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**Medium-Term Management Plan  
Based on “YAMATO NEXT100”**

## The Yamato Group's Important Role as a Part of Social Infrastructure

Since its founding in 1919, the Yamato Group has created a large number of services that were unprecedented in their time, starting with *TA-Q-BIN*. By doing so, the Group has established itself as a corporate group that serves as a crucial part of social infrastructure. Recently, there have been major changes in the business environment surrounding Yamato and the spread of COVID-19 has accelerated changes to people's lifestyles and the structure of the logistics industry. Accordingly, the active participation of corporations in resolving social and environmental issues is becoming increasingly important to the achievement of a sustainable society.

Under these circumstances, in April 2021 the Yamato Group launched a new Group management structure that focuses on Yamato Transport, which centralizes the diverse management resources of each Group company. Additionally, the Yamato Group is working to provide comprehensive value that meets the needs of customers and society to transform the supply chain in response to changes to people's lifestyles and the distribution structure based on the medium-term management plan "One Yamato 2023," which is set to conclude at the end of the fiscal year ending March 31, 2024. Through these efforts, we will contribute to the creation of an enriched society, a goal laid out in our Management Philosophy, and realize sustainable growth and the improvement of corporate value.

### Commenced Use of New Symbol and Advanced Logo

From April 2021, we commenced the use of our new Kuroneko symbol and advanced logo, which symbolize our commitment to providing new value.

#### New Kuroneko Symbol (Corporate Symbol)

Without changing the thought behind this symbol of Yamato's friendly and reliable services, the design has been refined into a more future-oriented design that expresses Yamato's intention to further evolve the services it has continuously improved day after day while integrating its activities with community, urban, and regional environments in a more harmonious manner.



#### Advanced Logo

This is a new advanced logo that expresses and symbolizes the Group's vision and proactive, innovative approach to addressing the challenges facing today's society and businesses. The Yamato Group will combine the expertise and networks it has cultivated to date with new ideas, technologies, and partnerships to create new services and businesses.



## Contents

### 01 VALUE CREATION BY THE NEW YAMATO GROUP

- 01 The Yamato Group's Important Role as a Part of Social Infrastructure / Editorial Policy
- 02 Renewal of the Group's Management Structure
- 04 Creation of New Innovations
- 06 Strengthening of Sustainable Management
- 08 Group Corporate Philosophy
- 10 Value Creation Process
- 12 Overview of the New Yamato Group
- 14 Performance Highlights

### 16 DESTINATION OF ONE YAMATO

- 16 Message from the President
- 20 Message from the Chief Financial Officer
- 22 Medium-Term Management Plan "One Yamato 2023"
- 24 Creation of the "EC Ecosystem"
- 28 Transformation into a Partner That Supports the Entire Supply Chain
- 32 Promotion of Digital Strategies for the Shift to Data-Driven Management
- 34 Strengthening of Sustainable Management
- 36 Sustainable Medium-Term Plans 2023
- 38 Environmental Strategies for Realizing a Sustainable Society
- 42 Human Resource Management That Supports the Shift to an "Innovating Delivery Business"
- 45 Measures for Safety and Peace of Mind That Support Sustainable Growth

### 48 CORPORATE GOVERNANCE

- 48 Governance Roundtable between the Chairman of the Board and Outside Directors
- 54 Corporate Governance
- 62 Directors / Audit & Supervisory Board Members / Management System

### 100 COMPANY INFORMATION

- 100 Global Network
- 101 Corporate Data / Stock Information

### 66 FINANCIAL SECTION

- 66 Ten-Year Summary and Business Highlights
- 68 Consolidated Balance Sheet
- 70 Consolidated Statement of Income
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Changes in Equity
- 73 Consolidated Statement of Cash Flows
- 74 Notes to Consolidated Financial Statements
- 95 Independent Auditor's Report

#### Forward-Looking Statements

This integrated report contains forward-looking statements concerning Yamato Holdings' future plans, strategies, and performance. These statements represent assumptions and beliefs based on information available at the time this report was created. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, customer demand, foreign currency exchange rates, tax laws, and other regulations. Yamato Holdings therefore cautions readers that actual results may differ materially from these predictions.

#### Editorial Policy

Having built up long-standing relationships of trust with all of its many and varied stakeholders, the Yamato Group discloses not only information of a legal nature but also information considered necessary for those stakeholders. The Yamato Group adopted the policy that such information shall be conveyed promptly and accurately as well as fairly and equitably. Conveying information, including that of a non-financial nature, on such aspects as management strategies, business overviews, and ESG activities, this integrated report is intended to deepen the reader's comprehensive understanding of the Yamato Group. Please visit our website for more detailed information.

#### Guidelines Referenced

- Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
- International Integrated Reporting Council (IIRC), International Integrated Reporting Framework





## Renewal of the Group's Management Structure

# A Group Management Structure That Focuses on Yamato Transport, Which Centralizes Diverse Management Resources (From April 2021)



From April 2021, we began promoting our medium-term management plan "One Yamato 2023," which covers the period from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024, based on our new Group management structure that focuses on the new Yamato Transport, which centralizes the diverse management resources of each Group company. We will proactively face the needs of customers and society and make the lives of individual customers more convenient while supporting the overall management of corporate clients, thereby becoming the "best partner of both individual and corporate customers." Accordingly, we are working to implement the main initiatives set out in this plan.

### Why Change?

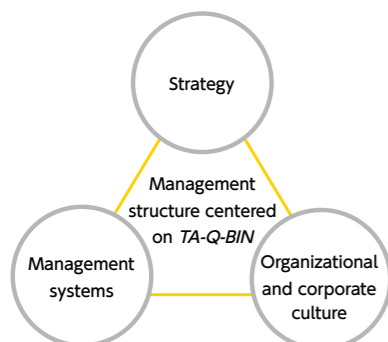
The primary reason for commencing these reforms is that the Yamato Group's strategies, management systems, and organizational and corporate culture centered on *TA-Q-BIN* do not fully address customer and social needs regarding the rapidly changing business environment and steadily worsening social issues.

#### Business Environment / Social Issues



- Diversification of customer expectations and needs
- Rapid progress of EC (e-commerce) adoption in various industries
- Declining population and decaying regional infrastructure
- Declining working population
- Climate change and resource scarcity
- Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic
- **Lifestyles:** Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions
- **Logistics structure:** Total optimization of inventory and supply routes

#### Issues with the Management Structure



- **Strategy**  
Currently, *TA-Q-BIN* alone unable to accommodate rising demand from the EC market and corporate logistics
- **Management Systems**  
Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience
- **Organizational and Corporate Culture**  
The Yamato Group's sound culture of "inclusive management" no longer practiced

### What Is the Purpose of the Change?

We aim to proactively meet the needs of customers and society and make the lives of individual customers more convenient while supporting the overall management of corporate clients, thereby becoming the "best partner of both individual and corporate customers."

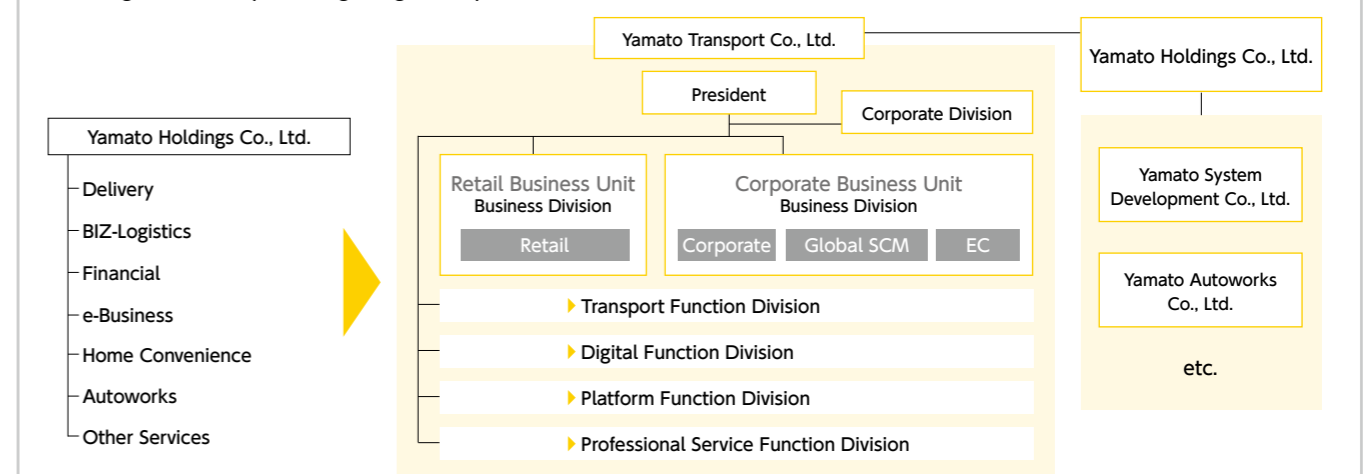
Yamato will offer innovative solutions to customers by combining its various management resources throughout the Yamato Group.



- ▶ Transport Function Division
- ▶ Digital Function Division
- ▶ Platform Function Division
- ▶ Professional Service Function Division

- Retail Business Division
- Corporate Business Division
- Global SCM Business Division
- EC (E-Commerce) Business Division

#### New Organizational System Beginning from April 2021



Note: On January 17, 2022, the Company carried out the partial transfer of shares held by Yamato Home Convenience Co., Ltd. As a result, Yamato Home Convenience Co., Ltd. has changed from a consolidated subsidiary to an equity-method affiliate.

## Creation of New Innovations

# The Shift from “Delivery” to “Innovating Delivery”

## Innovations We Have Taken On To Date

### 1919 Founding of Yamato Transport Co., Ltd.



In 1919, when a total of 204 trucks existed in Japan, Yamato Transport Co., Ltd. was established in the Ginza district of Tokyo with four of those trucks. The founder Yasuomi Ogura anticipated the coming era of speed and embarked on a transportation business in an era where ox- and horse-drawn carriages and wagons were the main method of transporting freight by road.

In 1923, the Company began to accept orders and delivery goods for Mitsukoshi Gofukuten. Mitsukoshi, which had been using private automobiles and covered the majority of delivery costs, made the decision after evaluating Yamato Transport's low shipping expenses, the positive working attitude of its drivers, and its high level of trustworthiness as an organization.

### 1929 Launch of Japan's First Regular Route Transport Service



In 1927, Yasuomi Ogura visited London and met with a transportation company that operated a regular transport service route to regional towns and cities. This regular transport service route entailed employees making regular rounds on carriages and picking up packages directly from the doors of households that put out signs. He had the intuition that this system would meet Japan's demand for small-lot delivery and change transportation. Accordingly, he decided to create a similar network of regular transport service routes in Japan. Yamato Transport gave tobacconists, general stores, and other vendors using their service a triangular yellow flag, which features a cherry blossom and a red letter “Y,” to display prominently when they had a package to deliver. In this way, they launched a regular transport service route between Tokyo and Yokohama, which was Japan's first regular route transport service, in 1929. The network was expanded to cover the entire Kanto area at the end of 1935.

### 1976 The Birth of TA-Q-BIN



Masao Ogura, who became president of the Company in 1971, noticed that a widely held belief in the industry, that small-lot pickup and delivery is labor intensive and unprofitable, was untrue. Rather than making many deliveries of small packages, it was thought to be more rational and profitable to make a single large-lot delivery once. He asserted that small-lot delivery has a high unit price per kilogram and that income would increase if they handled many small-lot deliveries. Additionally, TA-Q-BIN, the concept of pickup and next-day delivery with a single phone call, was created on January 20, 1976, and a nationwide TA-Q-BIN network was completed in 1997.

Following this, the Company continued to grow by supporting the businesses of corporate clients in addition to creating the concept of *tebura bunka* leisure (literally “empty-handed culture,” or the idea of traveling without the need to carry any luggage) and a culture of ordering specialty products, to enable TA-Q-BIN to meet the diverse needs of customers. In recent years, Yamato has promoted the shift from “home delivery” to “individual delivery” amid changes to and the diversification of lifestyles. The Company has striven to pursue convenience for customers picking up packages, as well as those sending packages, by enabling customers to select how they receive packages, not just the time period for their delivery.



Since its founding as a delivery company in 1919, the Yamato Group has been creating services that society needs that do not yet exist. This concept, to always continue to provide even better services for customers and society, originated from our core values. We have valued this concept since our founding, and it has led TA-Q-BIN to success and supported our growth to the present day. Going forward, the Yamato Group will contribute to the creation of a sustainable, enriched society through its mission as a social infrastructure company by creating new delivery methods that support the next generation through new innovations.

## Aiming for the Creation of New Innovations



### Declaration of Structural Reform in “YAMATO NEXT100”

Delivery services help make our lives prosperous. Developing new delivery services and innovating existing ones change people's lifestyles, and even society as a whole.

Yamato is a company of innovation. As a social infrastructure provider, the Yamato Group's mission is to contribute to the creation of a prosperous society by innovating delivery services. This mission is an integral element of the Group's Corporate Philosophy.

With the recent rapid growth of the e-commerce market, delivery volumes have dramatically risen and now exceed the current capacity of the Group's delivery network. At the same time, customer needs have become increasingly diverse and Japan faces serious social issues such as a shrinking population and a decline in local communities.

Solutions to these social issues have yet to be found, while the delivery services of the future, which will serve as a foundation in the next era, require further innovation.

In light of this situation, the Yamato Group will strive to innovate its delivery services and contribute to the realization of a sustainable and prosperous society going forward.

## Social Value

Creating new methods for transport and delivery that have never existed before



## Evolving from a “Delivery Business” to a “Delivery Innovation Business”

As a social infrastructure provider and the pioneer of the TA-Q-BIN service, the Yamato Group's mission is to create a sustainable and prosperous society through innovative delivery services. By optimizing our delivery methods and working as a united group, we will transform ourselves into the Yamato of tomorrow.



## Strengthening of Sustainable Management

# Our Aim to Sustainably Develop Society and Business by Realizing Our Two Visions

In January 2020, the Yamato Group formulated its grand design for its management over the medium to long term, the transformation plan "YAMATO NEXT100." As part of this plan, we established "sustainability initiatives under the theme 'management embodying the environment and society,'" as one of the infrastructure reforms, set forth our environmental and social visions for a sustainable future, identified important material issues (materiality), and set long-term targets, such as for virtually zero greenhouse gas emissions\* by 2050.

Additionally, under our sustainable plans Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023, formulated in January 2021, we set out specific actions to be taken to address each important material issue (materiality) and targets to be achieved by 2023 in order to realize these visions. Based on these plans, we are promoting initiatives for the sustainable development of society and business.

\* In-house emissions (Scope 1 and Scope 2)

## The Yamato Group's Social and Environmental Material Issues (Materiality)



## Two Visions for Realizing a Sustainable Society

### Environmental Vision

Connect. Deliver the future via green logistics



The Yamato Group will further promote its vision of "Connect. Deliver the future via green logistics." By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery services that are better for the planet, our customers' lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero greenhouse gas emissions and by creating business models based on sustainable resource use and consumption.

### Social Vision

Through co-creation and fair business activities, help create a society that "leaves no one behind"\*



\* To leave no one behind: Basic philosophy of the SDGs

As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes.

By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.



Please see Sustainable Medium-Term Plans 2023 on pages 36 and 37 for details on specific actions to be taken to address each important material issue (materiality) and targets to be achieved.

# Group Corporate Philosophy

The Yamato Group's foundation lies in its Core Values, which serve as the spirit of the Group's founding and have remained unchanged since their establishment in 1931. Supported by our Group Corporate Philosophy, which was created based on our unchanging Core Values, we aim to become a corporate group that can make sustainable contributions to the creation of an enriched society.

## Core Values

### 1. We all represent the Company.

This value represents the spirit of "inclusive management," whereby employees make decisions based on their own judgments and engage with our customers and business partners with an awareness that they represent the Company.

### 2. We connect our customers' hearts with every delivery.

This value defines deliveries as not simply the transportation of goods, but rather a chance for us to connect with our customers' hearts and offer them joy.

### 3. We conduct ourselves both professionally and ethically.

This value reflects the importance of ensuring that all our employees adhere to laws and regulations as members of society while conducting themselves in an ethical manner.

## Incorporating the Founding Spirit within Our Core Values

Our Core Values, which were established by our founder Yasuomi Ogura in 1931 shortly after our founding, have always been considered something that should remain unchanged throughout our 100-year history. When it came to corporate management, Yasuomi Ogura believed that no matter how logically a businessperson ran a company, the efforts of each individual employee are the most important aspect of preventing that company's organization from becoming a mere formality and of having that company be accepted by society.

Personnel involved in our transport businesses work on their own individual routes on a daily basis, which means it can take a certain amount of time before the direction of upper management is communicated to them. Yasuomi Ogura believed that the independence of each employee who places importance on the Core Values could compensate for this time lag. He therefore took steps to spread awareness of the Core Values across the Company.



Company founder  
Yasuomi Ogura

## Management Philosophy

**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.**

## Overview of Our Group Corporate Philosophy





# Value Creation Process

Guided by its Core Values, which represent the Group's founding spirit, the Yamato Group aims to achieve the goal adopted under its Management Philosophy of contributing to an enriched society. Under the "One Yamato" management structure, we will gather together the management resources that we have long cultivated through our business activities, including our human resources, logistics networks, and customer foundation. Combining these resources in an optimal manner, we will provide value to our individual customers, corporate clients, and society as whole with a view toward transforming our supply chain to respond to the accelerating shift toward EC in all industries. Through these efforts, we will realize sustainable corporate value improvement.

### Business Environment / Social Issues

- Diversification of customer expectations and needs
- Rapid progress of EC adoption in various industries
- Declining population and decaying regional infrastructure
- Declining working population
- Climate change and resource scarcity

Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic

- **Lifestyles:** Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions
- **Logistics structure:** Total optimization of inventory and supply routes

### Issues Facing the Yamato Group

Management structure centered on TA-Q-BIN


**Strategy:**  
Currently, TA-Q-BIN alone unable to accommodate rising demand from the EC market and corporate logistics

**Management Systems:**  
Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience

**Organizational and Corporate Culture:**  
The Yamato Group's sound culture of "inclusive management" no longer practiced

### Our Vision

- **Management Philosophy:**  
Contribute to the creation of an enriched society
- **Environmental Vision:**  
Connect. Deliver the future via green logistics
- **Social Vision:**  
Through co-creation and fair business activities, help create a society that "leaves no one behind"



### Sustainable corporate value improvement

### Management Resources / Strengths (As of March 31, 2021)

- Customer Foundation**
  - Corporate clients: Yamato Business Members: Approx. **1.36 million**
  - Consumers: Kuroneko Members: Approx. **49 million**
- Human Resources**
  - Sales representatives: Account sales representatives and sales drivers: **Over 60,000**
  - Customer representatives: Guest operators and call center operators: Approx. **24,000**
- Logistics Network**
  - Base network: Corporate operation facilities: Approx. **400**
  - Transportation and delivery network: TA-Q-BIN centers: Approx. **3,600**
  - Trunk-route, BtoB middle mile, TA-Q-BIN/EAZY last mile, etc.
- Information**
  - Physical and digital customer contact points: Account sales representatives, sales drivers, guest operators, call center operators, Kuroneko Members, Yamato Business Members, etc.
  - Data: Cargo-related data: **Over 2 billion parcels** a year
- Financial Foundation**
  - Soundness: Credit rating: **AA-**

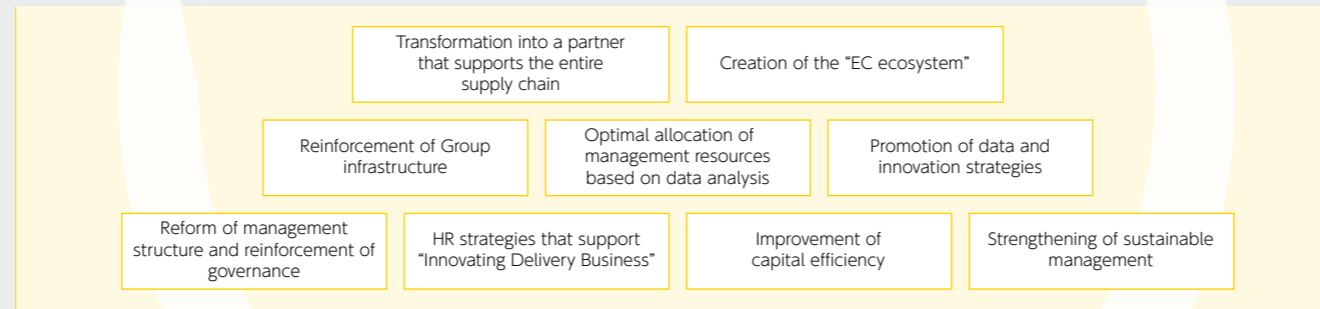
### Value We Provide

- For consumers: Further enhancing the convenience of lifestyles
- For corporate clients: Supporting corporate value improvement (not only enhancing logistics efficiency but also providing support for management issues such as adjusting inventories, optimizing sales, and increasing the efficiency of back-office work)
- For society: Reducing environmental burden, enhancing environmental resilience, and improving quality of life

### The Yamato Group's Important Role as a Part of Social Infrastructure

### Medium-Term Management Plan "One Yamato 2023"

Combine the management resources gathered together under "One Yamato" in an optimal manner to provide value from end to end with a view toward transforming the supply chain



### Transformation Plan "YAMATO NEXT100"

Corporate Governance

Group Corporate Philosophy

### Targets (Fiscal year ending March 31, 2024)

- Financial**
  - Consolidated operating revenues: **¥2,000 billion**
  - Consolidated operating profit: **¥120 billion**
  - Consolidated operating profit margin: **6.0%**
  - Profit attributable to owners of parent: **¥72 billion**
  - ROE: **10%** or higher
- Environmental / Social\***
  - Reduce GHG<sup>\*1</sup> emissions: **-10%<sup>\*2</sup>** compared with the fiscal year ended March 31, 2021
  - Reduce GHG emission intensity: **-10%<sup>\*2</sup>** compared with the fiscal year ended March 31, 2021
  - Use of electricity generated via renewable energy sources: **30%**
  - <sup>\*1</sup> Greenhouse gas
  - <sup>\*2</sup> In house emissions of consolidated companies in Japan and Swan Co., Ltd.
  - Improvement in operating revenue per employee<sup>\*3</sup>: **+15%** compared with the fiscal year ended March 31, 2021
  - Overtime hours per employee: **-20%** compared with the fiscal year ended March 31, 2021
  - Annual paid leave utilization: **90%**
  - <sup>\*3</sup> Converted number of employees based on different working hours
  - Serious traffic accidents<sup>\*4</sup>: **zero**
  - Number of traffic accidents: **-50%** compared with the fiscal year ended March 31, 2020
  - Serious occupational diseases<sup>\*5</sup>: **zero**
  - Reduce frequency of lost workday injuries: **-20%** compared with the fiscal year ended March 31, 2020
  - <sup>\*4</sup> Fatal accidents for which the Company is responsible
  - <sup>\*5</sup> Incident involving a fatality

Please see pages 36-37 for details on environmental and social targets.

# Overview of the New Yamato Group

## Group Summary\*

\* The fiscal year ended March 31, 2021 or as of March 2021

Operating Revenues **¥1,695.8 billion**

Operating Profit **¥92.1 billion**

Operation Facilities for Corporate Clients\*<sup>1</sup>  
Approx. **400**

TA-Q-BIN centers\*<sup>2</sup>  
Approx. **3,600**

Domestic parcel delivery market share\*<sup>3</sup>  
No. **1** (43.8%)

Network coverage of TA-Q-BIN in Japan  
**100%**

Annual parcel delivery amount  
(TA-Q-BIN, TA-Q-BIN Compact, EAZY, and Nekopos)  
Approx. **2.09 billion** parcels

EAZY annual delivery amount  
Approx. **170 million** parcels

Number of employees  
Approx. **223,000**

Sales drivers  
Over **60,000**

EAZY CREW\*<sup>4</sup>  
Approx. **16,000**

## One Yamato Management Structure

Combining Yamato's various management resources from a customer perspective and addressing customer issues through comprehensively optimized proposals

Units and Divisions	Customers	Key Management Resources		Value We Provide	
Retail Business Unit	Retail Business Division	Individual and general business clients	Last mile network focused on sales drivers	Shared assets (transportation, facilities, digital, offices, etc.)	Provision of package services focused on universal service (TA-Q-BIN)
EC (E-Commerce) Business Division	EC operators, EC users, and delivery service providers	EC delivery network through EAZY CREW	EC fulfillment facility and sorting facility		Creation of an EC ecosystem that meets the needs of senders, receivers, and deliverers
Corporate Business Unit	Corporate Business Division	Specific corporate clients	Middle mile network	Distribution center	Provision of solutions to BtoB and BtoBtoC logistics issues for corporate clients
Global SCM Business Division	Specific corporate clients	Overseas network	Forwarding and customs clearance		Support for the resolution of management issues by optimizing the supply chains of corporate clients and the entire industry

Function Division	Customers	Value We Provide
Transport Function Division	All the customers the business divisions address	Transport and operational functions that are the core of Group logistics
Digital Function Division		Digitalization of operations and services and the creation of a structure that easily utilizes data
Platform Function Division		Creation of convenient structures such as <i>Kuroneko Members</i> and <i>Yamato Business Members</i>
Professional Service Function Division		Creation of an environment where the front line of the business can focus on customers by consolidating and managing indirect operations
		Creation of competitive advantage in business divisions

\*1 Warehouses, pickup and delivery facilities for corporate clients, and other locations  
 \*2 Number of sales offices  
 \*3 Calculated based on "Survey and Calculation Method for Parcel Delivery Amount" (provisional translation) compiled by Japan's Ministry of Land, Infrastructure, Transport and Tourism.  
 \*4 Delivery partners for EC products



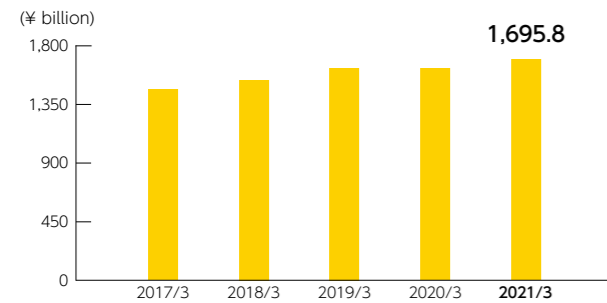
# Performance Highlights

Year Ended March 31, 2021

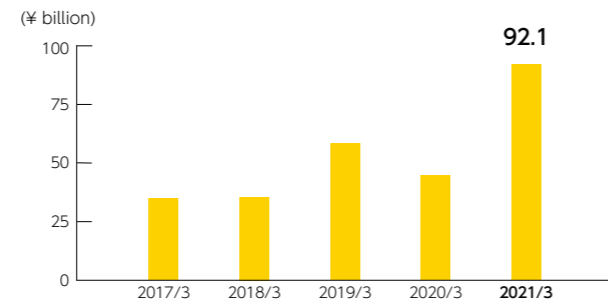
## Financial Information

Operating revenues amounted to ¥1,695,867 million, up 4.0% year on year, due to factors including the results of Yamato's response to the accelerated growth of the EC domain and an increase in the number of parcels handled by the Company. Operating profit came to ¥92,121 million, up 106.1%, owing to an increase in the effectiveness of pickup and delivery services as a result of optimal allocation of management resources based on data analysis and the promotion of more effective sorting work and trunk-route transportation amid the increase in parcels. As a result, profit attributable to owners of parent stood at ¥56,700 million, an increase of 154.0%, and ROE was 10.0%, increasing 6.0 percentage points.

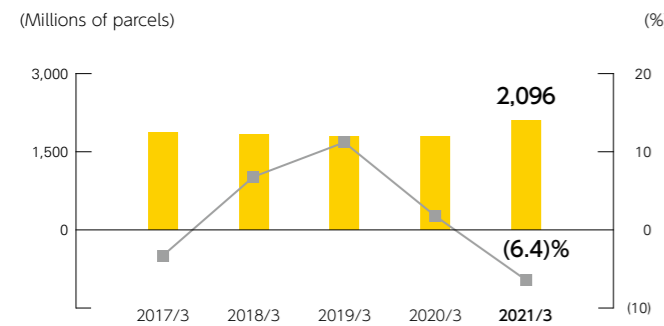
### Operating Revenues



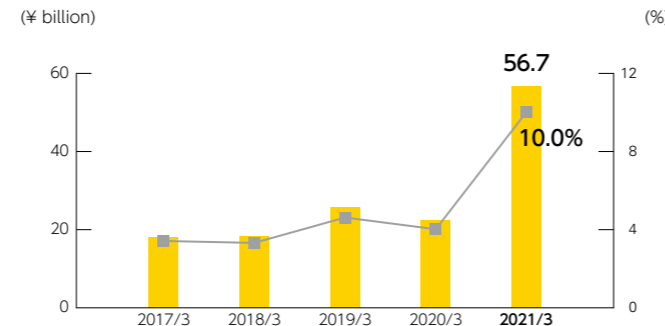
### Operating Profit



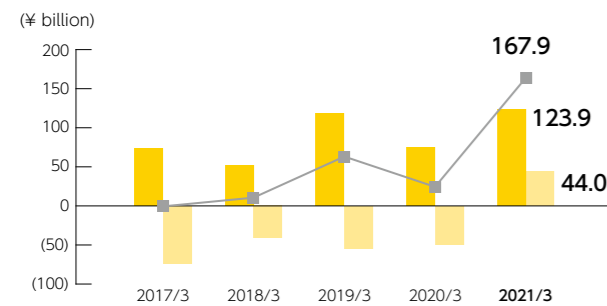
### Parcel Delivery Amount / Parcel Unit Price Growth Rate (YoY)



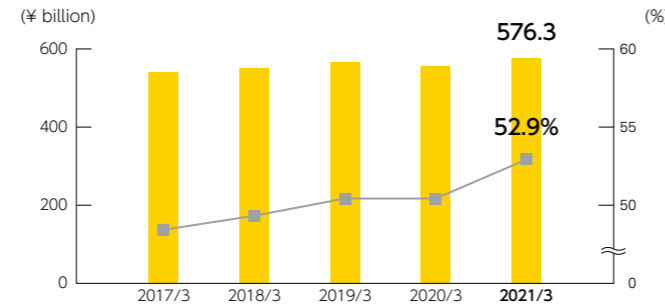
### Profit Attributable to Owners of Parent / ROE



### Operating and Investing Cash Flows / Free Cash Flows\*1



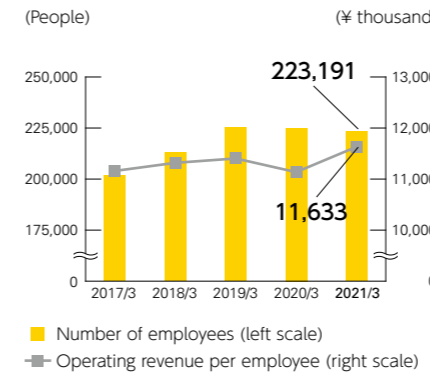
### Total Shareholders' Equity / Shareholders' Equity Ratio



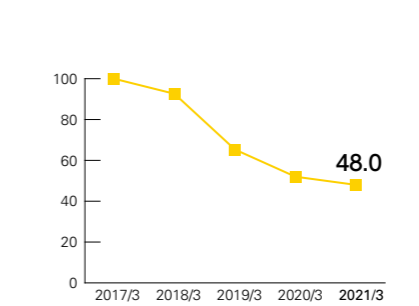
## Non-Financial Information

We are working to strengthen sustainable management to achieve both sustainable business growth and the development of a sustainable society. To implement management that incorporates the environment and society, we have promoted initiatives that address the material issues we have identified based on our two visions of "Connect. Deliver the future via green logistics" and "Through co-creation and fair business activities, help create a society that 'leaves no one behind.'" The promotion of these initiatives was carried out with the aim of increasing the efficiency of transportation and providing delivery services that are better for the planet, our customers' lifestyles, and the economy by leverage cutting-edge connections between data, people, and resources.

