



**YAMATO
HOLDINGS**

Integrated Report 2024

**Sustainability Transformation 2030
~1st Stage~**

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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 understanding of the Yamato Group's medium- to long-term value creation story. Please visit our website for more detailed information.

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.

Guidelines Referenced

- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0, Ministry of Economy, Trade and Industry
- Integrated Reporting Framework, International Financial Reporting Standards Foundation (IFRS Foundation)



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, created based on our unchanging Core Values, we aim to become a corporate group that can make sustainable contributions to the realization 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.*

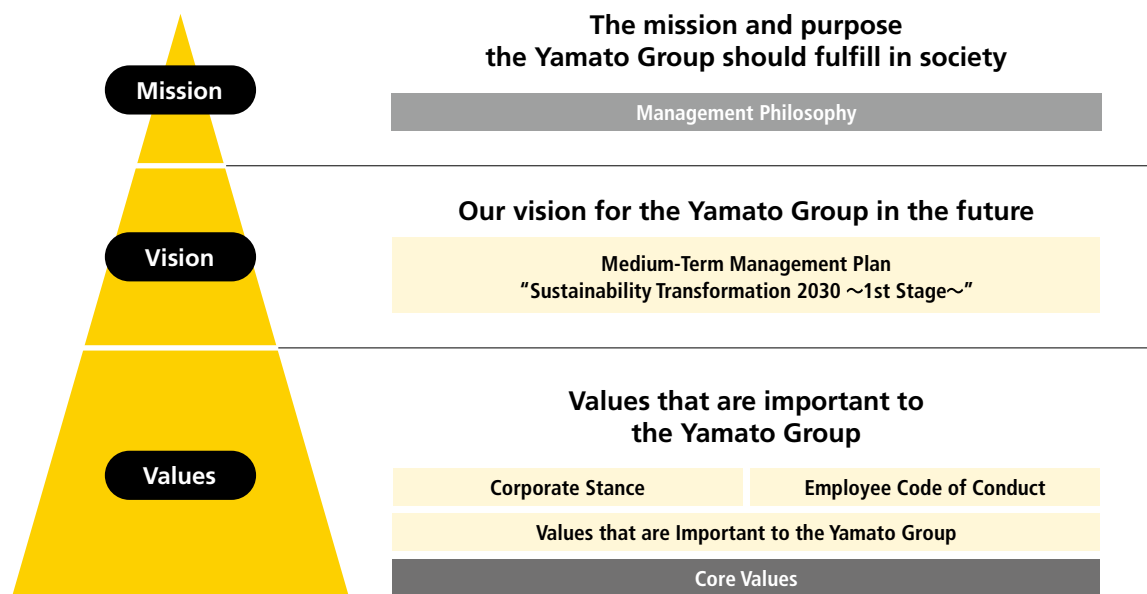
This value represents the spirit of "inclusive management," whereby employees make decisions based on their own judgments and engage with our customers and business partners with an awareness that they represent the Company.

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.



For more details, please refer to our corporate website.

🔗 Corporate Philosophy, including Corporate Stance and Employee Code of Conduct
<https://www.yamato-hd.co.jp/english/company/philosophy.html>

🔗 Values and Policies for Demonstrating Approaches
<https://www.yamato-hd.co.jp/english/csr/esg/policy.html>

History of the Yamato Group's Value Creation

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



1919
Delivery company
Founding of Yamato Transport Co., Ltd.



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)

Corporate Business Domain

- 1929** Launch of regular route, combined-load transport service between Tokyo and Yokohama
- 1951** Conclusion of agent contract with C.A.T. (Civil Air Transport), a Taiwanese airline, and launch of air freight handling
- 1952** Launch of marine freight handling shipping operations
- 1958** Launch of artwork packing and shipping
- 1960** Launch of international mixed air-freight handling

- 1973** Establishment of Yamato System Development Co., Ltd. and commencement of business in information and communication domain
- 1986** Launch of Collect service (Currently **TA-Q-BIN Collect**)

Consumer Domain

- 1976** Launch of **TA-Q-BIN** service, Establishment of **TA-Q-BIN** service points (currently distributors)
- 1983** Launch of **Ski TA-Q-BIN** and **International TA-Q-BIN** services
- 1984** Launch of **Golf TA-Q-BIN** service
- 1987** Launch of **TA-Q-BIN** service at convenience stores
- 1988** Launch of **Cool TA-Q-BIN** service
- 1989** Launch of **Airport TA-Q-BIN** service

Networks

Domestic

- 1935** Completion of network for regular deliveries across the Tokyo metropolitan area and surrounding areas

- 1976** 3.4% → **1989** 99.5% (Nationwide network coverage ratio of **TA-Q-BIN** in Japan)
- 1997** Completion of domestic **TA-Q-BIN** network

Overseas

- 1980** Establishment of Yamato Transport U.S.A., Inc.
- 1982** Establishment of Yamato Transport (Hong Kong) Ltd. (Currently Yamato Logistics (Hong Kong) Ltd)
- 1983** Establishment of Yamato Transport (S) Pte. Ltd.
- 1986** Establishment of Yamato Transport (Nederland) B.V. (currently Yamato Transport Europe B.V.)

Cultivation of Strengths through the Construction of Networks and Provision of Value over a Wide Range from Consumers to Business Operators



Around 2000

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



Since 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



Since 2020 Promotion of Group management structure reform

- Construction of the One YAMATO structure (nine Group companies integrated into a single company, Yamato Transport)
- Structural reform of network operations
- Expansion of corporate business domain

- 2000** Launch of third-party logistics (3PL) business
- 2003** Integration of Automobile Maintenance Division into Yamato Autoworks Co., Ltd.
- 2005** Launch of *TA-Q-BIN Collect*, comprehensive payment settlement service for mail-order dealers
- 2007** Launch of *Kuroneko Yamato Recall Support service*

- 2012** Launch of *Total Logistics Support service for medical equipment manufacturers*
- 2012** Launch of *Yamato Business Members*, members-only service for corporate clients
- 2015** Launch of *Nekopos* service

- 2020** Launch of *EAZY* service delivery product for e-commerce operators
- 2021** Started full-scale participation and support for customers' logistics planning and SCM strategy building as an LLP
- 2024** Establishment of Sustainable Shared Transport Inc. to provide an open platform for joint transportation and delivery

- 1998** Launch of *TA-Q-BIN Time Zone Delivery service*
- 2002** Launch of *TA-Q-BIN Email Notification service*
- 2007** Launch of *Kuroneko Members*, members only service for individual clients

- 2015** Launch of *TA-Q-BIN Compact service*
- 2016** Establishment of PUDO Stations (open-type parcel lockers)
- 2016** Establishment of *Neko-Support Station* (first store)

- 2024** Start of provision of *Okihai* services for *Kuroneko Members*

Fiscal year ended March 31, 2024
Operating revenue of
¥1,758.6 billion

- 2013** Launch of operations at Haneda Chronogate

- 2021** Overall design and start of initiatives to reinforce *TA-Q-BIN* network

- 2023** Conclusion of basic agreement regarding collaboration with Japan Post Group (leveraging Japan Post's delivery network in post-box delivery services)

- 2003** Establishment of Yamato (Shanghai) Logistics Co., Ltd. (the predecessor of Yamato International Logistics Co., Ltd.)

- 2016** Conclusion of agreement for business collaboration and capital alliance with major Malaysian delivery company GD Express Carrier BHD. (currently GDEX Berhad)
- 2016** Acquisition of stock in OTL Group, of Malaysia

- 2024** Overseas Network: 25 overseas subsidiaries, 24 countries and regions of operation (including representative offices and branch offices)

A value-creating company that contributes to the realization of a sustainable future

The Yamato Group in Figures

The fiscal year ended March 31, 2024, or as of March 2024

Operating revenues

¥1,758.6 billion

Operating profit

¥40.0 billion

Number of employees

Approx.

180,000



Sales Drivers

Approx.

60,000



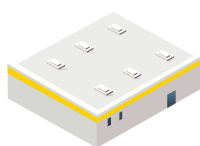
Last-mile pickup and delivery facilities

Approx. 2,900



Terminals

80



Facilities for corporate clients
(warehouses, pickup and delivery facilities for corporate clients, etc.)

Approx. 400

Pickup and delivery vehicles

Approx. 46,000

EVs

Approx. 2,300

TA-Q-BIN agents and convenience stores

Approx.

150,000



Number of registered users of members-only service for individual clients

Approx.

57 million

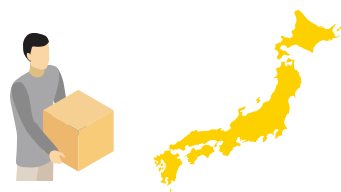
Number of registered companies for members-only service for corporate clients

Approx.

1.7 million companies

Network coverage of TA-Q-BIN in Japan

100%



Overseas development

24 countries and regions



Domestic parcel delivery market share*

No. 1
(46.7%)

Annual parcel delivery amount

(TA-Q-BIN, TA-Q-BIN Compact, EAZY, Nekopos, and Kuroneko Yu-Packet)

Approx.

2.3 billion parcels

* Source: "Survey and Calculation Method for Parcel Delivery Amount" (provisional translation) compiled by Japan's Ministry of Land, Infrastructure, Transport and Tourism

The Yamato Group Going Forward

Since its founding, the Yamato Group has been helping to enrich our society through “Delivery”. It is our responsibility to create a sustainable society in the age of heightened uncertainty that lies ahead. As a member of society, the Yamato Group will create “New Logistics” and “New Value” together with a diverse range of partners, with innovation as our starting point, and face head-on the challenges posed to us from the future.

Our Vision (Up to 2030)

A value-creating company that contributes to the realization of a sustainable future



Material Issues

Environment



Energy & Climate



Atmosphere



Resource
Conservation &
Waste



Resilience of
Companies &
Society

Society



Labor



Human Rights &
Diversity



Safety & Security



Data Utilization &
Security



Supply Chain
Management



Community



Business Environment / Social Issues

Growth of E-Commerce

Decline of the working population
Aging society, declining birth rate/
Depopulation of suburban areas

Shortage of transportation
capacity intensifying

Climate change intensifying

Heightening of
geopolitical risk

Technological advances

Value Creation Process

Sources of Value Creation

- Human resources with shared philosophy
- Logistics network supporting social infrastructure
- Solid partnerships supporting the logistics network
- Highly competitive logistics technologies and expertise
- Digital platform that enables expansion of value provided and increased operational efficiency
- Green platform built on environmental investment and demonstration tests
- Broad customer foundation ranging from individuals to corporations
- Solid financial foundation

Business Environment / Social Issues

- Growth of E-Commerce
- Decline of the working population
Aging society, declining birth rate / Depopulation of suburban areas
- Shortage of transportation capacity intensifying
- Climate change intensifying
- Heightening of geopolitical risk
- Technological advances

Value Creation Strategies

Our Vision

A value-creating company that realizes the vision of a sustainable society
Creating “New Logistics” and “New Value” through innovation as our strategy

SX2030
~1st Stage~

Sustainability Transformation 2030
~1st Stage~

Base Domain (Express)

Reinforce TA-Q-BIN Network and Expand Value Proposition

- Enhancement of service lineup to meet diverse needs
- Strengthening of pricing strategy
- Structural reform of network operations

Management Foundation: Human Resource Strategy / Digital Transformation Strategy

Sustainable Management

Corporate Governance

Corporate Philosophy

contributes to the
able future
“New Value” with
starting point

New Domain (Mobility / Green Logistics / Neko-Support / Freighters)

Commercialization of New Business Models

- Response to diversifying customer and social needs
- Utilization of existing management resources
- Co-creation with diverse partners

Growth Domain (Contract Logistics / Global)

Expansion of Corporate Business Domain

- Support for corporate customers' supply chain transformation
- Expansion of business through M&As and alliances

Digital Strategy / Environmental Strategy

ment

ce

ny

Value Created

Helping to enrich our society

Economic Value

Realization of sustainable profit growth

Environmental Value

Realization of a low-carbon society

Social Value

Creation of a society that leaves no-one behind

Financial and Non-Financial Targets

► Medium- to long-term financial targets and aims

	Targets for the Fiscal Year Ending March 31, 2027	Targets for the Fiscal Year Ending March 31, 2031
Operating Revenues	¥2,000–2,400 billion	—
Operating Profit	¥120–160 billion	—
Ordinary Profit	¥120–160 billion	—
Profit Attributable to Owners of Parent	¥80–100 billion	—
Operating Profit Margin	6% or above	8% or above
ROIC	8% or above	12% or above
ROE	12% or above	16% or above

► Medium- to Long-Term Non-Financial Targets

	Targets for the Fiscal Year Ending March 31, 2027	Targets for the Fiscal Year Ending March 31, 2031	2050 targets
GHG emissions* ¹ reduction rate (compared with the fiscal year ended March 31, 2021)	–25%	–48%	Virtually zero GHG emissions* ¹
	Setting of scope 3 emissions reduction targets	—	—
Percentage of electricity generated via renewable energy sources	70%	—	—
Human resource productivity* ²	Enhancement of labor productivity	—	—
Employee Awareness Surveys	Increase engagement	—	—
Percentage of women in management (executives)	10%	—	—
Number of serious traffic accidents where bodily injury occurs (compared with the fiscal year ended March 31, 2024)	–15%* ³	—	—
Number of serious infor- mation security incidents	0 cases	—	—
Rate of support from major business partners regarding the Code of Conduct	100%	—	—

*1 Scope 1 & Scope 2 emissions of consolidated companies in Japan and Swan Co., Ltd.

*2 (Consolidated operating revenues – consolidated subcontracting expenses) ÷ consoli-
dated personnel expenses

*3 For Yamato Transport

For details on non-financial targets, please refer to Sustainable Management on P.44

Value Creation Process

Evolution of the Business Model

Since its foundation as a truck transportation company in 1919, the Yamato Group has created services that didn't exist, despite being needed. The concept embedded in our Core Values of continuing to provide better service for customers and society has led to the success of *TA-Q-BIN* and supported our growth to the present day. The Yamato Group will continue to evolve its business model with innovation as the starting point, helping to enrich our society by creating "New Logistics" and "New Value" to support the coming era.

Medium-Term Management Plan for Realizing Our Vision

» Main Strategies under the Medium-Term Management Plan "Sustainability Transformation 2030 ~1st Stage~"



Base Domain

Reinforcement of *TA-Q-BIN* Network and Expansion of Value Proposition

In the base domain, we will realize profit growth by reinforcing the *TA-Q-BIN* network and expanding the value provided.



Growth Domain

Expansion of Corporate Business Domain

In the growth domain, we will realize an expansion of the corporate business domain beyond *TA-Q-BIN* by strengthening our Contract Logistics Business and Global Business.



New Domain

Commercialization of New Business Models

In the new domain, we will work to commercialize new business models that meet the needs of our diversifying customers and society for the realization of a sustainable future.



Reinforcement of Group Management Foundation

We will work to strengthen our human resource strategy, digital strategy, environmental strategy, sustainability management, and corporate governance, which support our growth strategies, thereby reinforcing the Group management foundation.



Promotion of Management with a Greater Focus on Capital Efficiency

By adding ROIC as a new target in addition to the operating profit margin and ROE, we aim to promote management with a greater focus on capital efficiency in order to realize capital efficiency exceeding the cost of capital.

Update on Management Resources and Strengths

In light of the business and social issues caused by environmental changes, we will update our current management resources and strengths through investment and strategy execution and evolve our business model to create economic, environmental, and social value. Then, by honing our strengths and making our value creation cycle more robust and sustainable, we will contribute to the realization of a sustainable future.

》 Sources of Value Creation

Current strengths*1				Updates	
Human resources with shared philosophy	<ul style="list-style-type: none"> Group employees with a shared corporate philosophy 	Numbers of employees	Approx. 180,000	▶	<ul style="list-style-type: none"> Building an optimal human resource portfolio for creation of added value → P32–37 Human Resource Strategy
		Sales Drivers (SDs)	Approx. 60,000		
		Corporate sales personnel	Approx. 750		
		Human resources with digital skills	Approx. 680		
Logistics network supporting social infrastructure	<ul style="list-style-type: none"> TA-Q-BIN network serving countless customers Logistics network for corporate clients that combines warehousing, transportation, and delivery Global network operating in 24 countries and regions 	Last-mile pickup and delivery facilities	Approx. 2,900	▶	<ul style="list-style-type: none"> Reinforce TA-Q-BIN Network Stable, speedy transportation using freighters Strengthening of logistics network for corporations in Japan and overseas through M&As, strategic alliances, and so forth → P22–31 Initiatives in Base, Growth, and New Domains
		PUDO Stations (open-type parcel lockers)	Approx. 6,900		
		Terminals	80		
		Facilities for corporate clients (warehouses, pickup and delivery facilities for corporate clients, etc.)	Approx. 400		
		Pickup and delivery vehicles	Approx. 46,000		
		Transportation operation vehicles	Approx. 2,500		
Solid partnerships supporting the logistics network	<ul style="list-style-type: none"> Transport and delivery partners supporting the TA-Q-BIN network Distributors and receivers serving as the main customer touchpoints for TA-Q-BIN 	Transport and delivery partners	Approx. 3,500	▶	<ul style="list-style-type: none"> Further strengthening of partnerships for sustainable growth, such as fair, equitable, and honest business transactions and consideration for the environment and society → P48–49 Supply Chain Management
		TA-Q-BIN distributors and convenience stores	Approx. 150,000		
Highly competitive logistics technologies and expertise	<ul style="list-style-type: none"> High-quality logistics technologies cultivated through the handling of healthcare-related items (medical equipment, pharmaceuticals, etc.) and automotive-related items Logistics technologies for three temperature ranges (room temperature, refrigerated, and frozen) cultivated through the handling of food-related items Customs expertise for ensuring security, compliance, and efficiency (AEO Customs Broker*2) Artwork logistics, etc. 			▶	<ul style="list-style-type: none"> Increasing competitive advantage in growth domains through M&As and strategic alliances, and so forth → P25–29 Initiatives in Growth Domain
Digital platform that enables expansion of value provided and increased operational efficiency	<ul style="list-style-type: none"> A new digital platform (Yamato Digital Platform) that can understand various data in real time and collaborate with internal and external systems 			▶	<ul style="list-style-type: none"> Building Fully-Digital Operations Enhancement of the digital platform → P38–39 Digital Strategy
Green platform built on environmental investment and demonstration tests	<ul style="list-style-type: none"> Equipment and expertise for reducing in-house GHG emissions due to the introduction of EVs, solar power generation, and LEDs, as well as the development of energy management systems Provision of climate change-conscious transportation and delivery services (Carbon neutral TA-Q-BIN) Small mobile freezer (D-mobico) Implementation of studies aimed at standardization and commercialization of removable and portable car-tridge batteries for EVs 	EVs	Approx. 2,300	▶	<ul style="list-style-type: none"> Reduction of GHG emissions both in-house and at partners Strengthening ability to propose solutions that contribute to reducing customers' GHG emissions → P40–43 Environmental Strategy → P30 Initiatives in New Domains
		Number of Solar Power Generation Equipment Installations	100		
		Percentage of Electricity Generated via Renewable Energy Sources	37%		
		Number of Facilities Introducing LEDs	Approx. 2,000		
Broad customer foundation ranging from individuals to corporations	<ul style="list-style-type: none"> Broad customer foundation in Japan cultivated through TA-Q-BIN 	Number of registered users of members-only service for individual clients	Approx. 57 million	▶	<ul style="list-style-type: none"> Expanding customer foundation in growth domains through M&As and strategic alliances, and so forth → P26 Conversion of Nakano Shokai to a Consolidated Subsidiary → P29 M&A Strategy
		Number of registered companies for members-only service for corporate clients	Approx. 1.7 million		
Solid financial foundation	<ul style="list-style-type: none"> Soundness Dividend payments emphasizing stability and continuity 	Share capital	¥127.2 billion	▶	<ul style="list-style-type: none"> Disciplined capital allocation → P18–21 Message from the Chief Financial Officer
		Shareholders' equity ratio	51.6%		
		Rating (Rating & Investment Information, Inc. (R&I))	AA-		
		Dividend payout ratio	42.9%		

*1 The fiscal year ended March 31, 2024, or as of March 2024

*2 A business operator certified under a program that provides relaxed, simplified customs procedures to operators recognized by customs to have established systems for cargo security management and legal and regulatory compliance.

MESSAGE FROM THE PRESIDENT

Creating New Value by Differentiating the Yamato Group through the Promotion of Sustainability Transformation

Allocating Management Resources Optimally and Increasing Management Speed

The structural reforms launched by the Yamato Group in April 2020 have entered their fifth year. Through these reforms, I have sought consistently to optimize the allocation of management resources, use the *TA-Q-BIN* network—the Yamato Group's greatest strength—to expand the provision of value to clients, and increase management speed.

I became president in 2019. At that time, despite adopting the goal of achieving discrete growth as a Group, I believe that Group companies had lapsed into suboptimization and operating companies and the holding company lacked the mindset to realize dramatic Groupwide growth. In addition, given that the proper role of the holding company entails identifying the seeds of future growth and quickly investing management resources to commercialize them, the Group needed to improve its governance system to accelerate growth. After concluding that maintaining the previous management system would not allow us to make decisions and act quickly as a Group, or attain the necessary business or management speeds, we decided to transition to One YAMATO, integrating nine operating companies into a single entity.

The Strengths of the *TA-Q-BIN* Network

First, under the "One YAMATO structure," we drew fully on the strengths of the *TA-Q-BIN* network, the Yamato Group's greatest strength, quickly promoting business structure reforms to expand our provision of value.

The strengths of the *TA-Q-BIN* network lie in its Japan-wide deployment of Sales Drivers (SDs) (employees) who share the Group Corporate Philosophy, not only in regions with many business sites (companies) but also those with many private homes (consumers). This feature of the network is

grounded in the idea of deploying SDs with a focus on clients waiting for parcels to arrive (delivery recipients), rather than clients who ship parcels (pickup points), the latter of which is the norm in the transportation industry. As the volume of parcels shipped by individual clients is smaller than that by companies, our competitors do not deploy employees in regions with many private homes. However, since the freight charges for parcels shipped from private homes are relatively high, we can, in some cases, earn higher revenue from them than we can in commercial areas by extensively collecting such parcels. In addition to BtoB deliveries, the *TA-Q-BIN* business handles many parcels for delivery to individual clients, such as BtoC and CtoC deliveries. The Group focuses its deployment of SDs on clients waiting for parcels to arrive (delivery recipients). Accordingly, leveraging this strength to engage fully with individual clients and corporate clients rooted in communities and developing relationships that allow us to receive requests and consultations is vital. We build our network based on this approach, including our systems for supporting the front lines. Today, even as we promote the consolidation and enlargement of pickup and delivery facilities, we place great importance on maintaining and strengthening connections between our approximately 60,000 SDs and our clients.

Network for Corporate Clients

In addition to the aforementioned *TA-Q-BIN* network, the Yamato Group has a network for corporate clients featuring approximately 400 facilities centered on regions with clients who ship parcels (pickup points). This network, comprising *TA-Q-BIN* Sales Offices and operation facilities, the facilities of the Contract Logistics (CL) and Global Businesses, and other infrastructure geared toward major corporate clients, is designed to meet the diverse needs of such clients, which Sales Offices—served mainly by SDs and small trucks—are unable to fully address. In my view, having so many facilities for corporate

The Yamato Group is expanding operations in the upstream domain through dynamic collaborations between departments in the last-mile domain and departments in other domains.



Yutaka Nagao
Representative Director,
President and Executive
Officer

clients in addition to the *TA-Q-BIN* network differentiates the Yamato Group from its competitors.

Sales representatives at the previous iteration of Yamato Transport made proposals within the scope of the *TA-Q-BIN* service lineup. Today, however, as their areas of responsibility have expanded through the transition to One YAMATO, they make a wide range of proposals. These include supply chain optimization solutions—encompassing everything from inventory control to sales—in the CL Business, and solutions leveraging the three-temperature-range network, including frozen and refrigerated, as well as *TA-Q-BIN*. In addition, sales representatives originally from the former Yamato Logistics, whose responsibilities had hitherto centered on services in relation to contract logistics, currently sell *TA-Q-BIN* services as members of One YAMATO while using the network's extensive client base to bolster proposal capabilities for contract logistics and *TA-Q-BIN* clients in the upstream domain of supply chains.

Refining logistics operations in the upstream domain is indispensable for expanding business activities targeting corporate clients. External human resources with advanced expertise in logistics operations took part in planning efforts with the Yamato Group in the process of strengthening the *TA-Q-BIN* network. To further leverage the expertise of these external human resources and strengthen their cooperation with *TA-Q-BIN*, which is in the downstream domain, we unified the *TA-Q-BIN* and contract logistics operation teams. Using each other's expertise and resources, members of the unified team are currently deepening cooperation and working in an integrated manner to increase the efficiency of corporate customer transportation and design the operation of contract logistics. I believe that such team integration was only possible with the transition to One YAMATO, which centralized management

resources in Yamato Transport, and the participation of human resources with advanced expertise.

The benefits of the transition to One YAMATO are also steadily emerging in business terms. In the cross-border EC (e-commerce) domain, for example, a lack of close cooperation between the operating company with responsibility for import operations and that for last-mile operations prevented us from capitalizing fully on business opportunities prior to One YAMATO, even if they understood client transport needs. However, with both operating companies working together as members of Yamato Transport following the transition to One YAMATO to promote measures to incorporate cross-border EC parcels through creative efforts in areas including customs operations, we are steadily increasing the volume of such parcels.

I am certain that skillfully combining our network for corporate clients, which can also operate in the upstream domain, with the *TA-Q-BIN* network—the Yamato Group's greatest strength—will enable us to evolve into a corporate group that develops differentiated and original business models.

The Yamato Group's Aspiration through Sustainability Transformation 2030

It is vital that the Yamato Group translates the structural reforms currently underway into business growth for the Group. One YAMATO 2023, the previous medium-term management plan, was affected by dramatic changes in the external environment, including the COVID-19 pandemic, subsequent sharp fluctuations in parcel volume, and a prolonged consumer slump due in part to skyrocketing commodity prices. As a result, our performance did not improve in accordance with the schedule we had anticipated, which we take very seriously. Although operating profit declined in fiscal 2024, as progress in reducing fixed

MESSAGE FROM THE PRESIDENT

costs was outweighed by a decrease in operating revenues, the Group will work together to meet the diverse needs and expectations of clients by continuing to promote business structure reforms and restore operating revenues to a growth track while realizing profit growth.

In February 2024, the Group unveiled "Sustainability Transformation 2030 ~1st Stage~, " its latest medium-term management plan, to further accelerate reform and growth and to realize the ongoing improvement of its corporate value. The Group defined its vision for 2030 as becoming a value-creating company that contributes to the realization of a sustainable future. Based on which, it will create steady change during the three years beginning in fiscal 2025 that constitute 1st Stage by promoting initiatives under a two-pronged approach of reinforcing the *TA-Q-BIN* network and reforming its business portfolio.

The Yamato Group is a corporate group centered on the *TA-Q-BIN* business, which is rooted in communities. The sustainability of communities and society is the basis for the Group's businesses. Accordingly, the Group must address issues faced by communities and ensure the sustainability of resources by working to achieve the sustainability of its businesses as a logistics company that uses many human resources, such as employees and partners, and energy resources, such as fossil fuels.

We have positioned these efforts as proactive and strategic activities to create competitive advantages and elements of differentiation, rather than passive activities to be engaged in due to societal expectations on us a company. At one time, the quality of its service was recognized as an element of differentiation for the Yamato Group. However, amid dramatic changes in the world, the needs of clients today are highly diverse. We are no longer in an age in which providing a one-size-fits-all service will meet needs

and earn satisfaction. Without an extensive product lineup and detailed customization, we will not be able to address diverse client needs, making differentiation difficult. With this in mind, we aim to create elements of differentiation in areas other than convenience while offering clients options tailored to their diverse needs.

One answer lies in our corporate stance. Based on the premise that resources are finite, the Yamato Group strives to be a corporate group that works to address issues in communities and society and to achieve sustainability. I believe that the ability to provide services as such a corporate group can become an element of differentiation going forward. Carbon neutral delivery through three *TA-Q-BIN* services—*TA-Q-BIN*, *TA-Q-BIN Compact*, and *EAZY*—in accordance with ISO 14068-1:2023*, demonstrates that corporate stance. Immediately after releasing these services, we received particularly many inquiries from corporate clients promoting advanced initiatives to reduce their greenhouse gas (GHG) emissions, along with requests that go beyond *TA-Q-BIN*, including on building a supply chain that further reduces GHG emissions. Going forward, the Yamato Group will expand its provision of value to clients with carbon neutral deliveries as a new, differentiated element.

* An international standard that specifies principles, and requirements for achieving and demonstrating carbon neutrality

The M&A Option for Accelerating Growth

As previously stated, the Group expects to accelerate organic growth by refining its contract logistics and global businesses. It is also prepared to consider business and capital alliances with other companies and M&As as ways to accelerate the speed of growth.

Although we are seeing an increase in M&As in the logistics industry in Japan due to labor shortages, we believe



The Yamato Group has commenced carbon-neutral deliveries as a new element of differentiation. With innovation as its starting point, the Group will create new logistics and new value.

that it is important to develop M&A scenarios in advance based on our growth strategies, rather than considering them only after receiving an inquiry. To this end, we have adopted an M&A strategy in the medium-term management plan and positioned it as one way to realize growth. In my role, I believe that it is critical to capitalize fully on relationships with business managers and executives to identify combinations that can create synergies.

The Importance of Specialist Skills

People are the Yamato Group's most important management resource for realizing continuous growth. When I transferred to the Yamato Transport head office 15 years ago, most employees at the head office had joined under the regular new graduate recruitment program. As someone who had spent his career on the front lines, I was surprised by the gap between frontline operations, where mid-career recruitment is common and most employees have different backgrounds, and head office. In recent years, however, as mid-career hires with a diverse range of specialist skills have joined the head office, it has become the norm to see a more diverse group play active roles. This represents an extremely positive change in realizing the future growth of the Yamato Group.

In addition to advancing job-focused mid-career recruitment, it is vital to ensure that new graduate recruits learn specialist skills. There are many businesses and departments within the Group. We are therefore looking into developing a system to refine the specialist skills of all employees, not only those on the front lines or at head office. We also hope that mid-career hires who join the Group with advanced specialist skills will provide motivation, encouraging those around them to learn.

Ensuring that the Yamato Group becomes a more attractive corporate group, the preferred choice of talented external human resources, is vital to achieving this goal. Conversely, I hope that human resources who worked hard at the Group will earn strong recognition for their skills in the event that they leave to work outside it. Although we have long updated employee skill sets and strengthened our training system, we will further develop systematic frameworks.

I am also keen to enhance the social status of truck drivers. The logistics industry in Japan, particularly truck transport, which carries 90% or more of domestic freight volumes, is an indispensable presence in society. Those working in the industry have sophisticated, specialist skill such as heavy haul truck drivers, who require more advanced driving skills, and delivery drivers, who multitask safety, sales,

deliveries, and pickups at a high level. To enable them to feel pride in the work they do, Yamato Transport holds a commendation ceremony recognizing long-term driving without any accidents for drivers who have achieved 25 years of continuous accident-free driving to attend with their families. At the ceremony, the drivers are praised for their achievements and rewarded with special leave and an overseas vacation. I hope that these kinds of initiatives can be extended throughout the industry. To enhance the appeal of the logistics industry as a whole and ensure its sustainability, I will strive to create a world where everyone involved in logistics earns greater recognition, including those engaged in warehouse operations as well as drivers.

Becoming a Sustainable Corporate Group

Through its structural reforms thus far, the Yamato Group has transformed itself steadily into a corporate group that creates value by using its management resources efficiently. I am convinced that the Group's future performance will reflect this positive change.

With innovation as its starting point, the Yamato Group aims to become a corporate group that creates new logistics and new value. Under the current medium-term management plan, the Group will enhance profitability in its base domain and expand business activities in its growth domains. In addition, I will identify new business seeds and provide support for their commercialization in my role leading the management of the Group. We are actively promoting efforts in new domains, such as initiatives to create business models that offer new value to corporate clients. For example, a mobility business that leverages the expertise in the adoption and utilization of electric vehicles developed in the last-mile domain.

The Yamato Group will deliver new value and experiences to clients by creating new elements of differentiation while continuing to capitalize on the *TA-Q-BIN* network, its greatest strength. It will also pursue business structure reforms to accomplish its evolution into a sustainable corporate group. To earn the further support of all our stakeholders, including clients, shareholders, and investors, we will conduct reforms aimed at realizing sustainable value provision.



December 2024

Overview of the Previous Medium-Term Management Plan, "One YAMATO 2023"

Under the Transformation Plan YAMATO NEXT100, announced in 2020, and the previous Medium-Term Management Plan, "One YAMATO 2023," launched in April 2021, the Group weathered huge changes in the business environment. These included a rapid surge and subsequent fallback in demand due to the spread of COVID-19, a stall in the global economy associated with instability in international relations, a slump in consumption driven by a decrease in real wages, and increases in resource and energy prices as well as hourly wage rates. Due to these and other factors, the Company did not achieve its targets, including operating profit of ¥120 billion and ROE of 10% or higher. Nevertheless, the Group shifted to a structure that directly addresses customer needs through a program of Group management structure reform, promoted business structure reform, and worked steadily to achieve expansion of the corporate business domain, structural reform of network operations, and reinforcement of its management foundation (digital strategy, human resource strategy, and environmental strategy).

► Overview of One YAMATO 2023

	2022/3	2023/3	2024/3
Operating revenues	¥1,793.6 billion	¥1,800.6 billion	¥1,758.6 billion
Operating profit	¥77.1 billion	¥60.0 billion	¥40.0 billion
Operating profit margin	4.3%	3.3%	2.3%
Ordinary profit	¥84.3 billion	¥58.0 billion	¥40.4 billion
Profit attributable to owners of parent	¥55.9 billion	¥45.8 billion	¥37.6 billion
ROE	9.6%	7.6%	6.3%

Group Management Structure Reform

In April 2021, we created the One YAMATO structure by centralizing the management resources of nine Group companies to build a structure that directly addresses customer needs. We are also proceeding to review our business portfolio and, in tandem with this, in the fiscal year ended March 31, 2024, we started initiatives with the Japan Post Group and World Holdings Co., Ltd. to contribute to the sustainable development of Japanese society through the optimization of management resources across the entire logistics industry.

