
***Yamato Holdings Co., Ltd. and
Consolidated Subsidiaries***

*Consolidated Financial Statements for the
Year Ended March 31, 2025, and
Independent Auditor's Report*

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2025

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
CURRENT ASSETS:			
Cash and cash equivalents (Notes 2.f and 16)	¥ 208,654	¥ 195,061	\$ 1,395,493
Notes and accounts receivable, and contract assets (Notes 16 and 17):			
Trade	219,763	212,095	1,469,789
Installment (Note 6)	56,416	52,787	377,313
Allowance for doubtful accounts	(1,506)	(1,600)	(10,069)
Inventories (Note 7)	3,399	2,033	22,733
Prepaid expenses and other current assets	34,434	35,978	230,296
Total current assets	521,160	496,354	3,485,555
PROPERTY, PLANT AND EQUIPMENT—At cost:			
Land	177,705	175,187	1,188,505
Buildings and structures	417,201	402,347	2,790,268
Vehicles	183,307	192,890	1,225,966
Machinery and equipment	136,593	133,808	913,543
Leased assets (Note 15)	59,428	51,086	397,459
Construction in progress	12,293	17,148	82,217
Others	7,760	6,189	51,899
	994,287	978,655	6,649,857
Accumulated depreciation	(519,933)	(523,901)	(3,477,344)
Net property, plant and equipment	474,354	454,754	3,172,513
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8 and 16)	34,896	40,281	233,385
Investments in and advances to unconsolidated subsidiaries and affiliates, net of valuation allowance of ¥60 million (\$400 thousand) in 2025 and ¥675 million in 2024 (Note 16)	14,529	12,624	97,172
Long-term loans	2,341	2,394	15,657
Goodwill	15,827		105,853
Software	33,133	36,653	221,598
Customer-related intangible assets	25,853		172,907
Lease deposits	31,510	23,256	210,741
Asset for employees' retirement benefits (Notes 2.m and 11)	47,030	45,887	314,538
Deferred tax assets (Note 14)	57,203	63,278	382,575
Other assets	9,592	6,301	64,154
Total investments and other assets	271,914	230,674	1,818,580
TOTAL	¥ 1,267,428	¥ 1,181,782	\$ 8,476,648

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
CURRENT LIABILITIES:			
Short-term bank loans (Notes 10 and 16)	¥ 11,800	¥ 10,000	\$ 78,919
Current portion of long-term debt (Notes 10 and 16)	9,721	6,051	65,017
Notes and accounts payable:			
Trade	173,474	164,073	1,160,208
Other	21,418	20,141	143,242
Income taxes payable	14,969	8,369	100,110
Accrued expenses	72,578	79,779	485,408
Deferred profit on installment sales (Notes 6 and 16)	5,669	5,164	37,916
Other current liabilities (Notes 12 and 16)	45,011	52,328	301,036
Total current liabilities	354,640	345,905	2,371,856
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10 and 16)	152,275	76,478	1,018,425
Liability for employees' retirement benefits (Notes 2.m and 11)	128,589	148,964	860,015
Deferred tax liabilities (Note 14)	2,180	536	14,579
Provision for special repairs (Note 2.l)	3,277		21,919
Other long-term liabilities (Note 12)	26,116	17,918	174,666
Total long-term liabilities	312,437	243,896	2,089,604
COMMITMENTS LIABILITIES (Note 15)			
EQUITY (Notes 13 and 22):			
Common stock—authorized, 1,787,541,000 shares in 2025 and 2024; issued, 360,496,492 shares in 2025 and 2024	127,235	127,235	850,955
Capital surplus	36,849	36,839	246,451
Retained earnings	470,183	448,110	3,144,619
Treasury stock—at cost, 34,311,351 shares in 2025 and 17,548,985 shares in 2024	(73,913)	(42,850)	(494,337)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	8,250	14,354	55,174
Foreign currency translation adjustments	4,215	2,908	28,193
Remeasurements of defined employees' retirement benefit plans (Notes 2.m and 11)	16,440	(840)	109,952
	589,259	585,756	3,941,007
Total			
Non-controlling interests	11,092	6,225	74,181
Total equity	600,351	591,981	4,015,188
TOTAL	¥ 1,267,428	¥ 1,181,782	\$ 8,476,648

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
OPERATING REVENUES (Note 17)			
	¥ 1,762,696	¥ 1,758,626	\$ 11,789,032
OPERATING COSTS AND EXPENSES:			
Operating costs	1,692,669	1,664,317	11,320,687
Selling, general and administrative expenses	<u>55,821</u>	<u>54,249</u>	<u>373,334</u>
Total operating costs and expenses	<u>1,748,490</u>	<u>1,718,566</u>	<u>11,694,021</u>
Operating profit	<u>14,206</u>	<u>40,060</u>	<u>95,011</u>
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,762	1,771	11,784
Interest expense	(1,605)	(1,405)	(10,733)
Gain on sales and disposal of property, plant and equipment—net	23,271	11,838	155,638
Loss on impairment of long-lived assets (Note 9)	(632)	(1,423)	(4,225)
Gain on sales of investment securities—net (Note 8)	14,703	2,484	98,335
(Loss) gain on sales of shares of subsidiaries and affiliates—net	(47)	1,377	(313)
Loss on valuation of investment securities (Note 8)	(849)	(96)	(5,679)
Gain (loss) on investments in investment partnerships	2,514	(637)	16,813
Share of loss of entities accounted for using equity method	(371)	(837)	(2,485)
Provision of allowance for doubtful accounts in unconsolidated subsidiaries and affiliates	(93)	(188)	(626)
Green Innovation Fund Project subsidies	643	480	4,301
Head office relocation expenses	(744)		(4,974)
Payments for retirement and other (Note 11)		(2,728)	
Other—net	<u>2,033</u>	<u>1,008</u>	<u>13,600</u>
Other income —net	<u>40,585</u>	<u>11,644</u>	<u>271,436</u>
PROFIT BEFORE INCOME TAXES	<u>54,791</u>	<u>51,704</u>	<u>366,447</u>
INCOME TAXES (Note 14):			
Current	17,254	13,926	115,400
Deferred	<u>(819)</u>	<u>(62)</u>	<u>(5,478)</u>
Total income taxes	<u>16,435</u>	<u>13,864</u>	<u>109,922</u>
PROFIT	38,356	37,840	256,525
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>418</u>	<u>213</u>	<u>2,794</u>
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	<u>¥ 37,938</u>	<u>¥ 37,627</u>	<u>\$ 253,731</u>

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2025

	Yen		U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
PER SHARE OF COMMON STOCK (Notes 2.s and 19):			
Basic earnings	¥ 111.87	¥ 107.23	\$ 0.75
Cash dividends applicable to the year	46.00	46.00	0.31

See notes to consolidated financial statements.

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
PROFIT	¥ 38,356	¥ 37,840	\$ 256,525
OTHER COMPREHENSIVE INCOME (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(6,352)	5,064	(42,479)
Foreign currency translation adjustments	1,324	1,119	8,855
Remeasurements of defined employees' retirement benefit plans	17,377	(1,971)	116,216
Share of other comprehensive income of entities accounted for using equity method	(97)	(48)	(647)
Total other comprehensive income	12,252	4,164	81,945
COMPREHENSIVE INCOME	¥ 50,608	¥ 42,004	\$ 338,470
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of parent	¥ 50,420	¥ 41,799	\$ 337,215
Non-controlling interests	188	205	1,255

See notes to consolidated financial statements.

