

The following is an English translation of the Notice of the 156th Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy.

Stock code: 9064
June 2, 2021

Yamato Holdings Co., Ltd.
16-10, Ginza 2-chome, Chuo-ku, Tokyo
President: Yutaka Nagao

To Our Shareholders

Notice of the 156th Ordinary General Meeting of Shareholders

We are pleased to announce that the 156th Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. (hereinafter “the Company”) will be held as described below.

In order to prevent the spread of novel coronavirus disease (hereinafter COVID-19), shareholders are urged to refrain from coming to the venue on the date of the meeting, and are instead encouraged to exercise voting rights prior to the meeting by mail or by electromagnetic means such as the Internet, if at all possible. Please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights. All votes must be received by 5:00 p.m., Wednesday, June 23, 2021 (JST).

When exercising voting rights by mail

Please indicate your vote “for” or “against” each of the items on the enclosed Voting Rights Exercise Form, and return the form to the Company by 5:00 p.m., Wednesday, June 23, 2021 (JST).

When exercising voting rights via the Internet

Please review the “Exercise of Voting Rights via the Internet” on page 4 and enter your vote for each of the items by 5:00 p.m., Wednesday, June 23, 2021 (JST).

When exercising voting rights by attending the meeting in person

Please bring the enclosed Voting Rights Exercise Form and present the form to the person at reception.

The 156th Ordinary General Meeting of Shareholders

1. Date and Time: Thursday, June 24, 2021, 10:00 a.m. (The reception desk will open at 9:00 a.m.)

2. Venue: B1F Hall, Belle Salle Shiodome
Sumitomo Realty & Development Shiodome Hamarikyu Building
21-1, Ginza 8-chome, Chuo-ku, Tokyo

* The venue of the 156th Ordinary General Meeting of Shareholders has been changed from last year. Please refer to the venue guide at the end of this notice and confirm the location of the venue prior to attending the meeting.
Furthermore, to prevent the spread of COVID-19, seats will be arranged taking into account the distance between each shareholder. Therefore, please understand that if a large number of shareholders show up, the Company may limit the number of shareholders who can attend.

3. Objectives of Meeting

Matters to be reported:

1. Report of the Business Report, the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 156th Fiscal Year (from April 1, 2020 to March 31, 2021)
2. Report of the Non-consolidated Financial Statements for the 156th Fiscal Year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Agenda Item 1: Election of Nine (9) Directors
Agenda Item 2: Election of One (1) Audit & Supervisory Board Member

4. Items Decided for the Convocation of Meeting

(1) Treatment of duplicate voting

In the event that you exercise your voting rights, both by mail and via the Internet etc., the vote via the Internet etc. shall be upheld as the valid exercise of your voting rights. In the event of multiple voting via the Internet etc., your last vote shall be upheld as the valid exercise of your voting rights.

(2) Diverse exercise of voting rights

In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the General Meeting of Shareholders.

© If any changes have been made to the items on the attached documents to this convocation notice and/or the Reference Documents for the General Meeting of Shareholders, such changes will be

posted on our website.

- ◎ Operational particulars of the General Meeting of Shareholders on the day of the meeting is provided in “Measures for Preventing Infection of the Novel Coronavirus Disease (COVID-19) at the 156th Ordinary General Meeting of Shareholders” posted separately on the Company’s website.
- ◎ If future developments necessitate a major change in whether to hold or in the way the general meeting of shareholders will be run, shareholders will be informed via on our website.

Website: <http://www.yamato-hd.co.jp/>

Exercise of Voting Rights via the Internet

Method of exercise of voting rights by scanning QR code: “Smart Vote”

You can log in the Website for Exercising Voting Rights by scanning the QR code without entering your exercise of voting rights code and password.

1. Please scan QR code provided at the bottom right of the Voting Rights Exercise Form.

* QR Code is registered trademarks of DENSO WAVE INCORPORATED.

2. Please follow the directions that appear on the screen to vote “for” or “against” each of the items.

Note that exercising voting rights by using “Smart Vote” method is available only once.

If you need to change your votes after exercising your voting rights, please log in the voting website for a personal computer by using your voting rights exercise code and password provided on the Voting Rights Exercise Form and exercise your voting rights again.

* If you rescan the QR code, you can access the Website for Exercising Voting Rights for a personal computer.

Method of exercise of voting rights by entering exercise of voting rights code and password

1. Please access the Website for Exercising Voting Rights.

<https://soukai.mizuho-tb.co.jp/>

2. Please enter your “exercise of voting rights code” provided on the back of the Voting Rights Exercise Form.
3. Please enter your “password” provided on the back of the Voting Rights Exercise Form.
4. Please follow the directions that appear on the screen to vote “for” or “against” each of the items.

If you have any inquiries about the operation of a personal computer or a smartphone regarding the exercise of voting rights via the Internet, contact the following:

Internet Help Dial: Securities Agent Dept. of
Mizuho Trust & Banking Co., Ltd.
0120-768-524
(toll-free only from Japan)
Business hours: 9 a.m. to 9 p.m. (JST)
on weekdays

© Institutional investors may use the electronic voting platform operated by ICJ, Inc.

<Measures to prevent the spread of COVID-19>

1. Recommendation for not attending the meeting in person

In this General Meeting of Shareholders, in order to mitigate the risk of infection through physical contact at the venue, shareholders are urged to refrain from coming to the venue on the date of the meeting, and are instead encouraged to exercise voting rights prior to the meeting by mail or via the Internet, etc., if at all possible.

To prevent the spread of COVID-19, seats will be arranged taking into account the distance between each shareholder. Therefore, please understand that if a large number of shareholders show up, the Company may limit the number of shareholders who can attend.

At this General Meeting of Shareholders, the Company will **livestream the meeting over the Internet** so that shareholders may view it from home. The Company also asks that you consider utilizing this method. (For details, please refer to page 7 of this notice.)

2. Regarding the special measures to be taken at the meeting

- (1) A telethermographic screening system will be set up near the reception desk and we will monitor body temperatures. Shareholders who have a fever of 37.5 degrees Celsius or above will not be admitted entry to the venue. In addition, shareholders who appear to be unwell may be refused entry to the venue. Accordingly, please note that it may take time to enter the venue.
- (2) The Company asks that shareholders wear a face mask and disinfect their hands using alcohol disinfectant, etc. upon arriving at the venue. Shareholders who do not cooperate with wearing a face mask or disinfecting their hands will not be admitted entry to the venue. Please inform a staff member if you are allergic to alcohol disinfectant, etc.
The Company asks that shareholders take precautions to prevent spread of the infection to themselves or others. The Company's officers and organizing staff members will also be wearing masks.
- (3) The Company will reduce the time allotted for the General Meeting of Shareholders compared to typical years and will accordingly take steps to facilitate smooth progress of the meeting's proceedings.
- (4) Please be advised in advance that **no gifts will be distributed** to attendants.
- (5) If future developments such as the situation regarding the spread of COVID-19 and announcements by the government ahead of the General Meeting of Shareholders necessitate a major change in the holding of the meeting or in the way the meeting

will be run, the Company will revise the information at its website below as needed.
<https://www.yamato-hd.co.jp/investors/stock/meeting/>

Directions regarding livestreaming over the Internet

The General Meeting of Shareholders will be streamed online via the Internet (video with sound - Japanese only). We encourage shareholders to use this, so that they may view the proceedings from home.

When viewing the meeting via livestreaming, you will not be able exercise your voting rights on the day like shareholders attending the meeting are able to, so please exercise your voting rights beforehand.

Date and time of livestreaming	<p>Thursday, June 24, 2021, from 10:00 a.m.</p> <ul style="list-style-type: none"> * Access to the livestream is exclusive to shareholders with rights to attend this Ordinary General Meeting of Shareholders. * Out of consideration for the privacy of shareholders attending the meeting in person, footage to be broadcast will be limited to the area where the seats for chairperson and officers are located.
Method of viewing the livestream	<p>(1) With personal computer</p> <ol style="list-style-type: none"> 1) Please access the URL below: https://vgm.smart-portal.ne.jp 2) Please click the login button after entering the ID and password shown on the “Notice Regarding the Livestreaming of the 156th Ordinary General Meeting of Shareholders” enclosed with this notice. <p>(2) With smartphone</p> <p>Shareholders may access the livestream by using a smartphone to scan the QR Code*1 shown on the “Notice Regarding the Livestreaming of the 156th Ordinary General Meeting of Shareholders” enclosed with this notice.</p>
Matters to take care of when viewing	<ul style="list-style-type: none"> ● Please be aware that livestream viewership of the General Meeting of Shareholders is not legally regarded as attendance at the meeting. ● Those accessing livestream content may encounter video or audio irregularities due to factors such as the operating environment of their personal computer or smartphone, or their telecommunications environment. ● Shareholders shall bear their own expenses for connection to the Internet. ● Shareholders viewing the livestream broadcast will not be able to voice questions, etc. at the meeting. Also, <u>because shareholders viewing the livestream broadcast will not be able to exercise their voting rights on the day like shareholders who attend the meeting are able to, the Company asks those shareholders to exercise their voting rights beforehand.</u> ● It is strictly forbidden to provide your ID and password to a third party by any means, including photo, video, sound recording, data file, etc. ● If some kind of future development prevents the livestreaming from taking place, shareholders will be informed on our website (https://www.yamato-hd.co.jp/investors/stock/meeting/).
Inquiries	<p>If you have any concerns, please contact the Stock Transfer Agency Dept., Mizuho Trust & Banking Co., Ltd. 0120-288-324 (toll-free only from Japan) Business hours: 9 a.m. to 5 p.m. (JST) on weekdays</p>

Reference Documents for the General Meeting of Shareholders

Agenda Item 1. Election of Nine (9) Directors

The terms of all the nine (9) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of nine (9) Directors.

The following are the candidates for Directors.

Please note that Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga are candidates for Outside Directors.

No.	Name of Candidate	Attributes of Candidate	Current Position at the Company	Attendance to the Board of Directors Meetings
1	Masaki Yamauchi	<input type="checkbox"/> Reelection <input type="checkbox"/> Male	Chairperson of the Board of Directors	19/19 (100%)
2	Yutaka Nagao	<input type="checkbox"/> Reelection <input type="checkbox"/> Male	Representative Director, Executive Officer and President	19/19 (100%)
3	Kenichi Shibasaki	<input type="checkbox"/> Reelection <input type="checkbox"/> Male	Representative Director, Executive Officer and Vice President	19/19 (100%)
4	Haruo Kanda	<input type="checkbox"/> Reelection <input type="checkbox"/> Male	Director	19/19 (100%)
5.	Masakatsu Mori	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Director	19/19 (100%)
6	Mariko Tokuno	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female	Director	19/19 (100%)
7	Yoichi Kobayashi	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Director	19/19 (100%)
8	Shiro Sugata	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Director	19/19 (100%)
9	Noriyuki Kuga	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Director	15/15 (100%)

Reelection Candidates for Directors to be reelected Outside Candidates for Outside Directors Independent Independent officers

[Reference]

“Policies and procedures for the Board of Directors in appointing and dismissing senior management members and nominating candidates for positions as Directors and Audit & Supervisory Board Members”

Nominations are made following deliberations on appointment and dismissal of senior management members by the Nomination and Compensation Committee, which comprises over half Outside Officers, under the policy of appointing candidates with abundant experience and considerable insight relating to corporate management and business promotion, a sense of humanity from observing and evaluating from diverse perspectives, ability to grasp the essence of the issues facing the Company, and capabilities that will enhance our management structure.

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned	
1	Masaki Yamauchi (Jan. 11, 1961) Reelection Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	Apr. 1984	Joined the Company	49,100
		Apr. 2005	Executive Officer of the Company	
		Apr. 2005	President, Tokyo Regional Office	
		Nov. 2005	Executive Officer of Yamato Transport Co., Ltd.	
		Nov. 2005	General Manager of Human Resources and Administration	
		Mar. 2007	Executive Officer of the Company	
		Mar. 2007	Responsible for Human Resources Strategy	
		May 2007	Responsible for Management Strategy	
		Apr. 2008	Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.	
		Apr. 2011	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
		Jun. 2011	Director and Executive Officer of the Company	
		Apr. 2015	Representative Director, Executive Officer and President	
		Apr. 2019	Chairperson of the Board of Directors (current)	
		(Important Concurrent Positions at Other Organizations) External Director of PERSOL HOLDINGS CO., LTD.		
		[Reasons for nomination as a candidate for Director] Masaki Yamauchi possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he had been acting as Representative Director, Executive Officer and President of the Company from April 2015 to March 2019, after having served as Representative Director and President of the Company's subsidiary Yamato Logistics Co., Ltd. (currently: Yamato Transport Co., Ltd.), and as Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd. Accordingly, in order to maintain and enhance an entire management balance as Chairperson of the Board of Directors, the Company proposes his reelection as Director.		

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1988 Joined the Company	
		Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch	
		Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.	
		Apr. 2009 General Manager of TSS Sales Promotion Office	
		Apr. 2010 Executive Officer and President of Kanto Regional Office	
		Apr. 2013 Managing Executive Officer	
	Reelection	Apr. 2015 Executive Officer of the Company	
		Apr. 2015 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
	Yutaka Nagao (Aug. 31, 1965)	Jun. 2017 Director and Executive Officer of the Company	
2	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	Apr. 2019 Representative Director, Executive Officer and President (current)	21,600
		(Important Concurrent Positions at Other Organizations) Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
		[Reasons for nomination as a candidate for Director] Yutaka Nagao possesses experience and achievements developed in the course of taking on leadership roles in the Group's core, the Delivery Business. In that regard, he has acted as Managing Executive Officer and Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd, and Director and Executive Officer of the Company. Since April 2019, he has been serving as Representative Director, Executive Officer and President of the Company. Accordingly, in order to enhance the management of the Group and promote its growth, the Company proposes his reelection as Director.	

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1980 Joined the Company	
		Jun. 1997 Regional Branch Manager of Saitama Regional Branch	
		Jun. 1999 General Manager of Education Division	
		Apr. 2003 General Manager of Operation Division	
		Feb. 2006 Representative Director, President and Executive Officer of Yamato Financial Co., Ltd.	
		Apr. 2006 Executive Officer of the Company	
		Apr. 2012 Managing Executive Officer	
		Apr. 2016 Senior Managing Executive Officer	
		Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy	
	Reelection	Jun. 2018 Director and Senior Managing Executive Officer	
	Kenichi Shibasaki (Oct. 16, 1955)	Apr. 2019 Representative Director, Executive Officer and Vice President (current)	
3	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	Apr. 2019 Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit	33,000
		Mar. 2020 Responsible for overseeing Managing Section	
		(Important Concurrent Positions at Other Organizations) Director of Yamato Transport Co., Ltd.	
		[Reasons for nomination as a candidate for Director] Kenichi Shibasaki possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he had been acting as Director and Senior Managing Executive Officer since June 2018, after having served as Representative Director and President of the Company's subsidiary Yamato Financial Co., Ltd. (currently: Yamato Transport Co., Ltd.), and Executive Officer, Managing Executive Officer and Senior Managing Executive Officer of the Company. Since April 2019, he has been serving as Representative Director, Executive Officer and Vice President of the Company. Accordingly, in order to enhance the management of the Group and promote its growth, the Company proposes his reelection as Director.	

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Jan. 1985 Joined the Company Apr. 2004 General Manager of Human Resources Aug. 2005 Executive Officer Nov. 2005 Executive Officer of Yamato Transport Co., Ltd. Jul. 2006 Managing Executive Officer Apr. 2008 Managing Executive Officer of the Company Jun. 2008 Representative Director and Managing Executive Officer	
		Apr. 2013 Representative Director and Senior Managing Executive Officer Apr. 2014 Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit	
	Reelection	Apr. 2015 Representative Director, Executive Officer and Vice President	
	Haruo Kanda (Sep. 26, 1952)	Apr. 2019 Responsible for overseeing Management, Assistant to President, Shared Value Creation	
4	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	Mar. 2020 Responsible for overseeing Management, Assistant to President, responsible for Shared Value Creation and Internal Audit	34,700
		Apr. 2021 Director of the Company (current)	
		(Important Concurrent Positions at Other Organizations) Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. [Reasons for nomination as a candidate for Director] Haruo Kanda possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Representative Director, Executive Officer and Vice President of the Company from April 2015 to March 2021, after having served as Executive Officer of the Company's subsidiary Yamato Transport Co., Ltd., and subsequently serving as an executive officer supervising administrative departments responsible for human resources strategy, network strategy, legal affairs, CSR strategy and audit. Accordingly, in order to enhance the management of the Group and promote its growth, the Company proposes his reelection as Director.	

