

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

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

Under such circumstances, the Yamato Group aims to realize sustainable business growth by expanding the value we provide to the "End to End" of our customers' supply chains. We will achieve this by promoting business structure reform centered on the structural reform of network operations and expanding the corporate business domain based on the One YAMATO management structure, which centralizes the management resources of all Group companies.

Through these efforts, we will contribute to the creation of an enriched society, a goal laid out in our Management Philosophy, and improve medium- to long-term corporate value.

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Group Summary*

* The fiscal year ended March 31, 2023, or as of March 2023

Operating revenues

¥1,800.6 billion

Operating profit

¥60.0 billion

Operation facilities for corporate clients*1

Approx. 400

TA-Q-BIN sales offices

3,331

Network coverage of TA-Q-BIN in Japan

100%

Overseas development

24 countries and regions

Number of employees

Approx. 210,000

Sales drivers

Approx. 60,000

Domestic parcel delivery market share*2

No. 1 (47.5%)

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

Approx. 2.33 billion parcels

Number of Kuroneko Members

Approx. 56 million

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

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

Forward-Looking Statements

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

Editorial Policy

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

Guidelines Referenced

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



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Group Corporate Philosophy

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

Management Philosophy

Yamato helps enrich our society by enhancing our social infrastructure, creating more convenient services for evolving lifestyles and industries, and developing innovative logistics and distribution systems.

Core Values

1. We all represent the Company.

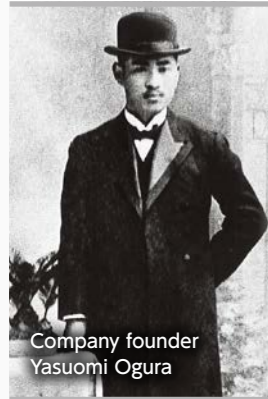
This value represents the spirit of "inclusive management," whereby employees make decisions based on their own judgments and engage with our customers and business partners with an awareness that they represent the Company.

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

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

3. We conduct ourselves both professionally and ethically.

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



Company founder
Yasuomi Ogura

Incorporating the Founding Spirit within Our Core Values

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

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

For more details, please refer to our corporate website.

