

# “One YAMATO 2023”

Medium-Term Management Plan  
Based on “YAMATO NEXT100”

Integrated Report 2022



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

Since its founding in 1919 as Yamato Transport Co., Ltd., 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. Against the background of the emergence and spread of COVID-19 and uncertain international circumstances, changes to consumption behavior and logistics structures have accelerated. 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, the Yamato Group has transformed its business structure, which had been centered on our *TA-Q-BIN* services, and stepped up initiatives that aim to enable the provision of wide-ranging value covering the entire business process of customers. This transformation was based on our medium-term management plan "One Yamato 2023", which utilizes the One Yamato management structure to centralize the management resources of each Group company.

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.

### Group Summary\*

\* The fiscal year ended March 31, 2022, or as of March 2022

Operating  
revenues

¥1,793.6 billion

Operating  
profit

¥77.1 billion



Operation facilities for  
corporate clients\*1

Approx. 400



*TA-Q-BIN* sales offices

Approx. 3,500



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

100%



Overseas development

25 countries and regions



Number of  
employees

Approx. 216,000



Sales drivers

Approx. 60,000



Domestic parcel delivery  
market share\*2

No. 1 (46.6%)



Annual parcel delivery amount  
(*TA-Q-BIN*, *TA-Q-BIN Compact*,  
*EAZY*, and *Nekopos*)

Approx. 2.27 billion parcels



*EAZY* annual delivery  
amount

Approx. 460 million parcels

\*1 Warehouses, pickup and delivery facilities for corporate clients, and other locations

\*2 Calculated based on "Survey and Calculation Method for Parcel Delivery Amount" (provisional translation) compiled by Japan's Ministry of Land, Infrastructure, Transport and Tourism





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## 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 environmental, social, and governance (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

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



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# 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.

## 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.**

## 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.



Company founder  
Yasuomi Ogura

### 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 over 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.



## Overview of Our Group Corporate Philosophy



### Management Philosophy

Our Management Philosophy serves as the purpose for operating our businesses and provides the direction toward which we should aim as a company.

### Corporate Stance

Our Corporate Stance serves as our promise to society and represents our basic approach that we constantly implement with the aim of realizing our Management Philosophy.

### Employee Code of Conduct

The Employee Code of Conduct lays out the ideal approach and mindset that all members of the Yamato Group should have as they engage in their daily work in accordance with the Management Philosophy and Corporate Stance.

## Yamato Corporate Philosophy

### Core Values

Our Core Values encapsulate our fundamental way of thinking and can be considered as the spirit of our founding. Within our Group Corporate Philosophy, we position these Core Values as the foundation of the Yamato Group.

# History of Expanding the Value We Provide

1919

Delivery company

Founding of  
Yamato Transport  
Co., Ltd.


Business  
environment

## Around 1919



Transformation of freight  
transportation (from ox- and  
horse-drawn carriages and  
wagons to trucks)

## Around 1960



Rapid economic growth to  
stable growth  
Improvement in standard of  
living and purchasing power

Direction of  
strategies

## Around 1929

Launch of regular route transport service

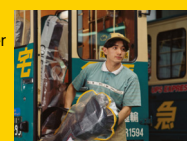
- Response to demand for small-lot delivery



## Around 1976

Launch of *TA-Q-BIN* service

- Provision of products and  
services that meet consumer  
needs
- Expansion of *TA-Q-BIN*  
network



Functions (including products and services)

1929

Launch of regular route,  
combined-load transport service between Tokyo and Yokohama

1976

Launch of *TA-Q-BIN* service

1986

Launch of *Collect* service  
(Currently *TA-Q-BIN Collect*)

1983

- Launch of *Ski TA-Q-BIN* service
- Launch of *International  
TA-Q-BIN* service

1988

Launch of *Cool TA-Q-BIN*  
service

1984

Launch of  
*Golf TA-Q-BIN* service

1989

Launch of *Airport  
TA-Q-BIN* service

1976

Establishment of *TA-Q-BIN*  
service points (currently  
distributors)

1987

Launch of *TA-Q-BIN* service at  
convenience stores

1951

Conclusion of agent contract  
with C.A.T. (Civil Air Transport),  
a Taiwanese airline, and launch  
of air freight handling

1958

Launch of artwork packing  
and shipping

1973

Establishment of Yamato System Development Co., Ltd.  
and commencement of business in information and  
communication domain

1952

Launch of marine freight  
handling shipping operations

1960

Launch of international mixed air freight handling

1920

1970

1980

1990

Changes in the Operating Revenues

Networks

1935

Completion of network for regular deliveries across  
Tokyo metropolitan area and surrounding areas

Expansion of domestic *TA-Q-BIN* network

Ratio of area covered across Japan

1976 3.4%

1989 99.5%

Expansion of overseas network

1980

Establishment of Yamato  
Transport U.S.A. Inc.

1983

Establishment of Yamato Transport (S)  
Pte. Ltd.

1982

Establishment of Yamato  
Transport (Hong Kong) Ltd.  
(Currently Yamato Logistics  
(Hong Kong) Ltd)

1986

Establishment of Yamato Transport  
(Nederland) B.V. (currently Yamato  
Transport Europe B.V.)

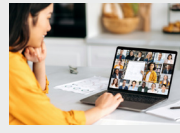
The Yamato Group, founded in 1919 as Yamato Transport Co., Ltd., has developed into what it is today by anticipating changes of the era and proposing products and services required by customers. After commencing a route-based, regular delivery service (Japan's first regular route transport service), we launched the *TA-Q-BIN* service to meet the delivery needs of countless customers. Today, we are working to further expand the value we provide to meet the needs of our customers and society under the One Yamato management structure in order to transform our supply chain in response to changes in consumption behavior and logistics structures.

## Around 2000



Changes to lifestyles and expansion of needs from home delivery to individual delivery

## From 2020



Emergence and spread of COVID-19  
Changes in consumption behavior and logistics structures

### Around 2000

#### Promotion of Group management

- Further advancement of Delivery Business
- Independent growth of non-delivery businesses



### Around 2013

#### Creation of solutions in corporate logistics

- Creation of high-value-added business model
- Reinforcement of business infrastructure by innovating networks



1998

Launch of *TA-Q-BIN* Time Zone Delivery service

2002

Launch of *TA-Q-BIN* Email Notification service

2005

Launch of *TA-Q-BIN Collect*, comprehensive payment settlement service for mail-order dealers

2000

Launch of third-party logistics (3PL) business

2007

Launch of *Kuroneko Yamato Recall Support* service

2007

Launch of *Kuroneko Members*, members-only service for individual clients

2012

Launch of *Yamato Business Members*, members-only service for corporate clients

2012

Launch of *Total Logistics Support* service for medical equipment manufacturers

2015

- Launch of *TA-Q-BIN* Compact service
- Launch of *Nekopos* service

2016

Establishment of PUDO Stations (open-type parcel lockers)

2020

Launch of *EASY*, product delivery service for EC operators

The fiscal year ended March 31, 2022

¥1,793.6 billion

From April 2021  
Medium-Term Management Plan  
"One Yamato 2023"

One Yamato



Launch of the One Yamato management structure, which centralizes the management resources of the Group with the aim of providing value from end to end for the businesses of our corporate clients, including clients based overseas, in both the upstream and downstream domains

1997

Completion of domestic *TA-Q-BIN* network

2013

Launch of operations at Haneda Chronogate

2003

Establishment of Yamato (Shanghai) Logistics Co., Ltd.

2022

25 overseas subsidiaries  
25 countries and regions of operation  
(including representative offices and branch offices)

2016

- Conclusion of agreement for business collaboration and capital alliance with major Malaysian delivery company GD Express Carrier BHD, (currently GDEX Berhad)
- Acquisition of stock in OTL Group, of Malaysia



# Structural Reforms Aimed at Achieving Sustainable Growth

In light of the shift to EC (e-commerce) across all industries, which has been accelerated by changes in consumption behavior and logistics structures, the Yamato Group has commenced structural reforms aimed at realizing sustainable growth and the improvement of corporate value over the medium to long term. 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, we are reviewing operational structures and promoting reforms in terms of both revenues and cost in accordance with the One Yamato management structure, which centralizes Group management resources.

## Identification of Issues

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.

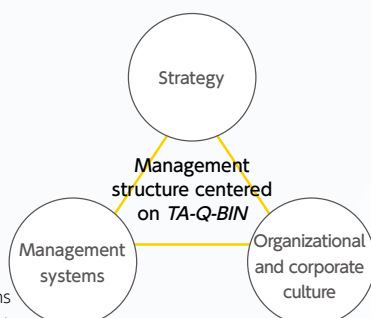
### Business Environment / Social Issues

- 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

**Consumer behaviors:** 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

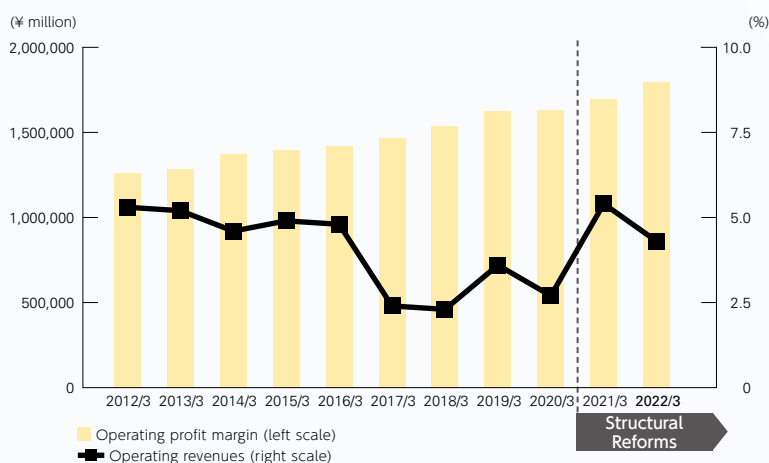


## One Yamato



Comprises Yamato Transport, which has integrated **nine** Group companies, and operating companies in and outside of Japan

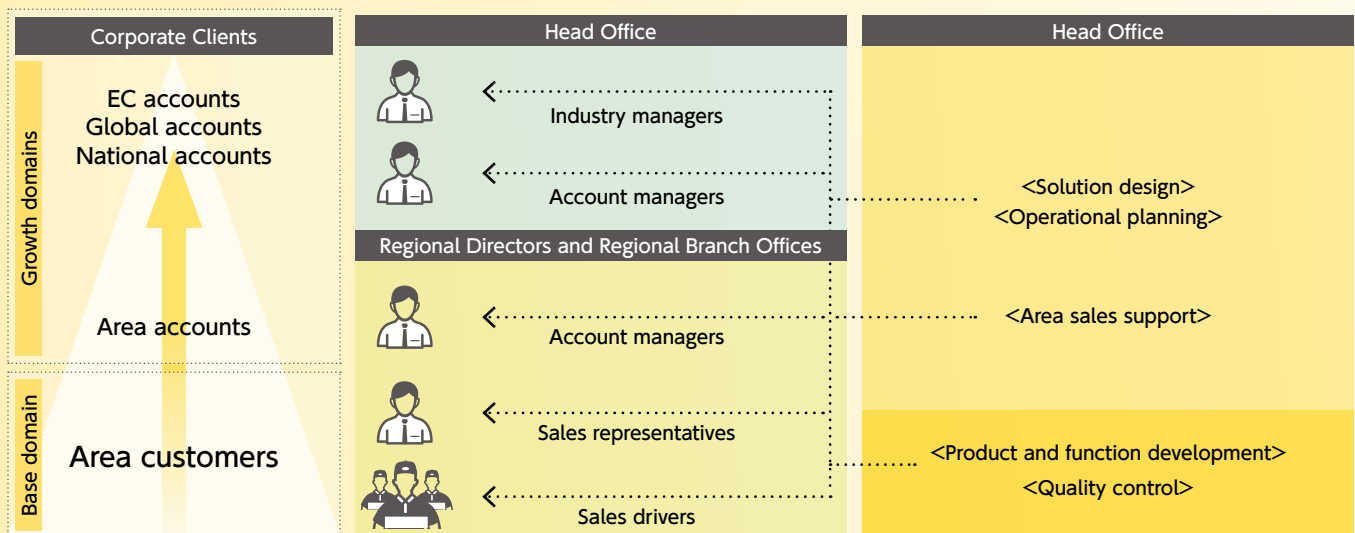
## Changes in Operating Revenues and Operating Profit Margin



## Aiming to be a company that provides value from end to end to the businesses of our corporate clients in both the upstream and downstream domains

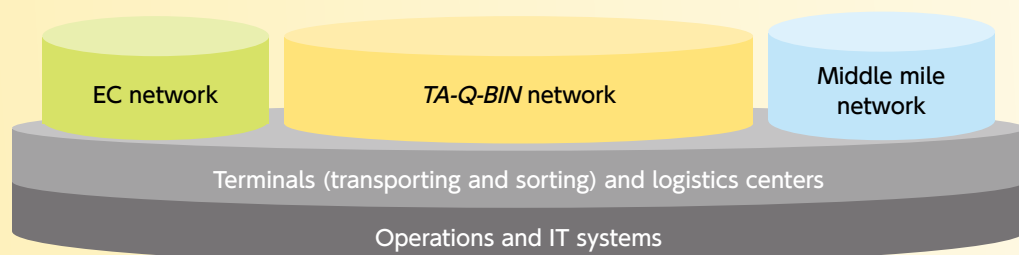
Provision of Value for Corporate Clients from End to End ▶ Please refer to page 20.

- Increase *TA-Q-BIN* revenues by providing value-added proposals to area customers that utilize their own broad customer base
- Increase revenues through comprehensive value provision to the business supply chains of account customers



Structural Reform of Networks and Operations ▶ Please refer to page 26.

- Create a dedicated last mile network that focuses on urban areas in response to growth in the EC domain, corporate domains, and refrigerated delivery services
- Optimize the *TA-Q-BIN* network based on the capacity of the new last mile network (consolidate and increase the size of bases)



- 1 Establish and develop EC logistics network
- 2 Establish middle mile network
- 3 Consolidation and enlargement of *TA-Q-BIN* sales offices
- 4 Launch dedicated refrigerated delivery bases
- 5 Reform operations and build IT systems

# Value Creation Process

## 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

- **Consumption behavior:** 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

## Management Resources / Strengths (As of March 31, 2022)

### Customer Foundation

#### Corporate clients

- ▶ *Yamato Business Members:* Approx. **1.48 million**

#### Consumers

- ▶ *Kuroneko Members:* Approx. **54 million**



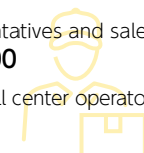
### Human Resources

#### Sales representatives

- ▶ Account sales representatives and sales drivers: Approx. **60,000**

#### Customer representatives

- ▶ Guest operators and call center operators: Approx. **25,000**



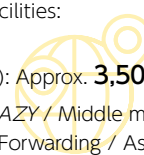
### Logistics Network

#### Base network

- ▶ Corporate operation facilities: Approx. **400**

#### Transportation and delivery network

- ▶ Sales offices (*TA-Q-BIN*): Approx. **3,500**
- ▶ Last mile (*TA-Q-BIN* / *EAZY* / Middle mile)
- ▶ Global transportation (Forwarding / Asian cross-border land transportation)



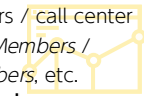
### Information

#### Physical and digital customer contact points

- ▶ Account sales representatives / sales drivers / guest operators / call center operators / *Kuroneko Members* / *Yamato Business Members*, etc.

#### Data

- ▶ Over **2.2 billion parcels** a year
- ▶ The Yamato Digital Platform (YDP)



### Financial Foundation

#### Soundness

- ▶ Credit rating: **AA-**



## Value V

For consumers:

Further enhancing the convenience

For corporate clients: Supporting corporate value impro

providing support for management

and increasing the efficiency of b

For society:

Reducing environmental burden, en

## The Yamato Group as a Part of Soci

## Medium-Term Management

Combine the management resources gathered together from end to end with a view to

Transformation into a business partner that supports the entire supply chain

Reinforcement of Group infrastructure

Optima manager based on

Reform of management structure and reinforcement of governance

Human res that supp Deliver

Strengthening of sustainable management

Energy & Climate

Atmosphere

Resource Conservation & Waste

Resilience of Companies & Society

Transformation Plan

Corporate

Group Corp



## 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**

## We Provide

ce of lifestyles  
 ovement (not only enhancing logistics efficiency but also  
 nt issues such as adjusting inventories, optimizing sales,  
 ack-office work)  
 enhancing environmental resilience, and improving quality of life

## o's Important Role al Infrastructure

### ent Plan “One Yamato 2023”

under “One Yamato” in an optimal manner to provide value  
 toward transforming the supply chain

Creation of the “EC ecosystem”

l allocation of  
 ment resources  
 n data analysis

Promotion of data and  
 innovation strategies

ource strategies  
 port “Innovating  
 ry Business”

Improvement of capital  
 efficiency

Labor Human Rights & Diversity Safety & Security Data Utilization & Security Supply Chain Management Community

n “YAMATO NEXT100”

e Governance

orate Philosophy

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



Consolidated operating revenues: **¥2 trillion**

Consolidated operating profit: **¥120 billion**

Consolidated operating profit margin: **6.0%**

Profit attributable to owners of parent: **¥72 billion**

ROE: **10% or higher**



Reduce GHG\*1 emissions: **-10%\*2**

compared with the fiscal year ended March 31, 2021

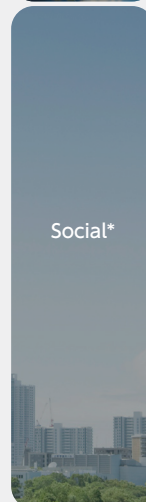
Reduce GHG emission intensity: **-10%\*2**

compared with the fiscal year ended March 31, 2021

Use of electricity generated via renewable energy sources: **30%**

\*1 Greenhouse gas

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



Improvement in operating revenue per employee\*3: **+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%**

\*3 Converted number of employees based on different working hours

Serious traffic accidents\*4: **zero**

Number of traffic accidents: **-50%** compared with the fiscal year ended March 31, 2020

Serious occupational diseases\*5: **zero**

Reduce frequency of lost workday injuries: **-20%** compared with the fiscal year ended March 31, 2020

\*4 Fatal accidents for which the Company is responsible

\*5 Incident involving a fatality

\* Excerpts from “Sustainable Medium-Term Plans 2023”

Please see pages 34–35 for details on environmental and social targets.

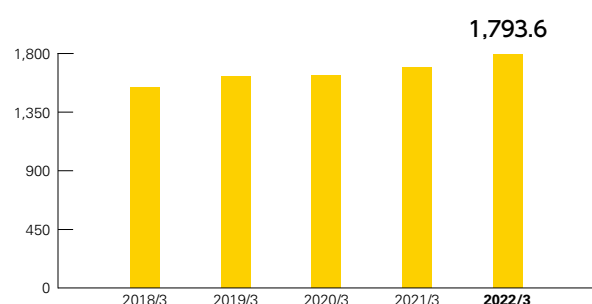
# Performance Highlights (Year Ended March 31, 2022)

## Financial Information

Operating revenues amounted to ¥1,793,618 million, up 5.8% year on year, owing to Yamato's focus on increasing the number of parcels handled by the Company and the optimization of logistics for corporate clients in response to the accelerated growth of the EC domain. As a result of increasing costs following the promotion of our medium-term management plan "One Yamato 2023" and the trend of rising fuel prices, operating profit came to ¥77,199 million, down 16.2% year on year. Profit attributable to owners of parent was ¥55,956 million, down 1.3% year on year, and ROE was 9.6%, decreasing 0.4 of a percentage point. This was due to recording gains on investments in investment partnerships and gains from sale of cross-shareholdings. However, there was also the cost of revising the system for employees' retirement benefits and a loss on sale of shares following the business transfer of associated companies, which reduced taxable income for the fiscal year ended March 31, 2022.

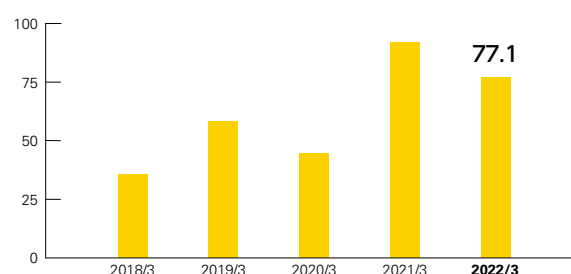
### Operating Revenues

(¥ billion)



### Operating Profit

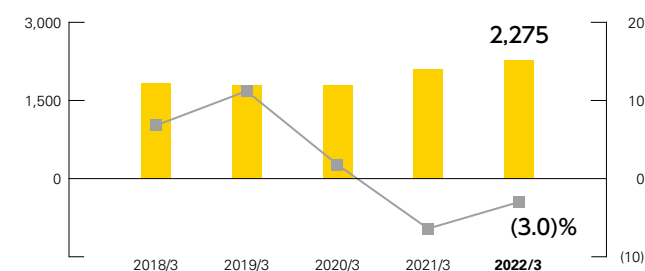
(¥ billion)



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

(Millions of parcels)

(%)

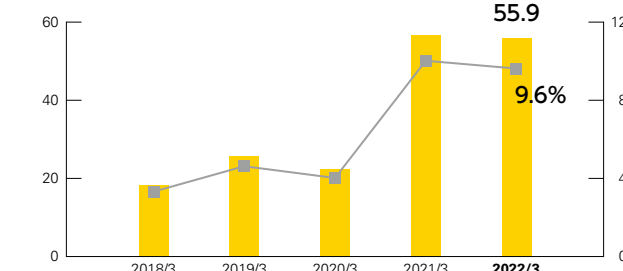


■ Parcel delivery amount (left scale) ■ Parcel unit price growth rate (YoY) (right scale)

### Profit Attributable to Owners of Parent / ROE

(¥ billion)

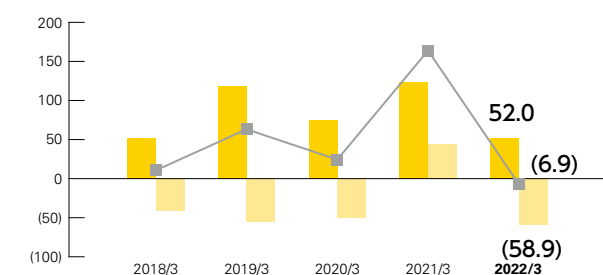
(%)



■ Profit attributable to owners of parent (left scale) ■ ROE (right scale)

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

(¥ billion)

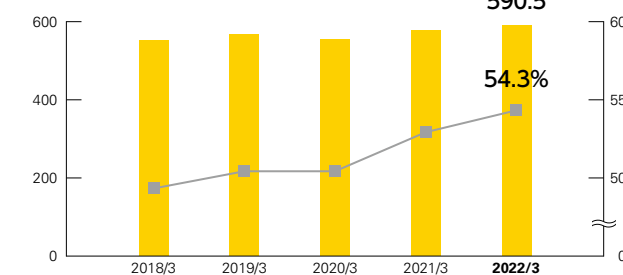


■ Cash flows from operating activities ■ Cash flows from investing activities ■ Free cash flows

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

(¥ billion)

(%)



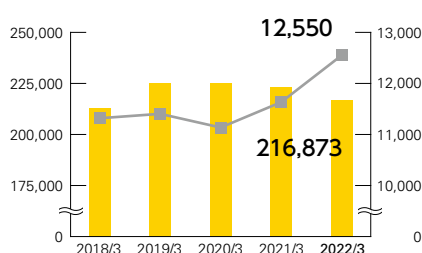
■ Total shareholders' equity (left scale) ■ Shareholders' equity ratio (right scale)

## Non-Financial Information

We are working to strengthen sustainable management to achieve both sustainable business growth and the development of a sustainable society. In Sustainable Medium-Term Plans 2023, we have set out targets and specific actions to address material issues in 2023. In the first year of these plans, the fiscal year ended March 31, 2022, we steadily developed initiatives to achieve these targets under the sustainability promotion system we have been maintaining. We will continue to promote measures for reinforcing sustainable management and enhance related training. At the same time, we will make improvements in light of issues that arose in the first year of the plan by reviewing measures and adding new ones.

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

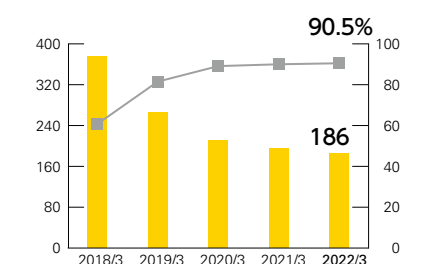
(People) (¥ thousand)



■ Number of employees (left scale)  
■ Operating revenue per employee (right scale)

## Overtime Hours per Employee\*4 / Percentage of Annual Paid Vacation Days Taken\*5

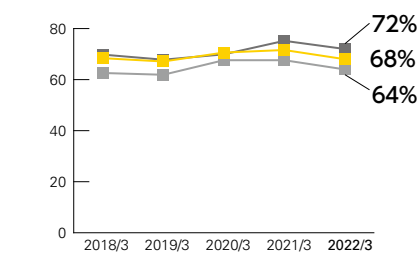
(Hours) (%)



■ Overtime hours per employee (left scale)  
■ Percentage of annual paid vacation days taken (right scale)

## Working Styles Awareness Surveys\*6

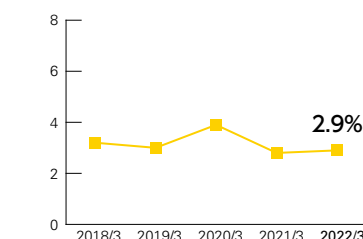
(%)



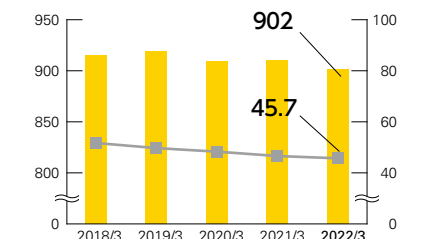
■ Employee-friendly ■ Rewarding  
■ Desire to continue employment

## Rate of Resignation\*7

(%)



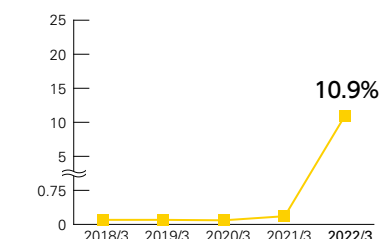
## Greenhouse Gas (GHG) Emissions\*8 / GHG Emission Intensity

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

■ Greenhouse gas (GHG) emissions (left scale)  
■ GHG emission intensity (right scale)

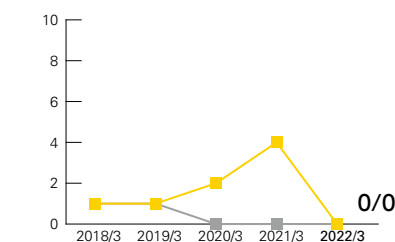
## Percentage of Electricity Generated via Renewable Energy Sources\*8\*9

(%)



## Number of Serious Traffic Accidents\*10 / Number of Serious Occupational Diseases\*11

(Units)



■ Number of serious traffic accidents  
■ Number of serious occupational diseases

\*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

\*2 Number of employees as of March 31, 2022

\*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 Scope: Full-time employees of Yamato Group companies in Japan

\*5  $\frac{\text{Number of annual paid vacation days taken per employee in respective fiscal year}}{\text{Number of annual paid vacation days granted per employee in respective fiscal year}} \times 100$   
(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 workstyle reform initiatives centered on management. (Scope: Full-time and part-time employees of Yamato Group companies in Japan)

\*7  $\frac{\text{Number of employee resignations in respective fiscal year (of their own accord)}}{\text{Number of registered employees as of respective fiscal year-end} + \text{Number of employee resignations in the respective fiscal year (including those due to retirement, etc.)}} \times 100$   
(Scope: Full-time employees of Yamato Group companies in Japan)

\*8 Scope: consolidated companies in Japan and Swan Co., Ltd.

\*9  $\frac{\text{Electricity generated via renewable energy sources (MWh)}}{\text{Total power generated (MWh)}}$

\*10 Fatal traffic accidents (for which the employee is responsible)

\*11 Incidents involving a fatality



## Message from the President

# Fully Utilizing the Management Resources of the One Yamato Structure to Promote Value Provision from End to End, Covering the Entire Business Process of Our Customers

## Achieving Sustainable Corporate Value Improvement

### Issues Following Integration of the Group and Our Future Response

In January 2020, we announced One Yamato, our policy for integrating Yamato Group companies. We had a period of preparation, following this announcement and, from April 2021, we integrated nine group companies, launching the One Yamato management structure in both name and practice.

Sixteen years have passed since the Yamato Group shifted to a pure holding company system in 2005. Since each Group company operated their diverse businesses under various systems, integrating their management structures into One Yamato and reallocating management resources in an optimal manner was not easy. In the first year of the One Yamato management structure, we developed a platform for management as One Yamato while devoting more effort than expected to integration.

Fiscal 2022 marked the second year of the medium-term management plan "One Yamato 2023," and there has been no change in the direction the Group should take in the medium to long term. In light of recent changes to the business environment, I have once again realized that it is time to make a change.

Reflecting on the Yamato Group's history, we launched our chartered truck delivery service in 1919 by purchasing four trucks, at a time when there were only 204 trucks in the entire country. Ten years later, we launched Japan's first regular route combined-load transport service and expanded our network to cover the entire Kanto region as the use of trucks became widespread in society. As we entered an era of post-war economic growth, mass production and mass consumption and needs increased for transport using

trucks for long-distance travel. Yamato was so focused on short-distance transportation that the response to these changes was delayed and performance suffered. However, following this, we turned to small-lot delivery and launched *TA-Q-BIN* to meet the delivery needs of countless customers. Quickly understanding and anticipating changes in society and the methods for purchasing and selling items and making proposals to customers has led to today's development. Now, when information can be shared online in real time with the spread of the internet and smartphones, we must make new logistics proposals that take into account further changes to methods for purchasing and selling items.

The goal of transitioning to One Yamato is to evolve into a company capable of providing value to corporate clients, both inside and outside of Japan, across their entire business process. Changes in consumption and lifestyles that accompanied the COVID-19 pandemic and upheaval in the business process and supply chain, from the procurement of raw materials and components and production to sales and after-sales services, have become urgent issues for corporate clients. Accordingly, the Yamato Group is taking these changes as opportunities for growth. Under the One Yamato management structure, which centralizes management resources, we will expand our range of value provision through comprehensive proposals that support the resolution of customer management issues by utilizing extensive relationships with customers and our superior logistics facilities and transportation and delivery networks.

### Transformation into a Partner That Supports the Entire Supply Chain for Our Corporate Clients

The Yamato Group is widely known as the *TA-Q-BIN* service provider. While *TA-Q-BIN* has a strong image owing to its services for individual clients, approximately 90% of the total delivery amount we handle comes from corporate clients. Of those, half are shipments from large corporate clients that are handled by our account sales representatives.

We cannot expand the range of value provision for these corporate clients by only providing *TA-Q-BIN* as we have to date. For example, corporate clients who sell products through

brick-and-mortar stores currently also tend to have e-commerce (EC) websites for sales. In many cases, they are also facing an increase in inventory and logistics costs due to creating separate logistics operations for both brick-and-mortar stores and EC websites. How do they optimize inventory as a whole? How do they minimize the total logistics costs? These are serious management issues for corporate clients. However, the Yamato Group can contribute to the optimization of logistics costs by balancing the appropriateness of inventory with a shortened lead time for the transportation and delivery of

goods. This is achieved by integrating the strengths of our logistics facilities and transportation and delivery networks, as well as providing consolidated management and optimization of solutions for the inventory of and logistics for brick-and-mortar stores and EC, not just by taking responsibility for *TA-Q-BIN* in last mile delivery.

Going forward, it is my belief that the Yamato Group should provide solutions that cover customers' entire supply chains in this way. Resolving inventory and operational issues will consequently contribute to improving our customers' management. We have been developing a base that enables proposals that contribute to addressing customer management issues by combining the management resources of the Group. We will continue to engage in maximizing the value we provide.

### Deepening of Connections with Each Country and Global Expansion of the Value We Provide

In expanding the value we provide to corporate clients, the scope of our activities is not limited to within Japan. If we follow our customers' supply chains, the field extends overseas. The Group has global networks and has developed local subsidiaries in 25 countries and regions. To date, local subsidiaries have had the power to provide logistics services with uniform quality, but have been limited to providing value to each country individually. Accordingly, we are currently providing integrated solutions, deepening connections between Japan and other countries, and examining what kind of customer-oriented value we can provide.

In particular, transportation costs have been increasing significantly as a result of disruptions to global supply chains and steeply rising crude oil prices, to which companies are responding by shifting their production bases to other countries recently. When customers move their bases, there is a risk that we may lose business. However, if the Group coordinates globally and utilizes networks in the countries to which customers have relocated, we can once again propose optimal solutions. We are now making full use of the Group's existing management resources to provide value to customers. We will also globally expand the value we provide by collaborating with external partners, including M&As, for functions we do not possess.