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned	
5	Masakatsu Mori (Jan. 22, 1947)	Apr. 1969	Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd)	15,700
		May 1972	Qualified as Certified Public Accountant	
		Sep. 1981	Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd)	
		Feb. 1989	President of Andersen Consulting (currently: Accenture Japan Ltd) Board Member of Andersen Consulting (Global) (currently: Accenture)	
		Apr. 2003	Representative Director and Chairman of Accenture Japan Ltd	
		Sep. 2007	Corporate Advisor of Accenture Japan Ltd	
		Oct. 2009	President of the International University of Japan (IUJ)	
		Jun. 2013	Director of the Company (current)	
		Nov. 2013	Vice Chairman of IUJ	
		Apr. 2018	Senior Advisor of IUJ (current)	
	Reelection Outside Independent	(Important Concurrent Positions at Other Organizations) Senior Advisor of the International University of Japan Outside Director of Stanley Electric Co., Ltd. Outside Director of Kirin Holdings Company, Limited External Statutory Auditor of FAST RETAILING CO., LTD.		
	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	[Reasons for nomination as a candidate for Outside Director and expected roles] Masakatsu Mori possesses abundant experience and considerable insight, particularly in the fields of finance/accounting, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding matters of management strategy overall encompassing business execution and business strategy, financial strategy, and sustainability strategy, will contribute to further enhancing our management structure, and proposes his reelection as Outside Director. Furthermore, if he is elected, the Company plans for him to contribute to selecting Company officer candidates and deciding officer remuneration and other compensation as a member of the Nomination and Compensation Committee, enlisting his position of objectivity and neutrality.		

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		<p>Jan. 1994 Joined Louis Vuitton Japan KK</p> <p>Apr. 2002 Senior Director for Sales Administration</p> <p>Mar. 2004 Vice President of Tiffany & Co. Japan Inc.</p> <p>Aug. 2010 Representative Director and President of Christian Dior Japan KK</p> <p>Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK</p> <p>Jun. 2017 Director of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Outside Director of Happinet Corporation</p> <p>Outside Director of Mitsubishi Materials Corporation</p>	
6	<p>Reelection Outside Independent</p> <p>Mariko Tokuno (Oct. 6, 1954)</p> <p>Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)</p>	<p>[Reasons for nomination as a candidate for Outside Director and expected roles]</p> <p>Mariko Tokuno possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint in addition to the standpoint of customers and employees, particularly regarding business execution, business strategy, and human resources strategy, will contribute to further enhancing our management structure, and proposes her reelection as Outside Director. Furthermore, if she is elected, the Company plans for her to contribute to selecting Company officer candidates and deciding officer remuneration and other compensation as a member of the Nomination and Compensation Committee, enlisting her position of objectivity and neutrality.</p>	3,100

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1973 Joined ITOCHU Corporation	
		Jun. 2004 Executive Officer	
		Apr. 2006 Managing Executive Officer	
		Jun. 2006 Representative Executive Managing Director	
		Apr. 2008 Representative Senior Managing Director	
		Apr. 2011 Representative Director and Executive Vice President	
	Reelection	Apr. 2015 Senior Advisor	
	Outside	Apr. 2016 Vice Chairman	
	Independent	Jun. 2018 Director of the Company (current)	
7	Yoichi Kobayashi (Jul. 21, 1949)	(Important Concurrent Positions at Other Organizations) None	3,900
	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	[Reasons for nomination as a candidate for Outside Director and expected roles] Yoichi Kobayashi possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, business strategy, and investment strategy, will contribute to further enhancing our management structure, and proposes his reelection as Outside Director. Furthermore, if he is elected, the Company plans for him to contribute to selecting Company officer candidates and deciding officer remuneration and other compensation as a member of the Nomination and Compensation Committee, enlisting his position of objectivity and neutrality.	

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1972 Joined USHIO INC.	
		Jan. 1993 President of BLV LICHT- UND VAKUUMTECHNIK GmbH	
		Jun. 2000 Director and Corporate Senior Vice President of USHIO INC.	
		Apr. 2004 Director and Corporate Executive Vice President	
		Jun. 2004 Representative Director and Corporate Executive Vice President	
		Mar. 2005 President and CEO	
		Oct. 2014 Director and Corporate Advisor	
	Reelection Outside Independent	Jun. 2016 Corporate Advisor	
		Jul. 2017 Special Corporate Advisor	
		Jun. 2019 Director of the Company (current)	
8	Shiro Sugata (Nov. 17, 1949)	(Important Concurrent Positions at Other Organizations) Outside Director of JSR Corporation Outside Director of Yokogawa Electric Corporation	0
	Attendance to the Board of Directors Meetings FY2021/3: 19/19 (100%)	[Reasons for nomination as a candidate for Outside Director and expected roles] Shiro Sugata possesses abundant experience and considerable insight, particularly in the fields of marketing/sales, IT/digital technology and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, business strategy, increasing productivity, and cost structure reform, will contribute to further enhancing our management structure, and proposes his reelection as Outside Director. Furthermore, if he is elected, the Company plans for him to contribute to selecting Company officer candidates and deciding officer remuneration and other compensation as a member of the Nomination and Compensation Committee, enlisting his position of objectivity and neutrality.	

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1979 Joined Tokyo Electron Ltd.	
		Apr. 2002 Vice President & General Manager	
		Oct. 2004 President & Representative Director, Tokyo Electron BP Ltd.	
		Oct. 2006 Executive Vice President of TOKYO ELECTRON DEVICE LIMITED	
	Reelection	Jun. 2007 Corporate Director and Executive Vice President	
	Outside	Jun. 2011 Senior Executive Vice President & Representative Director	
	Independent	Jun. 2016 Chairman of the Board	
	Noriyuki Kuga	Jun. 2020 Director of the Company (current)	
9	(Aug. 25, 1955)	(Important Concurrent Positions at Other Organizations)	200
	Attendance to the Board of Directors Meetings	None	
	FY2021/3: 15/15 (100%)	[Reasons for nomination as a candidate for Outside Director and expected roles] Noriyuki Kuga possesses abundant experience and considerable insight, particularly in the fields of personnel/labor management, finance/accounting and global business as a corporate manager. Accordingly, the Company has determined that utilizing this insight to furnish oversight and advice from a managerial standpoint, particularly regarding business execution, financial strategy, and corporate governance, will contribute to further enhancing our management structure, and proposes his reelection as Outside Director.	

Notes:

1. There are no particular vested interests between the Company and the candidates.
2. Additional information regarding the candidates of Outside Directors is as follows.
 - (1) Independent officers
The Company appointed Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga as independent officers provided for under the provisions of Tokyo Stock Exchange, Inc. and registered the individuals as such with that exchange. The Company plans on having the officers keep their position if their reelection is approved.
Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga satisfy the requirements for Criteria for Determining Independence of the Company on page 21.
 - (2) The number of years as Outside Director of the Company
Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga have been serving as the Company's Outside Directors for eight years, four years, three years, two years and one year, respectively, as of the closing of this General Meeting of Shareholders.
 - (3) Inappropriate conducts of business occurred and corrective and preventive measures implemented against such conducts during the past five years at another company at which a candidate served as a director
Since June 2016, Mariko Tokuno has been serving as an Outside Director of Mitsubishi Materials Corporation. During this time, cases have been discovered in which said Mitsubishi Materials Corporation's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal MFG Co., Ltd, and Diamet Corporation manufactured and sold products that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data. In addition, Mitsubishi Materials Corporation also received revocation of JIS certification for copper slag aggregate manufactured at its Naoshima Smelter & Refinery.
Although she was unaware of each of these cases until they were revealed, as an Outside Director at Mitsubishi Materials Corporation she has routinely spoken out from the perspective of enhancing governance structure. Since each of these cases was revealed, she has been conducting investigations relating to these cases, identifying root causes, and providing advice on measures to prevent reoccurrences. After Mitsubishi Materials Corporation Group formulated measures etc. to enhance governance structure, she has been making efforts to further enhance governance structure by overseeing the progress of these measures and providing the Board of Directors with necessary comments and advice regarding issues and the like.
3. Agreement on liability limitation
The Company has concluded an agreement with Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga regarding liability limitation according to Article 423, paragraph (1) of the Companies Act. According to the agreement, the maximum liability amount is the minimum amount stipulated by Article 425, paragraph (1) of the Companies Act. If the reelection proposal is approved, the Company will continue its agreement with them.
4. Directors and officers liability insurance policy
The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. This policy covers losses, such as the amount of indemnification and litigation expenses incurred by the insured in cases where claims for damages are brought forward by shareholders or a third party. If the reelection of each candidate is approved, they will be included as the insured. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

Agenda Item 2. Election of One (1) Audit & Supervisory Board Member

The term of one (1) Audit & Supervisory Board Member, namely Takashi Yamashita, will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of one (1) Audit & Supervisory Board Member.

The following is the candidate for Audit & Supervisory Board Member.

Please note that Takashi Yamashita is a candidate for Outside Audit & Supervisory Board Member.

In addition, the Audit & Supervisory Board has already approved this proposal.

Name of Candidate (Date of Birth)	Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
	Oct. 1983 Mar. 1987 May 2003 Aug. 2014	
Reelection Outside Independent	Joined Asahi Accounting Company Registered as a Certified Public Accountant Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC) Established Takashi Yamashita CPA Office, Representative (current)	
Takashi Yamashita (Feb. 18, 1956)	Jan. 2015 Jun. 2017	
Attendance to the Board of Directors Meetings FY2021/3: 18/19 (95%)	(Important Concurrent Positions at Other Organizations) Representative of Takashi Yamashita CPA Office Outside Director of Shin Nippon Biomedical Laboratories, Ltd. [Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]	0
Attendance to the Audit & Supervisory Board Meetings FY2021/3: 18/18 (100%)	The Company proposes the reelection of Takashi Yamashita as Outside Audit & Supervisory Board Member in order to draw on his expertise related to finance and accounting as a certified public accountant with respect to the Company's audit structure. Although he does not have previous experience contributing to corporate management, the Company has determined that he will appropriately perform duties as Outside Audit & Supervisory Board Member because he possesses abundant experience and considerable insight as a certified public accountant.	

Notes:

- There are no particular vested interests between the Company and the candidate.
- Additional information regarding the candidates of Outside Audit & Supervisory Board Members are as follows.
 - Independent officers
The Company appointed Takashi Yamashita as an independent officer provided for under the provisions of the Tokyo Stock Exchange, Inc. and registered him as such with that exchange. The Company plans on having the officer keep his position if his reelection is approved. Takashi Yamashita satisfies the requirements for Criteria for Determining Independence of the Company on page 21.
 - The number of years as Outside Audit & Supervisory Board Member of the Company
Takashi Yamashita has been serving as the Company's Audit & Supervisory Board Member for four years as of the closing of this General Meeting of Shareholders.
 - Other noteworthy events
Takashi Yamashita served as Outside Audit & Supervisory Board Member of the Company's subsidiary Yamato Transport Co., Ltd. from June 2016 to June 2017.
- Agreement on liability limitation
The Company has concluded an agreement with Takashi Yamashita regarding liability limitation according to Article 423, paragraph (1) of the Companies Act. According to the agreement, the maximum liability amount is the minimum amount stipulated by Article 425, paragraph (1) of the Companies Act. If the reelection proposal is approved, the Company will continue its agreement with him.
- Directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. This policy covers losses, such as the amount of indemnification and litigation expenses incurred by the insured in cases where claims for damages are brought forward by shareholders or a third party. If the reelection of Takashi Yamashita is approved, he will be included as the insured.

In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

[Reference] Management Structure After Agenda Items 1 and 2 Are Approved (Planned)

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

Notes:

1. Full-time Audit & Supervisory Board Members will be determined at the Audit & Supervisory Board meeting after the close of this General Meeting of Shareholders, and Directors with titles and members of the Nomination and Compensation Committee will be determined at a subsequent meeting of the Board of Directors.
2. The Board of Directors will be chaired by Masaki Yamauchi and the Nomination and Compensation Committee will be chaired by Shiro Sugata.
3. The above list shows fields in which each of them has more expert knowledge in light of their experience and other factors, and does not cover all their knowledge.

Criteria for Determining Independence in Electing Outside Officers of the Yamato Group

1. Criteria for determining independence

Yamato Holdings Co., Ltd. has established the following criteria for determining the independence of the Outside Directors and Outside Audit & Supervisory Board Members of the Company (hereinafter collectively referred to as “Outside Officers”).

2. Independence requirements for Outside Officers

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

- (1) A party who is a major business partner of either the Company or a Group company (hereinafter collectively referred to as the “Company”), or otherwise if such party is a corporation or other such entity, a person who executes business thereof;
- (2) A major business partner of the Company, or otherwise if such party is a corporation or other such entity, a person who executes business thereof;
- (3) A consultant, accounting professional or legal professional who receives substantial monetary consideration and/or other economic benefits from the Company besides officer remuneration;
- (4) A consultant, accounting professional, legal professional or other such professional who is a member of a corporation or other such entity that provides professional services acting as a major business partner of the Company;
- (5) A major shareholder of the Company, or otherwise if such major shareholder is a corporation or other such entity, a person who executes business thereof;
- (6) A recipient of donations from the Company or a person who executes business thereof;
- (7) A person who now serves or has served in the past as a Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Executive Officer, or employee of either the Company or one of its subsidiaries;
- (8) A close relative of a Director, Audit & Supervisory Board Member, Executive Officer or employee of the Company;
- (9) A close relative of a person (excluding inconsequential persons) with respect to whom any of the aforementioned apply.

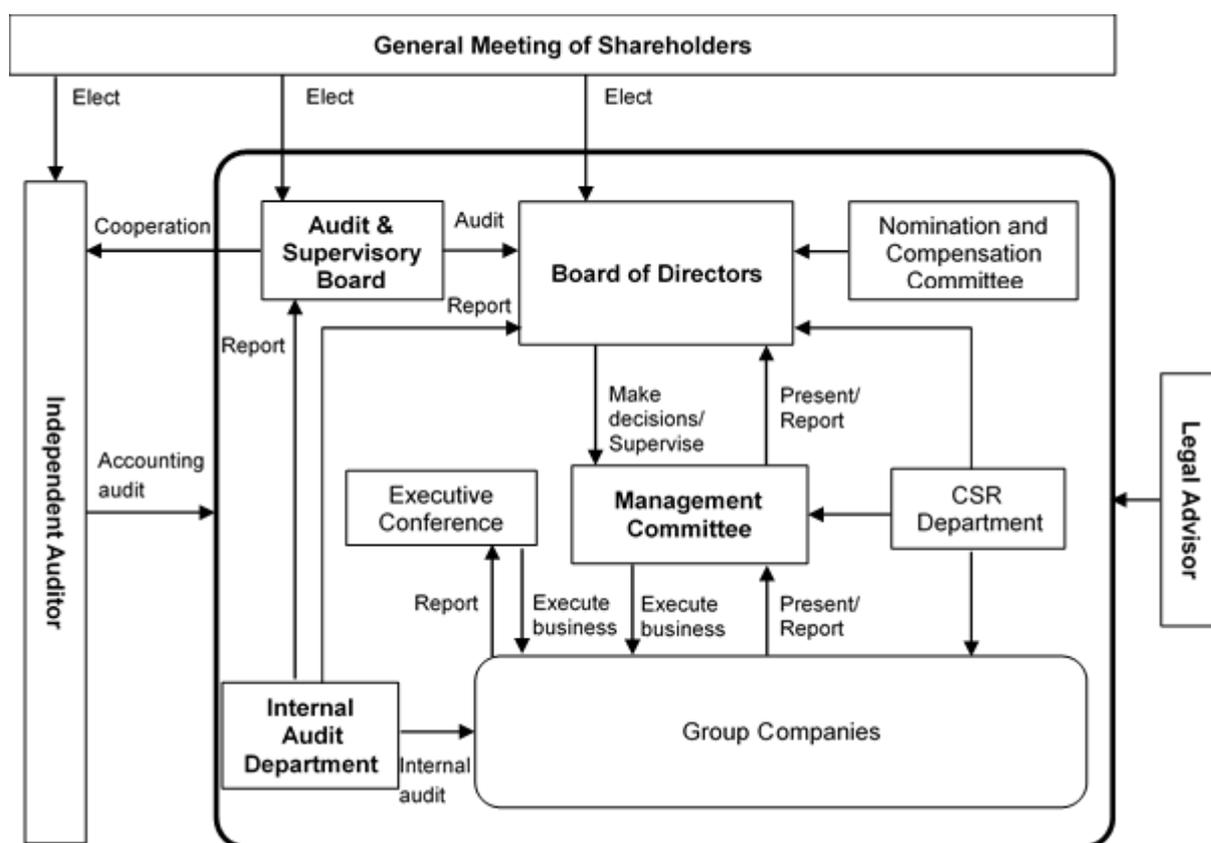
Basic Views on Corporate Governance

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

Corporate Governance System

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

Also, to complement the functions of the Board of Directors, the Company established a Nomination and Compensation Committee comprising a majority of Outside Directors. At the same time, the Company has adopted an executive officer system to ensure prompt decision-making related to business execution.