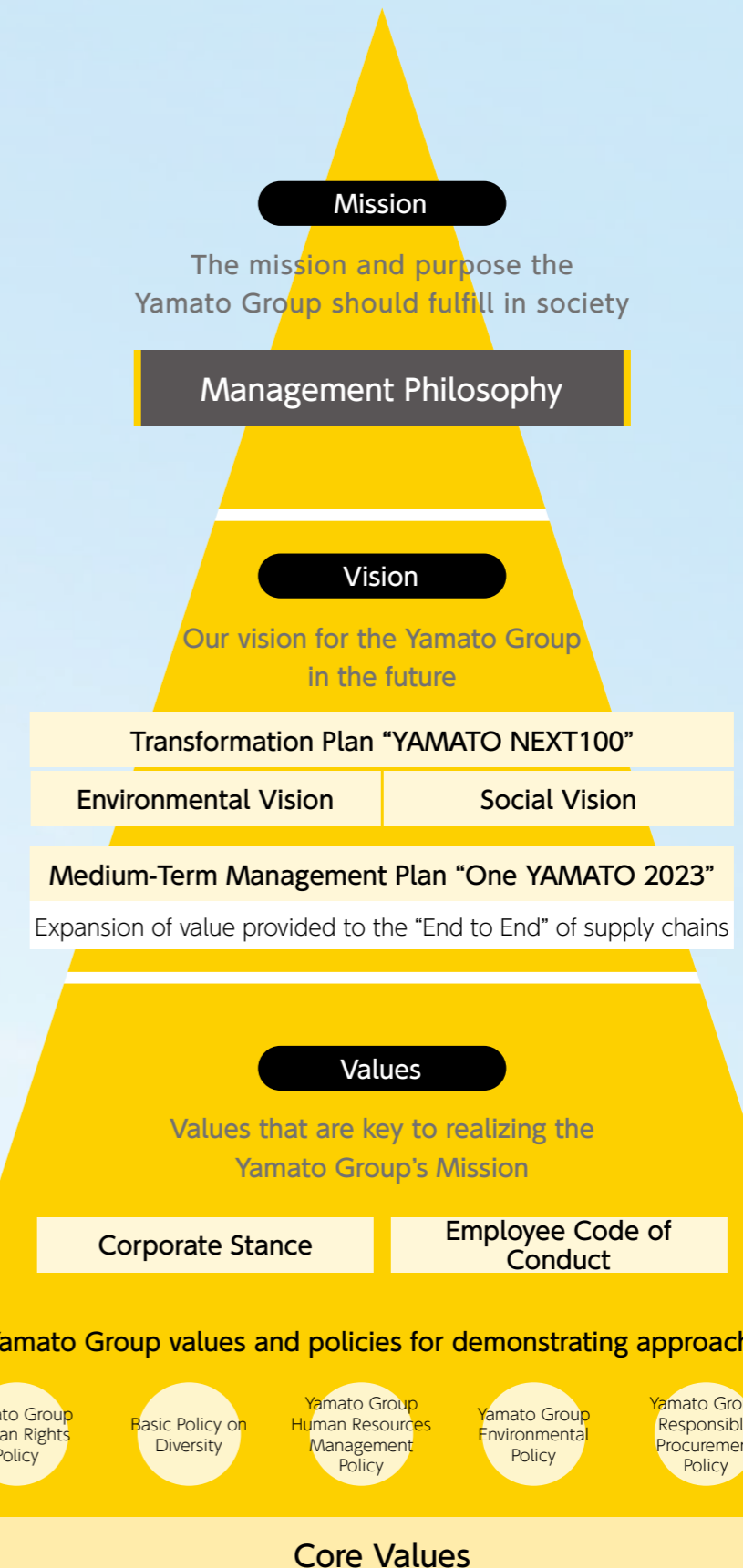
▶ Corporate Philosophy, including Corporate Stance and Employee

Code of Conduct

<https://www.yamato-hd.co.jp/english/company/philosophy.html>

▶ Various Policies and Declarations

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



History of Expanding the Value We Provide


(100 Years of Progress)

The Yamato Group has developed into what it is today by accepting the changes each era brought and proposing products and services required by customers. We commenced a route-based, regular delivery service (Japan's first regular route transport service). Following this, we launched the *TA-Q-BIN* service to meet the delivery needs of countless customers and expanded the value we provide to meet the needs of varied customers, from individuals to corporate clients. In 2019, we celebrated our 100th anniversary. Based on the sudden and significant changes in the business environment, we embarked on structural reform to realize sustainable growth and improvement of medium- to long-term corporate value.

1919


Delivery company

Founding of Yamato Transport Co., Ltd.




