

Annual Securities Report

(Pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

Business year
(157th Fiscal Year)

From: April 1, 2021
To: March 31, 2022

Yamato Holdings Co., Ltd.

(E04187)

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
[Company name in English]	YAMATO HOLDINGS CO., LTD.
[Title and name of representative]	Yutaka Nagao, President
[Address of registered headquarters]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Telephone number]	+81-3-3541-4141 (Switchboard)
[Contact person]	Toshizo Kurisu, Executive Officer and Vice President, Responsible for Finance
[Contact address]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Telephone number]	+81-3-3541-4141 (Switchboard)
[Contact person]	Toshizo Kurisu, Executive Officer and Vice President, Responsible for Finance
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

PART 1 INFORMATION ON THE COMPANY

I. Overview of the Company

1. Changes in Principal Management Indicators, etc.

(1) Consolidated Management Indicators, etc.

Fiscal Year		153rd	154th	155th	156th	157th
Closing Month and Year		March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue	(Millions of yen)	1,538,813	1,625,315	1,630,146	1,695,867	1,793,618
Ordinary profit	(Millions of yen)	36,085	54,259	40,625	94,019	84,330
Profit attributable to owners of parent	(Millions of yen)	18,231	25,682	22,324	56,700	55,956
Comprehensive income	(Millions of yen)	22,772	26,987	17,285	73,292	47,276
Net assets	(Millions of yen)	557,586	573,388	562,835	584,287	598,233
Total assets	(Millions of yen)	1,114,870	1,123,659	1,100,739	1,089,991	1,086,854
Net assets per share	(Yen)	1,395.74	1,435.15	1,441.20	1,553.45	1,611.34
Basic earnings per share	(Yen)	46.24	65.14	56.78	151.55	151.03
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	49.4	50.4	50.4	52.9	54.3
Return on equity	(%)	3.3	4.6	4.0	10.0	9.6
Price earnings ratio	(Times)	57.7	43.9	29.9	20.0	15.2
Cash flows from operating activities	(Millions of yen)	51,728	118,093	74,433	123,921	52,016
Cash flows from investing activities	(Millions of yen)	(41,174)	(54,872)	(49,943)	44,078	(58,943)
Cash flows from financing activities	(Millions of yen)	(36,930)	(70,947)	(22,368)	(123,247)	(54,456)
Cash and cash equivalents at end of period	(Millions of yen)	202,863	194,650	196,662	241,284	180,603
Number of employees	(Number of people)	213,096	225,125	224,945	223,191	216,873

- Notes:
- Diluted earnings per share is not presented since no potential shares exist.
 - In calculating net assets per share for the 156th Fiscal Year and the 157th Fiscal Year, the Company's shares held by the Board Benefit Trust (BBT) are included in the treasury shares deducted from the number of shares outstanding as of the end of the fiscal period. In addition, the calculation of basic earnings per share includes the treasury shares deducted from the calculation of average number of shares during the period.
 - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 157th Fiscal Year, and the principal management indicators, etc. relating to the 157th Fiscal Year are those after applying the accounting standard and relevant ASBJ regulations.
 - The Company and its domestic consolidated subsidiaries have changed from the declining-balance method that was previously applied as their depreciation method for property, plant and equipment to the straight-line method from the 157th Fiscal Year in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles. The principal management indicators, etc. relating to the 157th Fiscal Year are those after applying such change.

(2) The Reporting Company's management indicators, etc.

Fiscal Year		153rd	154th	155th	156th	157th
Closing Month and Year		March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue	(Millions of yen)	27,384	29,445	49,864	44,864	48,010
Ordinary profit	(Millions of yen)	18,266	20,342	36,551	22,686	43,205
Net income or net loss (-)	(Millions of yen)	15,203	(5,316)	16,169	12,622	47,168
Share capital	(Millions of yen)	127,234	127,234	127,234	127,234	127,234
Total Number of Issued Shares	(Thousands of shares)	411,339	411,339	411,339	388,575	388,575
Net assets	(Millions of yen)	358,413	341,497	327,007	294,863	310,596
Total assets	(Millions of yen)	538,017	536,657	524,956	489,922	403,163
Net assets per share	(Yen)	909.04	866.14	848.90	794.73	847.49
Dividend per share		27.00	28.00	41.00	46.00	46.00
[Interim dividend per share (included above)]	(Yen)	[13.00]	[14.00]	[15.00]	[16.00]	[23.00]
Basic earnings per share or net loss per share (-)	(Yen)	38.56	(13.49)	41.13	33.74	127.32
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity-to-asset ratio	(%)	66.6	63.6	62.3	60.2	77.0
Return on equity	(%)	4.3	(1.5)	4.8	4.1	15.6
Price earnings ratio	(Times)	69.2	(211.9)	41.3	90.0	18.0
Payout ratio	(%)	70.0	(207.6)	99.7	136.3	36.1
Number of employees	(Number of people)	206	244	284	389	25
Total shareholder return	(%)	115.6	124.9	76.9	136.2	106.4
[Benchmark index: TOPIX including dividends]	(%)	[115.9]	[110.0]	[99.6]	[141.5]	[144.3]
Highest share price	(Yen)	2,918.0	3,559.0	2,940.0	3,160.0	3,395.0
Lowest share price	(Yen)	2,081.0	2,654.0	1,289.0	1,641.0	2,130.0

- Notes:
1. Diluted earnings per share are not presented for the 153rd, 155th, 156th and 157th Fiscal Years since no potential shares exist.
 2. Diluted earnings per share are not presented for the 154th Fiscal Year since there was a net loss per share and no potential shares exist.
 3. In calculating the net assets per share for the 156th and 157th Fiscal Years, the Company's shares held by the Board Benefit Trust (BBT) are included in the treasury shares deducted from the number of shares outstanding as of the end of the fiscal period. In addition, the calculation of basic earnings per share includes the treasury shares deducted from the calculation of average number of shares during the period.
 4. The dividends per share of 41 yen in the 155th Fiscal Year includes the 100th anniversary commemorative dividend of 10 yen.
 5. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 157th Fiscal Year, and the principal management indicators, etc. relating to the 157th Fiscal Year are those after applying the accounting standard and relevant ASBJ regulations.
 6. Changed from the declining-balance method that was previously applied as their depreciation method for property, plant and equipment to the straight-line method from the 157th Fiscal Year in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles. The principal management indicators, etc. relating to the 157th Fiscal Year are those after applying such change.
 7. Highest share price and lowest share price are those recorded on the Tokyo Stock Exchange (1st Section).

2. History

The Company's predecessor (Yamato Transport Co., Ltd.) established in Kyobashi-ku Tokyo on November 29, 1919 with a share capital of 100,000 yen. Daini Yamato Transport Co., Ltd. established as a procedure to increase capital in February 1929, which merged with Yamato Unyu Co., Ltd. and changed its name to Yamato Transport Co., Ltd. with a share capital of 250,000 yen.

Nov. 1919	Founded in Kyobashi-ku, Tokyo with a share capital of 100,000 yen and four vehicles.
Apr. 1929	Commenced regular delivery service between Tokyo and Yokohama (Japan's first regular route transport service).
May 1949	Listed its shares with the resumption of the Tokyo Stock Exchange.
Mar. 1950	Commenced forwarding business.
Jan. 1951	Signed a contract with Civil Air Transport (CAT) and started air freight agency operations.
Jan. 1952	Commenced sea cargo handling operations.
Oct. 1957	Established Yamato Shoji Co., Ltd. (currently: Yamato Autoworks Co., Ltd.)
Jun. 1958	Commenced the packing and shipping of artworks.
Aug. 1958	Entered into agency agreement with Japan Airlines Co., Ltd. and commenced handling cargo for domestic air routes.
Feb. 1960	Commenced handling mixed cargo for international air routes.
Apr. 1966	Commenced marketing of general port transportation business.
Jan. 1973	Separated the computer division and established Yamato System Development Co., Ltd.
Jan. 1976	Commenced the "TA-Q-BIN" small-lot delivery system service.
Mar. 1977	Established Kyokuto Lease Co., Ltd. (currently: Yamato Lease Co., Ltd.).
Mar. 1980	Established Yamato Transport U.S.A., Inc.
Sep. 1981	The Company's shares moved to the 1st Section of the Tokyo Stock Exchange.
Oct. 1982	Change of characters for Japanese trade name (with no change to English name).
Jul. 1985	Commenced new service that commodified moving services.
Sep. 1985	Established Yamato Home Services Co., Ltd. (currently: Yamato Home Convenience Co., Ltd.)
Jul. 1986	Established Yamato Collect Service Co., Ltd. (currently: Yamato Financial Co., Ltd.)
Oct. 1986	Established Yamato Transport Netherlands B.V. (Currently: Yamato Transport Europe B.V.)
Jul. 1988	Commenced the "Cool TA-Q-BIN" service, Japan's first refrigerated delivery system.
Dec. 1996	Commenced Year-end/New Year TA-Q-BIN services. Operating 365 days a year.
Mar. 1997	Commenced "Kuroneko Mail" service nationwide.
Nov. 1997	Commenced service to Ogasawara Islands, completing the nationwide TA-Q-BIN network.
Apr. 2003	The logistics business was partially split and merged with Yamato Logistics Co., Ltd. The ocean forwarding business, customs clearance business, artworks transportation business and international moving business were separated and merged with Yamato Global Freight Co., Ltd. Shikoku Yamato Transport Co., Ltd. merged with Yamato Transport Co., Ltd. Kyushu Yamato Transport Co., Ltd. merged with Yamato Transport Co., Ltd.
Oct. 2003	The moving division was separated and merged with Yamato Home Convenience Co., Ltd. The car maintenance services division was separated and merged with Yamato Autoworks Co., Ltd.
Oct. 2004	Yamato Logistics Co., Ltd. and Yamato Parcel Service Co., Ltd. were combined with Yamato Global Freight Co., Ltd. through an absorption-type merger, and that company changed its name to Yamato Logistics Co., Ltd.
Nov. 2004	Established Yamato Management Services Co., Ltd. to handle bookkeeping and accounting operations as well as personnel affairs for companies in the Yamato Group.
Apr. 2005	Became involved in the management of Fine Credit Co., Ltd. (currently: Yamato Credit & Finance Co., Ltd.)
Nov. 2005	With the transition to a pure holding company, Yamato Transport Co., Ltd. changed its name to Yamato Holdings Co., Ltd. Delivery business, etc. succeeded to the Yamato Transport Successor Preparatory Company (currently: Yamato Transport Co., Ltd.).
Apr. 2008	Yamato Transport Co., Ltd.'s express business separated and merged with Yamato Global Express Co., Ltd.
Aug. 2008	Yamato Logistics Co., Ltd. split into Yamato Logistics Co., Ltd. conducting the logistics business, etc. and Yamato Global Logistics Japan Co., Ltd. conducting the international logistics services business, etc.
Aug. 2013	Completed construction of the integrated logistics terminal Atsugi Gateway.
Sep. 2013	Completed construction of the integrated logistics terminal Haneda Chronogate.
Oct. 2013	Established YAMATO RHQ DEVELOPMENT PTE.LTD (currently: YAMATO ASIA PTE LTD.).
Mar. 2015	Abolished "Kuroneko Mail" service.
Apr. 2015	Commenced TA-Q-BIN Compact, Nekopos and the new post service Kuroneko DM-Bin.
Jan. 2016	Executed business and capital alliance with major Malaysian delivery company GD EXPRESS CARRIER BHD. (currently: GDEX BHD).

Jul. 2016	Packcity Japan Co., Ltd., a joint venture company with Neopost Shipping S.A. (France), commenced open-type parcel delivery locker business.
Aug. 2016	Agreed to acquire the shares of three OTL Group companies, which is based in Malaysia and operates cross-border land transportation, and its business in Vietnam.
Sep. 2016	Completed construction of the integrated logistics terminal Chubu Gateway.
Nov. 2017	Commenced operations of the integrated logistics terminal Kansai Gateway.
Apr. 2020	60% of the issued common shares of Yamato Lease Co., Ltd. were transferred to Fuyo General Lease Co., Ltd.
Jun. 2020	Commenced the new "EAZY" delivery service for EC business operators.
Apr. 2021	Seven companies including Yamato Logistics Co., Ltd. and Yamato Financial Co., Ltd. were involved with Yamato Transport Co., Ltd. in absorption-type mergers and absorption-type company splits.
Sep. 2021	Yamato Management Services Co., Ltd. merged with Yamato Transport Co., Ltd.
Jan. 2022	51% of the issued common shares of Yamato Home Convenience Co., Ltd. were transferred to ART MOVING COMPANY Co., Ltd.
Apr. 2022	Due to the revision of the Tokyo Stock Exchange's market categories, transferred from the 1st Section to the Prime Market of the Tokyo Stock Exchange.

3. Description of Business

The Yamato Group (the Group) comprises YAMATO HOLDINGS CO., LTD. (the Company), 45 subsidiaries and 26 affiliates and operates in two types of business segments, the Retail Business Unit and The Corporate Business Unit, based on their customer segments.

The description of business and the positioning and relationship to reportable segments are as follows.

The Company has changed the classification of reportable segments from the fiscal year ended March 31, 2022. Details are shown on “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Segment information, etc.).”

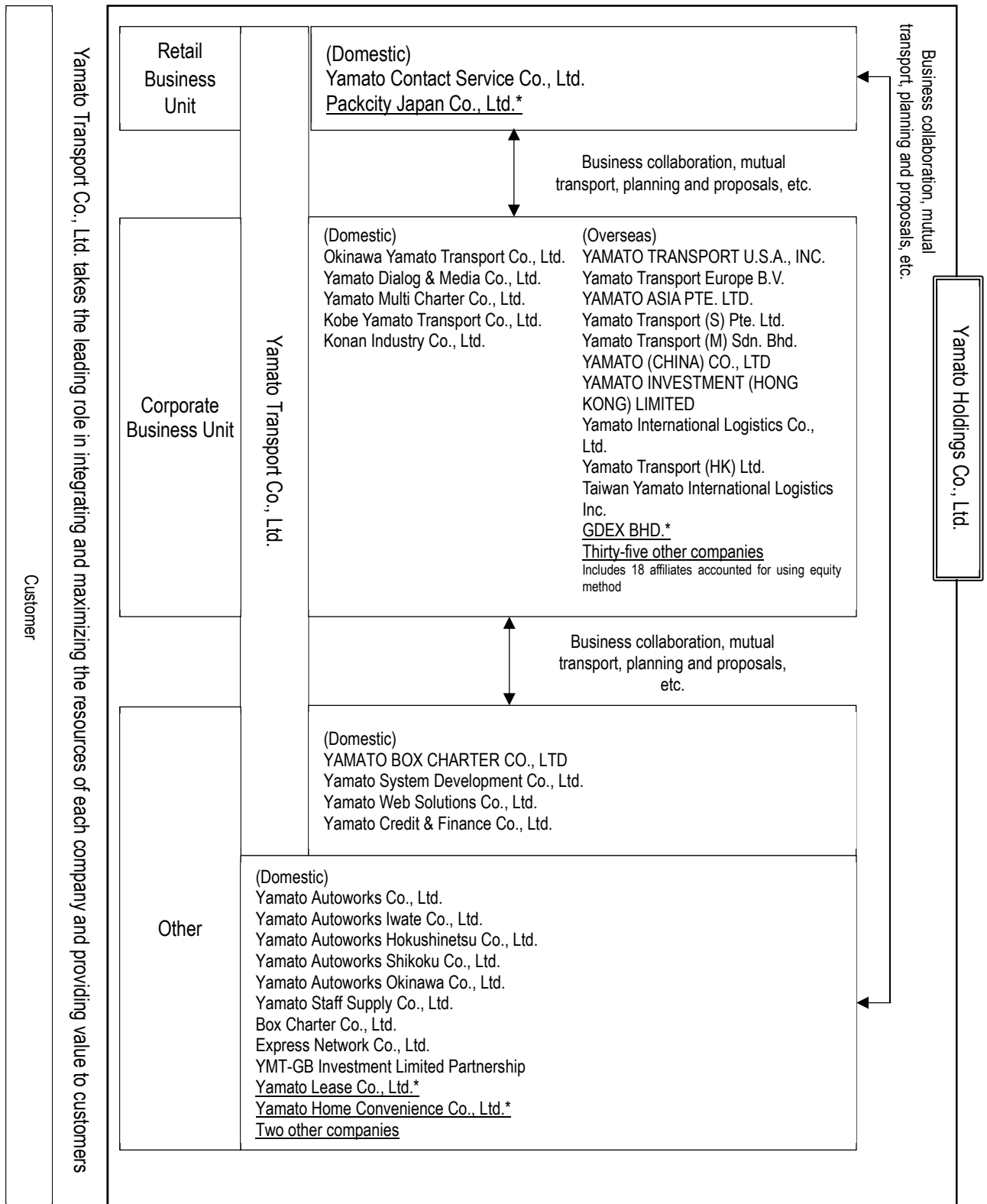
The Company is categorized as a specified listed company pursuant to Article 49, paragraph (2) of the Cabinet Office Ordinance on Regulations on Transactions of Securities. Accordingly, criteria for considering a material fact to be of minor importance for purposes of insider trading regulations are determined on the basis of consolidated figures.

Business segment	Description of business	Main companies
Retail Business Unit	Engages in providing high-quality, small-lot transportation services, including TA-Q-BIN to customers across Japan.	Yamato Transport Co., Ltd., YAMATO CONTACT SERVICE CO., LTD., Packcity Japan Co., Ltd.
	Home delivery business for individuals and small and medium-sized corporate customers	
Corporate Business Unit	Engages in providing improvement and efficiency to the logistics operations, planning supply chain management strategies, and providing the best solutions for the sustainable e-commerce system.	Yamato Transport Co., Ltd., Okinawa Yamato Transport Co., Ltd., Yamato Dialog & Media Co., Ltd., Yamato Multi Charter Co., Ltd., Kobe Yamato Transport Co., Ltd., Konan Industry Co., Ltd., YAMATO TRANSPORT U.S.A., INC., YAMATO TRANSPORT EUROPE B.V., YAMATO ASIA PTE. LTD., YAMATO TRANSPORT (S) PTE. LTD., YAMATO TRANSPORT (M) SDN. BHD., YAMATO CHINA CO., LTD., YAMATO INVESTMENT (HONG KONG) LIMITED, YAMATO INTERNATIONAL LOGISTICS CO., LTD., Yamato Logistics (HK) Ltd., TAIWAN YAMATO INTERNATIONAL LOGISTICS INC., GDEX BHD., 35 other companies
	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency service business, settlement services business	
Other	Engages in maximizing the Group's value to the customer by utilizing IT and maintenance functions and various forms of transportation business that support both the retail and corporate business segments.	Yamato Transport Co., Ltd., YAMATO BOX CHARTER CO., LTD., Yamato System Development Co., Ltd., Yamato Web Solutions Co., Ltd.*1, Yamato Credit & Finance Co., Ltd., Yamato Autoworks Co., Ltd., Yamato Autoworks Iwate Co., Ltd., Yamato Autoworks Hokushinetsu Co., Ltd., Yamato Autoworks Shikoku Co., Ltd., Yamato Autoworks Okinawa Co., Ltd., Yamato Staff Supply Co., Ltd., Box Charter Co., Ltd., Express Network Co., Ltd., YMT-GB Investment Limited Partnership, Yamato Lease Co., Ltd., Yamato Home Convenience Co., Ltd.*2, 2 other companies
	Development, operation and management of IT systems, vehicle maintenance business, fuel sales business, nonlife insurance agent business, cargo vehicle transportation service, roll box palette transportation service	

*1 Ceased to exist on April 1, 2022 as a result of an absorption-type merger in which Yamato System Development Co., Ltd. is the surviving company.

*2 Yamato Home Convenience Co., Ltd. changed from being a subsidiary to an affiliated company due to the transfer of a portion of its shares held by the Company on January 17, 2022.

The following business structure chart shows the above status of the corporate group.



- The company that submits consolidated financial statements
- No marking Consolidated subsidiary
- Underlined Unconsolidated subsidiary or affiliate
- * Affiliate accounted for using equity method

4. Status of Subsidiaries and Associates

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
(Consolidated subsidiary) Yamato Transport Co., Ltd. *1 *2	Tokyo Chuo-ku	50,000	Retail Business Unit Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	2 Company officers None Entrusted with the Company's administrative operations, etc. Leasing facilities. None
YAMATO CONTACT SERVICE CO., LTD.	Tokyo Toshima-ku	20	Retail Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Okinawa Yamato Transport Co., Ltd.	Okinawa Prefecture Itoman City	50	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 336 million yen in loans for funding. None None None
Yamato Dialog & Media Co., Ltd.	Tokyo Chuo-ku	100	Corporate Business Unit	51	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Yamato Multi Charter Co., Ltd.	Kyoto City Fushimi-ku	96	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Kobe Yamato Transport Co., Ltd.	Kobe City Chuo-ku	20	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Konan Industry Co., Ltd.	Hamamatsu City Minami-ku	20	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
YAMATO TRANSPORT U.S.A., INC.	California U.S.A.	Millions of US\$ 4	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO TRANSPORT EUROPE B.V.	Schiphol-Rijk The Netherlands	Millions of euro 8	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO ASIA PTE. LTD. *1	Singapore	Millions of S\$ 352	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer 271 million yen in loans for funding. None None None
YAMATO TRANSPORT (S) PTE.LTD.	Singapore	Millions of S\$ 34	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 1,855 million yen in loans for funding. None None None
YAMATO TRANSPORT (M) SDN.BHD.	Selangor Malaysia	Millions of MYR 71	Corporate Business Unit	60 (60)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 1,585 million yen in loans for funding. None None None
YAMATO CHINA CO., LTD.	Shanghai China	Millions of RMB 50	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
YAMATO INVESTMENT (HONG KONG) LIMITED *1	Hong Kong	Millions of HK\$ 970	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
YAMATO INTERNATIONAL LOGISTICS CO., LTD.	Shanghai China	Millions of RMB 120	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato Logistics (HK) Ltd.	Hong Kong	Millions of HK\$ 760	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
TAIWAN YAMATO INTERNATIONAL LOGISTICS INC.	Taipei Taiwan	Millions of NT\$ 21	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
YAMATO BOX CHARTER CO., LTD.	Tokyo Chuo-ku	400	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato System Development Co., Ltd.	Tokyo Koto-ku	1,800	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None Entrusted with the Company's system operation and management. None None
Yamato Web Solutions Co., Ltd.	Tokyo Chuo-ku	30	Other	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Credit & Finance Co., Ltd.	Tokyo Toshima-ku	500	Other	70	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 21,140 million yen in loans for funding. None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
Yamato Autoworks Co., Ltd.	Tokyo Chuo-ku	30	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato Autoworks Iwate Co., Ltd.	Iwate Prefecture Kitakami City	1	Other	95 (95)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Autoworks Hokushinetsu Co., Ltd.	Niigata City Nishi-ku	30	Other	95 (95)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Autoworks Shikoku Co., Ltd.	Kagawa Prefecture Nakatado-gun	1	Other	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Autoworks Okinawa Co., Ltd.	Okinawa Prefecture Itoman City	30	Other	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Staff Supply Co., Ltd.	Tokyo Chuo-ku	150	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 116 million yen in loans for funding. None None None
Box Charter Co., Ltd.	Tokyo Chiyoda-ku	230	Other	57	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
Express Network Co., Ltd.	Tokyo Minato-ku	112	Other	67	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YMT-GB INVESTMENT LIMITED PARTNERSHIP	Tokyo Shibuya-ku	1,500	Other	99.5	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
(an equity method affiliate) Packcity Japan Co., Ltd.	Tokyo Chiyoda-ku	1,500	Other	49 (49)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
GDEX BHD.	Selangor Malaysia	Millions of MYR 337	Other	23.1 (23.1)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Lease Co., Ltd.	Tokyo Toshima-ku	30	Other	40	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato Home Convenience Co., Ltd.	Tokyo Chuo-ku	100	Other	49	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
18 other companies						

*1. Yamato Transport Co., Ltd., YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED are categorized as specified subsidiaries.

*2. The operating revenue (excluding internal operating revenue among the consolidated companies) of Yamato Transport Co., Ltd. accounts for more than 10% of consolidated operating revenue. However, since more than 90% of the operating revenue (including inter-segment sales and transfers) of that Company is accounted for in the segment information under the Retail Business Unit and Corporate Business Unit, the main profit and loss information has been omitted.

Note: The figures in parentheses in the Ratio of voting rights held are the indirect holding ratios.

5. Status of Employees

(1) Consolidated companies

As of March 31, 2022

Business segment	Number of employees (Number of people)
Retail Business Unit	176,881
Corporate Business Unit	19,817
Other	20,150
Corporate	25
Total	216,873

1. Employees in the Retail Business Unit include employees in Yamato Transport Co., Ltd. headquarters.
2. Number in Corporate indicates the number of employees in Yamato Holdings Co., Ltd. (the Reporting Company).

(2) Status of the Reporting Company

As of March 31, 2022

Number of employees (Number of people)	Average age (years old)	Average length of service (years)	Average annual salary (Yen)
25	53.4	30.2	10,189,331

- Notes:
1. Average annual salary (including tax) includes non-standard allowances and bonuses.
 2. Number of employees has decreased by 364 since March 31, 2021. This is mainly attributed to the transfer of practitioners to subsidiaries as a result of the Group's reorganization.

(3) Status of the labor union

Yamato Transport Labor Union, etc. are organized in the Yamato Group. There are no particular matters to describe in relation to labor-management relations.

II. Business Overview

1. Management Policy, Management Environment and Tasks to be Addressed

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(1) Management policy

With the Management Philosophy that Yamato helps enrich our society by enhancing our social infrastructure, creating more convenient services for evolving lifestyles and industries, and developing innovative logistics and distribution systems, we are developing products and services that are useful for enhancing the convenience of lifestyles.

In the future, as part of the social infrastructure, we will continuously contribute to the creation of an enriched society by creating a “new logistics ecosystem” that meets the needs of customers and addresses social issues head on. In addition, we are also aiming for stable management by promoting improved efficiency and working towards strengthening profitability such as by working to enhance productivity.

(2) Objective indicators to judge the management environment, the management strategy and the status of achievement of the management goals

During the fiscal year ended March 31, 2022, there were signs of improvement in the economic sentiment due to the gradual resumption of economic activity following the full lifting of the novel coronavirus disease (COVID-19) state of emergency declarations. However, the outlook for full scale economic recovery remains unclear, due to global supply chain disruptions, the weakening of the yen, high crude oil prices, as well as the instability in international affairs leading to the rise in natural resource prices.

Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in consumer behavior and lifestyles brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Under such circumstances, the Yamato Group embarked on a new Group management structure centered on the “New Yamato Transport,” which combines management resources of our respective Group companies, with the aim of sustainably increasing its corporate value through contribution to the creation of an enriched society as stated under its Management Philosophy.

In addition, we took steps to furthermore provide comprehensive value by meeting the needs of our customers and society by transforming supply chains in response to changing lifestyles and changing distribution structure, based on the medium-term management plan, “One Yamato 2023,” with the fiscal year ending March 31, 2024 set as its final fiscal year.

We have not changed our plans for the fiscal year ending March 31, 2024, the final fiscal year of the medium-term management plan with a target of consolidated operating revenue of 2 trillion yen, and targets for consolidated profit of 120.0 billion yen (consolidated operating profit margin of 6.0%) and ROE of 10.0%.

(i) Nine main initiatives

i. Optimal allocation of management resources based on data analysis

Through development of the database and the advancement of algorithm development, we are improving the accuracy of the demand and workload forecast for each region and promoting the optimal allocation of Group management resources to respond to the changing and diversifying needs of customers, both individual and corporate.

In addition to optimizing and standardizing the transportation process, including trunk-route transportation, we will improve the productivity of the entire network by increasing the time employees spend with customers on the front line and expanding pickup and delivery capabilities. We will accomplish this by appropriately allocating personnel and vehicles at each base, as well as through operation work reform, automation, and digitalization.

Specifically, we expanded the development of digital data and the data acquisition methods utilizing cutting-edge technologies for further upgrades and refinement and also promoted the establishment of a digital platform to consolidate data-driven management.

Furthermore, we have integrated management resources and strengthened human resources through reorganization, designed the functions required for a strategic shift in systems and implemented various action plans to increase the medium-term rate of insourcing.

ii. Reinforcement of group infrastructure

We are engaged in increasing the speed of building an e-commerce logistics network, and are gradually improving the effectiveness of pickup and delivery services in the last mile domain.

In the future, under a framework of one-stop control of operations, we will work to optimize costs through the optimization of resources, consolidation of offices and increase in scale, etc.

In addition, utilize local networks that can cope with high-frequency, small to middle-lot deliveries and develop Yamato's original TMS (Transport Management System), and expand transportation functions that cater to the diverse needs of each region Furthermore, work on

initiatives to support partners such as by improving the functions of pickup and delivery tools for the EAZY network, which caters to diverse customer needs related to EC.

In addition, we will standardize, digitize and consolidate management and indirect operations to create solid time for employees to spend with customers on the front line.

Together with maximizing capacity, building company-wide optimal operations, and promoting measures that combine the facility strategies, we are promoting the establishment and standardization of operational design in warehouse operations and supporting the upstream processes for customer supply chains.

iii. Transformation into a partner that supports the entire supply chain

[1] Reinforce value offered to the entire supply chain from upstream to downstream operations

We aim to be a business partner that supports the entire supply chain from suppliers and manufacturers to stores and consumers by seamlessly linking nationwide commercial warehouses, bases, trunk-routes, middle mile, last mile and new regional transportation functions and by making digital information visible.

We contribute to the maximization of corporate client sales, streamlining the supply chain and improving cash flows by reducing the sales opportunity losses at stores due to shortages and suppressing uneven inventory levels, etc. through measures including batch transport of merchandise to locations close to consumption areas and the speedy delivery of products to stores using small to middle-lot deliveries according to the regional demand.

In the cross-border, we are digitizing and making all information in the global supply chain visible such as order information, shipment and ETA information, and customs information including for exporting and importing e-commerce, with a smooth focus on the domestic and overseas network, while providing sophisticated solutions including the minimization of inventory and optimization of lead times through the utilization of the fulfillment function.

[2] Integrated management of the Corporate Business Unit for facing customers

In addition to data analysis and the identification of issues from information consolidation, we are strengthening the corporate sales account management framework and building a framework that supports the proposal activities of frontline sales representatives to always realize the best proposal for corporate customers, so that the speedy collection and consolidation of customers' needs from the frontline leads to high quality proposals.

iv. Creation of the "EC Ecosystem"

We are reinforcing initiatives aimed at establishing an EC ecosystem in which EC operators, customers, and delivery persons can enjoy the benefits of the accelerated progress of EC adoption in all industries.

In addition to offering business operators with value in the upstream of the supply chain that minimizes inventory and administrative costs, we are enhancing the support frameworks including support for a shift to e-commerce by physical stores.

We are strengthening support for the delivery persons in better efficiency of the "Delivery System" including the further expansion of the EAZY network and enhancements of delivery tools utilizing digital.

For the consumers who are the buyers, we are proposing new customer experiences utilizing digital including real-time tracking of EASY and expansion of stores that accept smartphones.

We are also creating a new "Delivery System" and strengthening engagement with customers through the consideration of arrangements to link our customers, including more than 50 million Members of Kuroneko Members Service with producers, stores and more than 1.3 million companies that are members of the Yamato Business Members Service.

v. Improvement of capital efficiency

We will place more emphasis on capital efficiency when managing our operations with a two-pronged approach through a capital strategy and a financial strategy, to advance both business growth and cost structure reform. Meanwhile, we will enhance shareholder value through a timely and appropriate capital policy underpinned by a basic policy of stable dividends (with an awareness of the ratio of dividends to shareholders' equity), with due consideration placed on growth (operating revenue), profitability (operating profit margin), financial soundness (cash generation, balance of cash and deposits, equity ratio levels), progress of investments, capital efficiency and other factors. To be specific, we are aiming for ROE of at least 10% (the fiscal year ending March 31, 2024), payout ratio of at least 30%, and a total return ratio of at least 50% (cumulative from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024).

vi. HR strategies that support the "Innovating Delivery Business"

We are further enhancing the personnel system to a system through which we assess every frontline employee based on clear job descriptions and a system that develops specialist human resources to lead the Group enabling them to perform at a high level.

We are also rapidly promoting the development of digitally literate employees by enhancing our digital education programs, and raising the digital literacy of all employees including senior management.

vii. Reform of management structure and reinforcement of governance

Yamato Transport and seven group companies merged on April 1, 2021, and also merged with the Group company Yamato Management Services Co., Ltd. in September 2021. While the pure holding company is ongoing, we will start to build governance with an emphasis on decision-making speed with Yamato Transport serving as the core company following the merger. In the future, we will further evolve the One Yamato framework that mobilizes the Group companies' diverse management resources by further promoting management in local areas.

viii. Promotion of data and innovation strategies

In addition to the renewal of our core systems, we are strengthening the development of our digital data and reinforcing our digital platform in order to further advance the use of data. We are supporting the digital aspects of our nine main initiatives through expansion of the Yamato Digital Platform (YDP), which focuses on data acquisition mechanisms that utilize cutting-edge cloud technology.

Furthermore, starting with the KURONEKO Innovation Fund, which was established in April 2020, we are promoting the reinforcement of open innovation through activities such as discovering and collaborating with start-up companies and investing in start-ups to create new business.

ix. Strengthening of sustainable management

In addition to the "Sustainable Medium-Term Plans 2023," we have set a new target for 2030 to reduce our greenhouse gas emissions by 48%, while formulating the Yamato Group Human Rights Policy and Environmental Policy, etc. as ESG related policies to implement management embodying the environment and society to realize the vision in the "YAMATO NEXT 100" and to solve social issues that require special attention. In the future, we will be engaged in initiatives such as developing and installing EV and facilities and advance towards this achievement.

We aim for sustainable development of society and business by implementing these measures in our business activities.

(3) Business and financial issues that require priority action

The Yamato Group is operating in a business environment that is undergoing substantial transformation particularly in terms of diversifying customer needs, declining regional populations, a shrinking labor population, and climate change. Meanwhile, COVID-19 has furthermore accelerated growth in the e-commerce domain across all industries as companies address changes in consumer behavior and lifestyles caused by the pandemic. Moreover, the global disruption in supply chains as well as instability in international affairs causing the rise in natural resource prices is making the future outlook unclear. Amid that business environment, the Yamato Group has been seeking to sustainably increase its corporate value by "contributing to the creation of an enriched society" as stated under its Management Philosophy. To that end, on April 1, 2021, we have been shifting to a group management structure centered on the "New Yamato Transport," which combines management resources of our respective Group companies, while furthermore embarking on our medium-term management plan, "One Yamato 2023," with the fiscal year ending March 31, 2024 set as its final fiscal year. We will furthermore accelerate implementation of the following initiatives based on the "One Yamato 2023" plan, which aims to provide comprehensive value by meeting the diversifying needs of customers and society to transform the supply chain in response to the changing distribution structure.

(i) Increasing productivity across the entire Yamato Group

Under our medium-term management plan "One Yamato 2023," we are optimally allocating the Group's management resources by improving the accuracy of our demand and operational workload forecasts in the various regions in order to cater to the changing and diversifying needs of our individual and corporate customers.

We will improve productivity across our entire logistics network and achieve higher profitability by consolidating and repositioning our commercial warehouses, sorting terminals, business offices and other locations nationwide.