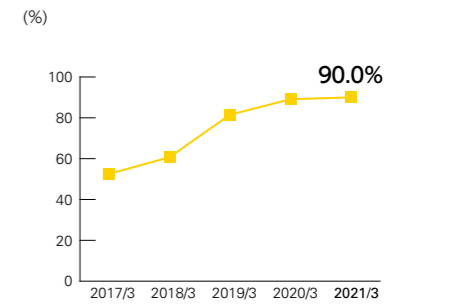
### Number of Employees\*2 / Operating Revenue per Employee\*3



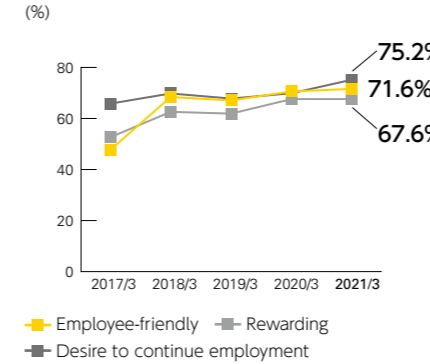
### Improved Status of Amount of Overtime Work\*4 per Employee



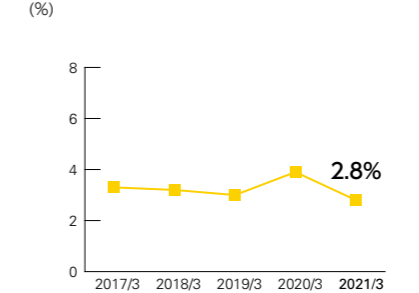
### Percentage of Annual Paid Vacation Days Taken per Employee\*5



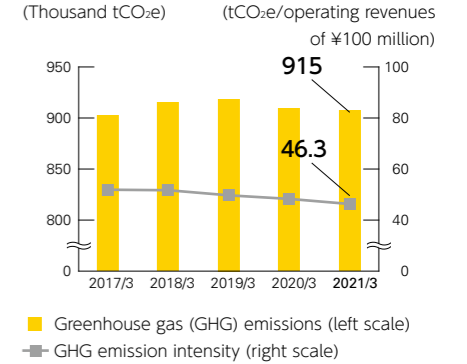
### Working Styles Awareness Surveys\*6



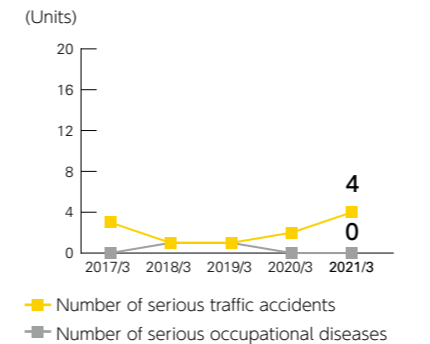
### Rate of Resignation\*7



### Greenhouse Gas (GHG) Emissions / GHG Emission Intensity



### Number of Serious Traffic Accidents\*8 / Number of Serious Occupational Diseases\*9



\*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities  
 \*2 Number of employees as of March 31, 2021  
 \*3 Calculated using the average number of employees and the number of part-time workers (after conversion into full-time employees) during the fiscal period  
 \*4 Figures based on actual results for 2017/3 as 100 (Scope: Full-time employees of Yamato Group companies in Japan)  
 \*5 Number of annual paid vacation days taken per employee in respective fiscal year / Number of annual paid vacation days granted per employee in respective fiscal year (Scope: Full-time employees of Yamato Group companies in Japan)  
 \*6 We administer awareness surveys regarding working styles on an annual basis in order to come up with more effective work style reform initiatives centered on management. (Scope: Full-time and part-time employees of Yamato Group companies in Japan)  
 \*7 Number of employee resignations in respective fiscal year (of their own accord) / Number of registered employees as of respective fiscal year-end + Number of employee resignations in the respective fiscal year (including those due to retirement, etc.) (Scope: Full-time employees of Yamato Group companies in Japan)  
 \*8 Fatal traffic accidents (for which the employee is responsible)  
 \*9 Incident involving a fatality

## Message from the President

### Becoming a Company That Can Create New Delivery Methods and Value beyond Delivery

#### Yutaka Nagao

Representative Director,  
President and Executive Officer

From the fiscal year ending March 31, 2022, we have been promoting the medium-term management plan "One Yamato 2023" based on the One Yamato management structure that focuses on the new Yamato Transport, which centralizes the management resources of nine Group companies. We are engaging in structural reforms with the aim of evolving from an operating structure centered around our *TA-Q-BIN* service to a company that can provide value covering the entire business process of our customers. In the first year of "One Yamato 2023," the fiscal year ending March 31, 2022, we have been implementing new strategies aimed at medium- to long-term growth, while at the same time responding to increasing demand, particularly in EC, where growth is accelerating. In anticipation of growth in the future, we are flexibly responding to issues and quickly implementing the strategies set out in "One Yamato 2023."

#### Centralizing Management Resources and Providing End-to-End Value for Customers

Up to now, the Yamato Group's business has focused on its *TA-Q-BIN* service, which is its main point of contact with customers' businesses and their day-to-day lives. Looking at this in terms of the supply chain for our corporate clients, it means that services were focused on last mile logistics. Over the three years of the medium-term management plan, we will be expanding our provision of value to the upstream domains of the corporate clients who have been using our services to date.

Currently, approximately 90% of the total *TA-Q-BIN* delivery amount comprises pickup from our corporate clients and, out of these, approximately half by sales drivers. The remaining half are shipments from relatively large corporate clients and are handled by the account sales representative. To expand the scope of our value provision for these clients we

must deepen our knowledge and understanding of our customers' businesses and embed ourselves into their businesses. We aim to reinforce the account management system for One Yamato, which centralizes management resources, and to be chosen by companies as a partner that solves management issues for customers by bringing together our sales representatives, managers, and executive personnel through the utilization of the knowledge of specialized personnel who have been invited from outside the Company.

Furthermore, we will accelerate the provision of logistics solutions that meet the needs of customers and promote initiatives to achieve One Yamato management on a regional basis and become closer to our customers. This will enable us to optimally allocate management resources more effectively.

#### Prioritizing the Creation of an EC Logistics Network

In recent years, the rate of online shopping has been increasing at an ever growing pace due to changes to lifestyles and consumption behavior. As the EC (e-commerce) user base expands, the sales methods of our corporate clients and their businesses themselves have been changing. We must promote the creation of a new EC logistics network to realize Yamato's sustainable growth and continue responding to expanding EC needs.

The existing *TA-Q-BIN* network was created as an optimal framework for meeting the transportation needs of an unspecified number of customers throughout Japan. Meanwhile, responding to EC needs by shipping large volumes from specific locations through the existing network is not an optimal solution from both a functional and cost standpoint.

Accordingly, we are promoting the creation of a new network that meets the demands of major EC operators, particularly in urban areas where cargo is focused. Through these efforts, we will achieve profit growth for Yamato, while supporting the growth of EC, by reducing costs through the simplification of the operation process for EC freight.

This new EC logistics network has been created to handle over 10% of the overall *TA-Q-BIN* delivery amount during the fiscal year ending March 31, 2022 and approximately 20% in the final year of "One Yamato 2023."

Furthermore, we will change the existing network into one that more effectively meets the needs of consumers and corporate clients.

#### Responding to Corporate Clients through Account Management under One Yamato

Responding to corporate clients through One Yamato and providing value in the upstream domains of the wide range of customers who use our *TA-Q-BIN* service are vital when strengthening corporate business. From April 2021, we launched our new account

management structure and are working to provide value to our customers.

Our sales drivers face small-lot corporate clients on a daily basis. By enhancing our strengths of pickup and delivery and developing of an



## Message from the President

environment in which sales drivers can focus on pickup and sales activities, we will interact more closely with customers' lifestyles and businesses and provide value that has roots in the needs of regional customers.

Additionally, to provide value to customers through One Yamato, it is vital that account sales representatives make proposals that contribute to solving our customers' issues based on customer feedback obtained by sales drivers. In the fiscal year ended March 31, 2021, society changed rapidly due to the impact of the spread of COVID-19, creating numerous issues for our customers' businesses. Under these circumstances, the Yamato Group was able to rapidly provide solutions based on information from sales drivers, such as support for our customers who have been focusing their businesses on physical stores to start up EC businesses. In the fiscal year ending March 31, 2022, we

### Promoting Data-Driven Management

The data-driven management that the Yamato Group is aiming to develop will enable us to visualize management through the utilization of data and make management decisions in a more objective and scientific manner. If our management resources are insufficient to meet demand and our workload exceeds capacity, our frontline employees will be unable to fully respond, which will lead to a drop in quality. Conversely, if we over-allocate management resources for the workload, Company profits will suffer. To carry out management based on this principle, we must have a data-driven response for all of our decisions.

### Rebuilding a Customer-Oriented Network and Utilizing Facility Strategies for Improving Productivity

We are promoting initiatives to appropriately reallocate our network of approximately 110 business

began operation of this process as a system across the entire organization.

At our overseas businesses, we previously promoted the expansion of *TA-Q-BIN* in Asia as a strategy, but it was difficult in some respects to be self-reliant. Over the past few years, we have discontinued our overseas *TA-Q-BIN* service and created circumstances that enable us to make a new start. Based on the One Yamato management structure, the Group companies we have developed in each country are promoting initiatives to provide supply chain solutions to customers both domestically and overseas, rather than promoting business locally.

We will maximize the value we provide to customers through initiatives including reviewing our organizational structure to further refine account management, continuously developing sales personnel, and strengthening our ability to design and provide solutions that meet customers' needs.

To date, we have increased our understanding of the digital field and made progress with the organization of our data by considering how we can realize the management we envisage and what data we need to collect to achieve this. By analyzing customer demand for each segment based on this data, keeping in close communication with customers who have a particularly high shipping amount, and increasing the accuracy of demand forecasts that reflect recent information, we will allocate management resources effectively, increase the quality of our service, further improve the working styles of our employees and business partners, and enhance profitability.

warehouses, 70 sorting facilities, and 3,500 *TA-Q-BIN* centers\* across Japan based on demand and workload forecasts through data analysis. This is the biggest goal of this initiative for rebuilding a customer-oriented network.

Furthermore, we will reconsider the functions of logistics facilities, as well as their reallocation, with the aim of achieving high profitability. For example, we currently carry out manual procedures, particularly sorting operations, at the current *TA-Q-BIN* centers. To promote laborsaving measures, we must first redesign operations at sorting facilities, not as an extension of what we have done in the past but

under a new concept. This is an area that we will examine by utilizing outside knowledge.

Redefining the functions of bases that are suitable for the future by, for example, considering the introduction of new facilities and automated equipment, developing a

### Reinforcing Sustainable Management and Changing Risks into Growth Opportunities

The Yamato Group, which operates together with various stakeholders, including shareholders and investors; a diverse range of customers, from businesses to consumers; and over 220,000 employees, as well as the external partners and business partners we work with on a daily basis and local communities, is naturally responsible for addressing social issues. Furthermore, ESG and sustainability initiatives are fundamental elements of a logistics company's competitive strategies and are seen as not only risks that can have

working environment that ensures an even higher level of safety, and creating a pleasant space for customers and employees, will lead to the medium- to long-term improvement of productivity.

\* As of September 30, 2021

a major impact on the business but also as differentiators and sources of added value for achieving sustainable growth. The Yamato Group formulated Sustainable Medium-Term Plans 2023 to realize its environmental and social visions as set out under "YAMATO NEXT100" and achieve virtually zero greenhouse gas emissions\* by 2050. First, we will promote initiatives for each important material issue (materiality) in our business activities to achieve our targets for the next three years. \* In-house emissions (Scope 1 and Scope 2)

### Responding to Climate Change and Energy Management

In recent years, disasters caused by abnormal weather have become more frequent. For the Yamato Group, which has a wide customer base and a logistics network that covers the whole of Japan, climate change is a serious risk that could have a negative impact on our customers' businesses, damage the logistics network, and even affect business continuity.

To reduce our environmental burden, we have been promoting the switch to vehicles that emit fewer greenhouse gases; the introduction of methods for pickup and delivery that do not emit greenhouse gases, such as hand-pushed trolleys and bicycles; and the use of electricity generated via renewable energy sources. To further accelerate initiatives to achieve virtually zero greenhouse gas emissions by 2050, as set out in our long-term targets, we are actively engaging in the introduction of small, commercial-use EVs, the implementation of field tests for the next generation of modes of pickup and delivery that do not

emit greenhouse gases, and the development of vehicles in collaboration with car manufacturers. While there are issues surrounding commercialization, we expect to introduce next-generation vehicles into our last mile pickup and delivery operations in the near future.

Additionally, looking toward the future, we must develop specific plans and initiatives for solving issues regarding the procurement and storage of renewable energy. This is a topic that is strongly connected to the previously mentioned strategies for facilities, and we must reevaluate the purpose of facilities in terms of overall energy management. To achieve this mission, Yamato Transport established the new Green Innovation Development Department in October 2021. This department is focused on promoting environmentally friendly initiatives to achieve our long-term targets and to realize our environmental vision, which will have a positive effect on not only Yamato but also the logistics industry and society as a whole.

### Becoming a Company That Further Contributes to the Achievement of an Enriched Society

Due to the spread COVID-19 and the progress of digitalization, changes to people's lifestyles have accelerated alongside the significant changes to the flow of business, services, and goods. The Yamato Group's Management Philosophy states that it will contribute to the creation of an enriched society. In line with this philosophy, we want to become a Group that contributes even more to achieving an enriched society as a company that works closely with consumers and businesses.

We are proud of the value that logistics services can offer society. To maximize this value, we are working to thoroughly reinforce our logistics domain as a professional

in the field during the three-year period of "One Yamato 2023." We will achieve further growth and the improvement of corporate value in the medium to long term by meeting the needs of our diverse customers, becoming a company that provides extensive end-to-end value for our customers' businesses, deepening our knowledge of consumers and our customers' businesses throughout this process, and creating new delivery methods and value beyond delivery.

February 2022




# Message from the Chief Financial Officer



We will steadily implement structural reform initiatives based on the medium-term management plan “One Yamato 2023.” We aim to improve corporate value over the medium to long term by promoting digital transformation and the reinforcement of Group infrastructure while maximizing the value we provide to customers by focusing on the centralization of management resources in growth domains.

## Toshizo Kurisu

Executive Officer and Vice President  
Responsible for overseeing Finance, Public Relations and Digital

### ● Promotion of Structural Reform Aimed at Sustainable Growth

Amid changes to people’s lifestyles and the structure of the logistics industry that have been spurred by the global spread of COVID-19 and the acceleration of the shift to EC (e-commerce) in all industries, we have met rapidly increasing demand and increased revenues in the fiscal year ended March 31, 2021. This was achieved by proceeding with initiatives based on the transformation plan “YAMATO NEXT100,” which we formulated in January 2020 as a grand design for our management over the medium to long term. Furthermore, we achieved an increase in profit by optimally allocating management resources based on data analysis and demand forecasting to improve the efficiency of pickup and delivery and trunk-route transportation, as well as by creating a new delivery network in cooperation with our delivery partners to expand pickup and delivery capacity and optimize costs.

In January 2021, we formulated the medium-term management plan “One Yamato 2023,” which is scheduled to finish in the fiscal year ending March 31, 2024. Additionally, we launched a new Group management structure in April 2021 that is centered on the new Yamato Transport, which centralizes the management resources for each Group company.

We formulated the medium-term management plan “One Yamato 2023” with the transformation plan “YAMATO NEXT100” as a foundation and based on the accelerated changes to the business environment spurred by the COVID-19 pandemic. The plan includes targets for the fiscal year ending March 31, 2024 for consolidated operating revenues of ¥2,000 billion, consolidated operating profit of ¥120 billion, a consolidated operating profit margin of 6.0%, and ROE of over 10%. We will also promote structural reform initiatives with the aim of sustainable growth beyond the end of the fiscal year ending March 31, 2024 and medium- to long-term improvement of corporate value.

We are promoting the main initiatives of “One Yamato 2023” across the entire Group, including the creation of an “EC ecosystem”; the strengthening of the corporate logistics business; the reinforcement of Group infrastructure, which includes reviewing the location of services and promoting business process re-engineering (BPR); and the promotion of data strategies focused on the shift to data-driven management

to further increase the Yamato Group’s growth potential and profitability in the first year of the plan (the fiscal year ending March 31, 2022). We are also working to improve our business management in line with the new structure.

### ● Financial Strategy and Investment Aimed at Creating Future Cash Flows

Investment decisions are made based on whether or not they will increase corporate value over the medium to long term. In the three-year period between the fiscal years ending March 31, 2022 and the fiscal year ending March 31, 2024, we expect to invest a cumulative ¥400 billion to promote the main initiatives of “One Yamato 2023.”

Of this amount, we plan to invest a total of ¥200 billion in growth. This includes ¥100 billion for digital investments to revamp core systems and expand the functions of the new delivery service *EAZY*, which is geared toward e-commerce companies; ¥50 billion for investments in buildings, such as automating logistics operations and establishing work consolidation centers; and ¥50 billion for developing automated warehouses and equipment for supply chain solutions, such as the distribution of pharmaceuticals.

In addition, as current investments to maintain the business, we expect to invest ¥60 billion in the extension and structural alteration of logistics facilities, ¥60 billion in the replacement of vehicles and introduction of environmentally friendly vehicles, ¥50 billion in the expansion and replacement of management systems related to existing services and internal personnel safety, and ¥30 billion in the replacement of sorting equipment for parcels and equipment related to service provision.

Through these investments, we aim to increase growth potential and profitability by achieving growth in the EC and Corporate business domains and improving productivity in the areas of transport and delivery services, sorting, and administrative work through the optimal allocation of management resources based on data analysis and the strengthening of Group infrastructure. Furthermore, in response to changes in the business environment and customer needs, we will implement optimal investments in areas such as the examination and implementation of proactive collaboration with external partners, regardless of our policy of self-reliance, in domains

that require management speed or resilience in response to the fluctuation of demand.

In regard to financial strategy, as a company responsible for social infrastructure, our basic policy is to maintain and improve financial soundness, taking into account business continuity; the impact of COVID-19, which remains uncertain; and increasingly severe disasters.

In terms of fundraising, we will do so in a timely and appropriate manner, with an awareness of financial soundness and efficiency. We will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind an optimal capital structure from the perspective of financial stability.

In April 2020, we transferred 60% of the issued common share of Yamato Lease Co., Ltd. to Fuyo General Lease Co., Ltd. to strengthen the competitiveness of the lease service business and achieve joint ventures with partner companies aimed at expanding business domains. We also transferred 51% of the issued common share of Yamato Home Convenience Co., Ltd. to ART MOVING COMPANY Co., Ltd. in January 2022 to further increase convenience for customers in the moving market.

We will continue to promote initiatives, such as reorganization in anticipation of future business growth and reallocation of management resources to highly profitable businesses, with the aim of improving capital efficiency.

### ● Basic Stance on Capital Policies and Shareholder Returns

In regard to capital policy and shareholder returns, we will consider timely and appropriate measures based on the future growth potential (operating revenues) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors, with a basic policy of stable dividends (with an awareness of the ratio of dividends to shareholders’ equity). The key indicators for capital policies will be ROE of 10% or more (fiscal year ending March 31, 2024), a dividend payout ratio of 30% or more, and a total return ratio of 50% or more (cumulative for the period from

the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024).

In the fiscal year ended March 31, 2021, we paid dividends of ¥46 per share and achieved a payout ratio of 30.4%. In the fiscal year ending March 31, 2022, we plan to pay out an interim dividend of ¥23 per share (already paid), a final year dividend of ¥23 per share, and a full-year dividend of ¥46 per share.

### ● Changes to Segment Disclosure of Financial Results

Following the launch of the new management structure in April 2021, we have changed the classification of reportable segments from the first quarter of the fiscal year ending March 31, 2022. We changed from six business segments to two business segments—the Retail Business Unit, which engages in providing high-quality, small-lot transportation services, including *TA-Q-BIN*, and providing value that meets the needs of consumers and regular business clients, and the Corporate Business Unit, which engages in providing value across the entire corporate logistics supply chain, including the upstream and downstream business domains. Furthermore, this fiscal period is the first year of the new “One Yamato” management structure and we are engaging in a phased enhancement of segment information. To ensure that all of our shareholders and investors understand the Yamato Group’s financial situation, we will continue striving to disclose information in an appropriate and timely manner.

### ● Improvement of Corporate Value over the Medium to Long Term

The Yamato Group has positioned ROE as a key indicator for improving shareholder value. We will strive to improve ROE by increasing profitability through optimizing the allocation of management resources and implementing growth strategies while remaining cognizant of an optimal capital structure.

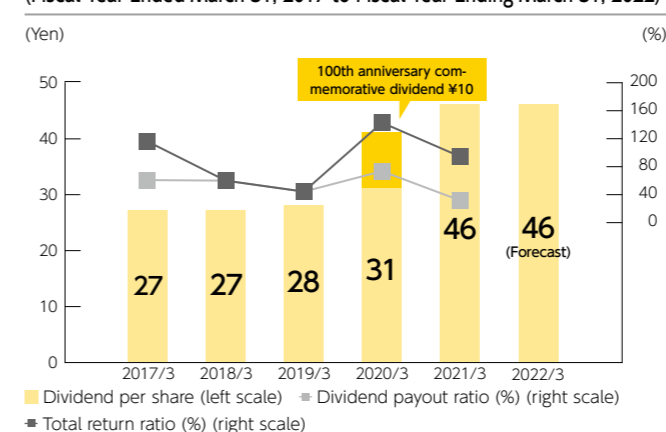
Additionally, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. We will also promote Groupwide efforts to achieve the sustainable targets for society and the environment established in Sustainable Medium-Term Plans 2023, based on our sustainability vision and material issues (materiality) as laid out in “YAMATO NEXT100.”

As part of this, we will endeavor to enhance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) while identifying and evaluating the risks, opportunities, and impacts associated with climate change in recognition of its importance in improving the Yamato Group’s corporate value over the medium to long term and realizing a sustainable society.

Going forward, we will aim to improve corporate value through not only the financial aspect of enhancing ROE but also the promotion and disclosure of initiatives aimed at the sustainable development of society and the business and through constructive dialogues with all of our shareholders and investors.

### Shareholder Return Results and Forecasts\*

(Fiscal Year Ended March 31, 2017 to Fiscal Year Ending March 31, 2022)



\* The forecast dividend figures are the figures announced on November 12, 2021.



# Medium-Term Management Plan “One Yamato 2023”

(From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024)

Under “One Yamato 2023,” the medium-term management plan due to conclude at the end of the fiscal year ending March 31, 2024, we will offer value to individual and corporate customers, as well as society as a whole. We will accomplish this by combining the management resources centralized under One Yamato into an optimal form and supporting the entire supply chain, from suppliers and manufacturers to consumers, based on the accelerated adoption of EC in all industries brought on by rapid changes to lifestyle and the distribution structure.

## Main Initiatives of “One Yamato 2023”

- 1. Optimal allocation of management resources based on data analysis
- 2. Reinforcement of Group infrastructure
- 3. Transformation into a partner that supports the entire supply chain
- 4. Creation of the “EC Ecosystem”
- 5. Promotion of data and innovation strategies
- 6. Reform of management structure and reinforcement of governance
- 7. HR strategies that support the “innovating delivery business”
- 8. Improvement of capital efficiency
- 9. Strengthening of sustainable management

### Main Initiative 1. 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. Furthermore, 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.

### Main Initiative 2. Reinforcement of Group Infrastructure

We aim to reinforce the value we offer to customers and improve productivity through the following methods: “reinforce value offered through reallocation of bases and expansion of functionality and improve productivity,” “optimize transportation functions, add functions, and expand to an open delivery network,” and “promote business process re-engineering (BPR).”

#### 1 Reinforce value offered through reallocation of bases and expansion of functionality and improve productivity

- Pickup and delivery bases**
  - ▶ Reallocate facilities owned by various Group companies in the TA-Q-BIN network
  - Establish bases in optimal locations to improve service level
  - Consolidate transportation between facilities and other operations
- Sorting facilities**
  - ▶ Reinforce functions and improve productivity through automation by digitalizing and consolidating operations in certain facilities
  - Expand sorting capacity by as much as 50%

#### 2 Optimize transportation functions, add functions, and expand to an open delivery network

- ▶ Reallocate trunk-route, middle mile, and last mile transportation functions of various Group companies in the network and further promote the total optimization of transportation and delivery processes
- ▶ Utilize local networks that can cope with high-frequency, small-to middle-lot deliveries and develop Yamato’s original TMS (Transport Management System), thereby expanding transportation functions that cater to the diverse needs of each region
- ▶ Make sophisticated pickup and delivery tools to further strengthen collaboration with partners, such as EAZY CREW, which caters to diverse customer needs related to EC. Expand support to partner companies through efforts such as building portal sites for drivers, providing leased vehicles, and enriching safety training and welfare

#### 3 Promote business process re-engineering (BPR)

- ▶ Promote operational efficiency across the Company, through the standardization and digitalization of administrative operations, with the Professional Service Function Division taking the lead
- Cut down on administrative work by **approximately 40%\*** (create time and contact points with customers for employees on the front line)
- ▶ Optimize group sourcing and procurement
- Consolidate sourcing and procurement at the Group level, with a focus on fair and sustainable trading practices, thereby optimizing costs

\* Rough estimate of effects of initiative at the end of the fiscal year ending March 31, 2024 (compared with the fiscal year ended March 31, 2021)

### Main Initiative 3. Transformation into a Partner That Supports the Entire Supply Chain

We aim to become a management partner for our corporate clients by providing consistent business solutions to the downstream, midstream, and upstream supply chains through strategic account management and by supporting the innovation of supply chains and business processes and the implementation of structural reforms.

⇒ For more details, please refer to page 28.

### Main Initiative 4. 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. ⇒ For more details, please refer to page 24.

### Main Initiative 5. 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. 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. ⇒ For more details, please refer to page 32.

### Main Initiative 6. Reform of Management Structure and Reinforcement of Governance

From April 2021, we launched a new Group management structure that focuses on the new Yamato Transport, which centralizes the diverse management resources of each Group company. We have implemented measures that optimize management systems in order to maximize corporate value by effectively utilizing the management resources of the Group.

### Main Initiative 7. HR Strategies That Support the “Innovating Delivery Business”

Under the new management structure, we will renew the HR system in order to clarify the roles and responsibilities of each employee on the front line, thereby improving the evaluation process, and to train specialized personnel in the business divisions and function divisions, who will grow to become top performers and leaders of the Yamato Group. ⇒ For more details, please refer to page 42.

### Main Initiative 8. Improvement of Capital Efficiency

We will improve shareholder value through timely and appropriate measures based on stable dividends (with an awareness of DOE), taking into account the future growth potential (operating profit) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors.

Targets (Fiscal year ending March 31, 2024)	ROE of <b>over 10%*1</b>	Dividend payout ratio of <b>over 30%</b>	Total return ratio of <b>over 50%*2</b>	*1 Fiscal year ending March 31, 2024 *2 Cumulative ratio of the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024
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### Main Initiative 9. Strengthening of Sustainable Management

To promote sustainable management, we aim to establish a medium-term plan and targets through the fiscal year ending March 31, 2024, with the aim of realizing our two visions set forth for the creation of a sustainable future.

⇒ For more details, please refer to page 34.

## Planned Figures for “One Yamato 2023”

Performance Targets					Investment Plan ¥400 billion	
	2021/3 Results	Target	2024/3 Growth	Growth rate		
Consolidated operating revenues	¥1,695.8 billion	¥2,000 billion	+¥304.1 billion	+17.9%	▶ Growth Investments: ¥200 billion	
Consolidated operating profit	¥92.1 billion	¥120 billion	+¥27.8 billion	+30.3%	▶ Current Investments: ¥200 billion	
Consolidated operating profit margin	5.4%	6.0%	+0.6pt.	-	Forecast of Future Growth (Fiscal year ending March 31, 2024)	
Consolidated ordinary profit	¥94.0 billion	¥120 billion	+¥25.9 billion	+27.6%	▶ Consolidated Operating Profit <b>¥120 billion</b> (+30.3% compared with the fiscal year ended March 31, 2021)	
Profit attributable to owners of parent	¥56.7 billion	¥72 billion	+¥15.2 billion	+27.0%	▶ Operating Revenue per Employee* <b>+15% compared with the fiscal year ended March 31, 2021</b>	
ROE	10.0%	Over 10%	-	-	▶ Composition of Operating Expenses Other expenses Personnel expenses Subcontracting expenses <b>55% in the fiscal year ended March 31, 2021</b> <b>50% in the fiscal year ending March 31, 2024</b>	

\* Converted number of employees based on different working hours

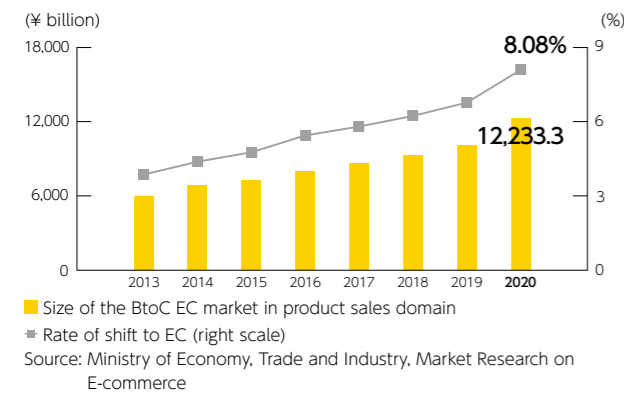
# Creation of the “EC Ecosystem”

The adoption of e-commerce (EC) is accelerating in all industries, to the point where almost everything is available through EC, regardless of the product or service. EC growth through initiatives, such as the expansion of the functions of EAZY, a delivery service for the EC market; support for the creation of a supply chain for EC operators, from receiving orders to shipping and delivery; and the creation of an EC logistics network, will lead to the profit growth of the Yamato Group.

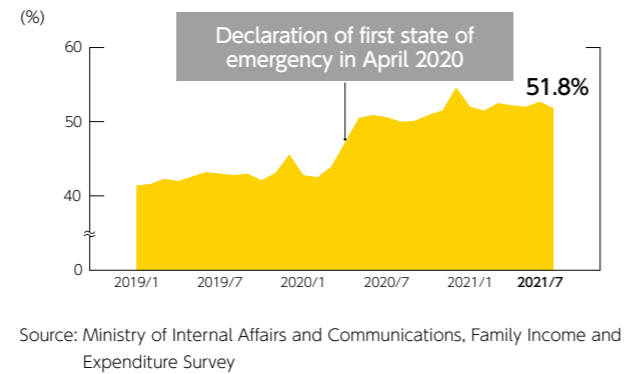
## Continued Growth of the EC Market

- Further growth expected domestically as the rate of the shift to EC is comparatively low compared with countries such as the United States and China, despite the continued growth of the EC market
- Further expansion of the EC user base and more established use of EC as a result of changes in lifestyles and consumption behavior due to the COVID-19 pandemic

### Size of the BtoC EC Market in Product Sales Domain and Rate of Shift to EC

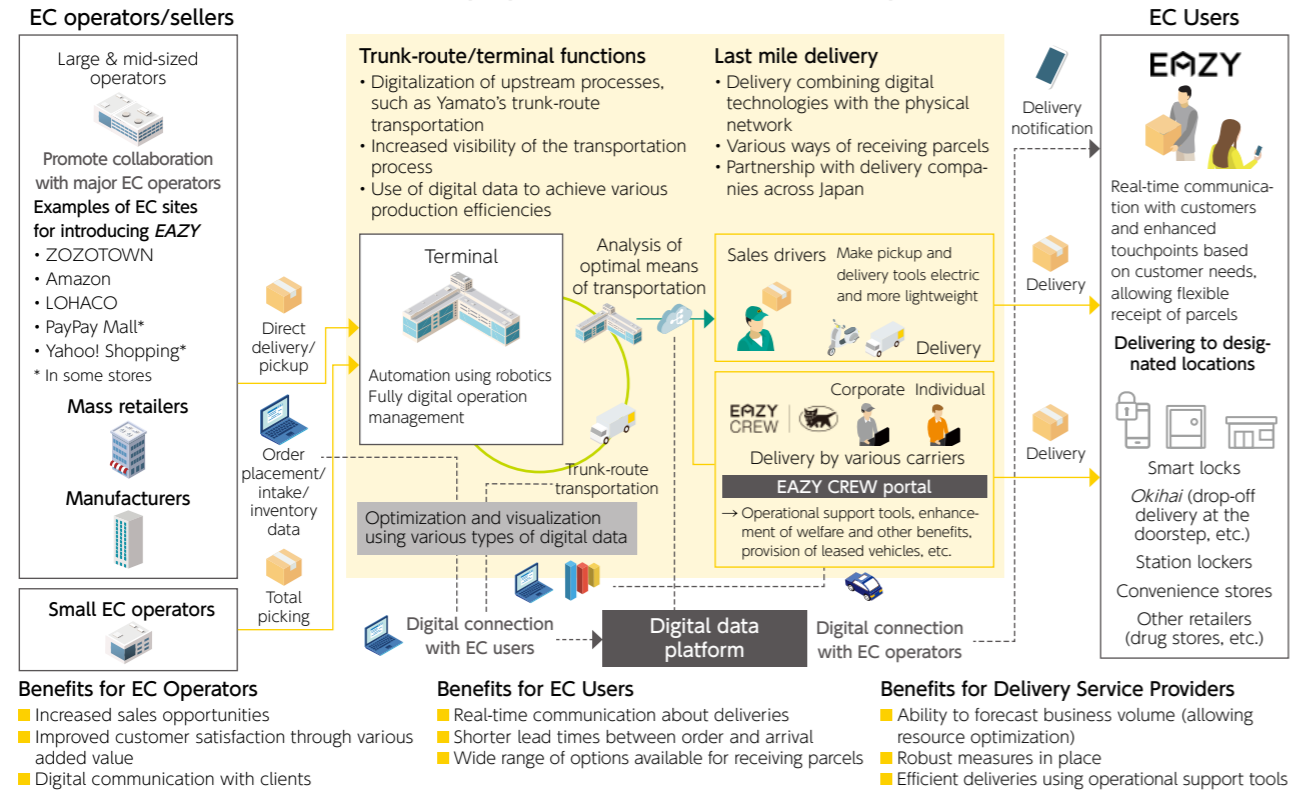


### Percentage of Households Using EC



## Overview of the EC Ecosystem

### Creation of a New “Delivery System” That Connects EC Operators and Consumers



## Improvement of Convenience for EC Users

By connecting EC users, EC operators, and delivery service providers in real time using digital information, we will thoroughly enhance the convenience, safety, and efficiency of purchasing, sending, and receiving parcels and help realize sustainable growth in the EC domain.