Main Results

Creation of One YAMATO Management Structure

Centralization and redeployment of management resources by integrating nine Group companies as one Yamato Transport

Review of Business Portfolio

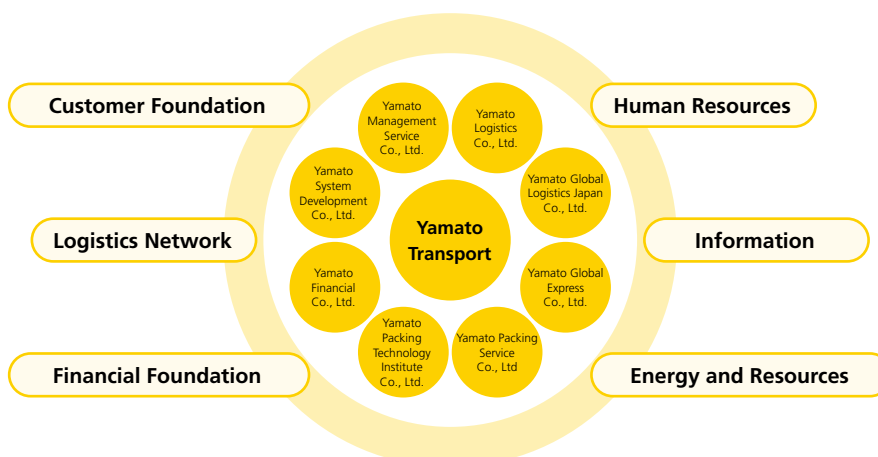
- Transfer of shares issued by Yamato Lease Co., Ltd. and Yamato Home Convenience Co., Ltd.* (wholly-owned subsidiary-equity-method affiliates)
- * Transfer of all shares is scheduled for January 1, 2025
- Withdrawal from development of TA-Q-BIN in East Asia and Southeast Asia
- Start of contracting postbox delivery services to Japan Post

Issues to be Addressed

Delivery of Results after Completing the Management Structure

Ongoing Review of Business Portfolio

► One YAMATO Management Structure



Business Structure Reforms: Expansion of Corporate Business Domain

In response to expanding e-commerce (EC) demand and changes in the supply chains of corporate customers, we strengthened our proposal sales under the One YAMATO structure by utilizing information obtained by Sales Drivers (SDs) through their observations from contact with customers. We also built deeper relationships with individual corporate customers and worked to expand the value we provided for customers' entire supply chains, such as support for logistics and inventory optimization.

Main Results

Expansion of Value Provision

- Captured EC demand that expanded rapidly during the COVID-19 pandemic
- Provision of cross-border EC for Japan and logistics in three temperature ranges for food distributors
- Creation of Lead Logistics Partner (LLP) projects

Strengthening of Pricing Strategy

Set a policy of revising *TA-Q-BIN* delivery charges and fees each fiscal year based on changes in the external environment

Issues to be Addressed

Expansion of Growth Domains

Acceleration of growth in Contract Logistics (CL) and Global Businesses

Setting and Receiving of Appropriate Pricing Based on Value Provided

Strengthening of individual negotiations for receiving appropriate delivery charges based on shipment volume and load on operations

Business Structure Reforms: Structural Reform of Network Operations

To respond to changes in customer needs and the distribution structures, we worked to maintain and reinforce our transportation and delivery network and to create a business environment that continues to provide customers with excellent services. Working with partners, we are building an EC logistics network, working to respond more flexibly to fluctuations in operation volume, and realize more efficient transport between facilities by consolidating and enlarging pickup and delivery facilities, which had previously been in a small, multi-store format, mainly in urban areas.

Main Results

Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

Completed overall plan and started execution (Total number of pickup and delivery facilities as of March 31, 2024: 2,915)

Creation of EC Logistics Network

Created extendable capacity in response to expansion of EC demand through cooperation with partners

Issues to be Addressed

Completion of Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

Redefinition of Terminal Functions

Creation of a Fully-Digital Operation

Automation of work instructions and optimal allocation of management resources according to operation volume

Reinforcement of Management Foundation

As a way of reinforcing the management foundation to support business structure reforms, we promoted our Sustainable Medium-Term Plans 2023 along with our digital strategy, human resource strategy, and environmental strategy.

Main Results

Digital Strategy

- Built a structure for planning and development together with business
- Built the new digital platform, Yamato Digital Platform

Human Resource Strategy

Formulated Human Resources Management Policy and clarified definition of duties

Environmental Strategy

- Achieved target for GHG emissions reduction: Reduced 11% compared with the fiscal year ended March 31, 2021
- Carbon neutrality declaration for the three parcel delivery products

Issues to be Addressed

Digital Strategy

Increase in operation productivity via the utilization of technology

Human Resource Strategy

- Building an optimal human resource portfolio for creation of added value
- Enhancement of employee-friendliness and job satisfaction for diverse employees

Environmental Strategy

- Ascertainment of actual emissions volume in the supply chain (Scope 3) and setting of reduction targets
- Contribution to society and the overall logistics industry based on know-how accumulated in environmental investment

Overview of the New Medium-Term Management Plan, "SX2030 ~1st Stage~"

The Yamato Group is promoting initiatives in accordance with the Medium-Term Management Plan "Sustainability Transformation 2030 (SX 2030) ~1st Stage~, " which finishes in the fiscal year ending March 31, 2027. The plan sets out our vision for 2030 as "a value-creating company that contributes to the realization of a sustainable future" in order to realize sustainable increase in corporate value through the objective of "enrich our society," articulated in our Management Philosophy.

SX2030 ~1st Stage~ Targets

► Financial Targets

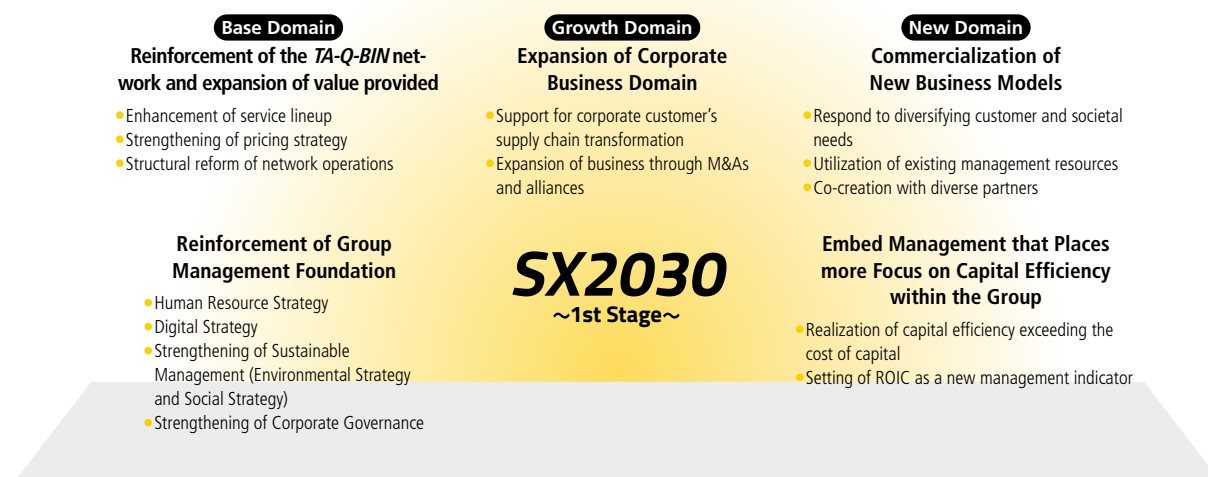
Category	Item	2024/3 Results	2027/3 Targets
Operating Results	Operating Revenue	¥1,758.6 billion	¥2,000–2,400 billion
	Operating Profit	¥40.0 billion	¥120–160 billion
	Ordinary Profit	¥40.4 billion	¥120–160 billion
	Profit Attributable to Owners of Parent	¥37.6 billion	¥80–100 billion
Profitability	Operating Margin	2.3%	6% or above
Efficiency	ROIC	4.2%	8% or above
	ROE	6.3%	12% or above

► Non-Financial Targets

	Material Issues	Indicators	2024/3 Results	2027/3 Targets
Environmental	Energy & Climate	GHG emissions* ¹ reduction (compared with the fiscal year ended March 31, 2021)	–11%	–25%
		Percentage of electricity generated via renewable energy sources	37%	70%
	Labor	Human resource productivity* ²	1.34	Increase labor productivity
		Employee awareness survey	<ul style="list-style-type: none"> Employee-friendly 66% Rewarding 60% Desire to continue employment 68% Sense of growth 64% Sense of contribution to the Company 66% 	Increase engagement
Social	Human Rights & Diversity	Percentage rate of employees with disabilities	3.1%	3.1%
		Percentage of women in management (executive roles)	5.9%	10%
	Safety & Security	Number of traffic accidents where bodily injury occurs (Fatal accidents for which the Company is responsible)	Compared to the fiscal year ended March 31, 2020 –26%	Compared to the fiscal year ended March 31, 2024 –15%* ³
		Frequency of lost workday injuries	Compared to the fiscal year ended March 31, 2020 +4%	Compared to the fiscal year ended March 31, 2024 –15%* ³
	Data Utilization & Security	Number of serious information security incidents	Zero	Zero
	Supply Chain Management	Percentage rate of support from major suppliers regarding the Code of Conduct	—	100%
Governance	Increasing the effectiveness of the Board of Directors / Dialogue with shareholders and investors / Enhancement of disclosure			

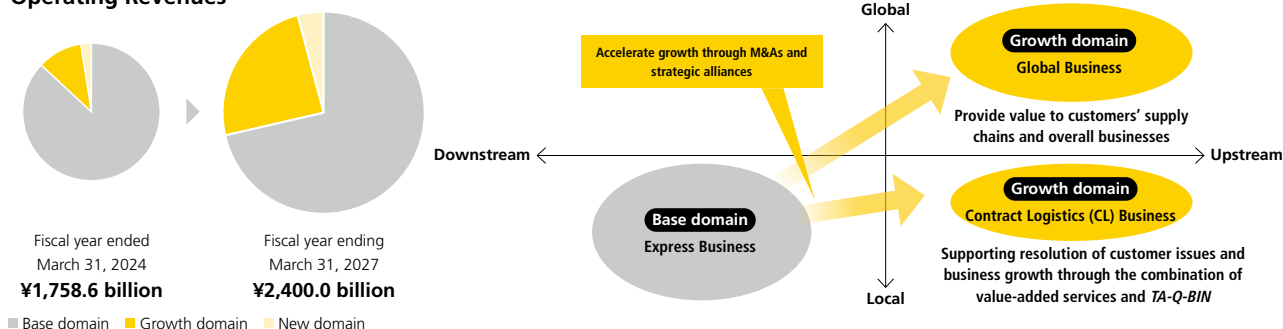
*1 Scope 1 & Scope 2 emissions of consolidated companies in Japan and Swan Co., Ltd. *2 (Consolidated operating revenues – consolidated subcontracting expenses) ÷ consolidated personnel expenses *3 For Yamato Transport
For details on non-financial targets, please refer to Sustainable Management starting from P.44

Main Measures



► Business Portfolio Transformation

Operating Revenues



► Investment Plan for SX2030 ~1st Stage~: ¥400 Billion (Excluding M&As)

	Three-year investment amounts	Transaction	Objective
Growth investment ¥200 billion	¥140 billion	Facilities strategy	Enhance productivity and reduce fixed costs Create a worker-friendly workplace
	¥50 billion	Promoting DX	Productivity improvement through operational reform Enhance value provision to customers
	¥10 billion	New businesses	Create new businesses that contribute to future business growth and to a sustainable future
Environmental investment ¥80 billion	¥40 billion	3,250 EVs* and charging equipment	Realize a low-carbon society, and provide corporate clients with logistics services that have low environmental impact
	¥40 billion	Solar power generation, batteries, etc.	
Regular investment ¥120 billion	¥50 billion	Repair of existing <i>TA-Q-BIN</i> facilities, internal combustion vehicles, etc.	Maintain existing network
	¥70 billion	Maintenance of other facilities and existing systems, etc.	Maintain existing business, etc.

* EV introduction plan for 8,500 vehicles (investment: 3,250 vehicles, operating lease: 5,250 vehicles)

Message from the CFO

Continuing to Focus on Increasing Shareholder Value and Corporate Value

Toshizo Kurisu
Representative Director,
Executive Officer and Vice
President



Review of the Previous Medium-Term Management Plan "One YAMATO 2023"

Under our previous Medium-Term Management Plan "One YAMATO 2023," which ended in the year ended March 31, 2024, we promoted reforms that progressed the Company toward our target business structure for the Group under the One YAMATO structure. These included structural reform of network operations and expansion of the corporate business domain. Regrettably, we were unable to reach our performance targets of operating profit of ¥120.0 billion, operating profit margin of 6%, and ROE of 10% or higher. We were unable to respond completely to factors such as increased costs, which were driven by changes in the external environment such as rising resource and energy prices and wages, a fallback in demand after the COVID-19 pandemic subsided, and a slump in demand due to a decrease in real wages. In this situation, we aimed to maximize earnings per share (EPS), which is related to share price and dividends, through a resolution to liquidate our overseas consolidated subsidiaries and the introduction of the Japanese Group Relief System, and strove to implement financial strategies, such as selling non-current assets. Despite these efforts, we did not reach our promised targets, and I take this very seriously as a business manager. Looking ahead, I will accelerate our business reform initiatives, assuming even greater uncertainty in the external environment.

Scenario for Achieving the Targets of the Medium-Term Management Plan

Under the Medium-Term Management Plan "Sustainability Transformation 2030 (SX2030)~1st Stage~,," which finishes in the fiscal year ending March 31, 2027, we aspire to become a "value creating company that contributes to the realization of a sustainable future." Our plan is to simultaneously create economic value as well as environmental and social value, while realizing a medium- to long-term increase in corporate value.

To achieve the performance targets provided in the Medium-Term Management Plan, we will prioritize efforts to strengthen the earning power of the core Express Business. In particular, it is important to strengthen our *TA-Q-BIN* network, which is the foundation of the Yamato Group, in response to changes in the business environment, as well as providing valuable products and services to customers. Up until now, the Company's Sales Drivers (SDs) have supported the growth of *TA-Q-BIN* through their accumulated conversations with customers when delivering parcels, leading to further business. For example, they ask parcel delivery recipients if they have any parcels for dispatch, or ask recipients of parcels from overseas whether they have had any difficulties in importing. When making *TA-Q-BIN* deliveries to customers who are using other delivery companies for shipping, our SDs take the opportunity to engage in sales talks with them. Recently,

however, as non-contact needs such as EC demand and work style reforms spread under the COVID-19 pandemic, the main duties of SDs have become deliveries, and I feel that awareness of sales, including management roles, has faded. The Group's sales happen through person-to-person contact. They cannot simply be decided by price alone. We will use our management resources concentrated together as One YAMATO to provide services that delight our customers while receiving appropriate consideration for them. This return-to-our-roots approach will deepen our conversations with customers and lead to sales opportunities, thereby enabling our customers and the Yamato Group to grow together.

The foundation for these activities is our network operations, where we are promoting structural reforms that we plan to complete over this three-year period. By consolidating and enlarging our last-mile pickup and delivery facilities, we will standardize the workload for SDs and eliminate excessive loads, which should create some flexibility in our operations. Then, we can leverage this flexibility to increase the amount of time for conversations with customers. It will take around two years to realize the optimal allocation of facilities and human resources, but we are already making progress with our facility strategies and related human resource and digital strategies based on our overall design.

However, as we promote our facility strategies, we need to be wary of making consolidation itself the objective—that would be putting the cart before the horse. We will objectively analyze the differences between our envisaged and actual investment results due to factors such as regional characteristics, and share issues with management and the Business Department in order to make improvements and

appropriate investment decisions going forward. For this reason, we will utilize ROIC as a common indicator in future decisions. We recognize that our immediate challenge is to internally promote ROIC and incorporate it in our frontline operations. To achieve this, we will build a structure that naturally connects the KPIs pursued in our frontline workplaces and in each division to increasing ROIC in our administrative units, such as regions, businesses, and groups.

Capital Allocation

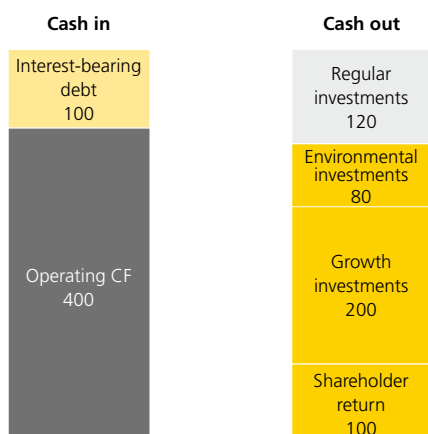
During the period of the current Medium-Term Management Plan, we will make aggressive growth investments aimed at strengthening the earning power of the Yamato Group, especially in the Express Business, which is our base domain. In doing so, we will promote our facility strategies and digital transformation, among others, while carefully examining the effects of investments.

In addition, we will make environmental investments, including the introduction of EVs and solar power generation facilities, promote the development of energy management systems, and so forth. These investments will not only reduce our GHG emissions but will also help to reduce costs by improving energy efficiency, which will lead to growth in operating revenues through the value proposition of reducing the Scope 3 emissions of our corporate customers. I believe that the expertise we have accumulated in environmental investments and demonstration tests undertaken with our partners will also play a role in new businesses that will contribute to the overall sustainability of society and the logistics industry. For example, the introduction and operational support for commercial EVs that we are undertaking in the Mobility Business.

► Capital Allocation under the Medium-Term Management Plan

Cumulative image for the 3 years (FY2025/3 – FY2027/3) without the impact from M&As*

(¥ billion)



* Please refer to P.29 for information about our M&A strategy

Investment policy

■ Growth investments

- Focus on facilities strategy, digitalization, creation and expansion of new businesses
- Set ROI at a level above WACC

■ Environmental investments

- Invest from the standpoint of GHG emissions reduction and enhancing financial value

Shareholder return policy

■ Dividends

- Focus on stability and continuity of dividend
- Aim to grow dividend per share, while being mindful of DOE
- Dividend payout ratio: 40% or above
- Total shareholder return ratio: 50% or above

■ Acquisition of our own shares

- Consider acquisitions flexibly, based on factors such as the progress of disciplined growth investments (ROI above WACC), cash flow, share price, etc.

Message from the CFO

Furthermore, we have positioned the Contract Logistics Business and the Global Business as growth domains, and we are examining multiple M&As as a means of accelerating their expansion. The operating revenues target for the fiscal year ending March 31, 2027, is between ¥2.0–2.4 trillion. We envisage achieving ¥2.0 trillion through organic growth and a further ¥400 billion through M&As. The Business Department and dedicated M&A departments will work as one to ensure financial discipline with regard to ROIC and other aspects. In recent years, M&A activity in the domestic logistics industry has been increasing. However, to discern which companies are a sound investment, it is necessary to look beyond financial figures alone and consider the candidate company's business model and the potential synergies that could be generated by combining its human resources and customers with those of the Yamato Group. When we do this, we work with the Business Department through due diligence to check the governance of the target company, and proceed with discipline, including in areas such as post-merger integration, making every effort to reduce risk.

In shareholder returns, we have increased the dividend payout ratio from the previous level of 30% to 40% or

higher. For many years, we have maintained stability and continuity in dividends, with an awareness of DOE (ratio of dividends to shareholders' equity). However, in light of individual investor trends under the new NISA system, we felt it was time to set our dividend payout ratio higher in order to appeal more to investors. Moreover, we have maintained a total return ratio of 50% or higher.

In the financial results for the second quarter of the fiscal year ending March 31, 2025, we announced a treasury share acquisition with an upper limit of ¥50.0 billion from a capital efficiency perspective. Going forward, we will continue striving to generate cash and make effective use of debt by strengthening balance sheet management, looking to prioritize growth investment while also allocating cash for shareholder returns.

Balance Sheet Management

With regard to financial soundness, we aim to continue having an equity ratio of around 45–50%, while maintaining our credit rating (Rating and Investment Information, Inc.; AA–). In addition to aggressive growth investments, in principle we procure funds through borrowings from financial institutions and the issuance of corporate bonds. Based

► Investment Plan for the Medium-Term Management Plan: ¥400 billion (excluding M&As)

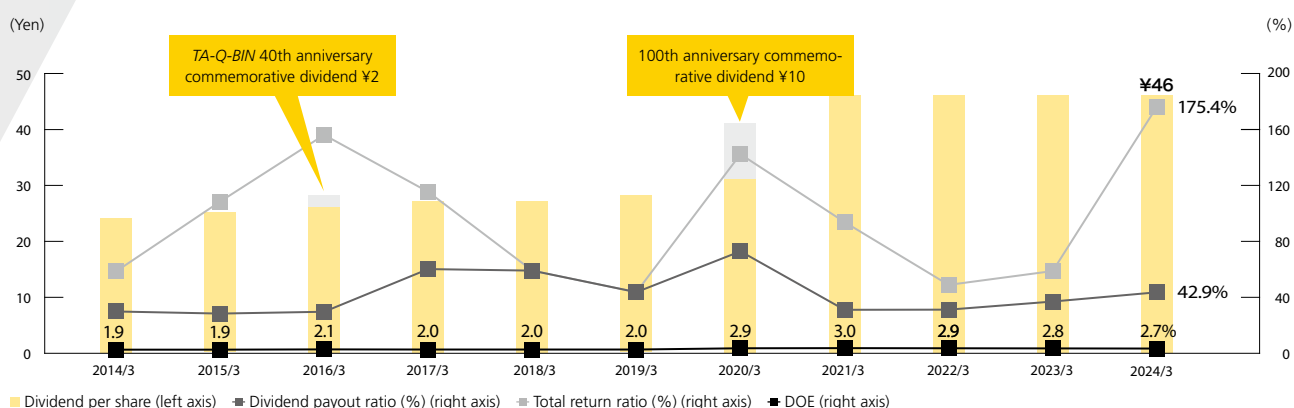
	Three-year investment amounts	Transaction	Objective
Growth investment ¥200 billion	¥140 billion	Facilities strategy	Enhance productivity and reduce fixed costs Create a worker-friendly workplace
	¥50 billion	Promoting DX	Productivity improvement through operational reform Enhance value provision to customers
	¥10 billion	New businesses	Create new businesses that contribute to future business growth and to a sustainable future
Environmental investment ¥80 billion	¥40 billion	3,250 EVs* and charging equipment	Realize a low-carbon society, and provide corporate clients with logistics services that have low environmental impact
	¥40 billion	Solar power generation, batteries, etc.	
Regular investment ¥120 billion	¥50 billion	Repair of existing TA-Q-BIN facilities, internal combustion vehicles, etc.	Maintain existing network
	¥70 billion	Maintenance of other facilities and existing systems, etc.	Maintain existing business, etc.

* EV introduction plan for 8,500 vehicles (investment: 3,250 vehicles, operating lease: 5,250 vehicles)

► Policy and Performance on Shareholder Returns

We emphasize the stability and continuity of dividends, targeting a dividend payout ratio of 40% or higher and a total return ratio of 50% or higher in our Medium-Term Management Plan. Furthermore, we will take a flexible approach to share repurchases, giving consideration to the status of progress of our growth investments, cash flow trends, share price, and other factors.

Shareholder Return Results (Fiscal Year Ended March 31, 2014, to Fiscal Year Ended March 31, 2024)



on our demand for funds going forward, we have been pooling funds within the Group. However, we will conduct fund procurement at the appropriate time to cover shortages, while giving consideration to the phase of rising interest rates going forward.

Moreover, while promoting measures such as the reinforcement of the *TA-Q-BIN* network, from a perspective of capital efficiency, we are also examining measures to reduce the size of our balance sheet. Looking ahead to the revision of lease accounting standards that is scheduled to take place in Japan, we consider our options for holding assets to include ownership, leasing of properties, and asset securitization. Naturally, if we simply expense everything, then we can cause undue degradation to our profit and loss statement, so it is necessary to keep a balance as we proceed. However, in addition to our existing assets, we also consider this as an option for assets to be acquired under our facility strategies.

► Balance Sheet and Capital Efficiency Improvements

Balance Sheet Management

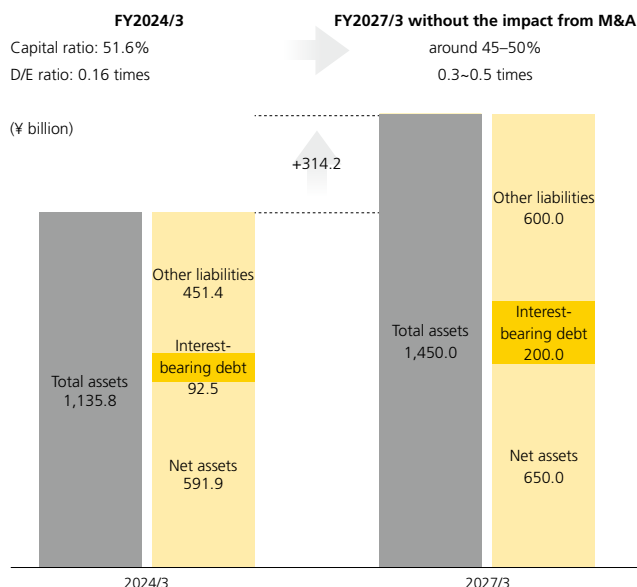
Maintain financial soundness, while actively investing in growth, including investments funded by debt

[Financial discipline] Capital ratio: around 45–50%

[Financial discipline] D/E ratio: 0.3~0.5 times

[Financial soundness] Credit rating (R&I): AA-

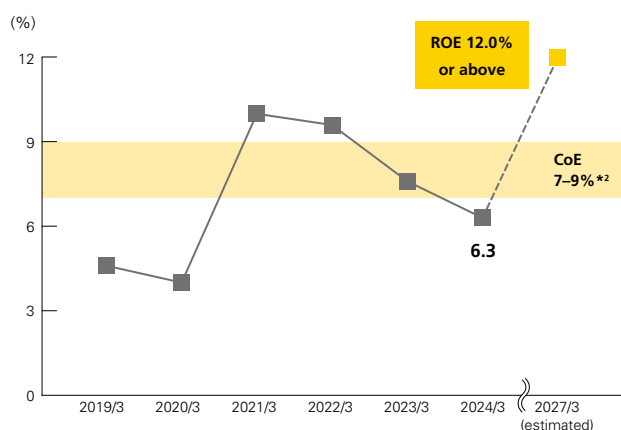
Image of Balance Sheet



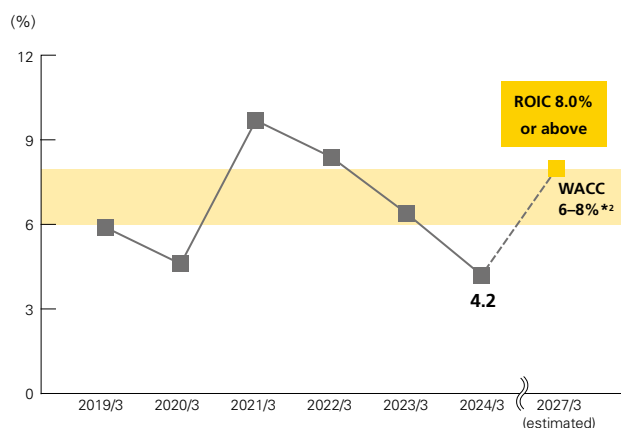
Increasing Corporate Value

In addition to rising interest rates, we have also seen a rise in volatility in company financial results in the past few years. We recognize that this has resulted in a higher cost of capital than in past years. To realize a return on capital that exceeds the cost of capital, we must resolutely carry out structural reforms, reinforcing the existing *TA-Q-BIN* network and expanding the corporate business domain to establish a business structure than can achieve stable profit growth. Furthermore, we will conduct clear information disclosure in line with the Yamato Group strategies, such as the change in reportable segments that was conducted in the fiscal year ending March 31, 2025. By having deeper conversations with shareholders and investors, we will reduce the cost of capital, which will drive increases in both shareholder value and corporate value. I hope you will look forward with expectation to the Yamato Group creating value throughout “SX 2030 ~1st Stage~.” While maintaining a healthy financial position, we will accelerate investments for the Yamato Group’s growth.

ROE (vs CoE*¹)



ROIC (vs WACC*³)



*¹ CoE: cost of shareholders’ equity

*² Assumptions for the period during the Mid-Term Management Plan (FY2025/3–FY 2027/3)

*³ WACC: weighted average cost of capital

Base Domain: Reinforcement of the *TA-Q-BIN* Network and Expansion of Value Proposition

We are increasing the service lineup, enhancing customer experience value, and expanding our value proposition through measures such as carbon neutral delivery for the three parcel delivery services. At the same time, we are strengthening our pricing strategy in response to external environmental changes. Furthermore, we will promote structural reforms of our network operations to strengthen our *TA-Q-BIN* network as part of social infrastructure, converting it to a structure that can achieve steady profit growth.

Express Business

Provision of domestic parcel delivery services centered on *TA-Q-BIN*

Results for Fiscal Year Ended March 31, 2024



Operating Revenues to
External Customers
¥1,548.5 billion



Operating Profit
¥11.3 billion



Expansion of Value Provision

In the retail domain, we are working to strengthen sales to small corporates by leveraging the connection between our Sales Drivers (SDs) and customers, aiming to back these efforts by expanding our service lineup. On the other hand, in the corporate domain, in the fiscal year ended March 31, 2024, we started promoting efforts to win accounts that will propel expansion of our Contract Logistics (CL) Business and Global Business expansion. Going forward, we will also strengthen our negotiations to optimize pricing.

► Expansion of Value Provision

Item	Quantity	Unit	Other
Carbon neutral transportation and visualization of GHG emissions	↗	↗	—
Provision of “Okihai” for Kuroneko Members	↗	—	Cost ↘
Provision of speedy transportation using freighters	↗	↗	Other transportation revenue ↗

TOPICS

● Carbon Neutral Delivery

In January 2024, we made a Carbon Neutrality Declaration in accordance with the international standard. We will continue working to reduce GHG emissions associated with our business activities and we will continue to realize carbon neutrality for our target products (*TA-Q-BIN*, *TA-Q-BIN COMPACT*, and *EAZY*) through measures such as offsetting via the use of carbon credits. We will use this carbon neutral transportation as a new factor for differentiating ourselves to expand sales of our service.



Carbon Neutral Delivery

● Provision of *Okihai* Service for Kuroneko Members

From June 2024, we added *Okihai*, an unattended delivery service, as a new method for receiving deliveries for approximately 57 million registered users of our Kuroneko Members (a membership service for individuals).

We will respond to an increase in needs for non-face-to-face reception of deliveries, which has been driven by diversification of lifestyles and growth in demand for e-commerce, as we contribute to better customer convenience when receiving packages. In the July to September period following the launch of *Okihai*, we saw a significant year-on-year increase in both the number of deliveries that can be designated for *Okihai* and the number of deliveries designated for *Okihai*, while the not-at-home ratio was 9.1%. This was below the level of 10.1% for July-September 2020, which was affected by the COVID-19 pandemic, and is also contributing to productivity gains in last-mile services.

► Capital and Business Alliance with the Red Horse (RH) Group

In September 2024, Yamato Holdings concluded a capital and business alliance agreement with the RH Group, which has extensive expertise and industry share in the hometown tax system support. Using the Yamato Group's three-temperature-range logistics processing and transport and delivery functions, we will increase delivery volume and promote the provision of value in upstream areas in the expanding hometown tax system market.

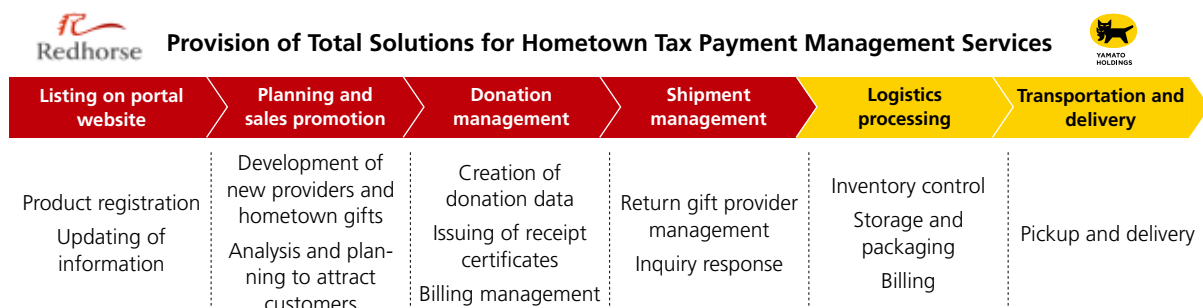
Strengths of both groups	RH Group's strengths	Yamato Group's strengths
	Extensive expertise and industry share in hometown tax payment system support <ul style="list-style-type: none"> Track record of working with approx. 220 municipalities and approx. 8,000 providers of hometown gifts In-house operated BPO centers and call centers Administration system that can simultaneously connect with the largest number of donation portal sites in the industry OWL online market, a direct-to-customer e-commerce mall with 500,000 members 	Nationwide customer base and logistics processing and transportation and delivery functions in three temperature ranges <ul style="list-style-type: none"> Transportation and delivery network and logistics processing functions that handle three temperature ranges (room temperature, refrigerated, and frozen) Approximately 60,000 Sales Drivers Customer base built through TA-Q-BIN service and alliances with approximately 700 local governments

Strengthening efforts for regional revitalization

- Through initiatives to discover local products and expand distribution and sales channels, establish a "business model that enables autonomous and self-sustaining regional revitalization"
- Contribute to the revitalization of local communities

Enhancement of hometown tax payment management agency function

- Provide total solutions from planning to last-mile deliveries
- Utilize Yamato Transport's customer base and sales resources
- Expand volume by strengthening proposal capabilities to municipalities (room temperature and temperature-controlled Cool deliveries)



For more details, please refer to our corporate website.

📄 https://www.yamato-hd.co.jp/english/news/2024/pdf/newsrelease_20240930_en02.pdf

► Pricing Strategy

As the working-age population in Japan declines, we are promoting a pricing strategy to ensure an appropriate consideration commensurate to the value we provide in order to deal with increases in wages and the unit prices of our partners, as well as increases in resource and energy prices.

We revise our notified fares (retail prices) every year based on changes in the external environment and also revise individual contracts with corporate customers. In the corporate domain (large corporates) in particular, we are promoting efforts to win accounts that will drive expansion of our CL Business and Global Business, while carefully negotiating optimization of pricing based on factors such as fluctuation in operation volume and operation load. Looking ahead, we will continue to continuously revise pricing, including our charging system, such as application of seasonal surcharges, in order to realize and increase profitability.

Base Domain: Reinforcement of the TA-Q-BIN Network and Expansion of Value Proposition

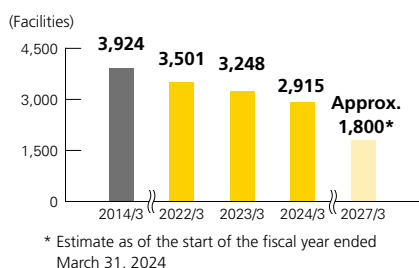
Structural Reform of Network Operations

In order to respond to the expansion of e-commerce and changes in customer needs and the structure of logistics, and to reinforce our TA-Q-BIN network as a part of social infrastructure in a more efficient and continuous manner, we have been promoting initiatives to optimize operating costs, such as consolidating and enlarging last-mile pickup and delivery facilities, consolidating the regions for trunk-route transportation, and establishing fully-digital operations.

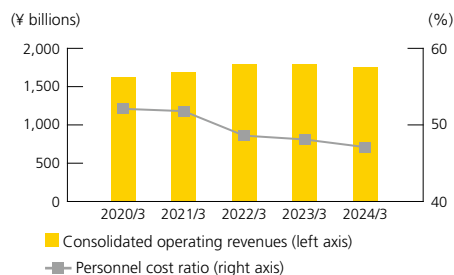
► Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

We had been opening large numbers of small-scale, last-mile pickup and delivery facilities for parcel delivery, mainly in urban areas, but we are now working to consolidate and enlarge them. In this way, we will work to optimize transport, operation, administration, and management costs by reducing transport between facilities and realizing more a flexible operational design. We will also increase safety, quality, and ease of working through the use of digital technology and the establishment of a good working environment.