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

**Consolidated Statement of Changes in Equity
Year Ended March 31, 2025**

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Accumulated Other Comprehensive Income									
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
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
Profit attributable to owners of parent				37,938					37,938		37,938
Cash dividends, ¥46 per share				(15,798)					(15,798)		(15,798)
Purchase of treasury stock	(16,771)				(31,087)				(31,087)		(31,087)
Disposal of treasury stock	8				24				24		24
Change in scope of consolidation			(7)						(7)		(7)
Change in equity related to transaction with non-controlling shareholders			17						17		17
Change due to changes in accounting period of consolidated subsidiaries (Note 2.a)				(67)					(67)		(67)
Net change in the year						(6,104)	1,307	17,280	12,483	4,867	17,350
BALANCE, MARCH 31, 2025	<u>326,185</u>	<u>¥ 127,235</u>	<u>¥ 36,849</u>	<u>¥ 470,183</u>	<u>¥ (73,913)</u>	<u>¥ 8,250</u>	<u>¥ 4,215</u>	<u>¥ 16,440</u>	<u>¥ 589,259</u>	<u>¥ 11,092</u>	<u>¥ 600,351</u>
	Thousands of U.S. Dollars (Note 1)										
	Accumulated Other Comprehensive Income										
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, MARCH 31, 2024		<u>\$ 850,955</u>	<u>\$ 246,382</u>	<u>\$ 2,996,990</u>	<u>\$ (286,587)</u>	<u>\$ 96,003</u>	<u>\$ 19,448</u>	<u>\$ (5,616)</u>	<u>\$ 3,917,575</u>	<u>\$ 41,634</u>	<u>\$ 3,959,209</u>
Profit attributable to owners of parent				253,731					253,731		253,731
Cash dividends, \$0.31 per share				(105,656)					(105,656)		(105,656)
Purchase of treasury stock					(207,910)				(207,910)		(207,910)
Disposal of treasury stock					160				160		160
Change in scope of consolidation			(46)						(46)		(46)
Change in equity related to transaction with non-controlling shareholders			115						115		115
Change due to changes in accounting period of consolidated subsidiaries (Note 2.a)				(446)					(446)		(446)
Net change in the year						(40,829)	8,745	115,568	83,484	32,547	116,031
BALANCE, MARCH 31, 2025		<u>\$ 850,955</u>	<u>\$ 246,451</u>	<u>\$ 3,144,619</u>	<u>\$ (494,337)</u>	<u>\$ 55,174</u>	<u>\$ 28,193</u>	<u>\$ 109,952</u>	<u>\$ 3,941,007</u>	<u>\$ 74,181</u>	<u>\$ 4,015,188</u>

See notes to consolidated financial statements.

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
OPERATING ACTIVITIES:			
Profit before income taxes	¥ 54,791	¥ 51,704	\$ 366,447
Adjustments for:			
Income taxes—paid	(3,885)	(21,324)	(25,985)
Depreciation and amortization	49,048	44,431	328,035
Gain on sales and disposal of property, plant and equipment—net	(23,271)	(11,838)	(155,638)
Loss on impairment of long-lived assets	632	1,423	4,225
Gain on sales of investment securities—net	(14,703)	(2,484)	(98,335)
Loss (gain) on sales of shares of subsidiaries and affiliates—net	47	(1,377)	313
Loss on valuation of investment securities	849	96	5,679
Share of loss of entities accounted for using equity method	371	837	2,485
Changes in assets and liabilities, net of effects from previously consolidated subsidiaries:			
(Increase) decrease in notes and accounts receivable	(6,033)	1,288	(40,350)
(Increase) decrease in inventories	(1,397)	542	(9,344)
Increase in notes and accounts payable	3,764	1,001	25,173
Increase in liability for employees' retirement benefits	3,836	3,309	25,655
Other—net	(16,316)	(3,275)	(109,124)
Total adjustments	<u>(7,058)</u>	<u>12,629</u>	<u>(47,211)</u>
Net cash provided by operating activities	<u>47,733</u>	<u>64,333</u>	<u>319,236</u>
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	51,352	17,555	343,449
Purchases of property, plant and equipment	(54,992)	(31,957)	(367,792)
Proceeds from sales of investment securities	15,768	3,238	105,455
Purchases of investment securities	(4,884)	(2,369)	(32,663)
(Payment for) proceeds from investments in and advances to unconsolidated subsidiaries and affiliates—net	(2,875)	490	(19,227)
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation (Note 21)	(35,308)		(236,140)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 21)	216	1,265	1,447
Collection of loans	1,232	1,611	8,236
Payment of loans	(1,105)	(1,810)	(7,389)
Other	<u>(13,761)</u>	<u>(10,459)</u>	<u>(92,038)</u>
Net cash used in investing activities	<u>(44,357)</u>	<u>(22,436)</u>	<u>(296,662)</u>
FORWARD	¥ 3,376	¥ 41,897	\$ 22,574

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
FORWARD	¥ 3,376	¥ 41,897	\$ 22,574
FINANCING ACTIVITIES:			
Repayments of short-term debt—net	(4,777)	(5,167)	(31,949)
Proceeds from long-term debt	61,617	40,882	412,096
Repayments of long-term debt	(922)		(6,164)
Dividends paid	(15,879)	(16,466)	(106,197)
Purchase of treasury stock—net	(31,103)	(50,032)	(208,021)
Other	<u>485</u>	<u>5</u>	<u>3,245</u>
Net cash used in financing activities	<u>9,421</u>	<u>(30,778)</u>	<u>63,010</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>100</u>	<u>357</u>	<u>669</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,897	11,476	86,253
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>194,702</u>	<u>183,226</u>	<u>1,302,182</u>
INCREASE IN CASH AND CASH EQUIVALENTS FROM THE CHANGE IN FISCAL PERIOD-END OF CONSOLIDATED SUBSIDIARIES (Note 2.a)	<u>458</u>		<u>3,065</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.f)	<u>¥ 208,057</u>	<u>¥ 194,702</u>	<u>\$ 1,391,500</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Newly recorded assets related to lease transactions	¥ 10,871	¥ 8,702	\$ 72,706
Newly recorded liabilities related to lease transactions	12,657	9,589	84,650

See notes to consolidated financial statements.

Yamato Holdings Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements Year Ended March 31, 2025

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 2024 consolidated financial statements to conform them to the classifications and presentations used in 2025.

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 ¥149.52 to \$1, the approximate rate of exchange at March 31, 2025. 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, 2025, include the accounts of the Company and its 32 (27 in 2024) significant subsidiaries (together, the "Group").

Effective from the fiscal year ended March 31, 2025, Sustainable Shared Transport Inc., KURONEKO Innovation Fund II L.P., MY MEDICA Inc., and Yamato Energy Management Co., Ltd. have been included in the scope of consolidation due to their new establishment. Furthermore, Nakano Shokai Co., Ltd., and its subsidiary, IS Tosu Development II TMK (Tokutei Mokuteki Kaisha, a type of special purpose company in Japan), have been included in the scope of consolidation due to the new acquisition of shares. In addition, Yamato Dialog & Media Co., Ltd. (now, YDM Co., Ltd.) has been excluded from the scope of consolidation due to the transfer of all of its shares.

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 41 (30 in 2024) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2025, RH Co., Ltd. and its subsidiary have been included in the scope of the equity method due to the new acquisition of shares in RH Co., Ltd. Furthermore, Frontier Scion Sdn. Bhd. and ten other companies have been included in the scope of the equity method due to GDEX BHD., an affiliate accounted for using the equity method, newly acquiring their shares. In addition, Yamato Home Convenience Co., Ltd. (now, Art Setting Delivery Co., Ltd.) and another company have been excluded from the scope of the equity method due to the transfer of all of their shares.

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

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

Among the consolidated subsidiaries, the fiscal year-end for Nakano Shokai Co., Ltd. and IS Tosu Development II TMK, is September 30, and June 30, in respectively. Their financial statements are based on a provisional settlement of accounts, prepared in a manner similar to the year-end closing procedures, as of the consolidated closing date.

Furthermore, the fiscal year-end for YAMATO TRANSPORT U.S.A., INC. and nine other foreign consolidated subsidiaries is December 31. Previously, in preparing the consolidated financial statements, the financial statements of these subsidiaries as of their respective fiscal year-ends were used, and necessary adjustments were made for any significant transactions that occurred between their fiscal year-ends and the consolidated closing date. However, to ensure more appropriate disclosure in the consolidated financial statements, from this consolidated fiscal year, the Group has changed its method to performing a provisional settlement of accounts for these subsidiaries on the consolidated closing date. Consequently, due to this change, profit or loss for the period from January 1, 2024, to March 31, 2024, is adjusted as an increase or decrease in retained earnings. The corresponding change in cash and cash equivalents is presented as "Increase in cash and cash equivalents from the change in fiscal period-end of consolidated subsidiaries" in the consolidated statement of cash flows.