(Attached Documents)

Business Report

(From April 1, 2020 to March 31, 2021)

1. Status of the Corporate Group

(1) Operating Performance

In the fiscal year ended March 31, 2021, economic activities which had been stagnant due to the global spread of the novel coronavirus disease (COVID-19) began to resume. Whereas business sentiment has been showing signs of improvement, particularly in the manufacturing industry, the outlook for economic recovery both in Japan and overseas remains unknown particularly with the pandemic resurging at home and abroad amid uncertainties as to the status of COVID-19 transmission ahead and timing as to when the pandemic might subside. Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in lifestyles and the business environment brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Under such circumstances, the Yamato Group aims to contribute consistently to the realization of a prosperous society by creating a “new logistics ecosystem” that meets the needs of customers and society. To such ends, we have promoted initiatives based on our transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term. These initiatives involve engaging in business transformations encompassing the threefold aims of giving rise to the digital transformation (DX) of TA-Q-BIN, establishing an e-commerce ecosystem, and strengthening the corporate logistics business, while combining the Group’s management resources prior to launch of the new management system in April 2021. These initiatives also involve engaging in infrastructure transformations encompassing the threefold aims of renewing Group management systems, shifting to data-driven management style, and implementing sustainability initiatives. In the fiscal year ended March 31, 2021, with the future spread of COVID-19 and when the pandemic might subside being unclear, with the safety of our customers and employees as the top priority, we strove to provide logistics services, including TA-Q-BIN. In so doing, we have been working to identify issues encountered by our customers due to changes in lifestyles and the business environment, and have furthermore been expanding sales for new delivery services and improving convenience in response to the accelerating shift to e-commerce across all industries. We have also strengthened account management on a Group-wide basis, and have been engaging in initiatives to address new needs in the remote prescription domain of the telehealth field and in the field of education in promoting the GIGA School concept, and to provide solutions for building optimal supply chains for both physical stores and e-commerce. Moreover, we have also been expanding collection and delivery capacity as well as optimizing costs. This has involved building new delivery networks underpinned by alliances with our delivery partners, while also promoting increased efficiency of collection, delivery and trunk-route transportation by shifting to data-driven management style and optimally allocating management resources enlisting demand forecasting based on data analysis.

Our consolidated financial results for the fiscal year ended March 31, 2021 were as follows.

(Millions of yen)				
Item	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	Growth (%)
Operating revenue	1,630,146	1,695,867	65,720	4.0
Operating profit	44,701	92,121	47,420	106.1
Ordinary profit	40,625	94,019	53,394	131.4
Profit attributable to owners of parent	22,324	56,700	34,376	154.0

As mentioned above, operating revenue amounted to 1,695,867 million yen, up 65,720 million yen from the previous fiscal year. This is largely attributable to having achieved an increase in the parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain. Operating expenses amounted to 1,603,745 million yen, up 18,300 million yen from the previous fiscal year. This was mainly due to our taking steps to optimizing costs by increasing the efficiency of collection and delivery through the optimal allocation of management resources based on data analysis and by promoting increased efficiency of our trunk-route transportation and sorting work amid increasing parcel delivery volume.

As a result, operating profit amounted to 92,121 million yen, up 47,420 million yen from the previous fiscal year.

Initiatives for the entire Yamato Group

- (i) In response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we have been making sure that employees practice full hygiene management, implementing contact-free deliveries and other infection prevention measures when interacting with customers, using our website and other channels to share information, and continuing to provide logistics services, including TA-Q-BIN.
- (ii) We have been engaging in reform of the Group management structure geared to achieving sustainable growth, and accordingly promoting initiatives to achieve our three business transformations and three infrastructure transformations while combining the Group's management resources prior to launch of the new management system in April 2021, based on our transformation plan "YAMATO NEXT100" which has been formulated to serve as a grand design for management of the Yamato Group over the medium to long term going forward.
- (iii) In order to promote "Inclusive Management" that enables personnel to focus more on our customers, we have been shifting to data-driven management style which has involved streamlining and standardizing our logistics operations through digital transformation (DX), and have been giving rise to objective and scientific decision-making largely by implementing demand and operating amount forecasts and making optimal allocations of management resources, on the basis of data analysis.
- (iv) In response to social needs, we have been working toward creating a logistics service that caters specifically to the shift to e-commerce by industries and establishing an e-commerce ecosystem in order to capitalize on the high growth potential of e-commerce. During the fiscal year under review, we promoted efforts to expand sales for our new "EAZY" delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users, e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies. In addition, to further improve convenience for pick-up, we worked to add a new function that utilizes a

digital key to provide a service to drop off packages in front of residences, etc. for customers who live in condominiums and apartment buildings with auto-lock entrances. To optimize logistics for e-commerce vendors with stores in online shopping malls, we implemented initiatives to further improve convenience and expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery. Moreover, based on alliances with partners with digital technology, we are promoting efforts to expand sales of services that make it possible to pick up products purchased through e-commerce from supermarkets, drugstores and other such establishments that serve as customer lifelines. We are also embarking on initiatives for sales support to producers enlisting Live Commerce functions in alliance with live streaming service providers, with the aim of building a new “Innovating Delivery” business model.

- (v) In order to strengthen corporate logistics business, we have been combining the Group’s management resources for corporate business such as specialist human resources at each Group company, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers. We have also been promoting initiatives for addressing customers’ business challenges and building a database to provide solutions based on highly accurate, real-time information. Furthermore, we will continue to strengthen the management of our international businesses. During the fiscal year under review, we have also been engaging in initiatives that entail providing solutions for building optimal supply chains for both stores and e-commerce. This has involved working to identify issues encountered by our customers due to changes in lifestyles and the business environment and furthermore addressing new needs in the remote prescription domain of the telehealth field and in the field of education in promoting the GIGA School concept. In addition, we started consolidated transport of reagents for gene testing in the ultra-low temperature range to resolve logistics issues in anticipation of further progress in personalized healthcare and, to fulfill our role as part of the social infrastructure by contributing to the establishment of a vaccination system, we are engaged in the logistics for the COVID-19 vaccine.
- (vi) In order to strike a balance between sustainable growth and the development of a sustainable society, we have been promoting sustainability initiatives, and have furthermore been taking steps to address material issues that have been identified with the aim of increasing the efficiency of transportation and providing delivery that is better for the planet, our lifestyles, and the economy, by attentively connecting people with resources and data. This effort has been underpinned by our dual visions in terms of paving the way to a sustainable future, one of which is “Connect. Deliver the Future via Green Logistics.” and the other of which is, “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind.’”
- (vii) We have transformed to a fully optimized organization structured according to customer segments and promoted efforts to revamp the Group’s management structure to further accelerate management in order to further enhance a management structure that enables us to confront customer and social needs. Furthermore, in April 2021, we launched a new Group management structure. The Group management structure consists of business units under the Company, which serves as a pure holding company, upon the integration of the consolidated subsidiary Yamato Transport Co., Ltd. and seven other Group companies. The Group Management structure consists of: Retail Business Unit consisting of Retail Business Division; Corporate Business Unit consisting of Corporate Business Division, Global SCM Business Division, and EC Business Division; Functional Divisions; and Corporate function. In conjunction with this revamping of the Group’s management structure, we plan to change the previous six operating segments to segments according to the two businesses of “Retail Business Unit” and “Corporate Business Unit.”
- (viii) We have drawn up the Yamato Group’s medium-term management plan, “One Yamato 2023,” with the fiscal year ending March 31, 2024 set as its final fiscal year. Grounded on

progress and results achieved with respect to initiatives implemented based on our transformation plan “YAMATO NEXT100, the “One Yamato 2023” plan takes into account the accelerating industry-wide shift to e-commerce prompted by rapidly changing lifestyles and distribution structure. Under the plan, the Group will aim to provide value to our individual and corporate clients, as well as society as a whole. To such ends, we will facilitate transformation across the entire supply chain extending from suppliers and manufacturers to consumers, fully leveraging our business resources concentrated under our concept of serving as a truly “One Yamato.”

Business strategies of each business segment

Delivery

The delivery volume of TA-Q-BIN and Kuroneko DM-Bin services are as follows.

Category	(Million parcels / units)			
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	Growth (%)
TA-Q-BIN	1,799	2,096	297	16.5
Kuroneko DM-Bin	987	826	(161)	(16.3)

- (i) In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people’s lives.
- (ii) During the fiscal year under review, as the future spread of COVID-19 and when the pandemic might subside being unclear, with the safety of our customers and employees as the top priority, we pursued stable operations of our TA-Q-BIN network. In addition, we have been engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in advancing structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.
- (iii) With respect to the burgeoning e-commerce domain, we promoted efforts to expand sales for our new “EAZY” delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users, e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies. In addition, to further improve convenience for pick-up, we worked to add a new function that utilizes a digital key to provide a service to drop off packages in front of residences, etc. for customers who live in condominiums and apartment buildings with auto-lock entrances. Moreover, based on alliances with partners with digital technology, we promoted efforts to expand sales for services that make it possible to pick up products purchased through e-commerce from supermarkets, drugstores and other such establishments that serve as customer lifelines. We are also embarking on initiatives to facilitate sales to consumers enlisting Live Commerce functions in alliance with live streaming service providers, with the aim of building a new innovating delivery business model.
- (iv) As for individual customers, we worked to improve convenience by providing services enabling customers to complete TA-Q-BIN sending procedures using their smartphones, and providing them with access to features such as online payment settlement and anonymous delivery. Also, to further increase convenience through support for cashless payments with regard to payment of TA-Q-BIN fees and other transactions, we have created an environment to introduce six new types of QR code payment settlement, in addition to the current methods using cash, e-money, and online payment settlement. Meanwhile with respect to corporate clients, we have been promoting initiatives for

addressing their business challenges. Such efforts have involved striving to identify issues encountered by our customers due to changes in the business environment and strengthening account management in coordinated efforts of the Group. A specific example of such initiatives is our provision of solutions tailored to pharmacies engaged in the remote prescription domain.

- (v) We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. In particular, we have been addressing issues that have emerged for elderly residents, such as the increase in the number of elderly people living alone and a weakening of community bonds in local communities, labor shortages and aging of staff at local comprehensive support centers, community members and others who watch over elderly people, and the spread of COVID-19 which has made it difficult for those who live far away to easily visit their family members. To such ends, we conducted a nationwide expansion of the areas where we provide our monitoring services, which utilize IoT light bulbs that can be connected to the outside world via the internet and Yamato Transport's management resources. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve helping to expand sales channels for locally produced products.
- (vi) Operating revenue amounted to 1,418,993 million yen, up 8.3% from the previous fiscal year owing to a higher parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 77,195 million yen, an increase of 49,945 million yen from the previous fiscal year from increasing the efficiency of collection and delivery through the optimal allocation of management resources based on data analysis and promoting increased efficiency of our trunk-route transportation and sorting operations amid increasing parcel delivery volume.

BIZ-Logistics

- (i) In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- (ii) We have promoted a Group-wide approach to account management with the aim of providing total logistics solutions that facilitate supply chain transformation, thereby addressing challenges encountered by our customers due to changes in the business environment, amid the accelerating industry-wide shift to e-commerce. During the fiscal year under review, we worked to optimize the construction of supply chains to contribute to business improvements, such as optimization of stock for both stores and e-commerce, speedy delivery and reductions in transportation costs by seamlessly linking our nationwide network of business locations and transportation network, which are strengths of the Yamato Group, and making digital information visible, for the sake of business operators working to enhance their operations in the e-commerce domain while developing retail stores. In addition, to optimize logistics for e-commerce vendors with stores in online shopping malls, we used our partnerships with major e-commerce companies to implement initiatives to further improve convenience and expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery. In addition, we started consolidated transport of reagents for gene testing in the ultra-low temperature range of minus 70 degrees Celsius or below to resolve logistics issues in anticipation of further progress in personalized healthcare and, to fulfill our role as part of the social infrastructure by contributing to the establishment of a vaccination system, we are engaged in the logistics for the COVID-19 vaccine.

- (iii) Operating revenue amounted to 146,609 million yen, up 1.9% from the previous fiscal year mainly resulting from expanding sales generated by trading logistics services, which provided emergency transport of medical and sanitary products and also tapped increasing demand for cross-border e-commerce, despite decreases in our handling of overseas lifestyle support services and fine art transport due to restrictions placed on movement and cancellations of art exhibitions associated with the spread of COVID-19. Operating profit was 5,108 million yen, up 2.7% from the previous fiscal year.

Home Convenience

- (i) In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through daily lifestyle support businesses that draw on the Yamato Group's nationwide network. During the fiscal year under review, we promoted efforts to expand the service territory and to increase sales of our "My Moving" moving-related services for one-person households.
- (ii) Operating revenue amounted to 26,847 million yen, down 3.4% from the previous fiscal year mainly due to a decrease in moving demand as a result of the spread of COVID-19, as well as a decrease in our handling of some customer business as a result of carrying out adequate pricing initiatives with respect to the "Raku Raku Household TA-Q-BIN" service. As for profits, the segment posted an operating loss of 5,699 million yen.

e-Business

- (i) In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations to accelerate growth of the Yamato Group businesses.
- (ii) As a service for helping our customer streamline their operations and ensuring greater convenience of end-users, we offer the "Multi-value Charge Service" which facilitates cashless payments involving e-money and other payment options of a user's choice, such that are made to individuals from business enterprises involved in second-hand item purchasing and e-commerce returned merchandise. During the fiscal year under review, for business operators wishing to introduce this service, we promoted efforts to expand sales and added features that enable swift and inexpensive service access without the need to develop such systems in advance.
- (iii) Operating revenue amounted to 28,417 million yen, down 7.1% from the previous fiscal year mainly as a result of system support for addressing the lower rate of taxation recoiling from the previous fiscal year, and despite increased use of the "Web-based Shipment Control Service" for assisting with order-acceptance and dispatching operations as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 11,669 million yen, up 9.4% from the previous fiscal year mainly due to firm results with respect to use of our highly profitable existing services.

Financial

- (i) In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products and business-to-business transaction settlement.
- (ii) With respect to our payment settlement services, in addition to providing our mainstay service "TA-Q-BIN Collect," we have also been promoting increased customer use of both our "Kuroneko Web Collect" comprehensive internet-based transaction settlement

service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the fiscal year under review, we worked to expand sales of our “Raku-uru Cart” service, which helps business operators newly enter the e-commerce market by providing one-stop support in terms of shopping cart function, payment settlement, and delivery services, thereby addressing challenges encountered by our customers due to changes in the business environment.

- (iii) Operating revenue amounted to 39,671 million yen, down 48.5% from the previous fiscal year mainly due to scope of consolidation changes associated with a partial transfer of Yamato Lease Co., Ltd., which engages in the lease service business, and despite an increase in use of our “TA-Q-BIN Collect,” “Kuroneko Web Collect,” and “Kuroneko Pay After Delivery Services,” as a result of having taken action in the burgeoning e-commerce domain. Operating profit was 6,276 million yen, down 0.7% from the previous fiscal year.

Autoworks

- (i) In the Autoworks Business, we offer vehicle maintenance services that enable servicing without the need to stop business operations, thereby facilitating operational safety and extended vehicle uptime of medium-sized transportation companies that have multiple locations. Furthermore, we provide services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets and employees.
- (ii) During the fiscal year under review, we have newly established four locations hosting a “Superworks” maintenance plant for achieving operational efficiency. We also further strengthened our network and carried out initiatives to increase sales of our maintenance services through close communication with customers.
- (iii) Operating revenue amounted to 21,833 million yen, down 12.4% from the previous fiscal year mainly as a result of a decrease in fuel sales volume. Operating profit was 3,600 million yen, down 16.2% from the previous fiscal year.