We are building an e-commerce logistics network that addresses the continuously growing e-commerce demand, especially in the urban areas, and will seek to optimize our human resource allocation as well as transportation and delivery costs between this new network and our existing network. We will also continue to optimize and standardize our delivery process by transforming work operations, and shifting to automation and digitization, thereby increasing the amount of time frontline employees interact with our customers, expanding our collection and delivery capabilities, and enabling us to make improvements in safety and quality. Moreover, in order to reduce the administrative operations of our frontline employees, we will continue to promote business process re-engineering (BPR) by standardizing our operations as well as digitizing such tasks.

(ii) Increasing operating revenue through growth in the corporate client domain

In our medium-term management plan "One Yamato 2023," we regard the changes in consumer behavior and lifestyles triggered by COVID-19 as an opportunity to grow our business. We are positioning the solution business, in which we seek to solve challenges faced by our clients throughout the entire supply chain, beyond the business-to-consumer (B2C) domain, as a new growth area to focus on. For clients that conduct their businesses globally, the consolidated Group sales functions and our operations will come together to

provide one-stop business solutions using the Group's facilities including our international offices.

For corporate clients in various regions, we will create optimal proposals based on sales information that is consolidated to our headquarters, facilitating frontline sales initiatives and design solutions as well as upgrading our operational design, providing value across the entire supply chain by streamlining backyard operations related to stores and e-commerce operations, reducing opportunity loss in sales and optimizing inventories.

In order to create optimal e-commerce ecosystem solutions that enable e-commerce companies to expand together with sellers, e-commerce users and delivery service providers, we will enhance the functions of EAZY, which is based on real-time communications with customers. We will also enhance our solutions for procurement, inventory management and other upstream domains for both large and small e-commerce companies, as well as for manufacturers and retailers aiming to strengthen their e-commerce operations.

(iii) Promoting strategies for achieving sustainable enhancement of corporate value

Through our medium-term management plan "One Yamato 2023," we will promote data and innovation strategies, reform our management structure and reinforce governance, implement an HR strategy that supports "Innovating Delivery Business," improve capital efficiency, and strengthen sustainable management, thereby achieving sustainable enhancement of corporate value.

Our data strategy continues to involve upgrading core systems, as well as maintaining digital data and enhancing digital platforms to achieve more sophisticated use of data. Meanwhile, our innovation strategy continues to promote pinpointing and collaborating with startups as well as investing in such startups with the aim of creating new businesses, particularly using the "KURONEKO Innovation Fund."

We will also continue to strengthen governance by separating management supervision and execution, maintaining and enhancing management transparency, as well as enhancing corporate governance, and promote management reforms through a governance structure with an emphasis on the speed of decision-making.

As for our HR strategy, which supports "Innovating Delivery Business," we will continue to establish and operate a personnel system through which we assess every employee based on clear job descriptions. We will also rapidly promote the development of digitally literate employees by enhancing our digital education programs, and raising the digital literacy of all employees including senior management. Moreover, we will create work environment that enables our approximately 220,000 employees, the Yamato Group's greatest asset, to work with more peace of mind. We accordingly aim to maintain a rewarding work environment that causes employees to take a vibrant approach to work and where human rights and diversity are respected.

In terms of improving our capital efficiency, we will place more emphasis on capital efficiency when managing our operations with a two-pronged approach through a capital strategy and a financial strategy, in order to achieve both business growth and cost structure reform. Meanwhile, we will enhance shareholder value through a timely and appropriate capital policy underpinned by stable dividends mindful of the ratio of dividends on equity (DOE), with due consideration placed on growth (operating revenue), profitability (operating profit margin), financial soundness (cash generation, balance of cash and deposits, equity ratio levels), progress of investments, capital efficiency and other factors.

As for strengthening sustainable management, we will take further steps based on our targets up until the fiscal year ending March 31, 2024, and specific actions to be taken in response to material issues, outlined in the "Sustainable Medium-term Plan 2023 <Environment & Society>," and pursue the sustainable development of the environment and society as well as our own business. In order to achieve our long-term environmental target of zero emissions (In-house emissions) of greenhouse gases by 2050, we have set a mid-term target for 2030 to reduce greenhouse gas emissions by 48% compared to 2020. Going forward, we will introduce more EVs in our fleet, as well as electricity generated from renewable sources, and promote initiatives to reduce greenhouse gas emissions for the entire logistics industry and society.

2. Business and Other Risks

Among the matters related to business conditions, accounting conditions, etc., as described in the Annual Securities Report, the major risks that are recognized as having a significant impact on the Yamato Group's business results, etc., from the perspective of their impact on management and the likelihood that they will materialize, are categorized as risks related to the business environment and corresponding strategies, and risks related to business operations, and they are summarized as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(1) Risks related to the business environment and corresponding strategies

(i) Risks due to changes in the market and competitive environment

The business environment surrounding the Yamato Group is changing significantly and rapidly. The spread of COVID-19 has triggered changes in consumer behavior and lifestyles, and the corresponding shift to e-commerce in all industries is accelerating. The changing market structure is also changing the competitive environment, not only intensifying competition with logistics providers, but also making it more important to have strategic relationships with EC platforms that are converting to in-house logistics, as well as the need to be aware of start-ups that have the potential to change business practices through digital means. Failure to respond to the changing and diversifying needs of consumers and the logistics needs of corporate customers who are restructuring their existing distribution structures could result in a decline in operating revenues and missed growth opportunities, which could affect the Yamato Group's business results. In addition, corporate involvement and problem solving for the development of a sustainable society are becoming more and more important, and corporate activities that do not involve sustainability may result in a decline in customer support, deterioration in relationships with the regional society, difficulty in securing talented human resources, and higher financing costs. This may affect the business results of the Yamato Group in the mid- to long-term.

In light of these risks, we are promoting structural reforms based on our Medium-Term Management Plan, "One Yamato 2023," which ends in the fiscal year ending March 31, 2024. We will face the changing needs of customers and society as "One Yamato," and by leveraging the strength of last-mile delivery and our contacts with many corporate customers as a starting point, we aim to become an entity that improves convenience for consumers, and contributes to corporate customers' business performance and corporate value by making maximum use of the Group's collective management resources and providing value for corporate customers both in Japan and overseas, covering their businesses End to End, from upstream to downstream, in addition to "TA-Q-BIN" services.

In the area of structural reform of revenue, we aim to become a management partner to our customers by providing an end-to-end solution covering the entire supply chain, and to support them in their supply chain and business process reforms, as well as working to promote account management that faces customers as One Yamato, including those overseas, and to establish a system in which sales and operations are integrated to face corporate customers.

Also, in structural reform of costs, we are working to optimize overall network operations in order to respond to changes in customer and cargo composition, expand overall network capacity, improve quality, and optimize costs. Specifically, we are building an EC logistics network with simplified operational processes, developing a middle-mile network to meet the transportation needs of corporate customers, consolidating and reallocating last-mile facilities in the TA-Q-BIN network, and re-defining the functions of sorting terminals (bases).

Furthermore, we are promoting measures such as the optimal allocation of management resources based on data analysis, business process reform (BPR), and innovation strategies.

We are also working to achieve the environmental and social vision set forth in "YAMATO NEXT 100," our medium- to long-term management grand design for sustainable development of society and business, through the "Sustainable Medium-Term Plans 2023" that define specific actions to address key issues and targets to be achieved by the fiscal year ending March 31, 2024.

(ii) Risks due to the declining working population

Many of the businesses operated by the Yamato Group are labor-intensive, and it is essential for us to secure high-quality human resources as our workforce and to assign them to their positions appropriately. If the supply-and-demand for labor becomes even tighter due to a decline in Japan's working population and it is not possible to secure sufficient human resources including transportation and delivery partners, or if costs significantly increase due to more intense competition over human resources, the Yamato Group's business results may be affected.

In light of these risks, the Yamato Group is building an environment in which employees are motivated to work and can advance through an attractive personnel and evaluation system that contributes to the acquisition and retention of human resources, and it is also developing a workplace environment in which human rights and diversity are respected and employees can work with greater peace of mind, and working to strengthen cooperation with our transportation and delivery partners, including in terms of safety and quality.

In addition, we are promoting the re-hiring of employees who have reached retirement age and possess knowledge and expertise. We are also working to optimize the allocation of management resources based on data analysis, optimize and standardize transportation processes including trunk lines, reduce inter-base transportation by consolidating and reallocating bases, and improve overall network productivity through operational reform, automation, and digitalization of work, while promoting business process reform (BPR) to standardize, computerize, and consolidate administrative and indirect operations.

(iii) Risks involved in the evolution of technology

The logistics industry in which the Yamato Group operates is undergoing various changes due to the evolution of technology, such as resource optimization through the utilization of AI, IoT, big data, and more, the automation of warehouse operations through the utilization of robotics, and reformation of trunk route transportation and last-mile delivery through the utilization of drones and automated driving. If the Yamato Group is unable to respond appropriately to the emergence of new business models expected in the short to mid-term, or if there is a misunderstanding of technological trends or inadequacies in the implementation method of cutting-edge technologies, the investment effect may not be achieved as expected, which may affect the Yamato Group's business results.

In light of these risks, the Yamato Group is promoting the shift to a data-driven digital management and establishing a dedicated organization to bring together internal and external digital and IT personnel to promote the implementation of cutting-edge technologies. We are also striving to quickly detect technologies and business models that could become a threat to the Yamato Group through direct investment and CVC funds in the digital field, as well as to create new growth models through open innovation.

(iv) Risks involved in information security

In addition to confidential business information, the Yamato Group also holds a great deal of personal and customer information through its logistics operations and commissioned information processing. If information were to be leaked externally or data were to be lost due to causes such as cyber-attacks or inadequate management, the business results of the Yamato Group may be affected due to damaged public trust, claims for damage compensation, and doubts about the data strategy we are promoting. In addition, if the TA-Q-BIN system were to go down due to a cyber-attack, etc., and TA-Q-BIN deliveries were to be suspended nationwide, the Yamato Group's business results could be affected by lost revenue opportunities, etc.

In light of these risks, the Yamato Group is engaged in organizational and personnel-based measures as well as multi-layered technical measures assuming more advanced and more sophisticated cyber-attacks. Security measures include 24 hours a day and 365 days a year monitoring against unauthorized access to the network and unauthorized entry into the facility. In addition, as a countermeasure against system outages due to broad-based disasters, we have decentralized data centers for critical systems and operate mutual backups. As a countermeasure against system breakdowns, we have maintenance contracts with manufacturers to deal with hardware degradation over time and potential bugs in their products, and we are constantly coordinating information on problems or defects.

(v) Risks involved in depopulation of the region

Japan, which is the Yamato Group's main market, is experiencing a decline in the total population as well as a variety of issues in regional lifestyles and regional economies. In depopulated and aging regions, declining delivery efficiency and a shortage of human resources for pickup and delivery have become apparent. In the future, the business results of the Yamato Group may be affected if problems such as the decline of the regional social infrastructure due to a shrinkage of the local economy become more serious, or if it becomes more difficult to maintain a logistics network that covers the entire country in fine detail from a mid- to long-term perspective due to the decreasing profitability in such regions.

In light of these risks, based on "One Yamato 2023," the Yamato Group is promoting the efficiency of transportation, delivery, and operations through the optimal allocation of management resources based on data analysis and the reallocation of bases. Additionally, the offices in charge of regional management will take the lead in promoting initiatives to contribute to the sustainability of local communities by rebuilding supply chains as local infrastructure in cooperation with local stakeholders, including local governments.

(vi) Risks involved in climate change

The Yamato Group uses a large number of vehicles to carry out its business. If global environmental issues, including climate change, become more serious, and if greenhouse gas (GHG) emission regulations or reduction obligations are tightened, or if carbon taxes are raised, the Yamato Group's business results may be affected due to increased costs for the introduction of low-carbon vehicles and facility renovations, etc. Also, with consumers becoming increasingly conscious of environmentally friendly consumption and with corporate customers' demands to reduce GHG emissions throughout their supply chains, if we are unable to meet the expected low-carbon transportation, operating revenues may decrease due to a decline in customer support, which may affect the Yamato Group's operating results among others. In addition, if the transition to a low-carbon society does not progress, the long-term effects could include frequent suspension of business activities due to damage to employees and facilities, road cutoffs, or power and fuel supply outages caused by more severe or more frequent natural disasters, which could affect the Yamato Group's operating results.

In light of these risks, the Yamato Group is promoting sustainability initiatives based on the "Sustainable Medium-Term Plans 2023," which set forth specific actions for key issues and targets to be achieved by the fiscal year ending March 31, 2024, in order to realize the vision set forth in the "YAMATO NEXT 100" medium- to long-term management grand design and achieve the long-term target of effectively zero GHG emissions (in-house emissions) by 2050.

Under the plan, we have set a target to reduce GHG emissions by 10% in the fiscal year ending March 31, 2024, compared to the fiscal year

ended March 31, 2021, which include streamlining transportation and delivery based on data analysis, using electricity derived from renewable energy sources, reducing the use of dry ice by introducing small mobile freezers and mechanical cold boxes, consolidating locations and introducing LEDs, and enhancing energy management. We have also set a new medium-term target of reducing GHG emissions by 48% by 2030 compared to the fiscal year ended March 31, 2021, and will promote initiatives such as the introduction of EVs and the installation of solar power generation equipment. In addition, the entire Group is working to improve its resilience by strengthening its crisis management system in anticipation of various emergency situations caused by natural disasters. Specifically, we are conducting drills based on the business continuity plan (BCP), assessing the risk of flood damage to facilities, reallocating bases, and continuously reviewing manuals related to post-disaster response, suspension of pickup and delivery, maintenance work, etc. in preparation for unexpected disasters.

(2) Risks related to business operations

(i) Risks involved in infectious diseases

Many of the businesses operated by the Yamato Group are labor-intensive, and we operate our businesses assuming the safety and health of our employees. In the event of an unforeseen outbreak of an infectious disease, the business results of the Yamato Group may be affected due to a lack of human resources because of employee illness, costs involved in providing hygienic supplies, and increased difficulty in continuing business. In addition, due to the ongoing effects of the COVID-19 infection, the overall economic activities are stagnating. If it takes a long period of time for the situation to be resolved, the business results may be affected due to a decrease in transactions with corporate customers.

In light of these risks, the Yamato Group has set up a liaison office for countermeasures against COVID-19, and it is planning and promoting countermeasures based on the infection situation within the Company and government measures. Then, to ensure that our customers can use TA-Q-BIN with peace of mind, we pay utmost attention to employee hygiene management, as well as supporting parcel deliveries without face-to-face contact and taking measures to prevent infection when taking care of customers in person, and disseminating information through our website and other means, thereby ensuring the continuation of TA-Q-BIN and other logistics services with customer and employee safety as our top priority.

(ii) Risks involved in compliance

The Yamato Group promotes management that places the utmost priority on compliance. However, it may not be possible to completely avoid compliance risks in products and services, work and safety, and the entire supply chain, and if a situation that infringes on a law or regulation were to occur, the Yamato Group's social trust and brand image could be damaged, and additional costs could be incurred in response to that occurrence. This may affect the business results of the Yamato Group.

In light of these risks, in order to improve the soundness of our Group management, the Yamato Group is striving to enhance our Group governance by appropriately operating our product management process based on our product management regulations, implementing philosophy training for employees, and working to quickly discover and appropriately respond to inappropriate cases through our whistle blower system and questionnaires for cooperating companies and partners. In addition, we will reform the group management system, shorten the distance between management and the front line, and aim to have closer communication and swifter decision-making, thereby striving to cultivate a healthy corporate culture.

(iii) Risks involved in M&A and capital and business alliances

The Yamato Group has been implementing capital and business alliances and the like with overseas logistics companies in order to respond to the expansion of cross-border logistics with the goal of sustainable growth. However, if we are unable to achieve the expected results due to changes in the business environment or competition, or if unforeseen business problems occur, our business results may be affected.

In light of these risks, the Yamato Group makes decisions on investment projects after thoroughly examining the business model we should aim for based on the results of feasibility studies and other factors, and in light of the business feasibility determination rules, continues to conduct periodic monitoring after investment.

(iv) Risks involved in disasters, power outages, and the like

The Yamato Group's main business is the transportation of parcels by vehicle, and we operate our business assuming the safety and health of our employees, the maintenance of our vehicles and facilities, and the stable supply of fuel and electricity. In the event of an unexpected large-scale natural disaster or power outage, etc., the Yamato Group's business results could be affected by a shortage of human resources due to employees becoming victims, business stoppages due to damage or submersion of vehicles, information equipment, or facilities, power or water outages or shortages of fuel or supplies, incurring repair or replacement costs for vehicles or facilities, or a decrease in shipment volume due to customers becoming victims, from immediately after the disaster and over the medium to long term.

In light of these risks, the Yamato Group, as a corporate group responsible for social infrastructure, has formulated a business continuity plan (BCP) to ensure that we can continue to provide stable services even in unexpected situations. In addition, in light of our experience of the Great East Japan Earthquake that occurred in 2011 and other such disasters, we are working to strengthen the crisis management system

throughout the Group to respond to a variety of hypothetical emergency situations. We then conduct BCP drills, assess the risk of flood damage to our facilities, and reallocate our bases, as well as continuously review manuals related to post-disaster response, suspension of pickup and delivery, maintenance work, etc., in preparation for unexpected disasters. In the event of an emergency, based on our basic BCP policy, which is centered on “placing the highest priority on human life,” “aiming for early restoration of the business of each Group company,” and “meeting the expectations of the local community as a social infrastructure,” we will establish an internal task force in accordance with our standards, respond in cooperation with the Group companies, and work to provide value to the affected areas and customers in response to their issues.

(v) Risks involved in serious traffic accidents and occupational accidents

The Yamato Group conducts its business activities using vehicles on public roads, and if a serious traffic accident were to arise, the Yamato Group could suffer a drop in social trust, discontinuation of the use of its vehicles due to administrative punishment, discontinuation of business operations at its offices due to the violation point system, revocation of its business license, and other measures. This could result in business being disrupted or suspended. In addition, causing a serious occupational accident that impairs the occupational safety of employees and others could affect the business results of the Yamato Group.

In light of these risks, the Yamato Group places the utmost priority on respect for human life, and is working to promote transportation safety management, to formulate and comply with rules to ensure safety, to maintain facilities and systems, to provide safety education and raise awareness among employees, to implement periodic checks by the Audit Division on the status of compliance with laws and regulations in operations and maintenance management, and to ensure occupational safety.

(vi) Risks due to the influence of international situations and the like

If the regions in which the Yamato Group conducts its business activities or the regions in which its major clients conduct their business activities are affected by terrorism, war, or other international conflicts or trade disputes, the business results of the Yamato Group may be affected by stagnating logistics caused by disruptions in the supply chain or the like, as well as employee evacuations or other similar reasons. In addition, as the Yamato Group’s main business is the transportation of parcels by vehicle, a constant, stable, and appropriate supply of fuel such as diesel oil is essential in order to carry out the business. If supply were to be restricted or fuel prices were to skyrocket due to international situations or the like, the business results of the Yamato Group may be affected.

In light of these risks, the Yamato Group has established an account management structure that faces corporate customers as “One Yamato,” including those overseas, and responds to the needs of customers facing challenges due to disruptions in the global supply chain by combining a variety of transportation methods by land, sea, and air. In addition, we are promoting measures to reduce fuel use, such as improving efficiency of transportation and delivery based on data analysis, modal shifts, the introduction of more fuel-efficient vehicles, and the promotion of cart pickup and delivery, as well as optimizing pricing to customers in light of soaring fuel prices etc.

(vii) Risks due to influence from the financial market

The Yamato Group acquires the necessary funding by utilizing Group funds as well as borrowing from financial institutions and issuing bonds while referring to our investment plans for business continuity and growth. The future economic situations of Japan and abroad may make it difficult to procure funding if the financial markets become dysfunctional or if financial institutions are selective in their lending, and interest expenses may increase due to rising interest rates.

In light of these risks, we will maintain and strengthen our financial soundness in terms of cash generation, cash and deposits held, equity ratio levels, and the like, as well as strive to appropriately diversify our funding sources and timing.

(viii) Risks involved in labor-related laws and systems

Many of the businesses operated by the Yamato Group are labor-intensive, and it is essential for us to secure high-quality human resources as our workforce and to assign them to their positions appropriately. In the event of revisions to laws, regulations, systems related to labor, social insurance, or the like, the Yamato Group’s business results may be affected due to a significant increase in costs to comply with such revisions. In addition, the application of overtime caps to vehicle driving operations will begin in April 2024, which will reduce capacity for long-distance transportation in the transportation industry and increase the cost of outsourcing to transportation partners, which may affect the Yamato Group’s business results.

In light of these risks, the Yamato Group is working to promote the development of a working environment and HR system that appropriately complies with laws and regulations, as well as improve productivity by promoting digital transformation. In addition, we will expand the use of trailers, including the Super Full Trailer SF25, which contributes to more efficient long-distance transportation, promote modal shifts, and improve transportation efficiency based on data analysis, and toward building a sustainable logistics network, in addition to trucks, railroad, ferries, and cargo space under passenger aircraft floors, which have been responsible for long-distance transportation until now, we will begin operating dedicated cargo aircraft (freighters) as a new mode of transportation from April 2024.

3. Management's Analysis of Financial Conditions, Business Results and Cash Flows

(1) Overview of the business results, etc.

An overview of the Yamato Group's financial conditions, business results and cash flows for the fiscal year ended March 31, 2022 is provided below.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(i) Financial conditions and business results

i. Financial conditions

Total assets were 1,086,854 million yen, down 3,136 million yen from the end of the previous fiscal year.

Liabilities were 488,621 million yen, down 17,082 million yen from the end of the previous fiscal year.

Net assets were 598,233 million yen, up 13,946 million yen from the end of the previous fiscal year.

ii. Business results

During the fiscal year ended March 31, 2022, there were signs of improvement in the economic sentiment, due to the gradual resumption of economic activity following the full lifting of the novel coronavirus disease (COVID-19) state of emergency declarations. However, the outlook for full scale economic recovery remains unclear, due to global supply chain disruptions, the weakening of the yen, high crude oil prices, as well as the instability in international affairs leading to the rise in natural resource prices.

Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in consumer behavior and lifestyles brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education. Under such circumstances, the Yamato Group embarked on a new Group management structure centered on the "New Yamato Transport," which combines management resources of our respective Group companies, with the aim of sustainably increasing its corporate value through contribution to the creation of an enriched society as stated under its Management Philosophy.

In addition, we took steps to furthermore provide comprehensive value by meeting the needs of our customers and society by transforming supply chains in response to changing lifestyles and changing distribution structure, based on the medium-term management plan, "One Yamato 2023," with the fiscal year ending March 31, 2024 set as its final fiscal year.

Our consolidated financial results for the fiscal year ended March 31, 2022 were as follows.

Category	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	Growth (%)
Operating revenue (Millions of yen)	1,695,867	1,793,618	97,750	5.8
Operating profit (Millions of yen)	92,121	77,199	(14,921)	(16.2)
Ordinary profit (Millions of yen)	94,019	84,330	(9,689)	(10.3)
Profit attributable to owners of parent (Millions of yen)	56,700	55,956	(744)	(1.3)

For the fiscal year ended March 31, 2022, operating revenue amounted to 1,793,618 million yen, up 97,750 million yen year-on-year. This is largely attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the burgeoning e-commerce domain, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,716,418 million yen, up 112,672 million yen from the previous fiscal year. This was due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing operations in the e-commerce logistics network, which we are building to accommodate the growing demand for e-commerce, and our existing network, along with higher unit prices of fuel.

As a result, for the fiscal year ended March 31, 2022, operating profit amounted to 77,199 million yen, down 14,921 million yen from the previous fiscal year.

Ordinary profit amounted to 84,330 million yen, down 9,689 million yen from the previous fiscal year, despite the booking of 4,510 million yen in gain on investments in investment partnerships.

Profit attributable to owners of parent amounted to 55,956 million yen, and the Company was able to limit the decline from the previous fiscal period to 744 million yen, mainly due to booking of 15,312 million yen of disposal gains of investment securities as extraordinary income, in part due to the disposal of strategic holdings of shares, the booking of 14,999 million yen in loss on revision of retirement benefit plan as extraordinary losses, as well as the decline in taxable profit for the period as a result of losses from the disposal of affiliate company shares.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022. In addition, effective from the fiscal year ended March 31, 2022, the Company and its domestic consolidated subsidiaries have changed from the declining-balance method to the straight-line method as their depreciation method for property, plant and equipment in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles. Details are shown in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Changes in accounting policies).”

In January 2022, the Company transferred 51% of the Company’s holdings of issued common shares of Yamato Home Convenience Co., Ltd. (“YHC”) to ART MOVING COMPANY Co., Ltd. Effective from the end of the fiscal year ended March 31, 2022, YHC has become an equity method affiliate instead of a consolidated subsidiary, given that the Company holds 49% of the voting rights in YHC, down from 100% previously as a result of the transfer of shares.

Initiatives for the entire Yamato Group

The Yamato Group has been working to address the COVID-19 pandemic, and to ensure that customers can use TA-Q-BIN with peace of mind, we have continued to take steps that include making sure that employees practice full hygiene management, promoting workplace vaccinations among employees who wish to be vaccinated, and otherwise placing focus on implementing contact-free deliveries and other infection prevention measures when interacting with customers, using our website to share information, and continuing to provide logistics services, including TA-Q-BIN. Based on our medium-term management plan “One Yamato 2023,” which seeks to provide comprehensive value that addresses the diversifying needs of customers and society, we are working on the following initiatives:

(a) Improving productivity across the entire Yamato Group

In order to address the changing and increasingly diverse needs of our customers, we have continued working to optimally allocate the Group’s management resources while striving to improve the accuracy of our demand and operating amount forecasts on the basis of data analysis. In addition, we have been coordinating efforts to the Retail Business Unit, Corporate Business Unit, Transportation Function Division, and Digital Function Division with respect to optimizing and standardizing our delivery process by transforming work operations, and shifting to automation and digitization, thereby increasing the amount of time frontline personnel interact with our customers, expanding our collection and delivery capabilities, and enabling us to make improvements in safety and quality. In September 2021, Yamato Management Service Co., Ltd., which handles bookkeeping and accounting operations as well as personnel affairs for respective companies of the Yamato Group, was combined with Yamato Transport Co., Ltd. by means of absorption-type merger, thereby enabling us to make progress in achieving optimal allocations of specialist human resources in our accounting and HR operations. Moreover, our Professional Service Function Division has been operating under the “One Yamato Structure” in spearheading efforts to reduce the administrative and indirect operations workload of our frontline personnel by engaging in business process re-engineering (BPR), which has involved standardizing and digitizing such tasks.

(b) Growing operating revenue through growth in the corporate client domain

For our corporate clients who have been coping with changes in consumer behavior and lifestyles caused by the spread of COVID-19, we have been working to build transportation and delivery networks with the addition of the network for corporate enterprises to the TA-Q-BIN and EAZY transportation modes, cater to the needs for international transportation, as well as improve the profitability of our international business. In addition, we have been continuing to tap the expanding e-commerce (EC) demand through the optimal allocation of EAZY CREW delivery partners and our sales drivers, as well as establishing an e-commerce logistics network with a simpler sorting, transportation and last-mile delivery operation, while also proposing solutions in upstream domains of logistics, particularly in areas that include e-commerce company procurement and inventory liquidation. We have also been placing focus on providing new value in part by launching the “digital return and sending service” for e-commerce companies, which entails shifting to digital procedures for returns of purchased merchandise, simplifying procedures in terms of hassles encountered when purchasers would previously make a return request by telephone or in preparing delivery slips, and making it possible to return items without the need for delivery slips from nearby business offices, PUDO Station parcel lockers, and certain convenience stores. Moreover, we served as the official logistics services partner of the Tokyo 2020 Olympic and Paralympic Games held from July to September 2021, which involved facilitating smooth and safe operations with respect to logistics design and implementation during the event by providing comprehensive logistics services in addition to TA-Q-BIN.

(c) Promoting strategies for achieving sustainable enhancement of corporate value

With the aim of sustainably enhancing our corporate value, we have engaged in initiatives under our medium-term management plan “One Yamato 2023” plan that involve promoting data and innovation strategies, reforming management structure and reinforcing governance, engaging in HR strategy which supports “Innovating Delivery Business,” improving capital efficiency, and strengthening sustainable management.

Our data strategy aims at preparing and making use of digital data and enhancing our digital platform to further sophisticate our use of data. In the fiscal year ended March 31, 2022, we further enhanced the accuracy of demand forecasting, as well as the real-time communication platform that supports the EAZY operations. In terms of our innovation strategy, we moved forward with initiatives to promote open innovation, which entails discovering and collaborating with startups, as well as investing in such startups with the aim of creating new businesses. In the fiscal year ended March 31, 2022, we invested in startups with state-of-the-art technologies, such as cross border fashion e-commerce site operator Sixty Percent Co., Ltd., and Pale Blue Inc., which develops propulsion systems for ultra-small satellites that use water as fuel, through the “KURONEKO Innovation Fund.”

In terms of strengthening our governance, we are continuing our efforts such as separating management supervision and execution, maintaining and enhancing management transparency, as well as enhancing governance with an emphasis on decision-making speed.

When it comes to HR strategy which supports “Innovating Delivery Business,” we are using a specialist personnel system for employees engaged in instructing safety as well as planning, and conducting training programs through the Yamato Digital Academy with the aim of raising the digital literacy of all employees including senior management, as well as developing digital talent as quickly as possible.

As for strengthening sustainable management, in order to strike the right balance between sustainable growth and the development of a sustainable society, we have been engaging in business in a manner that involves considering the environment and society, in part by streamlining transportation in a manner that involves attentively connecting people with resources and data. These efforts have been underpinned by our dual visions, one of which is “Connect. Deliver the Future via Green Logistics.” and the other of which is, “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind.’” In the fiscal year ended March 31, 2022, we established an organizational structure to manage sustainability efforts of the whole Group, as well as setting the “Yamato Group Environmental Policy” (August 2021), “Yamato Group Human Rights Policy” (December 2021), followed by “Yamato Group Responsible Procurement Policy” and “Yamato Group Business Partner Guidelines” in January 2022.

Business strategies of each segment

The Company has changed its classification of reportable segments, effective from the first quarter of the fiscal year under review. As such, figures for the previous corresponding period have been restated to the new reportable segments to enable segment comparisons.

○ Retail Business Unit

(a) The Retail Business Unit provides high-quality parcel delivery services such as TA-Q-BIN and has otherwise been working to provide value that addresses needs of our customers by drawing on the distinctive characteristics of TA-Q-BIN in terms of its points of contact with a broad range of customers. The business unit continued to focus on proposing solutions that draw on the Group’s management resources in collaboration with the Corporate Business Unit, in a manner whereby frontline personnel grasp customer changes associated with lifestyles and the business environment, thereby serving as a starting point for business of the entire Yamato Group. Moreover, it has also been working in collaboration with the Platform Function Division, in part through efforts to provide services that make delivery and pick-up more convenient, particularly the “Kuroneko Members” service, which has more than 50 million registered members, and the “Yamato Business Members” service, which is used by more than 1.3 million corporate clients, and also through efforts to upgrade various services other than those involving transportation that are beneficial in terms of people’s lives and business.

(b) During the fiscal year ended March 31, 2022, we took steps to improve customer convenience with respect to the “TA-Q-BIN Request by Smartphone” service, which enables customers to complete TA-Q-BIN sending procedures using their smartphones via a service-specific website that makes it possible for them to take care of everything from preparing shipping labels to paying TA-Q-BIN fees. Such improvements included expanding the list of delivery options available in terms of targeting leisure interests through delivery options such as Golf TA-Q-BIN, Ski TA-Q-BIN, Airport TA-Q-BIN, and Round-Trip TA-Q-BIN, and also adding the online receipt download function, as well as making it possible to send parcels from PUDO Stations without human interaction. In March 2022, we improved the convenience of the various functions offered to Kuroneko Members, including better visibility and control functions of the app and website, as well as real-time linkage and integration of customer and parcel information using the new data platform.

(c) Working in collaboration with the Transportation Function Division and Digital Function Division, the Retail Business Unit continued to strive to improve the accuracy of demand and operating amount forecasts in respective geographic regions, and has been endeavoring to increase productivity by appropriately allocating personnel and by heightening efficiency of collection and delivery and of our trunk-route transportation.

(d) Operating revenue from customers amounted to 893,396 million yen, up 1.2% from the previous fiscal year, mainly as a result of the business unit having engaged in efforts to optimally deliver parcels in alignment with diversifying needs and it having focused on acquiring

parcels from small businesses in collaboration with the Corporate Business Unit. Operating revenue of the Retail Business Unit overall amounted to 1,172,414 million yen, down 2.0% from the previous fiscal year, as a result of parcels from e-commerce companies, which had shown a dramatic increase in the previous fiscal year, having been shifted to the Corporate Business Unit. Although operating expenses decreased by 1.5% from the previous fiscal year largely due to lower personnel expenses, and higher transportation costs associated with rising unit price of fuel and higher delivery volume, operating profit decreased by 12.5% from the previous fiscal year.

○ Corporate Business Unit

- (a) The Corporate Business Unit has been seeking to provide value across entire corporate logistics supply chains, including midstream and upstream domains of business. To such ends, the business unit has been taking on initiatives that include planning supply chain management (SCM) strategies that contribute to customers' business decisions, above and beyond improving and streamlining logistics operations, and furthermore engaging in account management, which involves developing effective projects and assuming responsibility through to management and operations.
- (b) Moreover, for retailers who are developing physical stores and e-commerce omni-channel sales frameworks, the business unit has been promoting efforts to optimize inventory and distribution through centralized management, thereby liquidating sales inventories with customers' omni-channel operations by combining restructured business facilities and transportation networks under the "One Yamato Structure." We also focused our efforts on proposal-based sales that contribute to providing comprehensive value by engaging in integrated management encompassing all of the Yamato Group's logistics services for companies, extending from procurement of merchandise for stores and merchandise for official online shopping websites, to storage, packaging and delivery.
- (c) For the ever-growing e-commerce domain, Yamato has been promoting sales expansion of the "EAZY" delivery service, which enables greater purchase, delivery and pick-up convenience and safety. We are promoting the establishment of a new e-commerce logistics network with a more simplified operation process from sorting to the last-mile delivery. In addition, to optimize logistics for e-commerce vendors with stores in online shopping malls, we used our partnerships with major e-commerce companies to implement initiatives to further improve convenience and expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery. Furthermore, the business unit has also been engaging in efforts involving cross-border e-commerce amid growing demand, such that involve achieving shorter lead times up through delivery by seamlessly linking import customs clearance systems with the domestic delivery network.
- (d) During the fiscal year ended March 31, 2022, the business unit has been actively engaging in a focused marketing approach that has led to greater use of new TA-Q-BIN services, while tapping needs involving items we had not previously handled such as furniture and household appliances, as well as locally sourced rice and specialty products, as a result of our offering TA-Q-BIN delivery for larger items to address needs for increasingly diverse and larger parcel sizes among corporate clients serving a wider range of business domains. We also made available the "Okihai" function for registered customers, where the driver opens the ground floor entrance to condominiums using digital keys and placing the parcel near the customers' front doors.
- (e) Operating revenue from customers amounted to 812,185 million yen, up 10.8% from the previous fiscal year, mainly as a result of the business unit tapping growing e-commerce demand, promoting logistics optimization of corporate clients, and flexible response for recovery of import-export freight movement, which had been stagnant due to the global spread of COVID-19. Meanwhile, operating profit decreased 57.4% from the previous fiscal year mainly due to factors on the expenditure front in terms of an increase in transportation costs associated with higher delivery volume, as well as an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023."