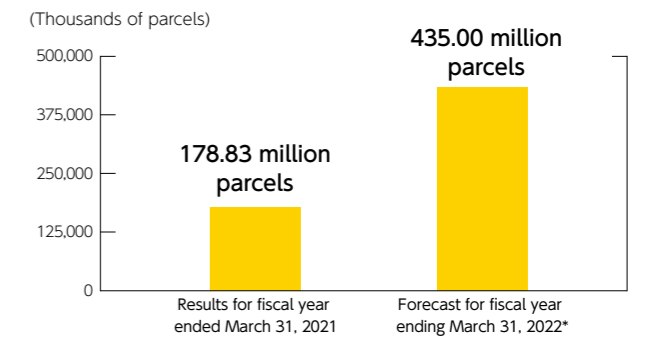


### EAZY—A New Delivery Service for the EC Market (Launched in June 2020)

#### Features of EAZY

- 1. Responding to diversifying needs for non-face-to-face delivery**
  - Front door
  - Storeroom
  - Reception / custodian
  - Delivery boxes
  - Garages
- 2. Receiving location can be changed right up until you receive parcels**
- 3. Providing real-time delivery completion notice to customers**
- 4. Collaborating with external partners for more efficient deliveries**

### EAZY Delivery Amount



EAZY will increase convenience for EC users and enhance value provided to EC operators by utilizing digital information and expanding the functions of the service. For more details, please refer to page 32.

## Provision of Added Value for EC Operators

We are supporting business growth for EC operators by providing total solutions in not only last mile processes but also upstream manufacturing processes, such as the delivery of goods to warehouses, warehouse operations, and sorting.



### Renewal of Fulfillment Service Aimed at Improving Convenience for EC Operators

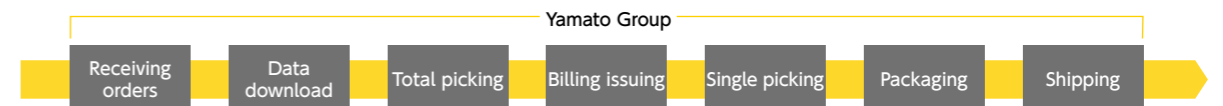
From April 2021, Yamato Transport and Yahoo Japan Corporation renewed their fulfillment service, which uses Yamato Group warehouses to carry out a series of operations on behalf of the stores of Yahoo! Shopping and PayPay Mall, from receiving orders for products to their storage and shipping, and have begun to provide nationwide flat rate shipping by size.

be introduced more quickly and be easier to use, thanks to web-based processing and “uniform nationwide shipping rates by size” offered through the cooperation of both companies.

Additionally, because the Yamato Group warehouses enable smooth shipping, the packages will be eligible for “Blue Ribbon Delivery” as defined by Yahoo! Shopping and PayPay Mall, which is expected to improve the probability that the merchants will be selected by users.

Previously, individual estimates had to be provided at the time of contract formation and procedures had to be completed in writing. After the renewal, the service will

**Fulfillment Service** The Yamato Group conducts all operations, from receiving orders to product storage, picking, packaging, shipping, and delivery.





## Creation of the “EC Ecosystem”

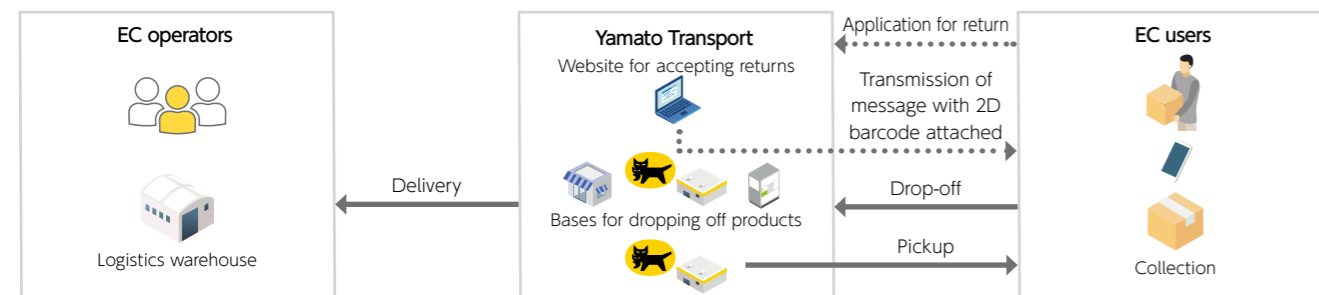
### Launch of a Digital Return and Shipping Service for EC Operators

From August 2021, Yamato Transport launched a digital return and shipping service for EC operators, which links the return system provided by Doddle Parcel Services Ltd. and Yamato’s delivery network, with the aim of improving convenience for customers returning EC products.

This service simplifies the return process, which traditionally required EC users to make a return request by phone or prepare a return slip, through the digitalization

of the return process and operations and enables the return of products without a return slip from the nearest *TA-Q-BIN* center, PUDO station, or certain convenience stores. EC operators can improve operational efficiency when processing returns and can easily build a package that includes the creation of a website for accepting returns, reducing initial costs, and enabling them to launch this service quickly.

### Digital Return and Shipping Service



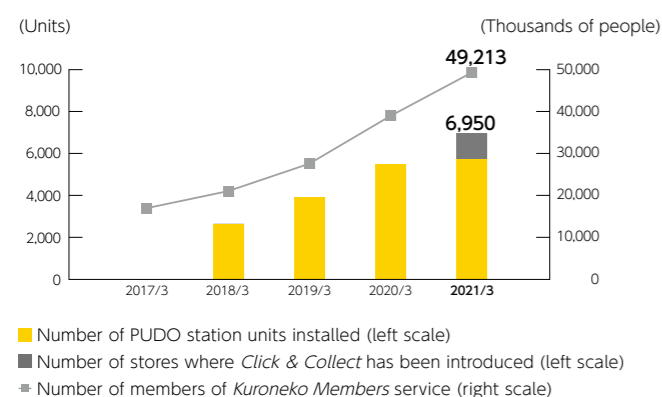
Benefits	EC Operators:	<ul style="list-style-type: none"> <li>Easy creation of website for accepting returns, enabling fast, low-cost introduction of service</li> <li>Reduction in workload, such as operations for accepting returns and printing invoices</li> </ul>
	EC Users:	<ul style="list-style-type: none"> <li>Ability to complete entire process, from making a return request to sending the product, via smartphone</li> <li>Ability to select various shipping methods provided by Yamato Transport to fit unique lifestyles</li> </ul>
Results of Introduction	Launched for official online stores of Gap and Banana Republic, which are operated by Gap Japan K.K., on August 26, 2021	

## Provision of Diverse Pickup Experiences for EC Users

*EAZY*, a delivery service for the EC market, provides pickup experiences outside of the home that fit the lifestyles of EC users in addition to responding to *okihai* (drop-off delivery at the doorstep and other locations) needs. This not only improves convenience for EC users but also contributes to the enhancement of productivity by reducing the frequency of redelivery.



Number of PUDO Station Units Installed/Number of Stores Where *Click & Collect* Has Been Introduced/Number of Members of *Kuroneko Members Service*



### PUDO Stations (Open-Type Parcel Lockers)

- Open-type parcel lockers that can be designated as redelivery addresses for parcels and locations for picking up products purchased through EC sites
  - 24-hour *TA-Q-BIN* pickup and shipping\* at the convenience of EC users
- \* Applicable services only

### Click & Collect

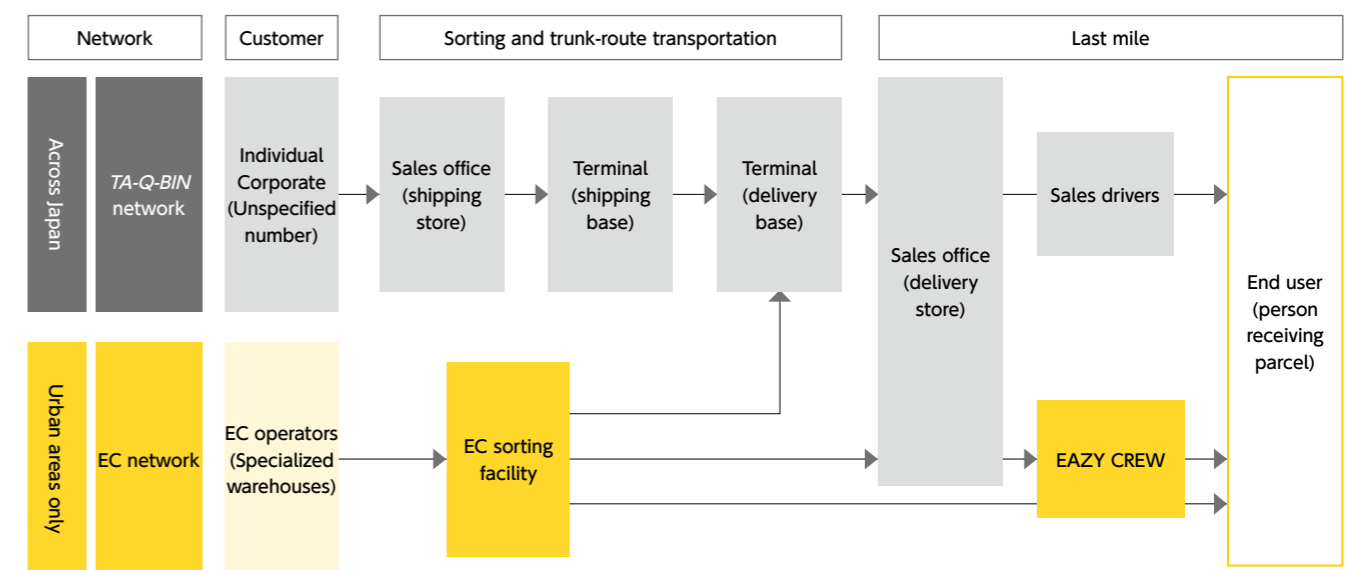
- Service enabling EC users to pick up products bought on specific EC sites at supermarkets, drugstores, and other places familiar to them in their daily lives
- Initiatives that contribute to increased sales opportunities for pickup stores due to the effect of additional purchases and the attraction of new customers, in addition to enhancing convenience for EC users

## Creation of Logistics Network

In order to capture the growing demand for EC and realize profit growth, we are promoting the creation of a specialized EC logistics network, which has a different cost structure from the existing *TA-Q-BIN* network, in urban areas where demand is focused.



### EC Logistics Network



### Concept of EC Logistics Network

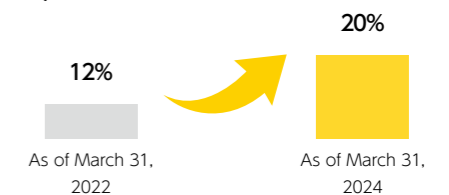
#### Creation of Specialized EC Network with Different Cost Structure

- Simplification of operational process
- Efficient sorting and delivery, specializing in EC parcels

#### Network That Can Flexibly Respond to Fluctuations in Demand

- Deployment of resources in response to customer demand
- Provision of varied delivery costs by strengthening collaboration with partners

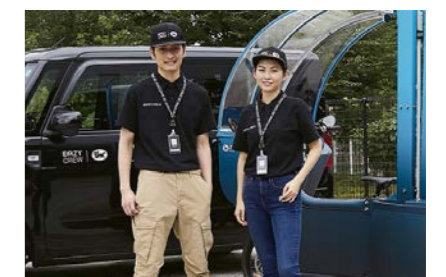
### Percentage of Overall Delivery Amount Handled by EC Logistics Network (expected)



### EAZY CREW

Number of registered personnel: Approx. 11 thousand (Approx. 60 thousand sales drivers) Note: As of September 30, 2021

	Sales drivers	EAZY CREW
Type	Employee (employment contract)	Corporate partner (outsourcing contract)
Main function	Sales, pickup, delivery, etc.	Specialized EC delivery
Product	All	<i>EAZY</i>
Area covered	Nationwide	Specialized regions (urban areas)



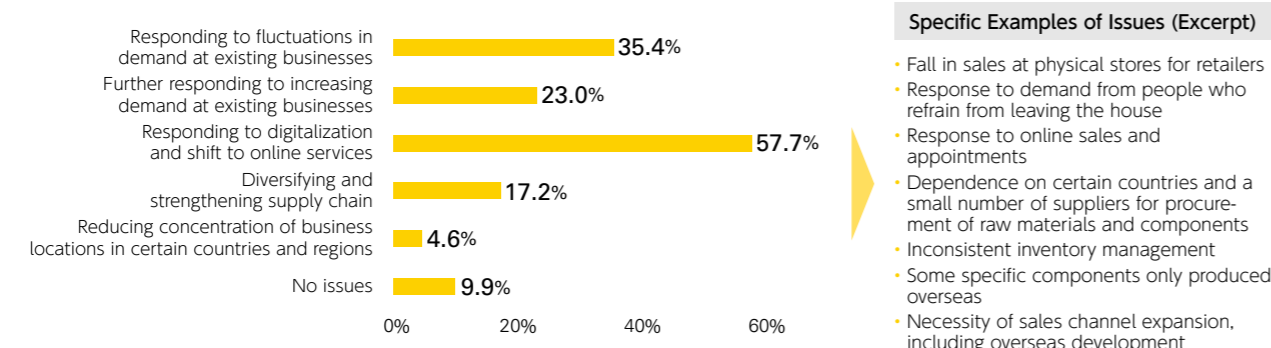
# Transformation into a Partner That Supports the Entire Supply Chain

We aim to become a management partner (LLP: Lead Logistics Partner) for our corporate clients by providing consistent business solutions to the downstream, midstream, and upstream supply chains through strategic account management and by supporting the innovation of supply chains and business processes, as well as implementing structural reforms.

## ► Changes to the Business Environment Surrounding Corporate Clients

- Increasing need for support for online sales due to changes in lifestyle and consumption behavior, with further development of omni-channel approaches to sales expected
- Review of the purpose of supply chains after the disruption of the COVID-19 pandemic from the perspective of business continuity and inventory management

### Issues That Surfaced during the COVID-19 Pandemic

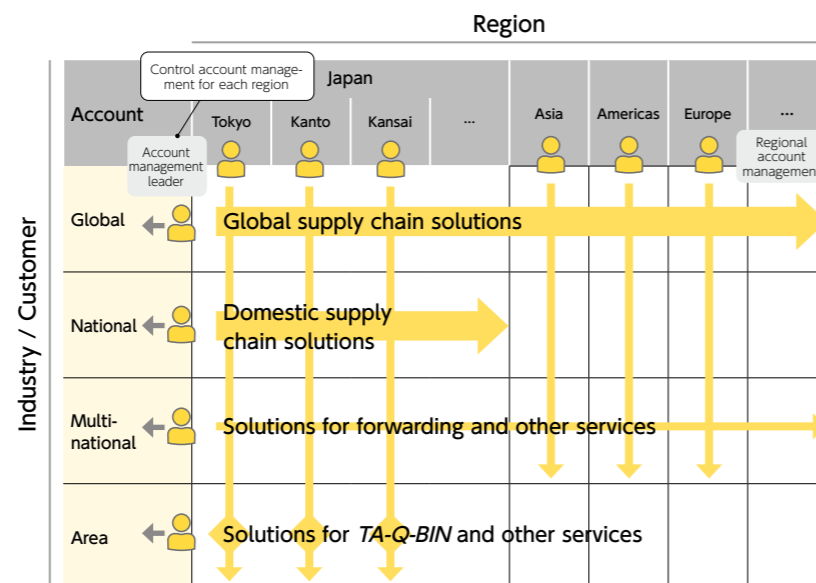


Source: Created by Yamato based on "The Impact of COVID-19 on Business Activities and Response to New Business Development and Creation of Demand in the Post-COVID-19 Era" (available in Japanese only), published by the Ministry of Finance  
 Note: Interviews conducted with a diverse range of companies in the manufacturing and non-manufacturing industries between September and mid-October in 2021, with 1,228 companies responding (multiple responses)

## ► Improvement of Account Management System

We are striving to improve our account management system to understand and meet the business needs of our customers, based on the One Yamato management structure.

- Shift from the existing regional management of each region and country to a comprehensive account management system that crosses regions and countries
- Achieve business growth by not only providing solutions to individual customers but also expanding to customers in the same industry
- Design and provide solutions to optimize the entire supply chain, from downstream to midstream and upstream (right diagram: global and national accounts)
- Expand the range of value provided to customers, starting with the *TA-Q-BIN* and forwarding transportation services (right diagram: multi-national and area accounts)



## Solutions for *TA-Q-BIN*, Forwarding, and Other Services

### Support for Customer Business Growth Starting with Transportation Services



We are striving to expand the value we provide to meet the needs of our corporate clients, starting with the provision of the *TA-Q-BIN* and forwarding transportation services.

#### ● Expanding the Size of *TA-Q-BIN* to Meet the Transportation Needs of Corporate Clients

In recent years, our corporate clients have been facing difficulties with securing trucks for long-distance travel due to issues such as the aging of truck drivers and a shortage of skilled workers. In light of these issues, the Yamato Group is aiming to strengthen services that meet not only the delivery needs but also the medium- to

large-lot transportation needs of our customers.

As part of this, we expanded the size of parcels handled by *TA-Q-BIN* in October 2021. Going forward, we will expand the value we provide to corporate clients by meeting needs such as the transport of multiple units or lots and transport by total weight.

#### ● Meeting the Global Supply Chain Needs of Customers during the COVID-19 Pandemic

We are providing a cross-border land transportation full truckload (FTL) and less-than-truckload (LTL) service, which utilizes a cross-border land transportation network that connects Singapore to mainland China via mainland Southeast Asia, for customers facing issues due to the disruption of marine and air transportation in Asia. Additionally, we are meeting the needs of our customers during the COVID-19 pandemic by contributing to the maintenance of a just-in-time system for customer supply chains within Asia. We are also providing a multimodal transportation service that is prepared for just-in-case scenarios, namely transportation by land to a port or

airport in mainland China that then connects to marine or air transportation when it is difficult to secure marine and air space between various Southeast Asian ports and Europe and the Americas.



Yamato Group Cross-Border Land Transportation Network →



## Supply Chain Solution

### Design and Operation of Advanced Logistics That Support the Promotion of Next-Generation Pharmaceutical Distribution

By combining our knowledge of One Yamato management resources and the handling of pharmaceuticals and by being responsible for pharmaceutical distribution, from design to operation, the Yamato Group is striving to provide value to corporate customers who are involved in next-generation medicine.



#### ● Logistics That Support the Distribution of the COVID-19 Vaccine

We have designed and created a logistics operation structure to transport the COVID-19 vaccine, which is vulnerable to shocks and vibrations and needs strict temperature controls, to local vaccination centers. This structure utilizes comprehensive, real-time control of factors including transportation status, changes in temperature, and location information.

carrying out ultra-low temperature and frozen transportation that is appropriate for refrigeration facilities at the delivery location, based on the requirements of local governments, as a result of transport operations that utilize specialized materials that maintain a set temperature.

We are contributing to the maximization of the storage period and maintenance of quality for the vaccine by

We will evolve the supply chain solutions we have created through these vaccine logistics into a logistics platform that supports pharmaceutical distribution and a social infrastructure that will support next-generation medicine.



## Transformation into a Partner That Supports the Entire Supply Chain

### Supply Chain Solution

## Provision of Supply Chain Solutions to Customers Engaging in Omni-Channel Approaches to Sales

Retailers are developing online and offline omni-channel approaches to sales, and a key issue is the optimization of logistics and inventory. Through the provision of our solution model, known as CDC\*1 + DP,\*2 we are engaging in solving the issues of our corporate clients.

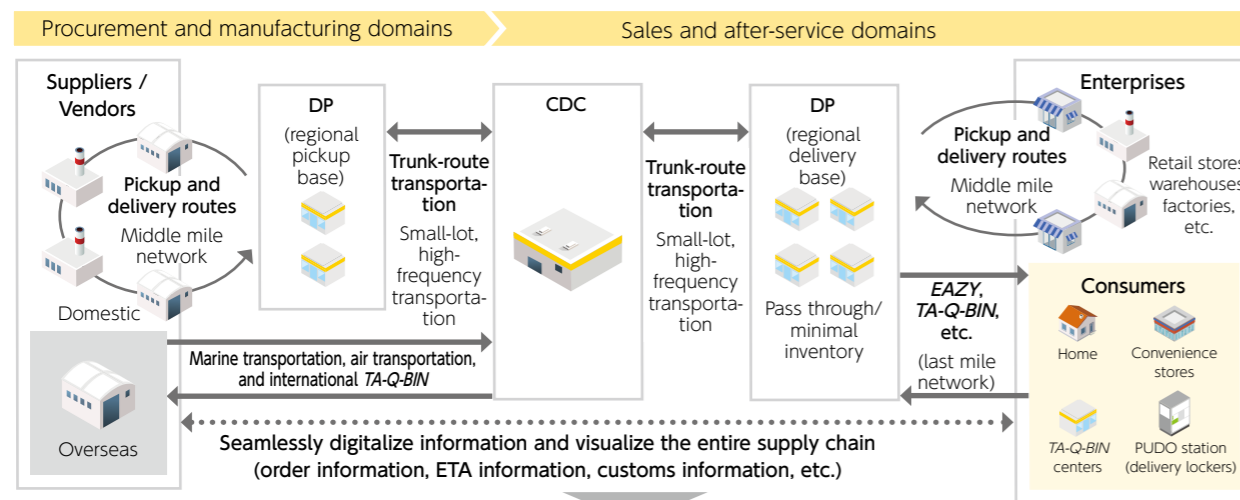


\*1 Central Distribution Center \*2 Depot (regional delivery center)

### Solution Model

- ▶ Reduce the overall inventory volume by consolidating inventory for enterprises and consumers (such as EC inventory) at CDCs, and by standardizing and sharing this inventory
- ▶ Mobilize customers' omni-channel sales inventory and optimize inventory and logistics by centralizing their management
- ▶ Provide optimal modes of transportation (TA-Q-BIN, EAZY, pickup and delivery routes, etc.) through TMS\*

\* Transport Management System



### Value Provision

Suppliers / Vendors	Sellers	Retailers / Consumers
<ul style="list-style-type: none"> <li>• Standardize and simplify shipping operations</li> <li>• Optimize inventory</li> </ul>	<ul style="list-style-type: none"> <li>• Optimize inventory and minimize overall logistics costs</li> <li>• Cope with diverse and rapidly changing demand</li> </ul>	<ul style="list-style-type: none"> <li>• Maximize selling space (use retail space as showrooms)</li> <li>• Enable accommodation of diverse purchasing methods</li> </ul>

### Entrance into a Strategic Partnership to Create an Optimal Supply Chain

In April 2021, L'OCCITANE JAPON K.K. and Yamato Transport agreed on a strategic partnership to realize the creation of an optimal supply chain for all stores throughout Japan and on the official online site with the aim of improving the satisfaction of all customers who purchase L'occitane products.

By combining the Yamato Group's detailed delivery network in Japan and overseas with a network of over 110 warehouses, constantly mobilizing the inventory of stores and official online sites in one place on the

network, and using TMS to control the optimal transportation method for each situation, we aim to eliminate uneven inventory levels and shortages, reduce transportation costs, and achieve fast shipping and delivery. We will increase the satisfaction of buyers through an optimal supply chain that provides benefits such as an environment where sales people can focus on selling products, an accelerated delivery date for products purchased on the official online site, and the diversification of methods for receiving products.

Based on the One Yamato management structure, we are aiming to become management partners for customers by being completely customer-oriented and by supporting initiatives such as supply chain reform, business process reform, and structural reform.

We will achieve growth in the Yamato Group by contributing to the improvement of customers' corporate value and the enhancement of customer value.

**Hiroshi Etani** Senior Managing Executive Officer, Yamato Transport Co., Ltd.  
Responsible for Overseeing Corporate Sales and Global Strategy

After working as manager at PT. ITOCHU Indonesia, general manager at ITOCHU Logistics Jakarta, general manager at ITOCHU Logistics Shanghai, and managing director at ITOCHU Logistics Singapore, Mr. Etani's work history includes experience as global customer director at DHL Global Customer Solutions, director and general manager of the sales division for TNT Express, deputy general manager of the logistics business at Rakuten Group Inc., CEO and president director of JP Rakuten Logistics, Inc., executive officer and assistant CEO at MITSUI-SOKO LOGISTICS Co., Ltd., and president and representative director of CMA CGM Japan K.K. He joined the Yamato Group in November 2020 and became managing executive officer responsible for Global SCM Business Division at Yamato Transport Co., Ltd. in April 2021. He has been in his current position since February 1, 2022.



### Proposing Global Supply Chain Solutions through the One Yamato Management Structure

At present, we are striving to be thoroughly customer-oriented and provide solutions through a customer axis, not just the conventional functional axis based on our One Yamato management structure that focuses on Yamato Transport, which centralizes the management resources of nine Group companies.

Up to now, the Yamato Group had a transportation and delivery network that supported TA-Q-BIN operations, and each Group company had created their own logistics facilities, such as transportation and delivery networks and logistics centers for each function. Under the One Yamato management structure, we have developed a middle mile network for corporate customers from hub base terminals and an increasing number of logistics centers integrated with base terminals, as well as promoted the centralization of Group trunk-route transportation and the integration of our facilities. As Yamato continues carrying out structural reforms, we aim to provide a range of solutions to customers through our logistics bases and the transportation and delivery network. One example of this is our Central Distribution Center + Depot (CDC + DP) model, which is a solution model that other companies cannot provide (please see page 30 for more details).

Furthermore, if the products in this model are procured and manufactured overseas, the inventory and logistics of procurement and manufacturing domains must also be improved to optimize the entire supply chain. Accordingly, Yamato is returning its focus to the upstream of the customer supply chain and actively implementing proposals for solutions during the procurement and manufacturing stage.

As part of this effort, we are providing a management service for visualizing offshore inventory that is in transit. This service enables the reservation of inventory before a ship arrives and the delivery of goods by unloading cargo directly from a ship, bypassing port warehouses. This, in turn, enables the reduction of the response time to customer orders and the lead time for delivering goods, as well as the effective control of total inventory on the supply chain.

Under the previous Yamato Group management structure, we were unable to maximize the value we provided to customers as we were proposing these domestic and international solutions separately. Therefore, from the fiscal year ending March 31, 2022, we have created a global account management structure. Our aim is to provide value across our customers' entire supply chains by focusing on the overall income and expenditure

of our global network, rather than the independent profitability of our local subsidiaries in each country. Under this policy, we have clarified the positioning and roles of our local subsidiaries and partner companies in each country. Additionally, we deploy account management leaders to countries where our customers' decision-makers are located and propose a combination of solutions that meet their global supply chain needs.

### Responding to Significant Changes in the Global Supply Chain

Since entering the 2020s there have been major upheavals and changes in the global supply chain and international logistics due to the COVID-19 pandemic and the conflict between China and the United States. While the first requirement when setting up logistics is the establishment of a just-in-time (JIT) system, people are becoming more aware of the importance, from a business continuity perspective, of preparing for just-in-case (JIC) scenarios through the establishment of a JIC system.

The disruption created by the COVID-19 pandemic, including insufficient port functions, a shortage of shipping containers, and a lack of air transport, has created a situation where we have no choice but to respond to JIC scenarios on a daily basis. The 3As of supply chain management (SCM) are said to be agility, adaptability, and alignment, but never has there been a greater need for agile and adaptable logistics than now. We face customers with a strong awareness of this fact.

For example, there was a rapid growth in emergency air transport needs, such as for automobile components being sent from Japan and other Asian countries to North America, following the disruption of marine transport from spring 2021 onward. However, we have been able to meet the requests of our customers through the use of charter flights in coordination with major airline companies and rapid, appropriate land transportation arrangements by our North American subsidiaries.

Furthermore, since 2020 there has been a shortage of shipping containers. In the region between the Malay Peninsula, mainland Southeast Asia, and China, we have been meeting the global supply chain needs of our customers during the COVID-19 pandemic by utilizing the Yamato Group's cross-border land transportation network to not only contribute to the maintenance of a JIT system in our customers' supply chains but also provide a multimodal transportation service that is prepared for just-in-case scenarios (please see page 29 for more details).

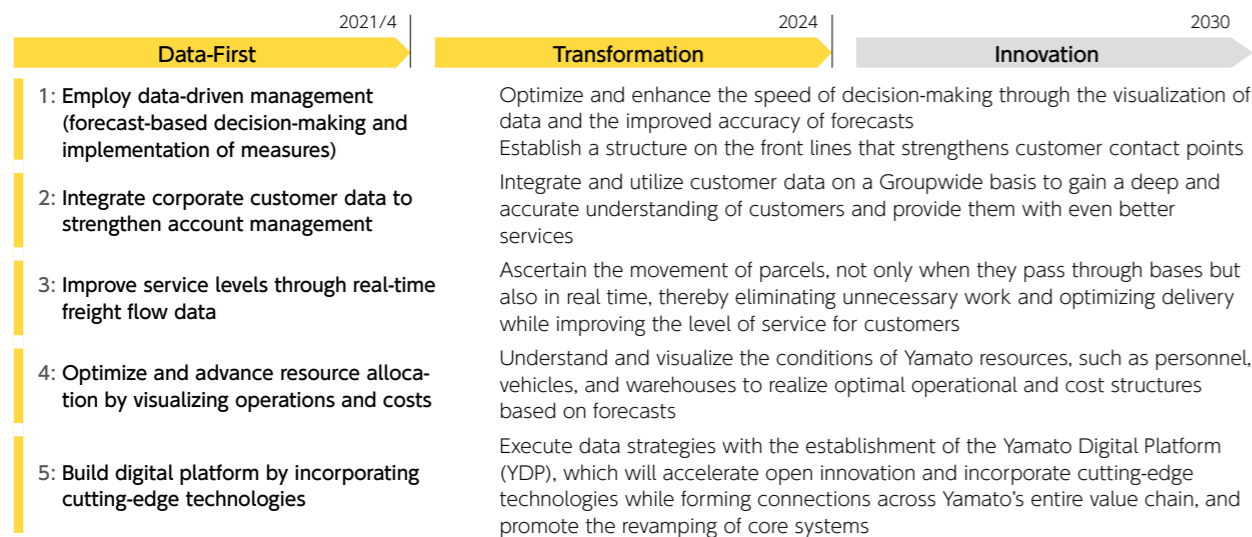
Through these initiatives we will grow our business by providing value across our customers' entire supply chains while building a relationship of trust with our customers.

# Promotion of Digital Strategies for the Shift to Data-Driven Management

We are promoting Groupwide digital transformation (DX) with the aim of changing the organization and operations and of drastically reforming all of our Group businesses through digital technology. With the shift to data-driven management as a fundamental strategy, in addition to updating the existing core systems, we are engaging in the maintenance of digital data and the strengthening of our digital foundation to further advance the utilization of data. We are supporting the digital aspects of our growth strategy through expansion of the Yamato Digital Platform (YDP), which focuses on data acquisition mechanisms that utilize cutting-edge cloud technology.

## ► Shift to Data-Driven Management

The Yamato Group is led by the Digital Function Division, which deploys approximately 270 internal DX personnel, and is promoting DX initiatives in collaboration with each business division and function division while also utilizing the knowledge of external partners. Under the medium-term management plan "One Yamato 2023," which concludes in the fiscal year ending March 31, 2024, we expect to make digital investments of ¥100 billion. We are also promoting the creation of a system infrastructure that supports the implementation of data-driven management and the acceleration of business development.



## ● Promotion of Optimal Allocation of "Operational Design" by Forecasting Workload Based on Data Analysis

The existing *TA-Q-BIN* operations relied on experience and intuition to deploy management resources (personnel, vehicles, facilities, and other resources) at the branch level in each region. This led to issues such as the actual workload becoming unreasonable and wasteful and a lack of flexibility to cope with regional and seasonal differences in workload as the allocation of management resources was optimized for each region.

To resolve these issues, we are promoting structural reform based on the transformation plan "YAMATO NEXT100," which began in the fiscal year ended March 31, 2021, and striving to use data analytics to forecast workloads and improve truck loading efficiency to realize the optimal allocation of management resources. From the fiscal year ending March 31, 2022, we have created an environment for carrying out machine learning operations (MLOps) and automated

the process for taking in the latest business performance data, learning the data, and running it through a machine learning model that forecasts future workloads based on past business performance results. As a result, we have been able to more accurately forecast the workload and necessary number of vehicles for each of our approximately 3,500\* *TA-Q-BIN* centers three months in advance by improving processing speed and the frequency of machine learning. By combining the knowledge we have accumulated on the front line with the latest information regarding these forecasts and large- and medium-lot corporate clients collected by the account manager, the Retail Business Division is promoting the optimal allocation of resources and the optimization of costs and is striving to provide stable operations and enhance profitability.

\* As of September 30, 2021

## DX Initiatives That Support the Creation of an EC Ecosystem



*EAZY*, a delivery service for the EC market, is promoting the enhancement of customer experiences and the optimization of operations by utilizing various digital data based on the newly created system infrastructure, rather than the existing core system.

### ● Provision of New Pickup Services for EC Users

#### Launch of Field Tests for More Secure *Okihai* Delivery System That Utilizes a Digital Key

Our *EAZY* service can provide *okihai* deliveries, such as drop-off deliveries at the doorstep, according to our customers' wishes. However, we have been unable to make deliveries at condominiums with auto-locks, despite the customer requesting *okihai* delivery, because the number of delivery boxes is limited and the outer door cannot be unlocked if the recipient is not at home. Furthermore, from a security standpoint there have been concerns about non-residents easily entering condominiums.