Other

- (i) The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-amount delivery. During the fiscal year under review, we continued to work to expand sales of our services with the future spread of COVID-19 and when the pandemic might subside being unclear.
- (ii) Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies decreased 21.0% from the previous fiscal year to 1,495 million yen.

ESG Initiatives

- (i) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. Accordingly, its transport safety management practices in that regard involve drawing up its Safety Management Regulations, building up its transport safety management systems, and formulating fiscal year plans, all centered on respective Group companies whose main operations involve transport. During the fiscal year under review, the entire Yamato Group carried out the “Zero Traffic Accidents Campaign” in order to improve safety awareness on a Group-wide basis and promoted other initiatives, such as presenting awards in respective geographic regions to drivers who have consistently excelled in terms of driving safely with no accidents. Due to COVID-19, we refrained from holding our “Safety Classes for Children,” which we have been continually offering to

- children in day care facilities, kindergartens and elementary schools across Japan since 1998 with the aim of convey the importance of traffic safety.
- (ii) Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative. Moreover, we engaged in efforts to furthermore strengthen our Group governance with the aim of enhancing sound Group management. During the fiscal year under review, we engaged in efforts that included strengthening the merchandise inspection systems of the overall Yamato Group and upgrading the whistle-blower system.
 - (iii) The Yamato Group recognizes that its approximately 220,000 employees are the Group's greatest asset, and accordingly acts to create an employee-friendly and rewarding working environment where employees can take a vibrant approach to work, in order to heighten employee satisfaction and to serve as a company where a diverse range of talent chooses to work. During the fiscal year under review, we engaged in efforts that include building appealing personnel systems, adopting a performance evaluation scheme that encourages independent and autonomous behavior, and re-establishing an educational system. We also introduced newly designed uniforms focused on "employee-friendly" and "environmentally friendly" while using plant-based materials that contribute to reducing carbon dioxide, realizing further increases in functionality, safety, and comfort.
 - (iv) The Yamato Group recognizes that climate change is a crucial issue with respect to making the notion of a sustainable society a reality, and accordingly identifies and evaluates risks and opportunities associated with climate change. Moreover, we have been taking action to achieve the vision of virtually zero carbon dioxide emissions (in-house emissions), established as a long-term goal, through efforts that involve shifting to use of vehicles that produce lower carbon dioxide emissions, developing and introducing next-generation mobility including electric vehicles, and handling collection and delivery in a manner that does not involve use of automobiles. Moreover, we have been engaging in other initiatives that involve reducing carbon dioxide emissions by heightening the efficiency of our trunk-route transportation to major cities and extending operations served by our "Super-Full Trailer SF25," which helps reduce long-haul driver workloads. During the fiscal year under review, we engaged in field testing involving next-generation collection and delivery mobility using modes of transport that do not emit carbon dioxide during operation, given our aims of creating diverse employment opportunities and further increasing the efficiency of collection and delivery. Moreover, we started to use small mobile refrigeration units, which we have been developing in partnership with manufacturers. These refrigeration units contribute to better fuel efficiency and lower carbon dioxide emissions when driving, and will facilitate our EV shift with respect to our delivery vehicles going forward. Due to COVID-19, we refrained from holding our "Kuroneko Yamato Environmental Class" sessions, which we have been continually offering nationwide since 2005, with the aim of providing support for environmental education of children who will bear responsibilities of the next generation.
 - (v) Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of "Creating Shared Value (CSV)." During the fiscal year under review, we promoted our "combined passenger-cargo" operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In addition, for residents in suburban areas which are undergoing changes with respect to people's life stages, we have been providing support for community development geared

to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf. Also, we have been addressing issues that have emerged for elderly residents, such as the increase in the number of elderly people living alone and a weakening of community bonds in local communities, labor shortages and aging of staff at local comprehensive support centers, community members and others who watch over elderly people, and the spread of COVID-19 which has made it difficult for those who live far away to easily visit their family members. To such ends, we conducted a nationwide expansion of the areas where we provide our monitoring services, which utilize IoT light bulbs that can be connected to the outside world via the internet and Yamato Transport's management resources.

- (vi) Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can experience the joy of working autonomously. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- (vii) The Yamato Group has been promoting sustainability initiatives with the aim of striking a balance between sustainable growth and the development of a sustainable society, based on its transformation plan "YAMATO NEXT100," which serves as a grand design for management over the medium to long term. In addition, we have formulated the Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023 and have furthermore set specific actions to be taken on each materiality and targets to be achieved by March 31, 2024. We accordingly aim to achieve our two visions stated as "Connect. Deliver the Future via Green Logistics" and "Through Co-Creation and Fair Business Activities, Help Create a Society That Leaves No One Behind," set forth for the creation of a sustainable future. Under this medium-term plan, the Yamato Group will work toward strengthening sustainable management with the aim of evolving into a company that supports society's development in a manner that meets current and future needs of our customers and communities.

Formulation of Yamato Group Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023

~Establishing Targets for Individual Materiality Related to Environment and Society~

1. Background of Formulating Sustainable Medium-Term Plans

Now, when society as a whole is facing many urgent issues, such as climate change, labor, human rights, discrimination, and COVID-19, it is becoming increasingly important that corporations also diligently face these issues. In January 2020, the Yamato Group announced “YAMATO NEXT100,” its grand design for its medium- to long-term management. In it, we set out two visions: “Connect. Deliver the future via green logistics,” which consists of four targets, including realizing carbon neutrality (net zero carbon emissions) in fiscal 2050*, and “Through co-creation and fair business activities, help create a society that ‘leaves no one behind,’” which consists of six targets that will help improve the quality of people’s lives.

Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023 are comprehensive sustainable medium-term plans that set out specific actions to be taken on each materiality (important issue) and targets to be achieved by 2023 in order to realize these visions.

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

*Scope 1&2 (in-house emissions)

2. Focus Points and Targets for Each Materiality

(1) Medium-Term Environmental Plan 2023

In order to drastically reduce the environmental burden of business activities, we set absolute targets as well as targets for areas in the logistics industry where we can contribute to the widespread use of innovative technology, such as materials and vehicles. These targets also cover initiatives and business opportunities in collaboration with diverse partners to increase the resilience of our customers, partners, and local communities, and to create environmental value.

Moving Forward, “Connect. Deliver the Future via Green Logistics.” Yamato Group’s Individual-Driven Environmental Reforms.	
<u>Energy & Climate</u> Mitigate Climate Change	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions by 10% compared to fiscal year ended March 31, 2021¹ • Reduce greenhouse gas emission intensity by 10% compared to fiscal year ended March 31, 2021² • Use 30% of electricity generated via renewable energy sources
<u>Atmosphere</u> Clean Up the Skies (Prevent Air Pollution)	<ul style="list-style-type: none"> • Reduce NOx and PM emissions from vehicles by 25% compared to fiscal year ended March 31, 2021³ • Introduce vehicles that emit fewer air pollutants
<u>Resource Conservation & Waste</u> Promote Resource Conservation and Reduce Waste	<ul style="list-style-type: none"> • Use 55% renewable resources and recycled materials for paper materials⁴ • Reduce landfill disposal rate to 5% or less⁵ • Provide products utilizing recycled materials and resource-saving materials
<u>Resilience of Companies & Society</u> Support a Society That Combats Environmental Changes	<ul style="list-style-type: none"> • Green logistics in collaboration with our business partners • Collaborate with society to improve environmental resilience • (Conduct tests and distribute information for adapting to climate change, etc.) • Provide environmentally friendly products and services

Reinforce Environmental Management

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

*2: In the same range as *1. tCO₂e /operating revenues of ¥100 million. *3: The range refers to Yamato Transport Co., Ltd.

*4: Paper material refers to cardboard for shipping, pickup and delivery materials, etc.

*5: Equivalent to reduction by half compared to the past.

(2) Medium-Term Social Plan 2023

In order to realize an enriched society through business activities, we have incorporated initiatives to meet international standards and needs in our plans. Our targets will also cover labor and human rights-related issues, and we will respect diverse personnel and create a work environment in which employees can play an active role. Additionally, we will strive to resolve social issues together with local communities and supply chains.

Through Co-Creation and Fair Business Activities, Help Create a Society That “Leaves No One Behind.”	
<u>Labor</u> Create a work environment where employees can thrive	<ul style="list-style-type: none"> • Improve operating revenue per employee (through high-value-added work) • Reduce overtime for employees by 20% compared with fiscal year ended March 31, 2021 • Ensure annual paid leave utilization rate is 90% (achieve work-life balance)
<u>Human Rights & Diversity</u> Create a corporate culture that respects human rights and diversity	<ul style="list-style-type: none"> • Ensure 100% attendance rate in human rights training for all employees • Ensure percentage rate of employees with disabilities is 2.5% • Double number of female managers (executives) compared with fiscal year ended March 31, 2021 / Ensure 10% of all managers are female
<u>Safety & Security</u> Create initiatives to carry out business in a safe and secure manner	<ul style="list-style-type: none"> • Achieve zero serious traffic accidents (fatal traffic accidents where the Company is responsible) • Reduce number of traffic accidents (where bodily injury occurs) by 50% compared with fiscal year ended March 31, 2020 • Achieve zero serious occupational diseases (work-related deaths) • Reduce frequency of lost workday injuries by 20% compared with fiscal year ended March 31, 2020
<u>Data Utilization & Security</u> Create an information security infrastructure	<ul style="list-style-type: none"> • Develop an infrastructure for creating businesses that utilize data to resolve social issues • Achieve zero serious information security incidents • Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers
<u>Supply Chain Management</u> Develop a common understanding with stakeholders	<ul style="list-style-type: none"> • Complete creation and demonstration of monitoring framework
<u>Community</u> Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	<ul style="list-style-type: none"> • Complete creation of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues

Examples of our initiatives on material issues

Environment	Energy & Climate	[Targets in Sustainable Medium-Term Plan 2023] <ul style="list-style-type: none"> • Reduce greenhouse gas emissions (GHG) by 10% compared to fiscal year ended March 31, 2021^{*1} • Reduce GHG emission intensity by 10% compared to fiscal year ended March 31, 2021^{*2}
	Mitigate Climate Change	

*1: In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope1 & Scope2)

*2: In the same range as *1. tCO2e /operating revenues of ¥100 million.

DENSO and Yamato Transport develop compact mobile refrigerator “D-mobico”

–Combined with an insulated thermal box to realize refrigerated / frozen delivery in all vehicles and reduce CO2 during delivery–

DENSO Corporation and Yamato Transport Co., Ltd. have co-developed a compact mobile refrigerator “D-mobico”^{*3}. Yamato Transport began introducing it on delivery trucks in February 2021. With the expansion of the e-commerce market in recent years, there is a growing need for delivery of foods and pharmaceuticals that require temperature control. In addition, demand for small-lot, frequent deliveries of refrigerated and frozen products for businesses is also increasing. At the same time, many vehicles use dry ice for delivery, and more environmentally friendly delivery is required.

The newly developed “D-mobico” is a compact, lightweight and portable refrigerator that can flexibly handle various types of deliveries since it is compatible with a variety of shapes and dimensions of insulated thermal boxes that can be selected depending on cargo application and load. In addition, since this product is powered by a mobile battery, it does not draw energy from the engine, nor does it use dry ice, which contributes to improved fuel efficiency and reduced CO2 emissions while driving, and which will contribute to future EV conversion of delivery trucks.

The Yamato Group aims to reduce greenhouse gas emissions by reducing dry ice and shifting to renewable energy. Going forward both companies will continue to contribute to the safe, secure and environmentally friendly delivery of refrigerated and frozen products.

*3 “D-mobico” is a trademark of DENSO Corporation. We named it after “DENSO mobile cool,” meaning compact mobile refrigerator.

Social	Labor	[Targets in Sustainable Medium-Term Plan 2023] <ul style="list-style-type: none"> Reduce overtime for employees by 20% compared with fiscal year ended March 31, 2021 Ensure annual paid leave utilization rate is 90%
	Create a work environment where employees can thrive	

Creating a work environment where every employee can play an active role

The Yamato Group's greatest asset is its approximately 220,000 employees. In conducting business with the support of many people, we believe that protecting the physical and mental health and dignity of people is the foundation of our business and the basis of sustainable management.

For the fiscal year ended March 31, 2021, management resources were allocated optimally based on demand forecasts derived from data analysis, aimed at improving the efficiency of collection and delivery as well as trunk route transportation, and in collaboration with delivery partners, we responded to the expansion of EC demand by constructing an EC delivery network. Consequently, the volume of parcels handled increased significantly, but we were able to maintain and improve the working environment of our employees.

Under "Sustainable Medium-Term Plans 2023," we will work on optimization of operations, labor saving and improving the working environment through the use of technology and digital transformation, and we will promote creating a work environment where employees can thrive through establishing an HR system, developing the capabilities of every employee and placing the right person in the right position.

Social	Community	[Targets in Sustainable Medium-Term Plan 2023] <ul style="list-style-type: none"> Complete creation of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues
	Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	

Deploying a monitoring service that utilizes IoT light bulbs and Yamato's management resources

(Background and purpose)

The number of elderly people living alone in local communities is increasing every year, and social participation is decreasing due to the dilution of local communities, with the situation of becoming easily isolated starting to stand out. At the same time, the aging of those who are watching over the elderly and staff shortages such as for local comprehensive support centers, community members, long-term care welfare providers, and residents' associations, is becoming critical. Furthermore, due to the spread of COVID-19, the social environment has changed drastically, making it difficult for those who live far away to easily visit their family members, and new challenges have emerged in "watching over the elderly." In order to address these three issues, Yamato Transport has carried out a demonstration experiment for an elderly monitoring service in Tama City, Tokyo from June 2020 using the IoT light bulb "HelloLight" which is communications-enabled with the outside, developed by HelloLight, Inc.

During the demonstration experiment in Tama City this time, we were able to confirm certain usefulness metrics such as the effectiveness of the service and individual use needs, and we

received many requests for introduction from other local governments, so we are expanding the service area.

(Overview of services)

Yamato Transport will install the IoT light bulb “HelloLight” in the installation destination home of someone who wants to use the service (example: an elderly person). If the light bulb installed in the home does not turn on / off for a certain period of time, an anomaly detection email will be automatically sent to the notification destination specified by the user (example: relatives and friends) and to a Neko Support Service Center of Yamato Transport.

After receiving the anomaly detection email, the person who received the notification will contact the user, and if contact cannot be made at that time, by contacting the Neko Support Service Center, a Yamato Transport staff will then visit the user’s home. In the unlikely event that there is no response or the staff feels that something is wrong, we will contact the local comprehensive support center, which is a consultation counter for the elderly, and report the situation to the notification destination.

(2) Issues to Be Addressed

The Yamato Group is operating in a business environment that is undergoing substantial transformation particularly in terms of diversifying customer needs, declining regional populations, a shrinking labor population, and climate change. Meanwhile, COVID-19 has furthermore accelerated growth in the e-commerce domain across all industries as companies address changes in consumer behavior and lifestyles caused by the pandemic. Amid that business environment, the Yamato Group has been seeking to sustainably increase its corporate value by helping to enrich our society as stated under its Management Philosophy. To that end, on April 1, 2021, we began shifting to a Group management structure centered on the “New Yamato Transport,” which combines management resources of our respective Group companies, while furthermore embarking on our medium-term management plan, “One Yamato 2023,” with the fiscal year ending March 31, 2024 set as its final fiscal year. We will furthermore accelerate implementation of the following initiatives based on the “One Yamato 2023” plan, which aims to provide comprehensive value by meeting the needs of individuals, corporations, local customers, and society to transform the supply chain in response to changing lifestyles.

(i) **Increasing productivity across the entire Yamato Group**

The notion of achieving higher productivity poses critical challenges given the shrinking labor population and other such changes in the business environment. Under “One Yamato 2023,” engaging in management based on data analysis serves as a priority measure. We will optimally allocate the Group’s management resources in a manner that addresses needs of our changing and increasingly diverse clients, both individual and corporate, by improving the accuracy of our demand and operating amount forecasts in respective geographic regions. We will furthermore increase productivity across our entire logistics network. This will involve adequate reallocation to the network of our nationwide holdings of commercial warehouses, sorting terminals, TA-Q-BIN Centers, and other business locations. It will also involve consolidating our trunk-route transportation thus far handled by disparate Group companies, reducing transportation between facilities, and adequately allocating personnel and vehicles to respective sites. We will also optimize and standardize our delivery process by transforming work operations, and shifting to automation and digitization, thereby increasing the amount of time frontline personnel interact with our customers, expanding our collection and delivery capabilities, and enabling us to make improvements in safety and quality.