(Reference)

Category	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	Growth (%)
Parcel delivery (TA-Q-BIN/TA-Q-BIN Compact/EAZY/Nekopos) (Million units)	2,096	2,275	178	8.5
Kuroneko DM-Bin (Million parcels)	826	824	(1)	(0.2)

○ Other

- (a) During the fiscal year ended March 31, 2022, we promoted efforts to expand sales for transportation by transport box taking advantage of its network consisting of multiple companies and for vehicle maintenance services.
- (b) Operating revenue from customers was 88,035 million yen, up 9.9% from the previous fiscal year. Operating profit was 16,559 million yen, up 9,570 million yen from the previous fiscal year.

ESG Initiatives

- (a) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. Accordingly, its transport safety management practices in that regard involve drawing up its Safety Management Regulations, building up its transport safety management systems, and formulating fiscal year plans, all centered on respective Group companies whose main operations involve transport. During the fiscal year ended March 31, 2022, we cultivated safety awareness, which involved holding awards ceremonies to recognize drivers who have remained accident-free for many years in ten locations nationwide. Due to COVID-19, we refrained from holding our “Safety Classes for Children,” which we have been continually offering to children in day care facilities, kindergartens and elementary schools across Japan since 1998 with the aim of conveying the importance of traffic safety.
- (b) Striving to maximize corporate value is one of the top priorities of management, and we have implemented measures and bolstered management systems in our corporate governance initiative. In addition, we have been carrying out business activities in accordance with the law and social norms and actively promoting compliance management, based on our Group Corporate Philosophy. During the fiscal year ended March 31, 2022, we established an organizational structure to manage sustainability efforts of the whole Group, as well as setting the “Yamato Group Environmental Policy” (August 2021), “Yamato Group Human Rights Policy” (December 2021), followed by “Yamato Group Responsible Procurement Policy” and “Yamato Group Business Partner Guidelines” in January 2022.
- (c) The Yamato Group has been working toward strengthening sustainable management upon having formulated its Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023. These efforts have been underpinned by our dual visions, one of which is “Connect. Deliver the Future via Green Logistics.” and the other of which is, “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind,’” set forth in the transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term.
- (d) Under the “Environmental” component of the plan, we have set aggregate targets for reducing the environmental burden of our business activities and have otherwise set targets for areas in the logistics industry where the Yamato Group is able to bring about widespread use of innovative technology, such as with respect to materials and vehicles. We are furthermore working to create environmental value on the basis of having also set targets in terms of engaging in green logistics in collaboration with diverse partners and providing products and services that have less impact on the environment. During the fiscal year ended March 31, 2022, we embarked on field testing of collection and delivery operations enlisting compact battery electric vehicle (BEV) trucks featuring a walk-through, ultra-low-floor design with the aim of introducing drivers to very practical low-carbon vehicles placing due consideration on the environment. We have continued taking action to achieve the vision of virtually zero greenhouse gas emissions (in-house emissions) by 2050, established as a long-term goal. This entails efforts that include adopting collection and delivery methods that do not generate greenhouse gas emissions through use of hand trucks, bicycles and other such modes of transportation, and using electricity derived from renewable energy. Due to COVID-19, we refrained from holding our “Kuroneko Yamato Environmental Class” sessions, which we have been continually offering nationwide since 2005, with the aim of providing support for environmental education of children who will bear responsibilities of the next generation.
- (e) In addition, under the “Social” component of the plan, we have been continuing to take on initiatives that involve developing a work environment in which we respect diverse personnel and in which employees are able to play active roles, while also working to realize an enriched society in part by addressing social challenges and promoting community development enlisting a co-creation approach. During the fiscal year ended March 31, 2022, we set our sights on developing a sustainable pharmaceutical network by embarking on field testing to assess the economic feasibility of using unmanned drones to transport items such as pharmaceutical products required by locally-based medical institutions and prescription medicine delivered to private residences. This involved working in collaboration with participants that include the town of Wake in Okayama Prefecture and pharmaceutical manufacturers and wholesalers. Going forward, maintaining our capacity for trunk-route transportation will become a challenge, with the shortage of truck drivers. In order to build a sustainable and robust logistics network, we announced in January 2022 that we will begin operations of cargo-only planes (freighters) from April 2024.
- (f) Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of “Creating Shared Value (CSV).” We continue to engage in various initiatives to such ends. For instance, we have been operating our community-based Neko Support Station locations enlisting close local ties and facilitating healthy and sustainable development of local communities, along with lifestyles of safety and comfort among local residents. We have also been setting up housekeeping support services, monitoring services that use “HelloLight” IoT light bulbs, consultation services for everyday life, and holding events that enable interaction among community members.
- (g) Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can experience the joy of working autonomously. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.

(ii) Cash flows

○ Cash flows from operating activities

Net cash provided by operating activities amounted to 52,016 million yen, which is a decrease of 71,904 million yen compared with the previous fiscal year. This is largely attributable to a 10,719 million yen decrease due to profit before income taxes of 81,040 million yen, and a 25,959 million yen increase in the payment of payables of consumption tax etc. and a 21,348 million yen increase in the payment of income tax etc.

○ Cash flows from investing activities

Net cash used in investing activities amounted to 58,943 million yen, which is a decrease of 103,021 million yen compared with the previous fiscal year. This is largely attributable to a 91,262 million yen decrease in proceeds from collection of loans receivable.

○ Cash flows from financing activities

Net cash used in financing activities was 54,456 million yen. Compared with the previous fiscal year, the amount of net cash used decreased by 68,791 million yen. This is largely attributable to an increase in proceeds from borrowings of 36,500 million yen and a decrease in purchase of treasury shares of 25,650 million yen.

As a result of the above, cash and cash equivalents were 180,603 million yen as of March 31, 2022, down 60,681 million yen from the end of the previous fiscal year.

(iii) Production, orders received and sales results

Operating revenue by segment is as follows.

Since service focused on the cargo transport business is the main product of the Yamato Group, production and orders received have been omitted from the description.

Due to the shift of the management structure from the fiscal year ended March 31, 2022, the Company discloses the details of operating revenue by segment instead of operating revenue by business, which was disclosed until the previous fiscal year.

Business segment	Income	Fiscal year ended March 31, 2021 (From April 1, 2020 To March 31, 2021)		Fiscal year ended March 31, 2022 (From April 1, 2021 To March 31, 2022)		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Retail Business Unit	Transportation income	1,158,221	68.3	1,144,359	63.8	(1.2)
	Logistical support income	10,801	0.6	3,587	0.2	(66.8)
	Other	34,949	2.1	28,183	1.6	(19.4)
	Eliminations	(321,435)	(19.0)	(282,733)	(15.8)	(12.0)
	Total	882,536	52.0	893,396	49.8	1.2
Corporate Business Unit	Transportation income	639,269	37.7	598,306	33.4	(6.4)
	Logistical support income	218,320	12.9	249,637	13.9	14.3
	Other	26,116	1.5	33,022	1.8	26.4
	Eliminations	(150,514)	(8.9)	(68,780)	(3.8)	(54.3)
	Total	733,190	43.2	812,185	45.3	10.8
Other	Transportation income	46,940	2.8	50,967	2.8	8.6
	Other	166,817	9.8	176,558	9.8	5.8
	Eliminations	(133,618)	(7.9)	(139,490)	(7.8)	4.4
	Total	80,139	4.7	88,035	4.9	9.9
Total		1,695,867	100.0	1,793,618	100.0	5.8

(2) Details of analysis and investigation concerning the status of business results, etc. from a management perspective

The recognition of the status of the Yamato Group's business results, etc. and details of the analysis and investigation from a management perspective are as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(i) Recognition of the status of financial conditions and business results and details of the analysis and investigation

i. Financial conditions

Total assets were 1,086,854 million yen as of March 31, 2022, down 3,136 million yen from the end of the previous fiscal year. The decrease was largely attributable to the decline in cash and deposits of 58,878 million yen, and the 44,398 million yen increase in non-current assets due to the acquisition of vehicles and software, mainly in the Retail Business Unit.

Liabilities decreased 17,082 million yen to 488,621 million yen from the end of the previous fiscal year. The decrease was largely attributable to a 19,000 million yen decrease in short term borrowings and a 17,703 million yen decrease in income taxes payable, and a 22,307 million yen increase in liabilities related to retirement benefit liability resulting from a revision of the retirement bonus scheme.

Total net assets were 598,233 million yen, up 13,946 million yen from the end of the previous fiscal year. The major factors included an increase in profit attributable to owners of parent of 55,956 million yen, as well as the 19,689 million yen distribution of capital surplus and the acquisition of 10,002 million yen of treasury shares.

As a result, the equity ratio increased to 54.3% from the 52.9% in the previous fiscal year.

ii. Business results

For the consolidated fiscal year ended March 31, 2022, operating revenue amounted to 1,793,618 million yen, up 97,750, million yen year on year. This is largely attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the burgeoning e-commerce domain, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,716,418 million yen, up 112,672 million yen year-on-year. This was due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing operations in the e-commerce logistics network, which we are building to accommodate the growing demand for e-commerce, and our existing network, along with higher unit prices of fuel.

As a result, for the consolidated fiscal year ended March 31, 2022, operating profit amounted to 77,199 million yen, down 14,921 million yen year-on-year.

Ordinary profit amounted to 84,330 million yen, down 9,689 million yen year-on-year, despite the booking of 4,510 million yen in gain on investments in investment partnerships.

Profit attributable to owners of parent amounted to 55,956 million yen, and the Company was able to limit the decline from the previous fiscal period to 744 million yen, mainly due to booking of 15,312 million yen of disposal gains of investment securities as extraordinary income, in part due to the disposal of strategic holdings of shares, the booking of 14,999 million yen in loss on revision of retirement benefit plan as extraordinary losses, as well as the decline in taxable profit for the period as a result of losses from the disposal of affiliate company shares.

Basic earnings per share was 151.03 yen, down 0.52 yen from the previous fiscal year.

○ Retail Business Unit

Operating revenue amounted to 893,396 million yen, up 1.2% from the previous fiscal year, mainly as a result of the business unit having engaged in efforts to optimally deliver parcels in alignment with diversifying needs and having focused on acquiring parcels from small businesses in collaboration with the Corporate Business Unit. Operating revenue of the Retail Business Unit overall amounted to 1,172,414 million yen, down 2.0% from the previous fiscal year, as a result of parcels from e-commerce companies, which had shown a dramatic increase in the previous fiscal year, having been shifted to the Corporate Business Unit. Although operating expenses decreased by 1.5% from the previous fiscal year largely due to lower personnel expenses, and higher transportation costs associated with rising unit price of fuel and higher delivery volume, operating profit decreased by 12.5% from the previous fiscal year.

○ Corporate Business Unit

Operating revenue amounted to 812,185 million yen, up 10.8% from the previous fiscal year, mainly as a result of the business unit tapping growing e-commerce demand, promoting logistics optimization of corporate clients, and flexible response for recovery of import-export freight movement, which had been stagnant due to the spread of COVID-19. Meanwhile, operating profit decreased 57.4% from the previous fiscal year mainly due to factors on the expenditure front in terms of an increase in transportation costs associated with higher delivery volume, as well as an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023."

○ Other

Operating revenue was 88,035 million yen, up 9.9% from the previous fiscal year. Operating profit was 16,559 million yen, up 9,570 million yen from the previous fiscal year.

(ii) Details of the analysis and investigation of cash flows as well as information concerning financial resources for capital and liquidity of funds

i. Cash flows

Cash flows for the fiscal year ended March 31, 2022 are as described in "II. Business Overview 3. Management's Analysis of Financial Conditions, Business Results and Cash Flows (1) Overview of the business results, etc. (ii) Cash flows."

ii. Financial resources for capital and liquidity of funds

The Yamato Group compares investment plans for business continuity and business growth such as in relation to network building and digital innovation and is aware of financial soundness and efficiency such as cash generation, balance of cash and deposits and equity ratio levels, and in addition to using the Group's funds, borrows from financial institutions and issues corporate bonds to generate the required funds.

From a financial soundness perspective, we are aware of an equity ratio of about 50% and strive to maintain a credit rating level (AA-, Rating and Investment Information, Inc.). In terms of shareholder returns, we aim for a dividend payout ratio of 30% and a total return ratio of 50% based on the profit attributable to owners of parent.

(iii) Extent to which target indicators are being achieved

The Yamato Group supports the reforms of the entire supply chain and for the fiscal year ending March 31, 2024, the final fiscal year of the medium-term management plan "One Yamato 2023," which aims to offer value to individuals, corporate customers as well as society as a whole, we are targeting consolidated operating revenue of 2 trillion yen, and targets for consolidated profit of 120,000 million yen (consolidated operating profit margin of 6.0%) and ROE of 10.0%.

Consolidated operating revenue in the fiscal year ended March 31, 2022 was 1,793,618 million yen, up 97,750 million yen from the previous fiscal year due to an increase in the volume of packages handled with our response to the quickly growing e-commerce realm and our efforts to optimize customer logistics.

Consolidated operating profit was 77,199 million yen (consolidated operating profit margin was 4.3%), down 14,921 million yen from the previous fiscal year, due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing operations in the e-commerce logistics network, which are building to accommodate the growing demand for e-commerce, and our existing network, along with higher unit prices of fuel.

Consolidated ordinary profit amounted to 84,330 million yen, down 9,689 million yen from the previous fiscal year, mainly due to recording of 4,510 million yen in gain on investments in investment partnerships.

Profit attributable to owners of parent amounted to 55,956 million yen, and the Company was able to limit the decline from the previous fiscal year to 744 million yen, mainly due to booking of 15,312 million yen of gains on sales of investment securities as extraordinary income, in part due to the disposal of strategic holdings of shares, despite booking 14,999 million yen in loss on revision of retirement benefit plan as extraordinary losses, as well as a decline in taxable profit for the period as a result of losses from the disposal of affiliate company shares. As a result, ROE for the fiscal year ended March 31, 2022 was 9.6%.

We recognize this as the emergence of certain outcomes from the promotion of the medium-term management plan "One Yamato 2023," under the new Group management structure centered on the "New Yamato Transport" that mobilizes the Group companies' management resources, which we embarked upon from the fiscal year ended March 31, 2022.

We will continue to steadily promote income structure reforms and cost structure reforms based on this plan to build a foundation for sustainable growth.

(iv) Significant accounting estimates and assumptions used in these estimates

The Yamato Group's consolidated financial statements are created based on the accounting standards generally accepted in Japan. For matters that need to be estimated when creating these consolidated financial statements, the accounting estimates are based on reasonable standards. Significant accounting estimates and the assumptions used in these estimates are shown in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant accounting estimates)."

4. Significant Management Contracts

The Company resolved at its Board of Directors meeting convened on July 20, 2021 to transfer 51% of the Company's holdings of issued common shares of its consolidated subsidiary Yamato Home Convenience Co., Ltd. ("YHC") to ART MOVING COMPANY Co., Ltd. ("ART"), and executed a share transfer agreement that day. Effective from the end of the fiscal year ended March 31, 2022, YHC has become an equity method affiliate instead of a consolidated subsidiary, given that the Company holds 49% of the voting rights in YHC, down from 100% previously as a result of the transfer of shares. ART changed its name effective January 1, 2022.

Details are shown in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Business combinations)."

5. Research and Development Activities

The Yamato Group is engaged in initiatives for research and development concerning digital technology and next-generation logistic services. The total amount of research and development activities in the fiscal year ended March 31, 2022 was 3,428 million yen, which is broken down into 266 million yen for the Company (as a whole) and 3,162 million yen for the consolidated subsidiary Yamato Transport Co., Ltd. (Retail Business Unit and Corporate Business Unit).

III. Property, Plant and Equipment

1. Overview of Capital Investments

Continuing from the fiscal year ended March 31, 2021, the Yamato Group recorded 73,271 million yen of capital investment (including leasehold deposits), concentrated on growth investment relating to the development of a next-generation digital platform while continuing to expand the pickup and delivery network necessary to expand and improve the quality of the service of TA-Q-BIN, our mainstay service. From the fiscal year under review, the amount of capital investments includes intangible assets.

The Retail Business Unit recorded 53,615 million yen of capital investments such as the establishment of the new “Edagawa sorting base” and the purchase of vehicles towards realizing “YAMATO NEXT100.”

The Corporate Business Unit recorded 11,963 million yen of capital investments such as the purchase of logistics equipment for transportation of COVID-19 vaccines.

There are no particular matters to state in relation to Other and Corporate.

The main capital investment completed in the fiscal year ended March 31, 2022 was the establishment of the new “Edagawa sorting base” in the Retail Business Unit.

In addition, there were no eliminations or sales, etc. of major facilities in the fiscal year ended March 31, 2022.

2. Overview of Major Facilities

The Yamato Group’s major facilities are as follows, together with the figures by segment and according to the disclosure method for the main property, plant and equipment. Further, major facilities are described with the inclusion of intangible assets.

(1) Segment breakdown

Business segment	Book value (Millions of yen)								Number of employees (Number of people)
	Vehicles	Buildings and structures	Machinery and equipment	Land (Ground Area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Retail Business Unit	23,665	129,480	17,344	155,057 (1,865) [5,879]	15,985	9,355	32,275	383,164	176,881
Corporate Business Unit	1,467	16,716	3,293	13,731 (146) [536]	8,065	4,244	3,586	51,105	19,817
Other	73	9,335	920	5,930 (16) [391]	4,898	702	5,394	27,254	20,150
Corporate	0	1,156	45	6,536 (1)	–	571	1,091	9,403	25
Total	25,207	156,688	21,603	181,256 (2,030) [6,807]	28,949	14,874	42,347	470,927	216,873

(2) The Reporting Company

Name of business location (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground Area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Head office (Chuo-ku, Tokyo)	Corporate	–	0	1,156	45	6,536 (1)	–	571	1,091	9,403	25

(3) Domestic subsidiaries

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground Area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Yamato Transport Co., Ltd. Head office (Chuo-ku, Tokyo)	Retail Business Unit Corporate Business Unit	–	1	1,113	103	3,021 (2) [2]	2,719	399	33,996	41,356	2,703
Yamato Transport Co., Ltd. Overseeing Hokkaido Area (Atsubetsu-ku, Sapporo City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,032	3,239	149	2,327 (181) [330]	232	451	9	7,443	6,902
Yamato Transport Co., Ltd. Overseeing Tohoku Area (Izumi-ku, Sendai City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,304	5,086	1,146	2,323 (124) [681]	8,893	753	10	19,518	11,839
Yamato Transport Co., Ltd. Overseeing Tokyo Area (Ota-ku, Tokyo)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	3,478	62,705	4,780	103,556 (263) [378]	1,036	3,026	718	179,301	31,020
Yamato Transport Co., Ltd. Overseeing Minami Kanto Area (Tsurumi-ku, Yokohama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	3,663	17,713	4,891	10,286 (155) [875]	800	1,388	78	38,822	25,656
Yamato Transport Co., Ltd. Overseeing Kita Kanto Area (Chuo-ku, Saitama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	3,511	8,966	2,736	6,683 (181) [666]	588	1,092	197	23,776	23,241
Yamato Transport Co., Ltd. Overseeing Hokushinetsu Area (Nishi-ku, Niigata City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,252	2,900	158	5,980 (136) [448]	298	538	6	11,134	10,878
Yamato Transport Co., Ltd. Overseeing Chubu Area (Toyota City, Aichi Prefecture)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	2,090	18,532	1,942	5,951 (251) [582]	537	740	22	29,818	18,726
Yamato Transport Co., Ltd. Overseeing Kansai Area (Ibaraki City, Osaka Prefecture)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	4,540	13,708	3,846	13,229 (209) [824]	1,010	1,727	9	38,072	30,111
Yamato Transport Co., Ltd. Overseeing Chu-Shikoku Area (Kita-ku, Okayama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,698	2,973	240	3,888 (197) [605]	454	720	224	10,199	13,940
Yamato Transport Co., Ltd. Overseeing Kyushu Area (Higashi-ku, Fukuoka City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,840	3,729	292	7,351 (247) [692]	525	1,232	3	14,974	16,156
YAMATO CONTACT SERVICE CO., LTD. (Toshima-ku, Tokyo)	Retail Business Unit	–	–	69	–	– [9]	4	34	132	241	1,566

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground Area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Okinawa Yamato Transport Co., Ltd. (Itoman City, Okinawa Prefecture)	Corporate Business Unit	-	569	4,757	114	1,057 (24) [66]	-	256	152	6,907	1,493
Yamato Dialog & Media Co., Ltd. (Chuo-ku, Tokyo)	Corporate Business Unit	-	-	17	-	- [0]	0	4	116	137	36
Yamato Multi Charter Co., Ltd. (Fushimi-ku, Kyoto City)	Corporate Business Unit	-	26	84	0	2,215 (11) [23]	6,740	7	46	9,121	410
Kobe Yamato Transport Co., Ltd. (Chuo-ku, Kobe City)	Corporate Business Unit	-	2	44	0	209 (2) [29]	204	8	10	479	99
Konan Industry Co., Ltd. (Minami-ku, Hamamatsu City)	Corporate Business Unit	-	0	283	0	642 (13) [64]	4	5	5	943	493
YAMATO BOX CHARTER CO., LTD. (Chuo-ku, Tokyo)	Other	-	27	64	1	- [117]	11	74	81	260	1,449
Yamato System Development Co., Ltd. (Koto-ku, Tokyo)	Other	-	-	4,043	-	3,562 (5) [23]	2,886	465	1,632	12,590	2,878
Yamato Web Solutions Co., Ltd. (Chuo-ku, Tokyo)	Other	-	-	-	-	- [0]	-	0	0	0	309
Yamato Credit & Finance Co., Ltd. (Toshima-ku, Tokyo)	Other	-	-	496	-	962 (1)	-	24	2,307	3,789	237
Yamato Autoworks Co., Ltd. (Chuo-ku, Tokyo)	Other	-	44	4,674	791	1,405 (9) [214]	1,239	101	808	9,064	2,119
Yamato Autoworks Iwate Co., Ltd. (Kitakami City, Iwate Prefecture)	Other	-	0	-	15	- [8]	-	3	-	19	61
Yamato Autoworks Hokushinetsu Co., Ltd. (Nishi-ku, Niigata City)	Other	-	0	0	50	- [11]	-	0	-	51	68
Yamato Autoworks Shikoku Co., Ltd. (Nakatado-gun, Kagawa Prefecture)	Other	-	0	2	7	- [8]	250	4	-	264	51
Yamato Autoworks Okinawa Co., Ltd. (Itoman City, Okinawa Prefecture)	Other	-	0	4	53	- [1]	495	13	-	569	21
Yamato Staff Supply Co., Ltd. (Chuo-ku, Tokyo)	Other	-	0	23	0	- [6]	15	3	44	87	12,926
Box Charter Co., Ltd. (Chiyoda-ku, Tokyo)	Other	-	-	17	-	- [0]	-	9	460	487	22
Express Network Co., Ltd. (Minato-ku, Tokyo)	Other	-	-	6	-	- [0]	-	1	59	67	9
YMT-GB Investment Limited Partnership (Shibuya-ku, Tokyo)	Other	-	-	-	-	-	-	-	-	-	-

(4) Overseas subsidiaries

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground Area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
YAMATO TRANSPORT U.S.A., INC. (California U.S.A.)	Corporate Business Unit	-	110	131	130	64 (8) [40]	-	50	39	525	327
YAMATO TRANSPORT EUROPE B.V. (Schiphol-Rijk The Netherlands)	Corporate Business Unit	-	0	41	86	- [25]	-	35	6	170	176
YAMATO ASIA PTE. LTD. (Singapore)	Corporate Business Unit	-	-	-	-	-	-	0	-	0	3
YAMATO TRANSPORT (S) PTE.LTD. (Singapore)	Corporate Business Unit	-	2	38	0	- [8]	-	309	7	357	135
YAMATO TRANSPORT (M) SDN.BHD. (Selangor Malaysia)	Corporate Business Unit	-	4	-	-	- [3]	-	14	14	33	121
YAMATO CHINA CO., LTD. (Shanghai, China)	Corporate Business Unit	-	-	-	-	- [0]	-	8	0	8	7
YAMATO INVESTMENT (HONG KONG) LIMITED (Hong Kong)	Corporate Business Unit	-	-	-	-	-	-	-	-	-	-
YAMATO INTERNATIONAL LOGISTICS CO., LTD. (Shanghai, China)	Corporate Business Unit	-	-	17	-	- [21]	-	89	29	137	210
Yamato Logistics (HK) Ltd. (Hong Kong)	Corporate Business Unit	-	2	24	-	- [18]	-	407	23	459	238
TAIWAN YAMATO INTERNATIONAL LOGISTICS INC. (Taipei, Taiwan)	Corporate Business Unit	-	-	17	14	- [14]	-	294	0	327	212

- Notes:
1. Vehicles, buildings and structures, machinery and equipment, leased assets, other property, plant and equipment and intangible assets are the book values after deducting accumulated depreciation.
 2. The above includes leased facilities between consolidated companies.
 3. The area of land shown in () is the area owned by the Company, the figure shown in [] indicates the area of leased land.
 4. Other property, plant and equipment refers to tools, furniture and fixtures, etc.
 5. Intangible assets are software, etc.
 6. The above does not include provisional balances.

3. Planned Capital Investments and Disposals of Property

The Yamato Group's capital investment plan is adjusted by the Company following individual decisions by each consolidate company, considering investment efficiencies and cash flow trends for the purpose of strengthening the service framework and increasing productivity.

Significant capital investment plans as of March 31, 2022 are as follows.

Company name	Business segment	Content of investment	Planned investment amount (Millions of yen)		Funding method	Start and completion planned date	
			Total amount	Amount already paid		Start	Completion
Yamato Transport Co., Ltd.	Retail Business Unit	Purchase of vehicles (2,605 units)	14,189	–	Own funds	Apr. 2022	Mar. 2023
	Corporate Business Unit	Purchase of loading equipment and business and communications equipment	11,552	–	Own funds	Apr. 2022	Mar. 2023
YAMATO HOLDINGS CO., LTD.	Corporate	Construction of new buildings (17,676 m ²)	15,395	696	Own funds	May. 2022	Oct. 2024

IV. Status of the Reporting Company

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Type	Total number of shares authorized (Shares)
Common shares	1,787,541,000
Total	1,787,541,000

(ii) Issued shares

Type	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2022)	Number of issued shares as of the filing date (Shares) (June 17, 2022)	Stock exchange on which the company is listed	Details
Common shares	388,575,592	388,575,592	Tokyo Stock Exchange 1st Section (as of the end of the fiscal year) Prime Market (as of the filing date)	Shares for which the rights of shareholders are not restricted Number of shares per unit: 100
Total	388,575,592	388,575,592	-	-

(2) Status of Stock Acquisition Rights, etc.

(i) Details of stock option system

Not applicable

(ii) Details of rights plan

Not applicable

(iii) Status of Other Stock Acquisition Rights, etc.

Not applicable

(3) Status of Exercise of Moving Strike Convertible Bonds, etc.

Not applicable

(4) Changes in the Total Number of Issued Shares and Capital, etc.

Date	Change in the number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in the amount of share capital (Millions of yen)	Share capital balance (Millions of yen)	Change in the amount of legal capital surplus (Millions of yen)	Balance of Legal capital surplus (Millions of yen)
April 1, 2017- March 31, 2018	-	411,339,992	-	127,234	-	36,822
April 1, 2018- March 31, 2019	-	411,339,992	-	127,234	-	36,822
April 1, 2019- March 31, 2020	-	411,339,992	-	127,234	-	36,822
October 13, 2020*	(22,764,400)	388,575,592	-	127,234	-	36,822
April 1, 2021- March 31, 2022	-	388,575,592	-	127,234	-	36,822

*A decline due to the cancellation of treasury shares.

(5) Composition of Shareholders

As of March 31, 2022

Category	Status of shares (Number of shares per unit: 100)								Status of shares less than one unit (Shares)
	National and local government bodies	Financial institutions	Financial instrument business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Number of people)	–	94	48	638	635	87	47,754	49,256	–
Number of shares held (Units)	–	1,657,809	90,235	276,854	930,632	261	927,230	3,883,021	273,492
Ratio of the number of shares held (%)	–	42.69	2.32	7.13	23.97	0.01	23.88	100	–

Note: "Individuals and others" includes 216,007 units of treasury shares and "Number of less than one unit of stock" includes 21 treasury shares of less than one unit of stock.

(6) Status of Major Shareholders

As of March 31, 2022

Name	Location	Number of shares held (Thousands of shares)	The ratio of the number of shares held relative to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	64,846	17.67
Yamato Employees' Shareholding Association	16-10, Ginza 2-chome, Chuo-ku, Tokyo	24,833	6.77
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	23,248	6.34
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	14,814	4.04
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo Within the Nippon Life Securities Management Department	14,770	4.02
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	10,247	2.79
Yamato Trading-Partner Shareholding Association	16-10, Ginza 2-chome, Chuo-ku, Tokyo	8,303	2.26
TOYOTA MOTOR CORPORATION	1 Toyota-cho, Toyota City, Aichi Prefecture	5,748	1.57
Sompo Japan Insurance Inc.	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	5,133	1.40
Aioi Nissay Dowa Insurance Co., Ltd.	1-28-1 Ebisu, Shibuya-ku, Tokyo	4,800	1.31
Total	–	176,747	48.16

- Notes: 1. The number of shares related to trust operations in the aforementioned number of shares owned are as follows.
The Master Trust Bank of Japan, Ltd. (Trust Account) 64,846 thousand shares
Custody Bank of Japan, Ltd. (Trust Account) 23,248 thousand shares
2. Although the Company holds 21,600 thousand of its own shares as treasury shares, it is excluded from the above list of major shareholders.

3. Although the publicly available Substantial Shareholding Report dated November 19, 2015 shows that BlackRock Japan Co., Ltd. and 5 other joint holders hold 21,326 thousand shares as of November 13, 2015, the Company is unable to confirm the exact number of shares actually held as of March 31, 2022, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report is as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	8-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,987	1.41
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	946	0.22
BlackRock Asset Management Ireland Limited	Dublin, Republic of Ireland JP Morgan House, International Financial Services Center	1,918	0.45
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, USA	5,870	1.38
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, USA	5,626	1.32
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	976	0.23
Total	–	21,326	5.02

4. Although the publicly available Substantial Shareholding Report (amended report) dated May 21, 2020 shows that Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other joint holder hold 22,132 thousand shares as of May 15, 2020, the Company is unable to confirm the exact number of shares actually held as of March 31, 2022, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	12,381	3.01
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	9,751	2.37
Total	–	22,132	5.38

5. Although the publicly available Substantial Shareholding Report (amended report) dated July 20, 2020 shows that Nomura Asset Management Co., Ltd. and 1 other joint holder hold 28,763 thousand shares as of July 15, 2020, the Company is unable to confirm the exact number of shares actually held as of March 31, 2022, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	1,567	0.38
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	27,195	6.61
Total	–	28,763	6.99

6. Although the publicly available Substantial Shareholding Report (amended report) dated January 31, 2022 shows that MUFG Bank Ltd. and 2 other joint holders hold 16,513 thousand shares as of January 24, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2022, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
MUFG Bank Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	656	0.17
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	11,099	2.86
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	4,757	1.22
Total	-	16,513	4.25

7. Although the publicly available Substantial Shareholding Report (amended report) dated March 23, 2022 shows that Mizuho Bank, Ltd. and 2 other joint holders hold 26,040 thousand shares as of March 15, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2022, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	11,247	2.89
Mizuho Trust & Banking Co., Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,790	0.46
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	13,002	3.35
Total	-	26,040	6.70

(7) Status of Voting Rights

(i) Issued shares

As of March 31, 2022

Category	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common shares 21,600,700	-	Number of shares per unit: 100
Shares with full voting rights (other)	Common shares 366,701,400	3,667,014	As above
Number of less than one unit of stock	Common shares 273,492	-	-
Total Number of Issued Shares	388,575,592	-	-
Total number of voting rights	-	3,667,014	-

Note: The commons shares in the cell for "Shares with full voting rights (other)" includes 483,700 of the Company's shares held by the Board Benefit Trust (BBT) (Number of voting rights: 4,837 units).

(ii) Treasury shares, etc.

As of March 31, 2022

Name of shareholder	Address of shareholder	Number of shares held under own name	Number of shares held under the names of others	Total number of shares held	The ratio of the number of shares held relative to the total number of issued shares (%)
The Company	16-10, Ginza 2-chome, Chuo-ku, Tokyo	21,600,700	–	21,600,700	5.56
Total	–	21,600,700	–	21,600,700	5.56

Note: The aforementioned treasury shares do not include the Company's shares held by BBT (Board Benefit Trust).

(8) Details of Stock Ownership System for Officers and Employees

The Company has, in accordance with a resolution of the 155th Ordinary General Meeting of Shareholders convened on June 23, 2020, established the "Stock Benefit Trust (BBT [Board Benefit Trust], hereinafter "the System")," a performance-linked stock compensation plan, in order to clarify the linkage between the compensation of directors (excluding outside directors) and executive officers who do not concurrently serve as directors (hereinafter "Officers") and the Company's business performance and stock value and also to have the Officers share not only the benefits of higher stock prices but also the risks of lower stock prices with shareholders, thereby raising awareness of contributing to improving the Company's medium- to long-term business performance and increasing its corporate value.

(i) Overview of the System

The System is a performance-linked and share-based remuneration system under which the Company's shares are acquired through a trust using money contributed by the Company as the source of funds (hereinafter the "Trust"), and the Officers are provided with the Company's shares and an amount of money equivalent to the market value of the Company's shares (hereinafter the "Company's Shares, Etc.") through the Trust in accordance with the Regulations on Share-based Remuneration for Officers established by the Company. In principle, the Company's shares, etc. are paid to the Officers at the time of their retirement.

The Company introduced the System for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 (hereinafter, such three-fiscal-year period is referred to as the "Initial Period," and the Initial Period and each three consecutive fiscal years following the Initial Period are respectively referred to as "Applicable Period"), as well as each Applicable Period thereafter and contributed 1,377 million yen (including 519 million yen for Directors) to the Trust as the source of funds to acquire the Company's shares for the purpose of granting the Company's Shares, Etc. to the Officers in the Initial Period. Furthermore, after the expiration of the Initial Period, in principle, the Company shall make additional contributions to the Trust, of up to 1,377 million yen (including 519 million yen for Directors) for each Applicable Period until the termination of the System. However, in the case of making such additional contributions, if the Company's shares (excluding a number of the Company's shares that have not yet been provided to Directors equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and money remain in the trust asset (hereinafter referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the market value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed 1,377 million yen (including 519 million yen for Directors). The acquisition of the Company's shares by the Trust shall be through the stock market or by a method of underwriting the treasury shares disposed by the Company, funded by the contributed funds.

(ii) The total number of the Company's shares intended to be acquired under the System

The trustee of the Trust, Mizuho Trust & Banking Co., Ltd., has acquired 483,700 shares from the stock market with the 1,377 million yen contributed to the Trust by the Company to grant the Company's Shares, Etc. to Officers in the Initial Period.

(iii) The scope of persons eligible to receive beneficiary rights and other rights under the System

Officers who have retired and satisfy the beneficiary requirements prescribed in the Regulations on Share-based Remuneration of Officers.