### Optimization of Networks and Operations for Providing Value from End to End

Yamato is engaging in the structural reform of its networks and operations to create an infrastructure for providing value from end to end for our customers' downstream, midstream, and upstream supply chains. Numerous EC operators have set up shipping bases in the vicinity of the Tokyo metropolitan area and three of its neighboring prefectures (Chiba, Kanagawa, and Saitama) where demand for EC has been concentrated in recent years. Thus, it is not efficient to



**Yutaka Nagao**

Representative Director,  
President and Executive Officer

## Message from the President

continue meeting EC demand through *TA-Q-BIN* networks and operations that appropriately meet the delivery needs of an unspecified number of customers across Japan. Therefore, in urban areas we are promoting the creation of a logistics network that specializes in EC, from pickup and sorting to transportation and last mile processes. For EC operators, there is a process for procuring products before shipping and measures for returning products after purchase. We will effectively meet these needs by utilizing new EC logistics networks in addition to last mile delivery. Furthermore, in response to an increasing demand for procurement and delivery of products between companies and for refrigerated delivery services, we will promote the creation and utilization of a middle mile network (route pickup and delivery for corporate clients) and the launch of dedicated refrigerated delivery facilities while also enhancing the productivity of the entire network.

In the fiscal year ending March 31, 2023, we have been building EC logistics networks and other infrastructure while drastically reviewing our existing *TA-Q-BIN* network in line with recent changes to the flow and volume of packages. We will enhance safety and quality, reduce processes such as transportation between facilities and sorting work at each facility, and improve productivity across the entire network by consolidating, increasing the size of, and redeploying *TA-Q-BIN* sales offices, which have been focused in smaller areas; by redefining the functions of each sorting terminal; and by integrating them with larger sales offices.

Transforming these networks and promoting the creation of systems that are capable of regulating management resources and operations in line with workloads will steadily lead to the next phase of growth.

## Material Issues to Address for Sustainable Growth

The Yamato Group has laid out material issues to improve corporate value over the medium to long term and achieve a sustainable society, and is promoting sustainable management based on Sustainable Medium-Term Plans 2023, which defines the details of specific actions and targets to be achieved by 2023.

In terms of the environment, we are engaging in the creation of green logistics to meet our long-term target for 2050 of climate neutrality and our interim target of reducing GHG emissions by 48% by 2030 (compared with the fiscal year ended March 31, 2021). We are currently promoting the introduction of ultra-low-floor walk-through light-duty electric vehicles, which balance environmental

awareness with practicability for drivers; however, the issue going forward is energy management, including energy procurement. We will increase the amount of electricity generated by green energy, namely solar power, by promoting the installation of solar panels at terminals and sales offices. In addition, we will also aim to thoroughly implement electric vehicle use and solar power generation by collaborating with car manufacturers to develop and standardize detachable cartridge batteries, intensively introducing and using electric vehicles within specific areas, and engaging in energy management linked to equipment at facilities.





## Creation of a System for Sustainability That Leads the Entire Logistics Industry

It is natural to engage in sustainability as a single company. At the same time, however, it is the role of major companies in the logistics industry to create a system that enables the entire logistics industry to become sustainable. We are examining the creation of a structure that enables not only Yamato but also our small and medium-sized partner companies and other companies in the same industry to participate in reducing greenhouse gas emissions.

Furthermore, distributors are facing issues, such as securing the transportation capabilities of trucks for long-distance travel and considering alternative means of transport, as a cap on overtime work will be applied to vehicle operation from April 2024, in addition to the decreasing working population and aging drivers.

The Yamato Group has adopted various countermeasures including the commencement of the operation of cargo flights as a new method of long-distance transportation from 2024. However, this is merely a new method of transportation. It is essential to increase the value provided by our services. We will expand the scope of value we provide through comprehensive proposals that support the resolution of customers' management issues, as well as provide individual services such as transportation and storage. We

must also increase the turnover rate of assets to enhance profitability and secure long-distance transportation capacity. For example, we can increase the operational hours for vehicles by reducing the transport distance for drivers and combining short- and medium-distance transportation. Since it is difficult for each distributor to prepare their own facility, the logistics industry as a whole is considering the development of facilities that can be used openly and the creation of a system that allows operations including the transfer of packages and replacement of vehicles.

Rather than viewing sustainability initiatives as a cost, we are taking steps to address them with an awareness that these responses and investments enable us to create new systems that will lead to growth opportunities.

## Important Factors to Consider When Improving Corporate Value

The most important factor when maintaining and improving corporate value is protecting and continuing to strengthen the trust we have built up with customers and society. One of the Yamato Group's core values is that we conduct ourselves both professionally and ethically. For me, professionalism and ethics are vital when strengthening this trust. While the most important goal for a company is generating profit, this does not mean that it should do anything for profit. I believe that in addition to possessing the correct ideals and acting ethically toward customers, conducting business while placing value on acting ethically toward coworkers engaging in their daily operations, business partners, and local communities also leads to trust.

This year we passed the midway point of the current medium-term management plan, which runs until March 31, 2024. Through

One Yamato, we are steadily increasing the scope of value we provide to customers. We aim to further improve corporate value in the future by continuing to always respond to changes with a sense of speed and building up trust with each stakeholder, such as customers, business partners, local communities, and all of our shareholders, with the Group's Management Philosophy, including our Core Values, as the cornerstone.

November 2022 

## Message from the Chief Financial Officer



### PROFILE

**Toshizo  
Kurisu**

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

### ● Promoting Structural Reforms Based on “One Yamato 2023”

During the fiscal year ended March 31, 2022, the first year of the medium-term management plan “One Yamato 2023” scheduled to finish in fiscal 2023, we steadily promoted structural reform initiatives under the One Yamato management structure, which focuses on Yamato Transport and centralizes the management resources of nine Group companies. As a result, we have seen an increase in operating revenue owing to our focus on increasing our delivery amount as part of our response to accelerated growth in the EC domain and optimizing customer logistics. There was a decrease in operating profit due to an increase in the cost price of fuel and an increase in costs following the promotion of structural transformation. Ordinary profit also decreased, despite the positive effect of gains on investments in investment partnerships. Profit attributable to owners of parent remained at the same level as the previous fiscal year due to gains from sale of strategic holdings of shares, the cost of revision of retirement benefit plan, and a loss on sale of shares following the business transfer of associated companies, which reduced taxable income for fiscal 2021.

During the second year of One Yamato 2023, the fiscal year ending March 31, 2023, in addition to global inflation trends, such as the rising cost of resources and steep food prices due to the instability of the international situation, there has been continued depreciation of the yen caused by the increasing gap between domestic and international exchange rates, making a full-scale economic recovery difficult to foresee. At the same time, there has been an increase in procurement costs, such as fuel, electricity, and labor. Under such circumstances, the Yamato Group has been making amendments to the Group's Management Structure where necessary, based on results and issues from the first year of the plan, and accelerating initiatives for providing value for corporate clients from “End to End” and structural reform of networks and operations as a foundation for future growth. We aim to enable the stable creation of profit by reforming cost structures in line with workload through optimization of the EC logistics network, which is currently being built, and the existing *TA-Q-BIN* network.

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

In the three-year period between the fiscal year ended March 31, 2022 and the fiscal year ending March 31, 2024, we expect to invest a cumulative ¥400 billion, including ¥200 billion in growth investments and ¥200 billion in current investments related to the maintenance of businesses, and to launch initiatives for structural transformation to promote the main initiatives of “One Yamato 2023.”

In the first year of “One Yamato 2023,” we actively promoted digital investments that contributed to the creation of a digital information infrastructure (Yamato Digital Platform), which maintains and utilizes data, and the enhancement of customer experiences and value provision. Meanwhile, we promoted the utilization of resources from external partners in the creation of an EC logistics network to pursue resilience in responding to the speed of management and fluctuations in demand. Going forward, we will implement investments when necessary, depending on whether or not they will increase corporate value over the medium to long term.

In regard to financial strategy, as a company responsible for social infrastructure, our basic policy is to maintain financial soundness, taking into account business continuity in light of increasingly severe disasters, to engage in reducing capital costs through accurate utilization of liabilities, to enhance operating profit margin by promoting structural reforms, and to enhance asset and capital efficiency through optimization of the balance sheet. Under this policy, we will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind an optimal capital structure.

In terms of fundraising, we will do so in a timely and appropriate manner with an awareness of financial soundness and efficiency. In particular, we will examine the utilization of sustainable finance in environment-related investments, such as climate change response.

From the perspective of our business portfolio, in April 2020 we transferred 60% of the issued common shares 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 shares 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 aim to improve corporate value over the medium to long term under the One Yamato management structure, which centralizes the management resources of the Yamato Group. While enhancing profitability through the optimal allocation of management resources and the implementation of growth strategies, we will reinforce financial strategies that contribute to reducing capital costs as well as enhance the efficiency of assets and capital and sustainable management for the sustainable development of society and businesses.

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, 2022, we paid dividends of ¥46 per share and achieved a payout ratio of 30.5%. In the fiscal year ending March 31, 2023, we plan to pay out an interim dividend

of ¥23 (implemented) per share and a final year dividend of ¥23 per share, for a full-year dividend totaling ¥46 per share. Furthermore, in the period between February and May 2022, the Company repurchased 8.75 million shares of its own stock (¥20 billion) and canceled all such shares.

## 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.

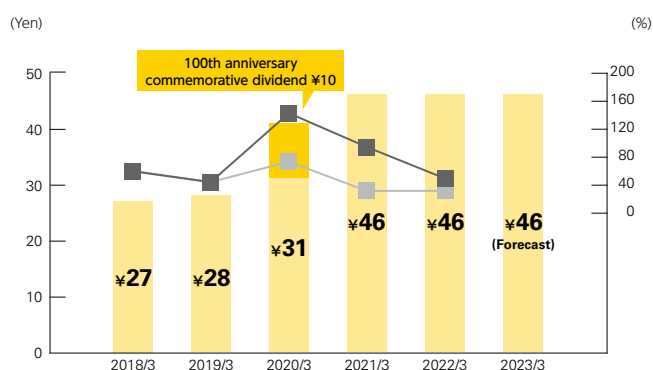
Additionally, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. Based on our vision for sustainable management and material issues, we will also promote Groupwide efforts to achieve the sustainable targets for society and the environment established in Sustainable Medium-Term Plans 2023.

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 Forecast\*

(Fiscal Year Ended March 31, 2018 to Fiscal Year Ending March 31, 2023)



■ Dividend per share (left scale)

● Dividend payout ratio (%) (right scale) ■ Total return ratio (%) (right scale)

\* The forecast dividend figure is the figure announced on November 7, 2022.

# Medium-Term Management Plan “One Yamato 2023”

(From the fiscal year ended 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 e-commerce (EC) in all industries brought on by rapid changes to consumption behavior and the logistics structures.

## Main Initiatives of “One Yamato 2023”

Optimal allocation of management resources based on data analysis	Promotion of data and innovation strategies	Reinforcement of Group infrastructure
Creation of the “EC Ecosystem”	Transformation into a business partner that supports the entire supply chain	Reform of management structure and reinforcement of governance
Human resource strategies that support the “innovating delivery business”	Improvement of capital efficiency	Strengthening of sustainable management

## Progress in the First Year of “One Yamato 2023” (Fiscal Year Ended March 31, 2022)

We are steadily promoting structural reform initiatives that have been set out by the medium-term management plan “One Yamato 2023” and are based on changes to the business environment, such as the prolonged impact of the COVID-19 pandemic and the international situation.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022		Fiscal year ending March 31, 2024
	Performance	Performance		Target
Consolidated operating revenues	¥1,695.8 billion	¥1,793.6 billion		¥2,000.0 billion
Consolidated operating profit	¥92.1 billion	¥77.1 billion		¥120.0 billion
Consolidated operating profit margin	5.4%	4.3%		6.0%
Consolidated ordinary profit	¥94.0 billion	¥84.3 billion		¥120.0 billion
Profit attributable to owners of parent	¥56.7 billion	¥55.9 billion		¥72.0 billion
ROE	10.0%	9.6%		10.0% or higher

## Major Progress, Results, and Future Initiatives for Each Main Initiative

### Main Initiative: Optimal Allocation of Management Resources Based on Data Analysis

Promotion of optimal allocation of management resources by enhancing the accuracy of workload forecasts and enhancement of productivity across the entire network through operational reform and a shift to automation and digitalization

#### Major Progress and Results

- Progression in the creation of a digital infrastructure through the development of our digital data to establish data-driven management and enhancement of methods for data collection that utilize the latest technology

### Main Initiative: Promotion of Data and Innovation Strategies

Renewal of our core systems, development of our digital data, and reinforcement of our digital platform  
Promotion of open innovation through collaboration with and investment in start-up companies

#### Future Initiatives

- Advancement of demand forecasts and services and operations that apply digital data
- Implementation of initiatives aimed at enhancing system development capabilities in the medium term

For more details, please refer to page 30.

### Main Initiative: Reinforcement of Group Infrastructure

Aim to expand value provided to customers and to enhance productivity through the optimization and enhancement of functions for facilities, transportation, and delivery and promotion of business process reengineering

+

### Main Initiative: Creation of the “EC Ecosystem”

Establishment of a sustainable EC ecosystem in which EC operators, customers, and delivery persons can enjoy the benefits

#### Major Progress and Results

- Improvement of efficiency of last mile pickup and delivery services
- Promotion of building an EC logistics network

#### Future Initiatives

- Creation of a specialized network in line with customer needs and particular characteristics of packages, and development of its system of operation
- Enhancement of operational efficiency and optimization of costs by consolidating and enlarging facilities (sales offices, terminals, and logistics centers)

For more details, please refer to page 20 and 26.



**Main Initiative: Transformation into a Business Partner That Supports the Entire Supply Chain**

Provision of support for the innovation of supply chains and business processes as a management partner for our customers through the provision of consistent business solutions to the downstream, midstream, and upstream of supply chains

**Major Progress and Results**

- Expansion of business in customers' upstream supply chains

**Future Initiatives**

- Further reinforcement of corporate sales and account management
- Provision of value through the integration of sales and operations
- Recruitment and development of specialized personnel

For more details, please refer to **page 20**.

**Main Initiative: Reform of Management Structure and Reinforcement of Governance**

Optimization of the management structure and reinforcement of governance aiming for the optimal allocation of management resources and maximization of corporate value under the One Yamato management structure

**Major Progress and Results**

- Launch of the One Yamato management structure, which integrates the Yamato Transport with eight Group companies

**Future Initiatives**

- Promotion of optimizing management resource allocation on a regional basis
- Further promotion of integration of operations and systems
- Optimization of costs by consolidating operations

**Main Initiative: Human Resource Strategies That Support the "Innovating Delivery Business"**

Creation of a system for clarifying and evaluating the roles of each employee and promotion of the development of specialized personnel

**Major Progress and Results**

- Expansion of system for specialized human resources and redefinition of professional duties

**Future Initiatives**

- Completion of defining professional duties for each type of job and connection with evaluation and treatment
- Creation of a system to encourage sales drivers growth
- Promotion of the utilization of a talent management system

For more details, please refer to **page 40**.

**Main Initiative: Improvement of Capital Efficiency**

Improvement of shareholder value through timely and appropriate measures based on the future growth potential and profitability of our businesses, financial soundness, investment progress, capital efficiency, and other factors

**Major Progress and Results**

- Improvement of performance at overseas Group companies
- Transfer of shares issued by Yamato Home Convenience Co., Ltd.
- Purchase of treasury stock and implementation of stable dividends

**Future Initiatives**

- Continued implementation of capital protocol and shareholder returns based on basic policies

For more details, please refer to **page 16**.

**Main Initiative: Strengthening of Sustainable Management**

Promotion of sustainable management based on Sustainable Medium-Term Plans 2023

**Major Progress and Results**

- Promotion of sustainability initiatives
- Formulation of policies related to human rights and the environment

**Future Initiatives**

- Promotion of green innovation initiatives in line with risks and opportunities resulting from climate change
- Operation and monitoring of each policy and initiative

For more details, please refer to **page 32**.

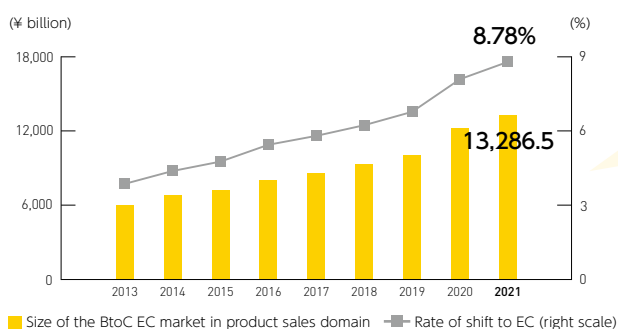
# Value Provision for Corporate Clients from End to End

We view evolving growth of the EC (e-commerce) market and changes to the supply chain as an opportunity and providing comprehensive value from end to end to the businesses of our corporate clients in both the upstream and downstream domains. To those ends, we will pursue the creation of multiple last mile networks in response to needs in the growth domains, the strengthening of account management, and the reinforcement and expansion of third-party logistics (3PL) and international forwarding.

## Market Environment

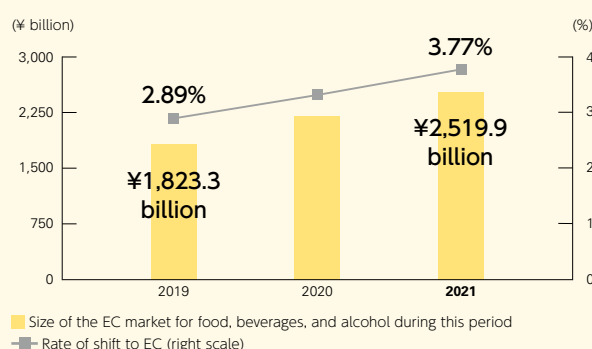
### Continued Growth of the EC Market and Expansion of EC Demand for Food Products

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



Source: Ministry of Economy, Trade and Industry, Market Research on E-commerce

Three-Year Growth Trend of the EC Market for Food, Beverages, and Alcohol



## Our Vision for Structural Reform

### Full Utilization of Management Resources under One Yamato

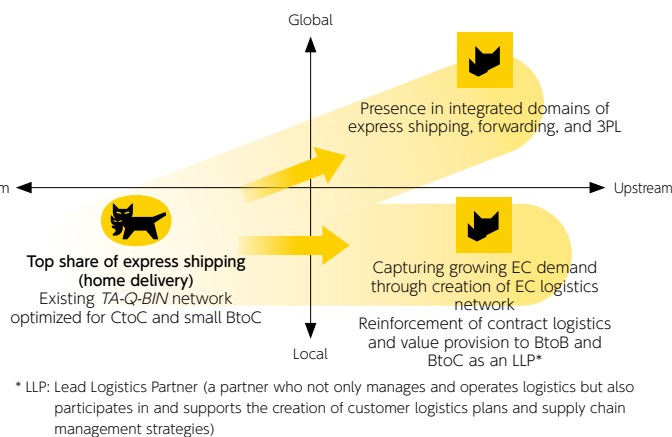
#### Logistics Network

- Last mile networks (TA-Q-BIN, EAZY, middle mile)
- Facilities (sales offices, terminals, logistics centers)
- International transport (forwarding and cross-border land transportation in Asia)

Customer Foundation / Human Resources / Information / Finances

### Achieve the Growth of Revenues and Profit by Expanding Value Provision

Aim to increase the ratio of sales in the international forwarding and domestic and international third-party logistics domains by moving away from a ratio of sales that focused on TA-Q-BIN and expand sales of domestic and international small-lot delivery services, including TA-Q-BIN



## Value Provision to Each Customer

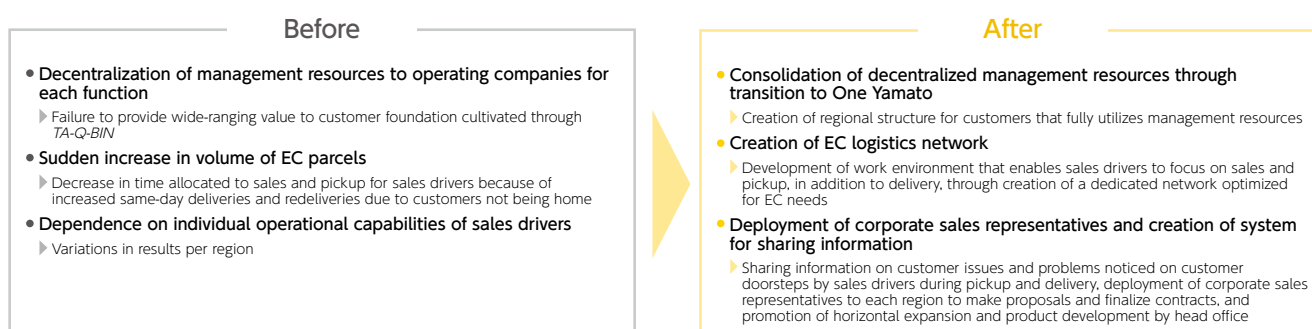
	Customers		Sales leaders	Value provision
Growth domains	Account	EC	Major EC companies	Provision of value that leads to increased sales opportunities, including provision of diverse, convenient pickup and delivery (returns) chosen by end users, simplification of sorting during shipping, lengthening of cutoff times, and provision of fulfillment service for EC store operators
		Global National Area	Healthcare, automobiles, fashion, electronic goods, food products, etc.	Provision of value that leads to customer supply chain reform, such as optimization of logistics and inventory control from end to end of customer supply chains, and business process innovation ▶ Full utilization of domestic and international home delivery, route pickup and delivery, contract logistics, and forwarding functions
Base domain	Area customers	All industries	Corporate sales representatives and sales drivers	Provision of value via TA-Q-BIN and other services by proposing detailed solutions as a result of collaboration between corporate sales representatives and sales drivers

## Value Provision to Area Customers



### Promotion of Value Provision via TA-Q-BIN and Other Services

For area customers, which comprise small-scale customers served by regional sales offices and medium- to large-scale customers served by corporate sales branch offices, we promote value provision via TA-Q-BIN and other services through proposals that utilize detailed solutions and One Yamato management resources as a result of collaboration between corporate sales representatives and sales drivers.

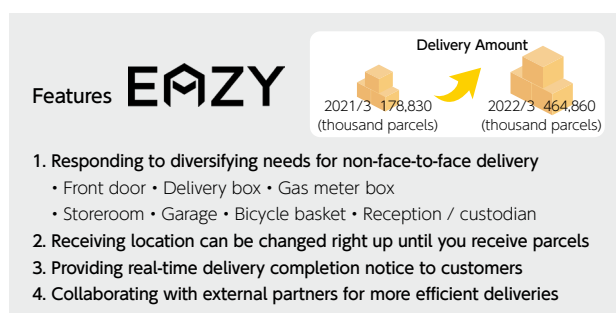


## Value Provision to EC Accounts



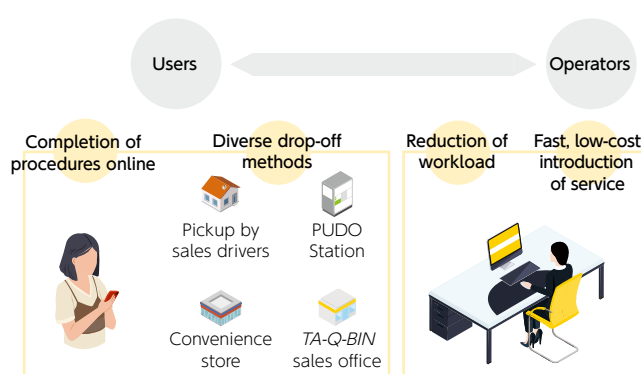
### EAZY—Delivery Service for the EC Market

In June 2020, we launched EAZY, a delivery service for EC operators that promotes the enhancement of customer experiences and the optimization of operations by utilizing various digital data based on the newly created system infrastructure.



### Provision of Solutions to Optimize Return Operations

We are contributing to the enhancement of convenience for users and the optimization of returning products to operators by providing our digital return and shipping service, which launched in August 2021.



### Fulfillment Service for EC Store Operators

Yamato Transport provides value through its fulfillment service for the opening of stores on Yahoo! Shopping and PayPay Mall based on collaboration with Yahoo Japan Corporation. Such value includes stocking products at Yamato Transport's logistics warehouses, providing services on behalf of shop operators from warehousing to shipping, improving convenience through uniform nationwide shipping rates based on size, shortening delivery lead times, and enhancing customer experiences by offering diverse methods for receiving parcels via EAZY.



## Value Provision for Corporate Clients from End to End

## Value Provision to Global, National, and Area Accounts



### Development of LLP Proposals for Optimizing the Entire Supply Chain Global

The Yamato Group aims to provide comprehensive value from end to end for businesses in the upstream and downstream domains as a Lead Logistics Partner (LLP) that realizes sustainable growth for corporate clients as well as to support the innovation of supply chains and the optimization of logistics and inventory control around the world that contributes to better management for our clients.

In September 2022, Yamato Transport signed an LLP contract with Nihon Michelin Tire Co., Ltd. (Michelin) with the aim of rebuilding and realizing a smooth and robust logistics structure for Michelin. Through cooperation and coordination between both companies, we are transforming Michelin's entire supply chain and optimizing logistics and inventory control to reduce total logistics costs in the future, enhance value for Michelin's customers by shortening and stabilizing lead times, and minimize waste. Furthermore, we aim to realize sustainable logistics that have a low impact on the environment by visualizing and reducing greenhouse gas emissions. From September 2022, we partially commenced operations and plan to launch full-scale operations from January 2023.

### Realization of Centralized Management by Yamato Transport of the Entire Michelin Logistics Structure

#### ► Consolidation of approximately 20 warehouses into 5 and visualization and optimization of inventory control at each warehouse

Shorten and stabilize lead times for delivery of products and reduce greenhouse gas emissions (Michelin's Scope 3 emissions) by eliminating uneven distribution of inventory, reducing transportation between facilities, and utilizing corporate middle mile networks

#### ► Inventory management system that minimizes waste by tracking the production year of all tires in the inventory

Minimize waste due to expiry (reduce impact on the environment) by managing overall tire inventory by production year and shipping tires that are closer to the expiration date before others

#### ► Order tracking that utilizes a transportation and delivery management system

Enhance the value provided to Michelin's customers by visualizing the delivery status of each order for achieving prompt responses through the Michelin Call Center and merging separate products in the transportation process through the Yamato Group's facilities and transportation and delivery network

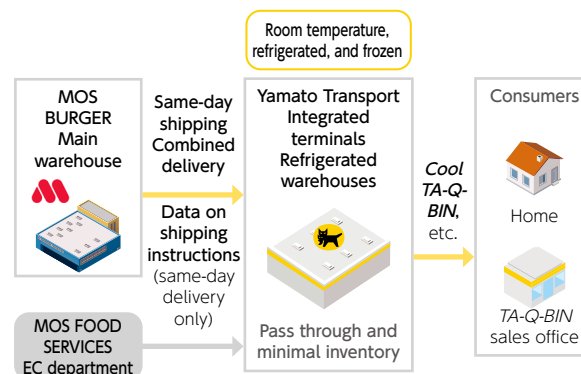
### Future Developments

#### ► Support the optimization of logistics and inventory control, including the management of overseas production and the adjustment of shipping volumes, by going back upstream in both the domestic and global supply chains

### Creation of Food Product DtoC Logistics System That Utilizes Three Temperature Ranges

#### National

Yamato Transport collaborated with MOS FOOD SERVICES, INC., operates MOS BURGER, to create a logistics system for the "Life with MOS" direct EC website, which launched in July 2022. By utilizing our nationwide transportation and delivery network that utilizes the three temperature ranges of controlled room temperature, refrigerated, and frozen that we have cultivated since launching *Cool TA-Q-BIN*, as well as sorting facilities with integrated refrigeration functions, we will safely and reliably deliver a variety of products to customers. Furthermore, we are contributing to the optimization of inventory control and logistics by minimizing inventory through same-day shipping on a case-by-case basis and reducing shipping times through the utilization of an assorting system at warehouses.





## DIALOGUE

**Hiroshi Etani**

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

**Takanao Sugiura**

Managing Executive Officer,  
Yamato Transport Co., Ltd.  
Responsible for Sales and  
Operation Design

## Vision and Possibilities of One Yamato in the Corporate Domain

Currently, the Yamato Group is promoting structural reform aimed at sustainable growth amid significant changes to consumption and supply chains. Two executive officers, Hiroshi Etani and Takanao Sugiura, who are driving this reform, explain the vision and possibilities of One Yamato in the corporate domain.

### “Market Environment and Growth Opportunities for the Yamato Group”

**Etani** The Yamato Group has expertise in each form of transportation and delivery, including *TA-Q-BIN*; logistics services, such as third-party logistics and international forwarding; and distribution channel and logistics support services, such as finance and IT systems. However, we previously only provided single functions in many cases and were unable to sufficiently provide value to customers as we could not combine these functions effectively. By centralizing these functions under Yamato Transport through One Yamato in April 2021, I believe that we are now able to provide even more value than before in the corporate business domain.

While logistics has evolved in recent years due to technology, such as the Internet of Things (IoT), Artificial Intelligence (AI), the utilization of big data, robotics, and blockchain, there have been changes to the corporate R&D, procurement, manufacturing, sales, and after-sales processes as well as the supply chain due to the spread of COVID-19 and the formation of blocs in global economies. We are now in an era where corporations survive by responding flexibly and quickly to various changes in the environment through the just-in-case strategy, not only the

systematic just-in-time strategy. Furthermore, global environmental issues caused by climate change are a serious challenge in the supply chain management (SCM) of corporations and society. The Yamato Group is aiming for further growth by taking these changes as an opportunity to expand the value we provide to customers.

**Sugiura** One of the Yamato Group's strengths is the expansive customer base it has built up in Japan through the provision of *TA-Q-BIN*. I believe that the key to the Yamato Group's growth is contributing to the improvement of customers' corporate value and the enhancement of customer value through the utilization of our bases and transportation and delivery networks, and the provision of solutions for innovating the supply chains and business processes of these customers.

We will create a supply chain that can respond flexibly to various issues, such as geopolitical risks and the diversification of sales channels, together with our customers as strategy partners based on the acceleration of environmental changes affecting society and our customers. As an example, we have established shipping functions for three temperature ranges—room temperature, refrigerated, and frozen—at the Yamato Group's facilities and a transportation and delivery network to respond to the shift to omni-channel approaches for these three temperature ranges. By combining a *TA-Q-BIN* network that operates *Cool TA-Q-BIN* with route pick-up

## Value Provision for Corporate Clients from End to End

## DIALOGUE

and delivery functions for corporate customers, we will enhance the value we provide, such as by maintaining refrigeration quality while minimizing the variation of product inventory and creating a detailed delivery system for stores, wholesalers, and individual clients.

## “Advancement of Supply Chain Solutions”

**Etani** To date, the Group's business has been primarily in the downstream domain of the supply chain, namely domestic sales and after-sales services, as a large proportion depended on *TA-Q-BIN*. However, going forward we will expand our business to the upstream domain, namely domestic and international procurement, manufacturing, and R&D, with the entire supply chain as a target for value provision to enhance the value we provide to customers and realize further growth of the Yamato Group. Accordingly, we will expand pickup and delivery networks for corporate clients while strengthening international forwarding, and continue to advance proposals as third-party logistics providers, who are entrusted with overall customer logistics, and optimize logistics and inventory. We will also utilize *TA-Q-BIN* more strategically to innovate customer supply chain management.

Additionally, we are working to strengthen account management to maximize the value we provide through supply chain and business solutions and increase the number of customers that work with us as LLPs (Lead Logistics Partners: partners that handle not only the operation and management of customer logistics but also participate in and provide support for planning customer logistics and creating supply chain management strategies). By classifying customers by industry, scope of supply chain expansion, and other factors and having industry managers (responsible for industries) and account managers (responsible for customers) who thoroughly understand the industry, business, and entire supply chain of our customers, we will propose specific solutions for customer management issues. Industry and account managers conceive realistic solutions for increasing effectiveness while going between the front lines of our customers' businesses and the front lines of the logistics operations of the Group.

**Sugiura** The person responsible for overseeing operational design finalizes designs for realizing solutions conceived by industry and account managers and is responsible for launching and maintaining stable operations, such as their application in and transfer to the logistics front line. Accordingly, the person responsible for overseeing operational design will establish a project team for each project, which consists of both industry and account managers, and implement optimized simulations based on data that takes into account analyses of logistics characteristics and customer growth strategies to develop the necessary functions and create highly efficient operations while minimizing risks. Furthermore, we will engage in the optimization and reinforcement of logistics operations following their launch by understanding changes in the external environment and customer circumstances and continuing to make improvements.

**Etani** When proposing optimization of the supply chain to customers, the Yamato Group first carries out an analysis of overall logistics costs. Overall logistics costs comprise the distribution costs across the entire supply chain, inventory costs and personnel expenses associated with logistics such as managing order placement and intake, production, and purchasing stock. Some companies are able to understand the direct logistics costs in sales but are unable to fully visualize their logistics costs in R&D, procurement, manufacturing, and after-sales services or understand their inventory costs (carrying costs incurred by holding stock). Without visualizing the overall logistics costs, it is impossible to optimize supply chains.

We are able to mobilize customer inventory in our network by visualizing the entire inventory, including that which is being transported, in real time, through customer warehouses at the Group's facilities and in our transportation and delivery networks. As a result, we will contribute to reducing overall logistics costs for customers by maintaining the required delivery lead time while optimizing inventory. This solution model provides a structure that prevents moving, storing, or making products unnecessarily, which contributes to reducing our customers' greenhouse gas (GHG) emissions.