Moreover, we will reduce the administrative and indirect operations workload of our frontline personnel by promoting business process re-engineering (BPR), which will involve standardizing and digitizing such tasks.

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

Our corporate clients are encountering increasingly diverse challenges when it comes to transforming their supply chains to address changes in consumer behavior and lifestyles caused by the spread of COVID-19. We regard such changes as an opportunity for business growth, and have accordingly set targets under our “One Yamato 2023” plan with respect to providing value across the entire supply chain, beyond the business-to-consumer (B2C) domain. Given that this involves seeking solutions to managerial challenges encountered by our clients across their entire supply chains, we are accordingly focusing on such services as a new field of growth rather than an extension of our existing fields of business.

In order to achieve these targets, we have consolidated the Group’s previously dispersed sales functions and management resources into Yamato Transport, and are now resolving customer challenges backed by an optimal framework that makes it possible for us to interact closely with them. In addition, our Corporate Solutions Control Center, which consolidates sales information, will accordingly spearhead efforts to facilitate frontline sales initiatives by creating optimal proposals for all of our corporate clients. We will furthermore seamlessly digitize and visually monitor operations, organically combining

each business location with regional networks capable of handling frequent small- and medium-lot collection and delivery, in addition to our TA-Q-BIN and EAZY services. This will make it possible to streamline not only distribution but also backyard operations related to stores and e-commerce operations, while providing value across the entire supply chain through efforts that involve reducing sales opportunity loss and optimizing inventories.

We will strive to create optimal e-commerce ecosystem solutions that enable e-commerce companies to expand in step with sellers, e-commerce users, and delivery service providers. To such ends, we will enhance our EAZY CREW service as a partner and will also improve the functions of our EAZY service, which is based on real-time communications with customers. We will also enhance our solutions for procurement, inventory movement, and other upstream domains for major and minor e-commerce companies, as well as for manufacturers and retailers aiming to strengthen their e-commerce domains going forward.

- (iii) Promoting strategies for achieving sustainable enhancement of corporate value
With the aim of sustainably enhancing our corporate value, we engage in initiatives under our “One Yamato 2023” plan that involve promoting data and innovation strategies, reforming management structure and reinforcing governance, engaging in HR strategy which supports “Innovating Delivery Business,” improving capital efficiency, and strengthening sustainable management.

Our data strategy involves upgrading core systems, as well as maintaining digital data and enhancing digital platforms to achieve more sophisticated use of data. Meanwhile, our innovation strategy involves promoting open innovation, which entails pinpointing and collaborating with startups as well as investing in such startups with the aim of creating new businesses, particularly using the “KURONEKO Innovation Fund.”

We will also strengthen governance based on the new Group management structure through ongoing efforts to strengthen corporate governance. This will entail separating management supervision and execution, maintaining and enhancing management transparency, as well as establishing governance with an emphasis on decision-making speed with Yamato Transport serving as the core company mobilizing our management resources.

When it comes to our HR strategy, which supports “Innovating Delivery Business,” we will establish a personnel system that makes it possible to clarify and assess the roles and responsibilities of each and every employee, thereby ensuring that they are able to achieve outstanding performance. Other initiatives in this regard will involve establishing a training organization with the aims of enhancing our organizational strengths and training specialist human resources. We will also rapidly promote development of digitally literate employees by enhancing our digital education programs and increasing digital literacy of all employees including management. Moreover, we will create work environment that enables our approximately 220,000 employees, the Yamato Group’s greatest asset, to work with more peace of mind. We accordingly aim to maintain a rewarding work environment that causes employees to take a vibrant approach to work and where human rights and diversity are respected.

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

When it comes to strengthening sustainable management, we will take steps to achieve our environmental and social visions as set forth in the “YAMATO NEXT100” plan, which

serves as a grand design for management over the medium to long term. We accordingly aim to help bring about sustainable development of society and business by engaging in business activities in a manner that encompasses our plans for targets to be achieved by March 31, 2024, and specific actions to be taken in response to material issues.

Through the Group's unified efforts, Yamato will create greater corporate value. We look to the continued understanding and support of our shareholders and investors.

(3) Business Performance and Changes in Financial Position

(Millions of yen)

Item	2018/3 153 rd	2019/3 154 th	2020/3 155 th	2021/3 156 th
Operating revenue	1,538,813	1,625,315	1,630,146	1,695,867
Profit attributable to owners of parent	18,231	25,682	22,324	56,700
Basic earnings per share (Yen)	46.24	65.14	56.78	151.55
Total assets	1,114,870	1,123,659	1,100,739	1,089,991
Net assets	557,586	573,388	562,835	584,287
Net assets per share (Yen)	1,395.74	1,435.15	1,441.20	1,553.45

Note: Basic earnings per share is calculated based on the average number of shares outstanding in each fiscal year and net assets per share is calculated based on the total number of shares outstanding at the end of each fiscal year.

(4) Delivery Volume of Small Parcels

(Million parcels / units)

Item	2018/3 153 rd	2019/3 154 th	2020/3 155 th	2021/3 156 th
TA-Q-BIN	1,836	1,803	1,799	2,096
Kuroneko DM-Bin	1,464	1,211	987	826

(5) Principal Business Activities

The Yamato Group is active in the following business areas:

Business area	Content of business
Delivery	Small parcel delivery services for the general public and corporations (door-to-door parcel delivery, Kuroneko DM-Bin, and domestic air cargo transport business, etc.)
BIZ-Logistics	Logistics services for corporations (logistics, medical products distribution services, maintenance support service, recall support service, international intermodal transportation service, and overseas lifestyle support services, etc.)
Home Convenience	Lifestyle support services for individual customers, business support services for corporate customers (pickup, delivery and installation of household goods and electric appliances, moving and lifestyle support services, and merchandising services, etc.)
e-Business	Outsourcing services for information processing and information system development business (system development, sales of system package solutions, distribution information services, and information security service, etc.)
Financial	Settlement services and financial products targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, business-to-business logistics settlement service, etc.)
Autoworks	Collective vehicle management agent business for transportation companies (vehicle maintenance business, fuel sales, and nonlife insurance agent business, etc.)
Other	Business-to-business logistics services by JITBOX Charter and shared services, etc.

(6) Capital Expenditure

The capital expenditure for the fiscal year ended March 31, 2021 totaled 32,899 million yen and the principal components were as follows:

(Millions of yen)			
Item	Company	Content of investment	Amount invested
Delivery	Yamato Transport Co., Ltd.	Purchase of vehicles (2,620 units)	12,978
		Edagawa sorting base	1,466

(7) Financing Activities

Not applicable.

(8) Principal Creditors

		(Millions of yen)
Creditors	Outstanding borrowing	
Mizuho Bank, Ltd.		14,000
Sumitomo Mitsui Banking Corporation		5,000
MUFG Bank, Ltd.		5,000

Note: The above refers to ongoing credit relating to the Financial segment.

(9) Employees

			(Persons)
Business area	Number of employees	Changes from previous fiscal year-end	
Delivery	201,179	(1,591)	
BIZ-Logistics	8,561	380	
Home Convenience	4,187	(603)	
e-Business	3,528	33	
Financial	680	(119)	
Autoworks	2,274	63	
Other	2,782	83	
Total	223,191	(1,754)	

Note: The above numbers include 126,362 part timers (a year-on-year increase of 161).

(10) Vehicles

			(Units)
Business area	Number of vehicles	Changes from previous fiscal year-end	
Delivery	51,080	202	
BIZ-Logistics	981	(35)	
Home Convenience	1,445	(108)	
e-Business	52	(5)	
Financial	87	(878)	
Autoworks	799	(8)	
Other	1,664	446	
Total	56,108	(386)	

(11) Major Subsidiaries

Business area	Company	Share capital	Ownership	Principal business activities
		(Millions of yen)	(%)	
Delivery	Yamato Transport Co., Ltd.	50,000	100.00	TA-Q-BIN; Kuroneko DM-Bin
	Okinawa Yamato Transport Co., Ltd.	50	100.00	TA-Q-BIN, Kuroneko DM-Bin in Okinawa
BIZ-Logistics	Yamato Global Express Co., Ltd. (Note 1)	1,000	100.00	Domestic air cargo transport business
	Yamato Logistics Co., Ltd. (Note 1)	1,000	100.00	Logistics service; manufacturer recall support services
	Yamato Global Logistics Japan Co., Ltd. (Note 1)	1,880	100.00	Handling of international air cargo and marine cargo; import/export customs clearance services; overseas lifestyle support services including international moving; fine art transport business
	YAMATO TRANSPORT U.S.A., INC.	(Millions of US\$) 4	100.00	Handling of air cargo and marine cargo, and international moving in North America; import/export customs clearance services
Home Convenience	Yamato Home Convenience Co., Ltd.	(Millions of yen) 480	100.00	Delivery, installation and setting up of furniture and electric appliances; moving and lifestyle support services; merchandising services
e-Business	Yamato System Development Co., Ltd.	1,800	100.00	Networking service; research, development, information, and consulting services for users of computer systems; software development, equipment sales, and online services
Financial	Yamato Financial Co., Ltd. (Note 1)	1,000	100.00	Settlement service for payment of merchandise
Autoworks	Yamato Autoworks Co., Ltd.	30	100.00	Vehicle management service business; vehicle maintenance service; sales of fuel and auto parts; repair and sales of freezers, refrigerators and cargo-handling delivery equipment; agent services for nonlife insurance

Business area	Company	Share capital	Ownership	Principal business activities
Other	YAMATO BOX CHARTER CO., LTD	400	100.00	Transportation service; box charter business
	YAMATO (CHINA) CO., LTD	(Millions of RMB) 50	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO INVESTMENT (HONG KONG) LIMITED	(Millions of HK\$) 970	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO ASIA PTE. LTD.	(Millions of S\$) 352	100.00	Management of regional operations in Southeast Asia, business development and market research

Notes: 1. Ceased to exist as of April 1, 2021, as a result of an absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company.

2. The status of a specified wholly owned subsidiary company as of March 31, 2021 is as follows.

(Millions of yen)			
Company	Location	Book value of the shares in the Company	Total assets of the Company
Yamato Transport Co., Ltd.	16-10, Ginza 2-chome, Chuo-ku, Tokyo	239,575	489,922

(12) Major Offices

Business area	Company	Head office location	Number of offices (stores)
Delivery	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	7,026
	Okinawa Yamato Transport Co., Ltd.	Itoman City, Okinawa	41
	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	291
BIZ-Logistics	Yamato Logistics Co., Ltd.	Chuo-ku, Tokyo	79
	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	56
	YAMATO TRANSPORT U. S. A., INC.	California, U.S.A.	25
Home Convenience	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	170
e-Business	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	32
Financial	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	41
Autoworks	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	102
Other	Yamato Holdings Co., Ltd.	Chuo-ku, Tokyo	1
	YAMATO BOX CHARTER CO., LTD	Chuo-ku, Tokyo	60
	YAMATO (CHINA) CO., LTD	Shanghai, China	1
	YAMATO INVESTMENT (HONG KONG) LIMITED	Hong Kong	1
	YAMATO ASIA PTE. LTD.	Singapore	1

2. Overview of Shares (As of March 31, 2021)

(1) Total Number of Shares Authorized: 1,787,541,000 shares

(2) Number of Shares Issued: 388,575,592 shares

Note: The total number of shares issued has decreased by 22,764,400 shares from March 31, 2020, due to cancellation of treasury shares effective as of October 13, 2020.

(3) Number of Shareholders: 42,959 persons

(4) Principal Shareholders

Shareholders	Number of shares owned	Ownership percentage
	(Thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,476	12.51
Yamato Employees' Shareholding Association	23,784	6.40
Custody Bank of Japan, Ltd. (Trust Account)	21,904	5.90
Meiji Yasuda Life Insurance Company	14,814	3.99
Nippon Life Insurance Company	14,770	3.98
Mizuho Bank, Ltd.	10,247	2.76
Yamato Trading-Partner Shareholding Association	8,409	2.26
TOYOTA MOTOR CORPORATION	5,748	1.55
Sompo Japan Insurance Inc.	5,133	1.38
Aioi Nissay Dowa Insurance Co., Ltd.	4,800	1.29

Notes: 1. Although the Company holds 17,066,815 of its own shares as treasury shares, it is excluded from the above list of principal shareholders.

2. Ownership percentage is calculated exclusive of own shares.

3. Officers and Executives

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and important concurrent positions at other organizations
Chairperson of the Board of Directors	Masaki Yamauchi	External Director of PERSOL HOLDINGS CO., LTD.
Representative Director, Executive Officer and President	Yutaka Nagao	
Representative Director, Executive Officer and Vice President	Haruo Kanda	Responsible for overseeing Management, Assistant to President, responsible for Shared Value Creation and Internal Audit
Representative Director, Executive Officer and Vice President	Kenichi Shibasaki	Responsible for overseeing Managing Section
Director	Masakatsu Mori	Senior Advisor of the International University of Japan (IUJ) Outside Director of Stanley Electric Co., Ltd. Outside Director of Kirin Holdings Company, Limited External Statutory Auditor of FAST RETAILING CO., LTD.
Director	Mariko Tokuno	Outside Director of Happinet Corporation Outside Director of Mitsubishi Materials Corporation
Director	Yoichi Kobayashi	
Director	Shiro Sugata	Special Corporate Advisor of USHIO INC. Outside Director of JSR Corporation Outside Director of Yokogawa Electric Corporation
Director	Noriyuki Kuga	
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	
Audit & Supervisory Board Member	Takashi Yamashita	Representative of Takashi Yamashita CPA Office Outside Director of Shin Nippon Biomedical Laboratories, Ltd.
Audit & Supervisory Board Member	Ryuji Matsuda	Matsuda Law Office Attorney at law
Audit & Supervisory Board Member	Yoshihide Shimoyama	Outside Audit & Supervisory Board Member of NIPPON HUME CORPORATION

- Notes:
1. Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga serve as Outside Directors.
 2. Takashi Yamashita, Ryuji Matsuda and Yoshihide Shimoyama serve as Outside Audit & Supervisory Board Members.
 3. The Company appoints all Outside Directors and Outside Audit & Supervisory Board Members as independent officers provided under the provisions of the Tokyo Stock Exchange, Inc. and registers the individuals as such with that exchange.
 4. Mamoru Matsuno, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in internal auditing duties over many years.
 5. Takashi Yamashita, Audit & Supervisory Board Member, is a qualified Certified Public Accountant and Tax Accountant, and possesses considerable insights into finance and accounting related matters.
 6. Ryuji Matsuda, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as an attorney.

7. Yoshihide Shimoyama, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience as a director and an outside audit & supervisory board member at other companies.
8. There are no significant relationships between the Company and the other organizations where concurrent positions are held by Outside Directors and Outside Audit & Supervisory Board Members.
9. On April 1, 2021, there were changes in responsibilities and important concurrent positions at other organizations as follows:

Position	Name	Responsibilities and important concurrent positions at other organizations
Representative Director, Executive Officer and President	Yutaka Nagao	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
Representative Director, Executive Officer and Vice President	Kenichi Shibasaki	Director of Yamato Transport Co., Ltd.
Director	Haruo Kanda	Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd.

(2) Limited Liability Agreements

The Company's Articles of Incorporation allow for the conclusion of agreements with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members limiting liability stipulated in the Companies Act, Article 423, paragraph (1). Thus, the Company has concluded Limited Liability Agreements with Directors, Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga, and all Audit & Supervisory Board Members based on the Articles of Incorporation. The amount of liability allowed for in those agreements is as per the minimum amount of liability provided for under the Companies Act, Article 425, paragraph (1).

(3) Amount Paid as Remuneration to Directors and Audit & Supervisory Board Members

(i) Total Amount Paid as Remuneration

Categories of Directors and Audit & Supervisory Board Members	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of recipient Directors and Audit & Supervisory Board Members
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Director	353	318	35	–	9
(Of which Outside Directors)	(69)	(69)	(–)	(–)	(5)
Audit & Supervisory Board Member	78	78	–	–	6
(Of which Outside Audit & Supervisory Board Members)	(30)	(30)	(–)	(–)	(4)
Total	431	396	35	–	15
(Of which Outside Officers)	(99)	(99)	(–)	(–)	(9)

Note: The table above includes one (1) Audit & Supervisory Board Member who has resigned as of the conclusion of the General Meeting of Shareholders held on June 23, 2020.