2. Status of Acquisition of Treasury Shares, etc.

[Class of shares, etc.] Acquisition of common shares in accordance with Article 155, items (iii) and (vii) of the Companies Act

- (1) Status of acquisition in accordance with a resolution of the general meeting of shareholders
Not applicable

- (2) Status of acquisition in accordance with a resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolution by the Board of Directors (February 9, 2022) (Acquisition period: February 16, 2022-May 31, 2022)	10,000,000	20,000,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	4,533,000	9,999,781,500
Total number of shares and total amount remaining under the resolution	5,467,000	10,000,218,500
Proportion not exercised as of the last day of the current fiscal year (%)	54.67	50.00
Treasury shares acquired in the current period	4,217,700	10,000,095,552
Proportion not exercised as of the filing date (%)	12.49	0.00

- (3) Details of acquisitions not based on resolution of the general meeting of shareholders or resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired in the current fiscal year	997	2,793,579
Treasury shares acquired in the current period*	1	2,382

* Treasury shares acquired in the current period do not include shares purchased as less than one unit of stock in the period from June 1, 2022 until the Annual Securities Report filing date.

- (4) Status of disposal and holdings of acquired treasury shares

Category	Current fiscal year		Current period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury shares that were offered to subscribers	-	-	-	-
Acquired treasury shares that were cancelled	-	-	-	-
Acquired treasury shares that were transferred due to merger, share exchange, share issuance or company split	-	-	-	-
Other*1 (Sales due to demand for sales of less than one unit of stock)	91	283,519	-	-
Number of treasury shares held*2,3	21,600,721	-	25,818,422	-

*1. The number of shares in the current period does not include shares for which there was a demand for sales of less than one unit of stock in the period from June 1, 2022 until the Annual Securities Report filing date.

*2. The number of treasury shares held in the current period does not include the change in shares due to purchases or sales of less than one unit of stock in the period from June 1, 2022 until the Annual Securities Report filing date.

*3. The number of treasury shares held in the current fiscal year and in the current period does not include the Company's shares held by the Board Benefit Trust (BBT).

3. Dividend Policy

As a pure holding company, the Company conducts its business with the goal of maximizing the entire Group's corporate value. Accordingly, with respect to the appropriation of surplus, the Company's policy is to pay dividends with the goal of having a payout ratio of 30% of profit attributable to owners of parent. Retained earnings are used to facilitate the growth of the Group as a whole through capital expenditure—to strengthen the network, one of our management resources, and develop new businesses and products, for example—and investments are aimed at raising the corporate value in the future. Finally, the use of treasury shares is strategically positioned for flexible utilization, such as M&A, as a part of our capital policy.

The Company pays dividends of surplus twice a year with an interim dividend and year-end dividend, and these dividends of surplus are determined by resolution of the Board of Directors. In addition, apart from the matters prescribed in each item of Article 459, paragraph (1) of the Companies Act, the Company prescribes the interim dividend and year-end dividend and the record date, and the fact that the dividends of surplus can be by resolution of the Board of Directors in its Articles of Incorporation.

For the current fiscal year, the year-end dividend is set at 23 yen per share and when combined with the interim dividend of 23 yen per share, results in annual dividend of 46 yen. In addition, even in relation to the amount of dividend for the next period, we plan to determine this based on the profit attributable to owners of parent in accordance with the Basic Policy.

The dividends of surplus for the current fiscal year is as follows.

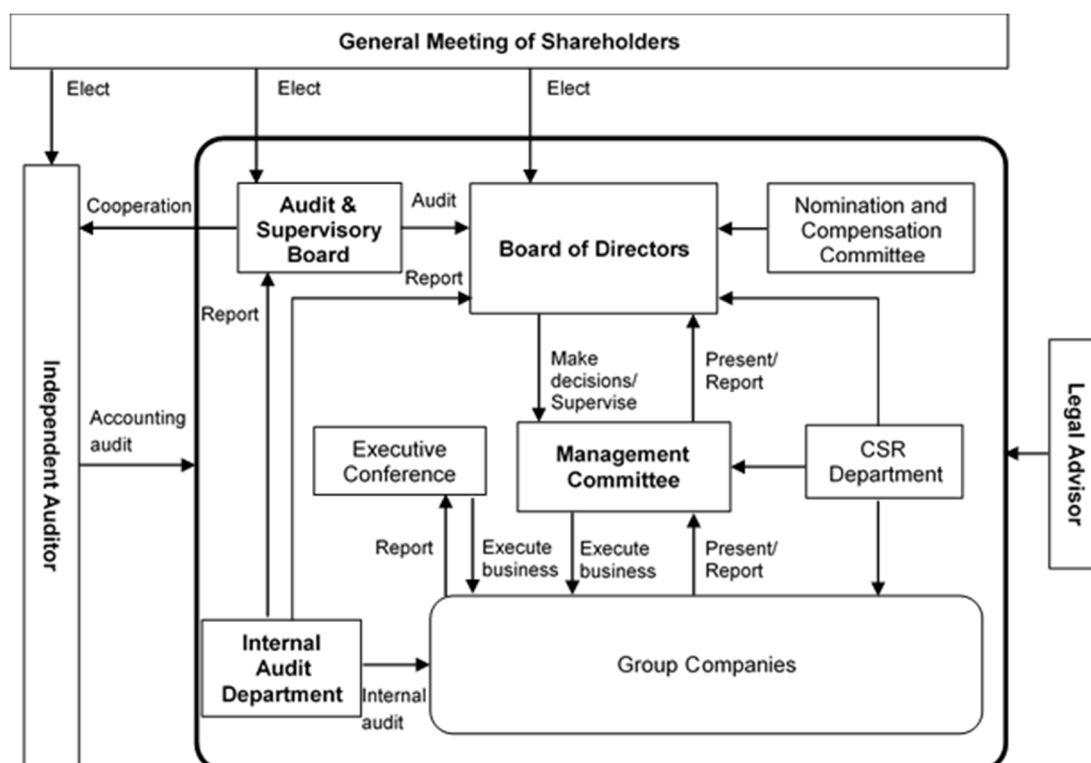
Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
November 12, 2021 Board of Directors' resolution	8,544	23
May 17, 2022 Board of Directors' resolution	8,440	23

4. Status of Corporate Governance, etc.

- (1) Overview of Corporate Governance
 - (i) Basic views on corporate governance

Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative.

A schematic diagram of the status of the preparation of matters such as the oversight and internal controls for the Company's business execution and management is as follows.



(ii) Overview of the corporate governance framework and the reasons for adopting such framework

The Company is a company with an Audit & Supervisory Board. In addition to the Board of Directors supervising important management decision-making and business execution, Audit & Supervisory Board Members and the Audit & Supervisory Board which are independent from the Board of Directors shall audit the status of execution of duties by Directors.

In addition, apart from this, we have established a Management Committee and Executive Conference as executive management organizations related to management decision-making and execution. We adopted this management structure for prompt and appropriate decision-making on important matters. In addition, to increase management transparency, we have established a Nomination and Compensation Committee, as an advisory committee to the Board of Directors to deliberate on particularly important matters such as nominations and compensation. The Company can have up to 12 Directors and up to 5 Audit & Supervisory Board Members in accordance with the Articles of Incorporation and as of the filing date, the Company's Board of Directors comprised a total of 9 members including 5 Outside Directors and the Audit & Supervisory Board comprised a total of 5 members including 3 Outside Audit & Supervisory Board Members. In addition, to clarify the management responsibilities in each fiscal year, the Directors' terms of office are 1 year.

The objectives, authority, chairperson and members of the Board of Directors, Management Committee, Executive Conference, Nomination and Compensation Committee, Audit & Supervisory Board as of the filing date are as follows.

i. Board of Directors

(a) Objectives and authority

Convened for the purpose of deliberating and deciding on important matters concerning the Basic Policy for executive management and other management matters, and apart from the matters prescribed in laws and regulations and in the Articles of Incorporation, decided on all matters prescribed in the Board of Directors Regulation including matters related to medium to long-term management plans.

(b) Chairperson and Members

Comprised of all Directors

Directors:

Masaki Yamauchi (Chairperson, Chairperson of the Board of Directors), Yutaka Nagao, Kenichi Shibasaki, Haruo Kanda, Masakatsu Mori (Outside Director), Mariko Tokuno (Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Outside Director), Noriyuki Kuga (Outside Director)

Furthermore, the following Audit & Supervisory Board Members attend the Board of Directors and express their opinions when deemed necessary.

Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Mamoru Matsuno, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

ii. Management Committee

(a) Objectives and authority

Apart from deliberating and determining important matters related to business execution other than matters to be resolved by the Board of Directors, convened for the purpose of prior deliberation on matters submitted to the Board of Directors. It determines each matter prescribed in the Management Committee Regulations including matters concerning the start of sales of major new products and services by subsidiaries and affiliates and changes to existing services.

(b) Chairperson and Members

Comprised of Executive Directors, Executive Officers and Full-time Audit & Supervisory Board Members.

Executive Directors:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President)

Executive Officers:

Toshizo Kurisu, Yasuharu Kosuge, Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

Full-time Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Mamoru Matsuno

iii. Executive Conference

(a) Objectives and authority

Apart from reporting the status of execution of business for which the executive officers are in charge, convened for the purpose of discussing matters under investigation and shared matters.

(b) Chairperson and Members

Comprised of Executive Officers

Executive Officers:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President), Toshizo Kurisu, Yasuharu Kosuge, Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

iv. Nomination and Compensation Committee

(a) Objectives and authority

Convened for the purpose of deliberating the details of agenda items concerning the appointment and dismissal of Directors and Executive Officers and the method for determining the compensation to be received by Directors and Executive Officers, and to verify the appropriateness.

(b) Chairperson and Members

Comprised of Directors elected by resolution of the Board of Directors, with a majority being Outside Directors.

Directors:

Masakatsu Mori (Outside Director), Mariko Tokuno (Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Head of the Committee, Outside Director), Masaki Yamauchi, Yutaka Nagao

v. Audit & Supervisory Board

(a) Objectives and authority

The Audit & Supervisory Board is convened for the purpose of receiving reports, consulting and resolving important matters concerning audits. Apart from the matters prescribed in laws and regulations or the Articles of Incorporation, determines all matters prescribed in the Audit & Supervisory Board regulations including the audit policy, the method for studying the operations and financial positions, and the determination of other matters concerning the execution of duties by Audit & Supervisory Board Members.

(b) Chairperson and Members

Comprised of Audit & Supervisory Board Members.

Audit & Supervisory Board Members:

Yoshihiro Kawasaki (Chairperson, Full-time Audit & Supervisory Board Member), Mamoru Matsuno, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

Note: There are proposals on the agenda items (Matters to be resolved) for the Ordinary General Meeting of Shareholders to be convened on June 23, 2022 for the "Election of nine (9) Directors" and the "Election of one (1) Audit & Supervisory Board Member." If such agenda items are approved as proposed the chairpersons and members of the Board of Directors, the Management Committee, the Nomination and Compensation Committee, and the Audit & Supervisory Board shall be as follows. This also describes the details of matters to be resolved (Titles and members of the Nomination and Compensation Committee) at the Board of Directors and Audit & Supervisory Board scheduled to be convened immediately following such Ordinary General Meeting of Shareholders.

i. Board of Directors

Directors:

Yutaka Nagao, Toshizo Kurisu, Yasuharu Kosuge, Kenichi Shibasaki, Mariko Tokuno (Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Chairperson, Outside Director), Noriyuki Kuga (Outside Director), Charles Yin (Outside Director)

Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Tsutomu Sasaki, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

ii. Management Committee

Executive Directors:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President), Toshizo Kurisu, Yasuharu Kosuge

Executive Officers:

Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

Full-time Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Tsutomu Sasaki

iv. Nomination and Compensation Committee

Directors:

Mariko Tokuno (Head of the Committee, Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Outside Director), Noriyuki Kuga (Outside Director), Charles Yin (Outside Director), Yutaka Nagao

v. Audit & Supervisory Board

Audit & Supervisory Board Members:

Yoshihiro Kawasaki (Chairperson, Full-time Audit & Supervisory Board Member), Tsutomu Sasaki, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

(iii) Basic approach to internal control systems and status of development

In accordance with the Companies Act and the Regulation for Enforcement of the Companies Act, the Company has established Policy to develop its internal control system, as follows.

i. Corporate framework ensuring that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries

- (a) To ensure that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and to ensure the proper business operation of the Company and each Group company, the Company has established the "Group Corporate Philosophy" and the "Statement of Compliance." The Representative Director of the Company is responsible for ensuring that this statement is fully understood by directors of the Company and each Group company. At the same time, directors shall perform their businesses in accordance with this statement.
- (b) To ensure that the above directives are fully understood, the Company establishes the "Compliance and Risk Committee" headed by the executive officer who oversees the Group's compliance framework and risk management and shall monitor the undertaking of the Group-wide compliance and risk management. The Head of the Committee shall monitor compliance at the Company and each Group company and report the situation to the Board of Directors of the Company.
- (c) The Company shall develop a whistle-blower system for the Group to allow employees to report any compliance violations by directors of the Company and each Group company.
- (d) In the "Corporate Stances" of the "Group Corporate Philosophy," the Company declares it shall have no relationship with antisocial forces, and shall station employees to perform related businesses in departments responsible for compliance framework and risk management of the Company and each Group company. Departments responsible for compliance framework and risk management makes systematic efforts in collaboration with outside specialized institutions, such as police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.

ii. Framework for storing and managing information related to execution of duties by directors of the Company

Directors of the Company shall prescribe the retention period of the documents and the division in charge in the organization regulations and basic regulations on document management and prepare, store and manage the material documents in relation to the execution of duties by directors and minutes of each meeting.

iii. Policy and framework for managing risks of loss of the Company and its subsidiaries

- (a) The Company shall assign an executive officer to oversee Group-wide compliance and risk management. Employees shall be stationed to perform related businesses in the department responsible for the compliance and risk management of the Company and each Group company.
- (b) The Company shall develop a "Risk Management Basic Policy" as the basis of risk management. Each Group company shall also develop a "Risk Management Basic Policy" on the basis of this policy.
- (c) Large companies under the Companies Act in the Group companies shall establish a division in charge of risk management, and assign an officer in charge of the same. Departments responsible for compliance framework and risk management of the Company shall oversee this, and monitor and manage the risk status at each Group company in a timely manner.
- (d) The Company shall establish the Internal Audit Department to audit the implementation status and the effectiveness of risk management at the Company and each Group company.

iv. Framework ensuring the efficiency of execution of duties by directors of the Company and its subsidiaries

- (a) The Company shall adopt the executive officer system in order to realize the efficiency of the management and the clarification of responsibility through the clear division of management decision-making, supervision and execution.
- (b) The Company shall hold the Board of Directors Meeting more than once a month. In addition, material matters to be deliberated at the Board of Directors Meeting shall be discussed and examined at the Management Committee comprising executive directors, executive officers, and full-time audit & supervisory board members.

- (c) The Company shall define in the organizational regulations the procedure and the officer in charge with respect to the business operation based on the resolution of the Board of Directors and at the Management Committee of the Company as well as the resolution of each Group company's Board of Directors.
- v. Framework ensuring that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
- (a) To realize management in conformity with compliance at the Company and each Group company, the Company and each Group company shall formulate "Corporate Stances" and "Employee Credo of Conduct" as directives applicable to all employees. The documents shall be displayed and distributed etc. and training implemented.
- (b) Large companies under the Companies Act in the Group companies shall establish a division in charge of compliance promotion, and assign an officer in charge of the same. The department responsible for compliance framework and risk management of the Company shall oversee this, and monitor and manage the status of compliance promotion at the Group in a timely manner.
- (c) The Company shall establish the Internal Audit Department to audit the implementation status and the effectiveness of compliance at the Company and each Group company.
- (d) The Company shall hold "Compliance and Risk Committee" meetings regularly to develop and promote specific measures to ensure compliance and monitor the progress at the Company and each Group company.
- (e) The Company shall establish a whistle-blower system for the Group to develop an environment in which compliance violations are promptly reported.
- vi. Framework ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
- (a) To ensure the proper business operation of the Company and each Group company, the Company shall establish "Group Corporate Philosophy." The Company and each Group company shall formulate their company rules and execute business operations accordingly.
- (b) The Company shall assign an executive officer to be in charge of basic strategy for Groupwide management, and station employees to perform related businesses at the Management Strategy Department at the Company and each Group company.
- (c) The Company, as a pure holding company, shall be responsible for the planning and control of each Group company's operation in accordance with the executive management contract that prescribes the management duties that the Company will execute with respect to each Group company.
- (d) Each Group company shall execute business operations in accordance with the management policy formulated by the Company, and shall obtain the approval of the Company's Board of Directors Meeting or the Management Committee in advance when executing material matters. In addition, all material management matters shall be reported to the Company's related division.
- vii. Appointment of supporting personnel when audit & supervisory board members of the Company request such personnel
The Internal Audit Department shall provide support to audit & supervisory board members and personnel shall be appointed when deemed necessary in consultation with the Audit & Supervisory Board.
- viii. Securing independence of the personnel in the preceding item from directors and effectiveness of instructions from audit & supervisory board members
The personnel in the preceding item cannot hold a concurrent position that has the duties of planning or control of business operations. Accordingly, reassignment, evaluation, or disciplinary action against the supporting personnel requires the approval of the Audit & Supervisory Board in advance.
- ix. Framework for reporting to audit & supervisory board members by directors and employees of the Company and framework for reporting to audit & supervisory board members of the Company by directors, audit & supervisory board members and employees of subsidiaries, or those who have received reports from the said persons
- (a) In addition to matters designated by law, directors and employees of the Company and directors, audit & supervisory board members and employees of each Group company shall report the following to audit & supervisory board members of the Company without delay.
- Material violations of laws and regulations and the Articles of Incorporation as well as misconduct, by directors or employees
 - Crucial information obtained through whistle blowing
 - Other facts that threaten to cause significant losses to the Company and each Group company
- (b) The Company and each Group company shall create a framework to ensure that persons who have reported to audit & supervisory board members of the Company and each Group company are not treated disadvantageously because of the said report.
- x. Policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by audit & supervisory board members of the Company, and other expenses incurred in the said execution of duties, or handling of debts
The Company shall develop a policy regarding the handling of audit expenses and secure a budget of a certain amount to cover audit expenses.
- xi. Framework ensuring the effectiveness of auditing by audit & supervisory board members of the Company
- (a) In addition to the Board of Directors Meeting, audit & supervisory board members of the Company may attend other important meetings, including those of the Management Committee and the executive conference, and understand the process of important

decision-making and status of business operation, and provide necessary opinions.

- (b) The Company shall establish regular meetings between audit & supervisory board members and the representative director to exchange opinions.
- (c) The Internal Audit Department of the Company shall report progress and results of internal audits of the Company and each Group company as necessary to audit & supervisory board members to realize a collaborative framework for effective audits.
- (d) Audit & supervisory board members of the Company and each Group company shall exchange information and enhance collaboration throughout the Group at Group Audit & Supervisory Board Members' Liaison Meetings.
- (e) The Company shall establish a liaison office for the Audit & Supervisory Board and Group Audit & Supervisory Board Members' Liaison Meetings in the Internal Audit Department of the Company to promote efficient audits by audit & supervisory board members of the Company and each Group company.
- (f) The Company shall receive explanations on the contents of its accounts from the Accounting Auditor as needed and exchange information to realize a collaborative framework for effective audits.

(iv) Overview of the agreement on liability limitation

The Company's Articles of Incorporation allow for the conclusion of agreements with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members limiting liability stipulated in Article 423, paragraph (1) of the Companies Act. The Company has entered into an agreement on liability limitation with all Outside Directors and Audit & Supervisory Board Members in accordance with such Articles of Incorporation. The amount of liability allowed for in those agreements is as per the minimum amount of liability provided for under Article 425, paragraph (1) of the Companies Act.

(v) Summary of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. The insureds of this policy include Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, and the insureds do not pay the insurance premium. This policy covers losses, such as the amount of indemnification and litigation expenses incurred by the insureds in case where claims for the insureds' action (or omission) based on their position in the Company is brought forward. However, in order not to lose appropriateness of the execution of operation by the insureds, the policy do not cover the insureds' criminal acts or illegal acts done intentionally.

(vi) Requirements for resolution to elect Directors

The Company prescribes in its Articles of Incorporation that a resolution to elect Directors shall be made by a majority of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present and that such resolutions shall not be conducted by cumulative voting.

(vii) Organizational body to determine dividends of surplus, etc.

The Company prescribes in its Articles of Incorporation that unless otherwise provided for by laws and regulations, the Company may, by resolution of the Board of Directors, determine dividends of surplus and other matters set forth in the items of Article 459, paragraph (1) of the Companies Act. This is for the purpose of flexibly returning profits to shareholders by giving authority on dividends of surplus, etc. to the Board of Directors.

(viii) Exemption of liabilities of Directors and Audit & Supervisory Board Members

The Company prescribes in its Article of Incorporation that pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a person who was formerly a Director) and an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member) from his/her liability for damages for their acts stipulated under Article 423, paragraph (1) of the Companies Act arising from neglecting his/her duties to the extent permitted by laws and regulations. This is for the purpose of establishing an environment in which Directors and Audit & Supervisory Board Members can adequately demonstrate their abilities and accomplish their expected roles when executing their duties.

(ix) Requirements for special resolutions of the general meeting of shareholders

For the smooth operation of the general meeting of shareholders, the Company prescribes in its Articles of Incorporation that resolutions as prescribed in Article 309, paragraph (2) of the Companies Act shall be made by at least two-thirds of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.

(2) Status of Officers

(i) List of Officers

i. The status of officers as of June 17, 2022 (the Filing Date of the Annual Securities Report) is as follows.

13 men and 1 woman (ratio of women: 7.1%)

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Chairperson of the Board of Directors	Masaki Yamauchi	January 11, 1961	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2005 Executive Officer of the Company</p> <p>Apr. 2005 President, Tokyo Regional Office</p> <p>Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.</p> <p>Nov. 2005 General Manager of Human Resources and Administration, Yamato Transport Co., Ltd.</p> <p>Mar. 2007 Executive Officer of the Company</p> <p>Mar. 2007 Responsible for Human Resources Strategy</p> <p>May 2007 Responsible for Management Strategy</p> <p>Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.</p> <p>Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jun. 2011 Director and Executive Officer of the Company</p> <p>Apr. 2015 Representative Director, Executive Officer and President</p> <p>Apr. 2019 Chairperson of the Board of Directors (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>External Director of PERSOL HOLDINGS CO., LTD.</p>	Note 3	52
Representative Director, Executive Officer and President	Yutaka Nagao	August 31, 1965	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch</p> <p>Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2009 General Manager of TSS Sales Promotion Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2010 Executive Officer and President of Kanto Regional Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2013 Managing Executive Officer, Yamato Transport Co., Ltd.</p> <p>Apr. 2015 Executive Officer of the Company</p> <p>Apr. 2015 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.</p> <p>Jun. 2017 Director and Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President (current)</p> <p>Apr. 2021 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. (current)</p>	Note 3	25
Representative Director	Kenichi Shibasaki	October 16, 1955	<p>Apr. 1980 Joined the Company</p> <p>Jun. 1997 Regional Branch Manager of Saitama Regional Branch</p> <p>Jun. 1999 General Manager of Education Division</p> <p>Apr. 2003 General Manager of Operation Division</p> <p>Feb. 2006 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.</p> <p>Apr. 2006 Executive Officer of the Company</p> <p>Apr. 2012 Managing Executive Officer</p> <p>Apr. 2016 Senior Managing Executive Officer</p> <p>Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy</p> <p>Jun. 2018 Director and Senior Managing Executive Officer</p> <p>Apr. 2019 Representative Director, Executive Officer and Vice President</p> <p>Apr. 2019 Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit</p> <p>Mar. 2020 Responsible for overseeing Managing Section</p> <p>Feb. 2022 Representative Director of the Company (current)</p>	Note 3	35

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Haruo Kanda	September 26, 1952	<p>Jan. 1985 Joined the Company</p> <p>Apr. 2004 General Manager of Human Resources</p> <p>Aug. 2005 Executive Officer</p> <p>Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jul. 2006 Managing Executive Officer, Yamato Transport Co., Ltd.</p> <p>Apr. 2008 Managing Executive Officer of the Company</p> <p>Jun. 2008 Representative Director and Managing Executive Officer</p> <p>Apr. 2013 Representative Director and Senior Managing Executive Officer</p> <p>Apr. 2014 Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit</p> <p>Apr. 2015 Representative Director, Executive Officer and Vice President</p> <p>Apr. 2019 Responsible for overseeing Management, Assistant to President, Shared Value Creation</p> <p>Mar. 2020 Responsible for overseeing Management, Assistant to President, responsible for Shared Value Creation and Internal Audit</p> <p>Apr. 2021 Director of the Company (current)</p>	Note 3	38
Director	Masakatsu Mori	January 22, 1947	<p>Apr. 1969 Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd)</p> <p>May 1972 Qualified as Certified Public Accountant</p> <p>Sep. 1981 Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd)</p> <p>Feb. 1989 President of Andersen Consulting (currently: Accenture Japan Ltd)</p> <p>Board Member of Andersen Consulting (Global) (currently: Accenture)</p> <p>Apr. 2003 Representative Director and Chairman of Accenture Japan Ltd</p> <p>Sep. 2007 Corporate Advisor of Accenture Japan Ltd</p> <p>Oct. 2009 President of the International University of Japan (IUJ)</p> <p>Jun. 2013 Director of the Company (current)</p> <p>Nov. 2013 Vice Chairman of IUJ</p> <p>Apr. 2018 Senior Advisor of IUJ (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Senior Advisor of the International University of Japan</p> <p>Outside Director of Stanley Electric Co., Ltd.</p> <p>Outside Director of Kirin Holdings Company, Limited</p> <p>External Statutory Auditor of FAST RETAILING CO., LTD.</p>	Note 3	17
Director	Mariko Tokuno	October 6, 1954	<p>Jan. 1994 Joined Louis Vuitton Japan KK</p> <p>Apr. 2002 Senior Director for Sales Administration, Louis Vuitton Japan KK</p> <p>Mar. 2004 Vice President of Tiffany & Co. Japan Inc.</p> <p>Aug. 2010 Representative Director and President of Christian Dior Japan KK</p> <p>Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK</p> <p>Jun. 2017 Director of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Outside Director of HAPPINET CORPORATION</p> <p>Outside Director of Mitsubishi Materials Corporation</p> <p>Outside Director of Shiseido Company, Limited</p>	Note 3	4
Director	Yoichi Kobayashi	July 21, 1949	<p>Apr. 1973 Joined ITOCHU Corporation</p> <p>Jun. 2004 Executive Officer</p> <p>Apr. 2006 Managing Executive Officer</p> <p>Jun. 2006 Representative Executive Managing Director</p> <p>Apr. 2008 Representative Senior Managing Director</p> <p>Apr. 2011 Representative Director and Executive Vice President</p> <p>Apr. 2015 Senior Advisor</p> <p>Apr. 2016 Vice Chairman</p> <p>Jun. 2018 Director of the Company (current)</p>	Note 3	5

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Shiro Sugata	November 17, 1949	<p>Apr. 1972 Joined USHIO INC.</p> <p>Jan. 1993 President of BLV LICHT- UND VAKUUMTECHNIK GmbH</p> <p>Jun. 2000 Director and Corporate Senior Vice President of USHIO INC.</p> <p>Apr. 2004 Director and Corporate Executive Vice President</p> <p>Jun. 2004 Representative Director and Corporate Executive Vice President</p> <p>Mar. 2005 President and CEO</p> <p>Oct. 2014 Director and Corporate Advisor</p> <p>Jun. 2016 Corporate Advisor</p> <p>Jul. 2017 Special Corporate Advisor</p> <p>Jun. 2019 Director of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Outside Director of JSR Corporation</p> <p>Outside Director of Yokogawa Electric Corporation</p>	Note 3	-
Director	Noriyuki Kuga	August 25, 1955	<p>Apr. 1979 Joined Tokyo Electron Ltd.</p> <p>Apr. 2002 Vice President and General Manager</p> <p>Oct. 2004 President and Representative Director of Tokyo Electron BP Ltd.</p> <p>Oct. 2006 Executive Vice President of TOKYO ELECTRON DEVICE LIMITED</p> <p>Jun. 2007 Corporate Director and Executive Vice President</p> <p>Jun. 2011 Senior Executive Vice President and Representative Director</p> <p>Jun. 2016 Chairman of the Board</p> <p>Jun. 2020 Director of the Company (current)</p>	Note 3	0
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	November 12, 1954	<p>Sep. 1992 Joined Kyushu Yamato Transport Co., Ltd.</p> <p>Apr. 2003 Regional Branch Manager of Kagoshima Regional Branch of Yamato Transport Co., Ltd.</p> <p>Feb. 2006 General Manager of Division of Service Quality Improvement</p> <p>Apr. 2010 Executive Officer and President of Shikoku Regional Office</p> <p>Jun. 2015 Audit & Supervisory Board Member of the Company</p> <p>Jun. 2019 Full-time Audit & Supervisory Board Member of the Company (current)</p>	Note 4	9
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	February 5, 1961	<p>Apr. 1981 Joined the Company</p> <p>Jun. 2000 Manager of Audit Section No. 1 of Audit Division</p> <p>Jun. 2002 Manager of Audit Section of Audit Division</p> <p>Jul. 2006 Audit Function Manager</p> <p>Apr. 2012 Audit Function Senior Manager</p> <p>Apr. 2018 Attached to the President</p> <p>Jun. 2018 Full-time Audit & Supervisory Board Member (current)</p>	Note 5	6
Audit & Supervisory Board Member	Takashi Yamashita	February 18, 1956	<p>Oct. 1983 Joined Asahi Accounting Company</p> <p>Mar. 1987 Registered as a Certified Public Accountant</p> <p>May 2003 Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC)</p> <p>Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current)</p> <p>Jan. 2015 Registered as a Certified Tax Accountant</p> <p>Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Representative of Takashi Yamashita CPA Office</p> <p>Outside Director of SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.</p>	Note 6	-
Audit & Supervisory Board Member	Ryuji Matsuda	April 30, 1955	<p>Apr. 1986 Registered as Attorney at Law and Certified Public Accountant</p> <p>Jul. 1992 Established Matsuda Law Office (current)</p> <p>Jun. 2007 Audit & Supervisory Board Member of SQUARE ENIX CO., LTD.</p> <p>Jun. 2008 Audit & Supervisory Board Member of Seika Corporation</p> <p>May 2012 Auditor of the Japan Federation of Bar Associations</p> <p>Jun. 2014 Auditor of ASAHU GROUP ARTS FOUNDATION (current)</p> <p>Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Attorney at Law, Matsuda Law Office</p>	Note 7	-

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Yoshihide Shimoyama	April 24, 1951	Apr. 1976 Joined Nihon Cement Co., Ltd. (currently: Taiheiyo Cement Corporation) Apr. 2006 General Manager of Technology Planning Department, Central Research Laboratory Mar. 2008 President and Representative Director of Taiheiyo Consultant Co., Ltd. Apr. 2015 Advisor Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current) (Important Concurrent Positions at Other Organizations) Outside Audit & Supervisory Board Member of NIPPON HUME CORPORATION	Note 7	0
Total					195

- Notes:
1. Directors Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga are Outside Directors.
 2. Audit & Supervisory Board Members Takashi Yamashita, Ryuji Matsuda and Yoshihide Shimoyama are Outside Audit & Supervisory Board Members.
 3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
 4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
 5. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 28, 2018.
 6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
 7. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
 8. Important Concurrent Positions at Other Organizations are as of March 31, 2022.
 9. The Company has introduced an executive officer system. Of the six executive officers, the following five do not concurrently serve as Directors.

Title	Name
Executive Officer and Vice President	Toshizo Kurisu
Senior Managing Executive Officer	Yasuharu Kosuge
Senior Managing Executive Officer	Tomoki Otani
Senior Managing Executive Officer	Shinji Makiura
Managing Executive Officer	Atsushi Kashimoto

ii. The Company has proposed the “Election of nine (9) Directors” and “Election of one (1) Audit & Supervisory Board Member” as agenda items (Matters to be resolved) at the Ordinary General Meeting of Shareholders held on June 23, 2022, and if these agenda items are approved as proposed, the status of the Company’s officers should be as follows.

Note that this also includes a description of the matters to be resolved (titles) at the Board of Directors and Audit & Supervisory Board meetings scheduled to be convened immediately following such Ordinary General Meeting of Shareholders.

