
Board of Directors meeting held on May 10, 2022	Common shares	¥2,334 million	¥94.00	March 31, 2022	June 3, 2022
Board of Directors meeting held on November 4, 2022	Common shares	¥1,791 million	¥72.00	September 30, 2022	December 2, 2022
Total	–	¥4,125 million	–	–	–

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

At the Company's Board of Directors meeting held on May 10, 2023, matters concerning dividends on common shares were resolved as follows.

(i)	Total dividends	¥2,910 million
(ii)	Dividend per share	¥117.00
(iii)	Record date	March 31, 2023
(iv)	Effective date	June 5, 2023
(v)	Source of dividends	Retained earnings

Financial Instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group limits its investment activities to short-term deposits, etc., and procures funds through borrowings from financial institutions such as banks and issuance of bonds.

(2) Description of financial instruments and their risks, and risk management system

For customers' credit risks with respect to notes and operation accounts receivable trade, the Group works to mitigate the risks by managing relevant due dates and credit balances for each counterparty.

Investment securities are principally shares and are exposed to the risk of market price fluctuations, but the Group assesses fair value on a quarterly basis for listed shares.

Borrowings and bonds payable are used for working capital (mainly short-term) and capital investment funds (long-term). Borrowings and bonds payable are exposed to the risk of fluctuations in market interest rates, and foreign currency borrowings are exposed to the risk of fluctuations in market interest rates and currency exchange rates. For certain long-term borrowings of them, interest rate swaps are used as hedging instruments to avoid these risks. Although these liabilities are exposed to the risk of not being able to make payments when due, i.e., liquidity risk, the Group avoids this risk by reviewing its cash management plan on a monthly basis as appropriate.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the differences between them as of March 31, 2023 were as follows:

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	9,334	9,334	–
Total assets	9,334	9,334	–
(2) Long-term borrowings (including current portion)	59,362	58,299	(1,062)
(3) Bonds payable (including current portion)	25,000	24,803	(196)
Total liabilities	84,362	83,102	(1,259)

(Note) Since unlisted shares (carrying amount on the consolidated balance sheet: ¥1,640 million) and investments in investment business limited partnership (carrying amount on the consolidated balance sheet: ¥93 million) fall under the category of shares with no market value, etc., they are not included in "(1) Investment securities." In addition, notes on "cash and deposits," "trade notes and accounts receivable and contract assets," "trade notes and accounts payable," and "short-term borrowings" are omitted, because these accounts are settled in a short period of time and the fair value is nearly equal to the book value.

3. Components of fair values of financial instruments by level, etc.

Fair values of financial instruments are classified into the following three levels, depending on observability and significance of inputs for determining fair values.

Fair values of Level 1: Fair values determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Fair values of Level 2: Fair values determined based on inputs other than Level 1 inputs that are observable, either directly or indirectly

Fair values of Level 3: Fair values determined based on significant unobservable inputs

If multiple inputs that have a significant influence on determination of fair value, the fair value is classified as the lowest priority level of fair value measurement of levels in which each input belongs.

(1) Financial instruments carried on the consolidated balance sheet at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	9,334	–	–	9,334
Total assets	9,334	–	–	9,334

(2) Financial instruments not carried on the consolidated balance sheet at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion)	–	58,299	–	58,299
Bonds payable (including current portion)	–	24,803	–	24,803
Total liabilities	–	83,102	–	83,102

Investment securities

Listed shares are measured using the quoted market price. Since listed shares are traded in an active market, their fair value is classified as Level 1 fair value.

Long-term borrowings

Fair value of long-term borrowings is determined based on the total of principal and interest as well as the interest rate taking into account the remaining period and credit risk of the borrowings, using the discounted cash flow method, and is classified as Level 2 fair value.

The fair value of interest rate swaps that are accounted for using exceptional accounting, is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

Bonds payable

Fair value of bonds payable issued by the Company is determined based on the total of principal and interest as well as the interest rate taking into account the remaining period and credit risk of the bonds payable, using the discounted cash flow method, and is classified as Level 2 fair value.

Rental and Other Investment Properties

1. Status of rental and other investment properties

The Company and certain subsidiaries have office buildings and other properties (including land) for lease in Tokyo and other regions.