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

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

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

< Formula for calculating performance-linked remuneration >

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

- *1. Percentage share of operating profit: Varies depending on achievement of targets for consolidated operating profit
Achievement of target 100% or more = 0.15%; from 90% to less than 100% = 0.10%; less than 90% = 0.00%
- *2. Percentage share by rank and title: Varies in the range of 20% to 34% depending on rank and title
- *3. Extra allowance amount: consolidated operating profit × 0.05% share of extra allowance × 60% share for Directors

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

The consolidated operating profit for the fiscal year ended March 31, 2020, served as a benchmark for determining performance-linked remuneration paid in fiscal year ended March 31, 2021. The operating profit target was 72,000 million yen, and the actual operating profit was 44,701 million yen.

The Company has calculated the annual amount of performance-linked remuneration based on these results and then converted that result to a monthly amount, which is applied to the period extending from July 2020 through June 2021.

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

A resolution of the General Meeting of Shareholders to determine remuneration for the Company's Directors was approved on June 23, 2020. Accordingly, it was resolved that remuneration for Directors shall amount to not more than 431 million yen per year (of which, up to 109 million yen is to be allocated to Outside Directors), and short-term performance-linked remuneration paid to Directors (excluding Outside Directors) shall amount to not more than 245 million yen per year. The Company has deemed that these are competitive remuneration levels for recruiting and retaining talented human

resources amid its rapidly changing business environment. The Company furthermore seeks to contend with developments that include an increase in Director's responsibilities along with the Company having increased its number of Directors and Audit & Supervisory Board Members with the aims of achieving transparency and vigor of Board of Director's operations and enhancing management oversight. There were nine (9) Directors on the Company's Board of Directors upon approval of the resolution. Meanwhile, remuneration for Audit & Supervisory Board Members was set at an amount of up to 800 million yen per month, per resolution at its General Meeting of Shareholders held on June 29, 1994. The Company had four (4) Audit & Supervisory Board Members upon approval of the resolution.

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

i. Basic policy

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

Competitive remuneration levels

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

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

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

Fairness and impartiality of the remuneration system

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

ii. Remuneration structure

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

iii. Policy for determining basic remuneration (fixed remuneration)

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

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

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

v. Timing of delivery and conditions

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

(v) Authority for decisions on remuneration and other compensation for individual Directors

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

(vi) Others

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

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

(4) Outside Officers

Principal Activities

Position	Name	Attendance and participation at meetings, and overview of duties performed in relation to expected role
Director	Masakatsu Mori	<p>Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.</p> <p>He properly fulfills his role with respect to ensuring suitability and adequacy of decision making in part by furnishing oversight and advice from a managerial perspective, particularly regarding business execution and matters of management strategy overall encompassing business strategy, financial strategy, and sustainability strategy. Serving as the head of the Nomination and Compensation Committee, he also leads proceedings of committee meetings and has attended all four committee meetings held during the fiscal year under review. He has fully performed the oversight function in relation to selecting Company officer candidates and making decisions on evaluations involving officer remuneration and other compensation, enlisting his position of objectivity and neutrality.</p>
Director	Mariko Tokuno	<p>Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from her perspective as a manager with rich experience and profound critical insight.</p> <p>She properly fulfills her role with respect to ensuring suitability and adequacy of decision making in part by furnishing oversight and advice by taking the viewpoint of customers and employees, combined with a managerial standpoint particularly regarding business execution, business strategy, and human resources strategy. Serving as a member of the Nomination and Compensation Committee, she has attended all four committee meetings held during the fiscal year under review and has fully performed the oversight function in relation to selecting Company officer candidates and engaging in the process of making decisions on evaluations involving officer remuneration and other compensation, enlisting her position of objectivity and neutrality.</p>
Director	Yoichi Kobayashi	<p>Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.</p> <p>He properly fulfills his role with respect to ensuring suitability and adequacy of decision making in part by furnishing oversight and advice from a managerial standpoint particularly regarding business execution, business strategy, and investment strategy. Serving as a member of the Nomination and Compensation Committee, he has attended all four committee meetings held during the fiscal year under review and has fully performed the oversight function in relation to selecting Company officer candidates and engaging in the process of making decisions on evaluations involving officer remuneration and other compensation, enlisting his position of objectivity and neutrality.</p>

Position	Name	Attendance and participation at meetings, and overview of duties performed in relation to expected role
Director	Shiro Sugata	<p>Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.</p> <p>He properly fulfills his role with respect to ensuring suitability and adequacy of decision making in part by furnishing oversight and advice from a managerial standpoint particularly regarding business execution, business strategy, increasing productivity, and cost structure reform. Serving as a member of the Nomination and Compensation Committee, he has attended all four committee meetings held during the fiscal year under review and has fully performed the oversight function in relation to selecting Company officer candidates and engaging in the process of making decisions on evaluations involving officer remuneration and other compensation, enlisting his position of objectivity and neutrality.</p>
Director	Noriyuki Kuga	<p>Attended all 15 meetings of the Board of Directors held after June 23, 2020 when he was appointed as Director, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight. He properly fulfills his role with respect to ensuring suitability and adequacy of decision making in part by furnishing oversight and advice from a managerial standpoint particularly regarding business execution, financial strategy, and corporate governance.</p>
Audit & Supervisory Board Member	Takashi Yamashita	<p>Attended 18 of 19 meetings of the Board of Directors held in the fiscal year under review, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended all 18 meetings of the Audit & Supervisory Board held in the fiscal year under review, as well as regular exchanges held between the Representative Director and President and the Outside Directors. He submitted questions mainly concerning finance and accounting, and examined the execution of the Directors' duties.</p>
Audit & Supervisory Board Member	Ryuji Matsuda	<p>Attended all 15 meetings of the Board of Directors held after June 23, 2020 when he was appointed as Audit & Supervisory Board Member, and provided necessary comments based on his expertise and rich experience as an attorney as well as in finance and accounting. Furthermore, he attended all 16 meetings of the Audit & Supervisory Board held since that date, as well as regular exchanges held with the Representative Director and President. He examined the execution of the Directors' duties mainly from his perspective as an attorney with rich experience and profound critical insight.</p>
Audit & Supervisory Board Member	Yoshihide Shimoyama	<p>Attended all 15 meetings of the Board of Directors held after June 23, 2020 when he was appointed as Audit & Supervisory Board Member, and offered necessary comments based on his rich experience in the fields of management and audit. Furthermore, he attended all 16 meetings of the Audit & Supervisory Board held since that date, as well as regular exchanges held with the Representative Director and President. He examined the execution of the Directors' duties mainly from his perspective as a manager with rich experience and profound critical insight.</p>

4. Accounting Auditor

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount Paid as Remuneration to Accounting Auditor for the Fiscal Year

(Millions of yen)	
Item	Amount paid
(1) Remuneration paid or payable to the Accounting Auditor concerning the operation prescribed in the Certified Public Accountant Act, Article 2, paragraph (1)	294
(2) Remuneration other than (1)	26
(3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries	320

Note: The Audit & Supervisory Board furnished its consent with respect to remuneration payable to the Accounting Auditor upon having verified as necessary content of the Accounting Auditor's audit plan, circumstances with respect to performing duties of the accounting audit, the basis for calculating estimates of the remuneration and other such details.

(3) Policy on Dismissal or Non-Reappointment of Accounting Auditor

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

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

(4) Non-Audit Services

The Company entrusts the Accounting Auditor with advisory and guidance services, etc. in regard to reviewing accounting policies that involve applying the "Accounting Standard for Revenue Recognition" as non-audit services outside the scope of services prescribed in the Certified Public Accountant Act, Article 2, paragraph (1).

5. Corporate Governance and Company Policy, and Operational Status

(1) Corporate Framework Ensuring that Execution of Duties by Directors of the Company Complies with Laws and Regulations and the Articles of Incorporation, and Other Systems for Ensuring the Proper Business Operation of the Corporate Group Consisting of the Company and its Subsidiaries

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

- 1) Corporate framework ensuring that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
 - i. To ensure that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and to ensure the proper business operation of the Company and each Group company, the Company has established the “Group Corporate Philosophy” and the “Statement of Compliance.” The Representative Director of the Company is responsible for ensuring that this statement is fully understood by directors of the Company and each Group company. At the same time, directors shall perform their businesses in accordance with this statement.
 - ii. To ensure that the above directives are fully understood, the Company establishes “Compliance and Risk Committee” headed by the executive officer who oversees the Group’s compliance framework and shall monitor the undertaking of the Group-wide compliance and risk management. The Head of the committee shall monitor compliance at the Company and each Group company and report the situation to the Board of Directors of the Company.
 - iii. The Company shall develop a whistle-blower system for the Group to allow employees to report any compliance violations by directors of the Company and each Group company.
 - iv. In the “Corporate Stances” of the “Group Corporate Philosophy,” the Company declares it shall have no relationship with antisocial forces, and shall station employees to perform related businesses in the CSR Department of the Company and each Group company. The CSR Department makes systematic efforts in collaboration with outside specialized institutions, such as police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.
- 2) Framework for storing and managing information related to execution of duties by directors of the Company

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

- 3) Policy and framework for managing risks of loss of the Company and its subsidiaries
 - i. The Company shall assign an executive officer (to serve concurrently as an executive officer in charge of overall compliance management) to oversee Group-wide risk management. Employees shall be stationed to perform related businesses in the CSR Department of the Company and each Group company.
 - ii. The Company shall develop a “Risk Management Basic Policy” as the basis of risk management. Each Group company shall also develop a “Risk Management Basic Policy” on the basis of this policy.
 - iii. A key business segment representative company which shall play the primary role in the Group companies, and large companies under the Companies Act, shall establish a division in charge of risk management, and assign an officer in charge of the same. The CSR Department of the Company shall oversee this, and monitor and manage risk status at each Group company in a timely manner.
 - iv. The Company shall establish the Internal Audit Department to audit the implementation status and the effectiveness of risk management at the Company and each Group company.
- 4) Framework ensuring the efficiency of execution of duties by directors of the Company and its subsidiaries
 - i. The Company shall adopt the executive officer system in order to realize the efficiency of the management and the clarification of responsibility through the clear division of management decision-making, supervision and execution.
 - ii. The Company shall hold the Board of Directors Meeting more than once a month. In addition, material matters to be deliberated at the Board of Directors Meeting shall be discussed and examined at the management committee comprising full-time directors, executive officers, and full-time audit & supervisory board members.
 - iii. The Company shall define in the organizational regulations the procedure and the officer in charge with respect to the business operation based on the resolution of the Board of Directors and at the management committee of the Company as well as the resolution of each Group company’s Board of Directors.
- 5) Framework ensuring that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
 - i. To realize management in conformity with compliance at the Company and each Group company, the Company and each Group company shall formulate “Corporate Stances” and “Employee Credo of Conduct” as directives applicable to all employees. The documents shall be distributed and training implemented.
 - ii. A key business segment representative company which shall play the primary role in the Group companies, and large companies under the Companies Act, shall establish a division in charge of compliance promotion, and assign an officer in charge of the same. The CSR Department of the Company shall oversee this, and monitor and manage compliance promotion status at each Group company in a timely manner.

- iii. The Company shall establish the Internal Audit Department to audit the implementation status and the effectiveness of compliance at the Company and each Group company.
 - iv. The Company shall hold “Compliance and Risk Committee” meetings regularly to develop and promote specific measures to ensure compliance and monitor the progress at the Company and each Group company.
 - v. The Company shall establish a whistle-blower system for the Group to develop an environment in which compliance violations are promptly reported.
- 6) Framework ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
- i. To ensure the proper business operation of the Company and each Group company, the Company shall establish “Group Corporate Philosophy.” The Company and each Group company shall formulate their company rules and execute business operations accordingly.
 - ii. The Company shall assign an executive officer to be in charge of basic strategy for Group-wide management, and station employees to perform related businesses at the Management Strategy Department at the Company and each Group company.
 - iii. The Company, as a pure holding company, shall be responsible for the planning and control of each Group company’s operation in accordance with the executive management contract that prescribes the management duties that the Company will execute with respect to each Group company.
 - iv. Each Group company shall execute business operations in accordance with the management policy formulated by the Company, and shall obtain the approval of the Company’s Board of Directors Meeting or the management committee in advance, when executing material matters. In addition, all material management matters shall be reported to the Company’s related division.
- 7) Appointment of supporting personnel, when audit & supervisory board members of the Company request such personnel

The Internal Audit Department shall provide support to audit & supervisory board members and personnel shall be appointed when deemed necessary in consultation with the Audit & Supervisory Board.

- 8) Securing independence of the personnel in the preceding item from directors and effectiveness of instructions from audit & supervisory board members

The personnel in the preceding item cannot hold a concurrent position that has the duties of planning or control of business operations. Accordingly, reassignment, evaluation, or disciplinary action against the supporting personnel requires the approval of the Audit & Supervisory Board in advance.

- 9) Framework for reporting to audit & supervisory board members by directors and employees of the Company and framework for reporting to audit & supervisory board

members of the Company by directors, audit & supervisory board members and employees of subsidiaries, or those who have received reports from the said persons

- i. In addition to matters designated by law, directors and employees of the Company and directors, audit & supervisory board members and employees of each Group company shall report the following to audit & supervisory board members of the Company without delay.
 - a. Material violations of laws and regulations and the Articles of Incorporation as well as misconduct, by directors or employees
 - b. Crucial information obtained through whistle blowing
 - c. Other facts that threaten to cause significant losses to the Company and each Group company
- ii. The Company and each Group company shall create a framework to ensure that persons who have reported to audit & supervisory board members of the Company and each Group company are not treated disadvantageously because of the said report.

- 10) Policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by audit & supervisory board members of the Company, and other expenses incurred in the said execution of duties, or handling of debts

The Company shall develop a policy regarding the handling of audit expenses and secure a budget of a certain amount to cover audit expenses.

- 11) Framework ensuring the effectiveness of auditing by audit & supervisory board members of the Company
 - i. In addition to the Board of Directors Meeting, audit & supervisory board members of the Company may attend other important meetings, including those of the management committee and the executive conference, and understand the process of important decision-making and status of business operation, and provide necessary opinions.
 - ii. The Company shall establish regular meetings between audit & supervisory board members and the representative director to exchange opinions.
 - iii. The Internal Audit Department of the Company shall report progress and results of internal audits of the Company and each Group company as necessary to audit & supervisory board members to realize a collaborative framework for effective audits.
 - iv. Audit & supervisory board members of the Company and each Group company shall exchange information and enhance collaboration throughout the Group at Group Audit & Supervisory Board Members' Liaison Meetings.
 - v. The Company shall establish a liaison office for the Audit & Supervisory Board and Group Audit & Supervisory Board Members' Liaison Meetings in the Internal Audit

Department of the Company to promote efficient audits by audit & supervisory board members of the Company and each Group company.

- vi. The Company shall receive explanations on the contents of its accounts from the Accounting Auditor as needed and exchange information to realize a collaborative framework for effective audits.

(2) Operational Status of Systems for Ensuring Proper Business Operations

Details are provided as follows on the operational status of systems for ensuring proper business operations.

1) Execution of duties by directors

The Board of Directors holds 19 meetings which are attended by the directors and audit & supervisory board members. Those in attendance adopt resolutions on individual proposals in accordance with decision-making standards, and also discuss matters and make resolutions with respect to issues of managerial importance encompassing areas such as growth strategy, investment, capital management policy and human resources strategy.

2) Compliance

The “Compliance and Risk Committee” meets once every quarter, with such meetings attended by the Company’s executive officers in charge of ESG strategy, full-time audit & supervisory board members, outside attorneys at law, and managers in charge of compliance of major Group companies, and oversees Group-wide compliance initiatives across the organization.

The Company has developed mechanisms for a whistle-blower system for the Group to allow employees to report compliance violations of the Company and each Group company.

In order to raise awareness of compliance issues and call attention to such matters, all business offices of the Company and each Group company display “Statement of Compliance” posters which declare their vow to observe laws and regulations and corporate ethics.

In addition, the Company has been taking steps to ensure that everyone is well aware that all ties with antisocial forces must be rejected. To that end, such matters have been stipulated in the “Group Corporate Philosophy” which outlines the Yamato Group’s responsibilities to society and its stance toward issues in that regard, and furthermore pamphlets detailing such content are distributed to all employees of the Company and each Group company.

Additionally, in order to forge a robust corporate culture, the Company is working to establish a comfortable working environment for employees through initiatives such as reviewing management rules on working hours and creating new working styles, and implement “Work Style Reform” throughout the entire Group.

3) Risk management

Managers in charge of compliance and risk oversight are stationed at the Company and each Group company, and have been developing systems to address risk in a swift and harmonious manner.