13 men and 1 woman (ratio of women: 7.1%)

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Representative Director, Executive Officer and President	Yutaka Nagao	August 31, 1965	Apr. 1988 Joined the Company Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd. Apr. 2009 General Manager of TSS Sales Promotion Office, Yamato Transport Co., Ltd. Apr. 2010 Executive Officer and President of Kanto Regional Office, Yamato Transport Co., Ltd. Apr. 2013 Managing Executive Officer, Yamato Transport Co., Ltd. Apr. 2015 Executive Officer of the Company Apr. 2015 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. Jun. 2017 Director and Executive Officer of the Company Apr. 2019 Representative Director, Executive Officer and President (current) Apr. 2021 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. (current)	Note 3	25
Representative Director, Executive Officer and Vice President	Toshizo Kurisu	September 29, 1960	Apr. 1983 Joined the Company Jul. 1999 General Manager of Accounting Division Jun. 2002 General Manager of Finance Division Apr. 2006 Executive Officer of the Company Apr. 2012 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd. Apr. 2017 Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd. Apr. 2019 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. Mar. 2020 Managing Executive Officer of the Company Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd. Feb. 2022 Executive Officer and Vice President of the Company Feb. 2022 Responsible for Finance, Public Relations and Digital (current) Feb. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current) Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)	Note 3	30

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Representative Director, Executive Officer and Vice President	Yasuharu Kosuge	June 21, 1961	<p>Apr. 1985 Joined the Company</p> <p>Jun. 1997 Project Manager of Work System Project</p> <p>Feb. 2002 Regional Branch Manager of Okayama Regional Branch</p> <p>Apr. 2004 Regional Branch Manager of Yokohama Regional Branch</p> <p>May 2006 Regional Branch Manager of Kita Tokyo Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2011 General Manager of Corporate Sales Division of Yamato Transport Co., Ltd.</p> <p>Apr. 2014 Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2016 Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2019 Managing Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Senior Managing Executive Officer of the Company</p> <p>Feb. 2022 Responsible for Management Strategy and Human Resources (current)</p> <p>Feb. 2022 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)</p>	Note 3	4
Director	Kenichi Shibasaki	October 16, 1955	<p>Apr. 1980 Joined the Company</p> <p>Jun. 1997 Regional Branch Manager of Saitama Regional Branch</p> <p>Jun. 1999 General Manager of Education Division</p> <p>Apr. 2003 General Manager of Operation Division</p> <p>Feb. 2006 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.</p> <p>Apr. 2006 Executive Officer of the Company</p> <p>Apr. 2012 Managing Executive Officer</p> <p>Apr. 2016 Senior Managing Executive Officer</p> <p>Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy</p> <p>Jun. 2018 Director and Senior Managing Executive Officer</p> <p>Apr. 2019 Representative Director, Executive Officer and Vice President</p> <p>Apr. 2019 Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit</p> <p>Mar. 2020 Responsible for overseeing Managing Section</p> <p>Feb. 2022 Representative Director of the Company</p> <p>Jun. 2022 Director (current)</p>	Note 3	35
Director	Mariko Tokuno	October 6, 1954	<p>Jan. 1994 Joined Louis Vuitton Japan KK</p> <p>Apr. 2002 Senior Director for Sales Administration, Louis Vuitton Japan KK</p> <p>Mar. 2004 Vice President of Tiffany & Co. Japan Inc.</p> <p>Aug. 2010 Representative Director and President of Christian Dior Japan KK</p> <p>Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK</p> <p>Jun. 2017 Director of the Company (current)</p>	Note 3	4
Director	Yoichi Kobayashi	July 21, 1949	<p>Apr. 1973 Joined ITOCHU Corporation</p> <p>Jun. 2004 Executive Officer</p> <p>Apr. 2006 Managing Executive Officer</p> <p>Jun. 2006 Representative Executive Managing Director</p> <p>Apr. 2008 Representative Senior Managing Director</p> <p>Apr. 2011 Representative Director and Executive Vice President</p> <p>Apr. 2015 Senior Advisor</p> <p>Apr. 2016 Vice Chairman</p> <p>Jun. 2018 Director of the Company (current)</p>	Note 3	5

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Shiro Sugata	November 17, 1949	Apr. 1972 Joined USHIO INC. Jan. 1993 President of BLV LICHT- UND VAKUUMTECHNIK GmbH Jun. 2000 Director and Corporate Senior Vice President of USHIO INC. Apr. 2004 Director and Corporate Executive Vice President Jun. 2004 Representative Director and Corporate Executive Vice President Mar. 2005 President and CEO Oct. 2014 Director and Corporate Advisor Jun. 2016 Corporate Advisor Jul. 2017 Special Corporate Advisor Jun. 2019 Director of the Company (current)	Note 3	–
Director	Noriyuki Kuga	August 25, 1955	Apr. 1979 Joined Tokyo Electron Ltd. Apr. 2002 Vice President & General Manager Oct. 2004 President & Representative Director, Tokyo Electron BP Ltd. Oct. 2006 Executive Vice President of TOKYO ELECTRON DEVICE LIMITED Jun. 2007 Corporate Director and Executive Vice President Jun. 2011 Senior Executive Vice President and Representative Director Jun. 2016 Chairman of the Board Jun. 2020 Director of the Company (current)	Note 3	0
Director	Charles Yin	May 29, 1964	Feb. 1990 Joined L3, Inc. (New York) Mar. 1992 Vice President Sep. 1996 Joined Fuji Xerox Asia Pacific Pte. Ltd. (Singapore) Aug. 2007 CEO of Worldwide City Group (Hong Kong) Jul. 2018 Executive Chairman (current) Jun. 2022 Director of the Company (current)	Note 3	–
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	November 12, 1954	Sep. 1992 Joined Kyushu Yamato Transport Co., Ltd. Apr. 2003 Regional Branch Manager of Kagoshima Regional Branch of Yamato Transport Co., Ltd. Feb. 2006 General Manager of Division of Service Quality Improvement Apr. 2010 Executive Officer and President of Shikoku Regional Office Jun. 2015 Audit & Supervisory Board Member Jun. 2019 Full-time Audit & Supervisory Board Member of the Company (current)	Note 4	9
Full-time Audit & Supervisory Board Member	Tsutomu Sasaki	November 13, 1964	Apr. 1987 Joined the Company Apr. 2005 General Manager of TA-Q-BIN Sales Division III Jul. 2006 General Manager of Product Development Division of Yamato Transport Co., Ltd. Apr. 2007 General Manager of Manufacturer Solution Sales Division Apr. 2009 General Manager of Global Sales Division Apr. 2011 General Manager of Sales Strategy Division Apr. 2017 Executive Officer of the Company Sep. 2018 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd. Apr. 2019 Managing Executive Officer of the Company Mar. 2020 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd. Apr. 2021 Senior Managing Executive Officer of the Company Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd. Feb. 2022 Attached to the President of the Company Jun. 2022 Full-time Audit & Supervisory Board Member of the Company (current)	Note 5	12
Audit & Supervisory Board Member	Takashi Yamashita	February 18, 1956	Oct. 1983 Joined Asahi Accounting Company Mar. 1987 Registered as Certified Public Accountant May 2003 Representative Partner of Asahi & Co. (currently KPMG AZSA LLC) Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current) Jan. 2015 Registered as Certified Tax Accountant Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)	Note 6	–

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Ryuji Matsuda	April 30, 1955	Apr. 1986 Registered as Attorney at Law and Certified Public Accountant Jul. 1992 Established Matsuda Law Office (current) Jun. 2007 Audit & Supervisory Board Member of SQUARE ENIX CO., LTD. Jun. 2008 Audit & Supervisory Board Member of Seika Corporation May 2012 Auditor of the Japan Federation of Bar Associations Jun. 2014 Auditor of ASAHU GROUP ARTS FOUNDATION (current) Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)	Note 7	-
Audit & Supervisory Board Member	Yoshihide Shimoyama	April 24, 1956	Apr. 1976 Joined Nihon Cement Co., Ltd. (currently Taiheiyu Cement Corporation) Apr. 2006 General Manager of Technology Planning Department, Central Research Laboratory Mar. 2008 President and Representative Director of Taiheiyu Consultant Co., Ltd. Apr. 2015 Advisor Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)	Note 7	0
Total					128

- Notes:
1. Directors Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata, Noriyuki Kuga and Charles Yin are Outside Directors.
 2. Audit & Supervisory Board Members Takashi Yamashita, Ryuji Matsuda and Yoshihide Shimoyama are Outside Audit & Supervisory Board Members.
 3. One year from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 23, 2022.
 4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
 5. Four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 23, 2022.
 6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
 7. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
 8. The Company has introduced an executive officer system. Of the six executive officers, the following three do not concurrently serve as Directors.

Title	Name
Senior Managing Executive Officer	Tomoki Otani
Senior Managing Executive Officer	Shinji Makiura
Managing Executive Officer	Atsushi Kashimoto

(ii) Information about Outside Directors (and other outside officers)

The Company has elected five Outside Directors and three Outside Audit & Supervisory Board Members. There is no human relationship, capital relationship, business relationship, or other interest between the Company and the Outside Directors and Outside Audit & Supervisory Board Members and between the Company and the companies where the Outside Directors and Outside Audit & Supervisory Board Members are, or were, officers or employees.

The Outside Directors provide remarks and advice that are necessary for overall management as appropriate and improve the management in cooperation with the Accounting Audit and Internal Audit Departments.

The Outside Audit & Supervisory Board Members attend meetings of the Audit & Supervisory Board and meetings between the President and the Outside Directors and Audit & Supervisory Board Members, which are regularly held. They provide remarks that are necessary from the standpoint of the Audit & Supervisory Board Members, confirm the job execution status of Directors, and ask questions about management measures.

The Company has the five Outside Directors, of the nine Directors in total, to check its management from an objective point of view, and its functioning is strengthened by having more than half of all the Directors being Outside Directors. In order to strengthen the auditing function over the Company's business execution, three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, and its functioning is strengthened by having more than half of all the Audit & Supervisory Board Members being Outside Audit & Supervisory Board Members.

The following is the Company's ideas about the election of Outside Directors and Outside Audit & Supervisory Board Members as of June 17, 2022 (the date for submission of the Annual Securities Report).

<Outside Directors>

Name	Reasons for the election of the Outside Director
Masakatsu Mori	<p>Masakatsu Mori possesses abundant experience and considerable insight, particularly in the fields of finance/accounting, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice on the Company's general management from a managerial standpoint, particularly regarding business execution, business strategy, financial strategy, and sustainability strategy, will contribute to enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Masakatsu Mori as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Masakatsu Mori satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Mariko Tokuno	<p>Mariko Tokuno possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint in addition to the standpoint of customers and employees, particularly regarding business execution, business strategy, and human resources strategy, will contribute to further enhancing our management structure and elected her as an Outside Director.</p> <p>The Company appointed Mariko Tokuno as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered her as such with that exchange. Mariko Tokuno satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Yoichi Kobayashi	<p>Yoichi Kobayashi possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, business strategy, and investment strategy, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Yoichi Kobayashi as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoichi Kobayashi satisfies the requirements for Criteria for Determining Independence of the Company.</p>

Name	Reasons for the election of the Outside Director
Shiro Sugata	<p>Shiro Sugata possesses abundant experience and considerable insight, particularly in the fields of marketing/sales, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, business strategy, increasing productivity, and cost structure reform, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Shiro Sugata as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Shiro Sugata satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Noriyuki Kuga	<p>Noriyuki Kuga possesses abundant experience and considerable insight, particularly in the fields of personnel/labor management, finance/accounting and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, financial strategy, and corporate governance, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Noriyuki Kuga as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Noriyuki Kuga satisfies the requirements for Criteria for Determining Independence of the Company.</p>

<Outside Audit & Supervisory Board Members>

Name	Reasons for the election of the Outside Audit & Supervisory Board Member
Takashi Yamashita	<p>The Company has elected Takashi Yamashita as an Outside Audit & Supervisory Board Member in order to draw on his expertise related to finance and accounting as a certified public accountant with respect to the Company's audit structure.</p> <p>The Company appointed Takashi Yamashita as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Takashi Yamashita satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Ryuji Matsuda	<p>The Company has elected Ryuji Matsuda as an Outside Audit & Supervisory Board Member in order to draw on his sophisticated expertise as a lawyer with respect to the Company's audit structure.</p> <p>The Company appointed Ryuji Matsuda as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Ryuji Matsuda satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Yoshihide Shimoyama	<p>The Company has elected Yoshihide Shimoyama as an Outside Audit & Supervisory Board Member in order to draw on his experience as a member of the Board of Directors and an Outside Audit & Supervisory Board Member at other companies with respect to the Company's audit structure.</p> <p>The Company appointed Yoshihide Shimoyama as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoshihide Shimoyama satisfies the requirements for Criteria for Determining Independence of the Company.</p>

Note: As agenda items (matters to be resolved) at the Ordinary General Meeting of Shareholders of the Company held on June 23 2022, the Company proposed the “Election of Nine (9) Directors” and the “Election of One (1) Audit & Supervisory Board Member.” The Company’s Outside Directors and Outside Audit & Supervisory Board Members are as follows.

<Outside Directors>

Name	Reasons for the election of the Outside Director
Mariko Tokuno	<p>Mariko Tokuno possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish advice on the Company’s general management from a managerial standpoint in addition to the standpoint of customers and employees, particularly regarding business execution, business strategy, and human resources strategy, will contribute to further enhancing our management structure and elected her as an Outside Director.</p> <p>The Company appointed Mariko Tokuno as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered her as such with that exchange. Mariko Tokuno satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Yoichi Kobayashi	<p>Yoichi Kobayashi possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish advice on the Company’s general management from a managerial standpoint, particularly regarding business execution, business strategy, and investment strategy, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Yoichi Kobayashi as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoichi Kobayashi satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Shiro Sugata	<p>Shiro Sugata possesses abundant experience and considerable insight, particularly in the fields of marketing/sales, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish advice on the Company’s general management from a managerial standpoint, particularly regarding business execution, business strategy, increasing productivity, and cost structure reform, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Shiro Sugata as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Shiro Sugata satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Noriyuki Kuga	<p>Noriyuki Kuga possesses abundant experience and considerable insight, particularly in the fields of personnel/labor management, finance/accounting and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish advice on the Company’s general management from a managerial standpoint, particularly regarding business execution, financial strategy, and corporate governance, will contribute to further enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Noriyuki Kuga as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Noriyuki Kuga satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Charles Yin	<p>Charles Yin possesses abundant experience and considerable insight, particularly in the fields of marketing/sales, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish advice on the Company’s general management from a managerial standpoint, particularly regarding business execution and global business strategy, will contribute to enhancing our management structure and elected him as an Outside Director.</p> <p>The Company appointed Charles Yin as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Charles Yin satisfies the requirements for Criteria for Determining Independence of the Company.</p>

<Outside Audit & Supervisory Board Members>

Name	Reasons for the election of the Outside Audit & Supervisory Board Member
Takashi Yamashita	<p>The Company has elected Takashi Yamashita as an Outside Audit & Supervisory Board Member in order to draw on his expertise related to finance and accounting as a certified public accountant with respect to the Company's audit structure.</p> <p>The Company appointed Takashi Yamashita as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Takashi Yamashita satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Ryuji Matsuda	<p>The Company has elected Ryuji Matsuda as an Outside Audit & Supervisory Board Member in order to draw on his sophisticated expertise as a lawyer with respect to the Company's audit structure.</p> <p>The Company appointed Ryuji Matsuda as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Ryuji Matsuda satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Yoshihide Shimoyama	<p>The Company has elected Yoshihide Shimoyama as an Outside Audit & Supervisory Board Member in order to draw on his experience as a member of the Board of Directors and an Outside Audit & Supervisory Board Member at other companies with respect to the Company's audit structure.</p> <p>The Company appointed Yoshihide Shimoyama as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoshihide Shimoyama satisfies the requirements for Criteria for Determining Independence of the Company.</p>

For electing the Outside Directors and Outside Audit & Supervisory Board Members, the Company has established the following original criteria for determining their independence from the Company, based on the Criteria for Determining Independence shown by Tokyo Stock Exchange, Inc.

The Company has appointed all of the Outside Directors and Outside Audit & Supervisory Board Members as independent officers, as provided for under the provisions of the Tokyo Stock Exchange, Inc., and registered them as such with that exchange.

<Criteria for Determining Independence>

A party with respect to whom any of the following apply shall be deemed as not having met the requirements of independence for an Outside Director or Outside Audit & Supervisory Board Member of the Company.

- i. A party that is a major business partner of either the Company or a Group company (hereinafter collectively referred to as the "Company") or, if such party is a corporation or other such entity, a person who executes business thereof;
- ii. A major business partner of the Company or, if such party is a corporation or other such entity, a person who executes business thereof;
- iii. A consultant, accounting professional or legal professional who receives substantial monetary consideration and/or other economic benefits from the Company besides an officer's remuneration;
- iv. A consultant, accounting professional, legal professional or other such professional who is a member of a corporation or other such entity that provides professional services acting as a major business partner of the Company;
- v. A major shareholder of the Company or, if such major shareholder is a corporation or other such entity, a person who executes business thereof;
- vi. A recipient of donations from the Company or a person who executes business thereof;
- vii. A person who now serves or has served in the past as a Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Executive Officer, or employee of either the Company or one of its subsidiaries;
- viii. A close relative of a Director, Audit & Supervisory Board Member, Executive Officer or employee of the Company;
- ix. A close relative of a person (excluding inconsequential persons) with respect to whom any of the aforementioned apply.

(3) Information about Audits

1) Information about audits by Audit & Supervisory Board Members

i. Organization, staff, and procedures of audits by Audit & Supervisory Board Members

The Audit & Supervisory Board is comprised of two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Yoshihiro Kawasaki, Full-time Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in business management, business operation and as a Full-time Audit & Supervisory Board Member of the Company's subsidiary, Yamato Transport Co., Ltd. over many years. Mamoru Matsuno, Full-time Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in internal auditing duties over many years. Takashi Yamashita, Outside Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as a certified public accountant. Ryuji Matsuda, Outside Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as an attorney. Yoshihide Shimoyama, Outside Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience as a director and an Outside Audit & Supervisory Board Member at other companies. The Company has assigned a dedicated person who supports the Audit & Supervisory Board Members to ensure a system where their audit work is executed smoothly.

The Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings and oversee the execution of duties by the Directors in accordance with the audit policy, allocation of work, etc., thereby enhancing sound management and social trust in the Company. The Audit & Supervisory Board Members hold Group Audit & Supervisory Board Members' Liaison Meetings on a regular basis and discuss the audit policy and method with the Full-time Audit & Supervisory Board Members of the Group's major business companies, exchange information, and strengthen the relationships with them. They also hold regular reporting sessions with internal auditors and exchange information with them. The Audit & Supervisory Board Members maintain independence from the Accounting Auditors and monitor and verify whether they implemented appropriate audits, and they receive reports from the Accounting Auditors regarding the performance of their duties and seek explanations as necessary.

ii. Activities of Audit & Supervisory Board Members and Audit & Supervisory Board

In the fiscal year under review, the Audit & Supervisory Board held 19 meetings, made 10 resolutions (about the audit plan, the audit report, agenda items on the election of Audit & Supervisory Board Members at the General Meeting of Shareholders, evaluated reappointing the Accounting Auditors, and other items) and issued 35 reports (details of the reports based on the whistleblowing system, the status of implementing the internal audit, the operational status of the internal control system, and others) throughout the year. Each meeting lasted about 75 minutes on average. The following shows the attendance records of the Audit & Supervisory Board Members.

Title	Name	Attendance at Audit & Supervisory Board meetings
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	19 of 19 meetings (100%)
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	18 of 19 meetings (94%)
Outside Audit & Supervisory Board Member	Takashi Yamashita	19 of 19 meetings (100%)
Outside Audit & Supervisory Board Member	Ryuji Matsuda	19 of 19 meetings (100%)
Outside Audit & Supervisory Board Member	Yoshihide Shimoyama	19 of 19 meetings (100%)

The Audit & Supervisory Board set the following as its significant audit items: the status of decision making by Directors, the status of how to cope with the internal control system, the status of how Group companies strengthened management, the compliance risk management and information management systems, and the progress of main initiatives based on the three business transformations, "Reducing indirect operations and promoting digital transformation (DX) of TA-Q-BIN," "Positioning Yamato at the center of the growing e-commerce domain," and "Establishment of corporate logistics business" as well as the three infrastructure transformations, "Promoting data-driven management," "Renewal of the Group's management systems," and "Sustainability initiatives."

The Audit & Supervisory Board Members attended the Board of Directors meetings, oversaw the proceedings of management and the resolutions, and expressed their opinions as necessary. The total attendance rate was 97% (94% for the Full-time Audit & Supervisory Board Members and 100% for the Outside Audit & Supervisory Board Members). The Audit & Supervisory Board held semi-annual meetings with the President and exchanged opinions based on the audit reports and audit findings. It also received reports from Directors, Executive Officers, and general managers in charge of business departments and exchanged opinions with them as necessary.

The Full-time Audit & Supervisory Board Members attended meetings of the management committee and other important meetings. The Full-time and Outside Audit & Supervisory Board Members exchanged opinions with the representative directors of Group companies as necessary.

2) Information about internal audits

The Company has established the Internal Audit Department as an independent organization. Under the internal audit supervisor of the Company, there are 168 internal auditors within the Group. According to the annual audit plan, they audit whether the Company and Group companies properly and efficiently execute their businesses and report the results to the Directors and Audit & Supervisory Board Members. The Company holds regular audit meetings within the Group and discusses audit policies and problems and improvement proposals based on audit results with internal auditors. The Company also makes efforts to improve and maintain the effectiveness of internal control over financial reporting in cooperation with the internal control departments of Group companies.

3) Information about accounting audits

i. Name of audit firm

Deloitte Touche Tohmatsu LLC

ii. Years of continuous auditing

Since 1983

iii. Certified public accountants who executed the audit duties

Designated Engagement Partner CPA Koichi Yano

Designated Engagement Partner CPA Yoshihiro Ishida

Designated Engagement Partner CPA Shinji Seki

iv. Composition of assistants who supported audit duties

The auditing team for the Company includes 13 other CPAs and 20 other assistants.

v. Policy and reason for appointing audit firm

The Company comprehensively takes into account the capabilities of the Accounting Auditors to properly react to the Company's business size, diversification and internationalization of its business domains in line with the development of Group management and environmental changes, such as revisions to the laws, orders, and criteria with respect to accounting. And it evaluates the Accounting Auditors according to the evaluation criteria for selecting and reappointing or not reappointing the Accounting Auditors set by the Audit & Supervisory Board. Based on the above, the Company confirms the Accounting Auditors' quality control system, independence, and expertise before electing the Accounting Auditors.

Moreover, the Audit & Supervisory Board evaluates whether the election of the Accounting Auditors is proper or not according to the criteria for the election and reappointment or not of the Accounting Auditors.

If the Company's Audit & Supervisory Board recognizes a fact about the Accounting Auditors, as the Company's accounting auditors, that falls under the matters prescribed in each item of Article 340, paragraph (1) of the Companies Act, it shall deliberate on the dismissal of the Accounting Auditors based on that fact and shall dismiss the Accounting Auditors if there is consent from all members of the Audit & Supervisory Board.

If the Company's Audit & Supervisory Board recognizes a fact deemed to show that the audit quality and other standards of the Accounting Auditors, as the Company's accounting auditors, are insufficient for performing audit services, it shall deliberate on the non-reappointment of the Accounting Auditors based on that fact and shall resolve an agenda item for the non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.

The details of the criteria for the election of the Accounting Auditor are as follows.

(Details of criteria for election of Accounting Auditor)

a. Overview of audit firm

b. Audit implementation system, etc.

c. Estimated audit fee amount

vi. Evaluation of audit firm by the Audit & Supervisory Board and its members

The Audit & Supervisory Board has set the criteria for electing and reappointing or not reappointing the Accounting Auditors. According to the criteria, the Audit & Supervisory Board monitors and verifies whether the Accounting Auditors maintain independence and implement appropriate audits and receives reports from the Accounting Auditors regarding the performance of their duties and carries out evaluations after seeking explanations as necessary. In addition, the Audit & Supervisory Board received notice from the Accounting Auditors that “the system for ensuring that duties are performed correctly” (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards and sought explanations as necessary.

As a result, the Audit & Supervisory Board of the Company has determined that the audit firm is well qualified as its Accounting Auditors after comprehensively evaluating and considering its audit quality, independence and expertise, and effectiveness of communication with Audit & Supervisory Board Members and senior executives.

The details of the criteria for the reappointment or non-reappointment of the Accounting Auditors are as follows.

(Details of criteria for reappointment or non-reappointment of Accounting Auditors)

- a. Quality control of audit firm
- b. Audit team
- c. Estimated audit fee amount, etc.
- d. Communication with Audit & Supervisory Board Members, etc.
- e. Relationships with corporate managers, etc.
- f. Group audits
- g. Fraud risk

4) Details of audit fees and other matters

i. Audit fees paid to auditing certified public accountants, etc.

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	109	26	104	25
Consolidated subsidiaries	185	–	207	19
Total	294	26	311	44

The details of the non-audit services at the Company included advice, guidance, etc. on the “accounting standards about revenue recognition” and others for the fiscal year ended March 31, 2021, and advice, guidance, etc. on the response to financial information disclosures related to climate change and others for the fiscal year ended March 31, 2022.

The details of the non-audit services at consolidated subsidiaries included the advisory service related to the development of financial products for the fiscal year ended March 31, 2022.

ii. Remuneration to the same network (Deloitte) as the auditing CPAs, etc.

(Excluding i.)

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	–	265	–	99
Consolidated subsidiaries	98	16	118	77
Total	98	282	118	176

The details of the non-audit services at the Company included the advisory service related to the reorganization of the Group’s organization for both the fiscal year ended March 31, 2021, and that ended March 31, 2022.

The details of the non-audit services at consolidated subsidiaries included the tax advisory service related to overseas subsidiaries for both the fiscal year ended March 31, 2021, and that ended March 31, 2022.

iii. Details of fees for other significant audit certification services

Not applicable

iv. Policy on determining audit fees

The Company determined audit fees to the auditing CPAs and others after considering the number of days needed for audits, the Company’s business size and characteristics, and others.

v. Reason for the Audit & Supervisory Board’s consent to fees for Accounting Auditors

The Audit & Supervisory Board agreed with the audit fees to the Accounting Auditors according to Article 399, paragraph (1) of the Companies Act after it made the necessary inspection of the details of the Accounting Auditors’ audit plans, implementation status of their accounting audits, grounds for calculating estimated fee amounts, and other factors.

(4) Remuneration for Directors (and other officers)

1) Total amount of remuneration by category of Directors (and other officers) and by type of remuneration as well as the number of eligible Directors (and other officers)

Categories of Directors (and other officers)	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)			Number of eligible Directors (and other officers) (persons)
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors	383	248	135	–	4
Outside Directors	73	73	–	–	5
Audit & Supervisory Board Members	48	48	–	–	2
Outside Audit & Supervisory Board Members	33	33	–	–	3

2) Total amount of remuneration, etc. to those whose total remuneration, etc. was 100 million yen or more

Name	Total amount of remuneration, etc. (Millions of yen)	Category of Directors (or other officers)	Category of companies	Total amount by type of remuneration (Millions of yen)		
				Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.
Yutaka Nagao	107	Director	Reporting company	65	42	–

Note: This describes only those whose total remuneration, etc. was 100 million yen or more.

3) Policy for determining performance-linked remuneration (variable remuneration)

i) Previous executive remuneration system (applied from April, 2021, to June, 2021)

As benchmarks pertaining to performance-linked remuneration, the Company uses operating profit to better link remuneration to corporate performance and also to achieve greater transparency and objectivity.

The Company makes decisions on performance-linked remuneration (variable remuneration) using the calculation formula below.

<Formula for calculating performance-linked remuneration>

[Consolidated operating profit × percentage share of operating profit*1 × percentage share by rank and title*2 + extra allowance amount*3]

*1. Percentage share of operating profit: Varies depending on achievement of targets for consolidated operating profit
Achievement of target 100% or more = 0.15%; from 90% to less than 100% = 0.10%; less than 90% = 0.00%

*2. Percentage share by rank and title: Varies in the range of 20% to 34% depending on rank and title

*3. Extra allowance amount: consolidated operating profit × 0.05% share of extra allowance × 60% share for Directors

The amount calculated using this formula serves as the basis for extra allowance allocations made upon having assessed the extent to which targets have been achieved on an individual basis.

The consolidated operating profit for the fiscal year ended March 31, 2020, served as a benchmark for determining performance-linked remuneration paid in the fiscal year ended March 31, 2022. The operating profit target for the fiscal year ended March 31, 2020, was 72,000 million yen, and the actual operating profit was 44,701 million yen.

The Company has calculated the annual amount of performance-linked remuneration based on these results and then converted that result to a monthly amount, which is applied to the period extending from April 2021 through June 2021.

ii) New executive remuneration system (applied from July 2021 to March 2022)

For the benchmark for determining short-term performance-linked remuneration, the Company has calculated the amount of individual remuneration based on the achievement of quantitative performance indicators of "The Group's consolidated operating revenue," "The Group's consolidated operating profit," "The Group's consolidated profit" and the achievement of the individual's mission, evaluated by the individual's mission progress and role satisfaction, in order to have a better link with the Company's performance and improve the transparency and objectivity of the remuneration.

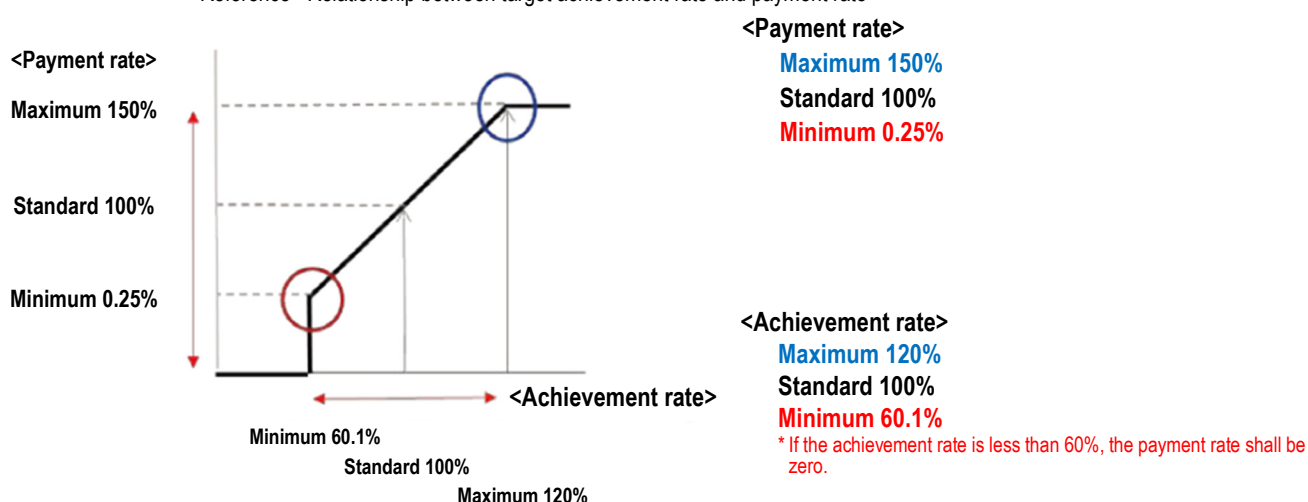
The Company has calculated the annual amount of performance-linked remuneration based on these results and then converted that result to a monthly amount, which is applied to the period extending from July 2021 through June 2022.

<Formula for calculating performance-linked remuneration>

Variable remuneration	Performance indicator	Indicator rate on each Director	Actual (Millions of yen)	Target (Millions of yen)	Achievement rate %
Short-term performance indicator	i. The Group's consolidated operating revenue	○ 30%	1,695,900	1,623,000	104.5
	ii. The Group's consolidated operating profit	○ 30%	92,100	60,000	153.5
	iii. The Group's consolidated profit	○ 30%	56,700	30,000	189.0
	iv. Mission evaluation (individual)	○ 10%		-	

[(Achievement rate of i. x 0.3 + Achievement rate of ii. x 0.3 + Achievement rate of iii. x 0.3) + Mission evaluation (individual) 10% maximum]

<Reference> Relationship between target achievement rate and payment rate



Achievement rate on performance indicators in 2021 134.1%

(i.104.5% × 0.3 + ii.153.5% × 0.3 + iii.189.0% × 0.3)

4) Resolution of the General Meeting of Shareholders on remuneration and other compensation for Audit & Supervisory Board Members and Directors

A resolution of the General Meeting of Shareholders to determine remuneration for the Company's Directors was approved on June 23, 2020. Accordingly, it was resolved that basic remuneration for Directors shall amount to not more than 431 million yen per year (of which, up to 109 million yen is to be allocated to Outside Directors), and short-term performance-linked remuneration paid to Directors (excluding Outside Directors) shall amount to not more than 245 million yen per year. The Company has deemed that these are competitive remuneration levels for recruiting and retaining talented persons amid its rapidly changing business environment. The Company furthermore seeks to contend with developments that include an increase in Director's responsibilities along with the Company having increased its number of Directors and Audit & Supervisory Board Members with the aims of achieving transparency and vigor of Board of Director's operations and enhancing management oversight. There were nine (9) Directors on the Company's Board of Directors upon approval of the resolution. Meanwhile, remuneration for Audit & Supervisory Board Members was set at an amount of up to 800 million yen per month, per resolution at its General Meeting of Shareholders held on June 29, 1994. The Company had four (4) Audit & Supervisory Board Members upon approval of the resolution.

5) Policy, etc. on making decisions on content of officer remuneration and other compensation

i) Basic policy

The Company determines matters regarding remuneration for the Company's Directors based on the following considerations.

Competitive remuneration levels

- The remuneration level shall reward Officers for their roles, responsibilities and business performance and shall be appropriate for securing talented persons.

Remuneration system that places emphasis on increasing corporate value and shareholder value

- The remuneration system shall be linked to business performance and furthermore serve as motivation for achieving performance targets.
- The remuneration structure shall be linked to medium- to long-term corporate value and furthermore encourage a sense of common interests with shareholders.

Fairness and impartiality of the remuneration system

- The process of determining remuneration shall be objective and highly transparent.

ii) Remuneration structure

The Company's remuneration for Directors consists of basic remuneration (fixed remuneration), which takes remuneration levels at other companies and other such factors into consideration, and performance-linked remuneration (variable remuneration). In addition, remuneration for Audit & Supervisory Board Members and Outside Officers consists exclusively of basic remuneration due to the nature of their functional roles.

iii) Policy for determining basic remuneration (fixed remuneration)

Basic remuneration (fixed remuneration) is determined in accordance with rank and title and based on responsibilities, upon having considered remuneration levels at other companies and other such factors.

iv) Policy for determining mix of remuneration and other compensation types for individual Directors

The mix of remuneration types is such that the higher a Director's position, the more weight assigned to performance-linked remuneration. The Company has opted for this approach upon having taken into account remuneration levels at other companies, in part because this approach makes it possible to furthermore fuel motivation with respect to achieving performance targets, generating medium- to long-term corporate value, attaining sustainable growth, and also because the Company seeks to offer remuneration levels competitive for recruiting and retaining talented persons.

v) Timing of delivery and conditions

The Company pays its basic remuneration (fixed remuneration) and short-term performance-linked remuneration (variable remuneration) as monetary sums on a monthly basis encompassing twelve equal installments annually.

6) Authority for decisions on remuneration and other compensation for individual Directors

On the basis of policy for decisions resolved by the Board of Directors, the Board of Directors decides the amounts of basic remuneration (fixed remuneration) and short-term performance-linked remuneration (variable remuneration) for individual Directors after deliberations by the Nomination and Compensation Committee, which Independent Outside Directors occupy the majority of its membership and is chaired by one of the Independent Outside Directors, regarding the amount of compensation for individual Directors and details of its calculation in advance and taking into consideration their findings so that it will assess each of the Directors while taking factors such as Company-wide business results into consideration.

7) Others

The Company is to make payment of its medium- to long-term performance-linked remuneration under its performance-linked and share-based remuneration system (share-based remuneration), approved per resolution at its General Meeting of Shareholders held on June 23, 2020. The Company will accordingly make calculations based on performance benchmarks for the fiscal year ended March 31, 2022, and grant points (1 point corresponds to 1 share) in June 2022. Per resolution, such remuneration shall amount to not more than 173 million yen per year.

In addition, a certain percentage of the monetary remuneration shall be allocated to the purchase of shares of the Company through the Officers and Executives' Shareholding Association.

In the fiscal year ended March 31, 2022, in order to realize a highly objective and transparent process, the Company held 5 meetings of the Nomination and Compensation Committee with the participation of all members, and carried out deliberations in advance regarding the amount of compensation for individual Directors and details of its calculation based on the policy for determining remuneration and other compensation for individual Directors as activities by the Nomination and Compensation Committee for the processes for determining remuneration and other compensation for individual Directors in the fiscal year ended March 31, 2022. The decision was made by the Board of Directors based on the report by the Nomination and Compensation Committee.

(5) Status of Shareholdings

1) Standards and approach to investment share classification

The Company classifies shares owned purely for investment purposes as those held solely for the purpose of receiving profit from a change in their value or from their dividends. Among investment shares owned for any purpose other than a pure investment purpose, the Company classifies shares it deems to be significant for holding, having taken into account comprehensively their relationship with the Group's business developments, profitability, possibility for creating business opportunities, and other factors from medium and long-term perspectives.

2) Investment shares owned for any purpose other than a pure investment purpose

i. Shareholding policies, method of verification of reasonableness for shareholdings, and the Board of Directors' examination on appropriateness of shareholdings of individual issues

The Company has a policy that it holds shares it deems to be significant for holding, having taken into account comprehensively their relationship with the Group's business developments, profitability, possibility for creating business opportunities, and other factors from medium and long-term perspectives.

Each year, the Board of Directors examines the benefits and risks associated with holding them, quantitatively and qualitatively, and determines whether or not to continue holding them on the basis of trading performance, market prices, and other factors. The Company reduces the shareholdings if it has found poor holding significance as a result of the examination.

During the fiscal year ended March 31, 2022, at the Board of Directors meeting held on January 20, 2022, the Company examined the trading-related profit, dividend income, and evaluation difference amounts, verified their relationship with the Group's business developments and possibility to create future business opportunities from medium to long-term perspectives, and comprehensively determined whether or not to continue holding those shares. The Company plans to reduce the number of shares it deemed to be of poor holding significance while taking into account the possible impact on the market.