Therefore, we developed a platform capable of managing the digital keys of numerous companies and commenced field tests in March 2021 for a new feature of *EAZY* that can unlock the auto-lock outer doors using these digital keys. Through this feature, we will achieve enhanced convenience for customers based on high

levels of security by issuing a one-time password for unlocking the outer doors to a specialized app for *EAZY* CREW.

We will continue with field tests aimed at commercialization and aim to expand to approximately 10,000 buildings across Japan during the fiscal year ending March 31, 2022.

#### ► When Customers Living in Condominiums Choose *Okihai* Delivery in Front of their Doorstep



#### Launch of Delivery via 2D Barcode Slip with Aim of Reducing the Risk of Personal Information Leaks during *Okihai* Delivery

As contactless delivery becomes more widespread, some customers are concerned about the risk of personal information leaks when packages with the receiver's information are delivered through *okihai* delivery.

In June 2021, through collaboration with EC operators, we commenced deliveries using a 2D barcode slip that enables customers to pick up their deliveries safely. By using a 2D barcode slip, users can safely choose the *okihai* delivery option and we can reduce the risk of

leaks as the receiver's personal information is not displayed on the package.

#### ► 2D Barcode Slip Service



### ● Introduction of a Delivery Support App with the Aim of Enhancing Delivery Efficiency for *EAZY* CREW

We introduced a specialized app for *EAZY* operations in response to an increase in pickup options, such as *okihai*, to achieve efficient delivery for the *EAZY* CREW.

#### 🚚 Support for Delivery Operations

We create delivery routes based on delivery times and addresses by digitalizing the information on delivery slips. Additionally, we support the efficient delivery operations of the *EAZY* CREW by displaying delivery locations on a map.

#### 📦 Standardization and Optimization of Vehicle Loading Operations

We visually display where packages should be placed in a vehicle based on the delivery route when reading the barcode on the delivery slip. We reduced the time taken to pack a vehicle by approximately 20% during field tests, as even beginners can carry out operations efficiently based on the screen display.

#### ► Vehicle Packing Screen





# Strengthening of Sustainable Management

“Connect. Deliver the future via green logistics”

“Through co-creation and fair business activities, help create a society that ‘leaves no one behind’”



Now, when society as a whole is facing many urgent issues, such as climate change, labor shortages, human rights, inequality, and COVID-19, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them.

The Yamato Group is promoting sustainability management based on Sustainable Medium-Term Plans 2023, which set out specific actions to be taken to address each important material issue (materiality) and targets to be achieved by 2023 in order to achieve long-term targets, such as our environmental and social visions for a sustainable future and virtually zero greenhouse gas emissions by 2050.

## Sustainability Promotion System

We established a dedicated department to oversee the Groupwide promotion of sustainability. Additionally, we deployed personnel responsible for sustainability at each Group company to promote sustainability management Groupwide.

With the president as chairman and members comprising the general managers of each business division and function division of Yamato Transport and the presidents of major Group companies, the

Yamato Group Environment Committee and the Yamato Group Social Promotion Committee meet once a year and share information about and discuss issues related to sustainability. Additionally, key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.



## Pursuit of Sustainable Management

### Identifying Material Issues

To improve the corporate value of the Yamato Group over the medium to long term and realize a sustainable society, we have identified important, priority material issues to be addressed through the following process.

#### STEP 1 Refine Choices for Material Issues

Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), ISO 26000, and the Sustainability Development Goals (SDGs), as well as ESG research items that investors consider to be of high importance to the Group's business, we considered the risks and opportunities of the Group's business based on performance data and refined our choices for material issues (materiality) that will contribute to increasing the corporate value of the Yamato Group, as well as create a sustainable society.

#### STEP 2 Hold Stakeholder Dialogues (Implemented in November 2019)

We listened to our stakeholders' opinions on the choices for material issues (materiality) refined in STEP 1 and held stakeholder dialogues to confirm their validity.

### Formulating the Transformation Plan "YAMATO NEXT100"

On January 23, 2020, the Yamato Group announced its grand design for its management over the medium to long term, the transformation plan "YAMATO NEXT100."

This plan will focus on structural reforms, including "sustainability initiatives under the theme 'management embodying the environment and society,'" one of the infrastructure reforms, to realize a sustainable society.

#### Environmental Vision Connect. Deliver the future via green logistics

The Yamato Group will further promote its vision of "Connect. Deliver the future via green logistics." By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery services that are better for the planet, our customers' lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero greenhouse gas emissions\*1 and by creating business models based on sustainable resource use and consumption.

\*1 In-house emissions (Scope 1 and Scope 2)

#### Social Vision Through co-creation and fair business activities, help create a society that "leaves no one behind"\*2

As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes.

By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

\*2 To leave no one behind: Basic philosophy of the SDGs

# Sustainable Medium-Term Plans 2023

We formulated Sustainable Medium-Term Plans 2023 in January 2021 to strengthen the Yamato Group's sustainable management.

Details on Sustainable Medium-Term Plans 2023 can be found on our corporate website.  
[https://www.yamato-hd.co.jp/english/assets/pdf/2021\\_03\\_news.pdf](https://www.yamato-hd.co.jp/english/assets/pdf/2021_03_news.pdf)  
 For ESG-related numerical results, please see "ESG Data."  
<https://www.yamato-hd.co.jp/english/csr/esg/performance.html>



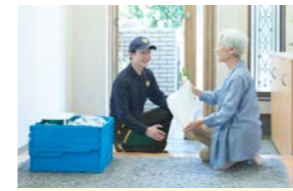
## Medium-Term Environmental Plan 2023

We formulated targets for total volumes of emissions and for areas in which the logistics industry can contribute to the widespread use of innovative technologies, such as materials and vehicles, to drastically reduce the environmental burden of business activities. We will target initiatives and business opportunities in collaboration with diverse partners to increase the resilience of customers, partners, and local communities, and to create environmental value.

Materiality	Overview	Main Targets (Fiscal year ending March 31, 2024)	Related SDGs
<p>Energy &amp; Climate Mitigate climate change</p>	Reduce greenhouse gas emissions by using electricity generated via renewable energy sources, enhancing transportation efficiency through the utilization of digital technology, and reducing the use of dry ice, etc.	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions by 10% compared with the fiscal year ended March 31, 2021*1</li> <li>Reduce greenhouse gas emission intensity by 10% compared with the fiscal year ended March 31, 2021*1,2</li> <li>Use 30% of electricity generated via renewable energy sources</li> </ul>	  
<p>Atmosphere Clean up the skies (prevent air pollution)</p>	Pursue transportation that reduces the effects of air pollutants emitted by vehicles and cleans up skies in local communities	<ul style="list-style-type: none"> <li>Reduce NOx and PM emissions from vehicles by 25% compared with the fiscal year ended March 31, 2021*3</li> <li>Introduce vehicles that emit fewer air pollutants</li> </ul>	   
<p>Resource Conservation &amp; Waste Promote resource conservation and reduce waste</p>	Drastically reduce environmental burden and promote the use of technology and create opportunities for minimizing environmental impact	<ul style="list-style-type: none"> <li>Use 55% renewable resources and recycled materials for paper materials*4</li> <li>Reduce landfill disposal rate (final disposal rate) to 5% or less*5</li> <li>Provide products utilizing recycled materials and resource saving materials</li> </ul>	      
<p>Resilience of Companies &amp; Society Support a society that combats environmental changes</p>	Collaborate with diverse partners to increase resilience of stakeholders and local communities and create environmental value	<ul style="list-style-type: none"> <li>Advance green logistics in collaboration with our business partners</li> <li>Collaborate with society to improve environmental resilience (conduct demonstrations of vehicles that use renewable energy and electric vehicles that increase resilience and share information about mitigating climate change)</li> <li>Provide environmentally friendly products and services*6</li> </ul>	     

### Reinforce Environmental Management

## Medium-Term Social Plan 2023



We included initiatives that meet international standards and needs in the plan to achieve an enriched society through our business activities. These targets also cover labor and human rights, and we endeavor to respect diverse personnel and create a working environment that enables employees to play an active role. Furthermore, we engage in resolving social issues together with the supply chain and local communities.

Materiality	Overview	Main Targets (Fiscal year ending March 31, 2024)	Related SDGs
<p>Labor Create a work environment where employees can thrive</p>	Implement a high-value-added model for labor and promote "decent work"	<ul style="list-style-type: none"> <li>Improve operating revenue per employee (through high-value-added work)</li> <li>Reduce overtime for employees by 20% compared with the fiscal year ended March 31, 2021</li> <li>Ensure annual paid leave utilization rate is 90% (achieve work-life balance)</li> </ul>	  
<p>Human Rights &amp; Diversity Create a corporate culture that respects human rights and diversity</p>	Respect human rights, recognize diversity, and create a framework for human rights due diligence	<ul style="list-style-type: none"> <li>Ensure 100% attendance rate at human rights training for all employees</li> <li>Ensure percentage rate of employees with disabilities is 2.5%</li> <li>Double number of female managers (executives) compared with the fiscal year ended March 31, 2021 and ensure 10% of all managers are female</li> </ul>	   
<p>Safety &amp; Security Create initiatives to carry out business in a safe and secure manner</p>	Maintain traffic and labor safety and provide reliable service	<ul style="list-style-type: none"> <li>Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)</li> <li>Reduce number of traffic accidents (where bodily injury occurs) by 50% compared with the fiscal year ended March 31, 2020</li> <li>Achieve zero serious occupational diseases (work-related deaths)</li> <li>Reduce frequency of lost workday injuries by 20% compared with fiscal year ended March 31, 2020*7</li> </ul> <p>Note: All items are for consolidated companies in Japan and Swan Co., Ltd.</p>	     
<p>Data Utilization &amp; Security Create an information security infrastructure</p>	Create an information security infrastructure and create businesses that utilize data to resolve social issues	<ul style="list-style-type: none"> <li>Develop an infrastructure for creating businesses that utilize data to resolve social issues</li> <li>Achieve zero serious information security incidents</li> <li>Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers*8</li> </ul>	   
<p>Supply Chain Management Develop a common understanding with stakeholders</p>	Build a stable business infrastructure through sound, resilient supply chains	<ul style="list-style-type: none"> <li>Complete creation and demonstration of monitoring framework</li> </ul>	  
<p>Community Create corporate citizenship activities that are rooted in local communities and create a framework for business creation</p>	Establish corporate citizenship activities that are unique to the Yamato Group. Create a business model that revitalizes local economies	<ul style="list-style-type: none"> <li>Complete creation of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues</li> </ul>	       

\*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2)  
 \*2 tCO<sub>2</sub>e/operating revenues of ¥100 million  
 \*3 The range refers to Yamato Transport Co., Ltd.  
 \*4 Paper materials refer to cardboard for shipping, pickup and delivery materials, etc.  
 \*5 Equivalent to reduction by half compared with the past

\*6 Products and services with environmental value and a low burden on the environment  
 \*7 Number of work-related fatalities and injuries from accidents at worksites resulting in at least one lost day of work per million working hours  
 \*8 For Yamato Transport Co., Ltd.



# Environmental Strategies for Realizing a Sustainable Society

In order to achieve corporate management that works in harmony with the environment, the Yamato Group will strive to understand and reduce the environmental impact of its business and create environmental value that contributes to the development of society.

To realize our environmental vision of "Connect. Deliver the future via green logistics," we will challenge ourselves to resolve identified material issues. We set zero greenhouse gas (GHG) emissions (in-house emissions) as a long-term target, with specific awareness of the importance of the risks and opportunities presented by climate change. In addition to reducing the environmental impact of our business, we are pursuing services that help reduce GHG emissions, making proposals for deregulation, and cooperating with local governments. In these ways, we are making serious efforts to mitigate and adapt to climate change.



## Yamato Group Environmental Policy

We carry out business activities that contribute to environmental conservation in line with our environmental policy. We established the Yamato Group Environmental Policy in 2021 with an awareness of our responsibility as a part of social infrastructure, as set out in our Management Philosophy. The policy, which was established through decisions made by the Board of Directors and reflects the

opinions of our stakeholders, including employees and experts, is a commitment that demonstrates the intentions of the Yamato Group. Based on this policy, as a sustainable part of social infrastructure we will implement initiatives on a daily basis that support an enriched society in the future.

### Yamato Group Environmental Policy

The Yamato Group pursues business activities that contribute to the protection of the environment as a company working toward the well-being and enrichment of society in the future. As part of a sustainable social infrastructure, we provide environmentally friendly goods and services, protect the earth's environment, which is the basis of life for present and future generations, and contribute to the realization of the well-being and enrichment of society.

- 1. Reduction of Environmental Burden and Prevention of Pollution
- 2. Provision of Sustainable Goods and Services
- 3. Environmental Management and Compliance
- 4. Collaboration and Communication

For details on the Yamato Group Environmental Policy, please refer to the our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/esg/policy.html#anc-08>

## Initiatives Based on Recommendations of the TCFD

The Yamato Group continually identifies and evaluates the risks, opportunities, and impacts associated with climate change, in recognition of its importance on increasing corporate value over the medium to long term and realizing a sustainable society. Furthermore, the Group engages in enhancing information disclosure based on the recommendations of the TCFD.\* Going forward, we will conduct scenario analysis, to be reflected in business plans under Medium-Term Environmental Plan 2023, as

well as confirm the operation and effectiveness of internal carbon pricing and consider its use as an investment indicator to promote low-carbon investment. Our goal is to be a company that grows alongside society by leveraging our business to mitigate and adapt to climate change while managing risks, creating opportunities, and helping to realize a low-carbon society.

\* TCFD: Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB)

### Governance

The Yamato Group has established an environmental management system under the supervision of its Board of Directors, with the Yamato Group Environment Committee

as the main decision-making body, which deliberates, makes decisions, and supervises with regard to environmental issues, including climate change. The president serves as

chairperson of the Yamato Group Environment Committee and reports important matters discussed by the committee to the Board of Directors, as the overall supervisor responsible for the environmental management system.

Executive officers in the environmental field, directors of business divisions and function divisions, and presidents of Group companies are responsible for ensuring the

### Strategy

The Yamato Group holds discussions to identify and assess Groupwide climate-related risks, opportunities, and financial impacts, as well as management approaches and strategies.

Under Medium-Term Environmental Plan 2023, which was formulated in January 2021, we set medium-term environmental targets and specific actions to be taken. Based on this plan, we will promote initiatives to reduce GHG emissions by using electricity generated via renewable energy sources, enhance transportation efficiency by utilizing digital technology, and reduce the use of dry ice,

### Risk Management

The Board of Directors deliberates on the identification of material issues (including climate) and the Group's vision; long-term targets, including the reduction of GHG emissions; and Medium-Term Environmental Plan 2023 (targets and strategies). Performance with respect to environmental targets, such as progress in the reduction of GHG emissions; the status of the response to environmental issues, including climate transition risks; compliance with laws and regulations; audit results; and plans for the next fiscal year are reported to Environment Committees at each level (attended by the above management team members and executives) for monitoring, supervision, and evaluation, in accordance with the Group's corporate governance system. Specifically, these matters are reported from the frontline, organizational level Environment Committee, which meets

implementation, maintenance, and supervision of environmental management, and also responsible for conditions for enabling execution, which involves preparing necessary management resources, among other duties. As a general rule, all managers and heads of frontline organizational structures are also responsible for managing environmental risks and opportunities, including climate, as environmental managers.

among other initiatives. We also plan to implement scenario analysis based on numerous climate change scenarios in the fiscal year ending March 31, 2023. We will utilize the results when considering business strategies and these results will be reflected in our next management plan.

For details on climate-related risks and opportunities, expected impacts, management, and our strategy, please refer to the our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/environment/tcf.html>

four times a year, to the Division Environment Committee (four times a year); the environment committees of each Group company (once a year); the Yamato Group Environment Subcommittee, which discusses the four environmental issues (three times a year); and the Yamato Group Environment Committee (once a year). These reports are also subject to top management reviews by the president and are reported to the Board of Directors for supervision. In this way, we appropriately manage environmental risks, including climate change risks, in Companywide management processes. We also regularly review the effectiveness of environmental management and strive for continual improvement by holding stakeholder dialogues and incorporating the opinions of employees and experts in the decision-making process, among other methods.

### Indicators and Targets

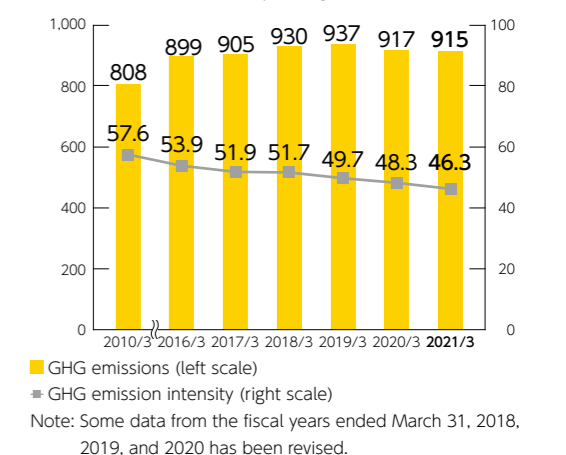
To mitigate the risks of climate change and expand opportunities, the Yamato Group has set targets to reduce its medium- to long-term GHG emissions. To achieve our medium-term targets, we will utilize electricity generated via renewable energy sources, optimize transportation by making full use of digital technology, and reduce the use of dry ice for refrigerating packages, among other initiatives.

- Long-Term Targets: Achieve virtually zero GHG emissions by 2050\*1
- Medium-Term Targets: Reduce GHG emissions by 10%\*2 compared with the fiscal year ended March 31, 2021

- Reduce GHG emission intensity by 10%\*2 compared with the fiscal year ended March 31, 2021
- Use 30% of electricity generated via renewable energy sources

\*1 In-house emissions (Scope 1 and Scope 2) \*2 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 and Scope 2)

GHG Emissions/GHG Emission Intensity  
 (Thousand tCO<sub>2</sub>e) (tCO<sub>2</sub>e/operating revenues of ¥100 million)



## Environmental Strategies for Realizing a Sustainable Society

### Highlights

#### ▶ Low-Carbon Transition for Transportation and Offices

The Yamato Group is advancing the reduction of its GHG emissions through a shift toward the use of vehicles with lower GHG emissions, such as hybrid vehicles and EVs (electric vehicles), and the heavy use of electric power-assisted vehicles and hand-pushed trolleys for pickup and delivery services in urban areas (as of March 2021, the Yamato Group owns approximately 4,100 electric bicycles, approximately 4,200 hybrid vehicles, and 570 electric vehicles). During the two-year period between the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021, we introduced 500 small-sized, commercial-use EVs, which can be driven without a medium-sized vehicle driver's license. Going forward, we will aim to replace 5,000 vehicles, half of our small-sized pickup and delivery vehicles, with EVs by 2030.

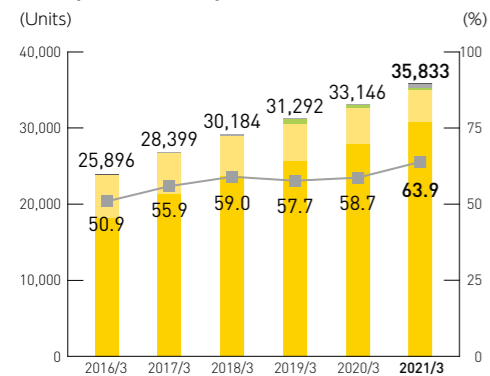
Additionally, we will continue to perform field tests of new EVs and FCVs (fuel cell vehicles), including medium-sized trucks for long-distance travel, with other industries, carry out investigations and collaborative research into automated mobility with the aim of realizing low-carbon transportation and preventing air pollution, and implement a modal shift (rail and sea transports).

Other initiatives for reducing GHG emissions include installing LED lights in buildings, switching to electricity generated via renewable energy sources, and reducing the use of dry ice for refrigerating packages.



Medium-sized commercial-use EV

#### The Number of Environmentally Friendly Vehicles Owned (Consolidated Group Companies in Japan)



■ New long-term compliance vehicles  
 ■ Hybrid vehicles ■ Liquefied petroleum gas (LPG) vehicles  
 ■ Electric vehicles (EVs)  
 ■ Compressed natural gas (CNG) vehicles  
 \* Percentage of low-emission vehicles among all Yamato Transport vehicles (right scale)

#### Introduction of Low-Carbon Vehicles

▶ 2018: 100 EVs



▶ 2020: 570 EVs



▶ 2030 (target): 5,000 low-carbon vehicles



#### Compact Mobile Refrigerator D-mobico

Yamato has collaborated with DENSO CORPORATION to develop a compact, lightweight, portable refrigerator. The shape and dimensions of the thermal boxes can be selected depending on cargo size and the amount being delivered, making it possible to respond flexibly to various delivery needs. Powered by a mobile battery, D-mobico does not require dry ice, nor does it draw energy from the engine to refrigerate its freight.

This helps reduce GHG emissions and improves the vehicle's fuel efficiency.



Sales driver using D-mobico



### Highlights

#### ▶ Establishment of New Green Innovation Development Department to Respond to Climate Change across the Supply Chain

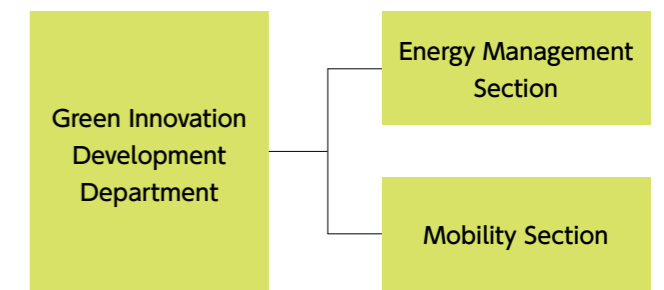
In October 2021, Yamato Transport established the new Green Innovation Development Department with the aim of achieving carbon neutrality by 2050. Within the department, we established the Energy Management Section and the Mobility Section to promote green logistics through measures such as reducing GHG emissions.

The Green Innovation Development Department will engage in solving social issues through methods including the introduction of EVs and renewable energy sources, which we will promote as sustainable initiatives. It will engage in resolving issues related to not only Yamato's GHG emissions but also climate change across the entire logistics industry.

The Energy Management Section examines the utilization of energy-saving technology and the use of electricity generated via renewable energy sources, in addition to working to reduce the Yamato Group's GHG emissions.

The Mobility Section engages in the research, demonstration, and implementation of the latest technologies, starting with mobility.

The Yamato Group, led by the Green Innovation Development Department, is working toward the target of virtually zero GHG emissions by 2050 and will continue to promote environmentally friendly initiatives, not only within Yamato but also across the whole logistics industry and society.



#### Naoto Ozawa

Green Innovation Development Department  
 Manager of Mobility Section

#### Issues Identified in the Introduction of EVs and the Way Forward

Since our introduction of EVs in 2013 and the subsequent experience we have accumulated through their operation, the Yamato Group has come to understand the various issues associated with further expanding the introduction of EVs in the transportation industry.

One issue is that vehicles must be easy to work in and practical for the driver, in addition to being environmentally friendly, if they are to be sustainable. With this in mind, we will continue working together with car manufacturers on this issue.

Another issue, is the concern regarding the impact on Japan's energy system, such as the repercussions of the increase in electricity consumption on the power system and the hurdles for transport companies, including the burden of the charging infrastructure necessary when introducing EVs and the rising cost of procuring renewable energy as demand increases in the future. Against this background, the Green Innovation Development Department, together with our transportation and delivery partners, will continue to promote various initiatives for achieving green logistics throughout Japan, in addition to measures such as the introduction of energy-saving technology and EVs and the use solar power and other renewable energy sources.



# HR Management That Supports the Shift to an “Innovating Delivery Business”

The Yamato Group’s greatest asset is its 220,000 employees. Our strength as a group can only increase if we create a working environment where each employee can hone and fully display their individual capabilities. Under the new One Yamato management structure, we are promoting the creation of a framework that enables human resources who face customers on the front line, lead the Group, and are responsible for specialized fields, to play an active, rewarding role and that enables the Yamato Group to focus on initiatives for sustainable growth.



## Promotion of HR Strategies That Support the Shift to an “Innovating Delivery Business”

### 1. Development of frontline human resources to reinforce our frontline capabilities

To further enhance the job satisfaction of frontline employees, we are striving to clarify the roles required of each employee and to promote the creation of a framework for evaluating and promoting leaders by clearly visualizing the results achieved in relation to these roles. Additionally, we are promoting the creation of a framework that supports the front line from the perspective of recruitment, training, and business process re-engineering (BPR) in order to create customer-facing time for employees and further reinforce frontline capabilities.

### 2. Creation of an HR system to develop specialized human resources linked with management structural reform

We are striving to create an HR system that enables the necessary specialized human resources to perform at a high level in order to thoroughly reinforce our core logistics business and create new businesses for sustainable growth.

### 3. Introduction of a talent management system and strengthening of mid-career hires

We have introduced and are promoting the utilization of a talent management system in order to maximize the performance of each employee in line with their career progression and to objectively identify any shortages that can be filled by mid-career hires.

### 4. Creation of academy and training structure

We have launched an academic organization that has deployed 120 internal instructors and are promoting the creation of a training structure to function as the core of human resource development at the Yamato Group. We are aiming to enhance our organizational capabilities through the reinforcement of education based on position, with a focus on executives, and professional training in each business domain, including specialized human resources.

Additionally, we launched an original digital training program, which aims to raise the digital literacy of all employees, including management, and to accelerate the training of human resources in the digital domain.

### 5. Reinforcement of sustainability measures, which focus on labor, human rights, and diversity issues

To build an organization where each employee can create cross-organizational partnerships, perform at a high level, and feel a sense of satisfaction, we are improving the working environment from the perspective of being employee-friendly and rewarding and are promoting the creation of a workplace that ensures good communication.



## Highlights

### ▶ Launch of Yamato Digital Academy to Train Human Resources in the Digital Domain

In the fiscal year ending March 31, 2022, we launched the Yamato Digital Academy (YDA) training program, which aims to raise the digital literacy of employees, including management, and accelerate the training of human resources in the digital domain.

We aim to realize data-driven management by holding

lectures on a training curriculum based on position for select employees from each division of Yamato Transport. Going forward, we will sequentially develop this training program at each Group company and plan to hold lectures for approximately 1,000 Group employees over a three-year period.

#### Curriculum for All Employees

Comprises programs for basic DX (digital transformation) training, digital data application, etc.

**Target:** leaders of all divisions,\* corporate units, regional branches, etc.

#### Curriculum for Management

Comprises programs for analysis of management resources essential for DX, risk awareness improvement, etc.

**Target:** management, including the president, and management executive candidates

#### Curriculum for DX Training

Comprises programs for improving IT skills, as well as business design, architecture, data science, and other skills

**Target:** employees of the Digital Function Division

\* Employees selected from the Retail Business Division, the Corporate Business Division, the Global SCM Business Division, the EC Business Division, the Transport Function Division, the Platform Function Division, and the Professional Service Function Division

## ▶ Sustainable Medium-Term Plans 2023: Key Targets

### Labor

**Improve operating revenue per employee**  
(through high-value-added work)

Overtime hours per employee  
**-20%**  
compared with the fiscal year ended March 31, 2021

Annual paid leave utilization  
**90%**  
(enabling work-life balance)

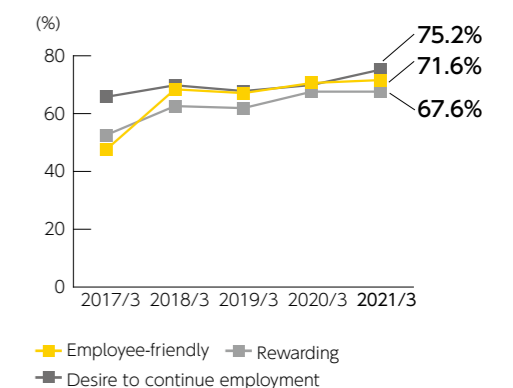
## Highlights

### ▶ Working Styles Awareness Surveys

We have been conducting Working Styles Awareness Surveys for employees across the Yamato Group to understand the current working environment and make improvements.

There was an overall improvement of figures in the survey for the fiscal year ended March 31, 2021. While the workload and the stresses of infection prevention may have increased as a result of a sudden increase in customer demand due to the impact of the spread of COVID-19, an increase in the “employee-friendly” response is believed to be a result of management sending messages to employees and the appropriate establishment and support of the business structure. Additionally, the increase in positive responses regarding “desire to continue employment” was believed to be a result of the impact of an increase in pride in work, business, and the Company due to the increase in social needs during the COVID-19 pandemic. Going forward, we will continue to strive to create a working environment in which we can become an employee-friendly and rewarding company for employees.

### Working Styles Awareness Survey



## HR Management That Supports the Shift to an “Innovating Delivery Business”

### ► Sustainable Medium-Term Plans 2023: Key Targets

#### Human Rights & Diversity

Attendance at human rights training for all employees <b>100%</b>	Percentage rate of employees with disabilities <b>2.5%</b>	Number of female managers (executives) <b>Double</b> the number compared with the fiscal year ended March 31, 2021 and ensure <b>10%</b> of all managers are female
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#### Highlights


### ► Human Rights Due Diligence

We are endeavoring to create a working environment that is employee-friendly and rewarding by improving working styles.

Additionally, we have implemented human rights due diligence based on the UN Guiding Principles on Business and Human Rights to make this more widespread both inside and outside the Yamato Group. We are working to identify Groupwide human rights risks by holding stakeholder dialogues with external experts. We formulated the Yamato Group Human Rights Policy in 2021 with the aim of realizing an enriched society as set out in our Management Philosophy. We will strengthen our initiatives for respecting human rights based on this policy, which sets out the Yamato Group’s intention to respect human

rights and the actions to take to achieve this. In the fiscal year ended March 31, 2021, we implemented sustainability management training regarding human rights for a total of 574 managers and executives (managerial personnel) to further encourage the understanding of human rights. They learned about human rights trends overseas and the level of human rights due diligence required by other companies. By the fiscal year ending March 31, 2024, we will expand this human rights training to all employees.

Furthermore, we are participating in the Human Rights Due Diligence Working Group held by Global Compact Network Japan and are endeavoring to create a human rights due diligence system within the Yamato Group.

 Please see the our corporate website for details on the Yamato Group Human Rights Policy.  
<https://www.yamato-hd.co.jp/english/csr/esg/policy.html>

### ► Promotion of Advancement for Female Employees

Since 2017, we have implemented women leaders meetings for all female employees and have sent employees to female cross-industry training and training with external groups. Additionally, we will continue aiming to create a

working environment across the entire Yamato Group where women can play an active role by holding supervisor sessions to train female subordinates and further support their advancement, among other efforts.



Women leaders meeting



Supervisor sessions

## Measures for Safety and Peace of Mind That Support Sustainable Growth

The Yamato Group owns a large number of vehicles and uses public roads as its principal place of business. For that reason, the Group’s operations have a major impact on society, and we thus place significant importance on ensuring the safety of local communities. Additionally, traffic safety is considered to be a part of the occupational safety of the employees who drive our vehicles.

Based on its stance of respecting human life and ensuring safety, as laid out in the Group Corporate Philosophy and Corporate Stance, the Group thoroughly adheres to its philosophy of placing safety first and business second in the workplace, positioning respect for human life as a priority at all times. Our partner companies and business partners also share our philosophy of respecting human life and ensuring safety and endeavor to ensure safety in all of their business activities.

We are promoting occupational health and safety initiatives to provide even better services for customers based on the stance that the safety and health of the over 220,000 employees that support the Yamato Group, in addition to transportation safety, is the foundation for the sustainable growth of the Group. Furthermore, we are committed to improving service quality to ensure customer satisfaction.



### — Promotion of Transportation Safety Management

Based on the Yamato Group’s Safety Management Regulations, each Group company has established a safety management structure. Guided by the leadership of its top management, the Group has set up an organizational management structure involving collaboration between those on the transportation front lines and those in administrative divisions in order to enhance the effectiveness of its transportation safety management. Each company where transportation safety management is

implemented regularly conducts top management reviews, reflects on business performance and results, identifies any problems or issues, and makes improvements accordingly. Also, in regard to important information on such matters as serious transportation-related accidents, the Group maintains a framework for sharing such information with the Corporate Division of Yamato Transport, which oversees the Group, in an effort to promote transportation safety on a Groupwide level.

### ► Sustainable Medium-Term Plans 2023: Key Targets

#### Safety & Security

Number of serious traffic accidents (fatal traffic accidents for which the Company is responsible) <b>Zero</b>	Number of traffic accidents <b>-50%</b> compared with the fiscal year ended March 31, 2020	Number of serious occupational diseases (work-related deaths) <b>Zero</b>	Frequency of lost workday injuries* <b>-20%</b> compared with the fiscal year ended March 31, 2020
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Note: For consolidated companies in Japan and Swan Co., Ltd.

\* Number of work-related fatalities and injuries per million working hours

#### ► Performance

	2017/3	2018/3	2019/3	2020/3	2021/3
No. of serious traffic accidents*1	3	1	1	2	4
No. of serious work-related accidents*2	0	1	1	0	0

\*1 Deaths from traffic accidents (including accidents for which driver was responsible)

\*2 Deaths from work-related accidents



## Measures for Safety and Peace of Mind That Support Sustainable Growth

### Initiatives for Ensuring Safe Transportation

The Yamato Group takes the occurrence of serious incidents extremely seriously and the Safety Department of the Corporate Division is at the center of promoting initiatives for ensuring even greater safety. We are working to improve the frontline working environment across each business division and function division through efforts including the creation of a system for training safety experts and the enhancement of safety training. At the same time, we are promoting the integration of Groupwide standards and frameworks for safety management.