- 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. Business Combinations—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer is required to report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which is not required to exceed one year from the acquisition, the acquirer is required to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments are required to be recognized as if the accounting for the business combination had been completed at the acquisition date. The excess of the consideration transferred over the net of the identifiable assets acquired and liabilities assumed is recognized as goodwill. While, any excess of the net of the identifiable assets acquired and liabilities assumed over the consideration transferred is immediately recognized as bargain purchase gain. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. 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) Express Business

Express Business 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. This is due to the fact that the 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) Contract Logistics Business and Global Business

Contract Logistics Business and Global Business provide logistics support services, such as cargo storage, inbound and outbound shipments, and customs clearance, in order to deliver value across their customers' entire supply chains, in addition to offering the same transportation services as Express Business. The Group provides logistics support services, including storage, packing, customs clearance, and delivery of cargo, based on contracts with its customers. Each contractually agreed-upon process within these contracts is identified as a distinct performance obligation. Revenue for each performance obligation is recognized over time, corresponding to the progress made in satisfying that obligation. This progress is measured based on the extent of work completed, as customers simultaneously receive and consume the economic benefits as the services are rendered.

(3) Mobility Business

Mobility Business provides automotive services for customers' vehicles, including inspections and maintenance. These services encompass maintenance management for vehicles owned or used by customers, such as legislative periodic safety inspections (commonly known as "shaken" in Japan) and regular check-ups, as well as other related ancillary services. Revenue derived from these services is recognized when the performance obligation is satisfied. This satisfaction is deemed to occur at the point in time when the vehicle, after the completion of inspection and maintenance, is delivered to and accepted by the customer.

- f. 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
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Cash and cash equivalents presented in the consolidated balance sheet	¥ 208,654	¥ 195,061	\$ 1,395,493
Time deposits due beyond three months	<u>(597)</u>	<u>(359)</u>	<u>(3,993)</u>
Cash and cash equivalents presented in the consolidated statement of cash flows	<u>¥ 208,057</u>	<u>¥ 194,702</u>	<u>\$ 1,391,500</u>

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

- h. 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, 2025 and 2024.

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.

- i. 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.

j. 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.

k. Other Assets— Intangible assets are amortized using the straight-line method.

Software is amortized using the straight-line method over its estimated useful life of 5 years or less.

Customer-related intangible assets are amortized using the straight-line method over their expected period of economic benefit.

Goodwill is amortized using the straight-line method over its expected period of economic benefit. However, if the amount of goodwill is immaterial, it is fully amortized during the fiscal year that the goodwill is recognized.

l. Provisions—The basis for recognition of significant provisions is as follows:

(1) Allowance for Doubtful Accounts

To provide for potential losses from uncollectible receivables, allowance for doubtful accounts is recorded. For general receivables, this allowance is calculated based on the historical bad debt ratio. For specific receivables, such as claims with collection concerns, their collectibility is individually assessed, and the estimated uncollectible amount is recorded.

(2) Provision for Special Repairs

To provide for the expenses required for special repairs of cargo aircraft, provision for special repairs is recorded based on the estimated future repair costs.

m. 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.

- n. 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.

- o. 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.

- p. 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.

- q. 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.

- r. 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.

- s. 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, 2025 and 2024, 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.

- t. **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.

- u. **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, 2025 and 2024, were ¥1,343 million (\$8,979 thousand) , 471,800 shares, and ¥1,366 million and 480,200 shares, respectively.

- v. **New Accounting Pronouncements**

Accounting Standards for Leases—Accounting Standards for Leases—In September 2024, the ASBJ issued ASBJ Statement No. 34, "Accounting Standard for Leases," and ASBJ Guidance No. 33, "Implementation Guidance on Accounting Standard for Leases."

The ASBJ deliberated on the development of accounting standards for leases as part of its efforts to achieve international consistency in Japanese accounting standards. These new standards, which take into account international accounting standards, require lessees to recognize assets and liabilities for all leases. The basic policy of new standards has been to base these standards on the single accounting model of IFRS 16. However, instead of adopting all provisions of IFRS 16, only its main provisions are incorporated. This policy aims to establish lease accounting standards that are simple and practical, and which would also require basically no adjustments to align with the principles of IFRS 16, even when applied to separate financial statements. Regarding the lessee's accounting treatment, specifically the method for allocating lease costs, a single accounting model is applied to all leases, consistent with IFRS 16. This model applies irrespective of whether a lease is classified as a finance lease or an operating lease, and involves recognizing depreciation expense on the right-of-use asset and interest expense on the lease liability.

The accounting standards will be applied from fiscal years beginning on or after April 1, 2027.

The Group is now in the process of measuring the effect of applying the accounting standards.

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
	2025	2024	2025
Property, plant and equipment	¥ 474,354	¥ 454,754	\$ 3,172,513
Intangible assets (including goodwill and customer-related intangible assets)	82,575	41,216	552,265

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. For example, Yamato Transport Co., Ltd., groups its assets based on the business segment, and assets associated with the Head Office division are classified as common assets. Regarding the property, plant and equipment and intangible assets mentioned above, the Group identifies signs of impairment and determines whether impairment losses should be recognized for each such asset group. However, the various figures used in these considerations may be affected by uncertain future economic conditions and the company's business conditions. These influences can manifest in revenue conditions (such as trends in TA-Q-BIN unit prices, TA-Q-BIN delivery volumes, and demand trends of major customers) and cost conditions (such as resource and energy prices, and hourly wage rates, which are subject to changes in the external environment). 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 Board of Directors of the Company held on February, the decision to liquidate the Company's consolidated subsidiaries, YAMATO INVESTMENT (HONG KONG) LIMITED. and YAMATO ASIA PTE. LTD., was approved. Currently, their liquidation process is underway.

Reasons for dissolution and liquidation

The Company decided to liquidate YAMATO INVESTMENT (HONG KONG) LIMITED. and YAMATO ASIA PTE. LTD. 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 INVESTMENT (HONG KONG) LIMITED
Business: Management of regional business in East Asia, business development and market research
Ownership: 100% owned by the Company

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

Schedule of dissolution and liquidation

YAMATO INVESTMENT (HONG KONG) LIMITED

Extraordinary Meeting of Shareholders (companies involved): November 2024

Conclusion of liquidation: May 2025

YAMATO ASIA PTE. LTD.

Extraordinary Meeting of Shareholders (companies involved): June 2025 (planned)

Conclusion of liquidation: March 2026 (planned)

Financial situation of the subsidiaries

YAMATO INVESTMENT (HONG KONG) LIMITED

Net assets: ¥10,543 million (\$70,515 thousand)

Total assets: ¥10,543 million (\$70,515 thousand)

YAMATO ASIA PTE. LTD.

Net assets: ¥9,744 million (\$65,168 thousand)

Total assets: ¥9,746 million (\$65,185 thousand)

Total liabilities: ¥2 million (\$17 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.

5. BUSINESS COMBINATION

Business Combination by Acquisition

On December 1, 2024, the Company acquired 87.74% of the outstanding shares of Nakano Shokai Co., Ltd. based on a resolution its Board of Directors held on November 5, 2024. As a result, it has become a consolidated subsidiary of the Company.

1. Outline of Business Combination

(1) Name of acquired company and its business outline

Name: Nakano Shokai Co., Ltd.
Business: Contract logistics business etc.

(2) Major reason for the business combination

The Yamato Group is working to transform its business portfolio by expanding revenues for profit growth in its core domain (Express Business), strengthening its TA-Q-BIN network, and expanding its growth domains (Contract Logistics Business and Global Business) under its Medium-Term Management Plan, "Sustainability Transformation 2030 ~1st Stage~, " which has its final year as the fiscal year ending March 31, 2027,

Meanwhile, Nakano Shokai Co., Ltd. has corporate clients primarily in the upstream logistics domain of retailers, food manufacturers and suppliers, and e-commerce businesses, by consistently providing multiple functions tailored to customer needs. These functions include not only storage, in-warehouse operations, and transportation services, but also services such as subleasing logistics facilities customized to client specifications.

The decision to acquire these shares was made to expand the corporate business domain through initiatives expected from Nakano Shokai Co., Ltd. joining the Yamato Group. These initiatives include: (1) expanding the Contract Logistics Business; (2) creating synergies with the Express Business; and (3) generating cost synergies through the joint utilization of both companies' resources (in the Contract Logistics and Express Businesses), among others.

(3) Date of business combination

December 1, 2024 (Deemed date of acquisition: December 31, 2024)

(4) Legal form of business combination

Acquisition of shares for cash consideration, involving both subscription to new shares via a third-party allotment and acquisition of shares via a share transfer agreement.

(5) Name of the Company after the combination

There is no change to the company name.

(6) Ratio of voting rights acquired

87.74%

(7) Basis for determining the acquired

It is based on the fact that the Company acquired 87.74% of voting rights by means of share acquisition in consideration for cash.

2. The Period for Which the Operations of the acquired company are included in the consolidated financial statements

From January 1, 2025 to March 31, 2025.

3. Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen	Thousands of U.S. Dollars
Consideration for acquisition—Cash	¥ 46,944	\$ 313,962
Acquisition cost	¥ 46,944	\$ 313,962

4. Major acquisition-related costs

Advisory fees and commissions to the lawyers and financial institutions: ¥224 million (\$1,495 thousand)

5. Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(1). Amount of goodwill incurred

¥16,195 million (\$108,315 thousand)

(2). Reasons for the goodwill incurred

Goodwill is incurred from expected excess earnings power in the future arising from further business development.

(3). Method and period of amortization

Goodwill is amortized on a straight-line basis over 11 years.

6. The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 23,056	\$ 154,199
Long-lived assets	53,493	357,767
Total assets	<u>¥ 76,549</u>	<u>\$ 511,966</u>
Current liabilities	¥ (16,058)	\$ (107,399)
Long-term liabilities	(25,446)	(170,185)
Total liabilities	<u>¥ (41,504)</u>	<u>\$ (277,584)</u>

7. Amounts allocated to intangible assets other than goodwill

(1). Breakdown by major category

Customer-related intangible assets ¥26,124 million (\$174,719 thousand)

(2). Method and period of amortization

Customer-related intangible assets is amortized on a straight-line basis over 22 years.

8.Pro forma information (unaudited)

If this business combination had been completed as of April 1, 2024, the beginning of the current fiscal year, the effects on the consolidated statement of income for the year ended March 31, 2025, would be as follows:

	Millions of Yen	Thousands of U.S Dollars
Operating revenues	¥ 49,979	\$ 334,261
Operating profit	333	2,228

Outline of the method of calculation for the effects above:

Assuming the business combination was completed on the first day of the current consolidated fiscal year, the operating revenues and profit information presented as the estimated pro-forma impact has been calculated based on the income statement of the acquired company for the period from April 1, 2024, to December 31, 2024, after adjustments for the elimination of intercompany transactions. Furthermore, amortization expense for customer-related intangible assets and goodwill recognized at the time of the business combination has been calculated as if these assets had been recognized on the first day of the current consolidated fiscal year.

6. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.2% of operating revenues in both 2025 and 2024.

Annual maturities of installment receivables at March 31, 2025 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
2026	¥ 21,782	¥ 1,971	\$ 145,681	\$ 13,184
2027	10,820	1,256	72,363	8,397
2028	7,246	792	48,461	5,298
2029	4,759	518	31,828	3,464
2030	3,311	344	22,147	2,302
2031 and thereafter	<u>8,498</u>	<u>788</u>	<u>56,833</u>	<u>5,271</u>
Total	<u>¥ 56,416</u>	<u>¥ 5,669</u>	<u>\$ 377,313</u>	<u>\$ 37,916</u>

7. INVENTORIES

Inventories at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Merchandise	¥ 646	¥ 97	\$ 4,320
Work in process	246	213	1,645
Raw materials and supplies	<u>2,507</u>	<u>1,723</u>	<u>16,768</u>
Total	<u>¥ 3,399</u>	<u>¥ 2,033</u>	<u>\$ 22,733</u>

8. INVESTMENT SECURITIES

Investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Non-current:			
Marketable equity securities	¥ 18,475	¥ 24,733	\$ 123,563
Non-marketable equity securities	5,978	6,000	39,983
Other	<u>10,443</u>	<u>9,548</u>	<u>69,839</u>
Total	<u>¥ 34,896</u>	<u>¥ 40,281</u>	<u>\$ 233,385</u>

Information regarding each category of the securities classified as available-for-sale at March 31, 2025 and 2024, is as follows:

Millions of Yen				
2025				
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 8,515	¥ 10,372	¥ 412	¥ 18,475
Other	<u>158</u>	<u>19</u>		<u>177</u>
Total	<u>¥ 8,673</u>	<u>¥ 10,391</u>	<u>¥ 412</u>	<u>¥ 18,652</u>
Millions of Yen				
2024				
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 10,066	¥ 15,726	¥ 136	¥ 25,656
Other	<u>216</u>		<u>49</u>	<u>167</u>
Total	<u>¥ 10,282</u>	<u>¥ 15,726</u>	<u>¥ 185</u>	<u>¥ 25,823</u>
Thousands of U.S. Dollars				
2025				
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 56,954	\$ 69,366	\$ 2,757	\$ 123,563
Other	<u>1,054</u>	<u>129</u>		<u>1,183</u>
Total	<u>\$ 58,008</u>	<u>\$ 69,495</u>	<u>\$ 2,757</u>	<u>\$ 124,746</u>

Information for available-for-sale securities, which were sold during the years ended March 31, 2025 and 2024, is as follows:

Millions of Yen			
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
<u>March 31, 2025</u>			
Available-for-sale:			
Equity securities	<u>¥ 15,768</u>	<u>¥ 14,703</u>	<u>¥ —</u>
Millions of Yen			
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
<u>March 31, 2024</u>			
Available-for-sale:			
Equity securities	<u>¥ 3,238</u>	<u>¥ 2,484</u>	<u>¥ —</u>

<u>March 31, 2025</u>	Thousands of U.S. Dollars		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Available-for-sale: Equity securities	<u>\$ 105,455</u>	<u>\$ 98,335</u>	<u>\$ —</u>

Loss on valuation of available-for-sale securities for the years ended March 31, 2025 and 2024, were ¥849 million (\$5,679 thousand) and ¥96 million, respectively.

9. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2025 and 2024. 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 ¥632 million (\$4,225 thousand) as other expense for the asset groups of Headquarters Division of Yamato Transport Co., Ltd. and 4 other asset groups for the year ended March 31, 2025, and ¥1,423 million 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.

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, 2025 and 2024, were mainly 6.82% and 6.00%, respectively.

10. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2025 and 2024, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2025 and 2024, were approximately 0.571% and 0.126%, respectively.

Long-term debt at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
0.300% to 0.700% fiscal Investment and Loan Program due 2024 to 2029	¥ 2,182	¥ 1,000	\$ 14,592
0.448% to 0.819% loans from syndicate group due in December 2029	50,500	10,000	337,747
Unsecured 0.310% bonds (with inter-bond pari passu clause) due in July 2028	20,000	20,000	133,761
Loan from banks, 0.340% to 1.100% (0.300% to 0.570% in 2024), due to serially, to 2029:			
Collateralized	2,199		14,710
Unsecured	33,903	10,000	226,743
Lease obligations	53,212	41,529	355,889
Total	161,996	82,529	1,083,442
Less current portion	(9,721)	(6,051)	(65,017)
Total	<u>¥ 152,275</u>	<u>¥ 76,478</u>	<u>\$ 1,018,425</u>

Annual maturities of long-term debt at March 31, 2025, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 9,721	\$ 65,017
2027	7,776	52,006
2028	5,824	38,955
2029	54,066	361,599
2030	53,699	359,140
2031 and thereafter	30,910	206,725
Total	¥ 161,996	\$ 1,083,442

Assets pledged as securities at March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Property, plant and equipment	¥ 1,279	¥ —	\$ 8,552
Total	¥ 1,279	¥ —	\$ 8,552

11. RETIREMENT AND PENSION PLANS

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

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

(1) Defined Benefit Retirement Plans

The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 159,351	¥ 155,309	\$ 1,065,751
Service cost	15,754	15,272	105,364
Interest cost	159	155	1,061
Actuarial (gain) loss arising during the year	(25,722)	2,635	(172,032)
Retirement benefits paid	(14,047)	(13,891)	(93,947)
Past service cost incurred during the year	263		1,757
Increase due to change in scope of consolidation	717		4,800
Decrease due to change in scope of consolidation		(129)	
Balance at end of year	¥ 136,475	¥ 159,351	\$ 912,754

The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 56,274	¥ 57,034	\$ 376,362
Expected return on plan assets	563	570	3,764
Actuarial (loss) gain arising during the year	(204)	604	(1,360)
Retirement benefits paid	(1,717)	(1,789)	(11,489)
Decrease due to change in scope of consolidation		(145)	
Balance at end of year	<u>¥ 54,916</u>	<u>¥ 56,274</u>	<u>\$ 367,277</u>

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Defined benefit obligation of funded plan	¥ 7,886	¥ 10,387	\$ 52,739
Plan assets	(54,916)	(56,274)	(367,277)
	(47,030)	(45,887)	(314,538)
Defined benefit obligation of unfunded plan	128,589	148,964	860,015
Net liability arising from defined benefit obligation	<u>¥ 81,559</u>	<u>¥ 103,077</u>	<u>\$ 545,477</u>