Business environment

Around 1919



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

Around 1960




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

Direction of strategies

Around 1929

Launch of regular route transport service


- Response to demand for small-lot delivery



Around 1976


Launch of *TA-Q-BIN* service

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



Around 2000


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

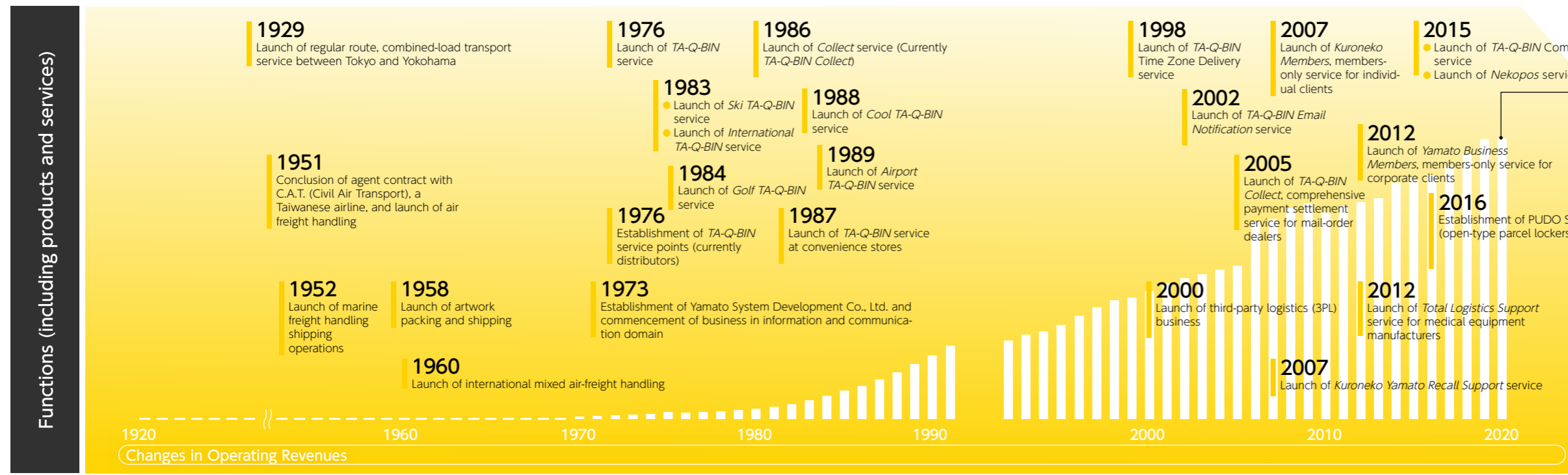


Around 2020

Emergence and spread of COVID-19

Changes in consumption behavior and logistics structures





100th Anniversary of the Company's Founding
The fiscal year ended March 31, 2020

¥1,630.1 billion

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



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

Networks

Expansion of domestic *TA-Q-BIN* network

Ratio of area covered across Japan

1976 **3.4%** 1989 **99.5%**

Expansion of overseas network

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

1980
Establishment of Yamato Transport U.S.A. Inc.

1982
Establishment of Yamato Transport (Hong Kong) Ltd. (Currently Yamato Logistics (Hong Kong) Ltd)

1983
Establishment of Yamato Transport (S) Pte. Ltd.

1986
Establishment of Yamato Transport (Nederland) B.V. (currently Yamato Transport Europe B.V.)

1997
Completion of domestic *TA-Q-BIN* network

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

2013
Launch of operations at Haneda Chronogate

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

2020
27 overseas subsidiaries
25 countries and regions of operation (including representative offices and branch offices)

Expanding Value Provision to the “End to End”

Recently, there have been major changes in the business environment surrounding Yamato, and changes to consumption behavior and logistics structures have accelerated. Accordingly, the active participation of corporations in resolving social and environmental issues is becoming increasingly important to the achievement of a sustainable society. Under such circumstances, the Yamato Group aims to realize sustainable business growth by expanding the value we provide to the “End to the End” of our customers’ supply chains. We will achieve this through promotion of business structure reform centered on the structural reform of network operations and expansion of the corporate business domain based on the One YAMATO management structure, which centralizes the management resources of all Group companies.

From April 2020
Transformation Plan “YAMATO NEXT100”

From April 2021
Medium-Term Management Plan “One YAMATO 2023”

Identification of Issues

We are embarking on Group management structure reform and business structure reforms to sustainably meet the expectations and needs of customers and society, based on the accelerating changes to the business environment and worsening social issues.

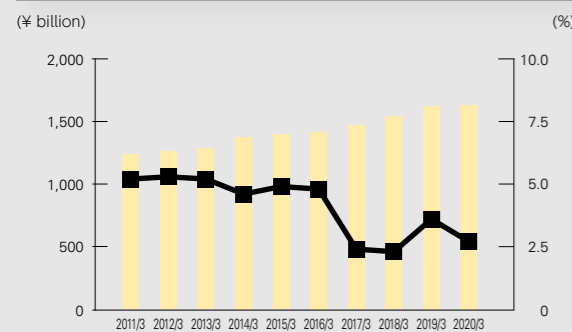
Business Environment / Social Issues

- Diversification of customer expectations and needs
- Rapid progress of EC (e-commerce) adoption in various industries
- Declining population and rural depopulation
- Declining workforce
- Climate change and resource scarcity