#### Compliance with laws and creation of a working environment that ensures safety

- ▶ Introduction of tools that support appropriate safety management operations that adhere to laws, such as roll calls and daily inspections
- ▶ Unification of signage in stores and promotion and periodic risk assessment of the 2Ss (*seiri*, or organization, and *seiton*, or tidiness)
- ▶ Avoidance of risks on a regional basis through introduction and inspection of safety equipment

#### Implementation of safety training enhanced by experts and managers

- ▶ Training after entry to the Company and after one year of work

- ▶ In-house license system
- ▶ Regular ride-along guidance by safety experts and managers
- ▶ Training based on driver aptitude examinations (once every three years)
- ▶ Training that utilizes equipment such as dash cams
- ▶ Creation of a safety guidance skills test and safety guidance system for safety experts

#### Implementation of campaigns and initiatives aimed at enhancing safety awareness

- ▶ Campaigns to ensure zero traffic accidents
- ▶ In-house driving contest (Yamato Transport Nationwide Safety Meet)\*
- ▶ Campaigns to prevent occupational diseases
- ▶ Child traffic safety classroom\*
- ▶ Commendation awards for zero traffic accidents
- ▶ Acquisition of "G mark" (Motor Truck Transportation Business Operator Safety Assessment Project)

\* During the fiscal year ended March 31, 2020, these were not carried out in light of the COVID-19 pandemic.



Traffic safety training video

#### Highlights

### Implementation of Safety Guidance Skills Test and Further Reinforcement of Safety Guidance System

We launched a safety guidance skills test at Yamato Transport in the fiscal year ended March 31, 2020 to create a system that enables efficient safety guidance by enhancing the safety guidance skills of safety experts and helping them maintain a certain level of skill. The safety experts attend seminars that develop knowledge, skills, and leadership capabilities and the test assesses their retention

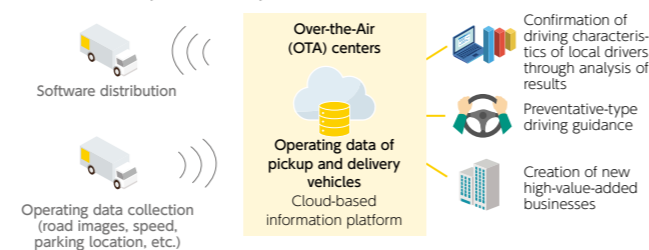
of the safety guidance knowledge and skills acquired during training. Additionally, from September 2021, we further reinforced the safety guidance system and improved and unified safety training by transferring safety leaders who have completed the safety guidance skills test and fulfill certain standards to the expert personnel system.

### In-Vehicle Terminals with Communication Functions That Integrate Dash Cams and Digital Tachographs

Yamato Transport is equipping all pickup and delivery vehicles with integrated in-vehicle terminals that gather operating data, such as road images collected from dash cams and driving routes created through information obtained from GPS antennas, as well as the conventional digital tachographs that collect information such as speed and parking location. The operating data collected is automatically transferred and stored in real time via communication lines to a cloud-based information platform. Furthermore, we have enabled our sales drivers to focus on safer driving through the realization of automated recordings of near-miss experiences, a laborsaving setting to start and end recording when driving, and automated updates of software on terminals. By visualizing and analyzing operating data that is centrally managed through in-vehicle terminals, safety

experts and other personnel can gain a more detailed understanding of the driving characteristics of each sales driver and realize even more detailed preventative-type training for safe driving that is tailored to each driver's driving characteristics.

#### Nationwide Pickup and Delivery Vehicles (With In-Vehicle Terminals Installed)

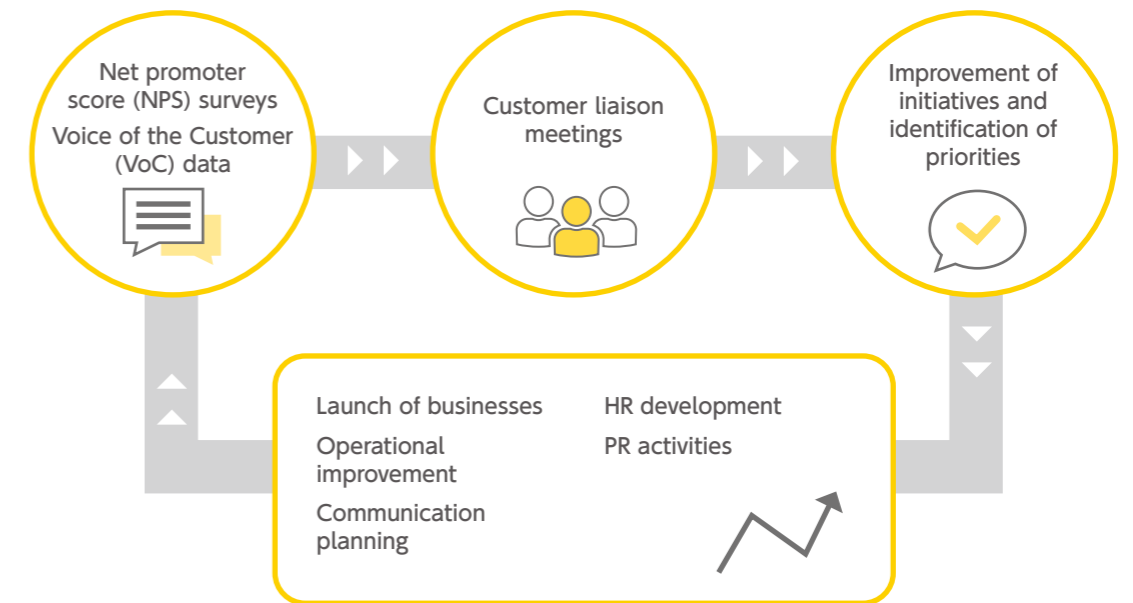


### Quality Management

At the Yamato Group, we are promoting strategies, such as being more customer driven and improving data utilization, to further improve customer experiences. By maintaining and improving service quality from the perspective of both consumers and corporate clients and meeting their expectations, we hope to achieve our aim of

continuing to have the highest quality rating.

We use evaluations by each customer and expectations of corporate clients as the starting point for a Groupwide improvement cycle to enhance customer service evaluations and the value we provide.



#### Understanding of Customer Evaluations through Net Promoter Score (NPS) Surveys

We utilize NPS,\* which is an indicator for measuring customers' degree of attachment to and trust in a company or brand and how likely they are to recommend it, to visualize our relationship with customers and improve engagement. At Yamato Transport, we investigate evaluations from individual and corporate customers centered on three perspectives: issues related to our Company, comparisons with competitors, and the norms of society, which play a role in improvements.

\* NPS\* (net promoter score) is a customer loyalty index that measures and quantifies how much loyalty (including trust, attachment, and favorable impression) customers have toward our products and services.

#### Creation of Voice of the Customer (VoC) Database

We are creating an integrated database to comprehensively analyze customer opinions and evaluations acquired through NPS surveys; inquiries by telephone, email, or chat applications; and digital logs. Additionally, we are able to visualize the understanding and analysis of current circumstances by linking with business intelligence (BI) tools and identifying areas that need improvement.

#### Customer Liaison Meetings

At customer liaison meetings led by management, we share details of customer evaluations of the Yamato Group as a whole, as well as complaints and requests, to formulate and prioritize measures to improve customer experiences.

## Governance Roundtable between the Chairman of the Board and Outside Directors

### The Function of the Board of Directors and Governance in Achieving a Medium- to Long-Term Enhancement of Corporate Value

In April 2021, the Yamato Group launched a new Group management structure and engaged in structural reform of Group management aimed at the medium- to long-term enhancement of corporate value, as well as the creation of a corporate governance structure that supports this system. Masakatsu Mori, Mariko Tokuno, and Shiro Sugata, who are outside directors, and Masaki Yamauchi, who is the chairperson of the Board of Directors and the chairman of the Board, exchanged opinions on issues such as the type of governance Yamato should aim to realize and the important material issues the Group should engage in.



**Masaki Yamauchi**  
Chairperson of the Board of Directors  
(Chairman of the Board)



**Masakatsu Mori**  
Outside Director



**Mariko Tokuno**  
Outside Director



**Shiro Sugata**  
Outside Director  
(Chairman of the Nomination and Compensation Committee)

## The Status of Governance at Yamato

### Aiming to Strengthen the Functions of the Board of Directors and Its Management Speed

#### Yamauchi

We have continued to engage in initiatives, such as positioning corporate governance as the foundation of enhancing corporate value and continuing to separate the supervision and execution of management, ahead of the revision of the Corporate Governance Code (hereinafter referred to as the "CG Code"). While we implement an annual evaluation of the effectiveness of the Board of Directors to confirm said effectiveness, we have become aware of the growing importance of discussion at Board of Directors meetings and the necessity of further deepening discussions of management issues and management strategies amid rapid changes to the business environment. As the chairman of the Board, I believe that I exist to fulfill this role.

I would like to ask the outside directors, what is your understanding of the current situation regarding Yamato's governance structure?

#### Mori

In recent years, the CG Code has been introduced and revised by the Tokyo Stock Exchange and the supervisory

functions of the Board of Directors are being reinforced at all listed companies. Under these circumstances, I believe that we have been able to advance Yamato's corporate governance structure.

The Board of Directors has the key functions of making vital management decisions and supervising business execution. Regarding the former of these functions, we ensure the premise of setting topics of discussion in a timely and appropriate manner, share the necessary materials in advance of meetings, and thoroughly promote understanding of their content. In terms of the latter, there is a widespread belief that it is the responsibility of the president to report on the status of business execution as the chief executor. Each time, the president gives a detailed report on financial and non-financial information, as well as management issues. Additionally, we, the outside directors, can leverage our supervisory functions by making proposals based on these reports.

With regard to internal control, another key function of the Board of Directors, audits by the Audit & Supervisory Board and internal audits have been enhanced, and the opinions of outside directors have been reflected in many cases. As such, I believe that we have successfully established these three functions.

#### Tokuno

The Board of Directors is functioning soundly, and I feel that its effectiveness has been increasing year by year.

Discussions are lively and directors do not hold back from each other. As a result of disagreements during discussions of proposals on the executive side, I have witnessed a process that results in a more refined and complete conclusion numerous times. However, to make this approach compatible with the speed of management, we need to accelerate our exchanges with the executive side. While we are making improvements, we hope to further increase speed.

Additionally, in our efforts to promote diversity in the Board of Directors, it is not only important to consider gender but also how extensive the experience and qualifications of each director is. Accordingly, while we are composed of diverse members, it is important that each director is constantly reconsidering their point of view and maintaining multiple standpoints. I have reaffirmed that this effort is essential to avoid falling behind the changing times.

#### Sugata

The enhanced pre-meeting briefings for the Board of Directors enable us, the outside directors, to draw reasonable conclusions from a full understanding of the meetings. The materials are intuitive and easy to understand through the use of charts and photographs. I believe that the process of creating these materials is a useful opportunity to deepen understanding of the Company's current status, not only for the outside directors but also for people within the Company.

Additionally, evaluating the effectiveness of the Board of Directors has become a worthwhile mechanism for reflecting the opinions of the outside directors and Audit

& Supervisory Board members in the management of meetings. Recently, this has enabled us to also report on the analysis of failed strategies and negative results of projects. This is an example of how the initiatives have worked effectively through the acceptance of opinions from the outside directors.

However, if the questionnaire for evaluating the effectiveness of the Board of Directors becomes an end in itself, we may lose sight of the important essence of the evaluation. We should ultimately evaluate the effectiveness of the Board of Directors based on the improvement of our medium- to long-term results and stock price.

#### Yamauchi

As everyone has already stated, we have had extremely lively discussions at Board of Directors meetings. Furthermore, the Board of Directors meeting has become a platform for deeper discussion, rather than simply a question and answer session, due to the enhancement of pre-meeting briefings. I recognize that we need to further reinforce this initiative to make it compatible with management speed.

As Mr. Sugata has pointed out, the approach of identifying issues through post-meeting reviews and verification is important for the decision-making process of the Board of Directors. I believe that the establishment of mechanisms to increase the effectiveness of strategies, such as discussion at Board of Directors meetings and advice from the executive side, is of great significance in terms of reinforcing governance that supports the enhancement of corporate value.



## Governance Roundtable between the Chairman of the Board and Outside Directors

### Initiatives of the Nomination and Compensation Committee

#### Working toward a More Logical, Transparent, and Independent Appointment Process

##### Yamauchi

In 2005, Yamato established the Nomination and Compensation Committee, which has been managing the nomination and compensation of executives based on a system where independent outside directors make up a majority of the members and one serves as chairperson. First, I would like to ask about the nomination process. During the process of appointing and dismissing directors, including the president, what factors do you place importance on discussing in the Nomination and Compensation Committee?

##### Mori

While it is generally expected that a skilled president will serve for many years, regardless of term of office, it is also possible that a president could be replaced after a short period of time, depending on their work style. The core of governance is the selection and evaluation of a president. The responsibility for this lies with the Nomination and Compensation Committee.

The point I have just raised applies not only to the president but also to all of the directors. To build a strong board of directors, I believe that we should make judgments on whether to appoint and reappoint directors according to their individual qualities and contributions. Additionally, once we have selected a president or executive officer, we need to respect the executive members we have selected.

##### Sugata

It's advisable that the process for appointing outside directors has a high level of transparency and objectivity and is separate from management. This enables us to maintain independence and fully leverage supervisory functions. At Yamato, we have also designed a process for selection that is our vision for the Nomination and Compensation Committee.

First, we discuss the skills needed by a candidate for outside director and decide on personnel requirements. Based on these, we create a list of candidates that references opinions from both inside and outside the Company and rank them while taking various factors into account. We are making use of this new logical and transparent process to select candidates.

Additionally, incoming candidates for manager are a major theme of governance. As the Nomination and Compensation Committee, we hope to further deepen discussions regarding plans for succession.

##### Yamauchi

Since Mr. Mori took the position as the chairman of the Nomination and Compensation Committee, the process for selecting outside directors has become a clearer and more logical and transparent process performed by an independent advisory committee. Under the recently appointed chairman, Mr. Sugata, we will further advance reforms to achieve better governance. Additionally, I hope to improve the process itself while listening to the opinions of the outside directors regarding plans for succession.

#### Introducing a Compensation System That Encourages the Enhancement of Corporate Value over the Short, Medium, and Long Term

##### Yamauchi

Next, I would like the current chairman of the Nomination and Compensation Committee, Mr. Sugata, to explain the background and goals of the compensation system, which was revised in June 2020.

##### Sugata

Regarding the compensation of directors and Audit & Supervisory Board members, we decided to introduce a performance-linked, share-based compensation system in June 2020 and launched the system in the current fiscal year. There are two main aims for introducing this system.

The first is the provision of compensation that corresponds to the role and responsibilities of a position and performance as a result. To acquire and establish capable personnel, we need to have a competitive level of compensation compared with other companies.

The second is a compensation structure that is linked to the medium- to long-term corporate value and stock price and that encourages a sense of common interests with all of our shareholders. As an incentive, we revised the performance indicators and raised the percentage of performance-linked compensation (variable compensation). The operating profit-based, performance-linked compensation that we had previously employed was insufficient in terms of reflecting corporate value. Therefore, we created a multifaceted evaluation system that separates the subjects of evaluation into the short and medium to long terms. To the former (short term), we added operating revenues and profit attributable to owners of parent, as well as operating profit, and the latter (medium to long term) includes ROE, TSR, and ESG indicators.

In addition, we will increase the objectivity and transparency of the process for determining compensation.

##### Tokuno

Yamato places importance on the form and process of its nomination and compensation of directors and Audit & Supervisory Board members, and I believe that it has reached a point where it is comparable with, or even one step ahead of, its competitors.

### Realization of Sustainable Growth and the Enhancement of Corporate Value

#### Pursuing Unique Value as Part of a Growing Industry and a Social Infrastructure Company

##### Yamauchi

Yamato is currently promoting its medium-term management plan "One Yamato 2023." What kind of issues do you think are especially important for realizing sustainable growth and the enhancement of corporate value amid the harsh business environment surrounding the Yamato Group?

##### Mori

At Board of Directors meetings, we discussed and developed the strategy "One Yamato 2023." We placed particular importance on three points from this strategy.

The first point is proactive investment. Yamato is part of a growing industry and we should proactively make investments with awareness of the favorable position we

are in. Going forward, we need to further enhance corporate value through expanding the business by proactively carrying out investments following the reorganization of the delivery industry.

The second point is the pursuit of capital efficiency. It is necessary to continue optimizing our business portfolio by placing further importance on capital efficiency in business management.

The third point is the promotion of sustainable management. As a social infrastructure company, Yamato holds significant social responsibility. We should pursue the creation of new value while actively incorporating both ESG and SDG perspectives.

##### Tokuno

Sustainable Medium-Term Plans 2023 includes a number of elements that are signs of growth. While the plans are scheduled to run until the fiscal year ending March 31, 2024, the content is based on a long-term outlook beyond that period and should be strongly promoted.



## Governance Roundtable between the Chairman of the Board and Outside Directors

Additionally, Yamato is a company that supports Japan through its logistics infrastructure. The Group has a consolidated 220,000 employees and has a strong presence in people's daily lives. Conversely, we must be conscious of the effect Yamato's behavior has on society. Sustainability initiatives that aim to establish an appropriate work environment and contribute to all of society are important. I believe that, in the face of these various issues, we can find a new direction for growth.

### Sugata

First, it is important to steadily promote the current structural reform. On top of that, there are four themes that we should engage in going forward.

The first theme is the cultivation of new business domains involving digital transformation (DX). Our DX initiatives so far have been centered on "internal DX" and have contributed to improving productivity and efficiency. Additionally, I believe that "external DX," the development of new digital services and products based on various types of information accumulated within the Group, represents another major potential opportunity for achieving sustainable growth.

The second theme is the promotion of automation through laborsaving initiatives. As society sees a major decrease in population, we also expect a labor shortage within the logistics industry. To get a head start, we must continue to promote laborsaving initiatives by improving operational efficiency from a wide range of aspects.

The third theme is the restructuring of overseas strategies. As part of our structural reform, we withdrew from unprofitable businesses overseas and focused our man-

agement resources on areas such as domestic e-commerce and corporate business. However, a company the size of the Yamato Group should aim to become a global company over the medium to long term, so we must reconsider our overseas strategies in the future.

The final theme is the current daily issue of ensuring a stable supply of logistics services. The most serious responsibility of a social infrastructure company is to provide services and products without interruption. Taking into account the impact of climate change over recent years, the need for business continuity planning is likely to increase. Regardless of the situation, Yamato must regularly increase its strength and resilience to enable the maintenance of its logistics services.

### Yamauchi

As Mr. Mori always says, our position as a company in a growing industry is a strength we should be utilizing further. Your observation regarding the importance of capital efficiency is an issue that we will continue to address.

Furthermore, as each of you have identified, by supporting the logistics of the entire country, the Yamato Group is a company responsible for social infrastructure. I hope that we can further reinforce sustainable management through ESG initiatives and the SDGs, take responsibility for issues such as business continuity, and meet the expectations of our stakeholders.

The first step to achieving sustainable growth is the steady accomplishment of our medium-term management plan "One Yamato 2023." We will appropriately monitor and support the execution of this process as the Board of Directors.

## Further Enhancement of Corporate Governance

### Examining the Nature of Governance and the Role of Outside Directors

#### Yamauchi

Finally, what is necessary for Yamato's governance to function sufficiently? Also, what kind of role should outside directors fulfill?

#### Tokuno

The most important requirement for functioning corporate governance is the proper sharing of information. This has

two meanings. The first is the sharing of information between the Company and shareholders and investors. The second is the sharing of information between inside and outside directors.

Regarding the former, Yamato is expanding dialogues with shareholders and investors. By holding regular dialogues, I believe that we can deepen mutual understanding. The proper exchange and sharing of information is essential for smooth communication and for governance as a whole.

Meanwhile, the latter is necessary because it acts as a brake for the executive side. Applying the brake at the appropriate time, without hesitation, is an important



responsibility for the outside directors. Accordingly, we must properly share information. The brake (supervisory functions) and the accelerator (the support of the executive side) are two halves of a whole. Because we apply the brake appropriately, this also enables us to accelerate as needed.

### Sugata

When considering the issues surrounding governance, it is often easy to confuse goals with methods. The individual actions that are concrete examples of governance are no more than the methods. The ultimate goal of governance, in other words its essence, is to quickly carry out proper decision-making. Additionally, while the Board of Directors is often said to have two functions, supervision and decision-making, I remember feeling uncomfortable with the word "supervision."

The people who run companies and deliver services and products to the world are all professionals in their fields. Our purpose as outside directors is to mediate as outside entities among these people. Rather, we essentially provide support as a catalyst that enables them to properly make more efficient decisions and act as a check to ensure that they do not go in the wrong direction.

The checking function is based on all of our stakeholders, including shareholders and investors. While being aware of this position, outside directors will demonstrate a concrete checking function by utilizing their knowledge cultivated through social trends and company management.

### Mori

The ultimate goal of governance is to sustainably enhance corporate value over the long term. For Yamato to achieve this, we must make steady progress with our

medium-term management plan "One Yamato 2023," the process of which the Board of Directors will monitor. The primary issues we will be monitoring at this time will be risk management; the soundness of labor and management and of shareholders; sustainability initiatives, including the SDGs; and business continuity. As management conditions have become increasingly uncertain, it is particularly important to further reinforce risk management.

At the same time as these initiatives, we must also increase the transparency of management and fulfill our responsibility of providing explanations for our shareholders and investors. Our integrated reports are also a tool for this purpose. Communication is definitely more important than anything.

### Yamauchi

Today I received numerous suggestions from all of your unique perspectives. A number of key points stood out, including the sharing of information, a sound relationship with stakeholders, sustainability, and transparent management. Furthermore, to sustainably achieve enhanced corporate value, we will engage in improving risk management and demonstrate a healthy entrepreneurial spirit, rather than turning to excessive risk aversion, after identifying multifaceted risks. I believe that we must strive to be a board of directors that supports this.

I would like to thank you for all the valuable opinions you shared today from various angles. Going forward, I will continue endeavoring to further enhance and improve the effectiveness of the Board of Directors as a forum for free and open discussion that leads to enhanced corporate value.



# Corporate Governance

## Basic Position 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.

## Corporate Governance System (As of July 1, 2021)

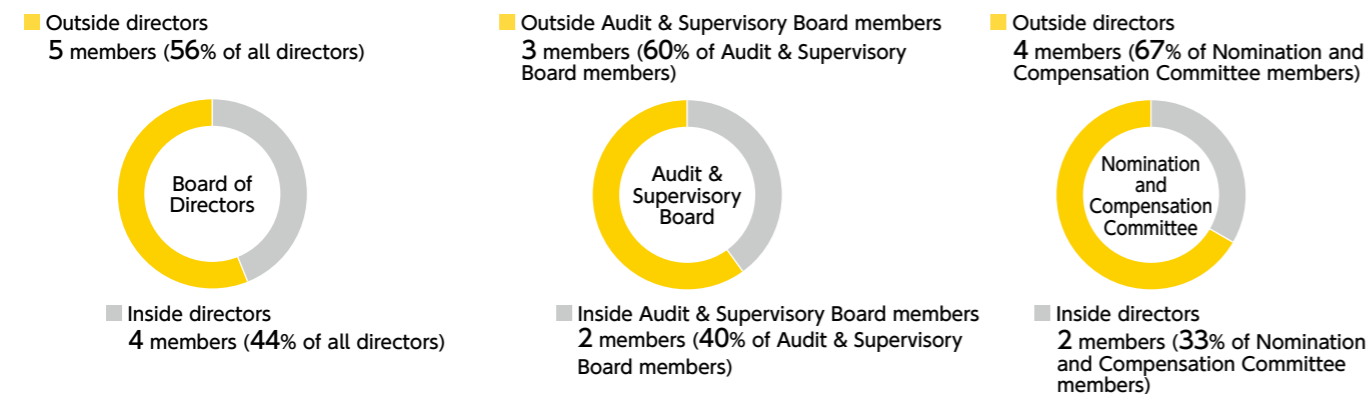
The Company is a Company with an Audit & Supervisory Board. In addition to important management decision-making and the supervision of business execution by the Board of Directors, Audit & Supervisory Board members and the Audit & Supervisory Board, which are independent from the Board of Directors,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

Board of Directors, the Company established a Nomination and Compensation Committee comprising a majority of independent outside directors. At the same time, the Company has separated the supervision and execution of management and adopted an executive officer system to ensure even more prompt decision-making related to business execution.

Also, to supplement the supervisory functions of the

System	Company with an Audit & Supervisory Board
Number of directors	9
Outside directors	5
Number of Audit & Supervisory Board members	5
Outside auditors	3
Term of directors	1 year
Voluntary advisory committees	Yes (Nomination and Compensation Committee)
Executive officer system in place	Yes
Independent auditor	Deloitte Touche Tohmatsu LLC

## Composition of the Board of Directors, Audit & Supervisory Board, and Nomination and Compensation Committee



## Change in the Composition of the Board of Directors

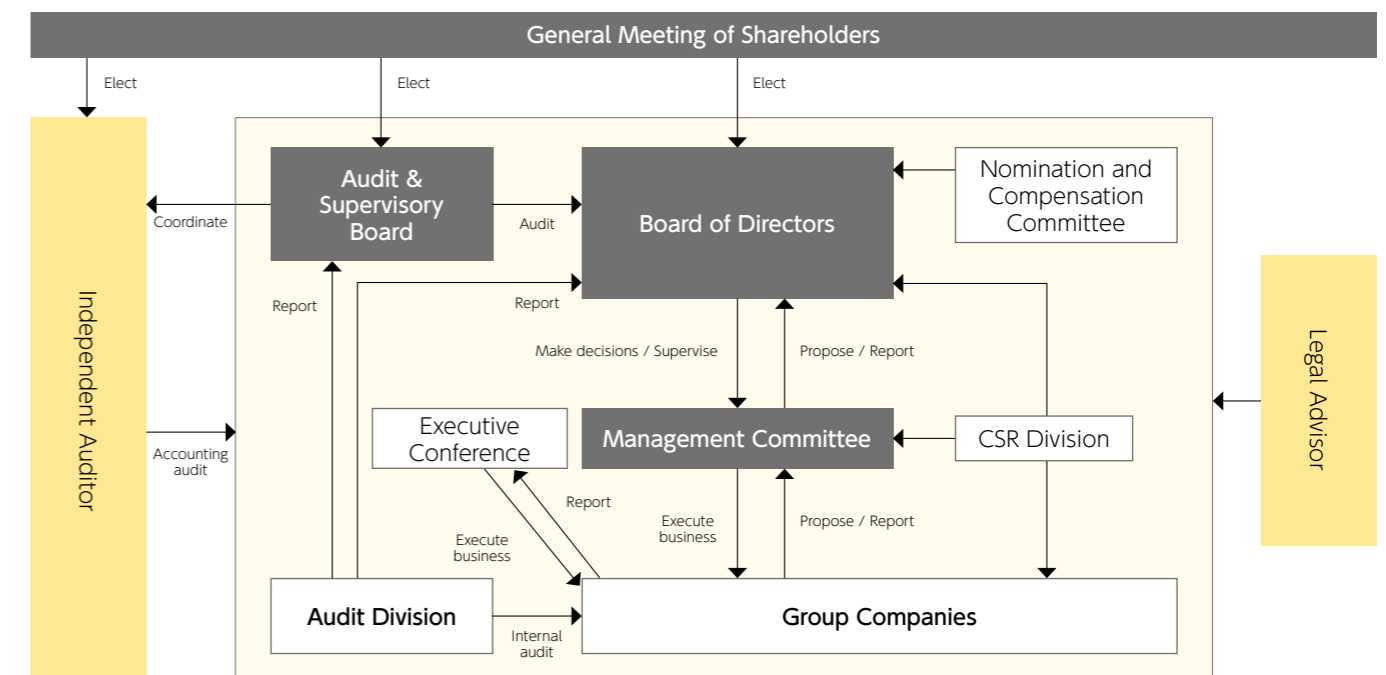


## Management Structure

Name	Position	Outside	Nomination and Compensation Committee member	Expertise and experience						
				Corporate management	Marketing and sales	Human resources and labor management	Finance and accounting	Legal affairs and risk management	IT and digital technologies	Global
Masaki Yamauchi	Chairperson of the Board of Directors		○	●	●	●				
Yutaka Nagao	Representative Director, Executive Officer and President		○	●	●				●	
Kenichi Shibasaki	Representative Director, Executive Officer and Vice President*			●			●	●	●	
Haruo Kanda	Director			●		●	●	●		
Masakatsu Mori	Director	○	○	●			●		●	●
Mariko Tokuno	Director	○	○	●	●					●
Yoichi Kobayashi	Director	○	○	●	●					●
Shiro Sugata	Director	○	○	●	●				●	●
Noriyuki Kuga	Director	○		●		●	●			●
Yoshihiro Kawasaki	Full-time Audit & Supervisory Board Member				●	●		●		
Mamoru Matsuno	Full-time Audit & Supervisory Board Member						●	●		
Takashi Yamashita	Audit & Supervisory Board Member	○					●	●		
Ryuji Matsuda	Audit & Supervisory Board Member	○					●	●		
Yoshihide Shimoyama	Audit & Supervisory Board Member	○		●			●	●		

\*Representative Director from February 2022

## Corporate Governance Framework



## Corporate Governance

### Efforts to Improve Corporate Governance

#### Management Strategy

	DAN-TOTSU Three-Year Plan HOP	DAN-TOTSU Three-Year Plan STEP	KAIKAKU 2019 for NEXT100	YAMATO NEXT100 One Yamato 2023
2002-	2011-	2014-	2017-	2020- (YAMATO NEXT100) 2021- (One Yamato 2023)

#### Board of Directors and Audit & Supervisory Board

- Implemented evaluation of effectiveness of the Board of Directors (June 2016)
- Shortened the term of directors to one year (June 2003)
- Appointed outside directors (June 2005)
- Appointed a female outside director (June 2017)
- Transitioned to a structure in which outside directors made up one-third of all directors (June 2015)
- Transitioned to a structure in which outside directors comprised one-half of all directors (June 2019)
- Appointed outside members as the majority of members on the Board of Directors (June 2020)
- Appointed outside members as the majority of members on the Audit & Supervisory Board (June 2020)

#### Committees, etc.

- Established the Nomination and Compensation Committee (June 2005)
- Established the Compliance and Risk Committee (August 2006)

#### Corporate Structure and Other Systems and Initiatives

- Introduced executive officer system (June 2004)
- Eliminated retirement benefit system for corporate officers (June 2004)
- Disclosed ROE target in medium-term management plan (January 2005)
- Introduced performance-linked compensation system (April 2005)
- Transitioned to a pure holding company (November 2005)
- Introduced succession plans (July 2006)
- Established Corporate Governance Guidelines (September 2015)
- Implemented corporate officer training (October 2015)
- Decided to revise officer compensation system and introduce a performance-linked, share-based compensation system (June 2020)
- Abolished advisor position (June 2018)

### Concurrent Posts and Main Activities of Outside Directors and Outside Audit & Supervisory Board Members

	Name	Independent officer	Nomination and Compensation Committee	Concurrent posts (As of June 24, 2021)	Overview of reasons for appointment and expected roles	Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021
Outside Directors	Masakatsu Mori	○	○	<ul style="list-style-type: none"> <li>Senior Advisor of International University of Japan</li> <li>Outside Director of Stanley Electric Co., Ltd.</li> <li>Outside Director of Kirin Holdings Company, Limited</li> <li>External Statutory Auditor of FAST RETAILING CO., LTD.</li> </ul>	Masakatsu Mori possesses abundant experience and considerable insight as a corporate manager, particularly in the fields of finance and accounting, IT and digital technology, and global business. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding matters of management strategy, overall encompassing business execution, business strategy, financial strategy, and sustainability strategy, will contribute to further enhancing our management structure, and for this reason, he has been elected as an outside director.	19 of 19 meetings
	Mariko Tokuno	○	○	<ul style="list-style-type: none"> <li>Outside Director of Happinet Corporation</li> <li>Outside Director of Mitsubishi Materials Corporation</li> </ul>	Mariko Tokuno possesses abundant experience and considerable insight as a corporate manager, particularly in the fields of marketing and sales and global business. 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 resource strategy, will contribute to further enhancing our management structure, and for this reason, she has been elected as an outside director.	19 of 19 meetings
	Yoichi Kobayashi	○	○	—	Yoichi Kobayashi possesses abundant experience and considerable insight as a corporate manager, particularly in the fields of marketing and sales and global business. 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 for this reason, he has been elected as an outside director.	19 of 19 meetings
	Shiro Sugata	○	○ (Committee Chair)	<ul style="list-style-type: none"> <li>Outside Director of JSR Corporation</li> <li>Outside Director of Yokogawa Electric Corporation</li> </ul>	Shiro Sugata possesses abundant experience and considerable insight as a corporate manager, particularly in the fields of marketing and sales, IT and digital technology, and global business. 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 for this reason, he has been elected as an outside director.	19 of 19 meetings
	Noriyuki Kuga	○	—	—	Noriyuki Kuga possesses abundant experience and considerable insight as a corporate manager, particularly in the fields of personnel and labor management, finance and accounting, and global business. 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 for this reason, he has been elected as an outside director.	15 of 15 meetings

Note: Shiro Sugata took on the role of the chairman of the Nomination and Compensation Committee on June 24, 2021, taking over for Masakatsu Mori.