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for employees' retirement benefits	¥ 128,589	¥ 148,964	\$ 860,015
Asset for employees' retirement benefits	(47,030)	(45,887)	(314,538)
Net liability arising from defined benefit obligation	<u>¥ 81,559</u>	<u>¥ 103,077</u>	<u>\$ 545,477</u>

The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 15,754	¥ 15,272	\$ 105,364
Interest cost	159	155	1,061
Expected return on plan assets	(563)	(570)	(3,764)
Recognized actuarial gain	(174)	(784)	(1,165)
Past service cost	263		1,757
Others	(10)	(39)	(66)
Net periodic benefit costs	<u>¥ 15,429</u>	<u>¥ 14,034</u>	<u>\$ 103,187</u>

Amounts recognized in other comprehensive income (before income taxes) in respect of defined benefit retirement plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial gain (loss)	¥ 25,344	¥ (2,846)	\$ 169,507
Total	¥ 25,344	¥ (2,846)	\$ 169,507

Amounts recognized in accumulated other comprehensive income (before income taxes) in respect of defined benefit retirement plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial gain (loss)	¥ 23,857	¥ (1,487)	\$ 159,560
Total	¥ 23,857	¥ (1,487)	\$ 159,560

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
General accounts	56%	58%
Debt investments	16	22
Others	28	20
Total	100%	100%

Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

		2025	2024
Discount rate	Mainly	1.4%	0.1%
Expected rate of return on plan assets		1.0%	1.0%

The discount rate used for calculating the defined benefit obligation at the beginning of the current consolidated fiscal year was 0.1%. However, upon reassessment of the discount rate at the end of the fiscal year, it was determined that a change in the rate would significantly impact the amount of the defined benefit obligation. As a result, the discount rate has been changed to 1.4%.

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, 2025 and 2024, were ¥11,754 million (\$78,611 thousand) and ¥11,221 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.

12. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 10,547	¥ 9,609	\$ 70,539
Additional provisions associated with the acquisition of property, plant and equipment	1,518	994	10,151
Reconciliation associated with passage of time	137	108	916
Reconciliation associated with changes in accounting estimates	174	33	1,168
Reduction associated with settlement of asset retirement obligations	(511)	(203)	(3,418)
Additional provisions associated with the acquisition of consolidated subsidiaries	1,005		6,722
Reduction associated with disposed consolidated subsidiaries	(8)		(53)
Others	2	6	11
Balance at end of year	¥ 12,864	¥ 10,547	\$ 86,036

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, 2025, by ¥174 million (\$1,168 thousand), and an increase for the year ended March 31, 2024, by ¥33 million, respectively.

13. EQUITY

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

a. Dividends

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

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

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

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

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

c. Treasury Stock

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

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of 30.6% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Deferred tax assets:			
Accrued expenses	¥ 9,608	¥ 9,837	\$ 64,261
Legal welfare expense	1,600	1,660	10,699
Enterprise tax	1,691	1,412	11,311
Allowance for doubtful accounts	518	570	3,468
Tax loss carryforwards	10,752	4,445	71,910
Liability for employees' retirement benefits	40,458	45,649	270,583
Loss on valuation of land	15,473	16,353	103,481
Loss on impairment of long-lived assets	4,762	4,556	31,848
Loss on valuation of investment securities	1,113	867	7,445
Investments in subsidiaries and affiliates	11,424	11,535	76,404
Unrealized profit	3,694	3,928	24,707
Loss on valuation of telephone subscription rights	215	216	1,438
Other	<u>15,061</u>	<u>10,396</u>	<u>100,729</u>
Total tax loss carryforwards and temporary differences	116,369	111,424	778,284
Less valuation allowance for tax loss carryforwards	(4,854)	(4,445)	(32,461)
Less valuation allowance for temporary differences	<u>(21,347)</u>	<u>(20,425)</u>	<u>(142,774)</u>
Total valuation allowance	<u>(26,201)</u>	<u>(24,870)</u>	<u>(175,235)</u>
Deferred tax assets	<u>¥ 90,168</u>	<u>¥ 86,554</u>	<u>\$ 603,049</u>
Deferred tax liabilities:			
Assets for employees' retirement benefits	¥ (14,841)	¥ (14,043)	\$ (99,255)
Unrealized gain on available-for-sale securities	(3,104)	(4,588)	(20,760)
Customer-related intangible assets	(9,140)		(61,133)
Other	<u>(8,060)</u>	<u>(5,181)</u>	<u>(53,905)</u>
Deferred tax liabilities	<u>¥ (35,145)</u>	<u>¥ (23,812)</u>	<u>\$ (235,053)</u>
Deferred tax assets—net	<u>¥ 55,023</u>	<u>¥ 62,742</u>	<u>\$ 367,996</u>

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025, 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
2026	¥ 39	¥ (39)	¥—
2027	3	(3)	
2028			
2029			
2030	557	(557)	
2031 and thereafter	<u>10,153</u>	<u>(4,255)</u>	<u>5,898</u>
Total	<u>¥ 10,752</u>	<u>¥ (4,854)</u>	<u>¥ 5,898</u>

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
2026	\$ 260	\$ (260)	\$ —
2027	19	(19)	
2028			
2029			
2030	3,729	(3,729)	
2031 and thereafter	<u>67,902</u>	<u>(28,453)</u>	<u>39,449</u>
Total	<u>\$ 71,910</u>	<u>\$ (32,461)</u>	<u>\$ 39,449</u>

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, was as follows:

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

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates for the year ended March 31, 2025, was omitted since the difference between both rates was less than 5% of the normal effective statutory tax rates.

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) by the Diet on March 31, 2025, a new "Corporate Tax to Boost Defense" will be levied from the consolidated fiscal year beginning on April 1, 2026. Accordingly, deferred tax assets and liabilities related to temporary differences and other items that are expected to reverse in after the consolidated fiscal year beginning on April 1, 2026, are measured using a statutory effective tax rate that has been changed from 30.6% to 31.5%. As a result of this change, the amount of net deferred tax assets (the amount of deferred tax assets less deferred tax liabilities) increased by ¥658 million (\$4,400 thousand), and deferred income tax expense decreased by ¥941 million (\$6,295 thousand) for the year ended March 31, 2025.

15. LEASES

(1) Lessee

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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	¥ 35,252	¥ 14,878	\$ 235,766
Due after one year	<u>204,241</u>	<u>96,484</u>	<u>1,365,979</u>
Total	<u>¥ 239,493</u>	<u>¥ 111,362</u>	<u>\$ 1,601,745</u>

(2) Lessor

Future lease proceeds under non-cancelable operating leases at March 31, 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	¥ 11,461	¥ —	\$ 76,654
Due after one year	<u>34,762</u>	<u>—</u>	<u>232,488</u>
Total	<u>¥ 46,223</u>	<u>¥ —</u>	<u>\$ 309,142</u>

Figures for the year ended March 31, 2024, have been omitted as they are immaterial.

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

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

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

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

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

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

Short-term bank loans are mainly related to financing for working capital, and long-term bank loans are mainly related to financing for 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.

(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, 2025 and 2024, were as follows:

Millions of Yen			
<u>March 31, 2025</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
Assets:			
Trade notes and accounts receivable, and contract assets	¥ 219,763		
Allowance for doubtful accounts	(213)		
	<u>219,550</u>	¥ 219,565	¥ 15
Installment sales receivable	56,416		
Allowance for doubtful accounts	(1,102)		
Deferred profit on installment sales	<u>(5,669)</u>		
	49,645	53,811	4,166
Available-for-sale securities	18,652	18,652	
Shares of affiliates	3,847	8,049	4,202
Liabilities:			
Short-term loans	11,800	11,800	
Long-term loans	88,784	87,516	(1,268)

Millions of Yen			
<u>March 31, 2024</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
Assets:			
Trade notes and accounts receivable, and contract assets	¥ 212,095		
Allowance for doubtful accounts	(303)		
	<u>211,792</u>	¥ 211,812	¥ 20
Installment sales receivable	52,787		
Allowance for doubtful accounts	(1,003)		
Deferred profit on installment sales	<u>(5,164)</u>		
	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)