Issues with the Management Structure

- Decentralization of management resources of operating companies for each function (partial optimization)
- Limits of conventional business model that utilizes TA-Q-BIN
- Dependency on experience and intuition in individual decision-making
- Corporate culture focused on self-reliance

Changes in Operating Revenues and Operating Profit Margin (Fiscal Year Ended March 31, 2011, to Fiscal Year Ended March 31, 2020)



Group Management Structure Reform

Creation of One YAMATO Management Structure

- ▶ Centralization and redeployment of management resources by integrating Yamato Transport with eight Group companies

Review of Business Portfolio

- ▶ Transfer of shares issued by Yamato Lease Co., Ltd. and Yamato Home Convenience Co., Ltd. (wholly-owned subsidiary → equity-method affiliates)
- ▶ Withdrawal from development of TA-Q-BIN in East Asia and Southeast Asia

Review

(Fiscal Year Ended March 31, 2022, to Fiscal Year Ended March 31, 2023)

Medium-Term Management Plan “One YAMATO 2023”—Results and Issues

- Results**
- Creation of One YAMATO management structure, which centralizes Group resources
 - Progress in creation of EC logistics network as a starting point
 - Completion of overall design and launch of phased implementation to reinforce existing TA-Q-BIN network
 - Expansion of domains in which we provide value, such as domestic EC procurement and returns domain, cross-border EC for Japan, logistics in three temperature ranges for food distributors, and Lead Logistics Partner projects (LLP contacts)
- Issues**
- Structural reform for integration of sales and operations
 - Continuous reinforcement of management foundation that supports business structure reforms
 - Optimization of pricing based on changes to the external environment

Business Structure Reforms

Structural Reform of Network Operations ▶ P18-21

- ▶ Reinforcement of existing networks as well as creating and expanding designated networks

Point

Strengthening of response to logistics needs in growth domains as well as enhancement of network quality and efficiency

Expansion of Corporate Business Domain ▶ P22-25

- ▶ Expansion of value provision by combining domestic and international facilities and transportation and delivery networks, third-party logistics, and international forwarding

Point

Expanding value provision to the “End to End” of domestic and global customer supply chains

Promotion of Fundamental Strategies that Support Structural Reforms

Human Resource Strategy ▶ P26-31

Digital Strategy ▶ P32-33

Environmental Strategy ▶ P34-37

Reinforcement of Foundation for Improving Sustainable Corporate Value
Strengthening of sustainable management × Strengthening of corporate governance

▶ P38-43

▶ P44-61

Vision

Expanding value provision to the “End to End” of customer supply chains

Achievement of sustainable business growth

Value Creation Process

Business Environment / Social Issues

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

Rising costs due to changes in the external environment

- Now: Impact on infrastructure following uncertain international circumstances
- Future: Labor shortage (2024 problem and 2030 problem)

Our Vision

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



Sustainable corporate value improvement

Management Resources / Strengths (As of March 31, 2023)

Customer Foundation

- Corporate clients: Yamato Business Members: Approx. **1.60** million
- Consumers: Kuroneko Members: Approx. **56** million

Human Resources

- Employees: Approx. **210,000**
- Sales drivers: Approx. **60,000**

Logistics Network

- Base network: Corporate operation facilities: Approx. **400**
- Transportation and delivery network: Sales offices (TA-Q-BIN): **3,331**
- TA-Q-BIN network: Designated networks (EC logistics, refrigerated and frozen, and corporate)
- International transport (forwarding and cross-border land transportation in Asia)

Information

- Physical and digital customer contact points Data: Sales drivers / sales representatives / guest operators / call center operators / Kuroneko Members / Yamato Business Members, etc.
- Approx. **2.33 billion** parcels a year
- The Yamato Digital Platform (YDP)

Financial Foundation

- Soundness: Credit rating (R&I): AA-

Value Creation Strategies

Expanding value provision to the "End to End" of supply chains

Enhancement of profitability and growth potential through business structure reform to integrate sales and operations