	Name	Independent officer	Nomination and Compensation Committee	Concurrent posts (As of June 24, 2021)	Overview of reasons for appointment and expected roles	Attendance at meetings of the Board of Directors and/or Audit & Supervisory Board during the fiscal year ended March 31, 2021
Outside Audit & Supervisory Board members	Takashi Yamashita	○	—	<ul style="list-style-type: none"> <li>Representative of Takashi Yamashita CPA Office</li> <li>Outside Director of Shin Nippon Biomedical Laboratories, Ltd.</li> </ul>	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.	Board of Directors: 18 of 19 meetings Audit & Supervisory Board: 18 of 18 meetings
	Ryuji Matsuda	○	—	<ul style="list-style-type: none"> <li>Attorney-at-Law of Matsuda Law Office</li> </ul>	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.	Board of Directors: 15 of 15 meetings Audit & Supervisory Board: 16 of 16 meetings
	Yoshihide Shimoyama	○	—	<ul style="list-style-type: none"> <li>Outside Audit &amp; Supervisory Board Member of NIPPON HUME CORPORATION</li> </ul>	The Company has elected Yoshihide Shimoyama 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.	Board of Directors: 15 of 15 meetings Audit & Supervisory Board: 16 of 16 meetings

### Board of Directors

#### Roles and duties

- The Board of Directors shall make important decisions concerning the Company's business and supervise the execution of duties by executive directors and executive officers.
- The Board of Directors shall recognize the medium-term management plan as one of the commitments to shareholders and supervise the effectiveness of strategies, such as the Company's business portfolio and the optimal allocation of management resources, to achieve the goals of this plan. Moreover, the Board of Directors shall sufficiently analyze the initiatives aimed at realizing the goals of the medium-term management plan as well as the extent to which the plan's objectives are being achieved. In addition to providing explanations to shareholders, such analyses shall be reflected in future management plans.
- The Board of Directors shall encourage executive officers to demonstrate a healthy entrepreneurial spirit and to not excessively avoid or curb risk, while at the same time establishing a framework that enables it to ensure accountability.
- The scope of responsibility of each executive officer shall be decided and disclosed by the Board of Directors. Executive officers shall execute business in accordance with internal regulations.

#### Management

- To allow Board of Directors meeting attendees the opportunity to prepare for meetings in advance, the Board of Directors secretariat shall send agenda items and related materials to directors well in advance of the meeting date and provide explanations in advance as needed.
- The annual schedule of Board of Directors meetings as well as anticipated agenda items shall be decided in advance, and this information shall be provided to directors and Audit & Supervisory Board members.
- The number of issues to be deliberated as well as the frequency of meetings shall be appropriately set, and the time of meetings shall be decided so as to allow sufficient time for deliberations.

- As needed, meetings comprising Board of Directors meeting attendees shall be held for the purpose of exchanging ideas, thereby encouraging lively debate.

#### Evaluation of effectiveness

To verify the effectiveness of the Board of Directors, the Company surveys all directors and Audit & Supervisory Board members on an annual basis regarding the composition and operational status of the Board of Directors. Based on the survey results, the Company carries out an evaluation on the Board's effectiveness in terms of such matters as the condition of the Board's operation and the state of deliberation held at Board meetings. From the fiscal year ended March 31, 2020, in addition to the survey, the chair (chairperson of the Board of Directors) has begun performing interviews to further enhance the usefulness of the evaluation.

#### Results of Evaluation for the Fiscal Year Ended March 31, 2021

In the effectiveness evaluation for the fiscal year ended March 31, 2021, the Company received an evaluation that the composition, management conditions, and deliberation conditions of the Board of Directors were largely appropriate as a system where the Board of Directors serves as the oversight function, and that a culture where attendees actively speak up and engage in unrestricted discussions at the Board of Directors meeting had taken hold.

Based on these results, the Company has confirmed that the Board of Directors has been able to display an effectiveness that contributes to securing sound management and achieving prompt and accurate decision-making and business execution, which are the Company's basic policies for corporate governance.

With regard to the medium-term management plan "One Yamato 2023," which was announced in January 2021, the Board of Directors conducted proactive exchanges of views and had exhaustive discussions on the effectiveness of this plan based on the changes to the external environment since the formulation of the transformation plan "YAMATO NEXT100." The Company will regularly monitor



## Corporate Governance

the progress of the medium-term management plan, including the impact of organizational restructuring, which was implemented in April 2021.

Going forward, the Company will further strengthen corporate governance to improve the soundness of the

Yamato Group's entire management structure while continuously working to maintain and improve the effectiveness of the Board of Directors for the execution of the growth strategies called for in the medium-term management plan "One Yamato 2023."

### Audit & Supervisory Board

#### Roles and duties

- The Audit & Supervisory Board and its members shall exercise their authority proactively, and they shall appropriately state their opinions at Board of Directors meetings as well as to members of senior management.
- The full-time Audit & Supervisory Board members shall attend Board of Directors meetings and other important meetings related to the execution of business, express reasonable opinions, hold effective Audit & Supervisory

Board meetings, and ensure that information is shared and that members work together in a coordinated manner.

- The Audit & Supervisory Board shall regularly hold information exchange meetings for the purpose of sharing information with outside directors, thereby ensuring more robust gathering of information and encouraging teamwork.

### Nomination and Compensation Committee

- The Nomination and Compensation Committee shall comprise a majority of independent outside directors and internal directors and act as an advisory body to the Board of Directors. The committee shall deliberate on particularly important matters pertaining to nomination and compensation and present the results of these discussions to the Board of Directors in an effort to enhance management transparency.
- The committee shall deliberate on matters related to the appointment or dismissal of directors, Audit & Supervisory Board members, and executive officers on the basis of

business performance and multifaceted observations and evaluations, verify the validity of such decisions, and present the results to the Board of Directors.

- The committee shall propose several candidates to the Board of Directors, including candidates recommended by the serving representative to the Board of Directors, as successors to the representative director to the Board of Directors, following deliberation and based on multifaceted observations and evaluations of candidates' track records, human nature, and other factors and verification of their appropriateness.

### Support Framework for Directors and Audit & Supervisory Board Members

- The Company shall establish a support framework that enables it to provide necessary and adequate information at the necessary time to allow directors to effectively fulfill their roles and duties.
- By participating in key business strategy meetings for the overall Group and by observing key Group business sites, including those overseas, participants are able to better understand the business strategies and provide opportunities to see how these strategies are being advanced.
- As a system to help Audit & Supervisory Board members smoothly perform their duties, employees in the internal audit division shall be appointed to assist Audit & Supervisory Board members.
- Audit & Supervisory Board members shall exercise their authority to perform investigations in accordance with the Companies Act. In addition, if a director or employee discovers a fact that could potentially inflict marked

damage on the Company, they shall immediately report this fact to an Audit & Supervisory Board member, even if there is no request to do so from an Audit & Supervisory Board member.

- If a director or Audit & Supervisory Board member believes it to be necessary, they shall obtain advice from an outside expert at the Company's expense.
- The internal audit division shall regularly hold meetings with the full-time Audit & Supervisory Board members, and provide audit reports in a planned manner to the Board of Directors and the Audit & Supervisory Board, thereby enhancing the provision of information to, as well as bolstering coordination with, outside directors and outside Audit & Supervisory Board members.

## Compensation of Directors and Audit & Supervisory Board Members

(Year ended March 31, 2021)

Directors and Audit & Supervisory Board members	Total compensation and other remuneration (Millions of yen)	Total by compensation category (Millions of yen)			Head count of eligible directors and Audit & Supervisory Board members
		Basic compensation	Performance-linked compensation	Non-monetary compensation, etc.	
Directors	284	249	35	—	4
Outside directors	69	69	—	—	5
Audit & Supervisory Board members	48	48	—	—	2
Outside Audit & Supervisory Board members	30	30	—	—	4

#### Amount of compensation and methods for calculation and determination

##### 1. Basic compensation

The Company's compensation for directors is determined based on the following factors.

- A competitive level of compensation
  - Provide rewards according to roles and responsibilities, as well as performance, and set compensation at an adequate level to secure talented human resources
- A compensation system emphasizing the improvement of corporate and shareholder value
  - Link compensation to business performance so as to motivate directors to achieve performance goals
  - Establish a compensation composition that promotes the sharing of common interests with shareholders by linking it to corporate value over the medium to long term
- A fair and equitable compensation system
  - Ensure that the process for determining compensation is objective and highly transparent

##### 2. Compensation structure

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

##### 3. Policy for determining basic compensation (fixed compensation)

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

##### 4. Policy for determining performance-linked compensation (variable compensation)

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

##### 5. Policy for determining mix of compensation and other remuneration types for individual directors

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

#### 6. Timing of delivery and conditions

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

#### 7. Authority for decisions on compensation and other remuneration for individual directors

Based on the policy for decisions resolved by the Board of Directors, the Company has assigned Representative Director and President Yutaka Nagao as the authority for making decisions on the amounts of basic compensation (fixed compensation) for individual directors and short-term performance-linked compensation (variable compensation) so that he can assess each of the directors while taking factors such as Companywide business results into consideration. In order to ensure objectivity and transparency, however, the representative director and president is to determine respective amounts of compensation for individual directors, upon having taken into consideration findings reported by the Nomination and Compensation Committee, which is chaired by one of the outside directors, who constitute a majority of its membership, based on the committee's preliminary deliberations regarding amounts of compensation and other remuneration for individual directors along with details regarding the calculation of such amounts.

#### 8. Revision of officer compensation system

The Company identified issues related to the officer compensation system, which were then reported to the Nomination and Compensation Committee and discussed repeatedly in pursuit of the most optimal compensation system. In order to further strengthen the motivation of the Company's officers to contribute to the achievement of performance goals and the creation of medium- to long-term corporate value and sustainable growth, and to realize a competitive compensation level for recruiting and retaining talented human resources, the Company has decided to revise its officer compensation system.

From the fiscal year ending March 31, 2022, the Company's compensation for directors consists of basic compensation (fixed compensation), short-term performance-linked compensation (variable compensation), and medium- to long-term performance-linked compensation (variable compensation). Outside directors receive only basic compensation (fixed compensation).

The Company is to make payment of its medium- to long-term performance-linked compensation under its performance-linked, share-based compensation system (share-based compensation), approved per resolution at the General Meeting of Shareholders held on June 23, 2020. The Company will accordingly make calculations based on performance benchmarks for the fiscal year ending March 31, 2022 and grant points (one point corresponds to one share) in June 2022.

## Corporate Governance

### System for compensation of directors and Audit & Supervisory Board members (from the fiscal year ending March 31, 2022)

Type of compensation		Objective and overview	Performance indicators
Fixed	Basic compensation	Foster prudent execution of duties according to the scope of those duties ■ Compensation levels are determined with reference to trends at compensation benchmark companies.	—
Variable	Short-term performance-linked compensation (incentives)	Set incentives for achieving diverse quantitative and qualitative performance goals ■ The basic amount, which is paid upon the achievement of targets, is set as a proportion of basic compensation according to the scope of a director's duties (with consideration given to compensation benchmarks). ■ Through this system, certain targets are set and compensation is paid according to the level of their achievement. ■ The specific amount to be paid is determined within a range of 0% to 150% of the basic amount, according to the level of achievement of performance targets for the relevant fiscal year. ■ The amount determined in each fiscal year is paid in monthly installments.	Operating revenues, operating profit, profit attributable to owners of parent, etc.
	Medium- to long-term performance-linked compensation (share-based compensation)	Align motivations for improving corporate performance over the medium to long term with the interests of shareholders ■ The basic amount to be paid upon 100% achievement of targets is set as a proportion of basic compensation according to the scope of a director's duties (with consideration given to compensation benchmarks). ■ The number of points (basic points) granted to directors upon 100% achievement of targets is calculated by dividing the basic amount by the average of the closing prices of the Company's shares at the Tokyo Stock Exchange in the month preceding the fiscal year in which the medium-term management plan starts. ■ The specific number of points to be granted is determined within a range of 0% to 150% of the basic points, according to the level of achievement of indicators in the Company's medium-term management plan. ■ In principle, medium- to long-term performance-linked compensation is provided in a lump sum in the form of shares upon retirement.	ROE, TSR, ESG indicators,* etc.

\* From the fiscal year ending March 31, 2022, the ESG indicator has been set as "greenhouse gas emissions."

### 9. Other

A certain percentage of the monetary compensation shall be allocated to the purchase of shares of the Company through the Officers and Executives' Shareholding Association.

### Policy on Cross-Shareholdings

The Company has a policy of owning stocks that are deemed meaningful based on comprehensive consideration from a medium- to long-term perspective of the relationship with the Group's businesses, the profitability of the Company, and the potential for creating new business opportunities, among other factors. A decision shall be made every year at the Board of Directors meeting concerning whether to continue holding the stocks based on careful consideration of various factors including previous business transactions with the Company and the market price of the shares, and after verifying the benefits and risks

associated with holding the stocks from a quantitative and qualitative perspective. The Company works to reduce the number of stocks it owns that are deemed to be of little significance.

In exercising the voting rights of shares held, the decision to support or oppose agenda items at the shareholders' meeting shall be made on a case-by-case basis, with consideration given to the issuing company's enhancement of corporate value, the issuing company's compliance framework, and the possibility of a negative impact on the Group's business, among other factors.

### Compliance

#### ▶ Strengthening internal control for the Group overall

The Yamato Group has established an internal control system in order to promote a sound corporate culture in the Group as a whole and to enable employees to perform their duties effectively and efficiently without any misbehavior or mistakes. Having stipulated its basic policy on the internal control system in accordance with the Companies Act, each Group company is working on strengthening internal control.

Additionally, in order to respond to the internal control report system pursuant to the Financial Instruments and Exchange Act, we are promoting reviews of business rules and the standardization of operations, checking whether operations have been effectively performed in accordance with the rules, and establishing a system to immediately put improvements in place should there be any shortcomings.

Internal control over the financial reporting of the Yamato Group as of March 31, 2021 was considered valid, and a report was submitted to the Kanto Local Finance Bureau.

#### ▶ Enhancing the whistle-blower system

The Yamato Group has established a whistle-blower system to promptly discover and appropriately respond to law and/or internal regulation violations. In addition to compliance-related issues, such as corruption and human rights violations, the whistle-blower system accepts reports on any action that violates internal regulations and the Group's Management Philosophy. In addition to conventional contact points, such as the president, Compliance and Risk Committee members, and external lawyers, in February 2019 the Group established an independent contact point for Group companies, thereby securing an appropriate structure for whistle-blowing. The Group's whistle-blowing regulations protect the privacy of whistle-blowers and ensure that they do not suffer any unfair treatment as a result of making a report. To create an environment that encourages whistle-blowing, the Group carries out investigations of all reports, whether whistle-blowers are anonymous or provide their real name. When a report is made on an issue, the whistle-blower system works to promptly confirm

the facts, enact the necessary response and corrections, and promote measures to prevent a reoccurrence.

From an operational standpoint, we promote specific response procedures, processing methods, and risk-assessment criteria that are shared on a Groupwide basis. This enables us to prevent the overlooking of major risks by adopting a consistent management flow and response to all reports received. Furthermore, by clarifying the persons responsible for decision-making at the time reports are received and unifying relevant standards, we are improving our level of risk awareness. We prevent the reoccurrence of issues by formulating rules for holding verification meetings internally to ensure that we carry out an appropriate investigation and response. Additionally, we implement the standardized management of whistle-blowing information and the details of responses on a Groupwide basis, thereby allowing us to ascertain Groupwide trends and share examples of actual cases in a cross-organizational manner. Such information and details are reported regularly to the Board of Directors, helping to facilitate improvements across the Group.

To further reinforce our compliance management, the whistle-blower system was registered under the Whistleblowing Compliance Management System (WCMS) (declaration of conformity registration system) of Japan's Consumer Affairs Agency in July 2020.



▶ Building solid relationships through survey results  
 The Yamato Group conducts business partner questionnaires of contractors and suppliers of equipment and other business necessities as an initiative aimed at implementing and realizing its Corporate Stance. The results of these surveys are used to promote improvements and strengthen communication toward the development of strong and lasting relationships with our business partners.

### Business Continuity Plan

As a corporate group that offers the *TA-Q-BIN* service as a part of social infrastructure, the Yamato Group has formulated a business continuity plan (BCP) to ensure that it can keep offering services in a steady manner even under unforeseeable circumstances. Based on the experience gained after the Great East Japan Earthquake and other disasters, we are anticipating various emergency scenarios in an effort to reinforce our crisis management system on a Groupwide basis.

We have also established the Yamato Group BCP Basic Policy, which is supported by the three pillars of giving the utmost priority to human life, aiming for the prompt

recovery of operations at each Group company, and meeting the expectations of local community members as a part of social infrastructure. Guided by this policy, we have determined various Groupwide standards and have created a wide range of manuals in accordance with the business continuity of each Group company.

Going forward, we will strengthen our response to dealing with damage from natural disasters such as earthquakes, for which damage is expected to be large in scale, and flooding caused by heavy rain and other factors. At the same time, we will promote extensive examinations of various risks that could impact our business continuity.

### Accountability

The Yamato Group considers the explanation of corporate and management data to shareholders, investors, and other stakeholders to be an important corporate governance issue and is committed to the speedy, accurate, and fair disclosure of information. Furthermore, the Group has

established the Disclosure Policy in order to disclose and manage information in a more appropriate manner and enhance the reliability of that information.

The main investor relations activities are listed below.

Item	Number of times	Content
Settlement of accounts meetings for analysts and institutional investors	4	The first-quarter meeting is held by telephone with the chief financial officer. Meetings for the second, third, and fourth quarters are held with the president.
Visits by the president to investors in the United States, Europe, and Asia	1 or more per year to each region	The president or chairman makes regular overseas visits to investors in the United States, Europe, and Asia to explain management policies. Note: Conducted via teleconference from February 2020 onward in light of the impact of the COVID-19 pandemic
Small meetings with the president	2 per year	Creating regular opportunities for direct dialogue with management
Management plan briefings and facility tours	2 or more per year	Creating regular opportunities to promote understanding of business operations Note: Since February 2020, certain briefings and tours have not been carried out in light of the COVID-19 pandemic.
Website for investor relations materials	—	Integrated reports, financial results, news releases, securities reports, and quarterly reports; materials pertaining to settlement of accounts meetings, convocation notices for the ordinary general meeting of shareholders, notices of resolution, and disclosure of voting results. Publication of most important information in two languages—Japanese and English—so that information can be communicated to foreign investors.
Establishment of IR department	—	Responsible for developing IR strategies to initiate dialogue with shareholders and other investors and disclosing information



# Directors

As of June 24, 2021



## Masaki Yamauchi

Director and Chairperson  
of the Board of Directors

Apr. 1984 Joined the Company  
Apr. 2005 Executive Officer  
Apr. 2005 President, Tokyo Regional Office  
Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.  
Nov. 2005 General Manager of Human Resources and Administration  
Mar. 2007 Executive Officer of the Company  
Mar. 2007 Responsible for Human Resources Strategy  
May 2007 Responsible for Management Strategy

Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.  
Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.  
Jun. 2011 Director and Executive Officer of the Company  
Apr. 2015 Representative Director, President and Executive Officer  
Apr. 2019 Director and Chairperson of the Board of Directors (current)



## Yutaka Nagao

Representative Director,  
President and  
Executive Officer

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  
Apr. 2010 Executive Officer and President of Kanto Regional Office  
Apr. 2013 Managing Executive Officer  
Apr. 2015 Executive Officer of the Company

Apr. 2015 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.  
Jun. 2017 Director and Executive Officer of the Company  
Apr. 2019 Representative Director, President and Executive Officer (current)



## Masakatsu Mori

Outside Director

Apr. 1969 Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd)  
May 1972 Qualified as Certified Public Accountant  
Sep. 1981 Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd)  
Feb. 1989 President of Andersen Consulting (currently: Accenture Japan Ltd) Board Member of Andersen Consulting (Global) (currently: Accenture Japan Ltd)

Apr. 2003 Representative Director and Chairman of Accenture Japan Ltd  
Sep. 2007 Corporate Advisor of Accenture Japan Ltd  
Oct. 2009 President of the International University of Japan (IUJ)  
Jun. 2013 Director of the Company (current)  
Nov. 2013 Vice Chairman of IUJ  
Apr. 2018 Senior Advisor of IUJ (current)



## Mariko Tokuno

Outside Director

Jan. 1994 Joined Louis Vuitton Japan KK  
Apr. 2002 Senior Director for Sales Administration  
Mar. 2004 Vice President of Tiffany & Co. Japan Inc.

Aug. 2010 Representative Director and President of Christian Dior Japan KK  
Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK  
Jun. 2017 Director of the Company (current)



## Kenichi Shibasaki

Representative Director\*

Apr. 1980 Joined the Company  
Jun. 1997 Regional Branch Manager of Saitama Regional Branch  
Jun. 1999 General Manager of Education Division  
Apr. 2003 General Manager of Operation Division  
Feb. 2006 Representative Director, President and Executive Officer of Yamato Financial Co., Ltd.  
Apr. 2006 Executive Officer of the Company  
Apr. 2012 Managing Executive Officer  
Apr. 2016 Senior Managing Executive Officer  
Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy

Jun. 2018 Director and Senior Managing Executive Officer  
Apr. 2019 Representative Director, Executive Officer and Vice President  
Apr. 2019 Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit  
Mar. 2020 Responsible for overseeing Managing Section

\* Representative Director from February 2022



## Haruo Kanda

Director

Jan. 1985 Joined the Company  
Apr. 2004 General Manager of Human Resources  
Aug. 2005 Executive Officer  
Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.  
Jul. 2006 Managing Executive Officer  
Apr. 2008 Managing Executive Officer of the Company  
Jun. 2008 Representative Director and Managing Executive Officer  
Apr. 2013 Representative Director and Senior Managing Executive Officer  
Apr. 2014 Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit

Apr. 2015 Representative Director, Executive Officer and Vice President  
Apr. 2019 Responsible for overseeing Management, Assistant to President, Shared Value Creation  
Mar. 2020 Responsible for overseeing Management, Assistant to President, Shared Value Creation and Internal Audit  
Apr. 2021 Director (current)



## Yoichi Kobayashi

Outside Director

Apr. 1973 Joined ITOCHU Corporation  
Jun. 2004 Executive Officer  
Apr. 2006 Managing Executive Officer  
Jun. 2006 Representative Executive Managing Director  
Apr. 2008 Representative Senior Managing Director

Apr. 2011 Representative Director and Executive Vice President  
Apr. 2015 Senior Advisor  
Apr. 2016 Vice Chairman  
Jun. 2018 Director of the Company (current)



## Shiro Sugata

Outside Director

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)



## Noriyuki Kuga

Outside Director

Apr. 1979 Joined Tokyo Electron Ltd.  
Apr. 2002 Vice President and General Manager  
Oct. 2004 President and 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)

# Audit & Supervisory Board Members

As of June 24, 2021



**Yoshihiro Kawasaki**

Full-time Audit & Supervisory Board Member

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)



**Mamoru Matsuno**

Full-time Audit & Supervisory Board Member

Apr. 1981 Joined the Company  
Jun. 2000 Manager of Audit Section No.1 of Audit Division  
Jun. 2002 Manager of Audit Section of Audit Division  
Jul. 2006 Audit Function Manager

Apr. 2012 Audit Function Senior Manager  
Apr. 2018 Attached to the President  
Jun. 2018 Full-time Audit & Supervisory Board Member (current)



**Takashi Yamashita**

Outside Audit & Supervisory Board Member

Oct. 1983 Joined Asahi Accounting Company  
Mar. 1987 Registered as a 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 a Certified Tax Accountant  
Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)



**Ryuji Matsuda**

Outside Audit & Supervisory Board Member

Apr. 1986 Registered as Attorney at Law and Certified Public Accountant  
Joined Kawai, Takeuchi, Nishimura and Inoue Law Office  
Jun. 2007 Audit & Supervisory Board Member, SQUARE ENIX CO., LTD.  
Jun. 2008 Audit & Supervisory Board Member, Seika Corporation

May 2012 Auditor of the Japan Federation of Bar Associations  
Apr. 2014 Auditor of ASAHI GROUP ARTS FOUNDATION (current)  
Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)



**Yoshihide Shimoyama**

Outside Audit & Supervisory Board Member

Apr. 1976 Joined Nihon Cement Co., Ltd. (currently: Taiheiyō Cement Corporation)  
Apr. 2006 General Manager of Technology Planning Department, Central Research Laboratory

Mar. 2008 President and Representative Director of Taiheiyō Consultant Co., Ltd.  
Apr. 2015 Advisor  
Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)

# Management System

As of February 1, 2022

Yamato Holdings Co., Ltd. / Yamato Transport Co., Ltd.

— Serves at both Yamato Holdings Co., Ltd. and Yamato Transport Co., Ltd.  
— Yamato Holdings Co., Ltd. — Yamato Transport Co., Ltd.

## Executive Officer and President

**Yutaka Nagao**

## Executive Officer and Vice President

**Toshizo Kurisu**

(Responsible for Finance, Public Relations and Digital)  
(Responsible for overseeing Finance, Public Relations, Professional Service and Digital)

## Senior Managing Executive Officer

**Yasuharu Kosuge**

(Responsible for Management Strategy and Human Resources)  
(Responsible for overseeing Sales Development, Sales and Operation Design, Management Strategy and Human Resources)

**Tomoki Otani**

(Responsible for ESG and Compliance)  
(Responsible for overseeing Sustainability, Compliance and Risk, Safety and Internal Audit)

**Shinji Makiura**

(Responsible for President Office and Innovation Promotion)  
(Responsible for President Office)

**Hiroshi Etani**

(Responsible for overseeing Corporate Sales and Global Strategy)

## Managing Executive Officer

**Atsushi Kashimoto**

(Responsible for Investor Relations)

**Seiichi Awa**

(Responsible for South Kanto region)

**Tamaki Abe**

(Responsible for overseeing EC Business and Network Management)

**Setsuko Nishida**

(Responsible for overseeing Digital)

**Takashi Okushi**

(Responsible for Tokyo region)

**Toshiyuki Nishide**

(Responsible for Kansai region)

## Executive Officer

**Kazuki Watanabe**

(Responsible for overseeing Human Resources and General Affairs)

**Noriyasu Naito**

(Responsible for Global Corporate Sales)

**Takeshi Arakawa**

(Responsible for Global Strategy and Management)

**Koji Inamori**

(Responsible for National Corporate Sales)

**Tatsuya Suzuki**

(Responsible for Sales Development)

**Takanao Sugiura**

(Responsible for Sales and Operation Design)

**Hiroshi Matsuda**

(Responsible for Transport Operation)

**Kouei Fujisaki**

(Responsible for Last Mile Operation)

**Takeharu Ootomo**

(Responsible for EAZY Business)

**Atsushi Terasawa**

(Responsible for Management Strategy)

**Yasushi Fukuda**

(Responsible for Green Innovation Development)

**Kazuhiro Shiozawa**

(Responsible for Human Resources)

**Masamichi Matsumoto**

(Responsible for General Affairs)

**Hideo Tanzawa**

(Responsible for Public Relations)

**Yasuhiko Tamura**

(Responsible for Finance)

**Yumiko Katakura**

(Responsible for Professional Service)

**Yorimasa Tanaka**

(Responsible for Digital)

**Norihiko Nakabayashi**

(Responsible for DX Promotion)

**Yoshiko Akiyama**

(Responsible for Sustainability)

**Masato Kosaka**

(Responsible for Safety)

**Katsuhiko Umetsu**

(Responsible for Strategic Alliance)

**Tetsuya Egashira**

(Responsible for Thailand region)

**Masahiro Matsui**

(Responsible for Hokkaido region)

**Toshiya Kuroiwa**

(Responsible for Tohoku region)

**Toshiharu Kubo**

(Responsible for Northern Kanto region)

**Takashi Ikeda**

(Responsible for Hokushinetsu region)

**Hiroshi Tarumi**

(Responsible for Chubu region)

**Hidetomo Kobayashi**

(Responsible for Chugoku and Shikoku region)

**Osamu Yamanaka**

(Responsible for Kyushu region)



# Ten-Year Summary and Business Highlights

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
	Millions of Yen							Thousands of U.S. Dollars		2021/3	2021/3
<b>RESULTS OF OPERATIONS:</b>											
Operating revenues	¥1,260,833	¥1,282,374	¥1,374,610	¥1,396,708	¥1,416,413	¥1,466,852	¥1,538,813	¥1,625,315	¥1,630,147	¥1,695,867	\$15,318,103
Delivery	1,014,564	1,028,219	1,099,400	1,101,439	1,111,867	1,151,028	1,201,770	1,297,223	1,310,068	1,418,993	12,817,211
Non-delivery	246,269	254,155	275,210	295,269	304,546	315,824	337,043	328,092	320,079	276,874	2,500,892
Operating costs	1,163,777	1,181,834	1,274,471	1,290,715	1,306,200	1,385,492	1,452,485	1,513,988	1,526,103	1,538,524	13,896,890
Selling, general and administrative expenses	30,405	34,337	37,043	37,046	41,673	46,475	50,642	52,981	59,343	65,221	589,115
Operating profit	66,651	66,203	63,096	68,947	68,540	34,885	35,686	58,346	44,701	92,122	832,098
Profit before income taxes	45,817	64,284	65,882	69,158	68,079	33,038	33,123	52,258	44,581	91,760	828,830
Income taxes	26,059	29,563	31,003	31,555	28,415	14,673	14,435	26,308	21,679	34,825	314,563
Profit attributable to owners of parent	19,787	35,144	34,776	37,533	39,425	18,054	18,232	25,682	22,324	56,701	512,154

	Yen							U.S. Dollars		2021/3	2021/3
<b>PER SHARE OF COMMON STOCK:</b>											
Basic earnings	¥ 46.00	¥ 81.85	¥ 82.22	¥ 90.41	¥ 96.45	¥ 45.37	¥ 46.24	¥ 65.14	¥ 56.78	¥ 151.55	\$1.37
Diluted earnings	44.87	79.84	80.18	88.26	95.64	—	—	—	—	—	—
Cash dividends	22.00	23.00	24.00	25.00	28.00	27.00	27.00	28.00	41.00	46.00	0.42
Net assets per share	1,197.26	1,261.35	1,316.12	1,368.66	1,349.56	1,367.51	1,395.74	1,435.15	1,441.20	1,553.45	14.03
Stock price (closing), end of year	1,279	1,740	2,224	2,772	2,247	2,332.5	2,668.5	2,859.0	1,697.0	3,035.0	—

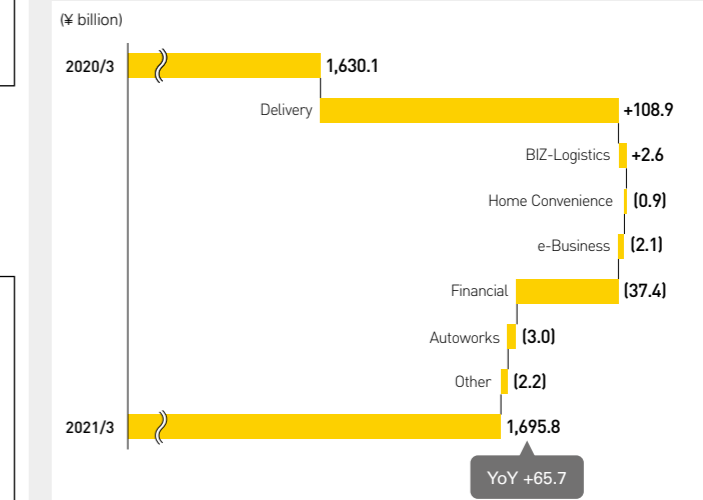
	Millions of Yen							Thousands of U.S. Dollars		2021/3	2021/3
<b>FINANCIAL POSITION:</b>											
Working capital	¥ 182,111	¥ 186,868	¥ 179,999	¥ 209,172	¥ 235,884	¥ 214,661	¥ 164,600	¥ 139,835	¥ 134,072	¥ 139,010	\$ 1,255,623
Total shareholders' equity	514,996	534,451	551,379	565,521	537,821	539,179	550,308	565,841	555,173	576,368	5,206,106
Total assets	919,295	950,153	1,032,134	1,082,531	1,089,437	1,114,672	1,114,870	1,123,660	1,100,740	1,089,991	9,845,465
Capital expenditures	48,615	48,052	79,531	52,022	53,945	48,994	54,482	79,839	55,034	55,432	500,695
Depreciation and amortization	38,682	37,936	42,266	46,058	46,739	46,114	46,423	51,347	55,083	48,862	441,349
Net cash provided by operating activities	71,843	73,950	80,075	92,620	49,715	73,325	51,728	118,094	74,434	123,921	1,119,332

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
<b>KEY RATIOS:</b>											
Operating profit margin (%)	5.29	5.16	4.59	4.94	4.84	2.38	2.32	3.59	2.74	5.43	
Net margin (%)	1.57	2.74	2.53	2.69	2.78	1.23	1.18	1.58	1.37	3.34	
Return on assets (ROA) (%)	2.18	3.76	3.51	3.55	3.63	1.64	1.64	2.29	2.01	5.18	
Return on equity (ROE) (%)	3.84	6.70	6.41	6.75	7.15	3.35	3.35	4.60	3.98	10.02	
Current ratio (%)	164.50	162.39	151.82	158.59	167.76	157.73	141.67	134.07	132.80	135.70	
Shareholders' equity ratio (%)	56.02	56.25	53.42	52.24	49.37	48.37	49.36	50.36	50.44	52.88	
Assets turnover (Times)	1.39	1.37	1.39	1.32	1.30	1.33	1.38	1.45	1.47	1.55	
Interest coverage ratio (Times)	90.52	108.36	153.41	173.45	125.33	81.45	131.94	212.29	106.25	124.51	
Price earnings ratio (PER) (Times)	27.8	21.3	27.0	30.7	23.3	51.4	57.7	43.9	29.9	20.0	
Price book-value ratio (PBR) (Times)	1.1	1.4	1.7	2.0	1.7	1.7	1.9	2.0	1.2	2.0	

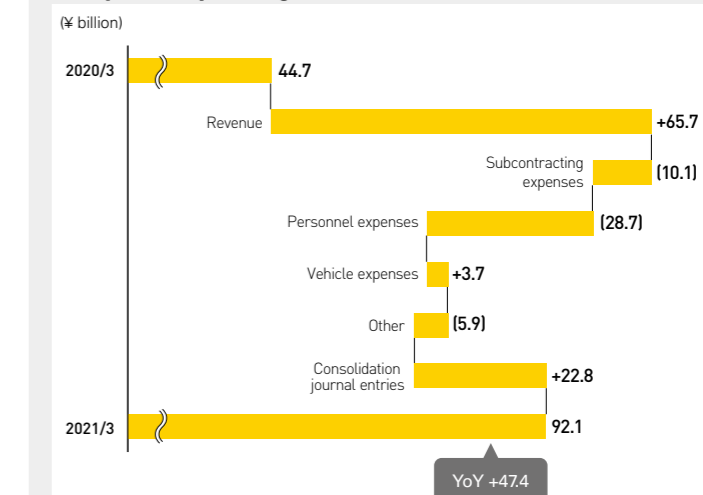
	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
<b>NON-FINANCIAL DATA:</b>											
Number of employees	177,301	177,108	193,146	197,056	196,582	201,784	213,096	225,125	224,945	223,191	
Full-time	84,293	84,422	87,279	88,247	89,112	90,737	93,534	97,587	98,744	96,829	
Part-time	93,008	92,686	105,867	108,809	107,470	111,047	119,562	127,538	126,201	126,362	
Parcel delivery amount (Millions of parcels)	1,423	1,487	1,665	1,622	1,731	1,867	1,836	1,803	1,799	2,096	
Unit price (Yen)	600	591	574	595	578	559	597	664	676	633	
Kuroneko DM-Bin handling volume (Millions of units)	2,187	2,112	2,084	1,901	1,536	1,542	1,464	1,211	987	826	
Unit price (Yen)	62	61	61	61	57	55	56	60	65	67	

Foreign currency translation: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥110.71 to U.S.\$1.  
Note: On March 31, 2015, we ceased accepting items for Kuroneko Mail and from April 1 launched Kuroneko DM-Bin.