2. Fair values of rental and other investment properties

Carrying amount	Fair value
¥29,304 million	¥139,694 million

(Note 1) The carrying amount represents the amount of acquisition cost less accumulated depreciation.

(Note 2) The fair value as of March 31, 2023 represents the amount based on real estate appraisal by external real estate appraisers for major properties, and the amount internally calculated by the income approach for other properties.

Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

Revenue of the Group is mainly revenue recognized from contracts with customers. The breakdown of its revenue disaggregated by type of services is as follows.

	Operating revenue (Millions of yen)
Logistics	
(Warehousing)	38,005
(Cargo handling)	33,510
(Port-related work)	17,736
(Transport)	156,156
(Other)	46,614
Revenue from contracts with customers	292,022
Other income	8,813
Operating revenue from external customers	300,836

2. Information forming the basis for understanding revenue

The Group provides comprehensive logistics services, such as warehousing, stevedoring, port-related work, inland transport and international transport, and real estate leasing services centered on building leases.

(1) Logistics Business

(i) Warehousing

The Group conducts operations for storing goods in warehouses for deposited goods. Therefore, the Group recognizes revenue, considering that performance obligations are satisfied upon a certain storage date, or at the time of dispatching from warehouse, from the time of offering a storage compartment for use.

(ii) Cargo handling

The Group conducts loading and unloading, and cargo handling operations for deposited goods. The Group considers that performing obligations are satisfied when the cargo handling is completed, and recognizes revenue at this point in time.

(iii) Port-related work

The Group operates container terminals that connect logistics at sea and on land, and mainly conducts operations such as shipment and discharge of cargoes and disposal of them. In addition, the Group conducts ship agency business including sole agency operations for overseas shipping companies and sub-agency business such as clearance inward and outward at each port of call and issuance of bills of landing, and recognizes revenue upon completion of providing services in each business.

(iv) Transport

The Group is engaged in land transportation, airfreight forwarding, and international transport NVOCC. For inland land transportation, because the period from shipment to delivery of cargo is a normal term, revenue is recognized at the time of shipment. For foreign land transportation, revenue is recognized at the time of arrival of cargo in principle. For international transport NVOCC and airfreight forwarding, the Group mainly makes arrangements for marine and air transport. Considering that performance obligations are satisfied at the time of arrival of cargo at the port of destination, the Group recognizes revenue at this point in time.

(v) Other

Logistics services other than the above include sales logistics between product centers and distributors, delivery and installation services, customs clearance services, and document imaging services, and revenue is recognized upon completion of each service. For certain transactions that the Group conducts as an agent, the transaction price is determined as the net amount calculated by deducting, from the amount of contribution received from the customer, the amount paid to other parties.

(2) Real Estate Business

In real estate leasing, the Group provides real estate leasing services centered on building leases, and recognizes revenue for administrative services at the time when the provision of services is completed. Leasing services are not subject to revenue from contracts with customers.

3. Information about contract balances

Of revenue recognized during the current fiscal year, the amount included in the balance of contract liabilities as at the beginning of the year was not significant. In addition, the amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in past periods was not significant in the current fiscal year.

For contracts of which the transaction price is allocated to each performance obligation, contract liabilities are recorded in the case where the payment term is prepayment, and contract assets are recorded in the case of deferred payment.

4. Transaction price allocated to remaining performance obligations

Since there are no significant transactions with the individual expected contract period of over one year, information about remaining performance obligations is omitted.

Per Share Information

Net assets per share	¥3,750.18
Basic earnings per share	¥628.08

Significant Subsequent Events

Not applicable

(Note) The indicated amounts stated in these notes to the consolidated financial statements are all rounded off to the nearest whole unit.

Notes to the Non-Consolidated Financial Statements

Significant Accounting Policies

1. Valuation basis and methods for securities

(i) Shares of subsidiaries and associates

Stated at cost determined by the moving average method

(ii) Available-for-sale securities

1) Securities other than shares with no market value, etc.

Stated at fair value (valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

2) Shares with no market value, etc.

Stated at cost determined by the moving average method

2. Valuation basis and methods for derivatives

Derivatives

Stated at fair value

3. Accounting methods for depreciation of non-current assets

(i) Property, plant and equipment (excluding leased assets)

The declining balance method is applied, while the straight-line method is applied for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and facilities attached to buildings and structures acquired on or after April 1, 2016.