Trend in No. of Last-Mile Pickup and Delivery Facilities

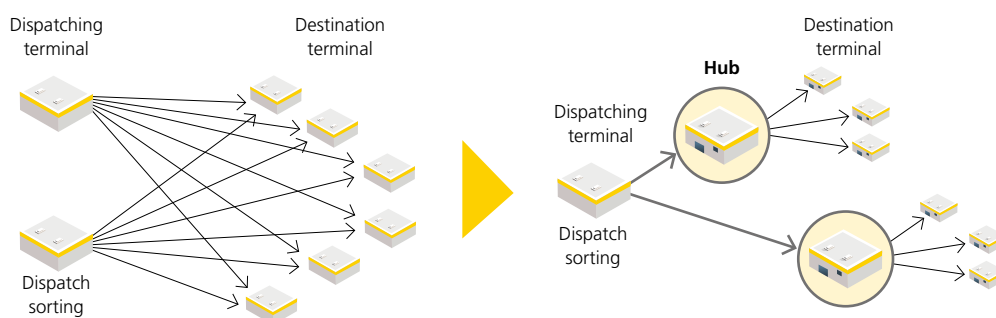


Trend in Consolidated Operating Revenues and Personnel Cost Ratio



► Regional Consolidation of Trunk-Route Transportation

Previously, we sorted parcels at the dispatch terminal by the destination terminal for transport and in some cases where a full load for a large truck was not available for a direction with little freight, the cargo was collected with frontline ingenuity and transported at an adjacent terminal. However, the environment is changing, with changes in cargo movements due to the expansion of e-commerce and increasingly severe shortages of transportation capacity. Against this backdrop, there has been a growing need to establish a reliable, continuous transport model to reduce long-distance operations while improving loading efficiency, and our policy is to proceed with regional consolidation while appropriately discerning its effects. At the same time, we will work to improve dispatch planning and the performance management process of trucks at each terminal.



► Establishing Fully Digital Operations

In parallel with our initiatives to consolidate and enlarge last-mile pickup and delivery facilities and regionally consolidate truck-route transportation, we are engaged in transforming our operations using technology. We are building operations that have instructions issued by the system to prevent drivers getting lost, working environments in which the status of operations can be managed by managers in real time even when they are off site, and networks that can transport only the required cargo at the required place and time. These will realize a reduction in operating costs by relieving management of certain tasks and increasing work productivity. It will also increase safety by abolishing unreasonable driving and work operations and help to increase job satisfaction by visualizing employees' level of fulfillment at work.

Growth Domain: Expansion of Corporate Business Domain

Amid an increase in risk such as the global political and economic situation, fragmentation of supply chains into blocks, and environmental issues, the Yamato Group has positioned the solution business as a new growth domain, aiming to resolve customers' management issues throughout their supply chains.

Contract Logistics Business

Providing total solutions to support the business growth of corporate customers

Results for the Fiscal Year Ended March 31, 2024



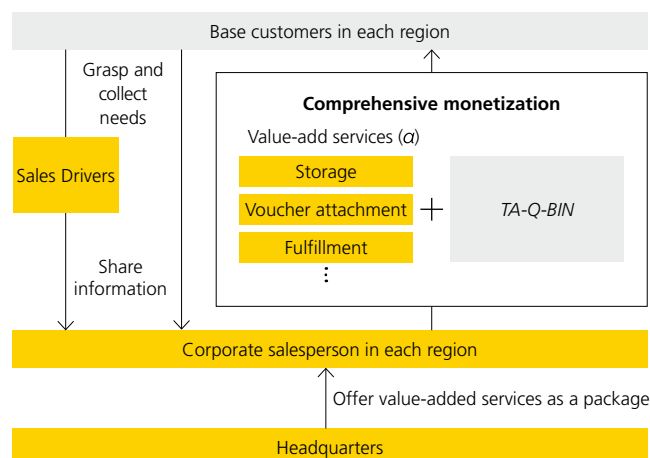
Due to developments such as the expansion of e-commerce and trend toward small-lot, high-frequency deliveries, logistics operations are becoming more complicated. In the CL Business, we are capturing the increase in outsourcing needs associated with customers' business stages and working to further expand use of *TA-Q-BIN* while also providing new value beyond *TA-Q-BIN*, such as appropriate inventory management to avoid shortages or overstocking, increased picking and packing operational efficiency to process small-lot orders with increasing frequency, and connection with warehouse sites and transport and delivery networks.

► Value-Add Service (α) + *TA-Q-BIN*

The CL Business is focused on synergies with the Express Business, looking to utilize the strengths that the Yamato Group has cultivated in its *TA-Q-BIN* service, such as customer contacts of approximately 60,000 SDs nationwide and a strong customer foundation. By packaging value-added services connected with *TA-Q-BIN*, and proposing total packages including *TA-Q-BIN*, to a wide range of customers in every region, we will expand the CL Business and the revenues of the Express Business.

► 3PL/LLP

We also provide more customized logistics services to our main accounts. We are promoting the provision of business solutions that help to transform customers' supply chains by offering proposals that cover the entire supply chain, including optimization of warehousing and logistics and reduction of GHGs. Moreover, we are working to create Lead Logistics Partner (LLP) deals, which involve participation and support not only for customers' logistics management and operation, but also their planning and strategy building in coordination with the Global Business.



TOPICS

● Support for Recalls, Returns, and Exchanges

Handling of product recalls is becoming more important as public attention increases, and the Yamato Group is developing support services for such an event. Not only do we collect products through *TA-Q-BIN*, we also provide total support, including proposing countermeasures, notification, telephone services, and follow-up. In addition, we provide support for returning and exchanging products that require repair or inspection as part of our support for customers' businesses during normal times. This service is an extremely profitable business model due to our strengths in being able to support all operations, despite the different sale and time period of each job.

Growth Domain: Expansion of Corporate Business Domain

Acquisition of Shares of Nakano Shokai (Conversion to a Consolidated Subsidiary)

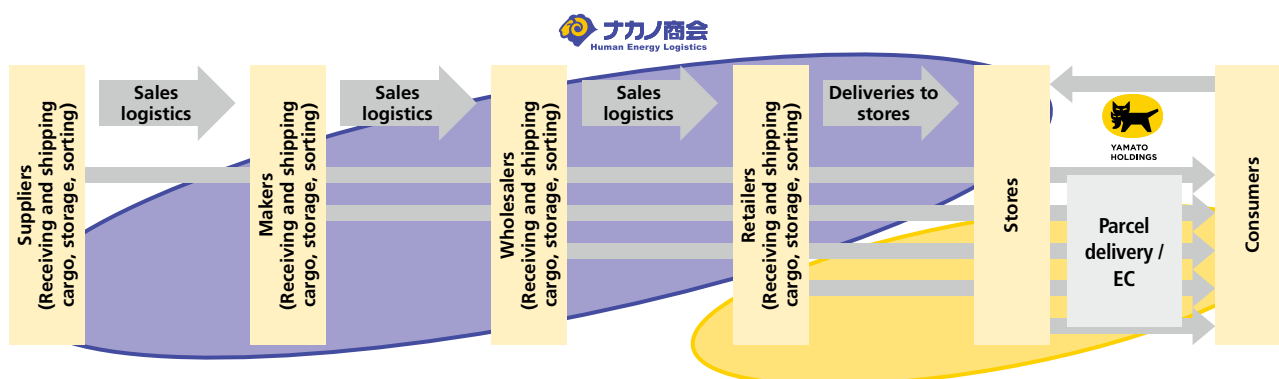
In December 2024, the Company acquired 87.7% of the outstanding shares of Nakano Shokai Co., Ltd., making it a consolidated subsidiary. With the addition of Nakano Shokai, the Yamato Group will expand its corporate business domain through measures including (1) expanding the contract logistics (CL) business, (2) creating synergies in the express (EXP) business, (3) creating cost synergies through joint use of both company's resources (CL and EXP businesses).

► Summary of the share acquisition

Basic information	Name:	Nakano Shokai Co., Ltd.	Financial information (Fiscal year ended September 30, 2023)	Net sales	¥86.7 billion	Total assets	¥34.3 billion	
	Date of establishment:	August 16, 1988		Operating profit		Net assets	¥8.9 billion	
	Stock exchange listing date:	Unlisted			¥4.6 billion	ROIC	21%	
Summary of business				EBITDA	¥5.9 billion	ROE	43%	
	Contract logistics business			Acquisition amount				¥46.9 billion (ownership ratio 87.7%)
	• Storage, warehouse operations, transport services • Sublease of logistics facilities reconfigured to match client specifications			Acquisition date		December 1, 2024		
Resources				Acquisition funds		The Company's own funds		
	Number of employees:	Approx. 3,100 (including 700 drivers)		EV/EBITDA multiple		Approx. 6.5 times (including synergies*)		
	Number of locations:	51 in Japan		* Estimated for the fiscal year ending September 30, 2027				
	Number of vehicles:	Approx. 400 company-owned; 3,500–5,000 vehicles in daily operation including partner vehicles						

► Customer bases of both companies each have different industry types and domains

Nakano Shokai's customer base is centered on retailers, manufacturers and suppliers of food products, and the upstream logistics domain of e-commerce operators. By contrast, the Company's CL business has strengths in different industry types and domains that are closer to the consumer side, such as the domain of detailed delivery to stores, as well as communications and services, medical, and electronics. By leveraging both companies' customer bases, it will be possible to increase business opportunities.



► Expected synergies

The acquisition is expected to produce increased business opportunities by leveraging both company's customer bases and revenue synergies, such as proposing comprehensive solutions from upstream to downstream in the supply chain. It is also expected to create cost synergies through the utilization of Nakano Shokai's resources and expertise. The acquisition envisages the application of Nakano Shokai's highly profitable and efficient warehouse management model and its high-vehicle-turnover-rate transportation network to the Yamato Group's operations. To help ensure these synergies are realized, we will form a post-merger integration structure, organize issues and tasks, and create a system for periodic monitoring.

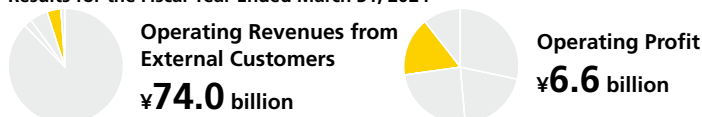
For more details, please refer to our corporate website.

🔗 https://www.yamato-hd.co.jp/english/investors/pdf/E_project_n.pdf

Global Business

Provision of solutions for forwarding, international express, and other services by Japanese and overseas subsidiaries

Results for the Fiscal Year Ended March 31, 2024



We will strive to further expand the fields in which the Yamato Group can leverage its strengths, including automotive, high tech, and the food industry. At the same time, we will strengthen our sales capabilities, mainly in Japan, the United States and Mexico, China, India, and Southeast Asia, providing global support for customers' businesses and supply chain management.

► Forwarding

- Transportation of mixed loads mainly comprising BtoB trade freight, BtoC and BtoBtoC cross-border e-commerce freight, and overseas relocation freight
- Especially in recent years, we have been using the *TA-Q-BIN* network and our knowledge of customs and bonded transfers to develop demand for growing cross-border e-commerce from China and South Korea into Japan.
- We will develop cross-border land transportation between Southeast Asia and China.

In May 2024, we started providing an international multimodal transport service connecting Southeast Asia and Europe, combining trucks with railroad transport between China and Europe.

► Overseas Contract Logistics

- Through proposals that pick up on customers' management issues, we conduct logistics management and operation as well as strategy and planning services, building long-term, stable relationships with customers
- We will also use our in-house logistics* for the automotive industry and others as a starting point to expand the value we provide across the entire supply chain

* Provision of logistics services onsite at customers' facilities. We have expertise in using optimization of inventory location and workflows as sources of earning capability.

TOPICS

● Regular Mixed-Freight Transportation Service through Our Cross-Border Land Transportation Network

Using the Overland Total Logistics Group, which is headquartered in Malaysia, we will develop both full-truck-load (FTL) chartered transport services by whole container and regular less-than-truck-load (LTL) mixed-freight transportation services, which are one of the Company's strengths, between Singapore, Malaysia, Mainland Southeast Asia, and China. In doing so, we are supporting customers' supply chains by realizing high-frequency, small-lot transportation for procurement, manufacturing, and sales.

● Cross-Border E-Commerce Arriving in Japan

Yamato Transport is a certified operator under the Authorized Economic Operator (AEO) system in Japan (a program that provides relaxed, simplified customs procedures to operators recognized by customs to have established systems for cargo security management and legal and regulatory compliance). We conduct strict customs operations, and strive to comply with laws and regulations in our daily operations. However, in the manifest customs of cross-border e-commerce freight, many items have inaccurate content declarations, which can lead to long customs clearance times. The Yamato Group has developed proprietary systems to address this, which have realized more accurate customs processing in a short time and dramatic cost reductions.

Our intention now is to develop cross-border e-commerce services for freight originating in Japan, which has a larger market scale, based on the expertise we have cultivated in imports.



Growth Domain: Expansion of Corporate Business Domain

MESSAGE

Taking the opportunity presented by changing supply chains to expand the global business

Hiroshi Etani

Senior Managing Executive Officer, Head of Global Business, Yamato Transport Co., Ltd.

After working as president of ITOCHU Logistics Singapore Pte Ltd, Mr. Etani's work history includes experience as global customer director at DHL Global Customer Solutions, sales, marketing, and customer service director at TNT Express, 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



► Initiatives Implemented

We aim to be a logistics company that can compete on the world stage, increasing customer value mainly through forwarding and contract logistics in the Global Business domain (international freight to and from Japan and overseas freight).

By the end of the previous Medium-Term Management Plan period, we had strengthened our management position through measures such as withdrawing *TA-Q-BIN* services from Asia, establishing a comprehensive account management structure spanning regions and countries, improving the profitability of forwarding and contract logistics services, and launching regular mixed-freight transportation services using the cross-border overland network of the Overland Total Logistics (OTL) group, which connects Southeast Asia and China.

In addition, we took steps to recruit and develop human resources able to propose solutions that reflect an understanding of customers' entire supply chains. The result of these efforts was the creation of lead logistics partner (LLP) projects in which we are involved not only in operation and management of customers' logistics, but also in aspects including logistics strategy and planning.

Through these initiatives, we were able to maintain profitability at our overseas local subsidiaries, even in the fiscal year ended March 31, 2024, when we saw a fallback in demand following the end of the COVID-19 pandemic. The operating profit margin of the Global Business overall also reached a level that is comparable to that of other companies.

► Policy under the Current Medium-Term Management Plan

After the turmoil in global logistics caused by the COVID-19 pandemic, there was a change in the concept of supply chain management from "just in time" to "just in case." While "just in time" is still ideal for supply chain management, delivering only what is needed when it is needed rather than holding on to unnecessary inventory, in today's world, where unexpected events occur often, it is necessary to build supply chains that are able to respond rapidly and flexibly "just in case" risks materialize. In recent years, increasing friction between the United States and China is strengthening the trend of fragmenting supply chains into regional blocs, which is changing the global flow of goods. The Yamato Group will respond appropriately to these changes and support its customers' business and supply chain management.

In forwarding services, we will identify a target lane to dominate the supply chain of a target industry and, by concentrating freight volumes there, we will increase our competitive capabilities in terms of service and price. The Yamato Group handles freight in multiple categories, including general BtoB trade freight, BtoC and BtoBtoC cross-border e-commerce freight, and overseas relocation freight, and we will mix these effectively for transportation. As near-shore transport* needs increase due to fragmentation of supply chains into regional blocs, the Yamato Group will be able to leverage its high-value-added land transportation services, such as the abovementioned regular mixed-freight service connecting Southeast Asia and China, to its advantage.

In contract logistics, we will provide total services for the logistics operations of customers in target industries, from warehousing to transport and delivery, incorporating solutions that contribute to customers' business and supply chain management to increase customer value. At overseas local subsidiaries, we operate in-house warehouses, but we will also differentiate ourselves from other companies by strengthening transport and delivery functions through cooperation with partner companies. At the same time, we will also bolster our capabilities for account management and solutions design, and for operation design and operations. Moreover, since forwarding near-shore transportation needs are expected to increase, it will be important to increase collaboration between contract logistics and forwarding and provide seamless services. We will therefore look to strengthen this aspect.

* Transportation between geographically close countries and regions

► M&A Strategy and Growth Outlook

Increasing uncertainty regarding the global situation is a risk for our Global Business. However, it is accompanied by an increase in new business opportunities due to the rapidly occurring changes. The Yamato Group will not miss this chance; it will also grow by providing global support for customers' businesses and supply chain management. In doing so, we will strengthen our forwarding and contract logistics functions in countries and regions that are strategically important to the Group and execute M&As that we deem necessary for accelerating the growth of our Global Business.

M&A Strategy

► Why Promote an M&A Strategy?

The Yamato Group will strengthen its *TA-Q-BIN* network in the base domain and use the strengths it has cultivated through *TA-Q-BIN* in the downstream domain to strengthen its proposal capabilities for the upstream domain of customers' supply chains as a growth domain. During the period of the previous Medium-Term Management Plan, we strove to maximize the value we provide to customers through the adoption of One YAMATO and the participation of human resources with high-level expertise. We also changed to a structure capable of making greater use of the *TA-Q-BIN* customer foundation. Through this, we expect to achieve autonomous growth in our existing businesses going forward. However, we are also aiming for further growth and an increase in corporate value by promoting M&As and strategic business alliances.

► Points of the M&A Strategy

Target	<ul style="list-style-type: none"> • Consider acquisition of several companies, while focusing on compatibility with growth strategies Target industries: Automotive, high-tech, food cold chain, health care, etc. Target regions: Japan, U.S. & Mexico, India, Southeast Asia Monetary scale: The largest scale M&A for the Medium-Term Management Plan period is expected to have operating revenue of ¥400.0 billion and operating profit of ¥40.0 billion
The Yamato Group's strengths	<ul style="list-style-type: none"> • Broad domestic customer foundation in Japan cultivated through <i>TA-Q-BIN</i> A wide-ranging customer foundation from individuals to corporations built through customer contact points, including approximately 60,000 SDs nationwide • Stable financial foundation
Financial discipline	<ul style="list-style-type: none"> • Moving with discipline to realize synergies and reduce the cost of capital Fund procurement: In principle through interest-bearing debt Effect measurement: In addition to existing business feasibility rules, we also conduct regular monitoring based on quantitative standards such as ROIC of 10% or higher within three years after acquisition

► System and Process

We recognize that to appropriately understand the risks involved in M&As, business divisions and the dedicated M&A department work together as one to promote the process. The dedicated M&A department was established in 2016 with participation by career hires with specialist expertise, while recently we have accumulated knowledge mainly about Group organizational restructuring and sell-side transactions. Looking ahead, we will strengthen the promotion structure and increase the certainty of realizing post-acquisition growth strategies by assigning persons in charge of PMI for each M&A from an early stage.

In the discussion process, we establish a hypothetical proposal in advance based on our growth strategy, then conduct an investigation and research on the candidate company. After the acquisition, we conduct regular monitoring to see that the envisaged synergies are being realized. We also disclose our progress appropriately, with a view to reducing the cost of capital, and work to deliver an increase in corporate value.

Reference: Main M&As and Strategic Alliances

Year	Type	Transaction
2016–	Share acquisition	Conclusion of agreement for business collaboration and capital alliance with major Malaysian delivery company GD Express Carrier BHD. (currently GDEX Berhad)
	Joint venture	Establishment of Packcity Japan co., Ltd. with French company Neopost
	Share acquisition	Acquired the shares of OTL Group, a cross-border onshore trunk-route transport company headquartered in Malaysia
2020–	Share transfer	Transferred 60% of the issued shares of Yamato Lease Co., Ltd. to Fuyo General Lease Co., Ltd.*
2022–	Share transfer	Transferred 51% of the issued shares of Yamato Home Convenience Co., Ltd. to ART MOVING COMPANY Co., Ltd.
2023–	Share transfer	Transferred 51% of the issued shares of Yamato Staff Supply Co., Ltd. to World Staffing Co., Ltd.
2024–	Share acquisition	Acquisition of 48.57% of the outstanding shares of RH Co., Ltd.
		Acquisition of 87.7% of the outstanding shares of Nakano Shokai Co., Ltd.

* Transfer of all shares is scheduled for January 1, 2025

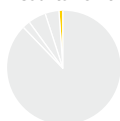
New Domain: Commercialization of New Business Models

We will leverage our existing management resources while working with diverse partners to commercialize new business models that meet the diversifying needs of customers and society in order to realize a sustainable future.

Mobility Business

Promote the introduction and operational support of commercial EVs by corporate customers, based on the vehicle maintenance business, and by utilizing the various knowhow accumulated through Yamato's environmental investments and demonstration tests

Results for the Fiscal Year Ended March 31, 2024



Operating Revenues from External Customers

¥20.1 billion



Operating Profit

¥4.1 billion



Business Infrastructure: Yamato Auto Works Co., Ltd.

- 24-hour, 365-day operation, with a network of 72 locations nationwide
- Multi-brand capability
- Together with vehicle maintenance, Yamato can provide comprehensive support to logistics companies, including the sales of insurance and fuel as well as maintenance and operation of logistics facilities / equipment, etc.



No. of facilities: 72 nationwide
No. of clients: Approx. 1,700
Approx. 100,000 vehicles
No. of employees: Total, approx. 2,100 (including 940 mechanics)

New Domain: EV Life Cycle Service for Users of Commercial EVs

Amid growing demand for vehicle electrification as a measure for decarbonization, the Yamato Group will launch a service providing comprehensive functions for commercial vehicle users, including introduction and operation of EVs, using its accumulated expertise in EVs and energy.

Providing the EV Life Cycle Service

- Proposal of decarbonization plan for corporate customers
- EV introduction, installation of charging equipment, and dealing with government subsidies
- Operational support with EV maintenance and electricity management

Green Logistics (Joint Transportation and Delivery)

We will provide an open platform for joint transportation and delivery to enable the building of sustainable supply chains



We established a new company to provide an open platform for joint transportation and delivery in response to transportation capacity shortages and worsening climate change.

We plan to leverage our track record of participation in the SIP "Smart Logistics Service,"* approximately 1.7 million corporate customers cultivated through TA-Q-BIN services, and partnerships with about 3,500 transport and delivery companies to launch a business for matching shipper companies with logistics companies around the end of 2024. We also plan to use standard pallets and regular operation times, as well as vehicles with a successful track record, such as semi-trailers/double articulated trucks, to conduct stable, high-load operations. In the fiscal year ending March 31, 2025, we plan to operate 40 services per day, mainly between Tokyo, Nagoya, and Osaka, passing via transit hubs to alleviate the load on drivers and increase operational efficiency.

* Since 2018, Yamato has participated as the program director of the Japanese cabinet's Strategic Innovation Promotion Program's (SIP) "Smart Logistic Service" and has formulated Logistics Information Standardization Guidelines.

Overview of the New Company

Company name	Sustainable Shared Transport Inc.
Location	2-16-10 Ginza, Chuo-ku, Tokyo
Paid-in capital	¥350 million
Established	May 21, 2024 (operations scheduled to start during the fiscal year ending March 31, 2025)
Business lines	<ul style="list-style-type: none"> • Provision of transportation and delivery services centered on standard pallets • Management and operation of an open platform for joint transportation and delivery, etc.

Expected Effect (As of March 31, 2026)

- Secured ongoing stable transportation means (80 services per day)
→ Decrease in GHG emissions (decrease of 42.2%) and improved work environment and compensation for drivers (labor saving of 65.1%)

Freighters (Cargo Planes)

Capturing new demand by leveraging stable and speedy transportation and maintaining and increasing transportation service quality

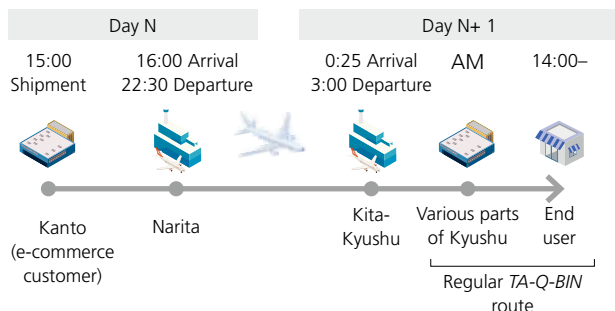


The growth of the domestic e-commerce market in Japan has driven an increase in parcel delivery demand and a reduction in the transport capacity of trucks to meet the need for speedy transport. To meet these needs and strengthen our response to the risk of disruption to logistics networks, we started freighter services in April 2024.

To generate profit, we not only provide value through speedy transportation, but have also been striving to increase profitability through measures including switching from truck transportation in consideration of the “2024 Problem” in logistics, creating various model cases with clients, such as transportation of large cargoes that cannot be carried in the cargo space of passenger aircraft, or industrial products or fresh items, and, recently, using empty space to carry *TA-Q-BIN* items. Moreover, we are able to flexibly change zones and operation timetables to meet demand, launching services at Haneda Airport in August in addition to Narita, New Chitose, Kita-Kyushu, and Naha airports. Looking ahead, we will work to capture new demand through stable and speedy transportation.

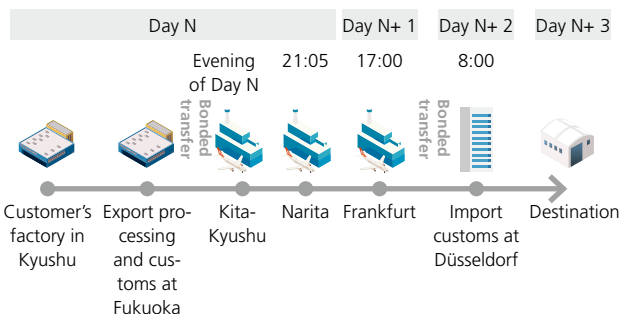
(1) E-Commerce Next-Day Delivery Model for Kyushu and Hokkaido

Provide next-day delivery to regions that previously required two days, using stable transportation capability only possible with freighters



(2) Connection with International Flights (Industrial Products for Automotives and Semiconductors)

From Kyushu to Düsseldorf in Germany. Shortened the previous N+4 days to N+3 days using international flight connection at Narita Airport (cargo is foreign currency-denominated, after clearing customs at Kita-Kyushu)



Neko-Support

Using Yamato Transport facilities to provide services that go beyond sending and receiving



We are working to create new value that goes beyond sending and receiving parcels in order to meet the diverse needs of local communities, such as responding to population aging, population decline, and the decline of local communities, as well as increased inbound tourism demand. In addition to a diverse array of stores directly operated by Yamato Transport at train stations, airports, and shopping centers, and so forth, throughout Japan, as we continue with our consolidation and enlargement of last-mile pickup and delivery facilities, we will utilize those existing locations that are expected to receive a lot of cargo, even if they are not efficient as pickup and delivery facilities, aiming to provide spaces where customers can easily consult to find solutions, from regional issues to business problems.

For example, our Sales Office in front of Namba Station in Osaka will target the growing number of sightseers by offering not only ordinary *TA-Q-BIN* services but also same-day deliveries within the Kyoto and Osaka metropolitan areas, hand luggage storage, and even information about nearby restaurants and souvenir stores. For the hand luggage storage service, we are trialing an automatic machine for receiving suitcases, while working to reduce labor and increase multilingual customer support.

Through such initiatives, the Neko-Support Business is opening stores with a close local presence that can bring together people, goods, and experiences to create new value. In this way, we will contribute to greater convenience for local residents, stimulation of local industry, and town development.



Sales Office in front of Namba Station to meet the needs of tourists



Putting a suitcase into the receiving bay of the machine

Note: Revenue and expenses related to green logistics, freighters, and Neko-Support are included in the EXP Business segment.

Human Resource Strategy

The Yamato Group's human resource strategies are the foundation for realizing a sustainable enhancement in corporate value through "contributing to the realization of enriching our society," a goal laid out in our Management Philosophy. Our Human Resources Management Policy is to ensure that the growth of individual employees leads to the growth of the Group. Based on this policy, we are promoting human resource strategies that are linked to management strategies, such as building a human resource portfolio for the creation of new added value and further enhancing work comfort and motivation of diverse employees.

MESSAGE

We will work to strengthen middle management and drive management strategies through the transformation of our skill set and human resource portfolio

Masayuki Ishii

Managing Executive Officer Responsible for overseeing Human Resource Management and Development, Yamato Transport Co., Ltd.

Masayuki Ishii entered the Bridgestone Corporation in 1988. After working at the Head Office, plants, and technology centers, he was responsible for human resources and labor management at various offices in the United States, Spain, and Belgium. Upon returning to Japan, he was responsible for areas at the Head Office including global human resources and human resource development, corporate planning, corporate communication, risk management, and overseas business management. In October 2022, he joined Yamato Transport Co., Ltd.



▶ The Vision of Our Human Resources Strategy

The vision of our human resources strategy is to create an organization where our skill set and human resource portfolio can be proactively transformed in line with the Yamato Group's target management direction, and to develop human resources who can take ownership of such transformation and carry it out in their respective domains and roles. We aim to build a so-called "learning organization" through activities including appropriate assignment of human resources, development and recruitment of human resources who create added value, establishment of working environments, and cultivation of corporate culture.

▶ Middle Management is Key to Strategy Implementation

Our main focus in promoting our human resource strategy is our approach to middle management, a layer that connects our organization vertically and horizontally. The middle management has what we refer to as a "middle-up/middle-down" function, of communicating the intentions of senior management to frontline employees, and relaying opinions from the front line back to senior management. The Yamato Group is a huge organization of approximately 180,000 people. Middle management shares senior management's intentions and objectives to the front line employees and plays an important role in explaining the reasons behind such and ensuring that they are practically implemented on the ground. In the same way, they also have an extremely important function in returning feedback from frontline employees to senior management. A customer-oriented approach, in which Sales Drivers (SDs) on the front lines pick up on customer needs and use the information to improve services, is deeply rooted in the overall Yamato Group as part of our corporate culture and has become one of its strengths.

However, in promoting strategies and measures based on the Yamato Group Human Resource Management Policy, I have really felt that the function of middle management has not been fully realized. From a "middle-down" perspective, it seems that only the content of the strategies and measures formulated by Head Office is being relayed directly to the frontline employees, without any explanation of the reasons, which has resulted in implementation that is either half-hearted or misaligned with the original intention.

From the "middle-up" perspective, as the organization has expanded, the function of reflecting information collected on the front lines in management strategy has weakened to the point where I feel that at this stage it is not being fully utilized. These problems are rooted in organizational management and human resource operations. By building up human resource measures that strengthen the functions of middle management, we will ultimately realize our strengths in our customer-oriented approach at an even higher level.

▶ Increasing human productivity and engagement by strengthening in-house dialogue capability

As we work to strengthen the functions of middle management, we are promoting the establishment and operation of a human resource management system based on job duties. First, we revised our Head Office job position ranking and organized the positions of executive officers and managerial personnel. In fiscal 2025, in conjunction with measures to reinforce the *TA-Q-BIN* network, we will redefine the duties of Sales Office Managers, which is a position held by a larger number of people, and review the compensation for this position. This will lead to a stronger structure and improved human resource management. Moreover, we are also transitioning to an evaluation system for managerial personnel based on work duties, and expanding this transition to operational managers as well. With these measures, we will bring depth to our middle management team in terms of both quality and quantity. In addition, by designing proper management duties together as a set with operations, we will elicit even better performance from individual employees, leading to an increase in human productivity.

As part of the training regime for middle management, we continue to hold workplace discussions with operational managers such as Sales Office Managers and Logistics Center Managers, aiming to cultivate a mindset for increasing employee engagement by strengthening internal dialogue capabilities. We monitor the status of our efforts to increase employee engagement by conducting regular employee awareness surveys; however, indicators such as job satisfaction and employee-friendliness have continued to decline in recent years. We are addressing this by promoting a PDCA cycle to clarify and improve issues in each workplace

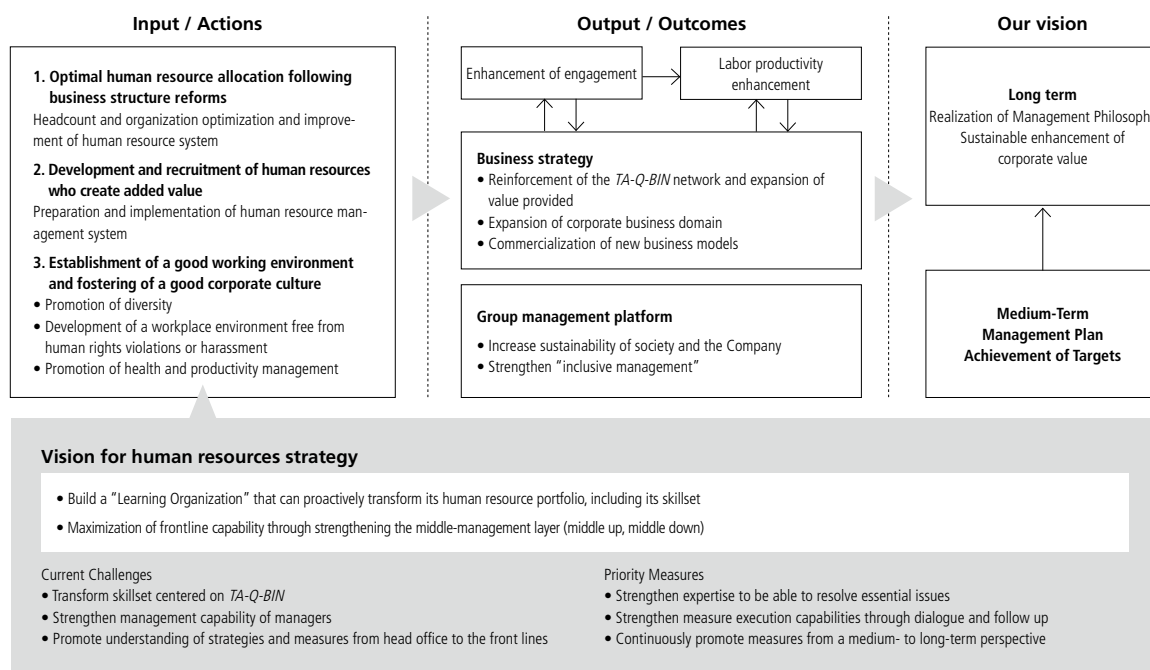
through exchanges of opinions between the employees and the operational managers, who are the leaders. Moreover, at Head Office, each division, such as the digital division or operational division, implemented measures to improve job satisfaction and employee-friendliness for employees, but these were communicated to employees as a unified initiative. We are therefore implementing cross-divisional activities to boost engagement with the EX Promotion Committee, which involves all divisions and has union participation. In addition, we are working to design a system for disseminating information from Head Office to ensure that it is communicated to each frontline employee.