<u>March 31, 2025</u>	Thousands of U.S. Dollars		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
Assets:			
Trade notes and accounts receivable, and contract assets	\$ 1,469,789		
Allowance for doubtful accounts	(1,421)		
	<u>1,468,368</u>	<u>\$ 1,468,469</u>	<u>\$ 101</u>
Installment sales receivable	377,313		
Allowance for doubtful accounts	(7,368)		
Deferred profit on installment sales	<u>(37,916)</u>		
	<u>332,029</u>	<u>359,890</u>	<u>27,861</u>
Available-for-sale securities	124,746	124,746	
Shares of affiliates	25,732	53,830	28,098
Liabilities:			
Short-term loans	78,919	78,919	
Long-term loans	593,793	585,313	(8,480)

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, 2025 and 2024, were ¥6,054 million (\$40,488 thousand) and ¥5,158 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, 2025 and 2024, were ¥9,946 million (\$66,523 thousand) and ¥6,822 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, 2025 and 2024, were ¥10,190 million (\$68,151 thousand) and ¥9,300 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

	Millions of Yen		
	Due in One Year or Less	Due after One	
		Year through Five Years	Due after Five Years
March 31, 2025			
Cash and cash equivalents	¥ 208,654	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	219,712	51	
Installment sales receivable	21,782	26,136	8,498
Total	¥ 450,148	¥ 26,187	¥ 8,498

	Millions of Yen		
	Due in One Year or Less	Due after One	
		Year through Five Years	Due after Five Years
March 31, 2024			
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

	Thousands of U.S. Dollars		
	Due in One Year or Less	Due after One	
		Year through Five Years	Due after Five Years
March 31, 2025			
Cash and cash equivalents	\$ 1,395,493	\$ —	\$ —
Trade notes and accounts receivable, and contract assets	1,469,451	338	
Installment sales receivable	145,681	174,799	56,833
Total	\$ 3,010,625	\$ 175,137	\$ 56,833

(5) Maturity Analysis for Long-Term Loans

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 2,525	\$ 16,891
2027	2,419	16,178
2028	2,128	14,231
2029	30,865	206,427
2030	50,847	340,066
Total	¥ 88,784	\$ 593,793

(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			
	Level 1	Level 2	Level 3	Total
March 31, 2025				
Available-for-sale securities:				
Equity securities	¥ 18,475	¥ —	¥ —	¥ 18,475
Other	177			177
Total assets	¥ 18,652	¥ —	¥ —	¥ 18,652

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

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2025				
Available-for-sale securities:				
Equity securities	\$ 123,563	\$ —	\$ —	\$ 123,563
Other	1,183			1,183
Total assets	\$ 124,746	\$ —	\$ —	\$ 124,746

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

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2025				
Trade notes and accounts receivable, and contract assets	¥ —	¥ 219,565	¥ —	¥ 219,565
Installment sales receivable		53,811		53,811
Shares of affiliates:				
Equity securities	8,049			8,049
Total assets	¥ 8,049	¥ 273,376	¥ —	¥ 281,425
Short-term loans	¥ —	¥ 11,800	¥ —	¥ 11,800
Long-term loans		87,516		87,516
Total liabilities	¥ —	¥ 99,316	¥ —	¥ 99,316

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
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

March 31, 2025	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Trade notes and accounts receivable, and contract assets	\$ —	\$ 1,468,469	\$ —	\$ 1,468,469
Installment sales receivable		359,890		359,890
Shares of affiliates:				
Equity securities	53,830			53,830
Total assets	<u>\$ 53,830</u>	<u>\$ 1,828,359</u>	<u>\$ —</u>	<u>\$ 1,882,189</u>
Short-term loans	\$ —	\$ 78,919	\$ —	\$ 78,919
Long-term loans		585,313		585,313
Total liabilities	<u>\$ —</u>	<u>\$ 664,232</u>	<u>\$ —</u>	<u>\$ 664,232</u>

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.

17. REVENUE RECOGNITION

(1) Information about Disaggregated Revenues from Contracts with Customers

	Millions of Yen					
	2025					
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total
Transportation income	¥ 1,514,931	¥ 18,826	¥ 6,511	¥ —	¥ —	¥ 1,540,268
Logistical support income	47,607	81,917	116,480			246,004
Others	<u>40,677</u>	<u>1,804</u>	<u>3,700</u>	<u>57,435</u>	<u>68,537</u>	<u>172,153</u>
Revenues from contracts with customers	1,603,215	102,547	126,691	57,435	68,537	1,958,425
Other revenues	<u>332</u>	<u>3,317</u>	<u>46</u>	<u>196</u>	<u>3,336</u>	<u>7,227</u>
Total	1,603,547	105,864	126,737	57,631	71,873	1,965,652
Internal segment revenues or transfers	<u>(30,604)</u>	<u>(116)</u>	<u>(36,932)</u>	<u>(3,997)</u>	<u>(923)</u>	<u>(72,572)</u>
Operating revenues by reportable segments	1,572,943	105,748	89,805	53,634	70,950	1,893,080
Intersegment revenues or transfers	<u>(38,233)</u>	<u>(8,674)</u>	<u>(3,855)</u>	<u>(33,128)</u>	<u>(46,494)</u>	<u>(130,384)</u>
Operating revenues from external customers	<u>¥ 1,534,710</u>	<u>¥ 97,074</u>	<u>¥ 85,950</u>	<u>¥ 20,506</u>	<u>¥ 24,456</u>	<u>¥ 1,762,696</u>
	Millions of Yen					
	2024					
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total
Transportation income	¥ 1,527,583	¥ 10,124	¥ 6,157	¥ —	¥ —	¥ 1,543,864
Logistical support income	49,191	88,113	96,084			233,388
Others	<u>42,165</u>	<u>1,956</u>	<u>3,485</u>	<u>56,940</u>	<u>93,383</u>	<u>197,929</u>
Revenues from contracts with customers	1,618,939	100,193	105,726	56,940	93,383	1,975,181
Other revenues	<u>358</u>		<u>48</u>	<u>175</u>	<u>3,403</u>	<u>3,984</u>
Total	1,619,297	100,193	105,774	57,115	96,786	1,979,165
Internal segment revenues or transfers	<u>(30,794)</u>		<u>(27,938)</u>	<u>(3,078)</u>	<u>(1,187)</u>	<u>(62,997)</u>
Operating revenues by reportable segments	1,588,503	100,193	77,836	54,037	95,599	1,916,168
Intersegment revenues or transfers	<u>(39,904)</u>	<u>(11,119)</u>	<u>(3,781)</u>	<u>(33,874)</u>	<u>(68,864)</u>	<u>(157,542)</u>
Operating revenues from external customers	<u>¥ 1,548,599</u>	<u>¥ 89,074</u>	<u>¥ 74,055</u>	<u>¥ 20,163</u>	<u>¥ 26,735</u>	<u>¥ 1,758,626</u>
	Thousands of U.S. Dollars					
	2025					
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total
Transportation income	\$ 10,131,964	\$ 125,907	\$ 43,544	\$ —	\$ —	\$ 10,301,415
Logistical support income	318,396	547,866	779,033			1,645,295
Others	<u>272,052</u>	<u>12,069</u>	<u>24,743</u>	<u>384,130</u>	<u>458,377</u>	<u>1,151,371</u>
Revenues from contracts with customers	10,722,412	685,842	847,320	384,130	458,377	13,098,081
Other revenues	<u>2,222</u>	<u>22,180</u>	<u>307</u>	<u>1,308</u>	<u>22,314</u>	<u>48,331</u>
Total	10,724,634	708,022	847,627	385,438	480,691	13,146,412
Internal segment revenues or transfers	<u>(204,684)</u>	<u>(773)</u>	<u>(247,002)</u>	<u>(26,730)</u>	<u>(6,174)</u>	<u>(485,363)</u>
Operating revenues by reportable segments	10,519,950	707,249	600,625	358,708	474,517	12,661,049
Intersegment revenues or transfers	<u>(255,703)</u>	<u>(58,008)</u>	<u>(25,785)</u>	<u>(221,565)</u>	<u>(310,956)</u>	<u>(872,017)</u>
Operating revenues from external customers	<u>\$ 10,264,247</u>	<u>\$ 649,241</u>	<u>\$ 574,840</u>	<u>\$ 137,143</u>	<u>\$ 163,561</u>	<u>\$ 11,789,032</u>

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

Other revenues consist of real estate rental income under the scope of ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and transactions related to financial instruments under the scope of ASBJ Statement No. 10, "Accounting Standard for Financial Instruments."

Effective from the fiscal year ended March 31, 2025, the Group has changed its method for classifying reportable segments. Furthermore, information on revenue disaggregated from contracts with customers for the fiscal year ended March 31, 2024 is presented based on this revised segment classification.