Major useful lives are as follows:

Buildings: 3 to 50 years
Machinery, equipment and vehicles: 2 to 15 years
Tools, furniture and fixtures: 2 to 20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied, while software for internal use is amortized using the straight-line method over its useful life as internally determined (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

4. Accounting methods for deferred assets

Bond issuance costs

Bond issuance costs are fully charged to expenses when incurred.

5. Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid in the future, the amount estimated to cover the bonus payment for services rendered by employees with respect to the relevant fiscal year is provided.

(iii) Provision for retirement benefits (prepaid pension costs)

To prepare for payment of retirement benefits payable to employees, projected retirement benefit obligations and plan assets at the end of the relevant fiscal year are recorded in provision for retirement benefits or prepaid pension costs based on deemed either accrued or realized amount at the end of the fiscal year.

1) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

2) Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over the average remaining service years (13 to 15 years) of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

6. Accounting for retirement benefits

The method of accounting for unsettled amounts of unrecognized actuarial gains and losses and the amount of unrecognized past service cost for retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

7. Accounting policy for significant revenues and expenses

The Company provides system utilization services for consolidated subsidiaries and real estate leasing services centered on building leases. Performance obligations are satisfied at the time of completion of the provision of services, or according to the elapse of a period.

8. Accounting methods for hedging

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

9. Methods for recognizing impairment of securities

For listed shares, impairment is recognized if the share price at the end of the fiscal year has decreased by 30% or more against the historical cost. For unlisted shares, impairment is recognized if the net asset value of the issuer has decreased by 50% or more against the historical cost and the recovery cannot be expected.

Changes in Presentation

Non-consolidated Statement of Income

“Rental income from buildings,” which was previously presented as “other” (previous fiscal year: ¥136 million) under non-operating income, has been presented as “rental income from buildings” (¥75 million) from the current fiscal year due to an increase in the monetary significance. “Rental income from buildings” under non-operating income in the previous fiscal year was ¥41 million.

Accounting Estimates

Valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates with no market prices

For unlisted shares, impairment is recognized if the net asset value has decreased by 50% or more and the recovery cannot be expected. Net asset value is calculated based on net assets per share, but in the event that these shares, etc. are acquired after reflecting excess earning power, net asset value is calculated after reflecting excess earning power based on future cash flows.

In the non-consolidated balance sheet as of March 31, 2023, ¥46,223 million of shares of subsidiaries and associates and ¥5,727 million of investments in capital of subsidiaries and associates were recorded. However, the possibility of recovery of net asset value will not become an issue in the current fiscal year as there are no shares of subsidiaries and associates and investments in capital of subsidiaries and associates with no market prices for which net asset value has declined 50% or more.

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral

Buildings and structures	¥2,377 million
Land	¥0 million
Total	¥2,378 million

The assets have been pledged as collateral for borrowings of MITSUI-SOKO Co., Ltd. (balance at the end of the fiscal year ended March 31, 2023: ¥2,504 million).

2. Accumulated depreciation of property, plant and equipment ¥128,093 million

Accumulated depreciation includes accumulated impairment losses.

3. Contingent liabilities (Guarantee obligations)

(i) Guarantee obligations for bank borrowings by other companies, etc.	¥4,589 million
(ii) Guarantee obligations for housing loans of employees	¥16 million

4. Monetary claims and liabilities to subsidiaries and associates

Short-term monetary claims	¥3,984 million
Long-term monetary claims	¥10,211 million
Short-term monetary liabilities	¥39,780 million
Long-term monetary liabilities	¥138 million

Notes to Non-consolidated Statement of Income

1. In light of the Company's holding company functions, system usage fees received from subsidiaries and associates and facility charges received from subsidiaries and associates, which were recorded as group management income, and dividend income received from subsidiaries and associates, which was recorded as dividends from subsidiaries and associates, were included in operating revenue.