► Human Resources Strategy Coordinated with Growth Domains to Create Added Value

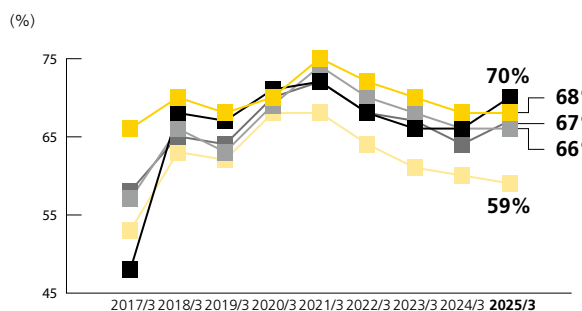
We are also evolving our human resource development program to build up an optimal human resource portfolio. In expanding our corporate business domain, we created a quantitative visualization

of the desired skill set, which comprises skills, knowledge, and mindset, to develop sales personnel in our Global Business in advance, and we will also apply this approach to our Express Business. First, we are taking stock of the current skill set of each employee to visualize areas that need to be supplemented. Then, we will use this information to conduct organizational and human resource management that elicits the maximum engagement of human resources, including a revamp of our human resource systems. We are also working on preparing systems to support employees in autonomous management of their careers. We have introduced an internal job-posting system for experiences and jobs that employees need for their growth and created pathways for each employee to take up challenges in order to achieve this. These initiatives have started from Head Office and, by introducing them in stages to frontline positions, we will create a ripple of positive impact that will lead to the sustainable growth of both employees and the Company.

Promoting Human Resource Strategies Linked to Management Strategies

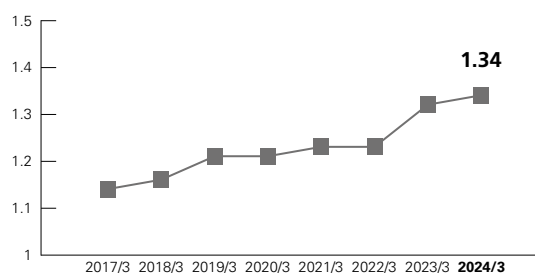


Employee Awareness Survey Results*1



■ Employee-friendly ■ Sense of growth ■ Sense of contribution to the Company ■ Rewarding
*1 Scope: consolidated companies in Japan and Swan Co., Ltd.

Human Resource Productivity*2



*2 (consolidated operating revenues – consolidated subcontracting expenses) / consolidated personnel expenses

Human Resource Strategy

Optimal Human Resource Allocation following Business Structure Reform

To realize sustainable growth, the Group is working to optimize its human resource allocation in conjunction with its business structure reforms by optimizing the organization and headcount and revising evaluation and compensation schemes.

In the year ended March 31, 2024, the Group started outsourcing its postbox delivery service operation to the Japan Post Group, aiming to make effective use of the management resources and increase the sustainability of the logistics industry overall. In tandem with this, the Group reallocated employees who had been working on the postbox delivery service to positions in and outside the Company.

- **Internal reallocation:** We listed positions with staff shortages in the same workplace or nearby Regional Branches, and conducted a reallocation based on the wishes of each employee.
- **Career change support:** We set up a dedicated career change support website and posted information on job openings from associated companies, while supporting employees' career change activities.

To optimize our organization and headcount, we revised the organizational layers and number of positions at Yamato Transport head office, starting from the senior positions (managing executives), and proceeded to streamline the organization and expedite decision making. At the same time, we revised human resource systems to develop and compensate talent with a higher level of practical job implementation based on job definitions.

Going forward, we will continue to promote optimal human resource allocation coordinated with measures in our structural reform of network operations, such as concentration and enlargement of pickup and delivery facilities and operation streamlining. We will also conduct optimization of our organization and headcount over a wider scope, including areas outside the head office and at Group companies, while providing support from a human resource strategy aspect to ensure that our business structure reforms are effective.

Development and Recruitment of Human Resources Who Create Added Value

We prepared a Document for Definitions of Duties, which clearly set out details of duties, and stipulated the necessary organization and roles for executing our management strategy. Based on this definition, we are promoting the operation of a human resources management system that promotes appropriate placement.



Promoting Professional Growth of SDs with Definitions of Duties and Career Path Design

To strengthen the Express Business and increase the Company's sustainability, we are working to define the duties of and design career paths for our Sales Drivers (SDs), who serve as the Yamato Group's contact point with customers through their pickup, delivery, and sales activities. Employees who have acquired high levels of skill and perform well in their sales and pickup and delivery roles are properly evaluated, optimally placed, and then developed and advanced. This will encourage their aspirations and promote their autonomous professional growth, ultimately expanding the earnings capability of the Express Business as well.



Strengthening Recruitment and Development of Sales Personnel Using Talent Maps

We are promoting human resource portfolio transformation based on talent maps that visualize and list the abilities of human resources by business. In the Global Business, which is positioned as one of the growth domains in the Medium-Term Management Plan "Sustainability Transformation 2030 ~1st Stage~,," we have completed talent maps of our sales personnel along three axes: mindset (transformation awareness and ethical perspective, etc.); knowledge (knowledge of services and industries, etc.); and skills (logical thinking and English language ability, etc.), and based on the result, we are promoting the development of human resources along with recruitment of external resources to supplement gaps in ability. In the Contract Logistics Business, we are also making progress with the same approach, and we will expand it to target businesses in stages while working to strengthen our sales capabilities.



Strengthening Recruitment and Development of Human Resources with Digital Skills to Support the Realization of Fully-Digital Operations

We are working to strengthen our recruitment and development of human resources with digital skills and technological capabilities in order to reinforce our development and operation systems over the medium to long term through operation of a professional system designed to offer compensation that is competitive in the market and the establishment of skills development programs.

■ For information about recruitment and development of human resources with digital skills, please refer to **P.38**.



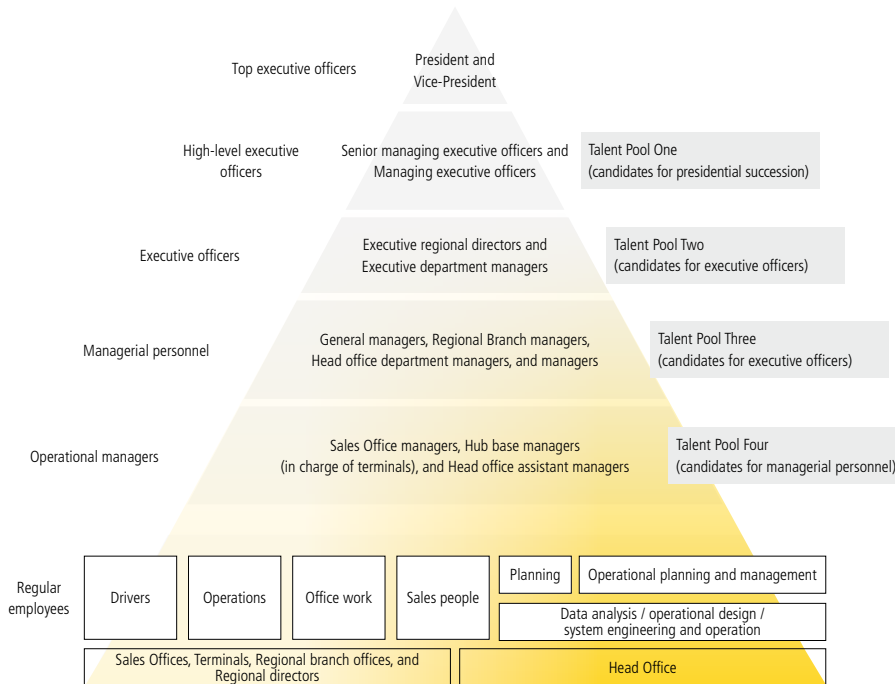
In-House Job Posting System

We introduced an in-house job posting system aimed at supporting employees' autonomous career development and increasing their motivation for self-improvement. In the first fiscal year of the system, the year ended March 31, 2024, we posted jobs for each head office department and 35 of 110 applicants received assignments. We will continue working to enhance the Company's environment to support employees' autonomous growth and career achievement.

► Development of Core Personnel

Based on succession plans, we have formed talent pools, with the president positioned at the highest level. We are systematically providing growth opportunities for each talent pool, such as training programs and challenging assignments. In addition, we offer medium-term development measures for regular graduate recruits and implement measures such as systematic human resource investment based on careful discernment of employee ability and aptitude. Through these measures, we are developing and nurturing human resources for management execution from a medium- to long-term perspective.

Talent Pool Chart



Human Resource Development Measures

Implementation of Selective Training Program

- Next Leader Program
- Future Leader Program
- Leadership Challenge Program

Encouragement of Autonomous Career Development

- Provision of training opportunities to employees who are willing to grow independently
- 10-year development plans for regular graduate recruits
- Implementation of human resource visualization and assessment
- Appropriate placement based on career goals and qualifications

Human Resource Development Program Name	Target	Results for 2024/3	
		Number of Participants	Annual Training Hours per Participant
Next Leader Program	Next-generation executive candidates	16	42
Future Leader Program	Candidates for appointment to senior management roles	66	87
Leadership Challenge Program			
Training prior to assignment in a managerial position	Planned operational management appointees	77	25
Ten-year development plan for regular graduate recruits	Regular graduate recruits	845	26



Group training for regular graduate employees (first year)

TOPICS

● Ten-Year Development Plans for Regular Graduate Recruits

We conduct medium-term training measures for regular graduate recruits based on the pillars of training on an entry-year basis, human resource visualization through assessment, and strategic placement based on individual aptitude. We provide employees with systematic growth opportunities over their first 10 years in the Company to support their autonomous career development, while also implementing systematic placement and development based on their career aspirations and aptitudes. These practices help us to produce human resources who will take over the management of the Yamato Group as its future leaders.

Year	Theme	Training details
1–4	Personal growth	Understanding the group and Human Resource Management Policy, career development, etc.
5–6	Organization growth	Target setting and resilience
7–8	Company growth	Making an impact and transformational leadership
9–10	Contribution to society and customers	Ability to discern issues, integration of learning

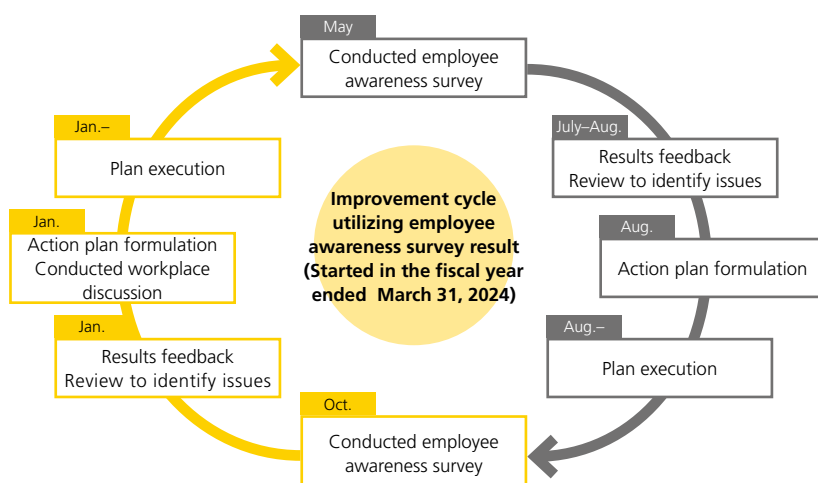
Human Resource Strategy

Establishment of a Good Working Environment and Fostering of a Good Corporate Culture

As a foundation for realizing sustainable growth, we are promoting the cultivation of a corporate culture that respects human rights and diversity and also the development of a working environment where employees can thrive. As a result of measures aimed at increasing each employee's sense of personal growth through their work and their sense of contribution to the growth and development of the Company, we are improving employee-friendliness and job-satisfaction, which will lead to the enhancement of engagement.

► Enhancement of Engagement

At Yamato Transport, we began implementing workplace discussions as a forum for exchanging opinions between frontline employees and management with the aim of encouraging mutual understanding through smooth workplace communication and creating a working environment of mutual respect for diverse approaches and values. As we promote reforms in management and business structure, employee awareness survey results have been trending downward. Given this situation, in the fiscal year ended March 31, 2024, we conducted measures to strengthen the functions of middle management, which is responsible for communicating management's intentions to frontline employees and relaying frontline feedback to management. We held workplace discussions with frontline leaders such as Sales Office Managers and Logistics Center Managers, working to cultivate a mindset for increasing engagement. We also set the theme of "resolving issues in our workplace," and started an initiative to work through a PDCA cycle for workplace improvement by getting the managers to hold discussions with the employees in their own workplaces. Through these initiatives, we aim to improve workplace teamwork and the capabilities of our middle management, and this has brought about a change in employee awareness.



Summary of Workplace Discussions (2024/3 Yamato Transport)

Period: Jan.–Feb. 2024 (held 91 times)
Participants: Regional Branch Managers (facilitating), all employees under the management of the Regional Branch
Implementation method: Face-to-face group discussions



Workplace discussions taking place

INTERVIEW

Increasing Employee-Friendliness and Job Satisfaction

There are about 70 employees at the Shimizu Ejiridai Sales Office, which I manage. They have different working hours and times at the office depending on their type of work. For example, Sales Drivers (SDs) are out all day picking up and delivering, while other employees may be working on short hours on reception or on early morning parcel sorting shifts. Due to this, we had some difficulty in achieving good communication. To embody the Yamato Group's fundamental spirit of "inclusive management," I think it is important to elicit opinions and wishes from employees and reflect these in the management of the Sales Office, and also to increase employees' understanding of my work directives and the information sharing. We are therefore working to invigorate our workplace communication.

My first step was to distribute a consultation inquiry sheet to all employees, so as to start by eliciting and responding to the individual opinions and wishes of all employees, including those who do not communicate easily or who have little contact with me. I feel that this established a sense of safety that made everyone feel able to approach me as the office manager to talk about their concerns. In addition, with the SDs, I aim to use lunch break time to communicate. Having created an atmosphere conducive to discussion, I hold afternoon meetings where I can talk about the policies and initiatives of the Company and our Sales Office. I also try to be inventive with the method of communication, explaining as clearly as possible in my own words the reasons for implementing policies and the benefits for the customer and the Company.

Through this initiative, I have seen individual employees take on a more proactive attitude, thinking about solutions to problems and tackling them without detailed instructions from me. The number of employees taking a positive approach to their work has increased, and I feel that they are working faster on sales activities and initiatives to improve the quality and productivity of operations. By increasing the awareness of our Core Value, "We all represent the company," for each individual, including myself, I am certain that we can serve our customers and our community even more effectively.



Narumi Sugiyama
Manager, Shimizu Ejiridai
Sales Office
Shizuoka Regional Branch

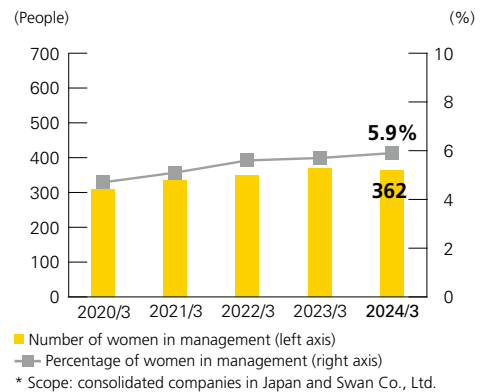
► Development of an Environment Where Diverse Employees Can Play an Active Role and Promotion of Advancement for Women in the Workplace

We recognize that respecting diversity and promoting the advancement of women in the workplace is an important management priority for responding flexibly to changes in the social environment and diversifying social needs, and we are promoting initiatives in line with this.

Under our “Sustainable Medium-Term Plans 2023,” our targets were to double the number of women in management (operational managers) compared with the fiscal year ended March 31, 2021, and ensure 10% of all managers are women. We promoted a program for developing women in the position of Sales Office Manager, a role which accounts for the highest number of management roles in the Yamato Group and held training not only with these participants but also their supervisors on the theme of eliminating unconscious bias. As a result, of the 69 program participants in the fiscal year ended March 31, 2024, 10 have been assigned as Sales Office Managers. Meanwhile, we have recognized through the results of career awareness surveys and other means that there are many employees who aspire to roles other than Sales Office Manager.

We have again set the target for the fiscal year ending March 31, 2027, of ensuring that 10% of all managers are women, and in the fiscal year ending March 31, 2025, we will conduct follow-up measures predicated on placing people not only in Sales Office Manager positions, but in management positions for which they are highly suited. We will also establish role models and mentors for the advancement of women in the workplace in our development plans for regular graduate recruits, aiming to raise their awareness and motivation for career development, aiming for management roles.

Number of Women in Management / Percentage of Women in Management*



INTERVIEW

Developing a Career that Suits Me

I joined Yamato Transport as a part-time administrative employee. Prioritizing childcare while my children were very young, after they reached a certain age I decided to pursue career advancement and became a manager. When I first joined the Company, I had no intention of aiming for a managerial role, but I became involved in staff development for an event held by the Regional Branch that highlighted the role of reception staff at Sale Offices, and, after winning the event, I decided to advance my career to a managerial role. I participated in training for candidate operational managers held by the Regional Branch, where I learned how to be a manager and the importance of human relationships. I also participated in a program for developing female Sales Office Managers, where I was inspired by interacting with other women with the same goal as me.

Currently, I am working as the safety and administration manager at a large-scale pickup and delivery facility*¹ with approximately 160 SDs. My duties include duties related so safety, such as the morning meetings, taking rollcalls for SDs, vehicle inspection checks and ride-along guidance, and I am also responsible for the general management of office work, including reception. I was a little worried that I might not be accepted as a woman with no experience as an SD, but I have been working to build trust relationships by taking care to respond quickly to employees' needs, no matter how small, while working to increase safety awareness. I am conscious that I have employees' lives in my hands, and I am motivated by a desire to see happy colleagues by helping them to do their best.

*¹ Following the consolidation and enlargement of pickup and delivery facilities, operations such as sorting and office work have been consolidated and managers have been assigned responsibility for each operation. We have therefore changed from the previous system in which the Sales Office Managers had management responsibility for all operations to a team system in which operational managers cooperate to manage overall operations. In doing so, we will increase operational proficiency and efficiency.

*² Assigned department and role are current as of the time of writing.



Hiroko Kumashiro
Safety and Administration
Manager,*²
Oji Sales Office,
Johoku Regional Branch,
Yamato Transport

► Creating Work Environments that Are Comfortable for Foreign National Employees

To create a better working environment at Yamato Transport terminals, where many foreign national employees work, we created manuals in multiple languages to aid their understanding of employment regulations and duties, and set up contact points where multilingual consultation is available inside and outside the Company. Furthermore, we are working to further improve working conditions and reduce the risk of work accidents for foreign national employees by establishing personnel systems that introduce “consultation officers” to support these employees in the workplace.

Digital Strategy

The Yamato Group has positioned digital strategy as one of the fundamental strategies for sustainable corporate value increase. Therefore, we are continuously reinforcing the digital-related human resources, organization, technological capabilities, and governance of the entire Group. We are actively promoting digital investments and initiatives such as bringing development and operations inhouse and recruiting and developing human resources to drive digital transformation (DX) in cooperation with the Business Department.

Our Vision Under “Sustainability Transformation 2030 (SX2030) ~1st Stage~”

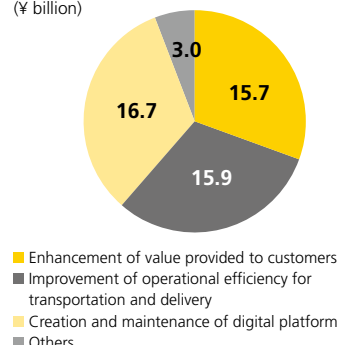
- **Active digital investments to generate effects of business structural reform**
 - Promote projects in cooperation with the Business Department and roll out enhancements of the digital platform
- **Bring digital development and operations inhouse**
 - In strategic development projects, acquire new technologies and speed up development through the use of partners reducing costs by bringing regular development and operations projects inhouse
- **Execute talent development cycle**
 - Promote new graduate and mid-career hiring based on market environment and needs
 - Enhance the technological capabilities of human resources with digital skills and increase digital literacy in the Business Department

Digital Investment

Under the previous medium-term management plan “One YAMATO 2023,” we executed digital investments of ¥51.3 billion in the three years spanning the fiscal year ended March 31, 2022, to the fiscal year ended March 31, 2024. We promoted investments linked to our business structure reforms, such as revamping our digital platform, increasing the efficiency of transport and delivery operations, and increasing the value provided to customers. In executing the investments, we maximized the impact of our investments by closely examining their validity and priority through Digital Governance Meetings, which regulate Groupwide digital investment, and monitoring their progress and results. During the Medium-Term Management Plan “SX2030 ~1st Stage~,” we expect to make digital investments (growth investments) totaling ¥50.0 billion over the three-year period from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2027, aiming to increase profitability and profit growth, including the construction of a fully-digital operation that will contribute to increased efficiency in transport and delivery operations.

Breakdown of Digital Investment (Fiscal year ended March 31, 2022 to fiscal year ended March 31, 2024)

(¥ billion)



Development and Recruitment of Human Resources with Digital Skills

To strengthen our development and operational structure over the medium and long term, we revamped the Digital Specialist System, which is the foundation of our talent recruitment and retention, and began rolling it out. We have created a personnel system that is competitive in the market, providing evaluation and compensation based on specialized skills and business contributions according to the definitions of duties, and offering working conditions that allow a more balanced work style. We leverage this to promote enhancement of our ability to hire and retain human resources with digital skills.

Number of human resources with digital skills

Approx. 270

(FY 2021/3)

Approx. 680

(FY 2024/3)

Initiatives Aimed at Development of Human Resources with Digital Skills (Fiscal Year ended March 31, 2024)

Target	Vision	Content of Training	Attendance Results
Digital Department	Having a high level of expertise, while striving to acquire new skills to continue responding to changes and contributing to business structure reforms on the digital front	Technology training according to definition of duties and skills, such as programming, system development, and project management	Approximately 430 employees
Business Department (Regional Branches)	Collaborate with the Digital Department, promote business structural reforms, and contribute to enhancing profitability	Training aimed at enhancing IT literacy and digital skills	Approximately 180 employees
Business Department (System administrators at Regional Branches)	Support the use of digital tools on the front line to promote further advancement and efficiency through creative innovation	Training aimed at reinforcing digital utilization skills	Approximately 110 employees
Total			Approximately 720 employees

Moreover, we work to develop human resources with digital skills through the visualization of individual skills and training, while also conducting training to enhance digital literacy for the Business Department. We aim to strengthen cooperation between the Digital Department and the Business Department and maximize the effect of these measures.

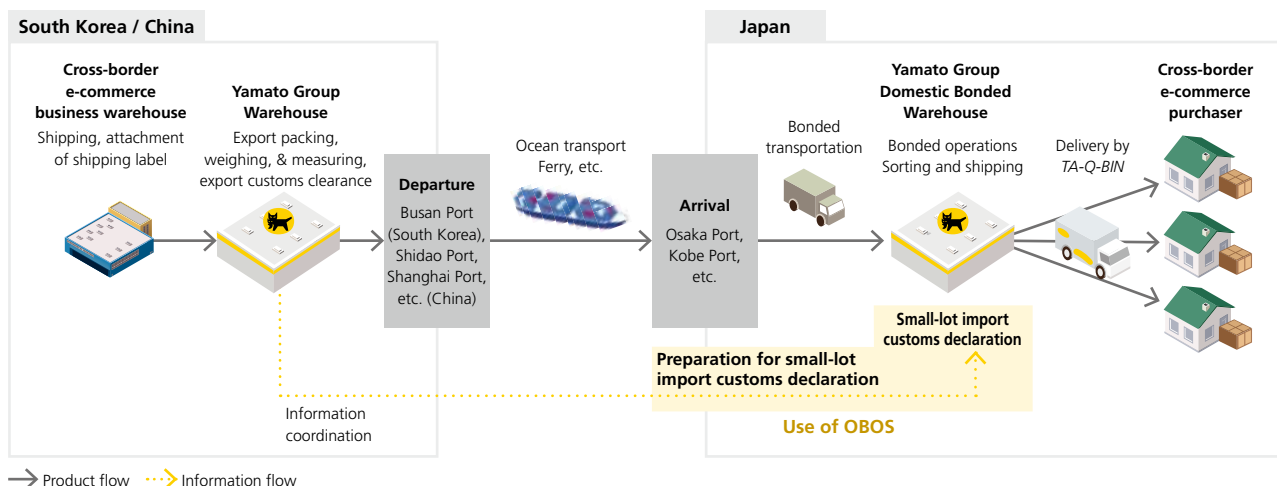
Expansion of Value Provided Together with the Business Department

► Development and Provision of Systems for Supply Chain Optimization of Cross-Border E-Commerce Businesses

The global market for cross-border e-commerce is expanding. In Japan, the individual buyer segment is expanding, with imports of items such as apparel, cosmetics, and other products from South Korea and China resulting from the spread of social media and other factors. The primary mode of transport is air, where simple import declaration procedures using manifests and the like are applied. The procedure for ocean transportation is not simple, as it requires time and effort to prepare customs declarations for each purchaser. However, the recent market expansion and changes in the external environment are driving an increase in needs among cross-border e-commerce businesses for the use of ocean transportation, which enables large-volume transportation, while reducing transportation costs and GHG emissions.

In a joint undertaking with LIBERTYCOM, a company with extensive experience in developing import / export customs clearance and bonded systems for small-parcel cargo, Yamato Transport has developed OBOS,* a system that facilitates these procedures for small-parcel ocean cargo. OBOS automatically sorts the cargo data for an entire shipment into small-lot data that can be used for import customs clearance, thereby streamlining the import customs procedure. Furthermore, by linking the customs declaration data to the tracking number attached to the parcels, cargo that has import approval can be quickly identified and sent out for delivery inside Japan, enabling speedy customs clearance and bonded cargo operations for the maximum volume of small-lot cargo, and contributing to optimal logistics and cost reduction for cross-border e-commerce businesses. We have obtained patents for this technology, and we are promoting expansion of the corporate business domain through appropriate, high-quality customs operations through the use of data.

* Ocean BtoC Operation System



► Digitalization of Shipping Label Data to Support the Building of Fully-Digital Operations

The Yamato Group is proceeding with the building of fully-digital operations within the structural reforms of its network operations, aiming for automation of work instructions and optimal allocation of management resources according to operation volume. An essential part of achieving this is the digitalization and use in operations of parcel information, such as delivery address and requested delivery time. To this end, we are working to digitalize shipping labels by providing a shipping label printing system and linking with the systems of e-commerce platform operators. In addition, we are also working to digitalize shipping label information by using AI-OCR* technology for parcels with handwritten shipping labels, for example when customers directly send items purchased as gifts from department stores and so forth. Through these efforts, we aim to increase the rate of digitalization without compromising customer convenience.

The digitalization rate for our current cargo is about 90%, and we will achieve full-digitalization of parcels by increasing the convenience of the shipping label printing system, increasing the reading accuracy of handwritten shipping labels, and introducing a system to automatically correct reading errors. These initiatives will help to optimize resource allocation, streamline operations, and expand the value provided to customers.

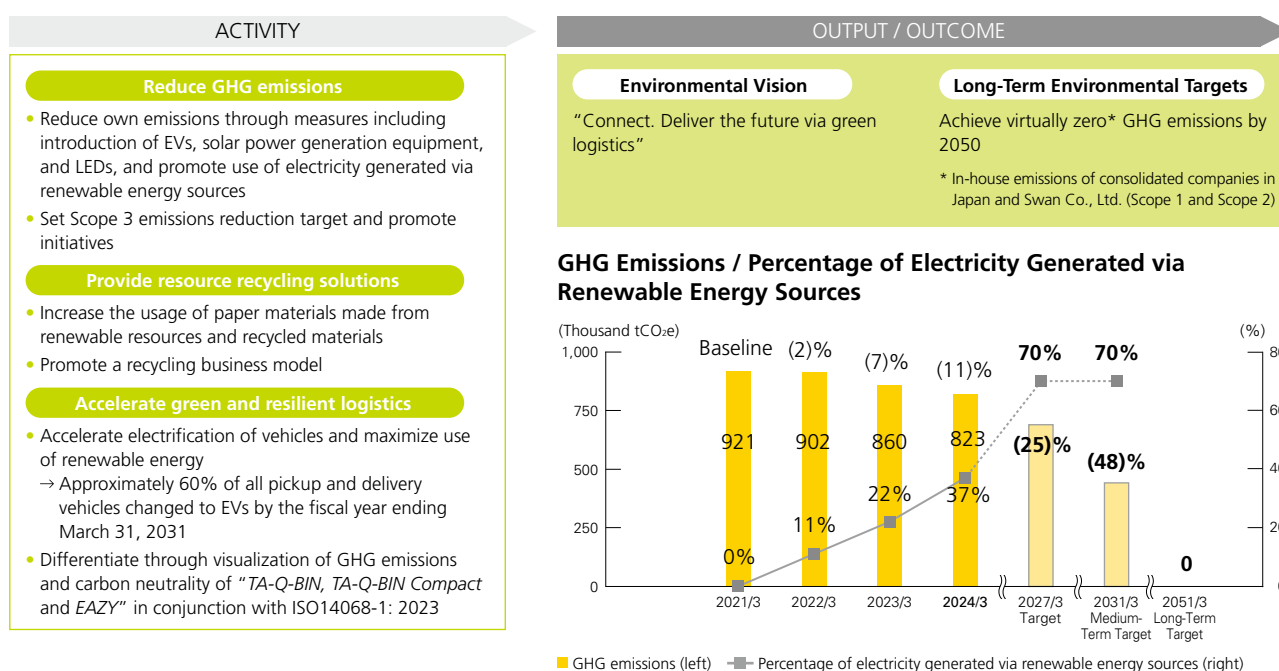
* Optical character recognition (OCR): technology that uses artificial intelligence (AI) to convert image text at high resolution into character data
→ For information about building fully-digital operations, see P.24.

Environmental Strategy

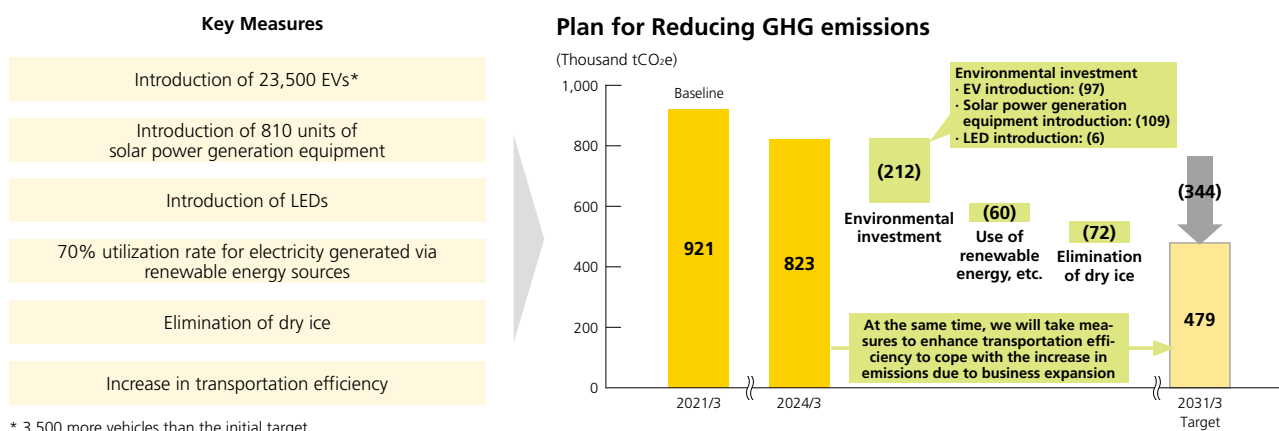
We are promoting environmentally-conscious management, based on our Environmental Vision, to achieve both sustainable business growth and the development of a sustainable society.

Under our Sustainable Medium-Term Plans 2023, which concluded in the fiscal year ended March 31, 2024, we achieved our target for reducing greenhouse gas (GHG) emissions by promoting measures such as introducing electric vehicles (EVs), solar power generation equipment, and LEDs and improving transport efficiency. We also found that initiatives to reduce GHG emissions led to improvements in energy efficiency that helped to right-size our costs and expanded the value provided to customers. Under the medium-term management plan, "Sustainability Transformation 2030 ~1st Stage~, " we are further promoting measures to reduce our GHG emissions (own emissions) as well as working to reduce GHG emissions throughout our supply chain. Moreover, by providing solutions to environmental issues facing society and our customers, we aim to increase the sustainability of companies and society.

Overview of Environmental Strategy



► Plan for Reducing GHG Emissions to Achieve Medium-Term Targets (FY2031/3)



Reduction in GHG Emissions

► Promotion of EV Introduction

As one key measure for reducing GHG emissions, the Yamato Group is promoting the trial and introduction of EVs. We are introducing the small, commercial-battery electric vehicle (BEV) truck, "Hino Dutro Z EV," and the 2-ton truck type EV "eCanter" based on

coordination with our facility strategy and regional characteristics. We are also conducting a trial of the light EV “MEV-VAN Concept” with a view to practical application of battery swapping. With this trial, we are working to realize more efficient energy management, including reduction of waiting time for charging and helping to level electricity usage peaks.

Number of EVs

565
(FY 2021/3)

2,275
(FY 2024/3)

TOPICS

We have been working to establish energy management for resolving issues associated with the introduction of EVs, such as an increase in electricity usage and power usage peaks due to simultaneous charging at night, by conducting fitting and removal, exchange, and transportation of batteries using cartridge batteries.

We are promoting demonstration projects in Gunma Prefecture, which have been subsidized by the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency in Japan. These demonstration projects include examining and developing a charging scheme to support mass introduction and operation of EVs and a management system to control electricity usage peaks.

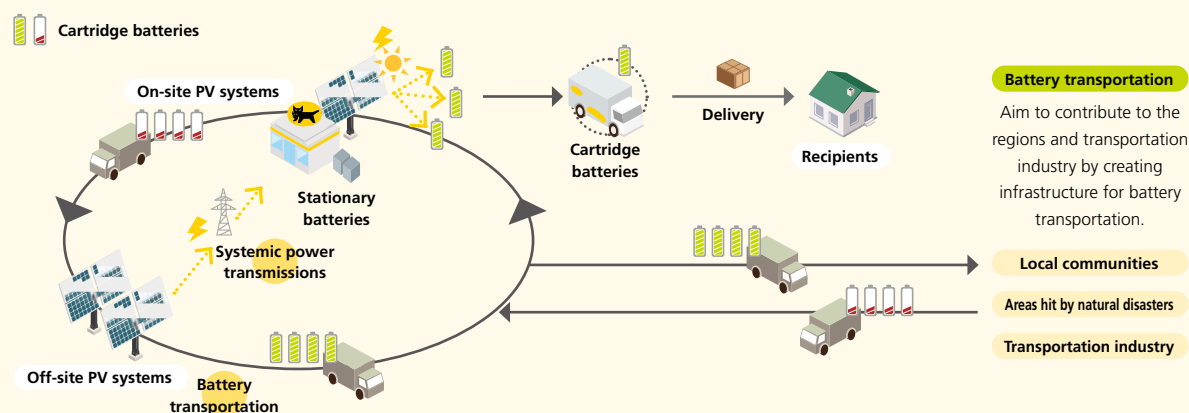
Demonstration period / Area	Fiscal Year Ending March 31, 2023, to Fiscal Year Ending March 31, 2031 (Scheduled) / Gunma Prefecture
	By FY2024/3 200 EVs / Achieved (Result: 200 EVs)
KPIs	Conversion of all vehicles into EVs and reduction of 5,000 tons of CO ₂ emissions* generated by vehicles by fiscal year ending March 31, 2027 Conversion of all vehicles into EVs with cartridge batteries and reduction of 7,500 tons of CO ₂ emissions* generated by vehicles by fiscal year ending March 31, 2031

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

Note: The prerequisite coefficient for CO₂ emissions is 0.000447tCO₂/kWh (Ministry of Environment, the emission coefficients of individual power companies, etc.; TEPCO base CO₂ emission coefficient for the fiscal year ended March 31, 2021).