When an emergency arises, the Company's executive officers in charge of ESG strategy, and its full-time audit & supervisory board members, are notified of the situation without delay, through a Group-wide system for ensuring availability of up-to-the-minute details on emergency matters.

In addition, the Company's "Compliance and Risk Committee" considers key risks by sharing examples of such risks and discussing related measures.

4) Audit structure

The Internal Audit Department of the Company and internal audit departments of major Group companies respectively check to make sure that business operations are being performed effectively in accordance with the rules, and they accordingly develop frameworks to immediately rectify matters when aberrations are found to exist.

Moreover, audit & supervisory board members of the Company and full-time audit & supervisory board members of each Group company hold monthly Group Audit & Supervisory Board Members' Liaison Meetings. In so doing, they collaborate by sharing information, and effectively monitor operations in a manner that is coordinated with Group management.

(3) Policy on Decision of Appropriation of Surplus

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

Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Operating revenue	1,695,867
Operating costs	1,538,524
Operating gross profit	157,342
Selling, general and administrative expenses	65,220
Operating profit	92,121
Non-operating income	
Interest and dividend income	1,154
Other revenue	2,661
	3,816
Non-operating expenses	
Interest expenses	741
Share of loss of entities accounted for using equity method	766
Other	409
	1,917
Ordinary profit	94,019
Extraordinary income	
Gain on sales of non-current assets	712
Gain on sales of investment securities	38
Penalty income	124
Other	100
	975
Extraordinary losses	
Loss on retirement of non-current assets	409
Impairment loss	876
Loss on valuation of investment securities	372
Provision of allowance for doubtful accounts	363
Loss associated with measures to address COVID-19	1,163
other	50
	3,235
Profit before income taxes	91,759
Income taxes-current	38,251
Income taxes-deferred	(3,426)
	34,825
Profit	56,934
Profit attributable to non-controlling interests	233
Profit attributable to owners of the Parent	56,700

Consolidated Statement of Comprehensive Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Profit	56,934
Other comprehensive income	
Valuation difference on available-for-sale securities	7,926
Foreign currency translation adjustment	(994)
Remeasurements of defined benefit plans, net of tax	9,421
Share of other comprehensive income of entities accounted for using equity method	3
Total other comprehensive income	<u>16,357</u>
Comprehensive income	<u>73,292</u>
 (Breakdown)	
Comprehensive income attributable to owners of parent	72,849
Comprehensive income attributable to non-controlling interests	442

Consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	127,234	36,813	441,746	(54,770)	551,024
Changes during period					
Dividends of surplus			(15,959)		(15,959)
Profit attributable to owners of the Parent			56,700		56,700
Purchase of treasury shares				(35,694)	(35,694)
Cancellation of treasury shares			(50,915)	50,915	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(10,175)	15,221	5,046
Balance as of March 31, 2021	127,234	36,813	431,571	(39,549)	556,070

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2020	8,157	(317)	(3,692)	4,148	7,662	562,835	
Changes during period							
Dividends of surplus						(15,959)	
Profit attributable to owners of the Parent						56,700	
Purchase of treasury shares						(35,694)	
Cancellation of treasury shares						-	
Net changes in items other than shareholders' equity	7,726	(999)	9,422	16,148	257	16,405	
Total changes during period	7,726	(999)	9,422	16,148	257	21,452	
Balance as of March 31, 2021	15,883	(1,316)	5,730	20,297	7,919	584,287	

Notes to Consolidated Financial Statements

1. Basis of Preparation of the Financial Statements

(1) Amounts described are rounded down to the nearest million yen.

(2) Scope of Consolidation

1) Number of Consolidated Subsidiaries: 39

Names of major consolidated subsidiaries:

Yamato Transport Co., Ltd.	Okinawa Yamato Transport Co., Ltd.	Yamato Global Express Co., Ltd.
Yamato Logistics Co., Ltd.	Yamato Global Logistics Japan Co., Ltd.	YAMATO TRANSPORT U. S. A., INC.
Yamato Home Convenience Co., Ltd.	Yamato System Development Co., Ltd.	Yamato Financial Co., Ltd.
Yamato Autoworks Co., Ltd.	YAMATO BOX CHARTER CO., LTD	KURONEKO Innovation Fund L.P.
YAMATO (CHINA) CO., LTD.	YAMATO INVESTMENT (HONG KONG) LIMITED	YAMATO ASIA PTE. LTD.

Effective from the fiscal year under review, Yamato Lease Co., Ltd. is excluded from the scope of consolidation upon partial transfer of its shares. Moreover, effective from the fiscal year under review, KURONEKO Innovation Fund L.P. has been established and is included in the scope of consolidation.

2) Non-consolidated Subsidiaries, etc.

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

(3) Application of Equity Method

1) Number of Affiliates Accounted for Using Equity Method: 23

Names of major equity method affiliates:

Packcity Japan Co., Ltd.	GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD.	Yamato Lease Co., Ltd.
	GDEX BERHAD	

Effective from the fiscal year under review, Yamato Lease Co., Ltd. is included in the scope of the equity method, having been excluded from the scope of consolidation upon partial transfer of its shares. Effective from the fiscal year under review, VIVL Pte. Ltd. and one other company were included in the scope of the equity method as GDEX BERHAD, an affiliate accounted for using the equity method, newly acquired their shares. On December 17, 2020, GD EXPRESS CARRIER BHD. changed its name to GDEX BERHAD.

2) Non-consolidated Subsidiaries and Affiliates Not Accounted for Using Equity Method

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

3) Special Note on the Application of Equity Method

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

(4) Closing Date of Consolidated Subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC., and other ten overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2020 and March 31, 2021 that is the consolidated closing date.

(5) Accounting Policies

1) Valuation Basis and Methods for Securities

Available-for-sale securities

Securities with fair market value:

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

Securities without fair market value:

Stated at the cost by moving-average method

2) Valuation Basis and Methods for Inventories

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

3) Depreciation and Amortization Methods of Non-current Assets

Property, plant and equipment:
(excluding leased assets)

Declining-balance method

However, the straight-line method is adopted for buildings acquired on or after April 1, 1998 (excluding fixtures) and for facilities attached to buildings and structures acquired on or after April 1, 2016.

For overseas consolidated subsidiaries' assets, straight-line method based on estimated useful lives is adopted.

Intangible assets:

Straight-line method

3. Notes on Accounting Estimates

(Impairment of non-current assets)

(1) Amounts recorded in the consolidated financial statements of the fiscal year under review

In the consolidated financial statements for the fiscal year under review, among the items the recorded amounts of which have been based on accounting estimates, the following may exert a significant influence on the consolidated financial statements of the following fiscal year.

Property, plant and equipment	406,312 million yen
Intangible assets	29,555 million yen

(2) Information regarding significant accounting estimates pertaining to identified items

If an indication of impairment exists with respect to an asset, the necessity of impairment recognition is determined based on future cash flows of such asset. A cash-generating unit serves as a unit for determining whether or not impairment has occurred and constitutes the smallest asset group that has been identified as independently generating cash inflow that is largely independent of cash inflow generated by other assets or asset groups.

Undiscounted future net cash flows used in determining recognition of impairment loss are calculated on the basis of future management plans encompassing service transaction volume and unit sales prices as material assumptions, and accordingly may exert a significant influence on the consolidated financial statements of subsequent fiscal years if it becomes necessary to review such assumptions due to future uncertainties regarding economic conditions and the Company's financial status.

4. Notes on Additional Information

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

Pursuant to resolution of the 155th Ordinary General Meeting of Shareholders held on June 23, 2020, the Company has adopted the Board Benefit Trust (BBT) performance-linked and share based remuneration system (the "System"). The purpose of the Trust is to further clarify the linkage of remuneration for Directors (excluding Outside Directors) and executive officers, etc. who do not concurrently serve as Directors (collectively, "Officers"), and the Company's business performance and share value, and ensuring that not only the benefit of the increase in share prices, but also the risk of the decrease in share prices are shared between the Officers and the shareholders, thereby further motivating the Officers to contribute to the improvement in the business performance and corporate value over the medium to long term.

(1) Overview of transactions

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

(2) Accounting procedures

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

(3) Shares of the Company remaining in trust

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

5. Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: 509,203 million yen

6. Notes to the Consolidated Statement of Income

Impairment loss

During the fiscal year under review, the Yamato Group posted an impairment loss on the following asset group.

(Millions of yen)			
Use of asset	Type of asset	Region	Amount of impairment loss
Idle assets, etc.	Other intangible assets and others	Head office of Yamato	876
		Transport Co., Ltd. (Chuo-ku, Tokyo)	
		Other 10 premises	

The Yamato Group has grouped the assets based on the classification in managerial accounting and the unit in making investment decisions, with Yamato Transport Co., Ltd. treating primarily each regional branch including subordinate branches and all base branches as one unit and the Company and other consolidated subsidiaries based on the unit of department.

During the fiscal year under review, the Group posted an impairment loss of 876 million yen under extraordinary losses with respect to an asset group consisting of idle assets held by Yamato Transport Co., Ltd. and 10 other premises, upon decreasing the book value of the relevant asset group to the recoverable value, having recognized factors such as a lack of prospects for future use, consecutive losses incurred from operating activities, and significant declines in market prices.

The amount mainly consists of 331 million yen attributable to other intangible assets, 213 million yen attributable to software and 142 million yen attributable to leased assets.

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

7. Notes to the Consolidated Statement of Changes in Equity

(1) Class and Total Number of Issued Shares and Treasury Shares: (Thousands of shares)

	Number of shares as of beginning of fiscal year under review	Number of increased shares in fiscal year under review	Number of decreased shares in fiscal year under review	Number of shares as of end of fiscal year under review
Issued shares				
Common shares (Note 1)	411,339	–	22,764	388,575
Total	411,339	–	22,764	388,575
Treasury shares				
Common shares (Note 2)	26,124	14,190	22,764	17,550
Total	26,124	14,190	22,764	17,550

Notes: 1. The decrease of 22,764 thousand shares of issued shares of common shares resulted from retirement of treasury shares.

2. The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT; 483 thousand shares as of March 31, 2021).
The increase of 14,190 thousand shares of treasury shares of common shares resulted from an increase of 13,706 thousand shares due to purchase of treasury shares, an increase of 483 thousand shares due to acquisition of the Company's shares by the Board Benefit Trust (BBT), and other increases.
The decrease of 22,764 thousand shares of treasury shares of common shares resulted from retirement of treasury shares.

(2) Dividends

1) Payments of dividends

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

Notes: 1. The dividend per share of 26 yen includes a commemorative dividend of 10 yen.

2. The total amount of dividends per resolution of the meeting of the Board of Directors held on October 30, 2020, includes 7 million yen in dividends associated with shares of the Company held by the Board Benefit Trust (BBT).

2) Dividends with a record date that falls within the fiscal year under review but an effective date starting in the upcoming fiscal year

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

Note: The total amount of dividends per resolution of the meeting of the Board of Directors held on May 17, 2021, includes 14 million yen in dividends associated with shares of the Company held by the Board Benefit Trust (BBT).

8. Notes to the Financial Instruments

(1) Matters concerning the status of financial instruments

1) Policy on financial instruments

To finance further business growth, the Yamato Group raises capital through bank loans and bond issuances based on a facilities investment scheme that includes the network development plan. One-time surplus funds are invested in safe financial assets. Derivative products are mainly used for hedging against variable interest rate risk, and no speculative transactions are undertaken.

Some of the Group's consolidated subsidiaries are engaged in businesses such as third-party credit sales.

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

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

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

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

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

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

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

The fair value of financial instruments refers to their market value or value reasonably calculated based on certain assumptions if market value is not available. Therefore, the estimated fair value may vary with different assumptions.

(2) Matters concerning fair value of financial instruments

The table below shows the amounts recorded on the consolidated balance sheet as of March 31, 2021, their fair values, and differences between them. Some financial instruments are excluded because it is extremely difficult to identify their fair value (see Note 5).

	Amount on the consolidated balance sheet	Fair value	Difference
(Millions of yen)			
(1) Cash and deposits	241,523	241,523	–
(2) Notes and accounts receivable - trade	212,766		
Allowance for doubtful accounts	(28)		
	212,737	212,753	16
(3) Accounts receivable - installment	45,643		
Allowance for doubtful accounts	(1,020)		
Deferred installment income	[4,781]		
	39,842	44,600	4,758
(4) Investment securities			
Available-for-sale securities	35,832	35,832	–
Shares of subsidiaries and associates	7,003	13,193	6,190
(5) Notes and accounts payable - trade	[153,860]	[153,860]	–
(6) Short-term borrowings	[34,000]	[33,997]	(2)

- Notes:
1. Items recognized as liabilities are shown in square parentheses [] both under Amount on the consolidated balance sheet and Fair value.
 2. Notes and accounts receivable - trade are presented after deducting allowance for doubtful accounts set up for notes and accounts receivable - trade not payable in the short term.
 3. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
 4. Method of calculating fair value of financial instruments and other matters concerning securities.
 - (1) Cash and deposits
Because all deposits are short-term deposits and their fair values are approximately equal to their book values, fair value is the same as book value.
 - (2) Notes and accounts receivable - trade
Because notes and accounts receivable - trade are usually settled in a short period and their fair values are approximately equal to their book values, fair value is the same as book value. A portion of notes and accounts receivable - trade are grouped by classification categories and computed on the basis of the present value of future cash flow discounted at a rate based on the yield of Japanese Government Bonds.
 - (3) Accounts receivable - installment
The fair values of accounts receivable - installment are grouped by classification categories and computed on the basis of the present value of future cash flow discounted at the rate based on market interest rate.
 - (4) Investment securities
The fair values of listed equity shares in investment securities are based on quoted market prices.
 - (5) Notes and accounts payable - trade
As most notes and accounts payable - trade are due within one year and their fair values are approximately equal to their book values, fair value is the same as book value.
 - (6) Short-term borrowings
The fair value of short-term borrowings is computed as the present value on the basis of the total amount of principal and interest discounted at the interest rate applicable to new borrowings carrying the same conditions.

5. Financial instruments whose fair value is extremely difficult to determine

(Millions of yen)

Classification	Amount on the consolidated balance sheet
Investment securities	
Shares of subsidiaries and associates	4,358
Others	5,036

It is extremely difficult to determine the fair values of these financial instruments because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities.

9. Per Share Information

(1) Net assets per share	1,553.45 yen
(2) Basic earnings per share	151.55 yen

Note: The number of common shares as of March 31, 2021 used to calculate net assets per share as well as the average number of common shares during the period used to calculate basic earnings per share are calculated by subtracting shares held in own name and by furthermore subtracting the Company's shares held by the Board Benefit Trust (BBT; 483 thousand shares as of March 31, 2021, and an average of 322 thousand shares during the period).