**Sugiura** Low-carbon transition, in particular, is a key issue for the Group from the perspective of supply chain resilience and there are increasing demands from customers with globally developing businesses to reduce GHG emissions. To realize low-carbon logistics, we are working to create a platform for visualizing GHG emissions across the entire supply chain by collaborating with major European logistics companies and examining globally-shared standards for calculating GHG emissions in logistics, in addition to reducing the Group's GHG emissions through electrification of Yamato vehicles and utilization of solar power.

Furthermore, we are working together with customers to create a supply chain network that reduces GHG emissions from end to end, from procurement and manufacturing to sales and transportation, by changing methods for storing and transporting goods. We are concentrating the storage of inventory at certain bases of customers across Japan and utilizing the Group's facilities and transportation and delivery networks to transport and deliver the necessary amount in a timely manner. As a result, we will reduce overall inventory and achieve a reduction in transportation between facilities and transportation of returns, and loss through waste, contributing to the reduction of customer's GHG emissions for Scope 1 and Scope 2 (in-house emissions), in addition to Scope 3 (indirect emissions).

## “Human Resource Capability —The Key to Growth for Logistics Companies”

**Etani** Human resource capability is the source of competitiveness for the Yamato Group and we are developing

human resources based on the Group's medium- to long-term plans. Among the required foundations for human resources, namely mindset, knowledge, and skills, mindset is the most important. I hope that employees place importance on the mindset of providing value to customers, colleagues, and society and giving their own lives value through work.

Next is knowledge of customers' industries, businesses, supply chains, and the management and operations for logistics. Finally, the skills to accurately listen to customer needs, to support these businesses, and to create and provide solutions for optimizing supply chains. We are promoting systematic training that ensures employees acquire knowledge of these concepts. Furthermore, it is vital that we provide on-the-job training by managers on the importance of enhancing the quality and quantity of actions in daily operations to ensure our personnel achieve results.

**Sugiura** In particular, advanced expertise and experience are essential when developing solutions. Through on-the-job training, we will foster a mindset through which employees can fully understand both the front lines of our customers' businesses and our own front line, enhance the skills necessary to analyze logistics characteristics and develop operations, prepare the tools necessary to achieve this, and reinforce knowledge and skills by recruiting external personnel. By creating project teams with employees from diverse backgrounds to deal with actual projects, we are working to create a system that cultivates a corporate culture in which members can work together and think autonomously while gaining advanced expertise, skills, and knowledge. This can then be shared and passed on within the Company.

## “Our Aim to Become a Group That Can Provide a Wide Range of Value to Customers, Industries, and Society”

**Etani** The Yamato Group does not simply provide logistics functions but business solutions that support the growth of customers' businesses and supply chain solutions that optimize their supply chains. We will create value for our customers' entire supply chains, including the customers and suppliers of our customers. Additionally, we will innovate logistics across the entire industry and society by modeling such solutions and evolving the logistics platform in each customer's industry. Group employees will face customers with this mindset.

### PROFILE



#### Hiroshi Etani

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

After working as logistics 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 the Global SCM Business Division at Yamato Transport Co., Ltd. in April 1, 2021. He has held his current position since February 1, 2022.



#### Takanao Sugiura

Managing Executive Officer,  
Yamato Transport Co., Ltd.  
Responsible for Sales and  
Operation Design

After working as manager of automated logistics engineering at Toyota Motor Corporation, Mr. Sugiura's work history includes experience as general manager of the logistics solutions business at Toyota Industries Corporation, deputy director of the engineering division of JP Rakuten Logistics, Inc. (seconded), representative senior managing director of Advanced Logistics Solutions Co., Ltd. (third party logistics business of Toyota Industries Corporation), and director, executive officer and manager of the SCM Business at MITSUI-SOKO LOGISTICS Co., Ltd. He joined the Yamato Group in March 2020 and became executive officer responsible for the Corporate Business Unit at Yamato Transport Co., Ltd. in April 1, 2021. He has held his current position since April 1, 2022.

# Structural Reform of Networks and Operations

We will optimize costs while responding to needs in growth domains to achieve sustainable growth by drastically reforming the structure of our networks and operations in response to the growth of EC and changes in customer needs and the logistics structures.

## Concept and Background of Structural Reforms

### Before

- ▶ Operate with standardized timelines and processes to provide high quality, uniform services



### After

- ▶ Create a specialized last mile network that focuses on urban areas, where demand is concentrated, to respond to growth in the EC domain, corporate domains, and refrigerated delivery services
- ▶ Optimize TA-Q-BIN network in light of the increased capacity of the new last mile network (consolidate and enlarge facilities)

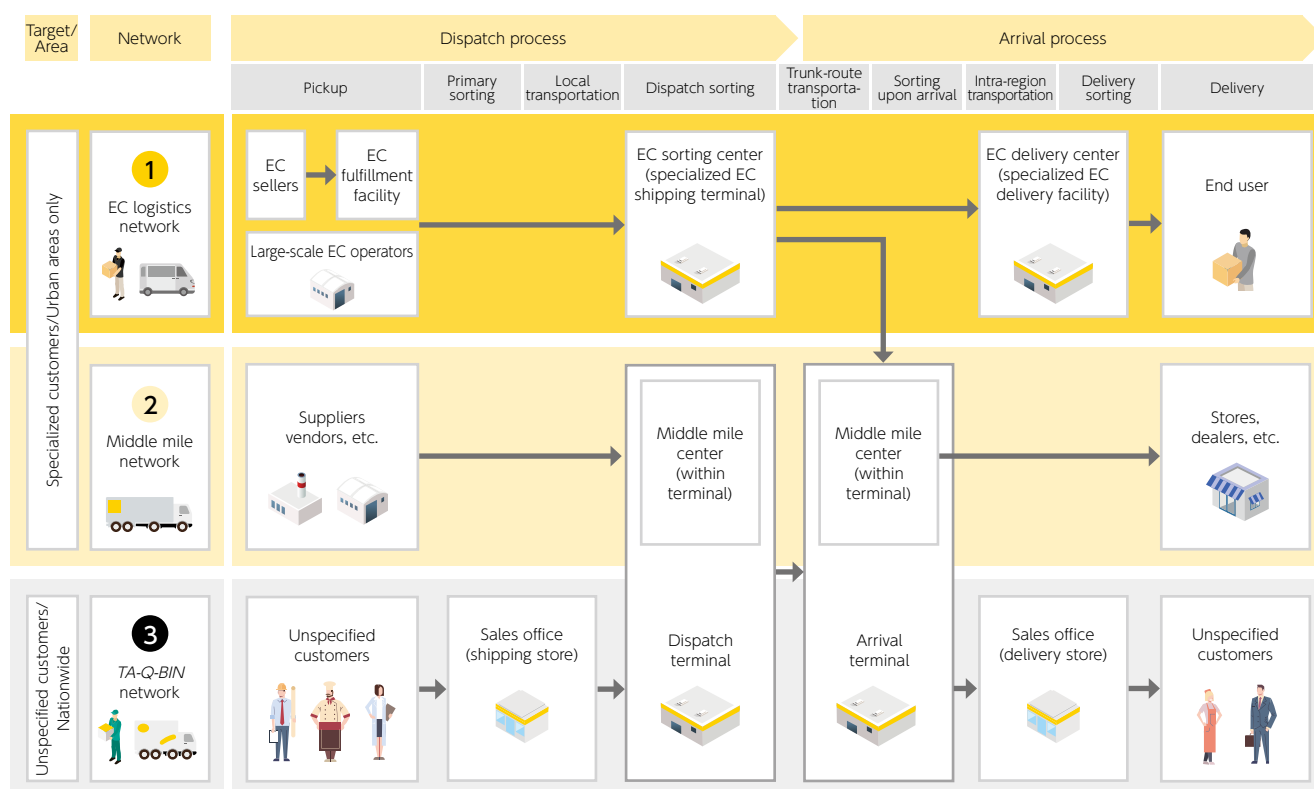
- **Increase in quantity of large corporate clients**  
→ Incompatible with the TA-Q-BIN network, which has a principle objective of collecting small-lot deliveries
- **Increase in EC parcels with different timelines and operations**  
→ Incompatible with existing (TA-Q-BIN) network, which is standardized based on next-day delivery
- **Changes in operational schedule at terminals**  
→ Shift in time schedule for dispatch and arrival sorting operations



Details can be found on our corporate website.




[https://www.yamato-hd.co.jp/investors/library/business\\_briefing/pdf/E\\_network\\_operations\\_presentation\\_220930.pdf](https://www.yamato-hd.co.jp/investors/library/business_briefing/pdf/E_network_operations_presentation_220930.pdf)

## Overview of Network Created through Structural Reforms








## Last Mile Carriers

	EAZY CREW	Middle mile drivers	Sales drivers
			
Network	EC logistics network	Middle mile network	TA-Q-BIN network
Type	Corporate partner (outsourcing contract)	Employee (employment contract)	Employee (employment contract)
Main function	Specialized EC delivery	Route pickup and delivery for corporate clients	Sales, pickup, delivery, etc.
Product	EAZY	All	All
Area covered	Specialized regions (urban areas)	Specialized regions (urban areas)	Nationwide

## Specific Initiatives and Targets

<b>1</b> <b>Creation and Development of EC Logistics Network</b> 	<b>Specific Initiatives</b> <ul style="list-style-type: none"> <li>Establish EC sorting center (specialized EC shipping terminal)</li> <li>Develop EC delivery center (specialized EC delivery facility)</li> </ul> → Direct connection to EAZY CREW for efficiency	<b>Targets</b> <ul style="list-style-type: none"> <li>Capture EC demand by enhancing service level</li> <li>Optimize costs by simplifying operational processes and expand controllable capacity through collaboration with business partners</li> </ul> ▶ For expected results, please refer to <b>page 28</b> .
<b>2</b> <b>Creation of Middle Mile Network</b> 	<b>Specific Initiatives</b> <ul style="list-style-type: none"> <li>Establish route pickup and delivery</li> </ul> → Delivery of products in the necessary volume, at the required time, and through an appropriate method of transportation, from large-lot to numerous small-lot deliveries	<b>Targets</b> <ul style="list-style-type: none"> <li>Provide one-stop value across customers' entire supply chains by combining transportation and delivery networks, such as warehouses, TA-Q-BIN networks, and route pickup and delivery, with inventory management system</li> </ul> ▶ For examples of value provided to customers, please refer to <b>page 22</b> .
<b>3</b> <b>Consolidation and Enlargement of TA-Q-BIN Sales Offices</b> 	<b>Specific Initiatives</b> <ul style="list-style-type: none"> <li>Consolidate and enlarge size of small, multi-store TA-Q-BIN sales offices</li> <li>Integrate sales offices with terminals (in same building)</li> <li>Redefine the role of terminals</li> </ul>	<b>Targets</b> <ul style="list-style-type: none"> <li>Optimize TA-Q-BIN network in light of capacity of specialized networks for the EC domain, corporate domains (such as large parcels and route pickup and delivery), and refrigerated delivery services</li> <li>Optimize transportation costs, operational costs, and administrative costs and enhance safety, quality, and employee-friendliness</li> </ul> ▶ For expected results, please refer to <b>page 28</b> .
<b>2 3</b> <b>Launch of Dedicated Refrigerated Delivery Bases</b>	<b>Specific Initiatives</b> <ul style="list-style-type: none"> <li>Launch large-scale consolidated facilities in two locations, with a focus on the Tokyo metropolitan area and three neighboring prefectures (Chiba, Kanagawa, and Saitama)</li> <li>Minimize duplicate costs through simultaneous redeployment of facilities and personnel</li> </ul>	<b>Targets</b> <ul style="list-style-type: none"> <li>Capture demand by expanding capacity to handle delivery of refrigerated products, which is a growth domain</li> </ul> ▶ For examples of value provided to customers handling room temperature and refrigerated products, please refer to <b>page 22</b> .
<b>1 2 3</b> <b>Reform of Operations and Creation of IT System</b>	<b>Specific Initiatives</b> <ul style="list-style-type: none"> <li>Deploy and utilize resources in line with workload and establish mechanisms for adjusting operations in line with capacity</li> </ul>	<b>Targets</b> <ul style="list-style-type: none"> <li>Promote the above initiatives and enhance their results</li> <li>Optimize costs by implementing operations in line with workload</li> </ul>



## Structural Reform of Networks and Operations

### Anticipated Effects (The Last Year of One Yamato 2023)

#### 1 Creation and Deployment of EC Logistics Network



- Promote efficiency by directly connecting EAZY CREW with EC sorting centers (specialized EC shipping terminals) and EC delivery centers (specialized EC delivery facilities)

Phase One: April 1, 2020 to March 31, 2021

Creation of EC last mile network (organizing of EAZY CREW)

Phase Two: July 1, 2021 to March 31, 2022

Creation of EC sorting center

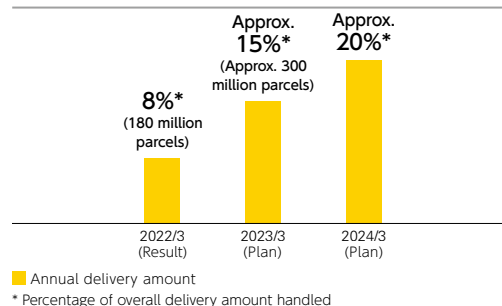
Phase Three: From October 1, 2022

Development of EC delivery center

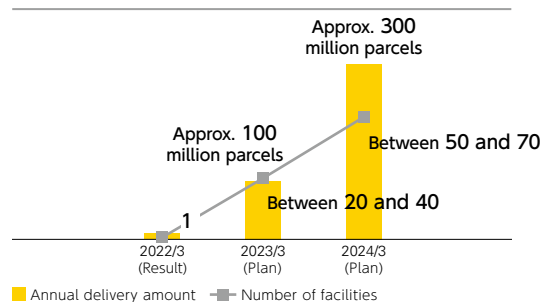
Reduce operating costs by increasing the number of EC parcels handled through simplified processes while optimizing costs through the consolidation of regional sales offices where EC parcels are transferred

**Anticipated Effects** Reduction of Operating Expenses : ¥24 billion

#### Annual Delivery Amount of EC Sorting Centers (Four Locations)



#### Annual Delivery Amount of EC Delivery Centers / Number of Facilities



#### 3 Consolidation and Enlargement of TA-Q-BIN Sales Offices

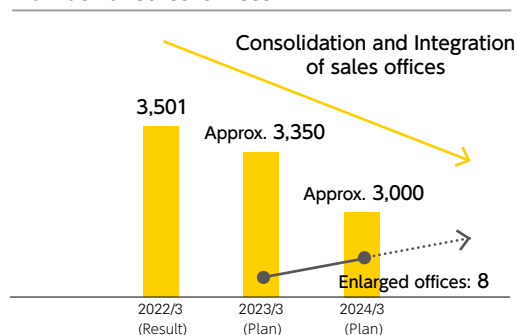


- Rebuild the existing TA-Q-BIN network in conjunction with separating operations, such as EC delivery and the delivery of products for corporate clients, by creating an EC logistics network and middle mile network
- Optimize transportation, operation, administration, and management costs and enhance safety, quality, and employee-friendliness at each location by consolidating and enlarging small, multi-store TA-Q-BIN sales offices (focused on urban areas)
- Optimize transportation and operation costs by integrating terminals with TA-Q-BIN sales offices and separating dispatch and arrival operations through the redefinition of functions at existing terminals

Commence operations at eight large-scale locations with terminal functions in conjunction with consolidating TA-Q-BIN sales offices to optimize transportation, operation, administration, and management costs at each location

**Anticipated Effects** Reduction of Operating Expenses : ¥8 billion

#### Number of Sales Offices



Shorten the time to commence operations by utilizing multi-tenant facilities

Note: We will continue consolidation efforts from the fiscal year ended March 31, 2025 (during the next medium-term management plan) and aim to create further benefits.

## MESSAGE

We will contribute more than ever before to customers' businesses and lifestyles by realizing fast shipping and enhanced quality, in addition to optimizing costs, through the structural reform of networks and operations.

## PROFILE

**Akihiro  
Kazuma**

Senior Managing Executive Officer,  
Yamato Transport Co., Ltd.  
Responsible for overseeing Transport and  
Delivery Operation

Mr. Kazuma's work history includes time at Nissan Motor Co., Ltd. and Nissan North America, Inc. as well as experience as director of Supply Chain Management and Transportation and vice president of Operations, JP Supply Chain Management and Transportation at Amazon Japan G.K. He has been in his current position since May 2022.



### Changes in Operation Following a Shift in Composition of Customers and Packages

Yamato's annual delivery amount has increased by approximately 900 million parcels in the last 10 years, following the progress of e-commerce (EC) adoption in all industries. In particular, there have been changes in the way essential operations are carried out in the process of delivering parcels from clients to recipients, including pickup, transportation, sorting, and delivery, alongside a clear increase in business-to-consumer parcels from large corporate clients.

For example, major EC operators tend to set up large warehouses near cities, including in Tokyo and three of its neighboring prefectures (Chiba, Saitama, and Kanagawa), where demand is concentrated, to ship large volumes of packages. They do not have small-lot pickup operations from numerous locations to meet conventional customer-to-customer demand. There have also been changes in the timeline of transportation and sorting operations. Conventional *TA-Q-BIN* has standardized operations with a basic timeline of daytime pickup, nighttime shipping, sorting, and trunk-route transportation, with delivery from the next morning. For EC parcels, there have been deviations from the conventional timeline of operations, as well as a drop in operational efficiency and appearance of additional costs to ensure the sequential packing and shipping of late-night orders by buyers.

### Initiatives for Structural Reform of Networks and Operations

Under the medium-term management plan "One Yamato 2023," we are engaging in the structural reform of networks and operations by optimizing costs while responding to these changes and meeting needs in growth domains to achieve sustainable growth.

First, we are working ahead of the curve to create an EC logistics network that leads to revenue growth for Yamato, which is seeing increasing demand for EC. By creating a specialized EC network that enables us to be responsible for consistent operations, from pickup and sorting to transportation and delivery of packages from major EC operators, we will optimize costs by expanding capacity and simplifying operational processes as well as enhance flexibility in response to fluctuations in demand.

At the same time as the creation of this EC logistics network, we are making progress with consolidating and increasing the size of *TA-Q-BIN* sales offices. To date, we have been integrating the small-scale, multi-store bases in a timely manner; however, we are

strategically consolidating and enlarging bases currently existing linked with the separation of transporting and delivering EC parcels. At the same time, we are also reviewing the purpose of facility functions. We have traditionally carried out sorting operations for shipping and delivery at the same facility. Since there has been a shift in the balance of these two, going forward, we will optimize operations by operating isolated sorting facilities for shipping and delivery and consolidating and integrating sorting operations for packages for delivery with larger sales offices. Regarding our refrigerated delivery service that handles refrigerated and frozen products, we will create specialized refrigerated sorting facilities and delivery bases in urban areas, maintain and enhance quality, and expand capacity in response to an increase in demand for pick-up and the need for refrigerated delivery for corporate clients during the COVID-19 pandemic.

At the same time, we will engage in creating an operational structure to maximize the effects of these initiatives. For example, since not all parcels are designated to be delivered in the shortest time possible and there are packages with time before their designated delivery date, we can enhance the productivity of our networks if we can standardize the workload by holding these parcels back. We will standardize operations by managing capacity and utilize data and digital technology to create a structure that flexibly changes operations in response to factors such as customer demand and capacity status while integrating ideas from the front line.

These are significant issues that we should tackle in the medium to long term and we will continue to do so during and beyond the period of the medium-term management plan, leading to the creation of further value.

### Aim to Create Infrastructure That Satisfies Both Customers and Employees

Our structural reform of networks and operations aims to optimize costs, make operations more efficient, enhance the speed and quality of speed and shipping, and improve the working environment and safety of employees. In reality, by creating an EC logistics network for large corporate clients we have been able to shorten the lead time for shipping through measures including the extension of operational hours for next-day and same-day shipping. We will promote these transformation initiatives with the aim of further contributing to growth in the businesses, lifestyles, and industries of our customers as a part of the social infrastructure, not just our own growth.

## Promotion of Digital Strategies That Support the Transformation of “One Yamato 2023”

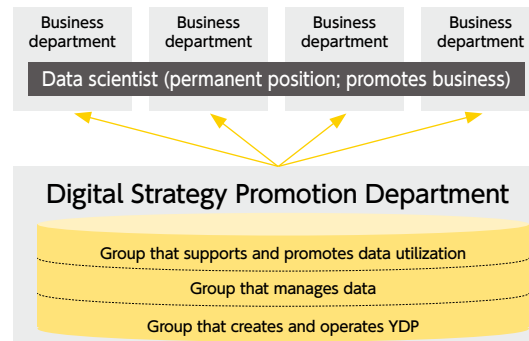
We are promoting Groupwide digital transformation (DX) with the aim of changing the organization and operations and of drastically reforming all of our Group businesses through digital technology. With the shift to data-driven management as a fundamental strategy, in addition to updating the existing 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.

### Digital Strategies

Digital Strategies	Key Results and Initiatives from the Fiscal Year Ended March 31, 2022
<ul style="list-style-type: none"> <li>Creation of digital platform through incorporating cutting-edge technologies</li> </ul>	<ul style="list-style-type: none"> <li>Completion of the Yamato Digital Platform (YDP) → Promotion of connecting with, analyzing, and utilizing data in real time by transitioning from the existing system to the YDP</li> </ul>
<ul style="list-style-type: none"> <li>Data-driven management (Employment of forecast-based decision-making and implementation of measures)</li> </ul>	<ul style="list-style-type: none"> <li>Shortening of the improvement cycle for the advancement and enhancement of accuracy for workload forecasts by improving forecast models</li> <li>Launch of the development of workload forecasts that respond to changes in the business environment and in-house operations quickly and flexibly</li> </ul>
<ul style="list-style-type: none"> <li>Integration of corporate customer data to strengthen account management</li> </ul>	<ul style="list-style-type: none"> <li>Completion of the integration of customer data across the entire Group</li> <li>Reinforcement of account management by visualizing and analyzing income and expenditures for each customer</li> </ul>
<ul style="list-style-type: none"> <li>Improvement of service levels through real-time freight flow data</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of the convenience of each function provided to <i>Kuroneko Members</i></li> <li>Development of a system that provides information on the domestic and international location of parcels and temperature changes in real time</li> </ul>
<ul style="list-style-type: none"> <li>Optimization and advancement of resource allocation by visualizing operations and costs</li> </ul>	<ul style="list-style-type: none"> <li>Development of a real-time dashboard that visualizes the operational status of sorting facilities and trunk-route transportation</li> </ul>

### Promotion System

In Yamato Transport's Digital Strategy Department, which promotes Groupwide digital strategies, a team is assigned to operate and reinforce the digital foundation, which is the platform for digital strategies; process and analyze data; and support data utilization across all departments. At the same time, data scientists are permanently stationed in each business department to promote the utilization of data and collaboration between the Digital Strategy Department and each business department. Under this promotion system, we support the digital aspects of structural reforms through repeated decision-making and hypothesis verification based on data.



### Development of DX-Savvy Human Resources

In the fiscal year ended March 31, 2022, we launched the Yamato Digital Academy (YDA), a digital training program that comprises a position-based training curriculum to raise the level of digital literacy among employees, including executive officers, and rapidly train human resources in the digital domain. During the period of the current medium-term management plan, approximately 1,000 people are expected to enroll in the Yamato Digital Academy. In the first year of the plan, approximately 300 people participated in training and are now leveraging the knowledge and skills they have learned in their work.

Furthermore, to recruit DX-savvy human resources, we hold competitive events for data analysis and system development, which utilize delivery data in ways close to actual conditions, to promote understanding of the Yamato Group's initiatives among external human resources in the digital domain and to engage in securing talented human resources.

#### Yamato Digital Academy Initiatives (Fiscal Year Ended March 31, 2022)

Target	Vision	Content of Training	Attendance Results
Executive Officers	Analysis of management resources essential for DX, risk awareness improvement, and implementation of data-driven management	DX promotion and development of policies	All executives of Yamato Holdings and Yamato Transport
Digital Department	Recognized as a partner by business department leadership and at the core of project promotion	Data science, project management, architect training, etc.	Approximately 160 employees
Business Department (Head Office)	Collaborate with the digital department, promote reform as a DX leader, and contribute to enhancing profitability	DX leader human resource development program	Approximately 40 people
Business Department (Regional Branches)	Master digital tools to promote further advancement and efficiency through devices unique to the front line	Digital tool training, etc.	Approximately 110 employees

#### Events Held in the Fiscal Year Ended March 31, 2022

Data analysis competition	Two times	39 participants
Hackathon	Two times	53 participants

## Examples of Initiatives

### 1 Advancement of Workload Forecasts

We are utilizing data extracted from various services operated under the Yamato Digital Platform to advance workload forecasts and improve operational efficiency. Regarding workload forecasts, in addition to improving forecast models on a monthly basis through a machine learning model, we have created an algorithm to gather information from interviews with medium- and large-lot customers, such as sales implementation schedules and sales estimates, and reflect this in our forecasts to improve their accuracy. We aim to balance the provision of stable, high-quality services with optimized costs by creating personnel and vehicle plans for TA-Q-BIN sales offices, sorting terminals, and trunk-route transportation based on daily forecasts created up to three months in advance to carry out actual operations. Furthermore, to improve the efficiency of operations, we are providing an environment where frontline employees, including sales drivers and guest operators, are even more customer-facing. We are achieving this by making pickup and delivery operations more efficient through the development of functions that automatically create a route by scanning the delivery address and time period on delivery slips and digitalizing and streamlining back-office work, such as inventory of materials and reporting abnormalities with packages. We will create a system to adjust and optimize operations according to factors including customer demand and capacity with the aim of further improving efficiency of operations.



### 2 Provision of Solutions That Utilize Data

By not only delivering products but also providing their tracking information leading up to their current form as added value, we are working to provide services and optimize the supply chain to meet the needs of diverse corporate clients. For example in logistics for special pharmaceuticals, which require strict temperature controls, we are utilizing the Yamato Digital Platform and IoT devices, which can track package data in real time. Through this we have created a system capable of real-time monitoring of packages for information on their location, temperature, humidity, exposure to light, and vibrations due to shocks, from the receipt of packages to delivery. As a result we are contributing to maintaining the quality of and reducing waste for pharmaceuticals.



Image of monitoring system

### 3 Provision of More Convenient Pickup Experiences by Enhancing Kuroneko Members Functions

From March 2022, we shifted *Kuroneko Members*, the service for individual clients that has over 50 million registered members, to the Yamato Digital Platform. By utilizing various data under the Yamato Digital Platform, we provide services that fit customers' lifestyles and meet their diverse needs, such as unifying and providing various forms of information,\* which users previously had to check the attempted delivery notice or homepage for, in addition to real-time coordination with delivery status.

- \* Newly provided information for *Kuroneko Members*:
  - Details of packages (sender, product name, and size)
  - Barcode for receiver (when collecting a package away from home)
  - Number and passcode for home delivery boxes
  - Pickup and delivery regulations for applicable areas



Image of displayed screen

## Digital Investment

Under the medium-term management plan "One Yamato 2023," we expect to make digital investments of ¥100 billion in the three years spanning the fiscal year ended March 31, 2022, to the year ending March 31, 2024. During the actual promotion of digital strategy, we carry out the necessary investments after closely examining their validity and priority through Digital Governance Meetings, which regulate Groupwide digital investment.

Results of Digital Investment for the Fiscal Year Ended March 31, 2022

Digital Investment	2022/3 (Results)
Enhancement of value provided to customers	¥8.0 billion
Improvement of operational efficiency for transportation and delivery	¥6.2 billion
Creation and maintenance of digital infrastructure	¥11.8 billion
Other	¥1.8 billion
Total	¥27.8 billion



## Strengthening of Sustainable Management

At a time when society as a whole is facing many urgent issues, such as climate change, the declining workforce, human rights, and inequality, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them. The Yamato Group is promoting sustainable management in order to achieve long-term targets, such as our environmental and social visions for a sustainable future, and climate neutrality by 2050.

### Vision for the Environment and 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\*<sup>1</sup> and by creating business models based on sustainable resource use and consumption.

\*<sup>1</sup> 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”\*<sup>2</sup>

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.

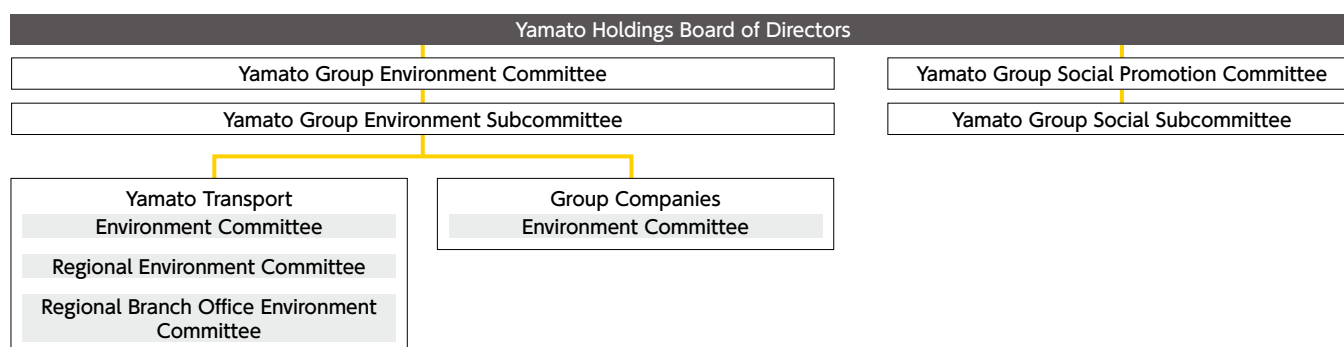
By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

\*<sup>2</sup> To leave no one behind: A basic philosophy of the SDGs

### Sustainability Promotion System





















































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

With the president as chairperson and members comprising the executives (including senior managing executive officers and managing executive officers) 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. Key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.





## Material Issues

Material Issues	Themes of Initiatives	Vision	Risk/ Opportunity	Related SDGs
 Energy & Climate	Mitigate climate change	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.	Risk Opportunity	  
 Atmosphere	Clean up the skies (prevent air pollution)	Pursue transportation that reduces the effects of air pollutants emitted by vehicles and cleans up skies in local communities	Risk	   
 Resource Conservation & Waste	Promote resource conservation and reduce waste	Drastically reduce our environmental burden and promote the use of technology and creation of opportunities for minimizing environmental impact	Risk Opportunity	      
 Resilience of Companies & Society	Support a society that combats environmental changes	Collaborate with diverse partners to increase the resilience of stakeholders and local communities and create environmental value	Risk Opportunity	     
 Labor	Create a work environment where employees can thrive	Implement a high-value-added model for labor and promote "decent work"	Risk Opportunity	  
 Human Rights & Diversity	Create a corporate culture that respects human rights and diversity	Respect human rights, recognize diversity, and create a framework for human rights due diligence	Risk Opportunity	   
 Safety & Security	Create initiatives to carry out business in a safe and secure manner	Maintain traffic and labor safety and provide reliable service	Risk	     
 Data Utilization & Security	Create an information security infrastructure	Create an information security infrastructure and businesses that utilize data to resolve social issues	Risk Opportunity	   
 Supply Chain Management	Develop a common understanding with stakeholders	Build a stable business infrastructure through sound, resilient supply chains	Risk Opportunity	  
 Community	Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	Establish corporate citizenship activities that are unique to the Yamato Group. Create a business model that revitalizes local economies	Opportunity	       

## Identification of Material Issues

### 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 Sustainable 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 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 November 2019)

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







## Sustainable Medium-Term Plans 2023

In order to promote sustainable management, the Yamato Group has set out specific actions to address material issues in Sustainable Medium-Term Plans 2023. In the fiscal year ended March 31, 2022, the first year of these plans, we have made steady progress in achieving targets under the sustainability promotion system we have developed. We will continue to make improvements by reviewing and adopting additional measures based on current issues while engaging in the promotion of measures, the enhancement of training, and other actions.