Reference: https://ghg-santeikohyo.env.go.jp/files/calcr04_coefficient_rev4.pdf (Japanese only)

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



Establishment of an Energy Management System

We are working to enable operation of large numbers of EVs at large-scale facilities by examining efficient charging schemes using energy generated by solar power generation equipment and developing an energy management system to visualize and level out electricity supply and demand.



Start of operation of a model store for energy management



Storing surplus electricity generated during the day to use at night to reduce electricity usage in peak hours

Trial of EVs with Cartridge Batteries

To enable introduction of EVs with cartridge batteries to achieve both vehicle operation and charging, we are testing factors such as environmental impact reduction effect, practicality, and vehicle performance, and taking steps towards practical implementation.



Honda “MEV-VAN Concept,” used for the trial



A Sales Driver exchanges a battery

► Toward Reduction of GHG Emissions throughout the Entire Supply Chain

From the fiscal year ended March 31, 2024, we have started measuring GHG emissions of outsourcing partners providing trunk-route transportation based on their traveling distance data. Going forward, we will expand the scope of measurement, formulate reduction plans based on the collected data, and build support systems with transportation partners to promote more effective GHG emissions reduction measures throughout the supply chain.

Environmental Strategy

Acceleration of Green and Resilient Logistics

The Yamato Group is working to realize robust logistics that will withstand environmental changes as an infrastructure supporting a sustainable society. We are also working to provide value through the provision of solutions to environmental issues.

► Realization of Carbon Neutrality in Our Three Parcel Delivery Products

Yamato Transport has implemented a Carbon Neutrality Declaration for its three parcel delivery products: *TA-Q-BIN*, *TA-Q-BIN Compact*, and *EAZY*. The declaration indicates that the Company achieved Carbon Neutrality*¹ compliant with the international standard ISO 14068-1:2023*² in the fiscal year ended March 31, 2023, and states the company's commitment to realizing carbon neutrality for the three parcel delivery products by 2050 through continued ongoing initiatives to reduce its own GHG emissions associated with business activities. The declaration has been verified by the third-party institution BSI Group Japan K.K..

Through the provision of transport services with consideration for climate change, we will promote further use of our services by both individual and corporate customers.

→ For further information about the expansion of value provided through carbon-neutral delivery, see P.22.

*1 A status where GHG emissions are decreased and any remaining GHG emissions above zero are offset during a specified period

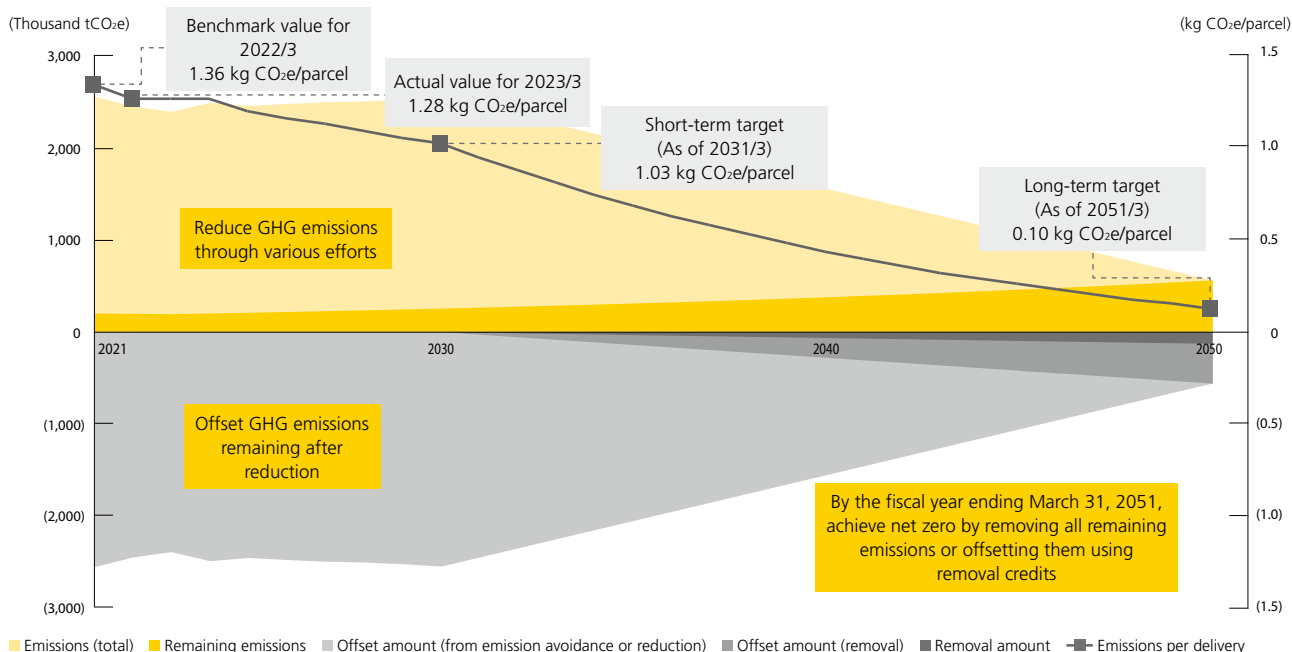
*2 An international standard specifying principles and requirements for achieving and verifying carbon neutrality



Carbon Neutral Delivery

► The Road to Carbon Neutrality by 2050 for Our Three Parcel Delivery Products

We have set target values for GHG emissions per parcel of *TA-Q-BIN* (emissions intensity) in line with our target to achieve the common global target of Net-Zero in 2050 and Japan's nationwide target. We aim to achieve net zero in 2050 by promoting measures to reduce GHG emissions, while also using removal activities and removal-based carbon credits to offset any remaining emissions that cannot be eliminated from our supply chain.



Please see the Company's website for further details.

🌐 https://www.kuronekoyamato.co.jp/yt/en/csr/takkyubin_carbonneutrality/

Disclosures Based on the Recommendations of the TCFD

The Yamato Group expressed its agreement with the Taskforce on Climate-related Financial Disclosures (TCFD) in the fiscal year ended March 31, 2023, and has been disclosing information based on that framework. In the fiscal year ended March 31, 2024, we revised our scenario analysis based on a renewal of the indicators used for analysis, and the result of continuous examination of the impacts of risk and opportunities, and confirmed that there is no significant change in the direction of our strategy. We will continue to conduct regular reviews and reflect these in our management strategy.

► Governance

The Yamato Group Environmental Committee, chaired by the president, deliberates and makes decisions with regard to environmental issues, including climate change, with the Board of Directors supervising the status of execution. Executive officers assigned to the environment field, executive officers in charge of each region, and representative directors of Group companies are responsible for the reliable implementation, maintenance, and supervision of environmental management as “environmental officers,” while all managers and heads of frontline organizational structures are responsible for managing environmental risks and opportunities, including climate change as environmental managers.

► Risk Management

We have created a dedicated department responsible for promoting the Groupwide response to climate change. We also hold annual meetings of the Yamato Group Environmental Committee, which is chaired by the representative director and comprises the executive officers and others as well as representative directors of the main Group companies. The committee deliberates and makes decisions regarding issues and risks related to the environment, including climate change.

► Strategy * Updated areas: ●

Scenario Analysis and Evaluation of Business Impact ●

Based on two scenarios (1.5°C and 4°C), we have identified the risks and opportunities for Yamato Transport and conducted an analysis and business impact assessment of the risks that have a significant impact on management.

Financial impact assessment	2030	2050
Carbon tax introduction	¥15.7 billion	¥28.1 billion
Abnormal weather events / disasters	¥1.9 billion	¥3.8 billion
Floods	¥0.4 billion	¥0.43 billion

* Estimated using carbon tax prices of \$140 per ton (2030) and \$250 per ton (2050)

Direction of Countermeasures

- (1) Response to carbon tax introduction
 - Introduction of low-carbon vehicles (mainly EVs), installation of solar power generation equipment, etc.
 - Examine introduction of internal carbon pricing aimed at proactive capital investment for transition to low-carbon
- (2) Response to abnormal weather and disasters
 - Opening of offices 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
 - Testing for use of renewable energy and EVs with cartridge batteries that enhance resilience
- (3) Initiatives to capture opportunities presented by the increase in environmental awareness among consumers and customers ●
 - Further promotion of service use by individual and corporate customers through the provision of transport services with consideration for climate change (development of tools to visualize GHG emissions and carbon neutral delivery, etc.)
 - Commercialization of new business models using expertise accumulated through environmental investment and verification testing

► Metrics and Targets

GHG Emissions Reduction Target*1*2

Short term (FY2024/3): 10% reduction
 → Result: 11% reduction (achieved)
 (FY2027/3): 25% reduction
 Medium term (FY2031/3): 48% reduction
 Long term (by 2050): Virtually zero emissions

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

*2 Compared to the fiscal year ended March 31, 2021.

Target Percentage of Electricity Generated via Renewable Energy Sources

Short term (FY2024/3): 40%
 → Result: 37%
 (FY2027/3): 70%

We will create green logistics in collaboration with our business partners to reduce GHG emissions across the entire value chain (Scope 3), and promote specific preparations for acquiring the Science Based Targets* 1.5°C certification.

* Targets for reducing GHG emissions set by companies for the next five to ten years, in line with the levels required by the Paris Accords

Please see the Company's website for further details.

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

Sustainable Management

At a time when society as a whole is facing many urgent issues that must be addressed, such as climate change, the declining work-force, human rights, and inequality, it is becoming increasingly important that all corporations also respond to such social issues. Based on these circumstances, the Yamato Group is promoting sustainable management with the aim of realizing the improvement of medium- to long-term corporate value and a sustainable society.

Vision for the Environment and Society

Environmental Vision

**Connect. Deliver the future
via green logistics**



Social Vision

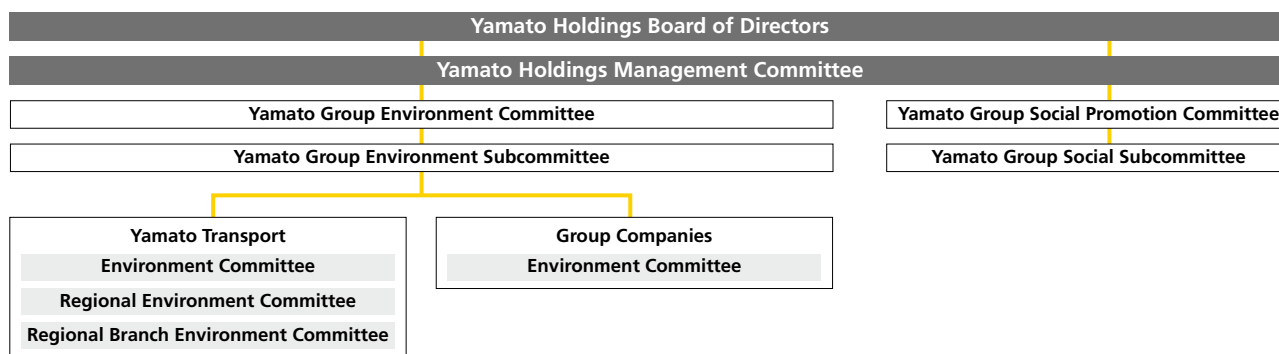
**Through co-creation and fair business
activities, help create a society that
“leaves no one behind”***



* To leave no one behind: A basic philosophy of the SDGs

Sustainability Promotion System

The Yamato Group discusses and makes decisions on sustainability matters at the Management Committee meetings and Board of Directors meetings. To promote sustainable management, the Yamato Group Environment Committee and Yamato Group Social Promotion Committee, which are chaired by the President and comprise the executive officers of Yamato Transport and presidents of major Group companies, meet once a year to discuss and make decisions on issues related to sustainability. Further, three subcommittees in the environmental field (energy, climate, and pollution; resources and waste; and management and collaboration), and three subcommittees in the social field (human rights and diversity; supply chain management; and local communities) each meet three times a year, considering measures and implementing progress checks.



Material Issues

Based on risks and opportunities in the Yamato Group's businesses, we identified important material issues that contribute to realizing a sustainable society and improving medium- to long-term corporate value. Among these issues, we recognize that Energy & Climate, Labor, Human Rights & Diversity, and Data Utilization & Security have a particularly significant impact on the Group's sustainability. As such, we are promoting initiatives in conjunction with business structure reforms.

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 and narrowed down candidates for material issues.

STEP 2 Hold Stakeholder Dialogues (November 2019)

We invited experts from universities, international institutions, and securities companies and exchanged opinions on material issues and the expected role of the Yamato Group in solving environmental and social issues.

STEP 3 Identifying Material Issues (January 2020)

At the same time as identifying material issues, we formulated the transformation plan "YAMATO NEXT100" as a grand design for management reform over the medium to long term.

Material Issues	Themes of Initiatives	Vision	Risk / Opportunity	Related SDGs
 Energy & Climate	Mitigate climate change	Reduce GHG 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	       

Strategy

The Yamato Group has announced its vision for the environment and society in the medium- to long-term grand design, "YAMATO NEXT100", in order to increase the Group's corporate value in the medium to long term and create a sustainable society. In addition, the Group has identified its priority materialities. Guided by the Yamato Group Environmental Policy, the Yamato Group Human Rights Policy, the Diversity Policy, and the Yamato Group Responsible Procurement Policy, the Group has promoted initiatives based on the "Sustainable Medium-Term Plans 2023," which set out specific actions on the materialities and targets to be achieved by the fiscal year ended March 31, 2024. As a result, the Group achieved its targets for reducing greenhouse gas (GHG) emissions (in-house emissions) and has also clarified issues to be addressed for items that have not yet been achieved.

From the fiscal year ending March 31, 2025, the Group has set out its vision for 2030 as "a value-creating company that contributes to the realization of a sustainable future," and has started its medium-term management plan ending in the fiscal year ending March 31, 2027, "Sustainability Transformation 2030 (SX2030) ~1st Stage~." We will generate economic value by working on initiatives such as profit growth by reinforcing the *TA-Q-BIN* network, expansion of the corporate business domain through the provision of business solutions, commercialization of a new business model to address the diversifying needs of customers and society, and strengthening sustainable management. At the same time, we will also create environmental value and social value through initiatives for the sustainability of society.

Please see the next page for information regarding the results of the "Sustainable Medium-Term Plans 2023" and measures and indicators for "SX2030 ~1st Stage~."

Sustainable Management

Results of “Sustainable Medium-Term Plans 2023” and Targets for the Fiscal Year Ending

Domain	Material Issues	Main Targets under “Sustainable Medium-Term Plans 2023”	Results (2024/3)	Achievement Status
Environment	Energy & Climate	Reduce GHG emissions 10% compared with the fiscal year ended March 31, 2021 ^{*1}	11% decrease	○
		Reduce GHG emission intensity 10% compared with the fiscal year ended March 31, 2021 ^{*1, *2}	8% decrease	×
		Achieve 40% usage rate of electricity generated via renewable energy sources ^{*3}	37% usage rate	×
	Atmosphere	Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021 ^{*4}	NOx emissions: 33% decrease / PM emissions: 33% decrease	○
		Introduce vehicles that emit fewer air pollutants	Introduction of 8,951 vehicles	○
	Resource Conservation & Waste	Use 55% renewable resources and recycled materials for paper materials ^{*5}	64%	○
		Provide products utilizing recycled materials and resource saving materials	Created improved samples for three packaging material products, confirmation of resource reduction effect. Phased in new products to replace older type.	○
		Reduce landfill disposal rate (final disposal rate) to 5% or less ^{*6}	5%	△
	Resilience of Companies & Society	Advance green logistics in collaboration with our business partners	Completed preparation for ascertaining transportation partners' GHG emissions and started measuring them	○
		Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change)	Started trials for practical application of a EVs with cartridge batteries	○
		Provide environmentally-friendly products and services ^{*7}	Developed GHG emissions calculation system (construction of a system designed around calculation logic)	○
Society	Labor	Improve operating revenue per employee (compared with the growth rate for the fiscal year ended March 31, 2021)	16.3% increase	○
		Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021	7.2% decrease	△
		Achieve 90% annual paid leave utilization	89.4%	△
	Human Rights & Diversity	Achieve 100% attendance at human rights training for all employees ^{*3}	Conducted human rights education for all target employees	○
		Ensure percentage rate of employees with disabilities is 2.5% ^{*3}	3.1%	○
		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 ^{*3}	1.1 times (362 women) / 5.9%	×
	Safety & Security	Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible) ^{*3}	Zero	○
		Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020 ^{*3}	26% decrease	×
		Achieve zero serious occupational accidents (work-related deaths) ^{*3}	1 incident	×
		Reduce frequency of lost workday injuries ^{*8} by 20% compared with the fiscal year ended March 31, 2020 ^{*3}	4% increase	×
	Data Utilization & Security	Development of infrastructure for creating businesses that utilize data to resolve social issues ^{*3}	Developed an infrastructure for creating businesses that utilize data to resolve social issues	○
		Achieve zero serious information security incidents ^{*3}	Zero	○
		Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers ^{*4}	100% 100%	○
	Supply Chain Management	Complete development and demonstration of monitoring framework ^{*4}	Completed	○
	Community	Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues ^{*3}	Completed	○

^{*1} In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) ^{*2} tCO₂e/operating revenues of ¥100 million

^{*6} Equivalent to reduction by half compared with the past ^{*7} Products and services with environmental value and a low burden on the environment

^{*9} Standards for calculating and reporting GHG emissions from transportation ^{*10} Companies/offices subject to Yamato Group health insurance

March 31, 2027

Results and Issues		Targets for the Fiscal Year Ending March 31, 2027
<ul style="list-style-type: none"> Progress on measures including introduction of EVs and solar power generation equipment, utilization of electricity generated via renewable energy sources, and increase in transportation efficiency Please refer to P.40 for details 		Reduce GHG emission by 25% compared with the fiscal year ended March 31, 2021
<ul style="list-style-type: none"> Progress on switching to a selection of electricity generated via renewable energy sources and use of solar power generation 		70% of electricity generated via renewable energy sources
<ul style="list-style-type: none"> Progress on replacement of vehicles over 15 years old, which have high NOx and PM emissions Promoted EV introduction in cooperation with automakers to achieve both environmental and practical performance Please refer to P.41 for details 		Reduce NOx and PM emissions from vehicles by 40% compared to the fiscal year ended March 31, 2021 Introduce 8,500 EVs Introduce 2,700 low pollution vehicles (ICE) (3 year total)
<ul style="list-style-type: none"> Expanded renewable resources and recycled materials used for containers and utilization of packaging material Changed specification of specialized transport materials for precision instruments and sake bottles to one that uses less cardboard and film 		<ul style="list-style-type: none"> 65% use of recyclable and recycled resources in paper materials Promotion of circular business model
<ul style="list-style-type: none"> Continued discussions with waste treatment operators on method for waste treatment and sorting 		Reduce landfill disposal rate (final disposal rate) to 5% or less
<ul style="list-style-type: none"> Completed a system that enables transportation partners' GHG emissions to be ascertained based on travel distance information Please refer to P.41 for details 	New	Complete setting Scope 3 GHG emissions reduction targets
<ul style="list-style-type: none"> Conducted a trial for pickup and delivery service using EVs with cartridge batteries that achieve EV charging and operation Please refer to P.41 for details 	New	Provision of services utilizing environmental investment and demonstration test expertise Please see P.30 for details
<ul style="list-style-type: none"> Developed a GHG emission visualization tool based on the ISO 14083:2023*9 international standard and progress on preparation for deployment Announced Carbon Neutral Declaration for three parcel delivery products Please refer to P.42 for details 		<ul style="list-style-type: none"> Increase accuracy of tools to visualize GHG emissions Utilize carbon neutral delivery
<ul style="list-style-type: none"> Built a human resource management system based on definition of duties Promoted increases in employee-friendliness, job satisfaction, and operation efficiency through workstyle reform and optimal human resource allocation linked to structural reform of network operation → Continue working to strengthen human resource operations with a view to further increasing employee-friendliness and job satisfaction → Maintain and reinforce occupational health management and promote measures to support autonomous career development Please refer to P.34 for details 	New	<ul style="list-style-type: none"> Enhance labor productivity Strengthen engagement Ensure 100% attendance rate for specific health checkups*10 Encourage the aspiration of operational managers to step up to the next level*4
<ul style="list-style-type: none"> Implemented education on human rights and harassment training with a view to cultivating a corporate culture free from human rights violations → Continue to reinforce employee education and take steps to implement human rights due diligence 		Ensure 100% attendance rate in human rights and harassment training for all employees
<ul style="list-style-type: none"> Created manuals for standardizing methods for recruiting and retaining people with disabilities 		Ensure percentage rate of employees with disabilities is 3.1%
<ul style="list-style-type: none"> Promoted cultivation of career awareness through a program to develop female Sales Office Managers and measures for developing university graduates → Review development programs and build a system for systematic placement and development based on individual career aspirations and aptitudes Please refer to P.37 for details 		Ensure the percentage rate of women in management roles is at least 10%
<ul style="list-style-type: none"> Increased knowledge and skills through development of safety expert role Progress on accident prevention through safety education using drive recorders and the introduction of vehicles fitted with safety equipment Strengthened measures to prevent overturning of forklifts and roll-box pallets, which result in major accidents → Review safety management system to prevent occupational accidents and upgrade work environment and safety equipment → Review driver training system and continue to introduce vehicles fitted with safety equipment Please refer to P.49 for details 		Number of traffic accidents where bodily injury occurs Reduce by 15% compared with the fiscal year ended March 31, 2024*4 Frequency of lost workday injuries Reduce by 15% compared with the fiscal year ended March 31, 2024*4
<ul style="list-style-type: none"> Established contact points that utilize data and rules regarding data usage and completed operational structure for knowledge accumulation Completed information security training for all employees in Japan Revised information security guidelines 		Achieve zero serious information security incidents <ul style="list-style-type: none"> Conduct information security training for all employees*3 Conduct email trainings for employees and share information to strengthen cybersecurity
<ul style="list-style-type: none"> Constructed a monitoring system through feedback from monitoring of major suppliers and commitment to guidelines Please refer to P.48 for details 	New	Ensure 100% support from major business partners regarding the Guideline
<ul style="list-style-type: none"> Established an evaluation index for measuring the effect of projects to address local (social) issues, and promoted the centralization of information on initiatives with local governments to contribute solutions for social issues, as well as the creation of sales tools Appointed approximately 130 Sustainability Ambassadors to promote sustainability activities in the local community and started internal promotion activities for employees 	New	Promote employee participation in corporate citizenship activities, including Group companies

*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.

*8 Number of work-related fatalities and injuries caused by accidents resulting in one or more lost workdays per million working hours

Sustainable Management

Supply Chain Management

The Yamato Group operates its businesses with the support of numerous business partners and building a healthy and sustainable supply chain is therefore an important issue for us. We aim to support the sustainable growth of the Yamato Group, our business partners, and society through procurement activities that are environmentally and socially considerate, based on fair, equitable, and honest business transactions with partners in accordance with our basic policy.

For more details of our policies regarding supply chain management, please refer to our corporate website.

🔗 Supply Chain Management
<https://www.yamato-hd.co.jp/english/csr/society/scm.html>

► Development of a Monitoring Framework

Under the “Sustainable Medium-Term Plans 2023,” we had been working with suppliers selected based on criteria such as the Group’s priority risks and transactions amounts to form a shared awareness through dialogue and to ascertain their current status, while also holding briefings for them to explain our initiatives in order to obtain their understanding and agreement. In addition, we ascertained the status of each supplier by conducting a questionnaire on their initiatives for issues such as human rights and the environment, then provided feedback and continued monitoring based on the questionnaire results.

We will continue working to strengthen communication with an even wider range of suppliers, reviewing support and evaluation criteria based on the results of questionnaires, and working with suppliers to promote initiatives for human rights and the environment.

► Creation of Solid Relationships with Transportation Partners

The Yamato Group outsources services such as trunk-route transportation in its *TA-Q-BIN* network to partners. We are focusing on building sustainable supply chains through the creation of solid relationships with transportation partners in response to changes in the external business environment, such as a shrinking domestic workforce and rising energy prices, as well as the need to reform workstyles for drivers.

Promotion System

The Partnership Promotion Section established at Yamato Transport is taking the lead on providing continuous employee training for proper business transactions, holding regular discussions with partners, and looking at ways to support transportation partners in light of the “2024 problem,” caused by the introduction of a cap on overtime work for drivers in April 2024. We monitor the status of transportation partners’ operations and provide a 24-hour call center for them to create an environment that is more conducive to communication. In addition, external experts monitor the status of these initiatives in order to strengthen governance by creating a system for providing advice and reporting to management.

Initiatives

• Elimination of Long Working Hours

We have been phasing in operation of a system that clearly states the position of working hours in a contract and then pays additional wages based on actual performance data when extra hours are worked. We are also working our way through a revision of timetables of trucks that are prone to causing long working hours in an effort to ensure appropriate working hours.

• Ascertaining Load Volume

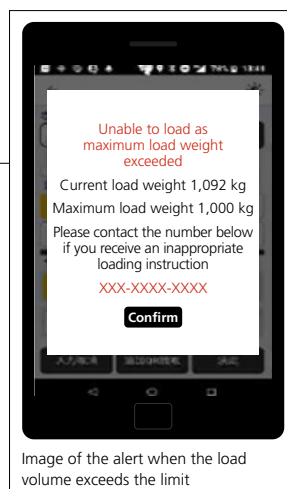
The load volume of the truck is entered into the mobile device, which displays an alert if the load volume exceeds the limit as part of our efforts to prevent overloading.

• Appropriate Payment for Ancillary Work

We have phased in the operation of a system in which ancillary work is defined in the contract and payment is made based on the performance data entered into the mobile device.

Check Process

Drivers are provided with mobile devices to monitor the status of operations based on information obtained, such as working hours and load volume. In this way, we have built a process that enables early detection of problems and countermeasures for them.



Safety & Security

Based on its stance of respecting human life and ensuring safety, as laid out in the Group Management Philosophy and Corporate Stance, the Yamato Group thoroughly adheres to its philosophy of placing safety first and business second, positioning respect for human life as a priority at all times. We have created a work environment where employees can work with peace of mind, and we also share our philosophy of respecting human life and ensuring safety, endeavoring to prevent traffic accidents and occupational accidents with our partner companies and business partners.

Indicator	"Sustainable Medium-Term Plans 2023" Targets (Fiscal Year Ended March 31, 2024)	Result	Target (Fiscal Year Ending March 31, 2027)
Number of serious traffic accidents* ¹ (fatal traffic accidents for which the Company is responsible)	Zero	Zero	Number of traffic accidents where bodily injury occurs* ²
Number of traffic accidents* ¹ (where bodily injury occurs)	Reduce by 50% compared to the fiscal year ended March 31, 2020	26% decrease	Reduce by 15% compared with the fiscal year ended March 31, 2024
Number of serious occupational accidents* ¹ (work-related deaths)	Zero	1	Frequency of lost workday injuries* ²
Frequency of lost workday injuries* ¹	Reduce by 20% compared to the fiscal year ended March 31, 2020	4% increase	Reduce by 15% compared with the fiscal year ended March 31, 2024

*1 Consolidated companies in Japan and Swan Co., Ltd

*2 Yamato Transport

► Reinforcing the Safety Management System to Prevent Occupational Accidents

The Safety Department of Yamato Transport is leading the Yamato Group's initiatives to ensure safety. To realize comprehensive safety management based on changes such as the transition to the One YAMATO structure and the consolidation and enlargement of pickup and delivery facilities under the "Sustainable Medium-Term Plans 2023," a safety management and monitoring system based on an Occupational Safety and Health Management System (OSHMS)* has been piloted at certain regional branches and the effect of the system has been confirmed. From the fiscal year ending March 31, 2025, this initiative will be rolled out to all regional branches. We will strive to further enhance the safety management structure and increase the level of safety and health on the front lines, including those of our partners.

* Occupational Safety and Health Management System

A system of safety and health management recommended by the Ministry of Health, Labour and Welfare, that aims to improve the level of workplace safety and health, including prevention of occupational accidents and creation of employee-friendly working environments.

► Driver Training and Education

In addition to increasing the leadership capabilities of the front line through developing the safety expert role and training managers to enhance their knowledge, such as occupational safety and health, we are also striving to enhance safety education for frontline drivers using drive recorder images and data. Given the increase in driving opportunities and traveling distances following changes such as the consolidation and enlargement of pickup and delivery facilities, we have revised the training for newly appointed drivers from the fiscal year ending March 31, 2025, to strengthen actual vehicle drills. In addition to safety education on the front line, we also conduct regular in-house license renewal training in an effort to enhance the driving technique, knowledge, and safety awareness of all drivers.

► Introduction of Vehicles and Equipment

We are working to prevent traffic accidents by installing vehicle safety equipment such as electronic parking brakes that prevent accidents from vehicles moving while unattended and wide-angle rear-view cameras to prevent accidents when reversing. We have prioritized areas with high accident risk in installing this equipment. Furthermore, to build an operating environment where employees and partners can work safely and securely, we are promoting measures such as introducing electric lifting devices as a replacement for forklifts, which have a higher risk of serious occupational accidents, organizing truck berths for loading / unloading, and introducing air coolers and vests with fans to prevent heat stroke.

Message from the Chairperson of the Board of Directors

The Board of Directors Will Strengthen its Supervision and Checking Functions Even Further

Shiro Sugata

Chairperson of the Board / Outside Director



Initiatives for Increasing the Effectiveness of the Board of Directors

Since my appointment as chairperson of the Board of Directors, I have focused my efforts on stimulating discussion and strengthening monitoring to increase its effectiveness. The agenda items to be discussed at the Board of Directors' meetings have traditionally been set by the executive side. However, as the chairperson, I have strengthened the monitoring function by participating from the planning stage and scheduling progress reports on major strategic initiatives into the meeting beforehand. I have also revised the criteria for submitting agenda items. We leave some decisions up to the executive side. For example, individual matters with few elements that require the judgement of the Board of Directors regarding their appropriateness, such as consolidating and closing facilities following structural reforms of network operations. Meanwhile, the Board of Directors focuses on discussing strategic direction and monitoring the effects of investments in large-scale facilities. This has increased the speed of decision making and execution. We have also enhanced the pre-meeting briefings on agenda items, which has sharpened the focus of our discussion and made it more substantive.

I feel that these initiatives have enabled our outside directors to engage more deeply in the discussion, which has made it possible to reflect their recommendations in our management. Our outside directors also participated from the conceptual stage in the formulation of our new Medium-Term Management Plan, "Sustainability Transformation (SX) 2030 ~1st Stage~" which started in the fiscal year ending March 31, 2025. We held numerous discussions with them up to the resolution and public announcement of the plan.

Evaluation of the Previous Medium-Term Management Plan, and Challenges and Outlook for the Medium-Term Management Plan "SX2030 ~1st Stage~"

Under the previous Medium-Term Management Plan "One YAMATO 2023," we promoted Group management structure reforms starting in the fiscal year ended March 31, 2021, in which we integrated Group companies, transferred the shares of Yamato Home Convenience Co., Ltd., and reviewed our business portfolio by withdrawing from *TA-Q-BIN* overseas. We started on business structure reforms, and I consider that we have done extremely well by promoting and starting on specific reforms. These include consolidating and enlarging pickup and delivery facilities and the start of business processing outsourcing in the mailing area in

collaboration with the Japan Post Group. On the other hand, we were unable to respond completely to the rapidly changing external environment and we were unable to fully deliver our anticipated results. We were unable to meet the earnings targets in the previous Medium-Term Management Plan, or those announced at the start of the fiscal year, which I consider to be a significant issue.

Considering these challenges, when we formulated the Medium-Term Management Plan "SX2030 ~1st Stage~," we asked the executive side to set quantitative KPIs that would enable us to clearly define our vision for the company and ascertain our progress toward it. The addition of ROIC as an indicator for realizing management that places more focus on capital efficiency also reflects the opinion of our outside directors.

Furthermore, we considered the limits that we face on the growth potential of the Express Business, centered on *TA-Q-BIN*. We identified the Contract Logistics Business and Global Business as growth domains that are upstream from the express business in order to realize sustainable profit growth and a medium- to long-term increase in corporate value, and requested the formulation of specific plans for their development and expansion. To accelerate the growth of these businesses, I consider M&As to be an important strategy in addition to organic growth, and I will actively encourage resolute decision-making that contributes to increasing corporate value. However, in implementing these M&As, the Board of Directors will monitor the selection process and status of preparations to ensure that the selected candidate is able to produce synergies based on the Yamato Group's medium- to long-term vision. It will also confirm aspects such as the economic rationality and medium-term capital efficiency under the specified conditions.

Efforts to Increase Effectiveness Going Forward

As chairperson of the Board of Directors, I will work on measures to promote even more frank and substantive discussion, including dialogue with shareholders, and strengthen the effectiveness of the Board of Directors. In promoting the Medium-Term Management Plan "SX2030~1st Stage~," we will continue intensive discussion of challenges and strategies that have not yet been fully developed.

In addition, considering the importance of separating execution and supervision, we will leave up to our executive team the matters that should be left up to them as our business experts, while we focus on further strengthening the supervision and control functions of the Board of Directors.

Message from the Chairperson of the Nomination and Compensation Committee

Steadily Developing the Ideal Nomination and Compensation Systems for Achieving Corporate Value Increase over the Medium to Long Term

Mariko Tokuno

Chairperson of the Nomination and Compensation Committee / Outside Director



○ Progress on the Succession Plan

I became chairperson of the Nomination and Compensation Committee two years ago. In my view, the committee is steadily fulfilling its designated role.

Meetings of the committee have a particular focus on the succession of the president. The committee prioritizes courage as a quality required in a president. The committee believes that the ability to settle down and make rational decisions, even under pressure in challenging circumstances, is of the utmost importance. It is therefore advancing the process to identify and develop candidates based on its definition of the ideal president. Outside directors are increasing opportunities for communication with candidates at meetings of the Board of Directors, where candidates report on the state of business execution and explain their proposals. Their explanations and responses to questions enable the committee to assess their qualities of the candidates.

When looking at the talent pool in advancing the succession plan, one difficulty is that the skills and experience of current candidates are too weighted toward traditional businesses. This would make it difficult for the Yamato Group to reform its business portfolio and realize continuous profit growth. Expanding the range of candidates for president by recruiting human resources from outside the Group with expertise in areas to be strengthened and enabling these human resources to engage in friendly competition with internal human resources is crucial. Promoting human resource strategies linked to management strategies and clarifying job specifications and personnel requirements has led to progress in identifying the type of human resources that the Group must increase. The committee will help drive the improvement of the talent pool.