Expansion of Corporate Business Domain

Structural Reform of Network Operations

Promotion of fundamental strategies that support structural reforms



Reinforcement of foundation to improve sustainable corporate value



Strengthening of corporate governance

Output

Financial

Enhancement of financial value

- Medium- to long-term viewpoint*1
- Consolidated operating profit margin: Over **7%** (fiscal year ending March 31, 2027)
- ROE: Over **13%** (fiscal year ending March 31, 2027)

Environmental

Medium- to long-term viewpoint targets

- Greenhouse gas (GHG) emissions*2: **Virtually zero** by 2050
- 48% reduction** by 2030*3

*2 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2)
*3 Compared to fiscal year ended March 31, 2021

Social

Enhancement of non-financial value

- Medium- to long-term viewpoint*1
- Human productivity*4: **+15%** compared with the fiscal year ended March 31, 2023 (fiscal year ending March 31, 2027)
- Improvement of engagement: Level that exceeds record-high figures in employee awareness surveys*5 (fiscal year ending March 31, 2027)

*4 (Consolidated operating revenues - consolidated subcontracting expenses) ÷ consolidated personnel expenses
*5 For consolidated companies in Japan and Swan Co., Ltd.

Medium- to long-term viewpoint targets

- Serious traffic accidents*6: **zero**
- Serious occupational diseases*7: **zero**

*6 Fatal accidents for which the Company is responsible
*7 Incident involving a fatality

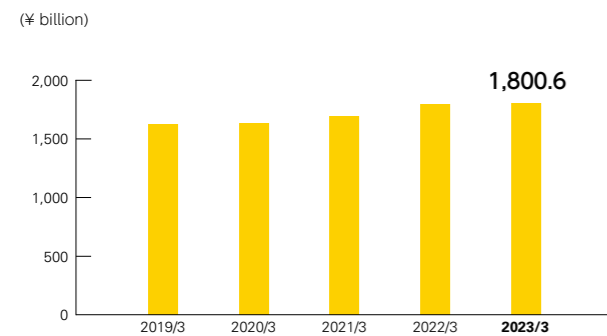
*1 Expectation for beginning of fiscal year ending March 31, 2024

Performance Highlights (Year Ended March 31, 2023)

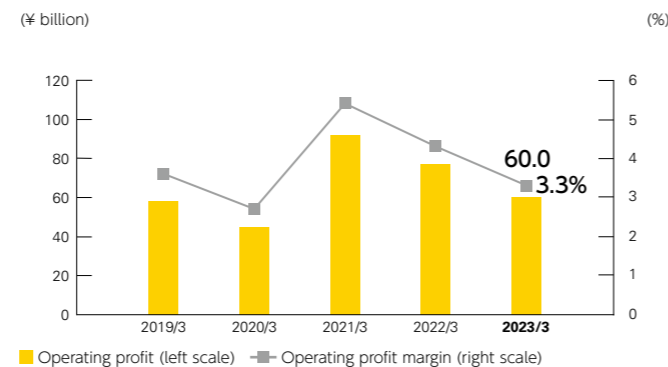
Financial Information

Operating revenues amounted to ¥1,800,668 million, up 0.4% year on year, owing to an increase in the number of parcels handled by the Company in response to the continued growth of the EC domain, and Yamato's focus on the optimization of logistics for customers. As a result of rising fuel prices, hourly wages, electricity rates, and other expenses, and an increase in costs associated with the promotion of our medium-term management plan "One YAMATO 2023," such as structural reform of network operations, operating profit came to ¥60,085 million, down 22.2% year on year. Due to a decline in total income taxes, following the approval to liquidate overseas consolidated subsidiaries, profit attributable to owners of parent stood at ¥45,898 million, a decline of 18.0%, and ROE was 7.6%, decreasing 2.0 percentage points