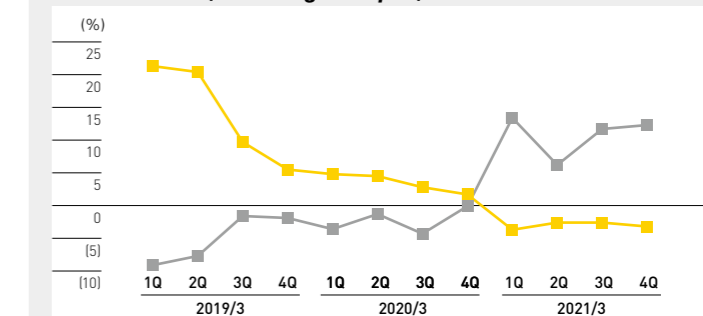
## Analysis of Operating Revenues



## Analysis of Operating Profit



## Quarterly YoY Growth Rates of Parcel Delivery Amount and Unit Price (Excluding Nekopos)



■ Parcel Delivery Amount Growth Rate  
■ Parcel Unit Price Growth Rate

Delivery Amount:  
YoY +10.8%  
Unit Price:  
YoY (3.0)%

# Consolidated Balance Sheet

March 31, 2021

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 2.e and 14)	¥ 241,523	¥ 197,227	\$2,181,584
Notes and accounts receivable (Note 14):			
Trade	212,766	213,981	1,921,832
Installment (Note 4)	45,643	46,088	412,279
Lease (Note 13)		53,887	
Allowance for doubtful accounts	(1,342)	(1,440)	(12,122)
Inventories (Note 5)	2,281	4,216	20,600
Prepaid expenses and other current assets	27,508	28,925	248,470
<b>Total current assets</b>	<b>528,379</b>	<b>542,884</b>	<b>4,772,643</b>
<b>PROPERTY, PLANT AND EQUIPMENT—At cost:</b>			
Land	174,141	175,159	1,572,945
Buildings and structures	367,719	362,315	3,321,459
Vehicles	199,977	214,177	1,806,312
Machinery and equipment	128,533	132,896	1,160,988
Leased assets (Note 13)	36,645	31,261	331,004
Construction in progress	6,345	6,418	57,315
Others	2,156	21,979	19,475
<b>Total</b>	<b>915,516</b>	<b>944,205</b>	<b>8,269,498</b>
Accumulated depreciation	(509,203)	(520,369)	(4,599,435)
<b>Net property, plant and equipment</b>	<b>406,313</b>	<b>423,836</b>	<b>3,670,063</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 6 and 14)	40,003	29,205	361,330
Investments in and advances to unconsolidated subsidiaries and affiliates, net of valuation allowance of ¥371 million (\$3,352 thousand) in 2021 and ¥373 million in 2020 (Note 14)	16,942	15,217	153,030
Long-term loans	1,634	1,240	14,765
Software	22,082	18,182	199,459
Lease deposits	20,122	18,671	181,753
Deferred tax assets (Note 12)	45,625	45,611	412,115
Other assets (Notes 2.k and 9)	8,891	5,894	80,307
<b>Total investments and other assets</b>	<b>155,299</b>	<b>134,020</b>	<b>1,402,759</b>
<b>TOTAL</b>	<b>¥1,089,991</b>	<b>¥1,100,740</b>	<b>\$9,845,465</b>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>CURRENT LIABILITIES:</b>			
Short-term bank loans (Notes 8 and 14)	¥ 20,000	¥ 70,000	\$ 180,652
Current portion of long-term debt (Notes 8 and 14)	19,055	19,079	172,115
Notes and accounts payable (Note 14):			
Trade	153,860	147,082	1,389,758
Other	12,221	12,641	110,391
Income taxes payable	32,099	20,377	289,938
Accrued expenses	83,036	77,970	750,027
Deferred profit on installment sales (Notes 4 and 14)	4,781	5,028	43,185
Other current liabilities (Note 10)	64,317	56,635	580,954
<b>Total current liabilities</b>	<b>389,369</b>	<b>408,812</b>	<b>3,517,020</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Notes 8 and 14)	26,099	35,760	235,741
Liability for employees' retirement benefits (Notes 2.k and 9)	71,835	79,231	648,855
Deferred tax liabilities (Note 12)	5,194	2,064	46,916
Other long-term liabilities (Note 10)	13,207	12,038	119,295
<b>Total long-term liabilities</b>	<b>116,335</b>	<b>129,093</b>	<b>1,050,807</b>
<b>COMMITMENTS LIABILITIES (Note 13)</b>			
<b>EQUITY (Notes 11 and 20):</b>			
Common stock—authorized, 1,787,541,000 shares in 2021 and 2020; issued, 388,575,592 shares in 2021 and 411,339,992 shares in 2020	127,235	127,235	1,149,262
Capital surplus	36,813	36,813	332,519
Retained earnings	431,572	441,747	3,898,218
Treasury stock—at cost, 17,550,515 shares in 2021 and 26,124,409 shares in 2020	(39,549)	(54,771)	(357,232)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	15,884	8,158	143,473
Foreign currency translation adjustments	(1,317)	(317)	(11,891)
Remeasurements of defined employees' retirement benefit plans (Notes 2.k and 9)	5,730	(3,692)	51,757
<b>Total</b>	<b>576,368</b>	<b>555,173</b>	<b>5,206,106</b>
Non-controlling interests	7,919	7,662	71,532
<b>Total equity</b>	<b>584,287</b>	<b>562,835</b>	<b>5,277,638</b>
<b>TOTAL</b>	<b>¥1,089,991</b>	<b>¥1,100,740</b>	<b>\$9,845,465</b>



# Consolidated Statement of Income

Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>OPERATING REVENUES</b>	<b>¥1,695,867</b>	¥1,630,147	<b>\$15,318,103</b>
<b>OPERATING COSTS AND EXPENSES:</b>			
Operating costs	<b>1,538,524</b>	1,526,103	<b>13,896,890</b>
Selling, general and administrative expenses	<b>65,221</b>	59,343	<b>589,115</b>
Total operating costs and expenses	<b>1,603,745</b>	1,585,446	<b>14,486,005</b>
Operating profit	<b>92,122</b>	44,701	<b>832,098</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	<b>1,154</b>	1,096	<b>10,427</b>
Interest expense	<b>(742)</b>	(422)	<b>(6,699)</b>
Gain on sales and disposal of property, plant and equipment—net	<b>255</b>	7,528	<b>2,299</b>
Loss on impairment of long-lived assets (Note 7)	<b>(877)</b>	(991)	<b>(7,920)</b>
Gain on sales of marketable and investment securities (Note 6)		1,300	
Gain on sales of shares of subsidiaries and affiliates	<b>38</b>		<b>347</b>
Loss on valuation of investment securities (Note 6)	<b>(355)</b>	(140)	<b>(3,205)</b>
Loss on valuation of investment in unconsolidated subsidiaries and affiliates	<b>(18)</b>	(2,207)	<b>(163)</b>
Share of loss of entities accounted for using equity method	<b>(766)</b>	(4,169)	<b>(6,923)</b>
Loss on liquidation of business		(1,207)	
Electric vehicle subsidies	<b>656</b>		<b>5,928</b>
Loss associated with measures to address COVID-19	<b>(1,163)</b>		<b>(10,509)</b>
Other—net	<b>1,456</b>	(908)	<b>13,150</b>
Other expenses—net	<b>(362)</b>	(120)	<b>(3,268)</b>
<b>PROFIT BEFORE INCOME TAXES</b>	<b>91,760</b>	44,581	<b>828,830</b>
<b>INCOME TAXES</b> (Note 12):			
Current	<b>38,252</b>	23,026	<b>345,513</b>
Deferred	<b>(3,427)</b>	(1,347)	<b>(30,950)</b>
Total income taxes	<b>34,825</b>	21,679	<b>314,563</b>
<b>PROFIT</b>	<b>56,935</b>	22,902	<b>514,267</b>
<b>PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>234</b>	578	<b>2,113</b>
<b>PROFIT ATTRIBUTABLE TO OWNERS OF PARENT</b>	<b>¥ 56,701</b>	¥ 22,324	<b>\$ 512,154</b>

	Yen		U.S. Dollars (Note 1)
	2021	2020	2021
<b>PER SHARE OF COMMON STOCK</b> (Notes 2.q and 16):			
Basic earnings	<b>¥151.55</b>	¥56.78	<b>\$1.37</b>
Cash dividends applicable to the year	<b>46.00</b>	41.00	<b>0.42</b>

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>PROFIT</b>	<b>¥56,935</b>	¥22,902	<b>\$514,267</b>
<b>OTHER COMPREHENSIVE INCOME</b> (Note 15):			
Unrealized gain (loss) on available-for-sale securities	<b>7,926</b>	(4,928)	<b>71,595</b>
Foreign currency translation adjustments	<b>(994)</b>	199	<b>(8,979)</b>
Remeasurements of defined employees' retirement benefit plans	<b>9,422</b>	(613)	<b>85,104</b>
Share of other comprehensive income of entities accounted for using equity method	<b>3</b>	(274)	<b>31</b>
Total other comprehensive income (loss)	<b>16,357</b>	(5,616)	<b>147,751</b>
<b>COMPREHENSIVE INCOME</b>	<b>¥73,292</b>	¥17,286	<b>\$662,018</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of parent	<b>¥72,849</b>	¥17,092	<b>\$658,020</b>
Non-controlling interests	<b>443</b>	194	<b>3,998</b>

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Year Ended March 31, 2021

	Thousands		Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Accumulated Other Comprehensive Income								
			Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
<b>BALANCE, APRIL 1, 2019</b>	394,274	¥127,235	¥36,813	¥431,498	¥(39,086)	¥12,975	¥ (515)	¥(3,079)	¥565,841	¥7,548	¥573,389
Cumulative effects of changes in accounting policies				(641)					(641)		(641)
<b>RESTATED BALANCE</b>		127,235	36,813	430,857	(39,086)	12,975	(515)	(3,079)	565,200	7,548	572,748
Profit attributable to owners of parent				22,324					22,324		22,324
Cash dividends, ¥29 per share				(11,434)					(11,434)		(11,434)
Purchase of treasury stock	(9,059)				(15,685)				(15,685)		(15,685)
Disposal of treasury stock	1										
Net change in the year						(4,817)	198	(613)	(5,232)	114	(5,118)
<b>BALANCE, MARCH 31, 2020</b>	385,216	127,235	36,813	441,747	(54,771)	8,158	(317)	(3,692)	555,173	7,662	562,835
Profit attributable to owners of parent				56,701					56,701		56,701
Cash dividends, ¥42 per share				(15,960)					(15,960)		(15,960)
Purchase of treasury stock	(14,191)				(35,694)				(35,694)		(35,694)
Retirement of treasury stock				(50,916)	50,916						
Net change in the year						7,726	(1,000)	9,422	16,148	257	16,405
<b>BALANCE, MARCH 31, 2021</b>	371,025	¥127,235	¥36,813	¥431,572	¥(39,549)	¥15,884	¥(1,317)	¥ 5,730	¥576,368	¥7,919	¥584,287

	Thousands of U.S. Dollars (Note 1)									
	Accumulated Other Comprehensive Income									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
<b>BALANCE, MARCH 31, 2020</b>	\$1,149,262	\$332,519	\$3,990,126	\$(494,720)	\$ 73,686	\$ (2,864)	\$(33,348)	\$5,014,661	\$69,209	\$5,083,870
Profit attributable to owners of parent			512,154					512,154		512,154
Cash dividends, \$0.38 per share			(144,158)					(144,158)		(144,158)
Purchase of treasury stock				(322,416)				(322,416)		(322,416)
Retirement of treasury stock			(459,904)	459,904						
Net change in the year					69,787	(9,027)	85,105	145,865	2,323	148,188
<b>BALANCE, MARCH 31, 2021</b>	\$1,149,262	\$332,519	\$3,898,218	\$(357,232)	\$143,473	\$(11,891)	\$ 51,757	\$5,206,106	\$71,532	\$5,277,638

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	
<b>OPERATING ACTIVITIES:</b>			
Profit before income taxes	¥ 91,760	¥ 44,581	\$ 828,830
Adjustments for:			
Income taxes—paid	(25,390)	(30,034)	(229,337)
Depreciation and amortization	48,898	55,105	441,675
Gain on sales and disposal of property, plant and equipment—net	(255)	(7,528)	(2,299)
Loss on impairment of long-lived assets	877	991	7,920
Gain on sales of marketable and investment securities		(1,300)	
Gain on sales of shares of subsidiaries and affiliates	(38)		(347)
Loss on valuation of investment securities	355	140	3,205
Loss on valuation of investment in unconsolidated subsidiaries and affiliates	18	2,207	163
Share of loss of entities accounted for using equity method	766	4,169	6,923
Changes in assets and liabilities, net of effects from previously consolidated subsidiaries:			
(Increase) decrease in notes and accounts receivable	(24,967)	4,478	(225,512)
Decrease (increase) in inventories	1,517	(702)	13,701
Increase (decrease) in notes and accounts payable	10,026	(11,768)	90,564
Increase in liability for employees' retirement benefits	1,942	1,864	17,541
Other—net	18,412	12,231	166,305
Total adjustments	32,161	29,853	290,502
Net cash provided by operating activities	123,921	74,434	1,119,332
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sale of property, plant and equipment	2,084	13,161	18,824
Purchases of property, plant and equipment	(32,075)	(54,853)	(289,717)
Proceeds from sales of marketable and investment securities	100	1,978	901
Purchases of marketable and investment securities	(793)	(585)	(7,166)
Decrease (increase) in investments in and advances to unconsolidated subsidiaries and affiliates	93,437	(1,663)	843,981
Payment for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 19)	(484)		(4,374)
Collection of loans	1,078	722	9,741
Payment of loans	(1,480)	(661)	(13,363)
Other	(17,789)	(8,043)	(160,685)
Net cash provided by (used in) investing activities	44,078	(49,944)	398,142
<b>FINANCING ACTIVITIES:</b>			
(Repayments of) proceeds from short-term debt—net	(55,904)	45,634	(504,959)
Repayments of long-term debt	(15,500)	(40,800)	(140,005)
Dividends paid	(16,138)	(11,512)	(145,769)
Purchase of treasury stock—net	(35,708)	(15,691)	(322,536)
Other	3		23
Net cash used in financing activities	(123,247)	(22,369)	(1,113,246)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	(130)	(109)	(1,172)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	44,622	2,012	403,056
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	196,663	194,651	1,776,376
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.e)</b>	¥ 241,285	¥196,663	\$ 2,179,432

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

Year Ended March 31, 2021

## 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2020 consolidated financial statements to conform them to the classifications and presentations used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Holdings Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to \$1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*a. Consolidation*—The consolidated financial statements as of March 31, 2021 and 2020, include the accounts of the Company and its 39 significant subsidiaries (together, the "Group").

Effective from the fiscal year ended March 31, 2021, Yamato Lease Co., Ltd. was excluded from the scope of consolidation due to the partial transfer of shares, and KURONEKO Innovation Fund L.P. was newly established and is included in the scope of consolidation.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The unconsolidated subsidiaries, whose combined assets, net sales, profit and retained earnings in the aggregate are not significant to the consolidated financial statements, have not been consolidated with the Company.

There were 23 (19 in 2020) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2021, Yamato Lease Co., Ltd. was excluded from the scope of consolidation due to the partial transfer of shares and is accounted for by the equity method, and VIVL Pte. Ltd. and two other companies are included in the scope of the equity method due to GDEX BHD., an affiliate accounted for using equity method, newly acquiring their shares. GD EXPRESS CARRIER BHD. has changed the company name to GDEX BHD. on December 17, 2020.

Investments in the unconsolidated subsidiaries and several affiliates not accounted for by equity method are stated at cost, less a valuation allowance representing possible losses on the investments that are deemed to be other than temporary. If the equity method of accounting had been applied to the investments in such companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

*b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*—Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) recording a gain or loss

through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

*c. Unification of Accounting Policies Applied to Foreign Affiliated Companies for the Equity Method*—ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign affiliate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

*d. Recognition of Operating Revenues*—The Group recognizes freight charge income as operating revenue at the time when freight has been received from the shipping customer for transportation.

Fees from customers based on installment sales contracts are recognized by the equal installment method.

*e. Cash Equivalents*—Cash equivalents in the consolidated statement of cash flows are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents in the consolidated statement of cash flows include time deposits, certificates of deposit, and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

The difference between cash and cash equivalents in the accompanying consolidated balance sheet and cash and cash equivalents in the accompanying consolidated statement of cash flows was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Cash and cash equivalents presented in the consolidated balance sheet	¥241,523	¥197,227	\$2,181,584
Time deposits due beyond three months	(238)	(564)	(2,152)
Cash and cash equivalents presented in the consolidated statement of cash flows	¥241,285	¥196,663	\$2,179,432

*f. Inventories*—Inventories are stated at the lower of cost determined by the first-in, first-out method or net selling value.

*g. Marketable and Investment Securities*—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group had no trading securities at March 31, 2021 and 2020.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

## Notes to Consolidated Financial Statements

*h. Property, Plant and Equipment*—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased assets of the Company and its domestic consolidated subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to buildings acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016. Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

The depreciation of property, plant and equipment of foreign consolidated subsidiaries is computed by the straight-line method over the estimated useful lives of the assets. The range of useful lives is principally as follows:

Buildings and structures	7–60 years
Vehicles	2– 7 years
Machinery and equipment	2–20 years

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

*i. Long-Lived Assets*—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

*j. Other Assets*—Amortization of intangible assets is computed by the straight-line method.

Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

*k. Retirement and Pension Plan*—The Company and consolidated subsidiaries mainly have a contributory trusted pension plan and an unfunded retirement benefit plan. In addition, a defined contribution retirement plan was introduced along with these defined benefit pension plans.

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

Past service costs are recognized in profit or loss in full in the fiscal year in which it arises. Actuarial gains and losses are amortized on a straight-line basis over a period within the average remaining service period of the eligible employees (mainly five years) on and after the fiscal year following the fiscal year in which it arises.

Actuarial gains and losses are recognized within equity on the consolidated balance sheet after adjusting for tax effects, and funded status is recognized as a liability or asset.

*l. Asset Retirement Obligations*—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as reconciliation to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

*m. Leases*—For a lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

For a lessor, all finance leases that deem to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

*n. Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

*o. Foreign Currency Transactions*—All short and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

*p. Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

*q. Per Share Information*—Basic earnings per share is computed by dividing profit attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

For the years ended March 31, 2021 and 2020, diluted earnings per share is not disclosed because the Company had no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

*r. Accounting Changes and Error Corrections*—Under ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” accounting treatments are required as follows:

(1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

*s. New Performance-Based Share Remuneration Plan “Board Benefit Trust (BBT)”*— In accordance with the resolution at the 155th General Shareholders’ Meeting on June 23, 2020, the Company introduced a new performance-based share remuneration plan “Board Benefit Trust (BBT)” for the directors (except for outside directors) and executive officers who do not concurrently serve as directors of the Company (“Officers”). This plan purports to further enhance the connection between Officers’ remuneration and performance and share value of the Company, and raise their motivation to make contributions to increase the Company’s long-term performance and corporate value by sharing not only the benefits of a rise in share prices but also the risk of a decline in share prices with shareholders.



## Notes to Consolidated Financial Statements

The Plan is a performance-based share remuneration plan in which the trust acquires the Company's shares using money contributed by the Company as the source of funds, and Officers are provided with the Company's shares and cash equivalent to the market value of the Company's shares ("Shares of the Company") through the trust in accordance with "Regulation for Benefit of Shares to Officers" established by the Company. As a general rule, Officers shall be entitled to receive Shares of the Company at the time of retirement.

The Company applies the same accounting method as stipulated in the ASBJ PITF No.30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employee etc. through Trusts."

The book value (excluding incidental costs) of the Company's shares now held by the trust bank is accounted for as treasury stock in the equity section of the Company's consolidated balance sheet. At March 31, 2021, the book value and number of treasury stock held by the trust bank are ¥1,376 million (\$12,433 thousand) and 483,700 shares, respectively.

### t. New Accounting Pronouncements

#### (1) Accounting standards for revenue recognition

In March 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." An entity should recognize revenue by applying the following steps:

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

The accounting standard and guidance will be applied from the beginning of the fiscal year that begins on or after April 1, 2021.

In applying Accounting standards for revenue recognition, retained earnings will be adjusted for cumulative effects of accounting policies then. The effect of this application on the consolidated financial statements is immaterial.

#### (2) Accounting standards and guidance for fair value measurement

In July 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

ASBJ tried ensuring consistency between Japanese accounting standards and international accounting standards mainly for guidance and disclosures on fair value of financial instruments and issued "Accounting Standard for Fair Value Measurement," etc. based on the fact that International Accounting Standards Board and Financial Accounting Standards Board had already issued detailed guidance on fair value measurement, which are almost identical to each other. As the basic policy in developing accounting standards for fair value measurement, ASBJ incorporated basically all of the matters defined in IFRS 13 Fair Value Measurement from a standpoint of increasing comparability of financial statements among domestic and foreign companies by using a unified measurement method. Furthermore, ASBJ defined alternative accounting treatment to the individual matters without impairing comparability of financial statements considering accounting practices, etc. common in Japan.

The accounting standards and guidance will be applied from the beginning of fiscal year that begins on or after April 1, 2021.

The Company is now in the process of measuring the effect of applying the accounting standard and guidance.

## 3. SIGNIFICANT ACCOUNTING ESTIMATE

### Impairment of Long-Lived Assets

Amount recorded in the consolidated financial statements for the current fiscal year based on accounting estimates that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

	Thousands of U.S. Dollars	
	2021	2021
Property, plant and equipment	¥406,313	\$3,670,063
Intangible assets	29,555	266,959

In cases where there are indications that an asset may be impaired, an impairment test is performed based on the future cash flows generated by the asset. The cash-generating unit, used to determine whether it is necessary for an asset to recognize impairment loss, is the smallest unit in an asset group generating cash inflows generally independent of cash inflows from other assets or asset groups. Because the delivery segment holds most of the above property, plant and equipment and intangible assets, the undiscounted future cash flows used in determining recognition of impairment losses on those assets of the business are based on future management plans that include, as important assumptions, the unit price and the transaction volume of TA-Q-BIN. These assumptions may have a material impact on the consolidated financial statements for the following fiscal year and thereafter if it becomes necessary for them to be reconsidered due to uncertain economic conditions and the operating conditions of the Group.

## 4. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.3% of operating revenues in both 2021 and 2020.

Annual maturities of installment receivables at March 31, 2021, and related amortization of deferred profit on installment sales are as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
	Receivables	Deferred Profit on Installment Sales	Receivables	Deferred Profit on Installment Sales
2022	¥21,358	¥1,796	\$192,922	\$16,221
2023	10,675	1,249	96,423	11,277
2024	6,258	761	56,523	6,878
2025	3,367	409	30,412	3,695
2026	1,690	213	15,264	1,922
2027 and thereafter	2,295	353	20,735	3,192
Total	¥45,643	¥4,781	\$412,279	\$43,185

## 5. INVENTORIES

Inventories at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise	¥ 392	¥ 552	\$ 3,541
Work in process	118	166	1,063
Raw materials and supplies	1,771	3,498	15,996
Total	¥2,281	¥4,216	\$20,600

## Notes to Consolidated Financial Statements

### 6. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Non-current:			
Marketable equity securities	<b>¥35,833</b>	¥26,466	<b>\$323,662</b>
Non-marketable equity securities	<b>931</b>	935	<b>8,408</b>
Other	<b>3,239</b>	1,804	<b>29,260</b>
Total	<b>¥40,003</b>	¥29,205	<b>\$361,330</b>

Information regarding each category of the securities classified as available-for-sale at March 31, 2021 and 2020, is as follows:

	Millions of Yen			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	<b>¥14,842</b>	<b>¥21,635</b>	<b>¥644</b>	<b>¥35,833</b>

	Millions of Yen			
	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥14,507	¥12,797	¥838	¥26,466

	Thousands of U.S. Dollars			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	<b>\$134,066</b>	<b>\$195,416</b>	<b>\$5,820</b>	<b>\$323,662</b>

Information for available-for-sale securities, which were sold during the years ended March 31, 2021 and 2020, is as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2021			
Available-for-sale:			
Equity securities	<b>¥ 1</b>	<b>¥—</b>	<b>¥—</b>
Other	<b>15</b>	<b>2</b>	
Total	<b>¥16</b>	<b>¥ 2</b>	<b>¥—</b>

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2020			
Available-for-sale: Equity securities	¥1,978	¥1,300	¥—

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
March 31, 2021			
Available-for-sale:			
Equity securities	<b>\$ 5</b>	<b>\$—</b>	<b>\$—</b>
Other	<b>135</b>	<b>15</b>	
Total	<b>\$140</b>	<b>\$15</b>	<b>\$—</b>

Loss on valuation of available-for-sale equity securities for the year ended March 31, 2021 and 2020, were ¥355 million (\$3,205 thousand) and ¥140 million, respectively.

### 7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2021 and 2020. As a result, the Group recognized an impairment loss of ¥877 million (\$7,920 thousand) as other expense for asset groups of idle assets of Yamato Transport Co., Ltd. and 10 other asset groups for the year ended March 31, 2021, and ¥991 million as other expense for the asset groups of the Trade Logistics Service of Yamato Global Logistics Japan Co., Ltd. and 16 other asset groups for the year ended March 31, 2020, due to continuous operating losses of those units or significant declines in market prices. The carrying amounts of the relevant asset groups were written down to their recoverable amounts. In the case where the net selling prices were used as recoverable amounts, idle assets were evaluated at zero, and the relevant asset groups other than idle assets were evaluated mainly based on Real Estate Appraisal Standards, assessed value of fixed assets, and posted land prices. In the case where the recoverable amounts were measured at its value in use, the discount rates used for computation of present value of future cash flows for years ended March 31, 2021 and 2020, were 5.96% and 4.32%, respectively.

### 8. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2021 and 2020, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2021 and 2020, were approximately 0.073% and 0.092%, respectively.

Long-term debt at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
0.160% to 0.299% loans from banks due 2021 to 2022	<b>¥ 14,000</b>		<b>\$ 126,456</b>
0.120% to 0.299% loans from banks due 2020 to 2022		¥ 19,500	
Lease obligations	<b>31,154</b>	25,339	<b>281,400</b>
Unsecured 0.090% bonds due in March 2021		10,000	
Total	<b>45,154</b>	54,839	<b>407,856</b>
Less current portion	<b>(19,055)</b>	(19,079)	<b>(172,115)</b>
Total	<b>¥ 26,099</b>	¥ 35,760	<b>\$ 235,741</b>

Annual maturities of long-term debt at March 31, 2021, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	<b>¥19,055</b>	<b>\$172,115</b>
2023	<b>4,534</b>	<b>40,951</b>
2024	<b>3,785</b>	<b>34,189</b>
2025	<b>2,505</b>	<b>22,623</b>
2026	<b>1,504</b>	<b>13,587</b>
2027 and thereafter	<b>13,771</b>	<b>124,391</b>
Total	<b>¥45,154</b>	<b>\$407,856</b>



## Notes to Consolidated Financial Statements

### 9. RETIREMENT AND PENSION PLANS

The Group has defined benefit pension plans and defined contribution retirement plans for employees.

The defined benefit pension plans provide, under most circumstances, that employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from the consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages exceeding the standard retirement age.

#### (1) Defined Benefit Pension Plans

The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥177,835	¥172,209	\$1,606,318
Service cost	14,016	13,146	126,596
Interest cost	177	171	1,599
Actuarial loss arising during the year	1,129	519	10,195
Retirement benefits paid	(8,967)	(8,210)	(80,992)
Decrease due to change in scope of consolidation	(331)		(2,992)
Balance at end of year	¥183,859	¥177,835	\$1,660,724

The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 98,728	¥97,863	\$ 891,774
Expected return on plan assets	984	979	8,882
Actuarial gain (loss) arising during the year	10,564	(2,379)	95,420
Contributions from the employer	4,540	4,448	41,012
Retirement benefits paid	(2,244)	(2,183)	(20,268)
Decrease due to change in scope of consolidation	(391)		(3,536)
Balance at end of year	¥112,181	¥98,728	\$1,013,284

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Defined benefit obligation of funded plan	¥ 66,676	¥ 65,656	\$ 602,257
Plan assets	(112,181)	(98,728)	(1,013,284)
	(45,505)	(33,072)	(411,027)
Defined benefit obligation of unfunded plan	117,183	112,179	1,058,467
Net liability arising from defined benefit obligation	¥ 71,678	¥ 79,107	\$ 647,440

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Liability for employees' retirement benefits	¥71,835	¥79,231	\$648,855
Asset for employees' retirement benefits	(157)	(124)	(1,415)
Net liability arising from defined benefit obligation	¥71,678	¥79,107	\$647,440

The amount of the liability and asset for employees' retirement benefits that are offset individually by the Company and subsidiaries are combined.

The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥14,016	¥13,146	\$126,596
Interest cost	177	171	1,599
Expected return on plan assets	(984)	(979)	(8,882)
Recognized actuarial loss	3,897	2,029	35,198
Others	125	(6)	1,134
Net periodic benefit costs	¥17,231	¥14,361	\$155,645

Amounts recognized in other comprehensive income (before income tax effect adjustments) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Actuarial gain (loss)	¥13,337	¥(869)	\$120,468
Total	¥13,337	¥(869)	\$120,468

Amounts recognized in accumulated other comprehensive income (before income tax effect adjustments) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized actuarial gain (loss)	¥8,108	¥(5,232)	\$73,240
Total	¥8,108	¥(5,232)	\$73,240

Plan assets as of March 31, 2021 and 2020, consisted of the following:

	2021	2020
General accounts	30%	33%
Debt investments	23	24
Equity investments	24	18
Others	23	25
Total	100%	100%

Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	0.1%	0.1%
Expected rate of return on plan assets	1.0%	1.0%

The expected rate of return on plan assets is determined on the basis of the distribution of plan assets, past performance of respective assets that make up investments of plan assets, and market trends.

#### (2) Defined Contribution Retirement Plans

The amounts contributed to the defined contribution retirement plans of the Group for the years ended March 31, 2021 and 2020, were ¥3,060 million (\$27,642 thousand) and ¥2,764 million, respectively.