○ Appointment of Outside Directors and Audit & Supervisory Board Members

To improve corporate value over the medium to long term, independent outside directors have an important role to play in enabling the Board of Directors to fulfill its supervisory function. I believe that experience of corporate management is essential to exercise this function. While the Board of Directors of the Yamato Group has a well-balanced composition, with independent outside directors experienced in corporate management in different industries accounting for the majority of members, the Nomination and Compensation Committee discussed further strengthening the Board through the addition of expertise in the logistics industry or

related domains. In the fiscal year ending March 31, 2025, with the approval of the General Meeting of Shareholders, the Board has welcomed Junichiro Ikeda, who has extensive experience and expertise in the maritime shipping industry, as an outside director. I am certain that the addition of Mr. Ikeda will strengthen discussions at meetings of the Board of Directors and further enhance its effectiveness. In addition, Setsuko Ino has become a new Audit & Supervisory Board member. With her extensive finance expertise, experience of working at several global companies, and broad-minded character, I look forward to Ms. Ino further enlivening Board meeting discussions.

○ Expansion of the Ratio of Variable Compensation

Based on the idea of linking performance to compensation, the Nomination and Compensation Committee continuously examines the compensation system, revising it as appropriate to ensure that it provides better motivation to improve corporate value over the medium to long term and encourages the sharing of interests with shareholders. The revision to the officer compensation system in the fiscal year ended March 31, 2022, introduced medium- to long-term performance-linked, share-based compensation. However, given that fixed compensation continued to account for the majority of compensation, the Group has increased the variable component to an appropriate level in relation to benchmark companies in the fiscal year ending March 31, 2025. At the same time, it included return on invested capital, designated as a management metric in "Sustainability Transformation 2030 ~1st Stage~, " as a performance indicator for medium- to long-term performance-linked, share-based compensation.

○ Toward Business Growth Over the Medium to Long Term

Today, the Yamato Group is in the middle of business structure reforms. Creating growth as a company in new domains, in addition to strengthening the Group's traditional core businesses, is essential to increasing corporate value. For a Company of approximately 180,000 employees to achieve change, it must be committed to the pursuit of reform. As chairperson of the Nomination and Compensation Committee, I intend to help create an environment that allows a diverse range of human resources to play an active role and to transform employee mindsets.

Corporate Governance

Basic Position on Corporate Governance

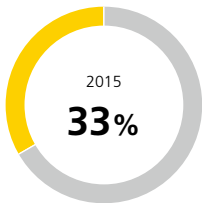
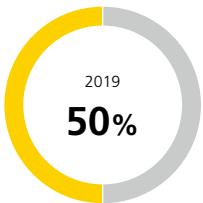
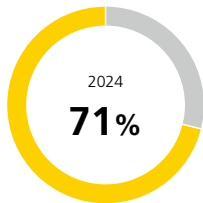
Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities 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, 2024)

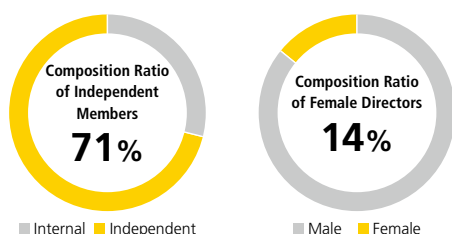
The Company is a Company with an Audit & Supervisory Board. In addition to important management decision-making and the supervision of business execution by the Board of Directors, Audit & Supervisory Board members and the Audit & Supervisory Board, which are independent from the Board of Directors, 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	7
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

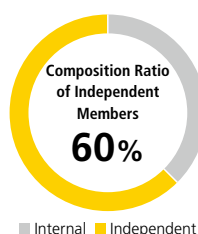
History of the Corporate Governance System

2015–	2018–	2021–
Board of Directors and Audit & Supervisory Board		
2015 <ul style="list-style-type: none"> Transition to a structure in which outside directors comprised at least one-third of all directors 	2017 <ul style="list-style-type: none"> Appointed a female independent outside director 	2019 <ul style="list-style-type: none"> Transitioned to a structure in which independent outside directors comprised one-half of all directors
Composition Ratio of Independent Outside Directors in the Board of Directors		
 <p>2015 33%</p> <p>Internal Directors Independent Directors</p>	 <p>2019 50%</p>	 <p>2024 71%</p>
Systems for Nomination and Compensation		
2020 <ul style="list-style-type: none"> Appointed independent outside members as the majority of members on the Board of Directors Appointed outside members as the majority of members on the Audit & Supervisory Board 		
2022 <ul style="list-style-type: none"> Appointed an independent outside director as the Chairperson of the Board of Directors 		
Other Systems		
2015 <ul style="list-style-type: none"> Established Corporate Governance Guidelines Implemented director training 	2016 <ul style="list-style-type: none"> Implemented evaluation of effectiveness of the Board of Directors 	2018 <ul style="list-style-type: none"> Abolished the advisor position
2020 <ul style="list-style-type: none"> Decided to revise officer compensation system and introduce a performance-linked, share-based compensation system 		
2023 <ul style="list-style-type: none"> Abolished special advisors 		

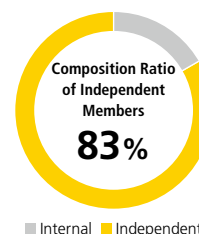
Composition Ratio of the Board of Directors (As of July 1, 2024)



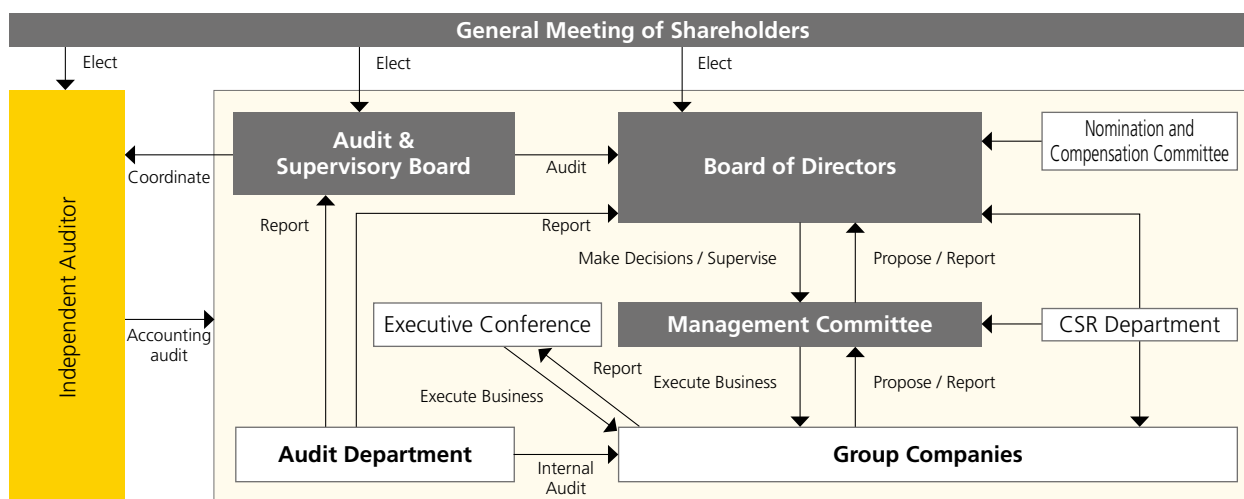
Composition Ratio of the Audit & Supervisory Board (As of July 1, 2024)



Composition Ratio of Nomination and Compensation Committees (As of July 1, 2024)



Corporate Governance Framework



Management Structure

Name	Position	Outside	Nomination and Compensation Committee member	Expertise and Experience						
				Corporate management	Marketing / Sales	Personnel / Labor management	Finance / Accounting	Legal affairs / Risk management	IT / Digital / Technology	Global
Yutaka Nagao	Representative Director, Executive Officer and President		○	●	●	●			●	●
Toshizo Kurisu	Representative Director, Executive Officer and Vice President			●			●	●	●	
Mariko Tokuno	Director	○	○ (Chairperson)	●	●					●
Shiro Sugata	Director	○	○	●	●				●	●
Noriyuki Kuga	Director	○	○	●		●	●			●
Charles Yin	Director	○	○	●	●				●	●
Junichiro Ikeda	Director	○	○	●		●				●
Tsutomu Sasaki	Full-time Audit & Supervisory Board Member			●	●			●		
Yoshito Shoji	Full-time Audit & Supervisory Board Member			●			●			
Takashi Yamashita	Audit & Supervisory Board Member	○					●	●		
Ryuji Matsuda	Audit & Supervisory Board Member	○					●	●		
Setsuko Ino	Audit & Supervisory Board Member	○					●			●

Note: Shiro Sugata took on the role of the Chairperson of the Board on June 23, 2022.

► Skills Expected of Directors and Audit & Supervisory Board Members and Reasons for Their Selection

Skills	Reason for Selection
Corporate management	To demonstrate appropriate decision-making and supervisory functions in the formulation and execution of Yamato's medium- to long-term management plan to sustainably improve corporate value, extensive experience and expertise in corporate management has been selected as a necessary skill.
Marketing / Sales	To provide value that utilizes the Group's management resources to meet the changing needs of customers and society, extensive experience and expertise in marketing and sales has been selected as a necessary skill.
Personnel / Labor management	To become a company that respects human rights and diversity and enables employees to work with peace of mind, at the same time as ensuring that the Group's employees, its greatest asset, are motivated and play an active role, extensive experience and expertise in human resources and labor management has been selected as a necessary skill.
Finance / Accounting	To promote investment linked to growth potential and enhancement of capital efficiency by creating a strong financial foundation, extensive experience and expertise in finance and accounting has been selected as a necessary skill.
Legal affairs / Risk management	To become a company that is fair and trusted through safe and secure business activities in line with legal and social standards based on the Group Corporate Philosophy, extensive legal experience and expertise and risk management capabilities have been selected as a necessary skill.
IT / Digital / Technology	To achieve the optimal allocation of management resources based on data analysis and efficient business management that fully utilizes digital technology, extensive experience and expertise in IT and digital technologies has been selected as a necessary skill.
Global	To contribute to the innovation of customer supply chains and business processes through global business development, extensive global experience and expertise has been selected as a necessary skill.

Corporate Governance

Board of Directors

► Roles and duties

The Board of Directors discusses basic policies, makes decisions, and monitors business execution to encourage the improvement of Yamato's medium- to long-term corporate value.

1. 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.
2. The Board of Directors shall recognize the medium-term management plan as one of the commitments made 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.
3. 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.
4. The scope of responsibility of each executive officer shall be decided on by the Board of Directors. Executive officers shall execute business in accordance with internal regulations.

► Management

The Board of Directors takes the following into consideration when managing meetings to achieve constructive discussions and exchange of opinions, including meetings with independent outside directors.

1. 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.
2. 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.
3. 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.
4. 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. 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. In addition to the survey, the chair conducts individual interviews to further enhance the usefulness of the evaluation.

Results of Analysis and Evaluation

- 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 where a culture of attendees actively speaking up and engaging in unrestricted discussions at the Board of Directors meetings had taken hold.
- The governance structure is more effective since independent outside directors make up more than half of the directors and independent outside Audit & Supervisory Board members more than half of the Audit & Supervisory Board members. In addition, an independent outside director appointed as chair of the Board is involved in selection of agenda items.
- Measures such as revising agenda items, viewing meeting materials in advance, and pre-meeting briefings for the Board of Directors meetings are functioning effectively. In particular, confirming, examining, and improving points raised in these pre-meeting-briefings enable directors to make risk-based management decisions through more in-depth discussions in the Board of Directors meetings.
- 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 report on the status of progress toward achieving the Medium-Term Management Plan and engage in discussion with the Board of Directors to ensure the directors understand the progress made and provide advice at an appropriate time.
- During the formulation stage of the medium-term management plan "Sustainability Transformation 2030 (SX2030) ~1st Stage~, " which was announced in February 2024, we actively exchanged opinions within the Board of Directors in order to increase the effectiveness of the plan. Looking ahead, the Company will deepen its discussions on using M&As as a growth strategy for contributing to business growth, while conducting regular monitoring of the progress of the plan.
- The Board of Directors has continued to display an effectiveness that contributes to securing sound management and achieving prompt, 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 entire Yamato Group's management while continuously working to maintain and improve the effectiveness of the Board of Directors for the implementation of sustainable business growth.

Audit & Supervisory Board

The Audit & Supervisory Board and its members hold roles and responsibilities that include auditing the execution of duties carried out by directors, selection and dismissal of independent auditor, and execution of authority related to auditor compensation. They make appropriate judgments from an independent, objective perspective based on their fiduciary duty to shareholders.

► Roles and duties

1. The Audit & Supervisory Board and its members shall exercise their authority actively and assertively 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.
2. 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.
3. 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.

TOPICS

Provision of Information for Directors and Audit & Supervisory Board Members

The Company shall ensure opportunities for directors and Audit & Supervisory Board members to deepen their understanding of the Group's management strategies, business operations, and status so that they can effectively fulfill their roles and duties. These opportunities will include strategy meetings with participation by the persons in charge of businesses, discussion in meetings with outside experts, and observation tours of major locations.

In the fiscal year ended March 31, 2024, the Hokkaido region encountered difficulty in maintaining its logistics network due to population decline, a falling birthrate, and aging of the population. Directors and Audit & Supervisory Board members observed the Group's initiatives to maintain and increase profitability while realizing a sustainable local society through collaboration with customers and local governments, and also conducted dialogue with local employees.



In October 2023, outside directors visited HOKKAIDO BALLPARK F VILLAGE, where Yamato Transport is building a logistics scheme and overseeing logistics.

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises five independent outside directors and one inside director, with an independent outside director acting as chairperson. As an advisory body to the Board of Directors, the committee shall deliberate particularly on the details of 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.

► Roles and duties

1. 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.
2. The committee shall deliberate policies for determining compensation, etc. 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.
3. The committee shall deliberate on several candidates for the representative director, including candidates recommended by the incumbent representative director, based on multifaceted observations and evaluations of candidates' track records, human nature, and other factors and present the results to the Board of Directors.

► Key Discussion Items for the Nomination and Compensation Committee in the Fiscal Year Ended March 31, 2024

Related to Nomination

- Discussion of definition of requirements for director candidates, including skill matrix
- Discussion of definition of human resource requirements for president candidates, as well as methods of selection and monitoring
- Discussion of appointment and reappointment of director candidates

Related to Compensation

- Discussion of revision of policy for decision on compensation and other remuneration for individual directors
- Discussion on revision of compensation table for short-, medium-, and long-term performance-linked compensation
- Establishment of missions for inside director compensation
- Decision on compensation and other remuneration for individual directors

Corporate Governance

Concurrent Posts and Main Activities of Outside Directors and Outside Audit & Supervisory Board Members (Fiscal Year Ended March 31, 2024)

	Name	Important Concurrent posts	Expected roles and status of main activities, etc.	Attendance at meetings during the fiscal year ended March 31, 2024
Outside Directors	Mariko Tokuno	<ul style="list-style-type: none"> • Outside Director of Mitsubishi Materials Corporation • Outside Director of Shiseido Company, Limited 	Mariko Tokuno comments and advises as needed on all aspects of business management, based on ample experience and extensive knowledge as a manager. Accordingly, she plays an important role, providing 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 suitability and adequacy of decision-making. Furthermore, as chairperson of the Nomination and Compensation Committee, she guides its management and has 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: 19 of 20 meetings Nomination and Compensation Committee: 10 of 10 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 manager. Accordingly, he plays an important role, providing oversight and advice from a managerial standpoint, particularly regarding matters of business execution, business strategy, and investment strategy, to contribute to ensuring the suitability and adequacy of decision-making. Furthermore, as a member of the Nomination and Compensation Committee, he has 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: 19 of 20 meetings Nomination and Compensation Committee: 9 of 10 meetings
	Shiro Sugata	<ul style="list-style-type: none"> • Outside Director of Yokogawa Electric Corporation 	Shiro Sugata comments and advises as needed on all aspects of business management, based on ample experience and extensive knowledge as a manager. Additionally, he was appointed the chairperson of the Board of Directors in June 2022 and is contributing to enhancing the effectiveness of the Board of Directors by appropriately fulfilling his duties and responsibilities. Accordingly, he plays an important role, providing 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, as a member of the Nomination and Compensation Committee, he has 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: 20 of 20 meetings Nomination and Compensation Committee: 10 of 10 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 manager. Accordingly, he plays an important role, providing oversight and advice from a managerial standpoint, particularly regarding matters of business execution, financial strategy, and corporate governance, to contribute to ensuring the suitability and adequacy of decision-making. Furthermore, he has 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: 20 of 20 meetings Nomination and Compensation Committee: 10 of 10 meetings
	Charles Yin	<ul style="list-style-type: none"> • Executive Chairman of Worldwide City Group (Hong Kong) • Chairman of China-Japan CEO Forum • Chairman of China-Japan Asia CEO Forum 	Charles Yin comments and advises as needed on all aspects of business management, based on ample experience and extensive knowledge as a manager. Accordingly, he plays an important role, providing oversight and advice from a managerial standpoint, particularly regarding matters of business execution and global business strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, as a member of the Nomination and Compensation Committee, he has 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: 19 of 20 meetings Nomination and Compensation Committee: 10 of 10 meetings
Outside Audit & Supervisory Board Members	Takashi Yamashita	<ul style="list-style-type: none"> • Representative of Takashi Yamashita CPA Office • Outside Director of Shin Nippon Biomedical Laboratories, Ltd. 	Takashi Yamashita comments as needed in Board meetings, based on ample experience and professional knowledge of finance and accounting. He also attends Audit & Supervisory Board meetings and exchanges opinions at regular meetings with the representative director and president, confirming the status of the execution of duties carried out by directors, based mainly on ample experience and extensive knowledge as a certified public accountant.	Board of Directors: 19 of 20 meetings Audit & Supervisory Board: 22 of 22 meetings
	Ryuji Matsuda	<ul style="list-style-type: none"> • Attorney-at-Law of Matsuda Law Office 	Ryuji Matsuda comments as needed in Board meetings, based on ample experience and professional knowledge of finance and accounting and as a lawyer. He also attends Audit & Supervisory Board meetings and exchanges opinions at regular meetings with the representative director and president, confirming the status of the execution of duties by directors, based mainly on ample experience and extensive knowledge as a lawyer.	Board of Directors: 20 of 20 meetings Audit & Supervisory Board: 22 of 22 meetings
	Yoshihide Shimoyama	<ul style="list-style-type: none"> • Outside Audit & Supervisory Board Member of NIPPON HUME CORPORATION 	Yoshihide Shimoyama comments as needed in Board of Directors' meetings, based on ample experience in management and auditing. He also attends Audit & Supervisory Board meetings and exchanges opinions at regular meetings with the representative director and president, confirming 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.	Board of Directors: 20 of 20 meetings Audit & Supervisory Board: 22 of 22 meetings

Remuneration of Directors and Audit & Supervisory Board Members (Fiscal Year Ended March 31, 2024)

Directors and Audit & Supervisory Board members	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)				Number of recipient Directors and Audit & Supervisory Board Members
		Basic remuneration	Short-term performance-based remuneration	Medium- to long-term performance-based stock compensation*	Of the left, non-monetary remuneration, etc.	
Director	367	261	64	42	42	9
(Of which, Outside Directors)	(77)	(77)	(—)	(—)	(—)	(5)
Audit & Supervisory Board Members	82	82	—	—	—	6
(Of which, Outside Audit & Supervisory Board Members)	(33)	(33)	(—)	(—)	(—)	(3)
Total	450	344	64	42	42	15
(Of which, Outside Officers)	(110)	(110)	(—)	(—)	(—)	(8)

* The amount of expenses recorded for share delivery points during the period.

► Policy for determining compensation of directors and Audit & Supervisory Board members

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), short-term performance-linked compensation (variable compensation) and medium- to long-term performance-linked, share-based compensation (variable compensation), considering the compensation level at other companies and other factors. 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 is determined for each rank and title based on responsibilities, making reference to levels outside the Company and so forth.

4. Policy for determining short-term, performance-linked compensation (variable compensation)

The standard amount is set by determining a ratio within a range of 45% to 55% (from April 1, 2024, 40% to 70%) 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% of the standard amount, 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. In accordance with the basic policy, from July 1, 2024, as the standard amount, the Company has set the ratio to basic compensation (fixed compensation) decided in accordance with rank and title to within a range of 65% to 80% in order to further increase the link to performance, thereby fueling motivation with respect to achieving performance targets.

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

For the amount of medium- to long-term performance-linked, share-based compensation (variable compensation) allocated to directors, the standard amount is set by determining a ratio within a range of 30% to 40% of basic compensation (fixed compensation) in accordance with rank and title, and then the amount allocated is determined within a range of 0% to 150% of the standard amount, 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 allocated as points each fiscal year, whereby one share equals one point, with the number of points obtained by dividing the amount of medium- to long-term performance-linked, share-based compensation (variable compensation) allocated 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. Furthermore, in accordance with the determination policy in 6. below, from April 1, 2024, as the standard amount, the Company has set the ratio to basic compensation (fixed compensation) decided in accordance with rank and title to within a range of 40% to 100%. Following the start of the Yamato Group's medium-term management plan "Sustainability Transformation 2030 ~1st Stage~, " the Company has added return on invested capital (ROIC) as a performance indicator from April 1, 2024, in order to promote management with a greater focus on capital efficiency.

Corporate Governance

6. Policy for determining mix of remuneration and other compensation types for individual Directors

The mix of remuneration types is such that the higher a director's position, the more weight assigned to performance-linked compensation. The Company has opted for this approach upon having taken into account remuneration levels at other companies, in part because this approach makes it possible to 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 remuneration levels competitive 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 around 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

For determination of 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, to ensure objectivity and transparency, the Nomination and Compensation Committee, which is chaired by one of the independent outside directors, who constitute a majority of its membership, conducts further deliberations regarding amounts and calculation method of compensation and other remuneration for individual directors. Based on the findings, the Board of Directors decides on the amount of compensation for each individual.

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. Furthermore, to realize a highly objective and transparent process, the Nomination and Compensation Committee held 10 meetings in the fiscal year ended March 31, 2024, and conducted further discussions on the details of compensation and other remuneration for individual directors, based on the decision-making policies for such compensation as activities for the committee in the decision process for individual compensation for directors. The Board of Directors determines the amount of compensation based on the results of these discussions.

Improvement of Corporate Value through Dialogues with Shareholders and Investors

► Basic policy

To continuously improve medium- to long-term corporate value through dialogues with shareholders and investors, we are striving to enhance IR and SR activities by creating a structure focused on the Executive Officer Responsible for IR. When promoting IR and SR activities, we ensure sufficient opportunities for dialogue with executive officers, including the president, and independent outside directors to fully understand the management strategies and businesses of our shareholders and investors. Additionally, the opinions and requests received from shareholders and investors through dialogues and other means are fed back to the Board of Directors as necessary to share awareness of issues within the Company from an objective perspective.

► Implementation of Engagement Activities (Fiscal Year Ended March 31, 2024)

Details of Activities	Speakers	Number of Times
Settlement of accounts meetings	President and responsible Executive Officer	4
Small meetings	President and responsible Executive Officer	2
	Independent outside directors	1
Briefing for the medium-term management plan "SX2030 ~1st Stage~"	President and responsible Executive Officer	1
Briefings related to sustainability (Environment and Society)	Responsible Executive Officer	1
Visits to overseas investors (Europe, Americas, and Asia)	President and Executive Officer Responsible for IR	5
Individual dialogues (One on one)	President, Executive Officer Responsible for IR, and representative of IR department*	299

* Responds based on shareholder and investor requests and purpose of interviews

Key Themes and Points of Interest in Dialogues

- Current status and future outlook for business environment and competitive environment
- Pricing policy based on response to cost increases and fluctuation in workload vs expected volume
- Specific details and creation effects of structural reform of network operations
- Strategies for expanding corporate business domain
- Status of human resource strategies in conjunction with business structural reforms
- Connection between environmental strategy and corporate value increase
- Effectiveness of the Board of Directors
- Response policy for management conscious of cost of capital and share price

Enhancement of Details Disclosed Based on Dialogues (Examples)

■ Reflection in and disclosure of the medium-term management plan "SX2030 ~1st Stage~"

- Showing operating revenue- and operating profit-generating effect of external environmental impacts and various measures (P10-11)
 - Segment changes aimed at enhancing disclosure, such as business portfolio transformation (P4)
 - Establishment of ROIC target aimed at promoting management with a greater focus on capital efficiency (P12)
 - Lifting the dividend payout ratio target and disclosing the capital allocation policy (P13)
- https://www.yamato-hd.co.jp/english/investors/library/briefing/pdf/E_3q_sx20301st_2024_03.pdf

■ Holding presentations

- Briefing on "Sustainability (Environment and Society)"
- https://www.yamato-hd.co.jp/english/investors/library/business_briefing/

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. Internal control over the financial reporting of the Yamato Group as of March 31, 2024, was considered valid, and an internal control report was submitted to the Kanto Local Finance Bureau.

► Enhancing the whistle-blower system

The Yamato Group has established a whistle-blower system to promptly discover and appropriately respond to law and / or internal regulation violations. In addition to compliance-related issues, such as overall corruption (including bribery) and human rights violations (including bullying and harassment), the whistle-blower system accepts reports on any action that violates internal regulations and the Group's Management Philosophy. We have established a suggestions box as a contact point with the president, a compliance hotline as the secretariat for the Compliance and Risk Committee, and a corporate fraud point of contact manned by external lawyers, which all take correspondence via email, telephone, and letter. Additionally, the Group's whistle-blowing regulations protect the privacy of whistle-blowers and ensure that they do not suffer any unfair treatment as a result of making a report. Accordingly, we are developing an environment that ensures employees who wish to remain anonymous can also utilize this service. In addition,

we established individual points of contact at each Group company as a familiar place for consultation. To spread awareness of these contact points among employees, we display posters with the president's photograph introducing them at each office. At the same time, we conduct employee questionnaires to ascertain the level of recognition for the contact points, and use the results to publicize the information internally and review the system design.

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. Specifically, we promote concrete, response procedures, processing methods, and risk-assessment criteria that are shared on a Groupwide basis. This enables us to prevent the overlooking of major risks by adopting a consistent management flow and response to all reports received. Furthermore, by clarifying the persons responsible for decision-making at the time reports are received and unifying relevant standards, we are improving our level of risk awareness.

We prevent the reoccurrence of issues by formulating rules for holding verification meetings internally to ensure that we carry out an appropriate investigation and response. Additionally, we implement the standardized management of whistle-blowing information and the details of responses on a Groupwide basis, thereby allowing us to ascertain Groupwide trends and share examples of actual cases in a cross-organizational manner. Such information and details are reported regularly to the Board of Directors, helping to facilitate improvements across the Group.

► Status of Usage of the Whistle-Blower System

	Number of Whistle-Blower Cases	Level of Recognition of the Whistle-Blower System
2022/3 Results	634	82.8%
2023/3 Results	751	84.0%
2024/3 Results	740	86.3%

Management Team

As of June 21, 2024

Directors



Yutaka Nagao

Representative Director,
President and Executive Officer

Apr. 1988 Joined the Company
Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch of the Company
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 of the Company (current)
Apr. 2021 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. (current)



Toshizo Kurisu

Representative Director,
Executive Officer and Vice President

Apr. 1983 Joined the Company
Jul. 1999 General Manager of Accounting Division of the Company
Jun. 2002 General Manager of Finance Division of the Company
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 of the Company
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)

Outside Directors



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)



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)



Junichiro Ikeda

Outside Director

Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd. (currently Mitsui O.S.K. Lines, Ltd.)
 Jun. 2004 General Manager of Human Resources Division
 Jun. 2007 General Manager of Liner Division
 Jun. 2008 Executive Officer
 Jun. 2010 Managing Executive Officer
 Jun. 2013 Director and Senior Managing Executive Officer
 Jun. 2015 Representative Director and President
 Apr. 2021 Representative Director and Chairman Executive Officer
 Apr. 2023 Director and Chairman of the Board (current)
 Jun. 2024 Director of the Company (current)

Management Team

Audit & Supervisory Board Members



Tsutomu Sasaki
Full-time Audit & Supervisory Board Member

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



Yoshito Shoji
Full-time Audit & Supervisory Board Member

Apr. 1980 Joined the Company
Nov. 2007 General Manager of Finance Division, Yamato Transport Co., Ltd.
Apr. 2019 Managing Executive Officer
Mar. 2020 Director and Managing Executive Officer, Yamato Management Services Co.
Apr. 2021 General Manager, Professional Service Function Division, Yamato Transport Co., Ltd.
Apr. 2022 General Manager of Project Group, Finance Division
Feb. 2023 Human Resources Department of the Company
Jun. 2023 Full-time Audit & Supervisory Board Member of the Company (current)

Outside Audit & Supervisory



Takashi Yamashita
Outside Audit & Supervisory Board Member

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

Management System As of October 1, 2024

Executive Officer and President

Yutaka Nagao

Managing Executive Officers

Atsushi Kashimoto

(Responsible for Investor Relations and overseeing Innovation Promotion and Planning and Management of Strategic Alliance)

Executive Officer and Vice President

Toshizo Kurisu

Tamaki Abe

(Responsible for Transport)

Senior Managing Executive Officer

Hiroshi Etani

(Head of Sales and Global Strategy)

Setsuko Nishida

(Responsible for overseeing Digital)

Akihiro Kazuma

(Head of B2B and B2C Business Unit, Operational Excellence)

Hiroshi Matsuda

(Responsible for Kansai region)

Seiichi Awa

(Head of Network Redesign)

Masayuki Ishii

(Responsible for overseeing Human Resource Management and Development)

Executive Officers

Suguru Nakanishi

(Responsible for Domestic Sales)

Yasuyuki Miyake

(Responsible for Global Logistics and Global Business Strategy)

Hiroyuki Mizushima

(Responsible for North and South America regions)

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

Board Members



Ryuji Matsuda

Outside Audit & Supervisory Board Member

Apr. 1986 Registered as Attorney-at-Law and Certified Public Accountant
Jul. 1992 Established Matsuda Law Office (current)
Jun. 2007 Audit & Supervisory Board Member, SQUARE ENIX CO., LTD.
Jun. 2008 Audit & Supervisory Board Member, Seika Corporation
May 2012 Auditor of the Japan Federation of Bar Associations
Apr. 2014 Auditor of ASAH GROUP ARTS FOUNDATION (currently ASAH GROUP FOUNDATION) (current)
Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)



Setsuko Ino

Outside Audit & Supervisory Board Member

Apr. 1988 Joined Suntory Ltd.
Sep. 1994 Joined PepsiCo, Inc.
Jul. 2003 CFO and Finance Director of Sun Microsystems Japan KK
Nov. 2006 CFO and Representative Director of SAP Japan
Mar. 2012 CFO of Retail Division of Amazon Japan
Jun. 2017 CFO of Asurion Japan
Jan. 2024 Venture Partner of Eight Roads Ventures Japan (current)
Jun. 2024 Outside Audit & Supervisory Board Member of the Company (current)

Kong Jen Siang

(Responsible for Asia Region Cross Border)

Yasutoshi Shibasaki

(Responsible for Transport Operation)

Michiaki Okamoto

(Responsible for Transport and Delivery Process Engineering)

Yoshihiro Hatano

(Responsible for Transport and Delivery Operation System)

Kouei Fujisaki

(Responsible for B2B and B2C Sales and Marketing)

Katsutoshi Masaoka

(Responsible for Finance and Corporate Planning)

Yasushi Fukuda

(Responsible for Green Innovation Development and Sustainability Promotion)

Toshiyuki Sakurai

(Responsible for Regional Co-creation Business Development and Area Management Project)

Tomoki Umeya

(Responsible for Legal and Risk Management Department and Safety Department and Internal Audit Department)

Kazuki Watanabe

(Responsible for Hokkaido region)

Shuji Yamauchi

(Responsible for Tohoku region)

Tsukasa Itoga

(Responsible for Tokyo region)

Masahiro Matsui

(Responsible for South Kanto region)

Takashi Osako

(Responsible for Northern Kanto region)

Osamu Yamanaka

(Responsible for Hokushinetsu region)

Atsushi Terasawa

(Responsible for Chubu region)

Masato Kosaka

(Responsible for Chugoku and Shikoku region)

Koji Inamori

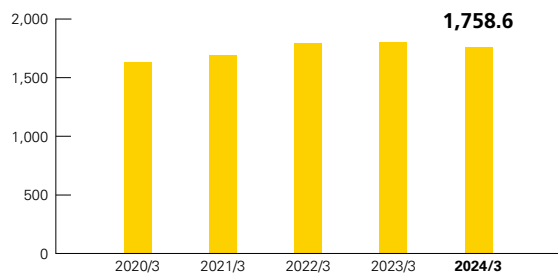
(Responsible for Kyushu region)

Performance Highlights

(Year Ended March 31, 2024)

Operating Revenues

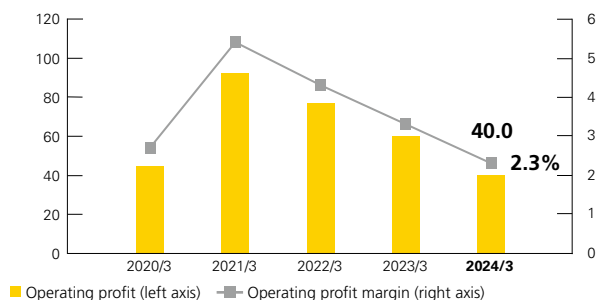
(¥ billion)



Operating Profit / Operating Profit Margin

(¥ billion)

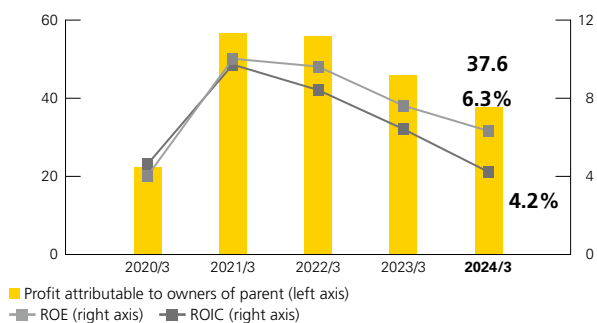
(%)



Profit Attributable to Owners of Parent / ROE*1 / ROIC*2

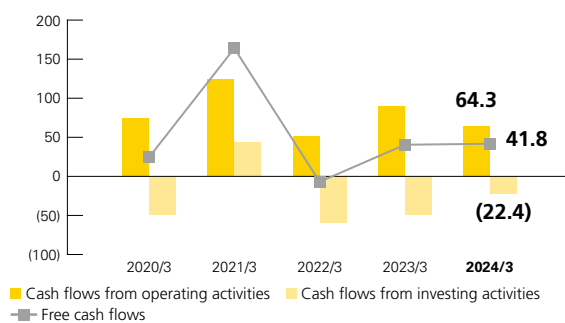
(¥ billion)

(%)



Operating and Investing Cash Flows / Free Cash Flows*3

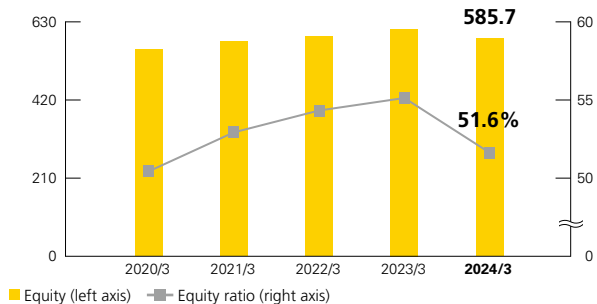
(¥ billion)



Equity / Equity Ratio

(¥ billion)

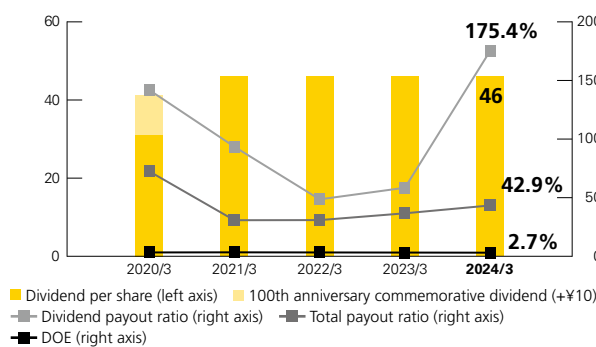
(%)



Shareholder Returns

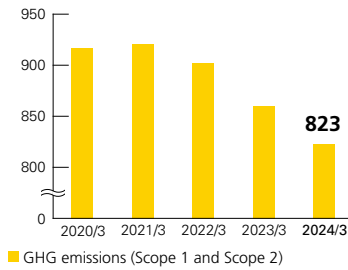
(Yen)

(%)



GHG Emissions*4

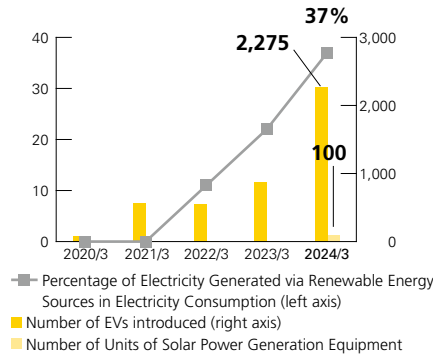
(Thousand tCO₂e)



Percentage of Electricity Generated via Renewable Energy Sources in Electricity Consumption*4*5 / Number of EVs Introduced / Number of Units of Solar Power Generation Equipment

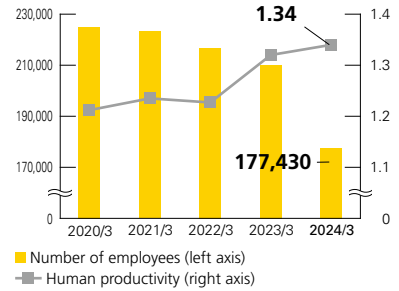
(%)

(Units)



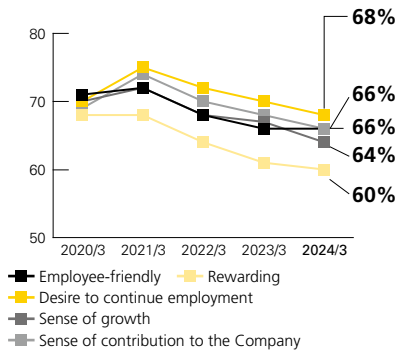
Number of Employees / Human Productivity*6

(People)



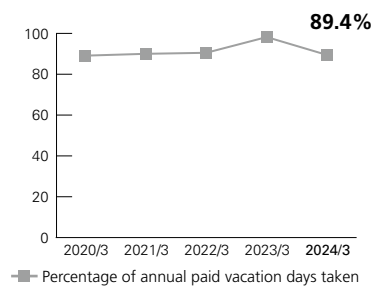
Employee Awareness Surveys*7

(%)



Percentage of Annual Paid Vacation Days Taken*8

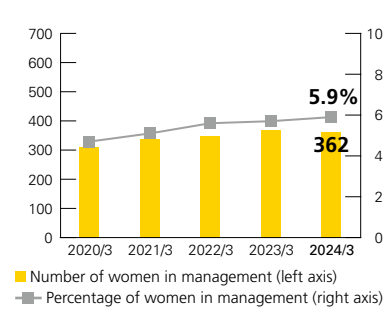
(%)



Number of Women in Management / Percentage of Women in Management*4

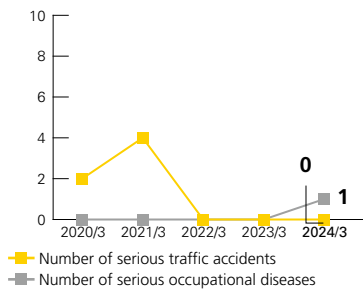
(People)

(%)



Number of Serious Traffic Accidents*9 / Number of Serious Occupational Diseases*10

(Units)



*1 ROE (Return on Equity) = Profit attributable to owners of parent ÷ Average equity during the period

*2 ROIC (Return on Invested Capital) = Net operating profit after tax (Operating income × (1-tax rate of 30.6%)) ÷ Average invested capital during the period

*3 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

*4 Scope: Consolidated companies in Japan and Swan Co., Ltd.