### Medium-Term Environmental Plan 2023

Material Issues		Targets for the Fiscal Year Ending March 31, 2024
 <b>Energy &amp; Climate</b> <b>Mitigate climate change</b>		<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions 10% compared with the fiscal year ended March 31, 2021*<sup>1</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Reduce greenhouse gas emission intensity 10% compared with the fiscal year ended March 31, 2021*<sup>1,2</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Achieve 30% usage rate of electricity generated via renewable energy sources*<sup>3</sup></li> </ul>
 <b>Atmosphere</b> <b>Clean up the skies (prevent air pollution)</b>		<ul style="list-style-type: none"> <li>Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021*<sup>4</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Introduce vehicles that emit fewer air pollutants</li> </ul>
 <b>Resource Conservation &amp; Waste</b> <b>Promote resource conservation and reduce waste</b>		<ul style="list-style-type: none"> <li>Use 55% renewable resources and recycled materials for paper materials*<sup>5</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Reduce landfill disposal rate (final disposal rate) to 5% or less*<sup>6</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Provide products utilizing recycled materials and resource saving materials</li> </ul>
 <b>Resilience of Companies &amp; Society</b> <b>Support a society that combats environmental changes</b>		<ul style="list-style-type: none"> <li>Advance green logistics in collaboration with our business partners</li> </ul>
		<ul style="list-style-type: none"> <li>Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change)</li> </ul>
		<ul style="list-style-type: none"> <li>Provide environmentally friendly products and services*<sup>7</sup></li> </ul>

### Medium-Term Social Plan 2023

Material Issues		Targets for the Fiscal Year Ending March 31, 2024
 <b>Labor</b> <b>Create a work environment where employees can thrive</b>		<ul style="list-style-type: none"> <li>Improve operating revenue per employee</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021</li> </ul>
		<ul style="list-style-type: none"> <li>Achieve 90% annual paid leave utilization</li> </ul>
 <b>Human Rights &amp; Diversity</b> <b>Create a corporate culture that respects human rights and diversity</b>		<ul style="list-style-type: none"> <li>Achieve 100% attendance at human rights training for all employees</li> </ul>
		<ul style="list-style-type: none"> <li>Ensure percentage rate of employees with disabilities is 2.5%</li> </ul>
		<ul style="list-style-type: none"> <li>Double the number of women in management (executives) compared with the fiscal year ended March 31, 2021, and ensure 10% of all managers are women</li> </ul>
 <b>Safety &amp; Security</b> <b>Create initiatives to carry out business in a safe and secure manner</b>		<ul style="list-style-type: none"> <li>Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)*<sup>3</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020*<sup>3</sup></li> </ul>
		<ul style="list-style-type: none"> <li>Achieve zero serious occupational diseases (work-related deaths)*<sup>3</sup></li> </ul>
 <b>Data Utilization &amp; Security</b> <b>Create an information security infrastructure</b>		<ul style="list-style-type: none"> <li>Develop an infrastructure for creating businesses that utilize data to resolve social issues</li> </ul>
		<ul style="list-style-type: none"> <li>Achieve zero serious information security incidents</li> </ul>
		<ul style="list-style-type: none"> <li>Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers*<sup>4</sup></li> </ul>
 <b>Supply Chain Management</b> <b>Develop a common understanding with stakeholders</b>		<ul style="list-style-type: none"> <li>Complete development and demonstration of monitoring framework*<sup>4</sup></li> </ul>
 <b>Community</b> <b>Create corporate citizenship activities that are rooted in local communities and create a framework for business creation</b>		<ul style="list-style-type: none"> <li>Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues</li> </ul>



Details on Sustainable Medium-Term Plans 2023 can be found on our corporate website.

<https://www.yamato-hd.co.jp/english/csr/>

For ESG-related numerical results, please see “ESG Data.”

<https://www.yamato-hd.co.jp/english/csr/esg/performance.html>

Progress in the Fiscal Year Ended March 31, 2022		Examples of Initiatives
■ 2% decrease		<ul style="list-style-type: none"> <li>Development and verification of electric vehicles</li> <li>Visualization of the operational status of vehicles and reduction of inefficient routes</li> <li>Implementation of a modal shift</li> <li>Consolidation of touch points (facilities) and installation of LED lights (495 facilities)</li> <li>Establishment of a specialized department (Green Innovation Development Department) to promote the development and introduction of vehicles and equipment that contribute to reducing greenhouse gas emissions</li> </ul>
■ 2% decrease		
■ 11% usage rate		
■ NOx emissions: 9% decrease		<ul style="list-style-type: none"> <li>Holding of discussions and implementation of technical checks on automated mobility with suppliers that contribute to low-carbon transportation and the prevention of air pollution</li> </ul>
■ PM emissions: 3% decrease		
■ 3,200 vehicles introduced		
■ 52% usage rate		<ul style="list-style-type: none"> <li>Use of renewable resources and recycled materials for containers and packaging materials</li> <li>Launch of studies into the development of materials for reuse and common reusable materials</li> </ul>
■ 10% disposal rate		
■ Identification of target materials and partial switch to resources that utilize recycled materials		
■ Determination of methods for understanding the greenhouse gas emissions of our transportation partners		<ul style="list-style-type: none"> <li>Addition of function for collecting data on greenhouse gas calculations to an application for understanding the operational status of transportation partners</li> </ul>
■ Launch of discussions aimed at the collaborative development of cartridge batteries and sharing of disaster forecasts based on data from the Japan Meteorological Agency with transportation partners		
■ Determination of evaluation methods and standards for the environmental burden and effects of services and products		

Progress in the Fiscal Year Ended March 31, 2022		Examples of Initiatives
■ Operating revenue per employee: ¥12,550,000 (107.9% compared with the fiscal year ended March 31, 2021)		<ul style="list-style-type: none"> <li>Expansion of scope for expired paid leave and dependency allowance as part of treatment and development of equal pay for equal work</li> <li>Expansion of scope for specialized human resource system</li> <li>Completion of development of support system for life events, such as a redundancy payment system and an insurance system</li> <li>Launch of educational organization (Kuroneko Academy) and completion of creation of an in-house instructor system</li> <li>Increase in training opportunities for employees through introduction of video training tools</li> </ul>
■ 11.4% decrease		
■ 90.5% usage rate		
■ Held human rights training for 390 new assistant managers		<ul style="list-style-type: none"> <li>Formulation of Yamato Group Human Rights Policy and commencement of human rights training for employees</li> <li>Translation of work rules, employment documents, and workplace notices into numerous languages</li> <li>Introduction of a system to support diverse workstyles that utilize the in-house intranet and share information on role models for female managers in the internal newsletter</li> <li>Implementation of training for managers responsible for promoting employment of people with disabilities and sharing of productive examples of employment of people with disabilities</li> </ul>
■ 2.6%		
■ 1.03 times (384 women)/5.6%		
■ Zero accidents		<ul style="list-style-type: none"> <li>Provision of coaching through ride-along guidance and dashcam videos</li> <li>Implementation of safety training and skill tests for safety experts</li> <li>Introduction of equipment for supporting safe driving (rear sensors)</li> <li>Creation of operational implementation system in accordance with the occupational health and safety management system</li> </ul>
■ 27.1% decrease		
■ Zero		
■ 9.5% increase		<ul style="list-style-type: none"> <li>Consideration of measures for reducing risks in utilizing and applying data</li> <li>Information security training for all employees (100% attendance rate)</li> <li>Provision of video training for business partners (part-time workers, Kuroneko Mate, pickup and delivery consignment, and subcontractors)</li> <li>Establishment of a specialized department for cybersecurity measures (YAMATO CSIRT)</li> </ul>
■ Completion of system and framework for the organizational implementation of data inquiries and data coordination		
■ Zero		
■ 100%		<ul style="list-style-type: none"> <li>Preparation for the implementation of monitoring tests (such as the selection of key suppliers and examination of questionnaires)</li> </ul>
■ Formulation of Yamato Group Responsible Procurement Policy		
■ Formulation of Yamato Group Business Partner Guidelines		
■ Formulation of guidelines for corporate citizenship activities		<ul style="list-style-type: none"> <li>Finalization of corporate citizenship activity policy and important themes (safety, the environment, diversity and inclusion, and community)</li> <li>Examination of the system for promoting corporate citizenship activities</li> <li>Creation and development of an in-house promotion system aimed at resolving social issues</li> </ul>
■ Determination of important themes for businesses that resolve social issues		

\*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 For consolidated companies in Japan and Swan Co., Ltd.

\*4 For Yamato Transport \*5 Paper materials refer to cardboard for shipping, pickup and delivery materials, etc. \*6 Equivalent to reduction by half compared with the past

\*7 Products and services with environmental value and a low burden on the environment \*8 Number of work-related fatalities and injuries per million working hours

# Environmental Strategies for Realizing Green Logistics

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

We recognize the risks and opportunities of climate change as a management issue. Accordingly, we are pursuing services that help reduce greenhouse gas (GHG) emissions, in addition to reducing the environmental impact of our business. We are also undertaking serious efforts to mitigate and adapt to climate change while making proposals for deregulation and collaborating with local governments in order to achieve Sustainable Medium-Term Plans 2023 and our long-term target of realizing climate neutrality.

## Initiatives Based on the Recommendations of the TCFD

The Yamato Group understands that revealing the risks and opportunities faced by and presented to society and the Company by climate change issues, evaluating the impacts thereof, and formulating countermeasures are essential for the sustainability of the business. We have carried out scenario analyses of Yamato Transport in the fiscal year ended March 31, 2022, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and announced our support for the TCFD recommendations in September 2022.

While enhancing the sustainability of the Group by clarifying the business impacts of climate change and engaging in countermeasures focused on issues that have a significant impact, we will enhance corporate value by holding dialogues with stakeholders.

### 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 is the supervisor responsible for the environmental management system. Important matters, such as basic Groupwide environmental policies, which include environmental issues discussed by the Yamato Group Environment Committee, are debated and decided on at Management Committee meetings and Board of Directors or management meetings.

Executive officers in the environmental field, regional directors, and presidents of Group companies are responsible for ensuring the implementation, maintenance, and supervision of environmental management, in addition to being 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 change, as environmental managers.

▶ For the framework, please refer to **page 32**

### Strategy

The Yamato Group believes that it is important to divide the consideration of climate change-related environmental risks into appropriate periods of time, since they have the potential to impact the business activities of the Company and its stakeholders over the long term. Thus, the Group will look ahead to the period between the fiscal year ended March 31, 2022, and the fiscal year ending March 31, 2024—which is the period of the Medium-Term Environmental Plan 2023–2030, which has been set as the fiscal year for medium-term targets, and 2050, which has been set as the fiscal year for long-term targets, with reference to the targets formulated by the Japanese government for reducing GHG emissions. We will consider transition risks, such as the introduction of policies and regulations by the Japanese government and changes to market needs, and physical risks, such as abnormal weather brought about by climate change, and will respond to risks and opportunities by reflecting them in the Group's strategies.

We evaluated physical risks, such as the suspension of operations due to the increasing severity and frequency of abnormal weather and expanding repair costs owing to damage to and loss of facilities and equipment caused by abnormal weather, as short-term risks. Furthermore, we evaluated the transition risk of increasing costs due to the introduction of a carbon tax as a result of revised policies and laws as a medium- to long-term risk.

Meanwhile, regarding opportunities, we also identified significant potential for future financial benefits, such as falling costs due to energy conversion and increased efficiency, in line with the low-carbon transition, and increasing revenues supported by customers with a heightened awareness of our proactive, environmental response to climate change mitigation and adaptation. We recognize that our finances will be severely impacted if a carbon tax is imposed on GHG emissions resulting from Yamato vehicles and facilities. If we are unable to meet the demands of the low-carbon transition to reduce GHG emissions, our finances will be significantly impacted by a decrease in revenues due to changes in customer needs against a backdrop of increased environmental awareness. As such, we are introducing electric vehicles (EVs), installing solar power generation equipment, and transitioning to use of electricity generated via renewable energy sources to reduce GHG emissions. Furthermore, as a response to physical risks, we open stores by utilizing hazard maps and periodically review our business continuity planning manual to prevent the suspension of operations due to an increase in the severity and frequency of abnormal weather and expanding repair costs due to damage to and loss of facilities and equipment caused by abnormal weather.

Going forward, we will continue to assess the impact of the risks and opportunities that may arise.

## STEP 1 Assessment of Risk Importance

Assumed time period: short term (up to 2023), medium term (up to 2030), and long term (after 2030)

Level of importance: high (annual financial impact of over ¥10 billion), medium (between ¥1 billion and ¥10 billion), and low (less than ¥1 billion)

Risk Classification				Risk	Opportunity	Level of Importance
Major category	Core category	Subcategory	Assumed time period			
Transition risks	Policy and Legal	Carbon price	Medium term	• Reduction in revenues due to inability to reflect carbon tax in price	• Increase in revenues through sale of low-carbon logistics as high added value	High
		Reinforcement of mandatory emissions reporting	Medium term	• Decrease in revenues after loss of customer trust if errors are detected in our reporting • Increase in system development costs and personnel expenses in response to requirement by clients for precise GHG emissions	—	Low
	Technology	Increase in expectation to introduce new technology and provide high-value-added services	Medium term	• Decrease in revenues due to delay in popularizing methods of transportation and materials that reduce GHG emissions following transition to a low-carbon society	• Increase in revenues by being selected as a partner by customers through introduction of methods of transportation that reduce GHG emissions following transition to a low-carbon society	Low
		Demand for realizing low-carbon transportation	Medium term	• Increase in costs following introduction of low-carbon vehicles and equipment	• Decrease in procurement costs due to transition from use of fossil fuels to electricity by trucks if low-carbon transportation, such as EVs, is actively introduced	Medium
	Market	Changes in energy mix	Medium term	• Increase in cost of energy used by vehicles and facilities as a result of rising fuel and energy prices due to popularization of energy conservation	• Increase in energy self-sufficiency and decrease in energy costs due to introduction of renewable energy generators and power generation equipment and to promotion of energy-saving activities	Medium
		Increase in environmental awareness of consumers, corporate clients, and regular customers	Medium term	• Decrease in revenues due to avoidance of Yamato services if the Company's efforts to reduce GHG emissions throughout supply chains of customer companies and organizations are insufficient as well as to increased awareness of climate change and ethical consumption by consumers	• Increase in revenues due to Yamato services being selected worldwide, particularly within the European Union, where environmental awareness is high, and by customer companies and organizations—whose entire supply chains have seen reductions in GHG emissions—as well as a heightening of awareness regarding climate change and ethical consumption by consumers if their needs can be met • Reduction of working hours and related costs through enhancement of delivery efficiency as a result of a drop in people being away from home at the time of delivery	High
	Reputation	Criticism of industrial sectors	Medium term	• Reduction in revenues if low-carbon transportation cannot be realized, since there are high expectations for transportation as Scope 3 in other industries	—	Low
		The impact on fundraising	Medium term	• Difficulties with fundraising if Yamato business is not classified as sustainable	• Increase in ease of fundraising as a result of diversification of financing following transition to a low-carbon society • Realization of stock price stability and expansion of investment as making a high reputation on the environmental initiatives	Low
	Physical risks	Acute Increased severity and frequency of abnormal weather	Short term	• Decrease in revenues as the frequency of abnormal weather increases and causes numerous cases where operations are suspended due to injury to employees, delays in recovery at afflicted facilities, and power and fuel supply shortages • Decrease in revenues if our customers cannot ship packages as a result of damage to customer facilities or products • Increase in damage to and loss of logistics facilities, equipment, and freight, as well as the associated repair costs	• Increase in revenues by enhancing our natural disaster response capability following a rise in demand from customers who worry about the increasing severity of natural disasters in the future • Reduction in loss of business opportunities and costs related to recovery by quickly relocating facilities to places with a low risk of damage	Medium
		Changes in rainfall patterns and extreme fluctuations in weather patterns	Medium term	• Decrease in revenues by reducing shipping volume from customers suffering severe impacts from climate change and water risks • Increase in response costs after delivery delays arise due to road infrastructure being cut off because of flooding	—	Low
		Chronic Rising sea levels	Long term	• Increase in costs due to water damage response costs and the impact of rising insurance rates at logistics facilities positioned in coastal areas following a rise in sea levels	—	Low
		Rise in average temperatures	Long term	• Increase in the number of employees suffering from poor health, such as heatstroke, due to rising average temperatures, as well as a difficulty in personnel recruitment in addition to higher employee turnover leading to an increase in costs, such as personnel expenses and recruitment costs • Increase in heating and lighting expenses as a result of high energy consumption costs related to temperature control in logistics facilities due to rising average temperatures • Decrease in revenues from delivery of fresh produce due to inability to harvest local products	—	Low

## STEP 2 Definition of Scenario Categories

We predicted two scenarios (referencing the 1.5°C scenario and 4°C scenario, as well as the 2°C scenario when no scenario exists for 1.5°C) for Yamato Transport in the fiscal year ended March 31, 2022, based on information\* from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

\* Includes the RCP8.5 global warming scenario created by the IPCC as well as the Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario, and Stated Policies Scenario created by the IEA

1.5°C Scenario	The incurrence of costs associated with reducing GHG emissions will become necessary and we must enforce stricter regulations and higher fuel and electricity costs; however, sustainability is the key to creating and offering competitive products.
4°C Scenario	While we will continue to practice our current style of management, incurring costs to address damages from natural disasters in each area of operation will become necessary.

## STEP 3 Evaluation of Business Impact For Yamato Transport

## Financial impact assessment regarding decreasing revenues and increasing repair costs for facilities and equipment due to abnormal weather and disasters

Business impact of decreased sales due to abnormal weather, such as heavy rain resulting from increasingly severe typhoons and linear rainbands, and repair costs for damaged facilities and equipment  
By 2030: ¥1.9 billion  
By 2050: ¥3.8 billion  
Note: Calculated by referencing past disasters

## Financial impact due to introduction of a carbon tax

Business impact related to calculations if a carbon tax is fully introduced, assuming no measures are taken after the current Sustainable Medium-Term Plan 2023  
By 2030: ¥13.3 billion  
By 2050: ¥25.6 billion  
Note: Estimated using carbon tax prices of \$130 per ton (2030) and \$250 per ton (2050)

We determine the business impact by referencing energy-related indexes, such as the carbon pricing published in the World Energy Outlook by the IEA. Furthermore, to understand changes in trends, we reference data, including the frequency of flooding, published by the Japanese Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Education, Culture, Sports, Science and Technology; and the Japan Meteorological Agency in light of climate change.

## STEP 4 Direction of Countermeasures

- Opening of stores by utilizing hazard maps and periodic reviews of our business continuity planning manual
- Examination of disclosing information on efforts to adapt to climate change internally and to our business partners
- Commencement of testing for use of renewable energy and EVs with cartridge batteries that enhance resilience
- Continual reevaluation of business impact going forward while adding extra prerequisites, such as enhancing predictions for location and scale of occurrences of incidents, and continuous examination of countermeasures
- Implementation of measures to achieve targets for reducing GHG emissions by 2030 (48% reduction compared with the fiscal year ended March 31, 2021)  
Introduction of 20,000 low-carbon vehicles (mainly EVs), installation of 810 solar power generation equipment, etc.  
⇒ Expected result: Reduction of business impact due to introduction of carbon tax by 2030 (¥6.1 billion decrease)
- Implementation of measures to achieve targets for climate neutrality by 2050  
Introduction of low-carbon vehicles, including EVs with cartridge batteries, further installation of solar power generation equipment, reinforcement of other measures, etc.  
⇒ Expected result: Elimination of business impact due to introduction of carbon tax by 2050
- Examination of introducing internal carbon pricing with the aim of proactive capital expenditures in low-carbon transition



## Environmental Strategies for Realizing Green Logistics

### Risk Management

Yamato Holdings has created a dedicated department responsible for promoting the Groupwide response to climate change. Additionally, we are promoting said response by deploying an environmental officer (president and representative director) and an environmental promotion representative to each Group company.

With the president as chairperson and members comprising executive officers and regional executive officers of Yamato

Transport, and the presidents of major Group companies, the Yamato Group Environment Committee meets once a year and shares information about and discusses issues and risks related to the environment, including climate change. Key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.

### Indicators and Targets

#### Targets for reducing GHG\* emissions

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

**Short Term:** 10% decrease by 2023 compared with the fiscal year ended March 31, 2021

**Medium Term:** 48% decrease by 2030 compared with the fiscal year ended March 31, 2021

**Long Term:** Virtually zero emissions (Climate neutrality) by 2050

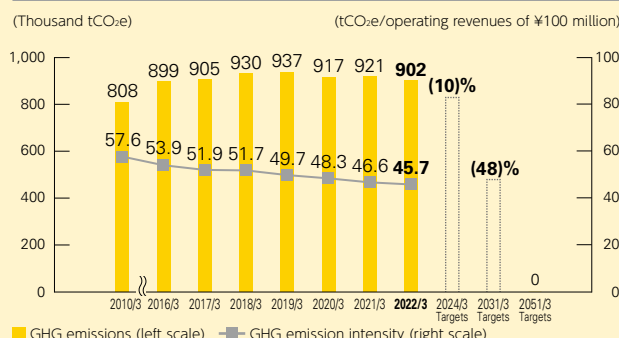
#### Targets for percentage of electricity generated via renewable energy sources

**Short Term:** 30% by 2023

**Medium Term:** 70% by 2030

We will implement measures for achieving the above targets and create green logistics in collaboration with our business partners to reduce GHG emissions across the entire value chain (Scope 3). At the same time, we will consider the feasibility of acquiring certification for achieving the 1.5°C target of the Science Based Targets initiative.

#### GHG Emissions / GHG Emission Intensity



Note: Some data from the fiscal years ended March 31, 2021, has been revised.



For details on the initiatives based on the recommendations of the TCFD, please refer to our corporate website.

<https://www.yamato-hd.co.jp/english/csr/environment/tcf.html>

## Concrete Initiatives for Achieving Climate Neutrality

#### Introduction of Low-Carbon Vehicles

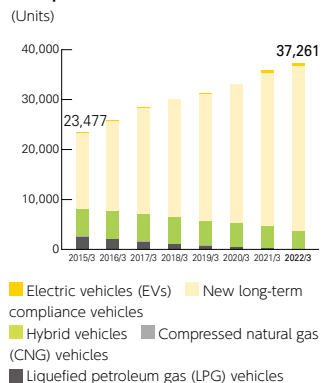
Risk Reduction

Opportunity Creation

One of the Company's main measures is the introduction of 20,000 EVs.

From November 2021, we carried out demonstration tests of the ultra-low-floor, walk-through, light-duty battery-electric vehicle (EV) Hino Dutro Z EV in collaboration with Hino Motors and confirmed that the vehicle sufficiently reduced GHG emissions, increased efficiency, and decreased the workload in pickup and delivery operations. From the fiscal year ending March 31, 2023, we will gradually introduce 500 vehicles, mainly in urban areas.

#### The Number of Environment-friendly Vehicles Owned (Consolidated Group Companies in Japan)



#### Features of Vehicles

- Compact chassis
- Low hip-point
- Walk-through design
- Ultra-low-floor design
- High degree of quietness
- Equipped with advanced safety technology

#### Standardization and Commercialization of Cartridge Batteries

Risk Reduction

Opportunity Creation

Yamato Transport and Commercial Japan Partnership Technologies Corporation (CJPT) began studies to standardize and commercialize removable and portable cartridge batteries as part of energy management aimed at achieving a carbon-neutral society.

We will advance the utilization of Electric Vehicles (EVs) and green power and examine ways to contribute to local communities (resilience) by supplying energy, such as delivering cartridge batteries during disasters and to regions where it is difficult to maintain a power infrastructure.

#### Details of Study and Expected Results

1. Decrease in costs of introducing EVs: Reduce vehicle costs by equipping them with batteries sufficient for distance traveled
2. Decrease in burden of charging for drivers: Reduce workload by shortening charging times and simplifying operation
3. Decrease in logistics downtime: No interruptions during pickup and delivery operations since vehicles do not need to stop for long while charging their batteries
4. Standardization of demand for electricity: Charge replacement batteries even when vehicles are not in operation to optimize contracted volume of electricity by spreading out charging time

Note: CJPT is a company that plans and develops CASE (connected, autonomous, shared & service, and electric) technology for commercial vehicles and which is funded by four car manufacturers



### Examination of Common Global Standards for Calculating GHG Emissions in the Logistics Domain with DPDgroup Opportunity Creation

In July 2022, Yamato Holdings and France's DPDgroup, which has the largest delivery network in Europe, signed a basic agreement with the aim of cooperating in the environmental domain, such as by examining common global standards for calculating GHG emissions. Both companies will collaborate and carry out initiatives in the environmental domain to realize a sustainable society and green logistics.

#### Details of Agreement

##### Examination of Common Global Standards for Calculating GHG Emissions in Logistics

Visualization of corporate GHG emissions across the entire supply chain by standardizing basic calculations utilized by individual logistics companies

##### Sharing of Knowledge in the Environmental Domain

Sharing of information in four fields (climate change mitigation, air pollution prevention, resource-recycling promotion, and resilience improvement for society and companies)

### Development and Demonstration Projects to Realize Green Delivery Risk Reduction Opportunity Creation

Yamato Transport will quickly identify issues that could emerge if EVs are introduced on a large scale and develop technology with large-scale demonstrations to resolve these issues.

These demonstration projects have been subsidized by the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency in Japan.



## Introduction and Operation of EVs to Realize Green Delivery

#### Overview

In addition to transforming all pickup and delivery vehicles in Gunma Prefecture (approximately 800) into EVs and installing solar power generation equipment (PVs), we will develop and promote energy systems with the aim of establishing methods for operating EVs as soon as possible. Furthermore, we plan to introduce EVs that utilize cartridge batteries in the latter half of the demonstration period.

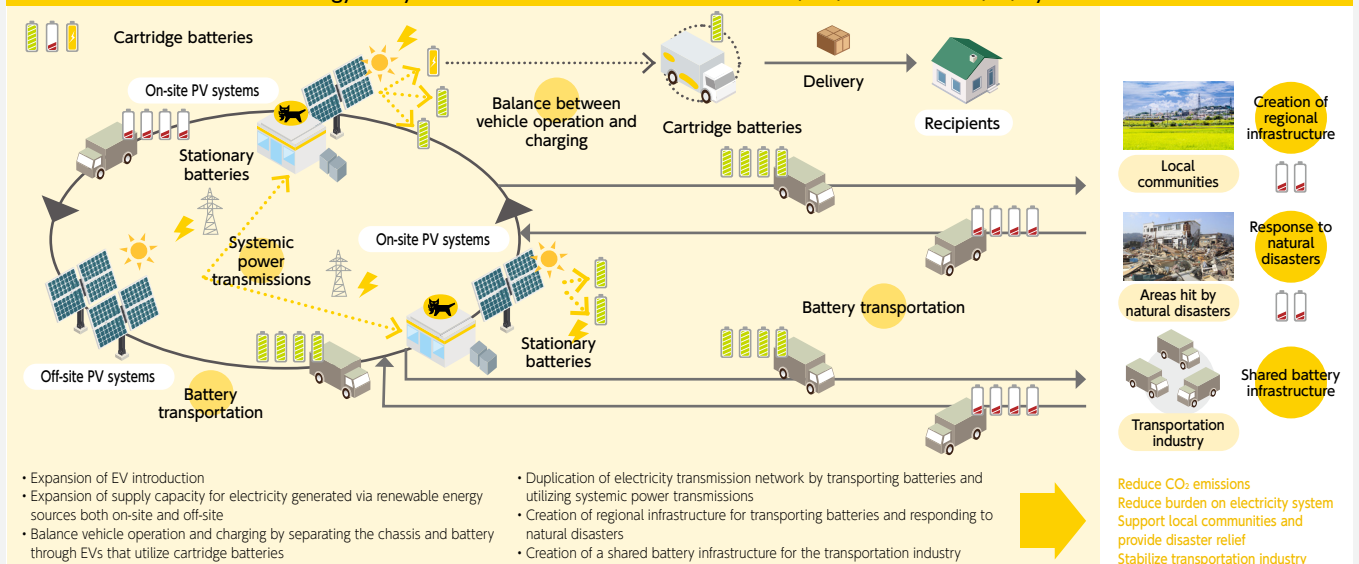
#### Details of Demonstration

Demonstration Period: Fiscal Year Ending March 31, 2023 to Fiscal Year Ending March 31, 2031 (Scheduled)

Optimization of EV Operations	We will continue to consider the optimal vehicle and charging-point layout for operating numerous EVs within our facilities while developing an infrastructure for collecting data on EV operations.
Development of System to Standardize Charging	We will develop and operate a system for standardizing battery charging to control peak electricity use due to EV charging, which tends to be concentrated during the night, and reduce the load on the power grid.
Development of System for Flexible Inter-Base Power Distribution	To avoid wasting surplus electricity generated via renewable energy sources during the day, we will flexibly distribute this power to facilities where electricity is in short supply.

#### Our Vision

### Our Vision for an Energy Ecosystem That Coordinates Electric Vehicles (EVs), Photovoltaic (PV) Systems, and Batteries



#### KPIs Targets for CO<sub>2</sub> Emission Reduction within Demonstration Project Area and Targets for EVs within the Prefecture

	2023/3	2024/3	2025/3	2026/3	2027/3	2028/3	2029/3	2030/3	2031/3
Number of EVs within the prefecture		200 Unit			Transform all vehicles into EVs				Transform all vehicles into EVs with cartridge batteries
Targets for CO <sub>2</sub> emissions reduction*					CO <sub>2</sub> emissions generated by vehicles Reduction of 5,000 t				CO <sub>2</sub> emissions generated by vehicles Reduction of 7,500 t

\* Within the demonstration project area, compared to the fiscal year ended March 31, 2021

Note: The prerequisite coefficient for CO<sub>2</sub> emissions is 0.000447tCO<sub>2</sub>/kWh (Ministry of Environment, the emission coefficients of individual power companies, etc.; TEPCO base CO<sub>2</sub> emission coefficient for the fiscal year ended March 31, 2021).

Reference: [https://ghg-santeikohyo.env.go.jp/files/calcr04\\_coefficient\\_rev4.pdf](https://ghg-santeikohyo.env.go.jp/files/calcr04_coefficient_rev4.pdf) (Japanese only)

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

The Yamato Group's greatest asset is its approx. 210,000 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 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.



## Human Resource Strategies Aimed at Achieving Sustainable Enhancement of Corporate Value



### Human Resource Initiatives to Achieve Value Provision from End to End

#### Fundamental Initiatives (Reinforcement of Group Capabilities):

Cultivation of a corporate culture that respects human rights and diversity and development of a working environment where employees can thrive

#### Initiatives for Further Growth:

Creation of a system and recruitment and training to enable high performance by frontline personnel and specialized personnel (such as those in corporate sales, logistics, and digital domains)

## Human Resource Initiatives to Achieve Value Provision from End to End

### 1 Development of Frontline Human Resources to Reinforce Our Frontline Capabilities

To enhance the job satisfaction of frontline employees and achieve sustainable growth, we are promoting the basic construction of a human resource management cycle for evaluation, deployment, training, and compensation. We will realize this cycle by redefining the duties required of each occupation based on management strategies, by clarifying the roles required of each employee, and 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 reengineering in order to create customer-facing time for employees and further reinforce frontline capabilities.

### 2 Creation of a Human Resource System to Develop Specialized Human Resources Linked with Management Structural Reform

We are striving to create a Human Resource 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 based on the definitions of duties, and to ensure smooth recruitment of mid-career hires required for immediate employment and optimal placement.

### 4 Creation of Basic Foundation for a Training Structure That Utilizes Our Academic Organization

We utilize an academic organization that has deployed internal instructors and are creating a basic foundation for a training structure that uses external instructors to function as the core of human resource development at the Yamato Group. We are aiming to enhance our human resource development organizational capabilities that support the shift to being an “Innovating Delivery Business” through the reinforcement of education based on position, with a focus on executives, position-based training for employees on the front line, 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.

## Topic

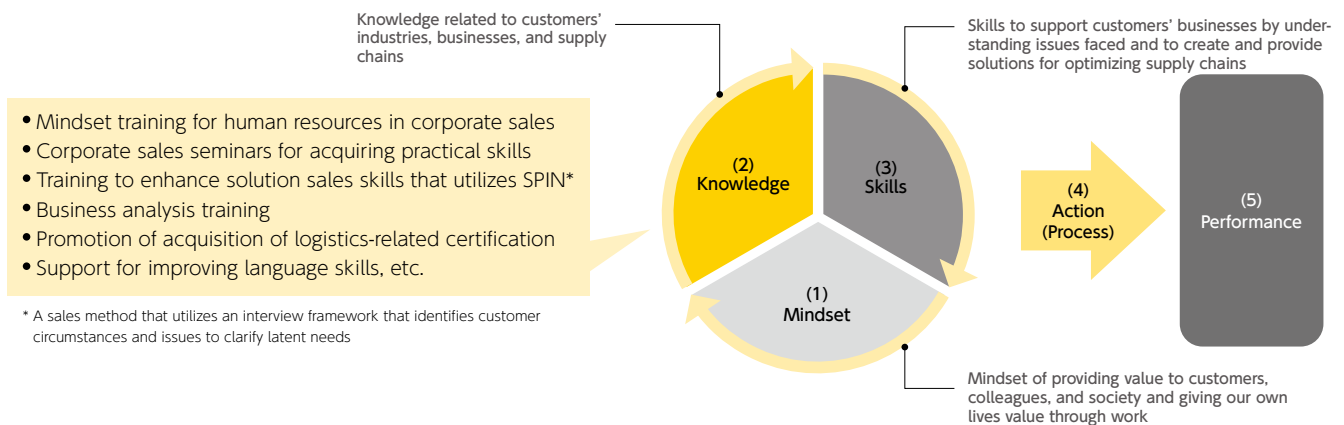
## Development of Human Resources in Corporate Sales Who Can Play Active Roles in Global Business

The Yamato Group aims to become a management partner (LLP: Lead Logistics Partner) for corporate clients through the innovation of supply chains and business processes as well as the implementation of structural reforms. To achieve this goal, we will promote the development of human resources in corporate sales who can play active roles in global business.

From the fiscal year ended March 31, 2022, we have been implementing systematic training for international and domestic human resources in corporate sales in order for them to gain the mindset, knowledge, and skills required for their position. In the fiscal year ending March 31, 2023, we have been working to enhance our

knowledge and skills for the purpose of gaining a deeper understanding of our customers' industries, businesses, and entire supply chains so as to propose concrete solutions for customer management issues. Accordingly, we are providing training on business analysis, more practical corporate sales seminars, and training to improve solution sales skills, in addition to acquiring related qualifications and improving language skills. Furthermore, we are aiming to maximize performance by creating a system for managers to evaluate and support the quality and quantity of actions taken when carrying out their activities.