During the fiscal year ended March 31, 2022, the Company sold the shares of four issues (part of the shares of one issue).

ii. Number of issues and carrying amount on balance sheet

	Number of issues (Issues)	Total carrying amount on balance sheet (Millions of yen)
Unlisted shares	9	2,305
Shares other than those not listed	23	18,524

(Issues whose number of shares increased during the fiscal year under review)

	Number of issues (Issues)	Total acquisition cost associated with increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted shares	3	1,740	New acquisition of shares for development of transportation network and other purposes
Shares other than those not listed	-	-	-

(Issues whose number of shares decreased during the fiscal year under review)

	Number of issues (Issues)	Total sale amount associated with decrease in number of shares (Millions of yen)
Unlisted shares	-	-
Shares other than those not listed	4	12,634

iii. Information on the number of shares and carrying amount on balance sheet by issue of specified investment shares

Specified investment shares

Issue name	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Holding purpose, reason for increase in number of shares, and quantitative holding effect*1	Holding or non- holding of Company shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on balance sheet (Millions of yen)	Carrying amount on balance sheet (Millions of yen)		
ANA HOLDINGS INC.	1,305,500	1,305,500	For maintaining and developing the transportation network	Yes
	3,349	3,357		
Nippon Yusen Kabushiki Kaisha*2	206,200	836,800	For maintaining and developing the transportation network	Yes
	2,218	3,158		
Palantir Technologies Inc.	1,075,268	1,075,268	For accelerating digital data-driven management	No
	1,806	2,772		
Tokio Marine Holdings, Inc.	187,000	187,000	For facilitating insurance transactions, etc. needed for business activities	No
	1,332	984		
Mizuho Financial Group, Inc.	781,349	781,349	For conducting stable and smooth financial transactions	No
	1,224	1,249		
NIPPON EXPRESS HOLDINGS, INC.*3	137,700	137,700	For maintaining and developing the transportation network	Yes
	1,159	1,134		
SEINO HOLDINGS CO.,LTD.	802,000	802,000	For maintaining and developing the transportation network	Yes
	893	1,236		
Isetan Mitsukoshi Holdings Ltd.	906,000	906,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	876	704		
Oisix ra daichi Inc.	219,700	219,700	For maintaining and developing the transportation network	No
	662	640		
JGC HOLDINGS CORPORATION	451,528	451,528	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	661	612		
Dai Nippon Printing Co., Ltd.	226,000	226,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	650	524		
J. FRONT RETAILING Co., Ltd.	581,000	581,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	579	610		
Kewpie Corporation	245,000	245,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	573	617		
Sumitomo Mitsui Financial Group, Inc.	133,393	133,393	For conducting stable and smooth financial transactions	No
	521	534		
RAKSUL INC.	150,000	150,000	For maintaining and developing the transportation network	No
	453	774		

Issue name	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Holding purpose, reason for increase in number of shares, and quantitative holding effect*1	Holding or non- holding of Company shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on balance sheet (Millions of yen)	Carrying amount on balance sheet (Millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	483,400	483,400	For conducting stable and smooth financial transactions	No
	367	286		
Rengo Co., Ltd.	360,000	360,000	For facilitating business activities through stable supply	Yes
	281	345		
ENEOS Holdings, Inc.	535,000	535,000	For facilitating business activities through stable supply	No
	245	268		
KAJIMA CORPORATION	161,500	161,500	For facilitating business activities through stable supply	Yes
	240	253		
Rakuten Group, Inc. *4	208,000	208,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	201	274		
Sompo Holdings, Inc.	19,950	19,950	For facilitating insurance transactions, etc. needed for business activities	No
	107	84		
Suzuki Motor Corporation	16,800	16,800	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	70	84		
MITSUMURA PRINTING Co., Ltd.	31,728	31,728	For facilitating business activities through stable supply	Yes
	46	57		
Astellas Pharma Inc. *5	–	3,047,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	–	5,185		
Keiyo Co., Ltd.*5	–	245,500	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	–	179		
OKAMOTO INDUSTRIES, INC.*5	–	16,516	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	–	69		

*1. The quantitative shareholding effect is not described because it falls under business confidentiality. At the Board of Directors meeting held on January 20, 2022, the Company examined the trading-related profit, dividend income, and evaluation difference amounts, verified their relationship with the Group's business developments and possibility to create future business opportunities from medium to long-term perspectives, and comprehensively determined whether or not to continue holding those shares.

*2. The Company sold part of the shares during the fiscal year ended March 31, 2022.

*3. On January 4, 2022, NIPPON EXPRESS CO., LTD. established NIPPON EXPRESS HOLDINGS, INC. as a pure holding company (wholly-owned parent company) and transferred its shares to the holding company.

*4. On April 1, 2021, Rakuten, Inc. changed its trade name to Rakuten Group, Inc.

*5. The Company sold the shares during the fiscal year ended March 31, 2022.

3) Investment shares owned for a pure investment purpose

Not applicable

4) Investment shares whose purpose was changed from a pure investment purpose to any other purpose during the fiscal year ended March 31, 2022

Not applicable

5) Investment shares whose purpose was changed from any other purpose other than a pure investment purpose to a pure investment purpose during the fiscal year ended March 31, 2022

Not applicable

V. Financial Information

1. Preparation of the consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963 (“Regulation on Financial Statements”)).

The Company is a company filing non-consolidated financial statements prepared in accordance with special provisions and prepares non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. About audit certificate

Pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, the consolidated financial statements of the Company for the consolidated fiscal year (April 1, 2021, to March 31, 2022) and the financial statements for the 157th fiscal year of the Company (April 1, 2021, to March 31, 2022) were audited by Deloitte Touche Tohmatsu LLC.

3. About special initiatives to secure the adequacy of the consolidated financial statements, etc.

The Company implements special initiatives to secure the adequacy of the consolidated financial statements, etc. Specifically, the Company joins the Financial Accounting Standards Foundation to prepare a system that can adequately grasp the details of the financial accounting standards and other matters and properly respond to changes therein.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	241,523	182,644
Notes and accounts receivable - trade	212,766	—
Notes and accounts receivable - trade, and contract assets	—	*1218,922
Accounts receivable - installment	45,643	48,055
Merchandise and finished goods	392	186
Work in process	117	167
Raw materials and supplies	1,770	1,861
Other	27,508	30,462
Allowance for doubtful accounts	(1,341)	(1,456)
Total current assets	528,379	480,844
Non-current assets		
Property, plant and equipment		
Buildings and structures	367,718	376,844
Accumulated depreciation	(214,421)	(219,830)
Buildings and structures, net	153,296	157,013
Machinery and equipment	73,923	77,631
Accumulated depreciation	(54,255)	(56,029)
Machinery and equipment, net	19,668	21,601
Vehicles	199,976	197,104
Accumulated depreciation	(185,268)	(171,897)
Vehicles, net	14,708	25,207
Land	174,140	179,650
Leased assets	36,645	39,653
Accumulated depreciation	(10,467)	(11,286)
Leased assets, net	26,178	28,366
Construction in progress	6,345	3,165
Other	56,765	59,988
Accumulated depreciation	(44,791)	(45,114)
Other, net	11,974	14,873
Total property, plant and equipment	406,312	429,878
Intangible assets		
Software	22,082	38,588
Other	7,472	7,058
Total intangible assets	29,555	45,646

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Investments and other assets		
Investment securities	¥2 52,231	¥2 47,972
Long-term loans receivable	6,719	6,162
Leasehold deposits	20,121	20,519
Retirement benefit asset	156	15
Deferred tax assets	45,625	54,197
Other	2,269	3,229
Allowance for doubtful accounts	(1,379)	(1,611)
Total investments and other assets	125,744	130,484
Total non-current assets	561,612	606,010
Total assets	1,089,991	1,086,854
Liabilities		
Current liabilities		
Notes and accounts payable - trade	153,860	165,346
Short-term borrowings	34,000	15,000
Lease liabilities	5,054	4,850
Income taxes payable	32,099	14,395
Deferred installment income	4,781	4,714
Provision for bonuses	40,173	38,942
Other	119,401	¥3 109,558
Total current liabilities	389,369	352,807
Non-current liabilities		
Lease liabilities	26,098	26,038
Deferred tax liabilities	5,194	1,913
Retirement benefit liability	71,834	94,141
Other	13,207	13,719
Total non-current liabilities	116,334	135,814
Total liabilities	505,704	488,621

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	431,571	464,494
Treasury shares	(39,549)	(49,551)
Total shareholders' equity	556,070	578,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,883	11,498
Foreign currency translation adjustment	(1,316)	(513)
Remeasurements of defined benefit plans	5,730	565
Total accumulated other comprehensive income	20,297	11,551
Non-controlling interests	7,919	7,690
Total net assets	584,287	598,233
Total liabilities and net assets	1,089,991	1,086,854

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	1,695,867	*1 1,793,618
Operating costs	1,538,524	1,654,085
Operating gross profit	157,342	139,532
Selling, general and administrative expenses		
Personnel expenses	29,123	27,498
Provision for bonuses	1,256	1,084
Retirement benefit expenses	1,197	711
Commission expenses	13,314	10,895
Taxes and dues	10,317	10,133
Provision of allowance for doubtful accounts	715	815
Depreciation	3,015	2,529
Other	8,733	10,460
Total selling, general and administrative expenses	*2 65,220	*2 62,333
Operating profit	92,121	77,199
Non-operating income		
Interest income	222	192
Dividend income	932	1,369
Gain on sales of vehicles	238	355
Gain on investments in investment partnerships	231	4,510
Electric vehicle subsidies	656	—
Other	1,534	2,190
Total non-operating income	3,816	8,618
Non-operating expenses		
Interest expenses	741	785
Share of loss of entities accounted for using equity method	766	242
Other	409	459
Total non-operating expenses	1,917	1,487
Ordinary profit	94,019	84,330
Extraordinary income		
Gain on sale of non-current assets	*3 712	*3 3
Gain on sale of investment securities	38	15,312
Gain on liquidation of subsidiaries	—	1,210
Gain on transition of retirement benefit plan	—	1,419
Penalty income	124	55
Other	100	37
Total extraordinary income	975	18,038

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Loss on retirement of non-current assets	*4,409	*4,360
Impairment losses	*5,876	*5,242
Loss on sale of investment securities	—	3,104
Loss on valuation of investment securities	372	48
Loss on revision of retirement benefit plan	—	14,999
Provision of allowance for doubtful accounts	363	190
Loss associated with measures to address COVID-19	1,163	—
Other	50	206
Total extraordinary losses	3,235	21,328
Profit before income taxes	91,759	81,040
Income taxes-current	38,251	29,293
Income taxes-deferred	(3,426)	(5,324)
Total income taxes	34,825	23,968
Profit	56,934	57,071
Profit attributable to non-controlling interests	233	1,115
Profit attributable to owners of parent	56,700	55,956

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	56,934	57,071
Other comprehensive income		
Valuation difference on available-for-sale securities	7,926	(5,415)
Foreign currency translation adjustment	(994)	793
Remeasurements of defined benefit plans, net of tax	9,421	(5,282)
Share of other comprehensive income of entities accounted for using equity method	3	108
Total other comprehensive income	* 16,357	* (9,795)
Comprehensive income	73,292	47,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	72,849	47,210
Comprehensive income attributable to non-controlling interests	442	66

(iii) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	441,746	(54,770)	551,024
Changes during period					
Dividends of surplus			(15,959)		(15,959)
Profit attributable to owners of parent			56,700		56,700
Purchase of treasury shares				(35,694)	(35,694)
Cancellation of treasury shares			(50,915)	50,915	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(10,175)	15,221	5,046
Balance at end of period	127,234	36,813	431,571	(39,549)	556,070

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,157	(317)	(3,692)	4,148	7,662	562,835
Changes during period						
Dividends of surplus						(15,959)
Profit attributable to owners of parent						56,700
Purchase of treasury shares						(35,694)
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	7,726	(999)	9,422	16,148	257	16,405
Total changes during period	7,726	(999)	9,422	16,148	257	21,452
Balance at end of period	15,883	(1,316)	5,730	20,297	7,919	584,287

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	431,571	(39,549)	556,070
Cumulative effects of changes in accounting policies			(3,343)		(3,343)
Restated balance	127,234	36,813	428,228	(39,549)	552,727
Changes during period					
Dividends of surplus			(19,689)		(19,689)
Profit attributable to owners of parent			55,956		55,956
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	36,266	(10,002)	26,263
Balance at end of period	127,234	36,813	464,494	(49,551)	578,991

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	15,883	(1,316)	5,730	20,297	7,919	584,287
Cumulative effects of changes in accounting policies					(229)	(3,572)
Restated balance	15,883	(1,316)	5,730	20,297	7,689	580,714
Changes during period						
Dividends of surplus						(19,689)
Profit attributable to owners of parent						55,956
Purchase of treasury shares						(10,002)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(4,384)	803	(5,164)	(8,745)	1	(8,744)
Total changes during period	(4,384)	803	(5,164)	(8,745)	1	17,519
Balance at end of period	11,498	(513)	565	11,551	7,690	598,233

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	91,759	81,040
Depreciation	48,897	35,570
Impairment losses	876	2,420
Increase (decrease) in retirement benefit liability	1,941	21,822
Increase (decrease) in provision for bonuses	4,375	(757)
Interest and dividend income	(1,154)	(1,561)
Interest expenses	745	785
Share of loss (profit) of entities accounted for using equity method	766	242
Loss (gain) on sale of non-current assets	(663)	0
Loss on retirement of non-current assets	409	360
Loss (gain) on sale of investment securities	(38)	(12,208)
Loss (gain) on valuation of investment securities	372	48
Decrease (increase) in trade receivables	(24,966)	(13,433)
Decrease (increase) in inventories	1,516	144
Increase (decrease) in trade payables	10,026	11,536
Other, net	13,900	(28,261)
Subtotal	148,767	97,748
Interest and dividends received	1,285	1,784
Interest paid	(741)	(778)
Income taxes paid	(25,389)	(46,738)
Net cash provided by (used in) operating activities	123,921	52,016
Cash flows from investing activities		
Payments into time deposits	(397)	(2,040)
Proceeds from withdrawal of time deposits	730	270
Purchase of property, plant and equipment	(32,074)	(40,778)
Proceeds from sale of property, plant and equipment	2,083	348
Purchase of investment securities	(793)	(5,690)
Proceeds from sale of investment securities	99	18,872
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	*2 (484)	*2 (7,313)
Loan advances	(4,783)	(5,574)
Proceeds from collection of loans receivable	97,819	6,556
Other payments	(19,228)	(27,945)
Other proceeds	1,105	4,351
Net cash provided by (used in) investing activities	44,078	(58,943)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50,000)	(5,000)
Repayments of lease liabilities	(5,903)	(5,662)
Repayments of long-term borrowings	(5,500)	(14,000)
Redemption of bonds	(10,000)	—
Purchase of treasury shares	(35,707)	(10,057)
Dividends paid	(15,950)	(19,670)
Dividends paid to non-controlling interests	(188)	(70)
Other, net	2	5
Net cash provided by (used in) financing activities	(123,247)	(54,456)
Effect of exchange rate change on cash and cash equivalents	(129)	701
Net increase (decrease) in cash and cash equivalents	44,622	(60,681)
Cash and cash equivalents at beginning of period	196,662	241,284
Cash and cash equivalents at end of period	*1241,284	*1180,603

Notes to Consolidated Financial Statements

(Significant matters forming the basis of preparing the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 30

Major consolidated subsidiaries are described in "I. Overview of the Company 4. Status of Subsidiaries and Associates."

Effective from the beginning of the fiscal year under review, Yamato Global Express Co., Ltd., Yamato Logistics Co., Ltd., Yamato Global Logistics Japan Co., Ltd., Yamato Packing Service Co., Ltd., Yamato Packing Technology Institute Co., Ltd., Yamato Financial Co., Ltd. and Yamato Management Service Co., Ltd. have been excluded from the scope of consolidation given that they have ceased to exist as a result of an absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company. In addition, YAMATO (CHINA) CO., LTD. and Yamato Home Convenience Co., Ltd. have also been excluded from the scope of consolidation due to the conclusion of liquidation and partial transfer of shares, respectively.

(2) Unconsolidated Subsidiaries, etc.

OTL ASIA SDN. BHD. and certain other subsidiaries are not included within the scope of consolidation. The total assets, operating revenue, profit, and retained earnings of these unconsolidated subsidiaries are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for using equity method: 22

Major entities accounted for using equity method are described in "I Overview of the Company 4. Status of Subsidiaries and Associates."

Effective from the fiscal year under review, Yamato Home Convenience Co., Ltd. has been included in the scope of the equity method, having been excluded from the scope of consolidation upon partial transfer of its shares. SCG YAMATO EXPRESS CO., LTD. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. were excluded from the scope of the equity method as their shares were disposed of.

(2) Unconsolidated subsidiaries and affiliates not accounted for using equity method

Entities not subject to the equity method such as OTL ASIA SDN. BHD. and certain other unconsolidated subsidiaries and YAMATO UNYU (THAILAND) CO., LTD. and certain other affiliated companies are excluded from the scope of entities accounted for using the equity method because they do not exert a significant influence on the consolidated financial statements even when taken together as a group, given immateriality of their profit, retained earnings and other financial results corresponding to the ownership held by the Company.

(3) Special note on the application of equity method

The fiscal year end dates of certain entities accounted for using the equity method differ from the consolidated fiscal year end date, and, accordingly, the financial statements have been prepared on the basis of the financial statements and provisional financial results for the respective fiscal years of each of those entities.

3. Closing date of consolidated subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC. and nine other overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2021, and March 31, 2022, which is the consolidated closing date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

1) Securities

Available-for-sale securities

Other than stocks and other securities with no market price

Stated at the fair market value based on the quoted market price (valuation differences are recognized in net assets; the cost of securities sold is in the moving-average method)

Stocks and other securities with no market price

Stated at cost using the moving-average method.

Investments in the limited partnership for investment partnerships and similar partnerships

(Securities deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

The net amount of the Company's interest in the partnership is incorporated based on the most recent financial statements available, according to the reporting date stipulated in the partnership agreement.

2) Inventories

Stated at the cost by first-in first-out method (for the value stated in the balance sheet, book value is written down based on the decreased profitability)

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

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

Straight-line method

2) Intangible assets (excluding leased assets)

Straight-line method

However, software is amortized by the straight-line method over the estimated useful life (five years).

3) Leased assets

Straight-line method where the useful life of leased assets shall be equal to the lease period and their residual value shall be zero

(3) Accounting method for significant provisions

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided to prepare for losses from uncollectible credits. For ordinary receivables, the amount is estimated using the rate based on the historical bad debt experience. For special receivables with higher uncertainty, collectivity is considered on individual cases and the prospective uncollectible amount is provided.

2) Provision for bonuses

The provision for bonuses is provided for the payment of bonuses to employees based on the amount expected to be paid. This provision is not applicable for overseas consolidated subsidiaries.

(4) Method of accounting for retirement benefits

1) Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.

2) Method of recognizing actuarial differences and prior service costs

The entire amount of prior service cost is recognized in profit or loss in the fiscal year during which it arises.

Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises and are amortized proportionally on a straight-line basis over a period (mainly five years), which is within the average remaining years of service of the eligible employees.

3) Method of accounting for unrecognized actuarial difference

Unrecognized actuarial difference is accounted for in remeasurements of defined benefit plans, after adjusting for tax effects, under accumulated other comprehensive income of net assets.

(5) Accounting method for significant revenues and costs

Revenue from contracts with customers

The following is a summary of the principal performance obligations in the Company's and its consolidated subsidiaries' principal businesses relating to revenues from contracts with customers and the normal time at which such performance obligations are satisfied (the normal time for recognizing revenues).

1) Retail Business Unit

The Retail Business Unit provides small parcel delivery services such as TA-Q-BIN for consumers and small to medium-sized corporations. In this transportation service, based on contracts with customers, the Company provides pickup and delivery services at the request of customers, and revenues from these services are recognized in proportion to the satisfaction of performance obligations measured by the progress of deliveries since other companies are not required to re-perform the transportation process that has already been executed even if the delivery to the designated destination cannot be completed.

2) Corporate Business Unit

In addition to the same transportation services as the Retail Business Unit, the Corporate Business Unit provides logistics support services, such as cargo storage and logistics services for inbound and outbound shipments, in order to provide value to the entire supply chain of its customers. The Company provides logistics support services, which include the collection, storage, packing, and delivery of cargo based on contracts with customers, and recognizes each contractually agreed-upon process as a performance obligation. The Company recognizes revenue for each process under the contract as the satisfaction of the performance obligation, which is measured by the progress of the work, as the customer receives the economic benefit of the work as it progresses.

(6) Scope of cash and cash equivalents in consolidated statement of cash flows

The funds (cash and cash equivalents) in the consolidated cash flow statement consist of cash on hand and short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value and which mature or become due within three months from the date of acquisition. Bank overdrafts are included in cash equivalents, excluding the case when they are clearly recognized as fundraising activities similar to short-term borrowings.

(Significant accounting estimates)

(Impairment of non-current assets)

(1) Amount recorded in the financial statements for the fiscal year under review

The following is a list of items that have been recognized in the financial statements for the fiscal year under review based on accounting estimates and that may have a material effect on the financial statements for the following fiscal year.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Property, plant and equipment	406,312	429,878
Intangible assets	29,555	45,646

(2) Information on significant accounting estimates for identified items

When there is an indication that an asset may be impaired, the Company assesses whether impairment is necessary based on the future cash flows of the asset. The cash flow generating unit, which is the unit used to determine whether impairment is required, is the smallest unit of the asset group identified as generating cash inflows that are generally independent of the cash inflows of other assets or asset groups.

The criteria of the asset groups are the management accounting classification and the unit used for investment decision making, and the grouping of Yamato Transport Co., Ltd. was reviewed in consideration of the management accounting classification and the unit used for investment decision making, among others, in accordance with the transition to a new group management structure in the fiscal year under review, and the four Business Divisions of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the four Functional Divisions of Transportation, Digital, Platform, and Professional Services, as well as Corporate function, were classified as common assets.

The majority of the above property, plant and equipment and intangible assets are held by the Retail Business Unit, and the undiscounted future cash flows used in determining the recognition of impairment losses on non-current assets for this business segment are based on future business plans that include TA-Q-BIN unit prices and TA-Q-BIN volumes as key assumptions. If these assumptions need to be revised due to uncertain future economic and business conditions, it could have a material impact on the consolidated financial statements in subsequent periods.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As such, whereas revenue derived from certain business transactions including transportation income involving the Yamato Group's mainstay service, TA-Q-BIN, was previously recognized when parcels, etc. were consigned to TA-Q-BIN, the Company will now recognize such revenue upon satisfaction of performance obligations.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review, was added to or deducted from the opening balance of retained earnings as of the beginning of the fiscal year under review, and thus the new accounting policy was applied from such opening balance. However, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the fiscal year under review were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings as of the beginning of the fiscal year under review.

In addition, "Notes and accounts receivable - trade," which was included in "Current assets" in the consolidated balance sheet for the previous fiscal year, is included in "Notes and accounts receivable - trade, and contract assets" from the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

For the consolidated fiscal year ended March 31, 2022, as a result of this change, operating revenue decreased by 2,081 million yen, and operating costs decreased by 1,997 million yen, while operating profit, ordinary profit and profit before income taxes each

decreased by 84 million yen. In addition, retained earnings as of the beginning of the fiscal year under review decreased by 3,343 million yen.

The impact on per share information is presented in “V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Per share information).”

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, we did not present “V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Revenue recognition)” for the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review. In the future, the Company will furthermore apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations subject to the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). In addition, this application has no impact on the consolidated financial statements.

Furthermore, in “V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Financial instruments),” the Company has decided to provide notes on the breakdown of the fair value of financial instruments by level and other items. However, the Company did not present the notes with respect to the previous fiscal year, pursuant to the transitional treatment provided for in paragraph 7-4 of the “Guidance on Disclosures about Fair Value of Financial Instruments,” (ASBJ Guidance No. 19, July 4, 2019).

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates and changes in accounting estimates)

(Changes in depreciation method for property, plant and equipment and changes in useful life)

Effective from the beginning of the fiscal year under review, the Company and its domestic consolidated subsidiaries have changed to the straight-line method as their depreciation method for property, plant and equipment (excluding leased assets) from the declining-balance method previously. (However, the straight-line method has been adopted for buildings acquired on or after April 1, 1998, excluding facilities attached to buildings, and for facilities attached to buildings and structures acquired on or after April 1, 2016.) Overseas consolidated subsidiaries have been using the straight-line method thus far.

Based on its medium-term management plan, “One Yamato 2023,” the Yamato Group has transitioned to its “One Yamato” management structure, which has involved transforming to a fully optimized organization structured according to customer segments and further accelerating management. To such ends, Yamato Transport Co., Ltd. carried out absorption-type mergers and absorption-type company splits involving seven Group companies in April 2021. In so doing, the Company and its domestic consolidated subsidiaries reviewed their use of property, plant and equipment in Japan.

They consequently changed to the straight-line method upon having deemed that the straight-line method of allocating costs more rationally reflects the actual use of assets given that they expect their asset use in Japan to remain consistent.

In addition, the Company and its domestic consolidated subsidiaries conducted surveys on actual use of property, plant and equipment on the occasion of reviewing changes to the depreciation method of property, plant and equipment. Effective from the beginning of the fiscal year under review, they consequently revised useful life figures of some vehicles based on more realistic, economically feasible forecast periods. This change will apply into the future.

As a result, operating profit, ordinary profit, and profit before income taxes for the fiscal year under review were each 13,075 million yen increased more than would have been the case using the previous method.

(New accounting standards, etc. not yet applied)

- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan)

(1) Overview

The revised “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, Accounting Standards Board of Japan) was announced on June 17, 2021. When the guidance was originally announced on July 4, 2019, ASBJ said that it would consider revising the guidance for approximately one year because consideration for “determining fair value for investment trusts” would require a certain period of time for discussion with related parties and notes to fair value of “investments in partnerships, etc. for which the net amount equivalent to equity is reported on the balance sheet” would further require certain consideration.

(2) Scheduled date of application

The Company expects to apply this guidance from the beginning of the fiscal year ending March 31, 2023.

(3) Effects of application of the accounting standard

The application of “Implementation Guidance on Accounting Standard for Fair Value Measurement” will have no impact on the consolidated financial statements.

(Changes in presentation)

(Consolidated statement of income)

"Gain on investments in investment partnerships," which was included in "Other" under "Non-operating income" in the previous fiscal year, is separately presented in the fiscal year under review. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 1,766 million yen presented in "Other" under "Non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified as 231 million yen in "Gain on investments in investment partnerships" and 1,534 million yen in "Other."

(Additional information)

Board Benefit Trust (BBT) performance-linked and share-based remuneration system

The Company has adopted the Board Benefit Trust (BBT) performance-linked and share-based remuneration system (the "System"). The purpose of the System is to further clarify the linkage of remuneration for Directors (excluding Outside Directors) and executive officers, etc. who do not concurrently serve as Directors (collectively, "Officers") and the Company's business performance and share value ensuring that not only the benefit of the increase in share prices but also the risk of the decrease in share prices are shared between the Officers and the shareholders, thereby further motivating the Officers to contribute to the improvement in the business performance and corporate value over the medium to long term.

(1) Overview of transactions

The System is a performance-linked and share-based remuneration system under which the Company's shares are acquired through a trust using money contributed by the Company as the source of funds (the "Trust"), and the Officers are provided with the Company's shares and an amount of money equivalent to the market value of the Company's shares (the "Company's Shares, Etc.") through the Trust in accordance with the Regulations on Share-based Remuneration for Officers established by the Company. The Officers shall receive the Company's Shares, Etc. upon their retirement, in principle.

(2) Accounting procedures

Accounting for the trust shall be carried out in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015).

(3) Shares of the Company remaining in trust

Shares of the Company remaining in trust are to be recorded as treasury shares under net assets at book value in trust (excluding incidental expense amounts). There were 483 thousand shares of such treasury shares at a book value of 1,376 million yen as of March 31, 2021, and 483 thousand shares at a book value of 1,376 million yen as of March 31, 2022.

(Revision of retirement benefit plan)

In April 2021, the Company resolved to revise its retirement benefit plan in terms of accordingly changing benefit levels of the lump-sum benefit plan, with July 2021 serving as the date of revision with respect to its regulations and October 2021 serving as the date on which the regulations take effect, and in terms of carrying out the transition of its corporate pension fund plan to a defined contribution pension plan from the defined-benefit corporate pension plan.

For the accounting treatment associated with the transition of the Plan, the Company has applied the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and the "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ PITF No. 2, February 7, 2007).

As a result, with respect to past service costs incurred due to changes made to benefit levels of the lump-sum benefit plan, the Company recorded a loss on the revision of the retirement benefit plan of 14,999 million yen under extraordinary losses for the fiscal year under review. Furthermore, with respect to gains and losses arising from the transition of the corporate pension fund plan to a defined contribution pension plan from the defined-benefit corporate pension plan, the Company recorded a gain on the transition of the retirement benefit plan of 1,419 million yen under extraordinary income.

The detailed information is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Retirement benefits)."

(Consolidated balance sheet)

*1 The amounts of notes receivable - trade, accounts receivable - trade and contract assets arising from contracts with customers are as follows:

(Millions of yen)

	As of March 31, 2022
Notes receivable - trade	1,242
Accounts receivable - trade	186,762
Contract assets	4,688

*2 The amounts of "Investment securities" invested in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Investment securities	12,228	14,030

*3 The amount of contract liabilities in "Other" of "Current liabilities" is as follows:

(Millions of yen)

	As of March 31, 2022
Contract liabilities	12,887

(Consolidated statement of income)

*1 Revenue from contracts with customers

The Company does not separately present revenues from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in "V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Revenue recognition), 1. Information that breaks down revenue from contracts with customers."

*2 Research and development expenses included in general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Research and development expenses	4,628	3,428

*3 Gain on sales of non-current assets is as follows:

(Millions of yen)

Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Land	701	Vehicles	2
		Land	1

*4 Loss on sales of non-current assets is as follows:

(Millions of yen)

Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Buildings and structures	189	Buildings and structures	190

*5 Amount of impairment losses
Fiscal year ended March 31, 2021

(Millions of yen)

Use of asset	Type of asset	Region	Amount of impairment losses
Idle assets, etc.	Other intangible assets and others	Head Office of Yamato Transport Co., Ltd. (Chuo-ku, Tokyo) and 10 other locations	876

Setting the asset groups as the management accounting classification criteria and the unit used for investment decision making, the Company conducted the grouping for Yamato Transport Co., Ltd. mainly based on directly supervised branches, major branches, and all base branches. For the Company and the other consolidated subsidiaries, the grouping is based on the business divisions.

During the fiscal year under review, the Group recognized no future usage and a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of idle assets of Yamato Transport Co., Ltd. and 10 other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 876 million yen to extraordinary losses as impairment losses.

A main breakdown of this decrease shows that 331 million yen was attributable to other intangible assets, 213 million was attributable to software, and 142 million yen was attributable to leased assets.

If the recoverable value of such asset group is calculated based on value in use, the amount is valued by discounting future cash flows with a discount ratio of 5.96%. Where the recoverable value is calculated based on net realizable value, idle assets are assumed to be zero, and assets other than idle assets are valued based mainly on real estate appraisal standards, the assessed value of property tax or the posted land price.

Fiscal year ended March 31, 2022

(Millions of yen)

Use of asset	Type of asset	Region	Impairment losses
Branch, distribution center, etc.	Software, vehicles and others	Yamato Home Convenience Co., Ltd. Seven premises including Head Office (Chuo-ku, Tokyo) and Tokyo Management Branch (Suginami-ku, Tokyo) and one other lot	2,420

The grouping of Yamato Transport Co., Ltd. was reviewed in consideration of the management accounting classification and the unit used for investment decision making in accordance with the transition to a new group management structure in the fiscal year under review, and the four Business Divisions of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the four Functional Divisions of Transportation, Digital, Platform, and Professional Services, as well as corporate divisions were classified as common assets.

During the fiscal year under review, the Group recognized no future usage and a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of the Head Office of Yamato Home Convenience Co., Ltd., Tokyo Management Branch and six other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 2,420 million yen to extraordinary losses as impairment losses.

A main breakdown of this decrease shows that 1,275 million yen was attributable to software, 674 million yen was attributable to other intangible assets and 400 million yen was attributable to vehicles.

If the recoverable value of such asset group is calculated based on value in use, the amount is valued by discounting future cash flows with a discount ratio of 5.23%. Where the recoverable value is calculated based on net realizable value, idle assets are assumed to be zero, and assets other than idle assets are valued based mainly on real estate appraisal standards, the assessed value of property tax or the posted land price.

(Consolidated statement of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Valuation difference on available-for-sale securities				
Amount arising during the year	10,486	Million yen	10,727	Million yen
Reclassification adjustments	(71)		(19,124)	
Before tax effects adjustments	10,415		(8,397)	
Tax effects	(2,488)		2,982	
Valuation difference on available-for-sale securities	7,926		(5,415)	
Foreign currency translation adjustment				
Amount arising during the year	(994)		1,436	
Reclassification adjustments	—		(642)	
Foreign currency translation adjustment	(994)		793	
Remeasurements of defined benefit plans, net of tax				
Amount arising during the year	9,435		(1,528)	
Reclassification adjustments	3,901		(5,981)	
Before tax effects adjustments	13,337		(7,509)	
Tax effects	(3,915)		2,227	
Remeasurements of defined benefit plans, net of tax	9,421		(5,282)	
Share of other comprehensive income of entities accounted for using equity method				
Amount arising during the year	1		111	
Reclassification adjustments	2		(2)	
Share of other comprehensive income of entities accounted for using equity method	3		108	
Total other comprehensive income	16,357		(9,795)	

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2021

1. Class and total number of issued shares and treasury shares

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares*1	411,339	—	22,764	388,575
Total	411,339	—	22,764	388,575
Treasury shares				
Common shares*2	26,124	14,190	22,764	17,550
Total	26,124	14,190	22,764	17,550

Notes: 1. The decrease of 22,764 thousand shares of common shares is due to the cancellation of treasury shares held.

2. The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT) (483 thousand shares at the end of the fiscal year under review).

The increase of 14,190 thousand shares of treasury shares of common shares is due to the purchase of 13,706 thousand treasury shares by the Company and the acquisition of 483 thousand shares by the Board Benefit Trust (BBT).

The decrease of 22,764 thousand shares of common shares is due to the cancellation of treasury shares held.

2. Share acquisition rights and treasury share acquisition rights

Not applicable

3. Dividends

(1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 20, 2020 Board of Directors	Common shares	10,015	26	March 31, 2020	June 4, 2020
October 30, 2020 Board of Directors	Common shares	5,944	16	September 30, 2020	December 10, 2020

Notes: 1. The per-share dividend of 26 yen by the resolution on May 20, 2020, includes a commemorative dividend of 10 yen.

2. The total amount of dividends resolved by the Board of Directors on October 30, 2020, includes dividends of 7 million yen for the Company's shares held by the Board Benefit Trust (BBT).

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

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 17, 2021 Board of Directors	Common shares	11,145	Retained earnings	30	March 31, 2021	June 3, 2021

Note: The total amount of dividends resolved by the Board of Directors on May 17, 2021, includes dividends of 14 million yen for the Company's shares held by the Board Benefit Trust (BBT).