*5 Electricity generated via renewable energy sources (MWh) ÷ Total power generated (MWh)

*6 (Consolidated operating revenues – consolidated subcontracting expenses) ÷ consolidated personnel expenses

*7 Awareness surveys regarding working styles administered on an annual basis (Target: Consolidated companies in Japan and Swan Co., Ltd.)

*8 Number of annual paid vacation days taken per employee in respective fiscal year ÷ Number of annual paid vacation days granted per employee in respective fiscal year × 100 (Scope: Full-time employees of consolidated companies in Japan and Swan Co., Ltd.)

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

*10 Incidents involving a fatality

Ten-Year Summary and Business Highlights

	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
RESULTS OF OPERATIONS:							
Operating revenues	1,396,708	1,416,413	1,466,852	1,538,813	1,625,315	1,630,146	1,695,867
Operating costs	1,290,714	1,306,200	1,385,492	1,452,485	1,513,988	1,526,102	1,538,524
Selling, general and administrative expenses	37,046	41,672	46,474	50,642	52,981	59,342	65,220
Operating profit	68,947	68,540	34,885	35,685	58,345	44,701	92,121
Profit before income taxes	69,157	68,078	33,037	33,123	52,258	44,581	91,759
Income taxes	31,554	28,414	14,672	14,435	26,308	21,678	34,825
Profit attributable to owners of parent	37,533	39,424	18,053	18,231	25,682	22,324	56,700
PER SHARE OF COMMON STOCK:							
Basic earnings	90.41	96.45	45.37	46.24	65.14	56.78	151.55
Diluted earnings	88.26	95.64	—	—	—	—	—
Cash dividends	25.00	28.00	27.00	27.00	28.00	41.00	46.00
Net assets per share	1,368.66	1,349.56	1,367.51	1,395.74	1,435.15	1,441.20	1,553.45
Stock price (closing), end of year	2,772	2,247	2,332.5	2,668.5	2,859	1,697	3,035
FINANCIAL POSITION:							
Working capital	209,171	235,884	214,661	164,599	139,834	134,072	139,010
Equity	565,521	537,821	539,179	550,307	565,841	555,173	576,367
Total assets	1,082,531	1,089,436	1,114,672	1,114,870	1,123,659	1,100,739	1,089,991
Capital expenditures	52,022	53,945	48,993	54,482	79,838	55,033	55,431
Depreciation and amortization	46,058	46,739	46,114	46,423	51,346	55,083	48,861
Net cash provided by operating activities	92,620	49,715	73,324	51,728	118,093	74,433	123,921
KEY RATIOS:							
Operating profit margin (%)	4.9	4.8	2.4	2.3	3.6	2.7	5.4
Net margin (%)	2.7	2.8	1.2	1.2	1.6	1.4	3.3
Return on assets (ROA) (%)	3.5	3.6	1.6	1.6	2.3	2.0	5.2
Return on equity (ROE) (%)	6.7	7.1	3.4	3.3	4.6	4.0	10.0
Return on invested capital (ROIC) (%)	7.0	6.7	3.4	3.5	5.9	4.6	9.7
Current ratio (%)	158.6	167.8	157.7	141.7	134.1	132.8	135.7
Shareholders' equity ratio (%)	52.2	49.4	48.4	49.4	50.4	50.4	52.9
Asset turnover (Times)	1.3	1.3	1.3	1.4	1.5	1.5	1.5
Interest coverage ratio (Times)	174.9	126.6	83.1	135.0	215.5	108.4	125.8
Price earnings ratio (PER) (Times)	30.7	23.3	51.4	57.7	43.9	29.9	20.0
Price book-value ratio (PBR) (Times)	2.0	1.7	1.7	1.9	2.0	1.2	2.0
NON-FINANCIAL DATA:							
Number of employees	197,056	196,582	201,784	213,096	225,125	224,945	223,191
Full-time	88,247	89,112	90,737	93,534	97,587	98,744	96,829
Part-time	108,809	107,470	111,047	119,562	127,538	126,201	126,362
Parcel delivery							
Volume (Millions of parcels)	1,622	1,698	1,800	1,758	1,668	1,627	1,803
Unit price (Yen)	595	586	574	615	702	726	704
<i>Nekopos and Kuroneko Yu-Packet</i>							
Volume (Millions of parcels)	—	32	67	78	135	172	293
Unit price (Yen)	—	171	171	181	191	201	195
<i>Kuroneko DM-Bin and Kuroneko Yu-Mail</i>							
Volume (Millions of units)	1,901	1,536	1,542	1,464	1,211	987	826
Unit price (Yen)	61	57	55	56	60	65	67

Note: Foreign currency translation: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥151.41 to U.S.\$1.

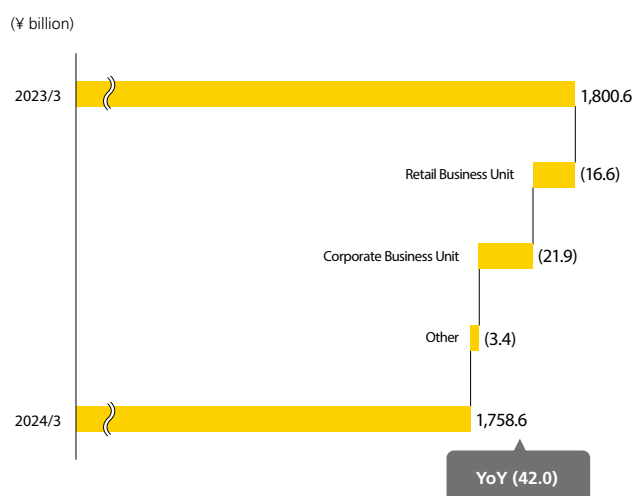
Parcel delivery includes *TA-Q-BIN*, *TA-Q-BIN Compact*, and *EAZY*.

Nekopos is being replaced in stages starting from October 2023 by *Kuroneko Yu-Packet* services utilizing the *Yu-Packet* service handled by Japan Post.

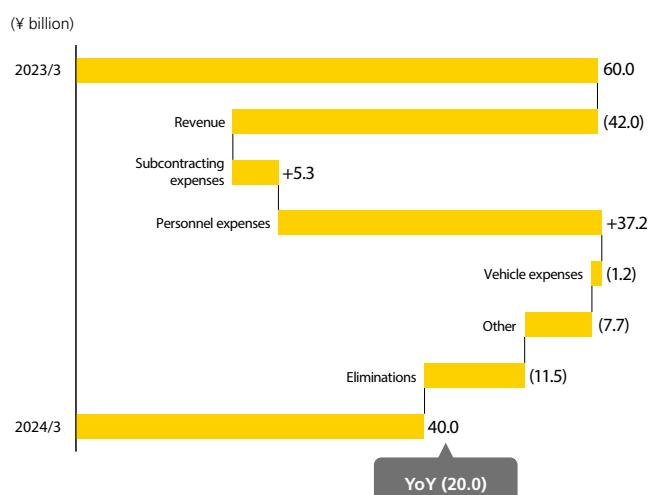
Kuroneko DM-Bin services ended on January 31, 2024, and were replaced with *Kuroneko Yu-Mail* services utilizing the *Yu-Mail* service handled by Japan Post.

		Millions of Yen	Thousands of U.S. Dollars
2022/3	2023/3	2024/3	2024/3
1,793,618	1,800,668	¥1,758,626	\$11,614,995
1,654,085	1,687,241	1,664,317	10,992,124
62,333	53,341	54,249	358,294
77,199	60,085	40,060	264,577
81,040	56,815	51,704	341,484
23,968	11,393	13,864	91,566
55,956	45,898	37,627	248,508
		Yen	U.S. Dollars
151.03	126.64	¥ 107.23	\$ 0.71
—	—	—	—
46.00	46.00	46.00	0.30
1,611.34	1,684.87	1,708.00	11.28
2,293	2,269	2,158	—
		Millions of Yen	Thousands of U.S. Dollars
128,037	139,888	¥ 150,449	\$ 993,651
590,542	610,380	585,756	3,868,673
1,086,854	1,107,587	1,135,895	7,502,115
78,572	55,691	62,359	411,857
35,524	41,557	44,295	292,549
52,016	89,953	64,333	424,894
4.3	3.3	2.3	
3.1	2.5	2.1	
5.1	4.2	3.4	
9.6	7.6	6.3	
8.4	6.4	4.2	
136.3	140.6	143.5	
54.3	55.1	51.6	
1.6	1.6	1.6	
100.3	68.5	29.8	
15.2	17.9	20.1	
1.4	1.3	1.3	
216,873	210,197	177,430	
94,473	92,727	88,917	
122,400	117,470	88,513	
1,890	1,926	1,886	
700	703	721	
384	413	409	
190	189	190	
824	800	626	
67	67	68	

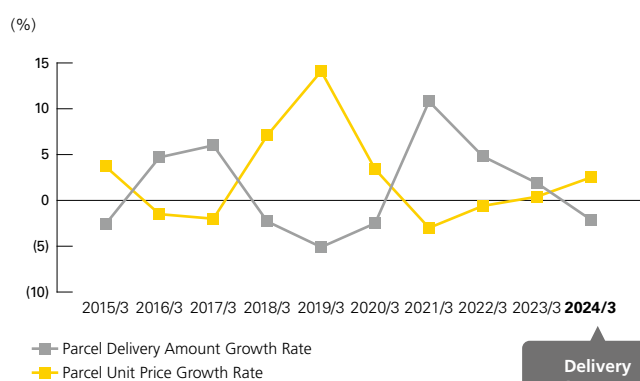
Analysis of Operating Revenues



Analysis of Operating Profit



YoY Growth Rates of Parcel Delivery Amount and Unit Price



Consolidated Balance Sheet

March 31, 2024

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
CURRENT ASSETS:			
Cash and cash equivalents (Notes 2.e and 15)	¥ 195,061	¥ 185,374	\$ 1,288,297
Notes and accounts receivable, and contract assets (Notes 15 and 16):			
Trade	212,095	216,251	1,400,798
Installment (Note 5)	52,787	50,509	348,637
Allowance for doubtful accounts	(1,600)	(1,474)	(10,567)
Inventories (Note 6)	2,033	2,580	13,429
Prepaid expenses and other current assets	35,978	31,407	237,617
Total current assets	496,354	484,647	3,278,211
PROPERTY, PLANT AND EQUIPMENT—At cost:			
Land	175,187	179,811	1,157,038
Buildings and structures	402,347	381,219	2,657,332
Vehicles	192,890	196,141	1,273,957
Machinery and equipment	133,808	133,693	883,747
Leased assets (Note 14)	51,086	47,257	337,400
Construction in progress	17,148	12,379	113,253
Others	6,189	5,124	40,879
Total	978,655	955,624	6,463,606
Accumulated depreciation	(523,901)	(512,607)	(3,460,146)
Net property, plant and equipment	454,754	443,017	3,003,460
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 7 and 15)	40,281	32,236	266,039
Investments in and advances to unconsolidated subsidiaries and affiliates, net of valuation allowance of ¥675 million (\$4,459 thousand) in 2024 and ¥482 million in 2023 (Note 15)	12,624	13,173	83,379
Long-term loans	2,394	2,126	15,812
Software	36,653	38,150	242,080
Lease deposits	23,256	22,318	153,595
Deferred tax assets (Note 13)	63,278	64,292	417,922
Other assets (Notes 2.k and 10)	6,301	7,628	41,617
Total investments and other assets	184,787	179,923	1,220,444
TOTAL	¥1,135,895	¥1,107,587	\$ 7,502,115

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
CURRENT LIABILITIES:			
Short-term bank loans (Notes 9 and 15)	¥ 10,000	¥ 10,000	\$ 66,046
Current portion of long-term debt (Notes 9 and 15)	6,051	5,415	39,961
Notes and accounts payable:			
Trade	164,073	160,766	1,083,634
Other	20,141	10,463	133,026
Income taxes payable	8,369	16,912	55,276
Accrued expenses	79,779	80,849	526,908
Deferred profit on installment sales (Notes 5 and 15)	5,164	4,798	34,102
Other current liabilities (Notes 11 and 15)	52,328	55,556	345,607
Total current liabilities	345,905	344,759	2,284,560
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 and 15)	76,478	32,859	505,105
Liability for employees' retirement benefits (Notes 2.k and 10)	103,077	98,295	680,783
Deferred tax liabilities (Note 13)	536	482	3,538
Other long-term liabilities (Note 11)	17,918	14,762	118,342
Total long-term liabilities	198,009	146,398	1,307,768
COMMITMENTS LIABILITIES (Note 14)			
EQUITY (Notes 12 and 21):			
Common stock—authorized, 1,787,541,000 shares in 2024 and 2023; issued, 360,496,492 shares in 2024 and 379,824,892 shares in 2023	127,235	127,235	840,333
Capital surplus	36,839	36,839	243,307
Retained earnings	448,110	473,892	2,959,580
Treasury stock—at cost, 17,548,985 shares in 2024 and 17,552,067 shares in 2023	(42,850)	(39,836)	(283,010)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	14,354	9,280	94,804
Foreign currency translation adjustments	2,908	1,782	19,205
Remeasurements of defined employees' retirement benefit plans (Notes 2.k and 10)	(840)	1,189	(5,546)
Total	585,756	610,381	3,868,673
Non-controlling interests	6,225	6,049	41,114
Total equity	591,981	616,430	3,909,787
TOTAL	¥1,135,895	¥1,107,587	\$7,502,115

Consolidated Statement of Income

Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
OPERATING REVENUES (Note 16)	¥1,758,626	¥1,800,668	\$11,614,995
OPERATING COSTS AND EXPENSES:			
Operating costs	1,664,317	1,687,242	10,992,124
Selling, general and administrative expenses	54,249	53,341	358,294
Total operating costs and expenses	1,718,566	1,740,583	11,350,418
Operating profit	40,060	60,085	264,577
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,771	1,915	11,699
Interest expense	(1,405)	(905)	(9,279)
Gain (loss) on sales and disposal of property, plant and equipment—net	11,838	(404)	78,186
Loss on impairment of long-lived assets (Note 8)	(1,423)	(1,995)	(9,400)
Gain on sales of investment securities—net (Note 7)	2,484	1,966	16,404
Gain on sales of shares of subsidiaries and affiliates—net	1,377		9,097
Loss on valuation of investment securities (Note 7)	(96)	(2)	(630)
Loss on investments in investment partnerships	(637)	(257)	(4,207)
Share of loss of entities accounted for using equity method	(837)	(4,159)	(5,529)
Provision of allowance for doubtful accounts in unconsolidated subsidiaries and affiliates	(188)	(27)	(1,242)
Green Innovation Fund Project subsidies	480		3,169
Payments for retirement and other (Note 10)	(2,728)		(18,017)
Dismantlement expenses		(754)	
Other—net	1,008	1,353	6,656
Other income (expenses)—net	11,644	(3,269)	76,907
PROFIT BEFORE INCOME TAXES	51,704	56,816	341,484
INCOME TAXES (Note 13):			
Current	13,926	23,018	91,975
Deferred	(62)	(11,624)	(409)
Total income taxes	13,864	11,394	91,566
PROFIT	37,840	45,422	249,918
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	213	(476)	1,410
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	¥ 37,627	¥ 45,898	\$ 248,508

	Yen		U.S. Dollars (Note 1)
	2024	2023	2024
PER SHARE OF COMMON STOCK (Notes 2.q and 18):			
Basic earnings	¥107.23	¥126.64	\$0.71
Cash dividends applicable to the year	46.00	46.00	0.30

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
PROFIT	¥37,840	¥45,422	\$249,918
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized gain (loss) on available-for-sale securities	5,064	(2,223)	33,445
Foreign currency translation adjustments	1,119	2,292	7,390
Remeasurements of defined employees' retirement benefit plans	(1,971)	677	(13,019)
Share of other comprehensive income of entities accounted for using equity method	(48)	(54)	(318)
Total other comprehensive income	4,164	692	27,498
COMPREHENSIVE INCOME	¥42,004	¥46,114	\$277,416
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of parent	¥41,799	¥46,597	\$276,061
Non-controlling interests	205	(483)	1,355

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2024

	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			
BALANCE, APRIL 1, 2022	366,491	¥127,235	¥36,813	¥464,495	¥(49,552)	¥11,499	¥ (513)	¥ 566	¥590,543	¥ 7,691	¥598,234
Profit attributable to owners of parent				45,898					45,898		45,898
Cash dividends, ¥46 per share				(16,784)					(16,784)		(16,784)
Purchase of treasury stock	(4,218)				(10,001)				(10,001)		(10,001)
Disposal of treasury stock											
Retirement of treasury stock				(19,717)	19,717						
Change in equity related to transaction with non-controlling shareholders			26						26		26
Net change in the year						(2,219)	2,295	623	699	(1,642)	(943)
BALANCE, MARCH 31, 2023	362,273	127,235	36,839	473,892	(39,836)	9,280	1,782	1,189	610,381	6,049	616,430
Profit attributable to owners of parent				37,627					37,627		37,627
Cash dividends, ¥46 per share				(16,433)					(16,433)		(16,433)
Purchase of treasury stock	(19,329)				(50,001)				(50,001)		(50,001)
Disposal of treasury stock	4				11				11		11
Retirement of treasury stock				(46,976)	46,976						
Net change in the year						5,074	1,126	(2,029)	4,171	176	4,347
BALANCE, MARCH 31, 2024	342,948	¥127,235	¥36,839	¥448,110	¥(42,850)	¥14,354	¥2,908	¥ (840)	¥585,756	¥ 6,225	¥591,981

	Thousands of U.S. Dollars (Note 1)									
	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			
BALANCE, MARCH 31, 2023	\$840,333	\$243,307	\$3,129,859	\$(263,096)	\$61,292	\$11,767	\$ 7,850	\$4,031,312	\$39,955	\$4,071,267
Profit attributable to owners of parent			248,508					248,508		248,508
Cash dividends, \$0.30 per share			(108,531)					(108,531)		(108,531)
Purchase of treasury stock				(330,238)				(330,238)		(330,238)
Disposal of treasury stock				68				68		68
Retirement of treasury stock			(310,256)	310,256						
Net change in the year					33,512	7,438	(13,396)	27,554	1,159	28,713
BALANCE, MARCH 31, 2024	\$840,333	\$243,307	\$2,959,580	\$(283,010)	\$94,804	\$19,205	\$ (5,546)	\$3,868,673	\$41,114	\$3,909,787

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
OPERATING ACTIVITIES:			
Profit before income taxes	¥ 51,704	¥ 56,816	\$ 341,484
Adjustments for:			
Income taxes—paid	(21,324)	(21,160)	(140,837)
Depreciation and amortization	44,431	41,626	293,448
(Gain) loss on sales and disposal of property, plant and equipment—net	(11,838)	404	(78,186)
Loss on impairment of long-lived assets	1,423	1,995	9,400
Gain on sales of investment securities—net	(2,484)	(1,966)	(16,404)
Gain on sales of shares of subsidiaries and affiliates—net	(1,377)		(9,097)
Loss on valuation of investment securities	96	2	630
Share of loss of entities accounted for using equity method	837	4,159	5,529
Changes in assets and liabilities, net of effects from previously consolidated subsidiaries:			
Decrease in notes and accounts receivable	1,288	1,234	8,510
Decrease (increase) in inventories	542	(357)	3,580
Increase (decrease) in notes and accounts payable	1,001	(5,259)	6,612
Increase in liability for employees' retirement benefits	2,750	4,634	18,165
Other—net	(2,716)	7,826	(17,940)
Total adjustments	12,629	33,138	83,410
Net cash provided by operating activities	64,333	89,954	424,894
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	17,555	1,391	115,943
Purchases of property, plant and equipment	(31,957)	(35,435)	(211,060)
Proceeds from sales of investment securities	3,238	2,787	21,389
Purchases of investment securities	(2,369)	(1,752)	(15,648)
Proceeds from investments in and advances to unconsolidated subsidiaries and affiliates	490	3,068	3,234
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 20)	1,265		8,356
Collection of loans	1,611	1,210	10,639
Payment of loans	(1,810)	(1,375)	(11,954)
Other	(10,459)	(19,314)	(69,075)
Net cash used in investing activities	(22,436)	(49,420)	(148,176)
FINANCING ACTIVITIES:			
Repayments of short-term debt—net	(5,167)	(10,690)	(34,126)
Proceeds from long-term debt	40,882		270,011
Dividends paid	(16,466)	(17,151)	(108,753)
Purchase of treasury stock—net	(50,032)	(10,025)	(330,440)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation		19	
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		(778)	
Other	5	7	33
Net cash used in financing activities	(30,778)	(38,618)	(203,275)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	357	706	2,357
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,476	2,622	75,800
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	183,226	180,604	1,210,128
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.e)	¥194,702	¥183,226	\$1,285,928
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Newly recorded assets related to lease transactions	¥ 8,702	¥ 11,386	\$ 57,472
Newly recorded liabilities related to lease transactions	9,589	11,797	63,332

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

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 2023 consolidated financial statements to conform them to the classifications and presentations used in 2024.

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 ¥151.41 to \$1, the approximate rate of exchange at March 31, 2024. 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, 2024, include the accounts of the Company and its 27 (29 in 2023) significant subsidiaries (together, the "Group").

Effective from the fiscal year ended March 31, 2024, Yamato Staff Supply Co., Ltd. and Express Network., 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 30 (24 in 2023) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2024, Yamato Staff Supply 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, ALP Capital Sdn Bhd. and four other companies have been included in the scope of equity method due to GDEX BHD., an affiliate accounted for using equity method, newly acquiring 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
	2024	2023	2024
Cash and cash equivalents presented in the consolidated balance sheet	¥195,061	¥185,374	\$1,288,297
Time deposits due beyond three months	(359)	(2,148)	(2,369)
Cash and cash equivalents presented in the consolidated statement of cash flows	¥194,702	¥183,226	\$1,285,928

Notes to Consolidated Financial Statements

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

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, 2024 and 2023.

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 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.

The Company and certain domestic consolidated subsidiaries have applied the Japanese Group Relief System. In addition, the Company has adopted the ASBJ PITF No. 42, “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” with respect to the accounting treatment and disclosure related to tax effect accounting for national and local corporate income taxes.

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, 2024 and 2023, 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.

Notes to Consolidated Financial Statements

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.

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, 2024 and 2023, were ¥1,366 million (\$9,025 thousand), 480,200 shares, and ¥1,376 million and 483,700 shares, respectively.

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
	2024	2023	2024
Property, plant and equipment	¥454,754	¥443,017	\$3,003,460
Intangible assets	41,216	43,759	272,211

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. In Yamato Transport Co., Ltd., due to a change in the division in management accounting, the company has reviewed the grouping, and grouped based on the business segment unit from the customer segment unit, and assets associated with the Head Office division were classified as common assets. The above property, plant and equipment and intangible assets, the Group identifies signs of impairment and determines whether impairment losses should be recognized for each group of such assets. However, the various figures used in these considerations may be affected by uncertain future economic conditions and the company’s business conditions, such as trends in TA-Q-BIN unit prices and TA-Q-BIN delivery volumes, resource and energy prices, and costs due to changes in the external environment such as hourly wage. In addition, 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. ADDITIONAL INFORMATION

Dissolution and Liquidation of Subsidiaries

At the held on the previous consolidated fiscal year, the Board of Directors of the Company approved to liquidate our consolidated subsidiaries, YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED. Currently, preparations are underway for their liquidation process.

Reasons for dissolution and liquidation

The Company decided to liquidate YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED. The Company judged that reorganizing the current management structure based on previous overseas governance by abolishing intermediate holding companies was necessary. The purpose of liquidation is to reconstruct an appropriate governance framework that aligns with business scale, characteristics, country and region-specific factors, and the growth stage of overseas business.

Name, business and ownership of subsidiaries

Name: YAMATO ASIA PTE. LTD.
Business: Management of regional business in Southeast Asia, business development and market research
Ownership: 100% owned by the Company

Name: YAMATO INVESTMENT (HONG KONG) LIMITED
Business: Management of regional business in East Asia, business development and market research
Ownership: 100% owned by the Company

Schedule of dissolution and liquidation

YAMATO ASIA PTE. LTD.

Extraordinary Meeting of Shareholders (companies involved):	September 2024 (planned)
Conclusion of liquidation:	September 2025 (planned)

YAMATO INVESTMENT (HONG KONG) LIMITED

Extraordinary Meeting of Shareholders (companies involved):	July 2024 (planned)
Conclusion of liquidation:	December 2024 (planned)

Financial situation of the subsidiaries

YAMATO ASIA PTE. LTD.

Net assets:	¥8,112 million (\$53,578 thousand)
Total assets:	¥8,124 million (\$53,655 thousand)
Total liabilities:	¥12 million (\$77 thousand)

YAMATO INVESTMENT (HONG KONG) LIMITED

Net assets:	¥10,188 million (\$67,289 thousand)
Total assets:	¥10,193 million (\$67,318 thousand)
Total liabilities:	¥5 million (\$29 thousand)

Effect on profit or loss due to the dissolution and liquidation

The effect caused by expenses arising from the dissolution and liquidation of the subsidiaries on profit or loss is immaterial.

Significant effect on operating activities due to the dissolution and liquidation

The effect caused by the dissolution and liquidation of the subsidiaries on operating activities is immaterial.

Notes to Consolidated Financial Statements

5. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.2% of operating revenues in both 2024 and 2023.

Annual maturities of installment receivables at March 31, 2024 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
2025	¥21,411	¥1,903	\$141,411	\$12,568
2026	10,559	1,132	69,740	7,476
2027	6,690	659	44,186	4,351
2028	4,090	412	27,014	2,719
2029	2,564	273	16,934	1,804
2030 and thereafter	7,473	785	49,352	5,184
Total	¥52,787	¥5,164	\$348,637	\$34,102

6. INVENTORIES

Inventories at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Merchandise	¥ 97	¥ 169	\$ 642
Work in process	213	322	1,405
Raw materials and supplies	1,723	2,089	11,382
Total	¥2,033	¥2,580	\$13,429

7. INVESTMENT SECURITIES

Investment securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Non-current:			
Marketable equity securities	¥24,733	¥21,001	\$163,352
Non-marketable equity securities	6,000	3,759	39,626
Other	9,548	7,476	63,061
Total	¥40,281	¥32,236	\$266,039

Information regarding each category of the securities classified as available-for-sale at March 31, 2024 and 2023, is as follows:

	Millions of Yen			
	2024			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥10,066	¥15,726	¥136	¥25,656
Other	216		49	167
Total	¥10,282	¥15,726	¥185	¥25,823

	Millions of Yen			
	2023			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥10,807	¥10,448	¥254	¥21,001
Other				
Total	¥10,807	¥10,448	¥254	¥21,001

	Thousands of U.S. Dollars			
	2024			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$66,479	\$103,865	\$ 899	\$169,445
Other	1,430		325	1,105
Total	\$67,909	\$103,865	\$1,224	\$170,550

Information for available-for-sale securities, which were sold during the years ended March 31, 2024 and 2023, is as follows:

March 31, 2024	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥3,238	¥2,484	¥—

March 31, 2023	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥2,787	¥1,970	¥4

March 31, 2024	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	\$21,389	\$16,404	\$—

Loss on valuation of available-for-sale securities for the years ended March 31, 2024 and 2023, were ¥96 million (\$630 thousand) and ¥2 million, respectively.

8. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2024 and 2023. Upon review, due to no future use, continuous operating losses of those units or significant declines in market prices, the Group recognized an impairment loss of ¥1,423 million (\$9,400 thousand) as other expense for the asset groups of Kansai Gateway of Yamato Transport Co., Ltd. and 6 other asset groups for the year ended March 31, 2024, and ¥1,995 million as other expense for the asset groups of Credit Card Payment Business Unit of Yamato Credit Finance Co., Ltd. and 4 other asset groups for the year ended March 31, 2023. 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 their value in use, the discount rates used for computation of present value of future cash flows for the years ended March 31, 2024 and 2023, were mainly 6.00% and 5.29%, respectively.

Notes to Consolidated Financial Statements

9. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2024 and 2023, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2024 and 2023, were approximately 0.126% and 0.047%, respectively.

Long-term debt at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
0.300% Fiscal Investment and Loan Program due 2024 to 2029	¥ 1,000		\$ 6,604
0.570% loans from banks due in December 2028	10,000		66,046
0.448% loans from syndicate group due in December 2028	10,000		66,046
Lease obligations	41,529	¥38,274	274,278
Unsecured 0.310% bonds (with inter-bond pari passu clause) due in July 2028	20,000		132,092
Total	82,529	38,274	545,066
Less current portion	(6,051)	(5,415)	(39,961)
Total	¥76,478	¥32,859	\$505,105

Annual maturities of long-term debt at March 31, 2024, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 6,051	\$ 39,961
2026	4,957	32,737
2027	3,785	25,000
2028	2,606	17,210
2029	42,487	280,609
2030 and thereafter	22,643	149,549
Total	¥82,529	\$545,066

10. 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.