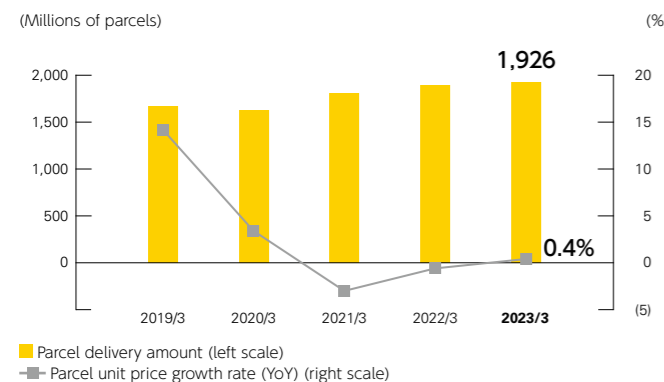
Operating Revenues



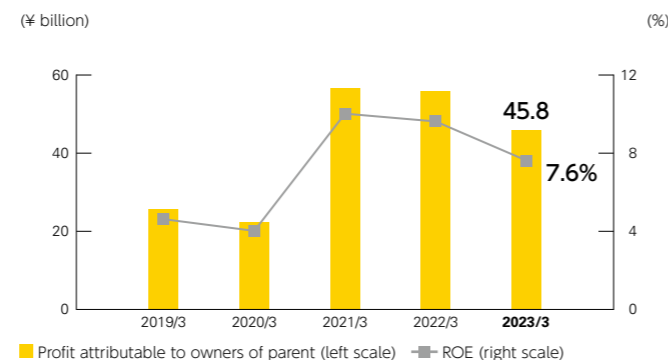
Operating Profit / Operating Profit Margin



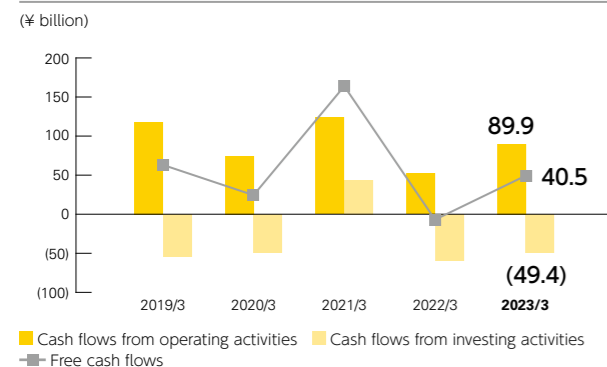
Parcel Delivery Amount*1 / Parcel Unit Price Growth Rate (YoY)



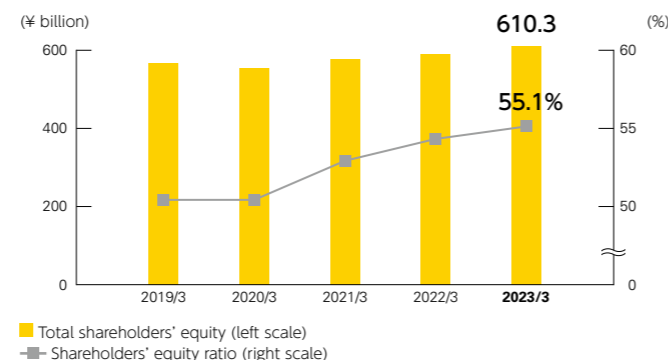
Profit Attributable to Owners of Parent / ROE



Operating and Investing Cash Flows / Free Cash Flows*2



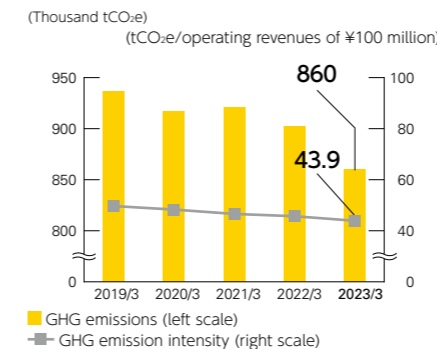
Total Shareholders' Equity / Shareholders' Equity Ratio



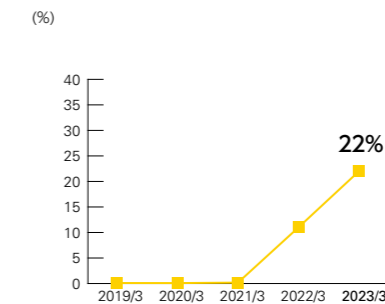
Non-Financial Information

We are working to promote sustainable management to improve medium- to long-term corporate value and realize a sustainable society. During the fiscal year ended March 31, 2023, (the second year of these plans), we have been engaging in reducing GHG emissions through the introduction of EVs and solar power generation equipment, reinforcing the recruitment and development of specialized personnel, and creating a working environment that respects the diversity of human resources and enables employees to play an active role, based on Sustainable Medium-Term Plans 2023, which sets out targets and specific actions for material issues in 2023. We will continue promoting various measures leading to sustainable growth that supports business structure reform.