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and treasury shares

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares	388,575	—	—	388,575
Total	388,575	—	—	388,575
Treasury shares				
Common shares*	17,550	4,533	0	22,084
Total	17,550	4,533	0	22,084

Note: The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT) (483 thousand shares at the beginning of the fiscal year under review and 483 thousand shares at the end of the fiscal year under review).

The increase of 4,533 thousand shares of treasury shares of common shares is mainly due to an increase of 4,533 thousand shares as a result of the purchase of treasury shares. The decrease of 0 thousand shares of treasury shares of common shares is due to the sale of shares less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Not applicable

3. Dividends

(1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 17, 2021 Board of Directors	Common shares	11,145	30	March 31, 2021	June 3, 2021
Nov. 12, 2021 Board of Directors	Common shares	8,544	23	September 30, 2021	December 10, 2021

Notes: 1. The total amount of dividends resolved by the Board of Directors on May 17, 2021, includes dividends of 14 million yen for the Company's shares held by the Board Benefit Trust (BBT).

2. The total amount of dividends resolved by the Board of Directors on November 12, 2021, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

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

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 17, 2022 Board of Directors	Common shares	8,440	Retained earnings	23	March 31, 2022	June 2, 2022

Note: The total amount of dividends resolved by the Board of Directors on May 17, 2022, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(Consolidated statement of cash flows)

*1 Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash and deposits	241,523	182,644
	Million yen	Million yen
Time deposits with maturity over 3 months	(238)	(2,040)
Cash and cash equivalents	241,284	180,603

*2 Major components of assets and liabilities of companies that ceased to be consolidated subsidiaries by sales of shares in the fiscal year ended March 31, 2021

The following is the breakdown of assets and liabilities on the sale of the shares of Yamato Lease Co., Ltd., when it ceased to be a consolidated subsidiary by the sale of its shares, and the selling price and amount of proceeds from the sale of the shares of Yamato Lease Co., Ltd.

Current assets	93,168	Million yen
Non-current assets	14,054	
Current liabilities	(99,274)	
Non-current liabilities	(2,820)	
Investment account after the sale of the shares	(2,050)	
Gain on the sale of the shares	38	
Other	3	
Selling amount of the shares	3,118	
Cash and cash equivalents	(3,602)	
Net: Expense by the sale	(484)	

Major components of assets and liabilities of companies that ceased to be consolidated subsidiaries by sales of shares in the fiscal year ended March 31, 2022

The following is the breakdown of assets and liabilities on the sale of the shares of Yamato Home Convenience Co., Ltd., when it ceased to be a consolidated subsidiary by the sale of its shares, and the selling price and amount of proceeds from the sale of the shares of Yamato Home Convenience Co., Ltd.

Current assets	10,654	Million yen
Non-current assets	1,265	
Current liabilities	(5,003)	
Non-current liabilities	(467)	
Investment account after the sale of the shares	(3,160)	
Loss on the sale of the shares	(2,672)	
Other	(616)	
Selling amount of the shares	0	
Incidental expense on the sale of the shares	(110)	
Cash and cash equivalents	(7,202)	
Net: Expense by the sale	(7,313)	

(Leases)

(Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Components of leased assets

Property, plant and equipment:

Mainly buildings and in-vehicle terminal equipment in delivery vehicles in the Retail Business Unit and computer-related equipment of Yamato System Development Co., Ltd.

(2) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described "V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant matters forming the basis of preparing the consolidated financial statements), 4. Accounting policies, (2) Depreciation and amortization methods for significant depreciable and amortizable assets."

2. Operating lease transactions

Future lease payments to be received under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Due within one year	5,450	7,495
Due after one year	21,078	22,608
Total	26,529	30,103

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

To finance further business growth, the Yamato Group raises capital through bank loans and bond issuances based on a facilities investment scheme that includes the network development plan. One-time surplus funds are invested in safe financial assets. Derivative products are mainly used for hedging against variable interest rate risk, and no speculative transactions are undertaken. Some of the Group's consolidated subsidiaries are engaged in businesses such as third-party credit sales.

(2) Features and risks of financial instruments and risk management structure

Operating receivables, such as notes and accounts receivable - trade and accounts receivable - installment, carry the credit risk of trading partners, and thus the Company manages and controls cash received, as well as outstanding receivables, for each period to identify the credit risk of each trading partner.

Regarding investment securities, the Yamato Group mainly holds shares of companies with which the Group has business relationships or forms a capital alliance, and such shares involve the risk of stock price fluctuations.

The majority of operating payables, such as notes and accounts payable - trade, are due within one year.

Short-term borrowings and long-term borrowings are mainly used to raise capital for the Group's financial business. Borrowings are mainly procured at floating rates of interest.

Within the Yamato Group, each Group company controls liquidity risk associated with operating payables and borrowings by monitoring payments and settlements, bookkeeping, and balances, as well as managing cash positions.

(3) Supplemental remarks on the fair value of the financial instruments

Since variable factors are incorporated in the calculation of the market value of financial instruments, the value may change due to the adoption of different assumptions, etc.

2. Matters concerning fair value of financial instruments

Carrying amounts on the consolidated balance sheet, fair values and the differences between them were as follows.

As of March 31, 2021

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Notes and accounts receivable - trade	212,766		
Allowance for doubtful accounts	(28)		
	212,737	212,753	16
(2) Accounts receivable - installment	45,643		
Allowance for doubtful accounts:	(1,020)		
Deferred installment income	[4,781]		
	39,842	44,600	4,758
(3) Investment securities			
Available-for-sale securities	35,832	35,832	—
Shares of affiliates	7,003	13,193	6,190
(4) Short-term borrowings	[34,000]	[33,997]	(2)

Notes: 1. Items recognized as liabilities are shown in square parentheses [] both under Amount on the consolidated balance sheet and Fair value.

2. Cash and deposits are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.
3. Notes and accounts receivable - trade are presented after deducting allowances for doubtful accounts set up for notes and accounts receivable - trade not payable in the short term.
4. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
5. The following financial instruments are not included in (3) Investment securities because no market value is available and it is extremely difficult to calculate their fair market value. The carrying amounts on the consolidated balance sheet of those financial instruments are as follows:

(Millions of yen)

Classification	Amount on the consolidated balance sheet
Investment securities	
Shares of affiliates	4,358
Other	5,036

6. Notes and accounts payable - trade are omitted because most of them are due within one year and their carrying amounts approximate fair value.

7. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date
(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years
Cash and deposits	241,523	—	—
Notes and accounts receivable - trade	212,685	80	—
Accounts receivable - installment	21,358	21,989	2,295
Total	475,566	22,070	2,295

8. Repayment schedule of long-term borrowings after the consolidated balance sheet date

(Millions of yen)

	Within 1 year	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years	After 5 years
Long-term borrowings	14,000	—	—	—	—	—

As of March 31, 2022

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Notes, accounts receivable - trade and contract assets	218,922		
Allowance for doubtful accounts:	(157)		
	218,765	218,777	11
(2) Accounts receivable - installment	48,055		
Allowance for doubtful accounts	(936)		
Deferred installment income	[4,714]		
	42,405	46,955	4,550
(3) Investment securities			
Available-for-sale securities	21,562	21,562	—
Shares of affiliates	6,667	10,127	3,459
(4) Short-term borrowings	[15,000]	[15,000]	—

Notes: 1. Items recognized as liabilities are shown in square parentheses [] both under Amount on the consolidated balance sheet and Fair value.

2. Cash and deposits are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.
3. Notes and accounts receivable - trade, and contract assets are presented after deducting allowances for doubtful accounts set up for notes, accounts receivable - trade and contract assets not payable in the short term.
4. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
5. Stocks and other securities that have no market price are not included in Investment securities. Such financial instruments are unlisted equity and investments in capital, which amounted to 11,256 million yen on the consolidated balance sheet.
6. Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at a net amount equivalent to the Company's ownership interest are not included in Investment securities. The amount of this investment on the consolidated balance sheet is 8,485 million yen.
7. Notes and accounts payable - trade are omitted because most of them are due within one year and their carrying amounts approximate fair value.
8. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years
Cash and deposits	182,644	—	—
Notes and accounts receivable - trade, and contract assets	218,882	40	—
Accounts receivable - installment	22,061	22,729	3,264
Total	423,588	22,769	3,264

9. Repayment schedule of long-term borrowings after the consolidated balance sheet date
Not applicable

3. Matters concerning the breakdown of the fair value of financial instruments by level and other items

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

- Level 1 fair value Of the inputs related to the observable fair value calculation, the fair value is calculated based on the market price of the asset or liability formed in the active market.
- Level 2 fair value Of the inputs related to the observable fair value calculation, the fair value is calculated based on inputs other than the inputs used in level 1.
- Level 3 fair value Fair value is calculated using inputs for calculating unobservable fair value.

When multiple inputs that have a significant influence on the market value calculation are used, the market value is classified into the lowest priority level in the market value calculation among the levels to which those inputs belong.

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

As of March 31, 2022

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	21,562	—	—	21,562
Total assets	21,562	—	—	21,562

(2) Financial instruments other than those carried on the consolidated balance sheet at fair value

As of March 31, 2022

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	—	218,777	—	218,777
Accounts receivable - installment	—	46,955	—	46,955
Investment securities				
Shares of affiliates				
Stocks	10,127	—	—	10,127
Total assets	10,127	265,733	—	275,860
Short-term borrowings	—	15,000	—	15,000
Total liabilities	—	15,000	—	15,000

Note: Explanation of valuation techniques used and inputs related to the calculation of fair value

Investment securities

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

Notes and accounts receivable - trade, and contract assets

The fair value of those assets is determined using the discounted present value method based on the amount of the receivable, the period to maturity and the interest rate that takes into account credit risk for each receivable classified by certain time periods and is classified as Level 2 fair value.

Accounts receivable - installment

The fair value of accounts receivable - installment is determined using the discounted present value method based on the amount of the receivable, the period to maturity and the interest rate that takes into account credit risk for each receivable classified by certain time periods and is classified as Level 2 fair value.

Short-term borrowings

The fair value of short-term borrowings is determined using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt and credit risk and is classified as Level 2 fair value.

(Securities)

As of March 31, 2021

1. Available-for-sale securities

(Millions of yen)

	Type of asset	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	32,468	10,833	21,634
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	32,468	10,833	21,634
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	3,364	4,008	(644)
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	3,364	4,008	(644)
Total		35,832	14,842	20,990

2. Available-for-sale securities sold during the fiscal year ended March 31, 2021

(Millions of yen)

Type of asset	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	0	—	—
(2) Debentures	—	—	—
(3) Other	15	1	—
Total	15	1	—

3. Securities for which impairment losses are recognized

During the fiscal year ended March 31, 2021, the Company recorded impairment losses on securities of 372 million yen.

For impairment of listed stocks, if the market prices at the end of the year dropped 30% or more from the book value, the full amount is impaired. With respect to other securities, if the net realizable value at the end of the year dropped by 30% or more from the book value, impairment is made for the amount deemed necessary by the Company, taking into consideration the possibility of recovery.

As of March 31, 2022

1. Available-for-sale securities

(Millions of yen)

	Type of asset	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	18,174	6,602	11,572
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	18,174	6,602	11,572
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	3,387	4,041	(653)
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	3,387	4,041	(653)
Total		21,562	10,643	10,918

2. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

Type of asset	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	18,638	14,430	—
(2) Debentures	—	—	—
(3) Other	0	—	—
Total	18,638	14,430	—

3. Securities for which impairment losses are recognized

During the fiscal year ended March 31, 2022, the Company recorded impairment losses on securities of 48 million yen.

For impairment of listed stocks, if the market prices at the end of the year dropped 30% or more from the book value, the full amount is impaired. With respect to other securities, if the net realizable value at the end of the year dropped by 30% or more from the book value, impairment is made for the amount deemed necessary by the Company, taking into consideration the possibility of recovery.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

As a defined benefit plan, the Yamato Group has adopted a lump-sum retirement allowance system and a corporate pension fund system. The Group has also established a defined contribution system.

In April 2021, the Company resolved to revise its retirement benefit plan in terms of accordingly changing benefit levels of the lump-sum benefit plan, with July 2021 serving as the date of revision with respect to its regulations and October 2021 serving as the date on which the regulations take effect, and in terms of carrying out the transition of its corporate pension fund plan to a defined contribution pension plan from the defined-benefit corporate pension plan.

2. Defined benefit plan

(1) Reconciliation between the balance at beginning of period and the balance at end of period of retirement benefit obligations

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Balance of retirement benefit obligations at beginning of period	177,835	Million yen	183,858	Million yen
Service cost	14,015		14,316	
Interest cost	176		169	
Actuarial gains and losses accrued	1,128		1,849	
Retirement benefits paid	(8,966)		(9,900)	
Past service cost incurred	—		14,999	
Decrease resulting from transition to defined contribution pension plan	—		(52,271)	
Decrease resulting from exclusion of subsidiaries from consolidation	(331)		(1,543)	
Balance of retirement benefit obligations at end of period	183,858		151,477	

Note: Some subsidiaries have adopted the simplified method in calculating the amount of retirement benefit obligations.

(2) Reconciliation between the balance at beginning of period and the balance at end of period of pension plan assets

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Balance of plan assets at beginning of period	98,728	Million yen	112,180	Million yen
Expected return on plan assets	983		855	
Actuarial gains and losses accrued	10,563		1,333	
Contribution from employer	4,540		3,827	
Retirement benefits paid	(2,243)		(2,034)	
Decrease resulting from transition to defined contribution pension plan	—		(57,157)	
Decrease resulting from exclusion of subsidiaries from consolidation	(391)		(1,653)	
Balance of plan assets at end of period	112,180		57,351	

(3) Reconciliation between ending balance of retirement benefit obligations and plan assets and retirement benefit liability/asset recorded on the consolidated balance sheet

	As of March 31, 2021		As of March 31, 2022	
Retirement benefit obligations of funded plans	66,675	Million yen	12,935	Million yen
Plan assets	(112,180)		(57,351)	
	(45,504)		(44,415)	
Retirement benefit obligations of unfunded plans	117,182		138,541	
Net amount of liabilities and assets recorded on the consolidated balance sheet	71,678		94,126	
Retirement benefit liabilities	71,834		94,141	
Retirement benefit assets	(156)		(15)	
Net amount of liabilities and assets recorded on the consolidated balance sheet	71,678		94,126	

Note: As for liabilities and assets with respect to retirement benefits, the amounts that were offset in the presentation by the Company and each consolidated subsidiary were added up.

(4) Amounts of retirement benefit expenses and their components

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Service cost	14,015	Million yen	14,316	Million yen
Interest cost	176		169	
Expected return on plan assets	(983)		(855)	
Recognition of actuarial gains and losses	3,896		(487)	
Recognition of past service cost	—		14,999	
Gain and loss resulting from transition to defined-contribution pension plan	—		(1,419)	
Other	125		(76)	
Retirement benefit cost associated with defined benefit plan	17,231		26,646	

(5) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Actuarial gains and losses	13,337	Million yen	(7,509)	Million yen
Total	13,337		(7,509)	

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

	As of March 31, 2021		As of March 31, 2022	
Unrecognized actuarial gains and losses	8,108	Million yen	405	Million yen
Total	8,108		405	

(7) Plan assets

1) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

	As of March 31, 2021	As of March 31, 2022
General account	30 %	57 %
Debentures	23	22
Stocks	24	—
Other	23	21
Total	100	100

2) Method for setting the long-term expected rate of return on plan assets

The Company set the expected long-term rate of return on plan assets taking into account the allocation of plan assets, the historical result of each component asset of the plan assets and market trends.

(8) Actuarial assumptions

Major actuarial assumptions

	As of March 31, 2021	As of March 31, 2022
Discount rate	0.1 %	0.1 %
Long-term expected rate of return	1.0	1.0

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were 3,060 million yen as of March 31, 2021, and 6,885 million yen as of March 31, 2022.

4. Other

The effects of the partial transfer from the defined benefit pension plan to the defined contribution pension plan in the fiscal year under review are as follows:

Decrease in retirement benefit obligations	52,271	Million yen
Decrease in plan assets	(57,157)	
Recognition of actuarial gains and losses	6,306	
Total	1,419	

(Tax effect accounting)

1. Detailed deferred tax assets and deferred tax liabilities

	As of March 31, 2021		As of March 31, 2022	
Deferred tax assets				
Provision for bonuses	12,265	Million yen	11,871	Million yen
Unpaid legal welfare expenses	2,026		1,970	
Accrued enterprise tax	2,312		1,957	
Excess allowance for doubtful accounts	492		510	
Tax loss carryforwards*	11,593		3,655	
Retirement benefit liability	24,590		29,228	
Loss on valuation of land	20,759		20,484	
Impairment losses	4,326		3,855	
Loss on valuation of investment securities	1,166		1,062	
Unrealized gain on non-current assets	3,046		3,812	
Loss on valuation of telephone subscription rights	416		397	
Other	8,250		8,679	
Subtotal	91,246		87,486	
Allowance for devaluation for tax loss carryforwards*	(11,587)		(3,651)	
Allowance for devaluation for the total deductible temporary difference, etc.	(26,637)		(23,914)	
Subtotal	(38,224)		(27,566)	
Total	53,022		59,920	
Deferred tax liabilities				
Valuation difference on available-for-sale securities	(5,806)		(2,755)	
Reserve for reduction entry	(187)		(183)	
Other	(6,596)		(4,697)	
Total	(12,591)		(7,636)	
Deferred tax assets	40,431		52,284	

*Tax loss carryforwards and amounts of their deferred tax assets by carryforward period

As of March 31, 2021

(Millions of yen)

	Within 1 year	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years	After 5 years	Total
Tax loss carryforwards	197	307	352	117	109	10,507	11,593
Allowance for devaluation	(197)	(307)	(352)	(117)	(109)	(10,501)	(11,587)
Deferred tax assets	—	—	—	—	—	6	6

Note: Tax loss carryforwards were calculated by multiplying the statutory effective tax rate.

As of March 31, 2022

(Millions of yen)

	Within 1 year	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years	After 5 years	Total
Tax loss carryforwards	40	45	90	85	540	2,852	3,655
Allowance for devaluation	(40)	(45)	(90)	(85)	(540)	(2,848)	(3,651)
Deferred tax assets	—	—	—	—	—	4	4

Note: Tax loss carryforwards were calculated by multiplying the statutory effective tax rate.

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	As of March 31, 2021	As of March 31, 2022
Statutory effective tax rate of the reporting company's consolidated financial statements	30.6%	—
(Adjustments)		
Inhabitant per capita taxes	3.4	—
Difference of tax rates applied to overseas subsidiaries	0.1	—
Allowance for devaluation	2.6	—
Equity in net income of affiliates	0.3	—
Other	1.0	—
Effective rate of income taxes after application of deferred tax accounting	38.0	—

Note: The notes are omitted because the difference between the statutory tax rate and the effective tax rate after applying tax effect accounting was equal to or less than 5% of the statutory tax rate in the fiscal year under review.

(Business combinations)

(Transactions under common control, etc.)

At the Board of Directors meeting held on December 17, 2020, the Company resolved Yamato Transport Co., Ltd., a consolidated subsidiary, to conclude the agreements on absorption-type mergers and absorption-type company splits with seven other consolidated subsidiaries, including Yamato Logistics Co., Ltd. and Yamato Global Logistics Japan Co., Ltd. The absorption-type mergers and absorption-type company splits were conducted on April 1, 2021.

The overview of the absorption-type mergers and absorption-type company splits is as follows.

1. Overview of transactions

(1) Absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company

1) Names of combined companies and their businesses

i. Surviving company

Name: Yamato Transport Co., Ltd.

Business: Small-lot transportation services for consumers and companies (such as TA-Q-BIN and Kuroneko DM-Bin)

ii. Absorbed companies

Name: Yamato Global Express Co., Ltd.

Business: Small-lot transportation services for companies (such as domestic air cargo transportation business)

Name: Yamato Logistics Co., Ltd.

Business: Logistics business for companies (comprehensive support services, such as logistics business, medical product distribution business, maintenance support service and recall support service)

Name: Yamato Global Logistics Japan Co., Ltd.

Business: International air cargo and marine freight transportation services, import/export customs clearance services, overseas life support services like overseas moving services and the art transportation business

Name: Yamato Packing Service Co., Ltd.

Business: Packing and cargo transportation business

Name: Yamato Packing Technology Institute Co., Ltd.

Business: Research and development and sale of packing containers and materials

Name: Yamato Financial Co., Ltd.

Business: Payment services for companies and consumers (such as TA-Q-BIN Collect and online comprehensive payment services)

2) Business combination date

April 1, 2021

3) Legal form of business combination

An absorption-type merger in which Yamato Global Express Co., Ltd., Yamato Logistics Co., Ltd., Yamato Global Logistics Japan Co., Ltd., Yamato Packing Service Co., Ltd., Yamato Packing Technology Institute Co., Ltd. and Yamato Financial Co., Ltd. are the absorbed companies and Yamato Transport Co., Ltd. is the surviving company.

4) Name after business combination

There is no change in the name.

(2) Absorption-type splits in which Yamato Transport Co., Ltd. is the successor company

1) Name of absorbed business and its details

Name of business: E-mail order solutions business of Yamato System Development Co., Ltd.

Details of business: Supports customers launching the mail order business and provides a package of systems and operations optimized for customers to further support their business growth

Name of business: Regional control division of Yamato System Development Co., Ltd.

Details of business: Sales division

2) Business combination date

April 1, 2021

3) Legal form of business combination

Absorption-type splits in which Yamato System Development Co., Ltd. splits its businesses and Yamato Transport Co., Ltd. is the successor of the businesses

4) Name after business combination

There is no change in the name.

(3) Overview of transactions including their purposes

Based on YAMATO NEXT100, a grand design for Yamato Group's medium and long-term management, the Group has transitioned to a new group management structure, which has involved transforming to a fully optimized organization structured according to customer segments and further accelerating management. Under Yamato Holdings as a pure holding company, the new structure consists of the Retail Business Unit, which manages the Retail Business Divisions, and the Corporate Business Unit, which manages the Corporate Business Divisions, Global SCM Business Divisions, EC Business Divisions, the Functional Divisions and the Corporate Divisions.

2. Overview of accounting treatment implemented

The business splits were treated as transactions under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Business divestiture)

At its meeting held on July 20, 2021, the Board of Directors resolved to transfer 51% of the Company's holdings of issued common shares of its subsidiary Yamato Home Convenience Co., Ltd. ("YHC") to ART MOVING COMPANY Co., Ltd. ("ART"). The Company concluded the share transfer agreement on the same day. Effective from the fiscal year under review, the Company made YHC an equity method affiliate rather than its designation as a consolidated subsidiary, given that the Company holds 49% of the voting rights in YHC, down from 100% previously as a result of the transfer of shares. ART changed its name on January 1, 2022. The following are the details of the business divestiture.

1. Overview of business divestiture

(1) Name of purchasing company

ART MOVING COMPANY Co., Ltd. (formerly ART CORPORATION)

(2) Name of divested subsidiary and details of its business

Name of subsidiary: Yamato Home Convenience Co., Ltd.

Details of business: Moving business for one-person households, transportation business for large household goods, etc.

(3) Main reason for business divestiture

As a leading company in the moving industry, ART regards moving as a services sector endeavor and engages in various services that align with its customers' desires and has accordingly gained a very favorable reputation among its customers. In recent years, ART has expanded its business domain with the aim of serving as a company that proposes solutions for achieving better lifestyles above and beyond relocation services.

YHC enabled its customers to realize "easy and secure relocation of living space" by offering its "My Moving" simple and trouble-free service for one-person households and its "Household TA-Q-BIN" service for delivery of large furniture and home appliances. In October 2020, the two companies began looking into options for a partnership geared to providing greater convenience to customers in the relocation services market. Upon having considered options for roughly half a year, management determined that it will be possible to engage in a partnership drawing on reciprocal customer referrals along with the management resources of both companies. We accordingly determined that it will be possible to provide a variety of services that address the diverse needs of customers, ranging from those with minimal belongings to those with substantial belongings, by leveraging the strengths of both companies. We also determined that it will be possible to provide transportation services that offer higher quality and higher efficiency by drawing on the networks of both companies.

(4) Date of business divestiture

January 17, 2022 (Deemed date of sale: March 31, 2022)

(5) Legal form and other matters about transaction

Share transfer in which consideration received is only cash and other property

2. Overview of accounting treatment implemented

(1) Amount of transferred gain or loss

Loss on sale of investment securities: 2,672 million yen

(2) Appropriate book value of assets and liabilities associated with divested business

Current assets	10,654	Million yen
Non-current assets	1,265	
Total assets	11,920	
Current liabilities	5,003	
Non-current liabilities	467	
Total liabilities	5,470	

(3) Accounting treatment

The Company reported the difference between the consolidated book value of the transferred shares and the transfer amount as the "Loss on sale of investment securities" in extraordinary losses.

3. Name of reportable segment to which the divested business belonged

Other

4. Estimated profit or loss associated with the divested business on the consolidated statement of income for the fiscal year under review

Operating revenue	33,468	Million yen
Operating loss (-)	(3,012)	

(Asset retirement obligations)

Asset retirement obligations reported on the consolidated balance sheet

1. Overview of the relevant asset retirement obligations

There are obligations to restore sites to their original conditions based on facility lease contracts and fixed-term land leasehold contracts.

2. Method for calculating the relevant asset retirement obligations

The Company calculated the amount of the relevant asset retirement obligations by estimating the expected period of use at 15 to 38 years and applying the yields on Japanese government bonds due in the expected period of use as the discount rates.

3. Change in the total amount of the relevant asset retirement obligations

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Beginning balance	8,926	Million yen	9,646	Million yen
Increase by purchase of property, plant and equipment	840		455	
Adjustment amount over time	106		105	
Increase (decrease) by change in estimate	(18)		(137)	
(Decrease by implementing the asset retirement obligations)	(205)		(138)	
Other increase (decrease)	(3)		(3)	
Balance at end of period	9,646		9,927	

4. Change in the estimate for the relevant asset retirement obligations

As the Company found that the amount of the retirement cost for the relevant assets will change from the estimated amount at the beginning of each period by obtaining new information on the cost, it changed the estimate for the relevant asset retirement obligations, reducing the amount by 18 million yen in the fiscal year ended March 31, 2021, and by 137 million yen in the fiscal year ended March 31, 2022.

(Revenue recognition)

1. Information that breaks down revenue from contracts with customers

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total
Transportation income	1,144,359	598,306	50,967	1,793,632
Logistical support income	3,587	249,637	—	253,225
Other	28,183	33,022	171,975	233,181
Revenue from contracts with customers	1,176,130	880,966	222,942	2,280,039
Other revenue (Note 2)	—	—	4,583	4,583
Total	1,176,130	880,966	227,526	2,284,622
Inter-segment operating revenue or transfers	(3,715)	(42,690)	(18,327)	(64,733)
Operating revenue by segment	1,172,414	838,276	209,198	2,219,889
Inter-segment operating revenue or transfers	(279,017)	(26,090)	(121,163)	(426,271)
Operating revenue from customers	893,396	812,185	88,035	1,793,618

Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

2. Other revenue consists of transactions related to financial instruments included in the scope of ASBJ Statement No. 10 "Accounting Standard for Financial Instruments," such as installment sales.

2. Information that provides a basis for understanding revenue from contracts with customers

Information that forms the basis for understanding revenue from contracts with customers is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant matters forming the basis of preparing the consolidated financial statements), 4. Accounting policies, (5) Accounting method for significant revenues and costs" and thus omitted.

None of the contracts include significant financial elements or variable consideration, and the contractual consideration for services is generally received within 30–70 days from the time of revenue recognition. The contractual consideration for transportation services provided to individual customers in the Retail Business Unit is received at the time the shipment is accepted.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of the fiscal year under review

(1) Balance of contract assets and liabilities, etc.

(Millions of yen)

	Fiscal year ended March 31, 2022
Receivables from contracts with customers (beginning balance)	178,323
Receivables from contracts with customers (balance at end of period)	188,004
Contract assets (beginning balance)	4,146
Contract assets (balance at end of period)	4,688
Contract liabilities (beginning balance)	11,444
Contract liabilities (balance at end of period)	12,887

Contract assets are mainly recognized in TA-Q-BIN transactions and are recognized based on the estimated revenue from the progress of deliveries up to the end of the fiscal year. Contract assets are reclassified to receivables from contracts with customers when the subsidiary's rights to the consideration become unconditional.

Contract liabilities mainly relate to advances received from customers who have subscribed to the Kuroneko Member Discount program for TA-Q-BIN transactions. Contract liabilities are reversed upon the recognition of revenue.

Among the revenues recognized during the fiscal year under review, the amount included in the contract liability balance at the beginning of the period was 9,558 million yen.

The amount of revenue recognized in the fiscal year under review from performance obligations satisfied in prior periods was not material.

(2) Transaction prices allocated to remaining performance obligations

The Company and its subsidiaries apply the practical expedient in noting transaction prices allocated to the remaining performance obligations and do not include performance obligations with original expected contractual terms of one year or less and performance obligations for which the entity is entitled to receive consideration directly corresponding to the value to the customer of the portion of the obligation that has been performed by the entity to date. As a result, there are no significant performance obligations that should be noted as the transaction price allocated to the remaining performance obligations.

The performance obligations with an initial expected term of one year or less mainly relate to courier services such as TAK-Q-BIN in the Retail Business Unit.

In addition, there were no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Yamato Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Yamato Group is operated through a Group management structure under Yamato Holdings Co., Ltd., which is a pure holding company, and manages business operations by customer segment with the Retail Business Unit, which manages the Retail Business Divisions that provide delivery services to individuals and small to mid-sized corporations, the Corporate Business Unit, which manages the Corporate Business Divisions, Global SCM Business Divisions and EC Business Divisions that provide transportation services, etc. to large corporations and others.

Accordingly, Yamato Group's two reportable segments are the Retail Business Unit and the Corporate Business Unit.

Type of services by reportable segment

Reportable segment	Type of services
Retail Business Unit	Small parcel delivery services for consumers and small to mid-sized corporations
Corporate Business Unit	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency services
Others	Development and operation of IT systems, car maintenance services, sales of fuel, non-life insurance agency services, cargo vehicle transportation services

2. Method for calculating amounts of operating revenue, profit/loss, assets and other items by reportable segment

The accounting method used for reported business segments complies with the accounting policy that has been adopted in preparing the consolidated financial statements.

3. Information regarding the amounts of operating revenue, profit/loss, assets and other items by reportable segment

Fiscal year ended March 31, 2021

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	882,536	733,190	80,139	1,695,867	—	1,695,867
Inter-segment operating revenue or transfers	313,736	48,842	116,205	478,784	(478,784)	—
Total	1,196,272	782,033	196,345	2,174,651	(478,784)	1,695,867
Segment profit (loss)	50,806	40,317	6,988	98,112	(5,990)	92,121
Segment assets (Note 4)	762,634	176,603	165,253	1,104,491	(14,500)	1,089,991
Others						
Depreciation	29,291	13,639	4,500	47,430	1,430	48,861
Investments in entities accounted for using equity method	430	8,602	—	9,032	2,158	11,190
Increase of property, plant, equipment and intangible assets (Note 4)	34,412	5,874	7,668	47,955	7,476	55,431

- Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).
2. Adjustments made are as follows.
- (1) The adjustment of negative 5,990 million yen of segment profit includes group-wide expenses which have not been allocated to each reportable segment (general and administrative expenses of the Company, which is a pure holding company) of negative 19,578 million yen, as well as eliminations of transactions among segments of 13,587 million yen.
 - (2) The adjustment of negative 14,500 million yen of segment assets includes eliminations of inter-segment receivables and payables, etc. of negative 191,757 million yen and group-wide assets of 177,256 million yen not allocated to each reportable segment.
 - (3) The adjustment of 2,158 million yen of investment in entities accounted for using the equity method pertains to the amount of investment in those entities accounted for using the equity method which are not allocated to respective reportable segments.
 - (4) The adjustment of 7,476 million yen of increases of property, plant, equipment and intangible assets is the Company's capital investment amount.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.
4. The segment assets and the increase in property, plant, equipment and intangible assets of the Retail Business Unit includes the 543,671 million yen of segment assets of the Functional Divisions of Yamato Transport Co., Ltd. as well as the 18,587 million yen increase in its property, plant, equipment and intangible assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	893,396	812,185	88,035	1,793,618	—	1,793,618
Inter-segment operating revenue or transfers	279,017	26,090	121,163	426,271	(426,271)	—
Total	1,172,414	838,276	209,198	2,219,889	(426,271)	1,793,618
Segment profit (loss)	44,463	17,178	16,559	78,200	(1,001)	77,199
Segment assets (Note 4)	749,717	194,571	156,572	1,100,861	(14,006)	1,086,854
Others						
Depreciation	17,538	13,264	3,811	34,615	909	35,524
Investments in entities accounted for using equity method	630	6,667	—	7,298	5,661	12,959
Increase of property, plant, equipment and intangible assets (Note 4)	56,586	12,066	7,245	75,898	2,673	78,572

- Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).
2. Adjustments made are as follows.
- (1) The adjustment of negative 1,001 million yen of segment profit includes group-wide expenses which have not been allocated to each reportable segment (general and administrative expenses of the Company, which is a pure holding company) of negative 10,384 million yen, as well as eliminations of transactions among segments of 9,382 million yen.
 - (2) The adjustment of negative 14,006 million yen of segment assets includes eliminations of inter-segment receivables and payables, etc. of negative 108,626 million yen and group-wide assets of 94,619 million yen not allocated to each reportable segment.
 - (3) The adjustment of 5,661 million yen of investment in entities accounted for using the equity method pertains to the amount of investment in those entities accounted for using the equity method which are not allocated to respective reportable segments.
 - (4) The adjustment of 2,673 million yen of increases of property, plant, equipment and intangible assets is the Company's capital investment amount.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.
4. The segment assets and the increase in property, plant, equipment and intangible assets of the Retail Business Unit includes the 524,780 million yen of segment assets of the Functional Divisions of Yamato Transport Co., Ltd. as well as the 36,936 million yen increase in its property, plant, equipment and intangible assets.

4. Disclosure of changes, etc. in reportable segments

(Changes in reportable segments)

Effective from the fiscal year under review, the Company has changed its classification of reportable segments to reflect its transition to a management structure consisting of four Business Divisions (Retail, Corporate, Global SCM, and EC) and four Functional Divisions in April 2021.

The change mainly involves a transition to a dual business unit structure consisting of the "Retail Business Unit" and the "Corporate Business Unit," based on customer segments, from the previous six operating segment structure based on categories of business at that time.

The segment information for the previous fiscal year ended March 31, 2021, has been prepared and presented according to the new classification of reportable segments.

(Application of Accounting Standard for Revenue Recognition, etc.)

As stated in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Changes in accounting policies)," the Company has applied the "Accounting Standard for Revenue Recognition" since the beginning of the fiscal year under review and has likewise changed its method of calculating business segment profit or loss as a result of it having changed its accounting method for revenue recognition.

As a result, for the fiscal year under review, operating revenue and segment profit in the Retail Business Unit decreased by 51 million yen and 51 million yen, respectively, than would have been the case using the previous method; operating revenue and segment profit in the Corporate Business Unit increased by 368 million yen and decreased by 150 million yen, respectively, and operating revenue and segment profit in Other decreased by 2,399 million yen and increased by 117 million yen, respectively.