2. Transactions with subsidiaries and associates

(i) Amount of operating transactions	
Operating revenue	¥7,740 million
Operating expenses	¥407 million
(ii) Amount of non-operating transactions	¥3,487 million

Notes to Non-consolidated Statement of Changes in Equity

Class and number of treasury shares at the end of the fiscal year

Common shares 46,808 shares

Tax Effect Accounting

1. Major components of deferred tax assets and liabilities

(Deferred tax assets)	
Provision for retirement benefits	¥1,650 million
Provision for bonuses	¥313 million
Property, plant and equipment	¥221 million
Shares of subsidiaries and associates	¥8,914 million
Investment securities	¥74 million
Other	¥353 million
Subtotal	¥11,528 million
Valuation allowance	¥(9,255) million
Total	¥2,272 million
(Deferred tax liabilities)	
Valuation difference on available-for-sale securities	¥(1,476) million
Gain on contribution of securities to retirement benefit trust	¥(1,012) million
Reserve for tax purpose reduction entry of non-current assets	¥(3,315) million
Gain on sale of shares of subsidiaries and associates	¥(331) million
Other	¥(33) million
Total	¥(6,169) million
Net deferred tax liabilities	¥(3,896) million

2. Major components of difference between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

Statutory effective tax rate	30.6%
(Adjustments)	
Expenses not deductible permanently, such as entertainment expenses	0.1%
Income not taxable permanently, such as dividend income	(17.9)%
Inhabitant per capita taxes	0.1%
Valuation allowance	(0.1)%
Other	0.0%
Effective rate of income taxes after application of deferred tax accounting	12.9%

Transactions with Related Party

Subsidiaries and associates, etc.

Category	Name of company	Percentage of voting rights holding (held)	Relationship with the related party	Transactions	Transaction amount (Millions of yen)	Accounts	Balance at end of period (Millions of yen)
Subsidiary	MITSUI-SOKO Co., Ltd.	100% (-)	Leasing of real state Provision of collateral Support of funds Procurement of funds Interlocking of officers	Leasing of warehouses	3,871	Trade accounts receivable	109
				Provision of collateral	2,504	–	–
				Lending of funds	–	Long-term loans receivable	5,315
						Short-term loans receivable	370
				Reception of interest	50	Other current assets (accrued interest)	22
				Borrowing of funds	8,166 (*)	Short-term borrowings	8,264
				Payment of interest	0		
				Sale of shares	3,179	–	–
Subsidiary	MITSUI-SOKO EXPRESS Co., Ltd.	64% (-)	Procurement of funds Interlocking of officers	Borrowing of funds	15,272 (*)	Short-term borrowings	17,652
				Payment of interest	9		
Subsidiary	MITSUI-SOKO LOGISTICS Co., Ltd.	100% (-)	Procurement of funds Interlocking of officers	Borrowing of funds	4,543 (*)	Short-term borrowings	5,451
				Payment of interest	0		
Subsidiary	MITSUI-SOKO Supply Chain Solutions, Inc.	66% (-)	Support of funds Interlocking of officers	Lending of funds	1,886 (*)	Long-term loans receivable	3,476
						Short-term loans receivable	2,140
				Reception of interest	72	Other current assets (accrued interest)	27
Subsidiary	Mits Logistics (Thailand) Co., Ltd.	100% (-)	Guarantee of obligation	Guarantee of obligation	2,044	–	–

(*) The transaction amount is based on the average balance during the period.

(Note) Transaction terms and policy for determination thereof, etc.

For lending and borrowing of funds, transaction terms are determined in view of market interest rates.
For leasing of warehouses, transaction terms are determined in view of actual expenses of depreciation, property tax, insurance premiums, etc.
Guarantee of obligation is for borrowings from financial institutions, etc.
For provision of collateral, the year-end balance of obligation on the collateral is shown in the transaction amount.
The sale of shares was decided after a portion of shares of MITSUI-SOKO Co., Ltd. held by the Company were transferred, and the price and terms were discussed with net assets, etc. as the basis. Gain on sale of shares of subsidiaries and associates of ¥1,082 million was recorded for the sale of shares.

Revenue Recognition

Information forming the basis for understanding revenue is as stated in Revenue Recognition 2. Information forming the basis for understanding revenue (2) Real Estate Business in the Notes to the Consolidated Financial Statements.

Per Share Information

Net assets per share	¥1,925.65
Basic earnings per share	¥286.33

Significant Subsequent Events

Not applicable

(Note) The indicated amounts stated in these notes to the non-consolidated financial statements are all rounded off to the nearest whole unit.