## Notes to Consolidated Financial Statements

### 10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	<b>¥8,927</b>	¥8,686	<b>\$80,631</b>
Additional provisions associated with the acquisition of property, plant and equipment	<b>840</b>	777	<b>7,589</b>
Reconciliation associated with passage of time	<b>107</b>	112	<b>966</b>
Reconciliation associated with changes in accounting estimates	<b>(19)</b>	(89)	<b>(171)</b>
Reduction associated with settlement of asset retirement obligations	<b>(206)</b>	(559)	<b>(1,856)</b>
Others	<b>(3)</b>		<b>(30)</b>
Balance at end of year	<b>¥9,646</b>	¥8,927	<b>\$87,129</b>

Changes in accounting estimates were recorded as it became evident that the estimate of the discounted cash flows required for future asset retirement would change at the beginning of the year. A reconciliation has been prepared for the change, which resulted in a decrease of the asset retirement obligation for the years ended March 31, 2021 and 2020, by ¥19 million (\$171 thousand) and ¥89 million, respectively.

### 11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

#### a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

#### b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

#### c. Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity.

### 12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in normal effective statutory tax rates of 30.6% for the years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Accrued expenses	<b>¥ 12,265</b>	¥ 10,961	<b>\$ 110,788</b>
Legal welfare expense	<b>2,027</b>	1,811	<b>18,308</b>
Enterprise tax	<b>2,312</b>	2,100	<b>20,884</b>
Allowance for doubtful accounts	<b>492</b>	679	<b>4,446</b>
Tax loss carryforwards	<b>11,593</b>	10,056	<b>104,718</b>
Liability for employees' retirement benefits	<b>24,591</b>	24,425	<b>222,119</b>
Loss on valuation of land	<b>20,759</b>	20,759	<b>187,511</b>
Loss on impairment of long-lived assets	<b>4,326</b>	4,656	<b>39,076</b>
Loss on valuation of investment securities	<b>1,167</b>	1,145	<b>10,536</b>
Unrealized profit	<b>3,047</b>	3,048	<b>27,521</b>
Loss on valuation of telephone subscription rights	<b>417</b>	403	<b>3,765</b>
Other	<b>8,251</b>	7,863	<b>74,524</b>
Total of tax loss carryforwards and temporary differences	<b>91,247</b>	87,906	<b>824,196</b>
Less valuation allowance for tax loss carryforwards	<b>(11,588)</b>	(9,541)	<b>(104,663)</b>
Less valuation allowance for temporary differences	<b>(26,637)</b>	(26,947)	<b>(240,602)</b>
Total valuation allowance	<b>(38,225)</b>	(36,488)	<b>(345,265)</b>
Deferred tax assets	<b>¥ 53,022</b>	¥ 51,418	<b>\$ 478,931</b>
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	<b>¥ (5,807)</b>	(3,318)	<b>\$ (52,453)</b>
Other	<b>(6,784)</b>	(4,553)	<b>(61,279)</b>
Deferred tax liabilities	<b>¥(12,591)</b>	(7,871)	<b>\$(113,732)</b>
Deferred tax assets—net	<b>¥ 40,431</b>	¥ 43,547	<b>\$ 365,199</b>

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021, are as follows:

Year Ending March 31	Millions of Yen		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2022	<b>¥ 198</b>	<b>¥ (198)</b>	<b>¥ —</b>
2023	<b>308</b>	<b>(308)</b>	
2024	<b>353</b>	<b>(353)</b>	
2025	<b>118</b>	<b>(118)</b>	
2026	<b>109</b>	<b>(109)</b>	
2027 and thereafter	<b>10,507</b>	<b>(10,502)</b>	<b>5</b>
Total	<b>¥11,593</b>	<b>¥(11,588)</b>	<b>¥ 5</b>



## Notes to Consolidated Financial Statements

Year Ending March 31	Thousands of U.S. Dollars		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2022	\$ 1,786	\$ (1,786)	\$—
2023	2,781	(2,781)	
2024	3,186	(3,186)	
2025	1,065	(1,065)	
2026	987	(987)	
2027 and thereafter	94,913	(94,858)	55
Total	\$104,718	\$(104,663)	\$55

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, with the corresponding figures for 2020 was as follows:

	2021	2020
Normal effective statutory tax rate	30.6%	30.6%
Per capita levy of local taxes	3.4	7.2
Difference of tax rates for foreign subsidiaries	0.1	1.3
Valuation allowance	2.6	5.7
Share of profit or loss of entities accounted for using equity method	0.3	2.9
Other—net	1.0	0.9
Actual effective tax rate	38.0%	48.6%

## 13. LEASES

## (1) Lessee

The Group leases certain building, machinery, computer equipment and other assets.

Future rental payments under non-cancelable operating leases at March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥ 5,451	¥ 4,996	\$ 49,236
Due after one year	21,079	25,672	190,396
Total	¥26,530	¥30,668	\$239,632

## (2) Lessor

The net investments in lease as of March 31, 2021 and 2020, were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Gross lease receivables	¥—	¥50,250	\$—
Unguaranteed residual values		6,544	
Unearned interest income		(3,853)	
Investments in leases—current	¥—	¥52,941	\$—

The minimum rental commitments under non-cancelable operating leases at March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥—	¥3,109	\$—
Due after one year		3,271	
Total	¥—	¥6,380	\$—

As Yamato Lease Co., Ltd. was excluded from the scope of consolidation as a result of the sales of shares, there were no finance leases or operating lease transactions by the lessor during the current fiscal year.

## 14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

## (1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans and bonds, in order to expand its business based on its investment plan to expand its network. Cash surpluses, if any, are invested in low risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to interest fluctuation risk. Certain consolidated subsidiaries conduct leasing or installment sales operations.

## (2) Nature and Extent of Risks Arising from Financial Instruments and the Risk Management for Financial Instruments

Receivables such as notes and accounts receivable and installment sales receivable are exposed to customer credit risk. Therefore, the Group minimizes customers' credit risk by monitoring collections and accrued receivables at due dates.

Marketable and investment securities are mainly equity securities of the companies with which the Group has business relationships or capital alliances. Such securities are exposed to the risk of market price fluctuations.

Most payment terms of payables such as notes and accounts payable are less than one year.

Short-term bank loans and long-term bank loans are mainly related to a financial business. Bank loans are mainly variable interest rate loans.

Accounts payable and bank loans exposed to liquidity risks are managed by each company of the Group, such as through fund settlement, bookkeeping, monitoring of the balances outstanding, and managing cash flows.

## (3) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The value could vary depending on the technique used.

Fair values of financial instruments at March 31, 2021 and 2020, were as follows:

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Difference
<b>Assets:</b>			
Cash and cash equivalents	¥241,523	¥241,523	
Trade notes and accounts receivable	212,766		
Allowance for doubtful accounts	(29)		
	212,737	212,754	¥ 17
Installment sales receivable	45,643		
Allowance for doubtful accounts	(1,020)		
Deferred profit on installment sales	(4,781)		
	39,842	44,600	4,758
Available-for-sale securities	35,833	35,833	
Shares of affiliates	7,003	13,194	6,191
<b>Liabilities:</b>			
Trade notes and accounts payable	153,860	153,860	
Short-term loans	34,000	33,997	(3)
Long-term loans			

## Notes to Consolidated Financial Statements

March 31, 2020	Millions of Yen		
	Carrying Amount	Fair Value	Difference
<b>Assets:</b>			
Cash and cash equivalents	¥197,227	¥197,227	
Trade notes and accounts receivable	213,981		
Allowance for doubtful accounts	(53)		
	213,928	213,503	¥ (425)
Installment sales receivable	46,088		
Allowance for doubtful accounts	(1,218)		
Deferred profit on installment sales	(5,028)		
	39,842	44,808	4,966
Available-for-sale securities	26,466	26,466	
Shares of affiliates	8,045	9,229	1,184
<b>Liabilities:</b>			
Trade notes and accounts payable	147,082	147,082	
Short-term loans	75,500	75,497	(3)
Long-term loans	14,000	14,002	2

March 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
<b>Assets:</b>			
Cash and cash equivalents	<b>\$2,181,584</b>	<b>\$2,181,584</b>	
Trade notes and accounts receivable	<b>1,921,832</b>		
Allowance for doubtful accounts	<b>(262)</b>		
	<b>1,921,570</b>	<b>1,921,720</b>	<b>\$ 150</b>
Installment sales receivable	<b>412,279</b>		
Allowance for doubtful accounts	<b>(9,215)</b>		
Deferred profit on installment sales	<b>(43,185)</b>		
	<b>359,879</b>	<b>402,859</b>	<b>42,980</b>
Available-for-sale securities	<b>323,662</b>	<b>323,662</b>	
Shares of affiliates	<b>63,258</b>	<b>119,173</b>	<b>55,915</b>
<b>Liabilities:</b>			
Trade notes and accounts payable	<b>1,389,758</b>	<b>1,389,758</b>	
Short-term loans	<b>307,108</b>	<b>307,086</b>	<b>(22)</b>
Long-term loans			

**Cash and cash equivalents**

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

**Trade notes and accounts receivable**

The fair values of receivables are measured at the amount to be received at maturity discounted at the Group's assumed corporate discount rate. A portion of these receivables is determined by discounting the future cash flows related to the receivables at the rate of government bonds.

**Installment sales receivable**

Allowances for doubtful accounts and deferred profit on installment sales are deducted from the fair values of installment sales receivable, which are determined by discounting the future cash flows related to the installment sales receivable at the market interest rate.

**Marketable and investment securities**

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 6.

**Trade notes and accounts payable**

The fair values of payables, all of which are substantially paid within one year, are measured at the amount to be paid.

**Short-term loans and long-term loans**

The fair values of short-term bank loans and long-term loans are determined by discounting the future cash flows related to the debt at the Group's assumed corporate borrowing rate.

The current portion of long-term bank loans is included in short-term loans in the above table in addition to short-term bank loans on the consolidated balance sheet. Lease payments are not included in long-term loans in the above table.

**(4) Financial Instruments Whose Fair Value Cannot Be Reliably Determined**

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Shares of affiliates	<b>¥4,359</b>	¥2,162	<b>\$39,370</b>
Other	<b>5,037</b>	3,637	<b>45,496</b>

**(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities**

March 31, 2021	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	<b>¥241,523</b>		
Trade notes and accounts receivable	<b>212,686</b>	<b>¥ 80</b>	
Installment sales receivable	<b>21,358</b>	<b>21,990</b>	<b>¥2,295</b>
<b>Total</b>	<b>¥475,567</b>	<b>¥22,070</b>	<b>¥2,295</b>

March 31, 2020	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥197,227		
Trade notes and accounts receivable	199,214	¥14,657	¥ 110
Installment sales receivable	22,467	22,242	1,379
<b>Total</b>	<b>¥418,908</b>	<b>¥36,899</b>	<b>¥1,489</b>

March 31, 2021	Thousands of U.S. Dollars		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	<b>\$2,181,584</b>		
Trade notes and accounts receivable	<b>1,921,103</b>	<b>\$ 729</b>	
Installment sales receivable	<b>192,922</b>	<b>198,622</b>	<b>\$20,735</b>
<b>Total</b>	<b>\$4,295,609</b>	<b>\$199,351</b>	<b>\$20,735</b>

**(6) Maturity Analysis for Long-Term Loans**

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2022	<b>¥14,000</b>
<b>Total</b>	<b>¥14,000</b>	<b>\$126,456</b>

Please see Note 8 for annual maturities of long-term loans.



## Notes to Consolidated Financial Statements

### 15. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain on available-for-sale securities:			
Adjustments arising during the year	<b>¥10,487</b>	¥(5,579)	<b>\$ 94,722</b>
Reclassification adjustments to profit or loss	<b>(72)</b>	(1,086)	<b>(645)</b>
Amount before income tax effect	<b>10,415</b>	(6,665)	<b>94,077</b>
Income tax effect	<b>(2,489)</b>	1,737	<b>(22,482)</b>
Total	<b>¥ 7,926</b>	¥(4,928)	<b>\$ 71,595</b>
Foreign currency translation adjustments:			
Adjustments arising during the year	<b>¥(994)</b>	¥ 199	<b>\$ (8,979)</b>
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	<b>¥ 9,435</b>	¥(2,898)	<b>\$ 85,225</b>
Reclassification adjustments to profit or loss	<b>3,902</b>	2,029	<b>35,243</b>
Amount before income tax effect	<b>13,337</b>	(869)	<b>120,468</b>
Income tax effect	<b>(3,915)</b>	256	<b>(35,364)</b>
Total	<b>¥ 9,422</b>	¥ (613)	<b>\$85,104</b>
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	<b>¥ 1</b>	¥ (274)	<b>\$ 11</b>
Reclassification adjustments to profit or loss	<b>2</b>		<b>20</b>
Total	<b>¥ 3</b>	¥ (274)	<b>\$ 31</b>
Total other comprehensive income (loss)	<b>¥16,357</b>	¥(5,616)	<b>\$147,751</b>

### 16. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2021 and 2020, was as follows:

Year Ended March 31,	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Profit Attributable to Owners of Parent	Weighted-average Shares	EPS	
2021	<b>¥56,701</b>	<b>374,150</b>	<b>¥151.55</b>	<b>\$1.37</b>
2020	¥22,324	393,171	¥56.78	

### 17. SEGMENT INFORMATION

#### (1) Description of Reportable Segments

The Group identifies operating segments as components of entity for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to the segments and assess their performance.

The Company, as a pure holding company, forms six reportable segments classified according to business content and manages them based on these reportable segments. Therefore, the Group has the following six reporting segments: "Delivery," "BIZ-Logistics," "Home Convenience," "e-Business," "Financial," and "Autoworks" based on the above policy.

The Group defines the reporting segments as follows:

Delivery:	Small-parcel delivery services such as <i>TA-Q-BIN</i> (door-to-door parcel delivery) and Kuroneko DM-Bin (posting service)
BIZ-Logistics:	Intercompany logistics services, aimed at the B2B supply-chain management market
Home Convenience:	Lifestyle support services intimately connected with the needs of local markets, such as moving and household effects delivery services
e-Business:	Information services targeted at the business market, including ASP services and the development of information systems
Financial:	Financial services targeted at business customers and consumers, such as settlement and collection
Autoworks:	Vehicle maintenance services and fuel supply targeted at transport companies

#### (2) Methods of Measurement for the Amounts of Segment Revenues, Segment Profit, Segment Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

## Notes to Consolidated Financial Statements

## (3) Information about Segment Revenues, Segment Profit, Segment Assets, and Other Items

	Millions of Yen									
	2021									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	¥1,418,993	¥146,609	¥26,848	¥28,418	¥ 39,672	¥21,833	¥13,494	¥1,695,867	¥ —	¥1,695,867
Intersegment revenues	58,909	14,742	10,733	50,583	100	31,612	61,709	228,388	(228,388)	
Total segment revenues	¥1,477,902	¥161,351	¥37,581	¥79,001	¥ 39,772	¥53,445	¥75,203	¥1,924,255	¥(228,388)	¥1,695,867
Segment profit (loss)	¥ 77,196	¥ 5,109	¥ (5,700)	¥11,669	¥ 6,277	¥ 3,600	¥21,136	¥ 119,287	¥ (27,165)	¥ 92,122
Segment assets	757,833	78,317	13,675	52,327	140,914	30,102	22,403	1,095,571	(5,580)	1,089,991
Other:										
Depreciation and amortization	38,215	3,433	452	2,500	1,075	756	936	47,367	1,495	48,862
Investment in entities accounted for using equity method	430	1,599						2,029	9,162	11,191
Increase of tangible and intangible fixed assets	35,066	3,945	908	2,783	2,116	2,502	600	47,920	7,512	55,432

	Millions of Yen									
	2020									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	¥1,310,068	¥143,934	¥ 27,806	¥30,579	¥ 77,073	¥24,923	¥15,764	¥1,630,147	¥ —	¥1,630,147
Intersegment revenues	56,763	13,837	11,399	43,188	2,815	30,976	66,018	224,996	(224,996)	
Total segment revenues	¥1,366,831	¥157,771	¥ 39,205	¥73,767	¥ 79,888	¥55,899	¥81,782	¥1,855,143	¥(224,996)	¥1,630,147
Segment profit (loss)	¥ 27,250	¥ 4,976	¥(10,062)	¥10,669	¥ 6,323	¥ 4,295	¥36,045	¥ 79,496	¥ (34,795)	¥ 44,701
Segment assets	687,610	74,998	12,649	47,452	245,235	29,567	22,458	1,119,969	(19,229)	1,100,740
Other:										
Depreciation and amortization	41,586	3,301	433	3,231	4,725	678	842	54,796	287	55,083
Investment in entities accounted for using equity method	440	1,550						1,990	8,045	10,035
Increase of tangible and intangible fixed assets	41,852	3,184	325	1,884	4,334	1,639	637	53,855	1,179	55,034

	Thousands of U.S. Dollars									
	2021									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	\$12,817,211	\$1,324,264	\$242,506	\$256,686	\$ 358,335	\$197,215	\$121,886	\$15,318,103	\$ —	\$15,318,103
Intersegment revenues	532,100	133,159	96,950	456,901	904	285,536	557,392	2,062,942	(2,062,942)	
Total segment revenues	\$13,349,311	\$1,457,423	\$339,456	\$713,587	\$ 359,239	\$482,751	\$679,278	\$17,381,045	\$(2,062,942)	\$15,318,103
Segment profit (loss)	\$ 697,279	\$ 46,143	\$(51,485)	\$105,405	\$ 56,694	\$ 32,520	\$190,917	\$ 1,077,473	\$(245,375)	\$ 832,098
Segment assets	6,845,205	707,406	123,520	472,654	1,272,821	271,898	202,362	9,895,866	(50,401)	9,845,465
Other:										
Depreciation and amortization	345,183	31,008	4,079	22,584	9,708	6,832	8,452	427,846	13,503	441,349
Investment in entities accounted for using equity method	3,885	14,441						18,326	82,757	101,083
Increase of tangible and intangible fixed assets	316,742	35,634	8,198	25,142	19,114	22,597	5,416	432,843	67,852	500,695

Notes: "Other" includes JITBOX charter services and shared services.

Segment revenues and segment profit of "Other" include dividends for the years ended March 31, 2021 and 2020, of ¥29,569 million (\$267,083 thousand) and ¥37,024 million, respectively, which the Company received from its subsidiaries as a pure holding company.

Reconciliations are as follows:

- Reconciliations of segment profit for the years ended March 31, 2021 and 2020, of ¥ 27,165 million (\$245,375 thousand) and ¥34,795 million, respectively, are intersegment eliminations and others.
- Reconciliations of segment assets at March 31, 2021 and 2020, of ¥5,580 million (\$50,401 thousand) and ¥19,229 million, respectively, include intersegment eliminations of assets and liabilities of ¥190,713 million (\$1,722,639 thousand) and ¥151,149 million, and corporate assets which are not allocated to each reporting segment of ¥185,133 million (\$1,672,238 thousand) and ¥131,920 million, respectively.
- Reconciliations of investments in entities accounted for using equity method at March 31, 2021 and 2020, of ¥9,162 million (\$82,757 thousand) and ¥8,045 million, respectively, are investments which are not allocated to each reporting segment.
- Reconciliations of increases of tangible and intangible fixed assets at March 31, 2021 and 2020, of ¥7,512 million (\$67,852 thousand) and ¥1,179 million, respectively, include the Company's capital investment.

Segment profit is reconciled with operating profit in the consolidated statement of income.

## [Related Information about Reporting Segments]

## (1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	2021			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
2021	¥1,269,483	¥53,010	¥373,374	¥1,695,867
2020	¥1,164,287	¥61,416	¥404,444	¥1,630,147

	Thousands of U.S. Dollars			
	2021			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
2021	\$11,466,747	\$478,815	\$3,372,541	\$15,318,103

## (2) Information about Geographical Areas

Operating revenues for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	2021			
	Japan	North America	Other	Total
2021	¥1,664,057	¥11,049	¥20,761	¥1,695,867
2020	¥1,599,373	¥11,517	¥19,257	¥1,630,147

	Thousands of U.S. Dollars			
	2021			
	Japan	North America	Other	Total
2021	\$15,030,779	\$99,801	\$187,523	\$15,318,103

Property, plant and equipment at March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	2021			
	Japan	North America	Other	Total
2021	¥404,073	¥448	¥1,792	¥406,313
2020	¥421,921	¥403	¥1,512	¥423,836

	Thousands of U.S. Dollars			
	2021			
	Japan	North America	Other	Total
2021	\$3,649,834	\$4,049	\$16,180	\$3,670,063

## (3) Information about Loss on Impairment of Long-Lived Assets by Reporting Segments

Loss on impairment of long-lived assets by reporting segments for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen									
	2021									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Eliminations or Corporate	Consolidated
Loss on impairment of long-lived assets	¥332	¥498				¥47		¥877		¥877

	Millions of Yen									
	2020									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Eliminations or Corporate	Consolidated
Loss on impairment of long-lived assets	¥267	¥678	¥46					¥991		¥991

	Thousands of U.S. Dollars									
	2021									
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Eliminations or Corporate	Consolidated
Loss on impairment of long-lived assets	\$2,998	\$4,498				\$424		\$7,920		\$7,920



## Notes to Consolidated Financial Statements

## 18. RELATED PARTY DISCLOSURES

Transactions of the Group and related parties for the year ended March 31, 2021 were as follows:

Category	Name of Company	Address	Paid-in Capital	Business	Ratio of Voting Rights	Relation with Related Party
<b>Affiliated company</b>	<b>Yamato Lease Co., Ltd</b>	<b>Toshima-ku, Tokyo</b>	<b>¥30 million</b>	<b>General Leasing</b>	<b>40.0%</b>	<b>Loan for operating fund Interlocking directorate</b>

Millions of Yen			Thousands of U.S. Dollars		
Transactions during the year ended March 31, 2021		Balance at March 31, 2021	Transactions during the year ended March 31, 2021		Balance at March 31, 2021
Summary of Transaction	Transacted Amount	Title of Account	Amount	Transacted Amount	Amount
<b>Repayment of loan for operating fund</b>	<b>¥94,273</b>	<b>—</b>	<b>¥—</b>	<b>\$851,531</b>	<b>\$—</b>

## 19. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

In April 2020, the Company sold 60% of the shares of Yamato Lease Co., Ltd. As a result, Yamato Lease Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Lease Co., Ltd. at the time of sales and reconciliation between the selling price and the payment for sales of shares are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	<b>¥ 93,168</b>	<b>\$ 841,550</b>
Long-lived assets	<b>14,055</b>	<b>126,947</b>
Current liabilities	<b>(99,275)</b>	<b>(896,712)</b>
Long-term liabilities	<b>(2,820)</b>	<b>(25,473)</b>
Investment account after sales of shares	<b>(2,051)</b>	<b>(18,525)</b>
Gain on sales of shares	<b>38</b>	<b>347</b>
Other	<b>4</b>	<b>33</b>
Selling price	<b>3,119</b>	<b>28,167</b>
Cash and cash equivalents	<b>(3,603)</b>	<b>(32,541)</b>
Net payment for sales of shares	<b>¥ (484)</b>	<b>\$ (4,374)</b>

## 20. SUBSEQUENT EVENTS

*Appropriations of Retained Earnings*

The following appropriation of retained earnings at March 31, 2021, was approved at the Company's Board of Directors meeting held on May 17, 2021:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 (\$0.27) per share*	<b>¥11,145</b>	<b>\$100,671</b>

\*The total cash dividends approved at the Company's Board of Directors meeting held on May 17, 2021, include the dividends of ¥15 million(\$131 thousand) for the share of the Company held by "Board Benefit Trust (BBT)".

## Independent Auditor's Report

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Fax: +81 (3) 6213 1005  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yamato Holdings Co., Ltd.:

**Opinion**

We have audited the consolidated financial statements of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Convenience Translation**

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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.

**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.

Member of  
Deloitte Touche Tohmatsu Limited

## Independent Auditor's Report

Valuation of Yamato Transport Co., Ltd.'s long-lived 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 recorded on its consolidated financial statements, the main assets subject to accounting standards related to impairment of long-lived assets are, as of March 31, 2021, tangible long-lived assets of ¥406,312 million and intangible long-lived assets of ¥29,555 million. Among these balances, tangible long-lived assets of ¥331,872 million, and intangible long-lived assets of ¥12,982 million attribute to Yamato Transport Co., Ltd. ("Yamato Transport"), a consolidated subsidiary. As of March 31, 2021, there were indications that certain assets or asset groups of Yamato Transport may be impaired and may require an impairment loss to be recognized for such assets or asset groups, which could significantly impact the Group's financial performance.</p> <p>In evaluating the necessity of recognizing impairment losses, Yamato Transport divided the 89 regional branches in Japan, which deal with the pickup-and-delivery of packages and other transport services, into separate groups. The bases, which deal with sorting and transporting through trunk-route transportation networks, are grouped as a single asset group. The asset group is made up of all bases related to large investments with long economic lives, including main core terminals which connect major cities in the Kanto, Chubu, and Kansai regions.</p> <p>Yamato Transport estimated the total undiscounted future cash flows for certain assets or asset groups with indications of impairment such as continuous operating losses, and compared the total undiscounted future cash flows per asset or asset group to their carrying amounts in order to determine whether any impairment loss should be recognized.</p>	<p>Our audit procedures related to Yamato Transport's impairment assessment on its long-lived assets included the following, among others.</p> <p>We obtained an understanding of Yamato Transport's overall business environment through the inspection of the minutes of 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, and the circumstances of labor management.</p> <p>We evaluated Yamato Transport's internal controls related to estimating 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 methods of management, and the 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>The undiscounted future cash flows were 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 delivery volume. These delivery unit prices and delivery volume involve uncertainty because they can be affected by future changes in the market.</p> <p>While the delivery unit prices are a significant assumption, they 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 in estimating the undiscounted future cash flows and involves the subjective judgment of management, as a key audit matter.</p>	<p>Regarding the delivery volume, which is the main variable factor included in the estimates based on the future management plan, we inquired management of 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 that made by management.</p>
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#### 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report

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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, 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.

### 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.

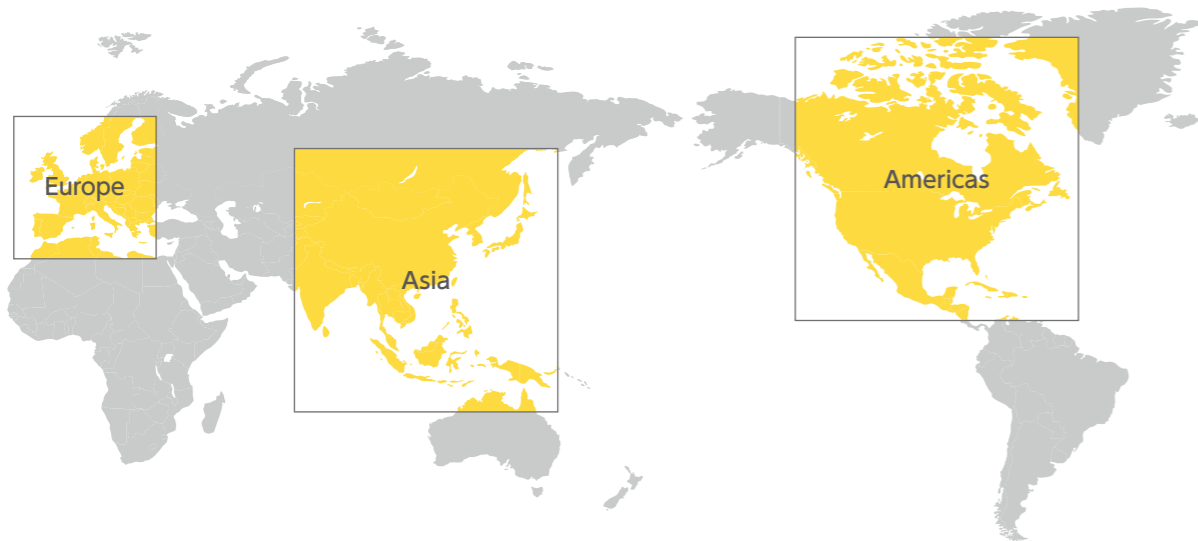
*Deloitte Touche Tohmatsu LLC*

June 16, 2021



# Global Network As of March 31, 2021

**26** overseas subsidiaries **25** countries and regions of operation  
(including representative offices and branch offices)



■ Countries and regions with local subsidiaries  
■ Countries and regions with representative offices and branch offices

# Corporate Data / Stock Information

As of March 31, 2021

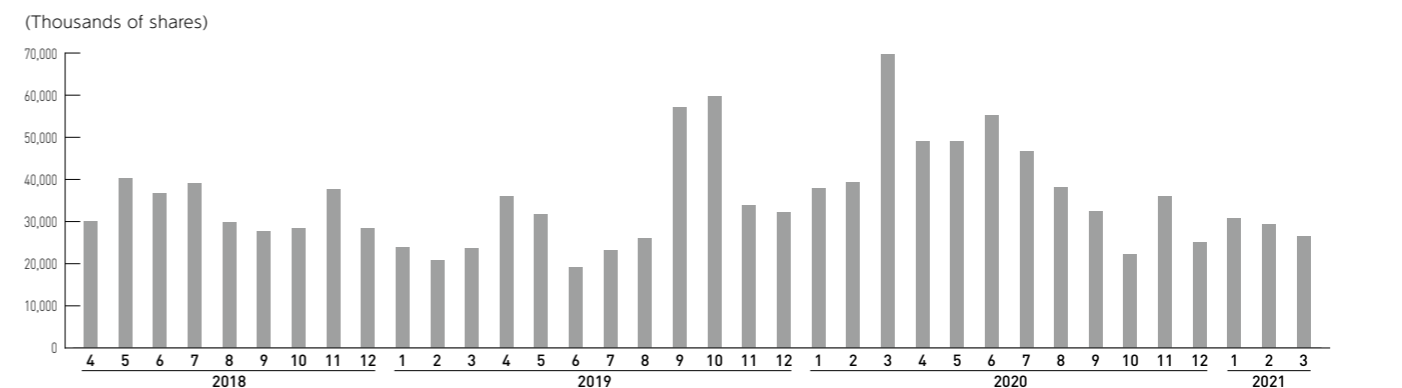
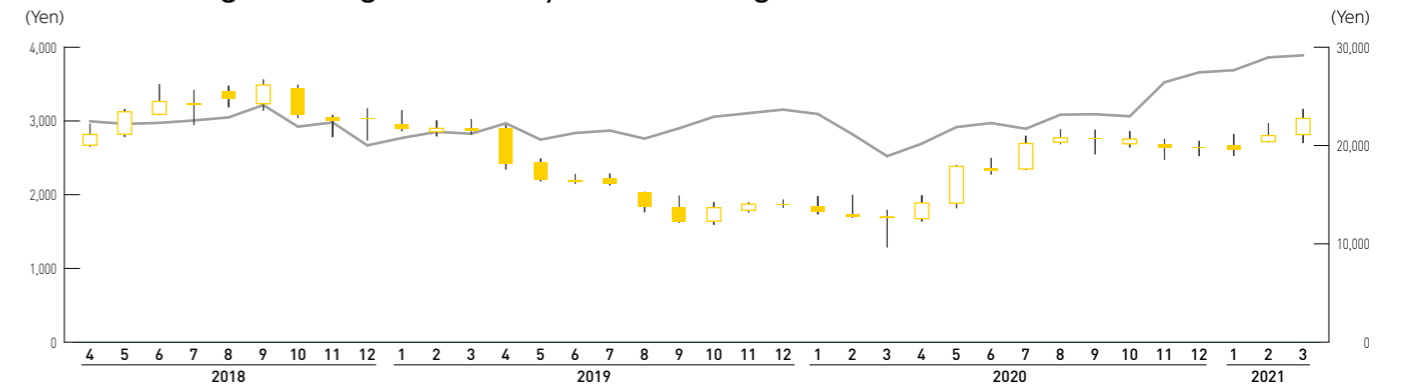
- ▶ **Company Name**  
Yamato Holdings Co., Ltd.
- ▶ **Head Office**  
16-10, Ginza 2-chome, Chuo-ku, Tokyo  
104-8125 Japan  
Telephone: 81-3-3541-4141
- ▶ **Established**  
November 29, 1919
- ▶ **Registered**  
April 9, 1929
- ▶ **Paid-in Capital**  
127,234,791,077 yen
- ▶ **Website**  
<https://www.yamato-hd.co.jp/english/>

- ▶ **Fiscal Year**  
From April 1 to March 31
- ▶ **Common Stock**  
Authorized: 1,787,541,000 shares  
Issued: 388,575,592 shares
- ▶ **Stock Exchange Listing**  
Tokyo Stock Exchange
- ▶ **Transfer Agent and Registrar**  
Mizuho Trust & Banking Co., Ltd.
- ▶ **General Meeting of Shareholders**  
Held in June
- ▶ **Auditor**  
Deloitte Touche Tohmatsu LLC
- ▶ **Principal Shareholders**



	Percentage of total shares outstanding (excluding treasury shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12.51%
Yamato Employees' Shareholding Association	6.40%
Custody Bank of Japan, Ltd. (Trust Account)	5.90%
Meiji Yasuda Life Insurance Company	3.99%
Nippon Life Insurance Company	3.98%
Mizuho Bank, Ltd.	2.76%
Yamato Trading-Partner Shareholding Association	2.26%
TOYOTA MOTOR CORPORATION	1.55%
Sompo Japan Insurance Inc.	1.38%
Aioi Nissay Dowa Insurance Co., Ltd	1.29%
<b>Total</b>	<b>42.02%</b>

## Stock Price Range / Trading Volume (Tokyo Stock Exchange)



■ Stock price range (left scale) — Nikkei stock average (right scale) ■ Trading volume (left scale)