(Changes in depreciation method for property, plant and equipment and changes in useful life)

Effective from the fiscal year under review, the Company has changed to the straight-line method as its depreciation method for property, plant and equipment (excluding leased assets), as stated under "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Changes in accounting policies)." In addition, the Company has reviewed the useful lives of some vehicles. This change will apply into the future.

As a result, for the fiscal year under review, segment profit in the Retail Business Unit, Corporate Business Unit and Other increased by 10,994 million yen, 1,735 million yen, and 345 million yen, respectively, from using the current method.

[Related information]

Fiscal year ended March 31, 2021

1. Information about products and services

(Millions of yen)

	TA-Q-BIN	Kuroneko DM-Bin	Others	Total
Operating revenue from customers	1,269,483	53,009	373,374	1,695,867

2. Information about geographical areas

(1) Operating revenue

The information is omitted because external operating revenue from customers in Japan accounted for more than 90% of total operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information is omitted because there is no external operating revenue from a specific customer that accounted for 10% or more of total operating revenue in the consolidated statement of income.

Fiscal year ended March 31, 2022

1. Information about products and services

(Millions of yen)

	TA-Q-BIN	Kuroneko DM-Bin	Others	Total
Operating revenue from customers	1,322,534	54,323	416,760	1,793,618

2. Information about geographical areas

(1) Operating revenue

The information is omitted because external operating revenue from customers in Japan accounted for more than 90% of total operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information is omitted because there is no external operating revenue from a specific customer that accounted for 10% or more of total operating revenue in the consolidated statement of income.

[Information regarding impairment losses of non-current assets by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other	Total	Corporate or eliminations	Consolidated
Impairment losses	331	498	46	876	—	876

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other	Total	Corporate or eliminations	Consolidated
Impairment losses	—	700	1,719	2,420	—	2,420

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2021

Descriptions are omitted, as the value is immaterial.

Fiscal year ended March 31, 2022

Not applicable

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2021

Not applicable

Fiscal year ended March 31, 2022

Not applicable

[Related party information]

Notes to Dealings with Related Parties

Dealings between the company reporting the consolidated statement of income and the related parties

Unconsolidated subsidiaries and affiliates, etc. of the company reporting the consolidated statement of income

Fiscal year ended March 31, 2021

Type	Name	Location	Capital (Millions of yen)	Main business or profession	Percentage of voting rights holding (or held) (%)	Relationship with related parties	Dealings	Dealing amount (Millions of yen)	Account item	Balance at end of period (Millions of yen)
Affiliates	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	30	General lease business	Direct holdings 40.0	Loans for funding Concurrent positions held by officers	Repayment of working capital	94,272	—	—

Fiscal year ended March 31, 2022

Not applicable

(Per share information)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	1,553.45 Yen	1,611.34 Yen
Basic earnings per share	151.55 Yen	151.03 Yen

- Notes: 1 The Company's shares held by the Board Benefit Trust (BBT), which are booked as the shares held in its own name in the shareholders' equity section, are included in the shares held in its own name that are deducted from the number of shares outstanding as of the end of the fiscal period when calculating net assets per share, and they are included in the shares held in its own name that are deducted from the average number of shares during the period when calculating net profit per share. The number of shares held in its own name as of the end of the fiscal periods that were deducted when calculating net assets per share was 483,000 shares as of the end of the previous fiscal year and 483,000 shares as of the end of this fiscal year. The average number of shares held in its own name during the fiscal periods that were deducted when calculating net profit per share was 322,000 shares as of the end of the previous fiscal year and 483,000 shares as of the end of this fiscal year.
2. Diluted earnings per share are not presented since no potential shares exist.
3. As stated in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Changes in accounting policies)," the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and transitional measures outlined in the provisions in Article 84 of the "Accounting Standard for Revenue Recognition." As a result, net assets per share decreased by 9.22 yen in this consolidated fiscal year. The impact on net profit per share is immaterial.
4. The basis for calculating "basic earnings per share" is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (Millions of yen)	56,700	55,956
Amounts not belonging to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (Millions of yen)	56,700	55,956
Average number of common shares during the period (thousands of shares)	374,149	370,487

(Significant subsequent events)

Not applicable

5. Annexed Consolidated Detailed Schedules

[Consolidated Detailed Schedule of Corporate Bonds]

Not applicable

[Consolidated Detailed Schedule of Borrowings]

Classification	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	20,000	15,000	0.055	—
Current portion of long-term borrowings	14,000	—	—	—
Current portion of lease liabilities	5,054	4,850	6.781	—
Long-term borrowings (excluding current portion)	—	—	—	—
Lease liabilities (excluding current portion)	26,098	26,038	2.148	2023-2043
Other interest-bearing debt	—	—	—	—
Total	65,153	45,889	—	—

Note The repayment schedule for lease liabilities (excluding the current portion) for five years after the consolidated balance sheet date is as follows.

	(Millions of yen)			
	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Lease liabilities	4,329	3,255	2,198	1,527

[Consolidated Detailed Schedule of Asset Retirement Obligations]

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted because the amounts of asset retirement obligations at the beginning and end of the fiscal year ended March 31, 2022, were not more than 1% of the total of liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2022.

(2) Other

(i) Status after the closing date

Not applicable

(ii) Quarterly information for the fiscal year ended March 31, 2022

Cumulative period	First quarter	Second quarter	Third quarter	Fiscal year ended March 31, 2022
Operating revenue (Millions of yen)	419,841	865,470	1,372,386	1,793,618
Profit before income taxes (Millions of yen)	16,230	22,293	71,239	81,040
Profit attributable to owners of parent (Millions of yen)	11,705	14,631	47,779	55,956
Basic earnings per share (yen)	31.55	39.44	128.78	151.03

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (yen)	31.55	7.89	89.34	22.17

(iii) Significant lawsuits, etc.

Not applicable

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	120,001	37,338
Trade accounts receivable	*64	*70
Short-term loans receivable	*10,551	*3,960
Income taxes refund receivable	5,407	6,648
Other	*1,174	*968
Total current assets	137,199	48,986
Non-current assets		
Property, plant and equipment		
Vehicles	1	0
Buildings	480	1,156
Tools, furniture and fixtures	454	571
Land	5,840	6,536
Construction in progress	86	476
Other	2	45
Total property, plant and equipment	6,866	8,787
Intangible assets		
Software	5,079	1,090
Other	2,090	1
Total intangible assets	7,170	1,091
Investments and other assets		
Investment securities	29,684	29,315
Shares of subsidiaries and associates	292,219	293,118
Long-term loans receivable	*40,520	*24,631
Other	1,637	1,709
Allowance for doubtful accounts	(23,497)	(2,605)
Allowance for investment loss	(1,879)	(1,874)
Total investments and other assets	338,685	344,296
Total non-current assets	352,722	354,176
Total assets	489,922	403,163

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade accounts payable	*3,523	*583
Short-term borrowings	30,000	15,000
Income taxes payable	468	391
Deposits received	*155,686	*72,690
Provision for bonuses	186	4
Other	*1,092	*950
Total current liabilities	190,957	89,620
Non-current liabilities		
Deferred tax liabilities	3,783	2,506
Provision for retirement benefits	105	118
Other	212	321
Total non-current liabilities	4,101	2,946
Total liabilities	195,058	92,566
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus		
Legal capital surplus	36,822	36,822
Other capital surplus	—	0
Total capital surplus	36,822	36,822
Retained earnings		
Other retained earnings		
General reserve	138,965	138,965
Retained earnings brought forward	19,340	46,819
Total retained earnings	158,306	185,785
Treasury shares	(39,549)	(49,551)
Total shareholders' equity	282,814	300,291
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,048	10,305
Total valuation and translation adjustments	12,048	10,305
Total net assets	294,863	310,596
Total liabilities and net assets	489,922	403,163

(ii) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	*1 44,864	*1 48,010
Selling, general and administrative expenses	*1, *2 23,519	*1, *2 11,036
Operating profit	21,344	36,973
Non-operating income		
Interest and dividend income	*1 995	*1 1,465
Leasing income	1	*1 1,521
Gain on investments in investment partnerships	91	4,368
Other	*1 324	*1 506
Total non-operating income	1,412	7,862
Non-operating expenses		
Interest expenses	*1 46	*1 43
Facility charges	1	1,521
Other	21	66
Total non-operating expenses	70	1,630
Ordinary profit	22,686	43,205
Extraordinary income		
Gain on sale of investment securities	—	9,873
Gain on sale of shares of subsidiaries and associates	3,100	—
Reversal of allowance for doubtful accounts	—	496
Reversal of allowance for investment loss	—	5
Other	0	12
Total extraordinary income	3,101	10,387
Extraordinary losses		
Loss on valuation of investment securities	349	44
Loss on sales of shares of subsidiaries and associates	—	110
Provision of allowance for doubtful accounts	*3 10,766	411
Provision of allowance for investment loss	59	—
Loss on debt waiver	—	3,986
Other	6	150
Total extraordinary losses	11,181	4,703
Profit before income taxes	14,607	48,888
Income taxes-current	1,373	1,624
Income taxes-deferred	611	94
Total income taxes	1,984	1,719
Profit	12,622	47,168

(iii) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
			General reserve	Retained earnings brought forward		
Balance at beginning of period	127,234	36,822	36,822	188,965	23,594	212,559
Changes during period						
Dividends of surplus					(15,959)	(15,959)
Profit					12,622	12,622
Purchase of treasury shares						
Cancellation of treasury shares					(50,915)	(50,915)
Reversal of general reserve				(50,000)	50,000	—
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	(50,000)	(4,253)	(54,253)
Balance at end of period	127,234	36,822	36,822	138,965	19,340	158,306

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(54,770)	321,846	5,161	327,007
Changes during period				
Dividends of surplus		(15,959)		(15,959)
Profit		12,622		12,622
Purchase of treasury shares	(35,694)	(35,694)		(35,694)
Cancellation of treasury shares	50,915	—		—
Reversal of general reserve		—		—
Net changes in items other than shareholders' equity			6,887	6,887
Total changes during period	15,221	(39,032)	6,887	(32,144)
Balance at end of period	(39,549)	282,814	12,048	294,863

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	127,234	36,822	—	36,822	138,965	19,340	158,306
Changes during period							
Dividends of surplus						(19,689)	(19,689)
Profit						47,168	47,168
Purchase of treasury shares							
Disposal of treasury shares			0	0			
Net changes in items other than shareholders' equity							
Total changes during period	—	—	0	0	—	27,478	27,478
Balance at end of period	127,234	36,822	0	36,822	138,965	46,819	185,785

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(39,549)	282,814	12,048	294,863
Changes during period				
Dividends of surplus		(19,689)		(19,689)
Profit		47,168		47,168
Purchase of treasury shares	(10,002)	(10,002)		(10,002)
Disposal of treasury shares	0	0		0
Net changes in items other than shareholders' equity			(1,743)	(1,743)
Total changes during period	(10,002)	17,476	(1,743)	15,733
Balance at end of period	(49,551)	300,291	10,305	310,596

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation bases and methods for assets

Valuation bases and methods for securities

Available-for-sale securities

Other than stocks and other securities with no market price

Stated at the fair market value based on the quoted market price (valuation differences are recognized in net assets; the cost of securities sold is the moving average method)

Stocks and other securities with no market price

Stated at cost using the moving-average method.

Investments in limited liability partnerships and similar partnerships

(Securities deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

Stated at the net amount of the Company's interest in the partnership based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

2. Depreciation and amortization methods of non-current assets

(1) Property, plant and equipment

Amortized using the straight-line method.

(2) Intangible assets

Amortized using the straight-line method.

However, software is amortized by the straight line method over the estimated useful life (five years).

3. Accounting method for provision

(1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided to prepare for losses from uncollectible credits. For special receivables with higher uncertainty, collectivity is considered on individual cases and the prospective uncollectible amount is provided.

(2) Allowance for investment loss:

To prepare for a devaluation loss on investments in subsidiaries and associates, allowances are provided considering the financial position and recoverability of the relevant subsidiary or associate.

(3) Provision for bonuses

The provision for bonuses is provided for the payment of bonuses to employees based on the amount expected to be paid.

(4) Provision for retirement benefits

To provide for employees' retirement benefits, a provision for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets as of the end of the fiscal year ended March 31, 2022.

(i) Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.

(ii) Method of recognizing actuarial differences

Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises and are amortized proportionally on a straight-line basis over a period of time (mainly five years), which is within the average remaining years of service of the eligible employees.

4. Accounting method for revenues and costs

The Company mainly engages in executive management of its subsidiaries. Under the executive management contracts, the Company provides management and planning guidance to its subsidiaries. Since the economic benefits of these services are provided equally over the contract period, the Company recognizes revenue when the performance obligations are satisfied, which is measured by the passage of time.

5. Other significant matters for preparing consolidated financial statements

Method of Accounting for Retirement Benefits

The method of accounting for unrecognized actuarial differences on retirement benefits is different to the method in the consolidated financial statements.

(Significant accounting estimates)

(Valuation of shares of subsidiaries and associates)

(1) Amount recorded in the financial statements for the current fiscal year under review

The following is a list of items that have been recognized in the financial statements for the fiscal year under review based on accounting estimates and that may have a material effect on the financial statements for the following fiscal year.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Shares of subsidiaries and associates	292,219	293,118
Allowance for investment loss	(1,879)	(1,874)

(2) Information on significant accounting estimates for identified items

In principle, shares of subsidiaries and associates are stated at the cost by the moving-average method. In the event of a decline in the net realizable value, the Company determines whether or not to recognize a write-down based on estimates of the business plans and other factors of the relevant company. In determining whether or not to recognize a write-down, certain assumptions are made with respect to business plans and other estimates. These assumptions are subject to uncertain future economic and business conditions, which may have a material impact on the financial statements for the next and subsequent periods.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

This change had no impact on the financial statements.

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

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review. In the future, the Company will furthermore apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations subject to the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

This change had no impact on the financial statements.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for property, plant and equipment and changes in useful life)

Effective from the beginning of the fiscal year under review, the Company has changed to the straight-line method as its depreciation method for property, plant and equipment (excluding leased assets) from the declining balance method previously used. However, the straight-line method has been adopted for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Based on its medium-term management plan, "One Yamato 2023," the Yamato Group has transitioned to its "One Yamato" management structure, which has involved transforming to a fully optimized organization structured according to customer segments and further accelerating management. To such ends, Yamato Transport Co., Ltd. carried out absorption-type mergers and absorption-type company splits involving seven Group companies on April 2021. In so doing, the Company reviewed the use of property, plant and equipment in Japan.

The Company consequently changed to the straight-line method upon having deemed that the straight-line method of allocating costs more rationally reflects the actual use of assets given that it expects its asset use in Japan to remain consistent.

In addition, the Company conducted surveys on the actual use of property, plant and equipment on the occasion of reviewing changes to the depreciation method of property, plant and equipment. Effective from the beginning of the fiscal year under review, the Company

consequently revised the useful life figures of some vehicles based on more realistic, economically feasible forecast periods. This change will apply into the future.

As a result, operating profit, ordinary profit and profit before income taxes for the fiscal year under review each increased by 89 million yen from using the current method.

(Changes in presentation)

(Non-consolidated balance sheet)

“Accrued expenses” in “Current liabilities,” presented separately in the previous fiscal year, is included in “Other” in the current fiscal year because the amount became immaterial. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, “Accrued expenses” of 169 million yen in “Current liabilities” is included in “Other” in the balance sheet for the previous fiscal year.

(Non-consolidated statement of income)

“Leasing income” and “Gain on investments in investment partnerships,” which were included in “Other” under “Non-operating income” in the previous fiscal year, are separately presented in the current fiscal year. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the 417 million yen presented in “Other” under “Non-operating income” in the non-consolidated statement of income for the previous fiscal year has been reclassified as “Leasing income” of 1 million yen, “Gain on investments in investment partnerships” of 91 million yen and “Other” of 324 million yen.

“Facility charges,” which were included in “Other” under “Non-operating expenses” in the previous fiscal year, are separately presented in the current fiscal year. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 23 million yen presented in “Other” under “Non-operating expenses” in the non-consolidated statement of income for the previous fiscal year has been reclassified as “Facility charges” of 1 million yen and “Other” of 21 million yen.

(Additional information)

(“Stock Benefit Trust (BBT)” performance-linked stock compensation plan)

The Company has established the “Stock Benefit Trust (BBT [Board Benefit Trust]),” a performance-linked stock compensation plan, in order to clarify the linkage between the compensation of directors (excluding outside directors) and executive officers who do not concurrently serve as directors (“Officers”) and the Company’s business performance and stock value and also having the Officers share not only the benefits of higher stock prices but also the risks of lower stock prices with shareholders, thereby raising awareness of contributing to improving the Company’s medium- to long-term business performance and increasing its corporate value.

The outline of this plan is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Additional information)” and thus omitted.

(Non-consolidated balance sheet)

*Monetary receivables and payables to affiliated companies are as follows.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Short-term monetary receivables:	10,800	4,378
Long-term monetary receivables:	39,282	23,328
Short-term monetary payables:	156,441	73,037

Contingent liabilities are as follows.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Joint and several guarantee based on clearing agreements with other transportation companies:	300	300
Guarantee of obligation for debt financing:	285	304

(Non-consolidated statement of income)

*1. Volume of transactions with subsidiaries and associates is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	44,862	47,873
Operating expenses	4,088	3,678
Non-operating transactions	555	2,217

*2. Major expense items and amounts included in selling, general and administrative expenses are as follows:

Since the Company is a pure holding company, all expenses are included in general and administrative expenses.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Personnel expenses	4,610	1,293
[Provision for bonuses (included above)]	186	4
[Provision for retirement benefits (included above)]	21	14
Advertising expenses	3,012	1,054
Commission expenses	9,207	3,837
Computer expenses	3,421	1,947
Depreciation	1,476	773

*3. Provision of allowance for doubtful accounts

Fiscal year ended March 31, 2021

The provision of allowance for doubtful accounts is shown as an offset to the reversal of allowance for the investment loss in the same transaction.

(Securities)

As of March 31, 2021

The fair values of the stocks of subsidiaries and affiliates are not stated because they do not have market prices and it is extremely difficult to determine their fair values.

The carrying amounts of the stocks of subsidiaries and affiliates whose fair values are not readily determinable are as follows.

(Millions of yen)

Classification	As of March 31, 2021
Shares of subsidiaries	292,090
Shares of affiliates	129

As of March 31, 2022

The fair values of the stocks of subsidiaries and affiliates are not stated because they do not have market prices.

The carrying amounts of non-marketable equity securities and other equity securities of subsidiaries and affiliates are as follows.

(Millions of yen)

Classification	As of March 31, 2022
Shares of subsidiaries	292,989
Shares of affiliates	129

(Tax effect accounting)

1. Detailed deferred tax assets and deferred tax liabilities

	As of March 31, 2021	As of March 31, 2022
Deferred tax assets		
Provision for bonuses	57 Million yen	1 Million yen
Accrued enterprise tax	81	43
Provision for retirement benefits	32	36
Loss on valuation of investment securities	762	797
Shares of subsidiaries and associates	55,085	59,894
Other	8,062	1,593
Subtotal	64,081	62,367
Allowance for devaluation	(64,081)	(62,367)
Total	—	—
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,685)	(2,313)
Other	(97)	(192)
Total	(3,783)	(2,506)
Net deferred tax assets (liabilities)	(3,783)	(2,506)

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	AS of March 31, 2021	As of March 31, 2022
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Allowance for devaluation	25.0	(21.3)
Non-taxable dividend income	(64.6)	(23.7)
Non-deductible amount of donations	22.2	17.9
Other	0.4	0.0
Effective rate of income taxes after application of deferred tax accounting	13.6	3.5

(Business combination)

Transactions under common control, etc.

The same information is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc. (1) Notes to Consolidated Financial Statements (Business combinations)" and thus is omitted.

(Revenue recognition)

Information that forms the basis for understanding revenues from contracts with customers is presented in "V. Financial Information, 2. Non-consolidated Financial Statements, etc. (1) Non-consolidated financial statements, Notes to Non-consolidated Financial Statements (Significant accounting policies), 4. Accounting method for revenues and costs" and thus omitted.

For all services, the consideration for transactions does not include significant financial elements or variable consideration, and the consideration for transactions with subsidiaries is received primarily at the end of each quarter.

(Significant subsequent events)

Not applicable

(iv) Annexed detailed schedules

[Supplementary schedule of property, plant and equipment, etc.]

(Millions of yen)

Classification	Asset type	Balance at beginning of period	Increase	Decrease	Amortization in the fiscal year	Balance at end of period	Accumulated depreciation
Property, plant and equipment:	Vehicles	1	—	0	0	0	29
	Buildings	480	1,279	179	423	1,156	235
	Tools, furniture and fixtures	454	313	6	189	571	475
	Land	5,840	696	—	—	6,536	—
	Construction in progress	86	476	86	—	476	—
	Other	2	72	18	9	45	7
	Total	6,866	2,837	292	623	8,787	747
Intangible assets:	Software	5,079	402	4,062	329	1,090	627
	Other	2,090	2	2,090	1	1	0
	Total	7,170	405	6,152	330	1,091	627

[Supplementary schedule of allowance and provisions]

(Millions of yen)

Account item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	23,497	411	21,303	2,605
Allowance for investment loss	1,879	—	5	1,874
Provision for bonuses	186	4	186	4

(2) Details of Major Assets and Liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Other

(i) Status after the closing date

Not applicable

(ii) Significant lawsuits, etc.

Not applicable

VI. Outline of Share-Related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Share unit	100 shares
Purchase of shares of less than one unit and incremental buying of shares	
Office for handling business	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Head Office Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.
Administrator of shareholders' register	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Forwarding office	—
Purchase and incremental purchase fees	The amount equivalent to the commission for the consignment of the sale and purchase of 100 shares, divided proportionally by the number of shares purchased or added to one unit
Method of public notice	Electronic public notice If an announcement by an electronic public notice is not possible due to accidents or other unavoidable reasons, it shall be done by publication in the Nihon Keizai Shimbun. URL for public notice http://www.yamato-hd.co.jp
Special benefits for shareholders	None

Note: Pursuant to the Company's Articles of Incorporation, shareholders of the Company may not exercise any rights other than the rights listed below with respect to shares of less than one unit held by them.

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act
- (2) The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act
- (3) The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by the shareholder
- (4) The right to request the sale of shares of less than one unit

VII. Reference Information on the Reporting Company

1. Information about Parent of the Reporting Company

Not applicable

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report and Attachments and Confirmation Letter

Fiscal year (the 156th term) (from April 1, 2020, to March 31, 2021)

Filed with the Director-General of the Kanto Local Finance Bureau on June 18, 2021

(2) Internal Control Report and Attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 18, 2021

(3) Quarterly Securities Reports and Confirmation Letters

First quarter of the 157th term (from April 1, 2021, to June 30, 2021)

Filed with the Director-General of the Kanto Local Finance Bureau on August 13, 2021

Second quarter of the 157th term (from July 1, 2021, to September 30, 2021)

Filed with the Director-General of the Kanto Local Finance Bureau on November 12, 2021

Third quarter of the 157th term (from October 1, 2021, to December 31, 2021)

Filed with the Director-General of the Kanto Local Finance Bureau on February 10, 2022

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2021

This is an Extraordinary Report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Filed with the Director-General of the Kanto Local Finance Bureau on May 20, 2022

This is an Extraordinary Report based on Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Shelf Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on July 1, 2021

(6) Amended Shelf Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on May 20, 2022

(7) Share Repurchase Reports

Reporting period (from February 1, 2022, to February 28, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on March 14, 2022

Reporting period (from March 1, 2022, to March 31, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on April 14, 2022

Reporting period (from April 1, 2022, to April 30, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on May 13, 2022

Reporting period (from May 1, 2022, to May 31, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on June 13, 2022

Part 2 INFORMATION ON GUARANTORS, ETC., FOR THE REPORTING COMPANY

Not applicable

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 10, 2022

To the Board of Directors of
Yamato Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Koichi Yano

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishida

Designated Engagement Partner,
Certified Public Accountant:

Shinji Seki

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

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

Basis for Opinion

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

Emphasis of Matter

As described in “Changes in accounting policies which are difficult to distinguish from changes in accounting estimates and changes in accounting estimates” in notes to the consolidated financial statements, effective from the fiscal year ended March 31, 2022, Yamato Holdings Co., Ltd. and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment (excluding leased assets) from the declining-balance method to the straight-line method. However, the straight-line method has already been adopted for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and for facilities attached to buildings and structures acquired on or after April 1, 2016. In addition, effective from the fiscal year ended March 31, 2022, they changed useful lives of some vehicles based on more realistic, economically feasible forecast periods and applied this change prospectively. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of Yamato Transport Co., Ltd.'s non-current assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group provides delivery and other logistics services. As described in “Significant accounting estimates” in note to the consolidated financial statements, the Group’s main assets subject to accounting standards related to impairment of non-current assets are property, plant and equipment of ¥429,878 million and intangible assets of ¥45,646 million as of March 31, 2022. Among these balances, property, plant and equipment of ¥380,085 million, and intangible assets of ¥39,725 million are attributable to Yamato Transport Co., Ltd. (“Yamato Transport”), a consolidated subsidiary. As of March 31, 2022, there were indications that certain assets or asset groups of Yamato Transport and other subsidiaries may be impaired, and the Group recognized an impairment loss of ¥2,420 million.</p> <p>Yamato Transport grouped its four Business Divisions of Retail, Corporate, Global SCM, and EC as the smallest cash flow generating units, and classified non-current assets associated with the four Functional Divisions and the Corporate Division as common assets.</p> <p>Yamato Transport estimates the total undiscounted future cash flows for certain assets or asset groups with indications of impairment such as continuous operating losses, and compares the total undiscounted future cash flows per asset or asset group to the carrying amounts in order to determine whether any impairment loss should be recognized.</p> <p>The undiscounted future cash flows are estimated based on the future management plan approved by the Board of Directors. The future management plan includes significant assumptions, such as estimated future delivery unit prices and estimated future transaction volume. These estimates of delivery unit prices and transaction volume involve uncertainty</p>	<p>Our audit procedures related to Yamato Transport’s impairment assessment on its non-current assets included the following, among others:</p> <p>We obtained an understanding of Yamato Transport’s overall business environment through inspection of the minutes of the Board of Directors’ meetings, management meetings, business execution meetings and other important approval documents, and through inquiry of the departments in charge. Our understanding included information on delivery unit prices, delivery volume, external delivery resources, unit commission expenses, number of employees, the circumstances of labor management, and internal transfers between the divisions.</p> <p>We evaluated Yamato Transport’s internal controls related to estimating the total undiscounted future cash flows for assets or asset groups when there are impairment indications. Those controls include the method used by management to check the reliability and appropriateness of the data relating to profit and loss information of assets or asset groups and significant assumptions, such as the delivery unit prices and delivery volume, the review and approval process of accounting estimates by management at the appropriate levels.</p> <p>We tested the estimated undiscounted future cash flows for consistency by comparing the undiscounted future cash flows with the next fiscal year’s budget and future management plan approved by the Board of Directors. In addition, we evaluated the accuracy of the estimates of management by comparing the budgets and management plan of previous years with the corresponding actual results.</p> <p>Regarding the delivery volume, which is the main variable</p>

<p>because such estimates can be affected by future changes in the market.</p> <p>While the delivery unit prices are a significant assumption, such prices are based on past agreements with customers, and are relatively stable. However, the delivery volume involves high uncertainty because it is affected by the growth rate of the e-commerce (“EC”) market and the changes in the unique pickup and delivery networks established by the customers in the EC business. Therefore, we have identified the estimated delivery volume, which is a significant assumption used in estimating the undiscounted future cash flows and involves the subjective judgment of management, as a key audit matter.</p>	<p>factor included in the estimates based on the future management plan, we inquired with management regarding the correlation between the expected level for delivery volume and the pickup and delivery capacity as well as the status of negotiations with main customers regarding delivery volume. In addition, we compared the estimates of delivery volume with available external data related to total volume of domestic parcel delivery market, including market share, and recent delivery volume published by peer companies. We also conducted a trend analysis on the degree of growth for the overall delivery market from historical results.</p> <p>Furthermore, regarding the growth rate of the EC market and the scale of unique pickup and delivery networks established by Yamato Transport’s customers in the EC business, which could affect the delivery volume, we obtained audit evidence on consumption trends in the EC market and the degree of expansion of the scale of businesses that support the customer’s pickup and delivery networks in the EC business. We then examined whether the audit evidence obtained indicated an accounting estimate that differed from management’s estimate.</p>
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Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the controls over the Group’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Yamato Holdings Co., Ltd. as of March 31, 2022.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Yamato Holdings Co., Ltd. as of March 31, 2022, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 10, 2022

To the Board of Directors of
Yamato Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Koichi Yano

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishida

Designated Engagement Partner,
Certified Public Accountant:

Shinji Seki

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Yamato Holdings Co., Ltd. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2022, and the nonconsolidated statement of income, and nonconsolidated statement of changes in equity for the 157th fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance and for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the

nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of shares of subsidiaries and associates	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Company, as a holding company of the group that provides delivery and other logistics services, owns shares of subsidiaries and associates within the group. As described in “Significant accounting estimates” in notes to the non-consolidated financial statements, the Company’s total assets of 403,163 million yen as of March 31, 2022 included shares of subsidiaries and associates in the amount of 293,118 million yen, which had no market value. The Company recorded an allowance for investment loss of 1,874 million yen on those shares some of which had the net realizable value lower than the carrying value during this fiscal year.</p> <p>The Company records its shares of subsidiaries and associates at the acquisition cost on its balance sheet. If the net realizable value has declined by 30% or more compared to the carrying value at the end of the fiscal year and there is not sufficient evidence to support the possibility that the net realizable value will recover, the carrying value is written down to the net realizable value and the difference is recorded as a loss for the current fiscal year. If the decline in the net realizable value is less than 30% of the carrying value, but the recovery in the net realizable value deems to take a long period of time, the Company records an allowance for investment loss to prepare for any investment loss taking into consideration the financial position of the subsidiaries and associates and the recoverability of the carrying value of investments.</p> <p>The recoverability of the net realizable value is evaluated based on the future management plan approved by the Board of Directors, and whether the underlying business plan is feasible and rational and the net realizable value is expected to recover within around five years.</p> <p>There is a high degree of uncertainty and subjective judgments made by management involved in significant assumptions used for estimating the recoverability as they are affected by the progress of initiatives to expand its business and manage costs in the future management plan. Therefore, we identified this as a key audit matter.</p>	<p>Our audit procedures related to examining the Company’s valuation of shares of subsidiaries and associates included the following, among others:</p> <p>We evaluated the Company’s internal controls over the valuation of shares of subsidiaries and associates, including the reconciliation of the financial position of each of the subsidiaries and associates used in the valuation with the latest financial information available, and the review and approval by management at the appropriate level to ensure that the valuation of shares of subsidiaries and associates whose net realizable value has significantly declined due to deterioration in the financial position is conducted completely and timely.</p> <p>Regarding shares of subsidiaries and associates whose net realizable value declined in comparison to the carrying value, we assessed the consistency of the business plan that supports the recoverability of the net realizable value with the next fiscal year’s budget approved by the Board of Directors as well as the future management plan. In addition, we assessed the estimates in the future plan for management bias by comparing the budgets and management plans in the previous fiscal years with the actual results.</p> <p>We tested the feasibility and rationality of initiatives to expand the business and manage costs, which were the main variables in the estimates of the future management plan by making inquiries of management and performing a trend analysis using historical results.</p>

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

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

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

[Cover]

[Document title]	Written Confirmations
[Clause of stipulation]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	(Jun. 17, 2022)
[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
[Company name in English]	YAMATO HOLDINGS CO., LTD.
[Title and name of representative]	Yutaka Nagao, President
[Title and name of Chief Financial Officer (CFO)]	Toshizo Kurisu, Executive Officer and Vice President, Responsible for Finance
[Address of registered headquarters]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to appropriateness of statements contained in the Annual Securities Report

Yutaka Nagao, President of the Company, and Toshizo Kurisu, Chief Financial Officer confirmed that statements contained in the Company's Annual Securities Report for the 157th term (from April 1, 2021, to March 31, 2022) were appropriate under the Financial Instruments and Exchange Act and related laws and regulations.

2. Special notes

There are no significant matters to report.

[Cover]

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 17, 2022
[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
[Company name in English]	YAMATO HOLDINGS CO., LTD.
[Title and name of representative]	Yutaka Nagao, President
[Title and name of Chief Financial Officer (CFO)]	Toshizo Kurisu, Executive Officer and Vice President, Responsible for Finance
[Address of registered headquarters]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to the basic framework for internal control over financial reporting

Yutaka Nagao, President, and Toshizo Kurisu, Chief Financial Officer, are responsible for the design, implementation and maintenance of internal control over financial reporting of Yamato Holdings Co., Ltd. (the "Company"), its consolidated subsidiaries, and its equity method affiliates (collectively, the "Group") and have designed, implemented and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting due to its inherent limitations, such as ineffective functioning caused by errors of judgment, inadvertence, collusion among multiple personnel, or because it does not always respond to changes in the internal or external environment or atypical transactions that were not initially anticipated.

2. Matters related to scope of assessment, record date, and assessment procedures

The Group has performed the assessment of internal control over financial reporting with the record date of March 31, 2022, which is the end of the current fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal controls that may have a material impact on the entire financial reporting on a consolidated basis ("company-wide internal controls") by questioning relevant personnel, verifying records, and other procedures, and based on the results, we selected business processes to be assessed. In evaluating the business process, we identified the risks of misstatements due to fraud or error by understanding the flow of transactions in the business process and then identified the key control points to reduce each risk. We evaluated the design and operation of these control points by reviewing relevant documents, asking questions of appropriate personnel involved in internal control, observing operations, and examining the records of internal control implementation.

The scope of evaluation of internal control over financial reporting was determined based on the materiality of the monetary and qualitative effects on the reliability of financial reporting. A total of 33 companies including the Company, 28 consolidated subsidiaries, and four equity-method affiliates were included in the scope of evaluation of company-wide internal control. Two consolidated subsidiaries and 18 equity-method affiliates were not included in the scope of evaluation of company-wide internal control because they were deemed to be insignificant in terms of monetary and qualitative importance.

Based on the results of the above evaluation of company-wide internal control, the scope of evaluation of internal control over business processes was determined by adding up the operating revenue (before elimination of inter-company transactions) of each business location for the previous fiscal year beginning with the locations with the highest operating revenue (before elimination of inter-company transactions) and selecting the business locations with approximately 2/3 of operating revenue on a simple aggregate basis. We also selected additional business locations of high importance, making a total of three "important business locations." For the selected important business locations, the business processes leading to operating revenue, accounts receivable - trade, subcontracting expenses and personnel expenses among operating costs, operating accounts payable - trade among notes and accounts payable - trade, and accrued expenses among other current liabilities as accounts that are significantly related to the Group's business objectives were subject to evaluation while the business processes that are immaterial to financial reporting were not evaluated.

In addition, regardless of the selected important business locations, we have added individually to the scope of evaluation the business processes related to significant accounts that involve estimates and forecasts, such as provisions and deferred tax assets, and business processes related to businesses or operations that engage in high-risk transactions, taking into account their impact on financial reporting.

3. Matters related to the results of assessment

Based on the results of the above evaluation, we concluded that the Group's internal control over financial reporting as of March 31, 2022, was effective.

4. Supplementary information

Not applicable

5. Special notes

Not applicable