(1) Defined Benefit Retirement Plans

The changes in defined benefit obligation for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥155,309	¥151,477	\$1,025,753
Service cost	15,272	14,233	100,867
Interest cost	155	151	1,021
Actuarial loss arising during the year	2,635	169	17,405
Retirement benefits paid	(13,891)	(10,721)	(91,745)
Decrease due to change in scope of consolidation	(129)		(854)
Balance at end of year	¥159,351	¥155,309	\$1,052,447

The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥57,034	¥57,351	\$376,688
Expected return on plan assets	570	574	3,762
Actuarial gain arising during the year	604	657	3,985
Contributions from the employer		2	
Retirement benefits paid	(1,789)	(1,550)	(11,814)
Decrease due to change in scope of consolidation	(145)		(957)
Balance at end of year	¥56,274	¥57,034	\$371,664

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Defined benefit obligation of funded plan	¥ 10,387	¥ 11,802	\$ 68,600
Plan assets	(56,274)	(57,034)	(371,664)
	(45,887)	(45,232)	(303,064)
Defined benefit obligation of unfunded plan	148,964	143,507	983,847
Net liability arising from defined benefit obligation	¥103,077	¥ 98,275	\$ 680,783

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for employees' retirement benefits	¥103,077	¥98,295	\$680,783
Asset for employees' retirement benefits		(20)	
Net liability arising from defined benefit obligation	¥103,077	¥98,275	\$680,783

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Service cost	¥15,272	¥14,233	\$100,867
Interest cost	155	151	1,021
Expected return on plan assets	(570)	(574)	(3,762)
Recognized actuarial (gain) loss	(784)	493	(5,177)
Others	(39)	52	(257)
Net periodic benefit costs	¥14,034	¥14,355	\$ 92,692

Amounts recognized in other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Actuarial (loss) gain	¥(2,846)	¥981	\$(18,795)
Total	¥(2,846)	¥981	\$(18,795)

Notes to Consolidated Financial Statements

Amounts recognized in accumulated other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrecognized actuarial (loss) gain	¥(1,487)	¥1,387	\$ (9,822)
Total	¥(1,487)	¥1,387	\$ (9,822)

Plan assets as of March 31, 2024 and 2023, consisted of the following:

	2024	2023
General accounts	58%	58%
Debt investments	22	22
Others	20	20
Total	100%	100%

Assumptions used for the years ended March 31, 2024 and 2023, were set forth as follows:

	2024	2023
Discount rate	0.1%	0.1%
Expected rate of return on plan assets	1.0%	1.0%

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

(2) Defined Contribution Retirement Plans

The amounts contributed to the defined contribution retirement plans of the Group for the years ended March 31, 2024 and 2023, were ¥11,221 million (\$74,112 thousand) and ¥10,796 million, respectively.

(3) Information about Payments for Retirement and Other

In June 2023, Yamato Transport Co., Ltd. and Japan Post Co., Ltd. signed a basic agreement on collaboration to promote sustainable logistics services by contributing to solving various social issues related to logistics.

“Payment for Retirement and other” is a payment for consolation money and honoraria due to the termination of contracts with part-time employees engaged in the existing Nekopos and Kuroneko DM-bin and sole proprietors to whom delivery services were outsourced, following the start of the Kuroneko Yu-Packet and Kuroneko Yu-Mail, which are mailboxing services based on this basic agreement.

11. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 9,609	¥9,928	\$63,460
Additional provisions associated with the acquisition of property, plant and equipment	994	23	6,565
Reconciliation associated with passage of time	108	104	711
Reconciliation associated with changes in accounting estimates	33	(7)	219
Reduction associated with settlement of asset retirement obligations	(203)	(449)	(1,339)
Others	6	10	42
Balance at end of year	¥10,547	¥9,609	\$69,658

Changes in accounting estimates were recorded as it became evident that the estimate of the discounted cash flows required for future asset retirement at the beginning of the year would change. A reconciliation has been prepared for the change, which resulted in an increase in the asset retirement obligation for the year ended March 31, 2024, by ¥33 million (\$219 thousand), and a decrease for the year ended March 31, 2023, by ¥7 million, respectively.

12. 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.

Notes to Consolidated Financial Statements

13. 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, 2024 and 2023.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Accrued expenses	¥ 9,837	¥ 11,197	\$ 64,967
Legal welfare expense	1,660	1,881	10,963
Enterprise tax	1,412	1,906	9,325
Allowance for doubtful accounts	570	526	3,766
Tax loss carryforwards	4,445	4,257	29,355
Liability for employees' retirement benefits	31,703	30,777	209,388
Loss on valuation of land	16,353	20,485	108,004
Loss on impairment of long-lived assets	4,556	4,242	30,093
Loss on valuation of investment securities	867	920	5,728
Investments in subsidiaries and affiliates	11,535	10,628	76,184
Unrealized profit	3,928	3,944	25,943
Loss on valuation of telephone subscription rights	216	394	1,425
Other	10,396	9,428	68,663
Total tax loss carryforwards and temporary differences	97,478	100,585	643,804
Less valuation allowance for tax loss carryforwards	(4,445)	(4,257)	(29,355)
Less valuation allowance for temporary differences	(20,425)	(24,585)	(134,902)
Total valuation allowance	(24,870)	(28,842)	(164,257)
Deferred tax assets	¥72,608	¥ 71,743	\$ 479,547
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (4,587)	¥ (2,703)	\$ (30,299)
Other	(5,279)	(5,230)	(34,864)
Deferred tax liabilities	¥ (9,866)	¥ (7,933)	\$ (65,163)
Deferred tax assets—net	¥ 62,742	¥ 63,810	\$ 414,384

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2024, 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
2025	¥ 53	¥ (53)	¥ —
2026	37	(37)	
2027	3	(3)	
2028			
2029	504	(504)	
2030 and thereafter	3,848	(3,848)	
Total	¥4,445	¥(4,445)	¥ —

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
2025	\$ 349	\$ (349)	\$—
2026	249	(249)	
2027	18	(18)	
2028			
2029	3,327	(3,327)	
2030 and thereafter	25,412	(25,412)	
Total	\$29,355	\$(31,884)	\$—

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, 2024, with the corresponding figures for 2023 was as follows:

	2024	2023
Normal effective statutory tax rate	30.6%	30.6%
Per capita levy of local taxes	4.9	4.7
Difference of tax rates for foreign subsidiaries	(0.3)	(0.1)
Valuation allowance	(9.4)	(17.0)
Share of profit or loss of entities accounted for using equity method	0.5	2.2
Other—net	0.5	(0.3)
Actual effective tax rate	26.8%	20.1%

14. LEASES

The Group leases certain buildings, cargo aircrafts, computer equipment and other assets as the lessee.

Future rental payments under non-cancelable operating leases at March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 14,878	¥ 9,785	\$ 98,262
Due after one year	96,484	44,460	637,238
Total	¥111,362	¥54,245	\$735,500

15. 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 capital expenditures. Bank loans are mainly fixed 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.

Notes to Consolidated Financial Statements

(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, 2024 and 2023, were as follows:

		Millions of Yen		
March 31, 2024		Carrying Amount	Fair Value	Difference
Assets:				
Trade notes and accounts receivable, and contract assets		¥212,095		
Allowance for doubtful accounts		(303)		
		211,792	¥211,812	¥ 20
Installment sales receivable		52,787		
Allowance for doubtful accounts		(1,003)		
Deferred profit on installment sales		(5,164)		
		46,620	50,953	4,333
Available-for-sale securities		25,823	25,823	
Shares of affiliates		3,765	7,206	3,441
Liabilities:				
Short-term loans		10,000	10,000	
Long-term loans		21,000	20,984	(16)
		Millions of Yen		
March 31, 2023		Carrying Amount	Fair Value	Difference
Assets:				
Trade notes and accounts receivable, and contract assets		¥216,251		
Allowance for doubtful accounts		(261)		
		215,990	¥216,028	¥ 38
Installment sales receivable		50,509		
Allowance for doubtful accounts		(942)		
Deferred profit on installment sales		(4,798)		
		44,769	49,136	4,367
Available-for-sale securities		21,001	21,001	
Shares of affiliates		4,309	5,805	1,496
Liabilities:				
Short-term loans		10,000	10,000	
Long-term loans				
		Thousands of U.S. Dollars		
March 31, 2024		Carrying Amount	Fair Value	Difference
Assets:				
Trade notes and accounts receivable, and contract assets		\$1,400,798		
Allowance for doubtful accounts		(1,998)		
		1,398,800	\$1,398,933	\$ 133
Installment sales receivable		348,637		
Allowance for doubtful accounts		(6,629)		
Deferred profit on installment sales		(34,102)		
		307,906	336,521	28,615
Available-for-sale securities		170,550	170,550	
Shares of affiliates		24,865	47,591	22,725
Liabilities:				
Short-term loans		66,046	66,046	
Long-term loans		138,696	138,592	(104)

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, 2024 and 2023, were ¥5,158 million (\$34,067 thousand) and ¥3,840 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, 2024 and 2023, were ¥6,822 million (\$45,056 thousand) and ¥6,213 million, respectively.

Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at net amount of equity interest are not included. The amount of these investments recorded as investment securities on the consolidated balance sheet at March 31, 2024 and 2023, were ¥9,300 million (\$61,423 thousand) and ¥7,395 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, 2024	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥195,061	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	212,061	34	
Installment sales receivable	21,411	23,903	7,473
Total	¥428,533	¥23,937	¥7,473

March 31, 2023	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥185,374	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	216,213	38	
Installment sales receivable	22,182	23,546	4,781
Total	¥423,769	¥23,584	¥4,781

March 31, 2024	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	\$1,288,297	\$ —	\$ —
Trade notes and accounts receivable, and contract assets	1,400,576	222	
Installment sales receivable	141,411	157,874	49,352
Total	\$2,830,284	\$158,096	\$49,352

(5) Maturity Analysis for Long-Term Loans

Year Ending March 31	Thousands of U.S. Dollars	
	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 182	\$ 1,200
2026	182	1,201
2027	182	1,201
2028	182	1,201
2029	20,272	133,893
Total	¥21,000	\$138,696

Notes to Consolidated Financial Statements

(6) 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

	Millions of Yen			
	Fair Value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Equity securities	¥25,656	¥—	¥—	¥25,656
Other	167			167
Total assets	¥25,823	¥—	¥—	¥25,823

	Millions of Yen			
	Fair Value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Equity securities	¥21,001	¥—	¥—	¥21,001
Other				
Total assets	¥21,001	¥—	¥—	¥21,001

	Thousands of U.S. Dollars			
	Fair Value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Equity securities	\$169,445	\$—	\$—	\$169,445
Other	1,105			1,105
Total assets	\$170,550	\$—	\$—	\$170,550

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

	Millions of Yen			
	Fair Value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Trade notes and accounts receivable, and contract assets	¥ —	¥211,812	¥—	¥211,812
Installment sales receivable		50,953		50,953
Shares of affiliates:				
Equity securities	7,206			7,206
Total assets	¥7,206	¥262,765	¥—	¥269,971
Short-term loans	¥ —	¥ 10,000	¥—	¥ 10,000
Long-term loans		20,984		20,984
Total liabilities	¥ —	¥ 30,984	¥—	¥ 30,984

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Trade notes and accounts receivable, and contract assets	¥ —	¥216,028	¥—	¥216,028
Installment sales receivable		49,136		49,136
Shares of affiliates:				
Equity securities	5,805			5,805
Total assets	¥5,805	¥265,164	¥—	¥270,969
Short-term loans	¥ —	¥ 10,000	¥—	¥ 10,000
Long-term loans				
Total liabilities	¥ —	¥ 10,000	¥—	¥ 10,000

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Trade notes and accounts receivable, and contract assets	\$ —	\$1,398,933	\$—	\$1,398,933
Installment sales receivable		336,521		336,521
Shares of affiliates:				
Equity securities	47,591			47,591
Total assets	\$47,591	\$1,735,454	\$—	\$1,783,045
Short-term loans	\$ —	\$ 66,046	\$—	\$ 66,046
Long-term loans		138,592		138,592
Total liabilities	\$ —	\$ 204,638	\$—	\$ 204,638

Available-for-sale securities, shares of affiliates and other

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. Since other are equity warrants 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 and long-term loans

The fair value of short-term loans and long-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.

Notes to Consolidated Financial Statements

16. REVENUE RECOGNITION

(1) Information about Disaggregated Revenues from Contracts with Customers

	Millions of Yen			
	2024			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	¥1,181,252	¥ 627,096	¥ 22,836	¥1,831,184
Logistical support income	3,640	226,522		230,162
Others	28,914	31,843	137,728	198,485
Revenues from contracts with customers	1,213,806	885,461	160,564	2,259,831
Other revenues			3,387	3,387
Total	1,213,806	885,461	163,951	2,263,218
Internal segment revenues or transfers	(3,083)	(48,130)	(6,603)	(57,816)
Operating revenues by reportable segments	1,210,723	837,331	157,348	2,205,402
Intersegment revenues or transfers	(332,775)	(13,234)	(100,767)	(446,776)
Operating revenues from external customers	¥ 877,948	¥ 824,097	¥ 56,581	¥1,758,626

	Millions of Yen			
	2023			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	¥1,191,265	¥ 617,221	¥ 24,617	¥1,833,103
Logistical support income	3,352	259,526		262,878
Others	25,858	33,358	151,751	210,967
Revenues from contracts with customers	1,220,475	910,105	176,368	2,306,948
Other revenues			3,437	3,437
Total	1,220,475	910,105	179,805	2,310,385
Internal segment revenues or transfers	(2,563)	(47,597)	(7,773)	(57,933)
Operating revenues by reportable segments	1,217,912	862,508	172,032	2,252,452
Intersegment revenues or transfers	(323,338)	(16,455)	(111,991)	(451,784)
Operating revenues from external customers	¥ 894,574	¥ 846,053	¥ 60,041	¥1,800,668

	Thousands of U.S. Dollars			
	2024			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	\$ 7,801,676	\$4,141,708	\$ 150,820	\$12,094,204
Logistical support income	24,041	1,496,085		1,520,126
Others	190,964	210,307	909,639	1,310,910
Revenues from contracts with customers	8,016,681	5,848,100	1,060,459	14,925,240
Other revenues			22,371	22,371
Total	8,016,681	5,848,100	1,082,830	14,947,611
Internal segment revenues or transfers	(20,358)	(317,876)	(43,613)	(381,847)
Operating revenues by reportable segments	7,996,323	5,530,224	1,039,217	14,565,764
Intersegment revenues or transfers	(2,197,841)	(87,408)	(665,520)	(2,950,769)
Operating revenues from external customers	\$ 5,798,482	\$5,442,816	\$ 373,697	\$11,614,995

Notes: "Other" includes 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
	2024	2023	2024
Receivables from contracts with customers, beginning of fiscal year	¥185,549	¥188,005	\$1,225,476
Receivables from contracts with customers, end of fiscal year	183,854	185,549	1,214,280
Contract assets, beginning of fiscal year	4,794	4,689	31,660
Contract assets, end of fiscal year	4,552	4,794	30,064
Contract liabilities, beginning of fiscal year	14,264	12,887	94,205
Contract liabilities, end of fiscal year	13,432	14,264	88,710

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 years ended March 31, 2024 and 2023, the amounts included in the opening balance of contract liabilities were ¥11,282 million (\$74,515 thousand) and ¥10,427 million, respectively.

The amounts of revenue recognized in the fiscal years ended March 31, 2024 and 2023, from performance obligations satisfied in prior periods were immaterial.

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.

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17. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gain (loss) on available-for-sale securities:			
Adjustments arising during the year	¥ 9,291	¥ (304)	\$ 61,363
Reclassification adjustments to profit or loss	(2,344)	(1,970)	(15,479)
Amount before income tax effect	6,947	(2,274)	45,884
Income tax effect	(1,883)	51	(12,439)
Total	¥ 5,064	¥(2,223)	\$ 33,445
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1,186	¥ 2,143	\$ 7,833
Amount before income tax effect	1,186	2,143	7,833
Income tax effect	(67)	149	(443)
Total	¥ 1,119	¥ 2,292	\$ 7,390
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	¥(2,031)	¥ 488	\$(13,420)
Reclassification adjustments to profit or loss	(815)	493	(5,375)
Amount before income tax effect	(2,846)	981	(18,795)
Income tax effect	875	(304)	5,776
Total	¥(1,971)	¥ 677	\$(13,019)
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	¥ 15	¥ 1	\$ 99
Reclassification adjustments to profit or loss	(63)	(55)	(417)
Total	¥ (48)	¥ (54)	\$ (318)
Total other comprehensive income	¥ 4,164	¥ 692	\$ 27,498

18. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2024 and 2023, 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, 2024				
Basic EPS—Profit attributable to common shareholders	¥37,627	350,881	¥107.23	\$0.71
Year Ended March 31, 2023				
Basic EPS—Profit attributable to common shareholders	¥45,898	362,446	¥126.64	

19. 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 that provides delivery services for individual customers and mid-to-small sized corporations, the Corporate Business Unit, which manages the Corporate business, the Global SCM business, and the EC business, 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."

(3) Information about Segment Revenues, Segment Profit, Segment Assets, and Other Items

	Millions of Yen					
	2024					
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 877,948	¥824,097	¥ 56,581	¥1,758,626	¥ —	¥1,758,626
Intersegment revenues	332,775	13,234	100,767	446,776	(446,776)	
Total segment revenues	¥1,210,723	¥837,331	¥157,348	¥2,205,402	¥(446,776)	¥1,758,626
Segment profit	¥ 22,589	¥ 4,587	¥ 12,734	¥ 39,910	¥ 150	¥ 40,060
Segment assets	829,542	193,604	139,204	1,162,350	(26,455)	1,135,895
Other:						
Depreciation and amortization	24,464	15,567	3,473	43,504	791	44,295
Investment in entities accounted for using equity method	859			859	8,495	9,354
Increase of tangible and intangible fixed assets	48,219	7,320	1,671	57,210	5,149	62,359
	Millions of Yen					
	2023					
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 894,574	¥846,053	¥ 60,041	¥1,800,668	¥ —	¥1,800,668
Intersegment revenues	323,338	16,455	111,991	451,784	(451,784)	
Total segment revenues	¥1,217,912	¥862,508	¥172,032	¥2,252,452	¥(451,784)	¥1,800,668
Segment profit	¥ 32,298	¥ 13,138	¥ 13,901	¥ 59,337	¥ 748	¥ 60,085
Segment assets	788,000	181,737	142,259	1,111,996	(4,409)	1,107,587
Other:						
Depreciation and amortization	21,884	14,796	4,097	40,777	781	41,558
Investment in entities accounted for using equity method	768	4,309		5,077	4,312	9,389
Increase of tangible and intangible fixed assets	38,973	9,101	2,324	50,398	5,293	55,691

Notes to Consolidated Financial Statements

	Thousands of U.S. Dollars					
	2024					
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	\$5,798,482	\$5,442,816	\$ 373,697	\$11,614,995	\$ —	\$11,614,995
Intersegment revenues	2,197,841	87,408	665,520	2,950,769	(2,950,769)	
Total segment revenues	\$7,996,323	\$5,530,224	\$1,039,217	\$14,565,764	\$(2,950,769)	\$11,614,995
Segment profit	\$ 149,194	\$ 30,292	\$ 84,104	\$ 263,590	\$ 987	\$ 264,577
Segment assets	5,478,782	1,278,674	919,384	7,676,840	(174,725)	7,502,115
Other:						
Depreciation and amortization	161,571	102,816	22,939	287,326	5,223	292,549
Investment in entities accounted for using equity method	5,675			5,675	56,106	61,781
Increase of tangible and intangible fixed assets	318,468	48,348	11,033	377,849	34,008	411,857

Notes: "Other" includes 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, 2024 and 2023, of ¥150 million (\$987 thousand) and ¥748 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 ¥7,841 million (\$51,789 thousand) and ¥7,385 million, and intersegment eliminations of ¥7,991 million (\$52,776 thousand) and ¥8,133 million, respectively.
- (2) Reconciliations of segment assets at March 31, 2024 and 2023, of ¥26,455 million (\$174,725 thousand) and ¥4,409 million, respectively, include intersegment eliminations of assets and liabilities of ¥124,981 million (\$825,446 thousand) and ¥112,277 million, and group-wide assets which are not allocated to each reportable segment of ¥98,526 million (\$650,721 thousand) and ¥107,868 million, respectively.
- (3) Reconciliations of investments in entities accounted for using equity method at March 31, 2024 and 2023, of ¥8,495 million (\$56,106 thousand) and ¥4,312 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, 2024 and 2023, of ¥5,149 million (\$34,008 thousand) and ¥5,293 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, 2024 and 2023, of ¥5,478,782 thousand and ¥788,000 million, respectively, include assets of the Transportation division and the Head Office division of Yamato Transport Co., Ltd. of ¥569,630 million (\$3,762,168 thousand) and ¥540,417 million, respectively.

Increase of tangible and intangible fixed assets of the Retail Business Unit for the years ended March 31, 2024 and 2023, of ¥48,219 million (\$318,468 thousand) and ¥38,973 million, respectively, include the amount of increase of the Transportation division and the Head Office division of Yamato Transport Co., Ltd. of ¥26,904 million (\$177,687 thousand) and ¥23,631 million, respectively.

(4) Change in Reportable Segment

Effective from the fiscal year ending March 31, 2025, the Group is going to change its classification of reportable segments from two reportable segments, which are Retail Business Unit and Corporate Business Unit to four reportable segments, which are going to be Express Business, Contract Logistics Business, Global Business and Mobility Business.

The change involves management structure in order to achieve sustainable enhancement of corporate value by promoting initiatives such as strengthening the TA-Q-BIN network and expanding the value provided, expanding corporate business domain, and commercializing new business models based on the medium-term management plan "Sustainability Transformation 2030 - 1st Stage" which was formulated with the fiscal year ending March 31, 2027 as the final year under the Company, which is the pure holding company.

Information about segment revenues, segment profit, segment assets, and other items by reportable segment for the fiscal year ended March 31, 2024, according to the reporting segments after the change is as follows.

	Millions of Yen							
	2024							
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Segment revenues:								
Segment revenues from customers	¥1,548,599	¥ 89,074	¥74,055	¥20,163	¥26,735	¥1,758,626	¥ —	¥1,758,626
Intersegment revenues	39,904	11,119	3,781	33,874	68,864	157,542	¥(157,542)	
Total segment revenues	¥1,588,503	¥100,193	¥77,836	¥54,037	¥95,599	¥1,916,168	¥(157,542)	¥1,758,626
Segment profit	¥ 11,354	¥ 9,703	¥ 6,663	¥ 4,132	¥ 8,124	¥ 39,976	¥ 84	¥ 40,060
Segment assets	925,183	23,908	65,410	30,352	104,381	1,149,234	(13,339)	1,135,895
Other:								
Depreciation and amortization	34,908	3,060	2,276	937	2,323	43,504	791	44,295
Investment in entities accounted for using equity method	859					859	8,495	9,354
Increase of tangible and intangible fixed assets	51,570	1,132	3,018	754	736	57,210	5,149	62,359

Thousands of U.S. Dollars								
2024								
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Segment revenues:								
Segment revenues from customers	\$10,227,852	\$588,296	\$489,102	\$133,172	\$176,573	\$11,614,995	\$ —	\$11,614,995
Intersegment revenues	263,548	73,433	24,974	223,722	454,820	1,040,497	(1,040,497)	
Total segment revenues	\$10,491,400	\$661,729	\$514,076	\$356,894	\$631,393	\$12,655,492	\$(1,040,497)	\$11,614,995
Segment profit	\$ 74,986	\$ 64,084	\$ 44,009	\$ 27,291	\$ 53,652	\$ 264,022	\$ 555	\$ 264,577
Segment assets	6,110,452	157,905	432,003	200,460	689,394	7,590,214	(88,099)	7,502,115
Other:								
Depreciation and amortization	230,554	20,212	15,029	6,186	15,345	287,326	5,223	292,549
Investment in entities accounted for using equity method	5,675					5,675	56,106	61,781
Increase of tangible and intangible fixed assets	340,596	7,478	19,934	4,980	4,861	377,849	34,008	411,857

Notes: "Other" includes Yamato System Development Co., Ltd. (development of information systems).

Reconciliations are as follows:

- (1) Reconciliations of segment profit for the years ended March 31, 2024, of ¥84 million (\$555 thousand) 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 ¥7,841 million (\$51,789 thousand), and intersegment eliminations of ¥7,925 million (\$52,344 thousand).
- (2) Reconciliations of segment assets at March 31, 2024, of ¥13,339 million (\$88,099 thousand), include intersegment eliminations of assets and liabilities of ¥111,865 million (\$732,821 thousand) and group-wide assets which are not allocated to each reportable segment of ¥98,526 million (\$650,722 thousand).
- (3) Reconciliations of investments in entities accounted for using equity method at March 31, 2024, of ¥8,495 million (\$56,106 thousand) 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, 2024, of ¥5,149 million (\$34,008 thousand) are the Company's capital investment.

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

Segment assets of the Express Business at March 31, 2024, of ¥925,183 million (\$6,110,452 thousand) include assets of the Head Office division of Yamato Transport Co., Ltd. of ¥342,977 million (\$2,265,218 thousand).

Increase of tangible and intangible fixed assets of the Express Business for the years ended March 31, 2024, of ¥51,570 million (\$340,596 thousand) include the amount of increase of the Head Office division of Yamato Transport Co., Ltd. of ¥10,576 million (\$69,848 thousand).

[Related Information about Reportable Segments]

(1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2024 and 2023, were as follows:

Millions of Yen							
2024				2023			
TA-Q-BIN	Kuroneko DM-Bin Kuroneko Yu-Mail	Other	Total	TA-Q-BIN	Kuroneko DM-Bin Kuroneko Yu-Mail	Other	Total
¥1,363,771	¥41,910	¥352,945	¥1,758,626	¥1,357,419	¥52,856	¥390,393	¥1,800,668

Thousands of U.S. Dollars			
2024			
TA-Q-BIN	Kuroneko DM-Bin Kuroneko Yu-Mail	Other	Total
\$9,007,144	\$276,798	\$2,331,053	\$11,614,995

(2) Information about Geographical Areas

The disclosure of operating revenues by geographical areas for the years ended March 31, 2024 and 2023, 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, 2024 and 2023, 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.

(3) Information about Major Customers

The disclosure of operating revenues by major customers for the years ended March 31, 2024 and 2023, were omitted since no customer accounted for more than 10% of sales in the consolidated statement of income.

Notes to Consolidated Financial Statements

(4) 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, 2024 and 2023, were as follows:

	Millions of Yen					
	2024					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥899	¥—	¥524	¥1,423	¥—	¥1,423

	Millions of Yen					
	2023					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥748	¥281	¥966	¥1,995	¥—	¥1,995

	Thousands of U.S. Dollars					
	2024					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	\$5,936	\$—	\$3,464	\$9,400	\$—	\$9,400

20. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

In September 2023, the Company sold 50.98% of the shares of Yamato Staff Supply Co., Ltd. As a result, Yamato Staff Supply Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Staff Supply Co., Ltd. At the time of sales and reconciliation between the selling price and the proceeds from sales of shares are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2024	2024
Current assets	¥ 4,730	\$ 31,242
Long-lived assets	299	1,974
Current liabilities	(3,310)	(21,860)
Long-term liabilities	(62)	(413)
Investment account after sales of shares	(812)	(5,364)
Gain on sales of shares	1,377	9,097
Selling price	2,222	14,676
Cash and cash equivalents	(957)	(6,320)
Net proceeds from sales of shares	¥ 1,265	\$ 8,356

21. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2024, was approved at the Company's Board of Directors meeting held on May 15, 2024:

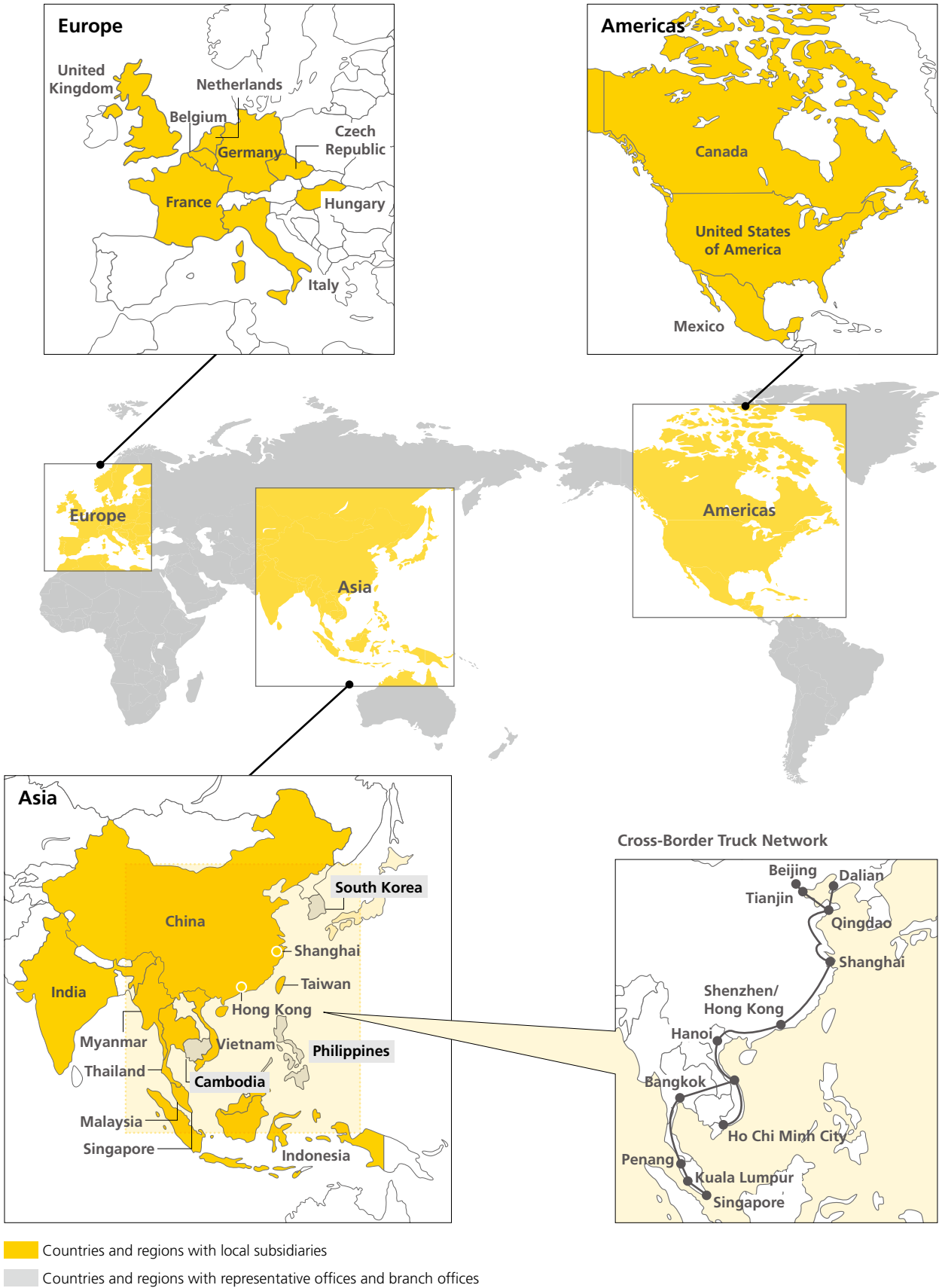
	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥23 (\$0.15) per share*	¥7,899	\$52,169

* The total cash dividends approved at the Company's Board of Directors meeting held on May 15, 2024, include the dividends of ¥11 million (\$73 thousand) for the share of the Company held by "Board Benefit Trust (BBT)."

Global Network

As of March 31, 2024

25 overseas subsidiaries **24** countries and regions of operation (including representative offices and branch offices)



Corporate Data / Stock Information

As of March 31, 2024

► 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: 360,496,492 shares

► Stock Exchange Listing

Tokyo Stock Exchange

► Transfer Agent and Registrar

Mizuho Trust & Banking Co., Ltd.

► General Meeting of Shareholders

Held in June

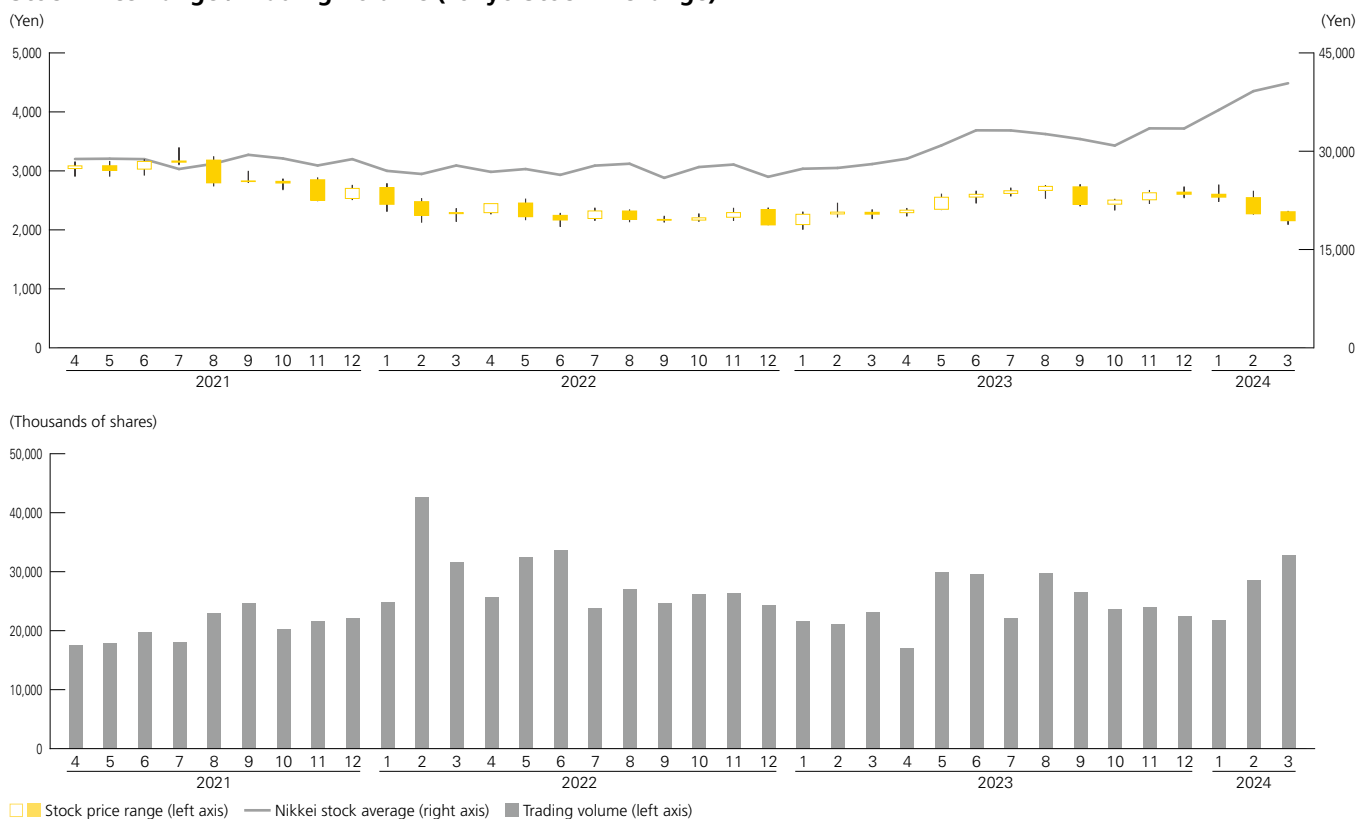
► Auditor

Deloitte Touche Tohmatsu LLC

► Principal Shareholders

	Percentage of total shares outstanding (excluding treasury shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16.76%
Yamato Employees' Shareholding Association	7.89%
Custody Bank of Japan, Ltd. (Trust Account)	7.69%
Meiji Yasuda Life Insurance Company	4.31%
Nippon Life Insurance Company	4.30%
Mizuho Bank, Ltd.	2.98%
Yamato Trading-Partner Shareholding Association	2.38%
Toyota Motor Corporation	1.67%
STATE STREET BANK WEST CLIENT-TREATY 505234	1.60%
Sompo Japan Insurance Inc.	1.49%
Total	51.10%

Stock Price Range / Trading Volume (Tokyo Stock Exchange)





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104-8125 Japan
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