### Designing a Program for Employees to Attend Seminars Tailored to Their Experience and Skills



Corporate sales seminar attended by 759 employees from around Japan and overseas, including remotely



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

### Continuing to Grow as a Team with the Aim of Resolving Customer Issues



National Industry Manager, National Corporate Sales Department, Yamato Transport Co., Ltd.

Tatsuya Shirai

Appointed in April 2022, I am responsible for customers in the food production and service industries. Currently, we are striving to enhance our knowledge and skills through training and other methods to continue expanding the value we provide to customers. I have participated in corporate sales seminars, training to enhance solution sales skills, and business analysis training and, while I have learned new information, I was also able to reaffirm the basics of corporate sales. As well as acquiring this information myself, I am working to raise the level of team capabilities to strengthen the entire organization by conducting training for the 15 members of

my current team. Furthermore, in addition to visiting customer sites to enhance knowledge and deepen understanding of our customers' industries, we are continuing with self-improvement by learning from various related literature, building relationships with customers who operate globally, and acquiring language skills that can be used in business negotiations in order to resolve issues.

As a management partner for our customers, we will continue to grow together to become a team capable of suggesting issues that our customers are not even aware of and accordingly providing them with solutions.



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

### Initiatives to Reinforce Sustainability in the Human Resource Domain

Targets for Sustainable Medium-Term Plans 2023 (2024/3) and Results for the Fiscal Year Ended March 31, 2022 (Labor and Human Rights & Diversity)

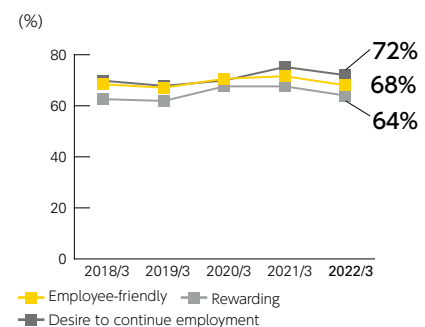
	2024/3 Targets	2022/3 Results		2024/3 Targets	2022/3 Results
• Operating revenue per employee	15% increase (compared with the fiscal year ended March 31, 2021)	<b>7.9% increase</b> (¥12,550 million)	• Attendance rate at human rights training	100%	Held human resource training for 390 newly appointed executives
• Overtime hours per employee	20% decrease (compared with the fiscal year ended March 31, 2021)	<b>11.4% decrease</b> (186 hours)	• Percentage rate of employees with disabilities	2.5%	<b>2.6%</b>
• Annual paid leave utilization	90%	<b>90.5 %</b>	• Number and percentage of women in management (executives)	Double (compared with the fiscal year ended March 31, 2021) / 10%	<b>1.03 times</b> (348 women) / <b>5.6%</b>

### Major Initiatives

#### ▶ Working Styles Awareness Surveys Labor (Working Environment Development)

We have been conducting Working Styles Awareness Surveys with employees across the Yamato Group to understand the current working environment and make improvements. The survey for the fiscal year ended March 31, 2022, showed a decrease in all indicators, and the Group has positioned the improvement of job satisfaction as a priority issue. To enhance items that strongly correlate with job satisfaction, we are working to advance mutual understanding through smooth communication and create a working environment that respects diverse approaches and values. These efforts include implementing workplace discussions at all regional branch offices of Yamato Transport between February and March 2022 with the goal of creating mutual understanding between frontline employees and management and cultivating a sense of unity under One Yamato. By continuing to establish issues and engage in measures based on the results of these surveys, we will promote the development of a working environment, from the perspectives of being employee-friendly and rewarding, that enables employees to work enthusiastically.

#### Working Styles Awareness Surveys



#### ▶ Promotion of Advancement for Women in the Workplace Human Rights & Diversity

We are developing a working environment that empowers women employees with the capability and will to play active roles as managers and continues to motivate them with the aim of being a vibrant company where capable people can actively contribute, regardless of gender. Through questionnaires and interviews, we analyzed obstacles for women aiming to become managers and identified various worries that are unique to women in management, who are a small minority in the Yamato Group, such as feeling uncertain about workstyles or management. We are creating opportunities for existing managers and senior female employees to share their experiences and implementing training for not

only women who are aiming to become managers but also their managers to improve awareness among the employees themselves as well as the people around them. Additionally, we aim to increase the number of women in management by introducing systems that support diverse workstyles through the Company intranet and sharing information about the role models through the utilization of in-house newsletters. We will continue engaging in the enhancement of a working environments for all managers and promote the long-term advancement of women in the workplace.

#### ▶ Creation of a Corporate Culture and Working Environment where Diverse Employees Can Play Active Roles Human Rights & Diversity

Under the Yamato Group Human Rights Policy and the Basic Policy on Diversity, we are creating a working environment that respects the diversity of employees and is employee-friendly. We established an LGBTQ\*-related external consultation contact point in July 2022 for the discussion of concerns related to sexual orientation and gender identity faced by employees in the workplace and to support the improvement of the working environment. To ensure that such concerns are not revealed within the workplace without consent, external staff (such as members of the LGBTQ community and counsellors) who have knowledge and understanding of LGBTQ-related issues are available to respond and, if an in-house response is necessary, disclose information to the workplace with the consent of the person requesting a consultation.

Additionally, under the transformation plan “YAMATO NEXT100,” we have adopted “Through co-creation and fair business activities, help create a society that ‘leaves no one behind’” as our Social Vision. To realize

this vision, we have included the percentage rate of employees with disabilities in the key targets for our Sustainable Medium-Term Plans and are promoting recruitment. Furthermore, we developed the Yamato Original Universal Manners Test\*\*2 in collaboration with Mirairo Inc. and managers have begun to give seminars that enable employees to offer the appropriate help and support for customers with disabilities in their daily operations. Through this test, we aim to enhance the universal manners of employees and contribute to achieving a society that respects human rights and diversity.

\*1 A general term for sexual and gender minorities that comprises the first letters of the English words lesbian (L), gay (G), bisexual (B), transgender (T), and questioning/queer (Q)

\*2 A test that identifies the required mindset, actions, and disposition for dealing with various people and enables participants to systematically learn about the mindset and knowledge necessary for practicing universal manners. One characteristic of the test is that people with disabilities supervise the curriculum and work as instructors. Mirairo Inc. hosts and conducts the test, which has been certified by the Japan Universal Manners Association.



## 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 210,000 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 the 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 upper 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 upper 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.

### Key Targets for Sustainable Medium-Term Plans 2023 (2024/3) and Results in the Fiscal Year ended March 31, 2022 (Safety and Security)

	2024/3 Targets	2022/3 Results
● Number of serious traffic accidents (fatal traffic accidents for which the Company is responsible)	0	0
● Number of traffic accidents (where bodily injury occurs)	50% decrease (compared with the fiscal year ended March 31, 2020)	27.1% decrease
● Number of serious occupational diseases (work-related deaths)	0	0
● Frequency rate for lost workday injuries*	20% decrease (compared with the fiscal year ended March 31, 2020)	9.5% increase

Note: For consolidated companies in Japan and Swan Co., Ltd.

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

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

### Initiatives for Ensuring Safe Transportation

The Safety Department of the Corporate Division at the head office of Yamato Transport is at the center of promoting initiatives for ensuring even greater safety. We are taking steps to improve the frontline working environment through efforts including the creation of a system for training safety experts\*1 and the enhancement of safety training. At the same time, we are promoting the integration of Groupwide standards and frameworks for safety management. We share key points for safe driving and other information by releasing safety communication tools for transportation partners. In the fiscal year ended March 31, 2022, there was an increase in the frequency rate for lost workday injuries due to a rise in work-related accidents, such as injuries due to falls by sales drivers during pickup and delivery. We will strive to reduce workplace injuries by establishing a Safety Awareness Day, implementing risk assessment training, and developing safety footwear that prevents slipping, among other measures.

#### Creation of an Environment That Enables Employees to Work Safely

- ▶ Compliance with work safety laws and regulations and accurate management through utilization of operational support tools for safe driving
- ▶ Promotion of 5S concept (Sort, Set, Shine, Standardize, and Sustain) and establishment of operations manuals that standardize office layouts and safe operations
- ▶ Risk assessments, inspection of work sites by building managers, and periodic checks by third parties
- ▶ Elimination of risks on a regional basis through introduction and inspection of safety equipment

**Introduction of Neco-Assi**—Visualize Driving and Support Safe Driving through In-Vehicle Terminals with Communication Functions That Integrate Dashcams and Digital Tachographs

#### Main Function

- Confirms footage from dashcams (locations of near-miss experiences)
- Automatically records location of near-miss experiences on a map and makes warning announcements when passing through
- Sounds alarm when driver forgets to set the handbrake (prevent accidents caused by self-negligence)
- Displays driving routes on a map and checks operational management system (in real time)

#### Implementation of High-Quality Safety Training Catered to Individuals

- ▶ Professionalization of safety experts and improvement of safety guidance skills
- ▶ Enhancement of safety knowledge and driving skills through regular training for safety experts
- ▶ Confirmation of behavior changes in driving as well as understanding and improvement of individual issues through scheduled ride-along guidance and training with dashcam footage
- ▶ Detection of changes that foreshadow accidents and provision of appropriate guidance by utilizing data from driving, operations, and driver aptitude examinations
- ▶ Provision of training to understand correct methods for and dangers of using loading and unloading machinery, including forklifts, tailgates, and conveyor belts

#### Implementation of Campaigns and Other Initiatives Aimed at Enhancing Safety Awareness

- ▶ Implementation of campaigns to ensure zero traffic accidents, an in-house driving contest (Yamato Transport Nationwide Safety Meet)\*2, and campaigns to prevent work-related accidents
- ▶ Promotion of acquiring G mark certification (Motor Truck Transportation Business Operator Safety Assessment Project)
- ▶ Implementation of safety measures together with transportation partners and development of a safe and secure working environment necessary to engage in campaigns promoting the White Logistics Movement, which complies with laws and regulations for acquisition of G mark certification

\*1 We have deployed 368 safety experts nationwide (as of March 2022). On a daily basis, safety experts inspect stores within their jurisdiction, provide guidance to enhance the individual driving skill level and ensure sales drivers comply with laws and regulations, and thoroughly engage in preventing traffic and work-related accidents.

\*2 During the fiscal years ended March 31, 2021, and March 31, 2022, these driving contests were not held due to the COVID-19 pandemic.

### Training “Safety Drivers”



Yamato Transport  
Shin-Miyagi Regional  
Branch Office  
Safety Expert

Hiroaki Hashimoto

Currently, I am responsible for safety guidance at five sales offices and for 162 sales drivers. I provide guidance by utilizing ride-along training in pickup and delivery vehicles and dashcams, which enables advance understanding of the driving characteristics of employees needing guidance through daily driving reports and dashcam footage. Sales drivers have varying levels of experience and diverse driving characteristics so it is essential to tailor guidance methods in order to provide accurate advice to individual drivers. Accordingly, I place high importance on discussion and aim to provide guidance that focuses on encouraging driver behavior change by building a greater awareness of safety. Such discussions enable me to

see the personality and approach of individual drivers, which makes me feel equipped to give guidance and advice in the appropriate manner.

From April 2019, Neco-Assi was introduced to vehicles. Through footage, the system confirms issues that are difficult for sales drivers to notice by themselves, including their own driving habits and routes that are often the cause of dangerous driving. Since their driving status can be visualized as data, drivers can also assess their improvement through numerical data by comparing it with data from before they received guidance. Furthermore, this data can be utilized to review safe parking locations when picking up and delivering parcels in crowded areas, improve fuel efficiency by reducing distance traveled, and review pickup and delivery routes to reduce GHG emissions.

From the fiscal year ended March 31, 2022, safety experts became part of Yamato's expert personnel system, and I feel a great sense of responsibility for promoting safety. In order to create and instill rules for safety at work sites, I am working to enhance my coaching and management skills through in-house skills tests and educational guidance training at driving schools. I will continue efforts to support Yamato in working to train “safety drivers,” who embody safety first as stated in the Employee Code of Conduct, and the next generation of safety experts.

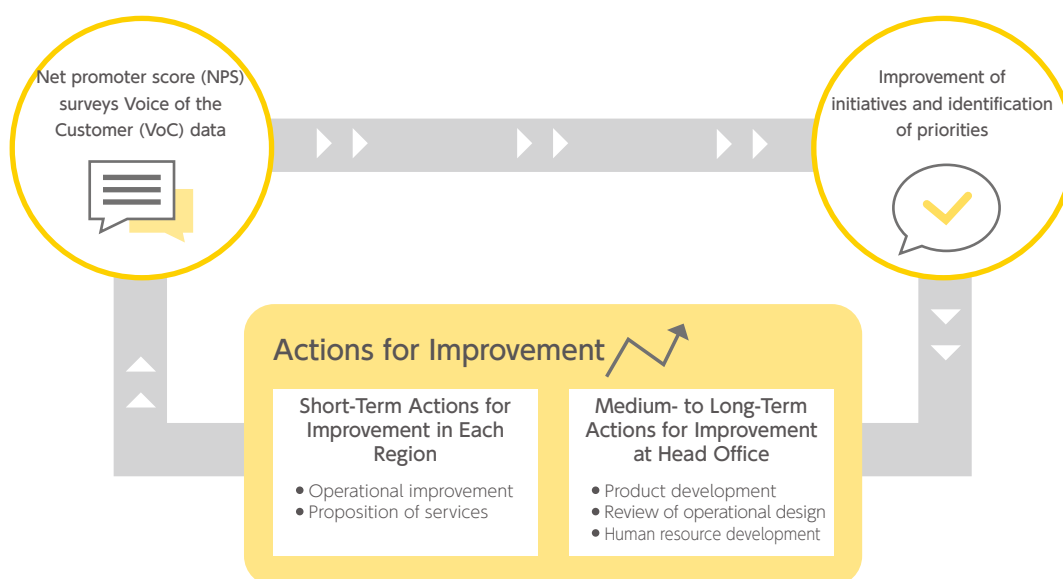
## Quality Management

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.

### Aim to maintain and improve service quality in the eyes of our customers Groupwide Aim to become the best partner for both individual customers and corporate clients



## Efforts to Maintain and Improve the Quality of Service



### 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 the degree of loyalty (including trust, attachment, and favorable impression) customers have toward our products and services. It also generally has a high correlation with revenues.



### 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 understand current circumstances, analyze issues by linking with business intelligence (BI) tools,\* and quickly make improvements.

\* BI tools are tools that consolidate and analyze various data accumulated within the Group and utilize this data in business decision-making



### Sharing and Reporting of Initiatives for Improving Products and Services

We are working to improve our products and services at Yamato Transport with the aim of enhancing customer experiences and convenience. We strive to make improvements based on customer opinions and requests, sharing and reporting them on our corporate website under "Examples of improvement based on customer feedback."



For details on "Examples of improvement based on customer feedback," please refer to our website of Yamato Transport (Japanese only).

<https://faq.kuronekoyamato.co.jp/app/customer/list>

## MESSAGE

## Message from the Chairperson of the Board of Directors

In June 2022, Outside Director Shiro Sugata was appointed as the chairperson of the Board of Directors.

“Pursuing benefits for all our stakeholders”

## PROFILE

**Shiro Sugata**

Chairperson of the Board and Outside Director



### Mindset Needed to Be Chairperson of the Board of Directors

As a company that utilizes an executive officer system, I feel that it is appropriate to entrust matters relating to short-term and daily business operations to the management team as much as possible. Meanwhile, discussions and decision-making at Board of Directors meetings should be more about important medium- to long-term policies and initiatives.

Additionally, while outside directors are generally said to be the representatives of shareholders, it is my belief that we should also provide benefits to all of our stakeholders, including customers, business partners, local communities, and employees, in addition to our shareholders. Accordingly, I place importance on management speed. A management style that can prevent delays in decision-making and implementation while avoiding hasty decisions will definitely lead to the maximization of benefits for stakeholders.

As chairperson of the Board of Directors and an outside director, I will propose management policies and specific initiatives that contribute to medium- to long-term benefits for all our stakeholders and will endeavor to select agenda items and keep proceedings on track to achieve this.

### Effectiveness of the Board of Directors

I was appointed as an outside director in 2019. Over the last three years, Yamato's Board of Directors has been thoroughly enhanced, not only in terms of structure, such as the ratio of outside directors, but also in terms of substance, including details of agenda items and discussions and pre-meeting briefings. For example, we discuss vital agenda items at Board of Directors meetings, such as the transfer of shares in consolidated subsidiaries and the introduction of cargo flights (freighters) as a new trunk-route transportation method, from the planning stage. The decisions made, as well as the subsequent progress, are then reported to and discussed by the executive side. According to the requests of outside directors, we also proactively report strategic failures and hold constructive discussions based on these. Going forward, I hope to encourage outside directors to gain an understanding of the business and deepen discussions with the executive side by creating opportunities for outside directors to visit the front line, and communicate with working employees, although

this depends on the spread of COVID-19.

However, the effectiveness of the Board of Directors cannot truly be assessed until several years later. Factors including future performance and stock price, the level of customer satisfaction, and the level of employee satisfaction, can help us confirm the appropriateness of our current discussions and decision-making process. Accordingly, we must be aware of whether the corporate governance system, including the Board of Directors, has the best and most suitable structure and operational status. As the chairperson of the Board of Directors, I will participate from the preparatory stage in deciding how each topic is selected and adopted, including items for resolution, reports, and consultation, with the aim of further enhancing effectiveness.

### Improvement of Long-Term, Sustainable Corporate Value

It is important to hold discussions with an even greater awareness of sustainability for the future ahead. Sustainability ensures the sustainable growth of the Yamato Group. This entails not only environmental aspects, such as the reduction of greenhouse gas emissions and decarbonization, but also the enhancement of the services and operations we provide, utilization of digitalization (DX) and human capital in response to the declining working population, new businesses, and global expansion. Our business continuity plans are also an important topic. As a part of social infrastructure, our services must remain uninterrupted, even during natural disasters, including abnormal weather and earthquakes. It is vital to reinforce a structure and business operations that are prepared for these risks.

These business continuity plans are capable of maintaining sufficient profit levels. We must continue to generate high levels of profit to maintain proactive long-term investments and a stable business operational structure. I will continue to place importance on profitability with “sustainable corporate value improvement” as a vital key phrase.



## Message from Chairperson of the Nomination and Compensation Committee

In June 2022, Outside Director Mariko Tokuno was appointed as chairperson of the Nomination and Compensation Committee.

“For governance that ensures transparency and fairness”

### PROFILE

**Mariko  
Tokuno**

Chairperson of the Nomination and  
Compensation Committee and  
Outside Director



### The Nomination and Compensation Committee's Significance and My Role as Chairperson

The purpose of outside directors is to ensure transparent and fair management through effective corporate governance and to contribute to enhancing corporate value over the medium to long term. The same is also said of the Nomination and Compensation Committee. Deliberation of the nomination process ensures the transparency and fairness of the management structure through the selection and dismissal of directors, the evaluation of the president and succession plans, and the composition of the entire Board of Directors, including outside directors. Deliberation of the process for determining compensation sets out transparent and fair compensation systems and decision-making policies for securing talented human resources and encourages them to play an active role in the development of the Yamato Group of the future.

As of June 2022, the Yamato Group's Nomination and Compensation Committee comprises one inside director (executive officer and president) and five outside directors (all outside directors of the Board). We transitioned to the current composition to eliminate the information gap between outside directors and ensure a higher level of discussion and decision-making. The Nomination and Compensation Committee deliberates on nomination and compensation but is also a forum for vital communication between the outside directors and the president, who is the chief executive officer of Yamato's operations. The discussions of outside directors become even more beneficial when carried out with a deep understanding of the president. In actively exchanging opinions on not only agenda items in the Nomination and Compensation Committee but also our vision for the future of the Yamato Group, including the axis of management decision-making, the thought process leading to those decisions, and the direction the president is considering, I, as chairperson, will play the role of facilitator in stimulating these discussions.

### Status of Nomination and Compensation Committee Activities and Issues to Consider Going Forward

In the fiscal year ended March 31, 2022, deliberations regarding nomination included the number and structure of directors and

necessary personnel based on a skills matrix, the selection of new candidates for director, and the appointment process for independent outside directors. Yamato's process for appointing directors is to narrow down a list of candidates based on the experience and skills they possess that are necessary for the Group. In light of the Group's growth strategies, we will continue to examine the Board of Directors, including details of the skills its members should have.

Deliberations regarding compensation included the establishment of performance benchmarks for performance-linked, share-based compensation, the establishment of a mission for inside director officer compensation, and a revision of policies for determining individual compensation for directors (removal of decision-making power from the president).

From the fiscal year ended March 31, 2022, we have raised the percentage of performance-linked compensation (variable compensation) as an incentive and introduced a new officer compensation system with revised performance indicators. However, we are only just catching up to the average compensation system in Japan. I believe that there is still room to advance the officer compensation system and we will continue examining a compensation system that better motivates directors to improve corporate value over the medium to long term, such as how to set percentages for performance-linked compensation and incentives.

### Key Topic That Contributes To Corporate Value in the Medium to Long Term

A key topic that needs to be thoroughly discussed going forward is a succession plan for the president. Regardless of the president's age and term length, we must always keep the future in mind and consider the successor appointment process and methods for their development. For example, we must consider measures including the reinforcement of outside director points of contact with the executive side; presentations by candidates; the creation of opportunities to understand human nature, values, and enthusiasm; and the utilization of external programs. We will deepen deliberations as soon as possible to establish a mechanism and fulfill our role as the Nomination and Compensation Committee.



# 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.

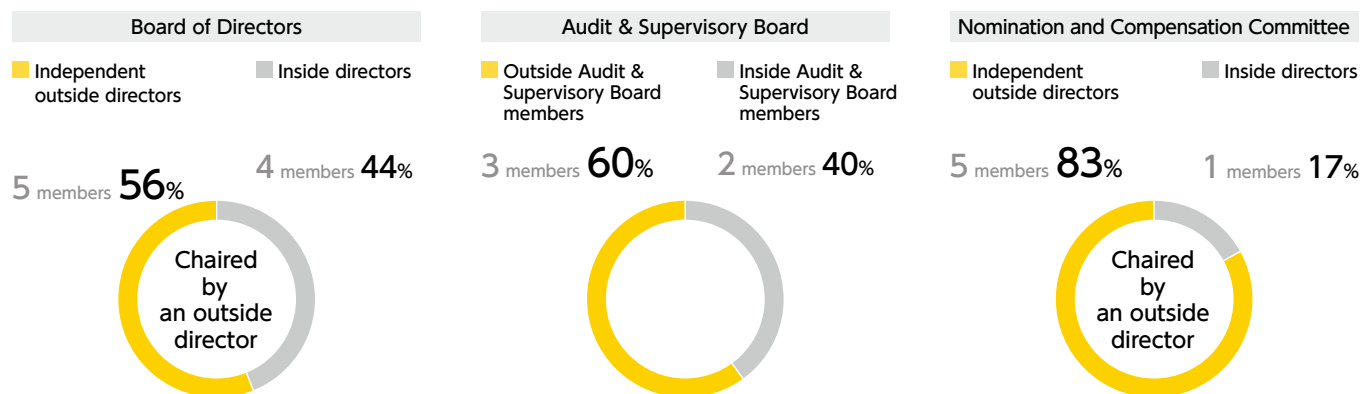
## Corporate Governance System (As of July 1, 2022)

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.

Also, to supplement the supervisory functions of the Board of Directors, the Company established the 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.

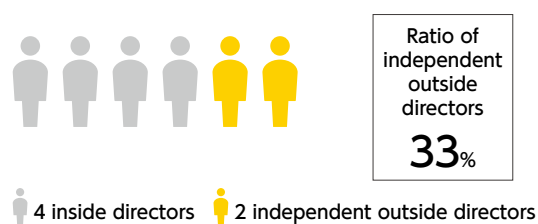
System	Company with an Audit & Supervisory Board
Number of directors	9
Outside directors	5
Number of Audit & Supervisory Board members	5
Outside auditors	3
Term of directors	1 year
Voluntary advisory committees	Yes (Nomination and Compensation Committee)
Executive officer system in place	Yes
Independent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

July 1, 2011 → As of July 1, 2022



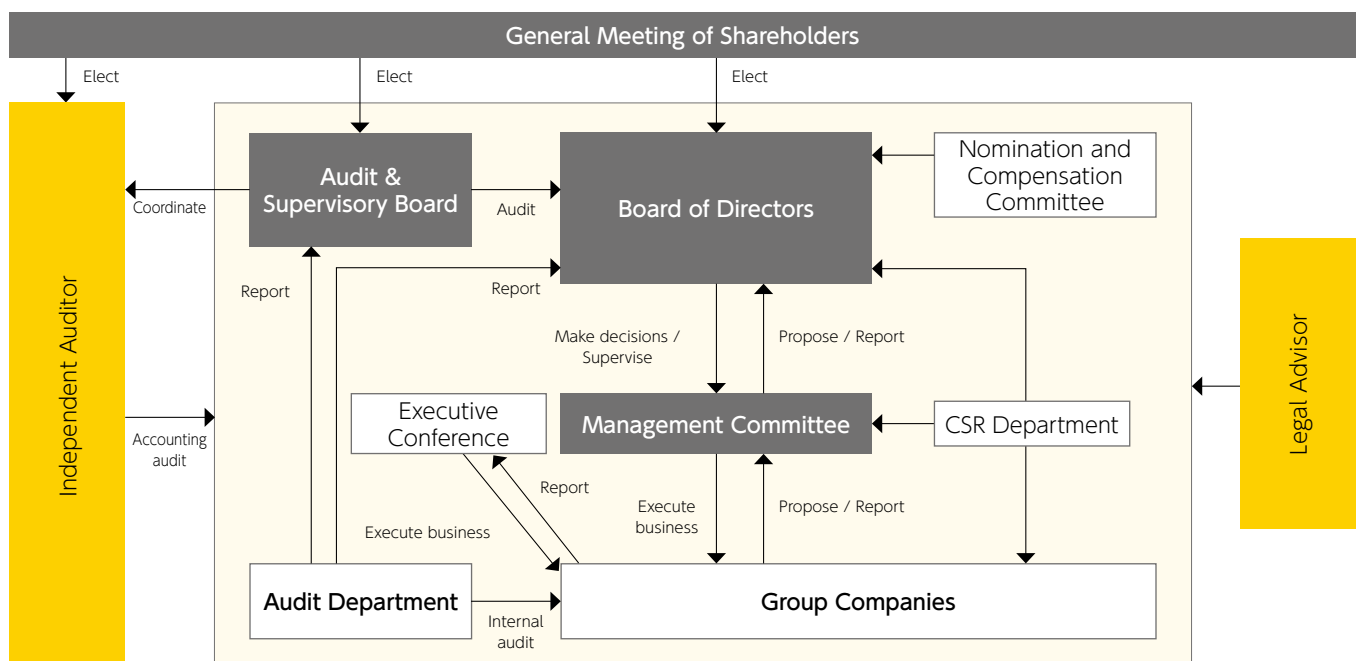
## Management Structure

### Expertise and Experience

Name	Position	Outside	Nomination and Compensation Committee member	Corporate management	Marketing and sales	Human resources and labor management	Finance and accounting	Legal affairs and risk management	IT and digital technologies	Global
Yutaka Nagao	Representative Director, Executive Officer and President		○	●	●				●	
Toshizo Kurisu	Representative Director, Executive Officer and Vice President			●			●		●	
Yasuharu Kosuge	Representative Director, Executive Officer and Vice President			●	●	●				
Kenichi Shibasaki	Representative Director			●			●	●	●	
Mariko Tokuno	Director	○	○ (Chairperson)	●	●					●
Yoichi Kobayashi	Director	○	○	●	●					●
Shiro Sugata	Director	○	○	●	●				●	●
Noriyuki Kuga	Director	○	○	●		●	●			●
Charles Yin	Director	○	○	●	●				●	●
Yoshihiro Kawasaki	Full-time Audit & Supervisory Board Member				●	●	●	●		
Tsutomu Sasaki	Full-time Audit & Supervisory Board Member			●	●			●		
Takashi Yamashita	Audit & Supervisory Board Member	○					●	●		
Ryuji Matsuda	Audit & Supervisory Board Member	○					●	●		
Yoshihide Shimoyama	Audit & Supervisory Board Member	○		●			●	●		

Note: Shiro Sugata took on the role of the Chairperson of the Board on June 23, 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”
<b>Board of Directors and Audit &amp; Supervisory Board</b> <ul style="list-style-type: none"> <li>Shortened the term of directors to one year (June 2003)</li> <li>Appointed outside directors (June 2005)</li> </ul>				
<ul style="list-style-type: none"> <li>Transition to a structure in which outside directors comprised at least one-third of all directors (June 2015)</li> <li>Implemented evaluation of effectiveness of the Board of Directors (June 2016)</li> </ul>				
<ul style="list-style-type: none"> <li>Appointed an independent female outside director (June 2017)</li> <li>Transitioned to a structure in which independent outside directors comprised one-half of all directors (June 2019)</li> </ul>				
<ul style="list-style-type: none"> <li>Appointed independent outside members as the majority of members on the Board of Directors (June 2020)</li> <li>Appointed outside members as the majority of members on the Audit &amp; Supervisory Board (June 2020)</li> <li>Appointed an independent outside director as the Chairperson of the Board of Directors (June 2022)</li> </ul>				
<b>Committees, etc.</b> <ul style="list-style-type: none"> <li>Established the Nomination and Compensation Committee (June 2005)</li> <li>Established the Compliance and Risk Committee (August 2006)</li> </ul>				
<b>Corporate Structure and Other Systems and Initiatives</b> <ul style="list-style-type: none"> <li>Introduced executive officer system (June 2004)</li> <li>Eliminated retirement benefit system for directors (June 2004)</li> <li>Disclosed ROE target in medium-term management plan (January 2005)</li> <li>Introduced performance-linked compensation system (April 2005)</li> <li>Transitioned to a pure holding company (November 2005)</li> <li>Introduced succession plans (July 2006)</li> </ul>				
<ul style="list-style-type: none"> <li>Established Corporate Governance Guidelines (September 2015)</li> <li>Implemented director training (October 2015)</li> </ul>				
<ul style="list-style-type: none"> <li>Abolished advisor position (June 2018)</li> </ul>				
<ul style="list-style-type: none"> <li>Decided to revise officer compensation system and introduce a performance-linked, share-based compensation system (June 2020)</li> </ul>				

### Concurrent Posts and Main Activities of Outside Directors and Outside Audit & Supervisory Board Members (Year Ended March 31, 2022)

	Name	Concurrent posts	Overview of reasons for appointment and expected roles	Attendance at meetings during the fiscal year ended March 31, 2022
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 comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of management strategy, overall encompassing business execution, business strategy, financial strategy, and sustainability strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.	Board of Directors: 18 of 18 meetings Nomination and Compensation Committee: 11 of 11 meetings
	Mariko Tokuno	<ul style="list-style-type: none"> <li>Outside Director of HAPPINET CORPORATION</li> <li>Outside Director of Mitsubishi Materials Corporation</li> <li>Outside Director of Shiseido Company, Limited</li> </ul>	Mariko Tokuno comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, she plays an important role in drawing on her insight to provide oversight and advice from a managerial standpoint and customer and employee standpoints, particularly regarding matters of business execution, business strategy, and HR strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, she attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.	Board of Directors: 18 of 16 meetings Nomination and Compensation Committee: 11 of 11 meetings
	Yoichi Kobayashi	—	Yoichi Kobayashi comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, business strategy, and investment strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.	Board of Directors: 18 of 18 meetings Nomination and Compensation Committee: 11 of 11 meetings
	Shiro Sugata	<ul style="list-style-type: none"> <li>Outside Director of JSR Corporation</li> <li>Outside Director of Yokogawa Electric Corporation</li> </ul>	Shiro Sugata comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, business strategy, productivity enhancement, and cost structure reform, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member and chairperson of the Nomination and Compensation Committee, leading its operations, and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.	Board of Directors: 18 of 18 meetings Nomination and Compensation Committee: 11 of 11 meetings
	Noriyuki Kuga	—	Noriyuki Kuga comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, financial strategy, and corporate governance, to contribute to ensuring the transparency and appropriateness of decision-making.	Board of Directors: 18 of 18 meetings

	Name	Concurrent posts	Overview of reasons for appointment and expected roles	Attendance at meetings during the fiscal year ended March 31, 2022
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>	Takashi Yamashita comments as needed based on ample experience and professional knowledge of finance and accounting. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a certified public accountant. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal year under review and exchanged opinions at regular meetings with the representative director and president.	Board of Directors: 18 of 18 meetings Audit & Supervisory Board: 19 of 19 meetings
	Ryuji Matsuda	<ul style="list-style-type: none"> <li>Attorney-at-Law of Matsuda Law Office</li> </ul>	Ryuji Matsuda comments as needed based on ample experience and professional knowledge of finance and accounting and as a lawyer. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a lawyer. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal year under review and exchanged opinions at regular meetings with the representative director and president.	Board of Directors: 18 of 18 meetings Audit & Supervisory Board: 19 of 19 meetings
	Yoshihide Shimoyama	<ul style="list-style-type: none"> <li>Outside Audit &amp; Supervisory Board Member of NIPPON HUME CORPORATION</li> </ul>	Yoshihide Shimoyama comments as needed based on ample experience in management and auditing. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a manager and an outside Audit & Supervisory Board member. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal period under review and exchanged opinions at regular meetings with the representative director and president.	Board of Directors: 18 of 18 meetings Audit & Supervisory Board: 19 of 19 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 (in the fiscal year ended March 31, 2022: the 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, 2022

In the effectiveness evaluation for the fiscal year ended March 31, 2022, 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.