Non-consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Assets		Liabilities	
Current assets	137,199	Current liabilities	190,957
Cash and deposits	120,001	Trade accounts payable	3,523
Trade accounts receivable	64	Short-term borrowings	30,000
Short-term loans receivable	10,551	Income taxes payable	468
Income taxes receivable	5,407	Accrued expenses	169
Other	1,174	Deposits received	155,686
		Provision for bonuses	186
		Other	923
 Non-current assets	 352,722	 Non-current liabilities	 4,101
Property, plant and equipment	6,866	Deferred tax liabilities	3,783
Vehicles	1	Provision for retirement benefits:	105
Buildings	480	Other	212
Tools, furniture and fixtures	454		
Land	5,840		
Construction in progress	86		
Other	2		
		Total liabilities	195,058
		Net assets	
 Intangible assets	 7,170	 Shareholders' equity	 282,814
Software	5,079	Share capital	127,234
Other	2,090	Capital surplus	36,822
		Legal capital surplus	36,822
		Retained earnings	158,306
		Other retained earnings	158,306
 Investments and other assets	 338,685	General reserve	138,965
Investment securities	29,684	Retained earnings brought forward	19,340
Shares of subsidiaries and associates	292,219	Treasury shares	(39,549)
Long-term loans receivable	40,520		
Other	1,637		
Allowance for doubtful accounts	(23,497)	Valuation and translation adjustments	12,048
Allowance for investment loss:	(1,879)	Valuation difference on available-for-sale securities	12,048
		Total net assets	294,863
Total assets	489,922	Total liabilities and net assets	489,922

Non-consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Operating revenue	44,864
Selling, general and administrative expenses	23,519
Operating profit	21,344
Non-operating income	
Interest and dividend income	995
Other revenue	417
	<u>1,412</u>
Non-operating expenses	
Interest expenses	46
Other	23
	<u>70</u>
Ordinary profit	22,686
Extraordinary income	
Gain on sales of shares of subsidiaries and associates	3,100
Other	0
	<u>3,101</u>
Extraordinary losses	
Loss on valuation of investment securities	349
Provision of allowance for doubtful accounts	10,766
Provision of allowance for investment loss	59
Other	6
	<u>11,181</u>
Profit before income taxes	14,607
Income taxes-current	1,373
Income taxes-deferred	611
	<u>1,984</u>
Profit	12,622

Non-consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		
				General reserve	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2020	127,234	36,822	36,822	188,965	23,594	212,559
Changes during period						
Dividends of surplus					(15,959)	(15,959)
Profit					12,622	12,622
Purchase of treasury shares						
Cancellation of treasury shares					(50,915)	(50,915)
Reversal of general reserve				(50,000)	50,000	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	(50,000)	(4,253)	(54,253)
Balance as of March 31, 2021	127,234	36,822	36,822	138,965	19,340	158,306

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Changes during period				
Dividends of surplus		(15,959)		(15,959)
Profit		12,622		12,622
Purchase of treasury shares	(35,694)	(35,694)		(35,694)
Cancellation of treasury shares	50,915	-		-
Reversal of general reserve		-		-
Net changes in items other than shareholders' equity			6,887	6,887
Total changes during period	15,221	(39,032)	6,887	(32,144)
Balance as of March 31, 2021	(39,549)	282,814	12,048	294,863

Notes to Non-consolidated Financial Statements

1. Amounts described are rounded down to the nearest million yen.

2. Summary of Significant Accounting Policies

(1) Valuation Basis and Methods for Securities

Available-for-sale securities

Securities with fair market value:	Stated at the fair market value based on the quoted market price as of the fiscal year end (valuation differences are recognized in net assets; the cost of securities sold is the moving-average method)
Securities without fair market value:	Stated at the cost by moving-average method
Shares of subsidiaries and associates	Stated at the cost by moving-average method

(2) Depreciation and Amortization Methods of Non-current Assets

Property, plant and equipment:	Primarily the straight-line method
Intangible assets:	Straight-line method, but software is amortized by the straight-line method over the estimated useful life (five years).

(3) Accounting Method for Provision

Allowance for doubtful accounts:

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

Allowance for investment loss:

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

Provision for bonuses:

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

Provision for retirement benefits:

To provide for employees' retirement benefits, provision for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets as of the end of the fiscal year ended March 31, 2021.

(1) Method of attributing expected retirement benefit to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service

- performed up to the end of the fiscal year under review.
- (2) **Method of recognizing actuarial differences**
Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a period of five years, which is within the average remaining years of service of the eligible employees.

(4) Method of Accounting for Retirement Benefits

The method of accounting for unrecognized actuarial differences on retirement benefits is different to the method in the consolidated financial statements.

(5) Accounting for Consumption Tax and Local Consumption Tax

The tax exclusion method is applied.

3. Notes on Changes in Method of Presentation

(Application of the “Accounting Standard for Disclosure of Accounting Estimates”)

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied to the non-consolidated financial statements starting from the fiscal year under review. Accordingly, notes on accounting estimates have been included in the consolidated financial statements.

4. Notes on Accounting Estimates

(Valuation of shares of subsidiaries and associates)

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

In the non-consolidated financial statements for the fiscal year under review, among the items the recorded amounts of which have been based on accounting estimates, the following may exert a significant influence on the non-consolidated financial statements of the following fiscal year.

Shares of subsidiaries and associates	292,219 million yen
Allowance for investment loss	(1,879) million yen

(2) Information regarding significant accounting estimates pertaining to identified items

Whereas shares of subsidiaries and associates are valued at cost using the moving-average method, in principle, the necessity of recording a valuation loss is to be determined on the basis of estimates with respect to such company’s business plan, etc. upon a decrease in actual share prices. The company has established certain assumptions regarding estimates of business plans, etc. when it comes to making decisions on whether or not to record valuation loss on shares. Such assumptions are affected by future uncertainties regarding economic conditions and the Company’s financial status, and accordingly may exert a significant influence on the non-consolidated financial statements of subsequent fiscal years.

5. Notes on Additional Information

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

Pursuant to resolution of the 155th Ordinary General Meeting of Shareholders held on June 23, 2020, the Company has adopted the Board Benefit Trust (BBT) performance-linked and share based remuneration system (the "System"). The purpose of the Trust is to further clarify the linkage of remuneration for Directors (excluding Outside Directors) and executive officers, etc. who do not concurrently serve as Directors (collectively, "Officers"), and the Company's business performance and share value, and ensuring that not only the benefit of the increase in share prices, but also the risk of the decrease in share prices are shared between the Officers and the shareholders, thereby further motivating the Officers to contribute to the improvement in the business performance and corporate value over the medium to long term.

Details regarding the System have been omitted here because such information is provided under "4. Notes on Additional Information" of the Notes to Consolidated Financial Statements.

6. Notes to the Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment:	1,329 million yen
(2) Balance of liabilities on guarantee	
i. Joint and several guarantee based on clearing agreements with other transportation companies:	300 million yen
ii. Guarantee of obligation for debt financing:	285 million yen
(3) Monetary receivables from, and monetary payables to, subsidiaries and associates	
Short-term monetary receivables:	10,800 million yen
Long-term monetary receivables:	39,282 million yen
Short-term monetary payables:	156,441 million yen

7. Notes to the Non-consolidated Statement of Income

(1) Transaction with subsidiaries and associates:	
Operating revenue	44,862 million yen
Operating expenses	4,088 million yen
Non-operating transactions	555 million yen
(2) Provision of allowance for doubtful accounts	
Provision of allowance for doubtful accounts is presented upon netting with the amount of gain on reversal of allowance for investment loss to arise on the same accounts.	

8. Notes to the Non-consolidated Statement of Changes in Equity

Class and Total Number of Treasury Shares:

	(Thousands of shares)			
	Number of shares as of beginning of fiscal year under review	Number of increased shares in fiscal year under review	Number of decreased shares in fiscal year under review	Number of shares as of end of fiscal year under review
Common shares (Note)	26,124	14,190	22,764	17,550

Note: The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT; 483 thousand shares as of March 31, 2021).

The increase of 14,190 thousand shares of treasury shares of common shares resulted from an increase of 13,706 thousand shares due to purchase of treasury shares, an increase of 483 thousand shares due to acquisition of the Company's shares by the Board Benefit Trust (BBT) and other increases.

The decrease of 22,764 thousand shares of treasury shares of common shares resulted from retirement of treasury shares.

9. Notes to Tax Effect Accounting

Detailed deferred tax assets and deferred tax liabilities

(Millions of yen)

		(Millions of yen)
Deferred tax assets		
Provision for bonuses		57
Accrued enterprise tax		81
Provision for retirement benefits		32
Loss on valuation of investment securities		762
Shares of subsidiaries and associates		55,085
Other		8,062
	Subtotal	64,081
Allowance for devaluation		(64,081)
	Total	-
Deferred tax liabilities		
Valuation difference on available-for-sale securities		(3,685)
Other		(97)
	Total	(3,783)
Net deferred tax assets (liabilities)		(3,783)

10. Notes to Dealings with Related Parties

Subsidiaries, etc.

(Millions of yen)

Status	Company	Location	Capital	Main business	Holding of voting rights	Relationship
						Concurrent positions held by officers
Subsidiary	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	50,000	TA-Q-BIN; Kuroneko DM-Bin	Direct holdings 100.00%	Concurrent 2 persons
Subsidiary	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	480	Moving and lifestyle support services	Direct holdings 100.00%	Concurrent 2 persons
Subsidiary	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	1,800	System development	Direct holdings 100.00%	Concurrent 2 persons
Subsidiary	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	1,000	Settlement service for payment of merchandise	Direct holdings 100.00%	Concurrent 2 persons
Subsidiary	Yamato Credit & Finance Co., Ltd.	Toshima-ku, Tokyo	500	Installment credit and finance services	Direct holdings 70.00%	None
Subsidiary	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	30	Vehicle management service business	Direct holdings 100.00%	Concurrent 1 person
Affiliate	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	30	General lease services	Direct holdings 40.00%	Concurrent 1 person

(Millions of yen)

Status	Company	Relationship	Dealings	Dealing amount	Account item	Balance at end of period
		Business relationships				
Subsidiary	Yamato Transport Co., Ltd.	Executive management	Receipt of executive management fee	7,979	–	–
			Funding	55,071	Deposits received	93,755
			Payment of interest	1		
Subsidiary	Yamato Home Convenience Co., Ltd.	Executive management Loans for funding	Loans for working capital	6,880	Long-term loans receivable	20,807
			Receipt of interest	18		
Subsidiary	Yamato System Development Co., Ltd.	Executive management Entrusted with system operation and management	Funding	(255)	Deposits received	19,537
			Payment of interest	0		
			Payment of system operation and maintenance costs	2,755	Trade accounts payable	401
Subsidiary	Yamato Financial Co., Ltd.	Executive management	Funding	2,880	Deposits received	21,783
			Payment of interest	0		
Subsidiary	Yamato Credit & Finance Co., Ltd.	Executive management Loans for funding	Loans for working capital	6,700	Short-term loans receivable	5,881
			Repayment of working capital	739	Long-term loans receivable	13,040
			Receipt of interest	13		
Subsidiary	Yamato Autoworks Co., Ltd.	Executive management	Funding	(1,524)	Deposits received	6,313
			Payment of interest	0		
Affiliate	Yamato Lease Co., Ltd.	Loans for funding	Repayment of working capital	94,272	–	–

Note: Trade terms and decision policy of the dealing

(1) The executive management fee is determined reasonably through mutual consultation, considering the business contents, etc.

- (2) Interest on deposits received and loans receivable is determined based on market interest rates.
- (3) The amount of "Funding" records the net amount of increase or decrease during the period.
- (4) The dealing amount of loans for working capital to Yamato Home Convenience Co., Ltd. records the net amount of increase or decrease during the period.
- (5) The dealing amount of repayment of working capital to Yamato Credit & Finance Co., Ltd. and Yamato Lease Co., Ltd. records the net amount of increase or decrease during the period.
- (6) To prepare for loss of business in subsidiaries, an allowance for doubtful accounts of 10,766 million yen for loans receivable was recorded in the fiscal year under review. As a result, the balance of allowance for doubtful accounts amounted to 23,497 million yen.

11. Per Share Information

(1) Net assets per share	794.73 yen
(2) Basic earnings per share	33.74 yen

Note: The number of common shares as of March 31, 2021 used to calculate net assets per share as well as the average number of common shares during the period used to calculate basic earnings per share are calculated by subtracting shares held in own name and by furthermore subtracting the Company's shares held by the Board Benefit Trust (BBT; 483 thousand shares as of March 31, 2021, and an average of 322 thousand shares during the period).

(TRANSLATION)

Audit Report of Accounting Auditor on Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

May 10, 2021

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

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Limited Liability Partner, Engagement Partner	CPA	Koichi Yano	(seal)
Designated Limited Liability Partner Engagement Partner	CPA	Yoshihiro Ishida	(seal)
Designated Limited Liability Partner Engagement Partner	CPA	Shinji Seki	(seal)

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements, namely, the Consolidated Balance Sheet as of March 31, 2021 of Yamato Holdings Co., Ltd. (the "Company"), and the Consolidated Statement of Income and Consolidated Statement of Changes in Equity for the fiscal year from April 1, 2020 to March 31, 2021, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (collectively, the "Group") as of March 31, 2021, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit 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 Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory

Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and fair presentation 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 whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

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

Our responsibilities 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 expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. 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 decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, 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 notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. 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 presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the 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 process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the engagement partners do not have any interest in the Company and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Act.

End

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

Audit Report of Accounting Auditor on Non-consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

May 10, 2021

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

**Deloitte Touche Tohmatsu LLC
Tokyo Office**

Designated Limited Liability Partner Engagement Partner	CPA	Koichi Yano	(seal)
Designated Limited Liability Partner Engagement Partner	CPA	Yoshihiro Ishida	(seal)
Designated Limited Liability Partner Engagement Partner	CPA	Shinji Seki	(seal)

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements, namely, the Non-consolidated Balance Sheet as of March 31, 2021 of Yamato Holdings Co., Ltd. (the "Company"), and the Non-consolidated Statement of Income and Non-consolidated Statement of Changes in Equity for the 156th fiscal year from April 1, 2020 to March 31, 2021, and the Notes to Non-consolidated Financial Statements and the accompanying supplemental schedules (collectively, the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. as of March 31, 2021, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing whether it is appropriate to prepare the Financial Statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements based on our audit from an independent point of view. 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 decisions of users of these Financial Statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the Financial Statements with the assumption of a going concern by management, 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 notes to the Financial Statements or, if the notes to the Financial Statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements. 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 presentation of the Financial Statements and notes to the Financial Statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Financial Statements, including the related notes thereto, and whether the Financial Statements fairly present the underlying transactions and accounting events.

We report to the 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 process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

End

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

Regarding the performance of duties by the Directors for the 156th business year from April 1, 2020 to March 31, 2021, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Details of Such Methods

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters, and received reports from Audit & Supervisory Board Members regarding their audits and results thereof, as well as received reports from the Directors, other relevant personnel, and Accounting Auditors regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit division, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit. We have executed the audit based on the following methods.
 - 1) Each Audit & Supervisory Board Member participated in the Board of Directors Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions. With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) We received periodic reports from Directors and employees and sought explanations as necessary on the details of the resolution of the Board of Directors related to the provision of a system described in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act that not only ensures Directors are carrying out their duties indicated in the business report in compliance with laws and regulations and the Articles of Incorporation, but also ensures the propriety of the work activities of the corporate group consisting of the Company and its subsidiaries. We also received periodic reports from Directors and employees, sought explanations and expressed an opinion as necessary on the status of development and operation of the system (internal control system) put in place in accordance with the aforesaid resolution.
 - 3) Furthermore, we monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditors that “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and supplemental schedules, non-consolidated financial statements (Non-consolidated Balance Sheet, Non-consolidated Statement of

Income, Non-consolidated Statement of Changes in Equity, and Notes to the Non-consolidated Financial Statement) and supplemental schedules, as well as consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements) related to the relevant business year.

2. Audit Results

(1) Results of Audit of Business Report and Other Reference Documents

- 1) In our opinion, the business report and supplemental schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- 2) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the performance of duties of the Directors regarding the internal control system.

(2) Results of Audit of Non-consolidated Financial Statements and Supporting Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 12, 2021

Audit & Supervisory Board, Yamato Holdings Co., Ltd.

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

Access to the Venue

Date and time: Thursday, June 24, 2021, 10:00 a.m. (The reception desk will open at 9:00 a.m.)

Location: B1F Hall, Belle Salle Shiodome
Sumitomo Realty & Development Shiodome Hamarikyu Building
21-1, Ginza 8-chome, Chuo-ku, Tokyo

TEL: 03-3541-4141

Please note that the venue of the 156th Ordinary General Meeting of Shareholders has been changed from last year.

JR Line:

15 minutes walk from Shimbashi Station (Shiodome Exit or Karasumori Exit)

Toei Asakusa Line

15 minutes walk from Shimbashi Station (Exit for JR Shimbashi Station and Shiodome district)

Tokyo Metro Ginza Line

15 minutes walk from Shimbashi Station (Exit 4)

Toei Oedo Line

10 minutes walk from Shiodome Station (Exit for JR Shimbashi Station)

- * Vehicle parking will not be available at the meeting venue.
- In order to prevent the spread of COVID-19, shareholders are urged to refrain from coming to the venue on the date of the meeting, and are instead encouraged to exercise voting rights prior to the meeting by mail or via the Internet, etc., if at all possible.
- To prevent the spread of COVID-19, seats will be arranged taking into account the distance between each shareholder. Therefore, if a large number of shareholders show up, the Company may limit the number of shareholders who can attend. We greatly appreciate your understanding in advance.
- The Company will livestream the General Meeting of Shareholders over the Internet so that shareholders may view it from home. The Company also asks that you consider utilizing this method. For details regarding how to view the livestream, etc., please refer to page 7 of this notice.
- If future developments such as the situation regarding the spread of COVID-19 and announcements by the government ahead of the General Meeting of Shareholders necessitate a major change in the holding of the meeting or in the way the meeting will be run, the Company will revise the information at its website below as needed.
<https://www.yamato-hd.co.jp/investors/stock/meeting/>