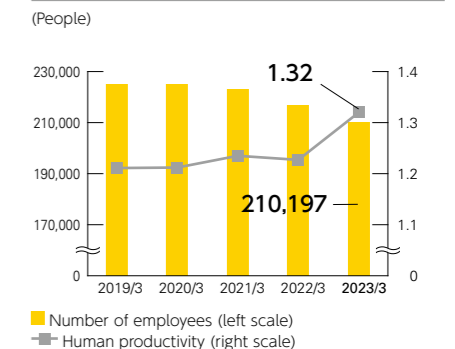
GHG Emissions*3 / GHG Emission Intensity



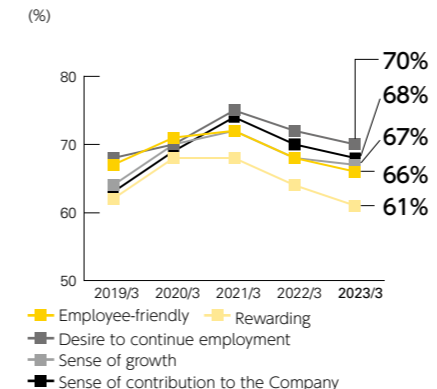
Percentage of Electricity Generated via Renewable Energy Sources in Electricity Consumption*3*4



Number of Employees / Human Productivity*5



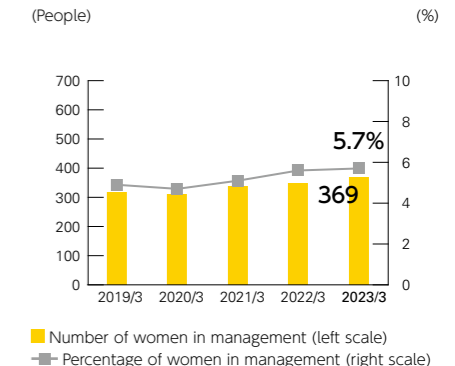
Employee Awareness Surveys*6



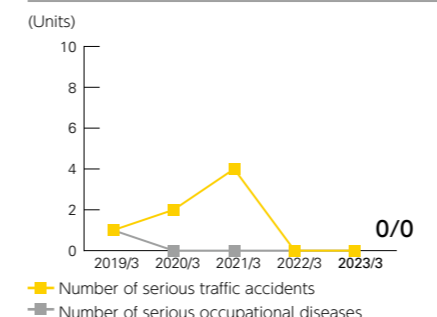
Percentage of Annual Paid Vacation Days Taken*7



Number of Women in Management / Percentage of Women in Management*3



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



*1 Definition: TA-Q-BIN, TA-Q-BIN Compact, and EAZY
 *2 Free cash flows = Cash flows from operating activities + Cash flows from investing activities
 *3 Scope: consolidated companies in Japan and Swan Co., Ltd.
 *4 Electricity generated via renewable energy sources (MWh) ÷ Total power generated (MWh)
 *5 (Consolidated operating revenues - consolidated subcontracting expenses) ÷ consolidated personnel expenses
 *6 Awareness surveys regarding working styles administered on an annual basis (scope: full-time and part-time employees of Yamato Group companies in Japan)
 *7 Number of employee resignations in respective fiscal year (of their own accord) × 100
 Number of registered employees as of respective fiscal year-end + Number of employee resignations in the respective fiscal year (including those due to retirement, etc.)
 (Scope: Full-time employees of consolidated companies in Japan and Swan Co., Ltd.)
 *8 Fatal traffic accidents (for which the employee is responsible)
 *9 Incidents involving a fatality