Specifically, the Board of Directors was able to gain sufficient information on items to be discussed in pre-meeting briefings and the executive side was able to confirm and examine points raised in those briefings before attending Board of Directors meetings, enabling directors to make risk-based management decisions through more in-depth discussions. Furthermore, in addition to monthly reports from the president on the status of business execution at Board of Directors meetings, the executive officers of operating companies regularly present issues and medium- to long-term themes in their areas of jurisdiction and discuss them with the Board of Directors, thereby deepening directors' knowledge of business operations.

Based on the results of the effectiveness evaluation, 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.

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."

## Corporate Governance

### Audit & Supervisory Board

#### ▶ Roles and duties

- The Audit & Supervisory Board and its members shall exercise their authority proactively to sufficiently fulfill their role and responsibilities, including operational audits, accounting audits, and other functions, 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 inside 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 also deliberate on matters related to policies for determining compensation, such as for directors and executive officers and the details of individual compensation, 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.

#### ■ Key Discussion Items for the Nomination and Compensation Committee in the Fiscal Year Ended March 31, 2022

##### Related to Nomination

- Number and structure of directors and requirements for human resources based on a skills matrix
- New candidates for directors
- Appointment process for independent outside directors

##### Related to Compensation

- Performance benchmarks related to performance-linked, share-based compensation
- Establishment of missions for inside director compensation
- Reform of decision-making policies for compensation and other remuneration for individual directors

### 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, including the Management Plan Presentation Meeting, and by observing key Group business sites, including those overseas, participants are able to confirm business strategies and their promotion and provide opportunities for proactive involvement in projects.
- As a system to help Audit & Supervisory Board members smoothly perform their duties, employees in the internal audit department shall be appointed to assist Audit & Supervisory Board members and ensure a support system.
- 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 department 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

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	(Fiscal year ended March 31, 2022)
		Basic compensation	Performance-linked compensation	Non-monetary compensation, etc.		
Directors (Outside directors)	456 (73)	321 (73)	135 (—)	— (—)	9 (5)	
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	81 (33)	81 (33)	— (—)	— (—)	5 (3)	
Total (Outside directors)	537 (106)	402 (106)	135 (—)	— (—)	14 (8)	

### ► Policy for Determining Compensation Amounts and Calculation Methods

#### 1. Basic policy

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; short-term performance-linked compensation (variable compensation); and medium- to long-term performance-linked, share-based compensation (variable compensation). Medium- to long-term performance-linked, share-based compensation (variable compensation) has been applied to compensation paid out from July 2022 onward. In addition, compensation for Audit & Supervisory Board members and independent 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 short-term performance-linked compensation (variable compensation)

The standard amount is set within the range of 45% to 55% of basic compensation (fixed compensation) in accordance with rank and title. Following this, the amount paid out to individuals is determined within a range of 0% to 150% in line with the achievement rate for Yamato's performance benchmarks and the evaluation of individual missions. Furthermore, the performance benchmarks comprise Group consolidated operating revenues, Group consolidated operating profit, and Group consolidated profit attributable to owners of parent.

#### 5. Policy for determining medium- to long-term performance-linked, share-based compensation (variable compensation)

The standard amount is set within the range of 30% to 40% of basic compensation (fixed compensation) in accordance with rank and title.

Following this, the amount paid out to individuals is determined within a range of 0% to 150% in line with the achievement rate for Yamato's performance benchmarks and the evaluation of individual missions. Furthermore, the performance benchmarks comprise ROE, total shareholder return, and ESG indicators (greenhouse gas emissions). The amount of medium- to long-term performance-linked, share-based compensation (variable compensation) is paid out as points, whereby one share equals one point for each fiscal year, dividing the standard 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.

#### 6. 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.

#### 7. 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.

Medium- to long-term performance-linked, share-based compensation (variable compensation) is granted once a year in June in the form of points. Points accumulated up to retirement are paid out, with one point equaling one share, at the time of retirement in accordance with regulations for director share benefits.

#### 8. Decisions on compensation and other remuneration for individual directors

To ensure transparency and objectivity, the Nomination and Compensation Committee, which is chaired by an independent outside director and comprises a majority of independent outside directors, discusses the amounts of basic compensation (fixed compensation), short-term performance-linked compensation (variable compensation), and medium- to long-term performance-linked, share-based compensation (variable compensation) for individual directors and details of their calculation in advance. The Board of Directors determines the amount of compensation based on the results of these discussions.

#### 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.

## Corporate Governance

■ Performance-linked and short-term performance-linked compensation (variable compensation) for April 2021 to March 2022 has been determined according to each calculation method applied to the old officer compensation system and the new officer compensation system in the following manner.

### 1. Old Executive Compensation System (Applied from April 2021 to June 2021)

The Company uses consolidated operating profit as a benchmark for performance-linked compensation to better link compensation to corporate performance and also to achieve greater transparency and objectivity.

#### <Formula for calculating performance-linked compensation>

Consolidated operating profit x Percentage share of operating profit\*<sup>1</sup> x Percentage share by rank and title\*<sup>2</sup> + Extra allowance amount\*<sup>3</sup>

\*<sup>1</sup> Percentage share of operating profit: Varies depending on achievement of targets for consolidated operating profit

Achievement of target 100% or more = 0.15%; from 90% to less than 100% = 0.10%; less than 90% = 0.00%

\*<sup>2</sup> Percentage share by rank and title: Varies in the range of 20% to 34% depending on rank and title

\*<sup>3</sup> Extra allowance amount: Consolidated operating profit x 0.05% share of extra allowance x 60% share for directors

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

The consolidated operating profit for the fiscal year ended March 31, 2020, served as a benchmark for determining performance-linked compensation paid in the fiscal year ended March 31, 2022. The consolidated operating profit target was ¥72 billion, and the actual consolidated operating profit was ¥44.7 billion.

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

### 2. New Executive Compensation System (applied from July 2021 to March 2022)

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

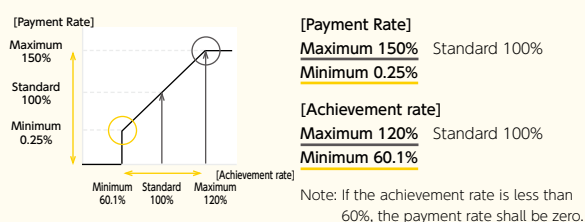
The Company calculated the annual amount of short-term performance-linked remuneration based on these results and then converted that result to a monthly amount, which is applied to the period extending from July 2021 through June 2022. The formula applied was as follows.

#### Formula for Calculating Short-Term Performance-Linked Compensation

Variable compensation	Performance indicator	Indicator rate on each director	Actual (Billions of yen)	Target (Billions of yen)	Achievement rate (%)
Short-term performance benchmarks	i) Group consolidated operating revenues	○ 30%	1,695.9	1,623.0	104.5
	ii) Group consolidated operating profit	○ 30%	92.1	60.0	153.5
	iii) Group consolidated profit	○ 30%	56.7	30.0	189.0
	iv) Evaluation of mission (individual)	○ 10%	—		

(Achievement rate of i. x 0.3 + Achievement rate of ii. x 0.3 + Achievement rate of iii. x 0.3) + Evaluation of mission (individual) 10% maximum

#### <Reference: Relationship between Target Achievement Rate and Payment Rate>



Achievement rate on performance indicator in 2021: 134.1%  
(i) 104.5% x 0.3 + ii) 153.5% x 0.3 + iii) 189.0% x 0.3)

Note: The new executive compensation system stated above (short-term performance-linked compensation) and medium- to long-term performance-linked, share-based compensation, which was introduced in the fiscal year ended March 31, 2022, have been applied to performance-linked compensation (variable compensation) from July 2022 onward.

## 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, 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, 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.

We have also established a system to carry out evaluations in line with our internal control report system pursuant to the Financial Instruments and Exchange Act and immediately put improvements in place should there be any shortcomings. Furthermore, we prepare internal control reports on financial reporting and receive an audit of the internal system by independent auditors.

#### ▶ Enhancing the whistle-blower system

The Yamato Group has established a whistle-blower system to promptly identify and swiftly resolve violations to laws and/or internal regulations. 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.

We have established an internal point of contact operated by the Compliance and Risk Committee, an external point of contact with lawyers, a contact point with the president for suggestions, and a consultation center independent of Group companies as whistle-blower services that ensure a system that broadly responds to employees' voices. To create an environment that encourages whistle-blowing, we have established whistle-blowing regulations that protect the privacy of whistle-blowers and ensure that they do not suffer any unfair treatment as a result of making a report. Under these regulations, the Group carries out investigations of all reports, regardless of whether whistle-blowers are anonymous or provide their real name. We aim to enhance awareness of the whistle-blower system by sharing it with employees through methods including poster displays in all offices and introduction in internal newsletters.

Internal control over the financial reporting of the Yamato Group as of March 31, 2022, was considered valid, and an internal control report was submitted to the Kanto Local Finance Bureau.

Additionally, we conduct regular training for people who work as responders under this whistle-blower system. 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. Reports are also periodically made to the Compliance and Risk Committee, which discusses issues and countermeasures related to the promotion of Groupwide risk management and its thorough implementation at all Group companies.

The committee reports the details of deliberations to the Board of Directors each quarter. In addition, the committee quickly shares information with directors, auditors, and other related people in the event of an emergency in which a major risk is realized in order to understand the circumstances accurately and rapidly.

	2022/3 Results
Number of whistle-blower cases	634 (193 less than 2021/3)

Note: The Compliance and Risk Committee meets each quarter at Yamato Holdings and every month at Group companies, including Yamato Transport.

#### ▶ Building solid relationships with business partners (suppliers and contractors)

To conduct responsible procurement with an awareness of the environment and society together with all our business partners (suppliers and contractors), we formulated the Yamato Group Responsible Procurement Policy with fair, equitable, and honest business transactions as its foundation. Furthermore, the Yamato Group Business Partner Guidelines clarify what we expect our business partners to comply with when procuring products, materials, and raw materials, including quality, performance, pricing, and delivery times, as well as human rights, labor, the environment, and anti-corruption. We are fully committed to become socially responsible across our entire supply chain.

Additionally, we conduct questionnaires of suppliers and contractors of equipment and other business necessities as an initiative aimed at implementing and realizing our Corporate Stance. The results of these surveys are used to promote improvements and strengthen communication toward the continued development of strong relationships with our business partners.



**For details on the Yamato Group Responsible Procurement Policy and the Yamato Group Business Partner Guidelines, please refer to our corporate website.**

<https://www.yamato-hd.co.jp/english/csr/esg/policy.html>

## 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. In light of experience gained after the 2011 Great East Japan Earthquake and other major disasters, 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 restoration of operations at each Group company, and meeting the expectations of local community members as a part of social infrastructure. We provide safety information for our employees and business partners and guidance for customers regarding the impact on our services.

In cases where there is concern about particularly serious impacts, related departments work together to share information necessary for recovery and support and strive to restore business operations as quickly as possible. After recovery, we collaborate with local governments and other organizations to deliver relief supplies and provide other assistance to areas affected by disaster.

Going forward, we will strengthen our response to ever-worsening natural disasters and reinforce our crisis management system on a Groupwide basis.

# Directors

As of June 23, 2022



Kenichi Shibasaki

Yasuharu Kosuge

Toshizo Kurisu

Yutaka Nagao

## 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)  
Apr. 2021 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. (current)

## Toshizo Kurisu

Representative Director, Executive Officer and Vice President (Responsible for Finance, Public Relations and Digital)

Apr. 1983 Joined the Company  
Jul. 1999 General Manager of Accounting Division  
Jun. 2002 General Manager of Finance Division  
Apr. 2006 Executive Officer of the Company  
Apr. 2012 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.  
Apr. 2017 Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd.  
Apr. 2019 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.  
Mar. 2020 Managing Executive Officer of the Company  
Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.

Feb. 2022 Executive Officer and Vice President of the Company  
Feb. 2022 Responsible for Finance, Public Relations and Digital (current)  
Feb. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)  
Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)

## Yasuharu Kosuge

Representative Director, Executive Officer and Vice President (Responsible for Management Strategy and Human Resources)

Apr. 1985 Joined the Company  
Jun. 1997 Project Manager of Work System Project  
Feb. 2002 Regional Branch Manager of Okayama Regional Branch  
Apr. 2004 Regional Branch Manager of Yokohama Regional Branch  
May 2006 Regional Branch Manager of Kita Tokyo Regional Branch of Yamato Transport Co., Ltd.  
Apr. 2011 General Manager of Corporate Sales Division of Yamato Transport Co., Ltd.  
Apr. 2014 Executive Officer of Yamato Transport Co., Ltd.  
Apr. 2016 Managing Executive Officer of Yamato Transport Co., Ltd.  
Apr. 2019 Managing Executive Officer of the Company  
Apr. 2019 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.

Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.  
Feb. 2022 Senior Managing Executive Officer of the Company  
Feb. 2022 Responsible for Management Strategy and Human Resources (current)  
Feb. 2022 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd.  
Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)  
Jun. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)

## Kenichi Shibasaki

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, Executive Officer and President 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  
Feb. 2022 Representative Director of the Company  
Jun. 2022 Director (current)





Mariko Tokuno

Yoichi Kobayashi

Shiro Sugata

Noriyuki Kuga

Charles Yin

## 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)

## 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)

## Charles Yin

Outside Director

Feb. 1990 Joined L3, Inc. (New York)  
Mar. 1992 Vice President  
Sep. 1996 Joined Fuji Xerox Asia Pacific  
Pte. Ltd. (Singapore)  
Aug. 2007 CEO of Worldwide City Group  
(Hong Kong)

Jul. 2018 Executive Chairman (current)  
Jun. 2022 Director of the Company  
(current)



# Audit & Supervisory Board Members

As of June 23, 2022



Yoshihide Shimoyama Ryuji Matsuda Takashi Yamashita Tsutomu Sasaki Yoshihiro Kawasaki

## Yoshihiro Kawasaki

Full-time Audit & Supervisory Board Member

Sep. 1992	Joined Kyushu Yamato Transport Co., Ltd.	Apr. 2010	Executive Officer and President of Shikoku Regional Office
Apr. 2003	Regional Branch Manager of Kagoshima Regional Branch of Yamato Transport Co., Ltd.	Jun. 2015	Audit & Supervisory Board Member
Feb. 2006	General Manager of Division of Service Quality Improvement	Jun. 2019	Full-time Audit & Supervisory Board Member of the Company (current)

## Tsutomu Sasaki

Full-time Audit & Supervisory Board Member

Apr. 1987	Joined the Company	Apr. 2019	Managing Executive Officer of the Company
Apr. 2005	General Manager of TA-Q-BIN Sales Division III	Mar. 2020	Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd.
Jul. 2006	General Manager of Product Development Division of Yamato Transport Co., Ltd.	Apr. 2021	Senior Managing Executive Officer of the Company
Apr. 2007	General Manager of Manufacturer Solution Sales Division	Apr. 2021	Senior Managing Executive Officer of Yamato Transport Co., Ltd.
Apr. 2009	General Manager of Global Sales Division	Feb. 2022	Attached to the President of the Company (current)
Apr. 2011	General Manager of Sales Strategy Division	Jun. 2022	Full-time Audit & Supervisory Board Member of the Company (current)
Apr. 2017	Executive Officer of the Company		
Sep. 2018	Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.		

## Takashi Yamashita

Outside Audit & Supervisory Board Member

Oct. 1983	Joined Asahi Accounting Company	Jan. 2015	Registered as a Certified Tax Accountant
Mar. 1987	Registered as a Certified Public Accountant	Jun. 2017	Outside Audit & Supervisory Board Member of the Company (current)
May 2003	Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC)		
Aug. 2014	Established Takashi Yamashita CPA Office, Representative (current)		

## Ryuji Matsuda

Outside Audit & Supervisory Board Member

Apr. 1986	Registered as Attorney at Law and Certified Public Accountant	May 2012	Auditor of the Japan Federation of Bar Associations
Jul. 1997	Joined Kawai, Takeuchi, Nishimura and Inoue Law Office	Jun. 2014	Auditor of ASAH GROUP ARTS FOUNDATION (current)
Jun. 2007	Audit & Supervisory Board Member, SQUARE ENIX CO., LTD.	Jun. 2020	Outside Audit & Supervisory Board Member of the Company (current)
Jun. 2008	Audit & Supervisory Board Member, Seika Corporation		

## Yoshihide Shimoyama

Outside Audit & Supervisory Board Member

Apr. 1976	Joined Nihon Cement Co., Ltd. (currently: Taiheiyo Cement Corporation)	Mar. 2008	President and Representative Director of Taiheiyo Consultant Co., Ltd.
Apr. 2006	General Manager of Technology Planning Department, Central Research Laboratory	Apr. 2015	Advisor
		Jun. 2020	Outside Audit & Supervisory Board Member of the Company (current)

# Management System

As of October 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)

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

## Senior Managing Executive Officer

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 Office of CEO)

Hiroshi Etani (Responsible for overseeing Corporate Sales and Global Strategy)

Akihiro Kazuma (Responsible for overseeing Transport and Delivery Operation)

## Managing Executive Officer

Atsushi Kashimoto (Responsible for Investor Relations)

Seiichi Awa (Responsible for South Kanto region)

Tamaki Abe (Responsible for Tokyo region and overseeing EC Business and Transport and Delivery Network Management)

Setsuko Nishida (Responsible for overseeing Digital)

Takashi Okushi (Responsible for Area Account and Customer)

Toshiyuki Nishide (Responsible for Kansai region)

Takanao Sugiura (Responsible for Sales and Operation Design and Solution and Operation Design Department Manager)

## Executive Officer

Yoshihisa Hosotani (Responsible for Public Relations)

Kazuki Watanabe (Overseeing Human Resources and General Affairs)

Noriyasu Naito (Global Corporate Sales Department Manager)

Takeshi Arakawa (Global Strategy Department Manager)

Koji Inamori (National Corporate Sales Department Manager)

Tatsuya Suzuki (Business Development Department Manager)

Hiroshi Matsuda (Transport Network Design Department Manager)

Kouei Fujisaki (Last Mile Design Department Manager)

Yoshihiro Hatano (Transport and Delivery Operation System Department Manager)

Takeharu Ootomo (EAZY Business Department Manager)

Atsushi Terasawa (Management Strategy Department Manager)

Yasushi Fukuda (Green Innovation Development Department Manager)

Kazuhiro Shiozawa (Human Resources Department Manager)

Masayuki Ishii (Responsible for Human Resources)

Masamichi Matsumoto (General Affairs Department Manager)

Hideo Tanzawa (Corporate Communications Department Manager)

Yasuhiko Tamura (Finance Department Manager)

Yumiko Katakura (Professional Service Department Manager)

Yorimasa Tanaka (Digital Strategy Department Manager)

Norihiko Nakabayashi (Responsible for DX Promotion)

Yoshiko Akiyama (Sustainability Promotion Department Manager)

Masato Kosaka (Safety Department Manager)

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

	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
<b>RESULTS OF OPERATIONS:</b>							
Operating revenues	¥1,282,373	¥1,374,610	¥1,396,708	¥1,416,413	¥1,466,852	¥1,538,813	¥1,625,315
Operating costs	1,181,833	1,274,470	1,290,714	1,306,200	1,385,492	1,452,485	1,513,988
Selling, general and administrative expenses	34,336	37,043	37,046	41,672	46,474	50,642	52,981
Operating profit	66,202	63,096	68,947	68,540	34,885	35,685	58,345
Profit before income taxes	64,283	65,882	69,157	68,078	33,037	33,123	52,258
Income taxes	29,562	31,003	31,554	28,414	14,672	14,435	26,308
Profit attributable to owners of parent	35,144	34,776	37,533	39,424	18,053	18,231	25,682

## PER SHARE OF COMMON STOCK:

Basic earnings	¥ 81.85	¥ 82.22	¥ 90.41	¥ 96.45	¥ 45.37	¥ 46.24	¥ 65.14
Diluted earnings	79.84	80.18	88.26	95.64	—	—	—
Cash dividends	23.00	24.00	25.00	28.00	27.00	27.00	28.00
Net assets per share	1,261.35	1,316.12	1,368.66	1,349.56	1,367.51	1,395.74	1,435.15
Stock price (closing), end of year	1,740	2,224	2,772	2,247	2,332.5	2,668.5	2,859

## FINANCIAL POSITION:

Working capital	¥ 186,868	¥ 179,999	¥ 209,171	¥ 235,884	¥ 214,661	¥ 164,599	¥ 139,834
Total shareholders' equity	534,451	551,379	565,521	537,821	539,179	550,307	565,841
Total assets	950,152	1,032,134	1,082,531	1,089,436	1,114,672	1,114,870	1,123,659
Capital expenditures	48,052	79,530	52,022	53,945	48,993	54,482	79,838
Depreciation and amortization	37,935	42,265	46,058	46,739	46,114	46,423	51,346
Net cash provided by operating activities	73,949	80,075	92,620	49,715	73,324	51,728	118,093

## KEY RATIOS:

Operating profit margin (%)	5.2	4.6	4.9	4.8	2.4	2.3	3.6
Net margin (%)	2.7	2.5	2.7	2.8	1.2	1.2	1.6
Return on assets (ROA) (%)	3.8	3.5	3.5	3.6	1.6	1.6	2.3
Return on equity (ROE) (%)	6.7	6.4	6.7	7.1	3.4	3.3	4.6
Current ratio (%)	162.4	151.8	158.6	167.8	157.7	141.7	134.1
Shareholders' equity ratio (%)	56.2	53.4	52.2	49.4	48.4	49.4	50.4
Asset turnover (Times)	1.4	1.4	1.3	1.3	1.3	1.4	1.5
Interest coverage ratio (Times)	109.3	154.7	174.9	126.6	83.1	135.0	215.5
Price earnings ratio (PER) (Times)	21.3	27.0	30.7	23.3	51.4	57.7	43.9
Price book-value ratio (PBR) (Times)	1.4	1.7	2.0	1.7	1.7	1.9	2.0

## NON-FINANCIAL DATA:

Number of employees	177,108	193,146	197,056	196,582	201,784	213,096	225,125
Full-time	84,422	87,279	88,247	89,112	90,737	93,534	97,587
Part-time	92,686	105,867	108,809	107,470	111,047	119,562	127,538
Parcel delivery amount							
(Millions of parcels)	1,487	1,665	1,622	1,731	1,867	1,836	1,803
Unit price (Yen)	591	574	595	578	559	597	664
Kuroneko DM-Bin handling volume							
(Millions of units)	2,112	2,084	1,901	1,536	1,542	1,464	1,211
Unit price (Yen)	61	61	61	57	55	56	60

Foreign currency translation: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥122.39 to U.S.\$1.  
 Note: On March 31, 2015, we ceased accepting items for *Kuroneko Mail Service* and from April 1 launched *Kuroneko DM-Bin*.

	2020/3	2021/3	Millions of Yen 2022/3	Thousands of U.S. Dollars 2022/3
	¥1,630,146	¥1,695,867	<b>¥1,793,618</b>	<b>\$14,654,940</b>
	1,526,102	1,538,524	<b>1,654,085</b>	<b>13,514,875</b>
	59,342	65,220	<b>62,333</b>	<b>509,298</b>
	44,701	92,121	<b>77,199</b>	<b>630,767</b>
	44,581	91,759	<b>81,040</b>	<b>662,149</b>
	21,678	34,825	<b>23,968</b>	<b>195,840</b>
	22,324	56,700	<b>55,956</b>	<b>457,195</b>

	Yen	U.S. Dollars
¥	56.78	\$ 1.23
—	—	—
41.00	46.00	0.38
1,441.20	1,553.45	13.17
1,697	3,035	—

	Millions of Yen	Thousands of U.S. Dollars
¥	134,072	\$ 1,046,143
555,173	576,367	4,825,090
1,100,739	1,089,991	8,880,260
55,033	55,431	641,982
55,083	48,861	290,254
74,433	123,921	425,008

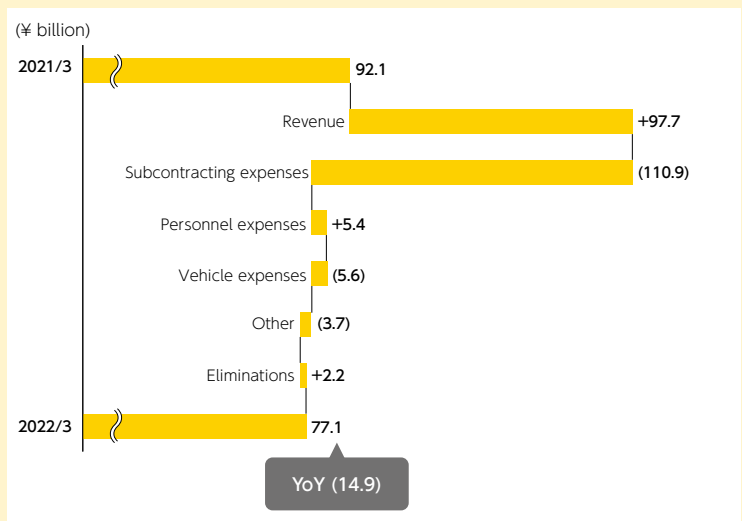
2.7	5.4	<b>4.3</b>
1.4	3.3	<b>3.1</b>
2.0	5.2	<b>5.1</b>
4.0	10.0	<b>9.6</b>
132.8	135.7	<b>136.3</b>
50.4	52.9	<b>54.3</b>
1.5	1.5	<b>1.6</b>
108.4	125.8	<b>100.3</b>
29.9	20.0	<b>15.2</b>
1.2	2.0	<b>1.4</b>

224,945	223,191	<b>216,873</b>
98,744	96,829	<b>94,473</b>
126,201	126,362	<b>122,400</b>
1,799	2,096	<b>2,275</b>
676	633	<b>614</b>
987	826	<b>824</b>
65	67	<b>67</b>

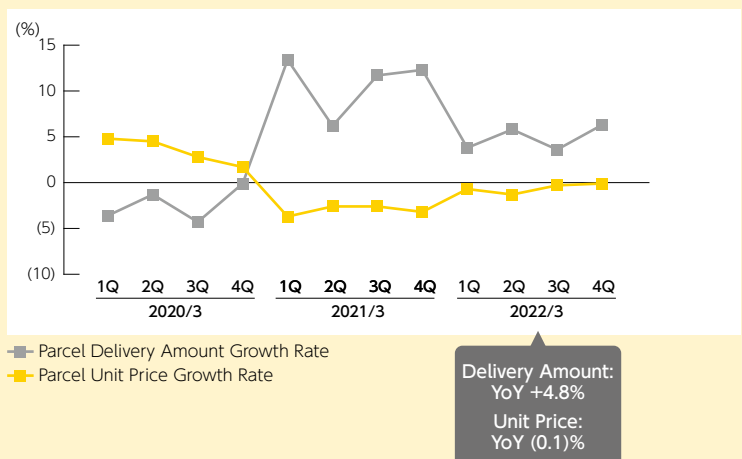
## Analysis of Operating Revenues



## Analysis of Operating Profit



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



# Consolidated Balance Sheet

March 31, 2022

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 2.e and 16)	¥ 182,645	¥ 241,523	\$ 1,492,316
Notes and accounts receivable, and contract assets (Notes 16 and 17):			
Trade	218,923	212,766	1,788,731
Installment (Note 6)	48,055	45,643	392,641
Allowance for doubtful accounts	(1,457)	(1,342)	(11,902)
Inventories (Note 7)	2,216	2,281	18,108
Prepaid expenses and other current assets	30,463	27,508	248,897
Total current assets	480,845	528,379	3,928,791
<b>PROPERTY, PLANT AND EQUIPMENT — At cost:</b>			
Land	179,651	174,141	1,467,853
Buildings and structures	376,844	367,719	3,079,045
Vehicles	197,105	199,977	1,610,463
Machinery and equipment	135,149	128,533	1,104,248
Leased assets (Note 15)	39,653	36,645	323,991
Construction in progress	3,165	6,345	25,861
Others	2,471	2,156	20,192
Total	934,038	915,516	7,631,653
Accumulated depreciation	(504,159)	(509,203)	(4,119,283)
Net property, plant and equipment	429,879	406,313	3,512,370
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 8 and 16)	33,942	40,003	277,328
Investments in and advances to unconsolidated subsidiaries and affiliates, net of valuation allowance of ¥439 million (\$3,583 thousand) in 2022 and ¥371 million in 2021 (Note 16)	17,882	16,942	146,105
Long-term loans	1,872	1,634	15,296
Software	38,588	22,082	315,288
Lease deposits	20,519	20,122	167,655
Deferred tax assets (Note 14)	54,198	45,625	442,829
Other assets (Notes 2.k and 11)	9,130	8,891	74,598
Total investments and other assets	176,131	155,299	1,439,099
<b>TOTAL</b>	<b>¥1,086,855</b>	<b>¥1,089,991</b>	<b>\$ 8,880,260</b>

See notes to consolidated financial statements.



LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
<b>CURRENT LIABILITIES:</b>			
Short-term bank loans (Notes 10 and 16)	¥ 15,000	¥ 20,000	\$ 122,559
Current portion of long-term debt (Notes 10 and 16)	4,850	19,055	39,631
Notes and accounts payable:			
Trade	165,346	153,860	1,350,977
Other	18,440	12,221	150,664
Income taxes payable	14,396	32,099	117,623
Accrued expenses	81,905	83,036	669,212
Deferred profit on installment sales (Notes 6 and 16)	4,714	4,781	38,517
Other current liabilities (Notes 12 and 17)	48,156	64,317	393,465
Total current liabilities	352,807	389,369	2,882,648
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Note 10)	26,038	26,099	212,751
Liability for employees' retirement benefits (Notes 2.k and 11)	94,142	71,835	769,196
Deferred tax liabilities (Note 14)	1,914	5,194	15,636
Other long-term liabilities (Note 12)	13,720	13,207	112,100
Total long-term liabilities	135,814	116,335	1,109,683
<b>COMMITMENTS LIABILITIES</b> (Note 15)			
<b>EQUITY</b> (Notes 13 and 23):			
Common stock—authorized, 1,787,541,000 shares in 2022 and 2021; issued, 388,575,592 shares in 2022 and 2021	127,235	127,235	1,039,585
Capital surplus	36,813	36,813	300,786
Retained earnings	464,495	431,572	3,795,201
Treasury stock—at cost, 22,084,421 shares in 2022 and 17,550,515 shares in 2021	(49,552)	(39,549)	(404,865)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	11,499	15,884	93,953
Foreign currency translation adjustments	(513)	(1,317)	(4,194)
Remeasurements of defined employees' retirement benefit plans (Notes 2.k and 11)	566	5,730	4,624
Total	590,543	576,368	4,825,090
Non-controlling interests	7,691	7,919	62,839
Total equity	598,234	584,287	4,887,929
<b>TOTAL</b>	¥1,086,855	¥1,089,991	\$8,880,260

# Consolidated Statement of Income

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
<b>OPERATING REVENUES</b> (Note 17)	<b>¥1,793,618</b>	¥1,695,867	<b>\$14,654,940</b>
<b>OPERATING COSTS AND EXPENSES:</b>			
Operating costs	<b>1,654,085</b>	1,538,524	<b>13,514,875</b>
Selling, general and administrative expenses	<b>62,333</b>	65,221	<b>509,298</b>
Total operating costs and expenses	<b>1,716,418</b>	1,603,745	<b>14,024,173</b>
Operating profit	<b>77,200</b>	92,122	<b>630,767</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	<b>1,562</b>	1,154	<b>12,761</b>
Interest expense	<b>(786)</b>	(742)	<b>(6,418)</b>
(Loss) gain on sales and disposal of property, plant and equipment—net	<b>(361)</b>	255	<b>(2,947)</b>
Loss on impairment of long-lived assets (Note 9)	<b>(2,420)</b>	(877)	<b>(19,775)</b>
Gain on sales of investment securities (Note 8)	<b>14,431</b>		<b>117,908</b>
(Loss) gain on sales of shares of subsidiaries and affiliates—net	<b>(2,222)</b>	38	<b>(18,157)</b>
Loss on valuation of investment securities (Note 8)	<b>(49)</b>	(355)	<b>(398)</b>
Loss on valuation of investment in unconsolidated subsidiaries and affiliates		(18)	
Gain on investments in investment partnerships	<b>4,510</b>	232	<b>36,852</b>
Share of loss of entities accounted for using equity method	<b>(243)</b>	(766)	<b>(1,984)</b>
Provision of allowance for doubtful accounts in unconsolidated subsidiaries and affiliates	<b>(57)</b>		<b>(466)</b>
Gain on liquidation of subsidiaries	<b>1,210</b>		<b>9,887</b>
Gain on transition of retirement benefit plan (Note 11)	<b>1,420</b>		<b>11,601</b>
Loss on revision of retirement benefit plan (Note 11)	<b>(14,999)</b>		<b>(122,551)</b>
Electric vehicle subsidies		656	
Loss associated with measures to address COVID-19		(1,163)	
Other—net	<b>1,844</b>	1,224	<b>15,069</b>
Other income (expenses)—net	<b>3,840</b>	(362)	<b>31,382</b>
<b>PROFIT BEFORE INCOME TAXES</b>	<b>81,040</b>	91,760	<b>662,149</b>
<b>INCOME TAXES</b> (Note 14):			
Current	<b>29,293</b>	38,252	<b>239,347</b>
Deferred	<b>(5,325)</b>	(3,427)	<b>(43,507)</b>
Total income taxes	<b>23,968</b>	34,825	<b>195,840</b>
<b>PROFIT</b>	<b>57,072</b>	56,935	<b>466,309</b>
<b>PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>1,116</b>	234	<b>9,114</b>
<b>PROFIT ATTRIBUTABLE TO OWNERS OF PARENT</b>	<b>¥ 55,956</b>	¥ 56,701	<b>\$ 457,195</b>
	Yen		U.S. Dollars (Note 1)
	2022	2021	2022
<b>PER SHARE OF COMMON STOCK</b> (Notes 2.q and 19):			
Basic earnings	<b>¥151.03</b>	¥151.55	<b>\$1.23</b>
Cash dividends applicable to the year	<b>46.00</b>	46.00	<b>0.38</b>

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
<b>PROFIT</b>	<b>¥57,072</b>	¥56,935	<b>\$466,309</b>
<b>OTHER COMPREHENSIVE INCOME</b> (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(5,415)	7,926	(44,245)
Foreign currency translation adjustments	794	(994)	6,486
Remeasurements of defined employees' retirement benefit plans	(5,283)	9,422	(43,160)
Share of other comprehensive income of entities accounted for using equity method	108	3	886
Total other comprehensive (loss) income	(9,796)	16,357	(80,033)
<b>COMPREHENSIVE INCOME</b>	<b>¥47,276</b>	¥73,292	<b>\$386,276</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of parent	¥47,210	¥72,849	\$385,736
Non-controlling interests	66	443	540

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Year Ended March 31, 2022

	Thousands					Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Non-controlling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans			
<b>BALANCE, APRIL 1, 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
Cumulative effects of changes in accounting policies (Note 4)				(3,343)					(3,343)	(229)	(3,572)
<b>RESTATED BALANCE</b>		<b>127,235</b>	<b>36,813</b>	<b>428,229</b>	<b>(39,549)</b>	<b>15,884</b>	<b>(1,317)</b>	<b>5,730</b>	<b>573,025</b>	<b>7,690</b>	<b>580,715</b>
Profit attributable to owners of parent				55,956					55,956		55,956
Cash dividends, ¥53 per share				(19,690)					(19,690)		(19,690)
Purchase of treasury stock	(4,534)				(10,003)				(10,003)		(10,003)
Disposal of treasury stock											
Net change in the year						(4,385)	804	(5,164)	(8,745)	1	(8,744)
<b>BALANCE, MARCH 31, 2022</b>	<b>366,491</b>	<b>¥127,235</b>	<b>¥36,813</b>	<b>¥464,495</b>	<b>¥(49,552)</b>	<b>¥11,499</b>	<b>¥ (513)</b>	<b>¥ 566</b>	<b>¥590,543</b>	<b>¥7,691</b>	<b>¥598,234</b>

		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, 2021</b>		\$1,039,585	\$300,785	\$3,526,201	\$(223,140)	\$129,781	\$(10,757)	\$ 46,818	\$4,709,273	\$64,706	\$4,773,979
Cumulative effects of changes in accounting policies (Note 4)				(27,316)					(27,316)	(1,875)	(29,191)
<b>RESTATED BALANCE</b>		<b>1,039,585</b>	<b>300,785</b>	<b>3,498,885</b>	<b>(323,140)</b>	<b>129,781</b>	<b>(10,757)</b>	<b>46,818</b>	<b>4,681,957</b>	<b>62,831</b>	<b>4,744,788</b>
Profit attributable to owners of parent				457,195					457,195		457,195
Cash dividends, \$0.43 per share				(160,879)					(160,879)		(160,879)
Purchase of treasury stock					(81,727)				(81,727)		(81,727)
Disposal of treasury stock			1		2				3		3
Net change in the year						(35,828)	6,563	(42,194)	(71,459)	8	(71,451)
<b>BALANCE, MARCH 31, 2022</b>		<b>\$1,039,585</b>	<b>\$300,786</b>	<b>\$3,795,201</b>	<b>\$(404,865)</b>	<b>\$ 93,953</b>	<b>\$ (4,194)</b>	<b>\$ 4,624</b>	<b>\$4,825,090</b>	<b>\$62,839</b>	<b>\$4,887,929</b>

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
<b>OPERATING ACTIVITIES:</b>			
Profit before income taxes	¥ 81,040	¥ 91,760	\$ 662,149
Adjustments for:			
Income taxes—paid	(46,738)	(25,390)	(381,881)
Depreciation and amortization	35,570	48,898	290,630
Loss (gain) on sales and disposal of property, plant and equipment—net	361	(255)	2,947
Loss on impairment of long-lived assets	2,420	877	19,775
Gain on sales of investment securities	(14,431)		(117,908)
Loss (gain) on sales of shares of subsidiaries and affiliates—net	2,222	(38)	18,157
Loss on valuation of investment securities	49	355	398
Loss on valuation of investment in unconsolidated subsidiaries and affiliates		18	
Share of loss of entities accounted for using equity method	243	766	1,984
Changes in assets and liabilities, net of effects from previously consolidated subsidiaries:			
Increase in notes and accounts receivable	(13,434)	(24,967)	(109,762)
Decrease in inventories	144	1,517	1,179
Increase in notes and accounts payable	11,537	10,026	94,262
Increase in liability for employees' retirement benefits	21,823	1,942	178,303
Other—net	(28,789)	18,412	(235,225)
Total adjustments	(29,023)	32,161	(237,141)
Net cash provided by operating activities	52,017	123,921	425,008
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sale of property, plant and equipment	348	2,084	2,846
Purchases of property, plant and equipment	(40,779)	(32,075)	(333,189)
Proceeds from sales of investment securities	18,638	100	152,286
Purchases of investment securities	(5,690)	(793)	(46,495)
Decrease in investments in and advances to unconsolidated subsidiaries and affiliates	1,423	93,437	11,625
Payment for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 22)	(7,313)	(484)	(59,752)
Collection of loans	1,259	1,078	10,289
Payment of loans	(1,466)	(1,480)	(11,976)
Other	(25,363)	(17,789)	(207,236)
Net cash (used in) provided by investing activities	(58,943)	44,078	(481,602)
<b>FINANCING ACTIVITIES:</b>			
Repayments of short-term debt—net	(10,663)	(55,904)	(87,121)
Repayments of long-term debt	(14,000)	(15,500)	(114,388)
Dividends paid	(19,741)	(16,138)	(161,295)
Purchase of treasury stock—net	(10,057)	(35,708)	(82,176)
Other	5	3	41
Net cash used in financing activities	(54,456)	(123,247)	(444,939)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	<b>701</b>	<b>(130)</b>	<b>5,732</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(60,681)</b>	<b>44,622</b>	<b>(495,801)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>241,285</b>	<b>196,663</b>	<b>1,971,443</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.e)</b>	<b>¥180,604</b>	<b>¥241,285</b>	<b>\$1,475,642</b>

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

Year Ended March 31, 2022

## 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 2021 consolidated financial statements to conform them to the classifications and presentations used in 2022.

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 ¥122.39 to \$1, the approximate rate of exchange at March 31, 2022. 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, 2022, include the accounts of the Company and its 30 (39 in 2021) significant subsidiaries (together, the "Group").

Effective from the fiscal year ended March 31, 2022, Yamato Global Express Co., Ltd., Yamato Logistics Co., Ltd., Yamato Global Logistics Japan Co., Ltd., Yamato Packing Service Co., Ltd., Yamato Packing Technology Institute Co., Ltd., Yamato Financial Co., Ltd., and Yamato Management Service Co., Ltd. have been excluded from the scope of consolidation due to absorption-type mergers in which Yamato Transport Co., Ltd. is the surviving company. In addition, YAMATO (CHINA) TRANSPORT CO., LTD. and Yamato Home Convenience Co., Ltd. have also been excluded from the scope of consolidation due to the conclusion of liquidation and partial transfer of its shares, respectively.

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 22 (23 in 2021) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2022, Yamato Home Convenience Co., Ltd. has been excluded from the scope of consolidation due to partial transfer of its shares and has been included in the scope of the equity method. In addition, SCG YAMATO EXPRESS CO., LTD. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. have been excluded from the scope of the equity method due to transfer of their shares.

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 that 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. Revenue Recognition*—Principal performance obligations in the principal businesses relating to revenues recognized from contracts with customers in the Group and the normal timing of satisfaction of performance obligation (the normal timing of recognizing revenues) are as follows:

*(1) Retail Business Unit*

Retail Business Unit mainly provides small-parcel delivery services such as TA-Q-BIN. In this service, the Group provides a service to collect and deliver cargoes at the customer's request based on a contract with the customer, and revenue from this service is recognized in accordance with satisfaction of performance obligations measured by the progress of delivery, because other companies are not required to perform the transportation process that has already been performed, even if delivery to the designated delivery destination cannot be completed.

*(2) Corporate Business Unit*

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

*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
	2022	2021	2022
Cash and cash equivalents presented in the consolidated balance sheet	<b>¥182,645</b>	¥241,523	<b>\$1,492,316</b>
Time deposits due beyond three months	<b>(2,041)</b>	(238)	<b>(16,674)</b>
Cash and cash equivalents presented in the consolidated statement of cash flows	<b>¥180,604</b>	¥241,285	<b>\$1,475,642</b>

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

## Notes to Consolidated Financial Statements

*g. Investment Securities*—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, 2022 and 2021.

Equity securities with no market price and investments in capital are stated at cost determined by the moving-average method.

Investments in the limited partnership for investment partnerships and similar partnerships, which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act are stated at net amount of equity interest in the partnership based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

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

*h. Property, Plant and Equipment*—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased 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.

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 Plans*—The Company and consolidated subsidiaries mainly have contributory trusted pension plans and unfunded retirement benefit plans. In addition, defined contribution retirement plans were introduced along with these defined benefit retirement 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, 2022 and 2021, 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 Policy Disclosures, Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Policy Disclosures, 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.

## Notes to Consolidated Financial Statements

*s. Performance-Based Share Remuneration Plan “Board Benefit Trust (BBT)”*— The Company has introduced a 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.

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 held by the trust bank is accounted for as treasury stock in the equity section of the Company’s consolidated balance sheet. The book value and number of treasury stock held by the trust bank at March 31, 2022 and 2021, were both ¥1,376 million (\$11,246 thousand) and 483,700 shares, respectively.

### *t. New Accounting Pronouncements*

#### *Implementation Guidance on Accounting Standard for Fair Value Measurement*

In June 2021, the ASBJ revised ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

When the ASBJ had issued this guidance in July 2019, the ASBJ had decided to take approximately one year to consider matters because it had been required to discuss with related parties and consider the measurement of the fair value of investment trusts and the notes to fair value for investments in partnerships, etc., in which the net amount of equity interest is recorded on the balance sheet. As a result of discussion and consideration, the ASBJ has revised and issued the guidance.

The revised guidance will be applied from the beginning of fiscal year ending March 31, 2023.

The application of the revised guidance has no impact on the consolidated financial statements.

## 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:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Property, plant and equipment	<b>¥429,879</b>	¥406,313	<b>\$3,512,370</b>
Intangible assets	<b>45,646</b>	29,555	<b>372,959</b>

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, which is 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. The criteria of the asset groups are the management accounting classification and the unit used for investment decision making, and the grouping of Yamato Transport Co., Ltd. was reviewed in consideration of the management accounting classification, the unit used for investment decision making, etc., in accordance with the transition to a new group management structure in the fiscal year ended March 31, 2022, and the four Business Divisions of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the four Functional Divisions of Transportation, Digital, Platform, and Professional Services, as well as Corporate Division, were classified as common assets. Because the Retail Business Unit 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 significant assumptions, such as 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. ACCOUNTING CHANGE

*Application of Accounting Standard 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 Company has applied the standards from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As such, whereas revenue from certain business transactions including transportation income involving the Yamato Group’s mainstay service, TA-Q-BIN, was previously recognized at a point in time, such as when parcels were consigned to TA-Q-BIN, the Company recognizes such revenue in accordance with satisfaction of performance obligations.

The application is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or deducted from the opening balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy is applied from such opening balance. However, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the fiscal year ended March 31, 2022, were accounted for based on the contractual terms after all contract modifications were reflected. As a result, this cumulative effect was added to or deducted from the opening balance of retained earnings of the fiscal year ended March 31, 2022.

For the fiscal year ended March 31, 2022, as a result of this change, operating revenues decreased by ¥2,082 million (\$17,010 thousand), operating costs decreased by ¥1,998 million (\$16,323 thousand), operating profit and profit before income taxes each decreased by ¥84 million (\$687 thousand), and retained earnings as of the beginning of the fiscal year ended March 31, 2022, decreased by ¥3,343 million (\$27,316 thousand).

In addition, the effect of this change on basic earnings per share for the fiscal year ended March 31, 2022, is immaterial. Net assets per share decreased by ¥9.22 (\$0.08).

*Application of Accounting Standard 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 Company has applied the standards from the beginning of the fiscal year ended March 31, 2022, and prospectively applied new accounting policy stipulated by the standards subject to the transitional treatment provided for in paragraph

## Notes to Consolidated Financial Statements

19 of ASBJ Statement No. 30 and paragraph 44-2 of ASBJ Statement No. 10.

In addition, this application has no impact on the consolidated financial statements.

*Changes in Depreciation Method for Property, Plant and Equipment and Changes in Useful Life*—Effective from the fiscal year ended March 31, 2022, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment (excluding leased assets) from the declining-balance method to the straight-line method. However, the straight-line method has already been adopted for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and for facilities attached to buildings and structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries have been using the straight-line method thus far.

Based on its medium-term management plan, “One Yamato 2023,” the Yamato Group transitioned to its “One Yamato” management structure with the purpose of transforming to a fully optimized organization structured according to customer segments and improving management speed. To this end, Yamato Transport Co., Ltd. carried out the absorption-type merger and absorption-type company split involving seven consolidated subsidiaries of the Company in April 2021. Taking this opportunity, the Company and its domestic consolidated subsidiaries reviewed their use of property, plant and equipment in Japan.

They have consequently changed to the straight-line method based on judgment that allocating costs by the straight-line method reflects actual use of assets more rationally because they expect their asset use in Japan to remain consistent. In addition, they conducted surveys on actual use of property, plant and equipment, on the occasion of reviewing changes to the depreciation method of property, plant and equipment. Effective from the fiscal year ended March 31, 2022, they have consequently changed useful lives of some vehicles based on more realistic, economically feasible forecast periods and applied this change prospectively.

As a result, operating profit and profit before income taxes for the fiscal year ended March 31, 2022, each increased by ¥13,076 million (\$106,837 thousand) compared with previous method.

## 5. BUSINESS COMBINATIONS

### *a. Transactions under Common Control*

At the meeting held on December 17, 2020, the Board of Directors of the Company resolved to conclude contracts involving the absorption-type merger and absorption-type split between Yamato Transport Co., Ltd., which is a consolidated subsidiary of the Company, and seven consolidated subsidiaries, including Yamato Logistics Co., Ltd. and Yamato Global Logistics Japan Co., Ltd., and they implemented the absorption-type merger and absorption-type split on April 1, 2021.

### *Outline of Business Combination*

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

##### *Name and business of the companies involved in the business combination*

##### *Surviving company*

Name: Yamato Transport Co., Ltd. (“YTC”)

Business: Small parcel delivery services for the general public and corporations (TA-Q-BIN, Kuroneko DM-Bin, etc.)

##### *Dissolving company*

Name: Yamato Global Express Co., Ltd. (“YGX”)

Business: Small parcel delivery services for corporations (domestic air cargo transport business, etc.)

Name: Yamato Logistics Co., Ltd. (“YLC”)

Business: Logistics services for corporations (total support services including logistics, medical products distribution services, maintenance support service, and recall support service)

Name: Yamato Global Logistics Japan Co., Ltd. (“YGL”)

Business: International air cargo service, handling of marine cargo, import/export customs clearance services, overseas lifestyle support services including international moving, fine art transport business

Name: Yamato Packing Service Co., Ltd. ("YPC")  
 Business: Packing/cargo transportation services

Name: Yamato Packing Technology Institute Co., Ltd. ("YPTI")  
 Business: R&D and sale of packaging containers and materials

Name: Yamato Financial Co., Ltd. ("YFC")  
 Business: Settlement services targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, etc.)

***Date of the business combination***

April 1, 2021

***Legal form of the business combination***

Absorption-type merger with YGX, YLC, YGL, YPC, YPTI and YFC as dissolving companies and YTC as the surviving company

***Name of the company after the business combination***

The name did not change.

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

***Name and content of business involved in the business combination***

Name: Web-based Mail Order Solution Business of Yamato System Development Co., Ltd. ("YSD")  
 Content: Offering a package consisting not only of services related to launch of a mail order business, but also, to fully support the customer's business, creating a tailor-made IT system and managing it

Name: Regional Operation Management Department of YSD  
 Content: Sales department

***Date of the business combination***

April 1, 2021

***Legal form of the business combination***

Absorption-type split with YSD as the absorbed company and YTC as the successor company

***Name of the company after the business combination***

The name did not change.

***(3) Outline and purpose of business combination***

Based on the "YAMATO NEXT100," the grand design for the medium-term management of the Yamato Group, under the Company, which is the pure holding company, the Yamato Group shifted to group management structure consisting of the Retail Business Unit, which manages the Retail Business Division, the Corporate Business Unit, which manages the Corporate Business Division, the Global SCM Business Division, and the EC Business Division, the Functional Divisions, and the Corporate Division with the purpose of transforming to a fully optimized organization structured according to customer segments and improving management speed.

***Outline of Accounting Treatment***

The transaction was accounted for as a transaction under common control in accordance with ASBJ Statement No. 21, "Accounting Standard for Business Combinations," and ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures."

***b. Business Divestiture***

At the meeting held on July 20, 2021, the Board of Directors of the Company resolved to transfer 51% of the issued common shares of Yamato Home Convenience Co., Ltd. ("YHC"), which is the Company's consolidated subsidiary, held by the Company, to ART MOVING COMPANY Co., Ltd. ("ART"), and concluded a share transfer contract on the same day. As

## Notes to Consolidated Financial Statements

a result of transfer, the Company's ratio of voting rights in YHC decreased from 100% to 49%, and YHC has been changed from a consolidated subsidiary of the Company to an affiliate accounted for by equity method from the fiscal year ended March 31, 2022. In addition, ART changed its name on January 1, 2022.

### *Outline of Business Divestiture*

#### *Name of the successor company in the business divestiture*

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

#### *Name and business of the company divested in the business divestiture*

Name: Yamato Home Convenience Co., Ltd.

Business: Single-person moving and transportation of large furniture and appliance

### *Reason for business divestiture*

As one of the leading companies in the moving industry, ART regards moving as a service business and is highly regarded by customers for providing various services that reflect their needs. In recent years, it is expanding its business domains with the aim of becoming a company that not only provides moving service but also proposes better lifestyles. YHC provides Single-Person Moving (simple and easy moving service for single-person) and Household TA-Q-BIN (delivery service for large furniture and appliance) to realize easy and secure moving of living space.

In October 2020, both companies began considering collaboration to further improve convenience for customers in the moving market. The Company determined that both companies would be able to provide a diverse range of services that meet diverse needs, from customers with few packages to customers with many packages by utilizing each other's strengths, and higher quality and more efficient transportation services by utilizing networks of both companies through approximately six months of study and collaboration such as reciprocal customer referrals and utilizing the business resources of both companies. The Company concluded the share transfer contract with the aim of realizing them.

### *Date of business divestiture*

January 17, 2022 (deemed date: March 31, 2022)

### *Legal form of the business divestiture*

Transfer of shares for which the consideration received is only assets such as cash, etc.

### *Outline of Accounting Treatment*

#### *Gain or loss from the transaction*

Loss on sales of shares of subsidiaries: ¥2,673 million (\$21,837 thousand)

### *Appropriate book value of assets and liabilities related to the transferred business and its main breakdown*

	Millions of Yen	Thousands of U.S. Dollars
Current assets	<b>¥10,655</b>	<b>\$ 87,055</b>
Long-lived assets	<b>1,266</b>	<b>10,341</b>
Total assets	<b>¥11,921</b>	<b>\$ 97,396</b>
Current liabilities	<b>¥ (5,003)</b>	<b>\$(40,877)</b>
Long-term liabilities	<b>(467)</b>	<b>(3,819)</b>
Total liabilities	<b>¥ (5,470)</b>	<b>\$(44,696)</b>

### *Accounting treatment*

The difference between the book value of the transferred shares for consolidated purposes and the selling price is recorded as loss on sales of shares of subsidiaries in other expenses in the consolidated statement of income.

### *Reportable Segment in Which the Divested Business Was Included*

Other segment

*Estimated Amount of Profit or Loss Related to Divested Business Recognized in the Consolidated Statement of Income for the Fiscal Year Ended March 31, 2022*

	Millions of Yen	Thousands of U.S. Dollars
Operating revenues	<b>¥33,469</b>	<b>\$273,461</b>
Operating loss	<b>(3,012)</b>	<b>(24,612)</b>

## 6. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.2% and 0.3% of operating revenues in 2022 and 2021, respectively.

Annual maturities of installment receivables at March 31, 2022, 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
2023	<b>¥22,061</b>	<b>¥2,147</b>	<b>\$180,255</b>	<b>\$17,543</b>
2024	<b>10,863</b>	<b>1,185</b>	<b>88,759</b>	<b>9,682</b>
2025	<b>6,460</b>	<b>579</b>	<b>52,781</b>	<b>4,730</b>
2026	<b>3,537</b>	<b>283</b>	<b>28,901</b>	<b>2,309</b>
2027	<b>1,869</b>	<b>147</b>	<b>15,270</b>	<b>1,203</b>
2028 and thereafter	<b>3,265</b>	<b>373</b>	<b>26,675</b>	<b>3,050</b>
Total	<b>¥48,055</b>	<b>¥4,714</b>	<b>\$392,641</b>	<b>\$38,517</b>

## 7. INVENTORIES

Inventories at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Merchandise	<b>¥ 187</b>	¥ 392	<b>\$ 1,527</b>
Work in process	<b>167</b>	118	<b>1,369</b>
Raw materials and supplies	<b>1,862</b>	1,771	<b>15,212</b>
Total	<b>¥2,216</b>	¥2,281	<b>\$18,108</b>

## 8. INVESTMENT SECURITIES

Investment securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Non-current:			
Marketable equity securities	<b>¥21,562</b>	¥35,833	<b>\$176,175</b>
Non-marketable equity securities	<b>3,813</b>	931	<b>31,156</b>
Other	<b>8,567</b>	3,239	<b>69,997</b>
Total	<b>¥33,942</b>	¥40,003	<b>\$277,328</b>



## Notes to Consolidated Financial Statements

Information regarding each category of the securities classified as available-for-sale at March 31, 2022 and 2021, is as follows:

Millions of Yen				
2022				
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	<b>¥10,643</b>	<b>¥11,572</b>	<b>¥653</b>	<b>¥21,562</b>
Millions of Yen				
2021				
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥14,842	¥21,635	¥644	¥35,833
Thousands of U.S. Dollars				
2022				
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	<b>\$86,961</b>	<b>\$94,553</b>	<b>\$5,339</b>	<b>\$176,175</b>

Information for available-for-sale securities, which were sold during the years ended March 31, 2022 and 2021, is as follows:

Millions of Yen			
	Proceeds	Realized Gains	Realized Losses
March 31, 2022			
Available-for-sale:			
Equity securities	<b>¥18,638</b>	<b>¥14,431</b>	<b>¥—</b>
Other			
Total	<b>¥18,638</b>	<b>¥14,431</b>	<b>¥—</b>
Millions of Yen			
	Proceeds	Realized Gains	Realized Losses
March 31, 2021			
Available-for-sale:			
Equity securities	¥ 1	¥ —	¥ —
Other	15	2	
Total	¥16	¥ 2	¥ —
Thousands of U.S. Dollars			
	Proceeds	Realized Gains	Realized Losses
March 31, 2022			
Available-for-sale:			
Equity securities	<b>\$152,286</b>	<b>\$117,908</b>	<b>\$—</b>
Other			
Total	<b>\$152,286</b>	<b>\$117,908</b>	<b>\$—</b>

Loss on valuation of available-for-sale securities for the year ended March 31, 2022 and 2021, were ¥49 million (\$398 thousand) and ¥355 million, respectively.

## 9. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2022 and 2021. As a result, the Group recognized an impairment loss of ¥2,420 million (\$19,775 thousand) as other expense for the asset groups of the head office and the Tokyo Regional Branch of Yamato Home Convenience Co., Ltd. and 6 other asset groups for the year ended March 31, 2022, and ¥877 million 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, due to no future use, 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 the years ended March 31, 2022 and 2021, were 5.23% and 5.96%, respectively.

## 10. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2022 and 2021, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2022 and 2021, were approximately 0.055% and 0.073%, respectively.

Long-term debt at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
0.160% to 0.299% loans from banks due 2021 to 2022		¥14,000	
Lease obligations	<b>¥30,888</b>	31,154	<b>\$252,382</b>
Total	<b>30,888</b>	45,154	<b>252,382</b>
Less current portion	<b>(4,850)</b>	(19,055)	<b>(39,631)</b>
Total	<b>¥26,038</b>	¥26,099	<b>\$212,751</b>

Annual maturities of long-term debt at March 31, 2022, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	<b>¥ 4,850</b>	<b>\$ 39,631</b>
2024	<b>4,330</b>	<b>35,377</b>
2025	<b>3,255</b>	<b>26,601</b>
2026	<b>2,198</b>	<b>17,962</b>
2027	<b>1,528</b>	<b>12,483</b>
2028 and thereafter	<b>14,727</b>	<b>120,328</b>
Total	<b>¥30,888</b>	<b>\$252,382</b>

## 11. RETIREMENT AND PENSION PLANS

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

The defined benefit retirement 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.

In addition, the Company resolved to revise retirement benefit plan of the Group in April 2021. Based on the resolution, the Group has changed benefit levels of the lump-sum benefit plan with July 2021 as the date of revision with respect to its regulations and October 2021 as the date on which the regulations take effect, and carried out the transition from defined benefit corporate pension plan to defined contribution pension plan.

As a result, with respect to past service costs incurred due to changes made to benefit levels of the lump-sum benefit plan, the Group recorded loss on revision of retirement benefit plan of ¥14,999 million (\$122,551 thousand) as other expense for the fiscal year ended March 31, 2022. Furthermore, with respect to gains and losses arising from the transition from defined benefit corporate pension plan to defined contribution pension plan, the Group recorded gain on transition of retirement benefit plan of ¥1,420 million (\$11,601 thousand) as other income.

## Notes to Consolidated Financial Statements

### (1) Defined Benefit Retirement Plans

The changes in defined benefit obligation for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	<b>¥183,859</b>	¥177,835	<b>\$1,502,237</b>
Service cost	<b>14,317</b>	14,016	<b>116,976</b>
Interest cost	<b>169</b>	177	<b>1,381</b>
Actuarial loss arising during the year	<b>1,849</b>	1,129	<b>15,109</b>
Retirement benefits paid	<b>(9,901)</b>	(8,967)	<b>(80,894)</b>
Past service cost arising during the year	<b>14,999</b>		<b>122,551</b>
Decrease due to transition to defined contribution pension plans	<b>(52,271)</b>		<b>(427,087)</b>
Decrease due to change in scope of consolidation	<b>(1,544)</b>	(331)	<b>(12,612)</b>
Balance at end of year	<b>¥151,477</b>	¥183,859	<b>\$1,237,661</b>

The changes in plan assets for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	<b>¥112,181</b>	¥ 98,728	<b>\$ 916,584</b>
Expected return on plan assets	<b>855</b>	984	<b>6,988</b>
Actuarial gain arising during the year	<b>1,334</b>	10,564	<b>10,896</b>
Contributions from the employer	<b>3,827</b>	4,540	<b>31,271</b>
Retirement benefits paid	<b>(2,034)</b>	(2,244)	<b>(16,620)</b>
Decrease due to transition to defined contribution pension plans	<b>(57,158)</b>		<b>(467,015)</b>
Decrease due to change in scope of consolidation	<b>(1,654)</b>	(391)	<b>(13,511)</b>
Balance at end of year	<b>¥ 57,351</b>	¥112,181	<b>\$ 468,593</b>

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Defined benefit obligation of funded plan	<b>¥ 12,935</b>	¥ 66,676	<b>\$ 105,691</b>
Plan assets	<b>(57,351)</b>	(112,181)	<b>(468,593)</b>
	<b>(44,416)</b>	(45,505)	<b>(362,902)</b>
Defined benefit obligation of unfunded plan	<b>138,542</b>	117,183	<b>1,131,970</b>
Net liability arising from defined benefit obligation	<b>¥ 94,126</b>	¥ 71,678	<b>\$ 769,068</b>

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for employees' retirement benefits	<b>¥94,142</b>	¥71,835	<b>\$769,196</b>
Asset for employees' retirement benefits	<b>(16)</b>	(157)	<b>(128)</b>
Net liability arising from defined benefit obligation	<b>¥94,126</b>	¥71,678	<b>\$769,068</b>

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, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	<b>¥14,317</b>	¥14,016	<b>\$116,976</b>
Interest cost	<b>169</b>	177	<b>1,381</b>
Expected return on plan assets	<b>(855)</b>	(984)	<b>(6,988)</b>
Recognized actuarial (gain) loss	<b>(488)</b>	3,897	<b>(3,980)</b>
Past service cost	<b>14,999</b>		<b>122,551</b>
Gain on transition to defined contribution pension plans	<b>(1,420)</b>		<b>(11,601)</b>
Others	<b>(76)</b>	125	<b>(621)</b>
Net periodic benefit costs	<b>¥26,646</b>	¥17,231	<b>\$217,718</b>

Amounts recognized in other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial (loss) gain	<b>¥(7,510)</b>	¥13,337	<b>\$(61,360)</b>
Total	<b>¥(7,510)</b>	¥13,337	<b>\$(61,360)</b>

Amounts recognized in accumulated other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial gain	<b>¥406</b>	¥8,108	<b>\$3,317</b>
Total	<b>¥406</b>	¥8,108	<b>\$3,317</b>

Plan assets as of March 31, 2022 and 2021, consisted of the following:

	2022	2021
General accounts	<b>57%</b>	30%
Debt investments	<b>22</b>	23
Equity investments		24
Others	<b>21</b>	23
Total	<b>100%</b>	100%

Assumptions used for the years ended March 31, 2022 and 2021, were set forth as follows:

	2022	2021
Discount rate	<b>0.1%</b>	0.1%
Expected rate of return on plan assets	<b>1.0%</b>	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, 2022 and 2021, were ¥6,886 million (\$56,263 thousand) and ¥3,060 million, respectively.

## Notes to Consolidated Financial Statements

### (3) Other Items

The effect of partial transition from defined benefit corporate pension plans to defined contribution pension plans for the year ended March 31, 2022, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Decrease of defined benefit obligation	<b>¥ 52,271</b>	<b>\$ 427,087</b>
Decrease of plan assets	<b>(57,158)</b>	<b>(467,015)</b>
Recognized actuarial gain	<b>6,307</b>	<b>51,529</b>
Total	<b>¥ 1,420</b>	<b>\$ 11,601</b>

## 12. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	<b>¥9,646</b>	¥8,927	<b>\$78,814</b>
Additional provisions associated with the acquisition of property, plant and equipment	<b>456</b>	840	<b>3,722</b>
Reconciliation associated with passage of time	<b>105</b>	107	<b>861</b>
Reconciliation associated with changes in accounting estimates	<b>(138)</b>	(19)	<b>(1,126)</b>
Reduction associated with settlement of asset retirement obligations	<b>(138)</b>	(206)	<b>(1,130)</b>
Others	<b>(3)</b>	(3)	<b>(26)</b>
Balance at end of year	<b>¥9,928</b>	¥9,646	<b>\$81,115</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, 2022 and 2021, by ¥138 million (\$1,126 thousand) and ¥19 million, respectively.