(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 Express Business 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
	2025	2024	2025
Receivables from contracts with customers, beginning of fiscal year	¥ 183,854	¥ 185,549	\$ 1,229,629
Receivables from contracts with customers, end of fiscal year	190,230	183,854	1,272,270
Contract assets, beginning of fiscal year	4,552	4,794	30,444
Contract assets, end of fiscal year	4,382	4,552	29,304
Contract liabilities, beginning of fiscal year	13,432	14,264	89,831
Contract liabilities, end of fiscal year	12,624	13,432	84,431

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, 2025 and 2024, the amounts included in the opening balance of contract liabilities were ¥10,851 million (\$72,572 thousand) and ¥11,282 million, respectively.

The amounts of revenue recognized in the fiscal years ended March 31, 2025 and 2024, 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 Express Business.

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

18. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized (loss) gain on available-for-sale securities:			
Adjustments arising during the year	¥ 7,572	¥ 9,291	\$ 50,644
Reclassification adjustments to profit or loss	(15,416)	(2,344)	(103,100)
Amount before income taxes	(7,844)	6,947	(52,456)
Income tax and tax effect	1,492	(1,883)	9,977
Total	¥ (6,352)	¥ 5,064	\$ (42,479)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1,378	¥ 1,186	\$ 9,218
Amount before income taxes	1,378	1,186	9,218
Income tax and tax effect	(54)	(67)	(363)
Total	¥ 1,324	¥ 1,119	\$ 8,855
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	¥ 25,518	¥ (2,031)	\$ 170,672
Reclassification adjustments to profit or loss	(174)	(815)	(1,165)
Amount before income taxes	25,344	(2,846)	169,507
Income tax and tax effect	(7,967)	875	(53,291)
Total	¥ 17,377	¥ (1,971)	\$ 116,216
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	¥ 27	¥ 15	\$ 184
Reclassification adjustments to profit or loss	(124)	(63)	(831)
Total	¥ (97)	¥ (48)	\$ (647)
Total other comprehensive income	¥ 12,252	¥ 4,164	\$ 81,945

19. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2025 and 2024, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Profit Attributable to Owners of Parent	Weighted- average Shares	EPS	
<u>Year Ended March 31, 2025</u>				
Basic EPS—Profit attributable to common shareholders	¥ 37,938	339,122	¥111.87	\$ 0.75
<u>Year Ended March 31, 2024</u>				
Basic EPS—Profit attributable to common shareholders	¥ 37,627	350,881	¥ 107.23	

20. SEGMENT INFORMATION

(1) Description of Reportable Segments

The Group identifies operating segments as components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to the segments and assess their performance.

The Group has changed its management structure under the Company, a pure holding company, to achieve sustainable enhancement of its corporate value based on its Medium-Term Management Plan, 'Sustainability Transformation 2030 ~1st Stage~, ' which was formulated with the fiscal year ending March 2027 as its final year. Accordingly, effective from the fiscal year ended March 31, 2025, the Group has changed its reportable segments to the following four segments: Express Business, Contract Logistics Business, Global Business, and Mobility Business

Furthermore, segment information for the fiscal year ended March 31, 2024 has been prepared and disclosed in accordance with the new reportable segment categories.

The Group defines the reportable segments as follows:

Express Business :	Parcel deliveries for individual and corporate clients, truck transportation, and roll box pallet charter transportation
Contract Logistics Business:	3PL and real estate subleasing services related to logistics facilities
Global Business:	Truck transportation for corporate clients, planning and operation of logistics centers, customs clearance services, and air freight forwarding services
Mobility Business	Vehicle maintenance services, fuel sales, and non-life insurance agency services
Other:	Development and operation of IT systems, call center services, and financial 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							
	2025							
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Segment revenues:								
Segment revenues from customers	¥ 1,534,710	¥ 97,074	¥ 85,950	¥ 20,506	¥ 24,456	¥ 1,762,696	¥ —	¥ 1,762,696
Intersegment revenues	<u>38,233</u>	<u>8,674</u>	<u>3,855</u>	<u>33,128</u>	<u>46,494</u>	<u>130,384</u>	<u>(130,384)</u>	
Total segment revenues	<u>¥ 1,572,943</u>	<u>¥ 105,748</u>	<u>¥ 89,805</u>	<u>¥ 53,634</u>	<u>¥ 70,950</u>	<u>¥ 1,893,080</u>	<u>¥ (130,384)</u>	<u>¥ 1,762,696</u>
Segment (loss) profit	¥ (12,900)	¥ 5,583	¥ 9,028	¥ 3,781	¥ 8,201	¥ 13,693	¥ 513	¥ 14,206
Segment assets	963,281	104,503	64,232	29,395	106,105	1,267,516	(88)	1,267,428
Other:								
Depreciation and amortization	38,595	3,650	2,440	927	2,021	47,633	954	48,587
Amortization of goodwill		368				368		368
Investment in entities accounted for using equity method	901					901	10,998	11,899
Increase of tangible and intangible fixed assets	68,575	44,701	3,185	575	1,217	118,253	8,066	126,319
	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	<u>39,904</u>	<u>11,119</u>	<u>3,781</u>	<u>33,874</u>	<u>68,864</u>	<u>157,542</u>	<u>(157,542)</u>	
Total segment revenues	<u>¥ 1,588,503</u>	<u>¥ 100,193</u>	<u>¥ 77,836</u>	<u>¥ 54,037</u>	<u>¥ 95,599</u>	<u>¥ 1,916,168</u>	<u>¥ (157,542)</u>	<u>¥ 1,758,626</u>
Segment profit	¥ 11,354	¥ 9,703	¥ 6,663	¥ 4,132	¥ 8,124	¥ 39,976	¥ 84	¥ 40,060
Segment assets	968,267	23,908	65,505	31,266	106,132	1,195,078	(13,296)	1,181,782
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							
	2025							
	Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Segment revenues:								
Segment revenues from customers	\$ 10,264,247	\$ 649,241	\$ 574,840	\$ 137,143	\$ 163,561	\$ 11,789,032	\$ —	\$ 11,789,032
Intersegment revenues	<u>255,703</u>	<u>58,008</u>	<u>25,785</u>	<u>221,565</u>	<u>310,956</u>	<u>872,017</u>	<u>(872,017)</u>	
Total segment revenues	<u>\$ 10,519,950</u>	<u>\$ 707,249</u>	<u>\$ 600,625</u>	<u>\$ 358,708</u>	<u>\$ 474,517</u>	<u>\$ 12,661,049</u>	<u>\$ (872,017)</u>	<u>\$ 11,789,032</u>
Segment (loss) profit	\$ (86,273)	\$ 37,339	\$ 60,379	\$ 25,288	\$ 54,847	\$ 91,580	\$ 3,431	\$ 95,011
Segment assets	6,442,486	698,927	429,586	196,595	709,638	8,477,232	(584)	8,476,648
Other:								
Depreciation and amortization	258,128	24,408	16,317	6,198	13,520	318,571	6,380	324,951
Amortization of goodwill		2,462				2,462		2,462
Investment in entities accounted for using equity method	6,028					6,028	73,552	79,580
Increase of tangible and intangible fixed assets	458,633	298,964	21,305	3,848	8,137	790,887	53,944	844,831

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, 2025 and 2024, of ¥513 million (\$3,431 thousand) and ¥84 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 ¥6,936 million (\$46,387 thousand) and ¥7,841 million, and intersegment eliminations of ¥7,449 million (\$49,818 thousand) and ¥7,925 million, respectively.
- (2) Reconciliations of segment assets at March 31, 2025 and 2024, of ¥88 million (\$584 thousand) and ¥13,296 million, respectively, include intersegment eliminations of assets and liabilities of ¥106,421 million (\$711,750 thousand) and ¥111,865 million, and group-wide assets which are not allocated to each reportable segment of ¥106,333 million (\$711,166 thousand) and ¥98,569 million, respectively.
- (3) Reconciliations of investments in entities accounted for using equity method at March 31, 2025 and 2024, of ¥10,998 million (\$73,552 thousand) and ¥8,495 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, 2025 and 2024, of ¥8,066 million (\$53,944 thousand) and ¥5,149 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 Express Business at March 31, 2025 and 2024, of ¥963,281 million (\$6,442,486 thousand) and ¥968,267 million, respectively, include assets of the Head Office division of Yamato Transport Co., Ltd. of ¥364,512 million (\$2,437,878 thousand) and ¥385,633 million, respectively.

Increase of tangible and intangible fixed assets of the Express Business for the years ended March 31, 2025 and 2024, of ¥68,575 million (\$458,633 thousand) and ¥51,570 million, respectively, include the amount of increase of the Head Office division of Yamato Transport Co., Ltd. of ¥12,688 million (\$84,860 thousand) and ¥10,576 million, respectively.

[Related Information about Reportable Segments]

(1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2025 and 2024, were as follows:

Millions of Yen		
2025		
TA-Q-BIN	Other	Total
¥ 1,390,437	¥ 372,259	¥ 1,762,696

Millions of Yen		
2024		
TA-Q-BIN	Other	Total
¥ 1,363,771	¥ 394,855	¥ 1,758,626

Thousands of U.S. Dollars		
2025		
TA-Q-BIN	Other	Total
\$ 9,299,340	\$ 2,489,692	\$ 11,789,032

As the financial materiality of the results for "Kuroneko Yu-Mail / Kuroneko DM-Bin" has decreased in the year ended March 31, 2025, they are now included in Other. Consistent with this change, figures for the year ended March 31, 2024 have also been reclassified and included in "Other" for comparative purposes.

(2) Information about Geographical Areas

The disclosure of operating revenues by geographical areas for the years ended March 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, were omitted since no customer accounted for more than 10% of sales in the consolidated statement of income.

(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, 2025 and 2024, were as follows:

		Millions of Yen						
		2025						
		Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Eliminations or Group-Wide Consolidated
Loss on impairment of long-lived assets		¥ 455	¥ 10	¥ 167	¥ —	¥ —	¥ 632	¥ — ¥ 632
		Millions of Yen						
		2024						
		Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Eliminations or Group-Wide Consolidated
Loss on impairment of long-lived assets		¥ 899	¥ —	¥ —	¥ —	¥ 524	¥ 1,423	¥ — ¥ 1,423
		Thousands of U.S. Dollars						
		2025						
		Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Eliminations or Group-Wide Consolidated
Loss on impairment of long-lived assets		\$ 3,045	\$ 65	\$ 1,115	\$ —	\$ —	\$ 4,225	\$ — \$ 4,225

(5) Information about amortization and amounts of goodwill by reporting segments

		Millions of Yen						
		2025						
		Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Eliminations or Group-Wide Consolidated
Amortization of goodwill		¥ —	¥ 368	¥ —	¥ —	¥ —	¥ 368	¥ — ¥ 368
Goodwill at March 31, 2025			15,827				15,827	15,827
		Thousands of U.S. Dollars						
		2025						
		Express Business	Contract Logistics Business	Global Business	Mobility Business	Other	Total	Eliminations or Group-Wide Consolidated
Amortization of goodwill		\$ —	\$ 2,462	\$ —	\$ —	\$ —	\$ 2,462	\$ — \$ 2,462
Goodwill at March 31, 2025			105,853				105,853	105,853

21. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

In December 2024, the Company acquired 87.74% of the shares of Nakano Shokai Co., Ltd. As a result, it has become a consolidated subsidiary of the Company.

The assets and liabilities of Nakano Shokai Co., Ltd. at the time of acquisition, and the reconciliation between the acquisition price and the payment for the shares, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
Current assets	¥ 23,056	\$ 154,199
Long-lived assets	53,493	357,767
Goodwill	16,195	108,315
Current liabilities	(16,058)	(107,399)
Long-term liabilities	(25,446)	(170,185)
Non-controlling interests	(4,296)	(28,735)
Acquisition price	46,944	313,962
Cash and cash equivalents	(11,636)	(77,822)
Net Payments for purchases of shares	¥ 35,308	\$ 236,140

In November 2024, the Company sold all of the shares of Yamato Dialog & Media Co., Ltd. As a result, Yamato Dialog & Media Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Dialog & Media 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
	2025	2025
Current assets	¥ 1,916	\$ 12,811
Long-lived assets	74	496
Current liabilities	(473)	(3,163)
Long-term liabilities	(8)	(53)
Gain on sales of shares	25	168
Selling price	1,534	10,259
Cash and cash equivalents	(1,318)	(8,812)
Net proceeds from sales of shares	¥ 216	\$ 1,447

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:

	<u>Millions of Yen</u>
	<u>2024</u>
Current assets	¥ 4,730
Long-lived assets	299
Current liabilities	(3,310)
Long-term liabilities	(62)
Investment account after sales of shares	(812)
Gain on sales of shares	<u>1,377</u>
Selling price	<u>2,222</u>
Cash and cash equivalents	<u>(957)</u>
Net proceeds from sales of shares	<u>¥ 1,265</u>

22. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the Company's Board of Directors meeting held on May 14, 2025:

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
Year-end cash dividends, ¥23 (\$0.15) per share*	¥ 7,513	\$ 50,248

* The total cash dividends approved at the Company's Board of Directors meeting held on May 14, 2025, include the dividends of ¥11 million (\$73 thousand) for the share of the Company held by "Board Benefit Trust (BBT)."

* * * * *

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yamato Holdings Co., Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Examination of indications of impairment loss occurring on long-lived assets of Yamato Transport Co., Ltd.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group provides delivery and other logistics services. As described in Note 3 to the consolidated financial statements, as of March 31, 2025, the Group's main assets subject to accounting standards related to impairment of long-lived assets are tangible long-lived assets of ¥474,354 million and intangible long-lived assets of ¥82,574 million (approximately 44% of the consolidated total assets). Among these balances, tangible long-lived assets of ¥416,677 million, and intangible long-lived assets of ¥37,995 million are attributed to Yamato Transport Co., Ltd. ("Yamato Transport"), a consolidated subsidiary. As of March 31, 2025, there were indications that certain assets or asset groups of Yamato Transport and other subsidiaries may be impaired, and the Group recognized an impairment loss of ¥631 million.</p> <p>Yamato Transport determined the asset groups mainly considering the management accounting classification and the units for making investment decisions, and classified long-lived assets associated with the Head Office division as common assets.</p> <p>Yamato Transport examined whether there are indications of impairment loss including the continual operating losses, the abolition or restructuring of businesses, changes in long-lived asset usage, idle assets, and the significant deteriorations of the management environment.</p> <p>The operating profits and losses of each asset group are calculated based on the income and expenditure statement output from the system, and the allocation of headquarters expenses is automatically calculated and allocated based on the allocation rate.</p> <p>If the documentations for examining indications of impairment loss were not created appropriately, there may be errors in the determination and impairment loss that should be recorded may not be recorded.</p> <p>As mentioned above, tangible long-lived assets and intangible long-lived assets held by Yamato Transport are highly significant amounts in the consolidated financial statements. Furthermore, there is a high degree of subjective judgments made by the management in the examination of indications of impairment loss related to long-lived assets.</p>	<p>Our audit procedures related to examining the indications of impairment loss for Yamato Transport included the following, among others:</p> <ul style="list-style-type: none"> • We obtained an understanding of Yamato Transport's overall business environment through inquiry of the departments in charge and inspection of the minutes of the Board of Directors' meetings, the management meetings, and other important approval documents. Our understanding included information on delivery unit prices, delivery volume, external delivery resources, unit commission expenses, number of employees, the circumstances of labor management, and internal transfer of services between divisions. • We carefully tested whether the asset groups were determined by appropriately reflecting the Yamato Transport's management conditions based on the management accounting classification, the units for making investment decisions, and other similar factors. • After understanding the process for preparing the documentations used to examine the indications of impairment loss and Yamato Transport's internal controls related to the examination of indications of impairment loss, we evaluated the design and operating effectiveness of these internal controls, including the review and approval by management at the appropriate level of these documentations. • We tested the consistency of the income and expenditure statement and trial balance that were to be the basis for the documentations used to examine the indications of impairment loss with the documentations themselves. • We involved our IT specialists to assist us in testing the general IT control of the system that output the income and expenditure statement as well as the report logic of the income and expenditure statement. • After examining the validity of the headquarters expense allocation logic, the accuracy of the allocation calculation was tested through recalculation.

Therefore, we have identified the examination of indications of impairment loss related to long-lived assets of Yamato Transport as a key audit matter.	<ul style="list-style-type: none"> • In order to examine whether there were any abolitions or restructurings of businesses, changes in long-lived asset usage, idle assets, significant deteriorations of the management environment, or other similar situation, we inquired with management and inspected various meeting minutes.
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Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Yamato Holdings Co., Ltd. and its subsidiaries were ¥457 million and ¥180 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 11, 2025