## 13. 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.

## 14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of 30.6% for the years ended March 31, 2022 and 2021.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Accrued expenses	¥ 11,871	¥ 12,265	\$ 96,996
Legal welfare expense	1,970	2,027	16,097
Enterprise tax	1,958	2,312	15,995
Allowance for doubtful accounts	510	492	4,171
Tax loss carryforwards	3,656	11,593	29,869
Liability for employees' retirement benefits	29,229	24,591	238,818
Loss on valuation of land	20,485	20,759	167,371
Loss on impairment of long-lived assets	3,856	4,326	31,505
Loss on valuation of investment securities	1,062	1,167	8,680
Unrealized profit	3,812	3,047	31,150
Loss on valuation of telephone subscription rights	398	417	3,249
Other	8,679	8,251	70,915
Total of tax loss carryforwards and temporary differences	87,486	91,247	714,816
Less valuation allowance for tax loss carryforwards	(3,651)	(11,588)	(29,835)
Less valuation allowance for temporary differences	(23,915)	(26,637)	(195,397)
Total valuation allowance	(27,566)	(38,225)	(225,232)
Deferred tax assets	¥ 59,920	¥ 53,022	\$ 489,584
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (2,756)	¥ (5,807)	\$ (22,517)
Other	(4,880)	(6,784)	(39,874)
Deferred tax liabilities	¥ (7,636)	¥ (12,591)	\$ (62,391)
Deferred tax assets—net	¥ 52,284	¥ 40,431	\$ 427,193

## Notes to Consolidated Financial Statements

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2022, 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
2023	¥ 41	¥ (41)	¥ —
2024	45	(45)	
2025	91	(91)	
2026	86	(86)	
2027	540	(540)	
2028 and thereafter	2,853	(2,848)	5
Total	¥3,656	¥(3,651)	¥ 5

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
2023	\$ 332	\$ (332)	\$ —
2024	371	(371)	
2025	742	(742)	
2026	699	(699)	
2027	4,416	(4,416)	
2028 and thereafter	23,309	(23,275)	34
Total	\$29,869	\$(29,835)	\$34

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, was as follows:

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

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates for the year ended March 31, 2022, was omitted since the difference between both the rates was less than 5% of the normal effective statutory tax rates.

## 15. LEASES

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

Future rental payments under non-cancelable operating leases at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due within one year	¥ 7,496	¥ 5,451	\$ 61,245
Due after one year	22,608	21,079	184,721
Total	¥30,104	¥26,530	\$245,966

## 16. 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 not used for speculative purposes, but to manage exposure to interest fluctuation risk. Certain consolidated subsidiaries conduct 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.

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 Value of Financial Instruments

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

Fair value of financial instruments at March 31, 2022 and 2021, were as follows:

		Millions of Yen		
March 31, 2022		Carrying Amount	Fair Value	Difference
Assets:				
Trade notes and accounts receivable, and contract assets		<b>¥218,923</b>		
Allowance for doubtful accounts		<b>(158)</b>		
		<b>218,765</b>	<b>¥218,777</b>	<b>¥ 12</b>
Installment sales receivable		<b>48,055</b>		
Allowance for doubtful accounts		<b>(936)</b>		
Deferred profit on installment sales		<b>(4,714)</b>		
		<b>42,405</b>	<b>46,956</b>	<b>4,551</b>
Available-for-sale securities		<b>21,562</b>	<b>21,562</b>	
Shares of affiliates		<b>6,668</b>	<b>10,127</b>	<b>3,459</b>
Liabilities:				
Short-term loans		<b>15,000</b>	<b>15,000</b>	
March 31, 2021		Millions of Yen		
		Carrying Amount	Fair Value	Difference
Assets:				
Trade notes and accounts receivable, and contract assets		¥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
Liabilities:				
Short-term loans		34,000	33,997	(3)

## Notes to Consolidated Financial Statements

March 31, 2022	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Assets:			
Trade notes and accounts receivable, and contract assets	<b>\$1,788,731</b>		
Allowance for doubtful accounts	<b>(1,286)</b>		
	<b>1,787,445</b>	<b>\$1,787,542</b>	<b>\$ 97</b>
Installment sales receivable	<b>392,641</b>		
Allowance for doubtful accounts	<b>(7,648)</b>		
Deferred profit on installment sales	<b>(38,517)</b>		
	<b>346,476</b>	<b>383,658</b>	<b>37,182</b>
Available-for-sale securities	<b>176,175</b>	<b>176,175</b>	
Shares of affiliates	<b>54,481</b>	<b>82,746</b>	<b>28,265</b>
Liabilities:			
Short-term loans	<b>122,559</b>	<b>122,559</b>	

Cash and cash equivalents are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.

Trade notes and accounts receivable, and contract assets are presented after deducting allowances for doubtful accounts set up for trade notes and accounts receivable, and contract assets not settled in a short period of time.

Installment sales receivable is presented after deducting the relevant allowance for doubtful accounts and deferred profit on installment sales.

Equity securities with no market price and investments in capital are not included in available-for-sale securities or shares of affiliates. The amount of these financial instruments recorded as investment securities on the consolidated balance sheet at March 31, 2022 and 2021, were ¥3,894 million (\$31,820 thousand) and ¥1,014 million, respectively, and the amount of these financial instruments recorded as investments in unconsolidated subsidiaries and affiliates on the consolidated balance sheet at March 31, 2022 and 2021, were ¥7,362 million (\$60,154 thousand) and ¥5,225 million, respectively.

Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at net amount of equity interest are omitted. The amount of these investments recorded as investment securities on the consolidated balance sheet at March 31, 2022 and 2021, were ¥8,486 million (\$69,333 thousand) and ¥3,156 million, respectively.

Trade notes and accounts payable are omitted because most of them are due within one year and their carrying amounts approximate fair value.

### (4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2022	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>¥182,645</b>	<b>¥ —</b>	<b>¥ —</b>
Trade notes and accounts receivable, and contract assets	<b>218,883</b>	<b>40</b>	
Installment sales receivable	<b>22,061</b>	<b>22,729</b>	<b>3,265</b>
Total	<b>¥423,589</b>	<b>¥22,769</b>	<b>¥3,265</b>

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	¥241,523	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	212,686	80	
Installment sales receivable	21,358	21,990	2,295
Total	¥475,567	¥22,070	¥2,295

March 31, 2022	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>\$1,492,316</b>	<b>\$ —</b>	<b>\$ —</b>
Trade notes and accounts receivable, and contract assets	<b>1,788,404</b>	<b>327</b>	
Installment sales receivable	<b>180,255</b>	<b>185,711</b>	<b>26,675</b>
Total	<b>\$3,460,975</b>	<b>\$186,038</b>	<b>\$26,675</b>

*(5) Matters Concerning the Breakdown of the Fair Value of Financial Instruments by Level and Other Items*

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

Level 1 fair value: Fair value calculated by the market price of the asset or liability formed in the active market among observable inputs

Level 2 fair value: Fair value calculated by observable inputs excluding inputs of Level 1

Level 3 fair value: Fair value calculated by unobservable inputs

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

*Financial instruments recorded on the consolidated balance sheet at fair value*

March 31, 2022	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Equity securities	<b>¥21,562</b>	<b>¥—</b>	<b>¥—</b>	<b>¥21,562</b>
Total assets	<b>¥21,562</b>	<b>¥—</b>	<b>¥—</b>	<b>¥21,562</b>

March 31, 2022	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Equity securities	<b>\$176,175</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$176,175</b>
Total assets	<b>\$176,175</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$176,175</b>

*Financial instruments other than those recorded on the consolidated balance sheet at fair value*

March 31, 2022	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Trade notes and accounts receivable, and contract assets	<b>¥ —</b>	<b>¥218,777</b>	<b>¥—</b>	<b>¥218,777</b>
Installment sales receivable		<b>46,956</b>		<b>46,956</b>
Shares of affiliates:				
Equity securities	<b>10,127</b>			<b>10,127</b>
Total assets	<b>¥10,127</b>	<b>¥265,733</b>	<b>¥—</b>	<b>¥275,860</b>
Short-term loans	<b>¥ —</b>	<b>¥ 15,000</b>	<b>¥—</b>	<b>¥ 15,000</b>
Total liabilities	<b>¥ —</b>	<b>¥ 15,000</b>	<b>¥—</b>	<b>¥ 15,000</b>

March 31, 2022	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Trade notes and accounts receivable, and contract assets	<b>\$ —</b>	<b>\$1,787,542</b>	<b>\$—</b>	<b>\$1,787,542</b>
Installment sales receivable		<b>383,658</b>		<b>383,658</b>
Shares of affiliates:				
Equity securities	<b>82,746</b>			<b>82,746</b>
Total assets	<b>\$82,746</b>	<b>\$2,171,200</b>	<b>\$—</b>	<b>\$2,253,946</b>
Short-term loans	<b>\$ —</b>	<b>\$ 122,559</b>	<b>\$—</b>	<b>\$ 122,559</b>
Total liabilities	<b>\$ —</b>	<b>\$ 122,559</b>	<b>\$—</b>	<b>\$ 122,559</b>



## Notes to Consolidated Financial Statements

### *Available-for-sale securities and shares of affiliates*

Marketable equity securities are valued using the market prices. Since marketable equity securities are traded in active markets, their fair value is classified as Level 1 fair value.

### *Trade notes and accounts receivable, and contract assets*

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

### *Installment sales receivable*

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

### *Short-term loans*

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

## 17. REVENUE RECOGNITION

### *(1) Information about Disaggregated Revenues from Contracts with Customers*

	Millions of Yen			
	2022			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	¥1,144,359	¥598,306	¥ 50,968	¥1,793,633
Logistical support income	3,587	249,638		253,225
Others	28,184	33,023	171,975	233,182
Revenues from contracts with customers	1,176,130	880,967	222,943	2,280,040
Other revenues			4,583	4,583
Total	1,176,130	880,967	227,526	2,284,623
Internal segment revenues or transfers	(3,716)	(42,691)	(18,327)	(64,734)
Operating revenues by reportable segments	1,172,414	838,276	209,199	2,219,889
Intersegment revenues or transfers	(279,017)	(26,091)	(121,163)	(426,271)
Operating revenues from external customers	¥ 893,397	¥812,185	¥ 88,036	¥1,793,618

	Thousands of U.S. Dollars			
	2022			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	\$ 9,350,105	\$4,888,521	\$ 416,435	\$14,655,061
Logistical support income	29,311	2,039,691		2,069,002
Others	230,277	269,815	1,405,144	1,905,236
Revenues from contracts with customers	9,609,693	7,198,027	1,821,579	18,629,299
Other revenues			37,446	37,446
Total	9,609,693	7,198,027	1,859,025	18,666,745
Internal segment revenues or transfers	(30,361)	(348,804)	(149,746)	(528,911)
Operating revenues by reportable segments	9,579,332	6,849,223	1,709,279	18,137,834
Intersegment revenues or transfers	(2,279,741)	(213,177)	(989,976)	(3,482,894)
Operating revenues from external customers	\$ 7,299,591	\$6,636,046	\$ 719,303	\$14,654,940

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

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

*(2) Information that Provides a Basis for Understanding Revenue from Contracts with Customers*

The same information as in Note 2, "Summary of Significant Accounting Policies" is omitted.

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

*(3) Information about the Relationship between the Satisfaction of Performance Obligations under Contracts with Customers and Cash Flows from Such Contracts, and the Amount and Timing of Revenue Expected to be Recognized in Subsequent Periods from Contracts with Customers that Existed at the End of the Current Fiscal Year***Balance of receivables, contract assets and contract liabilities from contracts with customers**

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Receivables from contracts with customers, beginning of fiscal year	<b>¥178,323</b>	<b>\$1,457,007</b>
Receivables from contracts with customers, end of fiscal year	<b>188,005</b>	<b>1,536,112</b>
Contract assets, beginning of fiscal year	<b>4,146</b>	<b>33,878</b>
Contract assets, end of fiscal year	<b>4,689</b>	<b>38,311</b>
Contract liabilities, beginning of fiscal year	<b>11,444</b>	<b>93,507</b>
Contract liabilities, end of fiscal year	<b>12,887</b>	<b>105,296</b>

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

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

Among the revenues recognized during the fiscal year ended March 31, 2022, the amount included in the opening balance of contract liabilities was ¥9,558 million (\$78,097 thousand).

The amount of revenue recognized in the fiscal year ended March 31, 2022, from performance obligations satisfied in prior periods was not material.

**Transaction prices allocated to remaining performance obligations**

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

The performance obligations with original expected contractual terms of one year or less mainly relate to TA-Q-BIN transactions in the Retail Business Unit.

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

# Notes to Consolidated Financial Statements

## 18. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized gain on available-for-sale securities:			
Adjustments arising during the year	<b>¥ 10,727</b>	¥10,487	<b>\$ 87,647</b>
Reclassification adjustments to profit or loss	<b>(19,124)</b>	(72)	<b>(156,258)</b>
Amount before income tax effect	<b>(8,397)</b>	10,415	<b>(68,611)</b>
Income tax effect	<b>2,982</b>	(2,489)	<b>24,366</b>
Total	<b>¥ (5,415)</b>	¥ 7,926	<b>\$ (44,245)</b>
Foreign currency translation adjustments:			
Adjustments arising during the year	<b>¥ 1,437</b>	¥ (994)	<b>\$ 11,740</b>
Reclassification adjustments to profit or loss	<b>(643)</b>		<b>(5,254)</b>
Total	<b>¥ 794</b>	¥ (994)	<b>\$ 6,486</b>
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	<b>¥ (1,528)</b>	¥ 9,435	<b>\$ (12,485)</b>
Reclassification adjustments to profit or loss	<b>(5,982)</b>	3,902	<b>(48,875)</b>
Amount before income tax effect	<b>(7,510)</b>	13,337	<b>(61,360)</b>
Income tax effect	<b>2,227</b>	(3,915)	<b>18,200</b>
Total	<b>¥ (5,283)</b>	¥ 9,422	<b>\$ (43,160)</b>
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	<b>¥ 111</b>	¥ 1	<b>\$ 910</b>
Reclassification adjustments to profit or loss	<b>(3)</b>	2	<b>(24)</b>
Total	<b>¥ 108</b>	¥ 3	<b>\$ 886</b>
Total other comprehensive (loss) income	<b>¥ (9,796)</b>	¥16,357	<b>\$ (80,033)</b>

## 19. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2022 and 2021, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Profit Attributable to Owners of Parent	Weighted-average Shares	EPS	
Year Ended March 31, 2022				
Basic EPS—Profit attributable to common shareholders	<b>¥55,956</b>	<b>370,488</b>	<b>¥151.03</b>	<b>\$1.23</b>
Year Ended March 31, 2021				
Basic EPS—Profit attributable to common shareholders	¥56,701	374,150	¥151.55	

## 20. 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.

Under the Company, which is the pure holding company, the Group manages business operations by customer segment and operates through group management structure consisting of the Retail Business Unit, which manages the Retail Business Division that provides delivery services for individual customers and mid-to-small sized corporations, the Corporate Business Unit, which manages the Corporate Business Division, the Global SCM Business Division, and the EC Business Division, that provide transportation services etc. for large corporations, and Other.

The Group defines the reportable segments as follows:

Retail Business Unit:	Delivery services for individual customers and mid-to-small sized corporations
Corporate Business Unit:	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency services
Other:	Development and operation of IT systems, car maintenance services, sales of fuel, non-life insurance agency services, cargo vehicle transportation services

### *(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					
	2022					
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 893,397	¥812,185	¥ 88,036	¥1,793,618	¥ —	¥1,793,618
Intersegment revenues	279,017	26,091	121,163	426,271	(426,271)	
Total segment revenues	¥1,172,414	¥838,276	¥209,199	¥2,219,889	¥(426,271)	¥1,793,618
Segment profit	¥ 44,464	¥ 17,178	¥ 16,559	¥ 78,201	¥ (1,001)	¥ 77,200
Segment assets	749,718	194,571	156,573	1,100,862	(14,007)	1,086,855
Other:						
Depreciation and amortization	17,538	13,265	3,812	34,615	909	35,524
Investment in entities accounted for using equity method	630	6,668		7,298	5,662	12,960
Increase of tangible and intangible fixed assets	56,587	12,066	7,246	75,899	2,673	78,572
Millions of Yen						
2021						
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 882,537	¥733,191	¥ 80,139	¥1,695,867	¥ —	¥1,695,867
Intersegment revenues	313,736	48,842	116,206	478,784	(478,784)	
Total segment revenues	¥1,196,273	¥782,033	¥196,345	¥2,174,651	¥(478,784)	¥1,695,867
Segment profit	¥ 50,806	¥ 40,317	¥ 6,989	¥ 98,112	¥ (5,990)	¥ 92,122
Segment assets	762,635	176,604	165,253	1,104,492	(14,501)	1,089,991
Other:						
Depreciation and amortization	29,291	13,639	4,501	47,431	1,431	48,862
Investment in entities accounted for using equity method	430	8,602		9,032	2,159	11,191
Increase of tangible and intangible fixed assets	34,413	5,875	7,668	47,956	7,476	55,432
Thousands of U.S. Dollars						
2022						
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	\$7,299,591	\$6,636,046	\$ 719,303	\$14,654,940	\$ —	\$14,654,940
Intersegment revenues	2,279,741	213,177	989,976	3,482,894	(3,482,894)	
Total segment revenues	\$9,579,332	\$6,849,223	\$1,709,279	\$18,137,834	\$(3,482,894)	\$14,654,940
Segment profit	\$ 363,294	\$ 140,357	\$ 135,298	\$ 638,949	\$ (8,182)	\$ 630,767
Segment assets	6,125,642	1,589,765	1,279,296	8,994,703	(114,443)	8,880,260
Other:						
Depreciation and amortization	143,301	108,381	31,144	282,826	7,428	290,254
Investment in entities accounted for using equity method	5,149	54,481		59,630	46,258	105,888
Increase of tangible and intangible fixed assets	462,348	98,590	59,201	620,139	21,843	641,982

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

Reconciliations are as follows:

- (1) Reconciliations of segment profit for the years ended March 31, 2022 and 2021, of ¥1,001 million (\$8,182 thousand) and ¥5,990 million, respectively, include group-wide expenses that are not allocated to each reportable segment (general administrative expenses of the Company, which is a pure holding company) of ¥10,384 million (\$84,845 thousand) and ¥19,578 million, and intersegment eliminations of ¥9,383 million (\$76,663 thousand) and ¥13,588 million, respectively.
- (2) Reconciliations of segment assets at March 31, 2022 and 2021, of ¥14,007 million (\$114,443 thousand) and ¥14,501 million, respectively, include intersegment eliminations of assets and liabilities of ¥108,626 million (\$887,540 thousand) and ¥191,758 million, and group-wide assets which are not allocated to each reportable segment of ¥94,619 million (\$773,097 thousand) and ¥177,257 million, respectively.
- (3) Reconciliations of investments in entities accounted for using equity method at March 31, 2022 and 2021, of ¥5,662 million (\$46,258 thousand) and ¥2,159 million, respectively, are investments that are not allocated to each reportable segment.
- (4) Reconciliations of increases of tangible and intangible fixed assets for the years ended March 31, 2022 and 2021, of ¥2,673 million (\$21,843 thousand) and ¥7,476 million, respectively, are the Company's capital investment.

Segment profit is reconciled with operating profit in the consolidated statement of income.

Segment assets of the Retail Business Unit at March 31, 2022 and 2021, of ¥749,718 million (\$6,125,642 thousand) and ¥762,635 million, respectively, include assets of the Functional Divisions of Yamato Transport Co., Ltd. of ¥524,780 million (\$4,287,772 thousand) and ¥543,672 million, respectively. Increase of tangible and intangible fixed assets of the Retail Business Unit for the years ended March 31, 2022 and 2021, of ¥56,587 million (\$462,348 thousand) and ¥34,413 million, respectively, include the amount of increase of the Functional Divisions of Yamato Transport Co., Ltd. of ¥36,936 million (\$301,789 thousand) and ¥18,588 million, respectively.



#### (4) Changes in Reportable Segments

Effective from the fiscal year ended March 31, 2022, the Company has changed its classification of reportable segments to reflect its transition to a management structure consisting of four Business Divisions (Retail, Corporate, Global SCM, and EC) and four Functional Divisions in April 2021.

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

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

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

The Company has changed its method of calculating profit or loss of operating segment because it has changed its accounting method for revenue recognition due to application of the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended March 31, 2022, as stated under Note 4, "Accounting Change."

As a result, for the fiscal year ended March 31, 2022, segment revenues and segment profit of the Retail Business Unit each decreased by ¥52 million (\$422 thousand); segment revenues and segment profit of the Corporate Business Unit increased by ¥369 million (\$3,014 thousand) and decreased by ¥150 million (\$1,227 thousand), respectively; and segment revenues and segment profit of Other decreased by ¥2,399 million (\$19,602 thousand) and increased by ¥118 million (\$962 thousand), respectively, compared with previous method.

#### (6) Changes in Depreciation Method for Property, Plant and Equipment and Changes in Useful Life

Effective from the fiscal year ended March 31, 2022, the Company has changed to the straight-line method as its depreciation method for property, plant and equipment (excluding leased assets), as stated under Note 4, "Accounting Change." In addition, the Company has also changed useful lives of some vehicles, and applied this change prospectively.

As a result, for the fiscal year ended March 31, 2022, segment profit of the Retail Business Unit, Corporate Business Unit and Other increased by ¥10,995 million (\$89,832 thousand), ¥1,735 million (\$14,179 thousand), and ¥346 million (\$2,826 thousand), respectively, compared with previous method.

#### [Related Information about Reportable Segments]

##### (1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2022 and 2021, were as follows:

Millions of Yen							
2022				2021			
TA-Q-BIN	Kuroneko DM-Bin	Other	Total	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
<b>¥1,322,534</b>	<b>¥54,323</b>	<b>¥416,761</b>	<b>¥1,793,618</b>	¥1,269,483	¥53,010	¥373,374	¥1,695,867

Thousands of U.S. Dollars			
2022			
TA-Q-BIN	Kuroneko DM-Bin	Other	Total
<b>\$10,805,902</b>	<b>\$443,852</b>	<b>\$3,405,186</b>	<b>\$14,654,940</b>

##### (2) Information about Geographical Areas

The disclosure of operating revenues by geographical areas for the years ended March 31, 2022 and 2021, were omitted since operating revenues to external customers in Japan account for more than 90% of the amount of operating revenues in the consolidated statements of income.

The disclosure of property, plant and equipment by geographical areas at March 31, 2022 and 2021, were omitted since property, plant and equipment in Japan account for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

## Notes to Consolidated Financial Statements

### (3) Information about Loss on Impairment of Long-Lived Assets by Reportable Segments

Loss on impairment of long-lived assets by reportable segments for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen					
	2022					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥—	¥701	¥1,719	¥2,420	¥—	¥2,420

	Millions of Yen					
	2021					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥332	¥498	¥47	¥877	¥—	¥877

	Thousands of U.S. Dollars					
	2022					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	\$—	\$5,726	\$14,049	\$19,775	\$—	\$19,775

## 21. 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
Affiliated company	Yamato Lease Co., Ltd	Toshima-ku, Tokyo	¥30 million	General Leasing	40.0%	Loan for operating fund Interlocking directorate

Millions of Yen			
Transactions during the year ended March 31, 2021		Balance at March 31, 2021	
Summary of Transaction	Transacted Amount	Title of Account	Amount
Repayment of loan for operating fund	¥94,273	—	¥—

## 22. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

In January 2022, the Company sold 51% of the shares of Yamato Home Convenience Co., Ltd. As a result, Yamato Home Convenience Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Home Convenience 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 2022	Thousands of U.S. Dollars 2022
Current assets	¥10,655	\$ 87,055
Long-lived assets	1,266	10,341
Current liabilities	(5,003)	(40,877)
Long-term liabilities	(467)	(3,819)
Investment account after sales of shares	(3,161)	(25,823)
Loss on sales of shares	(2,673)	(21,837)
Other	(617)	(5,040)
Selling price		
Incidental cost for sales of shares	(111)	(907)
Cash and cash equivalents	(7,202)	(58,845)
Net payment for sales of shares	¥ (7,313)	\$(59,752)

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 2021
Current assets	¥ 93,168
Long-lived assets	14,055
Current liabilities	(99,275)
Long-term liabilities	(2,820)
Investment account after sales of shares	(2,051)
Gain on sales of shares	38
Other	4
Selling price	3,119
Cash and cash equivalents	(3,603)
Net payment for sales of shares	¥ (484)

## 23. SUBSEQUENT EVENT

### *Appropriations of Retained Earnings*

The following appropriation of retained earnings at March 31, 2022, was approved at the Company's Board of Directors meeting held on May 17, 2022:

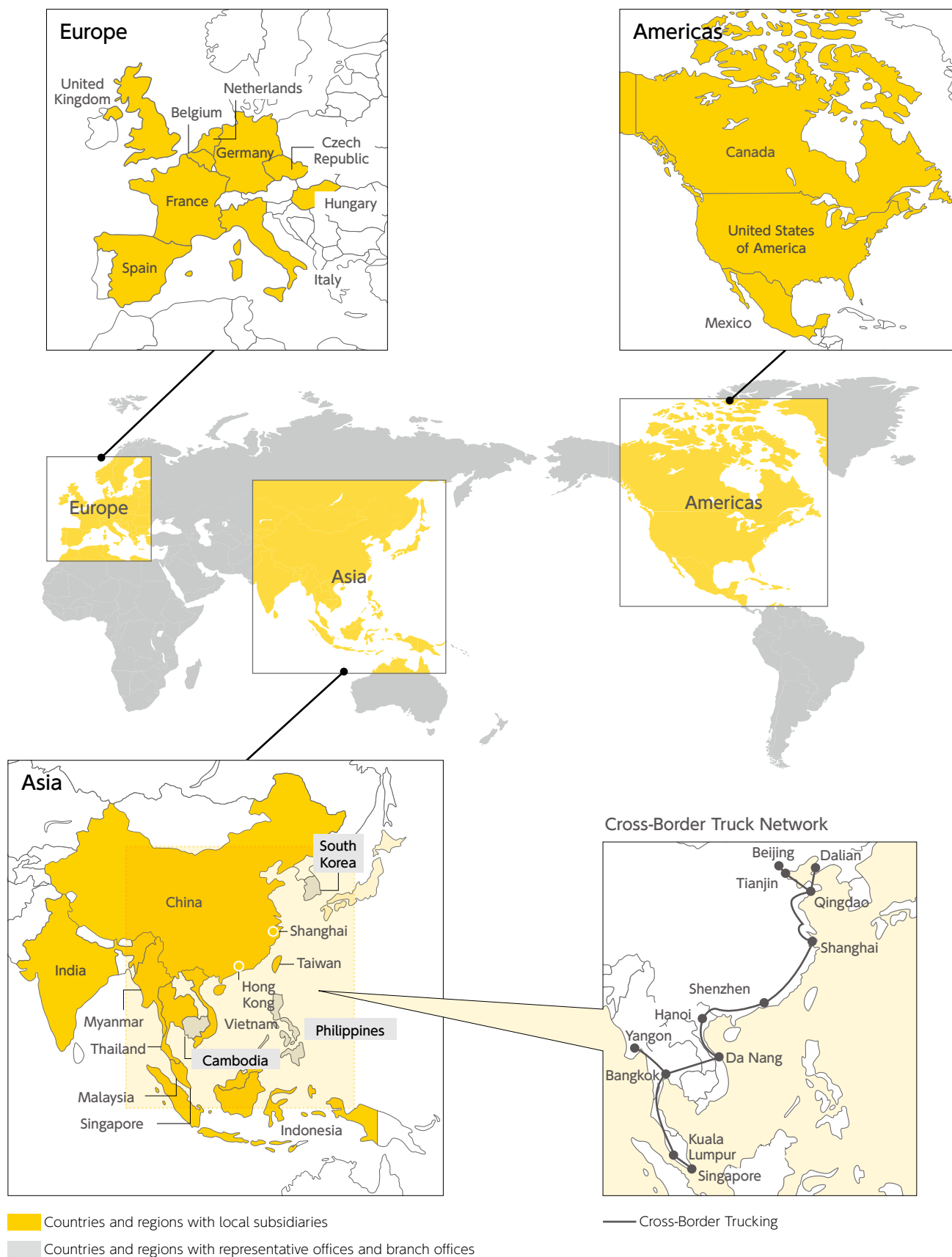
	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥23 (\$0.19) per share*	¥8,440	\$68,963

\* The total cash dividends approved at the Company's Board of Directors meeting held on May 17, 2022, include the dividends of ¥11 million (\$91 thousand) for the share of the Company held by "Board Benefit Trust (BBT)".

# Global Network

As of March 31, 2022

**25** overseas subsidiaries **25** countries and regions of operation (including representative offices and branch offices)



# Corporate Data / Stock Information

As of March 31, 2022

## ▶ 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

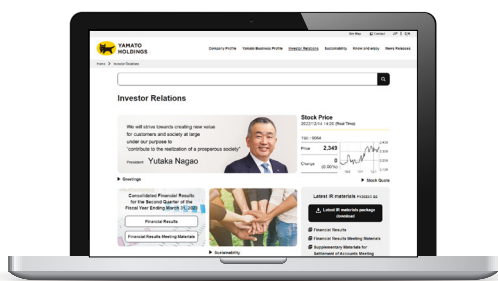
April 9, 1929

## ▶ 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

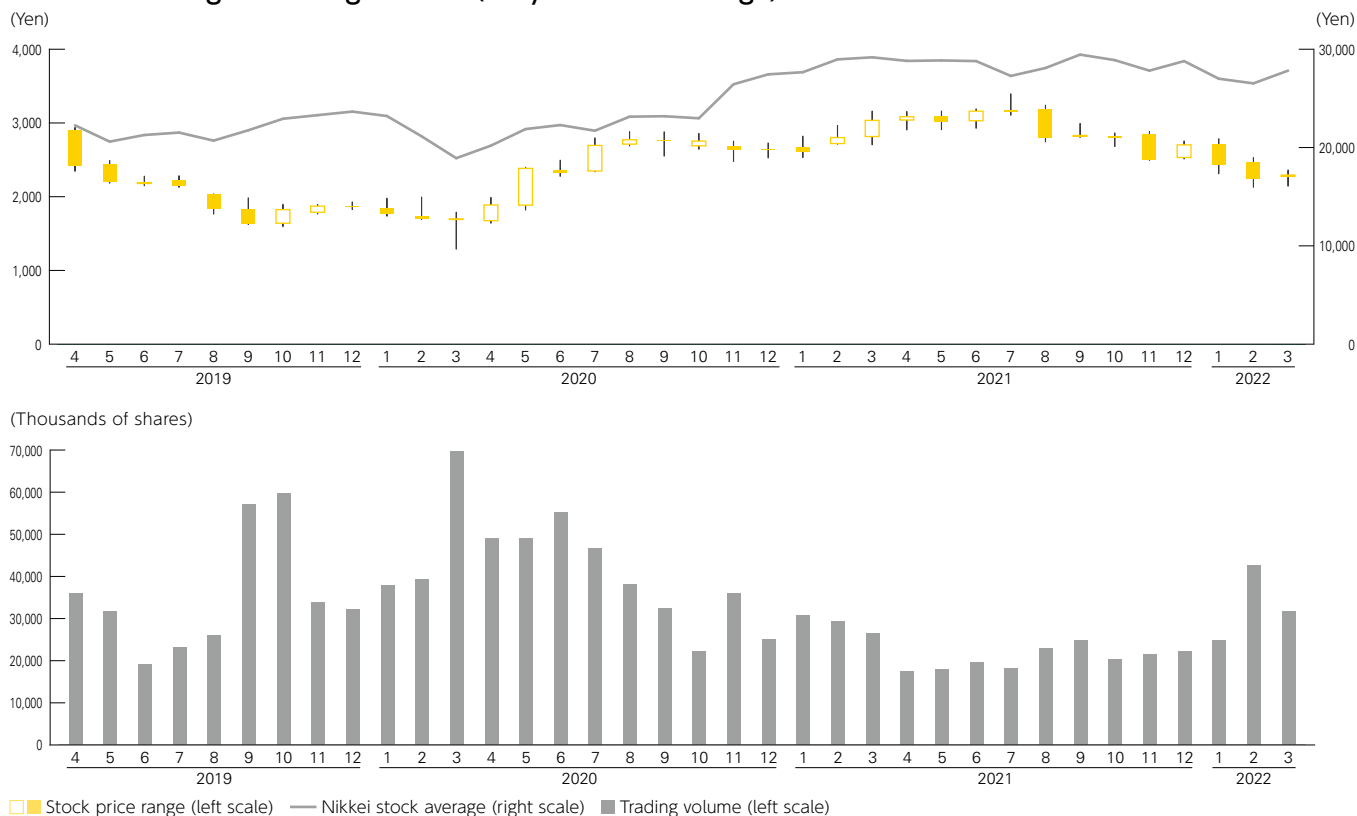
Deloitte Touche Tohmatsu LLC

## ▶ Principal Shareholders

Percentage of total shares outstanding  
(excluding treasury shares)

The Master Trust Bank of Japan, Ltd. (Trust Account)	17.67%
Yamato Employees' Shareholding Association	6.77%
Custody Bank of Japan, Ltd. (Trust Account)	6.34%
Meiji Yasuda Life Insurance Company	4.04%
Nippon Life Insurance Company	4.02%
Mizuho Bank, Ltd.	2.79%
Yamato Trading-Partner Shareholding Association	2.26%
Toyota Motor Corporation	1.57%
Sompo Japan Insurance Inc.	1.40%
Aioi Nissay Dowa Insurance Co., Ltd	1.31%
Total	48.17%

## Stock Price Range / Trading Volume (Tokyo Stock Exchange)







16-10, Ginza 2-chome, Chuo-ku, Tokyo  
104-8125 Japan  
Telephone: 81-3-3541-4141